

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

November 30, 2007

IN RE:

**APPLICATION OF COMMUNITY INITIATIVE FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY TO PROVIDE NATURAL GAS SERVICES
IN CERTAIN AREAS OF MACON COUNTY,
TENNESSEE (INCLUDING WITHIN THE CITY OF
RED BOILING SPRINGS); TO APPROVE THE
TRANSFER OF CUSTOMERS AND CERTAIN ASSETS
AND CUSTOMERS OF RBS GAS UTILITY, INC.; TO
APPROVE FRANCHISE FROM THE CITY OF RED
BOILING SPRINGS; TO CONFIRM CANCELLATION
OF SPECIAL CONTRACT OF RBS UTILITY, INC.;
AND TO SET RATES AND APPROVE TARIFF**

**DOCKET NO.
06-00281**

ORDER CLOSING DOCKET

This matter came before Chairman Sara Kyle, Director Pat Miller and Director Ron Jones of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on June 25, 2007 to consider closing the docket.

BACKGROUND

RBS Gas Utility, Inc. (“RBS”) began operating in receivership on May 19, 2006 when Receivership Management, Inc. (“RMI” or “Receiver”) was appointed by the court pursuant to a petition filed by the TRA in the Chancery Court for Macon County, Tennessee. Initially, the TRA obtained a temporary restraining order preventing Atmos Energy Marketing, LLC (“Atmos”) from terminating gas service to RBS for failure to

pay past gas costs. Thereafter, the TRA obtained an injunction from the court requiring Atmos to continue to supply gas to the Receiver as long as the Receiver paid for the gas supplied on a going forward basis. By the provisions of the injunction, Atmos could terminate gas service to the Receiver without any further action by the court if invoices were not promptly paid in full.

Following a court approved bidding process for the sale of RBS, Community Initiative (“CI” or “Petitioner”), a stand alone non-profit corporation, emerged as the successful bidder, making an offer of \$250,000 for the purchase of RBS’ assets. The sale of RBS to CI was conditioned upon CI becoming certificated as a public utility to provide natural gas service to the City of Red Boiling Springs (“City”) and obtaining a franchise from the City to operate the gas utility within the City’s municipal boundaries. CI’s bid of \$250,000 and the proposed sale to CI were approved by the court, as well as the liquidation of RBS subsequent to the closing of the sale, on September 15, 2006.

On November 13, 2006, CI filed the *Application of Community Initiative for a Certificate of Public Convenience and Necessity to Provide Natural Gas Services in Certain Areas of Macon County, Tennessee (Including Within the City of Red Boiling Springs); to Approve the Transfer of Customers and Certain Assets and Customers of RBS Gas Utility, Inc.; to Approve Franchise from the City of Red Boiling Springs; to Confirm Cancellation of Special Contract of RBS Utility, Inc.; and to Set Rates and Approve Tariff* (“Petition”). The hearing on the *Petition* was convened on January 8, 2007 but was continued to allow CI and Nestle Waters North America, Inc. to negotiate toward a mutually acceptable industrial rate.

The hearing was reconvened at the regularly scheduled Authority Conference on February 5, 2007, and CI was granted a CCN by the Authority following that hearing. The Authority's approval was conditioned upon a number of restrictions and/or requirements with which CI was mandated to comply including CI being awarded a franchise from the City.

After being delayed in November and December, CI's franchise came before the Red Boiling Springs City Council ("City Council") for approval on first reading on January 11, 2007. The vote to approve the franchise was unanimous. After that meeting concluded, however, due to concerns expressed by some council members, the Mayor called a special meeting for January 23, 2007 to consider either rescinding the vote to approve the franchise on first reading or to approve the franchise on second and final reading. A motion to approve the franchise on second reading failed at the January 23 meeting, and ultimately, a majority of the City Council voted against the franchise on February 8, 2007. Subsequently, on March 8, 2007, the City Council voted to purchase the assets of RBS from the Receiver and to operate the gas system as a municipal system. The Chancery Court approved the sale of the assets to the City on March 23, 2007. On March 13, 2007, CI filed a Notice with the TRA that it would not move forward with the application or its acquisition of the operating assets of RBS Utility, Inc. because the City Council did not pass the franchise ordinance.

FINDINGS AND CONCLUSIONS

The Authority reviewed the status of CI's CCN application at its regularly scheduled Authority Conference on June 25, 2007. The panel found that not only had CI failed to obtain a franchise from the City as required by the Authority's contingent

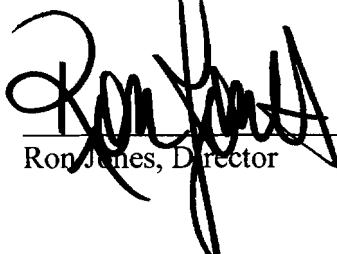
approval of CI's CCN but also that in light of the City's purchase of RBS' assets and its decision to operate a municipal gas system, there was no longer any need for CI to be certificated. Therefore, the panel voted unanimously to close Docket No. 06-00281.

IT IS THEREFORE ORDERED THAT:

Docket No. 06-00281 is hereby closed.


Sara Kyle, Chairman

 11-29-07
Pat Miller, Director


Ron Jones, Director