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March 6, 2014

Via Hand-Delivery

Executive Director Earl Taylor
c/o Sharla Dillon
Tennessee Regulatory Authority
502 Deaderick Street, 4th Floor
Nashville, Tennessee 37243

Re: *Petition of Piedmont Natural Gas Company, Inc. for Approval of Negotiated Franchise Agreement with the Metropolitan Government of the City of Nashville and Davidson County, Tennessee*
Docket No. ~~04-00027~~ 14-00020

Dear Mr. Taylor:

I am enclosing an original and five (5) copies of Notice of Franchise Extension and Exhibit A in the above docket. This Notice and exhibit also are being filed electronically today with the Authority's Docket Manager, Sharla Dillon.

Please file the original and four copies of this material 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

IN RE:

Docket No. 04-00097

4. On March 30, 2004, Piedmont filed in this docket a Petition seeking Authority approval of a Franchise Agreement between Piedmont and the Metro Government. This Franchise Agreement provided for an initial ten-year term followed by 4 consecutive additional five-year terms (“Additional Periods”). Under the provisions of the Franchise Agreement, the

effectiveness of each of the Additional Periods was expressly conditioned upon (i) the adoption by the Metro Council of a resolution affirming the continuance of the license and franchise for such period, and (ii) the payment by Piedmont of an annual license fee of \$62,200 (adjusted for inflation) on April 1 of each year of the Additional Period. A copy of the Franchise Agreement is attached hereto Exhibit A and incorporated herein by reference.

5. Piedmont's Petition seeking approval of the Metro Franchise Agreement was approved by the Authority in its November 29, 2005 *Order Approving Franchise Agreement*.

6. On January 21, 2014, the Metro Council adopted a resolution affirming the continuation of the Franchise Agreement for the first Additional Period of five years. A copy of this resolution is attached hereto as Exhibit B and incorporated herein by reference.

7. Piedmont intends to make the license fee payment required by the Franchise Agreement by April 1 of each of the years of the Additional Period.

8. Inasmuch as the extension of the Franchise Agreement effectuated by the actions described in paragraphs 6 and 7 above are expressly anticipated in the approved Franchise Agreement, and in light of the fact that no other term or condition of that agreement has been changed or modified, Piedmont's opinion is that no separate TRA approval of the extension should be required in this case but is, nonetheless, providing notice of such extension to the TRA.

9. In the event the Authority disagrees with Piedmont's assessment of this situation, Piedmont respectfully requests that the Authority grant any necessary approvals to allow Piedmont to comply with the Franchise Agreement during the initial 5-year Additional Period described above.

Respectfully submitted, this the 6th day of March, 2014.

Piedmont Natural Gas Company, Inc.

R. Dale Grimes

R. Dale Grimes
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*by RDT
w/ permin. v. r.*

EXHIBIT A

ORDINANCE NO. BL2003-36

An ordinance amending and extending the License and Franchise of Nashville Gas Company (formerly Nashville Gas and Heating Company), a Tennessee corporation, for an additional period.

WHEREAS, Nashville Gas Company currently operates in Metropolitan Nashville and Davidson County pursuant to a license and franchise agreement; and

WHEREAS, unless extended, the existing franchise agreement will expire on May 2, 2004; and

WHEREAS, the citizens of Metropolitan Nashville and Davidson County will benefit from the amendment and extension of the license and franchise to Nashville Gas Company pursuant to the terms of this ordinance.

BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

SECTION 1. That the existing license and franchise of Nashville Gas Company (formerly Nashville Gas and Heating Company), a Tennessee corporation, granted by Ordinance No. 155 of the Mayor and City Council of the former City of Nashville which became effective on the 15th day of April, 1912, and which was amended and extended by Ordinance No. 50-341, as amended, of the former City of Nashville, adopted by the City Council on February 9, 1950, approved by the Mayor on February 10, 1950 and approved by the requisite number of the qualified voters in referendum on April 18, 1950 as recorded by Resolution No. 50-1189 of the Council of the former City of Nashville adopted May 2, 1950, and which was further amended and extended by Ordinance 74-861 of the Metropolitan Government of Nashville and Davidson County, adopted by the Metropolitan Council on February 19, 1974, approved by the Mayor on February 28, 1974, and approved by the requisite number of the qualified voters in referendum on May 2, 1974 as recorded by Resolution No. 74-994 of the Metropolitan Council (Ordinance No. 155, as amended by Ordinance No. 50-341 and Ordinance No. 74-861 is herein referred to as the "Existing Ordinance"), is hereby amended as set forth in this Ordinance.

