BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

August 28, 2013

IN RE:	)	
	)	
ACTUAL COST ADJUSTMENT FILING	)	**DOCKET NO.**
FOR THE NAVITAS TN NG, LLC	)	**13-00038**
JELLICO AND BYRDSTOWN SYSTEMS	)	
FOR THE TWELVE MONTHS ENDED	)	
DECEMBER 31, 2012	)	

ORDER ADOPTING ACA AUDIT REPORT OF TENNESSEE REGULATORY AUTHORITY'S UTILITIES DIVISION

This matter came before Chairman James M. Allison, Director Kenneth C. Hill, and Director David F. Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on July 15, 2013, for consideration of the report of the Authority's Utilities Division (the "Staff") resulting from the Staff's audit of Navitas TN NG, LLC's ("Navitas" or the "Company") annual deferred gas cost account filing for the year ended December 31, 2012. The Actual Cost Adjustment ("ACA") Compliance Audit Report (the "Report"), attached hereto as Exhibit 1 and incorporated by this reference, contains the audit findings of the Staff and the responses thereto of the Company.

The Company submitted its ACA filing on March 7, 2013. On June 17, 2013, the Staff completed its audit of the Company's filing. On June 24, 2013, the Staff filed its Report in this docket. The objective of the audit was to determine whether the purchased gas adjustments within the ACA and approved by the TRA for the twelve (12) months ended December 31, 2012, were calculated correctly and were supported by appropriate source documentation.

The Report contains four findings, and Navitas concurred with each of them. The net amount of the four findings is $7,145.67 in under-recovered gas costs. The Staff determined that the net balance in the ACA Account is negative $85,675.90 for the Jellico Division and negative $18,491.17 for the Byrdstown/Fentress Division, representing an over-collection of these amounts from customers.

Based upon the Company filing and except for the findings noted, the Staff concluded that the Purchased Gas Adjustment mechanism as calculated in the ACA appears to be working properly and in accordance with the TRA Rules in all material respects. After consideration of the Report, the voting panel unanimously approved and adopted the Report, including the conclusions and recommendations contained therein. The panel further ordered Navitas to file a tariff within thirty (30) days to begin refunding the over-collection amounts to its customers.

IT IS THEREFORE ORDERED THAT:

1. The Actual Cost Adjustment Compliance Audit Report of Navitas TN NG, LLC's gas costs for the twelve months ended December 31, 2012, a copy of which is attached to this Order as Exhibit 1, is approved and adopted, and the conclusions and recommendations contained therein are incorporated in this Order as if fully rewritten herein.

2. Navitas TN NG, LLC shall file a tariff within thirty (30) days to begin refunding the balance in its ACA Account to its customers.

Chairman James M. Allison, Director Kenneth C. Hill, and Director David F. Jones concur.

ATTEST:

Earl Taylor

Earl R. Taylor, Executive Director

EXHIBIT 1

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 24, 2013

IN RE:	)
	)
NAVITAS TN NG, LLC.	**) Docket No. 13-00038**
ACTUAL COST ADJUSTMENT (ACA) AUDIT	)

NOTICE OF FILING BY THE UTILITIES DIVISION OF THE TENNESSEE REGULATORY AUTHORITY

Pursuant to Tenn. Code Ann. §§ 65-4-104, 65-4-111 and 65-3-108, the Utilities Division of the Tennessee Regulatory Authority gives notice of its filing of the Navitas TN NG, LLC.'s ACA Audit Report in this docket and would respectfully state as follows:

1. The present docket was opened by the Authority to hear matters arising out of the audit of Navitas TN NG, LLC.'s (hereafter the "Company") ACA filing covering the period January 1, 2012 to December 31, 2012.

2. The Company's ACA filing was received on March 7, 2013, and the Audit Staff (hereafter the "Staff") completed its audit of same on June 17, 2013.

3. On June 18, 2013, the Utilities Division submitted its preliminary ACA audit findings to the Company via e-mail. The Company responded on June 19, 2013 via e-mail and this response has been incorporated into the final report.

4. The Utilities Division hereby files its Report attached as Exhibit A with the Tennessee Regulatory Authority for deposit as a public record and approval of the findings and the recommendations contained therein.

