

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

IN RE:)
)
PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL)
OF NEGOTIATED FRANCHISE) **Docket No. 13-00024**
AGREEMENT WITH THE TOWN OF)
SMYRNA, RUTHERFORD COUNTY,)
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's
10 operations in the Town of Smyrna, Tennessee.

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

13
14 A: I have been employed by Atmos for 25 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 six 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 Franklin, Tennessee franchise.

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

24
25 A: I am testifying on behalf of Atmos in support of the petition filed to approve the franchise
26 between Atmos and the Town of Smyrna in Docket No. _____.

1
2 **Q: In your capacity as the Operations Manager for the Middle Tennessee region of**
3 **Atmos, are you familiar with the natural gas distribution system operated by Atmos**
4 **in Smyrna, Tennessee?**

5
6 A: Yes. I am familiar with the operation in Smyrna, Tennessee, as well as the operations in
7 the other surrounding communities that are served by the Atmos system.
8

9 **Q: Please give the Authority an overall description of the Smyrna, Tennessee system**
10 **and the customers served.**

11
12 A: There are approximately 60 customers located within the city limits being served by the
13 natural gas distribution system owned and operated by Atmos. Of that amount,
14 approximately 63% are residential customers and 36% are in other customer classes such
15 as commercial and industrial. There are approximately 331 additional customers located
16 outside of the city limits. Of that amount, about 98% are residential customers and 2%
17 are commercial customers.
18

19 The Atmos system consists of approximately 22 miles of pipe within the Smyrna,
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 Smyrna. 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 Smyrna for a number of**
26 **years?**

27
28 A: Yes. Atmos and its predecessor entity have operated for many years in Smyrna under
29 franchise agreements with the Town. The prior franchise agreement, entered into in
30 1996, Ordinance No. 96-47, allowed Atmos's predecessor entity to operate a gas system
31 within Smyrna and to use the public rights of way of the Town of Smyrna for its
32 distribution system and related plant and access thereto. The United Cities Gas system
33 was transferred to Atmos when the two companies merged in 1997.
34

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

37
38 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos is required to have
39 the consent of the Town of Smyrna, in the form of a municipal ordinance, in order to
40 enter onto the streets and alleys of Smyrna 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 Town of Smyrna for the last sixteen years
43 pursuant to the ordinances I have previously mentioned. While the twenty-five year term
44 of Ordinance No. 96-47 is scheduled to expire October 8, 2021, neither the Town of
45 Smyrna nor Atmos has a record of Atmos's predecessor-in-interest's formal acceptance
46 of the 1996 franchise agreement or approval of the 1996 franchise agreement by the

1 Tennessee Regulatory Authority. When this oversight was brought to the attention of
2 both the Town of Smyrna and Atmos, negotiations ensued to revise the existing
3 agreement to provide for a franchise agreement with Atmos and to obtain the necessary
4 approval from the Tennessee Regulatory Authority. Pending the Tennessee Regulatory
5 Authority's review of the Petition for Approval of the Franchise Agreement with the
6 Town of Smyrna, the Town and Atmos continue to operate on an interim basis, with the
7 Town's concurrence, under the terms of the 1996 franchise agreement, Ordinance No.
8 96-47, and a new franchise agreement is necessary in order for Atmos to continue its
9 provision of service to the Town of Smyrna into the future.

10
11 **Q: When did Atmos begin pursuing a new franchise arrangement with the Town of**
12 **Smyrna?**

13
14 A: The Company proposed a new franchise ordinance in 2010.

15
16 **Q: What happened once it was established that both the Town of Smyrna and Atmos**
17 **were desirous of a continuation of natural gas service to the Town of Smyrna by the**
18 **Company?**

19
20 A: Company and Town personnel discussed the proposed franchise on several occasions and
21 the proposed franchise went through several drafts, with both sides making suggested
22 changes to the language. Once the terms of the franchise ordinance were deemed
23 acceptable by both parties, it was scheduled for review and approval by the Town
24 Council. The Ordinance was set for first reading on January 15, 2013. Final approval is
25 expected at the second reading, scheduled for February 12, 2013. Pursuant to the
26 Ordinance, the new franchise agreement will become effective upon final approval by the
27 Town Counsel of the Town of Smyrna, acceptance by Atmos, and final approval by the
28 Tennessee Regulatory Authority. The franchise has a term that runs through December
29 31, 2021, with two successive five-year renewal terms unless proper notice of intent to
30 renegotiate is provided.

31
32 **Q: Is the Company satisfied with the franchise agreement as set forth in Ordinance No.**
33 **13-02?**

34
35 A: Yes, and the Company intends to file its acceptance of the franchise with the Town upon
36 final approval by the Town of Smyrna.

