

BASS
BERRY • SIMS_{PLC}

150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

David Killion
PHONE: (615) 742-7718
FAX: (615) 742-0414
E-MAIL: dkillion@bassberry.com

February 9, 2012

VIA HAND DELIVERY

Chairman Kenneth C. Hill
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: ***Petition of Piedmont Natural Gas Company, Inc. for Approval of Franchise Agreement with the City of La Vergne, Tennessee Pursuant to Tennessee Code Annotated § 65-4-107.***
Docket No. 12-00013

Dear Chairman Hill:

Enclosed please find:

- (1) An original and five (5) copies of the Petition of Piedmont Natural Gas Company, Inc. for Approval of Franchise Agreement with the City of La Vergne, Tennessee Pursuant to Tennessee Code Annotated § 65-4-107;
- (2) An original and five (5) copies of the Testimony and Exhibit of Eddie Davidson on Behalf of Piedmont Natural Gas Company, Inc.; and
- (3) A check in the amount of \$25 for the filing fee.

This material is also being filed today by way of email to the Tennessee Regulatory Authority docket manager, Sharla Dillon. Please file the original and four copies of this material and stamp the additional copies as "filed." Then please return the stamped copies to me by way of our courier.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

Chairman Kenneth C. Hill
February 9, 2012
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "David Killion". The signature is written in a cursive, flowing style.

David Killion

Enclosures

10521913.1

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

IN RE:)	
)	
PETITION OF PIEDMONT NATURAL GAS)	
COMPANY, INC. FOR APPROVAL OF)	Docket No. 12-
FRANCHISE AGREEMENT WITH THE)	
CITY OF LA VERGNE, TENNESSEE)	
PURSUANT TO TENNESSEE CODE)	
ANNOTATED § 65-4-107)	

**PETITION OF PIEDMONT NATURAL GAS COMPANY, INC. FOR APPROVAL OF FRANCHISE
AGREEMENT WITH THE CITY OF LA VERGNE, TENNESSEE PURSUANT TO TENNESSEE
CODE ANNOTATED § 65-4-107**

Piedmont Gas Company, Inc. ("Piedmont" or the "Company"), through counsel and pursuant to Tennessee Code Annotated § 65-4-107, hereby requests approval by the Tennessee Regulatory Authority ("Authority") of a negotiated franchise agreement between Piedmont and the City of La Vergne, Tennessee ("La Vergne" or the "City"). In support of its Petition, Piedmont respectfully shows unto the Authority as follows:

1. Piedmont Natural Gas Company, Inc. is incorporated under the laws of the State of North Carolina and is engaged in the business of transporting, distributing and selling natural gas in the States of Tennessee, North Carolina and South Carolina.

2. Piedmont's natural gas distribution business in Tennessee is subject to regulation and supervision by the Authority pursuant to Chapter 4 of Title 65 of the Tennessee Code Annotated.

3. Piedmont has its principal offices in Tennessee at 83 Century Boulevard, Nashville, Tennessee, and is engaged in the business of furnishing natural gas to customers located in Nashville and the remainder of Davidson County as well as portions of the counties of Cheatham, Dickson, Robertson, Rutherford, Sumner, Trousdale, Williamson, and Wilson and in certain incorporated towns and cities located therein.

4. Piedmont has previously provided natural gas service to the City of La Vergne pursuant to a franchise agreement approved by the City as La Vergne Ordinance No. 110 and accepted by Piedmont.

5. At or about the time that the prior La Vergne franchise expired in 2005 Piedmont contacted La Vergne's City Manager for the purpose of negotiating a new franchise agreement with the City. Those contacts were not successful in starting negotiations for a new franchise agreement because La Vergne's City Manager at that time refused to participate in that process.

6. Notwithstanding repeated efforts by Piedmont to initiate these discussions, this situation persisted until 2009 when Piedmont hired a new employee, Eddie Davidson, and made him responsible for negotiating and managing franchise arrangements for Piedmont's Tennessee service territory. As part of his duties, Mr. Davidson renewed contact with the La Vergne City Manager in an effort to conduct negotiations for a new franchise agreement. Mr. Davidson, like his predecessor, was also rebuffed by the City Manager in these efforts.

7. In May of 2011, La Vergne hired a new City Manager. Shortly thereafter, Mr. Davidson made contact with the new City Manager to discuss new franchise arrangements for Piedmont. Unlike his predecessor, the new City Manager was responsive and cooperative in negotiating a new franchise agreement. Those negotiations bore fruit in early December, 2011 when Piedmont accepted a new franchise agreement with the City of La Vergne in the form of City Ordinance #2011-21.

