Case No: 2008-00392

ROBERT L. BROWN III

ATTORNEY AT LAW 1005 SOUTH MAIN STREET CORBIN, KENTUCKY 40701

ROBERT L. BROWN III SARA B. MAHAN (606) 528-3073 FAX (606) 528-3289

September 22, 2008

RECEIVED

SEP 2 2 2008

PUBLIC SERVICE COMMISSION

Ms. Stephanie Stumbo Executive Director, Kentucky Public Service Commission 211 Sower Boulevard Post Office Box 615 Frankfort, KY 40602

VIA HAND-DELIVERY

RE: Citipower, LLC: Application for Rate Adjustment Before the Public Service Commission For Small Utilities Pursuant to 807 KAR 5:076

Dear Ms. Stumbo:

Enclosed please find an original of the completed Application for Rate Adjustment on behalf of Citipower, LLC, a gas distribution utility located in McCreary County, Kentucky. In compliance with filing requirements, please note the following:

- Enclosed find the original Application and 10 copies. (The completed Application includes Exhibits 1, 2 & 3 as attachments.)
- Citipower, LLC previously filed its articles of incorporation with the PSC in a prior proceeding. *See* Citipower Application for Gas Rate Adjustment, 99-225 (in response to Section IV of the attached Application for Rate Adjustment, <u>General Information/Customer Notice</u>, Filing Requirements, paragraph a).
- One copy of the completed Application has been mailed on today's date, U.S. Mail First-Class, to: Public Service Litigation Branch, Office of the Attorney General, PO Box 2000, Frankfort, KY 40602-2000.
- Enclosed find the original of the customer notices for the Application for Rate Adjustment which were published in the *McCreary County Voice* on August 28, 2008, and September 2, 2008. In conformity with 807 KAR 5:076, Section 4(2) (c), Citipower, LLC, requested publication of the notice

Ms. Stephanie Stumbo Executive Director PSC September 22, 2008 Page Two

for three consecutive weeks, beginning August 28, 2008. The final notice of publication will be forwarded to the PSC this week.

- Citipower, LLC, filed its annual report for the immediate past year (2007) and for the two (2) prior years (2006, 2005) in accordance with 807 KAR 5:076 Section 2 (a).
- The enclosed original Application is signed and dated by Daniel Forsberg, officer of Citipower, LLC.

Please do not hesitate to contact me if you have any questions or comments concerning this matter.

Sincerely,

Robert L. Brown, III

Enclosures

RECEIVED

APPLICATION FOR RATE ADJUSTMENT BEFORE THE PUBLIC SERVICE COMMISSION

SEP 2 2 2008 PUBLIC SERVICE

COMMISSION

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

2008-00392

Citipo	ower, LLC					
			Name of Ut	ility		******************
2122	Enterprise Ro	oad				
Gree	nsboro, NC 27	7408				
<u>Olee</u>	1130010, 140 27		siness Mailing	Address		
Tolou	hana Numbar		4 000 046 05	70	•	
reier	hone Number	Area Code	<u>1-800-246-25</u>	Number		
			I. <u>Basic Infor</u>	<u>mation</u>		
	spondence o			number of the erning this appl		
	Name:	Daniel Fo	orsberg	***************************************		
	Address:	2122 Enter	rprise Road		<u> </u>	
		Greensbor	o, North Carol	ina 27408		
	Telephone N	lumber:	<u>1-800-246-257</u>	<u>′6</u>		
1)	Do you have	500 custon	ners or fewer?		<u>Yes</u>	No
2)	Do you have Revenue or	•	in Gross Annı	ıal	Yes	<u>No</u>
3)		ssion for the	nnual report w e past year a		<u>Yes</u>	No
4)	Are the util from any		s kept separa ommonly-own		Vae	No

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered <u>yes</u> to either question 1 or 2 and <u>yes</u> to both questions 3 and 4 above. If you answer <u>no</u> to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

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, 2007.
 - 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. Please see the attached: Exhibit 1 Necessity for Rate Increase Exhibit 2 Citipower's Customers, MCFs Bought & Sold, & Expenses & Revenues

