

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT )	CASE NO.
FILING OF CITIPOWER, LLC )	2024-00368

ORDER

On November 27, 2024, Citipower, LLC (Citipower) filed its Gas Cost Recovery (GCR) rate report for rates effective as of January 1, 2025. Citipower's previous GCR rate was approved in Case No. 2024-00266.<sup>1</sup>

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.<sup>2</sup>

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<sup>1</sup> Case No. 2024-00266, *Electronic Purchased Gas Adjustment Filing of Citipower, LLC* (Ky. PSC Sept. 30, 2024).

<sup>2</sup> 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 \$5.8616 per Mcf, which is an increase of \$0.6496 per Mcf from its previous EGC of \$5.2120 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 February 2025, 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 \$0.0000 per Mcf.<sup>4</sup> Citipower's total ACA is (\$0.0002) per Mcf, which is unchanged from its previous total. Citipower's report sets out a current quarter Balance Adjustment (BA) of (\$0.0013) per Mcf. Citipower's total BA is (\$0.0026) per Mcf, which is an increase of \$0.0007 per Mcf from its previous total BA of (\$0.0033) per Mcf.

Based on the calculations above, the Commission finds that Citipower's GCR rate is \$5.8588 per Mcf, which is an increase of \$0.6503 per Mcf from the previous GCR rate of \$5.2085 per Mcf. The Commission further finds that the rates set forth in the Appendix

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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> The previous ACA quarter of \$0.0000 per Mcf approved in Case No. 2023-00364 has expired in the current case for the reporting period ended September 30, 2024. The current ACA quarter as proposed in the current case is \$0.0000 per Mcf. This results in no change from the previous total ACA.

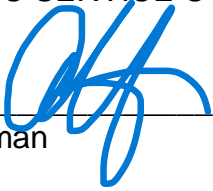
to this Order are fair, just and reasonable and are approved for service rendered by Citipower on and after January 1, 2024.

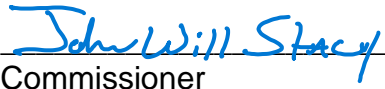
For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Citipower should submit all invoices it receives along with its monthly usage report for each month of the reporting period when it files its future GCR rate reports. Should Citipower purchase 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 approved.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after January 1, 2025.
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.

PUBLIC SERVICE COMMISSION

  
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Chairman

  
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Commissioner

  
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Commissioner

ATTEST:

   
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Executive Director

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KENTUCKY PUBLIC  
SERVICE COMMISSION

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00368 DATED DEC 20 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	\$5.8588	\$18.2485

COMMERCIAL AND INDUSTRIAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 12.4688	\$5.8588	\$18.3276

INSTITUTIONAL

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$ 13.2893	\$5.8588	\$19.1481

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