

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION  
NASHVILLE, TENNESSEE**

<b>In RE:</b>	)	
<b>Navitas TN NG, LLC</b>	)	<b>DOCKET NO. 17-00027</b>
<b>Actual Cost Adjustment Audit (ACA)</b>	)	

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**FWM’S RESPONSE TO PETITION FOR RECONSIDERATION**

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FWM Energy, LLC (“FWM”) files this response to the “Petition for Reconsideration” filed by Navitas TN NG, LLC (“Navitas”). The Petition asks the Hearing Officer to reconsider her decision to recommend that the Commission “open a new docket and convene a contested case proceeding to consider the gas purchase issues” raised by FWM. Order, at 4. Navitas does not challenge the Hearing Officer’s conclusion that it is “certainly within the Commission’s authority to review the prudence” of Navitas’ gas purchases but asks the Hearing Officer to reconsider her recommendation solely on the grounds that she may not have realized that Navitas opposes such an investigation.

FWM submits that the Hearing Officer should not change her recommendation and that it is irrelevant whether or not Navitas opposes an audit of the company’s gas purchases. Indeed, a regulated gas company could hardly be expected to welcome such an audit, the purpose of which is to determine whether the company is selecting the cheapest gas for its customers. In this case, evidence continues to mount that Navitas is not buying gas at the cheapest available price.

As explained in FWM’s “Petition” filed July 28, 2017, FWM sends a letter to Navitas near the end of each month proposing to sell gas for the following month at a certain price and reminds

Navitas that if another supplier offers a cheaper rate, FWM will reduce its price to 3% less than the competitor's offer.

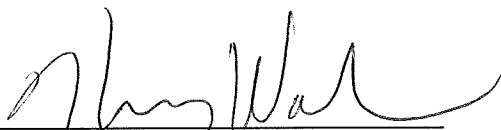
In 2017, Navitas has purchased gas from FWM each month except May and August. In May, Navitas said that they "forgot" about the guaranteed 3% discount. See email exchange between Joey Irwin of Navitas and Rafael Ramon of FWM attached hereto as Exhibit A. In August, Navitas notified FWM that it had chosen to purchase gas from another supplier even though Navitas was aware that FWM was willing "to match/beat" the other offer. See email exchange between Joey Irwin and Rafael Ramon attached hereto as Exhibit B. The timing of that decision is interesting. On Friday, July 28, 2017, FWM filed its Petition with the Commission urging an investigation of Navitas' gas purchases. On Tuesday, August 1, 2017, Navitas informed FWM that the utility had decided to buy more expensive gas from a competing supplier.

There may – or may not – be sound business reasons for these purchasing decisions which result in higher gas prices for Navitas' customers, but there is certainly probable cause to question the prudence of the utility's actions and to open an investigation of the company's purchasing practices.

The Petition for Reconsideration should be denied.

Respectfully submitted,

BRADLEY ARANT BOULT CUMMINGS LLP

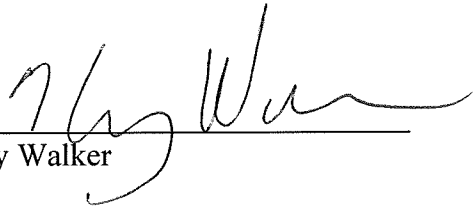
By: 

Henry Walker (B.P.R. No. 000272)  
Bradley Arant Boult Cummings, LLP  
1600 Division Street, Suite 700  
Nashville, TN 37203  
615-252-2363  
[hwalker@babco.com](mailto:hwalker@babco.com)  
*Attorney for B&W Pipeline, LLC*

**CERTIFICATE OF SERVICE**

I hereby certify that on the 20 day of September, 2017, a copy of the foregoing document was served on the parties of record, via electronic delivery and U.S. Mail, postage prepaid, addressed as follows:

H. LaDon Baltimore  
Farris Bobango, PLC  
Bank of America Plaza  
414 Union Street, Suite 1105  
Nashville, TN 37219  
[dbaltimore@farris-law.com](mailto:dbaltimore@farris-law.com)

  
\_\_\_\_\_  
Henry Walker

Office: (865) 240-0167 #301 or 314  
Cell: (561) 306-6866



Please consider the environment before printing this email

**From:** Joey Irwin [<mailto:joey@navitasutility.com>]  
**Sent:** Friday, April 28, 2017 1:39 PM  
**To:** Rafael Ramon <[reramon@enrema.com](mailto:reramon@enrema.com)>  
**Subject:** RE: May RFP & Payment schedule

Yea I think Thomas and I forgot about that. You've had the lower price the last couple months.  
I will remember for June though.  
Thanks for reminding me and I'll get you the check details when those payments go out.

