

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )  
FILING OF NAVITAS KY NG, LLC ) CASE NO. 2020-00012

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on February 27, 2020 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on February 27, 2020 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on February 27, 2020.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at [https://youtu.be/jGvwSr4f\\_vU](https://youtu.be/jGvwSr4f_vU).

Parties wishing an annotated digital video recording may submit a written request by electronic mail to [pscfilings@ky.gov](mailto:pscfilings@ky.gov). A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of June 2020.



---

Kent A. Chandler  
Executive Director  
Public Service Commission of Kentucky

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )  
FILING OF NAVITAS KY NG, LLC )

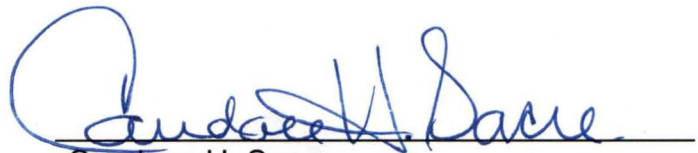
CASE NO.  
2020-00012

CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Conference conducted in the above-styled proceeding on February 27, 2020. The Formal Conference Log and Exhibit List are included with the recording on February 27, 2020;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Conference of February 27, 2020; and
4. The Formal Conference Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Conference of February 27, 2020, and the time at which each occurred.

Signed this 22<sup>nd</sup> day of May, 2020.



Candace H. Sacre  
Administrative Specialist III



Stephanie Schweighardt  
Notary Public State at Large  
Commission Expires: January 14, 2023  
ID#: 614400



# Session Report - Detail

2020-00012 27Feb2020

Navitas KY NG, LLC (Navitas)

Date:	Type:	Location:	Department:
2/27/2020	Formal Conference	Hearing Room 1	Hearing Room 1 (HR 1)

Judge: Robert Cicero; Talina Mathews; Michael Schmitt  
 Clerk: Candace Sacre

Event Time	Log Event	
9:15:44 AM	Session Started	
9:15:46 AM	Chairman Schmitt Note: Sacre, Candace	We're now on the record. This is the Kentucky Public Service Commission. My name is Michael Schmitt. I'm Chairman of the Commission. Seated to my right is Vice Chairman Robert Cicero and, to my left, Dr. Talina Mathews.
9:15:58 AM	Chairman Schmitt Note: Sacre, Candace	The purpose of the Formal Conference this morning is to discuss Case No. 2020-00012, Purchase Gas Adjustment Filing of Navitas KY NG, LLC. The purpose of this hearing is to discuss on the record the gas cost adjustment calculation, the methodology, and report structure.
9:16:31 AM	Chairman Schmitt Note: Sacre, Candace	This Conference is on the record. There will be a log completed, and the video will constitute the official record on the proceeding. It is not being transmitted live over the internet, so there won't be any other people watching it other than they can check it out or get to view the video at some later date.
9:16:55 AM	Chairman Schmitt Note: Sacre, Candace	At this time, would counsel for Navitas please identify herself along with her client?
9:17:02 AM	Atty Honaker Navitas Note: Sacre, Candace	Allyson Honaker with Goss Samford. I here on behalf of Navitas KY NG, LLC, and, with me, I have Thomas Hartline. I filed a written Entry of Appearance this morning into the record of this case.
9:17:14 AM	Chairman Schmitt Note: Sacre, Candace	Okay, and for Staff?
9:17:16 AM	Staff Atty Bowker PSC Note: Sacre, Candace	Andrew Bowker for Commission Staff Attorney; Sarah Jankowski, Financial Analyst; and Leah Faulkner, financial analyst consultant.
9:17:25 AM	Chairman Schmitt Note: Sacre, Candace	Good morning, Ms. Faulkner. It's always good to see you back again.
9:17:30 AM	Chairman Schmitt Note: Sacre, Candace	All right. I guess, to proceed, the best way to begin is for Staff to set out the reasons for this Conference and what we hope to achieve by it and what needs to be discussed. I don't know, Counsel, Mr. Bowker, whether that will be you or Ms. Jankowski.
9:17:56 AM	Staff Analyst Jankowski PSC Note: Sacre, Candace	We are here to discuss 2020-00012. We have a couple of concerns regarding Navitas' GCR report proceedings, a couple of issues involving the calculation, continuous spreadsheet error, and just general questions on the implementation of the FERC transportation rate in the GCR rate report.

