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January 11, 2006

Beth A. O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED
JAN 16 2007
PUBLIC SERVICE
COMMISSION

**RE: CITIPOWER, LLC APPLICATION FOR RATE ADJUSTMENT
CASE NUMBER 2006-00556**

Dear Ms. O'Donnell:

Citipower, LLC, received a letter, dated December 27, 2007, which stated that the Alternative Rate Filing Application was deficient. The original application did not contain a proposed rate. Citipower, LLC, has now calculated a proposed rate and has amended its application to reflect the proposed rate. Citipower, LLC, has also updated its "Adjusted Amount" of revenue to reflect year-end figures, which are more accurate than the previously submitted figures. Enclosed are ten (10) copies of the amended pages of the application and an additional exhibit supporting the new revenue figures.

If you have any questions, please contact me.

Sincerely,



Jessica L. Newman

Enclosures

II. Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2005.
- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per Annual Report</u>	<u>Amount Per Annual Report</u>	<u>Increase (Decrease)</u>	<u>Adjusted Amount</u>
<u>Revenues:</u>			
	\$	\$	\$
Residential Sales	205,420.00		
Commercial and Industrial Sales	1,218,172.00		
Transportation of Gas	47,542.00		
Miscellaneous Service	13,268.00		
Total Revenues	<u>\$ 1,484,402.00</u>	<u>\$(4,471.00)</u>	<u>\$ 1,479,931.00</u>
 <u>Expenses:</u>			
Operation and Maintenance	1,297,374.00 ¹	198,908.00	1,496,282.00
Depreciation	82,393.00		82,393.00
Amortization and Depletion	13,188.00		13,188.00
Taxes other than income	37,806.00		37,806.00
Other Deductions	69,672.00	(55,297.00) ²	14,375.00
Total Expenses	<u>\$1,500,433.00</u>	<u>\$ 143,611.00³</u>	<u>\$ 1,644,044.00</u>
Revenues Less Expenses	<u>\$ (16,031.00)</u>	<u>\$ _____</u>	<u>\$ (164,113.00)</u>

¹ An itemized listing of the operation and maintenance expenses is attached hereto as Exhibit "A."

² A detailed list of interest payments and invoices for interest paid in 2005 are attached hereto collectively as Exhibit "B."

³ A detailed calculation of the total net increase in expenses is attached hereto as Exhibit "C."

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Decrease in Revenues- Attached hereto as Exhibit "D" is Citipower, LLC's revenue report through August 2006. Also attached as Exhibit "D1" is Citipower, LLC's expense and revenue report through December 2006

Increase in Operation and Maintenance Expenses- Due to increased natural gas wholesale prices in 2006, Citipower, LLC, expenses for purchasing natural gas supplies will be higher than in 2005. See Exhibit "E," 2005 Natural Gas Field Purchases, and Exhibit "F," 2006 Natural Gas Field Purchases.

Increase in Operation and Maintenance Expenses- Citipower, LLC's accounting costs and interest fees increased in 2006. Citipower, LLC's 2005 accounting costs were \$28,397.00. See Exhibit "G." Accounting costs have been \$28,446.85 in 2006. See Exhibit "H."

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
1. Residential	\$16.1105/mcf	\$17.5494/mcf	9%
2. Commercial	\$16.1105/mcf	\$17.5494/mcf	9%
3. Industrial	\$15.1105/mcf	\$16.5494/mcf	9.5%
4. Institutional	\$15.1105/mcf	\$16.5494/mcf	9.5%

III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

None

2) Total number of Customers
as of the date of filing: 401 as of 10/31/06

3) Total amount of increased
revenue requested: \$184,781.99

4) Please circle Yes or No:

a) Does the utility have any outstanding
indebtedness? Yes No

If yes, attach a copy of any documents
such as promissory notes, bond
resolutions, mortgage agreements, etc.

The Promissory Note is attached hereto as Exhibit "I."

b) Were all revenues and expenses listed
in the Annual Report for 2005 incurred
and collected from January 1 to
December 31 of that year? Yes No

If no, list total revenues and total
expenses incurred prior to or
subsequent to this period and attach

CUSTOMER NOTICE

Citipower, LLC has proposed to the Public Service Commission new rates for natural gas. The rates are currently \$16.1105/MCF for Residential and Commercial customers and \$15.1105/MCF for Industrial and Public customers, and, upon approval by the Commission, will be \$17.5494 for Residential and Commercial customers and \$16.5494 for Industrial and Public customers.

