BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

*filed electronically in the docket office on 12/17/2012

IN RE:	)	
	)	
PETITION OF NAVITAS TN NG, LLC	)	
FOR AN ADJUSTMENT TO ITS	)	**Docket No. 12-00068**
NATURAL RATES AND APPROVAL OF	)	
REVISED TARIFFS	)	

STIPULATION AND SETTLEMENT AGREEMENT

For the sole purpose of settling this case, Tennessee Regulatory Authority ("TRA" or "Authority") Docket No. 12-00068, Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate" or "CAPD") and Navitas TN NG, LLC ("Navitas" or "Company") respectfully submit this Stipulation and Settlement Agreement ("Settlement Agreement"). Subject to Authority approval, the Consumer Advocate and Navitas (collectively, the "Parties") agree to the following:

BACKGROUND

1. Navitas is a Tennessee limited liability company under the laws of the State of Tennessee and is engaged in the transportation, distribution, and sale of natural gas service to approximately 551 customers residing in Campbell County, Tennessee and Whitley County, Kentucky (the "Jellico System"),[1] Pickett County, Tennessee (the "Byrdstown System") and

[1] By Order of the Public Service Commission of the Commonwealth of Kentucky dated August 13, 1990, service to Kentucky residents in Kentucky Hill and Black Oak in Whitley County, Kentucky is effective under the jurisdiction of the TRA as part of the Jellico Distribution System.

Fentress County, Tennessee (the "Fentress System").[2] Navitas also furnishes natural gas to approximately 145 customers located in Clinton County, Kentucky (the "Albany System").[3]

2. Navitas is a public utility pursuant to the laws of Tennessee, and its public utility operations are subject to the jurisdiction of the TRA.[4] Navitas is a wholly-owned subsidiary of Navitas Assets, LLC, a Delaware limited liability company. The principal office and place of business of Navitas is located at 3186D Airway Avenue, Costa Mesa, California 92626. Local offices are maintained at 613 Sunset Trail, Jellico, Tennessee 37762 and 9825 Hwy 111, Static, Tennessee.[5]

2011 DOCKET

3. On December 30, 2010, the TRA issued an Order in TRA Docket 10-00220 approving the transfer of control of the utility systems of Gasco Distribution Systems, Inc. ("Gasco"). At the time of the acquisition by Navitas of Gasco, Gasco operated as Debtor in Possession while in proceedings before the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division.[6] Navitas adopted all of Gasco's existing tariffs.[7] Gasco's last rate case was filed in 1993; there has been no increase in Gasco's rates since that time.

4. On April 20, 2011, Navitas filed a Petition for Emergency Relief in which the Company sought approval to increase the rates paid by Tennessee consumers. Since acquiring the system formerly held by Gasco, Navitas has been operating at a substantial loss. The Petition sought to implement a monthly customer charge of $6.00 and a charge of $1.00 per 9 Ccf per

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[2] *See Order Approving Amended Settlement Agreement* ("2011 Order") dated December 1, 2011 in Docket No. 11-00060.
[3] *Id.*
[4] *Id. See also* Amended Proposed Settlement Agreement ("2011 Settlement") attached to Order at paragraph 1; *see also* Chapter 4 of Title 65 of the Tennessee Code Annotated.
[5] *Id.* at paragraph 2.
[6] Gasco filed for Chapter 11 bankruptcy protection (Case No. 09056171) in the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division, on June 1, 2009.
[7] *See* 2011 Settlement at paragraph 3.

month. The relief sought was estimated to reduce the operating losses of Navitas from $159,000 to $62,000. By that filing, Navitas did not seek to cure the entire revenue deficiency it claimed it was incurring nor seek to make any return on its investment.[8]

5. On May 5, 2011, the Consumer Advocate filed a petition to intervene to investigate the need for emergency relief sought by Navitas and the impact of such relief on Tennessee consumers. After informal discovery and review, Navitas and the Consumer Advocate undertook settlement discussions and ultimately entered into a Settlement Agreement on July 14, 2011, which was approved by the TRA on December 1, 2011 ("2011 Settlement and 2011 Order").[9]

6. Among other things, the 2011 Settlement and Order provided for an increase to customer charges and volumetric rates; that such increases were temporary pending Navitas filing a formal rate case by a date certain; and that the temporary rates would expire at the conclusion of the rate case when the TRA puts new rates into effect.[10] Pursuant to the 2011 Settlement and Order, Navitas filed its current Petition in this Docket on a timely basis.

CURRENT DOCKET

7. On July 2, 2012, Navitas TN NG, LLC ("Navitas") filed its current Petition for an Adjustment to Its Natural Gas Rates and Approval of Revised Tariffs filed with the TRA ("Petition"). In that filing, Navitas claimed a revenue deficiency and sought an increase in its annual revenues of approximately $390,000.

8. On July 6, 2012, the Consumer Advocate filed a petition to intervene. By order dated September 11, 2012, intervention was granted.

[8] *See* 2011 Settlement at paragraph 4.
[9] *See supra* 2011 Order and 2011 Settlement.
[10] *Id.*

9. The Consumer Advocate filed direct testimony on November 21, 2012, raising concerns regarding several aspects of the Company's proposed rate increase. The $390,000 increase in revenues that Navitas requested was based on several assumptions.

First, Navitas used only eleven months of costs and revenues calculate additional revenue it needed annually. The Consumer Advocate adjusted the Company approach to follow the standard procedure of utilizing twelve months of actual data to accurately reflect the revenue necessary to operate a utility.

Second, Navitas requested recovery of capital expenditures typically disallowed by the Consumer Advocate, including organizational costs to acquire the company and legal expenses associated with the 2011 emergency tariff petition. Although the Consumer Advocate excluded these costs, it included capital expenditures expected for replacing meters and pipe extensions.

Third, the request by Navitas assumed many costs would be allocated to Tennessee on a customer allocation method. For some of these costs, the Consumer Advocate identified direct costs and disallowed direct costs that did not benefit customers of Navitas TN NG, LLC. For other costs that could not be easily identified as direct costs with the information available, the Consumer Advocate utilized a customer allocation method for customer-driven costs and a blended allocation method for all other indirect costs.

With the exception of including certain costs that affect rate base that came to light in Company's Rebuttal Testimony filed November 30, 2012, after the Company filed its petition, discovery, and after the Consumer Advocate filed its testimony, the Consumer Advocate excluded costs that were not identifiable in the rate case as a direct or indirect benefit to Navitas TN NG, LLC.

Finally, this Settlement Agreement includes terms to make future rate cases more transparent as to what costs apply directly or indirectly to Navitas TN NG, LLC to help ensure all costs benefiting Navitas TN NG, LLC—and only those costs—are readily identifiable in the rate filing so all Parties can consider them throughout the proceeding. In Tennessee, the utility has the obligation to present any and all information to enable the rate-setting process. Such information must be presented timely and clearly to allow thorough consideration and analysis by all parties. The implementation of the terms in the settlement are intended to minimize the need for requests to adjust rates that become readily identifiable only after some parties have filed testimony.

10. While the Consumer Advocate prefers that rates not increase for ratepayers especially in this difficult economic climate, the increase as defined by this Settlement Agreement represents the Consumer Advocates's proof to which Navitas has agreed with only the adjustment for some circumstances that affect rate base that were brought to light only after the Consumer Advocate filed its testimony.[11] As will be set forth further below, entering into this Settlement Agreement reduces the rate case expenses for the impacted customers, provides for a three year "phase-in" of the rate increase, and provides important consumer protection provisions.

11. The Parties to this Settlement Agreement have engaged in substantial discovery. The Company also has provided information informally in response to questions from the

[11] The Consumer Advocate's testimony was based on data it had at the time its testimony was due. Navitas submitted additional data with the Rebuttal Testimony of Thomas Hartline on November 30, 2012. When data is presented after filing the petition and after discovery, it is impossible for such data to be considered at the time of testimony. The adjustments to rate base include some of the data in the Rebuttal Testimony. The rate case process depends on full disclosure of all information that supports a change to existing rates in the initial petition or otherwise provided to all parties during discovery to enable thorough analysis and consideration prior to filing testimony. Presentment of data after discovery and parties file testimony reduces the transparency of the rate case.

Consumer Advocate and its witnesses, and it has responded to additional discovery requests from TRA Staff.

12. The Parties have undertaken extensive discussions and "give and take" negotiations to resolve all known disputed issues in this case. As a result of the information obtained during discovery and the discussions between the Parties, and for the purpose of avoiding further litigation and resolving this matter upon acceptable terms, the Parties have reached this Settlement Agreement. In furtherance of this Settlement Agreement, the Parties have agreed to the settlement terms set forth below.

SETTLEMENT

13. Based upon the exchange of information and discussions described above, and in order to resolve this case through settlement and avoid the need for further litigation and expenses for all Parties and without waiving any positions asserted in this docket, the Parties have agreed to certain adjustments to the Company's Petition, which are discussed herein.

14. **Revenue Deficiency:** This Settlement Agreement results in adjustments to the Company's filed case collectively reduce the Company's attrition period revenue deficiency from $390,000 to $272,601. This will be an overall increase in revenue billed to customers in the test year ended March 31, 2012 (including purchased gas) of approximately 63% rather than the 81% increase sought by Navitas as described by Navitas in its Petition. The residential customer charge will have a "phased in" increase from $6.00 to $9.00 over the time period ending December 31, 2014. Subject to Authority approval, the Parties agree that this revenue deficiency is reasonable and appropriate for the limited purpose of resolving this docket.

15. **Revenue Requirement:** The Parties agree that the Company's attrition period cost of service should include the components set forth on Exhibit A hereto, which the Parties agree are fair and reasonable to the Company and its customers for limited purpose of settling this docket, and which include the following:

A. Required Operating Income of $72,047;

B. A rate base of $827,560;

C. An overall rate of return of 8.71% on rate base;

D. A return on common equity of 15.4%;

E. A capital structure consisting of 4.26% short-term debt, 67.50% long-term debt, and 28.24% equity;

F. A cost of short-term debt of 6.89%;

G. A cost of long term debt of 6.02%;

H. An attrition period revenue deficiency of $272,601;

I. That rate case expenses incurred in 2012 will be amortized over a period of four years.

J. The attrition year is the twelve months ended December 31, 2013.

K. The test year to evaluate rate base is the twelve months ended December 31, 2011.

L. The test year to evaluate revenue and expenses is the twelve months ended March 31, 2012.

In addition, the Parties agree to the following:

16. **Chart of Accounts:** Navitas agrees to transition to the NARUC USOA method of utility accounting effective January 1, 2013, and that future rate cases will be submitted using those guidelines. Navitas will submit the proposed chart of accounts and seek written comment from the Consumer Advocate and the TRA.

