

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR)	
RATE ADJUSTMENT FOR SMALL UTILITIES)	CASE NO.
PURSUANT TO 807 KAR 5:076)	2008-00392

SUPPLEMENTAL DATA REQUEST OF
COMMISSION STAFF TO CITIPOWER, LLC

Citipower LLC ("Citipower"), pursuant to 807 KAR 5:001, is to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than December 23, 2008. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

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

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

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

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to the responses to Items 1.c. and 2.c. of the Commission Staff's October 29, 2008 data request ("Staff's first request"). The response to Item 1.c. indicates that Citipower employs an on-site office manager who is paid \$13.30 per hour while the response to Item 2.c. lists a "Citipower Manager" with a salary of \$72,112.

a. Clarify whether the on-site office manager and the "Citipower Manager" are two different positions or the same position.

b. If the on-site manager and the Citipower manager are two different positions, list and describe the duties of each position.

2. Refer to the responses to Items 2.a. and 2.c. of the Staff's first request. The response to Item 2.a. indicates that CitiEnergy, LLC ("CitiEnergy") charges Citipower a monthly management fee of \$10,000 while, as noted previously, the response to Item 2.c. lists a Citipower manager with a salary of \$72,112.

a. Provide a detailed description of the management services Citipower receives from CitiEnergy.

b. Describe the relationship between CitiEnergy and Citipower and identify to what extent, if any, the two entities have common ownership.

3. Refer to the response to Item 3.a. of the Staff's first request and to Paragraph 5 on page 3 of Citipower's application.

a. Explain whether Citipower is familiar with the ratemaking principle which prohibits retroactive recovery of past losses and retroactive refunding of past profits.

b. Explain what is meant by "hypothetical" sales referenced in the second paragraph of the response. Provide the calculation of the 9.9 percent return on "hypothetical" sales.

4. Refer to the response to Item 4.a. of the Staff's first request and to Exhibit 2 of Citipower's application. Based on its gas cost recovery revenue of \$739,389, shown in the data response, and its gas purchase expenses of \$832,235 shown in the exhibit, Citipower under-recovered its gas costs during 2007 by approximately \$92,800. Explain why an under-recovery or over-recovery of gas costs, which are reconciled via a gas distribution utility's gas cost adjustment mechanism, should be included in deriving the utility's revenue requirement for its base (non-gas cost) rates.

5. Refer to the responses to Items 4.a. and 4.c. of the Staff's first request. The response to Item 4.a. reflects that more than 66,000 Mcf, which is more than 75 percent of Citipower's 2007 sales, were to the Public/Institutional customer class. The response to Item 4.c. states that a large part of Citipower's revenue is from the prison in McCreary County.

a. Explain whether the McCreary County prison is considered a Public/Institutional customer by Citipower.

b. Explain whether the schedule of revenue included in the response to Item 4.a., which shows 75 percent of Citipower's 2007 revenue coming from the industrial customers it serves, is in error and, if so, whether the revenue of \$922,379 identified as revenue from the Industrial class should be identified as revenue from the Public/Institutional class.

6. Refer to the responses to Items 6.a., b., c., d., f., and h., of the Staff's first request, all of which refer to the elimination of the Worley compressor that was deemed to be no longer needed. With the elimination of the compressor, explain whether Citipower agrees that the \$3,857 expense incurred for moving the compressor and which was recorded in Account 858 is a nonrecurring expense that should not be included in determining Citipower's revenue requirements.

7. Refer to the response to Item 6.e. of the Staff's first request. Explain whether the increase in Account 867, from zero in 2006 to \$18,344 in 2007, which the response identifies as maintenance and insurance of Citipower vehicles, means that no maintenance expense or expense for insurance of vehicles was incurred in 2006. If no expense was incurred for insurance of Citipower's vehicles in 2006, explain whether that means Citipower's vehicles were not insured at that time.

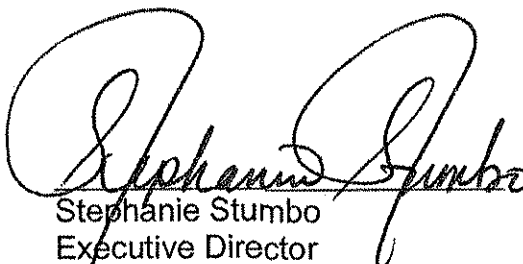
8. Refer to the responses to Items 8.a. and b. of Staff's first request, which concern Citipower's \$250,000 promissory note to CitiEnergy dated October 4, 2009.

a. The response to Item 8.a. states that "In Case No. 2004-00444, the Commission ordered on April 14, 2005 that Citipower could keep \$250,000 as a result

of the approved reorganization of its corporate structure.” Provide the specific language from the Commission’s April 14, 2005 Order in Case No. 2004-00444¹ relied upon by Citipower in making this response.

b. The response to Item 8.b. states that “The referenced \$250,000 note was paid by Forexco, Inc. in December 2004. See response to Commission Staff’s First Data Requests – February 18, 2005.” Describe how the \$250,000 it received from Forexco, Inc. was used by Citipower and identify the time period during which it was utilized.

c. Exhibit 3 of Citipower’s application is its \$250,000 promissory note to CitiEnergy dated October 4, 2005. Describe how the \$250,000 it received from CitiEnergy was used by Citipower and identify the time period during which it utilized.



Stephanie Stumbo
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Public Service Commission
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DATED DECEMBER 9, 2008

cc: All parties

¹ Case No. 2004-00444, Application of Citipower, LLC for Approval of Reorganization Proposal.

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