

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

In the Matter of:

ELECTRONIC PURCHASED)	
GAS ADJUSTMENT FILING)	CASE NO. 2023-00428
OF NAVITAS KY NG, LLC)	

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

Navitas KY NG, LLC (“Navitas KY”), by counsel, files its responses to Commission Staff’s First Request for Information, issued in the above-captioned case on January 22, 2024.

FILED: January 29, 2024

IN THE MATTER OF:
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REQUEST NO. 1-1: Refer to the Commission's final Order in Case No. 2023-00325, ordering paragraph 2.

- a. Provide all supplier invoices received by Navitas KY for the reporting period of 24-months ended October 31, 2023.
- b. Explain why Navitas KY failed to provide the necessary supplier invoices required by the Commission when it filed its current GCR rate report.

RESPONSE:

a. – b. Navitas KY believes this request refers to invoices that it has consistently filed, under seal, in connection with its quarterly Purchased Gas Adjustment filings. For example, on January 5, 2024, Navitas KY provided the Commission (via email to PSCED@ky.gov) with invoices received from third-party suppliers (the "Invoice Submission") in conjunction with a Motion for Confidential Treatment, with said Motion also submitted via the Commission's electronic filing system. The Invoice Submission was a 50 page PDF containing invoices dated between August 15, 2023 and November 30, 2023. Similar submissions have accompanied previous PGA filings.

If Navitas KY is mistaken in the documents sought by this request, or if the resubmission of earlier filings is desired, Navitas KY welcomes the opportunity to further respond.

Witness: Thomas Hartline

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REQUEST NO. 1-2: Refer to Navitas KY's GCR rate report, the file labeled: "KY_GCA_231231_23-00428_to_be_filed.xlsx", tab labeled: "EGC (SII)". For each cell with just a numeral value, that does not include a formula, provide an explanation for how that value was determined and provide the justification for that cell value.

RESPONSE: The cells containing only numeral values reflect gas rate estimates by Navitas KY based on, among other things, index movement and commodity availability. There are five pricing inputs that impact estimated gas cost three of them variable (the estimated price of the commodity) and two semi-variable (the transportation of the commodity). The transportation input is semi-variable as it only changes occasionally through a rate making event. The commodity pricing, while variable, generally changes parallel to an index. While from time to time Navitas KY does receive pricing updates from Sparta, it also gathers information from the daily spot price, industry trends, and recent actual costs to establish the estimates for Sparta (which correlate to estimates for Diversified). Through experience and internal analysis, Navitas KY has observed the historic trend of supplier Petrol, which is supplying grid gas, being approximately \$2 per unit greater than suppliers Diversified and Sparta, both of which are supplying proximate well gas.

Witness: Thomas Hartline

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REQUEST NO. 1-3: Refer to Navitas KY's GCR rate report, the file labeled: "KY_GCA_231231_23-00428_to_be_filed.xlsx", tab labeled: "EGC (SII)". Also, refer to column J, row 6. In regards to the cell for the "rate" for the supplier named "Petrol".

- a. Provide the justification for the 11.4999 rate.
- b. Explain why Navitas KY did not provide justification or an explanation for how the rate was determined.

RESPONSE:

a. Please see Navitas KY's response to Request No. 1-2. The overall rate trend is based on the broader gas market as well as a review of the past four quarters, particularly Row 26 on the Actual Adjustment worksheet. To be clear, Navitas KY does not have locked rates with Petrol, as Navitas KY has found it achieves better pricing from Petrol when it does not lock in rates and instead allows Petrol to manage the daily spot purchases. This is due to Petrol's unpredictable role in supplementing the well gas of Sparta and Diversified, as the flow of well gas from those suppliers can be inconsistent.

b. Navitas KY utilized its reasonable discretion to determine its expected gas costs based on its industry knowledge, historic data, and other related inputs, but it did not intend to omit justification or explanation for its rates and will provide it going forward.

Witness: Thomas Hartline

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REQUEST NO. 1-4: Refer to Navitas KY's GCR rate report, the file labeled: "KY_GCA_231231_23-00428_to_be_filed.xlsx", tab labeled: "EGC (SII)". Also, refer to column J, row 7. In regards to the cell for the "rate" for the supplier named "Sparta".

- a. Provide the justification for why 9.4999 rate is the rate for Petrol minus two.
- b. Explain why Navitas KY did not provide justification or an explanation for how the rate was determined.

RESPONSE:

- a. Please see Navitas KY's responses to Request Nos. 1-2 and 1-3. As noted, Sparta and Diversified are well gas versus the grid gas provided by Petrol. It is consistently lower in cost, by approximately \$2, but less reliable in flow.
- b. Navitas KY utilized its reasonable discretion to determine its expected gas costs based on its industry knowledge, historic data, and other related inputs, but it did not intend to omit justification or explanation for its rates and will provide it going forward.

Witness: Thomas Hartline

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REQUEST NO. 1-5: Refer to Navitas KY's GCR rate report, the file labeled: "KY_GCA_231231_23-00428_to_be_filed.xlsx", tab labeled: "EGC (SII)". Also, refer to column N, row 16 and row 23. Explain why the rate for the supplier name "Diversified Gas & Oil" is noted as being estimated based on Sparta.

RESPONSE: Diversified and Sparta both provide proximate well gas and, based on historical pricing, are expected by Navitas KY to supply natural gas at approximately the same rate.

Witness: Thomas Hartline

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REQUEST NO. 1-6: Refer to Navitas KY's GCR rate report, the file labeled: "KY_GCA_231231_23-00428_to_be_filed.xlsx", tab labeled: "Actual Adjustment (IV)". Also, refer to columns BC through BG, and rows 54 through 57. Explain the purpose of this section and why it was included in the calculation of the current quarter Actual Adjustment component.

RESPONSE: Previously, wells owned by Mr. Bud Rife sold gas to the gas distribution system (the "System") purchased by Navitas KY. Subsequent to the purchase of the System by Navitas KY, Mr. Rife objected to the pricing of the well gas sold to the System. As a result, he discontinued sales of gas to the System.

Late in the summer of 2023, Mr. Rife, initially unbeknownst to Navitas KY, began to once again supply gas to the System. Cognizant of ongoing litigation involving the parties, and following attempts to communicate with Mr. Rife, Navitas KY decided to accept the gas at pricing consistent with the published month ahead index, thereby reducing amounts owed Navitas KY by Mr. Rife. Navitas KY was initially against continuing to engage with Mr. Rife, but on reflection believes that it could in the best interest of all involved, and ultimately it does save the rate payer money through the reduced cost of gas commodity. Due to the rather unusual nature of the situation and history with Mr. Rife, Navitas KY welcomes the opportunity to answer other questions or further discuss as part of an informal conference.

Witness: Thomas Hartline

