BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

April 18, 2013

IN RE:	)	
	)	
PETITION OF NAVITAS TN NG, LLC FOR A GENERAL RATE INCREASE	))	**DOCKET NO. 12-00068**

ORDER APPROVING SETTLEMENT AGREEMENT WITH MODIFICATIONS

This matter came before Chairman James M. Allison, Vice-Chairman Herbert H. Hilliard, and Director Kenneth C. Hill of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a hearing held on January 7, 2013 and February 13, 2013 for consideration of the *Petition for an Adjustment to its Natural Gas Rates and Approval of Revised Tariffs* ("*Petition*") filed by Navitas TN NG, LLC ("Navitas") on July 2, 2012.

BACKGROUND AND PETITION

On July 2, 2012, Navitas, a natural gas local distribution company under the jurisdiction of the Authority, filed a *Petition* requesting a general rate increase of approximately $390,000 annually for its service to the communities of Jellico and Byrdstown, Tennessee, and the County of Fentress, Tennessee.[1] At a regularly scheduled Authority Conference held on August 20, 2012, the voting panel assigned to this docket voted unanimously to convene a contested case proceeding and appoint General Counsel or her designee as Hearing Officer for the purpose of preparing the case for hearing before the panel, including making an initial determination on the commencement of the six-month statutory deadline under Tenn. Code Ann. § 65-5-103.[2] On July 6, 2012, the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate")

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[1] *Petition,* p. 4, ¶ 8 (July 2, 2012).
[2] *Order Convening a Contested Case and Appointing a Hearing Officer* (September 7, 2012).

filed a *Petition to Intervene* in the proceedings. At a Status Conference held on August 20, 2012, the Hearing Officer granted the Consumer Advocate's *Petition to Intervene,* deferred consideration of certain requests for *Pro Hac Vice,* and ruled that the commencement date of the six-month statutory deadline is August 7, 2012.[3]

January 7, 2013 Hearing

On December 17, 2012, the parties filed a *Stipulation and Settlement Agreement* ("*Settlement Agreement*") to be considered for approval by the Authority. Then, on January 7, 2013, the parties filed an *Amendment to Stipulation and Settlement Agreement Dated December 17, 2013* ("*Amendment*") (together with the *Settlement Agreement*, the "*Amended Agreement*"). The *Amended Agreement* is attached as Exhibit 1, and its terms and conditions are specified therein. During the hearing, which was convened on January 7, 2013, as noticed, the panel heard from the parties concerning the *Amended Agreement*. Participating in the Hearing were the following parties and their respective attorneys:

> **For Navitas:**
> **Klint W. Alexander, Esq.,** Wyatt, Tarrant & Combs, LLP, 2525 West End Avenue, Suite 1500, Nashville Tennessee 37203;
>
> **For the Consumer Advocate:**
> **John J. Baroni, Esq. and Charlena Aumiller, Esq.,** Office of the Attorney General, Consumer Advocate and Protection Division, 425 5th Ave. N, John Sevier Building, P.O. Box 20207, Nashville, TN 37243.

The Consumer Advocate presented a brief summary of the *Amended Agreement* on behalf of the parties. The Consumer Advocate stated that the *Amended Agreement* sets the revenue deficiency for Navitas at $231,703 and proposes that the increase be phased in over two steps.[4] Approximately 56% of the increase would take effect upon approval of the *Amended Agreement* by

[3] *Order on August 20, 2012 Status Conference* (September 11, 2012).
[4] *See Transcript of Authority Conference*, p. 11 (January 7, 2013).

the TRA, and the remaining 44% would become effective with the billing period of October 2013.[5] In addition, for purposes of the *Amended Agreement*, the parties also agreed on the rate base, the rate of return, the capital structure, and the methodology for allocating expenses.[6] The Consumer Advocate explained that the *Amended Agreement* did not include a tariff, but does include various consumer protection measures that the parties recommend be included in the tariff.

Thereafter, because the *Amendment* was filed on the day of the hearing, the panel voted unanimously to defer further discussion and consideration of the *Amended Agreement* to a future Authority Conference in order to allow sufficient time for review.[7]

February 13, 2013 Authority Conference

A *Notice of Re-convening Hearing* was issued on January 15, 2013 stating that the panel would reconvene the hearing in this matter on February 13, 2013 to consider the *Amended Agreement*.[8] On February 12, 2013, Chairman Allison filed a motion ("*Chairman Allison's Motion*") on the *Amended Agreement* that he planned to make during the upcoming Authority Conference.[9] Chairman Allison's pre-filed motion is attached as Exhibit 2. During the hearing, Chairman Allison read his pre-filed motion into the record. *Chairman Allison's Motion* accepts the *Amended Agreement* with a few minor modifications and also contains a request to the parties regarding rate design.[10] Among other changes, one provision of *Chairman Allison's Motion* deletes Paragraph 21 of the *Amended Agreement,* which would have allowed similarly-situated customers within a specific class to pay different monthly rates for natural gas.[11] *Chairman Allison's Motion* also directs Navitas to file in the docket file its signed contract with the consultant, Tri-Star Energy, once it is executed, along with all documentation to support the recovery amount. After the contract

[5] *Id.*
[6] *Id.* at 11-12.
[7] *Id.* at 13.
[8] *See Notice of Re-Convening Hearing* (January 15, 2013).
[9] *See Chairman Allison's Motion* (February 13, 2013).
[10] *Id.*
[11] *Id.*

is executed, the Authority will review the information and make a final ruling on the costs.[12] Based on the information contained in the record, the panel voted unanimously to approve *Chairman Allison's Motion.* Both the Consumer Advocate and Navitas agreed to accept the modifications to the *Amended Agreement* approved by the TRA.

IT IS THEREFORE ORDERED THAT:

1. The *Stipulation and Settlement Agreement*, which was entered into between Navitas TN NG, LLC and the Consumer Advocate and Protection Division, as amended and as modified by the TRA, copies of which are attached to this Order as Exhibits 1 and 2, is approved and adopted, and incorporated into this Order as if fully rewritten herein.

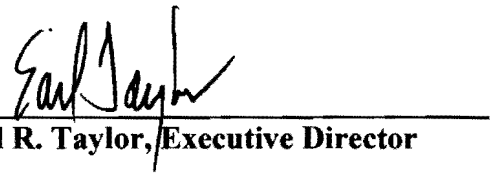
2. Navitas TN NG, LLC shall file a tariff that complies with the *Stipulation and Settlement Agreement*, as amended by the parties and as modified and approved by the Authority, within thirty (30) days of the date of this Order.

3. Any party aggrieved by the decision of the Tennessee Regulatory Authority in this matter may file a Petition for Reconsideration within fifteen (15) days of the date of this Order.

4. Any party aggrieved by the decision in this matter has the right to judicial review by filing a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days of the date of this Order.

Chairman James M. Allison, Vice-Chairman Herbert H. Hilliard, and Director Kenneth C. Hill concur.

ATTEST:



Earl R. Taylor, Executive Director

[12] *Id.*

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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

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

STIPULATION AND SETTLEMENT AGREEMENT

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

BACKGROUND

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

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

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

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

2011 DOCKET

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

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

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

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

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

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

CURRENT DOCKET

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SETTLEMENT

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

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

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

A. Required Operating Income of $72,047;

B. A rate base of $827,560;

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

D. A return on common equity of 15.4%;

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

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

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

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

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

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

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

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

In addition, the Parties agree to the following:

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

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

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

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

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

(1) what the cost is;

(2) who records the cost;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

customer's service is subject to disconnection and all past due charges in addition to disconnect/reconnect fees would be due and payable prior to having service restored. The Company shall be required to provide all the same disconnection notices required for any disconnection prior to disconnecting the customer.

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

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

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

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

F. Reconnect Fee. The Company shall be allowed to charge a reconnect fee of six months multiplied by the applicable customer charge at the time of reconnection

for customers who, while at the same address, disconnect service for two or more months within a twelve month period. The maximum reconnect fee permitted under the rates in this Settlement Agreement is $54 (fifty-four dollars) for residential and commercial customers, and $84 (eighty-four dollars) for industrial, public, and institutional customers.

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

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

(1) Assets in service:

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

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

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

(B) After the each quarterly report of the first year after the approval of this settlement, Navitas, the TRA Staff, and the Consumer Advocate may discuss any changes to the report (e.g., enhancements, changes to make the report less

cumbersome). Any changes shall be agreed upon by all parties prior to alteration of future reports.

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

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

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

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

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

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

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

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

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

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

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

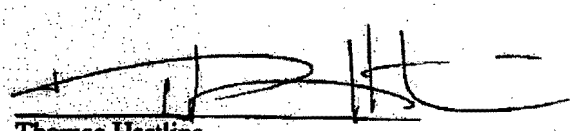
36. No provision of this Settlement Agreement shall be deemed an admission of any Party. No provision of this Settlement Agreement shall be deemed a waiver of any position asserted by a party in this docket.

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

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

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

NAVITAS TN NG, LLC



Thomas Hartline
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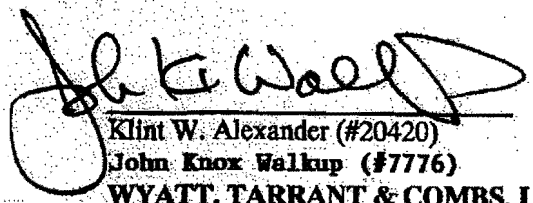

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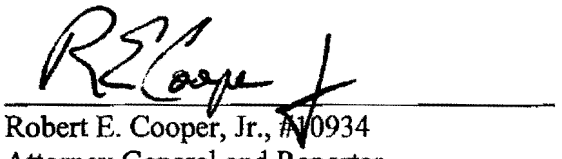

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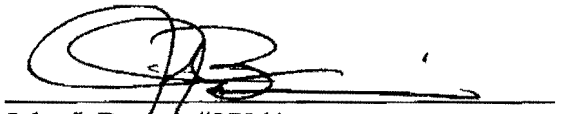

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EXHIBIT A

REVENUE REQUIREMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Company P&L 12/31/2011*	Deduct P&L 1/1/2011 to 3/31/2011*	Add P&L 1/1/2012 to 3/31/2012*	Company P&L 4/1/2012 to 3/31/2012	Settlement Adjustments	Settlement Adjusted Expenses for 4/1/2012 to 3/31/2012	Inflation (2012 & 2013) G/	Total Expenses
5900 Direct Costs								
5921 NUC-Crews	278,164.98	50,060.01	88,590.00	316,694.97	A/	A/		296,613.22 A/
5923 NUC-asset billing	15,447.65	2,173.75	4,977.00	18,250.90	(18,250.90) B/	-		-
5999 Depreciation	49,634.18	10,371.18	14,240.61	53,503.63	(17,434.33) C/	36,069.30		36,069.30
5999 Amortization					13,673.31 D/	13,673.31		13,673.31
6000 Overhead								
6300 Bank Fees	1,372.82	169.70	590.92	1,794.04		1,794.04	1.038	1,861.78
6408 Advalorem Tax Expense	6,976.83		1,740.00	8,716.83		8,716.83	1.038	9,045.95
6410 Lic, permit, member			1,920.00	1,920.00		1,920.00	1.038	1,992.49
6412 Postage-billing	1,152.85	283.13	352.82	1,242.64	(62.13) E/	1,180.51	1.038	1,225.08
6420 Tax consult & filing	53.15			53.15		53.15	1.038	55.18
6495 Bad debt	6,210.77		100.84	6,311.41	(4,000) F/	2,311.41	1.038	2,398.68
6496 Customer Discounts	523.60	291.51	477.45	709.54		709.54	1.038	736.33
	359,536.93			409,197.11	(28,074.05)	383,123.06		363,671.30

* Per Navitas's Quickbooks reports.

