

NEAL & HARWELL, PLC

LAW OFFICES
150 FOURTH AVENUE, NORTH
SUITE 2000

NASHVILLE, TENNESSEE 37219-2498

TELEPHONE
(615) 244-1713

FACSIMILE
(615) 726-0573

WWW.NEALHARWELL.COM

JAMES F. NEAL (1929-2010)

AUBREY B. HARWELL, JR.
JON D. ROSS
JAMES F. SANDERS
THOMAS H. DUNDON
RONALD G. HARRIS
ALBERT F. MOORE
PHILIP N. ELBERT
JAMES G. THOMAS
WILLIAM T. RAMSEY
JAMES R. KELLEY
MARC T. McNAMEE
GEORGE H. CATE, III
PHILIP D. IRWIN
A. SCOTT ROSS
GERALD D. NEENAN
AUBREY B. HARWELL, III
W. DAVID BRIDGERS
KENDRA E. SAMSON
DAVID G. THOMPSON
LISA PAIGE BINDER
ELIZABETH S. TIPPING

CHANDRA N.T. FLINT
STEPHEN M. MONTGOMERY
JEFF H. GIBSON
ROBERT A. PEAL
J. ISAAC SANDERS
JOHN E. HAUBENREICH
BLIND AKRAWI
CHANELLE A. JOHNSON
ANDREW A. WARTH

OF COUNSEL
LARRY W. LINDEEN

October 1, 2013

DOCKET NO.

13-00129

Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

VIA HAND DELIVERY

RE: Petition of Atmos Energy Corporation for Approval of Negotiated
Franchise Agreement with the City of Franklin, Tennessee

Dear Ms. Dillon:

This new matter seeks Authority approval of a renewed franchise agreement with the
City of Franklin. Enclosed are the originals and four copies of:

1. Petition for Approval of Franchise Agreement with City of Franklin, Tennessee;
and
2. Direct Testimony of Kenneth Hay on Behalf of Atmos Energy Corporation.

Also enclosed is our firm check in the amount of \$25.00 for the filing fee.

Best regards.

Sincerely,

A. Scott Ross

ASR:prd

Enclosures

cc: Pat Childers

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

IN RE:)
)
PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL)
OF NEGOTIATED FRANCHISE) **Docket No. 13-_____**
AGREEMENT WITH THE CITY OF)
FRANKLIN, TENNESSEE)

**PETITION FOR APPROVAL OF FRANCHISE
AGREEMENT WITH CITY OF FRANKLIN, TENNESSEE**

Pursuant to Tennessee Code Annotated § 65-4-107, Atmos Energy Corporation (“Atmos” or “Company”) respectfully requests that the Tennessee Regulatory Authority approve a negotiated franchise agreement between Atmos and the City of Franklin, Tennessee.

In support of this Petition, Atmos respectfully submits the following:

1. Full name and address of the principal place of business of the company are:

Atmos Energy Corporation
5430 LBJ Freeway S 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Patricia D. Childers
Vice President, Rates & Regulatory Affairs
KY/Mid-States Division
Atmos Energy Corporation
810 Crescent Centre Drive, Suite 600
Franklin, TN 37067-6226
(615) 771-8301 – Facsimile

A. Scott Ross, Esq.
Neal & Harwell, PLC
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 726-0573 – Facsimile

Douglas C. Walther, Esq.
Associate General Counsel
Atmos Energy Corporation
P. O. Box 650205
Dallas, TX 75265-0205
(972) 855-3080 – Facsimile

3. Atmos serves approximately 132,000 residential, commercial, and industrial customers in Tennessee. Among the areas served is the City of Franklin, Williamson County, Tennessee.

4. Atmos currently provides natural gas service to the City of Franklin pursuant to a franchise agreement incorporated into City Ordinance No. 2008-42, dated November 25, 2008.

5. That franchise agreement will expire by its terms on February 10, 2014.

6. In anticipation of the expiration of the existing franchise agreement, the Company began negotiations with the City of Franklin for renewal of the franchise authority in the spring of 2013. These negotiations recently concluded and a new franchise agreement was passed on first reading on September 24, 2013, which is incorporated in Ordinance No. 2013-50. A true and correct copy of this Ordinance incorporating the new franchise agreement is attached hereto as Exhibit 1.

