BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION

NASHVILLE, TENNESSEE

October 25, 2019

IN RE:	)	
	)	
ACTUAL COST ADJUSTMENT FILING FOR THE NAVITAS TN NG, LLC JELLICO AND BYRDSTOWN SYSTEMS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2018	))))	**DOCKET NO. 19-00033**

ORDER ADOPTING ACA AUDIT REPORT OF TENNESSEE PUBLIC UTILITY COMMISSION'S UTILITIES DIVISION

This matter came before Chair Robin L. Morrison, Vice Chair Kenneth C. Hill, and Commissioner John Hie of the Tennessee Public Utility Commission (the "Commission" or "TPUC"), the voting panel assigned to this docket, during a regularly scheduled Commission Conference held on September 9, 2019 to consider the report of the Commission's Utilities Division (the "Staff") resulting from the Staff's audit of Navitas TN NG, LLC Jellico and Byrdstown Systems ("Navitas" or the "Company") annual deferred gas cost account filing for the twelve months ended December 31, 2018. The Actual Cost Adjustment ("ACA") Compliance Audit Report (the "Report") is attached hereto as Exhibit 1 and incorporated by this reference.

The Company filed its ACA filing for its Jellico and Byrdstown Systems on March 13, 2019. The Staff completed its audit of the Company's filing on August 27, 2019 and filed its Report on August 28, 2019. The objective of the audit was to verify that the Company's calculations of gas costs incurred and recovered were materially correct and that the Company has followed all Commission orders and directives with respect to the ACA account balance.

The Report included three findings. First, in March 2018 the customers in both systems were billed PGA factors that were not in compliance with the Company's approved tariff. In September 2018, the customers of both systems were billed an ACA factor that did not comply with the Company's tariff. This is a non-monetary finding.[1] Per Commission rules, the approved rate for most tariff filings becomes effective on the first day of the month after it has been filed with the Commission. However, since Navitas bills its customer base at the end of the month, it is billing the PGA and ACA rates in effect at the time it calculates and sends out its bills rather than the monthly sales rates which are in effect and to be used for calculating the bills. These billing discrepancies are resolved during the ensuing ACA true-up process and therefore the current balances in the ACA Accounts do not need to be adjusted.

The second finding was that Navitas used incorrect beginning balances in both ACA Accounts for the audit period. Staff determined that the beginning balances of the ACA Accounts filed by Navitas were not consistent with the ending balances approved by the Commission in Navitas' previous ACA audit docket.[2] This error resulted in a net $7.32 over-collection of gas costs.[3]

The third audit report finding was that the Company's filing reflected an over-collection of gas costs in the amount of $0.34. This over-collection of gas costs resulted from an miscalculation of the interest due from customers as a result of the incorrect beginning balances of its ACA Accounts used by the Company. The total over-collection amount is comprised of $0.07 from the Jellico Division and $0.27 from the Byrdstown Division.[4]

---

[1] *Notice of Filing By the Utilities Division of the Tennessee Public Utility Commission*, Exh. A, p. 7 (August 28, 2019) ("*Compliance Audit Report*").
[2] *See In re: ACA Filing for Navitas TN NG, LLC Jellico and Byrdstown Systems*, Docket No. 18-00024, *Order Adopting ACA Audit Report of Tennessee Public Utility Commission's Utilities Division*, (November 13, 2018).
[3] *Compliance Audit Report*, p. 8 (August 28, 2019).
[4] *Id.*

Staff found that the corrected ending balances in the ACA Accounts at December 31, 2018 are $4,438.98 of under-collection for the Jellico Division and $16,298.32 of under-collection for the Byrdstown Division. These amounts will become the beginning balances at January 1, 2019 in Navitas' next ACA filing with the Commission. In addition, Staff calculated the correct ACA adjustment factor to be applied to customers' bills for the Jellico Division is $0.0115 per CCF and the correct ACA adjustment factor for the Byrdstown Division is $0.1278 per CCF. Navitas should bill the new Staff calculated factors to its customers beginning October 2019, going forward until the results of the Company's next ACA audit.[5] These new factors will attempt to surcharge from the Company's customers, as closely as possible, the ending balances in the ACA Accounts over the next twelve-month period.

