

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO. 2009-00348
FILING OF CITIPOWER, LLC)

O R D E R

On March 31, 2000, the Commission issued its Order in Case No. 1999-00225¹ 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 August 28, 2009, Citipower filed its GCA to be effective October 1, 2009. After reviewing the record in this case 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 \$6.4500 per Mcf, based on a letter from its supplier, CitiGas, LLC ("CitiGas"). Although not specifically stated in its filing, the pricing from CitiGas is consistent with the New York Mercantile Exchange ("NYMEX") Natural Gas 12-Month Strip rate for August 2009. In previous

¹ Case No. 1999-00225, Application of Citipower, LLC for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Mar. 31, 2000).

GCA filings with the Commission, the gas cost proposed by Citipower and approved by the Commission was also based on 12-month NYMEX strip rates. In Citipower's most recent GCA cases, the Commission approved rates based on a 12-month NYMEX strip rate. In future filings, Citipower should confirm that its supplier price is based on the 12-month NYMEX strip rate, or provide the basis for its calculation if some other method was used. Citipower's proposed \$6.4500 EGC is a decrease of \$.0020 per Mcf from the prior approved EGC of \$6.4520 per Mcf.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of \$.7136 per Mcf. Citipower's total AA is \$.2548 per Mcf, which is an increase of \$.5457 per Mcf from the previous total AA of (\$.2909) per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.1674 per Mcf. Citipower made a subtraction error in calculating its remaining under-recovery "Balance" for June 2008. Correcting for this error produces a revised current BA of \$.0846 per Mcf. Citipower's total BA is \$.0647 per Mcf, which is an increase of \$.1204 per Mcf from its prior total BA of (\$.0557) per Mcf.

6. These combined adjustments produce a GCA of \$6.7695 per Mcf, which is an increase of \$.6641 per Mcf from the previous rate of \$6.1054 per Mcf.

7. The revised rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered on and after October 1, 2009.

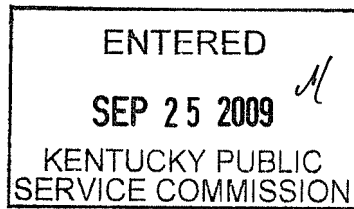
IT IS THEREFORE ORDERED that:

1. Citipower's proposed rates are denied.

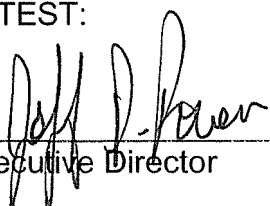
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are approved for billing for service rendered on and after October 1, 2009.

3. Within 20 days of the date of this Order, Citipower shall file with the Commission its revised tariffs setting out the rates authorized herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00348 DATED **SEP 25 2009**

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	\$6.4592	\$ 6.7695	\$13.2287

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	\$5.4592	\$ 6.7695	\$12.2287

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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