

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC	)	
FOR A RATE ADJUSTMENT FOR SMALL	)	CASE NO.
UTILITIES PURSUANT TO 807 KAR 5:076	)	2017-00160

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO  
CITIPOWER, LLC

Citipower, LLC ("Citipower"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than July 11, 2017. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witnesses responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Citipower shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Citipower

fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Citipower shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Citipower's Response to Commission Staff's First Request for Information ("Response to Staff's First Request"), Item 1, in which Citipower provided only the resulting revenue related to approved Special Charges, but did not provide the number of incidents. Provide the number of incidents of each of the following activities:

- a. Turn-on Charge - \$25.00
- b. Reconnect Charge - \$25.00
- c. Termination or Field Collection Charge - \$25.00
- d. Special Meter Reading Charge - \$18.00
- e. Meter Resetting Charge - \$25.00
- f. Meter Test Charge - \$25.00
- g. Returned Check Charge - \$18.00
- h. Late Payment Penalty - 10 percent

2. Refer to the Response to Staff's First Request, Item 1, page 1 of 11, regarding \$2,425.00 in revenue that was derived from "Hook-Up Fees Collected." Confirm that "Hook-Up Fees" is the same fee titled "Turn-on Charge" in Citipower's tariff. If this cannot be confirmed, provide a citation to the Tariff Sheet that permits Citipower to charge the "Hook-Up Fee."

3. Refer to the Response to Staff's First Request, Item 1, page 2 of 11, in which Citipower states that the \$1,985.00 in miscellaneous service revenues were derived from "set meter fees" and "extra footage on service."

a. State whether set meter fees are the same as Meter Resetting Charges as listed in Citipower's tariff. If not, state the basis for charging set meter fees and provide a citation to the Tariff Sheet that permits Citipower to charge this fee.

b. State whether the "extra footage on service" revenue resulted from main extensions over 100 feet, as required by 807 KAR 5:022. If not, state the basis for this charge.

4. Refer to the Response to Staff's First Request, Items 2 and 3.

a. Confirm that Citipower's proposed tariff attached to its Application removes the term "minimum bill" and any reference to a minimum bill, and replaces the existing minimum bill with a monthly customer charge and single volumetric rate for each class.

b. Confirm that it was not Citipower's intention to propose this change in its tariff's rate schedules.

5. Refer to the Response to Staff's First Request, Item 9. Provide a detailed description of the relationships between the four affiliates identified in the organizational chart, and also describe the services that each affiliate provides to Citipower.

6. Refer to the Response to Staff's First Request, Item 10.a.

a. For each calendar year listed in Item 10.a., provide a schedule that lists each cost allocated from CitiEnergy Inc. to Citipower. For each allocated cost, state the vendor, description of the service provided, the total cost, the amounts allocated to each affiliate, the basis used to allocate the cost, and the account in which the allocated cost is recorded by Citipower.

b. Provide a detailed explanation as to why Citipower is not aware of all the costs that are allocated to it from CitiEnergy.

c. For each calendar year listed in Item 10.a., provide a schedule that lists each cost directly charged from CitiEnergy to Citipower. For each directly charged cost, state the vendor and provide a description of the service provided, the total cost, and the account in which the cost is recorded by Citipower.

7. Refer to the Response to Staff's First Request, Item 10.b.

a. For each calendar year listed in Item 10.b, provide a schedule that lists each cost allocated from Citigas, Inc. or Forexco, Inc. to Citipower. For each allocated cost, state the vendor and provide a description of the service provided, the total cost, the amounts allocated to each affiliate, the basis used to allocate the cost, and the account in which the allocated cost is recorded by Citipower.

b. Provide a detailed explanation as to why Citipower is not aware of all the costs that are allocated to it from Citigas, Inc. or Forexco, Inc.

c. For each calendar year listed in Item 10.a., provide a schedule that lists each cost directly charged from Citigas, Inc. or Forexco, Inc. to Citipower. For each directly charged cost, state the vendor and provide a description of the service provided, the total amount of the cost, and the account in which the cost is recorded by Citipower.

