



2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
615.244.0020
Fax: 615.256.1726

Mari-Jo M. Casey
615.251.6752
mcasey@wyattfirm.com

December 21, 2012

VIA EMAIL AND HAND DELIVERY

Kenneth C. Hill, Chairman Tennessee Regulatory Authority
c/o Sharla Dillon Dockets and Records Manager
460 James Robertson Parkway
Nashville, Tennessee 37219

**RE: Notice of Filing Navitas' Responses to the Tennessee Regulatory Authority
Staff's Supplemental Data Requests
Docket No.: 12-00068**

Dear Chairman Hill:

Attached for electronic filing is Navitas' Responses to the Tennessee Regulatory Authority Staff's Supplemental Data Requests in the above-captioned matter. The original and five copies of the responses and this notice will be hand delivered to your office this afternoon.

Please stamp the extra copy of this document and return a file stamped copy with our courier for our files. Please contact me if you have any questions.

Sincerely yours,

A handwritten signature in blue ink that reads 'Mari-Jo M. Casey'. The signature is fluid and cursive, with the first name 'Mari-Jo' and last name 'Casey' clearly distinguishable.

Mari-Jo M. Casey
Paralegal

on behalf of Counsel for Navitas TN NG, LLC

Enclosures

cc: Via Email
Klint W. Alexander, Esq. (Via Email)
John J. Baroni, Esq.
Kelly Cashman-Grams, Esq.
Thomas Hartline (Via Email)

60303918.1

www.wyattfirm.com

250 West Main Street, Suite 1600
Lexington, KY 40507-1746
859.233.2012

918 State Street
Bowling Green, KY 42101
270.842.1050

1715 Aaron Brenner Drive, Suite 800
Memphis, TN 38120-4367
901.537.1000

500 West Jefferson Street, Suite 2800
Louisville, KY 40202-2898
502.589.5235

311 West Main Street
Frankfort, KY 40601-1807
502.223.2104

2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423
615.244.0020

101 West Spring Street, Suite 500
New Albany, IN 47150-3610
812.945.3561

IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

IN RE: _____)

PETITION OF NAVITAS TN NG, LLC)
FOR AN ADJUSTMENT TO ITS NATURAL)
GAS RATES AND APPROVAL OF REVISED)
TARIFFS)

DOCKET NO. 12-00068

**NAVITAS TN NG, LLC's RESPONSES TO THE TENNESSEE REGULATORY
AUTHORITY STAFF'S SUPPLEMENTAL DATA REQUESTS**

COMES NOW Petitioner NAVITAS TN NG, LLC ("Navitas"), by and through counsel,
and hereby submits the following Responses to the TRA Staff's Supplemental Data Requests
dated December 19, 2012. Navitas states as follows:

1. Provide a complete revised tariff including all proposed rates, terms and conditions as outlined in the Agreement. The tariffs need to include all phases of rates, include terms and conditions, and should otherwise explain in detail all provisions requested in the Agreement (e.g. to whom the phase-in rates will apply and details of the exact circumstances that customers must meet in order to have fees waived).

RESPONSE: Attached as Exhibit A, please find the proposed tariff language including tariff rates and timing, penalties and service charges, level pay plan, payment plan, etc.

2. Is the proposal to waive fees for customers in certain situations to be funded by other ratepayers or Navitas stockholders? Explain and identify any revenue requirement of this proposal.

RESPONSE: There is no mechanism for Navitas to transfer the penalty fees waived for delinquent customers to the other rate payers and recover the lost revenue. Thus effectively the shareholders fund this requirement. The service and penalty revenue (see Schedule 12) indicates \$7,794 during the test case year and a final projection of \$12,756 when the rates are fully implemented. The increase of \$4,962 was calculated in accordance with a ratio of tariff revenue to service and penalty revenue. No provision was made to recognize the Company would forego a portion of this revenue requirement each time a fee was waived. Theoretically, unless an adjustment is made during the next rate case, the waiver of these fees (subsequent to the next rate case) will be transferred to the other rate payers. However, with only a

portion of a small percentage of the total revenue requirement in question, the effects are *de minimis*.

3. Referring to paragraph 21 of the Agreement, is it the parties' position that customers within a specific class (e.g. residential) will be charged different rates for the same services simply due to subscription dates? If so, provide the rationale and legal basis to justify how customers within the same specific class receiving the same service (natural gas) can be charged different rates solely on the basis of subscription date.

RESPONSE: The Company has concerns regarding rate shock and proposed a phase-in approach for the revenue requirement in the initial filing. Additionally, the Company was concerned and demonstrated that certain customers game the tariff system by discontinuing service in the warm months to avoid the monthly six-dollar service charge. A gradual phase-in approach, which is designed to produce less revenue than the amount that is determined to be fair, just, and reasonable during the attrition period, creates a situation where the utility is earning less than it would otherwise be entitled. However, in the judgment of the Company, it may be that the total cost of potential customer rate shock issues outweighs or at least balances out the cost of the foregone revenue in the short-run. In other jurisdictions there has been acknowledgement of this deferred revenue.

Being that the purpose of the phase-in period is to avoid rate shock to existing customers, it is not necessary to phase in the revenue requirement for new customers as they would not fall under the definition of rate shock to existing customers. In this manner, it can be viewed that new customers and existing customers effectively are in separate classes. Moreover, the prospect of new customers coming onto the system during the phase-in period is speculative at best being that the Company operates in a rural area with little projected population growth.

Furthermore, this immediate full rate implementation will dissuade existing customers from attempting to game the system by disconnecting in the warmer months.

4. On page ten of Mr. Hartline's rebuttal testimony, he states:
During the transition period, the Authority approved Navitas' contract with Tri-Star Energy to perform DIMP and other work. The regulatory treatment prescribed in the Authority's Order dated May 22, 2012 called for the portion of the contract attributable to Tennessee to be capitalized and included in net plant. The amount of this capitalization of \$27,300 is shown on the schedule 2 Rate Base.

Provide the cite in any TRA order wherein the Authority approved the Contract between Navitas and Tri-Star Energy. Also, provide any reference within any TRA order

allowing recovery of the DIMP costs prior to the Authority considering and evaluating the DIMP costs, including the hiring of a consultant. If the Consumer Advocate performed an analysis of the DIMP costs, provide such analysis.

RESPONSE: The Company is extremely concerned regarding this question. The DIMP is an extremely expensive Federal mandate for LDCs. The entire purpose of pursuing the Authority's pre-approval for this required major expenditure was to avoid this very type of questioning after the fact. Navitas expended large amounts of monetary and human capital obtaining the Order in advance of the current rate case, then in good faith entered into a \$27,300 (Tennessee portion) five-year contract with Tri-Star Energy in reliance upon that Order. The Authority's staff reviewed the Petition and the proposed contract, and the Company responded to Data Requests in good faith. Attached is a copy of the Petition, Responses to Staff's Data Requests, the Testimony of Thomas Hartline, and the Order in Docket No. 12-00020 affixed hereto as Exhibit B. Further, in the early weeks of this rate case, the Company included the \$27,300 figure in the Schedules (Schedule 2 specifically), affixed hereto as Exhibit C, which were provided to the Authority's Staff at the Authority's request.

The TRA Order (Docket No. 12-00020) provides:

"The Petition filed by Navitas TN NG, LLC is granted, in part, allowing Navitas to book as a regulatory asset the costs associated with preparing and implementing the Distribution Integrity Management Program and amortize the booked amount over a five year period."

The Order further provides:

"In *approving* the request for deferral [of the costs associated with the consulting contract], the panel also specifically stated that the deferral of these costs does not equate to a determination that the Company will be allowed to recover such costs when they are considered by the Authority [during the subsequent rate case].

It is implicit from the Authority's granting of *approval* of the request for deferral of the costs associated with the consulting contract that there be a contract with costs to defer. You cannot have one without the other. Moreover, the Company is not stating that the Order grants recovery of the costs of the contract, but the Order does go on to state that a "determination" will follow when the costs are considered by the Authority. Petitioner's intention from the beginning has been to seek recovery of these costs in the current rate case. Upon the filing of this rate case, the Company calculated this cost in its overall proposed rate increase.

5. For reference only, provide revised schedules removing the \$27,300 amount of capitalization for DIMP costs from the Agreement.

RESPONSE: The Company understands the CAPD will provide this information.

6. For other revenues, provide a price-out of current and proposed amounts as set forth on Settlement Exhibit A, Schedules 9 and 12. Please include all assumptions used in the analysis and identify revenues by individual charges/services.

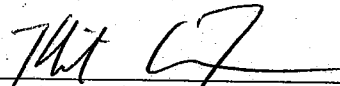
RESPONSE: The Company understands that CAPD will provide additional information on this issue if necessary. Note that some discussion in question 2 is relevant to this issue. In addition to Schedule 12 (discussed in Question 2), see also Schedule 11 footnote A. Note that the proposed terms and conditions language outlined in the tariff provided in Question 1 was not used by CAPD in their analysis.

