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A. SCOTT ROSS

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(615) 238-3524 (DIRECT)

September 25, 2019

Victoria Lawless
Dockets Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37242

VIA E-MAIL AND HAND DELIVERY

19-00090

RE: Atmos Energy Corporation – Petition for Approval of Extension of Franchise
Agreement with the City of Alcoa, Tennessee

Dear Ms. Lawless:

Enclosed are Atmos Energy Corporation's Petition and Direct Testimony of Travis Greenwood to be filed in the referenced matter, along with a check for the filing fee in the amount of \$25.00.

The original and four copies will be delivered to the Commission later today.

Please feel free to contact me if you have any questions.

Best regards.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Scott Ross', with a stylized flourish at the end.

A. Scott Ross

ASR:prd

Enclosures

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE

IN RE:)
)
PETITION OF ATMOS ENERGY)
CORPORATION FOR APPROVAL)
OF NEGOTIATED FRANCHISE) Docket No. 19- 00090
AGREEMENT WITH THE CITY OF)
ALCOA, TENNESSEE)

PETITION FOR APPROVAL OF EXTENSION OF FRANCHISE
AGREEMENT WITH THE CITY OF ALCOA, TENNESSEE

Pursuant to Tennessee Code Annotated § 65-4-107, Atmos Energy Corporation (“Atmos Energy” or “Company”) respectfully requests that the Tennessee Public Utility Commission (“Commission”) approve an extension of a negotiated franchise agreement between Atmos Energy and the City of Alcoa, Tennessee.

In support of this Petition, Atmos Energy respectfully submits the following:

1. Full name and address of the principal place of business of the company are:

Atmos Energy Corporation
5430 LBJ Freeway S 1800
Dallas, TX 75240

2. All correspondence and communications with respect to this Petition should be sent to the following:

Mark A. Martin
Vice President, Rates & Regulatory Affairs
KY/Mid-States Division
Atmos Energy Corporation
3275 Highland Pointe Dr.
Owensboro, KY 42303
(270) 685-8052 – Facsimile

A. Scott Ross, Esq.
Neal & Harwell, PLC
2000 One Nashville Place
150 Fourth Avenue, North
Nashville, TN 37219-2498
(615) 726-0573 – Facsimile

Douglas C. Walther, Esq.
Associate General Counsel
Atmos Energy Corporation
P. O. Box 650205
Dallas, TX 75265-0205
(972) 855-3080 – Facsimile

3. Atmos Energy serves approximately 132,000 residential, commercial, and industrial customers in Tennessee. Among the areas served is the City of Alcoa, Blount County, Tennessee.

4. Atmos Energy currently provides natural gas service to the City of Alcoa pursuant to a franchise agreement incorporated into City Ordinance No. 04-032

5. That franchise agreement expired by its terms on August 26, 2019. Pursuant to Tennessee Code Annotated § 65-4-107(b), this franchise shall remain in effect until approval of a subsequent privilege or franchise by the Commission.

6. In anticipation of the expiration of the existing franchise agreement, the Company began negotiations with the City of Alcoa for renewal of the franchise authority in the summer of 2018. These negotiations recently concluded and an extension of the term of the existing franchise agreement was passed on first reading on August 13, 2019, as set forth in Ordinance No. 19-481. A true and correct copy of this Ordinance extending the existing franchise agreement is attached hereto as Exhibit 1. A copy of the existing franchise, Ordinance 04-032, is attached hereto as Exhibit 2.

7. The Ordinance incorporating the extension of the franchise agreement was passed on first reading by the City Council of the City of Alcoa on August 13, 2019. The Ordinance was passed on second and final reading on September 10, 2019. In accordance with the terms of the Ordinance, the extension of the term of the franchise agreement will become effective only upon final approval by the Tennessee Public Utility Commission.

