

ROBERT L. BROWN III

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August 14, 2006

BY FACSIMILE AND MAIL

Public Service Commission
Mr. Herb O'Donnell
Executive Director
20 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

RECEIVED

AUG 14 2006

PUBLIC SERVICE
COMMISSION

RE: CASE NO. 2004-00444

Dear Mr. O'Donnell:

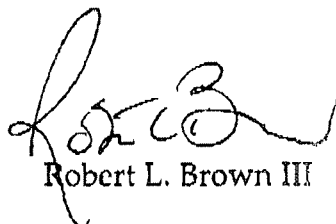
Pursuant to your July 14, 2006 correspondence, please allow this letter to serve as my response to the questions posed. Namely:

- 1. \$437,121.00 represents depreciation Citipower used in 2005 pursuant to the Internal Revenue Code. This contrasts with the \$198,922.00 as stated in the annual report due to the difference in allowable P.S.C. depreciation schedules.
- 2. The difference between 100% and 87.52% is an error. The report should state that CitiEnergy owns 100% of Citipower.

Citipower can amend the annual report if the Commission so desires.

Thank you for your consideration in this matter, and should you have any questions, please do not hesitate to contact me.

Sincerely,


Robert L. Brown III

RLB:pc
Mr. David E. Spenard