

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF) CASE NO.
CITIPOWER L.L.C.) 2013-00105

O R D E R

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 Gas Cost Adjustment ("GCA") clause.

On March 18, 2013, Citipower filed its GCA to be effective April 1, 2013.

After reviewing the record in this case, and previous Citipower GCA cases, 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 proposed an Expected Gas Cost ("EGC") of \$4.7796 per Mcf. Its 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 Gases' volumes are priced using current price projections as of March 14, 2013. The EGC is otherwise based on Citipower's expected cost of gas from its primary supplier, Citigas, LLC ("Citigas") [an affiliate pursuant to 278.010(18)], using the New York Mercantile Exchange ("NYMEX")

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).

Natural Gas 12-Month strip rate for March 2013. Citipower's current EGC of \$4.7796 per Mcf is an increase of \$.0060 per Mcf from the prior approved EGC of \$4.7736 per Mcf.

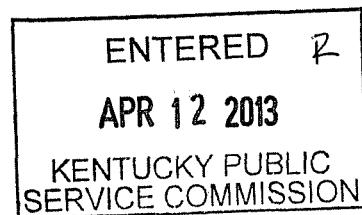
3. Citipower's notice sets out no Refund Adjustment.
4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of (\$.1179) per Mcf. Citipower did not use the \$4.13 per Mcf Unit Cost of Gas quoted by Citigas for October through December 2012 in calculating its monthly cost difference. Correcting this produces a current AA of (\$.0036) per Mcf. Citipower's total AA of (\$.0595) per Mcf represents an increase of \$.0018 per Mcf from its previous AA of (\$.0613).
5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of (\$.0070) per Mcf. Citipower calculated its BA using the (\$.0147) per Mcf AA that it had proposed in Case No. 2011-00474² for rates effective January 1, 2012, instead of using the (\$.0814) per Mcf AA approved by the Commission. Correcting this results in a current BA in the amount of (\$.0385) per Mcf. Citipower's total BA is (\$.1618) per Mcf, which represents a decrease of \$.0642 per Mcf from its prior total BA of (\$.0976) per Mcf.
6. These combined adjustments produce a GCA of \$4.5583 per Mcf, which is a decrease of \$.0564 per Mcf from the previous rate of \$4.6147 per Mcf.
7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered on and after the date of this Order. Citipower did not give sufficient notice for rates to take effect April 1, 2013.

² Case No. 2011-00474, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Dec. 19, 2011).

IT IS THEREFORE ORDERED that:

1. The rates proposed by Citipower are denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are approved for service rendered on and after the date of this Order.
3. Within 20 days of the date of this Order, Citipower shall file its revised tariffs with the Commission setting out the rates authorized herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

Howard D. Gruenwald Jr.
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2013-00105 DATED APR 12 2013

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	\$ 4.5583	\$12.2075

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	\$ 4.5583	\$11.2075

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.

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