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JUL -7 2014

July 1, 2014

PUBLIC SERVICE  
COMMISSION

Jeff Derouen  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40602

Re: Quarterly Report of Gas Cost Recovery Rate Calculation

Dear Mr. Derouen,

Attached please find one original and ten copies of the quarterly report of gas cost recovery rate calculation for the rates to be effective August 1, 2014. Please contact me at (714) 242 – 4064 or [joey@navitasutility.com](mailto:joey@navitasutility.com) with questions or comments regarding this filing.

We have something of a unique situation in this filing. Starting in January 2015 we will have a new customer on the system using approximately 10,000 MCF a month. Currently, the system only uses about 30,000 MCF a year so the new total will be 150,000 a year, a five-fold increase. The actual adjustment for this quarter will start Aug 2014 and run until July 2015 which means it will include 7 months of this new customer's usage. Therefore, I have divided the actual adjustment by the last 12 months sales plus an additional 70,000 for the 7 months of the increased usage for the period. The new customer is Keystone Foods LLC, a chicken plant located at 2294 W HWY 90, Albany KY. They are switching from propane. Please let me know if this method of calculating the actual adjustment will be acceptable. We are trying to prevent having a large over-collection from the customers which would lead to a large negative balance adjustment.

Sincerely,

Joseph M Irwin Jr

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Quarterly Report

JUL - 7 2014

Navitas KY NG, LLC

Gas cost recovery rate calculation

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Period	Filing date (on or about)	Reporting Months	Effective date (& 1st forecast month)
	31-Mar	November December January	1-May
X	30-Jun	February March April	1-Aug
	30-Sep	May June July	1-Nov
	31-Dec	August September October	1-Feb

 ORIGINAL

**Schedule I**  
**Gas Cost Recovery Rate Summary**

**Navitas KY NG, LLC**

Component		
Expected Gas Cost (EGC)	7.7015	per MCF
+ Refund Adjustment (RA)	-	
+ Actual Adjustment (AA)	2.4615	
+ Balance Adjustment(BA)	0.4691	
= Gas Cost Recovery Rate	\$ 10.6321	

**A. Expected Gas Cost Calculation**

Total EGC	\$ 243,316.81	
/ Twelve months sales	31,593	MCF
EGC	\$ 7.7015	per MCF

**B. Refund Adjustment Calculation**

Refund Adjustment for reporting period	-
+ Previous quarter RA	-
+ Second previous quarter RA	-
+ Third previous quarter RA	-
+ Other cost adjustments	-
= Refund Adjustment	\$ -

**C. Actual Adjustment Calculation**

Actual Adjustment for reporting period	0.6897
+ Previous quarter AA	1.3319
+ Second previous quarter AA	0.1516
+ Third previous quarter AA	0.2883
+ Other cost adjustments	-
= Actual Adjustment	\$ 2.4615

**D. Balance Adjustment Calculation**

Balance Adjustment for reporting period	(0.0090)
+ Previous quarter BA	0.1113
+ Second previous quarter BA	0.1326
+ Third previous quarter BA	0.2341
= Balance Adjustment	\$ 0.4691

**Schedule II**  
Expected Gas Cost

Navitas KY NG, LLC

Supplier or NYMEX	Twelve months 2013 - 2014	Known prior year sales in MCF	MCF/MMBtu (from supplier)	Prior year purchases in MMBtu	Forecasted price per MMBtu	Converted price per MCF	Subtotal forecasted purchases
Petrol	August	1047	1.0125	1,060	6.50	6.58	6,891.89
Petrol	September	1051	1.0125	1,064	6.50	6.58	6,914.92
Petrol	October	1618	1.0125	1,639	6.50	6.58	10,651.10
Petrol	November	2334	1.0125	2,363	6.50	6.58	15,360.64
Petrol	December	3906	1.0125	3,955	6.50	6.58	25,706.36
Petrol	January	6465	1.0125	6,546	6.50	6.58	42,547.78
Petrol	February	5710	1.0125	5,781	6.50	6.58	37,578.94
Petrol	March	3962	1.0125	4,012	6.50	6.58	26,074.91
Petrol	April	2176	1.0125	2,203	6.50	6.58	14,320.80
Petrol	May	1603	1.0125	1,623	6.50	6.58	10,549.74
Petrol	June	911	1.0125	923	6.50	6.58	5,996.84
Petrol	July	810	1.0125	820	6.50	6.58	5,329.50
		<u>31,593</u>		<u>31,989</u>			<u>207,923.41</u>

