



July 3, 2012

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PUBLIC SERVICE  
COMMISSION

Jeff Derouen  
Public Service Commission  
211 Sower Blvd.  
Frankfort, KY 40602

Re: Quarterly Report of Gas Cost Recovery Rate Calculation

Dear Mr. Derouen,

Attached please find one original and ten copies of the quarterly report of gas cost recovery rate calculation for the rates to be effective August 1, 2012. Please contact me at (949) 331 – 7496 or [thartline@navitasutility.com](mailto:thartline@navitasutility.com) with questions or comments regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "THARTLINE", written over a horizontal line.

Thomas Hartline

TH/teh

**Quarterly Report**  
Gas cost recovery rate calculation

Period	Filing date (on or about)	Reporting Months	Effective date (& 1st forecast month)
	31-Mar	November December January	1-May
<b>X</b>	30-Jun	February March April	1-Aug
	30-Sep	May June July	1-Nov
	31-Dec	August September October	1-Feb

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**Schedule I**  
Gas Cost Recovery Rate Summary

Navitas KY NG, LLC

Component		
Expected Gas Cost (EGC)	5.1054	per MCF
+ Refund Adjustment (RA)	(0.8820)	
+ Actual Adjustment (AA)	(0.2878)	
+ Balance Adjustment(BA)	0.5325	
= Gas Cost Recovery Rate	\$ 4.4681	

**A. Expected Gas Cost Calculation**

Total EGC	\$ 122,260.40	
/ Twelve months sales	23,947	MCF
EGC	\$ 5.1054	per MCF

**B. Refund Adjustment Calculation**

Refund Adjustment for reporting period	-	
+ Previous quarter RA	(0.8820)	
+ Second previous quarter RA	-	
+ Third previous quarter RA	-	
+ Other cost adjustments	-	
= Refund Adjustment	\$ (0.8820)	

**C. Actual Adjustment Calculation**

Actual Adjustment for reporting period	(0.1159)	
+ Previous quarter AA	(1.1989)	
+ Second previous quarter AA	1.0270	
+ Third previous quarter AA	-	
+ Other cost adjustments	-	
= Actual Adjustment	\$ (0.2878)	

**D. Balance Adjustment Calculation**

Balance Adjustment for reporting period	-	
+ Previous quarter BA	0.5325	
+ Second previous quarter BA	-	
+ Third previous quarter BA	-	
= Balance Adjustment	\$ 0.5325	

**Schedule II**  
Expected Gas Cost

Supplier or NYMEX	Twelve months 2012 - 2013	Known prior year sales in MCF	MCF/MMBtu (from supplier)	Prior year purchases in MMBtu	Forecasted price per MMBtu	Converted price per MCF	Subtotal forecasted purchases
EDF	May	1301	1.0125	1,317	3.70	3.75	4,872.75
EDF	June	1129	1.0125	1,143	3.70	3.75	4,228.77
EDF	July	739	1.0125	749	3.70	3.75	2,769.98
EDF	August	877	1.0125	888	3.70	3.75	3,285.84
EDF	September	810	1.0125	820	3.70	3.75	3,034.46
EDF	October	1253	1.0125	1,269	3.70	3.75	4,695.18
EDF	November	2602	1.0125	2,635	3.70	3.75	9,748.49
EDF	December	3335	1.0125	3,377	3.70	3.75	12,494.87
EDF	January	5134	1.0125	5,198	3.70	3.75	19,234.37
EDF	February	3661	1.0125	3,707	3.70	3.75	13,714.27
EDF	March	1929	1.0125	1,953	3.70	3.75	7,225.39
EDF	April	1177	1.0125	1,191	3.70	3.75	4,407.84
		<u>23,947</u>		<u>24,247</u>			<u>89,712.20</u>

Transportation	Twelve months 2012 - 2013	Spectra (East TN) demand	B&W pipeline	Subtotal forecasted	Total forecasted cost
	May	1,500.00	790.20	2,290.20	7,162.95
	June	1,500.00	685.80	2,185.80	6,414.57
	July	1,500.00	449.40	1,949.40	4,719.38
	August	1,500.00	532.80	2,032.80	5,318.64
	September	1,500.00	492.00	1,992.00	5,026.46
	October	1,500.00	761.40	2,261.40	6,956.58
	November	1,500.00	1,581.00	3,081.00	12,829.49
	December	1,500.00	2,026.20	3,526.20	16,021.07
	January	1,500.00	3,118.80	4,618.80	23,853.17
	February	1,500.00	2,224.20	3,724.20	17,438.47
	March	1,500.00	1,171.80	2,671.80	9,897.19
	April	1,500.00	714.60	2,214.60	6,622.44
				<u>32,548.20</u>	<u>122,260.40</u>

divide by sales 23,947  
 per MCF \$ 5.1054  
 multiply by allowed purchases (sales / 1) 23,947  
**Expected Gas Cost \$ 122,260.40**



