

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

December 19, 2012

MEMORANDUM

TO: Docket File

FROM: Paul Greene, Utility Consultant 

IN RE: Docket No. 12-00068 – *Petition Of Tennessee Navitas TN NG, LLC For an Adjustment to its Natural Gas Rates and Approval of Revised Tariffs.*

The attached schedules were provided by the Company in response to an email request sent by Staff on July 30, 2012.

Navitas TN NG, LLC
Index to Schedules
01/01/12 - 12/31/12

	<u>Schedule No.</u>
Revenue Deficiency (Surplus)	1
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Navitas TN NG, LLC
Revenue Deficiency (Surplus)
01/01/12 - 12/31/12

Line No.		
1	Rate Base	\$ 1,490,326
2	Operating Income at Present Rates	(97,000)
3	Earned Rate of Return (L 2 / L 1)	-6.51%
4	Fair Rate of Return	9.198%
5	Required Operating Income (L 1 x L 4)	\$ 137,073
6	Operating Income Deficiency (Surplus) (L 5 - L 2)	234,073
7	Gross Revenue Conversion Factor	1.666795
8	Revenue Deficiency (Surplus)	\$ 390,152

Navitas TN NG, LLC
Rate Base
01/01/12 - 12/31/12

Line No.	Additions:	
1	Utility Plant in Service	\$2,443,206
2	Construction Work in Progress	-
3	Other	27,300
4	Working Capital	37,866
5	OPEBs	-
6	Total Additions	<u>\$ 2,508,372</u>
	Deductions:	
7	Accumulated Depreciation	\$1,018,046
8	Contributions in Aid of Construction	-
9	Advances in Aid of Construction	-
10	Accumulated Deferred Tax	-
11	Other	-
12	Total Deductions	<u>\$ 1,018,046</u>
13	Rate Base	<u>\$ 1,490,326</u>

Navitas TN NG, LLC
Income Statement at Current Rates
01/01/12 - 12/31/12

Line No.		
1	Revenues - Sales, Forfeited Discounts & Other	\$484,183
2	Cost of Gas	224,324
3	Gross Margin on Sales and Service	\$ 259,859
4	AFUDC	-
5	Operating Margin	\$ 259,859
6	Other Operation and Maintenance	\$ 302,927
7	Interest on Customer Deposits	22
8	Depreciation and Amortization Exp.	55,094
9	Taxes Other Than Income	10,469
10	State Excise Tax	(11,653)
11	Federal Income Tax	-
12	Total Operating Expense	\$ 356,859
13	Net Operating Income for Return	\$ (97,000)

Note: Revenue increased by \$27,323 to reflect the effect of the tariffs implemented August 1, 2011

Navitas TN NG, LLC
Operation & Maintenance Expenses
01/01/12 - 12/31/12

<u>Line No.</u>		
1	Payroll Expense	
2	Employee Benefits	
3	Benefits Capitalized	-
4	Fleet Services and Facilities Expense	
5	Outside Services	
6	Bad Debt Expenses	6,211
7	Sales Promotion Expense	-
8	Customer Service and Account Expense	1,677
9	Administrative and General Expenses	1,426
10	Admin & Gen. Salaries & Exp. Capitalized	-
11	Other Distribution and Storage Expense	
12	AGL Service Company Allocations	293,613
13	Total O&M Expense	<u>\$ 302,927</u>

Navitas TN NG, LLC
Taxes Other Than Income Taxes
01/01/12 - 12/31/12

Line No.		
1	Property Taxes	\$6,977
2	State Gross Receipts Tax	
3	Net Payroll Taxes	
4	State Franchise Tax	1,572
5	Allocated Taxes Other Than Income	
6	TRA Inspection Fee	1,920
7	Total Taxes Other Than Income Taxes	\$ 10,469

Navitas TN NG, LLC
Excise and Income Taxes
01/01/12 - 12/31/12

Line
No.

1	Operating Margin	\$ 259,859
2	Other Operation and Maintenance	302,927
3	Depreciation and Amortization Expense	55,094
4	Taxes Other Than Income	10,469
5	NOI Before Excise and Income Taxes	\$ (108,631)
6	less Interest on Customer Deposits	22
7	less Interest Expense	70,621
8	Pre-tax Book Income	\$ (179,274)
9	Schedule M Adjustments	
10	Excise Taxable Income	\$ (179,274)
11	Excise Tax Rate	6.50%
12	Excise Tax	\$ (11,653)
13	Pre-tax Book Income	\$ (179,274)
14	Excise Tax	(11,653)
15	Schedule M Adjustments	-
16	FIT Taxable Income	\$ (167,621)
17	FIT Rate	
18	Subtotal FIT	\$ -
19	Less: ITC Amortization	
20	Federal Income Tax Expense	\$ -

Navitas TN NG, LLC
Revenue Conversion Factor
01/01/12 - 12/31/12

<u>Line No.</u>		<u>Amount</u>	<u>Balance</u>
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	-	-
3	Balance		1.000000
4	Uncollectible Ratio	0.012828	0.012828
5	Balance		0.987172
6	State Excise Tax	0.065000	0.064166
7	Balance		0.923006
8	Federal Income Tax	0.350000	0.323052
9	Balance		0.599954
10	Revenue Conversion Factor (1 / Line 9)		1.666795

Navitas TN NG, LLC
Cost of Capital
01/01/12 - 12/31/12

Line No.		Ratio	Cost	Weighted Average Cost of Capital
1	Short Term Debt			0.000%
2	Long Term Debt	71.80%	6.60%	4.74%
3	Preferred Stock			0.00%
4	Stockholder's Equity	28.20%	15.81%	4.46%
5	Total	100.00%		9.198%

Note ¹ The presentation here is the consolidation of all the Navitas companies.
as of 12/31/11

² Short-term debt (comprising less than 1% of total debt) is included in the LTD figures

³ The shareholders of Navitas personally guarantee all the debt