

CASE

NUMBER:

99.225



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

January 10, 2000

Mr. David K. Brock
Independent Consultant
Citipower, LLC
P.O. Box 523
Corbin, KY 40702

99-225

Dear Mr. Brock:

On June 3, 1999, Citipower, LLC ("Citipower") filed for a rate adjustment under Administrative Regulation 807 KAR 5:076. To facilitate the processing of this case, Commission Staff ("Staff") will conduct a field review of the financial records of the applicant and then prepare a report of its findings and recommendations.

Staff members John D. Williams or Katy Finn will be contacting you by telephone within a week to schedule a review of Citipower's financial records for test year 1998. The weeks of January 18, 2000 (January 17 being a State observed holiday) or January 24, 2000 would be suitable periods for Commission Staff to conduct the field review. If these dates do not fit with your personnel's schedules, please suggest alternate dates for the field review.

For the Staff field review, you should make available the following documents and records for 1998 and 1999, unless specifically requested for another period.

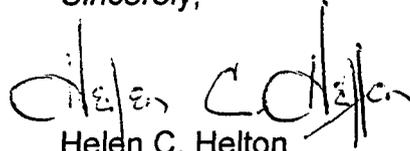
1. Billing records, which would include monthly usage information for each utility customer for the calendar years 1998 and 1999. Included in the billing records for each year should be data by customer class, such as actual Mcf sales volume, actual billing revenue, and total number of customers and average number of customers. Also included in the billing records for each year should be actual revenue from minimum bills and the actual number of minimum bills.
2. General Ledger, Cash Receipts and Disbursements Journals. The Cash Receipts Journal should include descriptions or explanations for miscellaneous fees received during both years.

3. Invoices for all expenditures incurred during the test period, six months preceding the test period, and all subsequent months up to the current date. Also, invoices supporting any charges to Citipower from its affiliates. These invoices should include gas purchases for both years and include actual cost and volume purchased.
4. Minutes of Board of Directors Meetings.
5. A reconciliation of Citipower's general ledger or adjusted trial balance by account number to the information contained in the Citipower annual report filed with the Commission for 1998.
6. Accountants/auditors workpapers and year-end adjusting journal entries.
7. Workpapers or other written documentation (e.g., invoice, contract, or bid) supporting the proposed rate making adjustments.
8. Computation of all taxes assessed against Citipower (Official returns/forms if available).
9. Schedule of employees, including job duties, length of employment, test period salary, and current salary, with payroll ledgers for 1998 and 1999. Payroll data should be available for affiliated companies' employees, which perform work for Citipower. This supporting data should be available whether their salaries and wages were allocated in 1998 and 1999, or represent a pro forma adjustment to the test period.
10. Schedule of insurance coverage, including policies, type of coverage, annual premiums, effective dates, etc.
11. Schedule of short and long-term debt instruments, including amortization schedules and the year end outstanding balances for 1998 and 1999.
12. Schedule of any investments and current interest rates.
13. All contracts and agreements, (i.e., purchased gas, leases, rental agreements, etc).

14. Schedule of Members' Equity issued since inception, with allocated net losses. The schedule(s) should be separated by equity class and type of consideration received (cash or services) by Citipower. Detailed explanations and/or calculations supporting equity issued for services should also be made available.
15. Additional items as set forth in Attachment A.

Regarding the items in Attachment A, the documents requested should be made available, or someone should be available to answer the questions contained therein, whichever is applicable. If you should have any questions or require further information regarding the items on this list, please contact John D. Williams or Katy Finn at (502) 564-3940.

Sincerely,



Helen C. Helton
Executive Director

cc: Mr. Daniel R. Forsberg
Hon. Elizabeth E. Blackford
Other parties of record

HCH/jdw

ATTACHMENT A

1. In Citipower's response to Item 1 of the Commission's October 27, 1999 Order, the independent auditor's report is marked "October 6, 1999 Draft".

a. Has Citipower received its final audit report and financial statements for the year ended December 31, 1998? If yes, provide a copy. If not, explain when the information will be available.

b. Provide a breakdown by affiliated entity of the Citipower liability account identified as Due to Affiliates in the amount of \$77,909.

2. In Citipower's response to Item 2 of the Commission's October 27, 1999 Order, the supporting schedule at Exhibit B, Page 9 of 9, submitted with Forexco, Inc.'s corporate income tax return included a reference to Account Receivable – Citipower in the amount of \$20,201. Reconcile the difference between this amount and the \$77,909 in Citipower's Due to Affiliates account on its financial statements.

3. In Item 3 of the Commission's October 27, 1999 Order, Citipower was asked to provide monthly and/or quarterly statements for 1999, and if readily available, the internal financial statements for the twelve months ended September 30, 1999. Apparently the data was not available and Citipower provided internally prepared monthly financial statements for January through October 1999. To allow Staff to have twelve months of monthly financial statements, provide Citipower's internally prepared financial statements for the months of November and December 1998.

4. In Citipower's response to Item 5 of the Commission's October 27, 1999 Order, a closing checklist for the purchase of McCreary Natural Gas Systems, Inc. ("McCreary Gas") was included at Exhibit Q, Pages 2 and 3 of 4.

a. Provide copies of items 10, 11, 12, 15, 23 and 25 as identified in the closing checklist. The first five items are related to the assignment of "Well Bores", "Oil, Gas and Mineral" or "leases". The final item requested is a copy of a deed from the closing.

b. Provide any other leases transferred in the purchase of McCreary Gas, not referred to in "a" above?

c. The copies of cancelled checks in Exhibit Q, Page 4 of 4 do not agree with details listed in Item 1 on Citipower's "Closing Checklist" in Exhibit Q, Page 2 of 4. Provide a copy of the check for \$25,000 "Earnest Money" and any other additional checks that were remitted for the purchase of assets of McCreary Gas.

5. In Item 6 of the Commission's October 27, 1999 Order, Citipower was asked to explain the original transaction for the purchase of assets of McCreary Gas. Citipower's response was the Offering Document to potential investors in Citipower. Explain all differences between asset acquisition transactions as described in the Offering Document and the actual purchase.

a. In Item 6.a. of the Commission's October 27, 1999 Order, Citipower was asked to provide a copy of the journal entries to record the acquisition of assets of McCreary Gas. Copies of Citipower's balance sheets for June through September 1996 were submitted instead.

(1) If the acquisition of McCreary Gas' assets were made by cash or checking transaction, provide a copy of the disbursements' journal that reflects the accounts to which the assets were recorded on Citipower's books. Otherwise, submit a copy of the journal entries to record the acquisition as originally requested.

(2) Were any affiliated party transactions necessary in order to complete any of Citipower's transactions to acquire the assets of McCreary Gas? If yes, provide copies of supporting documentation (cancelled check copies, journal entries posted to Citipower and affiliates).

b. Refer to Item 6.b. of the Commission's October 27, 1999 Order. Regarding the acquisition of the assets of McCreary Gas, how was the purchase of the producing gas wells and the other leasehold interests recorded on the books of Citipower? Does Citipower own any of the leases or wells from which the gas it sells is produced?

c. Refer to Item 6 (including all subparts) of the Commission's October 27, 1999 Order.

(1) Explain the basis for Citipower's allocation of the purchase price of the assets of McCreary Gas' (including but not limited to building, wells, leases and gas lines) to Citipower's books. Provide supporting calculations.

(2) Provide a schedule of the purchased asset cost, as allocated to Citipower's books. Breakdown gas line cost by size, length and type (i.e., gathering lines or distribution lines, and 4", 2" or 1" pipes or lines).

7. In order to facilitate the review process, the vendor invoices for the test period paid to the following entities should be assembled and readily available to the auditors:

- a. B & H Supply Inc.
- b. Ball, Tony
- c. BKR Services

- d. Campbell Plumbing
- e. Cellular One
- f. Louise Dupuy
- g. Ditchwitch of Kentucky
- h. Dwayne Hamlin
- i. Highland Phone Company
- j. Hinkle Contracting
- k. McJunkin Appalachain
- l. Penn Mutual
- m. Quality Consultants

8. In order to facilitate the review process, the vendor invoices for the test period that were paid for any legal or professional services should be assembled and readily available to the auditors.

9. Provide work papers, invoices, internal policies or other written documentation that clearly explain the amounts charged and the basis for transactions between Citipower and affiliated or other related parties. This should include, but not be limited to, transactions with owners (other than cash investments), as well as Forexco.

10. In Citipower's response to the Commission's August 3, 1999 Order, Item 4 shows \$2.26 per Mcf as an estimate of gas cost. Item 14 uses \$1.715 per Mcf as an estimate of the gas cost over the projected five-year period. Explain the basis for each of these per-Mcf cost estimates.

11. Provide an estimate of the number of customers that use supplemental heating sources, i.e. electric heaters, wood stoves, fireplaces, etc.

12. Citipower's current tariff includes a Turn-on Charge for new service, seasonal turn on and temporary service. Provide the number of customers who use gas seasonally or temporarily.

13. Provide the cost justification for the "hook up" fee of \$250 for residential customers and \$350 for commercial customers. Explain whether Citipower is proposing to add this fee to its tariff.

Citipower

November 30, 1999

Stephanie Bell
Secretary of the Commission
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
Frankfort, KY 40602

Reference: Case No. 99-225

Dear Ms. Bell:

Per the Commission's Order of October 27, 1999, please find enclosed 10 copies of Citipower's Response.

Should you have any questions, or require additional information, please contact Mr. Bobby Carter at 336-379-0800, ext. 101.

Thank you,


Heather McCue
Accounting

enclosures

cc: David K. Brock
James Curd
Elizabeth Blackford
Robert L. Brown
Teresa J. Hill

RECEIVED
DEC 01 1999
PUBLIC SERVICE
COMMISSION

Forexco^{Inc.}

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DEC 01 1999
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Response to

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225**

by

**CITIPOWER, L.L.C.
NOVEMBER 30, 1999**

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RESPONDENT

BC: Bobby Carter, CFO

1. **Provide a copy of Citipower's 1998 audited financial statements, complete with the independent auditor's report and notes to financial statements.**

Response: See Exhibit A.

Respondent: BC

Financial Statements

CitiPower, L.L.C.

*Years ended December 31, 1998 and 1997
with Report of Independent Auditors*

CitiPower, L.L.C.

Financial Statements

Years ended December 31, 1998 and 1997

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October 6, 1999 Draft
3:26 PM

Report of Independent Auditors

Board of Directors
CitiPower, L.L.C.

We have audited the accompanying balance sheets of CitiPower, L.L.C. as of December 31, 1998 and 1997, and the related statements of income, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CitiPower, L.L.C. at December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that CitiPower, L.L.C. will continue as a going concern. As more fully described in Note 9, the Company has incurred recurring operating losses and has a working capital deficiency. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

_____, 1998

CitiPower, L.L.C.

Balance Sheets

	December 31	
	1998	1997
Assets		
Current assets:		
Cash	\$5,678	\$70,320
Accounts receivable	35,272	25,881
Prepaid expenses and other current assets	10,494	10,717
	<u>51,444</u>	<u>106,918</u>
Property and equipment, net	3,067,630	1,434,695
Intangible assets, net	41,901	57,033
	<u>3,160,975</u>	<u>\$ 1,598,646</u>
Total assets		
 Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	\$ 159,503	\$48,413
Due to affiliates	77,909	134,290
Note payable	500,000	170,000
Current portion of long-term debt	17,093	11,415
Accrued expenses and other liabilities	12,422	12,103
	<u>766,938</u>	<u>376,221</u>
Long-term debt, less current portion	39,188	40,716
Members' equity:		
Class A	224,824	99,927
Class B	2,130,025	1,081,782
	<u>2,354,849</u>	<u>1,181,709</u>
Total liabilities and members' equity	<u>\$ 3,160,975</u>	<u>\$ 1,598,646</u>

See accompanying notes.

CitiPower, L.L.C.

Statements of Income

	Year Ended December 31	
	1998	1997
Revenues:		
Natural gas sales	\$182,322	\$120,999
Other revenue	26,177	6,854
	<u>208,499</u>	<u>127,853</u>
Operating expenses:		
Cost of gas sold	112,246	79,426
Operating and maintenance	794,005	503,159
Depreciation and amortization	132,698	92,422
Other expenses	640	171
	<u>1,039,589</u>	<u>675,178</u>
Loss from operations	(831,090)	(547,325)
Other (income) expense		
Interest expense	11,111	8,061
Other income	(22,833)	(10,076)
	<u>(11,722)</u>	<u>(2,015)</u>
Net loss	<u>\$(819,368)</u>	<u>\$(545,310)</u>

See accompanying notes.

CitiPower, L.L.C.

Statements of Members' Equity

	Class A	Class B	Total
Balance at December 31, 1996	\$75,562	\$680,065	\$755,627
Members' contributions		770,418	770,418
Membership units issued in exchange for services	97,139	103,835	200,974
Exchange of Class A for Class B units	(26,500)	26,500	-
Allocation of net loss	(46,274)	(499,036)	(545,310)
Balance at December 31, 1997	99,927	1,081,782	1,181,709
Members' contributions		1,671,226	1,671,226
Membership units issued in exchange for services	199,252	122,030	321,282
Allocation of net loss	(74,355)	(745,013)	(819,368)
Balance at December 31, 1998	<u>\$224,824</u>	<u>\$2,130,025</u>	<u>\$2,354,849</u>

See accompanying notes.

CitiPower, L.L.C.

Statements of Cash Flows

	Year Ended December 31	
	1998	1997
Operating activities		
Net loss	\$(819,368)	\$(545,310)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	117,566	77,290
Amortization	15,132	15,132
Non-cash compensation and consulting expense	321,282	200,974
Changes in operating assets and liabilities:		
Accounts receivable	(9,391)	(19,452)
Prepaid expenses and other current assets	223	(3,009)
Accounts payable	111,090	(12,118)
Due to affiliates	(56,381)	(81,414)
Accrued expenses and other liabilities	330	11,314
Net cash used by operating activities	<u>(319,517)</u>	<u>(356,593)</u>
Investing activities		
Purchases of property, plant and equipment	<u>(1,750,501)</u>	<u>(607,974)</u>
Net cash used in investing activities	<u>(1,750,501)</u>	<u>(607,974)</u>
Financing activities		
Net proceeds from notes payable	330,000	170,000
Payments of long-term	(14,721)	(7,960)
Proceeds from long-term debt	18,871	15,517
Member contributions	<u>1,671,226</u>	<u>770,418</u>
Net cash provided by financing activities	<u>2,005,376</u>	<u>947,975</u>
Net decrease in cash and cash equivalents	<u>(64,642)</u>	<u>(16,592)</u>
Cash and cash equivalents at beginning of year	<u>70,320</u>	<u>86,912</u>
Cash and cash equivalents at end of year	<u><u>\$5,678</u></u>	<u><u>\$70,320</u></u>

See accompanying notes.

CitiPower, L.L.C.

Notes to Financial Statements

December 31, 1998

1. Summary Of Significant Accounting Policies

General

The primary business of the Company is the distribution of natural gas to residential, commercial and industrial customers in McCreary County, Kentucky and the surrounding areas. The Company distributes natural gas to its customers at rates and charges regulated by the Public Service Commission in Kentucky.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation and amortization are provided over the respective lives of the assets using the straight-line method. Estimated useful lives of the various classes of assets are as follows:

Office building	25 years
Gas distribution	7-20 years
Vehicles	5 years
Furniture and equipment	3-5 years

Intangible Assets

Intangible assets are comprised of cost in excess of fair value of net assets acquired and are being amortized using the straight line method over five years.

Revenue Recognition

The Company bills its natural gas customers on a monthly cycle basis, most customers are billed at or near the end of each month. The Company records revenue based on billings, which is not significantly different from when products and services are provided.

CitiPower, L.L.C.

Notes to Financial Statements (continued)

Income Taxes

No provision for income taxes is included in the financial statements since all income, deductions, gains, losses, and credits are reported in the tax returns of the members.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Property and Equipment

Property and equipment consists of the following:

	December 31	
	<u>1998</u>	<u>1997</u>
Office building	\$ 125,000	\$ 125,000
Gas distribution	3,006,047	1,277,023
Vehicles	87,311	68,475
Furniture and equipment	59,147	56,505
	<u>3,277,505</u>	<u>1,527,003</u>
Less accumulated depreciation	(209,875)	(92,308)
	<u>\$ 3,067,630</u>	<u>\$ 1,434,695</u>

CitiPower, L.L.C.

Notes to Financial Statements (continued)

3. Notes Payable and Long-term Debt

Notes payable and long-term debt consist of the following:

	<u>1998</u>	<u>1997</u>
Note payable to bank due December 16, 1999, bearing interest of 8.50% at December 31, 1998	\$500,000	\$ -
\$250,000 Line of credit expiring November 11, 1999, bearing interest of 8.75% at December 31, 1998, subject to annual renewal	-	170,000
Vehicle notes payable to banks in monthly installments of various amounts with interest at fixed rates ranging from 8.83% to 9.95% at December 31, 1998	<u>56,281</u>	<u>52,131</u>
	556,281	222,131
Less amounts classified as current	<u>517,093</u>	<u>181,415</u>
	<u>\$ 39,188</u>	<u>\$40,716</u>

The note payable to bank and line of credit are collateralized by the assets of the Company and have been guaranteed by the Company's President. The aggregate annual maturities of long-term debt for years ending December 31, are as follows:

1999	\$ 17,093
2000	18,844
2001	19,407
2002	<u>937</u>
Total	<u>\$ 56,281</u>

4. Members Equity

The Company has two classes of membership units outstanding, Class A and Class B. Under the bylaws of the Company each unit of Class A and Class B is entitled to one vote. Class A units are convertible into Class B units at the discretion of the holder; Class B units are not convertible into Class A units. All Class A units are held by the President of the Company.

CitiPower, L.L.C.

Notes to Financial Statements (continued)

5. Employee Benefits

The Company maintains a defined contribution Savings Incentive Match Plan for Employees under Internal Revenue Code section 408(p). The Company matches 100% of employee contributions to this plan, up to three percent of the employee's compensation. The Company contributed \$3,795 in 1998 and \$2,940 in 1997 to this plan.

6. Compensation, Consulting and Legal Services.

In 1998 and 1997, the Company issued membership units totaling 216,673 and 136,620 respectively, to various individuals, including the Company's President, consultants and the Company's general counsel for services. These units have been valued at the price of units sold to investors at the dates of issuance. Compensation, consulting and legal expense recorded was \$321,281 and \$200,974 for 1998 and 1997, respectively.

7. Related Party Transactions

The Company conducts business with certain of its owners and related companies. The Company purchases all of its natural gas from Forexco, Inc., which has the same management and certain same investors as the Company. Certain of the Company's directors render services or sell products to the Company. It is anticipated that similar services and products will be provided to the Company in 1999. Certain employees of Forexco provide services, for which it is reimbursed, to the Company. The Company has had the following transactions, excluding those described in Note 6, with its affiliates:

	<u>1998</u>	<u>1997</u>
Amounts due to affiliates at beginning of year	\$ 134,290	\$ 215,704
Transactions during the year:		
Gas purchases	112,246	79,426
Interest expense on loan from officer	-	1,811
Legal and professional fees	83,881	48,471
Fixed asset purchases from affiliated company	-	13,780
Salary and expense allocations	25,774	38,449
Miscellaneous	859	713
Payments	<u>(279,141)</u>	<u>(264,064)</u>
Amounts due to affiliates at end of year	<u>\$ 77,909</u>	<u>\$ 134,290</u>

Notes to Financial Statements (continued)

7. Concentration of Credit Risk and Fair Value of Financial Instruments

During 1998 and 1997, one customer accounted for 26% and 40%, respectively, of the Company's sales. This same customer accounted for 17% and 22%, respectively of the Company's account receivable at December 31, 1998 and 1997. The Company generally does not require collateral from its customers. Credit losses, which have been minimal, have been within management's expectations.

The carrying value of financial instruments, including cash, accounts receivable, accounts payable, notes payable and long-term debt approximate their estimated fair value. The fair values of the Company's long-term debt are estimated using discounted cash flow analysis, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

8. Commitments

The Company has short-term contracts with natural gas suppliers requiring the purchase of approximately 4,420,000 dekatherms of natural gas at varying prices during the period October 1, 1998 through December 31, 1999. In addition, the Company has short-term contracts with propane suppliers requiring the purchase of approximately 4,415,000 gallons of propane during the period October 1, 1998 through December 31, 1999. Management does not anticipate that these contracts will have a material impact on the Company's fiscal year 1999 consolidated results of operations.

9. Going Concern Uncertainty

Management believes that cash flows from operations and funds available under the current revolving credit line may not provide the Company with sufficient funds to meet its fiscal 1999 cash needs, assuming no significant improvement in current market conditions or interest rates. Management, therefore, intends to explore various alternatives to the need for additional working capital, including the possibility of filing for a reorganization under the United States Bankruptcy code and/or raising additional capital from third parties.

10. Year 2000 Compliance (Unaudited)

The Company has developed a plan to modify its information technology to be ready for the year 2000 and has begun converting critical data processing systems. The Company currently expects the projects to be substantially complete by the end of 1999 and does not expect this project to have a significant effect on operations and cash flows.

Citipower, LLC

Balance Sheets

	December 31	
	1998	1997
Assets		
Current assets:		
Cash	\$ 5,678	\$ 70,320
Accounts receivable	35,272	25,881
Prepaid expenses and other current assets	10,494	10,717
	<u>51,444</u>	<u>106,918</u>
Property and equipment, net	3,067,630	1,434,695
Intangible assets	41,901	57,033
	<u>\$ 3,160,975</u>	<u>\$ 1,598,646</u>
Total assets		
 Liabilities and Members' Equity		
Current liabilities:		
Accounts payable	\$ 159,503	\$ 48,413
Due to affiliates	77,909	134,290
Accrued expenses	6,803	8,204
Note payable	500,000	170,000
Current portion of long-term debt	17,093	11,415
Other liabilities	5,630	3,899
	<u>766,938</u>	<u>376,221</u>
Long-term debt-less current portion	39,188	40,716
Members' equity:		
Class A members	224,824	99,927
Class B members	2,130,025	1,081,782
Accumulated deficit	<u>2,354,849</u>	<u>1,181,709</u>
	<u>\$ 3,160,975</u>	<u>\$ 1,598,646</u>
Total liabilities and members' equity		

Citipower, LLC

Statements of Income

	Year Ended December 31	
	1998	1997
Revenues:		
Natural gas sales	\$ 182,322	\$ 120,999
Other revenue	26,177	6,854
	<u>208,499</u>	<u>127,853</u>
Operating expenses:		
Cost of good sold	112,246	79,426
Operating and maintenance	794,005	503,159
Depreciation and amortization	132,698	92,422
Other expenses	640	171
	<u>1,039,589</u>	<u>675,178</u>
Loss from operations	(831,090)	(547,325)
Other (income) expense		
Interest expense	11,111	8,061
Other income	(22,833)	(10,076)
	<u>(11,722)</u>	<u>(2,015)</u>
Net loss	\$ (819,368)	\$ (545,310)

Citipower, LLC

Statements of Income

	Year Ended December 31	
	1998	1997
Operating activities		
Net loss	\$ (819,368)	\$ (545,310)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	117,566	77,290
Amortization	15,132	15,132
Non-cash compensation and consulting expense	321,282	200,974
Changes in operating assets and liabilities:		
Accounts receivable	(9,391)	(19,452)
Prepaid expenses and other current assets	223	(3,009)
Accounts payable	111,090	(12,118)
Due to affiliates	(56,381)	(81,414)
Accrued expenses	(1,401)	7,415
Other liabilities	1,731	3,899
Net cash used by operating activities	(319,517)	(356,593)
Investing activities		
Purchases of property, plant and equipment	(1,750,501)	(607,974)
Net cash used in investing activities	(1,750,501)	(607,974)
Financing activities		
Net proceeds (payments) of notes payable	330,000	170,000
Payments of long-term	(14,721)	(7,960)
Proceeds from long-term debt	18,871	15,517
Member contributions	1,671,226	770,418
Net cash provided by financing activities	2,005,376	947,975
Net decrease in cash and cash equivalents	(64,642)	(16,592)
Cash and cash equivalents at beginning of year	70,320	86,912
Cash and cash equivalents at end of year	\$ 5,678	\$ 70,320
	\$ -	\$ -

Citipower, LLC

Statements of Members' Capital

	<u>Class A</u>	<u>Class B</u>	<u>Total</u>
Balance at December 31, 1996	\$ 75,562	\$ 680,065	\$ 755,627
Members' contributions		770,418	770,418
Membership units issued in exchange for services	97,139	103,835	200,974
Exchange of Class A for Class B units	(26,500)	26,500	-
Allocation of net loss	(46,274)	(499,036)	(545,310)
Balance at December 31, 1997	99,927	1,081,782	1,181,709
Members' contributions		1,671,226	1,671,226
Membership units issued in exchange for services	199,252	122,030	321,282
Allocation of net loss	(74,355)	(745,013)	(819,368)
Balance at December 31, 1998	<u>\$ 224,824</u>	<u>\$ 2,130,025</u>	<u>\$ 2,354,849</u>

2. **Provide a copy of Citipower's 1998 audited financial statements, complete with the independent auditor's report and notes to financial statements.**

Response: Forexco, Inc. does not have audited statements. See Exhibit B: A copy of the 1998 Federal Income Tax Return as filed by Forexco, Inc.

Respondent: BC

Form **1120** Department of the Treasury Internal Revenue Service **U.S. Corporation Income Tax Return 1998**

Instructions are separate. See instructions for Paperwork Reduction Act Notice.

IRS use only — Do not write or staple in this space.

For calendar year 1998 or tax year beginning _____, 1998, ending _____, 19 _____ OMB No. 1545-0123

A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co (attach Sch PH) <input type="checkbox"/> 3 Personal service corp (as defined in Temp Regs Sec 1.441-4T— see instructions) <input type="checkbox"/>		Name FOREXCO, INC. Number, Street, and Room or Suite Number (If a P.O. box, see instructions.) 2122 ENTERPRISE RD. City or Town State ZIP Code GREENSBORO NC 27408	B Employer ID Number 75-2438828 C Date Incorporated 08/02/92 D Total Assets (see instructions) \$ 648,851.
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E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

INCOME	1 a Gross receipts or sales	1,867,519.	b Less returns & allowances		c Balance	1 c	1,867,519.
	2 Cost of goods sold (Schedule A, line 8)					2	
	3 Gross profit. Subtract line 2 from line 1c					3	1,867,519.
	4 Dividends (Schedule C, line 19)					4	
	5 Interest					5	9,249.
	6 Gross rents					6	
	7 Gross royalties					7	114,505.
	8 Capital gain net income (attach Schedule D (Form 1120))					8	7,000.
	9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)					9	-40,000.
	10 Other income (see instructions — attach schedule)					10	
	11 Total income. Add lines 3 through 10					11	1,958,273.

DEDUCTIONS FOR LIMITATIONS ON SEE INSTRUCTIONS	12 Compensation of officers (Schedule E, line 4)					12	
	13 Salaries and wages (less employment credits)					13	370,215. ✓
	14 Repairs and maintenance					14	8,281. ✓
	15 Bad debts					15	
	16 Rents					16	19,500. ✓
	17 Taxes and licenses					17	27,717. ✓
	18 Interest					18	
	19 Charitable contributions (see instructions for 10% limitation)					19	
	20 Depreciation (attach Form 4562)	20	15,217.				
	21 Less depreciation claimed on Schedule A and elsewhere on return	21 a				21 b	15,217.
	22 Depletion					22	2,983.
	23 Advertising					23	
	24 Pension, profit-sharing, etc, plans					24	16,799. ✓
	25 Employee benefit programs					25	
26 Other deductions (attach schedule) . See Other Deductions Statement.					26	1,485,546.	
27 Total deductions. Add lines 12 through 26					27	1,946,258.	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	12,015.	
29 Less: a Net operating loss deduction (see instructions)	29 a		12,015.				
b Special deductions (Schedule C, line 20)	29 b				29 c	12,015.	

TAX AND PAYMENTS	30 Taxable income. Subtract line 29c from line 28					30	0.
	31 Total tax (Schedule J, line 12)					31	
	32 Payments: a 1997 overpayment credited to 1998	32 a					
	b 1998 estimated tax payments	32 b					
	c Less 1998 refund applied for on Form 4466	32 c					
	d Bal	32 d					
	e Tax deposited with Form 7004	32 e					
	f Credit for tax paid on undistributed capital gains (attach Form 2439)	32 f					
	g Credit for federal tax on fuels (attach Form 4136). See instructions	32 g				32 h	
	33 Estimated tax penalty (see instructions). Check if Form 2220 is attached					33	
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					34		
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					35		
36 Enter amount of line 35 you want: Credited to 1999 estimated tax					36	Refunded	

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Signature of Officer <i>John Forsberg</i>	Date 6/14/99 Title Prep		
Paid Preparer's Use Only	Preparer's Signature <i>John Forsberg</i>	Date 06/03/99	Check if self-employed <input checked="" type="checkbox"/>	Preparer's Social Security Number 469-68-8461
	Firm's Name (or yours if self-employed) and Address JOHN FORSBERG, CPA BOX 173335 ARLINGTON TX			EIN
				ZIP Code 76003

Schedule A Cost of Goods Sold (see instructions.)

1	Inventory at beginning of year	1
2	Purchases	2
3	Cost of labor	3
4	Additional Section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total. Add lines 1 through 5	6
7	Inventory at end of year	7
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations Section 1.471-3
- (ii) Lower of cost or market as described in Regulations Section 1.471-4
- (iii) Other (specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations Section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation Yes No

Schedule C Dividends and Special Deductions (see instructions.)

	(a) Dividends received	(b) Percentage	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations (Section 246A)		
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (Section 245(b))	100	
9	Total. Add lines 1 through 8. See instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from certain FSCs that are subject to the 100% deduction (Sec 245(c)(1))	100	
12	Dividends from affiliated group members subject to the 100% ded (Section 243(a)(3))	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (Section 78)		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (Section 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1		

Schedule E Compensation of Officers (see instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1					

Schedule J Tax Computation (see instructions.)

1 Check if the corporation is a member of a controlled group (see Sections 1561 and 1563) **X**
Important: Members of a controlled group, see instructions.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order):
 (1) \$ _____ (2) \$ _____ (3) \$ _____
 b Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____
 (2) Additional 3% tax (not more than \$100,000) \$ _____

3 Income tax. Check if a qualified personal service corporation under Section 448(d)(2) (see instructions)

4a Foreign tax credit (attach Form 1118) **3**
 b Possessions tax credit (attach Form 5735)
 c Check: Nonconventional source fuel credit QEV credit (attach Form 8834)
 d General business credit. Enter here and check which forms are attached:
 3468 5884 6478 6765 8586 8830 3800
 8835 8844 8845 8846 8820 8847 8861
 e Credit for prior year minimum tax (attach Form 8827)
 5 Total credits. Add lines 4a through 4e
 6 Subtract line 5 from line 3
 7 Personal holding company tax (attach Schedule PH (Form 1120))
 8 Recapture taxes. Check if from: Form 4255 Form 8611
 9 Alternative minimum tax (attach Form 4626)
 10 Add lines 6 through 9
 11 Qualified zone academy bond credit (attach Form 8860)
 12 Total tax. Subtract line 11 from line 10. Enter here and on line 31, page 1

Schedule K Other Information (see instructions.)

	Yes	No		Yes	No
1 Check method of accounting: a <input type="checkbox"/> Cash			7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See Sections 951 and 957.)		X
b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (spec) ▶ _____			If 'Yes,' attach Form 5471 for each such corporation. Enter no. of Forms 5471 attached ▶ _____		
2 See the instructions and state the:			8 At any time during the 1998 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country?		X
a Business activity code no. (New) ▶ <u>211110</u>			If 'Yes,' the corporation may have to file Form TD F 90-22.1. If 'Yes,' enter name of foreign country ▶ _____		
b Business activity ▶ <u>EXPLORATION</u>			9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the corporation may have to file Form 3520		X
c Product or service ▶ <u>OIL & GAS</u>			10 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation?		X
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see Section 267(c).)		X	If 'Yes,'		
If 'Yes,' attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			a Enter percentage owned ▶ _____		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	X		b Enter owner's country ▶ _____		
If 'Yes,' enter employer identification number and name of the parent corporation ▶ <u>75-2374401</u>			c The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶ _____		
<u>FORSBERG OIL</u>			11 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/>		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see Section 267(c).)		X	If so, the corporation may have to file Form 8281.		
If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.)			12 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		
Enter % owned ▶ <u>100.00</u> See Ques 5 Strm			13 If there were 35 or fewer shareholders at the end of the tax year, enter the number ▶ _____		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See Sections 301 and 316.)		X	14 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/>		
If 'Yes,' file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.			15 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.)		
			▶ \$ <u>12,088.</u>		

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		297,915.		197,368. ✓
2a	Trade notes and accounts receivable	109,007.		3,761.	
	b Less allowance for bad debts		109,007.	1,292.	2,469. ✓
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule) .. Ln. 6 Stmt		14,213.		367,883.
7	Loans to stockholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule) .. Ln. 9 Stmt				70,000. ✓
10a	Buildings and other depreciable assets	37,046.		✓ 53,642.	
	b Less accumulated depreciation	27,294.	9,752.	42,511.	11,131.
11a	Depletable assets				
	b Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	40,000.			
	b Less accumulated amortization		40,000.		
14	Other assets (attach schedule)				
15	Total assets		470,887.		648,851.
Liabilities and Stockholders' Equity					
16	Accounts payable		25,095.		62,046.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach sch) .. Ln. 18 Stmt		364,544.		510,670.
19	Loans from stockholders				
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock	1,000.	1,000.	1,000.	1,000.
23	Additional paid-in capital				
24	Retained earnings — Approp				
25	Retained earnings — Unappropriated		80,248.		75,135.
26	Adjustments to shareholders' equity				
27	Less cost of treasury stock				
28	Total liabilities and stockholders' equity		470,887.		648,851.

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions.)				
1	Net income (loss) per books	-5,113.	7	Income recorded on books this year not included on this return (itemize):
2	Federal income tax	0.		Tax-exempt interest \$ _____
3	Excess of capital losses over capital gains			-----
4	Income subject to tax not recorded on books this year:			-----

5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):
	a Depreciation	\$ _____		a Depreciation .. \$ _____
	b Contributions carryover ..	\$ 539.		b Contrib carryover .. \$ _____
	c Travel & entertainment ..	\$ 16,589.		-----

		17,128.	9	Add lines 7 and 8
6	Add lines 1 through 5	12,015.	10	Income (line 28, page 1) — line 6 less line 9
				12,015.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)				
1	Balance at beginning of year	80,248.	5	Distributions
2	Net income (loss) per books	-5,113.		a Cash
3	Other increases (itemize):			b Stock
	-----			c Property
4	Add lines 1, 2, and 3	75,135.	6	Other decreases (itemize):

			7	Add lines 5 and 6
			8	Balance at end of year (line 4 less line 7)
				75,135.

Schedule D
(Form 1120)

Capital Gains and Losses

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

To be filed with Forms 1120, 1120-A, 1120-IC-DISC,
1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL,
1120-REIT, 1120-RIC, 1120-SF, 990-C, and certain Forms 990-T.

1998

Name
FOREXCO, INC.

Employer Identification Number
75-2438828

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

(a) Kind of property and description (Example, 100 shares of Z Co)	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) ((d) less (e))
1 Sale of Wells	01/01/98	12/31/98	7,000.	0.	7,000.
2 Short-term capital gain from installment sales from Form 6252, line 26 or 37					2
3 Short-term gain or (loss) from like-kind exchanges from Form 8824					3
4 Unused capital loss carryover (attach computation)					4
5 Net short-term capital gain or (loss). Combine lines 1 through 4					5 7,000.

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

6					
7 Enter gain from Form 4797, column (g), line 7 or 9					7
8 Long-term capital gain from installment sales from Form 6252, line 26 or 37					8
9 Long-term gain or (loss) from like-kind exchanges from Form 8824					9
10 Net long-term capital gain or (loss). Combine lines 6 through 9					10

Part III Summary of Parts I and II

11 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 10)	11	7,000.
12 Net capital gain. Enter excess of net long-term capital gain (line 10) over net short-term capital loss (line 5)	12	
13 Add lines 11 and 12. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns	13	7,000.

Note: If losses exceed gains, see *Capital losses* in the instructions.

BAA For Paperwork Reduction Act Notice, see the instructions for Forms 1120 and 1120-A.

Schedule D (Form 1120) 1998

Depreciation and Amortization
(Including Information on Listed Property)

1998
67

Department of the Treasury
Internal Revenue Service (99)

▶ See instructions.
▶ Attach this form to your return.

Name(s) Shown on Return

Business or Activity to Which This Form Relates

Identifying Number

FOREXCO, INC.

Form 1120 Line 20

75-2438828

Part I Election to Expense Certain Tangible Property (Section 179)

(Note: If you have any 'listed property,' complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see instructions	1	\$18,500.
2	Total cost of Section 179 property placed in service. See instructions	2	16,597.
3	Threshold cost of Section 179 property before reduction in limitation	3	\$200,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	18,500.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
	Equipment (97)	16,597.	10,000.
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7	8	10,000.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	10,000.
10	Carryover of disallowed deduction from 1997. See instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	18,500.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	10,000.
13	Carryover of disallowed deduction to 1999. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service Only During Your 1998 Tax Year
(Do Not Include Listed Property)

Section A – General Asset Account Election

14 If you are making the election under Section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions

Section B – General Depreciation System (GDS) (See instructions)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only – see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property		6,597.	7.0 yrs	HY	200DB	942.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	

Section C – Alternative Depreciation System (ADS) (See instructions)

16a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property) (See instructions)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1998	17	4,275.
18	Property subject to Section 168(f)(1) election	18	
19	ACRS and other depreciation	19	

Part IV Summary (See instructions)

20	Listed property. Enter amount from line 26	20	
21	Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations – see instructions	21	15,217.
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs	22	

Part V Listed Property – Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No										23b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected Section 179 cost				
24 Property used more than 50% in a qualified business use (see instructions):												
25 Property used 50% or less in a qualified business use (see instructions):												
26 Add amounts in column (h). Enter the total here and on line 20, page 1								26				
27 Add amounts in column (i). Enter the total here and on line 7, page 1									27			

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
28 Total business/investment miles driven during the year (Do not include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?	X											
33 Was the vehicle used primarily by a more than 5% owner or related person?	X											
34 Is another vehicle available for personal use?	X											

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See instructions		

Note: If your answer to 35, 36, 37, 38, or 39 is 'Yes,' you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code Section	(e) Amortization period or percentage	(f) Amortization for this year
40 Amortization of costs that begins during your 1998 tax year:					
41 Amortization of costs that began before 1998					41
42 Total. Enter here and on 'Other Deductions' or 'Other Expenses' line of your return					42

Form 1120, Page 1, Line 26
Other Deductions Statement

✓ (1) Accounting	3,963.
✓ (2) Bank charges	506.
✓ (3) Dues and subscriptions	1,061.
✓ (4) Insurance	18,716.
✓ 5 Legal and professional	26,758.
✓ 6 Meals and entertainment (50%)	16,589.
✓ (7) Office expense	11,170.
8 Outside services	298,108.
✓ (9) Postage	6,198.
✓ (10) Printing	3,922.
✓ (11) Telephone	11,139.
✓ (12) Travel	32,384.
13 Uniforms	5,499.
✓ (14) LEASE OPERATING EXPENSE	89,136.
✓ 15 TRANSPORT OF OIL/GAS	12,225.
✓ (16) MAPS & ABSTRACTS	260.
✓ (17) MARKETING EXP	4,463.
18 TURNKEY DRILLING EXP	943,449.
Total	<u>1,485,546.</u>

Form 1120, Page 4, Schedule L, Line 6
Ln 6 Stmt

Other Current Assets:	Beginning of tax year	End of tax year
PREPAID	4,213.	5,505.
BLANKET BOND	10,000.	10,000.
ACCT REC - CITIPOWER		20,201.
ACCT REC - FORSBERG OIL		301,465.
ACCT REC - LICKBRANCH		30,712.
Total	<u>14,213.</u>	<u>367,883.</u>

Form 1120, Page 4, Schedule L, Line 9
Ln 9 Stmt

Other Investments:	Beginning of tax year	End of tax year
CITIPOWER		70,000.
Total		<u>70,000.</u>

Form 1120, Page 4, Schedule L, Line 18
Ln 18 Stmt

Other Current Liabilities:	Beginning of tax year	End of tax year
ESCROW ACCT - DRILLING FUNDS	291,724.	474,601.
A/P FORSBERG OIL	7,497.	
OTHER CITIPOWER, L.L.C.	65,323.	36,889.

3. Provide a copy of Citipower's internally prepared monthly and/or quarterly financial statements for any periods available in 1999. If readily available, provide internal financial statements for the twelve months ended September 30, 1999.

*Response: See Exhibit C, Profit & Loss Statement and Balance Sheet, January 1999
See Exhibit D, Profit & Loss Statements and Balance Sheet, February 1999
See Exhibit E, Profit & Loss Statements and Balance Sheet, March 1999
See Exhibit F, Profit & Loss Statements and Balance Sheet, April 1999
See Exhibit G, Profit & Loss Statements and Balance Sheet, May 1999
See Exhibit H, Profit & Loss Statements and Balance Sheet, June 1999
See Exhibit I, Profit & Loss Statements and Balance Sheet, July 1999
See Exhibit J, Profit & Loss Statements and Balance Sheet, August 1999
See Exhibit K, Profit & Loss Statements and Balance Sheet, September 1999
See Exhibit L, Profit & Loss Statements and Balance Sheet, October 1999*

Respondent: BC

11/23/99

Citipower, L. L. C.
Profit and Loss
 January 1999

Jan '99

Ordinary Income/Expense
 Income

4800 · Operating Revenues		
480 · Ultimate Consumers		
480.1 · Residential Sales		9,626.20
480.2 · Commercial Sales		3,578.44
480.3 · Industrial Sales		6,302.70
480.4 · Public Sales		19,663.54
Total 480 · Ultimate Consumers		39,170.88
483 · Sales for Resale		359.04
Total 4800 · Operating Revenues		39,529.92
484 · Other Operating Revenue		
488.1 · Misc Service Revenues		
488.2 · Late Charges Collected		10.58
488.3 · Hook up fees collected		1,207.84
Total 488.1 · Misc Service Revenues		1,218.42
495 · Other Gas Revenues-Transportati		681.37
Total 484 · Other Operating Revenue		1,899.79
Total Income		41,429.71
Cost of Goods Sold		
730 · Cost of Goods Sold		
730.2 · Natural Gas		3,730.38
Total 730 · Cost of Goods Sold		3,730.38
Total COGS		3,730.38
Gross Profit		37,699.33
Expense		
900 · Tot Gas Oper & Maint Exp		
900.1 · Customer Accounts Expense		
903 · Supplies & Expenses		64.23
Total 900.1 · Customer Accounts Expense		64.23
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.3 · Materials		68.38
907.5 · Mileage		77.00
Total 907.1 · Customer Repair/Maintenance		145.38
Total 907 · Cust Svc & Info Expenses		145.38
920 · Admin & Gen Expense		
936 · Capitalized Expenses		-8,431.55
920.1 · Admin & General Salaries (920)		
920.3 · Commissions Paid		1,750.00
6560 · Payroll Expenses		14,662.86
Total 920.1 · Admin & General Salaries (920)		16,412.86
921 · Office Supplies/Expense (921)		
921.2 · Office Cleaning		35.00
921 · Office Supplies/Expense (921) - Other		303.06
Total 921 · Office Supplies/Expense (921)		338.06
923 · Outside Services (923)		
923.2 · Accounting Fees		99.85
923.6 · Legal Fee & Professional Fees		15,000.00
Total 923 · Outside Services (923)		15,099.85
925 · Injuries & Damages		
925.2 · Insurance - Liability		1,262.14
925.4 · Insurance - Workmans' Comp		521.29

11/23/99

Citipower, L. L. C.
Profit and Loss
 January 1999

	Jan '99
Total 925 · Injuries & Damages	1,783.43
926 · Employee Pension/Benefit (926)	281.92
930.3 · Misc General Exp	
930.3.1 · Bank Service/Check Charges	15.00
930.3.7 · Postage/Fedex	53.92
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	41.40
930.5.3 · Travel	100.00
Total 930.5 · Travel & Entertainment	141.40
Total 930.3 · Misc General Exp	210.32
933 · Transportation Expenses (933)	
933.4 · Auto Repair & Maint	103.60
Total 933 · Transportation Expenses (933)	103.60
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	97.23
935.2 · Ditchwitch	38.44
Total 935 · Maint of General Plant (935)	135.67
Total 920 · Admin & Gen Expense	25,934.16
Total 900 · Tot Gas Oper & Maint Exp	26,143.77
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,678.95
Total 408 · Taxes Other than Income	1,678.95
999.1 · Miscellaneous	714.21
Total Expense	47,094.93
Net Ordinary Income	-9,395.60
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	90.95
418 · Interest - FUNB	
Total 415-418 · Nonutility Income	90.95
Total Other Income	90.95
Other Expense	
431 · Other Interest Expense	
431.3 · Interest - Vehicle Loans	446.40
Total 431 · Other Interest Expense	446.40
Total Other Expense	446.40
Net Other Income	-355.45
Net Income	-9,751.05

11/23/99

Citipower, L. L. C.
Balance Sheet
As of January 31, 1999

Jan 31, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.7 · Petty Cash

131.1 · Bank of McCreary County

131.2 · FUNB - CAP Account

200.00

1,801.15

30,776.34

Total 131 · Cash & Working Funds

32,777.49

Total Checking/Savings

32,777.49

Accounts Receivable

143 · Other Accounts Receivable

144 · Allow for Uncollectibles

374.51

-273.40

Total Accounts Receivable

101.11

Other Current Assets

145 · Receivables

145.1 · Citizens Receivable

145.2 · Severance Tax Receivable

145.3 · Sales Receivable

145.4 · Sales Tax Receivable

16,826.55

-567.62

39,960.62

592.87

Total 145 · Receivables

56,812.42

165 · Prepayments

165.1 · Prepaid Insurance

8,710.84

Total 165 · Prepayments

8,710.84

Total Other Current Assets

65,523.26

Total Current Assets

98,401.86

Fixed Assets

365 · Property & Equipment (365-399)

383 · Capitalized Expenses

367.1 · Pipeline - 3"

367.2 · Pipeline - 4"

376.1 · Pipeline - 1" & 2"

376.2 · Pipeline - 6"

376.3 · Pipeline Line - Steel

377 · Compressor Site

382 · Equipment - Meters/Setup

385 · Reg/Ordorant Station

390 · Office Building

391 · Office Furniture & Equipment

393 · Automobiles/Vehicles

394 · Tools

396 · Equipment - DW/Other

8,431.55

246,153.63

587,454.63

310,859.09

488,965.37

1,034,466.56

126,739.31

203,919.24

10,587.26

125,000.00

9,176.88

87,311.09

45.75

49,969.69

Total 365 · Property & Equipment (365-399)

3,289,080.05

400 · Accumulated Depreciation

-228,432.24

Total Fixed Assets

3,060,647.81

Other Assets

124.1 · Investment in LBU, LLC

301 · Intangible Plant

301.1 · Goodwill

301.1.5 · Accumulated Amortization

400,000.00

-34,047.00

11/23/99

Citipower, L. L. C.
Balance Sheet
As of January 31, 1999

	Jan 31, '99
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,600,950.67
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	31,088.41
232 · Accounts Payable - Other	123,948.69
Total 232 · Accounts Payable	155,037.10
Total Accounts Payable	155,037.10
Other Current Liabilities	
231 · Notes Payable	
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	416,500.00
231.3 · Loans Payable - Vehicles	54,934.47
Total 231 · Notes Payable	971,434.47
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	43,112.25
Total 234 · A/P to Assoc Co	43,112.25
235 · Customer Deposits	
235.1 · Customer Security Deposits	5,300.00
235.2 · Deferred Rev.-Customer Payments	429.70
Total 235 · Customer Deposits	5,729.70
236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.2 · SUI Payable	0.03
236.1.3 · Federal Taxes Withheld	-0.12
236.1.4 · KY State Withholding	-0.01
236.1.5 · FICA/MCARE W/H	-0.01
236.1.6 · Employer's FICA	0.04
236.1.7 · Employee Pension	0.02
Total 236.1 · Payroll Tax Liabilities	-0.05
236.2 · Sales Tax Payable	1,329.48
236.3 · Severance Tax Payable	925.06
236.4 · School Tax Payable	516.26
Total 236 · Taxes Accrued	2,770.75
237 · Interest Accrued	131.18
238 · Other Liabilities	
238.1 · Match - SIMPLE IRA	
238.1.1 · Pension Match	4,076.63
Total 238.1 · Match - SIMPLE IRA	4,076.63

11/23/99

Citipower, L. L. C.
Balance Sheet
As of January 31, 1999

	Jan 31, '99
238.2 · Deferred Acquisition Costs Paya	26,500.00
Total 238 · Other Liabilities	30,576.63
Total Other Current Liabilities	1,053,754.98
Total Current Liabilities	1,208,792.08
Total Liabilities	1,208,792.08
Equity	
216 · Ret Earnings (215 or 216)	-1,936,672.12
Net Income	-9,751.05
218 · Non Corp Proprietorship	
218.4 · Class B - Management Units	217,730.29
218.3 · Class A Units	403,236.50
218.1 · Members Capital Contributions	3,717,414.97
218.2 · Opening Bal Equity	200.00
Total 218 · Non Corp Proprietorship	4,338,581.76
Total Equity	2,392,158.59
TOTAL LIABILITIES & EQUITY	3,600,950.67

11/23/99

Citipower, L. L. C.
Profit and Loss
February 1999

Feb '99

Ordinary Income/Expense
Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

9,008.43

480.2 · Commercial Sales

3,471.24

480.3 · Industrial Sales

4,945.74

480.4 · Public Sales

16,719.82

Total 480 · Ultimate Consumers

34,145.23

Total 4800 · Operating Revenues

34,145.23

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.2 · Late Charges Collected

27.88

488.3 · Hook up fees collected

1,310.90

Total 488.1 · Misc Service Revenues

1,338.78

495 · Other Gas Revenues-Transportati

5,265.80

Total 484 · Other Operating Revenue

6,604.58

Total Income

40,749.81

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

2,517.28

730.4 · Compressor Rent

6,529.69

730.5 · Severance Tax

924.21

Total 730 · Cost of Goods Sold

9,971.18

Total COGS

9,971.18

Gross Profit

30,778.63

Expense

900 · Tot Gas Oper & Maint Exp

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.3 · Materials

652.16

907.6 · Other

54.13

Total 907.1 · Customer Repair/Maintenance

706.29

908 · New Customer Hookup Expense

908.2 · Materials

-26.55

Total 908 · New Customer Hookup Expense

-26.55

Total 907 · Cust Svc & Info Expenses

679.74

920 · Admin & Gen Expense

936 · Capitalized Expenses

-9,506.95

920.1 · Admin & General Salaries (920)

6560 · Payroll Expenses

15,524.40

Total 920.1 · Admin & General Salaries (920)

15,524.40

921 · Office Supplies/Expense (921)

921.1 · Office Supplies

20.83

921.2 · Office Cleaning

70.00

921 · Office Supplies/Expense (921) - Other

187.15

Total 921 · Office Supplies/Expense (921)

277.98

923 · Outside Services (923)

923.2 · Accounting Fees

6,892.04

923.6 · Legal Fee & Professional Fees

7,489.85

Total 923 · Outside Services (923)

14,381.89

925 · Injuries & Damages

925.2 · Insurance - Liability

631.07

Page 1

11/23/99

Citipower, L. L. C.
Profit and Loss
 February 1999

	Feb '99
925.4 · Insurance - Workmans' Comp	1,769.11
925.5 · Insurance-Medical	2,250.97
Total 925 · Injuries & Damages	4,651.15
926 · Employee Pension/Benefit (926)	283.37
928 · Regulatory Comm Expenses (928)	2,500.00
930.3 · Misc General Exp	
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	125.00
930.3.7 · Postage/Fedex	99.50
930.3.9 · Supplies	48.80
930.4 · Telephone Expense	501.63
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	21.13
930.5 · Travel & Entertainment - Other	1,590.00
Total 930.5 · Travel & Entertainment	1,611.13
930.6 · Utilities	43.12
930.6.1 · Termite Control - Office	39.60
Total 930.3 · Misc General Exp	2,493.78
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	665.34
933.5 · Insurance/Title/Fees	885.18
Total 933 · Transportation Expenses (933)	1,550.52
935 · Maint of General Plant (935)	
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	500.00
Total 920 · Admin & Gen Expense	32,656.14
Total 900 · Tot Gas Oper & Maint Exp	33,335.88
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,720.39
408.2 · Property Taxes	641.07
Total 408 · Taxes Other than Income	2,361.46
Total Expense	54,255.34
Net Ordinary Income	-23,476.71
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	293.90
Total 415-418 · Nonutility Income	293.90
Total Other Income	293.90
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	1,626.30
431.3 · Interest - Vehicle Loans	212.32
Total 431 · Other Interest Expense	1,838.62
Total Other Expense	1,838.62
Net Other Income	-1,544.72
Net Income	-25,021.43

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through February 1999

Jan - Feb '99

Ordinary Income/Expense

Income

4800 · Operating Revenues		
480 · Ultimate Consumers		
480.1 · Residential Sales		18,634.63
480.2 · Commercial Sales		7,049.68
480.3 · Industrial Sales		11,248.44
480.4 · Public Sales		36,383.36
Total 480 · Ultimate Consumers		73,316.11
483 · Sales for Resale		359.04
Total 4800 · Operating Revenues		73,675.15
484 · Other Operating Revenue		
488.1 · Misc Service Revenues		
488.2 · Late Charges Collected		38.46
488.3 · Hook up fees collected		2,518.74
Total 488.1 · Misc Service Revenues		2,557.20
495 · Other Gas Revenues-Transportati		5,947.17
Total 484 · Other Operating Revenue		8,504.37
Total Income		82,179.52

Cost of Goods Sold

730 · Cost of Goods Sold		
730.2 · Natural Gas		6,247.66
730.4 · Compressor Rent		6,529.69
730.5 · Severance Tax		924.21
Total 730 · Cost of Goods Sold		13,701.56

Total COGS

13,701.56

Gross Profit

68,477.96

Expense

900 · Tot Gas Oper & Maint Exp		
900.1 · Customer Accounts Expense		
903 · Supplies & Expenses		64.23
Total 900.1 · Customer Accounts Expense		64.23
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.3 · Materials		720.54
907.5 · Mileage		77.00
907.6 · Other		54.13
Total 907.1 · Customer Repair/Maintenance		851.67
908 · New Customer Hookup Expense		
908.2 · Materials		-26.55
Total 908 · New Customer Hookup Expense		-26.55
Total 907 · Cust Svc & Info Expenses		825.12
920 · Admin & Gen Expense		
936 · Capitalized Expenses		-17,938.50
920.1 · Admin & General Salaries (920)		
920.3 · Commissions Paid		1,750.00
6560 · Payroll Expenses		30,187.26
Total 920.1 · Admin & General Salaries (920)		31,937.26
921 · Office Supplies/Expense (921)		
921.1 · Office Supplies		20.83
921.2 · Office Cleaning		105.00
921 · Office Supplies/Expense (921) - Other		490.21
Total 921 · Office Supplies/Expense (921)		616.04

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through February 1999

Jan - Feb '99

923 · Outside Services (923)		
923.2 · Accounting Fees		6,991.89
923.6 · Legal Fee & Professional Fees		22,489.85
		29,481.74
Total 923 · Outside Services (923)		
925 · Injuries & Damages		
925.2 · Insurance - Liability		1,893.21
925.4 · Insurance - Workmans' Comp		2,290.40
925.5 · Insurance-Medical		2,250.97
		6,434.58
Total 925 · Injuries & Damages		
926 · Employee Pension/Benefit (926)		565.29
928 · Regulatory Comm Expenses (928)		2,500.00
930.3 · Misc General Exp		
930.3.1 · Bank Service/Check Charges		15.00
930.3.3 · Donations		25.00
930.3.4 · Dues and Subscriptions		125.00
930.3.7 · Postage/Fedex		153.42
930.3.9 · Supplies		48.80
930.4 · Telephone Expense		501.63
930.5 · Travel & Entertainment		
930.5.1 · Meals/Entertainment		62.53
930.5.3 · Travel		100.00
930.5 · Travel & Entertainment - Other		1,590.00
		1,752.53
Total 930.5 · Travel & Entertainment		
930.6 · Utilities		43.12
930.6.1 · Termite Control - Office		39.60
		2,704.10
Total 930.3 · Misc General Exp		
933 · Transportation Expenses (933)		
933.1 · Automobile Expenses		665.34
933.4 · Auto Repair & Maint		103.60
933.5 · Insurance/Title/Fees		885.18
		1,654.12
Total 933 · Transportation Expenses (933)		
935 · Maint of General Plant (935)		
935.1 · Equipment Repairs		97.23
935.2 · Ditchwitch		38.44
935.4 · Storage Rental - Equipment		500.00
		635.67
Total 935 · Maint of General Plant (935)		
Total 920 · Admin & Gen Expense		58,590.30
Total 900 · Tot Gas Oper & Maint Exp		59,479.65
403 · Depr & Depl Expense		37,116.00
408 · Taxes Other than Income		
408.1 · Payroll Taxes		3,399.34
408.2 · Property Taxes		641.07
		4,040.41
Total 408 · Taxes Other than Income		
999.1 · Miscellaneous		714.21
		101,350.27
Total Expense		
Net Ordinary Income		-32,872.31
Other Income/Expense		
Other Income		
415-418 · Nonutility Income		
418 · Interest - FUNB		384.85
		384.85
Total 415-418 · Nonutility Income		
Total Other Income		384.85
Other Expense		
431 · Other Interest Expense		

11/23/99

Citipower, L. L. C.
Profit and Loss
January through February 1999

	<u>Jan - Feb '99</u>
431.1 · Interest - LOC	1,626.30
431.3 · Interest - Vehicle Loans	658.72
Total 431 · Other Interest Expense	<u>2,285.02</u>
Total Other Expense	<u>2,285.02</u>
Net Other Income	<u>-1,900.17</u>
Net Income	<u><u>-34,772.48</u></u>

11/23/99

Citipower, L. L. C.
Balance Sheet
As of February 28, 1999

Feb 28, '99

ASSETS

Current Assets

Checking/Savings

131 · Cash & Working Funds

131.7 · Petty Cash

131.1 · Bank of McCreary County

131.2 · FUNB - CAP Account

350.22

2,060.08

81,115.79

Total 131 · Cash & Working Funds

83,526.09

Total Checking/Savings

83,526.09

Accounts Receivable

143 · Other Accounts Receivable

144 · Allow for Uncollectibles

374.51

-273.40

Total Accounts Receivable

101.11

Other Current Assets

145 · Receivables

145.1 · Citizens Receivable

145.2 · Severance Tax Receivable

145.3 · Sales Receivable

145.4 · Sales Tax Receivable

34,342.30

-567.62

49,324.25

553.70

Total 145 · Receivables

83,652.63

165 · Prepayments

165.1 · Prepaid Insurance

6,310.66

Total 165 · Prepayments

6,310.66

Total Other Current Assets

89,963.29

Total Current Assets

173,590.49

Fixed Assets

365 · Property & Equipment (365-399)

383 · Capitalized Expenses

367.1 · Pipeline - 3"

367.2 · Pipeline - 4"

376.1 · Pipeline - 1" & 2"

376.2 · Pipeline - 6"

376.3 · Pipeline Line - Steel

377 · Compressor Site

382 · Equipment - Meters/Setup

385 · Reg/Ordorant Station

390 · Office Building

391 · Office Furniture & Equipment

393 · Automobiles/Vehicles

394 · Tools

396 · Equipment - DW/Other

17,938.50

246,153.63

589,915.63

313,758.97

488,965.37

1,034,713.88

127,039.31

206,584.52

10,599.07

125,000.00

9,176.88

87,311.09

45.75

49,969.69

Total 365 · Property & Equipment (365-399)

3,307,172.29

400 · Accumulated Depreciation

-246,990.24

Total Fixed Assets

3,060,182.05

Other Assets

124.1 · Investment in LBU, LLC

301 · Intangible Plant

301.1 · Goodwill

301.1.5 · Accumulated Amortization

400,000.00

-34,047.00

11/23/99

Citipower, L. L. C.
Balance Sheet
As of February 28, 1999

	Feb 28, '99
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,675,673.54
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	34,622.01
232 · Accounts Payable - Other	72,488.90
Total 232 · Accounts Payable	107,110.91
Total Accounts Payable	107,110.91
Other Current Liabilities	
231 · Notes Payable	
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	375,000.00
231.3 · Loans Payable - Vehicles	54,298.54
Total 231 · Notes Payable	929,298.54
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	58,650.15
Total 234 · A/P to Assoc Co	58,650.15
235 · Customer Deposits	
235.1 · Customer Security Deposits	5,300.00
235.2 · Deferred Rev.-Customer Payments	429.70
Total 235 · Customer Deposits	5,729.70
236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.1 · FUTA	0.40
236.1.2 · SUI Payable	1.55
236.1.3 · Federal Taxes Withheld	-0.12
236.1.4 · KY State Withholding	-0.01
236.1.6 · Employer's FICA	1.44
236.1.7 · Employee Pension	0.02
Total 236.1 · Payroll Tax Liabilities	3.28
236.2 · Sales Tax Payable	1,089.61
236.3 · Severance Tax Payable	1,273.59
236.4 · School Tax Payable	1,646.97
Total 236 · Taxes Accrued	4,013.45
238 · Other Liabilities	
238.1 · Match - SIMPLE IRA	
238.1.1 · Pension Match	4,360.00
Total 238.1 · Match - SIMPLE IRA	4,360.00
238.2 · Deferred Acquisition Costs Paya	26,500.00

11/23/99

Citipower, L. L. C.
Balance Sheet
As of February 28, 1999

Feb 28, '99

Total 238 · Other Liabilities	30,860.00
Total Other Current Liabilities	1,028,551.84
Total Current Liabilities	1,135,662.75
Total Liabilities	1,135,662.75
Equity	
216 · Ret Earnings (215 or 216)	-1,936,672.12
Net Income	-34,772.48
218 · Non Corp Proprietorship	
218.4 · Class B - Management Units	217,730.29
218.3 · Class A Units	403,236.50
218.1 · Members Capital Contributions	3,890,238.60
218.2 · Opening Bal Equity	250.00
Total 218 · Non Corp Proprietorship	4,511,455.39
Total Equity	2,540,010.79
TOTAL LIABILITIES & EQUITY	3,675,673.54

11/23/99

Citipower, L. L. C.
Profit and Loss

March 1999

Mar '99

Ordinary Income/Expense

Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

8,563.80

480.2 · Commercial Sales

3,990.43

480.3 · Industrial Sales

4,189.44

480.4 · Public Sales

15,521.42

Total 480 · Ultimate Consumers

32,265.09

Total 4800 · Operating Revenues

32,265.09

484 · Other Operating Revenue

488.1 · Misc Service Revenues

95.68

488.2 · Late Charges Collected

2,166.94

488.3 · Hook up fees collected

Total 488.1 · Misc Service Revenues

2,262.62

495 · Other Gas Revenues-Transportati

5,467.04

Total 484 · Other Operating Revenue

7,729.66

Total Income

39,994.75

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

3,203.67

730.4 · Compressor Rent

4,070.30

730.5 · Severance Tax

880.67

Total 730 · Cost of Goods Sold

8,154.64

Total COGS

8,154.64

Gross Profit

31,840.11

Expense

900 · Tot Gas Oper & Maint Exp

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.2 · Labor

375.00

907.3 · Materials

543.28

907.6 · Other

60.00

907.1 · Customer Repair/Maintenance - Other

12.87

Total 907.1 · Customer Repair/Maintenance

991.15

Total 907 · Cust Svc & Info Expenses

991.15

920 · Admin & Gen Expense

936 · Capitalized Expenses

-10,288.04

920.1 · Admin & General Salaries (920)

6560 · Payroll Expenses

13,677.48

Total 920.1 · Admin & General Salaries (920)

13,677.48

921 · Office Supplies/Expense (921)

921.1 · Office Supplies

28.35

921.2 · Office Cleaning

43.68

Total 921 · Office Supplies/Expense (921)

72.03

923 · Outside Services (923)

923.2 · Accounting Fees

15,072.90

923.6 · Legal Fee & Professional Fees

10,000.00

Total 923 · Outside Services (923)

25,072.90

925 · Injuries & Damages

925.2 · Insurance - Liability

631.07

925.4 · Insurance - Workmans' Comp

5,507.90

925.5 · Insurance-Medical

1,172.97

Total 925 · Injuries & Damages

7,311.94

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**Citipower, L. L. C.
Profit and Loss**

March 1999

	Mar '99
926 · Employee Pension/Benefit (926)	264.81
928 · Regulatory Comm Expenses (928)	3,500.00
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	50.00
Total 930 · Gen Advertising & Mktg Exp	<u>50.00</u>
930.3 · Misc General Exp	
930.3.5 · Employee Drug Testing Service	75.00
930.3.7 · Postage/Fedex	166.54
930.3.9 · Supplies	22.53
930.4 · Telephone Expense	1,647.23
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	101.93
Total 930.5 · Travel & Entertainment	<u>101.93</u>
930.6 · Utilities	377.10
930.6.1 · Termite Control - Office	39.60
Total 930.3 · Misc General Exp	<u>2,429.93</u>
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	812.45
933.4 · Auto Repair & Maint	177.19
933.5 · Insurance/Title/Fees	535.41
Total 933 · Transportation Expenses (933)	<u>1,525.05</u>
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	81.21
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	<u>581.21</u>
Total 920 · Admin & Gen Expense	<u>44,197.31</u>
Total 900 · Tot Gas Oper & Maint Exp	45,188.46
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,390.71
Total 408 · Taxes Other than Income	<u>1,390.71</u>
Total Expense	<u>65,137.17</u>
Net Ordinary Income	-33,297.06
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	670.19
Total 415-418 · Nonutility Income	670.19
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	15.11
Total 421 · Misc Nonoperating Income	<u>15.11</u>
Total Other Income	685.30
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	5,312.50
431.2 · Interest expense - customer dep	26.89
431.3 · Interest - Vehicle Loans	625.48
431.4 · Interest-Note Payable	10,625.00
Total 431 · Other Interest Expense	<u>16,589.87</u>
Total Other Expense	<u>16,589.87</u>
Net Other Income	<u>-15,904.57</u>

Citipower, L. L. C.
Profit and Loss
March 1999

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Mar '99

Net Income

-49,201.63

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through March 1999

Jan - Mar '99

Ordinary Income/Expense

Income

4800 · Operating Revenues	
480 · Ultimate Consumers	
480.1 · Residential Sales	27,198.43
480.2 · Commercial Sales	11,040.11
480.3 · Industrial Sales	15,437.88
480.4 · Public Sales	51,904.78
Total 480 · Ultimate Consumers	105,581.20
483 · Sales for Resale	359.04
Total 4800 · Operating Revenues	105,940.24
484 · Other Operating Revenue	
488.1 · Misc Service Revenues	
488.2 · Late Charges Collected	134.14
488.3 · Hook up fees collected	4,685.68
Total 488.1 · Misc Service Revenues	4,819.82
495 · Other Gas Revenues-Transportati	11,414.21
Total 484 · Other Operating Revenue	16,234.03
Total Income	122,174.27

Cost of Goods Sold

730 · Cost of Goods Sold	
730.2 · Natural Gas	9,451.33
730.4 · Compressor Rent	10,599.99
730.5 · Severance Tax	1,804.88
Total 730 · Cost of Goods Sold	21,856.20

Total COGS

21,856.20

Gross Profit

100,318.07

Expense

900 · Tot Gas Oper & Maint Exp	
900.1 · Customer Accounts Expense	
903 · Supplies & Expenses	64.23
Total 900.1 · Customer Accounts Expense	64.23
907 · Cust Svc & Info Expenses	
907.1 · Customer Repair/Maintenance	
907.2 · Labor	375.00
907.3 · Materials	1,263.82
907.5 · Mileage	77.00
907.6 · Other	114.13
907.1 · Customer Repair/Maintenance - Other	12.87
Total 907.1 · Customer Repair/Maintenance	1,842.82
908 · New Customer Hookup Expense	
908.2 · Materials	-26.55
Total 908 · New Customer Hookup Expense	-26.55
Total 907 · Cust Svc & Info Expenses	1,816.27
920 · Admin & Gen Expense	
936 · Capitalized Expenses	-28,226.54
920.1 · Admin & General Salaries (920)	
920.3 · Commissions Paid	1,750.00
6560 · Payroll Expenses	43,864.74
Total 920.1 · Admin & General Salaries (920)	45,614.74
921 · Office Supplies/Expense (921)	
921.1 · Office Supplies	49.18
921.2 · Office Cleaning	148.68
921 · Office Supplies/Expense (921) - Other	490.21

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Citipower, L. L. C.
Profit and Loss
 January through March 1999

Jan - Mar '99

Total 921 · Office Supplies/Expense (921)	688.07
923 · Outside Services (923)	
923.2 · Accounting Fees	22,064.79
923.6 · Legal Fee & Professional Fees	32,489.85
Total 923 · Outside Services (923)	54,554.64
925 · Injuries & Damages	
925.2 · Insurance - Liability	2,524.28
925.4 · Insurance - Workmans' Comp	7,798.30
925.5 · Insurance-Medical	3,423.94
Total 925 · Injuries & Damages	13,746.52
926 · Employee Pension/Benefit (926)	830.10
928 · Regulatory Comm Expenses (928)	6,000.00
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	50.00
Total 930 · Gen Advertising & Mktg Exp	50.00
930.3 · Misc General Exp	
930.3.1 · Bank Service/Check Charges	15.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	125.00
930.3.5 · Employee Drug Testing Service	75.00
930.3.7 · Postage/Fedex	319.96
930.3.9 · Supplies	71.33
930.4 · Telephone Expense	2,148.86
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	164.46
930.5.3 · Travel	100.00
930.5 · Travel & Entertainment - Other	1,590.00
Total 930.5 · Travel & Entertainment	1,854.46
930.6 · Utilities	420.22
930.6.1 · Termite Control - Office	79.20
Total 930.3 · Misc General Exp	5,134.03
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	1,477.79
933.4 · Auto Repair & Maint	280.79
933.5 · Insurance/Title/Fees	1,420.59
Total 933 · Transportation Expenses (933)	3,179.17
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	178.44
935.2 · Ditchwitch	38.44
935.4 · Storage Rental - Equipment	1,000.00
Total 935 · Maint of General Plant (935)	1,216.88
Total 920 · Admin & Gen Expense	102,787.61
Total 900 · Tot Gas Oper & Maint Exp	104,668.11
403 · Depr & Dep'l Expense	55,674.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	4,790.05
408.2 · Property Taxes	641.07
Total 408 · Taxes Other than Income	5,431.12
999.1 · Miscellaneous	714.21
Total Expense	166,487.44
Net Ordinary Income	-66,169.37
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	1,055.04

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Citipower, L. L. C.
Profit and Loss
January through March 1999

	<u>Jan - Mar '99</u>
Total 415-418 · Nonutility Income	1,055.04
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	15.11
Total 421 · Misc Nonoperating Income	<u>15.11</u>
Total Other Income	1,070.15
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	6,938.80
431.2 · Interest expense - customer dep	26.89
431.3 · Interest - Vehicle Loans	1,284.20
431.4 · Interest-Note Payable	10,625.00
Total 431 · Other Interest Expense	<u>18,874.89</u>
Total Other Expense	<u>18,874.89</u>
Net Other Income	<u>-17,804.74</u>
Net Income	<u><u>-83,974.11</u></u>

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of March 31, 1999

Mar 31, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.7 · Petty Cash

131.1 · Bank of McCreary County

131.2 · FUNB - CAP Account

350.22
1,664.73
197,313.52

Total 131 · Cash & Working Funds

199,328.47

Total Checking/Savings

199,328.47

Accounts Receivable

143 · Other Accounts Receivable

144 · Allow for Uncollectibles

374.51

-273.40

Total Accounts Receivable

101.11

Other Current Assets**145 · Receivables**

145.1 · Citizens Receivable

145.2 · Severance Tax Receivable

145.3 · Sales Receivable

145.4 · Sales Tax Receivable

21,982.80

-567.62

47,202.60

471.71

Total 145 · Receivables

69,089.49

165 · Prepayments

165.1 · Prepaid Insurance

5,679.59

Total 165 · Prepayments

5,679.59

Total Other Current Assets

74,769.08

Total Current Assets

274,198.66

Fixed Assets**365 · Property & Equipment (365-399)**

383 · Capitalized Expenses

367.1 · Pipeline - 3"

367.2 · Pipeline - 4"

376.1 · Pipeline - 1" & 2"

376.2 · Pipeline - 6"

376.3 · Pipeline Line - Steel

377 · Compressor Site

382 · Equipment - Meters/Setup

385 · Reg/Ordorant Station

390 · Office Building

391 · Office Furniture & Equipment

393 · Automobiles/Vehicles

394 · Tools

396 · Equipment - DW/Other

28,226.54

246,457.63

600,341.59

318,907.68

488,965.37

1,035,155.44

127,959.10

216,879.64

10,636.72

125,000.00

9,176.88

87,311.09

45.75

49,969.69

Total 365 · Property & Equipment (365-399)

3,345,033.12

400 · Accumulated Depreciation

-265,548.24

Total Fixed Assets

3,079,484.88

Other Assets

124.1 · Investment in LBU, LLC

301 · Intangible Plant

301.1 · Goodwill

301.1.5 · Accumulated Amortization

400,000.00

-34,047.00

11/23/99

Citipower, L. L. C.
Balance Sheet
As of March 31, 1999

	Mar 31, '99
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,795,584.54
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	-62,252.72
232 · Accounts Payable - Other	36,820.43
Total 232 · Accounts Payable	-25,432.29
Total Accounts Payable	-25,432.29
Other Current Liabilities	
231 · Notes Payable	
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	298,000.00
231.3 · Loans Payable - Vehicles	52,185.73
Total 231 · Notes Payable	850,185.73
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	58,533.22
Total 234 · A/P to Assoc Co	58,533.22
235 · Customer Deposits	
235.1 · Customer Security Deposits	5,450.00
235.2 · Deferred Rev.-Customer Payments	190.89
Total 235 · Customer Deposits	5,640.89
236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.1 · FUTA	0.38
236.1.2 · SUI Payable	1.56
236.1.3 · Federal Taxes Withheld	-0.12
236.1.4 · KY State Withholding	-0.01
236.1.6 · Employer's FICA	1.53
236.1.7 · Employee Pension	0.02
Total 236.1 · Payroll Tax Liabilities	3.36
236.2 · Sales Tax Payable	1,565.29
236.3 · Severance Tax Payable	1,133.39
236.4 · School Tax Payable	2,635.66
Total 236 · Taxes Accrued	5,337.70
238 · Other Liabilities	
238.1 · Match - SIMPLE IRA	
238.1.1 · Pension Match	830.13
Total 238.1 · Match - SIMPLE IRA	830.13
238.2 · Deferred Acquisition Costs Paya	26,500.00

11/23/99

Citipower, L. L. C.
Balance Sheet
As of March 31, 1999

Mar 31, '99

Total 238 · Other Liabilities	27,330.13
Total Other Current Liabilities	947,027.67
Total Current Liabilities	921,595.38
Total Liabilities	921,595.38
Equity	
216 · Ret Earnings (215 or 216)	-1,936,672.12
Net Income	-83,974.11
218 · Non Corp Proprietorship	
218.4 · Class B - Management Units	217,730.29
218.3 · Class A Units	403,236.50
218.1 · Members Capital Contributions	4,273,418.60
218.2 · Opening Bal Equity	250.00
Total 218 · Non Corp Proprietorship	4,894,635.39
Total Equity	2,873,989.16
TOTAL LIABILITIES & EQUITY	3,795,584.54

Citipower, L. L. C.
Profit and Loss

April 1999

Apr '99

Ordinary Income/Expense
Income

4800 · Operating Revenues		
480 · Ultimate Consumers		
480.1 · Residential Sales	2,801.66	
480.2 · Commercial Sales	2,340.09	
480.3 · Industrial Sales	661.56	
480.4 · Public Sales	3,770.68	
Total 480 · Ultimate Consumers	9,573.99	
Total 4800 · Operating Revenues		9,573.99
484 · Other Operating Revenue		
488.1 · Misc Service Revenues		169.89
488.2 · Late Charges Collected		280.00
488.3 · Hook up fees collected		
Total 488.1 · Misc Service Revenues		449.89
495 · Other Gas Revenues-Transportati		4,742.10
Total 484 · Other Operating Revenue		5,191.99

Total Income 14,765.98

Cost of Goods Sold

730 · Cost of Goods Sold		
730.2 · Natural Gas	-6,546.71	
730.4 · Compressor Rent	3,074.00	
730.6 · Compressor Maintenance, Supplie	3,411.01	
730.5 · Severance Tax	553.52	
Total 730 · Cost of Goods Sold		491.82

Total COGS

491.82

Gross Profit

14,274.16

Expense

900 · Tot Gas Oper & Maint Exp		
900.1 · Customer Accounts Expense		
903 · Supplies & Expenses	264.71	
Total 900.1 · Customer Accounts Expense		264.71
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.2 · Labor	50.00	
907.3 · Materials	78.03	
Total 907.1 · Customer Repair/Maintenance		128.03
908 · New Customer Hookup Expense		
908.2 · Materials		
908.2.1 · EI's etc	0.90	
Total 908.2 · Materials		0.90
908.4 · Other Expense - New Customers		66.35
Total 908 · New Customer Hookup Expense		67.25
Total 907 · Cust Svc & Info Expenses		195.28
920 · Admin & Gen Expense		
936 · Capitalized Expenses	-7,420.97	
920.1 · Admin & General Salaries (920)		
6660 · Payroll Expenses	13,526.73	
Total 920.1 · Admin & General Salaries (920)		13,526.73
921 · Office Supplies/Expense (921)		
921.1 · Office Supplies	257.33	
921.2 · Office Cleaning	35.00	

**Citipower, L. L. C.
Profit and Loss**

April 1999

11/23/99

	Apr '99
Total 921 · Office Supplies/Expense (921)	292.33
923 · Outside Services (923)	
923.1 · Engineering Services	1,950.00
923.2 · Accounting Fees	18,071.55
923.6 · Legal Fee & Professional Fees	358.00
Total 923 · Outside Services (923)	20,379.55
925 · Injuries & Damages	
925.2 · Insurance - Liability	631.07
925.5 · Insurance-Medical	1,172.97
Total 925 · Injuries & Damages	1,804.04
926 · Employee Pension/Benefit (926)	268.27
930.3 · Misc General Exp	
930.3.4 · Dues and Subscriptions	171.99
930.3.7 · Postage/Fedex	220.05
930.4 · Telephone Expense	838.37
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	26.70
Total 930.5 · Travel & Entertainment	26.70
930.6 · Utilities	146.36
930.6.1 · Termite Control - Office	39.60
Total 930.3 · Misc General Exp	1,443.07
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	844.17
933.5 · Insurance/Title/Fees	52.68
Total 933 · Transportation Expenses (933)	896.85
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	48.26
935.2 · Ditchwitch	285.74
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	834.00
Total 920 · Admin & Gen Expense	32,023.87
Total 900 · Tot Gas Oper & Maint Exp	32,483.86
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,315.21
408 · Taxes Other than Income - Other	115.00
Total 408 · Taxes Other than Income	1,430.21
Total Expense	52,472.07
Net Ordinary Income	-38,197.91
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	537.96
Total 415-418 · Nonutility Income	537.96
Total Other Income	537.96
Other Expense	
431 · Other Interest Expense	
431.2 · Interest expense - customer dep	16.00
431.3 · Interest - Vehicle Loans	399.24
Total 431 · Other Interest Expense	415.24
Total Other Expense	415.24

Citipower, L. L. C.
Profit and Loss
April 1999

11/23/99

Apr '99

Net Other Income
Net Income

122.72

-38,075.19

Citipower, L. L. C.
Profit and Loss
 January through April 1999

Jan - Apr '99

Ordinary Income/Expense

Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

30,000.09

480.2 · Commercial Sales

13,380.20

480.3 · Industrial Sales

16,099.44

480.4 · Public Sales

55,675.46

Total 480 · Ultimate Consumers

115,155.19

483 · Sales for Resale

359.04

Total 4800 · Operating Revenues

115,514.23

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.2 · Late Charges Collected

304.03

488.3 · Hook up fees collected

4,965.68

Total 488.1 · Misc Service Revenues

5,269.71

495 · Other Gas Revenues-Transportati

16,156.31

Total 484 · Other Operating Revenue

21,426.02

Total Income

136,940.25

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

2,904.62

730.4 · Compressor Rent

13,673.99

730.6 · Compressor Maintenance, Supplie

3,411.01

730.5 · Severance Tax

2,358.40

Total 730 · Cost of Goods Sold

22,348.02

Total COGS

22,348.02

Gross Profit

114,592.23

Expense

900 · Tot Gas Oper & Maint Exp

900.1 · Customer Accounts Expense

903 · Supplies & Expenses

328.94

Total 900.1 · Customer Accounts Expense

328.94

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.2 · Labor

425.00

907.3 · Materials

1,341.85

907.5 · Mileage

77.00

907.6 · Other

114.13

907.1 · Customer Repair/Maintenance - Other

12.87

Total 907.1 · Customer Repair/Maintenance

1,970.85

908 · New Customer Hookup Expense

908.2 · Materials

908.2.1 · El's etc

0.90

908.2 · Materials - Other

-26.55

Total 908.2 · Materials

-25.65

908.4 · Other Expense - New Customers

66.35

Total 908 · New Customer Hookup Expense

40.70

Total 907 · Cust Svc & Info Expenses

2,011.55

920 · Admin & Gen Expense

936 · Capitalized Expenses

-35,647.51

920.1 · Admin & General Salaries (920)

920.3 · Commissions Paid

1,750.00

6560 · Payroll Expenses

57,391.47

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Citipower, L. L. C.
Profit and Loss
 January through April 1999

Jan - Apr '99

Total 920.1 · Admin & General Salaries (920)	59,141.47
921 · Office Supplies/Expense (921)	
921.1 · Office Supplies	306.51
921.2 · Office Cleaning	183.68
921 · Office Supplies/Expense (921) - Other	490.21
Total 921 · Office Supplies/Expense (921)	980.40
923 · Outside Services (923)	
923.1 · Engineering Services	1,950.00
923.2 · Accounting Fees	40,136.34
923.6 · Legal Fee & Professional Fees	32,847.85
Total 923 · Outside Services (923)	74,934.19
925 · Injuries & Damages	
925.2 · Insurance - Liability	3,155.35
925.4 · Insurance - Workmans' Comp	7,798.30
925.5 · Insurance-Medical	4,596.91
Total 925 · Injuries & Damages	15,550.56
926 · Employee Pension/Benefit (926)	1,098.37
928 · Regulatory Comm Expenses (928)	6,000.00
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	50.00
Total 930 · Gen Advertising & Mktg Exp	50.00
930.3 · Misc General Exp	
930.3.1 · Bank Service/Check Charges	15.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	296.99
930.3.5 · Employee Drug Testing Service	75.00
930.3.7 · Postage/Fedex	540.01
930.3.9 · Supplies	71.33
930.4 · Telephone Expense	2,987.23
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	191.16
930.5.3 · Travel	100.00
930.5 · Travel & Entertainment - Other	1,590.00
Total 930.5 · Travel & Entertainment	1,881.16
930.6 · Utilities	566.58
930.6.1 · Termite Control - Office	118.80
Total 930.3 · Misc General Exp	6,577.10
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	2,321.96
933.4 · Auto Repair & Maint	280.79
933.5 · Insurance/Title/Fees	1,473.27
Total 933 · Transportation Expenses (933)	4,076.02
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	226.70
935.2 · Ditchwitch	324.18
935.4 · Storage Rental - Equipment	1,500.00
Total 935 · Maint of General Plant (935)	2,050.88
Total 920 · Admin & Gen Expense	134,811.48
Total 900 · Tot Gas Oper & Maint Exp	137,151.97
403 · Depr & Depl Expense	74,232.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	6,105.26
408.2 · Property Taxes	641.07
408 · Taxes Other than Income - Other	115.00
Total 408 · Taxes Other than Income	6,861.33
999.1 · Miscellaneous	714.21

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Citipower, L. L. C.
Profit and Loss
January through April 1999

	Jan - Apr '99
Total Expense	218,959.51
Net Ordinary Income	-104,367.28
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	1,593.00
Total 415-418 · Nonutility Income	1,593.00
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	15.11
Total 421 · Misc Nonoperating Income	15.11
Total Other Income	1,608.11
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	6,938.80
431.2 · Interest expense - customer dep	42.89
431.3 · Interest - Vehicle Loans	1,683.44
431.4 · Interest-Note Payable	10,625.00
Total 431 · Other Interest Expense	19,290.13
Total Other Expense	19,290.13
Net Other Income	-17,682.02
Net Income	<u><u>-122,049.30</u></u>

11/23/99

Citipower, L. L. C.
Balance Sheet
As of April 30, 1999

Apr 30, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.7 · Petty Cash

131.1 · Bank of McCreary County

131.2 · FUNB - CAP Account

350.22

1,459.65

79,343.07

Total 131 · Cash & Working Funds

81,152.94

Total Checking/Savings

81,152.94

Accounts Receivable

143 · Other Accounts Receivable

144 · Allow for Uncollectibles

374.51

-273.40

Total Accounts Receivable

101.11

Other Current Assets

145 · Receivables

145.6 · School Sales Tax Receivable

145.1 · Citizens Receivable

145.2 · Severance Tax Receivable

145.3 · Sales Receivable

145.4 · Sales Tax Receivable

287.22

29,941.73

-567.62

17,681.58

165.16

Total 145 · Receivables

47,508.07

165 · Prepayments

165.1 · Prepaid Insurance

5,048.52

Total 165 · Prepayments

5,048.52

Total Other Current Assets

52,556.59

Total Current Assets

133,810.64

Fixed Assets

365 · Property & Equipment (365-399)

383 · Capitalized Expenses

367.1 · Pipeline - 3"

367.2 · Pipeline - 4"

376.1 · Pipeline - 1" & 2"

376.2 · Pipeline - 6"

376.3 · Pipeline Line - Steel

377 · Compressor Site

378 · Meas & Reg Station Equip

382 · Equipment - Meters/Setup

385 · Reg/Ordorant Station

390 · Office Building

391 · Office Furniture & Equipment

393 · Automobiles/Vehicles

394 · Tools

396 · Equipment - DW/Other

399.1 · Josh Hill Project

399.12 · 2" Pipe

399.13 · 3" Pipe

399.15 · Valves, tees, fittings

399.18 · Labor/Hauling

399.19 · Misc Expense

35,647.51

249,532.63

614,312.65

331,607.37

489,245.37

1,035,163.56

130,450.77

665.83

219,148.16

11,063.04

125,000.00

9,176.88

87,311.09

45.75

49,969.69

519.40

9,368.45

459.18

20.00

392.76

Total 399.1 · Josh Hill Project

10,759.79

11/23/99

Citipower, L. L. C.
Balance Sheet
As of April 30, 1999

Apr 30, '99

399.2 · Bob Musgrove Road	604.90
399.21 · 1" Pipe	4,023.71
399.22 · 2" Main Musgrove Rd	718.46
399.25 · Valves, caps, couplings, tees	256.13
399.28 · Labor/Hauling	<u>5,603.20</u>
Total 399.2 · Bob Musgrove Road	
399.3 · Hayes Creek Project	
399.32 · 2" Pipe	<u>180.00</u>
Total 399.3 · Hayes Creek Project	<u>180.00</u>
Total 365 · Property & Equipment (365-399)	3,404,883.29
400 · Accumulated Depreciation	<u>-284,106.24</u>
Total Fixed Assets	3,120,777.05
Other Assets	
124.1 · Investment in LBU, LLC	400,000.00
301 · Intangible Plant	
301.1 · Goodwill	
301.1.5 · Accumulated Amortization	-34,047.00
301.1 · Goodwill - Other	<u>75,648.00</u>
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	<u>300.00</u>
Total 301 · Intangible Plant	<u>41,901.00</u>
Total Other Assets	<u>441,901.00</u>
TOTAL ASSETS	<u><u>3,696,488.69</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	-118,516.20
232 · Accounts Payable - Other	<u>22,276.02</u>
Total 232 · Accounts Payable	<u>-96,240.18</u>
Total Accounts Payable	-96,240.18
Other Current Liabilities	
231 · Notes Payable	
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	324,000.00
231.3 · Loans Payable - Vehicles	<u>50,791.70</u>
Total 231 · Notes Payable	874,791.70
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	<u>33,244.35</u>
Total 234 · A/P to Assoc Co	33,244.35
235 · Customer Deposits	
235.1 · Customer Security Deposits	5,290.00
235.2 · Deferred Rev.-Customer Payments	<u>190.89</u>
Total 235 · Customer Deposits	5,480.89

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11/23/99

Citipower, L. L. C.
Balance Sheet
As of April 30, 1999

Apr 30, '99

236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.2 · SUI Payable	1.57
236.1.3 · Federal Taxes Withheld	-0.14
236.1.4 · KY State Withholding	0.01
236.1.6 · Employer's FICA	1.55
236.1.7 · Employee Pension	0.02
Total 236.1 · Payroll Tax Liabilities	<u>3.01</u>
236.2 · Sales Tax Payable	472.72
236.3 · Severance Tax Payable	1,052.78
236.4 · School Tax Payable	3,571.05
Total 236 · Taxes Accrued	<u>5,099.56</u>
238 · Other Liabilities	
238.1 · Match - SIMPLE IRA	
238.1.1 · Pension Match	1,098.40
Total 238.1 · Match - SIMPLE IRA	<u>1,098.40</u>
238.2 · Deferred Acquisition Costs Paya	26,500.00
Total 238 · Other Liabilities	<u>27,598.40</u>
Total Other Current Liabilities	<u>946,214.90</u>
Total Current Liabilities	<u>849,974.72</u>
Total Liabilities	<u>849,974.72</u>
Equity	
216 · Ret Earnings (215 or 216)	-1,936,672.12
Net Income	-122,049.30
218 · Non Corp Proprietorship	
218.4 · Class B - Management Units	217,730.29
218.3 · Class A Units	403,236.50
218.1 · Members Capital Contributions	4,284,018.60
218.2 · Opening Bal Equity	250.00
Total 218 · Non Corp Proprietorship	<u>4,905,235.39</u>
Total Equity	<u>2,846,513.97</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,696,488.69</u></u>

11/23/99

Citipower, L. L. C.
Profit and Loss

May 1999

May '99

Ordinary Income/Expense

Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

1,261.88

480.2 · Commercial Sales

2,243.18

480.3 · Industrial Sales

249.72

480.4 · Public Sales

2,715.00

Total 480 · Ultimate Consumers

6,469.78

Total 4800 · Operating Revenues

6,469.78

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.2 · Late Charges Collected

92.14

488.3 · Hook up fees collected

2,211.00

Total 488.1 · Misc Service Revenues

2,303.14

495 · Other Gas Revenues-Transportati

4,810.91

Total 484 · Other Operating Revenue

7,114.05

Total Income

13,583.83

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

2,466.71

730.4 · Compressor Rent

3,143.53

730.6 · Compressor Maintenance, Supplie

1,515.87

Total 730 · Cost of Goods Sold

7,126.11

Total COGS

7,126.11

Gross Profit

6,457.72

Expense

900 · Tot Gas Oper & Maint Exp

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.3 · Materials

28.94

Total 907.1 · Customer Repair/Maintenance

28.94

Total 907 · Cust Svc & Info Expenses

28.94

920 · Admin & Gen Expense

936 · Capitalized Expenses

-8,729.62

920.1 · Admin & General Salaries (920)

6560 · Payroll Expenses

14,164.84

Total 920.1 · Admin & General Salaries (920)

14,164.84

921 · Office Supplies/Expense (921)

921.1 · Office Supplies

240.41

921.2 · Office Cleaning

105.00

921 · Office Supplies/Expense (921) - Other

82.75

Total 921 · Office Supplies/Expense (921)

428.16

923 · Outside Services (923)

923.2 · Accounting Fees

72.90

923.5 · Other-Labor

65.00

Total 923 · Outside Services (923)

137.90

925 · Injuries & Damages

925.2 · Insurance - Liability

631.07

925.4 · Insurance - Workmans' Comp

1,905.06

925.5 · Insurance-Medical

895.79

Total 925 · Injuries & Damages

3,431.92

926 · Employee Pension/Benefit (926)

269.80

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Citipower, L. L. C.
Profit and Loss

May 1999

11/23/99

	May '99
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	32.82
930.3.1 · Bank Service/Check Charges	100.00
930.3.7 · Postage/Fedex	246.31
930.3.8 · Repairs & Maintenance	56.36
930.4 · Telephone Expense	897.69
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	96.51
930.5 · Travel & Entertainment - Other	7,384.79
Total 930.5 · Travel & Entertainment	<u>7,481.30</u>
930.6 · Utilities	102.48
930.6.1 · Termite Control - Office	39.60
Total 930.3 · Misc General Exp	<u>8,956.56</u>
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	463.96
933.3 · Auto Taxes	393.50
933.4 · Auto Repair & Maint	572.24
933.5 · Insurance/Title/Fees	194.37
Total 933 · Transportation Expenses (933)	<u>1,624.07</u>
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	102.47
935.2 · Ditchwitch	756.53
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	<u>1,359.00</u>
Total 920 · Admin & Gen Expense	<u>21,642.63</u>
Total 900 · Tot Gas Oper & Maint Exp	21,671.57
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,389.35
Total 408 · Taxes Other than Income	<u>1,389.35</u>
999.2 · Other	0.00
Total Expense	<u>41,618.92</u>
Net Ordinary Income	-35,161.20
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	256.91
Total 415-418 · Nonutility Income	<u>256.91</u>
Total Other Income	256.91
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	1,892.87
431.3 · Interest - Vehicle Loans	387.09
Total 431 · Other Interest Expense	<u>2,279.96</u>
Total Other Expense	<u>2,279.96</u>
Net Other Income	-2,023.05
Net Income	<u><u>-37,184.25</u></u>

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through May 1999

Jan - May '99

Ordinary Income/Expense
Income

4800 · Operating Revenues	
480 · Ultimate Consumers	
480.1 · Residential Sales	31,261.97
480.2 · Commercial Sales	15,623.38
480.3 · Industrial Sales	16,349.16
480.4 · Public Sales	58,390.46
Total 480 · Ultimate Consumers	121,624.97
483 · Sales for Resale	359.04
Total 4800 · Operating Revenues	121,984.01
484 · Other Operating Revenue	
488.1 · Misc Service Revenues	
488.2 · Late Charges Collected	396.17
488.3 · Hook up fees collected	7,176.68
Total 488.1 · Misc Service Revenues	7,572.85
495 · Other Gas Revenues-Transportati	20,967.22
Total 484 · Other Operating Revenue	28,540.07
Total Income	150,524.08

Cost of Goods Sold

730 · Cost of Goods Sold	
730.2 · Natural Gas	5,371.33
730.4 · Compressor Rent	16,817.52
730.6 · Compressor Maintenance, Supplie	4,926.88
730.5 · Severance Tax	2,358.40
Total 730 · Cost of Goods Sold	29,474.13

Total COGS

29,474.13

Gross Profit

121,049.95

Expense

900 · Tot Gas Oper & Maint Exp	
900.1 · Customer Accounts Expense	
903 · Supplies & Expenses	328.94
Total 900.1 · Customer Accounts Expense	328.94
907 · Cust Svc & Info Expenses	
907.1 · Customer Repair/Maintenance	
907.2 · Labor	425.00
907.3 · Materials	1,370.79
907.5 · Mileage	77.00
907.6 · Other	114.13
907.1 · Customer Repair/Maintenance - Other	12.87
Total 907.1 · Customer Repair/Maintenance	1,999.79
908 · New Customer Hookup Expense	
908.2 · Materials	
908.2.1 · EI's etc	0.90
908.2 · Materials - Other	-26.55
Total 908.2 · Materials	-25.65
908.4 · Other Expense - New Customers	66.35
Total 908 · New Customer Hookup Expense	40.70
Total 907 · Cust Svc & Info Expenses	2,040.49
920 · Admin & Gen Expense	
936 · Capitalized Expenses	-44,377.13
920.1 · Admin & General Salaries (920)	
920.3 · Commissions Paid	1,750.00
6560 · Payroll Expenses	71,556.31

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through May 1999

	Jan - May '99
Total 920.1 · Admin & General Salaries (920)	73,306.31
921 · Office Supplies/Expense (921)	
921.1 · Office Supplies	546.92
921.2 · Office Cleaning	288.68
921 · Office Supplies/Expense (921) - Other	572.96
Total 921 · Office Supplies/Expense (921)	1,408.56
923 · Outside Services (923)	
923.1 · Engineering Services	1,950.00
923.2 · Accounting Fees	40,209.24
923.5 · Other-Labor	65.00
923.6 · Legal Fee & Professional Fees	32,847.85
Total 923 · Outside Services (923)	75,072.09
925 · Injuries & Damages	
925.2 · Insurance - Liability	3,786.42
925.4 · Insurance - Workmans' Comp	9,703.36
925.5 · Insurance-Medical	5,492.70
Total 925 · Injuries & Damages	18,982.48
926 · Employee Pension/Benefit (926)	1,368.17
928 · Regulatory Comm Expenses (928)	6,000.00
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	50.00
Total 930 · Gen Advertising & Mktg Exp	50.00
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	32.82
930.3.1 · Bank Service/Check Charges	115.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	296.99
930.3.5 · Employee Drug Testing Service	75.00
930.3.7 · Postage/Fedex	786.32
930.3.8 · Repairs & Maintenance	56.36
930.3.9 · Supplies	71.33
930.4 · Telephone Expense	3,884.92
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	287.67
930.5.3 · Travel	100.00
930.5 · Travel & Entertainment - Other	8,974.79
Total 930.5 · Travel & Entertainment	9,362.46
930.6 · Utilities	669.06
930.6.1 · Termite Control - Office	158.40
Total 930.3 · Misc General Exp	15,533.66
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	2,785.92
933.3 · Auto Taxes	393.50
933.4 · Auto Repair & Maint	853.03
933.5 · Insurance/Title/Fees	1,667.64
Total 933 · Transportation Expenses (933)	5,700.09
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	329.17
935.2 · Ditchwitch	1,080.71
935.4 · Storage Rental - Equipment	2,000.00
Total 935 · Maint of General Plant (935)	3,409.88
Total 920 · Admin & Gen Expense	156,454.11
Total 900 · Tot Gas Oper & Maint Exp	158,823.54
403 · Depr & Depl Expense	92,790.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	7,494.61
408.2 · Property Taxes	641.07

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through May 1999

	Jan - May '99
408 · Taxes Other than Income - Other	115.00
Total 408 · Taxes Other than Income	8,250.68
999.1 · Miscellaneous	714.21
999.2 · Other	0.00
Total Expense	260,578.43
Net Ordinary Income	-139,528.48
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	1,849.91
Total 415-418 · Nonutility Income	1,849.91
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	15.11
Total 421 · Misc Nonoperating Income	15.11
Total Other Income	1,865.02
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	8,831.67
431.2 · Interest expense - customer dep	42.89
431.3 · Interest - Vehicle Loans	2,070.53
431.4 · Interest-Note Payable	10,625.00
Total 431 · Other Interest Expense	21,570.09
Total Other Expense	21,570.09
Net Other Income	-19,705.07
Net Income	-159,233.55

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of May 31, 1999

May 31, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds
 131.7 · Petty Cash
 131.1 · Bank of McCreary County
 131.2 · FUNB - CAP Account

350.22
 6,018.73
 99,377.53

Total 131 · Cash & Working Funds

105,746.48

Total Checking/Savings

105,746.48

Accounts Receivable

143 · Other Accounts Receivable
 144 · Allow for Uncollectibles

374.51
 -273.40

Total Accounts Receivable

101.11

Other Current Assets

145 · Receivables
 145.6 · School Sales Tax Receivable
 145.1 · Citizens Receivable
 145.2 · Severance Tax Receivable
 145.3 · Sales Receivable
 145.4 · Sales Tax Receivable

224.35
 38,147.45
 -567.62
 11,928.10
 145.27

Total 145 · Receivables

49,877.55

165 · Prepayments

165.1 · Prepaid Insurance

4,417.45

Total 165 · Prepayments

4,417.45

Total Other Current Assets

54,295.00

Total Current Assets

160,142.59

Fixed Assets**365 · Property & Equipment (365-399)**

383 · Capitalized Expenses
 367.1 · Pipeline - 3"
 367.2 · Pipeline - 4"
 376.1 · Pipeline - 1" & 2"
 376.2 · Pipeline - 6"
 376.3 · Pipeline Line - Steel
 377 · Compressor Site
 378 · Meas & Reg Station Equip
 382 · Equipment - Meters/Setup
 385 · Reg/Ordorant Station
 390 · Office Building
 391 · Office Furniture & Equipment
 393 · Automobiles/Vehicles
 394 · Tools
 396 · Equipment - DW/Other
 399.1 · Josh Hill Project
 399.12 · 2" Pipe
 399.13 · 3" Pipe
 399.15 · Valves, tees, fittings
 399.18 · Labor/Hauling
 399.19 · Misc Expense

44,377.13
 250,603.53
 614,312.65
 336,036.55
 489,245.37
 1,035,163.56
 131,758.17
 665.83
 230,593.40
 11,392.73
 125,000.00
 9,176.88
 93,311.09
 120.82
 61,619.69

Total 399.1 · Josh Hill Project

30,597.34

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of May 31, 1999

	May 31, '99
399.2 · Bob Musgrove Road	
399.21 · 1" Pipe	604.90
399.22 · 2" Main Musgrove Rd	4,023.71
399.25 · Valves, caps, couplings, tees	718.46
399.28 · Labor/Hauling	488.13
399.29 · Miscellaneous	204.25
Total 399.2 · Bob Musgrove Road	6,039.45
399.3 · Hayes Creek Project	
399.32 · 2" Pipe	5,920.00
399.34 · 4" Pipe	19,378.61
399.35 · Valves, tees, couplings	1,495.88
399.38 · Labor/Hauling	31,683.70
399.39 · Miscellaneous	2,583.33
Total 399.3 · Hayes Creek Project	61,061.52
Total 365 · Property & Equipment (365-399)	3,531,075.71
400 · Accumulated Depreciation	-302,664.24
Total Fixed Assets	3,228,411.47
Other Assets	
124.1 · Investment in LBU, LLC	400,000.00
301 · Intangible Plant	
301.1 · Goodwill	
301.1.5 · Accumulated Amortization	-34,047.00
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,830,455.06
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	-113,428.99
232 · Accounts Payable - Other	22,276.02
Total 232 · Accounts Payable	-91,152.97
Total Accounts Payable	-91,152.97
Other Current Liabilities	
231 · Notes Payable	
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	425,250.00
231.3 · Loans Payable - Vehicles	49,385.52
Total 231 · Notes Payable	974,635.52
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	67,220.86
Total 234 · A/P to Assoc Co	67,220.86

11/23/99

Citipower, L. L. C.
Balance Sheet
As of May 31, 1999

May 31, '99

235 · Customer Deposits		
235.1 · Customer Security Deposits		5,588.00
235.2 · Deferred Rev.-Customer Payments		190.89
		5,778.89
236 · Taxes Accrued		
236.1 · Payroll Tax Liabilities		
236.1.2 · SUI Payable	-4.22	
236.1.3 · Federal Taxes Withheld	-0.14	
236.1.4 · KY State Withholding	0.01	
236.1.5 · FICA/MCARE W/H	-0.06	
236.1.6 · Employer's FICA	1.57	
236.1.7 · Employee Pension	0.02	
		-2.82
236.2 · Sales Tax Payable		820.69
236.3 · Severance Tax Payable		1,835.74
236.4 · School Tax Payable		3,846.23
		6,499.84
238 · Other Liabilities		
238.1 · Match - SIMPLE IRA		
238.1.1 · Pension Match	1,368.20	
		1,368.20
238.2 · Deferred Acquisition Costs Paya		26,500.00
		27,868.20
Total Other Current Liabilities		1,082,003.31
Total Current Liabilities		990,850.34
Total Liabilities		990,850.34
Equity		
216 · Ret Earnings (215 or 216)		-1,936,672.12
Net Income		-159,233.55
218 · Non Corp Proprietorship		
218.4 · Class B - Management Units	217,730.29	
218.3 · Class A Units	403,236.50	
218.1 · Members Capital Contributions	4,314,293.60	
218.2 · Opening Bal Equity	250.00	
		4,935,510.39
Total 218 · Non Corp Proprietorship		4,935,510.39
Total Equity		2,839,604.72
TOTAL LIABILITIES & EQUITY		3,830,455.06

Citipower, L. L. C.
Profit and Loss

June 1999

11/23/99

Ordinary Income/Expense

Jun '99

Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

1,069.46

480.2 · Commercial Sales

2,098.15

480.3 · Industrial Sales

14.58

480.4 · Public Sales

2,445.76

Total 480 · Ultimate Consumers

5,627.95

Total 4800 · Operating Revenues

5,627.95

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.2 · Late Charges Collected

130.51

488.3 · Hook up fees collected

1,190.34

Total 488.1 · Misc Service Revenues

1,320.85

495 · Other Gas Revenues-Transportati

5,257.23

Total 484 · Other Operating Revenue

6,578.08

Total Income

12,206.03

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

2,788.59

730.4 · Compressor Rent

3,406.73

730.6 · Compressor Maintenance, Supplie

1,516.26

Total 730 · Cost of Goods Sold

7,711.58

Total COGS

7,711.58

Gross Profit

4,494.45

Expense

900 · Tot Gas Oper & Maint Exp

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.3 · Materials

1,477.41

Total 907.1 · Customer Repair/Maintenance

1,477.41

Total 907 · Cust Svc & Info Expenses

1,477.41

920 · Admin & Gen Expense

936 · Capitalized Expenses

-7,768.05

920.1 · Admin & General Salaries (920)

6560 · Payroll Expenses

14,213.41

Total 920.1 · Admin & General Salaries (920)

14,213.41

921 · Office Supplies/Expense (921)

921.1 · Office Supplies

430.14

921.2 · Office Cleaning

70.00

921 · Office Supplies/Expense (921) - Other

148.40

Total 921 · Office Supplies/Expense (921)

648.54

923 · Outside Services (923)

923.2 · Accounting Fees

15,082.02

923.5 · Other-Labor

56.85

Total 923 · Outside Services (923)

15,138.87

925 · Injuries & Damages

925.2 · Insurance - Liability

1,645.07

Total 925 · Injuries & Damages

1,645.07

926 · Employee Pension/Benefit (926)

257.84

928 · Regulatory Comm Expenses (928)

928.2 · Licenses

42.00

**Citipower, L. L. C.
Profit and Loss**

June 1999

11/23/99

	Jun '99
Total 928 · Regulatory Comm Expenses (928)	42.00
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	48.75
Total 930 · Gen Advertising & Mktg Exp	48.75
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	2,230.82
930.4.1 · Employee Annual Meeting	1,543.69
930.3.5 · Employee Drug Testing Service	150.00
930.3.7 · Postage/Fedex	160.07
930.3.8 · Repairs & Maintenance	247.85
930.4 · Telephone Expense	504.76
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	368.51
930.5 · Travel & Entertainment - Other	954.39
Total 930.5 · Travel & Entertainment	1,322.90
930.6 · Utilities	43.12
930.6.1 · Termite Control - Office	39.60
930.3 · Misc General Exp - Other	150.00
Total 930.3 · Misc General Exp	6,392.81
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	609.00
933.4 · Auto Repair & Maint	484.88
933.5 · Insurance/Title/Fees	1,065.35
Total 933 · Transportation Expenses (933)	2,159.23
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	81.52
935.2 · Ditchwitch	55.50
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	637.02
Total 920 · Admin & Gen Expense	33,415.49
Total 900 · Tot Gas Oper & Maint Exp	34,892.90
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,322.69
Total 408 · Taxes Other than Income	1,322.69
Total Expense	54,773.59
Net Ordinary Income	-50,279.14
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	205.00
Total 415-418 · Nonutility Income	205.00
Total Other Income	205.00
Other Expense	
431 · Other Interest Expense	
431.3 · Interest - Vehicle Loans	295.05
431.4 · Interest-Note Payable	10,566.79
Total 431 · Other Interest Expense	10,861.84
Total Other Expense	10,861.84
Net Other Income	-10,656.84

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through June 1999

Jan - Jun '99

Ordinary Income/Expense
Income

4800 · Operating Revenues		
480 · Ultimate Consumers		
480.1 · Residential Sales		32,331.43
480.2 · Commercial Sales		17,721.53
480.3 · Industrial Sales		16,363.74
480.4 · Public Sales		60,836.22
Total 480 · Ultimate Consumers		127,252.92
483 · Sales for Resale		359.04
Total 4800 · Operating Revenues		127,611.96
484 · Other Operating Revenue		
488.1 · Misc Service Revenues		526.68
488.2 · Late Charges Collected		8,367.02
488.3 · Hook up fees collected		
Total 488.1 · Misc Service Revenues		8,893.70
495 · Other Gas Revenues-Transportati		26,224.45
Total 484 · Other Operating Revenue		35,118.15
Total Income		162,730.11

Cost of Goods Sold

730 · Cost of Goods Sold		
730.2 · Natural Gas		8,159.92
730.4 · Compressor Rent		20,224.25
730.6 · Compressor Maintenance, Supplie		6,443.14
730.5 · Severance Tax		2,358.40
Total 730 · Cost of Goods Sold		37,185.71

Total COGS

37,185.71

Gross Profit

125,544.40

Expense

900 · Tot Gas Oper & Maint Exp		
900.1 · Customer Accounts Expense		
903 · Supplies & Expenses		328.94
Total 900.1 · Customer Accounts Expense		328.94
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.2 · Labor		425.00
907.3 · Materials		2,848.20
907.5 · Mileage		77.00
907.6 · Other		114.13
907.1 · Customer Repair/Maintenance - Other		12.87
Total 907.1 · Customer Repair/Maintenance		3,477.20
908 · New Customer Hookup Expense		
908.2 · Materials		
908.2.1 · El's etc		0.90
908.2 · Materials - Other		-26.55
Total 908.2 · Materials		-25.65
908.4 · Other Expense - New Customers		66.35
Total 908 · New Customer Hookup Expense		40.70

Total 907 · Cust Svc & Info Expenses 3,517.90

920 · Admin & Gen Expense		
936 · Capitalized Expenses		-52,145.18
920.1 · Admin & General Salaries (920)		
920.3 · Commissions Paid		1,750.00
6560 · Payroll Expenses		85,769.72

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through June 1999

Jan - Jun '99

Total 920.1 · Admin & General Salaries (920)	87,519.72
921 · Office Supplies/Expense (921)	
921.1 · Office Supplies	977.06
921.2 · Office Cleaning	358.68
921 · Office Supplies/Expense (921) - Other	721.36
Total 921 · Office Supplies/Expense (921)	2,057.10
923 · Outside Services (923)	
923.1 · Engineering Services	1,950.00
923.2 · Accounting Fees	55,291.26
923.5 · Other-Labor	121.85
923.6 · Legal Fee & Professional Fees	32,847.85
Total 923 · Outside Services (923)	90,210.96
925 · Injuries & Damages	
925.2 · Insurance - Liability	5,431.49
925.4 · Insurance - Workmans' Comp	9,703.36
925.5 · Insurance-Medical	5,492.70
Total 925 · Injuries & Damages	20,627.55
926 · Employee Pension/Benefit (926)	1,626.01
928 · Regulatory Comm Expenses (928)	
928.2 · Licenses	42.00
928 · Regulatory Comm Expenses (928) - Other	6,000.00
Total 928 · Regulatory Comm Expenses (928)	6,042.00
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	98.75
Total 930 · Gen Advertising & Mktg Exp	98.75
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	2,263.64
930.4.1 · Employee Annual Meeting	1,543.69
930.3.1 · Bank Service/Check Charges	115.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	296.99
930.3.5 · Employee Drug Testing Service	225.00
930.3.7 · Postage/Fedex	946.39
930.3.8 · Repairs & Maintenance	304.21
930.3.9 · Supplies	71.33
930.4 · Telephone Expense	4,389.68
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	656.18
930.5.3 · Travel	100.00
930.5 · Travel & Entertainment - Other	9,929.18
Total 930.5 · Travel & Entertainment	10,685.36
930.6 · Utilities	712.18
930.6.1 · Termite Control - Office	198.00
930.3 · Misc General Exp - Other	150.00
Total 930.3 · Misc General Exp	21,926.47
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	3,394.92
933.3 · Auto Taxes	393.50
933.4 · Auto Repair & Maint	1,337.91
933.5 · Insurance/Title/Fees	2,732.99
Total 933 · Transportation Expenses (933)	7,859.32
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	410.69
935.2 · Ditchwitch	1,136.21
935.4 · Storage Rental - Equipment	2,500.00
Total 935 · Maint of General Plant (935)	4,046.90
Total 920 · Admin & Gen Expense	189,869.60

Citipower, L. L. C.
Profit and Loss
June 1999

11/23/99

Jun '99

Net Income

-60,935.98

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through June 1999

	Jan - Jun '99
Total 900 - Tot Gas Oper & Maint Exp	193,716.44
403 - Depr & Depl Expense	111,348.00
408 - Taxes Other than Income	
408.1 - Payroll Taxes	8,817.30
408.2 - Property Taxes	641.07
408 - Taxes Other than Income - Other	115.00
Total 408 - Taxes Other than Income	9,573.37
999.1 - Miscellaneous	714.21
999.2 - Other	0.00
Total Expense	315,352.02
Net Ordinary Income	-189,807.62
Other Income/Expense	
Other Income	
415-418 - Nonutility Income	
418 - Interest - FUNB	2,054.91
Total 415-418 - Nonutility Income	2,054.91
421 - Misc Nonoperating Income	
421.1 - Sales Tax Discounts Taken	15.11
Total 421 - Misc Nonoperating Income	15.11
Total Other Income	2,070.02
Other Expense	
431 - Other Interest Expense	
431.1 - Interest - LOC	8,831.67
431.2 - Interest expense - customer dep	42.89
431.3 - Interest - Vehicle Loans	2,365.58
431.4 - Interest-Note Payable	21,191.79
Total 431 - Other Interest Expense	32,431.93
Total Other Expense	32,431.93
Net Other Income	-30,361.91
Net Income	-220,169.53

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of June 30, 1999

Jun 30, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.7 · Petty Cash

131.1 · Bank of McCreary County

131.2 · FUNB - CAP Account

Total 131 · Cash & Working Funds

Total Checking/Savings**Accounts Receivable**

143 · Other Accounts Receivable

144 · Allow for Uncollectibles

Total Accounts Receivable**Other Current Assets**

145 · Receivables

145.6 · School Sales Tax Receivable

145.1 · Citizens Receivable

145.2 · Severance Tax Receivable

145.3 · Sales Receivable

145.4 · Sales Tax Receivable

Total 145 · Receivables

165 · Prepayments

165.1 · Prepaid Insurance

Total 165 · Prepayments

Total Other Current Assets**Total Current Assets****Fixed Assets**

365 · Property & Equipment (365-399)

383 · Capitalized Expenses

367.1 · Pipeline - 3"

367.2 · Pipeline - 4"

376.1 · Pipeline - 1" & 2"

376.2 · Pipeline - 6"

376.3 · Pipeline Line - Steel

377 · Compressor Site

378 · Meas & Reg Station Equip

382 · Equipment - Meters/Setup

385 · Reg/Ordorant Station

390 · Office Building

391 · Office Furniture & Equipment

393 · Automobiles/Vehicles

394 · Tools

396 · Equipment - DW/Other

399.1 · Josh Hill Project

399.12 · 2" Pipe

399.13 · 3" Pipe

399.15 · Valves, tees, fittings

399.18 · Labor/Hauling

399.19 · Misc Expense

Total 399.1 · Josh Hill Project

350.22

1,194.57

23,306.25

24,851.04

24,851.04

374.51

-273.40

101.11

190.45

75,286.22

-567.62

10,515.14

109.85

85,534.04

3,786.38

3,786.38

89,320.42

114,272.57

52,145.18

250,603.53

614,312.65

339,530.15

489,245.37

1,035,163.56

132,318.17

665.83

231,938.62

11,392.73

125,000.00

12,768.84

93,311.09

120.82

61,619.69

882.40

35,313.27

759.99

47.00

577.05

37,579.71

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of June 30, 1999

Jun 30, '99

399.2 · Bob Musgrove Road	
399.21 · 1" Pipe	604.90
399.22 · 2" Main Musgrove Rd	4,023.71
399.25 · Valves, caps, couplings, tees	718.46
399.28 · Labor/Hauling	488.13
399.29 · Miscellaneous	204.25
Total 399.2 · Bob Musgrove Road	6,039.45
399.3 · Hayes Creek Project	
399.32 · 2" Pipe	5,920.00
399.34 · 4" Pipe	19,378.61
399.35 · Valves, tees, couplings	24,559.32
399.38 · Labor/Hauling	31,683.70
399.39 · Miscellaneous	2,675.86
Total 399.3 · Hayes Creek Project	84,217.49
399.4 · Hatfield Subdivision	
399.41 · 1" Pipe	393.09
399.43 · 3" Pipe	323.60
399.48 · Labor/Hauling	486.00
Total 399.4 · Hatfield Subdivision	1,202.69
Total 365 · Property & Equipment (365-399)	3,579,175.57
400 · Accumulated Depreciation	-321,222.24
Total Fixed Assets	3,257,953.33
Other Assets	
124.1 · Investment in LBU, LLC	400,000.00
301 · Intangible Plant	
301.1 · Goodwill	
301.1.5 · Accumulated Amortization	-34,047.00
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,814,126.90
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	-107,293.58
232 · Accounts Payable - Other	29,405.95
Total 232 · Accounts Payable	-77,887.63
Total Accounts Payable	-77,887.63
Other Current Liabilities	
231 · Notes Payable	
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	443,750.00
231.3 · Loans Payable - Vehicles	48,280.47

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of June 30, 1999

Jun 30, '99

Total 231 · Notes Payable		992,030.47
234 · A/P to Assoc Co		
234.1 · Forexco-Gas Purchases	77,943.02	
Total 234 · A/P to Assoc Co		77,943.02
235 · Customer Deposits		
235.1 · Customer Security Deposits	6,288.00	
235.2 · Deferred Rev.-Customer Payments	190.89	
Total 235 · Customer Deposits		6,478.89
236 · Taxes Accrued		
236.1 · Payroll Tax Liabilities		
236.1.1 · FUTA	19.18	
236.1.2 · SUI Payable	69.73	
236.1.3 · Federal Taxes Withheld	-0.14	
236.1.4 · KY State Withholding	-108.67	
236.1.5 · FICA/MCARE W/H	-0.05	
236.1.6 · Employer's FICA	1.57	
236.1.7 · Employee Pension	0.02	
Total 236.1 · Payroll Tax Liabilities		-18.36
236.2 · Sales Tax Payable	1,120.07	
236.3 · Severance Tax Payable	3,632.47	
236.4 · School Tax Payable	4,033.19	
Total 236 · Taxes Accrued		8,767.37
238 · Other Liabilities		
238.1 · Match - SIMPLE IRA		
238.1.1 · Pension Match	1,626.04	
Total 238.1 · Match - SIMPLE IRA		1,626.04
238.2 · Deferred Acquisition Costs Paya	26,500.00	
Total 238 · Other Liabilities		28,126.04
Total Other Current Liabilities		1,113,345.79
Total Current Liabilities		1,035,458.16
Total Liabilities		1,035,458.16
Equity		
216 · Ret Earnings (215 or 216)		-1,936,672.12
Net Income		-220,169.53
218 · Non Corp Proprietorship		
218.4 · Class B - Management Units	217,730.29	
218.3 · Class A Units	403,236.50	
218.1 · Members Capital Contributions	4,314,293.60	
218.2 · Opening Bal Equity	250.00	
Total 218 · Non Corp Proprietorship		4,935,510.39
Total Equity		2,778,668.74
TOTAL LIABILITIES & EQUITY		3,814,126.90

11/23/99

Citipower, L. L. C.
Profit and Loss

July 1999

Jul '99

Ordinary Income/Expense

Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

1,286.35

480.2 · Commercial Sales

2,083.16

480.3 · Industrial Sales

15.00

480.4 · Public Sales

2,371.50

Total 480 · Ultimate Consumers

5,756.01

Total 4800 · Operating Revenues

5,756.01

484 · Other Operating Revenue

488.1 · Misc Service Revenues

15.26

488.2 · Late Charges Collected

1,124.00

488.3 · Hook up fees collected

Total 488.1 · Misc Service Revenues

1,139.26

495 · Other Gas Revenues-Transportati

5,372.99

Total 484 · Other Operating Revenue

6,512.25

Total Income

12,268.26

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

2,282.04

730.4 · Compressor Rent

3,074.00

730.6 · Compressor Maintenance, Supplie

1,848.99

730.5 · Severance Tax

-1,722.59

Total 730 · Cost of Goods Sold

5,482.44

Total COGS

5,482.44

Gross Profit

6,785.82

Expense

900 · Tot Gas Oper & Maint Exp

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.3 · Materials

263.75

Total 907.1 · Customer Repair/Maintenance

263.75

Total 907 · Cust Svc & Info Expenses

263.75

920 · Admin & Gen Expense

936 · Capitalized Expenses

-14,251.85

920.1 · Admin & General Salaries (920)

920.5 · Citipower Offering Expense

62.51

6560 · Payroll Expenses

25,348.45

Total 920.1 · Admin & General Salaries (920)

25,410.96

921 · Office Supplies/Expense (921)

921.1 · Office Supplies

666.95

921.2 · Office Cleaning

70.00

Total 921 · Office Supplies/Expense (921)

736.95

923 · Outside Services (923)

923.2 · Accounting Fees

119.95

923.3 · Contract Labor - Office

235.00

Total 923 · Outside Services (923)

354.95

925 · Injuries & Damages

925.2 · Insurance - Liability

631.07

925.3 · Insurance - Life

136.50

925.4 · Insurance - Workmans' Comp

1,002.53

925.5 · Insurance-Medical

1,728.37

Total 925 · Injuries & Damages

3,498.47

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11/23/99

Citipower, L. L. C.
Profit and Loss
 July 1999

	Jul '99
926 · Employee Pension/Benefit (926)	413.34
928 · Regulatory Comm Expenses (928)	
928.1 · PSC Assessment	347.57
928 · Regulatory Comm Expenses (928) - Other	3,370.00
Total 928 · Regulatory Comm Expenses (928)	3,717.57
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	349.50
Total 930 · Gen Advertising & Mktg Exp	349.50
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	6,739.54
930.3.1 · Bank Service/Check Charges	10.00
930.3.2 · Computer Repair & Maint	574.00
930.3.4 · Dues and Subscriptions	171.99
930.3.5 · Employee Drug Testing Service	75.00
930.3.7 · Postage/Fedex	324.07
930.3.8 · Repairs & Maintenance	130.47
930.3.9 · Supplies	101.47
930.4 · Telephone Expense	1,447.01
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	24.50
930.5 · Travel & Entertainment - Other	3,315.97
Total 930.5 · Travel & Entertainment	3,340.47
930.6 · Utilities	158.12
930.6.1 · Termite Control - Office	39.60
Total 930.3 · Misc General Exp	13,111.74
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	455.78
933.4 · Auto Repair & Maint	1,294.75
Total 933 · Transportation Expenses (933)	1,750.53
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	25.80
935.2 · Ditchwitch	82.73
935.3 · Equipment Other	41.25
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	649.78
Total 920 · Admin & Gen Expense	35,741.94
Total 900 · Tot Gas Oper & Maint Exp	36,005.69
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	2,152.73
408.3 · Taxes - Severance	-0.03
Total 408 · Taxes Other than Income	2,152.70
Total Expense	56,716.39
Net Ordinary Income	-49,930.57
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	123.36
Total 415-418 · Nonutility Income	123.36
Total Other Income	123.36
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	5,371.53
431.3 · Interest - Vehicle Loans	442.64

Citipower, L. L. C.
Profit and Loss
July 1999

11/23/99

	<u>Jul '99</u>
Total 431 - Other Interest Expense	5,814.17
Total Other Expense	5,814.17
Net Other Income	-5,690.81
Net Income	<u><u>-55,621.38</u></u>

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through July 1999

Jan - Jul '99

Ordinary Income/Expense

Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

33,617.78

480.2 · Commercial Sales

19,804.69

480.3 · Industrial Sales

16,378.74

480.4 · Public Sales

63,207.72

Total 480 · Ultimate Consumers

133,008.93

483 · Sales for Resale

359.04

Total 4800 · Operating Revenues

133,367.97

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.2 · Late Charges Collected

541.94

488.3 · Hook up fees collected

9,491.02

Total 488.1 · Misc Service Revenues

10,032.96

495 · Other Gas Revenues-Transportati

31,597.44

Total 484 · Other Operating Revenue

41,630.40

Total Income

174,998.37

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

10,441.96

730.4 · Compressor Rent

23,298.25

730.6 · Compressor Maintenance, Supplie

8,292.13

730.5 · Severance Tax

635.81

Total 730 · Cost of Goods Sold

42,668.15

Total COGS

42,668.15

Gross Profit

132,330.22

Expense

900 · Tot Gas Oper & Maint Exp

900.1 · Customer Accounts Expense

903 · Supplies & Expenses

328.94

Total 900.1 · Customer Accounts Expense

328.94

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.2 · Labor

425.00

907.3 · Materials

3,111.95

907.5 · Mileage

77.00

907.6 · Other

114.13

907.1 · Customer Repair/Maintenance - Other

12.87

Total 907.1 · Customer Repair/Maintenance

3,740.95

908 · New Customer Hookup Expense

908.2 · Materials

908.2.1 · EI's etc

0.90

908.2 · Materials - Other

-26.55

Total 908.2 · Materials

-25.65

908.4 · Other Expense - New Customers

66.35

Total 908 · New Customer Hookup Expense

40.70

Total 907 · Cust Svc & Info Expenses

3,781.65

920 · Admin & Gen Expense

936 · Capitalized Expenses

-66,397.03

920.1 · Admin & General Salaries (920)

920.5 · Citipower Offering Expense

62.51

920.3 · Commissions Paid

1,750.00

6560 · Payroll Expenses

111,118.17

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through July 1999

Jan - Jul '99

Total 920.1 · Admin & General Salaries (920)	112,930.68
921 · Office Supplies/Expense (921)	
921.1 · Office Supplies	1,644.01
921.2 · Office Cleaning	428.68
921 · Office Supplies/Expense (921) - Other	721.36
Total 921 · Office Supplies/Expense (921)	2,794.05
923 · Outside Services (923)	
923.1 · Engineering Services	1,950.00
923.2 · Accounting Fees	55,411.21
923.3 · Contract Labor - Office	235.00
923.5 · Other-Labor	121.85
923.6 · Legal Fee & Professional Fees	32,847.85
Total 923 · Outside Services (923)	90,565.91
925 · Injuries & Damages	
925.2 · Insurance - Liability	6,062.56
925.3 · Insurance - Life	136.50
925.4 · Insurance - Workmans' Comp	10,705.89
925.5 · Insurance-Medical	7,221.07
Total 925 · Injuries & Damages	24,126.02
926 · Employee Pension/Benefit (926)	2,039.35
928 · Regulatory Comm Expenses (928)	
928.1 · PSC Assessment	347.57
928.2 · Licenses	42.00
928 · Regulatory Comm Expenses (928) - Other	9,370.00
Total 928 · Regulatory Comm Expenses (928)	9,759.57
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	448.25
Total 930 · Gen Advertising & Mktg Exp	448.25
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	9,003.18
930.4.1 · Employee Annual Meeting	1,543.69
930.3.1 · Bank Service/Check Charges	125.00
930.3.2 · Computer Repair & Maint	574.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	468.98
930.3.5 · Employee Drug Testing Service	300.00
930.3.7 · Postage/Fedex	1,270.46
930.3.8 · Repairs & Maintenance	434.68
930.3.9 · Supplies	172.80
930.4 · Telephone Expense	5,836.69
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	680.68
930.5.3 · Travel	100.00
930.5 · Travel & Entertainment - Other	13,245.15
Total 930.5 · Travel & Entertainment	14,025.83
930.6 · Utilities	870.30
930.6.1 · Termite Control - Office	237.60
930.3 · Misc General Exp - Other	150.00
Total 930.3 · Misc General Exp	35,038.21
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	3,850.70
933.3 · Auto Taxes	393.50
933.4 · Auto Repair & Maint	2,632.66
933.5 · Insurance/Title/Fees	2,732.99
Total 933 · Transportation Expenses (933)	9,609.85
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	436.49
935.2 · Ditchwitch	1,218.94
935.3 · Equipment Other	41.25

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through July 1999

	Jan - Jul '99
935.4 · Storage Rental - Equipment	3,000.00
Total 935 · Maint of General Plant (935)	4,696.68
Total 920 · Admin & Gen Expense	225,611.54
Total 900 · Tot Gas Oper & Maint Exp	229,722.13
403 · Depr & Depl Expense	129,906.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	10,970.03
408.2 · Property Taxes	641.07
408.3 · Taxes - Severance	-0.03
408 · Taxes Other than Income - Other	115.00
Total 408 · Taxes Other than Income	11,726.07
999.1 · Miscellaneous	714.21
999.2 · Other	0.00
Total Expense	372,068.41
Net Ordinary Income	-239,738.19
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	2,178.27
Total 415-418 · Nonutility Income	2,178.27
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	15.11
Total 421 · Misc Nonoperating Income	15.11
Total Other Income	2,193.38
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	14,203.20
431.2 · Interest expense - customer dep	42.89
431.3 · Interest - Vehicle Loans	2,808.22
431.4 · Interest-Note Payable	21,191.79
Total 431 · Other Interest Expense	38,246.10
Total Other Expense	38,246.10
Net Other Income	-36,052.72
Net Income	-275,790.91

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of July 31, 1999

Jul 31, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.7 · Petty Cash

350.22

131.1 · Bank of McCreary County

-565.39

131.2 · FUNB - CAP Account

47,828.35

Total 131 · Cash & Working Funds

47,613.18

Total Checking/Savings

47,613.18

Accounts Receivable

143 · Other Accounts Receivable

374.51

144 · Allow for Uncollectibles

-273.40

Total Accounts Receivable

101.11

Other Current Assets

145 · Receivables

145.6 · School Sales Tax Receivable

197.80

145.1 · Citizens Receivable

39,395.44

145.2 · Severance Tax Receivable

1,154.97

145.3 · Sales Receivable

10,848.07

145.4 · Sales Tax Receivable

112.54

Total 145 · Receivables

51,708.82

165 · Prepayments

165.1 · Prepaid Insurance

3,155.31

Total 165 · Prepayments

3,155.31

Total Other Current Assets

54,864.13

Total Current Assets

102,578.42

Fixed Assets

365 · Property & Equipment (365-399)

383 · Capitalized Expenses

66,397.03

367.1 · Pipeline - 3"

250,603.53

367.2 · Pipeline - 4"

614,468.65

376.1 · Pipeline - 1" & 2"

341,004.61

376.2 · Pipeline - 6"

489,245.37

376.3 · Pipeline Line - Steel

1,035,163.56

377 · Compressor Site

132,318.17

378 · Meas & Reg Station Equip

665.83

382 · Equipment - Meters/Setup

239,105.12

385 · Reg/Ordorant Station

11,392.73

390 · Office Building

125,000.00

391 · Office Furniture & Equipment

11,011.80

391.1 · Software

2,500.00

393 · Automobiles/Vehicles

93,311.09

394 · Tools

120.82

396 · Equipment - DW/Other

61,619.69

399.1 · Josh Hill Project

399.12 · 2" Pipe

882.40

399.13 · 3" Pipe

35,313.27

399.15 · Valves, tees, fittings

759.99

399.18 · Labor/Hauling

47.00

399.19 · Misc Expense

577.05

Citipower, L. L. C.
Balance Sheet
As of July 31, 1999

11/23/99

	Jul 31, '99
Total 399.1 · Josh Hill Project	37,579.71
399.2 · Bob Musgrove Road	
399.21 · 1" Pipe	604.90
399.22 · 2" Main Musgrove Rd	4,023.71
399.25 · Valves, caps, couplings, tees	718.46
399.28 · Labor/Hauling	670.63
399.29 · Miscellaneous	204.25
Total 399.2 · Bob Musgrove Road	6,221.95
399.3 · Hayes Creek Project	
399.32 · 2" Pipe	5,920.00
399.34 · 4" Pipe	19,378.61
399.35 · Valves, tees, couplings	24,559.32
399.38 · Labor/Hauling	41,748.70
399.39 · Miscellaneous	2,675.86
Total 399.3 · Hayes Creek Project	94,282.49
399.4 · Hatfield Subdivision	
399.41 · 1" Pipe	393.09
399.43 · 3" Pipe	414.65
399.48 · Labor/Hauling	636.94
399.49 · Miscellaneous	6.34
Total 399.4 · Hatfield Subdivision	1,451.02
Total 365 · Property & Equipment (365-399)	3,613,463.17
400 · Accumulated Depreciation	-339,780.24
Total Fixed Assets	3,273,682.93
Other Assets	
124.1 · Investment in LBU, LLC	400,000.00
301 · Intangible Plant	
301.1 · Goodwill	
301.1.5 · Accumulated Amortization	-34,047.00
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,818,162.35
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	-98,086.14
232 · Accounts Payable - Other	29,153.95
Total 232 · Accounts Payable	-68,932.19
Total Accounts Payable	-68,932.19
Other Current Liabilities	
231 · Notes Payable	

Citipower, L. L. C.
Balance Sheet
As of July 31, 1999

11/23/99

Jul 31, '99

231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	496,750.00
231.3 · Loans Payable - Vehicles	46,536.67
Total 231 · Notes Payable	1,043,286.67
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	78,415.50
Total 234 · A/P to Assoc Co	78,415.50
235 · Customer Deposits	
235.1 · Customer Security Deposits	6,638.00
235.2 · Deferred Rev.-Customer Payments	190.89
Total 235 · Customer Deposits	6,828.89
236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.1 · FUTA	19.18
236.1.2 · SUI Payable	47.46
236.1.3 · Federal Taxes Withheld	-0.14
236.1.4 · KY State Withholding	-108.67
236.1.5 · FICA/MCARE W/H	-0.08
236.1.6 · Employer's FICA	1.57
236.1.7 · Employee Pension	0.02
Total 236.1 · Payroll Tax Liabilities	-40.66
236.2 · Sales Tax Payable	142.44
236.3 · Severance Tax Payable	1,875.49
236.4 · School Tax Payable	4,999.47
Total 236 · Taxes Accrued	6,976.74
238 · Other Liabilities	
238.1 · Match - SIMPLE IRA	
238.1.1 · Pension Match	2,039.38
Total 238.1 · Match - SIMPLE IRA	2,039.38
238.2 · Deferred Acquisition Costs Paya	26,500.00
Total 238 · Other Liabilities	28,539.38
Total Other Current Liabilities	1,164,047.18
Total Current Liabilities	1,095,114.99
Total Liabilities	1,095,114.99
Equity	
216 · Ret Earnings (215 or 216)	-1,936,672.12
Net Income	-275,790.91
218 · Non Corp Proprietorship	
218.4 · Class B - Management Units	217,730.29
218.3 · Class A Units	403,236.50
218.1 · Members Capital Contributions	4,314,293.60
218.2 · Opening Bal Equity	250.00
Total 218 · Non Corp Proprietorship	4,935,510.39
Total Equity	2,723,047.36
TOTAL LIABILITIES & EQUITY	3,818,162.35

Citipower, L. L. C.
Profit and Loss
 August 1999

Aug '99

Ordinary Income/Expense
Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

1,410.61

480.2 · Commercial Sales

1,947.53

480.3 · Industrial Sales

16.38

480.4 · Public Sales

2,621.06

Total 480 · Ultimate Consumers

5,995.58

Total 4800 · Operating Revenues

5,995.58

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.2 · Late Charges Collected

24.93

488.3 · Hook up fees collected

994.02

Total 488.1 · Misc Service Revenues

1,018.95

495 · Other Gas Revenues-Transportati

5,253.05

Total 484 · Other Operating Revenue

6,272.00

Total Income

12,267.58

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

4,234.17

730.4 · Compressor Rent

3,074.00

730.6 · Compressor Maintenance, Supplie

1,849.59

Total 730 · Cost of Goods Sold

9,157.76

Total COGS

9,157.76

Gross Profit

3,109.82

Expense

1001.00 · Josh Hill Project

1001.05 · Valves, tees, fittings

0.00

1001.99 · Miscellaneous Expense

0.00

1001.03 · 3" Pipe

0.00

1001.08 · Labor/Hauling

0.00

1001.02 · 2" Pipe

0.00

Total 1001.00 · Josh Hill Project

0.00

1002.00 · Bob Musgrove Road

1002.99 · Miscellaneous

0.00

1002.01 · 1" Pipe

0.00

1002.05 · Valves, caps, couplings tees

0.00

1002.08 · Labor - Musgrove Road

0.00

1002.02 · 2" Main Musgrove Rd

0.00

Total 1002.00 · Bob Musgrove Road

0.00

1003.00 · Hayes Creek Project

1003.08 · Labor/Hauling

0.00

1003.05 · Valves, tees

0.00

1003.04 · Pipe - 4"

0.00

1003.99 · Miscellaneous

0.00

1003.02 · 2" Hayes Creek

0.00

Total 1003.00 · Hayes Creek Project

0.00

1004.00 · Hatfield Subdivision

1004.99 · Miscellaneous

0.00

1004.01 · Pipe, 1"

0.00

1004.03 · Pipe 3"

0.00

1004.05 · Labor/

0.00

Total 1004.00 · Hatfield Subdivision

0.00

900 · Tot Gas Oper & Maint Exp

Citipower, L. L. C.
Profit and Loss
 August 1999

	Aug '99
907 · Cust Svc & Info Expenses	
907.1 · Customer Repair/Maintenance	
907.2 · Labor	260.00
907.3 · Materials	49.69
Total 907.1 · Customer Repair/Maintenance	309.69
Total 907 · Cust Svc & Info Expenses	309.69
920 · Admin & Gen Expense	
936 · Capitalized Expenses	-8,677.76
920.1 · Admin & General Salaries (920)	
920.5 · Citipower Offering Expense	2,667.48
6560 · Payroll Expenses	15,431.61
Total 920.1 · Admin & General Salaries (920)	18,099.09
921 · Office Supplies/Expense (921)	
921.1 · Office Supplies	474.54
921.2 · Office Cleaning	70.00
Total 921 · Office Supplies/Expense (921)	544.54
923 · Outside Services (923)	
923.1 · Engineering Services	2,000.00
923.2 · Accounting Fees	75.60
923.5 · Other-Labor	696.50
Total 923 · Outside Services (923)	2,772.10
925 · Injuries & Damages	
925.2 · Insurance - Liability	691.91
925.4 · Insurance - Workmans' Comp	621.39
Total 925 · Injuries & Damages	1,313.30
926 · Employee Pension/Benefit (926)	274.50
928 · Regulatory Comm Expenses (928)	151.89
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	30.00
Total 930 · Gen Advertising & Mktg Exp	30.00
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	1,427.74
930.3.1 · Bank Service/Check Charges	210.00
930.3.5 · Employee Drug Testing Service	120.00
930.3.7 · Postage/Fedex	496.96
930.3.8 · Repairs & Maintenance	332.46
930.3.9 · Supplies	6.48
930.4 · Telephone Expense	363.67
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	22.76
930.5 · Travel & Entertainment - Other	54.00
Total 930.5 · Travel & Entertainment	76.76
930.6 · Utilities	139.56
930.3 · Misc General Exp - Other	88.55
Total 930.3 · Misc General Exp	3,262.18
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	63.75
933.5 · Insurance/Title/Fees	563.74
Total 933 · Transportation Expenses (933)	627.49
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	349.87
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	849.87
Total 920 · Admin & Gen Expense	19,247.20

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Citipower, L. L. C.
Profit and Loss
August 1999

	Aug '99
Total 900 · Tot Gas Oper & Maint Exp	19,556.89
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,302.52
Total 408 · Taxes Other than Income	1,302.52
999.1 · Miscellaneous	-1,853.01
Total Expense	37,564.40
Net Ordinary Income	-34,454.58
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	92.03
Total 415-418 · Nonutility Income	92.03
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	2.12
Total 421 · Misc Nonoperating Income	2.12
Total Other Income	94.15
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	4,223.80
431.2 · Interest expense - customer dep	1,182.00
431.3 · Interest - Vehicle Loans	276.43
Total 431 · Other Interest Expense	5,682.23
Total Other Expense	5,682.23
Net Other Income	-5,588.08
Net Income	-40,042.66

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Citipower, L. L. C.
Profit and Loss
 January through August 1999

Jan - Aug '99

Ordinary Income/Expense**Income**

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

35,028.39

480.2 · Commercial Sales

21,752.22

480.3 · Industrial Sales

16,395.12

480.4 · Public Sales

65,828.78

Total 480 · Ultimate Consumers

139,004.51

483 · Sales for Resale

359.04

Total 4800 · Operating Revenues

139,363.55

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.2 · Late Charges Collected

566.87

488.3 · Hook up fees collected

10,485.04

Total 488.1 · Misc Service Revenues

11,051.91

495 · Other Gas Revenues-Transportati

36,850.49

Total 484 · Other Operating Revenue

47,902.40

Total Income

187,265.95

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

14,676.13

730.4 · Compressor Rent

26,372.25

730.6 · Compressor Maintenance, Supplie

10,141.72

730.5 · Severance Tax

635.81

Total 730 · Cost of Goods Sold

51,825.91

Total COGS

51,825.91

Gross Profit

135,440.04

Expense

1001.00 · Josh Hill Project

1001.05 · Valves, tees, fittings

0.00

1001.99 · Miscellaneous Expense

0.00

1001.03 · 3" Pipe

0.00

1001.08 · Labor/Hauling

0.00

1001.02 · 2" Pipe

0.00

Total 1001.00 · Josh Hill Project

0.00

1002.00 · Bob Musgrove Road

1002.99 · Miscellaneous

0.00

1002.01 · 1" Pipe

0.00

1002.05 · Valves, caps, couplings tees

0.00

1002.08 · Labor - Musgrove Road

0.00

1002.02 · 2" Main Musgrove Rd

0.00

Total 1002.00 · Bob Musgrove Road

0.00

1003.00 · Hayes Creek Project

1003.08 · Labor/Hauling

0.00

1003.05 · Valves, tees

0.00

1003.04 · Pipe - 4"

0.00

1003.99 · Miscellaneous

0.00

1003.02 · 2" Hayes Creek

0.00

Total 1003.00 · Hayes Creek Project

0.00

1004.00 · Hatfield Subdivision

1004.99 · Miscellaneous

0.00

1004.01 · Pipe, 1"

0.00

1004.03 · Pipe 3"

0.00

1004.05 · Labor/

0.00

Total 1004.00 · Hatfield Subdivision

0.00

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Citipower, L. L. C.
Profit and Loss
 January through August 1999

Jan - Aug '99

900 · Tot Gas Oper & Maint Exp		
900.1 · Customer Accounts Expense		
903 · Supplies & Expenses	328.94	
Total 900.1 · Customer Accounts Expense		328.94
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.2 · Labor	685.00	
907.3 · Materials	3,161.64	
907.5 · Mileage	77.00	
907.6 · Other	114.13	
907.1 · Customer Repair/Maintenance - Other	12.87	
Total 907.1 · Customer Repair/Maintenance		4,050.64
908 · New Customer Hookup Expense		
908.2 · Materials		
908.2.1 · El's etc	0.90	
908.2 · Materials - Other	-26.55	
Total 908.2 · Materials		-25.65
908.4 · Other Expense - New Customers	66.35	
Total 908 · New Customer Hookup Expense		40.70
Total 907 · Cust Svc & Info Expenses		4,091.34
920 · Admin & Gen Expense		
936 · Capitalized Expenses		-75,074.79
920.1 · Admin & General Salaries (920)		
920.5 · Citipower Offering Expense	-2,729.99	
920.3 · Commissions Paid	1,750.00	
6560 · Payroll Expenses	126,549.78	
Total 920.1 · Admin & General Salaries (920)		131,029.77
921 · Office Supplies/Expense (921)		
921.1 · Office Supplies	2,118.55	
921.2 · Office Cleaning	498.68	
921 · Office Supplies/Expense (921) - Other	721.36	
Total 921 · Office Supplies/Expense (921)		3,338.59
923 · Outside Services (923)		
923.1 · Engineering Services	3,950.00	
923.2 · Accounting Fees	55,486.81	
923.3 · Contract Labor - Office	235.00	
923.5 · Other-Labor	818.35	
923.6 · Legal Fee & Professional Fees	32,847.85	
Total 923 · Outside Services (923)		93,338.01
925 · Injuries & Damages		
925.2 · Insurance - Liability	6,754.47	
925.3 · Insurance - Life	136.50	
925.4 · Insurance - Workmans' Comp	11,327.28	
925.5 · Insurance-Medical	7,221.07	
Total 925 · Injuries & Damages		25,439.32
926 · Employee Pension/Benefit (926)		2,313.85
928 · Regulatory Comm Expenses (928)		
928.1 · PSC Assessment	347.57	
928.2 · Licenses	42.00	
928 · Regulatory Comm Expenses (928) - Other	9,521.89	
Total 928 · Regulatory Comm Expenses (928)		9,911.46
930 · Gen Advertising & Mktg Exp		
930.1 · Advertising	478.25	
Total 930 · Gen Advertising & Mktg Exp		478.25
930.3 · Misc General Exp		
930.4.2 · Investor Annual Meeting	10,430.92	
930.4.1 · Employee Annual Meeting	1,543.69	

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Citipower, L. L. C.
Profit and Loss
 January through August 1999

	Jan - Aug '99
930.3.1 · Bank Service/Check Charges	335.00
930.3.2 · Computer Repair & Maint	574.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	468.98
930.3.5 · Employee Drug Testing Service	420.00
930.3.7 · Postage/Fedex	1,767.42
930.3.8 · Repairs & Maintenance	767.14
930.3.9 · Supplies	179.28
930.4 · Telephone Expense	6,200.36
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	703.44
930.5.3 · Travel	100.00
930.5 · Travel & Entertainment - Other	13,299.15
Total 930.5 · Travel & Entertainment	14,102.59
930.6 · Utilities	1,009.86
930.6.1 · Termite Control - Office	237.60
930.3 · Misc General Exp - Other	238.55
Total 930.3 · Misc General Exp	38,300.39
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	3,914.45
933.3 · Auto Taxes	393.50
933.4 · Auto Repair & Maint	2,632.66
933.5 · Insurance/Title/Fees	3,296.73
Total 933 · Transportation Expenses (933)	10,237.34
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	786.36
935.2 · Ditchwitch	1,218.94
935.3 · Equipment Other	41.25
935.4 · Storage Rental - Equipment	3,500.00
Total 935 · Maint of General Plant (935)	5,546.55
Total 920 · Admin & Gen Expense	244,858.74
Total 900 · Tot Gas Oper & Maint Exp	249,279.02
403 · Depr & Depl Expense	148,464.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	12,272.55
408.2 · Property Taxes	641.07
408.3 · Taxes - Severance	-0.03
408 · Taxes Other than Income - Other	115.00
Total 408 · Taxes Other than Income	13,028.59
999.1 · Miscellaneous	-1,138.80
999.2 · Other	0.00
Total Expense	409,632.81
Net Ordinary Income	-274,192.77
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	2,270.30
Total 415-418 · Nonutility Income	2,270.30
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	17.23
Total 421 · Misc Nonoperating Income	17.23
Total Other Income	2,287.53
Other Expense	
431 · Other Interest Expense	
431.1 · Interest - LOC	18,427.00
431.2 · Interest expense - customer dep	1,224.89

11/23/99

Citipower, L. L. C.
Profit and Loss
January through August 1999

	<u>Jan - Aug '99</u>
431.3 · Interest - Vehicle Loans	3,084.65
431.4 · Interest-Note Payable	<u>21,191.79</u>
Total 431 · Other Interest Expense	<u>43,928.33</u>
Total Other Expense	<u>43,928.33</u>
Net Other Income	<u>-41,640.80</u>
Net Income	<u><u>-315,833.57</u></u>

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of August 31, 1999

Aug 31, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.7 · Petty Cash

131.1 · Bank of McCreary County

131.2 · FUNB - CAP Account

350.22

2,013.86

48,415.76

Total 131 · Cash & Working Funds

50,779.84

Total Checking/Savings

50,779.84

Accounts Receivable

143 · Other Accounts Receivable

144 · Allow for Uncollectibles

374.51

-273.40

Total Accounts Receivable

101.11

Other Current Assets

145 · Receivables

145.6 · School Sales Tax Receivable

145.1 · Citizens Receivable

145.2 · Severance Tax Receivable

145.3 · Sales Receivable

145.4 · Sales Tax Receivable

221.00

44,241.29

1,154.97

11,096.43

130.49

Total 145 · Receivables

56,844.18

165 · Prepayments

165.1 · Prepaid Insurance

2,524.24

Total 165 · Prepayments

2,524.24

Total Other Current Assets

59,368.42

Total Current Assets

110,249.37

Fixed Assets

365 · Property & Equipment (365-399)

383 · Capitalized Expenses

367.1 · Pipeline - 3"

367.2 · Pipeline - 4"

376.1 · Pipeline - 1" & 2"

376.2 · Pipeline - 6"

376.3 · Pipeline Line - Steel

377 · Compressor Site

378 · Meas & Reg Station Equip

382 · Equipment - Meters/Setup

385 · Reg/Ordorant Station

390 · Office Building

391 · Office Furniture & Equipment

391.1 · Software

393 · Automobiles/Vehicles

394 · Tools

396 · Equipment - DW/Other

399.1 · Josh Hill Project

399.12 · 2" Pipe

399.13 · 3" Pipe

399.15 · Valves, tees, fittings

399.18 · Labor/Hauling

399.19 · Misc Expense

75,074.79

250,744.53

615,720.65

342,985.60

489,245.37

1,035,163.56

132,318.17

665.83

246,034.10

11,392.73

125,000.00

11,011.80

2,500.00

93,311.09

120.82

61,619.69

9,552.40

26,643.27

759.99

267.00

706.95

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of August 31, 1999

	Aug 31, '99
Total 399.1 · Josh Hill Project	37,929.61
399.2 · Bob Musgrove Road	
399.21 · 1" Pipe	604.90
399.22 · 2" Main Musgrove Rd	4,023.71
399.25 · Valves, caps, couplings, tees	718.46
399.28 · Labor/Hauling	670.63
399.29 · Miscellaneous	204.25
Total 399.2 · Bob Musgrove Road	6,221.95
399.3 · Hayes Creek Project	
399.32 · 2" Pipe	5,920.00
399.34 · 4" Pipe	19,378.61
399.35 · Valves, tees, couplings	24,559.32
399.38 · Labor/Hauling	41,748.70
399.39 · Miscellaneous	2,675.86
Total 399.3 · Hayes Creek Project	94,282.49
399.4 · Hatfield Subdivision	
399.41 · 1" Pipe	393.09
399.43 · 3" Pipe	414.65
399.48 · Labor/Hauling	686.94
399.49 · Miscellaneous	6.34
Total 399.4 · Hatfield Subdivision	1,501.02
Total 365 · Property & Equipment (365-399)	3,632,843.80
400 · Accumulated Depreciation	-358,338.24
Total Fixed Assets	3,274,505.56
Other Assets	
124.1 · Investment in LBU, LLC	400,000.00
301 · Intangible Plant	
301.1 · Goodwill	
301.1.5 · Accumulated Amortization	-34,047.00
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,826,655.93
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	-93,103.63
232 · Accounts Payable - Other	29,153.95
Total 232 · Accounts Payable	-63,949.68
Total Accounts Payable	-63,949.68
Other Current Liabilities	
231 · Notes Payable	

Citipower, L. L. C.
Balance Sheet
As of August 31, 1999

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	Aug 31, '99
231.4 · Loan Payable-Member	18,000.00
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	496,750.00
231.3 · Loans Payable - Vehicles	45,413.00
Total 231 · Notes Payable	1,060,163.00
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	86,583.11
Total 234 · A/P to Assoc Co	86,583.11
235 · Customer Deposits	
235.1 · Customer Security Deposits	7,238.00
235.2 · Deferred Rev.-Customer Payments	190.89
Total 235 · Customer Deposits	7,428.89
236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.1 · FUTA	19.18
236.1.2 · SUI Payable	44.70
236.1.3 · Federal Taxes Withheld	-0.14
236.1.4 · KY State Withholding	-108.67
236.1.5 · FICA/MCARE W/H	-0.09
236.1.6 · Employer's FICA	1.63
236.1.7 · Employee Pension	0.02
Total 236.1 · Payroll Tax Liabilities	-43.37
236.2 · Sales Tax Payable	261.72
236.3 · Severance Tax Payable	4,056.89
236.4 · School Tax Payable	5,336.79
Total 236 · Taxes Accrued	9,612.03
238 · Other Liabilities	
238.1 · Match - SIMPLE IRA	
238.1.1 · Pension Match	2,313.88
Total 238.1 · Match - SIMPLE IRA	2,313.88
238.2 · Deferred Acquisition Costs Paya	26,500.00
Total 238 · Other Liabilities	28,813.88
Total Other Current Liabilities	1,192,600.91
Total Current Liabilities	1,128,651.23
Total Liabilities	1,128,651.23
Equity	
216 · Ret Earnings (215 or 216)	-1,936,672.12
Net Income	-315,833.57
218 · Non Corp Proprietorship	
218.4 · Class B - Management Units	217,730.29
218.3 · Class A Units	403,236.50
218.1 · Members Capital Contributions	4,329,293.60
218.2 · Opening Bal Equity	250.00
Total 218 · Non Corp Proprietorship	4,950,510.39
Total Equity	2,698,004.70

