

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
CITIPOWER, LLC) 2013-00334

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

Citipower proposes that the Commission allow it to utilize a Balance Adjustment ("BA") in calculating its GCA, although there is not a provision for a BA in its tariff. Citipower has used a BA as part of its gas cost reconciliation mechanism since Case No. 2004-00026.²

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.

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).

² Case No. 2004-00026, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Feb. 23, 2004).

2. Although Citipower's notice did not include Schedule I, the Gas Cost Recovery Rate Summary, it contained sufficient information to calculate an Expected Gas Cost ("EGC") of \$4.7494 per Mcf using its Total Expected Cost of Purchases of \$353,672 and its 12-month sales volumes of 74,466 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 September 4, 2013. The EGC is otherwise based on Citipower's expected cost of gas from its primary supplier, Citigas, LLC ("Citigas"), which is an affiliate of Citipower pursuant to KRS 278.010(18), using the New York Mercantile Exchange ("NYMEX") Natural Gas 12-Month strip rate for October 2013. Citipower's current EGC of \$4.7494 per Mcf is an increase of \$.2494 per Mcf from the prior approved EGC of \$4.5001 per Mcf.

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

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of \$.0203 per Mcf. Citipower did not use the rates quoted by its suppliers for April through June 2013 in calculating its Total Cost of Volumes Purchased. Correcting this produces a current AA of \$.0142 per Mcf. Citipower's total AA of \$.0051 per Mcf represents an increase of \$.0342 per Mcf from its previous AA of (\$.0291).

5. Citipower's proposal to use a BA in calculating its GCA is reasonable and should be approved.

6. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.0110 per Mcf. Citipower calculated its BA to reconcile only the expired (\$.0822) per

Mcf BA factor from Case No. 2012-00241, and did not include the expired AA factor of (\$.0338) per Mcf. Correcting this produces a current BA of \$.0156. Adding the current BA to the three approved previous quarter BAs produces a total BA of (\$.0794) per Mcf, which represents an increase of \$.0156 per Mcf from its prior total BA of (\$.0950) per Mcf.

7. These combined adjustments produce a GCA of \$4.6751 per Mcf, which is an increase of \$.2991 per Mcf from the previous rate of \$4.3760 per Mcf.

8. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered on and after October 5, 2013. Citipower did not provide the 30 days' notice required for its increase in rates to be effective October 1, 2013.

IT IS THEREFORE ORDERED that:

1. The rate in the Appendix to this Order is fair, just, and reasonable, and is approved for service rendered on and after October 5, 2013.

2. In every future GCA application, Citipower shall file its Schedule I, Gas Cost Recovery Rate Summary sheet.

3. Within 20 days of the date of this Order, Citipower shall file with this Commission, using the Commission's electronic Tariff Filing System, its revised tariffs setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED
SEP 20 2013
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2013-00334

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2013-00334 DATED **SEP 20 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>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Volumetric Rate	\$7.6492	\$ 4.6751	\$12.3243

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	\$ 4.6751	\$11.3243

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
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