Item Per <u>Annual Report</u>	Amount Per Annual Report	Increase (Decrease)	Adjusted Amount
Revenues: Residential Sales Commercial & Industrial Sales Transportation of Gas Other Income	\$ 134,298.00 \$1,093,335.00 \$ 14,021.00	Please see the attached 1 – Necessity for Rate I Exhibit 2 – Customers, Sold, & Expenses & Re	ncrease MCFs Bought &
Total Revenues	\$1,241,654.00	\$	\$
Expenses:			
Operation & Maintenance Depreciation	\$1,350,155.00 \$76,727.00	Please see the attached 1 – Necessity for Rate I	
Amortization & Depletion Taxes other than income Interest	\$13,188.00 \$28,089.00 \$23,343.00	Exhibit 2 – <u>Customers</u> , & Sold, Expenses & Re	
Total Expenses	\$1,491,802.00	<u>\$</u>	\$
Revenues Less Expenses	<u>\$(249,848.00)</u>	\$	\$

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). Please see attached:

Exhibit 1 - Necessity for Rate Increase

Exhibit 2 - <u>Customers, MCFs Bought & Sold, & Expenses &</u> Revenues 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>Cu</u>	stomer Class	Present Rates	Proposed Rates	Percent Increase
1.	Residential	\$14.9415/mcf-GCR	\$14.9415/mcf-GCR	0%
		\$6.4592/mcf-Base	\$11.11192/mcf-Base	73.38%
		TOTAL: \$21.4007/mcf	TOTAL: \$26.1407/mcf	22.15%
2.	Commercial	\$14.9415/mcf-GCR	\$14.9415/mcf-GCR	0%
		\$6.4592/mcf-Base	\$11.11192/mcf-Base	73.38%
		TOTAL: \$21.4007/mcf	TOTAL: \$26.1407/mcf	22.15%
3.	Industrial	\$14.9415/mcf-GCR	\$19.5803/mcf-GCR	0%
		\$5.4592/mcf-Base	\$10.1192/mcf-Base	86.83%
		TOTAL: \$20.4007/mcf	TOTAL: \$25.1407/mcf	23.23%
4.	Institutional 0%	\$14.9415/mcf-GCR	\$19.5803	3/mcf-GCR
		\$5.4592/mcf-Base	\$10.1192/mcf-Base	86.83%
		TOTAL: \$20.4007/mcf	TOTAL: \$25.1407/mcf	23.23%

For an explanation of calculations, please see Attached Exhibit 1, Paragraph 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).

Please see attached Exhibit 1

2)	Total number of Customers as of the date of filing:	408 as of 12/31/07
3)	Total amount of increased revenue requested:	

- 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.

<u>See attached Exhibit 3, Promissory</u> <u>Note & attached Exhibit 1, Paragraph</u> 3.

b) Were all revenues and expenses listed in the Annual Report for 2007 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 invoices or other analysis which show how amounts were calculated. (Please see attached Exhibit 1, Paragraph 3).

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2007 and the amount shown on this schedule.
- 6) If utility is a sewer utility: NOT APPLICABLE

- a) Attach a copy of the latest State and Federal Income Tax Returns. NOT APPLICABLE
- b) How much of the utility plant was recovered through the sale of lots or other contributions _____ \$ or %? (If unknown, state the reason). NOT APPLICABLE
- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

Please see attached Exhibits 1 & 2.

IV. General Information/Customer Notice

- 1) Filing Requirements:
 - If the applicant is a corporation, a certified copy of its articles of a. incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.
 - An original and 10 copies of the completed application should be b. sent to:

Executive Director Kentucky Public Service Commission 211 Sower Boulevard Post Office Box 615 Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

C. One Copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch Office of the Attorney General Post Office Box 2000 Frankfort, Kentucky 40602-2000

- 2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.
- 3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4)	I have read and	completed	this application,	and to the	best of	my
	knowledge all the	information	contained in thi	s application	is true	and
	correct.					
			(1) \	1		

Signed	ampliforsher
	Officer of the Company
Title	Des
Date	9-22-2008

CITIPOWER APPLICATION FOR RATE ADJUSTMENT <u>EXHIBIT 1 -</u> NECESSESITY FOR RATE INCREASE

As way of introduction, Citipower is a gas utility company located and servicing residents and commercial clients in McCreary County, Kentucky. McCreary County is a sparsely populated county, located in the southernmost part of eastern Kentucky, bordering the state of Tennessee.