8. The negotiations which resulted in the new La Vergne franchise involved the identification and resolution of a number of issues between Piedmont and La Vergne. These negotiations were conducted in an arm's length manner and involved issues including the term of the franchise agreement, notice and procedures for the installation or repair of Piedmont's facilities within the City's municipal limits, indemnification of City officials, and the right of La Vergne

to implement a franchise fee for service within the municipal limits of not more than three percent (3%), among others.

9. This ordinance grants the Company the right to construct, operate and maintain a gas utilities system within the City for the production, transmission, distribution, and sale of gas to consumers and users within the City and to the City and any and all agencies and departments thereof. A copy of this Ordinance is attached hereto as Exhibit 1.

10. Piedmont submits that the franchise agreement is necessary and proper for the public convenience and properly conserves the public interest on at least the following grounds:

a. The franchise agreement establishes a fifteen (15) year term arrangement which secures the provision of natural gas service to citizens, businesses and governmental institutions within the geographical limits of La Vergne.

b. The franchise agreement ensures the provision of high quality natural gas service by an established provider of such service.

c. The franchise agreement establishes adequate and proper mechanisms for access to public rights-of-way, new and existing customers, and existing service lines, transmission and distribution facilities and thereby ensures the protection of the property and citizenry of La Vergne.

d. The Company shall, at the election of the City of La Vergne, pay franchise fees to the City in an amount up to three percent (3%) of the annual gross revenues collected from all customers who are located and provided service by the Company within the geographical limits of La Vergne.

The testimony of Eddie Davidson, in support of these factors and the La Vergne franchise in general, is being filed concurrently with the filing of this petition.

11. Pursuant to Tennessee Code Annotated § 65-4-107, the franchise agreement between Piedmont and La Vergne must be approved by the Authority in order to be valid. Such

approval is proper where, as here, the franchise is necessary and proper for the public convenience and properly conserves the public interest.

12. Piedmont hereby advises the Authority that pursuant to Tennessee Code Annotated § 65-4-105(e), Piedmont has in the past and intends in the future, insofar as practicable, to bill its customers subject to the franchise agreement on a pro rata basis for any "franchise payment or other payment for the use of public streets, alleys or other public places or any license, privilege, occupation or excise tax payment."

13. This franchise is the last of several franchise arrangements with "timing" issues that Piedmont identified in the Mt. Juliet franchise proceeding. The timing issues resulted from a number of factors including delays in completing negotiations with the municipalities involved in those agreements as was the case here. Piedmont has acted in a manner consistent with its previous franchise agreement, and with the proposed franchise agreement, at all times since the expiration of its prior franchise agreement with La Vergne in 2005. All services provided by Piedmont to customers within the municipal limits of La Vergne during the interim period have been provided at the rates and on the terms and conditions on file with and approved by the Authority.


14. Piedmont acknowledges the delay in finalizing this new franchise in a more timely manner but respectfully submits that the delay in this instance was the primary result of an unwillingness by the City's prior City Manager to cooperate in the franchise negotiation process. Notwithstanding the delay in submitting this new franchise, Piedmont submits that no customers or other parties have been harmed by such delay.

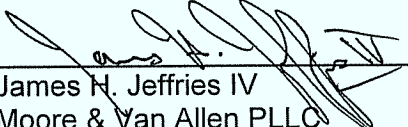
15. Piedmont respectfully requests approval of the attached franchise agreement to be effective in accordance with its terms.

WHEREFORE, Piedmont Natural Gas Company, Inc., respectfully requests that the Authority approve, to be effective in accordance with its terms, the negotiated franchise agreement attached hereto as Exhibit 1.

Respectfully submitted this 9th day of February, 2012.

Piedmont Natural Gas Company, Inc.

By: 
R. Dale Grimes (#006223)
Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201
Telephone: 615-742-6244

By: 
James H. Jeffries IV
Moore & Van Allen PLLC
Bank of America Corporate Center
100 N. Tryon Street, Suite 4700
Charlotte, NC 28202
Telephone: 704-331-1079

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

VERIFICATION

Pia Powers, being duly sworn, deposes and says that she is Manager – Regulatory Affairs of Piedmont Natural Gas Company, Inc., that as such, she has read the foregoing Petition and knows the contents thereof; that the same are true of her own knowledge except as to those matters stated on information and belief and as to those she believes them to be true.

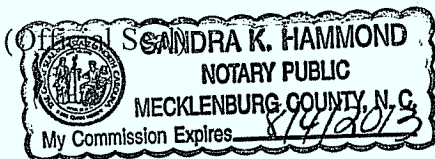
Pia Powers

Pia Powers

Mecklenburg County, North Carolina
Signed and sworn to before me this day by Pia Powers.

Date: February 8, 2012

Sandra K. Hammond
Sandra K. Hammond, Notary Public



My commission expires: August 4, 2013

EXHIBIT 1

ORDINANCE #2011-21

AN ORDINANCE GRANTING A GAS FRANCHISE TO PIEDMONT NATURAL GAS COMPANY, INC.

BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF LA VERGNE as follows:

I. DEFINITIONS

1.01 As used in this Ordinance, the following terms, words and phrases shall have the meanings respectively ascribed to them in this section:

"Company" shall mean Piedmont Natural Gas Company, Inc., a corporation organized under the laws of the State of North Carolina and authorized to do business in the State of Tennessee, and any successor in interest to Piedmont Natural Gas Company, Inc. under this franchise Ordinance.

"City" or "City of La Vergne" shall mean:

The City of La Vergne, a municipal corporation located in Rutherford County, Tennessee,

The area within the territorial City limits of the City of La Vergne and within the extraterritorial area surrounding the City to the extent it may be lawfully included as presently or hereafter fixed by law or ordinance, or

The Board of Mayor and Alderman of the City of La Vergne or any officer or agent duly authorized in acting on behalf of the City as a municipal corporation, as indicated by the context by which the term is used;

"Board of Mayor and Alderman" shall mean the governing body of the City of La Vergne;

"Gas" when used as an unqualified term shall mean either natural or artificial gas, by whatever process or processes derived or manufactured, or both such gases either separately or a mixture of them.

"Franchise fee" shall mean the fee that may be established pursuant to paragraph 2.09.

II. FRANCHISE GRANTED

2.01 The Company is hereby granted the right to construct, operate and maintain a gas utilities system within the City for production, transmission, distribution and sale of gas to consumers and users within the City and to the City and any and all agencies and

departments thereof.

2.02 The Company is hereby granted the right, authority and privilege to construct and install, operate, maintain, lay or relay, renew, replace and repair gas pipes, mains, pipelines, conduits, regulators, connections and services thereto, in, through, across, along and under streets, avenues, roads, public alleys, lanes, parks and squares, and other public places and ways in the City for the production, pumping, handling, transmission, distribution and sale of gas for any and all purposes, subject to the terms and conditions hereinafter set forth in this Ordinance.

2.03 Whenever the Company wishes to enter upon any street, lane or public place for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it shall notify the City, file a plan or map of the proposed work, if practicable, and comply with all provisions of any ordinances related to utility excavations in City right-of-way before commencing same. Whenever the Company causes any opening, excavation or alteration to be made in any street, lane or public place within the City in the construction, operation or maintenance of any of its pipelines or other appliances owned or used by it, the Company shall repair and restore such portions of such streets, lanes or public places to the same condition in which it found them as nearly as practicable. Additionally, if the Company shall fail to restore the area to its approximate former condition within a reasonable period of time no less than thirty working days after notification by the City, the City shall proceed to restore such streets, lanes and public places as nearly as practicable to their original condition and the City shall submit a statement of the costs for this restoration to the Company. The Company agrees to pay the City for these costs within thirty days.

2.03.1 Whenever the Company shall cause any opening, excavation or alteration to be made in any street, lane or public place within the City in the construction, operation or maintenance of any of its pipelines or other appliances owned or used by it, the Company shall comply with all safety regulations required by federal, state and local laws.

2.04 In the event it becomes necessary or expedient for the City to change the course or grade of any street, lane or public place in which the Company is maintaining gas mains, pipes or other appliances and fixtures, upon the written request of the City, the Company will remove or change the location or depth of such main, pipes or other appliances and fixtures, at its own expense, as necessary to conform to the proposed street alteration.

2.05 This franchise is granted for a term of fifteen years beginning October 1, 2011 and ending at midnight October 1, 2026. This franchise supersedes any and all former rights or franchises of the Company to operate a gas utilities system in the City with respect to all acts and things done or admitted to be done, on or after October 1, 2011.

2.06 The Company hereby agrees to indemnify, defend, and hold harmless the City, its elected officials, officers, boards, commissions, and employees, against any and all claims and liabilities arising from the Company, and its assignees or licensees, activities or Gas System, including reasonable attorneys fees and court costs.

2.07 The Company shall not be obligated to the City or any of its departments or agencies for any tax, license fee, other fee, or any other payment whatsoever, relating to the rights granted herein, other than that which is levied by state law.

2.08 The Company is hereby granted the right during the existence of this franchise to mortgage or hypothecate this franchise, together with all rights and privileges there under and any right or interest therein, as security for indebtedness, subject to acceptance by any legal successor in interest of the obligations, duties, liabilities, limitations and prohibitions set out herein and subject to the approval by the Tennessee Regulatory Authority or other governmental agency whose approval is required by law. The Company shall not assign or transfer its rights under this agreement, provided, however, that this provision shall not prohibit the Company from assigning its rights hereunder to the surviving corporation in any corporate reorganization in which the Company is a party.

