

Receivership Management, Inc.

215 Centerview Drive, Suite 133 Brentwood, TN 37027 (615) 370-0051 Fax (615) 373-4336

November 21, 2006

Darlene Standley, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

RE: Application of Community Initiative for a CCN to Provide Natural Gas Services in Certain Areas of Macon County, TN (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

Dear Ms. Standley:

This letter and the attached exhibits constitute our response to your data request of November 16, 2006. Our responses correspond to your numbered requests.

1. The total estimated man hours to bill RBS Customers on a monthly basis is as follows:
 - a. Meter Reading by Mr. Scott: 24 hrs. (8 hrs per day for 3 days = 24 hours)
 - b. Input of readings and issuance of bills by Ms. Forton: 24hrs.
(6hrs per day for 4 days = 24 hrs.)
 - c. Cut-offs and past dues
Mr. Scott: 8 hours
Ms. Forton: 3 hours
Mr. Moore: 2 hours
Combined totals (a+b+c): 61 hours
2. The total estimated man-hours to maintain the financial records of RBS appear to be 60 hours per month. This includes preparing deposits for and recording of customer payments in accounting register, payment and accounting for vendor invoices, payroll processing, bank account reconciliations, and analysis of general ledger account balances. This is based upon the September and October hours billed by Receivership Management, Inc for those services. This figure does not include any time from Tim Scott's regular work schedule, nor does it include the time spent by Macon Bank in taking new applications and bill payments. RBS pays a flat rate of \$50.00 per month to Macon Bank for its services.

3. The following are the estimated annual expenses for Insurance and ad valorem (property) taxes known to be paid by RBS Gas Utility in the past:

- Insurance: Property/Casualty/Liability: \$19,500 (See Exhibit A)
- Insurance: Health: Not provided
- Insurance: Workers Compensation: Not provided
- Ad valorem (property) taxes: City of Red Boiling Springs - \$4,050, Macon County - \$10,965
- Payroll taxes : See # 4 below
- Regulatory fees: None
- Depreciation – (See Exhibit B) Per the 2002 & 2003 tax returns depreciation was \$29,886 each year. An itemized list for the 2002 depreciation was attached to the 2002 return. No list was attached to the 2003 return. No depreciation was shown on the 2004 return. The 2005 return was prepared by RMI after the receivership was initiated. Because the year 2004 showed no depreciation, none was shown on the 2005 return.

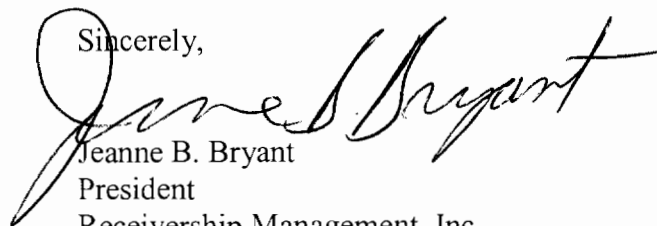
4. Please marked as Exhibit C a schedule computing Mr. Scott's salary and payroll taxes paid.

5. Attached please as collective Exhibit D the following contracts:

- a. Fidelity Search Enterprises (drug and alcohol testing—Contract exists but has not been found)
- b. Nestlé's contract
- c. Atmos contract

Should you have any questions concerning these responses, please do not hesitate to contact us at 615-370-0051.

Sincerely,



Jeanne B. Bryant
President
Receivership Management, Inc.
Receiver for RBS Gas Utility Inc.

Crump Insurance Services of Texas, Inc.

7557 Rambler Road, Suite 300, Dallas, Texas 75231-4163

Telephone (214) 363-7636

Facsimile (214) 691-5460



INSURANCE BINDER**Date of Issuance:** July 18, 2006**Binder Number:** 5332403**Binder Period:** From: 7/15/2006 12:01 A.M. To: 9/15/2006 12:01 A.M.
Standard Time at the address of the named insured stated herein.
This binder will be terminated upon delivery of formal policy(ies) or Certificate(s).

In accordance with your instructions and in reliance upon the statements made in your application, insurance is effective as follows:

Insurer(s): Landmark American Insurance Co.**Assigned Policy(ies) or Certificate(s) Number(s):** LHA104370**Insured Name:** ☒ **Red Boling Springs Gas Utility, Inc.****Mailing Address:** P. O. Box 2307
Brentwood TN 37024**Policy Period:** From: 7/15/2006 12:01 A.M. To: 7/15/2007 12:01 A.M.
Standard Time at the address of the named insured stated herein.
This binder will be terminated upon delivery of formal policy(ies) or Certificate(s).

Coverage Type	Premium
Commercial General Liability	\$19,500.00

Total fees & taxes

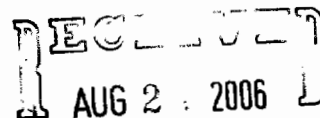
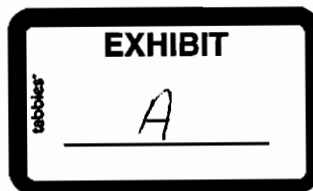
Fees (Fully Earned)	\$500.00
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Conditions and/or exclusions:

Each Occurrence:	\$1,000,000
General Aggregate:	\$2,000,000
Products/Comp. Oper.	\$2,000,000
Personal Injury and Advertising Limit:	\$1,000,000

Deductible:

Each Occurrence: \$5,000 Aggregate: Defense Inside Deductible



BY:.....

Policy Attachments

- Additional Insured - Blanket - Primary - RSG 15016 0406
- Amendment of Insured Contract Definition CG 2426 0704
- Commercial General Liability Coverage Form CG 00 01 10 01
- Common Policy Conditions IL 00 17 11 98
- Deductible Liability Insurance - RSG 14012 1104
- Exclusion - Absolute Asbestos - RSG 16004 0903
- Exclusion - Cross Suits - RSG 16014 0604
- Exclusion - Damage to Premises Rented to You CG 21 45 07 98
- Exclusion - EIFS - RSG 16021 0903
- Exclusion - Electronic Data - RSG 16092 1105
- Employment-Related Practices Exclusion CG 21 47 07 98
- Exclusion - Failure to Supply CG 22 50 11 88
- Fungi or Bacteria Exclusion CG 21 67 04 02
- Exclusion - Lead - RSG 16032 0903
- Exclusion - Medical Payments - RSG 16034 0903
- Exclusion - New York (CGL) - RSG 16057 0903
- Nuclear Energy Liability Exclusion Endorsement IL 00 21 07 02
- Exclusion - Pre-Existing Damage or Injury - RSG 16039 0903
- Exclusion - Residential Work Except Remodel - Repair and Apartments - RSG 16070 0105
- Exclusion - Silica or Mixed Dust - RSG 6080 0304
- Exclusion - Violation of Statutes That Govern E-Mails, Fax, Phone Calls - RSG 16086 1004
- Exclusion - War or Terrorism - CGL - RSG 16051 0903
- Exclusion - Wrap Up - RSG 16054 0903
- Insurance Requirement All Work Performed On Behalf Of Any Insured - RSG 14022 0706
- Minimum Premium and Minimum Retained Premium - CGL/PCO - RSG 14024 0903
- Service of Suit - RSG 94022 0903
- State Fraud Statement - RSG 99022 0105
- Tennessee Surplus Lines Disclosure Notice - RSG 99094 0106

Premium Amount:

Prem Annual Min & Deposit: \$19,500.00

Minimum Earned Premium: \$4,875.00

Adjustable at rate of: \$19.50

Per: \$1,000/Gross Sales

Based on Estimate Of: \$1,000,000

SUBJECT TO:

THE FOLLOWING ITEMS MUST BE RECEIVED WITHIN 15 DAYS OF BINDING

1. Estimated Sales
2. Historical Sales for the Past 5 Years
3. Contractors Supplemental App
4. Company Loss Runs for the Past 5 Years

Tax Responsibility: Agent

Minimum Earned Premium Percent: 25.00%

Minimum Earned Premium Amount: \$4,875.00

Producer:

Reed Brothers Insurance Group
P.O. Box 9
132 Public Square
Columbia KY 42728



BY: _____

Cancellation: This binder may be cancelled by the insured by surrender thereof to Crump Insurance Services of Texas, Inc. or any of its authorized representatives, or by mailing to Crump Insurance Services of Texas, Inc. written notice stating when thereafter the cancellation shall be effective. **THE INSURANCE UNDER THIS BINDER CANNOT BE CANCELLED FLAT;** earned premium must be paid for the time that insurance has been in force. This binder may be cancelled by Crump Insurance Services of Texas, Inc. by mailing to the insured at the address stated on this binder, written notice stating when not less than ten (10) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. Delivery of such written notice either by the insured or by Crump Insurance Services of Texas, Inc. shall be equivalent to mailing. In the event of cancellation by the insured, the earned premium will be computed short-rate in accordance with the company's customary short-rate table, subject to a minimum premium if applicable, and if cancelled by the insurer(s), the earned premium will be computed pro-rata.

The insurance provided is controlled by the terms, conditions, and limitations of the policy(ies) or certificate(s) in current use by the Insurer(s) unless otherwise specified.

This binder is based upon fax and/or mail and/or telephone and/or e-mail advices from the insurer(s) and is issued by the undersigned shown above without any liability whatsoever as an insurer.

Terms of this binder which are in conflict with the statutes of any State, Province or Territory wherein this binder is issued are hereby amended to conform to such statutes.

