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August 31, 2007

CERTIFICATE OF SERVICE

RE: Case No. 2007-00348
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 31, 2007.

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

Executive Director

BOD/mb
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	CASE NO.
FILING OF CITIPOWER, LLC)	2007-00348

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, 2007, Citipower filed its GCA to be effective September 1, 2007.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Citipower's notice proposes revised rates designed to pass on its expected change in gas costs to its customers.
2. Citipower's proposed Expected Gas Cost ("EGC") is \$10.44 per Mcf, which is no change from the prior approved EGC of \$10.44.
3. Citipower's notice sets out no Refund Adjustment.
4. Citipower's notice sets out a current quarter Actual Adjustment ("AA") of 25.13 cents per Mcf. Citipower miscalculated the monthly cost difference for February

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.

2007. Correcting for this produces a current quarter AA of (17.24) cents per Mcf. Citipower's total AA is (\$1.0895) per Mcf, which is an increase of \$1.2899 per Mcf from the previous total AA.

5. Citipower's notice sets out a current quarter Balance Adjustment ("BA") of 6.95 cents per Mcf. Citipower incorrectly calculated its cost difference and included incorrect prior quarter BAs in its calculation. Correcting for this produces a current quarter BA of 3.49 cents per Mcf. Citipower's total BA is 3.06 cents per Mcf, which is an increase of 5.37 cents per Mcf from its prior total BA.

6. These combined adjustments produce a GCA of \$9.3811, which is \$1.3436 per Mcf more than the previous rate of \$8.0375.

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, 2007.

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, 2007.
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.

Done at Frankfort, Kentucky, this 31st day of August, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX
APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2007-00348 DATED August 31, 2007

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 the 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	\$9.3811	\$15.8403

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	\$9.3811	\$14.8403

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.