7. Paragraph 25.D of the Agreement states that reconnection of service will be provided (after appropriate payment from the customer) within two days. Explain how Navitas plans to track these reconnections. Also, if Navitas fails to reconnect service within two days, is there a penalty or is the customer somehow compensated for Navitas' failure to abide by its tariff?

RESPONSE: It is the understanding of the Company that this provision comes out of tariff language found in 09-00017 and that no tracking or penalty is included in that tariff. That being said, the Company did not give great consideration to this issue due to the fact that the Navitas service person, Jerry Walker, typically reactivates meters straight away as it is no more than driving a few minutes across town to unlock the meter and re-establish service. The Company suspects that the provision originally appeared in a water system where the service person was not a fulltime employee of the utility. This is not an issue for Navitas as Mr. Walker is always present in Jellico, and Byrdstown is disproportionately a commercial system. One could imagine unusual scenarios where a Jellico customer is shut off and Mr. Walker is on vacation. But in this instance, provided the meter was not pulled for safety reasons, our emergency contractor, Volunteer Trenching, would be called out to perform the work.

Dated this the 21st day of December, 2012.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read 'Klint W. Alexander', written over a horizontal line.

Klint W. Alexander, Esq. (#20420)
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203
(615) 244-0020
Counsel for Navitas, TN NG, LLC

VERIFICATION OF NAVITAS TN NG, LLC

STATE OF California)
)
COUNTY OF Orange) ss.

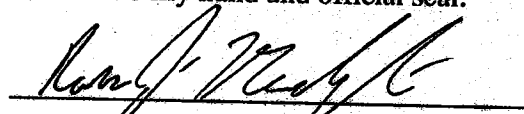
I Thomas Hartline, Secretary of Navitas TN NG, LLC, being duly sworn according to law, makes oath and affirm that I have read the foregoing documentation, know the contents thereof, and that the same is true and correct to the best of my knowledge, information and belief.


THOMAS HARTLINE

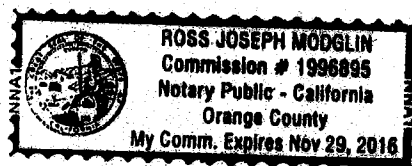
On December 18th, 2012 before me, Ross J. Modglin, Notary Public, personally appeared Thomas Hartline who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Notary Public Signature

Notary Public Seal

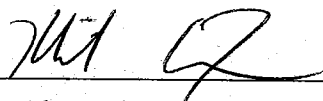


CERTIFICATE OF SERVICE

I hereby certify that on December 21st, 2012, a copy of the foregoing was filed in the above-captioned action. A copy will be served by regular U.S. Mail and electronic mail to:

John J. Baroni, Esq.
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202-0207
(615) 741-8726

Kelly Cashman-Grams, Esq.
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243
kelly.grams@tn.gov



Klint Alexander

60303247.1

Third Revised TRA Service Schedule No.1
Replacing Second Revised TRA Service Schedule No. 1

Residential and Commercial Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES
As ordered by the
TENNESSEE REGULATORY AUTHORITY

For billing all Residential Natural Gas Service
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

RESIDENTIAL "R" SERVICE
Schedule No. 1

AVAILABILITY

Available to any residential or commercial customer within all areas served by Navitas TN NG, LLC.

<u>BASE RATE</u> ⁽¹⁾	<u>Feb. 1, 2013</u> ⁽²⁾	<u>Jan. 1, 2014</u> ⁽³⁾	<u>Dec. 1, 2014</u> ⁽⁴⁾
Meter charge per month	\$6.00	\$7.00	\$9.00
First nine Ccf per month	\$1.555	\$1.555	\$1.665
Greater than nine Ccf per month	\$0.645	\$0.755	\$0.885

- (1) The cost of purchased gas is not included in the base rate/non-commodity charge.
(2) These rates will go into effect the first day of the first full billing period after approval by the TRA.
(3) These rates will go into effect the first day of the first 2014 billing period.
(4) These rates will go into effect the first day of the final 2014 billing period.

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Issued by: Thomas Hartline
Secretary
12-21-12

Effective: 2-1-20

Docket No. 11-000

EXHIBIT

A

Third Revised TRA Service Schedule No. 2
Replacing Second Revised TRA Service Schedule No. 2

Industrial, Institutional and Public Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES
As ordered by the
TENNESSEE REGULATORY AUTHORITY

For billing all Public, Industrial and Institutional Natural Gas Service
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

PUBLIC, INDUSTRIAL & INSTITUTIONAL "PII" SERVICE
Schedule No. 2

AVAILABILITY

Available to any public, industrial or institutional customer within all areas served by Navitas TN NG, LLC.

BASE RATE ⁽¹⁾

	<u>Feb. 1, 2013⁽²⁾</u>	<u>Jan. 1, 2014⁽³⁾</u>	<u>Dec. 1, 2014⁽⁴⁾</u>
Meter charge per month	\$6.00	\$9.00	\$14.00
First nine Ccf per month	\$1.555	\$2.330	\$2.885
Greater than nine Ccf per month	\$0.645	\$0.745	\$0.880

(1) The cost of purchased gas is not included in the base rate.

(2) These rates will go into effect the first day of the first full billing period after approval by the TRA.

(3) These rates will go into effect the first day of the first 2014 billing period.

(4) These rates will go into effect the first day of the final 2014 billing period.

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Issued by: Thomas Hartline
Secretary
12-21-12

Effective: 2-1-2013

Docket No. 11-00068

Commercial Tariff

Navitas TN NG, LLC
 P.O. Box 183
 121 Eakly Campus Road
 Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES
 As ordered by the
 TENNESSEE REGULATORY AUTHORITY

For billing all Commercial Natural Gas Service
 In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

COMMERICAL "C" SERVICE
 Schedule No. 3

AVAILABILITY

Available to any residential or commercial customer within all areas served by Navitas TN NG, LLC.

<u>BASE RATE</u> ⁽¹⁾	<u>Feb. 1, 2013</u> ⁽²⁾	<u>Jan. 1, 2014</u> ⁽³⁾	<u>Dec. 1, 2014</u> ⁽⁴⁾
Meter charge per month	\$6.00	\$9.00	\$9.00
First nine Ccf per month	\$1.555	\$1.775	\$2.220
Greater than nine Ccf per month	\$0.645	\$0.755	\$0.885

(1) The cost of purchased gas is not included in the base rate/non-commodity charge.

(2) These rates will go into effect the first day of the first full billing period after approval by the TRA.

(3) These rates will go into effect the first day of the first 2014 billing period.

(4) These rates will go into effect the first day of the final 2014 billing period.

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Issued by: Thomas Hartline
 Secretary
 12-21-12

Effective: 3-1-2013

Docket No. 11-00068

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule of Rules and Regulations shall be applied, as appropriate, by Navitas TN NG, LLC, for the applicable services associated with natural gas service in the territory shown above for the class of service, where the Company's distribution mains are suitable for supplying the desired service.

RULES AND REGULATIONS
Schedule No. 4

RETURNED CHECK CHARGE: A charge of \$50.00 will be applied to the customer's next monthly bill for each customer check returned by the bank for any reason.

RE-CONNECTION FEE: The Company shall provide prompt and timely reconnection service for all customers within no more than two (2) business days of receiving payment in full for past due amounts including associated fees, provided if the customer enters into a Budget Repayment Plan then the customers service will be reconnected within two (2) business days of receiving the first installment payment from the past due customer. The following re-connection charges shall apply:

- A. Residential customers:** A charge equal to six months times the applicable Meter charge per month set forth on Schedule No. 1 of this tariff for customers who, while at the same address, disconnect service for two or more months within a twelve month period. For example, if this charge is applicable to a customer requesting reconnection in October 2014 the charge would equal \$42.00 (6 x \$7.00).
- B. Commercial customers:** A charge equal to six months times the applicable Meter charge per month set forth on Schedule No. 3 of this tariff for customers who, while at the same address, disconnect service for two or more months within a twelve month period. For example, if this charge is applicable to a customer requesting reconnection in October 2014 the charge would equal \$54.00 (6 x \$9.00).
- C. Industrial customers:** A charge equal to six months times the applicable Meter charge per month set forth on Schedule No. 2 of this tariff for customers who, while at the same address, disconnect service for two or more months within a twelve month period. For example, if this charge is applicable to a customer requesting reconnection in October 2014 the charge would equal \$54.00 (6 x \$9.00).

Issued by: Thomas Hartline
Secretary
12-21-12

Effective: 2-1-2013

Docket No. 11-00068

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

SERVICE INITIATION FEE:

- A. No charge will apply when a customer initiates service where natural gas facilities are present. For new service where facilities are not installed, there will be no charge for the first 100 feet for extension of facilities; thereafter charges for extension of facilities will be negotiated with customer not to exceed cost.

COLLECTION/SHUT-OFF FEE:

- A. A charge of \$25.00 will be applied to the customer's next monthly bill each time a company representative or agent is sent to billing location to collect payment. A charge of \$50.00 assessed for discontinuance of service or to a customer for violation of any TRA or DOT regulation, including delinquency, provided that the customer was given five (5) days written notice of the potential disconnection, which will include the charge, and the time and date after which the disconnection may occur. In no event shall there be more than two collection trip fees per customer per billing period.

