COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NAVITAS KY	**)**	
NG, LLC FOR AN ALTERNATIVE RATE FILING	**)**	**CASE NO. 2025-00332**
PURSUANT TO 807 KAR 5:076	**)**	

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Navitas KY NG, LLC ("Navitas"), by counsel, files its responses to Commission Staff's Second Request for Information, issued in the above-captioned case on March 17, 2026.

FILED: April 10, 2026

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-1: Refer to the Application, Attachment 2 – Reasons for Application which states "all indirect expenses incurred by Navitas KY's parent entity are allocated to Navitas pursuant to the 'Atmos method.'" Provide the basis for the allocation factor used to allocate parent entity costs to Navitas KY for calendar year 2024, including all calculations and inputs required to derive that allocator.

RESPONSE: **Please see Exhibit 2-1, Parts 1 – 13.**

Witness: Carlos Gonzalez Meixueiro

<u>REQUEST NO. 2-2</u>: Refer to the Application, Attachment 4 - Schedule of Adjusted Operations, Adjustment 5.

a. Describe the drivers of the 77 percent increase in Gas Purchase Expense from the first two quarters of 2024 to the first two quarters of 2025 as described in Footnote 5. Provide any workpapers supporting the calculation of the $488,364.80 natural gas production expense adjustment, including source data and assumptions, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

b. Confirm that the $634,240 in gas purchases were already recovered through the Gas Cost Recovery (GCR) or are planned to be recovered through the GCR. If this cannot be confirmed, explain where those costs are recovered from customers.

c. Explain why Navitas KY did not similarly adjust revenues given that its gas costs are recovered through the GCR rates.

d. Provide the amount of GCR recoverable gas costs and GCR revenues in the test year and 2025, to the extent available.

<u>RESPONSE</u>: **(a) In the test case year 2024, the billed GCA revenue was $292,751; in 2025 the billed GCA revenue was $789,271; the delta from the test case year to the subsequent year was $496,520. Please see Exhibit 2-2. The driver of this significant change was the ongoing suspension of the GCA for nearly all of 2024 at a figure substantially under costs.**

(b) All gas purchase costs are to be recovered through the GCR.

(c) At the time of preparation of Rate Case 2025-00332, the GCR had been suspended and unchanged for five quarters and when it was finally changed, it was not

sufficient to recover past gas costs through 2024. The GCR rates did not have a history of keeping up with gas costs, so no adjustment for GCR rate increases were made to the SAO at the time of filing.

(d) Please see the table below.

	Recoverable Costs	**Billed Revenue**
2024	$538,133	$292,751
2025	$694,900	$789,271

Witness: Thomas Hartline (subparts a, d); Carlos Gonzalez Meixueiro (subparts b, c)

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-3: Refer to the Application, Attachment 4 - Schedule of Adjusted Operations, Adjustment 5 and Navitas KY's Response to Commission Staff's First Request for Information (Staff's First Request), Item 7, Confidential Exhibit PSC 1-7(a) part 1. Confirm that the total $634,240 in Test Year Natural Gas Production Expenses is sourced from the total expense in FERC account 804 - City Gate Purchases for calendar year 2024. If this cannot be confirmed, explain the response.

RESPONSE: **Confirmed. The source of the $634,240 in Test Year Natural Gas Production Expenses is the total expense in FERC account 804 - City Gate Purchases for calendar year 2024.**

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-4: Refer to the Application, Attachment 4 - Schedule of Adjusted Operations, Adjustment 6. Describe the drivers of the 4 percent Distribution Expenses increase from the first two quarters of 2024 to the first two quarters of 2025 as described in Footnote 6. Provide any workpapers supporting the calculation of the $7,870.92 distribution expense adjustment, including source data and assumptions, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE: **Please see Exhibit 2-4. The 4% increase in Distribution Expenses was calculated using the quarterly average in 2024 for FERC accounts 874 and 884 multiplied by two and compared to the totals for the first half of 2025. The 2024 total for Distribution Expenses was then multiplied by 1.04 to get the adjustment amount.**

Witness: Carlos Gonzalez Meixueiro

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REQUEST NO. 2-5: Refer to Application, Attachment 4 - Schedule of Adjusted Operations, Adjustment 7. Describe the drivers of the 2 percent Administrative and General (A&G) Expense increase from the first two quarters of 2024 to the first two quarters of 2025 as described in Footnote 7. Provide any workpapers supporting the calculation of the $13,938.64 A&G expense adjustment, including source data and assumptions, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE: **Please see Exhibit 2-4 and Response to 2-4. The 2% increase was the increase calculated for the portion of A&G Expenses accredited to FERC accounts 921, 924, and 926.**

Witness: Carlos Gonzalez Meixueiro

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REQUEST NO. 2-6: Refer to the Application, Attachment 4 - Schedule of Adjusted Operations, Adjustments 5 through 8.

a. Provide Natural Gas Production expenses for 2025, to the extent available.

b. Provide Distribution expenses for 2025, to the extent available.

c. Provide General expenses for 2025, to the extent available.

d. Provide Depreciation expense for 2025, to the extent available.

RESPONSE: **(a) Natural Gas Production expenses through Q3 2025 totaled $673,343.**

(b) Distribution expenses through Q3 2025 totaled $137,886.

(c) General expenses through Q3 2025 totaled $563,838.

(d) Depreciation expense through Q3 2025 totaled $62,664.

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-7: Refer to the Application, Attachment 4 - Schedule of Adjusted Operations, Adjustment 9.

a. Provide support for the total estimated amount of rate case expenses described in footnote 9.

b. Explain whether the total revenue requirement proposed to be collected from customers has been reduced in the later years of the proposed phase-in plan to reflect the fact that the rate case amortization is proposed to only last three years.

RESPONSE: **(a) The estimated rate case expense described in footnote 9 was an estimate calculated based upon the actual rate case expenses incurred in Case No. 2024-00252. Evidence of actual rate case expense for this proceeding for which recovery is sought will be provided prior to the close of evidence in this proceeding.**

(b) At the time of filing the SAO, over the life of the phase in of proposed tariffs the summation of the projected revenue did not equal the required revenue requirement multiplied by the number of years. Thus, Navitas was projected to under collect its revenue requirement during this period obviating the need to distinguish between the collection of rate case amortization.

Witness: Thomas Hartline

<u>REQUEST NO. 2-8</u>: Refer to the Application, Attachment 7 - Depreciation Schedule.

a. Provide the case numbers in which Navitas KY was authorized to record each acquisition adjustment for rate recovery. If these cannot be provided, explain.

b. Provide an explanation of amounts labeled "Contractual minimum (45 MCF/mo.)."

c. Explain why Navitas KY capitalized Organizational cost and Legal Costs. Identify and explain the transactions that led to the capitalized amounts.

d. Provide the test year amount of amortization expenses.

e. Explain why Navitas KY continued to depreciate the "KY Highway" Relocation" credit past June 2023, which would be the end of its 120 month stated life.

f. Explain why Navitas KY continued to depreciate the "Albany Wellness Center" credit past February 2024, which would be the end of its 120 month stated life.

g. Provide the basis of the 480 month depreciable life for the Mains (except "Albany meter and odorant construe" and "Albany Hwy 6" PE Project"), Services, NARUC Account 376, and NARUC account categories of plant.

h. Provide the age and material type of the pipeline assets acquired by Navitas KY in 2011 and 2021.

<u>RESPONSE</u>: **(a) The net Navitas KYNG acquisition adjustment is negative. The amortization of negative acquisition adjustment yields a reduction in total amortization expense. Navitas booked assets in this manner as generally, when regulatory assets are placed on the books as part of an acquisition, they are done so at their historic cost and depreciation; with any delta being assigned to acquisition adjustment and thus was done**

so here. Based on the data we had at the time, Navitas determined that it paid (net slightly) less than the historic cost less historic depreciation, and thus it booked a negative acquisition adjustment.

