

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEGED FAILURE OF NAVITAS)	
KY NG, LLC TO COMPLY WITH KRS 278.030,)	CASE NO.
KRS 278.180(1), KRS 278.274, COMMISSION)	2025-00010
ORDERS, AND ITS GAS COST RECOVERY)	
TARIFF)	

ORDER

By Order entered February 3, 2025, the Kentucky Public Service Commission (Commission) initiated this proceeding to determine whether Navitas KY NG, LLC (Navitas KY) failed to comply with KRS 278.030, KRS 278.180(1), certain identified Commission Orders, and its Gas Cost Recovery (GCR) tariff, as well as determine whether Navitas KY should be subject to penalties prescribed in KRS 278.990 for the alleged violations. Following a hearing in this matter, Commission Staff and Navitas KY participated in an informal conference on September 10, 2025, pursuant to 807 KAR 5:001, Section 9(4), which states:

The commission, on its own motion, through its executive director or upon a motion of a party, may convene a conference in a case for the purpose of considering the possibility of settlement, the simplification or clarification of issues, or any other matter that may aid in the handling and disposition of the case. Unless the commission directs otherwise or the parties otherwise agree, participation in conferences with commission staff shall be limited to parties of the subject proceeding and their representatives.

Commission Staff and Navitas KY, with assistance of counsel, discussed stipulating facts and recommended findings applying to the allegations set forth in the Commission's

February 3, 2025 opening Order in an effort to resolve this investigation. Commission Staff noted and Navitas KY, through counsel, acknowledged that Commission Staff does not speak for the Commission nor can it bind the Commission. As a result of information provided by Navitas KY in the course of this proceeding, as well as negotiations by the parties, Staff and Navitas KY submitted a Stipulation of Facts and Settlement Agreement (Stipulation) for the Commission's consideration in rendering its decision in this proceeding, addressing each of the allegations as set forth in the opening order. The Stipulation was entered into the record on December 4, 2025.

Following review of the administrative record and the proposed Stipulation, the Commission finds that the Stipulation should be accepted in full and makes the following findings consistent therewith:

1. The Commission finds that Navitas KY included expenses not related to “the cost of gas supplies, including associated transportation and storage charges” in its GCR filings in violation of its GCR tariff¹ by including expenses paid for pressure testing. The Commission finds a willful violation of Navitas KY’s GCR tariff and that Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty should be suspended and, unless the Commission finds Navitas KY later willfully violates the above-quoted tariff provision, such civil penalty should be waived and dismissed after a period of five (5) years from the issuance of the Order in this case.

Navitas KY’s future GCR mechanism gas costs should be limited to the costs of purchasing gas and fees paid for storage, transmission or distribution of gas, or as permitted by Commission order. Navitas shall notify the Commission if it seeks to recover

¹ P.S.C. KY NO. 1, Original Sheet No. 25 (issued Mar. 11, 2020), effective May 1, 2020.

through the GCR mechanism expenses that do not clearly meet these criteria or other criteria set forth herein.

As set forth in the Stipulation, Navitas KY's recovery of expenses paid to Russmar through the GCR mechanism (Russmar Expenses) was improper, thus they should be refunded. Accordingly, Navitas KY shall file a report within 30 days of service of this Order proposing a refund plan for Commission approval.

The Commission further finds that Navitas KY's use of liquid natural gas (LNG), including the payment of associated reservation fees, did not constitute a violation of statute, regulation, tariff, or Commission order and no GCA adjustment shall be required regarding the LNG expenses.

2. The Commission finds that Navitas KY used Expected Gas Cost (EGC) rates that were not supported by sufficient data and were significantly in excess of actual gas costs in violation Navitas KY's GCR tariff, which allows use of rates "reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume."² Navitas KY used EGC rates that were not supported by sufficient data, and were designed to improperly expedite the balancing of the GCR mechanism's over-recovery or under-recovery.³ The Commission finds a willful violation of Navitas KY's GCR tariff and that Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty should be suspended and, unless the Commission finds Navitas KY later willfully violates the above-quoted tariff provision, such civil penalty

² P.S.C. KY NO. 1, Original Sheet No. 24 (issued Mar. 1, 2011), effective Mar. 1, 2011.

³ Hearing Video Transcript (HVT) of August 12, 2025 Hearing, Thomas Hartline Testimony at 10:27:16.

should be waived and dismissed after a period of five (5) years from the issuance of the Order in this case.

Navitas KY's future GCR mechanism filings shall use historical gas costs from the prior 12-month period to determine EGC, unless it notifies the Commission in a cover letter accompanying the GCA filing that it proposes to use a different calculation methodology, including providing the calculation, all justifications supporting the use of the different calculation and identifying how each variable was determined.

3. The Commission finds that Navitas KY did not violate the final Order in Case No. 2020-00396, in which Navitas KY was ordered to refund GCR overcollection to customers of the utility and that Navitas KY should be "solely responsible for the refund."⁴ Since the issuance of that Order, Navitas KY has been crediting customers a refund amount and charging customers a gas cost amount for gas it received from Bud Rife/B&S Oil (B&S Oil Gas), the value of which it has credited against amounts Mr. Rife owes to Navitas but affirmatively paid no compensation. Navitas KY assigned a value to the B&S Oil Gas based on the beginning-of-the-month Henry Hub index and has included those amounts in the GCR mechanism.⁵ The Commission finds this practice reasonable and that this method is permissible for inclusion of these amounts in GCR recovery.

The Commission should be kept apprised of the ongoing litigation which has a significant impact on the financial stability of Navitas KY and therefore its ability to provide safe and adequate service to its customers. Therefore, Navitas KY shall notify the

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* (Ky. PSC Apr. 27, 2021), Order at 20.

⁵ Stipulation at 5.

