



April 11, 2024

Chairman Herb Hilliard
ATTN: Ectory Lawless, Docket Clerk
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Electronically Filed in TPUC Docket
Room on April 11, 2024 at 3:14 p.m.

Re: Chattanooga Gas Company's Request for Approval of Asset Management and
Agency Agreement and Gas Purchase and Sale Agreement
Docket No. 21-00134

Dear Chairman Hilliard:

Enclosed for filing in Docket 21-00134 is Chattanooga Gas Company's ("CGC" or "Company") Request To Extend For An Additional Term And Approval Of The Fifth Amendment To Its Asset Management Agreement. Also enclosed is the supporting testimony of Chris Bellinger and the Fifth Amendment to the Asset Management Agreement, identified in Mr. Bellinger's testimony as Bellinger CONFIDENTIAL Exhibit CB-1 (for the confidential version of the exhibit) and Bellinger PUBLIC Exhibit CB-1 (for the public version of the exhibit).

The Company is respectfully requesting that the Commission please consider this Request and approval of the Fifth Amendment in an expedited manner, as soon as is reasonably possible. Without immediate action on this request, CGC will need to commence the rebidding process in late June, and the Company would like to have the benefits of this approval so it can avoid the time and costs of the bidding process and bring to customers the benefits of this Fifth Amendment and its increased fee.

In that regard, the copy of the Fifth Amendment submitted as Bellinger CONFIDENTIAL Exhibit CB-1 has not yet been executed by the parties. Given the urgency of getting this Fifth Amendment before the Commission, CGC has filed an unsigned copy of the Fifth Amendment. However, CGC is working in due diligence to have the Fifth Amendment executed by the parties as soon as possible in the coming weeks, and CGC shall file the executed copy with the Commission prior to the Commission's consideration of this request.

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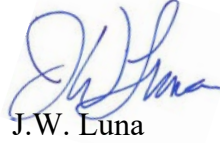
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If you have any questions, please do not hesitate to contact Floyd Self or me.

Yours truly,



J.W. Luna

JWL/cb

Enclosures

cc: Karen Stachowski
Floyd Self

1 **I. INTRODUCTION**

2 **Q. Please state your name, title, and by whom you are employed.**

3 A. My name is Chris Bellinger. I am the Gas Supply Manager – Southern Operations
4 for Southern Gas Company, which includes gas supply management for
5 Chattanooga Gas Company (“CGC” or “Company”).

6 **Q. Please state your educational and professional background.**

7 A. I have my Bachelor of Business Administration in Finance from the University of
8 Georgia. I have worked for Southern Company Gas for over 18 years in gas supply
9 for Southern Operations, starting as an analyst and working my way up to my
10 current manager position.

11 **Q. Mr. Bellinger, have you testified before the Tennessee Public Utility**
12 **Commission (“Commission”) in prior dockets?**

13 A. I filed testimony in CGC’s 2018 rate case in Docket 18-00017 regarding capacity
14 planning issues that was later adopted by another witness on behalf of CGC. I also
15 filed testimony in CGC’s 2020 Docket 20-00139 regarding asset management
16 sharing percentages, CGC’s 2022 Docket 22-00004 regarding availability of
17 incremental gas, and CGC’s 2023 Docket 23-00024 regarding the Performance
18 Based Ratemaking Mechanism and the request to terminate the RFP process for
19 seeking an asset manager.

20 **Q. What are your job responsibilities as the Gas Supply Manager for**
21 **Chattanooga Gas Company?**

22 A. I am responsible for managing the gas supply for CGC customers.

23 **Q. What is the purpose of your testimony?**

1 A. I am testifying on behalf of CGC in support of the request to extend and amend the
2 Asset Management and Agency Agreement (“AMA” or “Agreement”) between
3 CGC and Sequent Energy Management, LLC (“Sequent”).

4 **Q. Are you including any exhibits in connection with your testimony?**

5 A. Yes. **Bellinger CONFIDENTIAL Exhibit CB-1** is the proposed Fifth
6 Amendment to the AMA, which reflects the extension agreement between CGC
7 and Sequent, extending the Term of the AMA through March 31, 2028, and the
8 increase in the Annual Fixed Fee, the amount of which is confidential, which is
9 consistent with the Commission’s protection of this valuable and commercially
10 sensitive information. We expect the agreement will be executed in the coming
11 weeks and will file with the Commission upon execution. A public version of this
12 Fifth Amendment is also provided as **Bellinger PUBLIC Exhibit CB-1**.

13 **Q. Please summarize the changes to the AMA that CGC is proposing.**

14 A. We are proposing two changes. First, we are proposing to extend the AMA for an
15 additional term, which is three Contract Years. Currently the AMA will terminate
16 on March 31, 2025, at the end of a three-year term. As reflected in **Exhibit CB-1**,
17 CGC and Sequent have agreed to extend the AMA for one additional term, until
18 March 31, 2028, as permitted by the AMA. We have also negotiated with Sequent
19 an increase in the Annual Fixed Fee, which as previously indicated is confidential.

20 **Q. Have you worked with Sequent as it carries out its responsibilities under the**
21 **AMA?**

22 A. Yes. I have worked with Sequent as CGC’s Asset Manager for 18 years. In my
23 position, I am the relationship representative to Sequent, and work closely with

1 Sequent as it manages those CGC assets that are subject to the AMA. As the AMA
2 makes clear, not all CGC assets are managed by Sequent, but rather by Southern
3 Company Gas on behalf of CGC. Given my responsibilities as Gas Supply
4 Manager, I therefore work closely with Sequent to help ensure that all of the
5 Company's gas supply assets are managed in a way that ensures an adequate gas
6 supply for CGC's firm customers and to maximize the value of those assets that are
7 not necessary on any given day for CGC's firm customers.

