

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**ELECTRONIC APPLICATION OF NAVITAS KY) CASE NO. 2019-00430
NG, LLC FOR AN ALTERNATE RATE)
ADJUSTMENT)**

**NAVITAS KY NG, LLC’S RESPONSES TO COMMISSION STAFF’S
FIRST REQUEST FOR INFORMATION**

Navitas KY NG, LLC (“Navitas”), pursuant to the Commission’s Order entered March 3, 2020, hereby submits the following Responses to the Commission Staff’s Request for Information contained within Appendix B of the Order. Navitas provides as follows:

1. Refer to the application, page 6, numbered paragraph 22. Also, refer to the application, page 7, numbered paragraph 24. Explain whether the \$13,987 and \$13,897, referenced respectively, are meant to be the same.

WITNESS: THOMAS HARTLINE

Yes, the two figures are meant to be the same. The correct figure is \$13,897.

2. Refer to Navitas KY supplemental filing, Exhibit G, the labels listed on the left side of the exhibit. Clearly define each label without abbreviations, describe what the label is representing, and how the numbers related to each label were derived. If the numbers related to a label was derived from a calculation, then provide the calculation.

WITNESS: THOMAS HARTLINE

R1 [blank – dates by month]	
R2 [blank]	
R3 [blank – applicable case number]	
R4 Quantity in MCF Quantity in Thousand Cubic Feet	This is a header, no numbers in this row.
R5 KY customers sales Kentucky customer sales	This is the total Kentucky customer monthly sales volume from the Navitas billing system.
R6 [blank]	
R7 Gas from East TN Pipeline (Petrol) Gas from East Tennessee Pipeline from our supplier Petrol note – colloquially East Tennessee Pipeline is often prefaced with Spectra or Enbridge	This is the quantity of gas purchased on and delivered from this interstate pipeline as reported on the vendor invoices to Navitas.

R8 TN customers sales Tennessee customers sales	This is the total Tennessee customer monthly sales volume in the Byrdstown service area from the Navitas billing system.
R9 Gas from East TN to KY Gas from East Tennessee [Pipeline] delivered into Kentucky	This gas, owned by Navitas, shipped the entire length of the B&W Pipeline. Its formula is R7-R8
R10 FERC Tariff \$/MCF Federal Energy Regulatory Commission Tariff dollars per Thousand Cubic Feet	Tariff ordered for the B&W Pipeline in September 2019 made retroactive to July 2017.
R11 Undisputed FERC tariff Undisputed Federal Energy Regulatory Commission tariff	Transportation charges not disputed by extenuating circumstances. Its formula is R9*R10
R12 Cumulative	The chronological summation of R11 by month. Its formula is the prior month R12+the current month R11
R13 KY transport pmts to B&W Kentucky transport payments to B&W Pipeline	This is a header, no numbers in this row.
R14 TRA pro rata share paid Tennessee Regulatory Authority pro rata share paid	This is the pro rata share of transportation charges ordered by the Tennessee Regulatory Authority that were previously paid by Kentucky Customers through the normal periodic Gas Cost Adjustment filings by Navitas. It is presented as a negative number
R15 Cumulative	The chronological summation of R14 by month. Its formula is the prior month R15+the current month R14
R16 Net	This is the net of the Undisputed FERC tariff less the TRA pro rata share paid. Its formula is R11+R14
R17 Net Cumulative	The chronological summation of R16 by month. Its formula is the prior month R17+the current month R16
R18 [blank]	
R19 Gas from FWM (Sparta)	Gas sold to Navitas by FWM or Sparta, exploration and production affiliates of B&W Pipeline, from invoices presented to Navitas.
R20 FERC Tariff Federal Energy Regulatory Commission Tariff dollars per Thousand Cubic Feet	Tariff ordered for the B&W Pipeline in September 2019 made retroactive to July 2017.
R21 Amt in dispute Amount in dispute	Dollars in dispute on the basis of who was the owner and therefore transporter of the gas when it passed through the B&W Pipeline. Its formula is R19*R20
R22 Bal needing clarification Balance needing clarification	The chronological summation of R21 by month. Its formula is the prior month R22+the current month R21
R23 [blank]	