17. **Accounting for direct costs:** Navitas agrees to immediately begin accounting for costs that are specific to various systems (e.g. uniforms, labor dedicated to certain facilities,

travel, consulting services dedicated to certain facilities). Navitas will submit the proposed direct costs accounting and seek written comment from the Consumer Advocate and the TRA. The Parties agree that any comments by the TRA Staff or Consumer Advocate regarding how to track costs are not precedential and are not an endorsement of whether such costs are prudent, reasonable, necessary, or proper for setting rates. Additionally, the process discussed in this paragraph does not include the determination of allocation methods (e.g., customer allocation, Consumer Advocate's blended rate, and Navitas's customer density per mile). Any allocation methods applied to indirect costs for this Settlement Agreement apply only to this Settlement Agreement. Nothing in this Settlement Agreement binds either party to an allocation method for setting rates in the future.

18. To help implement procedures to track direct costs, Navitas will submit the following items:

(A) Within 30 days of approval of this Settlement Agreement, Navitas will submit to the Consumer Advocate and the TRA Staff a list of all its costs, preferably in a manner that is traceable to the Chart of Accounts, and indicate:

(1) what the cost is;

(2) who records the cost;

(3) how often the cost is incurred (e.g., daily, monthly, annually);

(4) how often the cost is recorded to the system (e.g., daily, monthly, annually);

(5) whether the cost is attributable to a specific system or state;

(6) whether the cost is presently recorded to the specific system (e.g., Navitas TN NG) or if it is presently recorded to an account that is allocated as an indirect cost;

(7) whether Navitas believes it can track the cost as a direct cost or if the cost can only be tracked as an indirect cost; and

(8) if tracked as an indirect cost, why such indirect cost allocation is preferable to direct cost accounting.

(B) The Consumer Advocate and the TRA Staff will review the list and consider whether these costs appear appropriate for indirect allocation. The Parties will work together to try and resolve any difference of agreement. If the Parties cannot agree and the Consumer Advocate or TRA Staff believes a cost could be tracked directly to various systems or states relatively easily, Navitas agrees to try to track the costs directly with all the other costs within 90 days of this Settlement Agreement for three months (i.e., months that have been closed) or until it submits its list of accounts with method of accounting as discussed in (C) of this paragraph, whichever is later.

(C) Within 90 days of the approval of the Settlement Agreement, Navitas agrees to begin accounting for direct costs, including those costs that it believes are better tracked as indirect costs but the Consumer Advocate or TRA Staff request Navitas to attempt to track directly discussed in (A) of this paragraph.

(D) Within 200 days of approval of this Settlement Agreement, Navitas agrees to provide a list of accounts to the Consumer Advocate and the TRA Staff and indicate whether Navitas will track the account as a direct cost or an indirect cost that requires allocation. This list will look similar to the list described in (A) of this paragraph; however, the list will be updated as to whether it will be tracked as a direct or indirect cost based on Navitas's experience in tracking direct costs discussed in (B) of this paragraph. For any accounts that Navitas submits as requiring indirect cost allocation, Navitas will also provide a description of (1) what drives the costs to that account (e.g., customer-driven cost like customer service, maintenance driven costs, like maintenance labor); and (2) why it believes costs in that account are too cumbersome to track for each system, including any discussion of what problems it experienced when actually attempting to track the direct costs.

19. **Rates:** The Parties agree that the rate design and rates reflected on Exhibit B are fair and reasonable and appropriate for the limited purpose of resolving this proceeding.

20. **Rate Phase-In:** Effective upon approval by the TRA, rates will be implemented to increase Navitas's annual revenue by $272,601 and to produce a rate of return not to exceed 8.71%. In its initial Petition at question 9, Navitas proposed a "phase-in" of its proposed rate increase ("In order to avoid rate shock, Navitas proposes to divide the rate increase into four increments implemented annually beginning October 1, 2012."). This settlement amount of $272,601 will be "phased-in" in for existing customers in three steps as follows:

A. The first step of the rate increase ($113,471) goes into effect the first day of the first full billing period after approval by the TRA.

B. The second step of the rate increase ($88,652) goes into effect the first day of the first 2014 billing period.

C. The third step of the rate increase ($70,480) goes into effect the first day of the final 2014 billing period.

The increase in the first phase permits the Company to cover the estimated $295,935.68 in operating expenses that will affect the Company's cash flow.[12] The increase in the second phase permits the Company to break even on cash and non-cash expenses. The increase in the third phase permits the Company to earn what it believes is a reasonable rate of return.

21. The phase-in provision set forth in paragraph 20 applies only to customers that exist as of the date of approval of this Settlement Agreement. The rates in the third step apply to all new customers after the approval of this Settlement Agreement. As used herein, new customers include those customers who return after disconnecting service and will also be charged the Reconnection Fee, discussed in paragraph 25(f). Customers who have been disconnected from service because they could not pay their bills should not be considered "new

[12] The Company's estimated cash expenses, as shown on Schedule 4.A, are total expenses less the non-cash expenses of bad debt, customer discounts, and depreciation and amortization (for Navitas TN NG, LLC, shown on Schedule 4.A. and NUC, shown on Schedule 4.A.1).

customers" under this paragraph, and such customers should continue to receive the phase-in rates.

22. If Navitas files for a new rate case at any point during the phase-in period, the phase-in will cease and any phase-in not yet implemented at the time of the rate case will not be applicable to the determination of rates in that proceeding.

23. The Company will clearly and conspicuously notify its customers of the approved rate increase and effective date in a clear and conspicuous manner via mail. Additionally, the Company will provide subsequent clear and conspicuous reminder notices to all impacted customers at least 30 days before each phase-in increase.

24. **Amended Tariff:** This Settlement Agreement does not include any amended tariffs or service regulations.

25. The Parties further agree that the rate increase requests of the Company, filed as a result of this Settlement Agreement, will also include the following tariff changes and requirements for the protection of ratepayers:

A. Budget Repayment Plans. Simultaneous with the rate increase, the Company shall establish and implement a process to offer a budget repayment plan to its customers to pay any past due amounts and any associated charges. Specifically, the Company shall provide their customers with the opportunity (and notify those in need of the budget repayment plan program) to pay the past due bill, including returned check fees and other charges, disconnection and reconnection charges in a payment plan, with no interest, over no less than a three (3) month billing cycle. The Company shall be ordered to only require that the customer pay the first installment payment in order to have service restored. The Customer will also be required to participate in the level pay plan for a period of one-year. If a customer on a payment plan fails to pay a monthly installment as per the terms of the plan and is more than fifteen (15) business days late on any payment, then the customer's service is subject to disconnection and all past due charges in addition to disconnect/reconnect fees would be due and payable prior to having service restored. The Company shall be required to provide all the same disconnection notices required for any disconnection prior to disconnecting the customer.

B. Clear Notice of Returned Check Fees. Returned check fees can be charged only if Navitas had a tariff approved prior to this Settlement Agreement. For any returned check fees authorized prior to this Settlement Agreement, the Company shall provide a clear and conspicuous notice of any returned check fee charge and other charges and fees, including the amount of the charge, on its monthly billings to customers.

C. Ability to Waive Fees. The Company shall implement and establish a process to permit waiving all fees associated with late or temporary inability to pay payment including, but not limited to, disconnection, reconnection, and late fees, in special circumstances such as financial distress, military deployment or for disabled customers, family members of customers or customers with a unique situation.

D. Prompt Reconnection. The Company shall provide prompt and timely reconnection service for all customers within no more than two (2) days of receiving the first installment payment from the past due customer.

E. Alternate Address Notification. The Company shall establish and implement a process to permit and notify customers of the opportunity to provide an alternate address for notification of a potential disconnection. If a customer has provided such an alternate address, the Company shall be required to provide the required notice of disconnection to that address in addition to the customer's primary billing address.

F. Reconnect Fee. The Company shall be allowed to charge a reconnect fee of six months multiplied by the applicable customer charge at the time of reconnection for customers who, while at the same address, disconnect service for two or more months within a twelve month period. The maximum reconnect fee permitted under the rates in this Settlement Agreement is $54 (fifty-four dollars) for residential and commercial customers, and $84 (eighty-four dollars) for industrial, public, and institutional customers.

26. As part of the terms of this Settlement Agreement, Navitas agrees to submit quarterly capital expenditure reports within 45 days after each quarter ends to the Consumer Advocate and TRA staff. The year-end reports will be a cumulative report of capital expenditures (completed or in-progress) for the entire year.

(A) The first report should identify each capital asset separately, and report the asset in one of two sections: (1) assets that are in service; and (2) capital expenditures for assets that were in progress and not yet in service as of the date of the report. The report should also provide the following information:

(1) Assets in service:

a. a brief description as to what each capital asset is (e.g., number of meters replaced, extended pipes to add 3 customers);
b. the date the capital asset was put in service; and
c. the amount spent as of the date of the report for the year.

(2) Capital expenditures for assets that will be in service after the mid-year and year-end reporting dates (i.e., construction in progress):

a. a brief description as to what each capital asset is;
b. the amount spent as of the date of the report for the year;
c. the estimated amount to complete the project; and
d. the expected date the asset will be in service.

(B) After the each quarterly report of the first year after the approval of this settlement, Navitas, the TRA Staff, and the Consumer Advocate may discuss any changes to the report (e.g., enhancements, changes to make the report less cumbersome). Any changes shall be agreed upon by all parties prior to alteration of future reports.

27. In light of the settlement terms as a whole and for the sole purposes of this Settlement Agreement, the Parties agree that the revised rates, tariffs, rate schedules, and service regulations agreed to herein, both individually and in the aggregate, are fair and reasonable for the limited purposes of this Settlement Agreement to all customer classes and will provide Navitas with a reasonable opportunity to recover the agreed upon operating revenue requirement and a reasonable rate of return on investment.

28. All pre-filed testimony, rebuttal and exhibits of the Parties are introduced into evidence without objection, and the Parties waive their right to cross-examine all witnesses with respect to all such pre-filed testimony. If, however, questions should be asked by any person, including a Director, who is not a party to this Settlement Agreement, the Parties may present testimony and exhibits to respond to such questions and may cross-examine any witnesses with respect to such testimony and exhibits.

