

BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE

IN RE:

PETITION OF ATMOS ENERGY  
CORPORATION FOR APPROVAL  
OF NEGOTIATED FRANCHISE  
AGREEMENT WITH  
KINGSPORT, TENNESSEE

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Docket No. 20-00045

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DIRECT TESTIMONY OF  
MARK A. MARTIN  
ON BEHALF OF ATMOS ENERGY CORPORATION

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1   **Q:   Please state your name and business address.**

2   A:   My name is Mark A. Martin. I am Vice President - Rates and Regulatory Affairs for the  
3       Kentucky/Mid-States Division of Atmos Energy Corporation (“Atmos Energy” or the  
4       “Company”). My business address is 3275 Highland Pointe Drive, Owensboro,  
5       Kentucky, 42303.

6   **Q.   Please briefly describe your current responsibilities, and professional and**  
7       **educational background.**

8   A.   I am responsible for all rate and regulatory matters in Kentucky, Tennessee and  
9       Virginia. I graduated from Eastern Illinois University in 1995 with a degree in  
10      Accounting. I have been with United Cities Gas Company and subsequently its  
11      successor, Atmos Energy Corporation, since September 1995. I have served in a variety  
12      of positions of increasing responsibility in both Gas Supply and Rates prior to assuming  
13      my current responsibilities in 2007.

1    **Q.     Have you submitted testimony before the Tennessee Public Utility Commission**  
2           **(“Commission”)**

3    A.     Yes. I filed rebuttal testimony in Case No. 2019-00018.

4    **Q.     Have you previously submitted testimony on matters before other state regulatory**  
5           **commissions?**

6    A.     Yes, I have filed testimony before the Georgia Public Service Commission, the Illinois  
7           Commerce Commission, the Kentucky Public Service Commission, the Missouri Public  
8           Service Commission, the South Carolina Public Service Commission, and the Virginia  
9           State Corporation Commission.

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

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

13   **Q:     In your capacity as Vice President – Rates and Regulatory Affairs of Atmos Energy,**  
14          **are you familiar with the natural gas distribution system operated by Atmos Energy**  
15          **in Kingsport, Tennessee?**

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

18   **Q:     Please give the Commission an overall description of the Kingsport, Tennessee**  
19          **system and the customers served.**

20   A:     There are approximately 5,057 customers located within the City of Kingsport being  
21          served by the natural gas distribution system owned and operated by Atmos Energy. Of  
22          that amount, approximately 79% are residential customers and 21% are in other customer  
23          classes such as commercial and industrial.

1  
2 The Atmos Energy system consists of approximately 179 miles of pipe within the City of  
3 Kingsport. This pipe is comprised of distribution mains, transmission mains, and service  
4 lines. The majority of this pipe is located within the public rights-of-way of the City of  
5 Kingsport. Without access to these public rights-of-way, Atmos Energy could not  
6 adequately maintain, replace and/or operate its distribution system.

7 **Q: Has Atmos Energy operated a natural gas distribution system in the City of**  
8 **Kingsport for a number of years?**

9 A: Yes. Atmos Energy and its predecessor entity have operated for many years in Kingsport  
10 under franchise agreements with the City. For the past twenty years, the Company has  
11 operated under the franchise agreement Ordinance No. 4742.

12 **Q: Could you please explain the circumstances that caused a need for a new franchise**  
13 **agreement between Atmos Energy and the City of Kingsport.**

14 A: Yes. Under § 65-26-101 of the Tennessee Code Annotated, Atmos Energy is required to  
15 have the consent of Kingsport, in the form of a municipal ordinance, in order to enter  
16 onto the streets and alleys of Kingsport for the purpose of placing, maintaining, or  
17 expanding its natural gas distribution facilities. Atmos Energy and its predecessor entity  
18 have been providing natural gas service to Kingsport for the last several years pursuant to  
19 the ordinances I have previously mentioned. As the twenty-year term of Ordinance No.  
20 4742 originally expires in March 2020, Atmos Energy and the City of Kingsport have  
21 entered into a new franchise agreement in Ordinance No. 6849 to extend the term of the  
22 franchise for twenty years, allowing Atmos Energy to continue to serve Kingsport into  
23 the future.

1   **Q:    When did Atmos Energy begin pursuing a new franchise arrangement with**  
2       **Kingsport?**

3   A:    The Company and the City of Kingsport began discussions in fall 2019 and a proposed  
4       franchise agreement was approved in Ordinance No. 6849 followed from those  
5       discussions.

6   **Q:    How does the new franchise agreement compare with the old one?**

7   A:    The proposed franchise amends the current franchise and extends the term of the current  
8       franchise for twenty years. There is no franchise fee associated with the franchise.

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 City of Kingsport 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 in Kingsport will be able to receive, under the supervisory

1 jurisdiction of the Commission, the benefits of continuing natural gas service provided by  
2 Atmos Energy for an extended period. This arrangement will help ensure the continuing  
3 availability of high-quality natural gas service to Kingsport for the foreseeable future.

4  
5 Second, the new franchise facilitates the provision of such natural gas service to  
6 Kingsport by an established and proven provider of that service well-known to both  
7 Kingsport and this Commission and possessing the requisite expertise, facilities, systems  
8 and gas supply and transportation assets necessary to provide such service.

9  
10 Third, the new franchise arrangement establishes adequate and proper mechanisms for  
11 access by the Company to public rights-of-way, new and existing customers, and its  
12 distribution facilities. These mechanisms help to ensure that Atmos Energy is able to  
13 provide both adequate and efficient service and to comply with the requirements of this  
14 Commission to ensure the safety and protection of residents and property within  
15 Kingsport.

16  
17 Fourth, the various other protective provisions set forth in the new franchise arrangement  
18 provide useful and important tools for Kingsport to ensure that its citizens are benefited  
19 and not economically harmed by the activities of Atmos Energy within Kingsport.

20  
21 Fifth, the new franchise arrangement provides an incentive for Atmos Energy to invest in  
22 infrastructure needed to provide improved and expanded service within Kingsport by  
23 ensuring that Atmos Energy will have the right to provide service within these areas for a

1 sufficient period in order to permit Atmos Energy the opportunity to recover the capital  
2 investment in such facilities under the rates approved by the Commission.

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

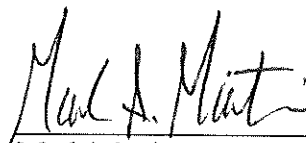
6 A: There are currently no associated franchise fees for the City of Kingsport. Should a  
7 franchise fee arise, then Atmos Energy, as required by the statute, will bill and collect the  
8 Kingsport franchise fees directly from customers located there. The franchise fee will be  
9 charged directly to Kingsport customers and in turn passed along to Kingsport. The  
10 franchise fee will appear as a line item on each customer's bill.

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

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

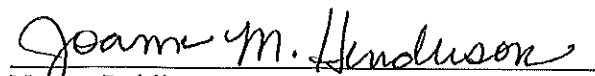
15 Q: Do you have anything further to add to your testimony?

16 A: Not at this time.



Mark Martin  
Vice President Rates & Regulatory Affairs

Sworn to and subscribed before me  
this 10<sup>th</sup> day of March, 2020

  
Notary Public

My Commission Expires:                      Joanne M. Henderson  
NOTARY PUBLIC  
State at Large, Kentucky  
ID # 596005  
My Commission Expires 3/22/2022