

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )      CASE NO.  
FILING OF CITIPOWER, LLC )      2022-00135

ORDER

On May 18, 2022, Citipower, LLC (Citipower) filed its Gas Cost Recovery (GCR) rate report, for rates effective as of July 1, 2022. Citipower's previous GCR rate was approved in Case No. 2022-00045.<sup>1</sup>

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.<sup>2</sup>

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

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<sup>1</sup> Case 2022-00045, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Mar. 30, 2022).

<sup>2</sup> KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

1. Citipower's report proposes revised rates designed to pass on to its customers its expected change in gas costs.

2. Citipower's report sets out an Expected Gas Cost (EGC) of \$11.8812 per Mcf, which is an increase of \$3.9156 per Mcf from its previous EGC of \$7.9656 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),<sup>3</sup> using the New York Mercantile Exchange (NYMEX) Natural Gas strip rate for July 2022, a \$1.5000 per Mcf fee for transportation and a 20 percent markup marketing fee.

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

4. Citipower's report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.1866 per Mcf. In calculating its total ACA, Citipower erroneously included an incorrect amount of \$0.0001 per Mcf for the Previous Quarter ACA. The Previous Quarter ACA is \$0.0112 per Mcf as approved by the Commission in Case No. 2022-00045.<sup>4</sup> Citipower's corrected total ACA is \$0.1978 per Mcf, which is an increase of \$0.1038 per Mcf from its previous total ACA of \$0.0940 per Mcf.

5. Citipower's report sets out a current quarter Balance Adjustment (BA) of (\$0.0113) per Mcf. Citipower did not include the reconciliation of the expired \$0.0319 per Mcf quarter ACA and the expired \$0.0064 per Mcf quarter BA previously approved in

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<sup>3</sup> Due to Citigas being a Citipower affiliate, the Commission pursuant to KRS 278.274(3)(b), shall ensure that the rates charged by the affiliate and ultimately to the consumer are just and reasonable and that an arm-length transaction has occurred.

<sup>4</sup> Case 2022-00045, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Mar. 30, 2022).

Case No. 2021-00096<sup>5</sup> in the calculation of its current quarter BA. Citipower's corrected current quarter BA is \$0.0008 per Mcf. In calculating its total BA, Citipower erroneously included an incorrect amount of (\$0.0001) per Mcf for the Previous Quarter BA. The Previous Quarter BA is \$0.0001 per Mcf as approved by the Commission in Case No. 2022-00045.<sup>6</sup> Citipower's corrected total BA is (\$0.0207) per Mcf, which is an increase of \$0.0125 per Mcf from its previous total BA of (\$0.0332) per Mcf.

6. Citipower's corrected GCR rate is \$12.0583 per Mcf, which is an increase of \$4.0319 per Mcf from the previous GCR of \$8.0264 per Mcf.

7. 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, 2022.

8. 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 reports for each month of the reporting period when it files its future GCR rate reports.

9. 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.

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<sup>5</sup> Case No. 2021-00096, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Mar. 31, 2021).

<sup>6</sup> Case 2022-00045, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Mar. 30, 2022).

2. The rates set forth in the Appendix to this Order are approved for service rendered on and after July 1, 2022.

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 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 closed and removed from the Commission's docket.

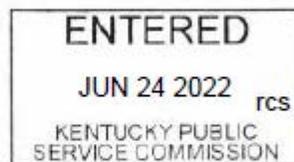
PUBLIC SERVICE COMMISSION



Chairman

\_\_\_\_\_  
Vice Chairman

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Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00135 DATED JUN 24 2022

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	\$12.0583	\$24.4480

COMMERCIAL AND INDUSTRIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 12.4688	\$12.0583	\$24.5271

INSTITUTIONAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 13.2893	\$12.0583	\$25.3476

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