9:18:25 AM	Chairman Schmitt Note: Sacre, Candace	Okay, well, you may proceed in how you would like to move forward.
9:18:31 AM	Staff Analyst Jankowski PSA Note: Sacre, Candace	All right. I'm going to ask Mr. Thomas Hartline a couple of questions. I'm going to start general.
9:18:37 AM	Staff Analyst Jankowski PSC - Navitas/Hartline Note: Sacre, Candace	Can you walk me through the initial GCR report process for Navitas?
9:18:44 AM	Atty Honaker Navitas Note: Sacre, Candace	Do you want him to pull it up? His Excel spreadsheet
9:18:46 AM	Staff Analyst Jankowski PSC Note: Sacre, Candace	If it helps.
9:19:01 AM	Via Presentation Activated	
9:23:14 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	So could I interrupt for one second? You say it's an open question, but have you contacted Staff and asked them this open question for determination?
9:23:30 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	I don't quite understand, When you say you're not allowed to talk to Staff, who would you speak to at the Commission if you didn't speak to the Staff?
9:23:52 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	Have you ever spoken with Ms. Jankowski or emailed or had any communication with anybody else?
9:24:18 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	So I'm sure Ms. Honaker could elaborate on that, but, knowing that she has just been retained by you, it probably hasn't had an opportunity.
9:24:30 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	The Commission speaks through its orders in order to rule or give its direction to the utilities, but, in the interim period when a case is being developed or there is an issue before the Commission, the Staff generally acts as the resource for utilities to go to in order to clarify potential issues like what you're speaking to because especially in a gas cost adjustment case, as you've indicated and you're utilizing the Kentucky spreadsheet in your other operations, it's a pretty standard every-quarter type of adjustment that Staff would be evaluating whether the information provided is accurate or inaccurate and if the guidelines that are directed towards utilities in order to fill out the spreadsheet are being followed the way they're supposed or not.
9:25:36 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	And I think that's one of the reasons why we're having a Formal Conference is to - I think there's this misunderstanding or there's some kind of direction that needs to be given. this is a Formal Conference, but it's obviously not a formal hearing. I think you'll get all the direction you need, and, if there's questions, Staff is always available to answer questions.
9:26:10 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	Well, it will make it easier on them, too, because that's what they're looking for is consistency.
9:26:15 AM	Chairman Schmitt - Navitas/Hartline Note: Sacre, Candace	Have you ever or anybody on your behalf ever tried to contact Staff by telephone and told that they wouldn't speak to you or wouldn't provide information?

9:27:15 AM Chairman Schmitt - Navitas/Hartline  
Note: Sacre, Candace You misunderstood, yes.

9:27:19 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace A case number is always established, and there's not - that just means that the document has just been recorded and established in some kind of a - data going forward is assigned into that case. It's not then a blockage that says you can no longer speak to anybody at the Commission about because that's all - even an application for a general rate increase, a utility files, they're assigned a case number, and, from then, everything builds forward from that process, and there can be data requests the Commission issues. The Staff, they would be in contact with the utility in order to clarify, so establishing a case number only provides a reference for you when you're going to speak with Staff that would say, "I'm calling about Case No. 2020-00012. There seems to be issues on how we're filing. How do we correct it?" But there's no problem with contacting Commission Staff.

9:28:27 AM Chairman Schmitt - Navitas/Hartline  
Note: Sacre, Candace It's never potentially adversarial until it gets to this point.

9:30:46 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Mr. Hartline, may I interrupt for a second?

9:30:50 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace One of the issues is that, actually, that \$6 was not approved by the Commission. I just wanted to point it out that you have implemented the \$6 that you have in your report but not the actual EGC approved by the Commission.

9:31:12 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So, when you were speaking to the order that the Commission issues in the case of a gas cost adjustment, the final order would come out approving all the rates that the Commission approves, and then those would be the rates that you would use for this spreadsheet going forward, and I think what Ms. Jankowski is talking about is the fact that you've come up and developed a rate, and the Commission reviewed it and didn't accept that rate and said, "This is the rate that you should be using," so you've been directed to use a rate through an Order, but you're not using that rate. Is that correct?

9:31:48 AM Vice Chairman Cicero  
Note: Sacre, Candace Is that correct?

9:31:49 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace Yes.

9:31:51 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So you have to - while that may have been your forecast, after the Commission reviews your rates for what it would call reasonableness, because I understand there's forecasts (inaudible), there's different areas to develop some kind of a purchase price, but then the Commission has to go back through it and say it's reasonable or unreasonable. If they consider it unreasonable and establish a different rate, that is the rate you should be using in your spreadsheet going forward, so that's probably where part of the - and, again, you can speak to Staff. You understand you're able to speak with Staff now?

9:32:34 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace That would be something, if you communicated, that they would advise you is how the process worked.

9:33:12 AM Commissioner Mathews - Navitas/Hartline  
Note: Sacre, Candace Why wouldn't you have done that when the Order came out? Where would you get it - as a regulated entity, where would you have gotten a number to charge that was not the number that was in the Order?

9:33:32 AM Commissioner Mathews - Navitas/Hartline  
Note: Sacre, Candace This isn't theoretical. This is not, you know, what spreadsheet - why are you using rates that aren't in the Order from the Commission that regulate -

9:33:53 AM Atty Honaker Navitas - Navitas/Hartline  
Note: Sacre, Candace I believe what you used was what you had proposed, right, was your calculation? That's what this is?

9:40:42 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So are you making an argument that the Commission should change the methodology to be an average rather than an actual? Because I understand what you're saying, is that - and it's working the way it's supposed to, is that, as you drop off on this rolling for period plus or minus over/under collected, it's doing what it's supposed to. It's eventually getting to the point where it's almost zero. That would be the purpose of the calculation, right?

9:41:13 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So your volatility that you're expressing on whether you're higher sales or lower sales, depending on this chicken farmer, you want to use an average because you think that the volume is going to change dramatically. You're not sure. It depends on the price of gas and the price of propane. Where - if you are making the argument it doesn't make any difference either way and the Commission has adopted a program where it's the actual sales, why do you think that it's better that you go to the average? By your own argument, it's going to come out in the end basically a zero.

