

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

**December 1, 2011**

|                                       |   |                            |
|---------------------------------------|---|----------------------------|
| <b>IN RE:</b>                         | ) |                            |
|                                       | ) |                            |
| <b>PETITION OF NAVITAS TN NG, LLC</b> | ) | <b>Docket No. 11-00060</b> |
| <b>FOR EMERGENCY RELIEF FOR</b>       | ) |                            |
| <b>NATURAL GAS RATES</b>              | ) |                            |

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**ORDER APPROVING AMENDED SETTLEMENT AGREEMENT**

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This matter came before Director Kenneth C. Hill, Director Sara Kyle and Director Mary W. Freeman of the Tennessee Regulatory Authority (“Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on August 1, 2011, to hear and consider the *Petition for Emergency Relief* filed by Navitas TN NG, LLC (“Navitas”) on April 20, 2011, and the *Amended Proposed Settlement Agreement* filed by Navitas and the Consumer Advocate and Protection Division of the Office of the Tennessee Attorney General (“Consumer Advocate”) (collectively the “Parties”) on July 14, 2011.

**BACKGROUND**

Navitas is a Tennessee limited liability company under the laws of the State of Tennessee and is engaged in the transportation, distribution, and sale of natural gas service to approximately 551 customers residing in Campbell County, Tennessee and Whitley County, Kentucky (the Jellico System),<sup>1</sup> Pickett County, Tennessee (the Byrdstown System) and Fentress County,

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<sup>1</sup> By Order of the Public Service Commission of the Commonwealth of Kentucky dated August 13, 1990, service to Kentucky residents in Kentucky Hill and Black Oak in Whitley County, Kentucky is effective under the jurisdiction of the Authority as part of the Jellico Distribution System.

Tennessee (the Fentress System).<sup>2</sup> Navitas also furnishes natural gas service to approximately 145 customers located in Clinton County, Kentucky (the Albany System).<sup>3</sup>

On December 30, 2010, the Authority issued an Order approving the transfer of control and authority from Gasco Distribution Systems, Inc. (“Gasco”)<sup>4</sup> to Navitas, including its authority to provide retail gas utility services under its Certificate of Public Convenience and Necessity in Jellico, Campbell County, Byrdstown, Pickett County and Fentress County, Tennessee and Whitley County, Kentucky.<sup>5</sup> In addition, assignments of certain franchise agreements between Gasco and the City of Byrdstown, Pickett County, and the City of Jellico, to provide utility services therein, and financing arrangements were approved by the Authority. Thereafter, Navitas adopted the existing tariffs of Gasco for its natural gas operations.<sup>6</sup>

#### **TRAVEL OF THE CASE**

On April 20, 2011, Navitas filed its *Petition for Emergency Relief* asserting that its existing rates and charges do not provide sufficient revenue to cover its costs to operate the Byrdstown, Jellico and Fentress systems and requesting new rates to reduce its operating losses.<sup>7</sup> In its Petition, Navitas also asserts that its existing tariffs do not include a customer service charge, and that without a customer service charge to compensate for low usage during the warmer months, when natural gas usage is non-existent or very low, Navitas will be operating at

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<sup>2</sup> *Petition for Emergency Relief*, p. 1 (April 20, 2011).

<sup>3</sup> *Id.*

<sup>4</sup> Gasco filed for Chapter 11 bankruptcy protection (Case No. 09056171) in the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division on June 1, 2009 and operated as Debtor in Possession until the acquisition by Navitas was approved by the Authority. See *In 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.*, Docket No. 10-00220, *Order Approving Transfer of Control and Approving Transfer of Franchise Agreements and Financing Transactions* (December 30, 2010).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Petition for Emergency Relief*, p. 3 (April 20, 2011).

a revenue deficiency.<sup>8</sup> Navitas states that it plans to file a full rate case once it has operated and obtained actual information for a twelve-month period.<sup>9</sup>

On May 5, 2011, pursuant to Tenn. Code Ann. § 65-4-118, the Consumer Advocate filed its *Petition to Intervene* with the Authority. During a regularly scheduled conference held on May 9, 2011, the Authority convened a contested case proceeding, appointed a Hearing Officer for the purpose of preparing the matter for a hearing before the panel, and suspended Navitas' proposed tariff from May 20, 2011 to August 18, 2011. On May 26, 2011, the Hearing Officer issued a Notice of Status Conference scheduling an initial status conference on June 6, 2011. On June 8, 2011, the Hearing Officer issued an *Order Granting the Consumer Advocate's Petition to Intervene and Reflecting Action Taken at the June 6, 2011 Status Conference*, which included directing the parties to submit an agreed protective order and procedural schedule by June 10, 2011. Navitas submitted the pre-filed testimony of Mr. Thomas Hartline on June 17, 2011 and the Hearing Officer issued a procedural schedule on July 1, 2011.

