

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF CITIPOWER, LLC)	2014-00426

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 December 5, 2014, Citipower filed its Gas Cost Recovery (“GCR”) rate application with a proposed effective date of January 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 \$5.0886 per Mcf. Citipower miscalculated its EGC by using incorrect purchase volumes and sales volumes. On Schedule II of its application, Citipower’s sales and purchases for the 12 months ended September 30, 2014, do not match the sum of the monthly sales and purchases provided in Schedule IV of this application and in Citipower’s three previous applications. Correcting this produces sales and purchase volumes of 80,881 Mcf

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).

instead of 81,360 Mcf. Citipower's corrected EGC is \$5.0907 per Mcf, which is a decrease of \$.0505 per Mcf from the prior EGC of \$5.1412 per Mcf. Citipower's 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 2014. 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 ("NYMEX") Natural Gas 12-Month strip rate for December 2014.

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

4. Citipower's notice sets out a current quarter Actual Cost Adjustment ("ACA") of (\$.0378) per Mcf. Citipower did not use the correct EGC in effect and did not use the rate quoted by Citigas for the months of July through September 2014 in calculating its Total Cost Difference. Citipower also used the previously discussed incorrect sales volumes for the 12 months ended September 30, 2014. Correcting this produces a current quarter AA of (\$.0174) per Mcf. Citipower's corrected total ACA is \$.3756 per Mcf, which is a decrease of \$.0045 per Mcf from its previous total ACA of \$.3801 per Mcf.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0012) per Mcf. Citipower calculated its BA to reconcile only the expired \$.0156 per Mcf BA factor from Case No. 2013-00334,² and did not include the expired AA factor of \$.0142 per Mcf from that same case. Correcting this produces a current quarter BA of

² Case No. 2013-00334, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Sept. 20, 2013).

(\$0.0024) per Mcf. Citipower's corrected total BA is \$.0267 per Mcf, which includes the \$.0066 per Mcf previous quarter BA that Citipower did not include in its calculation. The \$.0267 per Mcf total BA is a decrease of \$.0064 per Mcf from its previous total BA of \$.0331 per Mcf.

6. Citipower's corrected GCR rate is \$5.4930 per Mcf, which is a decrease of \$.0614 per Mcf from the previous GCR rate of \$5.5544 per Mcf. Although Citipower's GCR rate filing did not provide 30 days' notice to the Commission as required by Citipower's tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in less than 30 days.

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 January 1, 2015.

8. Citipower should file responses to the questions in Appendix B to this Order to provide information concerning its consistent late filing of GCR rate applications with less than 30 days' notice as required in its tariff.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.
2. The rates set forth in Appendix A to this Order are approved for service rendered on and after January 1, 2015.
3. 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.

4. Within 30 days of the date of this Order, Citipower shall file with this Commission its responses to the questions attached as Appendix B to this Order.

5. Any document filed pursuant to ordering paragraph 4 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

By the Commission
ENTERED
DEC 22 2014
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00426 DATED **DEC 22 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	\$5.4930	\$13.1422

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	\$5.4930	\$12.1422

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.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2014-00426 DATED **DEC 22 2014**

1. In Case No. 2014-00319,¹ ordering paragraph 3, the Commission directed Citipower to file certain information concurrent with its GCR application for rates effective January 1, 2015. Explain why Citipower failed to provide the information as requested.

2. State whether Citipower bills all of its customers subject to the GCR rate on the same date each month, or whether Citipower uses cycle billings.

a. If Citipower bills all of its customers on the same date, provide the date of the month Citipower bills its sales customers subject to the GCR rate.

b. Provide a copy of monthly bills for one customer for each of the months of January 2014 through December 2014. Ensure that all personal information, including name, address, account numbers, etc., has been redacted.

c. If Citipower uses cycle billing, provide the dates of each of the billing cycles for the months of January 2014 through December 2014. The response should include the billing period and the billing date for each cycle.

3. Explain how customer bills and Citipower's recovery of gas cost are affected by the approval of the GCR rate after the proposed effective dates in Case Nos. 2014-00071² and 2013-00433.³

¹ Case No. 2014-00319, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Sept. 29, 2014).

² Case No. 2014-00071, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Mar. 24, 2014).

³ Case No. 2013-00433, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Jan. 8, 2014).

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