



August 16, 2004

Beth O'Donnell, Executive Director
Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Case 2004-00322

RECEIVED

AUG 18 2004

PUBLIC SERVICE
COMMISSION

Re: Citipower L.L.C.
Quarterly Report of Gas Cost Recovery Rate Calculation

Dear Ms. O'Donnell:

Please accept the enclosed Citipower, L.L.C. Quarterly Report of Gas Cost Recovery Rate Calculation, filed August 16, 2004, for rates to be effective September 1, 2004, based on the reporting period from February 1, 2004 through April 30, 2004. To the best of my knowledge, this filing is complete and accurate, is in accordance with the requirements of the Commonwealth of Kentucky Public Service Commission, and is consistent with the calculation of the rates Ordered by the Public Service Commission on August 8, 2002 regarding Case No. 2002-00252.

The Public Service Commission may, as it has in the past, correct the Quarterly Report of Gas Cost Recovery Rate Calculation provided by Citipower, and issue its Order based on its corrected Calculation. If the Commission corrects the enclosed Calculation and issues its Order based on the Commission's corrected Calculation, please provide me with a legible copy of the Commission's corrected Calculation for my future reference.

Sincerely,

David J. Hutchinson
Controller

Citipower, LLC
2122 Enterprise Road
Greensboro, NC 27408

Voice 336-379-0800
Fax 336-379-0881

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AUG 18 2004

PUBLIC SERVICE
COMMISSION

COMPANY NAME

Citipower, LLC

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

08-16-2004

Date Rates to be Effective:

09-01-2004

Reporting Period is Calendar Quarter Ended:

04-30-2004

Citipower, LLC
 filed 08-16-2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.9860
+ Refund Adjustment (RA)	\$/Mcf	0
+ Actual Adjustment (AA)	\$/Mcf	1.6653
+ Balance Adjustment (BA)	\$/Mcf	< 1.0069 >
= Gas Cost Recovery Rate (GCR)	\$/Mcf	7.6444

GCR to be effective for service rendered from 09-01-2004 to 11-30-2004

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	550,517.76
+ Sales for the 12 months ended <u>04-30-2004</u>	Mcf	78,803
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	6.9860

B. REFUND ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	-
+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	-
= Refund Adjustment (RA)	\$/Mcf	-

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
<i>Actual Adjustment per Case #2002-0252 (expires August 31, 2005) *</i>		1.1136
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	0.1369
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.3944
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	< 0.0833 >
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	0.1037
= Actual Adjustment (AA)	\$/Mcf	1.6653

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
<i>Balance Adjustment per Case #2002-0252, for period Sept. 2002 - Oct. 2003 *</i>		< 0.4679 >
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	< 0.5093 >
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	< 0.0235 >
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	< 0.0062 >
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	-
= Balance Adjustment (BA)	\$/Mcf	< 1.0069 >

* carried forward

Citypower, LLC
filed 08-16-2004

SCHEDULE II

EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended 04-30-2004

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
<i>Forexco, Inc.</i>			<i>78,803</i>		<i>550,517.76</i>

(See Attached Detail)

Totals 78,803 550,517.76

Line loss for 12 months ended _____ is _____ % based on purchases of _____ Mcf and sales of _____ Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)		\$ 550,517.76
+ Mcf Purchases (4)	Mcf	<u>78,803</u>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	<u>6.9860</u>
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<u>78,803</u>
= Total Expected Gas Cost (to Schedule IA.)	\$	<u>550,517.76</u>

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

Citipower LLC
Quarterly Report of Gas Cost
Recovery Rate Calculation
Filing 08/16/2004

Schedule II
Expected Gas Cost

Month	Mcf	Expected Rate	Cost
May-03	3,652	6.9860	25,512.87
June-03	3,738	6.9860	26,113.67
July-03	3,331	6.9860	23,270.37
August-03	2,346	6.9860	16,389.16
September-03	2,918	6.9860	20,385.15
October-03	4,282	6.9860	29,914.05
November-03	5,527	6.9860	38,611.62
December-03	14,456	6.9860	100,989.62
January-04	12,270	6.9860	85,718.22
February-04	12,467	6.9860	87,094.46
March-04	7,769	6.9860	54,274.23
April-04	6,047	6.9860	42,244.34
	78,803	6.9860	550,517.76

Citipower, LLC
filed 08-16-2004

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 04-30-2004
(reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
= Refund Adjustment including interest	\$	
+ Sales for 12 months ended	Mcf	
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	<u>0</u>

Citipower, LLC
 filed 08-16-2004

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 3 month period ended 04-30-2004
 (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(2-04)</u>	<u>Month 2</u> <u>(3-04)</u>	<u>Month 3</u> <u>(4-04)</u>
Total Supply Volumes Purchased	Mcf	12,467.4	7,769.4	6,047.4
Total Cost of Volumes Purchased	\$	81,028.13	55,315.02	42,539.83
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	12,467.4	7,769.4	6,047.4
= Unit Cost of Gas	\$/Mcf	6.4992	7.1196	7.0344
- EGC in effect for month	\$/Mcf	5.7960	6.9360	6.9360
= Difference [(Over-)/Under-Recovery]	\$/Mcf	0.7032	0.1836	0.0984
x Actual sales during month	Mcf	12,467.4	7,769.4	6,047.4
= Monthly cost difference	\$	8,767.08	1,426.46	595.06

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)		\$ 10,788.60
+ Sales for 12 months ended <u>04-30-2004</u>	Mcf	78,803
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	0.1369

Citipower, LLC
 filed 08-16-2004

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended 04-30-2004
 (reporting period)

Particulars

Unit Amount

(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.

\$ 72,997.33

Less: Dollar amount resulting from the AA of 1.4404 \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of 78,399 Mcf during the 12-month period the AA was in effect. *(June 2003 - May 2004)*
 Equals: Balance Adjustment for the AA.

\$ < 112,925.92 >

\$ < 39,928.59 >

(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.

\$

Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.
 Equals: Balance Adjustment for the RA.

\$

\$ 0

(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.

\$

Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.
 Equals: Balance Adjustment for the BA.

\$

\$ 0

Total Balance Adjustment Amount (1) + (2) + (3)

\$ < 39,928.59 >

+ Sales for 12 months ended 05-31-2004

Mcf 78,399

Balance Adjustment for the Reporting Period
 (to Schedule ID.)

\$/Mcf < 0.5093 >