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January 16, 2007

VIA HAND-DELIVERY

Hon. Sara Kyle, Chairman
c/o Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

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 Chairman Kyle:

As you recall, at the hearing in this matter on January 8, 2007, you asked my client, Community Initiative ("CI"), and Nestle Waters North America ("Nestle"), the only party that had intervened in this docket, to try to negotiate terms and rates that would be agreeable to both parties. Initially, Nestle will be the only large commercial or industrial customer of the gas utility, as the terms are defined by CI's proposed tariff. Previously, Nestle operated under a special contract with RBS Utility, Inc.

I am glad to report that the parties negotiated and were able to arrive at mutually agreeable terms and rates. There will not be a special contract between Nestle and CI, but Nestle will simply be charged according to the new rates which the parties have agreed to, as set out in the revisions being filed herewith.

Therefore, I have enclosed for filing revised pages for the rate schedules of CI's proposed tariff (revised sheet nos. 4, 6, 8 and 13). (Only those pages containing revisions are being filed herewith.) The only difference in these pages from the version that was originally filed is the amount of the commodity charge on each page. As Director Jones noted, the negotiations

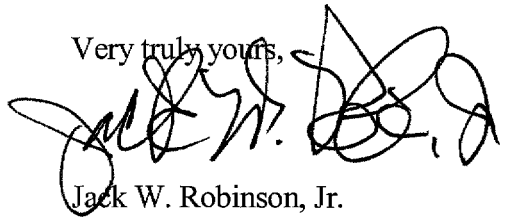
Hon. Sara Kyle, Chairman
c/o Sharla Dillon, Docket Manager
January 16, 2007
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between CI and Nestle involved primarily rate design adjustments. Thus, with the revision of the commodity charge for large commercial or industrial service, the commodity charge for residential service and for commercial and industrial service had to change. However, the total impact of these changes should be revenue-neutral (compared to CI's original proposal), as the total revenues to be received by CI should remain the same as was proposed initially.

Also enclosed for filing is a revised Schedule 2 prepared by Hal Novak, which reflects the above revisions. The original schedule 2 was attached to Mr. Novak's pre-filed testimony. However, with the above revisions, he has revised the original schedule 2 to reflect the revised commodity charges. When the original schedule is compared to the enclosed revised schedule, the anticipated revenue-neutral effect of the revisions can be confirmed.

On behalf of CI, I would ask that you expedite taking action in this docket and schedule a vote at your earliest convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "JWR", followed by a large, stylized flourish or scribble.

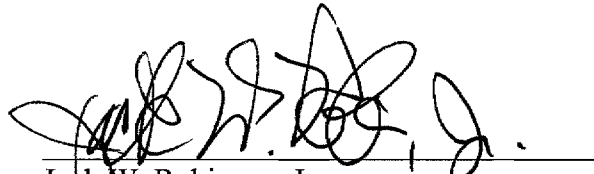
Jack W. Robinson, Jr.

JWRjr:plw
Enclosures

Hon. Sara Kyle, Chairman
c/o Sharla Dillon, Docket Manager
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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document, together with the enclosures, 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 Shelvy Linville, 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 Robert M. Steele, Esq. and John A. Gupton III, Esq., attorneys 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 16th day of January, 2007.



Jack W. Robinson, Jr.

RATE SCHEDULE NO. 1

RESIDENTIAL SERVICE

AVAILABILITY

Throughout the service area of Community Initiative.

APPLICABILITY AND CHARACTER OF SERVICE

Gas service on a firm basis to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered where the Company's distribution mains are suitable for supplying the desired service.

BASE RATE

Winter

Customer Charge (per month)	\$ 12.00
Commodity Charge (per therm)	\$ 0.60 PER THERM

Summer

Customer Charge (per month)	\$ 8.00
Commodity Charge (per therm)	\$ 0.60 PER THERM

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Authority's Rules, and applicable taxes shall be added to the above rates.

MONTHLY CUSTOMER CHARGE

A Customer Charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the Commodity Charge for gas delivered. The Customer Charge will be billed from the date of initial service until service is terminated. In the case of temporary discontinuance of service, there will be a charge of Fifty and No/100 Dollars (\$50.00) for the reconnection of service, to be billed and collected at the time the gas service is reinstated.

SERVICE AGREEMENTS

All Customers purchasing gas pursuant to this Schedule shall be subject to the Company's standard contracts and/or service applications and subject to the Company's Rules and

RATE SCHEDULE NO. 2

COMMERCIAL AND INDUSTRIAL SERVICE
(less than 15,000 therms consumed in any one month)

AVAILABILITY

Throughout the Community Initiative service area.

APPLICABILITY AND CHARACTER OF SERVICE

Gas service on a firm basis to any Non-Residential Customer (i.e., Commercial or Industrial) consuming less than fifteen thousand (15,000) therms in any one (1) month where the Company's distribution mains are suitable for supplying the desired service.

BASE RATES

Customer Charge (per month)	\$ 35.00
Commodity Charge (per therm)	\$ 0.60 PER THERM

Note: Notwithstanding the base rates listed just above, for small commercial customers with meter size < A1425, their base rates will be same as for Residential Service.