Respectfully Submitted:

Tiffany Underwood
Utilities Consultant
Utilities Division of the
Tennessee Regulatory Authority

CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of June 2013, a true and exact copy of the foregoing has been either hand-delivered or delivered via U.S. Mail, postage pre-paid, to the following persons:

James M. Allison
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

Thomas Hartline, President
Navitas Utilities Corp.
18218 East McDurmott, Suite I
Irvine, CA 92614

Charlena S. Aumiller
Office of the Attorney General
Consumer Advocate and Protection Division
P. O. Box 20207
Nashville, TN 37202

Ryan McGehee, Esq.
Office of the Attorney General
Consumer Advocate and Protection Division
P. O. Box 20207
Nashville, TN 37202

Tiffany Underwood

Tiffany Underwood

EXHIBIT A

COMPLIANCE AUDIT REPORT

OF

NAVITAS TN NG, LLC.

ACTUAL COST ADJUSTMENT

Docket # 13-00038

PREPARED BY

TENNESSEE REGULATORY AUTHORITY

UTILITIES DIVISION

JUNE 2013

COMPLIANCE AUDIT

NAVITAS TN NG, LLC.

ACTUAL COST ADJUSTMENT

Docket # 13-00038

TABLE OF CONTENTS

I. INTRODUCTION

The subject of this audit is Navitas TN NG, LLC.'s ("Navitas" or "Company") compliance with the Actual Cost Adjustment ("ACA") and Refund Adjustment ("RA") of the Purchased Gas Adjustment Rule ("PGA Rule") of the Tennessee Regulatory Authority ("TRA" or "Authority").[1] The objective of the audit was to determine whether the purchased gas adjustments, which are encompassed by the ACA, and approved by the TRA for the twelve (12) months ended December 31, 2012, were calculated correctly and were supported by appropriate source documentation.

II. AUDIT OPINION

The Audit Staff's ("Staff") audit resulted in **four (4) findings.**[2] The net amount of these findings is **$7,145.67 in under-recovered gas costs**. Except for the findings mentioned above, Staff concludes that the Purchased Gas Adjustment mechanism as calculated in the Actual Cost Adjustment appears to be working properly and in accordance with the TRA rules for Navitas TN NG, LLC.

III. SUMMARY OF COMPANY FILING

The Company submitted its ACA filings on March 7, 2013, covering the period January 1, 2012 to December 31, 2012. There were separate filings for the Jellico Division and the Byrdstown/Fentress Division. The Jellico Division filing reflected a net balance in its ACA account at December 31, 2012, of **negative $92,386.96**, which represents an **over-collection** of gas costs from customers. The Brydstown/Fentress Division filing reflected a net balance in its ACA account at December 31, 2012, of **negative $18,925.78**, which represents an **over-collection** of gas costs from its customers. The tables below provide a summary of each ACA account as submitted by the Company.[3]

---

[1] See TRA Rule 1220-4-7. The ACA is more fully described in Section VI.

[2] Refer to Section VIII for a description of the findings.

[3] The negative ending balance of Navitas's Jellico and Byrdstown/Fentress ACA accounts indicate that the Company has over-collected these amounts from its customers as of December 31, 2012. The ACA factors are derived for each division by dividing these amounts by the projected sales volumes for the next twelve (12) months in an attempt to refund these amounts over a twelve month period. See Attachment 1 and Attachment 2. However, there are timing differences between the close of the audit period and the effective date of a new factor. There is always regulatory lag inherent in the true-up process. Larger companies are capable of calculating ACA factors and implementing them immediately, prior to audit. However, the smaller companies are encouraged to await the results of the Staff's audit before implementing an ACA factor.

SUMMARY OF THE ACA ACCOUNTS[4]

Jellico Division

Line No.		Company (as filed)
1	Beginning Balance at 1/1/12	($94,415.80)
2	**Activity During Current Period:**	
3	Plus Purchased Gas Costs	155,798.80
4	Minus Gas Costs Recovered	149,969.08
5	Plus Interest	(3,800.88)
6	**Ending Balance Including Interest at 12/31/12**	($92,386.96)

Byrdstown/Fentress Division

Line No.		Company (as filed)
1	Beginning Balance at 1/1/12	($11,429.83)
2	**Activity During Current Period:**	
3	Plus Purchased Gas Costs	28,197.72
4	Minus Gas Costs Recovered	35,001.00
5	Plus Interest	(692.67)
6	**Ending Balance Including Interest at 12/31/12**	($18,925.78)

IV. BACKGROUND INFORMATION ON COMPANY

Navitas TN NG, LLC (local distribution company), with its local office located at 613 Sunset Trail, Jellico, Tennessee, is a wholly owned subsidiary of Navitas Assets, LLC (parent company), which has its headquarters at 3186-D Airway Ave., Costa Mesa, California. On December 20, 2010, Navitas was awarded its Certificate of Public Convenience and

[4] A negative number represents an over-recovery (or over-collection) of gas costs; a positive number represents an under-recovery (or under-collection) of gas costs.

