

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

November 26, 2018

IN RE:	)	
	)	
PETITION OF ATMOS ENERGY CORPORATION	)	DOCKET NO.
FOR APPROVAL OF NEGOTIATED FRANCHISE	)	18-00089
AGREEMENT WITH THE COUNTY OF	)	
WILLIAMSON, TENNESSEE	)	

---

ORDER APPROVING FRANCHISE AGREEMENT

---

This matter came before Chair Robin L. Morrison, Vice Chair Kenneth C. Hill and Commissioner Herbert H. Hilliard 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 October 15, 2018, for hearing and consideration of the *Petition for Approval of Franchise Agreement with the County of Williamson, Tennessee* (“*Petition*”) filed on August 22, 2018 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.<sup>1</sup> Within the unincorporated areas of Williamson County, Tennessee, Atmos provides natural gas service to 5,200 customers.<sup>2</sup> This

---

<sup>1</sup> *Petition*, p. 2 (August 22, 2018).

<sup>2</sup> Matthew Davis, Pre-filed Direct Testimony, p. 2 (August 22, 2018).

service has been provided pursuant to a franchise agreement dated June 4, 2003, which was approved by this Commission in Docket No. 03-00520, and which expired on June 4, 2018.<sup>3</sup>

On August 22, 2018, Atmos filed a *Petition* requesting approval of a negotiated franchise agreement between Atmos and the County of Williamson, Tennessee (“Williamson County” or the “County”). Along with its *Petition*, Atmos submitted a copy of Resolution No.7-18-31 granting a non-exclusive franchise to Atmos from Williamson County for a fifteen (15) year term.<sup>4</sup> The pre-filed direct testimony of Matthew Davis, Vice President of Operations for the Tennessee and Virginia area of operations and 36 year employee of Atmos Energy, was also filed.<sup>5</sup>

On September 21, 2018, Atmos filed a copy of the notice that it published in the Franklin-Williamson Herald newspaper in compliance with TPUC Rule 1220-4-1-.05.<sup>6</sup> Atmos and Williamson County commenced negotiations for renewal of the franchise authority in the spring of 2018. The resulting new franchise agreement passed second and final reading on July 9, 2018 and was incorporated as Resolution 7-18-31.<sup>7</sup>

On October 2, 2018, Atmos submitted the pre-filed direct testimony of Kenneth Hay, Operations Supervisors for the Franklin area of operations and 33 year employee of Atmos. Kenneth Hay adopted the pre-filed testimony of Matthew Davis as his own testimony.<sup>8</sup> In the pre-filed testimony of Matthew Davis adopted by Kenneth Hay, Mr. Davis states that the franchise agreement is necessary and proper for the public convenience and properly conserves the public interest for the following reasons:

---

<sup>3</sup> *Petition*, p. 2 (August 22, 2018).

<sup>4</sup> *Id.* at Exhibit 1.

<sup>5</sup> Matthew Davis, Pre-filed Direct Testimony, p. 1 (August 22, 2018).

<sup>6</sup> *Notice of Compliance with TPUC Rule 1220-4-1-.05* (September 21, 2018).

<sup>7</sup> *Petition*, p. 2 (August 22, 2018); *see also* Exhibit 1.

<sup>8</sup> Kenneth Hay, Pre-filed Direct Testimony, p. 1 (October 2, 2018).

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 unincorporated areas of Williamson County 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 Williamson County for the foreseeable future.

Second, the new franchise facilitates the provision of such natural gas service to the unincorporated areas of Williamson County 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 Williamson County.

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

Fifth, the new franchise arrangement provides an incentive for Atmos Energy to invest in infrastructure needed to provide improved and expanded service within Williamson County 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.<sup>9</sup>

#### **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

---

<sup>9</sup> Kenneth Hay, Pre-filed Direct Testimony, p1 (October 2, 2018).

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 October 5, 2018. On October 15, 2018, a Hearing was held before the voting panel during a regularly scheduled Commission Conference. Appearing for Atmos were Mr. Scott Ross, Esq. and Kenneth Hay, Atmos Operations Supervisor for the Franklin area, including Williamson County. During the Hearing, Mr. Hay adopted and ratified the pre-filed testimony of Matthew Davis and was subject to questioning before the panel. Mr. Robin Cook, representative for Williamson County, attended 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 Williamson County was necessary and proper for the public convenience, 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 Williamson County.

#### **IT IS THEREFORE ORDERED THAT:**

1. The *Petition for Approval of Franchise Agreement with the County of Williamson, 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.

**Chair Robin L. Morrison, Vice Chair Kenneth C. Hill and Commissioner Herbert H. Hilliard concur.**

**ATTEST:**

A handwritten signature in cursive script, appearing to read "Earl Taylor", is written above a horizontal line.

**Earl R. Taylor, Executive Director**