7. The Ordinance incorporating the new franchise agreement was passed on first reading by the Mayor and Aldermen of the City of Franklin on September 24, 2013. Final approval by the City of Franklin will require passage on second reading. A public hearing and consideration of the Ordinance on second reading is scheduled to occur on October 8, 2013. In

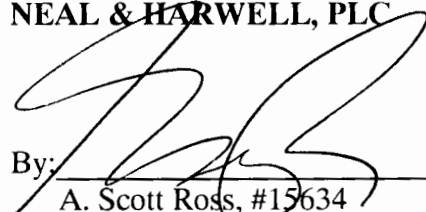
accordance with the terms of the Ordinance, specifically Section 22, the new franchise agreement will become effective upon final approval by the Board of Mayor and Aldermen of the City of Franklin, acceptance by Atmos, and final approval by the Tennessee Regulatory Authority.

8. The new franchise agreement with the City of Franklin is necessary and proper for the public convenience and properly conserves the public interest. Pursuant to Tennessee Code Annotated § 65-4-105(e), the franchise fee will, insofar as practicable, be billed pro rata to the utility customers receiving service within the municipality.

WHEREFORE, Atmos respectfully requests that the Authority approve the new franchise agreement with the City of Franklin attached hereto as Exhibit 1 pursuant to Tennessee Code Annotated § 65-4-107.

Respectfully submitted,

NEAL & HARWELL, PLC

A large, stylized handwritten signature in black ink, likely belonging to A. Scott Ross, is written over a horizontal line.

By:

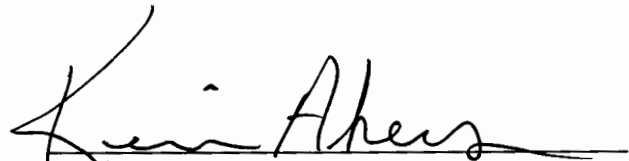
A. Scott Ross, #15634
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile

Counsel for Atmos Energy Corporation

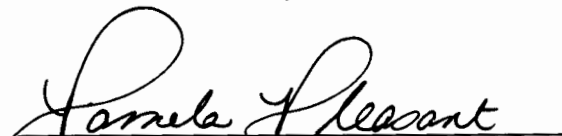
VERIFICATION

STATE OF TENNESSEE)
)
COUNTY OF WILLIAMSON)

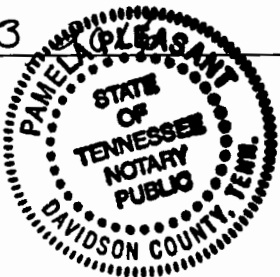
I, Kevin Akers, being duly sworn state that I am the President of the Mid-States and Kentucky Division of Atmos Energy Corporation, the Petitioner in the subject proceeding; that I am authorized to make this verification of behalf of Atmos Energy Corporation; that I have read the foregoing Petition and Exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.


Kevin Akers

SWORN to and subscribed before me
this 27th day of September, 2013.


Notary Public

My Commission Expires:

MAY 3


ORDINANCE 2013-50

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF FRANKLIN, WILLIAMSON COUNTY, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, PUBLIC UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF FRANKLIN, WILLIAMSON COUNTY, TENNESSEE.

BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, WILLIAMSON COUNTY, TENNESSEE:

SECTION 1. This Ordinance shall be known and may be cited as the “Atmos Energy Corporation Franchise Ordinance.”

SECTION 2. Definitions. For the purposes of this Ordinance, the following terms, phrases, words, and their derivations shall have the meanings given herein. When not inconsistent with the context, words, using the present tense include the future tense, words in the plural number include the singular number, and words in the singular number include the plural number. The word “shall” is always mandatory and not merely directory.