29. The Parties agree to support this Settlement Agreement before the Authority and in any hearing, proposed order, or brief conducted or filed in this proceeding; provided, however, that the settlement of any issue provided for herein shall not be cited as precedent by any of the Parties hereto in any unrelated or separate proceeding or docket before the Authority. The provisions of this Settlement Agreement are agreements reached in compromise and solely for the purpose of settlement of this matter. They do not necessarily reflect the positions asserted by any party, and no party to this Settlement Agreement waives the right to assert any position in any future proceeding, in this or any other jurisdiction. None of the signatories to this Settlement Agreement shall be deemed to have acquiesced in any ratemaking or accounting methodology or

procedural principle, including without limitation, any cost of service determination or cost allocation or revenue-related methodology.

30. This Settlement Agreement shall not have any precedential effect in any future proceeding or be binding on any of the Parties in this or any other jurisdiction except to the limited extent necessary to implement the provisions hereof.

31. The Parties agree and request the Authority to order that the settlement of any issue pursuant to this Settlement Agreement shall not be cited by the Parties or any other entity as binding precedent in any other proceeding before the Authority or any court, state or federal.

32. The terms of the Settlement Agreement have resulted from extensive negotiations between the signatories and the terms hereof are interdependent. The Parties jointly recommend that the Authority issue an order adopting this Settlement Agreement in its entirety without modification.

33. If the Authority does not accept the settlement in whole, the Parties are not bound by any position or term set forth in this Settlement Agreement. In the event that the Authority does not approve this Settlement Agreement in its entirety, each of the signatories to this Settlement Agreement will retain the right to terminate this Settlement Agreement. In the event of such action by the Authority, within twenty (20) business days, any of the signatories to this Settlement Agreement would be entitled to give notice of exercising its right to terminate this Settlement Agreement; provided, however, that the signatories to this Settlement Agreement could, by unanimous consent, elect to modify this Settlement Agreement to address any modification required by, or issues raised by, the Authority. Should this Settlement Agreement terminate, it would be considered void and have no binding precedential effect, and the

signatories to this Settlement Agreement would reserve their rights to fully participate in all relevant proceedings notwithstanding their agreement to the terms of this Settlement Agreement.

34. In the event that any party and/or the Authority requires that hearings go forward, then the Parties agree that the Parties will jointly move the Authority for the establishment of a procedural schedule that would permit the Parties to obtain responses to any outstanding discovery and to submit evidence and testimony that has not been submitted as a result of reaching this Settlement Agreement.

35. By agreeing to this Settlement Agreement, no Party waives any right to continue litigating this matter should the Settlement Agreement be rejected by the Authority in whole or in part.

36. No provision of this Settlement Agreement shall be deemed an admission of any Party. No provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a party in this docket.

37. Approval by the Authority of the provisions of this Settlement Agreement shall not be construed as a waiver of the Authority's decisions in any rate case or policy decision or constitute an endorsement of any ratemaking methodology by the Authority.

38. This Settlement Agreement shall be governed by and construed under the law of the State of Tennessee and any applicable federal law, Tennessee choice of law rules notwithstanding.

The foregoing is agreed and stipulated to this 17th day of December, 2012.

NAVITAS TN NG, LLC

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EXHIBIT A

REVENUE REQUIREMENT

12-00068
CAPD Exhibit

NAVITAS TN NG, LLC
INDEX TO SCHEDULES
For the 12 Months Ending December 31, 2013

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Results of Operations
For the 12 Months Ending December 31, 2013

Line No.		Settlement	Company E/	Difference
1	Rate Base	$ 827,560 A/	$ 1,490,326	$ -662,766
2	Operating Income At Current Rates	-199,213 B/	-97,000	-102,213
3	Earned Rate Of Return	-24.07%	-6.51%	-17.56%
4	Fair Rate Of Return	8.71% C/	9.20%	-0.49%
5	Required Operating Income	72,047	137,080	-65,033
6	Operating Income Deficiency	271,260	234,080	37,180
7	Gross Revenue Conversion Factor	1.004943 D/	1.666795	-0.661852
8	**Revenue Deficiency**	**$ 272,601**	**$ 390,164**	**$ -117,563**
	Analysis			
9	Total Revenue (Current Rates)	435,987.63 F/	484,183.00 F/	(48,195.37)
10	Increase in Total Revenue	63% G/	81% G/	-18%

A/ CAPD Exhibit, Schedule 2.
B/ CAPD Exhibit, Schedule 4.
C/ CAPD Exhibit, Schedule 10.
D/ CAPD Exhibit, Schedule 11.
E/ Company Filing. CAPD requests that Navitas files all documents provided to CAPD to the TRA to help ensure confidentical documents are not indavertently filed.
F/ Settlement Exhibit, Schedule 5.
G/ This amount is the percentage increase to the customer's bills based on the PGA rate effective from the CAPD's test year of April 1, 2011 to March 31, 2012, calculated as Revenue Deficiency (Line 8) divided by Total Revenue (Current Rates) (Line 9).

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Average Rate Base
For the 12 Months Ending December 31, 2013

Line No.		Test Period A/	Adjustments B/	Attrition Period
	Additions:			
1	Utility Plant in Service	$ 1,755,227	$ 182,766	$ 1,937,993
2	Other Long-Term Assets	214,438	-149,431	65,007
3	Working Capital	37,578	-501 *	37,077
4	**Total Additions**	$ **2,007,243**	$ **32,834**	$ **2,040,077**
	Deductions:			
5	Accumulated Depreciation	$ 907,049	$ 73,719	$ 980,768
6	Accumulated Amortization of Other Long-Term Assets	19,257	-12,420	6,837
7	Acquisition Adjustment	251,338	-26,426	224,912
8	**Total Deductions**	$ **1,177,644**	$ **34,873**	$ **1,212,517**
9	**Rate Base**	$ **829,599**	$ **-2,039**	$ **827,560**

* Utility Plant in Service, Other Long Term Assets, Accumulated Depreciation, and Plant Acquisition Adjustment are from the Navitas TN NG Trial Balance as of 12/31/2011. The calculation for working capital in this Settlement is the "one-eighth method", which presumes that cash working capital necessary equals 1/8 (or 45 days/360 days) of the O&M expense, which is the NUC Crews charge on Schedule 4.A.

** Other Long Term Assets recorded in Navitas's financial statements

A/ Company Filing.
B/ CAPD Exhibit, Schedule 2.A.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Adjustments to Rate Base
For the 12 Months Ending December 31, 2013

Line No.	**Adjustments to Additions**		
1	Reverse journal entry transfering meters to NUC from TN	9,000.00	A/
2	New Meters from 2011	3,990.00	B/
3	New Meters for 2012	1,976.00	B/
4	New Meters for 2013*	11,520.00	B/
5	2012 Non-meter Capital Expenditures	16,359.76	C/
6	2013 Non-meter Capital Expenditures*	8,568.38	C/
7	California Land	53,009.19	E/
8	California Building	58,729.90	E/
9	Eakley Land	1,845.22	E/
10	Eakley Building	17,767.32	E/
11	Other Long Term Assets	(149,431.38)	F/
12		33,334.39	
13			
14	**Adjustments to Deductions**		
15	Accumulated Depreciation increase for Meters in 2011	1,083.35	D/
16	Accumulated Depreciation increase for 2012 Depreciation	47,987.02	D/
17	Accumulated Depreciation increase for 2013 Depreciation*	24,648.47	D/
18	Amortization of the Acquisition Adjustment 2012 & 2013*	(26,425.64)	E/
19	Amortization of the Other Long Term Assets 2012 & 2013*	(12,420.06)	F/
20		34,873.13	

* The estimated acquistions and related depreciation and amortization for 2013 are reduced by half to arrive at the Average Rate Base on Schedule 2.A. The meters expected to be replaced in March 2013 are added in full since the replacement occurs in the first part of the year.

Notes:

A/ This amount reflects the reversal of a journal entry recorded to transfer the cores of the meters from TN's fixed assets to NUC's fixed asset, as shown and explained on CAPD Exhibit, Schedule 2.A.

B/ This amount reflects the acceleration of replacing meters, as shown and explained on CAPD Exhibit, Schedule 2.A.

C/ This amount reflects the estimated capital expenditures that are not related to meter replacement as calculated by the CAPD on CAPD Exhibit, Schedule 2.A.

D/ Accumulated Depreciation increase for 2012 and 2013 were calculated on the Depreciation Schedule, Schedule 4.A.2. This amount is also described in CAPD Exhibit, Schedule 2.A.

E/ See Depreciation Schedule, Schedule 4.A.2.

F/ See Amortization Schedule, Schedule 4.A.3.

NAVITAS TN NG, LLC
Comparative Rate Base
For the 12 Months Ending December 31, 2013

Line No.		Settlement A/	Company B/	Difference
	Additions:			
1	Utility Plant in Service	$ 1,937,993	$ 2,443,206	$ -505,213
2	Other Long-Term Assets	65,007	27,300	37,707
3	Working Capital	37,077	37,866	-789
4	**Total Additions**	$ **2,040,077**	$ **2,508,372**	$ **-468,295**
	Deductions:			
5	Accumulated Depreciation	$ 980,768	$ 1,018,046	$ -37,278
6	Accumulated Amortization of Other Long-Term Assets	6,837	0	6,837
7	Acquisition Adjustment	224,912	0	224,912
8	**Total Deductions**	$ **1,212,517**	$ **1,018,046**	$ **194,471**
9	**Rate Base**	$ **827,560**	$ **1,490,326**	$ **-662,766**

A/ CAPD Exhibit, Schedule 2.
B/ Company Filing.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Income Statement at Current Rates
For the 12 Months Ending December 31, 2013

Line No.		Test Period A/	Adjustments	Settlement Attrition Amount	
	Operating Revenues:				
1	Gas Sales & Transportation Revenues	$ 456,860	$ -28,667	$ 428,193	B/
2	Other Revenues	27,323	-19,529	7,794	C/
3	**Total Revenue**	$ 484,183	$ -48,195	$ 435,988	
	Operating & Maintenance Expenses:				
4	Purchased Gas Expense	$ 224,324	$ -5,164	$ 219,160	B/
5	Operations & Maintenance	302,949	60,722	363,671	D/
6	**Total Operating & Maintenance Expenses**	$ 527,273	$ 55,558	$ 582,831	
	Other Expenses:				
7	Depreciation & Amortization Expense	$ 55,094	$ -13,636	$ 41,458	D/
8	General Taxes	10,469	442	10,911	E/
9	State Excise Taxes	0	0	0	F/
10	Federal Income Taxes	0	0	0	G/
11	**Total Other Expenses**	$ 65,563	$ -13,194	$ 52,369	
12	**Total Operating Expenses**	$ 592,836	$ 42,364	$ 635,200	
13	**Utility Operating Income**	$ -108,653	$ -90,560	$ -199,213	