In the year 2000, the United States Census Bureau noted McCreary County as one of the state's least populated counties, with only 17,080 residents. McCreary County is the last remaining county in the Commonwealth that does not have an incorporated city or township.

Industry has struggled in McCreary County due to the remoteness and rural nature of the county. The federal government owns almost 80% of the real property, limiting economic development even more. In the past, the economy followed the booms and busts of the coal and timber industries, however, most feel resurgence in the coal industry is unlikely due to the high sulfur content in this county's underlying coal and the proximity of federal, protected lands.

The population in this small county has gradually dwindled. Citipower has seen a small, but significant decrease in its customer base (see *Exhibit* 2) which shows a decline from 436 customers in 2005, to 416 in 2006, and falling even further, to 408 at the end of 2007. Regardless of this decline, Citipower continues to provide gas and service to its remaining customers and industries, including a recently opened federal prison.

CITIPOWER is filing this application with the Public Service Commission (PSC) for a base rate increase to allow it to operate at a fair, just and reasonable profit. In determining whether an increase will be allowed, the PSC asks the applicant to estimate its increases and decreases in revenue and expenses for the future, based on the utilities' last three years annual filings with the PSC. Citipower recently filed amended annual filings for 2005, 2006, 2007, correcting certain numbers. (A detailed explanation of those amendments is addressed in this Exhibit, *Exhibit 1, Paragraph 2*, for the PSC's convenience.)

The increases and decreases can best be estimated by comparing Citipower's 2005, 2006 and 2007 Profit and Loss Statements and Annual Filings with the PSC. See attached *Exhibit 2 – Customers, MCFs Bought & Sold, Expenses & Revenues*, as filed in Citipower's Annual Reports to the PSC. This chart also includes the quantity of gas in MCFs that Citipower has bought and sold each of these years, and equally importantly, includes the number of customers Citipower provides utility service to for each of these years.

Further explanation for each of these years and certain categories relevant to the PSC in this matter is provided below:

- 1) Citipower is not generating enough revenue to show a profit. Citipower's revenues have to come from its gas sales, and its decreased customer base, along with decrease in actual quantity of gas sold, does not allow it to cover its on-going expenses. In fact, Citipower's operating expenses actually decreased over the past three years. In 2005, its expenses (not including gas purchases) were \$762,899.00; in 2006, \$614,587.00; and in 2007, \$659,567.00. Yet even with the decrease in expenses, Citipower continues to operate at a significant loss.
- 2) Citipower filed amended annual reports for 2005, 2006, and 2007 immediately prior to fling this application, in August 2008. The changes made are as follows: 2005, Line 804, Natural Gas Purchases: An additional amount of \$170,026.00 was added to this total, which was previously on Line 804, Natural Gas Purchases for Year 2007. This amount was moved to 2005, the actual year the purchase took place. Line 920, Administrative & General Expenses: \$183,461.00 (\$36,619) changed to \$146,842.00. The amount of \$36,619.00 was moved to Line 924, Property Insurance. 2006, Line 924, Property Insurance: \$2,963.00 increased to \$42,613.00. The amount of \$39,650.00 moved from Line 925, Damages & Injuries, to Line 924. 2007, Line 805, Gas Purchases: Changed from \$1,002,262.00 (\$170,026) to \$832,235. Moved to Line 804, 2005. Line 902, Meter Reading Labor: Changed from \$273.00 to \$91,277.00. Line 903, Customer Records: Changed from \$99.00 to \$33,605.00. Line 920, Administrative Salaries: Changed from \$210,795.00 to \$196,285.00 (adjusted by \$124,510.00, then noting the \$110,000.00 accrued management fee). Line 924, Property Insurance: Changed from \$0 to \$41,182.00. Line 925, Damages & Injuries: Moved \$41,182.00 to Line 924, leaving an amount of \$205.00.
- 3) The PSC should consider Citipower's expenses set forth in Line 920, Administrative & General Salaries. This is an expense that is on-going, and in fact, is an outstanding expense which has not yet been paid by the company. In 2007, Citipower did not pay its management fees owed to Citienergy, due to cash flow issues. The unpaid fees totaled \$110,000.00 for an outstanding, unpaid liability, and this is an expense that continues to accrue in 2008.
- 4) In 2006, Citipower shows a minimal profit of \$106,393.00. However, it must be noted that Citipower sold more MCFs of gas in 2006 then in 2005 and 2007, resulting in a slight increase in its revenues. Over the past three years, Citipower has lost customers: from a high in 2005 of 436; declining to 416 in 2006; and dropping again in 2007 to 408. The decrease in customers means less MCFs sold, and thus, less revenue to Citipower, although its expenses remain approximately the same. Citipower is hopeful that its customer base