On July 5, 2011, the Parties filed a Proposed Settlement Agreement. At a status conference on July 11, 2011 the Hearing Officer requested certain clarifications and modifications to that agreement. In response to that request, Navitas and the Consumer Advocate filed the *Amended Proposed Settlement Agreement* on July 14, 2011.

On July 15, 2011, the Authority issued a Notice of Hearing setting the Hearing on the Merits for August 1, 2011. On July 26, 2011, Navitas filed a copy of the required public notice

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<sup>8</sup> Specifically, Navitas proposes a fixed monthly charge of \$6.00 and a \$1.00 charge per CCF, for the first 9 CCF of usage per month, and a \$0.40 per CCF commodity charge. *Petition for Emergency Relief*, Exhibit C (April 20, 2011).

<sup>9</sup> *Petition for Emergency Relief*, p. 3 (April 20, 2011).

that had been published in the Lafollette Press and the Pickett County Press on July 21, 2011. In addition, as evidenced by the Affidavit of Mailing included in the July 26, 2011 filing, Navitas mailed a direct notice to customers residing in Kentucky on July 22, 2011.

### **THE HEARING**

The Hearing in this matter was held before the voting panel assigned to this docket on August 1, 2011. Participating in the Hearing were the following parties and their respective attorneys:

**Navitas – Klint W. Alexander, Esq.**, Wyatt, Tarrant & Combs, LLP, 2523 West End Avenue, Ste 1500, Nashville TN 37203, and **Mary Kathryn Kunc, Esq.**, Ron Comingdeer & Associates, 6011 N. Robinson, Oklahoma City, OK 73118.

**Consumer Advocate and Protection Division – Ryan L. McGehee, Esq.**, Office of the Attorney General, 425 5<sup>th</sup> Ave. N, John Sevier Building, P.O. Box 20207, Nashville, TN 37202.

Mr. Thomas Hartline, President and Treasurer of Navitas Utility Corporation and Secretary of Navitas, Navitas Assets, LLC, and Fort Cobb Fuel Authority, LLC, presented testimony, including a discussion of the terms of the *Amended Proposed Settlement Agreement*, and was available for questioning by the panel. The *Amended Proposed Settlement Agreement* fully sets forth the terms and conditions agreed to by the Parties; briefly, those terms and conditions are described as follows:

- a. Effective upon TRA approval, a customer charge of \$6.00 per month will be implemented as referenced in the proposed tariff page (Exhibit A to the Agreement);
- b. Effective upon TRA approval, the volumetric charge will be increased by \$0.25 for the first 9 Ccf per month as referenced in the proposed tariff page (Exhibit A to the Agreement). This is \$0.75 less than sought by Navitas in its Petition;
- c. The proposed temporary rate changes will produce approximately \$50,052 in additional revenue, based on the schedule attached at Exhibit B, as opposed to the \$96,000 sought. This is \$46,000 less than sought by Navitas in its Petition;

- d. Navitas will file a formal rate case including all minimum filing requirements and supporting sworn testimony by no later than June 30, 2012. If Navitas does not file a formal rate case by this date, the increases set forth above will not be billed to Tennessee ratepayers as of the July, 2012 billing period. Furthermore, the alterations to the rates of Navitas subject to this Agreement will expire at the conclusion of the rate case filed under this subsection of the Agreement when the Authority puts new rates into effect.
- e. Navitas agrees to meet all applicable reporting requirements of the TRA, including but not limited to 3.04 reports and all quarterly and annual reports and to provide copies to the Consumer Advocate at the same time as filing with the TRA.
- f. Navitas will provide notice of the consideration of this Proposed Settlement Agreement in newspapers of general circulation within its service area. The Notice is attached to the Agreement as Exhibit C.<sup>10</sup>

The Consumer Advocate did not present witnesses at the Hearing, but did express support for the *Amended Proposed Settlement Agreement*. The panel provided an opportunity for public comment, but no one sought recognition at the Hearing.