Necessity (CCN) when the Authority voted unanimously to approve the transfer of control and authority from Gasco Distribution Systems ("Gasco") to Navitas.[5]

Navitas is a natural gas distributor, which provides service to approximately 550 customers in the City of Jellico (Campbell County), City of Byrdstown (Pickett County) and a few customers in Fentress County, all of which are located in northeast Tennessee. In addition to Tennessee, the parent company also operates in Oklahoma, Kentucky and Ohio. Navitas purchases the natural gas used to serve these areas from Delgasco, Inc, Spectra Energy, Inc. and B&W Pipeline. Navitas uses EDF Trading North America, LLC and Petrol Energy, LLC. to transport the gas.

V. JURISDICTION AND POWER OF THE TENNESSEE REGULATORY AUTHORITY

Tennessee Code Annotated (T.C.A.) §65-4-104 gave jurisdiction and control over public utilities to the Tennessee Public Service Commission. By virtue of Chapter 305 of the Public Acts of 1995, jurisdiction and control over public utilities was transferred from the Tennessee Public Service Commission to the Tennessee Regulatory Authority (the "TRA" or "Authority") on July 01, 1996. T.C.A. §65-4-104 states that:

> The Authority shall have general supervision and regulation of, jurisdiction, and control over, all public utilities...

T.C.A. states further in §65-4-111 that the public utilities are to maintain a Uniform System of Accounts:

> The Authority shall have the power after hearing, upon notice, by order in writing to require every public utility... to keep its books, records, and accounts so as to afford an intelligent understanding of the conduct of its business, and to that end to require every public utility of the same class to adopt a uniform system of accounting. Such system shall conform, where applicable to any system adopted or approved by the Interstate Commerce Commission of the United States. And to furnish annually, or at other times as the Authority may require, a detailed report of finances and operations as shown by said system of accounts.

The TRA responded to T.C.A. §65-4-111 by establishing its own rule 1220-4-1-.11 regarding the uniform system of accounts which public utilities should maintain. The TRA's rule provides:

[5] In Re: *Joint Petition of Navitas TN NG LLC and Gasco Distribution Systems, Inc. for Approval of Transfer of Control and Authority of Gasco Distribution Systems, Inc.*, Docket No. 10-00220, TRA Order (December 30, 2010).

> The following uniform system of accounting will be followed by utilities and other companies making periodic reports to the Authority:
>
> 1. For Classes A and B gas companies - Uniform System of Accounts as adopted by the National Association of Regulatory Utility Commissioners as revised June 30, 1972, and any amendments or revisions pertaining thereto.

The TRA received its authority to examine the books and records of public utilities from T.C.A. §65-4-105 which states that the TRA would possess all the other powers conferred on the TRA. T.C.A. §65-3-108 gives the TRA:

> full power to examine the books and papers of the said companies, and to examine, under oath, the officers, agents, and employees of said companies...to procure the necessary information to intelligently and justly discharge their duties and carry out the provisions of this chapter and chapter 5 of this title.

The Utilities Division of the TRA is responsible for auditing those companies under the Authority's jurisdiction to ensure that each company is abiding by Tennessee statutes as well as the Rules and Regulations of the Authority. Tiffany Underwood of the Utilities Division conducted this audit.

VI. DESCRIPTION OF PURCHASED GAS ADJUSTMENT (PGA) RULE

Actual Cost Adjustment Audits:

The PGA Rule can be found in Chapter 1220-4-7 of the Rules of the Tennessee Regulatory Authority. The PGA Rule permits the Company to recover, in a timely fashion, the total cost of gas purchased for delivery to its customers and to assure that the Company does not over-collect or under-collect gas costs from its customers.