(b) The Company made an agreement to extend its pipeline approximately one-mile to a certain customer in exchange for a $25,000 prepayment and a minimum take or pay of 45MCF per month. The operations of the customer closed soon after the construction of the pipeline and the $25,000 prepayment became Aid to Construct (see the Response to 2-40) subsequent to default by the other party.

(c) Navitas capitalizes organizational costs associated with the formation of an entity. Navitas capitalizes legal costs associated with the acquisition of an entity or associated with contracts for new construction of regulated assets. Please also see Exhibit 2-8(e).

(d) The total amount of amortization expenses for test year 2024 was $5,043.

(e) The depreciation tracking spreadsheet used by Navitas KY had an error in the calculating formula for monthly depreciation/amortization expenses that did not correctly calculate when the Net Book Value of the line item reached zero to prevent over depreciating said line item. The spreadsheet was corrected for Q4 2025 and a correcting GL Journal Entry will be made for YE 2025 to correct the positive over depreciation which will result in additional depreciation expenses for 2025. Please see attached Exhibit 2-8(e) with corrected depreciation values through YE 2025. The "KY Highway Relocation" was over depreciated by $90,798.28.

(f) See response to 2-8(e) above. The "Albany Wellness Center" was over depreciated by $2,162.40.

(g) Historically, Navitas depreciates its poly pipeline assets using a forty-year life. It has been the experience of the Company that this value was established by major utility companies across multiple jurisdictions and informally adopted industry wide such that deviation from this value requires substantial effort on the part of the requester.

(h) Please see Exhibit 2-8(h).

Witness: Thomas Hartline (subparts a, b, c, g, h) ; Carlos Gonzalez Meixueiro (subparts d, e, f)

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REQUEST NO. 2-9: Refer to the Application, Attachment 8(a), page 73, "Modification of Paragraph 4.13 of the Loan Agreement." Explain whether the repayment of the note discussed to Navitas Assets, LLC (Navitas Assets) would result in more funds being available to support Navitas KY's operations. Explain when this loan is scheduled to be repaid, and the terms of this loan.

RESPONSE: **The loan(s) to member(s) referenced in Attachment 8(a), page 73, was paid off (in 2022) prior to the 2024 Test Case Year. Thus, the referenced provision is no longer applicable. However, in addition to those paid-off referenced loans, the shareholders have made substantial loans to the Companies, beyond their acquisition equity, to fund ongoing operations.**

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-10: Refer to the Application, Attachment 8a, page 101, Section 6.20, which provides the minimum Debt Coverage Ratio. State whether Navitas KY is currently in compliance with the minimum Debt Coverage Ratio. If not, provide the current ratio.

RESPONSE: **As of Q3 2025, Navitas KY is not in compliance with the minimum Debt Coverage Ratio. The ratio at Q3 2025 for the last 12 months is -1.09.**

Witness: Carlos Gonzalez Meixueiro

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REQUEST NO. 2-11: Refer to the Application, Attachment 9 - Ta, Return. Provide ta, returns for ta, years 2020 through 2024 in the same format as shown in Attachment 9.

RESPONSE: **Please see CONFIDENTIAL Exhibit 2-11, Parts 1 – 5.**

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-12: Refer to Navitas KY's response to Commission Staff's First Request for Information (Staff's First Request), Item 6 and Exhibit PSC 1-6.

a. State the Completion Date of the Keystone pipeline and provide the current Total Guaranteed Volume.

b. Provide the Total Guaranteed Volume in MCF for each month of the contract from 2015 to present.

c. Provide Keystone's monthly usage for Q4 of 2024 and 2025.

RESPONSE: **(a) The pipeline serving the chicken processing facility was brought online in January 2015.**

(b) The Total Guaranteed Volume in MCF for each month of the contract from 2015 to present has been [redacted]

(c) Please see the table below.

[redacted]

Witness: Thomas Hartline

<u>REQUEST NO. 2-13</u>: Refer to Navitas KY's response to Staff's First Request, Item 6, Exhibit PSC 1-6, Section 4.2 B. Given the statement "however, any unused but paid for volume shall accrue and offset future deliveries in excess of the Guaranteed Volume during the following twelve (12) month period" (emphasis added), explain whether the current transportation fee pre-payment balance shown in Account 253 on Navitas KY's balance sheet include any accrued balances that are greater than one year from their creation.

For example, if Keystone paid Navitas KY the Total Guaranteed Volume in January 2024 but did not receive any natural gas that month, explain whether the amount that was added to the pre-payment balance would remain in the pre-payment balance in perpetuity, or would it be removed in January 2025 because that balance can only be used to offset future deliveries in the following 12-month period.

<u>RESPONSE</u>: **Navitas has always accrued the guaranteed volume payments as a prepayment liability that will be refunded at a rate of 50% of the flow tariff with future usage. Our reading of the twelve-month clause is that it resets with any usage over 3000 MCF. Conceptually, there are ten months of guarantee payments (August 2022 through May 2023) that could be excluded from the pre-payment liability. However, Navitas is reticent to take this action for a number of reasons:**

- **It is poor customer relations with our largest single customer and the largest employer in the county.**
- **It would likely precipitate a legal battle with one of the largest corporations in the world (Tyson Foods), whom we do not have the personnel or funds to fight.**

- **It would not appreciably improve our balance sheet and would likely dramatically damage our cash flow.**

The original prepayment balance of [redacted] has fallen to as low as [redacted] and currently has a balance of [redacted].

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-14: Refer to Navitas KY's responses to Staff's First Request, Item 7.

a. State whether the general ledger transactions for Q3 2025 are finalized. If so, supplement this response.

b. Update this response to include Q4 2025 transactions when finalized.

RESPONSE: **(a) Please see CONFIDENTIAL Exhibit 2-14(a).**

(b) Financial reports for Navitas KY NG, LLC have been finalized and closed through Q3 2025, thus General Ledger transactions for Q4 2025 are not yet available. Navitas will supplement this Response with the general ledger through December 31, 2025, as soon as it becomes available.

Witness: Carlos Gonzalez Meixueiro

REQUEST NO. 2-15: Refer to Navitas KY's response to Staff's First Request, Item 7, Confidential Exhibit PSC 1-7(a) part 1. Confirm that all expenses shown for Account 931 - Rents are the KY allocated portion of the total expense for each line item. If this cannot be confirmed, explain which line items represent unallocated costs and why it is reasonable to direct assign those expenses to Navitas KY. For the line items labeled "2401RentOK," "2402RentOK," "Fort Cobb Fuel Authority," and "Eakly Office Rent" indicate why it is reasonable to allocate costs that appear to be specific to Oklahoma to Navitas KY.

RESPONSE: **Please see Response to Request No. 2-1 and Exhibit 2-1. The line items under Account 931 – Rents in CONFIDENTIAL Exhibit PSC 1-7(a) Part 1 labeled "2401RentOK," "2402RentOK," etc. are monthly Rent invoices from "Fort Cobb Fuel Authority," a sister company, to Navitas KY for KY's portion of the Rent for the building in Eakly, OK that serves as a base of operations for all of Navitas companies in all jurisdictions. Such operations include, but are not limited to, Customer Service, Billing, Accounting, Records Keeping, Operations Management, Pipeline Safety, Inventory storage and the such. Although the building is in Oklahoma, Navitas KY benefits from all operations that take part in said building, therefore a portion of Rent is allocated to KY in accordance with the "KY Atmos method" described in the response to Request No. 2-1.**

Witness: **Carlos Gonzalez Meixueiro**

REQUEST NO. 2-16: Refer to Navitas KY's response to Staff's First Request, Item 7, Confidential Exhibit PSC 1-7(a) Part 1 and Case No. 2019-00430.[1]

a. Confirm that amounts in "414.99 • B&W FERC 19-430- Fee" are held in a separate, interest-bearing account and only used to reimburse B&W Pipeline, LLC (B&W). If this cannot be confirmed, explain.

b. State whether these revenues and expenses were removed from Navitas KY's test year. If not, explain why not and provide the amount of these revenues and expenses.