Staff reiterated its continuing concern that Navitas should monitor the ending balances in the ACA Accounts monthly in conjunction with the market fluctuations in gas costs to determine whether the Company should file a tariff to adjust its PGA factor. More frequent adjustments, if needed, would more closely align the recoveries with the Company's gas costs, thereby lessening any potential annual rate shock to customers as a result of the true-up process. Staff, therefore, recommended that the Company continue to monitor its ACA Account balances closely and continue to report the balances quarterly to Commission Staff to determine if a modifying PGA tariff filing is needed.[6]

Except for the reported audit findings, Staff "conclude[d] that the Purchased Gas Adjustment mechanism as calculated in the Actual Cost Adjustment appears to be working

---

[5] *Id.* at 9.
[6] *Id.* at 9.

properly and in accordance with the TPUC rules for Navitas TN NG, LLC."[7] The Company also agreed with Audit Staff's findings.[8]

During the regularly scheduled Commission Conference held on September 9, 2019, the voting panel considered the Company's ACA filing and Staff's Compliance Audit Report. The panel unanimously approved the Compliance Audit Report as filed.

IT IS THEREFORE ORDERED THAT:

1. The Actual Cost Adjustment Compliance Audit Report relative to Navitas TN NG, LLC gas costs for the twelve months ended December 31, 2018, 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 informally file, on a quarterly basis, its Actual Cost Adjustment Account balances with the Tennessee Public Utility Commission Staff.

3. Navitas TN NG, LLC shall file a tariff within thirty (30) days to begin surcharging the approved balances in the Actual Cost Adjustment Accounts, effective with its October 2019 customer billing.

4. Any person who is aggrieved by the Commission's decision in this matter may file a Petition for Reconsideration with the Commission within fifteen (15) days from the date of this Order.

---

[7] *Id.* at 1.
[8] *Id.* at 7-8.

5. Any person who is aggrieved by the Commission's 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 from the date of this Order.

Chair Robin L. Morrison, Vice Chair Kenneth C. Hill, and Commissioner John Hie concur. None dissent.

ATTEST:

Earl Taylor

Earl R. Taylor, Executive Director

EXHIBIT 1

EXHIBIT A

COMPLIANCE AUDIT REPORT

OF

NAVITAS TN NG, LLC.

ACTUAL COST ADJUSTMENT

Docket # 19-00033

PREPARED BY

TENNESSEE PUBLIC UTILITIES COMMISSION

UTILITIES DIVISION

August 2019

COMPLIANCE AUDIT

NAVITAS TN NG, LLC.

ACTUAL COST ADJUSTMENT

Docket # 19-00033

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 Public Utility Commission ("TPUC" or "Commission").[1] The objective of the audit was to determine whether the purchased gas adjustments, which are encompassed by the ACA, and approved by the TPUC for the twelve (12) months ended December 31, 2018, were calculated correctly and were supported by appropriate source documentation.

II. AUDIT OPINION

The Audit Staff's ("Staff") audit resulted in **two (2) monetary findings and one (1) non-monetary finding.**[2] The net amount of the findings is **$7.66 in over-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 TPUC rules for Navitas TN NG, LLC.

III. SUMMARY OF COMPANY FILING

The Company submitted its ACA filings on March 13, 2019, covering the period January 1, 2018 to December 31, 2018. 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, 2018, of **positive $4,440.93**, which represents an **under-collection** of gas costs from customers. The Brydstown/Fentress Division filing reflected a net balance in its ACA account at December 31, 2018, of **positive $16,304.03**, which represents an **under-collection** of gas costs from its customers. The tables below provide a summary of each ACA account as submitted by the Company.[3]

---

[1] As of April 5, 2017 the name of the Tennessee Regulatory Authority has changed to Tennessee Public Utility Commission and board members of the agency will be known as Commissioners rather than Directors

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

[3] The positive ending balance of Navitas's Jellico ACA account indicates that the Company has under-collected this amount from its customers as of December 31, 2018. The positive ending balance of Navitas's Byrdstown/Fentress ACA account indicates that the Company has under-collected this amount from its customers as of December 31, 2018. The ACA factors are derived for each division by dividing Staff's corrected 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 1/1/18	($3,293.34)
2	**Activity During Current Period:**	
3	Plus Purchased Gas Costs	159,186.07
4	Minus Gas Costs Recovered	151,454.03
5	Plus Interest	2.23
6	**Ending Balance Including Interest at 12/31/18**	$4,440.93

Byrdstown/Fentress Division

Line No.		Company (as filed)
1	Beginning Balance at 1/1/18	$3,612.41
2	**Activity During Current Period:**	
3	Plus Purchased Gas Costs	104,000.33
4	Minus Gas Costs Recovered	92,201.97
5	Plus Interest	893.26
6	**Ending Balance Including Interest at 12/31/18**	$16,304.03

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

---

[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.

