

December 3, 2010

VIA EMAIL AND HAND DELIVERY

Mary W. Freeman, Chairman Tennessee Regulatory Authority
c/o Sharla Dillon Dockets and Records Manager
460 James Robertson Parkway
Nashville, Tennessee 37219

filed electronically in docket office on 12/03/10
Docket no. 10-00220

**RE: Joint Petition of Navitas TN NG, LLC and Gasco Distribution Systems, Inc. for
Approval of Transfer of Control and Authority of Gasco Distribution Systems, Inc.**

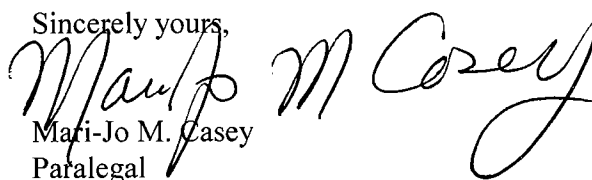
Dear Chairman Freeman:

Attached is a document responding to the items requested at conference with TRA staff December 2, 2010. In addition, to supplement the response to item number 2, we have enclosed an original and four copies of a disc containing the September 30, 2010 Application filed in the Oklahoma rate case with documents redacted.

As you are aware, we had our vendor, PageOne Document Services, hand deliver to your office this afternoon, two binders of documents which have been marked "**CONFIDENTIAL**" and will **not** be submitted electronically. The "**CONFIDENTIAL**" exhibits have been marked as such and placed in separate boxes, due to the size of each binder. In addition, envelopes marked "**CONFIDENTIAL**" containing the Confidential responses to items 4 and 7 below are being hand delivered with this submission. The Petitioners request that the Authority treat these exhibits Confidential, as marked, and that these documents not be made available for the public to review. Should anyone seek to view the documents, the Petitioners request an opportunity to further protect them from disclosure and, if necessary, seek a protective order.

Please contact me if you have any questions.

Sincerely yours,


Mari-Jo M. Casey
Paralegal

on behalf of Counsel for Navitas TN NG, LLC

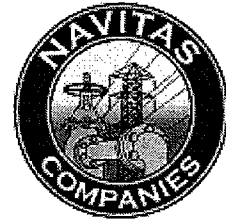
Enclosures



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cc: Richard Collier, Esq. (w/o Exhibits)
Vance L. Broemel, Esq. (w/o Exhibits)
Helen Helton, Esq. (w/o Exhibits)
Anita Mitchell, Esq. (w/o Exhibits)
J. Knox Walkup, Esq. (w/o Exhibits)
Klinton W. Alexander, Esq. (w/o Exhibits)
Ron Comingdeer, Esq. (w/o Exhibits)
Mary Kathryn Kunc, Esq. (w/o Exhibits)
Fred Steele (w/o Exhibits)

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December 2010

Dear Gasco Distribution System Customer,

In January, the assets of the Gasco Distribution system currently providing your natural gas service will become part of the Navitas companies family of natural gas distribution systems, namely Navitas TN NG, LLC.

Currently, the Navitas Companies serve a number of rural cities, towns, communities, and counties in Oklahoma, with its main operations headquartered in Eakly, Oklahoma. Navitas has extensive experience in operating rural gas systems and is committed to the rural communities in which it serves and helps to ensure that these communities stay viable. Navitas TN NG, LLC has purchased Gasco's gas utility properties in Tennessee and Kentucky, which include the Jellico System, the Byrdstown System, the Fentress System, and the Albany, Kentucky System. We will maintain local field service personnel in these locations. These personnel will be available 24x7 if weather related or other emergency requires it.

Our immediate contact information is as follows and we will be providing you local office information soon:

Navitas TN NG, LLC
121 Eakly Campus Road
P.O. Box 183
Eakly, OK 73033
(405) 797 – 3303

Navitas is a growing company and in addition to the Gasco acquisition, has made several acquisitions in rural Oklahoma since May of 2007. We believe our acquisition strategy is the best way to keep competitive rates for the rural customers of Navitas for their agricultural, commercial, and residential needs. In addition, you will continue to be served by an operation headquartered in Oklahoma with local personnel in Tennessee and a company that is dedicated to serving the needs of it rural customers. You can find more information at our website: www.navitasutility.com .

Best Regards,
Thomas Hartline
President, Navitas Utility

ITEMS REQUESTED AT CONFERENCE WITH TRA STAFF
DECEMBER 2, 2010

1. Clarification regarding the relationship between (1) the Navitas Assets, LLC Corporate Resolution's assignment to Navitas TN NG, LLC and (2) paragraph 19 of the Joint Petition.
 - A. Pursuant to the Asset Purchase Agreement, the sale of the Gasco Distribution system is to Navitas Assets, LLC ("NALLC") and its *assigns* as set forth in the opening paragraph of the Agreement. Attached to the Joint Petition is a Resolution signed by Mr. Richard Varner and Mr. Thomas Hartline, who own 100% of NALLC, which assigns all of NALLC's rights and privileges under the Agreement to Navitas TN NG, LLC. Therefore, by virtue of the assignment, Navitas TN NG, LLC stands in the place of NALLC as listed in paragraph 19 of the Joint Petition.
2. Production of a copy of the current Operating Agreement for non-Tennessee entities, redacted to exclude proprietary material. Production of the proprietary material to be filed as confidential under seal.
 - A. The Operating Agreement(s) for the non-Tennessee entities are located under tab "P" Schedule P and Workpapers in the confidential Oklahoma Rate Case binder Volume No. II.
3. Statement with regard to how the methodology in the current operating agreement would be utilized in a future operating agreement involving Navitas TN NG, LLC.
 - A. The current operating agreement between Navitas Utility Corporation ("NUC") and the various regulated Oklahoma utilities owned by Navitas Assets ("NALLC") would be duplicated for Navitas TN NG, LLC ("NTNNG"). (Please see Operating Agreement(s) found under tab "P" of Binder II) NUC is the managing member of NALLC and its charges for operating utilities include the following: Monthly Customer Charge, Construction Charge, Commodity Charge, Meter Charge, Financing Charge. Operational services provided by NUC cover nearly all aspects for the utilities with only a few charges paid directly by the utilities including: Ad Valorem, income, or other taxes, business license(s), annual accounting audit. Included in NUC's service is all personnel, rolling stock, equipment, commodity, inventory, meters, and pre-paid services (insurance, etc.) A copy of the Navitas TN NG, LLC Operating Agreement will be provided to the Commission Staff as soon as it is available.