Federal 1120 Depreciation Report
Alternative Minimum Tax

Activity Form 1120 Line 20 - 2002

Passive adjustment Passive preference

Description	Real	Passive	AMT Cost	AMT Life	AMT Depr	AMT Adj
			AMT Basis	AMT Mthd	AMT Prior	AMT Pref
MEASURING & REG ST. EQUIP-	<input type="checkbox"/>	<input type="checkbox"/>	56,134.	5.00		
			56,134.	SL	37,330.	
SERVICES	<input type="checkbox"/>	<input type="checkbox"/>	188,196.	5.00		
			188,196.	SL	123,113.	
METERS	<input type="checkbox"/>	<input type="checkbox"/>	24,853.	5.00		
			24,853.	SL	16,529.	
METER ADDITIONS	<input type="checkbox"/>	<input type="checkbox"/>	1,275.	5.00		
			1,275.	SL	806.	
METER INSTALLATION	<input type="checkbox"/>	<input type="checkbox"/>	18,299.	5.00		
			18,299.	SL	12,169.	
METER BASE	<input type="checkbox"/>	<input type="checkbox"/>	650.	5.00		
			650.	SL	405.	
HOUSE REGULATORS	<input type="checkbox"/>	<input type="checkbox"/>	11,700.	5.00		
			11,700.	SL	7,780.	
HOUSE REGULATORS-INSTALLAT	<input type="checkbox"/>	<input type="checkbox"/>	3,600.	5.00		
			3,600.	SL	2,394.	
INDUSTRIAL MEAS & REG STAT	<input type="checkbox"/>	<input type="checkbox"/>	17,612.	5.00		
			17,612.	SL	11,710.	
OFFICE FURNITURE AND EQUIP	<input type="checkbox"/>	<input type="checkbox"/>	5,528.	5.00		
			5,528.	SL	3,916.	
COPIER	<input type="checkbox"/>	<input type="checkbox"/>	636.	5.00		
			636.	SL	399.	
TOOLS, SHOP & GARAGE	<input type="checkbox"/>	<input type="checkbox"/>	10,797.	5.00		
			10,797.	SL	7,179.	
TESTING EQUIPMENT	<input type="checkbox"/>	<input type="checkbox"/>	3,316.	5.00		
			3,316.	SL	2,012.	
METER INSTALLATION	<input type="checkbox"/>	<input type="checkbox"/>	1,494.	5.00		
			1,494.	SL	930.	
DEBT DISCOUNT	<input type="checkbox"/>	<input type="checkbox"/>	14,999.			
ORGANIZATIONAL COSTS	<input type="checkbox"/>	<input type="checkbox"/>	32,872.			
FRANCHISE AND CONSENTS	<input type="checkbox"/>	<input type="checkbox"/>	90,000.			
SERVICES--ADDITIONS	<input type="checkbox"/>	<input type="checkbox"/>	266.	5.00		
			266.	SL		
MAINS	<input type="checkbox"/>	<input type="checkbox"/>	1,010,718.	5.00		
			1,010,718.	SL	650,240.	
COMPUTER	<input type="checkbox"/>	<input type="checkbox"/>	2,070.	5.00		
			2,070.	SL		
FAX MACHINE	<input type="checkbox"/>	<input type="checkbox"/>	798.	7.00		
			798.	SL	171.	

Total

1,495,813.
1,357,942.

877,083.

EXHIBIT

tabbles

B

Federal 1120 Depreciation Report
Adjusted Current Earnings

Activity Form 1120 Line 20 - 2002

Passive adjustment

Description	ACE Cost	Depreciation before TY 1990	ACE Depreciation	
	ACE Basis	ACE Life	ACE Prior	ACE Adj
MEASURING & REG ST. EQUIP-CI	56,134.			
	56,134.	5.0000	56,134.	
SERVICES	188,196.			
	188,196.	5.0000	188,196.	
METERS	24,853.			
	24,853.	5.0000	24,853.	
METER ADDITIONS	1,275.			
	1,275.	5.0000	1,275.	
METER INSTALLATION	18,299.			
	18,299.	5.0000	18,299.	
METER BASE	650.			
	650.	5.0000	559.	
HOUSE REGULATORS	11,700.			
	11,700.	5.0000	11,700.	
HOUSE REGULATORS-INSTALLATIO	3,600.			
	3,600.	5.0000	3,600.	
INDUSTRIAL MEAS & REG STATION	17,612.			
	17,612.	5.0000	17,612.	
OFFICE FURNITURE AND EQUIPME	5,528.			
	5,528.	5.0000	5,528.	
COPIER	636.			
	636.	5.0000	548.	
TOOLS, SHOP & GARAGE	10,797.			
	10,797.	5.0000	10,797.	
TESTING EQUIPMENT	3,316.			
	3,316.	5.0000	2,846.	
METER INSTALLATION	1,494.			
	1,494.	5.0000	1,285.	
DEBT DISCOUNT	14,999.			
ORGANIZATIONAL COSTS	32,872.			
FRANCHISE AND CONSENTS	90,000.			
SERVICES--ADDITIONS	266.			
MAINS	1,010,718.			
	1,010,718.	5.0000	1,010,718.	
COMPUTER	2,070.			
FAX MACHINE	798.			
Total	1,495,813.			
	1,354,808.		1,353,950.	

Federal 1120 Depreciation Report
Adjusted Current Earnings

Activity Form 1120 Line 20 - 2002

Passive adjustment

Description	ACE Cost	Depreciation before TY 1990	ACE Depreciation	
	ACE Basis	ACE Life	ACE Prior	ACE Adj
MEASURING & REG ST. EQUIP-CI	56,134.			
	56,134.	5.0000	56,134.	
SERVICES	188,196.			
	188,196.	5.0000	188,196.	
METERS	24,853.			
	24,853.	5.0000	24,853.	
METER ADDITIONS	1,275.			
	1,275.	5.0000	1,275.	
METER INSTALLATION	18,299.			
	18,299.	5.0000	18,299.	
METER BASE	650.			
	650.	5.0000	559.	
HOUSE REGULATORS	11,700.			
	11,700.	5.0000	11,700.	
HOUSE REGULATORS-INSTALLATIO	3,600.			
	3,600.	5.0000	3,600.	
INDUSTRIAL MEAS & REG STATION	17,612.			
	17,612.	5.0000	17,612.	
OFFICE FURNITURE AND EQUIPME	5,528.			
	5,528.	5.0000	5,528.	
COPIER	636.			
	636.	5.0000	548.	
TOOLS, SHOP & GARAGE	10,797.			
	10,797.	5.0000	10,797.	
TESTING EQUIPMENT	3,316.			
	3,316.	5.0000	2,846.	
METER INSTALLATION	1,494.			
	1,494.	5.0000	1,285.	
DEBT DISCOUNT	14,999.			
ORGANIZATIONAL COSTS	32,872.			
FRANCHISE AND CONSENTS	90,000.			
SERVICES--ADDITIONS	266.			
MAINS	1,010,718.			
	1,010,718.	5.0000	1,010,718.	
COMPUTER	2,070.			
FAX MACHINE	798.			
Total	1,495,813.			
	<u>1,354,808.</u>		<u>1,353,950.</u>	

Form 4562

Special Depreciation Allowance Report

Activity: Form 1120 Line 20 - 2002

Description	In Service	Cost	Eligible Basis	Spcl Depr Allow
MEASURING & REG ST. EQUIP-CITY GATE	11/01/91	56,134.		
SERVICES	11/01/91	188,196.		
METERS	11/01/91	24,853.		
METER ADDITIONS	12/01/92	1,275.		
METER INSTALLATION	11/01/91	18,299.		
METER BASE	03/19/93	650.		
HOUSE REGULATORS	11/01/91	11,700.		
HOUSE REGULATORS-INSTALLATION	11/01/91	3,600.		
INDUSTRIAL MEAS & REG STATION	11/01/91	17,612.		
OFFICE FURNITURE AND EQUIPMENT	11/01/91	5,528.		
COPIER	05/28/93	636.		
TOOLS, SHOP & GARAGE	11/01/91	10,797.		
TESTING EQUIPMENT	10/08/93	3,316.		
METER INSTALLATION	04/01/93	1,494.		
DEBT DISCOUNT	11/01/91	14,999.		
ORGANIZATIONAL COSTS	11/01/91	32,872.		
FRANCHISE AND CONSENTS	11/01/91	90,000.		
SERVICES--ADDITIONS	03/01/94	266.		
MAINS	11/01/91	1,010,718.		
COMPUTER	10/11/95	2,070.		
FAX MACHINE	02/12/96	798.		

Total

1,495,813.

RBS ASSETS

SUBJECT TO DEPRECIATION: METERING & DISTRIBUTION:

	IN SERVICE	COST	TYPE & MTHD	LIFE	PRIOR	2003
Measuring & reg st. Equip. city gate	11/1/1991	56,134	NP-SL	33	18941	1,701
Installation services	11/1/1991	188,196	NP-SL	40	52541	4,705
Meters	11/1/1991	24,853	NP-SL	33	8386	753
Meter additions	12/1/1991	1,275	NP-SL	33	391	39
Meter installations	11/1/1991	18,299	NP-SL	33	6178	555
Meter base	3/19/1993	650	NP-SL	33	195	20
House regulators	11/1/1991	11,700	NP-SL	33	3951	355
House regulators installation	11/1/1991	3,600	NP-SL	33	1214	109
Industrial meas& reg station	11/1/1991	17,612	NP-SL	33	5944	534
Tools, shop & garage	11/1/1991	10,797	NP-SL	33	3642	327
Testing equipment	10/8/1993	3,316	NP-SL	33	922	100
Meter installations	4/1/1993	1,494	NP-SL	33	438	45
Service additions	3/1/1994	266	NP-SL	40	140	7
Mains	11/1/1991	1,010,718	NP-SL	50	225240	20,214

1,348,910
1,634

2003 addition - meters

Administrative office Equip:

Office Furniture & Equip	11/1/1991	5,528	NP-SL	20	3082	276
Copier	5/28/1993	636	NP-SL	20	306	32
Computer	10/11/1995	2,070	MACRS-SL	5	2070	0
Fax machine	2/12/1996	798	MACRS-SL	7	741	114

9,032

2003 Additions:

Computer & printer
4,119

SUBJECT TO AMORTIZATION:

Debt discount	11/1/1991	14,999	AMORT	20	8375	750
Organization costs	11/1/1991	32,872	AMORT	20	18358	1644

29,885

Franchise & consents

11/1/1991	<u>90,000 AMORT</u>	20	<u>50252</u>	<u>4500</u>
	<u>137,871</u>			<u>6894</u>

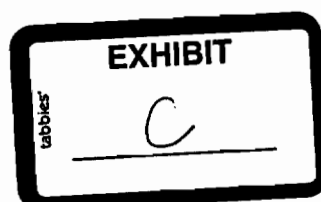
GRAND TOTAL

<u>1,495,813</u>	<u>411307</u>	<u>36,779</u>
		<u>448,086</u>

RBS GAS UTILITY INC - PAYROLL EXPENSE

TIME SCOTT SALARY

SALARY PER WEEK	\$ 505.00	x	52	\$ 26,260.00	ANNUALIZED WEEKLY SALARY
NON ACCOUNTABLE EXPENSE ALLOWANCE				<u>\$ 1,500.00</u>	
				<u>\$ 27,760.00</u>	TOTAL ANNUAL SALARY
EMPLOYER FICA & MC TAX @ 7.65%				<u>\$ 2,123.64</u>	
EMPLOYER FUTA @ .008 ON 1ST \$7,000				<u>\$ 56.00</u>	
EMPLOYER SUTA @ 2.70% ON 1ST \$7,000				<u>\$ 189.00</u>	



Fidelity Search Enterprises (LSB)

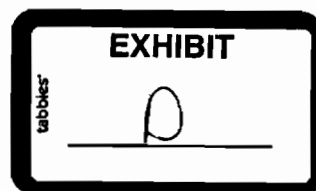
Contact: Jess June

1029 Campbell St.; Jackson, TN 38301

Phone: 731-422-9911

Fax: 731-422-4527

Email: fsejax@usit.net



NATURAL GAS PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is dated July 1, 2003, and is entered into by and between RBS Gas Utility, Inc., ("Buyer") and Woodward Marketing, L.L.C., a Delaware limited liability corporation, ("Seller"), hereinafter also referred to as the "Parties."

