



July 31, 2007

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

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COMMISSION

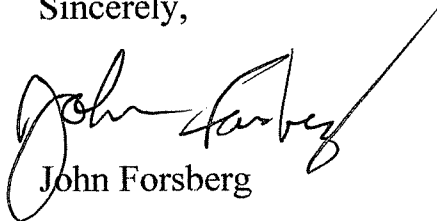
Re: Citipower L.L.C.  
Quarterly Report of Gas Cost Recovery Rate Calculation

Dear Ms. O'Donnell:

Please accept the enclosed Citipower, L.L.C. Quarterly Report of Gas Cost Recovery Rate Calculation rates to be effective September 1, 2007 based on the reporting period from February 1, 2007 through April 30, 2007. 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

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Page COMMISSION

Citipoma, LLC  
COMPANY NAME

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QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

July 31, 2007

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Date Rates to be Effective:

Sept 1, 2007

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Reporting Period is Calendar Quarter Ended:

April 30, 2007

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SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.44
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	<.6658>
+ Balance Adjustment (BA)	\$/Mcf	.0652
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>9.839</u>

GCR to be effective for service rendered from 9/1/07 to 11/30/07

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	985,922
	+ Sales for the 12 months ended _____	Mcf	94,437
	<u>Expected Gas Cost (EGC)</u>	\$/Mcf	<u>10.44</u>
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<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.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	.2513
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	<.3426>
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	<.3220>
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	<.2525>
	<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>&lt;.6658&gt;</u>
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.0695
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	<.0418>
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	<.0057>
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.0432
	<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>.0652</u>

Citipower, LLC

SCHEDULE II

EXPECTED GAS COST

Actual\* Mcf Purchases for 12 months ended April 2007

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Citigas			94,437	10.44	985,922

Totals

985,922

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

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	985,922
+ Mcf Purchases (4)	Mcf	94,437
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.44
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	94,437
= Total Expected Gas Cost (to Schedule IA.)	\$	985,922

\*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

April 2007

For the 3 month period ended                      (reporting period)

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>(2/07)</u>	Month 2 <u>(3/07)</u>	Month 3 <u>(4/07)</u>
Total Supply Volumes Purchased	Mcf	15,652	8502	8020
Total Cost of Volumes Purchased	\$	137,111	79,586	75,675
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	15652	8,502	8020
= Unit Cost of Gas	\$/Mcf	8.76	9.36	9.43
- EGC in effect for month	\$/Mcf	10.04	9.17	9.17
= Difference [(Over-)/Under-Recovery]	\$/Mcf	1.28	.19	.26
x Actual sales during month	Mcf	15,652	8502	8020
= Monthly cost difference	\$	20,035	1615	2085

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	23,735
+ Sales for 12 months ended <u>April 07</u>	Mcf	94437
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	.2513

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended April 2007 (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>&lt;.7124&gt;</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>94437</u> Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$ \$ \$	 <60,708> <67,277> <u>6569</u>
(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.	\$ \$	   <u>                    </u>
(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.	\$ \$	   <u>                    </u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	
+ Sales for 12 months ended <u>April 2007</u>	Mcf	<u>94,437</u>
Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>.0695</u>

**Citipower LLC  
Quarterly Report of Gas Cost  
Recovery Rate Calculation  
Filing 07/31/07**

**Schedule II  
Expected Gas Cost**

<u>Month</u>	<u>Mcf</u>
May-06	5,843
June-06	4,417
July-06	3,238
August-06	3,364
September-06	3,774
October-06	6,278
November-06	10,272
December-06	11,084
January-07	13,993
February-07	15,652
March-07	8,502
April-07	8,020
	<u>94,437</u>





# Citigas, LLC

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July 31, 2007

Citipower, LLC  
2122 Enterprise Rd.  
Greensboro, NC 27408

Re: Gas Cost

Your gas cost for September 2007 through November 2007 will be as calculated below:

Gas cost per Mcf	\$ 8.70
BTU factor	<u>\$ 1.74</u>
Total	\$10.44

Sincerely

Daniel R Forsberg  
President

2122 Enterprise Rd.  
Greensboro, NC 27408  
(336) 379-0800  
(336) 379-0881 Fax