9:42:12 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace Okay, all right, I was curious if you were -

9:46:22 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So is your - let's see if I can understand it this time, so is your main concern that you've developed a number that comes out to be \$81,000, but there's a twenty-five-thousand-dollar piece of it that's related to this dispute on whether it's a FERC interstate or intrastate rate, and that is being set up into the refund portion, and you're believing that you would be refunding twice?

9:47:16 AM Vice Chairman Cicero  
Note: Sacre, Candace So help us out here.

9:47:19 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So the refund that you were referencing to, the twenty-five thousand eight hundred and seventy-seven, you talked about that refund?

9:47:28 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So that refund was calculated based off your Mcf sales and the rate that you were allowed to charge from the interim. If you remember, in 2019-00241, we issued an interim rate, and we basically took your Application for the FERC rate because it was highest, and we knew that you needed to over collect because, if it was under collecting, it might have hurt your sales or it might have affected customers during the winter months, so we allowed you to over collect during that period subject to refund so when the Commission issued a final order we would go back and we would look at your Application, and we would correct it and make adjustments as needed, if it was a TRA rate or if it was a FERC rate, and then we would either, you know, set that amount subject to refund.

9:48:11 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So what we ended up doing was we allowed and approved the FERC rate going forward, but we went back to your Application, and, in the interim rate, we accepted it as is, but we went back to it and made corrections to the spreadsheet, and that's the rate where we compared against the rate you should have charged during that August cycle, and then we found out, based on your Mcf sales, what you've overcollected.

9:48:39 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace And then I think there's some misunderstanding, but, based off the Final Order, and I think this is 2020-00012, correct?

9:48:47 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Based on the Final Order, you're supposed to add that refund, subtract that amount, that \$25,000, from the monthly cost difference that you got there. That's how you issue the refund, and it's stated in the Final Order where we say, "Due to the actual adjustment in Case 2020-00012, truing up the actual cost of gas for usage in August/September/October 2019, the Commission finds that the amount for recovery should be included as a separate line item on the actual adjustment schedule and should be subtracted from the amount to any actual adjusted calculated in that case."

9:49:21 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So I'm not exactly sure how you perceived that, but, in the Order, we stated that the \$81K, or the amount that is the monthly cost difference, would subtract the overcollection.

9:49:36 AM Atty Honaker Navitas  
Note: Sacre, Candace So, instead of adding it to the \$81,000, he should subtract it?

9:49:38 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace Yes, it's to be subtracted.

9:49:42 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So that would take care of the duplication of the refund, but I think the difference is in the matter of timing. Under the refund adjustment, it happens over a faster period of time, is that right?

9:49:55 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace You mean -

9:49:57 AM Vice Chairman Cicero  
Note: Sacre, Candace The refund adjustment of the \$25,000. No? It's over the same period of time?

9:50:00 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace It should be over the same period.

9:50:02 AM Vice Chairman Cicero  
Note: Sacre, Candace So, really, then there's no - it's how you're reflecting it.



9:52:31 AM	Commissioner Mathews - Navitas/Hartline Note: Sacre, Candace	I wasn't berating.
9:56:49 AM	Vice Chairman Cicero - Navitas/Hartline Note: Sacre, Candace	Unfortunately, we don't know what they would tell you either.
9:59:03 AM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	Pardon me. Because this is a matter that can come before the Commission, I think we should not continue this discussion at this time. We don't know who else might be involved, and I think we should get back to the GCA matter to the extent possible. I wanted to offer that up.
9:59:27 AM	Atty Honaker Navitas Note: Sacre, Candace	And is that something that maybe we could have like an informal IC with Staff if there's issues he wants to discuss with CPN -
9:59:33 AM	Chairman Schmitt Note: Sacre, Candace	That probably would be best.
9:59:34 AM	Atty Honaker Navitas Note: Sacre, Candace	- and not do it in front of the Commission?
9:59:38 AM	Chairman Schmitt Note: Sacre, Candace	Especially, having a discussion when it's on the record. Somebody might want to look at it.
9:59:48 AM	Chairman Schmitt Note: Sacre, Candace	So, in so far as what we're here about, are you satisfied we have this, Ms. Jankowski?
9:59:54 AM	Staff Analyst Jankowski PSC Note: Sacre, Candace	I have a few more questions for Mr. Hartline, if that's okay.
9:59:59 AM	Chairman Schmitt Note: Sacre, Candace	Well, why don't we go ahead then and pursue that with Mr. Hartline?
10:00:02 AM	Staff Analyst Jankowski PSC - Navitas/Hartline Note: Sacre, Candace	All right, so, Mr. Hartline, you discussed the GCR report in its entirety, but can you tell me who - are you the one that updates it for the quarterly reports?
10:00:14 AM	Staff Analyst Jankowski PSC - Navitas/Hartline Note: Sacre, Candace	Do you have anyone else who might do it as well? I know I've spoken to a Joseph Erwin before.
10:00:53 AM	Staff Analyst Jankowski PSC - Navitas/Hartline Note: Sacre, Candace	So - I'm very familiar with the spreadsheet, so, when you create a new quarter, you just copy and paste information and then change the necessary cells, is that correct?
10:01:06 AM	Staff Analyst Jankowski - Navitas/Hartline Note: Sacre, Candace	Okay, and you said that Joseph files it?
10:01:27 AM	Vice Chairman Cicero Note: Sacre, Candace	Just for my clarification, you have spoken with somebody on their staff?
10:01:31 AM	Staff Analyst Jankowski PSC Note: Sacre, Candace	Yes, yes.
10:01:33 AM	Vice Chairman Cicero Note: Sacre, Candace	So, apparently, there is some communication that has occurred between Navitas and Commission Staff, so, apparently, there's some line of communication. It's just that they aren't including you.
10:01:49 AM	Staff Analyst Jankowski PSC Note: Sacre, Candace	I would like to - I have actually spoken through email and phone with Thomas Hartline and Joseph Erwin, so -
10:01:53 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so continue with your questioning.

