

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT	)	CASE NO.
FILING OF CITIPOWER, L.L.C.	)	2019-00075

ORDER

On March 1, 2019, Citipower, LLC (Citipower), filed in accordance with its Purchased Gas Cost Adjustment Tariff, its Gas Cost Recovery (GCR) rate report to be effective April 1, 2019. After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Citipower's GCR report proposes revised rates designed to pass on to its customers its expected change in gas costs.
2. Citipower's GCR report sets out an Expected Gas Cost (EGC) of \$5.6716 per Mcf, which is an increase of \$1.0066 per Mcf from the prior EGC of \$4.6650 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 February 2019. The EGC is otherwise based on Citipower's expected cost of gas from its primary supplier, Citigas, LLC (Citigas), a Citipower affiliate pursuant to 278.010(18), using the New York Mercantile Exchange (NYMEX) Natural Gas 12-Month strip rate for February 2019.
3. Citipower's GCR report sets out no Refund Adjustment.

4. Citipower's GCR report sets out a current quarter Actual Cost Adjustment (ACA) of (\$.2569) per Mcf. Citipower did not use the correct EGC of \$4.0719 that was in effect for the months of October, November, and December 2018. Correcting this produces a current quarter ACA of (\$.0999) per Mcf. Citipower's total ACA is \$.2795 per Mcf, which is a decrease of \$.2445 per Mcf from its previous total ACA of \$.5240 per Mcf.

5. Citipower's GCR report sets out a current quarter Balance Adjustment (BA) of \$.0065 per Mcf. Citipower did not include the reconciliation of the expired (\$.0148) per Mcf ACA previously approved in Case No. 2017-00451<sup>1</sup> in the calculation of its current quarter BA. Citipower's corrected current quarter BA is \$.0101 per Mcf. In calculating its total BA, Citipower failed to include the previous quarter BA of \$.0219 per Mcf that was approved in Case No. 2018-00397.<sup>2</sup> Correcting this produces a total BA of \$.0444 per Mcf, which is an increase of \$.0117 per Mcf from its previous total BA of \$.0327 per Mcf.

6. Citipower's corrected GCR rate is \$5.9955 per Mcf, which is an increase of \$.7738 per Mcf from the previous GCR rate of \$5.2217 per Mcf.

7. To aid in the Commission's review of Citipower's GCR reports, Citipower should continue to submit all invoices it receives from Citigas and Citizens Gas when it files its GCR rate reports.

8. The rates set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Citipower on and after April 1, 2019.

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<sup>1</sup> Case No. 2017-00451, *Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Dec 18, 2017).

<sup>2</sup> Case No. 2018-00397, *Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Dec 18, 2018).

9. In this and previous GCR reports, Citipower made repeated errors and omissions that impact timely and accurate processing of its filings. The Commission finds that Citipower should conduct a careful and thorough review to minimize any potential errors in its future GCR reports. Failure to minimize errors in future filings may adversely affect the timely processing of Citipower's GCR reports.

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 by Citipower on and after April 1, 2019.
3. Citipower shall submit all invoices received from Citigas and Citizens Gas as part of all future GCR filings.
4. Within 20 days of the date of entry 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 hereby closed and removed from the Commission's docket.

By the Commission

ENTERED  
**MAR 28 2019**  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2019-00075

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00075 DATED **MAR 28 2019**

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	\$7.8500	\$5.9955	\$13.8455

COMMERCIAL AND INDUSTRIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 7.9000	\$5.9955	\$13.8955

INSTITUTIONAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 8.4200	\$5.9955	\$14.4155

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