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PUBLIC SERVICE
COMMISSION

October 23, 2017

Gwen Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Case No. 2017-00230

Dear Ms. Pinson:

Atmos Energy Corporation (Company) herewith submits a copy of the franchise agreement between the Company and the city of Lawrenceburg to be in compliance with the Commission's Order in the above referenced case. The franchise fee will be three percent.

Please contact myself at 270.685.8024 if the Commission or Staff has any questions regarding the enclosed agreement.

Sincerely,

A handwritten signature in blue ink that reads "Mark A. Martin". The signature is written in a cursive style with a prominent initial "M".

Mark A. Martin
Vice President, Rates & Regulatory Affairs

Enclosures

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ORDINANCE NO. 2017-004

AN ORDINANCE CREATING AND ESTABLISHING FOR BID A NON-EXCLUSIVE NATURAL GAS FRANCHISE FOR THE PLACEMENT OF FACILITIES FOR THE DISTRIBUTION AND SALE OF NATURAL GAS WITHIN THE PUBLIC RIGHT-OF-WAY OF THE CITY OF LAWRENCEBURG FOR A SIXTEEN (16) YEAR DURATION, IN RETURN FOR PAYMENT TO THE CITY OF LAWRENCEBURG OF THE SUM OF THREE PERCENT (3%) OF FRANCHISEE'S GROSS RECEIPTS PER YEAR FROM THE FRANCHISEE'S SALE OF NATURAL GAS TO NATURAL GAS-CONSUMING ENTITIES INSIDE THE CITY OF LAWRENCEBURG'S CORPORATE LIMITS AND FURTHER PROVIDING FOR COMPLIANCE WITH RELEVANT LAWS, REGULATIONS AND STANDARDS; INDEMNIFICATION; INSURANCE; CANCELLATION OR TERMINATION; AND BID REQUIREMENTS; ALL EFFECTIVE ON DATE OF PASSAGE.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LAWRENCEBURG:

Article I

DEFINITIONS:

As used in this Ordinance, the following words and phrases shall have the following meanings:

- (A) "*Commission*" refers to and is the Kentucky Public Service Commission, the state utility regulatory Commission having jurisdiction over the rates, services and operations of Grantee within the State of Kentucky or other administrative or regulatory authority succeeding to the regulatory powers of the Commission.
- (B) "*Council*" or "*City Council*" refers to and is the governing body of the City of Lawrenceburg.
- (C) "*City*" refers to and is the City of Lawrenceburg,
- (D) Anderson County, Kentucky, and includes such territory as currently is or may in the future be included within the boundaries of the City of Lawrenceburg.
- (D) "*Franchise*" shall mean the rights and privileges granted by the Grantor to Grantee under the terms and provisions of this Ordinance.
- (E) "*Grantee*" shall mean a person granted a Franchise pursuant to this Ordinance.
- (F) "*Grantor*" shall mean the City of Lawrenceburg, Kentucky.
- (G) "*Public Right-of-Way*" shall mean the surface, the airspace above the surface and

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area below the surface of any street, highway, alley, avenue, boulevard, sidewalk, pedestrian/bicycle lane or trail, driveway, bridge, utility easement or any other public ways owned, dedicated by plat, occupied or used by the public and within Grantor's geographical limits or boundaries established by applicable law.

(H) "Revenues" refer to and are those amounts of money which the Grantee receives from its customers within the Grantor's geographical limits or boundaries for the retail sale of gas under rate, temporary or permanent, authorized by the Commission and represents amounts billed under such rates and adjusted for refunds, the net write off of uncollectible accounts correction or other regulatory adjustments. Revenues do not include miscellaneous service charges, including but not limited to turn ons, meter sets, non-sufficient funds, late fees and interest, which are related to but are not a part of the actual retail sale of gas.

(I) "System" shall mean the system of works, pipes, pipelines, facilities, fixtures, apparatus, lines, machinery, equipment, structures, appliances, appurtenances or other infrastructure reasonably necessary for the storage, transportation, distribution or sale of natural, artificial or mixed gas to residential and commercial customers and the public generally, within the geographical limits or boundaries of the Grantor.

Article II

GRANT OF FRANCHISE:

(A) There is hereby created and granted unto Grantee a non-exclusive franchise to enter upon, acquire, construct, operate, maintain and repair in the Public Right-of-Way the System, subject to the provisions of this Ordinance. The franchise granted hereunder shall be extended to territories that are annexed by Grantor upon the same terms and conditions herein, subject to the approval of the Commission, if any such approval is required.

