

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

In the Matter of:

**APPLICATION OF NAVITAS KY NG, LLC)
FOR APPROVAL OF LONG-TERM FINANCING) CASE NO. 2021-00153
PLAN FOR THE ACQUISITION OF JOHNSON)
COUNTY GAS COMPANY AND B&H GAS COMPANY)**

**APPLICATION OF NAVITAS KY NG, LLC FOR APPROVAL OF LONG-TERM
FINANCING PLAN FOR THE ACQUISITION OF JOHNSON
COUNTY GAS COMPANY AND B&H GAS COMPANY**

COMES NOW, Applicant Navitas KY NG, LLC (“Navitas”), by and through counsel, and respectfully submits this Application seeking expedited approval by the Public Service Commission (the "Commission") for Navitas' financing plan for its acquisition of Johnson County Gas Company and B&H Gas Company pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable law. In support of this Application, Navitas would show unto the Commission as follows:

In support of this Application, Navitas would show unto the Commission as follows:

1. The Navitas companies are comprised of two sister entities, Navitas Assets, LLC ("NALLC"), a Delaware limited liability company that was formed in 2007, is in good standing in the state of Delaware and is authorized to transact business in Kentucky. Navitas Utility Corporation ("NUC"), a Nevada corporation in good standing with the state of Nevada and is authorized to transact business in Kentucky. NALLC is a holding company created to retain certain energy assets and the parent company of Navitas KY NG, LLC. NUC is an operating entity primarily engaged in providing necessary support services for the operations of NALLC.

2. Pursuant to 807 KAR 5:001, Section 14(1) and (3), Applicant's full name and mailing address is Navitas KY NG, LLC (hereinafter referred to as "Navitas"), a Kentucky limited liability company formed on November 9, 2010, is in good standing in the state of Kentucky, and has its principal place of business located at 3186-D Airway Avenue, Costa Mesa, California 92626. A copy of Navitas' corporate structure was submitted with the

Company's Joint Application with JCG and B&H for *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* in 2020 (Case No. 2020-00396), and is found on the Applicants' December 23, 2020 filing under Docket No. 2020-00396 in **Exhibit A**.

3. Pursuant to 807 KAR 5:001, Section 18(1)(b), Navitas is in the business of distributing and selling natural gas to residential, commercial and industrial customers in Albany, Clinton County, Kentucky. It has 33.971 miles of pipeline in its service territory. As of December 2020, Navitas has approximately 158 customers in Kentucky. The total original cost of Navitas' distribution pipelines at time of purchase was \$1,013,619. Its utility operations and its rates, services, practices and charges in connection therewith are subject to general regulation by the Commission.

4. Johnson County Gas Company ("JCG") and B&H Gas Company ("B&H") are Kentucky regulated utility companies authorized to transact business in Kentucky. JCH and B&H are located in Johnson County, Kentucky, and Floyd County, Kentucky, respectively. Both JCG and B&H are owned and operated by Mr. Bud Rife. JCG has 50 miles of pipeline and was purchased by Mr. Rife for \$733,000. B&H has 14 miles of pipeline and was purchased by Mr. Rife for \$325,000.

5. The Commission has jurisdiction over this matter pursuant to KRS 278.010 et seq., 807 KAR 5:001.

6. In February 2011, the Commission entered an Order approving the transfer of control and authority of Gasco Distribution Systems, Inc.'s gas utility system to Navitas, including the authority to provide utility services deriving from its Certificate of Public Convenience and Necessity, in Albany, Clinton County, Kentucky.

7. Since 2013, Navitas, its parent companies, and the various Navitas companies have altered their debt structure through the following financial instruments previously submitted to the Commission on March 4, 2021 under Docket No. 2020-00396 as follows:

- 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; and
 - 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.
8. On or about December 23, 2020, Navitas, JCH and B&H filed with the Commission *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*, under Docket No. 2020-00396, requesting the transfer of ownership and control of the natural gas systems owned by JCG and B&H to Navitas. That proceeding is pending before the Commission.
9. Pursuant to its Application, Navitas intends to finance the acquisition of JCG and B&H gas systems with a long-term "takeout" loan with a planned 20-year term. Navitas herein seeks Commission approval for its long-term financing arrangement pursuant to KRS 278.300, which requires prior approval for issuances of securities or evidences of indebtedness, or assumption of obligations or liabilities. Navitas seeks approval for its long-term financing arrangement prior to May 29, 2021, the closing date of the Asset Purchase Agreement between the Applicants in Docket No. 2020-00396.
10. Navitas has been preapproved by Bank 7 for financing in an amount up to \$660,000 for the acquisition of the JCG and B&H systems. A copy of this Bank 7 Letter of Commitment is found as **Exhibit I** on the Applicants March 4, 2021 filing under Docket No. 2020-00396. The proposed Promissory Note requires Commission approval. KRS 278.300(8) provides that the required approval under KRS 278.300 is required for notes "that are payable at periods of more than two (2) years from the date thereof "
11. Navitas' financing arrangement with Bank 7 is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper

performance of its service to the public, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

12. Additionally, Navitas provided on March 4, 2021 in Docket No. 2020-00396 **Exhibit H**, Navitas' draft of the second Amendment to the First Amended and restated Loan and Security Agreement, and draft amendment to Promissory Note.

13. The financial exhibit, as required by 807 KAR 5:001, Section 12(1)(a) is attached as **Exhibit J** to this Application. There have been no material changes since the end of that twelve (12) month period reported therein. Pursuant to 807 KAR 5:001, Section 12(1)(f) and (g), Navitas KY's outstanding notes and other indebtedness can be found in **Exhibit K**.

14. Navitas KY is not seeking authorization to issue any kind of stock as part of this application.

15. Pursuant to 807 KAR 5:001, Section 18(2)(c), Navitas is providing maps herein in **Exhibit L** and the detailed estimates by USOA account number herein in **Exhibit M**.

16. Approving this application for approval is in the public interest as Navitas is prepared to provide safe and reliable gas service to B&H and JCG customers.

17. While Navitas requests the authority to pursue its financing arrangement as soon as practical, approval before May 31, 2021 will allow Navitas to complete the transaction in connection with the Commission's decision to approve the transfer and control of the JCG and B&H gas distribution systems to Navitas, and begin the process of providing natural gas service and refunding Johnson and Floyd County customers.

18. Notices and Communications regarding the Application should be sent to:

Thomas Hartline
Navitas Utility Corporation
3186-D Airway Avenue
Costa Mesa, California 92626
Tel: (714) 242-4064
Email: thartline@navitasutility.com

and

Klint W. Alexander, esq. (# 88343)
1767 Nottage Ct
Laramie, WY 82072
Tel: (615) 594-4377
Email: klint.alexander10@gmail.com
Counsel for Navitas KY NG, LLC

WHEREFORE, Navitas respectfully requests the Commission to issue an Order:


1. Approving Navitas' proposed financing plan for its Kentucky operations pursuant to KRS 278.300; and
2. Granting such other relief as the Commission may determine to be fair, just and equitable in the premises.

Dated this the 30 day of March, 2021.

Respectfully submitted,

/s/ Klint W. Alexander
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Laramie, WY 82072
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Counsel for Navitas KY NG, LLC

and


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Tel: (714) 242-4064
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 30th 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

and



Thomas Hartline

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 me on this the 30 day of MARCH, 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