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

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

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

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

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

F/ Per review of the account details of account #6495, Bad Debt Expense,$6,178.95 of the expenses from 4/1/2011 to 3/31/2012 related to a write off of $6,178.95 to clean up of bad debt receivables that were on Gasco's books and probably should have been written off before the purchase by Navitas. Per review of the account details for 2012 and discussions with Navitas, the 2011 write off was an aberration. The Settlement adjusted this account so that the 2013 expenses would reflect the 2012 bad debt expense as of 11/16/2012 of $2,347.25, as annualized.

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

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

NAWTAR TN NB, LLC
NUO Expense Adjustments
For the 12 Months Ending December 31, 2013

	Company P&L 1/01/2011*	Deduct P&L 1/1/2011 to 3/31/2011*	Add P&L 1/1/2012 to 3/31/2012*	Company P&L 4/1/2012 to 3/31/2013	Settlement Adjustments for Indirect Costs	Settlement Allocation % to TN	Settlement Indirect Costs Allocable to TN	Settlement Adjustments for TN's Direct Costs	Inflation (2012 to 2013)	NUO charges to TN 12/31/2013
5000 Direct Costs										
5100 Services (labor)	1,878,861.19	368,565.48	413,866.71	1,904,242.41	(1,616,089) A		86,149.20	76,798 A	1.038	168,051
5100 Services (non labor)					110,654	9.23% N	10,208.05		1.038	10,696
5300 Equipment	28,191.04	3,774.12	8,841.83	33,058.85	-	9.23%	3,050.04		1.038	3,165
5400 Construction	52,791.29	2,303.31	(16,744.98)	34,888.13	(34,499) B	9.23%	-		1.038	-
5600 Depreciation	224,330.78	51,228.64	53,348.69	226,450.01	(48,322) D	9.23%	14,888.27		1.000 X/	14,889
6000 General Administrative										
6110 Communication Equipment	3,068.19	281.98	760.40	3,566.04	-	9.23%	331.04		1.038	344
6120 Communication Services	48,890.36	9,986.51	13,602.14	52,167.02	-	9.23%	4,812.05		1.038	4,994
6130 Postage	13,778.32	4,744.76	2,431.98	11,463.53	(6,824) D/	9.23%	271.25		1.038	281
6140 Office Consumables	16,976.25	5,403.26	7,760.98	21,362.99	-	9.23%	1,970.04		1.038	2,044
6150 Travel & Subsistence	18,704.12	(3,956.33)	12,808.20	35,468.65	(31,797) E/	9.23%	77.80	6,660 E/	1.038	6,898
6200 Occupancy Expenses										
6210 Payroll Expenses	386,643.14	108,991.23	103,787.07	381,349.52	(143,258) F/	9.23%	22,150.97	16,656 F/	1.038	40,279
6220 Facilities	80,817.02	6,210.83	7,904.34	82,201.73	(26,686) G/	9.23%	1,891.86		1.038	1,959
6230 Utilities	28,809.84	6,269.21	5,148.72	28,673.45		9.23%	2,645.44		1.038	2,740
6232 Equipment Leasing	968.07	(2,451.27)	863.73	4,284.07	(372) H/	9.23%	361.85	372 H/	1.038	782
6241 Contracted Transportation	177,886.44	31,282.80	22,813.56	169,187.80	(109,187) I/	9.23%	0.05		1.038	0
6242 Fuel	180,740.92	37,755.66	43,846.18	186,833.38	(68,912) I/	9.23%	11,709.85		1.038	12,162
6240 Transportation - Other	104,279.95	24,832.33	27,013.84	106,761.46	(68,912) J/	9.23%	3,678.18		1.038	3,818
6320 Bank Fees	3,202.29	1,000.69	1,180.82	3,382.22		9.23%	287.40		1.038	298
6400 Professional Services										
6410 Licenses, permits, membership	11,768.71	4,982.41	5,388.28	12,195.06		9.23%	1,124.38		1.038	1,167
6420 Tax Consult & Filing	24,880.00		2,760.00	27,430.00		9.23%	2,530.71		1.038	2,628
6425 Legal	21,821.02	(9,900.17)	54,198.12	85,080.31	(72,798) K/	9.23%	1,137.19		1.038	1,180
6440 Bank & Insurance	91,830.32	26,188.44	23,230.46	89,866.40		9.23%	8,182.19		1.038	8,491
6445 Safety & Security	62,988.10	13,244.43	10,877.73	60,291.40		9.23%	4,638.93		1.038	4,815
6450 Company promotions	2,057.93	378.68	95.38	1,774.43		9.23%	163.71		1.038	170
6471 Education	10,711.92	2,915.62	4,820.41	12,616.71		9.23%	1,164.03		1.038	1,208
6470 Seminars & Subscriptions	6,413.26	108.00	213.49	7,024.44		9.23%	648.08		1.038	673
6475 Employee Incentives	1,800.00	600.00		1,200.00		9.23%	92.28		1.038	96
6799 Penalties & Fines	1,378.75	268.49	1,854.87	3,046.93	(3,047) L/	9.23%	-		1.000 X/	-
6610 New Opportun & Methods	30,000.00	7,500.00	7,500.00	30,000.00	M/	9.23%	2,767.83		1.038	2,872
	3,262,621.38	722,180.84	817,508.82	3,350,950.36	(2,121,575.40)		196,589.44	99,276.66		296,013

* Per Nawtar's Quickbooks reports.

A/ Settlement took the $1,595,588 in employee and outside labor and allocated labor to TN, which is shown on Labor, Schedule 4.A.4. The remainder of the charges of $110,654 were for uniform services that had menos of the location insuring the costs of the uniform services as well as monthly charges to Volunteer Trenching to be available for back up services. These non-labor charges will be considered for tracking directly to the benefiting system for future rate cases.

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

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

D/ All postage is charged back to the individual charges to the systems at a 5% markup. The individual states are charged for the postage for sending out customer bills. The Settlement eliminated the 5% markup for TN in Schedule 4.A.1. The actual expense in 2011 (reflecting years 2012, in monthly expenses. The Settlement's adjustment results in approximately $2940 per year in Postage expense for NUO (($100 stamps * $0.49 * 52 weeks) + ($50 Priority/Non-envelope shipping * 12 months)).

E/ The Settlement includes recovery for the work travel based on the planned trips in 2013:
- Walker and Cash (TN labor) training for 2 days (direct cost) and
- 2 California employees attending a 3-day training on utility accounting (indirect).
The Settlement estimated expenses on a per day for lodging and subsistence for the planned trips, the direct costs to TN are $6,660, and the indirect costs for the utility accounting training is $1,420. The Settlement also includes travel expenses (airfare, car rentals, at approximately $1,500 per trip to include meals, per diem, hotel and taxes, and car rental. Air and mileage are expensed in a separate account. Air travel was included for Nawtar because its monthly travel expenses of $2,900 were eliminated from Transportation - Other, account #6240.

F/ The accounts reflect employee benefits. The Settlement reduces the indirect costs by 37.37% of the last year expenses to reflect the appropriate healthcare costs associated with the employees dedicated to Oklahoma and Kentucky. The 37.37% was derived upon reviewing the employee expenses on Labor Schedule, Schedule 4.A.4. CAPD also reclassified the healthcare related to TN's labor from Indirect Costs to the costs directly allocable to TN.

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

H/ The accounts has three monthly charges: (1) $106 to Pitney Bowes for the postage machine (billing); (2) $13 to Airgas for equipment leased at the Ketchy, Oklahoma location; and (3) $31 to Holston for equipment leased and dedicated to the Jellico, Tennessee operations. The Settlement Reclassified the Holston charges to direct charges to TN.

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

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

K/

This account includes expenses for the trucks, which is an allowable expenses as well as expenses of $2200 to two executive officers ($6600 total). The Settlement adjusted this amount based on CAPD adjustments in CAPD Exhibit, Schedule 4.A.1. Because some trucks are dedicated to certain systems, some or all the costs charged to this account should be considered for direct cost tracking for future rate cases.

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

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

N/ This percentage is the allocation percentage calculated, as shown on CAPD Exhibit Allocation Percentage Calculation, Schedule 4.A.3.

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

X/ Inflation adjustments do not apply to these accounts.

