



October 27, 2006

Beth O'Donnell, Executive Director  
Commonwealth of Kentucky  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

RECEIVED

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PUBLIC SERVICE  
COMMISSION

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

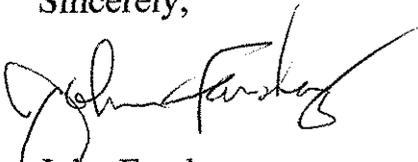
*Case No. 2006-00467*

Dear Ms. O'Donnell:

Please accept the enclosed Citipower, L.L.C. Quarterly Report of Gas Cost Recovery Rate Calculation rates to be effective December 1, 2006 based on the reporting period from May 1, 2006 through July 31, 2006. 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.

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 for future reference.

Sincerely,



John Forsberg

Citipower, LLC  
2122 Enterprise Road  
Greensboro, NC 27408

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

Citipower, LLC

COMPANY NAME

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

October 31, 2006

Date Rates to be Effective:

December 1, 2006

Reporting Period is Calendar Quarter Ended:

July 31, 2006

*Citipower, LLC*

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.04
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	<1.2368>
+ Balance Adjustment (BA)	\$/Mcf	.0068
= Gas Cost Recovery Rate (GCR)	\$/Mcf	8.81

GCR to be effective for service rendered from 12/1/06 to 2/28/07

A. EXPECTED GAS COST CALCULATION

	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	856,061
+ Sales for the 12 months ended _____	Mcf	85,265
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	10.04

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	

C. ACTUAL ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	<0.2525>
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	<1.4623>
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	<.4007>
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.8780
<u>= Actual Adjustment (AA)</u>	\$/Mcf	<1.2368>

D. BALANCE ADJUSTMENT CALCULATION

	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.0432
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	<.01887>
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	<.0065>
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	<.0111>
<u>= Balance Adjustment (BA)</u>	\$/Mcf	.0068

*Citipower, LLC*

SCHEDULE II  
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>July 31, 2006</u>					
(1)	(2)	(3)	(4)	(5)**	(6)
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4)x(5) Cost
<i>Citigas</i>			<i>85,265</i>	<i>10.04</i>	<i>856,061</i>

Totals 85,265 856,061

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

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	<i>856,061</i>
+ Mcf Purchases (4)	Mcf	<i>85,265</i>
= Average Expected Cost Per Mcf Purchased	\$/Mcf	<i>10.04</i>
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	<i>85,265</i>
= Total Expected Gas Cost (to Schedule IA.)	\$	<i>856,061</i>

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

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

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended \_\_\_\_\_ (reporting period)

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

*Chilipower, LLC*

SCHEDULE IV

ACTUAL ADJUSTMENT

*July 31, 2006*

For the 3 month period ended (reporting period)

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>(05/06)</u>	Month 2 <u>(06/06)</u>	Month 3 <u>(07/06)</u>
Total Supply Volumes Purchased	Mcf	5843	4417	3238
Total Cost of Volumes Purchased	\$	44765	32,351	31,911
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	5843	4417	3238
= Unit Cost of Gas	\$/Mcf	7.66	7.32	9.85
- EGC in effect for month	\$/Mcf	10.26	9.23	9.23
= Difference [(Over-)/Under-Recovery]	\$/Mcf	<2.60>	<1.91>	.62
x Actual sales during month	Mcf	5843	4,417	3238
= Monthly cost difference	\$	<15,192>	<8,346>	2,008

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	<21,530>
+ Sales for 12 months ended _____	Mcf	85265
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	<.2523>

*Citipower*

SCHEDULE V

BALANCE ADJUSTMENT

*July 31, 2006*

For the 3 month period ended \_\_\_\_\_ (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>.4223</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>85,265</u> Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$	<p><i>&lt; 32,321.00</i></p> <p><i>&lt; 36007.40</i></p> <p><u>3686.40</u></p>
(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.	\$	<p>_____</p> <p>_____</p>
(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.	\$	<p>_____</p> <p>_____</p>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	_____
+ Sales for 12 months ended <u>July 31, 2006</u>	Mcf	<u>85,265</u>
Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>.0432</u>

**Citipower LLC  
Quarterly Report of Gas Cost  
Recovery Rate Calculation  
Filing 10/31/06**

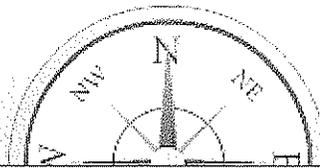
**Schedule II  
Expected Gas Cost**

<u>Month</u>	<u>Mcf</u>
August-05	3,167
September-05	4,139
October-05	4,333
November-06	7,164
December-06	12,624
January-06	11,314
February-06	13,803
March-06	9,589
April-06	5,634
May-06	5,843
June-06	4,417
July-06	3,238
	<hr/> 85,265

**Citipower LLC  
Schedule V  
Balance Adjustment  
Filing 10/31/06**

<u>Month</u>	<u>Mcf</u>
September-05	4,139
October-05	4,333
November-05	7,164
December-05	12,624
January-06	11,314
February-06	13,803
March-06	9,589
April-06	5,634
May-06	5,843
June-06	4,417
July-06	3,238
August-06	3,364
	<u>85,462</u>

Looking for Guidance  
Trading Futures?