Joey Irwin  
Accountant  
Navitas Utility Corporation  
714.242.4064 (Phone)  
714.850.0876 (FAX)  
[joey@navitasutility.com](mailto:joey@navitasutility.com)

**From:** Rafael Ramon [<mailto:reramon@enrema.com>]  
**Sent:** Friday, April 28, 2017 10:36 AM  
**To:** Joey Irwin <[joey@navitasutility.com](mailto:joey@navitasutility.com)>  
**Subject:** RE: May RFP & Payment schedule

Please do, as stated on all our offer letters, we have that price match / beat guarantee.

Regards,

RRR

**Rafael E. Ramon**  
Controller

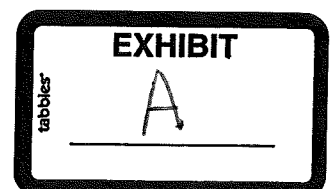


[reramon@enrema.com](mailto:reramon@enrema.com)  
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Knoxville, TN 37932  
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Cell: (561) 306-6866



Please consider the environment before printing this email

**From:** Joey Irwin [<mailto:joey@navitasutility.com>]



**Sent:** Friday, April 28, 2017 1:34 PM  
**To:** Rafael Ramon <[reramon@enrema.com](mailto:reramon@enrema.com)>  
**Subject:** RE: May RFP & Payment schedule

I'm sorry I already told them for May.  
If Petrol is cheaper in June, I'll see if you want to match or discount before making the decision.  
I appreciate the offer and will remember for next month.

Thanks,

Joey Irwin  
Accountant  
Navitas Utility Corporation  
714.242.4064 (Phone)  
714.850.0876 (FAX)  
[joey@navitasutility.com](mailto:joey@navitasutility.com)

**From:** Rafael Ramon [<mailto:reramon@enrema.com>]  
**Sent:** Friday, April 28, 2017 10:31 AM  
**To:** Joey Irwin <[joey@navitasutility.com](mailto:joey@navitasutility.com)>  
**Subject:** RE: May RFP & Payment schedule

Sounds like a plan.

Hope you don't mind asking but, we are willing to discount our price by 3% of what they quoted you.  
Are you interested?

RRR

**Rafael E. Ramon**  
Controller



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Please consider the environment before printing this email

**From:** Joey Irwin [<mailto:joey@navitasutility.com>]  
**Sent:** Friday, April 28, 2017 1:29 PM  
**To:** Rafael Ramon <[reramon@enrema.com](mailto:reramon@enrema.com)>

**Subject:** RE: May RFP & Payment schedule

Hey Rafael,

We're going to go with Petrol for May for our gas needs; they had a bit lower price.

As for payments, here's what we're going to do:

We'll have our line of credit paid off on Monday May 1<sup>st</sup>. We'll draw money from it on Wednesday and have checks out by Friday May 5<sup>th</sup>.

We'll get triple payments out to FWM for invoices 22, 23, 24 totaling \$41,405.33

Also, we'll get out a triple payment to B&W for invoices 267, 268, 272, 273, 279, 280 totaling \$43,374.43.

That will leave us with the March invoices and the April invoices when we receive those.

Thanks,

Joey Irwin  
Accountant  
Navitas Utility Corporation  
714.242.4064 (Phone)  
714.850.0876 (FAX)  
[joey@navitasutility.com](mailto:joey@navitasutility.com)

**From:** Rafael Ramon [<mailto:reramon@enrema.com>]

**Sent:** Thursday, April 27, 2017 1:32 PM

**To:** Joey Irwin <[joey@navitasutility.com](mailto:joey@navitasutility.com)>

**Subject:** RE: Our Billing for March 2017

Thanks Joey,

Please see our offer for May.

On payment, please make sure we resume them in May. We are also counting on those funds.

Regards,

RRR

**Rafael E. Ramon**  
Controller



[reramon@enrema.com](mailto:reramon@enrema.com)

10025 Investment Dr



April 28th, 2017

Navitas Utilities Corporation  
Mr. Thomas Hartline, President.  
3186 Airway Ave,  
Costa Mesa, CA 92626  
RE: Proposal to supply natural gas to Navitas – May 2017 gas contract

Dear Mr. Hartline:

FWM Energy, LLC hereby presents the following proposal to supply natural gas to the B&W gas pipeline:

For the time period of May 1st to May 31st, 2017:

a.- Supply all MCF at a rate of \$4.20/MCF.

b.- Supply all MCF using the May 2017 NYMEX index (monthly average of Natural Gas price Henry Hub as published at eia.gov) times an adjustment of 1.37.

i.e. Gas price (\$/MCF) = Henry Hub price monthly average of  
May 2017 x 1.37.

It is our dearest interest that Navitas' customers get the best pricing for their gas. As you might know, FWM Energy, LLC produces its natural gas in Fentress, Morgan and Scott Co (TN) – selling this locally produced gas generates jobs, wealth and stability close to the home of your clients. Please also take into account that by purchasing directly from the producer Navitas will not incur the transportation costs charged by Spectra.