R24 [blank – summation figures]	This is the monthly summation of the Net and the Amt in dispute. Its formula is R21+R16
R25 Balance	The chronological summation of R24 by month. Its formula is the prior month R25+the current month R24
R26 [blank]	
R27 [blank – applicable case number]	
R28 [blank]	
R29 [blank]	
R30 Tariff available but not charged	B&W Pipeline appears to initially obtain from FERC the \$0.30813/MCF tariff as ordered by the Tennessee Regulatory Authority; however, B&W did not implement this tariff.
R31 Foregone B&W Tariff	This is the amount B&W Pipeline voluntarily refrained from charging when it was initially available. Its formula is R30*R5
R32 Cumulative	The chronological summation of R31 by month. Its formula is the prior month R32+the current month R31
[end]	

3. Refer to Navitas KY supplemental filing, Exhibit G.
 - a. Explain if the “Quantities in MCF” for the month of July 17, 2017 is representative of the whole month of July 2017 or from July 17, 2017 through July 31, 2017. If the amount given is for the whole month of July 2017, then provide the “Quantities in MCF” from July 17, 2017, through July 31, 2017.

WITNESS: THOMAS HARTLINE

The Quantities in MCF for the month of July 2017 includes the entire month, from the meter reading on or about the 1st of July through the meter reading on or about the 1st of August. The usage by class for the month was:

Class	CCF	MCF
Residential	205	20.5
Commercial	5602	560.2
Industrial	21,227	2122.7
Agricultural	9	.9
Total	27,043	2704

Navitas does not have daily figures of sales. For sales from July 17th through July 31st a pro rate share is $15/31 * 2704 = 1308$ MCF

- b. Refer to Navitas KY supplemental filing, Exhibit G, the row labeled “TN customers sales”. Also, refer to the GCR reports filed in Case No. 2018-00228, Case No. 2018-00336; Case No. 2019-00013; and Case No. 2019-00116, Actual Cost Adjustment schedule, the row labeled “Byrdstown/Fentress (TN).” Reconsolidate the differences in Tennessee customer sales for the months of January 2018 through January 2019.

WITNESS: THOMAS HARTLINE

Tennessee customer sales on the Byrdstown and Fentress subsystem.

Month	GCA's	Exhibit G	Bill Edit Lists
JUL 2017	291.6	212	212
AUG	516.0	177	177
SEP	672.6	289	289
OCT	703.1	725	725
NOV	1182.9	960	962
DEC 2017	1473.9	2023	2063
JAN 2018	4144.8	3943	4203
FEB	1868.6	1690	1880
MAR	2109.4	1922	2088
APR	962.6	813	946
MAY	330.9	247	333
JUN	246.1	130	248
JUL	233.1	127	210
AUG	330.9	122	233
SEP	246.1	133	240
OCT	233.1	414	498
NOV	330.9	1154	1154
DEC	246.1	2057	2057
JAN 2019	233.1	2460	2461
Total	19,598	19,599	20,980

Navitas has discovered a report anomaly within its billing system. For the 2019-00430 Navitas ran the Bill Edit Lists for the Byrdstown/Fentress system. As the KYPSC has noted by this question there is a delta between the figures in the GCA filings and the Exhibit G filing. During the reconciliation process Navitas reran its two Tennessee sub systems separately, then compared those with the original monthly Bill Edit Lists totals for the state. Where the two separately should total the original monthly they did not, in fact there was quite a large delta. In researching the issue, a report programing difference was noted. When running the two subsystems separately the report excludes closed out customers from the subsystem totals. We sought the assistance of the software supplier to recode the report and include the closed out (internally called finaled) customer data. Subsequent to their reprograming efforts, Navitas again reran the sub systems and compared them to the original total. This iteration, twelve of the seventeen months yielded no appreciable difference (e.g. – either zero or one - attributed to rounding), of the remaining months only one month

had a noticeable delta of 51 MCF (approximately 3/4 of 1% of the monthly amount). This reduction of 51 MCF was likely due to a corrected misread.

4. Confirm that Navitas KY calculations for the month of July 2017 applies the FERC transmission rate for the entire month rather than beginning on July 17, 2017.