- (1) Atmos Energy Corporation is the “Grantee” of the rights under this franchise, a corporation organized and existing under the laws of the State of Texas, and the Commonwealth of Virginia, doing business within the State of Tennessee, with its local principal place of business located at 810 Crescent Centre Dr., Suite 600, Franklin, Tennessee 37067 and may otherwise be referred to as the “Company”.
- (2) “City” is the City of Franklin, Tennessee, a municipal corporation and is the

“Grantor”.

- (3) “CCF” or “ccf” is the volumetric measurement of 100 cubic feet of gas.
- (4) “Day” or “Days” shall mean a calendar day or days.
- (5) “Effective Date” shall mean the passage on second and final reading of this new Ordinance by the Board of Mayor and Aldermen of the City; acceptance by the Company; and final approval by the Tennessee Regulatory Authority.
- (6) “Franchise” shall mean the non-exclusive authorization granted as provided in this Ordinance to occupy or use the public streets and/or rights-of-way within the City of Franklin for the construction, operation and maintenance of the natural gas System within all or a portion of the City.
- (7) “Person” is any person, firm, partnership, association, corporation, company or organization of any kind.
- (8) “Public Right-of-Way” shall mean real property; surface, subsurface and air rights; acquired by the City by any lawful means and includes the surface and that area below the surface which is necessary to support the public highway, street, avenue, road, lane, way, alley, path, bridge, tunnel, sidewalk, planting strip, median, or public ground. No reference herein or in any franchise for use of any public right-of-way shall be deemed to be a representation or guarantee by the City that its title to any public right-of-way or any improvement or object located therein is sufficient to permit or authorize its use by the Grantee. Notwithstanding the foregoing, the City reasonably believes that it has the authority to grant the rights hereunder to the Grantee to use and occupy, subject to the conditions herein provided,

such Public Right-of-Way.

- (9) “Public Utility Easement” shall mean easements conveyed, granted or dedicated to the City or public dedicated or devoted to utility purposes not exclusive in nature for a particular utility, such as water, sanitary sewer, drainage, electrical, etc. Public Utility Easements are typically designated as Public Utility and Drainage Easement (PU&DE) on recorded plats.
- (10) “Quarterly or Quarter” shall mean every three (3) months, based on the calendar year. For purposes of this Ordinance, the quarters shall end in March, June, September and December.
- (11) “Sales Volumes” shall mean volumes of natural gas sold within the City’s corporate limits by the Grantee pursuant to an effective tariff rate schedule for sales service on file with and approved by the Tennessee Regulatory Authority from time to time.
- (12) “System” shall mean Grantee’s network of gas mains, service pipes, regulator stations, and other appliances, fixtures, equipment, and facilities as may be necessary for the transmission, distribution and sale of natural gas and its by-products.
- (13) “Transport Volumes” shall mean volumes of natural gas delivered within the City’s corporate limits by the Company pursuant to the Company’s tariff Rate Schedule 260 (or successor rate schedule) on file with and approved by the Tennessee Regulatory Authority from time to time.

SECTION 3. Franchise. There is hereby granted by the City of Franklin, Tennessee, to Atmos Energy Corporation, its successors and assigns the non-exclusive right, authority, privilege

and franchise to erect, construct, operate and maintain a natural gas System in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, Public Utility Easements, parkways and other public grounds in the present or future corporate limits of the City, for the transmission, distribution, and/or sale of gas and its by-products within said City and to the inhabitants, institutions and businesses thereof, and for such purposes to construct, maintain, operate, renew, replace, repair, and extend its System as may be necessary for said purposes, to-wit, the transmission, distribution and/or sale of such natural gas to said City and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used.

SECTION 4. Term. This Franchise and the rights herein granted shall take effect and be enforced from and after the Effective Date hereof, and shall continue in force for five (5) years from and after the Effective Date. Provided, that if the acceptance by Grantee is not filed within sixty (60) days after final passage of this Ordinance, the provisions of this Franchise shall be null and void.

