



Steven L. Beshear
Governor

David L. Armstrong
Chairman

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
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James W. Gardner
Vice Chairman

June 16, 2014

PARTIES OF RECORD

Re: Case No. 2014-00027
Application of Navitas KY NG, LLC for Certification of Public Convenience and Necessity for its Pipeline, Construction Work Plan in Clinton County, Kentucky

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Staff Attorney Aaron Ann Cole at 502-782-2591.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

AAC/kar
Attachments

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2014-00027

FROM: Aaron Ann Cole, Staff Attorney

DATE: June 12, 2014

RE: Application of Navitas KY NG, LLC for Certification of Public Convenience and Necessity for its Pipeline, Construction Work Plan in Clinton County, Kentucky

Pursuant to Commission Staff's June 9, 2014 Notice of Informal Conference, a telephonic Informal Conference ("IC") was held on June 10, 2014. Commission Staff requested the IC for the purpose of discussing issues in this matter, and included a list of topics to be discussed with the IC Notice. A list of the attendees is attached hereto.

Prior to the IC, Navitas sent Staff documents pursuant to the list of topics attached to the IC Notice. Those documents are also attached hereto.

Commission Staff began by asking Navitas KY NG, LLC ("Navitas") whether a competitive bidding process had occurred. Navitas stated that the project plans were given to four companies, but only one company placed a bid on the project. Navitas also confirmed that it does not believe the construction period will extend beyond twelve months, and stated that it anticipates that construction will be completed on or before November 1, 2014. Navitas said that it expects construction near the school property, comprising Phase I, to be complete by the time students return to the grounds, on or about August 22, 2014, but stated that even if the construction is not complete it will not interfere with activity on the school grounds. Navitas also noted that, as part of the construction, an existing 2-inch pipeline under the high school football field will be abandoned and replaced with a new 2-inch line located along the perimeter of the school property, and that the new pipeline would end at the corner of the middle school.

Navitas stated that it has applied for a construction loan, which led to a discussion between Commission Staff, Navitas, and Keystone representatives about the details for the financing and the pipeline capacity. Navitas stated that the long-term financing for the project would be in the form of a take-out loan after the project is completed. Commission Staff noted that Navitas would need to file a financing case at the Commission because of the take-out loan. Navitas stated that it will be supplying Keystone's gas at the same Gas Cost Adjustment Rate as all other customers, and confirmed that the cost of the construction project remains \$1.6 million, and set out a breakdown of costs. Additionally, Navitas confirmed that the capacity of the proposed line is not intended to provide 100 percent of Keystone's energy needs, because

Keystone currently uses a mixture of biogas manufactured from its production waste, along with propane and natural gas.

There being no further discussions, the IC was adjourned.

Attachments

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NAVITAS KY NG, LLC FOR)
CERTIFICATE OF PUBLIC CONVENIENCE) CASE NO.
AND NECESSITY FOR ITS PIPELINE,) 2014-00027
CONSTRUCTION WORK PLAN IN CLINTON)
COUNTY, KENTUCKY)

June 10, 2014

Please sign in:

NAME	REPRESENTING
GARY GLOVER	PSC - ENGINEERING
Jason Hurt	PSC - Engineering
Matthew Baer	PSC - FA
Leah Faulkner	PSC - FA
Aaron Ann Cole	PSC - legal
Virginia Gregg	PSC - legal
Jeff Alvar	PSC - FA
Klint Alexander	Navitas - legal counsel
Bry Srajgl	Keystone - Vice President - Operation
Tim Easterling	Keystone - Engineering
Thomas Hartline	Navitas - Secretary

CONTRACT 594-14-1 NATURAL GAS LINE EXTENSIONS
KEYSTONE FOODS
NAVITAS UTILITY CORPORATION
ALBANY, KENTUCKY

We certify that the following is a true and complete tabulation of all bids received by Navitas Utility on May 1, 2014, for the titled project.