WITNESS: THOMAS HARTLINE

Yes, the Exhibit G calculation includes the entire month of July 2017 at the FERC rate.

5. Recalculate the month of July 2017 using the FERC rates in place from July 1, 2017, to July 16, 2017, and the FERC rates in place from July 17, 2017, to July 31, 2017.

WITNESS: THOMAS HARTLINE

Were one to split July into the TRA rate from the 1st-16th and the FERC rates 17th-31st the charge for July would be as follows:

	FERC 1 st -31 st	TRA 1 st -16 th	FERC 17 th -31 st
MCF	2704	1396	1308
FERC tariff	\$2.7271		\$2.7271
	\$7,374.07		\$3567.05
TRA customer charge		\$13,897.67	
Pro rata portion		51.61% (note 1)	
		\$7,172.99	
KY portion		92.73% (note 2)	
		\$6,651.50	
Totals	\$7,374.07	versus	\$10,218.55

note 1: 16 days / 31 days; note 2: 2704 MCF / (2704 MCF + 212 MCF)

6. Confirm that Navitas KY uses in its calculations the Mcfs of gas that were sold to its customers rather than the amount of the Mcfs of gas that were delivered to the Albany city gate by B&W.

WITNESS: THOMAS HARTLINE

Yes, Navitas uses gas sold to Kentucky customers in the calculations for Exhibit G.

7. Provide the Mcfs of gas delivered to the Albany city gate for each month from July 17, 2017, through January 31, 2019.

WITNESS: THOMAS HARTLINE

Gas deliveries to Albany City Gate:

	MCFs reported by B&W (deliveries not purchases)	KY sales (for comparison) JUL '17 pro rated
JUL 2017	1598 (note partial month)	1309
AUG	5193	4983
SEP	6413	6437
OCT	7716	6306
NOV	11,584	10869
DEC 2017	12,773	12716
JAN 2018	13,361	12306
FEB	11,303	12391
MAR	10,625	13164
APR	11,254	10761
MAY	7302	6961
JUN	6490	6678
JUL	6692	5672
AUG	6092	6855
SEP	6480	6083
OCT	9305	7301
NOV	12,804	13376
DEC 2018	14,161	13910
JAN 2019	13,164	12228
Total	174,310	170,306

8. Confirm that Navitas KY uses in its calculations the Mcfs of gas that were sold to its customers rather than the amount of Mcfs of gas that were delivered to Kentucky and Tennessee customers in allocating the flat rate monthly charge.

WITNESS: THOMAS HARTLINE

Yes, Navitas calculated the Kentucky pro rata share of the B&W customer charge as follows: Kentucky customer sales / total sales = pro rata percentage

9. Provide the Mcfs of gas delivered to Kentucky and Tennessee customers for each month in Exhibit G.

WITNESS: THOMAS HARTLINE

The MCFs of gas delivered

	KY	TN (reported by B&W)	Total Deliveries	Petrol	Sparta	Total Purchases	Delivery Purchase Delta
JUL '17	3303	341	3644	835	2081	2916	728
AUG	5193	259	5452	5371	0	5371	81
SEP	6413	333	6746	4577	2149	6726	20
OCT	7716	127	7843	8775	0	8775	-932
NOV	11,584	1052	12,636	8233	3596	11,829	807
DEC '17	12,773	2596	15,369	12107	2632	14,739	630
JAN '18	13,361	4171	17,532	14902	1347	16,249	1283
FEB	11,303	1956	13,259	10526	3555	14,081	-822
MAR	10,625	5192	15,817	13840	1246	15,086	731
APR	11,254	1056	12,310	9082	4895	13,977	-1667
MAY	7302	582	7884	3934	3274	7208	676
JUN	6490	203	6693	1794	5014	6,808	-115
JUL	6692	398	7090	2667	3132	5799	1291
AUG	6092	1199	7291	1258	5719	6977	314
SEP	6480	407	6887	1591	4625	6216	671
OCT	9305	852	10,157	5119	2597	7716	2441
NOV	12,804	1847	14,651	10934	3595	14,529	122
DEC '18	14,161	2479	16,640	12501	3466	15,967	673
JAN '19	13,164	1847	15,011	12699	1989	14,688	323
Total	176,015	26,897	202,912			195,657	

10. Confirm that Navitas KY uses in its calculations the Mcfs of gas that were sold to its customers rather than the amount of Mcfs of gas that were delivered to Kentucky and Tennessee customers in calculating the GCR rates.