8. The extension of the term of the franchise agreement with the City of Alcoa is necessary and proper for the public convenience and properly conserves the public interest. Pursuant to Tennessee Code Annotated § 65-4-105(e), the franchise fee will, insofar as practicable, be billed pro rata to the utility customers receiving service within the municipality.

WHEREFORE, Atmos Energy respectfully requests that the Commission approve the City of Alcoa franchise agreement extension pursuant to Tennessee Code Annotated § 65-4-107.

Respectfully submitted,

NEAL & HARWELL, PLC

By: 

A. Scott Ross, #15634
1201 Demonbreun Street, Ste. 1000
Nashville, TN 37203
(615) 244-1713 – Telephone
(615) 726-0573 – Facsimile
sross@nealharwell.com

Counsel for Atmos Energy Corporation

EXHIBIT 1

ORDINANCE NO. 19-481

AN ORDINANCE TO AMEND ORDINANCE 04-032, ATMOS ENERGY CORPORATION FRANCHISE AGREEMENT TO EXTEND THE TERM FOR AN ADDITIONAL TWENTY (20) YEARS.

WHEREAS, on August 27, 2004, the City of Alcoa and Atmos Energy entered into a Franchise Agreement; and

WHEREAS, the Franchise Agreement between the City of Alcoa and Atmos Energy was adopted by the Board of Commissioners of the City of Alcoa in Ordinance No. 04-032; and

WHEREAS, the Franchise Agreement set forth an initial term limit of ten (10) years with an additional five (5) year period following the initial term; and

WHEREAS, the term expires at the end of August 2019; and

WHEREAS, the parties have agreed to an extension of the Franchise Agreement; and

WHEREAS, the Board of Commissioners of the City of Alcoa believe an extension to the Franchise Agreement to be in the best interest of the City of Alcoa.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF ALCOA, TENNESSEE AS FOLLOWS:

SECTION 1: That Ordinance No. 04-032, Ordinance Granting a Franchise Agreement to Atmos Energy, a copy of which is attached hereto, is hereby readopted by the Board of Commissioners of the City of Alcoa.

SECTION 2: That Section 1 of Ordinance No. 04-032, Ordinance Granting a Franchise Agreement to Atmos Energy, shall be amended by adding at the end of Section 1 the following:

Following the initial ten-year term and the additional five-year period, this Ordinance shall continue in force for an additional twenty (20) year period unless such franchise is terminated sooner pursuant to Section 14 hereof.

SECTION 3: BE IT FINALLY ORDAINED BY THE BOARD OF COMMISSIONERS OF ALCOA, TENNESSEE, that this Ordinance shall take effect from and after its passage on Second Reading by the City of Alcoa Board of Commissioners, and upon approval of the Tennessee Public Utility Commission; the health, the safety and welfare of the citizens of the City of Alcoa requiring it.

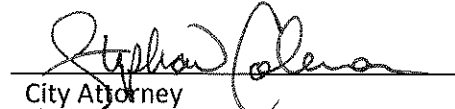
Approved and Adopted by the Board of Commissioners of the City of Alcoa, Tennessee, this 13th day of August, 2019, the public welfare so requiring it.


Mayor

ATTEST:


Recorder

APPROVED AS TO FORM:


City Attorney

Passed on First Reading

8/13/2019


Recorder

Passed on Second Reading

9/10/2019



Recorder

EXHIBIT 2

ORDINANCE NO. 04-032

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF ALCOA, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF ALCOA, TENNESSEE

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF ALCOA, TENNESSEE, as follows:

SECTION 1: GRANT & TERM There is hereby granted to Atmos Energy Corporation, a corporation organized and existing under the laws of the State of Texas, and the Commonwealth of Virginia, its successors and assigns (hereinafter for convenience, individually and collectively referred to as "Company"), the right, authority, privilege, and non-exclusive franchise to serve the City of Alcoa (hereinafter for convenience referred to as "Municipality"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, road, alleys, lanes, ways, utility easements, parkways and other public grounds in the present or future corporate limits of the Municipality, for the supplying of gas and its by-products to said Municipality and the inhabitants, institutions and businesses thereof, and for such other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said Municipality and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used, for a period of ten (10) years from and after the passage and approval of this Ordinance unless such franchise is terminated sooner pursuant to Section 14 hereof. The term of this Ordinance shall be renewed for an additional five-year period on the same terms and conditions unless such franchise is terminated sooner pursuant to Section 14 hereof or the City Council votes within one year prior to the end of the initial ten-year term not to renew. The Company hereby agrees to provide such natural gas service to the Municipality and its inhabitants in accordance with the terms of the Ordinance.

