

LAW OFFICES

GULLETT, SANFORD, ROBINSON & MARTIN, PLLC

GARETH S. ADEN
G. RHEA BUCY
CHRISTOPHER W. CARDWELL
GEORGE V. CRAWFORD, JR.
GEORGE V. CRAWFORD III
A. SCOTT DERRICK
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M. TAYLOR HARRIS, JR.
DAN HASKELL
ANDRA J. HEDRICK
LINDA W. KNIGHT
JOEL M. LEEMAN
ALLEN D. LENTZ
MOLLIE E. MAHAN

STREET ADDRESS:
315 DEADERICK STREET, SUITE 1100
NASHVILLE, TENNESSEE 37238

MAILING ADDRESS:
Post Office Box 198888
NASHVILLE, TENNESSEE 37219-8888

TELEPHONE (615) 244-4994
FACSIMILE (615) 256-6339

WWW.GSRM.NET

JOSEPH MARTIN, JR.
MARISSA A. MOSES
WM. ROBERT POPE, JR.
JACK W. ROBINSON, JR.
JACK W. ROBINSON, SR.
WESLEY D. TURNER
PHILLIP P. WELTY
MARK H. WESTLAKE

OF COUNSEL
TREVOR W. HOWELL
JOHN D. LENTZ
SULLIVAN F. MARSDEN

B. B. GULLETT
1905-1992
VALERIUS SANFORD
1923-2001

December 18, 2006

VIA HAND-DELIVERY

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505
ATTN: Ms. Ginger Collier

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 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

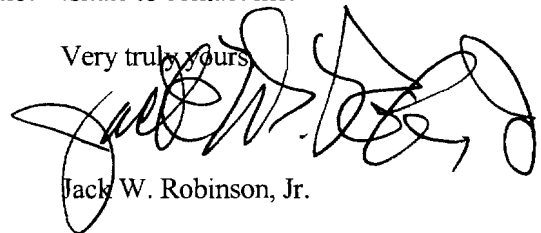
Dear Ms. Collier:

As you requested, enclosed is a copy of a proposed Notice to be published by Community Initiative ("CI") regarding its application and tariff. As of now, we do not yet know the date when the application and tariff will be addressed by the TRA. Please remember that CI's tariff is not a "increase" from what it charged previously, but is a brand new tariff, since it does not currently, nor has it previously, operated the Red Boiling Springs gas utility system. Thus, some of the TRA's rules relating to increases by a provider would not technically apply to CI.

At such time when you know the date that CI's application is set for a hearing by the TRA, I would appreciate your letting me know. Also enclosed is a copy of a revised franchise ordinance which CI presented to Red Boiling Springs for adoption. I have not yet heard any opposition or problem with this enclosure. This proposed ordinance replaces the one previously filed by CI.

If you have any questions, please do not hesitate to contact me.

Very truly yours,



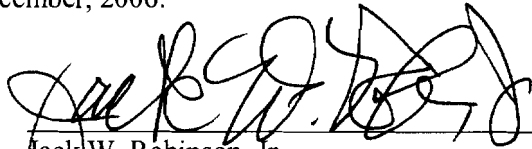
Jack W. Robinson, Jr.

JWRjr:plw
Enclosures

Tennessee Regulatory Authority
ATTN: Ms. Ginger Collier
December 18, 2006
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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon the City of Red Boiling Springs, Tennessee, c/o Jon A. Wells, Esq., city attorney, 206 Court Square, P. O. Box 116, Lafayette, Tennessee 37083-0116; Macon County, Tennessee, c/o County Mayor Glen H. Donoho, Room 201 Macon County Courthouse, Lafayette, Tennessee 37083; the City of Lafayette, Tennessee, c/o Jon A. Wells, Esq., city attorney, 206 Court Square, P. O. Box 116, Lafayette, Tennessee 37083-0116; the Consumer Advocate Division, Tennessee Attorney General's Office, Attn.: Timothy Phillips, Esq., Senior Counsel, 425 Fifth Avenue North, Nashville, Tennessee 37243-0491; J. Graham Matherne, Esq., attorney for Receiver of RBS Gas Utility, Inc., Wyatt, Tarrant & Combs LLP, Suite 1500, 2525 West End Avenue, Nashville, Tennessee 37203-1423 and John A. Gupton III, Esq., attorney for Nestle Waters North America, Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C., 211 Commerce Suite, Suite 1000, Commerce Center, Nashville, TN 37201, by depositing a copy of the same in the United States mail, first class mail, postage prepaid, this 18th day of December, 2006.