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

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

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

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

		Acq Date	Life	Cost basis	Tennessee Allocation		2012 Depreciation Expense (annualized)	2013 Depreciation Expense
CAPD Adjustments to Navitas TN NG, LLC's Asset Listing								
TN	2011 Meter Cores	01/01/11	120	9,000.00	9,000.00		900.00	900.00
	2011 Meters*	06/01/11	120	2,014.00	2,014.00		201.40	201.40
	2011 Meters*	09/01/11	120	1,976.00	1,976.00		197.60	197.60
	2012 Meters*	04/01/12	120	1,976.00	1,976.00		148.20	197.60
	2013 Meters*	03/01/13	120	11,520.00	11,520.00		N/A	960.00
	2012 other cap ex 4th Quarter	11/15/12	480	4,089.94	4,089.94		17.04	102.25
	2013 other cap ex**	06/30/13	480	17,136.76	17,136.76		N/A	214.21
California	Land - 3188D Airway Blvd, Costa Mesa	06/30/11		547,200.00	50,485.13	A/		
	Land - Closing cost on property	06/30/11		27,357.91	2,524.06	A/		
	Value of building improvements 4600sf * $50	06/30/11	468	240,000.00	22,142.60	A/	567.76	567.76
	Improvements in 2011	12/31/11	468	335,870.90	30,987.73	A/	794.56	794.56
	Improvements in 2012 Q1	03/31/12	468	54,392.82	5,018.33	A/	128.68	128.68
	Improvements in 2012 Q2	06/30/12	468	6,300.00	581.24	A/	14.90	14.90
Eakley	Land - Eakly	07/28/09		40,000.00	1,845.22	B/		
	Eakly Structure	07/28/09	468	12,501.70	576.71	B/	14.79	14.79
	LI - Eakly reconstr L	09/30/09	468	24,311.25	1,121.49	B/	28.76	28.76
	LI - Closing costs	10/01/09	468	1,346.75	62.13	B/	1.59	1.59
	LI - Eakly reconstr M&S	10/31/09	468	2,378.01	109.70	B/	2.81	2.81
	LI - Eakly reconstr L&E	10/31/09	468	16,090.88	742.26	B/	19.03	19.03
	LI - Eakly reconstr L&E	11/30/09	468	15,025.13	693.12	B/	17.77	17.77
	LI - Eakly reconstr L&E	12/31/09	468	32,997.00	1,522.17	B/	39.03	39.03
	LI - Eakly reconstr M&S	12/31/09	468	35,895.26	1,655.86	B/	42.46	42.46
	LI - Eakly reconstr L,E,M&S	01/31/10	468	21,878.74	1,009.28	B/	25.88	25.88
	LI - Eakly reconstr L,E,M&S	02/28/10	468	13,107.00	604.63	B/	15.50	15.50
	LI - Eakly reconstr L,E,M&S	03/31/10	468	65,315.10	3,013.01	B/	77.26	77.26
	LI - Eakly reconstr L,E,M&S	04/30/10	468	8,209.73	378.72	B/	9.71	9.71
	LI - Eakly reconstr L,E,M&S	05/31/10	468	15,725.70	725.43	B/	18.60	18.60
	LI - Eakly reconstr L,E,M&S	06/30/10	468	40,070.55	1,848.48	B/	47.40	47.40
	LI - Eakly reconstr L,E,M&S	10/01/10	468	3,153.95	145.49	B/	3.73	3.73
	LI - Eakly reconstr L,E,M&S	10/01/10	468	20,179.66	930.90	B/	23.87	23.87
	LI - Eakly reconstr L,E,M&S	10/31/10	468	3,955.43	182.47	B/	4.68	4.68
	LI - Eakly reconstr L,E,M&S	11/30/10	468	6,943.76	320.32	B/	8.21	8.21
	LI - Eakly reconstr L,E,M&S	12/31/10	468	1,531.72	70.66	B/	1.81	1.81
	LI - Eakly reconstr L,E,M&S	01/31/11	468	5,447.66	251.30	B/	6.44	6.44
	LI - Eakly reconstr L,E,M&S	02/28/11	468	3,499.68	161.44	B/	4.14	4.14
	LI - Eakly reconstr L,E,M&S	03/31/11	468	1,436.69	66.28	B/	1.70	1.70
	LI - Eakly reconstr L,E,M&S	04/30/11	468	825.98	38.10	B/	0.98	0.98
	LI - Eakly reconstr L,E,M&S	05/31/11	468	479.75	22.13	B/	0.57	0.57
	LI - Eakly reconstr L,E,M&S	06/30/11	468	1,037.52	43.78	B/	1.25	1.25
	LI - Eakly reconstr L,E,M&S	07/31/11	468	264.37	12.22	B/	0.31	0.31
	LI - Eakly reconstr L,E,M&S	09/30/11	468	613.54	28.30	B/	0.73	0.73
	LI - Eakly reconstr L,E,M&S	10/31/11	468	566.72	26.13	B/	0.67	0.67
	LI - Eakly reconstr L,E,M&S	11/30/11	468	1,784.97	82.34	B/	2.11	2.11
	LI - Eakly reconstr L,E,M&S	12/01/11	468	22,207.30	1,024.44	B/	26.27	26.27
	LI - Eakly reconstr L,E,M&S	12/31/11	468	2,224.99	102.64	B/	2.63	2.63
	LI - Eakly reconstr L,E,M&S	01/31/12	468	1,389.65	64.11	B/	1.64	1.64
	LI - Eakly reconstr L,E,M&S	02/29/12	468	623.63	28.77	B/	0.68	0.74
	LI - Eakly reconstr L,E,M&S	05/31/12	468	2,114.63	97.55	B/	1.48	2.50
				1,683,988.49	179,084.32		3,424.60	4,734.53
Totals (Net of Acquisition Adjustments)				3,180,932.20	1,682,308.03		34,759.38	38,069.30

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

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

**

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

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

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

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

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

Source: 2012 3rd Quarter Depreciation Schedules from Joey Irwin

	Acquisition Date	Life (months)	Cost Basis		Accumulated Amortization as of 12/31/2011	Unamortized balance as of 12/31/2011	
Org Costs							
80% of legal cost of Gasco acq	12/31/10	120	72,400.00		7,843.33	64,556.67	
20% of legal cost of Gasco acq Q1 '11	03/31/11	120	6,220.00		518.33	5,701.67	
NUC expense for TN transaction	03/31/11	120	91,575.00		7,631.25	83,943.75	
Legal Services for GASCO closing	06/30/11	120	9,132.38		532.72	8,599.66	
Total 1881			179,327.38		16,525.64	162,801.74	A/
Rate Case							
Legal Services for Rate Tariff	06/30/11	60	5,750.33		670.87	5,079	
Legal Services for Rate Tariff	07/31/11	60	6,608.26		660.83	5,947	
Legal Services for Rate Tariff	08/31/11	60	7,196.79		599.73	6,597	
Legal Services for Rate Tariff	09/30/11	60	6,586.13		439.08	6,147	
Legal Services for Rate Tariff	10/31/11	60	6,092.63		304.63	5,788	
Legal Services for Rate Tariff	11/30/11	60	479.85		16.00	464	
Legal Services for Rate Tariff	12/31/11	60	2,396.84		39.55	2,357	
Total 1882			35,110.85		2,731.08	32,379.77	B/
DIMP	08/01/12	63	26,964.00	D/	-	-	

2013 Amortization

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

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

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

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

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

D/ The DIMP asset is calculated as follows:

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

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

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

[redacted]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Interest Expense Short-Term Debt:		
5	Rate Base	$	827,560 B/
6	Short-Term Weighted Debt Cost		0.29%
7	**Short-Term Debt Interest Expense**	$	**2,429**
	Interest Expense Long-Term Debt:		
8	Rate Base	$	827,560 B/
9	Long-Term Weighted Debt Cost		4.06%
10	**Long-Term Debt Interest Expense**	$	**33,628**
11	**Total Interest Expense**	$	**36,057**

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT B

RATES

Navitas TN NG, LLC
Rate Design

	Rates (excluding rates related to Purchased Gas)				Revenue (excluding Purchased Gas Revenue)			
	Current	1/1/2013	1/1/2014	12/31/2014	Current	1/1/2013	1/1/2014	12/31/2014
Residential								
Meter charge	6.000	6.000	7.000	9.000	30,684	30,684	35,798	46,026
First nine	0.650	1.555	1.555	1.665	8,546	53,158	53,158	56,918
Greater than nine	0.400	0.645	0.755	0.885	73,031	82,056	111,625	130,845
Minimum Bill (if 9 Ccf used)	11.85	20.00	21.00	23.98				
Total Revenue					112,261	165,898	200,581	233,789
Commercial								
Meter charge	6.000	6.000	9.000	9.000	5,412	5,412	8,118	8,118
First nine	0.650	1.555	1.775	2.220	1,544	9,601	10,959	13,706
Greater than nine	0.400	0.645	0.755	0.885	45,460	59,650	81,145	95,117
Minimum Bill (if 9 Ccf used)	11.85	20.00	24.98	28.98				
Total Revenue					52,416	74,663	100,222	116,941
Industrial								
Meter charge	6.00	6.00	9.00	14.00	756	756	1,134	1,764
First nine	0.550	1.555	2.330	2.885	245	1,525	2,286	2,830
Greater than nine	0.300	0.645	0.745	0.880	43,355	79,662	106,934	126,311
Minimum Bill (if 9 Ccf used)	10.95	20.00	29.97	39.97				
Total Revenue					44,356	81,943	110,363	130,905
Total Operating Revenue (excluding Purchased Gas Revenue)					209,033	322,504	411,156	481,635
Incremental Increases						54%	27%	17%
Incremental Increases						113,471	88,652	70,480

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

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

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

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

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

	31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
	31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																
Proposed tariffs				28,043	18,714	11,011	11,250	12,933	12,307	24,196	30,446	41,411		56,049	44,585	31,557

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

Proposed tariff changes

Residential	
First nine	0.905
Meter charge	-
Greater than nine	0.155
Commercial	
First nine	0.905
Meter charge	-
Greater than nine	0.155
Industrial	
First nine	0.905
Meter charge	-
Greater than nine	0.255

	Proposed Tariffs		Totals												
Residential															
First nine	$ 1.555	13.995	58,158	6,088	5,752	1,535	1,092	1,549	2,239	4,324	5,920	6,116	6,186	6,200	6,158
Meter charge	$ 6.00	19.995	30,684	2,628	2,484	2,070	2,676	2,664	2,652	1,902	2,712	2,706	2,724	2,742	2,724
Greater than nine	$ 0.555		82,056	6,512	746	-	-	-	-	9,171	7,536	13,104	21,189	15,337	8,460
				35	22	11	11	13	17	50	38	50	68	55	39
Commercial															
First nine	$ 1.555	13.995	9,601	1,022	784	588	588	420	434	588	966	1,064	1,064	1,050	1,036
Meter charge	$ 6.00	19.995	5,412	462	360	288	516	510	486	306	504	510	498	480	492
Greater than nine	$ 0.555		56,550	4,333	3,236	2,507	2,354	3,303	1,834	2,364	3,405	8,177	12,554	8,755	4,827
				80	78	81	82	141	89	78	100	128	186	137	86
Industrial															
First nine	$ 1.555	13.995	1,245	126	126	98	112	84	84	70	154	168	168	168	168
Meter charge	$ 6.00	19.995	756	54	54	42	72	54	54	42	72	78	78	78	78
Greater than nine	$ 0.555		79,662	6,818	5,173	5,884	3,841	4,350	4,524	5,430	7,178	9,488	11,588	9,775	7,614
				778	595	575	508	748	777	1,108	675	811	986	835	655
			322,503												