RESPONSE: **(a) Navitas typically issues payments quarterly in the B&W FERC matter, based off billings (as opposed to collections) and writing separate checks for each month. Often, these checks amount to less than a few hundred dollars. As such, the average balance being held by Navitas may be less than five-hundred dollars. Though it has not made an exhaustive search, Navitas is not aware of a small balance interest bearing business checking account. Rather it is likely that a separate business account would carry monthly fees that would dwarf any potential interest earnings. Further, were the monthly revenue of sufficient size as to justify an interest bearing checking account, it would make more sense to accelerate payments to monthly versus calculating and executing daily transfers based on received collections.**

(b) Please see Response to Request No. 2-20. Revenue account 414.99 was included in Application Attachment 5's calculation of "Revenues from Sales at Present Rates" as we have a rate to be billed based on the customer's usage. There are not instructions to remove

[1] Case No. 2019-00430, Electronic Application of Navitas KY NG, LLC for an Alternate Rate Adjustment (Ky. PSC June 17, 2020).

such revenues from the "Revenues from Sales at Present Rates" on any Application Forms.

These revenues were not included in the calculation of Exhibit TAS-2.

Witness: **Thomas Hartline (subpart a); Carlos Gonzalez Meixueiro (subpart b)**

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

REQUEST NO. 2-17: Refer to Navitas KY's response to Staff's First Request, Item 16.

a. Explain whether Navitas KY has any plans to produce audited financial statements for 2022, 2023, 2024, or 2025. If so, state when Navitas KY plans to produce those statements.

b. Explain whether there are any requirements from any outstanding loans that require Navitas KY to produce annual audited financial statements.

c. To the extent the production of audited financial statements for the years 2022, 2023, 2024, or 2025 were to result in a change to Navitas KY's books and records, explain whether Navitas KY would need to re-file its corporate tax returns for any impacted year.

RESPONSE: **(a) Yes, Navitas KY’s parent company has engaged its long-time auditor to finalize audits of 2022, 2023, 2024, and 2025 financial statements. Navitas KY will supplement its response when the audited financial statements are received from the auditor.**

(b) Since its very beginning, Navitas has always engaged in a full audit of its financials. Navitas does not believe that it currently has an explicit requirement to perform a full audit (though this may have existed with USDA loans circa our inception in 2007).

(c) Navitas would need to consult a tax expert to advise were its books and records to change based upon audited financials.

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-18: Refer to Navitas KY's response to Commission Staff's Post-Hearing Request for Information (Staff's Post-Hearing Request), Item 5.

a. When the plant takes no gas for a month, state whether the minimum payment from the customer is booked as revenue on Navitas KY's income statement.

b. When the customer receives gas, state whether the amount that is reduced by half the tariff rate and reduces the pre-payment balance is booked as revenue on Navitas KY's income statement.

RESPONSE: **(a) When the chicken processing facility takes less than the minimum requirement and thus make the minimum payment such that Navitas KY NG can meet its debt service requirement for the pipeline extension, the prepayment liability is increased by nearly the entire amount (the flow charge portion) with the minimal customer charge being booked to revenue.**

(b) When the customer meets or exceeds the minimum amount, the discount which represents a reduction in the prepayment liability is recognized as revenue.

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
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REQUEST NO. 2-19: Refer to Navitas KY's response to Staff's Post-Hearing Request, Item 15 and the Public Comment of Henry Walker.[2]

a. Provide an update on all past due accounts of Navitas KY. Include in the response the current amount due and owing, the past due amount, and the 1ength of each of the delinquencies.

b. Provide the amount currently owed to each gas supplier by Navitas KY. In the response, include the full name of each entity.

c. Provide the amount currently owed to each gas transporter by Navitas KY. In the response, include the full name of each entity.

d. Provide the current amount, if any, Navitas KY owes to Navitas Assets and Navitas Utilities Corporation.

RESPONSE: **(a) – (c) Please see Exhibit 2-19.**

(d) Please see the table below.

Entity	**Amount due**	**Monthly billing of**
Navitas Utility Corporation	$2,068,955	Utility operations
Navitas Assets, LLC	0	Share of HQ rent
Fort Cobb Fuel Authority	0	Share of Operations Center rent

Navitas KYNG, LLC is more than a year in arrears on paying its monthly cost of operations to Navitas Utility Corporation.

Witness: Thomas Hartline

[2] The Public Comments for this case are available at psc.ky.gov.

REQUEST NO. 2-20: Refer to the Direct Testimony of Talha A. Sheikh (Sheikh Direct Testimony), Exhibit TAS-2 and the Application, Attachment 5 - Revenue Requirement Calculation.

a. Provide the calculation of the revised revenue requirement from TAS-2 in the format of Attachment 5.

b. Explain the difference between the revenues at present rates from these attachments.

RESPONSE: **(a) See Table below for revenue requirement calculation as presented in Attachment 5 and Exhibit TAS-2. Exhibit TAS-2 presents base-related revenue requirements only. Specifically, there are two changes in Exhibit TAS-2 calculation compared to Attachment 5 calculation (highlighted light green in the table below):**

1) **The Cost of Natural Gas is not included in Exhibit TAS-2; and**
2) **Purchase Gas Adjustment (PGA) revenues are not included in Exhibit TAS-2.**

Revenue Requirements Calculation		Application Attachment 5	Exhibit TAS-2
Pro forma Operating Expenses Before Income Taxes		1,130,205.01	1,130,205.01
Operating Ratio		0.88	0.88
Sub-Total		1,284,323.88	1,284,323.88
Less: Pro forma Operating Expenses Before Income Taxes		-1,130,205.01	-1,130,205.01
Net Income Allowable		154,118.87	154,118.87
Add:	Provision for State and Federal Income Taxes	0	0
	Interest Expense	180,891.29	180,891.29
	Pro forma Operating Expenses Before Taxes	1,130,205.01	1,130,205.01
	Cost of Natural Gas	1,122,604.80	
Total Revenue Requirement		2,587,819.97	1,465,215.17
Less: Other Operating Revenue		276,186.41	276,186.41
Interest Income		28,726.28	28,726.28
Total Revenue Required from Rates for Service		**2,282,907.28**	**1,160,302.48**
Less: Revenue from Sales at Present Rates		1,290,471.71	585,153.86
Required Revenue Increase		992,435.57	575,148.61
Required Revenue Increase (%)		76.90%	98.29%

(b) See response to 2-20(a). In addition, see Table below for revenue at current rates as presented in Attachment 5 and Exhibit TAS-2. The revenues at present rates in Exhibit TAS-2 do not include PGA revenues and Other Operating Revenues to align with revenue requirements presented in Exhibit TAS-2.

Revenues at Present Rates	Application Attachment 5	Exhibit TAS-2
Base Rate Revenues	$ 585,154	$ 585,154
PGA/GCR Revenues	$ 420,643	
Penalities and Service Charges	$ 15,842	
Unbilled Revenues	$ 275,970	
B&W FERC 19-430- Fee	$ 15,294	
Other Utility Operating Income	$ (30,920)	
Reconciliation Adjustment	$ 8,489	
Total Revenues at Present Rates	**$ 1,290,472**	**$ 585,154**

Witness: Talha A. Sheikh

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REQUEST NO. 2-21: Refer to the Sheikh Direct Testimony, Exhibit TAS-3, page 1. Confirm that the $275,970 in Total Company Unbilled Revenues represents revenue that is planned to be collected through the GCR. If this cannot be confirmed, explain how that unbilled revenue will be recovered from customers.