WITNESS: THOMAS HARTLINE

For the Kentucky GCR, Navitas allocates charges to Kentucky customers by gas sales only. Kentucky Sales and Tennessee sales (Byrdstown and Fentress County only) are totaled, the GCR is calculated as Kentucky sales / Total Salse.

An illustrative example is as follows: assume KY sales are 9000 MCF, TN sales are 1000 MCF, and total deliveries are 11,000 MCF; the allocation to Kentucky is $9000/11,000 = 81.82\%$. Also assume Navitas purchased gas for \$5 per MCF thus $\$5 * 11,000 = \$55,000$, the allocation of which is $81.82\% * \$55,000 = \$45,001$. Thus the check of $\$45,001/9000 = \5.00

11. Confirm that interest charges should be applied to the amount of gas transportation charges owed to B&W.

WITNESS: THOMAS HARTLINE

According to the FERC approved Statement of Operating Conditions of B&W Pipeline, LLC:

6.12 BILLING AND PAYMENT B *On or before the 20th business day of each month, Transporter shall render an invoice of the amount due for the preceding month.*

C *Within 10 days from the date of the invoice, Shipper shall pay Transporter the amount due*

E *Late Payment: In the event Shipper shall fail to pay any amount due Transporter when the same is due, Transporter shall have the option of accruing interest on such unpaid amount at an interest rate equal to the current FERC interest rate, as defined in Section 154.501(d) of FERC's regulations*

F *Shipper shall not be required to pay interest on any amount billed which is in good faith disputed in writing by the Shipper and is ultimately determined to be in error;*

Initially, in June 2019, B&W Pipeline billed Navitas approximately five-hundred ninety-three thousand dollars. Navitas disputed this amount and it is universally acknowledged as being incorrect by in excess of over a quarter million dollars. The FERC tariff order was finalized in September 2019. In December 2019, B&W Pipeline provided invoices to Navitas totaling much closer to the amounts in Exhibit G. Thus in accordance with the above time frame and Statement of Operating Conditions approved by FERC, interest could begin accruing on approximately January 1, 2020 unless B&W Pipeline chooses to waive it.

12. Provide a calculation of the interest charges to be applied to the amount of gas transportation charges owed to B&W.

WITNESS: THOMAS HARTLINE

Based on interest accrual beginning January 1, 2020, the current FERC interest rate being 4.96% per annum, and using the maximum possible amount in Exhibit G of \$229,607.53 as well as a projected repayment amounts shown below:

	Average Sales in MCF	Temporary Increase per MCF	Projected Monthly Revenue
JAN	10446	0.949	9913
FEB	11084	0.949	10519
MAR	11282	0.949	10707
APR	8724	0.949	8279
MAY	6926	0.949	6573
JUN	5578	0.949	5294
JUL	5064	0.949	4806
AUG	5675	0.949	5386
SEP	5643	0.949	5355
OCT	6536	0.949	6203
NOV	10361	0.949	9833
DEC	10711	0.949	10165

Interest is calculated beginning January 1, 2020 through the projected 38-month period of repayment.