(B) The franchise granted to Grantee by the Grantor shall not be exclusive and the Grantor reserves the right to grant a similar franchise to any other person or entity at any time. In the event the Grantor shall grant to another person or entity during the term hereof a franchise for a gas distribution system within the geographical boundaries or limits of Grantor similar to the one herein granted to Grantee, it is agreed that the terms of any such Franchise shall be no more favorable to such new additional grantee than those terms contained herein. Additionally, it is agreed that any such new/additional grantee shall have no right to use any portion of the System

without Grantee's written consent.

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Article III

TERM, EFFECTIVE DATE, AND ACCEPTANCE OF FRANCHISE:

(A) The term of any Franchise granted pursuant to this Ordinance shall be for a term of sixteen (16) years.

(B) The franchise created hereby shall become effective upon its final passage, and approval, by the City, in accordance with applicable laws and regulations, and upon acceptance by the Grantee by written instrument within sixty (60) days of passage by the governing body, and filed with the Clerk of the Grantor. If the Grantee does not, within sixty (60) days following passage of this Ordinance, express in writing its objections to any terms or provisions contained therein, or reject this Ordinance in its entirety, the Grantee shall be deemed to have accepted this Ordinance and all of its terms and conditions.

(C) The terms and conditions of Ordinance 1997-03 are superseded by the terms and conditions hereof.

(D) The City shall not construct or cause to be constructed; a gas distribution system duplicating Grantee's Gas Distribution System or otherwise obtain or acquire a similar gas distribution system other than by the purchase of Grantee's Gas Distribution System, at its fair market value, or by the acquisition of such system by the exercise of the power of eminent domain under statute KRS 96.5375(2).

Article IV

GRANTEE'S RIGHTS IN AND TO PUBLIC RIGHT-OF-WAY:

The Grantee shall have the right and privilege of constructing, erecting, laying, operating, maintaining, replacing, removing and/or repairing a gas distribution system through, along, across and under the public right-of-way within the geographical boundaries or limits of the Grantor as it now exists or may hereafter be constructed or extended, subject to the inherent police powers conferred upon or reserved unto the Grantor and the provisions of this Ordinance.

Article V

OPERATION OF SYSTEM; EXCAVATION OF PUBLIC RIGHT-OF-WAY:

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(A) The System shall at all times be installed, operated and maintained in good working condition as will enable the Grantee to furnish adequate and continuous service to all of its residential, commercial and industrial customers. The System shall be designed, installed, constructed and replaced in locations and at depths which comply with all applicable federal and state laws and regulations regarding minimum safety standards for design, construction, maintenance and operation of gas distribution systems.

(B) In addition to complying with all of the requirements of all applicable law, the Grantee agrees that:

(1) It shall construct and operate the System in accordance with all generally accepted industry codes and standards that are applicable;

(2) Work by the Grantee hereunder shall be done in a workmanlike manner and so as not to unnecessarily interfere with public use of the Public Right-of-Way.

(C) Although the Grantee shall have the right to disturb, break, and excavate in the public right-of-way of the City as may be reasonable and necessary to provide the service authorized by this Ordinance, it agrees to give the City notice and/or obtain the cut permit as required below.

(D) Grantee agrees to give prior notification to the City of any construction work by Franchisee on or in any public right-of-way (including streets, sidewalks, curbs, gutters, drainage facilities or other street installations) that will necessarily involve the cutting of any blacktop or concrete on a Public Right-of-way, or any other excavation in a Public Right-of-way that is reasonably expected to interrupt the flow of traffic on the Public Right-of-way. In the event a street, sidewalk, curb or gutter is to be cut, the Grantee agrees to notify the City Public Works Director and/or obtain a cut permit from the City if such permitting guidelines are in effect.

