



March 28, 2013

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

RECEIVED

APR - 1 2013

PUBLIC SERVICE
COMMISSION

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 May 1, 2013. Please contact me at (949) 331 – 7496 or thartline@navitasutility.com with questions or comments regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "TH Hartline", is written over a horizontal line.

Thomas Hartline

TH/teh

Quarterly Report

Gas cost recovery rate calculation

Navitas KY NG, LLC

| Period | Filing date (on or about) | Reporting Months | Effective date (& 1st forecast month) |
|--------|------------------------------|---------------------------------|--|
| X | 31-Mar | November December January | 1-May |
| | 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) | 5.8172 | per MCF |
| + Refund Adjustment (RA) | - | |
| + Actual Adjustment (AA) | (0.5228) | |
| + Balance Adjustment(BA) | (1.3310) | |
| = Gas Cost Recovery Rate | \$ 3.9634 | |

A. Expected Gas Cost Calculation

| | | |
|-----------------------|---------------|---------|
| Total EGC | \$ 154,926.50 | |
| / Twelve months sales | 26,632 | MCF |
| EGC | \$ 5.8172 | 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 | 0.0320 | |
| + Previous quarter AA | (0.5190) | |
| + Second previous quarter AA | 0.8755 | |
| + Third previous quarter AA | (0.9114) | |
| + Other cost adjustments | - | |
| = Actual Adjustment | \$ (0.5228) | |

D. Balance Adjustment Calculation

| | | |
|---|-------------|--|
| Balance Adjustment for reporting period | 0.0252 | |
| + Previous quarter BA | (0.0000) | |
| + Second previous quarter BA | (1.3562) | |
| + Third previous quarter BA | - | |
| = Balance Adjustment | \$ (1.3310) | |

Schedule II
Expected Gas Cost

Navitas KY NG, LLC

| Supplier or NYMEX | Twelve months 2012 - 2013 | 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 | 1227 | 1.0125 | 1,243 | 4.40 | 4.46 | 5,467.62 |
| Petrol | September | 1049 | 1.0125 | 1,062 | 4.40 | 4.46 | 4,671.96 |
| Petrol | October | 1813 | 1.0125 | 1,835 | 4.40 | 4.46 | 8,076.02 |
| Petrol | November | 3673 | 1.0125 | 3,719 | 4.40 | 4.46 | 16,361.88 |
| Petrol | December | 2854 | 1.0125 | 2,889 | 4.40 | 4.46 | 12,712.34 |
| Petrol | January | 6073 | 1.0125 | 6,148 | 4.40 | 4.46 | 27,052.99 |
| Petrol | February | 3661 | 1.0125 | 3,707 | 4.40 | 4.46 | 16,308.86 |
| Petrol | March | 1929 | 1.0125 | 1,953 | 4.40 | 4.46 | 8,592.36 |
| Petrol | April | 1177 | 1.0125 | 1,191 | 4.40 | 4.46 | 5,241.75 |
| Petrol | May | 1253 | 1.0125 | 1,269 | 4.40 | 4.46 | 5,582.12 |
| Petrol | June | 880 | 1.0125 | 891 | 4.40 | 4.46 | 3,920.85 |
| Petrol | July | 1046 | 1.0125 | 1,059 | 4.40 | 4.46 | 4,658.15 |
| | | <u>26,632</u> | | <u>26,966</u> | | | <u>118,646.90</u> |

| Transportation | Twelve months 2012 - 2013 | Spectra (East TN) demand | B&W pipeline | Subtotal forecasted | Total forecasted cost |
|----------------|---------------------------|--------------------------|--------------|---|-----------------------|
| | August | 1,675.00 | 745.80 | 2,420.80 | 7,888.42 |
| | September | 1,675.00 | 637.20 | 2,312.20 | 6,984.16 |
| | October | 1,675.00 | 1,101.00 | 2,776.00 | 10,852.02 |
| | November | 1,675.00 | 2,231.40 | 3,906.40 | 20,268.28 |
| | December | 1,675.00 | 1,733.40 | 3,408.40 | 16,120.74 |
| | January | 1,675.00 | 3,688.80 | 5,363.80 | 32,416.79 |
| | February | 1,675.00 | 2,224.20 | 3,899.20 | 20,208.06 |
| | March | 1,675.00 | 1,171.80 | 2,846.80 | 11,439.16 |
| | April | 1,675.00 | 714.60 | 2,389.60 | 7,631.35 |
| | May | 1,675.00 | 761.40 | 2,436.40 | 8,018.52 |
| | June | 1,675.00 | 534.60 | 2,209.60 | 6,130.45 |
| | July | 1,675.00 | 635.40 | 2,310.40 | 6,968.55 |
| | | | | <u>36,279.60</u> | <u>154,926.50</u> |
| | | | | divide by sales | 26,632 |
| | | | | per MCF | \$ 5.8172 |
| | | | | multiply by allowed purchases (sales / 1) | 26,632 |
| | | | | Expected Gas Cost | \$ 154,926.50 |