LIGHTING CHARGE:

- A. A charge of \$25.00 will be applied to the customer's next monthly bill each time a company representative or agent is sent to location per the customer's request to light the pilot light(s).

CUSTOMER REQUESTED METER CHANGE:

- A. When a residential customer requests a meter replacement, and their meter was installed or replaced within the past 12 months, and the meter tests within a range of 98% to 102% at flow rates of less than 1/2 cf/min. (pilot flow) and 2 cf/min. (open flow); customer will be charged \$50.00 for the change-out. At the time customer requests the change, he/she shall be notified of the charge.

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

TEMPORARY DISCONNECT CHARGE:

- A. When a meter is disconnected, for any reason, and the customer for whom, it was disconnected is reconnected within twelve (12) months of the time of disconnection, it shall be termed as a "temporary disconnect" and a temporary disconnect charge will be assessed, to be paid at the time the customer requests the meter be reinstated.
- B. If the disconnected is at the customer's request, the company shall notify the customer at the time service disconnection is requested of the applicability of the temporary disconnect charge.
- C. The temporary disconnect charge will be the same as the applicable accumulated Meter charge per month set forth in Schedule Nos. 1, 2 or 3 of this tariff, as appropriate, for the time the service was disconnected.

BUDGET REPAYMENT PLAN:

- A. The Budget Repayment Plan ("Plan") is available to residential customers and qualifying commercial customers who have not paid billed amounts when due. Simultaneous with the Company providing the customer notice of disconnection the Company shall provide the customer notice of the opportunity to participate in this Plan. If a Plan customer pays its monthly bill past the due date for two consecutive months, it may be dropped from the Plan at the option of the Company.
- B. At the time a consumer elects to participate in the Plan, the customer must also participate in the Level Pay Plan.
- C. The monthly amount required to be paid by the customer shall include the past due bill, including returned check fees and other charges, disconnection and reconnection charges in addition to the Level Pay Plan amount. The Company shall not charge interest to the customer if the customer remains current in their payments under the Plan, including the Level Pay Plan. The Company shall determine the number of months for a Plan based on the total amount of charges due provided under no circumstances shall the repayment period be less than three monthly billing cycles.

Issued by: Thomas Hartline
Secretary
12-21-12

Effective: 2-1-2013

Docket No. 11-00068

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
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SCHEDULE OF APPROVED RULES AND REGULATIONS
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TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

BUDGET REPAYMENT PLAN (con't):

- D. If a customer on a Plan fails to pay a monthly installment as per the terms of the Plan as 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 shall be due and payable prior to having service restored. In addition, the Company may also charge a monthly late payment fee equal to five percent (5%) of the net amount due until paid in full.

LEVEL PAY PLAN:

A. General Terms and Conditions:

1. The Level Pay Plan is available to residential customer and qualifying commercial customer. Residential and Commercial customers may request participation in the Level Pay Plan at any time during the year. Request for participation can be made by telephone or mail or in person at the Company's business office. The customer must have at least a twelve months usage history with the Company to participate in the Level Pay Plan. If a Level Pay Plan customer pays its monthly bill past the due date for two consecutive months, it may be dropped from the Level Pay Plan at the option of the Company.
2. At the time a customer elects to participate in the Level Pay Plan, except as provided in the Budget Repayment Plan, the account should be current (the account does not have a previous balance and the current billing is not past due).
3. A customer who is unable to bring the account to a current status may be placed on the Level Pay Plan by agreeing to pay the monthly budget amount plus an additional amount over an agreed upon period of time.

Rules and Regulations Tariff

Navitas TN NG, LLC
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Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LEVEL PAY PLAN (con't):

B. Level Pay Amount:

1. The amount resulting from the level pay calculation is the level pay payment amount for the next twelve months, until annual review or until changed because of a rate order.

Level Pay Calculation:

- a. Bill one-twelfth (1/12) of the customer's normalized usage at the current month's applicable rate.
- b. Round up to the next dollar.
- c. The level pay amount is identified as a separate item on the gas bill so the participating customer will know the amount to pay.

C. Actual Billing:

1. Participation in the Level Pay Plan has no effect on the Company's approved rate schedules or other billing charges used to calculate the customers' actual monthly billing.
2. The actual monthly billing is shown on the gas bill as a memo item for the customer's information. Actual billing is based on the applicable rate and the meter readings obtained to determine the customer's gas usage for the service period.
3. The difference between actual billings and the budget amounts paid is shown on the customer's bill as Level Pay Plan Balance Forward.

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LEVEL PAY PLAN (con't):

D. Annual Review:

1. The Level Pay Plan accounts are annually reviewed, following the April billing, to calculate the level pay payment amount for the succeeding twelve (12) months.
 - a. Annual Level Pay Plan Review Calculation:
 - (1) Bill one-twelfth (1/12) of the customer's normalized usage at the current months applicable rate.
 - (2) Add in (or subtract as appropriate) one-twelfth (1/12) of the accumulated difference between actual billings and budget payment billings.
 - (3) Round up to the next dollar.

E. Rate Order:

1. In the event of a rate order, Level Pay Plan accounts are reviewed and the Level Pay Plan payment amounts recalculated, using the Annual Review Calculation, to adjust for any increase or decrease in rates.

F. Settlement:

1. Settlement occurs only when participation in the Level Pay Plan is terminated:
 - a. The account is final billed.
 - b. The consumer requests termination from the Level Pay Plan.
 - c. The consumer is removed from the Level Pay Plan by the Company as a result of past-due level pay payment amounts on the account.

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LEVEL PAY PLAN (con't):

F. Settlement (con't):

- d. Settlement is defined as applying the actual account balance (debit or credit) to the customer's next billing.

ALTERNATE ADDRESS NOTIFICATION:

- A. A customer may request a billing address different than the physical location where gas service is provided PROVIDED, the person financially responsible for the account provides the Company with prior written authorization. The written authorization must be received at the time the customer request service or if received at a later date the alternate billing address request must be received at least twenty (20) days prior to the next regular billing date or the alternative billing address will not be reflected on the account until the second billing cycle after the request is received.
- B. A customer may request the Company to provide notice of disconnection to an address different than the billing address for the account PROVIDED, the person financially responsible for the account provides the Company with prior written authorization. The written authorization must be received at the time the customer request service or if received at a later date the additional address for disconnect notification request must be received at least twenty (20) days prior to the next regular billing date or the additional address for disconnect notification will not be reflected in the account until the second billing cycle after the request is received. The Company will provide notice of disconnection to the billing address and the additional address for disconnect notification.

Rules and Regulations Tariff

Navitas TN NG, LLC
- P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

COMPETITIVE SERVICE RATES:

- A. Availability: Natural gas service under this rate schedule is available only when there is direct competition with another natural gas local distribution company and will be available to any individually metered customer. Gas service is not available under this rate schedule for resale to others.
- B. Regulations: When the Company has reason to believe competition for one or more of its customers is imminent, the Company may develop a special contract containing the rates the Company believes is necessary to retain the customer(s). The Company shall give fourteen (14) days' notice to the Chief of the Utilities Division of the special contract and the request for approval of the special contract. The Chief shall have ten (10) days after receipt to file an objection to the approval of the special contract. If an objection is filed, the matter will be set for hearing on the next applicable TRA Docket. If for some reason the Company does not have fourteen (14) days in which to provide notice to the Chief, the Company shall provide as much notice as possible considering the circumstances. If no objection is filed by the Chief, the contract will be deemed approved without order of the TRA. The stockholders shall bear the risk of any special contract rates that are below the company's marginal costs to provide the service. The special contracts filed pursuant to this section shall be public record.

COMPANY'S RIGHT TO WAIVE FEES:

- A. The Company may, within its sole discretion, waive all or a portion of fees associated with late or temporary inability of a customer to pay any amounts when due including but not limited to, disconnection, reconnection, and late fees, in special circumstances such as financial distress, military deployment or for disabled customers, family member or customers or customers with a unique situation. The Company may require all documentation it deems necessary under the circumstances. All such documentation shall be kept confidential if requested by the customer.

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LIMITATION OF LIABILITY:

- A. The Company shall not be liable for, and the customer shall indemnify, hold harmless and defend the Company from and against any and all liability, proceedings, suits, cost or expense for, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the furnishing of natural gas, or with the interruption or termination of natural gas service, except to the extent that the damages are occasioned by the gross negligence or willful misconduct of the Company.

Third Revised TRA Service Schedule No.1
Replacing Second Revised TRA Service Schedule No. 1

Residential and Commercial Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES
As ordered by the
TENNESSEE REGULATORY AUTHORITY

For billing all Residential Natural Gas Service
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

RESIDENTIAL "R" SERVICE
Schedule No. 1

AVAILABILITY

Available to any residential or commercial customer within all areas served by Navitas TN NG, LLC.

