

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT) CASE NO.
FILING OF NAVITAS KY NG, LLC) 2020-00200

ORDER

On June 30, 2020, Navitas KY NG, LLC (Navitas KY) filed its proposed Gas Cost Recovery (GCR) rate report to be effective August 1, 2020.

On January 9, 2020, in Case No. 2020-00012,¹ Navitas KY filed its GCR rate report for rates effective February 1, 2020, and in response to the Commission Staff's Second Request for Information, Navitas KY provided a customer billing history report for a random Navitas KY customer for each month beginning January 2018.² Navitas KY failed to comply with the effective dates for service rendered as approved by the Commission in Navitas KY's GCR rate reports, and accidentally billed the approved GCR rate approximately one month early for each quarter.

On March 31, 2020, in Case No. 2020-00103,³ Navitas KY filed with the Commission its GCR rate report for revised rates effective May 1, 2020. The Commission found that from January 2018 to January 2020, Navitas KY overcollected an amount

¹ Case No. 2020-00012, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (KY PSC Apr. 3, 2020).

² Case No. 2020-00012, Navitas KY's response to Commission Staff's Second Request for Information, item 2, and item 3.

³ Case No. 2020-00103, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (KY PSC Apr. 30, 2020).

approximate to \$2,030.83.⁴ The Commission found that further discovery should take place in Case No. 2020-00103⁵ to determine whether additional overcollection had occurred before January 2018. In the final Order in Case No. 2020-00103, the Commission required Navitas KY to file information relating to possible overcollections from January 2015 to December 2017.⁶

On July 6, 2020, Navitas KY filed supplemental information to its GCR report as required in Case No. 2020-00103,⁷ and provided a customer billing history report for a random Navitas KY customer for each month for January 2015 through December 2017. After reviewing the supplemental information, the Commission finds that from January 2015 to December 2017 Navitas KY undercollected from its improper billing of its Commission approved GCR rate. However, pursuant to KRS 278.225,⁸ Navitas KY cannot recover the undercollected as it falls past the two years from the date of service as stated. Thus, the Commission finds that Navitas KY is not entitled to recover the

⁴ The \$2,030.83 overcollection is the difference between the GCR rate billed to customers during the service period listed in the billing samples provided in Navitas KY's response to Commission Staff's Second Request for Information and the effective date for service rendered as approved by the Commission. The monthly Mcfs used to prorate the approved GCR rate was based on the monthly usage provided in Navitas KY's GCR Rate Reports. The total amount billed to Navitas KY's customers from January 2018 to January 2020 is found to be approximately \$1,725,730.99. Correcting for the effective date as approved by the Commission in Navitas KY's GCR rate Report Final Orders produces a total amount that should have been billed of \$1,723,700.16. The difference between the two amounts shows an overcollection of \$2,030.83.

⁵ Case No. 2020-00012, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (KY PSC Apr. 3, 2020) at 2.

⁶ Case No. 2020-00103, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (KY PSC Apr. 30, 2020) final Order at 5.

⁷ Case No. 2020-00103, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (KY PSC Apr. 30, 2020) final Order, Appendix B.

⁸ KRS 278.225 provides that, "All service supplied by a utility shall be billed within two (2) years of the service. No customer shall be liable for unbilled service after two (2) years from the date of the service, unless the customer obtained the service through fraud, theft, or deception."

underbilling. The overcollected amount of \$2,030.83 can still be refunded pursuant to KRS 413.120(2).

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Navitas KY's report includes revised rates designed to pass on to its customers its expected change in gas costs.

2. Navitas KY's report sets out an Expected Gas Cost (EGC) of \$7.3909 per Mcf. Navitas KY, which includes a \$.24 monthly rate labeled as "2020-00430" into the calculation of its EGC. The Commission believes the \$.24 rate to be associated with the monthly surcharge rate of \$.24 per Mcf approved in the Commission's June 17, 2020 final Order in Case No. 2019-00430⁹ in which the \$.24 per Mcf surcharge was approved as a separate billing line item and should not be included in the calculation of Navitas KY's EGC. Navitas KY's corrected EGC is \$7.1509 per Mcf, which is an increase of \$.8503 per Mcf from its previous EGC of \$6.3006 per Mcf.

3. Navitas KY's report sets out no Refund Adjustment.

4. Navitas KY's report sets out a current quarter Actual Cost Adjustment (ACA) of \$.3572 per Mcf. In calculating the total cost difference for its current quarter ACA Navitas KY included the \$16,586.46 refund approved in the Commission's April 30, 2020 final Order in Case No. 2020-00103.¹⁰ The refund was previously included in the calculation of the previous quarter ACA and including in the current quarter would have

⁹ Case No. 2019-00430, *Electronic Application Of Navitas KY NG, LLC For An Alternate Rate Adjustment* (KY PSC June 17, 2020).

¹⁰ Case No. 2020-00103, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (KY PSC Apr. 30, 2020) at 3.

resulted in an overrefund. The \$2,030.83 overcollection from improper billing of the GCR rate beginning January 2018 should be incorporated for refund into the current quarter ACA total cost difference. Correcting this produces a current quarter ACA of \$.5043 per Mcf and a total ACA of \$.6153 per Mcf, which is an increase of \$.0410 per Mcf from its previous total ACA of \$.5743 per Mcf.

5. Navitas KY's report sets out a current quarter Balancing Adjustment (BA) of \$.0856 per Mcf. In calculating the total BA, Navitas KY failed to include the previous quarter ACA of (\$.0144) per Mcf that was approved in Case No. 2020-00103.¹¹ This should be corrected which results in a total BA of \$.1187 per Mcf, which is an increase of \$.0984 per Mcf from the previous total BA of \$.0203 per Mcf.

6. Navitas KY's corrected GCR rate is \$7.8849 per Mcf, which is an increase of \$.9897 per Mcf from its previous GCR rate of \$6.8952 per Mcf.

7. The rate set forth in the Appendix to this Order is fair, just, and reasonable and should be approved for service rendered by Navitas on and after August 1, 2020.

8. Should Navitas KY purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Navitas KY is denied.
2. The rate set forth in the Appendix to this Order is approved for service rendered by Navitas on and after August 1, 2020.

¹¹ *Id.*

3. Within 20 days of the date of entry of this Order, Navitas KY shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

4. This case is closed and removed from the Commission's docket.

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By the Commission



ATTEST:



Acting Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00200 DATED JUL 29 2020

The following rates and charges are prescribed for the customers in the area 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 per Mcf:

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
Residential	\$ 4.62	\$ 7.8849	\$ 12.5049
Commercial	\$ 3.62	\$ 7.8849	\$ 11.5049

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