Schedule IV  
Actual Adjustment

	Third previous quarter			Second previous quarter			Previous quarter			Reporting months		
	May-11	Actual Jun-11	Jul-11	Aug-11	Sep-11	Actual Oct-11	Nov-11	Actual Dec-11	Jan-12	Feb-11	Actual Mar-11	Apr-11
Invoices												
Supply												
EDF & Wells (B&W)	6,448.42	5,526.10	3,673.34	4,375.59	3,571.37	5,071.92	8,939.46	15,004.12	17,630.27	13,971.65	5,258.27	172.60
Transportation												
Spectra	7,036.75	7,701.57	8,120.37	7,250.99	7,256.02	7,294.95	1,437.42	1,353.86	1,373.46	1,278.58	1,772.44	1,090.39
B&W	807.73	677.28	443.64	544.68	486.00	751.98	2,557.55	2,010.76	1,868.54	3,191.82	2,073.69	2,224.53
Total cost	14,292.90	13,904.94	12,237.35	12,171.25	11,313.39	13,118.94	12,934.43	18,368.73	20,872.28	18,442.05	9,104.41	3,487.52
Sales in MCF	1,301	1,129	739	877	810	1,253	2,602	3,335	5,134	3,661	1,929	1,177
Cost per MCF	10.9886	12.3183	16.5504	13.8767	13.9671	10.4674	4.9706	5.5074	4.0653	5.0377	4.7205	2.9641
less ECG in effect	7.3955	7.3955	7.3955	7.7431	7.7431	7.7431	7.7431	7.7431	7.7431	4.9969	4.9969	4.9969
Delta	3.59	4.92	9.15	6.13	6.22	2.72	(2.77)	(2.24)	(3.66)	0.04	(0.28)	(2.03)
Monthly cost difference	4,673.57	5,556.90	6,769.12	5,379.78	5,041.48	3,414.42	(7,214.66)	(7,456.83)	(18,883.12)	149.40	(533.11)	(2,391.84)
Total cost difference						30,835.26			(33,554.61)			(2,775.55)
divide by 12 months sales						30,026			27,988			23,947
<b>Actual Adjustment</b>						<b>1,0270</b>			<b>(1,1989)</b>			<b>(0,1159)</b>
Allocation												
Total B&W line sales	1,555	1,233	766	1,018	939	1,445	3,256	4,480	6,869	4,849	2,325	1,322
KY%	84%	92%	97%	86%	86%	87%	80%	74%	75%	75%	83%	89%
EDF Need to adjust for City gate reading to pick up well gas.	2,543	1,042	266	1,405	1,291	1,920	6,533	11,447				
Cost	7,718.21	4,364.75	4,775.82	4,189.05	3,687.52	9,010.94	11,183.77	20,153.64	23,588.30	18,506.48	6,339.26	193.97
Allocation	1,0350	1,0350	1,0350	1,0350	1,0350	1,0350	8,939.46	15,004.12	17,630.27	13,971.65	5,258.27	172.60
Spectra	1,682.50	1,682.50	1,682.50	1,682.50	1,682.50	1,682.50	1,798.30	1,818.51	1,837.62	1,693.58	2,136.82	1,225.41
250	6,730.00	6,730.00	6,730.00	6,730.00	6,730.00	6,730.00		(0.00)				
Allocation	8,412.50	8,412.50	8,412.50	8,412.50	8,412.50	8,412.50	1,437.42	1,353.86	1,373.47	1,278.58	1,772.44	1,090.39
B&W												
Cost	0.60	0.60	0.60	0.60	0.60	0.60	3,199.64	2,700.87	2,500.00	4,227.80	2,500.00	2,500.00
Allocation	807.73	677.28	443.64	544.68	486.00	751.98	2,557.55	2,010.76	1,868.54	3,191.82	2,073.69	2,224.53

