

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF CITIPOWER, LLC	)	2015-00303

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 Purchased Gas Cost Adjustment Clause.

On September 3, 2015, Citipower filed its Gas Cost Recovery (“GCR”) rate application to be effective October 1, 2015.

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.

2. Citipower’s notice sets out an Expected Gas Cost (“EGC”) of \$3.9625 per Mcf. Citipower miscalculated its EGC by including the months of April through June 2014 in the calculation of its 12 months of purchase and sales volumes. Citipower’s corrected purchase and sales volumes are 76,306 Mcf instead of 86,413 Mcf. Citipower’s corrected EGC is \$4.0264 per Mcf, which is a decrease of \$.3611 per Mcf from the prior EGC of \$4.3875 per Mcf. Citipower’s average 12-month EGC is based in

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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).

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 August 2015. 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 October 2015.

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

4. Citipower's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0448) per Mcf. In calculating its current quarter ACA, Citipower used the previously mentioned incorrect sales volumes of 86,413 Mcf instead of 76,306 Mcf. Citipower's corrected current quarter ACA is (\$.0508) per Mcf. Citipower's total ACA is \$.2611 per Mcf, which is a decrease of \$.0508 per Mcf from its previous total ACA of \$.3119 per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.0047 per Mcf. Citipower calculated its BA to reconcile only the expired \$.0218 per Mcf BA factor from Case No. 2014-00182,<sup>2</sup> and did not include the expired ACA factor of \$.4030 per Mcf from that same case. Citipower's corrected current quarter BA is \$.1606 per Mcf. Citipower's corrected total BA is \$.0095 per Mcf, which is an increase of \$.1606 per Mcf from its previous total BA of (\$.1511) per Mcf.

6. Citipower's corrected GCR rate is \$4.2970 per Mcf, which is a decrease of \$.2513 per Mcf from the previous GCR rate of \$4.5483 per Mcf.

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<sup>2</sup> Case No. 2014-00182, *Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC June 30, 2014).

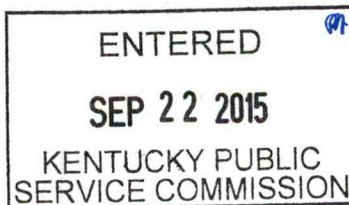
7. To aid in the Commission's review of Citipower's applications, Citipower should submit all invoices it receives from Citigas and Citizens Gas when it files its GCR rate applications.

8. The rates set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Citipower on and after October 1, 2015. Although Citipower's GCR rate filing did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

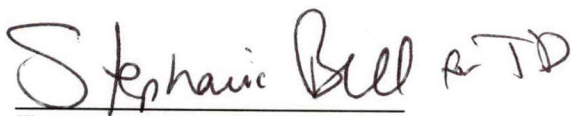
IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered by Citipower on and after October 1, 2015.
3. Citipower shall submit all invoices received from Citigas and Citizens Gas as part of all future GCR filings.
4. 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 and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2015-00303 DATED **SEP 22 2015**

The following rates and charges are prescribed for the customers in the area 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	\$4.2970	\$11.9462

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	\$4.2970	\$10.9462

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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