

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF)
NAVITAS KY NG, LLC) CASE NO. 2011-00238

O R D E R

On February 16, 1995,¹ the Commission approved rates for Gasco Distribution Systems, Inc. (“Gasco”) and provided for their further adjustment on a quarterly basis in accordance with its Gas Cost Adjustment clause. On February 28, 2011, Navitas KY NG, LLC (“Navitas KY”) acquired the assets of Gasco pursuant to the Commission’s approval of the transfer, and adopted Gasco’s tariffs.²

On July 5, 2011, Navitas KY filed its proposed Gas Cost Recovery (“GCR”) rate to be effective August 1, 2011.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Navitas KY’s notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

¹ Case No. 1994-00427, In the Matter of the Application of Gasco Distribution Systems, Inc. for a Certificate of Convenience and Necessity to Provide Local Gas Distribution Service to Albany, Ky. and for Transfer of the Albany Gas Utility Company (Ky. PSC Feb. 16, 1995).

² Case No. 2010-00468, Joint Application of Navitas Kentucky NG, LLC and Gasco Distribution Systems, Inc. for Approval of an Acquisition of Ownership and Control of Gas Utility Systems (Ky. PSC Feb. 11, 2011).

2. Navitas KY's proposed Expected Gas Cost ("EGC") is \$7.7776 per Mcf. The spread sheet used by Navitas did not convert its \$5.25 "Forecasted price per MMBtu" to a correct "Converted price per Mcf", which should have been \$5.43 per Mcf as opposed to the \$5.07 per Mcf used by Navitas KY. Correcting for this error and multiplying the weighted average cost of gas by its purchase volumes instead of sales divided by .95, which is only used in case of excess line loss, to calculate the "Expected Gas Cost" produces an EGC of \$7.7431. This represents an increase of \$.3476 per Mcf from the previous EGC of \$7.3955 per Mcf.

3. Navitas KY's notice sets out no current quarter Refund Adjustment.

4. Navitas KY's notice sets out a current quarter Actual Adjustment ("AA") of \$.3810 per Mcf. Navitas KY used incorrect EGCs in effect for the months of November 2010 through April 2011. Using EGCs as approved by the Commission for each of those months results in a current quarter AA of (\$.0837) per Mcf. Adding the current quarter AA to the previous quarter AAs of (\$.0850) and \$.2734 produces a total AA of \$.1047 per Mcf, which is a decrease of \$1.7503 per Mcf from its previous total AA of \$1.8550 per Mcf.

5. Navitas KY's notice sets out a current quarter Balance Adjustment ("BA") of (\$.6863) per Mcf, the calculation of which was not readily apparent from the spread sheet provided. The current BA should have been calculated to return over-recoveries resulting from the operation of the \$1.8275 AA approved effective February 1, 2010 in Case No. 2009-00539, which was calculated to recover \$46,337 from Gasco's

customers.³ The current quarter BA should be (\$.7476) per Mcf. Adding the current BA to the previous quarter BAs of \$.0628 and (\$.2368) produces a total BA of (\$.9216) per Mcf, which is an increase of \$.4473 per Mcf from its previous total BA of (\$1.3689) per Mcf.

6. Navitas KY's GCR is \$6.9262 per Mcf, which is a decrease of \$.9554 per Mcf from its previous rate of \$7.8816 per Mcf.


7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Navitas KY on and after August 4, 2011. Navitas KY did not give the 30 days' notice required by its tariff for rates to be effective August 1. Navitas' rates are therefore effective August 4, 2011.

IT IS THEREFORE ORDERED that:

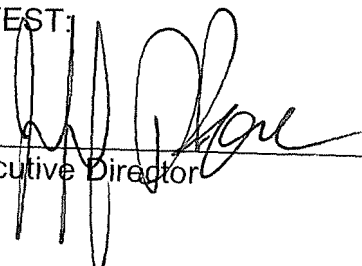
1. Navitas KY's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after August 4, 2011.
3. Within 20 days of the date of this Order, Navitas KY shall file its revised tariffs with this Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

³ Case No. 2009-00539, Purchased Gas Adjustment Filing of Gasco Distribution Systems, Inc. (Ky. PSC Jan. 19, 2010).

By the Commission

ENTERED 
AUG 03 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00238 DATED **AUG 03 2011**

The following rates and charges are prescribed for the customers served by Navitas KY NG, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Residential	\$4.62	\$6.9262	\$11.5462
Commercial	\$3.62	\$6.9262	\$10.5462

Thomas Hartline
Navitas KY NG, LLC
18218 East McDermott, Suite 1
Irvine, CA 92614