Purchased gas costs, other adjustments, charges and/or credits as determined in accordance with the Authority's Rules, and applicable taxes shall be added to the above rates.

MONTHLY CUSTOMER CHARGE

A Customer Charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the Commodity Charge for gas delivered. The Customer Charge will be billed from the date of initial service until service is terminated. In the case of temporary discontinuance of service, there will be a charge of Fifty and No/100 Dollars (\$50.00) for the reconnection of service, to be billed and collected at the time the gas service is reinstated.

SERVICE AGREEMENTS

All Customers purchasing gas pursuant to this Schedule shall be subject to the Company's standard contracts and/or service applications and subject to the Company's Rules and Regulations, which are a part of this Tariff, as filed with the Authority. This Tariff (including the Rules and Regulations) may be amended from time-to-time as allowed by law, with all such amendments to be filed with the Authority.

RATE SCHEDULE NO. 3

LARGE COMMERCIAL AND INDUSTRIAL SERVICE
(15,000 therms or more consumed in any one month)

AVAILABILITY

Throughout the service area of Community Initiative.

APPLICABILITY AND CHARACTER OF SERVICE

Gas service on an interruptible basis to any Non-Residential Customer (i.e., Commercial or Industrial) consuming more than fifteen thousand (15,000) therms in any one (1) month where the Company's distribution mains are suitable for supplying the desired service.

BASE RATE

Customer Charge (per month)	\$ 200.00
Commodity Charge (per therm)	\$ 0.375 PER THERM

MONTHLY CUSTOMER CHARGE

A Customer Charge will be billed monthly to all Customers for the availability of gas service. This charge will be in addition to the Commodity Charge for gas delivered. The Customer Charge will be billed from the date of initial service until service is terminated. In the case of temporary discontinuance of service, there will be a charge of Fifty and No/100 Dollars (\$50.00) for the reconnection of service, to be billed and collected at the time the gas service is reinstated.

SERVICE AGREEMENTS

All Customers purchasing gas pursuant to this Schedule shall be subject to the Company's standard contracts and/or service applications and subject to the Company's Rules and Regulations, which are a part of this Tariff, as filed with the Authority. This Tariff (including the Rules and Regulations) may be amended from time-to-time as allowed by law, with all such amendments to be filed with the Authority.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rates are applicable if payment is made on or before the last date of payment stated on the bill. Payments not actually received by the Company after that date shall be subject to a late payment charge of five percent (5%) of such month's bill, as set forth more fully in the "Bills; Payments; Non-Payment; Gas Termination" section of the Company's Rules and Regulations, which are a part of this Tariff.

COMMUNITY INITIATIVE
BILLING RATES SUMMARY

<u>Rate Schedule</u>	<u>Rate Class</u>	<u>Description</u>	<u>Original Tariff Rate</u>
No. 1	Residential	Customer Charge Plus:	\$ 12.00 Winter \$ 8.00 Summer
		Per Therm Billed	\$ 0.60
No. 2	Commercial	Customer Charge Plus:	\$ 35.00
		Per Therm Billed	\$ 0.60
No. 3	Large Commercial and Industrial	Customer Charge Plus:	\$ 200.00
		Per Therm Billed	\$ 0.375

**Community Initiative
Revenue Analysis of Red Boiling Springs Gas Company Acquisition**

**Exhibit WHN-1
Schedule 2
Revised
1/16/07**

	<u>Mcf/Dkt Determinant A/</u>	<u>Existing RBS Rate D/</u>	<u>Proposed CI Rate E/</u>	<u>Existing RBS Revenues</u>	<u>Proposed CI Revenues</u>	<u>Difference</u>
Residential:						
Mcf Volumes	24,000 B/	\$4.29	\$6.00	\$102,960	\$144,000	\$41,040
Customers (Bills):						
Winter	1,110 C/	5.00	12.00	5,550	13,320	7,770
Summer	1,110	5.00	8.00	5,550	8,880	3,330
Total Residential				\$114,060	\$166,200	\$52,140
Commercial:						
Mcf Volumes	6,000 B/	\$4.29	\$6.00	\$25,740	\$36,000	\$10,260
Customers (Bills):						
Winter	24 C/	5.00	35.00	120	840	720
Summer	24	5.00	35.00	120	840	720
Total Commercial				\$25,980	\$37,680	\$11,700
Industrial & Special Contract:						
Mcf Volumes	24,000 B/	\$0.50	\$3.75	\$12,000	\$90,000	\$78,000
Customers (Bills):						
Winter	6 C/	0.00	200.00	0	1,200	1,200
Summer	6	0.00	200.00	0	1,200	1,200
Total Industrial & Special Contract				\$12,000	\$92,400	\$80,400
Total Base Rate Margin				\$152,040	\$296,280	\$144,240

A/ For simplicity, we assume in this analysis that 1 Mcf = 1 Dkt.

B/ Customer charges assumes 185 residential, 4 commercial and 1 industrial customer.

C/ Mcf Volumes of 24,000 each customer class closely approximates current usage.

D/ RBS Tariff Sheets less \$3.21/Mcf of gas cost in base rates.

E/ Proposed tariff sheets included in Company's Petition.