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Commodity Futures Price Quotes For  
**NYMEX Henry Hub Natural Gas**

(Price quotes for NYMEX Henry Hub Natural Gas delayed at least 30 minutes as per exchange requirements)

[Click here to refresh data](#)

25.10/3  
= 8.34  
BTU 1-2 10.04

25.00

Month <small>Click for chart</small>	Session								Pr.Day		Options
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	OpInt	
Nov 06	7.730	7.830	7.450	7.497	Oct 26, 17:45	7.497	-0.196	56752	7.693	38145	Call Put
Dec 06	8.150	8.370	8.010	8.067	Oct 26, 17:46	8.067	-0.261	23377	8.328	85169	Call Put
Jan 07	8.400	8.700	8.400	8.497	Oct 26, 17:48	8.497	-0.204	9102	8.701	69738	Call Put
Feb 07	8.500	8.730	8.500	8.532	Oct 26, 17:46	8.532	-0.199	2539	8.731	35979	Call Put
Mar 07	8.350	8.550	8.370	8.352	Oct 26, 17:48	8.352	-0.194	5943	8.546	97123	Call Put
Apr 07	7.830	7.900	7.775	7.772	Oct 26, 17:46	7.772	-0.174	6624	7.946	90446	Call Put
May 07	7.860	7.860	7.750	7.729	Oct 26, 17:48	7.729	-0.182	500	7.911	25470	Call Put
Jun 07	7.910	7.910	7.850	7.810	Oct 26, 17:45	7.810	-0.182	133	7.992	13496	Call Put
Jul 07	7.970	7.970	7.930	7.900	Oct 26, 17:47	7.900	-0.183	97	8.083	11301	Call Put
Aug 07	8.050	8.050	7.990	7.960	Oct 26, 17:45	7.960	-0.183	266	8.143	14002	Call Put
Sep 07	8.140	8.140	8.080	8.005	Oct 26, 17:46	8.005	-0.183	17	8.188	11683	Call Put
Oct 07	8.210	8.210	8.140	8.087	Oct 26, 17:45	8.087	-0.181	3068	8.268	37744	Call Put
Nov 07	8.670	8.670	8.640	8.532	Oct 26, 17:47	8.532	-0.196	3481	8.728	22635	Call Put
Dec 07	9.180	9.180	9.060	9.002	Oct 26, 17:45	9.002	-0.246	639	9.248	34322	Call Put
Jan 08	9.300	9.400	9.300	9.257	Oct 26, 17:47	9.257	-0.241	857	9.498	28785	Call Put
Feb 08	-	-	-	9.493	Oct 26, 17:45	9.254	-0.239	70	9.493	17088	Call Put
Mar 08	-	-	-	9.270	Oct 26, 17:45	9.037	-0.236	1819	9.273	38039	Call Put
Apr 08	7.950	7.980	7.950	7.877	Oct 26, 17:45	7.877	-0.196	795	8.073	26890	Call Put
May 08	-	-	-	7.706	Oct 26, 17:48	7.737	-0.191	81	7.928	12539	Call Put
Jun 08	-	-	-	7.771	Oct 26, 17:47	7.802	-0.186	54	7.988	6074	Call Put
Jul 08	-	-	-	7.836	Oct 26, 17:47	7.872	-0.181	-	8.053	3708	Call Put
Aug 08	-	-	-	7.866	Oct 26, 17:48	7.902	-0.181	7	8.083	4234	Call Put
Sep 08	-	-	-	7.911	Oct 26, 17:47	7.947	-0.181	67	8.128	5455	Call Put
Oct 08	8.007	8.007	8.007	8.007	Oct 26, 17:48	8.007	-0.171	522	8.178	19863	Call Put
Nov 08	-	-	-	8.445	Oct 26, 17:48	8.332	-0.186	-	8.518	11015	Call Put
Dec 08	-	-	-	8.706	Oct 26, 17:48	8.657	-0.201	-	8.858	10782	Call Put

UHPower,  
2122 Enterprise Rd  
Greensboro, NC 27408

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1486 # 00.870  
6025 GREENSBORO NC  
OCT 27 06  
PB8530600  
27408

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NOV 1 2006  
PUBLIC SERVICE  
COMMISSION

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Kentucky Public Service Commission  
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