

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

In the Matter of:

**THE JOINT ELECTRONIC)
APPLICATION OF NAVITAS)
KY NG, LLC, JOHNSON)
COUNTY GAS COMPANY,)
AND B&H GAS SYSTEM)
FOR APPROVAL OF)
ACQUISITION, TRANSFER)
OF OWNERSHIP, AND)
CONTROL OF NATURAL)**

CASE NO. 2020-00396

**NAVITAS KY NG, LLC, JOHNSON COUNTY GAS COMPANY, AND
B&H GAS SYSTEM’S RESPONSE TO COMMISSION’S
SECOND REQUEST FOR INFORMATION**

Navitas KY NG, LLC (“Navitas”), Johnson County Gas Company, Inc. (“JCG”), and B&H Gas Company, Inc. (B&H), by and through counsel, hereby submit the following Response to the Commission’s Order entered February 1, 2021. As grounds, Navitas, B&H and JCG state as follows:

1. *Refer to Applicant’s Responses to Commission Staff’s First Request, Item 8.f.*
 - a. *State whether Navitas KY intends to continue to purchase gas from Bradco on behalf of Johnson County. If so, state whether it has executed a contract with Bradco and provide the contract. If not, state whether Hall, Stephens and Hall is able to meet Johnson County’s full requirements and provide the identity of any alternate supplier(s).*

RESPONSE OF TH AND BR:

Navitas KY has not executed a contract with Bradco. Upon the execution of such a contract between Navitas KY and Bradco, Navitas will submit the gas purchase agreement to the Commission under this docket.

The JCG gas purchases from the last several years indicate that JCG have in the past found it necessary to acquire gas from sources other than Hall, Stevens & Hall. Navitas believes that it is likely JCG will have to continue this practice in the future. Navitas KY and JGC attached hereto in **Exhibit A** the gas purchases of JCG in 2017, 2018 and 2019. In the event Navitas KY will require additional gas due to Hall, Stevens & Hall being unable to meet JCG needs, Navitas KY intends to make gas purchases from BradCo and Diversified Oil & Gas¹. In the past JCG purchases primarily from Hall, Stevens & Hall, then BradCo, and then Diversified Oil & Gas in a smaller amount. Gas purchase records for JCG show that gas purchased from Hall, Stevens & Hall has been cheaper than gas purchased from BradCo or Diversified.

b. The contract between Navitas KY and B & S Oil & Gas (B & S) does not specify a quantity of gas. State the quantity of gas Navitas KY envisions purchasing from B & S, whether it is intended to be a full requirements contract, and the identity of the alternate supplier(s) if B & S will not meet all of B & H's supply needs.

RESPONSE OF TH AND BR:

Navitas and B&H have provided information regarding gas purchased by B&H in 2017, 2018 and 2019 in **Exhibit A**. Navitas KY believes these records serve as a reliable estimate of the gas purchase needs of B&H from its primary seller, B&S Oil and Gas, and its

¹ The annual reports of JCG indicate gas purchased from EQT, Diversified and BradCo. EQT was purchased by and is now owned by Diversified.

secondary seller, Diversified.² The gas purchase agreement between B&S and Navitas KY does not preclude Navitas KY from purchasing gas from other suppliers for the B&H system. While B&S is able to meet a considerable portion of B&H's gas supply needs, during winter months, B&H also receives gas from Diversified Oil & Gas.

2. *Refer to the response to Staff's First Request, Item 13. Provide all documents and information necessary to meet the requirements of KRS 278.300 and KRS 807 KAR 5:001, Section 18. The information provided should include, but not be limited to, a copy of the master finance loan agreement as well as the new tranche, whether in final or draft form, containing specific details of the proposed financing.*

RESPONSE OF TH AND BR:

In response to Request 2, Navitas is providing the following documents to Commission Staff:

- a. Exhibit B, Loan and Security Agreement, showing the original Bank 7 loan replacing the Bank 2 loan used to fund the Gasco acquisition;
- b. Exhibit C, Term Loan Promissory Note, showing the original Navitas KY NG, LLC Promissory Note;
- c. Exhibit D, First Amended and Restated Term Loan D Promissory Note, showing the year-5 amendment to the original document;
- d. Exhibit E, Promissory Note executed July 31, 2014, showing the KY PSC approved loan for Navitas' Keystone project;
- e. Exhibit F, Third Amended and Restated Loan Guaranty Agreement, showing the refinancing of all Navitas notes at a different index thus lowering the interest rate;

² The vast majority of B&H gas purchases are from B&S. As seen in Exhibit A, only a small amount is purchased from Diversified.

- f. Exhibit G, the First Amendment to the First Amended and Restated Loan and Security Agreement, for the purpose of indicating the most immediate tranche, prior to this new tranche;
- g. Exhibit H, Navitas draft of the second Amendment to the First Amended and restated Loan and Security Agreement, and draft amendment to Promissory Note in order to indicate the expected end result of the yet to be executed final document;
- h. Exhibit I, a letter of commitment from Navitas' Lender, Bank 7, indicating pre-approval for financing in an amount up to the purchase price of \$660,000, for the purpose of this Acquisition.

On this the 4 day of March, 2021.

Respectfully submitted,

/s/ Klint W. Alexander
Klint W. Alexander (# 88343)
1767 Nottage Ct
Laramie, WY 82072
Tel: 615.594-4377
Email: klint.alexander10@gmail.com
Counsel for Navitas KY NG, LLC

/s/ Joe F. Childers
Joe F. Childers (# 11850)
Childers & Baxter, PLLC
The Lexington Building
201 West Short Street, Suite 300
Lexington, Kentucky 40507
Telephone: (859)253-9824
Facsimile: (859)258-9288
Email: childerslaw81@gmail.com
Counsel for B&H and JCG

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 4th day of March, 2021, a true and correct copy of the foregoing instrument was deposited in the United States Mail with postage prepaid, and addressed to the following:

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

J.E.B. Pinney, Esq.
General Counsel
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

/s/ Klint W. Alexander
Klint W. Alexander

/s/ Joe F. Childers
Joe F. Childers