

# BASS

**BERRY • SIMS** PLC

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September 26, 2013

**Via Hand-Delivery**

Chairman James M. Allison  
c/o Sharla Dillon  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

**Re: *Petition of Piedmont Natural Gas, Inc. for Approval of Franchise Agreement with the City of White House, Tennessee Pursuant to Tennessee Code Annotated § 65-4-107***  
**Docket No. 13- 00127**

Dear Chairman Allison:

Enclosed you will find an original and five (5) copies of Piedmont Natural Gas, Inc.'s Petition and Exhibits for Approval of Franchise Agreement with the City of White House, Tennessee Pursuant to Tennessee Code Annotated § 65-4-107, and the Testimony and Exhibit of Eddie Davidson. I also enclose a filing fee check for \$25.00. This 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 filing and stamp the additional copy 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.

With kindest regards, I remain

Very truly yours,



R. Dale Grimes

RDG:smb  
Enclosures

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

IN RE:

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

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Docket No. 13-

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

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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 White House, Tennessee ("White House" or the "City"). In support of its Petition, Piedmont respectfully shows unto the Authority as follows:

1. Piedmont 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 seeks to continue providing natural gas service to White House pursuant to a new franchise agreement executed by Piedmont and the City, and authorized by White House Ordinance Section 19-101.<sup>1</sup>

5. The negotiations which resulted in the *Agreement Granting Franchise to Piedmont Natural Gas Company, Inc.* ("Franchise Agreement" or "Agreement")<sup>2</sup> involved the identification and resolution of a number of issues between Piedmont and White House. 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 White House to implement a franchise fee for service within the municipal limits of not more than five percent (5%), among others.

6. The Franchise Agreement 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.

7. 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 twenty-five (25) year term arrangement which secures the provision of natural gas service to citizens, businesses and governmental institutions within the geographical limits of White House.

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

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<sup>1</sup> Section 19-101 of the City of White House Municipal Code provides in pertinent part that: "[g]as service shall be furnished for the municipality and its inhabitants under such franchise as the governing body shall grant." A copy of Ordinance 19-101 and the certified meeting minutes of the Board of Mayor and Alderman Meeting approving the Franchise Agreement are collectively attached hereto as Exhibit 1.

<sup>2</sup> A copy of the Agreement is attached hereto as Exhibit 2.

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 White House.

d. The Company shall, at the election of the City of White House, pay franchise fees to the City in an amount up to five percent (5%) of the annual gross revenues collected from all customers who are located and provided service by the Company within the geographical limits of White House.

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

8. Pursuant to Tennessee Code Annotated § 65-4-107, the Franchise Agreement between Piedmont and White House 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.

9. 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."

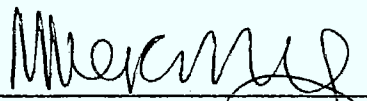
10. Piedmont respectfully requests approval of the attached Franchise Agreement to be effective in accordance with its terms.

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 2.

Respectfully submitted this 26 day of September, 2013.

**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  
Melinda L. Vervais  
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 K. Powers, being duly sworn, deposes and says that she is Director – 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 K. Powers*

Pia K. Powers

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

Date: Sept. 25, 2013 Sandra K. Hammond  
Sandra K. Hammond, Notary Public

(Official Seal)

My commission expires: August 4, 2018



# **EXHIBIT 1**

TITLE 19

ELECTRICITY AND GAS

CHAPTER

1. GAS.

CHAPTER 1

GAS<sup>1</sup>

SECTION

19-101. To be furnished under franchise.

**19-101. To be furnished under franchise.** Gas service shall be furnished for the municipality and its inhabitants under such franchise as the governing body shall grant. The rights, powers, duties, and obligations of the municipality, its inhabitants, and the grantee of the franchise shall be clearly stated in the written franchise agreement which shall be binding on all parties concerned.<sup>2</sup>

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<sup>1</sup>Municipal code reference  
Gas code: title 12.

