

HOUSE BILL 581

By Sparks

AN ACT to amend Tennessee Code Annotated, Title 5;
Title 6; Title 7 and Title 65, relative to franchises
for public utilities providing natural gas service.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 65-4-107, is amended by deleting subsection (b) and substituting instead the following:

(b)

(1) All terms, conditions, obligations, and rights of a privilege or franchise approved by the authority for the provision of natural gas service shall remain in effect until approval of a subsequent privilege or franchise by the authority.

(2) If one (1) of the parties to the privilege or franchise agreement desires to modify the agreement's terms after its expiration, the party desiring the modification must notify the authority and the other party to the agreement of the desire to negotiate a new privilege or franchise agreement.

(3) Upon notification of a party's desire to modify the terms of the privilege or franchise agreement, both parties shall enter into negotiations for a period not to exceed twelve (12) months.

(4) During the twelve-month negotiation period under subdivision (b)(3), the terms, conditions, obligations, and rights of the expired privilege or franchise agreement remain in effect.

(5) If during the negotiation period under subdivision (b)(3) a new privilege or franchise agreement is agreed upon by both parties, the local government shall prepare and pass an enacting ordinance. A copy of such

ordinance shall be provided to the affected public gas utility. After receiving the copy of the ordinance, the public gas utility shall include a copy of the ordinance in the utility's submission to the authority of its application for a new privilege or franchise.

(6) If no new agreement is entered into at the conclusion of the twelve-month negotiation period under subdivision (b)(3), the local government shall inform the authority and the public gas utility of its decision to condemn the facilities, terminate the privilege or franchise, or extend the negotiations.

(7) If the local government decides to continue negotiations, and after notification of such is provided to the authority and the public gas utility, negotiations shall continue for a period not to exceed twelve (12) additional months.

(8) During the twelve-month negotiation period under (b)(7), the terms, conditions, rights, and obligations of the expired privilege or franchise remain in effect.

(9) If during the negotiation period under subdivision (b)(7), a new privilege or franchise agreement is agreed upon by both parties, the local government shall prepare and pass an enacting ordinance, which shall be provided to the authority, and the authority must grant a new privilege or franchise for the time frame provided for in the agreement.

(10) If no new agreement is entered into at the conclusion of the twelve-month negotiation period under (b)(7), the local government shall inform the authority and the public gas utility of its decision to condemn the facilities, terminate the privilege or franchise, or pursue arbitration.

(11) If the local government decides to pursue arbitration, the terms, conditions, rights, and obligations of the expired privilege or franchise remain in effect until the arbitration is concluded and the authority grants a new franchise.

(12)

(A) Once an arbitration order is rendered, the local government shall prepare and pass an enacting ordinance that is consistent with the terms of the order. A copy of the ordinance shall be provided to the affected public gas utility. After receiving the copy of the ordinance, the public gas utility shall include a copy of the ordinance in the utility's submission to the authority of its application for a new privilege or franchise.

(B) Any decision reached during arbitration is final and binding on all parties.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.