Thereafter, the panel deliberated the merits of the *Amended Proposed Settlement Agreement* and found that, based on the information contained in the record and the testimony presented, the terms and conditions set forth in the *Amended Proposed Settlement Agreement* were just and reasonable and in the public interest. Therefore, the panel unanimously voted to approve the *Amended Proposed Settlement Agreement*.

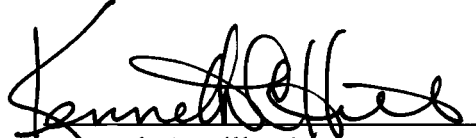
**IT IS THEREFORE ORDERED THAT:**

1. The *Amended Proposed Settlement Agreement* between Navitas TN NG, LLC and the Consumer Advocate and Protection Division, a copy of which is attached to this Order as Exhibit 1, is approved and adopted, and incorporated in this Order as if fully rewritten herein.


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<sup>10</sup> *Amended Proposed Settlement Agreement*, pp. 3-4 (July 14, 2011).

2. Navitas shall file a tariff consistent with the terms and conditions of the *Amended Proposed Settlement Agreement*, as reflected in Exhibit 1 attached hereto, and approved and adopted herein.

  
Kenneth C. Hill, Director

  
Sara Kyle, Director

  
Mary W. Freeman, Director

**BEFORE THE TENNESSEE REGULATORY AUTHORITY  
NASHVILLE, TENNESSEE**

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**IN RE:**

**PETITION OF NAVITAS TNG, LLC  
FOR EMERGENCY RELIEF FOR  
NATURAL GAS RATES**

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T.R.A. DOCKET ROOM

Docket No. 11-00060

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**AMENDED PROPOSED SETTLEMENT AGREEMENT**

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Following a status conference on July 11, 2011 in which the Hearing Officer requested certain clarifications and modifications to a proposed settlement agreement filed in this docket on July 5, 2011, for the sole purpose of settling this case, Tennessee Regulatory Authority ("TRA" or "Authority") Docket Number 11-00060, Petitioner Navitas TNG, LLC ("Navitas" or "Company") and Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate"), (collectively the "Parties") respectfully submit this Amended Proposed Settlement Agreement ("Proposed Settlement Agreement" or "Agreement"). Subject to TRA approval, the Parties stipulate and agree as follows:

1. Navitas is a Tennessee limited liability company under the laws of the State of Tennessee and is engaged in the business of transportation, distribution, and sale of natural gas in Campbell County, Pickett County, and Fentress County, Tennessee, and in Whitely County and Clinton County in Kentucky. Navitas is a public utility pursuant to the laws of Tennessee, and its public utility operations are subject to the jurisdiction of the TRA.

2. Navitas is a wholly-owned subsidiary of Navitas Assets, LLC, a Delaware limited liability company. The principal office and place of business of Navitas is located at 18218 East

McDurmott, Irvine, California 92614. Local offices are maintained at 613 Sunset Trail, Jellico, Tennessee 37762 and 9825 Hwy 111, Static, Tennessee.

3. On December 30, 2010, the Authority issued an Order in TRA Docket 10-00220 approving the transfer of control of the utility systems of Gasco Distribution Systems, Inc. ("Gasco"). At the time of the acquisition by Navitas of Gasco, Gasco operated as Debtor in Possession while in proceedings before the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division. Navitas adopted all of Gasco's existing tariffs.

4. On April 20, 2011, Navitas filed a Petition for Emergency Relief in which the Company sought approval to increase the rates paid by Tennessee consumers. Since acquiring the system formerly held by Gasco, Navitas has been operating at a substantial loss. The Petition sought to implement a monthly customer charge of \$6.00 and a charge of \$1.00 per 9 Ccf per month. The relief sought is estimated to reduce the operating losses of Navitas from \$159,000 to \$62,000. By this filing, Navitas has not sought to cure the entire revenue deficiency it submits it is incurring or sought to make any return on its investment.

5. On May 5, 2011, the Consumer Advocate filed a petition to intervene to investigate the need for emergency relief sought by Navitas and the impact of such relief on Tennessee consumers.

6. In response to TRA data requests and in sworn pre-filed testimony, Navitas has stated there are insufficient records and accurate data from which to formulate a test year to file a formal rate case. Navitas submits very few records were provided to Navitas during the acquisition of Gasco.