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																	
Proposed tariffs					55,189	22,715	13,886	14,292	16,440	15,332	30,821	88,520	53,307		73,152	57,581	39,921

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

Proposed tariff changes

Residential	
First nine	-
Meter charge	1.000
Greater than nine	0.200
Commercial	
First nine	0.220
Meter charge	3.000
Greater than nine	0.200
Industrial	
First nine	0.775
Meter charge	3.000
Greater than nine	0.190

	Proposed Tariffs		Totals													
Residential																
First nine	$ 1.555	13.995	33,158	6,088	5,752	1,535	1,092	1,549	2,239	4,324	5,920	6,116	6,186	6,200	6,158
Meter charge	$ 7.00	20.995	35,798	3,066	2,898	2,415	3,122	3,108	3,094	2,219	3,164	3,157	3,178	3,199	3,178
Greater than nine	$ 0.755		111,625	8,859	1,015	-	-	-	-	12,476	10,251	17,826	28,825	20,864	11,509
				41	24	12	12	14	19	62	46	61	86	68	47
Commercial																
First nine	$ 1.775	15.975	10,959	1,166	895	671	671	479	495	671	1,102	1,214	1,214	1,198	1,182
Meter charge	$ 9.00	24.975	8,118	893	540	432	774	765	729	459	756	765	747	720	738
Greater than nine	$ 0.755		63,145	5,895	4,402	3,410	5,202	4,433	2,495	3,216	7,353	11,121	17,078	11,910	6,566
				106	104	107	111	191	120	103	132	172	251	184	115
Industrial																
First nine	$ 2.330	20.970	2,286	189	159	147	108	126	126	105	231	252	252	252	252
Meter charge	$ 9.00	29.970	3,234	81	81	63	108	81	81	63	108	117	117	117	117
Greater than nine	$ 0.745		100,534	9,252	6,943	5,124	5,158	5,939	6,072	7,288	9,635	12,737	15,556	13,121	10,221
				1,047	801	775	879	1,008	1,047	1,491	907	1,092	1,327	1,124	882
			411,156													

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																	
Proposed tariffs					41,076	26,455	16,455	17,015	19,465	18,104	36,011	45,011	62,363		85,650	67,380	46,650
Proposed tariff changes																	
Residential																	
First nine	0.110																
Meter charge	2.000																
Greater than nine	0.130																
Commercial																	
First nine	0.445																
Meter charge	-																
Greater than nine	0.130																
Industrial																	
First nine	0.555																
Meter charge	5.000																
Greater than nine	0.135																

Proposed 2015 Tariff revenue	481,636
Proposed 2014 Tariff revenue	411,156
Annualized rate increase on January 1, 2014	70,480

485,441	Target non-commodity revenue
481,636	Proposed 2014 Tariff revenue
3,805	Continued tariff revenue deficiency

	Proposed Tariffs		Totals														
Residential																	
First nine	$ 1.665	14.985	56,918		6,518	6,159	1,643	1,169	1,658	2,398	4,630	6,339	6,548		6,623	6,638	6,593
Meter charge	$ 9.00	23.985	46,026		3,942	3,726	5,105	4,014	3,996	3,978	2,853	4,068	4,059		4,086	4,113	4,086
Greater than nine	$ 0.885		130,845	27.2%	10,385	1,189	-	-	-	-	14,624	12,017	20,895		33,788	24,457	13,491
					48	27	14	15	17	22	72	53	72		101	79	55
Commercial																	
First nine	$ 2.220	19.980	15,706		1,459	1,119	839	839	599	619	839	1,379	1,518		1,518	1,499	1,479
Meter charge	$ 9.00	28.980	8,118		693	540	432	774	765	729	459	756	765		747	720	738
Greater than nine	$ 0.885		95,117	19.7%	6,910	5,160	3,398	5,753	5,267	2,925	3,768	8,619	13,040		20,019	13,961	7,697
					124	122	125	128	221	138	121	156	202		293	216	134
Industrial																	
First nine	$ 2.885	28.885	2,330		234	234	232	206	156	156	130	286	312		312	312	312
Meter charge	$ 18.00	38.985	1,704		126	126	98	168	126	126	98	168	182		182	182	182
Greater than nine	$ 0.850		126,311	26.2%	10,610	8,202	6,198	6,390	6,637	7,173	8,609	11,381	15,044		18,374	15,499	12,073
					1,241	951	920	808	1,107	1,242	1,767	1,076	1,295		1,572	1,333	1,047
			481,636														

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total
		31	28	31	30	31	30	31	31	30	31	30	31	365
otal calculated NCR														
Proposed tariffs					27,909	18,406	10,700	10,928	12,603	11,889	24,231	30,376	41,506	

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

Proposed tariff changes

Residential	
First nine	0.935
Meter charge	-
Greater than nine	0.185
Commercial	
First nine	0.935
Meter charge	-
Greater than nine	0.185
Industrial	
First nine	0.935
Meter charge	-
Greater than nine	0.185

	Proposed Tariffs A/		Totals									
Residential												
First nine	$ 1.585	14.265	54,183	6,205	5,863	1,564	1,113	1,579	2,282	4,408	6,034	6,234
Meter charge	$ 6.00	20.265	30,684	2,628	2,484	2,070	2,676	2,664	2,652	1,902	2,712	2,706
Greater than nine	$ 0.585		86,491	6,864	786	-	-	-	-	9,667	7,943	13,812
				36	22	11	11	13	17	52	39	52
Commercial												
First nine	$ 1.585	14.265	9,736	1,041	739	599	599	428	442	599	984	1,084
Meter charge	$ 6.00	20.265	5,412	432	360	288	516	510	486	306	504	510
Greater than nine	$ 0.585		62,874	4,568	3,411	2,642	2,481	3,481	1,933	2,492	5,697	8,619
				83	82	84	86	147	92	81	104	134
Industrial												
First nine	$ 1.585	14.265	1,555	128	128	100	114	86	86	71	157	171
Meter charge	$ 6.00	20.265	756	54	54	42	72	54	54	42	72	78
Greater than nine	$ 0.485		69,614	5,958	4,520	3,394	3,357	3,801	3,953	4,745	6,273	8,292
				682	523	505	443	657	682	972	591	712
			321,356									

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

filed electronically in docket office on 01/07/13

IN THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE

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

AMENDMENT TO STIPULATION AND SETTLEMENT AGREEMENT
DATED DECEMBER 17, 2012

For the sole purpose of settling this case, Tennessee Regulatory Authority ("TRA" or "Authority") Docket No. 12-00068, Robert E. Cooper, Jr., the Tennessee Attorney General and Reporter, through the Consumer Advocate and Protection Division ("Consumer Advocate") and Navitas TN NG, LLC ("Navitas" or "Company") respectfully submit this Amendment to the Stipulation and Settlement Agreement ("Settlement Agreement") filed in this Docket on December 17, 2012. Subject to Authority approval, the Consumer Advocate and Navitas (collectively, the "Parties") agree to the following amendments:

1. To remove depreciation and amortization expense from line 5 of Schedule 4 of Settlement Agreement Ex. A. This revision reduces the revenue deficiency from $272,601 to $231,703. Ex. A is replaced in its entirety and is attached.

2. To replace the proposed three-step phase in with a two-step phase in. The first step, which is approximately 56% of the revenue deficiency, would go into effect upon approval by the TRA. The second step would include the remaining 44% of the revenue deficiency and go into effect in October 2013. The rate design in Ex. B is replaced in its entirety and is attached.

3. To amend the text of the Settlement Agreement as follows:

- Paragraph 14 is amended to reflect that the attrition period revenue deficiency is $231,703 rather than $272,601. The overall increase in revenue billed to customers is decreased from 63% to 53%. And the residential customer charge "phase-in" from $6.00 to $9.00 increases over the time period ending with the October 2013 billing period.
- Paragraph 15H is amended from $272,601 to $231,703.
- Paragraph 20 is amended to change the dollar amounts from $272,601 to $231,703.
- Paragraph 20A is amended to 56% of $231,703.
- Paragraph 20B is amended to the remaining 44% of the revenue deficiency and goes into effect in October 2013.
- Paragraph 20C is deleted.
- Paragraph 21 is amended to reflect that the rates in the second step, rather than the third step, are applicable to new customers.

All other terms of the Settlement Agreement remain the same.

The foregoing is agreed and stipulated to this 7th day of January, 2013.

NAVITAS TN NG, LLC

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CONSUMER ADVOCATE AND PROTECTION DIVISION

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AMENDED EXHIBIT A

TO AMENDMENT TO STIPULATION

AND

SETTLEMENT AGREEMENT

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

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

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

Line No.		Settlement	Company E/	Difference
1	Rate Base	$ 827,560 A/	$ 1,490,326	$ -662,766
2	Operating Income At Current Rates	-157,755 B/	-97,000	-60,755
3	Earned Rate Of Return	-19.06%	-6.51%	-12.55%
4	Fair Rate Of Return	8.71% C/	9.20%	-0.49%
5	Required Operating Income	72,047	137,080	-65,033
6	Operating Income Deficiency	229,802	234,080	-4,278
7	Gross Revenue Conversion Factor	1.008274 D/	1.666795	-0.658521
8	**Revenue Deficiency**	$ **231,703**	$ **390,164**	$ **-158,460**
	Analysis			
9	Total Revenue (Current Rates)	435,987.63 F/	484,183.00 F/	(48,195.37)
10	Increase in Total Revenue	53% G/	81% G/	-27%

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

Line No.		Test Period A/	Adjustments	Settlement Attrition Amount
	Operating Revenues:			
1	Gas Sales & Transportation Revenues	$ 456,860	$ -28,667	$ 428,193 B/
2	Other Revenues	27,323	-19,529	7,794 C/
3	**Total Revenue**	$ 484,183	$ -48,195	$ 435,988
	Operating & Maintenance Expenses:			
4	Purchased Gas Expense	$ 224,324	$ -5,164	$ 219,160 B/
5	Operations & Maintenance	302,949	10,979	313,928 D/
6	**Total Operating & Maintenance Expenses**	$ 527,273	$ 5,816	$ 533,089
	Other Expenses:			
7	Depreciation & Amortization Expense	$ 55,094	$ -5,351	$ 49,743 D/
8	General Taxes	10,469	442	10,911 E/
9	State Excise Taxes	0	0	0 F/
10	Federal Income Taxes	0	0	0 G/
11	**Total Other Expenses**	$ 65,563	$ -4,909	$ 60,654
12	**Total Operating Expenses**	$ 592,836	$ 906	$ 593,742
13	**Utility Operating Income**	$ -108,653	$ -49,102	$ -157,755

