

July 10, 2017

RECEIVED

JUL 10 2017

PUBLIC SERVICE
COMMISSION

Via Hand-Delivery

Ms. Talina Mathews, Ph.D.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

Re: In the Matter of: *The Application of Citipower, LLC for a Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076* - Case No. 2017-00160

Dear Dr. Mathews:

Enclosed please find for filing with the Commission in the above-referenced case an original and ten (10) copies of Citipower LLC's Responses to Staff's Second Requests for Information. Please return a file-stamped copy to me.

Please do not hesitate to contact me if you have any questions.

Sincerely,



L. Allyson Honaker

Enclosures

RECEIVED

JUL 10 2017

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

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

**RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO CITIPOWER, LLC DATED JUNE 27, 2017**

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION


IN THE MATTER OF:

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

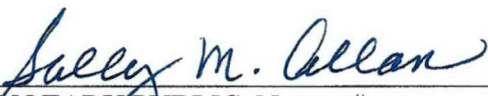
VERIFICATION OF ADAM FORSBERG

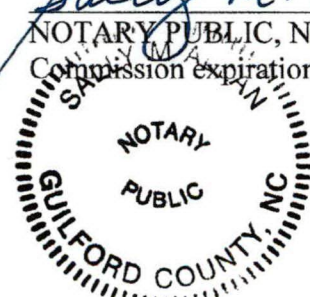
STATE OF NORTH CAROLINA)
COUNTY OF GUILFORD)

Adam Forsberg, Chief Financial Officer for Citienergy, LLC, being duly sworn, states that he has prepared certain of the following responses of Citipower, LLC, to the data requests issued by the Commission on June 27, 2017 in the above-referenced case and that the matters and things set forth in his responses are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.


Adam Forsberg

Subscribed and sworn to before me on this 6 day of July, 2017.


NOTARY PUBLIC, Notary # _____
Commission expiration: Dec 23, 2017



NOTARY
PUBLIC
GUILFORD COUNTY, NC

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

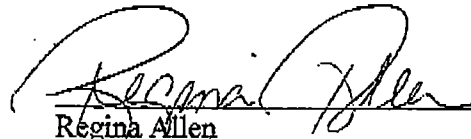
THE APPLICATION OF CITIPOWER, LLC)
FOR A RATE ADJUSTMENT FOR SMALL)
UTILITIES PURSUANT TO 807 KAR 5:076)

CASE NO. 2017-00160

VERIFICATION OF REGINA ALLEN

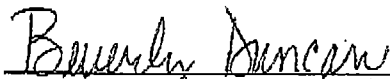
STATE OF KENTUCKY)
)
COUNTY OF McCREARY)

Regina Allen, Office Manager for Citipower, LLC, being duly sworn, states that she has prepared certain of the following responses of Citipower, LLC, to the data requests issued by the Commission on June 27, 2017 in the above-referenced case and that the matters and things set forth in her responses are true and accurate to the best of her knowledge, information and belief, formed after reasonable inquiry.



Regina Allen

Subscribed and sworn to before me on this 7th day of July, 2017.



NOTARY PUBLIC, Notary # 573026
Commission expiration: 2-6-21

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 1

RESPONSIBLE PARTY: Regina Allen

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

Provide the number of incidents of each of the following activities:

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

Response 1. The Turn-On Charge, Reconnect Fee and Meter Resetting Fee are grouped together for record keeping purposes. From 2012-2016 there was a total of 164 incidents for these charges. During this same time period there were 3 incidents where a returned check charge was collected and 3,791 incidents of a late payment penalty being assessed.

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 2

RESPONSIBLE PARTY: Regina Allen

Request 2. Refer to the Response to Staff's First Request Item 1, page 1 of 11, regarding \$2425.00 in revenue that was derived from "Hook-Up Fees Collected." Confirm that "Hook-Up Fees" is the same fee titled "Turn-on Charge" in Citipower's tariff, if this cannot be confirmed, provide a citation to the Tariff Sheet that permits Citipower to charge the "Hook-Up fee."

Response 2. "Hook-up fees" are the same as "Turn-on Charge" which is in Citipower's tariff.

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 3

RESPONSIBLE PARTY: Regina Allen

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

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

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

Response 3a. Set meter fees are the same as Meter Resetting Charges as listed in Citipower's tariff.

