

**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** )

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**FIRST DISCOVERY REQUEST OF THE CONSUMER ADVOCATE AND  
PROTECTION DIVISION TO NAVITAS TN NG, LLC**

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To: Navitas TN NG, LLC  
c/o Klint W. Alexander, Esq.  
Wyatt, Tarrant & Combs, LLP  
2525 West End Avenue  
Suite 1500  
Nashville, TN 37203

and

Thomas Hartline  
Navitas Utility Corporation  
3186 – D Airway Avenue  
Costa Mesa, CA 92626

This Discovery Request is hereby served upon Navitas TN NG, LLC (“Navitas” or “Company”), pursuant to Rules 26, 33, 34 and 36 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg. 1220-1-2-.11. We request that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o John J. Baroni, Assistant Attorney General, on or before the date required by any Scheduling Order entered in this Docket.

## **PRELIMINARY MATTERS AND DEFINITIONS**

Each discovery request calls for all knowledge, information and material available to Navitas, as a party, whether it be Navitas', in particular, or knowledge, information or material possessed or available to Navitas' attorney or other representative.

These discovery requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Navitas which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Attorney General requests that Navitas supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These discovery requests are to be interpreted broadly to fulfill the benefit of full discovery. The singular of any discovery request includes the plural and the plural includes the singular. To assist you in providing full and complete discovery, the Attorney General provides the following definitional guidelines.

The terms "and" and "or" shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

The term "communication" means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

For purposes of these discovery requests, the term "you" shall mean and include: Navitas TN NG, LLC and all employees, agents and representatives thereof, including Navitas Utility Corporation (NUC).

The term "person" or "persons" as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company's response. Moreover, the company's designated person for responding must assure that the company provides complete answers. A complete answer must provide a response which includes all matters known or reasonably available to the company.

The term "identity" and "identify" as used herein, with respect to any person, means to provide their name, date of birth, current residence address, current residence telephone number, current business address, current business telephone number, and the occupation or job title of that person; with respect to an entity, those terms mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms mean to provide the date of the document, the nature of the document, the title of the document, the reference number (if any) of the document, and the current location of the document, including the identity of the person or entity in possession of the document.

The term "document" as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not limited to any writing, drawing, graph, chart, form, work paper, spreadsheet, note, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter,

however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

If you produce documents in response to these discovery requests, produce the original of each document or, in the alternative, produce a copy of each document and identify the location of the original document. If the "original" document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of these discovery requests, state the exact legal basis for each such refusal.

If any of the interrogatories are not answered on the basis of privilege or immunity, include in your response to each such interrogatory a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Authority to rule on a motion to compel.

If, for any reason, you are unable to answer a discovery request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information

requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

**Provide all responses in the format in which they are maintained such as Microsoft Excel or Microsoft Word with all formulas intact.**

### **FIRST DISCOVERY REQUESTS**

1. The Consumer Advocate incorporates any Data Request filed by the TRA Staff in this Docket No. 12-00068 as if fully stated herein, and expressly reserves the right to seek supplemental responses and/or file a motion to compel if the Consumer Advocate determines that any responses to the Data Request are inadequate or incomplete.

**RESPONSE:**

2. Provide electronic copies of any and all exhibits filed with, or in relation to, Navitas' Petition to Change and Increase Rates and Charges, as well as the testimony of Thomas Hartline.

**RESPONSE:**

3. Identify all witnesses the Company intends to call in support of the Petition in this docket.

**RESPONSE:**

4. Provide a narrative description of the Company's processes for computing, recording and crediting customer monthly bills that includes the following.

- a. What software does the Company use for customer billing?
- b. What accounting software does the Company use to record customer charges and credits?
- c. The process and lag dates that the Company uses to collect the customer meter readings from the local water utility.
- d. The name of the individual or individuals that carry out the monthly bill calculation and revenue accounting for the Company. Are these individuals employees of Navitas? At what offices are these functions carried out?

**RESPONSE:**

5. Provide a copy of the Company's monthly billing register from January 2011 through July 2012. This response should include the customer account number, billing date, payment receipt date, sales volume, bill amount, payment amount, late fees, taxes, and any other charges or fees added to the customer's bill.

**RESPONSE:**

6. Provide the amount of monthly bad debt charges that the Company has assessed since January 1, 2011 through July 31, 2012. Explain and provide backup for 2011 Bad Debt expense of \$6,210.77.