10:01:56 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace 'Sorry about that.

10:02:01 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So you update the spreadsheet, and then it gets filed?

10:02:04 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace And have you, in prior filings, noticed an issue - are you aware that the Staff allows electronic filing?

10:02:31 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace You are. Under 2020-00012, we started implementing that.

10:02:39 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace But, in regards to your prior filings, were you reached out by Commission Staff in regards to setting up electronic filing procedures? Did you have Staff reach out to you and suggest it?

10:02:57 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace I meant, like, prior communications, like through email or such?

10:03:16 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace The reason I'm asking is Navitas has had a history of not filing within 30 days notice and if you were aware Navitas' tariff requires 30 days notice to be given to the Commission before the requested effective date, and I know that I have - I've gone back to 2015 and, since then, Navitas has given somewhere between 19 days notice and somewhere up to 29, historically, and I know that email correspondence-wise, Staff - me - has actually emailed you in regards to electronic filing procedures, and I'm kinda curious as to why that was not addressed or ever taken the next step, if you had any questions, you know, responding back. I have given the information to - I know you had a Vanessa working for Navitas as well. I've given the information to Vanessa. I have given the information to you. I have given the information to Joseph Erwin. I have emailed correspondence printed out regarding the issue. I'm just wondering how it wasn't addressed or why it wasn't ever said, "Hey, we keep getting denied, and we keep getting pushed back; why don't we try this?"

10:03:53 AM Via Presentation Deactivated

10:05:36 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So, just for my edification, you're not arguing that Staff has not provided a continued reminder of when the due dates are, which by tariff, is 30 days, and that you continued to not meet the 30-day guideline? There's no dispute there?

10:05:58 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace Okay, well, that also indicates that there's communication back and forth between the organization and Staff, so, I mean, the first point of our discussion was about whether you had the ability to communicate with Staff, and, apparently, there's already communication going on, but somehow it's not being followed through or that's what appears to me.

10:06:23 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace I don't know, Mr. Hartline. We're only here to try to determine what the situation is.

10:06:35 AM Chariman Schmitt - Navitas/Hartline  
Note: Sacre, Candace Well, let me ask, and, I guess, going forward, are you going to use Ms. Honaker as a conduit here, as an attorney, to represent your interests in terms of trying to find out if there are mistakes or errors or what needs to be done in order file it properly?

10:06:52 AM Chairman Schmitt  
Note: Sacre, Candace Has Mr. Hartline or Ms. Honaker been furnished with or seen a copy of your - I don't know what to call it - an errata sheet or a chart that shows all of the errors since 2015?

10:07:06 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace I can provide a copy for them.

10:07:09 AM Chairman Schmitt  
Note: Sacre, Candace Well, I think probably what would be best is to file a copy in the record and provide a copy to Mr. Hartline and to Ms. Honaker, and then Ms, Honaker will have a better understanding of what needed to be done in order to assist Navitas in going forward.

10:07:33 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So, for the record, also, when the Commission issues orders, that gets sent to our email list under Navitas, and that's sent to Thomas Hartline, and that's also sent to - I think Navitas has its own separate email and correspondence, is that correct?

10:07:50 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So do you - you receive the Commission's orders, correct?

10:07:55 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace All right, so can you kind of tell me how Navitas - what you do with those orders when you receive them?

10:08:08 AM Chairman Schmitt  
Note: Sacre, Candace File 13?

10:08:10 AM Commissioner Mathews  
Note: Sacre, Candace Do you have a bird cage?

10:10:00 AM Atty Honaker Navitas  
Note: Sacre, Candace And I won't put it in File 13.

10:10:02 AM Chairman Schmitt  
Note: Sacre, Candace Ms. Honaker won't hesitate to call if there's a problem, I can promise you.

10:10:09 AM Consultant Faulkner  
Note: Sacre, Candace Thomas, if I could just interject right here, as to Sarah's questioning, the old saying, "Man's proposes. God disposes." When you file a PGA application, that doesn't mean anything until you get the Commission order and you've got the rates, and those rates have to go to the billing system. That's the bottom line, so I think to go back and look at past Commission orders and make sure that the rates in those orders got to the billing system in a timely manner and were billed, you know, every day that they should have been billed. That's - I think the Commission is going to want to know that, out of a concern arising from some of the errors that seem to be continuing.