SECTION 2: CONSTRUCTION OF FACILITIES All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Ordinance, shall be so laid, constructed and maintained in accordance with good engineering principles, good workmanship and with all applicable engineering codes and in accordance with any applicable Statutes of the State of Tennessee and the Rules and Regulations of the Tennessee Regulatory Authority or of any other governmental regulatory commission, board or agency having jurisdiction over the Company and in compliance with all applicable ordinances and regulations of the governing municipality. Said facilities shall be constructed as not to interfere with the drainage of said Municipality or unreasonably interfere with or injure any utility or any other improvement which said Municipality has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways, and other public grounds of said Municipality, and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known right-of-way whenever practical before resorting to right of condemnation to which the Company may be entitled to utilize by law.

SECTION 3: STREET SAFETY When the streets, avenues, alleys and other public ways are opened, or any other opening is made by the Company within the Municipality, where the same is made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state, and local laws.

SECTION 4: RELOCATION OF FACILITIES In the event it becomes necessary or expedient for the Municipality to change the course or grade of any highway, street, avenue, road, alley, way, parkway, or other public ground in which the Company is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of the Municipality, the Company, at its ex-

pense, will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration.

SECTION 5: USE OF PUBLIC WAYS Whenever the Company plans to enter upon any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it shall notify the Municipality of such work and shall file a plan or map of the proposed work, if practicable, before commencing same. The Company shall be responsible for payment of such fees and acquiring such permits as may be required for said work. Whenever any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public way shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground in as good condition as existed before the work was done. In the event the Company shall fail to fulfill its obligations under this section, the Municipality, after giving the Company reasonable written notice, and failure of the Company to make such repairs or restoration within three (3) working days after the receipt of such notice by the Company, may make the necessary restoration or repairs itself and the Company shall be liable and shall reimburse the Municipality for the cost of the same—or in accordance with provisions that may be contained in any prevailing ordinance(s) or regulation(s).

The provisions of this section shall not be applied nor interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger.

SECTION 6: LOCAL OPERATING PRACTICES The purpose and intent of this franchise is that the Company will provide and maintain in a good state of repair a gas distribution plant and facilities, including but not limited to, mains, pipes, appliances, equipment, machinery, fixtures, meters and customer services to and for the citizens of the Municipality. To achieve these ends, the Company will provide, but not be limited to, the following:

- A. An ample supply subject to interstate pipeline capacity and availability of natural gas for the present and future residential, commercial and industrial needs of the Municipality;
- B. Maintain and staff a customer service office within Blount County which is open to the public Monday through Friday during normal business hours. The Company will staff the office with a minimum of one qualified employee to provide customer service, including billing and payment inquiries, acceptance of service connection/disconnection orders, and to use its best efforts to resolve customer issues. The Company shall maintain said office during the term of this Ordinance unless the Company and Municipality mutually agree in writing that the operation of said office may be modified or closed at a later date;
- C. Maintain and staff, or by contract, provide a location or location(s) within the Municipality where customers' gas bills may be paid during normal business hours at least five (5) days a week;
- D. Pay the fees as set forth in Section 11; and
- E. Maintain and staff a warehouse or repair depot in Blount County where parts, pipes, meters, tools, machinery and equipment are maintained and housed to service the company's facilities and its customers, including but not limited to, residences, businesses, and industries of the Municipality.

