

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO. 2010-00356
FILING OF CITIPOWER, LLC)	

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 September 7, 2010, Citipower filed its GCA to be effective October 1, 2010.

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 \$6.2456 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 the actual cost of purchases for December 2009 through March 2010. The EGC is

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).

otherwise based on Citipower's expected cost of gas from its primary supplier, Citigas, LLC (an affiliate pursuant to KRS 278.010(18)), using the New York Mercantile Exchange Natural Gas 12-Month strip rate for October 2010. Citipower's \$6.2456 EGC represents a decrease of \$.7629 per Mcf from the prior approved EGC of \$7.0085 per Mcf.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of \$.0617 per Mcf. Citipower's total AA is \$1.0542 per Mcf, which is a decrease of \$.6519 per Mcf from the previous total AA of \$1.7061 per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") in the amount of \$.0201 per Mcf. Citipower's total BA is \$.0241 per Mcf, which is a decrease of \$.0645 per Mcf from its prior total BA of \$.0886 per Mcf.

6. These combined adjustments produce a GCA of \$7.3239 per Mcf, which is a decrease of \$1.4793 per Mcf from the previous rate of \$8.8032 per Mcf.

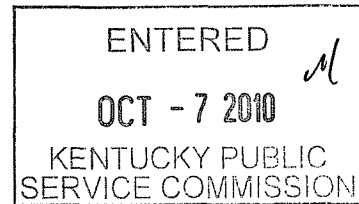
7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered on and after October 7, 2010. Citipower did not give the 30 days' notice required for rates to be effective October 1, 2010.

IT IS THEREFORE ORDERED that:

1. The rates in Appendix A to this Order are fair, just, and reasonable, and are approved for billing for service rendered on and after October 7, 2010.

2. 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:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00356 DATED OCT - 7 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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
Volumetric Rate	\$7.6492	\$ 7.3239	\$14.9731

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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
Volumetric Rate	\$6.6492	\$ 7.3239	\$13.9731

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