SECTION 5. Construction Standards. The natural gas System laid, constructed, maintained and operated by virtue of this Franchise, shall be so laid, constructed, maintained and operated in accordance with all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable Statutes of the State of Tennessee, Rules and Regulations of the Tennessee Regulatory Authority, Ordinances of the City of Franklin or of any other governmental regulatory commission, board or agency having jurisdiction over the Company. Said facilities shall be constructed as not to interfere with the drainage of said City or unreasonably interfere with or injure any street, sewer, water main or any other public improvement which said City has heretofore made or may hereafter make in,

upon, along or under any highway, street, avenue, road, alley, lane, way, Public Utility Easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, Public Utility Easements, parkways and other public grounds of said City, and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known Public Right-of-Way whenever practical before resorting to right of condemnation to which the Company may be entitled to utilize by law.

SECTION 6. Construction Safety. When the highways, streets, avenues, alleys, road, lanes, ways, Public Utility Easements, parkways or other public grounds are opened, or any other opening is made by the Company within the City, whether the same be made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state and local laws.

SECTION 7. Relocation. In the event it becomes necessary or expedient for the City to change the course or grade of any highway, street, avenue, road, alley, way, public utility, parkway, or other public ground in which the Company is maintaining its natural gas System, then, upon the written request of the City, the Company shall within one hundred twenty (120) days, or such longer period of time that Company may reasonably require, remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed alteration. Notice to the Company will include detailed project plans and proposed project schedule. Relocation must be substantially complete prior to the City issuance of a Notice to Proceed to its general contractor for the project necessitating the relocation, unless in the opinion of the City Engineer the project coordination prohibits same. The Company's failure to comply

with these provisions may be considered a breach of the Franchise and cause for revocation.

SECTION 8. Construction Permit. Whenever the Company wishes to enter upon any Public Right-of-Way or Public Utility Easement for the purpose of constructing, replacing or repairing any portion of its System, it will, notify the City, file a plan or map of the proposed work and obtain a permit as required before commencing same. Whenever any Public Right-of-Way or other Public Utility Easement shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such Public Right-of-Way or other Public Utility Easement in as good condition as existed before the work was done and to the reasonable satisfaction of the City. In the event the Company shall fail to fulfill its obligations under this Section, the City, after giving the Company reasonable written notice, and failure of the Company to make such repairs or restoration, may make the necessary restoration or repairs itself and the Company shall be liable for the cost of same.

The provisions of this Section shall not be applied or interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger. Likewise, the provisions of this Section anticipate that the Company shall not be unreasonably denied permission to perform necessary work.

SECTION 9. Map of System. Grantee shall make available to the City system maps on a project by project basis as required by the City. An annual construction work plan for the City shall be filed with the City Engineer upon annual approval of such plan by the Company, which plan shall include major additions to the System such as extensions of the gas mains, feeder lines, additions of regulator stations and/or similar projects. Company shall file a complete new "as built" System map with the City Engineer, updated upon the request of the City, within a reasonable time of such request, but no less frequently that every twelve (12) months showing the location of the

Company's System within the City. Except as provided herein, this section shall not be construed nor is it intended to require the approval of the City of the Company's construction and projects for services within the City.

SECTION 10. Utility Easements. Nothing contained herein shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing, maintaining, or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any Public Utility Easements for gas service which are shown on any plats of any portion of the City hereto or hereafter platted or recorded, or any such Public Utility Easement which may hereafter be created, granted or dedicated for any such utility purpose by any person, firm or corporation whatsoever.

SECTION 11. Liability. The Company shall at all times indemnify and hold harmless the City from and against any and all lawful claims for injury to any person or property by reason of the Company or its employees' failure to exercise due care and diligence in and about the installing and maintenance of said System, guarding trenches and excavation while said System is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said System, provided the Company shall have been notified in writing of any claim against the City on account thereof, and shall have been afforded the opportunity fully to defend the same.

The Company shall comply with all applicable provisions of the workmen's compensation laws of the State of Tennessee and the federal government and Tennessee Employment Security laws (including unemployment compensation), and with all state and federal laws regulating the operation and maintenance of business enterprises and the employment of personnel.