A/ Company Filing.
B/ CAPD Exhibit, Schedule 6.
C/ Navitas TN NG account # 4199, Penalties & Service Charges

12/31/2011:	$6,174.20
Less Q1 2011:	3,962.23
Add Q1 2012:	5,582.21
Total	$7,794.18

D/ CAPD Exhibit, Schedule 4.A.
E/ CAPD Exhibit, Schedule 7.
F/ CAPD Exhibit, Schedule 8.
G/ Federal Income Taxes are passed through to the owner's personal return.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
TN Expense Adjustments
For the 12 Months Ending December 31, 2013

	Company P&L 12/31/2011*	Deduct P&L 1/1/2011 to 3/31/2011*	Add P&L 1/1/2012 to 3/31/2012*	Company P&L 4/1/2012 to 3/31/2012	Settlement Adjustments	Settlement Adjusted Expenses for 4/1/2012 to 3/31/2012	Inflation (2012 & 2013) G/	Total Expenses
5900 Direct Costs								
5921 NUC-Crews	278,164.98	50,060.01	88,590.00	316,694.97	A/	A/		296,613.22 A/
5923 NUC-asset billing	15,447.65	2,173.75	4,977.00	18,250.90	(18,250.90) B/	-		-
5999 Depreciation	49,634.18	10,371.16	14,240.61	53,503.63	(17,434.33) C/	36,069.30		36,069.30
5999 Amortization					13,673.31 D/	13,673.31		13,673.31
6000 Overhead								
6300 Bank Fees	1,372.82	169.70	590.92	1,794.04		1,794.04	1.038	1,861.78
6408 Advalorem Tax Expense	6,976.83		1,740.00	8,716.83		8,716.83	1.038	9,045.95
6410 Lic, permit, member			1,920.00	1,920.00		1,920.00	1.038	1,992.49
6412 Postage-billing	1,152.95	263.13	352.82	1,242.64	(62.13) E/	1,180.51	1.038	1,225.08
6420 Tax consult & filing	53.15			53.15		53.15	1.038	55.16
6495 Bad debt	6,210.77		100.64	6,311.41	(4,000) F/	2,311.41	1.038	2,398.68
6496 Customer Discounts	523.60	291.51	477.45	709.54		709.54	1.038	736.33
	359,536.93			409,197.11	(26,074.05)	383,123.06		363,671.30

* Per Navitas's Quickbooks reports.

A/ The Settlement adjustments to the NUC-Crews expense amount to calculate the fair and reasonable expenses allocated to TN for the attrition year are shown on CAPD Exhibit, Schedule 4.A.1.

B/ To remove the expenses related to intercompany charges by NUC to TN for meter fees of $3.00 per meter. The meters should be recorded in TN's fixed assets and depreciated in TN's books. See Note B on Schedule 2.A.1.

C/ To adjust depreciation expenses for the meters and the expected 2012 and 2013 capital expenditures, as well as include the amortization of the Plant Acquisition Adjustment. See Schedule 4.A.2.

D/ To include amortization for organizational costs, the unamortized portion of the 2011 rate case expenses, and the 2012 rate case expenses. See Amortization Schedule, Schedule 4.A.3.

E/ To reduce the amount of Postage by the 5% markup amount erroneously applied to expenses directly charged from NUC to TN.

F/ Per review of the account details of account #6495, Bad Debt Expense,$6,178.96 of the expenses from 4/1/2011 to 3/31/2012 related to a write off of $6,178.96 to clean up of bad debt receivables that were on Gasco's books and probably should have been written off before the purchase by Navitas. Per review of the account details for 2012 and discussions with Navitas, the 2011 write off was an aberration. The Settlement adjusted this account so that the 2013 expenses would reflect the 2012 bad debt expense as of 11/16/2012 of $2,347.25, as annualized.

G/ Per Inflation Schedule, Schedule 4.A.6.

12-00068
Settlement Exhibit A
Schedule 4.A.1

NAVITAS TN NG, LLC
NUC Expense Adjustments
For the 12 Months Ending December 31, 2013

	Company P&L 12/31/2011*	Deduct P&L 1/1/2011 to 3/31/2011*	Add P&L 1/1/2012 to 3/31/2012*	Company P&L 4/1/2012 to 3/31/2012	Settlement Adjustments for Indirect Costs	Settlement Allocation % to TN	Settlement Indirect Costs Allocable to TN	Settlement Adjustments for TN's Direct Costs	Inflation (2012 & 2013) O/	NUC charges to TN 12/31/2013
5099 Direct Costs										
5100 Services (labor)	1,578,951.19	368,595.49	413,886.71	1,704,242.41	(1,618,093) /A		86,149.20	75,788 A/	1.038	169,051
5100 Services (non labor)					110,654	9.23% N/	10,209.05		1.038	10,595
5300 Equipment	28,191.04	3,774.12	8,641.93	33,058.85	-	9.23%	3,050.04		1.038	3,165
5400 Construction	52,751.29	2,303.31	(15,748.85)	34,699.13	(34,899) /B	9.23%	-		1.038	-
5999 Depreciation	204,330.75	51,329.64	53,348.89	206,350.01	(46,292) /C	9.23%	14,889.37		1.000 X/	14,659
6100 General Expenses										
6110 Communication Equipment	3,089.19	261.55	760.40	3,588.04	-	9.23%	331.04		1.038	344
6120 Communication Services	48,590.39	9,935.51	13,502.14	52,157.02	-	9.23%	4,812.05		1.038	4,994
6130 Postage	13,776.32	4,744.75	2,431.96	11,463.53	(8,524) D/	9.23%	271.25		1.038	281
6140 Office Consummables	18,975.25	5,403.25	7,780.99	21,352.99	-	9.23%	1,970.04		1.038	2,044
6150 Travel & Subsistence	18,704.13	(2,996.33)	12,908.20	32,608.66	(31,769) E/	9.23%	77.60	6,560 E/	1.038	6,888
6200 Office Expenses										
6210 Payrol Expenses	388,543.48	105,951.03	100,757.07	383,349.52	(143,259) F/	9.23%	22,150.97	16,659 F/	1.038	40,275
6220 Facilities	50,817.02	9,219.63	7,604.34	49,201.73	(26,695) G/	9.23%	1,891.95		1.038	1,963
6230 Utilities	28,809.94	5,285.21	5,149.72	28,673.45		9.23%	2,645.44		1.038	2,745
6232 Equipment Leasing	989.07	(2,451.27)	853.73	4,294.07	(372) H/	9.23%	361.85	372 H/	1.038	762
6241 Contracted Transportation	117,855.44	31,282.60	22,613.56	109,187.50	(109,187) I/	9.23%	0.05		1.038	0
6242 Fuel	190,740.92	37,755.56	43,848.19	196,833.55	(69,912) I/	9.23%	11,709.85		1.038	12,152
6240 Transportation - Other	104,279.95	24,532.33	27,013.84	106,761.46	(66,916) J/	9.23%	3,676.18		1.038	3,815
6320 Bank Fees	3,802.20	1,000.50	1,180.52	3,982.22		9.23%	367.40		1.038	381
6400 Business Expenses										
6410 Licenses, permits, membership	11,763.71	4,982.41	5,385.39	12,166.69		9.23%	1,124.35		1.038	1,167
6420 Tax Consult& Filing	24,680.00		2,750.00	27,430.00		9.23%	2,530.71		1.038	2,626
6425 Legal	21,021.02	(9,900.17)	54,169.12	65,090.31	(72,765) K/	9.23%	1,137.13		1.038	1,180
6440 Bonds & Insurance	91,820.32	26,165.41	23,230.49	88,885.40		9.23%	8,182.19		1.038	8,491
6445 Safety & Security	52,658.10	13,244.43	10,877.73	50,291.40		9.23%	4,639.93		1.038	4,815
6460 Company promotions	2,057.93	378.88	95.38	1,774.43		9.23%	163.71		1.038	170
6471 Education	10,711.92	2,915.62	4,820.41	12,616.71		9.23%	1,164.03		1.038	1,208
6470 Seminars & Subscriptions	6,913.95	103.00	213.49	7,024.44		9.23%	648.08		1.038	673
6475 Employee Incentives	1,600.00	600.00		1,000.00		9.23%	92.26		1.038	96
6799 Penalties & Fines	1,375.75	263.49	1,934.57	3,046.83	(3,047) L/	9.23%	-		1.000 X/	-
6610 New Opportun & Methods	30,000.00	7,500.00	7,500.00	30,000.00	M/	9.23%	2,767.62		1.038	2,872
	3,205,621.28	722,160.64	817,509.92	3,300,950.36	(2,121,875.40)		186,983.44	99,378.68		295,613

* Per Navitas's Quickbooks reports.

A/ Settlement took the $1,593,598 in employee and outside labor and allocated labor to TN, which is shown on Labor, Schedule 4.A.4. The remainder of the charges of $110,654 were for uniform services that had memos of the location incurring the costs of the uniform services as well as monthly charges to Volunteer Trenching to be available for back up services. These non-labor charges will be considered for tracking directly to the benefitting system for future rate cases.

B/ The charges to this account are primarily expenses that are later capitalized to specific systems. The balance in this account reflects the timing differences between the expense and the time of capitalization. It is essentially a CWIP account that can apply to any of the systems. The Settlement reduces the indirect allocation costs for CWIP and estimated expected capital expenditures for Tennessee in Schedule 2 and 2.A. Per the terms of the Settlement, the charges to this account will be considered for tracking costs directly to the benefitting system in separate accounts.

C/ To remove the depreciation expense related to meters in the entirety from the indirect allocations and add the estimated depreciation expenses for the meters in Tennessee expected for 2013 (per the Depreciation Schedule, Schedule 4.A.2.)

D/ All postage is charged first to NUC then charged to the systems at a 5% markup. The individual states are charged for the postage for sending out customer bills. The Settlement eliminated the 5% markup for TN in Schedule 4.A. The annual expense of $11,463.53 equals $955 in monthly expense. The Settlement's adjustment results in approximately $2940 per year in Postage expense for NUC ((100 stamps * $0.45 * 52 weeks) + ($50 Priority/Non-envelope shipping * 12 months)).