WITNESSETH

Whereas, Seller, for itself or as agent for others, has firm natural gas supplies available for sale; and

Whereas, subject to the terms and conditions hereinafter set forth, Buyer desires to purchase firm natural gas supplies from Seller on the terms set forth herein;

Now, therefore, in consideration of the premises and of the mutual covenants hereinafter set forth, Buyer and Seller covenant and agree as follows:

ARTICLE I

Definitions

1.1 Contract Year shall mean a period of twelve (12) calendar Months commencing at 9:00 a.m. Central Time on July 1 of any calendar year and ending at 9:00 a.m. Central Time on July 1 of the following calendar year; provided, however, that the first Contract Year hereunder shall commence on July 1, 2003, and shall end on July 1, 2004.

1.2 Dekatherm shall mean the quantity of heat energy which is one million (1,000,000) British thermal units.

1.3 Day shall mean a period of time commencing at 9:00 a.m. Central Time and ending twenty-four (24) consecutive hours thereafter at 9:00 a.m. Central Time on the next succeeding calendar day.

1.4 Delivery Point shall mean the TETCO city gate meter station of Buyer for deliveries of Gas (#72828), or such other Delivery Point as may be mutually agreed upon in writing by Buyer and Seller.

1.5 Gas shall mean natural gas including gas well gas, casinghead gas and residue therefrom.

1.6 Index Price shall mean, for each Month: (i) one hundred and three percent (103%) of the last day settlement price for the New York Mercantile Exchange ("NYMEX") for such Month; or (ii) such other price or price formula that the Parties, each in the exercise of its sole discretion, may mutually agree in writing to establish as the Index Price pursuant to the terms

hereof. In the event the NYMEX ceases to trade the natural gas futures contract, the Index Price shall be established by a method mutually agreeable to both Parties.

1.7 Alternative Price shall mean the alternative price as determined in Section 3.2 herein.

1.8 Month shall mean the period of time commencing at 9:00 a.m. Central Time on the first Day of a calendar month and ending at 9:00 a.m. Central Time on the first Day of the next succeeding calendar month.

1.9 TETCO shall mean the pipeline Texas Eastern Transmission Corporation.

1.10 TETCO Cashout Price shall mean the price mechanism for the volume difference between scheduled volumes and actual volumes as established in Article VIII of the General Terms and Conditions of the current TETCO Gas Tariff on file with the Federal Energy Regulatory Commission ("FERC").

1.11 Transportation Charges shall mean an amount per Dekatherm equal to the amount charged by TETCO to transport Gas to the Delivery Point from the ELA receipt point under the Interruptible Transportation Rate Schedule and any associated costs incurred by Seller, including but not limited to: (i) surcharges approved for the pipelines by the FERC and paid by Seller, such as GRI, ACA, and take-or-pay surcharges; and (ii) fuel and shrinkage costs associated with the transportation by each pipeline. Such costs or charges paid directly by Buyer to the pipelines shall not be included in "Transportation Charges."

1.12 Initial Nomination shall mean the nomination of estimated daily Gas usage for a Month as provided on the 20th Day or first business Day thereafter of the preceding Month.

1.13 Subsequent Nomination shall mean any nomination change made after the Initial Nomination.

ARTICLE II

Quantity

2.1 Quantity. Subject to Sections 2.3 and 2.3, Seller agrees to sell and deliver to Buyer on a firm basis, and Buyer agrees to purchase and receive from Seller at the Delivery Point, one hundred percent (100%) of Buyer's usage requirements.

2.2 Flow Rates. Deliveries and receipts shall be at uniform hourly and daily rates of flow as nearly as practicable. Changes in rates of flow shall result from the Parties' mutual

agreement or Force Majeure. All changes in rates of flow, other than those due to Force Majeure events, shall be communicated to the other Party at least 24-hours prior to the effective change.

2.3 Nominations and Deliveries. Buyer agrees to give Seller notice of its Initial Nomination for the following Month in writing, subject to the provisions of Section 3.2, on or before the twentieth (20th) Day or the first business Day thereafter of each Month. Buyer shall have the right to change its nomination for any Month prospectively at any time during the Month by giving Seller written notice by facsimile or other means, provided such notice is received by Seller no later than 8:00 a.m. Central Time on the Day preceding Buyer's receipt of any change in nomination quantity.

If Buyer fails to notify Seller of the Initial Nomination or subsequent nomination changes during the flow Month, Seller shall use its best efforts to estimate and nominate Buyer's Gas usage requirements. These nominations shall be deemed to be authorized by Buyer. Subsequent Nominations are subject to Sections 3.3 and 3.4.

Seller shall not be responsible for any imbalance or other transportation related cost, cash out, or penalty if such cost or penalty results from Buyer's failure to advise Seller of Buyer's daily or monthly load swings, provided, however, that Seller shall use reasonable and diligent efforts to avoid the imposition of imbalance or other transportation related costs, cash outs, or penalties to the extent that Seller is able to do so by utilizing Seller's transportation agreements with TETCO to balance transportation volumes that Seller has transported for Buyer.

ARTICLE III

Price

3.1 Prices. Subject to the provisions of Section 2.3 and Sections 3.2, 3.3 and 3.4, Buyer shall pay to Seller for each Dekatherm of Gas sold and delivered to Buyer each Month the Index Price for such Month plus ten cents (\$.10) plus the then-current TETCO tariff rate for transportation and fuel loss for transportation from the East Louisiana (ELA) receipt point to the city gate meter located in market Zone 1 (M1).

3.2 Alternative Price Tied to New York Mercantile Exchange Postings. Buyer shall have the option of entering into good faith negotiations with Seller to determine an alternative pricing mechanism to establish a delivered price that is tied to postings for natural gas futures on the NYMEX. Such alternative pricing mechanism would be utilized at the option of and for periods and Gas Quantities chosen by Buyer; provided that neither Party shall be obligated to agree to an alternative price or pricing mechanism. If agreed to prior to commencement of this Agreement, the agreement concerning such alternative pricing mechanism shall be set forth in Exhibit A of this Agreement, the terms of which shall be approved by each of the Parties hereto in such Party's sole discretion. Future Agreements concerning such alternative pricing shall be set forth in a written amendment to this Agreement. The Initial Nomination for any Month shall

not be less than the volume priced at the Alternative Price for such Month ("Alternative Price Quantity"). If the Initial Nomination exceeds the Alternative Price Quantity for a Month, the difference between the Initial Nomination and the Alternative Price Quantity shall be priced as set forth in Section 3.1 above.

3.3 Volumes consumed in excess of Initial Nominations. Any volumes taken by Buyer in excess of the Initial Nomination may, at Seller's option, be sold to Buyer at (i) the TETCO cashout price for that particular delivery zone as established by TETCO for such Month or (ii) the mid-point index as published by the Gas Daily Daily Price Survey under the price entitled Louisiana – Onshore South, Texas Eastern (ELA) for the applicable Day of Gas flow, plus the Transportation Charges as defined in TETCO's tariff under the Interruptible Rate Schedule for transportation from ELA to M1.

3.4 Volume deficit between Initial Nomination and Actual Deliveries. Any volumes that were initially nominated for delivery to Buyer and were not taken by Buyer shall be priced in the following manner. The difference between the Initial Nomination and the volume actually taken by Buyer each Day during a Month shall be multiplied by the difference between (i) the Index Price or the Alternative Price (whichever is applicable) for such Month and the mid-point index as published by the Gas Daily Daily Price Survey under the price entitled Louisiana – Onshore South, Texas Eastern (ELA) for the applicable Day of Gas flow, or at Seller's option, (ii) the Index Price or the Alternative Price (whichever is applicable) for such Month and the TETCO cashout price for that particular delivery zone as established by TETCO for such Month. This amount shall be debited or credited to Buyer's invoice for that Month.

3.5 Transportation Charges Refunds. If Seller pays pipeline Transportation Charges that are subject to refund, that portion of Buyer's payment to Seller attributable to such Transportation Charges also shall be subject to refund. If pipeline subsequently makes refunds to Seller for Transportation Charges for which Seller has been paid by Buyer hereunder, Seller shall pay Buyer the amount of the refund, including any applicable interest, within thirty (30) Days of the date upon which Seller receives such refund from the respective pipeline.

3.6 Renegotiation of Prices. So long as this Agreement shall remain in force and effect, Buyer and Seller may negotiate a mutually agreeable Alternative Price for deliveries hereunder. If Buyer and Seller, in the exercise of their sole discretion, are unable to reach mutual agreement as to the Alternative Price for such deliveries, the Gas delivered by Seller to Buyer shall be priced according to Sections 3.1, 3.3 and 3.4 above, as applicable.

ARTICLE IV

Delivery Points and Transportation

Transportation Arrangements. Subject to the provisions of Sections 5.1, 12.1, and 12.3 hereof, delivery of all Gas hereunder at the Delivery Point shall be firm. Seller shall deliver Gas

hereunder utilizing, among other transportation arrangements, transportation service under an agreement between Seller and TETCO. Seller shall provide Buyer with a copy of said agreement, if requested, and any amendments thereto which may be executed from time to time. Buyer shall pay or reimburse Seller for all transportation charges, unless Buyer has negotiated a transportation inclusive price for deliveries to the city gate meters set forth in Exhibit A.