RESPONSE: **Yes. Unbilled Revenue is the summation of the AA and BA balances of the GCA. Under billings are collected from the customer (and over billings are refunded) over the 12-month AA period and subsequent 12-month BA period.**

Witness: Thomas Hartline

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REQUEST NO. 2-22: Refer to Sheikh Direct Testimony, page 7. Provide the contract detailing the agreement between Navitas KY and the one customer who qualifies to take service under the "Mutually Curtailable Industrial" Class.

RESPONSE: **The contract was approved by the Commission in Case No. 2014-00027 and is available on the Commission's website at: https://psc.ky.gov/tariffs/Natural%20Gas/Local%20Distribution%20Companies/Navitas%20KY%20NG,%20LLC/Contracts/Equity%20Group/2014-06-20_Transportation%20Agreement.pdf.**

Witness: Thomas Hartline

REQUEST NO. 2-23: Refer to Sheikh Direct Testimony, pages 7-8.

a. Reconcile the use of a historic test year, as utilized in this application, with the proposed true-up of a revenue deficiency forecasted in the years 2027-2030.

b. Explain how and when the revenue deficiency would be calculated for the five-year collection period.

RESPONSE: **(a) The historic test year is used to establish the Company's revenue requirements. The true-up of revenue deficiency assumes no changes in the Company's revenue requirements for 2027-2030 period.**

(b) The revenue deficiency from the phased-in rates is pre-determined and already incorporated in the Company's proposed rates for 2031 through 2035. The revenue deficiency is calculated based on the difference between 1) the Company's total proposed annual revenues of $1.16 million, and 2) the Company's annual revenues expected to be recovered through rates during 2026-2030 period. The calculation is presented in the Company's COSS workpaper 'Navitas COSS_vFinal (CONFIDENTIAL).xlsx', Tab: 'Revenue Targets', Cells M28-M31.

The analysis shows that the Company's proposed residential phased-in rates would result in the Company experiencing a shortfall in revenues of $142,179 in 2026 (with emergency interim rates), $248,366 in 2027, $165,577 in 2028, and $82,789 in 2029. In total, the shortfall is estimated to be $638,911 over the 2026-2030 period.

This $638,911 shortfall is proposed to be recovered over the following 5-year period 2031-2035, which translates to $127,782 annual revenue recovery over the 5-year period. The

Company is not proposing recovery of any carrying costs associated with the estimated revenue shortfall.

Witness: **Talha A. Sheikh**

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REQUEST NO. 2-24: Refer to the Sheikh Direct Testimony, page 12. Provide the source document or information used to arrive at "approximately 722 customers."

RESPONSE: **The estimate of approximately 722 customers is based on the number of bills during test year. Specifically, the Company calculated the average number of customers by dividing the total number of customer bills issued during the test year by 12 months.**

The monthly number of bills by customer class are presented in the Company's workpaper 'Navitas COSS_vFinal (CONFIDENTIAL).xlsx', Tab: 'Demand Allocator'.

Witness: Talha A. Sheikh

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REQUEST NO. 2-25: Refer to the Sheikh Direct Testimony, Exhibit TAS-3, page 1. Explain the revenue labeled "Other Utility Operating Income," including what it is attributed to, who is it collected from, and how is it collected.

RESPONSE: **The Other Utility Operating Income, coded to account 414, was the Ordered collection of past GCA balances that were precipitated by the acquisition approved in Case No. 2020-00396 and occurred during the transition of the three counties to a single GCA**.

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-26: Referring to the Sheikh Direct Testimony, Exhibit TAS-3, page 1 and Navitas KY's response to Staff's First Request, Item 7, Confidential Exhibit PSC 1-7(a) part 1. Reconcile the amount shown for "Base Rate Revenue" with the amount of base rate revenue which is the sum of residential, commercial, industrial, and agricultural tariff and customer charge revenue.

RESPONSE: **Please see table below for a comparison of base rate revenues provided in Exhibit PSC 1-7(a) and presented in Exhibit TAS-3. The table shows minor differences as Exhibit TAS-3 presents revenues calculated using test year billing determinants and Exhibit PSC 1-7(a) presents actual billed revenues. In addition, the differences in commercial and industrial revenues are driven by customer re-classification from industrial to commercial.**

Comparison of Base Revenues	PSC (1-7) (a)	Exhibit TAS-3	Difference
480.01 · Residential Tariff	$ 186,676		
480.02 · Residential Cust Chrg	$ 99,563		
Total Residential	$ 286,239	$ 286,457	$ (218)
481.11 · Commercial Tariff	$ 100,198		
481.12 · Commercial Cust Chrg	$ 33,195		
Total Commercial	$ 133,393	$ 141,402	$ (8,009)
481.21 · Industrial Tarrif	$ 129,670		
481.22 · Industrial Cust Chrg	$ 12,975		
Total Industrial	$ 142,645	$ 133,151	$ 9,494
481.31 · Agricultural Heat Tarrif	$ 21,204		
481.32 · Agricultural Heat Cust Chrg	$ 2,940		
Total Agricultural	$ 24,144	$ 24,144	$ -
Total Revenues	**$ 586,422**	**$ 585,154**	**$ 1,268**

Witness: **Talha A. Sheikh**

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-27: Refer to the Sheikh Direct Testimony, Exhibit TAS-3, page 1 and Navitas KY's Response to Staff's First Request, Item 7, "Confidential Exhibit PSC 1-7(a) part 1." Reconcile the amount shown for "PGA\GCR Revenues" with the amount in GCR revenue, which is the sum of residential, commercial, industrial, and agricultural Past GCR revenue.

RESPONSE: **Please see table below for a comparison of PGA/GCR revenues provided in Exhibit PSC 1-7(a) and presented in Exhibit TAS-3. The table shows minor differences as Exhibit TAS-3 presents PGA/GCR revenues calculated using test year billing determinants and Exhibit PSC 1-7(a) presents actual billed revenues. In addition, the differences in commercial and industrial revenues are driven by an industrial class billing adjustment as well as customer re-classification from industrial to commercial.**

Comparison of PGA/GCR Revenues		PSC (1-7) (a)		Exhibit TAS-3		Difference
480.09 · Residential PGA	$	92,652				
480.10 · Residential Past GCR	$	2,396				
Total Residential	$	95,048	$	96,491	$	(1,443)
481.19 · Commercial PGA	$	100,427				
481.20 · Commercial Past GCR	$	21,798				
Total Commercial	$	122,225	$	125,809	$	(3,584)
481.29 · Industrial PGA	$	145,225				
481.30 · Industrial Past GCR	$	35,687				
Total Industrial	$	180,911	$	168,664	$	12,247
481.39 · Agricultural Heat PGA	$	23,835				
481.40 · Agricultural Heat Past GCR	$	5,844				
Total Agricultural	$	29,678	$	29,678	$	(0)
Total Revenues	**$**	**427,863**	**$**	**420,643**	**$**	**7,221**

Witness: Talha A. Sheikh

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-28: Refer to the Sheikh Direct Testimony, Exhibit TAS-3, page 1. Explain why a reconciliation adjustment was included and what source is it reconciling.

RESPONSE: **The reconciliation adjustment of $8,489 was included to reconcile booked revenues, as presented in the Company's 2024 Income Statement, with revenues calculated using test year billing determinants. The adjustment is necessary to ensure the revenues included in the class cost of service and rate design reconcile with the Company's booked revenues.**

Please see responses to 2-26 and 2-27 for a breakdown of the $8,489 reconciliation adjustment. As presented in responses to 2-26 and 2-27, $1,268 is related to differences in base rate revenues and $7,221 is related to differences in PGA/ GCR revenues.

Witness: Talha A. Sheikh

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-29: Refer to the *Annual Report of Navitas KY to the Public Service Commission for the Year Ending December 31, 2024* (2024 Annual Report), page 14, line 28. Explain the nature of the "special deposits" with an end of year balance of $538,181.05. State whether there are any restrictions on the use of that balance to fund Navitas KY's operation.