E/ The Settlement includes recovery for the work travel based on the planned trips in 2013:
- Walker and Cash (TN labor) training for 2 days (direct cost) and
- 2 California employees attending a 3-day training on utility accounting (indirect).
The Settlement assumed expenses of $140 daily for lodging and subsistence for the planned trips, the direct costs to TN are $6,680, and the indirect costs for the utility accounting training is $1,420. The Settlement also includes in the estimate quarterly trips for Hartline, at approximately $1,500 per trip to include travel, per diem hotel and meals, and car rental. Air and mileage are expensed in a separate account. Air travel was included for Hartline because his monthly travel expenses of $2,500 were eliminated from Transportation - Other, account #6240.

F/ This account reflects employee healthcare. The Settlement reduced the indirect costs by 37.37% of the test year expenses to reflect the approximate healthcare costs associated with the employees dedicated to Oklahoma and Kentucky. The 37.37% was derived from reviewing the employee expenses on Labor Schedule, Schedule 4.A.4. CAPD also reclassified the healthcare related to TN's labor from Indirect Costs to the costs directly allocable to TN.

G/ The Facilities expenses reduced significantly because the California office originally rented facilities but then purchased office space. The Settlement adjusted the annual expenses to reflect these expected savings for 2013.

H/ This account has three monthly charges: (1) $158 to Pitney Bowes for the postage machine (billing); (2) $13 to Airgas for equipmenet leased at the Eakely, Oklahoma location; and (3) $31 to Holston for equipmenet leased and dedicated to the Jellico, Tennessee operations. The Settlement Reclassified the Holston charges to direct charges to TN.

I/ This account is entirely plane expense, which the Settlement disallows for recovery through rates. Reasonable and prudent travel expenses have been estimated and included in the Travel and Subsistence adjustments. See E.

J/ This account includes the fuel for the trucks, which is allowed for rate recovery, as well as the disallowed expenses for plane fuel and fuel used for personal purpose. The Settlement disallowed the costs associated with the plane using adjustments in CAPD Exhibit, Schedule 4.A.1. Because some trucks are dedicated to certain systems, some or all the costs charged to this account should be considered for direct cost tracking for future rate cases.

K/
This account includes expenses for the trucks, which is an allowable expenses as well as expenses of $2500 to two executive officers ($5000 total). The Settlement adjusted this account based on CAPD adjustments in CAPD Exhibit, Schedule 4.A.1. Because some trucks are dedicated to certain systems, some or all the costs charged to this account should be considered for direct cost tracking for future rate cases.

L/ This account is for late fees and other fines and penalties. Such charges are not permitted for recovery through rates because the rates for 2013 are expected to permit the company to avoid penalties and fines.

M/ Per CAPD Exhibit, Schedule 4.A.1, this account reflects monthly charges of $2500 for a consultant to advise Navitas about utility practices.

N/ This percentage is the allocation percentage calculated, as shown on CAPD Exhibit Allocation Percentage Calculation, Schedule 4.A.5.

O/ Inflation amounts are from CAPD Exhibit, Schedule 4.A.6. Also available in Settlement Exhibit, Schedule 4.A.6.

X/ Inflation adjustments do not apply to these accounts.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

12-00068
Settlement Exhibit A
Schedule 4.A.2

Navitas TN NG, LLC
Depreciation Expense
For the 12 Months Ending December 31, 2013

Source: 2012 3rd Quarter Depreciation Schedules from Joey Irwin		Acq Date	Life	Cost basis	Tennessee Allocation	Settlement Calculation: 2012 Depreciation Expense (annualized)	Settlement Calculation: 2013 Depreciation Expense
Mains (NARUC acct #376)							
Byrdstown & County		12/31/10	480	550,595.00	550,595.00	$ 13,764.88	$ 13,764.88
Fentress County		12/31/10	480	3,018.00	3,018.00	$ 75.45	$ 75.45
Jellico System		12/31/10	480	1,183,700.00	1,183,700.00	$ 29,592.50	$ 29,592.50
	Total 1774			1,737,313.00	1,737,313.00	$ 43,432.83	$ 43,432.83
Rebuild Byrdstown Odorant Sys		01/01/11	240	15,000.00	15,000.00	$ 750.00	$ 750.00
	Total 1771			15,000.00	15,000.00	$ 750.00	$ 750.00
Services (NARUC acct #380)							
Service - McCreaty; McCreaty; Veach		10/31/11	480	1,286.25	1,286.25	$ 32.16	$ 32.16
Service - Delk; Stevens		11/30/11	480	892.50	892.50	$ 22.31	$ 22.31
Service - Chitwood		12/31/11	480	735.00	735.00	$ 18.38	$ 18.38
Service - Pickett County Visitor Center		01/31/12	480	5,421.76	5,421.76	$ 135.54	$ 135.54
Service - Jellico Elementary		03/31/12	480	2,600.85	2,600.85	$ 65.02	$ 65.02
Service - David Creekmore		04/30/12	480	525.00	525.00	$ 13.13	$ 13.13
Service - Jellico Hospital		05/31/12	480	598.50	598.50	$ 14.96	$ 14.96
Service - Etter Baptist Church		05/31/12	480	2,001.30	2,001.30	$ 50.03	$ 50.03
Service - Glen Parris		07/31/12	480	507.41	507.41	$ 12.69	$ 12.69
Service - Robert Johnson		08/30/12	480	615.00	615.00	$ 15.38	$ 15.38
	Total 1772			15,183.57	15,183.57	379.59	379.59
	Subtotal			1,767,496.57	1,767,496.57	44,562.41	44,562.41
Acquisition adjustment							
Acquisition Adjustment - Jellico		12/31/10	240	(44,840.00)	(44,840.00)	$ (2,242.00)	$ (2,242.00)
Acquisition Adjustment - Byrdstown		12/31/10	240	(219,120.00)	(219,120.00)	$ (10,956.00)	$ (10,956.00)
	Total 1777			(263,960.00)	(263,960.00)	(13,198.00)	(13,198.00)
Acquisition balancing entry		06/30/11	240	(592.86)	(592.86)	$ (29.64)	$ (29.64)
	Total 1778			(592.86)	(592.86)	(29.64)	(29.64)

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

		Acq Date	Life	Cost basis	Tennessee Allocation		2012 Depreciation Expense (annualized)	2013 Depreciation Expense
CAPD Adjustments to Navitas TN NG, LLC's Asset Listing								
TN	2011 Meter Cores	01/01/11	120	9,000.00	9,000.00		900.00	900.00
	2011 Meters*	06/01/11	120	2,014.00	2,014.00		201.40	201.40
	2011 Meters*	09/01/11	120	1,976.00	1,976.00		197.60	197.60
	2012 Meters*	04/01/12	120	1,976.00	1,976.00		148.20	197.60
	2013 Meters*	03/01/13	120	11,520.00	11,520.00		N/A	960.00
	2012 other cap ex 4th Quarter	11/15/12	480	4,089.94	4,089.94		17.04	102.25
	2013 other cap ex**	06/30/13	480	17,136.76	17,136.76		N/A	214.21
California	Land - 3186D Airway Blvd, Costa Mesa	06/30/11		547,200.00	50,485.13	A/		
	Land - Closing cost on property	06/30/11		27,357.91	2,524.06	A/		
	Value of building improvements 4800sf * $50	06/30/11	468	240,000.00	22,142.60	A/	567.76	567.76
	Improvements in 2011	12/31/11	468	335,870.90	30,987.73	A/	794.56	794.56
	Improvements in 2012 Q1	03/31/12	468	54,392.82	5,018.33	A/	128.68	128.68
	Improvements in 2012 Q2	06/30/12	468	6,300.00	581.24	A/	14.90	14.90
Eakley	Land - Eakly	07/28/09		40,000.00	1,845.22	B/		
	Eakly Structure	07/28/09	468	12,501.70	576.71	B/	14.79	14.79
	LI - Eakly reconstr L	09/30/09	468	24,311.25	1,121.49	B/	28.76	28.76
	LI - Closing costs	10/01/09	468	1,346.75	62.13	B/	1.59	1.59
	LI - Eakly reconstr M&S	10/31/09	468	2,378.01	109.70	B/	2.81	2.81
	LI - Eakly reconstr L&E	10/31/09	468	16,090.88	742.28	B/	19.03	19.03
	LI - Eakly reconstr L&E	11/30/09	468	15,025.13	693.12	B/	17.77	17.77
	LI - Eakly reconstr L&E	12/31/09	468	32,997.00	1,522.17	B/	39.03	39.03
	LI - Eakly reconstr M&S	12/31/09	468	35,895.26	1,655.86	B/	42.46	42.46
	LI - Eakly reconstr L,E,M&S	01/31/10	468	21,878.74	1,009.28	B/	25.88	25.88
	LI - Eakly reconstr L,E,M&S	02/28/10	468	13,107.00	604.63	B/	15.50	15.50
	LI - Eakly reconstr L,E,M&S	03/31/10	468	65,315.10	3,013.01	B/	77.26	77.26
	LI - Eakly reconstr L,E,M&S	04/30/10	468	8,209.73	378.72	B/	9.71	9.71
	LI - Eakly reconstr L,E,M&S	05/31/10	468	15,725.70	725.43	B/	18.60	18.60
	LI - Eakly reconstr L,E,M&S	06/30/10	468	40,070.65	1,848.48	B/	47.40	47.40
	LI - Eakly reconstr L,E,M&S	10/01/10	468	3,153.95	145.49	B/	3.73	3.73
	LI - Eakly reconstr L,E,M&S	10/01/10	468	20,179.66	930.90	B/	23.87	23.87
	LI - Eakly reconstr L,E,M&S	10/31/10	468	3,955.43	182.47	B/	4.68	4.68
	LI - Eakly reconstr L,E,M&S	11/30/10	468	6,943.76	320.32	B/	8.21	8.21
	LI - Eakly reconstr L,E,M&S	12/31/10	468	1,531.72	70.66	B/	1.81	1.81
	LI - Eakly reconstr L,E,M&S	01/31/11	468	5,447.68	251.30	B/	6.44	6.44
	LI - Eakly reconstr L,E,M&S	02/28/11	468	3,499.68	161.44	B/	4.14	4.14
	LI - Eakly reconstr L,E,M&S	03/31/11	468	1,436.69	66.28	B/	1.70	1.70
	LI - Eakly reconstr L,E,M&S	04/30/11	468	825.98	38.10	B/	0.98	0.98
	LI - Eakly reconstr L,E,M&S	05/31/11	468	479.75	22.13	B/	0.57	0.57
	LI - Eakly reconstr L,E,M&S	06/30/11	468	1,057.52	48.78	B/	1.25	1.25
	LI - Eakly reconstr L,E,M&S	07/31/11	468	264.87	12.22	B/	0.31	0.31
	LI - Eakly reconstr L,E,M&S	09/30/11	468	613.54	28.30	B/	0.73	0.73
	LI - Eakly reconstr L,E,M&S	10/31/11	468	565.72	26.10	B/	0.67	0.67
	LI - Eakly reconstr L,E,M&S	11/30/11	468	1,784.91	82.34	B/	2.11	2.11
	LI - Eakly reconstr L,E,M&S	12/01/11	468	22,207.50	1,024.44	B/	26.27	26.27
	LI - Eakly reconstr L,E,M&S	12/31/11	468	2,224.99	102.64	B/	2.63	2.63
	LI - Eakly reconstr L,E,M&S	01/31/12	468	1,389.65	64.11	B/	1.64	1.64
	LI - Eakly reconstr L,E,M&S	02/29/12	468	623.63	28.77	B/	0.68	0.74
	LI - Eakly reconstr L,E,M&S	05/31/12	468	2,114.63	97.55	B/	1.46	2.50
				1,683,988.49	179,064.32		3,424.60	4,734.53
	Totals (Net of Acquisition Adjustments)			3,186,932.20	1,682,008.03		34,759.38	36,069.30

