

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF NAVITAS KY NG, LLC)	2023-00428

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO NAVITAS KY NG, LLC

Navitas KY NG, LLC (Navitas KY), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on March 29, 2024. The Commission directs Navitas KY to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

Navitas KY shall make timely amendment to any prior response if Navitas KY obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Navitas KY fails or refuses to furnish all or part of the requested information, Navitas KY shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Navitas KY shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Navitas KY's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1. Over the period of the last ten years, explain how often Navitas KY has had to make corrections to its Gas Cost Recovery (GCR) rate report due to errors. If a single report had to be corrected more than once, include each correction as a separate incident in the count.

2. Refer to Navitas KY's response to Staff's Second Request, Item 2, regarding the services of Kinetrex and Russmar.

a. Explain why these services are being included in Navitas KY's GCR rate report and why Navitas KY decided that these services should be included in the gas cost recovery mechanism.

b. Explain when these services were first included by Navitas KY in its GCR rate report.

c. Provide a monthly breakdown of the expenses related to these services Navitas KY included in its GCR rate report since the expenses were first included.

3. Refer to Navitas KY's response to Staff's Second Request, Item 2.

a. Explain what the abbreviation "ETGP" used in "Petrol ETGP" is.

b. Explain the difference between Petrol ETGP and Petrol KY.

4. Refer to Navitas KY's response to Staff's Second Request, Item 3a, page 1 of 3, and page 3 of 3. The response indicates that Navitas KY uses the NYMEX chart provided on page of 3 of the response in conjunction with the statement, "is adjusted for location and other factors to develop estimated anticipated gas rates" as provided on page 1 of 3. Provide the adjustments Navitas KY uses in conjunction with the NYMEX that account for "location and other factors".

5. Refer to Navitas KY's response to Staff's Second Request, Item 3a, page 1 of 3, the statement: "In the past four quarters in question (e.g. – ending October 2023 and submitted December 2023), the costs for Navitas KY have been \$9.33, \$6.35, \$12.07, and \$8.72 per MCF." Explain how these values were calculated, the inputs used, and where in the case records these values are stated.

6. Refer to Navitas KY's response to Staff's Second Request, Item 3a, page 1 of 3, the statement: "Moreover, in the calendar year of October 2022 to October 2023, the rolling twelve-month average (calculated on the submission quarter) has been \$11.97, \$11.62, \$10.11, \$9.40, and \$8.51 per MCF." Explain how these values were calculated, the inputs used, and where in the case records these values are stated.

7. Refer to Navitas KY's response to Staff's Second Request, Item 3b, page 2 of 3, the statement: "By utilizing these data points in conjunction with all other sources of data, Navitas KY attempts to establish an estimate for all of Kentucky." Explain why the calculation of Navitas KY's GCR rate report should use an estimate rather than be based on actuals.

8. Refer to Navitas KY's response to Staff's Second Request, Item 4b.

a. Provide an updated version of the attached response that includes the monthly supplier invoice rates separately for Sparta, Diversified, and Petrol over the five-year period ended October 31, 2023.

b. Provide the average monthly supplier invoice rates separately for Sparta, Diversified, and Petrol over the five-year period ended October 31, 2023.

c. Provide the average monthly supplier invoice rates separately for Sparta, Diversified, and Petrol over the 24-month period ended October 31, 2023.

d. Provide the average monthly supplier invoice rates separately for Sparta, Diversified, and Petrol over the 12-month period ended October 31, 2023.

9. Refer to Navitas KY's response to Staff's Second Request, Item 6a.

a. Explain who at Navitas KY is capable of performing the calculations for the estimated supplier rates. Include in the response what Navitas KY would do in a situation if those personnel were no longer available to perform such an estimate.

b. Provide a detailed mathematically based breakdown of Navitas KY's justification for the estimated \$11.4999 per Mcf rate for Petrol. This response should provide those exact values, along with noting the source of those values, which would mathematically equate to the estimated \$11.4999 per Mcf. If Navitas KY cannot provide such a detailed breakdown then, explain why it would be reasonable for the supplier rates used in Navitas KY's GCR rate report to be based on an estimate rather than be based on historic actuals or a verifiable forecasted market-based rate.

10. Refer to Navitas KY's response to Staff's Second Request, Item 6b. Explain in detail the commercial constraints of the B&W pipeline.

11. Refer to Navitas KY's response to Staff's Second Request, Item 6b. Explain if Sparta is the only supplier accessible to Navitas KY from the B&W pipeline.

