

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

NAVITAS KYNG, LLC RESPONSE TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

1. Refer to the February 6, 2020 public comment filed by B&W Pipeline (B&W's February 6, 2020 Public Comment) regarding B & W's calculation of the Federal Energy Regulatory Commission (FERC) approved rates for July 2017.
 - a. Provide a copy of Navitas KY's most recent leak survey.

WITNESS: THOMAS HARTLINE

Please see attached leak survey.

- b. Provide Navitas KY's Lost and Accounted for Gas (LAUG).

WITNESS: THOMAS HARTLINE

Please see attached spreadsheet.

- c. Provide Navitas TN NG, LLC's (Navitas TN) LAUG.

WITNESS: THOMAS HARTLINE

See spreadsheet provided in 1.b.

- d. Provide an explanation for the difference between the amount of gas B & W delivered to Navitas KY as shown in B & W's February 6, 2020 Public Comment and Navitas KY's reported sales volume.

WITNESS: THOMAS HARTLINE

There is a delta between quantity inputs and quantity outputs. The sources of this delta are numerous and can include: measurement calibration differences between input and output meters, small pressure and temperature differences, known leaks that can lead to lost quantity, unknown leaks that can lead to unaccounted for quantity, theft of quantity, transporter gas for compressor operation, etc. Industry convention has gas loss (lost and unaccounted for gas, LAUG) measured as a percentage of sales. Typically, major utilities with high customer densities experience ½% to 2% line loss whereas small rural utilities experience much greater percentage losses. It is important to note that despite even much higher percentages the actual physical quantity of gas lost per mile of pipe is smaller as the sales volume of low-density systems is substantially less.

- 2 Refer to B & W's February 6, 2020 Public Comment, which states that the calculation of the amount of gas transported by B & W should be based upon the amount of gas that B & W delivered to Navitas KY and not on the amount of gas sold by Navitas KY.

- a. State whether Navitas KY agrees with the delivered transportation volumes provided by B & W in the public comment, and, if not, explain why.

WITNESS: THOMAS HARTLINE

Under normal circumstances and going forward, assuming B&W Pipeline comports themselves similar to other FERC regulated transporters, the tariff indicates that delivered volumes is the tariffed quantity. However, as explained below, these are not normal circumstances.

- b. If Navitas KY agrees that the volumes provided by B & W are correct, explain why Navitas KY calculates amounts owed to B & W using sales metered by Navitas KY customer meters instead of the sales volumes delivered for Navitas KY's customers' use.

WITNESS: THOMAS HARTLINE

Navitas believes that sales figures are appropriate in this instance as for several reasons. 1) Retroactive billing is highly unusual, nigh unheard-of, sales to customers seems a more reasonable request. 2) Unlike its customer meters, Navitas has no proof records for the B&W Pipeline meters. 3) The billing practices of B&W Pipeline do not match those of other FERC regulated transporters; bills do not include read dates, beginning and ending readings, receipt points and balancing of gas inputs, gas transporter quantity, etc., in fact many FERC transporters provide daily readings of these figures and more.

3. Refer to B & W's February 6, 2020 Public Comment, which states that Navitas KY allocated the cost for Tennessee's Public Utility Commission's (Tennessee PUC) approved flat monthly charge between Navitas KY and Navitas TN based on gas sold and not on gas delivered. Provide Navitas KY's position regarding B & W's argument that the Tennessee PUC-approved flat monthly charge should be allocation based on gas delivered as opposed to gas sold.

WITNESS: THOMAS HARTLINE

The allocation of flat monthly charge is presented as it was actually paid by the customers in Kentucky. Any increase in allocation now to customers in Kentucky would necessitate a corresponding decrease in allocation to Tennessee, or vis versa. B&W Pipeline has already represented, accepted, and affirmed the amounts paid by Navitas, to the Tennessee Public Utility Commission in Docket 19-00084. Since the Tennessee and Kentucky components of the allocation total to the monthly tariff amount of \$13,897.67, their argument would generate no change in revenue to B&W Pipeline under any scenario. Moreover, the allocation of the Tennessee flat monthly charge is not prescribed by tariff. Thus, so long as the methodology was fair, just, and reasonable, which is indicated by its acceptance in GCA and ACA reviews by the Kentucky Public Service Commission and the Tennessee Public Utility Commission respectively, it was appropriate.

4. Refer to Navitas KY's Supplemental Filing, Exhibit G. Explain why Navitas KY believes it should be credited for Tennessee PUC-approved rate amounts never billed by B & W and never paid by Navitas KY.

WITNESS: THOMAS HARTLINE

The issue referenced in the question is reprinted below.

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.

