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March 8, 2012

RECEIVED

MAR 09 2012

PUBLIC SERVICE
COMMISSION

VIA FEDERAL EXPRESS

Public Service Commission
Attn: Linda Faulkner, Director-Filings Div.
211 Sower Blvd.
Frankfort, Kentucky 40602-0615

**RE: Application of Navitas KY NG, LLC for Approval to Book as a Regulatory Asset
its Costs Associated with its Distribution Integrity Management Program**

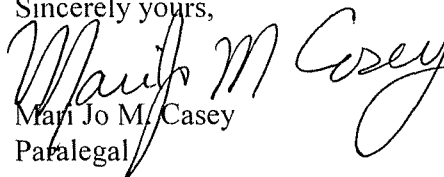
Dear Ms. Faulkner:

Enclosed is an original and eleven copies of an Application of Navitas KY NG, LLC for Approval to Book as a Regulatory Asset its Costs Associated with its Distribution Integrity Management Program for filing with respect to the above matter.

We have also enclosed a self-addressed and postage paid return envelope for you to return a stamped filed copy of the above document to me for our files.

Please contact me if you have any questions.

Sincerely yours,



Mari Jo M. Casey
Paralegal

MJC/jar

Enclosures

cc: Jack Conway, Esq.
Helen Helton, Esq.
Klint W. Alexander
Kathy Kunc, Esq.

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 09 2012

PUBLIC SERVICE
COMMISSION

APPLICATION OF NAVITAS KY NG,)
LLC FOR AN ORDER GRANTING)
APPROVAL TO BOOK AS A)
REGULATORY ASSET ITS COSTS)
ASSOCIATED WITH ITS)
DISTRIBUTION INTEGRITY)
MANAGEMENT PROGRAM)

Docket No. _____

APPLICATION

COMES NOW, Applicant Navitas KY NG, LLC (“Navitas”), by and through counsel, pursuant to KRS 278.010 *et seq.*, 807 KAR 5:001 and hereby requests and order granting approval by the Public Service Commission (the “Commission”) to book as a regulatory asset its costs associated with its distribution integrity management program.

In support of this Application, Navitas shows unto the Commission as follows:

1. Navitas is a Kentucky limited liability company with its principal place of business located at 3186-D Airway Avenue, Costa Mesa, California 92626. Navitas is in the business of distributing and selling natural gas to residential, agricultural and industrial customers in Albany, Clinton County, Kentucky. Its utility operations and its rates, services, practices, and charges in connection therewith are subject to general regulation by the Commission.

2. The Commission has jurisdiction over this matter pursuant to KRS 278.010 *et seq.*, 807 KAR 5:001.

3. The Gas Distribution Integrity Management Program (DIMP) was developed pursuant to the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 (“PIPES Act”). The Pipeline and Hazardous Materials Safety Administration

promulgated rules for the program in 2009 which are codified in 49 C.F.R. §192.1001 *et seq* (DIMP RULES). The rules specify how distribution utilities, such as Navitas, must identify, assess, prioritize, evaluate and, repair and validate the integrity of distribution mains. The DIMP RULES mandate minimum requirements for a DIMP that Navitas must follow. The DIMP plan must, at a minimum, address the following elements: 1) Knowledge of its pipeline; 2) Identify threats such as excavation damage; 3) Evaluate and Rank risks to its pipeline; 4) Identify and implement measures to address risks; 5) Measure performance, monitor results, and evaluate effectiveness; and 6) Periodic evaluation and improvement.

4. Navitas has one sub-system in Kentucky, and Navitas must have a DIMP plan that meets the requirements of the Act for this subsystem and other associated pipeline safety plans (collectively called the Plans). The DIMP plans must be submitted to and approved by the Commission.

5. Navitas' affiliated entities - Navitas TN NG, LLC in Tennessee and Fort Cobb Fuel Authority, L.L.C. and its LeAnn Division ("FCFA") in Oklahoma - also are required to submit separate DIMP plans for each sub-system in Tennessee (two sub-systems) and Oklahoma (22 sub-systems) and approved by their respective public utility authorities.

6. Due to the complexity of the Plans and importance of ensuring that the Plans are compliant with federal regulations, Navitas has retained an experienced consultant, Tri-Star Energy Consultants ("Tri-Star"), to assist in preparing the Plans.

7. Navitas intends to book the costs associated with retaining Tri-Star to perform this work as a regulatory asset and to amortize the booked amount over a five

year period. The costs will be allocated based on a one dollar per customer/per month charge applied to each of Navitas' customers in Oklahoma, Kentucky and Tennessee over the five year period. Navitas intends to include the costs as a known and reasonable expense in its forthcoming rate case due to be filed on or before June 30, 2012.

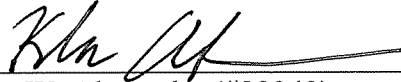
8. Navitas requests that the Commission make the following findings:
 - a. That the DIMP plans for each of Navitas' subsystems are mandated and necessary;
 - b. That the hiring of Tri-Star Energy Consultants is a necessary and prudent investment for Navitas to meet the requirements for the DIMP and other pipeline safety plans; and
 - c. That Navitas be permitted to book the costs associated with preparing and implementing the Plans as a regulatory asset and amortize the booked amount over a five year period.

WHEREFORE, Navitas respectfully requests the Commission to issue an Order:

1. Confirming that the DIMP plans are mandatory and necessary;
2. Determining that the hiring of Tri-Star Energy Consultants is a necessary and reasonable expense for Navitas;
3. Authorizing Navitas to book the costs associated with preparing and implementing the Plans as a regulatory asset and amortize the booked amount over a five year period; and
4. Granting such other relief as the Authority may determine to be fair, just and equitable in the premises.

Dated this the ____ day of March, 2012.

Respectfully submitted,



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- and -

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Counsel for Petitioner
Navitas KY NG LLC

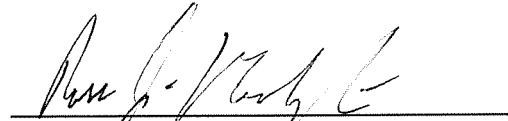
VERIFICATION OF NAVITAS KY NG, LLC

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

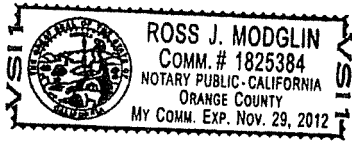
I, Thomas Hartline, Secretary of Navitas KY NG, LLC, being duly sworn according to law, makes oath and affirm that I have read the foregoing documentation, know the contents thereof, and that the same is true and correct to the best of my knowledge, information and belief.


_____ **THOMAS HARTLINE**

Subscribed and sworn to before me on this 5th day of March, 2012, by Thomas Hartline, who proved to me on the basis of satisfactory evidence to be the person who appeared before me.


_____ **NOTARY PUBLIC**

My Commission Expires:



CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 8th day of March, 2012, a true and correct copy of the foregoing instrument was deposited in the United States Mail, with postage prepaid, and addressed to the following:

Jack Conway, Esq.
Office of the Attorney General
Capitol Suite 118
700 Capitol Avenue
Frankfort, Kentucky 40601-3449

Helen Helton, Esq.
Division of General Counsel
Public Service Commission
Commonwealth of Kentucky
211 Sower Blvd.
PO Box 615
Frankfort, Kentucky 40601



Klint Alexander

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