<sup>2</sup>The agreements are of record in the office of the city recorder.



CITY OF WHITE HOUSE  
Minutes  
*Board of Mayor and Alderman Meeting*  
August 15, 2013  
7:00 p.m.

1. Call to Order by the Mayor

Meeting was called to order at 7:00 pm.

2. Prayer / Pledge

Prayer and Pledge to the American Flag was led by Ald. Decker.

3. Roll Call

Ald. Bibb - Present; Ald. Decker - Present; Ald. Hutson - Present; Ald. Paltzik - Present; Mayor Arnold - Present; **Quorum - Present**

4. Adoption of the Agenda

Motion was made by Ald. Decker, second by Ald. Paltzik to adopt the agenda. A voice vote was called for with all members voting aye. **Motion passed.**

5. Approval of Minutes of the July 18, 2013 meeting and of the July 29, 2013 meeting.

Motion was made by Ald. Bibb, second by Ald. Decker to approve. A voice vote was called for with all members voting aye. **Motion passed.**

6. Welcome Visitors

Mayor Arnold welcomed all visitors.

7. Public Hearings

- a. **Ordinance 13-07:** An ordinance of the City of White House, Tennessee, establishing the tax rate for the year 2013. *Second Reading.*

No one spoke for or against.

8. Communication from Mayor, Aldermen, and City Administrator

Ald. Paltzik reminded the Board of the upcoming Chamber of Commerce luncheon scheduled for Thursday, September 5<sup>th</sup>. He noted that Congresswoman Diane Black would be the guest speaker.

Ald. Decker discussed the City's competition in economic development and how well the City can compete in this environment. He also discussed the current economic standing of the City.

City Administrator Gerald Herman provided an update regarding the SR 76 Sidewalk project.

City Administrator Gerald Herman stated that the contract is under review with TDEC for the City Park Trailway improvements RTP grant.

City Administrator Gerald Herman announced that the ARRA Fiber Optics project has been closed.

City Administrator Gerald Herman stated that the gym roof is out to bid.

City Administrator Gerald Herman stated that the parking lot addition has been approved by the Planning Commission and will go out to bid soon.

City Administrator Gerald Herman provided an update regarding the bathroom facility at City Park.

City Administrator Gerald Herman discussed the recent vandalism on Christian Drive.

City Administrator Gerald Herman discussed the progress on filling the City Recorder position.

City Administrator Gerald Herman reminded the Board that the Health, Safety and Wellness Fair is scheduled for Wednesday, August 21<sup>st</sup>.

9. Acknowledge Reports

- |                       |                       |                              |
|-----------------------|-----------------------|------------------------------|
| A. General Government | E. Wastewater         | H. Library                   |
| B. Police             | F. Planning and Codes | I. Court Clerk               |
| C. Fire               | G. Parks              | J. Monthly Financial Summary |
| D. Public Works       |                       |                              |

Motion was made by Ald. Paltzik, second by Ald. Bibb to acknowledge reports and order them filed. A voice vote was called for with all members voting aye. **Motion passed.**

10. Consideration of the Following Resolutions:

- a. **Resolution 13-12:** A resolution authorizing the issuance of not to exceed three million one hundred thousand dollars (\$3,100,000) general obligation bonds of the City of White House, Tennessee.

Motion was made by Ald. Bibb, second by Ald. Decker to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- b. **Resolution 13-13:** A resolution authorizing the issuance, in one or more series, of general obligation bonds of the city of White House, Tennessee, in the aggregate principal amount of not to exceed three million one hundred thousand dollars (\$3,100,000) for the purpose of financing certain public improvement projects; making provision for the issuance, sale and payment of said bonds; establishing the terms thereof and the disposition of proceeds therefrom; and providing for the levy of taxes for the payment of principal of, premium, if any, and interest on the bonds.

Motion was made by Ald. Paltzik, second by Ald. Bibb to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- c. **Resolution 13-14:** A resolution authorizing participation in the Pool's "Driver Safety" Loss Control Matching Grant Program.

