

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:	February 6, 2018)	
)	
PETITION OF ATMOS ENERGY)	
CORPORATION FOR APPROVAL)	DOCKET NO.
OF NEGOTIATED FRANCHISE)	17-00130
AGREEMENT WITH THE TOWN OF)	
BLUFF CITY, TENNESSEE)	

ORDER APPROVING FRANCHISE AGREEMENT

This matter came before Vice Chairman Robin L. Morrison, Commissioner Herbert H. Hilliard and Commissioner Keith Jordan of the Tennessee Public Utility Commission (the “Commission” or “TPUC”), the voting panel assigned to this docket, at the regularly scheduled Commission Conference held on January 16, 2018, for hearing and consideration of the *Petition of Atmos Energy Corporation for Approval of Negotiated Franchise Agreement with the Town of Bluff City, Tennessee* (“*Petition*”) filed on November 17, 2017, by Atmos Energy Corporation (“Atmos” or the “Company”).

THE PETITION

Atmos is incorporated under the laws of the state of Texas with its principal place of business in Dallas, Texas. Atmos provides natural gas service to approximately 132,000 residential, commercial and industrial customers in Tennessee. Atmos serves the Town of Bluff City in Sullivan County, Tennessee,¹ providing natural gas service to 140 customers within the city limits.² Service has been provided in Bluff City pursuant to a franchise agreement

¹ *Petition*, p. 2 (November 17, 2017).

² B. Joe Blaylock, Pre-filed Direct Testimony, p. 2 (November 17, 2017).

incorporated into an ordinance dated September 3, 1987. Said franchise agreement expired on September 3, 2017.³

On November 17, 2017, Atmos filed a *Petition* requesting approval of a negotiated franchise agreement between Atmos and the Town of Bluff City, Tennessee (“Town” or “Bluff City”). Along with its *Petition*, Atmos submitted a copy of Bluff City Town Ordinance 2017-010, granting a non-exclusive franchise to Atmos from Bluff City for a 20 year term.⁴ Atmos also submitted the pre-filed testimony of B. Joe Blaylock, Operations Supervisor for the Bristol area of operations and 36 year employee of Atmos Energy.⁵ Finally, Atmos submitted a copy of the notice published by Atmos in the Bristol Herald Courier in compliance with TPUC Rule 1220-4-1-.05.⁶

Atmos and Bluff City commenced negotiations for renewal of the franchise authority in the summer of 2017. The resulting new franchise agreement passed second and final reading on October 9, 2017 and incorporated as Ordinance 2017-010.⁷

In his pre-filed testimony, B. Joe Blaylock states that the franchise agreement is necessary and proper for the public convenience and properly conserves the public interest for the following reasons:

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

Second, the new franchise facilitates the provision of such natural gas service to the Town of Bluff City and this Commission and possessing the

³ *Petition*, p. 2 (November 17, 2017).

⁴ *Id.* at Exh. 1.

⁵ B. Joe Blaylock, Pre-filed Direct Testimony (November 17, 2017).

⁶ *Notice of Compliance with TPUC Rule 1220-4-1-.05* (January 8, 2018).

⁷ *Petition*, p. 2 (November 17, 2017).

requisite expertise, facilities, systems and gas supply and transportation assets necessary to provide such service.

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

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

Fifth, the new franchise arrangement provides an incentive for Atmos Energy to invest in infrastructure needed to provide improved and expanded service within the Town of Bluff City by ensuring that Atmos Energy will have the right to provide service within these areas for a sufficient period in order to permit Atmos Energy the opportunity to recover the capital investment in such facilities under the rates approved by the Commission.⁸

REQUIREMENT OF AND STANDARDS FOR COMMISSION APPROVAL

Tenn. Code Ann. § 65-4-107 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 Commission. Approval pursuant to Tenn. Code Ann. § 65-4-107 requires a determination by the Commission, 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 further provides that in considering such privilege or franchise, the Commission “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 Commission issued a *Notice of Hearing* on January 5, 2018. On January 16, 2018, a Hearing was held before the voting panel at a regularly scheduled Commission Conference. Appearing for Atmos were Mr. Scott Ross, Esq. and appearing and testifying telephonically, Mr.

⁸ B. Joe Blaylock, Pre-filed Direct Testimony, pp. 5-6 (November 17, 2017).

Joe Blaylock, Operations Supervisor for Atmos' Bristol area of operations. At the Hearing, Mr. Blaylock ratified his pre-filed testimony, answered questions from Mr. Ross concerning the franchise agreement and was subject to questioning before the panel. Mr. Paul Frye, Town Attorney for Bluff City, attended the Commission Conference telephonically, but had no questions or comments during the Hearing. 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 Bluff City was necessary and proper for the public convenience and properly conserves the public interest and that the terms of the franchise are fair and reasonable. Therefore, the panel voted unanimously to approve Atmos' *Petition* for approval of its franchise agreement with Bluff City.

IT IS THEREFORE ORDERED THAT:

1. The *Petition of Atmos Energy Corporation for Approval of Negotiated Franchise Agreement with the Town of Bluff City, Tennessee* is approved.
2. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen days from the date of this Order.
3. Any person who is aggrieved by the Commission's decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty days from the date of this Order.

Vice Chairman Robin L. Morrison, Commissioner Herbert H. Hilliard and Commissioner Keith Jordan concur.

ATTEST:



Earl R. Taylor, Executive Director