

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Eddie Roberson, Director
Pat Miller, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 6, 2006

Mr. Glen L. Tilton
President of Community Initiative
4305 Overstreet Drive
Cookeville, TN 38506

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 Mr. Tilton:

A petition was filed in this Docket on November 13, 2006. To assist the Authority in its continuing review of Community Initiative's ("CI") petition, please provide the following information:

1. Please complete the following table for each of the five years included in the projected income statement:

	As Reported on CI Income Statement	Portion Paid Directly by AUI from \$250,000 Management Fee
Operating Expenses	2007	2007
Salaries and Wages	\$ 191,615	
Depreciation Expense	\$ 24,000	
Office Expense	\$ 21,120	
Repair and Maintenance Expense	\$ 3,116	
Professional Services	\$ 50,000	
Insurance Expense	\$ 25,000	
Licenses & Permits	\$ 2,715	

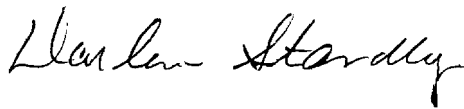
2. Please provide a copy of the contract with R.W. Beck.

3. Will the fees and expenses incurred by R.W. Beck, Hal Novak, and Earl Burton be paid out of the management fee paid to AUI, or paid independently by CI? Please identify these costs in the five year Operations Expenses projection (e.g. Salaries and Wages, Professional Services, etc.)?
4. Please itemize the \$120,000 management labor expense included in the 2007 Salaries and Wages.
5. Please itemize the \$50,000 Professional Services expense.
6. Please identify taxes in the five year Operation Expenses projection.
7. Explain why costs are allocated to acquiring and running other systems included in the Management Agreement for RBS? (See response to Data Response #2, Question #13.)
8. Please provide all supporting rationale and assumptions for the 10% depreciation rate.

It is requested that this information be provided no later than 2:00 p.m. on Monday, December 11, 2006, and that you reference Docket No. 06-00281 on the response. In accordance with TRA rules submit either (1) thirteen written copies of your response or (2) four written copies and an electronic version.

Should you have any questions regarding this request, please contact Patsy Fulton at (615) 741-2904 ext. 193 or Ginger Collier at (615) 741-2904, ext. 174.

Sincerely,



Darlene Standley, Chief
Utilities Division

C: Jeffery A. Callahan
Jack W. Robinson, Jr.
RMI
Docket File