(E) When the Grantee shall enter upon any Public Right-of-Way for the purpose of constructing, erecting, installing, operating, maintaining, repairing and/or removing any part of its

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gas distribution system, it shall promptly and diligently prosecute the work to completion at its sole expense and shall repave, cover and restore all trenches and exposed areas as quickly as circumstances permit; and shall leave all Public Right-of-Way in as good a condition as existed when Grantee entered upon same for the purpose of commencing the work. Grantee agrees to perform such restoration of Public Right-of-way work in conformity with all applicable city construction standards. Any repairs to public right of way necessitated by reason of Grantee's failure to comply with city construction standards shall be performed by Grantee, at its expense, for a period of twelve (12) months following the date Grantee completed the particular restoration work. All restorations or repairs of public right-of-way shall be performed in accordance with the Grantor's subdivision regulations and approved by the Grantor. All restoration or repairs performed by the Grantee may be subject to inspection at any time by the Grantor. In the event Grantee fails, refuses or neglects to comply with this provision, the Grantor shall have the right, after Grantee is first given notice and an opportunity to comply with the foregoing provisions, to repair or restore the affected Public Right-of-Way; and the costs and expenses incurred by the Grantor as a result thereof, shall be paid to the Grantor by Franchisee within ten (10) days from the date on which an itemized bill is submitted to the Franchisee.

(F) In the construction, installation, maintenance, repair or removal of any of its System, or any part thereof, Grantee shall exercise due regard for the rights of the Grantor, pedestrians and motorists, and shall not unreasonably or unnecessarily interfere with or injure, Grantor's property, or the private property of others, under, on, over, across or above the ground. Grantee shall comply with all applicable laws with respect to signalization, placement of lights, danger signals or warning signs. All work performed by Grantee hereunder shall be done in a workmanlike manner and shall not unnecessarily interfere with public use of the Grantor's right-of-way or property.

(G) Nothing in the above provisions is intended to require Grantee to give a notification to the City for any routine maintenance or repair work not involving the cutting of a public street, sidewalk, curb or gutter (in which event Grantee would be required to obtain a permit from the Public Works Director) or not involving an interruption of traffic flow on a city street.

Additionally, nothing herein is intended to impose on Grantee any obligation to give notification to the City or obtain a permit for work on customers' service lines. Provided, Grantee,

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shall be required to give advance notification to the City of the installation of a new main within the city limits and provide a copy of the plans to the City of the new main.

(H) Grantee shall, when reasonably practicable, install all pipelines underground at such depth and in such manner so as not to interfere with the existing pavement, curbs, gutters, underground wires or cables or water or sewer pipes owned or controlled by the Grantor.

Article VI

DEGRADATION/RESTORATION OF PUBLIC RIGHT-OF-WAY:

(A) In the event that Grantor or any other entity acting on behalf of Grantor requests or demands that Grantee remove, move, modify, relocate, reconstruct or adjust any part of the system from their then-current locations within the streets, alleys, and public places of Grantor in connection with a public project or improvement, then Grantee shall relocate, at its expense, the system facilities affected by such project or improvement. Grantee's obligations under this paragraph shall apply without regard to whether Grantee has acquired, or claims to have acquired, an easement or other property right with respect to such system facilities and shall not affect the amounts paid or to be paid to Grantee under the provisions of this Ordinance. Notwithstanding the foregoing provisions of this paragraph, Grantee shall not be obligated to relocate, at its expense, any of the following: (i) system facilities that are located on private property at the time relocation is requested or demanded; (ii) system facilities that are relocated in connection with sidewalk improvements (unless such sidewalk improvements are related to or associated with road widenings, the creation of new turn lanes, or the addition of acceleration/deceleration lanes); (iii) streetscape projects or other projects undertaken primarily for aesthetic purposes; or (iv) system facilities that are converted from an overhead configuration or installation to an underground configuration or installation.

(B) Grantor and Grantee recognize that both parties benefit from economic development within the boundaries of Grantor. Accordingly, when it is necessary to relocate any of Grantee's facilities within the boundaries of Grantor, Grantor and Grantee shall work cooperatively to minimize costs, delays, and inconvenience to both parties while ensuring compliance with applicable laws and regulations. In addition, Grantor and Grantee shall communicate in a timely fashion to coordinate projects included in Grantor's five-year capital improvement plan, Grantor's

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short-term work program, or Grantor's annual budget in an effort to minimize relocation of Grantee's facilities. Such communication may include, but is not limited to, (i) both parties' participation in a local utility's coordinating council (or any successor organization) and (ii) both parties' use of the National Joint Utility Notification System (or any alternative comparable systems or successor to such system mutually acceptable to both parties).