2.09 The City may, at any time after the adoption of this ordinance, impose a franchise fee equal to, or less than, three percent (3%) of the annual gross revenues collected from all customers who are located and provided service by the Company within the geographical areas identified on Exhibit A. In the event the City elects to impose a franchise fee pursuant to this ordinance, the City shall give the Company ninety (90) days prior notice before final adoption of the ordinance establishing the franchise fee. Payment of such fee and the recovery thereof by the Company shall be pursuant to Tenn. Code Ann. Section 65-4-105(e).

III. ACCEPTANCE OF FRANCHISE

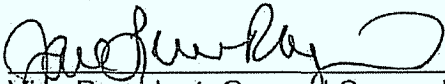
This Ordinance shall be submitted to the Tennessee Regulatory Authority pursuant to Tenn. Code Ann. Section 65-4-107 for approval and shall take effect from the day and date of its passage, but only after it has been accepted in all its terms and revisions by the Company, in writing, within sixty days after its passage; otherwise, the same shall be null and void and of no effect.

PIEDMONT NATURAL GAS COMPANY, INC.

BY: 

Senior Vice President - Utility Operations

ATTEST:



Vice President, General Counsel, Corporate
Secretary and Chief Compliance Officer

CITY OF LA VERGNE

BY:

Samma Masley
Mayor

ATTEST:

Sam E. Dyer
City Recorder

(City Seal)

STATE OF ~~TENNESSEE~~ ^{NORTH CAROLINA})
COUNTY OF Mecklenburg)

This is to certify that on the 1st day of December, 2011, before me came Michael H. Yount, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Senior Vice President - Utility Operations of Piedmont Natural Gas Company, Inc., and Jane R. Lewis-Raymond, with whom I am personally acquainted, who, being by me duly sworn, says that she is the Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer of Piedmont Natural Gas Company, Inc.; that the Senior Vice President - Utility Operations and Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer subscribed their names thereto, and the Company's corporate seal was affixed, all with the consent of the Board of Directors of the Company.

Witness my hand and official seal, this the 1st day of December, 2011.

Wanda R. O'Neil
Notary Public

My Commission expires: April 26, 2016

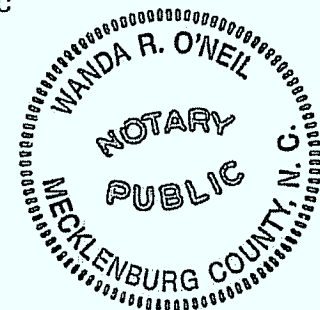
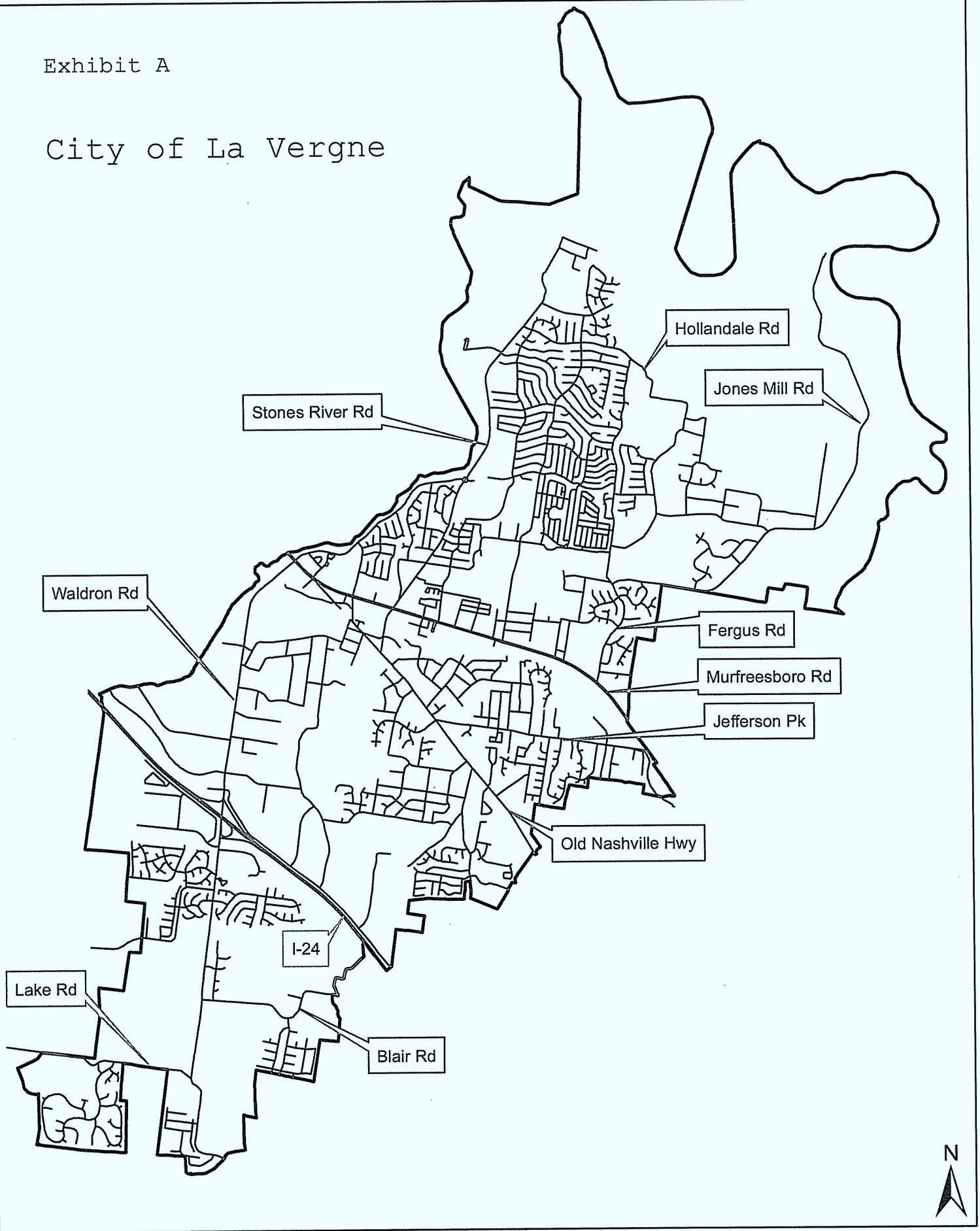


