

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:)
)
PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL)
OF NEGOTIATED FRANCHISE) **Docket No. 08-00211**
AGREEMENT WITH THE CITY OF)
FRANKLIN, TENNESSEE)

**DIRECT TESTIMONY OF
WAYNE TURNER
ON BEHALF OF ATMOS ENERGY CORPORATION**

1 **Q: Please state your name and business address.**

2
3 A: My name is Wayne Turner. My business address is 200 Noah Drive, Franklin,
4 Tennessee, 37064.

5
6 **Q: By whom and in what capacity are you employed?**

7
8 A: I am employed by Atmos Energy Corporation, Kentucky/Mid-States Division ("Atmos")
9 as Operations Manager for the Middle Tennessee region which includes Atmos'
10 operations in the City of Franklin, Tennessee.

11
12 **Q: Please describe your work history with Atmos.**

13
14 A: I have been employed by Atmos for 21 years. I began my career as an appliance installer
15 and have held various positions in Atmos with increasing responsibilities. I have been in
16 my current position for two years.

17
18 **Q: Have you previously offered testimony in any regulatory proceedings?**

19
20 A: Yes. I provided testimony to this Authority in a docket seeking approval of the
21 Columbia, Tennessee franchise.

22
23 **Q: What is the purpose of your testimony in this case?**

24

1 A: I am testifying on behalf of Atmos in support of the petition filed to approve the franchise
2 between Atmos and the City of Franklin in Docket No. 08-00211.
3

4 **Q: In your capacity as the Operations Manager for the Middle Tennessee region of**
5 **Atmos, are you familiar with the natural gas distribution system operated by Atmos**
6 **in Franklin, Tennessee?**
7

8 A: Yes. I am familiar with the operation in Franklin, Tennessee, as well as the operations in
9 the other surrounding communities that are served by the Atmos system.
10

11 **Q: Please give the Authority an overall description of the Franklin, Tennessee system**
12 **and the customers served.**
13

14 A: There are approximately 22,358 customers located within the city limits being served by
15 the natural gas distribution system owned and operated by Atmos. Of that amount,
16 approximately 90% are residential customers and 10% are in other customer classes such
17 as commercial and industrial.
18

19 The Atmos system consists of approximately 575 miles of pipe within the Franklin,
20 Tennessee city limits. This pipe is comprised of distribution mains, transmission mains,
21 and service lines. The majority of the pipeline in the Atmos system is located within the
22 public rights-of-way of Franklin. Without access to these public rights-of-way, Atmos
23 could not adequately maintain, replace and/or operate its distribution system.
24

25 **Q: Has Atmos operated a natural gas distribution system in Franklin for a number of**
26 **years?**
27

28 A: Yes. Atmos and its predecessor entity have operated for many years in Franklin under
29 franchise agreements with the City. The prior franchise agreement, Ordinance No. 83-23,
30 allowed Atmos' predecessor entity to operate a gas system within Franklin and to use the
31 public rights of way of the City for its distribution system and related plant and access
32 thereto. That franchise agreement was transferred to Atmos in 1997 and Ordinance No.
33 97-06 authorized the transfer.
34

35 **Q: Could you please explain the circumstances that caused a need for a new franchise**
36 **agreement between Atmos and the City of Franklin.**
37

38 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos is required to have
39 the consent of the City of Franklin, in the form of a municipal ordinance, in order to enter
40 onto the streets and alleys of Franklin for the purpose of placing, maintaining, or
41 expanding its natural gas distribution facilities. Atmos and its predecessor entity have
42 been providing natural gas service to the City of Franklin for the last twenty-five years
43 pursuant to the ordinances I have previously mentioned. While the twenty-five year term
44 of Ordinance No. 83-23 recently expired, Atmos continues to operate on an interim basis,
45 with the City's concurrence, under the terms of Ordinance No. 83-23 and a new franchise

1 agreement is necessary in order for Atmos to continue its provision of service to the City
2 of Franklin into the future.

3
4 **Q: When did Atmos begin pursuing a new franchise arrangement with the City of**
5 **Franklin?**

6
7 A: The Company proposed a new franchise ordinance in 2007.

8
9 **Q: What happened once it was established that both the City of Franklin and Atmos**
10 **were desirous of a continuation of natural gas service to the City of Franklin by the**
11 **Company?**

12
13 A: Company and City personnel discussed the proposed franchise on several occasions and
14 the proposed franchise went through several drafts, with both sides making suggested
15 changes to the language. Once the franchise ordinance was deemed acceptable by both
16 parties, it was approved by the Board of Mayor and Aldermen and enacted as Ordinance
17 No. 2008-42. The franchise has a five year term from the effective date, which is the
18 approval date by this Authority. The franchise also provides for an escalating fee on
19 sales volumes as well as for an escalating fee on transport volumes.

