



Ernie Fletcher  
Governor

Mark David Goss  
Chairman

LaJuana S. Wilcher, Secretary  
Environmental and Public  
Protection Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Teresa J. Hill  
Vice Chairman

Christopher L. Lilly  
Commissioner  
Department of Public Protection

August 28, 2006

John Forsberg  
CitiPower, L.L.C.  
2122 Enterprise Road  
Greensboro, NC 27408

CERTIFICATE OF SERVICE

RE: Case No. 2006-00375  
CitiPower, L.L.C.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on August 28, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc  
Enclosure

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. 1999-00225<sup>1</sup> 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.

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<sup>1</sup> 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.<sup>2</sup> 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.

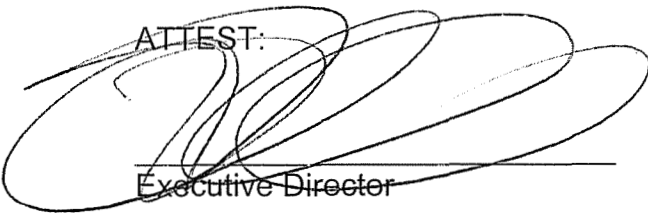
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<sup>2</sup> Citipower used the total BA and current quarter BA from Case No. 2005-00169 rather than the total AA and current quarter AA from Case No. 2005-00081 to calculate its BA.

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

By the Commission

ATTEST:

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and curves, positioned over the printed text 'Executive Director'.

Executive Director

## 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>	<u>Gas Cost Recovery 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>	<u>Gas Cost Recovery 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.