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August 30, 2019

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PUBLIC SERVICE  
COMMISSION

Gwen R. Pinson, Esq., Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

Re: Case No. 2019-00241  
Purchased Gas Adjustment of Navitas KY NG, LLC

Dear Ms. Pinson:

As directed by this Commission, Navitas KY NG, LLC (“Navitas KY”) filed a brief in this docket on August 29, 2019. Instructed to explain why the Kentucky Commission “has the authority to disregard the FERC rate order and adopt the TRA rates,” the gas company instead filed a brief that repeats verbatim arguments the company made earlier in a petition for rehearing that was filed both with the Federal Energy Regulatory Authority (“the FERC”) and this Commission.

In a letter dated August 19, 2019, I addressed each of the issues raised in the rehearing petition and will not repeat them here except to note – again – that Navitas KY appears neither to understand the jurisdictional parameters of federal and state regulation nor to have read the “Stipulation and Agreement” document which explains how the FERC staff arrived at the FERC-approved, interstate transportation rate.<sup>1</sup>

In addition to repeating the arguments made in the petition to rehear, the brief raises two other issues which I have not previously addressed.

First, Navitas KY states that B&W is required to seek the approval of the Tennessee Public Utility Commission “to implement the new increased transportation charge authorized by FERC.” Brief at 10. That is incorrect. The FERC rate applies only to the transportation of gas in interstate commerce that is ultimately consumed by customers of Navitas KY, and there is no requirement that B&W obtain permission for the Tennessee Commission to begin charging the FERC rate.

Second, Navitas asserts without any supporting evidence that if customers are required to pay the FERC transportation charge, they will switch to propane and possibly cause the distribution company to close. That is also incorrect. As shown in the exhibits to the “Stipulation and Agreement,” the FERC staff did an analysis of how the \$2.7172 per Mcf rate will affect customers in Kentucky. The analysis, which included an examination of natural gas and propane prices every year from 2010 through 2018, shows that natural gas was substantially cheaper than propane in

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<sup>1</sup> B&W Pipeline filed a copy of the Stipulation and Agreement in this docket on July 16, 2019.

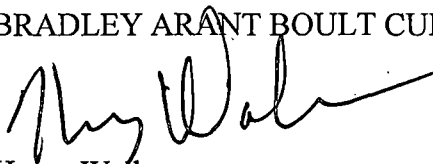
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each year, even if customers had been charged the FERC-ordered transportation rate. See Stipulation and Agreement, Attachment C, Schedules 6.1, 6.2, and 6.3.

In conclusion, Navitas KY urges the Commission to “approve the Tennessee rate” instead of the FERC rate. Brief at 11. That request is misplaced. The gas delivered by B&W Pipeline to Navitas KY is in interstate commerce. The applicable rate has been determined by the FERC. There is nothing for this Commission to “approve” other than whether to allow Navitas KY to pass through to its customers the interstate transportation charges that the utility is now required to pay.

Sincerely,

BRADLEY ARANT BOULT CUMMINGS, LLP

A handwritten signature in black ink, appearing to read "Henry Walker", written over the typed name below.

Henry Walker

cc: Don Baltimore  
Kent Hatfield  
Juan Duran  
Joseph M. Irwin