SECTION 2. That in the event a three-fifths majority of the qualified voters of the Metropolitan Government of Nashville and Davidson County voting on the proposition herein directed to be submitted shall vote for the adoption of this ordinance, then Nashville Gas Company, in consideration of the rights and licenses hereby granted to said company pursuant to this ordinance, shall pay to the Metropolitan Government of Nashville and Davidson County the sum of Two Hundred Sixty Two Thousand Two Hundred (\$262,200.00) dollars and said payment shall be made by said Nashville Gas Company within ten days after said election, and it shall not exercise any of the licenses and privileges hereby granted beyond the current expiration date of the license as set forth in the Existing Ordinance until said payment shall have been made, and as a condition of the continuance of the rights granted hereby Nashville Gas Company shall additionally pay on April 1 of each of the years 2005 through 2013 the amount of Sixty Two Thousand Two Hundred (\$62,200.00) dollars in March 1, 2004 dollars increased for inflation to the due date at an assumed rate of 3.5% per annum.

SECTION 3. That the Existing Ordinance is hereby amended by deleting Section 7 and replacing it with the following:

"In constructing, repairing and operating said works, said company shall use every reasonable and proper precaution to avoid damage and injury to persons and property and provide fair

compensation for any such damage or injury, and shall, at all times and in all places, hold and save harmless the Metropolitan Government of Nashville and Davidson County and its agencies and instrumentalities and each of their respective officers, boards, commissions, commissioners, agents and employees from all and every such damage, injury, loss or expense caused or occasioned by reason of any act or failure to act of said company, in the construction, repairing or operation of said gas works or any part thereof, or in paving or repaving of any streets by reason of any acts done by said company. Gas lines shall be installed underground except where not technically feasible, and meters and related equipment shall be installed in reasonably accessible places and in a manner that minimizes damage or disruption to landscaping and customer property. In constructing, repairing and operating said works, the company shall comply with all legal and regulatory requirements including, but not limited to, those of the Metropolitan Historical Commission or any other governmental body responsible for planning, zoning, preservation, historical or similar concerns.

In the event the credit rating of the company's parent, Piedmont Natural Gas Company, Inc., is changed to BBB+ or lower by Standard & Poor's Corporation then the company shall provide financial security for compliance with its obligations hereunder through performance bonds issued by a surety company: (1) approved by the Metropolitan Government of Nashville and Davidson County having a rating of "A" in the latest revision of the A.M. Best Company's Insurance Report; (2) listed in the United States Treasury Department's Circular 570, "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsurance Companies"; and (3) properly registered and licensed to conduct business in the State pursuant to a current certificate of authority to transact surety business issued by the Tennessee Commissioner of Insurance. The performance bonds shall be issued in favor of the Metropolitan Government of Nashville and Davidson County in an amount of Two Million Five Hundred Thousand (\$2,500,000.00) dollars, and shall remain in effect during the term of this license and franchise.

In the event the company fails to complete any construction, repairs, upgrades, or other work in the public rights-of-way in a safe, timely, and competent manner in accord with the provisions of a franchise agreement, there shall be recoverable, jointly and severally from the principal and surety of the bonds, any damages or loss suffered by the Metropolitan Government of Nashville and Davidson County as a result, including the full amount of any compensation, indemnification, or cost of removal or abandonment of any property of the franchisee, or the cost of completing or repairing the system construction, upgrade, or other work in the public rights-of-way, plus a reasonable allowance for attorneys' fees, up to the full amount of the performance bond.