7. According to Navitas' sworn testimony, currently, Navitas is operating at a significant financial loss. According to TRA quarterly "3.04" surveillance reports on file with the



Authority, Gasco had not earned a profit since 2005. Gasco had not filed for a rate increase since 1992. Unlike all other natural gas public utilities in Tennessee, the rate design of neither Gasco in the past nor of Navitas in the present has included a monthly customer charge.

8. Both Navitas and the Consumer Advocate recognize the extraordinary circumstances in this matter. The Parties have engaged in a substantial review and informal discovery in this matter, have reviewed the TRA data requests and data responses, and have undertaken settlement discussions to resolve the disputed issues in this Docket. Based on those discussions and Navitas' sworn representations regarding the lack of information and data available to file a rate case, the Parties have agreed to settle the issues pending solely in this Docket. More specifically, subject to TRA approval, the Parties have agreed to the following terms and conditions of compromise and settlement based on the unique and extraordinary facts of this case:

- a. Effective upon TRA approval, a customer charge of \$6.00 per month will be implemented as referenced in the proposed attached tariff page (Exhibit A);
- b. Effective upon TRA approval, the volumetric charge will be increased by \$0.25 for the first 9 Ccf per month as referenced in the proposed tariff page (Exhibit A). This is \$0.75 less than sought by Navitas in its Petition;
- c. The proposed temporary rate changes will produce approximately \$50,052 in additional revenue, based on the schedule attached at Exhibit B, as opposed to the \$96,000 sought. This is \$46,000 less than sought by Navitas in its Petition;
- d. Navitas will file a formal rate case including all minimum filing requirements and supporting sworn testimony by no later than June 30, 2012. If Navitas does not file a formal rate case by this date, the increases set forth above will not be billed to Tennessee ratepayers as of the July, 2012 billing period. Furthermore, the alterations to the rates of Navitas subject to this Agreement will expire at the conclusion of the rate case filed under this subsection of the Agreement when the Authority puts new rates into effect.

- e. Navitas agrees to meet all applicable reporting requirements of the TRA, including but not limited to 3.04 reports and all quarterly and annual reports and to provide copies to the Consumer Advocate at the same time as filing with the TRA.
- f. Navitas will provide notice of the consideration of this Proposed Settlement Agreement in newspapers of general circulation within its service area. A copy of the notice Navitas intends to utilize is attached as Exhibit C.

9. The stipulations agreed to in this Proposed Settlement Agreement, which are the product of negotiations and substantial communication and compromise between the Parties, are just and reasonable and in the public interest.

10. The Parties jointly recommend that the Authority issue an order adopting this Proposed Settlement Agreement in its entirety without modification.

11. If the TRA does not accept the Proposed Settlement Agreement in whole and as full and final settlement of the issues in this Docket, this Proposed Settlement Agreement shall terminate and the Parties shall not be bound by any position set forth in this Proposed Settlement Agreement. Should this Proposed Settlement Agreement terminate, it will be considered void and have no binding effect, and the signatories to this Proposed Settlement Agreement reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Proposed Settlement Agreement. The provisions of this Proposed Settlement Agreement are not severable.

12. By agreeing to this Proposed Settlement Agreement, no Party waives any right to continue litigating this matter should the Proposed Settlement Agreement be rejected by the TRA in whole or in part.

13. No provision of this Proposed Settlement Agreement shall be deemed an admission of any Party.

14. The Parties agree to support this Proposed Settlement Agreement in any proceeding before the Authority in this Docket; however, the Parties further agree and request the Authority to order that the settlement of any issue pursuant to this Proposed Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the Authority or any court, state or federal.

15. The provisions of this Proposed Settlement Agreement do not necessarily reflect the positions asserted by any Party, and no Party to this Proposed Settlement Agreement waives the right to assert any position in any future proceeding except as expressly stipulated herein. This Proposed Settlement Agreement shall not have precedential effect in any future proceeding or be binding on any Party except to the limited extent necessary to implement the provisions hereof.


16. The Parties agree to implement this Proposed Settlement Agreement in good faith and with due diligence.

17. This Proposed Settlement Agreement shall be governed by and construed under the laws of the State of Tennessee, notwithstanding conflict of law provisions.

SIGNATURES ON FOLLOWING PAGE

The foregoing Proposed Settlement Agreement of Docket 11-00060 is agreed and stipulated to this 14 day of July, 2011.