8. Refer to the Response to Staff's First Request, Item 11.

a. This response states that "[a]ll joint and shared costs are allocated on an equitable basis based upon the degree to which each entity is responsible." For any joint or shared cost, provide the reasoning and criteria used to determine how the cost is allocated between Citipower and its affiliates.

b. Given that the allocation of costs between affiliates is a less-than-arm's-length transaction, provide documentation to show that cost allocations used by Citipower and its affiliates result in reasonable operating costs to Citipower.

9. Refer to the Response to Staff's First Request, Item 13, 2015 General Ledger.

a. Citipower recorded in Account No. 921.11 - Meals/Entertainment \$1,194 for "Lunch Meetings." Provide a detailed explanation of the Lunch Meetings and explain why the cost for the Lunch Meetings should be recovered in Citipower's base gas rates.

b. Citipower recorded in Account No. 923.6 - Legal & Professional Fees payments to Noah Patton totaling \$31,225 for mapping services. Provide a detailed description of the mapping services being provided by Mr. Patton to Citipower. Also, explain why this cost should not be treated as a nonrecurring or capital expenditure.

c. Citipower recorded in Account No. 923.6 - Legal & Professional Fees payments to Capital Services, LLC totaling \$53,543. Provide a detailed description of the services being provided to Citipower by Capital Services, LLC.

d. Citipower recorded in Account No. 923.6 - Legal & Professional Fees two credits to Forexco, Inc. totaling \$24,662 for "Reimburse Capital Expenditures." Provide a detailed explanation of these credits that were made to an affiliated company.

10. Refer to the Response to Staff's First Request, Item 18.

a. Given that the factors used to allocate insurance premiums are the result of a less-than-arm's-length transaction between affiliates, provide documentation to show that the factors used result in equitable and reasonable allocations of the insurance premiums to Citipower.

b. Provide a schedule using the following format that compares Citipower's annual insurance premiums.

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Vehicle Insurance			
General Liability			
Workers' Compensation			
Etc.			

11. Refer to the Response to Staff's First Request, Item 22. Using the following table format, provide the full-year employee benefit information that was originally requested in Item 22 for the calendar years 2012 through 2016. Provide the employee benefit information for each year in a separate table.

Employee Identification	Title	Health Benefits Cost		Dental Benefits		Vision		Life Insurance		Totals		
		Utility	Emp.	Utility	Emp.	Utility	Emp.	Utility	Emp.	Utility	Emp.	Totals
Totals												

12. Refer to the Response to Staff’s First Request, Item 23.

a. State whether Citipower requires its employees to make a contribution to their single health insurance premiums.

b. If the response to Item 12.a. is yes, provide the basis for the employee contribution.

c. If the response to Item 12.a. is no, provide a detailed explanation as to why an employee contribution is not required.

13. Refer to the Response to Staff’s First Request, Items 25.c. and 25.d.

a. In Account 920.4 – Management fees, Citipower recorded \$6,000 monthly payments to CitiEnergy described as “Management Fee.” Provide a detailed list including a description of the management services being provided by CitiEnergy. Also, explain how the \$6,000 monthly fee was developed.

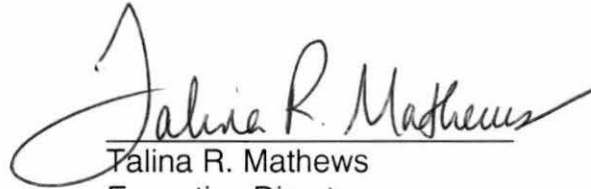
b. In Account 920.2 – Mgt. Consulting Expense, payments to Paddock Oil & Gas, Inc. totaling \$101,136.

(1) Describe the relationship between Paddock Oil & Gas and Citipower and its affiliates.

(2) Provide a detailed list including a description of the management services being provided by Paddock Oil & Gas.

(3) Provide a copy of the contract between Paddock Oil & Gas and Citipower and its affiliates.

c. Given that Citipower provides gas service to only 416 residential and commercial customers,<sup>1</sup> explain why annual management fees of \$173,136<sup>2</sup> are reasonable.



Talina R. Mathews  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

DATED JUN 27 2017

cc: Parties of Record

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<sup>1</sup> *Annual Report of Citipower, LLC to the Public Service Commission for the Calendar Year Ended December 31, 2015* at 26.

<sup>2</sup> \$6,000 (CitiEnergy Monthly MGT Fee) x 12 = \$72,000 + \$101,136 (Paddock Oil & Gas) = \$173,136.



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