RESPONSE: This originated as the cash contributed by the chicken processor for the construction of the pipeline to their facility. It is coupled to, but does not mirror, the prepayment liability. The bank holds this cash as collateral against the original $1.6 million loan for the construction of the pipeline. The informal agreement between the Company and the bank was that the balance of this account would be maintained at the lesser of $624,000 or 50% of the current loan balance. However, due to the difficult financial position of the Company, the bank has indicated that the balance should not be drawn down further (the loan balance is approximately $900K) until financials improve.

Witness: Thomas Hartline

<u>REQUEST NO. 2-30</u>: Refer to the confidential workpaper file "Navitas COSS_vFinal (Confidential)," tab "Rate Design," rows 25, 26, and 30.

a. The workpapers reflects that the proposed usage charge for curtailable industrial customers is greater than the usage charge proposed for the standard industrial customer class. Explain the basis for this rate design decision, including any cost-of-service justification.

b. Curtailable industrial customers, by definition, possess the ability to reduce or eliminate their gas consumption during periods of peak system stress or supply constraints, thereby providing operational flexibility and system reliability benefits to all ratepayers. Explain why the proposed rate design does not include a discount on the usage charge to reflect this load flexibility, and the corresponding value curtailable customers provide to the system.

<u>RESPONSE</u>: **(a) Please refer to Direct Testimony of Talha A. Sheikh, page 24. The proposed rates were guided by several rate design principles and considerations, including class cost of service. Please also refer to Direct Testimony of Talha A. Sheikh, page 23, Figure 10. The Figure shows that Mutually Curtailable Industrial class has higher cost of service (on a $ per CCF basis) than Clinton County industrial class. The higher cost of service provides support for the Company's proposed rates.**

(b) The value of curtailable service to the system is reflected in the Company's cost allocation methodology in the class cost of service study. Specifically, the mutually curtailable industrial class is not allocated system demand-related costs, as these customers do not contribute to peak system demand due to their ability to curtail usage during peak demand periods. Accordingly, the class is only assigned costs directly associated with serving the individual customer under this proposed rate schedule.

Witness: Talha A. Sheikh

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

<u>REQUEST NO. 2-31</u>: Refer to the confidential workpaper file "Navitas COSS_vFinal (Confidential)," tab "Demand Allocator."

a. Provide a plain-language, step-by-step explanation of the process used to develop the Design Day allocator, including a description of each input used and how those inputs are combined or transformed.

b. Identify all data sources relied upon in developing the Design Day allocator and whether any adjustments or normalizations were applied to the underlying data.

c. The workpapers reflect that the demand portion of plant, accumulated depreciation, and depreciation expense associated with Mains is allocated using the Design Day allocator rather than a Peak and Average allocator. Explain the engineering, operational, and cost-causation basis for this methodological choice.

<u>RESPONSE</u>: **(a) The development of the Design Day allocator involved the following steps:**

1. ***Calculate Use Per Customer*: Monthly use per customer was calculated for each customer class based on CCF usage by month divided by number of customer bills by month.**

2. ***Estimate Base (Non-Heating) Usage*: Base (non-heating) usage per customer was estimated as the average use per customer during the lowest-consumption summer months. Specifically, for each customer class, base usage was calculated as the lower of (i) the average of June and July usage or (ii) the average of July and August usage.**

3. ***Estimate Heating Usage*****: Heating usage per customer was calculated by subtracting base usage from total monthly use per customer, isolating the weather-sensitive portion of consumption.**

4. ***Estimate Heating Use Factor*****: A regression analysis was performed to quantify how heating usage increases as weather becomes colder. This was done by conducting a regression analysis between heating-related use per customer and Heating Degree Days ("HDDs). The analysis' output includes the heating use factor for each class which represents use per customer per HDD.**

5. ***Estimate Design Day Demand*****: The heating use factor was applied to design day HDDs to estimate heating usage per customer under design day conditions. The Company assumed design day HDDs of 86 for Clinton County and 71 for Floyd and Johnson Counties, based on the coldest day observed over the 10-year historic (2015–2024) period. Estimated design day heating usage per customer was then added to base usage per customer to determine total design day demand per customer.**

6. ***Develop Design Day Allocator*****: The estimated design day usage per customer was multiplied by number of customers to calculate design day usage by class. The Design Day allocator is based on each class's proportional contribution to total system design day demands.**

(b) The derivation of Design Day allocator utilizes the following data sources:

1. *Number of bills by month and class*. The data is based on the Company's test year billing data. No adjustments or normalizations were applied to the underlying data.

2. *CCF usage by month and class*. The data is based on the Company's test year billing data. No adjustments or normalizations were applied to the underlying data.

3. *Heating degree days (HDDs) for Clinton County and Floyd & Johnson Counties*. For Clinton County weather data, the Company relied on "Monticello Wayne County Airport" weather station. For Floyd and Johnson Counties' weather data, the Company relied on 'Big Sandy Regional Airport' weather station. The weather stations were selected based on proximity to the counties. No adjustments or normalizations were applied to the underlying data.

4. *Design day heating degree days (HDDs) for Clinton County and Floyd & Johnson Counties*. The Company assumed design day HDDs of 86 for Clinton County and 71 for Floyd and Johnson Counties, based on the coldest day observed over the 10-year historic (2015–2024) period. No adjustments or normalizations were applied to the underlying data.

(c) The methodology reflects that Distribution Mains are designed to address customer demands during peak demand periods (or design day conditions).

Witness: Talha A. Sheikh

REQUEST NO. 2-32: Refer to the confidential workpaper file "Navitas COSS_vFinal (Confidential)," tab "Demand Allocator," rows 68 through 75.

a. Explain in plain language what the line items Base Use Per Customer represents, including what it is intended to measure and how it is derived.

b. Explain, step by step, how Base Use Per Customer is used in the calculation of the Design Day allocator, including its mathematical role in that calculation.

RESPONSE: **(a) Base (non-heating) usage per customer represents non-weather sensitive consumption per customer. Base usage was estimated as the average use per customer during the lowest-consumption summer months when heating-related customer usage is minimal. Specifically, for each customer class, base usage was calculated as the lower of (i) the average of June and July usage or (ii) the average of July and August usage.**

(b) Please refer to Company's response to 2-31(a).

Witness: Talha A. Sheikh

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-33: Refer to the confidential workpaper file "Navitas COSS_vFinal (Confidential)," tab "Allocation," rows 51 through 55, rows 115 through 119, and rows 339 through 343.

a. The workpapers appear to reflect that Legal Expenses are included within the allocation of plant, accumulated depreciation, and depreciation expense. Explain the cost-of-service basis and regulatory justification for including Legal Expenses within these categories.

b. Identify the specific legal expenses included in the amounts reflected in the referenced rows, including the nature of those expenses and whether they are recurring or non-recurring in nature.

c. Explain how allocating Legal Expenses through the plant, accumulated depreciation, and depreciation expense allocators produces cost-of-service results that are more accurate or equitable than alternative allocation treatments, and identify any alternative treatments that were considered.

RESPONSE: **(a) Within the 1800 account, Navitas capitalized Organizational Costs and certain legal expenses. Costs capitalized under Organizational Costs include those associated with major acquisitions. Costs capitalized under Legal Expenses are those non-reoccurring or uniquely discrete costs for example renegotiation or implementation of a new pipeline supply contract. In each instance, these are irregular long-life expenses (e.g. – not the normal quarterly GCA filing) which should be amortized over a longer period (i.e. – a new long-term pipeline transportation contract with Spectra).**

(b) All costs capitalized in these accounts are irregularly occurring and long-life in nature. Navitas generally amortizes these costs over ten years. Within Organizational Costs $50,430 of $128,759 were still active during the test case year and are associated with the Case No. 2020-00396 acquisition. Within Legal Expenses, $20,706 of $34,931 were still active during the test case year and are generally associated with the B&W Pipeline FERC Rate Case Intervention and Order.

