

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO.
FILING OF CITIPOWER, LLC) 2011-00081

O R D E R

On March 7, 2011, Citipower, LLC (“Citipower”) filed an application for a change in its Gas Cost Adjustment (“GCA”) rate to customers. Pursuant to the Commission’s Order in Case No. 2010-00469,¹ Citipower provided supplier invoices for the 12 months ending December 31, 2010 but did not provide support for affiliate prices from Citigas, LLC (“Citigas”) that were higher than what was included in supplier notices previously filed with the Commission. Schedule IV of Citipower’s GCA application shows that during the months of October, November, and December 2010, after having quoted a price of \$5.39 per Mcf for its gas supply,² Citigas charged Citipower \$7.3239 per Mcf.

The Commission finds that the investigation of Citipower’s gas cost cannot be completed prior to 30 days from the filing date. Based on the March 7, 2011 filing date, the earliest possible effective date would be April 6, 2011. Therefore, the Commission will suspend the effective date of the proposed rates for five months from April 6, 2011.

¹ Case No. 2010-00469, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Dec. 27, 2010).

² Case No. 2010-00356, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Oct. 7, 2010).

IT IS THEREFORE ORDERED that:

1. Citipower's proposed rates are suspended for five months, from April 6, 2011 up to and including September 6, 2011.

2. a. The information requested in the Appendix attached hereto and incorporated herein is due on or before April 8, 2011. Responses to requests for information shall be appropriately bound, tabbed and indexed and shall include the name of the witness responsible for responding to the questions related to the information provided, with copies to all parties of record and ten copies to the Commission.

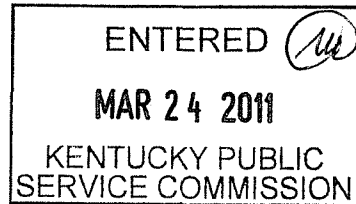
b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. Any party shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

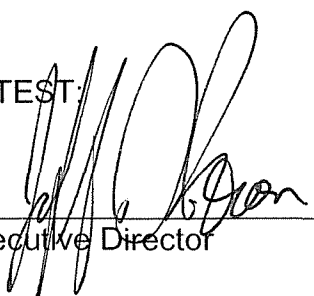
d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

3. Nothing contained herein shall prevent the Commission from issuing an Order prior to the end of the suspension period.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00081 DATED MAR 24 2011

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO CITIPOWER, LLC

1. Explain whether Citipower is aware that the Henry Hub spot prices for gas for October, November, and December 2010 were \$3.43, \$3.73, and \$4.24 per Mmbtu as reported by Dow Jones & Company.
2. Explain in detail the basis for Citigas's pricing to Citipower. Include in the explanation a complete description of what is included in Citigas's price to Citipower beyond the commodity price of gas.
3. Explain whether the gas supply contract provided in Case No. 2005-00319³ is the most current contract between Citipower and Citigas. If it is not the most current contract, provide the current contract between Citipower and Citigas.
4. Explain whether Citipower and Citigas are familiar with KRS 278.2207(1)(b), which provides that services and products provided to the utility by an affiliate shall be priced at the affiliate's fully distributed cost, but in no event greater than market, and how the pricing to Citipower from Citigas is consistent with this statute.

³ Case No. 2005-00319, Purchased Gas Adjustment of Citipower, LLC (Ky. PSC Mar. 31, 2006).

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