

IN RE: )  
)  
PETITION OF ATMOS ENERGY )  
CORPORATION FOR APPROVAL )  
OF NEGOTIATED FRANCHISE ) Docket No. 18- 00088  
AGREEMENT WITH THE CITY OF )  
FRANKLIN, TENNESSEE )

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

2 A: My name is Matthew Davis. My business address is 810 Crescent Centre Drive, Suite

3 600, Franklin, Tennessee 37067.

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 Vice President, Operations for the Tennessee and Virginia area of operations

7 which includes Atmos Energy’s operations in the City of Franklin, Tennessee.

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

9 A: I have been employed by Atmos Energy for 36 years. I was a Director of Operations for

0 Atmos Energy’s Mid-Tex division from April 2006 until assuming my current role as

1 Vice President, Operations for Tennessee and Virginia. I have been in my current

2 position for 1 year.

3 **Q: Have you previously offered testimony in any regulatory proceedings?**

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2 A: No.

3 **Q: What is the purpose of your testimony in this case?**

4 A: I am testifying on behalf of Atmos Energy in support of the petition filed to approve the  
5 franchise between Atmos Energy and the City of Franklin.

6 **Q: In your capacity as the Vice President, Operations for the Tennessee and Virginia**  
7 **areas of Atmos Energy, are you familiar with the natural gas distribution system**  
8 **operated by Atmos Energy in Franklin, Tennessee?**

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

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

13 A: There are approximately 22,300 customers located within the city limits being served by  
14 the natural gas distribution system owned and operated by Atmos Energy. Of that  
15 amount, approximately 90% are residential customers and 10% are in other customer  
16 classes such as commercial and industrial.

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18 The Atmos Energy system consists of approximately 644 miles of pipe within the  
19 Franklin, Tennessee city limits. This pipe is comprised of distribution mains,  
20 transmission mains, and service lines. The majority of this pipe is located within the  
21 public rights-of-way of Franklin. Without access to these public rights-of-way, Atmos  
22 Energy could not adequately maintain, replace and/or operate its distribution system.

23

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

3   A:   Yes. Atmos Energy and its predecessor entity have operated for many years in Franklin  
4       under franchise agreements with the City. The franchise agreement Ordinance No. 83-23  
5       allowed Atmos Energy's predecessor entity to operate a gas system within Franklin and  
6       to use the public rights of way of the City for its distribution system and related plant and  
7       access thereto. That franchise agreement was transferred to Atmos Energy in 1997 and  
8       Ordinance No. 97-06 authorized the transfer. Atmos Energy then operated a gas system  
9       within the City under the franchise agreement Ordinance 2008-42, which was approved  
10      by the Commission in Docket No. 08-00211. For the past five years, the Company has  
11      operated under the franchise agreement Ordinance 2013-50, approved by the  
12      Commission in Docket No. 13-00029.

13   **Q:   Could you please explain the circumstances that caused a need for a new franchise**  
14       **agreement between Atmos Energy and the City of Franklin.**

15   A:   Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos Energy is required to  
16       have the consent of the City of Franklin, in the form of a municipal ordinance, in order to  
17       enter onto the streets and alleys of Franklin for the purpose of placing, maintaining, or  
18       expanding its natural gas distribution facilities. Atmos Energy and its predecessor entity  
19       have been providing natural gas service to the City of Franklin for the last several years  
20       pursuant to the ordinances I have previously mentioned. As the five-year term of the  
21       ordinance 2013-50 originally expires in November 2018, Atmos Energy and the City of  
22       Franklin have entered into a new franchise agreement to amend the term of Ordinance

2013-50 and to extend the term of the franchise for ten years, allowing Atmos Energy to continue to serve the City of Franklin into the future.

**Q: When did Atmos Energy begin pursuing a new franchise arrangement with the City of Franklin?**

A: The Company and the City of Franklin began discussions in spring 2017 and a proposed ordinance to extend the term of the franchise approved in Ordinance 2013-50 followed from those discussions.

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

A: The proposed franchise amends the current franchise and extends the term of the current franchise for ten years. The franchise fee will remain the same of sales volume per CCF (100 cubic feet) rate will be at \$0.06, while transport volumes per CCF rate will be \$0.0075.

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

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

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

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

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

A: Yes, on a number of grounds.

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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 within the City of Franklin 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 City of Franklin for the foreseeable future.

Second, the new franchise facilitates the provision of such natural gas service to the City of Franklin by an established and proven provider of that service well-known to both the City of Franklin and this Commission and possessing the 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 City of Franklin.

Fourth, the various other protective provisions set forth in the new franchise arrangement provide useful and important tools for the City of Franklin to ensure that its citizens are

1 benefited and not economically harmed by the activities of Atmos Energy within the City  
2 of Franklin.

3  
4 Fifth, the new franchise arrangement provides an incentive for Atmos Energy to invest in  
5 infrastructure needed to provide improved and expanded service within the City of  
6 Franklin by ensuring that Atmos Energy will have the right to provide service within  
7 these areas for a sufficient period in order to permit Atmos Energy the opportunity to  
8 recover the capital investment in such facilities under the rates approved by the  
9 Commission.

10 **Q: How will Atmos Energy comply with Tennessee Code Annotated § 65-4-105(e),**  
11 **which requires the franchise fee, insofar as practicable, to be billed pro rata to the**  
12 **utility customers receiving serviced within the municipality?**

13 A: As required by the statute, Atmos Energy will bill and collect the Franklin, Tennessee  
14 franchise fees directly from customers located there. The franchise fee will be charged  
15 directly to City of Franklin customers and in turn passed along to the City. The franchise  
16 fee will appear as a line item on each customer's bill.

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

18 A: Based on the facts discussed above, we are asking the Commission to approve the new  
19 franchise agreement between Atmos Energy and the City of Franklin as reflected in  
20 Exhibit 1 to the Petition in this matter.

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

22 A: Not at this time.

*Matthew Davis*

Matthew Davis, VP Operations  
for the Tennessee/Virginia Area of Operations

Sworn to and subscribed before me  
this 1<sup>st</sup> day of August, 2018

*Pamela Pleasant*

Notary Public

My Commission Expires:

MARCH 3, 2020

