

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF NAVITAS KY NG, LLC)	2020-00103

ORDER

On March 31, 2020, Navitas KY NG, LLC (Navitas KY) filed its proposed Gas Cost Recovery (GCR) rate report to be effective May 1, 2020. The Commission issued an Order that any under- or over-recoveries of gas costs that would have otherwise been reconciled in the Case Nos. 2019-00372¹ and 2020-00012² shall be reconciled in Navitas KY's GCR rate report for rates effective May 1, 2020. Therefore, the records of Case Nos., 2019-00372 and 2020-00012 are hereby incorporated into this proceeding.

DISCUSSION

Navitas KY's GCR rate report in Case No. 2019-00241³ included an investigation into whether the Tennessee Regulatory Authority approved transportation rate or Federal Energy Regulatory Commission (FERC) approved transportation rate should be used in the GCR rate calculation for Navitas KY. During the investigation proceeding Navitas KY continued to file GCR rate reports as Case Nos. 2019-00372 and 2020-00012 as pursuant to its GCR Tariff. The Commission issued interim GCR rates for Case Nos. 2019-00241

¹ Case No. 2019-00372, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Apr. 27, 2020).

² Case No. 2020-00012, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Apr. 3, 2020).

³ Case No. 2019-00241, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Jan. 14, 2020).

and 2019-00372 subject to refund upon the close of the Case No. 2019-00241 investigation. On January 14, 2020, the Commission issued a final Order on the Case No. 2019-00241 investigation approving the FERC transportation rate for use in Navitas KY's future GCR rate reports, closed the case, and removed it from the Commission's docket. In the January 14, 2020 final Order, the Commission found the amount over recovered by Navitas KY during the period the interim rate for Case No. 2019-00241 was effective, to be \$25,877.17,⁴ and ordered Navitas KY to include the amount as a separate line item on the Actual Cost Adjustment (ACA) schedule for Case No. 2020-00012.⁵

On January 9, 2020, Navitas KY filed its GCR rate report for rates effective February 1, 2020, in Case No. 2020-00012. Commission Staff issued two set of requests for information, and on February 27, 2020, a Formal Conference was held for the purpose of discussing Navitas KY's GCR rate report filing, including its calculation methodology and report structure. During the February 27, 2020 Formal Conference, and in Navitas KY's responses to Commission Staff's Second Request for Information, the Commission found that due to spreadsheet and reporting errors that many of the GCR rates previously approved by the Commission were not appropriate representations of the GCR rate that Navitas KY should have charged to its customers. Among the errors corrected, the ACA included an error in its formula for how the allocation of cost for Navitas KY customers

⁴ The \$25,877.17 overcollection is the difference in the amount collected during the August, September, October 2019 billing cycle and the amount that should have been collected. Gas usage of 6,925 Mcf, 4,629 Mcf, plus 5,670 Mcf by each month respectively, equals a total billed usage of 17,224 Mcf. The interim rate of \$8.9381 per Mcf multiplied by the 17,224 usage equals \$153,948.11 collected. The corrected rate of \$7.4356 per Mcf multiplied by the 17,224 Mcf usage equal the 128,070.95 that should have been collected. The difference between the two totals equals the over collected amount of \$25,877.17.

⁵ Case No. 2019-00241, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Jan. 14, 2020), page 7, findings paragraph 7.

was calculated. On March 18, 2020, Navitas KY filed a revised corrected version of its GCR rate report for rates effective April 1, 2020, for Case No. 2020-00012. After correcting for the errors the Commission finds that the quarter ACAs and the total ACAs approved by the Commission in Case Nos. 2018-00132,⁶ 2018-00228,⁷ 2018-00336,⁸ 2019-00013,⁹ 2019-00116,¹⁰ 2019-00241,¹¹ and 2019-00372¹² were improperly calculated. By correcting the total ACAs and using the Mcf sales provided in Navitas KY's GCR rate report, the Commission finds that the difference between the previously approved ACAs and the corrected ACAs resulted in an overcollection of \$16,586.46.¹³

⁶ Case No. 2018-00132, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Apr. 24, 2018). The Commission approved a current quarter ACA of \$.0554 per Mcf. The corrected quarter ACA was found to be \$.0513 per Mcf and the corrected total ACA is \$.4186 per Mcf.

⁷ Case No. 2018-00228, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC July 20, 2018). The Commission approved a current quarter ACA of (\$.4419) per Mcf. The corrected quarter ACA was found to be (\$.4407) per Mcf and the corrected total ACA is (\$.0261) per Mcf.

⁸ Case No. 2018-00336, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Oct. 30, 2018). The Commission approved a current quarter ACA of (\$.0987) per Mcf. The corrected quarter ACA was found to be (\$.1089) per Mcf and the corrected total ACA is (\$.4239) per Mcf.

⁹ Case No. 2019-00013, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Jan. 28, 2019). The Commission approved a current quarter ACA of \$.1235 per Mcf. The corrected quarter ACA was found to be \$.1104 per Mcf and the corrected total ACA is (\$.3879) per Mcf.

¹⁰ Case No. 2019-00116, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Apr. 25, 2019). The Commission approved a current quarter ACA of \$.9224 per Mcf. The corrected quarter ACA was found to be \$.5608 per Mcf and the corrected total ACA is \$.1216 per Mcf.

¹¹ Case No. 2019-00241, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Jan. 14, 2020). The Commission approved a current quarter ACA of \$.3828 per Mcf. The corrected quarter ACA was found to be \$.4633 per Mcf and the corrected total ACA is \$1.0256 per Mcf.

¹² Case No. 2019-00372, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC*. (Ky. PSC Apr. 27, 2020). The Commission approved a current quarter ACA of (\$.3995) per Mcf. The corrected quarter ACA was found to be (\$.1388) per Mcf and the corrected total ACA is \$.9957 per Mcf.

