

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:

PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL
OF NEGOTIATED FRANCHISE
AGREEMENT WITH THE TOWN OF
BLUFF CITY, TENNESSEE

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Docket No. 17- 17-00130

**DIRECT TESTIMONY OF
B. JOE BLAYLOCK
ON BEHALF OF ATMOS ENERGY CORPORATION**

1 **Q:** Please state your name and business address.

2 A: My name is B. Joe Blaylock. My business address is 15440 Lee Highway, Bristol, VA
3 24202.

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

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

8 **Q:** Please describe your work history with Atmos Energy.

9 A: I have been employed by Atmos Energy for 36 years. I began my career as a
10 construction operator and have held various positions in Atmos Energy with increasing
11 responsibilities. I have been in my current position for 20 years.

12 **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 Energy in support of the petition filed to approve the
4 franchise between Atmos Energy and the Town of Bluff City.

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

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

10 Q: **Please give the Tennessee Public Utility Commission ("TPUC" or "Commission") an**
11 **overall description of the Bluff City, Tennessee system and the customers served.**

12 A: There are approximately 140 customers located within the city limits being served by the
13 natural gas distribution system owned and operated by Atmos Energy. Of that amount,
14 approximately 69% are residential customers and 31% are in other customer classes such
15 as commercial and industrial.

16

17 The Atmos Energy system consists of approximately 15 miles of pipe within the Bluff
18 City, Tennessee city limits. This pipe is comprised of distribution mains, transmission
19 mains, and service lines. The majority of this pipe is located within the public rights-of-
20 way of Bluff City. Without access to these public rights-of-way, Atmos Energy could not
21 adequately maintain, replace and/or operate its distribution system.

22

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

3 A: Yes. Atmos Energy and its predecessor entity have operated for many years in Bluff City
4 under a franchise agreement with the Town of Bluff City. The franchise agreement
5 allowed Atmos Energy's predecessor entity to operate a gas system within Bluff City and
6 to use the public rights of way of Bluff City for its distribution system and related plant
7 and access thereto for a thirty-year period.

8 **Q: Could you please explain the circumstances that caused a need for a new franchise**
9 **agreement between Atmos Energy and the Town of Bluff City.**

10 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos Energy is required to
11 have the consent of the Town of Bluff City, in the form of a municipal ordinance, in
12 order to enter onto the streets and alleys of Bluff City for the purpose of placing,
13 maintaining, or expanding its natural gas distribution facilities. Atmos Energy and its
14 predecessor entity have been providing natural gas service to the Town of Bluff City for
15 the last thirty years pursuant to the ordinances I have previously mentioned. As the
16 thirty-year term of the ordinance expired in September 2017, Atmos Energy and Bluff
17 City have entered into a new franchise agreement, allowing Atmos Energy to continue to
18 serve the Town of Bluff City into the future.

19 **Q: When did Atmos Energy begin pursuing a new franchise arrangement with the**
20 **Town of Bluff City?**

21 A: The Company and the Town of Bluff City began discussions in summer 2017 and a
22 proposed new franchise ordinance followed from those discussions.

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

1 A: The proposed franchise in substance extends the term of the current franchise for twenty
2 years. There is no franchise fee in the franchise agreement.

3 **Q: Is TPUC approval required for this new franchise agreement?**

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

6 **Q: What is the standard to be utilized by the Commission in determining whether to**
7 **approve the new franchise agreement?**

8 A: Under the statute, the Commission is authorized to approve the ordinance if it finds that it
9 "is necessary and proper for the public convenience and properly conserves the public
10 interest."

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

13 A: Yes, on a number of grounds.

14

15 First, the new franchise terms reflected in the new agreement will establish a long-term
16 arrangement through which the current and future residents, business enterprises and
17 governmental facilities located with the Town of Bluff City will be able to receive, under
18 the supervisory jurisdiction of the Commission, the benefits of continuing natural gas
19 service provided by Atmos Energy for an extended period. This arrangement will help
20 ensure the continuing availability of high-quality natural gas service to the Town of Bluff
21 City for the foreseeable future.

22

1 Second, the new franchise facilitates the provision of such natural gas service to the
2 Town of Bluff City by an established and proven provider of that service well-known to
3 both the Town of Bluff City and this Commission and possessing the requisite expertise,
4 facilities, systems and gas supply and transportation assets necessary to provide such
5 service.

6

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

13

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

18

19 Fifth, the new franchise arrangement provides an incentive for Atmos Energy to invest in
20 infrastructure needed to provide improved and expanded service within the Town of
21 Bluff City by ensuring that Atmos Energy will have the right to provide service within
22 these areas for a sufficient period in order to permit Atmos Energy the opportunity to


1 recover the capital investment in such facilities under the rates approved by the
2 Commission.

3 **Q: What are you asking the Commission to do in this proceeding?**

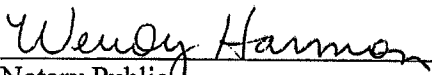
4 A: Based on the facts discussed above, we are asking the Commission to approve the new
5 franchise agreement between Atmos Energy and the Town of Bluff City as reflected in
6 Exhibit 1 to the Petition in this matter.

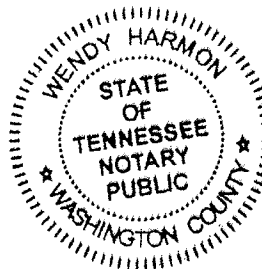
7 **Q: Do you have anything further to add to your testimony?**

8 A: Not at this time.


B. Joe Blaylock, Operations Supervisor
for the Bristol Area of Operations

Sworn to and subscribed before me
this 14 day of November, 2017


Notary Public



My Commission Expires: Sept 25, 2018