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

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

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

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

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

	Company P&L 12/31/2011*	Deduct P&L 1/1/2011 to 3/31/2011*	Add P&L 1/1/2012 to 3/31/2012*	Company P&L 4/1/2012 to 3/31/2012	Settlement Adjustments	Settlement Adjusted Expenses for 4/1/2012 to 3/31/2012	Inflation (2012 & 2013) G/	Total Expenses
5900 Direct Costs								
5921 NUC-Crews	278,164.98	50,060.01	88,590.00	316,694.97	A/	A/		286,613.22 A/
5923 NUC-asset billing	15,447.85	2,173.75	4,977.00	18,250.90	(18,250.90) B/	-		-
5999 Depreciation	49,634.18	10,371.16	14,240.61	53,503.63	(17,434.33) C/	36,069.30		36,069.30
5999 Amortization					13,673.31 D/	13,673.31		13,673.31
6000 Overhead								
6300 Bank Fees	1,372.82	169.70	590.92	1,794.04		1,794.04	1.038	1,861.78
6406 Advalorem Tax Expense	6,976.83		1,740.00	8,716.83		8,716.83	1.038	9,045.95
6410 Lic, permit, member			1,920.00	1,920.00		1,920.00	1.038	1,992.49
6412 Postage-billing	1,152.95	263.13	352.82	1,242.64	(62.13) E/	1,180.51	1.038	1,225.08
6420 Tax consult & filing	53.15			53.15		53.15	1.038	55.16
6485 Bad debt	6,210.77		100.64	6,311.41	(4,000) F/	2,311.41	1.038	2,398.68
6486 Customer Discounts	523.80	291.51	477.45	709.54		709.54	1.038	736.33
	359,536.93			409,197.11	(26,074.05)	383,123.06		363,671.30

* Per Navitas's Quickbooks reports.

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

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

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

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

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

F/ Per review of the account details of account 6485, Bad Debt Expense, $6,178.96 of the expenses from 4/1/2011 to 3/31/2012 related to a write off of $6,178.96 to clean up of bad debt receivables that were on Cascade's books and probably should have been written off before the purchase by Navitas. Per review of the account details for 2012 and discussions with Navitas, the 2011 write off was an aberration. The Settlement adjusted this account so that the 2013 expenses would reflect the 2012 bad debt expense as of 11/16/2012 of $2,347.25, as annualized.

G/ Per Inflation Schedule, Schedule 4.A.8.

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

NAVITAS TN XIS, LLC
NUC Reserve Adjustments
For the 12 Months Ending December 31, 2013

	Company P&L 1/01/2011*	Deduct P&L 1/1/2011 to 3/31/2011*	Add P&L 1/1/2013 to 3/31/2013*	Company P&L 4/1/2013 to 3/31/2013	Settlement Adjustments for Indirect Costs	Settlement Allocation % to TN	Settlement Indirect Costs Allocable to TN	Settlement Adjustments for TN's Direct Costs	Inflation (2013 & 2015)	NUC charges to TN 12/31/2013
5000 Direct Costs										
5100 Services (labor)	1,676,951.19	368,595.49	413,866.71	1,704,242.41	(1,818,069) A		88,148.99	76,794 N	1.038	168,031
5103 Services (non labor)					110,854	9.23% N	10,209.05		1.038	10,595
5300 Equipment	39,191.04	9,774.12	6,641.83	33,058.85	-	9.23%	3,050.04		1.038	3,166
5400 Construction	63,791.28	2,303.31	(15,748.69)	34,686.13	(34,686) B	9.23%	-		1.038	-
5900 Depreciation	204,330.78	31,329.84	53,348.88	206,350.01	(14,992) C	9.23%	14,086.57		1.000 X/	14,086
6100 Other Expenses										
6110 Communication Equipment	3,088.18	281.88	780.40	3,586.04	-	9.23%	331.04		1.038	344
6120 Communication Services	48,880.39	8,936.51	13,592.14	52,187.02	-	9.23%	4,812.06		1.038	4,994
6130 Postage	13,778.22	4,744.78	2,431.86	11,465.83	(8,834) D/	9.23%	371.28		1.038	381
6140 Office Consumables	18,878.35	5,403.25	7,760.88	21,382.98	-	9.23%	1,970.04		1.038	2,044
6150 Travel & Subsistence	19,704.13	(3,896.33)	12,808.20	32,408.66	(31,798) E/	9.23%	77.60	6,000 E/	1.038	6,466
6200 Other Expenses										
6210 Payroll Expenses	388,643.48	104,991.08	100,767.07	384,348.52	(143,398) F/	9.23%	22,180.97	14,608 F/	1.038	40,278
6220 Facilities	60,617.02	8,218.68	7,804.34	48,201.73	(38,880) G/	9.23%	1,891.85		1.038	1,964
6230 Utilities	28,808.84	6,268.21	5,148.72	28,873.46		9.23%	2,646.44		1.038	2,748
6235 Equipment Leasing	888.07	(2,491.37)	883.73	4,264.37	(372) H/	9.23%	381.85	372 H/	1.038	792
6241 Contracted Transportation	117,858.44	31,262.80	22,815.88	109,407.20	(109,167) I/	9.23%	0.05		1.038	0
6242 Fuel	180,740.83	37,788.87	43,846.19	186,838.55	(88,913) J/	9.23%	11,708.85		1.038	12,153
6243 Transportation - Other	104,379.86	24,833.33	27,013.84	106,781.46	(88,918) J/	9.23%	3,678.18		1.038	3,816
6320 Bank Fees	3,403.20	1,000.80	1,180.82	3,583.22		9.23%	387.40		1.038	401
6400 Business Expenses										
6410 Licenses, permits, membership	11,793.71	4,882.41	8,385.38	13,386.68		9.23%	1,134.38		1.038	1,187
6420 Tax Consults Filing	24,880.00		3,780.00	27,480.00		9.23%	2,530.71		1.038	2,626
6425 Legal	21,021.02	(8,900.17)	54,169.12	88,090.31	(72,763) K/	9.23%	1,157.13		1.038	1,193
6440 Bonds & Insurance	91,023.32	26,186.41	23,230.48	88,085.40		9.23%	8,132.19		1.038	8,441
6445 Safety & Security	62,858.10	13,244.43	10,977.79	60,391.46		9.23%	4,838.93		1.038	4,916
6460 Company promotions	3,057.85	378.08	95.39	1,774.43		9.23%	163.71		1.038	170
6471 Education	10,711.82	2,815.62	4,820.41	12,816.71		9.23%	1,184.03		1.038	1,229
6470 Seminars & Subscriptions	6,913.95	103.00	213.48	7,024.44		9.23%	648.06		1.038	673
6475 Employee Incentives	1,600.00	800.00		1,000.00		9.23%	92.36		1.038	96
6730 Penalties & Fines	1,375.75	385.48	1,806.67	2,796.94	(3,047) L/	9.23%	-		1.000 X/	-
6510 New Opportun & Methods	30,000.00	7,500.00	7,500.00	30,000.00	M/	9.23%	2,767.92		1.038	2,872
	3,326,621.26	722,192.84	817,608.80	3,300,880.36	(2,121,878.40)		188,943.44	99,378.49		288,613

* Per Navitas's QuickBooks reports.

A/ Settlement took the $1,992,296 in employee and outside labor and allocated labor to TN, which is shown on Labor, Schedule 4.A.4. The remainder of the charges of $110,854 were for uniform services that had names of the location incurring the costs of the uniform services as well as monthly charges to Volunteer Transitioning to be available for back up services. These non-labor charges will be considered for tracking directly to the benefiting system for future rate cases.

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

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

D/ All postage is charged first to NUC then charged to the systems at a 5% markup. The individual states are charged for the postage for sending out customer bills. The Settlement eliminated the 5% markup for TN in Schedule 4.A. The indirect expense of $11,[illegible].23 equals $955 in monthly expenses. The Settlement's adjustment results in approximately $2540 per year in Postage expenses for NUC ((100 stamps * $0.46 * 52 weeks) + (950 Priority/Non-envelope shipping * 12 months)).

E/ The Settlement includes recovery for the work travel based on the planned trips in 2013:
- Walker and Cash (TN labor) training for 2 days (direct cost) and
- 2 California employees attending a 3-day training on utility accounting (indirect).
The Settlement allowed expenses of $1140 only for lodging and subsistence for the planned trips, the direct costs to TN are $6,000, and the indirect costs for the utility accounting training is $1,420. The Settlement also [illegible] approximately $1,500 per month for rental vehicle, per diem hotel and meals, and car rental. Air and mileage are expensed in a separate account. Air travel was included in Facilities because his monthly travel expenses of $2,500 were eliminated from Transportation - Other, account #6243.

F/ [illegible] The Settlement reduces the indirect costs by 37.37% of the net payroll expenses to reflect the approximate healthcare costs associated with the employees dedicated to Oklahoma and Kentucky. The 37.37% was derived from reviewing the employee expenses on Labor Schedule, Schedule 4.A.4. CAPD also reclassified the healthcare related to TNs labor from Indirect Costs to the costs directly allocable to TN.

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

H/ This account has three monthly charges: (1) $138 to Pitney Bowes for the postage machine (billing); (2) 313 to Alegra for equipment leased at the Kimely, Oklahoma location; and (3) 331 to Heisten for equipment leased and dedicated to the Jellico, Tennessee operations. The Settlement Reclassified the Heisten charges to direct charges to TN.

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

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

K/
This account includes expenses for the trucks, which is an allowable expense as well as expenses of $3800 to the executive offices ($3000 total). The Settlement adjusted this account based on CAPD adjustments in CAPD Exhibit, Schedule 4.A.1. Because some trucks are dedicated to certain systems, some or all the costs charged to this account should be considered for direct cost tracking for future rate cases.

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

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

N/ This percentage is the allocation percentage calculated, as shown on CAPD Exhibit Allocation Percentage Calculation, Schedule 4.A.6.

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

X/ Inflation adjustments do not apply to these amounts.