Exhibit A

City of La Vergne



**Before the
Tennessee Regulatory Authority**

Docket No. 12-

**Petition of Piedmont Natural Gas Company, Inc.
for Approval of Franchise Agreement
with the City of La Vergne, Tennessee
Pursuant to Tennessee Code Annotated § 65-4-107**

**Testimony and Exhibit
of
Eddie Davidson**

**On Behalf of
Piedmont Natural Gas Company, Inc.**



February 9, 2012

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

2 A. My name is Eddie Davidson. My business address is 83 Century
3 Boulevard, Nashville, Tennessee.

4 **Q. By whom and in what capacity are you employed?**

5 A. I am employed by Piedmont Natural Gas Company, Inc. ("Piedmont" or
6 the "Company") as Senior Manager, Legislative and Community Affairs
7 for our Tennessee Region.

8 **Q. Please describe your educational and professional background.**

9 A. I have a B.S. in Political Science from Middle Tennessee State University.
10 I have worked in various capacities for the Tennessee House of
11 Representatives, and served six years as the Assistant Chief Clerk of the
12 House from 1996 until 2002. In 2002, I joined the administration of
13 Nashville Mayor Bill Purcell as an Associate Director of the Metro
14 Nashville Public Works Department. I then served as a legislative liaison
15 to the Tennessee General Assembly on behalf of Metro Nashville,
16 eventually becoming the Director of Legislative Affairs for the City,
17 managing all government affairs at the local, state, and federal level. I
18 stayed on with Metro Nashville in the administration of Mayor Karl Dean
19 as a Senior Advisor for Infrastructure and Intergovernmental Affairs prior
20 to joining Piedmont in 2009.

21 **Q. Have you previously testified before this Authority or any other**
22 **regulatory authority?**

23 A. I have previously testified before the Authority regarding Piedmont's

1 flood recovery efforts and in several other dockets involving requests to
2 approve municipal franchise agreements.

3 **Q. Do you hold any positions in any professional or trade associations?**

4 A. I am a member of the Tennessee Gas Association serving as chair of the
5 2010-2011 Legislative Committee. I am also a member of the Tennessee
6 Lobbyists Association.

7 **Q. What is the purpose of your testimony in this proceeding?**

8 A. The purpose of my testimony is to present information to the Authority
9 relating to the franchise agreement entered into between Piedmont Natural
10 Gas Company and the City of La Vergne, Tennessee.

11 **Q. Could you please explain the circumstances that caused a need for a
12 franchise agreement between Piedmont and La Vergne?**

13 A. Yes. Under Section 65-26-101 of the Tennessee Code Annotated,
14 Piedmont is required to have the consent of the City of La Vergne, in the
15 form of a municipal ordinance, in order to enter onto the streets and alleys
16 of La Vergne for the purpose of placing, maintaining, or expanding its
17 natural gas distribution and transmission facilities. Piedmont obtained
18 such a franchise agreement from La Vergne in 1980 for a term of 25 years
19 and operated in accordance with that franchise agreement in providing
20 service to the City of La Vergne until that agreement expired in 2005.