- has "evened out" and it will not lose more customers, but as the area Citipower serves (McCreary County) is rural and economically challenged, Citipower is unable to predict whether its customer base will continue to decline. Regardless, Citipower still wishes to continue to serve its remaining customers, who do NOT have an alternative for gas services.
- 5) The proposed rate increase for the utility is based upon two factors. The first factor is the rate increase enabling the utility to receive a 13% profit return on its total revenue. This calculation based on the 2007 numbers equates to \$1.78 rate increase. The second aspect of the rate increase incorporates recapturing the loss incurred in 2007 of \$249,848.00. The rate increase necessary to recapture this loss is \$2.88. Thus, the total rate increase is \$4.66 resulting in a 22.15% increase in residential and commercial classes and a 23.23% increase in industrial and institutional classes.

CITIPOWER APPLICATION FOR GAS RATE ADJUSTMENT <u>EXHIBIT 2</u> <u>CUSTOMERS, MCFs BOUGHT & SOLD, REVENUES AND EXPENSES</u>

		2005			2006		<u>2007</u>
	OMERS AR END	436 (340 R/9	6C)	(321 R/9	416 5C)	(316 I	408 R/92C)
MCFs _j	ourchased & sold	85,944 n	ncfs	88,612m	ecfs	86,82	8 mcfs
OTHE	R INCOME (417)	0		0		\$ 14	4,021.00
OPER A	ATING REVENUES	\$1,484,4		\$1,506,5			7,633.00
Total F	levenue	\$1,484,4	02.00	\$1,506,5	75.00	\$1,24	1,654.00
	R EXPENSES** ATING EXPENSES	\$ 201,3 \$1,467,4		\$ 124,0 \$1,276,1			1,347.00 0,155.00
	Expenses	\$1,668,7		\$1,400,1		\$1,49	
	NCOME	(\$184,32		\$106,39	3.00	(\$249	,848.00)
GAS P 804 805	URCHASE EXPENSES Natural Gas Purchases Other Gas Purchases	s \$905,82	9.00	\$785,59	5.00	\$832,	235.00
OTHE	R OPERATING EXPEN	<u>SES</u>					4-
853	Compression Station	Expenses	\$3,848.00	\$3,373.0	00		\$0
858	Transmission Compression by other	rs	\$0		\$0		\$3,857.00
860	Rents		\$41,732.00		\$32,949.00		\$0
864	Maintenance of Compression Equip.		\$2,412.00		\$3,235.00		\$0
867	Maintenance of Other Equipment		\$0		\$0		\$18,344.00
872	Compression Station		\$0		\$140.00		\$0
875	Measuring & Regulat	ion	\$5,560.00		\$963.00		\$0
878	Meter House Regul.		\$5,870.00		\$3,438.00		\$0
880	Other Expenses		\$18,623.00		\$14,427.00		\$20,516.00
~ ~ ~	-						