Motion was made by Ald. Decker, second by Ald. Hutson to approve. A voice vote was called for with all members voting aye. **Motion passed.**

11. Consideration of the Following Ordinances:

- a. **Ordinance 13-07:** An ordinance of the City of White House, Tennessee, establishing the tax rate for the year 2013. *Second Reading.*

Motion was made by Ald. Paltzik, second by Ald. Bibb to approve. A roll call vote was requested by Mayor Arnold: Ald. Bibb - aye; Ald. Decker - aye; Ald. Hutson - aye; Ald. Paltzik - aye;

Mayor Arnold - aye. Motion was approved. Ordinance 13-06 was approved on Second Reading.

## 12. Finance

- a. To approve or reject the purchase of a 2014 Chevrolet Silverado 2500 HD pickup truck for \$22,880.00 and a 2014 Chevrolet Silverado 2500 HD utility bed truck with lift gate for \$31,919.00 from Walker Chevrolet. The Public Services Director recommends approval.

Motion was made by Ald. Decker, second by Ald. Paltzik to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- b. To approve or reject the purchase of a 2014 Chevrolet Silverado 2500 HD pickup truck for \$22,880.00. The Public Services Director recommends approval.

Motion was made by Ald. Decker, second by Ald. Bibb to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- c. To approve or reject McGill Associate's Task Order #3 for \$48,000.00. The Public Services Director recommends approval.

Motion was made by Ald. Decker, second by Ald. Bibb to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- d. To approve or reject McGill Associate's Task Order #4 for \$123,000.00. The Public Services Director recommends approval.

Motion was made by Ald. Decker, second by Ald. Paltzik to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- e. To approve or reject McGill Associate's Task Order #5 for \$92,000.00. The Public Services Director recommends approval.

Motion was made by Ald. Decker, second by Ald. Bibb to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- f. To approve or reject the purchase of two 2014 Ford Police Pursuit Vehicles AWD from Ford of Murfreesboro for \$49,976 and the emergency equipment necessary for both vehicles for \$24,479.00. The Police Chief recommends approval.

Motion was made by Ald. Decker, second by Ald. Bibb to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- g. To approve or reject a twenty-five year franchise agreement with Piedmont Natural Gas, Co. The City Administrator recommends approval.

Motion was made by Ald. Decker, second by Ald. Paltzik to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- h. To approve or reject the authority to request Competitive Sealed Proposals for selling concessions at Parks and Recreation Department sporting events. The Parks and Recreation Director recommends approval.

Motion was made by Ald. Hutson, second by Ald. Bibb to approve. A voice vote was called for with all members voting aye. **Motion passed.**

- i. To approve or reject authorizing City Administrator, Gerald Herman, to enter into contract with HFR Design, Inc. for design services for the gymnasium and ladies' restroom facility renovations. The City Administrator recommends approval.

Motion was made by Ald. Bibb, second by Ald. Paltzik to approve. A voice vote was called for with all members voting aye. **Motion passed.**

13. Other Business

- a. None

14. Discussion Items

- a. Representation at the Robertson County Commissioners' Meeting

Mayor Arnold requested that the Aldermen begin to alternate attendance at the Robertson county Commissioners' meeting.

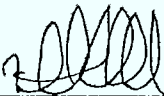
15. Other Information

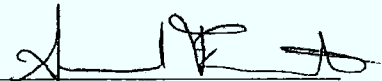
- a. None

16. Adjournment

Meeting was adjourned at 7:45 pm.

ATTEST:

  
\_\_\_\_\_  
Michael Arnold, Mayor

  
\_\_\_\_\_  
Amanda Brewton, City Recorder

## **EXHIBIT 2**

**AGREEMENT GRANTING FRANCHISE TO  
PIEDMONT NATURAL GAS COMPANY, INC.**

This Agreement is entered into by and between Piedmont Natural Gas Company, Inc. and the city of White House, Tennessee (the "Agreement").