11/23/99

Citipower, L. L. C.
Balance Sheet
As of August 31, 1999

Aug 31, '99

TOTAL LIABILITIES & EQUITY

3,826,655.93

Citipower, L. L. C.
Profit and Loss
 September 1999

Sep '99

Ordinary Income/Expense

Income

4800 · Operating Revenues		
480 · Ultimate Consumers		
480.1 · Residential Sales	1,670.43	
480.2 · Commercial Sales	2,106.78	
480.3 · Industrial Sales	17.88	
480.4 · Public Sales	2,960.28	
Total 480 · Ultimate Consumers	6,755.37	
483 · Sales for Resale	0.00	
Total 4800 · Operating Revenues	6,755.37	
484 · Other Operating Revenue		
488.1 · Misc Service Revenues		
488.2 · Late Charges Collected	9.69	
488.3 · Hook up fees collected	1,142.05	
Total 488.1 · Misc Service Revenues	1,151.74	
495 · Other Gas Revenues-Transportati	5,469.87	
Total 484 · Other Operating Revenue	6,621.61	
Total Income	13,376.98	

Cost of Goods Sold

730 · Cost of Goods Sold		
730.4 · Compressor Rent	3,074.00	
730.6 · Compressor Maintenance, Supplie	3,412.56	
Total 730 · Cost of Goods Sold	6,486.56	

Total COGS

6,486.56

Gross Profit

6,890.42

Expense

900 · Tot Gas Oper & Maint Exp		
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.2 · Labor	580.00	
907.3 · Materials	120.53	
907.6 · Other	98.90	
Total 907.1 · Customer Repair/Maintenance	799.43	
908 · New Customer Hookup Expense		
908.1 · Labor	75.00	
908.2 · Materials		
908.2.1 · EI's etc	96.45	
908.2.2 · Meters	6.06	
908.2.3 · Pipe	551.14	
908.2 · Materials - Other	151.58	
Total 908.2 · Materials	805.23	
908.4 · Other Expense - New Customers	855.23	
Total 908 · New Customer Hookup Expense	1,735.46	
Total 907 · Cust Svc & Info Expenses	2,534.89	
920 · Admin & Gen Expense		
936 · Capitalized Expenses	-9,015.67	
920.1 · Admin & General Salaries (920)		
6560 · Payroll Expenses	15,736.77	
Total 920.1 · Admin & General Salaries (920)	15,736.77	
921 · Office Supplies/Expense (921)		
921.1 · Office Supplies	408.40	
921.2 · Office Cleaning	75.61	
921 · Office Supplies/Expense (921) - Other	230.11	

11/23/99

Citipower, L. L. C.
Profit and Loss
 September 1999

Sep '99

Total 921 · Office Supplies/Expense (921)		714.12
923 · Outside Services (923)		
923.2 · Accounting Fees	75.60	
Total 923 · Outside Services (923)		75.60
925 · Injuries & Damages		
925.3 · Insurance - Life	136.66	
925.4 · Insurance - Workmans' Comp	1,002.53	
925.5 · Insurance-Medical	749.76	
Total 925 · Injuries & Damages		1,888.95
926 · Employee Pension/Benefit (926)		274.54
930 · Gen Advertising & Mktg Exp		
930.1 · Advertising		
930.1.1 · Marketing Exp	65.00	
Total 930.1 · Advertising	65.00	
Total 930 · Gen Advertising & Mktg Exp		65.00
930.3 · Misc General Exp		
930.3.1 · Bank Service/Check Charges	15.00	
930.3.5 · Employee Drug Testing Service	30.00	
930.3.7 · Postage/Fedex	150.90	
930.3.8 · Repairs & Maintenance	264.67	
930.4 · Telephone Expense	941.49	
930.5 · Travel & Entertainment		
930.5.1 · Meals/Entertainment	122.27	
930.5.3 · Travel	54.39	
930.5 · Travel & Entertainment - Other	543.93	
Total 930.5 · Travel & Entertainment	720.59	
930.6 · Utilities	171.66	
Total 930.3 · Misc General Exp		2,294.31
933 · Transportation Expenses (933)		
933.1 · Automobile Expenses	689.24	
933.3 · Auto Taxes	165.91	
933.4 · Auto Repair & Maint	9.53	
Total 933 · Transportation Expenses (933)		864.68
935 · Maint of General Plant (935)		
935.1 · Equipment Repairs	158.67	
935.2 · Ditchwitch	79.53	
935.4 · Storage Rental - Equipment	1,000.00	
935 · Maint of General Plant (935) - Other	88.00	
Total 935 · Maint of General Plant (935)		1,326.20
Total 920 · Admin & Gen Expense		14,224.50
Total 900 · Tot Gas Oper & Maint Exp		16,759.39
403 · Depr & Depl Expense		18,558.00
408 · Taxes Other than Income		
408.1 · Payroll Taxes	1,292.04	
Total 408 · Taxes Other than Income		1,292.04
999.1 · Miscellaneous		660.44
Total Expense		37,269.87
Net Ordinary Income		-30,379.45
Other Income/Expense		
Other Income		
415-418 · Nonutility Income		
418 · Interest - FUNB		142.20

Citipower, L. L. C.
Profit and Loss
September 1999

11/23/99

	Sep '99
Total 415-418 · Nonutility Income	142.20
Total Other Income	142.20
Other Expense	
431 · Other Interest Expense	
431.3 · Interest - Vehicle Loans	341.30
431.4 · Interest-Note Payable	10,712.33
Total 431 · Other Interest Expense	11,053.63
Total Other Expense	11,053.63
Net Other Income	-10,911.43
Net Income	-41,290.88

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through September 1999

Jan - Sep '99

Ordinary Income/Expense**Income**

4800 · Operating Revenues		
480 · Ultimate Consumers		
480.1 · Residential Sales		36,698.82
480.2 · Commercial Sales		23,859.00
480.3 · Industrial Sales		16,413.00
480.4 · Public Sales		68,789.06
Total 480 · Ultimate Consumers		145,759.88
483 · Sales for Resale		359.04
Total 4800 · Operating Revenues		146,118.92
484 · Other Operating Revenue		
488.1 · Misc Service Revenues		576.56
488.2 · Late Charges Collected		11,627.09
488.3 · Hook up fees collected		
Total 488.1 · Misc Service Revenues		12,203.65
495 · Other Gas Revenues-Transportati		42,320.36
Total 484 · Other Operating Revenue		54,524.01
Total Income		200,642.93

Cost of Goods Sold

730 · Cost of Goods Sold		
730.2 · Natural Gas		14,676.13
730.4 · Compressor Rent		29,446.25
730.6 · Compressor Maintenance, Supplie		13,554.28
730.5 · Severance Tax		635.81
Total 730 · Cost of Goods Sold		58,312.47

Total COGS

58,312.47

Gross Profit

142,330.46

Expense

1001.00 · Josh Hill Project		
1001.05 · Valves, tees, fittings		0.00
1001.99 · Miscellaneous Expense		0.00
1001.03 · 3" Pipe		0.00
1001.08 · Labor/Hauling		0.00
1001.02 · 2" Pipe		0.00
Total 1001.00 · Josh Hill Project		0.00
1002.00 · Bob Musgrove Road		
1002.99 · Miscellaneous		0.00
1002.01 · 1" Pipe		0.00
1002.05 · Valves, caps, couplings tees		0.00
1002.08 · Labor - Musgrove Road		0.00
1002.02 · 2" Main Musgrove Rd		0.00
Total 1002.00 · Bob Musgrove Road		0.00
1003.00 · Hayes Creek Project		
1003.08 · Labor/Hauling		0.00
1003.05 · Valves, tees		0.00
1003.04 · Pipe - 4"		0.00
1003.99 · Miscellaneous		0.00
1003.02 · 2" Hayes Creek		0.00
Total 1003.00 · Hayes Creek Project		0.00
1004.00 · Hatfield Subdivision		
1004.99 · Miscellaneous		0.00
1004.01 · Pipe, 1"		0.00
1004.03 · Pipe 3"		0.00
1004.05 · Labor/		0.00
Total 1004.00 · Hatfield Subdivision		0.00

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Citipower, L. L. C.
Profit and Loss
 January through September 1999

Jan - Sep '99

900 · Tot Gas Oper & Maint Exp		
900.1 · Customer Accounts Expense		
903 · Supplies & Expenses		328.94
Total 900.1 · Customer Accounts Expense		328.94
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.2 · Labor	1,265.00	
907.3 · Materials	3,282.17	
907.5 · Mileage	77.00	
907.6 · Other	213.03	
907.1 · Customer Repair/Maintenance - Other	12.87	
Total 907.1 · Customer Repair/Maintenance		4,850.07
908 · New Customer Hookup Expense		
908.1 · Labor	75.00	
908.2 · Materials		
908.2.1 · El's etc	97.35	
908.2.2 · Meters	6.06	
908.2.3 · Pipe	551.14	
908.2 · Materials - Other	125.03	
Total 908.2 · Materials	779.58	
908.4 · Other Expense - New Customers	921.58	
Total 908 · New Customer Hookup Expense		1,776.16
Total 907 · Cust Svc & Info Expenses		6,626.23
920 · Admin & Gen Expense		
936 · Capitalized Expenses		-84,090.46
920.1 · Admin & General Salaries (920)		
920.5 · Citipower Offering Expense	2,729.99	
920.3 · Commissions Paid	1,750.00	
6560 · Payroll Expenses	142,286.55	
Total 920.1 · Admin & General Salaries (920)		146,766.54
921 · Office Supplies/Expense (921)		
921.1 · Office Supplies	2,526.95	
921.2 · Office Cleaning	574.29	
921 · Office Supplies/Expense (921) - Other	951.47	
Total 921 · Office Supplies/Expense (921)		4,052.71
923 · Outside Services (923)		
923.1 · Engineering Services	3,950.00	
923.2 · Accounting Fees	55,562.41	
923.3 · Contract Labor - Office	235.00	
923.5 · Other-Labor	818.35	
923.6 · Legal Fee & Professional Fees	32,847.85	
Total 923 · Outside Services (923)		93,413.61
925 · Injuries & Damages		
925.2 · Insurance - Liability	6,754.47	
925.3 · Insurance - Life	273.16	
925.4 · Insurance - Workmans' Comp	12,329.81	
925.5 · Insurance-Medical	7,970.83	
Total 925 · Injuries & Damages		27,328.27
926 · Employee Pension/Benefit (926)		2,588.39
928 · Regulatory Comm Expenses (928)		
928.1 · PSC Assessment	347.57	
928.2 · Licenses	42.00	
928 · Regulatory Comm Expenses (928) - Other	9,521.89	
Total 928 · Regulatory Comm Expenses (928)		9,911.46
930 · Gen Advertising & Mktg Exp		
930.1 · Advertising		
930.1.1 · Marketing Exp	65.00	
930.1 · Advertising - Other	478.25	

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Citipower, L. L. C.
Profit and Loss
 January through September 1999

Jan - Sep '99

Total 930.1 · Advertising	543.25
Total 930 · Gen Advertising & Mktg Exp	543.25
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	10,430.92
930.4.1 · Employee Annual Meeting	1,543.69
930.3.1 · Bank Service/Check Charges	350.00
930.3.2 · Computer Repair & Maint	574.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	468.98
930.3.5 · Employee Drug Testing Service	450.00
930.3.7 · Postage/Fedex	1,918.32
930.3.8 · Repairs & Maintenance	1,031.81
930.3.9 · Supplies	179.28
930.4 · Telephone Expense	7,141.85
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	825.71
930.5.3 · Travel	154.39
930.5 · Travel & Entertainment - Other	13,843.08
Total 930.5 · Travel & Entertainment	14,823.18
930.6 · Utilities	1,181.52
930.6.1 · Termite Control - Office	237.60
930.3 · Misc General Exp - Other	238.55
Total 930.3 · Misc General Exp	40,594.70
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	-4,603.69
933.3 · Auto Taxes	559.41
933.4 · Auto Repair & Maint	2,642.19
933.5 · Insurance/Title/Fees	3,296.73
Total 933 · Transportation Expenses (933)	11,102.02
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	945.03
935.2 · Ditchwitch	1,298.47
935.3 · Equipment Other	41.25
935.4 · Storage Rental - Equipment	4,500.00
935 · Maint of General Plant (935) - Other	88.00
Total 935 · Maint of General Plant (935)	6,872.75
Total 920 · Admin & Gen Expense	259,083.24
Total 900 · Tot Gas Oper & Maint Exp	266,038.41
403 · Depr & Depl Expense	167,022.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	13,564.59
408.2 · Property Taxes	641.07
408.3 · Taxes - Severance	-0.03
408 · Taxes Other than Income - Other	115.00
Total 408 · Taxes Other than Income	14,320.63
999.1 · Miscellaneous	-478.36
999.2 · Other	0.00
Total Expense	446,902.68
Net Ordinary Income	-304,572.22
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	2,412.50
Total 415-418 · Nonutility Income	2,412.50
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	17.23

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Citipower, L. L. C.
Profit and Loss
January through September 1999

	<u>Jan - Sep '99</u>
Total 421 - Misc Nonoperating Income	<u>17.23</u>
Total Other Income	2,429.73
Other Expense	
431 - Other Interest Expense	
431.1 - Interest - LOC	18,427.00
431.2 - Interest expense - customer dep	1,224.89
431.3 - Interest - Vehicle Loans	3,425.95
431.4 - Interest-Note Payable	<u>31,904.12</u>
Total 431 - Other Interest Expense	<u>54,981.96</u>
Total Other Expense	<u>54,981.96</u>
Net Other Income	<u>-52,552.23</u>
Net Income	<u><u>-357,124.45</u></u>

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of September 30, 1999

Sep 30, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.7 · Petty Cash

131.1 · Bank of McCreary County

131.2 · FUNB - CAP Account

350.22

1,114.82

104,505.31

Total 131 · Cash & Working Funds

105,970.35

Total Checking/Savings

105,970.35

Accounts Receivable

142 · Cust. Accounts Receivable

142.1 · A/R - Residential/Commercial

7,089.35

Total 142 · Cust. Accounts Receivable

7,089.35

143 · Other Accounts Receivable

374.51

144 · Allow for Uncollectibles

-273.40

Total Accounts Receivable

7,190.46

Other Current Assets

145 · Receivables

145.6 · School Sales Tax Receivable

-143.77

145.2 · Severance Tax Receivable

3,336.37

145.3 · Sales Receivable

5,769.76

145.4 · Sales Tax Receivable

293.75

Total 145 · Receivables

9,256.11

150 · Materials & Supplies (150)

6,060.82

165 · Prepayments

165.1 · Prepaid Insurance

2,524.24

Total 165 · Prepayments

2,524.24

Total Other Current Assets

17,841.17

Total Current Assets

131,001.98

Fixed Assets

365 · Property & Equipment (365-399)

383 · Capitalized Expenses

88,985.81

367.1 · Pipeline - 3"

250,744.53

367.2 · Pipeline - 4"

616,847.65

376.1 · Pipeline - 1" & 2"

343,292.60

376.2 · Pipeline - 6"

489,245.37

376.3 · Pipeline Line - Steel

1,035,315.56

377 · Compressor Site

133,532.23

378 · Meas & Reg Station Equip

665.83

382 · Equipment - Meters/Setup

254,081.96

385 · Reg/Ordorant Station

11,392.73

390 · Office Building

125,000.00

391 · Office Furniture & Equipment

11,011.80

391.1 · Software

2,500.00

393 · Automobiles/Vehicles

93,311.09

396 · Equipment - DW/Other

61,619.69

399.1 · Josh Hill Project

399.12 · 2" Pipe

9,552.40

399.13 · 3" Pipe

26,643.27

399.15 · Valves, tees, fittings

759.99

11/23/99

Citipower, L. L. C.
Balance Sheet
As of September 30, 1999

	Sep 30, '99
399.18 · Labor/Hauling	267.00
399.19 · Misc Expense	706.95
Total 399.1 · Josh Hill Project	37,929.61
399.2 · Bob Musgrove Road	
399.21 · 1" Pipe	604.90
399.22 · 2" Main Musgrove Rd	4,023.71
399.25 · Valves, caps, couplings, tees	718.46
399.28 · Labor/Hauling	670.63
399.29 · Miscellaneous	204.25
Total 399.2 · Bob Musgrove Road	6,221.95
399.3 · Hayes Creek Project	
399.32 · 2" Pipe	5,920.00
399.34 · 4" Pipe	19,378.61
399.35 · Valves, tees, couplings	24,559.32
399.38 · Labor/Hauling	41,748.70
399.39 · Miscellaneous	2,675.86
Total 399.3 · Hayes Creek Project	94,282.49
399.4 · Hatfield Subdivision	
399.41 · 1" Pipe	393.09
399.43 · 3" Pipe	414.65
399.48 · Labor/Hauling	686.94
399.49 · Miscellaneous	6.34
Total 399.4 · Hatfield Subdivision	1,501.02
Total 365 · Property & Equipment (365-399)	3,657,481.92
400 · Accumulated Depreciation	-376,896.24
Total Fixed Assets	3,280,585.68
Other Assets	
124.1 · Investment in LBU, LLC	400,000.00
301 · Intangible Plant	
301.1 · Goodwill	
301.1.5 · Accumulated Amortization	-34,047.00
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,853,488.66
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	
232.1 · Due to Forexco, Inc.	-88,502.92
232 · Accounts Payable - Other	31,864.25
Total 232 · Accounts Payable	-56,638.67
Total Accounts Payable	-56,638.67

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of September 30, 1999

Sep 30, '99

Other Current Liabilities	
231 · Notes Payable	
231.4 · Loan Payable-Member	18,000.00
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	496,750.00
231.3 · Loans Payable - Vehicles	43,961.03
Total 231 · Notes Payable	1,058,711.03
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	46,684.23
Total 234 · A/P to Assoc Co	46,684.23
235 · Customer Deposits	
235.1 · Customer Security Deposits	7,435.00
235.2 · Deferred Rev.-Customer Payments	190.89
235 · Customer Deposits - Other	100.00
Total 235 · Customer Deposits	7,725.89
236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.1 · FUTA	19.18
236.1.2 · SUI Payable	41.98
236.1.3 · Federal Taxes Withheld	-0.14
236.1.4 · KY State Withholding	-108.67
236.1.5 · FICA/MCARE W/H	-0.11
236.1.6 · Employer's FICA	1.65
236.1.7 · Employee Pension	0.02
Total 236.1 · Payroll Tax Liabilities	-46.09
236.2 · Sales Tax Payable	393.02
236.3 · Severance Tax Payable	2,181.40
236.4 · School Tax Payable	5,493.96
Total 236 · Taxes Accrued	8,022.29
238 · Other Liabilities	
238.1 · Match - SIMPLE IRA	
238.1.1 · Pension Match	2,588.42
Total 238.1 · Match - SIMPLE IRA	2,588.42
238.2 · Deferred Acquisition Costs Paya	26,500.00
Total 238 · Other Liabilities	29,088.42
Total Other Current Liabilities	1,150,231.86
Total Current Liabilities	1,093,593.19
Total Liabilities	1,093,593.19
Equity	
216 · Ret Earnings (215 or 216)	-1,936,672.12
Net Income	-357,124.45
218 · Non Corp Proprietorship	
218.4 · Class B - Management Units	217,730.29
218.3 · Class A Units	403,236.50
218.1 · Members Capital Contributions	4,433,533.60
218.2 · Opening Bal Equity	-808.35
Total 218 · Non Corp Proprietorship	5,053,692.04

11/23/99

Citipower, L. L. C.
Balance Sheet
As of September 30, 1999

Sep 30, '99

Total Equity	2,759,895.47
TOTAL LIABILITIES & EQUITY	3,853,488.66

11/23/99

Citipower, L. L. C.
Profit and Loss

October 1999

Oct '99

Ordinary Income/Expense

Income

4800 · Operating Revenues

480 · Ultimate Consumers

480.1 · Residential Sales

480.2 · Commercial Sales

480.3 · Industrial Sales

480.4 · Public Sales

7,250.83

1,983.62

350.04

3,861.86

13,446.35

Total 480 · Ultimate Consumers

13,446.35

Total 4800 · Operating Revenues

484 · Other Operating Revenue

488.1 · Misc Service Revenues

488.3 · Hook up fees collected

200.00

Total 488.1 · Misc Service Revenues

200.00

495 · Other Gas Revenues-Transportati

5,643.22

Total 484 · Other Operating Revenue

5,843.22

Total Income

19,289.57

Cost of Goods Sold

730 · Cost of Goods Sold

730.2 · Natural Gas

730.4 · Compressor Rent

730.6 · Compressor Maintenance, Supplie

4,478.88

6,148.00

1,535.86

12,162.74

Total 730 · Cost of Goods Sold

12,162.74

Total COGS

Gross Profit

7,126.83

Expense

1001.00 · Josh Hill Project

1001.03 · 3" Pipe

1001.02 · 2" Pipe

0.00

0.00

Total 1001.00 · Josh Hill Project

0.00

900 · Tot Gas Oper & Maint Exp

907 · Cust Svc & Info Expenses

907.1 · Customer Repair/Maintenance

907.3 · Materials

907.6 · Other

6.13

43.12

49.25

Total 907.1 · Customer Repair/Maintenance

908 · New Customer Hookup Expense

908.2 · Materials

908.2.1 · El's etc

908.2 · Materials - Other

0.13

2,126.56

2,126.69

Total 908.2 · Materials

908.4 · Other Expense - New Customers

54.86

Total 908 · New Customer Hookup Expense

2,181.55

Total 907 · Cust Svc & Info Expenses

2,230.80

920 · Admin & Gen Expense

936 · Capitalized Expenses

920.1 · Admin & General Salaries (920)

6560 · Payroll Expenses

-8,296.22

15,334.33

Total 920.1 · Admin & General Salaries (920)

15,334.33

920.4 · Management fees

920.4.2 · Consulting Expense

483.50

Total 920.4 · Management fees

483.50

11/23/99

Citipower, L. L. C.
Profit and Loss

October 1999

	Oct '99
921 · Office Supplies/Expense (921)	
921.1 · Office Supplies	99.28
921.2 · Office Cleaning	105.00
921 · Office Supplies/Expense (921) - Other	187.83
Total 921 · Office Supplies/Expense (921)	392.11
923 · Outside Services (923)	
923.2 · Accounting Fees	88.45
Total 923 · Outside Services (923)	88.45
925 · Injuries & Damages	
925.1 · Property Insurance	454.72
925.2 · Insurance - Liability	4,474.00
925.5 · Insurance-Medical	992.79
Total 925 · Injuries & Damages	5,921.51
926 · Employee Pension/Benefit (926)	273.41
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	
930.1.1 · Marketing Exp	3,109.40
930.1 · Advertising - Other	1,291.14
Total 930.1 · Advertising	4,400.54
Total 930 · Gen Advertising & Mktg Exp	4,400.54
930.3 · Misc General Exp	
930.3.2 · Computer Repair & Maint	595.00
930.3.4 · Dues and Subscriptions	171.99
930.3.5 · Employee Drug Testing Service	125.00
930.3.7 · Postage/Fedex	441.45
930.3.9 · Supplies	191.96
930.4 · Telephone Expense	1,314.50
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	66.33
930.5 · Travel & Entertainment - Other	3,767.45
Total 930.5 · Travel & Entertainment	3,833.78
930.6 · Utilities	187.13
Total 930.3 · Misc General Exp	6,860.81
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	805.85
933.3 · Auto Taxes	255.36
933.4 · Auto Repair & Maint	131.22
933.5 · Insurance/Title/Fees	685.63
Total 933 · Transportation Expenses (933)	1,878.06
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	139.35
935.2 · Ditchwitch	259.28
935.3 · Equipment Other	194.81
935.4 · Storage Rental - Equipment	500.00
Total 935 · Maint of General Plant (935)	1,093.44
Total 920 · Admin & Gen Expense	28,429.94
900 · Tot Gas Oper & Maint Exp - Other	112.00
Total 900 · Tot Gas Oper & Maint Exp	30,772.74
403 · Depr & Depl Expense	18,558.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	1,258.12
408.2 · Property Taxes	622.99
Total 408 · Taxes Other than Income	1,881.11
999.1 · Miscellaneous	266.99

11/23/99

Citipower, L. L. C.
Profit and Loss
October 1999

	<u>Oct '99</u>
Total Expense	51,478.84
Net Ordinary Income	-44,352.01
Other Income/Expense	
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	239.39
Total 415-418 · Nonutility Income	239.39
Total Other Income	239.39
Other Expense	
431 · Other Interest Expense	
431.5 · Interest - LBU-LLC	1,182.00
431.2 · Interest expense - customer dep	1,182.00
431.3 · Interest - Vehicle Loans	403.99
431.4 · Interest-Note Payable	5,430.56
Total 431 · Other Interest Expense	8,198.55
Total Other Expense	8,198.55
Net Other Income	-7,959.16
Net Income	<u>-52,311.17</u>

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through October 1999

Jan - Oct '99

Ordinary Income/Expense
Income

4800 · Operating Revenues		
480 · Ultimate Consumers		
480.1 · Residential Sales	43,949.65	
480.2 · Commercial Sales	25,842.62	
480.3 · Industrial Sales	16,763.04	
480.4 · Public Sales	72,650.92	
Total 480 · Ultimate Consumers	159,206.23	
483 · Sales for Resale	359.04	
Total 4800 · Operating Revenues	159,565.27	
484 · Other Operating Revenue		
488.1 · Misc Service Revenues	576.56	
488.2 · Late Charges Collected	11,827.09	
488.3 · Hook up fees collected		
Total 488.1 · Misc Service Revenues	12,403.65	
495 · Other Gas Revenues-Transportati	47,963.58	
Total 484 · Other Operating Revenue	60,367.23	
Total Income	219,932.50	

Cost of Goods Sold

730 · Cost of Goods Sold		
730.2 · Natural Gas	19,155.01	
730.4 · Compressor Rent	35,594.25	
730.6 · Compressor Maintenance, Supplie	15,090.14	
730.5 · Severance Tax	635.81	
Total 730 · Cost of Goods Sold	70,475.21	

Total COGS

70,475.21

Gross Profit

149,457.29

Expense

1001.00 · Josh Hill Project		
1001.05 · Valves, tees, fittings	0.00	
1001.99 · Miscellaneous Expense	0.00	
1001.03 · 3" Pipe	0.00	
1001.08 · Labor/Hauling	0.00	
1001.02 · 2" Pipe	0.00	
Total 1001.00 · Josh Hill Project	0.00	
1002.00 · Bob Musgrove Road		
1002.99 · Miscellaneous	0.00	
1002.01 · 1" Pipe	0.00	
1002.05 · Valves, caps, couplings tees	0.00	
1002.08 · Labor - Musgrove Road	0.00	
1002.02 · 2" Main Musgrove Rd	0.00	
Total 1002.00 · Bob Musgrove Road	0.00	
1003.00 · Hayes Creek Project		
1003.08 · Labor/Hauling	0.00	
1003.05 · Valves, tees	0.00	
1003.04 · Pipe - 4"	0.00	
1003.99 · Miscellaneous	0.00	
1003.02 · 2" Hayes Creek	0.00	
Total 1003.00 · Hayes Creek Project	0.00	
1004.00 · Hatfield Subdivision		
1004.99 · Miscellaneous	0.00	
1004.01 · Pipe, 1"	0.00	
1004.03 · Pipe 3"	0.00	
1004.05 · Labor/	0.00	
Total 1004.00 · Hatfield Subdivision	0.00	

11/23/99

Citipower, L. L. C.
Profit and Loss
 January through October 1999

Jan - Oct '99

900 · Tot Gas Oper & Maint Exp		
900.1 · Customer Accounts Expense		
903 · Supplies & Expenses		328.94
Total 900.1 · Customer Accounts Expense		328.94
907 · Cust Svc & Info Expenses		
907.1 · Customer Repair/Maintenance		
907.2 · Labor	1,265.00	
907.3 · Materials	3,288.30	
907.5 · Mileage	77.00	
907.6 · Other	256.15	
907.1 · Customer Repair/Maintenance - Other	12.87	
Total 907.1 · Customer Repair/Maintenance		4,899.32
908 · New Customer Hookup Expense		
908.1 · Labor		75.00
908.2 · Materials		
908.2.1 · El's etc	97.48	
908.2.2 · Meters	6.06	
908.2.3 · Pipe	551.14	
908.2 · Materials - Other	2,251.59	
Total 908.2 · Materials		2,906.27
908.4 · Other Expense - New Customers		976.44
Total 908 · New Customer Hookup Expense		3,957.71
Total 907 · Cust Svc & Info Expenses		8,857.03
920 · Admin & Gen Expense		
936 · Capitalized Expenses		-92,386.68
920.1 · Admin & General Salaries (920)		
920.5 · Citipower Offering Expense	2,729.99	
920.3 · Commissions Paid	1,750.00	
6560 · Payroll Expenses	157,620.88	
Total 920.1 · Admin & General Salaries (920)		162,100.87
920.4 · Management fees		
920.4.2 · Consulting Expense		483.50
Total 920.4 · Management fees		483.50
921 · Office Supplies/Expense (921)		
921.1 · Office Supplies	2,626.23	
921.2 · Office Cleaning	679.29	
921 · Office Supplies/Expense (921) - Other	1,139.30	
Total 921 · Office Supplies/Expense (921)		4,444.82
923 · Outside Services (923)		
923.1 · Engineering Services	3,950.00	
923.2 · Accounting Fees	55,650.86	
923.3 · Contract Labor - Office	235.00	
923.5 · Other-Labor	818.35	
923.6 · Legal Fee & Professional Fees	32,847.85	
Total 923 · Outside Services (923)		93,502.06
925 · Injuries & Damages		
925.1 · Property Insurance	454.72	
925.2 · Insurance - Liability	11,228.47	
925.3 · Insurance - Life	273.16	
925.4 · Insurance - Workmans' Comp	12,329.81	
925.5 · Insurance-Medical	8,963.62	
Total 925 · Injuries & Damages		33,249.78
926 · Employee Pension/Benefit (926)		2,861.80
928 · Regulatory Comm Expenses (928)		
928.1 · PSC Assessment	347.57	
928.2 · Licenses	42.00	
928 · Regulatory Comm Expenses (928) - Other	9,521.89	

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Citipower, L. L. C.
Profit and Loss
 January through October 1999

Jan - Oct '99

Total 928 · Regulatory Comm Expenses (928)	9,911.46
930 · Gen Advertising & Mktg Exp	
930.1 · Advertising	
930.1.1 · Marketing Exp	3,174.40
930.1 · Advertising - Other	1,769.39
Total 930.1 · Advertising	<u>4,943.79</u>
Total 930 · Gen Advertising & Mktg Exp	4,943.79
930.3 · Misc General Exp	
930.4.2 · Investor Annual Meeting	10,430.92
930.4.1 · Employee Annual Meeting	1,543.69
930.3.1 · Bank Service/Check Charges	350.00
930.3.2 · Computer Repair & Maint	1,169.00
930.3.3 · Donations	25.00
930.3.4 · Dues and Subscriptions	640.97
930.3.5 · Employee Drug Testing Service	575.00
930.3.7 · Postage/Fedex	2,359.77
930.3.8 · Repairs & Maintenance	1,031.81
930.3.9 · Supplies	371.24
930.4 · Telephone Expense	8,456.35
930.5 · Travel & Entertainment	
930.5.1 · Meals/Entertainment	892.04
930.5.3 · Travel	154.39
930.5 · Travel & Entertainment - Other	17,610.53
Total 930.5 · Travel & Entertainment	<u>18,656.96</u>
930.6 · Utilities	-1,368.65
930.6.1 · Termite Control - Office	237.60
930.3 · Misc General Exp - Other	238.55
Total 930.3 · Misc General Exp	<u>47,455.51</u>
933 · Transportation Expenses (933)	
933.1 · Automobile Expenses	5,409.54
933.3 · Auto Taxes	814.77
933.4 · Auto Repair & Maint	2,773.41
933.5 · Insurance/Title/Fees	3,982.36
Total 933 · Transportation Expenses (933)	<u>12,980.08</u>
935 · Maint of General Plant (935)	
935.1 · Equipment Repairs	1,084.38
935.2 · Ditchwitch	1,557.75
935.3 · Equipment Other	236.06
935.4 · Storage Rental - Equipment	5,000.00
935 · Maint of General Plant (935) - Other	88.00
Total 935 · Maint of General Plant (935)	<u>7,966.19</u>
Total 920 · Admin & Gen Expense	287,513.18
900 · Tot Gas Oper & Maint Exp - Other	112.00
Total 900 · Tot Gas Oper & Maint Exp	<u>296,811.15</u>
403 · Depr & Depl Expense	185,580.00
408 · Taxes Other than Income	
408.1 · Payroll Taxes	14,822.71
408.2 · Property Taxes	1,264.06
408.3 · Taxes - Severance	-0.03
408 · Taxes Other than Income - Other	115.00
Total 408 · Taxes Other than Income	<u>16,201.74</u>
999.1 · Miscellaneous	-211.37
999.2 · Other	0.00
Total Expense	<u>498,381.52</u>
Net Ordinary Income	-348,924.23
Other Income/Expense	

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Citipower, L. L. C.
Profit and Loss
January through October 1999

	<u>Jan - Oct '99</u>
Other Income	
415-418 · Nonutility Income	
418 · Interest - FUNB	2,651.89
Total 415-418 · Nonutility Income	<u>2,651.89</u>
421 · Misc Nonoperating Income	
421.1 · Sales Tax Discounts Taken	17.23
Total 421 · Misc Nonoperating Income	<u>17.23</u>
Total Other Income	2,669.12
Other Expense	
431 · Other Interest Expense	
431.5 · Interest - LBU-LLC	1,182.00
431.1 · Interest - LOC	18,427.00
431.2 · Interest expense - customer dep	2,406.89
431.3 · Interest - Vehicle Loans	3,829.94
431.4 · Interest-Note Payable	37,334.68
Total 431 · Other Interest Expense	<u>63,180.51</u>
Total Other Expense	<u>63,180.51</u>
Net Other Income	<u>-60,511.39</u>
Net Income	<u><u>-409,435.62</u></u>

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Citipower, L. L. C.
Balance Sheet
 As of October 31, 1999

Oct 31, '99

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds	200.00	
131.7 · Petty Cash	2,398.11	
131.1 · Bank of McCreary County	32,655.80	
131.2 · FUNB - CAP Account		
Total 131 · Cash & Working Funds		35,253.91

Total Checking/Savings

35,253.91

Accounts Receivable

142 · Cust. Accounts Receivable	13,333.12	
142.1 · A/R - Residential/Commercial	5,167.63	
142 · Cust. Accounts Receivable - Other		
Total 142 · Cust. Accounts Receivable		18,500.75

144 · Allow for Uncollectibles

-697.43

Total Accounts Receivable

17,803.32

Other Current Assets

165 · Prepayments	2,524.24	
165.1 · Prepaid Insurance		
Total 165 · Prepayments		2,524.24

Total Other Current Assets

2,524.24

Total Current Assets

55,581.47

Fixed Assets**365 · Property & Equipment (365-399)**

383 · Capitalized Expenses	173,230.70	
367.1 · Pipeline - 3"	250,744.53	
367.2 · Pipeline - 4"	616,871.65	
376.1 · Pipeline - 1" & 2"	345,139.67	
376.2 · Pipeline - 6"	489,245.37	
376.3 · Pipeline Line - Steel	1,035,315.56	
377 · Compressor Site	133,857.23	
378 · Meas & Reg Station Equip	665.83	
382 · Equipment - Meters/Setup	276,629.58	
385 · Reg/Ordorant Station	11,392.73	
390 · Office Building	125,000.00	
391 · Office Furniture & Equipment	11,011.80	
391.1 · Software	2,500.00	
393 · Automobiles/Vehicles	93,311.09	
396 · Equipment - DW/Other	61,619.69	
399.1 · Josh Hill Project		
399.12 · 2" Pipe	882.40	
399.13 · 3" Pipe	26,643.27	
399.15 · Valves, tees, fittings	759.99	
399.18 · Labor/Hauling	267.00	
399.19 · Misc Expense	9,376.95	
Total 399.1 · Josh Hill Project		37,929.61

399.2 · Bob Musgrove Road

399.21 · 1" Pipe	604.90	
399.22 · 2" Main Musgrove Rd	4,023.71	
399.25 · Valves, caps, couplings, tees	718.46	

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Citipower, L. L. C.
Balance Sheet
As of October 31, 1999

	Oct 31, '99
399.28 · Labor/Hauling	670.63
399.29 · Miscellaneous	204.25
Total 399.2 · Bob Musgrove Road	6,221.95
399.3 · Hayes Creek Project	
399.32 · 2" Pipe	5,920.00
399.34 · 4" Pipe	19,378.61
399.35 · Valves, tees, couplings	24,559.32
399.38 · Labor/Hauling	41,748.70
399.39 · Miscellaneous	2,675.86
Total 399.3 · Hayes Creek Project	94,282.49
399.4 · Hatfield Subdivision	
399.41 · 1" Pipe	393.09
399.43 · 3" Pipe	414.65
399.48 · Labor/Hauling	686.94
399.49 · Miscellaneous	6.34
Total 399.4 · Hatfield Subdivision	1,501.02
Total 365 · Property & Equipment (365-399)	3,766,470.50
400 · Accumulated Depreciation	-395,454.24
Total Fixed Assets	3,371,016.26
Other Assets	
124.1 · Investment in LBU, LLC	400,000.00
301 · Intangible Plant	
301.1 · Goodwill	
301.1.5 · Accumulated Amortization	-34,047.00
301.1 · Goodwill - Other	75,648.00
Total 301.1 · Goodwill	41,601.00
301.4 · Utility Deposits	300.00
Total 301 · Intangible Plant	41,901.00
Total Other Assets	441,901.00
TOTAL ASSETS	3,868,498.73
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	66,196.22
Total Accounts Payable	66,196.22
Other Current Liabilities	
231 · Notes Payable	
231.4 · Loan Payable-Member	18,000.00
231.1 · Note Payable Bank of McCreary	500,000.00
231.2 · Line of Credit	496,750.00
231.3 · Loans Payable - Vehicles	42,178.58
Total 231 · Notes Payable	1,056,928.58
234 · A/P to Assoc Co	
234.1 · Forexco-Gas Purchases	1,033.33
Total 234 · A/P to Assoc Co	1,033.33

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Citipower, L. L. C.
Balance Sheet
As of October 31, 1999

Oct 31, '99

235 · Customer Deposits		
235.1 · Customer Security Deposits	7,335.00	
235 · Customer Deposits - Other	100.00	
Total 235 · Customer Deposits		7,435.00
236 · Taxes Accrued		
236.1 · Payroll Tax Liabilities		
236.1.1 · FUTA	19.18	
236.1.2 · SUI Payable	41.98	
236.1.3 · Federal Taxes Withheld	-0.14	
236.1.4 · KY State Withholding	-108.68	
236.1.5 · FICA/MCARE W/H	-0.11	
236.1.6 · Employer's FICA	1.71	
236.1.7 · Employee Pension	0.02	
Total 236.1 · Payroll Tax Liabilities		-46.04
236.2 · Sales Tax Payable		537.24
Total 236 · Taxes Accrued		491.20
238 · Other Liabilities		
238.1 · Match - SIMPLE IRA		
238.1.1 · Pension Match	2,861.83	
Total 238.1 · Match - SIMPLE IRA		2,861.83
Total 238 · Other Liabilities		2,861.83
Total Other Current Liabilities		1,068,749.94
Total Current Liabilities		1,134,946.16
Total Liabilities		1,134,946.16
Equity		
216 · Ret Earnings (215 or 216)		-1,936,672.12
Net Income		-409,435.62
218 · Non Corp Proprietorship		
218.4 · Class B - Management Units	217,730.29	
218.3 · Class A Units	403,236.50	
218.1 · Members Capital Contributions	4,458,443.60	
218.2 · Opening Bal Equity	249.92	
Total 218 · Non Corp Proprietorship		5,079,660.31
Total Equity		2,733,552.57
TOTAL LIABILITIES & EQUITY		3,868,498.73

4. **Provide a copy of Citipower's limited liability company ("LLC") articles of organization and the "organizational documents" (if different), referred to in Citipower's response to Item 7 of the commission's Order of August 3, 1999.**

Response: See Exhibit M, Operating Agreement and Exhibit N, Operating Agreement excerpted from original Offering Documents of Citipower, LLC for the purchase of McCreary Natural Gas System.

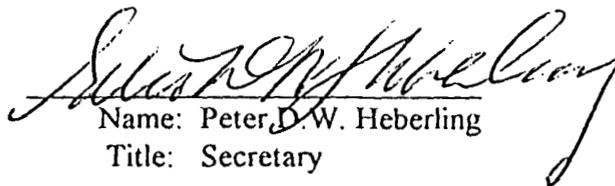
Respondent: BC

SECRETARY'S CERTIFICATE
OF
CITIPOWER, L.L.C.
AS TO BOARD OF DIRECTORS RESOLUTIONS
CERTIFICATE OF FORMATION
OPERATING AGREEMENT

The undersigned, Peter D.W. Heberling, being the Secretary of Citipower, L.L.C. (the "Company"), a limited liability company duly organized and existing under and by virtue of the laws of the State of Delaware, DOES HEREBY CERTIFY as follows:

1. Attached hereto as Exhibit A is a true, correct and complete copy of the Certificate of Formation of the Company as in effect on the date hereof;
2. Attached hereto as Exhibit B is a true, correct and complete copy of the Operating Agreement of the Company as in effect on the date hereof;
3. Attached hereto as Exhibit C is a true, correct and complete copy of resolutions duly adopted by the Board of Directors of the Company at a meeting held on June 28, 1996; and said resolutions are still in full force and effect and have not been modified, amended, or rescinded as of the date hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 26 day of September, 1996.


Name: Peter D.W. Heberling
Title: Secretary

OPERATING AGREEMENT
OF
CITIPOWER, L.L.C.
A Delaware Limited Liability Company

Dated as of June 1, 1996

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EXHIBITS

Exhibit A -- Equity Incentive Plan

THIS AGREEMENT OF CITIPOWER, L.L.C. (the "Company"), is made as of the 1st day of June, 1996, by and among the parties whose names appear on the signature pages hereof under the heading "Class A Members" (the "Class A Members") and the parties whose names appear on the signature pages hereof under the heading "Class B Members" (the "Class B Members"). Certain capitalized terms used in this Agreement are defined in Section 13; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement and references to a "section" or a subsection" are, unless otherwise specified, to a section or a subsection of this Agreement.

1. ORGANIZATION.

1.1 Formation of Limited Liability Company. The parties to this Agreement hereby agree to form and continue a Delaware Limited Liability Company pursuant to the provisions of the Delaware Limited Liability Company Act (6 Del. C. 18-101 et seq., as amended, the "Act"), and in accordance with the other terms and provisions of this Agreement.

1.2. Name. The name of the Company shall be "Citipower, L.L.C." or such other name or names as may be selected by the Board from time to time, and its business will be carried on in such name with such variations and changes as the Board deems necessary to comply with the requirements of the jurisdictions in which the Company's operations are conducted.

1.3. Purpose. The Company is organized primarily for the object and purpose of acquiring the assets of McCreary Natural Gas System, Inc., a Kentucky corporation, and engaging in such additional or other activities as the Board shall deem necessary or advisable, all upon the terms and conditions set forth in this Agreement.

1.4. Places of Business. The Company shall have its principal place of business at Corbin, Kentucky, or at such other place or places as the Board may, from time to time, select. The Company may from time to time have such other place or places of business in such other jurisdictions as the Board may deem advisable.

1.5. Registered Office and Agent. The address of the Company's registered office in the State of Delaware is Company Trust Center, 1409 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of the registered agent at that address is The Company Trust Company.

1.6. Fiscal Year. The fiscal year of the Company shall end on the 31st day of December in each year.

1.7. Powers. Subject to the provisions of Sections 5.1, 12.1 and 12.2, the Company shall be empowered to do or cause to be done, or not to do, any and all acts the Board deems to be necessary or appropriate in furtherance of the purposes of the Company. The Members may delegate any or all such powers to the Board.

2. MEMBERS.

2.1. Members; Equity Incentive Plan. The Company shall consist of the Class A Members and the Class B Members. The Board is authorized, in its sole and absolute discretion, to admit additional classes of Members having such rights and obligations as the Board shall determine, and to amend this Agreement as may be required to give effect to such rights and obligations, provided, however, no such rights, obligations or amendment shall adversely affect in any material respect the relative rights and obligations of the Class B Members. The Board is authorized to adopt the Equity Incentive Plan substantially in the form attached hereto as Exhibit A and to issue Performance Units in accordance with the terms thereof. The records of the Company shall be amended from time to time to reflect the admission of any Member or the removal, expulsion, retirement or death of any Member or the receipt by the Company of notice of any change of name of a Member.

2.2. Absence of Power; Liability of Members. No Member shall have the right or power to bind the Company in respect of any obligation or liability or to enter into any contract or agreement on its behalf, except insofar as such Member is an officer of the Company or has been specifically authorized by the Board. No Member nor any Affiliate, officer, director, manager, member, stockholder, partner or employee of such Member or the Company nor any of their respective Affiliates, nor any Person serving, directly or indirectly, as an officer, director, stockholder, partner or employee of any Affiliate of the Company at the written request of the Company or any Member (collectively, the "Related Persons"), shall be liable, responsible or accountable, whether directly or indirectly, in contract or tort or otherwise, to the Company or to any other Member (or any Affiliate thereof) for any Damages asserted against, suffered or incurred by the Company or such other Member (or any Affiliate thereof) arising out of, relating to or in connection with any act or failure to act by such Related Person pursuant to this Agreement or otherwise with respect to (a) the management or conduct of the business and affairs of the Company or any Person in which the Company has an interest or any Affiliate thereof (including, without limitation, actions taken or not taken by such Related Person as a director of any Person in which the Company has an interest or any Affiliate of such Person), and (b) the management or conduct of the business and affairs of any Related Person insofar as such business or affairs relate to the Company or to any other Member in its capacity as such, including, without limitation, all (i) activities in the conduct of the Company's business, and (ii) activities in the conduct of other business engaged in by it (or them) which might involve a conflict of interest vis-

a-vis the Company or any other Member (or any Affiliate thereof) or in which any Related Person realizes a profit or has an interest, except, in each case, Damages resulting from acts or omissions of such Related Person which (w) were taken or omitted in bad faith, (x) constituted intentional misconduct, (y) constituted a breach of this Agreement or (z) constituted a knowing violation of law. For purposes of this Agreement, no action or failure to act on the part of any Related Person in connection with the management or conduct of the business and affairs of such Related Person or any other Related Person and other activities of such Related Person which involve a conflict of interest with the Company or any other Member (or any Affiliate thereof) or in which such Related Person realizes a profit or has an interest shall constitute, per se, bad faith, intentional misconduct, a breach of this Agreement or a knowing violation of law. Notwithstanding the foregoing provisions of this Section 2.2, no Related Person shall be liable to the Company or any other Member (or any Affiliate thereof) for any action taken or omitted to be taken by any other Member. Any Related Person may consult with counsel, accountants and other professional advisors in respect of the affairs of the Company and each Related Person shall be deemed not to have acted in bad faith or to have engaged in intentional misconduct with respect to any action or failure to act and shall be fully protected and justified in so acting or failing to act, if such action or failure to act is in accordance with the advice or opinion of such counsel, accountants or other professional advisors, except for actions or failures to act by such Related Person which constitute a knowing violation of law.

2.3. Company Property; Company Interest. No real or other property of the Company shall be deemed to be owned by any Member individually, but shall be owned by and title shall be vested solely in the Company. The interests of the Members in the Company shall constitute personal property.

2.4. Annual Meetings. The annual meeting of the Members for the election of directors, and for the transaction of such other business as may properly come before the meeting, shall be held at such place, either within or without the State of Delaware, on such date and at such hour as shall be fixed by resolution of the Board of Directors of the Company (the "Board") and designated in the notice or waiver of notice thereof.

2.5. Special Meetings. A special meeting of the Members for any purpose or purposes may be called by the Board or the Chairman of the Board of the Company, to be held at such place, within or without the State of Delaware, on such date and at such hour as shall be designated in the notice or waiver of notice thereof. Special meetings of the Members may not be called by any other person or persons. Only such business as is stated in the written notice of a special meeting may be acted upon thereat.

2.6. Notice of Meetings. (a) Notice. Except as otherwise provided by law, written notice of each annual or special meeting of Members stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is held, shall be given personally or by first class mail to each Member entitled to vote at such meeting, not less than ten nor more than 60 calendar days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the Member at such Member's address as it appears on the records of the

Company. If, prior to the time of mailing, the Secretary of the Company shall have received from any Member entitled to vote a written request that notices intended for such Member are to be mailed to some address other than the address that appears on the records of the Company, notices intended for such Member shall be mailed to the address designated in such request.

(b) Who May Give Notice. Notice of a special meeting may be given by the person or persons calling the meeting, or, upon the written request of such person or persons, such notice shall be given by the Secretary of the Company on behalf of such person or persons. If the person or persons calling a special meeting of Members give notice thereof, such person or persons shall forward a copy thereof to the Secretary. Every request to the Secretary for the giving of notice of a special meeting of Members shall state the purpose or purposes of such meeting.

2.7. Waiver of Notice. Notice of any annual or special meeting of Members need not be given to any Member entitled to vote at such meeting who files a written waiver of notice with the Secretary, signed by the person entitled to notice, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any meeting of Members need be specified in any written waiver of notice. Attendance of a Member at a meeting, in person or by proxy, shall constitute a waiver of notice of such meeting, except as provided by law.

2.8. Adjournments. (a) Notice. When a meeting is adjourned to another date, hour or place, notice need not be given of the adjourned meeting if the date, hour and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than 30 calendar days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record entitled to vote at the adjourned meeting. At the adjourned meeting any business may be transacted which might have been transacted at the original meeting.

(b) Reasons for Adjournment. When any meeting is convened the presiding officer, if directed by the Board, may adjourn the meeting if (i) no quorum is present for the transaction of business, or (ii) the Board determines that adjournment is necessary or appropriate to enable the Members (x) to consider fully information which the Board determines has not been made sufficiently or timely available to Members or (y) otherwise to exercise effectively their voting rights.

2.9. Quorum. Except as otherwise provided by law or the Certificate of Formation of the Company or this Agreement, whenever a class of Members is entitled to vote as a separate class, or whenever classes of Members are entitled to vote together as a single class, on any matter brought before any meeting of the Members, whether annual or special, holders of interests entitled to cast a majority of the votes entitled to be cast by all the holders of the interests of such class voting as a separate class, or classes voting together as a single class, as the case may be, outstanding and entitled to vote thereat, present in person or by proxy, shall constitute a quorum at any such meeting of the Members. If, however, such quorum shall not be present or represented at any such meeting of the Members, the Members entitled to vote thereat may

adjourn the meeting from time to time in accordance with Section 2.8 until a quorum shall be present or represented.

2.10. Voting. Except as otherwise provided by law or the Certificate of Formation of the Company or this Agreement, when a quorum is present with respect to any matter brought before any meeting of the Members, the vote of the holders of interests entitled to cast a majority of the votes entitled to be cast by all the holders of the interests constituting such quorum shall decide any such matter. Unless otherwise provided in this Agreement, each Member represented at a meeting of Members shall be entitled to cast one vote for each unit of the interests entitled to vote thereat held by such Member.

2.11. Proxies. Each Member entitled to vote at a meeting of Members or to express consent or dissent to Company action in writing without a meeting may authorize another person or persons to act for such Member by proxy. Such proxy shall be filed with the Secretary before such meeting of Members or such Company action without a meeting, at such time as the Board may require. No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

2.12. Advance Notice of Business to be Transacted at Member Meetings. (a) Business to be Transacted. No business may be transacted at an annual meeting of Members, other than business that is either (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board (or any duly authorized committee thereof), (ii) otherwise properly brought before the annual meeting by or at the direction of the Board (or any duly authorized committee thereof) or (iii) otherwise properly brought before the annual meeting by any Member of the Company (x) who is a Member of record on the date of the giving of the notice provided for in this Section 2.12 and on the record date for the determination of Members entitled to vote at such annual meeting and (y) who complies with the notice procedures set forth in this Section 2.12.

(b) Timely Notice. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a Member, such Member must have given timely notice thereof in proper written form to the Secretary of the Company. To be timely, a Member's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of Members; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the Member in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs.

(c) Proper Form. To be in proper written form, a Member's notice to the Secretary must set forth as to each matter such Member proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and record address of such

Member, (c) the class and number of Units of the Company which are owned beneficially or of record by such Member, (d) a description of all arrangements or understandings between such Member and any other person or persons (including their names) in connection with the proposal of such business by such Member and any material interest of such Member in such business and (e) a representation that such Member intends to appear in person or by proxy at the annual meeting to bring such business before the meeting.

(d) Discussion. No business shall be conducted at the annual meeting of Members except business brought before the annual meeting in accordance with the procedures set forth in this Section 2.12; provided, however, that, once business has been properly brought before the annual meeting in accordance with such procedures, nothing in this Section 2.12 shall be deemed to preclude discussion by any Member of any such business. If the Chairman of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

3. CAPITAL CONTRIBUTIONS, CAPITAL ACCOUNTS.

3.1. Capital Contributions. Each Member shall make a Capital Contribution to the Company in the amount set forth in the Subscription Agreement signed by such Member simultaneously with the execution and delivery thereof.

3.2. Capital Accounts. (a) Establishment and Maintenance of Capital Accounts. The Company shall establish and maintain a separate account (the "Capital Account") for each Member. The initial balance of the Capital Account for each Member shall be such Member's initial Capital Contribution to the Company. The Capital Account of each Member shall be adjusted as of the last day of each Fiscal Year. The Capital Account of each Member shall be increased by (i) the dollar amount of any additional Capital Contributions made by such Member, and (ii) allocations to such Member of income and gain (including income exempt from tax). The Capital Account of each Member shall be decreased by (i) the dollar amount of any distributions made to such Member, (ii) the fair market value of any property distributed to such Member (net of any liabilities to which such property is subject), and (iii) allocations to such Member of loss and deduction (including expenditures not deductible in computing the Company's income or loss for federal income tax purposes).

(b) Compliance with Regulations. Notwithstanding any other provision of this Agreement to the contrary, the foregoing provisions of Section 3.2(a) regarding the maintenance of Capital Accounts shall be construed so as to comply with the provisions of the Treasury Regulations promulgated pursuant to section 704 of the Code. The Board is hereby authorized to modify the foregoing provisions to the minimum extent necessary to comply with such Treasury Regulations.

3.3. Allocation of Net Income and Net Loss. Net Income and Net Loss of the Company for any Fiscal Year shall be allocated among the Members in a manner such that the Capital Account of each Member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to the distributions that would be made to such Member during such Fiscal Year in respect of such Capital Account pursuant to Section 4 if (i) the Company were dissolved, (ii) its affairs were wound up and any remaining assets were sold for cash equal to their adjusted basis, except that any asset which was actually disposed of during such year shall be treated as if sold for an amount equal to the actual net sales proceeds received by the Company, (iii) all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the fair market value of the assets securing such liability), and (iv) the net assets of the Company were distributed in accordance with Section 4 to the Members immediately after making such allocation.

3.4. Assignment During Fiscal Year. If a Member's interest in the Company is transferred at any time other than at the end of a Fiscal Year of the Company, each item of income, gain, loss, deduction and credit attributable to such interest for the Fiscal Year in which the transfer occurs shall be divided and allocated proportionately between the transferor and the transferee in the same ratio as the number of days in the Fiscal Year respectively before and after the date the transfer is recognized by the Company bears to the number of days in such Fiscal Year.

3.5. Qualified Income Offset. If any Member unexpectedly receives any adjustment, allocation or distribution described in Treasury Regulation section 1.704-1 (b) (2) (ii) (d) (4), (5) or (6), items of Company income and gain shall be specifically allocated to such Member in an amount and manner sufficient to eliminate any deficit in its Capital Account (adjusted as provided in Treasury Regulation section 1.704-1 (b) (2) (ii) (d) and after taking into account all other allocations and adjustments under this Agreement for the Fiscal Year of calculation) created by such adjustment, allocation or distribution as soon as practicable. This Section 3.5 is intended to constitute a "qualified income offset" within the meaning of Treasury Regulation section 1.704-1 (b) (2) (ii) (d) (3).

3.6. Additional Allocations. Notwithstanding the foregoing, if, upon the final dissolution and termination of the Company and after taking into account all allocations of Net Income and Net Losses (and other tax items) under this Section 3, the distributions to be made in accordance with the positive Capital Account balances would result in a distribution that would be different from a distribution under Section 4 below, then gross items of income and gain (and other tax items) for the taxable year of the final dissolution and termination (and, to the extent permitted under section 761(c) of the Code, gross items of income and gain (and other tax items) for the immediately preceding taxable year) shall be allocated to the Members to increase or decrease Capital Account balances, as the case may be, so that the final distribution will occur in the same manner as a distribution under Section 4 below.

3.7. Basis Adjustment. In the event of a transfer of all or any part of a Member's Interest in the Company, the death of a Member, or the distribution of assets in kind to

a Member, the Board may (but shall not be required to) cause the Company to elect to adjust the basis of the Company's assets pursuant to an election made under section 754 of the Code.

3.8. Tax Law Compliance. It is the intention of the Members that the allocations in this Article III shall have substantial economic effect within the meaning of Section 704 of the Code and Treasury Regulations promulgated thereunder. Accordingly, to the extent that the Board in its discretion deems it necessary or appropriate, the foregoing allocations may be varied to achieve substantial economic effect, and such allocations will be varied as needed to comply with the rules provided in such Treasury Regulations regarding allocations of and chargebacks for nonrecourse deductions and partner nonrecourse debt deductions.

4. DISTRIBUTIONS.

4.1. No Right to Withdraw. No Member shall have the right to withdraw or demand distributions of any amount in its Capital Accounts, except as expressly provided in this Section 4. No Member may withdraw or resign from the Company or make a demand for paid-in capital until the termination or dissolution of the Company.

4.2. Cash Distributions. The Company will make distributions of cash revenues reduced, in the sole discretion of the Board, by certain reserves, expenses, fees and taxes, if any, of the Company. Such distributions shall be made to the Members in proportion to the number of Units held by each Member. Notwithstanding the foregoing, in the discretion of the Board, the Company shall distribute cash to each Member at the times and in the amounts that the Board reasonably determines are necessary to permit the Members to pay federal and state income taxes (including any estimated tax payments) with respect to taxable income allocated to each Member under this Agreement.

4.3. Withholding. Notwithstanding any other provision of this Agreement, the Board is authorized to take any action that it determines to be necessary or appropriate to cause the Company to comply with any Federal, state, local and foreign withholding requirement with respect to any payment or distribution by the Company to any Member or other person. All amounts so withheld, and, in the manner determined by the Board, amounts withheld with respect to any payment or distribution by any person to the Company, shall be treated as distributions to the Members to which such amounts would have been distributed (pursuant to Section 4) but for the withholding. If any such withholding requirement with respect to any Member exceeds the amount distributable to such Member pursuant to Section 4, or if any such withholding requirement was not satisfied with respect to any amount previously distributed to such Member pursuant to Section 4, such Member and any successor or assignee with respect to such Member's interest in the Company will indemnify and hold harmless the Board and the Company for such excess amount or such withholding requirement, as the case may be (including interest on such amount at the Prime Rate, plus 200 basis points, compounded semiannually).

5. BOARD OF DIRECTORS

5.1. Powers. (a) General. The business and affairs of the Company shall be managed by the Board, which may exercise and/or delegate to the officers of the Company all such powers of the Company and do all such lawful acts and things as are not by law or by the Certificate of Formation of the Company or this Agreement directed or required to be exercised or done by the Members.

(b) Engagement of Third Parties. The Board may, from time to time, employ any Person or engage third parties to render services to the Company on such terms and for such compensation as the Board may reasonably determine, including, without limitation, attorneys and independent auditors. Such employees and third parties may be Affiliates of any Member. Persons retained, engaged or employed by the Company may also be engaged, retained or employed by and act on behalf of one or more Members or any of their respective Affiliates.

(c) Certificates and Fictitious Name Filings. The Board is hereby authorized to execute and file a certificate of formation pursuant to the Act and to execute or cause to be executed all other instruments, certificates, notices and documents, and to do or cause to be done all such filings, recordings, publishing and other acts as may be deemed by the Board to be necessary or appropriate from time to time to comply with all applicable requirements for the formation or operation or, when appropriate, termination of a limited liability company in the State of Delaware and all other jurisdictions where the Company does or shall desire to conduct its business.

(d) Voting by Directors. Each of the parties hereto hereby acknowledges that a Member, based on its particular circumstances, plans and expectations, may have different interests with respect to the operations of the Company than the other Members. Accordingly, each party hereby acknowledges and agrees that although each director of the Company, in making decisions, voting and taking other action as a director, will generally act in accordance with the interests of all Members, in circumstances where the interests of the Member who elected him conflict with the interests of the other Members or with the interests of the Company or all Members taken as a whole, such director may make decisions and vote in accordance with the interests of the Member who elected him, and is hereby released from any liability, including liability for breach of fiduciary duty, arising from such director's having made decisions or voted in accordance with the interests of the Member who elected him.

5.2. Number and Term of Office. The Board shall consist of not less than three nor more than seven members, the exact number of which shall be fixed from time to time by the Board. The number of directors which each Class shall be entitled to elect is set forth below opposite the respective total number of directors which is fixed from time to time:

<u>Total Number</u>	<u>Class A</u>	<u>Class B</u>
3	2	1
4	3	1
5	4	1

6 4 2
7 5 2

The initial Board shall consist of five directors. The initial Class B director shall be Guy Strevey. Directors shall be elected by a plurality of the votes cast by Members of the class entitled to vote for such Directors at annual meetings of Members, and each director so elected shall hold office until the next annual meeting of the Members and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office. A majority of the directors elected by the Class A Members must be Members of the Company, and each director elected by the Class B Members must be a Class B Member.

5.3. Nomination of Directors and Advance Notice Thereof. (a) Procedures.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual meeting of Members, or at any special meeting of Members called for the purpose of electing directors, (i) by or at the direction of the Board (or any duly authorized committee thereof) or (ii) by any Member of the Company (x) who is a Member of record on the date of the giving of the notice provided for in this Section and on the record date for the determination of Members entitled to vote at such meeting and (y) who complies with the notice procedures set forth in this Section 5.3.

(b) Notice. In addition to any other applicable requirements, for a nomination to be made by a Member, such Member must have given timely notice thereof in proper written form to the Secretary of the Company. To be timely, a Member's notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Company (i) in the case of an annual meeting, not less than 90 days nor more than 140 days prior to the anniversary date of the immediately preceding annual meeting of Members; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the Member in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed; and (ii) in the case of a special meeting of Members called for the purpose of electing directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed

(c) Proper Form. To be in proper written form, a Member's notice to the Secretary must set forth (i) as to each person whom the Member proposes to nominate for election as a director (x) the name, age, business address and residence address of the person, (y) the principal occupation or employment of the person, and (z) the class and number of Units which are owned beneficially or of record by the person; and (ii) as to the Member giving the notice (v) the name and record address of such Member, (x) the class and number of Units which are owned beneficially or of record by such Member, (y) a description of all arrangements or understandings between such Member and each proposed nominee and any other person or persons (including their names) pursuant to which the nominations) are to be made by such Member, and (z) a representation that such Member intends to appear in person or by proxy at the

meeting to nominate the persons named in its notice. Such notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a director if elected.

(d) Defective Nomination. No person shall be eligible for election as a director of the Company unless nominated in accordance with the procedures set forth in this Section 5.3. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

5.4. Resignation, Removal and Vacancies. (a) Resignations and Removals. Any director may resign at any time by giving written notice to the Board, the President or the Secretary of the Company. Such resignation shall take effect at the time specified therein or, if the time is not specified, upon receipt by the Company thereof; and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any director may be removed at any time by the vote of a majority of the Members of the class which elected such director.

(b) Vacancies. Vacancies occurring in the Board among the directors elected by the Class A Members or the Class B Members (if there is more than one such director) and newly created directorships elected by each such respective class may be filled by a majority of the directors then in office who were elected by such class, although less than a quorum, or by a sole remaining director of such class. In the event that there is only one director elected by the Class B Members, a vacancy occurring in such position may only be filled by a vote of the Class B Members in accordance with the terms of this Agreement.

5.5. Meetings. (a) Annual Meetings. As soon as practicable after each annual election of directors, the Board shall meet for the purpose of organization and the transaction of other business, unless it shall have transacted all such business by written consent pursuant to Section 5.6.

(b) Other Meetings. Other meetings of the Board shall be held at such times as the Board or the Chairman of the Board shall from time to time determine.

(c) Notice of Meetings. The Secretary shall give notice to each director of each special meeting, which notice shall state the time, place and purpose of such meeting. Notice of each such meeting shall be given to each director prior to such meeting. A waiver of notice by the person entitled thereto, whether before or after the time of any such meeting, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting.

(d) Place of Meetings. The Board may hold its meetings at such place or places, within or without the State of Delaware, as the Board or the Chairman of the Board may from time to time determine, or as shall be designated in the respective notices or waivers of notice thereof.

(e) Quorum and Manner of Acting. A majority of the total number of directors (but not less than one) shall constitute a quorum for the transaction of business at any meeting of the Board, and the vote of a majority of those directors present at any such meeting at which a quorum is present shall be necessary for the passage of any resolution or act of the Board, except as otherwise expressly required by law or this Agreement. In the absence of a quorum for any such meeting, a majority of the directors present thereat may adjourn such meeting from time to time until a quorum shall be present.

(f) Organization. At each meeting of the Board, one of the following shall act as Chairman of the meeting and preside, in the following order of precedence:

- (i) the Chairman of the Board;
- (ii) the President; or
- (iii) any director chosen by a majority of the directors present.

The Secretary or, in the case of his absence, any person (who shall be an Assistant Secretary, if an Assistant Secretary is present) whom the Chairman shall appoint shall act as secretary of such meeting and keep the minutes thereof.

5.6. Directors' Consent in Lieu of Meeting. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board or committee.

5.7. Action by Means of Telephone or Similar Communications Equipment. Any one or more members of the Board, or of any committee thereof, may participate in a meeting of the Board or any such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

5.8. Committees. The Board may, by resolution passed by a majority of the Board, designate one or more committees, each committee to consist of one or more directors of the Company. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company. Each committee shall keep regular minutes and report to the Board when required.

6. OFFICERS.

6.1. Executive Officers. The executive officers of the Company shall be a Chairman of the Board and Chief Executive Officer, a President, a Secretary and a Treasurer and may include one or more Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers. Any two or more offices may be held by the same person.

6.2. Authority and Duties. All officers, as between themselves and the Company, shall have such authority and perform such duties in the management of the Company as may be provided by law or in this Agreement or, to the extent not so provided, by resolution of the Board.

6.3. Term of Office, Resignation and Removal. (a) Election. All officers shall be elected or appointed by, or in such manner as shall be determined by, the Board and shall hold office for such term as may be determined by the Board. Each officer shall hold office until his successor has been elected or appointed and qualified or his earlier death or resignation or removal in the manner hereinafter provided. The Board may require any officer to give security for the faithful performance of his duties.

(b) Resignation. Any officer may resign at any time by giving written notice to the Board or to the President or the Secretary of the Company, and such resignation shall take effect at the time specified therein or, if the time when it shall become effective is not specified therein, at the time it is accepted by action of the Board. Except as aforesaid, acceptance of such resignation shall not be necessary to make it effective.

(c) Removal. All officers shall be subject to removal, with or without cause, at any time by the Board.

6.4. Vacancies. Any vacancy occurring in any office of the Company, for any reason, shall be filled by action of the Board. Any officer appointed or elected by the Board to fill any vacancy shall serve only until such time as the unexpired term of his predecessor expires unless reelected or reappointed by the Board.

6.5. Chairman of the Board. The Chairman of the Board shall have the power to call special meetings of the Members, to call special meetings of the Board, to preside at all meetings of the Members and all meetings of the Board to be the chief executive officer of the Company and shall have general and active management and control of the business and affairs of the Company subject to the control of the Board; and shall see that all orders and resolutions of the Board are carried into effect.

6.6. President. The President of the Company shall be the chief operating officer of the Company, shall generally assist the Chairman of the Board and Chief Executive

Officer and perform such other duties as the Board or the Chairman of the Board and Chief Executive Officer shall prescribe. In the absence or disability of the Chairman of the Board, the President shall perform the duties and exercise the powers of the Chairman of the Board.

6.7. Vice Presidents. Vice Presidents, if any, in order of their seniority or in any other order determined by the Board, shall generally assist the President and perform such other duties as the Board or the President shall prescribe, and in the absence or disability of the President, perform the duties and exercise the powers of the President.

6.8. Treasurer. The Treasurer, if any, shall have the care and custody of all the funds of the Company and shall deposit the same in such banks or other depositories as the Board, or any officer or officers, or any officer and agent jointly, duly authorized by the Board, shall, from time to time, direct or approve. He shall disburse the funds of the Company under the direction of the Board, the Chairman of the Board or the President. He shall keep a full and accurate account of all moneys received and paid on account of the Company and shall render a statement of his accounts whenever the Board shall require. He shall perform all other necessary acts and duties in connection with the administration of the financial affairs of the Company and shall generally perform all the duties usually appertaining to the office of treasurer of a company.

6.9. Assistant Treasurers. Assistant Treasurers, if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Treasurer and perform such other duties as the Board or the Treasurer shall prescribe, and, in the absence or disability of the Treasurer, shall perform the duties and exercise the powers of the Treasurer.

6.10. Secretary. The Secretary shall, to the extent practicable, attend all meetings of the Board and all meetings of the Members and shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for any standing committees when required. He shall give or cause to be given notice of all meetings of the members and of the Board, and shall perform such other duties as may be prescribed by the Board or the President, under whose supervision he shall act. He shall keep in safe custody the seal of the Company and affix the same to any duly authorized instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary, or an Assistant Treasurer. He shall keep in safe custody the certificate books and Member records and such other books and records as the Board may direct and shall perform all other duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or the Board.

6.11. Assistant Secretaries. Assistant Secretaries, if any, in order of their seniority or in any other order determined by the Board, shall generally assist the Secretary and perform such other duties as the Board or the Secretary shall prescribe, and, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary.

6.12. Managers. The Board shall designate a manager or managers of the Company within the meaning of the Act. The initial manager shall be Forsberg Oil Company.

7. TAX MATTERS PARTNER.

7.1. Designation of Tax Matters Partner. Forsberg Oil Company is hereby designated as the "tax matters partner" under section 6231 (a)(7) of the Code, to manage administrative tax proceedings conducted at the Company level by the Internal Revenue Service with respect to Company matters and shall have the rights and duties specifically granted under such section of the Code and Treasury Regulations promulgated thereunder. The Board is specifically directed and authorized to take whatever steps it, in its sole discretion, deem is necessary or desirable to perfect such designation, including, without limitation, filing any forms or documents with the Internal Revenue Service and taking such other action as may from time to time be required under Treasury Regulations. Expenses of administrative proceedings relating to the determination of Company items at the Company level undertaken by the tax matters partner shall be paid by the Company. Any vacancy in the office of tax matters partner shall be filled by a Member chosen by the Board. Without limiting the generality of the foregoing, the Board shall have the sole and exclusive authority to make any elections on behalf of the Company permitted to be made pursuant to section 754 or any other section of the Code or the regulations promulgated thereunder.

8. BOOKS OF ACCOUNT, RECORDS AND REPORTS.

8.1. Maintenance of Books and Records, Etc. The Company shall maintain books and records in such manner as is utilized in preparing the Company's United States federal information tax return in compliance with section 6031 of the Code, and such other records as may be required in connection with the preparation and filing of the Company's required United States federal, state and local income tax returns or other tax returns or reports of foreign jurisdictions, including, without limitation, the records reflecting the Capital Accounts and adjustments thereto specified in Section 3. All such books and records shall at all times be made available at the principal office of the Company and shall be open to the reasonable inspection and examination of the Members or their duly authorized representatives during normal business hours.

8.2. United States Federal, State and Local Income Tax Information. The Board will use its best efforts to cause the Company to transmit, within a reasonable period of time after the end of each fiscal year of the Company, to each Person who was a Member at any time during the fiscal year then ended (including any permitted assignee of a Member who so requests in writing) an Internal Revenue Service Schedule K-1 and such Company tax information as the Board reasonably believes shall be necessary for the preparation by such Person of his United States federal, state and local tax returns in accordance with any applicable laws, rules and regulations then prevailing. Such information shall include a statement showing such Person's share of distributions, income, gain, loss, deductions and credits and other relevant fiscal items of the Company for such fiscal year. Promptly upon the request of any Member, the Board will cause

the Company to furnish such Member all United States federal, state and local income tax returns or information returns, if any, which the Company is required to file.

9. TRANSFER OF INTERESTS.

9.1. Restrictions on Transfer. (a) General. Subject to Section 9.7 hereof, no Member may under any circumstances sell, transfer, assign, pledge, encumber, grant any options or acquire any put rights with respect to, or otherwise in any manner dispose of (to "Assign" or an "Assignment") all or any part of the Interests owned by him (whether voluntarily, involuntarily or by operation of law) except that (i) the Class A Units and the Class B Units may be Assigned to the Company, to another Member or, so long as such assignee agrees in writing to be bound by the terms of this Agreement, to another Person which is an Affiliate of such Member; provided that no Assignment to an Affiliate may be made prior to September 30, 1999, (ii) the Units may be sold in an offering (a "public offering") which is registered under the Securities Act which is effected after consummation of the first public offering by the Company during the term of this Agreement (an "IPO"), (iii) the Units may be sold pursuant to Rule 144 under the Securities Act or any successor rule, regulation or statutory provision, (a "Rule 144 Sale"), and (iv) the Units may be disposed of as expressly provided in this Agreement.

(b) Holding Period. Notwithstanding anything herein to the contrary, prior to September 30, 1999, none of the Members shall Assign any of the Units owned by any of them, except for (i) the granting or acquiring of the rights provided for in Sections 9.2 and 9.6. In no event shall an Assignment pursuant to Sections 9.2 or 9.6 take place prior to September 30, 1999.

(c) Assignments to More than One Person; Assignments of Less than All Units. Notwithstanding anything herein to the contrary, none of the Members may Assign any Units to more than one Person in a single or any series of related transactions, except for Assignments (i) pursuant to a public offering or a Rule 144 Sale, or (ii) to the Company or another Member.

9.2. Right of First Offer. (a) Procedure. Subject to Section 9.7 hereof, in the event that any Member shall desire to Assign any of his Units at any time after September 30, 1999, to any Person other than an Affiliate of such Member, including after receipt of an offer therefor from any Person other than such an Affiliate, it shall first offer such Units (the date of any such offer being hereinafter referred to as a "Determination Date") for purchase by the Company and the other Members as hereinafter provided by promptly notifying the Company of such offer (a copy of which notice the Company shall forthwith provide to the other Members), setting forth the number of Units to be offered (the "Offered Units") and the terms and conditions of sale (the "Offer Terms"), which terms shall include a cash price equal to the Fair Value (as defined below) multiplied by the Seller's Ownership Percentage (as defined below). For purposes of this Agreement, the "Seller's Ownership Percentage" means the percentage (expressed as a decimal) of all Units outstanding on the Determination Date represented by the Units being assigned by the selling Member. The Company shall have a period of twenty days after the receipt of such notice within which to notify the selling Member in writing that it elects to purchase any or all of the

Offered Units upon the Offer Terms. If the Company elects to purchase Offered Units, it shall give notice of such election to the selling Member within said twenty-day period. If the Company does not give notice to the selling Member within said twenty-day period (or if the Company gives notice that it is not electing to purchase such Offered Units), then each of the other Members shall have a period of an additional ten business days within which to notify the selling Member in writing that he elects to purchase all (but not less than all) of his pro rata share of the Offered Units upon the Offer Terms. A Member's pro rata share shall be determined by dividing the number of Units owned by such Member by the total number of Units owned by other Members electing to purchase Units from the selling Member. If none of the Members gives notice to the selling Member within said ten-day period or if the Members elect to purchase fewer than all of the Offered Units within said ten-day period or if all of the Members give notice that they are not electing to purchase such Offered Units, then the selling Member shall be free to Assign the remaining Offered Units to a third party and upon other terms which are at least as favorable to the selling Member as the Offer Terms (for such purposes, any securities, property or other non-cash consideration paid by such third party shall be valued at its fair market value on the Determination Date); provided that a binding agreement with respect to such Assignment is entered into within ninety days after the expiration of such ten-day period and that such Assignment is consummated 180 days after the expiration of said ten-day period; and provided further, that if the intended method of such Assignment is an underwritten public offering, the Assignment may be at a price per share (net of underwriting commissions and discounts) to the public of not less than 85% of the price per share stated in the Offer Terms.

(b) Fair Value. For purposes of this Agreement, "Fair Value" means a number determined in accordance with the following formula, rounded to the nearest whole number:

$$FV = \text{EBITDA} \times 5$$

Where,

FV= Fair Value, and

EBITDA= the average of the Company's annual Earnings Before Interest, Income Tax, Depreciation and Amortization (as defined in Section 9.2(c)) for the two most recently completed full fiscal years.

(c) EBITDA. For purposes of this Agreement, "Earnings Before Income Tax, Depreciation and Amortization" means for any fiscal year the net income of the Company determined in accordance with generally accepted accounting principles applied on a basis consistent with its audited financial statements for the year ended December 31, 1997, before making deduction or provision for any interest, federal, state, local and foreign income taxes, depreciation or amortization except that solely for the purpose of determining Earnings Before Interest, Income Tax, Depreciation and Amortization all extraordinary gains and losses as defined in APB Opinion No. 9 (including subsequent amendments and interpretations thereof, and as amended by APB Opinion No. 30), all gains and losses resulting from immaterial nonrecurring items which by virtue of their immateriality are not classified as extraordinary items within APB

Opinion No. 9, and all gains and losses arising from Assignments or other dispositions of capital assets other than machinery and equipment sold or otherwise disposed of and replaced in the ordinary course of business shall be excluded. The computation of EBITDA for each fiscal year shall be prepared by the Company's independent certified accountants (the "Company's Accountants") in accordance with Section 4.3(b).

(d) Conversion of Units. Except as provided in Section 9.6 below, any Class A Unit which is Assigned to any Person other than another Class A Member or an Affiliate of the selling Member shall automatically be converted into a Class B Unit without any further action by the selling Member. Any Class B Unit which is Assigned to a Class A Member shall automatically be converted into a Class A Unit without any further action by the selling Member.

(e) Sale Procedures. In the event that any party elects to purchase Offered Units pursuant to Section 9.2(a), then the selling Member shall be obligated to Assign to such party, and such party shall be obligated to purchase from the selling Member, the Offered Units upon the Offer Terms. The written notice of election given to the selling Member pursuant to Section 9.2(a) shall specify the place and date (not later than 45 days from the date such notice is given but not earlier than the expiration of any applicable waiting period under Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act")) for the closing of such purchase. If such closing is to occur sooner than three business days from the date such notice is mailed, telegraphic or telephonic notice shall also be given at the time such written notice is given. At any closing of a purchase of the Offered Units hereunder, the purchaser will pay to the selling Member by wire transfer of same day funds or certified or official bank check payable to or upon the order of the selling Member, the purchase price for all of the Offered Units so purchased in accordance with the Offer Terms, and in each case, the selling Member will deliver or cause to be delivered to the purchaser a certificate or certificates representing the Offered Units so purchased, duly endorsed or accompanied by appropriate powers duly executed in blank. The obligations of the selling Member to deliver or cause to be delivered Offered Units and of the purchaser to purchase such Offered Units at such closing shall be subject only to the conditions that (i) no preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission shall be in effect which would prohibit such Assignment and delivery (provided that the purchaser or the selling Member, as the case may be, shall use its best efforts to avoid the issuance of, and, if issued, to cause the lifting of, any such order, decree or ruling), and (ii) any applicable waiting period under the HSR Act shall have expired and any other applicable governmental approvals and clearances shall have been obtained. The obligation of the purchaser to purchase the Offered Units shall be further subject to the purchaser's receipt of a representation of the selling Member that the selling Member has good and valid title to the Offered Units, free and clear of all liens, claims, encumbrances and security interests and that the selling Member has full right, power and authority to effect such Assignment.

(f) Option Not Assignable. An option to purchase Offered Units under Section 9.2(a) is not assignable without the prior written consent of the selling Member.

(g) Further Action. Each of the parties hereto agrees to take all such actions as may be necessary to authorize and permit the Company to purchase Offered Units pursuant to Section 9.2(a) hereof, in the event it elects to do so (and the Board approves the transaction), including without limitation, the voting of Units, the causing of approvals to be made by designated directors, the obtaining of any approvals, consents and waivers from Members or from lenders or other third parties and any actions necessary to comply with state or federal law.

9.3. Legend: Securities Law Restrictions. Each certificate for Units owned by any Member shall bear the following legend, which shall be prominently placed:

The shares represented by this certificate are subject to the terms and conditions of an Agreement, dated as of June 1, 1996, among the Members of Citipower, L.L.C., copies of which are on file with the Secretary of the Company, and are held and may be sold, assigned, transferred, pledged or otherwise disposed of only in accordance therewith.

Each certificate representing such Units shall bear a legend to the foregoing effect unless the Company shall have received an opinion of counsel, reasonably satisfactory to the Company, to the effect that such legend may be removed under such Act.

9.4. Agreement Binding on Assignees. Prior to any Assignment of Units by any Member (other than pursuant to a public offering or Rule 144 Sale, or to a third party pursuant to Sections 9.6 hereof, to another Member or to the Company), the assignee of such shares (the "Successor Member") must agree in writing to assume the respective obligations of the assigning Member applicable to such shares under this Agreement, whereupon the Successor Member shall succeed to the rights of the assigning Member hereunder. For purposes of this Agreement, any and all references to any Member (including by reference to its proper name) shall be deemed to refer to such Member or to its Successor Member, as the case may be.

9.5. Compliance with Transfer Provisions. In the event that any Member shall fail to comply with agreements contained herein with respect to the transfer of its Units, any such transfer by such Member shall be void and of no effect whatsoever, and no distributions of any kind whatsoever nor any distribution pursuant to liquidation or otherwise shall be paid by the Company in respect of such Units (all such distributions being deemed postponed during the period of non-compliance), and the voting rights of such Units on any matter whatsoever shall be suspended, during the period commencing with such Member's initial failure of compliance with such agreements and ending on the earlier of the date that such Member effects such compliance or the date on which the Company receives evidence reasonably satisfactory to it that such attempted Assignment has been rescinded.

9.6 Co-Sale Rights. (a) Rights. In the event that one or more Class A Members proposes to Assign (other than in a public offering or Rule 144 Sale) an aggregate of more than fifty percent (50%) of the outstanding Class A Units to any Person (a "Buyer") other than to an Affiliate thereof or another Class A Member without the provisions of Section 9.2(d) taking effect (i.e., without such Units being thereby converted into Class B Units), he may not do

so unless all of the other Members are given an opportunity to Assign to the Buyer the Units held by them, at the same price per Unit, for the same kind of consideration and, subject to Sections 9.6(f) and 9.6(g), on the same terms as apply to the proposed Assignment of the Class A Units (the "Co-Sale Rights").

(b) Notice. At least 15 days prior to the consummation by a Class A Member of any Assignment of Class A Units which is subject to the provisions of Section 2.6 (a), he shall cause the offer from the Buyer to purchase or otherwise acquire Units to be reduced to writing (the "Co-Sale Offer") and shall deliver written notice of the Co-Sale Offer, together with a copy of the Co-Sale Offer (the "Co-Sale Notice") to the other Members. Each Co-Sale Offer shall include an offer to purchase or otherwise acquire from the other Members, according to the terms and subject to the conditions of this Agreement, all Units owned by the other Members.

(c) Acceptance. In the event any other Member desires to accept the Co-Sale Offer with respect to his Units, he shall do so by delivering to the selling Member a written notice stating his irrevocable acceptance of the Co-Sale Offer with respect to his Units (the "Acceptance Notice"), which Acceptance Notice shall be delivered to the selling Member within 15 days after the delivery of the Co-Sale Notice. In addition, such Acceptance Notice shall include a written undertaking of the other Member to deliver, at least three Business Days prior to the expected date of the consummation of such Assignment to the Buyer as indicated in the Co-Sale Notice, such documents (including certificates, if any) as shall be reasonably required to transfer such Member's Units to the Buyer pursuant to the Co-Sale Offer. In the event a Member does not deliver an Acceptance Notice to the selling in accordance with the provisions of this Section 9.6(c), such Member shall be deemed to have irrevocably rejected the Co-Sale Offer.

(d) Consummation of Assignment. The selling Member shall have until the expiration of the applicable periods set forth in Sections 9.2 or 9.6, as the case may be, in which to consummate the Assignment to the Buyer.

(e) Expenses. The Members who give Acceptance Notices shall bear 50% of their respective pro rata shares of the reasonable expenses incurred by the selling in connection with any Assignments or other transfers of their Units pursuant to the Co-Sale Rights.

(f) Agent. The selling Member shall act as agent for the other Members in connection with such Assignment.

9.7. Substitution of Members. Notwithstanding any other provision hereof to the contrary, no person or entity to which Units are Assigned by a Member (an "Assignee") shall be admitted as a new Member without the prior written consent of a majority in interest (as determined under federal income tax principles) of the Members who are also Managers (or, at any time when no Member is a Manager, such a majority in interest of all Members) other than the Member who Assigned such Units, which consent may be given or withheld in each such party's sole discretion. Any Assignee not admitted as a Member under this Section 9.7 shall have only the rights of an assignee under the Act, and shall not be entitled to vote or otherwise exercise the rights of a Member hereunder except as provided in the Act.

10. INDEMNIFICATION AND LIABILITY OF CERTAIN PERSONS.

10.1. Indemnification. (a) Indemnity. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the Company) by reason of the fact that he is or was a director, officer, manager, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, manager, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually incurred by him in connection with such action, suit or proceeding if his actions were taken in good faith and did not constitute (i) intentional misconduct, (ii) a breach of this Agreement, or (iii) a knowing violation of law. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith.

(b) Board Determination. Any indemnification under subsections (a) above shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the director, officer, manager, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsection (a) above. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who are not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable by independent legal counsel in a written opinion or (iii) by the Members.

(c) Advancement of Expenses. Expenses (including attorneys' fees) incurred by an officer, manager or director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such officer, manager or director to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Company pursuant to this Section 10 or as otherwise authorized by law. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

(d) Provisions Not Exclusive. The indemnification and advancement of expenses provided by or granted pursuant to the other subsections of this Section 10 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of Members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

(e) Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, manager, employee or agent of the Company, or is

or was serving at the request of the Company as a director, officer, manager, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of the Act.

(f) Definitions. For purposes of this Section 10, references to (i) "the Company" shall include, in addition to the resulting corporation or limited liability company, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, managers, employees or agents so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section 10 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued; (ii) "other enterprises" shall include employee benefit plans; (iii) "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and (iv) "serving at the request of the Company" shall include any service as a director, officer, manager, employee or agent of the Company which imposes duties on, or involves service by, such director, officer, manager, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

(h) Continuity of Benefits. The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 10 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, manager, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

10.2. Not Liable for Return of Capital. No Member nor any Affiliate, officer, director, manager, member, stockholder, partner, employee or agent of any Member or of any such Person shall be personally liable for the return of the Capital Contributions of any other Member or any portion thereof or interest thereon, and such return shall be made solely from available Company assets, if any.

11. DURATION AND TERMINATION OF THE COMPANY.

11.1. Term. The existence of the Company shall commence on the date of the filing of a certificate of formation described in Section 18-201 of the Act in the office of the Secretary of State of the State of Delaware in accordance with the Act and shall continue until the first to occur of the following events (an "Event of Termination"):

- (a) a determination by the Board to dissolve the Company;

- (b) April 30, 2046 unless the Board determines to extend such date;
- and
- (c) the Bankruptcy of any Member that is a Manager (or, at any time when no Member is a Manager, the Bankruptcy of any Member.

11.2. Winding-Up. Upon the occurrence of an Event of Termination, the Company shall be dissolved and wound-up. In connection with the dissolution and winding-up of the Company, the Board or, if the Board decides to appoint a liquidator or other representative (the "Representative"), such Representative shall proceed with the Assignment or liquidation of all of the assets of the Company (including the conversion to cash or cash equivalents of its notes or accounts receivable) and shall apply and distribute the proceeds of such Assignment or liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

- (a) first, to pay (or to make provision for the payment of) all creditors of the Company (including Members who are creditors of the Company) and the expenses of liquidation, in the order of priority provided by law or otherwise, in satisfaction of all debts, liabilities or obligations of the Company;

- (b) second, to the establishment of any reserve which the Board or the Representative, as the case may be, may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company (such reserve may be paid over by the Board or the Representative to an escrow agent acceptable to the Board or the Representative, to be held for disbursement in payment of any of the aforementioned liabilities and, at the expiration of such period as shall be deemed advisable by the Board or the Representative, for distribution of the balance in the manner hereinafter provided in this Section 11.2); and

- (c) third, after the payment (or the provision for payment) of all debts, liabilities and obligations of the Company in accordance with clauses (a) and (b) above, to the Members or their legal representatives in proportion to balances in their respective positive Capital Accounts (as adjusted pursuant to Section 3 for all Company operations up to and including such liquidation) no later than the end of the fiscal year in which the Event of Dissolution occurs or, if later, within ninety days after the date of the liquidation of the Company.

11.3. Distributions in Cash or in Kind. Upon dissolution, the Board or the Representative, as the case may be, may at its discretion (a) liquidate all or a portion of the Company assets and apply the proceeds of such liquidation in the manner set forth in Section 11.2 or (b) hire independent appraisers to appraise the Fair Market Value of Company assets not sold or otherwise disposed of (the cost of such appraisal to be considered an expense of the Company) and allocate any unrealized gain or loss determined by such appraisal to the Members' respective Capital Accounts as though the properties in question had been sold on the date of distribution

and, after giving effect to any such adjustment, distribute said assets in the manner set forth in Section 11.2; provided that the Board or the Representative shall in good faith attempt to liquidate sufficient Company assets to satisfy in cash the debts and liabilities described in Section 11.2.

11.4. Time for Liquidation. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Board or the Representative to minimize the losses attendant upon such liquidation.

11.5. Termination. Upon compliance with the foregoing distribution plan, the Company shall cease to be such, and the Board or the Representative, as the case may be, shall execute, acknowledge and cause to be filed with the Secretary of State of the State of Delaware a certificate of cancellation of the Company pursuant to the power of attorney contained in Section 14.13.

12. AMENDMENTS; INEFFECTIVENESS OF CERTAIN PROVISIONS.

12.1. Consent to Amendments. Sections 2.1, 2.2, 3.1, 3.2, 3.3, 5.1, 5.2., 9.1, 9.2, 9.6, 9.7, 11.1, 13.1, 13.2, 10, 14.13, 14.18 and 14.19 of this Agreement (and all defined terms as used therein) may be modified or amended only with the written consent of all of the Members affected by such amendment or modification.

12.2. Amendments by Members. Notwithstanding the provisions of Section 12.1 and this Section 12.2, the Board shall have the authority to amend or modify this Agreement without any vote or other action by the other Members, as expressly permitted by Section 12.13 or to satisfy any requirements, conditions, guidelines, directives, orders, rulings or regulations of any Governmental Authority, or as otherwise required by applicable law. Subject to the provisions of Section 12.1, the Board shall have the authority to amend or modify this Agreement without any vote or other action by the other Members (a) to reflect the admission of additional Members or a Successor Member and transfers of interests of Members pursuant to Section 9, (b) to form, qualify or continue the Company as a limited liability company in all jurisdictions in which the Company conducts or plans to conduct business, (c) to change the name of the Company, (d) to cure any ambiguity or correct or supplement any provision herein contained which may be incomplete or inconsistent with any other provision herein contained or (d) to correct any typographical errors contained herein. Except as otherwise provided in Section 12.1 and this Section 12.2, the Board may amend or modify any provision of this Agreement.

12.3. Ineffectiveness of Certain Provisions. Section 9.7 and section 11.1 (c) shall cease to be effective upon a resolution of the Board stating that such section are no longer required to ensure the classification of the Company as a partnership for federal income tax purposes pursuant to final Treasury Regulations under Section 7701 of the Code.

13. DEFINITIONS; ACCOUNTING TERMS.

13.1. Definitions. As used herein the following terms shall have the following respective meanings:

Acceptance Notice -- as defined in Section 9.6(c).

Act -- as defined in Section 1. 1.

Affiliate -- with reference to any Person, any other Person of which such Person is a member, director, officer, manager, general partner or employee or any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person.

Agreement - means this Operating Agreement, as the same may be amended hereafter from time to time as provided herein.

Assign or Assignment -- as defined in Section 9.1.

Authorized Representative - as defined in Section 12.17.

Bankruptcy -- means as to any Person (i) the application by such Person for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) the making by such Person of a general assignment for the benefit of its creditors, (iii) the commencement by such Person of a voluntary case under the United States Bankruptcy Code, as now or hereafter in effect (the "Bankruptcy Code"), (iv) the filing by such Person of a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition, relief or readjustment of debts, (v) the failure by such Person to controvert in a timely and appropriate manner, or the acquiescence by such Person in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, (vi) the taking by such Person of any corporate action for the purpose of effecting any of the foregoing, (vii) the commencement of a proceeding, without the application or consent of such Person, in any court of competent jurisdiction, seeking (x) its liquidation, reorganization, dissolution or winding-up, or the composition, relief or readjustment of its debts, (y) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person or any substantial part of its assets, or (z) similar relief in respect of such Person under any law relating bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the

foregoing shall be entered and continue unstayed and in effect, for a period of 60 days, or (viii) an order relief against such Person shall be entered in an involuntary case under the Bankruptcy Code.

Board -- as defined in Section 2.4.

Buyer -- as defined in Section 9.6(a).

Capital Account - as defined in Section 3.2.

Capital Contribution -- the amount set forth in such Member's Subscription Agreement.

Class A Member -- as defined in the introduction to this Agreement.

Class A Unit -- a unit of Interest in the Company held by a Class A Member.

Class B Member -- as defined in the introduction to this Agreement.

Class B Unit -- a unit of Interest in the Company held by a Class B Member.

Code -- the Internal Revenue Code of 1986, as the same may be amended hereafter from time to time, or any similar or successor statute.

Company -- as defined in the Introduction to this Agreement.

Company Accountants -- as defined in Section 9.2(c).

Confidential Matter -- as defined in Section 12.17.

Co-Sale Notice -- as defined in Section 9.6(b).

Co-Sale Offer -- as defined in Section 9.6(b).

Co-Sale Rights -- as defined in Section 9.6(a).

Damages -- any and all damages, disbursements, suits, claims, liabilities, obligations, judgments, fines, penalties, charges, amounts paid in settlement, expenses, costs and expenses (including, without limitation, attorneys' fees and expenses) arising out of or related to litigation and interest on any of the foregoing.

Determination Date -- as defined in Section 9.2(a).

Earnings Before Interest, Taxes, Depreciation and Amortization -- as defined in Section 9.2(c).

Equity Incentive Plan -- as defined in Section 3.8.

Event of Termination -- as defined in Section 11.1.

Fair Market Value -- as to any property on any date, the fair market value of such property on such date as determined in good faith by the Board or as otherwise provided in Section 11.3.

Fair Value -- as defined in Section 9.2 (b).

Governmental Authority -- any nation or government, any state or other political subdivision thereof and any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

HSR Act -- as defined in Section 9.2(e).

Interest -- an equity interest in the Company.

Internal Revenue Service -- The Internal Revenue Service or its successor.

Investment Company Act -- the United States Investment Company Act of 1940, as the same may be amended from time to time hereafter.

IPO -- as defined in Section 9.1(a).

Majority in Interest -- at any time, with respect to any class of Members, or any specified group thereof, those Members of such class whose aggregate interests in Net Income represent more than 50% of the aggregate of the interests in Net Income of all of the Members of such class or such specified group, as the case may be.

Members -- the Class A Members and the Class B Members.

Net Income -- with respect to any period, the net income, if any, of the Company for such period as determined for U.S. federal income tax purposes adjusted as provided in Treasury Regulation section 1-704-1 (b) (2) (iv), provided that such income shall be increased by the amount of all income of the Company during such period that is exempt from U.S. federal income tax and decreased by the amount of all expenditures of the Company during such period which are not deductible in computing the Company's income for U.S. federal income tax purposes and which do not constitute capital expenditures of the Company.

Net Loss -- with respect to any period, the net loss, if any, of the Company for such period as determined for U.S. federal income tax purposes adjusted as provided in Treasury Regulation section 1-704-1 (b) (2) (iv), provided that such loss shall be decreased by the amount of all income of the Company during such period that is exempt from U.S. federal income tax and increased by the amount of all expenditures of the Company during such period which are not deductible in computing the Company's income for U.S. federal income tax purposes and which do not constitute capital expenditures of the Company.

Offer Terms -- as defined in Section 9.2(a).

Offered Units -- as defined in Section 9.2(a)

Person -- an individual, corporation, limited liability company, partnership, joint venture, trust, enterprise, organization or any other entity, and a Governmental Authority.

public offering -- as defined in Section 9.1(a).

Related Person -- as defined in Section 2.2.

Representative -- as defined in Section 11.2.

Rule 144 Sale -- as defined in Section 9.1(a).

Securities Act -- the Securities Act of 1933, as the same may be hereafter amended from time to time.

Seller's Ownership Percentage -- as defined in Section 9.2(a).

Successor Member -- as defined in Section 9.3.

Tax Matters Partner-- as defined in Section 7.

Treasury Regulations - the Income Tax Regulations promulgated under the Code.

Unit -- a Class A Unit or a Class B Unit.

U.S. Dollars and \$ -- shall mean lawful money of the United States of America.

13.2. Accounting Terms and Determinations. All accounting terms used in this Agreement and not otherwise defined shall have the meaning accorded to them in accordance with

generally accepted accounting principles ("GAAP") in the United States of America and, except as expressly provided herein, all accounting determinations shall be made in accordance with GAAP, consistently applied.

14. MISCELLANEOUS.

14.1. Waiver of Partition. Each of the Members hereby irrevocably waives any and all rights that such Member may have to maintain any action for partition of any of the Company's property.

14.2. Entire Agreement. This Agreement together with the documents expressly referred to herein, each as amended or supplemented, constitutes the entire agreement among the parties with respect to the subject matter herein or therein. They supersede any prior agreement or understanding among the parties hereto.

14.3. Choice of Law. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE AND, WITHOUT LIMITATION THEREOF, THE ACT AS NOW ADOPTED OR AS MAY BE HEREAFTER AMENDED SHALL GOVERN THE LIMITED LIABILITY COMPANY ASPECTS OF THIS AGREEMENT.

14.4. Successors and Assigns. Except as otherwise specifically provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

14.5. Interpretation. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or neuter gender shall include the masculine, the feminine and the neuter.

14.6. Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend or otherwise affect the scope or intent of this Agreement or any provision hereof.

14.7. Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Agreement,

or the application of such provision in jurisdictions or to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable shall not be affected thereby.

14.8. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. It shall not be necessary for all Members to execute the same counterpart hereof.

14.9. Additional Documents. Subject to the provisions of this Agreement, each party hereto agrees to execute, with acknowledgment or affidavit, if required, any and all documents and writings which may be necessary or expedient in connection with the creation of the Company and the achievement of its purposes, specifically including (a) any amendments to this Agreement and such certificates and other documents as the Board deems necessary or appropriate to form, qualify or continue the Company as a limited liability company in all jurisdictions in which the Company conducts or plans to conduct business and (b) all such agreements, certificates, tax statements, tax returns and other documents as may be required of the Company or its Members by the laws of the United States of America or any jurisdiction in which the Company conducts or plans to conduct business, or any political subdivision or agency thereof.

14.10. Non-Waiver. No provision of this Agreement shall be deemed to have been waived unless such waiver is contained in a written notice given to the party claiming such waiver has occurred; provided that no such waiver shall be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor the waiver was given.

14.11. Manner of Consent. Any consent or approval required by this Agreement may be given as follows:

(a) by a written consent given by the consenting Member at or prior to the taking of the action for which the consent is solicited; provided that such consent shall not have been nullified by either (i) notification to other Members by the consenting Member at or prior to the time of, or the negative vote by such consenting Member at, any meeting held to consider the taking of such action or (ii) notification to other Members by the consenting Member prior to the taking of any action which is not subject to approval at such meetings; or

(b) by the affirmative vote of the consenting Member to the taking of the action for which the consent is solicited at any meeting duly called and held to consider the taking of such action.

14.12. Notices. To be effective, unless otherwise specified in this Agreement, all notices and demands, consents and other communications under this Agreement must be in writing and must be given (a) by depositing the same in the United States mail, postage prepaid, certified or registered, return receipt requested, (b) by prepaid telegram, (c) by delivering the same in person and receiving a signed receipt therefor, (d) by sending the same by an internationally recognized overnight delivery service or (e) by telecopy. For purposes of notices, demands, consents and other communications under this Agreement, the addresses of the Members shall be as set forth in their Subscription Agreements and the address of the Company shall be as set forth in Section 1.4. Notices, demands, consents and other communications mailed in accordance with the foregoing clause (a) shall be deemed to have been given and made three Business Days following the date so mailed; provided that any notice to the Board shall be effective only if and when received by the Board. Notices, demands, consents and other communications given in accordance with the foregoing clauses (b) and (e) shall be deemed to have been given when sent. Notices, demands, consents and other communications given in accordance with the foregoing clauses (c) and (d) shall be deemed to have been given when delivered. Any Member or its assignee may designate a different address to which notices or demands shall thereafter be directed and such designation shall be made by written notice given in the manner hereinabove required.

14.13. Grant of Power of Attorney. Each Member hereby irrevocably constitutes and appoints each officer of the Company as its true and lawful attorney and agent, in its name, place and stead to make, execute, acknowledge and, if necessary, to file and record:

(a) any certificates or other instruments or amendments thereof which the Company may be required to file under the Act or any other laws of the State of Delaware or pursuant to the requirements of any Governmental Authority having jurisdiction over the Company or which the Board shall deem it advisable to file, including, without rotation, this Agreement, any amended Agreement and a certificate of cancellation as provided in Section 11.5;

(b) any certificates or other instruments (including counterparts of this Agreement with such changes as may be required by the law of other jurisdictions) and all amendments thereto which the Board deems appropriate or necessary to qualify, or continue the qualification of, the Company as a limited liability company and to preserve the limited liability status of the Company in the jurisdictions in which the Company may acquire investment interests;

(c) any certificates or other instruments which may be required in order to effectuate any change in the membership of the Company or to effectuate the dissolution and termination of the Company pursuant to Section 11; and

(d) any amendments to any certificate or to this Agreement necessary to reflect any other changes made pursuant to the exercise of the powers of attorney contained in this section or pursuant to this Agreement.

14.14. Irrevocable and Coupled with an Interest; Copies to Be Transmitted. The powers of attorney granted under Section 14.13 shall be deemed irrevocable and to be coupled with an interest. A copy of each document executed by an officer pursuant to the powers of attorney granted in Section 14.13 shall be transmitted to each Member promptly after the date of the execution of any such document.

14.15. Survival of Power of Attorney. The powers of attorney granted in Section 14.13 shall survive the Assignment by any Member of the whole or any part of such Member's interest in the Company; provided that if such Assignment was of all of such Member's interest in the Company and the substitution of the assignee as a Member has been consented to pursuant to Section 9.4, the foregoing powers of attorney shall survive the delivery of such Assignment for the purpose of enabling such other Members to execute, acknowledge and file any and all certificates and other instruments necessary to effectuate the substitution of the assignee as a Successor Member. Such powers of attorney shall survive the death, incapacity or adjudication of incompetency of a Member and shall extend to such Member's successors and assigns.

14.16. Limitation of Power of Attorney. Except as expressly set forth in Section 12, the powers of attorney granted under Section 14.13 cannot be utilized by any Member for the purpose of increasing or extending any financial obligation or liability of any other Member or altering the method of division of profits and losses or the method of distributions in connection with the investment of a Member without the written consent of such Member.

14.17. Confidentiality. Each Member agrees, as set forth below, with respect to any information pertaining to the Company or Affiliates that is provided to such Member pursuant to this Agreement or otherwise (collectively, "Confidential Matter"), to treat as confidential all such information, together with any analyses, studies or other documents or records prepared by such Member, its Affiliates, or any representative or other Person acting on behalf of such Member (collectively, its "Authorized Representatives"), which contain or otherwise reflect or are generated from Confidential Matters, and will not, and will not permit any of its Authorized Representatives to, disclose any Confidential Matter; provided that any Member (or its Authorized Representative) may disclose any such information (a) as has become generally available to the public, (b) as may be required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over such Member (or its Authorized Representative) but only that portion of the data and information which, in the written opinion of counsel for such Member or Authorized Representative is required or would be required to be furnished to avoid liability for contempt or the imposition of any other material judicial or governmental penalty or censure, (c) as may be required or appropriate in response to any summons or subpoena or in connection with any litigation or (d) as to which each of the other Members has consented in writing.

14.18. Submission to Jurisdiction. Each Member irrevocably consents and agrees that any legal action or proceeding with respect to this Agreement and any action for enforcement of any judgment in respect thereof may be brought in the United States federal courts for the District of Delaware, and, by execution and delivery of this Agreement, each Member hereby submits to and accepts for itself and in respect of its property, generally and unconditionally, the

non-exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Each Member further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof in the manner set forth in Section 14.14. Each Member hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of any Members or the Company to serve process in any other manner permitted by law or to commence legal actions or proceedings or otherwise proceed against any other Member hereunder in any other jurisdiction. Nothing in this section shall be deemed to constitute a submission to jurisdiction, consent or waiver with respect to any matter not specifically referred to herein.

14.19. Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands as of the date first set forth above.

CLASS A MEMBERS:

/S/ DANIEL R. FORSBERG

Daniel R. Forsberg

/S/ WILLIAM HELMS

William Helms

CLASS B MEMBERS:*

By: /S/ DANIEL R. FORSBERG

Daniel R. Forsberg

Attorney-in-Fact

* Pursuant to confidentiality obligations, the names of the Class B Members cannot be disclosed.

EXHIBIT C

**RESOLUTIONS ADOPTED BY
THE BOARD OF DIRECTORS OF
CITIPOWER, L.L.C.**

BE IT RESOLVED, that the acquisition of the assets, goodwill and business of McCreary Natural Gas System, Inc., a Kentucky corporation (the "Seller") pursuant to the Asset Purchase Agreement dated June 21, 1996 between the Seller and the Company (the "Purchase Agreement") be, and it hereby is, authorized and approved; and be it

FURTHER RESOLVED, that the execution and delivery of the Purchase Agreement by the Chairman of the Board and Chief Executive Officer and the actions taken by the officers and employees of the Company in connection therewith be, and each of them hereby is, ratified and approved; and be it

FURTHER RESOLVED, that the Chairman of the Board and Chief Executive Officer, the President and Chief Operating Officer and the Vice President and Secretary be, and each of them hereby is, authorized (either individually or jointly) to make such changes and amendments in the Purchase Agreement, on advice of counsel to the Company, as any of them shall deem necessary or advisable and in the best interests of the Company, with execution thereof being conclusive evidence of such determination; and be it

FURTHER RESOLVED, that the officers of the Company be, and each of them hereby is, authorized (either individually or jointly) to take any and all action, to execute and deliver any and all documents, instruments and agreements, to make any and all filings with governmental agencies, to pay any and all taxes and fees and to take any and all other steps deemed by them necessary or advisable and in the best interests of the Company to carry out the purposes and intent of, and to consummate the transactions contemplated by, the Purchase Agreement.

CERTIFICATE OF FORMATION

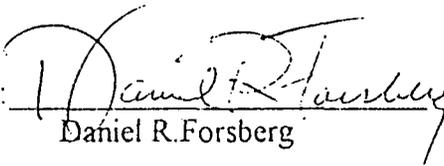
OF

CITIPOWER, L.L.C.

1. The name of the limited liability company is Citipower, L.L.C. (the "Company").
2. The address of the registered office of the Company in the state of Delaware is Corporation Trust Center, 1209 Orange St., Wilmington 19801, County of New Castle; and the name of the registered agent for service of process of the Company in the State of Delaware at such address is The Corporation Trust Company.
3. The date of dissolution of the Company shall be April 30, 2046.

IN WITNESS WHEREOF, the authorized person whose name is set forth below has executed this Certificate of Formation this 28th day of May, 1996.

FORSBERG OIL CO., INC.

By: 
Daniel R. Forsberg

Operating Agreement

By investing in the Gas Company, investors will become Members of the Gas Company and parties to an Operating Agreement (a copy of which is attached hereto as Exhibit E) governing their rights with respect to the ownership of their Interests, voting, election of Directors, annual and special meetings of Members and transfer of their Interests. Certain material terms of the Operating Agreement are summarized below, but prospective investors are advised that such summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Operating Agreement, including the definitions therein of certain terms. Capitalized terms not defined herein have the meanings set forth in the Operating Agreement.

Classes of Membership

All Members (which will include the investors, Daniel R. Forsberg and other members of management) will own Interests in the Gas Company which will be issued in Units, like shares. Units will be divided into two classes, Class A and Class B. Initially, the Class B Units will represent 90% of the equity in the Gas Company (of which the investors will hold 85%) and the Class A Units will represent the remaining 10%. However, the Class A Members will have the opportunity to be awarded additional equity if they achieve certain operating and financial goals. If they fully achieve such goals, they will be awarded an additional 40% of the equity of the Gas Company, reducing the Class B Members' share from 90% to 50%. Upon closing of the Acquisition, the Gas Company will adopt an Equity Incentive Plan governing such awards.

Attributes of Membership

No Member will be responsible or liable for the obligations or debts of the Gas Company or for any claims against the Gas Company. Creditors and other claimants must look solely to the assets of the Gas Company to satisfy their claims. Members will have the voting rights described below, but none of them will be able to bind the Gas Company or act for it in any way unless he/she is an officer of the Gas Company.

Voting and Board of Directors

Four Directors will be nominated and elected by the plurality of the vote of holders of Class A Units and one director will be nominated and elected by the plurality of the vote of holders of Class B Units. All Directors will be elected at each annual meeting and hold office until the next annual meeting. Voting on any matter by the Board of Directors will be determined by the vote of a majority of Directors present at any meeting at which a quorum is present. Action may also be taken by the unanimous written consent of the Directors. Any or all Class A or Class B Directors may be removed by the vote of the holders of a majority of the Class A

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Units and the Class B Units, respectively. Vacancies (by reason of the resignation or death of a Director) may be filled by the remaining Directors of that Class.

Annual and Special Meetings

An annual meeting of Members for the election of Directors will be held each year on a date and at a place to be fixed by the Board of Directors. Special meetings of Members may be called by the Board of Directors or the Chairman of the Board for any purpose.

Restrictions on Transfer of Interests and Liquidity

Interests will not be transferable by any Member until September 30, 1999 except to the Gas Company or another Member. Thereafter, Interests may be transferred to third parties subject to the Company's and the other Members' right of first offer described below. The only transfers to third parties that will not be subject to such rights of first offer after September 30, 1999 will be transfers to Affiliates and, if and when the Gas Company has issued equity in an initial public offering, in the public markets.

After September 30, 1999 any Member may sell any or all of his/her Interest, so long as such Member first offers to sell it to the Gas Company (and, to the extent that the Gas Company declines to purchase such Interest, to the other Members pro rata). The Gas Company will then have the right to buy such Interest at a price equal to five times its average Earnings Before Interest, Taxes (if any), Depreciation and Amortization for the two prior fiscal years (the "Fair Value"). To the extent that the Gas Company and the other Members decline to purchase any such Interest, the selling Member may sell it to a third party at a price no less than such Fair Value. Except as provided under "*CO-Sale Rights of Class B Members*" below, any transfer of Interests by a holder of Class A Units to anyone other than the Gas Company or other Class A Members will result in the automatic conversion of such Class A Units to Class B Units.

Co-Sale Rights of Class B Members

To the extent that (i) one or more holders of Class A Units proposes to transfer Units which the Gas Company and the other Members decline to purchase, (ii) the aggregate number of such Units amounts to more than 50% of the outstanding Class A Units and (iii) such Member does not wish such Units to convert to Class B Units, then such holder(s) may not effect such transfer unless all of the other Members are given the opportunity to transfer their Units to the proposed purchaser on the same terms being offered to the selling Member.

5. Provide a copy of all sale/purchase agreement(s) or contract(s) for the purchase of McCreary County Gas's assets, whether the agreement(s) or contract(s) is with Citipower and/or Forexco.

Response: See Exhibit O, Bill of Sale between McCreary Natural Gas Systems, Inc. and Citipower, LLC dated September 26, 1996,

See also Exhibit P, Assignment of Contract Rights between McCreary Natural Gas Systems, Inc. and Citipower, LLC dated September 26, 1996, and

See Exhibit Q, List of Closing Documents with copies of checks for closing on September 26, 1996.

Respondent: BC

BILL OF SALE

McCreary Natural Gas Systems, Inc., P. O. Box 963, Whitley City, Kentucky, (hereinafter referred to as "Seller"), as a part of the consideration paid for the purchase of a Natural Gas Collection System, pursuant to an Asset Purchase Agreement dated June 21, 1996, paid to Seller by Citipower, L. L. C., 2122 Enterprise Road, Greensboro, North Carolina 27408, (hereinafter referred to as "Buyer"), receipt of which is hereby acknowledged, does grant, sell, transfer, assign and deliver to Buyer the following described property together with all rights, title and interest of Seller relating or attaching to said property (hereinafter collectively the "Property"):

- Ditchwitch, Model 4010
- The following described buried pipe located in McCreary County, Kentucky
 - Approximately 30,380 feet of 4" pipe
 - Not less than 42,000 feet of 2" pipe
 - Not less than 10,000 feet of 1" pipe
- Approximately 95 residential or commercial hook-ups and all related and necessary hardware located in McCreary County, Kentucky.
- All related and necessary parts and hardware for the pipeline.
- All pipelines, mains, service lines, meters, regulators, district regulators, pressure control equipment (including telemetering equipment, RTUs and transmitters) odorizers, meter and regulator installations, vehicles, rolling stock, maps, drawings, engineering records and surveys and all other tangible personal property and instruction manuals and maintenance and other records related to any of the foregoing that are used primarily in or located on the Seller's Properties or Easements.
- All of the Seller's right, title and interest in, to and under all Intellectual Property, including, but not limited to the name, McCreary Natural Gas Service, Inc., and all
 - trademarks, trade names, copyrights, service marks, trademark and service mark registrations and applications, including all the goodwill represented thereby, and
 - trade secrets, know-how, technology, technical information, design and engineering specifications, sales and promotional literature, customer and supplier lists and similar knowledge.

- All inventories, stores and supplies, such as all raw materials, components, work-in-process, fuel oil, propane, appliance parts and merchandise, materials and supplies owned by Seller as of the Closing which are located on or related to the Seller's Properties and Easements.
- Miscellaneous, being such other properties and assets owned by the Seller as of Closing that are used on or located on the Seller's Properties and Easement's or in the Seller's business.

EXCEPT FOR the following which shall be retained by the Seller:

- Ordinary Course Business Dispositions, being all the rights, properties and assets which have been transferred or disposed of by the Seller prior to the Closing in the ordinary course of business of the Assets so long as any individual transfer or disposal does not exceed \$1,000.00.
- Cash, being all cash or cash equivalents of the Seller on hand, in lock boxes or in financial institutions.
- Pipe, being 1,300 feet of 4" plastic pipe and a 40 foot section of iron pipe, located out of ground.
- Accounts and Notes Receivable, being all accounts and notes receivable of the Seller relating to the Assets and outstanding as of the Closing.
- Furniture, being all furniture, furnishings and office equipment of the Seller.

Seller warrants and represents: (i) Seller is the lawful owner of the Property and has the right to sell the Property free and clear of all liens or encumbrances thereon and will warrant and defend this right against all lawful claims and demands of all persons, and (ii) the Property is currently in good repair and condition, and has been properly maintained, and (iii) Buyer is entitled to the rights and remedies afforded a Buyer in the Uniform Commercial Code.

If requested by Buyer, Seller agrees to execute such further documents as are necessary to evidence this sale including any title documentation deemed by Buyer to be necessary.

IN WITNESS WHEREOF, Seller, intending to be bound by the terms hereof,
has signed this Bill of Sale as of the 27th day of September, 1996.

SELLER:

McCreary Natural Gas Systems, Inc.

By: [Signature]

Its: President

STATE OF Kentucky

COUNTY OF McCreary

Subscribed and sworn to before me by Hoyle Miller, Jr., as President of
McCreary Natural Gas Systems, Inc., Seller, on this the 26 day of September
1996.

[Signature]
NOTARY PUBLIC MAY 15, 1999

THIS INSTRUMENT PREPARED BY:

[Signature]

ROBERT L. BROWN III
LAW OFFICES
1005 South Main Street, Suite 101
Corbin, Kentucky 40701
Telephone: (606) 528-3073

ASSIGNMENT OF CONTRACT RIGHTS

THIS ASSIGNMENT OF CONTRACT RIGHTS ("Assignment") is made and entered into this 7th day of September, 1996, by and between McCreary Natural Gas Systems, Inc., a Kentucky corporation with principal office and place of business at P. O. Box 963, Whitley City, Kentucky 42653 (the "Assignor"), and Citipower, L.L.C., a Delaware limited liability company, having a mailing address at 2122 Enterprise Road, Greensboro, NC 27408 (the "Assignee"),

WITNESSETH:

WHEREAS, the Assignor and Assignee have entered into a certain Asset Purchase Agreement, dated June 21, 1996 (the "contract") whereby Assignor is selling gas hookups, pipelines and related assets to Assignee, including the contracts referred to herein.

WHEREAS, Assignor is a party to those certain contracts (the "contracts") described on Exhibit A attached hereto and made a part hereof; and

WHEREAS, Assignor desires, pursuant to the terms of the purchase contract, to convey, transfer, and assign to Assignee all of Assignor's right, title, and interest in and to each of the contracts;

NOW, THEREFORE, in consideration of the premises, and of the covenants and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

(A) Assignor does hereby sell, transfer, convey, and assign to Assignee all of Assignor's right, title, and interest under each of the contracts, as set forth in Exhibit A attached hereto and incorporated herein, including all rights and incidents of interest of the Assignor in and to the agreements or other contracts, natural gas supply and transportation agreements, appliance service repair contracts, contractual rights, or legally binding obligations or offers relating to the contracts.

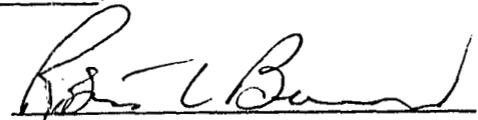
(B) Assignor covenants and warrants to Assignee, its successors and assigns, that it is a party to said contracts; that said contracts are valid; that all obligations existing under said contracts have been satisfied, and that there are no material breaches by the Assignor thereto; and that Assignor will indemnify Assignee as to any claim for payments due and owing under the terms of said contracts prior to the date of this Assignment, and that Assignor will warrant,

State of Kentucky)
County of McCracken)

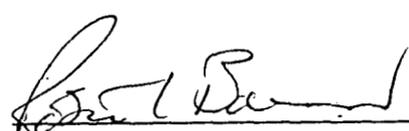
SS:

Acknowledged before me this 26 day of September, 1996 by Citipower, L.L.C., a Delaware limited liability company, by William S. Helt, its President, on behalf of said limited liability company.

My Commission expires: 6-97


Notary Public

THIS INSTRUMENT PREPARED BY:


ROBERT L. BROWN III
ATTORNEY AT LAW
1005 South Main Street, Suite 101
Corbin, Kentucky 40701
Telephone: (606) 528-3073

ROBERT L. BROWN III

ATTORNEY AT LAW

1005 SOUTH MAIN STREET
CORBIN, KENTUCKY 40701

(606) 528-3073
FAX (606) 528-3289

October 2, 1996

Hon. Peter D. W. Heberling
Citipower
2122 Enterprise Road
Greensboro, South Carolina 27408

RE: CITIPOWER CLOSING DOCUMENTS

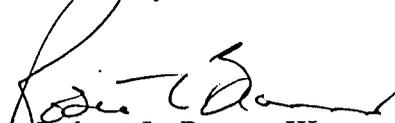
Dear Mr. Heberling:

Enclosed for your files are the original recorded documents listed below:

- 1) Power of Attorney for Jane Miller
- 2) Affidavit of Hoyle H. Miller
- 3) Assignment of Lease - Himes to Miller
- 4) Deed
- 5) Assignment of Permits, and exhibit
- 6) Assignment of Oil, Gas, and Mineral Interest
- 7) Assignment of Well Bore #1-A
- 8) Assignment of Well Bore #2
- 9) Assignment of Easements and exhibits
- 10) Assignment of Stanley lease

Should you have any questions or comments as it relates to this matter, please do not hesitate to call me.

Sincerely,



Robert L. Brown III

RLB/jd
Enclosures

CLOSING CHECKLIST
McCreary Natural Gas Systems, Inc. - Asset Acquisition
September 26, 1996

*Hold until
POA recorded.*

- ✓ 1. Checks
 - ✓ - \$ 25,000.00 Earnest Money
 - ✓ - \$ 70,400.00 Hoyle H. Miller, Jr., and Mrs. Jane Miller
 - ✓ - \$ 1,000.00 Hoyle H. Miller, Jr., and Mrs. Jane Miller
 - ✓ - \$559,600.00 McCreary Natural Gas Systems, Inc.

- ✓ 2. Legal Opinion - Pursuant to Section 2.3 of the Asset Purchase Agreement dated June 21, 1996.
 - ✓ a) P. H.
 - ✓ b) RLB

- ✓ 3. Legal Opinion - Pursuant to Section 2.2d and § 6.4 of the Asset Purchase Agreement dated June 21, 1996.
 - ✓ a) J. C. - Specific language

- ✓ 4. Preliminary & Final Title Opinion - As it relates to a lot and office building located at 12 Courthouse Square, Whitley City, Kentucky.
 - ✓ a) J. C.
 - b) RLB

- ✓ 5. Preliminary & Final Title Opinion - As it relates to easements of McCreary Natural Gas Systems, Inc., relating to local hookups and transmission easements.
 - a) RLB

- ✓ 6. Preliminary & Final Title Opinions - As it relates to the subject oil, gas and mineral leases.
 - ✓ a) J. C. (Watters - Pre; Others - Post)
 - b) RLB (Watters only)

- ✓ 7. Bill of Sale, relating certain assets of McCreary Natural Gas Systems, Inc.

- ✓ 8. Assignment of Permits. (Exhibit A - list of 15) *only 10 permits exist - listed on Ex A of easements - no others*
- ✓ 9. Assignment of Contracts. (Exhibit A - Citizens/Others?) *was to duplicate #1's*
- ✓ 10. Assignment of Interest in Well Bore, as it relates to Well #1-A.
- ✓ 11. Assignment of Interest in Well Bore, as it relates to Well #2.
- ✓ 12. Assignment of Interest in Oil, Gas and Mineral (Butler Watters).
- ✓ 13. Easement escrow agreement (Exhibit "A"). *Δ on 2 E - add large Commercial*

CLOSING CHECKLIST

September 26, 1996

- ✓ 14. (2) Assignments of Easements (Exhibit "A"). (1 - Pre; 1- Post)
 - Need list of 19 County Easements
 - Need list of 2 Forest Easements
- ✓ 15. Assignment of Stanley Lease. *all under 1 umbrella grant of Record*
- ✓ 16. Assignment from Emma Himes to Hoyle Miller.
- ✓ 17. Peter Heberling Reliance Letter
- ✓ 18. Citipower, L. L. C., Officer's Certificate of Daniel R. Forsberg
- ✓ 19. Citipower, L. L. C., Incumbency Certificate
- ✓ 20. Secretary's Certificate of Citipower, L. L. C., as to
 - Certificate of Formation,
 - Operating Agreement,
 - Board of Directors Resolutions.
- ✓ 21. Amendment to Asset Purchase Agreement *Signed/initialled copy - Bill Allen signed for Citipower*
- ✓ 22. Amendment to Asset Sale Agreement
- ✓ 23. Assignment of Extra Lease interests. (Post Closing) *language in Amendment to Asset Purchase Agreement*
 - ✓ a) Form letter from J. C. *initialed by all parties*
- ✓ 24. Foreign Limited Liability Co., Authority - Citipower, L.L.C.
- ✓ 25. Deed from Millers to Citipower
- ✓ 26. Power of Attorney - Jane Miller (With Affidavit of Hoyle) *orig. to be sent by Jane Miller overnight... check (70.8) held until recording.*
- ✓ 27. Operating Agreement and Exhibit
- ✓ 28. Record all necessary documents in McCreary County Court Clerk's Office:
 - a) Recording fees
 - transfer fees
 - b) Record:
 - i) POA
 - ii) Assignment of Emma's interests to Hoyle Miller, Jr.
 - iii) Deed
 - iv) Assignment of Permits
 - v) Assignment of Contracts
 - vi) Assignment of Well Bores 1-A, and 2
 - vii) Assignment of Interest in Oil, Gas & Mineral
 - viii) Assignment of Easements
 - ix) Assignment of Stanley Lease
 - x) Assignment of Extra Leases (Post Closing)

Not necessary needs to be to transfer at

ROBERT L. BROWN, III
ATTORNEY AT LAW
ESCROW ACCOUNT
606-528-3073
1005 SOUTH MAIN STREET SUITE 101
CORBIN, KY 40701

489

73-482/421

Sept. 26, 1996

PAY TO THE ORDER OF

Hoyle H. Miller, Jr. and Mrs. Jane Miller

\$ 70,400.⁰⁰

Seventy thousand four hundred and 00/100

DOLLARS



Cumberland Valley National Bank
& Trust Co.
London, Kentucky 40741

FOR Citipower Closing

⑈000489⑈ ⑆042104825⑆

86 221 5⑈

ROBERT L. BROWN, III
ATTORNEY AT LAW
ESCROW ACCOUNT
606-528-3073
1005 SOUTH MAIN STREET SUITE 101
CORBIN, KY 40701

490

73-482/421

Sept. 26, 1996

PAY TO THE ORDER OF

Hoyle H. Miller, Jr. and Mrs. Jane Miller

\$ 1,000.⁰⁰

One thousand and 00/100

DOLLARS



Cumberland Valley National Bank
& Trust Co.
London, Kentucky 40741

FOR Citipower Closing

⑈000490⑈ ⑆042104825⑆

86 221 5⑈

ROBERT L. BROWN, III
ATTORNEY AT LAW
ESCROW ACCOUNT
606-528-3073
1005 SOUTH MAIN STREET SUITE 101
CORBIN, KY 40701

491

73-482/421

Sept. 26, 1996

PAY TO THE ORDER OF

McCreary Natural Gas Systems, Inc.

\$ 559,600.⁰⁰

Five hundred fifty nine thousand six hundred and 00/100

DOLLARS



Cumberland Valley National Bank
& Trust Co.
London, Kentucky 40741

FOR

⑈000491⑈ ⑆042104825⑆

86 221 5⑈

6. Explain the original transaction for the purchase of McCreary County Gas's assets.

Response: From the original Citipower, LLC Offering Document, see Exhibit R, Acquisition of McCreary Natural Gas System, Inc.

- a. Provide a copy of the journal entries to record the acquisition of McCreary County Gas's assets, whether posted to Citipower's or Forexco's books and records, or both.

Response: See Exhibit S, Balance Sheets for June, July, August and September 1996, for entries showing the purchase of assets as posted to Citipower's books.

- b. Provide copies of any agreements, entered subsequent to the original purchase of McCreary County Gas's assets, for transfer of any "former" McCreary county Gas assets from Forexco to citipower or vice versa.

Response: There were no agreements concerning assets subsequent to the original purchase.

- c. Provide a copy of McCreary County Gas's depreciation schedule used to record the original cost to the first user of the assets.

Response: Citipower did not receive a copy of the depreciation schedule as this was an asset purchase only.

- d. Provide the depreciation schedule, which contains the amount of accumulated depreciation that was posted to Citipower's or Forexco's books at the time of the acquisition.

Response: No depreciation was carried over in the purchase.

As a part of the original Offering Memorandum, a Balance Sheet from McCreary Natural Gas Systems, Inc. shows accumulated depreciation of \$7,364; Exhibit R, Page 26.

Respondent: BC

FOREXCO, INC.

2122 ENTERPRISE RD.
GREENSBORO, NC 27408
(910) 379-0800
FAX: (910) 379-0881

Acquisition of McCreary Natural Gas System, Inc.

A Natural Gas Utility
Located in
MCCREARY COUNTY, KENTUCKY

The information and data contained within this Offering Memorandum is provided for your information only and is based upon data accumulated by Forexco, Inc. Such information and data constitutes the opinion and interpretation of Forexco, Inc. and should not be relied upon solely by any prospective investor. Forexco, Inc., does not guarantee or warrant the accuracy of any information and/or data herein nor the potential profit relative to this investment as to kind or amount.

Introduction to Forexco, Inc.

Forexco, Inc. is an oil and gas exploration company established in 1991 by its President and founder, Daniel R. Forsberg. Since 1981 Mr. Forsberg has drilled and participated in over 50 oil and gas wells in Texas, Oklahoma, New Mexico and Louisiana. In addition, he has purchased producing wells in three separate fields with total reserves exceeding 2.5 million barrels of oil. Mr. Forsberg has been active in the oil and gas business since 1981 and has acted as president of his own companies since 1984.

Forexco's strategy is to carefully evaluate investment opportunities that have growth and or profit potential in excess of 30% per year. Some of these opportunities in the past has included oil and gas exploration and the acquisition of producing oil and gas fields in Texas and Louisiana. This opportunity addresses and outlines the acquisition of McCreary Natural Gas System, Inc. ("MNGS"), a natural gas utility located in southeastern Kentucky.

The MNGS acquisition has five essential elements that drive our confidence in its investment potential: 1) high growth opportunity, 2) high profit opportunity, 3) absence of competition in the sale of natural gas in its market, 4) advantages over competitive sources of fuel in terms of cost efficiency and cleanliness, and 5) predictability and stability of profit and growth rate.

The present owners are serving only a small fraction of the existing market. They are unable to serve more customers because doing so would require an expansion of the MNGS pipeline and MNGS is undercapitalized.

The MNGS pipeline is the only natural gas delivery system for McCreary County, KY. The business has a potential to grow by a factor of 20 times from its current customer base of 100 customers to 2,000 customers in three years. The county has a population of approximately 30,000 residents, most of who reside in Pine Knot, Stearns or Whitley City, the county seat.

Our plan is to form a new limited liability company to acquire the assets of MNGS and fund it with \$1,560,000. The funds will be allocated to purchase the assets of MNGS, including the existing pipeline system, and to expand the system to deliver natural gas to residents and commercial users in McCreary County, KY. The pipeline is marginally profitable now and will increase its profitability once the expansion of the system is completed.

Natural gas is one third of the cost of electricity and one half the cost of propane or heating oil.. Residents and commercial users alike are anxiously awaiting the expansion of the McCreary Pipeline to their homes and factories. MNGS purchases gas from gas producers (Citizens Gas Line or independent gas producers) for approximately \$3.00 per thousand cubic feet (MCFG) and sells it to users on the line for \$7.00 per thousand cubic feet.

With the \$300,000 in expansion capital outlined in our plan we should be able to increase the number of customers on the system from 100 to 2,000 within three years. We project an

increase in annual revenues from \$100,000 to \$4,000,000 resulting in profits of \$1,800,000 in our fifth year of business.

We see this as a unique opportunity for Forexco, Inc. and its investment partners to participate on the "ground floor" of a natural gas utility system that will generate handsome returns for many, many years.

Sincerely,

Daniel R. Forsberg
President and CEO

Acquisition Summary

Acquisition Name	Acquisition of McCreary Natural Gas System, Inc., McCreary County, KY
Sponsor Members	Forexco, Inc. Those persons or companies who purchase the Interests offered and accepted by Forexco, Inc. in an amount aggregating \$1,560,000.
Cost of Participation	Forexco, Inc., at its sole discretion may accept participation of any size. Initially, Interests will be sold at \$1.06 per Unit with a minimum of 25,000 Units to be sold to any single investor.
Equity Participation	The investor group as a whole will receive 85% of the equity of the company.
Allocation of Funds	The Gas Company will retain the right to draw on the deposited funds for reimbursement of administrative, legal, printing, due diligence and other costs associated with the acquisition of MNGS.
Investment Objective	The primary investment objective of this venture is to acquire the assets of McCreary Natural Gas System, Inc. and to expand the system to serve the residents and businesses of McCreary County, KY.
Management Participation;	Forexco, Inc. and selected employees who will manage the affairs of the pipeline and receive 10% of the equity of the Gas Company. Should certain financial goals be met by the management team its ownership would increase to an additional 40% of the equity of the Gas Company. (See <i>Management Incentives</i>)
Legal Entity	Forexco, Inc. will form a limited liability company to acquire the assets of MNGS. (See <i>Legal Entity</i>)
Operating Agreement	This document governs the classes of Units to be issued, voting rights, transfer restrictions and other matters relating to the management and structure of the Gas Company. (See <i>Operating Agreement</i>)
Assessments	There will be no rights to assess the Members.
Revenue Distribution	Distributions are projected to begin after the third year of operations. However, the Board of Directors will determine the best time for such distributions.
Quarterly Financial Reports	The Gas Company will distribute financial reports each quarter to all Members.
Expansion of the Pipeline System	A portion of the acquisition funds is allocated to expand the current pipeline by three miles.

Forexco, Inc.

Forexco, Inc., a Texas corporation formed in 1991, is the sponsor of this transaction. Its principal office is located at 2122 Enterprise Rd., Greensboro, NC 27408, and its telephone number is (910) 379-0800. The acquisition of the assets of McCreary Natural Gas System, Inc. ("MNGS") by Citipower, L.L.C., a Delaware limited liability company (the "Gas Company"), is being organized by Forexco, Inc. To date, Mr. Forsberg has acted as sponsor/driller/operator for a limited number of oil and gas investments similar to this investment. He has participated in the oil and gas industry for its own account and with industry partners. A summary of such activity is attached to this document.

Summary and Cost Allocation Schedule

Seller:	McCreary Natural Gas System, Inc.
Location:	McCreary County, KY
Number of Current Customers	100
Customer Mix:	Residential, commercial, governmental
Real Estate	Office building, approximately 2,300 sq. ft.
Length of 4" Line:	31,680'
Length of 1" & 2" Line:	73,920'
Acquisition Cost	\$850,000
Capital cost of additional pipeline	300,000
Working Capital	50,000
Advisory fee	100,000
Legal	35,000
Finders fee	50,000
Arrangement fee	93,000
Printing and distribution	12,000
Due diligence expense	<u>70,000</u>
Total	<u>\$1,560,000</u>
Acquisition Agreement	The Gas Company will purchase the assets of MNGS according to the terms and conditions of an Acquisition Agreement.
Initial Unit Price:	\$1.06 per unit
Units to be Issued to Investors and Consultants	Investors: 1,473,333 Class B Units Consultants: 86,667 Class B Units
Units to be issued to management:	173,333 Class A Units
Performance Units issuable to management if financial targets are met:	1,386,667 Class A Units

McCreary Natural Gas System, Inc. Acquisition Participation Examples

Number of Units	Cost of Units	Equity % before Dilution	Net effect after dilution	
			Value of Units if Projections are met at 5x Earnings	Value of Units if Projections are met at 10x Earnings
25,000	\$26,500	1.44%	\$68,000	\$136,000
50,000	\$53,000	2.88%	\$136,000	\$272,000
100,000	\$106,000	5.76%	\$272,000	\$544,000

Introduction to McCreary Natural Gas System Inc.

McCreary Natural Gas System Inc. ("MNGS") is a natural gas utility located in southeastern Kentucky just north of the Tennessee border. Forexco, Inc. proposes to organize a limited liability company (the "Gas Company") to purchase the assets of MNGS and expand the pipeline system from Pine Knot, KY to the township of Stearns and Whitley City, KY. The shareholders of MNGS have signed a letter of intent to sell Forexco the assets of MNGS (the "Acquisition") with a closing of the sale expected to take place on or before September 1, 1996.

Strategy

Forexco's strategy is to purchase and expand the MNGS pipeline system to provide a long term revenue stream for Forexco, Inc. and its investment partners. As described below under *Forexco, Inc. Drilling Program*, Forexco plans to organize independent natural gas drilling partnerships in McCreary County to provide an additional source of product for the Gas Company. Investors in the Gas Company will have the opportunity to invest in the partnerships. Forexco Inc. sees this as a unique opportunity in that the Gas Company will be able to buy gas from a major intra state pipeline or from local producing wells at an oil equivalent price of \$30 per bl. and deliver the gas to its customers at an oil equivalent price of \$70 per bl. This kind of return is made possible by the elimination of the numerous middlemen ordinarily involved in the delivery of gas from the producer to the ultimate consumer.

The first order of business for the new management team is to lay new line from Pine Knot, Ky. to Stearns and Whitley City. We estimate that the new line can be laid within eighteen months of the Acquisition and new customers will be added as the line is extended. We project pipeline profits to make a dramatic increase in the second and third year (\$684,000 and \$1,711,000 respectively) as large volume users come on stream. Large volume consumers such as schools, manufacturing plants and government agencies have advised Forexco that when the pipeline is laid they will become customers. MNGS has over three hundred unsolicited and unfulfilled requests for gas hook ups from residential and commercial customers in the Pine Knot, Stearns and Whitley City area.

As soon as the Acquisition is consummated Forexco will begin a drilling partnership to drill five gas wells in McCreary County. All investors in the MNGS acquisition will have the opportunity to participate in the drilling of these wells. We have estimated the finding cost of natural gas in McCreary County to be .25 to .50 cents per MCFG. The Gas Company will pay the drilling partnership \$3.00 per MCFG and deliver the gas to its pipeline customers for \$7.00 per MCFG. Investors who participate in Forexco's drilling programs will begin receiving cash flow within 60 days of well hook up to the pipeline system and are expected to begin receiving cash distributions from the Gas Company after approximately three years.

MNGS Background

MNGS was established in 1993 to deliver natural gas to residents and companies in McCreary County, KY. MNGS is the only natural gas pipeline in the county and the only company that has approval to lay pipe along county roads and highways. The current pipeline has approximately 31,680' of 4" line and 73,920' of 1" and 2" line. MNGS is marginally profitable with 100 residential and commercial customers.

Mr. Hoyle Miller, of Ft. Lauderdale, FL., is founder, CEO and majority shareholder of MNGS. Mr. Miller is 64 years old and retired several years ago as an executive of IBM. He has no prior experience in the energy business and built the gas system from "scratch" with his own funds. Mr. Miller spends about ten days a month in Whitley City where he manages the affairs of MNGS.

The growth of MNGS has been limited by the current owners' cash resources. The market potential for the Pine Knot, Stearns and Whitley City area is approximately 28,000 residential customers and 200 commercial, governmental and other institutional customers. The pipeline currently serves only the Pine Knot market with a total of 100 customers because it cannot afford to lay pipe to either Stearns or Whitley City.

In addition, MNGS has a corporate policy that all new customers pay an initial "hook up" fee of \$500.00 to cover the cost of gas meter and other associated expenses. It is our opinion that this fee has been a deterrent to new customers and that if the costs were waived or amortized over time that there would be a substantial increase in the number of customers willing to change to natural gas. As part of our corporate strategy, we plan to either eliminate, reduce or amortize the hook up fees associated with new customers.

The construction of a natural gas pipeline system is initially capital intensive. Mr. Miller has personally funded the construction of the system. He does not have access to additional capital and has been unwilling to incur debt in order to expand. UNTIL RECENTLY, THE PIPELINE'S GAS RESERVES WERE LIMITED TO TWO SHALLOW GAS WELLS FEEDING INTO THE SYSTEM. IN DECEMBER, 1995, THE MNGS PIPELINE WAS EXTENDED SOUTH TO CONNECT WITH THE CITIZENS NATURAL GAS PIPELINE WITH CONNECTIONS TO THE TRANSEASTERN INTRA STATE PIPELINE SYSTEM. THIS EXTENSION PROVIDES MNGS WITH AN UNLIMITED SOURCE OF NATURAL GAS.

Factories, schools and other commercial users in McCreary County have been reluctant to switch over to natural gas with the limited gas reserves of two shallow wells on the MNGS pipeline. In addition, they were unwilling to shut down their businesses during the winter (December, 1995) when the connection to the intrastate pipeline took place to make the transition from electricity or propane to natural gas. However, in recent discussions with several potential commercial customers we have been told that with the

addition of substantial gas supplies provided by the Citizens Natural Gas line that they were ready to make the transition to natural gas this summer.

The Natural Gas Business

The natural gas utility business purchases gas on a "wholesale" basis from other pipelines or natural gas producers (gas wells) and resells the gas to customers on its pipeline system. The price a utility pays for the wholesale gas varies depending on the proximity of the source of the natural gas. In the case of MNGS the price is about \$3.00 per thousand cubic feet of gas, and it resells the same gas for \$7.00. MNGS can purchase gas from Citizens Natural Gas line (which is "tapped" into Transeastern Pipeline, a major intra state gas line) or from natural gas wells in McCreary County.

At present, MNGS purchases gas from two wells "tapped" into its system for delivery to its customers. In either case, whether it buys gas from Citizens Gas or from independent producers, MNGS pays about the same price for its gas. As a result of its connection to the Citizens Gas line MNGS has an unlimited source of natural gas for sale to its customer base.

As an energy source, natural gas holds unique advantages over propane, heating oil or electricity. For example, electricity costs 6 cents per KWH compared to 2 cents per KWH for the energy equivalent of natural gas (at our retail price of \$7.00 per MCFG). Propane costs \$1.00 to \$1.25 per gallon compared to \$.54 for the retail equivalent of natural gas. Heating fuel oil is also more expensive than natural gas, selling for twice the (BTU equivalent) of natural gas. Natural gas is not only the most economically efficient fuel but is widely recognized as the most environmentally friendly fuel to use. Natural gas is the energy fuel of choice for both economic and environmental considerations.

Kentucky Farm Tap Program

The Kentucky Farm Tap Program was instituted by the State of Kentucky to allow independent gas producers to sell gas directly to end users. The purpose of the Farm Tap Program is to allow independent gas producers to sell gas to customers along its pipeline without the designation (and regulations) of being a fully authorized utility.

The Kentucky Public Service Commission regulates the price of all gas delivery within the state whether it be via the Farm Tap Program or a public utility. The primary difference between the Farm Tap Program and a public utility is the reporting requirements by state and federal government. The Farm Tap Program is viewed as a "junior utility" and the reporting requirements are less extensive and voluminous than a larger public utility.

The Kentucky Public Service Commission requires that any "Farm Tap Utility" that serves more than 400 customers become a fully reporting public utility. At the present time it is our intention to make the transition from a "Farm Tap Utility" to a fully reporting "Public Utility" within a year of the acquisition of MNGS. It is our opinion that there won't be any adverse effects on the Gas Company other than the added expense of filing reports with the commission.

McCreary County Demographics and Growth Potential

The population of McCreary County is 28,000 residents reflecting a total (estimated) of 7,000 homes. McCreary is one of the fastest growing counties in Kentucky with a growth rate of 8.5% per year. The primary reason for the population growth is that factories and manufacturing plants are relocating in McCreary County. The driving force behind these reallocations is county, state and federal government financial incentives. The federal government has designated this area as an "Empowerment Zone" and made millions of dollars in federal funds available for industrial parks, highways, new schools, tax abatements, hiring incentives and matching funds for business expansion.

There are numerous benefits for companies to relocate their manufacturing facilities to southeastern Kentucky. This area has one of lowest cost of living indexes in the country. It also has excellent transportation access with highway 27 (a six lane super highway which runs through Pine Knot and Whitley City) and rail systems . With generous tax incentives, low labor costs, a large and expanding labor pool and access to major highways and rail systems we expect the county to continue its growth rate.

If the county continues to grow as it has over the last five years we estimate the county population to be 40,000 by the year 2,000. With 80% of the counties residents residing in the Pine Knot, Stearns and Whitley City area this equates to a total potential market for the MNGS system of 8,000 homes within five years.

New companies are moving to McCreary County to capitalize on the area's labor pool, low cost of living, tax incentives and it's access to transportation systems. UvTek is an example of one such company. UvTek is based in Chicago and have just announced that they will build an 80,000 square foot manufacturing facility in Pine Knot's new (government funded) industrial park. The company plans to begin hiring in August of 1996 and will employ 109 workers at the plant. UvTek has recently contacted MNGS to inquire when natural gas can be delivered to the plant. MNGS has a 4" gas line that runs through the business park and can deliver gas to them immediately. It is estimated that UvTek will use at least \$50,000 per year in natural gas supplied by MNGS.

Forexco, Inc. Drilling Program

Forexco, Inc. plans to drill fifteen to twenty wells per year in McCreary County for the next several years. The wells will be drilled by drilling partnerships to be formed by Forexco that will be independent of the Gas Company. However, while the Gas Company will not share directly in the gas revenues generated by the gas wells it will benefit by receiving transportation fees for delivering the gas to the Citizens Gas line or by purchasing the gas from the partnerships for resale to its customers.

The drilling of these wells will provide an additional gas reserve base to the pipeline and will be especially important during the cold winter months when the price of gas from outside sources can become volatile. These wells will be drilled to a total depth of 1,500' to 2,000' and will be drilled in five well packages. Our first five wells will be drilled next to two producing gas wells in a "proven" gas bearing area.

All participants in the Acquisition will be invited to invest in Forexco, Inc.'s drilling programs in McCreary County. The partnerships are expected to receive about \$3.00 per MCFG for gas delivered to the Gas Company (the market price in most US markets is about \$2.25-\$2.50 per MCFG). The price multiple of energy equivalent quantities of oil is about 10 to 1 (i.e., if the price of gas at the well head is \$3.00 per thousand it is equivalent to \$30.00 per bl. oil). In addition, if an investor participates in both the Acquisition and the drilling of gas wells connected to the Gas Company's pipeline he or she will share in the profit potential of the gas wells and the Gas Company. The price of the gas charged to MNGS's residential and commercial customers is \$7.00 per thousand cubic feet of gas (an equivalent of \$70.00 per bl.).

CO-Generation Potential

A number of years ago the US government passed a legislation requiring electric public utilities to purchase electricity from alternative sources. An example of some alternative sources of power is Ego Thermal wells, Natural Gas and wind generated power. This program requires electric utilities to purchase electricity from independent sources whether the electric utility needs the electricity or not. The rates electric utilities must pay is set via federal regulation and is about 65% of the retail price of electric power. With the drilling program contemplated by Forexco, Inc. the MNGS pipeline will in all probability have more gas on hand than it needs for delivery for its customers. The Gas Company can either ship the excess gas into open markets via the Citizens Gas line or purchase a gas generator for the creation of electricity for sale to local electric utilities. We are exploring the potential of CO-Generation for the Gas Company. Should we determine that CO-Generation is as profitable as it appears this could be another profit center for the Gas Company.

Competition

MNGS has no competition in the sale of natural gas in McCreary County where it is the only supplier of natural gas. McCreary County is "small potatoes" for large utilities and the potential of profits of \$1,000,000 to \$2,000,000 per year is not large enough for them to move into the area.

Once a natural gas utility has been built and customers established we believe that it is highly unlikely that other systems will compete for the same market. This is especially true in a small rural market such as McCreary County. However, it should be noted that MNGS (or the new company formed to acquire MNGS) will not have legally exclusive rights to any territory even after it becomes a fully reporting public utility.

Most residents, businesses and public facilities in McCreary County either use propane, electricity or fuel oil as an energy source. From an economic and environmental perspective natural gas is superior to the fuels outlined above. Natural gas burns clean and is one third to one half the price of oil, propane or electricity. However, there is a cost to consumers using heating oil and electricity to replace their present heating systems to natural gas systems.

In the case of propane, the cost of converting to natural gas is minimal. A delivery orifice is simply replaced for a few dollars and natural gas can be delivered. In the case of fuel oil or electricity a consumer will have to replace heating systems to accommodate the new fuel source. Even though the monthly savings of natural gas is attractive it will be weighed by consumers against the cost of replacing items such as water heaters, heating systems or dryers.

It is our belief that most propane users will convert to natural gas as soon as it becomes available to them. This market segment represents about 25% of our total residential market potential and about 50% of the total commercial potential. As consumers existing electrical and heating oil heating systems become old we will have an opportunity to persuade potential customers to install natural gas systems. We will offer small cash incentives (as most gas utilities do) to customers converting from a non gas system to natural gas. In time we expect to deliver gas to 50% of the total market. We understand that this is a typical market share percentage for natural gas utilities.

Investor Liquidity

As described under "*Operating Agreement-Restrictions on Transfer and Liquidity*", the ability of Members to transfer their Interests will be prohibited under most circumstances until September 30, 1999. It is also unknown whether or when there will be a public market for such Interests. Therefore, before October 1, 1999, the liquidity of the Interests will be limited to sales to other Members. Thereafter, sales to third parties will be permitted subject to the right of first offer of the Gas Company and the other Members. This would entitle the selling Member to offer his/her Interest to the Gas Company (and, to the extent that the Gas Company declines the offer, to the other Members) at a price equal to five times the average Earnings before Interest, Taxes, Depreciation and Amortization of the Gas Company for the two prior fiscal years.

For example, assume that Investor "A" purchased 10% of the Gas Company's equity and has held his Interest for four years. The price that Investor "A" paid for the stock was \$173,733. The Gas Company has reached its financial goals and has averaged \$1,700,000 in earnings (before interest, taxes, depreciation and amortization) in the third and fourth years. Management have fully earned their Performance Units, thereby reducing Investor A's equity to 5% of the outstanding Units of the Gas Company (see "*Management Incentives*" below). Investor "A" wishes to liquidate his position in the Gas Company. He may therefore offer to sell it to the Gas Company, and the Gas Company (or the other Members) may purchase it for \$425,000, calculated as follows: $\$1,700,000 \times 5 \text{ Earnings} = \$8,500,000 \times 5\% \text{ Ownership} = \$425,000$. In this example Investor A received a 30% compounded internal rate of return on this investment in addition to any cash distributions received.

Management Incentives

As the organizer of the Acquisition Daniel R. Forsberg, President of Forexco, Inc., and the Gas Company's management team will initially receive 10% of the Gas Company's equity in the form of Class A Units, its investment partners will receive 85% in the form of Class B Units and Guy Strevey, who will serve as the initial Class B Director and has agreed to enter into a consulting agreement to provide financial advice to the Gas Company on an ongoing basis, will receive 5% in the form of Class B Units. As an incentive to management to reach corporate profitability in the shortest time possible an incentive plan has been devised. The incentive plan calls for an additional 40% of the equity of the Gas Company ("Performance Units") to be awarded to management should they reach the financial targets outlined below. Management's right to receive these Performance Units is dependent on the achievement of the following financial goals within five years of acquisition.

1) The Gas Company experiences at least \$1,000,000 in Earnings before Income Taxes and Depreciation Amortization in a fiscal year within five years of acquisition.

It is envisioned that this financial goal will be met within five years of the acquisition of MNGS. If, for whatever reason, this financial goal is not met within five years management will not receive the Performance Units.

Distributions

Distributions are expected to be made to investors when cash flow permits. Any distribution will however be made to the Members on a pro rata basis in accordance with the number of Units owned by each Member. This is not expected to happen until the pipeline expansion program is complete.

At that time the need for additional pipeline expansion capital will have ended and the system will be able to add substantially more customers. Since there are no other markets within 20 miles of the Pine Knot, Stearns, Whitley City area there is a finite limit to the Gas Company's expansion opportunities. Its growth opportunities will therefore depend, after satisfying the area's current needs, on the internal growth of its market and its CO-Generation opportunities. The Board of Directors will make the determination regarding the best time to begin distributions. It should be noted that management's first objective will be growth and appreciation of the Gas Company. Its second objective will be to create a long term income stream for all of its Members.

Management

The Gas Company's business will be managed by a Board of Directors which, in accordance with the Operating Agreement, may not be fewer than 3 Directors nor more than 7 Directors. The initial Board of Directors will consist of 5 members, 4 of whom will be elected by the holders of the Class A Units and one of whom will be elected by the holders of the Class B Units (see *Operating Agreement* below). Three of the four directors to be appointed by the Class A Members (each of whom is also an officer of the Gas Company), the initial director to be appointed by the Class B Members and a description of their business experience are set forth below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Daniel R. Forsberg	43	Chairman of the Board of Directors and Chief Executive Officer
William Helms	43	President and Chief Operating Officer, Treasurer and Director
Peter D.W. Heberling	45	General Counsel, Secretary and Director
Guy Strevey	64	Director

Daniel R. Forsberg, Chairman and Chief Executive Officer

Mr. Forsberg began his oil and gas career in 1981 with Great West Energy, an independent oil company in Dallas, Texas. Mr. Forsberg coordinated the funding of that company's drilling programs through broker-dealers in various cities throughout the United States. In 1984 he formed Atlantis Energy, Inc. and has managed and coordinated all business activities ranging from lease acquisitions, partnership management, drilling/completing wells, workovers to overall business administration. He sold Atlantis Energy, Inc. in 1991 and shortly thereafter formed Forexco, Inc. He studied Banking and Finance at the University of North Texas in Denton, Texas.

William Helms, President and Chief Operating Officer

Mr. Helms began his career as a stock broker in 1977 specializing in oil and gas investments. In 1979 he founded Delta Petroleum Corporation in Orange County, California. Delta Petroleum explored for oil and gas in eight states and was recognized by the state of California as one of the top 30 fastest growing companies in the state. Delta drilled 220 wells in SE Kentucky all of which were successful producing gas wells. As president and CEO of Delta Petroleum, Mr. Helms has extensive experience in project management, cost analysis, gas pipelines and well drilling technologies. Delta managed 20 limited partnerships

representing over \$22,000,000 in oil and gas investments before he sold the company to a publicly traded company on the VSE Exchange in 1990.