Article VII

COMPENSATION FOR USE OF PUBLIC RIGHT-OF-WAY AND CONSIDERATION FOR FRANCHISE:

(A) In consideration for the granting and exercise of the rights and privileges created hereunder, and in further consideration of the grant to the Franchisee of the right to make use of Public Right-of-Way, Grantee shall pay to the Grantor, during the entire life of the franchise, a sum equal to three percent (3%) of its Revenues. The fee prescribed herein shall be paid to the Grantor quarterly on or before the 30th day after the end of each calendar quarter after the effective date hereof, and the Grantee shall furnish to the Grantor quarterly a statement of Grantee's Revenues.

(B) Grantee may add a line-item surcharge to the monthly bills of each of its customers located within the geographical boundaries or limits of Grantor, which surcharge may be designated as a franchise fee, in an amount not greater than the franchise fee paid by the Grantee to the Grantor that is attributable to the Revenue derived by Grantee from such customer.

(C) The franchise fee provided herein, together with any charges of the Grantor for water, sewage and garbage services provided by the Grantor to Grantee, and any applicable occupational license fees or sales, ad valorem or other taxes payable to the Grantor by the Grantee under applicable law, or otherwise permitted by this Ordinance shall constitute the only amounts for which Grantee shall be obligated to pay to the Grantor and shall be in lieu of any and all other costs, levies, assessments, fees or other amounts, of any kind whatsoever, that the Grantor, currently or in the future, may charge Grantee or assess against Grantee's property. The franchise fee herein contemplated shall be uniformly and equally applied to all natural gas and electric utilities, of like services or any other natural gas service that compete with the Grantee, such that Grantee will be excused from collecting and paying franchise fees and/or taxes if Grantee's competitors are not also

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required to do so.

(D) The Grantor, through its duly authorized representative and at all times reasonable, shall have access to, and the right to inspect Grantee's books and records that are necessary to confirm the accuracy of the amount of franchise fee being paid to the City.

(E) In the event Grantor requires the Grantee to pay any fees for the permitting for excavation, or road/sidewalk cuts in its rights-of-way that are in addition to the franchise fee established herein, Grantee shall pay for its permit fee upon application for each respective permit. These permitting fees are subject to change during the term of the Franchise based on an audit of the actual cost of permitting by the Grantor, or a change in the amount of such respective permitting fees. In the event of such a change, the Grantee shall be provided at least sixty (60) days advance written notice.

(F) As further consideration for the granting of this Franchise, the Grantee agrees to pay all publication costs.

(G) No acceptance of any franchise fee payment by the Grantee shall be construed as an accord and satisfaction that the amount paid is in fact the correct amount nor shall acceptance be deemed a release to any claim the Grantor may have for future or additional sums pursuant to this Franchise. Any additional amount due to the Grantor shall be paid within ten (10) days following written notice to the Grantee by the Grantor.

Article VIII

SERVICE TO NEW AREAS

If during the term of this franchise the boundaries of the Grantor are expanded, the Grantor will promptly notify Grantee in writing of any geographic areas annexed by the Grantor during the term hereof ("Annexation Notice"). Any such Annexation Notice shall be sent to Grantee by certified mail, return receipt requested, and shall contain the effective date of the annexation, maps showing the annexed area and such other information as Grantee may reasonably require in ascertaining whether there exist any customers of Grantee receiving natural gas service in said annexed area. To the extent there are such customers therein, then the revenue of Grantee derived from the retail sale of natural gas to such customers shall become subject to the franchise fee provisions hereof effective on the first day of Grantee's billing cycle immediately following

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Franchisee's receipt of the Annexation Notice. The failure by the Grantor to advise Grantee in writing through proper Annexation Notice of any geographic areas which are annexed by the Grantor shall relieve Grantee from any obligation to remit any franchise fees to Grantor based upon revenues derived by Grantee from the retail sale of natural gas to customers within the annexed area prior to Grantor delivering an Annexation Notice to Grantee in accordance with the terms hereof.

