

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                          |   |            |
|--------------------------|---|------------|
| PURCHASED GAS ADJUSTMENT | ) | CASE NO.   |
| FILING OF CITIPOWER, LLC | ) | 2013-00433 |

ORDER

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 December 10, 2013, Citipower filed its GCA with a proposed effective date of January 1, 2014.

Citipower proposes that the Commission allow it to utilize a Balance Adjustment (“BA”) in calculating its GCA, although there is not a provision for a BA in its tariff. Citipower has used a BA as part of its gas cost reconciliation mechanism since Case No. 2004-00026.<sup>2</sup>

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

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

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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).

<sup>2</sup> Case No. 2004-00026, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Feb. 23, 2004).

2. Citipower's proposed EGC is \$4.7608 per Mcf. It did not use the reported price from its supplier Citizens Gas Utility District in its EGC calculation. Correcting this produces an EGC of \$4.7615 per Mcf, which is an increase of \$.0121 per Mcf from the prior EGC of \$4.7494 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 December, 2013. The EGC is otherwise based on 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 January 2014.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of \$.0331 per Mcf. Citipower did not use the correct EGC in effect for the month of July, and did not use the rate quoted by Citigas for July through September 2013. Correcting this produces a current quarter AA of (\$.0129) per Mcf. Citipower's corrected total AA is (\$.0057) per Mcf, which is a decrease of \$.0108 per Mcf from the previous total AA of \$.0051 per Mcf.

5. Citipower's proposal to use a BA in calculating its GCA is reasonable and should be approved.

6. Citipower's notice sets out a current quarter BA of \$.0000 per Mcf. Citipower calculated its BA to reconcile only the expired \$.0000 per Mcf BA factor from Case No. 2012-000241,<sup>3</sup> and did not include the expired AA factor of (\$.0200) per Mcf

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<sup>3</sup> Case No. 2012-00241, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Jun. 29, 2012).

from that same case. Correcting this produces a current quarter BA of \$.0040 per Mcf. Citipower's corrected total BA is (\$.0343) per Mcf, which is an increase of \$.0451 per Mcf from its previous total BA of (\$.0794).

7. Citipower's GCA is \$4.7215 per Mcf, which is an increase of \$.0464 per Mcf from the previous GCA of \$4.6751 per Mcf.

8. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Citipower on and after January 9, 2014. Citipower did not provide the 30 days' notice required for its increase in rates to be effective January 1, 2014.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for service rendered on and after January 9, 2014.
3. Within 20 days of the date of this Order, Citipower shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein, reflecting that they were approved pursuant to this Order, and reflecting the inclusion of a balancing adjustment in its GCA calculation.

By the Commission

ENTERED <sup>10</sup>  
JAN 08 2014  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

Case No. 2013-00433

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2013-00433 DATED JAN 08 2014

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<br/>Recovery<br/>Rate</u> | <u>Total</u> |
|-----------------|------------------|---------------------------------------|--------------|
| Volumetric Rate | \$7.6492         | \$4.7215                              | \$12.3707    |

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<br/>Recovery<br/>Rate</u> | <u>Total</u> |
|-----------------|------------------|---------------------------------------|--------------|
| Volumetric Rate | \$6.6492         | \$4.7215                              | \$11.3707    |

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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