Jack W. Robinson, Jr.

NOTICE

Community Initiative, a Tennessee nonprofit corporation ("CI"), has contracted with the court-appointed Receiver of RBS Utility, Inc. ("RBS") to acquire some of the RBS assets out of the receivership. CI then intends to operate the natural gas utility formerly operated by RBS, which serves Red Boiling Springs and surrounding areas, provided it receives regulatory approval. CI has filed an application for a certificate of public convenience and necessity ("CCN") and a tariff, as required by law, with the Tennessee Regulatory Authority ("TRA"), setting forth the rates to be charged. The rates and increases are necessary to help the gas utility to serve the needs of its customers and to operate the gas system efficiently and in a financially sound and responsible manner. The rates are somewhat different from those previously charged by RBS and its Receiver.

Under CI, the monthly base rates will generally be as follows: for residential service, \$8 during the May – October billing months, and \$12 for the remainder of the year; for commercial service, \$35; and for large commercial and industrial service, \$200. Under RBS and the RBS Receiver, the monthly base rates for all customers have all been \$5.

The above rates (i.e., those proposed by CI and those which have been charged by RBS and its Receiver) are all in addition to the charges for gas itself. For gas, CI will charge \$0.50 per therm, plus the allowed purchased gas adjustments and other costs, taxes and adjustments permitted by law. Currently, the RBS Receiver charges \$4.29 per mcf for gas (which is approximately \$0.43 per therm), plus the allowed purchased gas adjustments and other costs, taxes and adjustments permitted by law. If gas service must be reconnected (such as after it has been disconnected for the non-payment of a bill), then CI will charge a reconnection fee of \$50, where RBS previously charged \$25. Other than the wholesale gas costs, the RBS charges and fees have not changed in over 15 years.

A complete copy of CI's application for a CCN and proposed tariff, and the reasons for the changes from what RBS and its Receiver charged, are on file with the TRA at 460 James Robertson Pkwy, Nashville, TN 37243, and are open to public inspection. It is anticipated that CI's application and tariff will be heard in the TRA hearing room at the TRA address listed above on Monday, _____, 2007, at 1 pm.

COMMUNITY INITIATIVE
2003 Free Hill Road
Cookeville, Tennessee 38501

ORDINANCE NO. _____

AN ORDINANCE GRANTING THE FRANCHISE TO
COMMUNITY INITIATIVE, ITS SUCCESSORS AND ASSIGNS,
TO OPERATE AND MAINTAIN THE GAS SYSTEM IN THE CITY OF
RED BOILING SPRINGS, TENNESSEE, INCLUDING A SYSTEM OF
GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING
AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER
THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS,
UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS
OF THE CITY OF RED BOILING SPRINGS, TENNESSEE.

BE IT ORDAINED by the City Council of the City of Red Boiling Springs, Tennessee,
as follows:

SECTION 1: This Ordinance shall be known and may be cited as the “RED BOILING
SPRINGS NATURAL GAS FRANCHISE ORDINANCE.”

SECTION 2: For the purpose of this Ordinance, the following terms, phrases, words and
their derivations shall have the meanings given herein. When not inconsistent with the context,
words used in the present tense include the future tense, words used in the plural number include
the singular number, and words in the singular number include the plural number. The word
“shall” is always mandatory and not merely directory.

(1) “City” is the CITY OF RED BOILING SPRINGS, TENNESSEE, a municipal
corporation.

(2) “Company” is COMMUNITY INITIATIVE, the grantee of the rights under this
franchise, a Tennessee non-profit corporation with a current mailing address of 2003 Free Hill
Road, Cookeville, Tennessee 38501.

(3) "Person" is any person, firm, partnership, association, corporation, company or organization of any kind.