20
21 **Q: Is the Company satisfied with the franchise agreement as set forth in Ordinance No.**
22 **2008-42?**

23
24 A: Yes, and the Company filed with the City its acceptance of the franchise on December 4,
25 2008.

26
27 **Q: Does approval by the City of Franklin Board of Mayor and Aldermen make the new**
28 **franchise effective?**

29
30 A: No. Under § 65-4-107 of Tennessee Code Annotated, Ordinance No. 2008-42 is not
31 valid until approved by this Authority.

32
33 **Q: What is the standard to be utilized by the Authority in determining whether to**
34 **approve Ordinance No. 2008-42?**

35
36 A: Under the statute, the Authority is authorized to approve the ordinance if it finds that it
37 "is necessary and proper for the public convenience and properly conserves the public
38 interest."

39
40 **Q: In your opinion, are the franchise terms set forth in Ordinance No. 2008-42**
41 **necessary and proper for the public convenience and in the public interest?**

42
43 A: Yes, on a number of grounds.

44
45 First, the new franchise terms reflected in Ordinance No. 2008-42 will establish a long-
46 term arrangement through which the current and future residents, business enterprises and

1 governmental facilities located with the City of Franklin will be able to receive, under the
2 supervisory jurisdiction of the Authority, the benefits of continuing natural gas service
3 provided by Atmos for an extended period. This arrangement will help ensure the
4 continuing availability of high-quality natural gas service to the City of Franklin for the
5 foreseeable future.

6
7 Second, the new franchise facilitates the provision of such natural gas service to the City
8 of Franklin by an established and proven provider of that service well known to both the
9 City of Franklin and this Authority and possessing the requisite expertise, facilities,
10 systems and gas supply and transportation assets necessary to provide such service.

11
12 Third, the new franchise arrangement establishes adequate and proper mechanisms for
13 access by the Company to public rights-of-way, new and existing customers, and its
14 distribution facilities. These mechanisms help to ensure that Atmos is able to provide
15 both adequate and efficient service and to comply with the requirements of this Authority
16 to ensure the safety and protection of residents and property within the City of Franklin.

17
18 Fourth, the various other protective provisions set forth in the new franchise arrangement
19 provide useful and important tools for the City of Franklin to ensure that its citizens are
20 benefited and not economically harmed by the activities of Atmos within the City of
21 Franklin.

22
23 Fifth, the new franchise arrangement provides an incentive for Atmos to invest in
24 infrastructure needed to provide improved and expanded service within the City of
25 Franklin by ensuring that Atmos will have the right to provide service within these areas
26 for a sufficient period in order to permit Atmos the opportunity to recover the capital
27 investment in such facilities under the rates approved by the Authority.

28
29 **Q: Could you please summarize your thoughts on the public convenience issue?**

30
31 A: Yes. Approval of the new franchise arrangement between Atmos and the City of
32 Franklin will ensure that the residents, businesses and governmental entities residing and
33 operating with the City of Franklin continue to receive high-quality, safe, reliable and
34 economic natural gas service from a provider with a long and successful history of
35 providing that service to these areas. The franchise ordinance also provides substantial
36 protections to the citizens of the City of Franklin while concurrently offering Atmos a
37 positive incentive to provide ongoing and expanded natural gas service to this area. That
38 service will contribute to a stable infrastructure and expanded economic opportunity and
39 will be beneficial to customers by bringing the desirable attributes of natural gas service
40 to the City of Franklin for some time into the future.

41
42 **Q: Do you know of any facts that would indicate that the new franchise arrangement**
43 **reflected in Ordinance No. 2008-42 is not in the public interest?**


44
45 A: No.

1 **Q: What are you asking the Authority to do in this proceeding?**

2
3 A: Based on the facts discussed above, we are asking the Authority to approve the new
4 franchise agreement between Atmos and the City of Franklin as reflected in Ordinance
5 No. 2008-42.
6

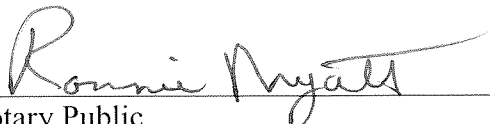
7 **Q: Do you have anything further to add to your testimony?**

8
9 A: Not at this time.

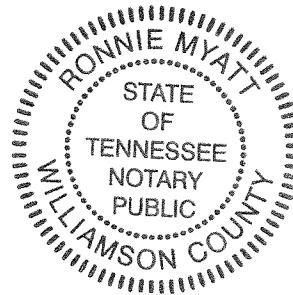


Wayne Turner, Operations Manager
for the Middle Tennessee Region

Sworn to and subscribed before me
this 8th day of December, 2008



Notary Public



My Commission Expires: JUNE 20, 2011