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

Source: 2012 3rd Quarter Depreciation Schedules from Joey Irwin					Settlement Calculation	
	Acq Date	Life	Cost basis	Tennessee Allocation	2012 Depreciation Expense (annualized)	2013 Depreciation Expense
Mains (NARUC acct #376)						
Byrdstown & County	12/31/10	480	550,595.00	550,595.00	$ 13,764.88	$ 13,764.88
Fentress County	12/31/10	480	3,018.00	3,018.00	$ 75.45	$ 75.45
Jellico System	12/31/10	480	1,183,700.00	1,183,700.00	$ 29,592.50	$ 29,592.50
Total 1774			1,737,313.00	1,737,313.00	$ 43,432.83	$ 43,432.83
Rebuild Byrdstown Odorant Sys	01/01/11	240	15,000.00	15,000.00	$ 750.00	$ 750.00
Total 1771			15,000.00	15,000.00	$ 750.00	$ 750.00
Services (NARUC acct #380)						
Service - McCreaty; McCreaty; Veach	10/31/11	480	1,288.25	1,288.25	$ 32.16	$ 32.16
Service - Delk; Stevens	11/30/11	480	892.50	892.50	$ 22.31	$ 22.31
Service - Chitwood	12/31/11	480	735.00	735.00	$ 18.38	$ 18.38
Service - Pickett County Visitor Center	01/31/12	480	5,421.78	5,421.78	$ 135.54	$ 135.54
Service - Jellico Elementary	03/31/12	480	2,600.85	2,600.85	$ 65.02	$ 65.02
Service - David Creekmore	04/30/12	480	525.00	525.00	$ 13.13	$ 13.13
Service - Jellico Hospital	05/31/12	480	598.50	598.50	$ 14.96	$ 14.96
Service - Etter Baptist Church	05/31/12	480	2,001.30	2,001.30	$ 50.03	$ 50.03
Service - Glen Parris	07/31/12	480	507.41	507.41	$ 12.69	$ 12.69
Service - Robert Johnson	08/30/12	480	615.00	615.00	$ 15.38	$ 15.38
Total 1772			15,183.57	15,183.57	379.59	379.59
Subtotal			1,767,496.57	1,767,496.57	44,562.41	44,562.41
Acquisition adjustment						
Acquisition Adjustment - Jellico	12/31/10	240	(44,840.00)	(44,840.00)	$ (2,242.00)	$ (2,242.00)
Acquisition Adjustment - Byrdstown	12/31/10	240	(219,120.00)	(219,120.00)	$ (10,956.00)	$ (10,956.00)
Total 1777			(263,960.00)	(263,960.00)	(13,198.00)	(13,198.00)
Acquisition balancing entry	06/30/11	240	(592.86)	(592.86)	$ (29.64)	$ (29.64)
Total 1778			(592.86)	(592.86)	(29.64)	(29.64)

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

		Acq Date	Life	Cost basis	Tennessee Allocation		2012 Depreciation Expense (annualized)	2013 Depreciation Expense
CAPD Adjustments to Navitas TN NG, LLC's Asset Listing								
TN	2011 Meter Cores	01/01/11	120	9,000.00	9,000.00		900.00	900.00
	2011 Meters*	06/01/11	120	2,014.00	2,014.00		201.40	201.40
	2011 Meters*	09/01/11	120	1,976.00	1,976.00		197.60	197.60
	2012 Meters*	04/01/12	120	1,976.00	1,976.00		148.20	197.60
	2013 Meters*	03/01/13	120	11,520.00	11,520.00		N/A	960.00
	2012 other cap ex 4th Quarter	11/15/12	480	4,089.94	4,089.94		17.04	102.25
	2013 other cap ex**	06/30/13	480	17,136.76	17,136.76		N/A	214.21
California	Land - 3186D Airway Blvd, Costa Mesa	06/30/11		547,200.00	50,485.13	A/		
	Land - Closing cost on property	06/30/11		27,357.91	2,524.06	A/		
	Value of building improvements 4800sf * $50	06/30/11	468	240,000.00	22,142.60	A/	567.76	567.76
	Improvements in 2011	12/31/11	468	335,870.90	30,987.73	A/	794.56	794.56
	Improvements in 2012 Q1	03/31/12	468	54,392.82	5,018.33	A/	128.68	128.68
	Improvements in 2012 Q2	06/30/12	468	6,300.00	581.24	A/	14.90	14.90
Eakley	Land - Eakly	07/28/09		40,000.00	1,845.22	B/		
	Eakly Structure	07/28/09	468	12,501.70	576.71	B/	14.79	14.79
	LI - Eakly reconstr L	09/30/09	468	24,311.25	1,121.49	B/	28.76	28.76
	LI - Closing costs	10/01/09	468	1,346.75	62.13	B/	1.59	1.59
	LI - Eakly reconstr M&S	10/31/09	468	2,378.01	109.70	B/	2.81	2.81
	LI - Eakly reconstr L&E	10/31/09	468	16,090.88	742.28	B/	19.03	19.03
	LI - Eakly reconstr L&E	11/30/09	468	16,025.13	693.12	B/	17.77	17.77
	LI - Eakly reconstr L&E	12/31/09	468	32,997.00	1,522.17	B/	39.03	39.03
	LI - Eakly reconstr M&S	12/31/09	468	35,895.26	1,655.86	B/	42.46	42.46
	LI - Eakly reconstr L,E,M&S	01/31/10	468	21,878.74	1,009.28	B/	25.88	25.88
	LI - Eakly reconstr L,E,M&S	02/28/10	468	13,107.00	604.63	B/	15.50	15.50
	LI - Eakly reconstr L,E,M&S	03/31/10	468	65,315.10	3,013.01	B/	77.26	77.26
	LI - Eakly reconstr L,E,M&S	04/30/10	468	8,209.73	378.72	B/	9.71	9.71
	LI - Eakly reconstr L,E,M&S	05/31/10	468	15,725.70	725.43	B/	18.60	18.60
	LI - Eakly reconstr L,E,M&S	06/30/10	468	40,070.65	1,848.46	B/	47.40	47.40
	LI - Eakly reconstr L,E,M&S	10/01/10	468	3,153.95	145.49	B/	3.73	3.73
	LI - Eakly reconstr L,E,M&S	10/01/10	468	20,179.66	930.90	B/	23.87	23.87
	LI - Eakly reconstr L,E,M&S	10/31/10	468	3,955.43	182.47	B/	4.68	4.68
	LI - Eakly reconstr L,E,M&S	11/30/10	468	6,943.76	320.32	B/	8.21	8.21
	LI - Eakly reconstr L,E,M&S	12/31/10	468	1,531.72	70.66	B/	1.81	1.81
	LI - Eakly reconstr L,E,M&S	01/31/11	468	5,447.68	251.30	B/	6.44	6.44
	LI - Eakly reconstr L,E,M&S	02/28/11	468	3,499.68	161.44	B/	4.14	4.14
	LI - Eakly reconstr L,E,M&S	03/31/11	468	1,436.69	66.28	B/	1.70	1.70
	LI - Eakly reconstr L,E,M&S	04/30/11	468	825.98	38.10	B/	0.98	0.98
	LI - Eakly reconstr L,E,M&S	05/31/11	468	479.75	22.13	B/	0.57	0.57
	LI - Eakly reconstr L,E,M&S	06/30/11	468	1,057.52	48.78	B/	1.25	1.25
	LI - Eakly reconstr L,E,M&S	07/31/11	468	264.87	12.22	B/	0.31	0.31
	LI - Eakly reconstr L,E,M&S	09/30/11	468	613.54	28.30	B/	0.73	0.73
	LI - Eakly reconstr L,E,M&S	10/31/11	468	585.72	28.10	B/	0.67	0.67
	LI - Eakly reconstr L,E,M&S	11/30/11	468	1,784.91	82.34	B/	2.11	2.11
	LI - Eakly reconstr L,E,M&S	12/01/11	468	22,207.50	1,024.44	B/	26.27	26.27
	LI - Eakly reconstr L,E,M&S	12/31/11	468	2,224.99	102.64	B/	2.63	2.63
	LI - Eakly reconstr L,E,M&S	01/31/12	468	1,389.65	64.11	B/	1.64	1.64
	LI - Eakly reconstr L,E,M&S	02/29/12	468	623.65	28.77	B/	0.68	0.74
	LI - Eakly reconstr L,E,M&S	05/31/12	468	2,114.63	97.55	B/	1.46	2.50
				1,683,988.49	179,064.32		3,424.60	4,734.53
Totals (Net of Acquisition Adjustments)				3,186,932.20	1,682,008.03		34,759.38	36,089.30

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

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

**

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

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

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

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

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

Source: 2012 3rd Quarter Depreciation Schedules from Joey Irwin

	Acquisition Date	Life (months)	Cost Basis		Accumulated Amortization as of 12/31/2011	Unamortized balance as of 12/31/2011	
Org Costs							
80% of legal cost of Gasco acq	12/31/10	120	72,400.00		7,843.33	64,556.67	
20% of legal cost of Gasc acq Q1 '11	03/31/11	120	6,220.00		518.33	5,701.67	
NUC expense for TN transaction	03/31/11	120	91,575.00		7,631.25	83,943.75	
Legal Services for GASCO closing	06/30/11	120	9,132.38		532.72	8,599.66	
Total 1881			179,327.36		16,525.64	162,801.74	A/
Rate Case							
Legal Services for Rate Tariff	06/30/11	60	5,750.33		670.87	5,079	
Legal Services for Rate Tariff	07/31/11	60	6,608.28		660.83	5,947	
Legal Services for Rate Tariff	08/31/11	60	7,196.79		599.73	6,597	
Legal Services for Rate Tariff	09/30/11	60	6,586.13		439.08	6,147	
Legal Services for Rate Tariff	10/31/11	60	6,092.63		304.63	5,788	
Legal Services for Rate Tariff	11/30/11	60	479.85		16.00	464	
Legal Services for Rate Tariff	12/31/11	60	2,396.84		39.95	2,357	
Total 1882			35,110.85		2,731.08	32,379.77	B/
DIMP	08/01/12	63	26,964.00	D/	-	-	

2013 Amortization

	Acquisition Date	Life (months)	Unamortized balance as of 1/1/2013		Monthly	2013 Amortization Expense
Rate Case						
Legal fees to obtain 25-yr Franchise Agmt	04/26/12	300	7,183	E/	23.94	287.31
2012 DIMP asset	08/01/12	53	24,824	D/	428.00	5,136.00
Estimated Legal Services for 2012 Rate Case	12/31/12	48	33,000.00	C/	687.50	8,250.00
Total 1882			65,006.85		687.50	13,673.31

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

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

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

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

D/ The DIMP asset is calculated as follows:

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

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

E/ These costs relate to the legal fees Navitas incurred to renew the Franchise Agreement for an additional 25 years.