The PGA consists of three major components:

1) **The Actual Cost Adjustment (ACA)**
2) **The Gas Charge Adjustment (GCA)**
3) **The Refund Adjustment (RA)**

The ACA is the difference between the revenues billed to customers by means of the GCA and the cost of gas invoiced to the Company by suppliers plus margin loss (if allowed by order of the TRA in another docket) as reflected in the Deferred Gas Cost account. The ACA then "trues-up" the difference between the actual gas costs and the gas costs recovered from the customer through a surcharge or a refund. The RA refunds the "true-up" along with other supplier refunds. For a more complete definition of the GCA and RA, please see the PGA Formula in Appendix A.

Section 1220-4-7-.03(2) of the PGA Rule requires:

> Each year, the Company shall file with the [Authority] an annual report reflecting the transactions in the Deferred Gas Cost Account. Unless the [Authority] provides written notification to the Company within one hundred eighty (180) days from the date of filing the report, the Deferred Gas Cost Adjustment Account shall be deemed in compliance with the provisions of these Rules. This 180-day notification period may be extended by mutual consent of the Company and the [Authority] Staff or by order of the [Authority].

VII. SCOPE OF AUDIT

To accomplish the audit objective, the Staff conducted in-house audit work, during which the Company's calculations of gas costs incurred and gas costs recovered were examined. The Staff also audited a sample of customer bills to determine if the proper PGA rates and ACA rates were being applied in the Company's calculation of the customers' bills. These bills were selected to be representative of the residential, commercial and industrial customers in each of the Company's service areas. The sample was selected from all twelve months of the audit period.

VIII. ACA FINDINGS

Staff's audit findings totaled a **net under-recovery of $7,145.67**. This is the result of four (4) findings and represents a decrease to the Company's reported over-recovered balance amount of negative $111,312.74. The findings when added to the Company's calculated balance results in a net ending balance in the ACA account of a **negative $104,167.07 in over-recovered gas costs.**[6] A summary of the ACA account as filed by the Company and as adjusted by the Staff is shown below, followed by a description of the findings.

SUMMARY OF THE ACA ACCOUNT:**

Line		Navitas Combined Filing	Staff Audit Results	Difference (Findings)
1	Beginning Balance at 1/1/2012	$ (105,845.63)	$ (105,845.63)	$ 0.00
2	Plus Purchased Gas Costs	183,996.52	183,808.99	(187.53)
3	Minus Gas Costs Recovered	184,970.08	177,789.57	(7,180.51)
4	Plus Interest	(4,493.55)	(4,340.86)	152.69
5	Ending Balance at 12/31/2012	$ (111,312.74)	$ (104,167.07)	$ 7,145.67

**A number in ( ) is a negative or credit balance which represents an over-collection of gas costs.

SUMMARY OF FINDINGS:

FINDING #1	Byrdstown/Fentress - Purchased Gas Costs	$ (187.53)	Over-recovery
FINDING #2	Jellico - Gas Cost Recovered	6,566.48	Under-recovery
FINDING #2	Byrdstown/Fentress - Gas Cost Recovered	614.03	Under-recovery
FINDING #3	Jellico - Interest	144.58	Under-recovery
FINDING #3	Byrdstown/Fentress - Interest	8.11	Under-recovery
FINDING #4	Billing Errors	No $$ Effect	
	Net Result	**$ 7,145.67**	**Under-recovery**

[6] The ending balance is made up of ($85,675.90) for the Jellico Division and ($18,491.17) for the Byrdstown/Fentress Division.

FINDING #1:

Exception
The Company overstated its Purchased Gas Costs.

Discussion
From January 2012 to December 2012, the Company improperly included the past due amounts from the previous month in its calculation of Purchased Gas Costs for the current month. The result of this error is a decrease in the Purchased Gas Costs of $73.51 for the Byrdstown/Fentress Division.

Purchased Gas Costs for the Byrdstown/Fentress Division are allocated between Kentucky and Tennessee based on customer usage in each state. The Company incorrectly calculated the Tennessee allocation percentage for the months of February, March, June, July and December 2012. This resulted in the Company overstating the Purchased Gas Costs by $114.02 for its Tennessee operations.

The total result of these two (2) errors is a net over-recovery of $187.53 in Purchased Gas Costs for the Byrdstown/Fentress Division.

Company Response

The Company agrees with this finding.

FINDING #2:

Exception
The Company overstated its gas cost recoveries.