Note: The Company calculates a full month of depreciation for the month of acquisition.

* Per discussion with CAPD Exhibit, Schedule 4.A.2, 157 meters had been replaced by 11/17/2012. Hartline indicated that approximately a third of the total meters were replaced in June 2011, September 2011, and April 2012. Hartline also indicated that 200 meters were scheduled to be replaced in March 2013. For further information, see Note B on CAPD Exhibit, Schedule 2.A, Adjustments to Rate Base.

** The Settlement assumes the acquisitions will occur throughout the year. To reflect this, CAPD chose the mid-year acquisition date of 6/30/2013.

A/ These costs are for the land and building, including leasehold improvements, for the California location where management and other administrative duties are performed. For settlement purposes, the property was allocated using CAPD blended allocation in CAPD Exhibit A, Schedule 4.A.5 of 9.23% because the services performed at this location go beyond customer service duties. Also for settlement purposes, the useful life used was 39 years.

B/ These costs are for the land and building, including leasehold improvements, for the California location where management and other administrative duties are performed. This building is approximately 7,000 square feet with approximately half of it being used to rebuild meters. The space for meters was removed from the cost basis for allocation because the costs to build meters are a capitalized cost. The other half of the building has four private offices, three open workspaces, bathrooms, and a conference room. Three of the four private offices are used by managemerial or operations employees. One of the private offices is used by a customer service representative as well as the three open workspaces. The conference room is used primarily for managerial and administrative purposes. For settlement purposes, the property was allocated using CAPD blended allocation in CAPD Exhibit A, Schedule 4.A.5 of 9.23% because the services performed at this location go beyond customer service duties. Also for settlement purposes, the useful life used was 39 years.

Navitas TN NG, LLC
Amortization Expense
For the 12 Months Ending December 31, 2013

Source: 2012 3rd Quarter Depreciation Schedules from Joey Irwin	Acquisition Date	Life (months)	Cost Basis		Accumulated Amortization as of 12/31/2011	Unamortized balance as of 12/31/2011	
Org Costs							
80% of legal cost of Gasco acq	12/31/10	120	72,400.00		7,843.33	64,556.67	
20% of legal cost of Gaso acq Q1 '11	03/31/11	120	6,220.00		518.33	5,701.67	
NUC expense for TN transaction	03/31/11	120	91,575.00		7,631.25	83,943.75	
Legal Services for GASCO closing	06/30/11	120	9,132.38		532.72	8,599.66	
Total 1881			179,327.38		16,525.64	162,801.74	A/
Rate Case							
Legal Services for Rate Tariff	06/30/11	60	5,750.33		670.87	5,079	
Legal Services for Rate Tariff	07/31/11	60	6,608.28		660.83	5,947	
Legal Services for Rate Tariff	08/31/11	60	7,196.79		599.73	6,597	
Legal Services for Rate Tariff	09/30/11	60	6,586.13		439.08	6,147	
Legal Services for Rate Tariff	10/31/11	60	6,092.63		304.63	5,788	
Legal Services for Rate Tariff	11/30/11	60	479.85		16.00	464	
Legal Services for Rate Tariff	12/31/11	60	2,396.84		39.95	2,357	
Total 1882			35,110.85		2,731.08	32,379.77	B/
DIMP	08/01/12	63	26,964.00	D/	-	-	

2013 Amortization

	Acquisition Date	Life (months)	Unamortized balance as of 1/1/2013		Monthly	2013 Amortization Expense
Rate Case						
Legal fees to obtain 25-yr Franchise Agmt	04/26/12	300	7,183	E/	23.94	287.31
2012 DIMP asset	08/01/12	58	24,824	D/	428.00	5,136.00
Estimated Legal Services for 2012 Rate Case	12/31/12	48	33,000.00	C/	687.50	8,250.00
Total 1882			65,006.85		687.50	13,673.31

Note: The Company calculates a full month of amortization for the first month the capitalized expense is amortized.

A/ The Settlement reduced rate base and adjusted the accumulated depreciation on Schedule 2.A to reflect the elimination of these investor expense.

B/ The Settlement reduced rate base and adjusted the accumulated depreciation on Settlement Exhibit, Schedule 2.A.1 to reflect the elimination of these non-recurring expense.

C/ Navitas did not include any rate case expense in its petition. The Settlement adjusted rate case expense based on estimated expenses. See CAPD Exhibit, Schedule 4.A.3.

D/ The DIMP asset is calculated as follows:

Minimum monthly payments	$4,000
x Minimum number of payments	63
x Tennessee customer allocation	10.7%
Tennessee DIMP Asset	$26,964

Minimum monthly payments calculated per the contract is $1 per customer, with a minimum of 4,000 customers. Minimum number of monthly payments is also according to the contract. The Tennessee customer allocation is based on Navitas's petition. Since the number of customers will vary each month, and according to the Quickbooks report showing that Tri-Star has only charged Navitas $4,000 per month, any amount above the minimum payment is uncertain at the time of this rate case.

NAVITAS TN NG, LLC
NUC Labor
For the 12 Months Ending December 31, 2013

[redacted]

NAVITAS TN NG, LLC
Allocation Percentage Calculation
For the 12 Months Ending December 31, 2013

Line No.		Tennessee		Kentucky		Oklahoma		Total	
1	Gross Plant in Service*	1756	14.03%	1045	8.35%	9711	77.61%	12,512	100.00%
2	Customers**		10.70%					-	10.70%
3	Miles of Pipe***	34	2.94%	25	2.16%	1096	94.89%	1,155	100.00%
4	Sum of Allocations		27.68%		10.52%		172.51%		
5	Simple Average (÷3)		3		3		3		
6	**Allocation of NUC's O&M**		**9.23%**		**3.51%**		**57.50%**		**70.23%**

* Gross Plant in Service is in millions. It is unadjusted for any Acquisition Adjustments.
** Customer allocation is per Navitas's petition.
** Six customers in Tennessee are domestic tap customers spread along 30 miles of third-party pipe. The 34 miles of pipe shown for the calculation of the Tennessee's allocation is net of any pipes owned by a third-party because presumably the third-party would either maintain their own pipes or reimburse NUC for any expenses incurred to maintain third-party pipe.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Calculation of Inflation
For the 12 Months Ending December 31, 2013

	QUARTER				ATTR YR
YEAR	1/1 - 3/31	4/1 - 6/30	7/1 - 9/30	10/1 - 12/31	GDP IDP
2010	110.21	110.69	111.217	111.775	110.9730
2011	112.362	113.106	113.940	113.985	113.3483
AVERAGE GDP DEFLATOR FOR YEAR 2011					2.14%
					1.038 A/

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Table 1.1.9 (information available as of October 26, 2012).

A/ This number represents the GDP deflator compounded for 9 months of 2012 (April 2012 through December 2012) and 12 months in 2013.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Comparative Income Statement at Current Rates
For the 12 Months Ending December 31, 2013

Line No.		Settlement A/	Company B/	Difference
	Operating Revenues:			
1	Gas Sales & Transportation Revenues	$ 428,193	$ 456,860	$ -28,667
2	Other Revenues	7,794	27,323	-19,529
3	**Total Revenue**	$ 435,988	$ 484,183	$ -48,195
	Operating & Maintenance Expenses:			
4	Purchased Gas Expense	$ 219,160	$ 224,324	$ -5,164
5	Operations & Maintenance	363,671	302,949	60,722
6	**Total Operating & Maintenance Expenses**	$ 582,831	$ 527,273	$ 55,558
	Other Expenses:			
7	Depreciation Expense	$ 41,458	$ 55,094	$ -13,636
8	General Taxes	10,911	10,469	442
9	State Excise Taxes	0	-11,653	11,653
10	Federal Income Taxes	0	0	0
11	**Total Other Expenses**	$ 52,369	$ 53,910	$ -1,541
12	**Total Operating Expenses**	$ 635,200	$ 581,183	$ 54,017
13	**Utility Operating Income**	$ -199,213	$ -97,000	$ -102,213

A/ CAPD Exhibit, Schedule 4.
B/ Company Filing.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Margin & Revenue Summary at Current Rates
For the 12 Months Ending December 31, 2013

Line No.	Customer Class	Billing Determinant A/		Current Rate B/		Revenue
	Residential:					
1	Customer Charge	5,114	$	6.00	$	30,684
2	First 9 Ccf per Month	34,185		0.25		8,546
3	Commodity Charge (All Consumption)	182,578		0.40		73,031
4	**Total Residential Margin**				$	**112,261**
	Commercial:					
5	Customer Charge	902	$	6.00	$	5,412
6	First 9 Ccf per Month	6,174		0.25		1,544
7	Commodity Charge (All Consumption)	113,651		0.40		45,460
8	**Total Commercial Margin**				$	**52,416**
	Industrial:					
9	Customer Charge	126	$	6.00	$	756
10	First 9 Ccf per Month	981		0.25		245
11	Commodity Charge (All Consumption)	144,516		0.30		43,355
12	**Total Industrial Margin**				$	**44,356**
13	**Total Sales Margin**				$	**209,033**
14	**Gas Cost**	440,745	$	0.49725 **C/**	$	**219,160**
15	**Total Sales Revenue**				$	**428,193**