**RESPONSE:**

7. Refer to the Company's Chart of Accounts (pages 10-13 in the Navitas Notice of Filing of Responses to MFR), reconcile the account numbers Navitas uses with the corresponding NARUC account numbers and titles.

**RESPONSE:**

8. Provide a detailed monthly income statement from January 2011 through July 2012, including a detailed description and supporting documents for the Navitas TN P&L accounts, account balances, and income categories.

**RESPONSE:**

9. Refer to the 2011 balance sheet for Navitas TN (provided on pages 43-44 of your July 3, 2012, 392 page document), explain and provide backup for the account balances, including an explanation of the account description and the purpose of the account. Provide the same level of detail for the Navitas TN balance sheet ended July 31, 2012.

**RESPONSE:**

10. Refer to the Navitas Petition filed July 2, 2012, explain and provide backup for the statement on page 3 describing the Consumer Price Index (CPI) increase of approximately 170% since the last rate case in 1992. Explain and provide backup regarding your 2.65% annual calculation.

**RESPONSE:**

11. Refer to Mr. Hartline's testimony, page 12, question 11Q regarding Rate Base development, explain and provide backup for December 31, 2010 original cost of \$1,752,313

and the accumulated depreciation of \$862,953. Provide the same level of detail for the Rate Base at December 31, 2011 and July 31, 2012.

**RESPONSE:**

12. Provide a copy of the Company's bank statements from January 2012 through July 2012.

**RESPONSE:**

13. Refer to Navitas Petition, page 4, regarding calculated revenue deficiency for 2011 of approximately \$390,000 which represents an annualized increase over the period of 3.27%. Explain and provide backup for these revenue calculations.

**RESPONSE:**

14. Refer to Navitas Petition, item 9, page 4, explain and provide backup for the 2011 and 2012 ACA balances, including how the ACA is calculated and how the Company proposes to use these ACA balances to offset proposed rate increases.

**RESPONSE:**

15. Explain and provide backup for all journal entries related to Navitas TN operations. Specifically, explain the debits and credits of all journal entries monthly from January 2011 through July 2012.

**RESPONSE:**



16. Explain and provide backup for the Debt Schedule on page 382 of the Navitas Notice of Filing of Responses to MFR filed with the TRA on July 3, 2012.

**RESPONSE:**

17. Explain and provide backup for the monthly invoices from Navitas Utility Corporation to Navitas TN delineated on pages 65-77 in Navitas Notice of Filing of Responses to MFR filed with the TRA on July 3, 2012. Also provide the same information for the months of January 2012 to July 2012.

**RESPONSE:**

18. Explain and provide backup for the monthly invoices from Fort Cobb Fuel Authority to Navitas TN delineated on pages 78-89 in Navitas Notice of Filing of Responses to MFR filed with the TRA on July 3, 2012. Also provide the same information for the months of January 2012 to July 2012.

**RESPONSE:**

19. Please provide documentation that supports the purchase price for the Navitas TN operation (e.g. sales documents that show the purchase price of the Gasco assets equals the loan amount). According to your Debt Schedule on page 382, it appears that the purchase price is \$610,500 and was financed with a 20 year loan from Bank 2 in Oklahoma at an interest rate of 6%. To who was this purchase payment made and was it approved by the bankruptcy courts?

**RESPONSE:**

20. Refer to the Navitas Notice of Filing of Responses to MFR, the NUC balance sheet on page 46 shows Account 1601 (Autos & Pickups) with a 12/31/2011 balance of \$388,391. Explain and provide backup regarding the numbers of cars and trucks (make, model, year, original cost, net book value on 12/31/2011 and 7/31/2012). How are the cars used in the business and how are they assigned to employees? Which vehicles are used in Tennessee? Also, how much of the usage of these vehicles is for personal use, and if so, are those costs paid for by the company? Finally, provide the details that make up the Trucks (account 1602) and Heavy Equipment (account 1603) balances, both at 12/31/2011 and 7/31/2012.

**RESPONSE:**

21. Regarding the Navitas aircraft, explain and provide backup for any use of this asset in the Navitas TN operation? If used in TN, provide flight logs. Refer to page 56 of the Notice of Filing of Responses to MFR, the aircraft shows a net loss of \$94,578 for 2011. Is the aircraft used for personal travel as well as company travel?

