

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

IN RE:

**PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL
OF NEGOTIATED FRANCHISE
AGREEMENT WITH THE CITY OF
MORRISTOWN, TENNESSEE**

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Docket No. 18- 00114

**DIRECT TESTIMONY OF
BERNIE ANDERSON
ON BEHALF OF ATMOS ENERGY CORPORATION**

Q: Please state your name and business address.

A: My name is Bernie Anderson. My business address is 2833 West Market Street,
Johnson City, Tennessee 37604.

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

A: I am employed by Atmos Energy Corporation, Kentucky/Mid-States Division ("Atmos
Energy" or "the Company") as Operations Manager for the Eastern Tennessee and
Virginia area of operations which includes Atmos Energy's operations in the City of
Morristown, Tennessee.

Q: Please describe your work history with Atmos Energy.

A: I have been employed by Atmos Energy for 11 years. I began my career as a
Construction Operator and have held various positions in Atmos Energy with increasing
responsibilities. I have held my current position as Operations Manager since 2017.

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

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A: No.

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

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

Q: In your capacity as the Operations Manager for the Eastern Tennessee and Virginia region of Atmos Energy, are you familiar with the natural gas distribution system operated by Atmos Energy in Morristown, Tennessee?

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

Q: Please give the Commission an overall description of the Morristown, Tennessee system and the customers served.

A: There are approximately 3,919 customers located within the city limits being served by the natural gas distribution system owned and operated by Atmos Energy. Of that amount, approximately 72% are residential customers and 28% are in other customer classes such as commercial and industrial.

The Atmos Energy system consists of approximately 238 miles of pipe within the Morristown, Tennessee city limits. This pipe is comprised of distribution mains, transmission mains, and service lines. The majority of this pipe is located within the public rights-of-way of Morristown. Without access to these public rights-of-way, Atmos Energy could not adequately maintain, replace and/or operate its distribution system.

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

3 A: Yes. Atmos Energy and its predecessor entity have operated for many years in
4 Morristown under a franchise agreement with the City of Morristown. The franchise
5 agreement Ordinance No. 3022 allowed Atmos Energy to operate a gas system within
6 Morristown and to use the public rights of way of the City for its distribution system and
7 related plant and access thereto for a twenty 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 City of Morristown.**

10 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos Energy is required to
11 have the consent of the City of Morristown, in the form of a municipal ordinance, in
12 order to enter onto the streets and alleys of Morristown 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 City of Morristown for
15 the last twenty years pursuant to the ordinance I have previously mentioned. As the
16 twenty year term of Ordinance No. 3022 will expire in January 2020, Atmos Energy and
17 the City have entered into a new franchise agreement, Ordinance No. 3618, allowing
18 Atmos Energy to continue to serve the City of Morristown into the future.

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

21 A: Atmos Energy and the City of Morristown began discussions in summer 2018 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. The new franchise agreement provides for the same fee as the old one, equal to
3 5% of Atmos Energy's gross receipts derived from the sale and distribution by Atmos
4 Energy of natural gas within the City limits of Morristown.

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

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

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

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

13 **Q: How will Atmos Energy comply with Tennessee Code Annotated § 65-4-105(e),**
14 **which requires that the franchise fee, insofar as practicable, be billed pro rata to the**
15 **utility customers receiving service within the municipality.**

16 A. As required by the statute, Atmos Energy will bill and collect the Morristown franchise
17 fees directly from customers located in Morristown, as it has done in the past. In this
18 case, the franchise fee of 5% of Atmos Energy's gross receipts will be charged directly to
19 Morristown sales customers and in turn passed along to the City of Morristown. The
20 franchise fee will appear as a line item on the customer's bill.

21 **Q: In your opinion, are the terms of the Morristown franchise agreement necessary**
22 **and proper for the public convenience and in the public interest?**

23 A: Yes, on a number of grounds.

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

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10 Second, the new franchise facilitates the provision of such natural gas service to the City
11 of Morristown by an established and proven provider of that service well-known to both
12 the City of Morristown and this Commission and possessing the requisite expertise,
13 facilities, systems and gas supply and transportation assets necessary to provide such
14 service.

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

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

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

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

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

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

17 A: Not at this time.



Bernie Anderson,
Operations Manager for the Eastern Tennessee and
Virginia Area of Operations

Sworn to and subscribed before me
this 26 day of October, 2018

Wendy Harmon
Notary Public



My Commission Expires: August 31, 2022