Transportation	Twelve months 2012 - 2013	Spectra (East TN) demand	B&W pipeline	Subtotal forecasted	Total forecasted cost
	August	1,350.00	636.00	1,986.00	8,877.89
	September	1,350.00	638.40	1,988.40	8,903.32
	October	1,350.00	983.40	2,333.40	12,984.50
	November	1,350.00	1,417.80	2,767.80	18,128.44
	December	1,350.00	2,373.00	3,723.00	29,429.36
	January	1,350.00	3,927.60	5,277.60	47,825.38
	February	1,350.00	3,468.60	4,818.60	42,397.54
	March	1,350.00	2,407.20	3,757.20	29,832.11
	April	1,350.00	1,321.80	2,671.80	16,992.60
	May	1,350.00	973.80	2,323.80	12,873.54
	June	1,350.00	553.80	1,903.80	7,900.64
	July	1,350.00	492.00	1,842.00	7,171.50
				<u>35,393.40</u>	<u>243,316.81</u>

	divide by sales	<u>31,593</u>
	per MCF	\$ 7.7015
	multiply by allowed purchases (sales / 1)	31,593
	<b>Expected Gas Cost</b>	<b>\$ 243,316.81</b>

**Schedule IV**  
Actual Adjustment

Navitas KY NG, LLC

	Second previous quarter			Previous quarter			Reporting months		
	Actual			Actual			Actual		
	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Invoices									
Supply									
Petrol & Wells (B&W)	5,326.90	5,445.91	8,644.77	17,863.42	35,561.88	53,882.51	60,067.70	38,920.23	29,984.20
Transportation									
Spectra	1,521.45	1,493.55	1,277.56	1,175.18	1,139.77	1,130.77	1,260.62	1,143.25	1,359.68
B&W	631.72	630.70	997.51	2,022.94	3,638.30	4,827.85	4,592.87	3,315.68	2,874.98
Total cost	7,480.07	7,570.16	10,919.85	21,061.54	40,339.95	59,841.13	65,921.19	43,379.16	34,218.86
Sales in MCF	1,047	1,051	1,618	2,334	3,906	6,465	5,710	3,962	2,176
Cost per MCF	7.1429	7.2049	6.7473	9.0238	10.3277	9.2562	11.5449	10.9488	15.7256
less ECG in effect	5.6890	5.6890	5.6890	6.1925	6.1925	6.1925	6.1998	6.1998	6.1998
Delta	1.45	1.52	1.06	2.83	4.14	3.06	5.35	4.75	9.53
Monthly cost difference	1,522.55	1,592.73	1,712.77	6,608.24	16,152.05	19,806.61	30,520.33	18,815.55	20,728.10
Total cost difference			4,828.06			42,566.91			70,063.98
divide by 12 months sales			31,854			31,961			101,593
<b>Actual Adjustment</b>		<b>Actual Adjustment</b>	<b>0.1516</b>		<b>Actual Adjustment</b>	<b>1.3319</b>		<b>Actual Adjustment</b>	<b>0.6897</b>
Allocation									
Total B&W line sales	1,156	1,182	2,131	3,354	5,803	9,651	7,636	5,828	2,696
KY%	91%	89%	76%	70%	67%	67%	75%	68%	81%
Petrol									
Cost	561.60	3,222.51	8,777.28	25,673.12	45,802.40	80,437.88	76,328.64	55,019.48	18,197.14
Allocation	508.79	2,864.79	6,665.64	17,863.42	30,827.48	53,882.51	57,074.31	37,405.35	14,688.40
Spectra									
250	1,679.38	1,680.05	1,682.29	1,688.95	1,693.43	1,688.05	1,685.90	1,681.60	1,684.48
Allocation	1,521.45	1,493.55	1,277.56	1,175.18	1,139.77	1,130.77	1,260.62	1,143.25	1,359.68
B&W Transport									
Cost	697.29	709.45	1,313.52	2,907.35	5,405.66	7,207.20	6,142.30	4,877.03	3,561.75
Allocation	631.72	630.70	997.51	2,022.94	3,638.30	4,827.85	4,592.87	3,315.68	2,874.98
B&W Supply									
Cost	5,318.24	2,903.43	2,606.11	-	7,034.22	-	4,003.23	2,228.23	18,949.65
Allocation	4,818.12	2,581.13	1,979.13	-	4,734.41	-	2,993.39	1,514.88	15,295.81



Sales History

Navitas KY NG, LLC

Sales in MCF	J	F	M	A	M	J	J	A	S	O	N	D	Total
2007	3,187	5,015	1,657	1,472	961	784	327	400	379	859	1,941	2,359	19,341
2008	6,960	4,115	3,761	1,428	1,408	637	786	683	851	1,129	3,712	3,441	28,911
2009	5,621	4,445	3,436	1,575	952	680	726	669	749	1,336	1,726	5,564	27,479
2010	5,820	6,407	4,116	1,569	999	1,082	771	644	1,097	1,384	1,726	5,564	31,179
2011	5,820	6,407	2,727	1,673	1,301	1,129	739	877	810	1,253	2,602	3,335	28,674
2012	5,134	3,661	1,929	1,177	1,253	880	1,046	1,227	1,049	1,813	3,673	2,854	25,694
2013	6,073	4,304	5,380	2,531	1,603	911	810	1,047	1,051	1,618	2,334	3,906	31,568
2014	6,465	5,710	3,962	2,176									18,313
Average	5,635	5,008	3,371	1,700	1,211	872	744	793	855	1,342	2,563	3,853	27,946