37
38 **Q: Does approval by the Town of Smyrna Town Council make the new franchise**
39 **effective?**

40
41 A: No. Under § 65-4-107 of Tennessee Code Annotated, Ordinance No. 13-02 is not valid
42 until approved by this Authority.

43
44 **Q: What is the standard to be utilized by the Authority in determining whether to**
45 **approve Ordinance No. 13-02?**

1 A: Under the statute, the Authority is authorized to approve the ordinance if it finds that it
2 "is necessary and proper for the public convenience and properly conserves the public
3 interest."
4

5 **Q: In your opinion, are the franchise terms set forth in Ordinance No. 13-02 necessary**
6 **and proper for the public convenience and in the public interest?**
7

8 A: Yes, on a number of grounds.
9

10 First, the new franchise terms reflected in Ordinance No. 13-02 will establish a long-term
11 arrangement through which the current and future residents, business enterprises and
12 governmental facilities located with the Town of Smyrna will be able to receive, under
13 the supervisory jurisdiction of the Authority, the benefits of continuing natural gas
14 service provided by Atmos for an extended period. This arrangement will help ensure the
15 continuing availability of high-quality natural gas service to the Town of Smyrna for the
16 foreseeable future.
17

18 Second, the new franchise facilitates the provision of such natural gas service to the
19 Town of Smyrna by an established and proven provider of that service well known to
20 both the Town of Smyrna and this Authority and possessing the requisite expertise,
21 facilities, systems and gas supply and transportation assets necessary to provide such
22 service.
23

24 Third, the new franchise arrangement establishes adequate and proper mechanisms for
25 access by the Company to public rights-of-way, new and existing customers, and its
26 distribution facilities. These mechanisms help to ensure that Atmos is able to provide
27 both adequate and efficient service and to comply with the requirements of this Authority
28 to ensure the safety and protection of residents and property within the Town of Smyrna.
29

30 Fourth, the various other protective provisions set forth in the new franchise arrangement
31 provide useful and important tools for the Town of Smyrna to ensure that its citizens are
32 benefited and not economically harmed by the activities of Atmos within the Town of
33 Smyrna.
34

35 Fifth, the new franchise arrangement provides an incentive for Atmos to invest in
36 infrastructure needed to provide improved and expanded service within the Town of
37 Smyrna by ensuring that Atmos will have the right to provide service within these areas
38 for a sufficient period in order to permit Atmos the opportunity to recover the capital
39 investment in such facilities under the rates approved by the Authority.
40

41 **Q: Could you please summarize your thoughts on the public convenience issue?**
42

43 A: Yes. Approval of the new franchise arrangement between Atmos and the Town of
44 Smyrna will ensure that the residents, businesses and governmental entities residing and
45 operating within the Town of Smyrna continue to receive high-quality, safe, reliable and
46 economic natural gas service from a provider with a long and successful history of

1 providing that service to these areas. The franchise ordinance also provides substantial
2 protections to the citizens of the Town of Smyrna while concurrently offering Atmos a
3 positive incentive to provide ongoing and expanded natural gas service to this area. That
4 service will contribute to a stable infrastructure and expanded economic opportunity and
5 will be beneficial to customers by bringing the desirable attributes of natural gas service
6 to the Town of Smyrna for some time into the future.

7
8 **Q: Do you know of any facts that would indicate that the new franchise arrangement**
9 **reflected in Ordinance No. 13-02 is not in the public interest?**

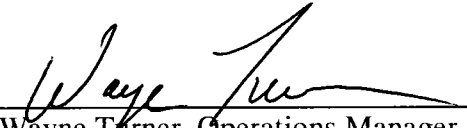
10
11 A: No.

12
13 **Q: What are you asking the Authority to do in this proceeding?**

14
15 A: Based on the facts discussed above, we are asking the Authority to approve the new
16 franchise agreement between Atmos and the Town of Smyrna as reflected in Ordinance
17 No. 13-02.


18
19 **Q: Do you have anything further to add to your testimony?**

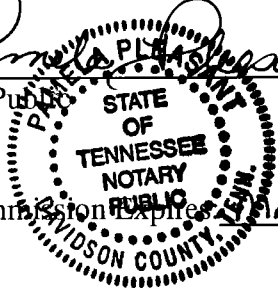
20
21 A: Not at this time.



Wayne Turner, Operations Manager
for the Middle Tennessee Region

Sworn to and subscribed before me
this 28th day of JANUARY, 2013



Notary Public

My Commission Expires May 3, 2016