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Angie Hatton
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December 4, 2025

PARTIES OF RECORD

Re: Case No. 2025-00010

Notice is given to all parties that the attached Navitas KY Stipulation of Facts and Settlement Agreement has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Jason Colyer, Staff Attorney, at Jason.Colyer@ky.gov.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell" followed by the initials "RP".

Linda C. Bridwell, PE
Executive Director

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEGED FAILURE OF NAVITAS)	
KY NG, LLC TO COMPLY WITH KRS 278.030,)	CASE NO.
KRS 278.180(1), KRS 278.274, COMMISSION)	2025-00010
ORDERS, AND ITS GAS COST RECOVERY)	
TARIFF)	

STIPULATION OF FACTS AND SETTLEMENT AGREEMENT

By Order entered February 3, 2025, the Kentucky Public Service Commission (Commission) initiated this proceeding to determine whether Navitas KY NG, LLC (Navitas KY) failed to comply with KRS 278.030, KRS 278.180(1), certain identified Commission Orders, and its Gas Cost Recovery (GCR) tariff, as well as determine whether Navitas KY should be subject to penalties prescribed in KRS 278.990 for the alleged violations. Following a hearing in this matter, Staff (Commission Staff) of the Commission and Navitas KY participated in an Informal Conference (IC) on September 10, 2025 pursuant to 807 KAR 5:001, Section 9(4), which states:

The commission, on its own motion, through its executive director or upon a motion of a party, may convene a conference in a case for the purpose of considering the possibility of settlement, the simplification or clarification of issues, or any other matter that may aid in the handling and disposition of the case. Unless the commission directs otherwise or the parties otherwise agree, participation in conferences with commission staff shall be limited to parties of the subject proceeding and their representatives.

Commission Staff and Navitas KY, with assistance of counsel, discussed stipulating facts and recommended findings applying to the allegations set forth in the Commission's February 3, 2025 opening Order in an effort to resolve this investigation. Commission

Staff noted and Navitas KY, through counsel, acknowledged that Commission Staff does not speak for the Commission nor can it bind the Commission. As a result of information provided by Navitas KY in the course of this proceeding, as well as negotiations by the parties, Staff and Navitas KY submit this Stipulation of Facts and Settlement Agreement (Stipulation) for the Commission's consideration in rendering its decision in this proceeding, addressing each of the allegations as set forth in the opening order as quoted below:

1. “Navitas KY included expenses not related to the purchase or transportation of natural gas in its GCR filings;”¹

a. Russmar Utility Management (Russmar) Expenses:

- i. Navitas KY stipulates that the record of this matter contains sufficient evidence to determine that expenses paid to Russmar for pressure testing represent operations and maintenance (O&M) expenses that were improperly passed through the GCR mechanism.
- ii. Navitas KY stipulates that its future GCR mechanism gas costs are to be limited to the costs of purchasing gas and fees paid for transmission or distribution of gas, or as permitted by Commission order. Navitas agrees to notify the Commission if it seeks to recover through the GCR mechanism expenses that do not clearly meet these criteria or other criteria set forth herein.
- iii. Navitas KY and Commission Staff agree that any and all Russmar expenses recovered through the GCR mechanism should be

¹ Opening Order at 1.

refunded over a reasonable period in a manner to be determined by the Commission as described in the final Order in this case. Navitas KY and Commission Staff further agree that, in full settlement of the allegation related to the Russmar expenses, Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty should be suspended and, unless the Commission finds Navitas KY later willfully violates subparagraph (1)(a)(ii) above, such civil penalty should be waived and dismissed after a period of five (5) years from the final Order in this case. Commission Staff anticipates informally conferring in good faith with Navitas KY prior to recommending pursuit of a proceeding to impose/collect the civil penalty described herein, but is unable to commit to doing so.

iv. Navitas KY acknowledges and waives any objection to the Commission's adoption of the recommendations regarding the Russmar expenses.

b. Liquid Natural Gas (LNG) Expenses:

i. Commission Staff stipulates to recommend to the Commission the adoption of a finding that Navitas KY's use of LNG, including the payment of associated reservation fees, did not constitute a violation of statute, regulation, tariff, or Commission order and no GCA adjustment shall be required regarding the LNG expenses.

