

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF CITIPOWER, LLC)	2023-00162

ORDER

On May 26, 2023, Citipower, LLC (Citipower) filed its Gas Cost Recovery (GCR) rate report, for rates effective as of July 1, 2023. Citipower's previous GCR rate was approved in Case No. 2023-00057.¹

LEGAL STANDARD

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates, or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

¹ Case 2023-00057, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Mar. 30, 2023).

² KRS 278.274(2); KRS 278.274(3)(c) and(d).

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Citipower's report proposes revised rates designed to pass on to its customers its expected change in gas costs. Citipower's report sets out an Expected Gas Cost (EGC) of \$5.1972 per Mcf, which is a decrease of \$0.2752 per Mcf from its previous EGC of \$5.4724 per Mcf. The EGC is based on Citipower's expected cost of gas from its primary supplier, Citigas, LLC (Citigas), a Citipower affiliate pursuant to KRS 278.010(18),³ using the New York Mercantile Exchange (NYMEX) Natural Gas strip rate for July 2023, a \$1.5000 per Mcf fee for transportation, and a 20 percent markup marketing fee.⁴ Citipower's report sets out no Refund Adjustment. Citipower's report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.0001 per Mcf. Citipower's total ACA is (\$0.0431) per Mcf, which is a decrease of \$0.1865 per Mcf from its previous total ACA of \$0.1434 per Mcf. Citipower's report sets out a current quarter Balance Adjustment (BA) of \$0.0014 per Mcf. Citipower's total BA is \$0.0062 per Mcf, which is an increase of \$0.0006 per Mcf from its previous total BA of \$0.0056 per Mcf.

³ Due to Citigas being a Citipower affiliate, the Commission, pursuant to KRS 278.274(3), shall presume that natural gas purchases are not conducted at arm's length and shall ensure that the rates charged by the affiliate and ultimately to the consumer are just and reasonable.

⁴ See Case No. 2021-00332, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC*, (Ky. PSC Sept. 29, 2021), Order at 2, footnote.6, explaining that in Case No. 2021-00096, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC*, (Ky. PSC Mar. 31, 2021), Order, the Commission approved an EGC rate of \$5.3932 per Mcf based on the NYMEX Natural Gas Twelve-Month strip rate of \$3.1610, plus \$1.5000 per Mcf fee from Greystone, plus the 20% marketing fee (\$0.9320 per Mcf) from Citigas for rates effective April 1, 2021. Citigas was then charged a \$4.6610 per Mcf rate from Greystone for usage during the quarter months of April, May, and June 2021. Citigas then included in its invoice to Citipower the 20% marketing fee of \$0.9320 per Mcf used to calculate the approved EGC rate for that same quarter. This resulted in an almost perfect pass through of gas costs where the Commission approved an EGC rate of \$5.3932 per Mcf and Citipower through Citigas was charged a gas cost of \$5.3932 per Mcf.

Citipower's report sets out a GCR rate of \$5.1602 per Mcf. Due to a spreadsheet rounding error, Citipower erroneously set out an incorrect GCR rate. Based on the calculations above, the Commission finds that Citipower's GCR rate is \$5.1603 per Mcf, which is a decrease of \$0.4611 per Mcf from the previous GCR rate of \$5.6214 per Mcf. The Commission further finds that based on expected cost data provided by Citipower and transportation and marketing costs approved by the Commission in Case No. 2021-000096, the rates set forth in the Appendix to this Order are fair, just and reasonable and are approved for service rendered by Citipower on and after July 1, 2023.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Citipower shall submit all invoices it receives along with its monthly usage report for each month of the reporting period when it files its future GCR rate reports. Should Citipower purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after July 1, 2023.
3. Citipower shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
4. Within 20 days of the date of service 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.

5. This case is closed and removed from the Commission's docket.

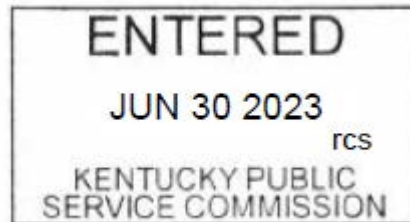
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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00162 DATED JUN 30 2023

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 the authority of the Commission prior to the effective date of this Order.

RESIDENTIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 12.3897	\$5.1603	\$17.5500

COMMERCIAL AND INDUSTRIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 12.4688	\$5.1603	\$17.6291

INSTITUTIONAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 13.2893	\$5.1603	\$18.4496

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