21 **Q. What happened upon the expiration of the prior franchise agreement
22 with La Vergne?**

23 A. I was not employed by the Company in 2005 so I do not have first-hand

1 knowledge of events at that time. Based upon a review of the franchise
2 files maintained by the Company, however, as well as conversations with
3 Piedmont employees involved in franchise matters at that time, it is my
4 understanding that Piedmont sought to negotiate a new franchise with the
5 City of La Vergne at that time.

6 **Q. What was the result of those efforts?**

7 A. The negotiations with La Vergne for a new franchise ordinance were not
8 successful at that time inasmuch as the then City Manager for La Vergne
9 was uncooperative in undertaking negotiations with Piedmont.

10 **Q. What did Piedmont do when La Vergne was not responsive to its**
11 **efforts to begin franchise agreement negotiations?**

12 A. Piedmont continued to contact the La Vergne City Manager periodically
13 for the purpose of discussing a new franchise agreement but was rebuffed
14 in every instance by the same City Manager that had previously declined
15 to participate in negotiations.

16 **Q. What happened next?**

17 A. In 2009, I was hired by Piedmont and given responsibility for negotiating
18 franchise agreements with municipalities in Piedmont's Tennessee service
19 territory. Shortly after coming to work for Piedmont, and reviewing the
20 status of Piedmont's franchise agreements, I reached out to La Vergne's
21 City Manager once again in an attempt to initiate franchise agreement
22 negotiations.

1 **Q. What response did you receive?**

2 A. I essentially received no response. Despite repeated attempts to initiate
3 conversations, the City Manager for La Vergne continued his prior
4 conduct and declined to interact with me for purposes of negotiating a
5 franchise agreement.

6 **Q. What was the reason for the City Manager's refusal to negotiate with**
7 **Piedmont?**

8 A. As I understand it, there was some controversy around the City Manager
9 at that time and for reasons that I am not fully aware of, he simply
10 declined to participate in negotiations over a new franchise.

11 **Q. When did matters change?**

12 A. In May of 2011, La Vergne hired a new City Manager and once he was in
13 place and providing services to the City, I made contact with him to, once
14 again, try to initiate negotiations over a new franchise agreement. Unlike
15 prior attempts, however, the new City Manager was amenable to this
16 process and was willing to engage in negotiations with Piedmont.

17 **Q. What was the result of those negotiations?**

18 A. These negotiations were successful in arriving at a new franchise
19 agreement for Piedmont as evidenced by an approved Ordinance #2011-
20 21, attached hereto as Exhibit __ (ED-1) and incorporated herein by
21 reference. This ordinance establishes a franchise arrangement between
22 Piedmont and the City of La Vergne for a period of fifteen (15) years.

1 **Q. What are the primary provisions of the new franchise ordinance?**

2 A. The new franchise ordinance provides that in exchange for the right to
3 provide service to customers within the municipal limits of La Vergne and
4 for access to the streets and public rights-of-way within the City, Piedmont
5 agrees to allow La Vergne to impose, at La Vergne's discretion, an annual
6 franchise fee of up to three percent (3%) of annual gross revenues
7 collected by Piedmont from customers within the City of La Vergne, and
8 to comply with certain procedures with respect to the conduct of its
9 business within the City of La Vergne's corporate limits, including certain
10 indemnification obligations to City officials.

11 **Q. Is Piedmont satisfied with the negotiated resolution of these issues?**

12 A. Yes. Both parties were ultimately able to agree with the negotiated result
13 and that result is reflected in Ordinance #2011-21 which was approved by
14 the Mayor and Board of Aldermen of La Vergne and subsequently
15 accepted by Piedmont on December 1, 2011.

16 **Q. What is the standard to be utilized by the Authority in determining
17 whether to approve Ordinance #2011-21?**

18 A. My understanding is that under the statute, the Authority is authorized to
19 approve the Ordinance if it finds that it "is necessary and proper for the
20 public convenience and properly conserves the public interest."

21 **Q. In your opinion, are the franchise terms set forth in Ordinance #2011-
22 21 necessary and proper for the public convenience and in the public
23 interest?**

1 A. Yes, on a number of grounds.

2 First, the franchise terms reflected in Ordinance #2011-21 will establish a
3 fifteen year arrangement through which the current and future residents,
4 business enterprises and governmental facilities located within the City of
5 La Vergne will be able to receive, under the supervisory jurisdiction of the
6 Authority, the benefits of natural gas service provided by Piedmont. This
7 arrangement will help ensure the continuing availability of high quality
8 natural gas service to La Vergne for the foreseeable future.

9 Second, the franchise facilitates the provision of such natural gas service
10 to La Vergne by an established and proven provider of that service well
11 known to this Authority and possessing the requisite expertise, facilities,
12 systems and gas supply and transportation assets necessary to provide such
13 service.