Prior to performing any work on or alteration to customer property, other than emergency work, customers will be given prior notice of the nature of the proposed work and the proposed scheduling of the work. All damaged landscaping and property will be promptly repaired or replaced.

In addition to other available rights and remedies, the company and the city shall jointly appoint a person knowledgeable in the field of gas utilities and personal liability and property damage who shall be available to arbitrate disputes between the company and persons other than the Metropolitan Government of Nashville and Davidson County under this section. If no agreement can be reached on the person to appoint, a selection shall be made by the American Arbitration Association in Washington, D.C. The person so appointed shall hear all claims of persons requesting a hearing under this section promptly in Nashville and Davidson County, and shall make recommendations as to the appropriate disposition of such claims. The cost of the panel and its operations shall be borne by the company."

SECTION 4. That the Existing Ordinance is hereby amended by deleting the first sentence in Section 14 and replacing it with the following:

"That in consideration of the rights and licenses hereby granted to Nashville Gas Company, and in

addition to the payment required to be made as hereinbefore provided in Section 2, said company shall pay to the Metropolitan Government of Nashville and Davidson County five (5) per centum of its gross receipts from the sale, transportation and distribution of gas and by-products and from other services related to the sale, transportation or distribution of gas and by-products, unless and until the Metropolitan Government of Nashville and Davidson County, in accordance with the Metropolitan Charter, shall grant a license and franchise to any other company to sell and supply gas in Nashville and Davidson County and transport and distribute such gas below the surface of the streets, avenues, sidewalks, alleys and public grounds, and on the bridges and viaducts of Nashville and Davidson County, at which time all payments provided for in this section shall cease; PROVIDED, that nothing herein contained shall be construed to prevent the Metropolitan Government of Nashville and Davidson County from granting a license or franchise or similar right to any other company. Payments shall be made quarterly on or before the last day of March, June, September and December in each year, in such manner as shall be directed by the Director of Finance of the Metropolitan Government of Nashville and Davidson County. Together with or promptly following each payment, Nashville Gas Company shall deliver to the Director of Finance such financial statements, records, documents and other information as is reasonable and sufficient for the Metropolitan Government of Nashville and Davidson County to verify the correctness of the amount due. Within sixty (60) days following the end of each fiscal year of Nashville Gas Company, Nashville Gas Company shall deliver to the Director of Finance a certificate of the controller of Nashville Gas Company, verified as to accuracy by a firm of independent certified public accountants, certifying that the fees paid by Nashville Gas Company pursuant to Section 14 of this ordinance during the preceding fiscal year of Nashville Gas Company are correct and have been properly calculated in accordance with the ordinance.

SECTION 5. That the Existing Ordinance is hereby amended by deleting Section 20 and replacing it with the following:

"A failure on the part of said company to comply with the provisions of this ordinance, or failure to comply with an order or request of the Department of Public Works issued thereunder, shall subject said company to a fine of not less than \$200.00 nor more than \$1,000.00 for each offense for each day such offense has occurred or is continuing; PROVIDED, HOWEVER, that this section shall not be construed to conflict with any penalty otherwise provided herein."

SECTION 6. That the Existing Ordinance is hereby amended by adding Section 22 as follows:

Section 22. Said Company shall conduct its business and, when utilizing any streets, avenues, sidewalks, alleys or public highways or places, or any other public property, conduct operations relating to such property in full compliance with the Americans with Disabilities Act ("ADA") and Architectural and Transportation Barriers Compliance Board, Federal Register 36 CFR Parts 1190 and 1191, Accessibility Guidelines for Buildings and Facilities; Architectural Barriers Act (ABA) Accessibility Guidelines; proposed rule dated November 16, 1999, which has been adopted by the Metropolitan Government of Nashville and Davidson County. In addition, all communication is to be provided in accordance with the requirements of the Metropolitan Code Section 2.212, titled Effective Communication with Individuals with a Disability.