Mr. Helms' other accomplishments include the following;

- Past Director of Visa Energy Corporation, ASE
- Past Director of Arklis Capital Corporation, VSE
- Advisory Board Member to Mission Viejo National Bank
- Outstanding Young Men of America, 1982
- Who's Who in California and Who's Who Historical Society
- Numerous Athletic Awards
- Holds active NASD license
- Member International Association of Professional Financial Consultants & Certified Investment Specialist

Peter D.W. Heberling, General Counsel and Secretary

Mr. Heberling is a lawyer engaged in private practice in Greensboro, NC. He specializes in acquisitions, divestitures, investments and corporate finance. From 1993 to 1995 he was employed by Burlington Industries, Inc., serving as Vice President and General Counsel. Before then he was a Partner specializing in Mergers and Acquisitions in the New York office of Jones, Day, Reavis & Pogue, a large international law firm. From 1989 to 1991 he was Senior Council for Coca Cola Bottling Company of New York.

Guy Strevey, Director

Mr. Strevey is president and founder of Strevey and Associates, a financial consulting firm based in Omaha, NE. Strevey and Associates is recognized by the financial planning community as one of the most successful firms of it's type in the US. As a licensed financial consultant he specializes in strategic investment planning for clients with over \$100 Million Dollars under management. In addition to investment management Mr. Strevey consults with his corporate clients with regard to asset allocation, debt financing and overall corporate strategic planning. He is a CLU, ChFC and registered representative for the sale of stocks and bonds. He is also president elect of the Nebraska Society of Certified Financial Planners in addition to numerous civic activities.

Legal Entity

The Gas Company is being organized as a Delaware limited liability company ("LLC") in order to obtain all of the advantages of a limited partnership, a general partnership and a "C" corporation, but none of their disadvantages. A limited partnership has the advantage of "flow through" tax treatment and limited investor liability, but investors may not participate in management. A general partnership has the same tax treatment and investors may participate in management, but they are subject to unlimited liability. Investors in a "C" corporation have limited liability and may participate in management, but their investments are subject to double taxation.

An LLC is treated like a limited partnership for tax and limited liability purposes but like a general partnership or a "C" corporation for voting purposes. Some of the specific advantages are outlined below:

- 1) **Members** (the LLC version of shareholders) **are permitted to participate in the management** of the LLC directly or through representation on a Board of Directors (unlike a limited partnership where there can be no participation in management by the limited partners). In the case of the Gas Company, investor Members will have a representative on the Board of Directors.
- 2) **There is no personal liability for any of the Members** (like a limited partnership but unlike a general partnership). This is especially important should the Gas Company incur any debt for expansion.
- 3) **All tax benefits such as depreciation, losses or tax credits "flow through" to the Members** (like a partnership but unlike a "C" corporation). There is no "double taxation" on cash distributions made by the LLC to its shareholders.
- 4) **LLCs can accept corporate ownership** (unlike an "S" corporation).

Operating Agreement

By investing in the Gas Company, investors will become Members of the Gas Company and parties to an Operating Agreement (a copy of which is attached hereto as Exhibit E) governing their rights with respect to the ownership of their Interests, voting, election of Directors, annual and special meetings of Members and transfer of their Interests. Certain material terms of the Operating Agreement are summarized below, but prospective investors are advised that such summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Operating Agreement, including the definitions therein of certain terms. Capitalized terms not defined herein have the meanings set forth in the Operating Agreement.

Classes of Membership

All Members (which will include the investors, Daniel R. Forsberg and other members of management) will own Interests in the Gas Company which will be issued in Units, like shares. Units will be divided into two classes, Class A and Class B. Initially, the Class B Units will represent 90% of the equity in the Gas Company (of which the investors will hold 85%) and the Class A Units will represent the remaining 10%. However, the Class A Members will have the opportunity to be awarded additional equity if they achieve certain operating and financial goals. If they fully achieve such goals, they will be awarded an additional 40% of the equity of the Gas Company, reducing the Class B Members' share from 90% to 50%. Upon closing of the Acquisition, the Gas Company will adopt an Equity Incentive Plan governing such awards.

Attributes of Membership

No Member will be responsible or liable for the obligations or debts of the Gas Company or for any claims against the Gas Company. Creditors and other claimants must look solely to the assets of the Gas Company to satisfy their claims. Members will have the voting rights described below, but none of them will be able to bind the Gas Company or act for it in any way unless he/she is an officer of the Gas Company.

Voting and Board of Directors

Four Directors will be nominated and elected by the plurality of the vote of holders of Class A Units and one director will be nominated and elected by the plurality of the vote of holders of Class B Units. All Directors will be elected at each annual meeting and hold office until the next annual meeting. Voting on any matter by the Board of Directors will be determined by the vote of a majority of Directors present at any meeting at which a quorum is present. Action may also be taken by the unanimous written consent of the Directors. Any or all Class A or Class B Directors may be removed by the vote of the holders of a majority of the Class A

29

Units and the Class B Units, respectively. Vacancies (by reason of the resignation or death of a Director) may be filled by the remaining Directors of that Class.

Annual and Special Meetings

An annual meeting of Members for the election of Directors will be held each year on a date and at a place to be fixed by the Board of Directors. Special meetings of Members may be called by the Board of Directors or the Chairman of the Board for any purpose.

Restrictions on Transfer of Interests and Liquidity

Interests will not be transferable by any Member until September 30, 1999 except to the Gas Company or another Member. Thereafter, Interests may be transferred to third parties subject to the Company's and the other Members' right of first offer described below. The only transfers to third parties that will not be subject to such rights of first offer after September 30, 1999 will be transfers to Affiliates and, if and when the Gas Company has issued equity in an initial public offering, in the public markets.

After September 30, 1999 any Member may sell any or all of his/her Interest, so long as such Member first offers to sell it to the Gas Company (and, to the extent that the Gas Company declines to purchase such Interest, to the other Members pro rata). The Gas Company will then have the right to buy such Interest at a price equal to five times its average Earnings Before Interest, Taxes (if any), Depreciation and Amortization for the two prior fiscal years (the "Fair Value"). To the extent that the Gas Company and the other Members decline to purchase any such Interest, the selling Member may sell it to a third party at a price no less than such Fair Value. Except as provided under "*CO-Sale Rights of Class B Members*" below, any transfer of Interests by a holder of Class A Units to anyone other than the Gas Company or other Class A Members will result in the automatic conversion of such Class A Units to Class B Units.

Co-Sale Rights of Class B Members

To the extent that (i) one or more holders of Class A Units proposes to transfer Units which the Gas Company and the other Members decline to purchase, (ii) the aggregate number of such Units amounts to more than 50% of the outstanding Class A Units and (iii) such Member does not wish such Units to convert to Class B Units, then such holder(s) may not effect such transfer unless all of the other Members are given the opportunity to transfer their Units to the proposed purchaser on the same terms being offered to the selling Member.

Risk Factors

THE PURCHASE OF THE INTERESTS OFFERED IS SUBJECT TO A HIGH DEGREE OF RISK. PROSPECTIVE PURCHASERS OF INTERESTS SHOULD CONSIDER THE FOLLOWING FACTORS, AMONG OTHERS, BEFORE SUBSCRIBING. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN FINANCIAL, TAX AND LEGAL COUNSEL IN CONNECTION WITH THE POSSIBLE PURCHASE OF INTERESTS.

Market and Pricing. There can be no assurance that there will be an infinite and ongoing demand for natural gas in the future, or that prevailing prices will be adequate to assure the expected return on investment in the Gas Company. The price of natural gas is subject to market demands which may cause the price to fall and rise without notice. There also can be no assurance that the prices obtainable for such natural gas will not be reduced through governmental control or market conditions.

Governmental Actions. Governmental authorities may, in the future, impose obstacles to the production and sale of oil and gas through laws or regulations. They may impose tariffs or profit limitations on natural gas utility systems. The Sponsor is not able to predict the likelihood of the effect of such controls, regulations or laws on the operations of the Gas Company.

Business Risk. Investing in any new or small business involves a risk of loss of all or a portion of the investment. In general, the ratio for the success of a new business after five years is about 50%. In addition, a company that is buying and selling a commodity such as natural gas can be materially and adversely effected by swings in supply or demand.

Operational Risks. The operation of a natural gas utility involve a risk of operation failures such as pipeline explosions, gas leaks, limitations of pipeline capacity and other mechanical and technical problems which may be encountered. Management will do its best to avoid such risks and carry the customary insurance to protect the Gas Company from potential liabilities. It should be noted that if an explosion occurs that involves loss of life that the financial viability of the Gas Company may be materially adversely affected.

Competition. There can be no assurance that competitors with substantially greater resources than the Gas Company will not enter the McCreary County market.

Joseph B. Clontz

(606) 256-3623

Certified Public Accountant, PSC

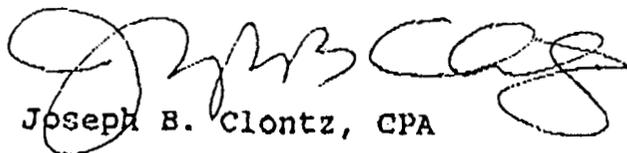
U.S. 25, P.O. Box 1436, Mt. Vernon, KY 40456

Board of Directors
McCreary Natural Gas Systems Inc.

I have compiled the accompanying statement of assets, liabilities, and equity of McCreary Natural Gas Systems Inc., as of December 31, 1995 and the related statement of revenues, expenses, and retained earnings for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.


Joseph B. Clontz, CPA

May 14, 1996

MCCREARY NATURAL GAS SYSTEMS INC.
BALANCE SHEET
DECEMBER 31, 1995

ASSETS

CURRENT ASSETS

Cash	\$(12,324)
Accounts Receivable	<u>11,137</u>

TOTAL CURRENT ASSETS	(1,187)
----------------------	----------

PROPERTY AND EQUIPMENT

Gas Pipeline and Equipment	175,772
Office Equipment	4,248
Less: Accumulated Depreciation	<u>(7,364)</u>

172,656

TOTAL ASSETS	<u>\$ 171,469</u>
--------------	-------------------

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ <u>18,149</u>
------------------	------------------

TOTAL CURRENT LIABILITIES	18,149
---------------------------	--------

LONG-TERM LIABILITIES

Loan Payable - Bank of McCreary Co.	11,000
Loan Payable - Stockholder	<u>203,137</u>

214,137

STOCKHOLDERS EQUITY

Paid in Capital	34,320
Retained Earnings	<u>(95,137)</u>

(60,817)

TOTAL LIABILITIES AND CAPITAL	<u>\$ 171,469</u>
-------------------------------	-------------------

MCCREARY NATURAL GAS SYSTEMS INC
 STATEMENT OF REVENUES AND EXPENSES AND RETAINED EARNINGS
 DECEMBER 31, 1995

REVENUES	
Gas Sales	\$ 25,662
Installation Charges	<u>29,917</u>
 TOTAL REVENUES	 55,579
EXPENSES	
Office Expense	12,277
Repairs and Maintenance	11,897
Rent Expense	7,744
Depreciation Expense	7,364
Utilities	4,572
Equipment Rental	4,290
Gas Purchased	4,271
Travel and Entertainment	3,844
Labor	2,665
Advertising	2,333
Miscellaneous	1,389
Insurance Expense	1,330
Interest Expense	577
Tax and Licenses	<u>307</u>
 TOTAL EXPENSES	 <u>64,860</u>
 NET PROFIT (LOSS)	 (9,281)
BEGINNING RETAINED EARNINGS	(85,856)
ENDING RETAINED EARNINGS	\$ <u>(95,137)</u>

11/23/99

Citipower, L. L. C.
Balance Sheet
As of June 1, 1996

	<u>Jun 1, '96</u>
ASSETS	0.00
LIABILITIES & EQUITY	0.00

11/23/99

Citipower, L. L. C.
Balance Sheet
As of June 30, 1996

Jun 30, '96

	<u>Jun 30, '96</u>
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash & Working Funds	
131.3 · UCB- Operating Cash	113,000.00
Total 131 · Cash & Working Funds	<u>113,000.00</u>
Total Checking/Savings	<u>113,000.00</u>
Total Current Assets	113,000.00
Fixed Assets	
365 · Property & Equipment (365-399)	
390 · Office Building	20,000.00
Total 365 · Property & Equipment (365-399)	<u>20,000.00</u>
Total Fixed Assets	20,000.00
Other Assets	
301 · Intangible Plant	
301.2 · Organizational Cost	20,000.00
Total 301 · Intangible Plant	<u>20,000.00</u>
Total Other Assets	<u>20,000.00</u>
TOTAL ASSETS	<u><u>153,000.00</u></u>
LIABILITIES & EQUITY	
Equity	
218 · Non Corp Proprietorship	
218.1 · Members Capital Contributions	153,000.00
Total 218 · Non Corp Proprietorship	<u>153,000.00</u>
Total Equity	<u>153,000.00</u>
TOTAL LIABILITIES & EQUITY	<u><u>153,000.00</u></u>

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of July 31, 1996

Jul 31, '96

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.3 · UCB- Operating Cash

242,845.27

Total 131 · Cash & Working Funds

242,845.27

Total Checking/Savings

242,845.27

Total Current Assets

242,845.27

Fixed Assets

365 · Property & Equipment (365-399)

390 · Office Building

20,000.00

Total 365 · Property & Equipment (365-399)

20,000.00

Total Fixed Assets

20,000.00

Other Assets

301 · Intangible Plant

301.2 · Organizational Cost

98,710.00

Total 301 · Intangible Plant

98,710.00

Total Other Assets

98,710.00

TOTAL ASSETS**361,555.27****LIABILITIES & EQUITY****Equity**

Net Income

-89.73

218 · Non Corp Proprietorship

218.1 · Members Capital Contributions

218.2 · Opening Bal Equity

322,250.00

39,395.00

Total 218 · Non Corp Proprietorship

361,645.00

Total Equity

361,555.27

TOTAL LIABILITIES & EQUITY**361,555.27**

11/23/99

Citipower, L. L. C.
Balance Sheet
As of August 31, 1996

Aug 31, '96

ASSETS

Current Assets

Checking/Savings

131 · Cash & Working Funds

131.3 · UCB- Operating Cash

512,981.12

Total 131 · Cash & Working Funds

512,981.12

Total Checking/Savings

512,981.12

Total Current Assets

512,981.12

Fixed Assets

365 · Property & Equipment (365-399)

390 · Office Building

396 · Equipment - DW/Other

20,000.00

5,000.00

Total 365 · Property & Equipment (365-399)

25,000.00

Total Fixed Assets

25,000.00

Other Assets

301 · Intangible Plant

301.2 · Organizational Cost

129,317.50

Total 301 · Intangible Plant

129,317.50

Total Other Assets

129,317.50

TOTAL ASSETS

667,298.62

LIABILITIES & EQUITY

Equity

Net Income

-501.38

218 · Non Corp Proprietorship

218.1 · Members Capital Contributions

667,800.00

Total 218 · Non Corp Proprietorship

667,800.00

Total Equity

667,298.62

TOTAL LIABILITIES & EQUITY

667,298.62

11/23/99

Citipower, L. L. C.
Balance Sheet
 As of September 30, 1996

Sep 30, '96

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds

131.3 · UCB- Operating Cash

16,258.03

Total 131 · Cash & Working Funds

16,258.03

Total Checking/Savings

16,258.03

Accounts Receivable

143 · Other Accounts Receivable

143.2 · A/R - Forsberg Oil Co.

1,000.00

Total 143 · Other Accounts Receivable

1,000.00

Total Accounts Receivable

1,000.00

Other Current Assets

170 · Other Current & Accrued Assets

170.1 · P.D.W. Heberling-UCB Escrow

195,000.00

Total 170 · Other Current & Accrued Assets

195,000.00

Total Other Current Assets

195,000.00

Total Current Assets

212,258.03

Fixed Assets

365 · Property & Equipment (365-399)

390 · Office Building

396 · Equipment - DW/Other

365 · Property & Equipment (365-399) - Other

20,000.00

5,000.00

630,000.00

Total 365 · Property & Equipment (365-399)

655,000.00

Total Fixed Assets

655,000.00

Other Assets

301 · Intangible Plant

301.2 · Organizational Cost

156,444.70

Total 301 · Intangible Plant

156,444.70

Total Other Assets

156,444.70

TOTAL ASSETS**1,023,702.73****LIABILITIES & EQUITY****Liabilities****Current Liabilities****Accounts Payable**

232 · Accounts Payable

232.2 · Loan from Member

93,000.00

Total 232 · Accounts Payable

93,000.00

Total Accounts Payable

93,000.00

Total Current Liabilities

93,000.00

Total Liabilities

93,000.00

Equity

11/23/99

Citipower, L. L. C.
Balance Sheet
As of September 30, 1996

	<u>Sep 30, '96</u>
Net Income	-597.27
218 · Non Corp Proprietorship	
218.1 · Members Capital Contributions	<u>931,300.00</u>
Total 218 · Non Corp Proprietorship	<u>931,300.00</u>
Total Equity	<u>930,702.73</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,023,702.73</u></u>

7. **Provide a copy of Citipower's depreciation schedules, detailed by individual asset description, date of purchase, original cost, useful life, method of depreciation, depreciation expense and accumulated depreciation for the years ended December 31, 1997 and December 31, 1998.**

Response: See Exhibit T, Depreciation Schedules.

Respondent: BC

	12/31/96		12/31/97		12/31/98	
	Cost	Adjusting Entry	Unadj. Cost	Adjusting Entry	Unadj. Cost	Adjusting Entry
Office Building	125,000.00	50,000.00	75,000.00	(1,250.00)	125,000.00	(5,000.00)
Office F&E	9,176.88	0.00	9,176.88	(514.74)	9,176.88	(2,907.03)
Autos	44,574.33	44,574.33	-	(742.91)	68,475.09	(9,005.22)
Compressor Site	-	-	-	-	-	-
Equipment-DW-Other	25,000.00	20,000.00	5,000.00	(1,250.00)	47,328.48	(3,285.57)
Equip-Meters-actup	102,798.00	102,798.00	-	(3,604.74)	160,523.30	(14,678.89)
Pipeline-1" & 2"	295,680.00	295,680.00	-	(3,696.00)	273,952.58	(100,075.00)
Pipeline-3"	-	-	-	-	179,180.92	(813.33)
Pipeline-4"	316,800.00	316,800.00	-	(3,960.00)	361,598.72	2,825.45
Pipeline-6"	-	-	-	-	290,738.87	22,170.62
Pipeline-Steel	-	-	-	-	11,048.70	11,048.70
Reg-Odorant Station	-	-	-	-	-	-
PP&E-Other	-	(701,724.82)	701,724.82	-	-	(57,195.08)
Total PP & E	919,029.21		1,527,003.54	(15,018.39)	1,527,003.54	(77,290.00)
Depreciation Expense/Accumulated Deprec. per TB			(102,672.00)	(102,672.00)	(294,471.00)	(309,489.39)
Adjustment to Correctly State Depreciation Exp./Accum. Deprec.			87,633.61	87,633.61	217,181.00	217,181.00
					3,222,166.08	(117,565.85)
					55,338.74	AJE 98-13
					3,277,504.82	(117,565.85)

Note: During our review of PP & E, we noted that the client did not have a capitalization policy; therefore, we adjusted all items in PP & E less than \$500.00, except for the items in the Steel Pipeline category, which were mainly for easements, which should be capitalized.

Also, the client was calculating depreciation expense using tax basis, we have recalculated depreciation expense based on a straight-line basis. We have recognized a full months depreciation expense for items placed in service at anytime during the month.

We tested all PP&E items greater than \$5,000 and any adjustments we found in our testing is noted in the adjusting entries above. Therefore, any items included in the detail PP & E listing at w/p _____ above \$5,000 have been tested without exception.

Office Building

Type	Date	Num	Name	Memo	Amount	Balance
Office Building	Check	6/24/96	1 Foretco, Inc	Downpmt on Purchase	20,000.00	20,000.00
					50,000.00	
Office Building	Check	11/20/96	1077 Clontz & Cox	Cured Easements + Interest	55,000.00	75,000.00
				Purchased office placed in service 9/24/96	<u>125,000.00</u>	

Estimated useful life (yrs)
 Deprn / yr 25.00
5,000.00

	Expense	Acc Deprn
1996	1,250.00	1,250.00
1997	5,000.00	6,250.00
1998	5,000.00	11,250.00

Office Furniture & Equip

	Type	Date	Num	Name	Memo	Amount	Life (mos)	1996 Deprn	1997		1998	
									Exp	Acc Deprn	Exp	Acc Deprn
Office Furniture & Equipment	Check	10/25/96	1046	American Express	Computer/Printer Purchased	4,176.88	36	348.07	1392.29	1740.36	1392.29	3132.65
Office Furniture & Equipment	Check	11/1/96	1039	Scott Supplies	Office Furniture	5,000.00	60	166.67	1000.00	1166.67	1000.00	2166.67
						<u>9,176.88</u>		<u>514.74</u>	<u>2392.29</u>	<u>2907.03</u>	<u>2392.29</u>	<u>5299.32</u>

Autos

Desc	Type	Date	Num	Name	Memo	Amount	Life (mos)	1996		1997		1998	
								Debit	Exp	Acc Debit	Exp	Acc Debit	Exp
Automobiles/Vehicles	General Journal	12/15/96	1		1996 Ford 250 Truck	26,690.83	60	444.85	5,338.17	5,783.02	5,338.17	11,121.19	
Automobiles/Vehicles	General Journal	12/15/96	1		1995 Dodge Truck	17,883.50	60	298.06	3,576.70	3,874.76	3,576.70	7,451.46	
					Total 1996 additions	44,574.33		742.91	8,914.87	9,657.78	8,914.87	18,572.65	
Automobiles/Vehicles	Check	5/8/97	1147	Steve Lante	pipe rack for truck	757.76	60		88.41	88.41	151.55	239.96	
Automobiles/Vehicles	General Journal	9/30/97	100		95 Toyota 4 runner	20,500.00	60		1,366.67	1,366.67	4,100.00	5,466.67	
Automobiles/Vehicles	Check	10/20/97	1040	Owens	truck bed in 96 F250	2,643.00	60		88.10	88.10	528.60	616.70	
					Total 1996 and 1997 additions	68,475.09		742.91	10,458.05	11,200.96	13,695.02	24,895.98	
					96 Toyota Tacoma	18,836.00	60				3,453.27	3,453.27	
					Balance @ 12/31/98	87,311.09		742.91	10,458.05	11,200.96	17,148.29	28,349.25	

Compressor Site

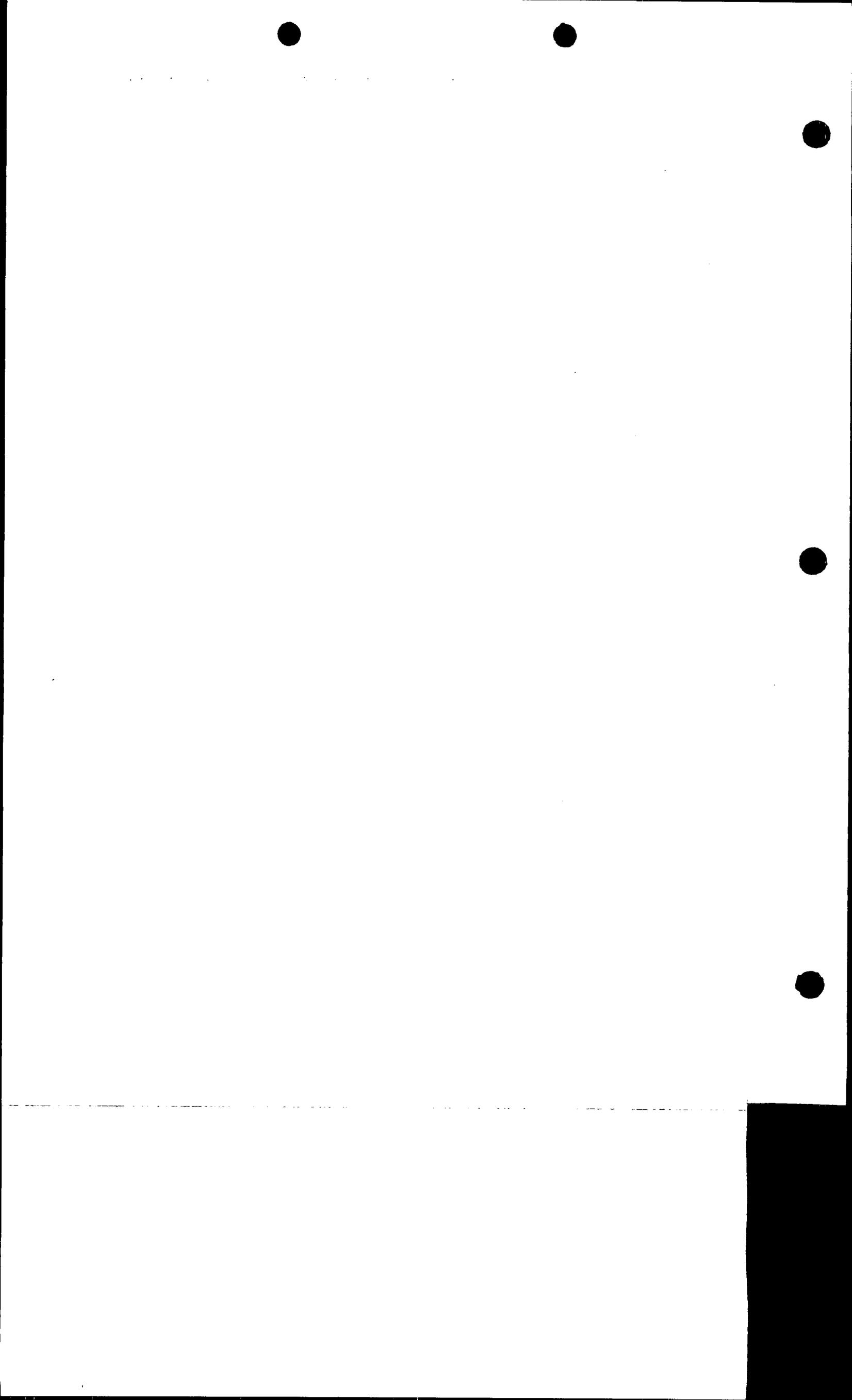
Desc	0	Date	Num	Name	Memo	Amount
Check		11/20/98	2295	Dan Worley	leased land for compressor	1,400.00
Check		12/16/98	2366	HINKLE CONTRACTING CORPORATION	#3 stone-compressor site	1,006.11
Check		12/16/98	2379	D. H. Campbell, Inc.	culvert for compressor site	763.44
Check		12/23/98	2400	McJunkin Appalachian	orbit valves, ball valves,	8,815.23
Check		12/23/98	2394	McJunkin Appalachian	fittings-compressor site	3,474.33
Check		12/23/98	2397	McJunkin Appalachian	fittings-compressor site	1,942.91
Check		12/23/98	2399	McJunkin Appalachian	fiting-compressor site	663.35
Check		12/29/98	2465	BKR Services Co.	cleared site, hauled dirt to	24,035.00
Check		12/29/98	2422	NATCO	materials for compressor site	21,873.19
Check		12/29/98	2431	McJunkin Appalachian	barton recorder, spring, 2" x 1.31.1 - Bank of McCreary County"	4,418.76
Check		12/29/98	2432	McJunkin Appalachian	weld cap, ball valve, clear-	1,403.97
Check		12/29/98	2433	McJunkin Appalachian	flange, weld tee, 1 pipe	1,266.84
Check		12/29/98	2424	HINKLE CONTRACTING CORPORATION	dense grade - comp. site	1,253.21
Check		12/29/98	2435	McJunkin Appalachian	valve, weld tees	1,172.19
Check		12/29/98	2459	Engineering Services	surveying, plat, deed for	1,042.50
Check		12/29/98	2432	McJunkin Appalachian	meter station, bolt/nuts	754.86
Check		12/29/98	2447	McJunkin Appalachian	weld tees, weld reducer, ball	640.93
Check		12/29/98	2454	McJunkin Appalachian	head plug, gate valve, nipple,	530.88
Check		12/31/98	2483	Universal Compression, Inc.	rent on compressor unit	3,074.00
Check		12/31/98	2484	HINKLE CONTRACTING CORPORATION	#57 rock	596.79
Check		12/31/98	2482	McJunkin Appalachian	orifice plates, ball valve	539.63
Check		12/15/98		BKR Services Co.	Compressor Station	11,330.00
Check		12/15/98		Howard Buck Co	Compressor Station	7,875.00
Check		12/15/98		Mike Gamblin	Compressor Station	11,220.95
						<u>111,094.07</u>
						25.00
						<u>4,443.76</u>

①
②
19,205.

Estimated useful life (yrs)
Deprn / yr

Expense	Acc Deprn
370.31	370.31
7,875.00	
11,220.95	
111,094.07	

1996
1997
1998



Equipment-DW-Other

Desc	Type	Date	Num	Name	Memo	Amount	Life (mos)	1997		1998		
								Exp	Acc Deprn	Exp	Acc Deprn	
Purchased Ditch Witch		9/24/96				25,000.00	60	1,250.00	5,000.00	6,250.00	5,000.00	11,250.00
Equipment - DW/Other	Check	1/22/97	117	Forexco, Inc	Ditchwitch	13,780.00	60	2,756.00	2,756.00	2,756.00	2,756.00	5,512.00
Equipment - DW/Other	Check	2/25/97	1035	Mine Safety		1,924.18	60	352.77	352.77	352.77	384.84	737.61
Equipment - DW/Other	Check	4/10/97	1098	McJunkin Appalachia	7 casing"	547.82	60	82.17	82.17	82.17	109.56	191.73
Equipment - DW/Other	Check	4/22/97	1119	McJunkin Appalachia		787.09	60	118.06	118.06	118.06	157.42	275.48
Equipment - DW/Other	Check	5/6/97	1144	McJunkin Appalachia		788.60	60	105.15	105.15	105.15	157.72	262.87
Equipment - DW/Other	Check	5/12/97	1154	McJunkin Appalachia		602.80	60	80.37	80.37	80.37	120.56	200.93
Equipment - DW/Other	Check	5/27/97	1174	McJunkin Appalachia		990.78	60	132.10	132.10	132.10	198.16	330.26
Equipment - DW/Other	General Journal	6/30/97	101			1,188.87	60	138.70	138.70	138.70	237.77	376.47
Equipment - DW/Other	Check	9/5/97	1316	Health Consultants	odorator	1,718.34	60	114.56	114.56	114.56	343.67	458.23
						47,328.48						
Equipment - DW/Other	Check	3/4/98	1628	McJunkin Appalachia	fusion equipment	1,148.15	60				191.36	191.36
Equipment - DW/Other	Check	4/22/98	1715	Campbell Plumbing & Excavation	generator for crew 2	600.00	60				90.00	90.00
Equipment - DW/Other	Check	7/8/98	1898	Highland Drilling	bucket for backhoe	893.06	60				89.31	89.31
						49,969.69		1,250.00	8,879.88	10,129.88	9,836.37	19,966.25

Equip-Meters-setup

Desc	Type	Date	Num	Name	Memo	Amount	Life (mos)	1996		1997		1998	
								Debit	Credit	Exp	Acc Debit	Exp	Acc Debit
Purchased Meters		9/24/96				100,000.00	84	3,571.43	14,285.71	17,857.14	14,285.71	32,142.85	
Equipment - Meters/Setup	Check	12/15/96	143	BKR Services Co.	Reclass from 2/7/97	2,798.00	84	33.31	399.71	433.02	399.71	832.73	
					Total additions in 1996	102,798.00							
Equipment - Meters/Setup	Check	1/10/97	104	B & H Supply, Inc.		2,226.63	84		318.09	318.09	318.09	636.18	
Equipment - Meters/Setup	Check	1/14/97	106	Bailey's Util		1,100.00	84		157.14	157.14	157.14	314.28	
Equipment - Meters/Setup	Check	1/15/97	106	B & H Supply, Inc.		1,682.95	84		240.42	240.42	240.42	480.84	
Equipment - Meters/Setup	Check	1/15/97	108	McJunkin Appalachian	New Customer Hookups	1,234.17	84		176.31	176.31	176.31	352.62	
Equipment - Meters/Setup	Check	1/15/97	107	McJunkin Appalachian		637.25	84		91.04	91.04	91.04	182.08	
Equipment - Meters/Setup	Check	1/21/97	114	McJunkin Appalachian		1,634.19	84		233.46	233.46	233.46	466.92	
Equipment - Meters/Setup	Check	1/23/97	118	Eubanks Ele.		528.04	84		75.43	75.43	75.43	150.86	
Equipment - Meters/Setup	Check	1/28/97	125	Contractors Industrial Supply		1,423.34	84		203.33	203.33	203.33	406.66	
Equipment - Meters/Setup	Check	2/3/97	129	McJunkin Appalachian		1,775.51	84		232.51	232.51	253.64	486.15	
Equipment - Meters/Setup	Check	2/4/97	134	B & H Supply, Inc.		2,977.72	84		389.94	389.94	425.39	815.33	
Equipment - Meters/Setup	Check	2/6/97	141	Corbin Comm		2,910.00	84		381.07	381.07	415.71	796.78	
Equipment - Meters/Setup	Check	2/7/97	143	BKR Services Co.		9,813.00	84		1,285.04	1,285.04	1,401.86	2,686.90	
Equipment - Meters/Setup	Check	2/7/97	143	BKR Services Co.	Reclass to 12/15/96	(2,798.00)	84		(366.40)	(366.40)	(399.71)	(766.11)	
Equipment - Meters/Setup	Check	3/4/97	1043	B & H Supply, Inc.		2,176.62	84		259.12	259.12	310.95	570.07	
Equipment - Meters/Setup	General Journal	6/30/97	100		Adjust to 9/30	13,028.10	84		1,085.68	1,085.68	1,861.16	2,946.84	
Equipment - Meters/Setup	General Journal	10/31/97	1		Reclass from Expense	8,255.47	84		294.84	294.84	1,179.35	1,474.19	
Equipment - Meters/Setup	General Journal	11/30/97	1		Reclass New Customer Hookup Expense	7,120.31	84		169.53	169.53	1,017.19	1,186.72	
Equipment - Meters/Setup	Check	12/17/97	1485	BKR Services Co.	Inv. #9 2 Meter	2,000.00	84		23.81	23.81	285.71	309.52	
					Total additions in 1996 and 1997	160,523.30							
Equipment - Meters/Setup	Check	1/8/98	1524	B & H Supply, Inc.	valve box w/lid, regulators, risers, coupling	597.05	84				85.29	85.29	
Equipment - Meters/Setup	Check	1/27/98	1560	McJunkin Appalachian	tapping tees, coupling, wire, tape, risers, pipe	1,576.86	84				225.27	225.27	
Equipment - Meters/Setup	Check	2/18/98	1596	Campbell Plumbing & Excavation	dozer, rd bore	1,005.00	84				131.61	131.61	
Equipment - Meters/Setup	Check	3/11/98	1645	McJunkin Appalachian	valve, riser, tees, couplings	645.42	84				76.84	76.84	
Equipment - Meters/Setup	Check	4/1/98	1675	B & H Supply, Inc.	regulators, tees, reducers, cap	974.66	84				104.43	104.43	
Equipment - Meters/Setup	Check	4/1/98	1676	McJunkin Appalachian	tees, couplings, sockets	551.87	84				59.13	59.13	
Equipment - Meters/Setup	Check	5/6/98	1743	McJunkin Appalachian	whitley city motel	688.88	84				65.61	65.61	
Equipment - Meters/Setup	Check	5/20/98	1780	B & H Supply, Inc.	spud & washers, regulators	1,626.60	84				154.91	154.91	
Equipment - Meters/Setup	Check	5/20/98	1779	B & H Supply, Inc.	nipples, reducing ell, street ell, poly valve, valve box, regulat	853.24	84				81.26	81.26	
Equipment - Meters/Setup	Check	6/24/98	1870	BKR Services Co.	set & tested emcorrector	800.00	84				66.67	66.67	
Equipment - Meters/Setup	Check	6/24/98	1868	B & H Supply, Inc.	risers, valves, valve box w/lid, plugs, regulators	785.42	84				65.45	65.45	
Equipment - Meters/Setup	Check	7/22/98	1931	B & H Supply, Inc.	meters	1,629.10	84				116.36	116.36	
Equipment - Meters/Setup	Check	7/22/98	1929	McJunkin Appalachian	1 pipe"	1,285.61	84				91.83	91.83	
Equipment - Meters/Setup	Check	7/22/98	1933	McJunkin Appalachian	valve tapping tee, valve tee	741.74	84				52.98	52.98	
Equipment - Meters/Setup	Check	7/24/98	1935	Tony Ball	reclaiming service to	570.00	84				40.71	40.71	

Equip-Meters-setup

Equipment - Meters/Setup	Check	9/2/98	2028	McJunkin Appalachian	coupling,tees,tape,wire	84	899.84	84	42.85	42.85
Equipment - Meters/Setup	Check	9/9/98	2043	McJunkin Appalachian	riser, valve, wire, caution tape	84	570.47	84	27.17	27.17
Equipment - Meters/Setup	Check	9/18/98	2061	McJunkin Appalachian	tapping tees,nipples,wire,tape	84	1,467.76	84	69.89	69.89
Equipment - Meters/Setup	Check	9/30/98	2078	B & H Supply, Inc.	meter - Parkland Motel	84	883.00	84	42.14	42.14
Equipment - Meters/Setup	Check	10/9/98	2106	McJunkin Appalachian	couplings,cap,tape,wire,	84	549.46	84	19.62	19.62
Equipment - Meters/Setup	Check	10/29/98	2202	B & H Supply, Inc.	415 meter, 750 meters	84	2,296.11	84	82.00	82.00
Equipment - Meters/Setup	Check	10/29/98	2201	B & H Supply, Inc.	meters	84	1,512.00	84	54.00	54.00
Equipment - Meters/Setup	Check	10/29/98	2201	B & H Supply, Inc.	regulators, locking valves	84	660.00	84	23.57	23.57
Equipment - Meters/Setup	Check	11/4/98	2221	McJunkin Appalachian	coupling,tees,tape,wire	84	665.99	84	15.86	15.86
Equipment - Meters/Setup	Check	11/12/98	2262	B & H Supply, Inc.	regulators - jail,courthouse,	84	1,101.74	84	26.23	26.23
Equipment - Meters/Setup	Check	11/12/98	2260	McJunkin Appalachian	couplings,tees,tape,wire,	84	924.29	84	22.01	22.01
Equipment - Meters/Setup	Check	11/12/98	2256	McJunkin Appalachian	service riser, meter valve,	84	546.75	84	13.02	13.02
Equipment - Meters/Setup	Check	12/1/98	2317	B & H Supply, Inc.	2 regulators*	84	546.00	84	6.50	6.50
Equipment - Meters/Setup	Check	12/9/98	2329	B & H Supply, Inc.	house meters	84	1,210.68	84	14.41	14.41
Equipment - Meters/Setup	Check	12/9/98	2331	McJunkin Appalachian	nipples, meter valve, risers	84	838.04	84	9.98	9.98
Equipment - Meters/Setup	Check	12/9/98	2344	B & H Supply, Inc.	house meters	84	756.00	84	9.00	9.00
Equipment - Meters/Setup	Check	12/9/98	2329	B & H Supply, Inc.	regulators,spuds,street elbows	84	634.20	84	7.55	7.55
Equipment - Meters/Setup	Check	12/29/98	2426	B & H Supply, Inc.	house meters, 750 meter	84	1,652.00	84	19.67	19.67
Equipment - Meters/Setup	Check	12/29/98	2444	B & H Supply, Inc.	750 meter for Pine Knot	84	896.00	84	10.67	10.67
Equipment - Meters/Setup	Check	12/29/98	2427	B & H Supply, Inc.	750 meter	84	890.00	84	10.60	10.60
Equipment - Meters/Setup	Check	12/29/98	2427	B & H Supply, Inc.	valve box,swivel sets,	84	795.61	84	9.47	9.47
Equipment - Meters/Setup	Check	12/29/98	2426	B & H Supply, Inc.	regulators,couplings,key	84	700.25	84	8.34	8.34
					Balance @ 12/31/98		193,852.94			
							3,604.74		19,935.78	23,540.52
									24,894.79	48,435.31

Response to Kentucky Public Utility Commission

Clitpower, L.L.C.

Reg-Odorant Station

1998 Additions
 Clippower, LLC
 12/31/98

Desc	Type	Date	Num	Name	Memo	Amount
	Check	12/23/98	2395	McJunkin Appalachiaian	fittings-reg/odorant station	6,382.75
	Check	12/29/98	2458	Engineering Services	surveying,plar,deed for	525.00
		12/15/98		Mike Gamblin	Regulator	413.00
						<u>7,320.75</u>
					Expected Life (yrs)	30.00
					SL depn/yr	<u>244.03</u>
					Months in 1998	1.25
					Depreciation	<u>25.42</u>

Pipeline-3"

1998 Additions
Citipower, LLC
12/31/98

Desc	Type	Date	Num	Name	Memo	Amount	1997		1998	
							Exp	Acc. Debit	Exp	Acc. Debit
Pipeline-3"	Check	10/17/97	1374	McJunkin Appalschian	INV. #6651181001 PIPE @ 4 ROAD CROSSINGS	1,578.50				
Pipeline-3"	Check	10/24/97	1044	Campbell Plumbing & Excavation		119,286.00				
Pipeline-3"	Check	11/13/97	1051	McJunkin Appalschian		26,695.34				
Pipeline-3"	Check	11/18/97	1427	D. H. Campbell	STONE, DENSE GRADE, FOR 97 PIPELINE	900.88				
Pipeline-3"	Check	11/19/97	1052	Engineering Services	Inv. #3069, 3 Main - Peel Dogwood Road*	525.00				
Pipeline-3"	Check	12/17/97	1489	Campbell Plumbing & Excavation	Total for 1997 additions	30,195.20				
						179,180.92				
					dozer work, work on 3 main	3,031.00				
					Surveying on Ky Hwy 679	1,677.50				
					line between Mallo & Moore	840.00				
						10,877.51				
					rental on backhoe	1,276.00				
					pipe, tape, wire	1,136.70				
					pipe, fuse cap, coupling	2,121.19				
					reclaiming 3 main*	2,587.50				
					dozer, winch, vibrator, trencher,	3,240.00				
					reclaiming on 3 main*	1,961.81				
					fescue, fert., hydromulch	907.50				
					7032 3 pipe*	14,064.00				
					1720 rock	13,760.00				
					4891' 3 pipe*	4,891.00				
					3 gas line from Strunk Ridge*	3,601.00				
					site for regulator/odorant	1,000.00				
					Total for 1997 & 1998 additions	246,153.63				
									240	
					Balance @ 12/31/98					6,153.84
										6,153.84

1998 Additions
Chippower, LLC
12/31/98

Pipeline-4*

Desc	Type	Date	Num	Name	Memo	Amount	Life (mos)	1997		1998	
								Exp	Ass. Deprn	Exp	Ass. Deprn
Pipeline-4*						316,800.00	240	3,960.00	19,800.00	15,840.00	35,640.00
Pipeline-4*	General Journal	9/30/97	100		Mapes & Co	7,131.68					
Pipeline-4*	Check	11/19/97	1052	Engineering Services		3,275.00					
Pipeline-4*	Check	12/17/97	1488	Campbell Plumbing & Excavation	Inv. #3070, 4 Main - Hwy 92*	23,438.70					
Pipeline-4*	Check	12/31/97	1512	McJunkin Appalachian	4 end 6" PIPE*	7,173.34					
Pipeline-4*	Check	12/15/97	1082	Musgrove Excavating	Reclass from 2/20/98	3,780.00					
					Total 1996 and 1997 additions	361,598.72					
					dozer work, work on 3 main	22,001.30					
					casing for rd bore, ball valve	1,644.64					
					Bore under road	3,780.00					
					Reclass to 12/15/97	(3,780.00)					
					Easement, Right-of-way	900.00					
					Hwy 700	642.89					
					10,760 ft. of gas line	42,502.00					
					2,677 ft. rock	21,416.00					
					Easement Agreement - 4" 131.1 - Bank of McCreary County*	545.00					
					reclaiming 4 main*	2,712.28					
					8 5/8 casing, 4 pipe*	1,709.75					
					4 plastic main line*	4,131.46					
					1829 of 4 plastic Hwy 27*	7,189.00					
					4 plastic pipe*	2,133.06					
					4 line valves 1-North 1-South*	830.19					
					3716' 4 pipe*	14,678.20					
					1774' rock	14,192.00					
					130' bore to Burger King	7,800.00					
					tee, poly valve, valve boxes	963.24					
					wire, tape, pipe	4,299.72					
					ball valves	909.78					
					3660' of 4 main from Burger*	14,537.00					
					easements and right-of-ways	669.69					
					30' road bores from Burger	3,600.00					
					relocated 130' of 4 main*	840.00					
					4 plastic line Perkins Lane*	4,131.46					
					ball valve, 8 5/8 casing	907.27					
					4 main to DH Campbell #4*	5,951.79					
					4 pipe	2,348.22					
					4 pipe*	1,967.36					
					service riser, tape, meter valve	508.68					
					4 - 3512.5"	13,874.37					
					1800' - 4 pipe*	7,110.00					
					4 pipe	3,864.49					
					50' road bore 4 plastic main*	3,000.00					
					4 pipe-4" main from Minton*	678.40					
					4" pipe	6,875.88					
					Total 1997 & 1998 additions	266,863.84					
					Balms @ 12/31/98	383,663.84					
							240	3,960.00	19,800.00	15,840.00	3,335.80
											38,575.80

3

Pipeline-6"

Check	6/8/98	1112 Musgrove Excavating	Bore under road	36,905.00
Check	6/8/98	1111 McLunkin Appalachian	ball valve	25,079.60
Check	6/10/98	1818 McLunkin Appalachian	Easement Agr. 6 Hwy 27"	1,355.77
Check	6/17/98	1851 Stephens Properties	Easement Agr. 6 Hwy 27"	1,083.00
Check	6/17/98	1852 Boris Haynes	Easement Agr. 6 Hwy 27"	1,000.00
Check	6/17/98	1834 Vivian Marlow	Bore under road	796.00
Check	6/26/98	1121 Musgrove Excavating	2 line"	19,050.00
Check	7/7/98	1123 Campbell Plumbing & Excavation	6 main line"	66,062.15
Check	7/9/98	1903 HINKLE CONTRACTING CORPORATION	easement agr. 6",131.1 - Bank of McCreary County"	1,323.71
Check	7/10/98	1904 Lumber King		627.00
				<u>488,965.67</u>

Expected Life (yrs)
SL depn/yr 20.00
24,448.28

Months in 1998
Depreciation 6.00
12,224.14

Pipeline-Steel

1998 Additions
Citipower, LLC
12/31/98

Month	Desc	Type	Date	Num	Name	Memo	Amount
		Check	12/15/97		Southwest Oil & Gas	Steelpipe line	11,048.70
		Check	6/10/98	1824	Rick Wilson	4 Steelpipe line"	201.46
		Check	6/19/98	1856	Louise Dupuy	4 steel line"	170.00
		Check	6/26/98	1117	McJunkin Appalachian	materials	38,862.14
		Check	7/1/98	1878	Louise Dupuy	easements steel line	127.50
		Check	7/7/98	1880	Jimmy Young	right-of-way 4 steel"	2,500.00
		Check	7/7/98	1887	McJunkin Appalachian	8-5/8 casing	1,719.73
		Check	7/7/98	1888	McJunkin Appalachian	wire,tape,scotchwrap	1,282.54
		Check	7/8/98	1897	HINKLE CONTRACTING CORPORATION	4 Steel pipeline"	1,799.54
		Check	7/8/98	1896	McJunkin Appalachian	casing seal,insulator, ell's	869.56
		Check	7/9/98	1900	World Testing, Inc.	inspections/testing	2,053.00
		Check	7/9/98	1899	Quality Consultants & Inspections, Inc.	inspections	1,778.00
		Check	7/17/98	1920	Louise Dupuy	easements and right-of-ways	340.00
		Check	7/20/98	1127	Campbell Plumbing & Excavation	2 line"	21,412.00
		Check	7/22/98	1928	McJunkin Appalachian	detector	3,307.37
		Check	7/22/98	1930	McJunkin Appalachian	tape,end seal,tester	839.40
		Check	7/22/98	1929	McJunkin Appalachian	silt fence	97.12
		Check	8/5/98	1955	McJunkin Appalachian	return bend, cap shots,	855.12
		Check	8/5/98	1954	McJunkin Appalachian	tape,scotchwrap	645.03
		Check	8/5/98	1957	Louise Dupuy	easements and right-of-ways	467.50
		Check	8/6/98	1962	Quality Consultants & Inspections, Inc.	inspections	1,393.00
		Check	8/6/98	1963	Rick Wilson	4 Steelpipe line"	112.44
		Check	8/7/98	1969	Campbell Plumbing & Excavation	2640 ft of gas line	19,008.00
		Check	8/7/98	1969	Campbell Plumbing & Excavation	362 ft rock	2,936.00
		Check	8/11/98	1970	Campbell Plumbing & Excavation	2640 ft of gas line	19,008.00
		Check	8/11/98	1971	Campbell Plumbing & Excavation	2640 ft of gas line	19,008.00
		Check	8/11/98	1970	Campbell Plumbing & Excavation	1765 ft rock	14,278.75
		Check	8/11/98	1971	Campbell Plumbing & Excavation	565 ft rock	4,520.00
		Check	8/11/98	1971	Campbell Plumbing & Excavation	2 anodes	3,960.00
		Check	8/17/98	1979	Town of Winfield	Permit Fees,Surety Bonds	1,550.00
		Check	8/19/98	1981	McJunkin Appalachian	pipe	19,161.76
		Check	8/19/98	1983	Campbell Plumbing & Excavation	2640 ft pipe	19,008.00

Pipeline-Steel

Check	8/19/98	1983 Campbell Plumbing & Excavation	481 ft rock	3,848.00
Check	8/19/98	1982 Campbell Plumbing & Excavation	Operator of Holiday	2,502.04
Check	8/19/98	1985 McJunkin Appalachian	8 5/8 casing,insulator,end inspections	2,031.47
Check	8/19/98	1984 Quality Consultants & Inspections, Inc.	inspections	1,745.00
Check	8/19/98	1991 Quality Consultants & Inspections, Inc.	inspections	1,745.00
Check	8/19/98	1983 Campbell Plumbing & Excavation	40 ft road bore	1,400.00
Check	8/19/98	1990 McJunkin Appalachian	10 anodes w/10ft lead wire	812.17
Check	8/19/98	1990 McJunkin Appalachian	10 little fink test stations	530.00
Check	8/19/98	1983 Campbell Plumbing & Excavation	operator Holiday Detector	505.40
Check	8/19/98	1993 Louise Dupuy	easements and right-of-ways	382.50
Check	8/19/98	1983 Campbell Plumbing & Excavation	2 anodes	40.00
Check	8/19/98	1983 Campbell Plumbing & Excavation	50 ft padding	37.50
Check	8/19/98	1983 Campbell Plumbing & Excavation	test station	20.00
Check	8/26/98	1999 Quality Consultants & Inspections, Inc.	inspections	1,745.00
Check	8/26/98	1998 World Testing, Inc.	inspection/testing	1,472.50
Check	8/26/98	2003 McJunkin Appalachian	insulator,tape,end seal	900.34
Check	8/26/98	2000 McJunkin Appalachian	tape, cw pipe, 180 deg bend	552.94
Check	8/26/98	2008 Onside Water & Wasterwater	3/4 water line	154.00
Check	8/27/98	2013 HINKLE CONTRACTING CORPORATION	4 steel line"	477.40
Check	8/28/98	2015 Donald R. Sexton	easement agreement	853.50
Check	8/28/98	2016 Doris Hulbirt	easement agreement	459.00
Check	9/2/98	2027 McJunkin Appalachian	steel pipe	19,417.66
Check	9/2/98	2030 Campbell Plumbing & Excavation	2640' - 4 steel"	19,108.00
Check	9/2/98	2030 Campbell Plumbing & Excavation	464' rock	3,712.00
Check	9/2/98	2030 Campbell Plumbing & Excavation	60' road bore	2,100.00
Check	9/2/98	2030 Campbell Plumbing & Excavation	inspections	1,452.50
Check	9/2/98	2024 Quality Consultants & Inspections, Inc.	40' road bore	1,400.00
Check	9/2/98	2030 Campbell Plumbing & Excavation	operator Holiday Detector	605.09
Check	9/2/98	2023 Louise Dupuy	easements and right-of-ways	414.57
Check	9/2/98	2029 McJunkin Appalachian	caution tape,scotchwrap	313.93
Check	9/9/98	2039 McJunkin Appalachian	valves,ells insulation kit	3,044.92
Check	9/9/98	2041 Quality Consultants & Inspections, Inc.	inspections	1,745.00
Check	9/9/98	2048 Energy Management & Services Company	project manager,drafter,	1,638.11
Check	9/15/98	1139 Campbell Plumbing & Excavation	2 line"	25,487.39
Check	9/18/98	2066 Energy Management & Services Company	corrosion tech,mileage	619.00
Check	9/18/98	2060 McJunkin Appalachian	casing end seal,insulator	588.24
Check	9/18/98	2056 Louise Dupuy	easements and right-of-ways	504.93
Check	9/18/98	2055 HINKLE CONTRACTING CORPORATION	4 steel pipe line"	306.78
Check	9/23/98	2071 McJunkin Appalachian	test station, anode,	4,274.34
Check	9/23/98	2073 Quality Consultants & Inspections, Inc.	inspections	3,490.00
Check	9/30/98	2076 McJunkin Appalachian	4 steel pipe"	19,419.84
Check	9/30/98	2090 HINKLE CONTRACTING CORPORATION	4 steel pipe line"	952.48

Pipeline-Steel

Check	10/7/98	2096 Campbell Plumbing & Excavation	2640' - 4 steel"	19,008.00
Check	10/7/98	2096 Campbell Plumbing & Excavation	844' rock	6,752.00
Check	10/7/98	2096 Campbell Plumbing & Excavation	40' road bore	3,473.36
Check	10/7/98	2103 Louise Dupuy	easements and right-of-ways	329.53
Check	10/7/98	2101 Darryl Bush	pipe to blow down drip	130.00
Check	10/9/98	2113 Quality Consultants & Inspections, Inc.	inspections	2,037.50
Check	10/14/98	2119 McJunkin Appalachian	steel pipe	18,746.27
Check	10/14/98	2121 Quality Consultants & Inspections, Inc.	inspections	1,992.00
Check	10/14/98	2129 Quality Consultants & Inspections, Inc.	inspections	1,400.00
Check	10/14/98	2127 Quality Consultants & Inspections, Inc.	X-Ray and Film	1,244.75
Check	10/14/98	2117 Thomspson Feed & Supply	grass seed - reclaiming	410.55
Check	10/14/98	2128 McJunkin Appalachian	tape	345.16
Check	10/15/98	2136 Denny Posey	easements & right -of-ways	1,020.00
Check	10/15/98	2138 HINKLE CONTRACTING CORPORATION	4 steel pipe line"	302.28
Check	10/16/98	2150 David Strunk	easement agreement - TN	1,672.50
Check	10/16/98	2154 Dilonon and Maudie Stanley	easement agreement - TN	1,245.00
Check	10/16/98	2153 Paul D. Chitwood	easement agreement - TN	1,035.00
Check	10/16/98	2158 Jimmy R. Mayse	easement agreement - TN	933.75
Check	10/16/98	2147 Larita Smith Griffith Estate	easement agreement - TN	847.50
Check	10/16/98	2156 Jackie and Patricia Abbott	easement agreement - TN	544.50
Check	10/16/98	2155 Rhonda S. Adkins	easement agreement - TN	476.25
Check	10/16/98	2151 Gary and Charlene Stanley	easement agreement - TN	340.50
Check	10/16/98	2148 James and Deborah Shinkle	easement agreement - TN	270.00
Check	10/16/98	2157 Jacky and Lynn M. Phillips	easement agreement - TN	238.50
Check	10/16/98	2152 Lucille R. Stanley	easement agreement - TN	213.75
Check	10/16/98	2146 Virgle David Cecil	easement agreement - TN	171.75
Check	10/16/98	2149 Viva A. Terry	easement agreement - TN	112.50
Check	10/21/98	2162 McJunkin Appalachian	coated pipe, gasket, valve, ell	1,039.27
Check	10/21/98	2169 McJunkin Appalachian	scotchwrap, tape, cartridge	654.44
Check	10/22/98	2175 Anthony and Tippiie Younce	easement agreement	2,313.00
Check	10/22/98	2181 Estel and Kathy Reed	easement agreement	802.50
Check	10/22/98	2192 Grover and Jewell Gilbert	easement agreement	298.50
Check	10/22/98	2182 Roscoe and Lillie Mae Mays	easement agreement	288.00
Check	10/22/98	2178 Robin Elaine Duncan	easement agreement	276.00
Check	10/22/98	2183 Bobby J. and April M. Mays	easement agreement	274.50
Check	10/22/98	2177 Jeannie Kitch	easement agreement	262.50
Check	10/22/98	2184 Stanley V. Chambers	easement agreement	258.75
Check	10/22/98	2186 Stanley V. Chambers	easement agreement	257.75
Check	10/22/98	2189 Ronnie R. and Eula Duncan	easement agreement	235.50
Check	10/22/98	2179 Mitchell and Charolette Mays	easement agreement	189.75
Check	10/22/98	2188 Charlie Owens	easement agreement	189.75
Check	10/22/98	2176 Mary Neil Strunk	easement agreement	183.75

Pipeline-Steel

Check	11/20/98	2294 William O. Stanley	easement agreement 4", 131.1 - Bank of McCreary County"	249.00
Check	11/24/98	2300 Scott County Register of Deeds	recording right-of-ways on	127.72
Check	12/1/98	2304 Quality Consultants & Inspections, Inc.	visual inspections	1,745.00
Check	12/1/98	2307 McJunkin Appalachian	tape, scotchwrap	595.11
Check	12/1/98	2316 Dan Worley	4 steel pipe from compressor"	424.00
Check	12/9/98	2328 McJunkin Appalachian	4 steel pipe"	19,279.91
Check	12/9/98	2319 Thompson Feed and Supply	for reclaiming pipeline	4,500.00
Check	12/9/98	2330 HINKLE CONTRACTING CORPORATION	dense grade 4 steel pipe line"	617.61
Check	12/16/98	2357 Campbell Plumbing & Excavation	2640' - 4 steel pipe"	19,008.00
Check	12/16/98	2358 McJunkin Appalachian	4 steel pipe"	5,754.10
Check	12/16/98	2357 Campbell Plumbing & Excavation	477' rock	4,016.34
Check	12/16/98	2361 Quality Consultants & Inspections, Inc.	visual inspections	1,745.00
Check	12/16/98	2365 McJunkin Appalachian	ell's nipples, reducer, gate	426.62
Check	12/16/98	2366 HINKLE CONTRACTING CORPORATION	4 steel pipe line - dense grade"	288.23
Check	12/16/98	2350 Denny Posey	easements & right -of-ways	170.00
Check	12/17/98	2385 Bob Thompson	easement agr. 4 steel line"	7,404.00
Check	12/23/98	2396 McJunkin Appalachian	4 steel pipe"	19,138.82
Check	12/23/98	2410 Campbell Plumbing & Excavation	2640' - 4 steel pipe"	19,008.00
Check	12/23/98	2393 McJunkin Appalachian	4 steel pipe - TN"	18,797.38
Check	12/23/98	2410 Campbell Plumbing & Excavation	1249' rock	5,510.97
Check	12/23/98	2391 Quality Consultants & Inspections, Inc.	visual inspections	1,745.00
Check	12/23/98	2392 Quality Consultants & Inspections, Inc.	visual inspections	1,653.00
Check	12/23/98	2414 Gary Randal Stephens	easement agr. 4 steel line"	1,176.00
Check	12/23/98	2412 Denny Posey	easement agr. 4 steel line"	721.00
Check	12/23/98	2415 Elvin Acres	easement agr. 4 steel line"	598.50
Check	12/23/98	2416 Fred and Donna Debra	easement agr. 4 steel line"	481.03
Check	12/23/98	2410 Campbell Plumbing & Excavation	operator holiday detector	426.00
Check	12/23/98	2413 Rodney Stephens	easement agr. 4 steel line"	420.00
Check	12/23/98	2417 Earl Chitwood	easement agr. 4 steel line"	381.00
Check	12/23/98	2420 Elbert and Brenda S. Gilbert	easement agr. 4 steel line"	300.23
Check	12/23/98	2402 McJunkin Appalachian	tape, weld cap - 4 steel line"	189.00
Check	12/23/98	2411 Darlene T. Webb	easement agr. 4 steel line"	19,008.00
Check	12/29/98	2461 Campbell Plumbing & Excavation	2640' - 4 steel pipe"	19,008.00
Check	12/29/98	2462 Campbell Plumbing & Excavation	2640' - 4 steel pipe"	12,155.03
Check	12/29/98	2463 Campbell Plumbing & Excavation	2640' - 4 steel pipe"	11,408.00
Check	12/29/98	2463 Campbell Plumbing & Excavation	1426' rock	6,852.97
Check	12/29/98	2473 Halliburton Energy Services	pressure test on 4 steel"	4,750.83
Check	12/29/98	2460 Campbell Plumbing & Excavation	Bal. Due Inv. #3153	4,253.05
Check	12/29/98	2464 K & K Lawn Care	fescue, fert., hydromulch for	3,338.99
Check	12/29/98	2461 Campbell Plumbing & Excavation	378' rock	1,668.00
Check	12/29/98	2462 Campbell Plumbing & Excavation	196' rock	1,400.00
Check	12/29/98	2462 Campbell Plumbing & Excavation	40' road bore - D. Laxton Rd	

Pipeline-Steel

Check	12/29/98	2462	Campbell Plumbing & Excavation	40' road bore - Buffalo Rd.	1,400.00
Check	12/29/98	2457	Engineering Services	plotting deeds, marking	850.00
Check	12/29/98	2450	HINKLE CONTRACTING CORPORATION	dense grade - valve station, comp. site	546.03
Check	12/29/98	2462	Campbell Plumbing & Excavation	Holiday detector operator	409.30
Check	12/29/98	2463	Campbell Plumbing & Excavation	Holiday detector operator	389.49
Check	12/31/98	2485	Campbell Plumbing & Excavation	13200' 4 steel pipe*	95,040.00
Bill	12/31/98	1	Campbell Plumbing & Excavation	Last Invoices	52,269.94
Check	12/31/98	2485	Campbell Plumbing & Excavation	3968' rock	31,744.00
Check	12/31/98	2485	Campbell Plumbing & Excavation	16 anodes	2,227.72
Check	12/31/98	2484	HINKLE CONTRACTING CORPORATION	#57 rock	625.39
Check	12/15/98		Mike Gamblin	steel pipe	6,638.76
					<u>1,009,962.58</u>
				Total	1,009,962.58

Note: Per discussion with Jimmy Curd, the steel pipeline was placed in service on November 24, 1998.

Expected Life (yrs)	20.00
SL depn/yr	<u>50,498.13</u>
Months in 1998	1.25
Depreciation	5,260.22

8. Provide a copy of Citipower's projected depreciation schedule in the same detail as set out in Item 7 above for the 1999 calendar year.

Response: See Exhibit U, 1999 Depreciation and Transaction Reports.

Respondent: BC

Schedule A: Depreciation

Years	Description	1996			1997			1998			1999		
		Costs	Depreciation	Accumulated Depreciation	Costs	Depreciation	Accumulated Depreciation	Costs	Depreciation	Accumulated Depreciation	Costs	Depreciation	Accumulated Depreciation
25	Office Building	\$ 125,000.00	\$ 1,250.00	\$ 1,250.00	\$ 125,000.00	\$ 5,000.00	\$ 6,250.00	\$ 125,000.00	\$ 5,000.00	\$ 11,250.00	\$ 125,000.00	\$ 5,000.00	\$ 16,250.00
3	Office Furniture & Fixtures	\$ 9,176.88	\$ 514.74	\$ 514.74	\$ 9,176.81	\$ 2,392.29	\$ 2,907.03	\$ 9,176.81	\$ 2,392.29	\$ 5,299.32	\$ 11,011.80	\$ 2,698.00	\$ 7,997.32
5	Autos	\$ 44,574.33	\$ 742.91	\$ 742.91	\$ 68,475.09	\$ 10,458.05	\$ 11,200.96	\$ 87,311.09	\$ 17,148.29	\$ 28,349.25	\$ 93,311.09	\$ 18,062.00	\$ 46,411.25
25	Compressor Site			\$ -				\$ 125,933.11	\$ 370.31	\$ 370.31	\$ 133,857.23	\$ 5,135.00	\$ 5,505.31
5	Equipment-DW-Other	\$ 25,000.00	\$ 1,250.00	\$ 1,250.00	\$ 47,328.48	\$ 8,879.88	\$ 10,129.88	\$ 49,969.69	\$ 9,836.37	\$ 19,966.25	\$ 61,619.69	\$ 11,159.00	\$ 31,125.25
7	Equipment-Meter-Setup	\$ 102,798.00	\$ 3,604.74	\$ 3,604.74	\$ 160,523.30	\$ 19,935.78	\$ 23,540.52	\$ 203,514.49	\$ 24,894.79	\$ 48,435.31	\$ 276,629.58	\$ 34,295.00	\$ 82,730.31
20	Pipeline-1' & 2"	\$ 295,680.00	\$ 3,696.00	\$ 3,696.00	\$ 273,932.58	\$ 14,784.00	\$ 18,480.00	\$ 309,766.09	\$ 15,084.37	\$ 33,564.37	\$ 345,139.67	\$ 18,200.00	\$ 51,764.37
20	Pipeline-3"			\$ -	\$ 179,180.92			\$ 246,153.63	\$ 6,153.84	\$ 6,153.84	\$ 250,744.53	\$ 15,134.00	\$ 21,287.84
20	Pipeline-4"	\$ 316,800.00	\$ 3,960.00	\$ 3,960.00	\$ 361,598.72	\$ 15,840.00	\$ 19,800.00	\$ 587,454.63	\$ 19,175.80	\$ 38,975.80	\$ 616,871.65	\$ 32,935.00	\$ 71,910.80
20	Pipeline-6"			\$ -	\$ 290,738.87			\$ 488,965.67	\$ 12,224.14	\$ 12,224.14	\$ 489,245.37	\$ 24,448.00	\$ 36,672.14
20	Pipeline-Steel			\$ -	\$ 11,048.70			\$ 1,034,125.22	\$ 5,260.22	\$ 5,260.22	\$ 1,035,315.56	\$ 51,706.00	\$ 56,966.22
30	Reg-Odorant Station			\$ -				\$ 10,587.26	\$ 25.42	\$ 25.42	\$ 11,392.73	\$ 353.00	\$ 378.42
20	Meas & Reg Sta Eq			\$ -						\$ -	\$ 665.83	\$ 16.00	\$ 16.00
3	Software			\$ -						\$ -	\$ 2,500.00	\$ 416.00	\$ 416.00
20	Josh Hill			\$ -						\$ -	\$ 37,929.61	\$ 948.00	\$ 948.00
20	Bob Musgrove			\$ -						\$ -	\$ 6,221.95	\$ 156.00	\$ 156.00
20	Hayes Creek			\$ -						\$ -	\$ 94,282.49	\$ 2,357.00	\$ 2,357.00
20	Hatfield Subdivision			\$ -						\$ -	\$ 1,501.02	\$ 38.00	\$ 38.00
		\$ 919,029.21	\$ 15,018.39	\$ 15,018.39	\$ 1,527,003.47	\$ 77,290.00	\$ 92,308.39	\$ 3,277,957.69	\$ 117,565.84	\$ 209,874.23	\$ 3,593,239.80	\$ 223,056.00	\$ 432,930.23

11/23/99

Citipower, L. L. C.
Transactions by Account

As of November 23, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								125,000.00
390 - Office Building								125,000.00
Total 390 - Office Building								125,000.00
Total 365 - Property & Equipment (365-399)								125,000.00
TOTAL								125,000.00

Life 25YRS
 1999 depr 5,000
 Accum at 12/31/99 # 16,250

11/20/99

Citipower, L. L. C. Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								9,176.88
391 - Office Furniture & Equipment								9,176.88
Check	6/29/99	1227	American Microparts	Computer		131.2 - FUNB - ...	2,849.99	12,026.87
Check	6/29/99	1228	CompUSA	Printer		131.2 - FUNB - ...	741.97	12,768.84
Deposit	7/23/99	1227		Refund for File ...		131.2 - FUNB - ...	-1,757.04	11,011.80
Total 391 - Office Furniture & Equipment							<u>1,834.92</u>	<u>11,011.80</u>
Total 365 - Property & Equipment (365-399)							<u>1,834.92</u>	<u>11,011.80</u>
TOTAL							<u><u>1,834.92</u></u>	<u><u>11,011.80</u></u>

Life 3 yrs

1999 depr 206

Accum at 12/31/99 \$7997

11/20/99

Citipower, L. L. C.
Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 · Property & Equipment (365-399)								87,311.09
393 · Automobiles/Vehicles								87,311.09
Check	5/17/99	2844	Hull Brothers	89 Chevy Truck		131.1 · Bank of...	6,000.00	93,311.09
Total 393 · Automobiles/Vehicles								6,000.00
Total 365 · Property & Equipment (365-399)								6,000.00
TOTAL								6,000.00

Life 5 yrs
 1999 dep v \$ 600
 Accum at 12/31/99 \$46,411

11/20/99

**Citipower, L. L. C.
Transactions by Account**

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								125,933.11
377 - Compressor Site								125,933.11
Check	1/8/99	2489	Plateau Electric Comp...	Membership fe...		131.1 - Bank of ...	105.00	126,038.11
Check	1/14/99	2490	Scott Smith	gate for compre...		131.1 - Bank of ...	180.00	126,218.11
Check	1/21/99	2516	Winco	Security Light, ...		131.1 - Bank of ...	300.17	126,518.28
Check	1/21/99	2521	Winco	Flange Union		131.1 - Bank of ...	28.03	126,544.31
Check	1/28/99	2535	Scott Count	Welding Muffle...		131.1 - Bank of ...	195.00	126,739.31
Check	2/15/99	2597	Shelton Construction	Setting Poles		131.1 - Bank of ...	300.00	127,039.31
Check	3/4/99	2621	HINKLE CONTRACTIN...	Dense Grade-B...		131.1 - Bank of ...	919.79	127,959.10
Check	4/8/99	2721	BKR Services Co.	Clean, Prime c...		131.1 - Bank of ...	268.67	128,225.77
Check	4/8/99	2722	BKR Services Co.	Spread rock,		131.1 - Bank of ...	2,225.00	130,450.77
Check	5/6/99	2807	Merle Jones True Value			131.1 - Bank of ...	75.00	130,525.77
Check	5/13/99	2823	BKR Services Co.	Tank - set		131.1 - Bank of ...	1,130.00	131,655.77
Check	5/13/99	2826	HINKLE CONTRACTIN...	103622		131.1 - Bank of ...	102.40	131,758.17
Check	6/10/99	2885	BKR Services Co.	Built Dyke		131.1 - Bank of ...	560.00	132,318.17
Bill	9/27/99	1999A	Michael Gamblin	Compressor Ja...		232 - Accounts ...	1,214.06	133,532.23
Bill	10/19/99	1999B	Michael Gamblin	Compressor Site		232 - Accounts ...	325.00	133,857.23
Total 377 - Compressor Site							<u>7,924.12</u>	<u>133,857.23</u>
Total 365 - Property & Equipment (365-399)							<u>7,924.12</u>	<u>133,857.23</u>
TOTAL							<u><u>7,924.12</u></u>	<u><u>133,857.23</u></u>

Life 25yr
 1999 depr \$5135
 Acch m at 12/31/99 # 5505

11/20/99

Citipower, L. L. C.
Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								49,969.69
396 - Equipment - DW/Other								49,969.69
Check	5/11/99	2814	City Auto Sales			131.1 - Bank of ...	8,650.00	58,619.69
Check	5/17/99	2844	Hull Brothers	93 Trailer		131.1 - Bank of ...	3,000.00	61,619.69
Total 396 - Equipment - DW/Other							11,650.00	61,619.69
Total 365 - Property & Equipment (365-399)							11,650.00	61,619.69
TOTAL							11,650.00	61,619.69

Life 5 yrs

1999 depr \$11,159

Accum at 12/31/99 \$31,125

**Citipower, L. L. C.
Transactions by Account**

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								203,514.49
382 - Equipment - Meters/Setup								203,514.49
Check	1/21/99	2519	Oneida True Value	Nipple, Vent, P...	131.1	Bank of ...	33.80	203,548.09
Check	1/28/99	2534	Campbell Plumbing & ...	Reclaiming - tr...	131.1	Bank of ...	15.00	203,563.09
Check	1/28/99	2537	Dwayne Hamlin	Backhoe - Mov...	131.1	Bank of ...	90.00	203,653.09
Check	1/28/99	2550	HINKLE CONTRACTIN...	Dense Grade-B...	131.1	Bank of ...	268.15	203,919.24
Check	2/4/99	2554	Merle Jones Trucking	2" Bottleneck	131.1	Bank of ...	265.00	204,184.24
Check	2/4/99	2557	McJunkin Appalachian	Nipples, Coupli...	131.1	Bank of ...	135.80	204,320.04
Check	2/4/99	2563	Citizens Gas Utility Dis...	Flange Pack-Pi...	131.1	Bank of ...	197.31	204,517.35
Check	2/11/99	2568	McJunkin Appalachian	Inv 96355520	131.1	Bank of ...	147.18	204,664.53
Check	2/11/99	2572	McJunkin Appalachian	2" & 1" Pipe	131.1	Bank of ...	790.00	205,454.53
Check	2/11/99	2572	McJunkin Appalachian	Ball Valve, Riser	131.1	Bank of ...	479.99	205,934.52
Check	2/11/99	2582	BKR Services Co.	Em corrector-B...	131.1	Bank of ...	650.00	206,584.52
Check	3/4/99	2625		Tape, 1 & 2" Pipe	131.1	Bank of ...	56.22	206,640.74
Check	3/4/99	2627	B & H Auto Parts	house meters	131.1	Bank of ...	1,350.00	207,990.74
Check	3/4/99	2627	B & H Auto Parts	regulator, nip	131.1	Bank of ...	426.48	208,417.22
Check	3/4/99	2627	B & H Auto Parts	ells	131.1	Bank of ...	6.68	208,423.90
Check	3/4/99	2631	McJunkin Appalachian	1" pipe, couplin...	131.1	Bank of ...	290.00	208,713.90
Check	3/4/99	2634	Lumber King	2" pvc pipe, for ...	131.1	Bank of ...	567.73	209,281.63
Check	3/4/99	2634	Lumber King	cement for ... m...	131.1	Bank of ...	14.79	209,296.42
Check	3/4/99	2635	HINKLE CONTRACTIN...	dense grade...	131.1	Bank of ...	493.74	209,790.16
Check	3/4/99	2635	HINKLE CONTRACTIN...	dense grade...	131.1	Bank of ...	103.55	209,893.71
Check	3/4/99	2627	B & H Auto Parts	Inv. #5885 thro...	131.1	Bank of ...	11.14	209,904.85
Check	3/4/99	2625		Inv 98165210	131.1	Bank of ...	837.40	210,742.25
Check	3/4/99	2631	McJunkin Appalachian	Inv 9888403	131.1	Bank of ...	240.49	210,982.74
Item Receipt	3/9/99		Forexco, Inc	Citizens Gas ...	232.1	Due to F...	122.50	211,105.24
Check	3/11/99	2639	HINKLE CONTRACTIN...	dense grade...	131.1	Bank of ...	108.35	211,213.59
Check	3/12/99	2656	BKR Services Co.	Inv #00021	131.1	Bank of ...	2,615.00	213,828.59
Check	3/12/99	2658	Merle Jones True Value	dense grade	131.1	Bank of ...	60.00	213,888.59
Check	3/12/99	2659	Meadors, II, Jack B.	hauled & sprea...	131.1	Bank of ...	33.00	213,921.59
Check	3/12/99	2659	Meadors, II, Jack B.	used own truck...	131.1	Bank of ...	23.45	213,945.04
Check	3/18/99	2664	McJunkin Appalachian	Inv 9997917	131.1	Bank of ...	290.00	214,235.04
Check	3/18/99	2664	McJunkin Appalachian	Inv 9997917	131.1	Bank of ...	339.85	214,574.89
Check	3/25/99	2676	B & H Auto Parts	regulators, nip...	131.1	Bank of ...	221.20	214,796.09
Check	3/25/99	2676	B & H Auto Parts	ells	131.1	Bank of ...	11.88	214,807.97
Check	3/25/99	2679	McJunkin Appalachian	Inv 4582800	131.1	Bank of ...	461.10	215,269.07
Check	3/25/99	2680	McJunkin Appalachian	Inv 4581000 nip...	131.1	Bank of ...	46.91	215,315.98
Check	3/25/99	2682	HINKLE CONTRACTIN...	dense grade	131.1	Bank of ...	105.97	215,421.95
Check	3/30/99	2697	McJunkin Appalachian	Inv 6305001	131.1	Bank of ...	261.46	215,683.41
Check	3/30/99	2698	McJunkin Appalachian	2" pipe	131.1	Bank of ...	750.00	216,433.41
Check	3/30/99	2698	McJunkin Appalachian	tape, wire, ...	131.1	Bank of ...	446.23	216,879.64
Check	4/8/99	2703	McJunkin Appalachian	Fittings - Stock	131.1	Bank of ...	43.30	216,922.94
Check	4/8/99	2706	Lumber King	4" fieldline, 2"	131.1	Bank of ...	116.42	217,039.36
Check	4/8/99	2709	McJunkin Appalachian	Inv 1282140	131.1	Bank of ...	290.00	217,329.36
Check	4/8/99	2709	McJunkin Appalachian	Inv 1282140	131.1	Bank of ...	427.81	217,757.17
Check	4/8/99	2711	B & H Supply, Inc.	Tap Bushing, pl...	131.1	Bank of ...	192.40	217,949.57
Check	4/15/99	2736	Denny Posey	eamements & ri...	131.1	Bank of ...	296.50	218,246.07
Check	4/29/99	2764	Dwayne Hamlin	Express Mart	131.1	Bank of ...	75.00	218,321.07
Check	4/29/99	2766	McJunkin Appalachian	Inv 1838840	131.1	Bank of ...	687.13	219,008.20
Check	4/29/99	2767	McJunkin Appalachian	2250030	131.1	Bank of ...	52.66	219,060.86
Check	4/29/99	2772	McJunkin Appalachian	2476060	131.1	Bank of ...	87.30	219,148.16
Check	4/29/99	2766	McJunkin Appalachian	Inv 1838840	131.1	Bank of ...	0.00	219,148.16
Check	5/6/99	2800	McJunkin Appalachian	2250030	131.1	Bank of ...	1,060.00	220,208.16
Check	5/6/99	2807	Merle Jones True Value		131.1	Bank of ...	60.00	220,268.16
Check	5/6/99	2810	Meadors, II, Jack B.		131.1	Bank of ...	27.00	220,295.16
Check	5/13/99	2816	McJunkin Appalachian		131.1	Bank of ...	36.89	220,332.05
Check	5/13/99	2833	McJunkin Appalachian		131.1	Bank of ...	923.03	221,255.08
Check	5/13/99	2833	McJunkin Appalachian		131.1	Bank of ...	13.90	221,268.98
Check	5/13/99	2836	HINKLE CONTRACTIN...	103622	131.1	Bank of ...	48.50	221,317.48
Check	5/13/99	2819	McJunkin Appalachian		131.1	Bank of ...	799.31	222,116.79
Check	5/13/99	2819	McJunkin Appalachian		131.1	Bank of ...	71.82	222,188.61
Check	5/13/99	2821	McJunkin Appalachian		131.1	Bank of ...	1,272.00	223,460.61
Check	5/13/99	2830	B & H Supply, Inc.		131.1	Bank of ...	1,080.00	224,540.61
Check	5/13/99	2830	B & H Supply, Inc.		131.1	Bank of ...	505.96	225,046.57
Check	5/17/99	2844	Hull Brothers	Tools Central ...	131.1	Bank of ...	4,000.00	229,046.57
Check	5/20/99	2846	McJunkin Appalachian		131.1	Bank of ...	40.15	229,086.72
Check	5/20/99	2850	McJunkin Appalachian		131.1	Bank of ...	295.19	229,381.91
Check	5/27/99	2857	McJunkin Appalachian		131.1	Bank of ...	24.18	229,406.09
Check	5/27/99	2857	McJunkin Appalachian		131.1	Bank of ...	54.28	229,460.37
Check	5/27/99	2862	McJunkin Appalachian		131.1	Bank of ...	64.02	229,524.39
Check	5/27/99	2865	B & H Supply, Inc.		131.1	Bank of ...	432.00	229,956.39
Check	5/27/99	2867	McJunkin Appalachian	3" to 4" Pipe	131.1	Bank of ...	19.61	229,976.00
Check	5/27/99	2869	McJunkin Appalachian		131.1	Bank of ...	8.70	229,984.70
Check	5/27/99	2869	McJunkin Appalachian		131.1	Bank of ...	488.12	230,472.82
Check	5/27/99	2871	Consolidated Pipe &		131.1	Bank of ...	16.80	230,489.62
Check	5/27/99	2871	Consolidated Pipe &		131.1	Bank of ...	103.78	230,593.40
Check	6/10/99	2890	McJunkin Appalachian		131.1	Bank of ...	18.30	230,611.70
Check	6/10/99	2890	McJunkin Appalachian		131.1	Bank of ...	660.52	231,272.22
Check	6/10/99	2898	McJunkin Appalachian	Tapping tee	131.1	Bank of ...	184.49	231,456.71
Check	6/10/99	2898	McJunkin Appalachian		131.1	Bank of ...	0.00	231,456.71
Check	6/15/99	2923	McJunkin Appalachian		131.1	Bank of ...	256.93	231,713.64
Check	6/25/99	2942	McJunkin Appalachian		131.1	Bank of ...	132.84	231,846.48
Check	6/25/99	2943	McJunkin Appalachian		131.1	Bank of ...	92.14	231,938.62
Check	7/1/99	2954	HINKLE CONTRACTIN...	103622	131.1	Bank of ...	269.70	232,208.32
Check	7/1/99	2962	McJunkin Appalachian		131.1	Bank of ...	784.42	232,992.74
Check	7/1/99	2962	McJunkin Appalachian	1" Pipe	131.1	Bank of ...	264.42	233,257.16
Check	7/1/99	2962	McJunkin Appalachian		131.1	Bank of ...	115.28	233,372.44
Check	7/1/99	2966	Murphy's Appliances	3579,426...	131.1	Bank of ...	17.49	233,389.93
Check	7/1/99	2968	Petty Cash		131.1	Bank of ...	10.87	233,400.80
Check	7/1/99	2962	McJunkin Appalachian		131.1	Bank of ...	0.00	233,400.80
Check	7/1/99	2966	Murphy's Appliances	3579,426...	131.1	Bank of ...	0.00	233,400.80
Check	7/1/99	2978	B & H Supply, Inc.		131.1	Bank of ...	0.00	233,400.80

11/20/99

Citipower, L. L. C.
Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Check	7/15/99	2986	Norfolk Southern	Valuation		131.1 Bank of ...	10.00	233,574.90
Check	7/15/99	2988	Miller's	Rent Air Compr...		131.1 Bank of ...	216.50	233,791.40
Check	7/15/99	2989	McJunkin Appalachian			131.1 Bank of ...	324.47	234,115.87
Check	7/15/99	2990	McJunkin Appalachian			131.1 Bank of ...	146.37	234,262.24
Check	7/15/99	2991	McJunkin Appalachian			131.1 Bank of ...	152.67	234,414.91
Check	7/15/99	2992	McJunkin Appalachian			131.1 Bank of ...	5.89	234,420.80
Check	7/15/99	2994	McJunkin Appalachian			131.1 Bank of ...	318.00	234,738.80
Check	7/15/99	2995	McJunkin Appalachian			131.1 Bank of ...	184.69	234,923.49
Check	7/22/99	3003	Dwayne Hamlin	Express Mart		131.1 Bank of ...	169.73	235,093.22
Check	7/22/99	3005	McJunkin Appalachian			131.1 Bank of ...	32.41	235,125.63
Check	7/22/99	3007	McJunkin Appalachian			131.1 Bank of ...	163.09	235,288.72
Check	7/22/99	3011	McJunkin Appalachian			131.1 Bank of ...	636.00	235,924.72
Check	7/22/99	3012	Lumber King			131.1 Bank of ...	90.74	236,015.46
Check	7/22/99	3013	McJunkin Appalachian			131.1 Bank of ...	477.00	236,492.46
Check	7/22/99	3014	McJunkin Appalachian			131.1 Bank of ...	42.60	236,535.06
Check	7/22/99	3014	McJunkin Appalachian			131.1 Bank of ...	407.23	236,942.29
Check	7/22/99	3014	McJunkin Appalachian			131.1 Bank of ...	145.00	237,087.29
Check	7/22/99	3019	McJunkin Appalachian			131.1 Bank of ...	1,060.00	238,147.29
Check	7/22/99	3019	McJunkin Appalachian			131.1 Bank of ...	0.00	238,147.29
Check	7/29/99	3027	B & H Supply, Inc.			131.1 Bank of ...	639.83	238,787.12
Check	7/29/99	3029	McJunkin Appalachian			131.1 Bank of ...	318.00	239,105.12
Check	8/6/99	3038	McJunkin Appalachian			131.1 Bank of ...	918.68	240,023.80
Check	8/6/99	3040	McJunkin Appalachian			131.1 Bank of ...	42.60	240,066.40
Check	8/6/99	3040	McJunkin Appalachian			131.1 Bank of ...	242.38	240,308.78
Check	8/6/99	3041	McJunkin Appalachian			131.1 Bank of ...	50.24	240,359.02
Check	8/6/99	3044	Murphy's Appliances	3579,426...		131.1 Bank of ...	26.71	240,385.73
Check	8/6/99	3044	Murphy's Appliances	3579,426...		131.1 Bank of ...	0.00	240,385.73
Check	8/12/99	3050	McJunkin Appalachian			131.1 Bank of ...	400.19	240,785.92
Check	8/12/99	3050	McJunkin Appalachian			131.1 Bank of ...	230.00	241,015.92
Check	8/12/99	3055	McJunkin Appalachian			131.1 Bank of ...	289.54	241,305.46
Check	8/12/99	3056	McJunkin Appalachian			131.1 Bank of ...	316.52	241,621.98
Check	8/12/99	3057	McJunkin Appalachian			131.1 Bank of ...	105.04	241,727.02
Check	8/12/99	3059	McJunkin Appalachian			131.1 Bank of ...	1,060.00	242,787.02
Check	8/18/99	3064	McJunkin Appalachian			131.1 Bank of ...	42.19	242,829.21
Check	8/18/99	3065	Miller's	Rent Air Compr...		131.1 Bank of ...	108.25	242,937.46
Check	8/18/99	3066	B & H Supply, Inc.			131.1 Bank of ...	871.40	243,808.86
Check	8/18/99	3068	McJunkin Appalachian			131.1 Bank of ...	365.70	244,174.56
Check	8/18/99	3072	BKR Services Co.			131.1 Bank of ...	240.00	244,414.56
Check	8/18/99	3072	BKR Services Co.			131.1 Bank of ...	116.60	244,531.16
Check	8/26/99	3077	McJunkin Appalachian			131.1 Bank of ...	1,060.00	245,591.16
Check	8/26/99	3078	McJunkin Appalachian			131.1 Bank of ...	60.80	245,651.96
Check	8/26/99	3079	McJunkin Appalachian			131.1 Bank of ...	313.34	245,965.30
Check	8/26/99	3082	Earl Anderson Grocery	Ticket #18 - law...		131.1 Bank of ...	25.00	245,990.30
Check	8/26/99	3087	Dwayne Hamlin	Repairing		131.1 Bank of ...	43.80	246,034.10
Check	9/2/99	3091	McJunkin Appalachian	Inv. #10061220...		131.1 Bank of ...	345.00	246,379.10
Check	9/2/99	3091	McJunkin Appalachian	couplings,tappi...		131.1 Bank of ...	385.19	246,764.29
Check	9/2/99	3092	McJunkin Appalachian	wire,tape		131.1 Bank of ...	92.14	246,856.43
Check	9/2/99	3093	B & H Supply, Inc.	regulators		131.1 Bank of ...	252.00	247,108.43
Check	9/2/99	3095	B & H Supply, Inc.	regulators,lock		131.1 Bank of ...	411.50	247,519.93
Check	9/2/99	3097	McJunkin Appalachian	thread compound		131.1 Bank of ...	19.90	247,539.83
Check	9/2/99	3097	McJunkin Appalachian	Inv. #10559760...		131.1 Bank of ...	1,594.43	249,134.26
Check	9/2/99	3107	HINKLE CONTRACTIN...	dense grade		131.1 Bank of ...	200.98	249,335.24
Check	9/2/99	3108	McJunkin Appalachian	nipples		131.1 Bank of ...	10.87	249,346.11
Check	9/2/99	3112	McJunkin Appalachian	2" pipe		131.1 Bank of ...	533.43	249,879.54
Check	9/2/99	3112	McJunkin Appalachian	couplings,wire,t...		131.1 Bank of ...	164.22	250,043.76
Check	9/2/99	3107	HINKLE CONTRACTIN...	Inv. #107387		131.1 Bank of ...	0.00	250,043.76
Check	9/2/99	3108	McJunkin Appalachian	Inv. #10559760...		131.1 Bank of ...	0.00	250,043.76
Check	9/10/99	3119	McJunkin Appalachian	2" pipe		131.1 Bank of ...	124.00	250,167.76
Check	9/10/99	3121	McJunkin Appalachian	Inv. #11383400...		131.1 Bank of ...	339.56	250,507.32
Check	9/10/99	3122	McJunkin Appalachian	Inv. #11273000...		131.1 Bank of ...	878.00	251,385.32
Check	9/10/99	3126	McJunkin Appalachian	couplings, tees		131.1 Bank of ...	165.70	251,551.02
Check	9/10/99	3126	McJunkin Appalachian	Inv. 114748100...		131.1 Bank of ...	0.00	251,551.02
Check	9/20/99	3137	McJunkin Appalachian	2" pipe		131.1 Bank of ...	799.29	252,350.31
Check	9/20/99	3137	McJunkin Appalachian	wire,tape		131.1 Bank of ...	71.52	252,421.83
Check	9/20/99	3139	B & H Supply, Inc.	regulators		131.1 Bank of ...	540.00	252,961.83
Check	9/20/99	3139	B & H Supply, Inc.	lock w/cap		131.1 Bank of ...	88.00	253,049.83
Check	9/20/99	3140	B & H Supply, Inc.	regulators		131.1 Bank of ...	567.00	253,616.83
Check	9/20/99	3145	McJunkin Appalachian	1" pipe		131.1 Bank of ...	256.33	253,873.16
Check	9/20/99	3145	McJunkin Appalachian	nipples,risers		131.1 Bank of ...	208.80	254,081.96
Check	9/20/99	3140	B & H Supply, Inc.	Inv. 6628,6633		131.1 Bank of ...	0.00	254,081.96
Check	10/1/99	3153	McJunkin Appalachian	2"		131.1 Bank of ...	900.00	254,981.96
Check	10/1/99	3153	McJunkin Appalachian	tape,wire,coupli...		131.1 Bank of ...	281.65	255,263.61
Check	10/1/99	3156	McJunkin Appalachian	couplings		131.1 Bank of ...	49.80	255,313.41
Check	10/1/99	3157	McJunkin Appalachian	tapping tees		131.1 Bank of ...	272.46	255,585.87
Check	10/1/99	3159	HINKLE CONTRACTIN...	dense grade - s...		131.1 Bank of ...	102.98	255,688.85
Check	10/1/99	3163	McJunkin Appalachian	Inv. #13177430...		131.1 Bank of ...	730.00	256,418.85
Check	10/1/99	3163	McJunkin Appalachian	wire,tape,tees		131.1 Bank of ...	122.22	256,541.07
Check	10/1/99	3167	Perkins Welding	cut off culvert		131.1 Bank of ...	37.50	256,578.57
Check	10/1/99	3168	Gene Jones Hauling	hauling dense		131.1 Bank of ...	180.00	256,758.57
Check	10/1/99	3171	B & H Supply, Inc.	Inv. 6666 - met...		131.1 Bank of ...	980.00	257,738.57
Check	10/1/99	3171	B & H Supply, Inc.	regulators,lock		131.1 Bank of ...	450.00	258,188.57
Check	10/1/99	3173	Dwayne Hamlin	recl. service lines		131.1 Bank of ...	633.50	258,822.07
Check	10/1/99	3173	Dwayne Hamlin	hay,seed		131.1 Bank of ...	76.50	258,898.57
Check	10/1/99	3175	Robgrove Excavating	road bore-RRV		131.1 Bank of ...	1,120.00	260,018.57
Bill	10/1/99	100199	Robert L. Brown, III	Legal fees 0999		232 - Accounts	2,371.65	262,390.22
Check	10/26/99	3256	Tractor Supply Company	chain link fence...		131.1 Bank of ...	216.00	262,606.22
General Journal	10/31/99					150 - Materials &	15,640.94	278,247.18
General Journal	10/31/99					908.2 - Materials	-1,617.58	276,629.58
Total 382 - Equipment - Meters/Setup							73,115.09	276,629.58

Total 365 - Property & Equipment (365-399)
Citipower, L.L.C.

Response to Kentucky Public Service Commission

73,115.09 276,629.58
Exhibit U, Page 8 of 21

11/20/99

Citipower, L. L. C.
Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
TOTAL							<u>73,115.09</u>	<u>276,629.58</u>

Life 7 yrs
1999 Depy \$ 34,295
Accum at 12/31/99 \$ 82,730

**Citipower, L. L. C.
Transactions by Account**

As of November 20, 1999

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
365 - Property & Equipment (365-399)								309,766.09
376.1 - Pipeline - 1" & 2"								309,766.09
Item Receipt	1/28/99		Forexco, Inc	Robert Brown	232.1	Due to F...	1,093.00	310,859.09
Check	2/11/99	2566	Meadors, II, Jack B.	Gravel Hauled...	131.1	Bank of ...	33.00	310,892.09
Item Receipt	2/22/99		Forexco, Inc	Brown-Legal, P...	232.1	Due to F...	2,501.18	313,393.27
Check	2/26/99	2803	McJunkin Appalachian	500' 1" pipe	131.1	Bank of ...	153.70	313,546.97
Check	2/26/99	2609	Meadors, II, Jack B.	Backhoe & Gra...	131.1	Bank of ...	212.00	313,758.97
Check	3/11/99	2639	HINKLE CONTRACTIN...	2" bottleneck	131.1	Bank of ...	108.49	313,867.46
Check	3/18/99	2674	Derrick's Dozer Service	line between M...	131.1	Bank of ...	90.00	313,957.46
Item Receipt	3/22/99		Forexco, Inc	R. Brown	232.1	Due to F...	4,400.22	318,357.68
Check	3/25/99	2692	Wilda Stanley	eastment rights	131.1	Bank of ...	550.00	318,907.68
Check	4/15/99	2729	McJunkin Appalachian		131.1	Bank of ...	97.69	318,005.37
Item Receipt	4/28/99		Forexco, Inc	R. Brown'	232.1	Due to F...	3,187.30	322,192.67
Check	4/29/99	2762	Campbell Plumbing & ...	Inv 4143,415	131.1	Bank of ...	4,400.00	326,592.67
Check	4/29/99	2776	Dwayne Hamlin	Reclaiming & s...	131.1	Bank of ...	224.70	326,817.37
Check	4/29/99	2786	Campbell Plumbing & ...	4149,4150	131.1	Bank of ...	820.00	327,637.37
Check	4/29/99	2786	Campbell Plumbing & ...	Road Bore	131.1	Bank of ...	3,970.00	331,607.37
Check	5/13/99	2817	HINKLE CONTRACTIN...	103622	131.1	Bank of ...	109.06	331,716.43
Check	5/14/99	2841	BKR Services Co.		131.1	Bank of ...	1,275.00	332,991.43
Item Receipt	5/21/99		Forexco, Inc	R. Brown April ...	232.1	Due to F...	3,045.12	336,036.55
Item Receipt	6/16/99		Forexco, Inc	Robert Brown ...	232.1	Due to F...	3,493.60	339,530.15
Item Receipt	7/9/99		1 - Forexco, Inc.	Robert Brown	232.1	Due to F...	1,474.46	341,004.61
Check	8/11/99	1248	Robert L. Brown, III	6/1/99 Invoice	131.2	FUNB - ...	1,921.99	342,926.60
Check	8/26/99	3083	Meadors, II, Jack B.	Backhoe reclai...	131.1	Bank of ...	59.00	342,985.60
Check	9/2/99	3102	James O. Strunk	easement agr ...	131.1	Bank of ...	255.00	343,240.60
Bill	9/13/99	94238	D. H. Campbell		232	Accounts ...	40.00	343,280.60
Check	9/14/99	3135	McCreary Co. Clerk - J...	easement -2" B...	131.1	Bank of ...	12.00	343,292.60
Check	10/1/99	3175	Musgrove Excavating	Road Bore	131.1	Bank of ...	1,540.00	344,832.60
Check	10/21/99	3251	McCreary County Clerk	behind Strunk ...	131.1	Bank of ...	12.00	344,844.60
Check	10/21/99	3252	Joline Duncan	behind Dairy Bar	131.1	Bank of ...	245.00	345,089.60
Bill	10/31/99	109923	HINKLE CONTRACTIN...	Dense Grade 2...	232	Accounts ...	50.07	345,139.67
Bill	11/4/99	842874	Dwayne Hamlin	30 hrs Backhoe...	232	Accounts ...	1,050.00	346,189.67
Total 376.1 - Pipeline - 1" & 2"							36,423.58	346,189.67
Total 365 - Property & Equipment (365-399)							36,423.58	346,189.67
TOTAL							36,423.58	346,189.67

Life 20 yrs
 1999 depv \$ 18,200
 Accumat 12/31/99 51,764

**Citipower, L. L. C.
Transactions by Account**

As of November 20, 1999

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
365 - Property & Equipment (365-399)								248,153.63
367.1 - Pipeline - 3"								248,153.63
Check	3/4/99	2615	Boris Haynes	Easement Agr. ...	131.1	Bank of ...	304.00	248,457.63
Check	4/15/99	2741	Gold Eagle Video	Easement	131.1	Bank of ...	211.00	248,668.63
Check	4/15/99	2743	McCreary Co. Clerk - J...	Record easem...	131.1	Bank of ...	12.00	248,680.63
Check	4/29/99	2783	Musgrove Excavating	Road Bore HW...	131.1	Bank of ...	2,090.00	248,770.63
Check	4/29/99	2784	Zola Wood	Easement agre...	131.1	Bank of ...	385.00	249,155.63
Check	4/29/99	2785	Dave Nutter	Easement agre...	131.1	Bank of ...	277.00	249,432.63
Check	4/29/99	2786	Campbell Plumbing & ...	Move trencher	131.1	Bank of ...	100.00	249,532.63
Check	5/6/99	2809	Joe B Richmond Jr		131.1	Bank of ...	503.00	250,035.63
Check	5/13/99	2836	HINKLE CONTRACTIN...	103622	131.1	Bank of ...	48.50	250,084.13
Check	5/13/99	2825	McJunkin Appalachian		131.1	Bank of ...	519.40	250,603.53
Check	8/12/99	3062	McCreary Co. Clerk - J...	Recording ease...	131.1	Bank of ...	36.00	250,639.53
Check	8/26/99	3087	Dwayne Hamlin	Reclaiming	131.1	Bank of ...	105.00	250,744.53
Total 367.1 - Pipeline - 3"							<u>4,590.90</u>	<u>250,744.53</u>
Total 365 - Property & Equipment (365-399)							<u>4,590.90</u>	<u>250,744.53</u>
TOTAL							<u><u>4,590.90</u></u>	<u><u>250,744.53</u></u>

Life 20 yrs
1999 depr \$ 15,134

Accum at 12/31/99 21,288

11/20/99

**Citipower, L. L. C.
Transactions by Account**

As of November 20, 1999

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
365 - Property & Equipment (365-399)								587,454.63
367.2 - Pipeline - 4"								587,454.63
Check	2/4/99	2561	McCreary Co. Clerk - J...	Recording Eas...	131.1	Bank of ...	71.00	587,525.63
Check	2/11/99	2566	Meadors, II, Jack B.	Backhoe & Gra...	131.1	Bank of ...	72.00	587,597.63
Check	2/11/99	2585	Larry & Kathy McBeth	Easement Agre...	131.1	Bank of ...	1,245.00	588,842.63
Check	2/11/99	2588	Boyd & Sharon Rowe	Easement AGr...	131.1	Bank of ...	496.00	589,338.63
Check	2/22/99	2592	Rick Strunk	Easement agre...	131.1	Bank of ...	93.00	589,431.63
Check	2/22/99	2591	Keith & Sharon Kidd	Easement Agre...	131.1	Bank of ...	484.00	589,915.63
Check	3/4/99	2616	Ezra Taylor	Easment Agree...	131.1	Bank of ...	1,570.00	591,485.63
Check	3/4/99	2624	McJunkin Appalachian	500' 1" pipe	131.1	Bank of ...	1,885.40	593,371.03
Check	3/4/99	2635	HINKLE CONTRACTIN...	Dense Grade-B...	131.1	Bank of ...	491.56	593,862.59
Check	3/4/99	2636	Ethel Strunk	Easment agree...	131.1	Bank of ...	524.00	594,386.59
Check	3/12/99	2655	Eddie & Brenda Baird	Easment agmt ...	131.1	Bank of ...	1,106.00	595,492.59
Check	3/25/99	2678	Musgrove Excavating	58' road bores	131.1	Bank of ...	3,120.00	598,612.59
Check	3/30/99	2694	MCCREARY CO	4" from Murton ...	131.1	Bank of ...	120.00	598,732.59
Check	3/30/99	2695	J.W. Perry	Easement rights	131.1	Bank of ...	375.00	599,107.59
Check	3/30/99	2698	Joel & Angela L...	Easement right...	131.1	Bank of ...	1,234.00	600,341.59
Check	4/8/99	2717	Jerry Don Ross	Easement, righ...	131.1	Bank of ...	252.00	600,593.59
Check	4/8/99	2722	BKR Services Co.	Trenched, Tape...	131.1	Bank of ...	919.00	601,512.59
Check	4/8/99	2718	Bruce, John T. & Helen	Easement Agre...	131.1	Bank of ...	93.00	601,605.59
Check	4/15/99	2739	Jerry E. Stephens	Easement Agr...	131.1	Bank of ...	457.00	602,062.59
Check	4/15/99	2743	McCreary Co. Clerk - J...	Recording Eas...	131.1	Bank of ...	46.00	602,108.59
Check	4/15/99	2740	Tucker, Kelly & Pamela	Easement 4" M...	131.1	Bank of ...	52.00	602,160.59
Check	4/23/99	2749	Meadors, II, Jack B.	Reclaiming	131.1	Bank of ...	13.00	602,173.59
Check	4/29/99	2762	Campbell Plumbing & ...	4143,4150	131.1	Bank of ...	11,794.06	613,967.65
Check	4/29/99	2786	Campbell Plumbing & ...	Black Top Haul	131.1	Bank of ...	345.00	614,312.65
Check	7/29/99	3031	Ann Good	Easement	131.1	Bank of ...	156.00	614,468.65
Check	8/6/99	3048	James E. Bryant	Easement	131.1	Bank of ...	520.00	614,988.65
Check	8/12/99	3062	McCreary Co. Clerk - J...	Recording Eas...	131.1	Bank of ...	84.00	615,072.65
Check	8/20/99	3075	Artie & Hazel Stephens	Easement	131.1	Bank of ...	648.00	615,720.65
Check	9/2/99	3103	Darry and Karen Cox	easement agr. ...	131.1	Bank of ...	161.00	615,881.65
Check	9/2/99	3104	Murton H. and Georgie ...	easement agr. ...	131.1	Bank of ...	906.00	616,787.65
Check	9/14/99	3135	McCreary Co. Clerk - J...	easement-4" M...	131.1	Bank of ...	48.00	616,835.65
Check	9/14/99	3135	McCreary Co. Clerk - J...	easement-4" B...	131.1	Bank of ...	12.00	616,847.65
Check	10/21/99	3251	McCreary County Clerk	M Wilson to D...	131.1	Bank of ...	24.00	616,871.65
Total 367.2 - Pipeline - 4"							29,417.02	616,871.65
Total 365 - Property & Equipment (365-399)							29,417.02	616,871.65
TOTAL							29,417.02	616,871.65

Life 20yrs
1999 depr \$32,935

Accum at 12/31/99 \$71,911

11/20/99

Citipower, L. L. C. Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance	
365 - Property & Equipment (365-399)								488,965.37	
376.2 - Pipeline - 6"								488,965.37	
Check	4/29/99	2762	Campbell Plumbing & ...	4143,4150		131.1 - Bank of ...	160.00	489,125.37	
Check	4/29/99	2786	Campbell Plumbing & ...	Haul Dirt		131.1 - Bank of ...	120.00	489,245.37	
Total 376.2 - Pipeline - 6"								280.00	489,245.37
Total 365 - Property & Equipment (365-399)								280.00	489,245.37
TOTAL								<u>280.00</u>	<u>489,245.37</u>

Life 20yrs
 1999 depr \$ 24,448
 Accum at 12/31/99 \$ 36,672

11/20/99

**Citipower, L. L. C.
Transactions by Account**

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								1,034,125.22
376.3 - Pipeline Line - Steel								1,034,125.22
Check	1/14/99	2491	Denny Posey	easements & ri...		131.1 - Bank of ...	45.80	1,034,171.02
Check	1/14/99	2509	Denny Posey	easements & ri...		131.1 - Bank of ...	85.00	1,034,256.02
Check	1/21/99	2531	Scott Count	recording right...		131.1 - Bank of ...	200.39	1,034,456.41
Check	1/21/99	2520	Lumber King	line markers		131.1 - Bank of ...	10.15	1,034,466.56
Check	1/28/99	2539	Halliburton Energy Ser...	Tax on invoice	X	131.1 - Bank of ...	0.00	1,034,466.56
Check	2/1/99	2551	Scott Count	recording right...		131.1 - Bank of ...	12.48	1,034,479.04
Check	2/11/99	2567	Harold Tumbleson	Line Markers o...		131.1 - Bank of ...	144.00	1,034,623.04
Check	2/15/99	2595	Winco	Painting		131.1 - Bank of ...	90.84	1,034,713.88
Check	3/11/99	2639	HINKLE CONTRACTIN...	4" steel line		131.1 - Bank of ...	109.25	1,034,823.13
Check	3/12/99	2658	Merle Jones True Value	4" steel line		131.1 - Bank of ...	75.00	1,034,898.13
Check	3/25/99	2682	HINKLE CONTRACTIN...	dense grade		131.1 - Bank of ...	105.31	1,035,003.44
Check	3/25/99	2690	Harold Tumbleson	Line Markers o...		131.1 - Bank of ...	152.00	1,035,155.44
Check	4/8/99	2713	Winco	Grass Seet		131.1 - Bank of ...	8.12	1,035,163.56
Check	9/10/99	3120	BKR Services Co.	ck recl. on steel...		131.1 - Bank of ...	140.00	1,035,303.56
Check	9/14/99	3135	McCreary Co. Clerk - J...	easement- stee...		131.1 - Bank of ...	12.00	1,035,315.56
Total 376.3 - Pipeline Line - Steel							<u>1,190.34</u>	<u>1,035,315.56</u>
Total 365 - Property & Equipment (365-399)							<u>1,190.34</u>	<u>1,035,315.56</u>
TOTAL							<u><u>1,190.34</u></u>	<u><u>1,035,315.56</u></u>

Life 20 yrs

1999 depr \$51,706

Accum at 12/31/99 \$56,966

11/20/99

Citipower, L. L. C. Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								10,587.26
385 - Reg/Ordorant Station								10,587.26
Check	2/18/99	2589	Petty Cash	REIMBURSEM...		131.1 - Bank of ...	11.81	10,599.07
Check	3/4/99	2614	Murphy's Appliances	3579,426...		131.1 - Bank of ...	24.15	10,623.22
Check	3/4/99	2632	NAPA Auto Parts	fuel pump		131.1 - Bank of ...	13.50	10,636.72
Check	4/8/99	2706	Lumber King	Cap Lock		131.1 - Bank of ...	7.95	10,644.67
Check	4/8/99	2722	BKR Services Co.	Reclaiming		131.1 - Bank of ...	350.00	10,994.67
Check	4/15/99	2732	Citizens Gas	Invoice 143414		131.1 - Bank of ...	68.37	11,063.04
Check	5/6/99	2786	NAPA Auto Parts	coupling, clam...		131.1 - Bank of ...	18.96	11,082.00
Check	5/13/99	2823	BKR Services Co.			131.1 - Bank of ...	100.00	11,182.00
Check	5/20/99	2849	McJunkin Appalachian			131.1 - Bank of ...	210.73	11,392.73
Total 385 - Reg/Ordorant Station							805.47	11,392.73
Total 365 - Property & Equipment (365-399)							805.47	11,392.73
TOTAL							805.47	11,392.73

Life 30yrs
 1999 depr 353
Accum at 12/31/99 378

11/20/99

Citipower, L. L. C. Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
365 - Property & Equipment (365-399)								0.00
378 - Meas & Reg Station Equip								0.00
Check	4/8/99	2721	BKR Services Co.	Clean, Prime c...		131.1 - Bank of ...	653.33	653.33
Check	4/23/99	2760	McJunkin Appalachian	orifice Plate		131.1 - Bank of ...	12.50	665.83
Total 378 - Meas & Reg Station Equip							665.83	665.83
Total 365 - Property & Equipment (365-399)							665.83	665.83
TOTAL							665.83	665.83

Life 20 yr
 1999 depr \$ 16

Accum at 12/31/99 \$ 16

11/20/99

Citipower, L. L. C. Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 · Property & Equipment (365-399)								0.00
391.1 · Software								0.00
Check	7/26/99	1238	H. V. Solutions	Development of...		131.2 · FUNB - ...	2,500.00	2,500.00
Total 391.1 · Software							2,500.00	2,500.00
Total 365 · Property & Equipment (365-399)							2,500.00	2,500.00
TOTAL							<u>2,500.00</u>	<u>2,500.00</u>

Life 3yr
 1999 depr \$ 416
 Accum at 12/31/99 \$ 416

11/23/99

**Citipower, L. L. C.
Transactions by Account**

As of November 23, 1999

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
365 · Property & Equipment (365-399)								0.00
399.1 · Josh Hill Project								0.00
399.12 · 2" Pipe								0.00
Check	4/8/99	2703	McJunkin Appalachian	2" Pipe		131.1 · Bank of ...	519.40	519.40
Check	6/10/99	2905	BKR Services Co.			131.1 · Bank of ...	363.00	882.40
General Journal	8/31/99	1001.00		Reclass to Ass...		1001.05 · Valves...	9,552.40	10,434.80
General Journal	8/31/99					1001.02 · 2" Pipe	-882.40	9,552.40
General Journal	10/31/99					1001.02 · 2" Pipe	8,670.00	18,222.40
General Journal	10/31/99					1001.02 · 2" Pipe	-17,340.00	882.40
General Journal	11/12/99					1001.02 · 2" Pipe	-882.40	0.00
Total 399.12 · 2" Pipe							0.00	0.00
399.13 · 3" Pipe								0.00
Check	4/23/99	2753	McJunkin Appalachian			131.1 · Bank of ...	6,248.45	6,248.45
Check	4/29/99	2783	Musgrove Excavating	58' road bores		131.1 · Bank of ...	3,120.00	9,368.45
Check	5/6/99	2801	McJunkin Appalachian	2250030		131.1 · Bank of ...	2,082.82	11,451.27
Check	5/14/99	2841	BKR Services Co.			131.1 · Bank of ...	8,670.00	20,121.27
Check	5/14/99	2841	BKR Services Co.			131.1 · Bank of ...	8,670.00	28,791.27
Check	6/10/99	2905	BKR Services Co.			131.1 · Bank of ...	6,522.00	35,313.27
General Journal	8/31/99					1001.03 · 3" Pipe	-8,670.00	26,643.27
Total 399.13 · 3" Pipe							26,643.27	26,643.27
399.15 · Valves, tees, fittings								0.00
Check	4/23/99	2759	McJunkin Appalachian	Inv 1838840		131.1 · Bank of ...	33.06	33.06
Check	4/29/99	2771	McJunkin Appalachian	2480880		131.1 · Bank of ...	426.12	459.18
Check	5/13/99	2834	McJunkin Appalachian			131.1 · Bank of ...	300.81	759.99
Total 399.15 · Valves, tees, fittings							759.99	759.99
399.18 · Labor/Hauling								0.00
Check	4/8/99	2715	Meadors, II, Jack B.	Dump Truck-Ha...		131.1 · Bank of ...	20.00	20.00
Check	5/6/99	2810	Meadors, II, Jack B.			131.1 · Bank of ...	27.00	47.00
General Journal	8/31/99	1001.00		Reclass to Ass...		1001.05 · Valves...	267.00	314.00
General Journal	8/31/99					1001.08 · Labor/...	-47.00	267.00
Total 399.18 · Labor/Hauling							267.00	267.00
399.19 · Misc Expense								0.00
Check	4/23/99	2753	McJunkin Appalachian			131.1 · Bank of ...	260.76	260.76
Check	4/29/99	2775	B & H Supply, Inc.	6140		131.1 · Bank of ...	132.00	392.76
Check	5/6/99	2801	McJunkin Appalachian	2250030		131.1 · Bank of ...	86.92	479.68
Check	6/10/99	2889	McJunkin Appalachian			131.1 · Bank of ...	66.78	546.46
Check	6/10/99	2905	BKR Services Co.			131.1 · Bank of ...	30.59	577.05
Check	8/18/99	3070	BKR Services Co.			131.1 · Bank of ...	129.90	706.95
General Journal	10/31/99					1001.03 · 3" Pipe	8,670.00	9,376.95
Total 399.19 · Misc Expense							9,376.95	9,376.95
Total 399.1 · Josh Hill Project							37,047.21	37,047.21
Total 365 · Property & Equipment (365-399)							37,047.21	37,047.21
TOTAL							37,047.21	37,047.21

Life 20 yrs
1999 depr # 948
Accum at 12/31/99 # 948

Citipower, L. L. C.
Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								0.00
399.2 - Bob Musgrove Road								0.00
399.21 - 1" Pipe								0.00
Check	4/23/99	2756	McJunkin Appalachian	Inv 1838840		131.1 - Bank of ...	604.90	604.90
General Journal	8/31/99	1002		Reclass from E...		399.29 - Miscella...	604.90	1,209.80
General Journal	8/31/99					1002.01 - 1" Pipe	-604.90	604.90
Total 399.21 - 1" Pipe							604.90	604.90
399.22 - 2" Main Musgrove Rd								0.00
Check	4/23/99	2749	Meadors, II, Jack B.			131.1 - Bank of ...	299.00	299.00
Check	4/23/99	2756	McJunkin Appalachian	Inv 1838840		131.1 - Bank of ...	274.90	573.90
Check	4/23/99	2760	McJunkin Appalachian	2052230		131.1 - Bank of ...	3,449.81	4,023.71
General Journal	8/31/99	1002		Reclass from E...		399.29 - Miscella...	4,023.71	8,047.42
General Journal	8/31/99					1002.02 - 2" Mai...	-4,023.71	4,023.71
Total 399.22 - 2" Main Musgrove Rd							4,023.71	4,023.71
399.25 - Valves, caps, couplings,tees								0.00
Check	4/8/99	2705	NAPA Auto Parts	Couplings-Mus...		131.1 - Bank of ...	20.20	20.20
Check	4/23/99	2758	McJunkin Appalachian	Inv 2273240		131.1 - Bank of ...	168.26	188.46
Check	4/29/99	2768	McJunkin Appalachian	2250030		131.1 - Bank of ...	530.00	718.46
General Journal	8/31/99	1002		Reclass from E...		399.29 - Miscella...	718.46	1,438.92
General Journal	8/31/99					1002.05 - Valves...	-718.46	718.46
Total 399.25 - Valves, caps, couplings,tees							718.46	718.46
399.28 - Labor/Hauling								0.00
Check	4/8/99	2715	Meadors, II, Jack B.	Back Filling Rock		131.1 - Bank of ...	156.00	156.00
Check	4/29/99	2763	HINKLE CONTRACTIN...	dense grade		131.1 - Bank of ...	100.13	256.13
Check	5/8/99	2807	Merle Jones True Value			131.1 - Bank of ...	180.00	436.13
Check	5/20/99	2854	Meadors, II, Jack B.	Backhoe		131.1 - Bank of ...	26.00	462.13
Check	5/20/99	2854	Meadors, II, Jack B.	Backhoe		131.1 - Bank of ...	26.00	488.13
Check	7/22/99	3003	Dwayne Hamlin	Backhoe Movin...		131.1 - Bank of ...	182.50	670.63
General Journal	8/31/99	1002		Reclass from E...		399.29 - Miscella...	644.63	1,315.26
General Journal	8/31/99					1002.08 - Labor ...	-644.63	670.63
Total 399.28 - Labor/Hauling							670.63	670.63
399.29 - Miscellaneous								0.00
Check	5/13/99	2817	HINKLE CONTRACTIN...	103622		131.1 - Bank of ...	104.17	104.17
Check	5/13/99	2836	HINKLE CONTRACTIN...	103622		131.1 - Bank of ...	100.08	204.25
General Journal	8/31/99	1002		Reclass from E...		-SPLIT-	204.25	408.50
General Journal	8/31/99					1002.99 - Miscell...	-204.25	204.25
Total 399.29 - Miscellaneous							204.25	204.25
Total 399.2 - Bob Musgrove Road							6,221.95	6,221.95
Total 365 - Property & Equipment (365-399)							6,221.95	6,221.95
TOTAL							6,221.95	6,221.95

Life 20 yrs
1999 depr \$156
Accum at 12/31/99 \$156

Citipower, L. L. C.
Transactions by Account

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								0.00
399.3 - Hayes Creek Project								0.00
399.32 - 2" Pipe								0.00
Check	4/8/99	2722	BKR Services Co.	2" Main on Hayes		131.1 - Bank of ...	180.00	180.00
Check	5/20/99	2845	Consolidated Pipe &			131.1 - Bank of ...	5,740.00	5,920.00
General Journal	8/31/99	1003		Reclass from E...		399.38 - Labor/H...	5,920.00	11,840.00
General Journal	8/31/99					1003.02 - 2" Hay...	-5,920.00	5,920.00
Total 399.32 - 2" Pipe							5,920.00	5,920.00
399.34 - 4" Pipe								0.00
Check	5/20/99	2845	Consolidated Pipe &			131.1 - Bank of ...	19,378.61	19,378.61
General Journal	8/31/99	1003		Reclass from E...		399.38 - Labor/H...	19,378.61	38,757.22
General Journal	8/31/99					1003.04 - Pipe - 4"	-19,378.61	19,378.61
Total 399.34 - 4" Pipe							19,378.61	19,378.61
399.35 - Valves, tees, couplings								0.00
Check	5/27/99	2858	McJunkin Appalachian			131.1 - Bank of ...	284.63	284.63
Check	5/27/99	2859	McJunkin Appalachian			131.1 - Bank of ...	1,167.43	1,452.06
Check	5/27/99	2870	McJunkin Appalachian			131.1 - Bank of ...	43.82	1,495.88
Check	6/10/99	2891	McJunkin Appalachian			131.1 - Bank of ...	220.26	1,716.14
Check	6/10/99	2892	McJunkin Appalachian			131.1 - Bank of ...	41.88	1,758.02
Check	6/10/99	2904	BKR Services Co.	Backhoe		131.1 - Bank of ...	3,075.00	4,833.02
Check	6/25/99	2941	BKR Services Co.			131.1 - Bank of ...	19,726.30	24,559.32
General Journal	8/31/99	1003		Reclass from E...		399.38 - Labor/H...	1,758.02	26,317.34
General Journal	8/31/99					1003.05 - Valves...	-1,758.02	24,559.32
Total 399.35 - Valves, tees, couplings							24,559.32	24,559.32
399.38 - Labor/Hauling								0.00
Check	5/27/99	2861	BKR Services Co.			131.1 - Bank of ...	31,623.70	31,623.70
Check	5/27/99	2875	Gene Jones Hauling			131.1 - Bank of ...	60.00	31,683.70
Check	7/7/99	2971	Musgrove Excavating	Road Bores		131.1 - Bank of ...	10,065.00	41,748.70
General Journal	8/31/99	1003		Reclass from E...		-SPLIT-	64,550.00	106,298.70
General Journal	8/31/99					1003.08 - Labor/...	-64,550.00	41,748.70
Total 399.38 - Labor/Hauling							41,748.70	41,748.70
399.39 - Miscellaneous								0.00
Check	5/6/99	2808	Consolidated Pipe &			131.1 - Bank of ...	751.54	751.54
Check	5/13/99	2837	Consolidated Pipe &	Tracing wire		131.1 - Bank of ...	21.20	772.74
Check	5/13/99	2828	Citizens Gas	Invoice 143414		131.1 - Bank of ...	20.37	793.11
Check	5/20/99	2848	McJunkin Appalachian			131.1 - Bank of ...	1,357.07	2,150.18
Check	5/27/99	2860	Consolidated Pipe &			131.1 - Bank of ...	115.15	2,265.33
Check	5/27/99	2868	McJunkin Appalachian			131.1 - Bank of ...	318.00	2,583.33
Check	6/15/99	2926	HINKLE CONTRACTIN...	103622		131.1 - Bank of ...	92.53	2,675.86
General Journal	8/31/99	1003		Reclass from E...		399.38 - Labor/H...	2,675.86	5,351.72
General Journal	8/31/99					1003.99 - Miscell...	-2,675.86	2,675.86
Total 399.39 - Miscellaneous							2,675.86	2,675.86
Total 399.3 - Hayes Creek Project							94,282.49	94,282.49
Total 365 - Property & Equipment (365-399)							94,282.49	94,282.49
TOTAL							94,282.49	94,282.49

Life 20yr
 1999 depr # 2357
 Accum at 12/31/99 2357

11/20/99

**Citipower, L. L. C.
Transactions by Account**

As of November 20, 1999

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
365 - Property & Equipment (365-399)								0.00
399.4 - Hatfield Subdivision								0.00
399.41 - 1" Pipe								0.00
Check	6/25/99	2942	McJunkin Appalachian			131.1 - Bank of ...	393.09	393.09
General Journal	8/31/99	1004		Reclass from E...		399.49 - Miscella...	393.09	786.18
General Journal	8/31/99					1004.01 - Pipe, 1"	-393.09	393.09
Total 399.41 - 1" Pipe							393.09	393.09
399.43 - 3" Pipe								0.00
Check	6/25/99	2942	McJunkin Appalachian			131.1 - Bank of ...	323.60	323.60
Check	7/15/99	2991	McJunkin Appalachian			131.1 - Bank of ...	91.05	414.65
General Journal	8/31/99	1004		Reclass from E...		399.49 - Miscella...	414.65	829.30
General Journal	8/31/99					1004.03 - Pipe 3"	-414.65	414.65
Total 399.43 - 3" Pipe							414.65	414.65
399.48 - Labor/Hauling								0.00
Check	6/10/99	2881	Gene Jones Hauling			131.1 - Bank of ...	50.00	50.00
Check	6/10/99	2903	Meadors, II, Jack B.			131.1 - Bank of ...	308.00	356.00
Check	6/17/99	2933	Meadors, II, Jack B.			131.1 - Bank of ...	130.00	486.00
Check	7/1/99	2954	HINKLE CONTRACTIN...	Dense Grade		131.1 - Bank of ...	60.94	546.94
Check	7/1/99	2964	Greg Neal			131.1 - Bank of ...	90.00	636.94
General Journal	8/31/99	1004		Reclass from E...		399.49 - Miscella...	686.94	1,323.88
General Journal	8/31/99					1004.05 - Labor/	-636.94	686.94
Total 399.48 - Labor/Hauling							686.94	686.94
399.49 - Miscellaneous								0.00
Check	7/22/99	3000	B & H Auto Parts	Inv. #5997		131.1 - Bank of ...	6.34	6.34
General Journal	8/31/99	1004		Reclass from E...		-SPLIT-	6.34	12.68
General Journal	8/31/99					1004.99 - Miscell...	-6.34	6.34
Total 399.49 - Miscellaneous							6.34	6.34
Total 399.4 - Hatfield Subdivision							1,501.02	1,501.02
Total 365 - Property & Equipment (365-399)							1,501.02	1,501.02
TOTAL							1,501.02	1,501.02

Life 20 yrs
1999 depr \$38
Accum at 12/31/99 \$38

9. **Provide a copy of Citipower's initial balance sheet after recording the acquisition of McCreary County Gas and the initial capitalization of the company.**

Response: See Exhibit S, Balance Sheets June, 1996–September, 1996 and Exhibit V, Balance Sheet October 1996. Exhibits S and V show the initial capital raised, beginning in June, 1996. The assets of McCreary County Gas were actually purchased on September 24, 1996. See also Exhibit O for the Bill of Sale and other closing documents.

Respondent: BC

11/18/99

Citipower, L. L. C.
Balance Sheet
 As of October 31, 1996

Oct 31, '96

ASSETS**Current Assets****Checking/Savings**

131 · Cash & Working Funds	20,887.94
131.3 · UCB- Operating Cash	24,000.71
131.5 · FUNB - Money Market	2,500.00
131.6 · FUNB - Checking	<u>2,500.00</u>

Total 131 · Cash & Working Funds 47,388.65

Total Checking/Savings 47,388.65

Accounts Receivable

142 · Cust. Accounts Receivable	1,809.60
142.1 · A/R - Residential/Commercial	<u>1,809.60</u>

Total 142 · Cust. Accounts Receivable 1,809.60

143 · Other Accounts Receivable	1,000.00
143.2 · A/R - Forsberg Oil Co.	<u>1,000.00</u>

Total 143 · Other Accounts Receivable 1,000.00

Total Accounts Receivable 2,809.60

Other Current Assets

170 · Other Current & Accrued Assets	124,987.27
170.1 · P.D.W. Heberling-UCB Escrow	<u>124,987.27</u>

Total 170 · Other Current & Accrued Assets 124,987.27

Total Other Current Assets 124,987.27

Total Current Assets 175,185.52

Fixed Assets

365 · Property & Equipment (365-399)	20,000.00
390 · Office Building	4,176.88
391 · Office Furniture & Equipment	5,000.00
396 · Equipment - DW/Other	700,012.73
365 · Property & Equipment (365-399) - Other	<u>729,189.61</u>

Total 365 · Property & Equipment (365-399) 729,189.61

Total Fixed Assets 729,189.61

Other Assets

301 · Intangible Plant	214,838.13
301.2 · Organizational Cost	300.00
301.4 · Utility Deposits	<u>300.00</u>

Total 301 · Intangible Plant 215,138.13

Total Other Assets 215,138.13

TOTAL ASSETS 1,119,513.26

LIABILITIES & EQUITY**Liabilities****Current Liabilities****Accounts Payable**

232 · Accounts Payable	93,000.00
232.2 · Loan from Member	<u>93,000.00</u>

11/18/99

Citipower, L. L. C.
Balance Sheet
As of October 31, 1996

	<u>Oct 31, '96</u>
Total 232 · Accounts Payable	<u>93,000.00</u>
Total Accounts Payable	93,000.00
Other Current Liabilities	
236 · Taxes Accrued	
236.1 · Payroll Tax Liabilities	
236.1.1 · FUTA	24.00
236.1.3 · Federal Taxes Withheld	242.00
236.1.4 · KY State Withholding	153.42
236.1.5 · FICA/MCARE W/H	229.50
236.1.6 · Employer's FICA	<u>229.50</u>
Total 236.1 · Payroll Tax Liabilities	<u>878.42</u>
Total 236 · Taxes Accrued	<u>878.42</u>
Total Other Current Liabilities	<u>878.42</u>
Total Current Liabilities	<u>93,878.42</u>
Total Liabilities	93,878.42
Equity	
Net Income	-11,665.16
218 · Non Corp Proprietorship	
218.1 · Members Capital Contributions	<u>1,037,300.00</u>
Total 218 · Non Corp Proprietorship	<u>1,037,300.00</u>
Total Equity	<u>1,025,634.84</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,119,513.26</u></u>

- 10. Provide a copy of Citipower's chart of accounts, year-to-date general ledger and supporting ledger of original entry for posting revenues and expenses for the test period, calendar year 1998.**

Response: See Exhibit W, Chart of Accounts

- a. If Citipower records expenses on its general ledger from an accounts payable ledger, provide a copy of that ledger(s) for the test period, calendar year 1998.**
- b. If Citipower records expenses on its general ledger from a cash disbursements journal, provide a copy of that journal(s) for the test period, calendar year 1998.**

Response: Expenses are recorded in the Bank of McCreary County checking account; see Exhibit X, 1998 Transaction Report, Bank of McCreary County.

Respondent: BC

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
131 . Cash & Working Funds	Bank	<Unassigned>
131.7 . Petty Cash	Bank	<Unassigned>
131.1 . Bank of McCreary County	Bank	<Unassigned>
131.2 . FUNB - CAP Account	Bank	<Unassigned>
131.3 . UCB- Operating Cash	Bank	Balance Sheet-Assets: Cash
131.4 . McCreary National Bank	Bank	<Unassigned>
131.5 . FUNB - Money Market	Bank	Balance Sheet-Assets: Cash
131.6 . FUNB - Checking	Bank	Balance Sheet-Assets: Cash
132 . Temp. Cash Investment	Bank	<Unassigned>
141 . Notes Receivable	Accounts Receivable	<Unassigned>
142 . Cust. Accounts Receivable	Accounts Receivable	<Unassigned>
142.1 . A/R - Residential/Commercial	Accounts Receivable	Balance Sheet-Assets: Trade notes & acc. rec.
143 . Other Accounts Receivable	Accounts Receivable	<Unassigned>
143.1 . A/R - Forexco, Inc.	Accounts Receivable	<Unassigned>
143.2 . A/R - Forsberg Oil Co.	Accounts Receivable	Balance Sheet-Assets: Trade notes & acc. rec.
144 . Allow for Uncollectibles	Accounts Receivable	<Unassigned>
145 . Receivables	Other Current Asset	<Unassigned>
145.6 . School Sales Tax Receivable	Other Current Asset	<Unassigned>
145.1 . Citizens Receivable	Other Current Asset	<Unassigned>
145.2 . Severance Tax Receivable	Other Current Asset	<Unassigned>
145.3 . Sales Receivable	Other Current Asset	<Unassigned>
145.4 . Sales Tax Receivable	Other Current Asset	<Unassigned>
145.5 . Transportation Fees Receivable	Other Current Asset	<Unassigned>
150 . Materials & Supplies (150)	Other Current Asset	<Unassigned>
150.1 . Misc. Parts	Other Current Asset	<Unassigned>
150.2 . Pipe	Other Current Asset	<Unassigned>
164 . Gas Stored Underground	Other Current Asset	<Unassigned>
165 . Prepayments	Other Current Asset	<Unassigned>
165.1 . Prepaid Insurance	Other Current Asset	<Unassigned>
165.2 . Deposits	Other Current Asset	<Unassigned>
170 . Other Current & Accrued Assets	Other Current Asset	<Unassigned>
170.1 . P.D.W. Heberling-UCB Escrow	Other Current Asset	Balance Sheet-Assets: Buildings/oth. depr. assets
170.2 . Undeposited Funds	Other Current Asset	<Unassigned>
365 . Property & Equipment (365-399)	Fixed Asset	<Unassigned>
383 . Capitalized Expenses	Fixed Asset	<Unassigned>
367.1 . Pipeline - 3"	Fixed Asset	<Unassigned>
367.2 . Pipeline - 4"	Fixed Asset	<Unassigned>
376.1 . Pipeline - 1" & 2"	Fixed Asset	Balance Sheet-Assets: Buildings/oth. depr. assets
376.2 . Pipeline - 6"	Fixed Asset	<Unassigned>
376.3 . Pipeline Line - Steel	Fixed Asset	<Unassigned>
376.4 . Pipeline - Org. 1", 2", 4"	Fixed Asset	Balance Sheet-Assets: Buildings/oth. depr. assets
377 . Compressor Site	Fixed Asset	<Unassigned>
378 . Mcas & Reg Station Equip	Fixed Asset	<Unassigned>

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
382 . Equipment - Meters/Setup	Fixed Asset	Balance Sheet-Assets: Buildings/oth. depr. assets
385 . Reg/Ordorant Station	Fixed Asset	<Unassigned>
387 . Generator	Fixed Asset	<Unassigned>
390 . Office Building	Fixed Asset	Balance Sheet-Assets: Buildings/oth. depr. assets
391 . Office Furniture & Equipment	Fixed Asset	Balance Sheet-Assets: Buildings/oth. depr. assets
391.1 . Software	Fixed Asset	<Unassigned>
393 . Automobiles/Vehicles	Fixed Asset	<Unassigned>
394 . Tools	Fixed Asset	<Unassigned>
396 . Equipment - DW/Other	Fixed Asset	Balance Sheet-Assets: Buildings/oth. depr. assets
399.1 . Josh Hill Project	Fixed Asset	<Unassigned>
399.12 . 2" Pipe	Fixed Asset	<Unassigned>
399.13 . 3" Pipe	Fixed Asset	<Unassigned>
399.15 . Valves, tees, fittings	Fixed Asset	<Unassigned>
399.18 . Labor/Hauling	Fixed Asset	<Unassigned>
399.19 . Misc Expense	Fixed Asset	<Unassigned>
399.2 . Bob Musgrove Road	Fixed Asset	<Unassigned>
399.21 . 1" Pipe	Fixed Asset	<Unassigned>
399.22 . 2" Main Musgrove Rd	Fixed Asset	<Unassigned>
399.25 . Valves, caps, couplings,tees	Fixed Asset	<Unassigned>
399.28 . Labor/Hauling	Fixed Asset	<Unassigned>
399.29 . Miscellaneous	Fixed Asset	<Unassigned>
399.3 . Hayes Creek Project	Fixed Asset	<Unassigned>
399.32 . 2" Pipe	Fixed Asset	<Unassigned>
399.34 . 4" Pipe	Fixed Asset	<Unassigned>
399.35 . Valves, tees, couplings	Fixed Asset	<Unassigned>
399.38 . Labor/Hauling	Fixed Asset	<Unassigned>
399.39 . Miscellaneous	Fixed Asset	<Unassigned>
399.4 . Hatfield Subdivision	Fixed Asset	<Unassigned>
399.41 . 1" Pipe	Fixed Asset	<Unassigned>
399.43 . 3" Pipe	Fixed Asset	<Unassigned>
399.48 . Labor/Hauling	Fixed Asset	<Unassigned>
399.49 . Miscellaneous	Fixed Asset	<Unassigned>
400 . Accumulated Depreciation	Fixed Asset	<Unassigned>
124.1 . Investment in LBU, LLC	Other Asset	<Unassigned>
301 . Intangible Plant	Other Asset	<Unassigned>
301.1 . Goodwill	Other Asset	<Unassigned>
301.1.5 . Accumulated Amortization	Other Asset	<Unassigned>
301.2 . Organizational Cost	Other Asset	Balance Sheet-Assets: Intangible assets
301.3 . Organizational-Acc. Amortizatio	Other Asset	Balance Sheet-Assets: Accumulated amortization
301.4 . Utility Deposits	Other Asset	Balance Sheet-Assets: Other assets
301.5 . Loan to B. Helm	Other Asset	Balance Sheet-Assets: Other current assets
181 . Unamortized Debt Expense	Other Asset	<Unassigned>
182 . Extraordinary Prop. Loss	Other Asset	<Unassigned>

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
183 . Other Deferred Debits	Other Asset	<Unassigned>
187 . Def Loss-Disp of Util Plt	Other Asset	<Unassigned>
189 . Unamort Loss-Reacq. Debt	Other Asset	<Unassigned>
190 . Accum Def Income Tax	Other Asset	<Unassigned>
191 . UnrecoveredPurch'dGasCosts	Other Asset	<Unassigned>
232 . Accounts Payable	Accounts Payable	<Unassigned>
232.1 . Due to Forexco, Inc.	Accounts Payable	Balance Sheet-Liabs/Cap: Accounts payable
232.2 . Loan from Member	Accounts Payable	Balance Sheet-Liabs/Cap: Other current liabilities
139 . ADJUSTMENTS	Credit Card	<Unassigned>
231 . Notes Payable	Other Current Liability	<Unassigned>
231.1 . Note Payable Bank of McCreary	Other Current Liability	<Unassigned>
231.2 . Line of Credit	Other Current Liability	<Unassigned>
231.3 . Loans Payable - Vehicles	Other Current Liability	<Unassigned>
233 . Note Pay to Assoc Co	Other Current Liability	<Unassigned>
234 . A/P to Assoc Co	Other Current Liability	<Unassigned>
234.1 . Forexco-Gas Purchases	Other Current Liability	<Unassigned>
235 . Customer Deposits	Other Current Liability	<Unassigned>
235.1 . Customer Security Deposits	Other Current Liability	<Unassigned>
235.2 . Deferred Rev.-Customer Payments	Other Current Liability	<Unassigned>
236 . Taxes Accrued	Other Current Liability	<Unassigned>
236.1 . Payroll Tax Liabilities	Other Current Liability	<Unassigned>
236.1.1 . FUTA	Other Current Liability	<Unassigned>
236.1.2 . SUI Payable	Other Current Liability	<Unassigned>
236.1.3 . Federal Taxes Withheld	Other Current Liability	Balance Sheet-Liabs/Cap: Other current liabilities
236.1.4 . KY State Withholding	Other Current Liability	Balance Sheet-Liabs/Cap: Other current liabilities
236.1.5 . FICA/MCARE W/H	Other Current Liability	Balance Sheet-Liabs/Cap: Other current liabilities
236.1.6 . Employer's FICA	Other Current Liability	Balance Sheet-Liabs/Cap: Other current liabilities
236.1.7 . Employee Pension	Other Current Liability	<Unassigned>
236.2 . Sales Tax Payable	Other Current Liability	<Unassigned>
236.3 . Severance Tax Payable	Other Current Liability	<Unassigned>
236.4 . School Tax Payable	Other Current Liability	<Unassigned>
237 . Interest Accrued	Other Current Liability	<Unassigned>
238 . Other Liabilities	Other Current Liability	<Unassigned>
238.1 . Match - SIMPLE IRA	Other Current Liability	<Unassigned>
238.1.1 . Pension Match	Other Current Liability	<Unassigned>
238.2 . Deferred Acquisition Costs Paya	Other Current Liability	<Unassigned>
238.3 . Unearned Well Hookup Fees	Other Current Liability	<Unassigned>
221 . Bonds	Long Term Liability	<Unassigned>
223 . Adv from Assoc Co	Long Term Liability	<Unassigned>
224 . Other LT Liab	Long Term Liability	<Unassigned>
224.1 . Vehicle Loans - less current po	Long Term Liability	<Unassigned>
216 . Ret Earnings (215 or 216)	Equity	<Unassigned>
218 . Non Corp Proprietorship	Equity	<Unassigned>

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
218.4 . Class B - Management Units	Equity	<Unassigned>
218.3 . Class A Units	Equity	<Unassigned>
218.1 . Members Capital Contributions	Equity	<Unassigned>
218.2 . Opening Bal Equity	Equity	<Unassigned>
4800 . Operating Revenues	Income	<Unassigned>
480.6 . Gas Sales - Citizens Gas	Income	Income: Gross receipts or sales
480 . Ultimate Consumers	Income	<Unassigned>
480.1 . Residential Sales	Income	<Unassigned>
480.2 . Commercial Sales	Income	<Unassigned>
480.3 . Industrial Sales	Income	<Unassigned>
480.4 . Public Sales	Income	Income: Gross receipts or sales
480.5 . Gas Sales - Resid./Commercial	Income	Income: Gross receipts or sales
483 . Sales for Resale	Income	<Unassigned>
484 . Other Operating Revenue	Income	<Unassigned>
487 . Forcited Discounts	Income	<Unassigned>
488 . Service Calls	Income	<Unassigned>
488.1 . Misc Service Revenues	Income	<Unassigned>
488.2 . Late Charges Collected	Income	<Unassigned>
488.3 . Hook up fees collected	Income	<Unassigned>
489 . Rev-Gas Sales-Citizens	Income	<Unassigned>
491 . Rev-Gas Prod by Others	Income	<Unassigned>
493 . Rent from Gas Property	Income	<Unassigned>
495 . Other Gas Revenues-Transportati	Income	<Unassigned>
495.1 . Sales - Inventory	Income	<Unassigned>
730 . Cost of Goods Sold	Cost of Goods Sold	<Unassigned>
730.1 . Natural Gas - Sunk Cost	Cost of Goods Sold	<Unassigned>
730.2 . Natural Gas	Cost of Goods Sold	<Unassigned>
730.3 . Sales Tax - Inventory	Cost of Goods Sold	<Unassigned>
730.4 . Compressor Rent	Cost of Goods Sold	<Unassigned>
730.6 . Compressor Maintenance, Supplic	Cost of Goods Sold	<Unassigned>
730.5 . Sevrance Tax	Cost of Goods Sold	<Unassigned>
1001.00 . Josh Hill Project	Expense	<Unassigned>
1001.05 . Valves, tees, fittings	Expense	<Unassigned>
1001.99 . Miscellaneous Expense	Expense	<Unassigned>
1001.03 . 3" Pipe	Expense	<Unassigned>
1001.08 . Labor/Hauling	Expense	<Unassigned>
1001.02 . 2" Pipe	Expense	<Unassigned>
1002.00 . Bob Musgrove Road	Expense	<Unassigned>
1002.99 . Miscellaneous	Expense	<Unassigned>
1002.01 . 1" Pipe	Expense	<Unassigned>
1002.05 . Valves, caps, couplings tees	Expense	<Unassigned>
1002.08 . Labor - Musgrove Road	Expense	<Unassigned>
1002.02 . 2" Main Musgrove Rd	Expense	<Unassigned>

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
1003.00 . Hayes Creek Project	Expense	<Unassigned>
1003.08 . Labor/Hauling	Expense	<Unassigned>
1003.05 . Valves, tees	Expense	<Unassigned>
1003.04 . Pipe - 4"	Expense	<Unassigned>
1003.99 . Miscellaneous	Expense	<Unassigned>
1003.02 . 2" Hayes Creek	Expense	<Unassigned>
1004.00 . Hatfield Subdivision	Expense	<Unassigned>
1004.99 . Miscellaneous	Expense	<Unassigned>
1004.01 . Pipe, 1"	Expense	<Unassigned>
1004.03 . Pipe 3"	Expense	<Unassigned>
1004.05 . Labor/	Expense	<Unassigned>
900 . Tot Gas Oper & Maint Exp	Expense	<Unassigned>
900.1 . Customer Accounts Expense	Expense	<Unassigned>
901 . Meter Reading Labor	Expense	<Unassigned>
902 . Acctg & Collecting Labor	Expense	<Unassigned>
903 . Supplies & Expenses	Expense	<Unassigned>
904 . Uncollectible Accounts	Expense	<Unassigned>
907 . Cust Svc & Info Expenses	Expense	<Unassigned>
907.1 . Customer Repair/Maintenance	Expense	<Unassigned>
907.2 . Labor	Expense	<Unassigned>
907.3 . Materials	Expense	<Unassigned>
907.4 . Meter Service	Expense	<Unassigned>
907.5 . Mileage	Expense	<Unassigned>
907.6 . Other	Expense	<Unassigned>
907.9 . Phone	Expense	<Unassigned>
908 . New Customer Hookup Expense	Expense	Cost of Goods Sold-Sch A: Purchases
912 . Hayes Creek Project	Expense	<Unassigned>
911 . Bob Musgrove Project	Expense	<Unassigned>
910 . Josh Hill Project	Expense	<Unassigned>
908.1 . Labor	Expense	Cost of Goods Sold-Sch A: Cost of labor
908.2 . Materials	Expense	Cost of Goods Sold-Sch A: Purchases
908.2.1 . El's etc	Expense	<Unassigned>
908.2.2 . Meters	Expense	<Unassigned>
908.2.3 . Pipe	Expense	<Unassigned>
908.3 . Mileage	Expense	<Unassigned>
908.4 . Other Expense - New Custo...	Expense	Cost of Goods Sold-Sch A: Other costs
908.5 . Phone	Expense	<Unassigned>
920 . Admin & Gen Expense	Expense	<Unassigned>
936 . Capitalized Expenses	Expense	<Unassigned>
920.1 . Admin & General Salaries (920)	Expense	<Unassigned>
920.5 . Citipower Offering Expense	Expense	<Unassigned>
920.2 . Compensation-Officer	Expense	<Unassigned>
920.3 . Commissions Paid	Expense	<Unassigned>

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
6560 . Payroll Expenses	Expense	Deductions: Other salaries and wages
920.4 . Management fees	Expense	<Unassigned>
920.4.1 . Compensation Expense	Expense	<Unassigned>
920.4.2 . Consulting Expense	Expense	<Unassigned>
921 . Office Supplies/Expense (921)	Expense	<Unassigned>
921.1 . Office Supplies	Expense	Deductions: Other (itemize)
921.2 . Office Cleaning	Expense	<Unassigned>
922 . Admin Exp. Transferred (922)	Expense	<Unassigned>
923 . Outside Services (923)	Expense	<Unassigned>
923.1 . Engineering Services	Expense	<Unassigned>
923.2 . Accounting Fees	Expense	<Unassigned>
923.3 . Contract Labor - Office	Expense	Deductions: Other (itemize)
923.4 . Occasional Labor	Expense	<Unassigned>
923.5 . Other-Labor	Expense	<Unassigned>
923.6 . Legal Fee & Professional Fees	Expense	<Unassigned>
925 . Injuries & Damages	Expense	<Unassigned>
925.1 . Property Insurance	Expense	<Unassigned>
925.2 . Insurance - Liability	Expense	Deductions: Other (itemize)
925.3 . Insurance - Life	Expense	<Unassigned>
925.4 . Insurance - Workmans' Comp	Expense	<Unassigned>
925.5 . Insurance-Medical	Expense	Deductions: Medical insurance payments
926 . Employee Pension/Benefit (926)	Expense	<Unassigned>
927 . Franchise Requirements (927)	Expense	<Unassigned>
928 . Regulatory Comm Expenses (928)	Expense	<Unassigned>
928.3 . Late Filing Penalty	Expense	<Unassigned>
928.1 . PSC Assessment	Expense	<Unassigned>
928.2 . Licenses	Expense	Deductions: Licenses
929 . Duplicate Charges	Expense	<Unassigned>
930 . Gen Advertising & Mktg Exp	Expense	<Unassigned>
930.1 . Advertising	Expense	<Unassigned>
930.1.1 . Marketing Exp	Expense	<Unassigned>
930.2 . Geological Maps	Expense	Deductions: Other (itemize)
930.3 . Misc General Exp	Expense	<Unassigned>
930.4.2 . Investor Annual Meeting	Expense	<Unassigned>
930.4.1 . Employee Annual Meeting	Expense	<Unassigned>
930.3.1 . Bank Service/Check Char...	Expense	Deductions: Other (itemize)
930.3.2 . Computer Repair & Maint	Expense	<Unassigned>
930.3.3 . Donations	Expense	<Unassigned>
930.3.4 . Dues and Subscriptions	Expense	<Unassigned>
930.3.5 . Employee Drug Testing Se...	Expense	<Unassigned>
930.3.6 . Equipment Storage	Expense	<Unassigned>
930.3.7 . Postage/Fedex	Expense	Deductions: Other (itemize)
930.3.8 . Repairs & Maintenance	Expense	<Unassigned>

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
930.3.9 . Supplies	Expense	<Unassigned>
930.4 . Telephone Expense	Expense	Deductions: Other (itemize)
930.5 . Travel & Entertainment	Expense	Deductions: Meals and entertainment
930.5.1 . Meals/Entertainment	Expense	Deductions: Meals and entertainment
930.5.2 . Per Diem - Travel	Expense	Deductions: Other (itemize)
930.5.3 . Travel	Expense	Deductions: Other (itemize)
930.6 . Utilities	Expense	Deductions: Other (itemize)
930.6.1 . Termite Control - Office	Expense	Deductions: Other (itemize)
930.7 . Royalties Advanced	Expense	<Unassigned>
930.8 . Prior Period Adjustment	Expense	<Unassigned>
930.9 . Deferred Acquisition Costs	Expense	<Unassigned>
931 . Rents (931)	Expense	<Unassigned>
933 . Transportation Expenses (933)	Expense	<Unassigned>
933.1 . Automobile Expenses	Expense	Deductions: Other (itemize)
933.3 . Auto Taxes	Expense	Deductions: Local property taxes
933.4 . Auto Repair & Maint	Expense	<Unassigned>
933.5 . Insurance/Title/Fees	Expense	Deductions: Other (itemize)
935 . Maint of General Plant (935)	Expense	<Unassigned>
935.1 . Equipment Repairs	Expense	Deductions: Repairs and maintenance
935.2 . Ditchwitch	Expense	<Unassigned>
935.3 . Equipment Other	Expense	<Unassigned>
935.4 . Storage Rental - Equipment	Expense	<Unassigned>
403 . Depr & Depl Expense	Expense	<Unassigned>
404 . Amortization Expense	Expense	<Unassigned>
404.1 . Amort-Ltd Term Gas Plant	Expense	<Unassigned>
405 . Amort-Other Gas Plant	Expense	<Unassigned>
406 . Amort-Gas Plant Acq. Adj	Expense	<Unassigned>
407.1 . Amort-Property Losses	Expense	<Unassigned>
407.2 . Amort-Conversion Exp	Expense	<Unassigned>
408 . Taxes Other than Income	Expense	<Unassigned>
408.1 . Payroll Taxes	Expense	<Unassigned>
408.2 . Property Taxes	Expense	<Unassigned>
408.3 . Taxes - Severance	Expense	<Unassigned>
409 . Tot Inc Tax-Utility Operations	Expense	<Unassigned>
409.1 . Income Tax-Federal (409.1)	Expense	<Unassigned>
409.2 . Income Tax-State (409.1)	Expense	<Unassigned>
409.3 . Income Tax-Other	Expense	<Unassigned>
411.1 . Provision-Def Inc Tax-CR	Expense	<Unassigned>
411.4 . Invest Tax Cred Adj-Net	Expense	<Unassigned>
999.1 . Miscellaneous	Expense	Deductions: Other (itemize)
999.2 . Other	Expense	<Unassigned>
999.3 . 1099-Misc	Expense	<Unassigned>
415-418 . Nonutility Income	Other Income	<Unassigned>

Chart of Accounts

11/18/99

Account	Type	Income Tax Line
415 . Interest/Dividend Income	Other Income	<Unassigned>
416 . Sales Tax Credits	Other Income	<Unassigned>
417 . Interest - Escrow Account	Other Income	Schedule K-Oth.Inc(Loss): Interest income
418 . Interest - FUNB	Other Income	Income: Other income
421 . Misc Nonoperating Income	Other Income	<Unassigned>
421.1 . Sales Tax Discounts Taken	Other Income	<Unassigned>
427 . Interest-Long Term Debt	Other Expense	<Unassigned>
428 . Amort-Debt Disc & Expense	Other Expense	<Unassigned>
426.1 . Nonutility Deductions (426.1-5)	Other Expense	<Unassigned>
431 . Other Interest Expense	Other Expense	<Unassigned>
431.1 . Interest - LOC	Other Expense	<Unassigned>
431.2 . Interest expense - customer dep	Other Expense	<Unassigned>
431.3 . Interest - Vehicle Loans	Other Expense	<Unassigned>
431.4 . Interest-Note Payable	Other Expense	<Unassigned>
4 . Estimates	Non-Posting	<Unassigned>
2 . Purchase Orders	Non-Posting	<Unassigned>

