

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF CITIPOWER, LLC)	2016-00416

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 December 1, 2016, Citipower filed its Gas Cost Recovery (“GCR”) rate application to be effective January 1, 2017.

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 \$4.3543 per Mcf, which is an increase of \$.2375 per Mcf from the prior EGC of \$4.1168 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 November 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 Natural Gas 12-Month strip rate for January 2017.

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

4. Citipower's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0612) per Mcf. Citipower did not use the correct \$3.6326 per Mcf EGC in effect for the months of July through September 2016 in the calculation of its current quarter ACA. Correcting this produces a current quarter ACA of (\$.0266) per Mcf. In future GCR rate applications, Citipower should use the correct EGC approved by the Commission to be in effect for the months reconciled through the AA mechanism. Citipower failed to use the previously approved Previous Quarter Reported Actual Adjustment of (\$.0896) per Mcf in the calculation of its total ACA. Citipower's corrected total ACA is (\$.0295) per Mcf, which is an increase of \$.0163 per Mcf from its previous total ACA of (\$.0458) per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.0504 per Mcf. Citipower did not include the reconciliation of the expired (\$.0508) per Mcf ACA previously approved in Case No. 2015-00303² in the calculation of its current quarter BA. Citipower's corrected current quarter BA is \$.0175 per Mcf. Citipower failed to use the previously approved Second Previous Quarter Reported Balance Adjustment of (\$.0329) per Mcf in the calculation of its total BA. Citipower's corrected total BA is \$.0318 per Mcf, which is an increase of \$.0168 per Mcf from its previous total BA of \$.0150 per Mcf. In Citipower's next GCR rate application for rates effective April

² Case No. 2015-00303, *Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Sept. 22, 2015).

1, 2017, Citipower should include the expired ACA factor as well as the expired BA factor approved in Case No. 2015-00396³, in the calculation of its current quarter BA.

6. Citipower's corrected GCR rate is \$4.3566 per Mcf, which is an increase of \$.2706 per Mcf from the previous GCR rate of \$4.0860 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.

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 January 1, 2017.

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 January 1, 2017.
3. In Citipower's future GCR rate applications, Citipower shall use the correct EGC approved by the Commission to be in effect for the months reconciled through the AA mechanism.
4. In Citipower's next GCR rate application for rates effective April 1, 2017, Citipower shall calculate its current quarter BA using the expired ACA and BA from Case No. 2015-00396.
5. Citipower shall submit all invoices received from Citigas and Citizens Gas as part of all future GCR filings.

³ Case No. 2015-00396, *Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Dec. 18, 2015).

6. 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

ENTERED
DEC 15 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00416 DATED **DEC 15 2016**

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	\$4.3566	\$12.0058

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	\$4.3566	\$11.0058

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.

*CitiPower, L.L.C.
37 Court Street
P. O. Box 1309
Whitley City, KY 42653

*Adam Forsberg
Controller
Citipower L.L.C.
2122 Enterprise Road
Greensboro, NORTH CAROLINA 27408