		Begin of month Balance	Retroactive FERC Revenue	Month Interest at FERC 4.96%
2020	JAN	229,608		949
	FEB	230,557		953
	MAR	231,510		957
	APR	232,466		961
	MAY	233,427		965
	JUN	234,392	-5294	969
	JUL	230,067	-4806	951
	AUG	226,213	-5386	935
	SEP	221,762	-5355	917
	OCT	217,323	-6203	898
	NOV	212,019	-9833	876
	DEC	203,063	-10165	839
2021	JAN	193,737	-9913	801
	FEB	184,625	-10519	763
	MAR	174,869	-10707	723
	APR	164,886	-8279	682
	MAY	157,288	-6573	650
	JUN	151,365	-5294	626
	JUL	146,697	-4806	606
	AUG	142,498	-5386	589
	SEP	137,702	-5355	569
	OCT	132,915	-6203	549
	NOV	127,262	-9833	526
	DEC	117,956	-10165	488
2022	JAN	108,278	-9913	448
	FEB	98,813	-10519	408
	MAR	88,702	-10707	367
	APR	78,362	-8279	324
	MAY	70,407	-6573	291
	JUN	64,126	-5294	265
	JUL	59,097	-4806	244
	AUG	54,536	-5386	225
	SEP	49,375	-5355	204
	OCT	44,224	-6203	183
	NOV	38,204	-9833	158
	DEC	28,530	-10165	118
2023	JAN	18,483	-9913	76
	FEB	8,646	-8646	
				22053

Total interest is projected at \$22,053.

13. Other Supplemental Information.

- a. What does the Statement of Operating Conditions say with regard to the Tariff available but not charged?

According to the FERC approved Statement of Operating Conditions of B&W Pipeline, LLC:

4. TRANSPORTATION RATE

The Transporter may agree to provide service at a discount to any Shipper on a non-discriminatory basis.

If in fact B&W Pipeline has an approved \$0.30813 per MCF tariff from FERC beginning in July 2017 then, by evidence of their lack of billing for the tariff, it would seem that they voluntarily discounted the rate to zero. Navitas believes this discount of \$0.30813 per MCF should remain in place.

- b. What does the Statement of Operating Conditions say with regard to the amount in dispute do to the gas from FWM?

According to the FERC approved Statement of Operating Conditions of B&W Pipeline, LLC:

6.13 POSSESSION OF GAS

A Shipper shall be deemed to be in control and in possession of the Gas prior to such Gas being delivered to Transporter at the Point(s) of Receipt, ... Shipper and Transporter specifically understand and acknowledge that title to all Gas transported hereunder shall never vest in Transporter.

6.14 TITLE AND RISK OF LOSS

A Shipper warrants for itself, that it will have at the time of delivery of Gas at the Receipt Point hereunder either good title or all rights and necessary and appropriate to have Gas transported.

Regarding the FWM gas, Navitas does not meet these conditions for being in control and possession of the gas with good title. As such, FWM was the shipper and Navitas did not take possession and title to the gas until it was measured and passed into our system. In fact Sparta recognizes this very fact as beginning in with the October 2019 gas sales offer they altered the sale agreement to specifically state "price is exclusive of any B&W Pipeline transportation costs" (see attached Sparta proposals).

Dated this 10th day of March, 2020.

Respectfully submitted,



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Counsel for Navitas KY NG, LLC

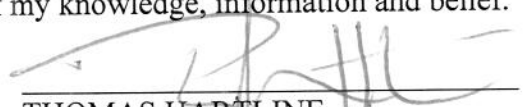
&

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VERIFICATION OF NAVITAS KY NG, LLC

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) ss.

I, Thomas Hartline, Secretary of Navitas KY NG, LLC, being duly sworn according to law, makes oath and affirm that I have read the foregoing documentation, know the contents thereof, and that the same is true and accurate to the best of my knowledge, information and belief.



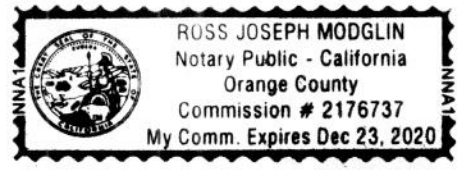
THOMAS HARTLINE

Subscribed and sworn before me on this the 11th day of March, 2020, by Thomas Hartline, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Notary Public Signature

Notary Public Seal



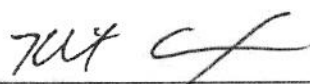


CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 10th day of March, 2020, a true and correct copy of the foregoing instrument was deposited in the United States Mail with postage prepaid, and addressed to the following:

Gwen Pinson
Executive Director
Public Service Commission
Commonwealth of Kentucky
211 Sower Blvd.
Frankfort, KY 40601

Larry Cook
Office of the Attorney General
Rate Intervention
700 Capitol Ave. Suite 20
Frankfort, KY 40601



Klint W. Alexander