

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

IN RE:	December 10, 2019)	
)	
PETITION OF ATMOS ENERGY)	
CORPORATION FOR APPROVAL)	DOCKET NO.
OF AN EXTENSION OF A FRANCHISE)	19-00096
AGREEMENT WITH BLOUNT COUNTY,)	
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 November 4, 2019, for hearing and consideration of the *Petition for Approval of Extension of Franchise Agreement with Blount County, Tennessee* (“*Petition*”) filed on October 17, 2019 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.¹ Among its Tennessee customers, Atmos serves Blount County, Tennessee, providing natural gas service to 5,044 customers within the unincorporated areas of Blount County. These customers, served by approximately 192 miles of pipe within the unincorporated areas of Blount County, are

¹ *Petition*, p. 2 (October 17, 2019).

approximately 96% residential and 4% in other classes, such as commercial and industrial.² Service has been provided in Blount County pursuant to a franchise agreement incorporated into an ordinance dated August 26, 2004. Said franchise agreement expired on August 26, 2019.³

On October 17, 2019, Atmos filed a *Petition* requesting approval of a negotiated franchise agreement between Atmos and Blount County, Tennessee (“Blount County”). Along with its *Petition*, Atmos submitted a copy of Blount County Ordinance No. 19-09-014, extending the non-exclusive franchise agreement with Atmos, initially granted in Blount County Ordinance No. 04-08-008, for a twenty (20) year term.⁴ Atmos also submitted the Pre-Filed Testimony of Travis Greenwood, Operations Supervisor for the Maryville and Alcoa, Tennessee area of operations and a sixteen (16) year employee of Atmos.⁵ Finally, Atmos submitted a copy of the notice published by Atmos in the Maryville/Blount County publication, *The Daily Times*, as required by TPUC rule, found at Tenn. Comp. R. & Regs. 1220-04-01-.05.⁶

Atmos and Blount County commenced negotiations for extension of the franchise authority during the summer of 2018. The resulting franchise agreement extension passed first and final reading on September 19, 2019. The franchise agreement extension is set forth in Resolution No.19-09-014.⁷

Travis Greenwood states in his Pre-Filed Testimony, that the franchise agreement is necessary and proper for the public convenience and properly conserves the public interest for the following reasons:

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 in Blount County will be able to receive, under the supervisory jurisdiction of the Commission, the benefits of

² Travis Greenwood, Pre-Filed Direct Testimony, p. 2 (October 17, 2019).

³ *Petition*, p. 2, Exh. 1 & 2 (October 17, 2019).

⁴ *Id.* at Exh. 1.

⁵ Travis Greenwood, Pre-Filed Direct Testimony (October 17, 2019).

⁶ *Notice of Compliance with TPUC Rule 1220-4-1-.05* (October 25, 2019).

⁷ *Petition*, pp. 2-3 (October 17, 2019).

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 Blount County for the foreseeable future.

Second, the new franchise facilitates the provision of such natural gas service to Blount County by an established and proven provider of that service well-known to both Blount 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 Blount County.

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

Fifth, the new franchise arrangement provides an incentive for Atmos Energy to invest in infrastructure needed to provide improved and expanded service within Blount 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.⁸

Mr. Greenwood also testified that the franchise fee will remain the same as set forth in the previous agreement at 5% of Atmos's gross receipts derived from retail natural gas sales within the unincorporated limits of Blount County. Further, transport volumes per CCF rate will be \$0.005.⁹

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

⁸ Travis Greenwood, Pre-Filed Direct Testimony, pp. 4-6 (October 17, 2019).

⁹ *Id.* at 4.

public convenience and properly conserves the public interest.” In addition, the Commission, in considering such privilege or franchise, “shall have power, if it so approves, to impose such conditions as to construction, equipment, maintenance, service or operation as the public convenience and interest may reasonably require.”¹⁰

FINDINGS AND CONCLUSIONS

The Commission issued a *Notice of Hearing* on October 25, 2019. On November 4, 2019, a Hearing was held before the voting panel at a regularly scheduled Commission Conference. Appearing for Atmos were Mr. Scott Ross, Esq. and Mr. Travis Greenwood, Operations Supervisor for the Maryville and Alcoa, Tennessee area of operations and a sixteen (16) year employee of Atmos. At the Hearing, Mr. Greenwood ratified his Pre-Filed Testimony and was subject to questioning before the panel. Ms. Amy Cowden, for the Blount County’s Mayor’s Office, attended the Commission Conference telephonically, and answered questions from Chair Morrison concerning the franchise agreement. 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’s new franchise agreement with Blount County was necessary and proper for the public convenience and properly conserves the public interest and that the terms of the franchise are fair and reasonable. Therefore, the panel voted unanimously to approve Atmos’s *Petition* for approval of its franchise agreement with Blount County.

IT IS THEREFORE ORDERED THAT:

1. The *Petition for Approval of Extension of Franchise Agreement with Blount County, Tennessee* is approved.

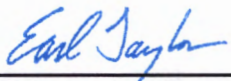
¹⁰ Tenn. Code Ann. § 65-4-107 (Supp. 2019).

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. None dissent.

ATTEST:



Earl R. Taylor, Executive Director