

**BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION**

DOCKET NO. 2020-00396

**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 GAS
UTILITY SYSTEMS**

SUPPLEMENTAL TESTIMONY OF THOMAS HARTLINE

**ON BEHALF OF
NAVITAS KY NG, LLC**

**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)
GAS UTILITY SYSTEMS)**

CASE NO. 2020-00396

**SUPPLEMENTAL TESTIMONY OF THOMAS HARTLINE ON BEHALF OF
NAVITAS KY NG, LLC**

Q1. PLEASE STATE YOUR NAME.

A. Thomas Hartline

Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Navitas Utility Corporation as President and Treasurer. I am also Secretary of Navitas KY NG, LLC.

Q3. WHERE IS THE PRINCIPLE BUSINESS OFFICE FOR NAVITAS KY NG, LLC?

A. The principle place of business is 3186D Airway Avenue, Costa Mesa, CA 92626.

Q4. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION AND HAVE YOUR CREDENTIALS BEEN ACCEPTED?

A. Yes, I have testified numerous times before the Kentucky Public Service Commission and my credentials have been accepted.

Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony today is to establish Navitas KY's position on how it recommends conducting the refund to the Johnson County Gas ("JCG") customers in the amount of \$9,450 and B&H Gas ("B&H") customers in the amount of \$101,876.

Q6. PLEASE BRIEFLY DESCRIBE THE EVENTS LEADING UP TO THIS REFUND

A. On December 23, 2020, Navitas KY NG, LLC ("Navitas"), Johnson County Gas ("JCG"), and B&H Gas ("B&H") jointly filed in Case No. 2020-00396 an application for approval of acquisition, transfer of ownership, and control of the JCH and B&H natural gas utility systems by Navitas KY from Mr. Bud Rife, who owns and controls the systems. At the time of initial contemplation of this acquisition, the Kentucky Public Service Commission had ordered a refund by B&H to its customers in the amount of \$101,876 in Case No. 2015-00367. The Commission later determined that JCG must refund to its customers the amount of \$9,450 in Case No. 2020-00122. The Commission has stated that it does not have the power to waive such refunds to customers, and that in the event that a transfer and acquisition of the systems assets is approved, the refund to customers must still be performed by Navitas KY.

Q7. PLEASE BRIEFLY DESCRIBE THE EVENTS LEADING UP TO THIS PROPOSED FINANCIAL MECHANISM FOR REFUNDING JCG AND B&H CUSTOMERS

A. During an informal conference call on April 1, 2021, the Commission indicated that Navitas and Mr. Bud Rife would have substantial control of how such refund payments should be made, so long as the payment is within certain parameters set forth by the Commission. To this end, Navitas proposed a rider to the Navitas KY Tariff. The purpose of this rider is to affect the refund of natural gas commodity costs to customers of JCG and B&H ordered in case numbers 2020-00122 and 2015-00367, respectively. This rider is necessary as Navitas will be the remaining entity subject to the

jurisdiction of the KY PSC following Commission approval of the transfer and control of the systems.

Q8. PLEASE BRIEFLY DESCRIBE THE BASIC REQUIREMENTS OF THE FINANCIAL MECHANISM THE KY COMMISSION IS REQUIRING THE APPLICANTS TO FOLLOW AS YOU UNDERSTAND IT.

A. The terms of the refunds outlined by the KY PSC during the informal conference is 3 years for JCG customers and 5 years for B&H customers.

Q9. PLEASE DESCRIBE NAVITAS KY'S FINANCIAL MECHANISM FOR THE CUSTOMER REFUNDS

A. The functioning of the proposed rider is to refund \$1.00 to each continuous Legacy Customer per month for the period of 36 months to JCG consumers, and \$6.80 to each continuous Legacy Customer per month for the period of 60 months to B&H consumers. A Legacy Customer will be any JCG or B&H customer who is a customer of record as of May 31, 2021. New customers after May 31, 2021 will not be eligible for the refund. Customers of record who disconnect, either voluntarily or due to non-payment, and subsequently reconnect at a later time will no longer be eligible for the refund. The refund for JCG legacy Customers will begin with the June 7th billing of May 2021 usage (assuming a closing of April 30th) and continue through the May 7th billing 2024. The refund for B&H legacy Customers will begin with the June 7th billing of May 2021 usage (assuming a closing of April 30th) and continue through the May 7th billing 2026.

Q10. PLEASE GENERALLY EXPLAIN NAVITAS KY'S SUPPORT FOR THEIR LEGACY CUSTOMER REFUND RIDER

A. In considering the mechanics of the refund, Navitas noted that the average monthly customer billings for each system are 270 JCG customers and 250 B&H customers. Navitas' understanding of the

intent of the refunds is to make whole the systems' customers collectively, not individually. This intent, coupled with Navitas' interest in simplifying the process of the refund and its interest in not being penalized for acquiring new customers, has led Navitas to determine that the creation of a Legacy Customer (defined as customers on the systems prior to May 31, 2021). It is Navitas' belief that this is the best solution to remit payment to the collective system customers while encouraging customer retention and avoiding penalizing Navitas for any new customers who may join the systems.

Q11. PLEASE EXPLAIN NAVITAS' INTERESTS IN CUSTOMER RETENTION AND AVOIDING PENALIZATION FOR ACQUIRING NEW CUSTOMERS

A. Navitas noted the substantial time and likely customer turnover that has occurred since the period precipitating the refund. As with all gas imbalances, due to the timing differences, the record-keeping and execution of bills are considered cumbersome and costly and, thus, counterproductive from the standpoint of overall rate-making. As to new customers, under this rider Navitas would avoid the additional burden of refunding customers acquired after May 31, 2021.

Q12. PLEASE DESCRIBE ANY ADDITIONAL INFORMATION REGARDING THE REFUND PAYMENTS

A. The KY PSC will note that the total cost of the refunds for JCG and B&H exceed the amounts ordered by \$270 and \$124, respectively, based on the average monthly customer count. It is Navitas' position that the simplicity of the refund (i.e. – no fractions of a penny) has value and is cost effective to administer. Assuming it is acceptable, Navitas does not intend to deviate from this rider outlined above. It is a precise time and function refund and any delta between the ordered amount and the final refunded amount will be deemed de minimis.

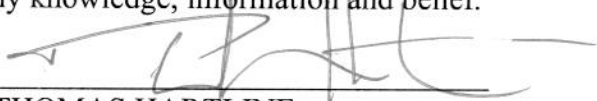
Q13. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, however I reserve my right to supplement my testimony as necessary.

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 7th day of April, 2021, 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