SECTION 12. Rules and Regulations. The City and the Company hereby agree that this

Ordinance shall from time to time be subject to rules and regulations adopted by the Company and approved by the Tennessee Regulatory Authority or any other regulatory body having jurisdiction thereof during the term of this Ordinance, and shall also be subject to all Rules and Regulations adopted and approved by the Tennessee Regulatory Authority or any other regulatory body and that all such Rules and Regulations shall be and become a part of this Ordinance to the same extent and with the same effect as if said Rules and Regulations were herein set out in full provided that such rules and regulations shall not be in conflict with law or the rules and regulations from time to time made by the State of Tennessee or the City. The Company shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the Tennessee Regulatory Authority, or any other regulatory body having jurisdiction thereof during the term this Ordinance.

SECTION 13. Franchise Fee. During each year of the term hereof, the Company shall pay to the City a franchise fee in an aggregate amount per CCF of Sales Volumes and Transport Volumes as follows:

Sales Volumes per CCF Rate

\$0.060

Transport Volumes per CCF Rate

\$0.0075

Exhibit A attached hereto indicates the annual projections. Said franchise fee shall be paid Quarterly with each payment due and payable within thirty (30) days from the end of the Quarter for which payment is due, so long as the Company shall supply and sell natural gas to the public within said City, or so long as this franchise is in effect. The aforementioned franchise fee provided by this Ordinance shall be treated and recovered as required by Tennessee Code Annotated, Section 65-4-105. The City shall have access at all reasonable times to the appropriate books of the Company for the purposed of ascertaining the amount due to the City under this

Section. The Company shall furnish to the City an annual report showing the Sales Volumes and Transport Volumes within the City.

SECTION 14. Local Office Compliant Procedures. The parties agree that a local presence is important and aids the parties in communication. As of the date of this Agreement, the Company has a local office located at 200 Noah Drive, Franklin, Tennessee 37064 with a local telephone number of 615-794-2596. Should the Company choose to relocate its local office it shall give the City ninety (90) days notice of its intent to relocate and shall furnish the City with a local phone number prior to leaving its current office. Any complaints from subscribers may be made orally or in writing and shall be investigated and acted upon as soon as possible, but at least within three (3) business days of their receipt. The Company shall keep a log of complaints and actions taken concerning each complaint. This log shall be available for periodic inspection by the City.

SECTION 15. Sale or Transfer. No sale or transfer of the System, or the transfer of any rights under this Franchise shall be effective until the assignee or lessee has filed in the Office of the City Recorder for the City of Franklin an instrument, duly executed, reciting the fact of such sale, assignment or lease, assignment or lease, accepting the terms of this Franchise, and agreeing to perform all the conditions thereof. A merger, consolidation or reorganization involving Grantee shall not constitute a sale or transfer for purposes of this Section. Furthermore, nothing in this Section shall be deemed to prohibit a mortgage or pledge of the franchise or of its properties for financing purposes.

SECTION 16. Breach of Franchise; Remedies; Sundry Provisions. The Company shall comply with the following: Title VII of the Civil Rights Act of 1964, The Equal Pay Act of 1963, The Age Discrimination in Employment Act of 1967, Title I and Title V of the Americans with

Disabilities Act of 1990, Section 501 and 505 of the Rehabilitation Act of 1973, and The Civil Rights Act of 1991. In the event of a substantial breach by Grantee of any material provision of this Franchise, the City may terminate the Franchise and rights granted to Grantee hereunder, provided, however, that such termination shall not be effective unless and until the procedures described below have been followed:

(A) The City must deliver to Grantee, by certified or registered mail, a written notice signed by the Mayor, attested by the Secretary, and sealed with the official seal of the City. Such notice must (i) fairly and fully set forth in detail each of the alleged acts or omissions of Grantee that the City contends constitutes a substantial breach of any material provision hereof, (ii) designate which of the terms and conditions hereof the City contends Grantee breached, and (iii) specify the date, time, and place at which a public hearing will be held by the governing body of the City for the purpose of determining whether the allegations contained in the notice did in fact occur, provided, however, that the date of such hearing may not be less than thirty (30) days after the date of such notice.