**FOR NAVITAS TENDING, LLC:**

  
\_\_\_\_\_  
John Knox Walkup, Esq.  
Klint W. Alexander, Esq.  
Wyatt, Tarrant & Combs, LLP  
2525 West End Avenue South, Suite 1500  
Nashville, TN 37203-1423  
(615) 244-0020

**FOR THE ATTORNEY GENERAL AND REPORTER  
CONSUMER ADVOCATE AND PROTECTION DIVISION:**



Robert E. Cooper, Jr. (BPR No. 10934)  
Attorney General and Reporter



Ryan L. McGehee (BPR No. 25559)  
Assistant Attorney General  
Consumer Advocate and Protection Division  
Office of Attorney General  
425 5<sup>th</sup> Avenue North  
Nashville, TN 37243-0491  
(615) 532-5512

## EXHIBIT A

Residential and Commercial Tariff  
First Revised TRA Service Schedule No. 1

Navitas TN NG, LLC, Jellico Division  
P.O. Box 183  
121 Eakly Campus Road  
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES  
As ordered by the  
TENNESSEE REGULATORY AUTHORITY

For billing all Residential Natural Gas Service  
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, Jellico Division for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

RESIDENTIAL & COMMERCIAL "RC" SERVICE  
Schedule No. 1

AVAILABILITY

Available to any residential or commercial customer within all areas served by Navitas TN NG, LLC, Jellico Division.

BASE RATE <sup>(1)</sup>

|                                      |                |
|--------------------------------------|----------------|
| Customer charge per month            | \$6.00         |
| First 9 Ccf per month <sup>(2)</sup> | \$0.25 per Ccf |
| Commodity charge                     | \$.040 per Ccf |

(1) The cost of purchased gas is not included in the base rate/non-commodity charge.

(2) The charge for the first 9 Ccf per month is in addition to the per Ccf charge per customer class for the first 9 Ccf. For example, if a customer uses 10 Ccf in a month, the charge will be \$6.00 (customer charge) plus \$0.25 per Ccf for the first 9 Ccf plus \$0.40 per Ccf for the first 9 Ccf then \$0.40 for the 10<sup>th</sup> Ccf used that month, for a total non-commodity charge of \$12.25

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Issued by: Thomas Hartline  
Secretary

Effective:

Docket No.

EXHIBIT

A

Industrial, Institutional and Public Tariff  
1<sup>st</sup> Revised TRA Service Schedule No. 2

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Navitas TN NG, LLC, Jellico Division  
P.O. Box 183  
121 Eakly Campus Road  
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES  
As ordered by the  
TENNESSEE REGULATORY AUTHORITY

For billing all Public, Industrial and Institutional Natural Gas Service  
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, Jellico Division for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

PUBLIC, INDUSTRIAL & INSTITUTIONAL "PII" SERVICE  
Schedule No. 2

AVAILABILITY

Available to any public, industrial or institutional customer within all areas served by Navitas TN NG, LLC, Jellico Division.

BASE RATE <sup>(1)</sup>

|                                      |                |
|--------------------------------------|----------------|
| Customer charge per month            | \$6.00         |
| First 9 Ccf per month <sup>(2)</sup> | \$ .25 per Ccf |
| Commodity charge                     | \$0.30 per Ccf |

(1) The cost of purchased gas is not included in the base rate/non-commodity charge.

(2) The charge for the first 9 Ccf per month is in addition to the per Ccf charge per customer class for the first 9 Ccf. For example, if a customer uses 10 Ccf in a month, the charge will be \$6.00 (customer charge) plus \$0.25 per Ccf for the first 9 Ccf plus \$0.30 per Ccf for the first 9 Ccf then \$0.30 for the 10<sup>th</sup> Ccf used that month, for a total non-commodity charge of \$11.25.

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Issued by: Thomas Hartline  
Secretary

Effective:

Docket No.