10:11:06 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace And I'd like to add to that, I notice, when you were going over the spreadsheet and you were on the cover letter, you mentioned that the rates were implemented February 1 when you were discussing 2020-00012?

10:11:21 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Were you referring - so what did you mean by that?

10:11:28 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace But, when the rates are established, is that when you start to bill them or when you start service rendered on after?

10:11:45 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So you start billing that rate that month?

10:11:54 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace It's for service rendered on and after for usage of that month, so I'm afraid what you may be doing is stagnating a little bit by month. Does it kinda make sense what I'm trying to say? The rates are for meter read on and after the date it is effective. It should be billed for usage after that point, for usage from the effective date on. I think what our concern is and what Leah is talking about is that we're concerned you're not implementng the rates as they are ordered.

10:12:33 AM Vice Chairman Cicero  
Note: Sacre, Candace Too early or too late?

10:12:34 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace Too early.

10:12:35 AM Consultant Faulkner  
Note: Sacre, Candace Well, and also that the rates are what was in the order, that the rates are correct as the Commission approved them.

10:13:49 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So, and you should be billing the - hang on, let me find the order example. For service rendered by Navitas on and after the effective date, requested effective date, so let's say the effective date is February 1. February 7th, you're not charging that rate. Whenever you read the meter, you kinda base it off that point and try to pro rate out for its effective date, so in the GCA calculation, it's done on a quarterly basis. The thing is gone from the screen, but you have it effective beginning certain calendar quarters, February 1, April 1, and so on and so forth. Yeah, so you have it effective certain calendar quarters, but, if you notice in the actual adjustment calculation, you're looking at costs for that month, and you're also looking at usage for that month, so the usage for February, March, and April, and then that's what you're supposed to be collecting, so that when you bill on February 1, 2019, you're actually billing for January 2019 usage, so does that make sense?

10:14:38 AM Via Presentation Activated

10:15:43 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Until you get service rendered on and after February 1st, so once you say to the customer, "This is your usage for February," and however you want to prorate that out, when you say, "This is your usage for February," then you apply the rate then. When you're applying it on February 1 or February 7th, as your billing cycle works, you're basically saying, "Your usage for January, we're charging you for this rate," and that can result in retroactive ratemaking.

10:16:10 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace When do you actually read your meters?

10:16:19 AM Vice Chairman Cicero - Navitas/Hartline  
Note: Sacre, Candace So, if you were prorating it, you could have four days at the new rate and however many prior days up to Jan 31st at the old rate, so, when she says prorate it, after February 1st, if you have service provided to a customer, you could bill it at the new rate. It would require extra billing on your part in order to determine - however you wanted to prorate it for that split, you could take the total number usage over the days and divide it by 4/31 versus 27/31, and that would be the split, but if you wanted to do a ratio like that or some other calculation - if I'm wrong, tell me, but I believe that's what you're saying - whatever it is up to the date of the meter reading in the Commission's order is how you would prorate it.

10:18:24 AM Consultant Faulkner  
Note: Sacre, Candace And I understand what you're saying about the timing issue, Thomas, but what I'm most concerned about is just that the rate when it is billed is correct and was in the Commission Order and not what you proposed.

10:18:40 AM Commissioner Mathews  
Note: Sacre, Candace The \$6 in your example.

10:18:50 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So, also, are you aware that the Commission has ordered Navitas to file its future GCR rate reports in Excel spreadsheet format?

10:19:01 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace All right, and unprotected?

10:19:02 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace All right, all right, I just wanted to make sure you were aware. Are you also aware how many days the utility has to file a tariff once the Commission order is issued? Are you aware of that amount, that time?

10:19:09 AM Via Presentation Deactivated

10:19:19 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace It's 20 days, for the record. There's been some issues. I've spoken with Daniel regarding Navitas' tariff, and, sometimes, the order is refiled in the tariff, and, sometimes, it's not filed at all, so I just want to make sure the process, going forward, is going to be up to Commission standards. I think Allyson will -

10:19:44 AM Atty Honaker Navitas  
Note: Sacre, Candace And I think I probably will be the one filing that going forward, so -

10:19:51 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So, previously, you asked about using the average sales in your order - or in your EGC calculation, and you said it was required or part of the statute. Are you familiar with Navitas' tariff, the one filed at the Commission, regarding the GCR rate report?

10:20:24 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace The tariff, actually, it says, quote, "Where the calculations require the use of volumes during a given period and those volumes did not exist for the particular source for the entire period or the company expects the volumes to change substantially, the company may make appropriate adjustments to calculations. Any adjustments of this type shall be described in the quarterly GCR report." So your tariff allows you to make the adjustments necessary, if you feel that it's a better going-forward example of your sales, but -

10:21:00 AM Commissioner Mathews  
Note: Sacre, Candace (Inaudible) concern that your volatility.

10:21:03 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Yes, but you have to issue it in the cover letter, and that's some of the issues that we've had in the past, especially when Case 2019-00241 first opened, you gave us two options and then didn't really give us any information in the cover letter, so we had to issue discovery to find out what exactly was going on, so Staff would really appreciate, if going forward, there was more information in the cover letter.

10:21:33 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace And, in regards to that, since 2019-00241, Staff has corrected the EGC to reflect an actual sales amount repeatedly in the final order, so that has happened going forward where Staff has corrected it, but it still reverted back without explanation. Just providing background.