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

Employee Labor Directly Allocable to TN	$	45,787.57	D/
Outside Labor Directly Allocable to TN	$	90,000.00	E/
Employee Labor Indirectly Allocable to TN	$	914,694.47	=F-D
Employee Labor Not Allocable to TN	$	573,106.14	G/
Outside Labor Not Allocable to TN	$	30,000.00	E/
Total	$	1,563,588.18	H/

Indirect Labor Breakdown - I/			TN %		TN Portion
Shared Services	90%	$ 827,674.85	9.23%	J/	76,361.97
Customer Services	10%	$ 91,469.45	10.7%		9,787.23
	100%				86,149.20

	Employee Name	ID	Location	Total Earnings - 2011*	Description	Applicable to TN?	Amount applicable to TN		Amount not allocable to TN	
1	[redacted]			[redacted]	Shared	Yes	[redacted]	1	[redacted]	
2					Shared	Yes		1		
3					Shared	Yes		1		
4					Shared	Yes		1		
5					Shared	Yes		1		
6					Accounting	Yes		1		
7					Shared	Yes		1		
8					Shared	Yes		1		
9					Customer Service	Yes		2		
10					General Manager	Yes		1		
11					Shared Services (monitors line loss)	Yes		1		
12					Billing Manager/Cust Svc	Yes		2		
13					Customer Service	Yes		2		
14					Shared services (Ops Mgr)	Yes		1		
15					Shared services (acctg)	Yes		1		
16					Tennessee	Yes				
17					Meters (capital) (2 wks/yr for TN)	No				
18					Oklahoma	No				
19					Oklahoma	No				
20					Meters (capital) (2 wks/yr for TN)	No				
21					Oklahoma	No				
22					Oklahoma	No				
23					Oklahoma	No				
24					Meters (capital) (2 wks/yr for TN)	No				
25					Oklahoma	No				
26					Oklahoma	No				
27					Oklahoma	No				
28					Oklahoma	No				
29					Oklahoma	No				
30					Oklahoma	No				
31					Oklahoma	No				
32					Oklahoma	No				
33					Oklahoma	No				
34					Oklahoma	No				
35					Oklahoma	No				
36					Oklahoma	No				
37					60% Oklahoma, 40% shared	40%		1		
	Total Employee Labor for 2011			$ [illegible]			[illegible]47,921.14	62.83%	A/ $ 565,611.24	37.37%
Deduct:	Employee Labor for 1/1/2011 to 3/31/2011			$ [illegible]	B/		[illegible]95.85)	A*B	$ (165,637.55)	
Add:	Employee Labor for 4/1/2011 to 12/31/2011			$ [illegible]	C/		[illegible]73.74	A*C	$ 173,132.46	
	Total Employee Labor for 2011						[illegible]	F/	$ 573,106.14	G/
	Total Outside Labor for 2011				E/					
					H/					

* These earnings [illegible] 12/31/2011.

A/ This is the percentage [illegible] for Tennessee that is not capitalized. CAPD did not receive the Q1 [illegible] salary report with the exact salary expense [illegible] multiplied the percentage of 2011 salaries by the salaries related to [illegible] 21 2012 as an estimate of the salaries applicable [illegible] used to calculate the labor that is not allocable to TN.

B/ Sum of Payroll [illegible] 1/1/2011 to 3/31/2011.

C/ Sum of Payroll [illegible] 1/1/2012 to 3/31/2012.

D/ This labor reflects the salary of Jerry Walker, who is dedicated to TN, as increased by 4.62%, which is the amount of the increase in Q1 2012 labor from Q1 2011 labor.

E/ This labor reflects 50% of the payments to Frank Cash from 5/1/2011 to 3/31/2012. Navitas started paying Cash on 7/1/2011 approximately [illegible]000 per month. Cash's time is split 50/50 between Tennessee and Kentucky. Cash did not start until July 2011, so the annual amount of his fees would be $60,000, half of which [illegible] be directly charged to Tennessee

F/ This is the total indirect employee labor not allocable to TN. It was calculated by taking the total allocable labor less the labor that [illegible] directly charged to TN.

G/ This portion of labor is dedicated to Louisiana and therefore is not included in the Tennessee revenue requirement.

H/ This is the total labor costs for 4/1/2011 to 3/31/2012, as adjusted to annualize the outside labor to a full 12 months of Frank Cash's service ($5,000 per month).

I/ CAPD utilized two different allocation percentages to the indirect labor of $914,694.47. CAPD determined that the indirect labor was approximately 90% shared services and approximately 10% customer service based on the salaries and description of services provided by each employee. CAPD allocated the [illegible] customer service labor based on TN's percentage of customers and the shared services based on the blended allocation calculated in the Allocation Percentage Calculation [illegible] Schedule 4.A.5.

J/ CAPD utilized the shared services [illegible] calculated in Schedule 4.A.3 for non-customer driven labor.

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

Line No.		Tennessee		Kentucky		Oklahoma		Total	
1	Gross Plant in Service*	1755	14.03%	1045	8.35%	9711	77.61%	12,512	100.00%
2	Customers**		10.70%					-	10.70%
3	Miles of Pipe***	34	2.94%	25	2.16%	1096	94.89%	1,155	100.00%
4	Sum of Allocations		27.68%		10.52%		172.51%		
5	Simple Average (+3)		3		3		3		
6	**Allocation of NUC's O&M**		**9.23%**		**3.51%**		**57.50%**		**70.23%**

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

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

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

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

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

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

Line No.		Settlement A/	Company B/	Difference
	Operating Revenues:			
1	Gas Sales & Transportation Revenues	$ 428,193	$ 456,860	$ -28,667
2	Other Revenues	7,794	27,323	-19,529
3	**Total Revenue**	$ 435,988	$ 484,183	$ -48,195
	Operating & Maintenance Expenses:			
4	Purchased Gas Expense	$ 219,160	$ 224,324	$ -5,164
5	Operations & Maintenance	313,928	302,949	10,979
6	**Total Operating & Maintenance Expenses**	$ 533,089	$ 527,273	$ 5,816
	Other Expenses:			
7	Depreciation Expense	$ 49,743	$ 55,094	$ -5,351
8	General Taxes	10,911	10,469	442
9	State Excise Taxes	0	-11,653	11,653
10	Federal Income Taxes	0	0	0
11	**Total Other Expenses**	$ 60,654	$ 53,910	$ 6,744
12	**Total Operating Expenses**	$ 593,742	$ 581,183	$ 12,559
13	**Utility Operating Income**	$ -157,755	$ -97,000	$ -60,755

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

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

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

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

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

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

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

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

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

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

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

Line No.		Settlement
1	**Operating Revenues**	$ 435,988 A/
	Operating Expenses:	
2	O&M Expenses	$ 533,069 A/
3	Depreciation Expense	49,743 A/
4	General Taxes	10,911 A/
5	**Total Operating Expenses**	$ 593,742
6	**NOI Before Excise and Income Taxes**	$ -157,755
7	**Less Interest Expense**	36,057 B/
8	**Pre-tax Book Income**	$ -193,812
9	**Excise Taxable Income**	$ 0 C/
10	Excise Tax Rate	6.50%
11	**State Excise Tax Expense**	$ 0

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

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

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

Line No.		Current Rates A/	Rate Increase	Proposed Rates
	Operating Revenues:			
1	Gas Sales & Transportation Revenues	$ 428,193	$ 231,703 B/	$ 659,897
2	Other Revenues	7,794	4,217	12,012
3	**Total Revenue**	$ 435,988	$ 235,921	$ 671,908
	Operating & Maintenance Expenses:			
4	Purchased Gas Expense	$ 219,160	$	$ 219,160
5	Operations & Maintenance	313,928	1,251	315,179
6	**Total Operating & Maintenance Expenses**	$ 533,089	$ 1,251	$ 534,340
	Other Expenses:			
7	Depreciation Expense	$ 49,743	$	$ 49,743
8	General Taxes	10,911		10,911
9	State Excise Taxes	0	4,868 *	4,868
10	Federal Income Taxes	0		0
11	**Total Other Expenses**	$ 60,654	$ 4,868	$ 65,522
12	**Total Operating Expenses**	$ 593,742	$ 6,119	$ 599,861
13	**Utility Operating Income**	$ -157,755	$ 229,802	$ 72,047

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

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

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

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

	Interest Expense Short-Term Debt:	
5	Rate Base	$ 827,580 B/
6	Short-Term Weighted Debt Cost	0.29%
7	**Short-Term Debt Interest Expense**	$ 2,429
	Interest Expense Long-Term Debt:	
8	Rate Base	$ 827,580 B/
9	Long-Term Weighted Debt Cost	4.06%
10	**Long-Term Debt Interest Expense**	$ 33,628
11	**Total Interest Expense**	$ 36,057

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

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

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

Line No.		Amount	Balance
1	Operating Revenues		1.000000
2	Add: Forfeited Discounts	0.018202 A/	0.018202
3	Balance		1.018202
4	Uncollectible Ratio	0.005302 B/	0.005399
5	Balance		1.012803
6	State Excise Tax	0.020745 C/	0.021010
7	Balance		0.991793
8	Federal Income Tax	0.000000 D/	0.000000
9	Balance		0.991793
10	Revenue Conversion Factor (Line 1 / Line 9)		1.008274

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

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

Navitas TN NG, LLC
Rate Design

	Rates*			Revenue (annualized)*		
	Current	2/1/2013	10/1/2013	Current	2/1/2013**	10/1/2013
Residential						
Meter charge	6.000	6.000	9.000	30,684	30,684	46,026
First nine	0.650	1.555	1.665	8,546	53,158	56,918
Greater than nine	0.400	0.595	0.795	73,031	87,970	117,539
Minimum Bill (if 9 Ccf used)	11.85	20.00	23.99			
Total Revenue				112,261	171,812	220,483
Commercial						
Meter charge	6.000	6.000	9.000	5,412	5,412	8,118
First nine	0.650	1.555	2.220	1,544	9,601	13,706
Greater than nine	0.400	0.595	0.795	45,460	63,949	85,444
Minimum Bill (if 9 Ccf used)	11.85	20.00	28.98			
Total Revenue				52,416	78,962	107,268
Industrial						
Meter charge	6.00	6.00	14.00	756	756	1,764
First nine	0.550	1.555	2.885	245	1,525	2,830
Greater than nine	0.300	0.595	0.755	43,355	85,403	108,369
Minimum Bill (if 9 Ccf used)	10.95	20.00	39.97			
Total Revenue				44,356	87,684	112,963
Total Operating Revenue (excluding Purchased Gas Revenue)				209,033	338,458	440,714
Incremental increases					129,425	102,256
Incremental increases					62%	30%
% of Revenue Deficiency					56%	44%

Revenue Requirement:
The Proposed Rates include a $231,703 rate deficiency. Thus:

Current Revenue	209,033
Revenue Deficiency	231,703
Revenue Requirement	440,736

* Rates and Revenues exclude purchased gas.
** The revenue total of $338,458 reflects the February 1, 2013 rates on an annual basis to enable comparison between the two steps of increase. The rates for February 1, 2013 will be in effect for eight months and provide for $178,198 in total non-gas revenue based on the billing determinants of the February through September of the test year, as shown on Schedule 2.A of this Exhibit B.