Discussion
The PGA (or gas cost) recoveries are calculated by multiplying the sales volumes by the applicable PGA and ACA rates. In calculating its PGA recoveries, the Company used incorrect PGA rates in April and May 2012 for both its Jellico and Byrdstown/Fentress Divisions. The result of this error is a decrease of $6,566.48 in PGA recoveries for the Jellico Division and a decrease of $614.03 in PGA recoveries for the Byrdstown/Fentress Division. The net effect of Staff's adjustments is a total decrease of $7,180.51 in PGA recoveries.

Company Response

The Company agrees with this finding.

FINDING #3:

Exception

The Company overstated the amount of interest due to customers.

Discussion

Staff recalculated interest based upon Audit Findings #1 to #2 for both divisions. This resulted in a **decrease of reported interest due to customers of Jellico of $144.58** and **$8.11 for Byrdstown/Fentress**. The total difference of $152.69 represents an **under recovery** of gas costs.

Company Response

The Company agrees with this finding.

FINDING #4:

Exception

The Company billed customers rates that are not supported by its tariff for its Jellico and Byrdstown Divisions.

Discussion

At the August 1, 2011 Authority Conference, the Authority approved a Settlement Agreement between the Company and the Consumer Advocate in Navitas' emergency rate filing, Docket No. 11-00060. The Settlement Agreement contained a new rate design for Navitas, which included a monthly customer charge that is billed regardless of usage and a volumetric charge based on gas usage. The previous base rates (adopted by Navitas upon acquiring the system from Gasco Distribution Company in Docket No. 10-00220) contained a certain level of built in gas costs. This $3.50 per Mcf of gas costs was eliminated in the new rate design.[7] As noted in Staff's Audit Finding in Navitas' ACA Docket No. 12-00021, however, the Company continued to bill customers this amount from August through December 2011. By the time this error was discovered in the previous audit, the Company had already billed this amount for January and February 2012, which falls within this audit period.

Although the Company incorrectly billed the $3.50 rate to customers, the ACA filing reflects the correct ending balance in the ACA Account, since the Company reported actual invoices paid and recoveries received through rates. The $3.50 rate was discontinued in March 2013 in accordance with the Staff's finding in the prior audit.

Company Response

The Company agrees with this finding.

[7] *In Re: Navitas TN NG, LLC for Emergency Relief for Natural Gas Rates,* Docket No. 11-00060, *Order,* Exhibit A (December 1, 2011).

IX. CONCLUSIONS AND RECOMMENDATIONS

ACA Account

Staff reviewed the gas costs and recoveries of Navitas TN NG, LLC. for the twelve (12) month period ended December 31, 2012. Based on the filing as shown in Section VIII, the **net balance** in the refund due customers account (ACA Account) as of December 31, 2012 should be a **negative $85,675.90 for the Jellico Division and a negative $18,491.17 for the Byrdstown/Fentress Division.** This means that as of December 31, 2012 the Company had over-collected these amounts from its Jellico and Byrdstown/Fentress customers. In order to refund the Jellico and the Byrdstown/Fentress balances, the correct ACA adjustment factor to be applied to customer bills in the **Jellico Division** is a **negative $0.2318 per CCF** (see Attachment 1), and the correct ACA adjustment factor to be applied to customer bills in the **Byrdstown/Fentress Division** is a **negative $0.3185 per CCF** (see Attachment 2).

Staff recommends that these factors be implemented beginning with the Company's August 2013 billing and should stay in effect until new factors are calculated and approved in Navitas' next ACA filing covering the period January 1, 2013 through December 31, 2013.

Staff also recommends that Navitas should file its next ACA filing with the Authority no later than March 1, 2014. The beginning balances for the Jellico and Byrdstown/Fentress filings will be the balances noted above. To support its Purchased Gas Costs, Navitas should file information providing proof of payment in addition to its invoices, i.e. checkstubs, bank statements or letter from supplier.

Bill Audit

The Staff also audited a sample of customer bills to determine if the proper PGA rates and ACA rates were being applied in the Company's calculation of the customers' bills. Staff noted that the Company billed its customers a 2.5% franchise fee based on gas usage and an additional $2.00 per month flat franchise fee. The Authority approved the renewal of Navitas' franchise agreement with the City of Jellico in Docket No. 12-00011. The agreement required a $5,000 up front payment within sixty (60) days of the effective date in addition to the percentage of sales revenue. In order to recover the $5,000 fee, the Company instituted the $2.00 per month per customer monthly fee. Staff requested documentation from Navitas to support the amount assessed and collected through the most current billing date of May 2013. This documentation showed that, while the full $5,000 was not collected during the current audit period, the Company has currently over-collected this amount. The amount of over-collection will be a finding in the Staff's audit of Navitas' January – December 2013 ACA filing.