10:21:58 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So, if you're going to use an average, you have to let them know that you're using that average and spell out why you're using that average.

10:22:09 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So I'm going to go back to Case 2019-00241 because it affects 2019-00372 and the current case, 2020-00012, and do you have a copy of that Application, the recalculated version?

10:22:36 AM Atty Honaker Navitas  
Note: Sacre, Candace What case number, Sarah? I'm sorry.

10:22:47 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace 2019-00241, I can provide you with copies, if it would help.

10:23:17 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Do you have it in front of you?

10:23:21 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So the first thing I'm going to ask is, in 2019-00241, you provided us with two option scenarios, the TRA rate and the FERC rate, and then, later on, on August 6th, you issued a recalculated version of the FERC rate. Can you give me a quick little synopsis of why?

10:23:42 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So you mean Spectra versus Petrol? That?

10:23:48 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So, if you will go through to the EGC, page 3, of the recalculated version of 2019-00241, can you explain - first off, see that column that says Navitas Custody Gas. Can you explain the purpose of that column?

10:24:40 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Okay, and this is just that difference, accounting for that difference?

10:24:48 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So can I ask why was that column added in this case and then removed in 2019-00372?

10:26:15 AM Via Presentation Activated

10:27:17 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace And, when you say "when someone tells you," who are you referring to?

10:27:25 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace Are you planning on reaching out to FERC for a response? I know the lawyer is an issue, but do you have any future plans to get their input?

10:28:58 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace I just want to say that that case he's referring to is a open case with the Commission, in 2019-00430. so I don't know if we want to actually discuss issues pertaining to that here.

10:29:09 AM Chairman Schmitt  
Note: Sacre, Candace I think Ms. Honaker is best positioned to articulate in advance Navitas' position or retreat from that position, as somebody deems appropriate.

10:29:30 AM	Vice Chairman Cicero Note: Sacre, Candace	The only comment is, so Ms. Jankowski asked you a question as whether you had approached FERC or not, and, apparently, you have not because you're still making a determination, but in the responses going back and forth between these periods, you added a column, deleted a column, and, apparently, there's no explanation which creates part of the confusion here since you're doing different manipulations of what you're submitting without an explanation. It creates a lot more confusion for Staff as to exactly what you're trying to do and what creates the reason why we're here today is because there's - you looked at the page that she provided. There seems to be an ongoing either miscommunication, confusion, or whatever you want to call it, and you can't let the FERC thing be an open issue for Staff. If you eventually have a ruling from FERC on how this is going to go, then an adjustment will be made, but we - as the Chairman said, Ms. Honaker, I'm sure, will give you some direction, but we can't sit in a state of flux where you're kinda going back and forth with rates. A position has been established. At this point, that's the way we have to do the calculation. In the future, if something changes, then that adjustment can be made in the rates, and you correct me if I'm wrong, but I'm pretty sure that's the way this process works.
10:31:35 AM	Vice Chairman Cicero Note: Sacre, Candace	And from a marketing position and you have a chicken farm that can go to propane or gas, so we understand fully the reason for a low-price desire. There's nothing wrong with that.
10:31:48 AM	Chairman Schmitt Note: Sacre, Candace	Yeah, you want to operate your business in a profitable way, but we're not involved in that, so I don't think you should rely on the Public Service Commission to take any action that's going to - that you should expect to affect how you deal with FERC or don't deal with FERC.
10:31:52 AM	Via Presentation Deactivated	
10:32:49 AM	Via Presentation Activated	
10:32:55 AM	Via Presentation Deactivated	
10:32:59 AM	Staff Analyst Jankowski PSC - Navitas/Hartline Note: Sacre, Candace	So I kind of wanted to go through real fast and kind of - because there are a lot of changes that have been implemented, and it's kind of confusing as to why because, like it's been stated, there's been little to no communication, but one of the things you said was you had removed the Navitas Custody column because of Staff, but it was removed in Case 2019-00372, and the interim rate that was approved in 2019-00241 was just solely based off the Application you gave us, no correction, no adjustments. Can you explain why you thought Staff didn't take it going forward or didn't accept this going forward?
10:32:59 AM	Via Presentation Activated	
10:33:53 AM	Staff Analyst Jankowski PSC - Navitas/Hartline Note: Sacre, Candace	But you also had filed this the day that we had taken the interim rate, the day we had issued the Order approving the interim rate. I'm sorry.
10:34:07 AM	Atty Honaker Navitas Note: Sacre, Candace	I just have a question real quick. This was a supplement that he filed later, and you're saying he filed this the day the Order was issued, so you hadn't really seen this before you did the interim rate?

10:34:18 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace True, but we used the recalculated rate for the adjustments.

10:34:22 AM Atty Honaker Navitas  
Note: Sacre, Candace Oh, so you did use this?

10:34:23 AM Staff Analyst Jankowski PSC  
Note: Sacre, Candace We used it for the adjustments, correct.

10:34:24 AM Atty Honaker Navitas  
Note: Sacre, Candace Okay.

10:34:25 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So the adjusted rate in the overcollection is based off the recalculated version, so that's why we're kind of curious as to all these little changes.