8 **Q. Please explain your experience relative to Sequent's performance under the**
9 **AMA.**

10 A. Sequent has provided exemplary service throughout the first two years of the
11 current AMA, as well as throughout the terms of the prior Asset Management
12 Agreements. Sequent is knowledgeable about the market available for utilization
13 of CGC's assets and brings value to CGC and CGC's ratepayers.

14 **Q. Are there any other benefits to continuation of Sequent as the asset manager**
15 **for an additional term?**

16 A. Yes. As the Commission is aware from several CGC asset management dockets,
17 Sequent has been the only qualified applicant in three of the last four asset
18 management cycles. While CGC continues to value the opportunity to periodically
19 rebid, even if only one bidder responds, the AMA approved by this Commission
20 clearly indicates that an extension is permissible, subject to Commission approval.
21 Given the time and expense of a new acquisition and negotiation process, Sequent's
22 willingness to extend, combined with an increase in the Annual Fixed Fee, which

1 is shared 75% with ratepayers, is a significant and material benefit to CGC's
2 customers.

3 **Q. Was the negotiation for this term extension and increase in the Annual Fixed**
4 **Fee an arm's length negotiation?**

5 A. Yes. As the Commission has recognized in Docket No. 23-00024, Sequent is no
6 longer affiliated in any manner with CGC or any of CGC's corporate family. The
7 negotiations for both the contract term extension and the increase in the Annual
8 Fixed Fee were arm's length negotiations that provide both cost savings from not
9 going through another new contract process while also providing an increased
10 return to the Company's ratepayers.

11 **Q. In your opinion, it is in CGC and CGC's ratepayers' interest to extend the**
12 **term of the AMA?**

13 A. Yes. For the reasons I have explained, Sequent brings value to CGC and its
14 ratepayers through management of CGC's assets. The increase in the Annual Fixed
15 Fee paid by Sequent will bring further additional value to CGC's ratepayers.

16 **Q. In your opinion, is there any potential downside to extending the term of the**
17 **AMA through March 31, 2028?**

18 A. No. Therefore, I believe this extension and amendment are in the public interest.

19 **Q. Does this conclude your testimony?**

20 A. Yes.

**FIFTH AMENDMENT TO AND EXTENSION OF
ASSET MANAGEMENT AND AGENCY AGREEMENT**

THIS FIFTH AMENDMENT AND EXTENSION (this “**Amendment**”), is made, entered into, and effective as of the ____ day of _____ 2024 (“**Effective Date**”), by and between **Chattanooga Gas Company** (“**CGC**” or the “**Company**”) and **Sequent Management LLC** (“**SEM**”), hereinafter sometimes collectively referred to as the “Parties” or individually referred to as a “Party.”

WITNESSETH:

WHEREAS, CGC and SEM are parties to an Asset Management and Agency Agreement dated effective April 1, 2022, and as may be further amended from time to time, hereinafter referred to as the “Agreement;” and

WHEREAS, SEM and CGC desire to extend the Agreement for an additional three-year term as contemplated by the Agreement; and

WHEREAS, SEM and CGC desire to amend the Agreement to increase the Annual Fixed Fee; and

WHEREAS, SEM and CGC desire to enter into this Amendment for the purpose of setting forth their agreement with respect to such matters.

NOW, THEREFORE, for and in consideration of the foregoing premises, and other good and valuable consideration, the receipt and sufficiency of which CGC and SEM acknowledge, CGC and SEM agree as follows:

1. **Extension of Term.** CGC and SEM agree that, subject to approval by the Tennessee Public Utility Commission, the term of the Agreement reflected in paragraph 12 of page 8 of the Agreement shall be extended for an additional term of three years, through and including March 31, 2028.

2. **Amendment to Annual Fixed Fee.** CGC and SEM agree that, subject to approval by the Tennessee Public Utility Commission, the Consideration for Management Services reflected in paragraph 5 on page 5 of the Agreement shall be increased from an Annual Fixed Fee of [REDACTED] to an Annual Fixed Fee of [REDACTED] effective April 1, 2025.

3. **Miscellaneous.**

a. The Agreement shall remain in full force and effect as revised. This Amendment is intended to amend the Agreement only as expressly provided herein.

b. To the extent not otherwise defined herein, all capitalized terms used in this Amendment shall have the meanings ascribed to them in the Agreement.

c. This Amendment shall be binding upon the parties hereto and their respective successors and permitted assigns.

d. This Amendment may be executed in a number of counterparts. If so executed, each of such counterparts shall be deemed an original for all purposes, and such counterparts shall, collectively, constitute one agreement.

e. For purposes of this Amendment, signatures delivered electronically shall be as binding as originals upon the parties to signing and delivering.

f. In the event of a conflict between the terms of this Amendment and the other terms of the Agreement, the terms of this Amendment shall control.

g. The captions and headings used in this Amendment are for convenience only and do not in any way restrict, modify, or amplify the terms of this amendment or the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

CGC:

CHATTANOOGA GAS COMPANY

By: _____

Name: _____

Title: _____

SEM:

SEQUENT ENERGY MANAGEMENT LLC

By: _____

Name: _____

Title: _____