<u>BASE RATE</u> ⁽¹⁾	<u>Feb. 1, 2013</u> ⁽²⁾	<u>Jan. 1, 2014</u> ⁽³⁾	<u>Dec. 1, 2014</u> ⁽⁴⁾
Meter charge per month	\$6.00	\$7.00	\$9.00
First nine Ccf per month	\$1.555	\$1.555	\$1.665
Greater than nine Ccf per month	\$0.645	\$0.755	\$0.885

(1) The cost of purchased gas is not included in the base rate/non-commodity charge.

(2) These rates will go into effect the first day of the first full billing period after approval by the TRA.

(3) These rates will go into effect the first day of the first 2014 billing period.

(4) These rates will go into effect the first day of the final 2014 billing period.

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Issued by: Thomas Hartline
Secretary
12-21-12

Effective: 2-1-2013
Docket No. 11-00068

Third Revised TRA Service Schedule No. 2
Replacing Second Revised TRA Service Schedule No. 2

Industrial, Institutional and Public Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES
As ordered by the
TENNESSEE REGULATORY AUTHORITY

For billing all Public, Industrial and Institutional Natural Gas Service
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

PUBLIC, INDUSTRIAL & INSTITUTIONAL "PII" SERVICE
Schedule No. 2

AVAILABILITY

Available to any public, industrial or institutional customer within all areas served by Navitas TN NG, LLC.

<u>BASE RATE</u> ⁽¹⁾	<u>Feb. 1, 2013</u> ⁽²⁾	<u>Jan. 1, 2014</u> ⁽³⁾	<u>Dec. 1, 2014</u> ⁽⁴⁾
Meter charge per month	\$6.00	\$9.00	\$14.00
First nine Ccf per month	\$1.555	\$2.330	\$2.885
Greater than nine Ccf per month	\$0.645	\$0.745	\$0.880

- (1) The cost of purchased gas is not included in the base rate.
(2) These rates will go into effect the first day of the first full billing period after approval by the TRA.
(3) These rates will go into effect the first day of the first 2014 billing period.
(4) These rates will go into effect the first day of the final 2014 billing period.

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Issued by: Thomas Hartline
Secretary
12-21-12

Effective: 2-1-2013
Docket No. 11-00068

Commercial Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RATES
As ordered by the
TENNESSEE REGULATORY AUTHORITY

For billing all Commercial Natural Gas Service
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule shall be charged by Navitas TN NG, LLC, for natural gas served in the territory shown above for the class of service indicated in accordance with the Company's Rules and Regulations, where the Company's distribution mains are suitable for supplying the desired service.

COMMERICAL "C" SERVICE
Schedule No. 3

AVAILABILITY

Available to any residential or commercial customer within all areas served by Navitas TN NG, LLC.

<u>BASE RATE</u> ⁽¹⁾	<u>Feb. 1, 2013</u> ⁽²⁾	<u>Jan. 1, 2014</u> ⁽³⁾	<u>Dec. 1, 2014</u> ⁽⁴⁾
Meter charge per month	\$6.00	\$9.00	\$9.00
First nine Ccf per month	\$1.555	\$1.775	\$2.220
Greater than nine Ccf per month	\$0.645	\$0.755	\$0.885

- (1) The cost of purchased gas is not included in the base rate/non-commodity charge.
- (2) These rates will go into effect the first day of the first full billing period after approval by the TRA.
- (3) These rates will go into effect the first day of the first 2014 billing period.
- (4) These rates will go into effect the first day of the final 2014 billing period.

CUSTOMER MONTHLY CHARGE

A monthly charge for gas delivered from the time of initial service until termination at the customer's request will be billed, unless there is a temporary discontinuance of service in which case there will be a reconnect charge.

PAYMENT TERMS

All bills for service are due upon presentation and the above stated net rate shall be allowed if payment is made on or before the last day for payment as specified on the bill. Payments made after that day shall be for the gross amount plus five percent (5%) of the net bill.

ADJUSTMENTS

Bills for service are subject to adjustment for changes in the cost of purchased gas. Purchased gas adjustments and all applicable taxes and fees are in addition to the above rate.

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

Effective upon approval by and further order of the Commission, the following schedule of Rules and Regulations shall be applied, as appropriate, by Navitas TN NG, LLC, for the applicable services associated with natural gas service in the territory shown above for the class of service, where the Company's distribution mains are suitable for supplying the desired service.

RULES AND REGULATIONS
Schedule No. 4

RETURNED CHECK CHARGE: A charge of \$50.00 will be applied to the customer's next monthly bill for each customer check returned by the bank for any reason.

RE-CONNECTION FEE: The Company shall provide prompt and timely reconnection service for all customers within no more than two (2) business days of receiving payment in full for past due amounts including associated fees, provided if the customer enters into a Budget Repayment Plan then the customers service will be reconnected within two (2) business days of receiving the first installment payment from the past due customer. The following re-connection charges shall apply:

- A. Residential customers:** A charge equal to six months times the applicable Meter charge per month set forth on Schedule No. 1 of this tariff for customers who, while at the same address, disconnect service for two or more months within a twelve month period. For example, if this charge is applicable to a customer requesting reconnection in October 2014 the charge would equal \$42.00 (6 x \$7.00).
- B. Commercial customers:** A charge equal to six months times the applicable Meter charge per month set forth on Schedule No. 3 of this tariff for customers who, while at the same address, disconnect service for two or more months within a twelve month period. For example, if this charge is applicable to a customer requesting reconnection in October 2014 the charge would equal \$54.00 (6 x \$9.00).
- C. Industrial customers:** A charge equal to six months times the applicable Meter charge per month set forth on Schedule No. 2 of this tariff for customers who, while at the same address, disconnect service for two or more months within a twelve month period. For example, if this charge is applicable to a customer requesting reconnection in October 2014 the charge would equal \$54.00 (6 x \$9.00).

Issued by: Thomas Hartline
Secretary
12-21-12

Effective: 2-1-2013

Docket No. 11-00068

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

SERVICE INITIATION FEE:

- A. No charge will apply when a customer initiates service where natural gas facilities are present. For new service where facilities are not installed, there will be no charge for the first 100 feet for extension of facilities; thereafter charges for extension of facilities will be negotiated with customer not to exceed cost.

COLLECTION/SHUT-OFF FEE:

- A. A charge of \$25.00 will be applied to the customer's next monthly bill each time a company representative or agent is sent to billing location to collect payment. A charge of \$50.00 assessed for discontinuance of service or to a customer for violation of any TRA or DOT regulation, including delinquency, provided that the customer was given five (5) days written notice of the potential disconnection, which will include the charge, and the time and date after which the disconnection may occur. In no event shall there be more than two collection trip fees per customer per billing period.

LIGHTING CHARGE:

- A. A charge of \$25.00 will be applied to the customer's next monthly bill each time a company representative or agent is sent to location per the customer's request to light the pilot light(s).

CUSTOMER REQUESTED METER CHANGE:

- A. When a residential customer requests a meter replacement, and their meter was installed or replaced within the past 12 months, and the meter tests within a range of 98% to 102% at flow rates of less than 1/2 cf/min. (pilot flow) and 2 cf/min. (open flow); customer will be charged \$50.00 for the change-out. At the time customer requests the change, he/she shall be notified of the charge.

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

TEMPORARY DISCONNECT CHARGE:

- A. When a meter is disconnected, for any reason, and the customer for whom, it was disconnected is reconnected within twelve (12) months of the time of disconnection, it shall be termed as a "temporary disconnect" and a temporary disconnect charge will be assessed, to be paid at the time the customer requests the meter be reinstated.
- B. If the disconnected is at the customer's request, the company shall notify the customer at the time service disconnection is requested of the applicability of the temporary disconnect charge.
- C. The temporary disconnect charge will be the same as the applicable accumulated Meter charge per month set forth in Schedule Nos. 1, 2 or 3 of this tariff, as appropriate, for the time the service was disconnected.

BUDGET REPAYMENT PLAN:

- A. The Budget Repayment Plan ("Plan") is available to residential customers and qualifying commercial customers who have not paid billed amounts when due. Simultaneous with the Company providing the customer notice of disconnection the Company shall provide the customer notice of the opportunity to participate in this Plan. If a Plan customer pays its monthly bill past the due date for two consecutive months, it may be dropped from the Plan at the option of the Company.
- B. At the time a consumer elects to participate in the Plan, the customer must also participate in the Level Pay Plan.
- C. The monthly amount required to be paid by the customer shall include the past due bill, including returned check fees and other charges, disconnection and reconnection charges in addition to the Level Pay Plan amount. The Company shall not charge interest to the customer if the customer remains current in their payments under the Plan, including the Level Pay Plan. The Company shall determine the number of months for a Plan based on the total amount of charges due provided under no circumstances shall the repayment period be less than three monthly billing cycles.

Rules and Regulations Tariff

Navitas TN NG, LLC
P.O. Box 183
121 Eakly Campus Road
Eakly, Oklahoma 73033

SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

BUDGET REPAYMENT PLAN (con't):

- D. If a customer on a Plan fails to pay a monthly installment as per the terms of the Plan as 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 shall be due and payable prior to having service restored. In addition, the Company may also charge a monthly late payment fee equal to five percent (5%) of the net amount due until paid in full.

