

**Goss
Samford**

ATTORNEYS AT LAW | PLLC

L. Allyson Honaker
allyson@gosssamfordlaw.com
(859) 368-7740

March 29, 2019

RECEIVED

MAR 29 2019

PUBLIC SERVICE
COMMISSION

Via Hand Delivery

Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

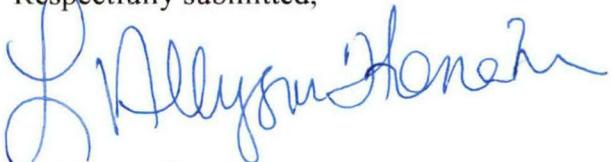
Re: *In the Matter of: The Application of Citipower, LLC for a Rate Adjustment Pursuant to 807 KAR 5:076, Approval for a Certificate of Public Convenience and Necessity to Purchase Pipeline and Approval of Financing – Case No. 2019-00109*

Dear Ms. Pinson:

Please find enclosed and accept for filing an original and ten copies of Citipower, LLC's Application, Motion for Deviation and Motion for Confidential Treatment in the above-styled case.

Thank you for your assistance with this matter, and please do not hesitate to contact me with any questions or concerns.

Respectfully submitted,



L. Allyson Honaker

Enclosures

RECEIVED

MAR 29 2019

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)
UTILITIES PURSUANT TO 807 KAR 5:076,)
APPROVAL FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
PURCHASE PIPELINE AND OTHER RELATED)
ASSETS AND APPROVAL OF FINANCING)

CASE NO.
2019- 00109

MOTION FOR CONFIDENTIAL TREATMENT

Comes now Citipwer, LLC (“Citipower”), by counsel, pursuant to KRS 61.878, 807 KAR 5:001, Section 13 and other applicable law, and for its Motion requesting that the Kentucky Public Service Commission (“Commission”) afford confidential treatment to certain portions of Citipower’s Application and related exhibits filed in the above-captioned proceeding, respectfully states as follows:

1. Contemporaneously with this Motion, Citipower has filed an Application requesting an Order from the Commission approving a rate increase, granting a Certificate of Public Convenience and Necessity (“CPCN”) and approving financing. Citipower intends to acquire the pipeline and related assets in order to establish a more reliable source of natural gas since it currently primarily relies on gas wells that continue to decrease in production.

2. As part of its Application, Citipower has a map showing the location of the existing pipeline it proposes to acquire. Citipower has also provided information provided to it by Champ Oil, the current owner of the pipeline, regarding operation and maintenance (“O&M”) expenses

related to the pipeline and the other related assets. This information was provided to Citipower under a non-disclosure agreement (“NDA”). In addition to the map and O&M expenses, Citipower is requesting that the Letter of Intent be granted confidential treatment in its entirety. These items are referred to herein collectively as the “Confidential Information.”

3. KRS 61.878(1)(m)(1) protects “[p]ublic records the disclosure of which would have a reasonable likelihood of threatening public safety by exposing a vulnerability in preventing protecting against, mitigating, or responding to a terrorist act....,” and specifically exempts from public disclosure certain records pertaining to public utility critical systems. See KRS 61.878(1)(m)(1)(f).

4. KRS 61.878(1)(c)(1) protects “records confidentially disclosed to an agency or required by an agency to be disclosed to it, generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records.” The Kentucky Supreme Court has stated, “information concerning the inner workings of a corporation is ‘generally accepted as confidential or proprietary’” *Hoy v. Kentucky Industrial Revitalization Authority*, 907 S.W.2d 766, 768 (Ky. 1995). The Confidential Information is critical to the effective execution of business decisions and strategy. If disclosed, the Confidential Information would give competitors an unfair commercial advantage and insights into Citipower’s business operations and financial strategies that are otherwise publicly unavailable. Accordingly, the Confidential Information satisfies both the statutory and common law standards for affording confidential treatment.

5. The Confidential Information includes identifications and depictions of certain critical energy infrastructure necessary to transmit natural gas in the region. If disclosed in conjunction with the remainder of Citipower’s Application, the Confidential Information could be

utilized to commit or further a criminal or terrorist act, disrupt critical public utility systems, and/or intimidate or coerce the civilian population. Disclosure of the Confidential Information could also result in the disruption of innumerable other infrastructure systems which relate to, or rely upon, the safe and reliable provision of natural gas. Moreover, disclosure of the Confidential Information could have a reasonable likelihood of threatening the public safety. Put plainly, maintaining the confidentiality of the Confidential Information relating to critical energy infrastructure is necessary to protect the interests of Citipower, its customers, and the region at large.

6. In addition, the Confidential Information includes sensitive information obtained from a third-party pursuant to a non-disclosure agreement. The public disclosure of this information could harm Champ Oil and provide its competitors with an unfair advantage. Furthermore, the Confidential Information includes anticipated interest rates and proprietary loan terms and conditions which are an integral part of the requested approval. The public disclosure of this information could arm prospective lenders, with whom Citipower may need to negotiate with in the future, with information to allow such lenders an unfair commercial advantage over Citipower.

7. The Confidential Information is proprietary information that is retained by Citipower on a “need-to-know” basis and is not publicly available. The Confidential Information is distributed within Citipower only to those employees who must have access for business reasons, and is generally recognized as confidential and proprietary in the energy industry.

8. Citipower does not object to limited disclosure of the Confidential Information described herein, pursuant to an acceptable confidentiality and nondisclosure agreement, to intervenors with a legitimate interest in reviewing the same for the sole purpose of participating in this case.

9. In accordance with the provisions of 807 KAR 5:001, Section 13(2), Citipower is filing one (1) copy of the unredacted Application and exhibits separately under seal with the Confidential Information highlighted or otherwise denoted. An original and ten (10) redacted copies of the Application with exhibits have also been tendered to the Commission.

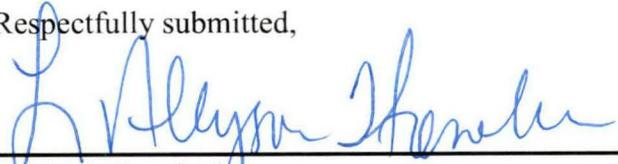
10. In accordance with the provisions of 807 KAR 5:001, Section 13(2), Citipower respectfully requests that the map be withheld from public disclosure indefinitely. The additional Confidential Information, Citipower requests that it be withheld from public disclosure for a period of ten years.

11. If, and to the extent, the Confidential Information becomes publicly available or otherwise no longer warrants confidential treatment., Citipower will notify the Commission and have its confidential status removed, pursuant to 807 KAR 5:001 Section 13(10).

WHEREFORE, on the basis of the foregoing, Citipower respectfully requests that the Commission classify and protect as confidential the specific Confidential Information described herein for time periods described above.

This 29th day of March, 2019.