(c) Legal expenses generally support the overall operations of the Company and are allocated based on the distribution plant allocator, which reflects the scale of the Company's utility operations.

No alternative allocation methods were considered, as the depreciation associated with legal expenses is immaterial (approximately $126, or 0.005% of total revenue requirement). In addition, since the Company's revenue requirement is determined using the Operating Ratio method, plant and accumulated depreciation do not directly impact the revenue requirement.

Witness: Thomas Hartline (subparts a, b); Talha A. Sheikh (subpart c)

REQUEST NO. 2-34: Refer to the confidential workpaper file "Navitas COSS_vFinal (Confidential)," tab "Alloc-Income."

a. Provide a plain-language explanation of how Unbilled Revenue is incorporated into the determination of the revenue requirement increase reflected in the cost of service study, including a step-by-step description of the calculation and its directional effect on the revenue requirement.

b. Explain what the Unbilled Revenue amount represents - specifically, whether it reflects gas delivered but not yet billed as of the end of the test year, an accrual-based accounting adjustment, or some other concept - and identify the account or accounts from which it is drawn.

RESPONSE: **(a) Unbilled revenue is treated as a separate, ongoing revenue stream in the class cost of service study. This treatment reflects the expectation that the Company will continue to have unbilled revenues in the normal course of operations due to billing cycle timing. Accordingly, unbilled revenue is deducted in determining the base rate-related revenue requirements, consistent with the treatment of other operating revenues.**

(b) Throughout the books of the Navitas companies, Account 414.96, Unbilled Revenues generally consist of two components. First, is total unbilled revenue for the month, and second is the quarterly balance of its Gas Costs. Because Navitas' Kentucky customers are billed on the 7th, Navitas deems that the meters are read on the last day of the month (or near enough). Thus, Kentucky has no unbilled monthly revenue component. This leaves the second component, the change in Gas Costs balance. Under the rules of accrual accounting,

Navitas recognizes revenue when it is earned, as opposed to when it is collected. In this manner, if Navitas Actual Adjusted gas costs are $5, but its Expected Gas Cost is $4, then it must recognize the $1 delta (in Account 1500 Costs In Excess of Billings) as opposed to just the revenue it collects during the period. Of course, this works the opposite way as well, such that if it over collected from customers it would reduce its revenue recognition as the over collection creates a refund liability (in Account 2500 Billings In Excess of Costs) to the customer. The adjustments are dictated by the change in the balance of the under/over collection.

Witness: **Talha A. Sheikh (subpart a); Thomas Hartline (subpart b)**

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-35: Refer to the confidential workpaper file "Navitas COSS_vFinal (Confidential)," tab "Allocation." The cost of service study appears to include the following accounts within the O&M Less A&G allocator: Property Insurance, Rents, and Maintenance of General Plant. These accounts are generally recognized as A&G expenses under the FERC Uniform System of Accounts. Explain the basis for including each of these accounts within the O&M Less A&G allocator.

RESPONSE: **The O&M Less A&G allocator is used to allocate non-plant related A&G expenses based on overall utility operations. The accounts identified (Property Insurance, Rents, and Maintenance of General Plant) are included in the allocator as these also support the overall operations of the Company plant operations.**

Witness: Talha A. Sheikh

REQUEST NO. 2-36: Refer to the confidential workpaper file "Navitas COSS_vFinal (Confidential)," tab "Demand Allocator."

a. Provide a detailed explanation of how agricultural customers use natural gas, including:

(1) The primary end uses for which agricultural customers consume natural gas (e.g., irrigation pump engines, grain drying, greenhouse heating, or other applications)

(2) The seasonal nature of agricultural gas consumption, including the months or periods during which agricultural customers are actively consuming gas and the months or periods during which consumption is negligible or zero.

(3) The typical daily load profile of agricultural customers, including whether their gas consumption is concentrated during daytime hours, warmer weather periods, or other operational windows.

b. Agricultural operations are generally understood to be seasonal in nature and to consume gas predominantly during warmer months - typically on days where the ambient temperature exceeds the cooling design temperature threshold - rather than during the cold-weather peak demand periods that drive system design day conditions. Explain whether Navitas KY agrees with this characterization of agricultural customer load behavior if not, provide data, studies, or analyses that support a different characterization of agricultural customer usage patterns.

c. Explain how Navitas KY accounted for the off-peak, counter-seasonal load characteristics of agricultural customers when developing the Design Day Allocator.

RESPONSE:

(a) (1) All or almost all our customers in the Agricultural subgroup are brood houses. There are other agricultural-related customers such as the chicken processing facility or the feed mill; however, these customers are currently classified as industrial.

2) Please see CONFIDENTIAL Exhibit 2-36, provided in 3 parts, for data from 2023, 2024, and 2025. These customers have traditionally high winter usage as well as having sporadic zero usage months or substantially reduced usage periods.

3) Navitas does not have daily or hourly load data as our system is not set up to collect such data. However, given the winter usage pattern of 10x or more usage in December, January, February, versus summer, it seems reasonable to surmise that it is temperature driven and thus hourly usage will increase as outside temperatures decrease.

(b) The agricultural customers in question are animal husbandry operations raising chickens. The gas is used to heat the broad houses. This heating typically occurs during the winter months and thus is not counter cyclical. Thus, the Company would not agree with the characterization posited in the question as the brood houses do not require supplemental heating during the summer months.

(c) Please see Response to No. 2-36(b). Due to the characteristics of Navitas KY's agricultural customers, there are not off-peak, counter-seasonal load characteristics.

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-37: Refer to Navitas KY's 2024 Annual Report, page 25, line 24. Provide a description of the $76,584 in positive cash flow attributed to "Gross Additions to Common Utility Plant." Explain the source of that positive cash flow.

RESPONSE: **The amount referenced of $76,584 is the summation of the annual depreciation charges for the 2024 calendar year. Because depreciation is a non-cash expense, it was added by here to properly reflect cash impacts.**

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-38: Refer to Case No. 2025-00316, Navitas_PGA_-_Case_No._2025-00316.xlsx, Tabs Sch I Summary and Sch IV AA.[3]

a. Explain whether the 32.9 percent difference between the 114,793 mcf of natural gas purchased and 77,023 mcf of natural gas sold reported on Schedule IV results in an increase to liabilities or a reduction in assets on Navitas KY's balance sheet.

b. Explain what Navitas KY attributes the very high amount of calculated natural gas losses.

RESPONSE: **(a) On a quarterly basis Navitas updates its Costs In Excess of Billing (Current Asset) / Billings In Excess of Costs (Current Liability) accounts using the running summation of the approved figures from the GCA orders. Thus, to date, only 5% of the delta between gas purchases and gas sales has affected the balance sheet of the Company.**

(b) Please see Response to 2-61.

Witness: Thomas Hartline

[3] Case No. 2025-00316, Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC (filed Sept. 30, 2025).

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-39: Explain how Navitas KY capitalizes labor costs and provide the capitalization ratios for 2023, 2024, and 2025.

RESPONSE: **Please see attached Exhibit 2-39. Navitas used the following Labor Rates per Hour for the years 2023-2025:**

- **2023 $50.00/hour**
- **2024 $55.00/hour**
- **2025 $60.00/hour**

Navitas uses an 8-hour day to calculate the amount of labor and equipment hours for any job depending on the number of employees and equipment the job required. The daily rate of a job's labor and equipment is then multiplied by the number of days the job took and added to the cost of materials used for the job to be completed. The type of jobs that are capitalized are jobs that add to the value of Utility Plant in Services or Mains and the calculated cost of the job itself is over $1,000.00.