10:35:15 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace I think that harbors back to the lack of communication.

10:35:34 AM Chairman Schmitt  
Note: Sacre, Candace There's no answer to the question because you haven't addressed FERC with - I mean, if you want FERC to answer it, it seems to me you're going to have to hire counsel and do it, and you're not going to do that because it's too expensive, it's just -00272, and move on with it. I mean, I don't see how you expect us or Staff to deal with that issue when it's out there and you feel like you don't want to address it or you want to address it but you can't afford to. I mean, isn't that really what it is?

10:36:00 AM Via Presentation Deactivated

10:36:29 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So I'll just go quickly through this, some of the issues that Staff has had, and if you look at the case document that was handed to you by Andrew, in the column that says why it was denied, if you notice, it was taken from actual order language where it repeatedly mentions that it was due to spreadsheet error, and, for the sake of time, I'm just going to kinda go through and show all of the errors, so, if you notice in the Cost Allocation column, with Petrol volume, you have all these little adjustments, you know, less than ten percent, shipped to Kentucky by Navitas. You can see up there in the formula rate where it's all adjusted, but then, when you get to the actual allocation, it's a sum total of the adjustments.

10:36:32 AM Via Presentation Activated

10:37:20 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace I don't know if that was accidental or what. I don't know what the thought process was, and, the spreadsheet, it is very well made, and it goes through the entire allocation process very well, but Staff has issues, and we only have 30 days notice to approve a rate. Staff has issues when we find errors like this with no explanation. If you look at here, for the previous quarter and the current quarter has the same sales, which it shouldn't, and that's another adjustment that Staff has to make, and that leads into why Staff has issued DRs only asking for the spreadsheet. And there was one instance in a case where a DR wasn't responded, and we actually had to issue another order to comply, and we need 30 days to look over this spreadsheet, how complex it is, because it has been denied on numerous occasions, more than it has been approved, and we're just trying to make the process easier going forward. You can't recollect gas costs on a one-for-one basis when your rate cannot be justified. And that's the issue as to why you mentioned before, you know, 2020-00012 is still open because we can't look at the Application and say, "Yeah, this is a justifiable rate."



10:38:58 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace So are you aware that the Commission has a template available on its web site for GCA rates?

10:39:24 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace The PDF version, that's - I'll have to pull it up. You based it off of that? I can see the similarities. It's just there's a concern with the current Application that, like I said, Staff has difficulties justifying the rates proposed,

10:40:01 AM Staff Analyst Jankowski PSC - Navitas/Hartline  
Note: Sacre, Candace I can't speak to that. Leah, are you aware?

10:40:06 AM Consultant Faulkner  
Note: Sacre, Candace I think that it may have been on the web site, not in a very user-friendly place. If you will allow me to try to hark back to those days when you were first creating this methodology, I think what you did, and you can correct me if I'm wrong, was you also looked at the large gas utilities PGA filings, and you saw how they had their actual cost adjustments and balance adjustments set up, so, you know, there was a lot of transparency in the amount of information that's provided, and it also showed how those balancing adjustments, in particular, worked themselves off as monthly sales were made, which is something that - an element that you have in your format.

10:41:08 AM Consultant Faulkner  
Note: Sacre, Candace So I think what you have is kind of a hybrid between this standard PGA format that I'm pretty sure all the other small gas utilities use and the one you developed that's based on this one. It just provides a lot more information, and it actually shows the workings of the mechanism as the quarters go by. That's what I recollect happened, and because, you know, there's no PGA statute or regulation, you know, as long as the utilities comply with their tariff and the mechanism works to fairly set the expected gas cost and implement the trackers, this methodology was approved at the time.

10:42:36 AM Consultant Faulkner  
Note: Sacre, Candace Well, it works fine as long as you correctly reflect what the expected gas cost was as approved by the Commission, and that is a very common error for small gas utilities, probably the one that is corrected the most, but that line, EGC in effect during the month, that has to be what was in the Commission order for it to be correct. The sales in Mcf row, that has to be actual sales. You know, you could propose to the Commission using something different to divide by 12 months' sales because, again, what you're trying to do, like in the expected gas cost, is get the most accurate representation you can of the 12 months over which that actual adjustment is going to be collected or returned. But that sales in Mcf row, in pink, has to be actual sales because that's what you actually charged that expected gas cost.

