

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF CITIPOWER, LLC) CASE NO. 2009-00205

INITIAL 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 two copies of the following information, with a copy to all parties of record. The information requested herein is due within seven days of the date of this request. 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 response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any requests to which Citipower fails or refuses to furnish all or part of the requested information, Citipower

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 Citipower's Quarterly Report of Gas Cost Recovery ("GCR") Rate Calculation filed June 1, 2009. For the 12 months ended December 31, 2008, Schedule II shows purchases only from CitiGas, LLC ("CitiGas"). Explain why it is reasonable to base the price Citipower pays CitiGas for its gas supply on a price quoted by Citizens Gas Utility District ("Citizens Gas"), which supplied no gas to Citipower during the 12 months ended December 31, 2008.

2. In Citipower's last GCR filing in Case No. 2008-00080,¹ the approved Expected Gas Cost ("EGC") was based on a New York Mercantile Exchange ("NYMEX") natural gas 12-month strip rate for March 26, 2009 and one month of its expiring contract rate. Provide the rationale for basing the current EGC on the Citizens Gas price as opposed to a NYMEX natural gas 12-month strip rate.

3. Citipower's cover letter states that it changed its pricing mechanism because of the Commission's inquiry concerning the use of NYMEX pricing in the last case. In Case No. 2009-00080, Citipower was questioned about its use of a fixed

¹ Case No. 2009-00080, Purchased Gas Adjustment Filing of Citipower, LLC (Ky. PSC Mar. 31, 2009).

12-month strip rate that had expired. The Commission ultimately approved the use of a current 12-month strip rate. Explain why Citipower made a pricing mechanism change after the Commission approved the use of a 12-month NYMEX strip rate in its most recent GCR case.

4. Does Citipower consider a NYMEX strip rate an acceptable estimate of an arm's-length price of natural gas?

5. After having used NYMEX strip rates in the past as a basis for calculating its quarterly EGC, explain whether Citipower now objects to the use of NYMEX for such calculation. If so, why?

6. Provide an EGC calculation for the quarter beginning July 1, 2009 based on the use of a NYMEX strip.



Jeff Derouen
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Public Service Commission
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DATED: JUN - 9 2009

cc: All Parties

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