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PUBLIC SERVICE  
COMMISSION

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October 29, 2004

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

Case 2004-00432

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 October 29, 2004, for rates to be effective December 1, 2004, based on the reporting period from May 1, 2004 through July 31, 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

COMPANY NAME

*Citipower, LLC*

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

*10-29-2004*

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Date Rates to be Effective:

*12-01-2004*

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Reporting Period is Calendar Quarter Ended:

*07-31-2004*

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Citipower LLC  
 filed 10-29-2004

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	9.5240
+ Refund Adjustment (RA)	\$/Mcf	-
+ Actual Adjustment (AA)	\$/Mcf	1.6111
+ Balance Adjustment (BA)	\$/Mcf	< 1.3619 >
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>9.7732</u>

GCR to be effective for service rendered from 12-01-2004 to 02-28-2004

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	721,662.05
+ Sales for the 12 months ended <u>07-31-2004</u>	Mcf	75,773
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>9.5240</u>

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	-
<u>= Refund Adjustment (RA)</u>	\$/Mcf	<u>-</u>

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
<i>Actual Adjustment per Case # 2002-0252 (expires August 31, 2005)*</i>		
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	1.1136
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	0.0495
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	0.1369
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	0.3944
<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>&lt; 0.0833 &gt;</u>
	\$/Mcf	1.6111

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
<i>Balance Adjustment per Case # 2002-0252, for period Sept, 2002 - Oct, 2003</i>		
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	< 0.4679 >
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	< 0.3591 >
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	< 0.5093 >
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	< 0.0194 >
<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>&lt; 0.0062 &gt;</u>
	\$/Mcf	< 1.3619 >

Citipower, LLC  
 Filed 10-29-2004

SCHEDULE II

EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended 07-31-2004

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Forexco, Inc.			75,773		721,662.05

(See Attached Detail)

Totals 75,773 721,662.05

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

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	721,662.05
+ Mcf Purchases (4)	Mcf	75,773
= Average Expected Cost Per Mcf Purchased	\$/Mcf	9.5240
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	75,773
= Total Expected Gas Cost (to Schedule IA.)	\$	721,662.05

\*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 10/29/2004**

**Schedule II**  
**Expected Gas Cost**

Month	Mcf	Expected Rate	Cost
August-03	2,346	9.5240	22,343.30
September-03	2,918	9.5240	27,791.03
October-03	4,282	9.5240	40,781.77
November-03	5,527	9.5240	52,639.15
December-03	14,456	9.5240	137,678.94
January-04	12,270	9.5240	116,859.48
February-04	12,467	9.5240	118,735.71
March-04	7,769	9.5240	73,991.96
April-04	6,047	9.5240	57,591.63
May-04	3,248	9.5240	30,933.95
June-04	2,561	9.5240	24,390.96
July-04	1,882	9.5240	17,924.17
	75,773	9.5240	721,662.05

Citipower, LLC  
filed 10-29-2004

APPENDIX B  
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SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended 07-31-2004  
(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 10-29-2004

SCHEDULE IV

ACTUAL ADJUSTMENT

07-31-2004  
 (reporting period)

For the 3 month period ended

<u>Particulars</u>	<u>Unit</u>	<u>Month 1 (05-04)</u>	<u>Month 2 (06-04)</u>	<u>Month 3 (07-04)</u>
Total Supply Volumes Purchased	Mcf	3,248.2	2,560.9	1,881.8
Total Cost of Volumes Purchased	\$	25,109. <sup>88</sup>	18,914. <sup>81</sup>	13,801. <sup>87</sup>
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	3,248.2	2,560.9	1,881.8
= Unit Cost of Gas	\$/Mcf	7.7304	7.3860	7.3344
- EGC in effect for month	\$/Mcf	6.9360	7.1004	7.1004
= Difference [(Over-)/Under-Recovery]	\$/Mcf	.7944	.2856	.2340
x Actual sales during month	Mcf	3,248.2	2,560.9	1,881.8
= Monthly cost difference	\$	2,580.37	731.39	440.34

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	3,752.10
+ Sales for 12 months ended <u>07-31-2004</u>	Mcf	75,773
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	0.0495

Citipower, LLC  
filed 10-29-2004

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended 07-31-2004  
(reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of <u>1.3996</u> \$/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 <u>76,032</u> Mcf during the 12-month period the AA was in effect. <i>(Sept. 2003 - August 2004)</i> Equals: Balance Adjustment for the AA.	\$	79,114.89  < 106,414.39 >  \$ < 27,299.50 >
(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.	\$	    \$ _____
(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.	\$	    \$ _____
Total Balance Adjustment Amount (1) + (2) + (3)	\$	< 27,299.50 >
+ Sales for 12 months ended <u>08-31-2004</u>	Mcf	<u>76,032</u>
Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	< 0.3591 >



**Citipower LLC**  
**Quarterly Report of Gas Cost**  
**Recovery Rate Calculation**  
**Filing 10/29/2004**

**Schedule V**  
**Balance Adjustment**

for Balance Adjustment  
of AA effective 06-01-2003

Month	Mcf
September-03	2,918
October-03	4,282
November-03	5,527
December-03	14,456
January-04	12,270
February-04	12,467
March-04	7,769
April-04	6,047
May-04	3,248
June-04	2,561
July-04	1,882
August-04	2,605
	76,032

David F Hutchinson  
Citipower, LLC  
2122 Enterprise Road  
Greensboro, NC 27408



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COMMISSION

Beth O'Donnell, Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

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and shown  
where