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
131 - Cash & Working Funds								18,469.07
131.1 - Bank of McCreary County								18,469.07
Check	1/2/98	1515	Ball, Timothy	ADP - PAYROL...	X	6560 - Payroll Ex...	-400.00	18,069.07
Check	1/2/98	1516	Vann, Walter L.	ADP - PAYROL...	X	6560 - Payroll Ex...	-500.00	17,569.07
Paycheck	1/2/98	7006	Ball, Timothy		X	-SPLIT-	-500.50	17,068.57
Paycheck	1/2/98	7007	Curd, James E.		X	-SPLIT-	-1,491.81	15,576.76
Paycheck	1/2/98	7008	Genoe, Danny D		X	-SPLIT-	-409.35	15,167.41
Paycheck	1/2/98	7010	Ross, Janice F.		X	-SPLIT-	-449.75	14,717.66
Paycheck	1/2/98	7011	Vann, Walter L.		X	-SPLIT-	-660.49	14,057.17
Liability Check	1/2/98		ADP		X	-SPLIT-	-1,715.24	12,341.93
Liability Check	1/2/98	7009	Penn Mutual		X	238.1 - Payroll T...	-364.30	11,977.63
Deposit	1/5/98			Deposit	X	-SPLIT-	2,047.77	14,025.40
Deposit	1/5/98			Deposit	X	145.3 - Sales Re...	1,158.11	15,183.51
Deposit	1/5/98			Deposit	X	488.3 - Hook up ...	650.00	15,833.51
Deposit	1/5/98			Deposit	X	-SPLIT-	1,747.93	17,581.44
Deposit	1/7/98			Deposit	X	6560 - Payroll Ex...	400.00	17,981.44
Check	1/8/98	1517	Litton Brothers	GAS, FUEL	X	933 - Transportat...	-108.75	17,872.69
Check	1/8/98	1518	NAPA Auto Parts	bolt-nut, oil filte...	X	935.3 - Equipme...	-56.10	17,816.59
Check	1/8/98	1519	Orkin Pest Control	ACCT P-381-9...	X	930.6.1 - Termite...	-36.00	17,780.59
Check	1/8/98	1520	Fedex	Inv #4-380-395...	X	930.3.7 - Postag...	-54.25	17,726.34
Check	1/8/98	1521	McJunkin Appalachian	3" Bare Pipe Pig	X	908.2.3 - Pipe	-27.79	17,698.55
Check	1/8/98	1522	Scott Supplies	INV. 109296, 1...	X	921.1 - Office Su...	-48.47	17,650.08
Check	1/8/98	1523	BOB'S TIRE SHOP	STMT for Dec. ...	X	933 - Transportat...	-462.84	17,187.24
Check	1/8/98	1524	B & H Supply, Inc.	valve box w/lid, ...	X	382 - Equipment...	-597.05	16,590.19
Check	1/8/98	1525	Anita West	Anita West	X	235 - Customer ...	-200.00	16,390.19
Deposit	1/9/98			Deposit	X	6560 - Payroll Ex...	500.00	16,890.19
Deposit	1/9/98			Deposit	X	-SPLIT-	818.29	17,708.48
Deposit	1/12/98			Deposit	X	145.3 - Sales Re...	1,368.60	19,077.08
Deposit	1/12/98			Deposit	X	-SPLIT-	3,766.99	22,844.07
Check	1/13/98	1526			X	999.2 - Other	0.00	22,844.07
Check	1/13/98	1527	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	22,469.62
Check	1/13/98	1528	McJunkin Appalachian	Caution Decal...	X	382 - Equipment...	-349.80	22,119.82
Check	1/13/98	1529	McJunkin Appalachian	Tracer wire and...	X	908.2 - Materials	-241.60	21,878.22
Check	1/13/98	1530	Highland Phone Co.	#s 569-7452, ...	X	930.4 - Telephon...	-44.40	21,833.82
Check	1/13/98	1531	Fedex	Inv #4-392-560...	X	930.3.7 - Postag...	-16.00	21,817.82
Check	1/13/98	1532	Scott Solid Waste Disp...	Acct #2484	X	930.6 - Utilities	-14.00	21,803.82
Check	1/13/98	1533	MARR,MILER & MYERS	Stmt. Professi...	X	923.2 - Accounti...	-41.50	21,762.32
Check	1/13/98	1534	Cellular One	ACCT# 003 00...	X	930.4 - Telephon...	-395.71	21,366.61
Check	1/13/98	1535	Bonnie Wilson		X	921.2 - Office Cl...	-35.00	21,331.61
Check	1/15/98	1536	Merry's Flower Shop	Flowers - Wesf...	X	921 - Office Sup...	-40.00	21,291.61
Check	1/15/98	1537	Ditch Witch Of Kentucky	Invoice C55370...	X	935.2 - Ditchwitch	-35.19	21,256.42
Check	1/15/98	1538	Mr. B Screen	White Poplin T...	X	930.1 - Advertisi...	-99.64	21,156.78
Deposit	1/15/98			Deposit	X	-SPLIT-	115.00	21,271.78
Deposit	1/15/98			Deposit	X	145.3 - Sales Re...	761.11	22,032.89
Check	1/15/98	1539	A-1 CONSTRUCTION ...	HAULING ROC...	X	908.2 - Materials	-40.00	21,992.89
Deposit	1/16/98			Deposit	X	-SPLIT-	7,147.20	29,140.09
Check	1/16/98	1540	Bank One	Acct #240580...	X	231.3 - Loans Pa...	-551.85	28,588.24
Paycheck	1/16/98	7012	Ball, Timothy		X	-SPLIT-	-462.08	28,126.16
Paycheck	1/16/98	7013	Curd, James E.		X	-SPLIT-	-1,491.81	26,634.35
Paycheck	1/16/98	7014	Genoe, Danny D		X	-SPLIT-	-406.50	26,227.85
Paycheck	1/16/98	7016	Ross, Janice F.		X	-SPLIT-	-449.75	25,778.10
Paycheck	1/16/98	7017	Vann, Walter L.		X	-SPLIT-	-604.55	25,173.55
Paycheck	1/16/98	7018	Wilson, Marcia D		X	-SPLIT-	-27.70	25,145.85
Liability Check	1/16/98		ADP		X	-SPLIT-	-1,663.55	23,482.30
Liability Check	1/16/98	7015	Penn Mutual		X	236.1 - Payroll T...	-355.75	23,126.55
Deposit	1/19/98			Deposit	X	-SPLIT-	322.40	23,448.95
Check	1/20/98	1541	McJunkin Appalachian	8 5/8" CASING	X	378.2 - Pipeline ...	-273.43	23,175.52
Check	1/20/98	1542	KY UTILITIES COMPA...	ACCT #379192-0...	X	930.6 - Utilities	-168.19	23,007.33
Check	1/20/98	1543	Vann, Walter L.	Gas,Meals, Trip...	X	-SPLIT-	-78.58	22,928.77
Check	1/20/98	1544	Curd, James E.	Gas,Meals, Trip...	X	-SPLIT-	-85.55	22,843.22
Check	1/20/98	1545	HINKLE CONTRACTIN...	INV. #91931 D...	X	387.1 - Pipeline ...	-255.72	22,587.50
Check	1/20/98	1546	HINKLE CONTRACTIN...	INV. #92423 D...	X	-SPLIT-	-270.14	22,317.36
Deposit	1/21/98			Deposit	X	-SPLIT-	217.10	22,534.46
Check	1/21/98	1547	Petty Cash	REIMBURSEM...	X	-SPLIT-	-140.16	22,394.30
Check	1/21/98	1548	Caleb Stephens	Pipeline Right...	X	378.2 - Pipeline ...	-426.00	21,968.30
Check	1/21/98	1549	Kathy Stephens	Pipeline Right...	X	378.2 - Pipeline ...	-500.00	21,468.30
Check	1/23/98	1550	Meadows Grove Church	Donation	X	930.3.3 - Donati...	-100.00	21,368.30
Check	1/26/98	1551	Bonnie Wilson		X	921.2 - Office Cl...	-35.00	21,333.30
Check	1/26/98	1552	Highland Phone Co.	#s 378-8373, ...	X	930.4 - Telephon...	-485.37	20,847.93
Check	1/26/98	1553	Bank of McCreary Cou...	Acct. #4330349...	X	-SPLIT-	-393.17	20,454.76
Check	1/26/98	1554	J.L. Davis, Electrical C...	Cord drilling - 3...	X	367.1 - Pipeline ...	-466.00	19,988.76
Check	1/26/98	1555	KENTUCKY UNDERG...	QTR. OF ASSO...	X	930.3.4 - Dues a...	-165.38	19,823.38
Check	1/26/98	1556	Cellular One	3 - Pagers, serv...	X	930.4 - Telephon...	-156.45	19,666.93
Deposit	1/27/98			Deposit	X	-SPLIT-	491.20	20,158.13
Deposit	1/27/98			Deposit	X	488.3 - Hook up ...	200.00	20,358.13
Check	1/27/98	1557	Curd, James E.	Gas, Trip to Mo...	X	921 - Office Sup...	-38.51	20,319.62
Check	1/27/98	1558	Fedex	Inv #4-406-769...	X	930.3.7 - Postag...	-54.25	20,265.37
Check	1/27/98	1559	McCreary Co. Chambe...	Membership D...	X	930.3.4 - Dues a...	-125.00	20,140.37
Check	1/27/98	1560	McJunkin Appalachian	tapping tees, co...	X	382 - Equipment...	-1,576.86	18,563.51
Check	1/27/98	1561	Employers Health	EMPLOYEE D...	X	925.5 - Insuranc...	-146.42	18,417.09
Check	1/27/98	1562	D. H. C. Limited Partne...	Property Usage...	X	935.4 - Storage ...	-500.00	17,917.09
Check	1/27/98	1563	Advantage Care	Employee Medi...	X	925.5 - Insuranc...	-574.32	17,342.77
Check	1/29/98	1564	INTERNAL REVENUE ...	940 Unemploy...	X	408.1 - Payroll T...	-98.25	17,244.52
Check	1/30/98	1565	Treasurer, Kentucky U...	Qtr. Unemploy...	X	408.1 - Payroll T...	-105.63	17,138.89
Check	1/30/98	1566	Kentucky State Treasur...	K-3, Ky State ...	X	408.1 - Payroll T...	-449.85	16,689.04
Paycheck	1/30/98	7019	Ball, Timothy		X	-SPLIT-	-469.03	16,220.01
Paycheck	1/30/98	7020	Curd, James E.		X	-SPLIT-	-1,491.80	14,728.21
Paycheck	1/30/98	7021	Genoe, Danny D		X	-SPLIT-	-376.54	14,351.67
Paycheck	1/30/98	7023	Ross, Janice F.		X	-SPLIT-	-449.75	13,901.92
Paycheck	1/30/98	7024	Vann, Walter L.		X	-SPLIT-	-594.24	13,307.68
Paycheck	1/30/98	7025	Wilson, Marcia D		X	-SPLIT-	-128.32	13,179.36
Liability Check	1/30/98		ADP		X	-SPLIT-	-1,667.80	11,511.56

**Citipower, L. L. C.
Transactions by Account**

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Liability Check	1/30/98	7022	Penn Mutual		X	236.1 · Payroll T...	-355.45	11,156.11
Check	2/3/98	1567	INTERNAL REVENUE ...	941 & 941C E...	X	408.1 · Payroll T...	-449.78	10,706.33
Check	2/6/98	1568	Davis Salvage	Power Steerlin...	X	933.4 · Auto Rep...	-75.00	10,631.33
Check	2/6/98	1569	Kentucky Farm Bureau	6 mos. Ins. on ...	X	933.5 · Insuranc...	-501.21	10,130.12
Deposit	2/9/98			Deposit	X	-SPLIT-	2,023.62	12,153.74
Deposit	2/10/98			Deposit	X	231.3 · Loans Pa...	18,836.00	30,989.74
Check	2/10/98	1570	Gambrel Toyota	96 Toyota Taco...	X	393 · Automobile...	-18,836.00	12,153.74
Deposit	2/10/98			Deposit	X	-SPLIT-	951.47	13,105.21
Check	2/11/98	1571	Bank of McCreary Cou...	Loan #00104101	X	431.1 · Interest - ...	-3,133.70	9,971.51
Check	2/11/98	1572	Bank One	Acct. #240580-...	X	-SPLIT-	-374.45	9,597.06
Check	2/11/98	1573	McCreary County Wate...	ACCT. #05-451...	X	930.6 · Utilities	-19.54	9,577.52
Check	2/11/98	1574	G & S Tire, Inc.	Power steering ...	X	-SPLIT-	-42.00	9,535.52
Check	2/11/98	1575	Dwayne Hamlin	Repair - Ditch ...	X	935.2 · Ditchwitch	-66.75	9,468.77
Check	2/11/98	1576	Litton Brothers	GAS, FUEL	X	933 · Transportat...	-114.20	9,354.57
Check	2/11/98	1577	BOB'S TIRE SHOP	STMT for Jan. ...	X	933 · Transportat...	-509.78	8,844.79
Check	2/11/98	1578	CORNER BP	GAS	X	933 · Transportat...	-81.00	8,763.79
Check	2/11/98	1579	Fedex	Inv. #4-413-646...	X	930.3.7 · Postag...	-20.25	8,743.54
Check	2/11/98	1580	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 · Termite...	-38.00	8,707.54
Check	2/11/98	1581	Scott Solid Waste Disp...	Acct. #2484	X	930.6 · Utilities	-14.00	8,693.54
Check	2/11/98	1582	D. H. Campbell	gravel to ABC, r...	X	908.2 · Materials	-127.50	8,566.04
Check	2/11/98	1583	McJunkin Appalachian	punch valve tee...	X	-SPLIT-	-400.43	8,165.61
Check	2/11/98	1584	Curd, James E.	P/H reducer, hy...	X	-SPLIT-	-58.04	8,109.57
Check	2/11/98	1585	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	8,074.57
Check	2/11/98	1586	Cellular One	608-875-0559, ...	X	930.4 · Telephon...	-454.89	7,619.68
Check	2/11/98	1587	Scott Supplies	INV. 110313, 1...	X	921.1 · Office Su...	-583.27	7,036.41
Check	2/11/98	1588	Pager Plus	376-6118, 6119...	X	930.4 · Telephon...	-33.00	7,003.41
Deposit	2/12/98			Deposit	X	-SPLIT-	1,556.00	8,559.41
Check	2/13/98	1589	Ball, Timothy	ADP · PAYROL...	X	6560 · Payroll Ex...	-50.75	8,508.66
Deposit	2/13/98			Deposit	X	-SPLIT-	1,091.68	9,600.34
Deposit	2/13/98			Deposit	X	-SPLIT-	1,320.57	10,920.91
Paycheck	2/13/98	7028	Ball, Timothy		X	-SPLIT-	-501.50	10,419.41
Paycheck	2/13/98	7027	Curd, James E.		X	-SPLIT-	-1,491.81	8,927.60
Paycheck	2/13/98	7028	Genoe, Danny D		X	-SPLIT-	-288.08	8,639.52
Paycheck	2/13/98	7030	Ross, Janice F.		X	-SPLIT-	-449.75	8,189.77
Paycheck	2/13/98	7031	Stephens, James H		X	-SPLIT-	-301.96	7,887.81
Paycheck	2/13/98	7032	Vann, Walter L.		X	-SPLIT-	-614.86	7,272.95
Paycheck	2/13/98	7033	Wilson, Marcia D		X	-SPLIT-	-57.84	7,215.11
Liability Check	2/13/98			ADP	X	-SPLIT-	-1,658.50	5,556.61
Liability Check	2/13/98	7029	Penn Mutual		X	236.1 · Payroll T...	-360.26	5,196.35
Deposit	2/16/98			Deposit	X	-SPLIT-	384.05	5,580.40
Deposit	2/17/98			Deposit	X	-SPLIT-	8,875.41	14,455.81
Deposit	2/17/98				X	231.2 · Line of C...	65,000.00	79,455.81
Check	2/17/98	1076	Citipower, L.L.C.	Transfer	X	131.2 · FUNB - ...	10,000.00	89,455.81
Check	2/18/98	1590	Lumber King	markers,cemen...	X	-SPLIT-	-192.07	89,263.74
Check	2/18/98	1591	McJunkin Appalachian	couplings, ball ...	X	-SPLIT-	-1,245.28	88,018.46
Check	2/18/98	1592	Bank One	Acct. #240580-...	X	-SPLIT-	-551.85	87,466.61
Check	2/18/98	1593	McJunkin Appalachian	casing for rd bo...	X	-SPLIT-	-1,757.32	85,709.29
Check	2/18/98	1594	The Sign Place	Letters on Taco...	X	930.1 · Advertising	-84.50	85,624.79
Check	2/18/98	1595	Curd, James E.	tire chains	X	933 · Transportat...	-42.39	85,582.40
Check	2/18/98	1596	Campbell Plumbing & ...	dozer work, wo...	X	-SPLIT-	-59,558.40	26,024.00
Check	2/18/98	1597	McJunkin Appalachian	couplings, pipe ...	X	-SPLIT-	-197.83	25,826.17
Check	2/18/98	1598	Corbin Comm	INV #54036 ne...	X	393 · Automobile...	-802.94	25,023.23
Check	2/19/98	1599	KY UTILITIES COMPA...	Acct.#379192.0...	X	930.6 · Utilities	-187.05	24,836.18
Check	2/19/98	1600	Fedex	Inv. #4-428-059...	X	930.3.7 · Postag...	-16.00	24,820.18
Check	2/19/98	1601	MARR,MILER & MYERS	Stmt. Professi...	X	923.2 · Accounti...	-126.50	24,693.68
Check	2/19/98	1602	Petty Cash	REIMBURSEM...	X	-SPLIT-	-127.87	24,565.81
Check	2/19/98	1603	HINKLE CONTRACTIN...	INV. #93027 D...	X	-SPLIT-	-439.87	24,125.94
Check	2/19/98	1604	HINKLE CONTRACTIN...	Ticket #107238...	X	908.1 · Labor	-213.48	23,912.46
Check	2/19/98	1605	HINKLE CONTRACTIN...	Ticket #108451...	X	908.1 · Labor	-227.52	23,684.94
Check	2/19/98	1606	HINKLE CONTRACTIN...	Inv. #92850 D...	X	908.1 · Labor	-236.53	23,448.41
Check	2/19/98	1607	Gambrel Toyota	Floor Mats - To...	X	933.4 · Auto Rep...	-64.10	23,384.31
Deposit	2/19/98			Deposit	X	-SPLIT-	160.52	23,544.83
Check	2/19/98			ADP	X	923.2 · Accounti...	-33.75	23,511.08
Deposit	2/24/98			Deposit	X	-SPLIT-	365.34	23,876.42
Check	2/25/98	1611	Paul Vann	Paul Vann	X	-SPLIT-	-147.50	23,728.92
Check	2/25/98	1608	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	23,693.92
Check	2/25/98	1609	Bank of McCreary Cou...	Acct. #4330349...	X	-SPLIT-	-393.17	23,300.75
Check	2/25/98	1610	Corbin Comm	INV #54105 ...	X	933.1 · Automob...	-36.00	23,264.75
Check	2/25/98	1612	Highland Phone Co.	#s 376-8373, ...	X	930.4 · Telephon...	-638.86	22,625.89
Check	2/25/98	1613	Advantage Care	Employee Medi...	X	925.5 · Insuranc...	-574.32	22,051.57
Check	2/25/98	1614	Owens	Install Tool Box ...	X	393 · Automobile...	-204.99	21,846.58
Check	2/26/98			ADP	X	923.2 · Accounti...	-32.40	21,814.18
Deposit	2/27/98			Deposit	X	-SPLIT-	426.63	22,240.81
Check	2/27/98	1615	BIG M DISCOUNT	plug,fuel filter, ...	X	935.3 · Equipme...	-97.58	22,143.23
Paycheck	2/27/98	7034	Ball, Timothy		X	-SPLIT-	-445.49	21,697.74
Paycheck	2/27/98	7035	Curd, James E.		X	-SPLIT-	-1,354.14	20,343.60
Paycheck	2/27/98	7036	Genoe, Danny D		X	-SPLIT-	-389.38	19,954.22
Paycheck	2/27/98	7038	Ross, Janice F.		X	-SPLIT-	-434.56	19,519.66
Paycheck	2/27/98	7039	Stephens, James H		X	-SPLIT-	-410.00	19,109.66
Paycheck	2/27/98	7040	Vann, Walter L.		X	-SPLIT-	-562.05	18,547.61
Liability Check	2/27/98			ADP	X	-SPLIT-	-1,667.57	16,880.04
Liability Check	2/27/98	7037	Penn Mutual		X	236.1 · Payroll T...	-356.09	16,523.95
Deposit	3/4/98			Deposit	X	-SPLIT-	1,523.02	18,046.97
Deposit	3/4/98			Deposit	X	145.3 · Sales Re...	845.11	18,892.08
Check	3/4/98	1616	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 · Termite...	-36.00	18,856.08
Check	3/4/98	1617	Tony Ball	Clear snow fra...	X	921 · Office Sup...	-30.00	18,826.08
Check	3/4/98	1618	Fedex	Inv. #4-435-580...	X	930.3.7 · Postag...	-55.50	18,770.58
Check	3/4/98	1619	McCreary Co Water	Acct. #05-4515...	X	930.6 · Utilities	-19.54	18,751.04
Check	3/4/98	1620	HINKLE CONTRACTIN...	INV #93492 De...	X	908.1 · Labor	-229.68	18,521.36
Check	3/4/98	1621	Employers Health	EMPLOYEE D...	X	925.5 · Insuranc...	-146.42	18,374.94
Check	3/4/98	1622	McJunkin Appalachian	pipe pig, wire, ...	X	-SPLIT-	-602.80	17,772.14
Check	3/4/98	1623	NAPA Auto Parts	bolt-nut, hose e...	X	935.3 · Equipme...	-118.73	17,653.41

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Check	3/4/98	1624	CORNER BP	GAS	X	933 · Transportat...	-79.84	17,573.57
Check	3/4/98	1625	Scott Supplies	INV. 110896, 1...	X	921.1 · Office Su...	-78.97	17,494.60
Check	3/4/98	1626	Curd, James E.	hand saw, ham...	X	908.4 · Other Ex...	-98.48	17,398.12
Check	3/4/98	1627	Engineering Services	Surveying on K...	X	367.1 · Pipeline ...	-1,677.50	15,720.62
Check	3/4/98	1628	McJunkin Appalachian	heating tool,so...	X	396 · Equipment...	-1,148.15	14,572.47
Check	3/4/98	1629	Litton Brothers	GAS, FUEL	X	933 · Transportat...	-148.67	14,423.80
Check	3/5/98	1630	McCreary County Chee...	Newspaper adv...	X	930.1 · Advertising	-50.00	14,373.80
Check	3/6/98	1631	Meadows Grove Church	Donation	X	930.3 · Donati...	-50.00	14,323.80
Deposit	3/6/98			Deposit	X	145.3 · Sales Re...	1,394.53	15,718.33
Deposit	3/9/98			Deposit	X	-SPLIT-	1,353.55	17,071.88
Deposit	3/9/98			Deposit	X	-SPLIT-	260.40	17,332.28
Deposit	3/9/98	1083	Citipower, L.L.C.		X	131.2 · FUNB ...	10,000.00	27,332.28
Deposit	3/9/98				X	6560 · Payroll Ex...	50.75	27,383.03
Check	3/9/98	1632	Pager Plus	376-6118, 6119...	X	930.4 · Telephon...	-33.00	27,350.03
Check	3/9/98	1633	Bank of McCreary Cou...	Acct. #4330517...	X	231.3 · Loans Pa...	-473.80	26,876.23
Check	3/9/98	1634	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	26,501.78
Check	3/9/98	1635	Scott Solid Waste Disp...	Acct #2484	X	930.6 · Utilities	-14.00	26,487.78
Check	3/9/98	1636	D. H. C. Limited Partne...	Property Usage...	X	935.4 · Storage ...	-500.00	25,987.78
Check	3/9/98	1637	Curd, James E.	2 Sets of Heari...	X	908.2 · Materials	-19.02	25,968.76
Check	3/9/98	1638	BOB'S TIRE SHOP	STMT for Feb. ...	X	933 · Transportat...	-391.42	25,577.34
Check	3/10/98	1639	James Taylor	Easement agre...	X	367.2 · Pipeline ...	-222.00	25,355.34
Check	3/10/98	1640	Martin and Margie King	Easement agre...	X	367.2 · Pipeline ...	-100.00	25,255.34
Check	3/10/98	1641	First Baptist Church	Easement agre...	X	376.2 · Pipeline ...	-305.00	24,950.34
Check	3/11/98	1642	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	24,915.34
Check	3/11/98	1643	Ditch Witch Of Kentucky	Invoice C50135...	X	935.2 · Ditchwitch	-406.02	24,509.32
Check	3/11/98	1644	McJunkin Appalachian	8 5/8 casing for...	X	908.2 · Materials	-163.24	24,346.08
Check	3/11/98	1645	McJunkin Appalachian	valve, riser,met...	X	-SPLIT-	-808.29	23,537.79
Check	3/11/98	1646	Petty Cash	REIMBURSEM...	X	-SPLIT-	-118.09	23,419.70
Deposit	3/11/98			Deposit	X	-SPLIT-	724.02	24,143.72
Check	3/12/98	1647	void		X	999.2 · Other	0.00	24,143.72
Check	3/12/98	1648	Crabtree Wilson Insura...	Easement Agre...	X	367.2 · Pipeline ...	-400.00	23,743.72
Check	3/12/98	1649	Bob Sumner	Easement Agre...	X	367.2 · Pipeline ...	-900.00	22,843.72
Check	3/12/98	1650	Lumber King	Rent oxygen an...	X	908.2 · Materials	-63.60	22,780.12
Deposit	3/12/98			Deposit	X	145.3 · Sales Re...	177.10	22,957.22
Paycheck	3/13/98	7041	Ball, Timothy		X	-SPLIT-	-523.02	22,434.20
Paycheck	3/13/98	7042	Curd, James E.		X	-SPLIT-	-1,491.81	20,942.39
Paycheck	3/13/98	7043	Genoe, Danny D		X	-SPLIT-	-448.59	20,493.80
Paycheck	3/13/98	7045	Ross, Janice F.		X	-SPLIT-	-473.60	20,020.20
Paycheck	3/13/98	7046	Stephens, James H		X	-SPLIT-	-325.45	19,694.75
Paycheck	3/13/98	7047	Vann, Walter L.		X	-SPLIT-	-657.67	19,037.08
Liability Check	3/13/98		ADP		X	-SPLIT-	-1,754.47	17,282.61
Liability Check	3/13/98	7044	Penn Mutual		X	238.1 · Payroll T...	-368.24	16,914.37
Deposit	3/16/98			Deposit	X	-SPLIT-	322.38	17,236.75
Check	3/16/98		ADP		X	923.2 · Accounti...	-32.40	17,204.35
Check	3/17/98	1651	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	16,652.50
Check	3/17/98	1652	Highland Phone Co.	#s 569-7462, ...	X	930.4 · Telephon...	-22.22	16,630.28
Check	3/17/98	1653	Fedex	Inv. #4-449-946...	X	930.3.7 · Postag...	-16.50	16,613.78
Check	3/17/98	1654	McJunkin Appalachian	Tees,Nipples,El...	X	-SPLIT-	-539.23	16,074.55
Check	3/17/98	1655	Cellular One	606-875-0559, ...	X	930.4 · Telephon...	-425.25	15,649.30
Check	3/17/98	1656	Ditch Witch Of Kentucky	Inv. #C50222 B...	X	935.2 · Ditchwitch	-36.18	15,613.12
Check	3/17/98	1657	Richard Foley Photogr...	Photographic S...	X	921 · Office Sup...	-82.40	15,530.72
Deposit	3/17/98			Deposit	X	-SPLIT-	7,257.63	22,788.35
Deposit	3/18/98			Deposit	X	-SPLIT-	3,772.24	26,560.59
Check	3/23/98	1658	Highland Phone Co.	#s 378-8830, ...	X	930.4 · Telephon...	-594.99	25,965.60
Check	3/23/98	1659	Kentucky Utilities	Acct #413777-0...	X	930.6 · Utilities	-158.25	25,807.35
Check	3/23/98	1660	EXCEL	ACCT. #PGB2...	X	930.4 · Telephon...	-33.61	25,773.74
Check	3/23/98	1661	McJunkin Appalachian	5 gal Methanol ...	X	908.2 · Materials	-37.10	25,736.64
Check	3/23/98	1662	Kentucky Farm Bureau	6 mos. Renew...	X	933.5 · Insuranc...	-535.41	25,201.23
Check	3/23/98	1663	B & H Supply, Inc.	valve box w/lid, ...	X	-SPLIT-	-656.63	24,544.60
Check	3/23/98	1664	Advantage Care	Employee Medi...	X	925.5 · Insuranc...	-574.32	23,970.28
Check	3/23/98	1665	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	23,935.28
Check	3/23/98	1666	Roscoe Wilson	Clearing on 3" ...	X	-SPLIT-	-97.00	23,838.28
Deposit	3/24/98			Deposit	X	145.3 · Sales Re...	143.60	23,981.88
Check	3/26/98	1667	Bank of McCreary Cou...	Acct. #4330349...	X	-SPLIT-	-393.17	23,588.71
Check	3/26/98	1668	Employers Health	EMPLOYEE D...	X	925.5 · Insuranc...	-18.92	23,569.79
Check	3/26/98	1669	HINKLE CONTRACTIN...	3 loads - Dense...	X	367.2 · Pipeline ...	-642.89	22,926.90
Check	3/26/98	1670	HINKLE CONTRACTIN...	Dense Grade ...	X	908 · New Custo...	-234.00	22,692.90
Check	3/26/98	1671	Petty Cash	REIMBURSEM...	X	-SPLIT-	-111.52	22,581.38
Check	3/27/98		ADP		X	-SPLIT-	-1,812.94	20,768.44
Check	3/27/98		ADP		X	923.2 · Accounti...	-32.40	20,736.04
Paycheck	3/27/98	7048	Ball, Timothy		X	-SPLIT-	-527.00	20,209.04
Paycheck	3/27/98	7049	Curd, James E.		X	-SPLIT-	-1,491.81	18,717.23
Paycheck	3/27/98	7050	Genoe, Danny D		X	-SPLIT-	-436.11	18,281.12
Paycheck	3/27/98	7052	Ross, Janice F.		X	-SPLIT-	-449.75	17,831.37
Paycheck	3/27/98	7053	Stephens, James H		X	-SPLIT-	-436.82	17,394.55
Paycheck	3/27/98	7054	Vann, Walter L.		X	-SPLIT-	-662.81	16,731.74
Liability Check	3/27/98	7051	Penn Mutual		X	236.1.7 · Employ...	-366.91	16,364.83
Check	4/1/98	1672	McCreary Co Water	Acct. #05-4515...	X	930.6 · Utilities	-19.54	16,345.29
Check	4/1/98	1673	G & S Tire, Inc.	Oil, grease, oil f...	X	-SPLIT-	-41.73	16,303.56
Check	4/1/98	1674	HINKLE CONTRACTIN...	Dense Grade ...	X	908.1 · Labor	-233.20	16,070.36
Check	4/1/98	1675	B & H Supply, Inc.	regulators, tees...	X	382 · Equipment...	-974.66	15,095.70
Check	4/1/98	1676	McJunkin Appalachian	tees,couplings...	X	382 · Equipment...	-551.87	14,543.83
Check	4/1/98	1677	McJunkin Appalachian	caution tape, wi...	X	-SPLIT-	-746.98	13,796.85
Check	4/1/98	1678	Robert L. Brown, III	2 - ink print cart...	X	921.1 · Office Su...	-63.49	13,733.36
Deposit	4/3/98			Deposit	X	-SPLIT-	1,286.88	15,020.24
Deposit	4/6/98			Deposit	X	-SPLIT-	1,076.83	16,097.07
Deposit	4/6/98			Deposit	X	-SPLIT-	882.89	16,979.96
Check	4/7/98	1679	Pager Plus	376-6118, 6119...	X	930.4 · Telephon...	-33.00	16,946.96
Check	4/7/98	1680	Bank of McCreary Cou...	Acct. #4330517...	X	-SPLIT-	-473.80	16,473.16
Check	4/7/98	1681	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	16,098.71
Check	4/7/98	1682	Fedex	Inv. #4-472-258...	X	930.3.7 · Postag...	-16.50	16,082.21
Check	4/7/98	1683	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 · Termite...	-36.00	16,046.21

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Check	4/7/98	1684	Scott Solid Waste Disp...	Acct. #2484	X	930.6 · Utilities	-14.00	16,032.21
Check	4/7/98	1685	D. H. C. Limited Partne...	Property Usage...	X	935.4 · Storage ...	-500.00	15,532.21
Check	4/7/98	1686	HINKLE CONTRACTIN...	Dense Grade - ...	X	367.2 · Pipeline ...	-419.69	15,112.52
Check	4/7/98	1687	NAPA Auto Parts	bolt-nut,hydr. fu...	X	935.3 · Equipme...	-49.97	15,062.55
Check	4/7/98	1688	Lumber King	paint thinner,rol...	X	908.2 · Materials	-115.05	14,947.50
Check	4/7/98	1689	Liton Brothers	GAS, FUEL	X	933 · Transportat...	-158.45	14,789.05
Check	4/7/98	1690	BOB'S TIRE SHOP	STMT for Mar.	X	933.4 · Auto Rep...	-490.33	14,298.72
Check	4/7/98	1691	Scott Supplies	INV. 111068, 1...	X	921.1 · Office Su...	-109.19	14,189.53
Check	4/7/98	1692	Action Printing	regular envelop...	X	921.1 · Office Su...	-63.00	14,126.53
Check	4/7/98	1693	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	14,091.53
Check	4/7/98	1694	Petty Cash	REIMBURSEM...	X	-SPLIT-	-169.41	13,922.12
Deposit	4/8/98			Deposit	X	145.3 · Sales Re...	1,082.98	14,985.08
Check	4/10/98		ADP		X	923.2 · Accounti...	-32.40	14,952.68
Paycheck	4/10/98	7055	Ball, Timothy		X	-SPLIT-	-570.72	14,381.96
Paycheck	4/10/98	7056	Curd, James E.		X	-SPLIT-	-1,491.80	12,890.16
Paycheck	4/10/98	7057	Genoe, Danny D		X	-SPLIT-	-527.26	12,362.90
Paycheck	4/10/98	7059	Ross, Janice F.		X	-SPLIT-	-465.64	11,897.26
Paycheck	4/10/98	7060	Stephens, James H		X	-SPLIT-	-468.92	11,428.34
Paycheck	4/10/98	7061	Vann, Walter L.		X	-SPLIT-	-729.85	10,698.49
Liability Check	4/10/98	7058	Penn Mutual		X	238.1.7 · Employ...	-378.38	10,320.11
Liability Check	4/10/98		ADP		X	-SPLIT-	-1,956.00	8,364.11
Deposit	4/14/98			Deposit	X	-SPLIT-	5,721.99	14,086.10
Deposit	4/14/98			Deposit	X	-SPLIT-	1,055.00	15,141.10
Check	4/15/98	1695	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	14,589.25
Check	4/15/98	1696	Fedex	Inv. #4-486-868...	X	930.3.7 · Postag...	-16.50	14,572.75
Check	4/15/98	1697	Cellular One	606-875-0559, ...	X	930.4 · Telephon...	-378.45	14,194.30
Check	4/15/98	1698	Oneida True Value	20 Locks	X	908.2 · Materials	-172.98	14,021.32
Check	4/15/98	1699	Penn Mutual	Life Insurance ...	X	925.3 · Insuranc...	-415.00	13,606.32
Check	4/15/98	1700	HINKLE CONTRACTIN...	Dense Grade - ...	X	908.1 · Labor	-182.89	13,423.43
Check	4/15/98	1701	Derrick's Dozer Service	Backhoe on 3" ...	X	367.1 · Pipeline ...	-840.00	12,583.43
Check	4/15/98	1702	Dwayne Hamlin	Repair - Ditch ...	X	935.2 · Ditchwitch	-960.00	11,623.43
Check	4/15/98	1703	STEPHENS, DARRELL	Flag - man on 3...	X	367.1 · Pipeline ...	-264.00	11,359.43
Check	4/15/98	1704	Tracy Worley	Flag-man on 3"...	X	367.1 · Pipeline ...	-264.00	11,095.43
Check	4/15/98	1705	CORNER BP	GAS	X	933 · Transportat...	-130.95	10,964.48
Deposit	4/15/98			Deposit	X	-SPLIT-	472.25	11,436.73
Check	4/16/98	1706	Poynter Electrical Co. I...	Repaired cord ...	X	907.3 · Materials	-48.00	11,388.73
Deposit	4/21/98			Deposit	X	-SPLIT-	302.89	11,691.62
Check	4/22/98	1707	Highland Phone Co.	#s 378-8830, ...	X	930.4 · Telephon...	-506.26	11,185.36
Check	4/22/98	1708	KENTUCKY UNDERG...	QTR. OF ASSO...	X	930.3.4 · Dues a...	-165.38	11,019.98
Check	4/22/98	1709	Employers Health	EMPLOYEE D...	X	925.5 · Insuranc...	-148.38	10,871.60
Check	4/22/98	1710	McJunkin Appalachian	4" Pipe, 8 5/8"	X	-SPLIT-	-1,498.84	9,372.76
Check	4/22/98	1711	HINKLE CONTRACTIN...	Dense Grade - ...	X	-SPLIT-	-894.24	8,478.52
Check	4/22/98	1712	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	8,443.52
Check	4/22/98	1713	Ditch Witch Of Kentucky	Inv. #C55742.C...	X	-SPLIT-	-798.46	7,645.06
Check	4/22/98	1714	Advantage Care	Employee Medi...	X	925.5 · Insuranc...	-861.48	6,783.58
Check	4/22/98	1715	Campbell Plumbing & ...	Honda Power ...	X	396 · Equipment...	-600.00	6,183.58
Deposit	4/22/98		Citipower, L.L.C.		X	231.2 · Line of C...	65,000.00	71,183.58
Deposit	4/22/98			Deposit	X	-SPLIT-	500.00	71,683.58
Deposit	4/23/98			Deposit	X	145.3 · Sales Re...	5,112.00	76,795.58
Check	4/23/98	1716	Campbell Plumbing & ...	4" Main Line on...	X	-SPLIT-	-63,968.00	12,827.58
Paycheck	4/24/98	7062	Ball, Timothy		X	-SPLIT-	-530.97	12,296.61
Paycheck	4/24/98	7063	Curd, James E.		X	-SPLIT-	-1,491.81	10,804.80
Paycheck	4/24/98	7064	Genoe, Danny D		X	-SPLIT-	-386.16	10,418.64
Paycheck	4/24/98	7066	Ross, Janice F.		X	-SPLIT-	-469.63	9,949.01
Paycheck	4/24/98	7067	Stephens, James H		X	-SPLIT-	-395.08	9,553.93
Paycheck	4/24/98	7068	Vann, Walter L.		X	-SPLIT-	-682.81	8,891.12
Check	4/24/98		ADP		X	923.2 · Accounti...	-32.40	8,858.72
Liability Check	4/24/98	7065	Penn Mutual		X	238.1.7 · Employ...	-369.07	8,489.65
Liability Check	4/24/98		ADP		X	-SPLIT-	-1,765.73	6,723.92
Check	4/24/98	1100	Citipower, L.L.C.	Transfer	X	131.2 · FUNB - ...	10,000.00	16,723.92
Deposit	4/27/98			Deposit	X	-SPLIT-	433.24	17,157.16
Deposit	4/28/98			Deposit	X	-SPLIT-	1,241.03	18,398.19
Check	4/30/98	1717	Petty Cash	REIMBURSEM...	X	-SPLIT-	-145.83	18,252.36
Check	4/30/98	1718	Bank of McCreary Cou...	Acct. #4330349...	X	-SPLIT-	-383.17	17,859.19
Check	4/30/98	1719	McCreary Co Water	Acct. #05-4515...	X	930.6 · Utilities	-19.54	17,839.65
Check	4/30/98	1720	Healthcomp Evaluation...	Inv. #827001	X	930.3.5 · Employ...	-60.00	17,779.65
Check	4/30/98	1721	Winchester, Patton & ...	Acct. #72000	X	930.3.5 · Employ...	-15.00	17,764.65
Check	4/30/98	1722	McCreary Co. Clerk - J...	Motor Vehicle ...	X	933.4 · Auto Rep...	-239.90	17,524.75
Check	4/30/98	1723	KY UTILITIES COMPA...	Acct.#379192-0...	X	930.6 · Utilities	-106.48	17,418.27
Check	4/30/98	1724	HINKLE CONTRACTIN...	Dense Grade - ...	X	-SPLIT-	-213.20	17,205.07
Check	4/30/98	1725	McJunkin Appalachian	8 5/8" Casing, ...	X	-SPLIT-	-388.82	16,816.25
Check	4/30/98	1726	McJunkin Appalachian	4X2 valve tee	X	908.2 · Materials	-150.56	16,665.69
Check	4/30/98	1727	Kentucky Farm Bureau	Bal.Due on Poli...	X	-SPLIT-	-29.24	16,636.45
Check	4/30/98	1728	Louise Dupuy	Easements ser...	X	-SPLIT-	-540.00	16,096.45
Deposit	5/4/98			Deposit	X	-SPLIT-	666.45	16,764.90
Deposit	5/5/98			Deposit	X	145.3 · Sales Re...	311.50	17,076.40
Check	5/6/98	1729	Pager Plus	378-6118, 6119...	X	930.4 · Telephon...	-33.00	17,043.40
Check	5/6/98	1730	Bank of McCreary Cou...	Acct. #4330517...	X	-SPLIT-	-473.80	16,569.60
Check	5/6/98	1731	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	16,195.15
Check	5/6/98	1732	Fedex	Inv. #4-508-449...	X	930.3.7 · Postag...	-37.00	16,158.15
Check	5/6/98	1733	Scott Supplies	INV. 111928, 1...	X	921.1 · Office Su...	-499.19	15,658.96
Check	5/6/98	1734	EXCEL	ACCT. #PGB2...	X	930.4 · Telephon...	-52.52	15,606.44
Check	5/6/98	1735	B & H Supply, Inc.	valve box,wrenc...	X	-SPLIT-	-453.50	15,152.94
Check	5/6/98	1736	D. H. C. Limited Partne...	Property Usage...	X	935.4 · Storage ...	-500.00	14,652.94
Check	5/6/98	1737	Lumber King	coupling, plasti...	X	908.2 · Materials	-20.48	14,632.46
Check	5/6/98	1738	Liton Brothers	GAS, FUEL	X	933 · Transportat...	-142.25	14,490.21
Check	5/6/98	1739	BOB'S TIRE SHOP	STMT for Apr.	X	933.4 · Auto Rep...	-449.53	14,040.68
Check	5/6/98	1740	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	14,005.68
Check	5/6/98	1741	Donald Ray Ball	Return - Securit...	X	235 · Customer ...	-200.00	13,805.68
Check	5/6/98	1742	Brenda McMeen	Returned - Sec...	X	-SPLIT-	-212.00	13,593.68
Check	5/6/98	1743	McJunkin Appalachian	pipe, service ris...	X	382 · Equipment...	-688.88	12,904.80
Deposit	5/6/98			Deposit	X	-SPLIT-	506.02	13,410.82

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Check	5/7/98	1744	Petty Cash	REIMBURSEM...	X	-SPLIT-	-136.46	13,274.36
Check	5/8/98	1745	Tucker Brothers Chevron	Easement Agre...	X	376.2 Pipeline ...	-285.00	12,989.36
Check	5/8/98	1746	McCreary Church of C...	Easement Agre...	X	376.2 Pipeline ...	-185.00	12,804.36
Check	5/8/98	1747	Jimmy A. Waters	Easement Agre...	X	376.2 Pipeline ...	-174.00	12,630.36
Check	5/8/98	1748	Ralph Sumner	Easement Agre...	X	376.2 Pipeline ...	-425.00	12,205.36
Check	5/8/98	1749	Carolyn M. Stephens	Easement Agre...	X	376.2 Pipeline ...	-278.00	11,927.36
Check	5/8/98	1750	Donald E. Sims	Easement Agre...	X	376.2 Pipeline ...	-1,258.00	10,671.36
Check	5/8/98	1751	Charles Lunsford	Easement Agre...	X	367.2 Pipeline ...	-100.00	10,571.36
Check	5/8/98	1752	Donald Chad Dixon	Easement Agre...	X	387.2 Pipeline ...	-96.00	10,475.36
Check	5/8/98	1753	Tea J. Meadors	Easement Agre...	X	367.2 Pipeline ...	-137.00	10,338.36
Check	5/8/98	1754	Gary Canada	Easement Agre...	X	367.2 Pipeline ...	-545.00	9,793.36
Paycheck	5/8/98	7069	Ball, Timothy		X	-SPLIT-	-509.53	9,283.83
Paycheck	5/8/98	7070	Curd, James E.		X	-SPLIT-	-1,505.66	7,778.17
Paycheck	5/8/98	7072	Ross, Janice F.		X	-SPLIT-	-492.02	7,286.15
Paycheck	5/8/98	7073	Stephens, James H		X	-SPLIT-	-451.08	6,835.07
Paycheck	5/8/98	7074	Vann, Walter L.		X	-SPLIT-	-640.23	6,194.84
Liability Check	5/8/98	7071	Penn Mutual		X	238.1.7 Employ...	-366.38	5,828.46
Check	5/8/98		ADP		X	923.2 Accounti...	-31.00	5,797.46
Check	5/8/98		ADP		X	-SPLIT-	-1,616.62	4,180.84
Check	5/11/98	1106	Citipower, L.L.C.	Transfer	X	131.2 FUNB ...	30,000.00	34,180.84
Deposit	5/12/98			Deposit	X	-SPLIT-	1,179.29	35,360.13
Check	5/12/98	1755	void		X	999.2 Other		35,360.13
Check	5/12/98	1756	Bank of McCreary Cou...	Acct. #104101	X	431.1 Interest ...	-135.35	35,224.78
Check	5/12/98	1757	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 Termite...	-36.00	35,188.78
Check	5/12/98	1758	CORNER BP	GAS	X	933 Transportat...	-95.96	35,092.82
Check	5/12/98	1759	NAPA Auto Parts	filter, duct tape,...	X	935.3 Equipme...	-56.09	35,036.73
Check	5/12/98	1760	NAPA Auto Parts	pump, grease,u...	X	935.3 Equipme...	-91.46	34,945.27
Check	5/12/98	1761	G & S Tire, Inc.	oil, oil filter, rot...	X	-SPLIT-	-58.49	34,886.78
Check	5/12/98	1762	Kentucky Farm Bureau	Bal.Due on Poli...	X	-SPLIT-	-457.86	34,428.92
Check	5/12/98	1763	Winchester, Patton & ...	Acct. #72000 ...	X	930.3.5 Employ...	-15.00	34,413.92
Check	5/12/98	1764	Cellular One	606-875-0559...	X	930.4 Telephon...	-458.55	33,955.37
Check	5/12/98	1765	HINKLE CONTRACTIN...	#57 stone - 4" a...	X	908.2 Materials	-228.06	33,727.31
Check	5/12/98	1766	McJunkin Appalachian	2-permasert co...	X	908.2 Materials	-44.99	33,682.32
Check	5/12/98	1767	McJunkin Appalachian	8 5/8" casing - ...	X	376.2 Pipeline ...	-1,142.68	32,539.64
Check	5/12/98	1768	D.A. Walker	oil, grease for b...	X	-SPLIT-	-59.89	32,479.75
Deposit	5/14/98			Deposit	X	-SPLIT-	392.76	32,872.51
Deposit	5/15/98			Deposit	X	-SPLIT-	807.40	33,679.91
Check	5/15/98	1769	Erna Lay	Easement Agre...	X	376.2 Pipeline ...	-200.00	33,479.91
Check	5/15/98	1770	void	Donation	X	930.3.3 Donati...	0.00	33,479.91
Check	5/15/98	1771	Buzz Duncan's Auto R...	Move Car - 6" ...	X	-SPLIT-	-20.00	33,459.91
Deposit	5/19/98			Deposit	X	-SPLIT-	238.24	33,698.15
Check	5/20/98	1772	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	33,146.30
Check	5/20/98	1773	Bonnie Wilson		X	921.2 Office Cl...	-35.00	33,111.30
Check	5/20/98	1774	Petty Cash	REIMBURSEM...	X	-SPLIT-	-158.89	32,952.41
Check	5/20/98	1775	Fedex	Inv. #4-523-204...	X	930.3.7 Postag...	-16.50	32,935.91
Check	5/20/98	1776	Corbin Comm	INV #54876	X	393 Automobile...	-432.00	32,503.91
Check	5/20/98	1777	HINKLE CONTRACTIN...	Load Dense Gr...	X	908.2 Materials	-222.19	32,281.72
Check	5/20/98	1778	Healthcomp Evaluation...	Inv. #627555	X	-SPLIT-	-60.00	32,221.72
Check	5/20/98	1779	B & H Supply, Inc.	nipples, reduc...	X	-SPLIT-	-853.24	31,368.48
Check	5/20/98	1780	B & H Supply, Inc.	spud & washer...	X	382 Equipment...	-1,626.60	29,741.88
Check	5/20/98	1781	McJunkin Appalachian	ball valve, fus...	X	-SPLIT-	-737.61	29,004.27
Check	5/20/98	1782	McJunkin Appalachian	pack blue pens	X	921.1 Office Su...	-49.61	28,954.66
Check	5/20/98	1783	McJunkin Appalachian	green wire, caut...	X	376.2 Pipeline ...	-225.37	28,729.29
Check	5/20/98	1784	D. H. Campbell, Inc.	bolts, rock, deli...	X	-SPLIT-	-454.55	28,274.74
Check	5/20/98	1785	McJunkin Appalachian	8 5/8 casing	X	376.2 Pipeline ...	-816.20	27,458.54
Deposit	5/20/98			Deposit	X	145.3 Sales Re...	2,082.00	29,540.54
Check	5/22/98	1786	McCreary Co. Clerk - J...	Recording ease...	X	-SPLIT-	-108.00	29,432.54
Check	5/22/98		ADP		X	-SPLIT-	-1,732.73	27,699.81
Check	5/22/98		ADP		X	923.2 Accounti...	-33.75	27,666.06
Paycheck	5/22/98	7075	Ball, Timothy		X	-SPLIT-	-545.51	27,120.55
Paycheck	5/22/98	7076	Corder, Alice F		X	-SPLIT-	-29.09	27,091.46
Paycheck	5/22/98	7077	Crabtree, Andy P		X	-SPLIT-	-274.45	26,817.01
Paycheck	5/22/98	7078	Curd, James E.		X	-SPLIT-	-1,505.66	25,311.35
Paycheck	5/22/98	7080	Ross, Janice F.		X	-SPLIT-	-484.04	24,827.31
Paycheck	5/22/98	7081	Stephens, James H		X	-SPLIT-	-463.58	24,363.73
Paycheck	5/22/98	7082	Vann, Walter L.		X	-SPLIT-	-728.37	23,635.36
Liability Check	5/22/98	7079	Penn Mutual		X	238.1.7 Employ...	-375.03	23,260.33
Deposit	5/26/98			Deposit	X	-SPLIT-	580.33	23,840.66
Check	5/27/98	1787	Bank of McCreary Cou...	Acct. #43303498	X	-SPLIT-	-393.17	23,447.49
Check	5/27/98	1788	Highland Phone Co.	#s 376-8830...	X	930.4 Telephon...	-622.54	22,824.95
Check	5/27/98	1789	EXCEL	ACCT. #PGB2...	X	930.4 Telephon...	-85.61	22,739.34
Check	5/27/98	1790	Winchester, Patton & ...	Acct. #72000 ...	X	930.3.5 Employ...	-15.00	22,724.34
Check	5/27/98	1791	KY UTILITIES COMPA...	Acct. #379192-0...	X	930.6 Utilities	-63.62	22,660.72
Check	5/27/98	1792	Employers Health	EMPLOYEE D...	X	925.5 Insuranc...	-81.69	22,579.03
Check	5/27/98	1793	Advantage Care	Employee Medi...	X	925.5 Insuranc...	-430.74	22,148.29
Check	5/27/98	1794	HINKLE CONTRACTIN...	Load Dense Gr...	X	376.2 Pipeline ...	-289.15	21,859.14
Check	5/27/98	1795	K & K Lawn Care	Fescue, lawn f...	X	-SPLIT-	-5,424.55	16,434.59
Check	5/27/98	1796	HINKLE CONTRACTIN...	Load #610 sto...	X	-SPLIT-	-135.75	16,318.84
Check	5/27/98	1797	G.W. Hatfield, Jr.	Easement Agre...	X	376.2 Pipeline ...	-100.00	16,218.84
Deposit	6/1/98			Deposit	X	-SPLIT-	524.93	16,743.77
Check	6/2/98	1798	Petty Cash	REIMBURSEM...	X	-SPLIT-	-139.60	16,604.17
Check	6/2/98	1799	Larry Sammons, Sr.	Easement Agre...	X	367.2 Pipeline ...	-100.00	16,504.17
Check	6/2/98	1800	Larry G. Sammons, Jr.	Easement Agre...	X	367.2 Pipeline ...	-90.00	16,414.17
Check	6/2/98	1801	Bonnie Wilson		X	921.2 Office Cl...	-35.00	16,379.17
Check	6/2/98	1802	Louise Dupuy	Easements ser...	X	367.2 Pipeline ...	-212.50	16,166.67
Check	6/2/98	1803	STEPHENS, DARRELL	Flag - man on 3...	X	908.1 Labor	-171.00	15,995.67
Check	6/2/98	1804	Scott Supplies	INV. 112092, 1...	X	921.1 Office Su...	-92.43	15,903.24
Check	6/2/98	1805	Healthcomp Evaluation...	Inv. #628280	X	-SPLIT-	-60.00	15,843.24
Check	6/2/98	1806	McJunkin Appalachian	nipples, thread ...	X	376.2 Pipeline ...	-1,460.69	14,382.55
Deposit	6/2/98			Deposit	X	-SPLIT-	179.46	14,562.01
Deposit	6/4/98			Deposit	X	-SPLIT-	235.65	14,797.66
Paycheck	6/5/98	7083	Ball, Timothy		X	-SPLIT-	-545.50	14,252.16

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Paycheck	6/5/98	7084	Canada, John D		X	-SPLIT-	-174.53	14,077.63
Paycheck	6/5/98	7085	Corder, Alice F		X	-SPLIT-	-190.08	13,887.55
Paycheck	6/5/98	7086	Crabtree, Andy P		X	-SPLIT-	-477.42	13,410.13
Paycheck	6/5/98	7087	Curd, James E.		X	-SPLIT-	-1,505.66	11,904.47
Paycheck	6/5/98	7089	Ross, Janice F.		X	-SPLIT-	-460.05	11,444.42
Paycheck	6/5/98	7090	Stephens, James H		X	-SPLIT-	-516.02	10,928.40
Paycheck	6/5/98	7091	Vann, Walter L.		X	-SPLIT-	-686.90	10,241.50
Liability Check	6/5/98	7088	Penn Mutual		X	236.1.7 · Employ...	-370.94	9,870.56
Check	6/5/98		ADP		X	923.2 · Accounti...	-35.10	9,835.46
Check	6/5/98		ADP		X	-SPLIT-	-1,883.98	7,951.48
Deposit	6/5/98			Deposit	X	-SPLIT-	287.44	8,238.92
Deposit	6/5/98			Deposit	X	-SPLIT-	145.34	8,384.26
Deposit	6/8/98			Deposit	X	-SPLIT-	379.33	8,763.59
Deposit	6/9/98			Deposit	X	-SPLIT-	183.23	8,946.82
Check	6/10/98	1807	Bank of McCreary Cou...	Acct. #43305172	X	-SPLIT-	-473.80	8,473.02
Check	6/10/98	1808	Pager Plus	378-6118, 6119...	X	930.4 · Telephon...	-33.00	8,440.02
Check	6/10/98	1809	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	8,065.57
Check	6/10/98	1810	McCreary Co Water	Acct. #05-4515...	X	930.6 · Utilities	-19.54	8,046.03
Check	6/10/98	1811	void	ACCT. P-381-9...	X	999.2 · Other		8,046.03
Check	6/10/98	1812	void	ACCT. P-381-9...	X	999.2 · Other		8,046.03
Check	6/10/98	1813	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 · Termite...	-39.60	8,006.43
Check	6/10/98	1814	D. H. C. Limited Partne...	Property Usage...	X	935.4 · Storage ...	-500.00	7,506.43
Check	6/10/98	1815	BOB'S TIRE SHOP	STMT for May, ...	X	933.4 · Auto Rep...	-330.35	7,176.08
Check	6/10/98	1816	CORNER BP	GAS	X	933 · Transportat...	-68.80	7,107.28
Check	6/10/98	1817	NAPA Auto Parts	bolt nut, hose,b...	X	935.3 · Equipme...	-41.84	7,065.44
Check	6/10/98	1818	McJunkin Appalachian	ball valve, cauti...	X	-SPLIT-	-1,355.77	5,709.67
Check	6/10/98	1819	McJunkin Appalachian	8 5/8" casing, p...	X	-SPLIT-	-797.12	4,912.55
Check	6/10/98	1820	Litton Brothers	GAS, DIESEL ...	X	933 · Transportat...	-337.79	4,574.76
Check	6/10/98	1821	Owens	Chrome hitch b...	X	933.1 · Automob...	-66.26	4,508.50
Check	6/10/98	1822	Ditch Witch Of Kentucky	Inv. #C55902,C...	X	-SPLIT-	-334.67	4,173.83
Check	6/10/98	1823	void	4" Steelpipe lin...	X	999.2 · Other		4,173.83
Check	6/10/98	1824	Rick Wilson	4" Steelpipe lin...	X	378.3 · Pipeline ...	-201.46	3,972.37
Check	6/10/98	1114	Citipower, L.L.C.	Transfer	X	131.2 · FUNB ...	20,000.00	23,972.37
Check	6/11/98	1825	HINKLE CONTRACTIN...	Ticket #1070121	X	-SPLIT-	-185.48	23,786.89
Deposit	6/11/98			Deposit	X	382 · Equipment...	174.98	23,961.87
Deposit	6/11/98			Deposit	X	-SPLIT-	175.10	24,136.97
Deposit	6/12/98			Deposit	X	-SPLIT-	473.54	24,610.51
Deposit	6/15/98			Deposit	X	-SPLIT-	1,275.79	25,886.30
Check	6/17/98	1828	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	25,334.45
Check	6/17/98	1827	Winchester, Patton & ...	Acct. #72000 ...	X	930.3.5 · Employ...	-15.00	25,319.45
Check	6/17/98	1828	Healthcomp Evaluation...	Inv. #628081	X	-SPLIT-	-60.00	25,259.45
Check	6/17/98	1829	Cellular One	608-875-0559, ...	X	930.4 · Telephon...	-382.21	24,877.24
Check	6/17/98	1830	Kentucky Farm Bureau	Policy Renewal...	X	933.5 · Insuranc...	-510.55	24,366.69
Check	6/17/98	1831	Larry and Loraine Loud...	Easement Agree...	X	376.2 · Pipeline ...	-457.00	23,909.69
Check	6/17/98	1832	Ernest E. and Edith St...	Easement Agree...	X	376.2 · Pipeline ...	-457.00	23,452.69
Check	6/17/98	1833	Roger Hardrick	Easement Agree...	X	376.2 · Pipeline ...	-98.00	23,356.69
Check	6/17/98	1834	Vivian Marlow	Easement Agree...	X	376.2 · Pipeline ...	-796.00	22,560.69
Check	6/17/98	1835	John R. and Ruth Ann ...	Easement Agree...	X	376.2 · Pipeline ...	-100.00	22,460.69
Check	6/17/98	1836	Dave and Joy Mason	Easement Agree...	X	376.2 · Pipeline ...	-25.00	22,435.69
Check	6/17/98	1837	Mike and Jan Chaney	Easement Agree...	X	376.2 · Pipeline ...	-50.00	22,385.69
Check	6/17/98	1838	Lowell and Thessa	Easement Agree...	X	376.2 · Pipeline ...	-56.00	22,329.69
Check	6/17/98	1839	Crabtree Wilson Insura...	Easement Agree...	X	376.2 · Pipeline ...	-96.00	22,233.69
Check	6/17/98	1840	void	Easement Agree...	X	999.2 · Other	0.00	22,233.69
Check	6/17/98	1841	Richard H. and Betty C...	Easement Agree...	X	376.2 · Pipeline ...	-65.00	22,168.69
Check	6/17/98	1842	Fannie Morgan	Easement Agree...	X	376.2 · Pipeline ...	-123.00	22,045.69
Check	6/17/98	1843	Judi S. Stephens	Easement Agree...	X	376.2 · Pipeline ...	-213.00	21,832.69
Check	6/17/98	1844	Brent and Melinda Marl...	Easement Agree...	X	376.2 · Pipeline ...	-368.00	21,464.69
Check	6/17/98	1845	Nettie Westfelt	Easement Agree...	X	376.2 · Pipeline ...	-117.00	21,347.69
Check	6/17/98	1846	Michael Brent and Mar...	Easement Agree...	X	376.2 · Pipeline ...	-257.00	21,090.69
Check	6/17/98	1847	John P. and Ruth Ann ...	Easement Agree...	X	376.2 · Pipeline ...	-225.00	20,865.69
Check	6/17/98	1848	Allen West	Easement Agree...	X	376.2 · Pipeline ...	-49.00	20,816.69
Check	6/17/98	1849	Bob and Karen Bruce	Easement Agree...	X	376.2 · Pipeline ...	-69.00	20,747.69
Check	6/17/98	1850	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	20,712.69
Check	6/17/98	1851	Stephens Properties	Easement Agree...	X	376.2 · Pipeline ...	-1,083.00	19,629.69
Check	6/17/98	1852	Boris Haynes	Easement Agree...	X	376.2 · Pipeline ...	-1,000.00	18,629.69
Check	6/17/98	1853	McJunkin Appalachian	Wire, caution t...	X	908.2 · Materials	-116.50	18,513.19
Check	6/17/98	1854	McJunkin Appalachian	1" pipe for stoc...	X	382 · Equipment...	-290.00	18,223.19
Check	6/17/98	1855	Petty Cash	REIMBURSEM...	X	-SPLIT-	-161.04	18,062.15
Deposit	6/17/98			Deposit	X	-SPLIT-	614.30	18,676.45
Check	6/19/98		ADP		X	-SPLIT-	-2,389.58	16,286.87
Check	6/19/98		ADP		X	923.2 · Accounti...	-35.10	16,251.77
Check	6/19/98	1856	Louise Dupuy	Easements ser...	X	-SPLIT-	-270.00	15,981.77
Check	6/19/98	1857	Poynter Electrical Co. I...	Repaired fusing...	X	907.3 · Materials	-38.00	15,943.77
Paycheck	6/19/98	7092	Ball, Timothy		X	-SPLIT-	-573.48	15,370.29
Paycheck	6/19/98	7093	Canada, John D		X	-SPLIT-	-499.68	14,870.61
Paycheck	6/19/98	7094	Corder, Alice F		X	-SPLIT-	-442.23	14,428.38
Paycheck	6/19/98	7095	Crabtree, Andy P		X	-SPLIT-	-478.18	13,950.20
Paycheck	6/19/98	7096	Curd, James E.		X	-SPLIT-	-1,505.65	12,448.55
Paycheck	6/19/98	7098	Ross, Janice F.		X	-SPLIT-	-452.08	11,994.49
Paycheck	6/19/98	7099	Stephens, James H		X	-SPLIT-	-516.01	11,478.48
Paycheck	6/19/98	7100	Vann, Walter L.		X	-SPLIT-	-1,129.46	10,349.02
Liability Check	6/19/98	7097	Penn Mutual		X	236.1.7 · Employ...	-412.60	9,936.42
Deposit	6/22/98			Deposit	X	-SPLIT-	288.30	10,224.72
Deposit	6/23/98			Deposit	X	-SPLIT-	2,518.58	12,743.28
Check	6/24/98	1858	Bank of McCreary Cou...	Acct. #43303498	X	-SPLIT-	-393.17	12,350.11
Check	6/24/98	1859	Marine Myers Ford	Hub cover - 96 ...	X	933.1 · Automob...	-35.38	12,314.73
Check	6/24/98	1860	Gambrel Toyota	Repair rotors - ...	X	-SPLIT-	-35.17	12,279.56
Check	6/24/98	1861	Highland Phone Co.	#s 376-8830, ...	X	930.4 · Telephon...	-528.99	11,750.57
Check	6/24/98	1862	Fedex	Inv. #4-552-128...	X	930.3.7 · Postag...	-16.50	11,734.07
Check	6/24/98	1863	Kentucky Utilities	Acct #413777-0...	X	930.6 · Utilities	-72.60	11,661.47
Check	6/24/98	1864	Employers Health	EMPLOYEE D...	X	925.5 · Insuranc...	-148.38	11,513.09
Check	6/24/98	1865	Advantage Care	Employee Medi...	X	925.5 · Insuranc...	-1,005.06	10,508.03

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Check	6/24/98	1866	void		X	999.2 Other		10,508.03
Check	6/24/98	1867	McJunkin Appalachian	pipe, tape, wire	X	367.1 Pipeline ...	-1,136.70	9,371.33
Check	6/24/98	1868	B & H Supply, Inc.	risers, valves, val...	X	382 Equipment ...	-785.42	8,585.91
Check	6/24/98	1869	Earl Anderson Grocery	straw, rake, lawn...	X	-SPLIT-	-60.95	8,524.96
Check	6/24/98	1870	BKR Services Co.	retested emcorr...	X	-SPLIT-	-2,076.00	6,448.96
Check	6/25/98	1871	McCreary Co. Clerk - J...	Recording ease...	X	-SPLIT-	-240.00	6,208.96
Deposit	6/26/98			Deposit	X	-SPLIT-	74.80	6,283.76
Deposit	6/27/98		Citipower, L.L.C.		X	131.2 FUNB - ...	30,000.00	36,283.76
Deposit	6/29/98			Deposit	X	145.3 Sales Re...	3,168.00	39,451.76
Check	7/1/98	1872	STEPHENS, DARRELL	Flag - man on 3...	X	908.1 Labor	-96.00	39,355.76
Check	7/1/98	1873	McCreary Co Water	Acct. #05-4515...	X	930.6 Utilities	-19.54	39,336.22
Check	7/1/98	1874	Bonnie Wilson		X	921.2 Office Cl...	-35.00	39,301.22
Check	7/1/98	1875	McJunkin Appalachian	3" pipe, fuse c...	X	-SPLIT-	-2,240.29	37,060.93
Check	7/1/98	1876	Petty Cash	REIMBURSEM...	X	-SPLIT-	-135.92	36,925.01
Check	7/1/98	1877	Blue Herron Rest	Took investors L...	X	930.5.1 Meals/...	-16.06	36,908.95
Check	7/1/98	1878	Louise Dupuy	Easements for...	X	376.3 Pipeline ...	-127.50	36,781.45
Check	7/1/98	1879	Ball, Timothy	For chainsaw a...	X	935.3 Equipme...	-230.00	36,551.45
Paycheck	7/3/98	7101	Ball, Timothy		X	-SPLIT-	-652.08	35,899.37
Paycheck	7/3/98	7102	Canada, John D		X	-SPLIT-	-601.00	35,298.37
Paycheck	7/3/98	7103	Corder, Alice F		X	-SPLIT-	-397.29	34,901.08
Paycheck	7/3/98	7104	Crabtree, Andy P		X	-SPLIT-	-592.47	34,308.61
Paycheck	7/3/98	7105	Curd, James E.		X	-SPLIT-	-1,505.66	32,802.95
Paycheck	7/3/98	7107	Ross, Janice F.		X	-SPLIT-	-452.06	32,350.89
Paycheck	7/3/98	7108	Stephens, James H		X	-SPLIT-	-703.32	31,647.57
Paycheck	7/3/98	7109	Vann, Walter L.		X	-SPLIT-	-684.19	30,963.38
Check	7/3/98		ADP		X	923.2 Accounti...	-35.10	30,928.28
Liability Check	7/3/98	7106	Penn Mutual		X	236.1.7 Employ...	-379.57	30,548.71
Check	7/3/98		ADP		X	-SPLIT-	-2,395.09	28,153.62
Deposit	7/8/98			Deposit	X	-SPLIT-	225.25	28,378.87
Check	7/7/98	1880	Jimmy Young	For right-of-way...	X	376.3 Pipeline ...	-2,500.00	25,878.87
Deposit	7/7/98			Deposit	X	145.3 Sales Re...	153.72	26,032.59
Check	7/7/98	1881	Bank One	Acct #240580...	X	-SPLIT-	-374.45	25,658.14
Check	7/7/98	1882	Bank of McCreary Cou...	Acct #43305172	X	-SPLIT-	-473.80	25,184.34
Check	7/7/98	1883	Pager Plus	376-6118, 6119...	X	930.4 Telephon...	-33.00	25,151.34
Check	7/7/98	1884	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 Termite...	-39.60	25,111.74
Check	7/7/98	1885	Kentucky State Treasur...	Public Service ...	X	928.1 PSC Ass...	-216.08	24,895.66
Check	7/7/98	1886	D. H. C. Limited Partne...	Property Usage...	X	935.4 Storage ...	-500.00	24,395.66
Check	7/7/98	1887	McJunkin Appalachian	8-5/8 casing for...	X	376.3 Pipeline ...	-1,719.73	22,675.93
Check	7/7/98	1888	McJunkin Appalachian	lead wire, prote...	X	376.3 Pipeline ...	-1,282.54	21,393.39
Check	7/7/98	1889	Scott Supplies	INV. 112696, 1...	X	921.1 Office Su...	-227.37	21,166.02
Check	7/7/98	1890	CORNER BP	GAS	X	933 Transportat...	-55.60	21,110.42
Check	7/7/98	1891	NAPA Auto Parts	towels, tail light	X	935.3 Equipme...	-7.19	21,103.23
Check	7/7/98	1892	Litton Brothers	GAS, DIESEL ...	X	933 Transportat...	-172.00	20,931.23
Check	7/8/98	1893	BOB'S TIRE SHOP	STMT for June...	X	933.4 Auto Rep...	-430.40	20,500.83
Check	7/8/98	1894	Lumber King	stakes for fabri...	X	908.2 Materials	-6.77	20,494.06
Check	7/8/98	1895	Meadows Grove Church	Donation This ...	X	930.3.3 Donati...	-100.00	20,394.06
Check	7/8/98	1896	McJunkin Appalachian	casing seal, cas...	X	376.3 Pipeline ...	-869.56	19,524.50
Check	7/8/98	1897	HINKLE CONTRACTIN...	Inv. #96715	X	-SPLIT-	-2,058.24	17,466.26
Check	7/8/98	1898	Highland Drilling	Bucket for Bac...	X	396 Equipment...	-893.06	16,573.20
Check	7/8/98	1899	Quality Consultants & I...	Consultant and ...	X	376.3 Pipeline ...	-1,778.00	14,795.20
Check	7/9/98	1900	World Testing, Inc.	Inspection/Testi...	X	376.3 Pipeline ...	-2,053.00	12,742.20
Check	7/9/98	1901	McCreary Co Water	Meter Box & LI...	X	908.1 Labor	-40.00	12,702.20
Check	7/9/98	1902	Miller's	Cement to sec...	X	907.3 Materials	-58.46	12,643.74
Check	7/9/98	1903	HINKLE CONTRACTIN...	Inv. #96356	X	-SPLIT-	-1,565.23	11,078.51
Deposit	7/9/98			Deposit	X	-SPLIT-	153.31	11,231.82
Check	7/10/98	1904	Lumber King	Easement Agre...	X	376.2 Pipeline ...	-627.00	10,604.82
Check	7/10/98	1905	Boyce Dean Bybee	Easement Agre...	X	376.2 Pipeline ...	-75.00	10,529.82
Check	7/10/98	1906	Royce and Patricia Byb...	Easement Agre...	X	376.2 Pipeline ...	-75.00	10,454.82
Check	7/10/98	1907	Bon L. Bybee	Easement agre...	X	376.2 Pipeline ...	-379.82	10,075.00
Check	7/10/98	1908	Ricky L. and Nadine V...	Easement Agre...	X	376.2 Pipeline ...	-75.00	10,000.00
Check	7/10/98	1909	Judy Bybee	Easement Agre...	X	376.2 Pipeline ...	-75.00	9,925.00
Check	7/10/98	1910	Donnie Bybee	Easement agre...	X	376.2 Pipeline ...	-75.00	9,850.00
Deposit	7/14/98			Deposit	X	-SPLIT-	285.17	10,135.17
Check	7/15/98	1911	McCreary Co. Clerk - J...	Recording ease...	X	-SPLIT-	-120.00	10,015.17
Deposit	7/15/98			Deposit	X	-SPLIT-	130.06	10,145.23
Check	7/16/98	1912	Bank One	Acct #240580...	X	-SPLIT-	-551.85	9,593.38
Check	7/16/98	1913	Fedex	Inv. #4-580-311...	X	930.3.7 Postag...	-16.50	9,576.88
Check	7/16/98	1914	Marine Myers Ford	Replace rear br...	X	933.4 Auto Rep...	-207.94	9,368.94
Check	7/16/98	1915	Cellular One	606-675-0559...	X	930.4 Telephon...	-567.08	8,801.86
Check	7/16/98	1916	Bonnie Wilson		X	921.2 Office Cl...	-35.00	8,766.86
Check	7/16/98	1917	Tony Ball	Reclaiming ser...	X	-SPLIT-	-70.00	8,696.86
Check	7/17/98		ADP		X	923.2 Accounti...	-35.10	8,661.76
Check	7/17/98	1918	Northern	Tools for Stock	X	908.4 Other Ex...	-168.73	8,493.03
Deposit	7/17/98			Deposit	X	-SPLIT-	358.02	8,851.05
Check	7/17/98	1919	Petty Cash	REIMBURSEM...	X	-SPLIT-	-159.71	8,691.34
Check	7/17/98	1920	Louise Dupuy	Easements an...	X	-SPLIT-	-360.00	8,331.34
Deposit	7/17/98			Deposit	X	-SPLIT-	2,891.04	11,222.38
Paycheck	7/17/98	7110	Ball, Timothy		X	-SPLIT-	-505.53	10,716.85
Paycheck	7/17/98	7111	Canada, John D		X	-SPLIT-	-541.06	10,175.79
Paycheck	7/17/98	7112	Corder, Alice F		X	-SPLIT-	-407.27	9,768.52
Paycheck	7/17/98	7113	Crabtree, Andy P		X	-SPLIT-	-458.87	9,309.65
Paycheck	7/17/98	7114	Curd, James E.		X	-SPLIT-	-1,505.66	7,803.99
Paycheck	7/17/98	7116	Ross, Janice F.		X	-SPLIT-	-452.06	7,351.93
Paycheck	7/17/98	7117	Stephens, James H		X	-SPLIT-	-651.94	6,699.99
Paycheck	7/17/98	7118	Vann, Walter L.		X	-SPLIT-	-767.02	5,932.97
Liability Check	7/17/98	7115	Penn Mutual		X	236.1.7 Employ...	-373.84	5,559.13
Check	7/17/98		ADP		X	-SPLIT-	-2,229.62	3,329.51
Check	7/20/98	1921	Donald Key	3" between Be...	X	367.1 Pipeline ...	-2,587.50	741.01
Deposit	7/20/98		Citipower, L.L.C.		X	131.2 FUNB - ...	20,000.00	21,044.83
Check	7/22/98	1922	Kentucky Utilities	Acct.#413777-0...	X	930.6 Utilities	-79.94	20,964.89
Check	7/22/98	1923	HIGHLAND TELEPHO...	#S 376-8830, 3...	X	930.4 Telephon...	-493.74	20,471.15
Check	7/22/98	1924	Advantage Care	Employee Medi...	X	925.5 Insuranc...	-717.90	19,753.25

**Citipower, L. L. C.
Transactions by Account**

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Check	7/22/98	1925	Employers Health	EMPLOYEE D...	X	925.5 - Insuranc...	-126.15	19,627.10
Check	7/22/98	1926	Brandon Jones	Flagman - 3" b...	X	908.1 - Labor	-150.00	19,477.10
Check	7/22/98	1927	Ben Gregory	Flagman - 3" b...	X	908.1 - Labor	-150.00	19,327.10
Check	7/22/98	1928	McJunkin Appalachian	715 Detector w/...	X	376.3 - Pipeline ...	-3,307.37	16,019.73
Check	7/22/98	1929	McJunkin Appalachian	riser, valve, pipe,...	X	-SPLIT-	-1,777.37	14,242.36
Check	7/22/98	1930	McJunkin Appalachian	tape, casing en...	X	376.3 - Pipeline ...	-839.40	13,402.96
Check	7/22/98	1931	B & H Supply, Inc.	meters, valve, va...	X	382 - Equipment...	-1,629.10	11,773.86
Check	7/22/98	1932	McJunkin Appalachian	socket coupling	X	908.2 - Materials	-16.83	11,757.03
Check	7/22/98	1933	McJunkin Appalachian	valve tapping te...	X	-SPLIT-	-787.39	10,969.64
Check	7/22/98	1934	Donald Key	reclaiming, haul...	X	-SPLIT-	-450.00	10,519.64
Deposit	7/24/98			Deposit	X	-SPLIT-	316.40	10,836.04
Check	7/24/98	1935	Tony Ball	Filling, tilling, se...	X	-SPLIT-	-570.00	10,266.04
Deposit	7/28/98			Deposit	X	-SPLIT-	21.80	10,287.84
Check	7/29/98	1936	Bank of McCreary Cou...	Acct. #43303498	X	-SPLIT-	-393.17	9,894.67
Check	7/29/98	1937	Gambrel Toyota	Rod and pipe	X	933.4 - Auto Rep...	-26.14	9,868.53
Check	7/29/98	1938	KENTUCKY UNDERG...	QTR. OF ASSO...	X	930.3.4 - Dues a...	-165.38	9,703.15
Check	7/29/98	1939	Ben Gregory	Flagman - 3" o...	X	908.1 - Labor	-60.00	9,643.15
Check	7/29/98	1940	Brandon Jones	Flagman - 3" o...	X	908.1 - Labor	-60.00	9,583.15
Check	7/29/98	1129	Citipower, L.L.C.	Transfer	X	131.2 - FUNB - ...	20,000.00	29,583.15
Check	7/31/98			ADP	X	923.2 - Accounti...	-35.10	29,548.05
Paycheck	7/31/98	7119	Ball, Timothy		X	-SPLIT-	-509.53	29,038.52
Paycheck	7/31/98	7120	Canada, John D		X	-SPLIT-	-474.70	28,563.82
Paycheck	7/31/98	7121	Corder, Alice F		X	-SPLIT-	-304.89	28,258.93
Paycheck	7/31/98	7122	Crabtree, Andy P		X	-SPLIT-	-457.45	27,801.48
Paycheck	7/31/98	7123	Curd, James E.		X	-SPLIT-	-1,505.68	26,295.82
Paycheck	7/31/98	7125	Ross, Janice F.		X	-SPLIT-	-454.72	25,841.10
Paycheck	7/31/98	7126	Stephens, James H		X	-SPLIT-	-533.51	25,307.59
Paycheck	7/31/98	7127	Vann, Walter L.		X	-SPLIT-	-689.18	24,618.41
Liability Check	7/31/98	7124	Penn Mutual		X	236.1.7 - Employ...	-367.42	24,250.99
Check	7/31/98			ADP	X	-SPLIT-	-2,026.00	22,224.99
Deposit	8/4/98			Deposit	X	145.3 - Sales Re...	89.30	22,314.29
Check	8/5/98	1941	Petty Cash	REIMBURSEM...	X	-SPLIT-	-166.55	22,147.74
Check	8/5/98	1942	McCreary County Wate...	ACCT. #05.451...	X	930.6 - Utilities	-19.54	22,128.20
Check	8/5/98	1943	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 - Termite...	-39.60	22,088.60
Check	8/5/98	1944	BKR Services Co.	Dozer, winch tru...	X	-SPLIT-	-3,240.00	18,848.60
Check	8/5/98	1945	Scott Supplies	INV. 113814, 1...	X	921.1 - Office Su...	-74.10	18,774.50
Check	8/5/98	1946	BIG M DISCOUNT	shovel, tarpaulin...	X	-SPLIT-	-110.60	18,663.90
Check	8/5/98	1947	Tony Cordell	Fittings	X	908.2 - Materials	-100.00	18,563.90
Check	8/5/98	1948	CORNER BP	GAS	X	933 - Transportat...	-65.00	18,498.90
Check	8/5/98	1949	Kentucky Farm Bureau	Policy Renewal...	X	933.5 - Insuranc...	-486.39	18,012.51
Check	8/5/98	1950	EXCEL	ACCT. #OGB2...	X	930.4 - Telephon...	-24.33	17,988.18
Check	8/5/98	1951	D. H. C. Limited Partne...	Property Usage...	X	935.4 - Storage ...	-500.00	17,488.18
Check	8/5/98	1952	HINKLE CONTRACTIN...	Inv. #97187	X	-SPLIT-	-1,499.88	15,988.30
Check	8/5/98	1953	Bonnie Wilson		X	921.2 - Office Cl...	-35.00	15,953.30
Check	8/5/98	1954	McJunkin Appalachian	gauge, needle, b...	X	-SPLIT-	-1,893.46	14,059.84
Check	8/5/98	1955	McJunkin Appalachian	return bend, cap...	X	-SPLIT-	-855.12	13,204.72
Check	8/5/98	1956	Tony Ball	Filling, tilling, se...	X	-SPLIT-	-193.50	13,011.22
Check	8/5/98	1957	Louise Dupuy	Easements an...	X	-SPLIT-	-492.50	12,518.72
Check	8/5/98	1958	Curd, James E.	2 Modems and ...	X	921.1 - Office Su...	-324.74	12,193.98
Deposit	8/5/98			Deposit	X	-SPLIT-	91.59	12,285.57
Check	8/6/98	1959	void		X	-SPLIT-		12,285.57
Check	8/6/98	1960	Bank of McCreary Cou...	Acct. #43305172	X	-SPLIT-	-473.80	11,811.77
Check	8/6/98	1961	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	11,437.32
Check	8/6/98	1962	Quality Consultants & I...	Consultant and ...	X	376.3 - Pipeline ...	-1,393.00	10,044.32
Check	8/6/98	1963	Rick Wilson	4" Steelpipe lin...	X	376.3 - Pipeline ...	-112.44	9,931.88
Check	8/6/98	1964	Marie Bybee	Easement agre...	X	376.2 - Pipeline ...	-75.00	9,856.88
Check	8/6/98	1965	Rova Garity	Easement agre...	X	376.2 - Pipeline ...	-75.00	9,781.88
Check	8/6/98	1966	McCreary Co. Clerk - J...	Recording ease...	X	-SPLIT-	-36.00	9,745.88
Check	8/7/98	1967	Lumber King	Shelf boards, bit...	X	-SPLIT-	-180.21	9,565.67
Check	8/7/98	1968	BOB'S TIRE SHOP	STMT for July, ...	X	933.4 - Auto Rep...	-528.14	9,037.53
Deposit	8/7/98			Deposit	X	-SPLIT-	172.29	9,209.82
Deposit	8/7/98			Deposit	X	-SPLIT-	204.45	9,414.27
Check	8/7/98	1969	Campbell Plumbing & ...	4" Steel Line o...	X	-SPLIT-	-21,944.00	-12,529.73
Deposit	8/11/98			Citipower, L.L.C.	X	231.2 - Line of C...	90,000.00	77,470.27
Check	8/11/98	1970	Campbell Plumbing & ...	4" Steel Line o...	X	-SPLIT-	-33,286.75	44,183.52
Check	8/11/98	1971	Campbell Plumbing & ...	4" Steel Line o...	X	-SPLIT-	-27,488.00	16,695.52
Check	8/12/98	1972	Richard Foley	Internet and co...	X	921 - Office Sup...	-132.00	16,563.52
Deposit	8/12/98			Deposit	X	-SPLIT-	79.44	16,642.96
Deposit	8/12/98			Deposit	X	-SPLIT-	346.84	16,989.80
Check	8/13/98	1973	Fedex	Inv. #4-607-957...	X	930.3.7 - Postag...	-16.50	16,973.30
Check	8/13/98	1974	Litton Brothers	GAS, DIESEL ...	X	933 - Transportat...	-62.50	16,910.80
Check	8/13/98	1975	Ross, Janice F.	Cleaning office	X	921.2 - Office Cl...	-35.00	16,875.80
Check	8/13/98	1976	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-22.75	16,853.05
Paycheck	8/14/98	7128	Ball, Timothy		X	-SPLIT-	-472.23	16,380.82
Paycheck	8/14/98	7129	Canada, John D		X	-SPLIT-	-477.20	15,903.62
Paycheck	8/14/98	7130	Corder, Alice F		X	-SPLIT-	-379.81	15,523.81
Paycheck	8/14/98	7131	Curd, James E.		X	-SPLIT-	-1,505.66	14,018.15
Paycheck	8/14/98	7132	Meadors, II, Jack B.		X	-SPLIT-	-202.00	13,816.15
Paycheck	8/14/98	7134	Ross, Janice F.		X	-SPLIT-	-476.02	13,340.13
Paycheck	8/14/98	7135	Stephens, James H		X	-SPLIT-	-554.90	12,785.23
Paycheck	8/14/98	7136	Vann, Walter L.		X	-SPLIT-	-651.30	12,133.93
Liability Check	8/14/98	7133	Penn Mutual		X	236.1.7 - Employ...	-362.57	11,771.36
Check	8/14/98			ADP	X	923.2 - Accounti...	-35.10	11,736.26
Check	8/14/98			ADP	X	-SPLIT-	-1,989.72	9,746.54
Check	8/14/98	1977	Pager Plus	2 Pagers	X	921.1 - Office Su...	-135.30	9,611.24
Check	8/14/98	1978	Pager Plus	376-6118, 6119...	X	930.4 - Telephon...	-33.00	9,578.24
Deposit	8/14/98			Deposit	X	-SPLIT-	385.23	9,963.47
Deposit	8/14/98			Deposit	X	145.3 - Sales Re...	2,525.70	12,489.17
Check	8/17/98	1979	Town of Winfield	Permit Applicat...	X	376.3 - Pipeline ...	-1,550.00	10,939.17
Deposit	8/17/98			Deposit	X	-SPLIT-	78.11	11,017.28
Deposit	8/18/98			Citipower, L.L.C.	X	231.2 - Line of C...	60,000.00	71,017.28
Deposit	8/18/98			Citipower, L.L.C.	X	231.2 - Line of C...	20,000.00	91,017.28

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Deposit	8/19/98			Deposit	X	-SPLIT-	324.07	91,341.35
Check	8/19/98	1980	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	90,789.50
Check	8/19/98	1981	McJunkin Appalachian	4" Steel Pipe	X	378.3 Pipeline ...	-19,161.76	71,627.74
Check	8/19/98	1982	Campbell Plumbing & ...	4" Steel Line o...	X	-SPLIT-	-2,502.04	69,125.70
Check	8/19/98	1983	Campbell Plumbing & ...	4" Steel Line o...	X	-SPLIT-	-24,858.90	44,266.80
Check	8/19/98	1984	Quality Consultants & I...	Consultant and ...	X	378.3 Pipeline ...	-1,745.00	42,521.80
Check	8/19/98	1985	McJunkin Appalachian	8 5/8 casing, ca...	X	-SPLIT-	-2,031.47	40,490.33
Check	8/19/98	1986	Cellular One	606-875-0559, ...	X	930.4 Telephone...	-620.62	39,869.71
Check	8/19/98	1987	Action Printing	regular envelop...	X	921.1 Office Su...	-84.95	39,804.76
Check	8/19/98	1988	Ditch Witch Of Kentucky	Inv. #C56258, C...	X	-SPLIT-	-119.68	39,685.08
Check	8/19/98	1989	McJunkin Appalachian	10 Risers, sock...	X	382 Equipment...	-358.17	39,326.91
Check	8/19/98	1990	McJunkin Appalachian	Anode w/10 ft l...	X	-SPLIT-	-1,342.17	37,984.74
Check	8/19/98	1991	Quality Consultants & I...	Consultant and ...	X	378.3 Pipeline ...	-1,745.00	36,239.74
Check	8/19/98	1992	Bank of McCreary Cou...	Acct. #104101 ...	X	-SPLIT-	-20,000.00	16,239.74
Check	8/19/98	1993	Louise Dupuy	Easements an...	X	-SPLIT-	-811.50	15,428.24
Check	8/19/98	1994	McCreary Co Water	Charles Stephe...	X	-SPLIT-	-236.82	15,191.42
Check	8/19/98	1995	K & K Lawn Care	For reclaiming ...	X	367.1 Pipeline ...	-1,961.81	13,229.61
Check	8/19/98	1998	K & K Lawn Care	Fescue, fertilize...	X	367.1 Pipeline ...	-907.50	12,322.11
Deposit	8/20/98			Deposit	X	-SPLIT-	290.17	12,612.28
Deposit	8/26/98			Deposit	X	-SPLIT-	861.75	13,474.03
Deposit	8/26/98				X	218.1 Members...	50,000.00	63,474.03
Check	8/26/98	1997	Bank of McCreary Cou...	Acct. #104101 ...	X	231.2 Line of C...	-50,000.00	13,474.03
Check	8/26/98	1998	World Testing, Inc.	Inspection/Testi...	X	378.3 Pipeline ...	-1,472.50	12,001.53
Check	8/26/98	1999	Quality Consultants & I...	Consultant and ...	X	378.3 Pipeline ...	-1,745.00	10,256.53
Check	8/26/98	2000	McJunkin Appalachian	Protection tape...	X	378.3 Pipeline ...	-552.94	9,703.59
Check	8/26/98	2001	Kentucky Utilities	Acct. #413777-0...	X	930.6 Utilities	-90.47	9,613.12
Check	8/26/98	2002	McJunkin Appalachian	Casing, pipe, wir...	X	-SPLIT-	-2,701.59	6,911.53
Check	8/26/98	2003	McJunkin Appalachian	casing insulator...	X	378.3 Pipeline ...	-900.34	6,011.19
Check	8/26/98	2004	B & H Supply, Inc.	locks, locking v...	X	382 Equipment...	-195.88	5,815.31
Check	8/26/98	2005	HIGHLAND TELEPHO...	#S 378-8830, 3...	X	930.4 Telephone...	-624.25	5,191.06
Check	8/26/98	2006	Employers Health	EMPLOYEE D...	X	925.5 Insuranc...	-128.15	5,064.91
Check	8/26/98	2007	Advantage Care	Employee Medi...	X	925.5 Insuranc...	-717.90	4,347.01
Check	8/26/98	2008	Oneida Water & Waste...	3/4" water line, ...	X	-SPLIT-	-154.00	4,193.01
Check	8/26/98	2009	E&T's CHILI	Returned - Sec...	X	235 Customer ...	-200.00	3,993.01
Check	8/27/98	2010	Bank of McCreary Cou...	Acct. #43303498	X	-SPLIT-	-393.17	3,599.84
Check	8/27/98	2011	Bonnie Wilson		X	921.2 Office Cl...	-35.00	3,564.84
Check	8/27/98	2012	Ready Mix	cement for recl...	X	-SPLIT-	-119.25	3,445.59
Deposit	8/27/98			Citipower, L.L.C.	X	131.2 FUNB ...	10,000.00	13,445.59
Check	8/27/98	2013	HINKLE CONTRACTIN...	Inv. #97542	X	-SPLIT-	-738.42	12,707.17
Check	8/28/98	2014	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-107.63	12,599.54
Check	8/28/98	2015	Donald R. Sexton	Easement Agre...	X	378.3 Pipeline ...	-853.50	11,746.04
Check	8/28/98	2016	Doris Hulbirt	Easement Agre...	X	378.3 Pipeline ...	-459.00	11,287.04
Paycheck	8/28/98	7137	Ball, Timothy		X	-SPLIT-	-728.69	10,560.35
Paycheck	8/28/98	7138	Canada, John D		X	-SPLIT-	-687.32	9,873.03
Paycheck	8/28/98	7139	Corder, Alice F		X	-SPLIT-	-332.36	9,540.67
Paycheck	8/28/98	7140	Curd, James E.		X	-SPLIT-	-1,505.65	8,035.02
Paycheck	8/28/98	7141	Meadors, II, Jack B.		X	-SPLIT-	-717.84	7,317.18
Paycheck	8/28/98	7143	Ross, Janice F.		X	-SPLIT-	-460.05	6,857.13
Paycheck	8/28/98	7144	Stephens, James H		X	-SPLIT-	-774.67	6,082.46
Paycheck	8/28/98	7145	Vann, Walter L.		X	-SPLIT-	-887.31	5,195.15
Liability Check	8/28/98	7142	Penn Mutual		X	236.1.7 Employ...	-405.31	4,789.84
Liability Check	8/28/98		ADP	8/28/98 Payroll ...	X	-SPLIT-	-2,715.49	2,074.35
Liability Check	8/28/98		ADP		X	923.2 Accounti...	-35.10	2,039.25
Deposit	9/2/98				X	231.2 Line of C...	50,000.00	52,039.25
Check	9/2/98	2017	Petty Cash	REIMBURSEM...	X	-SPLIT-	-135.81	51,903.44
Check	9/2/98	2018	Fred Peace	for flying pipelin...	X	908.1 Labor	-70.00	51,833.44
Check	9/2/98	2019	Dwayne Hamlin	Repair - Ditch ...	X	935.2 Ditchwitch	-50.00	51,783.44
Check	9/2/98	2020	Corbin Comm	INV #55338 ...	X	933.4 Auto Rep...	-72.79	51,710.65
Check	9/2/98	2021	Bank of McCreary Cou...	Service Charge...	X	-SPLIT-	-200.00	51,510.65
Check	9/2/98	2022	McCreary Healthcare C...	Donation - In M...	X	930.3.3 Donati...	-100.00	51,410.65
Check	9/2/98	2023	Louise Dupuy	Easements an...	X	-SPLIT-	-651.54	50,759.11
Check	9/2/98	2024	Quality Consultants & I...	Consultant and ...	X	378.3 Pipeline ...	-1,452.50	49,306.61
Check	9/2/98	2025	Fedex	Inv. #4-621-945...	X	930.3.7 Postag...	-16.50	49,290.11
Check	9/2/98	2026	Bonded Products, Inc.	Inv. #3358 Lea...	X	907.3 Materials	-45.36	49,244.75
Check	9/2/98	2027	McJunkin Appalachian	4" Steel pipe	X	378.3 Pipeline ...	-19,417.66	29,827.09
Check	9/2/98	2028	McJunkin Appalachian	1" pipe, couplin...	X	-SPLIT-	-1,189.84	28,637.25
Check	9/2/98	2029	McJunkin Appalachian	caution tape, s...	X	378.3 Pipeline ...	-313.93	28,323.32
Check	9/2/98	2030	Campbell Plumbing & ...	4" Steel Line o...	X	-SPLIT-	-26,925.09	1,398.23
Check	9/2/98	2031	Litton Brothers	GAS, DIESEL ...	X	933 Transportat...	-89.95	1,308.28
Check	9/2/98	2032	CORNER BP	GAS	X	933 Transportat...	-74.30	1,233.98
Check	9/2/98	2033	Earl Anderson Grocery	Ticket #18 - law...	X	907.6 Other	-48.00	1,185.98
Check	9/2/98	2034	Tony Ball	digging - 2" mai...	X	908.1 Labor	-70.00	1,115.98
Deposit	9/3/98			Deposit	X	-SPLIT-	156.54	1,272.52
Deposit	9/4/98			Deposit	X	-SPLIT-	381.17	1,653.69
Deposit	9/8/98			Deposit	X	-SPLIT-	172.08	1,825.77
Deposit	9/8/98				X	231.2 Line of C...	30,000.00	31,825.77
Check	9/9/98	2035	Bank of McCreary Cou...	Acct #43305172	X	-SPLIT-	-473.80	31,351.97
Check	9/9/98	2036	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	30,977.52
Check	9/9/98	2037	Pager Plus	376-6118, 6119...	X	930.4 Telephone...	-44.00	30,933.52
Check	9/9/98	2038	D. H. C. Limited Partne...	Property Usage...	X	935.4 Storage ...	-500.00	30,433.52
Check	9/9/98	2039	McJunkin Appalachian	valves, elf's, insu...	X	378.3 Pipeline ...	-3,044.92	27,388.60
Check	9/9/98	2040	NAPA Auto Parts	hose, hose end...	X	908.2 Materials	-153.08	27,235.54
Check	9/9/98	2041	Quality Consultants & I...	Consultant and ...	X	378.3 Pipeline ...	-1,745.00	25,490.54
Check	9/9/98	2042	B & H Supply, Inc.	regulator, wasp...	X	-SPLIT-	-305.52	25,185.02
Check	9/9/98	2043	McJunkin Appalachian	1" pipe, riser, val...	X	-SPLIT-	-1,005.47	24,179.55
Check	9/9/98	2044	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 Termite...	-39.60	24,139.95
Check	9/9/98	2045	EXCEL	ACCT. #OGB2...	X	930.4 Telephone...	-65.28	24,074.67
Check	9/9/98	2046	McCreary Co Water	Acct #05-4515...	X	930.6 Utilities	-19.54	24,055.13
Check	9/9/98	2047	BOB'S TIRE SHOP	STMT for Augu...	X	933.4 Auto Rep...	-345.74	23,709.39
Check	9/9/98	2048	Energy Management & ...	Project Manage...	X	-SPLIT-	-1,638.11	22,071.28
Check	9/9/98	2049	Scott Supplies	INV. 114264, 1...	X	921.1 Office Su...	-193.98	21,877.30
Check	9/9/98	2050	McJunkin Appalachian	8" chats for gor...	X	921.1 Office Su...	-27.25	21,850.05

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Check	9/9/98	2051	McJunkin Appalachian	thread compou...	X	-SPLIT-	-86.25	21,763.80
Deposit	9/10/98			Deposit	X	-SPLIT-	373.79	22,137.59
Deposit	9/10/98			Deposit	X	-SPLIT-	650.00	22,787.59
Check	9/11/98	2052	Bonnie Wilson		X	921.2 - Office Cl...	-35.00	22,752.59
Check	9/11/98	2053	DWB Builders	Returned - Sec...	X	235 - Customer ...	-200.00	22,552.59
Check	9/11/98		ADP		X	6560 - Payroll Ex...	-35.10	22,517.49
Deposit	9/11/98			Deposit	X	-SPLIT-	158.63	22,676.12
Paycheck	9/11/98	7146	Ball, Timothy		X	-SPLIT-	-593.47	22,082.65
Paycheck	9/11/98	7147	Canada, John D		X	-SPLIT-	-583.51	21,499.14
Paycheck	9/11/98	7148	Corder, Alice F		X	-SPLIT-	-417.26	21,081.88
Paycheck	9/11/98	7149	Curd, James E.		X	-SPLIT-	-1,505.66	19,576.22
Paycheck	9/11/98	7150	Meadors, II, Jack B.		X	-SPLIT-	-620.28	18,955.94
Paycheck	9/11/98	7152	Ross, Janice F.		X	-SPLIT-	-452.06	18,503.88
Paycheck	9/11/98	7153	Stephens, James H		X	-SPLIT-	-866.21	17,637.67
Paycheck	9/11/98	7154	Vann, Walter L.		X	-SPLIT-	-772.00	17,065.67
Liability Check	9/11/98		ADP		X	-SPLIT-	-2,458.90	14,605.77
Liability Check	9/11/98	7151	Penn Mutual		X	236.1.7 - Employ...	-382.21	14,223.56
Deposit	9/14/98			Deposit	X	-SPLIT-	99.23	14,322.79
Deposit	9/14/98			Deposit	X	-SPLIT-	250.00	14,572.79
Deposit	9/16/98			Deposit	X	-SPLIT-	109.90	14,682.69
Check	9/18/98	2054	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	14,130.84
Check	9/18/98	2055	HINKLE CONTRACTIN...	Inv. #97934	X	376.3 - Pipeline ...	-306.78	13,824.06
Check	9/18/98	2056	Louise Dupuy	Easements an...	X	-SPLIT-	-732.83	13,091.23
Check	9/18/98	2057	McJunkin Appalachian	4" plastic pipe	X	367.2 - Pipeline ...	-4,131.46	8,959.77
Check	9/18/98	2058	Cellular One	606-875-0559, ...	X	930.4 - Telephon...	-449.75	8,510.02
Check	9/18/98	2059	Oneida True Value	12 Padlocks	X	382 - Equipment...	-120.41	8,389.61
Check	9/18/98	2060	McJunkin Appalachian	casing end seal...	X	-SPLIT-	-588.24	7,801.37
Check	9/18/98	2061	McJunkin Appalachian	tapping tees, ni...	X	-SPLIT-	-1,467.76	6,333.61
Check	9/18/98	2062	Healthcomp Evaluation...	Inv. #632694	X	-SPLIT-	-60.00	6,273.61
Check	9/18/98	2063	Fedex	Inv. #4-641-403...	X	930.3.7 - Postag...	-16.50	6,257.11
Check	9/18/98	2064	Larry and Loraine Loud...	Easement Agre...	X	387.2 - Pipeline ...	-402.00	5,855.11
Check	9/18/98	2065	Winchester, Patton & ...	Acct. #72000 ...	X	930.3.5 - Employ...	-15.00	5,840.11
Check	9/18/98	2066	Energy Management & ...	Corrosion Tech...	X	376.3 - Pipeline ...	-619.00	5,221.11
Check	9/18/98	2067	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-98.35	5,122.76
Check	9/18/98	2068	Petty Cash	REIMBURSEM...	X	-SPLIT-	-82.68	5,040.10
Check	9/22/98	1140	Citipower, L.L.C.	Transfer	X	131.2 - FUNB - ...	20,000.00	25,040.10
Check	9/23/98	2069	Bonnie Wilson		X	921.2 - Office Cl...	-35.00	25,005.10
Check	9/23/98	2070	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-62.30	24,942.80
Check	9/23/98	2071	McJunkin Appalachian	test station, ano...	X	-SPLIT-	-4,274.34	20,668.46
Check	9/23/98	2072	McJunkin Appalachian	1" pipe, 2" pipe...	X	-SPLIT-	-838.23	19,730.23
Check	9/23/98	2073	Quality Consultants & I...	Consultant and ...	X	376.3 - Pipeline ...	-3,490.00	16,240.23
Check	9/23/98	2074	NEAL, JEFFERY	For 1" pipeline ...	X	-SPLIT-	-652.00	15,588.23
Deposit	9/23/98			Deposit	X	-SPLIT-	277.60	15,865.83
Deposit	9/25/98			Deposit	X	-SPLIT-	3,111.00	18,976.83
Check	9/25/98		ADP		X	923.2 - Accounti...	-35.10	18,941.73
Check	9/25/98	1145	Citipower, L.L.C.	Transfer	X	131.2 - FUNB - ...	30,000.00	48,941.73
Paycheck	9/25/98	7155	Ball, Timothy		X	-SPLIT-	-465.57	48,476.16
Paycheck	9/25/98	7156	Canada, John D		X	-SPLIT-	-469.71	48,006.45
Paycheck	9/25/98	7157	Corder, Alice F		X	-SPLIT-	-384.80	47,621.65
Paycheck	9/25/98	7159	Meadors, II, Jack B.		X	-SPLIT-	-342.90	47,278.75
Paycheck	9/25/98	7161	Ross, Janice F.		X	-SPLIT-	-452.06	46,826.69
Paycheck	9/25/98	7162	Stephens, James H		X	-SPLIT-	-529.23	46,297.46
Paycheck	9/25/98	7163	Vann, Walter L.		X	-SPLIT-	-618.66	45,678.80
Paycheck	9/25/98	7158	Curd, James E.		X	-SPLIT-	-1,505.66	44,172.94
Liability Check	9/25/98		ADP		X	-SPLIT-	-1,659.35	42,513.59
Liability Check	9/25/98		ADP		X	236.1.4 - KY Stat...	-344.88	42,168.71
Check	9/25/98	7160	Penn Mutual	Life Insurance ...	X	236.1.7 - Employ...	-356.89	41,811.82
Deposit	9/29/98			Deposit	X	-SPLIT-	57.32	41,869.14
Check	9/30/98	2075	Bank of McCreary Cou...	Acct #43303498	X	-SPLIT-	-393.17	41,475.97
Check	9/30/98	2076	McJunkin Appalachian	4" steel pipe	X	376.3 - Pipeline ...	-19,419.84	22,056.13
Check	9/30/98	2077	McJunkin Appalachian	4" plastic pipe, ...	X	-SPLIT-	-2,133.06	19,923.07
Check	9/30/98	2078	B & H Supply, Inc.	meter, valves, pl...	X	-SPLIT-	-1,303.80	18,619.27
Check	9/30/98	2079	Leslie's Tire Shop	2 tires - 4010 tr...	X	935.1 - Equipme...	-281.05	18,338.22
Check	9/30/98	2080	KY Farm Bureau	6 mos. renewa...	X	933.5 - Insuranc...	-535.41	17,802.81
Check	9/30/98	2081	Postmaster	box rent	X	930.3.7 - Postag...	-36.00	17,766.81
Check	9/30/98	2082	HIGHLAND TELEPHO...	#S 376-6830, 3...	X	930.4 - Telephon...	-578.08	17,188.73
Check	9/30/98	2083	Lumber King	couplings	X	907.3 - Materials	-15.23	17,173.50
Check	9/30/98	2084	Citizens Gas	3- 1" weld ell, 1...	X	908.2 - Materials	-21.11	17,152.39
Check	9/30/98	2085	McJunkin Appalachian	ball valves, valv...	X	-SPLIT-	-1,135.45	16,016.94
Check	9/30/98	2086	KY UTILITIES COMPA...	Acct #379192-0...	X	930.6 - Utilities	-86.75	15,930.19
Check	9/30/98	2087	Fedex	Inv. #4-647-849...	X	930.3.7 - Postag...	-16.50	15,913.69
Check	9/30/98	2088	Advantage Care	Employee Medi...	X	925.5 - Insuranc...	-1,005.06	14,908.63
Check	9/30/98	2089	Employers Health	EMPLOYEE D...	X	925.5 - Insuranc...	-170.61	14,738.02
Check	9/30/98	2090	HINKLE CONTRACTIN...	Inv. #98299	X	-SPLIT-	-1,502.13	13,235.89
Check	9/30/98	2091	BKR Services Co.	1820' of 4" gas ...	X	367.2 - Pipeline ...	-7,169.00	6,046.89
Check	10/2/98	2092	Petty Cash	REIMBURSEM...	X	-SPLIT-	-100.21	5,946.68
Check	10/2/98	2093	Kathy Musgrove	Returned Secur...	X	-SPLIT-	-200.00	5,746.68
Check	10/2/98	2094	Jimmie Greene, II	Returned Secur...	X	-SPLIT-	-200.00	5,546.68
Deposit	10/2/98			Deposit	X	-SPLIT-	460.00	6,026.68
Deposit	10/2/98			Deposit	X	-SPLIT-	519.80	6,546.48
Deposit	10/7/98			Deposit	X	-SPLIT-	155.97	6,702.45
Deposit	10/7/98			Deposit	X	-SPLIT-	194.35	6,896.80
Deposit	10/7/98			Deposit	X	-SPLIT-	106.80	7,003.60
Deposit	10/7/98		Citipower, L.L.C.		X	131 - Cash & W...	100,000.00	107,003.60
Check	10/7/98	2095	Reginia Cordell	Easement agre...	X	367.2 - Pipeline ...	-180.00	106,813.60
Deposit	10/7/98			Deposit	X	-SPLIT-	137.00	106,950.60
Check	10/7/98	2096	Campbell Plumbing & ...	4" Steel Line o...	X	-SPLIT-	-29,233.36	77,717.24
Check	10/7/98	2097	Campbell Plumbing & ...	3" Main Line B...	X	-SPLIT-	-27,824.00	49,893.24
Check	10/7/98	2098	Campbell Plumbing & ...	3" Main Line B...	X	-SPLIT-	-4,891.00	45,002.24
Check	10/7/98	2099	Campbell Plumbing & ...	4" Main Line on...	X	-SPLIT-	-28,920.20	16,082.04
Check	10/7/98	2100	Musgrove Excavating	Dozer reclaimin...	X	-SPLIT-	-12,957.50	3,124.54
Check	10/7/98	2101	Danny Bush	Picking up and ...	X	376.3 - Pipeline ...	-130.00	2,994.54

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Check	10/7/98	2102	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	2,959.54
Check	10/7/98	2103	Louise Dupuy	Easements an...	X	-SPLIT-	-470.83	2,488.71
Check	10/7/98	2104	EXCEL	ACCT. #OGB2...	X	930.4 · Telephon...	-47.94	2,440.77
Check	10/7/98	2105	BIG M DISCOUNT	trash can, duct	X	930.3.9 · Supplies	-19.72	2,421.05
Deposit	10/8/98			Deposit	X	-SPLIT-	228.85	2,649.90
Deposit	10/9/98		Citipower, L.L.C.		X	131 · Cash & W...	30,000.00	32,649.90
Check	10/9/98	2106	McJunkin Appalachian	pipe, couplings...	X	-SPLIT-	-1,339.46	31,310.44
Check	10/9/98	2107	D. H. C. Limited Partne...	Property Usage...	X	935.4 · Storage ...	-500.00	30,810.44
Check	10/9/98	2108	Ditch Witch Of Kentucky	Inv. #C56441	X	-SPLIT-	-365.96	30,444.48
Check	10/9/98	2109	Bank of McCreary Cou...	Acct #43305172	X	-SPLIT-	-473.80	29,970.68
Check	10/9/98	2110	McJunkin Appalachian	8 5/8" casing	X	-SPLIT-	-328.11	29,642.57
Check	10/9/98	2111	NAPA Auto Parts	pipe,hose clam...	X	-SPLIT-	-52.14	29,590.43
Check	10/9/98	2112	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	29,215.98
Check	10/9/98	2113	Quality Consultants & I...	Consultant and ...	X	378.3 · Pipeline ...	-2,037.50	27,178.48
Check	10/9/98	2114	B & H Supply, Inc.	#4 locks with c...	X	908.2 · Materials	-110.00	27,068.48
Paycheck	10/9/98	7164	Ball, Timothy		X	-SPLIT-	-604.12	26,464.36
Paycheck	10/9/98	7165	Canada, John D		X	-SPLIT-	-559.80	25,904.56
Paycheck	10/9/98	7166	Corder, Alice F		X	-SPLIT-	-417.27	25,487.29
Paycheck	10/9/98	7167	Curd, James E.		X	-SPLIT-	-1,505.66	23,981.63
Paycheck	10/9/98	7168	Meadors, II, Jack B.		X	-SPLIT-	-631.51	23,350.12
Paycheck	10/9/98	7170	Ross, Janice F.		X	-SPLIT-	-452.06	22,898.06
Paycheck	10/9/98	7171	Stephens, James H		X	-SPLIT-	-669.06	22,229.00
Paycheck	10/9/98	7172	Vann, Walter L.		X	-SPLIT-	-750.36	21,478.64
Check	10/9/98	7189	Penn Mutual	Life Insurance ...	X	236.1.7 · Employ...	-381.22	21,097.42
Liability Check	10/9/98		ADP		X	-SPLIT-	-2,448.55	18,648.87
Check	10/9/98		ADP		X	923.2 · Accounti...	-35.10	18,613.77
Check	10/12/98	2115	Bobby Duncan	Returned Secur...	X	235 · Customer ...	-100.00	18,513.77
Deposit	10/13/98			Deposit	X	-SPLIT-	494.90	19,008.67
Check	10/14/98	2116	Anderson's Woodwork	Floor for the dit...	X	935.3 · Equipme...	-134.09	18,874.58
Check	10/14/98	2117	Thomson Feed & Sup...	Grass seed - 4"	X	378.3 · Pipeline ...	-410.55	18,464.03
Check	10/14/98	2118	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-86.80	18,377.23
Check	10/14/98	2119	McJunkin Appalachian	4" steel pipe	X	378.3 · Pipeline ...	-18,746.27	-369.04
Check	10/14/98	2120	McJunkin Appalachian	8 8/5 casing	X	382 · Equipment...	-164.87	-533.91
Check	10/14/98	2121	Quality Consultants & I...	Consultant and ...	X	378.3 · Pipeline ...	-1,992.00	-2,525.91
Check	10/14/98	2122	Chris Phillips	Hauled dirt and...	X	908.1 · Labor	-210.00	-2,735.91
Check	10/14/98	2123	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 · Termite...	-39.60	-2,775.51
Check	10/14/98	2124	Pager Plus	378-6118, 6119...	X	930.4 · Telephon...	-44.00	-2,819.51
Check	10/14/98	2125	BOB'S TIRE SHOP	STMT for Septe...	X	933.4 · Auto Rep...	-395.90	-3,215.41
Check	10/14/98	2126	McJunkin Appalachian	ball valve, sock...	X	382 · Equipment...	-259.12	-3,474.53
Check	10/14/98	2127	Quality Consultants & I...	X-Ray and Film	X	378.3 · Pipeline ...	-1,244.75	-4,719.28
Check	10/14/98	2128	McJunkin Appalachian	protection tape...	X	378.3 · Pipeline ...	-345.16	-5,064.44
Check	10/14/98	2129	Quality Consultants & I...	Consultant and ...	X	378.3 · Pipeline ...	-1,400.00	-6,464.44
Check	10/14/98	2130	Citizens Gas	tee,collars,poly	X	-SPLIT-	-1,418.81	-7,883.25
Check	10/14/98	2131	McCreary Co Water	Acct #05-4515...	X	930.6 · Utilities	-43.12	-7,926.37
Check	10/14/98	2132	Litton Brothers	GAS	X	933 · Transportat...	-151.45	-8,077.82
Check	10/14/98	2133	McJunkin Appalachian	reducer,tape,wi...	X	908.2 · Materials	-208.55	-8,286.37
Check	10/14/98	2134	D. H. Campbell, Inc.	Delivery of rock...	X	-SPLIT-	-740.00	-9,026.37
Check	10/14/98	2135	Allie Baker	Returned Secur...	X	-SPLIT-	-212.00	-9,238.37
Deposit	10/14/98		Citipower, L.L.C.		X	131 · Cash & W...	25,000.00	15,761.63
Deposit	10/14/98			Deposit	X	-SPLIT-	173.29	15,934.92
Deposit	10/14/98			Deposit	X	-SPLIT-	684.99	16,619.91
Check	10/15/98	2136	Denny Posey	Easements and...	X	378.3 · Pipeline ...	-1,020.00	15,599.91
Check	10/15/98	2137	Dwight Hensley	SP-50 Motorola...	X	933.1 · Automob...	-250.00	15,349.91
Check	10/15/98	2138	HINKLE CONTRACTIN...	Inv #98923	X	-SPLIT-	-724.01	14,625.90
Deposit	10/15/98			Deposit	X	-SPLIT-	69.10	14,695.00
Check	10/16/98	2139	Sharon Moore	Returned secur...	X	-SPLIT-	-212.00	14,483.00
Check	10/16/98	2140	Brent Murphy	Returned secur...	X	-SPLIT-	-212.00	14,271.00
Check	10/16/98	2141	Ralph Marcum	Returned secur...	X	-SPLIT-	-212.00	14,059.00
Check	10/16/98	2142	Sherrill Murphy	Returned secur...	X	-SPLIT-	-212.00	13,847.00
Check	10/16/98	2143	Meadows Grove Ladie...	Donation	X	930.3.3 · Donati...	-50.00	13,797.00
Check	10/16/98	2144	Petty Cash	REIMBURSEM...	X	-SPLIT-	-111.83	13,685.17
Check	10/16/98	2145	Oneida Water & Waste...	3/4" compressi...	X	908.2 · Materials	-207.20	13,477.97
Check	10/16/98	2146	Virgie David Cecil	Easement agre...	X	378.3 · Pipeline ...	-171.75	13,306.22
Check	10/16/98	2147	Lanta Smith Griffith Est...	Easement agre...	X	378.3 · Pipeline ...	-847.50	12,458.72
Check	10/16/98	2148	James and Deborah S...	Easement agre...	X	378.3 · Pipeline ...	-270.00	12,188.72
Check	10/16/98	2149	Viva A. Terry	Easement agre...	X	378.3 · Pipeline ...	-112.50	12,076.22
Check	10/16/98	2150	David Strunk	Easement agre...	X	378.3 · Pipeline ...	-1,872.50	10,403.72
Check	10/16/98	2151	Gary and Charlene Sta...	Easement agre...	X	378.3 · Pipeline ...	-340.50	10,063.22
Check	10/16/98	2152	Lucille R. Stanley	Easement agre...	X	378.3 · Pipeline ...	-213.75	9,849.47
Check	10/16/98	2153	Paul D. Chitwood	Easement agre...	X	378.3 · Pipeline ...	-1,035.00	8,814.47
Check	10/16/98	2154	Dilmon and Maudie St...	Easement agre...	X	378.3 · Pipeline ...	-1,245.00	7,569.47
Check	10/16/98	2155	Rhonda S. Adkins	Easement agre...	X	378.3 · Pipeline ...	-476.25	7,093.22
Check	10/16/98	2156	Jackie and Patricia Ab...	Easement agre...	X	378.3 · Pipeline ...	-544.50	6,548.72
Check	10/16/98	2157	Jacky and Lynn M. Phil...	Easement agre...	X	378.3 · Pipeline ...	-238.50	6,310.22
Check	10/16/98	2158	Jimmy R. Mayse	Easement agre...	X	378.3 · Pipeline ...	-933.75	5,376.47
Deposit	10/19/98			Deposit	X	-SPLIT-	2,348.43	7,724.90
Check	10/20/98	1151	Citipower, L.L.C.	Transfer	X	131.2 · FUNB · ...	37,110.19	44,835.09
Check	10/21/98	2159	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	44,283.24
Check	10/21/98	2160	Cellular One	606-875-0559, ...	X	930.4 · Telephon...	-507.91	43,775.33
Check	10/21/98	2161	McJunkin Appalachian	wire,tape,4" pip...	X	-SPLIT-	-4,698.33	39,077.00
Check	10/21/98	2162	McJunkin Appalachian	coated pipe,ga...	X	378.3 · Pipeline ...	-1,039.27	38,037.73
Check	10/21/98	2163	McJunkin Appalachian	Inv. #90060220...	X	387.2 · Pipeline ...	-909.78	37,127.95
Check	10/21/98	2164	McJunkin Appalachian	Inv. #90461580...	X	378.1 · Pipeline ...	-614.80	36,513.15
Check	10/21/98	2165	Citizens Gas	ball valve, nipple	X	908.2 · Materials	-27.48	36,485.67
Check	10/21/98	2166	McJunkin Appalachian	4" pig, riser, me...	X	-SPLIT-	-586.78	35,898.89
Check	10/21/98	2167	Fedex	Inv. #4-667-311...	X	930.3.7 · Postag...	-16.50	35,882.39
Check	10/21/98	2168	McJunkin Appalachian	repair heating ir...	X	935.3 · Equipme...	-249.10	35,633.29
Check	10/21/98	2169	McJunkin Appalachian	scotchwrap, ta...	X	378.3 · Pipeline ...	-654.44	34,978.85
Check	10/21/98	2170	McJunkin Appalachian	valve boxes w/lid	X	908.2 · Materials	-165.32	34,813.53
Check	10/21/98	2171	CORNER BP	GAS	X	933 · Transportat...	-87.10	34,726.43
Check	10/21/98	2172	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	34,691.43
Check	10/22/98	2173	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-117.60	34,573.83

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Check	10/22/98	2174	Blue Herron Rest	Took investor to...	X	930.51 · Meals/...	-22.05	34,551.78
Check	10/22/98	2175	Anthony and Tippie Yo...	Easement Agre...	X	376.3 · Pipeline ...	-2,313.00	32,238.78
Check	10/22/98	2176	Mary Nell Strunk	Easement agre...	X	376.3 · Pipeline ...	-183.75	32,055.03
Check	10/22/98	2177	Jeannie Kitch	Easement Agre...	X	376.3 · Pipeline ...	-262.50	31,792.53
Check	10/22/98	2178	Robin Elaine Duncan	Easement agre...	X	376.3 · Pipeline ...	-276.00	31,516.53
Check	10/22/98	2179	Mitchell and Charolette...	Easement agre...	X	376.3 · Pipeline ...	-189.75	31,326.78
Check	10/22/98	2180	Glen Mays	Easement Agre...	X	376.3 · Pipeline ...	-153.75	31,173.03
Check	10/22/98	2181	Estel and Kathy Reed	Easement agre...	X	376.3 · Pipeline ...	-802.50	30,370.53
Check	10/22/98	2182	Roscoe and Lillie Mae ...	Easement agre...	X	376.3 · Pipeline ...	-288.00	30,082.53
Check	10/22/98	2183	Bobby J. and April M. ...	Easement agre...	X	376.3 · Pipeline ...	-274.50	29,808.03
Check	10/22/98	2184	Stanley V. Chambers	Easement agre...	X	376.3 · Pipeline ...	-258.75	29,549.28
Check	10/22/98	2185	Tony R. West	Easement agre...	X	376.3 · Pipeline ...	-80.25	29,469.03
Check	10/22/98	2186	Stanley V. Chambers	Easement agre...	X	376.3 · Pipeline ...	-257.75	29,211.28
Check	10/22/98	2187	Charlie Owens	Easement agre...	X	376.3 · Pipeline ...	-132.75	29,078.53
Check	10/22/98	2188	Charlie Owens	Easement agre...	X	376.3 · Pipeline ...	-189.75	28,888.78
Check	10/22/98	2189	Ronnie R. and Eula Du...	Easement agre...	X	376.3 · Pipeline ...	-235.50	28,653.28
Check	10/22/98	2190	Millard and Ruby Smith	Easement agre...	X	376.3 · Pipeline ...	-122.25	28,531.03
Check	10/22/98	2191	Sherman and Lena Re...	Easement agre...	X	376.3 · Pipeline ...	-122.25	28,408.78
Check	10/22/98	2192	Grover and Jewell Gilbert	Easement agre...	X	376.3 · Pipeline ...	-298.50	28,110.28
Check	10/23/98	2193	Dave Kilby	digging dig with...	X	908.1 · Labor	-130.00	27,980.28
Check	10/23/98	2194	Oneida Water & Waste...	slip union,pvc p...	X	-SPLIT-	-697.25	27,283.03
Check	10/23/98	2195	Forexco		X	232.1 · Due to F...	-1,000.00	26,283.03
Check	10/23/98	2196	Michael S. Jeffers	Easement agre...	X	376.3 · Pipeline ...	-1,113.00	25,170.03
Deposit	10/23/98			Deposit	X	-SPLIT-	1,023.06	26,193.09
Paycheck	10/23/98	7173	Ball, Timothy		X	-SPLIT-	-682.73	25,510.36
Paycheck	10/23/98	7174	Canada, John D		X	-SPLIT-	-627.39	24,882.97
Paycheck	10/23/98	7175	Corder, Alice F		X	-SPLIT-	-427.25	24,455.72
Paycheck	10/23/98	7176	Curd, James E.		X	-SPLIT-	-1,505.67	22,950.05
Paycheck	10/23/98	7177	Meadors, II, Jack B.		X	-SPLIT-	-691.62	22,258.43
Paycheck	10/23/98	7179	Ross, Janice F.		X	-SPLIT-	-452.05	21,806.38
Paycheck	10/23/98	7180	Stephens, James H		X	-SPLIT-	-693.33	21,113.05
Paycheck	10/23/98	7181	Vann, Walter L.		X	-SPLIT-	-800.76	20,312.29
Check	10/23/98		ADP		X	923.2 · Accounti...	-35.10	20,277.19
Liability Check	10/26/98	7178	Penn Mutual		X	238.1.7 · Employ...	-392.83	19,884.36
Liability Check	10/26/98		ADP		X	-SPLIT-	-2,604.04	17,280.32
Check	10/27/98	1153	Citipower, L.L.C.	Transfer	X	131.2 · FUNB - ...	14,000.00	31,280.32
Deposit	10/28/98			Deposit	X	-SPLIT-	161.13	31,441.45
Check	10/29/98	2197	McJunkin Appalachian	reducing coupli...	X	908.2 · Materials	-128.30	31,313.15
Check	10/29/98	2198	McJunkin Appalachian	8 5/8 casing rd...	X	376.3 · Pipeline ...	-824.36	30,488.79
Check	10/29/98	2199	Quality Consultants & I...	Visual Inspection	X	376.3 · Pipeline ...	-1,745.00	28,743.79
Check	10/29/98	2200	Ditch Witch Of Kentucky	Inv. #C56571	X	935.2 · Ditchwitch	-1,974.68	26,769.11
Check	10/29/98	2201	B & H Supply, Inc.	Regulators,met...	X	-SPLIT-	-2,172.00	24,597.11
Check	10/29/98	2202	B & H Supply, Inc.	415 meter, 750 ...	X	-SPLIT-	-2,296.11	22,301.00
Check	10/29/98	2203	Kentucky Utilities	Acct #41377-0...	X	930.6 · Utilities	-66.69	22,234.31
Check	10/29/98	2204	HIGHLAND TELEPHO...	#S 376-8830, 3...	X	930.4 · Telephon...	-608.52	21,625.79
Check	10/29/98	2205	KENTUCKY UNDERG...	QTR. OF ASSO...	X	930.3.4 · Dues a...	-165.38	21,460.41
Check	10/29/98	2206	Employers Health	Employee Dent...	X	925.5 · Insuranc...	-148.38	21,312.03
Check	10/29/98	2207	Bank of McCreary Cou...	Acct #4330349...	X	-SPLIT-	-393.17	20,918.86
Check	10/29/98	2208	Thompson Feed and S...	red clover seed...	X	908.2 · Materials	-86.00	20,832.86
Check	10/29/98	2209	Scott Solid Waste Disp...	Acct #2484	X	930.6 · Utilities	-112.00	20,720.86
Check	10/29/98	2210	Scott Supplies	INV. 114451, 1...	X	921.1 · Office Su...	-165.84	20,555.02
Check	10/29/98	2211	Miller's	Cement to sec...	X	908.2 · Materials	-58.45	20,496.57
Check	10/29/98	2212	McJunkin Appalachian	Inv. #90593840...	X	376.3 · Pipeline ...	-616.77	19,879.80
Check	10/29/98	2213	Quality Consultants & I...	Visual Inspection	X	376.3 · Pipeline ...	-1,745.00	18,134.80
Check	10/29/98	2214	Citizens Gas	Inv. #1233 3"...	X	908.2 · Materials	-16.43	18,118.37
Check	10/29/98	2215	HINKLE CONTRACTIN...	Inv. #99184	X	376.3 · Pipeline ...	-581.80	17,536.57
Check	10/29/98	2216	Curd, James E.	Having electric ...	X	935.1 · Equipme...	-69.00	17,467.57
Check	10/29/98	2217	Petty Cash	REIMBURSEM...	X	-SPLIT-	-122.23	17,345.34
Check	10/29/98	1155	Citipower, L.L.C.	Transfer	X	131.2 · FUNB - ...	40,000.00	57,345.34
Deposit	10/30/98				X	231.2 · Line of C...	20,000.00	77,345.34
Check	10/30/98	2218	Campbell Plumbing & ...	4" STEEL PIPE...	X	-SPLIT-	-35,667.13	41,678.21
Deposit	11/3/98			Deposit	X	-SPLIT-	550.00	42,228.21
Deposit	11/3/98			Deposit	X	-SPLIT-	251.33	42,479.54
Check	11/3/98	1159	Citipower, L.L.C.	Transfer	X	131.2 · FUNB - ...	20,000.00	62,479.54
Check	11/4/98	2219	McJunkin Appalachian	4" steel pipe	X	376.3 · Pipeline ...	-19,359.29	43,120.25
Check	11/4/98	2220	Advantage Care	Employee Medi...	X	925.5 · Insuranc...	-861.48	42,258.77
Check	11/4/98	2221	McJunkin Appalachian	Inv. #90682380...	X	-SPLIT-	-1,127.09	41,131.68
Check	11/4/98	2222	Citizens Gas	Inv. #1239,124...	X	-SPLIT-	-56.02	41,075.66
Check	11/4/98	2223	Quality Consultants & I...	Visual Inspection	X	376.3 · Pipeline ...	-1,745.00	39,330.66
Check	11/4/98	2224	Scott Supplies	INV. 115210, 1...	X	921.1 · Office Su...	-97.82	39,232.84
Check	11/4/98	2225	HINKLE CONTRACTIN...	Inv. #99559	X	376.3 · Pipeline ...	-300.64	38,932.20
Check	11/4/98	2226	McJunkin Appalachian	Inv. #91520900...	X	-SPLIT-	-273.73	38,658.47
Check	11/4/98	2227	D. H. C. Limited Partne...	Property Usage...	X	935.4 · Storage ...	-500.00	38,158.47
Check	11/4/98	2228	McJunkin Appalachian	Inv. #91527270...	X	-SPLIT-	-259.97	37,898.50
Check	11/4/98	2229	Leslie's Tire Shop	Tube for 4010 tr...	X	935.1 · Equipme...	-19.08	37,879.42
Check	11/4/98	2230	Campbell Plumbing & ...	4" STEEL PIPE...	X	-SPLIT-	-800.00	37,079.42
Check	11/4/98	2231	Litton Brothers	GAS	X	933 · Transportat...	-26.87	37,052.55
Check	11/4/98	2232	CORNER BP	GAS	X	933 · Transportat...	-42.05	37,010.50
Check	11/4/98	2233	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	36,975.50
Check	11/4/98	2234	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-93.98	36,881.52
Check	11/5/98	2235	void		X	999.1 · Miscellan...		36,881.52
Check	11/5/98	2236	BKR Services Co.	Reclaiming 3" ...	X	-SPLIT-	-15,037.00	21,844.52
Check	11/5/98	2237	Betty C. Akers	Easement Agre...	X	376.3 · Pipeline ...	-1,432.50	20,412.02
Check	11/5/98	2238	Dale and Sharon Neal	Easement Agre...	X	376.3 · Pipeline ...	-123.75	20,288.27
Check	11/5/98	2239	void	Easement Agre...	X	376.3 · Pipeline ...	0.00	20,288.27
Check	11/5/98	2240	Donald Wayne and Su...	Easement agre...	X	376.3 · Pipeline ...	-114.41	20,173.86
Check	11/5/98	2241	John and Tonya Duncan	Easement agre...	X	376.3 · Pipeline ...	-226.50	19,947.36
Check	11/5/98	2242	David and Lessa K. Ellis	Easement agre...	X	376.3 · Pipeline ...	-237.00	19,710.36
Check	11/5/98	2243	Airy H. Wilson	Easement agre...	X	376.3 · Pipeline ...	-289.50	19,420.86
Check	11/5/98	2244	Alma Baldwin and Ros...	Easement agre...	X	376.3 · Pipeline ...	-837.75	18,583.11
Check	11/5/98	2245	Jerry Pike	Easement agre...	X	376.3 · Pipeline ...	-1,149.75	17,433.36
Check	11/5/98	2246	Louise Dupuy	Easements an...	X	-SPLIT-	-715.69	16,717.67

**Citipower, L. L. C.
Transactions by Account**

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Check	11/5/98	2247	Bank of McCreary Cou...	Acct #4330517...	X	-SPLIT-	-473.80	18,243.87
Check	11/5/98	2248	Bank One	Acct #240580...	X	-SPLIT-	-374.45	15,869.42
Deposit	11/5/98			Deposit	X	-SPLIT-	202.08	16,071.50
Deposit	11/5/98			Deposit	X	145.3 - Sales Re...	282.99	16,354.49
Paycheck	11/6/98	7182	Ball, Timothy		X	-SPLIT-	-541.51	15,812.98
Paycheck	11/6/98	7183	Canada, John D		X	-SPLIT-	-499.68	15,313.30
Paycheck	11/6/98	7184	Corder, Alice F		X	-SPLIT-	-419.76	14,893.54
Paycheck	11/6/98	7185	Curd, James E.		X	-SPLIT-	-1,505.65	13,387.89
Paycheck	11/6/98	7186	Meadors, Il, Jack B.		X	-SPLIT-	-552.67	12,835.22
Paycheck	11/6/98	7188	Ross, Janice F.		X	-SPLIT-	-460.06	12,375.16
Paycheck	11/6/98	7189	Stephens, James H		X	-SPLIT-	-572.03	11,803.13
Paycheck	11/6/98	7190	Vann, Walter L.		X	-SPLIT-	-694.59	11,108.54
Liability Check	11/9/98		ADP		X	-SPLIT-	-2,259.34	8,849.20
Check	11/9/98		ADP		X	923.2 - Accounti...	-35.10	8,814.10
Liability Check	11/9/98	7187	Penn Mutual		X	236.1.7 - Employ...	-371.27	8,442.83
Check	11/10/98	1161	Citipower, L.L.C.	Transfer	X	131.2 - FUNB - ...	25,000.00	33,442.83
Deposit	11/11/98			Deposit	X	145.3 - Sales Re...	224.00	33,666.83
Deposit	11/11/98			Deposit	X	-SPLIT-	217.19	33,884.02
Deposit	11/11/98			Deposit	X	-SPLIT-	1,021.41	34,905.43
Check	11/11/98	1162	Citipower, L.L.C.	Transfer	X	131.2 - FUNB - ...	25,000.00	59,905.43
Check	11/12/98	2249	Lumber King	Waterboard, ce...	X	-SPLIT-	-285.75	59,619.68
Check	11/12/98	2250	McJunkin Appalachian	Inv. #78768940...	X	376.3 - Pipeline ...	-19,438.68	40,181.00
Check	11/12/98	2251	Quality Consultants & I...	Inv. # 98225 - ...	X	376.3 - Pipeline ...	-1,745.00	38,436.00
Check	11/12/98	2252	McJunkin Appalachian	Inv. #91656960...	X	908.2 - Materials	-42.20	38,393.80
Check	11/12/98	2253	McJunkin Appalachian	Inv. #91656960...	X	-SPLIT-	-467.78	37,926.02
Check	11/12/98	2254	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 - Termite...	-39.60	37,886.42
Check	11/12/98	2255	BOB'S TIRE SHOP	STMT for Octob...	X	933.4 - Auto Rep...	-517.51	37,368.91
Check	11/12/98	2256	McJunkin Appalachian	Inv. #91803120...	X	-SPLIT-	-546.75	36,822.16
Check	11/12/98	2257	Healthcomp Evaluation...	Inv. #836276 ...	X	930.3.5 - Employ...	-100.00	36,722.16
Check	11/12/98	2258	EXCEL	ACCT. #OGB2...	X	930.4 - Telephon...	-42.10	36,680.06
Check	11/12/98	2259	Quality Consultants & I...	Inv. # 98256 - ...	X	376.3 - Pipeline ...	-928.80	35,751.26
Check	11/12/98	2260	McJunkin Appalachian	Inv. #91860240...	X	-SPLIT-	-924.29	34,826.97
Check	11/12/98	2261	B & H Auto Parts	Inv. #85183 Br...	X	935.3 - Equipme...	-14.45	34,812.52
Check	11/12/98	2262	B & H Supply, Inc.	Inv. #5622 - k...	X	-SPLIT-	-1,101.74	33,710.78
Check	11/12/98	2263	Denny Posey	Easements and...	X	-SPLIT-	-1,027.00	32,683.78
Check	11/12/98	2264	HINKLE CONTRACTIN...	Inv. #99809 d...	X	-SPLIT-	-426.74	32,257.04
Check	11/12/98	2265	Thompson Feed and S...	Barbed wire for...	X	-SPLIT-	-26.47	32,230.57
Check	11/12/98	2266	Musgrove Excavating	Dozer 30' road ...	X	-SPLIT-	-3,600.00	28,630.57
Check	11/12/98	2267	Tony Ball	Reclaiming yards	X	-SPLIT-	-344.00	28,286.57
Check	11/12/98	2268	McCreary County Wate...	ACCT. #05-451...	X	930.6 - Utilities	-43.12	28,243.45
Check	11/12/98	2269	Corbin Comm	INV. #56884 se...	X	393 - Automobile...	-432.00	27,811.45
Check	11/12/98	2270	Miller's	Cement - 4" m...	X	-SPLIT-	-55.16	27,756.29
Check	11/12/98	2271	NAPA Auto Parts	Hose end, tape...	X	-SPLIT-	-83.88	27,672.41
Check	11/12/98	2272	Pager Plus	376-6118, 6119...	X	930.4 - Telephon...	-44.00	27,628.41
Check	11/13/98	2273	Meadows Grove Church	Donation	X	930.3.3 - Donati...	-50.00	27,578.41
Check	11/13/98	2274	Karen Thomas	Return of Secur...	X	-SPLIT-	-212.00	27,366.41
Check	11/13/98	2275	Lawrence Stephens, Il	Return of Secur...	X	-SPLIT-	-106.00	27,260.41
Check	11/13/98	2276	Kelly P. Bryant	Return of Secur...	X	-SPLIT-	-212.00	27,048.41
Check	11/13/98	2277	Walter Francis Taylot	Return of Secur...	X	-SPLIT-	-212.00	26,836.41
Deposit	11/13/98			Deposit	X	-SPLIT-	533.44	27,369.85
Deposit	11/13/98			Deposit	X	-SPLIT-	200.48	27,570.33
Deposit	11/16/98			Deposit	X	-SPLIT-	567.60	28,137.93
Deposit	11/16/98			Deposit	X	-SPLIT-	591.67	28,729.60
Deposit	11/19/98			Deposit	X	-SPLIT-	397.40	29,127.00
Deposit	11/19/98			Deposit	X	-SPLIT-	450.00	29,577.00
Check	11/20/98	2278	Bank One	VOID: Acct. #2...	X	-SPLIT-	0.00	29,577.00
Check	11/20/98	2279	McJunkin Appalachian	Inv. #78768940...	X	376.3 - Pipeline ...	-4,146.87	25,430.13
Check	11/20/98	2280	Cellular One	606-875-0559, ...	X	930.4 - Telephon...	-447.40	24,982.73
Check	11/20/98	2281	Fedex	Inv. #4-693-176...	X	930.3.7 - Postag...	-43.00	24,939.73
Check	11/20/98	2282	McJunkin Appalachian	Inv. #91697510...	X	908.2 - Materials	-29.47	24,910.26
Check	11/20/98	2283	McJunkin Appalachian	Inv. #92515600...	X	-SPLIT-	-170.30	24,739.96
Check	11/20/98	2284	McJunkin Appalachian	Inv. #92448940...	X	-SPLIT-	-25.50	24,714.46
Check	11/20/98	2285	McJunkin Appalachian	Inv. #92516130...	X	-SPLIT-	-878.72	23,835.74
Check	11/20/98	2286	BKR Services Co.	Relocated 4" m...	X	-SPLIT-	-840.00	22,995.74
Check	11/20/98	2287	Jones' Repair Shop	Repair generator	X	930.3.8 - Repair...	-60.83	22,934.91
Check	11/20/98	2288	Louise Dupuy	Easements an...	X	-SPLIT-	-375.48	22,559.43
Check	11/20/98	2289	Bonnie Wilson		X	921.2 - Office Cl...	-35.00	22,524.43
Check	11/20/98	2290	Gary Randal Stephens	Site for Sales ...	X	-SPLIT-	-300.00	22,224.43
Check	11/20/98	2291	Geneva and George W...	Payment for sit...	X	-SPLIT-	-1,000.00	21,224.43
Check	11/20/98	2292	Scott County Register ...	Recording right...	X	-SPLIT-	-473.28	20,751.17
Check	11/20/98	2293	Steve and Kathy Stanley	Easement Agre...	X	-SPLIT-	-1,165.50	19,585.67
Check	11/20/98	2294	William O. Stanley	Easement Agre...	X	-SPLIT-	-249.00	19,336.67
Check	11/20/98	2295	Dan Worley	Payment for lea...	X	-SPLIT-	-1,400.00	17,936.67
Check	11/20/98	2296	BKR Services Co.	3" gas line from...	X	-SPLIT-	-3,601.00	14,335.67
Check	11/20/98	2297	Meadors, Il, Jack B.	Mileage	X	-SPLIT-	-114.63	14,221.04
Check	11/20/98	2298	Clay Hill Excavating	Hauling dense ...	X	-SPLIT-	-160.00	14,061.04
Check	11/20/98	2299	Delmus and Betty Philli...	Easement Agre...	X	376.3 - Pipeline ...	-2,000.00	12,061.04
Paycheck	11/20/98	7191	Ball, Timothy		X	-SPLIT-	-501.54	11,559.50
Paycheck	11/20/98	7192	Canada, John D		X	-SPLIT-	-465.96	11,093.54
Paycheck	11/20/98	7193	Corder, Alice F		X	-SPLIT-	-387.30	10,706.24
Paycheck	11/20/98	7194	Curd, James E.		X	-SPLIT-	-1,505.66	9,200.58
Paycheck	11/20/98	7195	Meadors, Il, Jack B.		X	-SPLIT-	-563.91	8,636.67
Paycheck	11/20/98	7197	Ross, Janice F.		X	-SPLIT-	-452.06	8,184.61
Paycheck	11/20/98	7198	Stephens, James H		X	-SPLIT-	-537.79	7,646.82
Paycheck	11/20/98	7199	Vann, Walter L.		X	-SPLIT-	-640.48	7,006.34
Check	11/20/98		ADP		X	923.2 - Accounti...	-35.10	6,971.24
Liability Check	11/20/98	7196	Penn Mutual		X	236.1.7 - Employ...	-362.08	6,609.16
Liability Check	11/24/98		ADP		X	-SPLIT-	-2,143.26	4,465.90
Check	11/24/98	1165	Citipower, L.L.C.	Transfer	X	131.2 - FUNB - ...	15,000.00	19,465.90
Check	11/24/98	2300	Scott County Register ...	Recording right...	X	-SPLIT-	-127.72	19,338.18
Deposit	11/24/98			Deposit	X	-SPLIT-	3,260.10	22,598.28
Deposit	11/24/98			Deposit	X	-SPLIT-	500.00	23,098.28

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Clr	Split	Amount	Balance
Deposit	12/1/98			Deposit	X	-SPLIT-	788.43	23,864.71
Check	12/1/98				X	921.2 · Office Cl...	-35.00	23,829.71
Check	12/1/98	2302	Bonnie Wilson	REIMBURSEM...	X	-SPLIT-	-169.00	23,660.71
Check	12/1/98	2303	Petty Cash	Mileage	X	-SPLIT-	-85.75	23,574.96
Check	12/1/98	2304	Meadors, II, Jack B.	Quality Consultants & I...	X	376.3 · Pipeline ...	-1,745.00	21,829.96
Check	12/1/98	2305	McJunkin Appalachian	Inv. # 98263 - ...	X	-SPLIT-	-4,131.46	17,698.50
Check	12/1/98	2306	McJunkin Appalachian	Inv. #92871390...	X	-SPLIT-	-991.10	16,707.40
Check	12/1/98	2307	McJunkin Appalachian	Inv. #92882340...	X	376.3 · Pipeline ...	-595.11	16,112.29
Check	12/1/98	2308	Fedex	Inv. #4-700-070...	X	930.3.7 · Postag...	-18.50	16,095.79
Check	12/1/98	2309	McJunkin Appalachian	Inv. #93094870...	X	-SPLIT-	-177.93	15,917.86
Check	12/1/98	2310	Bank of McCreary Cou...	Acct #4330349...	X	-SPLIT-	-393.17	15,524.69
Check	12/1/98	2311	B & H Supply, Inc.	Inv. #5649,566...	X	-SPLIT-	-349.22	15,175.47
Check	12/1/98	2312	HIGHLAND TELEPHO...	#S 376-8830, 3...	X	930.4 · Telephon...	-715.89	14,459.58
Check	12/1/98	2313	Employers Health	Employee Dent...	X	925.5 · Insuranc...	-170.61	14,288.97
Check	12/1/98	2314	Advantage Care	Employee Medi...	X	925.5 · Insuranc...	-1,005.06	13,283.91
Check	12/1/98	2315	KY UTILITIES COMPA...	Acct #379192.0...	X	930.6 · Utilities	-89.03	13,194.88
Check	12/1/98	2316	Dan Worley	Payment for lea...	X	-SPLIT-	-424.00	12,770.88
Check	12/1/98	2317	B & H Supply, Inc.	Inv. #5666 - 2"...	X	382 · Equipment...	-546.00	12,224.88
Deposit	12/2/98			Deposit	X	-SPLIT-	275.01	12,499.89
Deposit	12/2/98			Deposit	X	-SPLIT-	450.00	12,949.89
Deposit	12/3/98			Deposit	X	145.3 · Sales Re...	282.80	13,232.69
Paycheck	12/4/98	7200	Ball, Timothy		X	-SPLIT-	-513.53	12,719.16
Paycheck	12/4/98	7201	Canada, John D		X	-SPLIT-	-469.71	12,249.45
Paycheck	12/4/98	7202	Corder, Alice F		X	-SPLIT-	-309.89	11,939.56
Paycheck	12/4/98	7203	Curd, James E.		X	-SPLIT-	-1,505.68	10,433.88
Paycheck	12/4/98	7204	Meadors, II, Jack B.		X	-SPLIT-	-488.99	9,944.91
Paycheck	12/4/98	7206	Ross, Janice F.		X	-SPLIT-	-665.21	9,279.70
Paycheck	12/4/98	7207	Stephens, James H		X	-SPLIT-	-546.34	8,733.36
Paycheck	12/4/98	7208	Vann, Walter L.		X	-SPLIT-	-640.49	8,092.87
Liability Check	12/4/98		ADP		X	-SPLIT-	-2,179.22	5,913.65
Check	12/4/98		ADP		X	923.2 · Accounti...	-35.10	5,878.55
Liability Check	12/4/98	7205	Penn Mutual		X	236.1.7 · Employ...	-382.36	5,496.19
Check	12/4/98	2318	Bank One	Acct. #240580...	X	-SPLIT-	-551.85	4,944.34
Deposit	12/4/98			Deposit	X	-SPLIT-	778.34	5,722.68
Deposit	12/4/98			Deposit	X	-SPLIT-	740.00	6,462.68
Check	12/4/98		Bank of McCreary Cou...	Acct #4330349...	X	930.3.1 · Bank S...	-10.00	6,452.68
Deposit	12/8/98			Deposit	X	-SPLIT-	698.93	7,151.61
Deposit	12/8/98			Deposit	X	-SPLIT-	560.60	7,712.21
Deposit	12/8/98			Deposit	X	-SPLIT-	850.00	8,562.21
Check	12/9/98	2319	Thompson Feed and S...	Seed for reclai...	X	376.3 · Pipeline ...	-4,500.00	4,062.21
Check	12/9/98	2320	Litton Brothers	GAS	X	933 · Transportat...	-106.48	3,955.73
Check	12/9/98	2321	Clay Hill Excavating	Hauling dirt for ...	X	-SPLIT-	-160.00	3,795.73
Deposit	12/9/98				X	231.2 · Line of C...	30,000.00	33,795.73
Check	12/9/98	2322	CORNER BP	GAS	X	933 · Transportat...	-100.06	33,695.67
Check	12/9/98	2323	Miller's	Cement - 4" m...	X	-SPLIT-	-617.56	33,078.11
Check	12/9/98	2324	Winco	concrete	X	377 · Compress...	-15.10	33,063.01
Check	12/9/98	2325	Oneida Water & Waste...	compression c...	X	-SPLIT-	-158.40	32,904.61
Check	12/9/98	2326	Murphy's Appliances	fitings	X	908.2 · Materials	-20.73	32,883.88
Check	12/9/98	2327	Oneida True Value	12 Padlocks, p...	X	-SPLIT-	-189.58	32,694.30
Check	12/9/98	2328	McJunkin Appalachian	Inv. #78768940...	X	376.3 · Pipeline ...	-19,279.91	13,414.39
Check	12/9/98	2329	B & H Supply, Inc.	Inv. #5641 regu...	X	-SPLIT-	-1,844.88	11,569.51
Check	12/9/98	2330	HINKLE CONTRACTIN...	Inv. #100085 ...	X	376.3 · Pipeline ...	-617.61	10,951.90
Check	12/9/98	2331	McJunkin Appalachian	Inv. #93353170...	X	-SPLIT-	-865.58	10,086.32
Check	12/9/98	2332	McJunkin Appalachian	Inv. #93353790...	X	-SPLIT-	-1,574.50	8,511.82
Check	12/9/98	2333	Scott Supplies	INV. 116057, 1...	X	921.1 · Office Su...	-99.64	8,412.18
Check	12/9/98	2334	McJunkin Appalachian	Inv. #93353170...	X	-SPLIT-	-301.34	8,110.84
Check	12/9/98	2335	McJunkin Appalachian	Inv. #93747130...	X	-SPLIT-	-1,325.00	6,785.84
Check	12/9/98	2336	D. H. C. Limited Partne...	Property Usage...	X	935.4 · Storage ...	-500.00	6,285.84
Check	12/9/98	2337	Bank of McCreary Cou...	Acct #4330517...	X	-SPLIT-	-473.80	5,812.04
Check	12/9/98	2338	Bank One	Acct. #240580...	X	-SPLIT-	-374.45	5,437.59
Check	12/9/98	2339	EXCEL	ACCT. #0GB2...	X	930.4 · Telephon...	-64.92	5,372.67
Check	12/9/98	2340	McJunkin Appalachian	Inv. #93847430...	X	-SPLIT-	-130.84	5,241.83
Check	12/9/98	2341	McJunkin Appalachian	Inv. #93935680...	X	-SPLIT-	-213.76	5,028.07
Check	12/9/98	2342	McJunkin Appalachian	Inv. #93936630...	X	908.2 · Materials	-274.88	4,753.19
Check	12/9/98	2343	McJunkin Appalachian	Inv. #93938450...	X	367.2 · Pipeline ...	-907.27	3,845.92
Check	12/9/98	2344	B & H Supply, Inc.	Inv. #5722,570...	X	-SPLIT-	-1,301.22	2,544.70
Check	12/9/98	2345	Pager Plus	376-6118, 6119...	X	930.4 · Telephon...	-44.00	2,500.70
Check	12/9/98	2346	Orkin Pest Control	ACCT. P-381-9...	X	930.6.1 · Termite...	-39.60	2,461.10
Check	12/9/98	2347	BOB'S TIRE SHOP	STMT for Nove...	X	933.4 · Auto Rep...	-315.68	2,145.42
Deposit	12/10/98			Deposit	X	-SPLIT-	403.11	2,548.53
Deposit	12/11/98			Deposit	X	-SPLIT-	818.26	3,366.79
Deposit	12/14/98			Deposit	X	-SPLIT-	4,620.75	7,987.54
Check	12/16/98	2348	Bank of McCreary Cou...	Loan Filing Fees	X	930.3.1 · Bank S...	-18.00	7,969.54
Check	12/16/98	2349	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	7,934.54
Check	12/16/98	2350	Denny Posey	Easements and...	X	376.3 · Pipeline ...	-170.00	7,764.54
Check	12/16/98	2351	Curd, James E.	Oil changed,gr...	X	-SPLIT-	-64.24	7,700.30
Check	12/16/98	2352	Thompson Feed and S...	Seed for reclai...	X	908.2 · Materials	-93.80	7,606.50
Check	12/16/98	2353	Scott Smith	Built gate fo ...	X	377 · Compress...	-400.00	7,206.50
Check	12/16/98	2354	Winco	All thread,concr...	X	-SPLIT-	-51.03	7,155.47
Check	12/16/98	2355	Miller's	concrete,re-barb	X	-SPLIT-	-147.22	7,008.25
Check	12/16/98	2356	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-108.85	6,899.40
Check	12/16/98	2357	Campbell Plumbing & ...	4" STEEL PIPE...	X	-SPLIT-	-23,024.34	-16,124.94
Check	12/16/98	2358	McJunkin Appalachian	Inv. 787689400...	X	376.3 · Pipeline ...	-5,754.10	-21,879.04
Check	12/16/98	2359	Lumber King	2" pvc pipe	X	907.3 · Materials	-82.47	-21,961.51
Check	12/16/98	2360	Oneida Water & Waste...	sewer pipe,sew...	X	-SPLIT-	-61.70	-22,023.21
Check	12/16/98	2361	Quality Consultants & I...	Inv. # 98266 - ...	X	376.3 · Pipeline ...	-1,745.00	-23,768.21
Check	12/16/98	2362	McJunkin Appalachian	Inv. #27281400...	X	367.2 · Pipeline ...	-5,951.79	-29,720.00
Check	12/16/98	2363	Corbin Comm	INV #56922 ch...	X	933.4 · Auto Rep...	-172.96	-29,892.96
Check	12/16/98	2364	McJunkin Appalachian	Inv. #41139300...	X	-SPLIT-	-2,348.22	-32,241.18
Check	12/16/98	2365	McJunkin Appalachian	Inv. #41014400...	X	-SPLIT-	-426.62	-32,667.80
Check	12/16/98	2366	HINKLE CONTRACTIN...	Inv. #100730 ...	X	-SPLIT-	-1,814.10	-34,481.90
Check	12/16/98	2367	Citizens Gas	Inv. #1330,133...	X	-SPLIT-	-28.01	-34,509.91

Citipower, L. L. C.
Transactions by Account

11/23/99

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Check	12/16/98	2368	Kentucky Farm Bureau	Policy Renewal...	X	933.5 - Insuranc...	-472.48	-34,982.39
Check	12/16/98	2369	McJunkin Appalachian	Inv.941651000...	X	-SPLIT-	-1,080.73	-36,063.12
Check	12/16/98	2370	McJunkin Appalachian	Inv.941803600...	X	377 - Compress...	-286.20	-36,349.32
Check	12/16/98	2371	McJunkin Appalachian	Inv.942043300...	X	367.2 - Pipeline ...	-1,967.36	-38,316.68
Check	12/16/98	2372	McJunkin Appalachian	Inv.942123200...	X	-SPLIT-	-508.68	-38,825.36
Check	12/16/98	2373	McCreary Co Water	Acct #05-4515...	X	930.6 - Utilities	-43.12	-38,868.48
Check	12/16/98	2374	Dwayne Hamlin	Repair - Ditch ...	X	-SPLIT-	-140.00	-39,008.48
Check	12/16/98	2375	KY Farm Bureau	6 mos. renewal...	X	933.5 - Insuranc...	-510.55	-39,519.03
Check	12/16/98	2376	NAPA Auto Parts	Hose end towel...	X	-SPLIT-	-79.56	-39,598.59
Check	12/16/98	2377	Ditch Witch Of Kentucky	Inv. #C53654	X	935.2 - Ditchwitch	-359.88	-39,958.47
Check	12/16/98	2378	Cellular One	608-875-0559, ...	X	930.4 - Telephon...	-589.03	-40,547.50
Check	12/16/98	2379	D. H. Campbell, Inc.	Reimbursemen...	X	377 - Compress...	-763.44	-41,310.94
Check	12/16/98	2380	Chris Georges Sales C...	Inv.23011 sque...	X	396 - Equipment...	-487.60	-41,798.54
Check	12/16/98	2381	McCreary Co. Clerk - J...	Registration re...	X	933.3 - Auto Taxes	-137.55	-41,936.09
Check	12/16/98	2382	McJunkin Appalachian	Inv.941651000...	X	908.2 - Materials	-404.30	-42,340.39
Check	12/16/98	2383	Bank One	Acct #240580...	X	-SPLIT-	-551.85	-42,892.24
Check	12/16/98	2384	Winco	stakes,twine,ta...	X	377 - Compress...	-12.69	-42,904.93
Deposit	12/16/98			Deposit	X	-SPLIT-	394.16	-42,510.77
General Journal	12/16/98	Loan		Note - Bank of ...	X	231.1 - Note Pay...	500,000.00	457,489.23
Check	12/17/98	2385	Bob Thompson	Easement Agre...	X	376.3 - Pipeline ...	-7,404.00	450,085.23
Deposit	12/17/98			Deposit	X	-SPLIT-	632.91	450,718.14
Paycheck	12/18/98	7209	Ball, Timothy		X	-SPLIT-	-549.50	450,168.64
Paycheck	12/18/98	7210	Canada, John D		X	-SPLIT-	-462.21	449,706.43
Paycheck	12/18/98	7211	Corder, Alice F		X	-SPLIT-	-379.81	449,326.62
Paycheck	12/18/98	7212	Curd, James E		X	-SPLIT-	-1,506.19	447,820.43
Paycheck	12/18/98	7213	Meadors, II, Jack B.		X	-SPLIT-	-537.68	447,282.75
Paycheck	12/18/98	7215	Ross, Janice F		X	-SPLIT-	-452.06	446,830.69
Paycheck	12/18/98	7216	Stephens, James H		X	-SPLIT-	-584.88	446,245.81
Paycheck	12/18/98	7217	Vann, Walter L.		X	-SPLIT-	-656.71	445,589.10
Liability Check	12/18/98	7214	Penn Mutual		X	236.1.7 - Employ...	-367.06	445,222.04
Check	12/18/98		ADP		X	923.2 - Accounti...	-35.10	445,186.94
Liability Check	12/21/98		ADP		X	-SPLIT-	-2,176.20	443,010.74
Check	12/23/98	2386	Magna Corporation	Signs-No smok...	X	-SPLIT-	-272.79	442,737.95
Check	12/23/98	2387	Fred Peace	Calibrate office...	X	-SPLIT-	-75.00	442,662.95
Check	12/23/98	2388	Dwayne Hamlin	Repair - Ditch ...	X	935.2 - Ditchwitch	-51.00	442,611.95
Check	12/23/98	2389	Jim's Lockshop	keys-lockset for...	X	921 - Office Sup...	-46.20	442,565.75
Check	12/23/98	2390	Zola Wood	returned hooku...	X	-SPLIT-	-250.00	442,315.75
Check	12/23/98	2391	Quality Consultants & I...	Inv. # 98275 - ...	X	376.3 - Pipeline ...	-1,745.00	440,570.75
Check	12/23/98	2392	Quality Consultants & I...	Inv. # 98280 - ...	X	376.3 - Pipeline ...	-1,745.00	438,825.75
Check	12/23/98	2393	McJunkin Appalachian	Inv.787689401...	X	376.3 - Pipeline ...	-18,797.38	420,028.37
Check	12/23/98	2394	McJunkin Appalachian	Inv.941725700...	X	377 - Compress...	-3,474.33	416,554.04
Check	12/23/98	2395	McJunkin Appalachian	Inv.920882300...	X	385 - Reg/Ordor...	-6,382.75	410,171.29
Check	12/23/98	2396	McJunkin Appalachian	Inv.787689401...	X	376.3 - Pipeline ...	-19,158.82	391,012.47
Check	12/23/98	2397	McJunkin Appalachian	Inv.941725700...	X	377 - Compress...	-1,942.91	389,069.56
Check	12/23/98	2398	McJunkin Appalachian	Inv.943976500...	X	385 - Reg/Ordor...	-48.25	389,021.31
Check	12/23/98	2399	McJunkin Appalachian	Inv.943983000...	X	377 - Compress...	-663.35	388,357.96
Check	12/23/98	2400	McJunkin Appalachian	Inv.941725700...	X	-SPLIT-	-8,815.23	379,542.73
Check	12/23/98	2401	McJunkin Appalachian	Inv.941651000...	X	376.1 - Pipeline ...	-530.00	379,012.73
Check	12/23/98	2402	McJunkin Appalachian	Inv.947216400...	X	376.3 - Pipeline ...	-300.23	378,712.50
Check	12/23/98	2403	Danny Bush	Picking up and ...	X	-SPLIT-	-110.00	378,602.50
Check	12/23/98	2404	HIGHLAND TELEPHO...	#S 376-8830, 3...	X	930.4 - Telephon...	-639.39	377,963.11
Check	12/23/98	2405	Action Printing	regular envelop...	X	921.1 - Office Su...	-60.00	377,903.11
Check	12/23/98	2406	McCreary Co. Clerk - J...	Registration re...	X	933.3 - Auto Taxes	-194.87	377,708.24
Check	12/23/98	2407	Kentucky Farm Bureau	Annual membe...	X	930.3.4 - Dues a...	-20.00	377,688.24
Check	12/23/98	2408	USDA Forest	2720 SPECIAL ...	X	928.2 - Licenses	-25.00	377,663.24
Check	12/23/98	2409	Brewster Builders, Inc.	Boontruck work...	X	-SPLIT-	-100.00	377,563.24
Check	12/23/98	2410	Campbell Plumbing & ...	4" STEEL PIPE...	X	-SPLIT-	-25,000.00	352,563.24
Check	12/23/98	2411	Darlene T. Webb	Easement agre...	X	376.3 - Pipeline ...	-189.00	352,374.24
Check	12/23/98	2412	Denny Posey	Easement agre...	X	376.3 - Pipeline ...	-1,176.00	351,198.24
Check	12/23/98	2413	Rodney Stephens	Easement Agre...	X	376.3 - Pipeline ...	-426.00	350,772.24
Check	12/23/98	2414	Gary Randal Stephens	Easement Agre...	X	376.3 - Pipeline ...	-1,653.00	349,119.24
Check	12/23/98	2415	Elvin Acres	Easement agre...	X	376.3 - Pipeline ...	-721.00	348,398.24
Check	12/23/98	2416	Fred and Donna Debra	Easement agre...	X	376.3 - Pipeline ...	-598.50	347,799.74
Check	12/23/98	2417	Earl Chitwood	Easement agre...	X	376.3 - Pipeline ...	-420.00	347,379.74
Check	12/23/98	2418	Jackie Braden	Four mud and s...	X	-SPLIT-	-300.00	347,079.74
Check	12/23/98	2419	Meadors, II, Jack B.	Backhoe and d...	X	-SPLIT-	-497.00	346,582.74
Check	12/23/98	2420	Elbert and Brenda S. G...	Easement agre...	X	376.3 - Pipeline ...	-381.00	346,201.74
Check	12/23/98	2421	BRASHEAR'S GROCE...	3 - Mixed veg/fr...	X	930.5.1 - Meals/...	-100.50	346,101.24
Deposit	12/28/98			Deposit	X	-SPLIT-	6,300.97	352,402.21
Check	12/29/98	2422	NATCO	Inv. 287255 M...	X	377 - Compress...	-21,873.19	330,529.02
Check	12/29/98	2423	Oneida Water & Waste...	Inv. 5068 sew...	X	908.2 - Materials	-9.30	330,519.72
Check	12/29/98	2424	HINKLE CONTRACTIN...	Inv. #101051 d...	X	377 - Compress...	-1,253.21	329,266.51
Check	12/29/98	2425	Bank of McCreary Cou...	Acct. #4330349...	X	-SPLIT-	-393.17	328,873.34
Check	12/29/98	2426	B & H Supply, Inc.	Inv. #5749 met...	X	-SPLIT-	-2,399.85	326,473.49
Check	12/29/98	2427	B & H Supply, Inc.	Inv. #5739 valv...	X	-SPLIT-	-1,685.61	324,787.88
Check	12/29/98	2428	McJunkin Appalachian	Inv.949791300...	X	377 - Compress...	-169.39	324,618.49
Check	12/29/98	2429	McJunkin Appalachian	Inv.949205300...	X	-SPLIT-	-3,864.49	320,754.00
Check	12/29/98	2430	McJunkin Appalachian	Inv.949205300...	X	-SPLIT-	-678.40	320,075.60
Check	12/29/98	2431	McJunkin Appalachian	Inv.944938300...	X	385 - Reg/Ordor...	-325.87	319,749.73
Check	12/29/98	2432	McJunkin Appalachian	Inv.941725700...	X	377 - Compress...	-754.86	318,994.87
Check	12/29/98	2433	McJunkin Appalachian	Inv.948466700...	X	908.2 - Materials	-56.72	318,938.15
Check	12/29/98	2434	Citizens Gas	Inv. #1368 flan...	X	377 - Compress...	-157.32	318,780.83
Check	12/29/98	2435	McJunkin Appalachian	Inv.949791300...	X	377 - Compress...	-1,172.19	317,608.64
Check	12/29/98	2436	McJunkin Appalachian	Inv.95224000...	X	-SPLIT-	-883.47	316,725.17
Check	12/29/98	2437	KY UTILITIES COMPA...	Acct #379192-0...	X	930.6 - Utilities	-115.18	316,609.99
Check	12/29/98	2438	McJunkin Appalachian	Inv.952458200...	X	377 - Compress...	-202.67	316,407.32
Check	12/29/98	2439	Musgrove Excavating	Dozer 50' road ...	X	-SPLIT-	-3,000.00	313,407.32
Check	12/29/98	2440	D. H. C. Limited Partne...	Property Usage...	X	935.4 - Storage ...	-500.00	312,907.32
Check	12/29/98	2441	McJunkin Appalachian	Inv.955789800...	X	908.2 - Materials	-27.83	312,879.49
Check	12/29/98	2442	B & H Supply, Inc.	Inv.#5760,5799...	X	-SPLIT-	-312.81	312,566.68
Check	12/29/98	2443	B & H Supply, Inc.	Inv.#5767, coup...	X	-SPLIT-	-657.23	311,909.45
Check	12/29/98	2444	B & H Supply, Inc.	Inv.#5791, 750...	X	-SPLIT-	-896.00	311,013.45

Citipower, L. L. C.
Transactions by Account

As of December 31, 1998

Type	Date	Num	Name	Memo	Cir	Split	Amount	Balance
Check	12/29/98	2445	Ditch Witch Of Kentucky	Inv. #C56968,C...	X	-SPLIT-	-2,447.56	308,565.89
Check	12/29/98	2446	McJunkin Appalachian	Inv. 954132900...	X	-SPLIT-	-249.44	308,316.45
Check	12/29/98	2447	McJunkin Appalachian	Inv. 957692500...	X	-SPLIT-	-640.93	307,675.52
Check	12/29/98	2448	McJunkin Appalachian	Inv. 957984400...	X	385 · Reg/Ordor...	-82.01	307,613.51
Check	12/29/98	2449	McJunkin Appalachian	Inv. 958777900...	X	908.2 · Materials	-115.18	307,498.33
Check	12/29/98	2450	HINKLE CONTRACTIN...	Inv. #101342 d...	X	-SPLIT-	-546.03	306,952.30
Check	12/29/98	2451	McJunkin Appalachian	Inv. 941725700...	X	-SPLIT-	-4,418.76	302,533.54
Check	12/29/98	2452	McJunkin Appalachian	Inv. 951985600...	X	-SPLIT-	-1,403.97	301,129.57
Check	12/29/98	2453	McJunkin Appalachian	Inv. 956872100...	X	-SPLIT-	-1,268.84	299,862.73
Check	12/29/98	2454	McJunkin Appalachian	#9598147001,9...	X	-SPLIT-	-530.88	299,331.85
Check	12/29/98	2455	Citizens Gas	Inv. #1403 fln...	X	-SPLIT-	-83.02	299,248.83
Check	12/29/98	2456	B & H Supply, Inc.	#6632, locking...	X	908.2 · Materials	-160.00	299,088.83
Check	12/29/98	2457	Engineering Services	Plotting deeds...	X	-SPLIT-	-850.00	298,238.83
Check	12/29/98	2458	Engineering Services	Surveying, plat...	X	-SPLIT-	-525.00	297,713.83
Check	12/29/98	2459	Engineering Services	Surveying, plat...	X	-SPLIT-	-1,042.50	296,671.33
Check	12/29/98	2460	Campbell Plumbing & ...	Bal. Due Inv. #...	X	378.3 · Pipeline ...	-4,750.83	291,920.50
Check	12/29/98	2461	Campbell Plumbing & ...	Inv. # 3164 - 4"...	X	-SPLIT-	-22,346.69	269,573.81
Check	12/29/98	2462	Campbell Plumbing & ...	Inv. # 3168 - 4"...	X	-SPLIT-	-23,885.30	245,688.51
Check	12/29/98	2463	Campbell Plumbing & ...	Inv. # 3171 - 4"...	X	-SPLIT-	-23,952.52	221,735.99
Check	12/29/98	2464	K & K Lawn Care	Fescue, fertilize...	X	-SPLIT-	-4,253.05	217,482.94
Check	12/29/98	2465	BKR Services Co.	Cleared and bu...	X	-SPLIT-	-24,035.00	193,447.94
Check	12/29/98	2466	BKR Services Co.	Changing and s...	X	-SPLIT-	-1,540.00	191,907.94
Check	12/29/98	2467	BKR Services Co.	4" and 2" from...	X	-SPLIT-	-9,280.10	182,627.84
Check	12/29/98	2468	BKR Services Co.	4", 2" and 1" - M...	X	-SPLIT-	-29,723.75	152,893.79
Check	12/29/98	2469	Bonnie Wilson		X	921.2 · Office Cl...	-35.00	152,858.79
Check	12/29/98	2470	Meadors, II, Jack B.	Mileage	X	-SPLIT-	-78.23	152,780.56
Check	12/29/98	2471	Citizens Gas	Inv. #1383 wel...	X	908.2 · Materials	-4.93	152,775.63
Check	12/29/98	2472	Kentucky State Treasur...	Renewal of Per...	X	-SPLIT-	-50.00	152,725.63
Check	12/29/98	2473	Halliburton Energy Ser...	Pressure test o...	X	-SPLIT-	-6,852.97	145,872.66
Check	12/31/98	2474	Petty Cash	REIMBURSEM...	X	-SPLIT-	-143.57	145,729.09
Check	12/31/98	2475	McCreary Co Water	Acct #05-4515...	X	930.6 · Utilities	* -43.12	145,685.97
Check	12/31/98	2476	Advantage Care	Employee Medi...	X	925.5 · Insuranc...	-1,040.18	144,645.79
Check	12/31/98	2477	Employers Health	Employee Dent...	X	925.5 · Insuranc...	-170.61	144,475.18
Check	12/31/98	2478	Fedex	Inv. #4-737-535...	X	930.3.7 · Postag...	-15.50	144,459.68
Check	12/31/98	2479	EXCEL	ACCT. #OGB2...	X	930.4 · Telephon...	-84.25	144,375.43
Check	12/31/98	2480	CORNER BP	GAS	X	933 · Transportat...	-27.50	144,347.93
Check	12/31/98	2481	Murphy's Appliances	strapping, scre...	X	908.2 · Materials	-28.55	144,321.38
Check	12/31/98	2482	McJunkin Appalachian	Inv. 962942800...	X	377 · Compress...	-539.63	143,781.75
Check	12/31/98	2483	Universal Compression...	Rent on unit #2...	X	377 · Compress...	-3,074.00	140,707.75
Check	12/31/98	2484	HINKLE CONTRACTIN...	Inv. #101582 d...	X	-SPLIT-	-1,445.85	139,261.90
Check	12/31/98	2485	Campbell Plumbing & ...	Inv. 3172,3174...	X	-SPLIT-	-129,011.72	10,250.18
Deposit	12/31/98			Deposit	X	-SPLIT-	1,950.97	12,201.15
Paycheck	12/31/98	7218	Ball, Timothy		X	-SPLIT-	-600.12	11,601.03
Paycheck	12/31/98	7219	Canada, John D		X	-SPLIT-	-559.79	11,041.24
Paycheck	12/31/98	7220	Corder, Alice F		X	-SPLIT-	-357.32	10,683.92
Paycheck	12/31/98	7221	Curd, James E.		X	-SPLIT-	-1,657.69	9,026.93
Paycheck	12/31/98	7222	Meadors, II, Jack B.		X	-SPLIT-	-590.31	8,436.62
Paycheck	12/31/98	7224	Ross, Janice F.		X	-SPLIT-	-452.06	7,984.56
Paycheck	12/31/98	7225	Stephens, James H		X	-SPLIT-	-639.10	7,344.46
Paycheck	12/31/98	7226	Vann, Walter L.		X	-SPLIT-	-734.15	6,610.31
Liability Check	12/31/98	7223	Penn Mutual		X	236.1.7 · Employ...	-148.59	6,461.72
Liability Check	12/31/98		ADP		X	-SPLIT-	-2,408.16	4,053.56
Check	12/31/98		ADP		X	923.2 · Accounti...	-35.10	4,018.46
Total 131.1 · Bank of McCreary County							-14,450.61	4,018.46
Total 131 · Cash & Working Funds							-14,450.61	4,018.46
TOTAL							-14,450.61	4,018.46

11. Provide a summary of salaries and wages for Citipower during the test period, calendar year 1998. Include details of salaries and wages as follows:
- a. For each employee provide the total hours worked, the regular hours and the overtime hours.
Response: See Exhibit Y: Schedule B, Column A
 - b. Pay rates during 1998 (regular and overtime)
Response: See Exhibit Y: Schedule B, Column B
 - c. Total pay during 1998.
Response: See Exhibit Y: Schedule B, Column C
 - d. Provide a list of accounts charged.
Response: See Exhibit Y: Schedule B, Column D
 - e. Provide the date and amounts of pay rate changes for each employee during 1998 and 1999.
Response: See Exhibit Y: Schedule B, Column E
 - f. For each employee hired or terminated during 1998, provide the hire date and the termination date if applicable.
Response: See Exhibit Y: Schedule B, Column F
 - g. Provide any significant changes in personnel from 1998 to 1999. If a change was to create a new position, describe the reason the new job was needed.
Response: See Exhibit Y: Schedule B, Column G
 - h. Provide any significant changes in personnel time requirements from 1998 to 1999 and describe the reason for the need of the new time requirements.
Response: See Exhibit Y: Schedule B, Column H
Respondent: BC

Schedule B: Citipower Wages

	(a)		(b)			(c)	(d)	(e)	(f)		(g)	(h)
	Hours Worked	Req	OT	Req	Pay Rate				OT	Acct Charged		
James D. Curd												
Timothy Ball	2167	138		8.00	\$ 12.00	\$ 62,316	Salary		12/28/1996		None	None
Denny D. Genoe	643	8		56-57		\$ 19,455	Salary		3/17/1997		None	None
Jarice Ross	2201	21		8.00	\$ 12.00	\$ 4,340	Salary	2/21/98: \$7	11/19/1997	5/1/1998	None	None
Walter L. Vann						\$ 17,858	Salary		12/30/1996		None	None
Marcia Wilson	39			6.00	\$ 9.00	\$ 26,566	Salary	2/21/98: \$433/wk	4/7/1997		None	None
James H. Stephens	863	120		8.00	\$ 12.00	\$ 234	Salary		1/9/1998	5/18/1998	None	None
Alice F. Corder	1046			7.00	\$ 10.50	\$ 15,989	Salary	4/18/98: \$7 6/13/98: \$8	1/26/1998	7/31/1999	None	None
Andy P. Crabree	413	10		7.00	\$ 10.50	\$ 7,319	Salary		5/13/1998		None	None
John D. Canada	1216	92		7.00	\$ 10.50	\$ 3,193	Salary		5/11/1998	8/7/1998	None	None
Jack B. Meadors II	819	143		7.00	\$ 10.50	\$ 10,373	Salary	6/15/98: \$250/wk + bonus	5/26/1998		None	None
Total for 1998	9407	532				\$ 7,929	Salary		8/5/1998		A*	None
1999 New Hires												
Ricky Wilson				10.00			Salary			2/5/1999		Part-time
Donnie L. Richmond				7.00	\$ 10.50		Salary			4/26/1999		Part-time
Byron Perkins				7.00	\$ 10.50		Salary			6/7/1999		Part-time

A* Changed from crew member to Marketing Manager, new hire to replace him on crew.

