

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR AN)
ADJUSTMENT OF RATES PURSUANT TO)
THE ALTERNATIVE RATE FILING) CASE NO. 2006-00556
PROCEDURE FOR SMALL UTILITIES)

FIRST DATA REQUEST OF COMMISSION STAFF TO
CITIPOWER, LLC

Citipower, LLC ("Citipower"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due not later than 10 days from the date of this request. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to page 3 of Citipower's application, specifically, the paragraph headed Increase in Operation and Maintenance Expenses, which refers to increases in natural gas wholesale prices in 2006. Citipower's tariff includes a Gas Cost Adjustment Clause ("GCA"), through which it is allowed to recover its natural gas costs. Explain

why increases in wholesale gas prices should be considered as justification for an increase in Citipower's base (non-gas) rates.

2. Refer to page 4 of Citipower's application, specifically, paragraph (a)(3), which identifies \$184,781.99 as the amount of the requested revenue increase. Provide the calculations which show the derivation of this amount. Include a narrative which explains the calculations and describes the methodology Citipower used to determine how much additional revenue was necessary.

3. Refer to Exhibit A of the application. Provide the following information concerning the operation and maintenance expenses identified below:

a. Transmission Expenses – Rents. Describe the nature of the Rents Expense of \$41,732, identify to whom the rents are paid and indicate whether or not the payee is an affiliate of Citipower.

b. Distribution Expenses – Other Expenses. Describe the nature, and provide a breakdown, of the Other Expenses of \$18,623.

c. Distribution Expenses – Rents. Describe the nature of the Rents Expense of \$13,864, identify to whom the rents are paid and indicate whether or not the payee is an affiliate of Citipower.

d. Customer Accounts Expenses – Meter Reading Labor. Describe the nature, and provide a breakdown, of the Meter Reading Labor Expense of \$76,747. Include in the description the number of individuals involved in meter reading, those individuals' salaries and/or wage rates, and the number of man-hours required to read Citipower's meters on a monthly basis.

e. Customer Accounts Expenses – Customer Records and Collection Expenses. Describe the nature, and provide a breakdown, of the Customer Records and Collection Expense of \$27,742. Include in the description the number of individuals involved in these activities, those individuals' salaries and/or wage rates, and the number of man-hours devoted to customer records and collection activities on a monthly basis.

f. Administrative and General Expenses – Administrative and General Salaries. Describe the nature, and provide a breakdown, of the Administrative and General Salaries Expense of \$183,461. Include in the description the number of individuals involved in these activities, those individuals' salaries and/or wage rates, and the number of man-hours devoted to administrative and general activities on a monthly basis.

g. Administrative and General Expenses – Office Supplies and Expenses. Describe the nature, and provide a breakdown, of the Office Supplies and Expenses of \$26,363.

h. Administrative and General Expenses – Outside Services Employed. Describe the nature, and provide a breakdown, by vendor, of the Outside Services Employed Expenses of \$117,832. Describe in detail the nature of the services provided and explain whether or not it is an annual recurring expense.

4. Refer to the Billing Analysis. The difference between the 2005 revenue earned under current rates and the 2006 revenue earned under its proposed rates is \$363,443, not the \$184,781.99 that is reported as the requested increase. Explain how Citipower developed its proposed rates.


for: _____
Beth O'Donnell
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED March 16, 2007

cc: All Parties