ARTICLE V

Transportation and Penalties

5.1 Transportation by TETCO. The effective rules, guidelines, and policies of the pipeline under its FERC Gas Tariff applicable to transportation of Gas covered hereby, as may be changed from time to time, shall define and set forth, among other things, the manner in which Gas purchased or sold hereunder is transported. The receipt and delivery in the pipeline facilities of Gas purchased or sold hereunder shall be subject to the operational procedures of the pipeline. Should Seller utilize interruptible transportation in order to effectuate deliveries hereunder, and Seller has not utilized all firm capacity of Buyer, then such capacity interruption shall not relieve Seller of its obligations hereunder unless such obligations are excused by Force Majeure as defined in Article XII. Buyer and Seller shall be obligated to use commercially reasonable efforts to avoid the imposition by the pipeline of penalties or charges for imbalances, nominations, or scheduling.

5.2 Allocation of Penalties Imposed by pipelines. If during any Month Buyer or Seller receives an invoice from the pipeline which includes a penalty or charge (including the portion of any cash out that would be adverse to the Party upon which such cash out is imposed) for imbalances, nominations, or scheduling, both Parties shall be obligated to use commercially reasonable efforts to determine the validity and the cause of same. As between the Parties: (i) any penalty or charge imposed as a result of Buyer's actions (which shall include, but shall not be limited to, Buyer's failure to accept quantities of Gas equal to Buyer's nomination of its volume requirements), shall be the responsibility of the Buyer; and (ii) any penalty or charge imposed as a result of Seller's actions (which shall include, but not be limited to, Seller's failure to deliver quantities of Gas equal to Buyer's volume requirements as timely nominated pursuant to Section 2.3 hereof) shall be the responsibility of the Seller.

ARTICLE VI

Quality and Measurement

6.1 Quality. Buyer shall not be obligated to take Gas tendered for delivery hereunder unless such Gas is merchantable Gas which will meet all specifications required by pipeline.

6.2 Measurement. Measurement of Gas purchased hereunder shall be made and the heating value thereof shall be determined on a dry basis at the Delivery Point(s) in accordance with procedures required by pipeline.

ARTICLE VII

Default

7.1 Buyer's Damages. In the event Seller fails to deliver the quantity of Gas that Buyer has timely nominated pursuant to Section 2.3 hereof and Seller is obligated to sell hereunder or in the event that all or a portion of the Gas tendered by Seller fails to conform to the quality specifications of Section 6.1 of this Agreement, and such failure is not excused by Force Majeure or by Buyer's failure to perform its obligations hereunder, and Buyer purchases Gas to replace such volumes not delivered or not meeting said specifications from third-party supplier(s) during the Month of non-delivery, then Seller shall pay Buyer damages equal to the difference in the total dollar amount Buyer would have paid hereunder and the total dollar amount Buyer actually paid for alternate Gas supplies (less expenses saved in consequence of Seller's breach), including, but not limited to, all Transportation Charges and penalties assessed by any pipeline to reflect the quantity not delivered hereunder after deducting any make-up quantities agreed upon by the Parties hereto and received from Seller at the price hereunder for the period in question. Buyer shall use its best efforts to acquire such replacement Gas at the lowest available price. Seller shall not be obligated for damages resulting from business interruption or incidental, consequential, or punitive damages as a result of failure to deliver Gas hereunder so long as Seller complies with its obligations under Section 12.5 hereof.

7.2 Seller's Damages. In the event that in any Month Buyer shall purchase, pay for, and receive a volume of Gas less than the volume initially nominated for such Month pursuant to Section 2.3 of this Agreement. Seller's damages shall be equal to the difference between (a) the total dollar sum that Seller would have been entitled to receive hereunder if Buyer had purchased the nominated volume, and (b) the total dollar sum Seller actually received hereunder plus all Transportation Charges, if any, and penalties and losses resulting from cash outs incurred in connection therewith. Seller shall use its best efforts to sell excess volumes at the highest price so as to mitigate Buyer's damages.

7.3 Statement of Buyer's Damages. In the event damages occur to Buyer under Section 7.1 of this Agreement, then within thirty (30) Days after the actual delivered quantities are confirmed by their applicable transporter(s), Buyer shall submit to Seller a statement detailing: (i) the quantity of Gas that Buyer timely nominated pursuant to Section 2.3 hereof and Seller was obligated to sell hereunder; (ii) the actual volumes delivered by Seller hereunder; (iii) the quantity of replacement Gas acquired by Buyer; (iv) the amount and description of costs incurred by Buyer for such replacement Gas; and (v) Buyer's damages. Within thirty (30) Days after the receipt of such statement, Seller shall reimburse Buyer by wire transfer for all of Buyer's costs and damages.

7.4 Statement of Seller's Damages. In the event damages occur to Seller under Section 7.2 of this Agreement, then Seller shall submit to Buyer a statement detailing: (i) Seller's calculation of its damages under Section 7.2 of this Agreement or (ii) the quantity of Gas that Buyer is obligated to purchase and receive in a subsequent Month at the Index Price for the Month in which Buyer was obligated to take such Gas as set forth in Section 7.2 of this Agreement. Within thirty (30) Days after the receipt of such statement under (i) above, Buyer shall reimburse Seller by wire transfer for all of Seller's damages.

ARTICLE VIII

Term

Term. The initial term of this Agreement shall commence on the effective date of this Agreement, and shall end on July 1, 2006. It shall continue from year to year thereafter unless canceled by either Party by written notice at least ninety (90) Days prior to the beginning of a Contract Year; provided, however, that if one or more amendments to Exhibit A are in effect, termination under this Article VIII shall not be effective until the expiration of the contract term of such amendment.

ARTICLE IX

Warranty of Title, Passage of Title, Risk of Loss, Taxes and Indemnification of Buyer

9.1 Indemnification and Warranty of Title. Seller warrants that it shall, at the time of delivery, have good title to all Gas sold or delivered by it to Buyer free from liens and substantial adverse claims of any kind and that it will at such time of delivery have the right to sell or deliver said Gas. Seller shall save and hold Buyer harmless against all loss, damage, and expense of every character due to adverse claims on Gas delivered by it.

9.2 Transfer of Title and Risk of Loss. As between Seller and Buyer, title to and risk of loss for Gas sold and delivered hereunder shall pass to Buyer upon actual delivery of the Gas at the Delivery Point. The Party delivering Gas hereunder shall be in full control and possession of the Gas and responsible for any damage or injuries caused thereby until the Gas is delivered to the Party receiving Gas or its designee at the Delivery Point, except for injuries and damage which shall be caused by the negligence of the Party receiving the Gas hereunder.

9.3 Taxes. Seller shall pay or cause to be paid all taxes and other sums due on production and transportation of the Gas to the Delivery Point. The price hereunder is inclusive of all production, severance, ad valorem, or similar taxes levied on the production of the Gas prior to its delivery to or for the account of Buyer hereunder. All such taxes shall be paid by Seller directly to the taxing authority unless Buyer is required by law to collect and remit such

taxes, in which event Buyer shall withhold any amounts so remitted from payments to Seller. In those states in which Buyer, as the first purchaser, is required to remit taxes or file a response, upon request Seller shall provide Buyer with any necessary additional information. The price does not include sales, use, transportation, Btu, or gross receipts taxes arising at the time of delivery and/or title passage of Gas sold hereunder to Buyer. As of the effective date of this Agreement, no such sales, use, transportation, Btu or gross receipts taxes exist. Seller shall be responsible for remitting such sales, use, transportation, Btu, or gross receipts taxes to the taxing authority; Buyer shall reimburse Seller for all amounts so paid by Seller upon receipt of Seller's separate invoice to Buyer. Buyer generally is entitled to purchase Gas free from such taxes and shall, upon request, furnish Seller with any applicable exemption certificates.

ARTICLE X

Billing and Payment

10.1 Billing and Payment. Seller shall invoice Buyer on or before the tenth (10th) Day of each Month for deliveries made in the prior Month and for all other amounts for which Buyer may be liable hereunder. Buyer will pay Seller on or before the twenty-fifth (25th) Day of the Month immediately following the delivery Month or within ten (10) Days after the receipt of Seller's statement, whichever is later. Late payments shall accrue interest from the payment date at the then current prime interest rate at Chase Manhattan Bank, New York, or at the maximum non-usurious rate of interest, whichever is less. Payments shall be sent to the address set forth on Exhibit A hereto.

10.2 Transportation Charges. Transportation Charges included in the prices provided for herein shall be itemized and included with Seller's monthly billing statement.

10.3 Adjustments. Subsequent to any bill having been paid, if any overcharge or undercharge in any form whatsoever shall be found, Seller shall refund the amount of any overcharge received by Seller, and Buyer shall pay the amount of any undercharge due Seller within thirty (30) Days after final determination thereof, provided, however, no retroactive adjustment will be made for any overcharge or undercharge identified or objected to for the first time after a period of the later of: (i) twenty four (24) Months from the last Day of the calendar year in which the invoice reflecting the overcharge or undercharge was issued; or, (ii) the period of time with respect to which the FERC or a reviewing court requires adjustments to the pipeline's rates to be made.

ARTICLE XI

Financial Responsibility

11.1 Financial Responsibility. When Seller has reasonable grounds for insecurity of payment, Seller may demand adequate assurance of performance from Buyer. Adequate assurance shall mean sufficient security in the form of and for the term reasonably specified by Seller. Assurance shall include but is not limited to: (i) a standby irrevocable letter of credit acceptable to Seller; (ii) a prepayment; (iii) a security interest in an asset acceptable to Seller; or (iv) a performance bond acceptable to Seller or guarantee by a creditworthy entity.

Seller shall have the right to suspend deliveries or terminate this Agreement without prior notice in addition to any and all other remedies available, in the event Buyer: (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) defaults in the payment obligation to Seller; (iii) files a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iv) otherwise becomes bankrupt or insolvent (however evidenced); (v) is unable to pay its debts as they fall due; or (vi) fails to provide adequate assurance requested under this Article XI.