14 Third, the new franchise arrangement establishes adequate and proper
15 mechanisms for access by Piedmont to public rights of way, new and
16 existing customers, and existing service lines, transmission and
17 distribution facilities. These mechanisms help to ensure that Piedmont is
18 able to provide both adequate and efficient service and to comply with the
19 requirements of this Authority to ensure the safety and protection of
20 residents and property within La Vergne.

21 Fourth, the new franchise arrangement provides an incentive for Piedmont
22 to invest in infrastructure needed to provide improved and expanded
23 service within La Vergne by ensuring that Piedmont will have the right to

1 provide service within these areas for a sufficient period in order to permit
2 Piedmont the opportunity to recover the capital investment in such
3 facilities under the rates approved by the Authority.

4 Fifth, the potential for the payment of franchise fees provided for in the
5 franchise agreement, in addition to Piedmont's ongoing duty to repair
6 excavation work as it is performed, may act to offset long term road
7 maintenance expenses that may be incurred by La Vergne during the term
8 of the new franchise arrangement and will, if implemented, help support
9 the provision of municipal services by La Vergne to its citizens.

10 **Q. Could you please summarize your thoughts on the public convenience**
11 **issue?**

12 **A.** Yes. Approval of the franchise arrangement between Piedmont and La
13 Vergne will ensure that the residents, businesses and governmental entities
14 residing and operating within La Vergne will receive high quality, safe,
15 and economic natural gas service from a provider with a long and
16 successful history of providing that service to these areas. The franchise
17 ordinance also provides substantial protections to the citizens of La
18 Vergne while concurrently offering Piedmont a positive incentive to
19 provide ongoing and expanded natural gas service to this area. That
20 service will contribute to a stable infrastructure and expanded economic
21 opportunity and will be beneficial to customers by bringing the desirable
22 attributes of natural gas service to La Vergne for some time into the future.

1 **Q.** Do you know of any facts that would indicate that the new franchise
2 arrangement reflected in Ordinance #2011-21 is not in the public
3 interest?

4 A. No.

5 **Q.** What are you asking the Authority to do in this proceeding?

6 A. Based on the facts discussed above, we are asking the Authority to
7 approve the new franchise agreement between Piedmont and the City of
8 La Vergne as reflected in Ordinance #2011-21.

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

10 A. Yes it does.

EXHIBIT__(ED-1)

ORDINANCE #2011-21

AN ORDINANCE GRANTING A GAS FRANCHISE TO PIEDMONT NATURAL GAS COMPANY, INC.

BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF LA VERGNE as follows:

I. DEFINITIONS

1.01 As used in this Ordinance, the following terms, words and phrases shall have the meanings respectively ascribed to them in this section:

"Company" shall mean Piedmont Natural Gas Company, Inc., a corporation organized under the laws of the State of North Carolina and authorized to do business in the State of Tennessee, and any successor in interest to Piedmont Natural Gas Company, Inc. under this franchise Ordinance.

"City" or "City of La Vergne" shall mean:

The City of La Vergne, a municipal corporation located in Rutherford County, Tennessee,

The area within the territorial City limits of the City of La Vergne and within the extraterritorial area surrounding the City to the extent it may be lawfully included as presently or hereafter fixed by law or ordinance, or

The Board of Mayor and Alderman of the City of La Vergne or any officer or agent duly authorized in acting on behalf of the City as a municipal corporation, as indicated by the context by which the term is used;

"Board of Mayor and Alderman" shall mean the governing body of the City of La Vergne;

"Gas" when used as an unqualified term shall mean either natural or artificial gas, by whatever process or processes derived or manufactured, or both such gases either separately or a mixture of them.

"Franchise fee" shall mean the fee that may be established pursuant to paragraph 2.09.

II. FRANCHISE GRANTED

2.01 The Company is hereby granted the right to construct, operate and maintain a gas utilities system within the City for production, transmission, distribution and sale of gas to consumers and users within the City and to the City and any and all agencies and

departments thereof.

2.02 The Company is hereby granted the right, authority and privilege to construct and install, operate, maintain, lay or relay, renew, replace and repair gas pipes, mains, pipelines, conduits, regulators, connections and services thereto, in, through, across, along and under streets, avenues, roads, public alleys, lanes, parks and squares, and other public places and ways in the City for the production, pumping, handling, transmission, distribution and sale of gas for any and all purposes, subject to the terms and conditions hereinafter set forth in this Ordinance.

2.03 Whenever the Company wishes to enter upon any street, lane or public place for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it shall notify the City, file a plan or map of the proposed work, if practicable, and comply with all provisions of any ordinances related to utility excavations in City right-of-way before commencing same. Whenever the Company causes any opening, excavation or alteration to be made in any street, lane or public place within the City in the construction, operation or maintenance of any of its pipelines or other appliances owned or used by it, the Company shall repair and restore such portions of such streets, lanes or public places to the same condition in which it found them as nearly as practicable. Additionally, if the Company shall fail to restore the area to its approximate former condition within a reasonable period of time no less than thirty working days after notification by the City, the City shall proceed to restore such streets, lanes and public places as nearly as practicable to their original condition and the City shall submit a statement of the costs for this restoration to the Company. The Company agrees to pay the City for these costs within thirty days.