12. Provide a summary of any salaries and wages paid to Citipower employees for work performed for Forexco during the test period, calendar year 1998. Include details of salaries and wages as follows:

a. For each employee provide the hours worked, specifying how many are at regular rates and how many are at overtime rates.

Response: Relative to the salary allocations for James Curd and Janice Ross, as stated in Citipower's response to the Kentucky Attorney General, Page 5, ¶2:

"The one-third allocation of each employee's salary is based on an estimate of hours spent providing services for Forexco, Inc." Refer to Exhibit Y, Schedule B, Citipower Wages, Column A for total hours worked at regular and overtime rates. As stated in Citipower's response to the Kentucky Attorney General, Page 5, Chart 5, no salary allocations were made for Curd or Ross during 1998.

See Exhibit Z: Schedule C, Allocation of Wages to Forexco, for a breakdown of other employees of Citipower who performed work for Forexco during 1998 based on Citipower's response to the Kentucky Attorney General, Page 6, which stated:

"...personnel were involved with the hook-up and reclaiming efforts on five wells. An average of 75 man-hours were spent on the hook-up of each well, at an average hourly rate of \$8...for a total of 375 hours (\$3,000). Reclaiming work by the same personnel at the same rate of pay averaged 56 hours per well for a total of 280 hours (\$2,240). The total estimate of time spent by Citipower employees performing Forexco duties is 655 hours/\$5,240."

b. Pay rates during 1998 (regular and overtime).

Response: See Exhibit Y: Schedule B, Citipower Wages

c. Total pay during 1998.

Response: See Exhibit Y: Schedule B, Citipower Wages

d. A description of the work performed, including why this work could not be performed by a Forexco employee.

Response: As previously stated in Citipower's response to the Kentucky Attorney General, Page 6, ¶2:

"during 1998 Citipower personnel were involved with the hook-up and reclaiming efforts on five wells."

Forexco did not maintain personnel in Kentucky with the availability, capabilities and experience possessed by personnel referenced in Exhibit Z.

e. Explain whether or not this work will be required of Citipower employees in future years.

Response: As stated in Citipower's response to the Kentucky Attorney General, Page 6, ¶2:

"As of January 1, 1999 management has dispensed with use of Citipower employees for any Forexco work. Third-party contractors will be used for any Forexco work."

Respondent: BC

Schedule C: Allocation of Wages to Forexco

	(a)		(b)		(c)
	Hours on Well Hook-Ups	Hours on Reclaiming Work	Req Rate*	Req Rate*	Total
Timothy Ball	75	56	\$ 8.00	\$ 8.00	\$ 1,048
John D. Canada	75	56	\$ 7.00	\$ 7.00	\$ 917
Jack B. Meadors II	75	56	\$ 7.00	\$ 7.00	\$ 917
James H. Stephens	75	56	\$ 8.00	\$ 8.00	\$ 1,048
Walter L. Vann	75	56	\$ 10.00	\$ 10.00	\$ 1,310
Total for 1998	375	280			\$ 5,240

* No overtime

13. Provide a summary of any salaries and wages paid to Forexco employees for work performed for Citipower during the test period, calendar year 1998. Include details of salaries and wages as follows:

a. For each employee provide the hours worked, specifying how many are at regular rates and how many are at overtime rates. Also, provide the total hours this employee worked for Forexco during the year.

Response:

(a)	(b)	(c)	(d)
<i>Employee</i>	<i>Hours of Work Performed for Citipower Sept.- Dec. 1998</i>	<i>Total Hours Worked for Forexco</i>	<i>Estimated Total of Hours* for Work Performed for Citipower, Calendar Year 1998</i>
<i>Jane Lawson</i>	223	2166	669
<i>Heather McCue</i>	85.25	853	255.75
Total:	308.25	3019	924.75

The Total Hours of Work Performed by Forexco employees for Citipower during the test period, calendar year 1998, as shown above in Column D is an estimate based on the representative percentage of actual hours of work performed by Forexco employees as reported on breakdowns prepared for the period of September through December of 1998 (Column B).

**Forexco employees are salary-based and therefore all hours worked are at regular rates (Refer to Citipower's response to the Kentucky Attorney General, Page 4, Chart 4A-C: Capacity & Compensation). No overtime applies.*

b. Pay rates during 1998 (regular and overtime).

Response: Refer to Citipower's response to the Kentucky Attorney General, Page 4, Chart 4A-C: Capacity & Compensation. Forexco employees are salary-based and therefore no overtime applies.

c. Total pay during 1998 (amount allocated to Citipower and total for both companies).

Response: Refer to Citipower's response to the Kentucky Attorney General, Page 3, Chart 4 and Page 4, Chart 4A-C: Capacity & Compensation.

d. A description of the work performed, including why this work could not be performed by a Forexco employee.

Response: Refer to Citipower's response to the Kentucky Attorney General, Page 4, Chart 4A-C: Capacity & Compensation for a description of the work performed by each Forexco employee.

Assuming that question 13-d above contains a typographical error and should have read "...why this work could not be performed by a Citipower employee": Citipower does not maintain an on-site accountant and investor records and relations are managed by Forexco employees with the requisite experience.

- e. Explain whether or not this work will be required of Forexco employees in future years, as ongoing utility service.

Response: Until such time as Citipower's revenues can support professional, experienced staff in the areas of accounting and investor relations it is anticipated that Forexco will continue to provide these services to Citipower as needed.

Respondent: BC

14. Refer to Citipower's response to Item 3 of the Commission's Order of August 3, 1999, Exhibit B, Schedule A-1. Provide a schedule cross-referencing and reconciling salaries and wages from 1998 on Citipower's books as adjusted and reported on the annual report to the Commission for 1998 (labor accounts 761, 902 and 920) with the summary of responses Items 12, 13 and 14 above..

Response:

<i>Wages per Annual Report</i>	<u><i>\$176,761</i></u>
<i>Work performed by Citipower employees</i>	
- <i>Exhibit Z, Schedule C</i>	<i><5,240></i>
<i>Exhibit Y, Schedule B</i>	<u><i><24,200></i></u>
<i>Total:</i>	<i>\$147,321</i>
<i>Work performed by Forexco employees</i>	<i>\$26,666</i>
<i>Corrected Citipower Salaries</i>	<u><i>\$173,987</i></u>
<i>Difference:</i>	<i>\$2,774</i>

Respondent: BC

15. Refer to Citipower's response to question 4 of the Attorney general's data request of July 16, 1999, which states that Citipower purchases all of its natural gas from Forexco at fair market prices.

a. Explain how the affiliated purchase price is derived.

Response: See Exhibit AA, Gas Sales Agreement, Pages 6-7.

b. Provide a copy of the gas purchase contract between Forexco and Citipower.

Response: See Exhibit AA, Gas Sales Agreement.

c. Provide copies of any other contracts between Citipower and gas suppliers.

Response: Not applicable.

Respondent: BC

AGREEMENT

This Agreement made and entered into this 1st day of Jan, 1999, by and between Citipower, LLC, a Delaware limited liability company, with offices at 12 Courthouse Square, Whitley City, Kentucky 42653 (hereinafter referred to as "Buyer") and Forexco, Inc., having an address of 2122 Enterprise Road, Greensboro, North Carolina 27408, (hereinafter referred to as "Seller").

W I T N E S S E T H :

WHEREAS, Buyer is engaged in a business of constructing and laying a natural gas pipeline in the vicinity of Seller's gas wells in McCreary County, Kentucky, together with purchasing natural gas from independent producers in the area for transport through said pipeline, and of the sale of the natural gas to commercial industrial consumers in the same area; and

WHEREAS, Buyer is desirous of purchasing natural gas from Seller; and

WHEREAS, Seller is presently in the process of producing natural gas wells on leaseholds located in McCreary County, Kentucky.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto, for themselves, their successors and assigns, hereby covenant and agree as follows:

1. Seller shall connect wells from which it is producing natural gas to Buyer's pipeline, and subject to other terms and conditions of the Agreement, commence the delivery of natural gas through said pipeline to Buyer's delivery point. All further distribution pipelines necessary to connect the above delivery point to Buyer's natural gas outlets shall, be constructed, laid, installed, repaired and maintained at Buyer's own cost, expense and risk.

2. Seller shall at all times provide through said pipelines natural gas of a commercial nature, reasonably free of gaseous impurities, air and objectionable odors, having a BTU rating and content of at least 975 BTU per cubic foot at a pressure of 35 PSIG.

3. Seller agrees not to strip or otherwise artificially remove any of the chemical compounds or components contained in the subject natural gas.

4. Seller, at its own expense, cost and resin, shall install at the wellhead meters the meter for measuring the natural gas as well as other equipment necessary for separating and removing oil, water, salt, dust and other foreign substance from said natural gas in order that said natural gas shall be maintained at a commercial grade and nature.

5. All natural gas delivered by Seller to the delivery point shall be measured by orifice or other meter of standard type to be furnished by Seller in accordance with this agreement. Measurement shall be according to Boyle's Law for the measurement of natural gas at varying pressures on the basis of an absolute pressure of fourteen point seven pounds per square inch (14.7 PSI) at a standard base temperature of sixty degrees Fahrenheit (60°F).

6. The natural gas pipeline to be laid shall at all times contemplated herein, remain the sole and exclusive property and responsibility of Buyer and Buyer may use all or any part of such pipeline for the transmission of the natural gas to any third party purchaser it chooses, provided that such transmission and use of said pipeline does not substantially interfere with Buyer's duties and obligations to Seller as set out herein.

7. Seller shall be deemed the owner of all natural gas transported to the gas pipeline until it shall pass the delivery point at which time Buyer shall be deemed to be the owner thereof. Further, Seller shall indemnify and save Buyer harmless for any and all claims of liability by any third party by reason of the operation of said pipeline from the wells to the delivery point, and Buyer shall indemnify and save Seller harmless from any and all claims and liabilities by third parties occasioned by the operation of the Buyer's distribution system from the delivery point through its distribution system and outlets.

8. Seller warrants that it will have good and marketable title to all natural gas transported and delivered to Buyer through said pipeline system and Seller shall indemnify Buyer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or attributable to adverse claims by any third party to the natural gas delivered and sold to Buyer under this agreement.

9. Seller shall read and translate the meter to be established at the point of delivery but Buyer shall have reasonable access, at reasonable times, to said meter for its inspection and examination. Either party may challenge the accuracy of the meter placed in use under this Agreement and may have said meter examined and tested by a qualified agent of its own choosing. The cost of such testing shall be borne by the party challenging the accuracy of same if the meter proves to be in proper working order, and the meter shall be deemed to be in proper working order if the degree of error or variation, either fast or slow, high or low, is less than one percent (1%). In the event said meter proves not to be in proper working order, the party in whose favor the meter was in error shall be responsible for the cost of testing and repairing or replacing said meter, and appropriate monetary adjustment shall be made between the parties in order to correct the improper meter readings, but in no event shall any such adjustment be for any period exceeding thirty (30) days preceding the date of challenge of the meter by either party.

10. On or before the Twentieth (20th) day of each calendar month, Seller shall render a statement to Buyer showing the amount of natural gas delivered to Buyer by Seller during the last preceding calendar month, and Buyer shall, within twenty (20) days after receipt thereof, make payment to Seller for the natural gas so delivered and purchased in accordance with the terms and conditions of this Agreement. Seller's

statement shall be mailed to Buyer at the following address: 12 Courthouse Square, Whitley City, Kentucky 42653 and the payment to Seller shall be made to Forexco, Inc., 2122 Enterprise Road, Greensboro, North Carolina 27408. The above addresses shall be used for all purposes in the within Agreement unless other specific directions are provided in writing.

11. The price to be paid to Seller for natural gas sold hereunder shall be in accordance with the pricing structure in Appendix A.

12. This Agreement shall remain in effect for 10 years from the date first written above. Buyer shall have the right to renew said Agreement for three succeeding one-year terms upon the same terms and conditions provided the base price of said natural gas can be agreed upon by the parties.

13. In the event either party is rendered unable to perform, wholly or in part, by force majeure, this Agreement shall be suspended during the continuance of and to the extent of any inability so caused. However, the party claiming the existence of force majeure shall use all reasonable efforts to remedy any situation which may interfere with the performance of this obligation hereunder with all reasonable dispatch.

14. This Agreement shall be subject to and performed in compliance with all applicable federal, state, local laws, statutes, ordinances, rules and regulations.

15. Buyer and Seller agree that neither party to this Agreement may assign, sublet, grant or contract away any of its rights, privileges, duties or obligations under this Agreement without first having received in advance, the written consent of the other party.

16. This Agreement shall be binding upon and inure to the benefit of, the successors and permitted assigns of the Buyer and Seller, the parties declare and agree that in case of controversy between the parties, this Agreement and rights and duties of the parties hereto shall be construed by applying the laws and decisions of the State of Kentucky thereto and deciding said controversy in accordance therewith.

IN WITNESS WHEREOF, Seller and Buyer hereto have set their corporate names, signatures and seals by their duly authorized officers, as of the day and year first above written.

CITIPOWER, LLC

BY: James Cud
ITS: V-Pres

FOREXCO, INC.

BY: Daniel D. Jordan
ITS: Pres

APPENDIX A

The price per million British Thermal Units of gas (MMBtu) paid by the Buyer to the Seller is determined monthly based on market conditions and existing contracts between the Buyer and third-party purchasers.

1. Market Price is defined as the applicable FERC Index rate for the month of purchase.
 - A) The applicable FERC Index rate for third-party purchaser Citizens Gas is "Tennessee/LA Offshore".
 - B) The applicable FERC Index rate for gas purchased by the buyer for sale to customers not identified as third-party purchasers is "Columbia Gas Transmission Corp. Appalachia (WA, OH, KY)".
2. In consideration of purchase of or transporting natural gas from the delivery point to commercial industrial consumers and to wholesale consumers, Seller agrees that Buyer is to deduct for Transportation Rates (\$TR) an amount not to exceed \$0.30 (30 cents) per MMBtu. The Buyer and Seller agree that Transportation Rates may fluxuate and that this rate may vary as applied to Citizens' gas purchases and Citipower's gas purchases.
3. In consideration of naturally occurring line loss from the wellhead to third-party point of sale Seller agrees that Buyer will increase the volume of third-party purchases in pricing calculations and it is further understood by the Seller that this rate (LL%) is subject to change at the sole discretion of the Buyer.
4. In consideration of the natural gas burned as fuel to operate the compressor, Seller agrees that in pricing calculations Buyer will increase the volume of purchases that occur "downline" from the compressor and it is further understood by the Seller that this rate (CB%) is subject to change at the sole discretion of the Buyer.
5. Values are determined separately for the gas volume purchased by third parties—for which an existing price contract prevails—and gas purchased by the buyer for resale to its customer base.
 - A) The Citizens Gas Value (CZV\$) is calculated using the price paid plus line loss and less transportation. Citizens' Payment (CZ\$) is the agreed FERC Index, less a contractual volume deduction of four percent (4%) and a contractual price discount of \$0.15/MMBtu (15 cents per MMBtu). This amount is calculated and submitted by Citizens with supporting documentation for the FERC Index and Reported Volume (CZRV).

$$\{(CZRV - [CZRV \times .04]) \times \text{FERC}\} - (CZGV \times \$0.15) = CZ\$$$

$$CZRV + (CZRV \times [CZRV \times \text{CB\%}]) = CZPB$$

$$CZPB + (CZPB \times [CZPB \times \text{LL\%}]) = CZGV$$

$$(CZ\$ + CZGV) - (CZGV \times \$TR) = CZV\$$$

- B) The Citipower Value (CPV\$) is based on Volume (CPV) and Price (CP\$) as follows:

- i) Citipower's Volume (CPV) for the purpose of establishing price is the balance of gas remaining after the Gross Wellhead Volume (GWV) has been reduced by Citizens' Gross Volume (CZGV).

$$GWV - CZGV = CPV$$

- ii) Citipower's price is based on the applicable FERC Index less transportation:

$$FERC - \$0.30 = CP\$$$

- iii) The Citipower Value (CPV\$) is computed by applying Citipower's Price to Citipower's Volume:

$$CPV \times CP\$ = CPV\$$$

- 6) The final price per MMBtu to be paid by the Buyer to the Seller is computed by dividing the Sum of the Citipower Value (CPV\$) and the Citizens' Value (CZV\$) by the Gross Wellhead Volume (GWV):

$$(CPV\$ + CZV\$) \div GWV = \text{Price per/MMBtu}$$

- 7) The Buyer and Seller agree that the Buyer may, at its sole discretion, deduct from its payment to Seller an amount equal to \$100 per contributing well for reimbursement of operating costs associated with the compressor station.

SUMMARY OF ABBREVIATIONS AND PRICING CALCULATIONS

Btu	British Thermal Unit		
MMBtu	One Million Btu		
FERC	Federal Energy Regulatory Commission. The Index rate is obtained monthly from <i>Inside F.E.R.C.'s Gas Market Report</i> .		
STR	Transportation Rate	\$0.30	Variable
LL%	Line Loss Rate	4%	Variable
CB%	Compressor Burn Rate	4%	Variable
GWV	Gross Wellhead Volume	Reported and documented by a third-party subcontractor.	
CZRV	Citizens' Reported Volume	This is submitted by Citizens with supporting documentation from a third-party subcontractor.	
CZPB	Citizens' Pre-Burn Volume	CZRV + (CZRV x [CB%])	
CZGV	Citizens' Gross Volume (after adding CB% & LL%)	CZPB + (CZPB x [LL%])	
CZ\$	Citizens' Payment to Citipower	((CZRV - [CZRV x .04]) x FERC) - (CZGV x \$0.15)	
CZV\$	Citizens' Gas Value	(CZ\$ + CZGV) - (CZGV x STR)	
CPV	Citipower's Volume	GWV - CZGV = CPV	
CP\$	Citipower's Price	FERC - STR	
CPV\$	Citipower's Value	CPV x CP\$	
Final Price	Price per MMBtu paid by Buyer to Seller	(CPV\$ + CZV\$) ÷ GWV	

16. Refer to Citipower's responses to Items 10(c) and 19 of the Commission's Order of August 3, 1999.

a. Are the customer hook-ups mentioned in the responses, extensions of 100 feet or less of service lined from the company's existing distribution mains to the customer?

Response: No.

b. If yes, is the company aware of Kentucky regulation 807 KAR 5:022 Section 9(16)(a), which prohibits a gas utility from charging customers for service line exxtensions of 100 feet or less if the customer applies for and contracts to use service for one year or more?

Response: Not applicable.

c. If no, explain the nature of the hook-up.

Response: All lines run to customers have been over 100 feet.

Respondent: BC

17. On October 1, 1999, page one of the "City & Region" section of The Lexington Herald-Leader contained an article entitled "McCreary prison project to start by April 2000." In that article, James B. Jones, deputy assistant director of the Federal Bureau of Prisons, states that construction should be finished by the summer of 2002. In Citipower's response to Item 14 of the Commission's Order of August 3, 1999, a forecast of total gas sales is provided.

a. Explain any assumptions in the forecast of gas sales for the level of gas expected to be sold to the prison as a public customer. Include a discussion of the likelihood that the prison will become a customer of Citipower.

Response: In Item 14 of our August 3, 1999 Response we assumed that the prison would start using gas in 2000 and be in operation in 2001. After talking to prison officials and visiting another prison it appears that a more reasonable schedule would be as follows:

Year	Percentage of Prison's Full Gas Consumption
2000	20%
2001	50%
2002	80%
2003	100%

The previous projection has been changed in Exhibit CC, Schedule D.

We have the prison officials' statement that they will use gas. We have an adequate supply of gas and also have the pipeline into Tennessee if peak gas is needed. We have attended all meetings and have no reason to think we will not supply gas to the prison.

b. If the assumptions are not consistent with the announcement of the expected completion of the prison construction, provide a revised forecast of gas sales.

Response: Refer to Item (a) above.

c. Provide a forecast of gas sales for the same period without the projected usage and sales from the prison.

Response: Gas sales without prison:

	2000	2001	2002	2003	2004
Commercial	\$ 61,554	\$ 85,865	\$ 137,743	\$ 158,345	\$ 173,258
Industrial	\$ 72,290	\$ 96,329	\$ 148,775	\$ 148,580	\$ 152,527
Public	\$ 211,179	\$ 229,604	\$ 441,525	\$ 564,139	\$ 638,456
Residential	\$ 131,584	\$ 184,445	\$ 327,043	\$ 376,244	\$ 411,937
	\$ 476,607	\$ 596,243	\$ 1,055,086	\$ 1,247,308	\$ 1,376,178

d. Provide a detailed schedule and explanation of additional capital costs and annual operating expenses that would be incurred to provide natural gas service to the prison.

Response: The estimated costs to connect the prison is \$50,754 All of these costs will be incurred in the fourth quarter of 2000. See Exhibit DD, Schedule E, Estimated Prison Costs.

Respondent: BC

Citipower, LLC Response to PSC Order
Case No. 99-225

TOTALS 1999 - 2004

Customers by Category	1999		2000		2001		2002		2003		2004		2005	
	Projected MCF's Sold	Projected \$ Sales	Projected MCF's Sold	Projected \$ Sales										
Commercial	76,910.65	651,276	20,363	173,258	18,629	158,345	16,205.06	137,743	19,811	148,580	19,836.73	148,775	88,206.00	661,525
Industrial	88,538.83	648,966	20,337	152,527	108,552	814,139	44,264	376,244	191,256	1,497,308	162,723.41	1,275,086	38,475.61	327,043
Public	416,941.00	3,163,841	48,463	411,937	191,256	1,497,308	191,256	1,497,308	191,256	1,497,308	162,723.41	1,275,086	38,475.61	327,043
Residential	177,472.72	1,489,266	207,643	1,626,178	191,256	1,497,308	191,256	1,497,308	191,256	1,497,308	162,723.41	1,275,086	38,475.61	327,043
Total	759,863.20	\$ 5,953,348	207,643	\$ 1,626,178	191,256	\$ 1,497,308	191,256	\$ 1,497,308	191,256	\$ 1,497,308	162,723.41	\$ 1,275,086	38,475.61	\$ 327,043
Total Projected Gas Sales-Citipower		\$ 5,953,348		\$ 1,626,178		\$ 1,497,308		\$ 1,497,308		\$ 1,497,308		\$ 1,275,086		\$ 327,043
Less: Projected Monthly Fixed Costs		(4,910,219)		(880,785)		(839,085)		(839,085)		(839,085)		(799,370)		(799,370)
Cost of Gas		(1,320,871)		(355,067)		(327,042)		(327,042)		(327,042)		(278,249)		(278,249)
Proj. NI(Loss) EBIDTA-Citipower		(277,742)		\$ 390,326		\$ 331,181		\$ 331,181		\$ 331,181		\$ 197,467		\$ 197,467
Total Projected Citipower Customers			1,200		1,100		1,000		1,100		1,000		1,000	
Total Projected Gas Sales - Citizens Gas		2,002,604		325,059		325,059		325,059		325,059		325,059		325,059
Less: Compressor Rent, Maint		(432,000)		(72,000)		(72,000)		(72,000)		(72,000)		(72,000)		(72,000)
Cost of Gas		(1,491,884)		(243,915)		(243,915)		(243,915)		(243,915)		(243,915)		(243,915)
Proj. NI(Loss) EBIDTA-Citizens		78,720		\$ 9,144		\$ 9,144								
Proj. NI(Loss) EBIDTA-All		(199,022)		\$ 399,470		\$ 340,325		\$ 340,325		\$ 340,325		\$ 206,611		\$ 206,611

Assumptions/Notes

- 200 New Customers Added in 2000.
- 200 New Customers Added in 2002 and Prison in operation for entire year.
- 200 New Customers Added in 2003.
- 100 New Customers Added in 2004.
- 100 New Customers Added in 2004.
- Rate Increase effective entire period.
- Cost of Gas: \$1.715/mcf for entire period.
- For 2000 through 2004 projected cost of Citizens' gas is adjusted to \$1.515 with an estimated total of 161,000 Mcfs

Customers by Category	1999		2000		2001		2002		2003		2004		2005	
	Projected MCF's Sold	Projected \$ Sales												
Commercial	10,101.75	85,865	7,242	61,554	4,350	34,510	1,200	325,059	1,100	325,059	1,000	325,059	1,000	325,059
Industrial	12,843.85	96,329	9,639	72,290	6,072	30,465		(72,000)		(72,000)		(72,000)		(72,000)
Public	47,280.00	354,604	34,823	261,179	19,620	183,938		(243,915)		(243,915)		(243,915)		(243,915)
Residential	21,699.44	184,445	15,481	131,584	9,090	58,013		9,144		9,144		9,144		9,144
Total	91,925.04	\$ 721,243	67,184	\$ 526,607	39,132	\$ 306,925	1,200	\$ 325,059	1,100	\$ 325,059	1,000	\$ 325,059	1,000	\$ 325,059
Total Projected Gas Sales-Citipower		\$ 721,243		\$ 526,607		\$ 306,925		\$ 325,059		\$ 325,059		\$ 325,059		\$ 325,059
Less: Projected Monthly Fixed Costs		(761,546)		(720,450)		(908,982)		(72,000)		(908,982)		(72,000)		(72,000)
Cost of Gas		(157,192)		(114,881)		(88,440)		(243,915)		(243,915)		(243,915)		(243,915)
Proj. NI(Loss) EBIDTA-Citipower		(197,495)		(308,724)		(602,057)		(243,915)		(243,915)		(243,915)		(243,915)
Total Projected Citipower Customers	800		600		300		600		600		600		600	
Total Projected Gas Sales - Citizens Gas		\$ 325,059		\$ 325,059		\$ 377,309		\$ 325,059		\$ 325,059		\$ 325,059		\$ 325,059
Less: Compressor Rent, Maint		(72,000)		(72,000)		(72,000)		(72,000)		(72,000)		(72,000)		(72,000)
Cost of Gas		(243,915)		(243,915)		(272,309)		(243,915)		(243,915)		(243,915)		(243,915)
Proj. NI(Loss) EBIDTA-Citizens		\$ 9,144												
Proj. NI(Loss) EBIDTA-All		(188,351)		(299,580)		(657,497)		(299,580)		(299,580)		(657,497)		(657,497)

Schedule E: Estimated Prison Costs

	Estimated Costs	Qty	Unit	Total
Pipe 4"	\$ 1.85	4,500	footage	\$ 8,325
Wire/Tape	\$ 0.07	4,500	footage	\$ 315
Easement	\$ 1.00	4,500	footage	\$ 4,500
Labor	\$ 3.75	4,500	per footage	\$ 16,875
Bores, contract	\$ 55.00	100	per footage	\$ 5,500
Rock, in-house	\$ 175.00	5	per load	\$ 875
Meter Sets	\$ 9,750.00	1	per meter	\$ 9,750

Sub-Total: \$ 46,140

10% Variance: \$ 4,614

Total Estimated Cost: \$ 50,754

Citipower, L.L.C.

Gas Distribution Company

2122 Enterprise Road
Greensboro, NC 27408
Office (336) 379-0800
Fax (336) 379-0881

September 3, 1999

Ms. Stephanie Bell
Secretary of the Commission
Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
Frankfort, KY 4062

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SEP 07 1999
PUBLIC SERVICE
COMMISSION

Reference: Case No. 99-225
Application of Citipower, LLC for an of Rates pursuant
To the Alternative Rate Filing Procedure for Small Utilities

Dear Ms. Bell:

In response to the Commission's Order dated August 3, 1999, requesting information concerning the above-reference Rate Filing, we have enclosed one original and 10 copies of our response.

In addition, we are also sending a copy of our response to the "Parties of Record" as indicated below.

Sincerely

Jane Bryant Lawson

Jane Bryant Lawson

Enclosures

Cc: Elizabeth Blackford, Assistant Attorney General
Robert L. Brown, Counsel, Citipower, LLC
David K. Brock, President, IBEXCO
James Curd, Manager, Citipower, LLC

Response to

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225**

by

**CITIPOWER, L.L.C.
AUGUST 25, 1999**

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PUBLIC SERVICE
COMMISSION

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RESPONDENTS	
DRF: Daniel R. Forsberg, President	
DB: David Brock, Consultant	
JC: James Curd, Operations Manager	
JL: Jane Lawson, Controller	
PDWH: Peter D. W. Heberling, General Counsel	
BC: Bobby Carter	

Citipower, L.L.C

Response to Kentucky Public Service Commission
Case No. 99-225 Copy 13 of 18
September 3, 1999

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COMMISSION

1. **Provide an affidavit from the president or other corporate officer attesting that Citipower's books and records are maintained separately from any other commonly owned enterprise.**

Response: See Exhibit A, Affidavit.

Respondent: DRF

EXHIBIT A

Affidavit

Response to

COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE COMMISSION

CASE NO. 99-225

by

CITIPOWER, L.L.C.

AUGUST 25, 1999

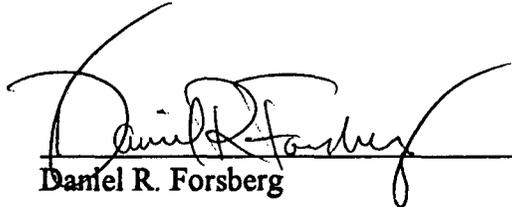
AFFIDAVIT

Comes now the undersigned, Daniel R. Forsberg of Greensboro, North Carolina after being duly sworn under oath and states as follows:

- 1) That I am the President and CEO of Citipower, LLC;
- 2) That I am in charge of operations of Citipower, LLC and attest that Citipower's books and records are maintained separately from any other commonly owned enterprise.

Further, affiant sayeth naught.

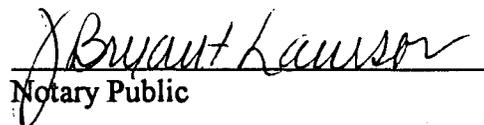
This the 16th day of August, 1999.


Daniel R. Forsberg

STATE OF NORTH CAROLINA

COUNTY OF GUILFORD

Subscribed and sworn to before me by Daniel R. Forsberg, President and CEO of Citipower, LLC, on this the 16th day of August, 1999.


Notary Public

My Commission Expires: 6/8/02

2. **Have any studies been performed to evaluate the cost effectiveness of short-term financing used by Citipower to finance long-lived assets? If yes, provide such studies. If no, explain why such studies have not been performed.**

Response: No. Citipower built a ten mile pipeline in 1998 and 1999 as a means of assuring a long-term supply of natural gas for its customers and as a means of generating transportation revenues. Having such an assurance of long-term supplies was also a condition of the Federal Bureau of Prisons deciding to build a major new facility in McCreary County. In 1998, Citipower had revenues of \$211,741 and expenses of \$972,405, resulting in a \$760,664 loss. Citipower is not expected to achieve profitability until it has signed up customers capable of using at least 125,000 mcf per year. That usage roughly translates into an additional 470 customers, depending on customer type. As of August 30, 1999 the company currently has 302 customers. Until Citipower reaches a significant level of profitability, it cannot consider long-term debt financing. It must rely on equity financing, and very limited short-term bridge financing that will be refinanced with equity.

Respondent: JL/BC

3. Refer to Attachment A to Section III of the application.
- a. Provide the exhibit of increased cost information using the Uniform System of Accounts ("USoA"), which is the system of accounts reflected in the annual report filed with the Commission.

Response: See Exhibit B, Schedule A-1, Column B

- b. Provide total revenues, including wholesale gas sales, according to the USoA.

Response: See Exhibit B, Schedule A-1, Page 1, Lines 1-4.

- c. Provide total gas purchases, including purchases for wholesale sales, as well as gas purchases for retail sales. Show any adjustments in the determination of natural gas purchases for retail or wholesale sales with a footnote referencing a schedule or workpaper where the adjustment is calculated.

*Response: See Exhibit B, Schedule A-1, Page 1, Lines 8-16;
and Exhibit C, Schedule B-1, Gas Purchases*

- d. Provide all increased cost information classified according to the USoA along with a brief explanation for the increases, together with any supporting documentation.

Response: See Exhibit B, Schedule A-1: Page 1, Lines 18-49.

Explanation for Increased Costs listed in Exhibit B, Schedule A-1, Page 1:

*Line 24: Accounting & Collecting Labor: USoA #902, (\$6,000)
Not expected to use outside accounting services in 1999.*

Line 29: Allocation of Salaries: USoA #920, \$100,000

- *Mr. Forsberg serves as Chairman of the Board of Directors and Chief Executive Officer for which he receives compensation of \$1 per year and will continue to do so during the foreseeable future.*
- *Mr. Forsberg is also Chairman and CEO for Forexco, Inc.*
- *The Board of Directors and management regard Mr. Forsberg's Citipower compensation as being his equity ownership in the company. No Forexco salary for Mr. Forsberg will be allocated to Citipower. Again, we are not going to expense any such compensation in the rate application. The allocation of Mr. Forsberg's salary in the original rate application was in error. Of the \$100,000 allocated, \$73,600 related to Mr. Forsberg, \$26,400 relates to allocation of accounting salaries based on an agreement effective January 1, 1999 allowing for allocation of accounting services for one year.*

Line 30: Marketing: USoA #920, \$21,600

Marketing person to promote new customer hook-ups and coordinate with crews and management on all aspects of hook-ups.

Line 31: General & Admin Salaries: USoA #920, (\$20,005)

Based on recommendations from auditors to allocate a portion of salary expense for J. Curd and J. Ross for services performed for Forexco, but paid by Citipower. The \$20,005 reduction in salary expense is not included in the revised information. Effective 1/1/99

management has dispensed with use of Citipower employees for any Forexco work.

- Line 32: Officers Compensation & Consulting: USoA #920, (\$50,000)
See our response to Item #7.*
- Line 33: Commissions: USoA #920, (\$10,000)
This amount represents compensation for raising equity funding for Citipower. The projected decrease is based on anticipation of raising less equity funding in 1999.*
- Line 36: Contract Labor: USoA #923, \$10,400
Engaged on an as-needed basis to perform easement work.*
- Line 37: Outside Service/General: USoA #923, (\$3,000)
Expected reduction in use of outside consultants.*
- Line 38: Engineering Fees: USoA #923, (\$5,000)
1998 Engineering involved review of gas transportation and purchase and sale agreements with Citizens Gas, pipeline calculations, and work involved with the FERC approval. This is not an annual recurring charge and is not expected to take place in 1999 or in the near future.*
- Line 39: Legal Fees: USoA #923, (\$15,000)
No legal work relating to steel pipeline (easements/right of way). No legal expenses anticipated for gas pricing mechanism.*
- Line 42: Insurance-Workman's Compensation: USoA #925, \$1,461
Copy of premium notice was included in the initial Rate Application.
As stated previously, in 1998 Citipower had a net loss of \$760,663. Management has looked at general and administrative expenses in an attempt to cut costs. The expense categories below are those that management felt we could reduce by getting more competitive prices and by making employees aware of the need to cut costs. See Exhibit B, Schedule A-1, Page 1:*
- Line 43: Injuries & Damage: USoA #925, (\$3,000)
Reduction of Medical Insurance Premiums—new company with lower premiums.*
- Line 46: General Advertising Expense: USoA #930.1, (\$500)
Advertising*
- Line 47: Miscellaneous General Expense, USoA #930.2, (\$10,000)
Travel, Utilities, Postage, Computer Repairs.*
- Line 48: Transportation: USoA #933, (\$3,000)
Auto expense, Repair, Maintenance, and Gas.*
- Line 49: Maintenance of General Plant: USoA #935, (\$3,000)
Maintenance and storage of equipment.*
- Lines 12-15:
Transmission Expenses: USoA #751, 752, 754, 756, \$72,000
Increased costs for new compressor station based on maintenance & rental contracts and estimated amounts for monthly supplies, repairs and fuel expenses needed to run the compressor station. See our response to Item 18.*
- Line 18: Mains & Service Labor: USoA #761, (\$2,000)
Labor associated with customer maintenance, plant maintenance.*

Line 19: Customer Installation Expenses: USoA #764, (\$1,500)

Line 21: Maintenance of Other Plant: USoA #769, (\$1,500)

Estimated decrease in customer maintenance.

- e. **Provide projected revenues and requested expenses adjusted for increased cost adjustments classified according to the USoA.**

Response: See Exhibit B, Schedule A-1.

Respondent: JL/BC

EXHIBIT B
Schedule A-1

Response to

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225

by

CITIPOWER, L.L.C.
AUGUST 25, 1999

Line No.	USoA Account Number	From Schedule A-3		Projected Using Proposed Rate		Projected Using Proposed Rate Increase & 99		1999 Using New Rates; 1999		Note No.
		1998 Actual Per Annual Report	Increase or (Decrease)	Projected using Proposed Rate Increase but 1998 Actual Expenses	Projected Expense	Increase or (Decrease) Column I minus Column D	Projected Sales & Expenses			
A	B	C	D	E	F	G	H	I	J	
1	480	Gas Sale Residential	\$ 28,400	\$ 12,187	\$ 40,587	\$ 40,587	\$ 29,613	\$ 58,013		
2	481	Gas Sale Commercial & Industrial	\$ 102,888	\$ 15,823	\$ 118,711	\$ 118,711	\$ 146,025	\$ 248,913		
3	483	Gas Sales - Citizens Gas	\$ 54,276	\$ -	\$ 54,276	\$ 54,276	\$ 323,033	\$ 377,309	1	
4		Total Gas Service Revenues	\$ 185,564	\$ 28,010	\$ 213,574	\$ 213,574	\$ 498,671	\$ 684,235		
5	488	Other Revenue	\$ 26,177	\$ -	\$ 26,177	\$ 26,177	\$ 19,275	\$ 45,452		
6		Total Gas Operating Revenue	\$ 211,741	\$ 28,010	\$ 239,751	\$ 239,751	\$ 517,946	\$ 729,687	2	
Includes 1999 Projected Revenues-increased customers, rates plus Citizens Gas sales										
7		Other Gas Supply Expenses								
8	730	Cost of Goods Sold-Citipower Cust	\$ 54,669	\$ -	\$ 54,669	\$ 54,669	\$ 33,771	\$ 88,440	1	
9	730	Cost of Goods Sold-Citizens Gas	\$ 49,709	\$ -	\$ 49,709	\$ 49,709	\$ 222,600	\$ 272,309	1	
10	730	Natural Gas Purchases - total	\$ 104,378	\$ -	\$ 104,378	\$ 104,378	\$ 256,371	\$ 360,749	2	
11		Transmission Expenses								
Includes 1999 Projected increased MCF's sold by Citipower AND Citizens Gas										
12	751	Compressor Station Fuel & Power	\$ -	\$ 6,000	\$ -	\$ 6,000	\$ 6,000	\$ 6,000	1	
13	752	Operation Supplies & Expenses	\$ -	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ 12,000	1	
14	754	Rents Compressor	\$ -	\$ 36,000	\$ -	\$ 36,000	\$ 36,000	\$ 36,000	1	
15	756	Compressor Maintenance	\$ -	\$ 18,000	\$ -	\$ 18,000	\$ 18,000	\$ 18,000	1	
16		Total Transmission Expenses	\$ -	\$ 72,000	\$ -	\$ 72,000	\$ 72,000	\$ 72,000	3	
17		Distribution Expenses								
18	761	Mains & Services Labor	\$ 8,063	\$ (2,000)	\$ 8,063	\$ 6,063	\$ (2,000)	\$ 6,063		
19	764	Customer Installation Expenses	\$ 14,998	\$ (1,500)	\$ 14,998	\$ 13,498	\$ (1,500)	\$ 13,498		
20	768	Maintenance -Meters & House Reg	\$ 1,950	\$ -	\$ 1,950	\$ 1,950	\$ -	\$ 1,950		
21	769	Maintenance of Other Plant	\$ 34,693	\$ (1,500)	\$ 34,693	\$ 33,193	\$ (1,500)	\$ 33,193		
22		Total Distribution Expenses	\$ 59,704	\$ (5,000)	\$ 59,704	\$ 54,704	\$ (5,000)	\$ 54,704		
23		Customer Accounts Expense								
24	902	Accounting and Collecting Labor	\$ 14,713	\$ (6,000)	\$ 14,713	\$ 8,713	\$ (6,000)	\$ 8,713	11	
25	903	Supplies & Expenses	\$ 676	\$ -	\$ 676	\$ 676	\$ -	\$ 676		
26	904	Uncollectible Accts.	\$ 72	\$ -	\$ 72	\$ 72	\$ -	\$ 72		
27		Total Customer Account Expense	\$ 15,461	\$ (6,000)	\$ 15,461	\$ 9,461	\$ (6,000)	\$ 9,461		
28		Administrative & General Expenses								
29	920	General & Admin Salaries - Allocati	\$ -	\$ 26,400	\$ -	\$ 26,400	\$ 26,400	\$ 26,400	4	
30	920	Marketing (New person)	\$ -	\$ 21,600	\$ -	\$ 21,600	\$ 21,600	\$ 21,600		
31	920	General & Admin Salaries - Allocati	\$ 178,761	\$ (20,005)	\$ 178,761	\$ 178,761	\$ (20,005)	\$ 156,756		
32	920	Officers Comp/Consulting	\$ 251,840	\$ (50,000)	\$ 251,840	\$ 201,840	\$ (50,000)	\$ 201,840		
33	920	Commissions	\$ 25,774	\$ (10,000)	\$ 25,774	\$ 15,774	\$ (10,000)	\$ 15,774		
34		Total	\$ 454,375	\$ (12,000)	\$ 454,375	\$ 442,375	\$ (32,005)	\$ 422,370		
35		Office supplies expense	\$ 10,978	\$ (2,500)	\$ 10,978	\$ 8,478	\$ (2,500)	\$ 8,478		
36	923	Contract Labor - Rick Wilson	\$ -	\$ 10,400	\$ -	\$ 10,400	\$ 10,400	\$ 10,400		
37	923	Outside Services General	\$ 5,118	\$ (3,000)	\$ 5,118	\$ 2,118	\$ (3,000)	\$ 2,118		
38	923	Engineering Fees	\$ 11,883	\$ (5,000)	\$ 11,883	\$ 6,883	\$ (5,000)	\$ 6,883		
39	923	Legal Fees	\$ 60,672	\$ (15,000)	\$ 60,672	\$ 45,672	\$ (15,000)	\$ 45,672		
40		Total	\$ 77,673	\$ (12,600)	\$ 77,673	\$ 65,073	\$ (12,600)	\$ 65,073		
41	924	Property Insurance	\$ 7,642	\$ -	\$ 7,642	\$ 7,642	\$ -	\$ 7,642		
42	925	Insurance-Workmen's Compensati	\$ 4,794	\$ 1,461	\$ 4,794	\$ 6,255	\$ 1,461	\$ 6,255		
43	925	Injuries & Damages	\$ 11,556	\$ (3,000)	\$ 11,556	\$ 8,556	\$ (3,000)	\$ 8,556		
44		Total	\$ 16,350	\$ (1,539)	\$ 16,350	\$ 14,811	\$ (1,539)	\$ 14,811		
45	926	Employee Pensions & Benefits	\$ 3,795	\$ -	\$ 3,795	\$ 3,795	\$ -	\$ 3,795		
46	930.1	General Advertising Expense	\$ 1,463	\$ (500)	\$ 1,463	\$ 963	\$ (500)	\$ 963		
47	930.2	Miscellaneous General Expense	\$ 31,785	\$ (10,000)	\$ 31,785	\$ 21,785	\$ (10,000)	\$ 21,785		
48	933	Transportation expense	\$ 18,284	\$ (3,000)	\$ 18,284	\$ 15,284	\$ (3,000)	\$ 15,284		
49	935	Maintenance of General Plant	\$ 16,247	\$ (3,000)	\$ 16,247	\$ 13,247	\$ (3,000)	\$ 13,247		
49		Total G & A Expenses	\$ 638,591	\$ (45,139)	\$ 638,591	\$ 593,452	\$ (65,144)	\$ 573,447		
50		Total Gas Operation & Maint. Expenses	\$ 818,135	\$ 15,862	\$ 818,135	\$ 833,996	\$ 252,228	\$ 1,070,362		
51	403	Depreciation and Depletion Expens	\$ 117,566	\$ -	\$ 117,566	\$ 117,566	\$ -	\$ 117,566		
52	406	Amortization Expense	\$ 14,670	\$ -	\$ 14,670	\$ 14,670	\$ -	\$ 14,670		
53		Total Depreciation & Amortization	\$ 132,236	\$ -	\$ 132,236	\$ 132,236	\$ -	\$ 132,236		
54	408.1	Payroll Taxes	\$ 14,376	\$ -	\$ 14,376	\$ 14,376	\$ -	\$ 14,376		
55	408.2	PSC Assessment	\$ 216	\$ -	\$ 216	\$ 216	\$ -	\$ 216		
56	408.3	Property Taxes	\$ 1,152	\$ -	\$ 1,152	\$ 1,152	\$ -	\$ 1,152		
57		Total Taxes Other than Income Taxes	\$ 15,744	\$ -	\$ 15,744	\$ 15,744	\$ -	\$ 15,744		
58		TOTAL GAS OPERATING EXPENSES	\$ 966,115	\$ 15,863	\$ 966,118	\$ 981,976	\$ 252,228	\$ 1,218,343		
59		NET OPERATING INCOME (LOSS)	\$ (754,374)	\$ 12,147	\$ (726,365)	\$ (742,225)	\$ 265,718	\$ (488,656)		

Line No.	USA Account Number	From Schedule A-3			As Originally Submitted			1999 Using New Rates; 1999 Projected Sales & Expenses	Note No.
		1998 Actual Per Annual Report	Increase or (Decrease)	Projected using Proposed Rate Increase but 1998 Actual Expenses	Projected Using Proposed Rate Increase & 99 Projected Expense	Increase or (Decrease) Column I minus Column D			
A	B	C	D	E	F	G	H	I	J
1	OTHER INCOME								
2	419 Interest & Dividend Income	\$ (5,103)	\$ 1,000	\$ (5,103)	\$ (4,103)	\$ 1,000	\$ (4,103)		
3	421 Miscellaneous Nonoperating Income	\$ (6)	\$ -	\$ (6)	\$ (6)	\$ -	\$ (6)		
4	Total Other Income	\$ (5,109)	\$ 1,000	\$ (5,109)	\$ (4,109)	\$ 1,000	\$ (4,109)		
5	OTHER DEDUCTIONS								
				Includes increased revenues only.. \$28,009					
6	431 Interest Expense	\$ 11,399	\$ 42,500	\$ 11,399	\$ 53,899	\$ 42,500	\$ 53,899		
7	Total Other Deductions	\$ 11,399	\$ 42,500	\$ 11,399	\$ 53,899	\$ 42,500	\$ 53,899		
8	Total All Expenses & Other Income	\$ 972,405	\$ 59,363	\$ 972,406	\$ 1,031,766	\$ 295,728	\$ 1,268,133		
9	NET INCOME (LOSS)	\$ (760,664)	\$ (31,353)	\$ (732,655)	\$ (792,015)	\$ 222,219	\$ (538,446)		
10	Non-Cash Expenses included above			Includes increased revenues-\$28,009 and projected increase/decrease in expenses-\$59,363					
11	Officers Comp/Consulting	\$ (251,840)	\$ 50,000	\$ (251,840)	\$ (201,840)	\$ 50,000	\$ (201,840)		
12	Depreciation and Depletion Expens	\$ (117,566)	\$ -	\$ (117,566)	\$ (117,566)	\$ -	\$ (117,566)		
13	Amortization Expense	\$ (14,670)	\$ -	\$ (14,670)	\$ (14,670)	\$ -	\$ (14,670)		
14	Net Income - Sub-Total Cash Expenses	\$ (376,589)	\$ (81,353)	\$ (348,579)	\$ (457,940)	\$ 172,219	\$ (204,370)		
15	Projected Capital Expenditures								
				Includes increased revenues only..\$28,009					
16	Loop line			\$ 350,000	\$ 350,000		\$ 350,000		
17	New customers-Josh Hill, Musgrove, Hayes			\$ 104,790	\$ 104,790		\$ 104,790		
18	Total Cash Expenses			\$ (803,369)	\$ (912,730)	\$ 172,219	\$ (659,160)		

Explanation of Columns F, G & I

- F Revenues** - Based on Total MCF's Sold in 1998 (Both to Citipower Customers and Citizens Gas); Assumes No New Customers Added (Other Revenue)
- Expenses - 1998 Actual Expenses**
- G Revenues** - Based on Total MCF's Sold in 1998 (Both to Citipower Customers and Citizens Gas); Assumes No New Customers Added (Other Revenue) New Rate Effective 1/1/98
- Expenses - 1998 Actual Expenses PLUS 1999 Projected Increases/Decreases (Column E)**
- I Revenues** - Based on Projected MCF's for 1999 - Includes sales to Citipower Customers and Citizens Gas
- Expenses - 1998 Actual Expenses PLUS 1999 Projected Increases/ Decreases (Column H)**
- Includes Cost of Gas for Citizens and Compressor Expense which was not included in Section III, Attachment A

Notes-Schedule A-1

- 1 This line was excluded from Total Revenues and/or Total Expenses in Section III, Attachment A, submitted in June 1999
- 2 Citizens Gas is included
- 3 Compressor Expenses are included
- 4 This amount was reported as \$100,000 in the Section III, Attachment A, originally submitted to the PSC in June, 1999. This has been changed as no salary expense for the CEO is being allocated to Citipower, LLC. The \$26,400 is for allocation of accounting labor.
- 6 Note: On Section III, Attachment A, submitted in June 1999, the Net Loss (\$765,230) excluded Citizens Gas Revenues of \$54,276 and Expenses of (\$49,709) - net of \$4,566. The (\$760,664) above INCLUDES net income from
- 8 \$12,000 in Accounting Salary allocated from Forexco is included in this number.
- 7 <\$20,005> allocation of salaries from Citipower to Forexco in error. This is not being accounted for in the revised projections for G & A.

EXHIBIT C
Schedule B-1
Gas Purchases

Response to

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225

by

CITIPOWER, L.L.C.
AUGUST 25, 1999

**Exhibit C, Schedule B-1
GAS PURCHASES
Citipower, LLC Response to PSC Order
Case No 99-225**

USoA No.	TOTAL GAS PURCHASES - 1998	Total Mcf's	Total Cost of Gas	Average Rate per MCF	Comments
730	1998 Actual - Wholesale Sales	24,339	\$ 49,709	\$ 2.042	
730	1998 Actual - Retail Sales	20,312	\$ 54,669	\$ 2.691	
	Total Gas Purchases - 1998	44,651	\$ 104,378	\$ 2.338	
730	1999 Projected - Wholesale Sales	180,000	\$ 377,309	\$ 2.096	} 1
730	1999 Projected - Retail Sales	39,132	\$ 88,440	\$ 2.260	
	Total Projected Gas Purchases - 1999	219,132	\$ 465,749	\$ 2.125	
730	1999 Actual Purchases-Wholesale	82,746	\$ 163,524	\$ 1.976	As of 6/30/99
730	1999 Actual Purchases-Retail	6,825	\$ 11,840	\$ 1.735	As of 6/30/99
	Total Actual Gas Purchases - 1999	89,571	\$ 175,364	\$ 1.958	

WHOLESALE SALES

The only supporting documentation we have is the contract between Citipower & Citizens gas which was included in the initial rate application.

The adjustments to the cost of gas for purchases for Wholesale Sales is an adjustment to the price per mcf for line loss and a per well charge for compressor expense.

For purposes of the projection the adjustment for line loss was estimated at \$0.45 per mcf and the adjustment for compressor burn was estimated at \$100 per well, per month assuming an average of 20 wells during the entire year. - Total adjustment for 1999 projection \$105,000.

Our projected increase in gas sales to Citizens is based on an average of 15,000 mcf per month at an average rate per mcf of \$2.096 - there is no separate schedule for calculating the adjustment.

- 1) Reference Exhibit D, Schedule A-4

4. Provide an exhibit setting for Citipower's determination of its revenue requirement, as well as an explanation of the methodology used, i.e., operating ratio, return on rate base, etc.

*Response: See Exhibit D, Schedule A-4, 1999 Projected Sales
This is the Projected Revenues and Expenses that were originally submitted
with our Rate Application.*

*Our cash-flow projections were used in determining revenue requirements. As
evidenced in the referenced Schedule A-4, even with projected increases in
customerd and in the rate charged per Mcf, we are projecting a net loss of
<\$645,045> on sales to Citipower customers and a net loss totaling
<\$612,045> on sales to Citipower customers and Citizens Gas.*

Respondent: JL/BC

EXHIBIT D
Schedule A-4
1999 Projected Revenue

Response to

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225

by

CITIPOWER, L.L.C.
AUGUST 25, 1999

Citipower, LLC Response to PSC Order
Case No 99-225

Gas Sales Projection-Total 1999
Projected 1999 Revenues and 1999 Expenses
(as originally submitted on PSC Rate Application)

Customer Categories	Projected Number of Customers	Avg Mcfs per Customer	Projected Total MCF's Sold 1999	Projected \$ Sales Total 1999
Commercial	58	75.0	4,350.00	\$ 36,975
Industrial	3	2,024.0	6,072.00	\$ 45,540
Public	36	545.0	19,620.00	\$ 147,150
Residential	303	30.0	9,090.00	\$ 77,265
Total	400	97.83	39,132.00	\$ 306,925

Variables	Input #'s
Comm/Residential	\$ 8.50
Public/Industrial	\$ 7.50
Cost of Gas/mcf	\$ 2.26

Total Projected Gas Sales - Citipower Customers		\$ 306,925
Less: Projected Total Fixed Costs		\$ (908,982)
Add: Other income		\$ 45,452
Cost of Gas		\$ (88,440)
Projected Net Income (Loss)-Citipower Customers		\$ (645,045)
Total Projected Gas Sales - Citizens Gas		\$ 377,309
Less: Compressor Rent, Maintenance & Supplies		\$ (72,000)
Cost of Gas		\$ (377,309)
Cost of Gas-adj. For line loss/comp burn		\$ 105,000
Total Cost of Gas		\$ (344,309)
Projected Net Income (Loss) - Citizens Gas		\$ 33,000
Projected Net Income (Loss) - All Gas Sales		\$ (612,045)

Notes:

1. Avg Mcf per Customer 1998		2. Customer Mix in 1998	
Commercial	76	Commercial	14%
Industrial	2008	Industrial	1%
Public	554	Public	9%
Residential	32	Residential	76%

5. Refer to Attachment A. Provide a computation determining the estimated interest expense for the adjusted test period.

Response: Interest Expense, USoA #431

<i>Principle</i>	<i>Interest Rate*</i>	<i>Interest</i>
<i>\$500,000</i>	<i>8.50%</i>	<i>\$42,500</i>

**Interest Rate is subject to change quarterly and is calculated using the "New York Prime Rate" plus 0.75%. For purposes of the Rate Application the 7.75%, plus 0.75% was used for the entire year.*

Respondent: JL/BC

6. Refer to Attachment A.

- a. Provide the depreciation expense (Account 403) broken out separately from the amortization expense (Accounts 404-407) according to the USoA accounts.**

Response: See Exhibit B, Schedule A-1, Page 1, Line 51 in Section 3, USoA #403—1998 Actual.

- b. Explain whether any amortization expense results from either a plant acquisition adjustment or organizational costs.**

Response: See Exhibit B, Schedule A-1, Page 1, Line 52 in Section 3, USoA #406. Amortization expense results from Organizational Costs.

- c. If any amortization expense results from a plant acquisition adjustment, provide the supporting adjusting journal entry recording the plant acquisition adjustment on Citipower's books.**

Response: Amortization does not result from plant acquisition adjustment.

Respondent: JL/BC

7. Refer to Attachment A. Why is "Officers Comp/Consulting" considered a noncash expense in the exhibit?

Response: Pursuant to Citipower's organizational documents, Forsberg Oil is entitled to a constant percentage of 10%, and Guy Strevey is entitled to a constant percentage of 5%, of the outstanding equity of Citipower in recognition of the following: in the case of Forsberg Oil, Mr. Forsberg's role in organizing Citipower and leading it through its start-up phase and the fact that he takes an annual salary of \$1 and will do so for the foreseeable future; and in the case of Mr. Strevey, in respect of his advisory services. Neither of these issuances of equity represents a cash outlay of Citipower. The calculation for 1998 simply represents equity awards to maintain these percentages, and the calculation for 1999 represents an estimate of what such awards will be in that year.

The reason that they have been expensed for purposes of this application is that they were required to be expensed pursuant to GAAP for Citipower's financial statements by its auditors. Management does not, however, believe it is appropriate to include such items in Citipower's rate base, and unlike other non-cash outlays, this was included in the application in error.

Respondent: JL/BC

8. Explain the differences in classes of "Members' Capital Contributions," as reported in the 1998 Annual Report to the Commission.

Response: USoA #920. Citipower is a limited liability company with two classes of equity, A and B. Class A represents 10% of the outstanding equity of the Company and is owned by Forsberg Oil Company, Inc. Class B represents 90% of the equity and is owned by other investors, one of whom has received his Units (designated in the Annual Report as "Class B-Commissioned") as compensation for services rendered to the Company. He is a director of and a consultant to Citipower. The two classes have identical economic rights. Class A Units are entitled to elect two members to the Board of Directors of the Company and Class B Units elect one member.

Respondent: PDWH

9. **Has a cost-of-service study assessing the appropriateness of a flat rate billing structure compared to alternative billing structures been prepared in association with this application? If yes, provide the study. If no, provide an explanation for why no study was performed.**

Response: No, at this time Citipower's customer base is not large enough to justify anything but a flat rate.

Respondent: JL/BC

10. Refer to Section III, Attachment A, of the application, the first line headed "Gas Sales—Citipower Customers" and the third line headed "Other Revenues." Both have a short narrative statement that refers to the addition of 70 customers.

a. Provide a more thorough explanation of the additional 70 customers. Over what period of time were they added? How do they break down by customer classification (residential, commercial, or industrial)?

Response: The time period during which the additional 70 customers were added spans January 1, 1998 to December 31, 1998 and are classified as follows:

<u>Customer Classification</u>	<u>Added</u>
Commercial	12
Public	12
Residential	46
Total Customers Added	70

b. The application was filed June 3, 1999. As of June 1, 1999, provide the total number of Citipower customers, broken down by customer classification.

Response: Customer as of June 1, 1999

Commercial	33
Public	21
Residential	184
Industrial	2
Total Customers	240

c. The increase amount of \$175,638 for "Gas Sales—Citipower Customers" does not agree with the \$28,010 revenue increase calculated in Section III, Attachment E. Provide a thorough explanation for the amount of increase shown on Attachment A along with a description of the "Other Revenues" of \$26,177, and a more detailed explanation for the projected* \$19,275 increase to those revenues.

Response: The \$175,638 increase is based on our 1999 projected increase of customers 211 to 400 under the assumption that the rate increase was effective 1/1/99.

The \$28,010 increase shown in Section III, Attachment A is based on total actual Mcfs sold in 1998, with the same number of customers, with the assumption that the rate increase applied for had been effective all year.

<u>Actual 1998 Customers</u>	<u>Customer Class</u>	<u>Total Mcf's</u>	<u>Total Revenue Per Attach A</u>	<u>1998 Actual</u>	<u>Projected Increase</u>
30	Commercial	2,116	\$17,990	\$ 102,888	
2	Industrial	4,018	\$30,133	-	
19	Public	9,412	\$70,588	-	
160	Residential	4,775	\$40,587	\$28,400	
211		20,321	\$ 159,298	\$ 131,288	\$ 28,010

For purposes of this Rate Application, the Attachment A, in Section III should have shown an increase of \$28,010 in total revenues from gas sales. See Exhibit B, Schedule A-1, Lines 1, 2, 4, and Column E.

**This represents income from customer hookups. The \$19,275 increase was projecting hooking up an estimated 130 customers at an average hook-up rate*

of \$350 per customer. For purposes of the Rate Application, Attachment A in Section III, this should have stayed the same under the assumption the number of customers remained the same.

- d. **Refer to the Expenses portion of Attachment A—the first line headed “Cost of Goods Sold—Citipower Customers.” Provide a thorough explanation of the derivation of the actual amount of \$54,669 and the calculation of the projected increase of \$33,771.**

Response: The \$33,771 is based on our 1999 Projection of increasing the number of customers from 211 to 400 under the assumption that the rate increase is effective as of 1/1/99. This was incorrect for purposes of the Rate Application as the preparer misunderstood the initial question asked in the Rate Application.

The amount should have been based on the total Mcfs sold in 1998 at the average rate for Mcf for the cost of gas in 1998. Therefore the amount for “Cost of Goods Sold—Citipower Customers” would not change. It should stay the same amount, \$54,669.

Respondent: JL/BC

11. **Refer to Section III, Attachment E. Explain why the Revenue Analysis—Proposed Rate Structure does not include the Mcfs currently billed under the minimum bill in its calculation of the Total Revenue generated under the proposed rates.**

Response: The column "# of MCF Used by Customers Receiving Minimum Bills" represents an expense item. Pursuant to Citipower's billing structure, customers who use less than a predetermined amount of gas per month receive a minimum bill of \$5.00 for that month's billing period.

The following represents the usage allowed per customer class in order to receive a minimum bill.

*Residential 0 mcf - .7 mcf
Commercial 0 mcf - .7 mcf
Public 0 mcf - .8 mcf
Industrial 0 mcf - .8 mcf*

Accordingly, the small amount of gas used by customers receiving a minimum bill is not charged for, rather, the \$5.00 recovers administrative costs incurred by Citipower in processing the monthly billing. Therefore, the Revenue Analysis – Proposed Rate Structure does not include this item since no gas sales revenue is generated by the MCF's used by customers receiving a minimum bill.

Respondent: DB

- 12. Refer to Section III, Attachment B. In what manner were the pipelines constructed? Provide copies of the feasibility studies, bid documents, and construction specifications.**

Response: No feasibility studies were done, however, it should be noted that the pipelines were constructed in the ordinary course of business to ensure that the company would be capable of continuing to supply natural gas in the future to the existing and increasing customer base and that the pipeline costs are not being passed on to consumers via the requested rate increase. As shown in the Annual Report submitted to the PSC in March 1999, all pipeline (existing and added in 1998) is capitalized on the company's balance sheet. Pipeline costs have no effect on the revenues and expenses as originally submitted to the PSC in the Rate Application on Section III, Attachment A, and consequently, there are no increased costs to customers. Additionally, pipeline construction was required for the company to guarantee the required availability of gas for the future federal prison.

See Exhibit E for bid documents and construction specifications.

Respondent: JC/JL/BC

EXHIBIT E

Pipeline Bids, Contracts, Specifications & Maps

Response to

COMMONWEALTH OF KENTUCKY

PUBLIC SERVICE COMMISSION

CASE NO. 99-225

by

CITIPOWER, L.L.C.

AUGUST 25, 1999

Exhibit E

Copies of Bid Documents and Construction Specifications per Item #12

PIPELINE-PLASTIC, 2", 3", 4" & 6"

Bids

Campbell Plumbing, Inc.	E-2
Centers Contracting, Inc.	E-3
Monday Contracting, Inc.	E-5
Ronald Lane Pipeline Construction, Inc.	E-6
Utica Pipeline, Inc.	E-13
B&J Construction	E-14
Bids, Invoices & Specifications	
BKR Well Service Company.....	E-16

PIPELINE-4" STEEL

Campbell Plumbing, Inc.

Pipeline Construction Specifications	E-41
Pipeline Construction Agreement.....	E-44
Pipeline Construction Conditions	E-50
Route/Maps/Contract.....	E-59
Map-4" Steel Line	E-76
Tennessee Department of Transportation	
General Agreement & Running Bond w/Map-4" Steel.....	E-77
Extension of Permit No. 981304-Gas Main-Scott Cty, TN.....	E-95

REGULATOR & ODORIZER

Bids & Specifications

GPM Equipment Sales, Inc.	E-96
Energy Management & Services Company.....	E-100

ROAD BORING

Bids, Specifications & Invoice

Musgrove Excavation & Plumbing.....	E-144
4" Hayes Creek Extension road boring=3", 4", 2" & 6" pipe	
Anderson Road Boring	E-158
4" & 8" road bores	

STATE & COUNTY EASEMENTS & PERMITS

Easement-McCreary County.....	E-161
Encroachment Permits	
08-0150-99.....	E-163
08-0351-97.....	E-170
08-0352-97.....	E-178
08-0607-97.....	E-186
08-0612-97.....	E-194
KY Department of Highways, Permit Division	
Permit maps & Project Specifications for Hwy 92 East.....	E-202

Missing Pages: As a result of duplicating error, there are no pages 15, 78, 79, 80, or 81.

CAMPBELL PLUMBING, INC.

P.O. BOX 166
ARTEMUS, KENTUCKY 40903
PHONE 546-8800

CUSTOMER NAME <u>Citipower</u>		PHONE <u>606-376-8830</u>	DATE <u>3-1-97</u>
ADDRESS <u>BOX 1309</u>		JOB NAME <u>4" Plastic line extension</u>	
CITY, STATE AND ZIP CODE <u>Whitley City, Ky. 42653</u>		JOB LOCATION <u>OH Hwy 97 to Industrial Park</u>	
ARCHITECT	DATE OF PLANS	JOB PHONE	

I HEREBY SUBMIT SPECIFICATIONS AND ESTIMATES FOR:

- 30" cover
- Excavating, laying, backfilling, and testing 4" plastic. 2.75 per/ft.
- Installation of 6" Polyethylene .50 per/ft.
- clean up, seeding 6" line 70 per/ft.
- Total 3.95 per/ft.
- adding pipe rock areas 75 per/ft.
- labor, equipment, material for shot rock 8.00 per/ft.
- labor, equipment 8" road bore with casing (DIRT) 35.00 per/ft.
- labor, equipment 8" road bore with casing (ROCK) 75.00 per/ft.
- labor, equipment driveway bore without casing (DIRT) 20.00 per/ft.
- open cut Bituminous pavement and replacement 18.00 per/ft.
- main line tie-in 150.00
- plastic underground valves 50.00

I propose hereby to furnish ~~material~~ ^{equipment} and labor complete in accordance with above specifications for the sum of:

Above Quote dollars (\$ _____)

Payment to be made as follows:
two week intervals

Material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involves extra costs and will become extra charge over and above the estimate.

Authorized Signature: [Signature]
Note: This proposal may be withdrawn by us if not accepted within 30 days.

Acceptance of Contract — The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature: _____
Response to Kentucky Public Service Commission
CASE NO. 99-225
Exhibit E, Page 2 of 210

Date of Acceptance: _____

ATTEN: Chuck & Pgs FROM: N.W. TWA

PROPOSAL

OWNER: Forexco Greensboro, N.C.
 Project: No. 3rd County
 CONTRACTOR: Centers Contracting, Inc. P.O. Box 1352 Corbin, Ky. 40702
FOR INTERNAL USE ONLY

PAGE 1 OF 3

Item	Description	Quantity	Unit	Unit Price	Amount	This Period	Total to Date	Amount Due (This Period)	Amount Comp. to Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
GASLINE EXTENSION									
1	3" SDR 11 Gasline	28,400	Ft	\$5.00	\$132,000.00	28,400	28,400	\$132,000.00	\$132,000.00
2	4" SDR 11 Gasline	28,400	Ft	\$7.00	\$184,800.00	28,400	28,400	\$184,800.00	\$184,800.00
3	6" SDR 11 Gasline	28,400	Ft	\$12.00	\$316,800.00	28,400	28,400	\$316,800.00	\$316,800.00
4	3" Blackpipe Gasline	28,400	Ft	\$5.00	\$132,000.00	28,400	28,400	\$132,000.00	\$132,000.00
5	4" Blackpipe Gasline	28,400	Ft	\$7.00	\$184,800.00	28,400	28,400	\$184,800.00	\$184,800.00
6	6" Blackpipe Gasline	28,400	Ft	\$12.00	\$316,800.00	28,400	28,400	\$316,800.00	\$316,800.00
7	3" Gate Valve	2	Ea	\$350.00	\$700.00	2	2	\$700.00	\$700.00
8	4" Gate Valves	2	Ea	\$400.00	\$800.00	2	2	\$800.00	\$800.00
9	6" Gate Valves	2	Ea	\$550.00	\$1,100.00	2	2	\$1,100.00	\$1,100.00
10	Road Bore 3" SDR 11	60	Ft	\$20.00	\$1,200.00	60	60	\$1,200.00	\$1,200.00
11	Road Bore 4" SDR 11	60	Ft	\$20.00	\$1,200.00	60	60	\$1,200.00	\$1,200.00
12	Road Bore 6" SDR 11	60	Ft	\$20.00	\$1,200.00	60	60	\$1,200.00	\$1,200.00
13	6" Casing pipe	60	Ft	\$12.00	\$720.00	60	60	\$720.00	\$720.00
14	8" Casing Pipe	60	Ft	\$18.00	\$1,080.00	60	60	\$1,080.00	\$1,080.00
15	12" Casing Pipe	60	Ft	\$30.00	\$1,800.00	60	60	\$1,800.00	\$1,800.00
16	Road Bore 3" Blackpipe	60	Ft	\$20.00	\$1,200.00	60	60	\$1,200.00	\$1,200.00
17	Road Bore 4" Blackpipe	60	Ft	\$20.00	\$1,200.00	60	60	\$1,200.00	\$1,200.00
18	Road Bore 6" Blackpipe	60	Ft	\$20.00	\$1,200.00	60	60	\$1,200.00	\$1,200.00

Description (2)	Quantity (3)	Unit (4)	Unit Price (5)	Amount (6)	This Period (7)	Total to Date (8)	Amount Due This Period (9)	Amount Com- pleted to Date (10)
Crushed Stone Trench Backfill	240	Tn	\$15.00	\$3,600.00	240	240	\$3,600.00	\$3,600.00
Bituminous Surface Treatment for Paving Replacement	750	Lb	\$15.00	\$11,250.00	750	750	\$11,250.00	\$11,250.00
Fittings		Lb		\$0.00	0	0	\$0.00	\$0.00
TOTALS				\$1,183,450.00		\$1,183,450.00	\$1,183,450.00	\$1,183,450.00

The above figures are for INTERNAL USE ONLY.

The above figures are estimated cost for material and installation and are not firm
 COPIES OF PLANS AND SPECIFICATIONS are examined and the location is inspected.

MONDAY CONTRACTING, INC.

1435 Loop Rd.
LaFollette, Tn. 37766
(423) 562 8611

JOB QUOTE

SHOT ROCK=\$12.00 PER LIN. FOOT
LABOR = 4" PLASTIC \$4.50 PER FOOT
PADDING = \$1.50 PER FOOT
ROAD BORES = \$30.00 PER FOOT DIRT, ROCK \$75.00 PER FOOT.
INSTALLING VALVES, TEES, and TIE-INS \$175.00 ea.

The above prices are based on 30" cover.

ATTENTION JIM CURD



P.O. BOX 90 • ARNOLDSBURG, WEST VIRGINIA 25234-0090

September 15, 1997

Mr. James E. Curd
CitiPower, L.L.C.
PO Box 1309
Whitley City, KY 42653

Dear Mr. Curd:

Thank you for taking the time to review your 6" plastic project with us. We appreciate the opportunity to bid on this work. Enclosed is our bid for this project. Also attached is a copy of our current hourly rate list. These rates would apply for any additional work outside the scope of laying the 6" plastic line.

It is our understanding that this line is to be laid primarily on state R.O.W. However, where existing utilities in the R.O.W. make laying this line unfeasible, CitiPower will acquire R.O.W. from private land owners. Per our conversations, all brush will be wind-rowed along the R.O.W.

If awarded this project, we could start work as of October 1, 1997. We anticipate a 9 - 10 week completion time for this job.

If you have any questions concerning this bid or any other matter, please contact us at your convenience.

Sincerely yours,
Ronald Lane Pipeline Const. Inc.

A handwritten signature in cursive script that reads "Ronald Lane".

Ronald Lane, President

Enclosures

rak

CITIPOWER L.L.C.
PIPELINE CONSTRUCTION BID

Lay 6" plastic pipe with tracer wire	\$ 6.00/ft.
Lay 4 1/2" steel pipe	\$ 6.50/ft.
Excavate rock	\$ 12.00/ft.
Install 8" casing - bored	\$ 45.00/ft.
Free bore for 6" plastic or 4 1/2" steel	\$ 25.00/ft.
Install 8" casing - trenched	\$ 25.00/ft.
Install 6" valves	\$400.00 each
Install caution tape	\$ 1.00/ft.

(Requires 2 - stage backfill)

RONALD LANE PIPELINE CONSTRUCTION INC.

EQUIPMENT RATE LIST
EFFECTIVE JANUARY 1, 1997

ACKHOES

PER HOUR

10 JD 4x4 Rubber Tire Hoe & End Loader	\$ 40.00
10 JD 4x4 Rubber Tire Hoe & End Loader	40.00
C 120 Komatsu Excavator	55.00
C 150 LC-3 Komatsu Excavator	60.00
C 200 LC-3 Komatsu Excavator	65.00
C 220 LC-3 Komatsu Excavator	80.00
C 280 LC-3 Komatsu Excavator	85.00
90 JD Excavator	55.00
90 JD Excavator	60.00
90 JD Excavator	65.00
90 JD Excavator	80.00
92 JD Excavator	100.00

DOZERS

50 JD with winch & all angle hydraulic blade	45.00
50 JD with winch & all angle hydraulic blade	50.00
-4 Cat with winch & manual blade	45.00
-4-H Cat with winch & all angle hydraulic blade	50.00
-5 Cat with winch & manual blade	50.00
-5-H Cat with winch & all angle hydraulic blade	55.00
-6 Cat with winch & manual blade	55.00
-6 Cat dozer with winch & tilt blade	60.00
450 Case Dozer with winch & all angle hydraulic blade	60.00
-7-G Cat Dozer with winch & manual blade	65.00
-65-E-8 Komatsu Dozer with winch & manual blade	60.00
-8-K Cat Dozer with winch & manual blade	100.00
-68 Komatsu Dozer with winch & manual blade	65.00

RONALD LANE PIPELINE CONSTRUCTION INC.

EQUIPMENT RATE LIST
EFFECTIVE JANUARY 1, 1997

<u>SIDE BOOMS</u>	<u>PER HOUR</u>
50 JD Side Boom	45.00
50 JD Side Boom	50.00
50 JD Side Boom	60.00
61 Cat Side Boom	65.00
71 Cat Side Boom	100.00
44 JD Rubber Tire Side Boom	50.00
-6 Cat Side Boom	70.00
30 B Case Rubber Tire Side Boom	40.00

<u>TRUCKS</u>	
Utility trucks or service trucks with tools (includes all hand tools such as chain saws, threaders, cutters, 2" water pumps, etc.)	20.00
Jump truck - single axle	35.00
Jump truck - tandem axle	45.00
inch truck with flat bed - single axle	40.00
inch truck with tilt bed - tandem axle	45.00
single axle 1 1/2 ton truck with boom	40.00
single axle flat bed with 6 ton crane	45.00
tandem axle flat bed with stinger crane	60.00
single axle bucket truck	35.00
heavy crew cab with 250 gallon water tank	30.00
tandem Mack with prentice loader	55.00
single axle tractor with tandem float or lowboy	40.00
tandem axle tractor with tandem float or lowboy	50.00
tandem axle tractor with 50 ton tri axle lowboy	60.00

RONALD LANE PIPELINE CONSTRUCTION INC.

EQUIPMENT RATE LIST EFFECTIVE JANUARY 1, 1997

<u>WELDING RIGS</u>	<u>PER HOUR</u>
Single axle welding truck - 1 machine	20.00
Single welding sled - 1 machine	20.00
Double welding sled - 2 machines	40.00
D-6-C Cat Tack Rig with winch & machines	80.00
(All welding rigs includes machine, fuel, & perishable supplies such as rods, grinding disc, etc.)	
 <u>MISCELLANEOUS EQUIPMENT</u>	
544 JD Rubber tire loader with forks or bucket	50.00
cat skid steer loader	30.00
PC 120 Komatsu with all hydraulic John Henry Rock Drill	150.00
PC 150 Komatsu with 1000 lb. hydraulic hammer	105.00
690 E JD with 3000 lb. hydraulic hammer	200.00
4x4 Flat bed with Finn mulcher (when mulcher not in use)	30.00
Finn Mulcher (when in use)	20.00
Tandem flat bed with Finn Hydro Seeder	65.00
Gallion road grader	55.00
16" brush chipper	35.00
Air Compressor (210 CFM)	20.00
Air Compressor (600 CFM)	50.00
4" Water pump	20.00
4x4 vehicle with mud plow	20.00
4x4 vehicle with mud plow (on stand by)	10.00
Rice Hydro Static test pump	300.00/day
CRC Hydraulic 6" to 20" bending machine	600.00/day
C-P Hydraulic 24" to 30" bending machine	1000.00/day

RONALD LANE PIPELINE CONSTRUCTION INC.

EQUIPMENT RATE LIST EFFECTIVE JANUARY 1, 1997

MISCELLANEOUS EQUIPMENT CONTINUED

PER HOUR

Richmond 20" boring machine & attachments	400.00/day
Richmond 24" boring machine & attachments	425.00/day
Plastic Fusion Machine 2" - 4"	100.00/day
Plastic Fusion Machine 4" - 8"	140.00/day
Plastic Fusion Machine 8" - 12"	250.00/day
F-600 Ford with 24' box for tool & storage trailer	120.00/day
40' Van Trailer for tools & storage trailer	120.00/day
3' & 32' Office trailer	100.00/day
30" Beveling machine	50.00/day
Trailer mounted Hi Pressure Air Test Package	Call for quote

<u>N</u>	
Supervisor or Foreman	40.00
Lay Out Man	40.00
Certified Welder	35.00
Non-Certified Welder	25.00
Certified "Shooter" For Blasting	25.00
Rousters	18.00

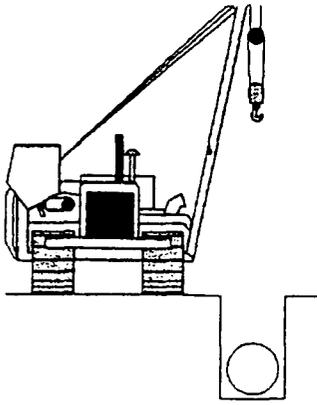
NOTES

- 1) All equipment will have a one way travel charge. All equipment that requires oversize load permits for moving will also be charged travel time for return trip.
- 2) All equipment will have an 8 hour per day minimum charge.
- 3) Supervisors, Foreman, and Welders will always have a utility truck & tools or welding rig, charged at the appropriate rate, along with them on all jobs.

RONALD LANE PIPELINE CONSTRUCTION INC.

EQUIPMENT RATE LIST
EFFECTIVE JANUARY 1, 1997

- 4) All men's rates will be charged at 1 1/2 times the regular rate for overtime. Overtime will be charged after 8 hours each day Monday thru Friday. ALL TIME worked on Saturday or Sunday will be charged at the overtime rate.
- 5) All equipment time (including operator) will be charged at regular rates. Overtime will not be charged for equipment.
- 5) Per diem charges of \$35/day/man will be charged when doing any hourly work. Per diem charges will be made for all men on the job, including operators. In the event a man works on 2 different jobs, per diem expense will only be charged once. This is a one time per day charge.



P.O. Box 127
Utica, KY 42376

Phone (502)733-9023
Fax (502)733-9928

March 26, 1997

CitiPower, L.L.C.
P.O. Box 1309
Whitley City, KY 42653

Attn: James Curd
Re: Bid proposal for approximately 15,000 feet of 4" P.E. pipe

Prices will include all labor and equipment needed to complete approximately 15,000 feet of 4" P.E. pipe.

Excavating of typical ditch with a 30" cover over pipe - \$4.00 per foot
6" cased road bores - \$20.00 per foot
Solid rock removal and disposal - \$50.00 per cubic yard
Pipe padding in ditch areas - \$.50 per foot
Fusing together 4" P.E. pipe - \$.75 per foot
Install 4" P.E. valve and valve box - \$100.00 each
Backfill , clean-up, seed, and straw - \$2.00 per foot

Test and clean pipeline up to 100 psi - \$.25 per foot

Estimated completion date could be set for 6 weeks from start date.
Lump sum based on 15,000 feet will be \$60,000.00 excluding any rock removal and padding.

Respectfully Submitted,

Scott Kidd

Scott Kidd, President

Citipower, L.L.C.

Response to Kentucky Public Service Commission
CASE NO. 99-225

Exhibit E, Page 13 of 210

BID PROPOSAL FROM:

B & J CONSTRUCTION
ROUTE 4 BOX 60
MANCHESTER, KY 40962
606-598-7432OR 606-598-5396
FAX 606-598-6260

ATTENTION: JIMMY CURD

RE. BID PROPOSAL ON 4" GASLINE AT PINE KNOTT

BORES \$45/FOOT WITH CASING
\$35/FOOT WITHOUT CASING

DIGGING \$ 3.02/FOOT
FUSING PIPE \$ 0.25/FOOT
COVERING \$ 0.40/FOOT
BLACKTOP \$15.00/FOOT

***YOU FURNISH ALL GRAVEL AND GAS LINES

Please respond by fax when the award is made.

Thank you

B.K.R. Well Service Company

Bill Reynolds & Kevin Reynolds

P.O. Box 5225...Oneida, TN 37841

Office & Fax: (423)569-8997.. Shop: (423)569-2422.. Pager: (606)376-6410

Invoice No: 00016

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No: (606)376-8373

Starting Date: November 1, 1998
Ending Date: November 30, 1998

Billing total: \$ 29,723.75

November 1, 1998

Well Name: Murton Wilson # 1 to Hwy 92 @ Perkins Lane
4" gas line, 2" gas line, and 1" gas line

Cleared right-of-way and moved equipment. Trenched, welded, taped, wired,
pigged, tested, reclaimed, seed, and strawed 7,525' of gas line.

Gas Lines 7,525' X \$ 3.95 per ft. = \$ 29,723.75

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

TO: Citipower, LLC Bid

FROM: B.K.R. Well Service

SUBJECT: Pipeline Construction

DESCRIPTION: 1,820' of 4 inch plastic gas line, tap 6 inch main gas line to Highway 27, Whitley City, Kentucky

CONTRACTOR'S RESPONSIBILITIES:

1. Contrator shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large tree will be done at owners expense.
2. Trench ditch, haul and lay 4 inch plastic line with locator tape and wire and backfill;
3. Any rock that cannot be trenched will be subbed out at cost. Any equipment provided by BKR will be charged out at a hourly rate quoted in this letter.
4. All personnel responsible for fusing pipe will be certified in the fusing of 4 inch plastic pipe.
5. Pressure test and pig gas lines.

CITIPOWER'S RESPONSIBILITIES:

1. Provide clearly marked right of way easement;
2. Provide all pipe supplies;
3. Locate all water, gas, sewer and phone/cable lines; Repairs to unmarked lines that are cut or damaged will be at the expense of Citipower;
4. Provide rock and fill dirt for driveway;
5. Road Bores, river crossings, driveway bores/cutting. Asphalt repairs;

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

SPECIAL CONSIDERATION:

1. Payment of 50 percent of invoice 14 days after billing with the balance to be paid in 30 days;
2. Delays: If Right-of-ways are not obtained, weather permitting, etc.
3. Rate Schedule- \$285.00 per hour minimum of 4 hours;Backhoe, dozer, labor, trencher, etc.
4. If rock cannot be trenched, drilling, shooting rock and hauling dirt, digging out shot rock, disposal of shot rock (See Contractor's Responsibilities Line Number 3).

FOR THE SERVICES AND CONDITIONS IDENTIFIED HEREINABOVE. BKR WELL SERVICES HEREBY SUBMITS A BID OF \$3.95 PER FOOT.

B.K.R. Well Service Company

Bill Reynolds & Kevin Reynolds

P.O. Box 5225...Oneida, TN 37841

Office & Fax: (423)569-8997...Shop: (423)569-2422.. Pager: (423)569-7477

Invoice No: 0000011

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No: (606)376-8373

Starting Date: August 22, 1998
Ending Date: August 31, 1998

Billing total: \$ 7,189.00

August 22, 1998 through August 31, 1998

Location: 6" main gas line to Highway 27, Whitley City, Ky

Cleared, welded, trenched, taped, pigged, pressure tested, tapped 6", and reclaimed 1820' of 4" plastic gas line.

4" gas line 1820' X \$ 3.95 per ft. = \$ 7,189.00

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

TO: Citipower, LLC Bid

FROM: B.K.R. Well Service

SUBJECT: Pipeline Construction

DESCRIPTION: 1,072' of 3 inch plastic line in a single ditch;
From Strunk Ridge Road to Whitley City Laundry Mat

CONTRACTOR'S RESPONSIBILITIES:

1. Contrator shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large tree will be done at owners expense.
2. Trench ditch, haul and lay 3 inch plastic line with locator tape and wire and backfill;
3. Any rock that cannot be trenched will be subbed out at cost. Any equipment provided by BKR will be charged out at a hourly rate quoted in this letter.
4. All personnel responsible for fusing pipe will be certified in the fusing of 3 inch plastic pipe.
5. Pressure test and pig gas lines.

CITIPOWER'S RESPONSIBILITIES:

1. Provide clearly marked right of way easement;
2. Provide all pipe supplies;
3. Locate all water, gas, sewer and phone/cable lines; Repairs to unmarked lines that are cut or damaged will be at the expense of Citipower;
4. Provide rock and fill dirt for driveway;
5. Road Bores, river crossings, driveway bores/cutting. Asphalt repairs;

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

SPECIAL CONSIDERATION:

1. Payment of 50 percent of invoice 14 days after billing with the balance to be paid in 30 days;
2. Delays: If Right-of-ways are not obtained, weather permitting, etc.
3. Rate Schedule- \$285.00 per hour minimum of 4 hours;Backhoe, dozer, labor, trencher, etc.
4. If rock cannot be trenched, drilling, shooting rock and hauling dirt, digging out shot rock, disposal of shot rock (See Contractor's Responsibilities Line Number 3).

FOR THE SERVICES AND CONDITIONS IDENTIFIED HEREINABOVE. BKR WELL SERVICES HEREBY SUBMITS A BID OF \$3.00 PER FOOT.

B.K.R. Well Service Company

Bill Reynolds & Kevin Reynolds

P.O. Box 5225...Oneida, TN 37841

Office & Fax: (423)569-8997..Shop: (423)569-2422.. Pager: (606)376-6410

Invoice No: 00013

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No: (606)376-8373

Starting Date: October 1, 1998
Ending Date: October 12, 1998

Billing total: \$ 4,411.00

October 1, 1998 through October 12, 1998

Built right-of-way. Trenched, backhoed, welded, picked up equipment, taped, wired, reclaimed, pigged, tested, and tied line into main line. Had extra work on getting line through. 3" gas line from Strunk Ridge Road to Whitley City Laundry Mat.

1072' pipe 3" X \$ 3.00 per foot = \$ 3,216.00

October 5, 1998

Time: 6 Hrs.

Location: Kroger's and Whitley City Laundry Mat

Repaired septic tank at Kroger's and building cliff up with dirt.

Backhoe 6 Hrs. X \$ 45.00 = \$ 270.00

Bobcat 4 Hrs. X \$ 35.00 = \$ 140.00

\$ 410.00

October 6, 1998

Time: 5 Hrs.

Location: Kroger's and Laundry Mat

Worked on cliff and right-of-way on cliff.

Backhoe 5 Hrs. X \$ 45.00 = \$ 225.00

Bobcat 5 Hrs. X \$ 35.00 = \$ 175.00

\$ 400.00

October 7, 1998

Time: 7 Hrs.

Location: Kroger's and Laundry Mat

Went to Lumber King in Oneida and rented Demo Saw to cut out concrete wall and put drain in to drain parking lot.

1 Person 7 Hrs. X \$ 20.00 = \$ 140.00

Bobcat 7 Hrs. X \$ 35.00 = \$ 245.00

\$ 385.00

Total: \$ 4,411.00

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

TO: Citipower, LLC Bid

FROM: B.K.R. Well Service

SUBJECT: Pipeline Construction

DESCRIPTION: 9,046' of 3 inch and 2 inch plastic line in a single ditch;
From Murton Wilson # 1 to Josh Hill Road to Hwy 92

CONTRACTOR'S RESPONSIBILITIES:

1. Contrator shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large tree will be done at owners expense.
2. Trench ditch, haul and lay 3 inch and 2 inch plastic line with locator tape and wire and backfill;
3. Any rock that cannot be trenched will be subbed out at cost. Any equipment provided by BKR will be charged out at a hourly rate quoted in this letter.
4. All personnel responsible for fusing pipe will be certified in the fusing of 2 inch and 3 inch plastic pipe.
5. Pressure test and pig gas lines.

CITIPOWER'S RESPONSIBILITIES:

1. Provide clearly marked right of way easement;
2. Provide all pipe supplies;
3. Locate all water, gas, sewer and phone/cable lines; Repairs to unmarked lines that are cut or damaged will be at the expense of Citipower;
4. Provide rock and fill dirt for driveway;
5. Road Bores, river crossings, driveway bores/cutting. Asphalt repairs;

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

SPECIAL CONSIDERATION:

1. Payment of 50 percent of invoice 14 days after billing with the balance to be paid in 30 days;
2. Delays: If Right-of-ways are not obtained, weather permitting, etc.
3. Rate Schedule- \$285.00 per hour minimum of 4 hours;Backhoe, dozer, labor, trencher, etc.
4. If rock cannot be trenched, drilling, shooting rock and hauling dirt, digging out shot rock, disposal of shot rock (See Contractor's Responsibilities Line Number 3).

FOR THE SERVICES AND CONDITIONS IDENTIFIED HEREINABOVE. BKR WELL SERVICES HEREBY SUBMITS A BID OF \$3.00 PER FOOT FOR 3 INCH LINE AND A BID OF \$1.50 PER FOOT FOR 2 INCH LINE.

B.K.R. Well Service Company

P.O. Box 5225...Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

Invoice No: 00027

Billed to: Citipower, L.L.C.

Starting Date: March 11, 1999

Address: P. O. Box 1309

Ending Date: March 31, 1999

Whitley City, KY 42653

Phone No: (606)376-8373

Billing total: \$ 18,615.00

March 11, 1999 thru March 31, 1999

Well Name: Murton Wilson # 1 to Josh Hill Road to Hwy 92

3" gas line, 2" gas line

Cleared right -of-way and moved equipment. Trenched, welded taped, wired, pigged, tested, reclaimed, seeded and strawed 6,630' of gas line.

3" gas lines 5,780' X \$3.00 per ft. \$17,340.00

2" gas lines 850' X \$1.50 per ft. 1,275.00

BILLING TOTAL

\$18,615.00

B.K.R. Well Service Company

P.O. Box 5225...Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

Invoice No: 00031

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No. (606)376-8373

Starting Date: April 1, 1999
Ending Date: April 21, 1999

BILLING TOTAL: \$ 6,915.59

April 1, 1999 through April 22, 1999

Well Name: Murton Wilson # 1 to Josh Hill Road to Hwy 92
3" gas line, 2" gas line

Cleared right-of-way and moved equipment. Trenched, welded, taped, wired,
pigged & tested, reclaimed, seeded, and strawed 2416' of gas line.

3" gas lines	2174' X \$ 3.00 per ft. =	\$ 6,522.00
2" gas lines	242' X \$ 1.50 per ft. =	\$ 363.00
		\$ 6,885.00

Citizen's Gas Invoice # 01559:

2-2" X \$ 14.13 =	\$ 28.26
Sales Tax	\$ 2.33
	\$ 30.59

Billing Total: \$ 6,915.59

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999. Fax: (423)569-8997

TO: Citipower, LLC Bid

FROM: B.K.R. Well Service

SUBJECT: Pipeline Construction

DESCRIPTION: 2,918' of 2 inch and 4 inch plastic line in a single ditch;
From Kroger's to Whitley City Elementary School to
McCreary National Bank

CONTRACTOR'S RESPONSIBILITIES:

1. Contrator shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large tree will be done at owners expense.
2. Trench ditch, haul and lay 4 inch and 2 inch plastic line with locator tape and wire and backfill;
3. Any rock that cannot be trenched will be subbed out at cost. Any equipment provided by BKR will be charged out at a hourly rate quoted in this letter.
4. All personnel responsible for fusing pipe will be certified in the fusing of 2 inch and 4 inch plastic pipe.
5. Pressure test and pig gas lines.

CITIPOWER'S RESPONSIBILITIES:

1. Provide clearly marked right of way easement;
2. Provide all pipe supplies;
3. Locate all water, gas, sewer and phone/cable lines; Repairs to unmarked lines that are cut or damaged will be at the expense of Citipower;
4. Provide rock and fill dirt for driveway;
5. Road Bores, river crossings, driveway bores/cutting. Asphalt repairs;

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

SPECIAL CONSIDERATION:

1. Payment of 50 percent of invoice 14 days after billing with the balance to be paid in 30 days;
2. Delays: If Right-of-ways are not obtained, weather permitting, etc.
3. Rate Schedule- \$285.00 per hour minimum of 4 hours;Backhoe, dozer, labor, trencher, etc.
4. If rock cannot be trenched, drilling, shooting rock and hauling dirt, digging out shot rock, disposal of shot rock (See Contractor's Responsibilities Line Number 3).

FOR THE SERVICES AND CONDITIONS IDENTIFIED HEREINABOVE. BKR WELL SERVICES HEREBY SUBMITS A BID OF \$3.95 PER FOOT.

B.K.R. Well Service Company

Bill Reynolds & Kevin Reynolds

P.O. Box 5225...Oneida, TN 37841

Office & Fax: (423)569-8997..Shop: (423)569-2422.. Pager: (606)376-6410

Invoice No: 00017

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No: (606)376-8373

Starting Date: November 5, 1998
Ending Date: November 15, 1998

Billing total: \$ 9,290.10

November 5, 1998 through November 15, 1998

Well Name: Kroger's to Whitley City Elementary School to McCreary National Bank
4" gas line & 2" gas line

Cleared right-of-way and moved equipment. Trenched, welded, taped, wired,
pigged, tested, reclaimed, seed, and strawed 1800' of 4" gas line and 1118' of 2" gas line.

4" Gas Line	1,800' X \$ 3.95 per ft. =	\$ 7,110.00
2" Gas Line	1,118' X \$ 1.95 per ft. =	<u>\$ 2,180.10</u>
		\$ 9,290.10

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

TO: Citipower, LLC Bid

FROM: B.K.R. Well Service

SUBJECT: Pipeline Construction

DESCRIPTION: 1,500' of 2 inch and 4 inch plastic line in a single ditch;
From Murton Wilson # 1 to Fed Stephens Road

CONTRACTOR'S RESPONSIBILITIES:

1. Contrator shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large tree will be done at owners expense.
2. Trench ditch, haul and lay 4 inch and 2 inch plastic line with locator tape and wire and backfill;
3. Any rock that cannot be trenched will be subbed out at cost. Any equipment provided by BKR will be charged out at a hourly rate quoted in this letter.
4. All personnel responsible for fusing pipe will be certified in the fusing of 2 inch and 4 inch plastic pipe.
5. Pressure test and pig gas lines.

CITIPOWER'S RESPONSIBILITIES:

1. Provide clearly marked right of way easement;
2. Provide all pipe supplies;
3. Locate all water, gas, sewer and phone/cable lines; Repairs to unmarked lines that are cut or damaged will be at the expense of Citipower;
4. Provide rock and fill dirt for driveway;
5. Road Bores, river crossings, driveway bores/cutting.
Asphalt repairs;

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

SPECIAL CONSIDERATION:

1. Payment of 50 percent of invoice 14 days after billing with the balance to be paid in 30 days;
2. Delays: If Right-of-ways are not obtained, weather permitting, etc.
3. Rate Schedule- \$285.00 per hour minimum of 4 hours;Backhoe, dozer, labor, trencher, etc.
4. If rock cannot be trenched, drilling, shooting rock and hauling dirt, digging out shot rock, disposal of shot rock (See Contractor's Responsibilities Line Number 3).

FOR THE SERVICES AND CONDITIONS IDENTIFIED HEREINABOVE. BKR WELL SERVICES HEREBY SUBMITS A BID OF \$3.95 PER FOOT.

B.K.R. Well Service Company

Bill Reynolds & Kevin Reynolds

P.O. Box 5225...Oneida, TN 37841

Office & Fax: (423)569-8997..Shop: (423)569-2422.. Pager: (606)376-6410

Invoice No: 00015

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No: (606)376-8373

Starting Date: October 26, 1998
Ending Date: October 31, 1998

Billing total: \$ 5,925.00

October 26, 1998 through October 31, 1998

Location: Murton Wilson # 1 to Fed Stephen Road

Built right-of-way. Trenched, welded, taped, wired, reclaimed 1500' of 4", 2" gas line.

1500' pipe 4", 2" X \$ 3.95 per foot = \$ 5,925.00

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

TO: Citipower, LLC Bid

FROM: B.K.R. Well Service

SUBJECT: Pipeline Construction

DESCRIPTION: 3,775' of 2 inch and 4 inch plastic line in a single ditch;
From Fina to Kroger's on east side

CONTRACTOR'S RESPONSIBILITIES:

1. Contrator shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large tree will be done at owners expense.
2. Trench ditch, haul and lay 4 inch and 2 inch plastic line with locator tape and wire and backfill;
3. Any rock that cannot be trenched will be subbed out at cost. Any equipment provided by BKR will be charged out at a hourly rate quoted in this letter.
4. All personnel responsible for fusing pipe will be certified in the fusing of 2 inch and 4 inch plastic pipe.
5. Pressure test and pig gas lines.

CITIPOWER'S RESPONSIBILITIES:

1. Provide clearly marked right of way easement;
2. Provide all pipe supplies;
3. Locate all water, gas, sewer and phone/cable lines; Repairs to unmarked lines that are cut or damaged will be at the expense of Citipower;
4. Provide rock and fill dirt for driveway;
5. Road Bores, river crossings, driveway bores/cutting. Asphalt repairs;

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

SPECIAL CONSIDERATION:

1. Payment of 50 percent of invoice 14 days after billing with the balance to be paid in 30 days;
2. Delays: If Right-of-ways are not obtained, weather permitting, etc.
3. Rate Schedule- \$285.00 per hour minimum of 4 hours;Backhoe, dozer, labor, trencher, etc.
4. If rock cannot be trenched, drilling, shooting rock and hauling dirt, digging out shot rock, disposal of shot rock (See Contractor's Responsibilities Line Number 3).

FOR THE SERVICES AND CONDITIONS IDENTIFIED HEREINABOVE. BKR WELL SERVICES HEREBY SUBMITS A BID OF \$3.95 PER FOOT.

B.K.R. Well Service Company
 Bill Reynolds & Kevin Reynolds
 P.O. Box 5225...Oneida, TN 37841
 Office & Fax: (423)569-8997..Shop: (423)569-2422.. Pager: (423)569-7477

Invoice No: 00012

Billed to: Citipower, L.L.C.
 Address: P. O. Box 1309
 Whitley City, KY 42653
 Phone No: (606)376-8373

Starting Date: September 7, 1998
 Ending Date: September 30, 1998

Billing total: \$ 15,037.00

September 25, 1998

Time: 7 Hrs.

Well Name: 3" main gas line at Ball Bottom's

Reclaimed 3" main gas lines from Shirks # 1 to Maylo # 1. 3 miles of gas line and flagmen.

Trencher	7 Hrs. X \$ 35.00 =	\$ 245.00
1 Person	7 Hrs. X \$ 20.00 =	\$ 140.00

		\$ 385.00

September 29, 1998

Time: 4 Hrs.

Well Name: 4" gas line

Waited on Kenneth for dump truck, but did not show up.

1 Person	4 Hrs. X \$ 20.00 =	\$ 80.00
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September 7 through September 30

From Fina to Kroger's on east side

Moved equipment in. Cleared, backhoed, trenched, welded, wired, taped, seeded, pigged, tested, and reclaimed 3660' of 4" main gas line. 115' of 2" gas line from 4" main gas line to Burger King.

4" line	3660' X \$ 3.95 per ft =	\$ 14,457.00
2" line	115' X \$ 1.00 per ft =	\$ 115.00

		\$ 14,572.00

Total: \$ 15,037.00

Signature: _____
 Citipower, L.L.C.

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

TO: Citipower, LLC Bid

FROM: B.K.R. Well Service

SUBJECT: Pipeline Construction

DESCRIPTION: 13,500' of 2 inch and 4 inch plastic line in a single ditch;
From Murton Wilson # 1 to D. H. Campbell # 1

CONTRACTOR'S RESPONSIBILITIES:

1. Contractor shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large tree will be done at owners expense.
2. Trench ditch, haul and lay 4 inch and 2 inch plastic line with locator tape and wire and backfill;
3. Any rock that cannot be trenched will be subbed out at cost. Any equipment provided by BKR will be charged out at a hourly rate quoted in this letter.
4. All personnel responsible for fusing pipe will be certified in the fusing of 2 inch and 4 inch plastic pipe.
5. Pressure test and pig gas lines.

CITIPOWER'S RESPONSIBILITIES:

1. Provide clearly marked right of way easement;
2. Provide all pipe supplies;
3. Locate all water, gas, sewer and phone/cable lines; Repairs to unmarked lines that are cut or damaged will be at the expense of Citipower;
4. Provide rock and fill dirt for driveway;
5. Road Bores, river crossings, driveway bores/cutting. Asphalt repairs;

B.K.R. Well Service Company

P.O. Box 5225..Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

SPECIAL CONSIDERATION:

1. Payment of 50 percent of invoice 14 days after billing with the balance to be paid in 30 days;
2. Delays: If Right-of-ways are not obtained, weather permitting, etc.
3. Rate Schedule- \$285.00 per hour minimum of 4 hours;Backhoe, dozer, labor, trencher, etc.
4. If rock cannot be trenched, drilling, shooting rock and hauling dirt, digging out shot rock, disposal of shot rock (See Contractor's Responsibilities Line Number 3).

FOR THE SERVICES AND CONDITIONS IDENTIFIED HEREINABOVE. BKR WELL SERVICES HEREBY SUBMITS A BID OF \$3.95 PER FOOT.

B.K.R. Well Service Company
P.O. Box 5225...Oneida, TN 37841
Office: (423)569-8999..Fax: (423)569-8997

Invoice No: 00032

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No. (606)376-8373

Starting Date: April 23, 1999
Ending Date: April 26, 1999

BILLING TOTAL: \$ 3,075.00

April 23, 1999

Time: 10 Hrs.

Well Name: Job # 1-Bid; Murton Wilson # 1 to D.H. Campbell # 1

Clearing trees, hauling brush off, flagging traffic, loading truck along Hwy 92 at top of Davis Hill. Equipment used: Backhoe, Dozer, End loader, Dump truck, and man hours.

10 Hrs. X \$ 285.00 = \$ 2,850.00

April 26, 1999

Time: 5 Hrs.

Well Name: Job # 1-Bid; Murton Wilson # 1 to D.H. Campbell # 1

Laid 4" & 2" gas line under Hayes Creek.

Backhoe 5 Hrs. X \$ 45.00 = \$ 225.00

Billing Total: \$ 3,075.00

B.K.R. Well Service Company

P.O. Box 5225...Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

Invoice No: 00033

Billed to: Citipower, L.L.C.

Starting Date: May 01, 1999

Address: P. O. Box 1309

Ending Date: May 13, 1999

Whitley City, KY 42653

Phone No. (606)376-8373

BILLING TOTAL: \$ 31,623.70

May 1, 1999 thru May 13, 1999

Well Name: Job # 1 - Bid - Murton Wilson # 1 to D. H. Campbell # 1
4" gas line

Cleared right-of-way and moved equipment. Trenched, welded, taped, wired,
pigged & tested, reclaimed, seeded, and strawed 8006' of gas line.

4" gas lines 8,006' X \$ 3.95 per ft. = \$31,623.70

B.K.R. Well Service Company

P.O. Box 5225...Oneida, TN 37841

Office: (423)569-8999..Fax: (423)569-8997

Invoice No: 00034

Billed to: Citipower, L.L.C.
Address: P. O. Box 1309
Whitley City, KY 42653
Phone No. (606)376-8373

Starting Date: May 01, 1999
Ending Date: May 31, 1999
Billing Total: \$ 19,726.30

May 1, 1999 thru May 31, 1999

Well Name: Job # 1 - Hayse Creek - 2" & 4" Gas Line

Cleared right-of-way and moved equipment. Trenched, welded, taped, wired,
pigged & tested, reclaimed, seeded, and strawed 4994' of gas line.

2" & 4" gas lines 4,994' X \$ 3.95 per ft. = **\$ 19,726.30**

PIPELINE CONSTRUCTION SPECIFICATIONS

CONTRACTOR: Campbell Plumbing, Inc.

1.0 DESCRIPTION OF WORK

- 1.1. The work shall consist of the construction of a four and one-half inch (4.5") diameter pipeline in Scott County, Tennessee near Oneida, including without limitation, the crossing of any roads, pipelines, and water courses; in accordance with OWNER'S specifications as hereinafter set forth. The pipeline to be constructed will consist of approximately 60,000 feet of 4.5" x 0.188" W.T., API 5L, X-42, ERW pipe, beveled for welding, coated with Scotchkote fusion bonded 12 mil epoxy coating.
- 1.2. The Work shall consist of, but not be limited to, receiving the pipe at the job site, offloading the trucks at a single location at the site, and stringing the pipe; welding the pipeline; wrapping field joints; jeeeping and repairing holidays; ditching; lowering into the ditch; installing manifolding for blow downs and related bypass; installing anodes and test stations; backfilling; hydrostatically testing and dewatering/drying the line; and leaving it ready to transport natural gas.
- 1.3. The pipeline right of way follows state and county roads. CONTRACTOR will provide the necessary workmen to ensure the safe flow of traffic where necessary. Hazards or unsafe road or right of way conditions created by CONTRACTOR's activities will be properly marked and necessary barriers and caution devices installed to provide unattended warning of any such hazardous or unsafe conditions. Any dirt and other debris will be removed from roadways, driveways and parking lots. CONTRACTOR will take the necessary precautions to prevent damage to roadways, driveways and parking areas as a result of equipment movements or improper operations. Any damages occurring as a result of CONTRACTOR's negligent activities will be repaired immediately as soon as possible. CONTRACTOR will not be responsible for damages incurred as a result of normal operations.

2.0 CONTRACTOR'S RESPONSIBILITIES

- 2.1. CONTRACTOR shall clear the right of way, remove debris as required, and build fence gaps where required. Any required cutting, chipping hauling or disposal of large trees will be done at OWNER's expense.
- 2.2. CONTRACTOR shall haul and string the pipe along the right of way and furnish skids with cushions. The pipe shall be handled in a manner to prevent damage to the pipe walls, pipe ends and coating. Slamming against adjacent pipe or equipment shall be prohibited. Any damage discovered after the pipe leaves the OWNER's yard is the CONTRACTOR's responsibility.
- 2.3. CONTRACTOR shall weld out the line in accordance with API-1104 or other DOT approved procedures. All welders and procedures are subject to

certification test by OWNER'S Representative prior to construction. OWNER may x-ray up to 50% of total welds.

- 2.4. CONTRACTOR shall jeep the coating at 1,500 volts and repair all damaged coating, and prime and tape all joints and fittings with material furnished and approved by OWNER.
- 2.5. CONTRACTOR shall install the line in the ditch to a depth of 36" with a minimum of two (2) feet of cover. CONTRACTOR shall cover and smooth the entire right of way and any extra work areas to their original, or better, condition, and shall be responsible for returning to the site upon OWNER's request, at no extra cost to OWNER to repair any settlement along the pipe ditch for a period of one (1) year from the completion of construction.
- 2.6. CONTRACTOR shall test the pipeline in an approved manner using air or nitrogen to a pressure of 850 psi gauge for eight (8) hours minimum, utilizing pressure and temperature recorders and a certified dead weight tester. For the test, the line shall be pigged and pressurized to above the required minimum pressure. An acceptable certified chart shall be furnished to OWNER.
- 2.7. CONTRACTOR shall dewater and dry the line, if required, by running a squeegee and two (2) polypigs with an air compressor.
- 2.8. CONTRACTOR shall install anodes and test stations, provided by OWNER, along the pipeline during construction.
- 2.9. CONTRACTOR may be required to furnish a letter of indemnification and/or a surety bond upon selection in addition to a current insurance certificate from an acceptable carrier.
- 2.10. CONTRACTOR shall furnish all materials not specifically furnished by OWNER and any other materials required for completion of the work.

3.0 MATERIALS FURNISHED BY OWNER

- 3.1. OWNER will furnish approximately 60,000 feet of 4.5" x 0.188" W.T., API 5L, X-42, ERW line pipe, beveled for welding, double random lengths and coated with Scotchkote coating. Pipe will be delivered to the job site by pipe supplier's trucks and offloaded by CONTRACTOR.
- 3.2. OWNER will furnish all welded fittings (45 and 90 ells) to be used as permanent parts for the mainline.
- 3.3. OWNER will furnish the required anodes, wire and test stations for cathodic protection on the pipeline.
- 3.4. OWNER will provide asphalt, rock, seed, hay and other materials required to repair areas damaged as a result of pipeline installation.

4.0 INSPECTION

- 4.1. OWNER intends to have an inspector present full time during construction but may elect to have a Representative visit the site only occasionally during portions of the Work.
- 4.2. One two-man radiographic inspection team will be provided by OWNER and may be present on the work site during all welding activities. The line may be 50% radiographically inspected.
- 4.3. CONTRACTOR shall cooperate with all OWNER representatives and inspectors during the course of construction and shall make every attempt to make all phases of construction available for inspection.

NOTE: CONTRACTOR shall prime all above ground piping with primer provided by OWNER. In addition, CONTRACTOR may be required to paint the finish coat with paint provided by OWNER at no additional cost to OWNER.

AGREEMENT

THIS AGREEMENT made and entered into this the 22 day of June 1998, by and between CITIPOWER, LLC, hereinafter referred to as "OWNER", and Campbell Plumbing, Inc., hereinafter referred to as "CONTRACTOR".

—WITNESSETH: THAT

For, and in consideration of, the mutual promises and agreements and the further good and valuable considerations contained herein, and in accordance with the following terms and conditions, OWNER and CONTRACTOR agree as follows:

1.0 CONTRACT DOCUMENTS AND WORK DESCRIPTION

- 1.1. The provisions contained in this Agreement and in the documents identified below, said documents being attached hereto, and made a part hereof, or incorporated herein by reference for all purposes, including any and all modifications incorporated herein prior to execution of this Agreement, shall be collectively known as the "CONTRACT DOCUMENTS".

The CONTRACT DOCUMENTS referenced above include the Agreement and the following listed Exhibits attached hereto and made a part hereof:

General Conditions
The Pipeline Construction
Procedures and Specifications

- 1.2. The CONTRACTOR's work is defined by the Specifications, and the Drawings. The CONTRACTOR shall furnish all labor, supervision, equipment, materials, tools, and supplies required to complete the work in accordance with the CONTRACT DOCUMENTS.
- 1.3. The CONTRACTOR warrants that he is familiar with the CONTRACT DOCUMENTS and is, therefore, thoroughly apprised of the work and the terms of the Agreement, and has prepared and submitted his Bid in accordance therewith. The CONTRACTOR agrees that the OWNER or ENGINEER may make minor changes in the Work as it progresses, and such changes shall be considered part of the Work.

2.0 CONTRACTOR'S DUTIES AND OBLIGATIONS

- 2.1. The CONTRACTOR shall perform the Work as defined above.
- 2.2. It is agreed that time is of the essence and the CONTRACTOR shall commence the performance of his duties within three (3) days after receiving notification from the OWNER to commence with the work and shall proceed diligently thereafter until said work is completed no later than NOVEMBER 1, 1998.

- 2.2.1. If, in the opinion of the OWNER, the CONTRACTOR cannot complete the installation of the pipeline by November 1, 1998, the OWNER may take the following actions no later than October 1, 1998.
 - 2.2.2. The CONTRACTOR may add additional labor and equipment necessary to complete the installation on schedule.
 - 2.2.3. OWNER may employ additional labor and equipment to complete the installation.
 - 2.2.4. In the event additional labor and equipment is provided by OWNER the OWNER will reduce the contract footage paid to CONTRACTOR by an amount equal to the amount installed by OWNER.
- 2.3. The CONTRACTOR further warrants that:
- 2.3.1. He has fully acquainted himself with the Work, and knows of no reason why any physical or material aspects would interrupt his diligent performance or delay the completion date as indicated in his Bid.
 - 2.3.2. He is fully acquainted with the nature of the duties he hereby undertakes to perform in this Agreement, and knows of no reason, and anticipates no interruptions, whether by labor disputes or otherwise, which would prevent his diligently pursuing the Work to the completion date of his Bid.
 - 2.3.3. In its performance hereunder, the CONTRACTOR is an independent contractor, the OWNER being interested only in the results obtained. The CONTRACTOR acknowledges that neither he, nor any of his employees, are employees of the OWNER.
- 2.4. The CONTRACTOR further agrees that:
- 2.4.1. For the purposes of the indemnity provisions set forth in this section, the term "CONTRACTOR GROUP" as used herein as a reference shall mean, individually and collectively, CONTRACTOR and the employees, agents, representatives, contractors and subcontractors of CONTRACTOR and the subrogees of said parties. Similarly, the term "OWNER GROUP" as used as a reference, shall mean, individually and collectively, OWNER and joint owners, if any, and the employees, agents, representatives, contractors, and subcontractors of OWNER, ENGINEER, as defined herein, and the subrogees of said parties. It is also specifically understood and agreed that a contractor and/or materials which are prescribed in this Agreement shall be deemed a member of the Group (CONTRACTOR GROUP or OWNER GROUP) of the party hereto who has or is charged with the responsibility of furnishing such services and/or materials under and in accordance with this Agreement. Contractors, suppliers or subcontractors furnishing any services and/or materials which are not prescribed in this Agreement shall be deemed third parties. Solely for the purpose of the indemnity provisions set for in this Section, the negligent or willful acts or omissions of the CONTRACTOR GROUP shall be imputed to CONTRACTOR.

- 2.4.2. CONTRACTOR agrees to protect, defend, indemnify, and hold OWNER GROUP, its co-owners and joint operators of oil, gas and/or other mineral leases harmless from and against all claims, demands, and causes of action of any and every type and character, without limit and without regard to the cause or causes thereof which are related in any way to performance by CONTRACTOR GROUP under this Agreement and which arise in favor of or are made by CONTRACTOR GROUP due to personal injury, death or property damage whether or not caused by the joint and/or concurrent negligence of OWNER GROUP or CONTRACTOR GROUP, excepting however, all claims, demands, and causes of action resulting from the sole negligence or willful acts or omissions of OWNER GROUP.
- 2.4.3. Except for damage to the Work, CONTRACTOR agrees to reimburse OWNER for any loss of or damage to property of OWNER (including property of its co-owners and joint operators of oil, gas and/or other mineral leases) related in any way to performance of CONTRACTOR GROUP under this Agreement and resulting in whole or in part from the willful or negligent acts or omissions of CONTRACTOR GROUP.
- 2.4.4. CONTRACTOR further agrees to protect, indemnify, and save OWNER, its co-owners and joint operators of oil, gas and/or other mineral leases safe and harmless from and against all claims, demands, and causes of action of every kind and character on account or personal injury to, illness or death of, or loss of or damage to property of, third parties other than OWNER GROUP or CONTRACTOR GROUP where the personal injury, illness, death, or loss of or damage to property is related in any way to performance by CONTRACTOR GROUP under this Agreement and in any way results from the willful or negligent acts or omissions of CONTRACTOR GROUP.
- 2.4.5. CONTRACTOR further agrees to defend OWNER GROUP respectively against all suits brought upon any claim, demand, or cause of action covered by their indemnity obligations. OWNER shall have the right, at its option, to participate at its own expense with attorneys or its own selection in the defense of any such suits without releasing the CONTRACTOR of any indemnity obligation hereunder.
- 2.4.6. CONTRACTOR shall indemnify and hold all owners of foreign pipelines in the work area harmless against any and all losses, injuries or damages which it may incur during or by any reason of the construction of the pipeline where occasioned by the negligence or willful acts or omissions of that owner or its contractors or sub-contractors.

3.0 "FORCE MAJEURE"

Neither party hereto shall be liable for damage to the other for any act, omission or circumstances occasioned by or in connection with, or as a consequence of, and the obligations of the parties, except for the payment of money, shall be suspended during continuance of any "Force Majeure" condition, including but not limited to any acts of

God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, sabotage, wars, blockades, earthquakes, floods, fire, arrests, restraints, civil disturbances and the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension, and which, by the exercise of due diligence, such party is unable to prevent or overcome. Such causes or contingencies affecting the performance of this Agreement by the parties hereto, however, shall not relieve either party of liability in the event of its concurring negligence or in the event of its failure to use diligence to remedy the situation and remove the cause in adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve any part of liability unless such party shall give notice and full particulars of the same in writing or by telegram to the other party as soon as possible after the occurrence relied on, and like notice shall be given upon termination of such "force majeure" conditions.

4.0 COMPENSATION TO CONTRACTOR

4.1. The CONTRACTOR shall receive, as full compensation for the performance of his duties hereunder, the aggregate sum as specified on the Bid Form. This aggregate sum shall be invoiced as follows:

4.1.1. Upon submittal of the CONTRACTOR's invoice for completed work on site, and subsequent to review and approval by OWNER's Representative, OWNER will pay within fifteen (15) days the total amount submitted to OWNER.

4.1.2. OWNER may, upon Payment of any invoice, retain 10% as deposit for contract performance.

4.1.3. OWNER'S final payment to the CONTRACTOR of the retained percentage shall not become due until all the obligations of the CONTRACTOR as set forth in the CONTRACT DOCUMENTS have been performed and the Work has been accepted by the OWNER. The OWNER shall within 30 days of such acceptance or receipt of final invoice, whichever is later, pay the CONTRACTOR such final payment.

4.1.4. CONTRACTOR shall submit invoices and notices of commercial matter, directly to the OWNER at the address below.

5.0 NOTICES

All notices, communications, statements, and monies payable hereunder shall be forwarded to the parties hereto at the addresses specified below. Either party may, at any time, change its address by giving written notice of the change to the other party.

OWNER: CITIPOWER, LLC

Attention: Jimmy Curd

CONTRACTOR: CAMPBELL PLUMBING, INC.

Attention: Ken Campbell

6.0 BONDS

OWNER shall have the right to require CONTRACTOR to furnish the OWNER bonds covering faithful performance under this Agreement and covering the payment of all amounts to be paid by CONTRACTOR under this Agreement. Such bonds shall be in such form and amount and with sureties acceptable to the OWNER. The CONTRACTOR shall be reimbursed by OWNER for the premiums for such bonds upon receipt of paid premium invoices, if such bonds are required by OWNER.

7.0 OWNER'S ENGINEER

The OWNER's Engineer is Cambridge Resources, Inc. ("ENGINEER"), who shall act at all times on behalf of the OWNER, handle all communications, settle all disputes and coordinate all work of the CONTRACTOR. The OWNER hereby reserves for the ENGINEER, and the CONTRACTOR hereby agrees, all rights, privileges and protections afforded to the OWNER within these Documents.

8.0 SUBCONTRACTORS

Before awarding any subcontracts, the CONTRACTOR shall notify the ENGINEER in writing of the names of the subcontractors proposed and shall not employ any to whom the ENGINEER/OWNER may have an objection. The CONTRACTOR agrees that he is as fully responsible to the OWNER for the acts, omissions and delivery dates of his subcontractors and or persons either directly or indirectly employed by the subcontractors, as he is of persons directly employed by CONTRACTOR. The CONTRACTOR shall be responsible for the coordination of the trades, subcontractors, materials and men engaged upon the Work. The CONTRACTOR shall cause appropriate provisions to be inserted in all subcontracts relative to the Work to bind subcontractors to the CONTRACTOR by terms of this Agreement and the other CONTRACT DOCUMENTS insofar as applicable to the work of subcontractors and to give the CONTRACTOR the same power as regards terminating subcontracts that the OWNER may exercise over the CONTRACTOR under any provisions of the CONTRACT DOCUMENTS.

9.0 TITLE

Title to all work in progress shall be vested in the OWNER, title to all materials to be incorporated in the Work shall be vested in the OWNER upon receipt of such materials by CONTRACTOR from vendors and subcontractors, provided, however, such title being with OWNER shall not impose any obligations on OWNER or relieve CONTRACTOR of any of its obligations under this Agreement.

In Witness Whereof, the parties have executed this Agreement in several counterpart originals as part of the day and year first above written.

Witnesseth:

CITIPOWER

Citipower, L.L.C.

Response to Kentucky Public Service Commission
CASE NO. 99-225

Exhibit E, Page 48 of 210

Agreement

Page 5 of 6

Witnesseth:

James E. Curd, Operations Mgr.
CAMPBELL PLUMBING, INC.

Kenneth Campbell, Presd

GENERAL CONDITIONS

The GENERAL CONDITIONS given here below, form a part of the AGREEMENT, made and entered into the 22 day of June 1998, by and between Citipower, L.L.C. (OWNER) and Campbell Plumbing, Inc. (CONTRACTOR).

1.0 DEFINITIONS

- 1.1. The "OWNER" is Citipower, L.L.C., with offices in Whitley City, Kentucky. The OWNER is also variously and interchangeably referred to in the CONTRACT DOCUMENTS as the "COMPANY."
- 1.2. The "CONTRACTOR" is Campbell Plumbing, Inc., being the company selected by the OWNER to perform the Work hereunder, and to whom the CONTRACT is awarded.
- 1.3. The "ENGINEER" is Cambridge Resources, Inc., with principle offices in Oak Ridge, Tennessee. The ENGINEER will be the OWNER's Representative during the performance of the work hereunder. The OWNER's instructions to the CONTRACTOR shall be for-warded through the ENGINEER. The ENGINEER will have authority to act on behalf of the OWNER to the extent provided in the CONTRACT DOCUMENTS, unless otherwise modified by the OWNER in writing, and agreed to by the ENGINEER and the CONTRACTOR. The ENGINEER will provide one or more Project Representatives to assist in carrying out the ENGINEER's responsibilities at the site.
- 1.4. The "CONTRACT" is the AGREEMENT by and between the OWNER and CONTRACTOR, as identified above, including all CONTRACT DOCUMENTS. The CONTRACT, when accepted by the CONTRACTOR either in writing or by commencement of performance hereunder, constitutes the entire agreement between the OWNER and the CONTRACTOR concerning the subject matter, and neither any contrary or additional conditions then specified by the CONTRACTOR, nor any subsequent amendment or supplement shall have any effect without OWNER's written agreement and approval.
- 1.5. The "CONTRACT DOCUMENTS" consist of the AGREEMENT, as identified above, and all those documents identified in Section 1.1 of the AGREEMENT, whether by name or by reference, including all modifications incorporated therein before execution of the AGREEMENT, collectively.
- 1.6. The "CONTRACTOR's Bid" consists of the completed Bid Form and other documents submitted by the CONTRACTOR.
- 1.7. The WORK consists of all labor, supervision, tools, materials, equipment, and supplies to be furnished by the CONTRACTOR in order to perform the work required by the CONTRACT, as defined by the Scope of Work, the Specifications, and the Drawings.
- 1.8. The term "Work of the CONTRACTOR" or "Work of the Subcontractor" includes labor or materials or both, as well as workmanship.

- 1.9. The term Subcontractor, as employed herein, includes only those having a direct contract with the CONTRACTOR, and it includes one who furnished material worked to a special design according to the Drawings or Specifications.
- 1.10. Written notice shall be deemed to have been duly served if delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it was intended, or if delivered or sent by registered mail to the last business address known to him who gave the notice.

2.0 QUALITY — INSPECTION

All articles, materials and work furnished shall be of good quality and free from any defects, and shall at all times be subject to ENGINEER's inspection, but neither ENGINEER's inspection nor failure to inspect shall relieve CONTRACTOR of any obligation hereunder. If any article, material or work fails to conform to specifications or is otherwise defective, CONTRACTOR shall promptly replace same at CONTRACTOR's expense. No acceptance or payment by OWNER shall constitute a waiver of the foregoing; and nothing herein shall exclude or limit any warranties implied by law.

3.0 PERMITS, LAWS, TAXES AND REGULATIONS

- 3.1. The work will be installed inside the limits of the State of Tenn. and therefore is subject to Tenn. State sales, use, and excise taxes. The OWNER will reimburse the CONTRACTOR for any applicable sales or use taxes assessed against the work and paid by the CONTRACTOR.
- 3.2. Unless otherwise provided herein or by law, CONTRACTOR shall pay all other taxes, assessments on labor, charges and contributions now or hereafter imposed on, or with respect to, or measured by the articles, materials or work furnished hereunder or the compensation paid to persons employed in connections with performance hereunder; and CONTRACTOR shall indemnify OWNER against any liability and expense by reason of CONTRACTOR's failure to pay the same.
- 3.3. Any permits and licenses necessary for the prosecution of the Work shall be secured and paid for by the CONTRACTOR.
- 3.4. The CONTRACTOR shall give all notices and comply with all laws, ordinances, rules and regulations bearing on the conduct of the Work as drawn and specified.
- 3.5. In performance hereunder and every activity connected therewith, CONTRACTOR shall comply fully with all applicable laws, ordinances, rules and regulations, and, when requested, shall furnish evidence satisfactory to OWNER of compliance. Without limiting the foregoing, CONTRACTOR warrants that all articles and materials furnished were and shall be produced in compliance with the Fair Labor Standards Act of 1938 as amended.

4.0 NON-DISCRIMINATION

In connection with the performance of services for OWNER, CONTRACTOR agrees to comply with all of the provisions of Executive Orders 11246 and 11598, Part 50—250, and to keep informed of and comply with all amendments and additions hereof.

5.0 RIGHT TO AUDIT CLAUSE

On all work performed by CONTRACTOR on a reimbursable basis while this Agreement is in effect and for a reasonable time thereafter, CONTRACTOR shall maintain auditable records of all charges pertaining to the Agreement and make such records available to OWNER auditing personnel as OWNER may require. CONTRACTOR shall furnish with each invoice a copy of all third party billings pertaining to work performed on a reimbursable basis.

6.0 DETAIL DRAWINGS AND INSTRUCTIONS

- 6.1. The ENGINEER shall furnish, with reasonable promptness, additional instructions by means of drawings or otherwise, necessary for the proper execution of the work. All such drawings and instructions shall be consistent with the Contract Documents, true developments thereof and reasonably inferable therefrom.
- 6.2. The work shall be executed in conformity therewith and the CONTRACTOR shall do no work without proper drawings and/or instructions. In case of a conflict between the drawings, specifications, or instructions, CONTRACTOR shall notify ENGINEER immediately and request a clarification.
- 6.3. All drawings, film reproductions, specifications and copies thereof, furnished by the ENGINEER to the CONTRACTOR are not to be used on other work and, with the exception of the signed Contract set are to be returned to the ENGINEER at the completion of the Work.

7.0 PERFORMANCE

- 7.1. CONTRACTOR shall perform all work diligently, carefully and in a good and workmanlike manner; shall furnish all labor, supervision, machinery, equipment, materials and supplies necessary therefore; and, if permitted to subcontract with prior written consent by the ENGINEER, shall be fully responsible for all work performed by subcontractors.
- 7.2. CONTRACTOR shall conduct all operations in CONTRACTOR's own name and as an independent contractor, and not in the name of, or as agent for the OWNER.
- 7.3. The CONTRACTOR shall give his personal attention to the work and shall see that all subcontractors and sections of the work are executed in a proper and workmanlike manner, on schedule, and with due and proper cooperation.

8.0 PROTECTION OF WORK AND PROPERTY

- 8.1. The CONTRACTOR shall continuously maintain adequate protection of all his work from damage and shall protect OWNER's property from injury or loss arising in connection with this Contract.
- 8.2. The CONTRACTOR shall take all necessary precautions for the safety of employees on the work, and shall comply with all applicable provisions of the Federal, state and County/Parish safety laws and building codes to prevent accidents or injury to persons on, about or adjacent to the premises where the work is being performed. He shall erect and properly maintain at all times, as required by the conditions and progress of the work, all necessary safeguards for the protection of workmen and others, and shall post danger signs warning against hazards; and he shall designate a responsible member of his organization on the job site, whose duty shall be the prevention of accidents. The name and position of the person so designated shall be reported to the ENGINEER or it's Project Representative by the CONTRACTOR.
- 8.3. In an emergency affecting the safety of life or of the work, the CONTRACTOR, without special instruction or authorization from the OWNER or ENGINEER, is hereby permitted to act, at his discretion, to prevent such threatened loss or injury, and he shall so act, without appeal, if so authorized or instructed. Any compensation claimed by the CONTRACTOR on account of emergency work shall be determined by agreement or arbitration.
- 8.4. The CONTRACTOR shall be solely responsible for the work from the date of commencement until the work has been accepted by the OWNER, and agrees that the OWNER shall not be liable for any damage or loss to the work whatsoever the cause. Furthermore, the CONTRACTOR agrees that partial payments made during the course of work do not constitute acceptance of the work, and responsibility for the work remains solely with the CONTRACTOR regardless of damage or loss to the work, whatsoever the cause.

9.0 ACCESS TO WORK

The ENGINEER, shall at all times have access to the work wherever it is in preparation or progress, so that the ENGINEER may perform its functions under the Contract.

10.0 SUPERINTENDENT AND SUPERVISION

- 10.1. The CONTRACTOR shall employ a competent superintendent and necessary assistants who shall be in attendance at the Project site during the progress of the Work. The superintendent shall represent the CONTRACTOR and all communications given to the superintendent shall be as binding as if given to the CONTRACTOR. Important communications shall be confirmed in writing. Other communications shall be so confirmed on written request in each case.
- 10.2. The CONTRACTOR shall supervise and direct the work, using his best skill and attention. He shall be solely responsible for all construction means, methods,

techniques, sequences and procedures and for coordinating all portions of the work under the Contract.

- 10.3. The CONTRACTOR shall be responsible to the OWNER for the acts and omissions of his employees, Subcontractors and their agent and employees, and other persons performing any of the work under a contract with the CONTRACTOR.
- 10.4. The CONTRACTOR shall not be relieved from his obligations to perform the work in accordance with the CONTRACT DOCUMENTS either by the activities or duties of the ENGINEER in his administration of the Contract, or by inspections, tests or approvals required or performed under the Contract.

11.0 CHANGES

The CONTRACTOR shall make no change in work or perform any additional work without ENGINEER's specific written approval. ENGINEER may order changes in the work or require additional work at any time, and CONTRACTOR shall comply therewith; however, compensation for changes in the work shall be as specified in Section 12.0.

12.0 EXTRA COST

- 12.1. The CONTRACTOR shall give the ENGINEER written notice of extra cost claims within a reasonable time after receipt of instructions, as provided for under CHANGES and in any event, before proceeding to execute the work, except in an emergency endangering life or property, or upon specific written direction by OWNER. No such claims shall be valid unless so made.
- 12.2. Any extra cost claim due to revision of the drawings or specifications (after CONTRACTOR has submitted lump sum price) must be submitted on a cost per revision basis with sufficient detail to permit ENGINEER to evaluate the reasonableness of such extra cost claim.

13.0 INSURANCE

- 13.1. The CONTRACTOR shall not commence work under this Contract until he has obtained all insurance required under these paragraphs and until such insurance has been approved by the ENGINEER, nor shall the CONTRACTOR allow any subcontractor to commence work on his subcontract until similar insurance required for the subcontractor has been so obtained and approved by the ENGINEER. Certificates of all insurance shall be filed with the ENGINEER.
- 13.2. All insurance shall be with an insurance company admitted to do business in the state where the work is performed.
- 13.3. All of the Insurance required herein shall be maintained in effect continuously during the life of this Contract. Each policy or certificate of insurance shall provide that such insurance shall not be decreased without at least ten days prior written notice to the ENGINEER and the approval of the OWNER.

13.4. CONTRACTOR shall procure and maintain in full force and effect, at its sole cost and expense, the following insurance:

13.4.1. Workmen's Compensation and Employer's Liability Insurance endorsed to provide the proper state statutory benefits. The limit for the Employer's Liability shall not be less than \$1,000,000. Coverage shall include "in rem" endorsement.

13.4.2. Comprehensive Automotive and General Liability Insurance

\$250,000/Bodily Injury – each person

\$500,000/Bodily Injury – each occurrence

\$250,000/Property Damage – each occurrence

13.4.3. Comprehensive General Liability Insurance (including "in rem" endorsement)

\$250,000/Bodily Injury – each person

\$500,000/Bodily Injury – each occurrence

\$250,000/Property Damage – each occurrence

13.4.4. Property Damage Insurance in minimum amount of \$1,000,000 which shall cover damage to the property of the OWNER, its agents, or third parties, and of the CONTRACTOR. The policy shall include specifically property damage coverage for explosion, collapse and underground exclusions.

13.4.5. Excess Protection and Indemnity Insurance and Collision Liability will be carried subject to a maximum of \$1,000,000 for any one occurrence.

13.4.6. Umbrella Liability with a limit of not less than \$1,000,000 per occurrence covering excess Automobile Liability (including Products and Completed Operations), employers Liability and Protection Indemnity.

13.5. CONTRACTOR agrees that the above insurance policies will be endorsed to name OWNER (its joint owner or owners, if any) and ENGINEER as co-insured.

14.0 SEPARATE CONTRACTS

The OWNER reserves the right to let other contracts in connection with this work under similar General Conditions. The CONTRACTOR shall afford contractors reasonable opportunity for the execution of their work, and shall properly coordinate his work with theirs. The CONTRACTOR shall allow access to the work only if the other contractors submit the proper insurance certificates and execute a "Hold Harmless Agreement" with the CONTRACTOR.

15.0 ROYALTIES AND PATENTS

- 15.1. The CONTRACTOR will protect and indemnify the OWNER from all consequences of patent infringement resulting from any use of materials, equipment and methods furnished by the CONTRACTOR.
- 15.2. The CONTRACTOR will protect and indemnify the OWNER from all consequences of patent infringement resulting from any use of materials, equipment and methods furnished by OWNER.

16.0 BILLS AND LIENS

The CONTRACTOR shall pay promptly all indebtedness for labor, materials and equipment used in performance of the work. CONTRACTOR shall not be entitled to receive final payment from OWNER, until CONTRACTOR furnishes evidence satisfactory to OWNER of full payment of such indebtedness, CONTRACTOR shall not permit any lien or charge to attach to the work or the premises; but if any does so attach, CONTRACTOR shall promptly procure its release, and indemnify OWNER against all damages and expenses incident thereto.

17.0 ASSIGNMENT

Neither the Contract nor any claim against OWNER or ENGINEER arising directly or indirectly out of or in connection with the Contract shall be assignable by CONTRACTOR or by operation of law, nor shall CONTRACTOR subcontract obligations hereunder, without OWNER's prior written consent.

18.0 DEFAULT

- 18.1. If CONTRACTOR or any subcontractor breaches any provision hereof or becomes insolvent, enters voluntary or involuntary bankruptcy or receivership proceedings, or makes an assignment for benefit of creditors, OWNER shall have the right (in addition to any other rights or remedies it may have hereunder or by law) to terminate the Contract by giving CONTRACTOR written notice; whereupon OWNER shall be relieved of all further obligations hereunder, except to pay the reasonable value of CONTRACTOR's prior performance (at no more than the rate hereunder), and CONTRACTOR shall be liable to OWNER for all costs incurred by OWNER in effecting completion of performance in excess of the contract price; OWNER's right to require strict performance of CONTRACTOR's obligations hereunder shall not be affected by any previous waiver, forbearance or course of dealing. Time is of the essence hereof.
- 18.2. OWNER has the right and privilege of entering CONTRACTOR's premises and of removing, without notice or delay, all equipment and materials furnished by OWNER, whether such equipment or materials are in the state in which they were furnished or not. CONTRACTOR agrees to cooperate in this.

19.0 WITHHOLDING

OWNER has the right to withhold any money whatsoever payable by OWNER, hereunder, and apply the same to payment of any obligations of CONTRACTOR to OWNER, or any other parties, arising in any way out of the Contract or its performance.