**I. DEFINITIONS**

1.01 As used in this Agreement, 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 Agreement.

"City" or "City of White House" shall mean:

The City of White House, a municipal corporation located in Sumner County and Robertson County, Tennessee,

The area within the territorial City limits of the City of White House 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 Aldermen of the City of White House 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 White House;

"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.

"Facilities" shall mean gas pipes, mains, pipelines, conduits, regulators, valves, cathodic protection equipment, anode beds, connections, other appurtenant equipment whatsoever and any services thereto.

"Ordinance" shall mean the local law enacted by the Board of Mayor and Aldermen of the City of White House adopting and approving this Agreement.

## II. FRANCHISE GRANTED

2.01 The Company is hereby granted the exclusive right to construct, operate and maintain a Gas utilities system within the City for production, transmission, distribution, storage 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 exclusive right, authority and privilege to construct and install, operate, maintain, lay or relay, renew, replace and repair gas pipes, mains, pipelines, conduits, regulators, valves, cathodic protection equipment, anode beds, connections, other appurtenant equipment whatsoever and any 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 Agreement. The Company agrees to maintain its Facilities in good working order for the term of this Agreement.

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 and as soon as practicable. In the event that repair and/or restoration requires more than fourteen working days, the Company shall notify the City of the estimated date of completion as well as the circumstances of any such delay. During the period of repair and restoration, the Company shall maintain as nearly as practicable any traffic pattern in place prior to the repair/restoration. 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 may proceed to restore such streets, lanes and public places as nearly as practicable to their original condition and the City may submit a statement of the reasonable, actual 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 twenty-five years beginning November 11, 2013 and ending at midnight November 11, 2038. 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 November 11, 2013.

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's, and its assignees' or licensees', activities or Facilities, including reasonable attorneys fees and court costs. The Company agrees to maintain appropriate levels of general liability insurance for the term of this Agreement.

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 except as noted in section 2.09, 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 without the City's express consent, which shall not be unreasonably withheld, conditioned or delayed; 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 Company shall pay to the City an amount equal to five percent (5%) 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. The payment of the fee shall be on a quarterly basis, and the first payment shall be made by the Company within sixty (60) days after the approval by the TRA of this Agreement and the Ordinance.. Thereafter, 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 Agreement and the 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.

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PIEDMONT NATURAL GAS COMPANY, INC.

BY:

Victor Gaglio  
Senior Vice President - Utility Operations

ATTEST:

Jane R. Lewis-Raymond  
Senior Vice President, General Counsel, Corporate  
Secretary and Chief Compliance Officer

This is to certify that on the 20<sup>th</sup> day of August 2013, before me came Victor Gaglio, 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 Senior 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 20<sup>th</sup> day of August 2013.

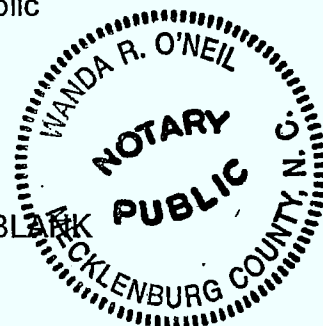
Wanda R. O'Neil

Notary Public

My Commission expires:

April 26, 2016

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CITY OF WHITE HOUSE

BY: [Signature]  
Mayor

ATTEST:

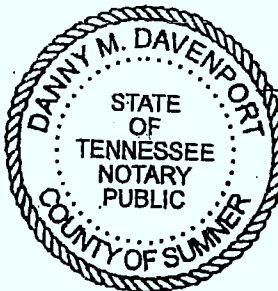
[Signature]  
City Recorder

TENNESSEE  
SUMNER COUNTY

TENNESSEE  
SUMNER AND ROBERTSON COUNTY

*City Recorder*  
This 28<sup>th</sup> day of August, 2013, personally came before me, Amanda Brewster  
~~City Attorney~~ of the City of White House who, being by me duly sworn, says that he knows  
the common seal of the City of White House and he is acquainted with Michael Arnold,  
Mayor of this City, and that he saw the Mayor sign the foregoing instrument, and that he  
affixed the City's seal to this instrument and he signed her name in attestation of the  
execution of this instrument in the presence of the Mayor of this City.