Respectfully submitted,



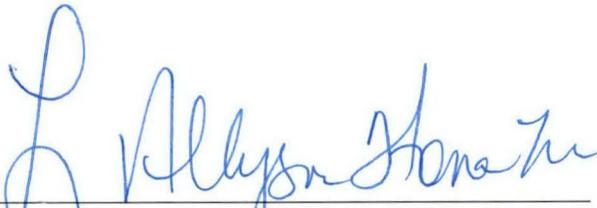
David S. Samford
L. Allyson Honaker
GOSS SAMFORD, PLLC
2365 Harrodsburg Road, Suite B-325
Lexington, KY 40504
(859) 368-7740
david@gosssamfordlaw.com
allyson@gosssamfordlaw.com

Counsel for Citipower, LLC

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served, by delivering same to the custody and care of the U.S. Postal Service, postage pre-paid, this 29th day of March, 2019, addressed to the following:

Rebecca Goodman
Kent Chandler
Office of Rate Intervention
Office of Attorney General
700 Capitol Avenue
Suite 118
Frankfort, KY 40601-3449



Counsel for Citipower LLC

RECEIVED

MAR 29 2019

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)	
UTILITIES PURSUANT TO 807 KAR 5:076,)	CASE NO.
APPROVAL FOR A CERTIFICATE OF)	2019- <u>00109</u>
PUBLIC CONVENIENCE AND NECESSITY)	
TO PURCHASE PIPELINE AND APPROVAL)	
OF FINANCING)	

VERIFIED APPLICATION

Now comes Citipower, LLC (“Citipower” or the “Company”), pursuant to KRS 278.020, 278.300, 807 KAR 5:001 Sections 14 and 15, 807 KAR 5:027, and other applicable law, and hereby respectfully requests from the Kentucky Public Service Commission (“Commission”) an Order: 1) issuing a Certificate of Public Convenience and Necessity (“CPCN”) approving a pipeline acquisition; 2) approving financing; and 3) approving a rate adjustment. An Alternative Rate Filing (“ARF”) Application and all required information is attached to this Verified Application as Exhibit 1. In support of this Application, Citipower respectfully states as follows:

INTRODUCTION

1. Pursuant to 807 KAR 5:001, Section 14(2), Citipower is a Limited Liability Company originally formed under the laws of Delaware on May 30, 1996. Citipower is registered as a foreign limited liability in Kentucky, is in good standing, and is authorized to transact business in Kentucky. Citipower is a public utility as that term is defined in KRS 278.010(3), and, therefore,

is subject to the Commission's jurisdiction. Citipower is engaged in the business of furnishing natural gas services to customers in McCreary County, Kentucky.

2. Citipower is a wholly owned subsidiary of CitiEnergy, LLC ("CitiEnergy"). Citipower has filed for a rate adjustment for small utilities pursuant to 807 KAR 5:076. A completed ARF Form 1 and all necessary attachments are included with this filing.

3. Citipower's business address is 37 Courthouse Square, Whitley City, Kentucky 42653.

3. The electronic mail address for Citipower is aforsberg@citieneryllc.com

4. Copies of all orders, pleadings and other communications related to this proceeding should be sent to:

David S. Samford
L. Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road Suite B-325
Lexington, Kentucky 40504
david@gosssamfordlaw.com
allyson@gosssamfordlaw.com

5. Citipower does not file state or federal tax returns. Its parent company, CitiEnergy, files tax returns which include all of CitiEnergy's subsidiaries' information as a whole.

6. Pursuant to 807 KAR 5:001 Section 18(2)(b) Citipower does not have any outstanding debt, trust deeds or mortgages therefore no copies are attached to this filing. Also, no amortization schedules are attached since there is no outstanding debt, trust deeds or mortgages.

7. Citipower's depreciation schedule for all utility plant in service is attached to this filing on a CD and is in excel format.

PROPOSED ACQUISITION

8. Citipower's current gas supply is from gas wells in the area owned by Forexco, Inc.

Citipower has a backup supply agreement with Citizen's Gas of Tennessee.

9. With the production of the gas wells decreasing, Citipower recognizes the need for a more reliable source of natural gas to serve its customers.

10. As described in the Letter of Intent which is attached as Exhibit 2, the natural gas pipeline Citipower is requesting to purchase is a natural gas pipeline owned by Champ Oil Co., Inc. ("Champ Oil"). This pipeline would give Citipower a pipeline connection to the Delta Natural Gas, Inc. ("Delta") system.

11. Having the pipeline connected to Delta's system would give Citipower's customers a more reliable source of gas than its current gas wells that have decreased production and will most likely be less expensive than the price per Mcf if the backup source of gas has to be used to acquire natural gas when the gas wells are not producing enough to meet demand.

12. With the gas wells' production decreasing, Citipower needs to take steps to insure its customers continue to have a reliable and reasonably priced source of natural gas supply.

13. On February 1, 2019, Citipower and Champ Oil entered into a Letter of Intent whereby Champ Oil agreed to sell and assign, and Citipower agreed to purchase and assume, the pipeline described above and other related assets including but limited to the pipeline easements, metering stations, compression equipment, maintenance tools, meter, etc., for the total consideration of \$1.5 million, subject to certain terms and conditions set forth in the Letter of Intent.¹

14. A description of the Champ Oil pipeline and related assets proposed to be acquired from Champ Oil is attached to the Letter of Intent at Exhibit 2.

¹ See Exhibit 2.

15. The Letter of Intent expires on December 31, 2019 and time is of the essence in completing this transaction. For these reasons, Citipower respectfully requests the Commission issue an Order on or before October 1, 2019, to allow for time to finalize the purchase prior to the December 31, 2019 expiration date.

REQUEST TO ISSUE EVIDENCE OF INDEBTEDNESS

16. Pursuant to 807 KAR 5:001 Section 12(2)(a)-(i) and 807 KAR 5:001 Section 18(2)(a), Citipower is filing the following information in Exhibit 3, which is incorporated herein and made a part of this Application:

<u>Exhibit # 3</u> <u>Page</u>	<u>Description</u>	<u>807 KAR 5:001</u> <u>Section Reference</u>
	Financial Exhibit	12 (2)
1	Amount and kinds of stock authorized	12(2)(a)
1	Amount and kinds of stock issued and outstanding	12(2)(b)
1	Terms of preference or preferred stock	12(2)(c)
1	Brief description of each mortgage on property of Citipower	12(2)(d)
1	Amount of bonds authorized and issued and related information	12(2)(e)
1	Notes outstanding and related information	12(2)(f)
1	Other indebtedness and related information	12(2)(g)
1	Dividend information	12(2)(h)
2-6	Detailed Income Statement and Balance Sheet	12(2)(i)

17. Pursuant to 807 KAR 5:001 Section 18(1)(b) a general description of Citipower's property, its field of operation and the original cost and the cost to Citipower are contained in Exhibit 4.

18. Citipower has been in discussions with a financial institution regarding possible financing for this acquisition. Citipower has obtained a letter of interest from this financial institution. A copy of the letter is attached as Exhibit 6. Citipower is requesting confidential treatment for the Letter of Interest and is filing a motion for confidential treatment simultaneously with this Application.

REQUEST FOR CPCN

19. Citipower is requesting a CPCN pursuant to KRS 278.020 to acquire the Champ Oil pipeline described above.

20. The information stated above shows the pipeline acquisition is required by public convenience or necessity to allow Citipower to have a more reliable and cost effective source of natural gas supply now and in the future. The reasons for the Application are also set forth in Exhibit 1, Attachment B.

21. In accordance with 807 KAR 5:001 Section 15(2)(b), regarding the filing of franchise agreements, Citipower states that it does not have any franchises.

22. In accordance with 807 KAR 5:001 Section 15(2)(c), which requires the company to provide a full description of the proposed location, route or routes, including a description of the manner in which the facilities will be constructed and Section 15(2)(d)(1) which requires maps to suitable scale showing the location or route as well as the location to like facilities owned by others, Citipower respectfully states that the Letter of Intent attached as Exhibit 2, has a map attached to it as Exhibit A to show the required information. Citipower is requesting confidential

treatment for the map and is filing a motion for confidential treatment simultaneously with this Application.