BELL ENGINEERING

Cleary Construction, Inc.
 2006 Edmonton Road
 Tompkinsville, Kentucky 42166

ITEM NO.	ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL
PHASE 1: Albany Gate (existing Gas Line) to McWhorter Road/US 127 Bypass					
1	6-Inch Polyethylene Gas Pipe and Fittings, Furnishing Trenching Bedding, Laying, Installation, Locator Wire, Backfilling, Testing and Purging, Unclassified Excavation Complete	15,000	L.F.	\$21.00	\$315,000.00
2	2-Inch Polyethylene Gas Pipe and Fitting, Furnishing, Trenching, Bedding, Laying, Installation, Locator Wire, Backfilling, Testing and Purging, Unclassified Excavation Complete	7,000	L.F.	\$6.00	\$42,000.00
3	3/4 -Inch Polyethylene Gas Pipe and Fitting, Furnishing, Trenching, Bedding, Laying, Installation, Locator Wire, Backfilling, Testing and Purging, Unclassified Excavation Complete	100	L.F.	\$25.00	\$2,500.00
4	12-Inch x 0.250-Inch Steel cover Pipe, Loading Gas Pipe, Spacers, End Seals, Furnishing and Installing, Complete	210	L.F.	\$47.00	\$9,870.00
5	Extra for Boring for 12-Inch Steel Cover Pipe, Furnishing and Installation, Including 2-Inch Vents, End Seals, and Casing Spacers Complete	210	L.F.	\$49.00	\$10,290.00
6	6-Inch Polyvalve and Box, Furnish and Install, Including Concrete Valve Box Collar, Complete	3	Each	\$1,162.00	\$3,486.00
7	2-Inch Polyvalve and Box, Furnish and Install, Including Concrete Valve Box Collar, Complete	2	Each	\$362.00	\$724.00
8	Cut-In to Existing Albany Gate 6-Inch PE Main, Squeeze-Off with Bypass, Complete, STA 0+00	1	Each	\$2,557.00	\$2,557.00
9	Field Service Regulator, and Meter Service Riser , Furnish and Install Complete	1	Each	\$843.00	\$843.00
10	Pipeline Locator Boxes, Furnish and Install, Complete	17	Each	\$170.00	\$2,890.00
11	Purging of Gas Mains to be Abandoned, All Sizes, Complete	1	L.S.	\$2,811.00	\$2,811.00
12	Reconnect Existing Service Connection	2	Each	\$730.00	\$1,460.00
13	Crushed Rock on Trench Surface, Temporary Surface Replacement, Complete	100	Tons	\$21.00	\$2,100.00
14	Concrete Surface Replacement, Up to 6-Inch Thickness Trench Width, On Streets, Drives, Roads and Sidewalks, Complete	100	L.F.	\$22.00	\$2,200.00

CONTRACT 594-14-1 NATURAL GAS LINE EXTENSIONS
KEYSTONE FOODS
NAVITAS UTILITY CORPORATION
ALBANY, KENTUCKY

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Cleary Construction, Inc.
 2006 Edmonton Road
 Tompkinsville, Kentucky 42166

ITEM NO.	ITEM	QUANTITY	UNIT	UNIT PRICE	TOTAL
12	Field Gas Regulator Station (Keystone), Including Filter, Meter, Pressure Regulator, Bypass, Volume Controller, Pressure Relief, Furnish and Install, Complete	1	L.S.	\$119,000.00	\$119,000.00
SUBTOTAL PHASE 2					\$761,427.00
SUMMARY					
PHASE 1: Albany Gate (existing Gas Line) to McWhorter Road/US 127 Bypass					\$463,531.00
PHASE 2: McWhorter Road/US 127 Bypass to Equity Group/Keystone F					\$761,427.00
TOTAL BID--KEYSTONE GAS LINE EXTENSIONS, PHASE 1 AND 2					\$1,224,958.00

Gregg, Virginia W (PSC)

From: Alexander, Klint <kalexander@bakerdonelson.com>
Sent: Tuesday, June 10, 2014 2:49 PM
To: Gregg, Virginia W (PSC)
Cc: Faulkner, Linda (PSC)
Subject: Fwd: Albany pipeline extension - budget update

Virginia,

Please see below for our call today.

Thank you

Klint

Sent from my iPhone

Begin forwarded message:

From: Thomas Hartline <thartline@navitasutility.com>
Date: June 10, 2014 at 12:29:05 PM CDT
To: "Klint Alexander (kalexander@bakerdonelson.com)" <kalexander@bakerdonelson.com>
Cc: Thomas Hartline <thartline@navitasutility.com>
Subject: Albany pipeline extension - budget update

We recently provided this update to our bank:

The following is a simple update on the project budget:

\$110,000 engineering contract
\$1,225,000 construction contract
\$10,000 ROW costs
\$20,000 legal (certificate) costs
\$100,000 anticipated EPC costs for gas supply tap change order
\$35,000 inspection costs
\$100,000 contingency and development fee
\$1,600,000

Thomas Hartline
Navitas Utility Corporation
3186D Airway Avenue
Costa Mesa, CA 92626
714.242.4064
714.850.0876 fax