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A resolution extending the license and franchise of Nashville Gas Company for an additional period.

WHEREAS, Nashville Gas Company, whose parent company is Piedmont Natural Gas, has held a franchise to sell and transport natural gas within the area of the Metropolitan Government since 1912. The franchise agreement was extended in 1950 and again in 1974; and,

WHEREAS, Ordinance No. BL2003-36 extended the license and franchise (the "Gas Franchise") of Nashville Gas Company for a period of ten years, beginning on the date of the approval of that ordinance at a referendum held on February 10, 2004; and,

WHEREAS, Ordinance No. BL2003-36 provides that the Gas Franchise may be extended for four additional five-year periods by resolution of the Metropolitan Council; and,

WHEREAS, Resolution No. RS2014-951 extended the Gas Franchise for the first of those four additional five-year periods, from 2014-2019; and,

WHEREAS, Resolution No. RS2019-1558 extended the Gas Franchise for the second of those four additional five-year periods, from 2019 to 2024; and,

WHEREAS, extension of the Gas Franchise for an additional five-year period (from 2024-2029) is in the best interests of the Metropolitan Government.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1: That the Gas Franchise is hereby affirmed, continued, and extended for an additional period of five years (from 2024-2029) in accordance with the terms of Ordinance No. BL2003-36.

Section 2: That this resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This resolution extends the existing license and franchise of the Nashville Gas Company for a five-year period in accordance with Ordinance No. BL2003-36.

Nashville Gas Company, which is owned by Piedmont Natural Gas, has possessed a franchise to sell and transport natural gas in Nashville and Davidson County since 1912. This franchise was further extended in 1950 and 1974.

BL2003-36 extended the license and franchise for a 10-year period starting on February 10, 2004, when voters ratified the franchise by referendum as required by the Metropolitan Charter. The ordinance provided that the license and franchise could be extended for four additional five-year periods by resolution. The Metropolitan Council has approved two of those extensions through Resolutions No. RS2014-951 and RS2019-1558.

The ordinance under consideration would extend the Nashville Gas Company license and franchise for a third five-year period from 2024 to 2029.

Fiscal Note: Under the existing agreement, Piedmont is required to pay Metro an annual franchise fee of 5% of its gross receipts from the sale, transportation, and distribution of gas. This 5% annual franchise fee amounted to $14.2 million in revenue to Metro for fiscal year 2023. In addition, Piedmont paid approximately $5.7 million in property taxes to Metro for fiscal year 2023.

The franchise fee will continue to remain in effect unless the Metropolitan Government grants a franchise to another company to sell, transport, and distribute gas.