

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 5, 2014

IN RE:

**PETITION OF ATMOS ENERGY CORPORATION
FOR APPROVAL OF NEGOTIATED FRANCHISE
AGREEMENT WITH THE COUNTY OF HAMBLLEN,
STATE OF TENNESSEE**

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**DOCKET NO.
14-00089**

ORDER APPROVING FRANCHISE AGREEMENT

This matter came before Chairman Herbert H. Hilliard, Director Robin Bennett and Director James M. Allison of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on October 10, 2014, to hear and consider the *Petition for Approval of Franchise Agreement with Hamblen County Tennessee* (the “*Petition*”) filed by Atmos Energy Corporation (“Atmos” or the “Company”) on September 10, 2014.

BACKGROUND

Atmos serves approximately 132,000 residential, commercial and industrial customers in Tennessee, including approximately 1,841 customers being served by its natural gas distribution system in Hamblen County, outside the city limits of Morristown, Tennessee (“Hamblen County” or the “County”).¹ Atmos and its predecessor entity have operated for many years in Hamblen County under franchise agreements with the County.² Most recently, Atmos has provided natural gas service to Hamblen County pursuant to a franchise agreement Resolution

¹ See *Petition*, p. 2 (September 10, 2014) and John A. Hughes, Pre-filed Direct Testimony, p. 2 (September 10, 2014).

² John A. Hughes, Pre-filed Direct Testimony, p. 3 (September 10, 2014).

passed by the Hamblen County Board of Commissioners on February 18, 1999.³ The franchise agreement expired by its terms on February 18, 2014.⁴

THE PETITION

On September 10, 2014, Atmos filed the *Petition* requesting approval of a new franchise agreement negotiated with Hamblen County. In support of its *Petition*, the Company submitted the pre-filed direct testimony of John A. Hughes, Operations Supervisor, and the franchise agreement, submitted and passed by the County as an Ordinance on August 21, 2014.

In his testimony, Mr. Hughes states that the proposed franchise agreement is for a term of fifteen (15) years, is materially identical to the former agreement and does not carry a franchise fee.⁵ In addition, the new franchise agreement is necessary and proper for the public convenience and properly serves the public interest.⁶ Mr. Hughes lists the following five reasons that the new franchise agreement is in the public interest:⁷

1. Maintains availability of high quality natural gas service for the County;
2. Ensures natural gas service by an established and proven provider that possesses the requisite expertise, facilities, gas supply and transportation assets to provide such service;
3. Provides adequate and proper access to public rights-of-way in order to ensure Atmos is able to provide adequate, efficient and safe service;
4. Includes protective provisions to ensure the citizens of Hamblen County are benefited and not economically harmed by the activities of Atmos; and
5. Provides an incentive for Atmos to invest in infrastructure needed to improve and expand service within the County.

³ *Id.*

⁴ *Petition*, p. 2 (September 10, 2014).

⁵ John A. Hughes, Pre-filed Direct Testimony, p. 4 (September 10, 2014).

⁶ *Id.*

⁷ *Id.* at 4-6.

REQUIREMENT OF AND STANDARDS FOR AUTHORITY APPROVAL

Tenn. Code Ann. § 65-4-107 (2004) provides that no grant of a privilege or franchise from the State or a political subdivision of the State to a public utility shall be valid until approved by the Authority. Approval pursuant to Tenn. Code Ann. § 65-4-107 (2004) requires a determination by the Authority, after hearing, that “such privilege or franchise is necessary and proper for the public convenience and properly conserves the public interest.” Tenn. Code Ann. § 65-4-107 (2004) further provides that in considering such privilege or franchise, the Authority “shall have the power, if it so approves, to impose conditions as to construction, equipment, maintenance, service or operation as the public convenience and interest may reasonably require.”

FINDINGS AND CONCLUSIONS

The Authority issued a *Notice of Hearing* on October 1, 2014. On October 10, 2014, a Hearing was held before the voting panel at a regularly scheduled Authority Conference. Appearing for the Company were Mr. A. Scott Ross, Esq., and Mr. John A. “Tony” Hughes, Operations Supervisor. At the Hearing, Mr. Hughes ratified and summarized his pre-filed testimony and was subject to questioning before the panel. Mr. Bill Brittain, Mayor of Hamblen County, was also available telephonically for questions. No person commented or sought intervention during the Hearing.

Thereafter, based upon the testimony and the administrative record as a whole, the panel found that Atmos’ new franchise agreement with Hamblen County was necessary and proper for the public convenience and conserves the public interest. Therefore, the panel voted unanimously to approve Atmos’ *Petition*.

IT IS THEREFORE ORDERED THAT:

The *Petition for Approval of Franchise Agreement with Hamblen County Tennessee* is approved.

Chairman Herbert H. Hilliard, Director Robin Bennett and Director James M. Allison concur.

ATTEST:

A handwritten signature in cursive script, reading "Earl Taylor", written over a horizontal line.

Earl R. Taylor, Executive Director