COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF CITIPOWER, LLC

CASE NO. 2011-00367

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 Gas Cost Adjustment ("GCA") clause.

On September 6, 2011, Citipower filed its GCA to be effective October 1, 2011.

After reviewing the record in this case and previous Citipower GCA cases and being otherwise sufficiently advised, the Commission finds that:

- 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 \$5.3549 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 current price projections as of August 30, 2011. 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 October 2011. Updating these numbers for the most current indices produces an EGC of \$5.3549 per Mcf, which is a decrease of \$.7927 per Mcf from the prior approved EGC of \$6.1476 per Mcf.

- 3. Citipower's notice sets out no Refund Adjustment.
- 4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of (\$.2314) per Mcf to return net over-recoveries for the months January through June 2011. Citipower's total AA of (\$.2748) per Mcf represents a decrease of \$.2931 per Mcf from its previous AA of \$.0183. The (\$.2748) AA reflects the expiration of a previous quarter AA in the amount of \$.0617 that Citipower had included in its calculation.
- 5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.0227 per Mcf. Citipower did not use the correct expired previous quarter AA of \$.1258 in the calculation of its current BA. It also did not calculate the remaining net underrecovery from the expired AA of \$.8652. Correcting for these errors produces a current BA of \$.2148 per Mcf. Citipower's total BA is \$.1764 per Mcf, which is an increase of \$.1947 per Mcf from its prior total BA of (\$.0183) per Mcf. The \$.1764 BA reflects the expiration of a previous quarter BA in the amount of \$.0201 that Citipower had included in its calculation.
- 6. These combined adjustments produce a GCA of \$5.2565 per Mcf, which is a decrease of \$.8911 per Mcf from the previous rate of \$6.1476 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 1, 2011.

IT IS THEREFORE ORDERED that:

- 1. 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, 2011.
- 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

ENTERED PA SEP 2 0 2011 KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Case No. 2011-00367

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2011-00367 DATED SEP 2 0 2011

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

		Gas Cost Recovery	
	Base Rate	<u>Rate</u>	<u>Total</u>
Volumetric Rate	\$7.6492	\$ 5.2565	\$12.9057

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

	Base Rate	Gas Cost Recovery Rate	Total
Volumetric Rate	\$6.6492	\$ 5.2565	\$11.9057

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.

Dan Forsberg President CitiPower, L.L.C. 2122 Enterprise Road Greensboro, NC 27408