Citipower Application for Rate Adjustment,
-Exhibit 3

September 22, 2008

PROMISSORY NOTE

\$250,000.00

Date: October 4, 2005

Greensboro, NC

FOR VALUE RECEIVED, the undersigned, CITIPOWER, LLC, with an

address of 2122 Enterprise Road, Greensboro, NC 27408, (hereinafter referred to as

"Debtors"), does hereby promise to pay the principal sum of TWO HUNDRED FIFTY

THOUSAND DOLLARS (\$250,000.00) together with interest thereon as hereinafter

provided, to the order of CITI ENERGY, LLC (sometimes hereinafter referred to as

"Lender"), at Lender's general premises located at 2122 Enterprise Road, Greensboro,

NC 27408, or at such other place or places as Lender may hereinafter designate.

The principal amount of said Note, \$250,000.00, together with interest that

shall accrue at the rate of 9.25% percent per annum on the outstanding balance. The

first installment in the amount of \$50,090.07 shall be due and payable on October 18,

2006, and all subsequent installments shall be paid on the 18th day of October each year

for a total of 7 payments until paid in full (October 18, 2013). There shall be no penalty

for pre-payment.

If any yearly installment of interest is not paid in full within five (5) days of its

due date, or if default be made in the performance of any obligation or agreement

contained herein, then the entire principal sum and accrued interest shall at the option

of the holder hereof become at once due and collectible without notice, it being

expressly understood that time is of the essence. Upon default, said principal and

interest shall both bear interest from such time at the highest rate allowable under the

laws of the Commonwealth of Kentucky. Failure to exercise this option shall not constitute a waiver of the right to exercise same in the event of any other or subsequent default.

In the event of a default by the undersigned on this note, the undersigned agree that the holder may:

- (a) accelerate the due date of note total, making all sums immediately due;
- (b) demand security or parties obligated to pay this note (or both) as a condition of waiving, for any period of time, any other remedy the Holder may have under the law;
- (c) exercise any remedy the holder may have under state or federal law for collection of this note;
- (d) exercise any additional right given to the holder under any agreement securing payment of this note.

By electing any one or more of these remedies above the holder does not waive its right to later elect any other remedy until this note is paid in full. If the holder does not elect any remedy upon an event of default it does not thereby waive its right to later consider the event as a default if it continues or recurs.

The undersigned expressly waives demand, presentment, protest, notice of protest and notice of dishonor and agree to pay all costs, whether suit be brought or not, if, after maturity of this Note or default hereunder.

IN TESTIMONY WHEREOF, individually and in their own right, as makers herein, have executed this Note on the date first herein written.

BY:

DANIEL FORSBERG

MEMBER

Total Revenues		\$ 332.01 \$58,945.97	IN WHITLEY CITY, KI
Carryover from prior fiscal year Total Receipts and Cash Total Available	Receipts & Cash	\$40,000.00 \$40,000.00 \$98,945.97	POSTED SHEILA PERRY V PROPERTY BEWAF DOG. NO TRESPA HUNTING OR SOLICE ON PROPERTY
Operations Administration Total Expenditures	Expenditures	\$79,784.00 \$18,284.81 \$98,068.81	WEBSTER APPROXIMATELY 20 A 3/13/09

MCCREARY COUNTY WATER DISTRICT P.O. BOX 488 WHITLEY CITY, KY 42653 (606) 376-2540

McCreary County Water District is offering for sale until 2:00 p.m. on September 15, 2008, sealed bid, the following vehicles:

1984 GMC S15	4 Cyl.	2x4 Pickup Truck	VIN#1GTBS14B5E8534298
1989 Ford F150	6 Cyl.	2x4 Pickup Truck	VIN#1FTDF15Y9KL842790
1989 Chevy C14	8 Cyl.	2x4 Pickup Truck	VIN#1GCDC14Z2KZ146275
1991 Chevy C10	6 Cyl.	2x4 Pickup Truck	VIN#1GCDC14Z6ME110065
1993 Dodge W350	8 Cyl.	4x4 Pickup Truck	VIN#1B6KM3657PS224158

Interested parties may inspect said vehicles at the McCreary County Wastewater Treatment Plabetween the hours of 8:00 a.m. and 4:30 p.m. Monday through Friday until the day of sale.

