

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO.
FILING OF CITIPOWER, LLC) 2014-00319

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 Purchased Gas Cost Adjustment Clause.

On September 5, 2014, Citipower filed its Gas Cost Recovery ("GCR") rate application with a proposed effective date of October 1, 2014.

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Citipower's notice proposes revised rates designed to pass on to its customers its expected change in gas costs.
2. Citipower's proposed Expected Gas Cost ("EGC") is \$5.1412 per Mcf, which is a decrease of \$.4829 per Mcf from the prior EGC of \$5.6241 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 2014. The EGC is otherwise based on Citipower's

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).

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 Natural Gas 12-Month strip rate for August 2014.

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

4. Citipower's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0044) per Mcf. Because Citipower filed its last GCR application with less than 30 days' notice, the \$5.9370 per Mcf EGC in effect for the month of April was approved effective April 3, 2014, instead of April 1, 2014. The EGC in effect from April 1, 2014, through April 2, 2014, was \$4.7615 per Mcf. Correcting the ACA calculation to prorate the EGCs in effect during the month of April produces a current quarter ACA of \$.0000 per Mcf. Citipower's total ACA is \$.3801 per Mcf, which is a decrease of \$.0142 per Mcf from the previous total ACA of \$.3943 per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of \$.0054 per Mcf. Citipower calculated its BA to reconcile only the expired (\$.0154) per Mcf BA factor from Case No. 2013-00260² and did not include the expired AA factor of (\$.0034) per Mcf from that same case. Correcting this produces a current quarter BA of \$.0066 per Mcf. Citipower's corrected total BA is \$.0331 per Mcf, which is a decrease of \$.0090 per Mcf from its previous total BA of \$.0421 per Mcf.

6. Citipower's GCR is \$5.5544 per Mcf, which is a decrease of \$.5061 per Mcf from the previous GCR of \$6.0605 per Mcf.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Citipower on and after October 1, 2014.

² Case No. 2013-00260, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Aug. 2, 2013).

8. The Commission finds that Citipower's next GCR filing for rates effective January 1, 2015, which should be timely filed no later than December 2, 2014, should include:

a. The day of the month Citipower bills its sales customers subject to the GCR rate. Provide the date or dates bills were sent to customers for the months of January 2014 through June 2014 and the rates that were charged for each billing month.

b. The impact on customer bills and Citipower's recovery of gas cost of the GCR rate's being approved after the proposed effective dates in Case Nos. 2014-00071³ and 2013-00433.⁴

IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.
2. The rates in the Appendix, attached hereto and incorporated herein, are approved for billing for service rendered on and after October 1, 2014.
3. Citipower's next GCR filing shall be on or before December 2, 2014 and shall include the information specified in finding 8 above.
4. Within 20 days of the date of this Order, Citipower shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

³ Case No. 2014-00071, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Mar. 24, 2014).

⁴ Case No. 2013-00433, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Jan. 8, 2014).

By the Commission

ENTERED
SEP 29 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2014-00319

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00319 DATED **SEP 29 2014**

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	\$5.5544	\$13.2036

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	\$5.5544	\$12.2036

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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