**Schedule III
Supplier Refund Adjustment**

Navitas KY NG, LLC

| | | | | | | | | | | | | | | | | | |
|----------------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|--------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|----------------|
| Balance key | - | (22,832.76) | (22,056.54) | (21,134.37) | (20,051.94) | (19,127.03) | (17,528.22) | (14,289.05) | (11,772.38) | (6,416.69) | (1,999.58) | 591.26 | 1,898.58 | 1,898.58 | 1,898.58 | 1,898.58 | |
| + under charged incrs rate | | | | | | | | | | | | | | | | | |
| - over charged decrs rate | | | | | | | | | | | | | | | | | |
| Sales in MCF | Apr-12 1,543 | May-12 1,253 | Jun-12 880 | Jul-12 1,046 | Aug-12 1,227 | Sep-12 1,049 | Oct-12 1,813 | Nov-12 3,673 | Dec-12 2,854 | ->Actual Jan-13 6,073 | ->Average-> Feb-13 5,008 | Mar-13 2,938 | Apr-13 1,482 | May-13 1,146 | Jun-13 865 | Jul-13 733 | |
| Previous quarter RA | (23,937.85) (0.88) | (0.8820) (22,832.76) | (0.88) (22,056.54) | (0.88) (21,134.37) | (0.88) (20,051.94) | (0.88) (19,127.03) | (0.88) (17,528.22) | (0.88) (14,289.05) | (0.88) (11,772.38) | (0.88) (6,416.69) | (0.88) (1,999.58) | (0.88) 591.26 | (0.88) 1,898.58 | (0.88) 1,898.58 | (0.88) 1,898.58 | (0.88) 1,898.58 | (0.88) 0.06 |

Schedule IV
Actual Adjustment

Navitas KY NG, LLC

| | Second previous quarter | | | Previous quarter | | | Reporting months | | |
|---------------------------|-------------------------|--------------------------|---------------|------------------|--------------------------|-----------------|------------------|--------------------------|---------------|
| | Actual | | | Actual | | | Actual | | |
| | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | Jan-12 |
| Invoices | | | | | | | | | |
| Supply | | | | | | | | | |
| EDF & Wells (B&W) | 14,327.91 | 9,894.29 | 9,828.39 | (11,986.35) | 4,169.40 | 7,945.77 | 13,940.67 | 15,092.00 | 25,482.87 |
| Transportation | | | | | | | | | |
| Spectra | 1,529.16 | 1,576.37 | 1,598.94 | 1,625.01 | 1,556.20 | 1,521.43 | 1,337.29 | 1,280.95 | 1,269.62 |
| B&W | (3,366.04) | 713.90 | 756.09 | 872.51 | 808.44 | 1,333.43 | 2,095.63 | 1,341.82 | 3,328.28 |
| Total cost | 12,491.03 | 12,184.56 | 12,183.42 | (9,488.84) | 6,534.04 | 10,800.64 | 17,373.59 | 17,714.77 | 30,080.77 |
| Sales in MCF | 1,253 | 880 | 1,046 | 1,227 | 1,049 | 1,813 | 3,673 | 2,854 | 6,073 |
| Cost per MCF | 9.9689 | 13.8445 | 11.6521 | (7.7315) | 6.2306 | 5.9580 | 4.7305 | 6.2081 | 4.9536 |
| less ECG in effect | 4.9969 | 4.9969 | 4.9969 | 5.1054 | 5.1054 | 5.1054 | 5.1051 | 5.1051 | 5.1051 |
| Delta | 4.97 | 8.85 | 6.66 | (12.84) | 1.13 | 0.85 | (0.37) | 1.10 | (0.15) |
| Monthly cost difference | 6,229.91 | 7,786.79 | 6,958.66 | (15,754.69) | 1,180.00 | 1,545.57 | (1,375.91) | 3,147.37 | (919.95) |
| Total cost difference | | | 20,975.36 | | | (13,029.12) | | | 851.51 |
| divide by 12 months sales | | | 23,957 | | | 25,105 | | | 26,632 |
| Actual Adjustment | | Actual Adjustment | 0.8755 | | Actual Adjustment | (0.5190) | | Actual Adjustment | 0.0320 |
| Allocation | | | | | | | | | |
| Total B&W line sales | 1,373 | 935 | 1,096 | 1,266 | 1,128 | 2,001 | 4,603 | 3,733 | 8,013 |
| KY% | 91% | 94% | 95% | 97% | 93% | 91% | 80% | 76% | 76% |
| EDF | | | | | | | | | |
| Cost | 833.21 | 506.99 | 297.44 | 356.52 | 439.41 | 489.82 | 13,738.66 | 19,744.68 | 33,624.80 |
| Allocation | 760.33 | 477.43 | 283.89 | 345.70 | 408.56 | 443.86 | 10,962.69 | 15,092.00 | 25,482.87 |
| Spectra | | | | | | | | | |
| 250 | 1,675.73 | 1,673.99 | 1,675.25 | 1,675.85 | 1,673.73 | 1,678.96 | 1,675.92 | 1,675.85 | 1,675.27 |
| Allocation | 1,529.16 | 1,576.37 | 1,598.94 | 1,625.01 | 1,556.20 | 1,521.43 | 1,337.29 | 1,280.95 | 1,269.62 |
| B&W Transport | | | | | | | | | |
| Cost | (3,688.68) | 758.11 | 792.17 | 899.81 | 869.49 | 1,471.50 | 2,626.29 | 1,755.49 | 4,391.69 |
| Allocation | (3,366.04) | 713.90 | 756.09 | 872.51 | 808.44 | 1,333.43 | 2,095.63 | 1,341.82 | 3,328.28 |
| B&W Supply | | | | | | | | | |
| Cost | 14,868.03 | 10,000.00 | 10,000.00 | (13,363.79) | 4,044.87 | 8,278.67 | 3,732.06 | - | - |
| Allocation | 13,567.58 | 9,416.86 | 9,544.50 | (12,332.06) | 3,760.84 | 7,501.91 | 2,977.98 | - | - |

