

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 6, 2010

IN RE:)	
)	
PETITION OF PIEDMONT NATURAL GAS)	DOCKET NO.
COMPANY, INC. FOR APPROVAL OF)	10-00151
NEGOTIATED FRANCHISE AGREEMENT)	
WITH THE TOWN OF NOLENSVILLE,)	
TENNESSEE)	

ORDER APPROVING FRANCHISE AGREEMENT

This matter came before Chairman Mary W. Freeman, Director Eddie Roberson and Director Sara Kyle of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this Docket, at a Hearing held on August 23, 2010 for consideration of the *Petition of Piedmont Natural Gas Company, Inc. for Approval of Franchise Agreement with the Town of Nolensville, Tennessee Pursuant to Tennessee Code Annotated § 65-4-107* (the “*Petition*”) filed by Piedmont Natural Gas Company, Inc. (“Piedmont” or “Company”) on July 22, 2010. Also filed were the Pre-Filed Direct Testimony of Eddie Davidson, Senior Manager, Legislative and Community Affairs for Piedmont’s Tennessee Region, and the Franchise Agreement between Piedmont and the Town of Nolensville (“Town” or “Nolensville”).

BACKGROUND

This is the first Franchise Agreement between Piedmont and Nolensville submitted to the Authority. Negotiations between the Company and the Town began in January 2009.¹ The

¹ *Direct Testimony of Eddie Davidson*, p. 2 (July 22, 2010).

original agreement, Ordinance 09-06, was enacted as a result of these negotiations and later revised by Ordinance 10-01 to correct and restate the length of the Franchise Agreement for the maximum allowable term under Tennessee law.² The negotiated result reflected in Ordinance 09-06/10-01 was approved by the Mayor and Board of Aldermen of Nolensville on June 4, 2009 and February 4, 2010 and subsequently accepted by Piedmont.³ The Franchise Agreement initiates a twenty-five year term from the date of approval by the Authority. Under the Franchise Agreement, the Company pays the Town three percent of the annual gross revenues from all customers who are located within the limits of the Town in exchange for the right to serve those customers.⁴ The payments are due on a quarterly basis, with the first payment made sixty days after Authority approval.⁵

REQUIREMENT OF AND STANDARDS FOR AUTHORITY APPROVAL

Tenn. Code Ann. § 65-4-107 (2004) provides that no grant of a privilege or franchise from the State or a political subdivision of the State to a public utility shall be valid until approved by the Authority. Approval pursuant to Tenn. Code Ann. § 65-4-107 (2004) requires a determination by the Authority, after hearing, that “such privilege or franchise is necessary and proper for the public convenience and properly conserves the public interest.” Tenn. Code Ann. § 65-4-107 (2004) further provides that in considering such privilege or franchise, the Authority “shall have the power, if it so approves, to impose conditions as to construction, equipment, maintenance, service or operation as the public convenience and interest may reasonably require.”

² *Petition*, p. 2.

³ *Direct Testimony of Eddie Davidson*, p. 4.

⁴ *Petition*, Exhibit A, p. 3.

⁵ *Petition*, Exhibit A, p. 3.

PRE-FILED DIRECT TESTIMONY OF EDDIE DAVIDSON

In his Pre-Filed Direct testimony, Mr. Davidson states that both parties were ultimately able to agree on the negotiated issues contained in the Franchise Agreement, the Franchise Agreement is necessary and proper for the public convenience and is in the public interest. Mr. Davidson listed the following five reasons that the new franchise is in the public interest:⁶

1. Continued availability of high quality natural gas to residents, businesses and governmental entities located within Nolensville;
2. Provision of natural gas service by an established and proven provider that possesses the requisite expertise, facilities, gas supply and transportation assets to provide such service;
3. Continued adequate and proper access to public rights-of-way in order to ensure Piedmont is able to provide adequate, efficient and safe service;
4. Provides an incentive for Piedmont to invest in infrastructure needed to improve and expand service within Nolensville; and
5. Offset to long-term road maintenance expenses for Nolensville due to Piedmont's ongoing duty to repair excavation work as it is performed.

FINDINGS AND CONCLUSIONS

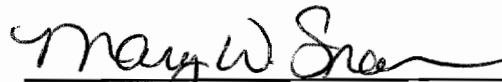
The Authority issued a *Notice of Hearing* on August 13, 2010. On August 23, 2010, a Hearing was held before the voting panel at a regularly scheduled Authority Conference. Appearing for the Company were Jim Jeffries Esq., Dale Grimes, Esq. and Eddie Davidson, Senior Manager, Legislative and Community Affairs for Piedmont's Tennessee Region. Bob Notestine, Esq. appeared for Nolensville. At the Hearing, Mr. Davidson adopted his pre-filed

⁶ *Direct Testimony of Eddie Davidson*, pp. 4-5 (July 22, 2010).

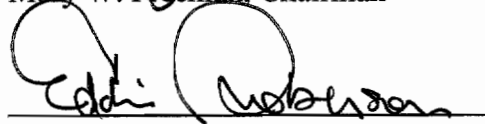
testimony as his testimony before the panel. No person sought intervention prior to or during the Hearing. Thereafter, based upon the testimony and the administrative record as a whole, the panel found that Piedmont's Franchise Agreement with Nolensville was in the public interest. Based upon this finding, the panel voted unanimously to approve Piedmont's *Petition* to enter into a Franchise Agreement with Nolensville, to be effective immediately upon Authority approval.

IT IS THEREFORE ORDERED THAT:

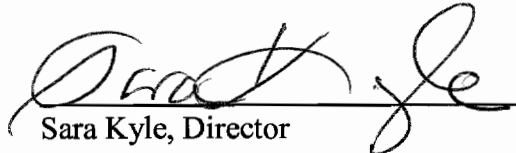
1. The *Petition of Piedmont Natural Gas Company, Inc. for Approval of Franchise Agreement with the Town of Nolensville, Tennessee Pursuant to Tennessee Code Annotated § 65-4-107* is approved and shall be effective immediately.
2. Piedmont Natural Gas Company, Inc. shall file a revised tariff to include the new franchise fee.



Mary W. Freeman, Chairman



Eddie Roberson, Director



Sara Kyle, Director