SECTION 3: There is hereby granted by the City of Red Boiling Springs, Tennessee, to COMMUNITY INITIATIVE, its successors and assigns, the exclusive right, authority, privilege and franchise to erect, construct, operate and maintain a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the transmission and distribution of gas in, upon, across, along and under the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds in the present or future corporate limits of the CITY OF RED BOILING SPRINGS and in the environs of said City and to import, transport, sell and distribute gas, whether natural, manufactured or mixed, within the city and its environs, for the supplying and selling of said gas to the City (as a customer) and the inhabitants, institutions and businesses thereof; and for such purposes to construct, operate, maintain, renew, replace, repair and extend all necessary gas mains, service pipes and other appliances, fixtures and facilities as may be necessary for said purposes, to-wit: the transmission, distribution and sale of such gas to the City and the inhabitants thereof for domestic, commercial, industrial and institutional uses and such other purposes for which it is or may hereafter be used.

It is understood and agreed that COMMUNITY INITIATIVE may contract with a management company to help manage, oversee and carry out on its behalf, its transmission, distribution and sale of gas, the repair and expansion of gas lines and facilities, the servicing and billing of customers, and the day-to-day operations of the gas system and franchise, without the necessity of the City's prior approval or consent.

SECTION 4: This franchise and the rights herein granted shall take effect and be enforced from and after the effective date hereof as required by law and upon the filing of acceptance by the Company and shall continue in force and effect for a term of twenty (20) years after the effective date. However, if the acceptance is not filed within thirty (30) days after the passage of this Ordinance on second reading, the provisions of this franchise shall be null and void.

SECTION 5: All gas mains, service pipes, fixtures, facilities and other appliances laid, constructed, maintained and operated by virtue of this franchise shall be laid, constructed, maintained and operated in accordance with all applicable engineering practices and in full accord with any and all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering professions and in accordance with any applicable Statutes of the State of Tennessee, Ordinances of the CITY OF RED BOILING SPRINGS, TENNESSEE, and the Rules and Regulations of the Tennessee Regulatory Authority or of any other governmental regulatory agency having jurisdiction over the Company. Said facilities shall be so constructed as not to interfere with the drainage, interfere with or injure any street, sewer or other public improvement which said City has heretofore made or may hereafter make in, upon, across, along or under any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public grounds or unnecessarily obstruct or impede such highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public grounds of the City.

SECTION 6: When the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways or other public grounds are opened, or any other opening is made by the Company within the City, whether the same be made for the purpose of laying, constructing,

replacing or repairing the mains, pipes and other appliances and fixtures of said Company, said Company shall place and maintain all necessary safety devices, barriers, lights and warnings to properly notify all persons of any dangers resulting from such entrances and shall comply with all safety regulations required by the federal, state or local laws.

SECTION 7: In the event that at any time during the period of this franchise the City shall lawfully elect to alter or change the grade of any street, alley or other public ways in which the Company is maintaining gas mains, pipes or other appliances and fixtures, the Company, upon reasonable written notice by the City shall remove or change or relocate its mains, pipes or other appliances and fixtures as necessary to conform to the proposed alteration at the Company's expense. However, the Company shall be reimbursed its relocation costs whenever such reimbursement is authorized by a Federal or State statute, for either urban renewal development or street relocation.

SECTION 8: When any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public ground is entered by the Company, it shall, within a reasonable time, restore the same to its former condition as nearly as practicable in such a manner as to meet the approval of the City's Consulting Engineer, Codes Inspector or other responsible agent of the City. However, such approval shall not be unreasonably withheld. In the event that the Company shall fail to restore said streets, avenues, roads, alleys, lanes, ways, utility easements, parkways or other public grounds to their former state as nearly as practicable, the City may itself, after giving the Company reasonable written notice, make the restoration and charge the costs thereof to the Company.

SECTION 9: The Company shall, at all times, defend, indemnify and hold harmless the City from and against any and all claims for injury to any person or property by the reason of the failure of the Company or its employees to exercise due care and diligence in and about the installing and maintenance of said system, guarding trenches and excavations while said system is being installed or subsequent extensions, repairs or alterations are being made, or generally in the operation and maintenance of said system, provided the Company shall have been notified in writing of any claim against the City or account thereof and shall have been afforded the opportunity to defend the same.

SECTION 10: The City and the Company hereby agree that this Ordinance shall, from time to time, be subject to Rules and Regulations adopted by the Company and approved by the Tennessee Regulatory Authority or any other regulatory body having jurisdiction thereof during the term of this franchise and shall also be subject to all Rules and Regulations adopted and approved by the Tennessee Regulatory Authority itself; and that all such Rules and Regulations shall be and become part of this Ordinance to the same extent and with the same effect as if said Rules and Regulations were herein set forth in full. The Company shall not be obligated or required to make any extension of distribution mains except in accordance with the provisions relating thereto as adopted or approved by the Tennessee Regulatory Authority.