Schedule V
Balance Adjustment

Navitas KY NG, LLC

| | (32,093.26) | (31,669.10) | (52,991.85) | (20,739.37) | (20,150.01) | (29,718.59) | (26,241.41) | (23,266.11) | (29,963.54) | (14,184.73) | (6,580.40) | (4,706.04) | (1,448.17) | 156.01 | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|---------------------|------------|------------|------------|------------|------------|
| + under charged | | | | | | | | | | | | | | | |
| - over charged | | | | | | | | | | | | | | | |
| | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | ->Actual Jan-13 | Average-> Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 |
| Sales in MCF | 1,253 | 880 | 1,046 | 1,227 | 1,049 | 1,813 | 3,673 | 2,854 | 6,073 | 5,008 | 2,938 | 1,482 | 1,146 | 865 | 733 |
| Summary | | | | | | | | | | | | | | | |
| 3rd Previous Qtr BA | (0.7476) | (0.7476) | (0.7476) | | | | - | - | - | 0.5213 | 0.5213 | 0.5213 | - | - | - |
| 2nd Previous Qtr BA | | | | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | - | - | - | (1.3562) | (1.3562) | (1.3562) |
| Previous Qtr BA | | | | | | | | | | (1.3562) | (1.3562) | (1.3562) | (0.0000) | (0.0000) | (0.0000) |
| Current Qtr BA | 0.5213 | 0.5213 | 0.5213 | | | | (1.3562) | (1.3562) | (1.3562) | (0.0000) | (0.0000) | (0.0000) | 0.0252 | 0.0252 | 0.0252 |
| | (0.2263) | (0.2263) | (0.2263) | 0.5213 | 0.5213 | 0.5213 | (0.8349) | (0.8349) | (0.8349) | (0.8349) | (0.8349) | (0.8349) | (1.3310) | (1.3310) | (1.3310) |
| 3rd Previous Qtr AA | (0.0837) | (0.0837) | (0.0837) | - | - | - | 1.0270 | 1.0270 | 1.0270 | (1.1989) | (1.1989) | (1.1989) | (0.9114) | (0.9114) | (0.9114) |
| 2nd Previous Qtr AA | - | - | - | 1.0270 | 1.0270 | 1.0270 | (1.1989) | (1.1989) | (1.1989) | (0.9114) | (0.9114) | (0.9114) | 0.8755 | 0.8755 | 0.8755 |
| Previous Qtr AA | 1.0270 | 1.0270 | 1.0270 | (1.1989) | (1.1989) | (1.1989) | (0.9114) | (0.9114) | (0.9114) | 0.8755 | 0.8755 | 0.8755 | (0.5190) | (0.5190) | (0.5190) |
| Current Qtr AA | (1.1989) | (1.1989) | (1.1989) | (0.9114) | (0.9114) | (0.9114) | 0.8755 | 0.8755 | 0.8755 | (0.5190) | (0.5190) | (0.5190) | 0.0320 | 0.0320 | 0.0320 |
| | (0.2556) | (0.2556) | (0.2556) | (1.0833) | (1.0833) | (1.0833) | (0.2078) | (0.2078) | (0.2078) | (1.7537) | (1.7537) | (1.7537) | (0.5228) | (0.5228) | (0.5228) |
| Post Gasco | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | 0.5213 | | | |
| | 13,483.92 | 13,025.13 | 12,480.05 | 11,840.26 | 11,293.57 | 10,348.56 | 8,433.98 | 6,946.45 | 3,780.86 | 1,170.03 | (361.34) | (1,134.05) | | | |