23. Pursuant to 807 KAR 5:001 Section 15(2)(d)(2) specifications of the proposed pipeline and other assets are attached to the Letter of Intent (Exhibit 2) as Exhibits A and B.

24. In accordance with 807 KAR 5:001 Section 15(2)(e), Citipower states that it intends to finance the acquisition with a loan, the terms of which are anticipated to reflect those contained in Exhibit 6. The ARF portion of this Application shows the amounts needed to cover the debt associated with this acquisition.

25. Pursuant to 807 KAR 5:001 Section 15(2)(f) a description of the operating and maintenance expenses anticipated on the Champ Oil pipeline is attached as Exhibit 5. Due to a non-disclosure agreement, Citipower is requesting confidential treatment for the actual operating and maintenance expense for the previous two years that was provided by Champ Oil and is filing a motion for confidential treatment simultaneously with this Application.

26. The acquisition will not result in wasteful duplication since it is an existing pipeline and not a new construction.

RATE IMPACT TO CUSTOMERS

27. As a part of this Application, Citipower is also filing for a rate increase pursuant to 807 KAR 5:076. The required information for the rate impact to customers is filed in Exhibit 1 to this Application.

28. The request for a rate increase is solely based on the acquisition of the Champ Oil pipeline.

BENEFITS OF THE ACQUISITION

29. In summary, there are many reasons why the proposed acquisition of the Champ Oil pipeline is the reasonable, least-cost option for addressing Citipower's long-term natural gas supply needs. These reasons include:

- Allowing the acquisition of the existing Champ Oil pipeline is less expensive than constructing a pipeline to connect Citipower's system to a natural gas supply source, while at the same time avoiding associated construction risk;
- Providing a replacement for the supply loss from the decreasing well supply;
- Mitigating Citipower's winter peak exposure and the increasing market price volatility during those periods;
- Providing a safe, reliable source of obtaining natural gas; and,
- Eliminating the need for Citipower to rely upon more costly natural gas supply from an out-of-state entity.

ALTERNATIVE RATE FILING

30. Attached to this filing as Exhibit 1 is the required information pursuant to 807 KAR 5:027 for the ARF for small utilities.

31. Citipower's ARF filing is solely based on the acquisition and financing proposals contained in this Application.

32. Citipower sent notice to each of its customers regarding the ARF filing on March 27, 2019 as a bill insert. A copy of the customer notice is attached to the ARF Application (Exhibit 1) as Attachment A.

33. A copy of the customer notice has been posted at Citipower's office and will remain posted until a final decision is made by the Commission regarding this filing.

34. Citipower does not have a website.
35. Citipower also requests to recover its rate case expense as a part of the ARF filing.

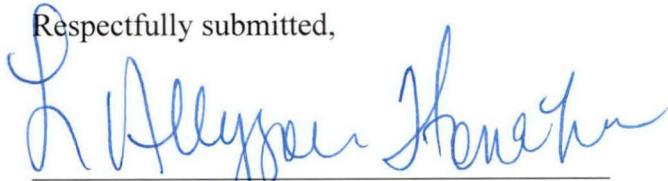
CONCLUSION

WHEREFORE, on the basis of the foregoing, Citipower respectfully requests the Commission to enter an Order approving this Application and:

- 1) Approving the acquisition of the Champ Oil pipeline and issuing a CPCN related to same;
- 2) Approving the assumption of the evidences of indebtedness necessary to close the transaction;
- 3) Approving the rate increase as described herein including the recovery of rate case expense; and
- 4) Granting any other relief to which Citipower may be entitled.

This 29th day of March, 2019.

Respectfully submitted,



David S. Samford
L. Allyson Honaker
Goss Samford, PLLC
2365 Harrodsburg Road, Suite B-325
Lexington, KY 40504
(859) 368-7740
david@gosssamfordlaw.com
allyson@gosssamfordlaw.com
Counsel for Citipower, LLC

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing has been served, by delivering same to the custody and care of the U.S. Postal Service, postage pre-paid, this 29th day of March, 2019, addressed to the following:

Rebecca Goodman
Kent Chandler
Office of Rate Intervention
Office of Attorney General
700 Capitol Avenue
Suite 118
Frankfort, KY 40601-3449



Counsel for Citipower LLC

VERIFICATION

STATE OF NORTH CAROLINA)
)
COUNTY OF GUILFORD) SS:

The undersigned, Daniel R. Forsberg, being duly sworn, deposes and says that he is the President of Citipower, LLC, that he has personal knowledge of the matters set forth in the foregoing, and that the information contained therein is true and correct to the best of his knowledge, information and belief.

CITIPOWER, LLC

By: *Daniel R Forsberg*

Daniel R. Forsberg, Affiant
President, Citipower, LLC

Subscribed and sworn to before me by Daniel R. Forsberg, President of Citipower, LLC,
on this 28 day of March, 2019.

Sally M. Allan
NOTARY PUBLIC

My Commission Expires: 12/23/2022



TABLE OF CONTENTS

Exhibit 1.....	Alternative Rate Filing Application
Attachment A.....	Customer Notice
Attachment B.....	Reasons for the Application
Attachment C.....	Current and Proposed Rates
Attachment D.....	Schedule of Adjusted Operations
Attachment E.....	Revenue Requirement Calculation
Attachment F.....	Billing Analysis Sheets
Attachment G.....	Depreciation Schedule
Attachment H.....	ARF Form 3
Attachment I.....	Proposed Tariff Sheets
Exhibit 2.....	Letter of Intent
Attachment A.....	Map
Attachment B.....	Description of Assets to be Acquired
Exhibit 3.....	Financial Exhibit
Exhibit 4.....	General Description of Citipower's Property
Exhibit 5.....	Operations and Maintenance Costs
Exhibit 6.....	Letter of Interest

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

**APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION**

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Citipower, LLC
(Name of Utility)

37 Court Street
(Business Mailing Address - Number and Street, or P.O. Box)

Whitley City, Kentucky 42653
(Business Mailing Address - City, State, and Zip)

606-376-8373
(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Daniel R. Forsberg
(Name)

2309 W Cone Blvd, Ste 200
(Address - Number and Street or P.O. Box)

Greensboro, North Carolina 27408
(Address - City, State, Zip)

336-379-0800
(Telephone Number)

dforsberg@citienergyllc.com
(Email Address)

(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

YES NO NA

4. a. Applicant is a corporation that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of Delaware, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
6. a. Applicant has 20 or fewer customers and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- b. Applicant has more than 20 customers and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- c. Applicant has more than 20 customers and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2018.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 355,950.68 and total revenues from service rates of \$ 1,300,564.68. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 455 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
- 17. Approximately 0% (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

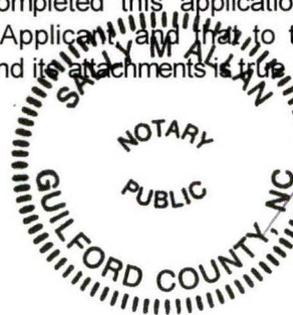
Signed *Daniel R. Forsberg*
Officer of the Company/Authorized Representative

Title President

Date March 28, 2019

STATE OF NORTH CAROLINA
COMMONWEALTH OF KENTUCKY
COUNTY OF GUILFORD

Before me appeared Daniel R. Forsberg, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.