(B) Within ten (10) days following the adjournment of the public hearing described in Subsection (A) above, the City must deliver to Grantee, by certified or registered mail, a written notice signed by the Mayor, attested by the Secretary, and sealed with the official seal of the City, setting forth (i) the acts and omissions of Grantee described in the first notice that the governing body of the City determines to have in fact occurred and (ii) the specific terms and conditions of this agreement listed in the first notice that the governing body of the City determines to have in fact been breached by such acts or omissions of Grantee.

(C) The City must permit Grantee the opportunity to substantially correct all of the breaches hereof set forth in the written notice described in Subsection (B) above within sixty (60)

days after Grantee's receipt of such notice.

SECTION 17. Force Majeure. Grantee shall not be required to perform any covenant or obligation in this Ordinance, or be liable in damages to the City, so long as the performance or non-performance of the covenant or obligation is delayed, caused or prevented by an act of God, force majeure or by the other party. An "act of God" or "force majeure" is defined for purposes of this Ordinance as strikes, lockouts, sit-downs, material or labor restrictions by any governmental authority, unusual transportation delays, riots, floods, washouts, explosions, earthquakes, fire, storms, weather (including wet grounds or inclement weather which prevents construction), acts of the public enemy, wars, terrorism, insurrections, and/or any other cause not reasonably within the control of Company or which by the exercise of due diligence Company is unable wholly or in part, to prevent or overcome.

SECTION 18. Service to New Areas. If during the term of this franchise the boundaries of the City are expanded, the City will promptly notify Grantee in writing of any geographic areas annexed by the City during the term hereof ("Annexation Notice"). Any such Annexation Notice shall be sent to Grantee by certified mail, return receipt requested, and shall contain the effective date of the annexation, maps showing the annexed area and such other information as Grantee may reasonably require in ascertaining whether there exist any customers receiving natural gas service through Grantee's system in said annexed area. To the extent there are such Grantee customers therein, then the CCF of natural gas delivered to such customers by Grantee shall become subject to the franchise fee provisions hereof effective on the first day of Grantee's billing cycle immediately following Grantee's receipt of the Annexation Notice. The failure by the City to advise Grantee in writing through a proper Annexation Notice of any geographic areas which are annexed by the City shall relieve Grantee from any obligation to remit any franchise fees to City

based upon gas delivered to customers within the annexed area until City delivers an Annexation Notice to Grantee in accordance with the terms hereof.

SECTION 19. Severability. If any section or portion of any section, of this Ordinance shall hereafter be declared or determined by any court of competent jurisdiction to be invalid, the remaining provisions of this Ordinance shall remain in full force and effect.

SECTION 20. Acceptance. The Company shall, within sixty (60) days after the passage of this Ordinance, file with the City Recorder of the City of Franklin its unconditional acceptance of the terms and conditions of this Ordinance signed by its President or Vice President. Upon the Effective Date (as defined below in Section 22), this Ordinance shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the Tennessee Regulatory Authority or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the Tennessee Regulatory Authority or as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Tennessee, be the measure of the rights, powers, obligations, privileges and liabilities of said City and of said Company.

SECTION 21. Successors and Assigns. All the privileges given and obligations created by this Ordinance shall be binding upon the successors and assigns of the Company.

SECTION 22. Effective Date and Interim Operation. This new Ordinance shall take effect and be in force upon the Effective Date. The Effective Date shall occur upon satisfaction of all of the following conditions: passage on second and final reading of this new Ordinance by the Board of Mayor and Aldermen of the City; acceptance by the Company; and final approval by the Tennessee Regulatory Authority.

Approved and Adopted by the Board of Mayor and Aldermen of the City of Franklin.
Tennessee, this _____ day of _____, 2013, the public welfare so requiring it.

ATTEST:

TENNESSEE

CITY OF FRANKLIN,

By: _____
Eric Stuckey
City Administrator

By: _____
Dr. Ken Moore
Mayor

Date: _____

Date: _____

Approved As To Form:

Sauna R. Billingsley
City Attorney

PASSED FIRST READING:

PUBLIC HEARING:

PASSED SECOND AND FINAL READING:

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

IN RE:

**PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL
OF NEGOTIATED FRANCHISE
AGREEMENT WITH THE CITY OF
FRANKLIN, TENNESSEE**

)
)
)
)
)
)
)

Docket No. 13-XXXXX

**DIRECT TESTIMONY OF
KENNETH HAY
ON BEHALF OF ATMOS ENERGY CORPORATION**

Q: Please state your name and business address.

