

TENNESSEE REGULATORY AUTHORITY



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

VIA FAX AND US MAIL

September 19, 2012

Klint W. Alexander

Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville TN 37203-1423

RE: Docket No. 12-00068 – PETITION OF NAVITAS TN NG, LLC FOR A
GENERAL RATE INCREASE

Dear Mr. Alexander:

To further the Staff's investigation of the reasonableness of the rates filed with this Authority on July 2, 2012 by NAVITAS, it is requested that you furnish additional information on the attached Staff Data Request No. 1.

Notwithstanding the official TRA filing policies, a paper copy and an excel or word file of each response should be provided for Staff use on CD labeled appropriately. File names must be created that easily identify which response the file addresses. If you have questions regarding any item number in the attached request, please contact Paul Greene (extension 156) for clarification before responding.

Please provide all responses no later than October 5, 2012 and reference Docket No. 12-00068 on the response. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "David M. Foster".

David Foster, Chief
Utilities Division

Enclosure

C: Docket File

TRA DATA REQUEST #1

1. Provide financial statements for Tennessee Operations only for 2011 and year-to-date 2012. Your response should provide a breakdown of all Tennessee Direct Expenses and total Corporate allocations. Refer to question 12 and the attachment (p. 3 of Gasco's 2009 Annual Report) in preparing your response.
2. Provide financial statements for Kentucky Operations only, Oklahoma Operations only, and for Navitas Corporate only for 2011 and year-to-date 2012. Your response should provide a breakdown of all state specific Direct Expenses and total Corporate allocations.
3. Provide the number of total Navitas customers and the number of Navitas customers by state. Your response must also show the breakdown of customers by customer class.
4. Explain what entities are included in the Company response to MFR Item #11. Provide to the name for each acronym used in this response and explain what business operations comprise each entity and what jurisdictions are represented.
5. Provide the monthly Corporate and Tennessee Specific general ledgers for year-to-date June 30, 2012 showing each month's sub-account and account balances.
6. Provide a Tennessee trial balance by month (January 2011 – June 2012), a monthly profit and loss statement and a monthly balance sheet produced using the ledger accounts listed on each trial balance.
7. Provide the total corporate charges to be allocated to the Operating Companies by month by sub-account and the monthly roll-up by account for 2011 and YTD June 30, 2012. Your response should include totals for all subaccounts and for all subaccount roll-ups for each account for the twelve months ending December 31, 2011 and also for year-to-date June 30, 2012.
8. Provide the amount and basis for the allocation of each expense at the sub-account level requested above for all of the Corporation's Operating Companies. Your response should include detailed calculations supporting each factor used for each different method of allocation to each of the operating companies which receive allocated expenses and rate base accounts if they are allocated.
9. For actual 2011 and projected 2012 provide the book depreciation and the tax depreciation for Direct Tennessee Plant and Allocated Plant separately.
10. Provide all accounting entries booked related to the purchase of Navitas TN.
11. Provide an Excel spreadsheet showing the historical net plant and rate base at January 1, 2011 and every month end subsequent, beginning January 31, 2011 through the most current month available and include any forecasted additions and retirements through the end of 2012 by month and include forecast month end balances.

12. The Authority has attempted to revise the rate case schedules typically used in rate cases to better fit Navitas operations. Provide the requested information again using the following guidance:

- Schedule 2 – Generally Rate Base is accounted for at lower of cost or market. Complete this schedule based upon the actual historical book value of the purchased Gasco assets or the purchase price, if lower than Gasco historical book value.
- Schedule 3 – Generally Gross Margin is calculated by multiplying the current customer count for each class of service by the current monthly tariff customer charges multiplied by 12 to annualize; plus, the total of monthly volumetric charges calculated using actual 2011 actual monthly usage times the tariff rate for the first 9 Ccfs and the total 2011 usage times the tariff rate per Ccf.
- Schedule 4 – This schedule should provide Tennessee Direct Expenses at the functional level. For example: labor, contract labor, benefits, rents, maintenance, customer service, administrative and general, etc. and corporate allocations. The categories listed are for example purposes; and, the Company may provide the Tennessee Direct Expense using additional expense categories. We have attached page G-3 of the 2009 Gasco Annual Report and the Operating Expense page of Gasco's fourth quarter 2009 quarterly report to assist in your response.
- The income tax schedule and the income tax factors have been omitted since Navitas companies are pass-through entities.