Sally M. Allan
Notary Public
My commission expires: 12/23/2022

LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- Attachment Billing Analysis" Attachment
- Depreciation Schedules
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

NOTICE OF APPLICATION OF CITIPOWER, LLC TO ADJUST RATES FOR NATURAL GAS SERVICE BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

Pursuant to the Kentucky Public Service Commission's regulation 807 KAR 5:076, Citipower, LLC gives notice that an application has been filed on or before April 1, 2019, with the Kentucky Public Service Commission seeking approval to adjust its rates for natural gas service for the purpose of acquiring a certain natural gas pipeline, ensuring Citipower, LLC will have access to a reliable, long-term gas supply. This rate adjustment will apply to all of Citipower, LLC's customers. The increase is to be effective October 1, 2019, or sooner, if approved by the Kentucky Public Service Commission. If Citipower, LLC's application is approved, monthly natural gas bills from Citipower, LLC will increase as follows:

Customer Class	Existing Base Rate (customer charge)	Proposed Base Rates (customer charge)	Proposed Increase Amount	% of Proposed Increase
Commercial	\$15.00	\$20.00	\$5.00	33.33%
Industrial	\$15.00	\$20.00	\$5.00	33.33%
Institutional	\$20.00	\$25.00	\$5.00	25.00%
Residential	\$8.00	\$8.00	\$0.00	0.00%

Customer Class	Existing Gas Cost Rates	Proposed Gas Cost Rates	Proposed Increase Amount	% of Proposed Increase
Commercial	\$7.80/mcf	\$11.50/mcf	\$3.70/mcf	47.44%
Industrial	\$7.80/mcf	\$11.50/mcf	\$3.70/mcf	47.44%
Institutional	\$8.30/mcf	\$14.00/mcf	\$5.70/mcf	68.67%
Residential	\$7.76/mcf	\$10.00/mcf	\$2.24/mcf	28.87%

Customer Class	2018 average usage per customer	Average monthly customer usage	Average monthly cost per customer	Cost increase based on average usage
Commercial	144.50	12.04	\$171.81	\$49.56
Industrial	717.13	59.76	\$793.19	\$226.12
Institutional	1,441.76	120.15	\$1,644.59	\$689.84
Residential	35.62	2.97	\$46.53	\$6.65

The cost increase is if the proposed rates are approved by the Kentucky Public Service Commission. The rates contained in this notice are the rates proposed by Citipower, LLC however, the Kentucky Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any person may submit a timely written request to intervene to the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request and including the status and interest of the party. If the Kentucky Public Service Commission does not receive a request to intervene within thirty (30) days of the initial publication or mailing of this notice, the Kentucky Public Service Commission may take final action on the application. Any comments regarding this application may be submitted through the Commission's Web site at <http://psc.ky.gov/> or by mail to P.O. Box 615, Frankfort, Kentucky 40602.

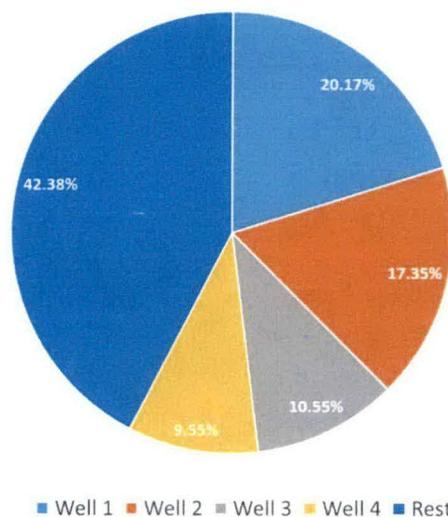
Copies of Citipower, LLC's application may be obtained or viewed from Citipower, LLC at 37 Court Street, Whitley City, Kentucky 42653 Monday through Friday from 8:30 a.m. to 4:30 p.m. The application and all documents filed with the Kentucky Public Service Commission may be viewed and downloaded at the Kentucky Public Service Commission's Web site at <http://psc.ky.gov/> or a copy can be obtained from the Kentucky Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 between the hours of 8:00 a.m. to 4:30 p.m.

REASON FOR APPLICATION

Since 1996, Citipower has relied heavily on local gas supply, drilled by its affiliate Forexco, to meet the demands of its customers. Forexco has not actively drilled in the area since 2001; as a result, gas volumes from local wells have significantly depleted.

Of the 40+ wells that Forexco originally drilled, only 25 are still capable of consistently producing commercial quantities of natural gas. Of those, 4 wells account for approximately 58% of the total gas the wells supply to Citipower; 2 wells account for approximately 38% of the total. See the pie chart below for distribution of production by well.

2018 Well Production to Total



Aside from the risk concentration associated with the local gas supply (relegated to the performance of just a few wells), the producing pressures associated with the wells have correspondingly depleted over time. Whereas the production pressure was 35 pounds per square inch (psi) ten years ago, it is now just 3psi; this indicates that future gas reserves to be produced from those wells are nearing their end. As a result, Forexco's operation manager indicated that it is in Citipower's best interest to seek an alternate source of natural gas for its long-term needs.

Citipower has access to Citizens Gas Utility ("Citizens") in Tennessee for its current peaking needs. While Citizens has supplied gas to Citipower, on demand, the cost associated with such an arrangement (total gas cost premium of \$8.06 per mcfg) makes it economically prohibitive for its base gas supply. With Citipower's having purchased an average 64,694mcfg per year over the last five years from Forexco, if Citipower were to buy that same gas from Citizens, utility customers would pay an additional \$521,435 per year in gas cost premiums.

Citizens is happy to continue under our current pricing arrangement but is unwilling to provide base gas supply to Citipower. Further, Citizens' first business concern is delivering gas to its own local customers; providing Citipower gas is a secondary matter for them. In the event where the two conflict, Citipower

will always come second. For that reason, Citizens is not a reliable source for consistent, long-term gas supply.

Citipower has identified Delta Natural Gas ("Delta") as the closest provider who could adequately serve its needs; Delta is actively involved in moving large volumes of gas through its pipeline system for buyers and sellers. There are two ways for Citipower to obtain unrestricted access to Delta: 1) lay 20 miles of new pipeline along Highway 92 to Delta's pipeline in Williamsburg, Kentucky; 2) acquire an existing pipeline that will tie Citipower into Delta.

Having completed a 10 mile pipeline construction project in eastern Kentucky not too long ago (2015), we have historical records which indicate an actual average cost of \$314,000 per mile. This suggests an estimated total cost for the project of \$6.28 Million, which considering the size of Citipower, is out of the question; it's just too expensive and would be too much of a financial burden on the utility's customers.

Another option is to purchase the Herbert White Pipeline (owned by Champ Oil), which connects Citipower to Delta, for \$1.5 Million. Though the cost would result in a necessary rate increase to the customers, the increase is much more favorable to the utility customers compared to the alternatives. It is also possible that, through the acquisition, Citipower will eventually add more customers to its base. This would help spread out the per-customer costs for any future rate increase needs.

By connecting to Delta, Citipower would have direct access to an adequate gas supply, where gas can be purchased at market rates roughly reflective of what it has purchased from Forexco's wells.

For the above reasons, Citipower seeks approval from the Kentucky Public Service Commission for the following:

- 1) To purchase the Herbert White pipeline from Champ Oil;**
- 2) To increase the tariff rates to the utility customers to cover the finance costs associated with the acquisition.**

Citipower is not requesting a rate increase for any other purpose than to cover the finance and operating costs for the acquisition of the Herbert White pipeline. The acquisition will be repaid on a 15 year amortization schedule, keeping the cost burden as low as possible to the customers.

Citipower has a signed Letter of Intent with Champ Oil and has also received a non-binding letter of interest from our bank supporting the financing of the acquisition. Both are subject to the approval of the Public Service Commission to this application.