Response 3b. Extra footage on service is revenue resulting from main extensions over 100 feet as required by 807 KAR 5:022.

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 4

RESPONSIBLE PARTY: Adam Forsberg

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

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

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

Response 4a. The proposed tariff did remove the term minimum bill and replace it with a customer charge. However, when the rate calculations were made, the minimum bill format, in the existing tariff, was used to calculate the proposed rates.

Response 4.b. In making the proposed rate calculations, Citipower used the existing tariff format to make the calculations instead of the proposed customer charge format. Therefore, Citipower would propose to use the tariffs attached to this Response.

AREA ENTIRE AREA SERVED

PSC KY NO. 1

58TH REVISED SHEET NO. 19

CANCELLING PSC KY NO. 1

57TH REVISED SHEET NO. 19

CITIPOWER, L.L.C.

(NAME OF UTILITY)

Classification of Service

COMMERCIAL

Availability of Service: Commercial Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Minimum Bill			\$15.00
Volumetric Rate	\$8.7500	\$4.3566	\$13.1066

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$15.00. In the cases where the usage applied to the volumetric rates results in an amount less than \$15.00 the customer will be charged the \$15.00 minimum bill.

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

AREA ENTIRE AREA SERVED

PSC KY NO. 1

56TH REVISED SHEET NO. 20

CANCELLING PSC KY NO. 1

55TH REVISED SHEET NO. 20

CITIPOWER, L.L.C.
(NAME OF UTILITY)

Classification of Service

INDUSTRIAL

Availability of Service: Industrial Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Minimum Bill			\$15.00
Volumetric Rate	\$8.7500	\$4.3566	\$13.1066

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$15.00. In the cases where the usage applied to the volumetric rate results in an amount less than \$15.00 customer will be charged the \$15.00 minimum.

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

AREA ENTIRE AREA SERVED

PSC KY NO. 1

55TH REVISED SHEET NO. 20.1

CANCELLING PSC KY NO. 1

54TH REVISED SHEET NO. 20.1

CITIPOWER, L.L.C.

(NAME OF UTILITY)

Classification of Service

INSTITUTIONAL

Availability of Service: Institutional Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Minimum Bill			\$20.00
Volumetric Rate	\$10.7500	\$4.3566	\$15.1066

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$20.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$20.00, the customer will be charged the \$20.00 minimum.

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

AREA ENTIRE AREA SERVED

PSC KY NO. 1

58TH REVISED SHEET NO. 18

CANCELLING PSC KY. NO. 1

57TH REVISED SHEET NO. 18

CITIPOWER, L.L.C.

(NAME OF UTILITY)

Classification of Service

RESIDENTIAL

Availability of Service: Residential Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Minimum Bill			\$ 8.00
Volumetric Rate	\$8.2500	\$4.3566	\$12.6066

The volumetric rate will apply to all Mcfs sold, subject to a minimum bill of \$8.00. In those cases where the usage applied to the volumetric rate results in an amount less than \$8.00, the customer will be charged the \$8.00 minimum.

Budget Plan

Citipower, L.L.C. offers to all residential customers a yearly budget plan. The plan is based on the volume of gas used at the service point for the year ending June 30th. The budget amount will be recalculated once a year after the June service period and revised up or down as necessary. In the case of a consumer moving during the budget year, all gas used to date will become immediately payable or in the case of a credit, a refund check will be issued.

DATE OF ISSUE _____
MONTH / DATE / YEAR

DATE EFFECTIVE _____
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 05/30/17

REQUEST 5

RESPONSIBLE PARTY: Adam Forsberg

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

Response 5. Forexco is an affiliate to CitiEnergy and its affiliated companies. Forexco manages several field-related expenses for Citipower and the other entities, and bills appropriately. Specific to Citipower, it manages the general, excess and property (inventory) insurances for the company as well as the remote monitoring and chart integration services for the meter at the Federal Prison. These services are provided from third parties.

CitiEnergy is the holding company of Citipower and the other entities and generally bills Citipower for its pro-rata share of property and casualty (office building and its contents) insurance and any third-party service provider costs of such accounting.

Citigas is an affiliate to Citipower and manages the gas supply for the utility. Citigas rarely, if ever, handles any reimbursable expenses on behalf of Citipower.