Witness my hand and official seal, this the 28 day of August, 2013.



[Signature]  
Notary Public

My Commission Expires:

21 DEC 2015

# **EXHIBIT A**

WHITE HOUSE  
TENNESSEE

CITY MAP

LEGEND

--- CITY LIMITS

— STREETS and PARCELS

WARD ONE

WARD TWO

WARD THREE

WARD FOUR



LAST UPDATED: 11-17-11



**Before the  
Tennessee Regulatory Authority**

**Docket No. 13-**

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

**Testimony and Exhibit  
of  
Eddie Davidson**

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



**September 26, 2013**

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, Government Relations for the  
7 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.

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

23 A. I previously testified before the TRA regarding Piedmont's flood recovery



1 efforts and also regarding Piedmont's franchise agreements with the Town  
2 of Nolensville, the City of LaVergne and the City of Fairview. In  
3 addition, I have testified before numerous legislative committees at the  
4 state and local level.

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

6 A. I am a member of the Tennessee Gas Association and previously served as  
7 chair of the 2010-2011 and 2012-2013 Legislative Committee. I am also a  
8 board member of the Tennessee Lobbyists Association, and serve on the  
9 board of the Tennessee Chamber of Commerce and Industry.

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

11 A. The purpose of my testimony is to present information to the Authority  
12 relating to the franchise agreement (the "Agreement" or "Franchise  
13 Agreement") entered into between Piedmont and the City of White House,  
14 Tennessee ("White House" or the "City").

15 **Q. Could you please explain the circumstances that caused a need for the  
16 Franchise Agreement between Piedmont and White House?**

17 A. Yes. Under Section 65-26-101 of the Tennessee Code Annotated,  
18 Piedmont is required to have the consent of White House, in the form of a  
19 municipal ordinance, in order to enter onto the streets and alleys of White  
20 House for the purpose of placing, maintaining, or expanding its natural gas  
21 distribution and transmission facilities. Piedmont is desirous of continuing  
22 to serve customers within White House and, accordingly, is required to  
23 obtain the City's consent to such service within its municipal boundaries.



1 **Q. When did Piedmont begin pursuing a renewal of its franchise**  
2 **arrangement with White House?**

3 A. Piedmont started discussing a possible franchise agreement renewal with  
4 White House in early July of 2013.

5 **Q. How were those negotiations pursued?**

6 A. The negotiations with White House for a renewed franchise agreement  
7 were undertaken primarily by me in my capacity as Senior Manager,  
8 Government Relations. White House was represented in these  
9 negotiations by Gerald Herman, City Administrator of White House and  
10 Valerie Webb, White House's city attorney.

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

12 A. These negotiations were successful as evidenced by the approved  
13 Franchise Agreement, attached hereto as Exhibit \_\_ (ED-1) and  
14 incorporated herein by reference. The Agreement establishes a franchise  
15 arrangement between Piedmont and White House for a period of twenty  
16 five (25) years.

17 **Q. What are the primary provisions of the new Franchise Agreement?**

18 A. The new Franchise Agreement provides that in exchange for the right to  
19 provide service to customers within the municipal limits of White House  
20 and for access to the streets and public rights-of-way within the City,  
21 Piedmont agrees to pay an annual franchise fee (in quarterly installments)  
22 of five percent (5%) of annual gross revenues collected by Piedmont from  
23 customers who are located and provided service by the Company within

1 the geographical areas identified on Exhibit A to the Agreement.

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

3 A. Yes. Both parties were ultimately able to agree with the negotiated result  
4 and that result is reflected in the Agreement executed by the Mayor of  
5 White House and Piedmont's Senior Vice President of Utility Operations  
6 on August 28, 2013.