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

Customer Class	Existing Base Rates	Proposed Base Rates
Commerical	\$15.00	\$20.00
Industrial	\$15.00	\$20.00
Institutional	\$20.00	\$25.00
Residential	\$8.00	\$8.00

Customer Class	Existing Gas Cost Rates	Proposed Gas Cost Rates
Commerical	\$7.80/mcf	\$11.50/mcf
Industrial	\$7.80/mcf	\$11.50/mcf
Institutional	\$8.30/mcf	\$14.00/mcf
Residential	\$7.76/mcf	\$10.00/mcf

SCHEDULE OF ADJUSTED OPERATIONS - GAS UTILITY

TYE 12/31/20 18

	Test Year	Adjustment	Ref.	Pro Forma
Operating Revenues				
Sales of Gas				
Residential	181,496.00	28,340.00	A	209,836.00
Commercial & Industrial	763,118.00	326,330.00	A	1,089,448.00
Interdepartmental	0.00			0.00
Sales for Resale	0.00			0.00
Total Sales of Gas	944,614.00	354,670.00		1,299,284.00
Other Operating Revenues				
Forfeited Discounts	0.00			0.00
Miscellaneous Service Revenues	6,172.00	27,375.00	B	33,547.00
Rent from Gas Property	0.00			0.00
Other Gas Revenues	0.00			0.00
Total Operating Revenues	950,786.00	382,045.00		1,332,831.00
Operating Expenses				
Operation and Maintenance Expenses				
Manufactured Gas Production Expenses	0.00			0.00
Natural Gas Production Expenses	0.00			0.00
Exploration and Development Expenses	0.00			0.00
Storage Expenses	0.00			0.00
Other Gas Supply Expenses	299,523.00			299,523.00
Transmission Expenses	758.00	100,688.00	C	101,446.00
Distribution Expenses	60,894.00	89,430.00	D	150,324.00
Customer Accounts Expenses	152,845.00			152,845.00
Customer Service and Informational Expenses	0.00			0.00
Administrative and General Expenses	238,850.00			238,850.00
Total Operation and Maintenance Expenses	752,870.00	190,118.00		942,988.00
Depreciation Expense	89,008.00	37,500.00	E	126,508.00
Amortization Expense	13,188.00			13,188.00
Taxes Other Than Income	42,218.00			42,218.00
Income Tax Expense	0.00			0.00
Total Operating Expenses	897,284.00	227,618.00		1,124,902.00
Utility Operating Income	53,502.00	154,427.00		207,929.00

References

A: Result of proposed tariff rate increase

B: Miscellaneous Service Revenues:

a) Transportation revenue to be earned by transporting gas (assumed 300Mcf/d @ \$0.25/Mcf): \$27,375

C: Transmission Cost Adjustments (projections based on 2017-2018 historical cost for Herbert White Pipeline):

D: Distribution Cost Adjustments (projections based on 2017-2018 historical cost for Herbert White Pipeline):

E: Depreciation on acquired pipeline: (40 year life, straight-line method)

REVENUE REQUIREMENT CALCULATION - OPERATING RATIO METHOD

(Method commonly used by investor owned utilities and/or non-profit entities that do not have long-term debt outstanding.)

Pro forma Operating Expenses Before Income Taxes	\$825,379.00
Operating Ratio	0.88
Sub-Total	<u>937,930.68</u>
Less: Pro forma Operating Expenses Before Income Taxes	<u>-825,379.00</u>
Net Income Allowable	<u>112,551.68</u>
Add: Provision for State and Federal Income Taxes, if Applicable (see footnote)	0.00
Interest Expense	96,658.00
Pro forma Operating Expenses Before Taxes	825,379.00
Cost of Natural Gas (water utilities should leave this blank)	<u>299,523.00</u>
Total Revenue Requirement	<u>1,334,111.68</u>
Less: Other Operating Revenue	33,547.00
Non-operating Revenue	0.00
Interest Income	<u>0.00</u>
Total Revenue Required from Rates for Service	<u>1,300,564.68</u>
Less: Revenue from Sales at Present Rates	<u>944,614.00</u>
Required Revenue Increase	<u><u>355,950.68</u></u>

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	<u><u>37.68%</u></u>
--	----------------------

Provision for Income Taxes - Calculation of Tax Gross-Up Factor

Revenue	1
Less: 5% State Tax	-0.05
Sub-Total	0.95
Less: Federal Tax, 15% of Sub-Total	-0.1425
Percent Change in NOI	0.8075
Factor (Revenue of 1 divided by change in NOI)	1.23839
Times: Allowable Net Income	112,551.68
Net Income Before Taxes	139,382.89
Difference Equals Provision for State and Federal Income Taxes	26,831.21

Notes: (1) Natural gas utilities should deduct their cost of natural gas from pro forma operating expenses before performing the operating ratio calculation. The cost of natural gas should be added back and included in pro forma operating expenses when determining the total revenue requirement. (2) A provision for state and federal income taxes should only be included in the calculation of revenue requirements for utilities that file income tax returns and are liable for the payment of state and federal income taxes. Utilities whose income flows through to its owner's income tax returns for tax purposes should not include a provision for income taxes. (3) The conversion factor above is calculated using the minimum federal tax rate. Adjustment may be warranted where the actual federal tax rate exceeds the minimum federal tax rate.

BILLING ANALYSIS - FLAT RATES

Revenue from Present/Proposed Rates

Commercial

	<u>Current Rate</u>	<u>Proposed Rate</u>
Number of Customers	50	50
Flat Monthly Rate	\$15.00	\$20.00
Monthly Revenue	\$750.00	\$1,000.00
Number of Months	12	12
Annual Revenue	\$9,000.00	\$12,000.00

BILLING ANALYSIS - FLAT RATES

Revenue from Present/Proposed Rates

Industrial

	<u>Current Rate</u>	<u>Proposed Rate</u>
Number of Customers	7	7
Flat Monthly Rate	\$15.00	\$20.00
Monthly Revenue	\$105.00	\$140.00
Number of Months	12	12
Annual Revenue	\$1,260.00	\$1,680.00

BILLING ANALYSIS - FLAT RATES

Revenue from Present/Proposed Rates

Institutional

	<u>Current Rate</u>	<u>Proposed Rate</u>
Number of Customers	34	34
Flat Monthly Rate	\$20.00	\$25.00
Monthly Revenue	\$680.00	\$850.00
Number of Months	12	12
Annual Revenue	\$8,160.00	\$10,200.00

BILLING ANALYSIS - FLAT RATES
Revenue from Present/Proposed Rates
Residential

	<u>Current Rate</u>	<u>Proposed Rate</u>
Number of Customer:	353	353
Flat Monthly Rate	\$8.00	\$8.00
Monthly Revenue	\$2,824.00	\$2,824.00
Number of Months	12	12
Annual Revenue	\$33,888.00	\$33,888.00

Revenue from Present/Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Industrial

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	87	0						0
All Mcf	0	5,199.20						5,199.20
Totals	87	5,199.20						5,199.20

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	87	0	\$20.00 per bill	\$1,740.00
All Mcf	0	5,199.20	\$11.50 per mcfg	\$59,790.80
Totals	87	5,199.20		\$61,530.80

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Commercial

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	605	0						0
All Mcf	0	7,285.40						7,285.40
Totals	605	7,285.40						7,285.40

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	605	0	\$20.00 per bill	\$12,100.00
All Mcf	0	7,285.40	\$11.50 per mcfg	\$83,782.10
Totals	605	7,285.40		\$95,882.10

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Institutional

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	402	0						0
All Mcf	0	48,299.10						48,299.10
Totals	402	48,299.10						48,299.10

