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BEFORE THE TENNESSEE REGULATORY AUTHORITY PH 2: 28
NASHVILLE, TENNESSEE

~~T.R.A. DOCKET ROOM~~

IN RE:

PETITION OF UNITED CITIES GAS
COMPANY FOR APPROVAL OF A
FRANCHISE AGREEMENT WITH UNION
CITY, TENNESSEE

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)
)
) Docket No. 01-00309
)
)
)

DIRECT TESTIMONY OF
JOHN GLERUM

Q: Please state your name, place of employment and title.

A: My name is John Glerum. I am employed by United Cities Gas Company¹ as the Operations Manager for Union City, Tennessee.

Q: In your capacity as Operations Manager for United Cities, are you familiar with the natural gas distribution system operated by United Cities in Union City, Tennessee?

A: Yes. I am very familiar with the operation in Union City and the other adjoining communities that are served by the system.

Q: Please give the authority an overall description of the Union, Tennessee system and the customers served.

A: The total number of linear miles of pipe in the Union City, Tennessee, system which serves both residents inside and outside of the City is approximately 87 miles. Of the total amount of pipe, approximately 42 miles is located outside of Union City city limits but is interconnected and dependent upon the distribution system located within the city limits of Union City, Tennessee.

¹ United Cities Gas Company is an unincorporated division of Atmos Energy Corporation doing business in Tennessee as United Cities Gas Company. As indicated by a recent tariff filing, Atmos Energy Corporation has elected to cease doing business as United Cities Gas Company, and to instead use the company's legal corporate name, Atmos Energy Corporation. In all proceedings before the Tennessee Regulatory Authority, the terms "United Cities Gas Company" and "Atmos Energy Corporation" have the same meaning and can be used interchangeably.

There are approximately 4611 customers who are served by the natural gas distribution system owned and operated by United Cities. Of that number, approximately 4200 are residential customers; 598 are commercial customers; and 11 are industrial customers. The majority of the pipeline in the United City distribution system is located within the public rights of way of the Union City. Without access to these public rights of way, United Cities could not adequately maintain, replace and/or operate its distribution system.

Q: Has United Cities operated a natural gas transmission and distribution system in Union City for a number of years?

A: Yes, United Cities and its predecessors have operated for many years in Union City under various franchise agreements with the City. Each of these agreements has allowed United Cities to operate a gas transmission and distribution system within Union City and to use the public rights of way of the City for its distribution system and related plant and access thereto.

In 1970, the City and United Cities' predecessor entered into a franchise agreement for a term of 20 years. That agreement was modified to extend the term to 30 years, which meant that the agreement expired in 2000. In 2000, the City and United Cities successfully negotiated the franchise agreement currently before the Authority for approval, which is for a term of 15 years.

Q: In your opinion is the continued operation by United Cities under the franchise submitted for approval to the Authority in this proceeding in the public interest?

A: Yes. Without this franchise, United Cities would be unable to feasibly operate, maintain, replace and/or extend the service to the customers it currently serves. In addition, there are no other feasible options for the supply of natural gas to the vast majority of the customers currently served by United Cities in Union City. These customers depend on United Cities to supply natural gas to their homes and businesses.

Q: At some point in 2000, did United Cities approach Union City with regard to negotiating a new franchise agreement?

A: Yes. United Cities contacted the City regarding a new franchise agreement because the previous agreement was due to expire.

Q: Were you involved in the negotiation of the 2000 franchise agreement?

A: Yes.

Q: Please describe the negotiations process.

A: The Union City city manager, Don Thornton, and I discussed the new agreement over the telephone on several occasions. Eventually, the discussions resulted in a draft agreement, which was revised several times by both parties.

Q: Was the issue of possible condemnation ever part of the negotiation process?

A: No.

Q: Would you characterize the negotiations process as an arm's-length negotiation?

A: Yes.

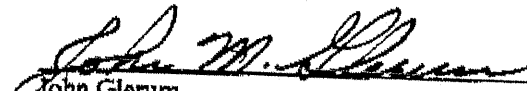
Q: Did either party unilaterally impose the terms of the agreement on the other party?

A: No.

Q: What is your opinion in regard to the necessity of the approval of this franchise agreement?

A: The franchise agreement is necessary and proper for the public convenience and properly conserves and protects the public interest of the citizens of Union City, Tennessee.

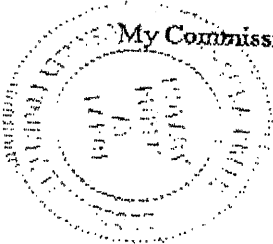
No further questions.


John Glerum

Sworn to and subscribed before me
this 23rd day of May, 2003.


Notary Public

My Commission Expires: 9/19/05



Respectfully submitted,

BAKER, DONELSON, BEARMAN
& CALDWELL, P.C.

By: Sheri A. Fox

Joe A. Conner BPR #12031

Misty Smith Kelley BPR # 19450

Sheri A. Fox BPR #017858

1800 Republic Centre

633 Chestnut Street

Chattanooga, TN 37450-1800

(423) 209-4148 (Direct Telephone)

(423) 752-9549 (Direct Facsimile)

jconner@bdbc.com

mkelley@bdbc.com

sfox@bdbc.com

Counsel for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, postage prepaid, to the following person(s), this 23d day of May, 2003.

Richard Collier
General Counsel, Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Timothy C. Phillips
Office of Attorney General and Reporter
Consumer Advocate Division
P.O. Box 20207
Nashville, TN 37202

By: Sherrill A. Fox