LEVEL PAY PLAN:**A. General Terms and Conditions:**

1. The Level Pay Plan is available to residential customer and qualifying commercial customer. Residential and Commercial customers may request participation in the Level Pay Plan at any time during the year. Request for participation can be made by telephone or mail or in person at the Company's business office. The customer must have at least a twelve months usage history with the Company to participate in the Level Pay Plan. If a Level Pay Plan customer pays its monthly bill past the due date for two consecutive months, it may be dropped from the Level Pay Plan at the option of the Company.
2. At the time a customer elects to participate in the Level Pay Plan, except as provided in the Budget Repayment Plan, the account should be current (the account does not have a previous balance and the current billing is not past due).
3. A customer who is unable to bring the account to a current status may be placed on the Level Pay Plan by agreeing to pay the monthly budget amount plus an additional amount over an agreed upon period of time.

Rules and Regulations Tariff

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SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LEVEL PAY PLAN (con't):

B. Level Pay Amount:

1. The amount resulting from the level pay calculation is the level pay payment amount for the next twelve months, until annual review or until changed because of a rate order.

Level Pay Calculation:

- a. Bill one-twelfth (1/12) of the customer's normalized usage at the current month's applicable rate.
- b. Round up to the next dollar.
- c. The level pay amount is identified as a separate item on the gas bill so the participating customer will know the amount to pay.

C. Actual Billing:

1. Participation in the Level Pay Plan has no effect on the Company's approved rate schedules or other billing charges used to calculate the customers' actual monthly billing.
2. The actual monthly billing is shown on the gas bill as a memo item for the customer's information. Actual billing is based on the applicable rate and the meter readings obtained to determine the customer's gas usage for the service period.
3. The difference between actual billings and the budget amounts paid is shown on the customer's bill as Level Pay Plan Balance Forward.

Rules and Regulations Tariff

Navitas TN NG, LLC
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SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LEVEL PAY PLAN (con't):

D. Annual Review:

1. The Level Pay Plan accounts are annually reviewed, following the April billing, to calculate the level pay payment amount for the succeeding twelve (12) months.
 - a. Annual Level Pay Plan Review Calculation:
 - (1) Bill one-twelfth (1/12) of the customer's normalized usage at the current months applicable rate.
 - (2) Add in (or subtract as appropriate) one-twelfth (1/12) of the accumulated difference between actual billings and budget payment billings.
 - (3) Round up to the next dollar.

E. Rate Order:

1. In the event of a rate order, Level Pay Plan accounts are reviewed and the Level Pay Plan payment amounts recalculated, using the Annual Review Calculation, to adjust for any increase or decrease in rates.

F. Settlement:

1. Settlement occurs only when participation in the Level Pay Plan is terminated:
 - a. The account is final billed.
 - b. The consumer requests termination from the Level Pay Plan.
 - c. The consumer is removed from the Level Pay Plan by the Company as a result of past-due level pay payment amounts on the account.

Rules and Regulations Tariff

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SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LEVEL PAY PLAN (con't):

F. Settlement (con't):

- d. Settlement is defined as applying the actual account balance (debit or credit) to the customer's next billing.

ALTERNATE ADDRESS NOTIFICATION:

- A. A customer may request a billing address different than the physical location where gas service is provided PROVIDED, the person financially responsible for the account provides the Company with prior written authorization. The written authorization must be received at the time the customer request service or if received at a later date the alternate billing address request must be received at least twenty (20) days prior to the next regular billing date or the alternative billing address will not be reflected on the account until the second billing cycle after the request is received.
- B. A customer may request the Company to provide notice of disconnection to an address different than the billing address for the account PROVIDED, the person financially responsible for the account provides the Company with prior written authorization. The written authorization must be received at the time the customer request service or if received at a later date the additional address for disconnect notification request must be received at least twenty (20) days prior to the next regular billing date or the additional address for disconnect notification will not be reflected in the account until the second billing cycle after the request is received. The Company will provide notice of disconnection to the billing address and the additional address for disconnect notification.

Rules and Regulations Tariff

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SCHEDULE OF APPROVED RULES AND REGULATIONS

As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

COMPETITIVE SERVICE RATES:

- A. Availability: Natural gas service under this rate schedule is available only when there is direct competition with another natural gas local distribution company and will be available to any individually metered customer. Gas service is not available under this rate schedule for resale to others.
- B. Regulations: When the Company has reason to believe competition for one or more of its customers is imminent, the Company may develop a special contract containing the rates the Company believes is necessary to retain the customer(s). The Company shall give fourteen (14) days' notice to the Chief of the Utilities Division of the special contract and the request for approval of the special contract. The Chief shall have ten (10) days after receipt to file an objection to the approval of the special contract. If an objection is filed, the matter will be set for hearing on the next applicable TRA Docket. If for some reason the Company does not have fourteen (14) days in which to provide notice to the Chief, the Company shall provide as much notice as possible considering the circumstances. If no objection is filed by the Chief, the contract will be deemed approved without order of the TRA. The stockholders shall bear the risk of any special contract rates that are below the company's marginal costs to provide the service. The special contracts filed pursuant to this section shall be public record.

COMPANY'S RIGHT TO WAIVE FEES:

- A. The Company may, within its sole discretion, waive all or a portion of fees associated with late or temporary inability of a customer to pay any amounts when due including but not limited to, disconnection, reconnection, and late fees, in special circumstances such as financial distress, military deployment or for disabled customers, family member or customers or customers with a unique situation. The Company may require all documentation it deems necessary under the circumstances. All such documentation shall be kept confidential if requested by the customer.

Rules and Regulations Tariff

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SCHEDULE OF APPROVED RULES AND REGULATIONS
As ordered by the
TENNESSEE REGULATORY AUTHORITY

Applicable to all customers
In the entire service area of the Company

LIMITATION OF LIABILITY:

- A. The Company shall not be liable for, and the customer shall indemnify, hold harmless and defend the Company from and against any and all liability, proceedings, suits, cost or expense for, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the furnishing of natural gas, or with the interruption or termination of natural gas service, except to the extent that the damages are occasioned by the gross negligence or willful misconduct of the Company.



2525 West End Avenue, Suite 1500
Nashville, Tennessee 37203-1423
615.244.0020
Fax: 615.256.1726

Mari-Jo M. Casey
615.251.6752
mcasey@wyattfirm.com

March 8, 2012

VIA EMAIL AND HAND DELIVERY

Kenneth C. Hill, Chairman Tennessee Regulatory Authority
c/o Sharla Dillon Dockets and Records Manager
460 James Robertson Parkway
Nashville, Tennessee 37219

Docket No. 12-00020

**RE: Petition of Navitas TN NG, LLC for Approval to Book as a Regulatory Asset its
Costs Associated with its Distribution Integrity Management Program**

Dear Chairman Hill:

Attached is an original and five copies of a Petition of Navitas TN NG, LLC for Approval to Book as a Regulatory Asset its Costs Associated with its Distribution Integrity Management Program, along with a check made payable to the Tennessee Regulatory Authority in the amount of \$25.00 for the filing fee. A copy of this Petition has also been submitted electronically.

As you can see, I have provided you with an additional copy of the Petition for you to return a file stamped copy with our courier for our files. Please contact me if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Mari-Jo M. Casey', is written over the typed name and title.

Mari-Jo M. Casey
Paralegal

on behalf of Counsel for Navitas TN NG, LLC

Enclosures

cc: Klint W. Alexander, Esq.
Mary Kathryn Kunc, Esq.
Jean A. Stone, Esq.
Vance L. Broemel, Esq.

60141361.1

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**PETITION OF NAVITAS TN NG, LLC)
FOR AN ORDER GRANTING)
APPROVAL TO BOOK AS A)
REGULATORY ASSET ITS COSTS)
ASSOCIATED WITH ITS DISTRIBUTION)
INTEGRITY MANAGEMENT PROGRAM)**

Docket No. _____

PETITION

COMES NOW, Petitioner Navitas TN NG, LLC ("Navitas"), by and through counsel, pursuant to Tennessee Code Annotated §§ 65-4-101 *et seq.*, and hereby requests and order granting approval by the Tennessee Regulatory Authority ("Authority") to book as a regulatory asset its costs associated with its distribution integrity management program. In support of this Petition, Navitas shows unto the Authority as follows:

1. Navitas is a Kentucky limited liability company with its principal place of business located at 3186-D Airway Avenue, Costa Mesa, California 92626. Navitas maintains its local office at 613 Sunset Trail, Jellico, Tennessee. Navitas is in the business of distributing and selling natural gas to residential, agricultural and industrial customers in Jellico, Campbell County, Byrdstown, Pickett County and Fentress County, Tennessee and Whitley County, Kentucky. Its utility operations and its rates, services, practices, and charges in connection therewith are subject to general regulation by the Authority.