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 6

RESPONSIBLE PARTY: Adam Forsberg

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

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

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

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

Response 6a. Please see the attached chart for the costs allocated to Citipower from CitiEnergy. The chart provides the vendor name (the previous submitted information listed "bill"), amount billed to Citipower, account number where the allocated cost was recorded by Citipower and an explanation of the service rendered. A more detailed description of the services are listed on the corresponding invoices that were previously provided in Response 10a to Staff's Initial Request for Information pages 2 through 7 of 112. With few, if any, exceptions the invoices also have the amount allocated to Citipower hand-written on them. One chart is being provided for the

calendar years 2014, 2015 and 2016 however, the expenses are listed in chronological order. This information was previously provided in response to Staff's Initial Request 10a pages 110-112 of 112.

Response 6b. As this information is filed under oath, Mr. Forsberg is unwilling to say with absolute certainty that the costs included are the entirety. However, Mr. Forsberg has stated that to the best of his knowledge and abilities, the disclosed costs are all of the allocated costs.

Response 6c. The only direct charges, as it is understood (invoice originating from CitiEnergy to Citipower), are the management fees which are charged to Account 920.4 – Management Fees. All other inter-company charges are indirect (originating from third-party vendors).

CitiEnergy, LLC						
Hartford	09/02/2014	REIMBURSE PROPERTY INS PREMIUM	924 - Property Insurance	232 - Accounts Payable		1,629.32
Hartford	09/01/2015	REIMBURSE PROPERTY INS PREMIUM	924 - Property Insurance	232 - Accounts Payable		3,604.73
John Forsberg	01/28/2016	JOHN FORSBERG ACCOUNTING EXPENSE 1/1 - 1/28	923.2 - Accounting Fees	232 - Accounts Payable		300.00
John Forsberg	02/16/2016	JOHN FORSBERG ACCOUNTING EXPENSE 2/1 - 2/15	923.2 - Accounting Fees	232 - Accounts Payable		200.00
John Forsberg	04/01/2016	JOHN FORSBERG ACCOUNTING EXPENSE 3/16 - 3/31	923.2 - Accounting Fees	232 - Accounts Payable		1,850.00
John Forsberg	04/18/2016	JOHN FORSBERG ACCOUNTING EXPENSE 4/1 - 4/15	923.2 - Accounting Fees	232 - Accounts Payable		300.00
Hartford	09/01/2016	REIMBURSE PROPERTY INS PREMIUM	924 - Property Insurance	232 - Accounts Payable		3,831.11
Total CitiEnergy, LLC						11,715.16
						11,715.16

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 7

RESPONSIBLE PARTY: Adam Forsberg

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

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

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

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

Response 7a. Please see the attached chart for the costs allocated to Citipower from Forexco. This chart was previously provided in response to Staff's Initial Request 10a pages 107 through 109 of 112. The attached chart provides the vendor name (the previous submitted information listed "bill"), amount billed to Citipower, account number where the allocated cost was recorded by Citipower and an explanation of the service rendered. A more detailed description of the services are listed on the corresponding invoices that were previously provided in Response 10a to Staff's Initial Request for Information pages 8 through 106 of 112. With few, if any,

exceptions the invoices also have the amount allocated to Citipower hand-written on them. One chart is being provided for the calendar years 2014, 2015 and 2016 however, the expenses are listed in chronological order.

There are no allocated costs from Citigas to Citipower.

Response 7b. As this information is filed under oath, Mr. Forsberg is unwilling to say with absolute certainty that the costs included are the entirety. However, Mr. Forsberg has stated that to the best of his knowledge and abilities, the disclosed costs are all of the allocated costs.

Response 7c. The only known direct charges between Citigas and Citipower are for the utility's monthly gas supply. Those invoices are included in each of Citipower's quarterly gas cost adjustment (GCA) filings.

There are no known instances during this time period where Forexco directly charged Citipower.