20.0 ACCEPTANCE – CONSTRUCTION AND INSTALLATION

Upon completion of the construction and installation and prior to delivery, ENGINEER will make a final inspection and report in writing to CONTRACTOR any deficiencies in the work. CONTRACTOR will have the obligation to repair such deficiencies at no additional cost to OWNER. Upon repair of the deficiencies, ENGINEER will provide CONTRACTOR a letter of acceptance stating that the deficiencies discovered after the final inspection or not reported to CONTRACTOR in writing will be the responsibility of OWNER. However, the workmanship warranty stated in Section 22.0 shall still apply.

21.0 POLLUTION CONTROL CONSTRUCTION AND INSTALLATION

- 21.1. During the performance of services under this Contract, the responsibilities and liabilities of the OWNER and the CONTRACTOR for control and removal of pollution or contaminations shall be as defined herein.
- 21.2. CONTRACTOR shall exercise all reasonable diligence to conduct its operations in a manner that will prevent pollution, and CONTRACTOR shall comply with all applicable laws, ordinances, rules, regulations and lease or contract provisions regarding pollution. CONTRACTOR shall not permit trash, waste, oily bilge water, or other pollutants to be discharged or to escape from CONTRACTOR's equipment into any body of water. CONTRACTOR will take reasonable measures to instruct its personnel in such matters to prevent such pollution from being caused by it in the course of operations for OWNER. It is not intended hereby to limit or conflict with the responsibilities of the OWNER and CONTRACTOR as further defined herein.
- 21.3. CONTRACTOR shall assume all responsibility for, including control and removal or, and Indemnify and hold OWNER harmless against and from loss, cost or damage arising from pollution or contamination:
 - 21.3.1. Which originates above the surface of water from spills, leaks of fuels, lubricants, motor oil, pipe dope, paints, solvents, ballasts, bilge, garbage, sewerage, and other materials in CONTRACTOR's possession and control, whether or not caused by the negligence of CONTRACTOR.
 - 21.3.2. Resulting from leakage or other uncontrolled flow of oil, gas, or water from pipelines including lines or in submerged lands, ruptured or damaged by CONTRACTOR's equipment, when such rupture or damage is caused by CONTRACTOR's negligence.

22.0 WARRANTY

CONTRACTOR guarantees and warrants its workmanship and materials against any and all defects attributable to CONTRACTOR's work for a period of one (1) year beginning on the completion date of construction, CONTRACTOR agrees to repair, replace and correct at no cost to OWNER any and all such defects in the work attributable to CONTRACTOR's workmanship which become apparent and are called to CONTRACTOR's attention prior to expiration of the warranty period.

23.0 TERMINATION

23.1. OWNER, In Its sole discretion, may terminate this Contract upon not less than 2 days prior written notice to CONTRACTOR and such termination shall be effective In the manner specified in such notice and shall be without prejudice to any claim that either party may have against the other. Furthermore, should "force majeure" conditions ever last more than 7 days, OWNER may terminate this Contract upon not less than forty-eight hours written notice to the CONTRACTOR and shall be without prejudice to any claim that either party may have against the other. On receipt of such notice, CONTRACTOR, unless otherwise directed in such notice, shall as soon as practicable, discontinue the work and the placing of orders for materials, equipment, and supplies and shall, if requested, make every reasonable effort to procure cancellation of all existing orders or contracts upon terms satisfactory to OWNER and thereafter do only such work as may be necessary to preserve and protect the work already in progress, materials, plant, and equipment at the fabrication site, platform site, or in transit. In the event of such termination by OWNER, OWNER shall pay to CONTRACTOR the total of the following:

- (i) that percentage of the Contract sum that is the same percentage of the work completed as of the date of termination, less prior payments, if any, made to CONTRACTOR in connection with the work;
 - (ii) without duplication of the payment referred to in Section 23.1, the net cost of materials, transportation, insurance, and handling for which CONTRACTOR has made firm contracts that cannot be cancelled and all amounts paid in settlement or termination of claims of subcontractors and suppliers, provided that OWNER shall be entitled and shall receive the benefits under such contracts;
 - (iii) the cost to CONTRACTOR for removing and delivering to OWNER the work actually finished or in progress at the fabrication site or any subcontractor's site.
- 23.2. In the event of any termination of this Contract, CONTRACTOR shall not be entitled to damages for loss of profits for the unexecuted portion of the work or any other damages because of such termination.

COUNTY	ROUTE	SP. CS.	O. SEQ.	LOG MILE	FEATURE DESCRIPTION
SCOTT	SR029	0	1	23.180	SHARPS LN. RT. & OLD HWY. 27 S. LT.
SCOTT	SR029	0	1	23.980	2389 PINE GROVE RD. RT.
SCOTT	SR029	0	1	23.980	A107 NEW LIGHT RD. LT.
SCOTT	SR029	0	1	24.320	WINFIELD.U.S. POST OFFICE RT. (37892)
SCOTT	SR029	0	1	24.370	BEGIN 25 MPH SCHOOL ZONE
SCOTT	SR029	0	1	24.470	WINFIELD ELEM. SCHOOL RT.
SCOTT	SR029	0	1	24.540	GEN. WINFIELD SCOTT MEMORIAL PARK RT.
SCOTT	SR029	0	1	24.560	END 25 MPH SCHOOL ZONE
SCOTT	SR029	0	1	24.630	1240 PLEASANT GROVE RD. RT.
SCOTT	SR029	0	1	24.710	WINFIELD MUNICIPAL CTR. LT.
SCOTT	SR029	0	1	24.780	BRIDGES RD. LT.
SCOTT	SR029	0	1	24.820	(76SR0290023) BRIDGE-BRANCH
SCOTT	SR029	0	1	25.030	A101 RT.
SCOTT	SR029	0	1	25.250	CITY ST. RT.
SCOTT	SR029	0	1	25.470	CITY ST. RT.
SCOTT	SR029	0	1	25.720	A104 RT.
SCOTT	SR029	0	1	25.800	(76SR0290025) BRIDGE-ROARING PAUNCH CR. (C.W. WRIGHT MEM. BRIDGE)
SCOTT	SR029	0	1	25.910	A091 ANDY LN. LT.
SCOTT	SR029	0	1	26.310	CITY ST. RT.
SCOTT	SR029	0	1	26.630	A091 ISHASHM RD. RT. & LT.
SCOTT	SR029	0	1	26.660	(76SR0290027) BRIDGE-BRANCH
SCOTT	SR029	0	1	26.840	A090 RT.
SCOTT	SR029	0	1	27.000	WINFIELD CITY LIMITS / TENNESSEE-KENTUCKY STATE LINE
SCOTT	SR052	0	1	0.000	MORGAN-SCOTT COUNTY
SCOTT	SR052	0	1	0.070	CO. RD. RT.
SCOTT	SR052	0	1	1.460	A262 LT.
SCOTT	SR052	0	1	2.260	A262 SHEEP RANCH RD. LT.
SCOTT	SR052	0	1	3.480	A261 LT.
SCOTT	SR052	0	1	3.830	A261 LT.
SCOTT	SR052	0	1	4.110	A257 RT
SCOTT	SR052	0	1	4.550	1238 WEST ROBBINS RD. LT.
SCOTT	SR052	0	1	4.710	A253 RT.
SCOTT	SR052	0	1	4.840	A256 RT.
SCOTT	SR052	0	1	4.910	(76SR0520001) OVERHEAD OVER SOUTHERN RWY.

Finish

Start

HILLERY STRUNK ETUX
TRACT NO. (89)

34 x 10 x 4 CONC. BOX
CULV. UNDER
PRESENT HWY.

PROPOSED RAMP.
NO SIDE DRAIN REQD.

P.L. S 87° 39' E 404 + 62

HOWARD SEXTON ETUX
TRACT NO. (91)
0.14 AC.

1-5-F
BLDG.
SEX ON PLACE

MILFORD LEWIS
CULTIVATED
TRACT NO. (90)

P.O.T. 404 + 82.15
405

PROPOSED R/W

PRESENT R/W

NO. 29 ASPHALT PAVMT.
GRAVEL DRIVE

NEON SIGN

OUT NO.

H. C. GILBREATH &
R. C. KING ETUX
TRACT NO. (92)
WOODS
0.82 AC.

TO BE REMOVED.

P.C. 409 + 53.21

P.L. 410 + 71.55
 $\Delta = 1^\circ 11' LT.$
 $D = 0^\circ 30'$
 $T = 118^\circ 34'$
 $L = 236.65$
 $E = 0.62$
 $SE = 0.01184$ PERFTY

1-5-F
BLDG.
R. C. KING

NOT IN USE
SIDE DRAIN
GRAVEL

P.L. T. 111 + 89.86

MRS. WFOSTER KIN
CULTIVATED
TRACT
0.26 A

RES.

MILFORD LEWIS
WOODS
TRACT NO. (93)
0.64 AC.

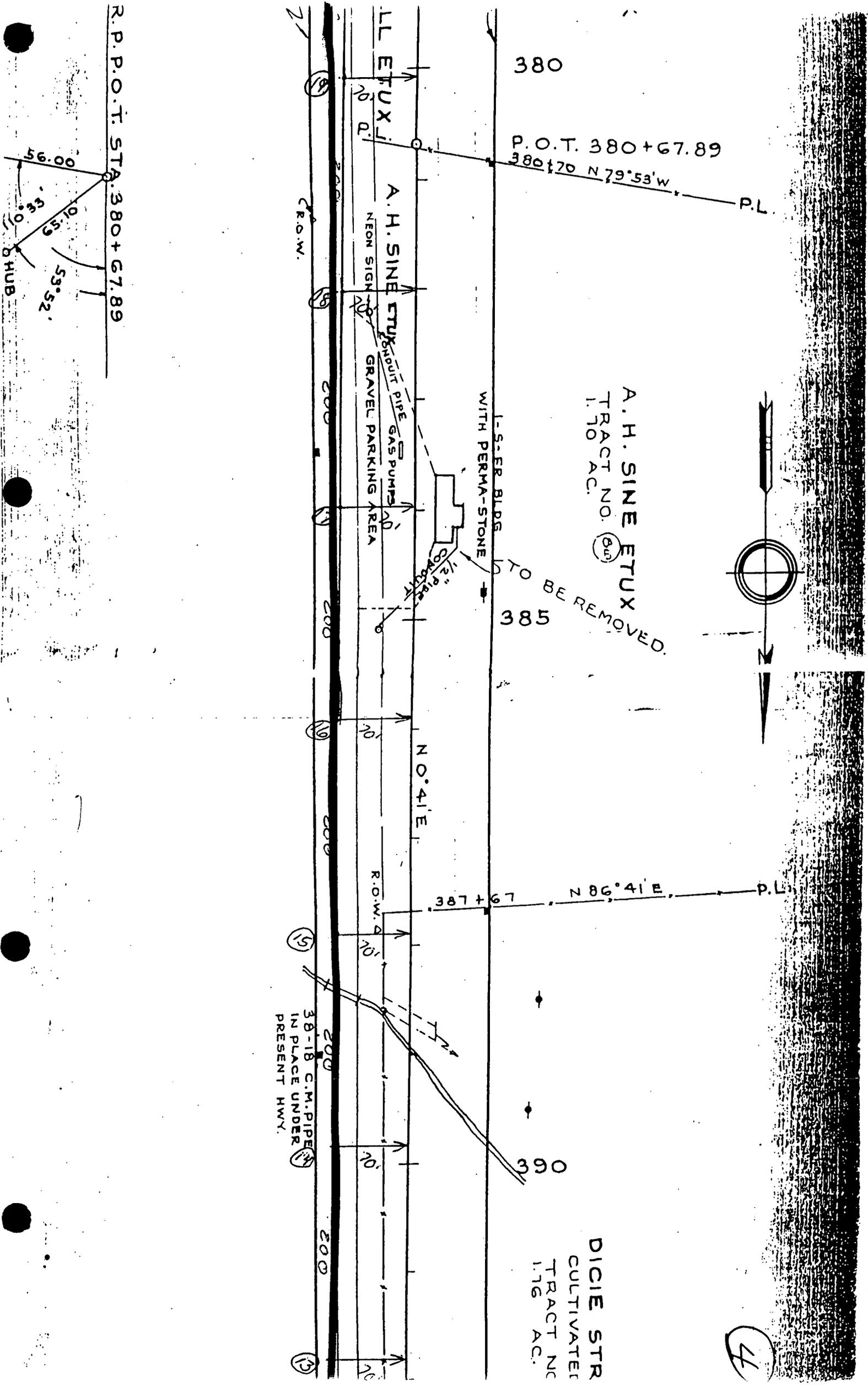
PROPOSED RAMP.
SIDE DRAIN REQD.

HUB
55.85'

HUB
10° 59'

R.P.P.T. STA. 411 + 89.86

(2)

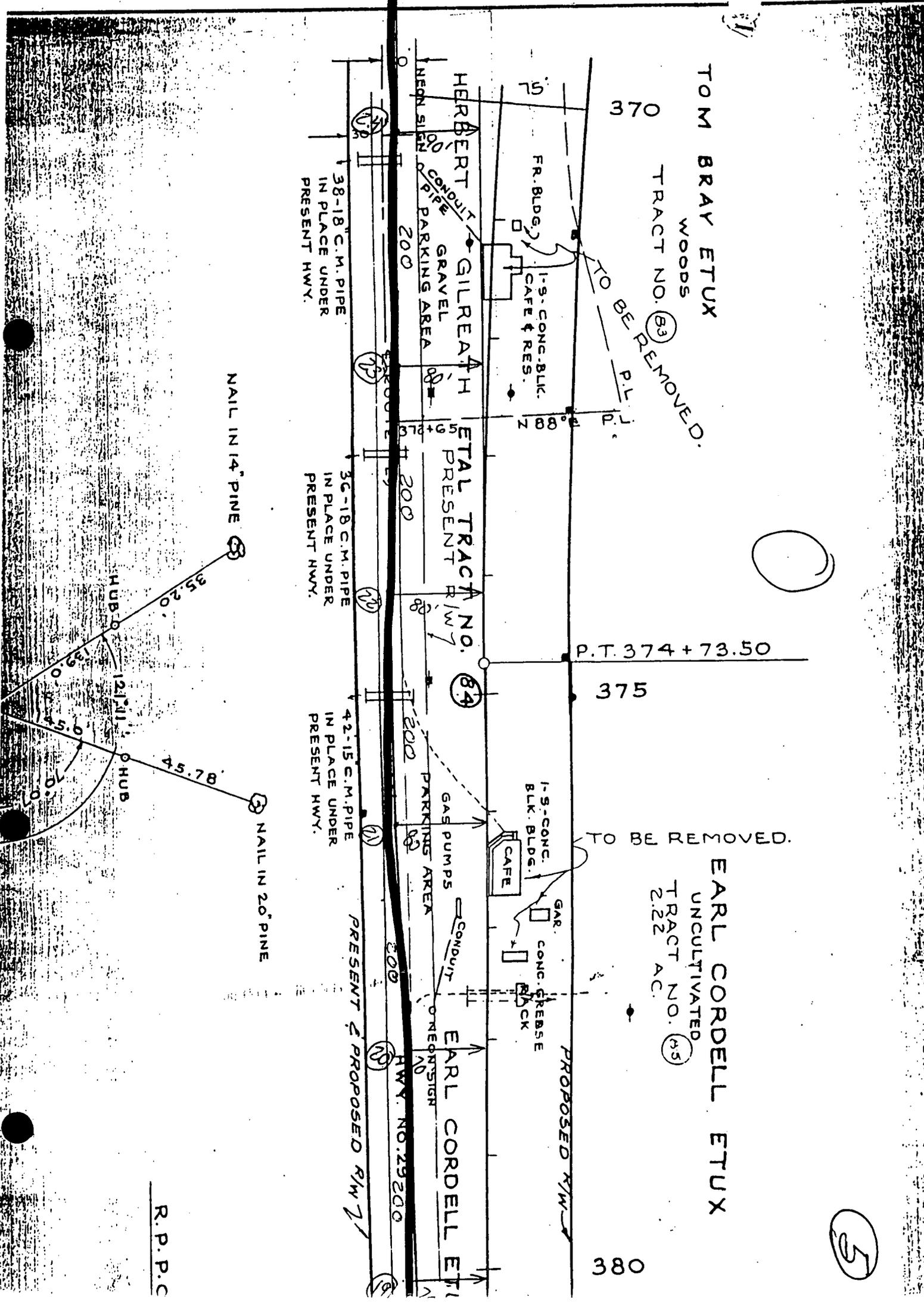


4

REV
UPRI
APRO
REVI
R.O.M.
AGREE

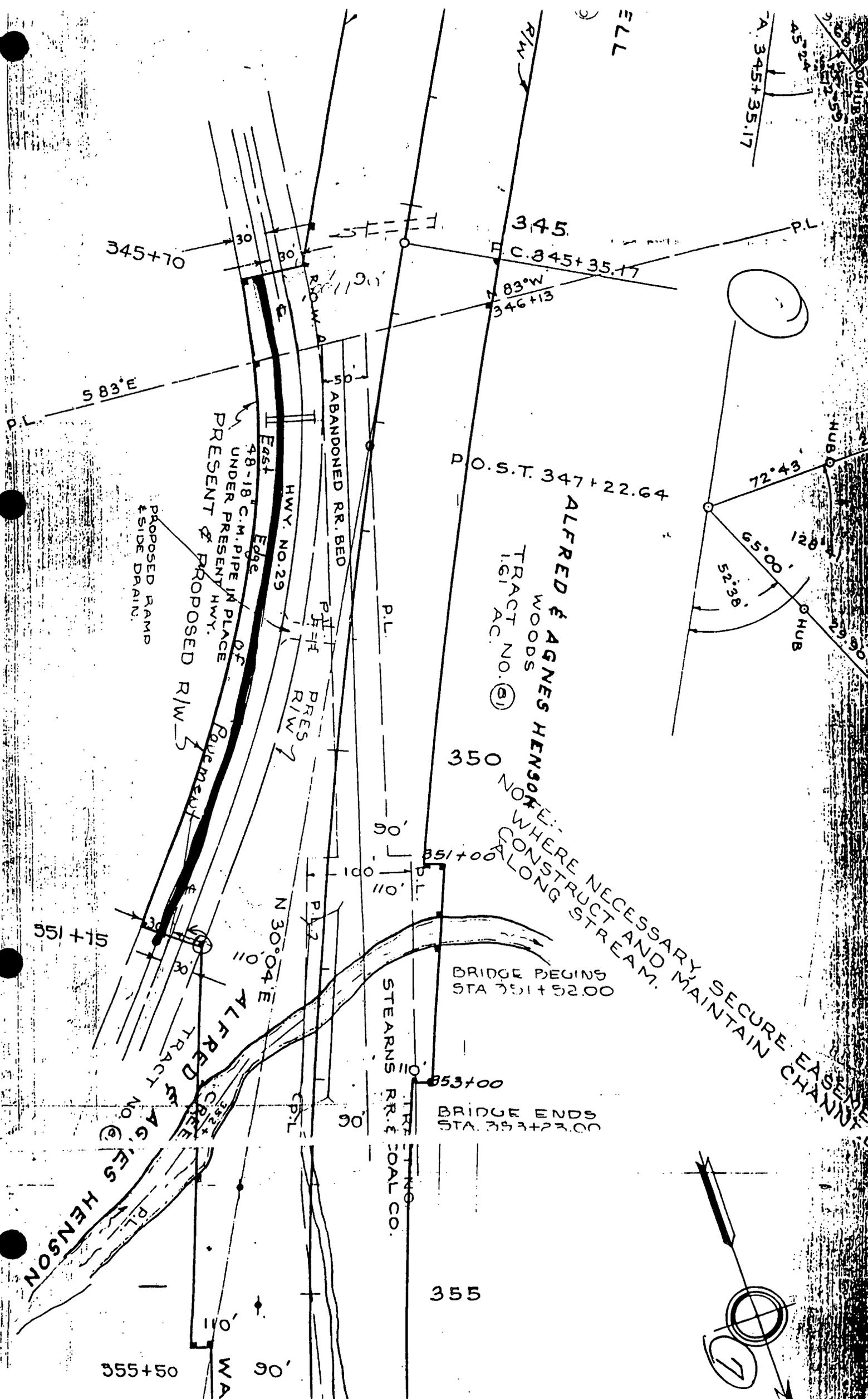
ETUX

REATH ETA
PRESENT
ROUTE 2
ESSENT & PROPO



R.P.P.C

5



355

355+50

ALFRED & AGNES HENSON TRACT NO. 82

ALFRED & AGNES HENSON WOODS TRACT AC. NO. 81

WHERE NECESSARY SECURE EASEMENTS TO CONSTRUCT AND MAINTAIN CHANNELS ALONG STREAM.

BRIDGE BEGINS STA 351+52.00

BRIDGE ENDS STA 353+23.00

STEARNS RR. & COAL CO.

PROPOSED RAMP & SIDE DRAIN

48-18" C.M. PIPE IN PLACE UNDER PRESENT HWY. OF PRESENT & PROPOSED R/W

ABANDONED RR. BED

ALFRED & AGNES HENSON TRACT NO. 81

N 30° 04' E

S 83° E

83° W

345

345+70

P.O.S.T. 347+22.64

P.C. 345+35.17

A. 345+35.17
45° 24'

72° 43'

65° 00'

52° 38'

HUB 1

HUB 2

HUB 3

HUB 4

HUB 5

HUB 6

HUB 7

HUB 8

HUB 9

HUB 10

HUB 11

HUB 12

HUB 13

HUB 14

HUB 15

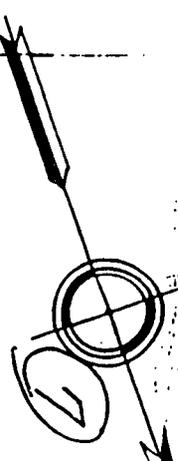
HUB 16

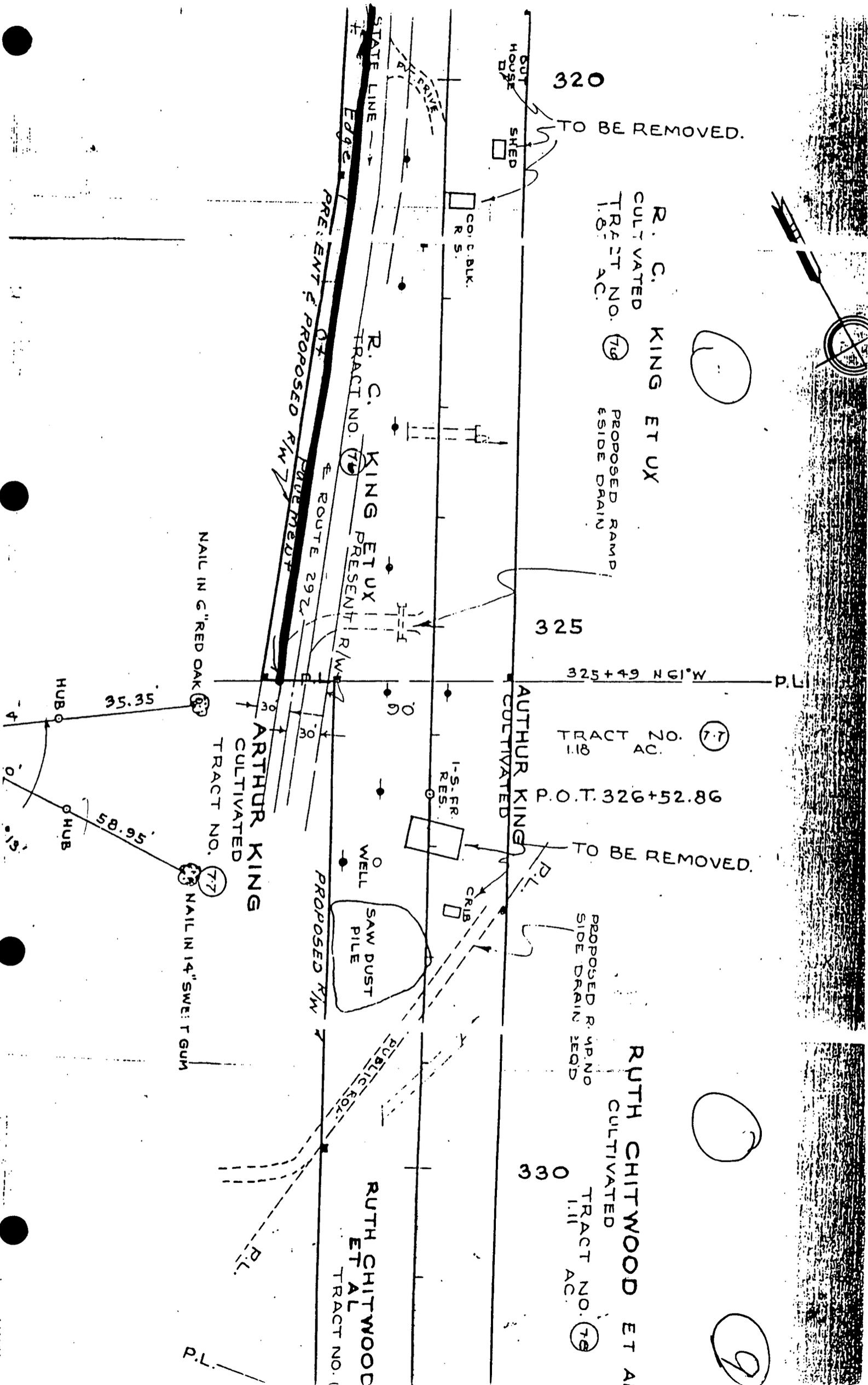
HUB 17

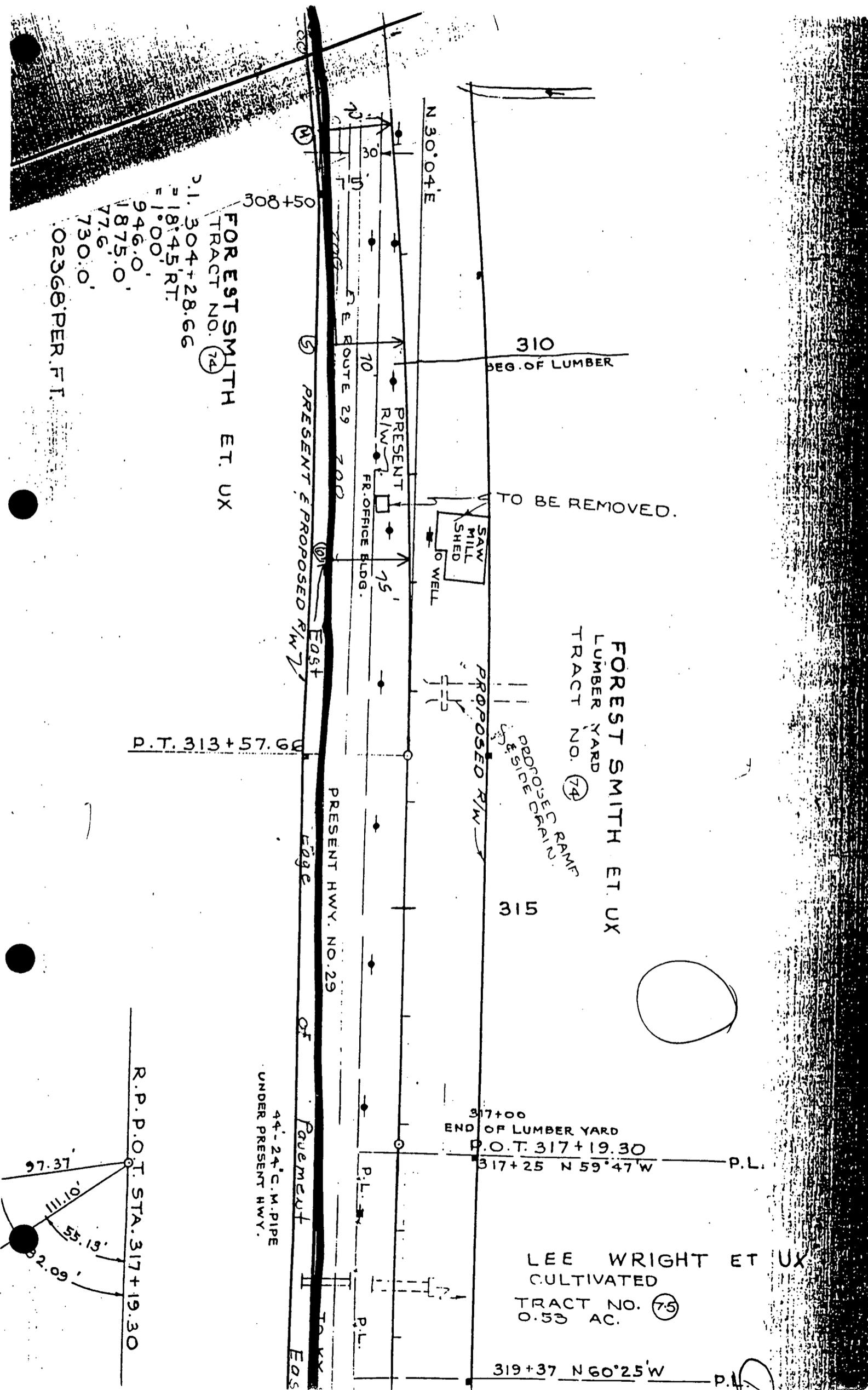
HUB 18

HUB 19

ELL



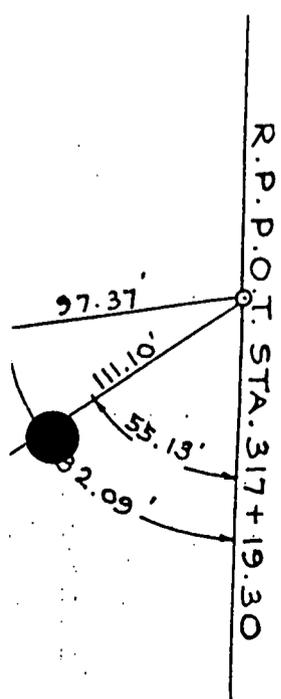


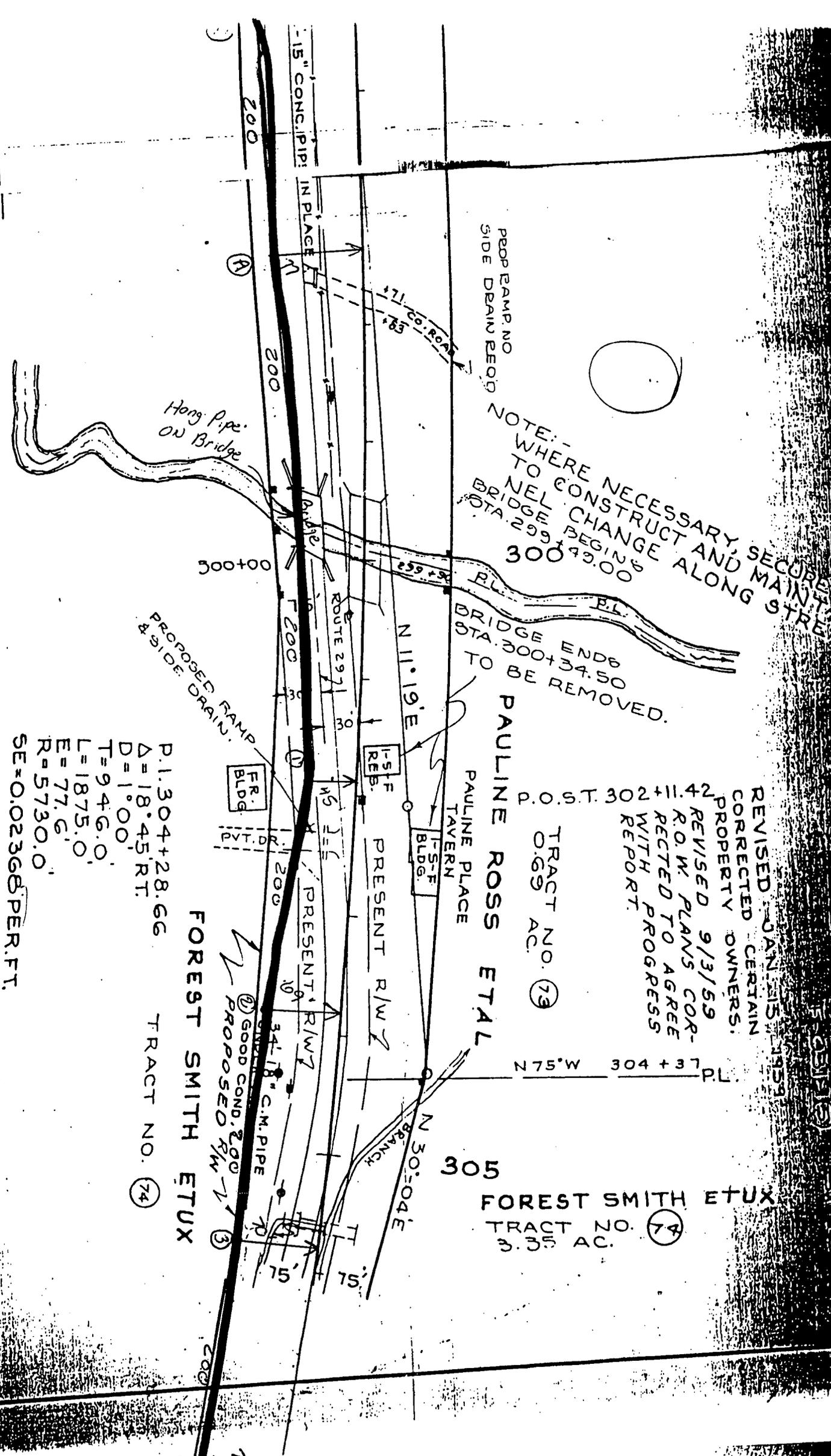


FOREST SMITH ET UX
TRACT NO. (74)
P.I. 304+28.66
= 18'45" RT.
= 1:000'
946.0'
1875.0'
77.6'
730.0'
0.2368 PER F.T.

FOREST SMITH ET UX
LUMBER YARD
TRACT NO. (74)

LEE WRIGHT ET UX
CULTIVATED
TRACT NO. (75)
0.53 AC.





NOTE: WHERE NECESSARY, SECURITY FENCE SHALL BE CONSTRUCTED AND MAINTAINED TO PROTECT THE BRIDGE AND MAINSTREAM. BRIDGE CHANGE ALONG STREAM LINE FROM STA. 299+49.00 TO STA. 300+49.00.

BRIDGE ENDS AT STA. 300+34.50 TO BE REMOVED.

REVISOR: JAN. 21, 1999
 REVISED 9/3/59
 CORRECTED TO AGREE WITH PROGRESS REPORT.
 PROPERTY OWNERS: PAULINE ROSS ET AL
 FOREST SMITH ET UX

TRACT NO. 73
 0.69 AC.
 P.O.S.T. 302+11.4

TRACT NO. 74
 3.35 AC.

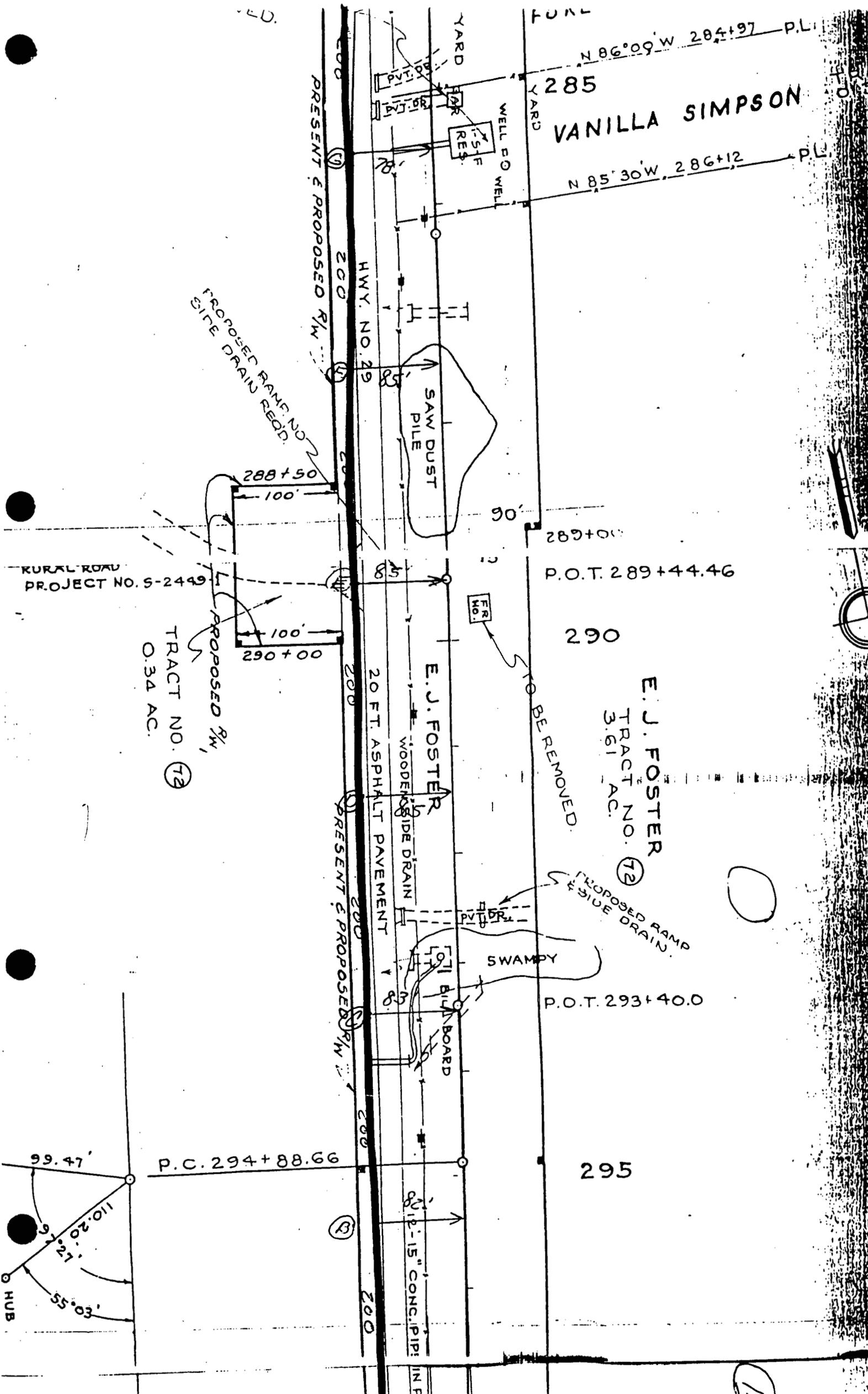
P.I. 304+28.66
 $\Delta = 18.45$ RT.
 $D = 100.0$
 $T = 94.60$
 $L = 1875.0$
 $E = 77.6$
 $R = 5730.0$
 SE = 0.02366 PER FT.

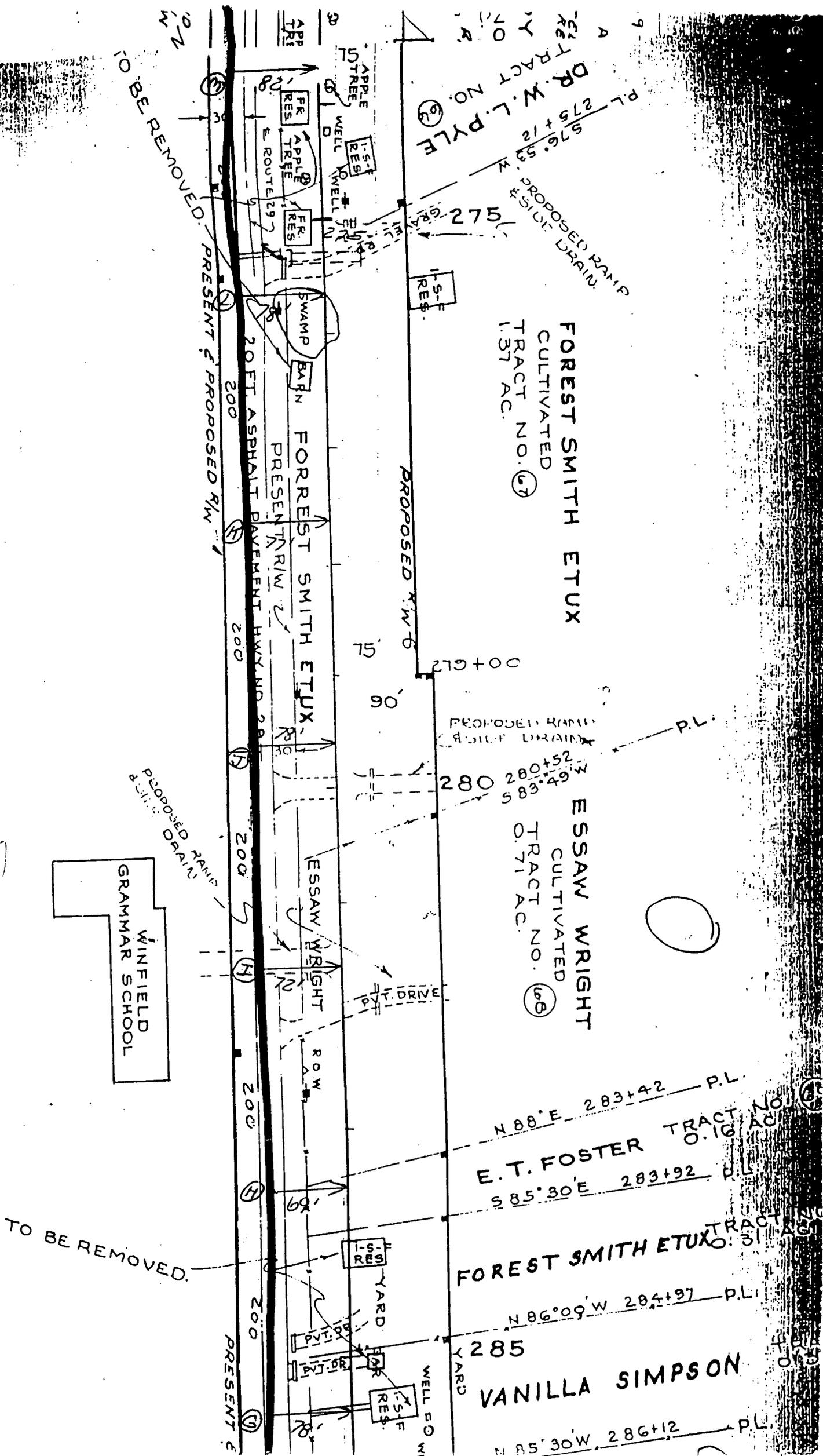
FOREST SMITH ET UX
 TRACT NO. 74

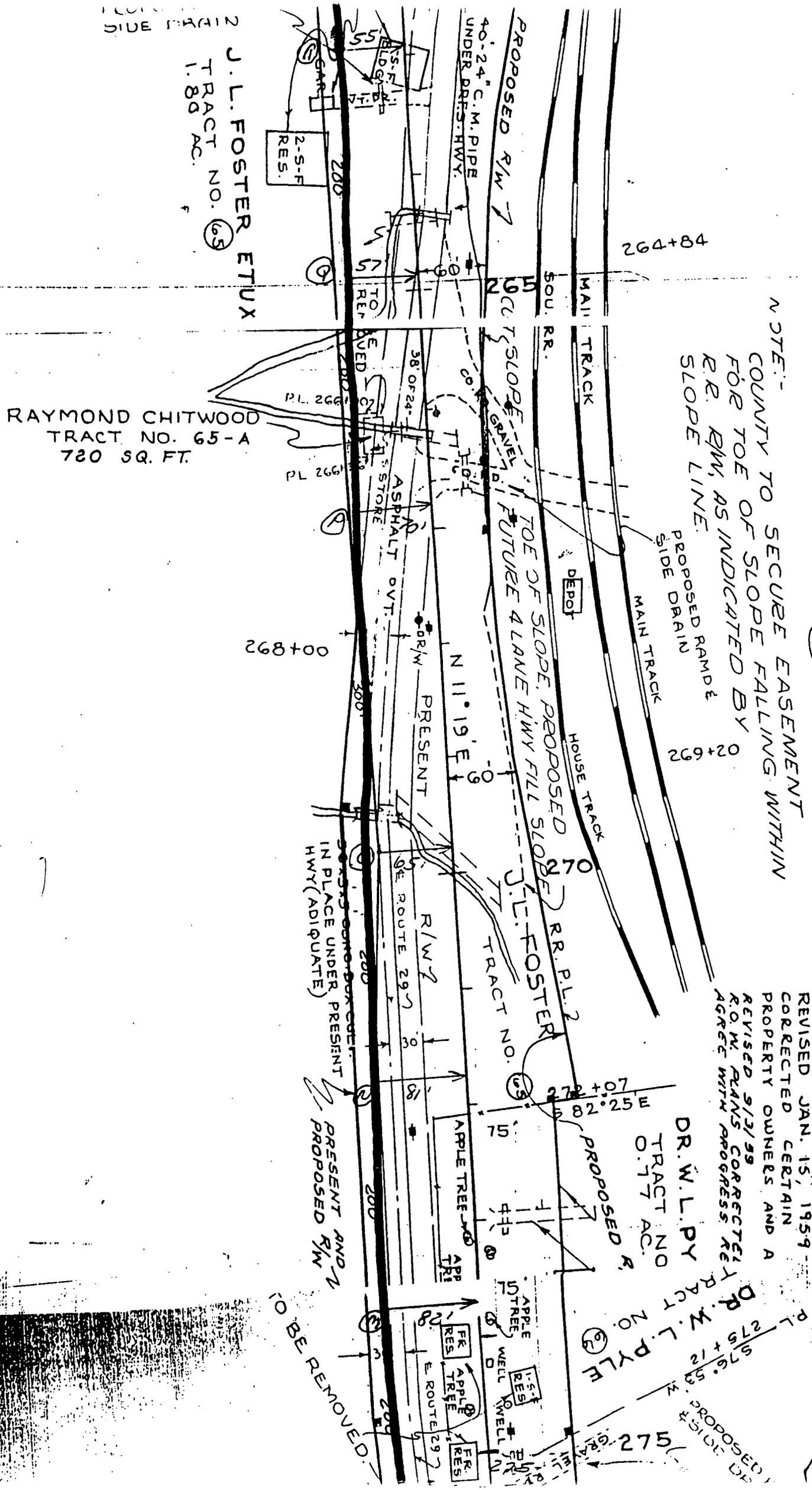
PAULINE ROSS ET AL
 PAULINE PLACE TAVERN

PROPOSED RAMP & SIDE DRAIN.

21.18
 94.18
 18.77
 77.6







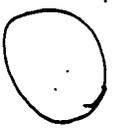
NOTE:
 COUNTY TO SECURE EASEMENT
 FOR TOE OF SLOPE FALLING WITHIN
 R.R. R/W, AS INDICATED BY
 SLOPE LINE.
 PROPOSED RAMP &
 SIDE DRAIN
 02+692

REVISED JAN. 15, 1959
 CORRECTED CERTAIN
 PROPERTY OWNERS AND A
 REVISED 9/3/59
 R.O.W. PLANS CORRECTED
 AGREE WITH PROGRESS RE

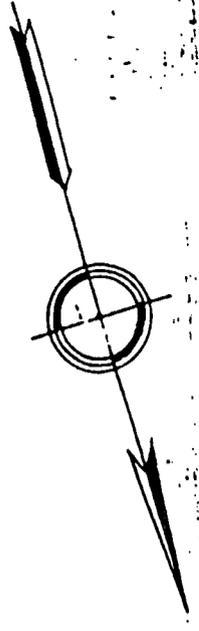
DR. W.L. PLY
 TRACT NO.
 0.77 AC.

DR. K.L. PYLE
 TRACT NO. 275
 576.53
 275 + 1/2 = 275.53
 PROPOSED
 SIDE DRAIN

TO BE REMOVED



F-031-1(5)



P.I. 254+38.85
 $\Delta = 9.50$ LT.
 $D = 1.00$
 $T = 492.90$
 $L = 983.33$
 $E = 21.2$
 $R = 5730.0$
 SE=0.0236 PER FT.

ELSIE F. MARSHALL
 TRACT NO. (69)
 1.30 AC.

253+27
 P.L.
 MARSHALL
 255+50
 P.L.
 GROVE
 P.L.
 PROPOSED RAMP
 NO. 516 DRAIN E. EQ. MELTON
 TRACT NO. O.22C

TERRY
 TRACT NO. (51)
 0.73 AC.

E. T. & J. L. FOSTER
 TRACT NO. (9)
 0.73 AC.

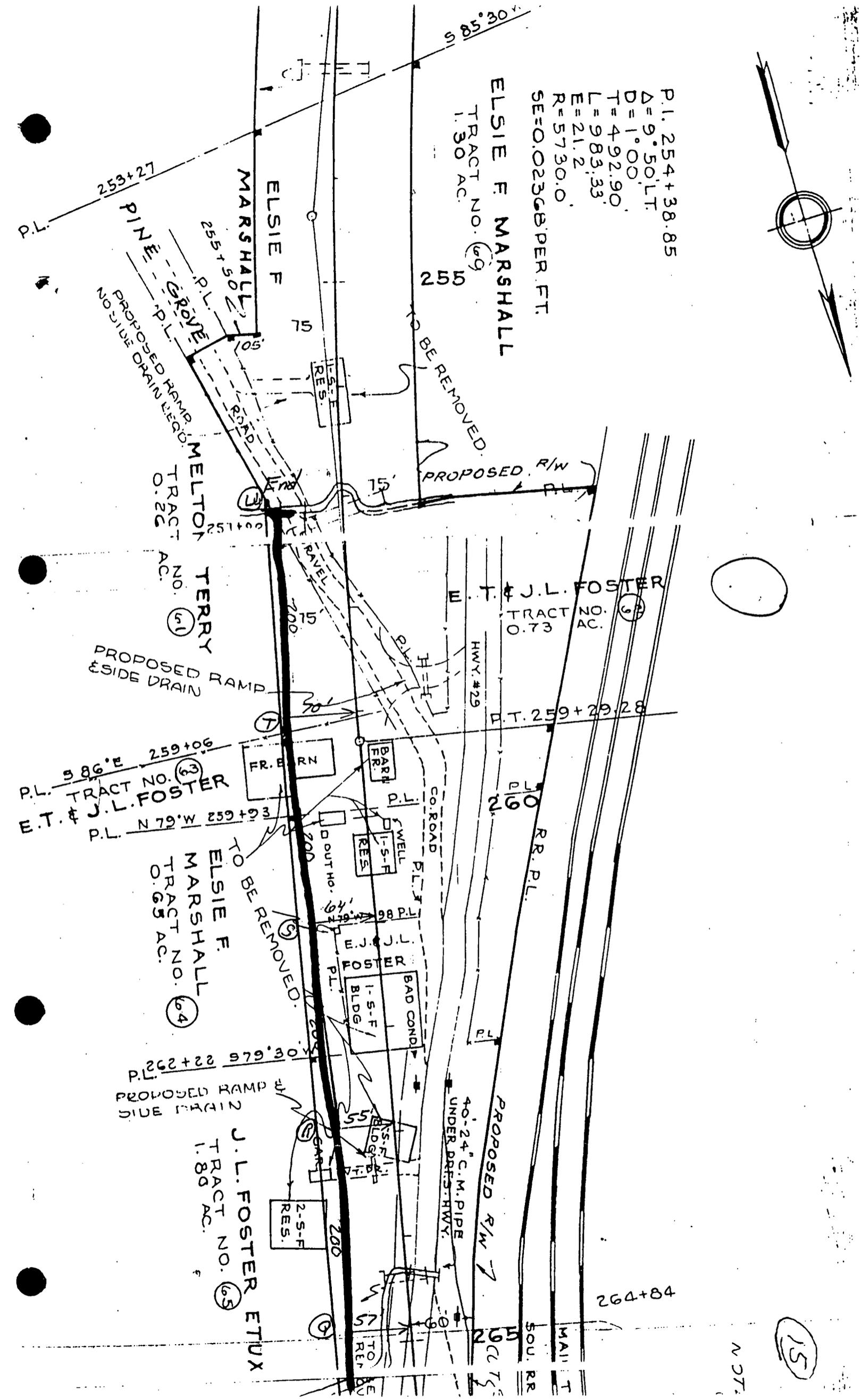
PROPOSED RAMP
 ESIDE DRAIN

586°E 259+06
 P.L. TRACT NO. (9)
 E. T. & J. L. FOSTER
 P.L. N 79°W 259+93

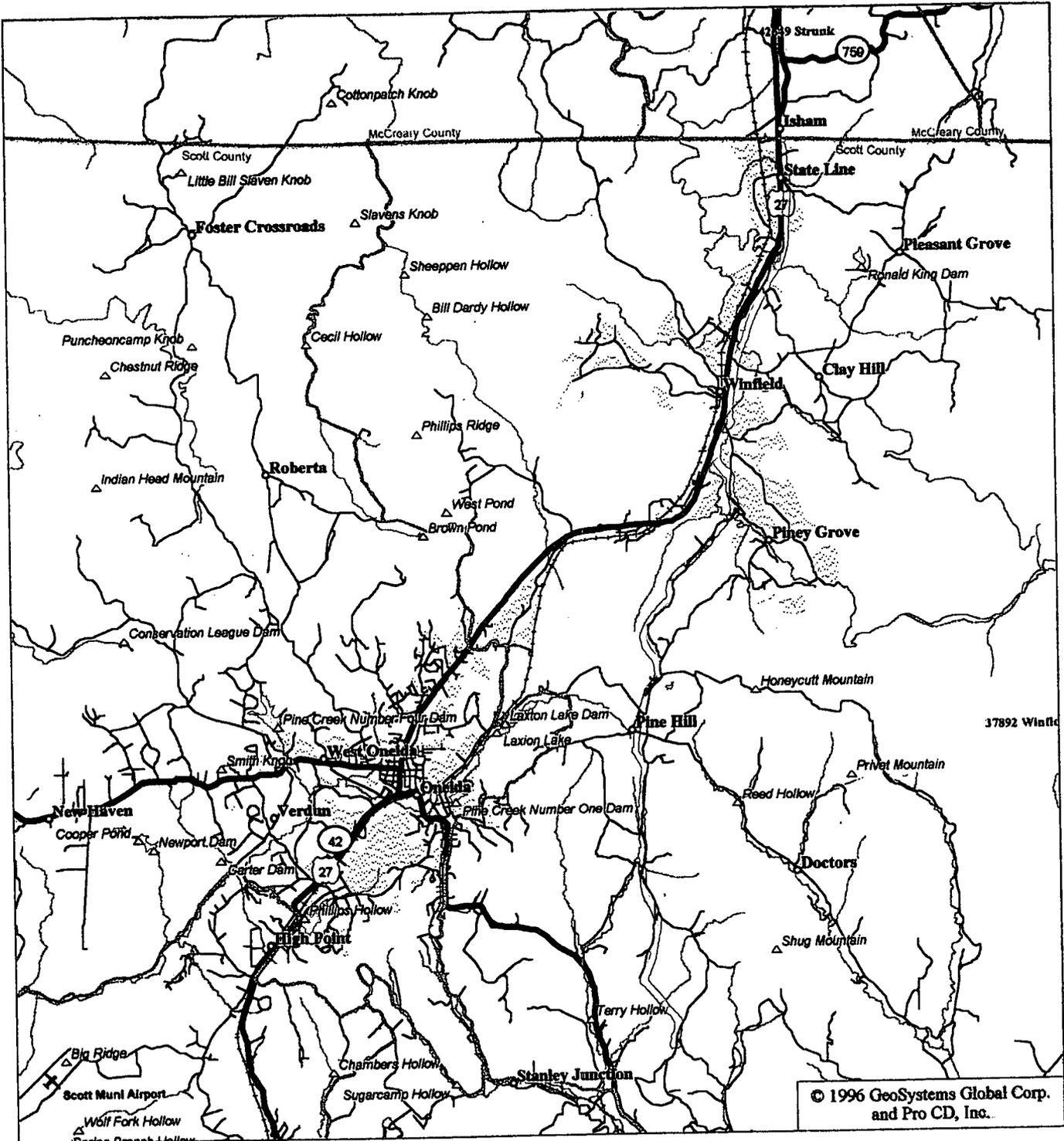
ELSIE F. MARSHALL
 TRACT NO. (64)
 0.65 AC.

PROPOSED RAMP
 SIDE DRAIN

J. L. FOSTER ET UX
 TRACT NO. (65)
 1.80 AC.



(15)



- | | | |
|------------------------------|-----------------|---------------------|
| Water | County border | Limited Access road |
| Park, Forest, Nat'l seashore | ZIP Code border | Primary Road |
| Urban Area | | Minor road |
| Reservation, Military land | | Rail road |
| Airport | | Landmark |
| Golf Course | | Ferry |

4" steel pipeline



CitiPower, L.L.C.

Gas Distribution Company

2122 Enterprise Road
Greensboro, NC 27408
Office (910) 379-0800
Fax (910) 379-0881

Tennessee Department of Transportation
Utilities Office
P. O. Box 58
Knoxville, TN 37901
Attn: Mr. Edward Allen

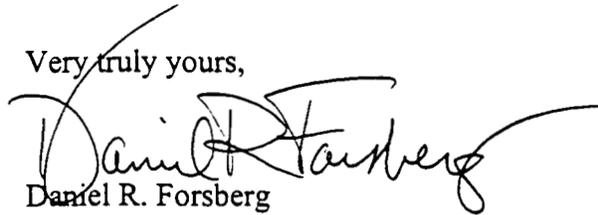
Dear Mr. Allen:

Enclosed are the General Agreement and the Running Bond between the Tennessee Department of Transportation and Citipower, L.L.C. which have been signed by James Curd as Vice President of Citipower. Also enclosed is a certificate of the secretary and general counsel of Citipower certifying his authority to sign these documents.

Based on our conversation this morning, I am assuming that this Certificate is satisfactory and replaces the lawyer's certificate on the signature page of the General Agreement.

Mr. Curd will be our principal representative on this project and you may direct inquiries and issues to him. However, do not hesitate to call me if you have any other questions that I can help you with.

Very truly yours,


Daniel R. Forsberg
Chief Executive Officer

cc: J. Curd



COPY

STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
NASHVILLE, TENNESSEE 37243-0337

September 23, 1997

Citipower, L.L.C.
12 Courthouse Square
P.O. Box 1309
Whitley City, KY 42653
Re: General Agreement

Dear Sir:

I am enclosing a copy of the General Agreement dated August 11, 1997 for Citipower, LLC, covering the installation and maintenance of your facilities on State highway rights-of-way.

Please contact Mr. Jackie Montieth, of our region office in Knoxville, Tennessee, in accordance with paragraph two of the Agreement for future permit requests.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'Joseph E. Shaw', is written over the typed name.

Joseph E. Shaw
Roadway Specialist 3
Right-of-Way Office
Utilities Section

th

Encl.

cc: Mr. Jackie Montieth - w/encl.

GENERAL AGREEMENT

This Agreement made and entered into on this 11 day of August, 1997, by and between the State of Tennessee acting through its Department of Transportation, hereinafter referred to as the "First Party", and the Citipower, L.L.C., hereinafter referred to as the "Second Party".

WITNESSETH:

WHEREAS, the First Party issues agreements for the use and occupancy of state highway rights-of-way by utility facilities, to the owners thereof, and

WHEREAS, the Second Party regularly uses said rights-of-way for said purpose; and

WHEREAS, the parties wish to provide a method for the expeditious approval of individual applications for said purpose.

NOW, THEREFORE, in consideration of the premises, the parties enter into the following agreement:

1. The Second Party is hereby authorized to install and maintain utility facilities on the rights-of-way of highways under the jurisdiction of the First Party in accordance with the First Party's publication entitled Rules and Regulations For Accommodating Utilities Within Highway Rights-of-Way, which is incorporated herein by reference and made a part of this agreement, upon approval by the First Party.

2. Before commencing any work the Second Party shall, if required by the aforesaid publication, submit plans showing the location, type and scope of all work to be performed to the proper Engineering Director for the First Party. Such plans, when approved by the First Party, shall be construed as authorization for performance of the work in accordance with the plans.

3. Where the Second Party's utility facilities cross the First Party's controlled access rights-of-way, access for servicing such facilities will be by:

- (1) Frontage roads where provided;
- (2) Nearby or adjacent public roads or streets; or
- (3) Trails along or near the right-of-way boundary lines.

It is further understood that the Second Party may service such facilities from, and park its vehicles or equipment at such points within the rights-of-way as may be necessary under extraordinary conditions or under circumstances requiring emergency operations for the safety and welfare of the public. When such service is required the Second Party shall notify the First Party as soon as practicable.

4. The Second Party shall reimburse the First Party for the salary and expenses of any inspector the First Party may reasonably assign to the site of any work being performed under this agreement.

5. The Second Party shall replace or repair, in accordance with the First Party's Standard Specifications for Road and Bridge Construction, and any instructions which may be issued by the First Party, any portion of the pavement, shoulders, bridges, private driveways, access ramps, or other parts of said rights-of-way which may be damaged by its activities, and in the event such replacements or repairs are not made in a manner satisfactory to the First Party, Second Party agrees that First Party may make additional replacements or repairs at the expense of the Second Party.

6. If the Second Party's continued use of said rights-of-way for its utility facilities would prevent subsequent construction, reconstruction or maintenance or such use became an unreasonable interference with public uses of

said rights-of-way for vehicular or pedestrian travel, in the opinion of the First Party, Second Party agrees to promptly remove or relocate said facilities. Second Party shall bear the costs of such removals or relocations unless relieved by law.

7. Second Party shall be responsible for any conflicts with any structures or utility facilities that are on the rights-of-way and shall notify the owners thereof of any conflicts and secure permission for any alterations.

8. First Party does not grant Second Party any right, title or claim to any rights-of-way in granting any approval, and does not agree to assume the maintenance of Second Party's facilities.

9. It is agreed that any agreement issued under the terms of this agreement shall become void if any work contemplated under this agreement is not commenced within a year from the approval date.

10. It is agreed that in some instances special provisions will need to be designated by the First Party. Such special provisions will be detailed by the First Party when it approves the plans of Second Party and Second Party hereby agrees to abide by such special provisions.

11. Second Party agrees to its faithful performance of this agreement and the satisfactory replacement, repair and maintenance of disturbed highway facilities for a period of six (6) months after completion of its installations and acceptance by the First Party.

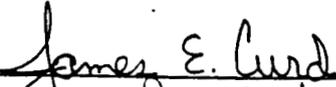
12. Second Party has provided First Party with a bond for the stipulated amount of Fifty Thousand (\$50,000) Dollars to guarantee its performance in accordance with the terms of this agreement. Said bond provides for its cancellation upon 30 days notice to the First Party. In this event, the privileges set forth in this agreement shall be suspended until satisfactory alternative bond arrangements have been provided to the First Party.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized officials in three original counterparts on the day and date hereinabove written.

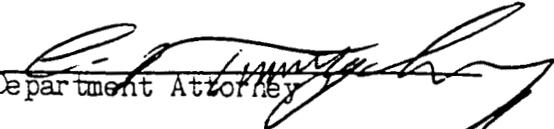
UTILITY Citipower, L.L.C.
& 12 Courthouse Square
ADDRESS P.O. Box 1309
Whitley City, KY 42653

STATE OF TENNESSEE DEPARTMENT
OF TRANSPORTATION

By: 
Commissioner

By: 
Its: Vice-President

Approved:

By: 
Department Attorney

Certified as the Legal
Obligation of Second Party

By: 
Attorney

RUNNING BOND

WHEREAS, it will be necessary, from time to time, for the Citipower,
L.L.C. (hereinafter the "Obligor") to locate utility facilities on and to perform work on Tennessee state highway rights-of-way, upon issuance of an agreement by the Tennessee Department of Transportation for such work; and

WHEREAS, The Obligor agrees to insure to the said Department that it will repair or replace any portion of pavement, shoulders, bridges, private driveways, access ramps or other parts of rights-of-way which may be damaged as a result of the work hereinbefore referred to.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

That the Obligor is held and firmly bound unto the Tennessee Department of Transportation to perform any utility installation use and occupancy work on State highway rights-of-way, authorized in any agreement issued to it by the Department after the 11 day of August, 1997, in the manner prescribed in any agreement, and to replace or repair any portions of pavement, shoulders, bridges, private driveways, access ramps or other parts of the rights-of-way described in said agreements which may be damaged as a result of any work hereinbefore referred to. The Obligor hereby agrees to repair or replace any damaged portions of said rights-of-way in accordance with the lawful specifications and any supplemental instructions of the Department. In the event such replacements and repairs are not made in a manner satisfactory to the Department, Obligor hereby agrees to reimburse said Department for additional costs of such replacements and repairs.

The Obligor binds itself to the Department in the sum of Fifty Thousand and No/100 Dollars (\$50,000) until proper release is received from the Department for work performed under each agreement issued to the Obligor, from the date hereof until the termination of this bond as provided for hereinafter. It is expressly understood and agreed that the above sum represents the total aggregate liability under this bond on work performed under agreements issued as aforesaid but not properly released by said Department.

This bond may be terminated by the Obligor by giving written notice of intention to terminate by certified mail to the Commissioner of the Department, said termination to become effective Thirty (30) days after receipt of said notice. Proper termination notice notwithstanding, the Obligor will remain bound to the Department under the terms hereinabove set out for the performance of any work under agreements issued after the date of notice of termination but prior to the effective date of termination.

In witness whereof, the Obligor has caused this bond to be executed by its duly authorized official on this 11 day of August, 1997.

UTILITY: Citipower, L.L.C.
12 Courthouse Square
P.O. Box 1309
Whitley City, KY 42653

By: James E. Curd
Its: Vice President

RUNNING BOND

WHEREAS, it will be necessary, from time to time, for the Citipower,
L.L.C. (hereinafter the "Obligor") to locate utility facilities on and to perform work on Tennessee state highway rights-of-way, upon issuance of an agreement by the Tennessee Department of Transportation for such work; and

WHEREAS, The Obligor agrees to insure to the said Department that it will repair or replace any portion of pavement, shoulders, bridges, private driveways, access ramps or other parts of rights-of-way which may be damaged as a result of the work hereinbefore referred to.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

That the Obligor is held and firmly bound unto the Tennessee Department of Transportation to perform any utility installation use and occupancy work on State highway rights-of-way, authorized in any agreement issued to it by the Department after the 11 day of August, 1997, in the manner prescribed in any agreement, and to replace or repair any portions of pavement, shoulders, bridges, private driveways, access ramps or other parts of the rights-of-way described in said agreements which may be damaged as a result of any work hereinbefore referred to. The Obligor hereby agrees to repair or replace any damaged portions of said rights-of-way in accordance with the lawful specifications and any supplemental instructions of the Department. In the event such replacements and repairs are not made in a manner satisfactory to the Department, Obligor hereby agrees to reimburse said Department for additional costs of such replacements and repairs.

The Obligor binds itself to the Department in the sum of Fifty Thousand and No/100 Dollars (\$50,000) until proper release is received from the Department for work performed under each agreement issued to the Obligor, from the date hereof until the termination of this bond as provided for hereinafter. It is expressly understood and agreed that the above sum represents the total aggregate liability under this bond on work performed under agreements issued as aforesaid but not properly released by said Department.

This bond may be terminated by the Obligor by giving written notice of intention to terminate by certified mail to the Commissioner of the Department, said termination to become effective Thirty (30) days after receipt of said notice. Proper termination notice notwithstanding, the Obligor will remain bound to the Department under the terms hereinabove set out for the performance of any work under agreements issued after the date of notice of termination but prior to the effective date of termination.

In witness whereof, the Obligor has caused this bond to be executed by its duly authorized official on this 11 day of August, 1997.

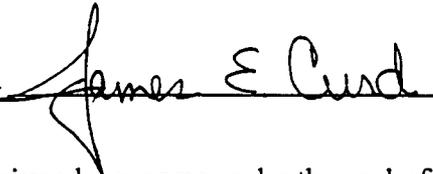
UTILITY: Citipower, L.L.C.
12 Courthouse Square
P.O. Box 1309
Whitley City, KY 42653

By: James E. Curd
Its: Vice-President

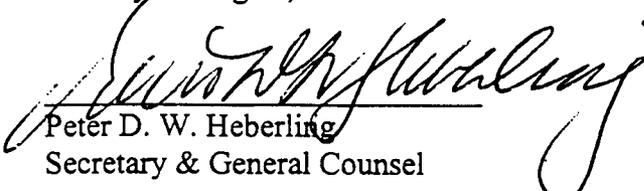
CERTIFICATE
OF
SECRETARY AND GENERAL COUNSEL

I, PETER D. W. HEBERLING, being the Secretary and General Counsel of Citipower, L.L.C., a Delaware limited liability company (the "Company"), DO HEREBY CERTIFY that James E. Curd is the duly elected Vice President of the Company, that the signature set forth below is his true signature and that he has been authorized by all necessary corporate action to sign the General Agreement dated August 11, 1997 between the Company and the Department of Transportation of the State of Tennessee and the Running Bond dated August 11, 1997 issued by the Company in favor of the State of Tennessee.

James E. Curd



IN WITNESS WHEREOF, I have signed my name under the seal of the Company this 13th day of August, 1997.



Peter D. W. Heberling
Secretary & General Counsel



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
P. O. BOX 58
KNOXVILLE, TENNESSEE 37901

June 11, 1998

CITIPOWER L.L.C.
12 COURTHOUSE SQ., P. O. BOX 1309
WHITLEY CITY, KY. 42653

Re: PERMIT NO. 981304
GAS MAIN (L.M. 23.9-27.0)
SR-29
SCOTT COUNTY

Dear Sir:

Please be advised that the Department has approved your request for the captioned installation and copies of your permit and plan are returned herewith. Before beginning work, a pre-construction conference will be required. This meeting is to be attended by a representative of the utility company, a representative of this office, the District Engineer, and the utility's contractor if applicable. The following office should be advised a minimum of five (5) days in advance so that appropriate arrangements can be made.

Bobby Parks, Project Administrator
1600 Appalachian Highway
Lafollette, Tennessee 37766
Telephone: 566-9633

We appreciate your cooperation and if we can be of assistance, please let us know.

Your very truly,

Edward D. Allen
Transportation Technician
Right-of-Way/Utilities Section

EDA/gld

Enclosure

c: Project Administrator, Bobby Parks 1051



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
P. O. BOX 58
KNOXVILLE, TENNESSEE 37901

August 10, 1998

CITIPOWER L.L.C.
12 COURTHOUSE SQ., P. O. BOX 1309
WHITLEY CITY, KY. 42653

Re: PERMIT NO. 981304 Addition
GAS MAIN (L.M. 23.9-27.0)
SR-29
SCOTT COUNTY

Dear Sir:

Please be advised that the Department has approved your request for the captioned installation and copies of your permit and plan are returned herewith. Before beginning work, a pre-construction conference will be required. This meeting is to be attended by a representative of the utility company, a representative of this office, the District Engineer, and the utility's contractor if applicable. The following office should be advised a minimum of five (5) days in advance so that appropriate arrangements can be made.

Bobby Parks, Project Administrator
1600 Appalachian Highway
Lafollette, Tennessee 37766
Telephone: 566-9633

We appreciate your cooperation and if we can be of assistance, please let us know.

Your very truly,

Edward D. Allen
Transportation Technician
Right-of-Way/Utilities Section

EDA/gld

Enclosure

c: Project Administrator, Bobby Parks 1051

CITIPOWER, L.L.C.

Distribution Company

12 Courthouse Square
P.O. Box 1309
Whitley City, KY 42653
Office 606-376-8373
Fax 606-376-8830
Cell 606-875-0561

**TO: STATE OF TENNESSEE
DEPT. OF TRANSPORTATION
P.O. BOX 58
KNOXVILLE, TENN. 37901**

**FROM: CITIPOWER, LLC
12 COURTHOUSE SQ., P.O. BOX 1309
WHITLEY CITY, KY. 42653**

**RE: EXTENSION OF PERMIT NO. 981304
GAS MAIN (L.M. 23.9 - 27.0)
SR-29
SCOTT COUNTY**

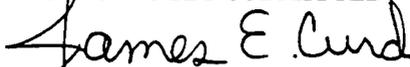
ATTN: MR ED ALLEN

Dear Sir:

Please accept this as application to extend the existing permit #981304 an additional 1860' South on SR 29 from the above referenced mile point to a point where we will exit the state highway onto private property. The extension will be from mile point 23.9 to mile point 23.1.

Mr Bill Lang has looked at the location and measured the distance and has given his approval to extend the existing permit.

RESPECTFULLY SUBMITTED:


JAMES E. CURD
V.P. & MANAGER
CITIPOWER, L.L.C.

FAX MESSAGE

9-2-97

TO : JIMMY CURD

FM : JOHN GRUBB

SUBJECT: ODORIZER

MESSAGE: JIMMY, MOST OF

THE SYSTEM CAN BE COVERED BY THIS:

(1) MANUAL ODORIZER SYSTEM

... COMPLETE W/

A. PUMP SYSTEM W/COUNTER

B. 50 GAL. TANK/W SCALE

C. 50 GAL ODORANT

FOR 50,000,000 CF GAS

D. DRIP INDICATOR

E. INSTALLATION & STARTUP

DELIVERY: 42 DAYS

6475

CALL IF QUESTIONS.

REGARDS
John Grubb

GPM
Equipment
Sales, Inc.
P.O. Box 767
Pelham, AL
35124
PH
205-988-0876
FAX
205-988-8588



TOTAL PAGES 1 of 1

Williams Series DSP Wide Range Flow Tracking Odorant Injectors

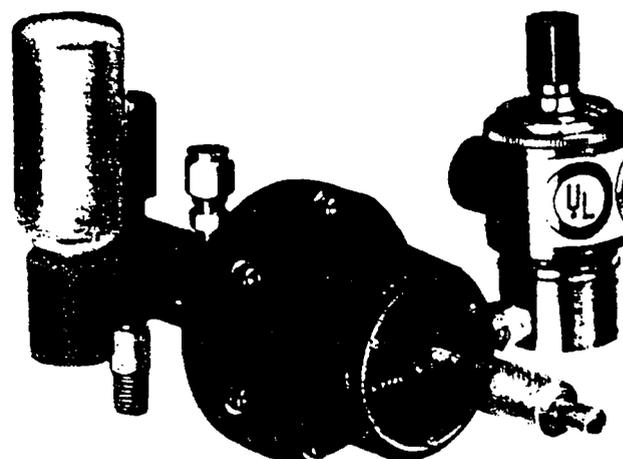


Illustration shows Model XSDSP-250, which includes explosion-proof and weather-proof solenoid valve operator.

The Williams DSP odorant injectors are specifically designed to inject exact amounts of liquid odorant into a natural gas system in direct proportion to flow. The injectors are extremely stable, positive displacement, reciprocating plunger type pumps that will accommodate a wide range of gas flows. They are designed to inject odorants into any stream that requires odorizing (LNG, SNG, LPG, NG, etc.).

The injectors may be controlled from a positive displacement meter, totalizing flow computer, differential pressure cells with or without pressure compensation or any flow measuring device that can be made to deliver an electrical pulse rate that is proportional to flow. The injectors may also be controlled from the analog output of a measuring device with the use of a DC/Frequency Converter to convert the analog output to corresponding electrical pulses. The electrical pulses energize a solenoid valve that controls air or gas pressure to the injector motor chamber. The motor chamber is alternately pressurized and depressurized in response to the pulse rate, thus causing the injector pump plunger to inject odorant in proportion to flow.

A micrometer adjustment on the plunger shaft permits the precise measurement of the volume of odorant injected with

each stroke, thus exercising accurate control over the concentration of odorant in the gas stream. Odorant slugging is attenuated by an "averaging chamber." The plunger stroke length may be varied while the pump is in operation.

The injectors are powered by either gas or air at pressures from 10 to 100 psig (0.69-6.9 bar), depending on plunger size and discharge pressure required.

A double set of plunger seals prevents odorant vapor from reaching the atmosphere. A vapor isolation chamber between seals may be vented to an external odorant vapor filter.

The injector may be located away from the pipe line since an in-line relief valve is used adjacent to the pipe line to prevent evacuation of odorant during periods the pump is not in operation.

All metal parts that come into contact with the odorant are stainless steel. Plunger seals contain materials compatible with the odorant.

An Oscillamatic Controller may be installed in parallel with the solenoid valve to provide a manual back-up to the automatic system.

SPECIFICATIONS

MODEL	PLUNGER DIAMETER (in.)	MAX. STROKE LENGTH (in.) (cm)	MAX. VOL. PER STROKE (ml)	MOTOR		MAX. DISCH. PRESSURE PSIG (BAR)	SIZE STD. UNIT (L & H & W)	WEIGHT STD UNIT (lb) (Kg)
				CHAMBER TO PLUNGER AREA (ratio)	PLUNGER AREA (ratio)			
DSP-125	0.125	0.5 (1.27)	0.10	85:1	6500 (448)	7 x 5 x 4 (17.8 x 12.7 x 10)	1.75 (79)	
DSP-250	0.250	1.0 (2.54)	0.80	75:1	5000 (345)	9 x 5 x 5 (22.8 x 12.7 x 12.7)	3.0 (1.36)	
DSP-500	0.500	1.0 (2.54)	3.20	14:1	1200 (82.8)	9 x 5 x 5 (22.8 x 12.7 x 12.7)	3.0 (1.36)	
DSP-1000	1.000	1.0 (2.54)	12.8	14:1	1000 (69.0)	10 1/4 x 6 x 6 (26 x 15.2 x 15.2)	8.25 (3.74)	

Contact manufacturer, agent or representative for metric specifications where not given.



WILLIAMS

Instrument Company, Inc.

Equipment Manufacturers for the Oil & Gas Industry

REPRESENTATIVE:

25217 Rye Canyon Road, Valencia, CA 91355 USA
 (805) 257-2250 • Toll Free in USA: (800) 235-3421
 TWX: 910-336-1103 • Cable: Williams Vale

Response to Kentucky Public Service
 CASE NO. 99-225

of 210



WILLIAMS

ODORANT SYSTEM QUESTIONNAIRE

ODORANT PUMP SIZE ESTIMATING CALCULATION

F_m	—	MMSCF/Day	—	Design Maximum Flow
B	—	lb/MMSCF	—	Odorant Blend
D	—	lb/gallon	—	Odorant special weight
I_m	—	cc/minute	—	Maximum odorant injection rate
R_m	—	Strokes/minute	—	Maximum pump stroke rate
V_m	—	cc/stroke	—	Pump volume/stroke
P_c	—	cc/1" stroke	—	Pump capacity factor
L	—	Inches	—	Stroke length
T_c	—	Contact Closure	—	Gas Flow rate

CONVERSION FACTORS

1440 Minute/Day 3785 cc/Gallon (3785 ÷ 1440 = 2.628)
 1M3 = 35.31 FT³ 10.000 FT³ = 2832M3

FORMULAS

$$I_m = \frac{F_m}{1440} \cdot B \cdot \frac{3785}{D}$$

$$V_m = \frac{I_m}{R_m}$$

$$L = \frac{V_m}{P_c}$$

PUMP DATA

DSP	PV	L MAX
125W	.2	.50
250W	.8	1.00
500W	3.2	1.00
1000W	12.8	1.00

ODORANT INJECTION SYSTEM CALCULATION SHEET

Pump size and stroke length should be selected to meet this maximum flow condition, and still have the pump inject odorant at sufficiently frequent intervals to maintain odorant distribution for typical lower flow rates.

The generalized design equations are given. To estimate the DSP pump size required for a particular installation use the design flow rate, odorant specific rate, and odorant blend in the equations.

EXAMPLE A: $F_m = 1.5$ MMSCF/10 Minutes or 9.0 MMSCF/Hour or 216 MMSCF/Day
 $D = 7.5$ lb/Gallon $B = 1.0$ lb/MMSCF

ANALOG SIGNAL FROM FLOW METER:

$$I_m = 2.628 \times 216 \times 10^6 \times \frac{1.0}{10^6} \times \frac{1.0}{7.5} = 75.7 \text{ cc/Minute}$$

$$V_m = \frac{75.7}{30} = 2.52 \text{ cc/Stroke...therefore could use DSP500W}$$

$$L = \frac{2.52}{3.2} = .788 \text{...acceptable for DSP500W with stroke .788 inch}$$

EXAMPLE B:

$F_m = 50$ MSCF/5 Minutes...or...600 MSCF/Hour...or...14.4 MMSCF/Day
 $D = 8.1$ lb/Gallon $B = 0.75$ lb/MMSCF $T_c = 500$ SCF/Closure

CONTACT CLOSURE SIGNAL FROM FLOW METER:

$$R_m = \frac{14.4 \times 10^6 \times 2000}{1440 \times 10^6} = 20 \text{ Strokes/Minute...acceptable less than 30}$$

$$I_m = 2.628 \times 14.4 \times 10^6 \times \frac{.75}{10^6} \times \frac{1.0}{8.1} = 3.504 \text{ cc/Minute with } R_m = 20 \text{ Strokes/Minute}$$

$$V_m = \frac{3.504}{20} = .1752 \text{ cc/Stroke...therefore try DSP125W}$$

$$L = \frac{.1752}{.2} = .876 \text{...acceptable for DSP125W with stroke .876 inch}$$

$$L = \frac{.1752}{.8} = .219 \text{...acceptable for DSP250W with stroke .219 inch}$$

Exhibit E, Page 98 of 210

Visually Monitor and Accurately Measure Odorant Flow— Any Time...

With The WILLIAMS SF-1500 ODORANT SIGHT FEED FEED INDICATOR

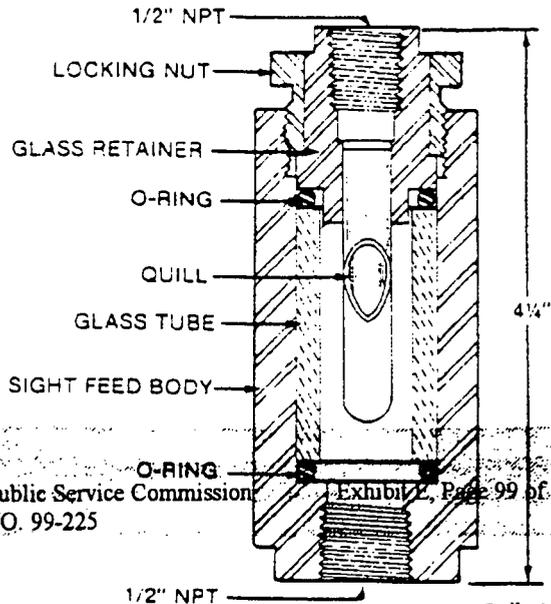
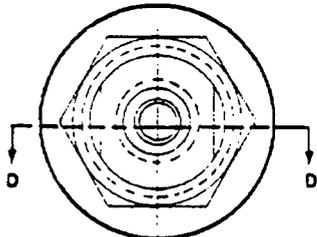
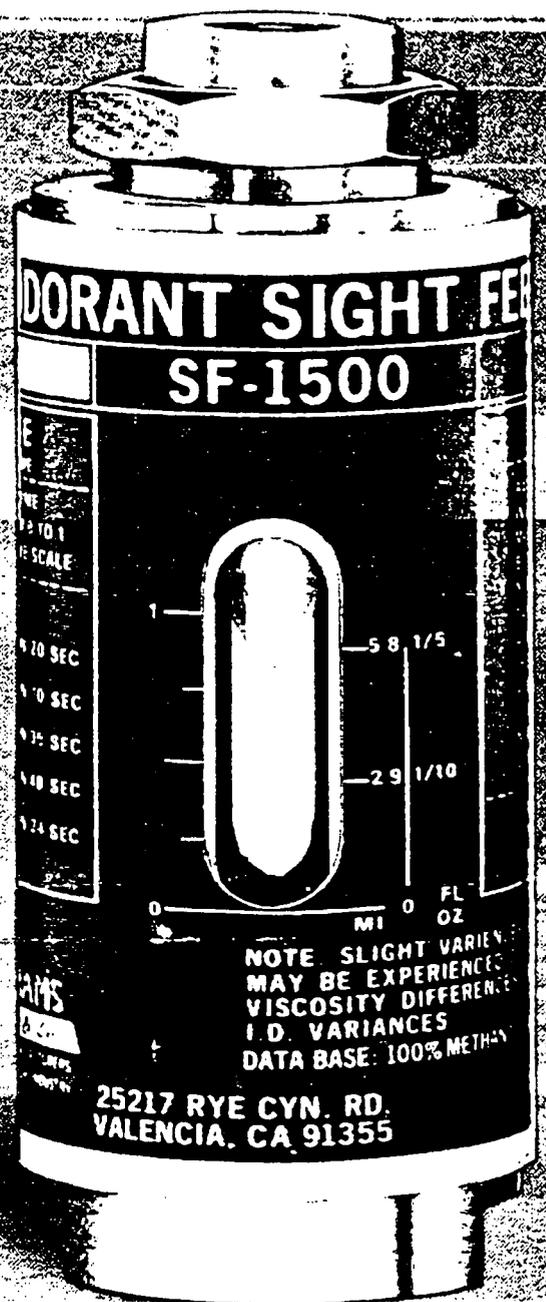
The Sight Feed Indicator is calibrated so that odorant injection can be visually calculated over a range of from less than one pint per day to several gallons per day. A scale is also available to measure the volume of odorant injected in fluid ounces and milliliters.

ODORANT SIGHT FEED

<p>SERIAL NO. _____</p> <p>VOLUME</p> <p>BUILD UP VS. TIME</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>RATE</th> <th>TIME</th> </tr> <tr> <th>PINTS PER DAY</th> <th>MIN TO 1/2 IN THE SCALE</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>22 MIN 20 SEC</td> </tr> <tr> <td>2</td> <td>11 MIN 10 SEC</td> </tr> <tr> <td>4</td> <td>5 MIN 35 SEC</td> </tr> <tr> <td>8</td> <td>2 MIN 48 SEC</td> </tr> <tr> <td>16</td> <td>1 MIN 24 SEC</td> </tr> </tbody> </table>	RATE	TIME	PINTS PER DAY	MIN TO 1/2 IN THE SCALE	1	22 MIN 20 SEC	2	11 MIN 10 SEC	4	5 MIN 35 SEC	8	2 MIN 48 SEC	16	1 MIN 24 SEC	<p>SF-1500</p> 	<p>PROPOSURE RATE 1000 PSI - 220 F</p> <p>DRIPPER</p> <p>RATE REQUIREMENT IN DROPS PER MINUTE MAY BE DETERMINED BY MULTIPLYING THE NUMBER OF PINTS PER DAY DESIRED + 70 AND THE RESULT IS THE NUMBER OF DROPS PER MINUTE REQUIRED TO INJECT THE DESIRED NUMBER OF PINTS PER DAY.</p> <p>EXAMPLE: 2 PINTS PER DAY X 70 DROPS PER MINUTE</p>
RATE	TIME															
PINTS PER DAY	MIN TO 1/2 IN THE SCALE															
1	22 MIN 20 SEC															
2	11 MIN 10 SEC															
4	5 MIN 35 SEC															
8	2 MIN 48 SEC															
16	1 MIN 24 SEC															

NOTE: SLIGHT VARIANCES IN TABLES MAY BE EXPERIENCED DUE TO FLUID VISCOSITY DIFFERENCES OR GLASS I.D. VARIANCES
DATA BASE: 100% METHANE APPROX 75F

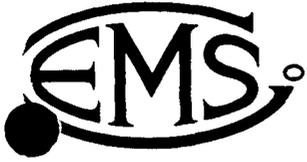
WILLIAMS
VALVE & PIPE SUPPLY CO., INC.
25217 RYE CYN RD
VALENCIA, CA 91355



25217 Rye Canyon Road, Valencia, CA 91355 USA
(805) 257-2250 • Toll Free in USA: (800) 235-3421
TWX: 910-338-1103 • Cable: Williams Vale

Response to Kentucky Public Service Commission
CASE NO. 99-225

Exhibit 2, Page 99 of 210



Energy Management & Services Company

Technical Expertise Serving The Oil & Gas Industry

July 23, 1998

Mr. James E Curd
Vice President
CitiPower, L.L.C.
12 Court House Square
Whitley City, KY 42653

Dear Jimmy:

Enclosed are four prints of the regulator station and odorizing equipment for the New Liberty and Airport locations. I have included information on the major equipment and some minor fittings to ease your ordering task.

Literature is enclosed that discusses maximum allowable operating pressure for the high density plastic pipe. The allowable pressure depends on whether it is being used in an area that comes under Part 192 of the DOT Code. If so, the max pressure is 100 psig regardless of the manufacturer's pressure rating. Also, if the pipe is in constant contact with liquid hydrocarbons a derating factor of 50% should be applied to the 160 psig working pressure. I assume that the high density pipe in service is considered gathering line and does not come under DOT jurisdiction; therefore, only the liquids need be of concern. The DOT definition of a gathering line is enclosed.

A 2" Fisher 99 regulator with a 7/8" orifice, a maximum inlet pressure of 160 psig and a minimum inlet pressure of 100 psig was chosen for design purposes. At 100 psig inlet and 60 psig outlet the regulator will flow 53,000 cfh (1,272 MCF per day) and at 150 psig in it will flow 86,000 cfh (2,064 MCF per day). The 2" Fisher 1808 relief valve set at 60 psig and with the allowable 6 psig build up will relieve 135,000 cfh. The failed capacity of the regulator at 160 psig inlet is 124,000 cfh. If higher daily flow rates occur a 1-1/8" orifice is available for the regulator but a different relief valve will be necessary to handle the failed capacity of the regulator (191,000 cfh). A relief valve to handle the larger capacity orifice in the regulator would add approximately \$1,000 to the cost of the station. I suggest using the 7/8" orifice now and if the field produces a higher flow rate in the future change to the larger orifice and higher capacity relief valve at that time.

EMS appreciated working with CitiPower on this project and looks forward to future

projects.

If you have any questions regarding the enclosed please give me a call.

Sincerely yours,
ENERGY MANAGEMENT AND SERVICES CO.



Bruce L. Hamon
Project Manager

encl:

GATHERING LINE

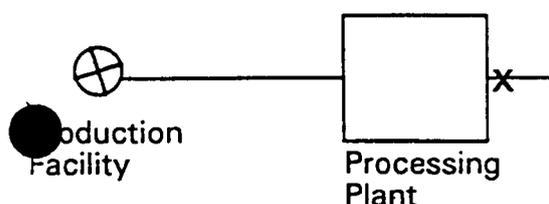
Scope of Part in 192 concerning jurisdictional gathering lines.

Onshore gathering lines are not jurisdictional to the Code of Federal Regulations if they lie outside of the following areas:

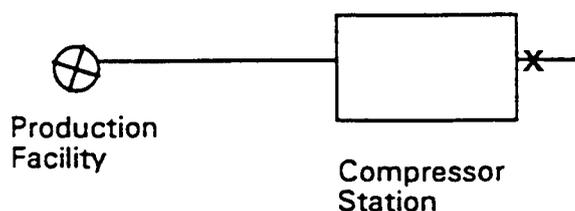
- The limits of any incorporated or unincorporated city, town or village;
- Any designated residential or commercial area such as a subdivision, business or shopping center, or community development.

Gathering Line – Definition

The definition of gathering line is based upon a letter written to Dale Johansen on May 9, 1985. This letter is used as a guideline concerning 4 points where the gathering line terminates. The gathering line can terminate at any one of these points based upon population density, distance from busy roads or highways, and location concerning environmental sensitive areas. Determination is made on a case-by-case basis.



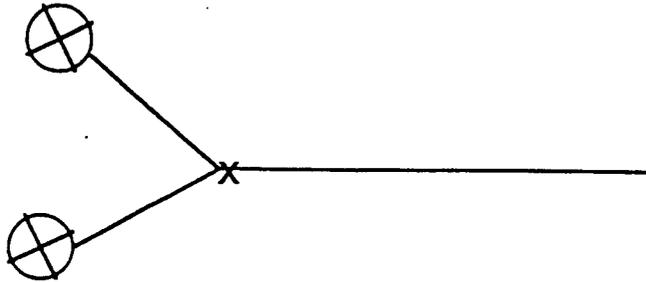
Almost in all cases the gathering process terminates at the outlet of a processing plant. Processing plant is defined by the extraction of heavy ends from the natural gas. Dehydration is not considered to be part of the "Processing of Gas".



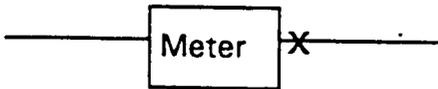
If there is no upstream processing plant the gathering process terminates at the outlet of a main compressor. This does not include a well head compressor (Field Compressor).

GATHERING LINE

Production
Facilities



If there is no processing plant or compressor station, the point at which the gathering process ends is where two or more well lines converge.



The point where there is a change in ownership of the pipeline.

Again, these points are chosen on a case-by-case basis. That is, based upon location of line in relation to population density, major traffic areas, and environmentally sensitive areas.

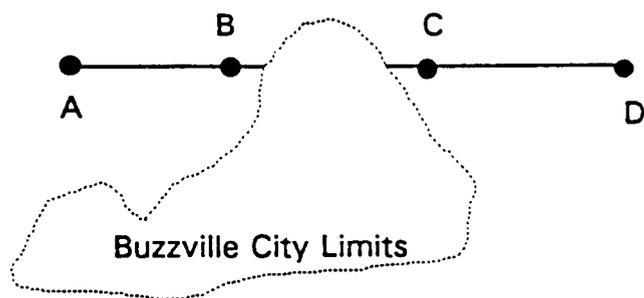
GATHERING LINE

Gathering Line – Jurisdiction

Scope of Part in 192 concerning jurisdictional gathering lines.

Onshore gathering lines are not jurisdictional to the Code of Federal Regulations if they lie outside of the following areas:

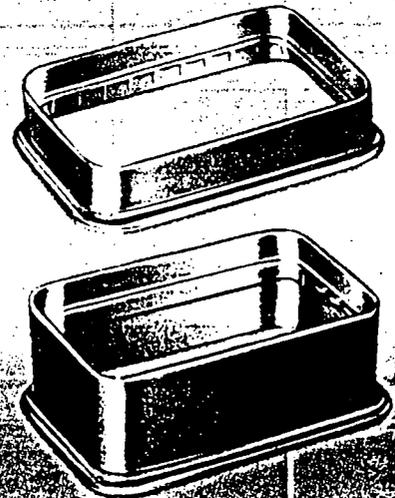
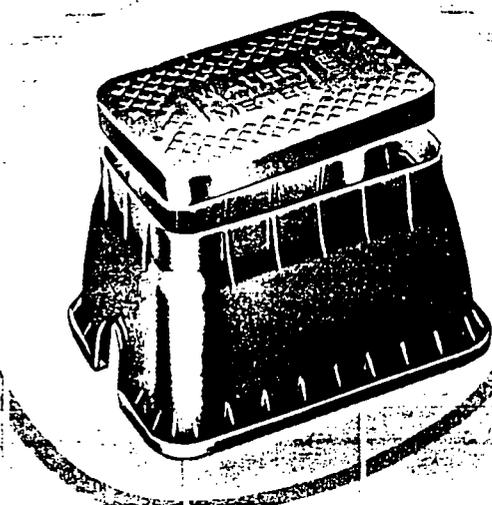
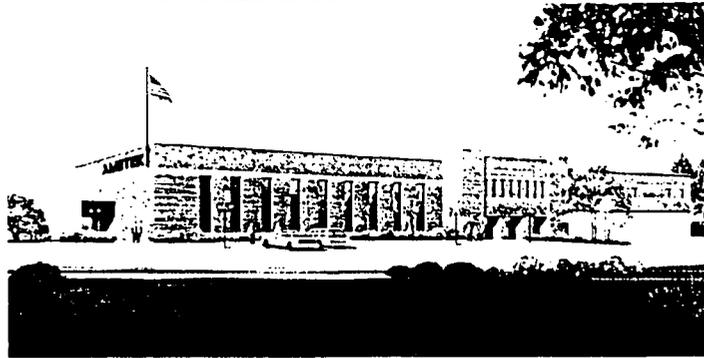
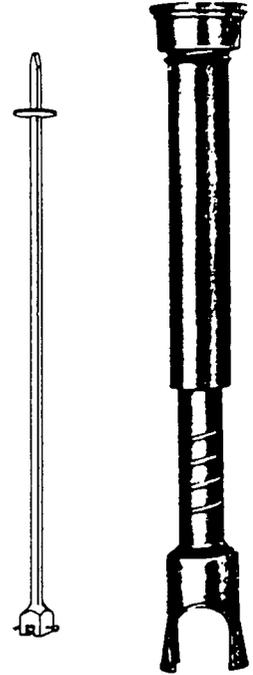
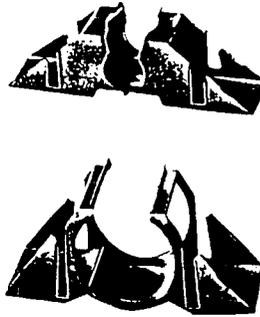
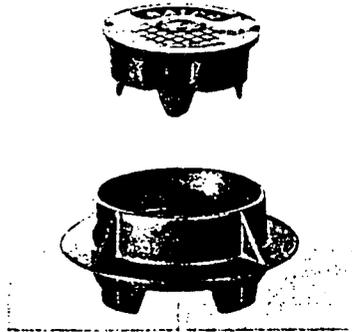
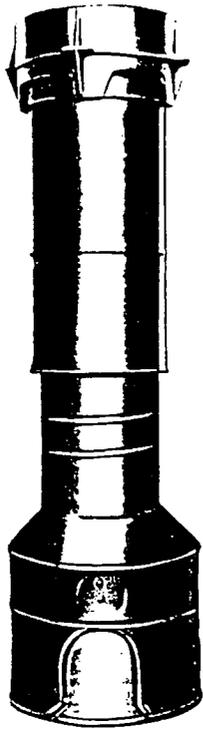
- The limits of any incorporated or unincorporated city, town or village;
- Any designated residential or commercial area such as a subdivision, business or shopping center, or community development.



Consider a gathering line A – D. Where the section of B – C passes through the city limits of Buzzville. The section of line B – C is jurisdictional to Part 192. Lines A – B and C – D are not. They are outside the city limits of Buzzville. However, if there is pressure control equipment

or block valves outside the limits of B – C, which would be used in the event of an emergency inside the limits of line B – C, OPS would inspect this equipment. They provide protection for the jurisdictional line B – C.

**VALVE BOXES
VALVE SUPPORTS
CURB SERVICE BOXES
METER BOXES
FOR THE WATER AND GAS INDUSTRIES**



CHRIS GEORGES SALES
310 SIMMONS ROAD
KNOXVILLE, TN. 37922
1-800-251-9482

AMETEK

Crappower, Etc.

Response to Kentucky Public Service Commission
CASE NO. 99-225

Exhibit F, Page 105 of 210

PLYMOUTH PRODUCTS DIVISION

FORGED STEEL CURB VALVE TEES For Pressures to 1200 psi, Sizes 3/4" Through 2"



WITH
WELDING INLET



WITH OUTSIDE I.P.
THREAD INLET

These curb valve tees are designed to be welded directly to the main. MUELLER NO-BLO® Curb Valve Tees are high pressure tees with an integral control valve. They are recommended for making service connections to high pressure transmission lines (farm taps) since they provide a control at the point of connection. When used with distribution mains, they function as both a main-to-service connection and as a curb valve. Curb Valve Tees can also be used as welding curb valves by using a welding elbow on the inlet end. A curb box installed over the curb valve tee permits the valve to be operated at any time by using a regular shut-off rod. The valve has a metal-to-metal seat in both the open and closed positions. "O" Rings provide a double seal against leakage out of the top of the valve.

The following operations can be made under pressure and with no blowing of gas:

Drill the main. (With service piping extended to first shut-off, such as a curb stop or meter valve.)

Insert stem or Extract stem.

Equipment for above operations is listed on page F-3-4. If ever required, design permits reconditioning of valve seat and replacement of O-rings under pressure.

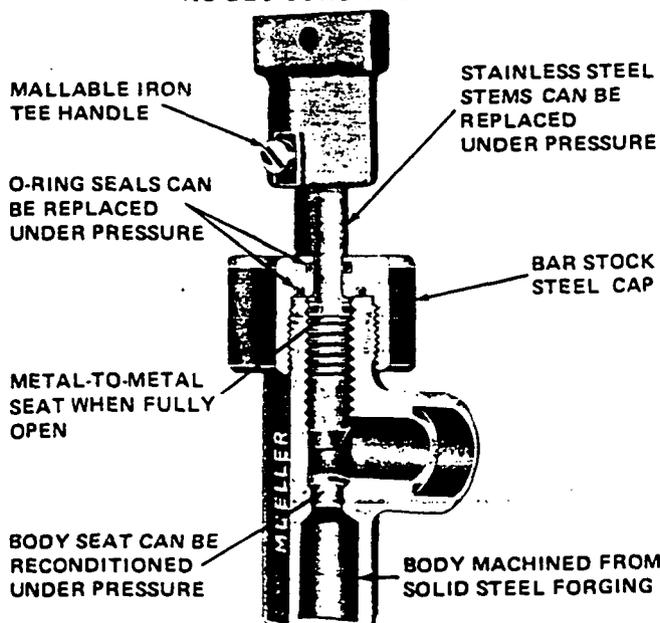
These curb valve tees are used for making threaded main-to-service connections and may be inserted into a tapped hole in the gas main or used with service clamps. MUELLER NO-BLO® Curb Valve Tees are high pressure tees with an integral control valve. They are recommended for making service connections to high pressure transmission lines (farm taps) since they provide a control at the point of connection. When used with distribution mains, they function as both a main-to-service connection and as a curb valve. Curb Valve Tees can also be used as welding curb valves by using a welding elbow on the inlet end. A curb box installed over the curb valve tee permits the valve to be operated at any time by using a regular shut-off rod. The valve has a metal-to-metal seat in both the open and closed positions. "O" Rings provide a double seal against leakage out of the top of the valve.

The following operations can be made under pressure and with no blowing of gas:

Drill the main. (With service piping extended to first shut-off, such as a curb stop or meter valve.)

Insert stem or Extract stem.

DESIGN AND CONSTRUCTION OF NO-BLO CURB VALVE TEES



STYLES AND SIZES CARRIED IN STOCK

All styles and sizes of Mueller NO-BLO Curb Valve Tees for which there is a steady demand in reasonable volume are normally carried in stock. We urge that insofar as compatibility with your standards permits that you make your selection from stock items. This will reduce your cost and assure you of more prompt delivery.

INDEX TO OTHER MUELLER TEES

	Bulletin
NO-BLO® Service Tees	F-1
NO-BLO® Valve Tees	F-2
Special Purpose Connections	F-4
Round Way Gas Main Stops	F-5
AUTOPERF® Tees (Perforating Type)	F-6
Plastic Tees	F-7
AUTOSAFE® Tees (with Gas Phuse®)	
Safety Device	F-8
PERFSAFE® Tees (Perforating Type with Gas Phuse® Safety Device)	F-8
Transition Fittings	F-9
Service Clamps	F-10

Citipower, I. I. C.

Response to Kentucky Public Service Commission

Exhibit E, Page 106 of 210

CASE NO. 99-225



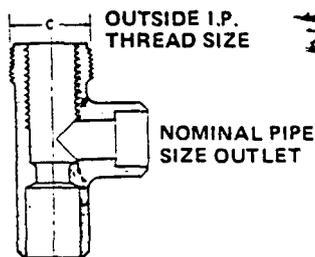
MUELLER CO.
DECATUR, ILL.

FORGED STEEL CURB VALVE TEES - 1" - 2"

**WELDING
OUTLET**

Styles, Catalog Numbers, Sizes, Weights and Dimensions

Sizes shown as inlet x outlet. Weight each in pounds—number of pieces per carton shown in parentheses.



NOMINAL PIPE SIZE INLET - CHOICE OF STYLES

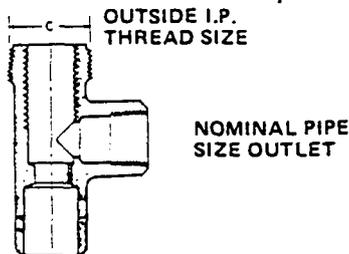
weld pipe size same as outlet. Socket weld pipe size one size smaller than outlet.

Catalog No. and Description	1" Body	1-1/4" Body	2" Body
H-17800: Welding Inlet - 1440 psi	1"X1"(3.5-10)	1-1/4"X1-1/4"(5.1-10)	2"X1-1/2"(8.8-5)
	1"X1-1/4"(4.5--)	1-1/4"X1-1/2"(6.4-5)	2"X2"(8.8-5)
	1"X1-1/2"(4.5--)	1-1/4"X2"(6.4-5)	2"X2-1/2"(10.8)
H-17850: Outside I.P. Thread Inlet - 1440 psi	1"X1"(3.5-) 1"X1-1/4"() 1"X1-1/2"()	1-1/4"X1-1/4"() 1-1/4"X1-1/2"() 1-1/4"X2"()	2"X1-1/2"() 2"X2"() 2"X2-1/2"
H-17801: Welding—Extended for use with a reinforcing saddle - 1440 psi			2"X2"(10.8-4)
Dimension "C"	1-1/4"	1-1/2"	2"

**INSIDE
I.P. THREAD
OUTLET**

Styles, Catalog Numbers, Sizes, Weights and Dimensions

Sizes shown as inlet x outlet. Weight each in pounds—number of pieces per carton shown in parentheses.



NOMINAL PIPE SIZE INLET - CHOICE OF STYLES

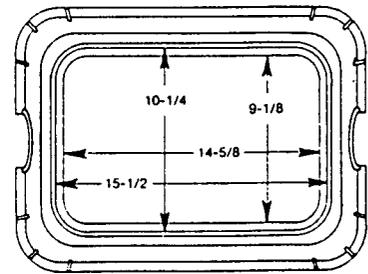
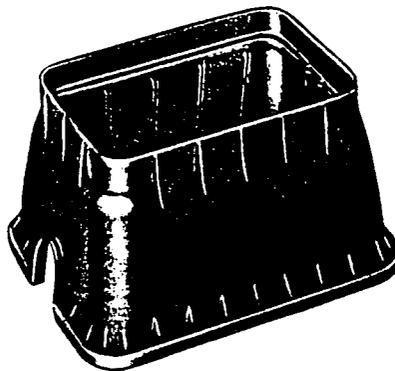
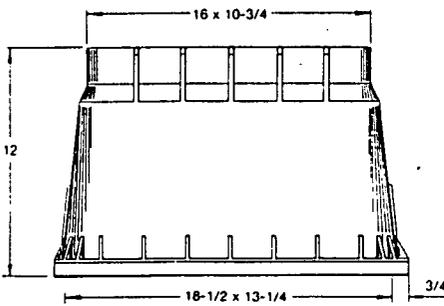
Catalog No. and Description	1" Body	1-1/4" Body	2" Body
H-17824: Welding Inlet - 1440 psi	1"X3/4"(4.9--10) 1"X1"() 1"X1 1/4"() 1"X1 1/2"()	1 1/4"X1"() 1 1/4"X1 1/4"() 1 1/4"X1 1/2"() 1 1/4"X2"()	2"X1 1/2"() 2"X2"() 2"X2 1/2"()
Dimension "C"	1-1/4"	1-1/2"	2"

METER BOXES

Designed with double channel peripheral stiffening and external buttresses to provide rigidity and strength.

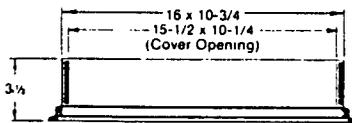
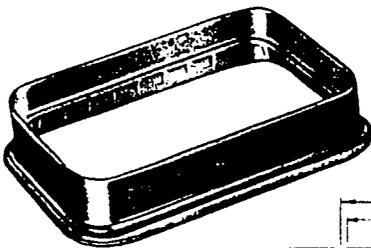
STANDARD AND JUMBO METER BOXES					
PART NUMBER	DESCRIPTION	APPROX. WT. (EACH)	QTY. PER SKID	APPROX. WT. PER SKID	APPROX. SKIDS PER TRUCKLOAD
170101	Standard Meter Box Only	7-3/4 Lbs.	72	593 Lbs.	48
170104	Standard Meter Box with Solid Black Cover	11 Lbs.	72	827 Lbs.	48
170105	Standard Meter Box with Reader Lid Cover	11 Lbs.	72	827 Lbs.	48
170106	Standard Meter Box with Green CV Cover	11 Lbs.	72	827 Lbs.	48
170102	Standard Meter Box 3" Extension	2-1/4 Lbs.	126	319 Lbs.	48
170103	Standard Meter Box 6" Extension	4-1/2 Lbs.	63	319 Lbs.	48
190101	Jumbo Meter Box Only	11-3/4 Lbs.	48	604 Lbs.	44
190109	Jumbo Meter Box with Solid Black Cover	18 Lbs.	48	904 Lbs.	44
190107	Jumbo Meter Box with Reader Lid Cover	17-3/4 Lbs.	48	892 Lbs.	44
190106	Jumbo Meter Box with Green CV Cover	18 Lbs.	48	904 Lbs.	44
190110	Jumbo Meter Box 6" Extension	6 Lbs.	40	280 Lbs.	44
144022	Snaplock Unlocking Tool	—	—	—	—

STANDARD METER BOX

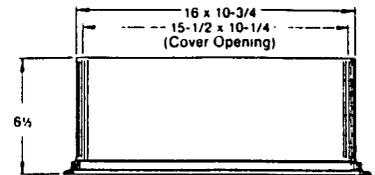
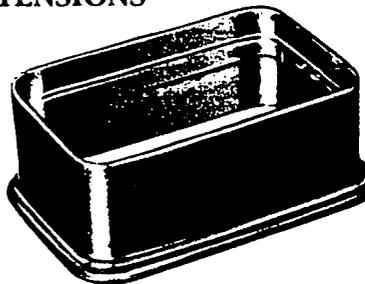


STANDARD 12" METER BOX

EXTENSIONS



3" EXTENSION
126 to a skid



6" EXTENSION
63 to a skid

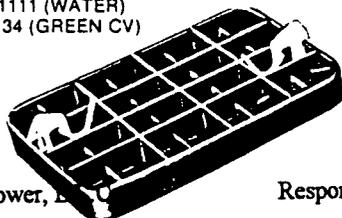
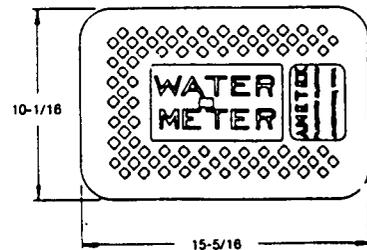
COVERS



SOLID COVER
PART NO. 171111 (WATER)
PART NO. 173134 (GREEN CV)



READER LID COVER
PART NO. 172113 (WATER)



Citipower, Inc.

COVER - Reader Lid or Solid - 3-1/3 Lbs.
COVER LID with ACETAL Snap Catch
SOLID - Black WATER or Green CV
Response to Kentucky Public Service Commission
PAGE NO. 99-225

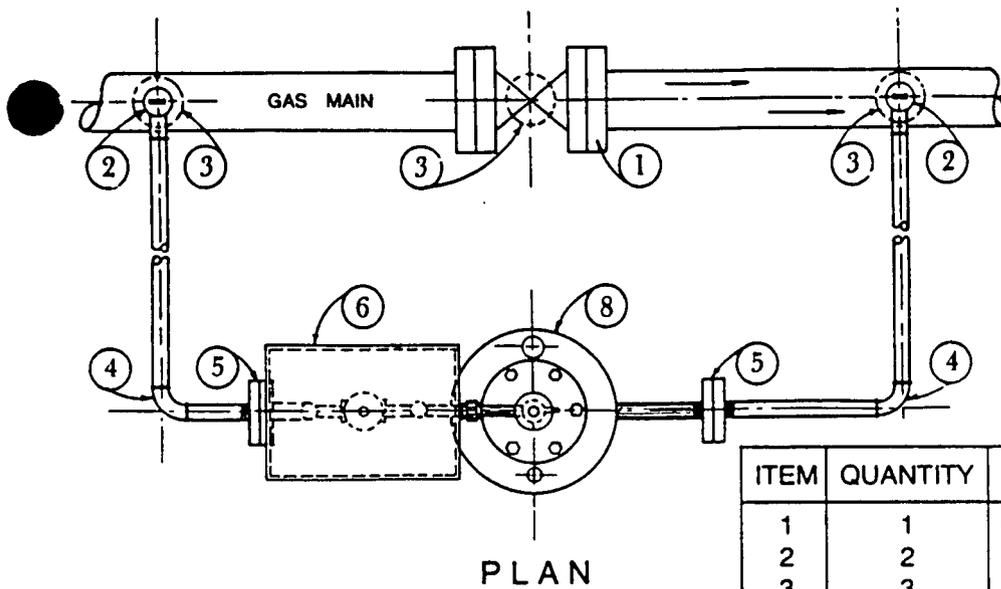


Exhibit E, Page 108 of 210

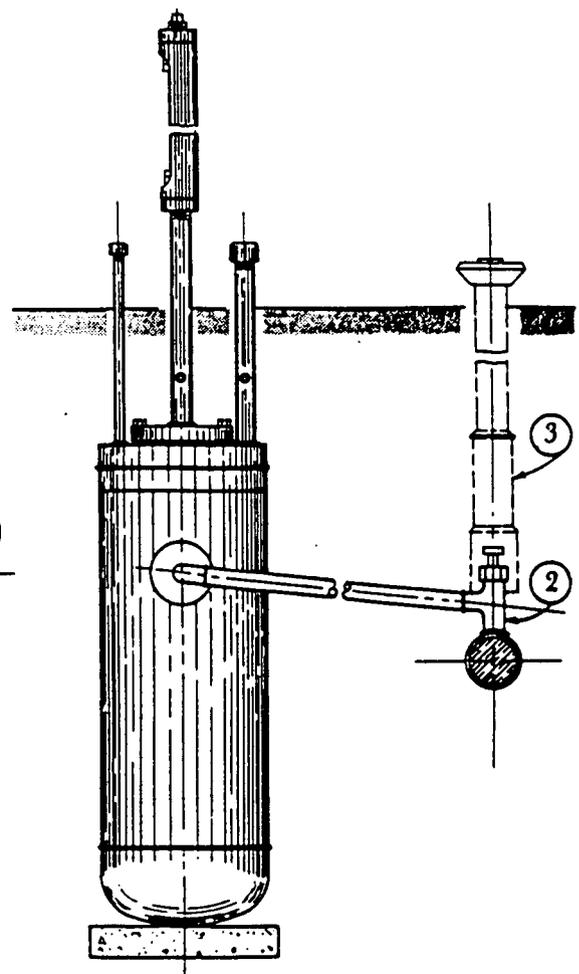
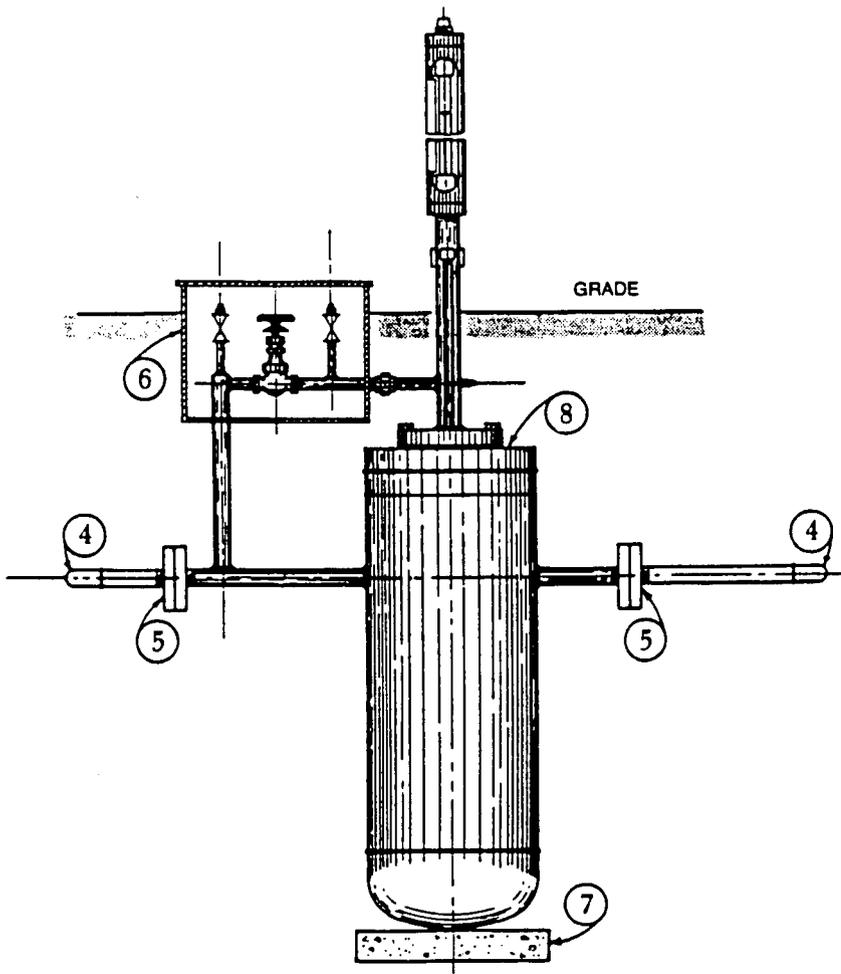
SNAP LOCK
UNLOCKING TOOL

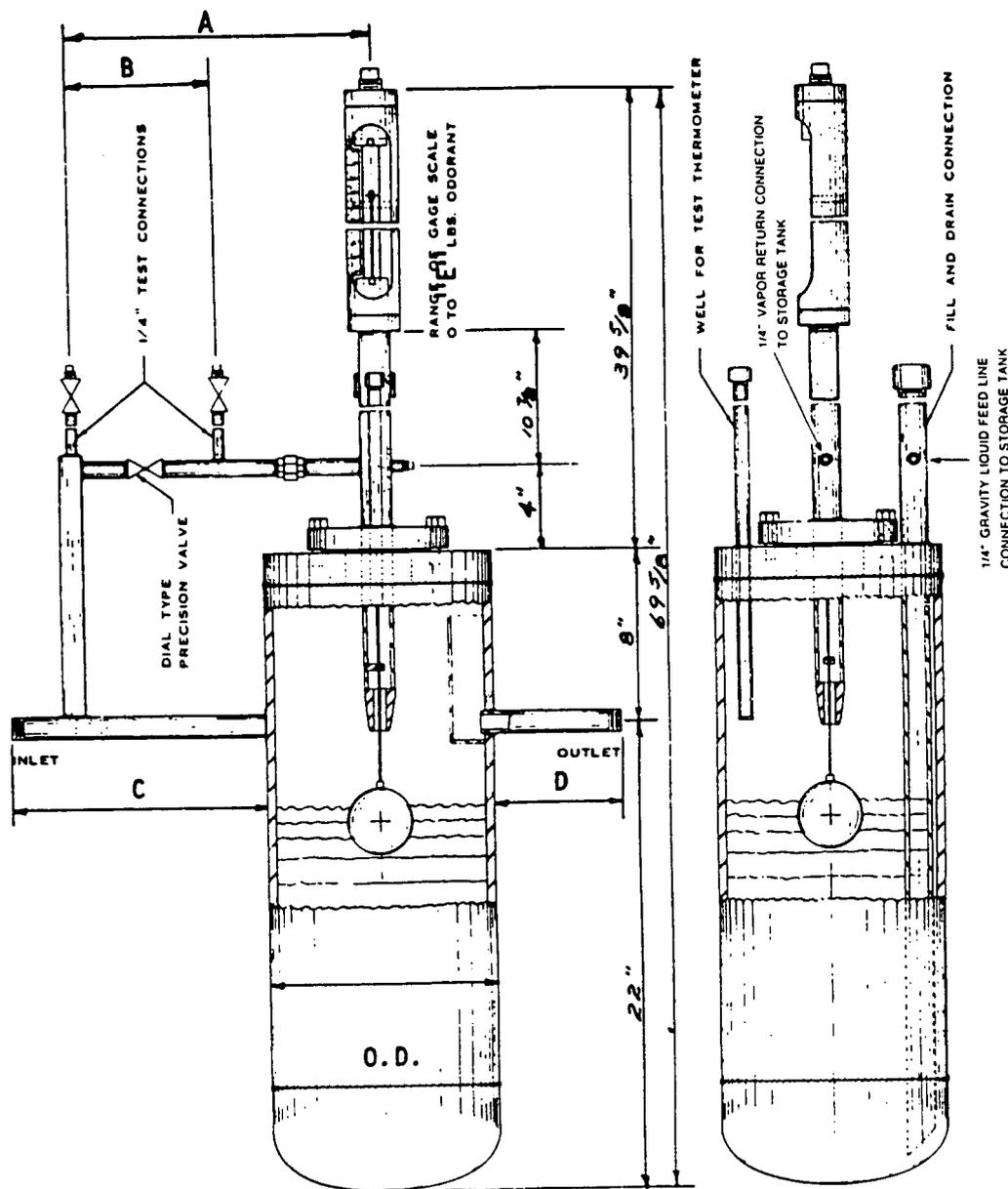
Dimensions in inches

TYPICAL INSTALLATION OF KING NATURAL GAS ODORIZERS



ITEM	QUANTITY	SUGGESTED MATERIAL
1	1	Orifice Plate or Gate Valve
2	2	1"-Steel Angle Gate Valve
3	3	Valve Handle Extensions to Fit Conditions
4	2	1"-90° Elbows
5	2 Pr.	1"-Screwed Flanges or Unions
6	1	Valve Box with Cover
7	1	Concrete Block
8	1	King Odorizer





ODORIZER MODEL	DIMENSIONS					
	O.D.	A	B	C	D	E
1-B	6 5/8	12	6	13	4	15
2-B	10 3/4	13 7/8	7 1/2	12	6	40
3-B	16	12 1/4	6	4 1/2	3	95
4-B	20	12 1/4	6	4 1/2	3	140
5-B	24	14	7 1/2	4 1/2	3	200
6-B	30	17	7 1/2	4 1/2	3	370

KingTool COMPANY

Citipower, L.L.C.

Response to Kentucky Public Service Commission
 POST OFFICE BOX NO. 9923
 LONGVIEW, TEXAS 75615
 TEL: (903) 759-4478

Exhibit E, Page 110 of 210

ODORIZER SELECTION DATA

SPECIFICATIONS & PRICES	MODEL NUMBER					
	1-B	2-B	3-B	4-B	5-B	6-B
NPT Inlet & Outlet Size	1"	1"	1"	1"	1"	1"
Approx. Reservoir Capacity in Gallons	2.22	6.00	14.0	20.0	30.0	55.0
Gauge-Range in Lbs. Odorant**	15	40	95	140	200	370
Float Travel in Lbs. Odorant/In.**	0.85	2.38	5.5	8.7	12.8	19.6
Rated Capacity in Lbs. Odorant/Hr.**	0.15	0.50	0.75	1.00	1.50	4.00
Maximum Capacity in SCFH*	150,000	500,000	750,000	1,000,000	1,500,000	4,000,000
Approx. Shipping Wt. in Lbs.:						
300 PSIG Design	140	180	260	300	370	510
500 PSIG Design	140	195	340	440	475	720
720 PSIG Design	160	250	430	550	615	910
1000 PSIG Design	175	310	550	675	730	1200

*Based on 1 Lb. B.P. Captan Odorant 1-MMSCF Gas

**Based on Specifications of B.P. Captan Odorant at 6.76 Lbs. / Gal.

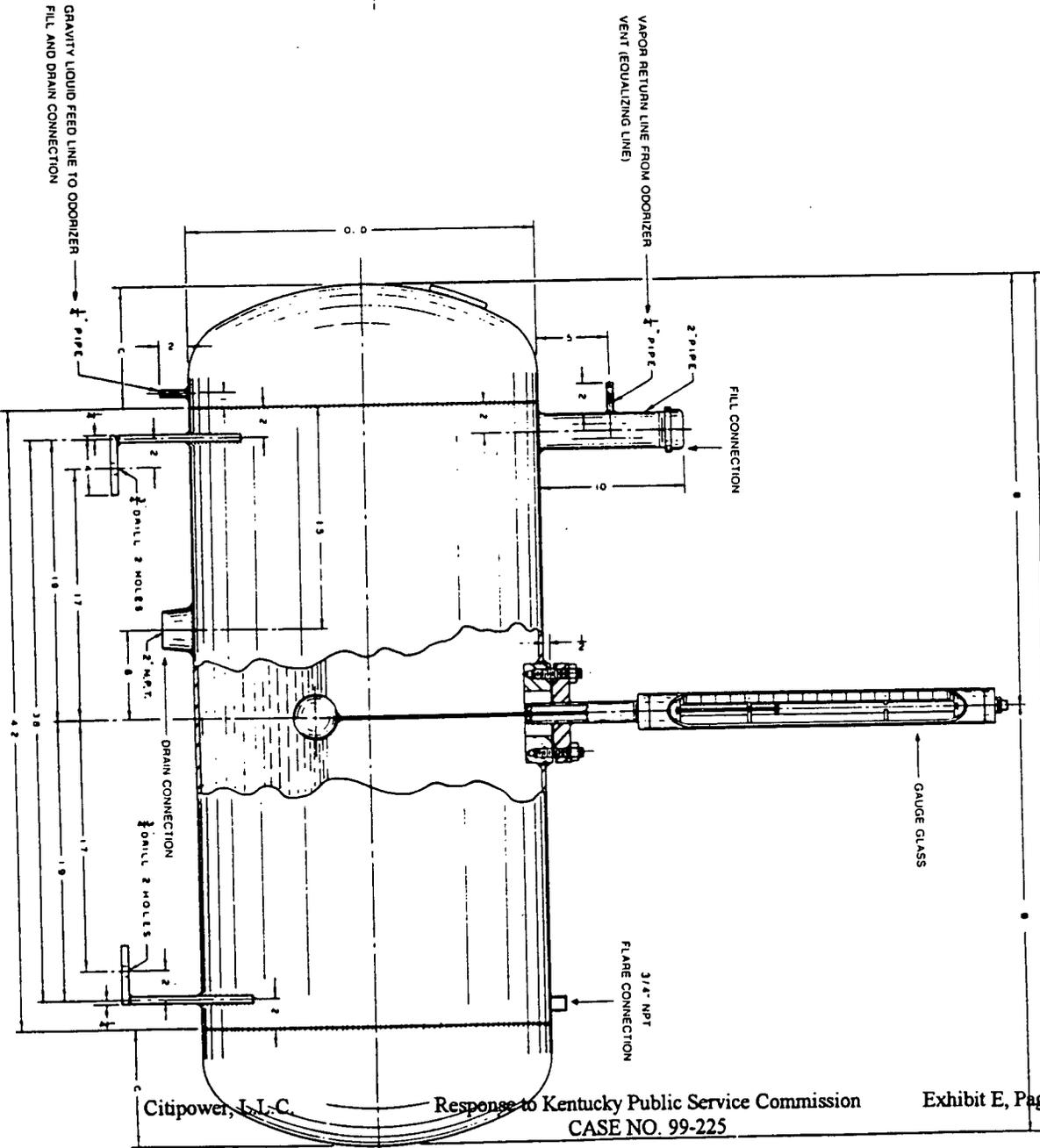
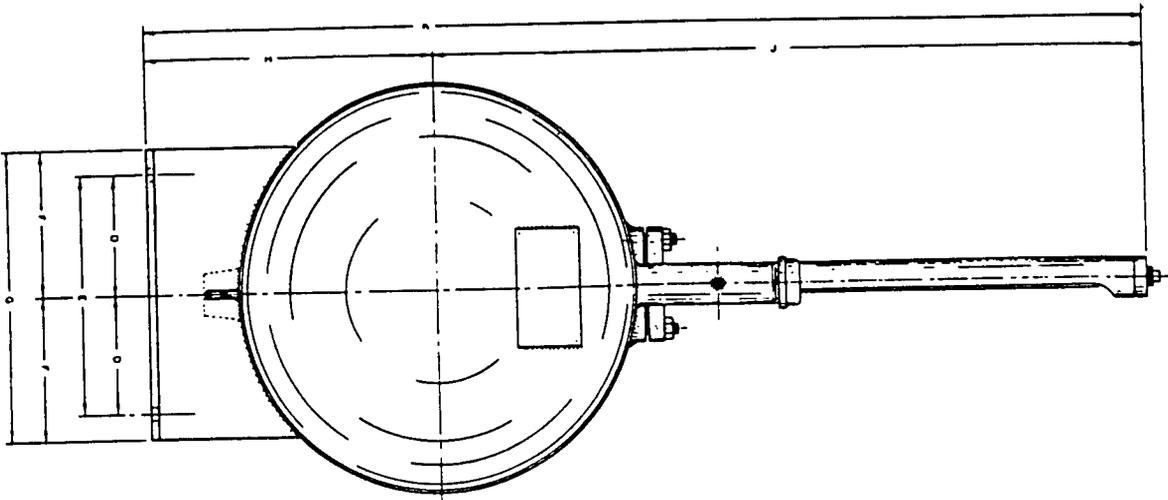
NOTES:

1. All Models are available with design pressures of 300, 500, 720 or 1000 PSIG.
2. The maximum capacity shown above is based on the odorization rate. Some customers purchase a larger odorizer to extend the time between refills. This is not recommended since it is difficult to monitor small changes in usage. King Tool Company recommends using the proper size odorizer along with an above ground storage tank as shown on following pages.
3. All odorizers can be operated at reduced flows. If the unit is to be constantly operated at less than 1/2 rate, notify King Tool for optimum valve sizing.
4. Lesser odorant concentration than that shown will allow proportionally greater flow.
5. Higher working pressure odorizer bodies other than those shown can be furnished upon request.
6. The 300 PSIG and 500 PSIG odorizers shown are normally stocked in Longview, Texas.
7. Odorizer units can be furnished ASME code stamped upon request at an additional charge.
8. The odorizers are sold complete with the gauge glass as shown.

ODORANT STORAGE TANKS

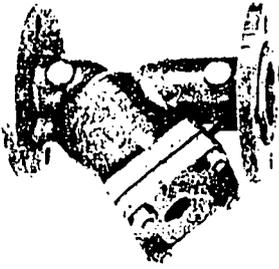
DIMENSIONAL DATA

O.D.	A	B	C	D	E	F	G	H	J	K
20	56	28	7	5½	11	7	14	14½	41-3/16	55-7/16
24	58	29	8	7	14	8½	17	16½	43-3/16	59-11/16
30	62	31	10	9	18	10½	21	20	48-3/16	68-3/16



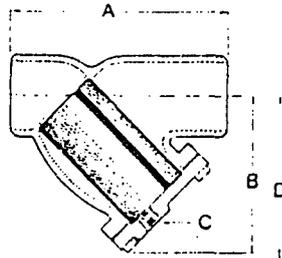
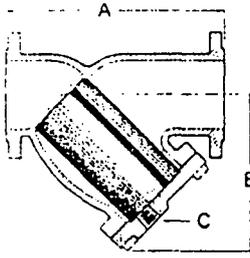
CAST CARBON AND ALLOY STEEL FLANGED AND BUTT WELD "Y" STRAINERS

150 lb. ANSI



Model 781

Model 781-WE



DIMENSIONS AND WEIGHTS APPROXIMATE. Apply for certified drawings.

in. mm	2 50	2-1/2 65	3 80	3-1/2 90	4 100	5 125	6 150	8 200	10 250	12 300
Body Length	7-7/8	9-3/4	10	12-1/8	12-1/8	15-5/8	18-1/2	21-5/8	26	29-7/8
Body Weight	200	248	254	308	308	397	470	549	660	759
Screen Length	6-5/8	10-5/8	12	14-1/2	14-1/2	16-3/8	19-15/16	23-3/8	27-3/8	32
Screen Weight	219	270	305	368	368	416	506	594	695	813
Flange Length	5-1/2	6-1/2	7	8-1/4	8-1/4	11-1/4	13-1/2	15-1/2	18-1/2	21-1/4
Flange Weight	133	165	178	210	210	286	343	394	470	552
Screen Weight	5-1/4	6-1/2	7	8-1/4	8-1/4	11-1/4	13-1/2	15-1/4	19	23-1/4
Screen Weight	133	165	178	210	210	286	343	400	483	565
Screen Weight	1/2	1	1	1-1/2	1-1/2	2	2	2	2	2
Screen Weight	7	9-3/4	10	12	12	17	20	22-3/4	28	30
Screen Weight	178	248	254	305	305	432	508	578	711	762
Screen Weight	18	28	34	58	58	90	125	220	320	550
Screen Weight	6.2	12.7	15.4	26.3	26.3	41	56.7	100	145	150
Screen Weight	10	14	20	40	40	60	90	168	250	440
Screen Weight	4.1	6.4	9	18.1	18.1	27.2	41	62	113.4	200

PRESSURE-TEMPERATURE RATINGS

STEAM	LIQUIDS
150 PSI @ 565°F 10.3 Bars-296°C	285 PSI @ 100°F 19.6 Bars-37.8°C

SERVICE RECOMMENDATIONS: These strainers are designed for long service under the exacting conditions created by high temperatures and pressures. They offer complete protection for pumps, meters, traps, valves, and similar equipment.

FEATURES: All sizes feature a bolted cover machined to receive the screen. Cover gaskets are designed for high temperature service. Studs are carbon steel. Covers are normally furnished with a blowoff tapping, without plug. Blind covers are available.

SCREENS: Heavy gauge perforated stainless steel screens with spot welded seams are normally furnished. For exceptionally fine straining we recommend perforated screens lined with wire mesh. Recommended perforations shown below:

STEAM:	To 4" (100 mm)	.033" (0.84 mm)
	5" (125 mm) - 12" (300 mm)	.045" (1.1 mm)
LIQUID:	To 4" (100 mm)	.062" (1.6 mm)
	5" (125 mm) - 12" (300 mm)	.125" (3.2 mm)

CONSTRUCTION: The bodies of both Model 781 and 781-WE are designed to meet 150 lb. ANSI specifications. Model 781 has raised face flanges and model 781-WE ends are machined to match schedule 40 pipe. All models have machined seats in the body and cover to assure accurate screen alignment.

PRESSURE DROP: Consult factory.

**ALL STRAINERS ARE INDIVIDUALLY
HYDROSTATICALLY TESTED**

MATERIALS:

Body - Carbon Steel ASTM A216 Gr. WCB (standard); Chrome-moly ASTM A217 Gr. WC6 and WC9; Carbon-moly ASTM A217 Gr. WC1.

Cover - Carbon Steel, HRS plate (standard); Chrome-moly ASTM A217 Gr. WC6 and WC9; Carbon-moly ASTM A217 Gr. WC1.

Screen - 304 Stainless Steel, ASTM A240.

Gasket - Non-Asbestos.

The Type 1808 globe-style and 1808A angle-style pilot-operated backpressure regulators or relief valves* (figure 1) are economical, compact devices used in gas or liquid service to maintain pressure on oil and gas separators, and in pressure relief applications in gas distribution systems.

Two pilots are available with these units. The Type 6358 pilot is used in backpressure and pressure relief applications throughout the oil production industry, and it is used in either gas or liquid service. Pressure relief and liquid service applications in the oil and gas industry are typically handled by the Type 6356 pilot.

With either pilot, these units control pressure from 5 to 125 psig (0.3 to 8.6 bar), and the set pressure is varied to individual requirements by the adjusting screw on the pilot. Pilot exhaust can be piped into the downstream line or vented into the atmosphere on gas service, but must always be piped downstream on liquid service.

Features

- **Simple, Reliable Design**—Units have few parts for reliable service and minimum spare parts inventory.
- **Compact and Lightweight**—Less than 12 inches (305 mm) tall and weighing 25 pounds (11 kilograms) or less, these units are easily transported and installed where space is limited.
- **Simplified, Convenient Installation in Any Position**—Pressure connection in diaphragm casings and factory-piped pilot tubing mean no upstream control line is required on standard installations. There are no mounting restrictions to limit service.
- **Versatility in Both Liquid and Gas Service**—Pilot exhaust port and standard tapped pilot spring case (figure 2) each come with removable vent for remote piping when necessary. The standard tapped pilot spring case comes complete with a gasketed closing cap that permits pressure loading for remote pneumatic adjustment of the set pressure.
- **Quick Disassembly**—With the removal of just two nuts, the upper and lower casings lift away, exposing the trim and leaving the main valve body in line.
- **Optional Upstream Registration for Reduced Buildup**—For gas service with the Type 6356 pilot, upstream control line construction is available to provide wide-open relief flow capacity with 3 psig (0.2 bar) or less buildup regardless of set pressure.



TYPE 1808 WITH P580 SERIES FILTER



TYPE 1808A WITHOUT FILTER

Figure 1. Type 1808 and 1808A Pilot-Operated Back-Pressure Regulators or Relief Valves

- **Self-Draining Body**—Increased capacity Type 1808A angle-body design provides complete process fluid drainage from body cavity during shut-down period or before disassembly of the main valve.

*These terms are defined in ANSI B96.1-1972.

City of Louisville, Kentucky Public Service Commission, Exhibit 7, Page 114 of 210
CASE NO. 89-225



Specifications

BODY SIZE AND END CONNECTION STYLE¹	2 in. NPT screwed
MAXIMUM RELIEF (INLET) PRESSURE²	150 psig (10.3 bar) including buildup
RELIEF SET PRESSURE RANGE	5 to 125 psig (0.3 to 8.6 bar); red spring—part number 1K7485 27202
DIFFERENTIAL PRESSURES	Maximum: 125 psig (8.6 bar) Minimum: 5 psig (0.3 bar)
MAIN VALVE SHUTOFF CLASSIFICATION	ANSI Class VI (B16.04-1976): Leakage is less than 3 bubbles (0.45 mL) per minute using air at service pressure drop or 50 psi (3.4 bar), whichever is lower
TYPE 6358 PILOT BLEED RATE	Bleeds only when repositioning the main valve
WIDE-OPEN GAS SIZING COEFFICIENTS³ WITH 3 PSIG (0.21 BAR) BUILDUP	Type 1808: $C_v = 1410$; $C_1 = 35.2$ Type 1808A: $C_v = 1800$; $C_1 = 35$
WIDE-OPEN LIQUID SIZING COEFFICIENTS⁴ WITH 3 PSIG (0.21 BAR) BUILDUP	Type 1808: $C_v = 40.1$; $K_m = 0.79$ Type 1808A: $C_v = 52.9$; $K_m = 0.76$
TYPICAL MAIN VALVE FLOW CAPACITIES	See figure 3, table 1, and Capacity Information section
MAIN VALVE FLOW DIRECTION	Flow up
MAIN VALVE FLOW CHARACTERISTIC	Quick-opening
INLET PRESSURE INDICATION	0 to 160 psig ⁵

CONSTRUCTION MATERIALS

Main Valve
Type 1808 Body: ■ Cast iron or ■ steel
Type 1808A Body: Cast iron
Diaphragm Plates and Diaphragm Casings: Steel
Diaphragm: Neoprene
O-Rings: Nitrile
Gaskets: Asbestos
Backup Rings: TFE
Spring: ■ Plated steel (standard) or ■ Inconel[®] (sour gas service)
Valve Plug Guide: ■ 416 heat-treated stainless steel (standard) or ■ 17-4PH/H1150 heat-treated stainless steel (sour gas service)
Pilot and Pilot Mounting Parts
Body, Body Plug, Spring Case, and Closing Cap: ■ Aluminum (standard) or ■ stainless steel
Control Spring: Plated steel
Vents: Zinc/Monel[®]
Metal Trim Parts: ■ Steel and stainless steel, except ■ Inconel X750 valve plug spring for sour gas service
O-Rings and Soft Seating Parts: ■ Nitrile (standard) or ■ fluoroe-lastomer (high-temperature), except asbestos for gaskets
Tubing: Steel or copper
Fittings: Steel or brass
Pipe Tees and Nipples: Malleable iron and galvanized steel

MATERIAL TEMPERATURE CAPABILITIES¹

-20 to 150°F (-29 to 66°C)

PILOT TUBING AND CONNECTIONS

1/4 in. NPT ■ with or ■ without P590 Series filter

APPROXIMATE WEIGHT

Type 1808: 22 lb (10 kg)
 Type 1808A: 25 lb (11 kg)

OPTION

Upstream control line construction

1. End connections threaded to various national or international thread standards can usually be supplied. Consult the Fisher sales office or sales representative.
 2. The pressure or temperature limits in this bulletin and any applicable standard or code limitations should not be exceeded.
 3. With the Type 6358 pilot, gas service requires standard or high-gain restriction depending

on proportional band requirements.
 4. With the Type 6358 pilot, liquid service requires low-gain pilot restriction.
 5. Consult your Fisher sales office or sales representative for gauges in other units.
 6. Trademark of International Nickel Co.

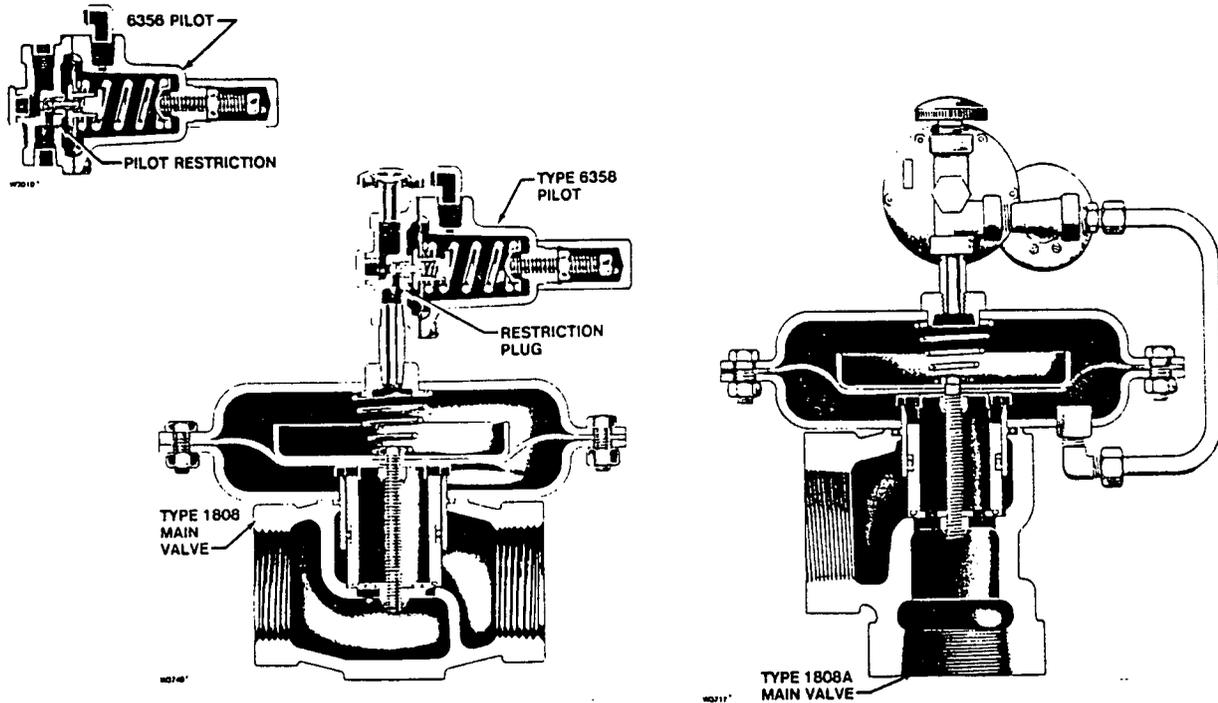


Figure 2. Sectional Details

Table 1. Flow Capacities of a Type 1808-6356 Unit in Thousands of Scfh of 0.6 Specific Gravity Natural Gas*

SET PRESSURE (WHEN $P_2 = 0$) OR ΔP (WHEN OTHER THAN 0)		BUILDUP OVER SET PRESSURE						
Psig	Bar	2 Psig (0.14 Bar)	6 Psig (0.41 Bar)	10 Psig (0.69 Bar)	15 Psig (1.0 Bar)	20 Psig (1.4 Bar)	25 Psig (1.7 Bar)	30 Psig (2.1 Bar)
5	0.34	32	46	54	60	71	80	89
12	0.83	41	55	64	73	84	93	103
20	1.4	56	73	80	89	103	108	116
30	2.1	67	89	98	107	116	126	135
40	2.8	85	105	120	126	135	144	153
50	3.4	94	120	137	144	153	162	171
60	4.1		135	152	162	171	181	191
70	4.8		150	168	183	191	200	207
80	5.5		161	180	196	207	218	227
90	6.2		170	192	213	227	236	246
100	6.9		183	209	231	246	256	264
110	7.6		197	223	246	263	274	284
125	8.6		201	241	267	284	298	

*See Capacity Information section for conversion to equivalent capacities of other gases. Type 1808A backpressure regulator or relief valve capacities, and/or normal m³/hr.
 -shaded capacities are those with main valve wide open.
 -shaded area indicates where maximum relief (inlet) pressure (including buildup is exceeded.
 -shaded area indicates where buildup is insufficient to provide capacities that can be consistently predicted.

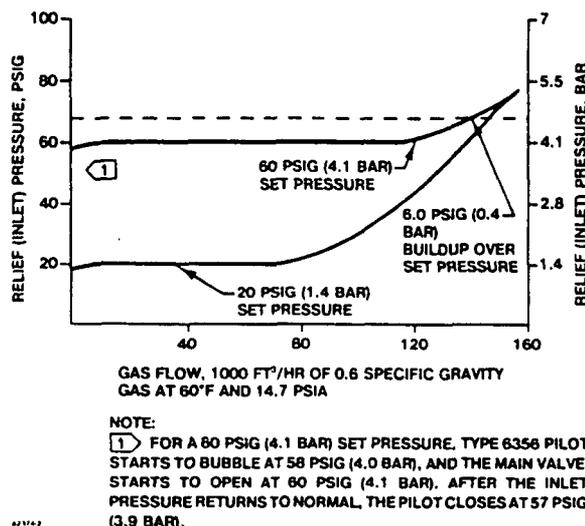


Figure 3. Typical Performance Curves for Type 1808 Backpressure Regulator or Relief Valve

Capacity Information

Gases

Table 1 gives relief capacities at selected set pressures for the Type 1808 backpressure regulator or relief valve. Flows are in thousands of scfh (60°F and 14.7 psia) of 0.6 specific gravity gas at 60°F. To determine equivalent capacities for air, propane, butane, or nitrogen, multiply the table 1 capacity by the following appropriate conversion factor: 0.775 for air, 0.628 for propane, 0.548 for butane, or 0.789 for nitrogen. For gases of other specific gravities, multiply the given capacity by 0.775, and divide by the square root of the appropriate specific gravity. Then, if capacity is desired for the Type 1808A backpressure regulator or relief valve, multiply by 1.27; or, if capacity is desired in normal cubic meters per hour at 0°C and 1.01325 bar, multiply scfh by 0.0268. Typical performance curves are shown in figure 3.

To determine capacities at set pressures or buildups not given in table 1, use the following formula, and convert according to the factors in the preceding paragraph if necessary.

$$Q = (P_1 + \text{buildup})_{\text{abs}} C_g \sqrt{\frac{520}{GT}}$$

where,

- Q = flow capacity in scfh
- $(P_1 + \text{buildup})_{\text{abs}}$ = set pressure (gauge in psi + buildup in psi + 14.7 psi to determine absolute pressure)
- C_g = gas sizing coefficient from Specifications table
- G = gas specific gravity (air = 1.0)
- T = absolute temperature of gas in degrees Rankin (degrees Rankin = degrees Fahrenheit + 460)

If pressure drops will be lower than critical (absolute outlet pressure greater than one-half the absolute inlet pressure), use the sizing slide rule or the sizing nomographs in Catalog 10. When using the slide rule or nomographs to determine maximum flow, be sure to add pressure buildup to the pressure setting to determine inlet pressure.

Liquids

To determine relief capacities in U.S. gallons per minute, use the Catalog 10 liquid sizing procedures in conjunction with the appropriate liquid sizing coefficient (C_L) and recovery coefficient (K_m) from the Specifications table. Then, if capacity is desired in cubic meters per hour, multiply U.S. gallons per minute by 0.2271.

Principle of Operation

Refer to figure 4, which shows a unit with a Type 6358 pilot. The operation of the Type 6356 and 6358 pilots is similar, except that the Type 6356 pilot has a restriction (figure 2) to allow inlet pressure into the main valve above the diaphragm.

Inlet pressure registers on the underside of the diaphragm of the main valve and enters the pilot through the control line tubing, where it registers on the underside of the pilot diaphragm. As long as the inlet pressure is lower than the set pressure, the pilot control spring pushes the pilot valve plug down, closing the exhaust. With the Type 6358 pilot, inlet pressure passes between the diaphragm assembly and the upper portion of the pilot valve plug and into the hollow stem to load the main valve above the diaphragm, keeping it closed. With the Type 6356 pilot, inlet pressure enters the main valve through the pilot restriction.

When the inlet pressure is at set pressure, the diaphragm assembly in the Type 6358 pilot moves upward enough to close off the inlet pressure path into the hollow stem; the exhaust port remains closed by the lower portion of the valve plug. Thus pressure is unable to enter or leave the space above the main valve diaphragm.

As the inlet pressure rises above set pressure, the pilot diaphragm continues to move upward, opening the exhaust port and allowing pressure on the top of the main valve diaphragm to bleed to atmosphere. The inlet pressure on the bottom of the main valve diaphragm then overcomes the main valve spring force, and the main valve opens, reducing the inlet pressure to set pressure. The pilot spring closes the exhaust, and inlet pressure loads the main valve diaphragm casings above and below the diaphragm, allowing the main valve spring to close the main valve.

Keep in mind that, while the main valve is throttling, the Type 6358 pilot keeps the exhaust port closed. The Type 6358 pilot bleeds only when it repositions the main valve plug.

Installation

Type 1808 and 1808A backpressure regulators or relief valves may be installed in any position as long as the flow through the main valve corresponds with the flow arrow on the main valve body (Type 1808) or runs in through the bottom connection and out through the side connection (Type 1808A).

An upstream control line is not required because of the integral pilot supply tubing; however, this tubing may be disconnected for upstream registration, and the main valve diaphragm casing tapping plugged. For liquid ser-

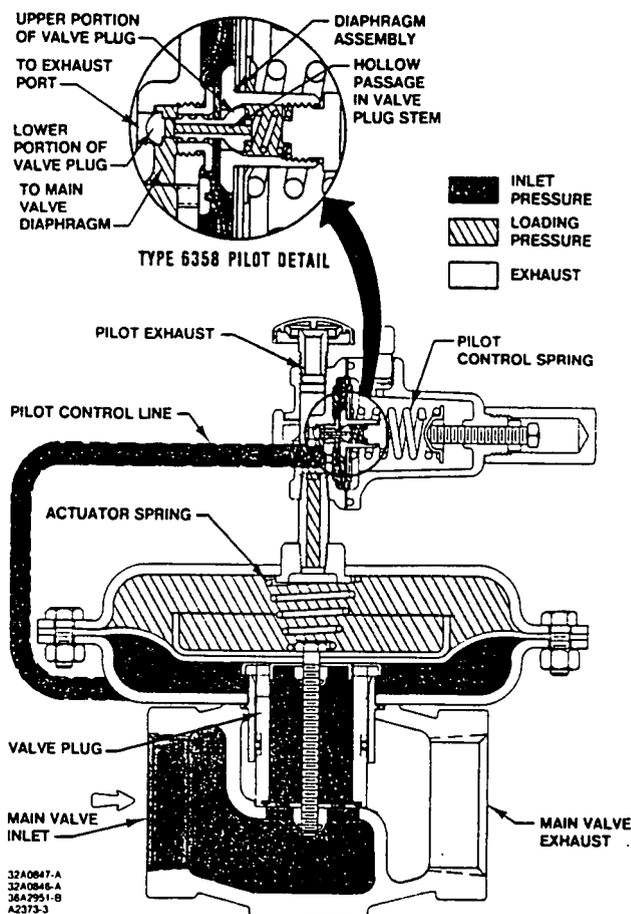


Figure 4. Schematic of Type 1808 Pilot-Operated Backpressure Regulator or Relief Valve

vice, the pilot exhaust must be piped to the downstream line. For gas service, the pilot must be piped to a safe area because, in enclosed conditions such as inside installations, exhausting gas can accumulate causing a danger of explosion. A vent line or stack must be located to avoid venting gas near buildings, air intakes, or other hazardous locations, and the line or stack opening must be protected against anything that might clog it. The jet thrust effect of a venting relief valve must be considered when designing piping and anchoring.

To ensure safety during shutdown, vent valves are required immediately upstream and downstream of the main valve on backpressure or bypass installations.

Note that Type 1808 and 1808A units are throttling relief valves, not to be confused with safety relief valves as defined in the ASME Boiler and Pressure Vessel Code. Check all applicable codes prior to installation.

Dimensions are shown in figure 5.

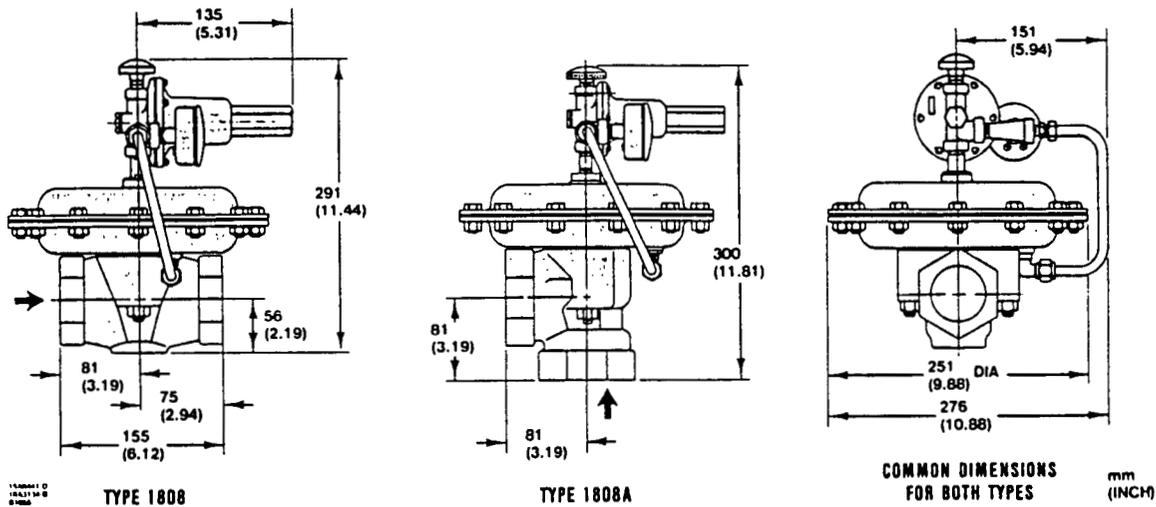


Figure 5. Dimensions

Ordering Information

Application

When ordering, specify:

1. Type of service—relief or backpressure regulation; liquid or gas
2. Nature and specific gravity of controlled fluid (including chemical analysis if possible)
3. Fluid temperature
4. Range of flowing inlet pressures and pressure drops
5. Desired set pressure
6. Flow rates
 - a. Minimum controlled flow
 - b. Normal flow
 - c. Maximum flow
7. Line size

Construction

Refer to the specifications table on page 2. Carefully review the description to the right of each specification and in the referenced tables; specify the desired selection wherever there is a choice to be made.