2. The Authority has jurisdiction over this matter pursuant to Tennessee Code Annotated § 65-4-101 *et seq.*

3. The Gas Distribution Integrity Management Program (DIMP) was developed pursuant to the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 ("PIPES

Act”). The Pipeline and Hazardous Materials Safety Administration promulgated rules for the program in 2009 which are codified in 49 C.F.R. §192.1001 *et seq* (DIMP RULES). The rules specify how distribution utilities, such as Navitas, must identify, assess, prioritize, evaluate and, repair and validate the integrity of distribution mains. The DIMP RULES mandate minimum requirements for a DIMP that Navitas must follow. The DIMP plan must, at a minimum, address the following elements: 1) Knowledge of its pipeline; 2) Identify threats such as excavation damage; 3) Evaluate and Rank risks to its pipeline; 4) Identify and implement measures to address risks; 5) Measure performance, monitor results, and evaluate effectiveness; and 6) Periodic evaluation and improvement.

4. Navitas has two sub-systems in Tennessee, and Navitas must have a separate DIMP plan that meets the requirements of the Act for each subsystem and other associated pipeline safety plans (collectively called the Plans). The DIMP plans must be submitted to and approved by the Authority.

5. Navitas’ affiliated entities - Navitas KY NG, LLC in Kentucky and Fort Cobb Fuel Authority, L.L.C. and its LeAnn Division (“FCFA”) in Oklahoma - also are required to submit separate DIMP plans for each sub-system in Kentucky (one sub-system) and Oklahoma (22 sub-systems) and approved by their respective public utility authorities.

6. Due to the complexity of the Plans and importance of ensuring that the Plans are compliant with federal regulations, Navitas has retained an experienced consultant, Tri-Star Energy Consultants (“Tri-Star”), to assist in preparing the Plans.

7. Navitas intends to book the costs associated with retaining Tri-Star to perform this work as a regulatory asset and to amortize the booked amount over a five year period. The costs will be allocated based on a one dollar per customer/per month charge applied to each of

Navitas' customers in Oklahoma, Kentucky and Tennessee over the five year period. Navitas intends to include the costs as a known and reasonable expense in its forthcoming rate case due to be filed on or before June 30, 2012.

8. Navitas requests that the Authority make the following findings:
 - a. That the DIMP plans for each of Navitas's subsystems are mandated and necessary;
 - b. That the hiring of Tri-Star Energy Consultants is a necessary and prudent investment for Navitas to meet the requirements for the DIMP and other pipeline safety plans; and
 - c. That Navitas be permitted to book the costs associated with preparing and implementing the Plans as a regulatory asset and amortize the booked amount over a five year period.

WHEREFORE, Navitas respectfully requests the Authority to issue an Order:

1. Confirming that the DIMP plans are mandatory and necessary;
2. Determining that the hiring of Tri-Star Energy Consultants is a necessary and reasonable expense for Navitas;
3. Authorizing Navitas to book the costs associated with preparing and implementing the Plans as a regulatory asset and amortize the booked amount over a five year period; and
4. Granting such other relief as the Authority may determine to be fair, just and equitable in the premises.

Dated this the 8th day of March, 2012.

Respectfully submitted,



Klint W. Alexander (#20420)
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203
(615) 244-0020
kalexander@wyattfirm.com

- and -

Ron Comingdeer, OBA#1835
Mary Kathryn Kunc, OBA#15907
Ron Comingdeer & Associates
6011 N. Robinson
Oklahoma City, Oklahoma 73118
(405) 848-5534
hunter@comingdeerlaw.com
mkkunc@comingdeerlaw.com

Counsel for Petitioner
Navitas TN NG LLC

VERIFICATION OF NAVITAS TENDING, LLC

STATE OF CALIFORNIA

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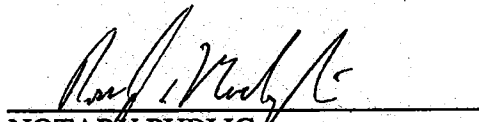
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COUNTY OF ORANGE

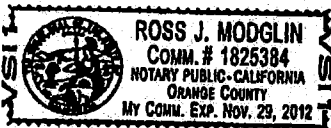
I, Thomas Hartline, Secretary of Navitas TENDING, LLC, being duly sworn according to law, makes oath and affirm that I have read the foregoing documentation, know the contents thereof, and that the same is true and correct to the best of my knowledge, information and belief.


THOMAS HARTLINE

Subscribed and sworn to before me on this 5th day of March, 2012, by Thomas Hartline, who proved to me on the basis of satisfactory evidence to be the person who appeared before me.


NOTARY PUBLIC

My Commission Expires:

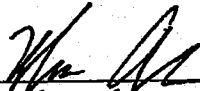


CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 8th day of March, 2012, a true and correct copy of the foregoing instrument was deposited in the United States Mail, with postage prepaid, and addressed to the following:

Jean A. Stone, Esq.
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Vance L. Broemel, Esq.
Senior Counsel
Consumer Advocate and Protection Division
State of Tennessee, Office of Attorney General
John Sevier Building
PO Box 20207
500 Charlotte Avenue
Nashville, Tennessee 37202



Klint Alexander

RECEIVED
BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE 37203
2012 APR 11 PM 12

**PETITION OF NAVITAS TN NG, LLC
FOR AN ORDER GRANTING
APPROVAL TO BOOK AS A
REGULATORY ASSET ITS COSTS
ASSOCIATED WITH ITS
DISTRIBUTION INTEGRITY
MANAGEMENT PROGRAM**

T.R.A. DOCKET ROOM

Docket No. 12-00020

**NAVITAS TN NG, LLC's RESPONSES TO TENNESSEE REGULATORY
AUTHORITY STAFF'S FIRST SET OF DATA REQUESTS**

COMES NOW, Navitas TN NG, LLC ("Navitas"), by and through undersigned counsel, and hereby submits the following Responses to the Tennessee Regulatory Authority Staff's First Set of Data Requests. Navitas states as follows:

1. Provide the status of the DIMP plans for Navitas's two sub-systems in Tennessee.

The status of the DIMP for the two Navitas TN NG, LLC sub-systems is as follows:

- Navitas Utility Corporation attempted to prepare a DIMP; however, we withdrew the plan believing that we did not adequately understand the complexities of interpreting Federal regulation.
- Navitas has sought the assistance of an expert, Tri-Star Energy ("TSE") recommended by the Tennessee Gas Association.
- Navitas has negotiated a contract with TSE for compliance documentation including DIMP.
- Due to the relative size of the contract, Navitas is seeking approval from the regulatory agencies before executing the contract.

2. Did the Company consider any other consultants besides Tri-Star Energy Consultants? If yes, provide the names of the other consultants. Explain the Company's reasons for choosing Tri-Star Energy Consultants.

Navitas did seek out other consultants in other states. In particular, Navitas has a long-time relationship with Pipeline Regulatory Consultants ("PRC") of Oklahoma City, Oklahoma. However, PRC was unwilling to enter into a contract that spread the very large cost over an extended time frame. Were Navitas to undertake the significant capital expenditure required at one-time, it would place a significant strain on the operational resources of Navitas.

In addition to meeting the long-term contract requirements preferred by Navitas, TSE also negotiated other cost saving in the overall contract. TSE also demonstrated a clear understanding of the overall goals of the compliance documentation effort.

3. Describe the specific services Tri-Star is providing and why there is the need for a specialist to prepare the plans.

Navitas, through TSE, is conducting an entire review of compliance documentation. Compliance documentation includes the following: an Operations and Maintenance Manual, an Emergency Plan, DIMP, Public Awareness Plan and monitoring, annual review and implementation meetings, legislative-regulatory-inspection generated plan changes, review of Drug & Alcohol plan.

As touched on in question 1, due to its small size, Navitas does not have a regulatory staff. Additionally, our various state regulatory attorneys are not familiar with or versed in DIMP. However, it was clear in discussions with counsel that Navitas should not use the SHRIMP as the language contained therein was potentially extremely prejudicial. Moreover, due to the cross-ties in all the regulatory compliance documentation, the creation of DIMP necessitates the review of all others.

4. Has the Company incurred any expense to date for the DIMP Plans? If yes, provide a detailed list of those expenses.

Any DIMP-related expenses to date have been incurred as part of our regular course of business by company personnel.

5. Provide an estimate of any additional costs anticipated, by type of expense.

Unless DIMP necessitates large capital improvement projects, which would be accounted for as part of our rate base, Navitas does not anticipate

additional expenses beyond the TSE contract and those incurred in the in the regular course of business by company personnel.

6. The deadline for natural gas operators of distribution systems to develop and implement a DIMP plans was August 2, 2011. When does the Company anticipate that the distribution integrity management program plans will be complete and in place for both natural gas distribution systems owned and operated by Navitas in Tennessee?

The current plan for the implementation of DIMP throughout all 25 sub-systems in three-states is one-year from approval of the contract. Since Kentucky has only one system it will serve as the initial platform. Then Tennessee with its two sub-systems will be complete. I anticipate that the entire Tennessee compliance documentation revamp will be completed by year-end.

