

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

IN RE:

**PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL
OF NEGOTIATED FRANCHISE
AGREEMENT WITH THE COUNTY OF
WILLIAMSON, TENNESSEE**

Docket No. 18- 00089

**DIRECT TESTIMONY OF
MATTHEW DAVIS
ON BEHALF OF ATMOS ENERGY CORPORATION**

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 Williamson County, 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
10 Atmos Energy's Mid-Tex division from April 2006 until assuming my current role as
11 Vice President, Operations for Tennessee and Virginia. I have been in my current
12 position for 1 year.

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

1

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 Williamson County, Tennessee.

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 Williamson County, Tennessee?

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

12 Q: Please give the Tennessee Public Utility Commission ("TPUC" or "Commission") an
13 overall description of the Williamson County, Tennessee system and the customers
14 served.

15 A: There are approximately 5,200 customers located within the unincorporated areas of the
16 county limits being served by the natural gas distribution system owned and operated by
17 Atmos Energy. Of that amount, approximately 98% are residential customers and 2% are
18 in other customer classes such as commercial and industrial.

19

20 The Atmos Energy system consists of approximately 232 miles of pipe within the
21 unincorporated areas of Williamson County. This pipe is comprised of distribution
22 mains, transmission mains, and service lines. The majority of this pipe is located within
23 the public rights-of-way of Williamson County. Without access to these public rights-of-

1 way, Atmos Energy could not adequately maintain, replace and/or operate its distribution
2 system.

3 **Q: Has Atmos Energy operated a natural gas distribution system in Williamson County**
4 **for a number of years?**

5 A: Yes. Atmos Energy and its predecessor entity have operated for many years in
6 Williamson County under franchise agreements with the County. Most recently Atmos
7 Energy has been operating under the 15-year license agreement authorized through
8 Resolution 5-03-3 which was approved by the Commission in Docket No. 03-00520.

9 **Q: Could you please explain the circumstances that caused a need for a new franchise**
10 **agreement between Atmos Energy and Williamson County.**

11 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos Energy is required to
12 have the consent of Williamson County, in the form of a municipal ordinance, in order to
13 enter onto the streets and alleys of Williamson County for the purpose of placing,
14 maintaining, or expanding its natural gas distribution facilities. Atmos Energy and its
15 predecessor entity have been providing natural gas service to Williamson County for the
16 last fifteen years pursuant to the agreement I have previously mentioned. As the
17 fifteen-year term of the license agreement authorized through Resolution 5-03-3
18 originally expired in June 2018, Atmos Energy and Williamson County have entered into
19 a new franchise agreement to authorize a new fifteen-year license agreement through
20 Resolution 7-18-31, allowing Atmos Energy to continue to serve Williamson County into
21 the future.

22 **Q: When did Atmos Energy begin pursuing a new franchise arrangement with**
23 **Williamson County?**

1 A: The Company and Williamson County began discussions in spring 2017 and a proposed
2 resolution to enter into a new a franchise agreement 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 fifteen
5 years. The new franchise agreement provides for the same fee as the old one, equal to
6 5% of Atmos Energy's gross receipts derived from the sale and distribution by Atmos
7 Energy of natural gas within the unincorporated areas of Williamson County during the
8 preceding calendar year.

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

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

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

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

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

19 A: Yes, on a number of grounds.

20

21 First, the new franchise terms reflected in the new agreement will establish a long-term
22 arrangement through which the current and future residents, business enterprises and
23 governmental facilities located within the unincorporated areas of Williamson County

1 will be able to receive, under the supervisory jurisdiction of the Commission, the benefits
2 of continuing natural gas service provided by Atmos Energy for an extended period. This
3 arrangement will help ensure the continuing availability of high-quality natural gas
4 service to Williamson County for the foreseeable future.

5
6 Second, the new franchise facilitates the provision of such natural gas service to the
7 unincorporated areas of Williamson County by an established and proven provider of that
8 service well-known to both Williamson County and this Commission and possessing the
9 requisite expertise, facilities, systems and gas supply and transportation assets necessary
10 to provide such service.

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

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

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

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

9 A: As required by the statute, Atmos Energy will bill and collect the Williamson County,
10 Tennessee franchise fees directly from customers located there. The franchise fee will be
11 charged directly to Williamson County unincorporated area customers and in turn passed
12 along to Williamson County. The franchise fee will appear as a line item on each
13 customer's bill.

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

15 A: Based on the facts discussed above, we are asking the Commission to approve the new
16 franchise agreement between Atmos Energy and Williamson County as reflected in
17 Exhibit 1 to the Petition in this matter.

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

19 A: Not at this time.

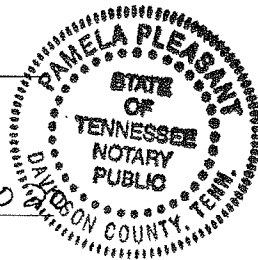
Matthew Davis

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

Sworn to and subscribed before me
this 16th day of August, 2018

Pamela Pleasant

Notary Public



My Commission Expires: MARCH 3, 2020