[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).

Navitas is a natural gas distributor, which provides service to approximately 564 customers[6] 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, Petrol Energy, LLC, and B&W Pipeline. Navitas uses B&W Pipeline and Spectra Energy, Inc. to transport the gas.

V. JURISDICTION AND POWER OF THE TENNESSEE PUBLIC UTILITY COMMISSION

Tennessee Code Annotated (T.C.A.) §65-4-104 gave jurisdiction and control over public utilities to the Tennessee Regulatory Authority, now the Tennessee Public Utility 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.[7]

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:

---

[6] Annual Report period ending December 31, 2018.

> 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 TPUC is responsible for auditing those companies under the Commission's jurisdiction to ensure that each company is abiding by Tennessee statutes as well as the Rules and Regulations of the Commission. Lisa Foust and Michelle Mairs 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 Public Utility Commission. 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 TPUC 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. Based on the customer bills reviewed, Staff opines that except for the billing errors identified in Finding #1 in section VIII, Navitas is correctly billing its customers.

VIII. ACA FINDINGS

Staff's audit findings totaled an over collection of $7.66. This is the result of two (2) monetary findings and represents an over-recovered amount, which when added to the Company's calculated balance, results in a net ending balance in the ACA Account of **$20,737.30.**[8] 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 1/1/2018	$ 319.07	$ 311.75	$(7.32)
2	Plus Purchased Gas Costs	263,186.40	263,186.40	0.00
3	Minus Gas Costs Recovered	243,656.00	243,656.00	0.00
4	Plus Interest	895.49	895.15	(0.34)
5	Ending Balance at 12/31/2018	$20,744.96	$20,737.30	$(7.66)

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

SUMMARY OF FINDINGS:

FINDING #1	Billing Errors	No Effect	
FINDING #2	Incorrect Beginning Balances	$(7.32)	Over-Recovery
FINDING #3	Interest	$(0.34)	Over-Recovery
	Net Result	**$(7.66)**	**Over-Recovery**

[8] The ending balance is made up of $4,438.98 for the Jellico Division and $16,298.32 for the Byrdstown/Fentress Division.

FINDING #1:

Non-Monetary

Exception

The Company billed its Byrdstown/Fentress and Jellico customers rates that are not supported by its tariffs.

Discussion

Navitas bills its customers at the end of the month. The PGA and ACA rates used should be the ones in effect for that month.

Jellico Division - For March 2018, Navitas used incorrect PGA factors in the Company's billing system for its Jellico customers. The Company should have billed a PGA factor of \$0.4500 per CCF, but instead used the April 2018 PGA rate of \$0.51500 per CCF. In September 2018, Navitas used an incorrect ACA factor in the Company's billing system for its Jellico Division. The Company should have used the ACA factor of negative \$0.13410 per CCF, but instead used the October 2018 ACA rate of negative \$0.00980.

Byrdstown/Fentress Division – For March 2018, Navitas used incorrect PGA factors in the Company's billing system for its Byrdstown/Fentress customers. The Company should have billed a PGA factor of \$0.6000 per CCF, but instead used the April 2018 PGA rate of \$0.99000. In September 2018, Navitas used an incorrect ACA factor in the Company's billing system for its Byrdstown/Fentress Division. The Company should have used the ACA factor of negative \$0.14700 per CCF, but instead used the October 2018 ACA rate of \$0.03690.

Although Navitas billed incorrect rates instead of the Commission approved tariff rates for the months indicated, the calculation of the Ending Balances in the Actual Cost Adjustment Accounts is based on gas costs *actually paid* versus gas costs *actually recovered*. In its sample bill audits, Staff verified the Company used the actual rates billed to calculate the Ending Balances in the ACA. Therefore, this is a nonmonetary finding.

While discovery of incorrect billing rates does not result in a monetary adjustment to the ACA Account, it is a violation of its tariff, which Navitas is admonished not to repeat going forward.

Company Response

The Company agrees with this finding.