As an additional proof of our commitment, should Navitas receive a better offer than the one presented in this document, for gas delivered at the Spectra-Morgan #3 gas station, we will improve that offer with a 3% discount, thus providing the lowest price for gas to Navitas' customers thanks to the price improvement offered and also due to the Spectra transportation cost savings the that the customers currently incur at that delivery point

Sincerely,

Rafael E. Ramon  
Controller, for FWM Energy, LLC

**From:** Rafael Ramon  
**To:** "Joey Irwin"  
**Subject:** RE: August RFP  
**Date:** Tuesday, August 01, 2017 4:15:00 PM

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Roger that.

RR

**Rafael E. Ramon**  
**Controller**



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**From:** Joey Irwin [<mailto:joey@navitasutility.com>]  
**Sent:** Tuesday, August 01, 2017 3:19 PM  
**To:** Rafael Ramon <[reramon@enrema.com](mailto:reramon@enrema.com)>  
**Subject:** RE: August RFP

Hey Rafael,

Sorry for the delay. We are going to use Petrol for our gas needs for August. Their price was considerably lower this month and we haven't used them the last two months so we aren't going to ask FWM match it for this time. Next month, if the prices are closer and Petrol is cheaper we'll ask if FWM wants to match/beat it. I'll update you when we get the next payment out. It should be the second half of this month.

Thanks,

Joey Irwin  
Accountant  
Navitas Utility Corporation  
714.242.4064 (Phone)  
714.850.0876 (FAX)  
[joey@navitasutility.com](mailto:joey@navitasutility.com)

---

**From:** Rafael Ramon [<mailto:reramon@enrema.com>]  
**Sent:** Monday, July 31, 2017 11:23 AM





**To:** Joey Irwin <[joey@navitasutility.com](mailto:joey@navitasutility.com)>

**Subject:** RE: August RFP

Hi Joey,

Any updates?

RRR

**Rafael E. Ramon**

**Controller**



[reramon@enrema.com](mailto:reramon@enrema.com)

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**From:** Rafael Ramon

**Sent:** Friday, July 28, 2017 12:15 PM

**To:** 'Joey Irwin' <[joey@navitasutility.com](mailto:joey@navitasutility.com)>

**Subject:** RE: August RFP

Hi Joey,

First off, thanks for your payment. We received them earlier this week. I meant to write before, but I've been very busy this week.

Please find attached our offer for this month.

Look forward to your comments.

Regards,

RRR

**Rafael E. Ramon**

**Controller**



[reramon@enrema.com](mailto:reramon@enrema.com)

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Suite 160

Knoxville, TN 37932

Office: (865) 240-0167 #301 or 314

Cell: (561) 306-6866



Please consider the environment before printing this email

**From:** Joey Irwin [<mailto:joey@navitasutility.com>]

**Sent:** Thursday, July 27, 2017 6:43 PM

**To:** Rafael Ramon <[reramon@enrema.com](mailto:reramon@enrema.com)>

**Subject:** August RFP

Hey Rafael,

When you get a chance please fill out the RFP for August.

I won't be back in the office until Monday 7/31 by the way.

I don't know if I emailed you or not but we did get out a payment on 7/19 for \$14,258.15 for B&W and \$18,322.08 for FWM. So hopefully you received those by now.

We are scheduling another payment to go out by the end of August for both companies.

Thank you sir!

Joey Irwin

Accountant

Navitas Utility Corporation

714.242.4064 (Phone)

714.850.0876 (FAX)

[joey@navitasutility.com](mailto:joey@navitasutility.com)



July 28th, 2017

**Navitas Utilities Corporation**

**Mr. Thomas Hartline, President.**

3186 Airway Ave,

Costa Mesa, CA 92626

RE: Proposal to supply natural gas to Navitas – August 2017 gas contract

Dear Mr. Hartline:

FWM Energy, LLC hereby presents the following proposal to supply natural gas to the B&W gas pipeline:

For the time period of August 1st till August the 31st, 2017:

a.- Supply all MCF at a rate of \$3.98/MCF.

b.- Supply all MCF using the August 2017 NYMEX index (monthly average of Natural Gas price Henry Hub as published at eia.gov) times an adjustment of 1.34

i.e. Gas price (\$/MCF) = Henry Hub price monthly average of August 2017 x 1.34.

It is our dearest interest that Navitas' customers get the best pricing for their gas. As you might know, FWM Energy, LLC produces its natural gas in Fentress, Morgan and Scott Co (TN) – selling this locally produced gas generates jobs, wealth and stability close to the home of your clients. Please also take into account that by purchasing directly from the producer Navitas will not incur the transportation costs charged by Spectra.

As an additional proof of our commitment, should Navitas receive a better offer than the one presented in this document, for gas delivered at the Spectra-Morgan #3 gas station, we will improve that offer with a 3% discount, thus providing the lowest price for gas to Navitas' customers thanks to the price improvement offered and also due to the Spectra transportation cost savings the that the customers currently incur at that delivery point.

Sincerely,

**Rafael E. Ramon**  
Controller, for FWM Energy, LLC