Forexco, Inc.	Vendor	Date	Description	Account	Amount	
	M2M	01/01/2014	21748 REIMBURSE PRISON MTR MONITORING	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
	Laughlin&Co	01/08/2014	1400029- IN REIMBURSE DEC PRISON CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	30.68
	First Ins.	01/19/2014	20140119 REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,057.81
	M2M	02/01/2014	22033 REIMBURSE PRISON ALARM TESTING	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
	Laughlin&Co	02/13/2014	1400448- IN REIMBURSE PRISON CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	30.63
	First Ins.	02/17/2014	20140217 REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,057.81
	M2M	03/01/2014	22293 REIMBURSE PRISON ALARM TESTING	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
	N. Patton	03/04/2014	2014-05 REIMBURSE N. PATTON PROF. FEES	923.6 · Legal & Professional Fees	232 · Accounts Payable	1,952.90
	Laughlin&Co	03/13/2014	1400842- IN REIMBURSE PRISON CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	25.25
	M2M	04/01/2014	22522 REIMBURSE METER MONITORING	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
	Laughlin&Co	04/14/2014	1404301- IN REIMBURSE CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	25.68
	N. Patton	04/16/2014	2014-08 REIMBURSE PATTON MAPPING FEE	923.5 · Other Labor	232 · Accounts Payable	416.30
	M2M	05/01/2014	22813 REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
	First Ins.	05/07/2014	20140507 REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	2,555.12
	Laughlin&Co	05/08/2014	1404737- IN REIMBURSE CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	35.47
	First Ins.	05/19/2014	20140519 REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,086.55
	M2M	06/01/2014	23099 REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
	Laughlin&Co	06/10/2014	1405149- IN REIMBURSE CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	32.83
	First Ins.	06/17/2014	20140617 REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,086.55
	M2M	07/01/2014	23371 REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	118.08
	Laughlin&Co	07/11/2014	1405511- IN REIMBURSE CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	35.76
	First Ins.	07/18/2014	20140718 REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,086.55
	M2M	08/01/2014	23655 REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
	Laughlin&Co	08/18/2014	1405952- IN REIMBURSE CHART INTEGRATION	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	32.96
	First Ins.	08/18/2014	20140818 REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,086.55
	Am. Exp.	08/22/2014	20140822 QUICKBOOKS RENEWAL	921.8 · Office Supplies & Expenses	232 · Accounts Payable	280.21
	M2M	09/01/2014	23921 REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20

Laughlin&Co	09/16/2014	1406420- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	30.35
First Ins.	09/17/2014	20140917	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	1,086.55
M2M	10/01/2014	24233- 1406703-	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
Laughlin&CO	10/08/2014	IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	35.29
First Ins.	10/17/2014	20141017	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	1,086.55
M2M	11/01/2014	24535- 1407124-	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
Laughlin&CO	11/10/2014	IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	32.87
First Ins.	11/17/2014	20141117	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	1,086.55
M2M	12/01/2014	24814- 1407569-	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
Laughlin&Co.	12/15/2014	IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	35.29
Harford	12/16/2014	20141216	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	1,086.55
Deposit	12/17/2014	29965	REIMB LEGAL FEE	923.6	Legal & Professional Fees	131.5	PNC A/C 53-22396792	(6,604.80)
Premium Assignment	01/15/2015	20150115	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	1,086.55
M2M Premium Assignment	02/01/2015	25348- 20150213	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
M2M	03/01/2015	25630- 1500968-	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
Laughlin&Co.	03/19/2015	IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	39.84
M2M	04/01/2015	25866- 1503251-	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
Laughlin&Co	04/08/2015	IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	37.04
M2M	05/01/2015	26091- 1503649-	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
Laughlin&Co Premium Assignment	05/11/2015	IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.05
Premium Assignment	05/21/2015	20150521	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	4,763.06
Premium Assignment	05/27/2015	20150527	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	1,556.00
M2M	06/01/2015	26349- 1504021-	REIMBURSE M2M FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	131.20
Laughlin&Co Premium Assignment	06/09/2015	IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.05
Premium Assignment	06/15/2015	20150615	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	1,556.00

