

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT) CASE NO.
FILING OF CITIPOWER, LLC) 2021-00442

ORDER

On November 29, 2021, Citipower, LLC (Citipower) filed its Gas Cost Recovery (GCR) rate report, for rates effective as of January 1, 2022. Citipower's previous GCR rate was approved in Case No. 2021-00332.¹

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

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

¹ Case No. 2021-00332, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Sept. 29, 2021).

² 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 \$8.0340 per Mcf, which is an increase of \$1.4208 per Mcf from its previous EGC of \$6.6132 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 Twelve-Month strip rate for December 2021, 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 \$0.0000 per Mcf. Citipower's total ACA is \$0.1147 per Mcf, which is no change from its previous total ACA.

5. Citipower's report sets out a current quarter Balance Adjustment (BA) of (\$0.0028) per Mcf. Due to a spreadsheet rounding error, Citipower erroneously set out an incorrect total BA of (\$0.0270) per Mcf. Citipower's corrected total BA is (\$0.0269) per Mcf, which is a decrease of \$0.0144 per Mcf from its previous total BA of (\$0.0125) per Mcf.

6. Citipower's corrected GCR rate is \$8.1218 per Mcf, which is an increase of \$1.4064 per Mcf from the previous GCR of \$6.7154.

7. 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 January 1, 2022.

³ 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.

8. 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 January 1, 2022.
3. 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.
4. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED
DEC 16 2021
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Linda C. Bidwell
Executive Director

Case No. 2021-00442

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00442 DATED DEC 16 2021

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 | \$8.1218 | \$20.5115 |

COMMERCIAL AND INDUSTRIAL

| | <u>Base Rate</u> | <u>Gas Cost Recovery Rate</u> | <u>Total</u> |
|---------|------------------|---------------------------------------|--------------|
| All Mcf | \$ 12.4688 | \$8.1218 | \$20.5906 |

INSTITUTIONAL

| | <u>Base Rate</u> | <u>Gas Cost Recovery Rate</u> | <u>Total</u> |
|---------|------------------|---------------------------------------|--------------|
| All Mcf | \$ 13.2893 | \$8.1218 | \$21.4111 |

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