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	402	0	\$25.00 per bill	\$10,050.00
All Mcf	0	48,299.10	\$14.00 per mcfg	\$676,187.40
Totals	402	48,299.10		\$686,237.40

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	4,235	0						0
All Mcf	0	12,570.00						12,570.00
Totals	4,235	12,570.00						12,570.00

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	4,235	0	\$8.00 per bill	\$33,880.00
All Mcf	0	12,570.00	\$10.00 per mcfg	\$125,700.00
Totals	4,235	12,570.00		\$159,580.00

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge.
 Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Commercial

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	605	0						0
All Mcf	0	7,285.40						7,285.40
Totals	605	7,285.40						7,285.40

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	605	0	\$15.00 per bill	\$9,075.00
All Mcf	0	7,285.40	\$7.80 per mcfg	\$56,826.12
Totals	605	7,285.40		\$65,901.12

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Industrial

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	87	0						0
All Mcf	0	5,199.20						5,199.20
Totals	87	5,199.20						5,199.20

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	87	0	\$15.00 per bill	\$1,305.00
All Mcf	0	5,199.20	\$7.80 per mcfg	\$40,553.76
Totals	87	5,199.20		\$41,858.76

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Institutional

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	402	0						0
All Mcf	0	48,299.10						48,299.10
Totals	402	48,299.10						48,299.10

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	402	0	\$20.00 per bill	\$8,040.00
All Mcf	0	48,299.10	\$8.30 per mcfg	\$400,882.53
Totals	402	48,299.10		\$408,922.53

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

Revenue from Present/Proposed Rates
 Test Period from 01-01-18 to 12-31-18

USAGE TABLE
Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4)	(5)	(6)	(7)	(8)	(9) Total
Customer Charge	4,235	0						0
All Mcf	0	12,570.00						12,570.00
Totals	4,235	12,570.00						12,570.00

REVENUE TABLE
Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
Customer Charge	4,235	0	\$8.00 per bill	\$33,880.00
All Mcf	0	12,570.00	\$7.76 per mcfg	\$97,543.20
Totals	4,235	12,570.00		\$131,423.20

Instructions for Completing Revenue Table:

- (9) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (10) Complete Column No. 4 using rates either present or proposed.
- (11) Column No. 5 is completed by first multiplying the bills times the minimum charge. Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Citipower, LLC ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Daniel R. Forsberg	President, 10%+ Owner	\$0.00
Citigas, LLC	Natural Gas Supply	\$299,523.49
CitiEnergy, LLC	Administrative Management	\$72,000.00

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Daniel R. Forsberg
(Print Name)


(Signed)

President
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY ~~NORTH CAROLINA~~

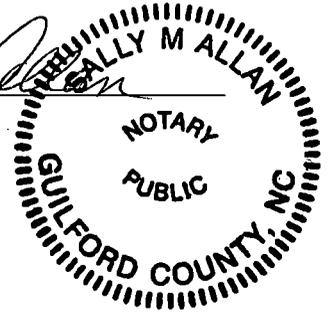
COUNTY OF GUILFORD

Subscribed and sworn to before me by Daniel Forsberg
(Name)

this 28 day of MARCH, 2009.

Sally M. Allan
NOTARY PUBLIC
State-at-Large

Commission Exp. 12/23/2022



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

FOR Entire Area Served
(COMMUNITY OR COUNTY)

P.S.C. KY. NO. 1

67th Revised SHEET NO. 18

CANCELING P.S.C. KY. NO. 1

66th Revised SHEET NO. 18

Classification of Service

RESIDENTIAL

Availability of Service: Residential Customers

Rates: Monthly

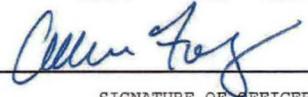
	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>	
Customer Charge	\$8.00		\$ 8.00	
All Mcf	\$10.00	\$5.2217	\$15.2217	(l)

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 March 29, 2019
MONTH DAY YEAR

DATE EFFECTIVE October 1, 2019
MONTH DAY YEAR

ISSUED BY 
NC 27408
SIGNATURE OF OFFICER

Controller 2309 W Cone Blvd Suite 200, Greensboro,
TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. _____ dated _____.

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

FOR Entire Area Served

(COMMUNITY OR COUNTY)

P.S.C. KY. NO. 1

67th Revised SHEET NO. 19

CANCELING P.S.C. KY. NO. 1

66th Revised SHEET NO. 19

Classification of Service

COMMERCIAL

Availability of Service: Commercial Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>	
Customer Charge	\$20.00		\$20.00	(I)
All Mcf	\$11.50	\$5.2217	\$16.7217	(I)

DATE OF ISSUE March 29, 2019
MONTH DAY YEAR

DATE EFFECTIVE October 1, 2019
MONTH DAY YEAR

ISSUED BY Allen Fry
NC 27408

SIGNATURE OF OFFICER

Controller 2309 W Cone Blvd Suite 200, Greensboro,
TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. _____ dated _____.

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

FOR Entire Area Served

(COMMUNITY OR COUNTY)

P.S.C. KY. NO. 1

65th Revised SHEET NO. 20

CANCELING P.S.C. KY. NO. 1

64th Revised SHEET NO. 20

Classification of Service

INDUSTRIAL

Availability of Service: Industrial Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>	
Customer Charge	\$20.00		\$20.00	(l)
All Mcf	\$11.50	\$5.2217	\$16.7217	(l)

DATE OF ISSUE March 29, 2019
MONTH DAY YEAR

DATE EFFECTIVE October 1, 2019
MONTH DAY YEAR

ISSUED BY Alan Fry
NC 27408

SIGNATURE OF OFFICER

Controller 2309 W Cone Blvd Suite 200, Greensboro,
TITLE ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. _____ dated _____.

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

FOR Entire Area Served

(COMMUNITY OR COUNTY)

P.S.C. KY. NO. 1

64th Revised SHEET NO. 20.1

CANCELING P.S.C. KY. NO. 1

63rd Revised SHEET NO. 20.1

Classification of Service

INSTITUTIONAL

Availability of Service: Institutional Customers

Rates: Monthly

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>	
Customer Charge	\$25.00		\$25.00	(I)
All Mcf	\$14.00	\$5.2217	\$19.2217	(I)

DATE OF ISSUE March 29, 2019
MONTH DAY YEAR

DATE EFFECTIVE October 1, 2019
MONTH DAY YEAR

ISSUED BY Chris Fry
NC 27408

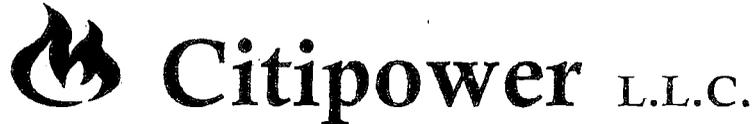
SIGNATURE OF OFFICER

Controller 2309 W Cone Blvd Suite 200, Greensboro,

TITLE

ADDRESS

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. _____ dated _____.



3206 W CONE BLVD, STE 200 GREENSBORO, NC 27408 (336) 379-0800

LETTER OF INTENT MEMORANDUM

TO: WAYNE L. FARRIS, PRESIDENT - CHAMP OIL CO., INC.
FROM: DANIEL R. FORSBERG, PRESIDENT OF CITIPOWER, LLC.
SUBJECT: LETTER OF INTENT TO PURCHASE CERTAIN ASSETS IN MCCREARY AND WHITLEY COUNTIES, KENTUCKY
DATE: FEBRUARY 1, 2019

Citipower, LLC. (Buyer) hereby offers a non-binding letter of intent to Champ Oil Co., Inc. and Wayne L. Farris to purchase the Herbert White Pipeline and other associated pipeline assets all located in McCreary and Whitley Counties, Kentucky. The effective date of this Letter of Intent is February 1, 2019 and expires December 31, 2019.