A/ The billing determinants differ slightly than the actual billing determinants. Per discussion with Navitas, the system that calculates the bills does not have the reporting capabilities to show the number of customers and the flow for each customer. Navitas tracks of the number of meters and the flow monthly. Navitas provided the number of meters and flow for the 12 months ended 3/31/2012 to CAPD. Per discussion with Navitas, there are a few customers with more than one meter, however the exact number is unknown. Since the flow per customer is also unknown, Navitas estimates revenue by taking the average flow per customer and, when that average is greater than 9 Ccf, assumes that each customer used at least 9 Ccf. Navitas recognizes that both of these variances of using meters instead of customers and using average flow instead of actual flow per customer may overstate the estimated revenue for
B/ Current Emergency Tariff Rates.
C/ Current PGA Rate.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Taxes Other than Income Income Taxes
For the 12 Months Ending December 31, 2013

Line No.		Settlement A/	Company B/	Difference
1	Property Taxes	$ 6,977	$ 6,977	$ 0
2	TRA Inspection Fee	1,920	1,920	0
3	Payroll Taxes	0	0	0
4	Franchise Tax	2,014	1,572	442
5	Gross Receipts Tax	0	0	0
6	Allocated & Other Taxes	0	0	0
7	**Total**	$ **10,911**	$ **10,469**	$ **442**

A/ From Company's actual property tax bills for 2011 and the 2011 Franchise and Excise Tax Return.
B/ Company Filing.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Excise Taxes at Current Rates
For the 12 Months Ending December 31, 2013

Line No.			Settlement	
1	**Operating Revenues**	$	**435,988**	**A/**
	Operating Expenses:			
2	O&M Expenses	$	582,831	**A/**
3	Depreciation Expense		41,458	**A/**
4	General Taxes		10,911	**A/**
5	**Total Operating Expenses**	$	**635,200**	
6	**NOI Before Excise and Income Taxes**	$	**-199,213**	
7	Less Interest Expense		36,057	**B/**
8	**Pre-tax Book Income**	$	**-235,270**	
9	**Excise Taxable Income**	$	**0**	**C/**
10	Excise Tax Rate		6.50%	
11	**State Excise Tax Expense**	$	**0**	

A/ CAPD Exhibit, Schedule 4.
B/ CAPD Exhibit, Schedule 10.
C/ Losses under current rates results in an Excise Taxable Income of $0.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Income Statement at Proposed Rates
For the 12 Months Ending December 31, 2013

Line No.		Current Rates A/	Rate Increase	Proposed Rates
	Operating Revenues:			
1	Gas Sales & Transportation Revenues	$ 428,193	$ 272,601 B/	$ 700,794
2	Other Revenues	7,794	4,962	12,756
3	**Total Revenue**	$ 435,988	$ 277,562	$ 713,550
	Operating & Maintenance Expenses:			
4	Purchased Gas Expense	$ 219,160	$	$ 219,160
5	Operations & Maintenance	363,671	1,472	365,143
6	**Total Operating & Maintenance Expenses**	$ 582,831	$ 1,472	$ 584,303
	Other Expenses:			
7	Depreciation Expense	$ 41,458	$	$ 41,458
8	General Taxes	10,911		10,911
9	State Excise Taxes	0	4,831 *	4,831
10	Federal Income Taxes	0		0
11	**Total Other Expenses**	$ 52,369	$ 4,831	$ 57,200
12	**Total Operating Expenses**	$ 635,200	$ 6,303	$ 641,503
13	**Utility Operating Income**	$ -199,213	$ 271,260	$ 72,047

A/ CAPD Exhibit, Schedule 4.
B/ CAPD Exhibit, Schedule 1.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Rate of Return Summary
For the 12 Months Ending December 31, 2013

Line No.	Class of Capital	Settlement Percent of Total	Settlement Cost Rate A/	Settlement Weighted Cost Rate A/
1	Short-Term Debt	4.26%	6.89%	0.29%
2	Long-Term Debt	67.50%	6.02%	4.06%
3	Common Equity	28.24%	15.40%	4.35%
4	**Total**	**100.00%**		**8.71%**

Line No.			
	Interest Expense Short-Term Debt:		
5	Rate Base	$	827,560 **B/**
6	Short-Term Weighted Debt Cost		0.29%
7	**Short-Term Debt Interest Expense**	$	**2,429**
	Interest Expense Long-Term Debt:		
8	Rate Base	$	827,560 **B/**
9	Long-Term Weighted Debt Cost		4.06%
10	**Long-Term Debt Interest Expense**	$	**33,628**
11	**Total Interest Expense**	$	**36,057**

A/ Klein Exhibit, Page 2 of 16.
B/ CAPD Exhibit, Schedule 2.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Revenue Conversion Factor
For the 12 Months Ending December 31, 2013

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.018202 A/	0.018202
3	Balance		1.018202
4	Uncollectible Ratio	0.005302 B/	0.005399
5	Balance		1.012803
6	State Excise Tax	0.017499 C/	0.017723
7	Balance		0.995081
8	Federal Income Tax	0.000000 D/	0.000000
9	Balance		0.995081
10	Revenue Conversion Factor (Line 1 / Line 9)		**1.004943**

A/ CAPD calculated this ratio by taking Other Revenue, which reflects the revenue from penalties and service charges for the 12 months ended 3/31/2012 on Schedule 4.A, divided by Operating Revenues from Schedule 5, the Comparative Income Statement.
B/ CAPD calculated this ratio by taking the adjusted bad debt expense for the 12 months ended 3/31/2012 on Schedule 4.A, divided by Operating Revenues from Schedule 5, the Comparative Income Statement.
C/ State Excise Tax Rate of 6.50% based upon total revenue increase above $0 income.
D/ Federal Income Taxes are passed through to the owner's personal return.

NAVITAS TN NG, LLC
CAPD Proposed Margin Change
For the 12 Months Ending December 31, 2013

Line No.	Customer Class	Current Rates A/	Proposed Rates	Revenue Change	Percent Change
1	Residential	$ 112,261	$ 258,661	$ 146,400	130.41%
2	Commercial	52,416	120,772	68,356	130.41%
3	Industrial	44,356	102,201	57,845	130.41%
4	**Total Sales & Transportation Revenue**	**$ 209,033**	**$ 481,634**	**$ 272,601**	130.41%
5	Other Revenues	7,794	12,756	4,962	63.66%
6	**Total Revenues**	**$ 216,827**	**$ 494,390**	**$ 277,562 B/**	**128.01%**

A/ CAPD Exhibit, Schedule 6.
B/ CAPD Exhibit, Schedule 9.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

NAVITAS TN NG, LLC
Rate Design
For the 12 Months Ending December 31, 2013

Line No.	Customer Class	Billing Determinant A/	Current Rate A/	Current Revenue A/	Revenue Increase B/	Proposed Revenues	Proposed Rates
	Residential:						
1	Customer Charge	5,114	$ 6.00	$ 30,684	$ 146,400	$ 177,084	$ 34.63
2	First 9 Ccf per Month	34,185	0.25	8,546	-8,546	0	0.00
3	Commodity Charge (All Consumption)	182,578	0.40	73,031	8,546	81,577	0.45
4	**Total Residential Margin**			$ 112,261	$ 146,400	$ 258,661	
	Commercial:						
5	Customer Charge	902	$ 6.00	$ 5,412	$ 68,356	$ 73,768	$ 81.78
6	First 9 Ccf per Month	6,174	0.25	1,544	-1,544	0	0.00
7	Commodity Charge (All Consumption)	113,651	0.40	45,460	1,544	47,004	0.41
8	**Total Commercial Margin**			$ 52,416	$ 68,356	$ 120,772	
	Industrial:						
9	Customer Charge	126	$ 6.00	$ 756	$ 57,845	$ 58,601	$ 465.09
10	First 9 Ccf per Month	981	0.25	245	-245	0	0.00
11	Commodity Charge (All Consumption)	144,516	0.30	43,355	245	43,600	0.30
12	**Total Industrial Margin**			$ 44,356	$ 57,845	$ 102,201	
13	**Total Sales Margin**			$ 209,033	$ 272,601	$ 481,634	

A/ CAPD Exhibit, Schedule 6.
B/ CAPD Exhibit, Schedule 12.

*** The amounts, allocation, calculation, formulas, and results of these schedules apply only to this Settlement and have no precedential effect for future rate cases. ***

EXHIBIT B

RATES

Navitas TN NG, LLC
Rate Design

	Rates (excluding rates related to Purchased Gas)				Revenue (excluding Purchased Gas Revenue)			
	Current	1/1/2013	1/1/2014	12/31/2014	Current	1/1/2013	1/1/2014	12/31/2014
Residential								
Meter charge	6.000	6.000	7.000	9.000	30,684	30,684	35,798	46,026
First nine	0.650	1.555	1.555	1.665	8,546	53,158	53,158	56,918
Greater than nine	0.400	0.645	0.755	0.885	73,031	82,056	111,625	130,845
Minimum Bill (if 9 Ccf used)	11.85	20.00	21.00	23.99				
Total Revenue					112,261	165,898	200,581	233,789
Commercial								
Meter charge	6.000	6.000	9.000	9.000	5,412	5,412	8,118	8,118
First nine	0.650	1.555	1.775	2.220	1,544	9,601	10,959	13,706
Greater than nine	0.400	0.645	0.755	0.885	45,460	59,650	81,145	95,117
Minimum Bill (if 9 Ccf used)	11.85	20.00	24.98	28.98				
Total Revenue					52,416	74,663	100,222	116,941
Industrial								
Meter charge	6.00	6.00	9.00	14.00	756	756	1,134	1,764
First nine	0.550	1.555	2.330	2.885	245	1,525	2,286	2,830
Greater than nine	0.300	0.645	0.745	0.880	43,355	79,662	106,934	126,311
Minimum Bill (if 9 Ccf used)	10.95	20.00	29.97	39.97				
Total Revenue					44,356	81,943	110,363	130,905
Total Operating Revenue (excluding Purchased Gas Revenue)					209,033	322,504	411,156	481,635
Incremental Increases						54%	27%	17%
Incremental Increases						113,471	88,652	70,480

Revenue Requirement:
The Proposed Rates include a $272,601 rate deficiency. Thus:

Current Revenue	209,033
Revenue Deficiency	272,601
Revenue Requirement	481,634

Note 1: The Revenue was calculated using the billing determinants on Settlement Exhibit, Schedule 6, Revenue Summary. The revenue numbers have been adjusted to account for the months that the average usage was less than 9 Ccf. This adjustment is less than a $500 difference in any given year.