Sealed bids must be received by 2:00 p.m. on September 15, 2008, at the office of McCreary Coun Water District, P.O. Box 488, Whitley City, KY 42653, at which time they will be opened and realoud. The bidder shall satisfy proof to pay.

McCreary County Water District reserves the right to reject any and all bids and to waive any informality in bid procedures.

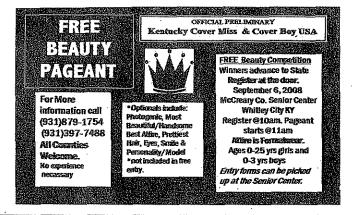
CITIPOWER, LLC NOTICE OF RATE INCREASE REQUEST

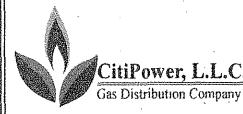
CITIPOWER, LLC, is requesting the following Gas Rate Adjustments from the Public Service Commission The rates contained in this notice are the rates proposed by CITIPOWER, LLC. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this 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 is given. A motion to intervene shall be in writing, 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 rounds 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 P.O. Box 1309, 37 Court Street, Whitley City, Kentucky 42653. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

Customer Class	Present Rates	Proposed Rates	Percent Increase
1. Residential	\$14.9415/mcf-GCR	\$14.9415/mcf-GCR	0%
	\$ <u>6.4592/mcf-Base</u>	\$ <u>11.11192/mcf-Base</u>	<u>73,38</u> %
	TOTAL: \$21.4007/mcf	TOTAL: \$26.1407/mcf	22.15%
2. Commercial	\$14.9415/mcf-GCR	\$14.9415/mcf-GCR	0%
	\$ <u>6.4592/mcf-Base</u>	\$ <u>11.1192/mcf-Base</u>	<u>73.38</u> %
	TOTAL: \$21.4007/mcf	TOTAL: \$26.1407/mcf	22.15%
3. Industrial	\$14.9415/mcf-GCR	\$19.5803/mcf-GCR	0%
	\$ <u>5.4592/mcf-Base</u>	\$10.1192/mcf-Base	<u>86.83</u>
	TOTAL: \$20.4007/mcf	\$TOTAL: \$25.1407/mcf	23.23%
4. Institutional	\$14.9415/mcf-GCR	\$19.5803/mcf-GCR	0%
	\$ <u>5.4592/mcf-Base</u>	\$ <u>10.1192/mcf-Base</u>	<u>86.83</u> %
	TOTAL: \$20.4007/mcf	\$TOTAL: \$25.1407/mcf	23.23%

reppers (not 1ype) 1st - Ethel Rios 2nd - Eldon Whitis 3rd - Vonda Marlow Potatoes 1st - Ethel Rios 2nd - Amy Corder

Potato (Largest) 1st - Ethel Rios Summer Squash (Yellow) 1st - Eldon Whitis 2nd - Emily Whitis Tomatoes (Red Slicing)





CitiPower, L.L.C.

#37 Court House Square Whitley City, KY 42653

Office: (606) 376-8373

Fax: (606) 376-8830

NOTICE OF RATE INCREASE REQUEST

CITIPOWER, LLC is requesting the following Gas Rate Adjustments from the Public Service Commission. 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 is given. A motion to intervene shall be in writing, 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 rounds 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 P.O. Box 1309, 37 Court Street, Whitley City, Kentucky 42653. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

		· ·	
<u>Customer Class</u>	Present Rates	Proposed Rates	Percent
'			<u>Increase</u>
1. Residential	\$14.9415/mcf-GCR	\$14.9415/mcf-GCR	0%
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	Total: \$20,4007/mcf	Total: \$25.1407/mcf	23.23%
4. Institutional	\$14.9415/mcf-GCR	\$19.5803/mcf-GCR	0%
	\$5.4592/mcf-Base	\$10.1192/mcf-Base	86.83%
	Total: \$20.4007/mcf	Total: \$25.1407/mcf	3%