It is our objective to complete the sale on or before December 31, 2019.

This proposal is subject to the approval of the Public Service Commission of Kentucky

Assets to be Purchased from Champ Oil Co., Inc. (Seller):

- 1) 100% Interest in the Herbert White Gas Pipeline.
- 2) All applicable pipeline easements and surface use agreements associated with the Pipeline.
- 3) All pipeline and related rights of way to the tie-in point at Delta Natural Gas Company, Inc. and Citipower Utility.
- 4) All Metering Stations on the Herbert White Gas Pipeline.
- 5) All Compression Equipment associated with the Herbert White Gas Pipeline. All maintenance tools, fusing equipment, meters, compressors, rolling stock, buildings or real estate associated with the Herbert White Gas Pipeline.
- 6) All material contracts or agreements related to the foregoing
- 7) See Exhibit A, attached to this document, for a map of the Herbert White Gas Pipeline and Exhibit B for the asset list to be conveyed at closing.

Assets to be excluded from the sale:

A 7.5 acre lot containing a metal shop building and a Mobile Home Office at 4755 N Highway 25W Williamsburg, KY 40769.

Purchase Price:

ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) in CASH

Purchase and Sale Agreement

Once the Kentucky Public Service Commission (KPSC) approves this transaction, Seller shall have 30 days to prepare and submit a Purchase and Sale Agreement (PSA) and related documents to Buyer for review.

The following shall be Citipower's (BUYER) conditions to purchase the Assets:

1. Upon mutual acceptance of this Letter of Intent, Buyer shall deliver to Seller, a one thousand dollar (\$1,000.00) non-refundable deposit as full consideration of this agreement. The \$1,000 payment shall go toward the purchase price at closing.
2. The term of this agreement will be until such time as Citipower, LLC receives written notification from the KPSC that this transaction has been approved. By statute, KPSC is required to rule on matters such as this within six months from acceptance of the application. The KPSC application will require 30-60 days to prepare and submit. Therefore, we expect to have a ruling on our request within 7-8 months.
3. Upon written approval by the KPSC, the Seller will have 10 days to submit a Purchase and Sale Agreement to the Buyer and upon the signing of the PSA the Buyer will deposit a fifty-thousand dollar (\$50,000.00) non-refundable payment to Seller as a partial payment for the assets.
4. Completion of Due Diligence by Buyer. During the Due Diligence period, Seller shall make all records available for review by Buyer, at Seller's office(s).
5. Disclosure by Seller of any/all pending or threatened litigation, State or Federal Orders, liabilities or any other encumbrances on assets.
6. This will be an Asset sale. Seller shall assign all right, title and interest to the Assets without any liens or encumbrances of any kind.
7. Buyer may terminate this Letter of Intent for any reason, at Buyer's discretion, with no penalty to Buyer.
8. This transaction is subject to the approval of the Kentucky Public Service Commission (PSC).
9. This Transaction is subject to a mutually acceptable Purchase and Sale Agreement.
10. Seller agrees to deal exclusively and solely with the buyer and not entertain competing offers during the effective period of this Letter of Intent which terminates December 31, 2019, or at the earlier termination date mentioned above.

This offer is intended to be a description of terms in principle. This agreement shall be governed by the laws of Kentucky without reference to its conflicts of law principles.

It is understood and agreed that this Memorandum does not address all matters in order for the proposed transaction to be consummated and Purchase and Sale Agreement may introduce additional details as required.

If the foregoing is acceptable, please indicate by signing and dating this letter the space provided below and returning an executed copy to my attention.

CITIPOWER, LLC.



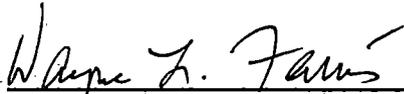
Signature – Authorized Party for Citipower, LLC

Daniel R. Forsberg, President

Name of Authorized Party for Citipower, LLC

Approved:

CHAMP OIL



Signature – Authorized Party for Champ Oil Company, Inc. and Herb White Gas Company, Inc.

Wayne L. Farris, President

Name of Authorized Party for Champ Oil Company, Inc. and Herb White Gas Company, Inc.

2/11/2019

Date of Approval.

MAP FILED UNDER SEAL
PURSUANT TO A MOTION
FOR CONFIDENTIAL TREATMENT

EXHIBIT B

ASSET LIST SUMMARY

ASSETS of CHAMP OIL and HERBERT WHITE GAS COMPANY		
Asset Type	Location	Quantity (pipeline in feet)
6" Plastic Pipe	Whitley/McCreary County, KY	183,500
2", 3", & 4" Plastic Pipe	Whitley/McCreary County, KY	180,000
Farm Tap Customers	Whitley/McCreary County, KY	19
Compressors	Whitley/McCreary County, KY	8

ASSET LIST BY ASSET TYPE

Champ Oil & Herbert White Gas Company Asset List		
6" Plastic Pipe	Feet	
Mt. Morgan Compressor back to Pat. White Compressor	28,000	Mt. Morgan is the primary compressor into the Delta Pipeline
Pat White lease to J. L. White Compressor tie-in	14,000	
Jr. Stephens Compressor to Pat White Compressor	18,000	
Jr. Stephens Compressor, west into McCreary Co. to Judson Harmon lease	34,000	
Ken Campbell lease to K. Campbell Compressor	4,500	This compressor is actually on the Mountjoy property. The discharge ties into the line from Jr. Stephens Compressor to Pat White Compressor
Ancil Meadors Compressor to Jr. Stephens Compressor	7,000	
Lamb Mtn Compressor Site to Ancil Meadors Compressor	63,000	This line was the main pipeline going up Jellico Creek to the Lamb Mtn compressor site at the Citizen Line when gas was sold to Citizens
J. L. White Compressor to tie-in with line from Pat White Compressor	4,000	Discharge from the J.L. & Pat White compressors feed the Mt. Morgan Compressor
Mountjoy Lease to Carl Patrick Compressor	11,000	This compressor is actually on the Davis property. One part of the line goes through the Carl Patrick lease and the other part goes west toward McCreary Co. through the Mountjoy lease. Discharge from this compressor ties into the line from Jr. Stephens Compressor to Pat White Compressor
Total Amount of 6" Plastic Pipe	183,500	

Champ Oil & Herbert White Gas Company Asset List

2", 3", & 4" Plastic Pipe	Feet	
4" Plastic Pipe		
West and South of the Harmon lease in McCreary Co. On the southern part is the tie in with the CITIPOWER line	18,000	These lines merge into the 6" line on the J. Harmon lease which goes to the Jr. Stephens Compressor
2" & 3" Plastic Pipe		
Upstream of the Jr. Stephens Compressor	60,000	These lines connect wells to the 6" line that goes to the Jr. Stephens Compressor, which generally runs parallel to Highway 92
Upstream of the Ancil Meadors Compressor	4,000	These lines connect wells to the 6" line that generally follows Jellico Creek south of Highway 92 to the old Land Mountain Compressor Site.
NE of Jr. Stephens Compressor	22,000	These lines fed the 6" line between Jr. Stephens and Pat White Compressors
Upstream of Carl Patrick Compressor	30,000	These lines gather gas from wells into the 6" line to the Carl Patrick Compressor
Upstream of Ken Campbell Compressor	12,000	These lines gather gas from wells into the 6" line to the Ken Campbell Compressor
Upstream of J.L. White Compressor	28,000	These lines gather gas from wells into the 6" line to the J.L. White Compressor
Suction side of Mt. Morgan Compressor	6,000	These lines gather gas from wells into the 6" line on the suction side of the Mt. Morgan Compressor
Total	180,000	