SECTION 11: Nothing contained herein shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service lines or other devices for furnishing gas service, from using any easement for gas service which are shown on any plat or plats of any portion of the City heretofore or hereafter platted or recorded, or any easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

SECTION 12: No sale or transfer of the gas plant or system or the transfer of any rights under this franchise shall be effective until the vendee, assignee or lessee has filed in the Office of the City Clerk an instrument duly executed reciting the fact of such sale, assignment or lease accepting the franchise terms and agreeing to perform all the conditions.

SECTION 13: The Company shall pay to the City a franchise fee in the amount of One Hundred Dollars (\$100.00) payable within sixty days (60) of the effective date of this Ordinance. The Company shall further pay to the City during the term of this franchise an amount equal to Two Percent (2%) of the annual gross operating revenue from the sale of gas through the Company's distribution system constructed pursuant to this Ordinance as a further and additional franchise fee or tax. This amount shall become due and payable ninety days (90) from the end of the Company's fiscal year and shall be payable each year so long as the Company shall supply and sell natural gas to the public within the corporate limits of Red Boiling Springs, Tennessee or so long as this franchise is in effect. The City shall have access at all reasonable times to the books of the Company for the purpose of determining the amount due to the City under this section. The Company shall also furnish the City an annual report showing the amount of sales of natural gas through the Company's distribution system constructed pursuant to this Ordinance.

SECTION 14: If any section or portion of any section of this Ordinance shall hereafter be declared or determined by a court of competent jurisdiction to be invalid, the Company, or the City, at their election (to be given to the City or to the Company by notice in writing within thirty days (30) after any such declaration or determination) may ratify or confirm the remaining portions of this Ordinance, and upon such ratification or confirmation the remaining portions of this Ordinance shall remain in full force and effect.

SECTION 15: The Company shall, within thirty (30) days after the passage of this Ordinance on second reading, file with the City Clerk of the City of Red Boiling Springs, Tennessee, its unconditional acceptance of the terms and conditions of this Ordinance signed by its President or Chief Executive Officer. After the filing of such acceptance, this Ordinance shall constitute a contract between the parties hereto and shall (subject to the rights and powers vested in, and Orders lawfully issued by the Tennessee Regulatory Authority or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the Tennessee Regulatory Authority) be the measure of the rights, powers, obligations, privileges and liabilities of the City and of the Company.

SECTION 16: All the privileges given and obligations created by this Ordinance shall be binding upon the successors and assigns of the Company, including those nonconflicting provisions which are now or may hereafter be attached as addenda.

SECTION 17: Within four (4) months after passage of this Ordinance on second reading, the Company will proceed with due diligence to obtain all necessary permits and authorizations which are required in the conduct of its business within the City of Red Boiling Springs, Tennessee, from all duly constituted regulatory agencies having jurisdiction over the operation of a natural gas system, including the Tennessee Regulatory Authority. If such permits and authorizations are not obtained by that time, the City may, at its sole option, declare this franchise terminated.

SECTION 18: This franchise is granted pursuant to the laws of the State of Tennessee relating to the granting of such rights and privileges by municipal corporations. This Ordinance

shall be subject to the approval of the Tennessee Regulatory Authority. This Ordinance shall take effect ten (10) days from and after its final passage, the public welfare requiring it.

ACCEPTANCE OF FRANCHISE

Community Initiative, a Tennessee non-profit corporation with a current mailing address of 2003 Free Hill Road, Cookeville, Tennessee 38501, hereby unconditionally accepts the terms and conditions of Ordinance No. _____ adopted by the City Council of the City of Red Boiling Springs, Tennessee on Second Reading on _____, 200____, and which Ordinance grants to Community Initiative the franchise to operate and maintain the gas system in the City of Red Boiling Springs, Tennessee.

Community Initiative hereby agrees to perform all of the conditions as set forth in said Ordinance.

This _____ day of _____, 200_____.

COMMUNITY INITIATIVE

By: _____

Name: _____

Title: _____