SECTION 7: EMERGENCY SERVICES As a minimum, the Company shall maintain a staff of at least three (3) qualified persons where at least one (1) of such persons could respond to an emergency within the municipality within a reasonable amount of time. At least one (1) of the three (3) employees shall be available twenty-four (24) hours per day for performing emergency services. The Company shall provide adequate equipment and service personnel based in the Municipality or Blount County to respond to customer service calls from locations within the Municipality and shall provide the local public safety agency, including the Municipality's police and fire departments, the

Company's toll free emergency telephone number and a current listing of direct local and pager numbers of the local Company's agents or employees to contact in case of emergency. In recognition that the Municipality is responsible for public safety functions and emergency response, Company commits to notify the City telephonically with a follow up by telefax or telephone call of any emergency affecting its distribution facilities within the Municipality. The parties will endeavor to coordinate an appropriate and reasonable response to any such emergency.

SECTION 8: INDEMNIFICATION The Company shall at all times indemnify and hold harmless the Municipality from and against any and all lawful judgments and/or claims for injury to any person or property due to the failure to exercise due care and diligence of the Company, its employees, agents, servants, and contractors in the construction, maintenance, repair, installation, and/or operation of the system and its extensions, alterations, relocation, replacement of parts of the system and/or the failure of the Company to provide services or the negligence of the Company in providing services to citizens of the Municipality or in the City of Alcoa service area. The Municipality shall not be liable for the failure of the Company to perform any of its obligations under this franchise irrespective of whether the Municipality's personnel has notice or information of any condition caused or contributed to by the Company which does harm to persons or property. However, any written notice of demand received by the City Manager against the Municipality on account of the Company's services, facilities, installations, repair work, or any other action of the Company or the inaction of the Company required by this franchise will be forwarded to the Company within twenty (20) days after its receipt.

SECTION 9: TENNESSEE REGULATORY AGENCY (TRA) RULES AND REGULATIONS

The Municipality and the Company hereby agree that this Ordinance shall from time to time be subject to rules and regulations adopted by the Company if approved by the TRA or any other regulatory body having jurisdiction thereof during the term of this Ordinance, and shall also be subject to all rules and regulations adopted and approved by the TRA or any other regulatory body and that all such rules and regulations shall be and become a part of this Ordinance to the same extent and with the same effect as if said Rules and Regulations were herein set out in full. The Company

shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the TRA, or any other regulatory body having jurisdiction thereof during the term of this Ordinance.

SECTION 10: COMPANY RIGHTS Nothing herein contained shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats of any portion of said Municipality heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

SECTION 11: FRANCHISE FEE As consideration for the grant of the franchise and right herein and for the use by Company of the streets, roads, highways, alleys, public ways and other real property owned or controlled by the Municipality, Company shall pay to the Municipality a franchise fee equal to the aggregate of the following:

- A. Five percent (5%) of Company's gross receipts derived from retail natural gas sales within the corporate limits of the Municipality;
- B. One half of one cent per one hundred cubic feet (\$.005/ccf) of natural gas transported by Company within the corporate limits of the Municipality during the preceding calendar year to each customer of Company who has elected to receive only gas transportation service from Company.

The franchise fee shall be paid to the Municipality quarterly within sixty (60) days of the end of each quarter. The Company shall furnish to the Municipality a report showing the monthly amount of gross revenues, and commodity volumes by rate class, for Company's sale of gas within the Municipality on a quarterly basis.