11.2 Right of Offset. Each Party reserves to itself all rights, set-offs, counterclaims, and other defenses which it is or may be entitled to arising from this Agreement.

11.3 Collateral for Fixed Price Contracts. In the event, pursuant to Section 3.2, the Parties enter into one or more alternative fixed price mechanisms for deliveries hereunder, and should the mark-to-market exposure for all such fixed prices increase beyond \$50,000, then, upon Seller's request, Buyer shall provide collateral in an amount and in a type acceptable to Seller.

ARTICLE XII

Force Majeure, Legal or Regulatory Intervention, and Curtailment

12.1 Force Majeure. In the event either Party shall experience Force Majeure and is thereby rendered unable, wholly or in part, to carry out its obligations under this Agreement (other than the obligation to make payments then or thereafter due), such Party's obligations so affected shall be excused from the inception of, and during the continuance of, any inability so caused, provided that such Party claiming Force Majeure gives notice and reasonably full particulars of such event as soon as practicable after the occurrence thereof. As used herein the term "Force Majeure" shall mean: any cause that is beyond the reasonable control of the Party affected, including acts of God; acts of government, including, but not limited to, laws, orders, rules, judgments, judicial actions, regulations, and acts of arrest or restraint; acts or threats of

industrial disorder, including, but not limited to, strikes, lockouts, and picketing; any event that would constitute an event of Force Majeure under the pipeline's FERC Tariff; and freezing of machinery, lines of pipe, or equipment. The Party claiming Force Majeure hereunder shall, in good faith, take all measures reasonably required to relieve itself of the cause of the Force Majeure and shall promptly notify the other Party when such cause or causes are removed.

12.2 Exclusions from Force Majeure. Force Majeure occurrences specifically shall not include: (i) the failure of Seller to have available sufficient Gas supply on hand to deliver the quantities it is obligated to deliver hereunder for any reason other than a Force Majeure circumstance as defined in Section 12.1 above; or (ii) the interruption by the pipelines of the transportation of Gas to be sold or delivered hereunder for any reason other than a Force Majeure circumstance as defined in the pipeline's FERC Gas Tariff.

12.3 Effect of Certain Government Actions. Any final and non-appealable governmental action within the meaning of Force Majeure as defined in Section 12.1 that totally precludes the continuing performance by either Party of its obligations hereunder for the remainder of the term hereof shall terminate this Agreement as of the effective date of such governmental action.

12.4 Buyer's Bankruptcy. In the event that Buyer or Buyer's parent corporation voluntarily or involuntarily files for or seeks bankruptcy protection, or declares bankruptcy, Seller shall have the right at any time thereafter on thirty (30) Days notice to Buyer to terminate this Agreement.

12.5 Curtailment. If: (i) Seller is unable to serve all of its firm contractual entitlements with all of its customers, and (ii) Seller is advised by Buyer that, absent adjustment of pro rata deliveries by Seller, Buyer will be unable to render service to the priority-use requirements specified in Sections 401 and 402 of the Natural Gas Policy Act of 1978 ("NGPA") ("high-priority use requirements") or is advised by Buyer that adjustment of the curtailment level is necessary to avoid irreparable injury to life or property (including environmental emergencies) or to provide for minimum plant protection ("emergency situation"), then Seller shall adjust its reduction of Gas deliveries to all other Buyers on a pro rata basis as necessary to deliver the quantities required to avoid or mitigate the impact on the high-priority use requirements or the emergency situation. Without limiting the foregoing, Seller will interrupt all interruptible services of Buyer during the time period for which the exception to pro rata deliveries by Seller is in effect.

ARTICLE XIII

Miscellaneous

13.1 Advice and Assistance. Seller shall be available, upon reasonable notice from Buyer, to assist and advise on all matters pertaining to natural Gas purchases made or to be made by Buyer from Seller.

13.2 Notices, Requests, Demands, Statements, and Reports. Except as otherwise specifically provided herein, any notice, request, demand, statement, or report provided for herein, or any notice which either Party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by prepaid mail, reputable overnight service or telefax, addressed to Buyer or Seller. Such notices should be addressed as set forth in Exhibit A hereto or at such other address as Buyer or Seller may designate by formal written notice to the other. All routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by certified, registered, or ordinary mail, reputable overnight service, or telefax.

13.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Agreement shall run for the full term of this Agreement. No assignment of this Agreement, in whole or in part, will be made without the prior written consent of the non-assigning Party (and shall not relieve the assigning Party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either Party may (i) transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other Party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

13.4 Governing Law. This Agreement and the respective obligations of the Parties hereunder are subject to all valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. This Agreement Shall be governed by and interpreted in accordance with the laws of Texas.

13.5 Waiver of Defaults. No waiver by either Party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

13.6 Entire Agreement. This document, together with Exhibit A constitutes the entire agreement between Buyer and Seller regarding the subject matter hereof. No promises, agreements, or warranties other than those set forth herein shall be deemed a part hereof, nor

shall any alteration or amendment of this Agreement be effective without the written consent of both Parties.

13.7 Termination of Prior Contract. This Agreement supercedes and cancels, as of the effective date hereof, that certain Natural Gas Purchase and Sale Agreement dated November 1, 1993, between Seller and Buyer.

13.8 No Dedication of Specific Supplies. This Agreement is not a commitment or dedication by either Party to sell, purchase, or deliver Gas from specific areas, fields, or wells.

13.9 Exclusion of Third Party Rights. This Agreement is for the sole and exclusive benefit of the Parties hereto. Nothing expressed or implied herein is intended to benefit any other person, firm, or corporation not a Party hereto. None of such persons shall have any legal or equitable right, remedy, or claim under this Agreement or any provision herein.

13.10 Projection of Buyer's Requirements and Supply. Seller represents that it will, throughout the term of this Agreement, maintain a supply of Gas which is sufficient to satisfy Seller's delivery obligations under this Agreement as anticipated from Buyer's historical purchases and Buyer's estimates furnished to Seller. Nothing in this Section 13.10 shall limit Seller's obligations under Section 2.1 and Section 2.3 hereof to sell and deliver Gas to Buyer.

13.11 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable to any extent and for any reason, by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby and shall continue in full force and effect to the full extent permitted by law; provided, however, that if Section 12.5 or Section 13.10 is held invalid, illegal, or unenforceable to any extent, Buyer shall have the right to terminate this Agreement immediately. In the event any provision is held invalid, illegal, or unenforceable, the Parties shall meet promptly to work together in good faith to replace the provision or term so as to effectuate the intent of the Parties regarding this Agreement.

13.12 Headings. The headings of the paragraphs herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

13.13 Joint Preparation. Buyer and Seller had the opportunity to consult with counsel and to review and comment upon the provisions hereof. Accordingly, this Agreement shall be construed as though jointly prepared and the rule that an agreement is to be construed against the drafter shall not be applied in interpreting this Agreement.

13.14 Arbitration. Any dispute relating to this Agreement shall be resolved by binding arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") and governed by the Federal Arbitration Act ("FAA"). Each Party shall select one arbitrator within thirty (30) Days of a notice for Arbitration and the two arbitrators shall select a third independent neutral arbitrator. Only damages allowed pursuant to

this Agreement may be awarded. The arbitrators shall have no authority to award treble, exemplary or punitive damages of any kind under any circumstances regardless of whether such damages may be available under the governing law for this Agreement and/or the FAA or AAA. The Arbitration shall be conducted in a mutually agreeable location and such Arbitration and any related award shall be confidential.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement to be effective as of the Day and year first above written.

SELLER:

BUYER:

WOODWARD MARKETING, L.L.C.

RBS GAS UTILITY, INC.

By: Mark H. Johnson
Name: Mark H. Johnson
Title: Exec. Vice President

By: [Signature]
Name: Ed Ayers
Title: President

EXHIBIT A

**Attached to and made a part of Natural Gas Purchase And Sale Agreement
dated July 1, 2003, between RBS Gas Utility, Inc., as Buyer,
and Woodward Marketing, L.L.C., as Seller**

ADDRESSES OF THE PARTIES**Buyer****Ed Ayers****RBS Gas Utility, Inc.****P.O. Box 759****Prentiss, MS 39474****Telephone: (601) 792-5590****Facsimile: (601) 792-5181****Seller****Woodward Marketing, L.L.C.****Notices****Contract Administration****11251 Northwest Fwy, Suite 400****Houston, TX 77092****Telephone: (713) 688-7771****Facsimile: (713) 688-5124****Nominations by fax to****Attn: Diane Saleme****Facsimile: (713) 688-6668****Payments: Wire Transfer Information****Bank of America****Dallas, TX****ABA #111 000 012****Account #375 156 1125****ALTERNATIVE PRICE (Section 3.2)****Transaction Date 6/25/03**

Month	Alternative Price Quantity (MMBtu/Month)	Delivered Price (\$/MMBtu)
Jul 03	555	\$7.58
Aug	625	7.58
Sep	600	7.58
Oct	1455	7.58
Nov	2345	7.58
Dec	3690	7.58
Jan 04	4955	7.58
Feb	2465	7.58
Mar	2835	7.58
Apr	1195	7.58
May	740	7.58
Jun	605	7.58

Delivered Price is inclusive of Transportation Charges as provided in Article IV.

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 4, 2004

IN RE:

PETITION OF RBS GAS UTILITY, INC.
FOR APPROVAL OF SPECIAL CONTRACT

DOCKET NO.
03-00427

ORDER APPROVING SPECIAL CONTRACT

This matter came before Chairman Deborah Taylor Tate, Director Sara Kyle and Director Ron Jones of the Tennessee Regulatory Authority (the "TRA" or "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on September 8, 2003, upon a petition filed by RBS Gas Utility, Inc. ("RBS") for approval of a contract (the "*Contract*") to supply natural gas to a facility located in Red Boiling Springs, Tennessee and operated by Nestle Waters North America ("Nestle").