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-40: Provide a detailed reconciliation of the contributions in aid of construction (CIAC) including the customer class that is contributing the CIAC funds.

RESPONSE:

Date	Provider	Amount	Customer	Reason
7/1/13	KYDOT	$403,548	N/A – All	Highway relocation
3/1/14	City of Albany	$13,657	Commercial	Line extension
6/12/15	Business Owner	$825	Commercial	Line extension
9/30/20 – 12/31/23	Business Owner	$25,000	Industrial	Pay, then termination of Take or Pay agreement
3/31/24	Clinton County	$29,652	N/A - All	Buildout of pipeline throughout County

Navitas amortizes aid to construct over ten-years. Please see Exhibit 2-8(e).

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-41: Provide Navitas KY's 2026-2031 capital investment plan, or as many years as available. The plan should specify planned investment in assets by asset type and dollar amount per year. Explain how Navitas KY determines the total level of capital investment to undertake each year, on a budget or actuals basis.

RESPONSE: **The primary groupings of ongoing annual investment by Navitas KY are meters & regulators, field service trucks, and pipeline projects; with heavy equipment, acquisitions, and facilities not necessarily an annual capital expenditure. Navitas targets replacement of 10% of its smaller meters on an annual basis and is able to rebuild approximately 60% of its meters (in compliance with particular rules, Navitas does not redeploy rebuilt meters to our KY operations). Regulators are not rebuilt. The budget for meters and regulators for Navitas KY is approximately $30,000 annually (75 each x $400). Field service trucks are used daily for seven years.**

The projected cost of the chicken processing plant loop is approximately $100,000 per mile for each of the five miles.

As demonstrated in Response to 2-45, the owners have always reinvested all the available pipeline funds. Thus, our budget is literally whatever we generate internally, plus whatever we can justify borrowing. Please also see the Response to 2-57.

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-42: Provide the total annual sales of natural gas by customer class each year from 2016 through 2025.

RESPONSE: **Please see below and please see the attached Exhibit DR 2-42 for granular data.**

Flow in MCF	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Residential	2,909.9	2,938	3,892.9	3,789.9	3,403.3	13,889.3	26,617.1	23,476	23,401.2	26,714.4
Commercial	14,039.5	18,589	23,414.7	22,626.6	20,762.4	24,111.6	24,446.7	20,856.1	25,333.5	26,894.1
Industrial	63,708.6	54,142.9	82,510.2	79,761	79,621.3	46,235.1	20,478.5	18,945.3	32,440.7	29,380.3
Agricultural	4,066.3	4,236.3	5,640.4	4,823.9	5,605.5	5,628.4	6,199.2	3,950.4	5,857.5	5,510

Witness: **Thomas Hartline**

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-43: Provide a forecast of natural gas sales if available. If not available, explain whether Navitas KY anticipates growth in natural gas sales either from growth in new customers or growth in use per customer for existing customers.

RESPONSE: **For natural gas sales projections Navitas KY NG uses the following figures:**

2021	9,089	9,627	12,072	10,341	**8,981**	7,201	3,946	2,668	2,472	4,755	8,331	9,098	88,580	116%
2022	14,891	11,254	9,195	5,784	3,369	2,892	2,192	2,137	2,230	5,024	7,278	12,045	78,291	103%
2023	10,364	7,502	8,593	6,726	2,638	2,296	1,977	1,651	1,836	4,195	7,096	10,865	65,739	86%
2024	11,586	10,050	6,769	4,863	2,874	2,105	3,239	5,518	3,622	4,040	6,516	10,834	72,018	94%
2025	16,614	10,965	7,556	4,514	2,709	2,072	2,179	2,677	3,105	5,450	8,277	11,155	77,274	101%
2026	14,895												14,895	20%
AVG	12,509	9,880	8,837	6,446	4,114	3,313	2,707	2,930	2,653	4,693	7,499	10,799	76,380	
	16%	13%	12%	8%	5%	4%	4%	4%	3%	6%	10%	14%		

Witness: **Thomas Hartline**

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-44: Provide the total volume of natural gas purchased by year in calendar year 2024 and 2025 by Navitas KY or by another entity for the purpose of distribution to Navitas KY retail customers. Provide the total volume of natural gas sold to Kentucky retail customers by year in calendar year 2024 and 2025.

RESPONSE:

	Purchases	**Sales**
2024	**95,240**	**71,945**
2025	**106,848**	**78,928**

The compilation of this data is taken from the Purchases and Sales tabs of the GCA excel file.

Witness: Thomas Hartline

REQUEST NO. 2-45: Provide the total amount of equity contributed by each owner of Navitas Assets and Navitas Utility Corporation since each entity's inception. Provide the date and dollar amount of each equity infusion.

RESPONSE:

	Navitas Utility		**Navitas Assets**	
	RV	TH	RV	TH
2007	$33,000	$33,000	$744,079	$46,505
2008			112,200	8,887
2009			335,000	21,563
2010			-	-
2011	10,000	10,000	277,652	17,353
2012	46,863	46,863	-	-
2013			-	-
2014			80,000	5,000
2015			-	-
2016			-	-
2017			80,000	5,000
2018				
2019				
2020				
2021				107,000
2022				122,000
2023				132,000
2024				71,000
2025				

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-46: Provide the total amount of owners' distributions, from each owner of Navitas Assets and Navitas Utility Corporation, since each entity's inception. Provide the date and dollar amount of each owners' distribution.

RESPONSE:

	Navitas Utility		**Navitas Assets**	
	RV	TH	RV	TH
2007	0	0	0	0
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	0	0
2011	0	0	0	0
2012	0	0	0	0
2013	0	0	0	0
2014	25,000	25,000	0	0
2015	2,500	2,500	0	0
2016	0	0	0	0
2017	0	0	0	0
2018	0	0	0	0
2019	10,000	10,000	0	0
2020	60,000	60,000	0	0
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
2024	0	0	0	0
2025	0	0	0	0

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

<u>REQUEST NO. 2-47</u>: Provide the total capital expenditures for Navitas KY's operation in each of the last six calendar years (2020 to 2025 inclusive) and the breakdown by source for those expenditures between customer contributions, retained earnings, new debt issuances, and any other source not specified here.

<u>RESPONSE</u>: **Please see Exhibit 2-47.**

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-48: Provide the Commission case numbers for the approval of Navitas KY's outstanding debt instruments with terms of greater than two years or with an aggregate term of more than six years. If a case number cannot be provided, explain.

RESPONSE:

Matter	**Case Number**	**Type of Debt**
2011 Acquisition of Clinton County system	2010-00468	System debt, 20 year term
2015 Nine-mile pipeline expansion to chicken processing facility	2014-00027	Construction loan to* System debt, 20 year term
2021 Acquisition of Floyd County and Johnson County systems	2020-00396 2021-00153	System debt, 20 year term

In Case No. 2014-00027, the Company was ordered to file separately for approval of the construction take out loan upon completion of the project. Given the packaged nature of the construction/take out loan, though discussed in the past, it is not clear that this matter has been formally resolved by order.

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-49: Provide the most recent invoices of insurance policies for each coverage component for 2024 and 2025, to the extent available.

RESPONSE: **Please see CONFIDENTIAL Exhibit 2-49.**

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-50: Provide Navitas KY's cash account balances at the beginning of the most recent calendar year and at the end of each month through the date of this request.

RESPONSE: **Please see Exhibit 2-50.**

Witness: **Carlos Gonzalez Meixueiro**

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-51: Provide the following information concerning the costs for the preparation of this case:

a. In Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible, a detailed schedule of expenses incurred to date for the following categories:

(1) Accounting;

(2) Engineering;

(3) Legal;

(4) Consultants; and

(5) Other Expenses (Identify separately).

b. For each category identified in Item 51a, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the base period.

c. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 51a, with an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

d. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in Items 51a and 51b, and a cumulative total of cost incurred to date for each category. Provide this response Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible. Updates will be due for each month through May 2026.