## EXHIBIT B

TN pro forma income statement

|  | Monthly  |       |        | Annual      |   |
|--|----------|-------|--------|-------------|---|
|  | Quantity | Price | Total  | Total       |   |
| Rates                                      |          |       |        |             |   |
| Proposed                                   |          |       |        |             |   |
| Customer charge                            | 530      | 6     | 3,180  | 38,160      | \$6 per month customer charge   |
| Surcharge units 1-9                        | 3,964    | 0.25  | 991    | 11,892      | plus \$0.25 per month surcharge on 1st nine units                         |
| Flow                                       |          |       |        | 50,052      | (Quantity reflects that not all customers will use nine units each month) |
| Metro > 49                                 |          |       |        |             |   |
| City 35-49                                 |          |       |        |             |   |
| Town 20-34                                 |          |       |        |             |   |
| Community 1-19                             |          | 0.370 |        |             | Flow tariff unchanged   |
| Byrdstown                                  | 3,505    | 0.370 | 1,297  | 15,562      | (0.37 is the average over all use,  |
| Fentress                                   | 371      | 0.370 | 137    | 1,645       | actual tariff is either 0.30 or 0.40)                                     |
| Jellico                                    | 40,333   | 0.370 | 14,923 | 179,080     |   |
|  |          |       |        | 196,287     |   |
|  |          |       |        | 246,339     |   |
| Commodity charge                           |          |       |        | 371,355     |   |
| <u>Proposed pro forma income statement</u> |          |       |        |             |   |
| Revenue                                    |          |       |        | \$ 617,694  |   |
| Commodity cost                             |          |       |        | 371,355     |   |
| Non commodity revenue                      |          |       |        | 246,339     |   |
| Direct costs                               |          |       |        | 315,542     |   |
| Depreciation                               |          |       |        | 18,427      |   |
| Total operating costs                      |          |       |        | 333,969     | Book net plant w/a 40 year life   |
| Operating income                           |          |       |        | (87,629)    |   |
| Income taxes                               |          |       |        |             |   |
| Net income                                 |          |       |        | \$ (87,629) |   |

EXHIBIT

B

Proposed emergency rates

6/22/2011

## EXHIBIT C

**NOTICE OF HEARING ON  
NAVITAS TN NG, LLC'S  
PETITION FOR EMERGENCY RELIEF FOR NATURAL GAS RATES**

Navitas TN NG, LLC has filed a Petition for Emergency Relief with the Tennessee Regulatory Authority (the "Authority") in Docket No. 11-00060 requesting immediate adjustment of natural gas rates. Since acquiring control of the gas utility systems of Gasco Distributions Systems, Inc. in Jellico, Campbell County, Byrdstown, Pickett County, and Fentress County, Tennessee and Whitley County, Kentucky, the system has continued to operate at a substantial loss. At the time of the acquisition by Navitas of Gasco, Gasco operated as a Debtor in Possession while in proceedings before the United States Bankruptcy Court for the Southern District of Ohio. Navitas adopted all of Gasco's existing tariffs in which an adjustment is overdue. To ensure safe and reliable gas service prior to filing a formal rate case with the Authority, Navitas is requesting the Authority's approval to implement a temporary monthly customer charge of \$6.00 and surcharge of \$0.25 per 9 Ccf per month in addition to the current tariff. The relief sought is estimated to reduce the operating losses of Navitas until a formal rate adjustment is approved. Its customers, regardless of where they are located on the system, will experience an increase in their gas costs of \$6.00 to \$8.25 per month depending on usage.

The Petition for Emergency Relief has been set for hearing before the Authority at August 1, 2011 at 1:00 p.m. (CST) in the Hearing Room on the Ground Floor of the Offices of the Tennessee Regulatory Authority at 460 James Robertson Parkway, Nashville Tennessee.

**NOTICE IS FURTHER GIVEN** that all interested persons may appear at the Hearing and be heard, and that after the Hearing on emergency rate relief, the TRA, regardless of the relief requested in the Petition for Emergency Relief shall issue such Orders and grant such relief as it deems to be proper, necessary, fair, reasonable and equitable in the premises, whether or not specifically prayed for in the Petition for Emergency Relief.

For further information regarding Navitas TN NG, LLC's Petition, contact Klint W. Alexander, Wyatt, Tarrant & Combs, LLP, 2525 West End Avenue, Suite 1500, Nashville, TN 37203 (615) 244-0020; or Mary Kathryn Kunc, 6011 N. Robinson, Oklahoma City, Oklahoma 73118, 405-848-5534, attorneys for Navitas TN NG, LLC; or J. Richard Collier, General Counsel, Tennessee Regulatory Authority, 460 James Robertson Pkwy, Nashville, TN 37243-0505, 615-741-9934.

A copy of this Notice, the Petition and related documents are on file with the TRA and are open to public inspection.