

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On April 5, 2021, Navitas KY NG, LLC (Navitas KY) filed an application, pursuant to KRS 278.300, seeking Commission approval for financing of a loan in the amount of \$660,000 for the purchase of Johnson County Gas Company (Johnson County) and B & H Gas Company (B & H). Navitas KY has requested the Commission to approve the purchase in Case No. 2020-00396.¹ There are no intervenors in this case and the matter is now submitted to the Commission for a decision based upon the evidentiary record.

APPLICABLE LAW

KRS 278.300 requires Commission authorization before a utility may “issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person.” KRS 278.300(3) clarifies the scope of Commission review and states:

The Commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the

¹ Case No. 2020-00396, *Electronic Application of Navitas KY NG, Johnson County Gas Company, and B & H Gas Company for Approval of Acquisition, Transfer of Ownership, and Control of Natural Gas Utility Systems.*

corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

As discussed more fully below, the Commission finds that Navitas KY should be authorized to enter into a loan agreement with Bank 7 up to the amount of \$660,000 for the purpose of purchasing Johnson County and B & H.

Navitas KY intends to purchase Johnson County and B & H, if approved by the Commission, and begin operating the utilities after the closing date set as May 29, 2021. Navitas KY proposes to finance the purchase price of the utilities with a long-term loan with a planned 20-year term.² Navitas KY has been preapproved for a loan through Bank 7 for an amount up to \$660,000.³ Through discovery in Case No. 2020-00396, Navitas KY stated that the proposed note would be an adjustable rate loan with the initial interest rate set at 6 percent and adjusted every 5 years.⁴

The Commission, pursuant to KRS 278.300, has reviewed the proposed financing and finds Navitas KY's proposal to be reasonable. After consideration of the evidence of record and being sufficiently advised, the Commission finds that:

1. The proposed loan from Bank 7 is for lawful objects within the corporate purposes of Navitas KY, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, will not impair its ability to perform

² Application at 3, paragraph 9.

³ *Id.* at 3, paragraph 10.

⁴ Case No. 2020-00396, *Electronic Application of Navitas KY NG, Johnson County Gas Company, and B & H Gas Company for Approval of Acquisition, Transfer of Ownership, and Control of Natural Gas Utility Systems* (filed Jan. 29, 2021), Response to Commission Staff's First Request for Information, Item 13.

that service, is reasonable, necessary, and appropriate for such purposes, and should be approved.

2. Navitas KY should execute its note as security for the proposed loan in the manner described in its application.

3. Within ten days of the execution of the new loan, Navitas KY should file with the Commission an electronic version of the loan documents.

4. The proceeds from the proposed loan should be used only for the lawful purposes set out in Navitas KY's application.

5. The terms and conditions of the loan should be consistent with the terms as described in Navitas KY's application.

IT IS THEREFORE ORDERED that:

1. Navitas KY is authorized to borrow \$660,000 from Bank 7. The loan maturity date and interest rate shall be in accordance with the terms as described in Navitas KY's application.

2. Navitas KY shall execute the loan documents as authorized herein.

3. Navitas KY shall comply with all matters set out in finding paragraphs 3 through 5 as if they were individually so ordered.

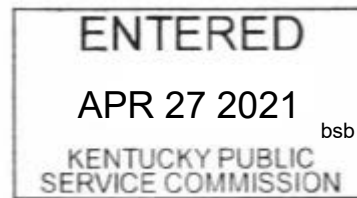
4. Any documents filed in the future pursuant to finding paragraph 3 shall reference this case number and shall be retained in the post-case correspondence file.

5. Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

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

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By the Commission



ATTEST:


Executive Director

Case No. 2021-00153

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

*Klint W. Alexander
Attorney
1767 Nottage Ct
, WYOMING 82072

*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