Commission of the resolution of the litigation in Floyd Circuit Court Case No. 22-CI-00375, *Navitas KY NG, LLC v. Bud Rife*, within 30 days of judgment or resolution. Navitas KY shall not pass costs through the GCR mechanism in excess of the index-based cost for the B&S Oil Gas found reasonable in this Order absent further Commission Order.

4. The Commission finds that Navitas KY did not engage in any willful violations for making spreadsheet errors in its GCR filings.

5. The Commission finds that Navitas KY failed to file with the Commission all required annual reconciliations of monthly surcharge collections and reimbursement required in Case No. 2019-00430.⁶ The Commission finds a willful violation of the cited Order in Case No. 2019-00430 and that Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty should be suspended and, unless the Commission finds Navitas KY later willfully violates the cited Order in Case No. 2019-00430, such civil penalty should be waived and dismissed after a period of five (5) years from the issuance of the present Order.

6. The Commission finds that Navitas KY failed to provide the Commission with tracker updates and notice that recovery of acquisition-related costs had been fully recovered by surcharges in its quarterly GCR rate report filings cover letter, as required in three cases.⁷ The Commission finds a willful violation of the cited Orders and that Navitas KY should be assessed a civil penalty of \$2,500; however, such civil penalty

⁶ Case No. 2019-00430, *Electronic Application of Navitas KY NG, LLC For an Alternate Rate Adjustment* (Ky. PSC June 17, 2020), Order.

⁷ Case No. 2022-00109, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Apr. 29, 2022), Order at 4; Case No. 2023-00002, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Feb. 9, 2023) Order; Case No. 2023-00091, *Electronic Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Apr. 28, 2023), Order.

should be suspended and, unless the Commission finds Navitas KY later willfully violates the cited Orders, such civil penalty should be waived and dismissed after a period of five years from the issuance of the present Order.

7. The Commission finds that Navitas KY filed GCR filings that were late and/or included proposed effective dates that did not correspond with the first of each calendar quarter period in violation of its GCR tariff⁸ or were filed with less than 30 days' notice from the proposed effective date in violation of KRS 278.180(1).⁹ The Commission finds that this does not constitute a willful violation of its GCR tariff and KRS 278.180(1)

IT IS THEREFORE ORDERED that:

1. The Stipulation is accepted in full.

2. Navitas KY inclusion of expenses paid for pressure testing in its GCR filings in violation of its GCR tariff is a willful violation of Navitas KY's GCR tariff. Navitas KY shall be assessed a civil penalty of \$2,500; however, such civil penalty is suspended and, unless the Commission finds Navitas KY later willfully violates the above-quoted tariff provision, such civil penalty shall be waived and dismissed after a period of five years from the issuance of the Order in this case.

3. Navitas KY's calculation of Expected Gas Cost (EGC) rates were not supported by sufficient data, were significantly in excess of actual gas costs in violation

⁸ P.S.C. KY NO. 1, Original Sheet No. 24 (issued Mar. 1, 2011), effective Mar. 1, 2011, which states "The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter."

⁹ KRS 278.180(1) states "Except as provided in subsection (2) of this section, no change shall be made by any utility in any rate except upon thirty (30) days' notice to the commission, stating plainly the changes proposed to be made and the time when the changed rates will go into effect."

Navitas KY's GCR tariff, and designed to improperly expedite the balancing of the GCR mechanism's over-recovery or under-recovery is a willful violation as contemplated by KRS 278.990. Navitas KY's shall be assessed a civil penalty of \$2,500; however, such civil penalty shall be suspended and, unless the Commission finds Navitas KY later willfully violates the above-quoted tariff provision, such civil penalty shall be waived and dismissed after a period of five years from the issuance of the Order in this case.

4. Navitas KY's administration, through the date of this Order, of the GCR refund ordered in the final Order of Case No. 2020-00396, is reasonable and that this method is permissible for inclusion of these amounts in GCR recovery.

5. Navitas KY's administrative errors related to its GCR filings spreadsheets were not willful.

6. Navitas KY willfully failed to file all required annual reconciliations of monthly surcharge collections and reimbursement required in Case No. 2019-00430. Navitas KY shall be assessed a civil penalty of \$2,500; however, such civil penalty shall be suspended and, unless the Commission finds Navitas KY later willfully violates the cited Order in Case No. 2019-00430, such civil penalty shall be waived and dismissed after a period of five years from the issuance of the present Order.

7. Navitas KY's failure to provide updates and notice that recovery of acquisition-related costs was complete in its quarterly GCR rate report cover letter, as required in Case No. 2022-00109, Case No. 2023-00002, and Case No. 2023-00091, was willful. Navitas KY shall be assessed a civil penalty of \$2,500; however, such civil penalty shall be suspended and, unless the Commission finds Navitas KY later willfully

violates the cited Orders, such civil penalty shall be waived and dismissed after a period of five years from the issuance of the present Order.

8. Navitas KY's filing of untimely GCR reports under KRS 278.180(1) and its GCR tariff were not willful.

9. Civil penalties totaling \$10,000 are imposed upon Navitas KY pursuant to KRS 278.990 for willful violations of statute, Commission Order, and tariff as described herein, and are suspended subject to the requirements set out herein.

10. Navitas KY shall file a report within 30 days of service of this Order proposing a refund plan for Russmar expenses for Commission approval.

11. Navitas KY shall comply with all other requirements set forth herein.

12. This matter is closed and removed from the Commission's Docket.

Entered on this 8th day of April, 2026.


PUBLIC SERVICE COMMISSION



Angie Hatton
Chairman



Mary Pat Regan
Commissioner



Andrew W. Wood
Commissioner

ATTEST:

Linda C. Bridwell, PE
Executive Director

Service List for 2025-00010

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