

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF CITIPOWER, LLC) CASE NO. 2010-00469

O R D E R

On April 3, 2009, the Commission issued its Order in Case No. 2008-00392¹ 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 2, 2010, Citipower filed its GCA to be effective January 1, 2011.

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 \$6.1474 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 November 30, 2010. The EGC is otherwise based on

¹ 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 KRS 278.010(18)), using the New York Mercantile Exchange ("NYMEX") Natural Gas 12-Month strip rate for January 2011. Citipower's \$6.1474 EGC represents a decrease of \$.0982 per Mcf from the prior approved EGC of \$6.2456 per Mcf.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of \$.1241 per Mcf. Citipower provided no support as to why the "Unit Cost of Gas" for July, August, and September 2010 was higher in each of these months than the \$5.62 per Mcf gas cost that was contained in the May 31, 2010 supplier notice from Citigas that was filed in Case No. 2010-00221.² In Citipower's next GCA application, it should include supplier invoices for the 12 months ending December 31, 2010, along with support for any affiliate prices that are higher than what was included in supplier notices previously filed with the Commission. Citipower's total AA is \$1.1768 per Mcf, which is an increase of \$.1226 per Mcf from the previous total AA of \$1.0542 per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") in the amount of (\$.0384) per Mcf. Citipower's total BA is (\$.0171) per Mcf, which is a decrease of \$.0412 per Mcf from its prior total BA of \$.0241 per Mcf.

6. These combined adjustments produce a GCA of \$7.3071 per Mcf, which is a decrease of \$.0168 per Mcf from the previous rate of \$7.3239 per Mcf.

² Case No. 2010-00221, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC July 2, 2010).

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered on and after January 1, 2011.

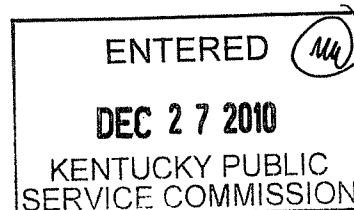
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable, and are approved for billing for service rendered on and after January 1, 2011.

2. In Citipower's next GCA application for rates effective April 1, 2011, it shall include supplier invoices for the 12 months ending December 31, 2010, along with support for any affiliate prices that are higher than what was included in supplier notices for those months which were previously filed with the Commission.

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.

By the Commission



ATTEST:

Jeff Davoren by Stephanie Bee
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00469 DATED DEC 27 2010

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	\$ 7.3071	\$14.9563

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	\$ 7.3071	\$13.9563

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.

John Forsberg
CitiPower, L.L.C.
2122 Enterprise Road
Greensboro, NC 27408