

ROBERT L. BROWN III
ATTORNEY AT LAW
1005 SOUTH MAIN STREET
CORBIN, KENTUCKY 40701

(606) 528-3073
FAX (606) 528-3289
July 5, 2005

RECEIVED
JUL - 7 2005
PUBLIC SERVICE
COMMISSION

Public Service Commission
Ms. Beth O'Donnell
Executive Director
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40602

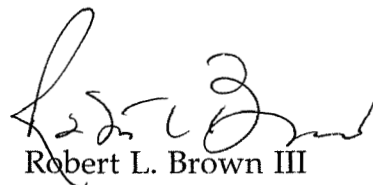
**RE: SUPPLEMENTAL INFORMATION TO APPLICATION OF
REORGANIZATION
CASE NUMBER 2004-00444**

Dear Ms. O'Donnell:

Enclosed please find an original and six copies of the Supplemental Information to Application of Reorganization as it relates to Case Number 2004-00444. Please file the same at your earliest convenience.

Should you have any questions concerning this matter, please do not hesitate to contact me.

Sincerely,



Robert L. Brown III

RLB/ca

Enclosures

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JUL - 7 2007
PUBLIC SERVICE
COMMISSION

In the Matter of:

CITIPOWER, LLC

APPLICATION OF CITIPOWER, LLC FOR
APPROVAL OF REORGANIZATION PROPOSAL

CASE NO. 2004-00444

SUPPLEMENTAL INFORMATION TO APPLICATION OF REORGANIZATION

Comes now Citipower, LLC, ("Citipower") by and through the undersigned counsel, and states the following supplemental information as requested by the Commission Staff's Order dated April 14, 2005, to Citipower, LLC, with regard to the above-referenced case number:

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR
APPROVAL OF REORGANIZATION PROPOSAL

CASE NO. 2004-00444

Pursuant to Order entered by the Commission herein on April 14, 2005, the Commission Ordered that the corporate reorganization proposed by Citipower LLC, be approved. The Commission further found that since Citipower will merge into Citipower Acquisition, LLC., and will cease to exist, it should be required to provide the Commission documentation to demonstrate that Citipower Acquisition, L.L.C., is authorized to transact business in the State of Kentucky prior to the completion of the reorganization. Therefore, Citipower, LLC., states as follows:

1. Citipower Acquisition, L.L.C, a Delaware limited liability company, was formed December 13, 2004, with its principal place of business being 1209 Orange Street, Wilmington, New Castle County, Delaware, and is in good standing. That Citipower Acquisition, L.L.C, is authorized to do business in the State of Kentucky as of July 1, 2005, and shall remain authorized to do business in the State of Kentucky. A copy of the Certificate of Authority is attached hereto as Exhibit "A".

2. That an Agreement and Plan of Reorganization, a copy of which is attached as Exhibit "B", shall be executed and filed with the Secretary of State of

Delaware, and with the Secretary of State of Kentucky after filing hereof.

3. That a Merger Agreement, a copy of which is attached as Exhibit "C", shall be executed and filed with the Secretary of State of Delaware, and with the Secretary of State of Kentucky after filing hereof.

A handwritten signature in black ink, appearing to read "Robert L. Brown III", is written over a horizontal line.

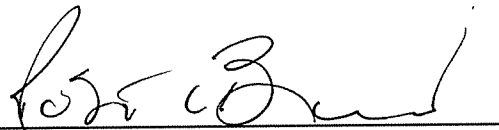
*Law Offices of
Robert L. Brown III
1005 South Main Street
Corbin, Kentucky 40701
Attorney for Citipower, LLC*

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR
APPROVAL OF ORGANIZATION PROPOSAL

CASE NO. 2004-00444



Law Offices of
Robert L. Brown III
1005 South Main Street
Corbin, Kentucky 40701
Telephone: (606) 528-3073
Attorney for Citipower, LLC

CERTIFICATE

I hereby certify that the above and foregoing was on the 5 day of July, 2005, served by mailing the original and six true and exact copies of same, all postage prepaid, addressed for delivery to:

Ms. Beth O'Donnell
Executive Director
COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 Sower Building
P. O. Box 615
Frankfort, Kentucky 40602

Hon. Gregory D. Stumbo
Attorney General
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Suite 200
Frankfort, Kentucky 40601-8204


Robert L. Brown III

COMMONWEALTH OF KENTUCKY
TREY GRAYSON
SECRETARY OF STATE

Trey Grayson
Secretary of State
Received and Filed
07/01/2005 1:48:57 PM
Fee Receipt: \$90.00



APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of KRS Chapter 275, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the limited liability company named below and for that purpose submits the following statements:

1. The company is a limited liability company (LLC).
 a professional limited liability company (PLLC).

2. The name of the limited liability company is
Citipower Acquisition, LLC.

3. The name of the limited liability company to be used in Kentucky is
Citipower Acquisition, LLC.
(if "real name" is unavailable for use)

4. Delaware is the state or country of organization.

5. December 13, 2004 is the date of organization and, if the limited liability company has a specific date of dissolution, the latest date upon which the limited liability company is to dissolve is _____.

6. The street address of the office required to be maintained in the state of formation or, if not so required, the principal office address is
1209 Orange Street, Wilmington, Delaware 19801
Street City State Zip Code

7. The names and usual business addresses of the current managers, if any, are as follows:
Dan Forsberg 2122 Enterprise Road, Greensboro, NC 27408
Adam Heberling 2122 Enterprise Road, Greensboro, NC 27408
Name Address Name Address
(Attach a continuation, if necessary)

8. The street address of the registered office in Kentucky is
1005 South Main Street, Corbin, KY 40701
Street City State Zip Code

and the name of the registered agent at that office is
Robert L. Brown III

9. This application will be effective upon filing, unless a delayed effective date and/or time is specified:

(Delayed effective date and/or time)

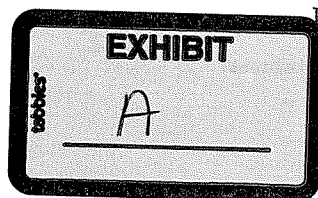
I certify that, as of the date of filing this application, the above-named limited liability company validly exists as a limited liability company under the laws of the jurisdiction of its formation.

Robert L. Brown III
Signature
Type or Print Name & Title

Date: July 1, 2005

I, Robert L. Brown III, consent to serve as the registered agent on behalf of the limited liability company.
Type or print name of registered agent

Robert L. Brown III
Signature of Registered Agent
Type or Print Name & Title

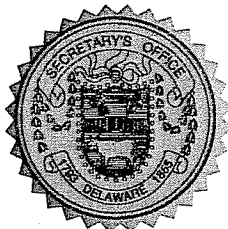


Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "CITIPOWER ACQUISITION, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIRST DAY OF JUNE, A.D. 2005.



3907787 8300

050508079

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 3966620

DATE: 06-21-05

AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization (this "Agreement") is dated as of _____, 2005 by and among Citi Energy, L.L.C. ("Citi Energy"), Citipower, L.L.C. ("Citipower") and Citipower Acquisition, L.L.C. ("Merger Sub"), together with Citipower, (the "Constituent LLCs").

WHEREAS, Citi Energy is a Delaware limited liability company duly organized and existing under the laws of the State of Delaware, with authorized capital interests consisting of _____ Class A units, _____ Class B units, _____ Class C units and _____ Class D units, of which only one Class A Unit has been issued and is owned by Citipower, and there are and will be outstanding no options or other rights to purchase or acquire any units of interests of Citi Energy at the Effective Date of the Reorganization (as both of such terms are hereinafter defined) other than the rights set forth in this Agreement;

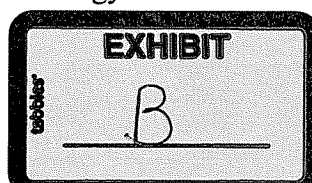
WHEREAS, Citipower is a limited liability company duly organized and existing under the laws of the State of Delaware, with authorized capital interests consisting of _____ Class A units, _____ Class B units, _____ Class C units and _____ Class D units, of which _____ Class A units, _____ Class B units, _____ Class C units, and _____ Class D units (the "Citipower Units") are and will be issued and outstanding immediately prior to the Effective Date, and there are and will be outstanding no options or other rights to purchase or acquire any units of interests of Citipower at the Effective Date other than as set forth in this Agreement;

WHEREAS, Merger Sub is a limited liability company duly organized and existing under the laws of the State of Delaware, with authorized capital interests consisting of one unit which has been issued to Citi Energy and is and will be issued and outstanding immediately prior to the Effective Date, and there are and will be outstanding no options or other rights to purchase or acquire any units of interests of Merger Sub at the Effective Date;