7 **Q. What is the standard to be utilized by the Authority in determining**  
8 **whether to approve the Franchise Agreement?**

9 A. My understanding is that under the statute, the Authority is authorized to  
10 approve the Agreement if it finds that it "is necessary and proper for the  
11 public convenience and properly conserves the public interest."

12 **Q. In your opinion, are the franchise terms set forth in the Agreement**  
13 **necessary and proper for the public convenience and in the public**  
14 **interest?**

15 A. Yes, on a number of grounds.

16 First, the franchise terms reflected in the Agreement will establish  
17 a twenty-five (25) year arrangement through which the current and future  
18 residents, business enterprises and governmental facilities located within  
19 the City will be able to receive, under the supervisory jurisdiction of the  
20 Authority, the benefits of natural gas service provided by Piedmont. This  
21 arrangement will help ensure the continuing availability of high quality  
22 natural gas service to White House for the foreseeable future.

23 Second, the franchise facilitates the provision of such natural gas

1 service to White House by an established and proven provider of that  
2 service well known to this Authority and possessing the requisite  
3 expertise, facilities, systems and gas supply and transportation assets  
4 necessary to provide such service.

5 Third, the new franchise arrangement establishes adequate and  
6 proper mechanisms for access by Piedmont to public rights of way, new  
7 and existing customers, and existing service lines, transmission and  
8 distribution facilities. These mechanisms help to ensure that Piedmont is  
9 able to provide both adequate and efficient service and to comply with the  
10 requirements of this Authority to ensure the safety and protection of  
11 residents and property within White House.

12 Fourth, the new franchise arrangement provides an incentive for  
13 Piedmont to invest in infrastructure needed to provide improved and  
14 expanded service within White House by ensuring that Piedmont will have  
15 the right to provide service within these areas for a sufficient period in  
16 order to permit Piedmont the opportunity to recover the capital investment  
17 in such facilities under the rates approved by the Authority.

18 Fifth, payment of the franchise fees provided for in the Franchise  
19 Agreement, in addition to Piedmont's ongoing duty to repair excavation  
20 work as it is performed, will act to offset long term road maintenance  
21 expenses that may be incurred by White House during the term of the new  
22 franchise arrangement and will help support the provision of municipal  
23 services by White House to its citizens.

1 **Q. Could you please summarize your thoughts on the public convenience**  
2 **issue?**

3 A. Yes. Approval of the Franchise Agreement between Piedmont and White  
4 House will ensure that the residents, businesses and governmental entities  
5 residing and operating within White House will continue to receive high  
6 quality, safe, and economic natural gas service from a provider with a long  
7 and successful history of providing that service to these areas. The  
8 Franchise Agreement also provides substantial protections to the citizens  
9 of White House while concurrently offering Piedmont a positive incentive  
10 to provide ongoing and expanded natural gas service to this area. That  
11 service will contribute to a stable infrastructure and expanded economic  
12 opportunity and will be beneficial to customers by bringing the desirable  
13 attributes of natural gas service to White House for some time into the  
14 future.

15 **Q. Do you know of any facts that would indicate that the new franchise**  
16 **arrangement reflected in the Agreement is not in the public interest?**

17 A. No.

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

19 A. Based on the facts discussed above, we are asking the Authority to  
20 approve the new Franchise Agreement between Piedmont and White  
21 House.

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

23 A. Yes it does.

**EXHIBIT\_\_(ED-1)**

## **AGREEMENT GRANTING FRANCHISE TO PIEDMONT NATURAL GAS COMPANY, INC.**

This Agreement is entered into by and between Piedmont Natural Gas Company, Inc. and the city of White House, Tennessee (the "Agreement").

### **I. DEFINITIONS**

1.01 As used in this Agreement, 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 Agreement.

"City" or "City of White House" shall mean:

The City of White House, a municipal corporation located in Sumner County and Robertson County, Tennessee,

The area within the territorial City limits of the City of White House 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 Aldermen of the City of White House 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 White House;

"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.