FINDING #2:

Exception

The Company used incorrect beginning balances for its Byrdstown-Fentress and Jellico Divisions.

Discussion

Beginning balance(s) for an ACA filing should tie to the Commission approved ending balance(s) in the prior year's filing. In the current ACA filing, Navitas shows a beginning balance at January 1, 2018 for Byrdstown/Fentress Division of $3,612.41 and a beginning balance for the Jellico Division of negative $3,293.34 for a net combined beginning balance of $319.07 in under collected gas costs at January 1, 2018. Based on the results of the prior audit in Docket No. 18-00024, the Staff corrected ending balance at December 31, 2017 for the Byrdstown/Fentress Division was $3,606.97 and the ending balance for the Jellico Division was a negative $3,295.22 for a net combined ending balance of $311.75 in under collected gas costs at December 31, 2017. The Staff corrected approved ending balances should have been used as the beginning balances in the current filing. The difference in the net balances is a negative $7.32 in over collected gas costs for the period.

Company Response

The Company agrees with this finding.

FINDING #3:

Exception

The Company over-stated the amount of interest due from customers in the ACA filing.

Discussion

Staff recalculated interest based upon audit Finding #2. The result was a **decrease to reported interest due from customers of $0.07 for the Jellico Division and $0.27 for the Byrdstown/Fentress Division.**

Company Response

The Company agrees with this finding.

IX. CONCLUSIONS AND RECOMMENDATIONS

Staff reviewed the gas costs and recoveries of Navitas TN NG, LLC for the twelve (12) month period ended December 31, 2018. Based on the filing as shown in Section VIII, the **net balance** in the ACA Account as of December 31, 2018 should be **$4,438.98 (under-collection) for the Jellico Division and $16,298.32 (under-collection) for the Byrdstown/Fentress Division.** The net ending balance in the combined Navitas filing, as summarized in Section VIII of the Report is $20,737.30 under-collection.

In order to adjust the Jellico and the Byrdstown/Fentress ACA balances, the correct ACA adjustment factor to be applied to customer bills in the **Jellico Division** is **$0.0115 per CCF** (see Attachment 1), and the correct ACA adjustment factor to be applied to customer bills in the **Byrdstown/Fentress Division** is **$0.1278 per CCF** (see Attachment 2).

Staff recommends that these factors be implemented beginning with the Company's October 2019 billing and should stay in effect until new factors are calculated and approved in Navitas' next ACA filing covering the period January 1, 2019 through December 31, 2019.

It is important for Navitas to closely monitor its ACA balance on a monthly basis. As actual data is gathered at the end of each month, the ACA schedule can be updated to the latest balance. This balance, along with gas cost increases and decreases in the market, should be a factor in the Company's decision whether a tariff filing to adjust the PGA adjustment factor is needed. If the Company filed more frequent PGA adjustments customers would see smaller increases or decreases throughout the year, instead of a drastic change in rates at the end of the audit. **Staff, therefore, recommends that the Company monitor its ACA balances more closely and report these balances quarterly to TPUC Staff to determine if a PGA filing is warranted.**[9]

[9] TPUC Rule 1220-04-07 (PGA Rule) does not require the Company to quarterly file its ACA balance with TPUC Staff nor does it prevent the Commission from ordering it. These reports could ensure that the gas costs are more evenly spread to customers over the year.

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 1/1/18	$	(3,295.22)	
2	Plus Purchased Gas Costs		159,186.07	
3	Minus Gas Costs Recovered		151,454.03	
4	Plus Interest		2.16	
5	Ending Balance Including Interest at 12/31/18	$	**4,438.98**	
6	Sales Volumes **		385,507	CCF
7	**ACA Factor - surcharge/(refund)** (Line 5 divided by Line 6)	$	**0.0115**	**Per CCF**

** Historical sales volumes for 12 months ending 12/31/18

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 1/1/18	$	3,606.97	
2	Purchased Gas Costs		104,000.33	
3	Gas Costs Recovered		92,201.97	
4	Plus Interest		892.99	
5	Ending Balance Including Interest at 12/31/18		**16,298.32**	
6	Sales Volumes **		127,524	CCF
7	**ACA Factor - surcharge/(refund)** (Line 5 divided by Line 6)	$	**0.1278**	**Per CCF**

** Historical sales volumes for 12 months ending 12/31/18

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.