- ii. Navitas KY acknowledges and waives any objection to the Commission's adoption of Commission Staff recommendations regarding the LNG expenses.

2. "Navitas KY used Expected Gas Cost (EGC) rates that were not supported by sufficient data and were significantly in excess of actual gas costs;"²

a. EGC Calculation:

- i. Navitas KY stipulates that the record of this matter contains sufficient evidence to determine that it used EGC rates that were not supported by sufficient data and designed its EGCs to improperly expedite the balancing of the GCR mechanism's over-recovery or under-recovery.
- ii. Navitas KY stipulates that its future GCR mechanism filings will use historical gas costs from the prior 12-month period to determine EGC, unless it notifies the Commission in a cover letter accompanying the GCA filing that it proposes to use a different calculation methodology, including providing the calculation, all justifications supporting the use of the different calculation and identifying how each variable was determined.
- iii. Navitas KY and Commission Staff agree that, in full settlement of the allegation related to EGCs, Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty should be suspended and, unless the Commission finds Navitas KY later willfully violates

² Opening Order at 1.

subparagraph (2)(a)(ii) above, such civil penalty should be waived and dismissed after a period of five (5) years from the final Order in this case. Commission Staff anticipates informally conferring with Navitas KY prior to recommending pursuit of a proceeding to impose/collect the civil penalty described herein, but is unable to commit to doing so.

- iv. Navitas KY acknowledges and waives any objection to the Commission's adoption of Commission Staff recommendations regarding the EGC calculation.

3. "[I]n the final Order for Case No. 2020-00396, Navitas KY was ordered to refund GCR overcollection to customers of the utility and that they should be "solely responsible for the refund,"

- a. Navitas KY stipulates that the record demonstrates that at certain times since the issuance of the final Order in Case No. 2020-00396, it has been crediting customers a refund amount and charging customers a gas cost amount for gas it received from Bud Rife/B&S Oil (B&S Oil Gas), the value of which it has credited against amounts owed by Mr. Rife but affirmatively paid no compensation. The record demonstrates that Navitas KY assigned a value to the B&S Oil Gas based on the beginning-of-the-month Henry Hub index and has included those amounts in the GCR mechanism.

- i. Commission Staff stipulates its agreement to recommend to the Commission the adoption of a finding that Navitas KY's inclusion of the B&S Oil Gas into the GCR mechanism for recovery at the

specified index rate for gas provided to Navitas KY subsequent to the Commission's final Order in Case No. 2020-00396³ should be considered reasonable and should not constitute a violation of statute, regulation, tariff, or Commission order.

- ii. Navitas KY acknowledges and waives any objection to the Commission's adoption of Commission Staff recommendations regarding the B&S Oil Gas. Navitas KY further stipulates that it will continue to utilize its method set forth in this case to calculate the costs under the GCA mechanism for B&S Oil Gas and will notify the Commission of the resolution of the litigation in Floyd Circuit Court Case No. 22-CI-00375, *Navitas KY NG, LLC v. Bud Rife*, within 30 days of judgment or resolution. Finally, Navitas KY stipulates that regardless of the judgment or resolution of matter before the Circuit Court, it may not pass costs through the GCR mechanism in excess of the index-based cost for the B&S Oil Gas found reasonable in this Order absent further Commission Order.

4. "Navitas KY made numerous spreadsheet errors in its GCR filings, including in eight cases over the past five years;"⁴

³ Case No. 2020-00396, *Electronic Application of Navitas KY NG, Johnson County Gas Company, And B&H Gas Company for Approval of Acquisition, Transfer of Ownership, And Control of Natural Gas Utility Systems* (Ky. PSC Apr. 27, 2021), Order at 19.

⁴ Opening Order at 2.

a. Commission Staff stipulates that it will recommend to the Commission a finding that none of these errors constituted a willful violation of statute, regulation, tariff, or Commission order.