2.03.1 Whenever the Company shall cause any opening, excavation or alteration to be made in any street, lane or public place within the City in the construction, operation or maintenance of any of its pipelines or other appliances owned or used by it, the Company shall comply with all safety regulations required by federal, state and local laws.

2.04 In the event it becomes necessary or expedient for the City to change the course or grade of any street, lane or public place in which the Company is maintaining gas mains, pipes or other appliances and fixtures, upon the written request of the City, the Company will remove or change the location or depth of such main, pipes or other appliances and fixtures, at its own expense, as necessary to conform to the proposed street alteration.

2.05 This franchise is granted for a term of fifteen years beginning October 1, 2011 and ending at midnight October 1, 2026. This franchise supersedes any and all former rights or franchises of the Company to operate a gas utilities system in the City with respect to all acts and things done or admitted to be done, on or after October 1, 2011.

2.06 The Company hereby agrees to indemnify, defend, and hold harmless the City, its elected officials, officers, boards, commissions, and employees, against any and all claims and liabilities arising from the Company, and its assignees or licensees, activities or Gas System, including reasonable attorneys fees and court costs.

2.07 The Company shall not be obligated to the City or any of its departments or agencies for any tax, license fee, other fee, or any other payment whatsoever, relating to the rights granted herein, other than that which is levied by state law.

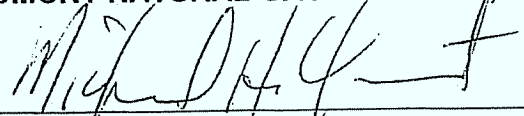
2.08 The Company is hereby granted the right during the existence of this franchise to mortgage or hypothecate this franchise, together with all rights and privileges there under and any right or interest therein, as security for indebtedness, subject to acceptance by any legal successor in interest of the obligations, duties, liabilities, limitations and prohibitions set out herein and subject to the approval by the Tennessee Regulatory Authority or other governmental agency whose approval is required by law. The Company shall not assign or transfer its rights under this agreement, provided, however, that this provision shall not prohibit the Company from assigning its rights hereunder to the surviving corporation in any corporate reorganization in which the Company is a party.

2.09 The City may, at any time after the adoption of this ordinance, impose a franchise fee equal to, or less than, three percent (3%) of the annual gross revenues collected from all customers who are located and provided service by the Company within the geographical areas identified on Exhibit A. In the event the City elects to impose a franchise fee pursuant to this ordinance, the City shall give the Company ninety (90) days prior notice before final adoption of the ordinance establishing the franchise fee. Payment of such fee and the recovery thereof by the Company shall be pursuant to Tenn. Code Ann. Section 65-4-105(e).

III. ACCEPTANCE OF FRANCHISE

This Ordinance shall be submitted to the Tennessee Regulatory Authority pursuant to Tenn. Code Ann. Section 65-4-107 for approval and shall take effect from the day and date of its passage, but only after it has been accepted in all its terms and revisions by the Company, in writing, within sixty days after its passage; otherwise, the same shall be null and void and of no effect.

PIEDMONT NATURAL GAS COMPANY, INC.

BY: 
Senior Vice President - Utility Operations

ATTEST:


Vice President, General Counsel, Corporate
Secretary and Chief Compliance Officer

CITY OF LA VERGNE

BY:

Senna Masley
Mayor

ATTEST:

Sam E. [Signature]
City Recorder

(City Seal)

North Carolina
STATE OF ~~TENNESSEE~~)
COUNTY OF Mecklenburg)

This is to certify that on the 1st day of December, 2011, before me came Michael H. Yount, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Senior Vice President - Utility Operations of Piedmont Natural Gas Company, Inc., and Jane R. Lewis-Raymond, with whom I am personally acquainted, who, being by me duly sworn, says that she is the Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer of Piedmont Natural Gas Company, Inc.; that the Senior Vice President - Utility Operations and Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer subscribed their names thereto, and the Company's corporate seal was affixed, all with the consent of the Board of Directors of the Company.

Witness my hand and official seal, this the 1st day of December, 2011.

Wanda R. O'Neil
Notary Public

My Commission expires: April 26, 2016

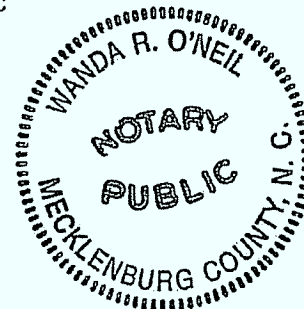


Exhibit A

City of La Vergne