RBS's Petition and Contract

The *Petition of RBS Gas Utility, Inc. for Approval of Special Contract* ("Petition"), filed on July 2, 2003, requests Authority approval of the *Contract* pursuant to Tenn. Comp. R. & Regs. 1220-4-1-.07.¹ The *Contract* provides separately for the transport and sale of natural gas from RBS to Nestle. The *Contract* contains provisions for RBS to provide

¹ Tenn. Comp. R. & Regs. 1220-4-1-.07 states

Special contracts between public utilities and certain customers prescribing and providing rates, services and practices not covered by or permitted in the general tariffs, schedules or rules filed by such utilities are subject to supervision, regulation and control by the Authority. A copy of such special agreements shall be filed, subject to review and approval.

transport and metering services to Nestle in the event that Nestle elects to purchase gas from a supplier other than RBS. The price for these services pursuant to the *Contract* is fifty cents (\$0.50) per dekatherm. The *Contract* also contains separate provisions for the sale of gas from RBS to Nestle whereby, according to the *Petition*, natural gas purchased by Nestle from RBS will be subject to a fluctuating gas rate based on market conditions.²

Findings and Conclusions

RBS does not currently have a transportation tariff on file with the Authority. This circumstance necessitates the filing of the *Contract* for Authority review and approval under Tenn. Comp. R. & Regs. 1220-4-1-.07. The panel finds that the *Contract* is appropriate and in the public interest because the transport of natural gas thereunder will allow Nestle to locate a new facility operating in the Red Boiling Springs area, thereby encouraging economic growth in that area. The panel finds that the prices for gas transportation services set forth in the Transport Rate (Schedule "A" to the *Contract*) and for the sale and purchase of natural gas as set forth in the Gas Sales Rate (Schedule "B" to the *Contract*) negotiated by RBS and Nestle are fair and equitable.

During the September 8, 2003 Authority Conference, upon careful consideration of the *Petition* and of the entire record in this matter and the special circumstances described therein, the panel voted unanimously to approve the *Petition*, with the conditions that, as soon as is practicable, RBS file a transportation tariff and that RBS seek Authority approval prior to any modification or extension of the *Contract*.

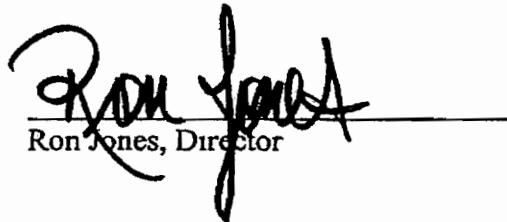
² Schedule B of the *Contract* describes the price for gas purchased from RBS as the commodity price listed on the NYMEX exchange plus pipeline fees, taxes, surcharges, or any other additional fees, plus eighty-five cents (\$0.85) per dekatherm. If Nestle fails to take the full amount of gas contracted for, it will pay RBS the product of the amount not taken (that is, the amount contracted for minus the amount actually taken) multiplied by 25 plus any pipeline charges incurred by RBS.

IT IS THEREFORE ORDERED THAT:

1. The *Petition of RBS Gas Utility, Inc. for Approval of Special Contract* and the *Contract* attached thereto are approved.
2. RBS shall file a transportation tariff as soon as is practicable and shall seek Authority approval prior to any modification or extension of the *Contract*.


Deborah Taylor Tate, Chairman


Sara Kyle, Director


Ron Jones, Director

GAS SERVICE AGREEMENT

THIS GAS SERVICES AGREEMENT ("Agreement"), entered into this 23rd day of June, 2003 by and between RBS Gas Utility, Inc., a Tennessee corporation, ("RBS") ("Seller"), and NESTLE WATERS NORTH AMERICA ("Nestle") ("Buyer").

WITNESSETH:

THAT WHEREAS, Buyer requires a reliable supply of natural gas; and

WHEREAS, RBS is a gas distribution utility whose Tennessee division is subject to the regulatory jurisdiction of the Tennessee Regulatory Authority ("TRA"), and is willing to provide natural gas services in Red Boiling Springs, Macon County, Tennessee; and

WHEREAS, RBS is willing to provide a reliable supply of natural gas service to Buyer, on the terms and conditions hereinafter set forth; and

WHEREAS, Buyer desires to have RBS provide its natural gas requirements on the terms and conditions hereinafter set forth;

THEREFORE, for and in consideration of the mutual promises and agreements hereinafter set forth, the receipt and sufficiency of which is acknowledged by each of RBS and Buyer, and intending to be legally bound, RBS and Buyer agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Defined Terms. For purposes of this Agreement, except where another meaning is expressly stated, the following capitalized words and phrases shall have the following meanings:

"Btu" means one (1) British thermal unit, the quantity of heat required to raise the temperature of one (1) pound avoirdupois of pure water from fifty-eight and five-eighths degrees Fahrenheit (58.5F) to fifty-nine and five-tenths degrees Fahrenheit (59.5 F) at a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psi) as defined in the RBS Tariff.

"Business Day" means a day that is not a legal or bank holiday in the state of Tennessee.

"Buyer" means Nestle Waters North America.

"Contract Price" means the price payable by Buyer to RBS for Sales and/or Transport/Metering Service under this Agreement.

"Contract Year" shall mean a twelve Month period beginning on the commencement date of the Primary Sales Term, as provided in Section 4.2, or on each anniversary of such date during the Term; provided that the last Contract Year shall end on the eleventh anniversary of the In-Service Date.

"Day" means a gas day as such term is used in the RBS Tariff, i.e. a twenty-four (24) hour period commencing at 8:00 A.M. in the Central Time Zone on any day and ending at 8:00 A.M. in the Central Time Zone of the following day.

"Facility" is described as the meter/regulator/measurement station located at the tie-in point of the Nestle installed service line to the RBS meter/regulator/measurement site located on Nestle Property immediately adjacent to the North/West side of Highway No. 52 or other public road in Red Boiling Springs, Macon County, Tennessee at which location RBS presently has an existing 4" gas distribution line.

"Gas" means natural gas that meets the quality specifications and pressure requirements of the RBS Tariff or is accepted by RBS into its pipeline system for transportation without penalty.

"In-Service Date" means the later of August 1, 2003, or the date on which the RBS meter/regulator/measurement station is ready to deliver Gas to Buyer at the facility site.

"Interest Rate" means the rate first published as the "Prime Rate" under "Money Rates" in the Wall Street Journal during each Month for which interest is being calculated plus one percent (1%), but in no event greater than the maximum rate allowed by applicable law.

"Mcf" means one thousand cubic feet of Gas.

"MDQ" means the maximum daily quantity of Gas which RBS agrees to sell and/or deliver to Buyer at its premises in Red Boiling Springs, Macon County, Tennessee.

"MMBtu" means one (1) million British thermal units.

"MMQ" means maximum monthly quantity, which is the MDQ multiplied by the number of days in a particular billing month.

"Macon County" has the meaning set forth above.

"Month" means the period beginning at 8:00 A.M. in the Central Time Zone on the first day of a calendar month and ending at 8:00 A.M. in the Central Time Zone on the first day of the following calendar month.

"Monthly Schedule" means a schedule of Buyer's anticipated Gas requirements for each Day of the Month provided to RBS pursuant to Section 3.3 hereof.

"Nomination" means Buyer's notice to RBS (including without limitation a Monthly Schedule) of the daily quantity of Gas that Buyer requests that RBS sell and deliver to Buyer at the facility in Red Boiling Springs, Macon County, Tennessee during the Primary Sales Term or any Secondary Sales Term on any Day or for any other period of time specified in such Nomination, and to "Nominate" means the giving of such notice to RBS by Buyer.

"Party" means RBS or Buyer, according to the context, and "parties" means both RBS and Buyer.

"Primary Sales Term" has the meaning set out in Section 4.2.

"RBS" has its meaning set out above.

"RBS Tariff" means RBS's tariff approved by the TRA and in effect from time to time during the term of this Agreement.

"Sales Service" means the sale and delivery by RBS at the facility of the Gas required by Buyer for its facility in accordance with this Agreement.

"Sales Term" means that portion of the term of this Agreement during which RBS is obligated to sell and deliver Gas to Buyer at the facility, and during which Buyer is obligated to purchase and receive from RBS its requirements for Gas at the facility.

"Secondary Sales Term" has the meaning set out in Section 4.2.

"Schedule" means the notification from RBS to upstream pipelines and gas suppliers of the quantity of Gas to be transported for the account of RBS or Buyer, as the case may be.

"Term" means the period of time during which this Agreement shall be in effect as provided for in Section 4.1.

"TRA" has the meaning set forth above and includes any agency or body of the State of Tennessee that is the successor to the TRA.

Section 1.2 Usage. The words "hereof", "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision hereof, and the words, "Article", "Section", "Exhibit" and similar references followed by a number and/or letter designation refer to such portions of this Agreement unless otherwise specified. Each Exhibit attached hereto is made a part hereof for all purposes. Unless otherwise defined or required by the context in which used, words or phrases defined in Section 1.1 shall have such defined meanings when used in each notice or other communication delivered or given from time to time in connection with this Agreement.

ARTICLE II CONDITIONS TO RBS's OBLIGATIONS

Section 2.1 Conditions. The obligations of RBS to Buyer under this Agreement are expressly subject to and contingent upon the approval of this Agreement by a final and non-appealable order of TRA.

Section 2.2 Satisfaction of Conditions. RBS shall proceed with commercially reasonable diligence to satisfy the condition set out in Section 2.1, and shall keep Buyer informed as to

RBS's progress with respect to satisfying such condition. Buyer agrees, at Buyer's sole cost and expense, to cooperate fully with RBS in its efforts to satisfy such condition.

Section 2.3 Non-Satisfaction of Conditions. In the event the condition set out in Section 2.1 is not satisfied within 120 days after a filing of this Agreement with the TRA, either party may by written notice to the other within ten (10) days thereafter, cancel this Agreement. Failure to provide such notice of cancellation shall be deemed a waiver of any of such condition that remains unsatisfied on August 1, 2003.

Section 2.4 Metering/Regulator/Measurement Equipment. RBS will sell and transport to the Buyer, and the Buyer will receive and purchase from RBS, gas in volumes as required by the Buyer for its use upon its premises located at Red Boiling Springs, Macon County, Tennessee, through a metering/regulator/measurement site which shall be installed by RBS and located upon Buyer's premises. RBS will install said metering/regulator/measurement equipment at the facility at its expense, which said meter/regulator/measurement equipment shall remain the property of RBS and may be removed upon the termination, cancellation or expiration of this contract. . Buyer agrees to accept any and all responsibilities associated with the use and operation of said metering/measurement/regulator station upon the stubbing out of location by RBS at the facility site. RBS, its employees and agents shall have free and unrestricted access to facility for the purpose of reading meter, servicing meter, exchanging or repairing meter, and other valid business reasons associated with said facility.

