

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

IN RE:

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

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Docket No. 14- 00119

**DIRECT TESTIMONY OF
PATRICK MATTINGLY
ON BEHALF OF ATMOS ENERGY CORPORATION**

Q: Please state your name and business address.

A: My name is Patrick Mattingly. My business address is 900 Commonwealth Drive,
Mayfield, Kentucky 42066.

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 Mayfield area of operations which includes Atmos'
operations in the City of Union City, Tennessee.

Q: Please describe your work history with Atmos.

A: I have been employed by Atmos for 25 years. I began my career as a meter reader 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?

13

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 Union City.

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

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

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

12 A: There are approximately 3,400 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 85% are residential customers and 15% are in other customer classes such
15 as commercial and industrial.

16

17 The Atmos system consists of approximately 150 miles of pipe within the Union City,
18 Tennessee city limits. This pipe is comprised of distribution mains, transmission mains,
19 and service lines. The majority of this pipe is located within the public rights-of-way of
20 Union City. Without access to these public rights-of-way, Atmos could not adequately
21 maintain, replace and/or operate its distribution system.

22

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

3 A: Yes. Atmos and its predecessor entity have operated for many years in Union City under
4 franchise agreements with the City. The franchise agreement Ordinance No. 7-82, which
5 modified Ordinance No. 109, allowed Atmos' predecessor entity to operate a gas system
6 within Union City and to use the public rights of way of the City for its distribution
7 system and related plant and access thereto for a thirty year period. For the past fifteen
8 years Atmos has operated a gas system within the City under the franchise agreement
9 Ordinance No. 2-01 and approved by the TRA in Docket No. 01-00309.

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

12 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos is required to have
13 the consent of the City of Union City, in the form of a municipal ordinance, in order to
14 enter onto the streets and alleys of Union City for the purpose of placing, maintaining, or
15 expanding its natural gas distribution facilities. Atmos and its predecessor entity have
16 been providing natural gas service to the City of Union City for the last forty-five years
17 pursuant to the ordinances I have previously mentioned. As the fifteen year term of
18 Ordinance No. 2-01 will expire in August 2015, Atmos and the City have entered into a
19 new franchise agreement, allowing Atmos to continue to serve the City of Union City
20 into the future.

21 **Q: When did Atmos begin pursuing a new franchise arrangement with the City of**
22 **Union City?**

1 A: The Company and the City began discussions in summer 2014 and a proposed new
2 franchise ordinance followed from those discussions.

3 **Q: How does the new franchise agreement compare with the old one?**

4 A: The proposed franchise in substance extends the term of the current franchise for twenty
5 years. The new franchise agreement provides for the same fee as the old one, equal to
6 5% of Atmos' gross receipts derived from the sale and distribution by Atmos of natural
7 gas within the city limits of Union City during the preceding calendar year.

8 **Q: Is TRA approval required for this new franchise agreement?**

9 A: Yes. Under § 65-4-107 of Tennessee Code Annotated, the new franchise agreement will
10 not be valid unless and until approved by this Authority.

11 **Q: What is the standard to be utilized by the Authority in determining whether to**
12 **approve the new franchise agreement?**

13 A: Under the statute, the Authority is authorized to approve the ordinance if it finds that it
14 "is necessary and proper for the public convenience and properly conserves the public
15 interest."

16 **Q: In your opinion, are the Union City franchise agreement's terms necessary and**
17 **proper for the public convenience and in the public interest?**

18 A: Yes, on a number of grounds.

19
20 First, the new franchise terms reflected in the new agreement will establish a long-term
21 arrangement through which the current and future residents, business enterprises and
22 governmental facilities located with the City of Union City will be able to receive, under
23 the supervisory jurisdiction of the Authority, the benefits of continuing natural gas

1 service provided by Atmos for an extended period. This arrangement will help ensure the
2 continuing availability of high-quality natural gas service to the City of Union City for
3 the foreseeable future.

4
5 Second, the new franchise facilitates the provision of such natural gas service to the City
6 of Union City by an established and proven provider of that service well-known to both
7 the City of Union City and this Authority and possessing the requisite expertise, facilities,
8 systems and gas supply and transportation assets necessary to provide such service.

9
10 Third, the new franchise arrangement establishes adequate and proper mechanisms for
11 access by the Company to public rights-of-way, new and existing customers, and its
12 distribution facilities. These mechanisms help to ensure that Atmos is able to provide
13 both adequate and efficient service and to comply with the requirements of this Authority
14 to ensure the safety and protection of residents and property within the City of Union
15 City.

16
17 Fourth, the various other protective provisions set forth in the new franchise arrangement
18 provide useful and important tools for the City of Union City to ensure that its citizens
19 are benefited and not economically harmed by the activities of Atmos within the City of
20 Union City.

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22 Fifth, the new franchise arrangement provides an incentive for Atmos to invest in
23 infrastructure needed to provide improved and expanded service within the City of Union

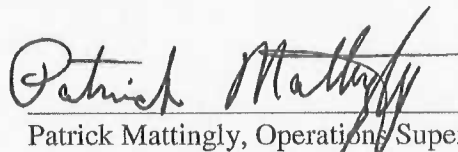
1 City by ensuring that Atmos will have the right to provide service within these areas for a
2 sufficient period in order to permit Atmos the opportunity to recover the capital
3 investment in such facilities under the rates approved by the Authority.

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

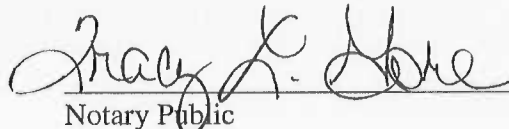
5 A: Based on the facts discussed above, we are asking the Authority to approve the new
6 franchise agreement between Atmos and the City of Union City as reflected in Exhibit A
7 to the Petition in this matter.

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

9 A: Not at this time.


Patrick Mattingly, Operations Supervisor
for the Mayfield Area of Operations

Sworn to and subscribed before me
this 21st day of October, 2014


Notary Public



My Commission Expires: 11/27/16