

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
CITIPOWER L.L.C.) 2013-00260

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 July 5, 2013, Citipower filed its GCA to be effective August 1, 2013.

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 \$4.5001 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 July 1, 2013. The EGC is otherwise based on Citipower's expected cost of gas from its primary supplier, Citigas, LLC ("Citigas") [an affiliate

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).

pursuant to 278.010(18)], using the New York Mercantile Exchange ("NYMEX") Natural Gas 12-Month strip rate for August 2013. Citipower's proposed EGC of \$4.5001 per Mcf is a decrease of \$.2795 per Mcf from the prior approved EGC of \$4.7796 per Mcf.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of (\$.1865) per Mcf. Citipower did not use the \$4.75 per Mcf Unit Cost of Gas quoted by Citigas for January through March 2013 in calculating its Total Cost of Volumes Purchased, or its \$4.7736 per Mcf EGC approved for those months in calculating its monthly cost difference. Correcting this produces a current AA of (\$.0034) per Mcf. Citipower's total AA of (\$.0291) per Mcf represents an increase of \$.0304 per Mcf from its previous AA of (\$.0595).

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0145) per Mcf. Citipower calculated its BA using the (\$.0523) per Mcf AA that it had proposed in Case No. 2012-00082¹ for rates effective April 1, 2012, instead of using the (\$.0554) per Mcf BA approved by the Commission. Correcting this results in a current BA in the amount of (\$.0154) per Mcf. Citipower's total BA is (\$.0950) per Mcf, which represents an increase of \$.0668 per Mcf from its prior total BA of (\$.1618) per Mcf.

6. These combined adjustments produce a GCA of \$4.3760 per Mcf, which is a decrease of \$.1823 per Mcf from the previous rate of \$4.5583 per Mcf.

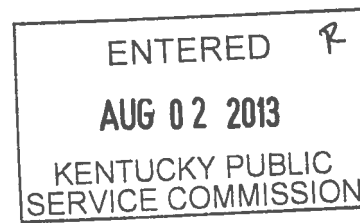
7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered on and after August 1, 2013.

¹ Case No. 2012-00082, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC March 28, 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 service rendered on and after August 1, 2013.
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:

Stephanie Ball for TD
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00260 DATED **AUG 02 2013**

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	\$ 4.3760	\$12.0252

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	\$ 4.3760	\$11.0252

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.
37 Court Street
Whitley City, KY 42653