Article IX

BREACH OF FRANCHISE; REMEDIES:

In the event of a breach by Grantee of any material provision hereof, the Grantor may terminate the franchise and rights granted to Grantee hereunder, provided, however, that such termination shall not be effective unless and until the procedures described below have been followed:

(A) Grantor must deliver to Grantee, by certified or registered mail, a written notice signed by the mayor or other duly authorized member of Grantor's governing body, attested by the Grantor's secretary, and sealed with the official seal of the Grantor. Such notice must (i) fairly and fully set forth in detail each of the alleged acts or omissions of Grantee that the Grantor contends constitutes a substantial breach of any material provision hereof, (ii) designate which of the terms and conditions hereof the Grantor contends Grantee breached, and (iii) specify the date, time, and place at which a public hearing will be held by the governing body of the Grantor for the purpose of determining whether the allegations contained in the notice did in fact occur, provided, however, that the date of such hearing may not be less than thirty (30) days after the date of such notice.

(B) Within thirty (30) days following the adjournment of the public hearing described in Subsection (A) above, the Grantor must deliver to Grantee, by certified or registered mail, a written notice signed by the mayor or other duly authorized member of Grantor's governing body, attested by the Grantor's secretary, and sealed with the official seal of the Grantor, setting forth (i) the acts and omissions of Grantee described in the first notice that the governing body of the Grantor determines to have in fact occurred and (ii) the specific terms and conditions hereof listed in the first notice that the governing body of the Grantor determines to have in fact been breached by such acts or omissions of Grantee.

(C) The Grantor must permit Grantee the opportunity to substantially correct all of the breaches hereof set forth in the written notice described in Subsection (B) above within sixty (60)

days after Grantee's receipt of such notice.

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Article X
FORCE MAJEURE

Notwithstanding anything expressly or impliedly to the contrary contained herein, in the event Franchisee is prevented, wholly or partially, from complying with any obligation or undertaking contained herein by reason of any event of force majeure, then, while so prevented, compliance with such obligations or undertakings shall be suspended, and the time during which Franchisee is so prevented shall not be counted against it for any reason. The term "force majeure", as used herein, shall mean any cause not reasonably within Franchisee's control and includes, but is not limited to, acts of God, strikes, lockouts, wars, terrorism, riots, orders or decrees of any lawfully constituted federal, state or local body, contagions or contaminations hazardous to human life or health, fires, storms, floods, wash-outs, explosions, breakages or accidents to machinery or lines of pipe, inability to obtain or the delay in obtaining rights-of-way, materials, supplies, or labor permits, temporary failures of gas supply, or necessary repair, maintenance, or replacement of facilities used in the performance of the obligations contained in this Ordinance.

Article XI
ADDITIONAL REQUIREMENTS; MISCELLANEOUS PROVISIONS

(A) Grantee shall at all times indemnify and hold harmless the Grantor from and against any and all lawful claims for injury to any person or property by reason of Grantee's or its employees' failure to exercise reasonable care in installing, maintaining and operating the System. Provided, however, that none of the provisions of this paragraph shall be applicable to the extent the Grantor, its officials, officers, employees, contractors, or agents, were negligent and such negligence was the sole or contributing factor in bringing about injury to any person or property. In such event, any liability shall be apportioned between the Grantor and the Grantee based upon the percentage of fault assigned to each by a court of competent jurisdiction.

(B) No assignment or transfer of control of this Franchise or the System subject to this Franchise shall take place without at least sixty (60) days advance written notice to the Grantor. Any entity operating the System in the City of Lawrenceburg as a result of an assignment or transfer

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of control of a Franchise or the System shall assume and be responsible for all of the following obligations and liabilities under:

(1) This Ordinance and

(2) All federal, state and local statutes, ordinances, codes and/or regulations.

(C) If any section, subsection or provision of this ordinance or any part thereof is for any reason found or held to be in conflict with any applicable statute or rule of law, or is otherwise held to be unenforceable, the invalidity of any such section, subsection or provision shall not affect any or all other remaining sections and provisions of this ordinance, which shall remain in full force and effect.

(D) This Ordinance shall extend to, be binding upon, and inure to the benefit of, the parties hereto, and their respective successors and assigns.

(E) To the extent that any other ordinances of the Grantor or portions thereof are in conflict or inconsistent with any of the terms or provisions hereof, then the terms of this Ordinance shall control.

(F) During the term of this Franchise and any extension thereof, Grantee, shall, at its own cost and expense, maintain a self-insurance program at adequate levels.

