

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT ) CASE NO. 2012-00241  
FILING OF CITIPOWER, LLC )

O R D E R

On April 3, 2009, the Commission issued its Order in Case No. 2008-00392<sup>1</sup> approving certain adjustments to the rates of Citipower, LLC ("Citipower") and providing under certain conditions for the further adjustment of such rates in accordance with the provisions of Citipower's Gas Cost Adjustment ("GCA") clause.

On June 12, 2012, Citipower filed its GCA to be effective July 1, 2012.

After reviewing the record in this case and previous Citipower GCA cases and being otherwise sufficiently advised, the Commission finds that:

1. Citipower's notice proposes revised rates to pass on its expected change in gas costs to its customers.

2. Citipower proposed an Expected Gas Cost ("EGC") of \$3.5130 per Mcf. Its average 12-month EGC is based in part on the expectation that it will need to buy gas at a higher-than-normal price from Citizens Gas Utility District ("Citizens Gas") during periods of high usage in cold weather. Citizens Gas's volumes are priced using current price projections as of June 8, 2012. The EGC is otherwise based on

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<sup>1</sup> Case No. 2008-00392, Application of Citipower, LLC for Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076 (Ky. PSC Apr. 3, 2009).

Citipower's expected cost of gas from its primary supplier, Citigas, LLC ("Citigas") (an affiliate pursuant to 278.010(18)), using the New York Mercantile Exchange ("NYMEX") Natural Gas 12-Month strip rate for June 2012. Citipower's current EGC of \$3.5130 per Mcf is a decrease of \$.2100 per Mcf from the prior approved EGC of \$3.7230 per Mcf.

3. Citipower's notice sets out no Refund Adjustment.

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of \$.0104 per Mcf. Citipower did not use the \$4.52 Unit Cost of Gas quoted by Citigas for the months of January, February, and March 2012 or the \$10.41 cost for Citizen's Gas for March 2012 in calculating its monthly cost difference. Correcting this produces a current AA of (\$.0338) per Mcf. Citipower's total AA of (\$.4020) per Mcf represents an increase of \$.1337 per Mcf from its previous AA of (\$.5357).

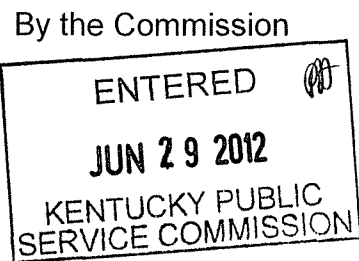
5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0053) per Mcf. Citipower calculated its current BA using an incorrect expired AA. The BA should have been calculated to reconcile the revenues collected from the (\$.1675) previous quarter AA that was charged beginning August 2011 through March 2012. Correcting this produces a current BA of (\$.0822) per Mcf. Citipower's total BA is \$.1689 per Mcf, which is a decrease of \$.0822 per Mcf from its prior total BA of \$.2511 per Mcf.

6. These combined adjustments produce a GCA of \$3.2799 per Mcf, which is a decrease of \$.1585 per Mcf from the previous rate of \$3.4384 per Mcf.

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for service rendered on and after July 1, 2012.

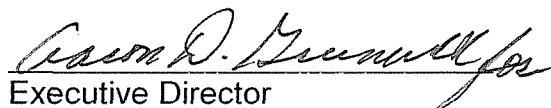
IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are approved for service rendered on and after July 1, 2012.
3. Within 20 days of the date of this Order, Citipower shall file its revised tariffs with the Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.



Commissioner Breathitt is abstaining from this proceeding.

ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2012-00241 DATED JUN 29 2012

The following rates and charges are prescribed for the customers served by Citipower, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Residential and Commercial

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Volumetric Rate	\$7.6492	\$ 3.2799	\$10.9291

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$5.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$5.00, the customer will be charged the \$5.00 minimum.

#### Industrial and Institutional

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Volumetric Rate	\$6.6492	\$ 3.2799	\$9.9291

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$5.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$5.00, the customer will be charged the \$5.00 minimum.

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