

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

IN RE:

July 21, 1998

**APPLICATION OF TENGASCO PIPELINE
CORPORATION FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY TO
PROVIDE INTRASTATE NATURAL GAS
SERVICES**

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) **Docket No.**
) **98-00156**
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**ORDER GRANTING CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY**

This matter comes before the Tennessee Regulatory Authority ("Authority") upon the Application of Tengasco Pipeline Corporation ("TPC") for a Certificate of Convenience and Necessity to provide intrastate natural gas services in Hawkins, Claiborne and Hancock Counties, Tennessee, pursuant to Tenn. Code Ann. § 65-4-201 et seq. (the "Application").

This matter was originally heard by the Directors of the Authority on June 30, 1998, before Chairman Lynn Greer, Director Sara Kyle and Director Melvin Malone. The hearing was recessed without a decision, upon the vote of a majority of the Directors,¹ to allow TPC additional time to supplement its testimony and supporting documentation concerning the leak surveying process and other safety issues.

The hearing resumed on July 7, 1998, after proper notice issued. In considering TPC's Application, the Authority considered whether the applicant "possesses sufficient managerial, financial, and technical abilities to provide the applied for services." In

¹ Director Kyle voted to approve TPC's Application without any further action required.

addition, the Authority considered whether the applicant is willing to adhere to the Authority's "policies, rules and orders." Among the most important Authority rules with which TPC and other gas public utilities must comply are those that relate to pipeline safety.

At TPC's hearing, upon conclusion of the proof in the case, the Authority granted TPC's Application and made the following findings of fact:

I. TPC's Qualifications

1. TPC is a corporation organized and qualified to do business in the State of Tennessee. Its principal office is located at 603 Main Avenue, Suite 500, Knoxville, Tennessee 37902. Its registered agent for service of process is Wesley Baker, located at 603 Main Avenue, Suite 500, Knoxville, Tennessee 37902.

2. TPC transports and distributes natural gas, and is a wholly owned subsidiary of Tengasco, Inc., a publicly traded company that produces natural gas.

3. TPC has the requisite technical and managerial qualifications necessary to provide intrastate natural gas services within Tennessee.

4. TPC has available to it the engineering, technical and operational expertise developed by Tengasco, Inc.

5. TPC has the financial ability to successfully operate within the State of Tennessee.

6. TPC has represented that it will comply with the Authority's policies, rules and orders.

II. Proposed Services

1. Tengasco, Inc. owns several natural gas wells in Hancock County, Tennessee; however, Tengasco, Inc. is not a distributor or transporter of said natural gas.

2. Tengasco, Inc. has a contract with Hawkins County Utility District located in Rogersville, Hawkins County, Tennessee ("HCUD") for the transportation of natural gas from Tengasco, Inc.'s wells in Hancock County to the HCUD.

3. Tengasco, Inc. has a contract with TPC to allow TPC to transport Tengasco, Inc.'s natural gas from its wells to the facilities of HCUD or to East Tennessee Natural Gas (the "Transportation Contract").

4. Tengasco, Inc. has a contract with Powell Valley Electric Cooperative, Inc. to allow Tengasco, Inc. to transport natural gas from its wells to the Powell Valley Utility District ("PVUD"), upon the State of Tennessee's approval of the formation of the PVUD and upon the PVUD's completion of a pipeline into TPC's main line in Hancock County, Tennessee.

5. Tengasco, Inc. and TPC plan to amend the Transportation Contract, as necessary, to include transportation of Tengasco, Inc.'s natural gas by TPC to PVUD.

6. TPC intends to serve as the primary transporter of Tengasco, Inc.'s natural gas in Tennessee.

III. Public Interest

1. Approval of TPC's application will serve the public interest by providing a source of natural gas to a Tennessee region that otherwise relies upon propane gas.

2. Approval of TPC's application is intended to allow HCUD to purchase a competitive source of gas.

IV. Additional Assurances

1. TPC has provided assurances that it will timely provide the Authority with additional information concerning the safety of its pipeline project.

IT IS THEREFORE ORDERED THAT:


1. The Application of TPC to provide intrastate natural gas services within Claiborne, Hawkins, and Hancock Counties, Tennessee is hereby approved.

2. The terms of this Order shall be construed subject to Tenn. Code Ann. § 7-82-301 et seq. and other applicable Tennessee laws and shall not be construed to contravene any statutory rights of any municipality or utility district.


3. TPC shall comply with the Authority's policies, rules and orders.

4. Any party aggrieved with the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.

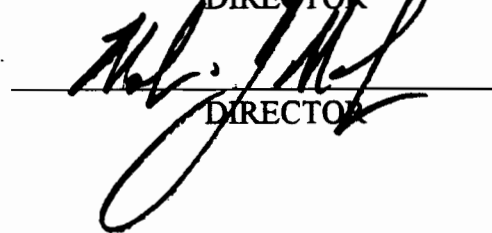
5. Any party aggrieved with the Authority's decision in this matter has the right of judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.



CHAIRMAN



DIRECTOR



DIRECTOR

ATTEST:



EXECUTIVE SECRETARY