It is not precisely a Tennessee PUC approved rate that was not billed, rather it is an initial FERC approval of that rate that was not billed. It is our understanding that in fact B&W Pipeline did go to FERC, did get preliminary FERC approval of the TPUC (formerly the TRA) rate but did not implement it. Instead it held the rate while reapplying for the much greater current rate. Thus, if in fact B&W Pipeline had FERC approval of \$0.30813 per MCF from FERC beginning in July 2017 and did not charge it, then according to their own Statement of Operating Conditions they voluntarily discounted the rate to zero at that time and should not be able to reclaim that amount now.

5. Refer to Navitas KY's Supplemental Filing, Exhibit G, row labeled "FERC Tariff \$/MCF." Also, refer to Navitas KY's application, numbered paragraph 16. Reconcile the 2.7271 and 2.7172, referenced respectively.

WITNESS: THOMAS HARTLINE

Having reviewed the referenced material, then going back to the B&W Pipeline Statement of Operating Conditions on page 3 the FERC approved tariff is \$2.7172 per MCF. It seems I miss keyed 2.7271 for 2.7172 in the spreadsheet. I have corrected the spreadsheet for my error and am attaching it herein. Note the error was repeated on row 20 of the same spreadsheet, I corrected that line as well.

Note – In reviewing the spreadsheet and question 1 above I found another issue which I address in the supplemental below.

6. Describe Navitas KY's attempts to negotiate the amount owed to B & W, and state whether Navitas KY has attempted to negotiate a lower transportation rate going forward.

WITNESS: THOMAS HARTLINE

B&W Pipeline has repeatedly stipulated in its various filing that it must charge the FERC tariff; nevertheless, their own Statement of Operating Conditions belies this position. Unfortunately, B&W Pipeline has filed a complaint, effectively suing, Navitas in Tennessee. As a result, there can only be minimal communication between the companies until that matter is resolved.

7. Provide Navitas KY's understanding of the interruptible nature of the B & W Conditions of Service and state whether Navitas KY believes that its system supply is subject to interruption.

WITNESS: THOMAS HARTLINE

The reality is all single supply source systems are subject to interruption regardless of contract, either by force majeure or operational manipulation. In certain Texas and Oklahoma systems, Navitas has developed either multiple supply points or emergency transport capabilities via portable CNG deliveries to deal with the force majeure or repair events. All the additional dozens of Navitas sub-systems spread over four states, are supplied by large, sophisticated, top quality transporters, with whom we've enjoyed excellent, professional relations. Since our entry into Kentucky we sought opportunities to supplement our supply into the Albany system. Navitas has and continues to pursue development of additional pipelines, CNG deliveries, and even production opportunities to supplement the already curtailed Albany system. Unfortunately, B&W Pipeline and its production affiliate Sparta, are in effectively an absentee regulation and unregulated monopoly position respectively.

Supplemental Please describe the issue noted in Question 5.

WITNESS: THOMAS HARTLINE

In preparing certain year-end reports, Navitas recognized a mismatch between its operations department and its compliance department as it relates to line loss. In researching the issue, the compliance department determined that it had not converted Petrol figures on the year-end report from energy content to volume. I recognized that I too skipped this step when preparing Exhibit G. The energy to volume conversion is included in the revised Exhibit G attached; however, because the calculation is based on sales not deliveries, the adjustment does not affect the final balance figure.

Dated this 8 day of April, 2020.

Respectfully submitted,

Klint Alexander w/ Permission by BB

Klint W. Alexander (BPR #88343)
1767 Nottage Ct
Laramie, WY 82072
Tel: 615.594.4377
Email: klint.alexander10@gmail.com
Counsel for Navitas KY NG, LLC

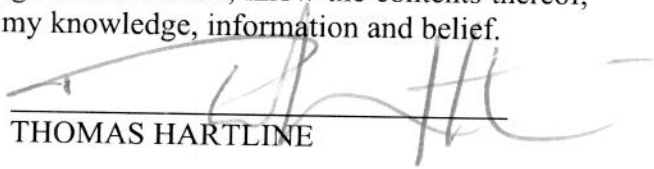
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Brenda Bott
Navitas Utility Corporation
3186D Airway Avenue
Costa Mesa, CA 92626
(714) 242-4061 Office
(714) 850-0876 Fax
Email: bbott@navitasutility.com

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.



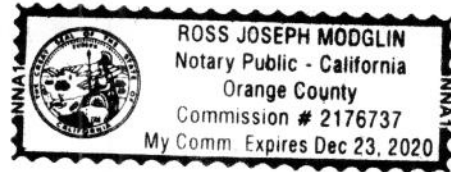
THOMAS HARTLINE

Subscribed and sworn to (~~or affirmed~~) before me on this 8th day of April, 2020, by Thomas Hartline, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Notary Public Seal



Notary Public Signature



CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 8 day of April, 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 Alexander w/ Permission by BB
Klint W. Alexander