Pursuant to T.C.A. §65-4-105(e), Company shall pass all franchise fees paid to Municipality hereunder through as a line item charge on the bills of Company's customers served by Company within the corporate limits of Municipality. Company shall pay to the Municipality the gross receipts of the franchise fee with a reduction only for bad debt not actually collected by Company for the franchise fees. Company shall not be liable for any franchise fees not collected from customers served by Company within the corporate limits of Municipality who have failed or refused to pay the franchise fee. However, failure of payment of the franchise fee by any customer shall subject the customer to collection procedures, including potential cessation of service, if the franchise fee remains unpaid, in accordance with the usual collection procedures of Company for customers who have not paid their bill in full. Municipality and Company also acknowledge that this franchise, including the fees to paid hereunder to Municipality, is subject to the approval of the Tennessee Regulatory Authority (TRA). In the event that this franchise or any portion hereof is not approved by the TRA or declared by any court of competent jurisdiction to be invalid or the franchise fees hereunder uncollectible by Company or Municipality, then the parties agree to amend this franchise to provide an alternative measure of compensation to Municipality which yields an equivalent or approximate equivalent amount of compensation to Municipality, and that Municipality shall be solely responsible for refunding any franchise fees, or portion thereof, which are not approved by the TRA or declared invalid or uncollectible by any court of competent jurisdiction.

Municipality will promptly notify Company in writing of any geographic areas annexed by the Municipality during the term hereof ("Annexation Notice"). Any such Annexation Notice shall be sent to Company by certified mail, return receipt request, and shall contain the effective date of the annexation, maps showing the annexed area and such other information as Company may reasonably require in order to ascertain whether there exist any customers of Company receiving natural gas service in said annexed area. To the extent there are such Company customers therein, then the gross revenues of Company derived from the sale and distribution of natural gas to such customers shall become subject to the franchise fee provisions hereof effective on the first day of Company's billing cycle immediately following Company's receipt of the Annexation Notice. The failure by Municipality to advise Company in writing through proper Annexation Notice of any geographic areas which are annexed by Municipality shall relieve Company from any obligation to remit

which are annexed by Municipality shall relieve Company from any obligation to remit any franchise fees to Municipality based upon gross revenues derived by Company from the sale and distribution of natural gas to customers within the annexed area until Municipality delivers an Annexation Notice to Company in accordance with the terms hereof.

SECTION 12: BOOKS AND RECORDS Upon the request of the Municipality, the books of the Company, including customer account numbers shall be produced at a mutually agreeable office of the Company in Tennessee for a franchise fee audit by the Municipality during normal business hours and upon reasonable notice at a mutually agreeable time. Except as stated above, no specific customer identity information such as name or address shall be required to be provided by Company to Municipality except for those customers who have failed to pay any franchise fees which may due to Municipality. In addition to the books and records produced by the Company, the Municipality may require additional records from the Company as it may deem appropriate to conduct its audit.

SECTION 13: ANNUAL SYSTEM REPORT The Company shall submit a written report and, at the Municipality's request, appear before the City Council at least on an annual basis to report on planned capital investments, extensions, system expansion, customer satisfaction and/or public safety response experience. The annual system report will include a comparison of rates and system performance measures (revenues, commodity sales, number of customers, etc.) for regional natural gas systems including but not limited to other systems operated by the Company and the systems operated by regional gas utilities. In addition, the Municipality and the Company will endeavor to coordinate Company expansion and repair activities with Municipality's public works projects.

SECTION 14: DEFAULT AND CURE Both the Company and the City recognize there may be circumstances whereby compliance with the provisions of this Ordinance is impossible or is delayed because of circumstances beyond the Company's control. In this instance, the Company shall use its best efforts to comply in a timely manner and to the extent possible. In the event of a

substantial breach by Company of any material provision of this Ordinance, the Municipality, acting by and through its City Council, may terminate the franchise and rights granted to Company hereunder, provided, however, that such termination shall not be effective unless and until the procedures described below have been followed:

A. The Municipality must deliver to Company, by certified or registered mail, a written notice. Such notice must (i) fairly and fully set forth in detail each of the alleged acts or omissions of Company that the Municipality contends constitutes a substantial breach of any material provision hereof within 30 days of the City's actual or constructive notice of the alleged breach whichever is later; and (ii) designate which of the terms and conditions hereof the City contends Company breached.