13. Provide the following information and the related Tennessee Direct Expense for 2010 and year-to-date June 30, 2012:

- Name and salaries/wages for each Tennessee Direct employee;
- Benefits Expense for each Tennessee Direct employee;
- Tennessee Direct Contract Labor Expense;
- Copies of all Tennessee rental contracts;
- Number of vehicles used in Tennessee;
- Tennessee Direct Vehicles Expense;
- Tennessee Direct Utilities Expense;
- Tennessee Direct Insurance Expense;
- Tennessee Direct General and Administrative Expense; and,
- Detailed supporting calculation of the Tennessee Direct Depreciation Expense.

14. Provide copies of all invoices to support the 3rd Quarter 2011 reported total Tennessee Direct Expenses of \$78,723 shown in response to MFR #11. A lead sheet should be prepared to show the total of each type of Tennessee Direct Expense and the copies of invoices should be organized and tabbed by type of expense (i.e., labor, benefits, rents, vehicle, insurance, utility bills, etc).

15. Provide the passwords to open your responses to MFR#17 and #31.

16. Provide a copy of the Company's proposed tariff.

Name of Respondent	This Report is:	Date of Report	Year of Report
Gasco Distribution Systems, Inc.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 12/31/2009	2009
OPERATION AND MAINTENANCE EXPENSES (Continued)			
		Amount	
DISTRIBUTION EXPENSES			
Supervision (760)		\$ 45,054.54	
Mains and Service Labor (761)		\$ -	
Mains and Services Supplies and Expenses (762)		\$ 7,327.19	
Meter and House Regulator Expenses (763)		\$ 1,708.28	
Customer Installations Expenses (764)		\$ -	
Miscellaneous Distribution Expenses (765)		\$ 2,605.81	
Rents (766)		\$ -	
Maintenance of Lines (767)		\$ 13,133.47	
Maintenance of Meters and House Regulators (768)		\$ 9,040.34	
Maintenance of Other Plant (769)		\$ 185.93	
Total Distribution Expenses		<u>\$ 79,055.56</u>	
CUSTOMER ACCOUNTS EXPENSES			
Meter Reading Labor (901)		\$ 9,847.17	
Accounting and Collecting Labor (902)		\$ 52,112.27	
Supplies and Expenses (903)		\$ -	
Uncollectible Accounts (904)		\$ -	
Total Customer Accounts Expenses		<u>\$ 61,959.44</u>	
CUSTOMER SERVICE EXPENSES			
Customer Service and Information Expenses (907)		\$ 5,822.54	
Total Customer Service Expenses		<u>\$ 5,822.54</u>	
SALES EXPENSES			
Sales Expenses (910)		\$ -	
Total Sales Expenses		<u>\$ -</u>	
ADMINISTRATIVE AND GENERAL EXPENSES			
Administrative and General Salaries (920)		\$ 59,752.99	
Office Supplies and Other Expenses (921)		\$ 14,079.98	
Administrative Expenses Transferred - Credit (922)		\$ -	
Outside Services Employed (923)		\$ 97,664.28	
Property Insurance (924)		\$ 8,576.99	
Injuries and Damages (925)		\$ 3,183.28	
Employee Pensions and Benefits (926)		\$ 5,745.18	
Franchise Requirements (927)		\$ -	
Regulatory Commission Expenses (928)		\$ 2,429.39	
Duplicate Charges - Credit (929)		\$ -	
Miscellaneous General Expenses (930)		\$ 2,734.95	
Rents (931)		\$ 7,380.01	
Transportation Expenses (933)		\$ 10,960.32	
Maintenance of General Plant (935)		\$ 807.50	
Total Administrative and General Expenses		<u>\$ 213,314.87</u>	
Total from Schedule "G-2"		\$ 432,542.52	
Total Operation and Maintenance Expenses		<u>\$ 792,694.93</u>	

