

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
CITIPOWER L.L.C.) 2012-00420

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 14, 2012, Citipower filed its GCA to be effective October 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 \$4.1503 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 Gases’ volumes are priced using current price projections as of September 12, 2012. The EGC is otherwise based on Citipower’s expected cost of gas from its primary supplier, Citigas, LLC (“Citigas”) [an affiliate pursuant to KRS 278.010(18)], using the New York Mercantile Exchange

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).

("NYMEX") Natural Gas 12-Month strip rate for September 2012. Citipower's current EGC of \$4.1503 per Mcf is an increase of \$.6373 per Mcf from the prior approved EGC of \$3.5130 per Mcf.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0238) per Mcf. Citipower did not use the \$3.60 Unit Cost of Gas quoted by Citigas for the month of April 2012 in calculating its monthly cost difference. Correcting this produces a current AA of (\$.0200) per Mcf. Citipower's total AA of (\$.1406) per Mcf represents an increase of \$.2614 per Mcf from its previous AA of (\$.4020).

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.2075 per Mcf to reconcile under-recoveries related to the (\$.2314) AA approved in the Commission's Order in Case No. 2011-00367¹ for rates effective October 1, 2011. The reconciliation of recoveries through the (\$.2314) AA should be included in the BA calculation in Citipower's next GCA filing for rates effective January 1, 2013. No BA calculation is necessary in the current filing, because Citipower did not file a GCA application for rates effective July 1, 2011, which would have been the appropriate BA to reconcile herein. Citipower's total BA is (\$.0459) per Mcf, which consists only of prior quarter BAs, and represents a decrease of \$.2148 per Mcf from its prior total BA of \$.1689 per Mcf.

6. These combined adjustments produce a GCA of \$3.9638 per Mcf, which is an increase of \$.6839 per Mcf from the previous rate of \$3.2799 per Mcf.

¹ Case No. 2011-00367, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Sept. 20, 2011).

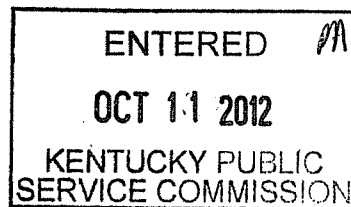
7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered on and after October 14, 2012. Citipower did not give the 30 days' notice required for rates to take effect October 1.

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 service rendered on and after October 14, 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

Commissioner Breathitt is abstaining from this proceeding.



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00420 DATED OCT 11 2012

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	\$ 3.9638	\$11.6130

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	\$ 3.9638	\$10.6130

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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