**RESPONSE:**

22. Refer to Navitas Notice of Filing of Responses to MFR, page 216, discussing replacing 550 meters on the Jellico TN system starting in fall of 2011 and finishing in the spring of 2013. Provide a monthly list of what has been replaced for 2011 and through July of 2012. Provide the monthly plan going forward for the remainder of the meter replacements Are the remaining costs expected to be funded through the revenue increase sought in this docket?

**RESPONSE:**

23. Refer to Navitas Notice of Filing of Responses to MFR, pages 334-346, explain and provide backup for "Customer Balance Summary" for the months January 2011 through January 2012. Provide details for February 2012 through July 2012.

**RESPONSE:**

24. Refer to the Navitas Notice of Filing of Responses to MFR, please explain the report on page 365. What is the purpose and what is the source information that makes up the balances? Please provide a description for each category in this report and extend the balance through July 2012. Regarding the category "Level Pay Customers" please explain what this is and how many customers are in this category (is there a certain time each year to get set up on this system, how is the true-up done and in which month).

**RESPONSE:**

25. Refer to the Navitas Notice of Filing of Responses to MFR, please explain the OLTA (Other Long Term Accounts) category on page 229. What is the purpose and what is the source information that makes up the balances? Extend the monthly balances through July 2012.

**RESPONSE:**

26. Provide details regarding renegotiation of the Spectra transmission agreement (see page 3 of the 392 page Navitas Notice of Filing of Responses to MFR) and the impact this has on Navitas TN operations.

**RESPONSE:**

27. Provide the hiring date and termination date by employee monthly, for the test year ended 12/31/11 as well as the first seven months of 2012. Include in your response the amount of any employment separation payments and the amount charged for terminated employees.

**RESPONSE:**

28. Provide the number of full time & part time employees, union, non-union, and salaried, monthly for the test year ended 12/31/2011 and for the first seven months of 2012. Also, state the hourly rate for all hourly employees as well as overtime rates and actual overtime expenses monthly for the months January 2011 to July 2012.

**RESPONSE:**

29. Regarding insurance expense, have there been any changes to the insurance information provided in the Navitas Notice of Filing of Responses to MFR, pages 127 through 160? Specifically, has anything changed regarding insurance vendors, costs, coverage in 2012 through July 2012?

**RESPONSE:**

30. Refer to page 50 of the Navitas Notice of Filing of Responses to MFR, explain and provide backup for an expense of \$30,000 in account 6510 named New Opportunities & Methods. What is this account used for? Provide the monthly activity for 2012.

**RESPONSE:**

31. Refer to page 50 of the Navitas Notice of Filing of Responses to MFR, explain and provide backup for the amount of \$137,112 in 2011 that is in account 6710 named Other Income. What is this account used for? Provide the monthly activity for 2012.

**RESPONSE:**

32. For all of the Navitas entities please provide monthly details for all activity in the Equity and the Retained Earnings Accounts for 2011 and 2012.

**RESPONSE:**

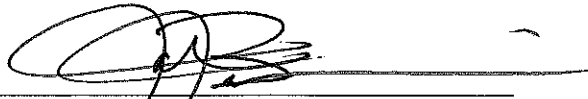
33. Provide a list of capital expenditures performed in 2011 and 2012 by location, including the dollar amount of the capital expenditure, the date the capital expenditure occurred, and a brief description of what it was and why the capital expenditure was necessary (e.g. to replace pipe that was leaking or broken, whether the leak or break was due to unauthorized digging or merely because the pipe in the ground was old).

**RESPONSE:**

34. If not provided as an answer to a previous question, provide the amount of the NUC expenses allocated to Tennessee, Kentucky, and Oklahoma, including supporting documents and workpapers of the data used in the calculation and the formula used for allocation.

**RESPONSE:**

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to be 'J. Baroni', written over a horizontal line.

JOHN J. BARONI (BPR# 27041)  
Assistant Attorney General  
Office of the Attorney General and Reporter  
Consumer Advocate and Protection Division  
P.O. Box 20207  
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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing is being forwarded via U.S. mail and email to:


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Tennessee Regulatory Authority  
460 James Robertson Parkway  
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Thomas Hartline  
Navitas Utility Corporation  
3186 - D Airway Avenue  
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on this the 17th day of September, 2012.



John J. Baroni