



January 27, 2006

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

**RECEIVED**

JAN 30 2006

PUBLIC SERVICE  
COMMISSION

Re: Citipower L.L.C.

*Case No. 2006-00044*

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 January 27, 2006 for rates to be effective March 1, 2006 based on the reporting period from August 1, 2005 through October 31, 2005. 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 of the Commission's corrected Calculation for my 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

RECEIVED

JAN 30 2006

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

PUBLIC SERVICE  
COMMISSION

Date Filed:

January 31, 2006

Date Rates to be Effective:

March 1, 2006

Reporting Period is Calendar Quarter Ended:

October, 31 2005

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.26
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	.4757
+ Balance Adjustment (BA)	\$/Mcf	<.0611>
= Gas Cost Recovery Rate (GCR)	\$/Mcf	10.6746

GCR to be effective for service rendered from 3/1/06 to 6/30/06

<b>A. <u>EXPECTED GAS COST CALCULATION</u></b>		
	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Schedule II)	\$	885,941
+ Sales for the 12 months ended <u>10/05</u>	Mcf	86,349
<u>Expected Gas Cost (EGC)</u>	\$/Mcf	10.26
<b>B. <u>REFUND ADJUSTMENT CALCULATION</u></b>		
	<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	
<b>C. <u>ACTUAL ADJUSTMENT CALCULATION</u></b>		
	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.8780
+ Previous Quarter Reported Actual Adjustment	\$/Mcf	.0200
+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<.4223>
= Actual Adjustment (AA)	\$/Mcf	.4757
<b>D. <u>BALANCE ADJUSTMENT CALCULATION</u></b>		
	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	<.0111>
+ Previous Quarter Reported Balance Adjustment	\$/Mcf	<.0591>
+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.0091
= Balance Adjustment (BA)	\$/Mcf	<.0611>

SCHEDULE II  
EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended 10/31/05

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Forexco, Inc			74,710		766,525
Citgas, Inc			11,639		119,416
Totals			<u>86,349</u>		<u>885,941</u>

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

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	885,941
+ Mcf Purchases (4)	Mcf	86,349
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.26
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	86,349
= Total Expected Gas Cost (to Schedule IA.)	\$	885,941

\*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	\$	
= Refund Adjustment including interest	\$	
+ Sales for 12 months ended _____	Mcf	
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

SCHEDULE IV

ACTUAL ADJUSTMENT

October 31, 2005

For the 3 month period ended (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(8/05)</u>	<u>Month 2</u> <u>(9/05)</u>	<u>Month 3</u> <u>(10/05)</u>
Total Supply Volumes Purchased	Mcf	3,167	4,139	4,333
Total Cost of Volumes Purchased	\$	43,560	69,723	63,477
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	3,167	4,139	4,333
= Unit Cost of Gas	\$/Mcf	13.75	16.84	14.65
- EGC in effect for month	\$/Mcf	8.67	8.67	8.67
= Difference [(Over-)/Under-Recovery]	\$/Mcf	5.08	8.17	5.98
x Actual sales during month	Mcf	3,167	4,139	4,333
= Monthly cost difference	\$	16,088	33,816	25,911

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	75,815
+ Sales for 12 months ended	Mcf	86,349
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	8.780

SCHEDULE V

BALANCE ADJUSTMENT

October 31, 2005

For the 3 month period ended \_\_\_\_\_ (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.	\$	1088
Less: Dollar amount resulting from the AA 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 AA was in effect.	\$	
Equals: Balance Adjustment for the AA.	\$	11,739
(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)	\$	
+ Sales for 12 months ended <u>11/05</u>	Mcf	85,741
Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	< 0.110 >

**Citipower LLC  
Quarterly Report of Gas Cost  
Recovery Rate Calculation  
Filing 01/31/06**

**Schedule II  
Expected Gas Cost**

Month	Mcf	Expected Rate	Cost
Nov-04	7,772	10.2600	79,741
Dec-05	12,419	10.2600	127,419
Jan-05	12,044	10.2600	123,571
Feb-05	11,744	10.2600	120,493
Mar-05	13,024	10.2600	133,626
Apr-05	5,489	10.2600	56,317
May-05	5,358	10.2600	54,973
June-05	3,981	10.2600	40,845
July-05	2,879	10.2600	29,539
August-05	3,167	10.2600	32,493
September-05	4,139	10.2600	42,466
October-05	4,333	10.2600	44,457
	86,349	10.2600	885,941



**Citipower LLC  
Schedule V  
Balance Adjustment  
Filing 01/31/06**

<u>Month</u>	<u>Mcf</u>
December-04	12,419
January-05	12,044
February-05	11,744
Mar-05	13,024
Apr-05	5,489
May-05	5,358
June-05	3,981
July-05	2,879
August-05	3,167
September-05	4,139
October-05	4,333
November-05	7,164
	<u>85,741</u>



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Commodity market prices and quotes are updated continuously during market hours.  
(Price quotes for NYMEX Henry Hub Natural Gas delayed at least 30 minutes as per exchange requirements)

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2565  
3 = 8.55

X 1.2 BTU = \$ 10.26

Month <small>Click for chart</small>	Session									Pr. Day		Options
	Open	High	Low	Last	Time	Sett	Chg	Vol	Ticks	Sett	OpInt	
Feb 06	8.09	8.476	7.75	8.25	14:29	-	-0.21	21852	38902	8.46	24532	Call Put
Mar 06	8.15	8.65	8.02	8.4	14:29	-	-0.237	11243	14761	8.637	99824	Call Put
Apr 06	8.26	8.726	8.07	8.65	14:29	-	-0.072	5186	4983	8.722	34912	Call Put
May 06	8.35	8.822	8.2	8.6	14:28	-	-0.212	4330	2368	8.812	32992	Call Put
Jun 06	8.55	9	8.38	8.655	14:17	-	-0.253	2231	1181	8.908	20600	Call Put
Jul 06	8.65	9	8.55	8.85	14:02	-	-0.148	1227	1062	8.998	20442	Call Put
Aug 06	9.72	9.08	8.6	8.85	14:02	-	-0.233	2612	886	9.083	20187	Call Put
Sep 06	8.77	9.132	8.65	9	14:27	-	-0.133	2147	701	9.133	14593	Call Put
Oct 06	8.85	9.232	8.75	9.07	14:17	-	-0.148	2195	854	9.218	28145	Call Put
Nov 06	9.78	10.108	9.73	10	14:15	-	-0.108	868	521	10.108	13336	Call Put
Dec 06	10.58	10.89	10.5	10.82	14:16	-	-0.068	1248	562	10.888	16076	Call Put
Jan 07	11.13	11.42	11.05	11.35	14:17	-	-0.073	1814	513	11.423	17108	Call Put
Feb 07	11.13	11.4	11.13	11.4	14:17	-	-0.042	2026	264	11.442	11934	Call Put
Mar 07	11.1	11.25	11.03	11.22	14:18	-	-0.052	1886	190	11.272	13969	Call Put
Apr 07	9.16	9.37	9.14	9.37	14:16	-	-0.032	1898	164	9.402	11734	Call Put
Jun 07	9.1	9.1	9.1	9.1	10:52	-	-0.187	320	59	9.287	6285	Call Put
Dec 07	10.54	10.62	10.54	10.54	12:03	-	-0.197	817	61	10.737	6052	Call Put

25.65

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Wilmington, NC 27408

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