WHEREAS, Citigas, L.L.C. ("Citigas") is a limited liability company duly organized and existing under the laws of the State of Kentucky, with authorized capital interests consisting of one unit which has been issued to Citipower and is and will be issued and outstanding immediately prior to the Effective Date, and there are and will be outstanding no options or other rights to purchase or acquire any units of interests of Citigas on the Effective Date other than as set forth in this Agreement;

WHEREAS, Lick Branch Unit, L.L.C. ("LBU") is a limited liability company duly organized and existing under the laws of the State of Delaware, with authorized capital interests consisting of _____ Class A units and _____ Class B units, of which _____ Class A units and _____ Class B units are and will be issued and outstanding immediately before the Effective Date and (such Class A units being owned by Citipower), and there are and will be outstanding no options or other rights to purchase or acquire any units of interests of LBU on the Effective Date other than as set forth in this Agreement; and

WHEREAS, the Constituent LLCs deem it desirable and in the best interests of said companies that Citipower be merged with and into Merger Sub, and each of the parties hereto deems it desirable and in the best interests of said parties and the holders of their capital interests that the ownership of Citi Energy, Citipower, Merger Sub, Citigas and LBU be reorganized under and pursuant to the laws of the States of Delaware and Kentucky such that all of the issued and outstanding capital interests of Citipower and Citigas shall each be owned by Citi Energy and all of the Class A units of LBU shall be



owned by Citi Energy (together with the Merger, the “Reorganization”), and the Boards of Directors of Citi Energy and Citipower, the Manager of Merger Sub have approved and adopted this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for the purpose of prescribing the terms and conditions of the Merger and the Reorganization, the mode of carrying the same into effect, the manner and basis of converting the Citipower Units into the units of Citi Energy and issuing Citi Energy units to the former Citipower Unit holders, the manner and basis for constituting Citigas and LBU as subsidiaries of Citi Energy, and such other details and provisions as are deemed necessary or desirable by the parties hereto, the parties hereto have agreed and do hereby agree, subject to the approval and adoption of this Agreement by the Boards of Directors of Citi Energy and Citipower and the Manager of Merger Sub, and subject to the conditions hereinafter set forth, as follows:

ARTICLE I

In accordance with the provisions of Chapter 18 of the General Corporation Law of the State of Delaware and Chapter 278 of the Corporation laws of Kentucky, Citipower shall assign all of the issued and outstanding capital interests of Citigas and all of the Class A units of LBU to Citi Energy. The identity, existence, purpose, powers, objects, franchises, rights and immunities of each of Citigas and LBU shall continue unaffected and unimpaired by the Reorganization.

ARTICLE II

A. Citi Energy will make available for delivery to all of Citipower’s Unit holders the Citi Energy Class A units, Class B units, Class C units and Class D units into which the Citipower Units outstanding immediately prior to the Effective Date shall be converted upon the Merger pursuant to paragraph B below (the “Citi Energy Units”).

B. On the Effective Date, Citipower shall be merged into Merger Sub (the “Merger”) under and pursuant to the General Corporation Law of the State of Delaware and a Merger Agreement (the “Merger Agreement”) in the form attached hereto as Exhibit A and each Class A Unit, Class B Unit, Class C Unit and Class D Unit of Citipower which shall be issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one Class A Unit, Class B Unit, Class C Unit and Class D Unit of Citi Energy, respectively. Each holder of a Citipower Unit of record at the Effective Date shall be entitled, upon the surrender to Citi Energy of the certificate or certificates for his or her Citipower Units for cancellation to receive a certificate representing the number of Citi Energy Units into which his or her Citipower Units shall have been converted in the Merger. Until so surrendered each certificate formerly representing Citipower Units of shall be deemed for all corporate purposes to evidence the number of Citi Energy Units into which the number of Citipower Units theretofore represented by such certificate shall have been converted in the Merger. Unless and until any such certificate shall be so surrendered, the holder of such certificate shall not have any right to receive payment of any dividends on such Citi Energy Units. Following such surrender, there shall be paid to the record holder of each certificate for Citi Energy Units issued in exchange therefor (i) the amount of any dividends which theretofore shall have become payable with respect to the number of Citi Energy Units represented by such certificate issued in exchange upon such surrender, such amount to be paid on the surrender of such Citipower Unit certificate, but without interest, and (ii) the amount of any dividends with respect to such number of Citi Energy Units, the record date for the determination of the Unit holders entitled to which shall be prior to the surrender of such

certificate representing Citipower Units but the payment date of which shall be subsequent to such surrender, such amount to be paid on such payment date. If any certificate for such Citi Energy Units is to be issued in a name other than that in which the certificate for Citipower Units surrendered for exchange is registered, it shall be a condition for such exchange that the certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such exchange shall pay to Citi Energy any transfer or other taxes required by reason of the issuance of certificates for such Citi Energy Units in a name other than the registered holder of the certificate surrendered, or establish to the reasonable satisfaction of Citi Energy that such tax has been paid or is not payable.