Note 1: The Revenue was calculated on Schedules 2 and 3 of this Exhibit B. These billing determinants are the same as those on Amended Settlement Exhibit, Schedule 6, Revenue Summary, as adjusted to account for the months that the average usage was less than 9 Ccf. This adjustment is less than a $500 difference in any given year.

First Step Increase - February 1, 2013 (annualized)

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																	
Proposed tariffs					29,316	19,374	11,472	11,037	13,485	12,765	25,419	31,896	43,628		59,316	47,025	33,063
Proposed tariff changes																	
Residential																	
First nine	0.905																
Meter charge	-																
Greater than nine	0.195																
Commercial																	
First nine	0.905																
Meter charge	-																
Greater than nine	0.195																
Industrial																	
First nine	0.905																
Meter charge	-																
Greater than nine	0.195																

Proposed 2013 Tariff revenue	338,457
Test case year calculated tariff revenue	209,033
Annualized rate increase on February 1, 2013	129,424

440,736	Target non-commodity revenue
338,457	Proposed 2013 Tariff revenue
102,279	Continued tariff revenue deficiency

	Proposed Tariffs		Totals													
Residential																
First nine	$ 1.555	13.995	53,158	6,088	5,752	1,535	1,092	1,549	2,239	4,324	5,920	6,116	6,186	6,200	6,158
Meter charge	$ 6.00	19.995	30,684	2,628	2,484	2,070	2,676	2,664	2,652	1,902	2,712	2,706	2,724	2,742	2,724
Greater than nine	$ 0.595		87,970	6,982	800	-	-	-	-	9,832	8,079	14,048	22,717	16,443	9,070
				36	22	11	11	13	17	52	40	52	72	57	41
Commercial																
First nine	$ 1.555	13.995	9,601	1,022	784	588	588	420	434	588	966	1,064	1,064	1,050	1,036
Meter charge	$ 6.00	19.995	5,412	462	360	238	516	510	486	306	504	520	498	480	492
Greater than nine	$ 0.595		53,949	4,546	3,469	2,688	2,523	3,541	1,966	2,534	5,795	8,767	13,459	9,386	5,175
				94	82	35	26	149	93	82	105	136	198	146	91
Industrial																
First nine	$ 1.555	13.995	1,525	126	126	98	112	84	84	70	154	168	168	168	168
Meter charge	$ 6.00	19.995	756	54	54	42	72	54	54	42	72	78	78	78	78
Greater than nine	$ 0.595		35,403	7,209	5,545	4,164	4,118	4,954	4,850	5,821	7,695	10,172	12,424	10,479	8,163
				832	636	615	548	800	831	1,187	720	868	1,056	894	701
			338,457													

First Step Increase - February 1, 2013 (8-months of revenue)

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	Total	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	273	28	32
Total calculated NCR													
Proposed tariffs					29,316	19,374	11,472	11,697	13,485	12,765		47,025	33,063
Proposed tariff changes													
Residential													
First nine	0.905												
Meter charge	-												
Greater than nine	0.195												
Commercial													
First nine	0.905												
Meter charge	-												
Greater than nine	0.195												
Industrial													
First nine	0.905												
Meter charge	-												
Greater than nine	0.295												

	Proposed 2013 Tariff revenue	178,198
	Test case year calculated tariff revenue	209,033
	Rate Increase on February 1, 2013 (8 months)	(30,836)

	Proposed Tariffs		Totals									
Residential												
First nine	$ 1.555	13.995	30,612	6,088	5,752	3,535	1,092	1,549	2,239	6,200	6,158
Meter charge	$ 6.00	19.995	20,640	2,628	2,484	2,070	2,676	2,664	2,652	2,742	2,724
Greater than nine	$ 0.595		33,294	6,982	800	-	-	-	-	15,443	9,070
				36	22	11	11	13	17	57	41
Commercial											
First nine	$ 1.555	13.995	5,920	1,022	784	588	588	420	434	1,050	1,036
Meter charge	$ 6.00	19.995	3,594	462	360	288	516	510	486	480	492
Greater than nine	$ 0.595		33,394	4,646	3,469	2,688	2,523	3,541	1,966	9,386	5,175
				84	82	85	86	149	93	146	91
Industrial											
First nine	$ 1.555	13.995	966	126	126	98	112	84	84	168	168
Meter charge	$ 6.00	19.995	486	54	54	42	72	54	54	78	78
Greater than nine	$ 0.595		49,292	7,309	5,545	4,164	4,118	4,664	4,850	10,479	8,163
				832	636	615	538	800	831	894	701
			178,198								

Second Step Increase - October 1, 2013 (annualized)

		31-Jan-11	28-Feb-11	31-Mar-11	30-Apr-11	31-May-11	30-Jun-11	31-Jul-11	31-Aug-11	30-Sep-11	31-Oct-11	30-Nov-11	31-Dec-11	Total	31-Jan-12	28-Feb-12	31-Mar-12
		31	28	31	30	31	30	31	31	30	31	30	31	365	31	28	32
Total calculated NCR																	
Proposed tariffs					37,769	24,634	15,166	15,761	17,944	16,782	32,910	41,284	56,752		77,554	61,258	42,767
Proposed tariff changes																	
Residential																	
First nine	0.110																
Meter charge	3.000																
Greater than nine	0.200																
Commercial																	
First nine	0.645																
Meter charge	3.000																
Greater than nine	0.200																
Industrial																	
First nine	1.330																
Meter charge	8.000																
Greater than nine	0.160																

Proposed 2014 Tariff revenue	440,736
Proposed 2013 Tariff revenue	338,457
Annualized rate increase on October 1, 2013	102,279

440,736	Target non-commodity revenue
411,156	Proposed 2014 Tariff revenue in settlement
29,580	Continued tariff revenue deficiency

	Proposed Tariffs		Totals													
Residential																
First nine	$ 1.665	14.985	56,918	6,518	6,159	1,643	1,169	1,658	2,398	4,630	6,339	6,548		6,623	6,638	6,593
Meter charge	$ 9.00	23.985	46,026	3,342	3,726	3,105	4,014	3,096	3,978	2,853	4,068	4,059		4,086	4,113	4,086
Greater than nine	$ 0.795		117,539	9,329	1,068	-	-	-	-	13,137	10,795	18,770		30,352	21,970	12,119
				45	27	14	15	17	22	67	50	67		93	74	52
Commercial																
First nine	$ 2.200	19.800	13,583	1,445	1,109	832	832	594	614	832	1,365	1,505		1,505	1,485	1,465
Meter charge	$ 9.00	26.300	8,118	593	540	432	774	765	729	459	756	765		747	720	738
Greater than nine	$ 0.795		85,444	6,207	4,636	3,501	3,372	4,731	2,627	3,386	7,743	11,714		17,983	12,541	6,914
				224	112	116	129	203	128	111	143	184		266	197	123
Industrial																
First nine	$ 1.535	21.535	2,230	224	234	192	198	156	156	130	286	312		312	312	312
Meter charge	$ 14.00	39.965	1,764	126	126	98	168	126	126	98	168	182		182	182	182
Greater than nine	$ 0.755		136,169	6,274	7,037	5,283	5,225	5,918	6,154	7,386	9,764	12,907		15,764	13,297	10,358
				1,070	822	795	700	1,033	1,073	1,523	929	1,117		1,355	1,149	904
			440,591													

Chairman Allison's Motion

Docket No. 12-00068

I move that the revised Stipulation and Settlement Agreement be accepted with a few minor modifications and a request to the parties regarding rate design. The motion is specific to (1) the additional revenue requirement for Navitas; (2) rate design; and (3) the Settlement terms.

First, I move that the revenue requirement of $231,703 agreed to by Navitas and the Consumer Advocate be adopted. I understand that this amount includes recovery of Distribution Integrity Management Program Costs (DIMP) which the Authority previously ruled that it would like to review. Accordingly, even though recovery of DIMP costs is being allowed at this time, Navitas is directed to submit a signed contract with the consultant (Tri-Star Energy) when executed along with all documentation to support the recovery amount. The Authority will then review the information and make a final ruling on these costs.

Second, I move that the Authority accept the Phase I and Phase II rate design contained in the Settlement Agreement. Prior to implementing the Phase II rate design, however, I would encourage the parties to meet with the TRA Staff to discuss alternative rate designs that more fully address the directives set forth in Tenn. Code Ann. § 65-4-126, (State policy on using energy more efficiently) and also to look at recent rate designs ordered by the Authority for Piedmont, Atmos and Chattanooga Gas. If there is a modification to the Phase II rate design, I move that it be filed no later than July 1, 2013.

Third, there is one Settlement provision that, in my opinion, should not be approved and one that needs more clarification before final approval is granted. I move that the provisions contained in Paragraph 21 of the Settlement, which would allow for similarly situated customers within a specific class to pay different monthly rates for natural gas, be removed. The parties provided no satisfactory rational basis to justify different rates for similarly situated customers and this provision could lead to undue discriminatory treatment of consumers potentially in violation of state and federal law.

I also have some concerns regarding Paragraph 25 C. This provision provides Navitas with the ability to waive fees in special circumstances such as financial distress, military deployment or for disabled customers or customers in unique situations. I applaud the effort to help consumers in distress, but I am concerned about approving such a broad provision without knowing the exact details such as the qualification process and which fees that can be waived. I am not recommending that this provision be removed; rather, I move that if the parties want to implement this provision, tariff language be filed explaining in detail the qualification process and the specifics of the program. In this

manner, the Panel will have the opportunity to review the details of the program and make a ruling prior to implementation. I believe the remaining settlement provisions, especially those related to transitioning to the NARUC Uniform System of accounting method and direct cost accounting for expenses related to Tennessee operations, are necessary in order to properly evaluate the Company on a going-forward basis.

Finally, I direct Navitas to file a revised tariff to conform with the Settlement Agreement with deference to the above Paragraph being removed. I would invite you to meet with my Staff to come up with a compliant tariff. I so move.