RESPONSE: **(a) Please see Exhibit 2-51 Part 1, "a. Summary" tab.**

(b) Please see Exhibit 2-51 Part 1, "b. Legal" and "b. Consultant" tabs, and Exhibits 2-51 Parts 2 and 3.

(c) Please see Exhibit 2-51 Part 1 "c. Estimate" tab.

(d) Navitas will supplement this response monthly as requested.

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-52: Provide a detailed analysis of expenses for professional services during the test year, as shown in Schedule A, and all workpapers supporting the analysis. At a minimum, the workpapers should show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the company according to each invoice, and a description of the services provided.

RESPONSE: **Please see Exhibit 2-52, Parts 1 and 2.**

Witness: Carlos Gonzalez Meixueiro

REQUEST NO. 2-53: For Navitas KY and to the extent appropriate Navitas Assets or Navitas Utility Corporation that are allocated to Navitas KY, provide, in the format provided in Schedule B, the following information for compensation and benefits, for the three most recent calendar years. Provide the information individually for each corporate officer and by category for Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly. Provide the amounts, in gross dollars, separately for total company operations for Navitas KY, Navitas Assets and Navitas Utility Corporation and jurisdictional operations for Navitas KY.

a. Regular salary or wages.

b. Overtime pay.

c. Excess vacation payout.

d. Standby/Dispatch pay.

e. Bonus and incentive pay.

f. Any other forms of incentives (specify).

g. Other amounts paid and reported on the employees' W-2 (specify).

h. Healthcare benefit cost.

(1) Amount paid by Navitas KY, Navitas Assets or Navitas Utility Corporation.

(2) Amount paid by the employee.

i. Dental benefits cost.

(1) Amount paid by Navitas KY, Navitas Assets or Navitas Utility Corporation.

(2) Amount paid by the employee.

j. Vision benefits cost.

(1) Amount paid by Navitas KY, Navitas Assets or Navitas Utility Corporation.

(2) Amount paid by the employee.

k. Life insurance cost.

(1) Amount paid by Navitas KY, Navitas Assets or Navitas Utility Corporation.

(2) Amount paid by the employee.

l. Accidental death and disability benefits.

(1) Amount paid by Navitas KY, Navitas Assets or Navitas Utility Corporation.

(2) Amount paid by the employee.

m. Defined Benefit Retirement cost.

(1) Amount paid by Navitas KY, Navitas Assets or Navitas Utility Corporation.

(2) Amount paid by the employee.

n. Defined Contribution - 401(k) or similar plan cost. Provide the amount paid by Navitas KY, Navitas Assets or Navitas Utility Corporation.

Cost of any other benefit available to an employee, including fringe benefits (specify).

RESPONSE: **Please see CONFIDENTIAL Exhibit 2-53 (Part 1) for calendar year 2025. Navitas will supplement this Response for information related to calendar years 2023 and 2024.**

Please also see CONFIDENTIAL Exhibit 1-12 filed in this proceeding for 2024 payroll information (filed December 1, 2025) and CONFIDENTIAL Exhibit 1-14 filed in Case No. 2024-00252 for 2023 payroll information (filed October 23, 2024).

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-54: State whether Navitas KY incurred advertising expenses in the test year. If so, provide the location and amounts of these expenses.

RESPONSE: **The only advertising expense that Navitas KY incurred during the test year was a $90.00 allocation for Navitas KY's portion of Customer Door Hangers. The expense is located in GL 909 – Information Advertising.**

Witness: Carlos Gonzalex Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-55: State whether Navitas KY incurred lobbying expenses in the test year. If so, provide the location and amounts of these expenses.

RESPONSE: **Navitas KY did not incur lobbying expenses in the test year.**

Witness: Carlos Gonzalex Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-56: Provide an analysis of short-term debt as of the end of the latest calendar year.

RESPONSE: **At the end of 2025, Navitas KY had the following balances for short-term debt:**

Bank7 Line Of Credit	[redacted]
Current Portion of LTD	
Bank7 Loan 0645	[redacted]
Bank7 Loan 6945	[redacted]
Bank7 Loan 3681	[redacted]
Total CPLTD	**$118,888**
Total STD	**$438,888**

Witness: Carlos Gonzalez Meixueiro

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-57: Provide Navitas KY's long-term construction planning program.

RESPONSE: **As a company, each winter Navitas polls its field service personnel for insight into what construction may need to be pursued and the local priority of that construction. Then the Company selects which projects to pursue in the coming construction season based on a combination of need, capital, and growth potential. Note that many projects may be able to be accomplished locally, by the field service person, without additional personnel or equipment resources.**

In addition to the projects whose focus is line loss reduction, for Navitas KYNG the focus of system improvement and growth is capacity and reach of the Clinton County system. As has been discussed previously in this and other cases, a second source of supply is needed to increase capacity, add redundancy, allow for system growth, and allow for expansion into Wayne County. The current specific project is looping of the chicken processing facility and extension to the Clinton/Cumberland County Line.

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-58: Provide the average number of customers on Navitas KY's system, by rate schedule, for the three most recent calendar years.

RESPONSE: **Please see the table below, which represents the monthly average number of customers that incurred a GCA charge (e.g. – flowed gas for the month) for each year.**

	2023	**2024**	**2025**
Residential	479	472	463
Commercial	79	77	77
Industrial	13	12	12
Agricultural	5	5	6

Please also see Exhibit DR 2-42 for monthly data.

Witness: **Thomas Hartline**

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-59: Provide the date that Navitas KY's billing cycle begins (meter read date).

RESPONSE: **For precision and clarity, Navitas considers the last day of the month as the end of the billing cycle. The Navitas KYNG billing date is the 7th of the month (or nearest subsequent date in the event of a weekend or holiday). This puts the meter read date on or around the last day of the prior month. However, the Navitas KY system is read by hand and as a result cannot be read simultaneously on the same day. As such, some meters could be read on the last day of the month minus one and some could be read on the last day of the month plus one or thereabouts depending on weekends holidays, emergency call outs, etc.**

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-60: State whether the date that the billing cycle begins is the date that would be best stated as the effective date of any order the Commission issue concerning rates in this case.

RESPONSE: **Yes, any matter concerning rates is best issued effective the close of business on the last day of the month. For practical purposes, Navitas must start a rate change at the beginning of the next cycle as its billing system does not have the ability to split cycles.**

Witness: Thomas Hartline

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-61: Provide an overview of any actions planned or taken by Navitas KY to reduce its gas loss, including any gas loss reduction plan.

RESPONSE: **Please see Exhibit 2-61, which are Kentucky Line Survey Notes; these were previously submitted in another case.**

Following on these notes, our Navitas Field Service Person has continued to pursue patrolling activities, correcting issues when found. The Company has scheduled another work crew out of our Oklahoma operational headquarters to come continue meter, regulator, and riser replacement this spring.

I am reticent to report as it may be premature, for the three-month period of the most recent GCA filing on March 31, 2026, Navitas reported no line loss for the quarter. Despite these seemingly good results, it could be a timing issue, and as such, Navitas is not relaxing its efforts. Of particular concern in the seemingly huge line loss on just a handful of former farm tap customers. Continued better local management coupled with needed additional resources are the ongoing action plan of the Company.

Witness: Thomas Hartline

CASE NO. 2025-00332

RESPONSE OF NAVITAS KY NG, LLC TO COMMISSION STAFF'S
SECOND REQUEST FOR INFORMATION

REQUEST NO. 2-62: To the extent not already provided, provide all workpapers, calculations and assumptions Navitas KY used to develop its pro forma financial information and cost of service study in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE: **All responsive documents have been previously provided.**

Witness: Carlos Gonzalez Meixueiro