

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )	CASE NO.
FILING OF NAVITAS KY NG, LLC )	2022-00109

ORDER

On April 1, 2022, Navitas KY NG, LLC (Navitas KY) filed its proposed Gas Cost Recovery (GCR) rate report to be effective May 1, 2022. On April 30, 2021, the transfer of ownership of B & H Gas Company (B & H) and Johnson County Gas Company (Johnson County) to Navitas KY was consummated following the closing of Case No. 2020-00396.<sup>1</sup> Navitas KY was ordered in that case to file a unified GCR rate report for rates effective August 1, 2021, which only included the combined systems' Expected Gas Cost (EGC) in the calculation of the GCR rate. The subsequent Actual Cost Adjustment (ACA) was ordered by the Commission to be implemented in the unified GCR rate report for rates effective February 1, 2022. Navitas KY's previous GCR rate was approved in Case No. 2022-00004.<sup>2</sup>

In Case No. 2020-00396, the Commission ordered Navitas KY to implement a tracker specific to each separate gas system to reconcile any remaining under- and over-

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<sup>1</sup> 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* (Ky. PSC Apr. 27, 2021).

<sup>2</sup> Case No. 2022-00004, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Feb. 3, 2022).

recoveries of past gas cost.<sup>3</sup> These gas costs are related to the previously Commission approved ACA and BA quarters that were not fully charged to each separate gas system and the remaining gas costs that could not be collected due to residual and the transitional period balance that occurred during the acquisition period.<sup>4</sup> The amounts for each system left to be recovered are \$135,880.45 for Clinton County or former Navitas KY system customers; \$5,763.60 for Floyd County or former B & H system customers; and \$12,133.22 for Johnson County or former Johnson County system customers.<sup>5</sup> Navitas KY proposed to charge a separate \$1.00 per Mcf line item to each separate gas system customers until the amounts related to each system are recovered.

The Commission finds the flat \$1.00 per Mcf charge to be included as a separate line item for the customers in each separate gas system until the recoveries of gas costs is individually reconciled to be reasonable as the flat rate is transparent and balances the needs of the utility and the economics of the customer. It is estimated based on the reported sales that the charge will be in effect for approximately 1.8 years for the former Navitas KY gas system customers, 0.3 years for the former B & H gas system customers,

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<sup>3</sup> 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* (Ky. PSC Apr. 27, 2021) at 13.

<sup>4</sup> The previously approved quarter ACA and quarter BAs for the separate systems were set forth in Case No. 2021-00136 for former Navitas KY customers, Case No. 2021-00101 for former Johnson County customers and Case No. 2021-00100 for former B & H customers. These quarters could not be fully charged to their respective gas system customers the full period before the acquisition approved in Case No. 2020-00396 was consummated.

<sup>5</sup> See Application, Case No. 2021-00381, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (filed Oct. 1, 2021), Application. The tracker mechanism was originally proposed in Case No. 2021-00381, but following the Informal Conference held with Commission Staff on March 29, 2022, Navitas KY proposed to revise its tracker mechanism and include its new proposal in the current case.

and 0.9 years for the former Johnson County gas system customers.<sup>6</sup> Navitas KY shall include in its future GCR filings a separate report on the amounts collected for each separate system. This report should include the amount collected for each of the former gas systems for each month following the approval of this Order. When each separate gas system has recovered the full amount allocated to its gas system then the \$1.00 per Mcf line item shall be removed from the respective customer's bills.

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.<sup>7</sup>

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.

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<sup>6</sup> Based on the 2021 gas sales reported in Navitas KY's unified GCR rate filing the reported sales for Clinton County, former Navitas KY customers was 73,006 Mcf; Floyd County, former B & H customers was 17,976 Mcf; and Johnson County, former Johnson County customers was 13,282 Mcf.

<sup>7</sup> KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

2. Navitas KY's report sets out an EGC of \$10.0000 per Mcf, which is an increase of \$1.2305 per Mcf from its previous EGC of \$8.7695 per Mcf.

3. Navitas KY's report sets out no Refund Adjustment.

4. Navitas KY's report sets out a current quarter ACA of \$0.7396 per Mcf. Navitas KY's total ACA is \$0.9082 per Mcf, which is an increase of \$0.7396 per Mcf from its previous total ACA of \$0.1686 per Mcf.

5. Navitas KY's report sets out no current quarter Balance Adjustment (BA) and no total BA. Navitas KY's BA will continue to be unavailable until its first unified ACA quarter expires.

6. Navitas KY's GCR rate is \$10.9082 per Mcf, which is an increase of \$1.9701 per Mcf from its previous GCR rate of \$8.9381 per Mcf.

7. The rate set forth in the Appendix to this Order is fair, just and reasonable, and are approved for service rendered by Navitas KY on and after May 1, 2022.

8. Navitas KY's future GCR filings shall include a separate report on the amount recovered through the \$1.00 per Mcf charge to be included as a separate line item for the customers in each separate gas system until any remaining under- or over-recoveries of gas costs is individually reconciled for each month following the approval of this Order. Navitas KY shall include in the cover letter when the total amount for each separate gas system has been collected and the \$1.00 per Mcf separate line item for that separate system will no longer be included in those customer's bills.

9. For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Navitas KY shall submit all invoices it receives, along with its monthly usage reports when it files its future GCR rate reports.

10. Should Navitas KY purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rate proposed by Navitas KY and set forth in the Appendix to this Order is approved for service rendered by Navitas KY on and after May 1, 2022.

2. Navitas KY shall submit all information noted in finding paragraph 9 as part of all future GCR filings.

3. Navitas KY's future GCR filings shall include a report on the amount recovered for the \$1.00 per Mcf charge to be included as a separate line item for the customers in each separate gas system until any remaining under- or over-recoveries of gas costs is individually reconciled for each month following the approval of this Order. Navitas KY shall include in the cover letter when the total amount for each separate gas system has been collected and the \$1.00 per Mcf separate line item for that separate system will no longer be included in those customer's bills.

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, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

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

PUBLIC SERVICE COMMISSION



Chairman

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Vice Chairman

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Commissioner



ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00109 DATED APR 29 2022

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 authority of the Commission prior to the effective date of this Order.

#### Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$10.9082 per Mcf for service rendered on and after May 1, 2022.

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