M2M	07/01/2015	26568	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co Premium Assignment	07/08/2015	1504406- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	35.52
M2M	07/16/2015	20150716	REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,556.00
M2M	08/01/2015	26846	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co Premium Assignment	08/10/2015	1504813- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	33.22
M2M	08/17/2015	20150817	REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,556.00
M2M	09/01/2015	27108	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co Premium Assignment	09/08/2015	1506128- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	33.05
M2M	09/15/2015	20150915	REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,556.00
M2M	10/01/2015	27343	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co Premium Assignment	10/12/2015	1506612- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	35.67
M2M	10/16/2015	20151016	REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,556.00
M2M	11/01/2015	27515	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co Premium Assignment	11/09/2015	1506922- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	33.17
M2M	11/16/2015	20151116	REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,556.00
M2M	12/01/2015	27761	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co Premium Assignment	12/15/2015	1507401- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	41.37
M2M	12/16/2015	20151216	REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,556.00
M2M	01/01/2016	27908	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co Premium Assignment	01/18/2016	1600005- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	33.05
M2M	01/19/2016	20160118	REIMBURSE LIABILITY INS	925.2 · Insurance - Liability	232 · Accounts Payable	1,556.00
Laughlin&Co Premium Assignment	01/19/2016	1600673- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	33.05
M2M	01/31/2016	28143	REIMBURSE M2M FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	131.20
Laughlin&Co	02/01/2016	1601254- IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	360.00
Laughlin&Co	02/29/2016	IN	REIMBURSE LAUGHLIN FEE	902 · Meter Reading Labor & Exp.	232 · Accounts Payable	360.00

Laughlin&Co.	02/29/2016	1601254- IN	REIMBURSE LAUGHLIN FEE	866	Total Flow Meter-Supplies	232	Accounts Payable	846.71
Laughlin&Co.	02/29/2016	1601254- IN	REIMBURSE LAUGHLIN FEE	865	Total Flow Meter-Maintenance	232	Accounts Payable	3,091.50
Laughlin&Co.	03/11/2016	1602181- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	35.80
Premium Assignment	03/16/2016	20160316 1602468- IN	REIMBURSE LIABILITY INS	925.2	Insurance - Liability	232	Accounts Payable	544.59
Laughlin&Co.	03/31/2016	1602828- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.31
Laughlin&Co.	04/30/2016	1601603- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.42
Laughlin&Co.	05/31/2016	1603413- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	360.00
Laughlin&Co.	06/24/2016	1603604- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	35.80
Laughlin&Co.	07/11/2016	1603899- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.29
Laughlin&Co.	08/08/2016	20160907 1604333- IN	REIMBURSE SAM REGISTRATION FEE	408.18	Other Taxes & Fees	232	Accounts Payable	33.29
Fed. Trans Services	09/07/2016	1605060- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	600.00
Laughlin&Co.	09/09/2016	1604755- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	30.82
Laughlin&Co.	09/30/2016	1606102- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	480.00
Laughlin&Co.	10/11/2016	1606436- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.33
Laughlin&Co.	11/09/2016	1606836- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	35.80
Laughlin&Co.	11/30/2016	13432401 1605393- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.44
N.C. Dept. of Sec. of State	12/05/2016	1606836- IN	REIMBURSE NC SEC OF STATE FILING FEE	408.16	Licenses	232	Accounts Payable	202.00
Laughlin&Co.	12/31/2016	1605393- IN	REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	33.31
Laughlin&Co.	12/31/2016		REIMBURSE LAUGHLIN FEE	902	Meter Reading Labor & Exp.	232	Accounts Payable	120.00
Total Forexco, Inc								42,395.34
								42,395.34

CITIPOWER, LLC
PSC CASE NO. 2017-00160
RESPONSE TO REQUEST FOR INFORMATION

PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 8

RESPONSIBLE PARTY: Adam Forsberg

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

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

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

Response 8a. Cost allocations were used on a variety of bases (fixed, variable, mixed), but all relied upon the degree to which Citipower's (and other entities charged) activities were responsible for the total invoiced amount. Management believes this to be a fair and equitable method for allocating costs.

Response 8b. A copy of each invoice has previously been provided in Response 10 to Staff's Initial Request for Information pages 2 through 106 of 112. With few, if any, exceptions the schedule of the cost allocations were provided (hand-written) on each invoice.

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PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 9

RESPONSIBLE PARTY: Adam Forsberg

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

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

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

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

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

Response 9a. This expense is for work meetings conducted on Fridays for all of the Citipower employees to meet and discuss the work performed the past week and the upcoming work to be performed for the utility. Due to the some of the employees being in the field most of the time, and others being in the office most of the time, a lunch meeting is the best way to get the

employees together to discuss the needs of the utility.