Staff recommends that the Company file full support of the amount assessed and collected from the $2 franchise fee with the Company's next ACA audit filing.

APPENDIX A

PGA FORMULA

The computation of the GCA can be broken down into the following formulas:

$$\text{Firm GCA} = \frac{D + DACA}{SF} - DB + \frac{P + T + SR + CACA}{ST} - CB$$

$$\text{Non-Firm GCA} = \frac{P + T + SR\ CACA}{ST} - CB$$

where

GCA	=	The Gas Charge Adjustment in dollars per Ccf/Therm, rounded to no more than five decimal places.
D	=	The sum of all fixed Gas Costs.
DACA	=	The demand portion of the ACA.
P	=	The sum of all commodity/gas charges.
T	=	The sum of all transportation charges.
SR	=	The sum of all FERC approved surcharges.
CACA	=	The commodity portion of the ACA.
DB	=	The per unit rate of demand costs or other fixed charges included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Commission so approves).
CB	=	The per unit rate of variable gas costs included in base rates in the most recently completed general rate case (which may be zero if the Company so elects and the Commission so approves).
SF	=	Firm Sales.
ST	=	Total Sales.

The computation of the RA can be computed using the following formulas:

$$\text{Firm RA} = \frac{DR1 - DR2}{SFR} + \frac{CR1 - CR2 + CR3 + i}{STR}$$

$$\text{Non-Firm RA} = \frac{CR1 - CR2 + CR3 + i}{STR}$$

where

RA	=	The Refund Adjustment in dollars per Ccf/Therm, rounded to no more than five decimal places.
DR1	=	Demand refund not included in a currently effective Refund Adjustment, and received from suppliers by check, wire transfer, or credit memo.
DR2	=	A demand surcharge from a supplier not includable in the GCA, and not included in a currently effective Refund Adjustment.
CR1	=	Commodity refund not included in a currently effective Refund Adjustment, and received from suppliers by check, wire transfer, or credit memo.
CR2	=	A commodity surcharge from a supplier not includable in the GCA, and not included in a currently effective Refund Adjustment.
CR3	=	The residual balance of an expired Refund Adjustment.

i = Interest on the "Refund Due Customers" account, using the average monthly balances based on the beginning and ending monthly balances. The interest rates for each calendar quarter used to compute such interest shall be the arithmetic mean (to the nearest one-hundredth of one percent) of the prime rate value published in the "Federal Reserve Bulletin" or in the Federal Reserve's "Selected Interest Rates" for the 4th, 3rd, and 2nd months preceding the 1st month of the calendar quarter.

SFR = Firm sales as defined in the GCA computation, less sales under a transportation or negotiated rate schedule.

STR = Total sales as defined in the GCA computation, less sales under a transportation or negotiated rate schedule.

Attachment 1

Navitas TN NG, LLC
Calculation of the ACA Factor
(for Jellico customers)

Line No.	Factor to be applied to residential, commercial and industrial customers:			
1	Beginning Balance at 1/1/12	$	(94,415.80)	
2	Plus Purchased Gas Costs		155,798.80	
3	Minus Gas Costs Recovered		143,402.60	
4	Plus Interest		(3,656.30)	
5	Ending Balance Including Interest at 12/31/12	$	**(85,675.90)**	
6	Sales Volumes **		369,533	CCF
7	**ACA Factor - surcharge/(refund)** (Line 5 divided by Line 6)	$	**(0.2318)**	**Per CCF**

** Historical sales volumes for 12 months ending 12/31/12.

Attachment 2

Navitas TN NG, LLC
Calculation of the ACA Factor
(for Byrdstown/Fentress customers)

Line No.	**Factor to be applied to residential, commercial and industrial customers:**		
1	Beginning Balance at 1/1/12	$	(11,429.83)
2	Purchased Gas Costs		28,010.19
3	Gas Costs Recovered		34,386.97
4	Plus Interest		(684.56)
5	Ending Balance Including Interest at 12/31/12		**(18,491.17)**
6	Sales Volumes **		58,050 CCF
7	**ACA Factor - surcharge/(refund)** (Line 5 divided by Line 6)	**$**	**(0.3185) Per CCF**

** Historical sales volumes for 12 months ending 12/31/12.