10:44:43 AM Via Presentation Deactivated

10:44:57 AM	Staff Analyst Jankowski PSC - Navitas/Hartline Note: Sacre, Candace	And I think that's what we are ultimately hoping for. I'm not suggesting - because you have reached out to Allyson, and I know she's very familiar with the GCA process. I'm not saying that this whole spreadsheet needs to be redone, simplified, et cetera, but Staff would like to see that the rates approved by the Commission are then reflected in the Application going forward such to the extent where we won't have to completely dissect the spreadsheet, you know, with less than 30 days' notice next time, so Staff is hoping for a better reflection of that, those rates, and then, you know, the time allocated in your own tariff to allow us the time to make corrections and adjustments, if necessary.
10:45:55 AM	Chairman Schmitt Note: Sacre, Candace	Anything further?
10:46:02 AM	Vice Chairman Cicero Note: Sacre, Candace	And I guess Ms. Honaker knows that the Executive Director is not Mr. Durwin any more; that we can get that part corrected, too.
10:46:10 AM	Commissioner Mathews Note: Sacre, Candace	It's only three late.
10:46:13 AM	Staff Analyst Jankowski PSC Note: Sacre, Candace	I think we're good.
10:46:15 AM	Chairman Schmitt Note: Sacre, Candace	I'm going to file with our reporter a copy of the Navitas Case Data, which I referred to previously as Errata Sheet, so that we'll have that on the record.
10:46:17 AM	PSC EXHIBIT 1 Note: Sacre, Candace	NAVITAS CASE DATA
10:46:34 AM	Chairman Schmitt Note: Sacre, Candace	So, I guess, if that's everything - Mr. Hartline and I, it's like everything else, I guess, there's always, you know, a risk/benefit ratio or a consideration in doing anything, including hiring legal counsel, but I suspect that Ms. Honaker will prove to be beneficial and be worth what you pay her because, I mean, over the last five years, continued problems are likely to result in an expenditure that might exceed what you normally pay Ms. Honaker to see that the filings were correct.
10:47:15 AM	Chairman Schmitt Note: Sacre, Candace	Anything further? Ms. Honaker, do you have anything to say? Staff?
10:47:19 AM	Chairman Schmitt Note: Sacre, Candace	This Conference is now hereby adjourned.
10:47:22 AM	Session Note Entry	
10:47:28 AM	Session Ended	



## Exhibit List Report

2020-00012 27Feb2020

Navitas KY NG, LLC (Navitas)

---

**Name:**

**Description:**

Commission Exhibit 1

Navitas PSC Case Data

Commission  
Ex. - 1

**Navitas Case Data**

Case No.	Proposal: Approved or Denied	Filed Date	Requested Effective Date	Ordered Effective Date	Days Notice	Why denied Taken from Order	Less than 30 days allowed due to KRS
2015-00001	Denied	January 5, 2015	February 1, 2015	February 1, 2015	27	Due to a spreadsheet error in ACA	KRS 278.180(2)
2015-00096	Denied	March 30, 2015	May 1, 2015	May 1, 2015	32	spread sheet error in ACA	
2015-00214	Denied	June 29, 2015	August 1, 2015	August 1, 2015	33	reflects a spreadsheet error in ACA	
2015-00319	Approved	September 18, 2015	November 1, 2015	November 1, 2015	44		
2015-00427	Denied	December 29, 2015	February 1, 2016	February 1, 2016	34	did not use the correct Previous Quarter Actual Adjustment	
2016-00149	Denied	April 11, 2016	May 1, 2016	May 1, 2016	20	Due to a spread sheet error in ACA	KRS 278.180(2)
2016-00218	Denied	June 24, 2016	August 1, 2016	August 1, 2016	38	Due to a spreadsheet error in GCR rate	
2016-00333	Denied	September 19, 2016	November 1, 2016	November 1, 2016	43	Due to a spreadsheet error in GCR rate	
2016-00446	Denied	December 29, 2016	February 1, 2017	February 1, 2017	34	Due to a spread sheet error in ACA and GCR rate	
2017-00151	Denied	March 28, 2017	May 1, 2017	May 1, 2017	34	Due to a spreadsheet rounding error in BA	
2017-00238	Denied	June 12, 2017	August 1, 2017	August 1, 2017	50	Due to a spreadsheet rounding error in BA	
2017-00411	Approved	October 10, 2017	November 1, 2017	November 9, 2017	22	Spreadsheet error in ACA and GCR that resulted in no correction due to both errors resulting in the correct rate.	
2017-00479	Approved	December 27, 2017	February 1, 2018	February 1, 2018	36		
2018-00132	Approved	April 12, 2018	May 1, 2018	May 12, 2018	19		
2018-00228	Approved	June 29, 2018	August 1, 2018	August 1, 2018	33		
2018-00336	Denied	October 1, 2018	November 1, 2018	November 1, 2018	31	did not use the correct sales volume for EGC and ACA	
2019-00013	Denied	January 7, 2019	February 1, 2019	February 1, 2019	25	used the incorrect twelve-month sales amount in ACA and BA	KRS 278.180(2)
2019-00116	Denied	April 4, 2019	May 1, 2019	May 4, 2019	27	Navitas used the incorrect 12-month sales and purchases in EGC, ACA, and BA. Prior approved BA quarters were not correct.	
2019-00241	Interim	July 8, 2019	August 1, 2019	August 7, 2019	24	Navitas used the incorrect 12-month sales and purchases in the EGC, ACA, and BA. The B&W transportation rate was summed incorrectly in the ACA.	
2019-00372	Interim	October 3, 2019	November 1, 2019	November 1, 2019	29		KRS 278.180(2)
2020-00012	Denied	January 9, 2020	February 1, 2020	x	23		

COMMISSION EXHIBIT 1

\*L Allyson Honaker  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*David S Samford  
Goss Samford, PLLC  
2365 Harrodsburg Road, Suite B325  
Lexington, KENTUCKY 40504

\*Joseph M Irwin  
Navitas KY NG, LLC  
3186-D Airway Avenue  
Costa Mesa, CA 92626

\*Navitas KY NG, LLC  
3186-D Airway Avenue  
Costa Mesa, CA 92626