"Facilities" shall mean gas pipes, mains, pipelines, conduits, regulators, valves, cathodic protection equipment, anode beds, connections, other appurtenant equipment whatsoever and any services thereto.

"Ordinance" shall mean the local law enacted by the Board of Mayor and Aldermen of the City of White House adopting and approving this Agreement.

## II. FRANCHISE GRANTED

2.01 The Company is hereby granted the exclusive right to construct, operate and maintain a Gas utilities system within the City for production, transmission, distribution, storage 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 exclusive right, authority and privilege to construct and install, operate, maintain, lay or relay, renew, replace and repair gas pipes, mains, pipelines, conduits, regulators, valves, cathodic protection equipment, anode beds, connections, other appurtenant equipment whatsoever and any 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 Agreement. The Company agrees to maintain its Facilities in good working order for the term of this Agreement.

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 and as soon as practicable. In the event that repair and/or restoration requires more than fourteen working days, the Company shall notify the City of the estimated date of completion as well as the circumstances of any such delay. During the period of repair and restoration, the Company shall maintain as nearly as practicable any traffic pattern in place prior to the repair/restoration. 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 may proceed to restore such streets, lanes and public places as nearly as practicable to their original condition and the City may submit a statement of the reasonable, actual 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 twenty-five years beginning November 11, 2013 and ending at midnight November 11, 2038. 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 November 11, 2013.

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's, and its assignees' or licensees', activities or Facilities, including reasonable attorneys fees and court costs. The Company agrees to maintain appropriate levels of general liability insurance for the term of this Agreement.

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 except as noted in section 2.09, 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 without the City's express consent, which shall not be unreasonably withheld, conditioned or delayed; 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 Company shall pay to the City an amount equal to five percent (5%) 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. The payment of the fee shall be on a quarterly basis, and the first payment shall be made by the Company within sixty (60) days after the approval by the TRA of this Agreement and the Ordinance.. Thereafter, 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 Agreement and the 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.

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PIEDMONT NATURAL GAS COMPANY, INC.

BY: Victor Raglio

Senior Vice President - Utility Operations

ATTEST:

Jane R. Lewis-Raymond  
Senior Vice President, General Counsel, Corporate  
Secretary and Chief Compliance Officer

This is to certify that on the 20<sup>th</sup> day of August 2013, before me came Victor Gaglio, 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 Senior 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 20<sup>th</sup> day of August 2013.

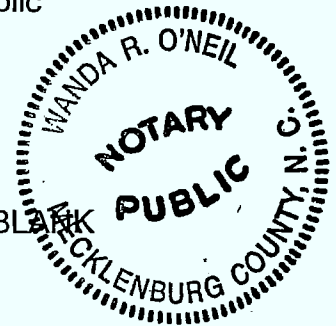
Wanda R. O'Neil

Notary Public

My Commission expires:

April 26, 2016

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CITY OF WHITE HOUSE

BY: [Signature]  
Mayor

ATTEST:

[Signature]  
City Recorder

TENNESSEE  
SUMNER COUNTY

TENNESSEE  
SUMNER AND ROBERTSON COUNTY

*City Recorder*  
This 28<sup>th</sup> day of August, 2013, personally came before me, Amanda Brewster  
~~City Attorney~~ of the City of White House who, being by me duly sworn, says that he knows  
the common seal of the City of White House and he is acquainted with Michael Arnold,  
Mayor of this City, and that he saw the Mayor sign the foregoing instrument, and that he  
affixed the City's seal to this instrument and he signed her name in attestation of the  
execution of this instrument in the presence of the Mayor of this City.

Witness my hand and official seal, this the 28 day of August, 2013.



[Signature]  
Notary Public

My Commission Expires:

21 DEC 2015

# **EXHIBIT A**

WHITE HOUSE  
TENNESSEE

CITY MAP

LEGEND

--- CITY LIMITS

— STREETS and PARCELS

WARD ONE

WARD TWO

WARD THREE

WARD FOUR



LAST UPDATED: 11-17-11