(G) The Grantor, by granting of this Franchise, does not surrender to any extent, lose, waiver, imperil, or lessen the lawful powers and rights now or hereinafter vested in the Grantor under the constitution and statutes of the Commonwealth of Kentucky; provided, however, that no ordinance, law, regulation or rule adopted or enacted by the Grantor shall in any way impair, alter, lessen, modify or restrict the rights of the Grantee under and established by this Ordinance including, but not limited to, the use of the Public Right-of-way in connection with Grantee's acquisition, construction, ownership, installation, laying, operation, maintenance, repair or removal of the System.

(H) This Ordinance and any Franchise awarded pursuant to it shall be governed by the laws of the Commonwealth of Kentucky, both as to interpretation and performance. In the event of a conflict between the terms of this Franchise and the laws of the Commonwealth of Kentucky, the laws of the Commonwealth shall prevail and be controlling. The venue for any litigation related to this Ordinance or a Franchise shall be in the court of competent jurisdiction in Anderson County, Kentucky.

(I) This Ordinance and any Franchise awarded pursuant to it does not create a contractual relationship with or right of action in favor of a third party against either the Grantor or

the Grantee.


(J) At all times and under all circumstances the Grantee shall be obligated to do everything reasonably within its power to ensure that its customers in the City of Lawrenceburg receive uninterrupted service, unless such customer has elected interruptible service. The Grantee agrees to have facilities available in Lawrenceburg to accept payments from customers, to have sufficient personnel to reasonably provide customer services and emergency response to Lawrenceburg customers and to maintain a contact line that shall be available on a continuous basis.

PASSED AND APPROVED by the Board of Council of the City of Lawrenceburg, Kentucky at a regular business meeting on this the 8th day of May, 2017, with the Yea and Nay votes of the Board of Council as follows:


	Yea	Nay
Ken Evans	<u> X </u>	<u> </u>
George Geoghegan	ABSENT	<u> </u>
Steven Rucker	<u> X </u>	<u> </u>
Joseph Marshall, Sr.	<u> X </u>	<u> </u>
Wendy Shouse	ABSENT	<u> </u>
Bobby G. Durr	<u> X </u>	<u> </u>

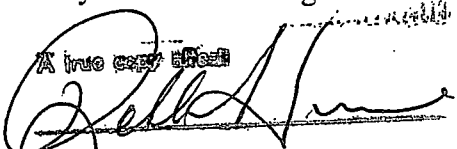
Given First Reading and Passed on April 10th, 2017.
Given Second Reading and Passed on May 8th, 2017.
Published in *The Anderson News* on May 24th, 2017.

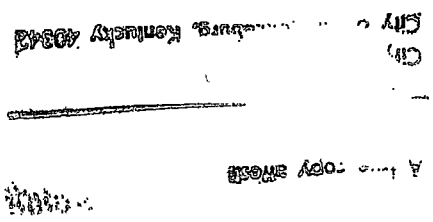
Approved:


Robert D. Goodlett, Mayor
City of Lawrenceburg

Attest:


Robbie T. Hume, City Clerk
City of Lawrenceburg


City Clerk
City of Lawrenceburg, Kentucky 40341



CITY OF LAWRENCEBURG

Robert D. Goodlett, Mayor

BY: Robert D. Goodlett, Mayor

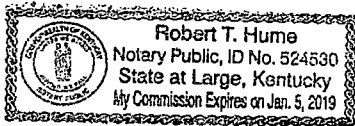
ATMOS ENERGY CORPORATION

V. Kevin Dobbs

BY: V. Kevin Dobbs, President KY Division

COMMONWEALTH OF KENTUCKY
COUNTY OF ANDERSON

This is to certify that the foregoing Franchise Agreement was sworn executed and subscribed before me by the City of Lawrenceburg, by and through its authorized agent, Robert D. Goodlett, Mayor, as the voluntary true act and deed of said Party on this the 25th day of September, 2017.



Robert T. Hume

NOTARY PUBLIC, Kentucky

Commonwealth at Large

My Commission Expires: 1/5/19

COMMONWEALTH OF KENTUCKY
COUNTY OF Anderson

This is to certify that the foregoing Franchise Agreement was sworn executed and subscribed before me by the Atmos Energy Corporation, by and through its authorized agent, V. Kevin Dobbs, as the voluntary true act and deed of said Party on this the 29 day of ~~August~~ September, 2017.

Roxanne R. Rytle

NOTARY PUBLIC, Kentucky

Commonwealth at Large

My Commission Expires: March 29, 2018