C. The name of Merger Sub shall be changed to Citipower, L.L.C. upon the effectiveness of the Merger and by virtue of the Merger without any further action by either Merger Sub or Citipower. Merger Sub shall be the surviving limited liability company of the Merger and the separate corporate existence of Citipower shall cease upon the Merger. The Certificate of Formation and the Operating Agreement of Merger Sub as in existence immediately prior to the Effective Date will remain the Certificate of Formation and the Operating Agreement of the surviving limited liability company, subject to such change of name. The purpose, powers, objects, franchises, rights and immunities of the former Citipower shall continue unaffected and unimpaired by the Merger.

D. The Citi Energy Class A Units, Class B Units, Class C Units and Class D Units shall have the same number, terms, rights and privileges that their respective class of Citipower Units had prior to the Merger, and the Operating Agreement of Citi Energy shall contain identical terms, conditions, rights and privileges to those of the Citipower Operating Agreement. The directors and officers of Citipower in office immediately prior to the Effective Date shall continue in office as, and shall constitute, the directors and officers of Citi Energy for the remainder of their terms or until their respective successors shall be elected or appointed and qualified.

ARTICLE III

As promptly as practicable after the execution and delivery of this Agreement by each of the parties thereto, the Merger Agreement shall be certified, signed and acknowledged in accordance with the provisions of the Delaware General Corporation Law. It shall thereafter be filed in the Office of the Secretary of State of Delaware in accordance with the Reorganization Agreement. The term "Effective Date" as used herein shall mean the date on which this Agreement is so filed. The Reorganization shall become effective on the date that the Merger Agreement is filed with the Office of the Secretary of State of Delaware. Merger Sub shall record the Merger Agreement in the Office of the Recorder of New Castle County, Delaware, as promptly as practicable after the filing of the Merger Agreement in the Office of the Secretary of State of Delaware.

ARTICLE IV

A. For the convenience of the parties hereto, any number of counterparts hereof may be executed, and each such counterpart shall be deemed to be an original instrument.

B. At any time prior to the Effective Date, the parties hereto may, by written instrument, amend or supplement any of the provisions herein so long as any such amendment or supplement does not adversely affect the rights of the Citipower Unit holders hereunder.

C. This Agreement shall be governed by the laws of the States of Delaware and Kentucky, as applicable.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

[Corporate Seal]

CITI ENERGY, L.L.C.

Attest:

Secretary

By: _____
Daniel R. Forsberg, Chief Executive Officer

[Corporate Seal]

CITIPOWER, L.L.C.

Attest:

Secretary

By: _____
Daniel R. Forsberg, Chief Executive Officer

[Corporate Seal]

CITIPOWER ACQUISITION, L.L.C.

Attest:

Secretary

By: _____
Daniel R. Forsberg, Chief Executive Officer

MERGER AGREEMENT

This Merger Agreement (this "Agreement") is dated as of ____ day of _____, 2005, between Citipower, L.L.C. ("Citipower") and Citipower Acquisition, L.L.C. ("Merger Sub"), each being a Delaware limited liability company.

WHEREAS, Citipower, LLC, was formed on May 30, 1996, its principal office is at 1209 Orange Street, Wilmington, New Castle County, Delaware and its authorized capital interests consist of Class A Units, Class B Units, Class C Units and Class D Units, of which Class A Units, Class B Units, Class C Units and Class D Units have been issued and are outstanding;

WHEREAS, Merger Sub was formed on December 13, 2004, its principal office is at 1209 Orange Street, Wilmington, New Castle County, Delaware and its authorized capital interests consist of one unit which has been issued and is owned by Citi Energy, L.L.C., a wholly owned subsidiary of Citipower ("Citi Energy");

WHEREAS, Merger Sub is authorized to do business in the State of Kentucky, pursuant to Application for Certificate of Authority filed with the Kentucky Secretary of State on the 1st day of July, 2005.

