

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO.
FILING OF CITIPOWER, LLC) 2016-00102

ORDER

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 Purchased Gas Cost Adjustment Clause.

On February 29, 2016, Citipower filed its Gas Cost Recovery (“GCR”) rate application to be effective April 1, 2016.

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 \$3.3863 per Mcf, which is a decrease of \$.0438 per Mcf from the prior EGC of \$3.4301 per Mcf. Citipower’s 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 February 2016. 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 278.010(18)], using the New York Mercantile Exchange ("NYMEX") Natural Gas 12-Month strip rate for February 2016.

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

4. Citipower's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.1214) per Mcf. Citipower did not include the \$34.85 total cost of its purchases from Citizens Gas in the calculation of its current quarter ACA. Citipower's corrected current quarter ACA is (\$.1210) per Mcf. Citipower's corrected total ACA is \$.1743 per Mcf, which is a decrease of \$.0613 per Mcf from its previous total ACA of \$.2356 per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0002) per Mcf. Citipower calculated its BA to reconcile only the expired (\$.0024) per Mcf BA factor from Case No. 2014-00426² and did not include the expired ACA factor of (\$.0174) per Mcf from that same case. Citipower's corrected current quarter BA is (\$.0020) per Mcf. Citipower's corrected total BA is \$.1506 per Mcf, which is an increase of \$.1380 per Mcf from its previous total BA of \$.0126 per Mcf.

6. Citipower's corrected GCR rate is \$3.7112 per Mcf, which is an increase of \$.0329 per Mcf from the previous GCR rate of \$3.6783 per Mcf.

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

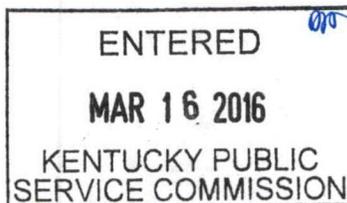
² Case No. 2014-00426, *Purchased Gas Adjustment Filing of Citipower, LLC*. (Ky. PSC Dec. 22, 2014).

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 April 1, 2016.

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 April 1, 2016.
3. Citipower shall submit all invoices received from Citigas and Citizens Gas as part of all future GCR rate 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:


Acting Executive Director 

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2016-00102 DATED **MAR 16 2016**

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	\$3.7112	\$11.3604

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	\$3.7112	\$10.3604

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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