A: My name is Kenneth Hay. My business address is 200 Noah Drive, Franklin,
Tennessee, 37064.

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

A: I am employed by Atmos Energy Corporation, Kentucky/Mid-States Division ("Atmos")
as Operations Supervisor for the Franklin area of operations which includes Atmos'
operations in the City of Franklin, Tennessee.

Q: Please describe your work history with Atmos.

A: I have been employed by Atmos for 27 years. I began my career as a Marketing
Representative and have held various positions in Atmos with increasing responsibilities.
I have been in my current position for 9 years.

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

1 A: No.

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

3 A: I am testifying on behalf of Atmos in support of the petition filed to approve the franchise
4 between Atmos and the City of Franklin.

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

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

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

12 A: There are approximately 19,000 customers located within the city limits being served by
13 the natural gas distribution system owned and operated by Atmos. Of that amount,
14 approximately 90% are residential customers and 10% are in other customer classes such
15 as commercial and industrial.

16
17 The Atmos system consists of approximately 600 miles of pipe within the Franklin,
18 Tennessee city limits. This pipe is comprised of distribution mains, transmission mains,
19 and service lines. The majority of the pipeline in the Atmos system is located within the
20 public rights-of-way of Franklin. Without access to these public rights-of-way, Atmos
21 could not adequately maintain, replace and/or operate its distribution system.

22

1 **Q: Has Atmos operated a natural gas distribution system in Franklin for a number of**
2 **years?**

3 A: Yes. Atmos and its predecessor entity have operated for many years in Franklin under
4 franchise agreements with the City. The franchise agreement Ordinance No. 83-23
5 allowed Atmos' predecessor entity to operate a gas system within Franklin and to use the
6 public rights of way of the City for its distribution system and related plant and access
7 thereto. That franchise agreement was transferred to Atmos in 1997 and Ordinance No.
8 97-06 authorized the transfer. For the past five years Atmos has operated a gas system
9 within the City under the franchise agreement Ordinance 2008-42, which was approved
10 by the TRA in Docket No. 08-00211

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

13 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos is required to have
14 the consent of the City of Franklin, in the form of a municipal ordinance, in order to enter
15 onto the streets and alleys of Franklin for the purpose of placing, maintaining, or
16 expanding its natural gas distribution facilities. Atmos and its predecessor entity have
17 been providing natural gas service to the City of Franklin for the last thirty years pursuant
18 to the ordinances I have previously mentioned. The five year term of the current
19 franchise agreement with the City of Franklin, Ordinance No. 2008-42, will expire in
20 February 2014. Atmos and the City have negotiated and entered into a new franchise
21 agreement that is necessary in order for Atmos to continue its provision of service to the
22 City of Franklin into the future.

1 **Q: When did Atmos begin pursuing a new franchise arrangement with the City of**
2 **Franklin?**

3 A: The Company and the City began discussions in the spring of 2013 and proposed a new
4 franchise ordinance followed from those discussions.

5 **Q: Please summarize the negotiations and the resulting agreement.**

6 A: Company and City personnel conducted arms length negotiations spanning several months.
7 The proposed franchise agreement extends the term of the current franchise for five
8 years. The Agreement provides for a fee on sales volumes as well as a fee on transport
9 volumes, both of which are fixed for the five-year term at the year-five rate under the
10 current agreement (Ordinance 2008-42). The effective date of the new Agreement would
11 be the date that it receives TRA Approval, if approved. The new Agreement was
12 presented to the Board of Mayor and Aldermen and enacted as Ordinance No. 2013-50.
13 Ordinance No. 2013-50 passed first reading on September 24, 2013.