The rates contained in this notice are the rates proposed by Citipower, LLC. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in written, shall be submitted to the Executive Director, public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from Citipower, LLC at 2122 Enterprise Road, Greensboro, North Carolina 27408. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

BILLING ANALYSIS

Revenue Earned Under 2005 Usage and Current Rates

	Rate per MCF	MCFs Sold	Total Gas Revenue
Residential and Commercial Sales	\$16.1105	14,892	\$239,917.56
Industrial and Public Sales	\$15.1105	71,099	\$1,074,341.40
Total Sales		85,991	\$1,314,258.96

Revenue Earned Under 2006 Usage and Proposed Rates

	Rate per MCF	MCFs Sold	Total Gas Revenue
Residential and Commercial Sales	\$17.5494	15,729	\$276,034.51
Industrial and Public Sales	\$16.5494	84,696	\$1,401,667.90
Total Sales		100,425	\$1,677,702.41

Gas Supply Expense

Date	Memo	Cost	MCF	MCF By Type Cust		Gross Revenue
				Pub/Ind	Res/Com	
01/31/2005		91,356	12,044	9304	2740	186,692
02/28/2005		94,845	11,744	9163	2582	181,633
03/31/2005		119,607	13,024	10170	2854	185,376
04/29/2005	Gas purchased - April 2005	43,376	5,498	4564	934	78,198
05/31/2005	May 2005 Gas Purchase	41,015	5,358	4591	767	76,143
07/01/2005		33,353	3,981	3526	455	58,600
07/31/2005	Gas purchase - July 05	27,231	2,878	2566	312	43,515
09/30/2005	Sept 05 gas purch Citipower	69,723	4,174	3849	325	61,334
10/31/2005	Gas purch Oct 05 - Citipower	63,477	4,333	3770	563	63,153
11/09/2005	August gas purchase	43,600	3,167	2791	376	46,975
11/30/2005	November 05 gas purchase	108,220	7,165	6543	622	120,566
	Total 2005	735,803	73,366	10262	2,362	321,408
	Revenue Reported 12/2005 Expense recognized 1/2006			71,099	14,892	1,423,592
	Non Gas Cost (Base Rate)			5,4592	6,4592	484,332.53
	Non Gas Revenue			388,141.48	96,191.05	939,259.47
	Gas Cost Recovery					1,423,592.00
YTD 2006						
01/31/2006	Jan 2006 gas purchase CP	126,484.93	11,314	9,227	2,087	
02/21/2006	Dec 2005 gas purchase	170,026.42	12,623	10,262	2,361	
03/31/2006	FEB 06 GAS PURCHASE	111,248.15	13803	11,193	2,610	
03/31/2006	March 06 gas purch Citipower	82,943.99	9589	7,910	1,679	
04/30/2006	April 2006 gas purchase	44,317.04	5634	4,968	666	
05/31/2006	May 2006 gas purchase	44,765.12	5843	5,280	563	
06/30/2006	Citipower gas purchase June 2006	32,350.71	4417	3,974	443	
07/19/2006	Gas purchases - Dec 05-Mar 06	2,549.14				
07/31/2006	July 2006 gas purchase	31,911.56	3239	2,882	357	
08/31/2006	August 2006 gas purchase - CP	24,416.74	3364	2,995	369	
09/30/2006	Citipower gas purchase Sept 2006	25,457.93	3775	3,386	389	
10/06/2006	PLUG & BARREL LOCK	158.36				
10/30/2006	Oct	56,781.65	6280	5,353	927	

11/30/2006	Nov	109,618.93	10272	8,633	1,639
12/31/2006	Dec (est)	109,618.93	10272	8,633	1,639
		<u>972,649.60</u>	<u>100,425</u>	<u>84,696</u>	<u>15,729</u>
					<u><u>1,479,931</u></u>
Non Gas Cost (Base Rate)				<u>5,4592</u>	<u>6,4592</u>
Non Gas Revenue					563,969
Gas Cost Recovery				462,372	101,597
YTD Revenues Jan-Nov (Dec Est)					<u><u>915,962</u></u>
					<u><u>1,479,931</u></u>