ARTICLE III SALE AND PURCHASE OF GAS

Section 3.1 Maximum Quantity. The Mcf for the first Three (3) years of the Primary Sales Term shall be 25 Mcf/hour, unless otherwise mutually agreed by RBS and Buyer. Delivery pressure to the input side of the metering/measurement/regulator station will be approximately 45 psi with delivery pressure to Buyer at 5 psi.

Section 3.2 RBS's Obligation to Sell and Deliver Gas. On each Day during the Primary Sales Term and any Secondary Sales Term of this Agreement, RBS shall sell and deliver to Buyer at the output side of the metering/measurement/regulator station the quantity of Gas Nominated by Buyer for delivery stated in Section 3.1 hereof, provided, however, that RBS shall not be obligated to make available to Buyer on any Day a quantity of Gas greater than the MDQ for such Day. RBS shall perform its obligation to sell and deliver Gas to Buyer pursuant to the following:

1. RBS will sell and transport to the Buyer, and the Buyer will receive and purchase from RBS, gas in volumes as required by the Buyer for its use upon its premises located at Red Boiling Springs, Macon County, Tennessee, through a predetermined and agreed upon metering/measurement/regulator station site facility installed by RBS and located upon Buyer's premises as recited in Section 2.4 hereof. Cost to Buyer will be determined pursuant to applicable Schedules "A" and "B".

2. In the event Buyer elects to purchase its own gas and thereby only requires transport and metering services by RBS, then the cost to Buyer for gas purchased by and transported to

Buyer for the contract period shall be as described in Exhibit "A". All gas used by Buyer during any billing period in excess of the volume received by RBS for transportation and delivery to Buyer, plus the 7% shrinkage authorized herein shall be considered in all respects as having been purchased by Buyer from RBS under Schedule "B" hereto. There shall be subtracted from such excess volumes taken by Buyer any volumes previously received by RBS for transportation to Buyer but not delivered to Buyer under this Agreement

3. The term of this agreement shall be for a Primary Sales Term ending Three (3) years after the commencement of the initial billing period as determined by RBS hereunder. The gas is to be furnished through new service facilities, for which the parties shall make reasonable efforts to effect delivery and receipt of gas, to serve a connected load of 25 Mcf/hour not later than the 15th day of August, 2003.

4. The attachments hereto are made a part hereof by reference and are designated as follows:

1. Transport Rate Schedule "A";
2. Gas Sales Rate Schedule "B"

5. RBS represents that it has an existing and approved tariff for gas sales and/or transport that ensures competitive pricing based on alternative fuels available to industrial Buyers. The pricing proposed in Schedules "A" and "B" anticipates the availability of alternative fuels and/or alternative providers for use by Buyer. The tariff provisions require the Buyer to inform RBS in writing of the availability of alternative fuels and their comparative cost for the period covered by this contract. This contract is predicated upon the receipt thereof by RBS of this required information in writing prior to the execution of this contract and agreement. Buyer must inform RBS in writing of any changes in future alternative fuel costs prior to the effective date of any contemplated change in pricing pursuant hereto. This requirement of written notice shall be effective with respect to either contract option.

6. All gas furnished under this Agreement shall be subject to all applicable terms and conditions of service on file with the TRA. The provisions of this Agreement, all rate schedules and the terms and conditions of service are subject to modification at any time in the manner prescribed by law, and when so modified shall supersede the provisions hereof and of the rate schedules, if any, annexed hereto.

7. This Agreement shall inure to the benefit of and be binding upon the successors or assigns of each of the parties hereto.

10. If subsequent to its execution of this Agreement with RBS, Buyer notifies RBS that it requires an amount of gas which is greater than the quantity called for on any Day of its Monthly Schedule, RBS agrees to schedule such quantity with RBS's Transporter in accordance with their respective tariffs and notify Buyer of the quantity confirmed by RBS's Transporter for the Day or Days covered by such changed requirement.

11. The provisions above notwithstanding, RBS shall not be liable to Buyer for failure to sell and deliver any quantity of Gas requested by Buyer (i) that is different from the quantity for such Day under the applicable Monthly Schedule and for which Buyer's Nomination is made to RBS after the time for Nominations for such Day under the tariff of RBS's Transporter, as applicable, or (ii) exceeds the Mcf, except to the extent agreed to by RBS by Facsimile notice to Buyer.

Section 3.3 Buyer's Obligation to Purchase, Receive and Pay for Gas. Buyer shall be obligated to purchase and receive from RBS and pay for at the Contract Price all Gas Service required for its facility in accordance with this Agreement and in accordance with the following:

1. RBS shall render Buyer monthly billing statements within five (5) business days after the end of each month. The quantity of gas delivered to Buyer hereunder by or for Buyer shall be determined by metering/ measuring/regulator installed as set out hereinabove. Buyer shall make all necessary arrangements to provide or remit payment to RBS on or before the 20th day of the month following the month in which service has been provided.
2. Customer will provide an acceptable letter of credit for one (1) year drawn on a reputable federally insured banking institution licensed and doing business in either the States of Mississippi and/or Tennessee, with automatic renewal provision for the term of this contract and all renewal periods in the amount of \$100,000 to ensure payment for services rendered by RBS pursuant hereto.

Section 3.4 Failure to Deliver Nominated Quantities. If RBS fails to deliver to Buyer its natural gas requirements up to the 25 Mcf/hour agreed to for more than sixty (60) consecutive days due to the failure of a transporter to deliver the gas to RBS then Buyer shall have the right to terminate this Agreement by written notice to RBS.

Section 3.5 Failure to Take Scheduled Quantities of Gas. In the event of Buyer's unexcused failure or refusal to take the full quantity of Gas Scheduled for delivery, Buyer shall pay RBS liquidated damages equal to (i) the product of (a) the difference between the quantity of Gas actually taken by Buyer and the Scheduled quantity and (b) \$.25, plus (ii) all charges by the RBS gas supplier to the RBS City Gate for volumes nominated by Buyer and not taken.

Section 3.6 Exclusive Remedy. The Parties agree that the actual losses incurred by RBS as a result of Buyer's failure to pay for any quantity of gas delivered to Buyer by RBS would be uncertain, and therefore RBS would be entitled to enforce its right to attach Buyer's Letter of Credit or the applicable portion thereof. Contrarily, Parties also agree that actual losses incurred by Buyer as a result of RBS's failure to deliver quantities would be uncertain and impossible to determine with precision, and as a result, the right of Buyer to terminate this Agreement in accordance with Section 3.4 shall be its sole and exclusive remedy for RBS's failure to deliver the quantities set forth according to this Article and shall also be deemed as reasonable compensation for such failure.

ARTICLE IV

TERM

Section 4.1 Term of Agreement. This Agreement shall become effective upon its execution by the parties and shall continue for a period of three (3) years from and after the In-Service Date.

Section 4.2 Right of Renewal. Buyer shall have the Right of Renewal of this Agreement for an additional period of Five (5) years. During any renewal hereof, Buyer shall have the option to purchase gas and deliver it to RBS at its present existing meter/regulator - City Gate, located on the Texas Eastern (Duke Energy) Pipeline. Cost for RBS transport of Buyer's gas would then be defined in a new transportation schedule to be determined and agreed by the parties at each such renewal period.

Section 4.3 Sales Term. The Primary Sales Term shall commence on the first day of the Month following the Month in which the In-Service Date occurs and extend for three (3) Contract Years. The Sales Term of this Agreement shall be extendable for additional Contract Years (each a Secondary Term) in accordance with Section 4.2 hereof.

ARTICLE V CONTRACT PRICE

Section 5.1 Contract Price. The Contract Price during the Primary Sales Term shall be as described in the attached Schedules "A" and "B". The Contract Price for any Secondary Sales Term shall be determined as follows:

(a) not later than ninety (90) days prior to the expiration of the Primary Sales Term or any Secondary Sales Term, the Buyer shall provide RBS notice by Facsimile of the Mcf/Hour, not to exceed 75 Mcf, that Buyer will require for its facility during the following requested Secondary Sales Term ("Buyer's Mcf Requirement Notice"). If Buyer fails to give a Buyer's Mcf Requirement Notice, the Sales Term of this Agreement shall terminate at the expiration of the Primary Sales Term or the then existing Secondary Sales Term.

(b) not later than sixty (60) days prior to the expiration of the Primary Sales Term or then existing Secondary Sales Term, based on the Mcf Requirement specified in the Buyer's Mcf Requirement Notice, RBS shall respond to Buyer's Mcf Requirement Notice by Facsimile notifying Buyer of the Contract Price that RBS will charge for Gas sold and delivered to Buyer's facility at Red Boiling Springs, Macon County, Tennessee during the following Secondary Term ("RBS's Price Notice").

(c) not later than forty-five (45) days prior to the expiration of the Primary Sales Term or then existing Secondary Sales term, Buyer shall notify RBS by Facsimile of Buyer's acceptance or rejection of the Contract Price specified in RBS's Price Notice.

(d) if Buyer accepts the Contract Price specified in RBS's Price Notice, the Sales Term of this Agreement shall continue for a Secondary Sales Term.

(e) if Buyer rejects the Contract Price specified in RBS's Price Notice, the Sales Term of this Agreement shall terminate at the expiration of the Primary Sales Term or any then existing Secondary Sales Term.

Section 5.2 Risk Assessment. Buyer represents and warrants to RBS that the Contract Price of this Agreement are acceptable to Buyer based upon the obligations undertaken by RBS to provide natural gas sales service and the facility. Buyer acknowledges and agrees that RBS may from time to time make changes to the RBS Tariff in accordance with the laws of the State of Tennessee and the rules and regulations of the TRA, including without limitation their rates applicable to Gas Sales Service under this Agreement, and that any such changes when approved by the TRA shall be applicable to this Agreement to the extent provided for herein. RBS agrees to provide to Buyer any proposed changes to the RBS Tariff. Buyer shall not by virtue of such acknowledgment and agreement be precluded from participating in any regulatory proceeding involving proposed changes to the RBS Tariff, or from protesting such proposed changes that may adversely affect Buyer.