SECTION 7. That the Existing Ordinance is hereby amended by adding Section 23 as follows:

Section 23. It is the policy of the Metropolitan Government of Nashville and Davidson County not to discriminate on the basis of age, race, sex, color, national origin or disability in its hiring and employment practices, or in admission to, access to, or operation of its programs, services and activities. With regard to all aspects of this license and franchise, said company certifies and warrants it will comply with this policy.

No person shall be excluded from participation in, be denied benefits of, be discriminated against in the admission or access to, or be discriminated against in treatment or employment in the conduct

of its business or activities, on the grounds of handicap and/or disability, age, race, color, religion, sex, national origin, or any other classification protected by federal or Tennessee State Constitutional or statutory law; nor shall they be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of contracts with Nashville Gas Company or in the employment practices of the Metropolitan Government of Nashville and Davidson County's licensees, franchisees or contractors. The company shall, upon request, be required to show proof of such nondiscrimination and to post in conspicuous places that are available to all employees and applicants, notices of nondiscrimination.

SECTION 8. That references in the Existing Ordinance to the board of public works or to any other department, board or agency of the Metropolitan Government of Nashville and Davidson County shall refer to the then current applicable department, board or agency.

SECTION 9. That the license and franchise granted to Nashville Gas Company by the Existing Ordinance, as amended hereby, is hereby renewed and extended for a period of ten years from and after the date of the approval of this Ordinance by the electors of the Metropolitan Government of Nashville and Davidson County, and for four additional consecutive five-year periods thereafter (each of the four additional periods being an "Additional Period"), provided that no Additional Period shall become effective unless, prior to the commencement of the Additional Period (i) the Metropolitan Council shall have adopted a resolution affirming the continuance of the license and franchise granted by this Ordinance and (ii) Nashville Gas Company shall have paid to the Metropolitan Government of Nashville and Davidson County the sum of Sixty Two Thousand Two Hundred (\$62,200.00) dollars in May, 2004 dollars, increased for inflation to the due date at the rate of 3.5% per annum, and as a condition of the continuance of the rights granted hereby Nashville Gas Company shall additionally pay on April 1 of each of the remaining four years of the Additional Period the amount of Sixty Two Thousand Two Hundred (\$62,200.00) dollars in March 1, 2004 dollars, increased for inflation to the due date at the rate of 3.5% per annum, in each case subject to the continuing obligations and continuing terms and conditions of the said franchise as set out in the Existing Ordinance, as amended by this ordinance, which shall remain in full force and effect throughout the period of the said ten year renewal and extension or Additional Period, if applicable. If the conditions for the effectiveness of any Additional Period are not satisfied as required herein, then the license and franchise granted by this Ordinance shall terminate on the expiration date of the ten-year extension period or the then effective Additional Period, whichever is applicable. The license and franchise granted hereunder is irrevocable, subject to the terms of, and the rights of the Metropolitan Government of Nashville and Davidson County under, the Existing Ordinance, as amended by this Ordinance.

SECTION 10. That the said license and franchise, as amended, renewed and extended, shall at all times be subject to the terms, conditions and obligations set out and contained in Article 17 of the Charter of the Metropolitan Government of Nashville and Davidson County.

SECTION 11. That within ten days after the final approval of this ordinance Nashville Gas Company shall by its legally constituted representatives, file with the Metropolitan Clerk a written acceptance of this extension grant, with all of its terms, limitations and requirements, together with a guaranty of performance of the obligations of the company under Ordinance No 155, as amended, by the company's parent, Piedmont Natural Gas Company, Inc., and a failure so to accept the same and deliver said guaranty within said time shall, of itself, work a revocation of this renewal and extension grant.

SECTION 12. That in the event of the acceptance of this Ordinance by Nashville Gas Company, as hereinbefore provided in Section 8 and the payment to the Metropolitan Election Commission of an equitable portion of the expenses of the primary election, which portion of such expenses of the primary election shall be determined by the Metropolitan Election Commission, then this ordinance shall be submitted to the qualified voters of the Metropolitan Government of Nashville and Davidson County at an election to be held on February 10, 2004 provided such primary election

occurs more than sixty days after the date of the unconditional acceptance of said extended franchise by Nashville Gas Company, such election is to be held at the same time and in connection with the primary election on February 10, 2004 in accordance with the provisions of the law governing such elections and the provisions of Article 17 of the Metropolitan Charter. The ballot at such election shall contain a brief statement of the purposes of this ordinance and shall submit to the voters the following question:

Do you approve Ordinance No. _____ of the Council of the Metropolitan Government of Nashville and Davidson County amending and extending the license and franchise of the Nashville Gas Company?