B. The City shall permit Company the opportunity to substantially correct and cure all of the breaches hereof set forth in the written notice described in subsection (A) above within thirty (30) days after Company's receipt of such notice before termination may occur.

C. If the Company objects and disagrees with the City's determination that a substantial breach of a material provision has occurred, the Company may submit the issue to the City Council for review within thirty (30) days of receipt of the written notice described in subsection (A) above. Termination of this Ordinance shall be stayed during the course of any such review or subsequent litigation on the issue until the matter is either resolved by agreement between the parties or upon entry of a final order of a court authorizing termination by the City.

In the event the Ordinance is properly terminated pursuant to the terms of this section prior to the expiration of the 10-year period or any renewal period thereafter, the Company shall not be entitled to claim lost profits against the City for the balance of time remaining under the 10-year period or any renewal period thereafter in a sale of assets to the City or any condemnation action. In the event of termination and/or expiration of this Ordinance, the Company may continue to operate on the same terms and conditions pending either a negotiated sale of its assets, negotiation of a new

franchise or condemnation, whichever first occurs, with a minimum period of six months and a maximum period of 24 months, absent agreement of the parties.

SECTION 15: ENTIRE AGREEMENT

If any section or portion of any section of this Ordinance shall hereafter be determined by any court of competent authority to be invalid, the Company and the Municipality, at their election, may ratify or confirm the remaining portions of the Ordinance and upon such ratification or confirmation the remaining portions of this Ordinance shall remain in full force and effect.

SECTION 16: COMPANY ACCEPTANCE

The Company shall, within sixty (60) days after passage of the Ordinance, file with the City Recorder or other appropriate officials of the Municipality its unconditional acceptance signed by its President or Vice President of the terms and conditions of this Ordinance and after filing of this acceptance, this Ordinance shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the Tennessee Regulatory Authority or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the Tennessee Regulatory Authority or as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Tennessee, be the measure of the rights, powers, obligations, privileges and liabilities of said Municipality and of said Company.

SECTION 17: NOTICES

All notices required by this franchise shall be given in writing and forwarded to the addresses by certified mail of the United States. All notices to the Municipality shall be addressed to:

City Manager
223 Associates Blvd
Alcoa, TN 37701

cc: David R. Duggan, City Attorney
PO Box 5059, 250 High St.
Maryville, TN 37802-5059

All notices to the Company shall be addressed to:

Manager
Atmos Energy
Maryville, Tennessee

The return receipt of the certified mail shall be conclusive evidence of the receipt of the mail by the addressee.

SECTION 18: ASSIGNMENT

A. The Company shall not sell or assign its rights and privileges under this franchise without the prior written consent of Municipality, which consent shall not be unreasonably withheld. A merger, consolidation or reorganization involving Company shall not constitute an assignment for purposes hereof.

B. Nothing in this Section shall be deemed to prohibit a mortgage or pledge of the franchise or of its properties for financing purposes.

SECTION 19: ABANDONMENT OF FACILITIES Upon abandonment of any of the facilities or equipment of the Company located above or below the surface of the Streets, the Company shall notify the City Manager in writing of such abandonment within a reasonable time thereafter, and if such abandonment of facilities or equipment will then interfere with the use of the Streets by the City, the City Manager within ninety (90) days of the notification by Company of the abandonment shall give written notice thereof to the Company and the Company shall commence to remove the same within twenty (20) days following the date of the written notice and continue the work to completion with reasonable diligence and at its own cost and expense.

SECTION 20: INSURANCE The Company hereby agrees, upon official request of the City, to furnish to the City evidence of insurance in such amounts as may be reasonably necessary to protect the City. However, the coverage shall, at a minimum, include Workers' Compensation insurance covering the Company's statutory obligation under the laws of the State of Tennessee and Employer's Liability insurance for all its employees engaged in work under the franchise. Minimum limits of liability for Employer's Liability shall be \$100,000.00 bodily injury each occurrence; \$500,000.00 bodily injury by disease (policy limit); and \$100,000.00 bodily injury by disease (each employee).