ARTICLE VI

BILLING AND PAYMENT

Section 6.1 RBS Statements. On or before the fifth (5th) business day after the end of each month, RBS shall issue a statement to Buyer showing the amount due for the monthly Gas sold and/or delivered during the prior Month, taxes and other governmental charges applicable to the sale of gas contemplated by this Agreement, including but not limited to any franchise fees or surcharges charged by Macon County, Tennessee. Buyer shall pay RBS the undisputed amount of each such statement on or before the 20th day of the month following the month in which service has been provided. If the actual quantity of Gas sold and/or delivered by RBS in a month is different from the amount used by RBS for billing purposes, RBS shall adjust its billing for such Month, without interest, on its statement for the Month in which such actual quantity information becomes available to RBS.

6.1.a Metering. Meter reading for monthly billing purposes will be taken, so far as practicable, at periodic intervals of approximately thirty (30) days. The meter will be read by a representative of RBS and Buyer's representative may be present. If the metering equipment fails to register, or registers incorrectly, RBS may estimate as accurately as is practicable, the quantity of metered or incorrectly metered gas delivered. In the event telemetering equipment or telephone connections fail, RBS shall be responsible for reading the meter and promptly reporting these readings to Buyer, as directed.

6.1.b. Meter Testing. RBS may periodically inspect, replace, and test the metering device at intervals, from time to time. At the written request of Buyer, RBS shall make additional tests of such meter in the presence of Buyer or Buyer's representative. The cost of such additional tests shall be borne by Buyer if the percent of error is found to be less than two (2%) percent slow or fast.

Section 6.2 Late Payment. If Buyer fails to pay the undisputed amount of any statement issued pursuant to Section 6.1 when due, interest at the Interest Rate shall accrue and be payable on such unpaid amounts from the due date thereof until paid.

Section 6.3 Correction of Errors. In the event either Party determines that there is an error in the amount billed in any statement rendered, the error shall be adjusted within thirty (30) days after the determination that such error has occurred, by statement submitted in the next billing cycle; provided however, that any claim for an error shall be submitted within sixty (60) days after the discovery of such error.

ARTICLE VII **DELIVERY POINT**

Section 7.1 RBS shall deliver all Gas quantities at the metering/regulator/measurement station located at the facility as specified in Section 3.1. Title shall transfer to Buyer at such Delivery Point.

Section 7.2 RBS shall install meter/regulator/measurement equipment at the facility site as set forth in Section 2.4. Buyer shall provide any necessary surface site, easement and rights of ingress and egress that may be required for the installation and operation of such measurement/regulation/measurement station (the facility), as well as any and all necessary electrical power, connections and junction boxes at a mutually agreeable location within such site.

ARTICLE VIII **NOTICES**

Section 8.1 Any notice, request, demand, or statement provided for in this Agreement must be in writing and is deemed given when actually delivered to a party at the address indicated below for such party or, if mailed, it is deemed given three (3) business Days after it is mailed by first class mail, postage pre-paid, to a party at the address indicated below for such party or, if sent by facsimile transmission, when receipt of a legible facsimile is confirmed by such party.

BUYER:

All Notices

Nestle Waters North America Inc.

Highway 52
Red Bank, MS 38901, TN
ATTN: Plant Mgr

WITH COPY
TO

Nestle Waters North America Inc.

777 W. Putnam Ave
Greenwich CT 06830
ATTN: LEGAL DEPT

RBS:

RBS Gas Utility, Inc.
105 Somerford Court
Madison, Mississippi 39110

(601) 856-3060 FAX
Attention: Edward R. Ayers

ARTICLE IX
CONDITIONS PRECEDENT

Section 9.1 Buyer shall assume responsibility for the cost and installation of all additional facilities not described heretofore, required to serve Buyer, as determined by Buyer, including but not limited to any gas mains, service lines, road bores, creek/stream crossing bores, valves and other devices and equipment required or necessary to deliver gas from the facility site to location required for use by Buyer..

Section 9.2 Buyer shall maintain at its own liability and expense such additional mains or pipes as may be required to convey the Gas furnished from the Point of Delivery to points of use, except that no such mains or pipes shall be constructed, rented, leased, maintained, or used directly or indirectly by the Buyer in, over, under, or along public ways and shall conform with applicable Federal, State and Local regulations and codes.

ARTICLE X
MISCELLANEOUS

Section 10.1 This Agreement, together with Exhibits attached, represents the entire Agreement between the Parties. All amendments to this Agreement will be by mutual agreement and evidenced by a written amendment signed by the Parties.

Section 10.2 This Agreement shall bind and inure to the benefit of the Parties hereto and their respective successors and assigns.

Section 10.3 This Agreement shall be construed in accordance with and controlled by the laws of Hinds County, State of Mississippi.

Section 10.4 This Agreement shall be subject to the Rules and Regulations of RBS's Tariffs for Gas Services and to the regulatory jurisdiction of the Tennessee Regulatory Authority ("TRA").

Section 10.5 Buyer agrees and does by execution hereof grant unto RBS a perpetual easement and right of way over and across its lands and property for the purpose of installing the natural gas metering/regulating/measurement and other equipment required for the delivery of gas services contemplated herein at the facility site as determined by Buyer. RBS agrees to install its meter/regulator/measurement equipment in accord with governmental regulations, including those related to the environment, after proper permitting thereof.

ARTICLE XI
FORCE MAJEURE

Neither party shall be liable for any breach, delay, or nonperformance hereunder, whether material or immaterial, or whether affecting total or partial performance, which directly, or indirectly, results from, or is caused, in whole or in part, by revolutions, or other disorders; declared or undeclared wars; declared or undeclared acts of public enemies; or other restrictions imposed by laws; arrest or restraint of officials; or acts of God; accidents; or by breakdown or injury to storage facilities, pipelines, machinery, or other facilities of either Party used for production, manufacturing, transportation, delivery, receiving, storage, handling, or utilization of the products purchased hereunder, or by fires, storms, explosions, or other casualties; or by strikes, lockouts, stoppage, or restraint of labor, either partial or general, from whatever cause; or if performance hereunder is hindered, delayed, or prevented by, or would violate or controvert any law, rule, order or request of government, Federal, State or Local, or any agency or representative thereof; or which directly or indirectly results from any cause beyond either Party's control, whether such other causes be of the classes herein specifically provided for, or not. Force Majeure shall not relieve Buyer from making payments due for Gas delivered prior to or during the Force Majeure event in accordance with this Agreement.

ARTICLE XII
GENERAL TERMS AND CONDITIONS


Section 12.1 Any and all attachments hereto are a part of the General Terms and Conditions herein and are incorporated by this reference and made a part of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed, effective upon the date first above written.

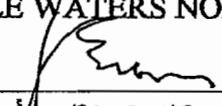
RBS GAS UTILITY, INC

By: 
Edward R. Ayers, President

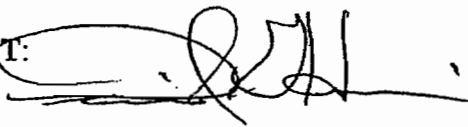
ATTEST:


Michelle Ayers, Secretary

NESTLE WATERS NORTH AMERICA

By: 
Name: MARK EVANS
Title: Vice Pres.

ATTEST:


Name: DAVID G. HASSI
Title: ASST. Sec'y.

STATE OF MISSISSIPPI
COUNTY OF Madison

PERSONALLY APPEARED BEFORE ME, the undersigned authority in and for the said county and state, on this 23rd day of June, 2003, within my jurisdiction, the within named Edward R. Ayers, who acknowledged that he is President of RBS Gas Utility, Inc., a Mississippi corporation, and that for an on behalf of the said corporation, and as its act and deed, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

Notary Public Michael W. Wadley

My Commission Expires:
MISSISSIPPI STATEWIDE NOTARY PUBLIC
MY COMMISSION EXPIRES SEPT. 5, 2003
BONDED THRU STEGALL NOTARY SERVICE

STATE OF CONN
COUNTY OF FAIRFIELD

PERSONALLY APPEARED BEFORE ME, the undersigned authority in and for the said county and state, on this day of JUNE, 2003, within my jurisdiction, the within named J. MARK EVANS who acknowledged that he/she is V. of Nestle Waters North America, a DEL corporation, and that for an on behalf of the said corporation, and as its act and deed, he/she executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

Notary Public Joy M. Hammond

My Commission Expires:

JOY M. HAMMOND
NOTARY PUBLIC
MY COMMISSION EXPIRES 8/31/2005

SCHEDULE "A"

To that certain Gas Sales and Transport Agreement dated 23rd day of June, 2003, by and between RBS Gas Utility, Inc. and Nestle Water, USA:

TARIFF SCHEDULE: This schedule contemplates and covers gas purchased by Customer and delivered to the RBS city gate for transport, delivery and measurement at Customer's facility in Macon County, Tennessee. This schedule is authorized by RBS Tariff Schedule 5 allowing RBS to compete with alternative fuels and/or alternative providers available to its customers.

Cost for transport and measurement per MMBTU = \$.50

NOTE: RBS shall be entitled to bill Customer for gas due to shrinkage not to exceed seven (7%) per cent of the total volume delivered per month. These additional gas volumes attributable to shrinkage shall be billed to Customer at RBS's actual contract cost delivered to its city gate.

50
3.50

53.50

SCHEDULE "B"

To that certain Gas Sale and Transport Agreement dated 23rd day of June, 2003, by and between RBS Gas Utility, Inc. and Nestle Water, USA:

TARIFF SCHEDULE: This schedule contemplates and covers gas purchased by RBS and delivered to Customer's facility in Macon County, Tennessee. This schedule is authorized by RBS Tariff Schedule 5 allowing RBS to compete with alternative fuels and/or alternative providers available to its customers.

The Contract Price during the term of this Agreement shall be determined monthly by the aggregate of (i) a Commodity Price component equal to the per MMBTU Price for NYMEX natural gas futures contract month's close as published in the Wall Street Journal, (ii) the aggregate of all gas supplier fees, including Firm and Reserved pipeline transportation fees to the RBS City Gate, retainages and surcharges, (iii) \$.85 per MMBTU for all gas volumes delivered at buyer's delivery meter, (iv) applicable taxes and other governmental charges, and (v) for all gas volumes delivered each month in excess of the volumes nominated by Buyer the TETCO Cashout Price shall be substituted for the "Commodity Price Component" described in (i) herein.