

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)
FILING OF CITIPOWER, LLC) CASE NO. 2011-00474

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 December 5, 2011, Citipower filed its GCA to be effective January 1, 2012.

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 \$4.7121 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 December 1, 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 January 2012. Citipower's current EGC of \$4.7121 per Mcf is a decrease of \$.6428 per Mcf from the prior approved EGC of \$5.3549 per Mcf.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0147) per Mcf. Citipower did not use the EGCs in effect during the months of July, August, and September 2011 in calculating its monthly cost difference. Correcting this produces a current AA of (\$.0814) per Mcf. Citipower's total AA of (\$.0175) per Mcf represents an increase of \$.2573 per Mcf from its previous AA of (\$.2748). The (\$.0175) AA reflects the expiration of a previous quarter AA in the amount of \$.1241 that Citipower had included in its calculation.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.0106 per Mcf. Citipower's total BA is \$.2254 per Mcf, which is an increase of \$.0490 per Mcf from its prior total BA of \$.1764 per Mcf. The \$.2254 BA reflects the correct previous quarter BA of \$.2148 per Mcf and the expiration of a previous quarter BA in the amount of \$.0384 that Citipower had included in its calculation.

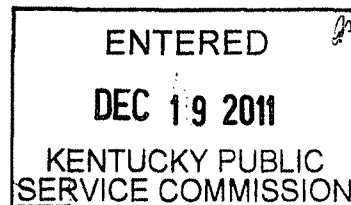
6. These combined adjustments produce a GCA of \$4.9200 per Mcf, which is a decrease of \$.3365 per Mcf from the previous rate of \$5.2565 per Mcf.

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 January 1, 2012.

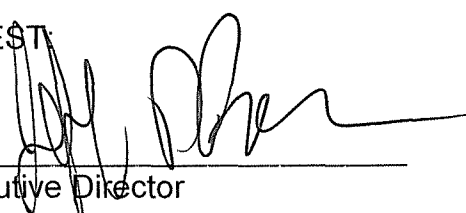
IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower 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 January 1, 2012.
3. 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. 2011-00474 DATED **DEC 19 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

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Volumetric Rate	\$7.6492	\$ 4.9200	\$12.5692

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	\$ 4.9200	\$11.5692

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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