QUARTERLY REPORT OF TENNESSEE REVENUES, EXPENSES
AND INVESTMENTS--GAS COMPANIES

Company Name:
Gasco Distribution Systems, Inc.
Tennessee Division
End of Quarter: December 31, 2009

Item (a)	Amounts for This Quarter		Year-to-Date		12 Months-to-Date	
	This Year (b)	Last Year (c)	This Year (d)	Last Year (e)	This Year (f)	Last Year (g)
Operating Revenues						
1. Residential Sales	65,685	100,571	220,283	275,180	220,283	275,180
2. Commercial and Industrial Sales	94,012	129,123	377,530	524,339	377,530	524,339
3. Other Sales	0	0	0	0	0	0
4. Other Operating Revenues	2,542	3,316	12,025	14,051	12,025	14,051
5. Total Operating Revenues (Items 1-4)	162,239	233,010	609,838	813,570	609,838	813,570
Operating Expenses						
6. Purchased Gas	86,708	146,173	429,335	613,407	429,335	613,407
7. Distribution Expense--Operation	12,988	13,127	49,369	52,453	49,369	52,453
8. Distribution Expense--Maintenance	9,258	7,828	23,662	21,070	23,662	21,070
9. Customer Accounts Expense	17,419	16,829	68,510	66,561	68,510	66,561
10. Sales Expense	0	0	0	9,587	0	9,587
11. Administrative and General Expense	54,058	38,480	245,639	175,287	245,639	175,287
12. Depreciation and Amortization Expense	15,899	16,678	65,194	66,703	65,194	66,703
13. Taxes Other Than Income Taxes	0	6,903	14,032	6,903	14,032	6,903
14. Income Taxes	100	0	100	0	100	0
15. Total Operating Expenses (Items 6-14)	196,430	246,018	895,841	1,011,971	895,841	1,011,972
16. Net Operating Income (Item 5 less 15)	-34,191	-13,008	-286,003	-198,401	-286,003	-198,402
17. Other Income	0	0	0	0	0	0
18. Miscellaneous Income Deductions	0	0	0	0	0	0
19. Fixed Charges	812	38,903	23,051	53,201	23,051	53,201
20. Net Income	-35,003	-51,911	-309,054	-251,602	-309,054	-251,603

Item	Balance at End of Quarter		Average for 12 Months-To-Date	
	This Year (b)	Last Year (i)	This Year (j)	Last Year (k)
21. Utility Plant in Service	1,845,113	1,846,390	1,845,752	1,837,874
22. Construction Work in Progress	0	0	0	0
23. Utility Plant Acquisition Adj.	0	0	0	0
24. Property Held for Future Use	0	0	0	0
25. Accumulated Depreciation and Amort.	896,375	831,181	863,778	797,829
26. Materials and Supplies	15,491	15,252	15,372	14,912
27. Unamortized Investment Credit	0	0	0	0
28. Deferred Income Tax	115,193	115,193	115,193	115,193
29. Contributions in Aid of Construction	6,250	6,250	6,250	6,250
30. Customer Advances for Construction	0	0	0	0
31. Preferred Stock	0	0	0	0
32. Common Stock	0	0	0	0
33. Premium on Capital Stock and Other Capital	0	0	0	0
34. Retained Earnings	-2,523,847	-2,191,094	-2,357,471	-2,029,089
35. Long Term Debt	597,375	609,543	603,459	494,336