

FERC-approved rate effective July 17, 2017, less the pro rata portion of a monthly charge of \$13,897.67 already paid.³ Although the letter states that Navitas KY owes B&W for gas consumed in Kentucky since July 17, 2017, at the rate of \$2.7172 per one thousand cubic feet (Mcf), the letter does not provide a discrete dollar amount that Navitas KY owes to B&W and it lacks sufficient information to accurately calculate the amount owed.⁴

In the application, Navitas KY requests additional revenues of \$230,000.⁵ However, Navitas KY did not file sufficient support for the revenue requirement and, from a spreadsheet filed as an exhibit to the application; it is not clear what amount is actually due to B&W for the period at issue. In order for the Commission to conduct a review in this proceeding, there must be support for the requested revenue increase. Thus, when Navitas KY files the necessary documents to cure the filing deficiencies discussed below, it must also file documentation of the actual amount due for the retroactive gas transportation costs. Further, Navitas KY should specify whether it is proposing a surcharge to be applied equally to each customer or proportionally to each customer class and timeframe it is proposing to collect the surcharge rate.

FILING REQUIREMENTS

Navitas KY requested a surcharge under the alternative rate adjustment regulatory scheme set forth in 807 KAR 5:076, which includes specific filing requirements. The use of an alternative rate adjustment process is not typical but given the extraordinary circumstances of this proceeding and pursuant to Commission precedent in a matter with

³ Application, Exhibit E.

⁴ *Id.*

⁵ Application, ARF Form-1 at paragraph 11.

similar circumstances,⁶ the Commission will conduct a review that is limited in scope to determine a fair, just, and reasonable surcharge rate based on the gas transportation costs due to Navitas KY's gas transportation service provider for the period at issue.

Filing Requirements for which Deviation will be Granted

Pursuant to 807 KAR 5:076, Section 17, the Commission is permitted to grant deviations from certain filing requirements upon a showing of good cause. Because the surcharge will be based on a specific amount per Mcf that will be applied equally to each customer or proportionally to each customer class, we must gather information relevant to the limited scope of review. Because certain filing requirements seek information that falls outside the limited scope of review for this proceeding, we find good cause to grant deviation from the following filing requirements in 807 KAR 5:076:

- Section 4(1)(a) – A completed Attachment SAO (Statement of Adjusted Operations);
- Section 4(1)(a) – A completed Revenue Requirement Calculation Form;
- Section 4(1)(b) – A copy of all outstanding evidences of indebtedness;
- Section 4(1)(c) – A copy of amortization schedule for each outstanding bond issuance, promissory note, and debt instrument;
- Section 4(1)(d) – Depreciation schedule for all utility plant in service;
- Section 4(1)(e) – Most recent state and federal tax returns;
- Section 4(1)(f) – Detailed analysis of applicant's customers' bills showing revenues from present and proposed rates from each customer class (billing analysis).

⁶ See *Application of Johnson County Gas Company, Inc. for a Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities* (Ky. PSC Sept. 1, 1999).

Filing Deficiencies

Pursuant to 807 KAR 5:001, Section 4(9), an application is not deemed filed with the Commission until, among other things, it meets all applicable filing requirements. Navitas KY's application does not meet all applicable filing requirements, and thus will not be accepted for filing until the deficiencies are cured.

Pursuant to 807 KAR 5:076, Section 4(1)(g), Navitas KY is required to provide a notice of the proposed rate change to its customers that complies with the regulatory requirements set forth in 807 KAR 5:076, Section 5. Navitas KY filed a copy of the notice it provided to its customers, but there were filing deficiencies in the customer notice. As an initial matter, notice must be provided to customers no later than the date on which the application is submitted to the Commission. As noted on the application that Navitas filed on November 27, 2019, notice will be provided to customers by mail on December 7, 2019. Further, the effective date on the notice is December 7, 2020. If the effective date in the notice contains an inadvertent typographical error and should have read December 7, 2019, the notice period does not comply with the requirements in KRS 278.180 that no rate change can take effect except upon 30 days' notice to the Commission. However, given that the application has not yet been accepted for filing, it is noted for Navitas KY's benefit and not as a filing deficiency.

The dollar and percentage amounts of the proposed change listed in the notice are ambiguous and need to be clarified. The rates in Navitas KY's current tariff are based on Mcf, but the proposed rates in the customer notice are based on Ccf. Thus, it is unclear if Navitas KY proposes a surcharge of \$0.50 per customer per month or if the surcharge is based on a customer's usage and, if so, the proposed rate should be in Mcf, which is

consistent with Navitas KY's tariff rates, and not Ccf. Because Navitas currently does not have a surcharge, the percentage increase for the new surcharge mathematically cannot be 5 percent; Navitas KY should indicate "N/A" in the percentage change field, which is consistent with how a utility typically notes such a change. Finally, for purposes of clarity and consistent with 807 KAR 5:011, Section 8(4)(d), Navitas KY should indicate the dollar amount of the average bill for each customer class with and without the proposed surcharge rate, in addition to the amount of average usage and the percentage effect upon the average bill for each customer class.

SUMMARY OF FINDINGS

1. Within 20 days of the date of this Order, Navitas KY must file evidence of the amounts due for retroactive interstate gas transportation costs, including bills it received from B&W for gas transportation costs between July 17, 2017, and January 31, 2019. Navitas KY should also file Exhibit G as filed with the application in Excel spreadsheet format, with formulas intact and unprotected, and all rows and columns accessible. Navitas KY must also specify whether it is proposing a surcharge to be applied equally to each customer or proportionally to each customer class and timeframe it is proposing to collect the surcharge rate.

2. Within 20 days of the date of this Order, Navitas KY must provide notice to customers that comports with the filing requirements of 807 KAR 5:076, Section 5, by setting forth with clarity the current and proposed rates, and amount of change in dollar amount and percentage change. Additionally, Navitas KY must present the information in Mcf calculations consistent with its tariff.

3. Navitas KY is granted a deviation from the filing requirements set forth in 807 KAR 5:076, Section 4(1)(a)-(f), as set forth in this Order.

IT IS THEREFORE ORDERED that:

1. Navitas KY's application for an alternative rate adjustment is rejected as deficient for failure to comply with the filing requirements of 807 KAR 5:076, Section 5.

2. Within 20 days of the date of entry of this Order, Navitas KY shall file documents as set forth in finding paragraph 1.


3. Within 20 days of the date of entry of this Order, Navitas KY shall file documents to cure the filing deficiencies as set forth in finding paragraph 2.

4. Navitas KY is granted a deviation from filing requirements as set forth in finding paragraph 3.

By the Commission

ENTERED
DEC 09 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2019-00430

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