Dated this the 11th day of April, 2012.

Respectfully submitted,


Klint W. Alexander (#20420)
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203
(615) 244-0020
kalexander@wyattfirm.com

- and -

Ron Comingdeer, OBA#1835
Mary Kathryn Kunc, OBA#15907
Ron Comingdeer & Associates
6011 N. Robinson
Oklahoma City, Oklahoma 73118
(405) 848-5534
hunter@comingdeerlaw.com
mkkunc@comingdeerlaw.com

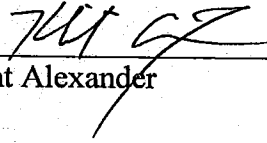
*Counsel for Petitioner
Navitas TN NG LLC*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 11th day of April, 2012, a true and correct copy of the foregoing instrument was deposited in the United States Mail, with postage prepaid, and addressed to the following:

Jean A. Stone, Esq.
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Vance L. Broemel, Esq.
Senior Counsel
Consumer Advocate and Protection Division
State of Tennessee, Office of Attorney General
John Sevier Building
PO Box 20207
500 Charlotte Avenue
Nashville, Tennessee 37202



Klint Alexander

60157489.1

Before the
Tennessee Regulatory Authority

Docket No. 12-00020

**PETITION OF NAVITAS TN NG, LLC FOR AN ORDER GRANTING APPROVAL TO
BOOK AS A REGULATORY ASSET ITS COSTS ASSOCIATED WITH ITS
DISTRIBUTION INTEGRITY MANAGEMENT PROGRAM**

Testimony
of
Thomas Hartline

On Behalf Of
Navitas TN NG, LLC

1Q: PLEASE STATE YOUR NAME.

A. My name is Thomas Hartline.

2Q: BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Navitas Utility Corporation as President and am Treasurer. I am also Secretary of Navitas TN NG, LLC ("Navitas"), Navitas Assets, LLC, and Fort Cobb Fuel Authority, LLC.

3Q: WHERE IS THE PRINCIPLE BUSINESS OFFICE FOR NAVITAS TN NG LLC?

A. Navitas' principal place of business is 18218 East McDermott, Irvine, California 92614, however we do maintain a local office at 613 Sunset Trail, Jellico, TN and 9825 Hwy 111, Static, TN.

4Q. PLEASE BRIEFLY EXPLAIN THE OPERATIONS OF NAVITAS.

A. In Oklahoma, Navitas' sister company, Fort Cobb Fuel Authority furnishes natural gas service to approximately 4500 residential, agricultural and industrial customers located in 17 counties. In Tennessee, since January 1, 2011, Navitas has been engaged in furnishing natural gas service to approximately 551 customers located in: 1) Campbell County, Tennessee and Whitley County, Kentucky (the Jellico System); 2) Pickett County, Tennessee (the Byrdstown System) and; 3) Fentress County, Tennessee (the Fentress Domestic Taps). Navitas also furnishes natural gas service to approximately 145 customers located in Clinton County, Kentucky (the Albany System). Navitas' focus is

serving customers in rural, high cost areas the larger gas utilities do not serve. We own approximately 34 miles of gas distribution and transmission pipe in rural Tennessee in addition to the facilities in Oklahoma and Kentucky. The assets of Navitas consist of the gas distribution facilities, including mains, regulator stations, and metering equipment. Navitas purchases gas from a non-affiliated third party gas supplier, and distributes it to our customers.

5Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE TENNESSEE REGULATORY AUTHORITY AND HAVE YOUR CREDENTIALS BEEN ACCEPTED?

A. Yes. I have testified twice before the Tennessee Regulatory Authority and numerous times before the Oklahoma Corporation Commission. My credentials have been accepted.

6Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to present information to the Authority relating to the Petition for an Order Granting Approval to Book as a Regulatory Asset Its Costs Associated with its Distribution Integrity Management Program (DIMP). Due to the complexity of the program and importance of ensuring that the Plans are compliant with federal regulations, Navitas has retained an experienced consultant, Tri-Star Energy Consultants ("Tri-Star"), to assist in preparing the Plans.

7Q. COULD YOU PLEASE EXPLAIN THE CIRCUMSTANCES THAT CAUSED A NEED FOR THIS PETITION?

A. Yes. The DIMP program was developed pursuant to the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006 ("PIPES Act"). The Pipeline and Hazardous Materials Safety Administration promulgated rules for the program in 2009 which are codified in 49 C.F.R. §192.1001 *et seq* (DIMP RULES). The rules specify how distribution utilities, such as Navitas, must identify, assess, prioritize, evaluate and, repair and validate the integrity of distribution mains. The DIMP RULES mandate minimum requirements for a DIMP that Navitas must follow. The DIMP plan must, at a minimum, address the following elements: 1) Knowledge of its pipeline; 2) Identify threats such as excavation damage; 3) Evaluate and Rank risks to its pipeline; 4) Identify and implement measures to address risks; 5) Measure performance, monitor results, and evaluate effectiveness; and 6) Periodic evaluation and improvement. Navitas has two sub-systems in Tennessee, and Navitas must have a separate DIMP plan that meets the requirements of the Act for each subsystem and other associated pipeline safety plans (collectively called the Plans). The DIMP plans must be submitted to and approved by the Authority.

Navitas' affiliated entities - Navitas KY NG, LLC in Kentucky and Fort Cobb Fuel Authority, L.L.C. and its LeAnn Division ("FCFA") in Oklahoma - also are required to submit separate DIMP plans for each sub-system in Kentucky (one sub-system) and Oklahoma (22 sub-systems) and approved by their respective public utility authorities.

8Q. HOW WERE THE NEGOTIATIONS BETWEEN NAVITAS AND TRI-STAR PURSUED?

A. The negotiations with Tri-Star were undertaken primarily by me in my capacity as President of Navitas Utility Corporation and Secretary of Navitas. Tri-Star was represented in these negotiations by Bob Parks.

9Q. WHAT WAS THE RESULT OF THOSE NEGOTIATIONS?

A. These negotiations were successful as evidenced by the previously filed Notice of Filing of Redacted Proposal for Natural Gas Regulatory Documentation Services in this proceeding.

10Q. WHAT SPECIFIC SERVICES IS TRI-STAR PROVIDING?

A. Navitas, through Tri-Star, is conducting an entire review of compliance documentation. Compliance documentation includes the following: an Operations and Maintenance Manual, an Emergency Plan, DIMP, Public Awareness Plan and monitoring, annual review and implementation meetings, legislative-regulatory-inspection generated plan changes, review of Drug & Alcohol plan.

11Q. WHY IS THERE A NEED FOR A SPECIALIST TO PREPARE THE PLANS?

A. Due to its small size, Navitas does not have a regulatory staff. Additionally, our various state regulatory attorneys are not familiar with or versed in DIMP. However, it was clear in discussions with counsel that Navitas should not use the SHRIMP as the language contained therein was potentially extremely prejudicial. Moreover, due to the cross-ties

in all the regulatory compliance documentation, the creation of DIMP necessitates the review of all others.

12Q. DID NAVITAS CONSIDER ANY OTHER CONSULTANTS BESIDES TRI-STAR? IF YES, PROVIDE THE NAMES OF THE OTHER CONSULTANTS. EXPLAIN THE COMPANY'S REASONS FOR CHOOSING TRI-STAR.

- A. Navitas did seek out other consultants in other states. In particular, Navitas has a long-time relationship with Pipeline Regulatory Consultants ("PRC") of Oklahoma City, Oklahoma. However, PRC was unwilling to enter into a contract that spread the very large cost over an extended time frame. Were Navitas to undertake the significant capital expenditure required at one-time, it would place a significant strain on the operational resources of Navitas. In addition to meeting the long-term contract requirements preferred by Navitas, Tri-Star also negotiated other cost savings in the overall contract. Tri-Star also demonstrated a clear understanding of the overall goals of the compliance documentation effort.

13Q. HAS NAVITAS INCURRED ANY EXPENSE TO DATE FOR THE DIMP PLANS?

- A. Any DIMP-related expenses to date have been incurred as part of our regular course of business by company personnel.

14Q. DOES NAVITAS ANTICIPATE ANY ADDITIONAL EXPENSES OR COSTS BEYOND THE TRIS-STAR CONTRACT AND THOSE INCURRED IN THE REGULAR COURSE OF BUSINESS BY COMPANY PERSONNEL.

- A. Unless DIMP necessitates large capital improvement projects, which would be accounted for as part of our rate base, Navitas does not anticipate additional expenses beyond the Tri-Star contract and those incurred in the regular course of business by company personnel.

15Q WHEN DOES NAVITAS ANTICIPATE THAT THE DISTRIBUTION INTEGRITY MANAGEMENT PROGRAM PLANS WILL BE COMPLETE AND IN PLACE FOR BOTH NATURAL GAS DISTRIBUTION SYSTEMS OWNED AND OPERATED BY NAVITAS IN TENNESSEE?