Always specify the type numbers of other desired equipment as well as the main valve and pilot.

ORDER -

2" FISHER 1808 RELIEF VALVE
NUMBER FS 1808-24
CAST IRON BODY
35 to 125 SPRING SET @ 60PSIG

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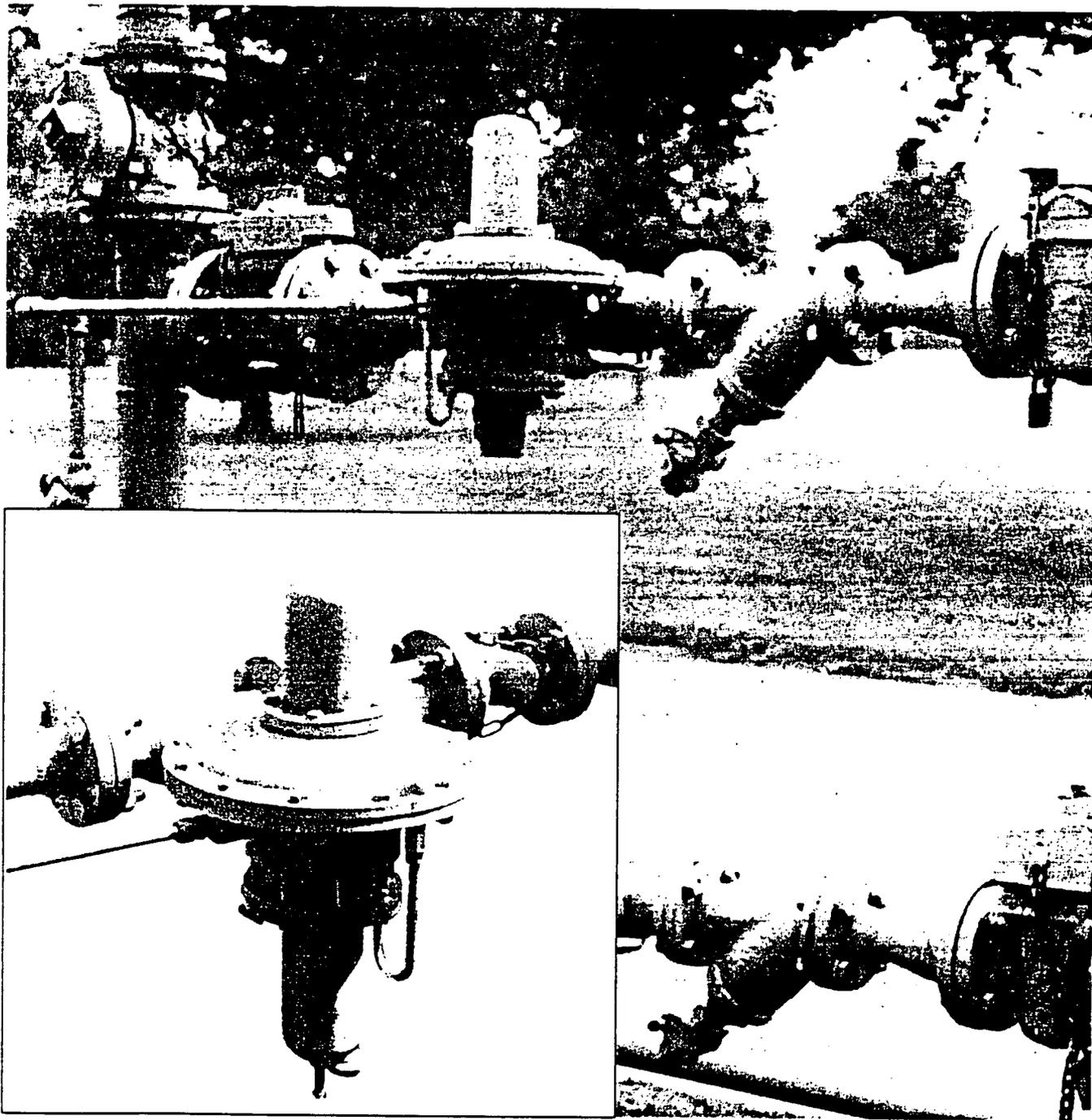
CASE NO. 99-225

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or Branchley House, Maidstone, Kent ME 14 1UQ, England

Type 99 Pilot Operated Regulators



AK527
WMS26



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Citipower, L.L.C.

Response to Kentucky Public Service Commission

Exhibit E, Page 120 of 210

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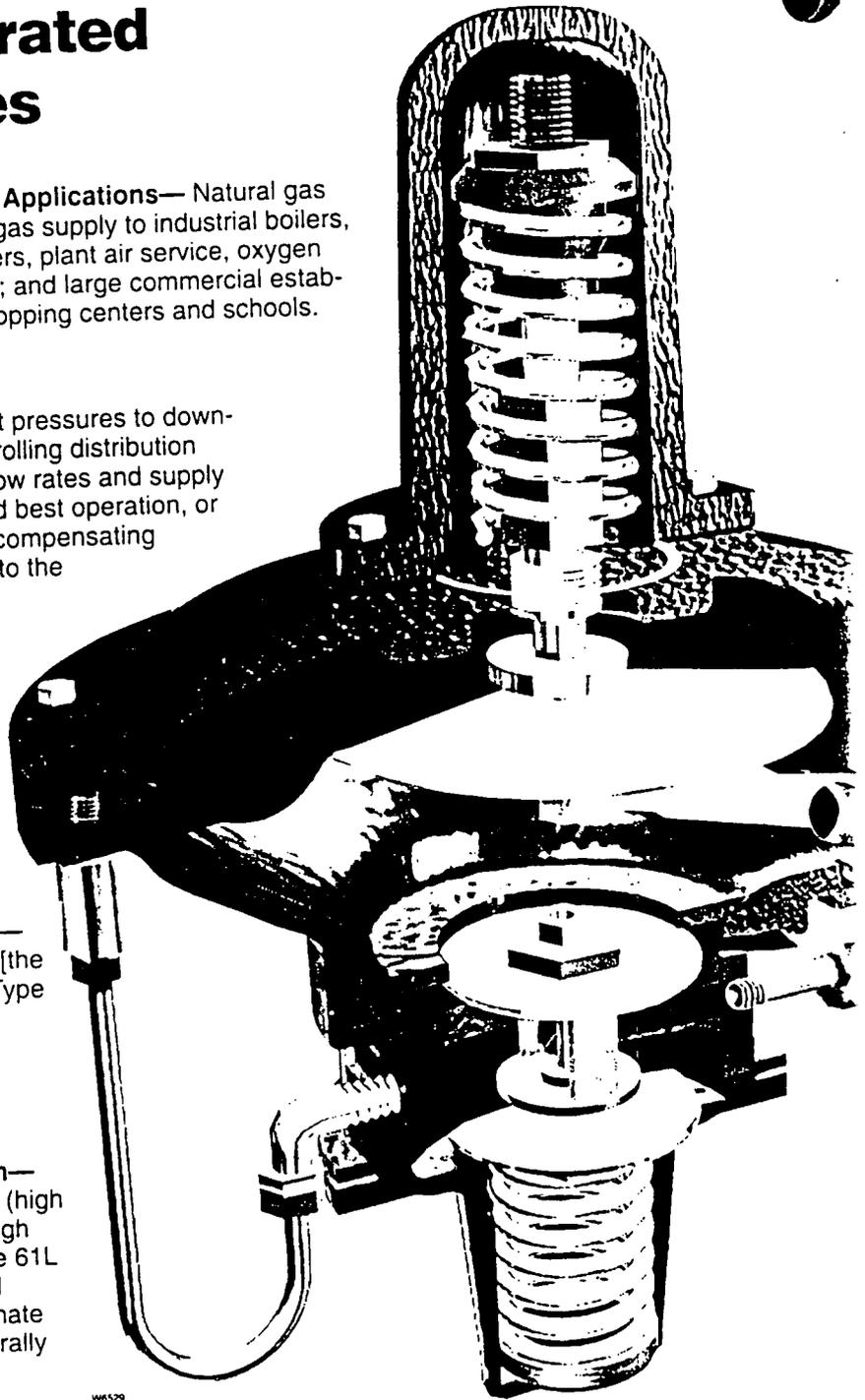
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FISHER-ROSEMOUNT™ Managing The Process Better.

Type 99 Pilot Operated Regulator Features

- **Wide Variety of Applications**— Natural gas distribution systems, gas supply to industrial boilers, furnaces, ovens, mixers, plant air service, oxygen and ammonia service; and large commercial establishments such as shopping centers and schools.
- **Accuracy**—Keeps constant inlet pressures to downstream equipment by accurately controlling distribution system pressures at widely varying flow rates and supply pressures for maximum efficiency and best operation, or by eliminating the need for pressure-compensating meters by holding a steady pressure to the meter inlet.
- **No Atmospheric Bleed**—Loading pressure bleeds downstream through pilot via downstream control line. No bleed occurs when regulator is shut off.
- **Can Handle High Inlet Pressures**—Up to 1000 psig (69 bar) inlet pressures [the 1000 psig (69 bar) regulator requires a Type 1301F pilot supply regulator and a Type H110 pop relief valve].
- **Three Pilots to Choose From**—Type 61L (low pressure), Type 61H (high pressure), or a Type 61HP (extra high pressure). Two versions of the Type 61L are also available, Types 61LD and 61LE. Refer to Table 2 for approximate proportional bands. Pilots are integrally mounted to the actuator casing.

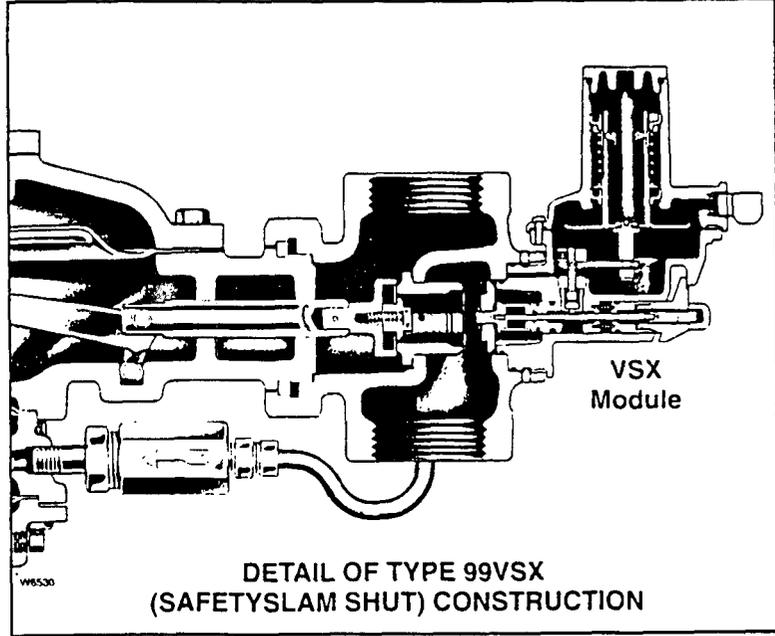
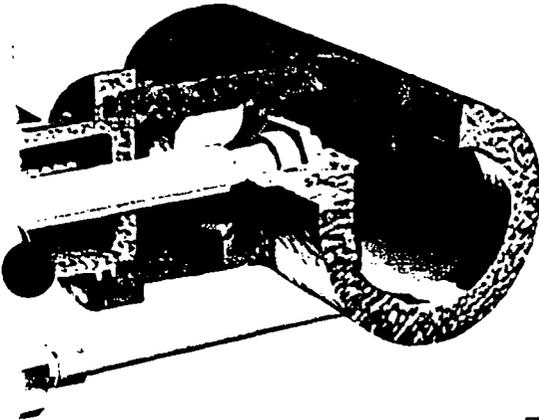
- **Easily Modified for Special Service**—Type 61L and 61H pilot relay parts can be replaced with special orifices and springs for fast opening, fast closing, or monitoring applications.



TYPE 99 REGULATOR WITH TYPE 61L (LOW PRESSURE) PILOT

- **High-Capacity Pressure Control**—Actuator diaphragm responds quickly to downstream pressure change, causing immediate correction of main valve position. Pilot responds simultaneously and controls final positioning of main valve. This action permits full main valve travel, resulting in higher capacity than could be obtained without a pilot.

- **Tight Shutoff**—Heavy mainspring working through a lever provides a high seat loading force for tight shutoff.



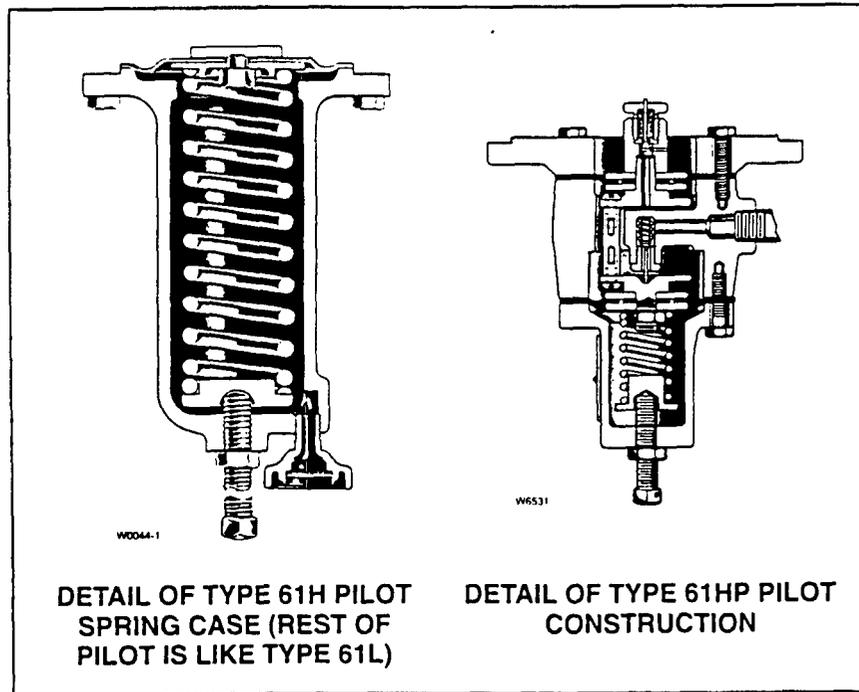
DETAIL OF TYPE 99VSX (SAFETYSLAM SHUT) CONSTRUCTION

- **Safety Shut-Off**—The Type 99VSX module is designed for use in applications where the supply of gas must be shut off in the event of an accidental rise or drop in downstream pressure above or below a predetermined set point.

- **Economical, Labor-Saving Installation**—Supply pressure to pilot is factory-piped directly from inlet side of main regulator body, thus requiring no upstream pilot supply line on standard installations.

- **Low Flow Control**—The Type 99 regulator has a wide turn-down range from very low flow to high outlet pressures. Settings range from 2 inches water column to 100 psig (5 mbar to 5.9 bar).

- **Easy to Maintain**—Valve disk and face can be inspected without removing body from pipeline. Union nut connection permits quick removal of actuator and pilot from body.



DETAIL OF TYPE 61H PILOT SPRING CASE (REST OF PILOT IS LIKE TYPE 61L)

DETAIL OF TYPE 61HP PILOT CONSTRUCTION

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Specifications

Body Size



End Connection Styles

- 2-inch NPT screwed or,
- ANSI Class 125, 250, or 300 flanged
- Swedged, Buttweld

Maximum Allowable Inlet Pressure⁽¹⁾

- 150 psig (10 bar): Type 99VSX inlet pressure, limited by Type VSX pressure rating.
- 400 psig (28 bar): When using Types 61L and 61H pilots
- 600 psig (41 bar): Type 61HP pilot (5/8-inch orifice maximum)
- 1000 psig (69 bar): Type 61HP pilot, along with Type 1301F pilot supply regulator and Type H110 relief valve (1/2-inch orifice only)

Maximum Pilot Spring Case Pressure for Pressure Loading^(1,2)

- Types 61L, 61LD⁽³⁾ and 61LE⁽⁴⁾: 50 psi (3.5 bar) with special steel closing cap
- Types 61H and 61HP: 100 psi (7 bar)

Outlet (Control) Pressure Ranges

See Table 1

Maximum Outlet Pressure for Type 99VSX

5 psig (300 mbar)

Minimum and Maximum Trip Pressure Ranges for Type 99VSX

See Table 5.

Approximate Proportional Bands

See Table 2

Maximum Allowable Pressure Drop⁽¹⁾

See Table 3

Minimum Differential Pressure Required for Full Stroke

See Table 3

Maximum Actuator Pressures⁽¹⁾

- Operating: 100 psig (6.9 bar)
- Emergency: 110 psig (7.6 bar)

Flow Coefficients and Orifice Diameters

See Table 4, L.L.C.

Typical Regulating Capacities

See Table 7

Maximum Rated Travel

1/4-inch (6.4 mm)

Construction Materials

- Actuator Casing:** Cast iron
- Pilot Body and Spring Case:** Cast iron
- Actuator Diaphragm:** ■ Nitrile, or ■ fluoroelastomer
- Upper Pilot Diaphragm**
 - Types 61L and 61H: ■ Nitrile, or ■ fluoroelastomer
 - Type 61HP: ■ Neoprene, or ■ fluoroelastomer
- Lower Pilot Diaphragm**
 - Type 61L: ■ Nitrile, or ■ fluoroelastomer
 - Types 61H and 61HP: ■ Neoprene, or ■ fluoroelastomer
- Main Valve Body**
 - 400 psig (28 bar): ■ Cast iron, ■ steel, or ■ brass (oxygen service)
 - 600 psig (41 bar) and 1000 psig (69 bar): Steel
- Metal Trim Parts for Main Valve Body**
 - 400 psig (28 bar): ■ Brass or ■ stainless steel
 - 600 psig (41 bar) and 1000 psig (69 bar): Stainless steel
- Composition Seats for Main Valve Body**
 - Disk Construction:** ■ Nitrile, ■ neoprene, or ■ fluoroelastomer
 - O-Ring Construction:** ■ Nitrile, or ■ fluoroelastomer
- Metal Trim Parts for Pilot:** ■ Steel, ■ stainless steel, ■ cast iron, ■ aluminum, ■ brass, or ■ zinc
- Composition Seats for Pilot:** ■ Nitrile, or ■ fluoroelastomer
- Gasketing:** Composition
- O-Rings:** ■ Nitrile, or ■ fluoroelastomer
- P590 Series Filter**
 - Type P594-1: Brass
 - Type P593-1: Aluminum
- Replaceable Filter:** Cellulose
- Tubing and Fittings**
 - 400 psig (28 bar): ■ Copper, and brass (std) steel, or stainless steel on request
 - 600 psig (41 bar) and 1000 psig (69 bar): Steel (std) or stainless steel on request
- Type 1301F Pilot Supply Regulator**
 - Body and Spring Case:** Brass
 - Valve Disk:** Nylon
 - Gasketing:** Neoprene
 - Metal Trim Parts:** ■ Brass, ■ stainless steel

Specifications (Continued)

Construction Materials (Continued)

Type H110 Pop Relief Valve
Body: Brass
Disk: Nitrile
Spring: Stainless steel
Type VSX
Upper and Lower Casing: Aluminum
Valve Plug: Aluminum with Nitrile Disk
Diaphragm and O-Rings: Nitrile
Closing Cap: ABS Plastic
Reset Button: Clear UV Resistant Plastic

Temperature Capabilities⁽¹⁾

Type 99 Standard Elastomers: -20° to 180°F (-29° to 82°C)
Type 99 High Temperature Elastomers: 0° to 300°F (-18° to 149°C)
Type 99VSX: -20° to 140°F (-29° to 60°C)

Type 99 Control Line and Pilot Connections

See Figure 13

Type VSX Sensing Line Connection

1/4-inch NPT

Approximate Weight

115 lbs

Additional Options

Choice of Seat Design
 1000 psig (69 bar) Inlet Pressure Regulator
 Oxygen or Ammonia Service (with special construction)
 O-Ring Stem Seal for Monitor Regulator
 In-Service Travel Inspection
 Electronic Remote Control Capability
 Handwheel for Type 61L Pilot

1. The pressure/temperature limits in this bulletin and any applicable standard or code limitation should not be exceeded.
 2. For stability or overpressure protection, a pilot supply regulator may be installed in the pilot supply tubing between the main valve and pilot.

3. Type 61LD construction has narrower proportional band than does the standard Type 61L pilot.
 4. Type 61LE construction has broader proportional band than does the standard Type 61L pilot.

Table 1. Outlet Pressure Ranges

PILOT TYPE	MAXIMUM PILOT SUPPLY PRESSURE	OUTLET (CONTROL) PRESSURE RANGES	PILOT CONTROL SPRING			
			Part Number	Color Code	Wire Diameter Inches (cm)	Free Length Inches (cm)
61L	400 Psig (28 bar)	2 to 4 inches w.c. (5 to 10 mbar)	1B558527052	Orange	.075 (0.19)	4-1/8 (10.5)
61LD ⁽¹⁾	160 Psig (11 bar)	3 to 12 inches w.c. (7 to 30 mbar)	1C680627222	Cadmium	.080 (0.20)	3-1/4 (8.3)
		0.25 to 2 psig (17 to 138 mbar)	1B886327022	Red	.109 (0.28)	2-3/4 (7.0)
		1 to 5 psig (0.069 to 0.34 bar)	1J857827022	Yellow	.142 (0.36)	2-3/4 (7.0)
61LE ⁽²⁾	400 Psig (28 bar)	2 to 10 psig (0.14 to 0.69 bar)	1B886427022	Blue	.172 (0.44)	2-7/8 (7.3)
		5 to 15 psig (0.34 to 1.0 bar)	1J857927142	Brown	.187 (0.47)	2-7/8 (7.3)
		10 to 20 psig (0.69 to 1.4 bar)	1B886527022	Green	.207 (0.53)	3-1/8 (7.9)
61H	400 Psig (28 bar)	10 to 65 psig (0.69 to 4.5 bar)	0Y0664000A2	Green Stripe	.363 (0.92)	6 (15.2)
61HP	600 Psig (41 bar)	35 to 100 psig (2.4 to 6.9 bar)	1D387227022	Blue	.200 (0.51)	1-11/16 (4.3)

1. Type 61LD construction has narrower proportional band than does the standard Type 61L pilot.
 2. Type 61LE construction has broader proportional band than does the standard Type 61L pilot.

Table 2. Approximate Proportional Bands

PILOT TYPE NUMBER	PILOT CONTROL SPRING				APPROXIMATE PROPORTIONAL BANDS
	Part Number	Color Code	Wire Diameter Inch (cm)	Free Length Inch (cm)	
61LD	1B558527052	Orange	.075 (0.19)	4-1/8 (10.5)	0.1 to 0.5 inches w.c. (0.25 to 1.2 mbar)
	1C680627222	Cadmium	.080 (0.20)	3-1/4 (8.3)	
61L	1B886327022	Red	.109 (0.28)	2-3/4 (7.0)	1 to 2 inches w.c. (2.5 to 5 mbar)
61LD	1B886327022	Red	.109 (0.28)	2-3/4 (7.0)	0.25 to 1 inches w.c. (0.62 to 2.5 mbar)
61LE	1B886327022	Red	.109 (0.28)	2-3/4 (7.0)	5 to 8 inches w.c. (12 to 20 mbar)
61L, 61LD, & 61LE	1B886527022	Green	.207 (0.53)	3-1/8 (7.9)	0.1 to 0.3 psi (6.9 to 21 mbar)
	1J857927142	Brown	.187 (0.47)	2-7/8 (7.3)	
	1B886427022	Blue	.172 (0.44)	2-7/8 (7.3)	
	1J857827022	Yellow	.142 (0.36)	2-3/4 (7.3)	
61H	0Y0664000A2	Green Stripe	.363 (0.92)	6 (15.2)	0.1 to 0.3 psi (6.9 to 21 mbar)
61HP	1D387227022	Blue	.200 (0.51)	1-11/16 (4.3)	0.1 to 0.3 psi (6.9 to 21 mbar)

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Table 3. Maximum Allowable Drop and Minimum Differential Pressures

MAXIMUM ALLOWABLE DROP PSIG (BAR)	MAIN VALVE SPRING			MINIMUM DIFFERENTIAL PRESSURE FOR FULL STROKE PSI (BAR)	SEAT MATERIAL	MAXIMUM ORIFICE SIZE ⁽¹⁾	
	Part Number	Wire Diameter Inch (cm)	Free Length Inch (cm)			Inch	mm
25 (1.7)	1C277127022	.148 (0.38)	6 (15.2)	0.75 (0.052)	Nitrile, Neoprene, Fluoroelastomer	1-1/8	28.6
50 (3.4)	1N801927022	.156 (0.40)	7-1/8 (18.1)	1.5 (0.10)	Nitrile, Neoprene, Fluoroelastomer	1-1/8	28.6
2150 (110)	1B883327022	.187 (0.47)	6-5/8 (17.0)	3 (0.21)	Nitrile, Neoprene, Fluoroelastomer	1-1/8	28.6
175 (12)	1B883327022	.187 (0.47)	6-5/8 (17.0)	3 (0.21)	Nitrile, Neoprene, Fluoroelastomer ⁽³⁾	7/8	22.2
250 (17)	1B883327022	.187 (0.47)	6-5/8 (17.0)	3 (.021)	Nitrile, Fluoroelastomer	7/8	22.2
	0W019127022	.281 (0.71)	6 (15.2)	10 (.069)	Nitrile, Fluoroelastomer ⁽⁴⁾	1-1/8	28.6
300 (21)	0W019127022	.281 (0.71)	6 (15.2)	10 (.069)	Nylon	1-1/8	28.6
400 (28)	0W019127022	.281 (0.71)	6 (15.2)	10 (.069)	Nylon	7/8	22.2
600 (41)	0W019127022	.281 (0.71)	6 (15.2)	10 (.069)	Nylon	5/8	15.9
1000 (69)	0W019127022	.281 (0.71)	6 (15.2)	10 (.069)	Nylon	1/2 ⁽²⁾	12.7

1. Can use all orifices up to maximum size listed.
 2. 1/2 inch (12.7 mm) is the only orifice size available for 1000 psig (69 bar) maximum inlet pressure regulator.
 3. Class 125 flanged body only.
 4. O-ring seat only

Table 4. Flow Coefficients and Orifice Diameters

TRIM CONSTRUCTION	ORIFICE DIAMETER		FOR RELIEF SIZING WIDE OPEN C_d C_g	REGULATING C_g
	Inch	mm		
Restricted Capacity Trim, Straight Bore — Composition Or Nylon Disk Seat Only	3/8	9.5	115	90
	1/2 ⁽¹⁾	12.7	200	155
	9/16	14.3	235	188
	5/8	15.9	300	216
	3/4	19.1	425	330
Restricted Capacity Trim, Stepped Bore — Composition Or Nylon Disk Seat Only	7/8 X 3/8	22.2 X 9.5	115	110
	7/8 X 1/2	22.2 X 12.7	200	190
	7/8 X 5/8	22.2 X 15.9	300	280
Full Capacity Trim — Composition Or Nylon Disk Or O-Ring Seat	7/8	22.2	550	408
	1	25.4	680	550
	1-1/8	28.6	850	680

1. 1/2 inch (12.7 mm) is the only orifice size available for 1000 psig (69 bar) maximum inlet pressure regulator.

Principle of Operation

Type 99

The key to the operation of a Type 99 regulator is the yoked double-diaphragm pilot (letter keys in this section refer to both figure 3 and 4 unless otherwise noted). Fast response and accuracy are made possible by the amplifying effect of the pressure-balanced pilot and by the two-path control system. The function of the pilot is to sense change in the controlled pressure and amplify it into a larger change in the loading pressure. Any changes in outlet pressure act quickly on both the actuator diaphragm and the loading pilot, thus providing the precise pressure control that is characteristic of a two-path system.

A typical pilot has an approximate gain of 20, which means the outlet pressure needs to droop only 1/20 as much as a self-operated regulator in order to obtain the same pressure differences across the main diaphragm. ~~Advantages of a pilot operated regulator are high accuracy and high capacity.~~

Upstream or inlet pressure is utilized as the operating medium, which is reduced through pilot operation to load the main diaphragm chamber. Tubing connects the inlet pressure to the pilot through a filter assembly. Downstream or outlet pressure registers underneath main diaphragm (E) through the downstream control line.

In operation, assume the outlet pressure is less than the setting of pilot control spring (A). The top side of pilot diaphragm assembly (F) will have a lower pressure than the setting of spring (A). Spring (A) forces the diaphragm head assembly upward, opening the relay or inlet orifice (C). Additional loading pressure is supplied to the pilot body and to the top side of main diaphragm (E).

This creates a higher pressure on the top side of main diaphragm (E) than on the bottom side, forcing the diaphragm downward. This motion is transmitted through a lever, which pulls the valve disk open, allowing more gas to flow through the valve.

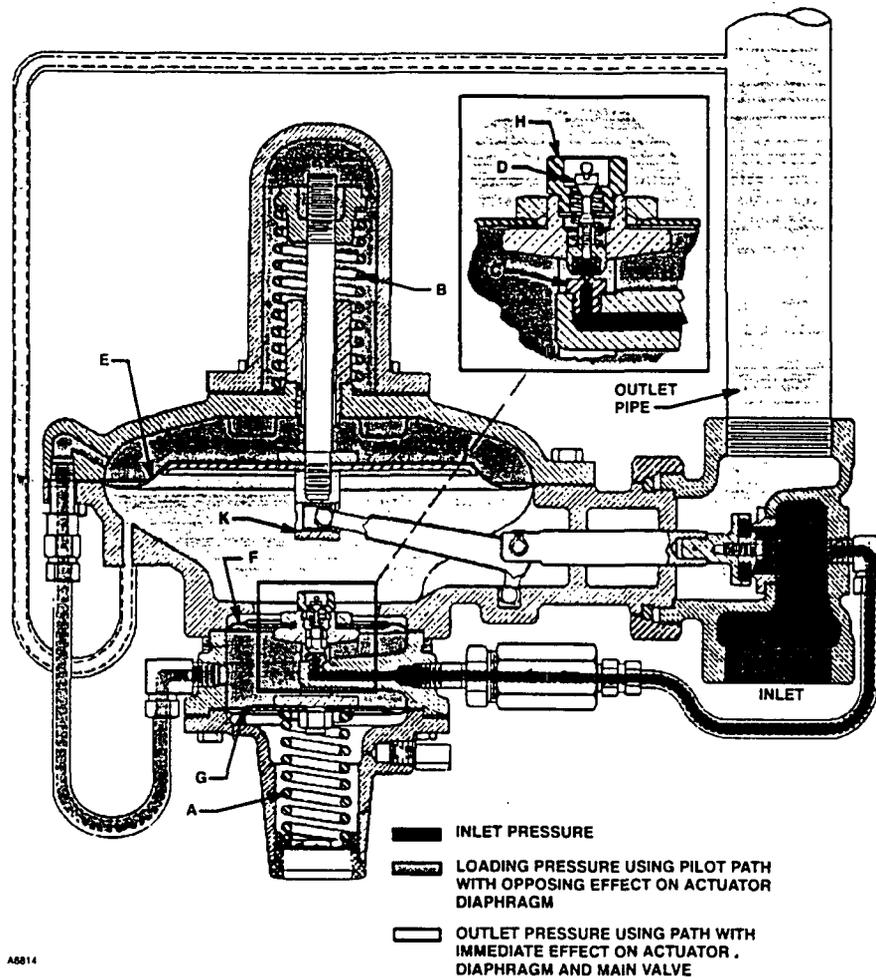


Figure 3. Schematic of Type 99 Regulator with Type 61L (low pressure) Pilot

When the gas demand in the downstream system has been satisfied, the outlet pressure increases. The increased pressure is transmitted through the downstream control line and acts on top of the pilot diaphragm head assembly (F). This pressure exceeds the pilot spring setting and forces the head assembly down, closing orifice (C). The loading pressure acting on main diaphragm (E) bleeds to the downstream system through a small slot between the pilot bleed valve (D) and bleed orifice (H).

Normally, excess loading pressure slowly escapes downstream around bleed valve (D) (figure 3) or through the relief valve body (J) (figure 4). Since loading pressure need exceed outlet pressure only moderately to stroke the main valve fully open, a continued increase in loading pressure differential extends main

diaphragm (E) and pusher post assembly (K) far enough to separate bleed valve (D) and bleed orifice (H). This permits quick dumping of excess loading pressure into the downstream system.

With a decrease in loading pressure on top of main diaphragm (E), main spring (B) exerts an upward force on the diaphragm rod connected to main diaphragm (E), pulling it upward. This moves the main valve toward its seat, decreasing flow to the downstream system.

Diaphragm (G) in the pilot valve acts as a sealing member for the loading chamber and as a balancing member to diaphragm (F). These two diaphragms are connected by a yoke so any pressure change in the pilot chamber has little effect on the position of the main valve. Therefore, the active diaphragm in the pilot

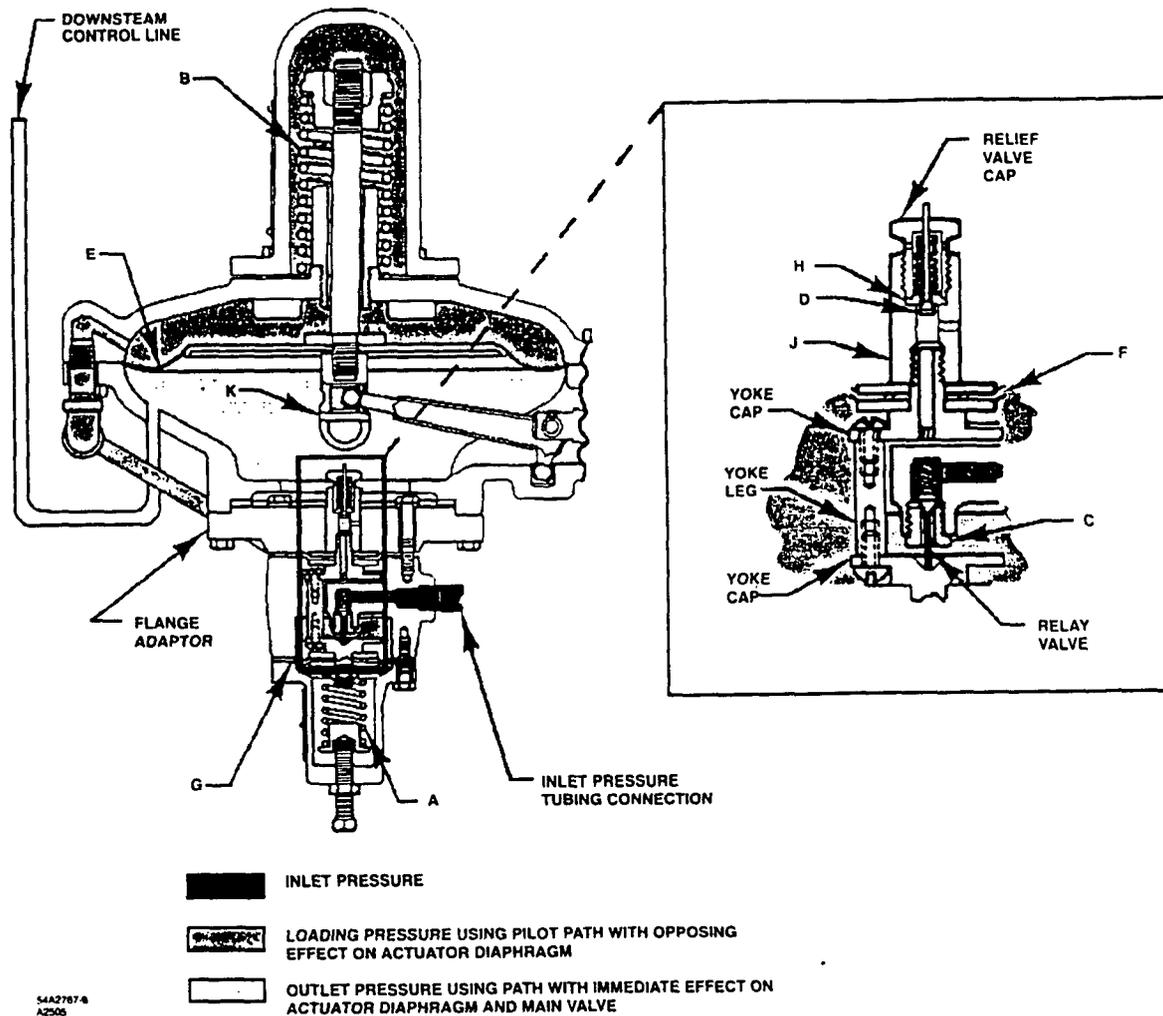


Figure 4. Schematic of Type 99 Regulator with Type 61HP (extra high pressure) Pilot

is (F) and the pressure on the top side of this diaphragm opposes the force of the pilot control spring (A).

Type 99VSX

The Type VSX module on the Type 99 regulator is a safety shut-off valve which provides overpressure or overpressure and underpressure protection by completely shutting off the flow of gas to the downstream system. The safety shut-off module's actions are independent of the Type 99 regulator and of variations to the inlet pressure. The VSX has external registration requiring a downstream sensing line.

The safety shut-off disk is held in the open position (reset position) by a small ball holding the disk stem. In the open (or reset) position the travel indicator is visible through the clear reset button. If the pressure below the diaphragm increases (or decreases) reaching the Type VSX set point, the diaphragm will travel upwards (or downwards) operating a lever which in turn releases the ball.

Once the ball is released, the spring force on the stem will push the stem and disk to the closed position against the seat shutting off all gas flow. The pilot supply pressure is also shut off when the Type VSX is closed. In the closed position, the travel indicator is no longer visible through the reset button. The manual reset has an internal bypass to equalize the reset pressure on either side on the shut-off disk.

Table 5. Type VSX Trip Pressure Ranges

TYPE VSX WITH HIGH PRESSURE TRIP ONLY		
	Minimum To Maximum Trip Pressure Inches of W.C. or Psig (mbar)	Springs
		Part Number
High Pressure Set Point Ranges	8 to 13 in. w.c. (19 to 33 mbar)	T13751T0012
	9 to 20 in. w.c. (22 to 49 mbar)	T13752T0012
	12 in. w.c. to 1.5 psig (29 to 102 mbar)	T13753T0012
	20 in. w.c. to 2.5 psig (50 to 172 mbar)	T13754T0012
	26 in. w.c. to 3.3 psig (64 to 230 mbar)	T13755T0012
	1.5 to 5.7 psig (104 to 390 mbar)	T13756T0012
TYPE VSX WITH HIGH AND LOW PRESSURE TRIP		
	Minimum To Maximum Trip Pressure Inches of W.C. or Psig (mbar)	Springs
		Part Number
High Pressure Set Point Ranges	14 to 20 in. w.c. (34 to 50 mbar)	T13751T0012
	20 in. w.c. to 1.3 psig (50 to 90 mbar)	T13752T0012
	1.3 to 2.4 psig (90 to 165 mbar)	T13753T0012
	2.2 to 3.3 psig (150 to 225 mbar)	T13754T0012
	3.3 to 5.4 psig (225 to 370 mbar)	T13755T0012
	4.4 to 8.0 psig (300 to 550 mbar)	T13756T0012
Low Pressure Set Point Ranges	2 to 9 in. w.c. (6 to 23 mbar)	T13757T0012
	4 to 24 in. w.c. (10 to 60 mbar)	T13760T0012
	19 in. w.c. to 2.3 psig (48 to 160 mbar)	T13761T0012
	24 in. w.c. to 4.6 psig (60 to 320 mbar)	T13762T0012

Overpressure Protection

Like most regulators, the Type 99 has outlet pressure ratings lower than the inlet pressure ratings. Complete downstream overpressure protection is needed if the actual inlet pressure exceeds the outlet pressure rating.

On the 1000 psig (69 bar) maximum inlet pressure regulator the Type H110 relief valve provides sufficient relief capacity to protect the Type 61HP (extra high pressure) pilot in case the Type 1301F pilot supply regulator fails open. This protection is insufficient if the main valve fails open, downstream overpressure protection is still needed.

Overpressuring any portion of a regulator or associated equipment may cause leakage, part damage, or personal injury due to bursting of pressure-containing parts or explosion of accumulated gas. Regulator operation within ratings does not preclude the possibility of damage from external sources or from debris in the pipeline. A regulator should be inspected for damage periodically and after any overpressure condition.

Construction Features

Pilot Interchangeability

When higher or lower pressure control is needed, the existing pilot can be exchanged for one that provides the desired range.

Type 99 lower castings accept either low or high pressure pilots without requiring separate mounting parts for each construction. When converting to an extra high pressure unit, an additional flange adapter will be required.

When a Type 61L (low pressure) pilot is ordered for field conversion to a Type 61H (high pressure) pilot or vice versa, the replacement pilot assembly comes complete with a pilot cover that must be removed before installing the replacement pilot on the existing regulator. The cover can then be installed on the removed pilot to form a complete Type 61L (low pressure) pilot or Type 61H (high pressure) pilot for use elsewhere.

Choice of Shutoff

The Type 99 regulator body comes with either a composition disk that seats against a knife-edged orifice (figure 3, or 5), or a composition O-ring that seats against a flat orifice (figure 5).

O-ring seats should be used when heavier main springs, larger orifice sizes and higher inlet pressures are encountered. The O-ring adapter will also seat against the orifice face creating a mechanical stop, where the knife-edged orifice can possibly cut through a disk damaging the seat and losing a tight shutoff.

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 Cuppower, L.L.C. CASE NO. 99-25

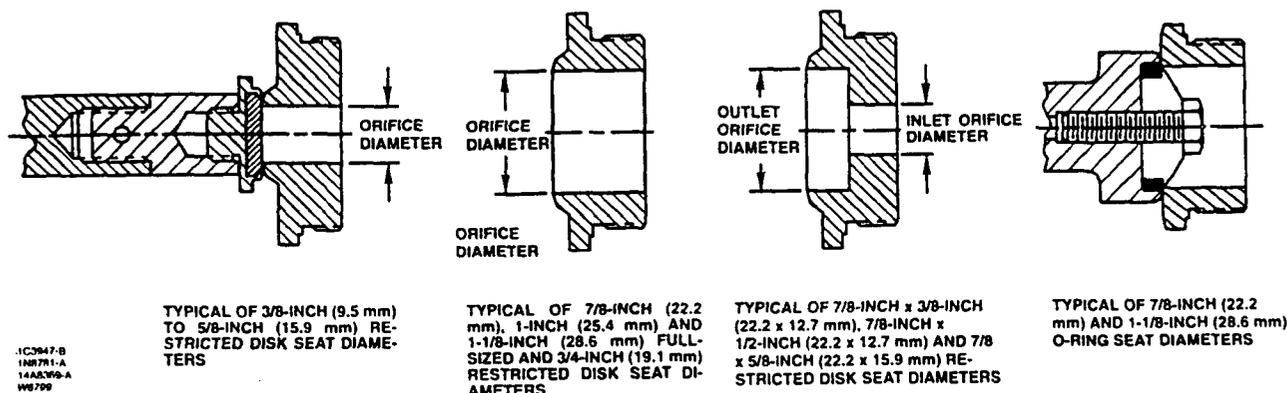


Figure 5. Type 99 Orifice Construction

The 1000 psig (69 bar) maximum inlet pressure regulator comes standard with a 7/8 x 1/2 inch (22.2 x 12.7 mm) disk seat, while lower inlet Type 99 regulators have a choice of three different restricted-diameter orifices and eight different straight-bore orifices for unusually light loads or for minimizing relief requirements.

1000 Psig (69 Bar) Inlet Pressure Capability

The 1000 psig (69 bar) maximum inlet pressure regulator must have its Type H110 pop relief valve installed directly, or remotely by means of piping and a female-threaded coupling, into the 1/4-inch NPT side outlet of the supply regulator. The pilot supply regulator reduces inlet pressure to a usable 200 psig (14 bar) for the integral Type 61HP (extra high pressure) pilot. The relief valve is set to relieve if the reduced pressure from the pilot supply regulator exceeds 225 psig (16 bar). This Type 99 regulator comes standard with O-ring seals on the guide bushing and valve carrier assembly to keep the main valve body outlet pressure from interfering with outlet pressure registration in the lower actuator casing.

Rugged Service Capability

High-temperature elastomers provide service capabilities up to 300°F (149°C). Brass body and fluoroelastomer seat can be provided for special service requirements. Stainless steel trims and an aluminum filter can be ordered where hydrogen sulfide or other contaminants are present in the gas and no brass or copper can be permitted.



Figure 6. Optional Travel Indicator

In-Service Travel Inspection

An optional travel indicator (figure 6) consists of an actuator spring case with an integrally cast indicator housing, an indicator disk enclosed in a pressure-tight Pyrex⁽¹⁾ glass tube, and an indicator plate graduated in percent of valve opening. This indicator assembly provides the capability to inspect for smooth travel without removing the regulator from service.



Figure 7. Optional Type 662 Kixel® Remote Drive

Electronic Remote Control Capability

Where remote adjustment of the pilot control spring setting is desired, Type 662 Kixel® drive units (figure 7) that mount to the pilot and accept a variety of electrical inputs are available. The Type 662 Kixel® remote drive unit uses electronic signals to switch its motor on and off which turns the pilot adjusting screw, changing spring compression to increase or decrease outlet pressure. The design provides smooth, highly accurate positioning with positive-lock when the unit is not in motion.

Oxygen and Ammonia Service

The Type 99 regulator can be manufactured for Oxygen or Ammonia service

- **For Oxygen Service**— All metal parts that are in contact with immediate flow stream are made from materials suitable for oxygen. The construction includes a screwed bronze body, brass lower casing protector, fluoroelastomer diaphragms and O-rings. The seat construction is a O-ring design seat. Oxygen cleaning is typically required whenever the oxygen service construction is required.

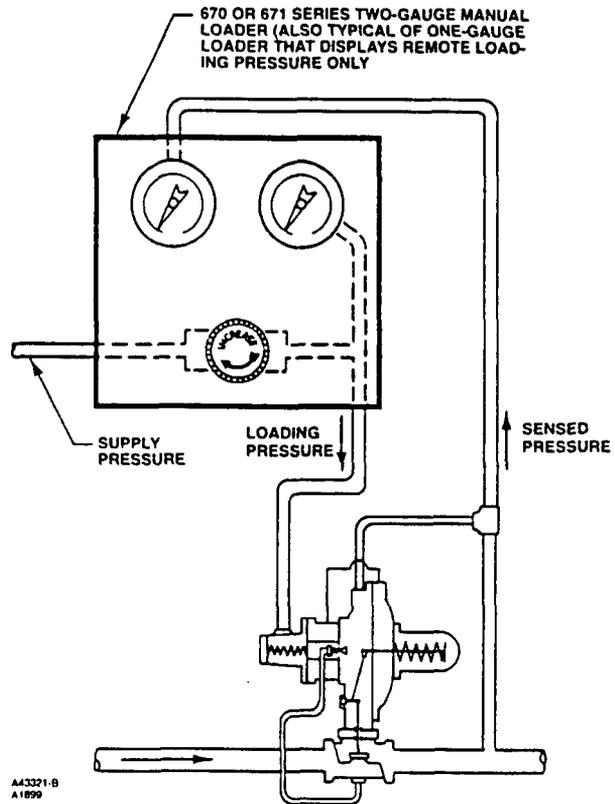


Figure 8. Pneumatic Remote Adjustment Installation

- **For Ammonia Service**— The Type 99 regulator may be used by removing all brass parts. The stainless steel trim option should be selected which eliminates any brass parts. The standard nitrile elastomers are suitable for ammonia service up to their specified temperature range.

Pressure Loading Flexibility

Type 99 pilot spring cases can be pressure loaded for applications involving differential pressure control or remote pneumatic adjustment of the downstream pressure setting (figure 8). If loading pressure fails, outlet pressure will be maintained at the pilot control spring setting.

Bulletin 71.2:99

Table 6. Working Monitor Performance

MONITORING PILOT INFORMATION					MINIMUM PRESSURE AT WHICH WORKING MONITOR REGULATOR CAN BE SET
Construction	Spring Range	Pilot Spring			
		Part Number	Wire Diameter Inch (cm)	Free Length Inch (cm)	
Type Y600M with 1/8-inch (3.2 mm) orifice diameter and 150 psig (10 bar) maximum allowable inlet pressure	5 to 15-inches w.c. (12 to 38 mbar) 11 to 28-inches w.c. (27 to 68 mbar)	1B653927022	.105 (.027)	3-3/4 (9.5)	3-inches w.c. (7 mbar) over normal distribution pressure
		1B537027052	.114 (0.30)	4-5/16 (11.0)	
	1 to 2-1/2 psig (0.069 to 0.17 bar) 2-1/4 to 4-1/2 psig (0.16 to 0.31 bar) 4-1/2 to 7 psig (0.31 to 0.48 bar)	1B537127022	.156 (0.39)	4-1/8 (10.4)	0.5 psi (0.034 bar) over normal distribution pressure
		1B537227022	.187 (0.47)	3-15/16 (10.0)	
Type 627-109 with 1/8-inch (3.2 mm) orifice diameter and 150 psig (10 bar) maximum allowable inlet pressure for cast iron body or 750 psig (52 bar) maximum allowable inlet pressure for malleable iron body	5 to 15 psig (0.34 to 1.0 bar) 10 to 25 psig (1.0 to 1.7 bar) 20 to 35 psig (1.4 to 2.4 bar) 25 to 60 psig (1.7 to 4.1 bar)	1D892327022	.168 (0.43)	2-15/16 (7.5)	3.0 psi (0.021 bar) over normal distribution pressure
		1D751527022	.187 (0.47)	2-13/16 (7.1)	
		1D665927022	.218 (0.55)	2-15/32 (6.3)	
		1D755527142	.500 (1.30)	9-1/4 (23.5)	
	40 to 80 psig (2.8 to 5.5 bar) 80 to 150 psig (5.5 to 10 bar) 130 to 200 psig (9.0 to 14 bar)	1E543627142	.283 (0.72)	2-5/16 (5.9)	5.0 psi (0.34 bar) over normal distribution pressure
1P901327142 ⁽¹⁾	.240 (0.61)	2-5/8 (6.7)			
1P901327142 ⁽²⁾	.240 (0.61)	2-5/8 (6.7)			

1. With large diaphragm plate.
2. With small diaphragm plate.

Monitoring Systems for Safety

Monitoring regulators serve as overpressure protection devices to limit system pressure in the event of open failure of a working regulator feeding the system. Two methods of using Type 99 regulators in monitoring systems are as follows:

- **Working Monitor**— On a working monitor installation (figure 10), the control line of the monitoring pilot is connected downstream of the working regulator. During normal operation, distribution pressure causes the monitoring pilot to stand wide open. Full pilot supply pressure enters the working monitor pilot and permits the working monitor regulator to control at its intermediate pressure setting.

Open failure of the working regulator increases distribution pressure as the working regulator goes wide open. Intermediate pressure is then ignored by the monitoring regulator, which controls downstream pressure at its own pressure setting (slightly higher than the normal control pressure).

The monitoring pilot should be upstream of the working monitor regulator. This enables a closer set point between the working regulator and the monitoring pilot. Special Type Y600M and 627-109 monitoring pilots with quick-bleed operation have been designed to give faster response to abnormal downstream conditions. Table 6 gives the spread between normal distribution pressure and the minimum pressure at which the working monitor regulator can be set to take over if the working regulator fails open.

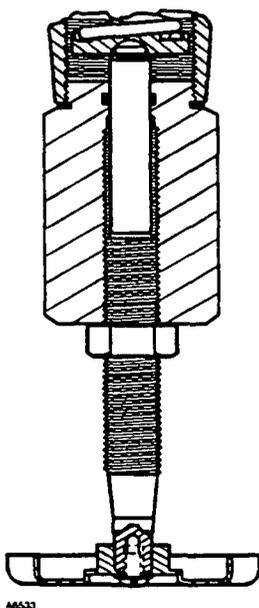


Figure 9. Type 61L (low pressure) Handwheel

Pilots are provided with a 1/4-inch NPT tapped connection in the spring case. Low pressure pilots additionally can be furnished with a handwheel (figure 9) for precise trimming of the final pressure setting. Outlet pressure is the sum of the spring setting and the loading pressure.

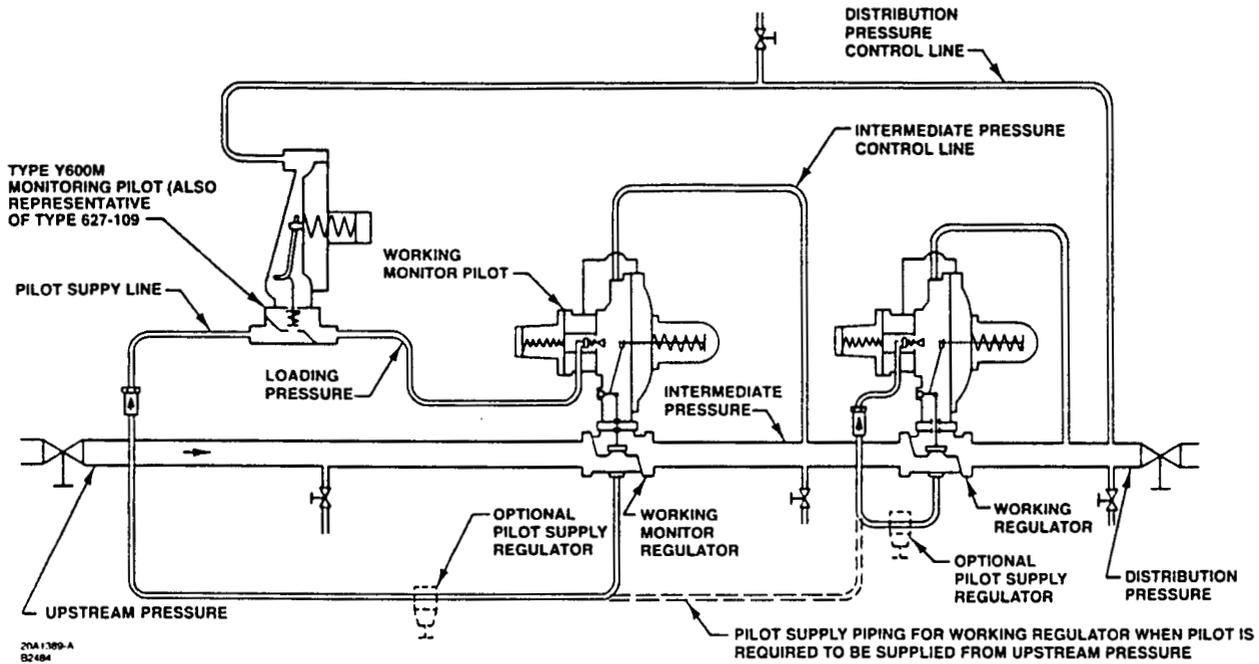


Figure 10. Working Monitor Installation

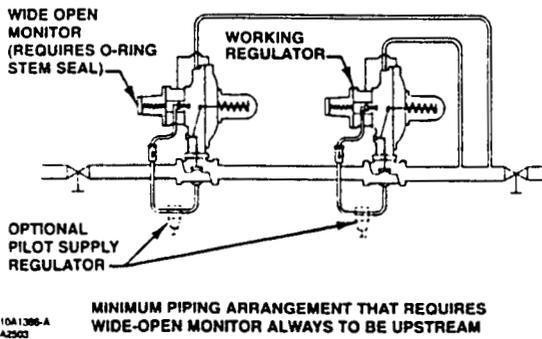
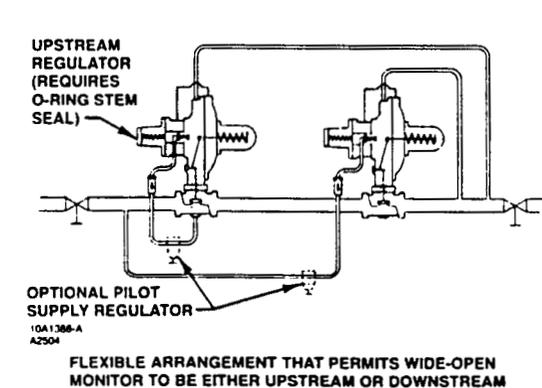


Figure 11. Typical Wide-Open Monitor Installations

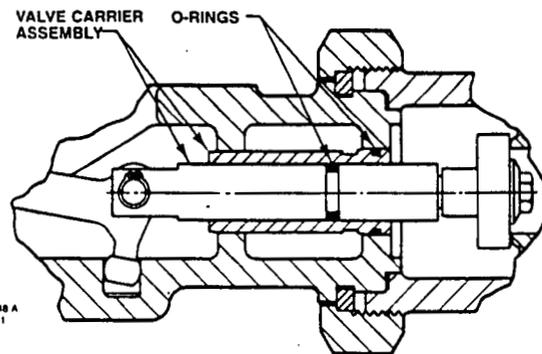


Figure 12. O-Ring Seal Construction

• **Wide Open Monitor**— The control line of the upstream regulator is connected downstream of the second regulator (figure 11), so that during normal operation the monitoring regulator is standing wide open with the reduction to distribution pressure being taken across the working regulator. Only in case of open failure of the working regulator does the wide-open monitoring regulator take control at its slightly higher setting.

The upstream regulator must be ordered with an O-ring seal (figure 12) on the valve carrier assembly. This seals off the leak path that otherwise would let line pressure ahead of the working regulator inlet try to open the wide open monitoring regulator.

Capacity Information

Table 7 gives standard full-capacity Type 99 natural gas regulating capacities at selected inlet pressures and outlet pressure settings. Flows are in thousands of scfh (60°F and 14.7 psia) of 0.6 specific gravity gas at 60°F. To determine equivalent capacities for air, propane, butane, or nitrogen, multiply the table 7 capacity by the following appropriate conversion factor: 0.775 for air, 0.628 for propane, 0.548 for butane, or 0.789 for nitrogen. For gases of other specific gravities, multiply the given capacity by 0.775 and divide by the square root of the appropriate specific gravity. Then, if capacity is desired in normal cubic meters per hour (m³/hr) at 0°C and 1.01325 bar, multiply scfh by 0.0268.

To determine regulating capacities for pressures or constructions not given in table 7, or to determine wide-open capacities for relief sizing at any inlet pressure, use the following formula and convert according to the factors in the preceding paragraph if necessary:

$$Q = \sqrt{\frac{520}{GT}} C_1 P_1 \text{ SIN} \left(\frac{3417}{C_1} \sqrt{\frac{\Delta P}{P_1}} \right) \text{ DEG}$$

where:

- $C_1 = C_g/C_v$
- $C_g =$ Gas sizing coefficient (see table 4)
- $G =$ Gas specific gravity (air =1.0)
- $P_1 =$ Regulator inlet pressure, psia
- $\Delta P =$ Pressure drop across regulator, psi
- $Q =$ Gas flow rate, scfh
- $T =$ Absolute temperature of gas at inlet, degree Rankine

To obtain the published capacities, the inlet and outlet piping should be the same as the regulator body size.

Installation

Although the union nut permits the actuator and pilot to be mounted in any position relative to the body, the normal installation is with the body in a horizontal run of pipe and the pilot hanging vertically from the bottom of the actuator as shown in figure 1.

Control and vent lines necessary for installation are not supplied with a Type 99 regulator. Control and vent connection locations are shown in figure 13. In many instances good piping practice will require that outlet piping be swaged up above the body size to prevent excessive pressure drop along the outlet line. The piping should be expanded as close to the regulator outlet as possible.

Dimensional information also is given in figure 13.

Ordering Information

To order a particular construction specify the items listed below. In addition, any restricted trim or optional constructions must be specified.

Application

1. Composition and specific gravity of gas (including chemical analysis if possible).
2. Range of temperatures, flowing inlet pressures (maximum, minimum, nominal), and pressure drops.
3. Desired outlet pressure setting.
4. Range of flow rates (minimum controlled, maximum, normal).
5. Piping size(s).

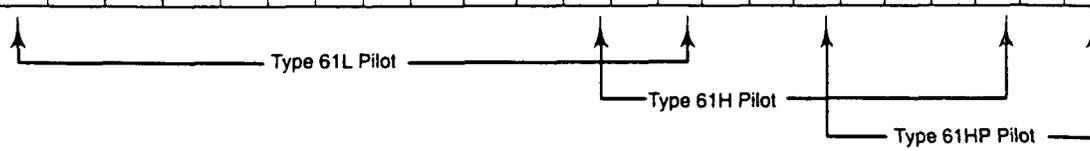
Construction

Refer to the page 4 and 5 Specifications and the Construction Features section. Carefully review each specification and/or referenced tables and the descriptions under each construction feature; specify the desired selection whenever there is a choice to be made.

Always specify the type numbers of the filter, pilot supply regulator, and/or monitoring pilot, as well as the regulator.

Table 7. Capacities⁽¹⁾ in Thousands of Scfh of 0.6 Specific Gravity Gas⁽²⁾ for Full-Capacity Type 99 Regulators

INLET PRESSURE	OUTLET PRESSURE																									
	Psig	Bar	0.25	0.5	1	2	3	4	5	6	7	8	9	10	15	20	25	30	35	40	45	50	75	100		
			0.017	0.035	0.069	0.14	0.21	0.28	0.34	0.41	0.48	0.55	0.62	0.69	1.0	1.4	1.7	2.1	2.4	2.8	3.1	3.4	4.1	5.2	6.9	
7/8-inch (22.2 mm) diameter seat ring	5	0.34	7.2	7.2	6.6	6																				
	6	0.41	7.8	7.8	7.8	7.2	6.6																			
	7	0.48	9	9	8.4	7.8	7.2	6.6																		
	8	0.55	9.6	9.6	9	8.4	7.8	7.2	6.6																	
	9	0.62	10	10	10	9.6	9	8.4	7.2	6.6																
	10	0.69	11.4	11.4	10.8	10	9.6	9	8.4	7.8	7.2															
	15	1.0	14.4	14.4	14.4	14.4	14.4	13.8	13.2	13.2	12	12	11.4	7.8												
	20	1.4	18.6	18.6	18.6	18.6	18.6	18.6	18	16.8	16.2	15.6	14.4	10.8												
	25	1.7	21	21	21	21	21	21	21	21	21	19.8	19.8	19.2	16.2	12										
	30	2.1	23	23	23	23	23	23	23	23	23	23	23	23	20	17	12.5									
	35	2.4	26	26	26	26	26	26	26	26	26	26	26	24	21	18	13									
	40	2.8	28	28	28	28	28	28	28	28	28	28	28	28	26	23	19	14.5								
	50	3.4	34	34	34	34	34	34	34	34	34	34	34	34	31	28	25	21	15.5							
	60	4.1	42	42	42	42	42	42	42	42	42	42	42	42	42	42	42	37	35	30	27	23				
	75	5.2	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	45	41	37	30			
	100	6.9	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	59	44		
	150	8.6	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	73	66	48	
	175	10	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	72	
	200	12	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	96	93	
	225	14	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108	
250	16	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123	123		
300	17	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132	132		
350	21	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162	162		
400	24	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188	188		
400	28	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215	215		
1-1/8-inch (28.6 mm) diameter seat ring	1	0.069	5 ⁽³⁾																							
	2	0.14	7.5 ⁽³⁾	7.5 ⁽³⁾	6 ⁽³⁾																					
	3	0.21	9	9	8.5 ⁽³⁾																					
	4	0.28	10	10	9	8.5 ⁽³⁾																				
	5	0.34	12	12	11	10	9 ⁽³⁾																			
	6	0.41	13	13	13	12	10	9 ⁽³⁾																		
	7	0.48	15	14	14	13	12	10	9 ⁽³⁾																	
	8	0.55	16	16	15	14	13	12	11	9 ⁽³⁾																
	9	0.62	17	17	17	16	15	14	12	11	10 ⁽³⁾															
	10	0.69	19	19	18	17	16	15	14	13	12	10 ⁽³⁾														
	15	1.0	24	24	24	24	23	22	22	20	20	19	13													
	20	1.4	31	31	31	31	31	30	28	27	26	25	24	18												
	25	1.7	35	35	35	35	35	35	35	35	33	33	32	27	20											
	30	2.1	39	39	39	39	39	39	39	39	39	39	39	34	28	21										
	35	2.4	44	44	44	44	44	44	44	44	44	44	44	40	35	30	22									
	40	2.8	47	47	47	47	47	47	47	47	47	47	47	47	43	38	32	24								
	50	3.4	57	57	57	57	57	57	57	57	57	57	57	57	57	52	47	42	35	26						
	60	4.1	65	65	65	65	65	65	65	65	65	65	65	65	65	65	62	58	50	45	38					
	75	5.2	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	78	74	68	62	50				
	100	6.9	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99	88			
150	8.6	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	122	80		
175	10	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	120		
200	12	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	160	155		
225	14	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180		
250	16	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205		
300	17	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220		
300	21	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265	265		



1. When sizing a regulator, always use the lowest inlet pressure, the highest outlet pressure, and the maximum capacity desired.
 2. See "Capacity Information" section for conversion to equivalent capacities of other gases and/or normal cubic meters per hour.
 3. Requires 3/4 psi (0.052 bar) minimum differential pressure construction.

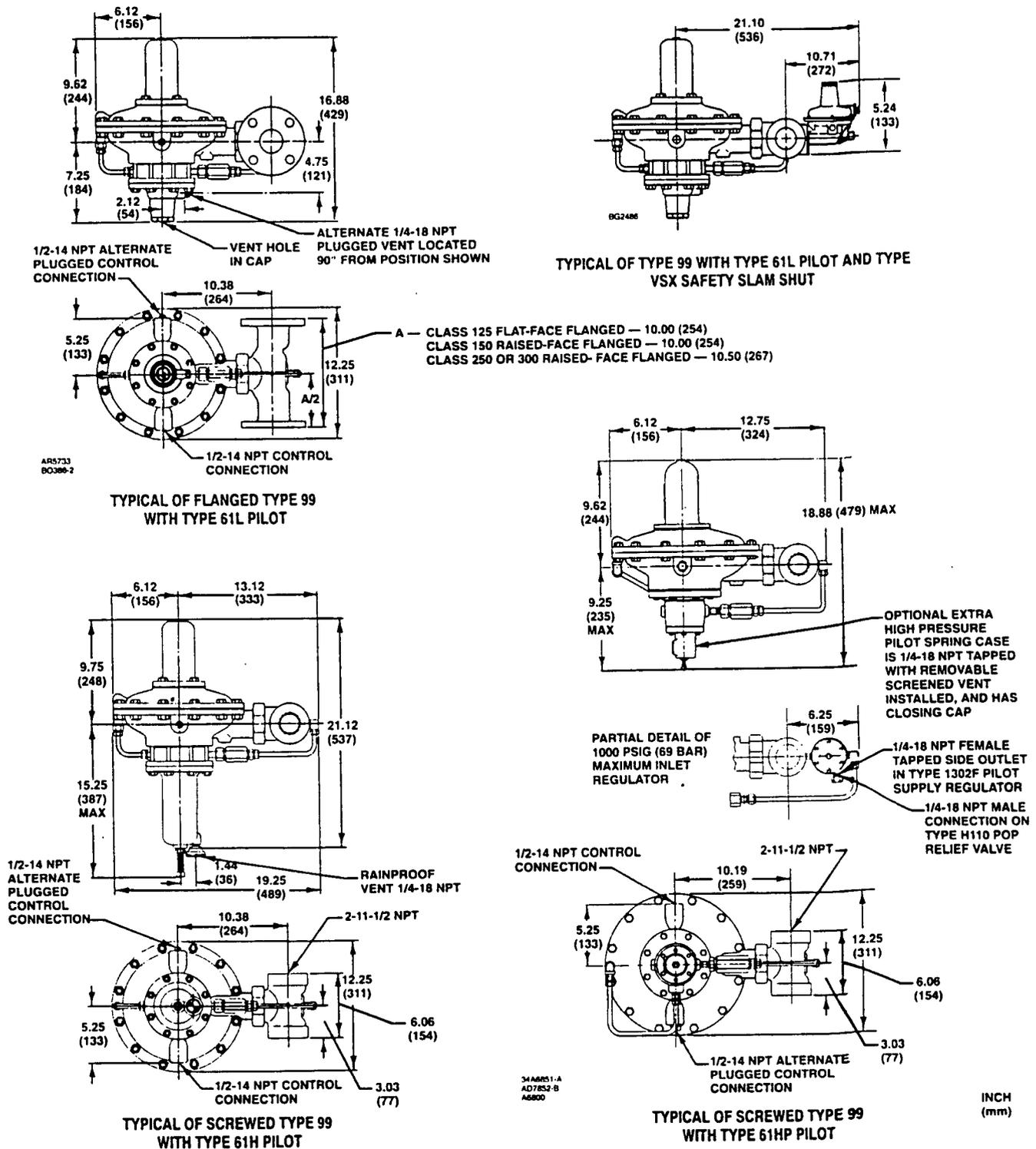


Figure 13. Type 99 Dimensions

The contents of this publication are presented for informational purposes only, and while every effort has been made to ensure their accuracy, they are not to be construed as warranties or guarantees, express or implied, regarding the products or services described herein or their use or applicability. We reserve the right to modify or improve the designs or specifications of such products at any time without notice.

For information, contact Fisher Controls:
 Marshalltown, Iowa 50158 USA
 Cemay 68700 France
 Sao Paulo 04244 Brazil
 Singapore 0512

Response to Kentucky Public Service Commission
 CASE NO. 90-235



Exhibit E, Page 135 of 210

Design Pressure Data

The Federal Code governing polyethylene gas pipelines includes the PE 3408 designation with a long-term Hydrostatic Design Basis of 1600 psi. PLEXCO YELLOWSTRIPE PE 3408 EHMW Gas Piping meets this requirement.

192.121 Design of Plastic Pipe

- (a) The Design Pressure for plastic pipe is determined in accordance with the following formulas, and is subject to the limitations of 192.123:

$$P = \frac{2St}{D-t} \times F \quad \text{or} \quad \frac{2S}{R-1} \times F$$

P = Design Pressure in pounds per square inch.

S = The Hydrostatic Design Basis in pounds per square inch at 73.4°F 1250 psi for polyethylene PE 2306, PE 2406, and PE 3406 plastic pipe, and 1600 psi for PE 3408.

t = Specified minimum wall thickness in inches.

D = Specified outside diameter in inches.

F = Design Factor for plastic pipe (see [b] following).

R = Standard Dimension Ratio =

$$\frac{\text{Pipe average outside diameter}}{\text{Pipe minimum wall}}$$

- (b) The Design Factor for plastic pipe used in gas distribution services is 0.32 for all Class Locations (1, 2, 3 and 4).

192.123 Design Limitations for Plastic Pipe

- (a) The Design Pressure may not exceed 100 psig for plastic pipe used in distribution systems.
- (b) Plastic pipe may not be used where operating temperatures of the pipe will be —
 (1) Below minus 20°F.
 (2) Above 140°F for thermoplastic pipe.
 (If the pipe is rated for this maximum temperature.)
- (c) The wall thickness for thermoplastic pipe may not be less than 0.062 inches.

192.321 Installation of Plastic Pipe

- (d) Thermoplastic pipe that is not encased must have a minimum wall thickness of 0.090 inches, except that pipe with an outside diameter of 0.875 inches or less may have a minimum wall thickness of 0.062 inches.

DESIGN PRESSURE		PE 3408 DESIGN PRESSURE (PSI)
SDR 9	@ 73°F	100
	140°F	60
SDR 11	@ 73°F	100
	140°F	50
SDR 13.5	@ 73°F	80
	140°F	40

DESIGN PRESSURE RATING

The pressure rating of Poly Pipe is determined by the grade of polyethylene being used (PE 3406 or PE 3408), and the wall thickness of the pipe. All calculations are based on using water at 73.4° F, and are determined by using standard formulas for the industry.

$$P = \frac{2S}{SDR-1}$$

Where:

S = Hydrostatic Design Stress, psi
P = Pressure Rating, psi

$$SDR = \frac{O.D.}{t}$$

Where:

O.D. = Outside Diameter, inches
t = Minimum Wall Thickness, inches

Hydrostatic Design Stress = Hydrostatic Design Basis (HDB) of Poly Pipe with a 2 to 1 safety factor calculated. ($S = \frac{HDB}{2}$)

Therefore, the S of Poly Pipe PE 3406 (1450 HDB) is 725 psi, and the S of Poly Pipe PE 3408 (1600 HDB) is 800 psi.

An additional environmental SERVICE FACTOR should be utilized to compensate for the effect of substances other than water, and for temperature.

The following factors apply:

<u>Substance</u>	<u>Environmental Service Factor</u>
Water	1.00
Dry Natural Gas	1.00
Crude Oil	.50
Wet Natural Gas	.50
Federally Regulated Dry Natural Gas	.64

The working pressures for various temperatures may be found on Page 7.

WORKING PRESSURE VS. TEMPERATURE

PE 3408 RESIN 1600 HYD. DESIGN BASIS

SDR

	7	9	11	13.5	17	21	26	32.5	
73°F	265	200	160	128	100	80	64	51	PSI
100°F	235	176	141	112	88	70	56	44	PSI
120°F	191	143	114	91	71	57	45	36	PSI
140°F	148	111	88	71	55	44	35	28	PSI

PE 3406 RESIN 1450 HYD. DESIGN BASIS

SDR

	7	9	11	13.5	17	21	26	32.5	
73°F	240	180	145	116	90	73	58	46	PSI
100°F	211	158	126	100	79	63	50	39	PSI
120°F	171	128	102	81	63	51	40	32	PSI
140°F	133	100	79	63	49	39	31	25	PSI

* The pressures given for PE 3408 material contains a 1.8 to 1 safety margin, and the PE 3406 contains a 2 to 1 safety margin.

PHILLIPS DRISCO PIPE

Fittings

Driscopipe offers a complete line of fittings. Fittings larger than 12" are available as fabricated items made from pipe segments. Molded butt fusion fittings are available up to and including 12". A complete listing of available fittings may be obtained from a Driscopipe representative.

Working Pressure

The working pressure for Driscopipe 6400 applications are determined as follows.

$$P = \frac{2S}{DR - 1} \times SF \times EF$$

Where: S = 1600 psig (Hydrostatic Design Basis)
P = Pressure Rating, psig
DR = $\frac{\text{Outside Diameter (inches)}}{\text{Minimum Wall Thickness (inches)}}$
SF = Design Safety Factor
EF = Environmental Service Factor

Design Safety Factor

The Design Safety Factor is a derating factor to compensate for system variables in a thermoplastic piping installation. A factor of 0.5 is recommended for water or for dry natural gas in areas not affected by Federal regulations.

The Design Safety Factor for dry natural gas in areas under the jurisdiction of the Federal Department Of Transportation (DOT), according to Title 49, CFR, Subchapter D, Part 192.123, is 0.32 with a maximum allowable operating pressure of 100 psig. Higher pressure systems may be granted by a waiver from DOT.

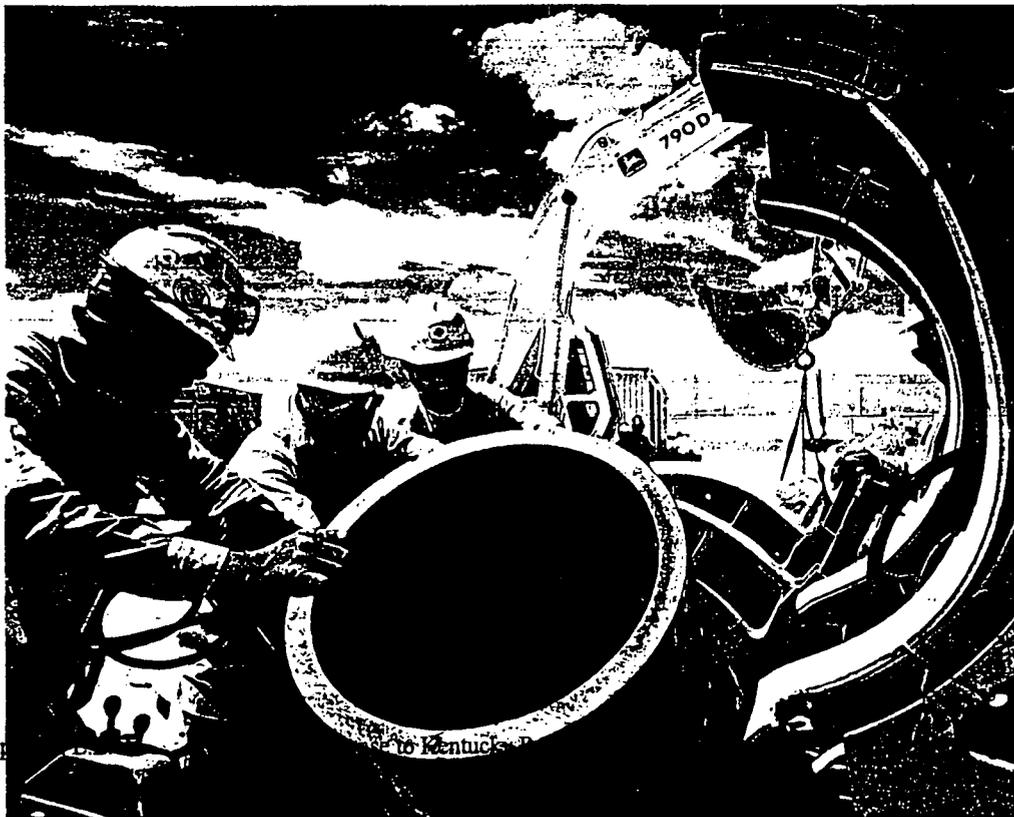
Environmental Service Factors

The Environmental Service Factor is an additional derating factor to compensate for high temperatures or other environmental conditions of the installation. The use of this derating factor is recommended in API Spec 15LE.

Using both the Design Safety Factor (.5) and the appropriate derating factor for each temperature (see table), the following operating pressures may be used for Driscopipe 6400 for water, dry natural gas or dry recovered methane.

Working Pressures For PE3408 at Various Temperatures For Water Or Dry Gas (SF = .5 Included) (See Following "CAUTION"):

Temp.	EF	SDR 7	SDR 9	SDR 11	SDR 17
73.4°F	1.00	265 psig	200 psig	160 psig	100 psig
100°F	0.79	210 psig	158 psig	126 psig	79 psig
120°F	0.62	165 psig	125 psig	100 psig	63 psig
140°F	0.50	133 psig	100 psig	80 psig	50 psig



CAUTION: Derating Factor For Wet Gas Or Crude Oil

If polyethylene pipe is to be in continuous contact with crude oil and wet gas (liquid hydrocarbons), the operating pressure selected from these charts should be reduced an additional 50% (EF = 0.5) for 73°F operation.

Example Calculations:

(a) DR 11 pipe (any size) to move dry gas at 100°F.

$$P = \frac{2 \times 1600}{10} \times .5 \times .79 = 126 \text{ psig}$$

(b) DR 7 pipe (any size) for crude oil line service at 70°F.

$$P = \frac{2 \times 1600}{6} \times .5 \times 1.0 \times .5 = 133 \text{ psig}$$

PE 3408 Material Designation

Materials designated as PE 3408 have a hydrostatic design basis of 1600 psig for water at 73°F. After applying the 0.5 design safety factor, the design working stress for 73°F is 800 psig. Thus, a Grade P34 polyethylene material is designated as PE 3408. Driscopipe 6400 qualifies for this material designation.

Life Expectancy

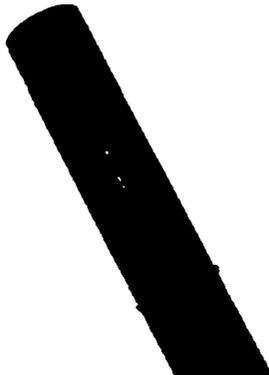
The hydrostatic design basis for Driscopipe 6400 is based on hydrostatic testing data evaluated by standardized industry methods. Life expectancy is estimated conservatively to be in excess of 50 years when proper design and environmental service factors are used to match the pipe design working pressure to the application condition.

Joining

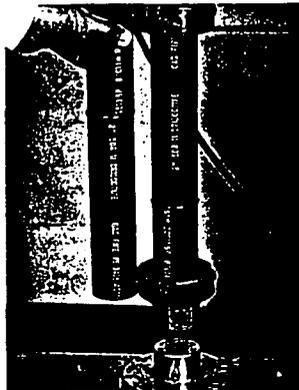
Driscopipe 6400 can be joined by heat fusion, flanging or utilizing mechanical fittings.

Butt heat fusion joining is the recommended method for joining Driscopipe 6400. Phillips has utilized butt heat fusion for over 30 years of Driscopipe's polyethylene piping experience in the oil fields. Butt heat fusion has proven to be fast, economical and highly reliable. The butt heat fusion joints are stronger than the pipe wall as shown in Fig. 1 where the quick burst test shows the ductile break in the wall and not in the fusion joint. This is also shown in Fig. 2 in a tensile pull test.

**Figure 1
Quick Burst Test**

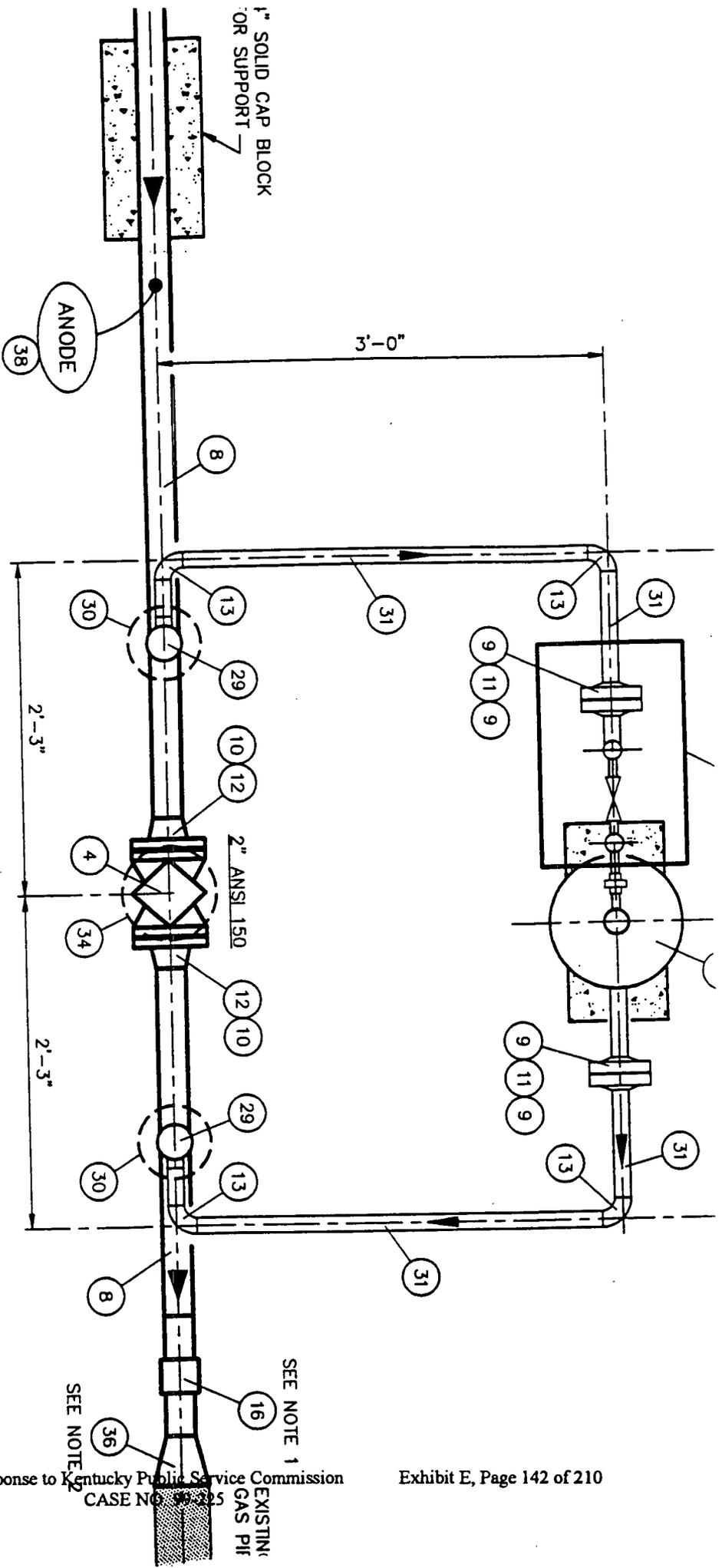


**Figure 2
Tensile Pull Test**



**Figure 3
Molded Flange Adapter**





PLAN - ODORIZER

SCALE: 1" = 1'-0"

REVISIONS		DRAWING STATUS		SCALE	
NO.	DESCRIPTION	ISSUED FOR	DATE	BY	1" = 1'-0"
1	ISSUED FOR	BID			
		CONST.			

DATE	BY	SCALE
7/10/98	LES	1" = 1'-0"
7/16/98	BLH	
7/20/98	BLH	

DATE	DESCRIPTION
7/16/98	CHK'D
7/20/98	APPROVED

NO.	TITLE
	ELEVATION & BILL OF MATERIALS
	REGULATOR STATION
	NEW LIBERTY & AIRPORT
	MCCREARY COUNTY, KENTU

CITIPOWER, L.
 12 COURT HOUSE SQUARE
 WHITLEY CITY, KENTUCKY
 TEL: (606) 378-8370 FAX: (606) 378-

SEE NOTE 1

SEE NOTE 2

TYPICAL REGULATOR STATION BILL OF MATERIAL

QTY.	DESCRIPTION
1	REGULATOR, 2" ANSI 150 FLGD. FISHER 99 W/ 1 1/8" ORFICE
2	RELIEF VALVE, 2" FNPT FISHER 1808, SPRING RANGE PSIG
4	VALVE, BALL, 2" ANSI 150, KEROTEST WB-275 WELD END
1	VALVE, PLUG, 2" NORDSTROM FIG. 143 - 175 CWP
5	VALVE, BALL, 1/2" FNPT X 1/2" FNPT WATTS C-7000, 1000 PSIG
1	STRAINER, Y-TYPE, 2" ANSI 150 RFFE, MUELLER MODEL NO. 781 W/ 100 MESH (S.S.) SCREEN, CARBON STEEL BODY, ASTM A-216 GR. WCB
15 FT.	PIPE, 2.375" O.D. X 0.154" W.T., A53 GR. B, (BARE)
20 FT.	PIPE, 2.375" O.D. X 0.154" W.T., A53 GR. B, (W/ SCOTCHKOTE 206N COATING)
4	FLANGE, WELD, 1" ANSI 150 RFWN (1.05" BORE) A105
6	FLANGE, WELD, 2" ANSI 150 RFWN (2.067" BORE) A105
2	1" ANSI 150 FLANGE GASKET & BOLT KIT, NON ASBESTIC GASKET
6	2" ANSI 150 FLANGE GASKET & BOLT KIT, NON ASBESTIC GASKET
4	ELL, WELD, 1.315" O.D. X 0.133" W.T., 90° L.R., A234 GR. WPB
3	ELL, WELD, 2.375" O.D. X 0.154" W.T., 90° L.R., A234 GR. WPB
3	TEE, WELD, STRAIGHT, 2.375" O.D. X 0.154" W.T., A234 GR. WPB
2	2" PLASTIC TO STEEL TRANSITION FITTING, SEE NOTE 1
1	WEATHER CAP, 2" NOMINAL DIAMETER, KEROTEST
1	GAUGE, PRESSURE, 1/2" MNPT X 3.89" DIAL FACE - MARSH P.N. X32573P, SILICON FILLED, (0-200 PSIG RANGE) OR EQUAL
1	GAUGE, PRESSURE, 1/2" MNPT X 3.89" DIAL FACE - MARSH P.N. X32570P, GLYCERIN FILLED, (0-100 PSIG RANGE) OR EQUAL
1	NIPPLE, 2" NOMINAL X 4" LONG, (SCH. 40), A-105, GR. B
2	NIPPLE, 2" NOMINAL X 12" LONG, (SCH. 40), A-105, GR. B (T.O.E.)
6	NIPPLE, 1/2" NOMINAL X 2" LONG, (SCH. 80), A-105, GR. B (T.B.E.)
1	TEE, SCREWED, STRAIGHT, 1/2" FNPT, 3000#, A-105, FORGED STEEL
2	PLUG, HEX HEAD, 1/2" MNPT, 3000#, A-105, FORGED STEEL
2	1/2" X 1/4" BUSHING, HEAVY DUTY 3000 PSIG
3	THREAD-O-LET, 1/2" FNPT X 2", 3000#, A-105, FORGED STEEL
2	TUBING ADAPTOR, 1/2" MNPT X 3/8" O.D. TUBE, SWAGELOCK TYPE (OR EQUAL) (.304 S.S.)
3 FT.	TUBING, 3/8" O.D. X 0.035" W.T., (304 S.S.)
2	SERVICE TEE, 1" X 1" MUELLER H-17800
2	VALVE BOX, HANDLEY MODEL #G21CF (MODIFY TO FIT)
10 FT.	PIPE, 1.315" O.D. X 1.33" W.T., A53 GR. B, (W/SCOTCHKOTE 206N COATING)
1	GAS ODORIZER, KING TOOL MODEL 2-B, 10 3/4" O.D. X 30" LONG, 6 GALLON CAPACITY
1	VALVE BOX, AMETEX NO. 170104, 12" TALL W/ LID
1	VALVE BOX, HANDLEY MODEL #G4VA3NAC
1	REDUCER, CONCENTRIC, 3" X 2" PE 3408, SDR 11
1	REDUCER, CONCENTRIC, 4" X 2" PE 2406, SDR 11
2	SPACER, 2" FIBERGLASS, GLAS MESH #120 OR EQUAL
1	5# ANODE
A/R	JOINT WRAP TAPE, TAPECOAT "CT", TAPECOAT H35G OR EQUAL
A/R	TAPE PRIMER, TAPECOAT "OMNIPRIME" OR EQUAL
A/R	PLASTIC UNDERLAYMENT, 20 MIL, BLACK
A/R	DENSE GRADE AGGREGATE

MUSGROVE EXCAVATING & PLUMBING
P.O. BOX 604
PINE KNOT, KY. 42635
(606) 354-2086

Proposal Submitted To:
Citipower

Date April 2, 1999

Job Name _____

Job Location highway 92.1470

I hereby submit bid for:

8" cased bore \$55.00 per ft. rock or dirt
4" cased bore \$40.00 per ft. rock or dirt

for the sum of _____ dollars

Amount of retainage to be withheld from progress payments: 0

Payment method: 100% upon completion

All work to be completed in a workmanlike manner. All material is guaranteed to be as specified. Any alteration from above specifications involving extra costs will be executed only upon the receipt of written CHANGE ORDERS authorizing the changes and the extra charges in addition to the above amount. I shall be notified of the location of all underground pipes, transmission lines, and any other utilities in the vicinity of the job before any work commences.

I will furnish all equipment necessary to dig bore pits & to do the road bores.

The owner will furnish permits & casing.

This proposal may be withdrawn if not accepted within 30 days.

Richard Musgrove

Richard Musgrove

MUSGROVE EXCAVATING & DUMPING

P.O. Box 604
PINE KNOT, KY 42635

INVOICE

received

6-14-99

(606) 354-2086
Lic. #4710

Citipower

DATE

6/9/99

JOB NO.

JOB NAME

JOB LOCATION

TERMS

4" Hayes Cr Est

	DESCRIPTION	PRICE	AMOUNT
4/23	57 ft bore highway 92	55	3135
4/26	32 ft bore Hayes Cr Smiddy Rd.	55	1760
4/23	30 ft bore Smiddy Road	55	1650
5/10	64 ft bore 1470 Hayes Creek Road	55	3520
	total		\$ 10,065 ⁰⁰

Citipower, L.L.C.

Response to Kentucky Public Service Commission

Exhibit E, Page 145 of 210

CASE NO. 99-225

FINAL

Thank You

ROAD BORE SPECIFICATIONS

- | | | |
|---------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------|
| | Carrier Pipe - Casing Pipe | |
| 1. Contents to be handled | <u>Natural Gas</u> | <u>CASING ONLY</u> |
| 2. Outside diameter | <u>2", 3", 4", 6"</u>
<u>Plastic Pipeline</u> | <u>8 5/8</u> |
| 3. Pipe material | • <u>See Note</u> | <u>CS ERW</u> |
| 4. Pipe specification and grade | <u>SDR 11</u>
<u>SDR 11.5</u> | <u>Lim Serv.</u> |
| 5. Wall thickness | • <u>See Note</u> | _____ |
| 6. Design pressure | <u>60# yellow</u>
<u>1" # BIK</u> | <u>1120 PSI</u> |
| 7. Actual working pressure | <u>60# yellow</u>
<u>130# RIK</u> | _____ |
| 8. Type of joint | <u>Butt fused</u>
<u>Socket</u> | <u>SRL 20ft. +</u> |
| 9. Coating | <u>N/A</u> | <u>BAVE</u> |
| 10. Method of installation | _____ | _____ |
| 11. Protection at end of casing | <u>Rubber boot</u> | <u>N/A</u> |
| | Both Ends <input checked="" type="checkbox"/> One End _____ Type <u>MOD. 5</u> | |
| 12. Cover: Finished grade to top of casing or carrier | <u>Minimum 36'</u> | |
| | Bottom of ditch or toe of slope to top of carrier to casing _____ | |
| 13. Cathodic protection | <u>N/A</u> | |
| 14. Size and height of casing vent | <u>2" Pipe</u> ^{Where required} <u>Height with 2" Return At Top</u> | |
| 15. Distance from casing vent to edge of nearest traffic lane | <u>Varied from 12' to 15'</u> | |

• NOTE

	<u>yellow Plexco Pipe</u>	
2"	SDR 11	Wall thickness .216 PE 2406
4"	"	" " .409 "
6"	"	" " .602 "

	<u>BLACK PLEXCO PIPE</u>	
2"	SDR 11	Wall thickness .216 A TSM D 2513
3"	"	" " .318 "
4"	"	" " .409 "
6"	"	" " .602 "

MUSGROVE EXCAVATING & PLUMBING
P.O. BOX 604
PINE KNOT, KY. 42635
(606) 354-2086

Proposal Submitted To:

Citipower

Date Nov. 1, 1997

Job Name _____
Job Location _____

I hereby submit bid for:

8" cased bore \$60.00 per ft. rock or dirt
free bore \$55.00 per ft.
4" cased bore \$40.00 per ft. rock or dirt

for the sum of _____ dollars

Amount of retainage to be withheld from progress payments: 0

Payment method: 100% upon completion

All work to be completed in a workmanlike manner. All material is guaranteed to be as specified. Any alteration from above specifications involving extra costs will be executed only upon the receipt of written CHANGE ORDERS authorizing the changes and the extra charges in addition to the above amount. I shall be notified of the location of all underground pipes, transmission lines, and any other utilities in the vicinity of the job before any work commences.

I will furnish all equipment necessary to dig bore pits & to do the road bores.

The owner will furnish permits & casing.

This proposal may be withdrawn if not accepted within 30 days.

Richard Musgrove

Richard Musgrove

(606) 354-2086
Lic. #4710

Citipower LLC

DATE 1/12/98 JOB NO.

Pd from
Inmate's office

JOB NAME gas line

JOB LOCATION

TERMS

	DESCRIPTION	PRICE	AMOUNT
Nov 11	20 ft bore Wilburn K. Ross Rd Driveway 4"		
	26 ft bore " in front of Park Service		
Nov 12	18 ft bore " Driveway		
	15 ft bore " "		
	23 ft bore " "		
	36 ft bore " (2) Driveways		
Nov 25	38 ft bore Wilburn K. Ross Rd 4" (Owens Rd) intersection		
26	25 ft bore 4" (Snyder Rd)		
Dec 16	78 ft bore park 6" McCreary Comm. College		
18	58 ft bore water office 6" McCreary Co. Water Office		
	337 ft per ft	\$ 60.00	\$ 20,220.00
	total		\$ 20,220.00

SHROVE EXCAVATING & PLUMBING

P.O. Box 604
PINE KNOT, KY 42635

110
dated 20 by 20
Be Paid from there!

1399

(606) 354-2086

Lic. #4710

Citipower LLC

DATE _____ JOB NO. _____

JOB NAME _____

JOB LOCATION _____

	DESCRIPTION	PRICE	AMOUNT	
20	46 ft bore cased road south ^{rock} Whitley red light	60	2760	6"
21	16 ft bore drive way ^{rock} Whitley	60	960	6"
26	46 ft bore cased Whitley ^{rock} Church	60	2760	6"
28	38 ft bore cased sandhill	60	2280	4"
29	38 ft bore cased sandhill	60	2280	
30	25 ft bore driveway Smith	55	1375	
	30 ft bore driveway tri level house	55	1650	
4	35 ft bore cased 3 Vernon Road	60	3300	
6	30 ft bore cased Firehouse	60	1800	4"
16	48 ft bore cased Jenny's Branch	60	2880	
17	21 manton King	55	1155	
	26 C Maxwell	55	1430	
18	26 Tucker	55	1430	
24	21 ^{rock} Ronnie Bryant	60	1260	
	22 ft Maxwell Road	55	1210	
25	36 ^{Rock} sandhill	60	2160	
26	21 sandhill	55	1155	
	26 ^{Rock} sandhill	60	1560	
27	20 ft sandhill	55	1100	
31	40 ft ^{Rock} Jones	60	2400	4"

36,905.00

Thank You.

MUSGROVE EXCAVATING & DRILLING

P.O. Box 604
PINE KNOT, KY 42635

(606) 354-2086
Lic. #4710

Citi power

INVOICE

received
3-2-99

DATE *2/26/99* JOB NO. _____

JOB NAME _____

JOB LOCATION *Old Post Office Pine Knot*

TERMS

	DESCRIPTION	PRICE	AMOUNT
<i>1/26</i>	<i>40 ft cased bore old post office 92 Pine Knot 4"</i>	<i>60⁰⁰</i>	<i>2400</i>
<i>1/27</i>	<i>18 ft bore drive way Pine Knot 4"</i>	<i>40⁰⁰</i>	<i>720⁰⁰</i>
	<i>total</i>	<i>\$</i>	<i>3120⁰⁰</i>
	<i>4" to replace 2" bottleneck</i>		

Thank You

MUSGROVE EXCAVATING & PLUMBING

P.O. Box 604
PINE KNOT, KY 42635

INVOICE

(606) 354-2086
Lic. #4710

Citipower

received
4-1-99

DATE 3/31/99

JOB NO. _____

JOB NAME _____

JOB LOCATION _____

TERMS

	DESCRIPTION	PRICE	AMOUNT
3/19/99	29 ft rock bore - Ronnie Lovett	60 ⁰⁰	1740 ⁰⁰
3/22	23 ft rock bore - Fred Martin	60 ⁰⁰	1380
3/30	38 ft 8" cased bore Express Mount Highway 92	55 ⁰⁰	2090 ⁰⁰
	<u>3" Main - Rd Bore</u> Josh Hill Hwy 92		5210 ⁰⁰

ROAD BORE SPECIFICATIONS

- | | | |
|---------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------|
| | Carrier Pipe - Casing Pipe | |
| 1. Contents to be handled | <u>Natural GAS</u> | <u>CASING only</u> |
| 2. Outside diameter | <u>2", 3", 4", 6"</u>
<u>Plastic Pipeline</u> | <u>8 5/8</u> |
| 3. Pipe material | • <u>See Note</u> | <u>CS ERW</u> |
| 4. Pipe specification and grade | <u>SDR 11</u>
<u>SDR 11.5</u> | <u>Lim Serv.</u> |
| 5. Wall thickness | • <u>See NOTE</u> | _____ |
| 6. Design pressure | <u>60# yellow</u>
<u>1" * BIK</u> | <u>1120 PSI</u> |
| 7. Actual working pressure | <u>60# yellow</u>
<u>130# RIK</u> | _____ |
| 8. Type of joint | <u>Butt fused</u>
<u>Socket</u> | <u>SRL 20ft. +</u> |
| 9. Coating | <u>N/A</u> | <u>Bare</u> |
| 10. Method of installation | _____ | _____ |
| 11. Protection at end of casing | <u>Rubber boot</u> | <u>N/A</u> |
| | Both Ends <input checked="" type="checkbox"/> One End _____ Type <u>MOD. 5</u> | |
| 12. Cover: Finished grade to top of casing or carrier | <u>Minimum 36"</u> | |
| | Bottom of ditch or toe of slope to top of carrier to casing _____ | |
| 13. Cathodic protection | <u>N/A</u> | |
| 14. Size and height of casing vent | <u>2" Pipe</u> ^{Where required} <u>Height with 2" Return At Top</u> | |
| 15. Distance from casing vent to edge of nearest traffic lane | <u>Varied from 12' to 15'</u> | |

yellow Plexco Pipe

• NOTE	2"	SDR 11	Wall thickness . 216	PE 2406
	4"	"	" " . 409	"
	6"	"	" " . 602	"

BLACK Plexco Pipe

	2"	SDR 11	Wall thickness . 216	A TSM D 2513
	3"	"	" " . 318	" "
	6"	"	" " . 602	" "

**ANDERSON ROAD
BORING**

Horizontal Boring

(606)-376-8878

Jeff Anderson :PH.

(606)-376-2125

Pager:376-6763

ANDERSON ROAD BORING
Rt. 2 BQX 285
Whitley City, Ky. 42653
LJ & Jeff Anderson-Owner
Phone (606) 376-8878
or
(606) 376-2125
Pager: 376-6763

Proposal Submitted To:
Name of Company: *Citigoas City Power*
Attention: *Jimmy*
Address: *Whitley City Ky*
City, State, Zip:
Fax Number:

Job Name:
Job Location:
Bid Date:

Proposal Date: *3-18-99*

We hereby submit bid for: *Road Bore at Hayes Creek*

8" bores 50.00 ft.

4" bores 40.00 ft.

for the sum of _____ dollars

Amount of retainage to be withheld from progress payments: *0* %

Payment method *100% upon completion*

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration from above specifications involving extra costs will be executed only upon the receipt of written CHANGE ORDERS authorizing the changes and the extra charges in addition to the above amount. No responsibility for delay or cessation of work is assumed by Anderson Road Boring, resulting from strikes, accidents, or other conditions beyond our control. Anderson Road Boring shall be notified of the location of all underground pipes, transmission lines, and any other utilities of the vicinity of the job before any work commences.

Material

Material will be furnished to specifications in 20 foot lengths by:

- ✓ a: Prime Contractor or Owner
- b: Anderson Road Boring

Jacking and Receiving Pit

Jacking and Receiving pits required for the orderly and expedient prosecution of the work shall be provided as per drawing, including jacking block if specified, OSHA approved, will be provided by:

- a: Prime Contractor or owner
- ✗ b: Anderson Road Boring

Barricades and Traffic Control

All barricaded, blinker lights, warning signs, and signals, and related safety and traffic control equipment and devices in accordance with applicable regulatory standard will be supplied by:

- a: Prime Contractor or owner
- ✗ b: Anderson Road Boring

Permits

Prime Contractor or Owner will supply all permits required.

Erosion Control- EPA Requirements

All silt fences, straw bales, and similar or related material required to meet regulatory requirements shall be furnished and installed by:

- a: Prime Contractor or Owner
- b: Anderson Road Boring

Line and Grade

Prime Contractor or Owner shall provide all line and grade specifications for work to be done.

Unknown Obstructions

Prime Contractor or Owner shall remove any unknown obstructions encountered.

This proposal may be withdrawn if not accepted within 30 days.

Acceptance of Proposal

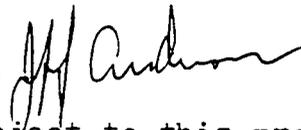
The above prices, specifications, and conditions are satisfactory and are hereby accepted. Anderson Road Boring is hereby authorized to do the work as specified. Payment for work will be made promptly as outlined above.

Authorized
Signature:

Title

Date

Anderson
Road Boring:



Title *Owner*

Date *3-18-99*

The work subject to this proposal as described herein shall upon completion, warranted by Anderson Road Boring to serve the purpose for which it was designed. In the event the work is abandoned before completion by Anderson Road Boring no liability whatsoever shall attach to Anderson Road Boring. No work shall begin until the PROPOSAL has been accepted and properly executed by all interested parties.

QUITCLAIM GRANT OF EASEMENT

THIS QUITCLAIM GRANT OF EASEMENT, made and entered into this 24th day of July, 1997, by and between, McCreary County, by and through its Fiscal Court, Whitley City, Kentucky 42653, grantor and Citipower, L.L.C., of Whitley City, Kentucky 42653, grantee.

WITNESSETH: In order to permit grantee to lay and maintain a gas line across grantor's property, grantor hereby grants and conveys unto the grantee, an easement to lay and maintain a gas line across grantor's property, if any, located in McCreary County, Kentucky. Said easement shall be located on the right-of-way of county roads, that the county may own. This easement shall not pass to successors and assigns of Grantee.

It is understood and agreed that in consideration of the granting of this easement, second party agrees to properly backfill and dress down grantor's property and to reseed it in grass, and restore any disturbed roadway.

IN TESTIMONY WHEREOF, witness the signatures of the grantors this the day and year first above written.

Harold Lawson
HAROLD LAWSON, MAGISTRATE
DISTRICT 1

Gale Hines
GALE HINES, MAGISTRATE
DISTRICT 2

Coy Taylor
COY TAYLOR, MAGISTRATE
DISTRICT 3

Judy Redden
JUDY REDDEN, MAGISTRATE
DISTRICT 4

Jimmie W. Greene
JIMMIE GREENE, COUNTY
JUDGE/EXECUTIVE

Subscribed and sworn to before me by Harold Lawson, Gale Hines, Coy Taylor, Judy Redden, Jimmie Greene this the 24th day of July, 1997.

Procy Dawson
NOTARY PUBLIC
My comm. exp: 11-15-99

McCreary County Water District
P.O. Box 488
Whitley City, Ky. 42653
(606) 376-2540

May 19, 1995

Hon. Phil Chaney
McCreary County Attorney
P.O. Box 700
Whitley City, Ky. 42653

Re: Natural Gas On County
Right Of Ways

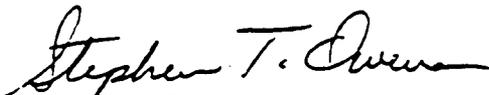
Dear Phil,

As you requested, I respectfully submit these suggestions on granting right of ways to all Natural Gas company installing gas lines in McCreary County:

1. An average depth of no less than 30" (inches). (Including ditch lines).
2. Gas lines shall not be closer than 10' (feet) from other utility lines, such as Water, Sewer, Electric, Telephone, etc. With out first contacting utilities that might be affected.
3. All gas lines be clearly marked with above ground signs, when ever (possible).
- 4 All gas lines be marked with approved metal marking tape at a depth no grater than 15" (inches). No exceptions.
5. To provide proposed drawings, and as built drawings to the County for permanent record.

I hope this information will be of assistance to you, please feel free to call if you have any questions.

Sincerely,


Stephen T. Owens, Manager
McCreary County Water District

cc: Jimmie W. Greene,
County Judge Executive



D U U
Before 'U' Dig
CALL TOLL FREE

1-800-752-6007

For Buried Line/Cable Locations
Released Date _____

KENTUCKY TRANSPORTATION CABINET
Department of Highways
Permits Branch

TC 99-1
Rev. 7/95

08-0150-99

ENCROACHMENT PERMIT

PERMIT NO. ~~08-0150-99~~

APPLICANT IDENTIFICATION:

NAME: CITIPOWER, LLC
CONTACT PERSON: _____
ADDRESS: P.O. Box 1309
CITY: Whitley City
STATE: KY ZIP CODE: 42653
PHONE: area code (_____) _____

PROJECT IDENTIFICATION:

ACCESS CONTROL By Permit Partial Full
COUNTY: MCCREARY PRIORITY ROUTE NO: KY 92
MILEPOINT: 19.42 Left Right X-ing
PROJECT STATUS: Maint. Const. Design
PROJECT # STATE: MP 074-0092-019.420
PROJECT # FEDERAL: _____
ROAD/ STREET NAME: _____

TYPE OF ENCROACHMENT:

- COMMERCIAL ENTRANCE - BUSINESS
 PRIVATE ENTRANCE: Single Family Farm
 UTILITY: Overhead Underground
 GRADE: Fill Landscape on RAW
 AIRSPACE: Agreement Lease
 OTHER: (Specify) _____

ATTACHMENTS:

- Standard Drawings (List on TC 99-21 under Misc.)
 Applicant's Plans
 Highway Plan and Profile Sheets
 TC 99-3 (Ponding Encroachment Specs. & Conditions)
 TC 99-4 (Rest Area Usage Specs. & Conditions)
 TC 99-5 (Tree Cutting/Trimming Specs. & Conditions)
 TC 99-8 (Chemical Use of Specs. & Conditions)
 TC 99-10 (Typical Hwy. Boring Crossing Detail)
 TC 99-12 (Overhead Utility Encroachment Diagram)
 TC 99-13 (Surface Restoration Methods)
 TC 99-21 (Encroachment Permit General Notes & Specs.)
 TC 99-22 (Agreement for Services to be Performed)
 TC 99-23 (Mass Transit Shelter Specs. & Conditions)
 Other Attachments (Specify):
Typical section

TYPE OF INDEMNITY: Bond Cash
 SELF-INSURED AMOUNT ENCUMBERED \$ 2500.00
 OTHER _____

NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: _____

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements, an indemnity in the amount of \$ 2500 as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assignees to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.)

See Attachment

IMPORTANT (PLEASE READ): Applicant does does not intend to apply for RAW

When the work is completed in accordance with the terms of this encroachment permit, your indemnity will be released. However, the permit is effective until revoked by the Transportation Cabinet and the terms on the permit accompanying permit documents and drawings remain in effect as long as the encroachment exists. **FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE.** It is important that you understand the requirements of this encroachment permit application and accompanying documents. If you have not done so, it is suggested that you review these documents and place the permit package in a safe place for future reference.

A copy of this permit and all documents shall be given to your contractor and shall be readily available at the work site for the encroachment permit inspector to review at all times. Failure to meet this requirement may result in cancellation of this permit.

Citipower, L.L.C.

Response to Kentucky Public Service Commission

Exhibit E, Page 163 of 210

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE RIGHT-OF-WAY, BUT ONLY IN THE MANNER AUTHORIZED BY THIS DOCUMENT AND REGULATIONS OF THE DEPARTMENT AND THE DRAWINGS, PLANS, ATTACHMENTS, AND OTHER PERTINENT DATA ATTACHED HERETO AND MADE A PART HEREOF.

The permittee agrees to the following terms and conditions:

TC 99-1
Rev. 7/95

1. The permittee shall comply with and is bound by the requirements of the Department's Permit Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate, or reconstruct the facilities and/or provide and bear the expenses for signs, storage lanes, or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, modifications, and/or corrective measures, such time to be specified in the notice. In cases where traffic signs are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary assessment(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the heritage rights of an abutting owner without written consent of the said owner as hereof: "I (we) consent to the granting of attached permit." (This does not apply to utilities which serve the general public.)
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect, and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnify did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with reconstruction, relocation, or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.
14. Permittee agrees to keep the priority route in which this permit was issued clear of dirt, mud, and debris during construction and for the life of this permit.

THE UNDERSIGNED APPLICANT (being duly authorized representative/owner) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.

January 1st, 19 99

Completion Date

19 _____

Date

RECOMMENDED FOR APPROVAL

[Signature]

Signature

[Signature]

Chief District Engineer

4-7

Date

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.

Installed By:

Title

Signature

Date

Applicant to jack and bore and encase with approximately 50 feet of 8 inch steel encasement pipe for a 3" and 2" gas line under KY 92 in McCreary County at MP 19.45. Applicant to parallel KY 92 in McCreary County on the right with approximately 150 lineal feet of 3 inch and 2 inch gas line from MP 19.42 to MP 19.45 and placed 30 feet from center line of KY 92 as shown on plans attached.

Note: Actual length of encasement pipe for each road bore shall be determined in the field to meet the requirements of the attached typical section.

The end of all encasement pipe shall be left uncovered until the Department of Highways is notified and field inspection is made. The encasement pipe shall be welded at all joints and be one continuous run of pipe.

No change in location is to be made by the contractor for road crossings contrary to this permit and the applicant's plans without first notifying and being approved by the Permit Engineer.

Construction of the road crossings shall not interfere with any construction or maintenance operations of KY 92.

Contractor's equipment or other vehicles shall not be permitted to park on the roadway shoulders during the construction of this project.

All work and materials shall meet or exceed the state specifications. All disturbed state right of way shall be shaped and restored in accordance with the attached Form TC 99-21. Work area within the state's right of way shall be signed and flagged in accordance to the Department's Manual on Uniform Traffic Control Devices before any work is to begin on the state's right of way.

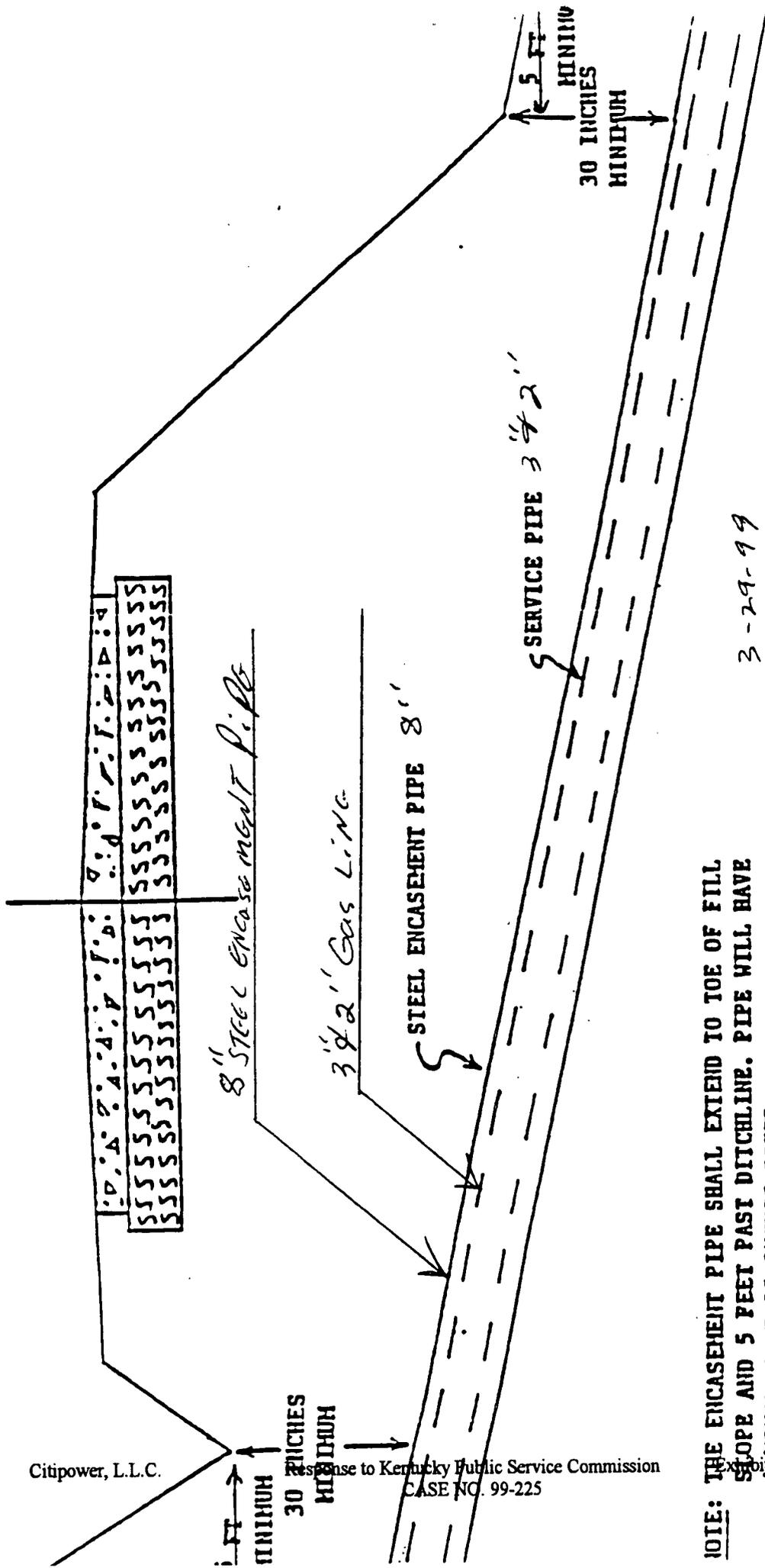
The minimum rate of application for seeding and protection method II per 1000 square feet shall be applied as follows:

- 2 lbs. of seed mixture
- 23 lbs. of 10-20-20 fertilize
- 150 lbs. of agricultural limestone

This permit will be terminated and work will stop immediately at anytime the Department of Highways discovers or is notified of any unsafe or hazardous condition until corrections have been made.

E/Ky 92

Citipower, L.L.C.



5 FT MINIMUM
30 INCHES MINIMUM

STEEL ENCASUREMENT PIPE 8'

3" x 2" Gas Line

SERVICE PIPE 3" x 2"

30 INCHES MINIMUM
5 FT MINIMUM

NOTE: THE ENCASUREMENT PIPE SHALL EXTEND TO TOE OF FILL SLOPE AND 5 FEET PAST DITCHLINE. PIPE WILL HAVE A MINIMUM OF 30 INCHES COVER.

note: The actual length of encasement pipe for each road bore shall be determined in the field to meet the requirements of this Typical Section.

3-29-99

C.T. POWELL, LLC

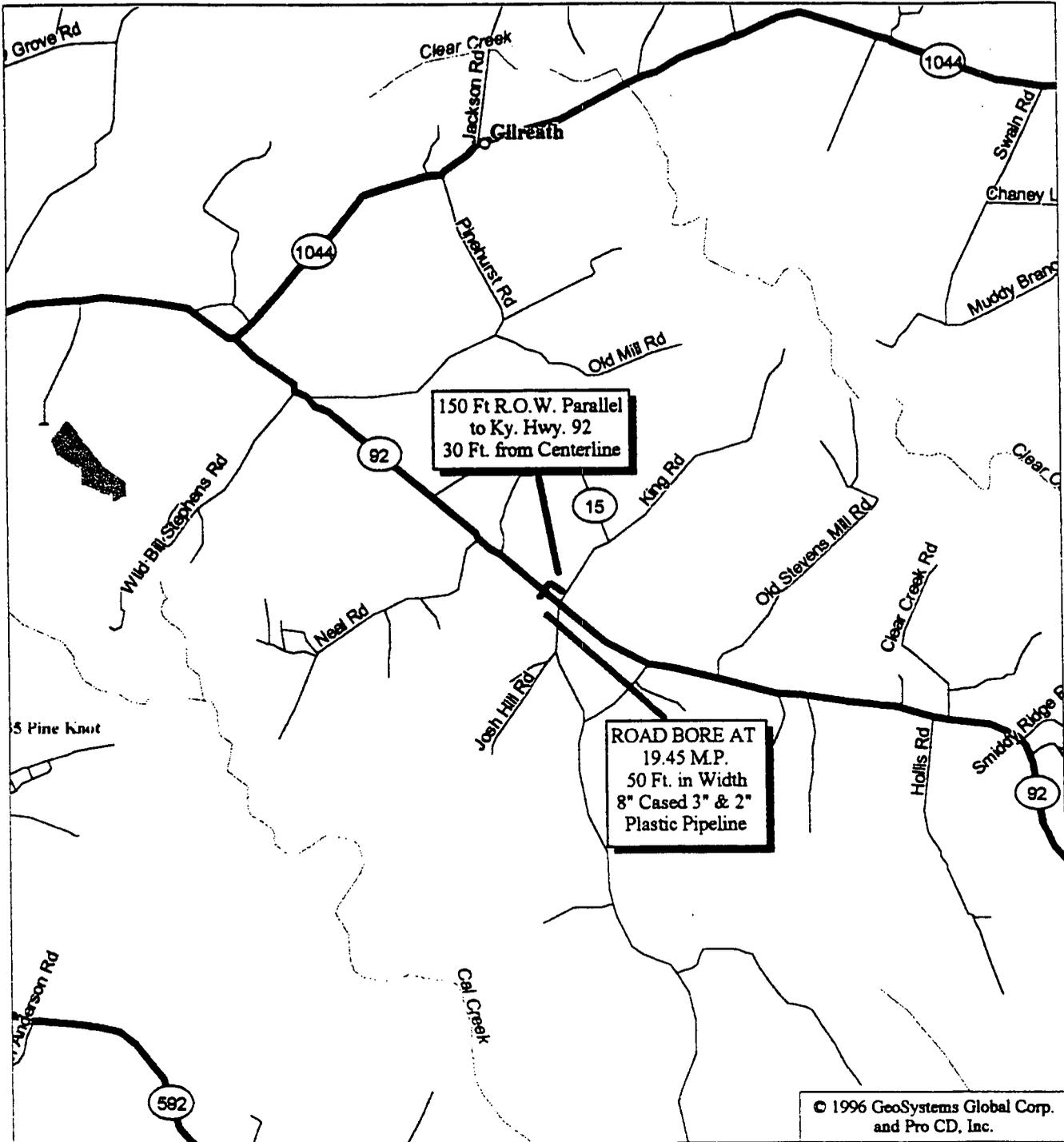
PO Box 1309, 12 Court House Square

Wh. T. L. by C. 197, Ky 42653

Ky 92 at M.P. 19.45-

MCCREARY CO.

PERMIT APPLICATION



© 1996 GeoSystems Global Corp.
and Pro CD, Inc.

- | | | |
|----------------------------|-----------------|---------------------|
| Water | County border | Limited Access road |
| Park, Forest, Wetland | ZIP Code border | Primary Road |
| Urban Area | | Minor road |
| Reservation, Military land | | Rail road |
| Airport | | Landmark |
| Golf Course | | Ferry |



RMIT NO. _____

ENCROACHMENT PERMIT GENERAL NOTES & SPECIFICATIONS

SAFETY

General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI, and safety requirements shall comply with the Permits Manual.
- All work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one (1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway, the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e., rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between 9:00 AM and 3:30 P.M.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material, and vehicles during non-working hours.

Explosives

- No explosive devices or explosive material shall be used within state right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

Other Safety Requirements

-

UTILITIES

- *All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- *All vents, valves, manholes, etc. are to be located outside the right-of-way.
- *Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall extend past the existing toe of slope or bottom of ditch line and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. (30" preferred)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-02.0313 of the Permits Manual.
- Special Requirements:

PAVING

No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 40°F, without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.

Paving within the right-of-way shall be as follows:

- Base (Type) _____ (Thickness) _____
- Surface Base (Type) _____ (Thickness) _____
- Finished Surface (Type) _____ (Thickness) _____

Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.

The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities, and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.

All materials and methods of construction, including base and subgrade preparation, shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.

24 hours notice to the Department is required prior to beginning paving operations:

Phone: _____ Name _____

To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of the pavement as specified on drawings.

Existing edge of pavement shall be saw cut to provide a straight and uniform joint for new pavement. An approved joint sealer, in accordance with Kentucky Department of Highways Standard Specifications (latest edition) shall be applied between new and existing pavement.

SIDEWALKS SPECIFICATIONS

New Sidewalks

Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be * _____ feet in width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.

Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and 1/2 premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

** This dimension should be equal to the width of the sidewalk*

All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

Existing Sidewalks

(Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed, and a usable walkway is to be maintained across the construction area at all times.

All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

DENSE GRADED SHOULDERS

Any existing dense graded aggregate shoulders in the entire frontage within the construction area, which have been disturbed, damaged, or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.

All new aggregate shoulders as specified on the plan are to consist of 5" compacted dense graded aggregate 2 1/2 pounds per square yard calcium chloride.

All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 3/4" per foot.

CURBING

Bituminous Curbs

Bituminous concrete curbs shall be given a paint coat of asphalt emulsion.

The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.

All bituminous concrete curbs shall be constructed of a Class I bituminous concrete mixture as specified by official Department of Highways specifications.

All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum height of _____ inches.

The top of the curb shall be constructed in such a manner as to provide a smooth, rounded edge through the curb. Response to Kentucky Public Service Commission, Exhibit B, Page 169 of 210



Commonwealth of Kentucky
Transportation Cabinet
Frankfort, Kentucky 40622

James C. Codell, III
Secretary of Transportation

Paul E. Patton
Governor

T. Kevin Flanery
Deputy Secretary

Citipower, L.L.C.
P. O. Box 1309
Whitley City, KY 42653

Subject: McCreary County
KY 92
Citipower, L.L.C.
Utility (08-0351-97)

Dear Sir:

The attached is your approved copy of the encroachment permit application. One copy is to be submitted to your contractor. This permit is to remain on the project site until the permitted work is completed.

You are to shape and seed any disturbed areas on the State's right of way. All work and materials are to comply with the Department's Standard Specification for Road and Bridge Construction-1991 Edition. Signs, barricades, lights, etc., if required, are to be installed in accordance with the Department's Manual on Uniform Traffic Control Devices.

You are to notify this office after the permitted work has been completed so an inspection can be made by personnel from this office. If all work has been completed satisfactorily, your indemnity will be then released.

Yours truly,

RE Coffey
R. E. COFFEY, P.E.
Chief District Engineer
District 8, Somerset

9-5-97
Date

REC/ks

Attachments



BUD
Before 'U' Dig
Call Toll FREE
1-800-752-6007

KENTUCKY TRANSPORTATION CABINET
Department of Highways
Permits Branch

TC 99-1
Rev. 7/95

Released Date: Buried Line/Gable Location:

ENCROACHMENT PERMIT

PERMIT NO. 08-0351-97

APPLICANT IDENTIFICATION:		PROJECT IDENTIFICATION:	
NAME: <u>CITIPOWER, L.L.C.</u>		ACCESS CONTROL <input checked="" type="checkbox"/> By Permit <input type="checkbox"/> Partial <input type="checkbox"/> Full <u>KY 92</u>	
CONTACT PERSON: <u>JAMES CURD</u>		COUNTY: <u>McCreary</u> PRIORITY ROUTE NO: <u>Wilbur K.</u>	
ADDRESS: <u>P.O. BOX 1309</u>		MILEPOINT: <u>15.6</u> <input checked="" type="checkbox"/> Left <input type="checkbox"/> Right <input type="checkbox"/> X-ing	
CITY: <u>WHITLEY CITY</u>		PROJECT STATUS: <input type="checkbox"/> Maint. <input checked="" type="checkbox"/> Const. <input type="checkbox"/> Design	
STATE: <u>KY</u> ZIP CODE: <u>42653</u>		PROJECT # STATE: <u>MP 074-0092-015.600</u>	
PHONE: area code (<u>606</u>) <u>376-8373</u>		PROJECT # FEDERAL: <u> </u>	
		ROAD/ STREET NAME: <u>Wilbur K. Ross Road</u>	

TYPE OF ENCROACHMENT:		ATTACHMENTS:	
<input type="checkbox"/> COMMERCIAL ENTRANCE - BUSINESS <input type="checkbox"/> PRIVATE ENTRANCE: <input type="checkbox"/> Single Family <input type="checkbox"/> Farm <input checked="" type="checkbox"/> UTILITY: <input type="checkbox"/> Overhead <input checked="" type="checkbox"/> Underground <input type="checkbox"/> GRADE: <input type="checkbox"/> Fill <input type="checkbox"/> Landscape on R/W <input type="checkbox"/> AIRSPACE: <input type="checkbox"/> Agreement <input type="checkbox"/> Lease <input type="checkbox"/> OTHER: (Specify) <u> </u>		<input checked="" type="checkbox"/> Standard Drawings (List on TC 99-21 under Misc.) <input checked="" type="checkbox"/> Applicant's Plans <input type="checkbox"/> Highway Plan and Profile Sheets <input type="checkbox"/> TC 99-3 (Ponding Encroachment Specs. & Conditions) <input type="checkbox"/> TC 99-4 (Rest Area Usage Specs. & Conditions) <input type="checkbox"/> TC 99-5 (Tree Cutting/Trimming Specs. & Conditions) <input type="checkbox"/> TC 99-6 (Chemical Use of Specs. & Conditions) <input type="checkbox"/> TC 99-10 (Typical Hwy. Boring Crossing Detail) <input type="checkbox"/> TC 99-12 (Overhead Utility Encroachment Diagram) <input type="checkbox"/> TC 99-13 (Surface Restoration Methods) <input checked="" type="checkbox"/> TC 99-21 (Encroachment Permit General Notes & Specs.) <input type="checkbox"/> TC 99-22 (Agreement for Services to be Performed) <input type="checkbox"/> TC 99-23 (Mass Transit Shelter Specs. & Conditions) <input type="checkbox"/> Other Attachments (Specify): <u> </u>	
TYPE OF INDEMNITY: <input checked="" type="checkbox"/> Bond <input type="checkbox"/> Cash			
<input checked="" type="checkbox"/> SELF-INSURED AMOUNT ENCUMBERED \$ <u>10,000</u>			
<input type="checkbox"/> OTHER <u> </u>			
NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: <u> </u>			

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements, an indemnity in the amount of \$ 10,000 as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assigns to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.) (SEE ATTACHED MAPS)
 Install 1 mile of 4" SDR 11 2406 PVC PLASTIC GASLINE PARALLEL TO Wilbur K. Ross Road, with a minimum of 30" below existing grade level.
See Attachment

IMPORTANT (PLEASE READ): Applicant does does not intend to apply for excess R/W

When the work is completed in accordance with the terms of this encroachment permit, your indemnity will be released. However, the permit is effective until revoked by the Transportation Cabinet and the terms on the permit accompanying permit documents and drawings remain in effect as long as the encroachment exists. **FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE.** It is important that you understand the requirements of this encroachment permit application and accompanying documents. If you have not done so, it is suggested that you review these documents and place the permit package in a safe place for future reference.

A copy of this permit and all documents shall be given to your contractor and shall be readily available at the work site for the encroachment permit inspector to review at all times. Failure to meet this requirement may result in cancellation of this permit.

IN THE EVENT THIS APPLICATION IS APPROVED BY THE PUBLIC SERVICE COMMISSION FOR THE PERMIT FOR THE ENCROACHMENT TO USE THE RIGHT-OF-WAY, BUT ONLY IN THE MANNER AUTHORIZED BY THE REGULATIONS OF THE DEPARTMENT AND THE DRAWINGS, PLANS, ATTACHMENTS, AND OTHER PERTINENT DATA ATTACHED HERETO AND MADE A PART HEREOF.

Citipower, L.L.C. Response to Kentucky Public Service Commission Exhibit E Page 17 of 210
 USA 99-1019725

the permittee agrees to the following terms and conditions:

- 1. The permittee shall comply with and is bound by the requirements of the Department's Permits Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
- 2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate, or reconstruct the facilities and/or provide and bear the expenses for signs, storage lanes, or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocations, modifications, and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
- 3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto: "I (we) consent to the granting of attached permit."
N/A Date _____ (This does not apply to utilities which serve the general public.)
- 4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
- 5. A plan prepared by N/A and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
- 6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
- 7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect, and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnity did not exist.
- 8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
- 9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
- 10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation, or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
- 11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
- 12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project. N/A
- 13. This permit does not alleviate any requirements of any other government agency.
- 14. Permittee agrees to keep the priority route in which this permit was issued clear of dirt, mud, and debris during construction and for the life of this permit.

Citipower, L.L.C.

Response to Kentucky Public Service Commission

Case No. 99-225

THE UNDERSIGNED APPLICANT (being duly authorized representative/owner) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.

January 1st July 1st, 19 98

Completion Date

19

Date

RECOMMENDED FOR APPROVAL

Signature

[Signature]

Title

[Signature]

Signature

Chief District Engineer

Date

19 97

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.

Installed By:

This

Signature

Date

To parallel KY 92 on the right with approximately 4900 lineal feet of 6 inch gas line from MP 15.7 to MP 16.58 as shown on plans attached. Gas line shall be located within 5 feet of right of way line and buried to a minimum depth of 30 inches above top of pipe.

Roadway drainage shall be maintained at all times, with silt checks placed in the roadway ditch where needed and near the inlet of all culvert and entrance pipe to control erosion and prevent silt from settling inside of pipe.

The applicant shall provide all necessary steps to contain all silting within the work area as specified in Section 212 and Section 213, Department's Standard Specifications for Road and Bridge Construction.

No changes shall be made by the contractor contrary to this permit and the applicant's plans without first notifying and being approved by the Permit Engineer.

All work and materials shall meet or exceed the state specifications. All disturbed state right of way shall be shaped and restored in accordance with the attached Form T 99-21. Work area within the state's right of way shall be signed and flagged in accordance to the Department's Manual on Uniform Traffic Control Devices before any work is to begin on the State's right of way.

The minimum rate of application for seeding and protection method II per 1,000 square feet shall be applied as follows:

- 2 lbs of seed mixture
- 23 lbs of 10-20-20 fertilizer
- 150 lbs of agricultural limestone

This permit will be terminated and work will stop immediately at any time the Department of Highways discovers or is notified of any unsafe or hazardous conditions until corrections have been made.

ENCROACHMENT PERMIT GENERAL NOTES & SPECIFICATIONS

SAFETY

General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI, and safety requirements shall comply with the Permits Manual.
- All work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one (1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway, the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e., rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between 9:00 AM and 3:30 P.M.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material, and vehicles during non-working hours.

Explosives

- No explosive devices or explosive material shall be used within state right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

Other Safety Requirements

UTILITIES

- *All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- *All vents, valves, manholes, etc. are to be located outside the right-of-way.
- *Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall extend past the existing toe of slope or bottom of ditch line and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of _____" cover above top of pipe or conduit. (30" preferred)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-02.0313 of the Permits Manual.
- Special Requirements:

LOCATED WITHIN 5 FEET OF RIGHT OF WAY

II. GENERAL

A. OSHA

- Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation."

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with the Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation, further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval of the Department.
- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV. RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	-70% Lawn Fescue (e.g., variety - Falcon)
	-30% Bluegrass or
	70% Lawn Rye (e.g., variety - Derby)
	30% Bluegrass
<input checked="" type="checkbox"/> Right-off-Way Lawn Maintenance Situation	-70% KY 31 Fescue
	-30% Perennial Rye Grass or
	100% KY Fescue

- Two tons clean straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sod such as artificial turf or rocked mulch or paved areas may be acceptable if they are aesthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V. DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by the Department and express permission obtained to make backfill.
- All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas or other paved areas within the right-of-way, are not acceptable.
- All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to Department specifications and shall be constructed in accordance with the Department Standard Drawings. **Exhibit E, Page 175 of 210**

PAVING

- No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 40°F, without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.
- Paving within the right-of-way shall be as follows:
 - Base (Type) _____ (Thickness) _____
 - Surface Base (Type) _____ (Thickness) _____
 - Finished Surface (Type) _____ (Thickness) _____
- Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.
- The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities, and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.
- All materials and methods of construction, including base and subgrade preparation, shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.
- 24 hours notice to the Department is required prior to beginning paving operations:
 - Phone: _____ Name _____
- To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of the pavement as specified on drawings.
- Existing edge of pavement shall be saw cut to provide a straight and uniform joint for new pavement. An approved joint sealer, in accordance with Kentucky Department of Highways Standard Specifications (latest edition) shall be applied between new and existing pavement.

SIDEWALKS SPECIFICATIONS

New Sidewalks

- Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be * _____ feet in width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.
- Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and 1/2 preformed expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

* This dimension should be equal to the width of the sidewalk
- All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

Existing Sidewalks

- (Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed, and a usable walkway is to be maintained across the construction area at all times.
- All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

DENSE GRADED SHOULDERS

- Any existing dense graded aggregate shoulders in the entire frontage within the construction area, which have been disturbed, damaged, or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.
- All new aggregate shoulders as specified on the plan are to consist of 5" compacted dense graded aggregate 2 1/2 pounds per square yard calcium chloride.
- All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 3/4" per foot.

CURBING

Bituminous Curbs

- Bituminous concrete curbs shall be given a paint coat of asphalt emulsion.
- The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.
- All bituminous concrete curbs shall be constructed of a Class I bituminous concrete mixture as specified by official Department of Highways specifications.
- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

3. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete (3,500 p.s.i. test) and are to be uniform in height, width, and alignment, true to grade and satisfactory in finish and appearance as determined by the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.
- All concrete curbs are to be 6" in width, extend _____ " above finished grade and 12" below finished grade, with all visible edge rounded to 1/2" radii.
- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/4" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.
- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. RIGHT-OF-WAY FENCE REPLACEMENT

- The replacement fence shall be a height of at least 48" and shall be of sufficient density to contain all animals. (If applicable)
- The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.
- The fence materials and design shall meet accepted industry standards and be treated as paintable.
- The permittee shall be required to maintain the fence in a high state of repair.
- The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.
- The control of access shall not be diminished as a result of replacement of the fence.
- Miscellaneous:

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.



Commonwealth of Kentucky
Transportation Cabinet
Frankfort, Kentucky 40622

James C. Codell, III
Secretary of Transportation

Paul E. Patton
Governor

T. Kevin Flanery
Deputy Secretary

Citipower, L.L.C.
P. O. Box 1309
Whitley City, KY 42653

Subject: McCreary County
US 27
Citipower, L.L.C.
Utility (08-0352-97)

Dear Sir:

The attached is your approved copy of the encroachment permit application. One copy is to be submitted to your contractor. This permit is to remain on the project site until the permitted work is completed.

You are to shape and seed any disturbed areas on the State's right of way. All work and materials are to comply with the Department's Standard Specification for Road and Bridge Construction-1991 Edition. Signs, barricades, lights, etc., if required, are to be installed in accordance with the Department's Manual on Uniform Traffic Control Devices.

You are to notify this office after the permitted work has been completed so an inspection can be made by personnel from this office. If all work has been completed satisfactorily, your indemnity will be then released.

Yours truly,

R. E. COFFEY, P.E.
Chief District Engineer
District 8, Somerset

8-13-97
Date

REC/ks

Attachments



Before 'U' Dig
CALL TOLL FREE

1-800-752-6007

KENTUCKY TRANSPORTATION CABINET
Department of Highways
Permits Branch

TC 99-1
Rev. 7/95

Released Date: For Buried Line/Cable Locations

ENCROACHMENT PERMIT

PERMIT NO. 08-0352-97

APPLICANT IDENTIFICATION:

NAME: CITIPOWER, L.L.C.

CONTACT PERSON: JAMES CURD

ADDRESS: P.O. BOX 1309

CITY: WHITLEY CITY

STATE: KY ZIP CODE: 42653

PHONE: area code (606) 376-8373

PROJECT IDENTIFICATION:

ACCESS CONTROL By Permit Partial Full

COUNTY: McCreary PRIORITY ROUTE NO: KY HWY 27

MILEPOINT: 5.4 to 10.9 Left Right X-ing

PROJECT STATUS: 5.99 Maint. Const. Design

PROJECT # STATE: MP 074-0027-005.400

PROJECT # FEDERAL: _____

ROAD/STREET NAME: KY HWY 27

TYPE OF ENCROACHMENT:

COMMERCIAL ENTRANCE - BUSINESS

PRIVATE ENTRANCE: Single Family Farm

UTILITY: Overhead Underground

GRADE: Fill Landscape on R/W

AIRSPACE: Agreement Lease

OTHER: (Specify) _____

ATTACHMENTS:

Standard Drawings (List on TC 99-21 under Misc.)

Applicant's Plans

Highway Plan and Profile Sheets

TC 99-3 (Ponding Encroachment Specs. & Conditions)

TC 99-4 (Rest Area Usage Specs. & Conditions)

TC 99-5 (Tree Cutting/Trimming Specs. & Conditions)

TC 99-6 (Chemical Use of Specs. & Conditions)

TC 99-10 (Typical Hwy. Boring Crossing Detail)

TC 99-12 (Overhead Utility Encroachment Diagram)

TC 99-13 (Surface Restoration Methods)

TC 99-21 (Encroachment Permit General Notes & Specs.)

TC 99-22 (Agreement for Services to be Performed)

TC 99-23 (Mass Transit Shelter Specs. & Conditions)

Other Attachments (Specify): _____

TYPE OF INDEMNITY: Bond Cash

SELF-INSURED AMOUNT ENCUMBERED \$ 10,000

OTHER _____

NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: _____

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements, an indemnity in the amount of \$ 10,000 as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assignees to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.) (SEE ATTACHED MAPS)

Install ^{3379 L.F.} ~~5.172~~ miles of 4" SDR11 2406 PVC Plastic gasoline parallel to KY Hwy. 27 from mile point 5.4 to mile point 10.9, with a minimum of 30" cover below the existing grade level. 5.99

See Attachment

IMPORTANT (PLEASE READ): Applicant does does not intend to apply for excess R/W

When the work is completed in accordance with the terms of this encroachment permit, your idemnity will be released. However, the permit is effective until revoked by the Transportation Cabinet and the terms on the permit accompanying permit documents and drawings remain in effect as long as the encroachment exists. **FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE.** It is important that you understand the requirements of this encroachment permit application and accompanying documents. If you have not done so, it is suggested that you review these documents and place the permit package in a safe place for future reference.

A copy of this permit and all documents shall be given to your contractor and shall be readily available at the work site for the encroachment permit inspector to review at all times. Failure to meet this requirement may result in cancellation of this permit.

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE RIGHT-OF-WAY, ~~ENCROACHMENT~~, IN THE MANNER AUTHORIZED BY THIS DOCUMENT AND TO CONDUCT AND MAINTAIN THE ENCROACHMENT IN ACCORDANCE WITH THE DRAWINGS, PLANS, ATTACHMENTS, AND OTHER PERTINENT DATA ATTACHED HERETO AND MADE A PART HEREOF.

1. The permittee shall comply with and is bound by the requirements of the Department's Permit Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate, or reconstruct the facilities and/or provide and bear the expenses for signs, storage lanes, or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications, and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto. "I (we) consent to the granting of attached permit."
N/A Date _____ (This does not apply to utilities which serve the general public.)
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ N/A and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect, and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees, or contractors. Provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnify did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 and U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation, or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with _____ N/A Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.
14. Permittee agrees to keep the priority route in which this permit was issued clear of dirt, mud, and debris during construction and for the life of this permit.

THE UNDERSIGNED APPLICANT (being duly authorized representative/owner) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.

January 1st July 1st, 1998

Completion Date _____ Date _____, 19__

RECOMMENDED FOR APPROVAL _____ X _____
Signature _____ Signature E. Lind

Title _____ Signature _____

Title _____ Signature _____

Title _____ Signature _____

Title _____ Signature _____

Title _____ Signature _____

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.

Installed By: _____ Title _____ Signature _____ Date _____

Title _____ Signature _____ Date _____

To parallel US 27 in McCreary County on the left with approximately 3370 lineal feet of 6 inch gas line from MP 5.40 to MP 5.99 as shown on plans attached. Gas line crossing under the paved ditch shall be jack and bored and encased with steel encasement pipe.

Roadway drainage shall be maintained at all times, with silt checks placed in the roadway ditch where needed and near the inlet of all culvert and entrance pipe to control erosion and prevent silt from settling inside of pipe.

The applicant shall provide all necessary steps to contain all silting within the work area as specified in Section 212 and Section 213, Department's Standard Specifications for Road and Bridge Construction.

No changes shall be made by the contractor contrary to this permit and the applicant's plans without first notifying and being approved by the Permit Engineer.

All work and materials shall meet or exceed the state specifications. All disturbed state right of way shall be shaped and restored in accordance with the attached Form T 99-21. Work area within the state's right of way shall be signed and flagged in accordance to the Department's Manual on Uniform Traffic Control Devices before any work is to begin on the State's right of way.

The minimum rate of application for seeding and protection method II per 1,000 square feet shall be applied as follows:

- 2 lbs of seed mixture
- 23 lbs of 10-20-20 fertilizer
- 150 lbs of agricultural limestone

This permit will be terminated and work will stop immediately at any time the Department of Highways discovers or is notified of any unsafe or hazardous conditions until corrections have been made.

ENCROACHMENT PERMIT GENERAL NOTES & SPECIFICATIONS

SAFETY

General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI, and safety requirements shall comply with the Permits Manual.
- All work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one (1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway, the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e., rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between 9:00 AM and 3:30 P.M.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material, and vehicles during non-working hours.

Explosives

- No explosive devices or explosive material shall be used within state right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

Other Safety Requirements

UTILITIES

- *All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- *All vents, valves, manholes, etc. are to be located outside the right-of-way.
- *Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall extend past the existing toe of slope or bottom of ditch line and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. (30" preferred) *(as shown on plans)*
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Farenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-02.0313 of the Permits Manual.
- Special Requirements: _____

PAVING

- No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 40°F, without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.
- Paving within the right-of-way shall be as follows:
 - Base (Type) _____ (Thickness) _____
 - Surface Base (Type) _____ (Thickness) _____
 - Finished Surface (Type) _____ (Thickness) _____
- Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.
- The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities, and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.
- All materials and methods of construction, including base and subgrade preparation, shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.
- 24 hours notice to the Department is required prior to beginning paving operations:
 - Phone: _____ Name _____
- To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of the pavement as specified on drawings.
- Existing edge of pavement shall be saw cut to provide a straight and uniform joint for new pavement. An approved joint sealer, in accordance with Kentucky Department of Highways Standard Specifications (latest edition) shall be applied between new and existing pavement.

SIDEWALKS SPECIFICATIONS

New Sidewalks

- Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be * _____ feet in width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.
- Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and ½ preformed expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

* This dimension should be equal to the width of the sidewalk

- All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

Existing Sidewalks

- (Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed, and a usable walkway is to be maintained across the construction area at all times.
- All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

DENSE GRADED SHOULDERS

- Any existing dense graded aggregate shoulders in the entire frontage within the construction area, which have been disturbed, damaged, or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.
- All new aggregate shoulders as specified on the plan are to consist of 5" compacted dense graded aggregate 2½ pounds per square yard calcium chloride.
- All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of ¼" per foot.

CURBING

Bituminous Curbs

- Bituminous concrete curbs shall be given a paint coat of asphalt emulsion.
- The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.
- All bituminous concrete curbs shall be constructed of a Class I bituminous concrete mixture as specified by official Department of Highways specifications.
- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

3. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete (3,500 p.s.i. test) and are to be uniform in height, width, and alignment, true to grade and satisfactory in finish and appearance as determined by the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.
- All concrete curbs are to be 6" in width, extend _____ " above finished grade and 12" below finished grade, with all visible edge rounded to 1/4" radii.
- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.
- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. RIGHT-OF-WAY FENCE REPLACEMENT

- The replacement fence shall be a height of at least 48" and shall be of sufficient density to contain all animals. (If applicable)
- The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.
- The fence materials and design shall meet accepted industry standards and be treated as paintable.
- The permittee shall be required to maintain the fence in a high state of repair.
- The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.
- The control of access shall not be diminished as a result of replacement of the fence.
- Miscellaneous:

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.



Commonwealth of Kentucky
Transportation Cabinet
Frankfort, Kentucky 40622

James C. Codell, III
Secretary of Transportation

Paul E. Patton
Governor

T. Kevin Flanery
Deputy Secretary

Citipower, L.L.C.
P. O. Box 1309
Whitley City, KY 42653

Subject: McCreary County
KY 679
Citipower, L.L.C.
Utility (08-0607-97)

Dear Sir:

The attached is your approved copy of the encroachment permit application. One copy is to be submitted to your contractor. This permit is to remain on the project site until the permitted work is completed.

You are to shape and seed any disturbed areas on the State's right of way. All work and materials are to comply with the Department's Standard Specification for Road and Bridge Construction-1991 Edition. Signs, barricades, lights, etc., if required, are to be installed in accordance with the Department's Manual on Uniform Traffic Control Devices.

You are to notify this office after the permitted work has been completed so an inspection can be made by personnel from this office. If all work has been completed satisfactorily, your indemnity will be then released.

Yours truly,

R. E. COFFEY, P.E.
Chief District Engineer
District 8, Somerset

10-29-97
Date

REC/ks

Attachments

Released Date For Buried Line/Cable Locations

ENCROACHMENT PERMIT

PERMIT NO. 08-0607-91

APPLICANT IDENTIFICATION:

NAME: CITIPOWER, L.L.C.

PERSON: JAMES CUED

ADDRESS: P.O. Box 1309

CITY: Whitley City

STATE: Ky ZIP CODE: 42653

PHONE: area code (606) 376-8373

PROJECT IDENTIFICATION:

ACCESS CONTROL By Permit Partial Full

COUNTY: McCreary PRIORITY ROUTE NO: KY 679

MILEPOINT: 0.06 Left Right X-ing

PROJECT STATUS: Maint. Const. Design

PROJECT # STATE: MP 074-0679-000.000

PROJECT # FEDERAL: _____

ROAD/ STREET NAME: _____

TYPE OF ENCROACHMENT:

COMMERCIAL ENTRANCE - BUSINESS

PRIVATE ENTRANCE: Single Family Farm

UTILITY: Overhead Underground

GRADE: Fill Landscape on R/W

AIRSPACE: Agreement Lease

OTHER: (Specify) _____

ATTACHMENTS:

Standard Drawings (List on TC 99-21 under Misc.)

Applicant's Plans

Highway Plan and Profile Sheets

TC 99-3 (Ponding Encroachment Specs. & Conditions)

TC 99-4 (Rest Area Usage Specs. & Conditions)

TC 99-5 (Tree Cutting/Trimming Specs. & Conditions)

TC 99-6 (Chemical Use of Specs. & Conditions)

TC 99-10 (Typical Hwy. Boring Crossing Detail)

TC 99-12 (Overhead Utility Encroachment Diagram)

TC 99-13 (Surface Restoration Methods)

TC 99-21 (Encroachment Permit General Notes & Specs.)

TC 99-22 (Agreement for Services to be Performed)

TC 99-23 (Mass Transit Shelter Specs. & Conditions)

Other Attachments (Specify): _____

TYPE OF INDEMNITY: Bond Cash

SELF-INSURED AMOUNT ENCUMBERED \$ 6000.00

OTHER _____

NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: _____

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements, an indemnity in the amount of \$ 6000.00 as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assignees to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.)

See Attachment

IMPORTANT (PLEASE READ): Applicant does does not intend to apply for excess R/W

When the work is completed in accordance with the terms of this encroachment permit, your indemnity will be released. However, the permit is effective until revoked by the Transportation Cabinet and the terms on the permit accompanying permit documents and drawings remain in effect as long as the encroachment exists. **FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE.** It is important that you understand the requirements of this encroachment permit application and accompanying documents. If you have not done so, it is suggested that you review these documents and place the permit package in a safe place for future reference.

A copy of this permit and all documents shall be given to your contractor and shall be readily available at the work site for the encroachment permit inspector to review at all times. Failure to meet this requirement may result in cancellation of this permit.

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE RIGHT-OF-WAY, BUT ONLY IN THE MANNER AUTHORIZED BY THIS DOCUMENT AND REGULATIONS OF THE DEPARTMENT AND THE DRAWINGS, PLANS, ATTACHMENTS AND OTHER PERTINENT DOCUMENTS. **Response to Request for Permit Application** HEREOF Exhibit E, Page 187 of 210

Citipower, L.L.C. CASE NO. 99-225

Applicant to parallel KY 679 in McCreary County on the left with a 3 inch gas line from MP 0.00 to MP 0.53. Gas line shall be located a minimum of 5 feet from edge of pavement and behind all cross drains.

Roadway drainage shall be maintained at all times, with silt checks placed in the roadway ditch where needed and near the inlet of all culvert and entrance pipe to control erosion and prevent silt from settling inside of pipe.

The applicant shall provide all necessary steps to contain all silting within the work area as specified in Section 212 and Section 213, Department's Standard Specifications for Road and Bridge Construction.

No changes shall be made by the contractor contrary to this permit and the applicant's plans without first notifying and being approved by the Permit Engineer.

All work and materials shall meet or exceed the state specifications. All disturbed state right of way shall be shaped and restored in accordance with the attached Form T 99-21. Work area within the state's right of way shall be signed and flagged in accordance to the Department's Manual on Uniform Traffic Control Devices before any work is to begin on the State's right of way.

The minimum rate of application for seeding and protection method II per 1,000 square feet shall be applied as follows:

2 lbs of seed mixture
23 lbs of 10-20-20 fertilizer
150 lbs of agricultural limestone

This permit will be terminated and work will stop immediately at any time the Department of Highways discovers or is notified of any unsafe or hazardous conditions until corrections have been made.

ENCROACHMENT PERMIT GENERAL NOTES & SPECIFICATIONS

SAFETY

General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI, and safety requirements shall comply with the Permits Manual.
- All work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one (1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway, the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e., rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between 9:00 AM and 3:30 PM.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material, and vehicles during non-working hours.

Explosives

- No explosive devices or explosive material shall be used within state right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

Other Safety Requirements

UTILITIES

- *All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- *All vents, valves, manholes, etc. are to be located outside the right-of-way.
- *Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall extend past the existing toe of slope or bottom of ditch line and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. (30" preferred)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-02.0313 of the Permits Manual.
- Special Requirements:

III. GENERAL

A. OSHA

- Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation."