12. Refer to Navitas KY's response to Commission Staff's First Request for Information, Item 6.

a. Explain what Navitas KY is using as the published month ahead index as the gas pricing for the gas supplied by Mr. Bud Rife's wells.

b. Confirm that Navitas KY is referencing repayment to Navitas KY of the refunds ordered to be made by the Commission when it states, "thereby reducing amounts owed Navitas KY by Mr. Rife".

c. Provide the methodology Navitas KY is using or is planning to use to collect the amounts owed by Mr. Rife through the GCR. The explanation should include

the price Navitas KY is using to calculate the GCR rate, and the amount it pays Mr. Rife which presumably will be less than the amount reflected in the GCR rate report.

13. Provide the amounts Navitas KY has already refunded of the \$9,450 owed to former Johnson County Gas customers, and the \$101,876 owed to former B&H Gas customers pursuant to the Commission's Order in Case No. 2020-00396.² State whether Navitas KY believes the refund amounts will be discharged within the 36 and 60 month refund periods, respectively, that were contemplated in the Commission's Order. If not, state when Navitas KY believes the refunds will be complete.

14. Explain how Navitas KY considers its GCR rate report to be transparent for its ratepayers and the Commission.

15. Fill out the following form attached as an Appendix to this request using the purchase, sales, and usage information provided in Navitas KY's GCR rate report based on the reporting period ended October 31, 2023

16. Refer to Navitas KY's Tariff, 48th Revised Sheet No. 1, Section 1 Rates and Charges.

a. For the section titled 'Clinton County Customers Monthly Surcharge', provide an update on the total amount collected since Navitas KY began charging the surcharge.

b. For the section titled 'Refund to Johnson County Gas and B&H Gas Customers Pursuant to Case No. 2020-00396, provide an update on the total amount collected since Navitas KY began charging the surcharge.

² Case No. 2020-00396, *Electronic Application of Navitas KY NG, Johnson County Gas Company, and B&H Gas Company for Approval of Acquisition, Transfer of Ownership, and Control of Natural Gas Utility Systems* (Ky. PSC Apr. 27, 2021).

c. For the section titled 'Refund to Johnson County Customers', provide an update on the total amount collected since Navitas KY began charging the surcharge.

d. For the section titled 'Refund to Floyd Customers', provide an update on the total amount collected since Navitas KY began charging the surcharge.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED MAR 15 2024

cc: Parties of Record

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00428 DATED MAR 15 2024

SIX PAGES TO FOLLOW

Company Name

Quarterly Report of Gas Cost
Recovery Rate Calculation

Date Filed:

Date Rates to be Effective:

Reporting Period is Calendar Quarter Ended:

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	
+ Balance Adjustment (BA)	\$/Mcf	
<hr/>		<hr/>
= Gas Cost Recovery Rate (GCR)		
GCR to be effective for service rendered from _____		to _____
<hr/> <hr/>		
A. <u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	
÷ Sales for the 12 months ended _____	Mcf	
<hr/>		<hr/>
= Expected Gas Cost (EGC)	\$/Mcf	
B. <u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch.III)		
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
<hr/>		<hr/>
= Refund Adjustment (RA)	\$/Mcf	
C. <u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	
<hr/>		<hr/>
= Actual Adjustment (AA)	\$/Mcf	
D. <u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	
<hr/>		<hr/>
= Balance Adjustment (BA)		

SCHEDULE II

EXPECTED GAS COST

Actual * MCF Purchases for 12 months ended _____

(1)	(2)	(3) BTU	(4)	(5)**	(6) (4) X (5)
Supplier	Dth	Conversion Factor	Mcf	Rate	Cost

Totals _____

Line loss for 12 months ended _____ is _____% based on purchases of
_____ Mcf and sales of _____ Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	_____
÷ Mcf Purchases (4)	Mcf	_____
= Average Expected Cost Per Mcf Purchased	\$/Mcf	_____
x Allowable Mcf Purchases (must not exceed Mcf sales ÷ .95)	Mcf	_____
= Total Expected Gas Cost (to Schedule IA)	\$	_____

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE III
SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended _____ (reporting period) _____

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
<hr/>		<hr/>
= Refund Adjustment including interest	\$	
÷ Sales for 12 months ended	Mcf	
<hr/> <hr/>		<hr/>
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended _____ (reporting period) _____

<u>Particulars</u>	<u>Unit</u>	Month 1 (_____)	Month 2 (_____)	Month 3 (_____)
Total Supply Volumes Purchased	Mcf			
Total Cost of Volumes Purchased	\$			
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf			
= Unit Cost of Gas	\$/Mcf			
- EGC in effect for month	\$/Mcf			
= Difference [(over-)/Under-Recovery]	\$/Mcf			
x Actual sales during month	Mcf			
= Monthly cost difference	\$			

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	
÷ Sales for 12 months ended _____	Mcf	
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended _____ (reporting period) _____

	<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1)	Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR Less: Dollar amount resulting from the AA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$ \$ \$	 _____
(2)	Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA	\$ \$	 _____
(3)	Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$ \$ \$	 _____
	Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
÷	Sales for 12 months ended _____	Mcf	_____
=	Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	_____

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