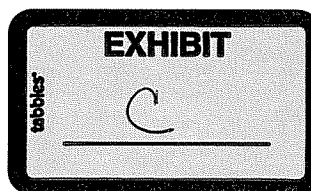
WHEREAS, simultaneously herewith Citi Energy, Citipower, Merger Sub, Citigas, L.L.C. and LBU, L.L.C. have entered into an Agreement and Plan of Reorganization (the "Reorganization Agreement") providing for, among other things, the issuance of the units referred to in paragraph 4 hereof; and

WHEREAS, the parties hereto deem it advisable and in the best interests of such companies and their unit holders that Citipower be merged into Merger Sub as provided herein (the "Merger");

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. As promptly as practicable after the execution and delivery of the Reorganization Agreement by each of the parties thereto, this Agreement shall be certified, signed and acknowledged in accordance with the provisions of the Delaware General Corporation Law. It shall thereafter be filed in the Office of the Secretary of State of Delaware in accordance with the Reorganization Agreement. The term "Effective Date" as used herein shall mean the date on which this Agreement is so filed.

2. On the Effective Date, Citipower shall be merged into Merger Sub and the separate corporate existence of Citipower shall cease. Merger Sub shall be the surviving company and shall change its name to Citipower, L.L.C. and shall continue to be governed by the laws of Delaware, and shall remain authorized to do business in Kentucky.



3. From and after the Effective Date, the authorized capital interests of the surviving company shall be one common unit, no par value. From and after the Effective Date, the Certificate of Formation of Merger Sub shall continue as the Certificate of Formation of the surviving company until further amended as provided by law.

4. On the Effective Date, each Class A Unit, Class B Unit, Class C Unit and Class D Unit of Citipower which shall be issued and outstanding immediately prior to the Effective Date shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into one Class A Unit, Class B Unit, Class C Unit and Class D Unit of Citi Energy, respectively. Each holder of a Citipower unit of record on the Effective Date shall be entitled, upon the surrender to Citi Energy of the certificate or certificates for his or her Citipower units for cancellation, to receive a certificate representing the number of Citi Energy units into which his or her Citipower units shall have been converted in the Merger. Until so surrendered each certificate formerly representing Citipower units shall be deemed for all corporate purposes to evidence the number of Citi Energy units into which the number of Citipower units theretofore represented by such certificate shall have been converted in the Merger. Unless and until any such certificate shall be so surrendered, the holder of such certificate shall not have any right to receive payment of any dividends on such Citi Energy units. Following such surrender, there shall be paid to the record holder of each certificate for Citi Energy units issued in exchange therefore (i) the amount of any dividends which theretofore shall have become payable with respect to the number of Citi Energy units represented by such certificate issued in exchange upon such surrender, such amount to be paid on the surrender of such Citipower unit certificate, but without interest, and (ii) the amount of any dividends with respect to such number of Citi Energy units, the record date for the determination of the unit holders entitled of which shall be prior to the surrender of such certificate representing Citipower units but the payment date of which shall be subsequent to such surrender, such amount to be paid on such payment date.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

[Corporate Seal]

CITIPOWER, L.L.C.

Attest:

Secretary

By: _____
Daniel R. Forsberg, Chief Executive Officer

[Corporate Seal]

CITIPOWER ACQUISITION, L.L.C.

Attest:

Secretary

By: _____
Daniel R. Forsberg, Chief Executive Officer

CITIPOWER, L.L.C.

Secretary's Certificate

The undersigned, _____, Secretary of Citipower, L.L.C., a Delaware limited liability company (the "Company") and one of the merging limited liability companies mentioned in the foregoing Merger Agreement (the "Agreement"), on behalf of the Company certifies as follows:

The Agreement has been adopted pursuant to subsection 251(g) of the General Corporation Law of the State of Delaware and the conditions specified in the first sentence of such subsection have been satisfied.

IN WITNESS WHEREOF, the undersigned hereby certifies to the foregoing under the seal of the Company.

Secretary of Citipower, L.L.C.

[Corporate Seal]

State of North Carolina }
County of Guilford }

Be it remembered that on this ____ day of _____, 2005, personally came before me, _____, a Notary Public in and for the County and State as aforesaid. Daniel R. Forsberg, Chief Executive Officer of Citipower, L.L.C., a party to the foregoing Agreement and _____, Secretary of Citipower, L.L.C., known to me personally to be such, and acknowledged the said Agreement to be the act and deed of said company, and the facts stated therein are true.

Given under my hand and seal of office the day and year aforesaid.

Notary Public

[Notarial Seal]