Response 9b. The mapping services were made necessary by the request of the Commission's field auditors, the Whitley City Fire Department and the Whitley County EMS. The Commission's field auditors requested route maps with all service lines shown to be prepared in order to mark leak surveys on the maps. The Whitley City Fire Department and EMS required maps so that in case of a fire or other problems they would know where the natural gas pipelines were located in the vicinity of any house. Even though Citipower employees are called out by 911 on each fire or other potential disaster, they wanted the maps in their possession showing the location of all service lines and meters in the county. Therefore, maps were prepared of all the distribution pipeline as well as the customer service lines by Noah Patton.

Because these expenditures were forced upon the utility by outside entities, and because these expenditures did not improve the operations of the utility, Citipower believes these costs to be relevant in the determination of the new rates. Although it may not be a recurring expense, real cash was used to pay these costs. That cash could have otherwise been used to pay vendors more relevant to the operating activities of Citipower, improve operations, or stay in Citipower's bank account as a cash reserve.

Response 9c. Capital Services provided Citipower with legal counsel and expertise to navigate through the various regulatory filings as well as provided strategic insight in how to expand the utility.

Response 9d. This was reimbursement for invoices from Capital Services. Citipower allocated an appropriate amount of the Capital Services' expenses to Forexco as some of Capital Services' work was for assets that Forexco manages. Forexco reimbursed Citipower accordingly.

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REQUEST 10

RESPONSIBLE PARTY: Adam Forsberg

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

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

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

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

Response 10.a. It has been management's experience that insurance companies will not underwrite natural gas utilities alone due to the perceived high risk of operation. As a result, in order to insure Citipower's assets, management has been forced to group all owned and managed assets together to obtain coverages. In 2016, management made the decision to cease all General Liability coverage (with the exception of Citipower's inventory) due to adverse economic conditions of other assets. In all instances of cost allocations, the costs have been allocated based

on the degree to which Citipower's assets were responsible for the total premium cost. Management believes this to be a fair and equitable method for allocating insurance costs.

<u>Response 10.b.</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Vehicle Insurance	\$5,558.74	\$6127.37	\$7918.11
General Liability	\$13,363.14	\$19,384.16	\$2100.59
Worker' Compensation	\$6,849.71	\$5348.31	\$4358.05
Property Insurance	\$1629.32	\$3604.73	\$3831.11

Citipower also has health, dental, vision and life insurance for its employees. The information related to these employee benefits are listed in the tables provided in response to Request 11 below.

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PSC'S REQUEST FOR INFORMATION DATED 06/27/17

REQUEST 11

RESPONSIBLE PARTY: Regina Allen

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

Response 11. The information was provided on a monthly basis in Response 22 pages 3 of 4 and 4 of 4 to Staff's First Request. Please see the attached tables with the full-year employee benefit information. Diadena Perry when hired in 2016, chose to remain on her spouse's insurance policy and therefore receives only life insurance benefits from Citipower. Each employee pays 0% of these benefits.

Table 1 – Calendar year 2012 – Employer pays 100%

Employee	Title	Health Benefit Costs	Dental	Vision	Life Insurance	Totals
Regina Allen	Office Manager	\$6,257.57	\$440.63	\$97.00	\$132.32	\$6,927.52
Bill Webb	Field Supervisor	\$3,595.64	\$440.63	\$97.00	\$93.40	\$4,226.67
Jimmy Douglas	Field Tech	\$3,595.64	\$440.63	\$97.00	\$94.70	\$4,227.97
Duaine King	Field Tech	\$6,372.20	\$440.63	\$97.00	\$266.70	\$7,176.53
Totals		\$19,821.05	\$1,762.52	\$388.00	\$587.12	22,558.69

Table 2 – Calendar year 2013 – Employer pays 100%

Employee	Title	Health Benefit Costs	Dental	Vision	Life Insurance	Totals
Regina Allen	Office Manager	\$7,130.53	\$478.98	\$89.93	\$138.66	\$7,838.10
Bill Webb	Field Supervisor	\$4,095.66	\$478.98	\$89.93	\$96.62	\$4,761.19
Jimmy Douglas	Field Tech	\$4,095.66	\$478.98	\$89.93	\$96.62	\$4,761.19
Duaine King	Field Tech	\$7,258.43	\$478.98	\$89.93	\$289.20	\$8,116.54
Totals		\$22,580.28	\$1,915.92	359.72	\$621.10	\$25,477.02