| Third previous qtr BA AA | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Second previous qtr BA AA | (0.0837) | (0.0837) | (0.0837) | | | | (1.3562) | (1.3562) | (1.3562) | (1.3562) | (1.3562) | (1.3562) | (1.3562) | (1.3562) | (1.3562) |
| | (660.49) | (586.82) | (499.31) | (499.31) | (499.31) | (32,062.04) | (27,081.02) | (23,211.03) | (14,975.33) | (8,182.94) | (4,198.88) | (2,188.57) | (634.85) | 538.72 | 1,532.15 |
| | | | | | | | (1.3562) | | | | | | | | |
| Previous qtr BA AA | - | - | - | - | - | - | - | - | - | (0.0000) | (0.0000) | (0.0000) | (0.0000) | (0.0000) | (0.0000) |
| | - | - | - | - | - | - | - | - | - | (0.0000) | (0.0000) | (0.0000) | (0.0000) | (0.0000) | (0.0000) |
| Balance adjustment BA | 1.0270 | 1.0270 | 1.0270 | 1.0270 | 1.0270 | 1.0270 | 1.0270 | 1.0270 | 1.0270 | 3.485.17 | 3.485.17 | 670.95 | 0.0252 | 0.0252 | 0.0252 |
| | 22,600.03 | 21,696.21 | 20,622.43 | 19,362.05 | 18,285.08 | 16,423.43 | 12,651.74 | 9,721.33 | 3,485.17 | 3,485.17 | 3,485.17 | 670.95 | 642.08 | 620.28 | 601.83 |
| | | | | | | | | | | | | 0.0252 | | | |
| | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | (1.1989) | 1,566.21 | 1,566.21 | 432.16 |
| | (32,052.40) | (30,997.25) | (29,743.69) | (28,272.29) | (27,015.01) | (24,841.66) | (20,438.48) | (17,017.44) | (9,737.17) | (3,732.75) | (210.89) | 1,566.21 | | | 0.0148 |
| Third previous quarter AA | | | | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) | (0.9114) |
| | | | (21,826.67) | (20,708.16) | (19,752.42) | (18,100.31) | (14,753.17) | (12,152.61) | (6,618.39) | (2,054.04) | 623.16 | 1,974.05 | 3,018.12 | 3,806.73 | 4,474.30 |
| Second previous quarter AA | | | | | | | 0.8755 | 0.8755 | 0.8755 | 0.8755 | 0.8755 | 0.8755 | 0.8755 | 0.8755 | 0.8755 |
| | | | | | | 20,975.36 | 17,759.76 | 15,261.40 | 9,944.67 | 5,559.69 | 2,987.70 | 1,689.90 | 686.86 | (70.76) | (712.09) |
| Previous quarter AA | | | | | | | | | | (0.5190) | (0.5190) | (0.5190) | (0.5190) | (0.5190) | (0.5190) |
| | | | | | | | | | (13,029.12) | (10,429.89) | (8,905.32) | (8,136.04) | (7,541.48) | (7,092.39) | (6,712.23) |
| Actual adjustment AA | | | | | | | | | | | | 851.51 | 814.88 | 787.22 | 763.80 |

Sales History

Navitas KY NG, LLC

| | | J | F | M | A | M | J | J | A | S | O | N | D | Total |
|--------------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Sales in MCF | | | | | | | | | | | | | | |
| | 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 | | | | | | | | | | | | 6,073 |
| Average | | 5,516 | 5,008 | 2,938 | 1,482 | 1,146 | 865 | 733 | 750 | 822 | 1,296 | 2,563 | 3,853 | 26,972 |