

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF CITIPOWER, LLC)	2024-00157

ORDER

On May 28, 2024, Citipower, LLC (Citipower) filed its Gas Cost Recovery (GCR) rate report for rates effective as of July 1, 2024. Citipower's previous GCR rate was approved in Case No. 2024-00027.¹

LEGAL STANDARD

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

¹ Case No. 2024-00027, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Mar. 28, 2024).

² KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Citipower's report proposes revised rates designed to pass on to its customers its expected change in gas costs. Citipower's report sets out an Expected Gas Cost (EGC) of \$5.5768 per Mcf, which is an increase of \$1.2748 per Mcf from its previous EGC of \$4.3020 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 strip rate for July 2024, a \$1.5000 per Mcf fee for transportation, and a 20 percent markup marketing fee. Citipower's report sets out no Refund Adjustment. Citipower's report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.0002 per Mcf. Due to a typographical error, Citipower used the incorrect EGC rate in effect for the January, February, and March 2024 period. The Commission approved EGC for January, February, and March 2024 is \$5.8332 per Mcf as approved in Case No. 2023-00364.⁴ Using the Commission approved EGC for the January, February, and March quarter results in a corrected quarterly ACA of (\$0.0002) per Mcf. Citipower's corrected total ACA is (\$0.0002) per Mcf, which is a decrease of \$0.0003 per Mcf from its previous total ACA of \$0.0001 per Mcf. Citipower's report sets out a current quarter Balance Adjustment (BA) of (\$0.0010) per Mcf. Citipower's total BA is \$0.0169 per Mcf, which is a decrease of \$0.0024 per Mcf from its previous total BA of \$0.0193 per Mcf.

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.

⁴ 2023-00364, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Dec. 21, 2023).

Based on the calculations above, the Commission finds that Citipower's corrected GCR rate is \$5.5935 per Mcf, which is an increase of \$1.2721 per Mcf from the previous GCR rate of \$4.3214 per Mcf. The Commission further finds that 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, 2024.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Citipower should submit all invoices it receives along with its monthly usage report for each month of the reporting period when it files its future GCR rate reports. 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 July 1, 2024.
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. 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 shall be documented in its cover letter to the Commission.
5. Within 20 days of the date of service 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.

6. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
JUN 25 2024
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00157 DATED JUN 25 2024

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	\$5.5935	\$17.9832

COMMERCIAL AND INDUSTRIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 12.4688	\$5.5935	\$18.0623

INSTITUTIONAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 13.2893	\$5.5935	\$18.8828

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