Table 3 – Calendar year 2014 – Employer pays 100%

Employee	Title	Health Benefit Costs	Dental	Vision	Life Insurance	Totals
Regina Allen	Office Manager	\$8,331.48	\$528.12	\$90.16	\$153.58	\$9,103.34
Bill Webb	Field Supervisor	\$4,860.90	\$528.12	\$90.16	\$105.28	\$5,584.46
Jimmy Douglas	Field Tech	\$5,593.50	\$528.12	\$90.16	\$105.28	\$6,317.06
Duaine King (terminated 4/30/14)	Field Tech	\$2,794.00	\$176.04	\$29.96	\$103.40	\$3,103.40
Total		\$21,579.88	\$1,760.40	\$300.44	\$467.54	\$24,108.26

Table 4 – Calendar year 2015 – Employer pays 100%

Employee	Title	Health Benefit Costs	Dental	Vision	Life Insurance	Totals
Regina Allen	Office Manager	\$9,127.56	\$528.12	\$93.60	\$161.48	\$9,910.76
Bill Webb	Field Supervisor	\$6,745.98	\$528.12	\$93.60	\$110.74	\$7,478.44
Jimmy Douglas	Field Tech	\$6,745.98	\$528.12	\$93.60	\$110.74	\$7,478.44
Total		\$22,619.52	\$1,584.36	\$280.80	\$382.96	\$24,867.64

Table 5 – Calendar year 2016 – Employer pays 100%

Employee	Title	Health Benefit Costs	Dental	Vision	Life Insurance	Totals
Regina Allen	Office Manager	\$11,084.25	\$528.12	\$94.68	\$168.48	\$11,875.53
Bill Webb	Field Supervisor	\$8,192.10	\$528.12	\$94.68	\$116.04	\$8,930.94
Jimmy Douglas	Field Tech	\$8,192.10	\$528.12	\$94.68	\$116.04	\$8,930.94
Diadena Perry	Field Tech	N/A	N/A	N/A	\$143.60	\$143.60
Total		\$27,468.45	\$1,584.36	\$284.04	\$544.16	\$29,881.01

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REQUEST 12

RESPONSIBLE PARTY: Regina Allen and Adam Forsberg

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

- a. State whether Citipower requires its employees to make a contribution to their single health insurance premiums.
- b. If the response to Item 12.a. is yes, provide the basis for the employee contribution.
- c. If the response to Item 12.a. is no, provide a detailed explanation as to why an employee contribution is not required.

Response 12a. Please see Response 22 to Staff's First Requests pages 3 of 4 and 4 of 4 where it is written on the top of the chart that the "Employee pays 0%".

Response 12b. Not applicable.

Response 12c. When making an initial offer for employment, Citipower factors the cost of covering the employee's insurance into the compensation package. If Citipower were to require employee contribution, it would need to increase the salary/hourly pay for each employee to make the employees "whole".

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REQUEST 13

RESPONSIBLE PARTY: Adam Forsberg

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

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

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

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

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

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

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

Response 13a. CitiEnergy manages the administrative tasks of Citipower such as bookkeeping, GCA and other PSC required filings, executive managing and strategic planning. The management fee was developed by approximating the amount of CitiEnergy-employee time and expense consumed to facilitate the various required needs of Citipower.

Response 13b.(1). Paddock Oil & Gas is the operational manager for Citipower as well as for the various natural gas assets of CitiEnergy.

Response 13b.(2). The following are some, but not all, of the duties performed by R. Vernon Smith, employee of Paddock Oil & Gas, Inc.: Manage and oversee the day to day operations of the company; work directly with the Office Manager to ensure the daily office functions are carried out and the necessary records are kept, filed and stored; work with the field staff to ensure the daily operations of the company are performed in a safe and competent manner; provide cross training of the staff so each of them can perform all necessary field jobs as needed. The various job duties listed are performed on a regular basis for Citipower, all job duties performed for Citipower are too numerous to list.

Response 13b.(3). There is a verbal contract between Paddock Oil & Gas and Citipower to manage the entire operation of the natural gas utility.

Response 13c. No matter the number of customers a utility serves, it takes a certain skill set and expertise to properly manage the assets from both an operational and an administrative perspective. While it may be possible to find qualified, replacement management for a lesser cost, it is highly unlikely that Citipower would be able to do so. Because the skill set and expertise required are so specialized, in order to replace current management, it is envisioned that Citipower would need to look outside the immediate, rural communities and offer compensation in excess of what current management charges.