- A. The current plan for the implementation of DIMP throughout all 25 sub-systems in three-states is one-year from approval of the contract. Since Kentucky has only one system it will serve as the initial platform. Then Tennessee with its two sub-systems will be complete. I anticipate that the entire Tennessee compliance documentation revamp will be completed by year-end.

16Q. WHAT ARE YOU ASKING THE AUTHORITY TO DO IN THIS PROCEEDING?

- A. Navitas respectfully requests an Order permitting it to book the costs associated with retaining Tri-Star to perform this work as a regulatory asset and to amortize the booked amount over a five year period. The costs will be allocated based on a one dollar per customer/per month charge applied to each of Navitas' customers in Oklahoma, Kentucky and Tennessee over the five year period. Navitas intends to include the costs as a known

and reasonable expense in its forthcoming rate case due to be filed on or before June 30, 2012.

17Q. IN YOUR OPINION, ARE THE TERMS SET FORTH IN THE AGREEMENT BETWEEN NAVITAS AND TRI-STAR NECESSARY AND PROPER FOR THE PUBLIC CONVENIENCE AND IN THE PUBLIC INTEREST?

- A. Yes. As discussed above, the new DIMP rules specify how distribution utilities must identify, assess, prioritize, evaluate and, repair and validate the integrity of distribution mains. The DIMP plan must, at a minimum, address the following elements: 1) Knowledge of its pipeline; 2) Identify threats such as excavation damage; 3) Evaluate and Rank risks to its pipeline; 4) Identify and implement measures to address risks; 5) Measure performance, monitor results, and evaluate effectiveness; and 6) Periodic evaluation and improvement. Due to the complexity of the DIMP program and importance of ensuring that the Plans are compliant with federal regulations, Navitas has retained an experienced consultant - Tri-Star - to assist in preparing the Plans. Tri-Star's expertise and experience in preparing such Plans will ensure that Navitas is in compliance with the DIMP Rules and the expectations of the public and the Authority. Further, because the costs will be allocated based on a one dollar per customer/per month charge applied to each of Navitas' customers in Oklahoma, Kentucky and Tennessee over the five year period, most of that cost will be allocated to customers in Oklahoma, where 22 of the 25 substations are located. Navitas intends to include the costs as a known and reasonable expense in its forthcoming rate case due to be filed on or before June 30, 2012.

18Q. COULD YOU PLEASE SUMMARIZE YOUR THOUGHTS ON THE PUBLIC CONVENIENCE ISSUE?

A. Yes. Approval of the Agreement between Navitas and Tri-Star will ensure that the residents, businesses and governmental entities residing and operating within Tennessee will continue to receive high quality, safe, and economic natural gas service from a provider with a long and successful history of providing that service to these areas.

19Q. DO YOU KNOW OF ANY FACTS THAT WOULD INDICATE THAT THE AGREEMENT BETWEEN NAVITAS AND TRI-STAR IS NOT IN THE PUBLIC INTEREST?

A. No.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

VERIFICATION OF NAVITAS TN NG, LLC

STATE OF TENNESSEE)
)
COUNTY OF DAVIDSON) **ss.**

I Thomas Hartline, Secretary of Navitas TN NG, LLC, being duly sworn according to law, makes oath and affirm that I have read the foregoing supplemental documentation, know the contents thereof, and that the same is true and correct to the best of my knowledge, information and belief.

THOMAS HARTLINE

Subscribed and sworn to me, a Notary Public in and for the above County and State, on this ____ day of May, 2012.

NOTARY PUBLIC

My Commission Expires:

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

**NASHVILLE, TENNESSEE
May 22, 2012**

IN RE:

**PETITION OF NAVITAS TN NG, LLC FOR
APPROVAL TO BOOK AS A REGULATORY
ASSET ITS COSTS ASSOCIATED WITH ITS
DISTRIBUTION INTEGRITY MANAGEMENT
PROGRAM**

**DOCKET NO.
12-00020**

ORDER GRANTING REQUEST FOR DEFERRED ACCOUNTING

This matter came before Chairman Kenneth C. Hill, Director Sara Kyle, and Director Mary W. Freeman of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on May 7, 2012 for consideration of the Petition filed by Navitas TN NG, LLC ("Navitas") on March 8, 2012. In its Petition, Navitas requests Authority approval to book as a regulatory asset its costs associated with implementation of its Distribution Integrity Management Program ("DIMP").

Background and Petition

Navitas, a Kentucky Limited Liability Company, is in the business of distributing and selling natural gas to residential, commercial and agricultural customers in Jellico, Campbell County, Byrdstown, Pickett County and Fentress County, Tennessee and Whitley County, Kentucky.

On March 8, 2012, Navitas filed its Petition requesting that the Authority make findings that its Gas DIMP is mandatory and necessary for each of Navitas's subsystems and that hiring TriStar Energy Consultants ("TriStar") is a necessary and prudent investment for Navitas to meet

the requirements for the DIMP and other pipeline safety plans. Navitas also requests that it be permitted to book the costs associated with preparing and implementing the DIMP as regulatory assets and to amortize the booked amount over a five year period.

The DIMP was developed pursuant to the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006 in an effort to reduce pipeline accidents, deaths and injuries by requiring operators to identify risks that are specific to their system and put measures in place to keep these risks from happening. Navitas has two sub-systems in Tennessee, the Jellico System and the Byrdstown System, and each must have a separate DIMP plan that must be submitted to and approved by the Authority.

The Company states that because of the complexity of the DIMP plans and the importance of ensuring that the plans comply with federal law, it has retained an experienced consultant, TriStar, to assist in preparing the DIMP plans. Navitas notes that it sought out other consultants but ultimately selected TriStar to implement its DIMP because TriStar, in addition to meeting the long-term contract preferred by the Company, also negotiated other cost savings and demonstrated a clear understanding of the goals of the compliance document effort.

Findings and Conclusions

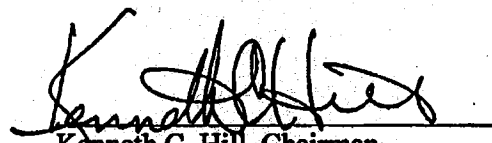
At a regularly scheduled Authority Conference held on May 7, 2012, the panel considered the Petition. The panel found that the proposed treatment of the unusual and infrequent expenses is an accepted regulatory accounting treatment and is consistent with previous Authority rulings with respect to the deferral of certain costs.¹ In approving the request for deferral, the panel also specifically stated that the deferral of these costs does not equate to a

¹ See *In re: Petition of Lynwood Utility Corporation for Approval of a Cost Recovery Mechanism for Deferred Odor Elimination Costs*, Docket No. 08-00060, Order Approving Settlement Agreement (April 17, 2008). See also *In re: Petition of Kingsport Power Company d/b/a AEP Appalachian Power Company to Defer Certain Costs Associated with Winter Storms Occurring in December 2009*, Docket No. 10-00144, Order Granting Request for Deferred Accounting (October 5, 2010).

determination that the Company will be allowed to recover such costs when they are considered by the Authority. Thereafter, based on the record, the panel voted unanimously to allow Navitas to defer costs associated with implementing its DIMP, including the costs associated with hiring a consultant.

IT IS THEREFORE ORDERED THAT:

The Petition filed by Navitas TN NG, LLC is granted, in part, allowing Navitas to book as a regulatory asset the costs associated with preparing and implementing the Distribution Integrity Management Program and to amortize the booked amount over a five year period. All other relief requested in the Petition that is inconsistent with this Order is denied.

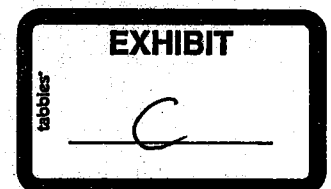

Kenneth C. Hill, Chairman


Sara Kyle, Director


Mary W. Freeman, Director

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

	<u>Schedule No.</u>
Revenue Deficiency (Surplus)	1
Rate Base	2
Income Statement at Current Rates	3
Operation & Maintenance Expenses	4
Taxes Other Than Income Taxes	5
Excise and Income Taxes	6
Revenue Conversion Factor	7
Cost of Capital	8



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	1.666796
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	27,390
4	Working Capital	37,866
5	OPEBs	
6	Total Additions	\$ 2,508,372
	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	\$ 1,018,046
13	Rate Base	\$ 1,490,326

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

Line
No.

1	Revenues - Sales, Forfeited Discounts & Other	\$484,188
2	Cost of Gas	224,324
3	Gross Margin on Sales and Service	\$ 269,859
4	AFUDC	
5	Operating Margin	\$ 269,859
6	Other Operation and Maintenance	\$ 302,927
7	Interest on Customer Deposits	22
8	Depreciation and Amortization Exp.	56,094
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	1,288
8	Customer Service and Account Expense	1,677
9	Administrative and General Expenses	1,426
10	Admin & Gen. Salaries & Exp. Capitalized	25
11	Other Distribution and Storage Expense	
12	AGL Service Company Allocations	293,613
13	Total O&M Expense	\$ 302,927

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	\$

TRA Docket No. 12-00068
Schedule 7

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