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with the Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation, further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval of the Department.
- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV. RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	-70% Lawn Fescue (e.g., variety - Falcon)
	-30% Bluegrass or
	70% Lawn Rye (e.g., variety - Derby)
	30% Bluegrass
<input checked="" type="checkbox"/> Right-off-Way Lawn Maintenance Situation	-70% KY 31 Fescue
	-30% Perennial Rye Grass or
	100% KY Fescue

- Two tons clean straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sod such as artificial turf or rocked mulch or paved areas may be acceptable if they are aesthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V. DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by the Department and express permission obtained to make backfill.
- All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas or other paved areas within the right-of-way, are not acceptable.
- All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to Department specifications and shall be constructed in accordance with the Department Standard Drawings. Type required:

PAVING

- No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 40°F, without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.
- Paving within the right-of-way shall be as follows:
 - Base (Type) _____ (Thickness) _____
 - Surface Base (Type) _____ (Thickness) _____
 - Finished Surface (Type) _____ (Thickness) _____
- Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.
- The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities, and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.
- All materials and methods of construction, including base and subgrade preparation, shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.
- 24 hours notice to the Department is required prior to beginning paving operations:
 - Phone: _____ Name _____
- To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of the pavement as specified on drawings.
- Existing edge of pavement shall be saw cut to provide a straight and uniform joint for new pavement. An approved joint sealer, in accordance with Kentucky Department of Highways Standard Specifications (latest edition) shall be applied between new and existing pavement.

SIDEWALKS SPECIFICATIONS

New Sidewalks

- Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet in width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.
- Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and ½ premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

* This dimension should be equal to the width of the sidewalk

- All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

Existing Sidewalks

- (Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed, and a usable walkway is to be maintained across the construction area at all times.
- All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

DENSE GRADED SHOULDERS

- Any existing dense graded aggregate shoulders in the entire frontage within the construction area, which have been disturbed, damaged, or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.
- All new aggregate shoulders as specified on the plan are to consist of 5" compacted dense graded aggregate 2½ pounds per square yard calcium chloride.
- All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of ¾" per foot.

CURBING

Bituminous Curbs

- Bituminous concrete curbs shall be given a paint coat of asphalt emulsion.
- The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.
- All bituminous concrete curbs shall be constructed of a Class I bituminous concrete mixture as specified by official Department of Highways specifications.
- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete (3,500 p.s.i. test) and are to be uniform in height, width, and alignment, true to grade and satisfactory in finish and appearance as determined by the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.
- All concrete curbs are to be 6" in width, extend _____ " above finished grade and 12" below finished grade, with all visible edge rounded to 1/4" radii.
- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.
- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. RIGHT-OF-WAY FENCE REPLACEMENT

- The replacement fence shall be a height of at least 48" and shall be of sufficient density to contain all animals. (If applicable)
 - The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.
 - The fence materials and design shall meet accepted industry standards and be treated as paintable.
 - The permittee shall be required to maintain the fence in a high state of repair.
 - The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.
 - The control of access shall not be diminished as a result of replacement of the fence.
 - Miscellaneous:
-
-
-
-

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.



Commonwealth of Kentucky
Transportation Cabinet
Frankfort, Kentucky 40622

James C. Codell, III
Secretary of Transportation

Paul E. Patton
Governor

T. Kevin Flanery
Deputy Secretary

Citipower, L.L.C.
P. O. Box 1309
Whitley City, KY 42653

Subject: McCreary County
KY 700
Citipower, L.L.C.
Utility (08-0612-97)

Dear Sir:

The attached is your approved copy of the encroachment permit application. One copy is to be submitted to your contractor. This permit is to remain on the project site until the permitted work is completed.

You are to shape and seed any disturbed areas on the State's right of way. All work and materials are to comply with the Department's Standard Specification for Road and Bridge Construction-1991 Edition. Signs, barricades, lights, etc., if required, are to be installed in accordance with the Department's Manual on Uniform Traffic Control Devices.

You are to notify this office after the permitted work has been completed so an inspection can be made by personnel from this office. If all work has been completed satisfactorily, your indemnity will be then released.

Yours truly,


R. E. COFFEY, P.E.
Chief District Engineer
District 8, Somerset

10-29-97
Date

REC/ks

Attachments



Before 'U' Dig
CALL TOLL FREE

1-800-752-6007

Department of Highways
Permits Branch

Rev. 7/85

Released Date For Buried Line/Cable Locations

ENCROACHMENT PERMIT

PERMIT NO. 08-0612-97

APPLICANT IDENTIFICATION:

NAME: CITIPOWER, L.L.C.

PERSON: JAMES CURD

ADDRESS: P.O. Box 1309

CITY: Whitley City

STATE: Ky ZIP CODE: 42653

PHONE: area code ()

PROJECT IDENTIFICATION:

ACCESS CONTROL By Permit Partial Full

COUNTY: MCCREARY PRIORITY ROUTE NO: KY 700

MILEPOINT: 5.50 Left Right X-ing

PROJECT STATUS: Maint. Const. Design

PROJECT # STATE: MP 074-0700-005.500

PROJECT # FEDERAL: _____

ROAD/ STREET NAME: _____

TYPE OF ENCROACHMENT:

COMMERCIAL ENTRANCE - BUSINESS

PRIVATE ENTRANCE: Single Family Farm

UTILITY: Overhead Underground

GRADE: Fill Landscape on R/W

AIRSPACE: Agreement Lease

OTHER: (Specify) _____

ATTACHMENTS:

Standard Drawings (List on TC 99-21 under Misc.)

Applicant's Plans

Highway Plan and Profile Sheets

TC 99-3 (Ponding Encroachment Specs. & Conditions)

TC 99-4 (Rest Area Usage Specs. & Conditions)

TC 99-5 (Tree Cutting/Trimming Specs. & Conditions)

TC 99-6 (Chemical Use of Specs. & Conditions)

TC 99-10 (Typical Hwy. Boring Crossing Detail)

TC 99-12 (Overhead Utility Encroachment Diagram)

TC 99-13 (Surface Restoration Methods)

TC 99-21 (Encroachment Permit General Notes & Specs.)

TC 99-22 (Agreement for Services to be Performed)

TC 99-23 (Mass Transit Shelter Specs. & Conditions)

Other Attachments (Specify): _____

TYPE OF INDEMNITY: Bond Cash

SELF-INSURED AMOUNT ENCUMBERED \$ 40,000⁰⁰

OTHER _____

NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: _____

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements, an indemnity in the amount of \$ 40,000⁰⁰ as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assignees to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.)

See Attachment

IMPORTANT (PLEASE READ): Applicant does does not intend to apply for excess R/W

When the work is completed in accordance with the terms of this encroachment permit, your indemnity will be released. However, the permit is effective until revoked by the Transportation Cabinet and the terms on the permit accompanying permit documents and drawings remain in effect: as long as the encroachment exists. **FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE.** It is important that you understand the requirements of this encroachment permit application and accompanying documents. If you have not done so, it is suggested that you review these documents and place the permit package in a safe place for future reference.

A copy of this permit and all documents shall be given to your contractor and shall be readily available at the work site for the encroachment permit inspector to review at all times. Failure to meet this requirement may result in cancellation of this permit.

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE RIGHT-OF-WAY, BUT ONLY IN THE MANNER AUTHORIZED BY THIS DOCUMENT AND REGULATIONS OF THE DEPARTMENT AND THE DRAWINGS. PLANS, ATTACHMENTS AND OTHER PERTINENT DATA ATTACHED HERETO AND MADE A PART HEREOF.

CASE NO. 99-225

The permittee agrees to the following terms and conditions:

1. The permittee shall comply with and is bound by the requirements of the Department's Permit Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, reconfigure, or reconstruct the facilities and/or provide and bear the expenses for signs, storage lanes, or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications, and/or corrective measures, such time to be specified in the notice. Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto. "I (we) consent to the granting of attached permit." Date _____ (This does not apply to utilities which serve the general public.)
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect, and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right of indemnity did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored to the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation, or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 6 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with the Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.
14. Permittee agrees to keep the priority route in which this permit was issued clear of dirt, mud, and debris during construction and for the life of this permit.

THE UNDERSIGNED APPLICANT (being duly authorized representative/owner) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.

January 1st July 1st, 1998

Completion Date

19

RECOMMENDED FOR APPROVAL

Date

James E. Lind
Vice-President

Signature

Title

Signature

Chief District Engineer

Date

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.

Installed By:

Citipower, L.L.C.

Applicant to parallel KY 700 in McCreary County on the right with approximately 19,300 lineal feet of 4 inch gas line from MP 5.5 to MP 9.15. All gas line shall be placed behind the back of ditch or toe of slope always be a minimum of 5 feet from edge of pavement and shall be behind all cross drains and have a minimum of 30 inch cover over top of pipe.

Roadway drainage shall be maintained at all times, with silt checks placed in the roadway ditch where needed and near the inlet of all culvert and entrance pipe to control erosion and prevent silt from settling inside of pipe.

The applicant shall provide all necessary steps to contain all silting within the work area as specified in Section 212 and Section 213, Department's Standard Specifications for Road and Bridge Construction.

No changes shall be made by the contractor contrary to this permit and the applicant's plans without first notifying and being approved by the Permit Engineer.

All work and materials shall meet or exceed the state specifications. All disturbed state right of way shall be shaped and restored in accordance with the attached Form T 99-21. Work area within the state's right of way shall be signed and flagged in accordance to the Department's Manual on Uniform Traffic Control Devices before any work is to begin on the State's right of way.

The minimum rate of application for seeding and protection method II per 1,000 square feet shall be applied as follows:

- 2 lbs of seed mixture
- 23 lbs of 10-20-20 fertilizer
- 150 lbs of agricultural limestone

This permit will be terminated and work will stop immediately at any time the Department of Highways discovers or is notified of any unsafe or hazardous conditions until corrections have been made.

ENCROACHMENT PERMIT GENERAL NOTES & SPECIFICATIONS

SAFETY

General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI, and safety requirements shall comply with the Permits Manual.
- All work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one (1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway, the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e., rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between 9:00 AM and 3:30 PM.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material, and vehicles during non-working hours.

Explosives

- No explosive devices or explosive material shall be used within state right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

Other Safety Requirements

UTILITIES

- *All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- *All vents, valves, manholes, etc. are to be located outside the right-of-way.
- *Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall extend past the existing toe of slope or bottom of ditch line and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30 " cover above top of pipe or conduit. (30" preferred)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-02.0313 of the Permits Manual.
- Special Requirements:

III. GENERAL

A. OSHA

- Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation."

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with the Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation, further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval of the Department.
- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV. RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	-70% Lawn Fescue (e.g., variety - Falcon)
	-30% Bluegrass or
	70% Lawn Rye (e.g., variety - Derby)
	30% Bluegrass
Right-off-Way Lawn Maintenance Situation	-70% KY 31 Fescue
	-30% Perennial Rye Grass or
	100% KY Fescue

- Two tons clean straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sod such as artificial turf or rocked mulch or paved areas may be acceptable if they are aesthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V. DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by the Department and express permission obtained to make backfill.
- All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas or other paved areas within the right-of-way, are not acceptable.
- All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to Department specifications and shall be constructed in accordance with the Department Standard Drawings. Type required:

- No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 40°F, without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.
- Paving within the right-of-way shall be as follows:
 - Base (Type) _____ (Thickness) _____
 - Surface Base (Type) _____ (Thickness) _____
 - Finished Surface (Type) _____ (Thickness) _____
- Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.
- The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities, and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.
- All materials and methods of construction, including base and subgrade preparation, shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.
- 24 hours notice to the Department is required prior to beginning paving operations:
 - Phone: _____ Name _____
- To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of the pavement as specified on drawings.
- Existing edge of pavement shall be saw cut to provide a straight and uniform joint for new pavement. An approved joint sealer, in accordance with Kentucky Department of Highways Standard Specifications (latest edition) shall be applied between new and existing pavement.

1. SIDEWALKS SPECIFICATIONS

New Sidewalks

- Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet in width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.
 - Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and 1/2 premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.
- * This dimension should be equal to the width of the sidewalk

- All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

Existing Sidewalks

- (Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed, and a usable walkway is to be maintained across the construction area at all times.
- All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

II. DENSE GRADED SHOULDERS

- Any existing dense graded aggregate shoulders in the entire frontage within the construction area, which have been disturbed, damaged, or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.
- All new aggregate shoulders as specified on the plan are to consist of 5" compacted dense graded aggregate 2 1/2 pounds per square yard calcium chloride.
- All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 3/4" per foot.

CURBING

Bituminous Curbs

- Bituminous concrete curbs shall be given a paint coat of asphalt emulsion.
- The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.
- All bituminous concrete curbs shall be constructed of a Class I bituminous concrete mixture as specified by official Department of Highways specifications.
- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete (3,500 p.s.i. test) and are to be uniform in height, width, and alignment, true to grade and satisfactory in finish and appearance as determined by the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.
- All concrete curbs are to be 6" in width, extend _____ " above finished grade and 12" below finished grade, with all visible edge rounded to 1/2" radii.
- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.
- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. RIGHT-OF-WAY FENCE REPLACEMENT

- The replacement fence shall be a height of at least 48" and shall be of sufficient density to contain all animals. (If applicable)
- The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.
- The fence materials and design shall meet accepted industry standards and be treated as paintable.
- The permittee shall be required to maintain the fence in a high state of repair.
- The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.
- The control of access shall not be diminished as a result of replacement of the fence.
- Miscellaneous:

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.

CITIPOWER, L.L.C.
12 Court House Square
P.O. Box 1309
Whitley City, Kentucky 42653

December 17, 1998

TO: KY. DEPT. OF HIGHWAYS
PERMITS DIVISION

ATTN: MR. JOHN BAKER

FROM: JAMES CURD

RE: PERMITS ON KY. HWY. 92 EAST

MR. BAKER;

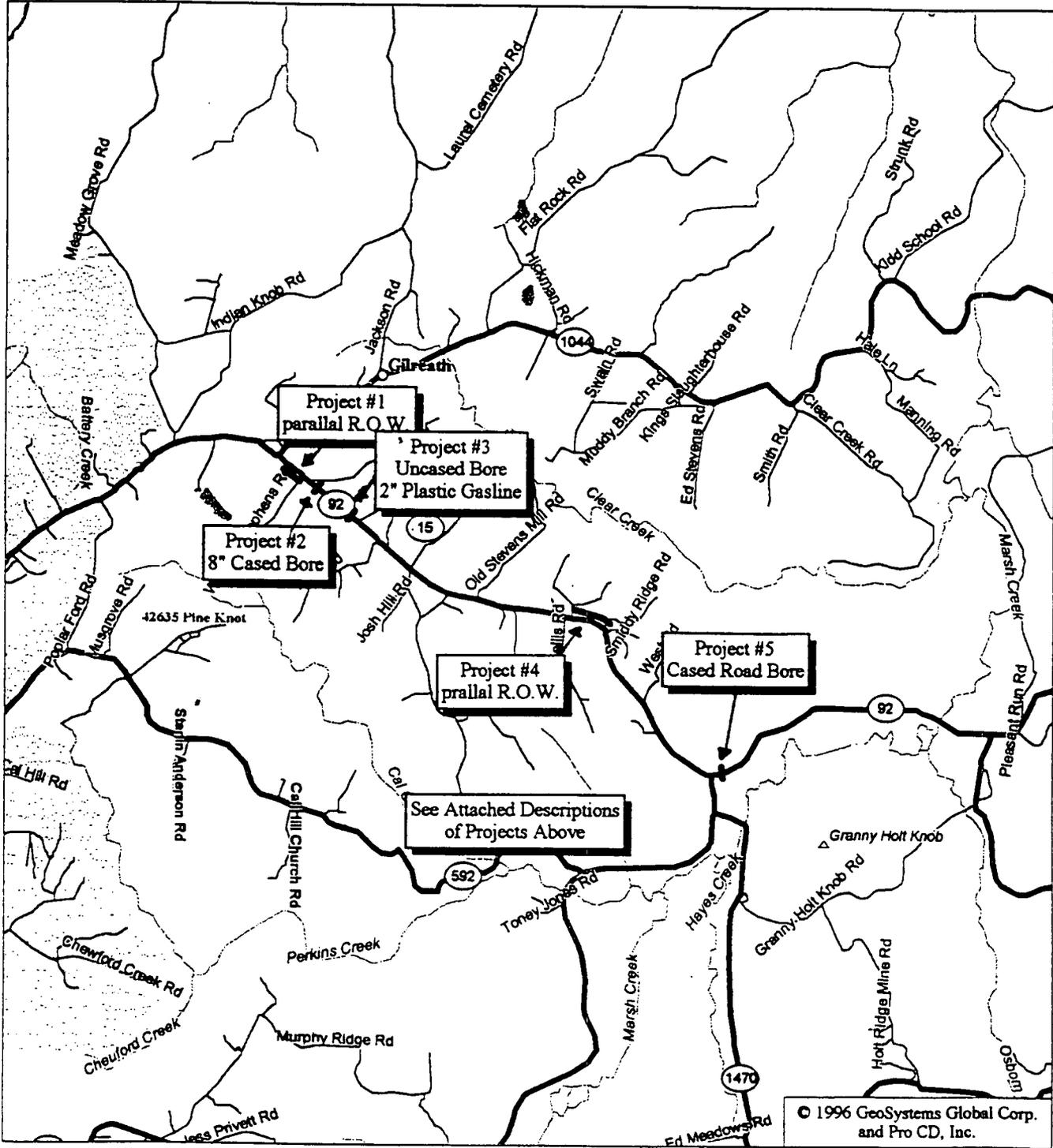
Per your instructions, I have prepared the following permit map and application for permit information. These are the areas that we looked at on your last visit to McCreary County. If you need anything else concerning these permits please give me a call.

THANK YOU FOR YOUR ASSISTANCE IN THIS MATTER;

James E. Curd

JAMES E. CURD
V.P. & Operations Manager
Citipower, L.L.C.

Projects 1 thru 5 Ky. Hwy. 92



- | | | |
|------------------------------|-----------------|---------------------|
| Water | County border | Limited Access road |
| Park, Forest, Nat'l preserve | ZIP Code border | Primary Road |
| Urban Area | | Minor road |
| Reservation, Military land | | Rail road |
| Airport | | Landmark |
| Golf Course | | Ferry |



PROJECT # 1

SCOPE OF WORK: This is an area where we had to enter onto the state right of way due to a building being at the edge of the thirty-five foot state right of way on Ky. 92 East and there was also a fence on the right of way line that the private property owner would not let us come onto the premises with the gasline.

MILE POINT: The mile point is starting at 18.80 and extends in an Easterly direction for a distance of three hundred and ninety feet (390).

JOB DESCRIPTION: The pipeline will be installed five (5) feet or less inside the state right of way. It will be buried a minimum of thirty-six (36) inches with both wire and tracer tape in the ditchline to mark the pipe for future references. There are no existing ditchlines in the project area.

PIPELINE DESCRIPTION: The pipeline is to be a 2" SDR 11 Plexco Gas Pipeline, yellow in color.

PROJECT # 2

SCOPE OF WORK: This area is where we must cross from the North side to the South side of Ky. 92 East and we will be going from private property to private property.

MILE POINT: The mile point is 18.85.

JOB DESCRIPTION: At the point where we will be boring, there are existing ditchlines on both sides of the highway. We will bore and case from the back of the ditches for a total distance of fifty (50) feet. The pipeline will be a minimum of thirty-six (36) inches below the bottom of the existing ditches.

PIPELINE DESCRIPTION: The pipelines encased will be a 4" SDR 11.5 Black Plexco Gas Pipeline and a 2" SDR 11 Yellow Plexco Gas Pipeline. The casing size will be 8" steel.

Project # 3

SCOPE OF WORK: This area is where we must cross from the South side of the road to the North side of Ky. 92 East from private property to private property.

MILE POINT: The mile point is 19.15.

JOB DESCRIPTION: The pipeline will be bored and uncased for a 2" service pipeline from the main to Earl Taylor's residence. There is an existing ditchline on the North side of the road and no ditchline on the South side of the road. We will bore the road a minimum of thirty-six inches below the bottom of the existing ditchline on the North side of the road.

PIPELINE DESCRIPTION: The pipeline will be a 2" SDR 11 Plexco Gas Pipeline, yellow in color.

PROJECT # 4

SCOPE OF WORK: This is an area where we had to enter onto the state right of way due to a private property owner not allowing us to cross their property. There is an existing cleared route due to a telephone line being on the edge of the state right of way.

MILE POINT: The mile point will begin at 20.30 and continue to 20.50. We will have to cross two county roads that I will permit with the county.

JOB DESCRIPTION: The pipeline will enter onto the Ky. Hwy. 92 East right of way from a county road and will run parallel with Ky. Hwy. 92 East five (5) feet or less inside of the state right of way. The pipeline will be buried a minimum of thirty-six (36) inches. There are no existing ditchlines in this area.

PIPELINE DESCRIPTION: The pipelines will be a 4" SDR 11.5 Black Plexco Gas Pipeline and a 2" SDR 11 Yellow Gas Pipeline buried in the same ditchline.

PROJECT # 5

SCOPE OF WORK: The area is where we must cross from the North side to the South side of Ky. Hwy. 92 East and will be going from private property to private property.

MILE POINT: The mile point is 21.40.

JOB DESCRIPTION: At this point we will be boring and casing two gaslines through the same bore. The casing size will be 8" steel. We will bore and case from the back of the existing ditchline on the North side of the road to the South side where there is no existing ditchline. The pipeline will be a minimum of thirty-six (36) inches from the bottom of the existing ditchline on the North side of the road.

PIPELINE DESCRIPTION: The pipelines encased will be a 4" SDR 11.5 Black Plexco Gas Pipeline and a 2" SDR 11 Yellow Gas Pipeline.

CitiPower, L.L.C.

Gas Distribution Company

12 Court House Square
P.O. Box 1309
Whitley City, KY 42653
Office 606-376-8373
Fax 606-376-8830
Cell 606-875-0150

March 26, 1999

TO: MR. JOHN BAKER
DEPT. OF HIGHWAYS

FROM: JIMMY CURD
CITIPOWER, L.L.C.

RE: PERMIT ON STATE HIGHWAY 92 EAST

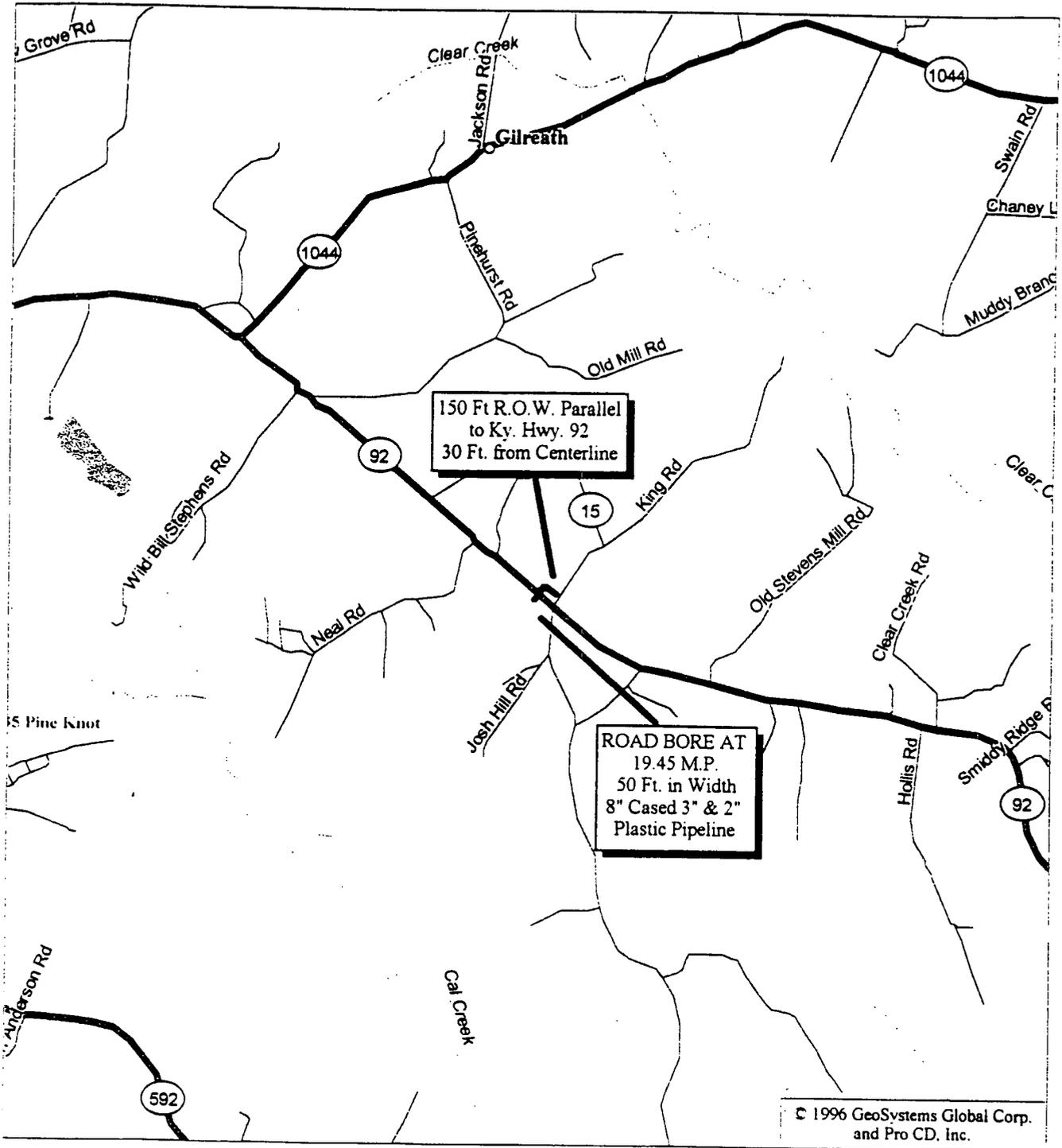
MR. BAKER;

Please accept this as application for permit to bore & jack Ky. Hwy. 92 and extend the pipeline from the bore to King Road so that we can connect to an existing pipeline on King Road.

The bore will be 8" steel casing with a 3" and a 2" gas pipeline encased. One will be for transmission and the other is for distribution. The parallel pipeline will be Thirty (30) Ft. from centerline with the State R.O.W. being thirty-five (35) feet in width.

JAMES E. CURD
CITIPOWER, L.L.C.
V.P. & Operations Manager

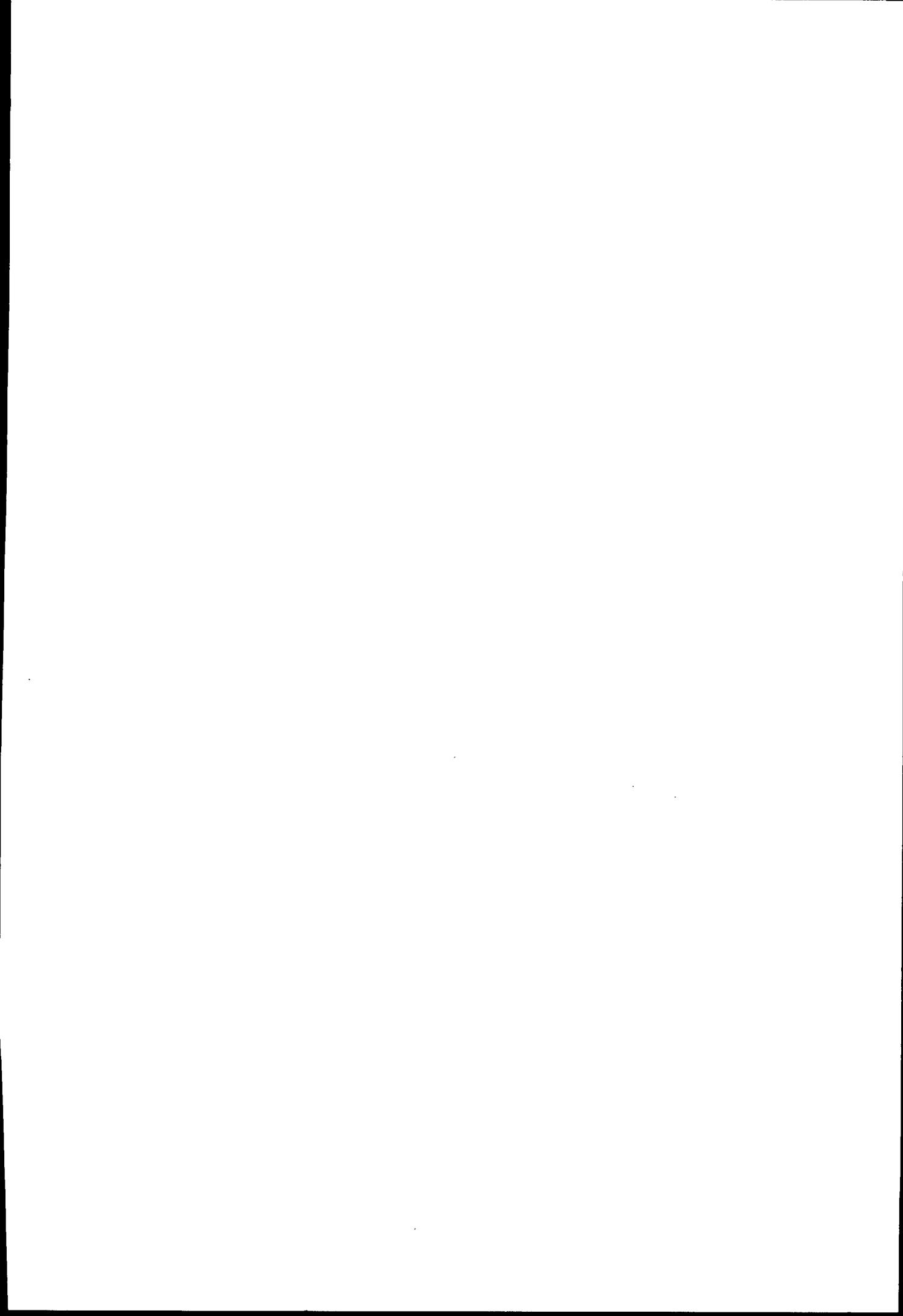
PERMIT APPLICATION



© 1996 GeoSystems Global Corp.
and Pro CD, Inc.

- | | | | | | |
|--|------------------------------|--|-----------------|--|---------------------|
| | Water | | County border | | Limited Access road |
| | Park, Forest, Nat'l seashore | | ZIP Code border | | Primary Road |
| | Urban Area | | Minor road | | Rail road |
| | Reservation, Military land | | Landmark | | Ferry |
| | Airport | | | | |
| | Golf Course | | | | |





13. **Provide topographic maps showing the route of the steel pipelines, the location of the compressor station and the Citipower distribution system.**

Response: See Exhibit F.

Respondent: JC

EXHIBIT F
Topographic Maps

Response to

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225

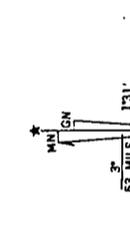
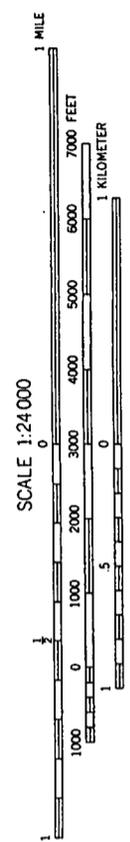
by

CITIPOWER, L.L.C.
AUGUST 25, 1999



36°22'30" 84°30' 175 176 177 27°50' 12 450 000 FEET 730 000 FEET

Mapped, edited, and published by the Geological Survey
 Control by USGS, NOS/NOAA, and Tennessee Valley Authority
 Topography by photogrammetric methods from aerial
 photographs taken 1951. Field checked 1953
 Polyconic projection. 10,000-foot grid ticks based
 on Tennessee coordinate system
 1,000-meter Universal Transverse Mercator grid ticks,
 zone 16, shown in blue
 1927 North American Datum
 To place on the predicted North American Datum 1983
 move the projection lines 6 meters south and
 6 meters west as shown by dashed corner ticks
 Revisions shown in purple and woodland compiled from
 aerial photographs taken 1984 and other sources. This
 information not field checked. Map edited 1987

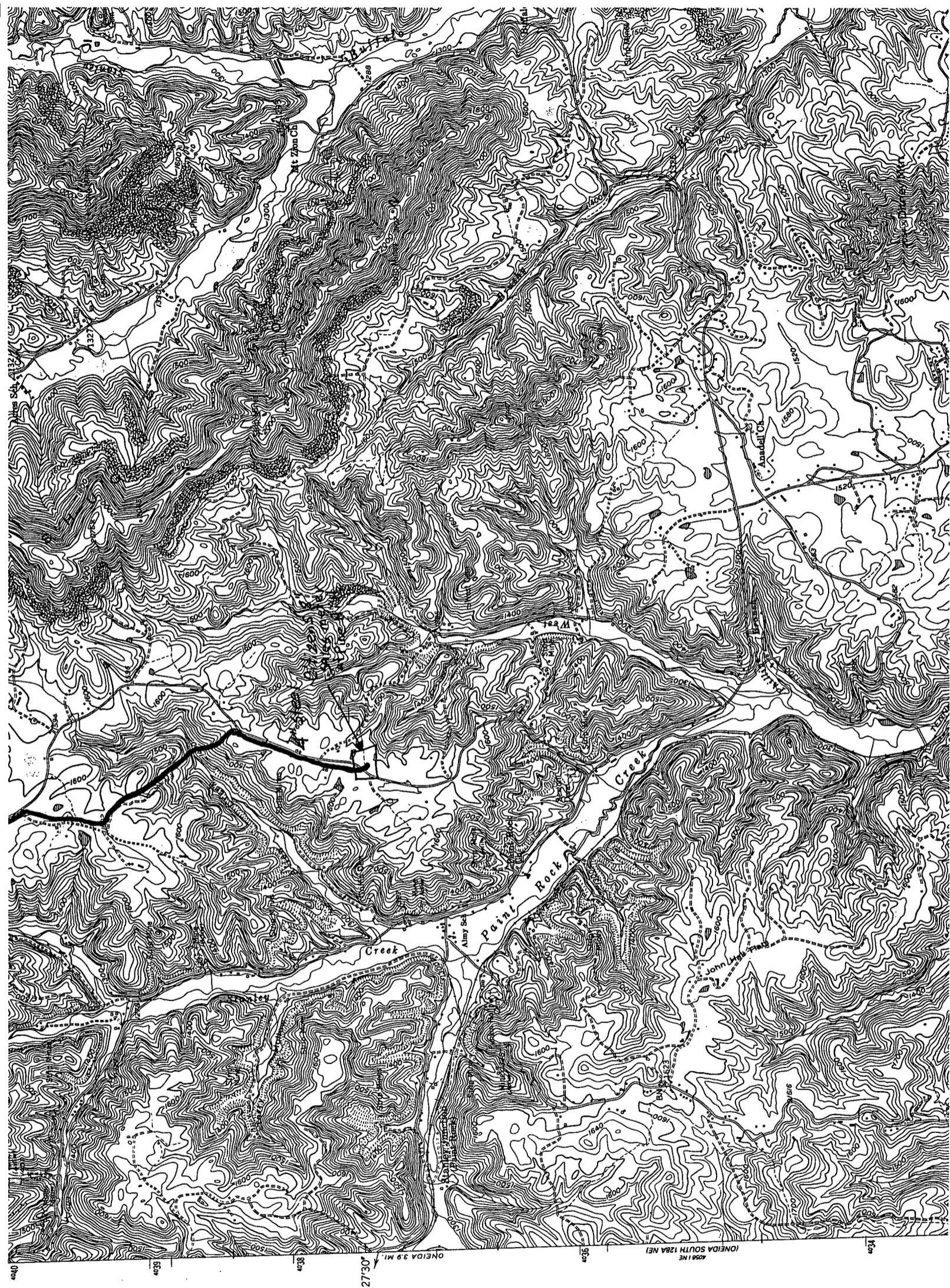


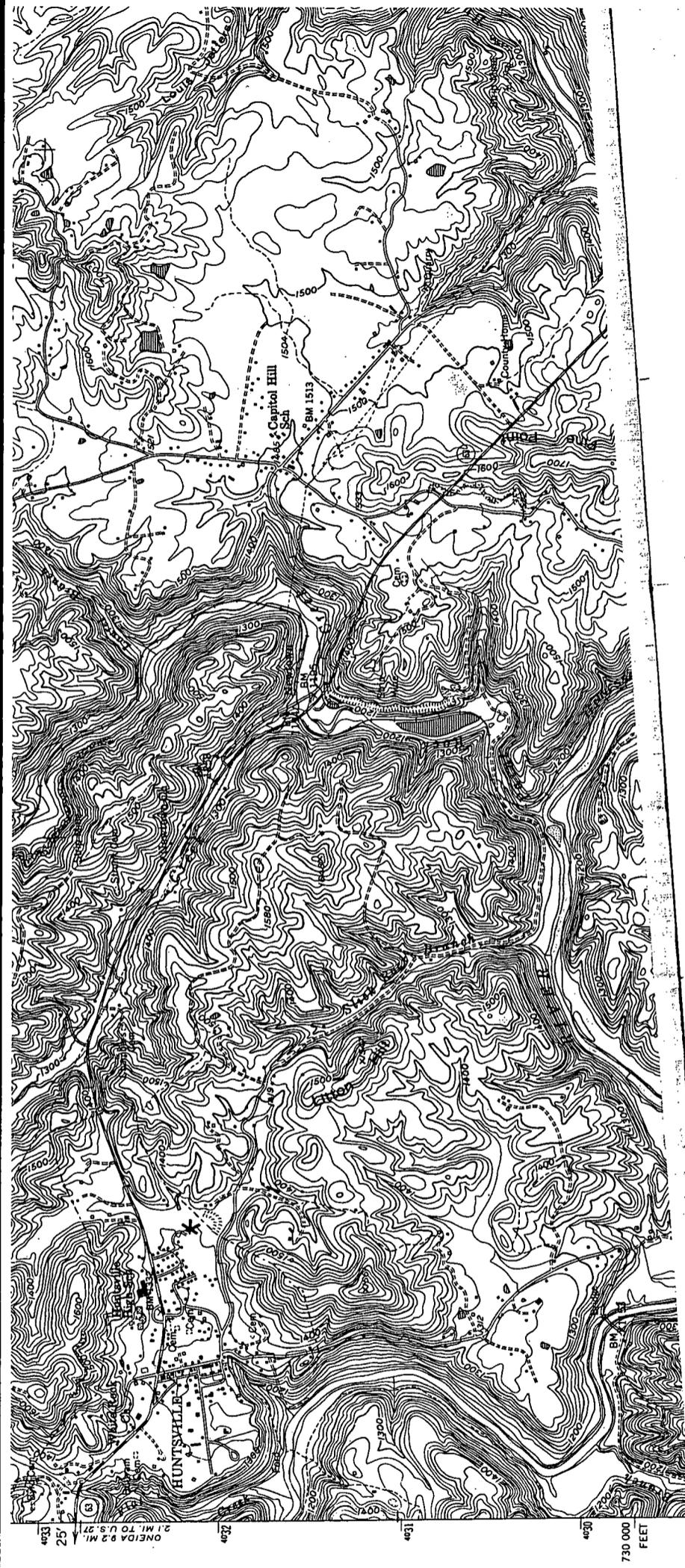
UTM GRID AND 1987 MAGNETIC NORTH
 DECLINATION AT CENTER OF SHEET

CONTOUR INTERVAL 20 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929

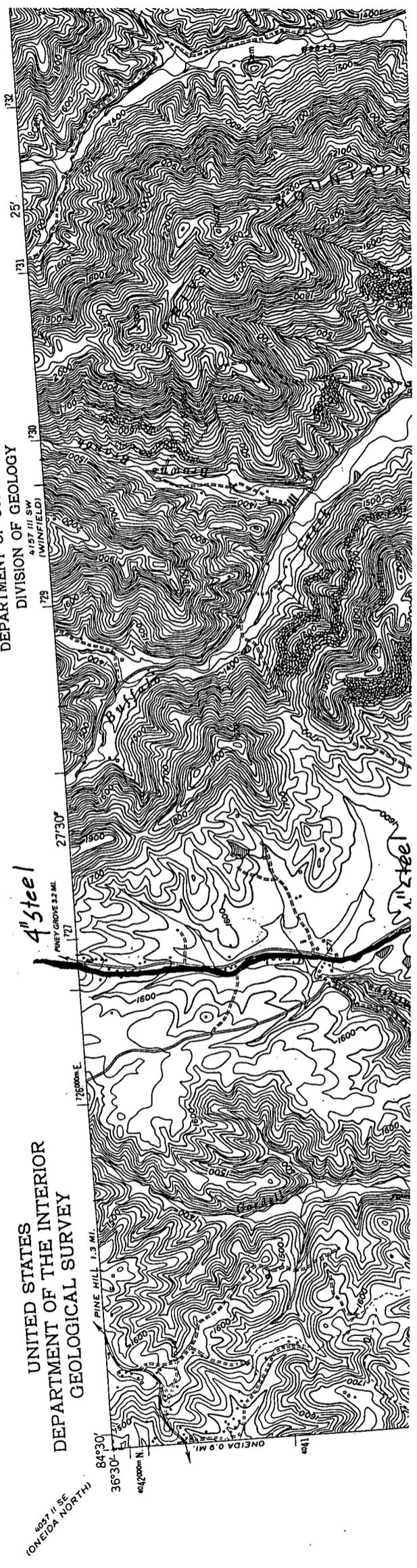
THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
 FOR SALE BY U. S. GEOLOGICAL SURVEY
 DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
 AND TENNESSEE DEPARTMENT OF CONSERVATION, DIVISION OF GEOLOGY, NASHVILLE, TENN. 37219
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST





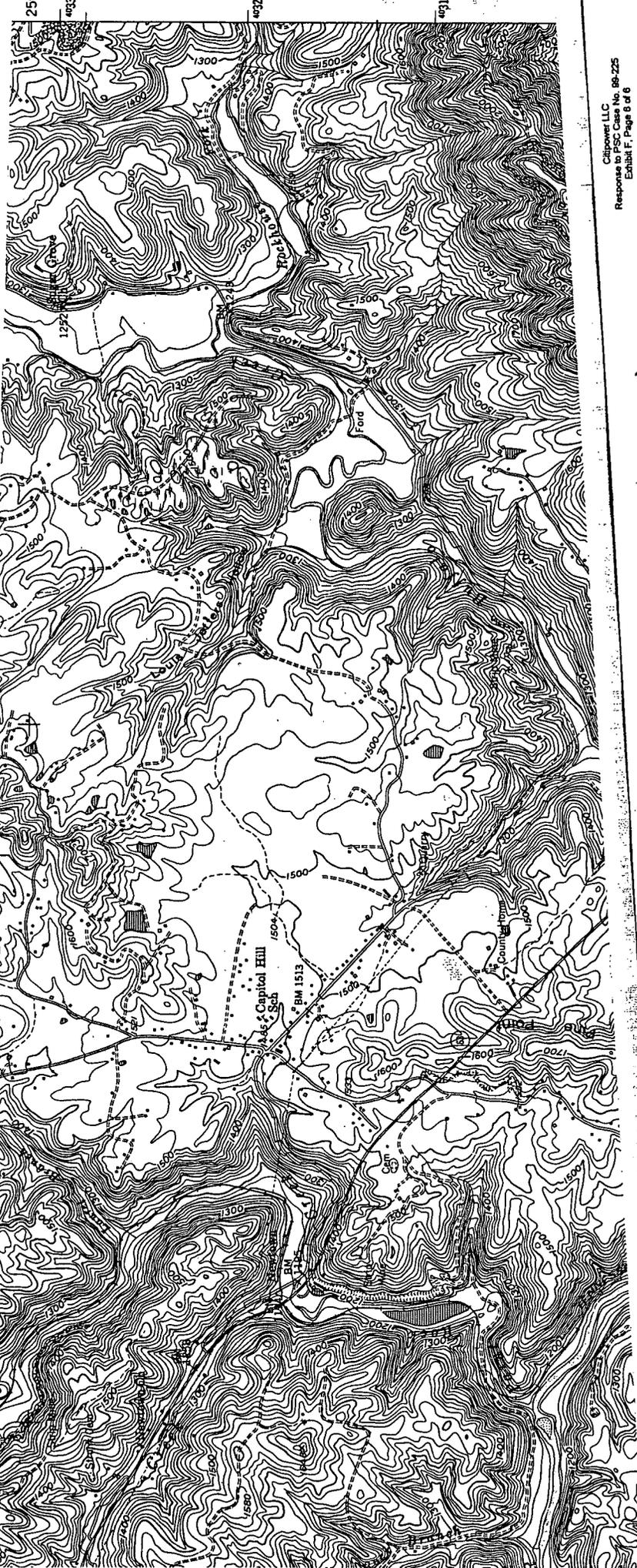


STATE OF TENNESSEE
 DEPARTMENT OF CONSERVATION
 DIVISION OF GEOLOGY



UNITED STATES
 DEPARTMENT OF THE INTERIOR
 GEOLOGICAL SURVEY

4097 11 SE
 ONEIDA NORTH



Chisner, LLC
 Response to PSC Case No. 98-225
 Exhibit F, Page 8 of 8

HUNTSVILLE QUADRANGLE
 TENNESSEE-SCOTT CO.
 7.5 MINUTE SERIES (TOPOGRAPHIC)

STATE OF TENNESSEE
 DEPARTMENT OF CONSERVATION
 DIVISION OF GEOLOGY

84°22'30"
 36°30'

12 470 000 FEET

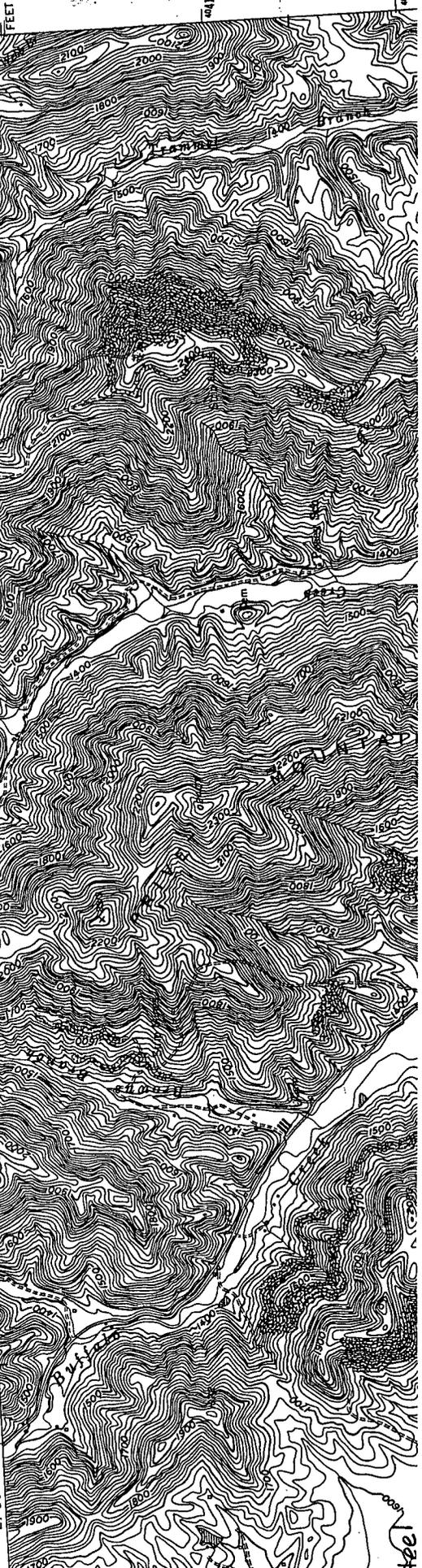
770 000 FEET

1731 257 1734

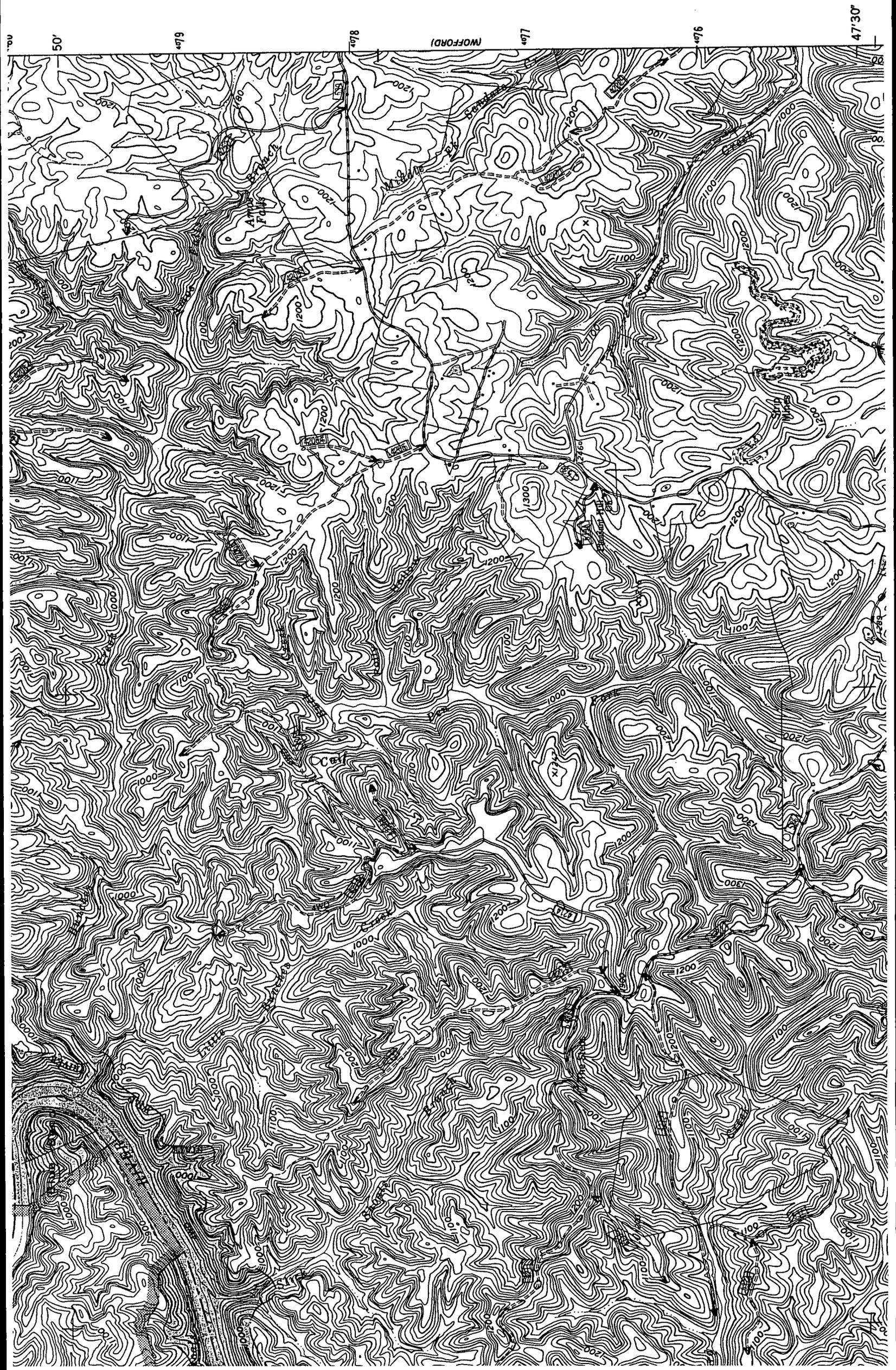
1729 1730 (WINFIELD)

2730'

1



122



47°30'

475

476

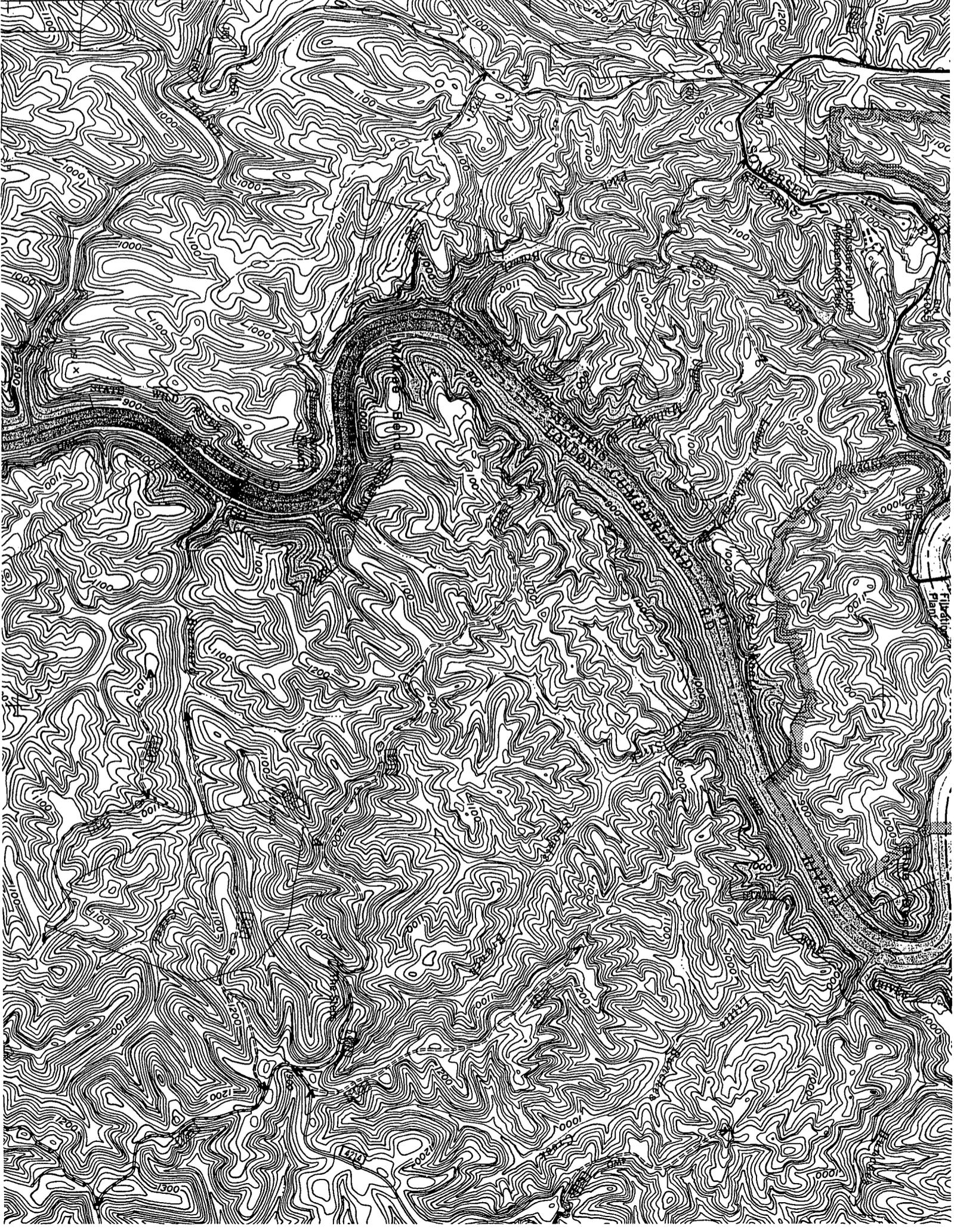
(WIBORG)

478

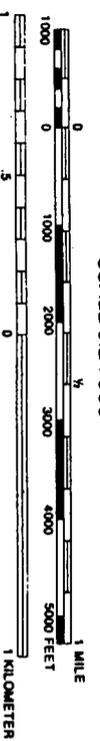
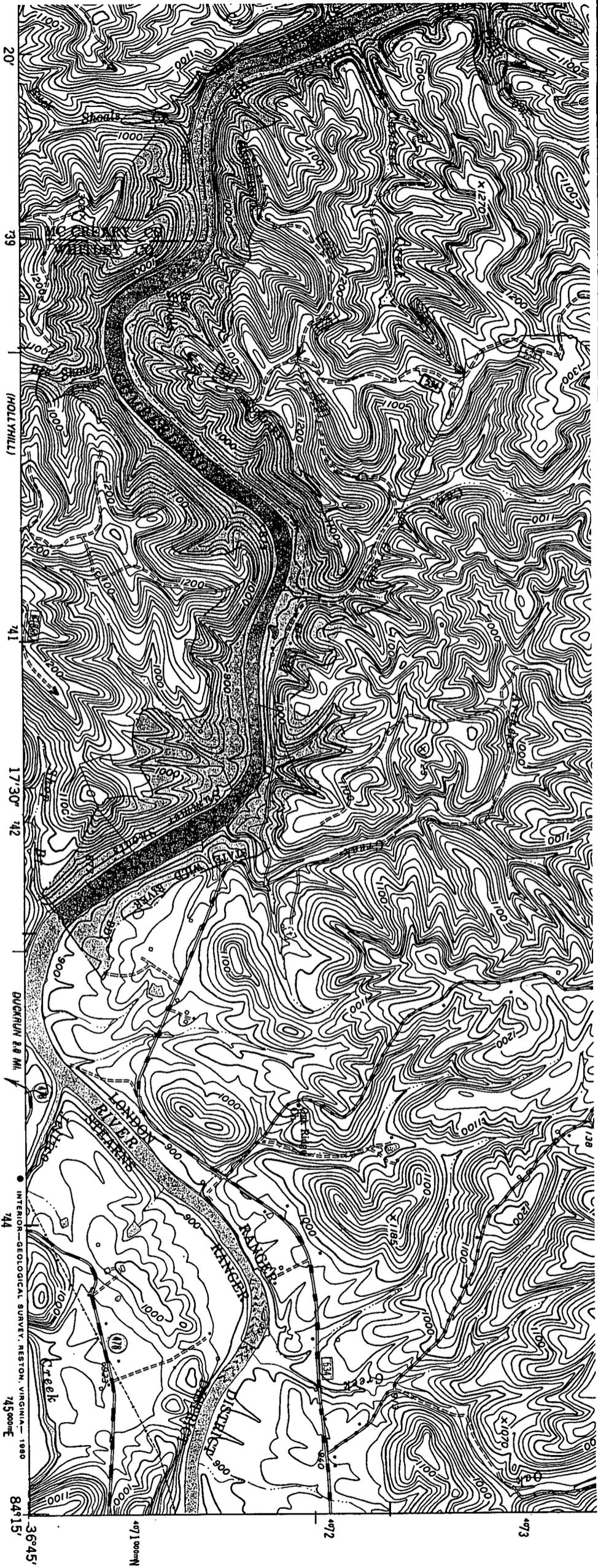
BEULAH HEIGHTS 4.9 MI.

479

50'



Filtration
Plant

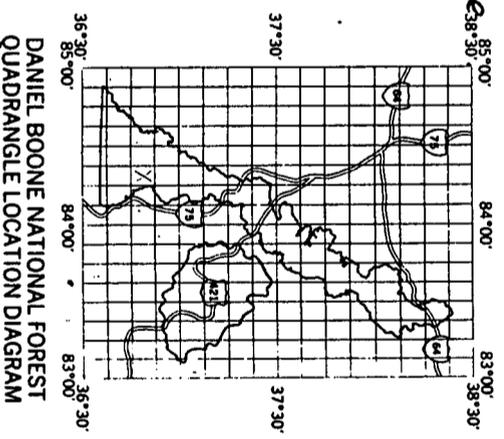


CONTOUR INTERVAL 20 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929

- | | | | |
|--|----------------------------------|--|-----------------------|
| | National Forest Boundary | | Primary Highway |
| | Purchase Unit Boundary | | Secondary Highway |
| | National Forest Lands as of 1990 | | Improved Road, Paved |
| | | | Improved Road, Gravel |
| | | | Improved Road, Dirt |
| | | | Unimproved Road, Dirt |
| | | | Trail |
-
- | | |
|--|----------------------|
| | Interstate Highway |
| | U.S. Highway |
| | State Highway |
| | County Road |
| | Primary Forest Route |
| | Forest Road |
| | Forest Trail |

ATTN: Road ticks indicate change between portions photo-identified and portions not visible on the aerial photography. Portions not visible will be labeled APPROXIMATE LOCATION.

211
 Plastic gas lines

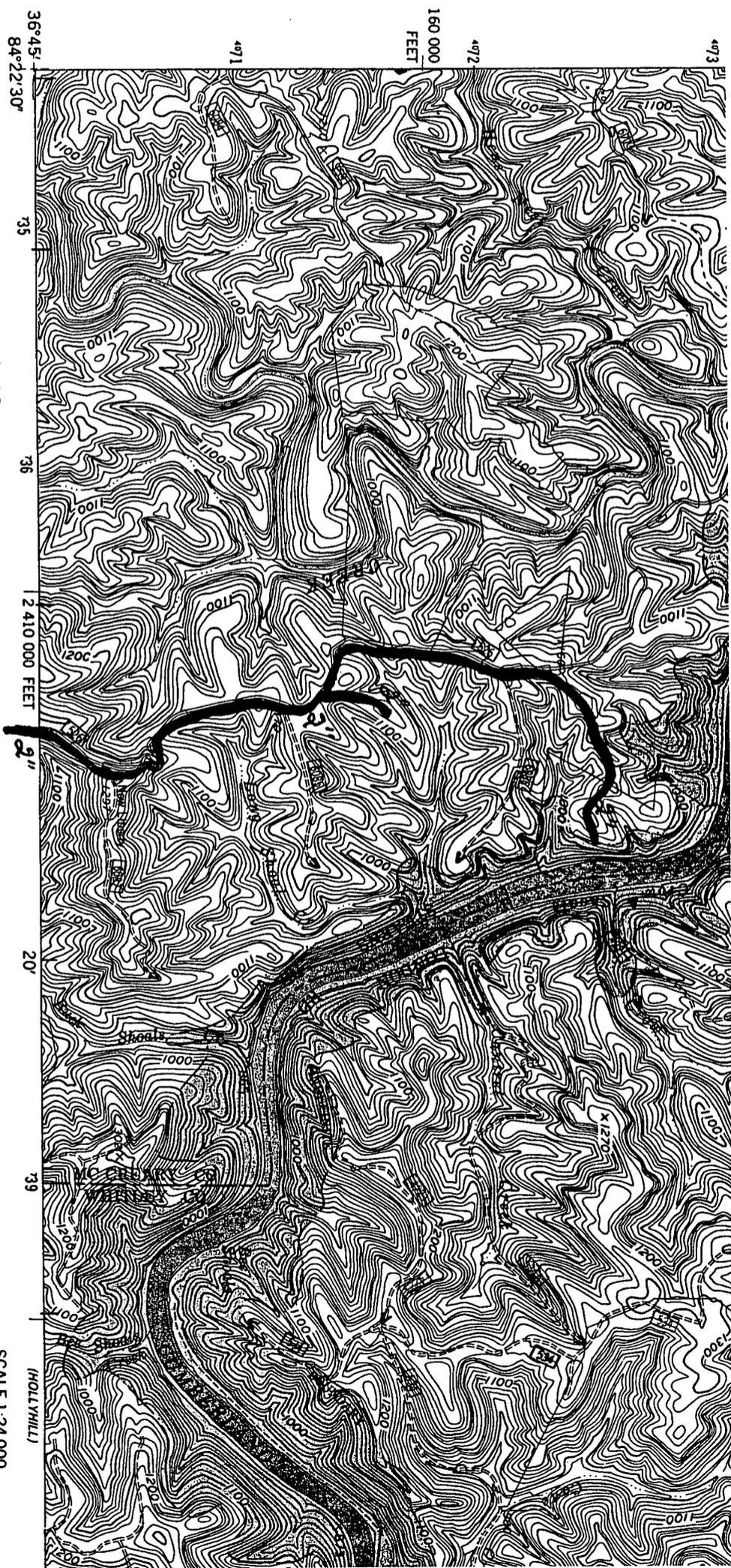


DANIEL BOONE NATIONAL FOREST
 QUADRANGLE LOCATION DIAGRAM

CUMBERLAND FALLS, KY.

N3645-W8415/7.5
 1979
 PHOTOINSPECTED 1981
 DMA 4157 IV SE—SERIES V833

(WILLIAMSBURG)



WHITLEY CITY

Base map prepared by the Geological Survey

Control by USGS, NOS/NOAA and USCE

Topography by photogrammetric methods from aerial photographs taken 1951. Field checked 1952. Revised from aerial photographs taken 1975. Field checked 1977. Map edited 1979

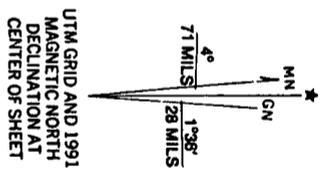
Polyconic projection. 1927 North American datum To place on the predicted North American Datum 1983 move the projection lines 6 meters south and 6 meters west as shown by dashed corner ticks

10,000-foot grid ticks based on Kentucky coordinate system, south zone 1000-meter Universal Transverse Mercator grid, zone 16

Unsurveyed boundary for Cumberland Wild River furnished by Kentucky Department for Natural Resources and Environmental Protection

Dashed contours in strip mine areas not revised Modification to the USGS base map by the Geometrics Service Center from 1988 aerial photography and 1990 correction guides furnished by the Southern Region

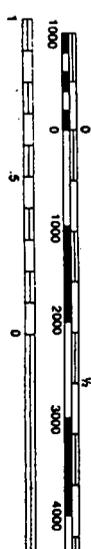
FOREST SUPERVISOR'S HEADQUARTERS
WINCHESTER, KENTUCKY



UTM GRID AND 1991 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

- National Forest Boundary
- - - Purchase Unit Boundary
- National Forest Lands as of 1990

- Primary Highway
- Secondary Highway
- Improved Road, Paved
- Improved Road, Gravel
- Improved Road, Dirt
- Unimproved Road, Dirt
- - - - - Trail



CONTOUR INTERVAL 20 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

ATTN: Road ticks indicate change between portion photo-identified and portions not visible on the aerial phot Portions not visible will be labeled APPROXIMATE LOCA

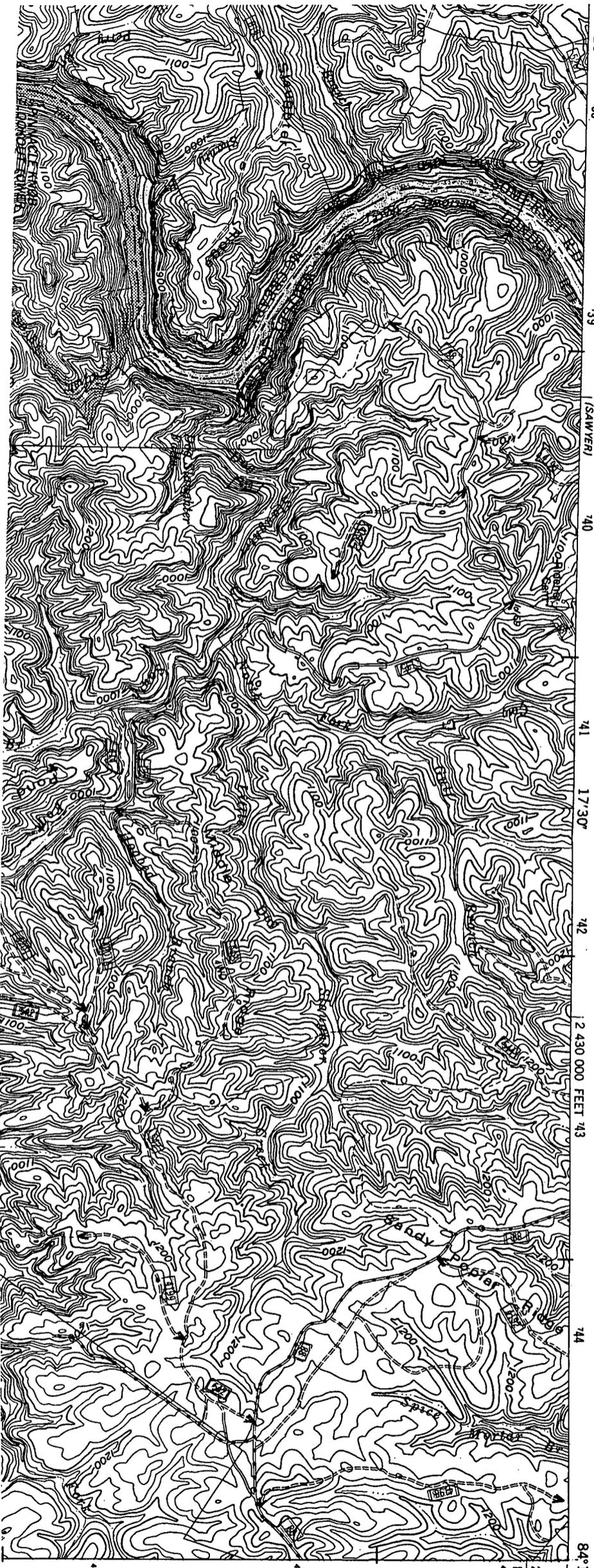


493

DANIEL BOONE NATIONAL FOREST
SOMERSET, STEARNS AND LONDON RANGER DISTRICTS

CUMBERLAND FALLS QUADRANGLE
KENTUCKY
7.5 MINUTE SERIES (TOPOGRAPHIC)

NON



20'

38

39

1SAWVER1

740

741

17'30"

742

2 430 000 FEET 743

744

84°15'

-36°52'30"

200 000

FEET

484

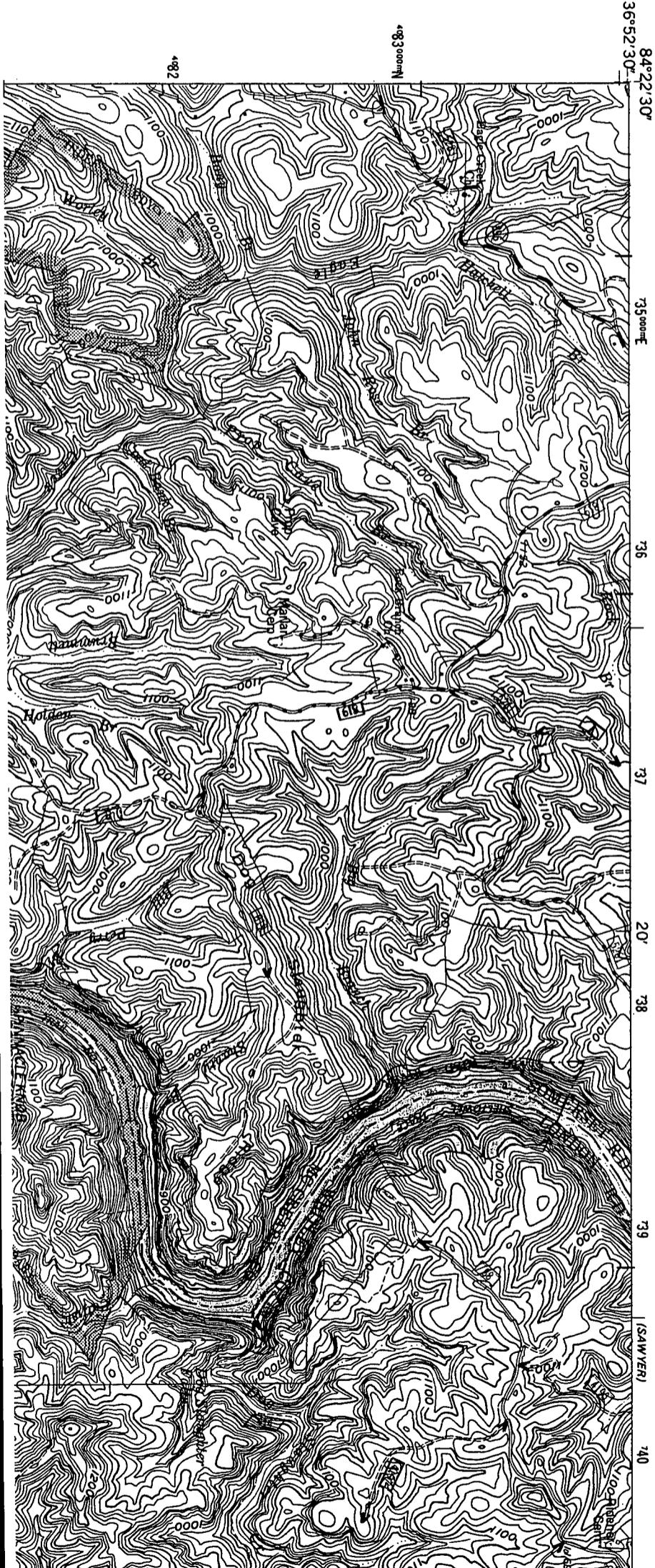
483

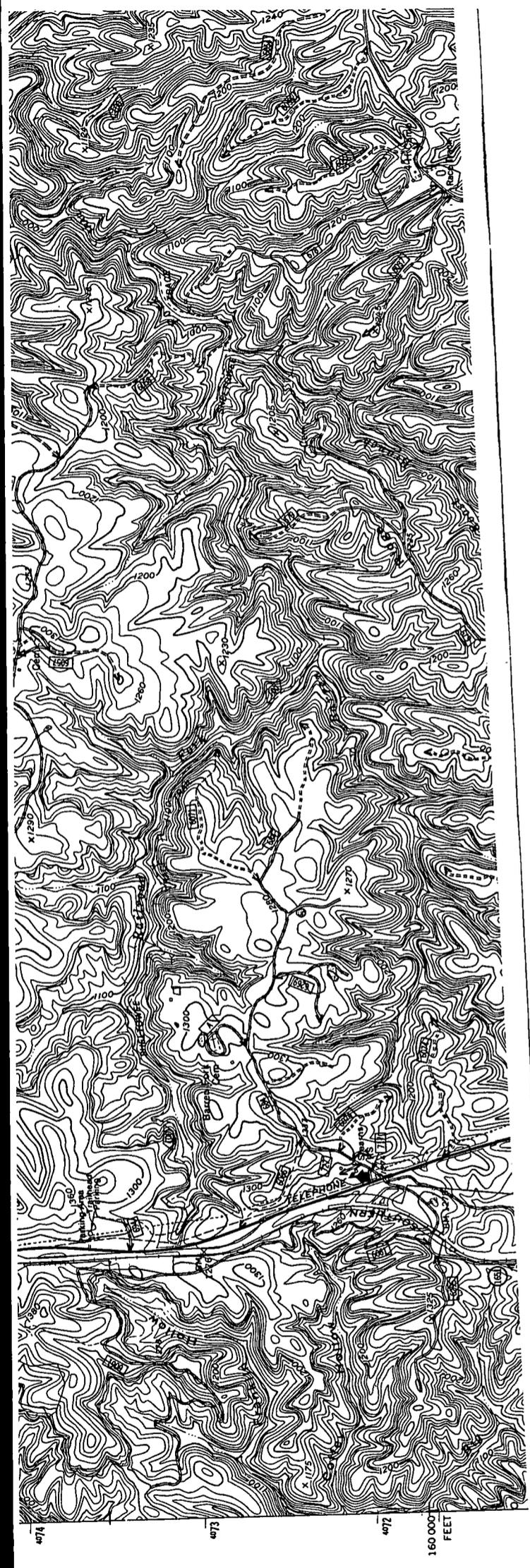
482



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
MODIFIED FOR USDA FOREST SERVICE USE

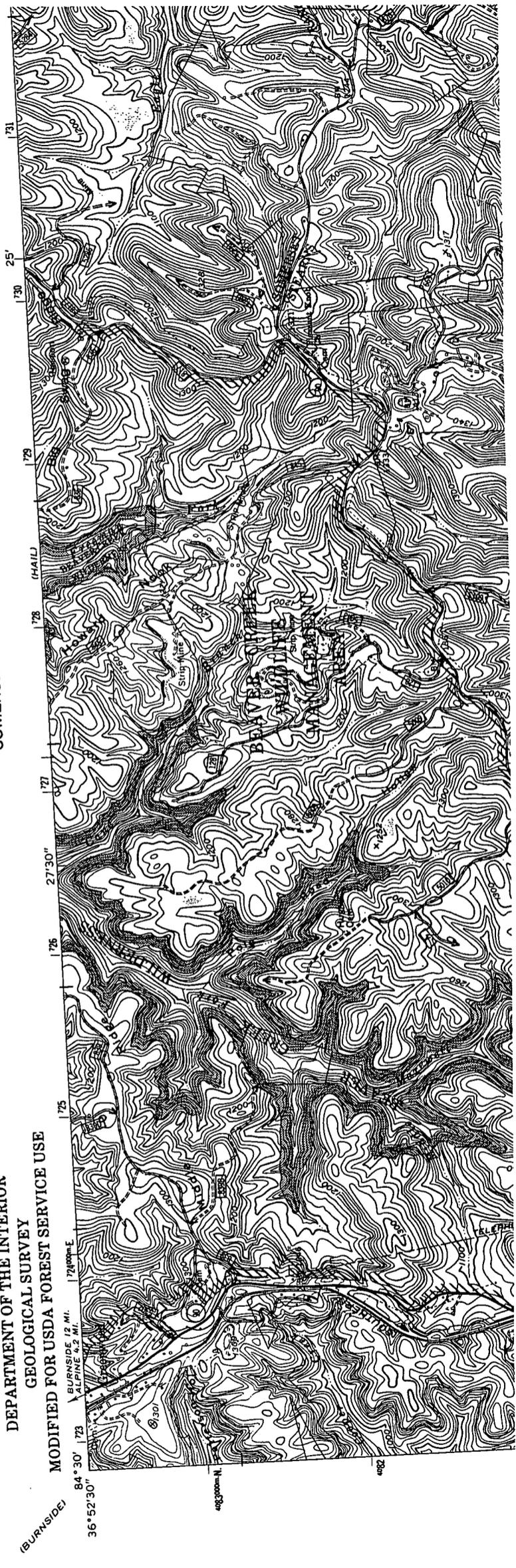
DANIEL BOONE NATIONAL
SOMERSET, STEARNS AND LONDON RANGE





DANIEL BOONE NATIONAL FOREST
SOMERSET AND STEARNS RANGER DISTRICTS

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
MODIFIED FOR USDA FOREST SERVICE USE



(BURNSIDE)
84° 30' 173
36° 52' 30"

CUMBERLAND
50

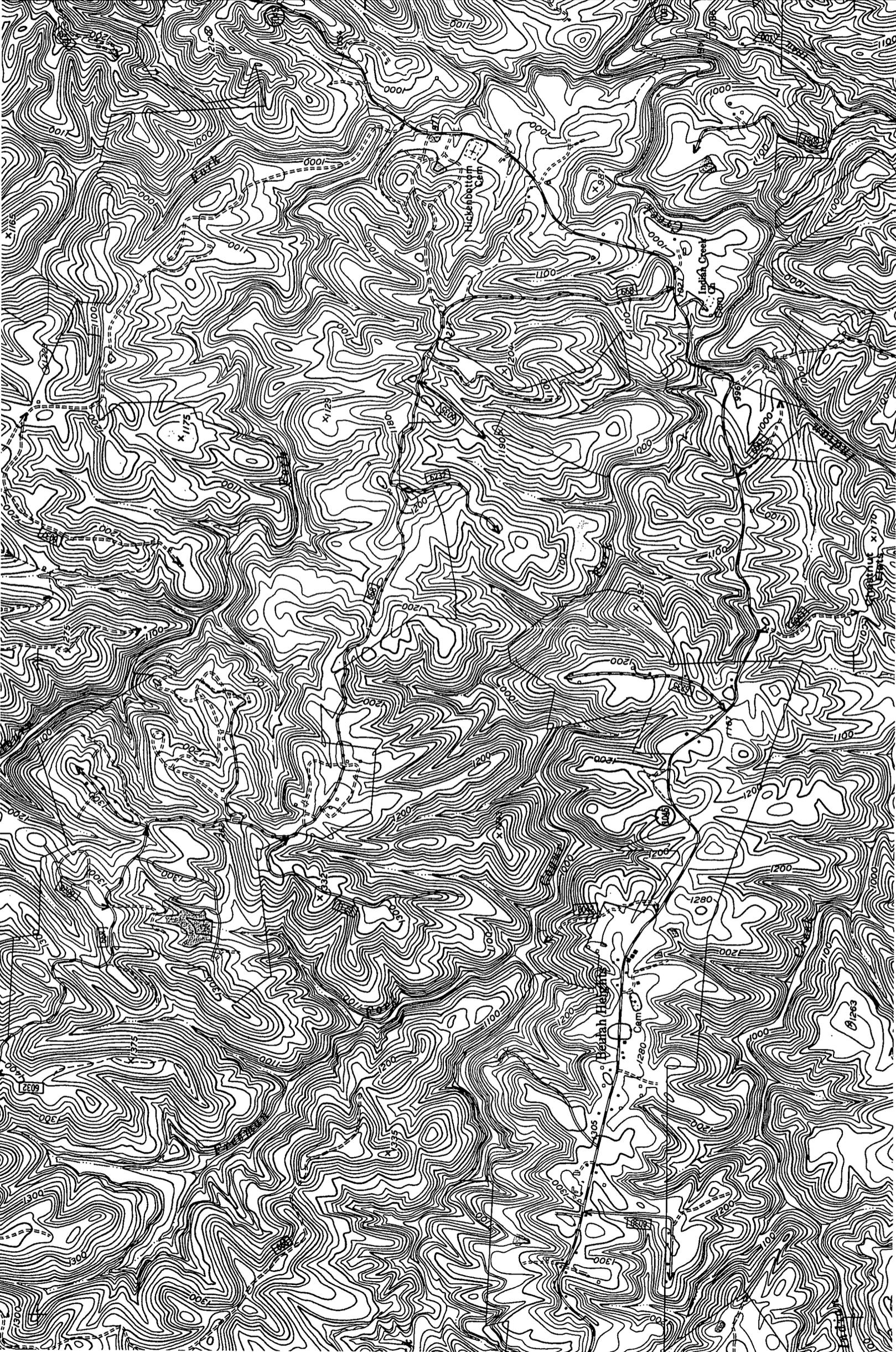
8450

8400

(CUMBERLAND FALLS)
2.4 MI. TO KY. 90
CUMBERLAND FALLS STATE PARK 4.9 MI.

475

47°30"



47°30"

475

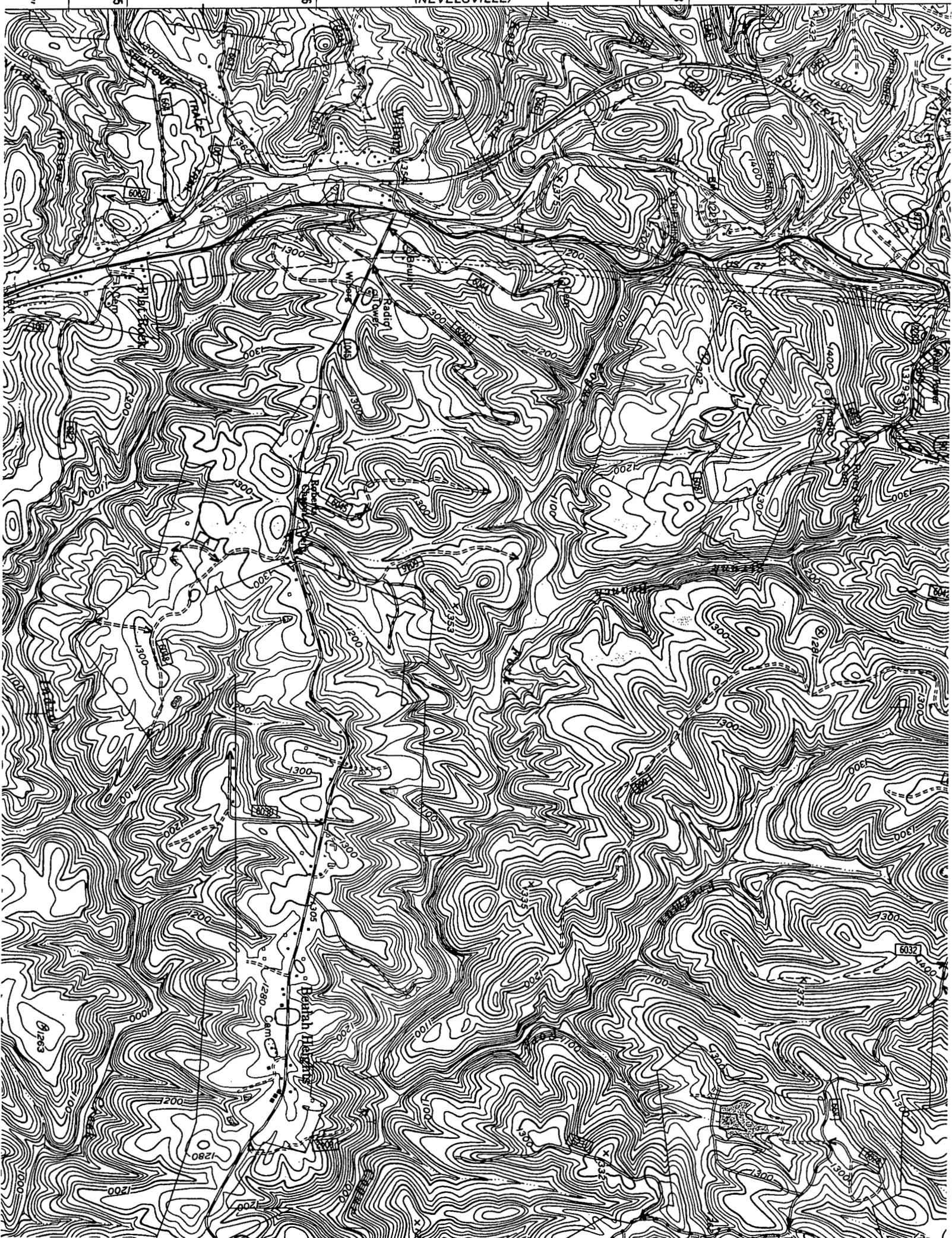
476

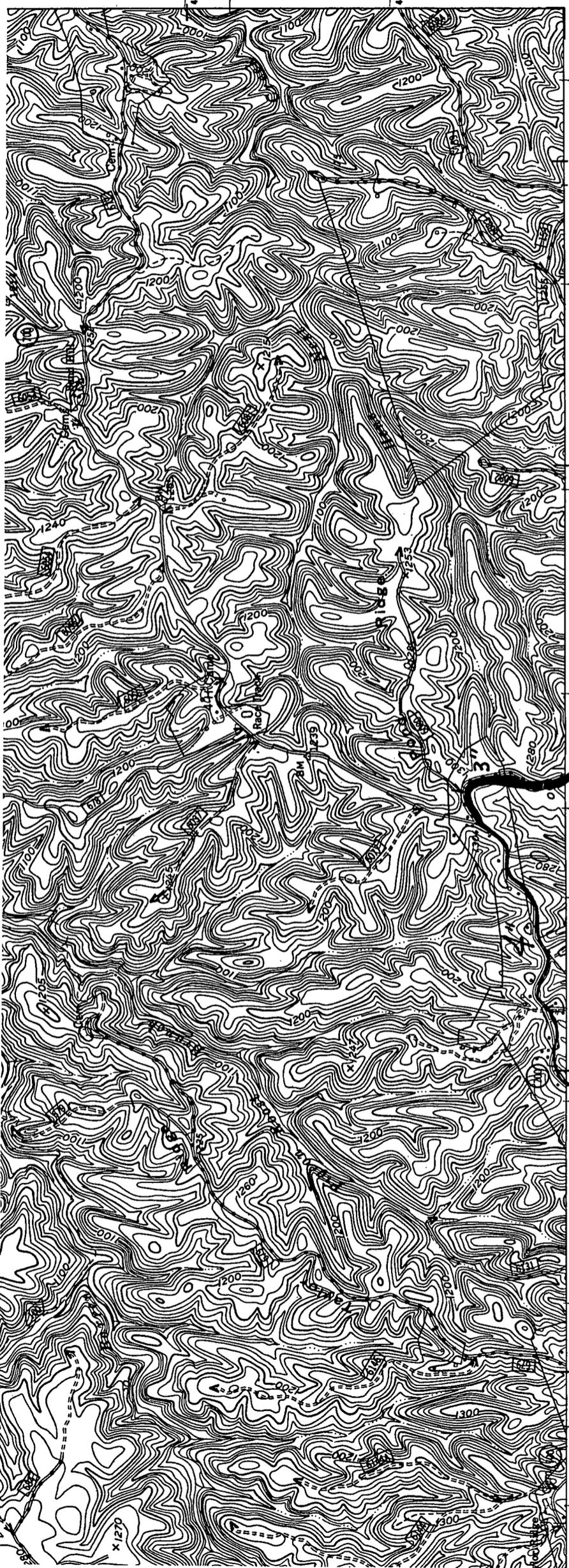
(NEVELSVILLE)

478

479

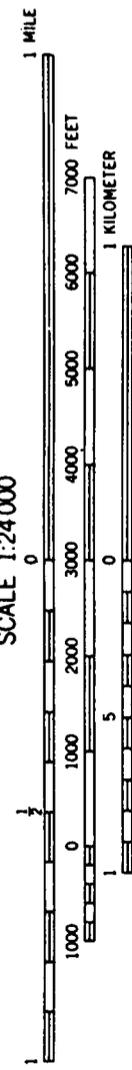
50'





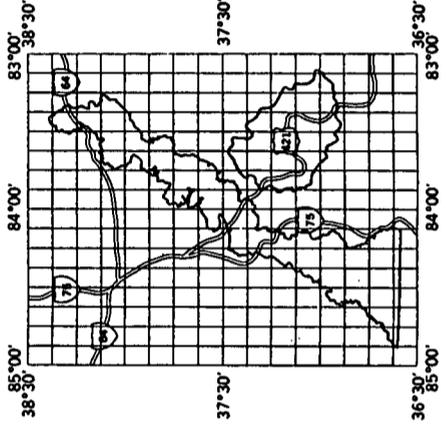
3" x 4" Plastic gasline
 HOLLYHILL

WIBORG, KY.
 N3645—W8422.5/7.5
 1963

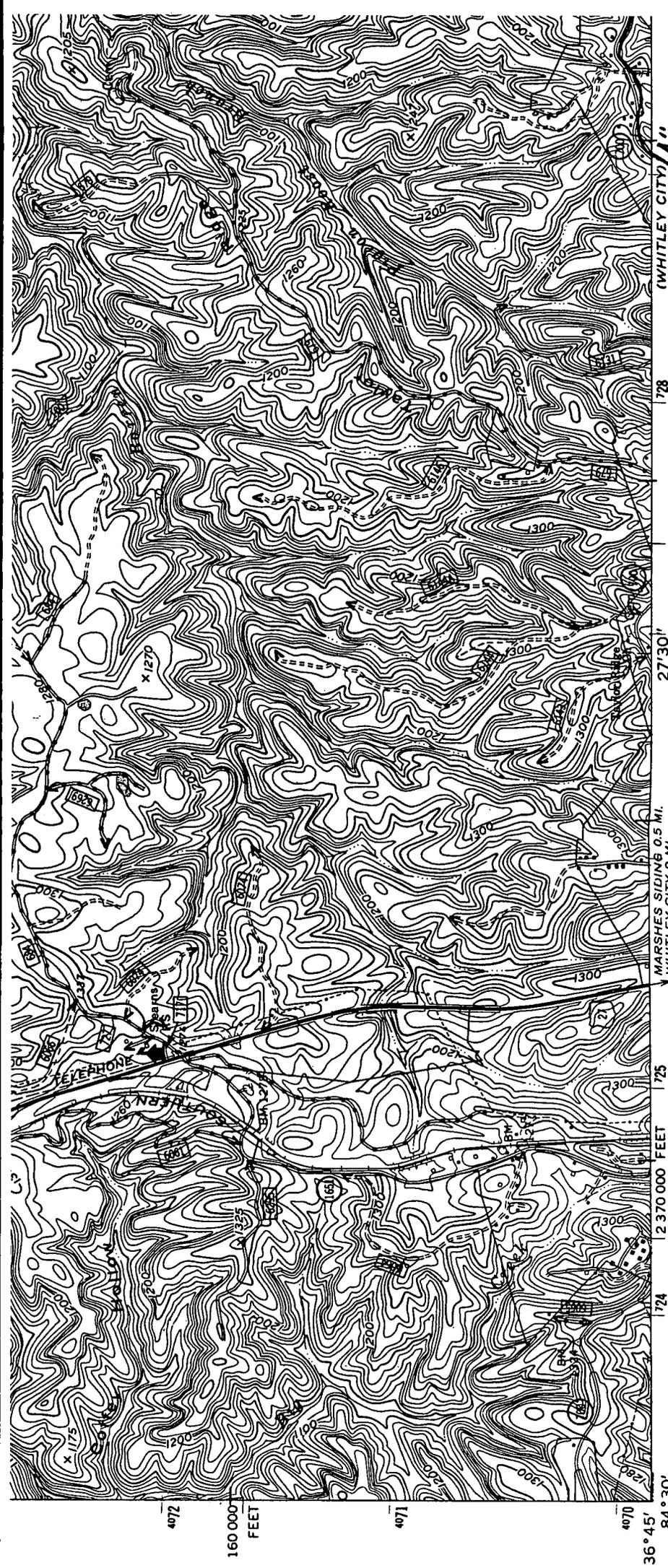


CONTOUR INTERVAL 20 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929

- National Forest Boundary
- - - Purchase Unit Boundary
- ▭ National Forest Lands as of 1989
- ▨ Special Area Boundary
- ==== Road, Approximate Location
- - - Trail, Approximate Location
- Primary Highway
- - - Secondary Highway
- Improved Road, Paved
- - - Improved Road, Gravel
- Improved Road, Dirt
- - - Unimproved Road, Dirt
- - - Trail
- 75 Interstate Highway
- 60 U.S. Highway
- 89 State Highway
- 1337 Forest Road
- 124 Forest Trail



DANIEL BOONE NATIONAL FOREST—REDBIRD PURCHASE UNIT
 QUADRANGLE LOCATION DIAGRAM

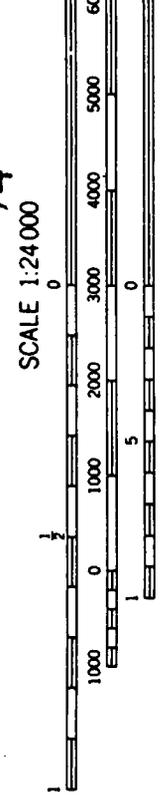


Base map prepared by the U.S. Geological Survey
 in cooperation with the Kentucky Geological Survey
 Control by USGS, USC&GS, USCE, and TVA

Topography by photogrammetric methods from aerial photographs
 taken 1951. Field checked 1952. Revised 1963
 Polyconic projection. 1927 North American datum
 10,000-foot grid based on Kentucky coordinate system,
 south zone
 1000-meter Universal Transverse Mercator grid ticks,
 zone 16.

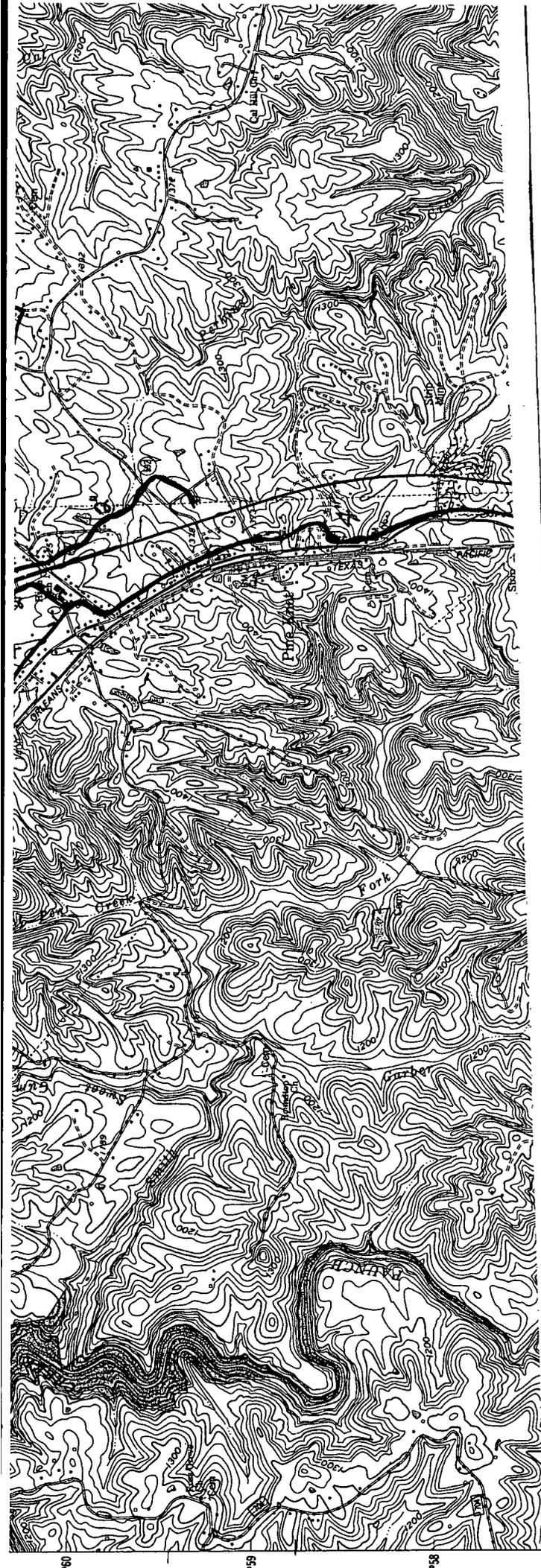
Modification to USGS base map by the Geomatics Service
 Center from 1988 aerial photography and 1989 correction
 guides furnished by the Southern Region

FOREST SERVICE HEADQUARTERS
 WINCHESTER, KENTUCKY



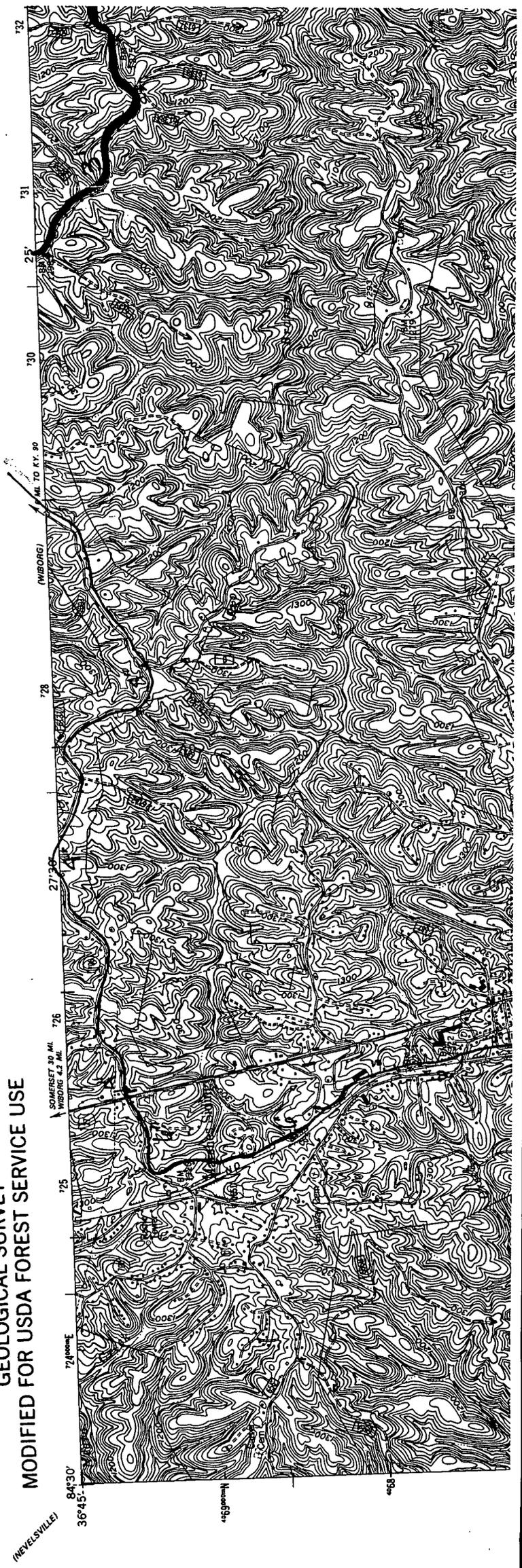
CONTOUR INTERVAL 20 FEET
 NATIONAL GEODETIC VERTICAL DATUM OF 1929

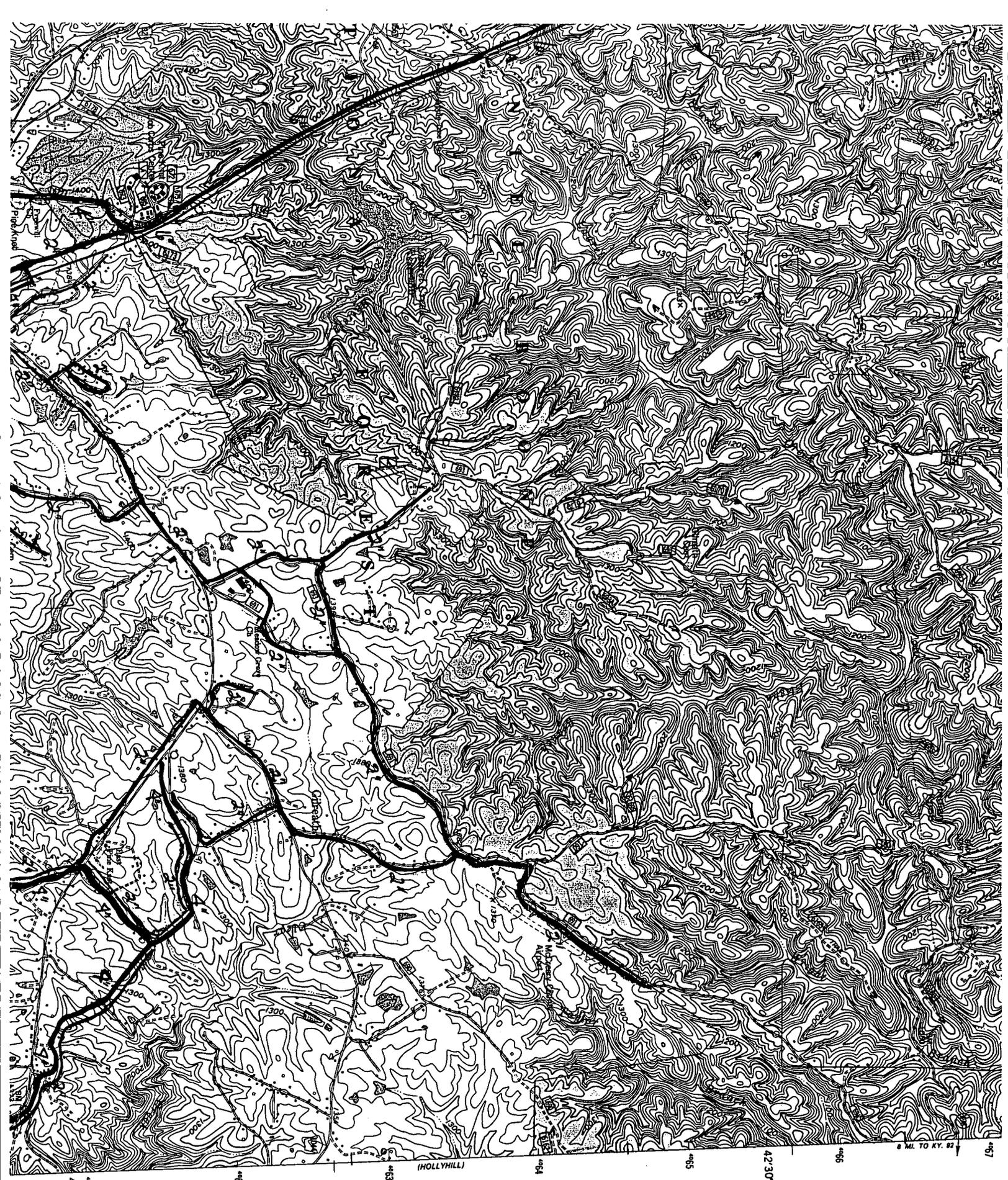
- | | | | |
|-------|----------------------------------|-------|-----------------------|
| — | National Forest Boundary | — | Primary Highway |
| - - - | Purchase Unit Boundary | — | Secondary Highway |
| □ | National Forest Lands as of 1989 | — | Improved Road, Paved |
| ▨ | Special Area Boundary | — | Improved Road, Gravel |
| - - - | Road, Approximate Location | — | Improved Road, Dirt |
| - - - | Trail, Approximate Location | - - - | Unimproved Road, Dirt |
| - - - | | - - - | Trail |

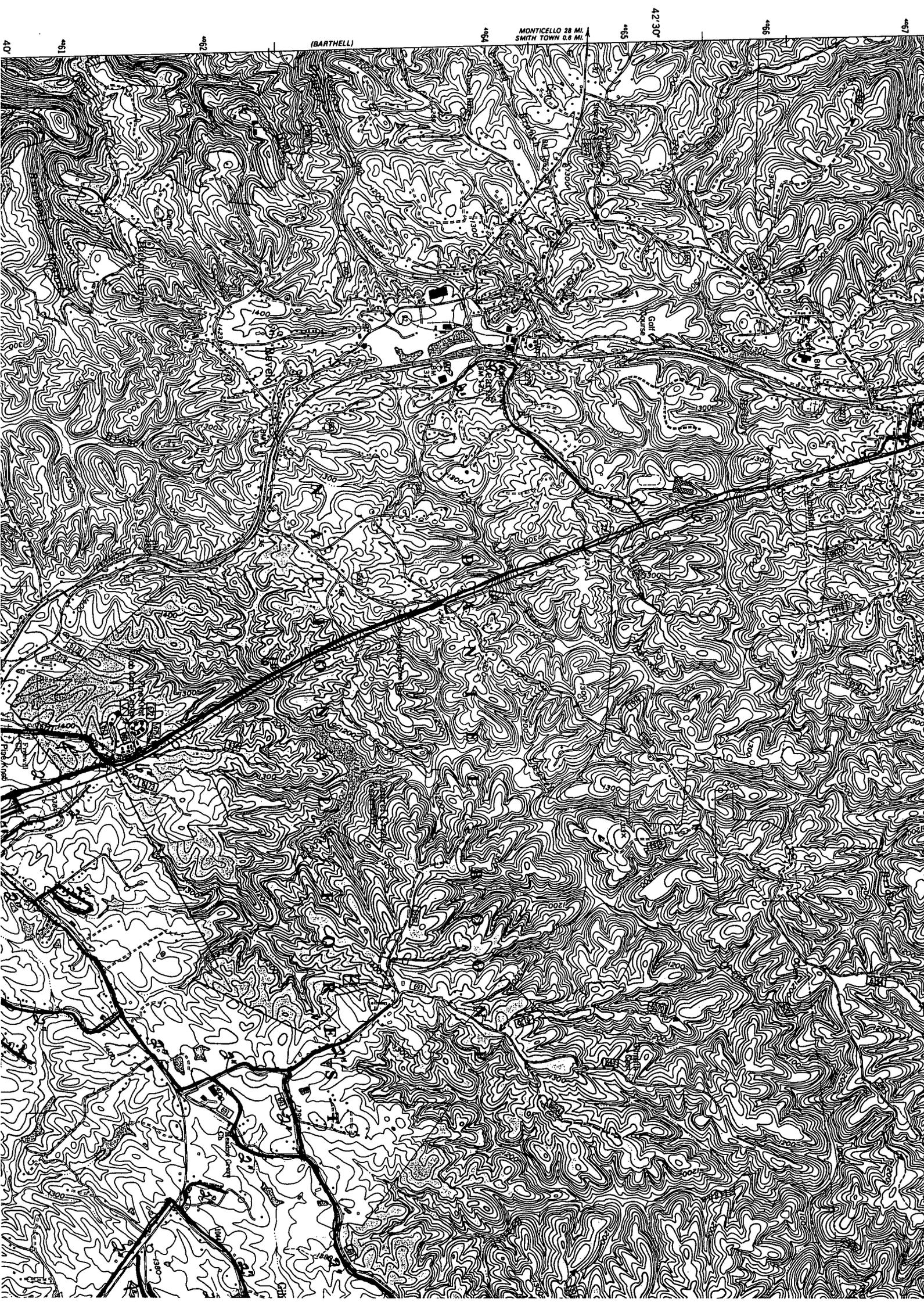


DANIEL BOONE NATIONAL FOREST
STEARNS RANGER DISTRICT

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
MODIFIED FOR USDA FOREST SERVICE USE







40

451

452

(BARTHELL)

454

MONTICELLO 28 MI.
SMITH TOWN 0.6 MI.

455

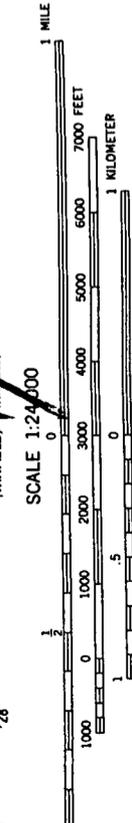
42°30'

456

457



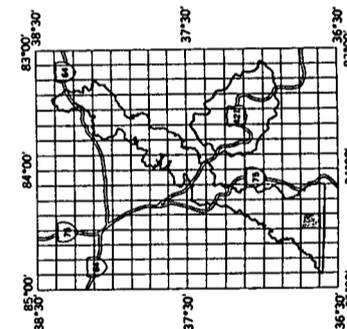
24, 6
 All Plastic Gaslines



SCALE 1:24,000
 NATIONAL GEODETIC VERTICAL DATUM OF 1929

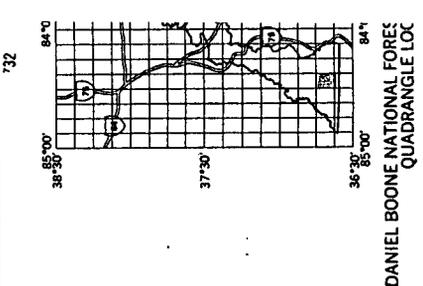
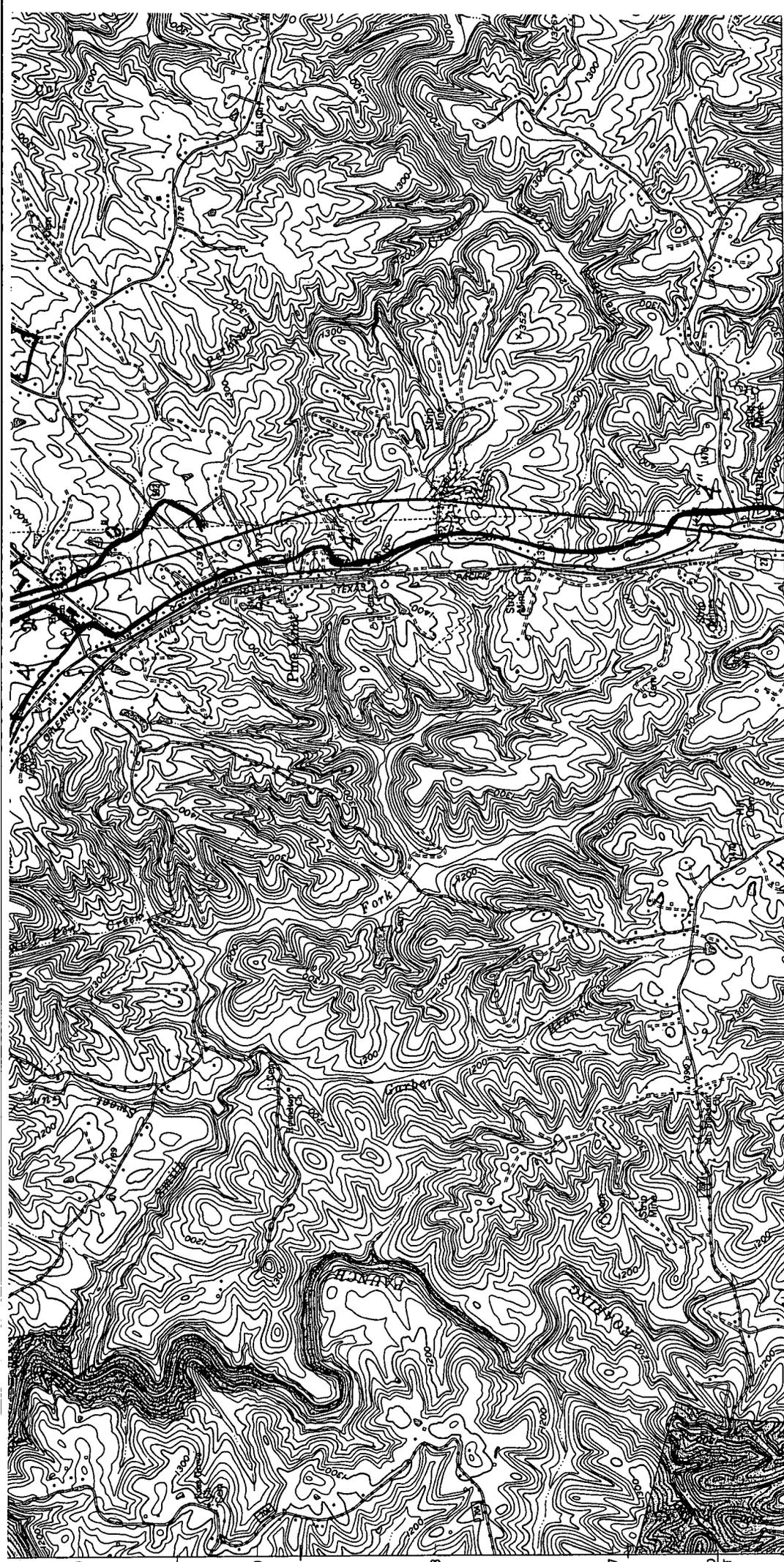
LEGEND

- National Forest Boundary
- - - Purchase Unit Boundary
- ▨ Forest Service Land as of 1988
- - - Trail
- - - Road, Location Approximate
- - - Trail, Location Approximate
- Primary Highway
- Secondary Highway
- Improved Road, Paved
- Improved Road, Gravel
- Improved Road, Dirt
- - - Unimproved Road, Dirt
- 64 Interstate Highway
- 62 U.S. Highway
- 688 State Highway
- 462 County Highway
- 173 Forest Road
- 537 Forest Trail

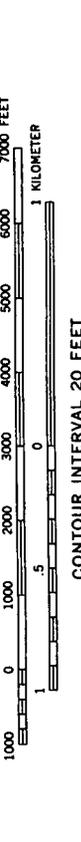


DANIEL BOONE NATIONAL FOREST - REDBIRD PURCHASE UNIT
 QUADRANGLE LOCATION DIAGRAM

WHITLEY CITY, KY.
 N3637.5-W8422.57.5
 1979
 PHOTOREVISED 1982



SCALE 1:24,000



CONTOUR INTERVAL 20 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

- LEGEND**
- National Forest Boundary
 - - - Purchase Unit Boundary
 - ▨ Forest Service Land as of 1988
 - - - Trail
 - - - Road, Location Approximate
 - - - Trail, Location Approximate
 - Primary Highway
 - - - Secondary Highway
 - - - Improved Road, Paved
 - - - Improved Road, Gravel
 - - - Improved Road, Dirt
 - - - Unimproved Road, Dirt
 - ⬢ Interstate Highway
 - ⬢ U.S. Highway
 - ⬢ State Highway
 - ⬢ County Highway
 - ⬢ Forest Road
 - ⬢ Forest Trail

Base map prepared by the U.S. Geological Survey
Control by USGS and NOS/NOAA

Topography by photogrammetric methods from aerial photographs taken 1951. Field checked 1952. Revised from aerial photographs taken 1975. Field checked 1977. Map edited 1979

Polyconic projection. 10,000-foot grid ticks based on Kentucky coordinate system, south zone. 1000-meter Universal Transverse Mercator grid, zone 16. 1927 North American Datum. To place on the predicted North American Datum 1983 move the projection jugs 6 meters south and 6 meters west as shown by dashed corner ticks

Modification to USGS base map by the Geometrics Service Center from 1981 aerial photography and 1988 correction guides furnished by the Southern Region

FOREST SUPERVISOR'S HEADQUARTERS
WINCHESTER, KENTUCKY

DANIEL BOONE NATIONAL FOREST
QUADRANGLE LOC

(NORTH NORTH)



70 000 FEET (K.T.)

12 400 000 FEET (K.T.)

1732

1731

1730

1729

1728

1727

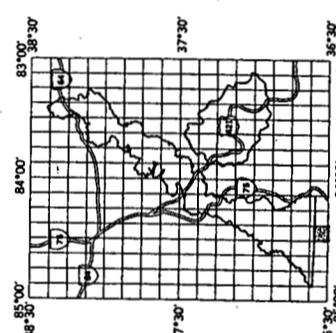
steel



CONTOUR INTERVAL 20 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

- LEGEND
- National Forest Boundary
 - Purchase Unit Boundary
 - National Forest Land as of 1984
 - Special Area Boundary
 - Primary Highway
 - Secondary Highway
 - Light Duty Road
 - Primitive Road
 - Trail
 - LOCATION APPROXIMATE
 - Road
 - Trail

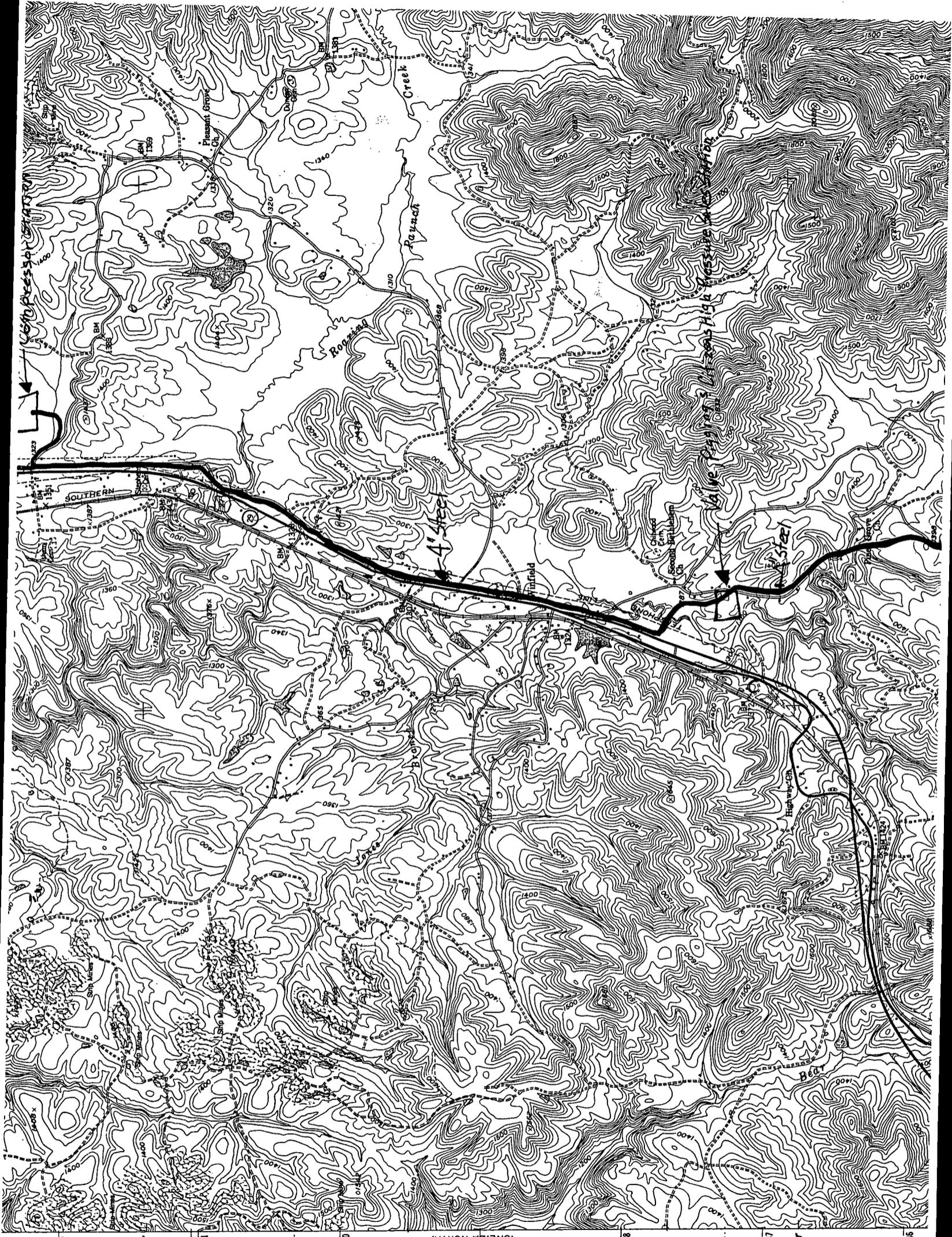
WINFIELD, TENN.-KY.
N6630—W8422.5/7.5
1953



DANIEL BOONE NATIONAL FOREST—REDBIRD PURCHASE UNIT
QUADRANGLE LOCATION DIAGRAM

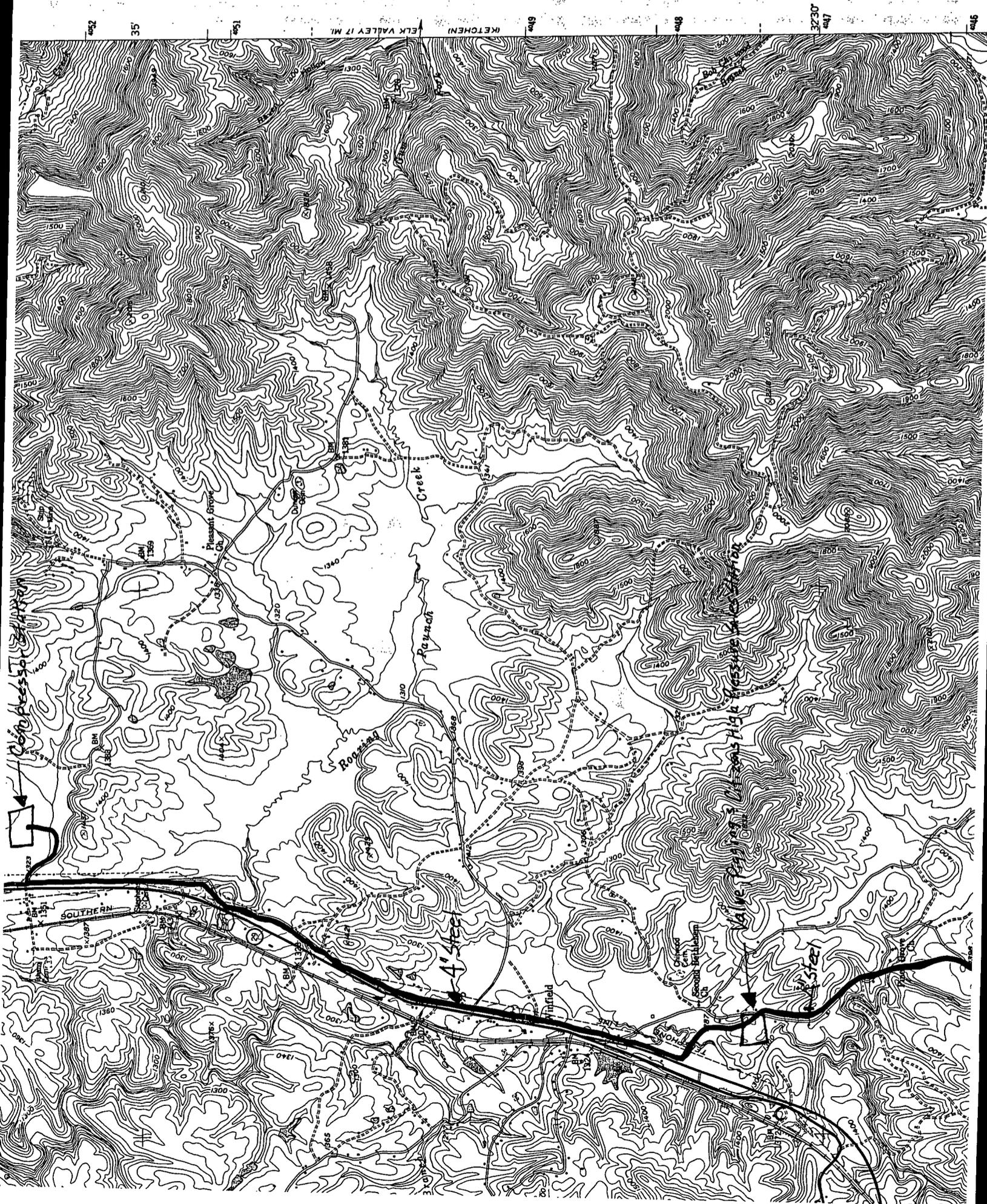
NETIC NORTH
R OF SHEET

12
HLS



ONEIDA NORTH

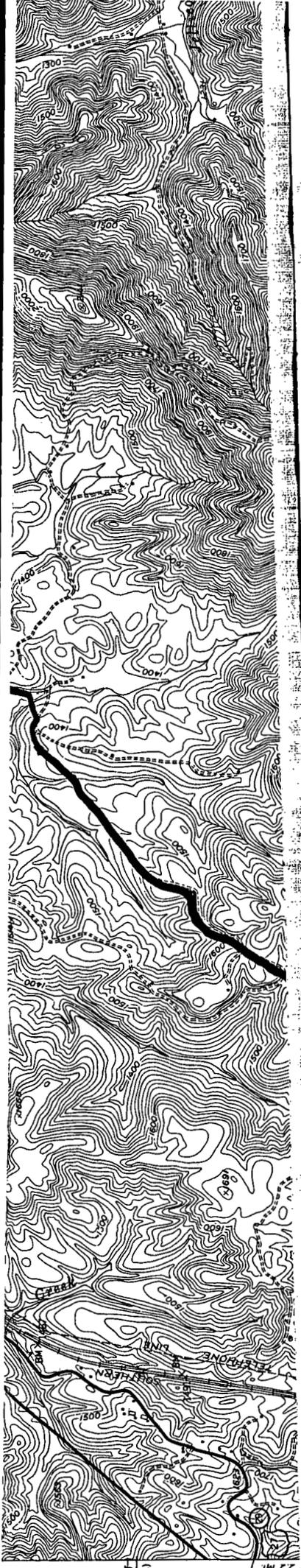
35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50



4952
35
1650
1600
1500
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0

ELK VALLEY 17 MI. (KETCHEN)
6mi
6mi
3233
4mi
3mi
2mi
1mi
0
1
2
3
4
5
6
7
8
9
10

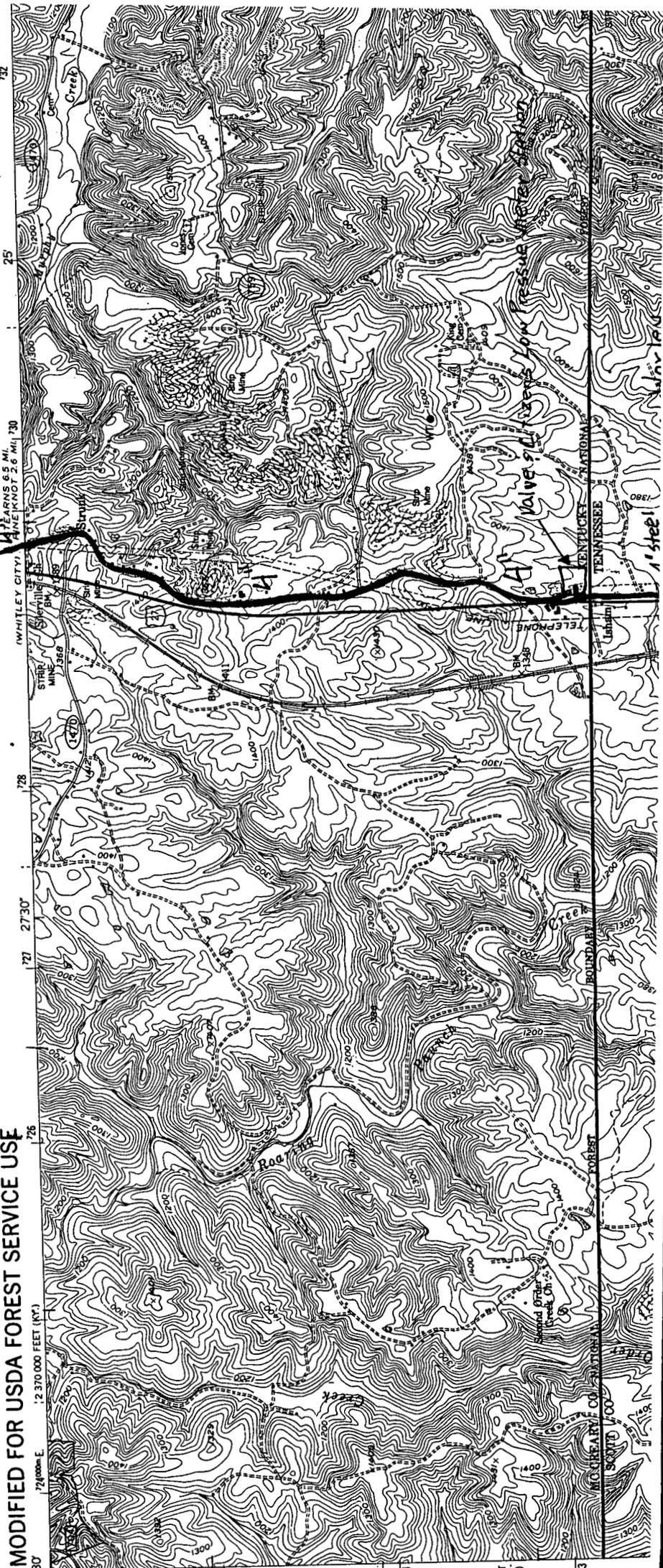
4952
35
1650
1600
1500
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0



780 000 FEET
(TENN.)
2.29 MI.

**DANIEL BOONE NATIONAL FOREST
STEARNS RANGER DISTRICT**

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
MODIFIED FOR USDA FOREST SERVICE USE



IBARTHELL

84°30'
36°37'30"

12 370 000 FEET (KY.)
3.0 MI.

100 000 FEET
(KY.)



(INVERTED)

Base map prepared by the Geological Survey

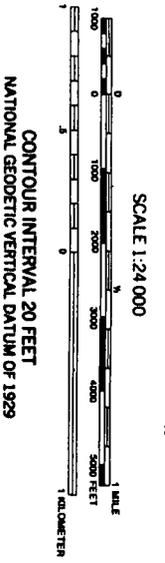
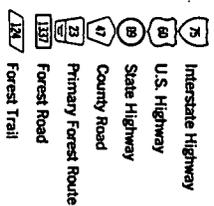
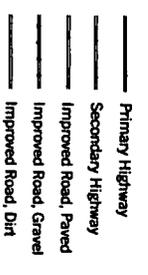
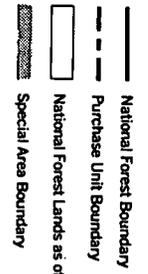
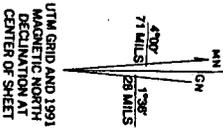
Control by USGS and NOS/NOAA

Topography by photogrammetric methods from aerial photographs taken 1951. Field checked 1952. Revised from aerial photographs taken 1975. Field checked 1977. Map edited 1979

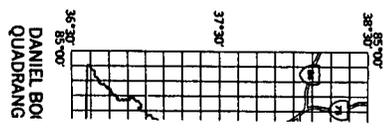
Polyconic projection. 10,000-foot grid ticks based on Kentucky coordinate system, south zone. 1000-meter Universal Transverse Mercator grid, zone 16. 1927 North American Datum. To place on the predicted North American Datum 1983 move the projection lines 6 meters south and 6 meters west as shown by dashed corner ticks. Entire area lies within the Daniel Boone National Forest. Dashed contours in strip mine area compiled in 1951, not revised. Modification to the USGS base map by the Geonetics Service Center from 1988 aerial photography and 1990 correction guides furnished by the Southern Region

FOREST SUPERVISOR'S HEADQUARTERS
WINCHESTER KENTUCKY

2" x 4" Plastic gasoline



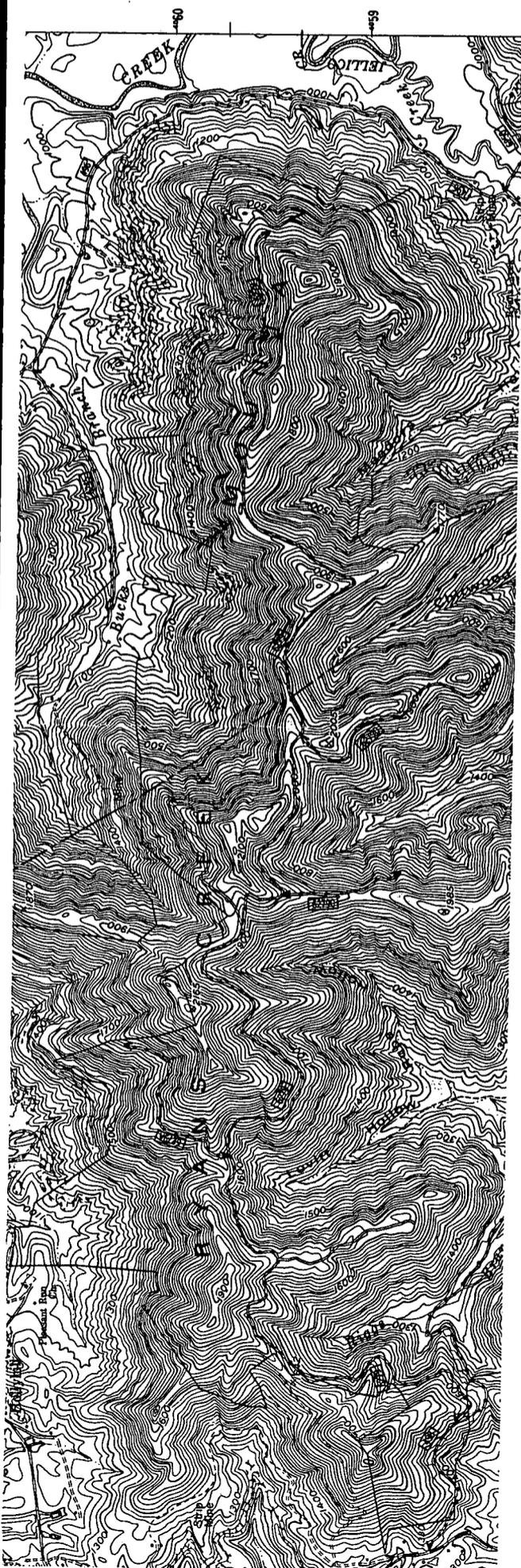
ATTN: Road ticks indicate change between portions photo-identified and portions not visible on the aerial photography. Portions not visible will be labeled APPROXIMATE LOCATION.





40' 42' 44' 46' 47' 48' 49' 50' 51' 52' 53' 54' 55' 56' 57' 58' 59' 60'

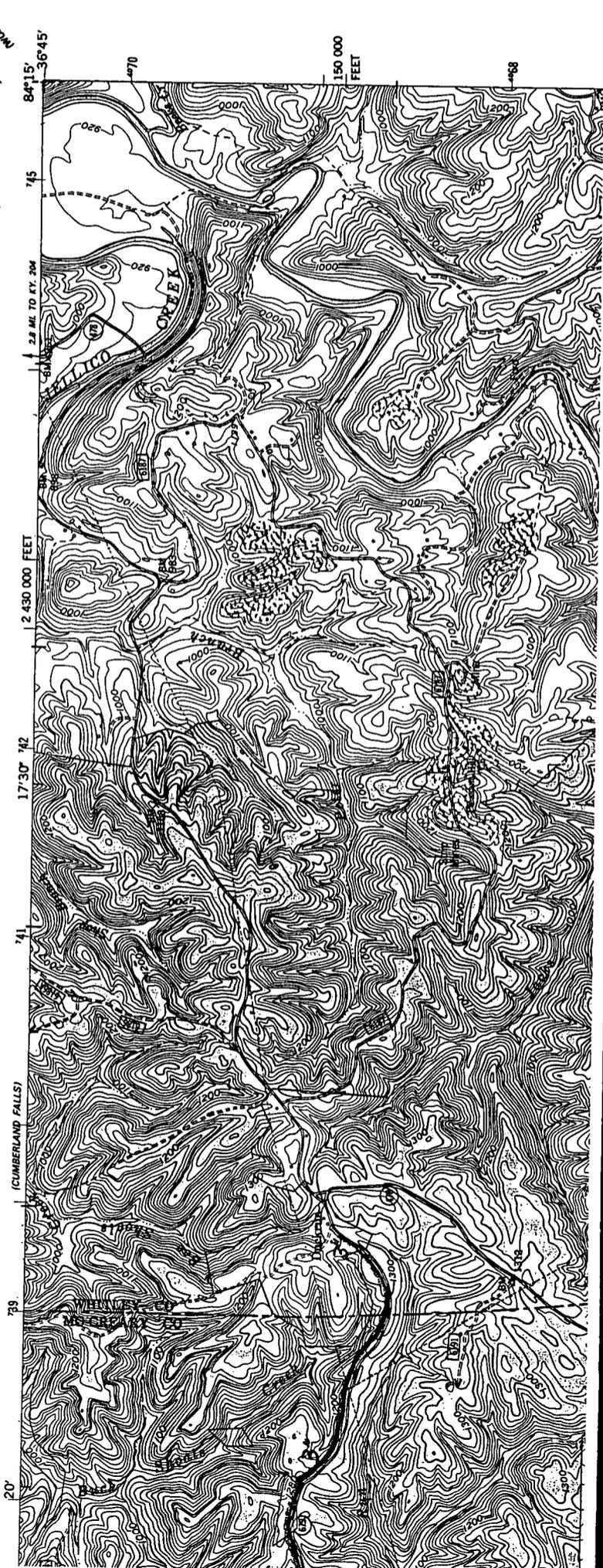
0 MI. TO INTERSTATE 76 (WILLIAMSBURG)

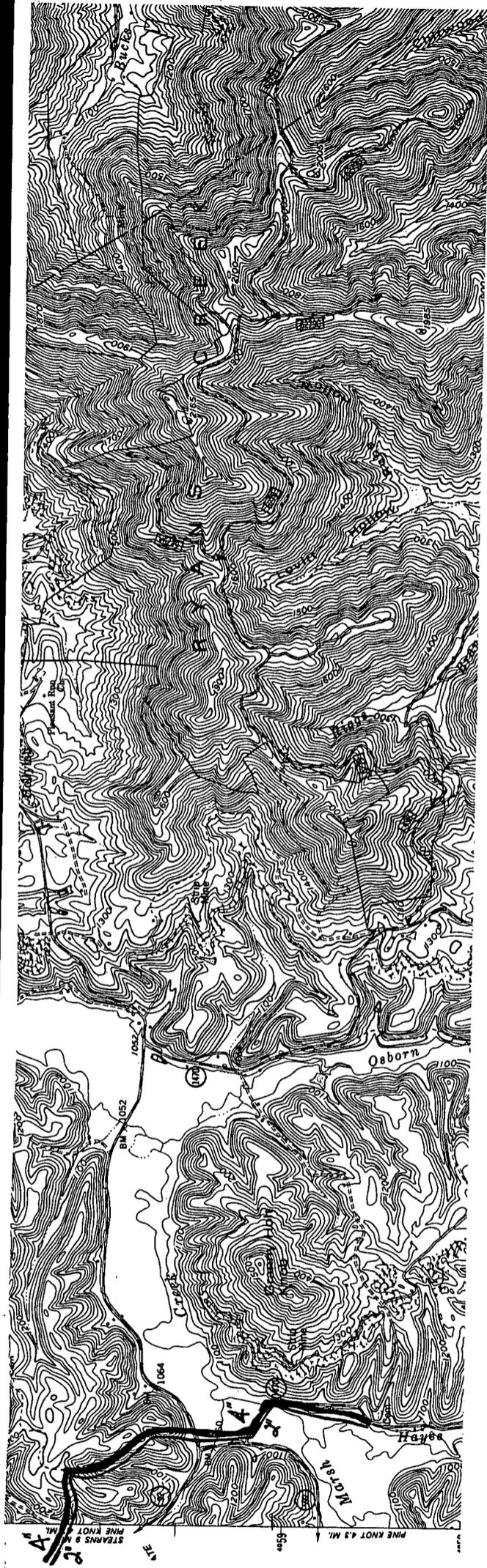


Cliftonville LLC
 Response to PCF Case No. 89-225
 Exhibit F, Page 4 of 6

**DANIEL BOONE NATIONAL FOREST
 STEARNS RANGER DISTRICT**

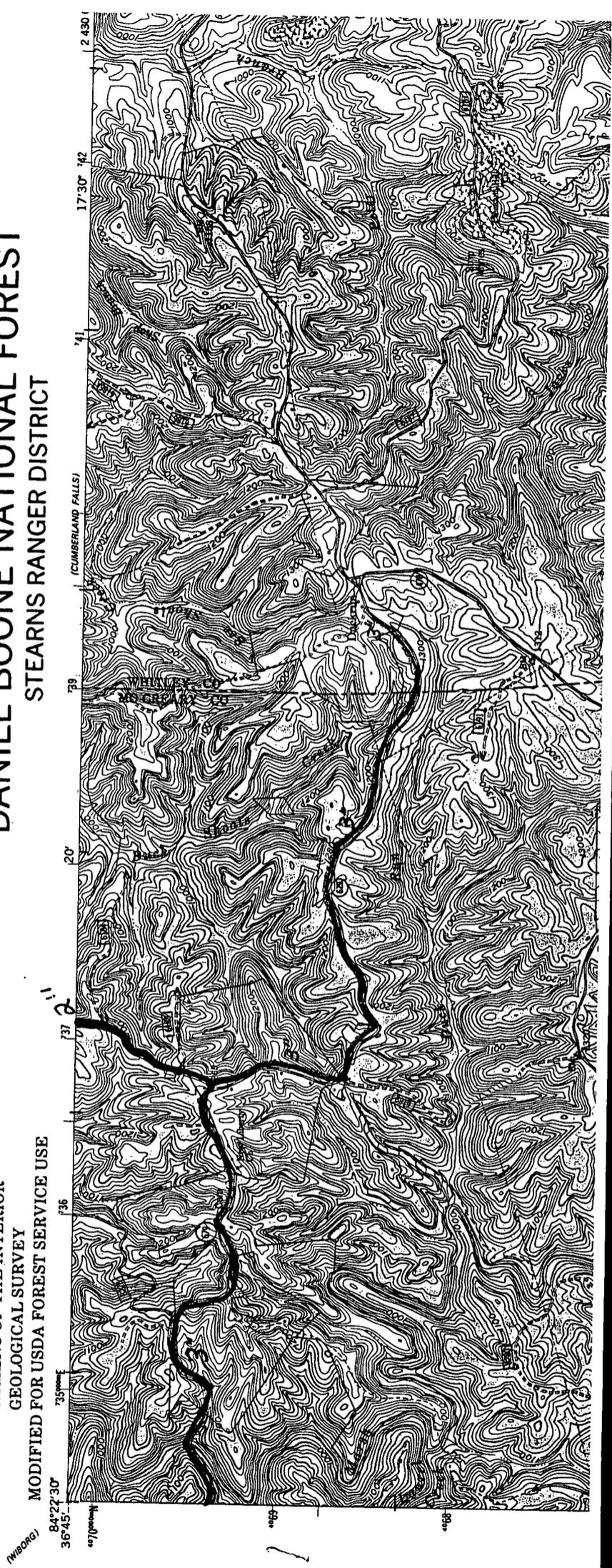
**HOLLYHILL QUADRANGLE
 KENTUCKY
 7.5 MINUTE SERIES (TOPOGRAPHIC)**

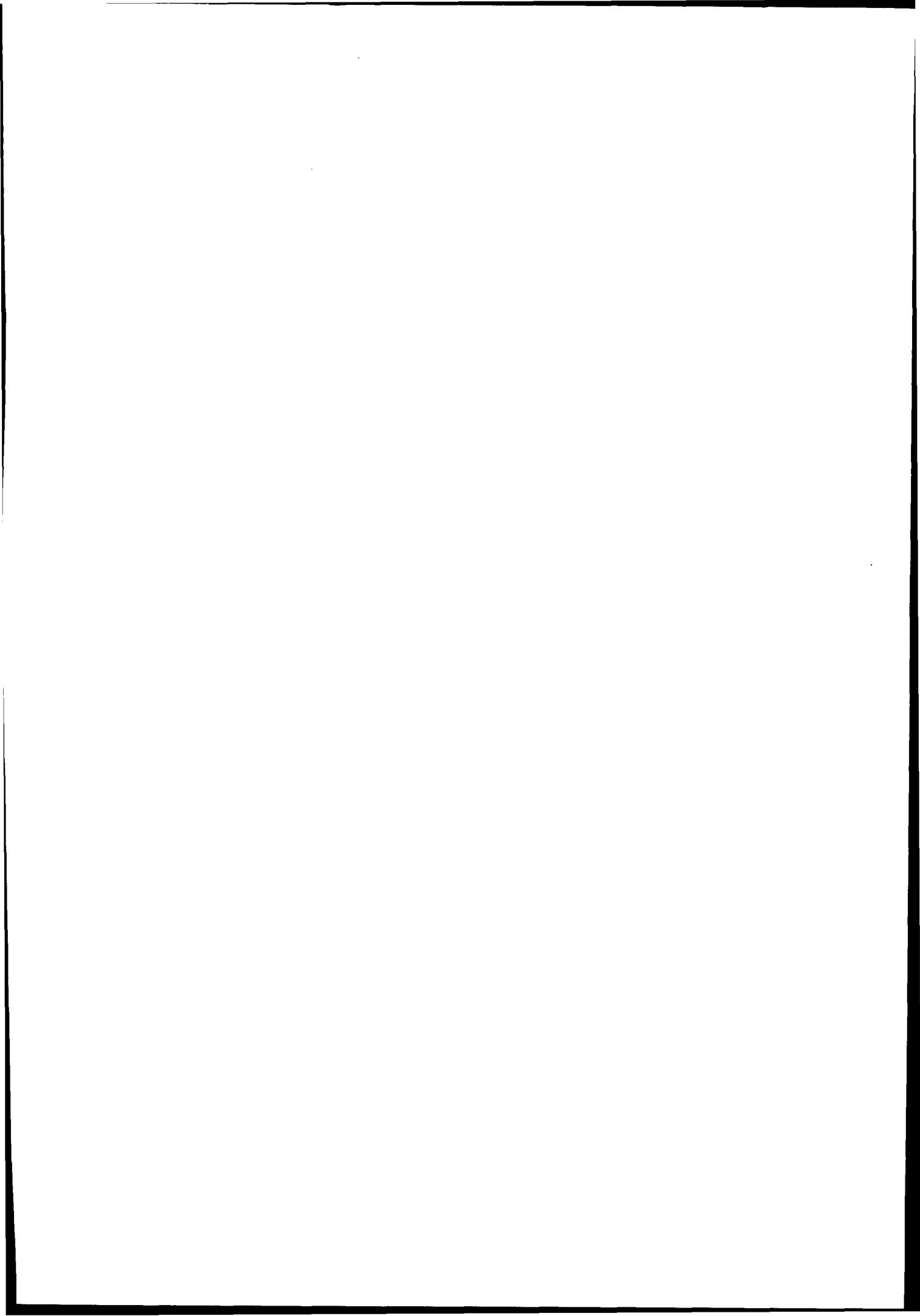




UNITED STATES
 DEPARTMENT OF THE INTERIOR
 GEOLOGICAL SURVEY
 MODIFIED FOR USDA FOREST SERVICE USE

DANIEL BOONE NATIONAL FOREST
 STEARNS RANGER DISTRICT





14. Provide the forecast of total gas production and total gas sales for 1999-2004.

Response: See Exhibit G, Schedule A-5.

Respondent: JL/BC

EXHIBIT G
Schedule A-5, Forecast 1999-2004

Response to

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225

by

CITIPOWER, L.L.C.
AUGUST 25, 1999

Citipower, LLC Response to PSC Order
Case No. 99-225

TOTALS 1999 - 2004

Customers by Category	2004		2003		2002	
	Projected MCF's Sold	Projected \$ Sales	Projected MCF's Sold	Projected \$ Sales	Projected MCF's Sold	Projected \$ Sales
Commercial	76,910.65	651,276	20,383.33	173,258	18,628.85	158,345
Industrial	88,538.83	648,966	20,336.89	152,527	19,810.72	148,580
Public	544,940.59	4,123,842	145,127.52	1,088,456	135,218.59	1,014,139
Residential	177,472.72	1,489,266	48,463.17	411,937	44,263.96	376,244
Total	887,862.80	6,913,349	234,310.91	1,826,178	217,922.12	1,697,309
Total Projected Gas Sales-Citipower		\$ 6,913,349		\$ 1,826,178		\$ 1,697,309
Less: Projected Monthly Fixed Costs		(4,910,219)		(880,785)		(839,085)
Cost of Gas		(1,544,013)		(401,843)		(373,736)
Proj. NI(Loss) EBIDTA-Citipower		459,117		543,550		484,487
Total Projected Citipower Customers			1,200		1,100	
Total Projected Gas Sales - Citizens Gas		2,002,604		325,059		325,059
Less: Compressor Rent, Maint		(432,000)		(72,000)		(72,000)
Cost of Gas		(1,491,884)		(243,915)		(243,915)
Proj. NI(Loss) EBIDTA-Citizens		78,720		9,144		9,144
Proj. NI(Loss) EBIDTA-All		537,837		552,694		493,631

Assumptions/Notes

- 200 New Customers Added in 2000.
- 200 New Customers Added in 2001 and Prison in operation for entire year.
- 200 New Customers Added in 2002.
- 100 New Customers Added in 2003.
- 100 New Customers Added in 2004.
- Rate Increase effective entire period.
- Cost of Gas: \$1.715/mcf for entire period.
- For 2000 through 2004 projected cost of Citizens' gas is adjusted to \$1.515 with an estimated total of 161,000 Mcfs

TOTALS 1999 - 2004

Customers by Category	2001		2000		1999	
	Projected MCF's Sold	Projected \$ Sales	Projected MCF's Sold	Projected \$ Sales	Projected MCF's Sold	Projected \$ Sales
Commercial	10,101.75	85,865	7,241.66	61,554	4,350.00	34,510
Industrial	12,843.85	96,329	9,638.64	72,290	6,072.00	30,465
Public	80,613.90	604,604	42,823.92	321,179	19,620.00	183,938
Residential	21,699.44	184,445	15,480.53	131,584	9,090.00	58,013
Total	125,258.95	971,243	75,184.75	586,608	39,132.00	306,925
Total Projected Gas Sales-Citipower		\$ (761,546)		\$ 586,608		\$ 306,925
Less: Projected Monthly Fixed Costs		(214,819)		(720,450)		(908,982)
Cost of Gas		(5,122)		(128,942)		(68,440)
Proj. NI(Loss) EBIDTA-Citipower		600		(262,784)		(690,497)
Total Projected Citipower Customers			600		300	
Total Projected Gas Sales - Citizens Gas		325,059		325,059		377,309
Less: Compressor Rent, Maint		(72,000)		(72,000)		(72,000)
Cost of Gas		(243,915)		(243,915)		(272,309)
Proj. NI(Loss) EBIDTA-Citizens		9,144		9,144		33,000
Proj. NI(Loss) EBIDTA-All		4,022		(253,640)		(657,497)

15. Explain how the gas compressor is used in the operation of the Citipower system. Do any customers in Kentucky receive gas downstream from the compressor? Explain whether the compressor is mainly used to transport gas for Citizens Gas.

Response: The compressor is used to compress the gas into the 4" steel pipeline. There are no Kentucky customers downstream from the compressor, which is located in Tennessee. At the present time Citizens Gas is purchasing all the gas Citipower is sending through the steel line based on a contract between Citizens Gas and Citipower (which is cancelable given 30 days written notice by either party). The steel pipeline provides a backup line for Citipower in case the need arises.

The compressor costs are not being passed on to consumers via the requested rate increase. These costs are capitalized so do not result in any increased costs to customers and have no effect on the Company's 1998 revenues and expenses as originally submitted to the PSC in the Rate Application on Section III, Attachment A. Construction of the compressor station was necessary to ensure the company's future ability to supply natural gas to its existing customer base as well as to the future federal prison.

Respondent: JC/JL/BC

- 16. Are there any customers in Kentucky tapped into the 6-inch or 4-inch steel pipeline? Explain.**

Response: No, we do not have any customers tapped into the 4-inch steel pipeline and we do not have any 6-inch steel pipeline in our system.

Respondent: JC

- 17. Refer to Section III, Attachment B. Provide the construction contract and maps for the 1998 and 1999 projects.**

Response: See Exhibit E, Pages 41-76 for construction contract. See Exhibit H for additional maps.

Respondent: JC

EXHIBIT H
Additional Maps

Response to

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-225

by

CITIPOWER, L.L.C.
AUGUST 25, 1999

18. Refer to Section IV, Tab A. Explain whether the \$1,500 per month represents the total lease and operation costs for the compressor? If yes, explain why, on Attachment A, the adjusted increased cost information for compressor maintenance is \$72,000 annually. If no, provide supporting documentation and a thorough explanation of the additional costs and expenses.

Response: No, the \$1,500 per month does not represent the total lease and operation costs for the compressor. Following is explanation of additional costs and expenses:

<i>Monthly</i>	<i>Annually</i>	
<i>\$1,500</i>	<i>\$18,000</i>	<i>Contract for monthly maintenance for Compressor - copy included with the rate application</i>
<i>\$3,000</i>	<i>\$36,000</i>	<i>Contract for monthly rental of Compressor - copy was included with the rate application</i>
		<i>(Note: The contract states \$2,900 per month for rental, however, the actual monthly charge is \$3,074)</i>
<i>\$500</i>	<i>\$6,000</i>	<i>Estimated fuel expense</i>
<i>\$1,000</i>	<i>\$12,000</i>	<i>Estimated for minor repairs, supplies, etc.</i>
<i>\$6,000</i>	<i>\$72,000</i>	

Respondent: JL/BC

19. Refer to Section IV, Tab B.

a. Is \$350 the average cost of a customer's service connection?

Response: Yes, \$350 is the average cost of a customer service connection.

b. Are the costs of customer service lines reimbursed by the customers?

Response: Yes, we charge \$200 for residential customers and a \$50 deposit, refundable after one year. We charge \$300 for a commercial service connection plus a \$50 deposit, refundable after one year. All customer security deposits earn interest at the rate of 6%.

c. Why did two customers pay \$250 and nine customer receive free hook-ups?

Response: The nine customers who received free hook-ups had signed up with the previous owner/company, Hoyle Miller/McCreary Natural Gas Systems which ran the promotion. Citipower, L.L.C. simply honored the promotion that had been run by the previous owner. The two customers who paid had not signed up when the promotion was run.

Respondent: JC