Yes ____

No ____

The returns of such election shall be canvassed and declared as provided by law. This ordinance shall become effective only in the event it is approved by three-fifths of the electors voting thereon in such election, and if so approved such license and franchise shall be extended as hereinabove provided without requiring the payment of any consideration therefore other than those payments required by this ordinance and the Existing Ordinance, as amended by this Ordinance No. ____.

This ordinance shall be published in full, one publication to appear in the Nashville Tennessean and one publication in the _____. Said publication shall be made not more than seven days nor less than three days before said election.

SECTION 13. This Ordinance shall take effect from and after its passage and its approval by the electors as required by Section 8 and the Metropolitan Charter, the welfare of the Metropolitan Government of Nashville and Davidson County requiring it.

Sponsored by: Brenda Gilmore

Amendment No. 1

To

Ordinance No. BL2003-36

Mr. President:

I move to amend Ordinance No. BL2003-36 as follows:

1. By amending Section 12 by deleting the following ballot question:

"Do you approve Ordinance No. ____ of the Council of the Metropolitan Government of Nashville and Davidson County amending and extending the license and franchise of the Nashville Gas Company?

Yes ____
No ____"

And substituting in lieu thereof the following new ballot question:

"Do you approve Ordinance No. BL2003-36 adopted by the Council of The Metropolitan Government of Nashville and Davidson County on December 2, 2003, and approved by the Mayor, amending and extending the license and franchise of the Nashville Gas Company?

Yes ____
No ____"


2. By amending Section 12 by deleting the following provisions wherein they appear:

"This ordinance shall be published in full, one publication to appear in the Nashville Tennessean and one publication in the _____. Said publication shall be made not more than seven days nor less than three days before said election."

And substituting in lieu thereof the following new provisions relative to publication:

"This ordinance shall be published in the The Tennessean pursuant to and in compliance with the provisions of T.C.A § 2-12-111."

Sponsored by: Brenda Gilmore

LEGISLATIVE HISTORY	
Introduced:	October 21, 2003
Passed First Reading:	October 21, 2003
Referred to:	Budget & Finance Committee Public Works Committee
Passed Second Reading:	November 18, 2003
Passed Third Reading:	December 2, 2003
Approved:	December 3, 2003
By:	

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EXHIBIT B

RESOLUTION NO. RS2014-951

A resolution extending the license and franchise of Nashville Gas Company for an additional period.

WHEREAS, Ordinance No. BL2003-36 extended the license and franchise (the "Gas Franchise") of Nashville Gas Company for a period of ten years, beginning on the date of the approval of that ordinance at a referendum held on February 10, 2004; and,

WHEREAS, Ordinance No. BL2003-36 provides that the Gas Franchise may be extended for four additional five-year periods by resolution of the Metropolitan Council; and,

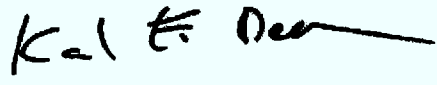
WHEREAS, extension of the Gas Franchise for an additional five-year period is in the best interests of the Metropolitan Government.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1: That the Gas Franchise is hereby affirmed, continued, and extended for an additional period of five years in accordance with the terms of Ordinance No. BL2003-36.

Section 2: That this resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Sponsored by: Ronnie Steine, Edith Taylor Langster

LEGISLATIVE HISTORY	
Referred to:	Budget & Finance Committee Public Works Committee
Introduced:	January 7, 2014
Deferred:	January 7, 2014
Adopted:	January 21, 2014
Approved:	January 22, 2014
By:	

Requests for ADA accommodation should be directed to Shannon Hall at 615/862-6770.