¹³ The \$16,586.46 over collection is the difference between the total ACAs previously approved by the Commission and the corrected total ACA. The total ACAs previously approved by the Commission multiplied by the Mcf sales as provided in Navitas KY's GCR rate report for each month the total ACA was in effect results in a collection of \$48,501.44. The corrected total ACAs multiplied by the Mcf sales as provided in Navitas KY's GCR rate report for each month the total ACA was in effect results in a collection of \$31,914.98. The difference between the two amounts results in an over collection of \$16,586.46.

The Commission finds that the overcollected amount should be refunded in Navitas KY's current quarter ACA. The ACA quarters approved in Case Nos. 2019-00241 and 2019-00372 that are still in effect in the calculation of the total ACA should be changed to its corrected quarters of \$.4633 per Mcf and (\$.1388) per Mcf, respectively, in this case and in Navitas KY's next GCR report. It also appears likely that Navitas KY has been overcollecting for several years through previous GCRs, and the Commission finds that it will review the possible overcollections in Navitas KY's next GCA filing.

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Navitas KY's report includes revised rates designed to pass on to its customers its expected change in gas costs.
2. Navitas KY's report sets out an Expected Gas Cost (EGC) of \$6.3006 per Mcf, which is an increase of \$.3006 per Mcf from its previous EGC of \$6.0000 per Mcf.
3. Navitas KY's report sets out a current quarter Refund Adjustment (RA) of \$.2640 per Mcf. Navitas KY indicated in its GCR report that the current quarter RA was from the Commission's January 14, 2020 final Order in Case No. 2019-00241, and the refund calculation was moved from the current quarter ACA to the current quarter RA. The January 14, 2020 Order states that the overcollected amount of \$25,877.17 should be included as a refund in the calculation of Navitas KY's current quarter ACA. The Commission did not order the refund to be collected through the RA. Therefore, the corrected current quarter RA and total RA is \$.0000 per Mcf, which is no change from the previous total RA.

4. Navitas KY's report sets out a current quarter ACA of \$.9469 per Mcf. The amounts of \$25,877.17 and \$16,586.46 are incorporated for refund into the current quarter ACA total cost difference. Navitas KY erroneously listed the \$25,877.17 amount as a positive number that would have resulted in a charge to Navitas KY customers and not a refund. This produces a current quarter ACA of \$.2498 per Mcf.

In calculating the total ACA, the quarters approved in Case Nos. 2019-00241 and 2019-00372 of \$.3828 per Mcf and (\$.3995) per Mcf, respectively, are changed to their corrected quarters of \$.4633 per Mcf and (\$.1388) per Mcf. This produces a total ACA of \$.5743 per Mcf, which is a decrease of \$.4549 per Mcf from its previous total ACA of \$1.0292 per Mcf.

5. Navitas KY's report sets out a current quarter BA of (\$.0144) per Mcf and a total BA of \$.0203 per Mcf, which is an increase of \$.0988 per Mcf from its previous total BA of (\$.0785) per Mcf.

6. Navitas KY's corrected GCR rate is \$6.8952 per Mcf, which is a decrease of \$.0555 per Mcf from its previous GCR rate of \$6.9507 per Mcf.

7. The rate set forth in the Appendix to this Order is fair, just, and reasonable and should be approved for service rendered by Navitas on and after May 1, 2020.

8. The Commission finds that Navitas KY should file responses to the requests for information set forth in Appendix B to this Order when it files its next GCR report for rates effective for the August 2020 billing cycle.

a. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked

b. Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Navitas KY shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which Navitas KY fails or refuses to furnish all or part of the requested information, Navitas KY shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. When filing a paper containing personal information Navitas KY shall, in accordance with 807 KAR 5:001, Section 4(1 0), encrypt or redact the paper so that the personal information cannot be read.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Navitas is denied.

2. The rate set forth in the Appendix A to this Order is approved for service rendered by Navitas KY on and after May 1, 2020.

3. Within 20 days of the date of entry of this Order, Navitas KY shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

4. Within 20 days of the date of entry of this Order, Navitas KY shall file with this Commission, using the Commission's electronic Tariff Filing System, a sample of Navitas KY's customer bill format with all of the information required by 807 KAR 5:006 Section 7(a).

5. In order to determine whether further refunds are necessary for overcollections, Navitas KY shall file responses to the requests for information set forth in Appendix B to this Order when it files its next GCR report for rates effective for the August 2020 billing cycle.

6. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00103 DATED APR 30 2020

The following rates and charges are prescribed for the customers in the area served by Navitas KY NG, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

RATES per Mcf:

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
Residential	\$ 4.62	\$ 6.8952	\$ 11.5152
Commercial	\$ 3.62	\$ 6.8952	\$ 10.5152

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2020-00103 DATED APR 30 2020

1. Provide a customer billing history report for a random Navitas KY residential customer for each month for the period of January 2015 through December 2017. Redact any personal information from the report, such as customer name, customer address, and any additional identifiable information. The report should be sure to include the monthly usage, the rates billed, and the meter reading dates.

2. Provide a customer billing history report for a random Navitas KY commercial customer for each month for the period of January 2015 through December 2017. Redact any personal information from the report, such as customer name, customer address, and any additional identifiable information. The report should be sure to include the monthly usage, the rates billed, and the meter reading dates.

*L Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B325
Lexington, KENTUCKY 40504

*Thomas Hartline
Navitas KY NG, LLC
3186-D Airway Avenue
Costa Mesa, CA 92626

*Navitas KY NG, LLC
3186-D Airway Avenue
Costa Mesa, CA 92626