



10 Peachtree Place NE
Atlanta, GA 30309
334 372 7390 cell
avette@southernco.com

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Room on June 30, 2023 at 12:34 p.m.

Chairman Herbert H. Hilliard
Tennessee Public Utilities Commission
c/o Tory Lawless, Docket Room
502 Deaderick Street,
4th Floor
Nashville, TN 37243-0505

Dear Chairman Hilliard,

The attached Chattanooga Gas Company revised tariff sheets are being submitted in compliance with the Commission's June 20, 2023 decision in Docket 23-00024. Included is both a redline and clean version of Chattanooga Gas Company Tariff TPUC No. 1 Revised Sheets No. 56B and 56C under the Performance-Based Ratemaking section of the tariff.

Revisions were made to these two sheets to remove language related to Request for Proposal ("RFP") procedures of an asset manager and/or gas supplier.

Should you have any questions, please contact me at avette@southernco.com.

Sincerely,

A handwritten signature in blue ink that reads "Ashley Vette". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Ashley Vette
Manager, Rates and Tariff Administration

PERFORMANCE-BASEDRATEMAKING
(Continued)

Standards of Conduct

The Company must conduct its business to conform to the following standards:

1. All purchases from an affiliated gas supplier of gas for system supply or storage shall be at the price and in accordance with the terms provided in a fully executed contract between the Company and the affiliated gas supplier.
2. The Company and the affiliated gas supplier shall maintain records to show that such purchases are not at a price greater than the market price at the time of the transaction.
3. All sales of gas by the Company to an affiliated gas supplier shall be in accordance with the provisions of the Company's approved tariff or at the price and in accordance with the terms provided in a fully executed contract between the Company and the affiliated gas supplier. Any sale of gas to an affiliate not in accordance with an approved tariff provision shall be at a price that is not less than the greater of the cost as recorded on the Company's books or the market price at the time of the transaction.
4. The Company shall maintain records to show that sales to an affiliated supplier are in accordance with the applicable tariff provision or, if not provided under an approved tariff provision, the price is not less than the greater of the cost as recorded on the Company's books or market price at the time of the transaction.
5. An affiliated gas supplier shall not make sales to any customer's premise that is connected to the Company's distribution facilities.
6. The Company shall not disclose to any affiliated gas supplier any information that the Company receives from a non-affiliated gas supplier that the non-affiliated gas supplier has identified as confidential unless the prior consent of the parties to which the information relates has been voluntarily given.
7. To the maximum extent practicable, the Company's operating employees and the operating employees of an affiliated gas supplier must function independently of each other.
8. The Company must maintain its books of accounts and records separately from those of an affiliated gas supplier.
9. The Company shall maintain sufficiently detailed records of all transactions with any affiliated gas supplier.

~~RFP PROCEDURES FOR SELECTION OF ASSET MANAGER AND/OR GAS PROVIDER~~

- ~~1. In each instance in which Chattanooga Gas Company (Company) intends to engage the services of an asset manager to provide system gas supply requirements and/or manage its assets regulated by the Tennessee Public Utility Commission (TPUC), the Company shall develop a written request for proposal (RFP) defining the Company's assets to be managed and detailing the Company's minimum service requirements. The RFP shall also describe the content requirements of the bid proposals and shall include procedures for submission and evaluation of the bid proposals.~~
- ~~2. The RFP shall be advertised for a minimum of five (5) days through a systematic notification process that includes the publication in trade journals as reasonably available.~~
- ~~3. The procedures for submission of bid proposals shall require all initial and follow-up bid proposals to be submitted in writing or submitted by e-mail on or before a designated proposal deadline. The Company shall not accept initial or follow-up bid proposals that are not written or submitted by e-mail, or that are submitted after the designated proposal deadline.~~

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~~PERFORMANCE-BASED RATE MAKING~~
(Continued)

Following receipt of initial bid proposals, and on a non-discriminatory basis, the Company may solicit follow-up bid proposals from those submitting initial bid proposals in an effort to obtain the most overall value for the transaction.

4. ~~All initial and follow-up bid proposals shall be evaluated as they are received. The criteria for choosing the winning bid proposal shall include, at a minimum, the following: (a) the total value of the bid proposal; (b) the bidder's ability to perform the RFP requirements; (c) the bidder's asset management qualifications and experience; and (d) the bidder's financial stability and strength. The winning bid proposal shall be the one with the best combination of attributes based on the evaluation criteria. If, however, the winning bid proposal is lower in amount than any other initial or follow-up bid proposal(s), the Company shall explain in writing to the TPUC why it rejected each higher bid proposal in favor of the lower winning bid proposal. The Company shall maintain records demonstrating its compliance with the evaluation and selection procedures.~~
5. ~~An incumbent asset manager shall not be granted an automatic right to match a winning bid proposal.~~
6. ~~The Company may develop additional procedures for asset management selection as it deems necessary and appropriate so long as such procedures are consistent with the agreed-upon procedures described herein.~~
7. ~~The Company shall retain all RFP documents and records for at least four (4) years and such documents and records shall be subject to the review and examination of the TPUC Staff. The Asset Manager shall maintain documents and records of all transaction that utilize the Company's gas supply assets. All documents and records of such transactions shall be retained for two years after termination of the agreement and shall be subject to review and examination by the Company and the TPUC Staff.~~

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PERFORMANCE-BASED RATE MAKING
(Continued)

Standards of Conduct

The Company must conduct its business to conform to the following standards:

1. All purchases from an affiliated gas supplier of gas for system supply or storage shall be at the price and in accordance with the terms provided in a fully executed contract between the Company and the affiliated gas supplier.
2. The Company and the affiliated gas supplier shall maintain records to show that such purchases are not at a price greater than the market price at the time of the transaction.
3. All sales of gas by the Company to an affiliated gas supplier shall be in accordance with the provisions of the Company's approved tariff or at the price and in accordance with the terms provided in a fully executed contract between the Company and the affiliated gas supplier. Any sale of gas to an affiliate not in accordance with an approved tariff provision shall be at a price that is not less than the greater of the cost as recorded on the Company's books or the market price at the time of the transaction.
4. The Company shall maintain records to show that sales to an affiliated supplier are in accordance with the applicable tariff provision or, if not provided under an approved tariff provision, the price is not less than the greater of the cost as recorded on the Company's books or market price at the time of the transaction.
5. An affiliated gas supplier shall not make sales to any customer's premise that is connected to the Company's distribution facilities.
6. The Company shall not disclose to any affiliated gas supplier any information that the Company receives from a non-affiliated gas supplier that the non-affiliated gas supplier has identified as confidential unless the prior consent of the parties to which the information relates has been voluntarily given.
7. To the maximum extent practicable, the Company's operating employees and the operating employees of an affiliated gas supplier must function independently of each other.
8. The Company must maintain its books of accounts and records separately from those of an affiliated gas supplier.
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