14 **Q: Is the Company satisfied with the franchise agreement as set forth in Ordinance No.**
15 **2013-50?**

16 A: Yes.

17 **Q: Does approval by the City of Franklin Board of Mayor and Aldermen make the new**
18 **franchise effective?**

19 A: No. Under § 65-4-107 of Tennessee Code Annotated, TRA approval is required for the
20 new Franchise Agreement (Ordinance No. 2013-50) to be effective.

21 **Q: What is the standard to be utilized by the Authority in determining whether to**
22 **approve Ordinance No. 2013-50?**

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 **Q: In your opinion, are the franchise terms set forth in Ordinance No. 2013-50**
5 **necessary and proper for the public convenience and in the public interest?**

6 A: Yes, on a number of grounds.

7
8 First, the new franchise terms reflected in Ordinance No. 2013-50 will establish a long-
9 term arrangement through which the current and future residents, business enterprises and
10 governmental facilities located within the City of Franklin will be able to receive, under the
11 supervisory jurisdiction of the Authority, the benefits of continuing natural gas service
12 provided by Atmos for an extended period. This arrangement will help ensure the
13 continuing availability of high-quality natural gas service to the City of Franklin for the
14 foreseeable future.

15
16 Second, the new franchise facilitates the provision of such natural gas service to the City
17 of Franklin by an established and proven provider of that service well-known to both the
18 City of Franklin and this Authority and possessing the requisite expertise, facilities,
19 systems and gas supply and transportation assets necessary to provide such service.

20
21 Third, the new franchise arrangement establishes adequate and proper mechanisms for
22 access by the Company to public rights-of-way, new and existing customers, and its
23 distribution facilities. These mechanisms help to ensure that Atmos is able to provide

1 both adequate and efficient service and to comply with the requirements of this Authority
2 to ensure the safety and protection of residents and property within the City of Franklin.

3
4 Fourth, the various other protective provisions set forth in the new franchise arrangement
5 provide useful and important tools for the City of Franklin to ensure that its citizens are
6 benefited and not economically harmed by the activities of Atmos within the City of
7 Franklin.

8
9 Fifth, the new franchise arrangement provides an incentive for Atmos to invest in
10 infrastructure needed to provide improved and expanded service within the City of
11 Franklin by ensuring that Atmos will have the right to provide service within these areas
12 for a sufficient period in order to permit Atmos the opportunity to recover the capital
13 investment in such facilities under the rates approved by the Authority.

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

15 A: Yes. Approval of the new franchise arrangement between Atmos and the City of
16 Franklin will ensure that the residents, businesses and governmental entities residing and
17 operating with the City of Franklin continue to receive high-quality, safe, reliable and
18 economic natural gas service from a provider with a long and successful history of
19 providing that service to these areas. The franchise ordinance also provides substantial
20 protections to the citizens of the City of Franklin while concurrently offering Atmos a
21 positive incentive to provide ongoing and expanded natural gas service to this area. That
22 service will contribute to a stable infrastructure and expanded economic opportunity and

1 will be beneficial to customers by bringing the desirable attributes of natural gas service
2 to the City of Franklin for some time into the future.

3 **Q: Will the franchise fee be bill pro-rata to customers within the City of Franklin?**

4 A: Yes. Pursuant to Tennessee Code Annotated § 65-4-105(e), the franchise fee will, insofar
5 as practicable, be billed pro rata to customers receiving service within the City of
6 Franklin.

7 **Q: Do you know of any facts that would indicate that the new franchise arrangement**
8 **reflected in Ordinance No. 2013-50 is not in the public interest?**


9 A: No.

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


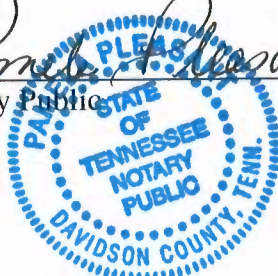
11 A: Based on the facts discussed above, we are asking the Authority to approve the new
12 franchise agreement between Atmos and the City of Franklin as reflected in Ordinance
13 No. 2013-50.

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

15 A: Not at this time.


Kenneth Hay, Operations Supervisor
for the Franklin Area of Operations

Sworn to and subscribed before me
this 1st day of October, 2013.


Notary Public


My Commission Expires: May 3, 2016