5. “Navitas KY failed to file with the Commission all required annual reconciliations of monthly surcharge collections and reimbursement required in Case No. 2019-00430.”⁵

a. Navitas KY stipulates that the record of this matter contains sufficient evidence to determine that it failed to file annual reconciliations of monthly surcharge collections as required by the Commission’s Order in Case No. 2019-00430.⁶

b. Navitas KY and Commission Staff agree that, in full settlement of the allegation related to the annual reconciliations required by Case No. 2019-00430, Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty should be suspended and, unless the Commission finds Navitas KY later willfully fails to file the relevant annual reconciliations, such civil penalty should be waived and dismissed after a period of five (5) years from the final Order in this case.

c. Commission Staff anticipates informally conferring in good faith with Navitas KY prior to recommending pursuit of a proceeding to impose/collect the civil penalty described herein, but is unable to commit to doing so.

⁵ Opening Order at 2.

⁶ Case No. 2019-00430, *Electronic Application of Navitas KY NG, LLC For an Alternate Rate Adjustment* (Ky. PSC June 17, 2020), Order.

6. “Navitas KY failed to provide the Commission with tracker updates and notice that recovery of acquisition-related costs had been fully recovered by surcharges in its quarterly GCR rate report filings cover letter, as required in three cases;”⁷

a. Navitas KY stipulates that the record of this matter contains sufficient evidence to determine that it failed to file tracker updates and notice that recovery of acquisition-related costs had been fully recovered by surcharges in its quarterly GCR rate report filings cover letter as required by the Commission’s Orders.⁸

b. Navitas KY and Commission Staff agree that, in full settlement of the allegation related to the tracker updates, Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty should be suspended and, unless the Commission finds Navitas KY later willfully fails to file the tracker updates, such civil penalty should be waived and dismissed after a period of five (5) years from the final Order in this case.

c. Commission Staff anticipates informally conferring in good faith with Navitas KY prior to recommending pursuit of a proceeding to impose/collect the civil penalty described herein, but is unable to commit to doing so.

7. “Navitas KY filed GCR filings that were late and/or included proposed effective dates that did not correspond with the first of each calendar quarter period in violation of its GCR tariff or were filed with less than 30 days’ notice from the proposed effective date in violation of KRS 278.180(1).”

⁷ Opening Order at 2.

⁸ Case No. 2022-00109, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Apr. 29, 2022), Order at 4; Case No. 2023-00002, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Feb. 9, 2023) Order; Case No. 2023-00091, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Apr. 28, 2023), Order.

a. Navitas KY stipulates that it violated its tariff and KRS 278.180(1) by filing GCR filings that were late and/or included proposed effective dates that did not correspond with the first of each calendar quarter period.

b. Commission Staff stipulates that it will recommend to the Commission that these violations not be treated as willful and do not warrant assessment of civil penalties.

8. Navitas KY and Staff agree that the foregoing Stipulation is a reasonable resolution of the issues addressed in this matter, is in the public interest, and should be adopted in its entirety by the Commission. If so adopted by the Commission, Navitas KY will not file any petition for rehearing or seek judicial appeal.

9. In the event that the Commission does not accept this Stipulation in its entirety, Navitas KY reserves the right to withdraw therefrom, and none of the provisions contained herein shall be binding upon the parties hereto or otherwise used as an admission by either party.

10. This Stipulation is for use in Commission Case No. 2025-00010 and in cases applying and enforcing this Stipulation. None of the provisions in this Stipulation establishes any precedent for any other case and neither Navitas KY nor Staff shall be bound by any part of this Stipulation in any other proceeding, except that this Stipulation may be used in any proceeding by the Commission to enforce the terms of this Stipulation or to conduct a further investigation of Navitas KY's service, and Navitas KY shall not be precluded or estopped from raising any issue, claim, or defense, therein by reason of the execution of this Stipulation.

11. Navitas KY and Staff agree that this Stipulation is a product of negotiation and compromise between them, and no provision of this Stipulation shall be strictly construed in favor of or against any party.


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