Note 2: The increase in the first phase permits the Company to cover the estimated $295,935.68 in operating expenses that will affect the Company's cash flow, which are total expenses on Schedule 4.A less the non-cash expenses of bad debt, customer discounts, and depreciation and amortization (for Navitas TN NG, LLC, shown on Schedule 4.A. and NUC, shown on Schedule 4.A.1). The increase in the second phase permits the Company to break even on cash and non-cash expenses. The increase in the third phase permits the Company to earn what it believes is a reasonable rate of return.

Note 3: Notably, the first year increase of $113,471 in the Settlement is only $1149 greater than the $112,322 increase in the first year that would have resulted from the rates Navitas requested in question 9 of its Thomas Hartline's testimony, Exhibit A of the Petition, which also contended Navitas had a $599,033 revenue requirement ($390,000 plus the current revenue) and proposed a four-year phase-in.

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																	
Proposed tariffs					28,043	18,714	11,011	11,250	12,933	12,307	24,196	30,446	41,411		56,049	44,585	31,557
Proposed tariff changes																	
Residential																	
First nine	0.905																
Meter charge	-																
Greater than nine	0.155																
Commercial																	
First nine	0.905																
Meter charge	-																
Greater than nine	0.155																
Industrial																	
First nine	0.905																
Meter charge	-																
Greater than nine	0.255																
	Proposed Tariffs		**Totals**														
Residential																	
First nine	$ 1.555	13.995	53,158		6,088	5,752	1,535	1,092	1,549	2,239	4,324	5,920	6,116		6,186	6,200	6,158
Meter charge	$ 6.00	19.995	30,684		2,628	2,484	2,070	2,676	2,664	2,652	1,902	2,712	2,706		2,724	2,742	2,724
Greater than nine	$ 0.555		82,056		6,512	746	-	-	-	-	9,171	7,536	13,104		21,189	15,337	8,460
					35	22	11	11	13	17	50	38	50		68	55	39
Commercial																	
First nine	$ 1.555	13.995	9,601		1,022	784	588	588	420	434	588	966	1,064		1,064	1,050	1,036
Meter charge	$ 6.00	19.995	5,412		462	360	288	516	510	486	306	504	510		498	480	492
Greater than nine	$ 0.555		59,650		4,333	3,236	2,507	2,354	3,303	1,834	2,364	5,405	8,177		12,554	8,755	4,827
					80	78	81	82	141	89	78	100	128		186	137	86
Industrial																	
First nine	$ 1.555	13.995	1,525		126	126	98	112	84	84	70	154	168		168	168	168
Meter charge	$ 6.00	19.995	756		54	54	42	72	54	54	42	72	78		78	78	78
Greater than nine	$ 0.555		79,662		6,818	5,173	3,884	3,841	4,350	4,524	5,430	7,178	9,488		11,588	9,775	7,614
					778	595	575	503	748	777	1,108	673	811		986	835	655
			322,503														

Proposed 2013 Tariff revenue	322,503	485,441	Target non-commodity revenue
Test case year calculated tariff revenue	209,033	322,503	Proposed 2013 Tariff revenue
Annualized rate increase on January 1, 2013	113,470	162,938	Continued tariff revenue deficiency

	Proposed Tariffs	31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																	
Proposed tariffs					35,189	22,715	13,886	14,292	16,440	15,332	30,821	38,520	53,307		73,152	57,581	39,921
Proposed tariff changes																	
Residential																	
First nine	-																
Meter charge	1.000																
Greater than nine	0.200																
Commercial																	
First nine	0.220																
Meter charge	3.000																
Greater than nine	0.200																
Industrial																	
First nine	0.775																
Meter charge	3.000																
Greater than nine	0.190																
	Proposed Tariffs		Totals														
Residential																	
First nine	$ 1.555	13.995	53,138		6,088	5,752	1,535	1,092	1,549	2,239	4,324	5,920	6,116		6,186	6,200	6,158
Meter charge	$ 7.00	20.995	35,798		3,066	2,898	2,415	3,122	3,108	3,094	2,219	3,164	3,157		3,178	3,199	3,178
Greater than nine	$ 0.755		111,625		8,859	1,015	-	-	-	-	12,476	10,251	17,826		28,825	20,864	11,509
					41	24	12	12	14	19	62	46	62		86	68	47
Commercial																	
First nine	$ 1.775	15.975	10,959		1,166	895	671	671	479	495	671	1,102	1,214		1,214	1,198	1,182
Meter charge	$ 9.00	24.975	8,118		693	540	432	774	765	729	459	756	765		747	720	738
Greater than nine	$ 0.755		81,145		5,895	4,402	3,410	3,202	4,493	2,495	3,216	7,353	11,124		17,078	11,910	6,566
					106	104	107	111	191	120	103	133	172		251	184	115
Industrial																	
First nine	$ 2.330	20.970	2,286		189	189	147	168	126	126	105	231	252		252	252	252
Meter charge	$ 9.00	29.970	1,134		81	81	63	108	81	81	63	108	117		117	117	117
Greater than nine	$ 0.745		106,934		9,152	6,943	5,214	5,156	5,839	6,072	7,288	9,635	12,737		15,556	13,121	10,221
					1,047	801	775	679	1,008	1,047	1,491	907	1,092		1,327	1,124	882
			411,156														

Proposed 2014 Tariff revenue	411,156	485,441	Target non-commodity revenue
Proposed 2013 Tariff revenue	322,503	411,156	Proposed 2014 Tariff revenue
Annualized rate increase on January 1, 2014	88,653	74,285	Continued tariff revenue deficiency

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																	
Proposed tariffs					41,076	26,455	16,455	17,015	19,465	18,104	36,011	45,011	62,363		85,650	67,380	46,650
Proposed tariff changes																	
Residential																	
First nine	0.110																
Meter charge	2.000																
Greater than nine	0.130																
Commercial																	
First nine	0.445																
Meter charge	-																
Greater than nine	0.130																
Industrial																	
First nine	0.555																
Meter charge	5.000																
Greater than nine	0.135																
	Proposed Tariffs		Totals														
Residential																	
First nine	$ 1.665	14.985	56,918		6,518	6,159	1,643	1,169	1,658	2,398	4,630	6,339	6,548		6,623	6,638	6,593
Meter charge	$ 9.00	23.985	46,026		3,942	3,726	3,105	4,014	3,996	3,978	2,853	4,068	4,059		4,086	4,113	4,086
Greater than nine	$ 0.885		130,845	27.2%	10,385	1,189	-	-	-	-	14,624	12,017	20,895		33,788	24,457	13,491
					48	27	14	15	17	22	72	53	72		101	79	55
Commercial																	
First nine	$ 2.220	19.980	13,706		1,459	1,119	839	839	599	619	839	1,379	1,518		1,518	1,499	1,479
Meter charge	$ 9.00	28.980	8,118		693	540	432	774	765	729	459	756	765		747	720	738
Greater than nine	$ 0.885		95,117	19.7%	6,910	5,160	3,998	3,753	5,267	2,925	3,769	8,619	13,040		20,019	13,961	7,697
					124	122	125	128	221	138	121	156	202		293	216	134
Industrial																	
First nine	$ 2.885	25.965	2,830		234	234	182	208	156	156	130	286	312		312	312	312
Meter charge	$ 14.00	39.965	1,764		126	126	98	168	126	126	98	168	182		182	182	182
Greater than nine	$ 0.880		126,311	26.2%	10,810	8,202	6,158	6,090	6,897	7,173	8,609	11,381	15,044		18,374	15,499	12,073
					1,241	951	920	808	1,197	1,242	1,767	1,076	1,295		1,572	1,333	1,047
			481,636														

Proposed 2015 Tariff revenue	481,636	485,441	Target non-commodity revenue
Proposed 2014 Tariff revenue	411,156	481,636	Proposed 2014 Tariff revenue
Annualized rate increase on January 1, 2014	70,480	3,805	Continued tariff revenue deficiency

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total
		31	28	31	30	31	30	31	31	30	31	30	31	365
›tal calculated NCR														
Proposed tariffs					27,909	18,406	10,700	10,928	12,603	11,889	24,231	30,376	41,506	
›roposed tariff changes														
Residential														
First nine	0.935													
Meter charge	-													
Greater than nine	0.185													
Commercial														
First nine	0.935													
Meter charge	-													
Greater than nine	0.185													
Industrial														
First nine	0.935													
Meter charge	-													
Greater than nine	0.185													
	Proposed Tariffs A/		**Totals**											
Residential														
First nine	$ 1.585	14.265	54,183		6,205	5,863	1,564	1,113	1,579	2,282	4,408	6,034	6,234	
Meter charge	$ 6.00	20.265	30,684		2,628	2,484	2,070	2,676	2,664	2,652	1,902	2,712	2,706	
Greater than nine	$ 0.585		86,491		6,864	786	-	-	-	-	9,667	7,943	13,812	
					36	22	11	11	13	17	52	39	52	
Commercial														
First nine	$ 1.585	14.265	9,786		1,041	799	599	599	428	442	599	984	1,084	
Meter charge	$ 6.00	20.265	5,412		462	360	288	516	510	486	306	504	510	
Greater than nine	$ 0.585		62,874		4,568	3,411	2,642	2,481	3,481	1,933	2,492	5,697	8,619	
					83	82	84	86	147	92	81	104	134	
Industrial														
First nine	$ 1.585	14.265	1,555		128	128	100	114	86	86	71	157	171	
Meter charge	$ 6.00	20.265	756		54	54	42	72	54	54	42	72	78	
Greater than nine	$ 0.485		69,614		5,958	4,520	3,394	3,357	3,801	3,953	4,745	6,273	8,292	
					682	523	505	443	657	682	972	591	712	
			321,356											

Proposed 2013 Tariff revenue	321,356	485,441	Target non-commodity revenue
Test case year calculated tariff revenue	209,033	321,356	Proposed 2013 Tariff revenue
Annualized rate increase on January 1, 2013	112,322	164,086	Continued tariff revenue deficiency

A/ These proposed tariffs are from 9Q of Exhibit A of the Navitas Petition of this docket, TRA # 12-00068.