

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

December 10, 2014

IN RE:)	
)	
PETITION OF ATMOS ENERGY)	DOCKET NO.
CORPORATION FOR APPROVAL OF)	14-00119
NEGOTIATED FRANCHISE AGREEMENT)	
WITH THE CITY OF UNION CITY,)	
TENNESSEE)	

ORDER APPROVING FRANCHISE AGREEMENT

This matter came before Vice Chairman David F. Jones, 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 December 1, 2014, to hear and consider the *Petition for Approval of Franchise Agreement with City of Union City, Tennessee* (the “*Petition*”) filed by Atmos Energy Corporation (“Atmos” or the “Company”) on October 24, 2014.

BACKGROUND

Atmos serves approximately 132,000 residential, commercial and industrial customers in Tennessee, including approximately 3,400 customers being served by its natural gas distribution system in the City of Union City, Tennessee (“Union City” or the “City”).¹ Atmos and its predecessor entity have operated for many years in Union City under franchise agreements with the City.² Most recently, Atmos has provided natural gas service to the City pursuant to the

¹ See *Petition*, p. 2 (October 24, 2014) and Patrick Mattingly, Pre-filed Direct Testimony, p. 2 (October 24, 2014).

² Patrick Mattingly, Pre-filed Direct Testimony, p. 3 (October 24, 2014).

franchise agreement Ordinance No. 2-01, approved by the TRA in Docket No. 01-00309.³ The franchise agreement will expire by its terms on August 31, 2015.⁴

THE PETITION

On October 24, 2014, Atmos filed the *Petition* requesting approval of a new franchise agreement negotiated with Union City. In support of its *Petition*, the Company submitted the pre-filed direct testimony of Patrick Mattingly, Operations Supervisor, and the franchise agreement, submitted and passed by the City as Ordinance No. 145-15 on October 7, 2014.⁵

In his testimony, Mr. Mattingly states that the proposed franchise agreement extends the term of the current franchise for twenty (20) years and provides for the same fee as the current franchise, equal to five percent (5%) of Atmos' gross receipts derived from the sale and distribution by Atmos of natural gas within the City limits during the preceding calendar year.⁶ In addition, Mr. Mattingly states that the new franchise agreement is necessary and proper for the public convenience and properly serves the public interest.⁷ Mr. Mattingly lists the following five reasons that the new franchise agreement is in the public interest:⁸

1. Maintains availability of high quality natural gas service for the City;
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 Union City are benefited and not economically harmed by the activities of Atmos; and

³ *Id.*; See also *In re: Petition of United Cities Gas Company for Approval of a Franchise Agreement with Union City, Tennessee*, Docket No. 01-00309.

⁴ *Petition*, p. 2 (October 24, 2014).

⁵ *Id.*

⁶ Patrick Mattingly, Pre-filed Direct Testimony, p. 4 (October 24, 2014).

⁷ *Id.*

⁸ *Id.* at 4-6.

5. Provides an incentive for Atmos to invest in infrastructure needed to improve and expand service within the City.

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 November 21, 2014. On November 20, 2014, Atmos filed an Affidavit of Publication and tear sheet demonstrating that the Company had published notice of the Hearing in the *Union City Daily Messenger* newspaper on November 14, 2014.

On December 1, 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. Patrick Mattingly, Operations Supervisor. At the Hearing, Mr. Mattingly ratified and summarized his pre-filed testimony and was subject to questioning before the panel. Ms. Kathy Dillon, City Manager of Union City, 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 Union City was necessary and proper for the public convenience and conserves the public interest. In addition, the panel found that the five percent (5%) franchise fee was fair and reasonable. Therefore, the panel voted unanimously to approve Atmos' *Petition*.

IT IS THEREFORE ORDERED THAT:

The *Petition for Approval of Franchise Agreement with City of Union City, Tennessee* is approved.

Vice Chairman David F. Jones, Director Robin Bennett and Director James M. Allison concur.

ATTEST:



Earl R. Taylor, Executive Director