Note, NUC seeks to initially break-even on its operational income and pursue additional acquisitions and with those acquisitions then reap the benefit of economies of scale as Navitas gets larger. In this way both the customers and company benefit.

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4. Provide a pro forma for Navitas TN NG, LLC together with notes regarding assumptions utilized.
 - A. Provided. (**CONFIDENTIAL** – Filed Under Seal).
5. Explanation of what each item encompasses when each item is listed among the charges in the operating agreement.
 - A. Monthly Customer Charge – This is a fixed charge based on the density of customers in a particular sub-system (e.g.- a geographic costing model). A sub-system is described as a contiguous run of pipe served by one or more supply taps. This is the primary charge and covers all services not charged for elsewhere as described below. As such it includes the costs for employees, rolling stock, equipment, repair inventory, pre-paid services, etc.
Construction Charge – This is a cost plus charge for capitalize assets or other special third party charges. This covers new construction or significant reconstruction; however, to the extent that the cost of Navitas forces or equipment are included in this charge there is a direct reduction in the Monthly Customer Charge so as not to double count for the same person or equipment. Third party costs, such as pipe for new construction, or a specialty contractor are at cost plus mark-up. Special third party charges could include the charge for counsel retained to handle an unusual dispute such as a right-of-way issue.
Commodity Charge – This is the charge covering the components of the Purchased Gas Adjustment (PGA) including gas supply, interstate transportation, etc.
Meter Charge – This is the charge for each meter placed in the field, currently \$1.85 per month. By placing the meters in NUC we do not have to track which meter belongs to which legal entity. Thus it will be possible that a meter that was used in Oklahoma and then reprovved and reconditioned in our meter shop could end up in Tennessee.
Finance Charge – Often, winter peaking utilities do not become cash-flow positive until December or even January in a discrete year. Thus NUC has to defer collection on its billings for a period of time.
6. Explanation of future cost allocations to Navitas TN NG, LLC relating to headquarters functions (billing, meter shop, etc.).
 - A. A portion of utility plant assets benefiting the customers of Navitas TN NG (NTNNG) will not directly appear in its net plant assets. These include assets held by NUC both in Tennessee (trucks, tooling, etc. for the service personnel in Jellico and Byrdstown) and in Oklahoma (meter shop equipment, billing computers, etc.) as well as assets held by Fort Cobb Fuel Authority, LLC (“FCFA”) (the operational headquarters including the meter shop building and the billing office). Prior to this acquisition all our operations were for the benefit of Oklahoma customers. However, in Oklahoma we have two separately tariffed entities. To allocate between these two entities in our pending rate case we have proposed using a percentage of base PP&E. In the future for Tennessee we would likely propose a similar method.

7. Provide financial statement/balance sheet projected for the post-purchase period.
 - A. Provided. (**CONFIDENTIAL** – Filed Under Seal).
8. Statement regarding the status of efforts to obtain regulatory approval in Kentucky.
 - A. THE JOINT APPLICATION OF NAVITAS KY NG, LLC AND GASCO DISTRIBUTION SYSTEMS, INC. FOR APPROVAL OF AN ACQUISITION OF OWNERSHIP AND CONTROL OF GAS UTILITY SYSTEMS was filed with the Kentucky Public Service Commission (PSC) on December 2, 2010. The approval process takes 60 days from the date of filing, a deadline the PSC has indicated it will likely make. In Kentucky, there will not be a hearing on the Application unless the PSC requests one. Moreover, there is no requirement in Kentucky that the PSC formally approve the transfer of the Albany and Clinton County franchise agreements from Gasco to Navitas. At this point, there has been no indication as to when the PSC will enter its Order approving the acquisition of ownership and control over the Gasco utility system in Albany, Kentucky as the case is just now being assigned to staff.
9. Statement regarding whether approval of the Federal Energy Regulatory Commission is required.
 - A. We have talked to FERC and talked to counsel for Gasco and we have found that there are no FERC certificates or authority that need to be transferred from Gasco to Navitas.
10. Draft of a proposed letter notice to customers regarding the transfer.
 - A. Please see the attached customer letter.
11. Provide Fort Cobb Fuel Authority's current Application filing Package in the current rate case pending before the Oklahoma Corporation Commission which includes the Operating Agreement and other information. 5 CD's will include the electronic redacted filing and 2 binders will be provided with the unredacted filing.
 - A. The CDs are being filed with the Commission's Clerk and the two (2) confidential binders containing the entire Application Filing Package are being delivered to the Commission Staff.