

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT ) CASE NO. 2009-00080  
FILING OF CITIPOWER, LLC )

O R D E R

On March 31, 2000, the Commission issued its Order in Case No. 1999-00225<sup>1</sup> 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 Gas Cost Adjustment ("GCA") clause.

On February 23, 2009, Citipower filed its GCA to be effective April 1, 2009.

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

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

2. Citipower originally proposed an Expected Gas Cost ("EGC") of \$13.7079 per Mcf, which is based on a 12-month contract expiring April 30, 2009. After discussions held at the telephonic informal conference on March 27, 2009, Citipower revised its Average Expected Cost per Mcf to \$8.256 based on the New York Mercantile Exchange ("NYMEX") Natural Gas 12-Month Strip rate for March 26, 2009 and the

---

<sup>1</sup> Case No. 1999-00225, The Application of Citipower, LLC, for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities.

expiring contract rate for the month of April only. Gas cost for the months of May and June is estimated using a current 12-month NYMEX strip of \$4.63, adjusted for Btu content to \$5.556 per Mcf. Citipower's Average Expected Cost per Mcf Purchased is \$8.2560 per Mcf, which results in an EGC of \$8.2849. This is a decrease of \$5.4240 from the prior approved EGC of \$13.7089.

3. Citipower's notice sets out no refund adjustment.

4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of (\$.0001) per Mcf. Citipower used an incorrect monthly EGC factor to calculate the AA. Correcting for this error produces a revised current quarter AA of (\$.0143) per Mcf. Also, Citipower carried forward an incorrect amount from the previous quarter AA. The previous quarter AA should have been \$.0001 per Mcf. The resulting total AA is \$1.3752 per Mcf, which is a decrease of \$.0143 per Mcf from the previous total AA of \$1.3895.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0276) per Mcf. Citipower used an incorrect AA balance and factor in calculating the BA. Correcting for this error produces a revised current BA of \$.0106 per Mcf. Citipower's total BA is (\$.0672) per Mcf, which is an increase of \$.0037 per Mcf from its prior total BA of (\$.0709) per Mcf.

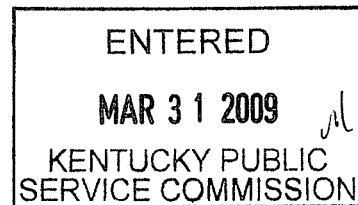
6. These combined adjustments produce a GCA of \$9.5929 per Mcf, which is a decrease of \$5.4346 per Mcf from the previous rate of \$15.0275 per Mcf.

7. The revised rates in Appendix A to this Order are fair, just and reasonable, and should be approved for billing for service rendered on and after April 1, 2009.

IT IS THEREFORE ORDERED that:

1. Citipower's proposed rates are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are approved for billing for service rendered on and after April 1, 2009.
3. Within 20 days of the date of this Order, Citipower shall file with the Commission its revised tariffs setting out the rates authorized herein.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX  
APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2009-00080 DATED **MAR 3 1 2009**

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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
Volumetric Rate	\$6.4592	\$ 9.5929	\$16.0521

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>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
Volumetric Rate	\$5.4592	\$ 9.5929	\$15.0521

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.

Dan Forsberg  
President  
CitiPower, L.L.C.  
2122 Enterprise Road  
Greensboro, NC 27408