SECTION 21: SUCCESSORS AND ASSIGNS

All the privileges given and obligations created by this Ordinance shall be binding upon the successors and assigns of the Company.

SECTION 22: SUPERSEDES PRIOR AGREEMENT

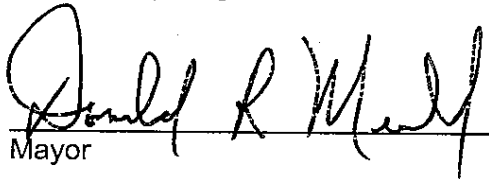
This agreement, upon its taking effect, shall supersede any and all prior ordinances and/or agreements, together with any amendments thereof, by the Municipality granting a gas franchise to Company.

SECTION 23: APPLICABLE LAW

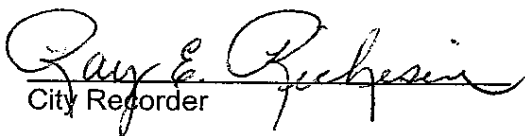
Company and Municipality agree that in the event of litigation regarding or involving this contract that such litigation shall take place in Blount County Circuit Court and that Tennessee law shall apply.

SECTION 24: EFFECTIVE DATE

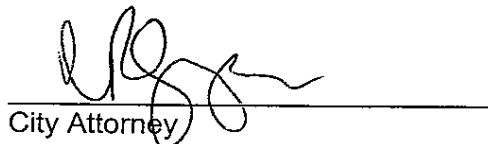
This Ordinance shall take effect upon final passage, the public welfare requiring it.


Mayor

ATTEST:


City Recorder

APPROVED AS TO FORM:


City Attorney

Passed on First Reading

8/10/04 
City Recorder

Passed on Second Reading

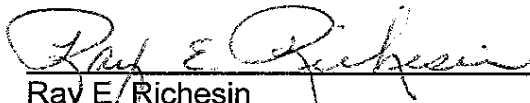
8/27/04 
City Recorder

CERTIFICATION

STATE OF TENNESSEE)
)ss
COUNTY OF BLOUNT)

I, RAY E. RICHESIN, do hereby certify that I am the Recorder of the City of Alcoa and that the attached ordinance is a true, correct and exact copy of Ordinance number 04-032, passed on second and final reading by the Alcoa Board of Commissioners on August 27, 2004.

WITNESS my hand and the seal of said City on this the 7th day of September, 2004.



Ray E. Richesin
City Recorder

Subscribed and sworn to before me
this the 7th day of September, 2004.



Notary Public

My Commission Expires: March 15, 2005

ACCEPTANCE OF FRANCHISE

City of Alcoa, Tennessee

TO: City Recorder
Alcoa, Tennessee

Atmos Energy Corporation hereby respectfully files with you its written acceptance of the franchise adopted by the Mayor and City Council of the City of Alcoa, Tennessee, dated September 20, 2004, entitled:

ORDINANCE NO. 04-032

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF ALCOA, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF ALCOA, TENNESSEE

and all the rights and privileges, terms and provisions therein contained.

IN WITNESS WHEREOF, Atmos Energy Corporation, has caused this instrument to be signed by its Vice-President on this 15th day of September, 2004.

ATMOS ENERGY CORPORATION

By Robert M. Elam
Vice-President, Mid-States Division

RECEIPT

TO: ATMOS ENERGY CORPORATION

The Undersigned, City Clerk of the City of Alcoa, Blount County, Tennessee hereby acknowledges receipt of an instrument of acceptance of a certain gas franchise ordinance signed by the Vice-President of the Mid-States division of Atmos Energy Corporation, and that the acceptance of such franchise ordinance was delivered to the undersigned as City Clerk of said City on the 20 day of SEPTEMBER, 2004, and is now held as part of the records of said City.

WITNESS the hand of said City Clerk and the seal of said City on this 20 day of September, 2004.


City Clerk