

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------|---|------------|
| NOTICE OF GAS COST ADJUSTMENT |) | CASE NO. |
| FILING OF CITIPOWER, LLC |) | 2006-00375 |

O R D E R

On March 31, 2000, the Commission issued its Order in Case No. 1999-00225¹ 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 August 2, 2006, Citipower filed its GCA to be effective September 1, 2006.

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’s proposed EGC is \$10.31 per Mcf, an increase of \$1.08 per Mcf from the prior approved EGC of \$9.23.
3. Citipower’s notice sets out no refund adjustment.

¹ Case No. 1999-00225, The Application of Citipower, LLC, for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities, Order dated March 31, 2000.

4. Citipower's notice sets out a current quarter actual adjustment ("AA") of (\$1.5932) per Mcf. Citipower incorrectly calculated its per Mcf AA factor. Correcting for this produces a current quarter AA of (\$1.4623) per Mcf. Citipower's total AA is (96.43) cents per Mcf, which is a decrease of \$1.4623 per Mcf from the previous total AA.

5. Citipower's notice sets out a current quarter balance adjustment ("BA") of (.08) cent per Mcf. Citipower incorrectly used a prior quarter BA rather than the correct quarter AA to calculate its current quarter BA.² Correcting for this produces a current quarter BA of (1.88) cent per Mcf. Citipower's total BA is (9.55) cents per Mcf, which is a decrease of 1.88 cent per Mcf from the previous total BA.

6. These combined adjustments produce a GCA of \$9.2502, which is 40.11 cents per Mcf less than the previous rate of \$9.6513.

7. The revised rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered on and after September 1, 2006.

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 September 1, 2006.
3. Within 20 days of the date of this Order, Citipower shall file with this Commission its revised tariffs setting out the rates authorized herein.

² Citipower used the total BA and current quarter BA from Case No. 2005-00169 rather than the total AA and current quarter AA from Case No. 2005-00081 to calculate its BA.

Done at Frankfort, Kentucky, this 28th day of August, 2006.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Executive Director

Case No. 2006-00375

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00375 DATED August 28, 2006

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 this 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 | \$9.2502 | \$15.7094 |

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 | \$9.2502 | \$14.7094 |

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.