Champ Oil & Herbert White Gas Company Asset List

Compressors						
Mount Morgan Discharge into Delta	Engine G-342 Cat	Compressor Knight KOA 2	1st Stage 12 1/2" bore Stroke 4 1/2"	2nd Stage 8 1/2" bore Stroke 5"	3rd Stage 4" bore Stroke 5"	
		Max Rod Load 14,000	Stroke 4 1/2"	MaWp 550PSI	MaWp 1500PSI	
		Stroke 4 1/2"	MaWp 400PSI	Class 9"	Class 4 3/4"	
		Ser. # 30992	class 12 1/2	Max Rod Load 10,000	Max Rod Load 10,000	
			Max Rod Load 14,000	Ser. # 1706	Cyl. Ser. # 1704	
			Ser. # 5103			
		Coolers on 1st & 2nd Stage no Numbers	1st Stage Scrubber #s not legible	2nd Stage Scrubber MaWp 450 PSI @2000 Deg. F Shell Thickness 3/4"	3rd Stage Scrubber MaWp 650 PSI @200 Deg. F Ser. # KC 81142-2	
				Ser. # KC 7915-2		
				Year Model 1979		
Jr. Stevens	Engine Arrow VRG 260 Model A-42 47 HP Ser # ACA42500	Compressor VRU-1 Max RPM 600 Ser. # 13003	Cylinder 8" bore WaWp 150 PSI Ser. # 13005	Fuel Bottle MaWp 275PSI @ 120 Deg. F MdMt -20 Degree F @275 PSI Ser. # 1759	Scrubber MaWp 225 PSI @150 Deg. F MdMt -20 Degree F @225 PSI	Cooler MaWp 350 PSI @350 Deg. F MdMt -20 Degree F @400 PSI Ser. # 33863
Ken Campbell	Engine 330 Waukeska Model VRG330 Ser # G45406	Compressor JGP-1 Max RPM 1,800 Ser. # F-3125 Stroke 3" Max Rod Load 10,000 Year Model 1981	Cylinder 6 1/2" bore WaWp 275 PSI Ser. # C-6380 Stroke 3"	Scrubber Bottle MaWp 1000 PSI @100 Deg. F Hydro Test 1500 PSI Ser. # H-00281 Year Model 1982	Water Cooler MaWp 150 PSI @300 Deg. F Ser. # 813126-1 Year Model 1981	Suction Cooler MaWp 1250 PSI @300 Deg. F Ser. # 813126-2 Discharge Cooler MaWp 1250 PSI @350 Deg. F Ser. # 813126-3 Year Model 1981
Pat White-Booster	Engine 3406 Cat Casting # 7N5456 Tag Ser. # 07y01583 3306 NG	Compressor Sul-Air Part # 02250064-947 Ser. # 006-9700 2498	1st Stage Scrubber MaWp 230 PSI @300 Deg. F MdMt -20 Degree F @300 PSI Ser. # 18-0760	2nd Stage Cooler MaWp 400 PSI @300 Deg. F MdMt -20 Degree F @400 PSI Ser. # 96336-2 Year Model 1997	Compressor Oil Tank MaWp 400 PSI @300 Deg. F MdMt -20 Degree F @400 PSI Ser. # 16-0757	Water Cooler/Air Exchange MaWp 150 PSI @300 Deg. F Ser. # 96336-1 Year Model 1997 Model L72S
			1st Stage Cooler MaWp 400 PSI @300 Deg. F MdMt -20 Degree F @400 PSI Ser. # 96336-2	Model L72S		
J.L. White	Engine 330 Waukeska Model VRG330 Ser # G43138 Gov. Speed 1800 ? 365943	Compressor Ariel JGP-1 RPM 900-1,800 Stroke 3" Max Rod Load 12,000 Year Model 1984 Single Stage D/Action	Cylinder 8" bore WaWp 175 PSI Ser. # C-6380 Stroke 3" Ser. # C-11378	Water Cooler Fin X Inc. MaWp 150 PSI @300 Deg. F Ser. # K066-1 Year Model 1984 Model VS36-5	Discharge Cooler MaWp 1250 PSI @350 Deg. F Ser. # K066-3 Model VS36-5	Scrubber MaWp 750 PSI @350 Deg. F Hydro Test 1500 PSI Ser. # 467 Model SC-3D-05 Shell Thickness .500
					Suction Cooler MaWp 1250 PSI @300 Deg. F Ser. # K066-2 Year Model 1984 Model VS36-5	
Delmar Lay	Engine K6 Ser # K1077 RPM 400-800	Compressor Corken Ser. # DT 40621 Model WDA690P4FBA	Scrubber No Numbers			
Ancil Meadors	Engine K6 Ser # K1079 RPM 400-800	Compressor Corken Ser. # AV 36170 Model WDA690K4FBAZ	Scrubber No Numbers			

Financial Exhibit Pursuant to 807 KAR 5:001 Section 12(2)(a)-(i) and 807 KAR 5:001 Section 18(2)(a):

Citipower had \$5,000,000 or less in gross annual revenue in 2018. No material changes have occurred since the end of the twelve month period. The financial statements for 2018 are attached.

Amount and kinds of stock authorized (807 KAR 5:001 Section 12(2)(a)):

- Citipower has no stock authorized.

Amount and kinds of stock issued and outstanding (807 KAR 5:001 Section 12(2)(b)):

- Citipower has no stock issued or outstanding.

Terms of preference of preferred stock, cumulative or participating, or on dividends or assets or otherwise (807 KAR 5:001 Section 12(2)(c)):

- There has been no preferred stock issued for Citipower.

A brief description of each mortgage on property of applicant (807 KAR 5:001 Section 12(2)(d)):

- There are no outstanding mortgages.

Amount of bonds authorized and amounts issued and related information (807 KAR 5:001 Section 12(2)(e))

- There have been no bonds authorized or issued.

Notes outstanding and related information (807 KAR 5:001 Section 12(2)(f))

- There are no outstanding notes.

Other indebtedness and related information (807 KAR 5:001 Section 12(2)(g))

- Citipower does not have any indebtedness.

Dividend information (807 KAR 5:001 Section 12(2)(h))

- Citipower does not pay dividends.

Detailed Income Statement and Balance Sheet (807 KAR 5:001 Section 12(2)(i))

- See the financial documents attached to this Exhibit.

Citipower, L. L. C.
Balance Sheet
As of December 31, 2018
Dec 31, 18

ASSETS

Current Assets

Checking/Savings

131 · Cash

131.7 · CB Operating	4,731.47
131.3 · MC - Special A/C	383.44
131.1 · MC - Operating A/C	47,796.39
131.2 · MC - Business A/C	(5,250.00)
131.5 · PNC	(5,606.11)
131.9 · Petty Cash	1,065.53
131 · Cash - Other	144.43

Total 131 · Cash 43,265.15

Total Checking/Savings 43,265.15

Accounts Receivable

142 · Customer Accounts Receivable

142.1 · A/R - Residential/Commercial 121,636.00

Total 142 · Customer Accounts Receivable 121,636.00

144 · Allow for Uncollectible Accts. (6,000.00)

Total Accounts Receivable 115,636.00

Other Current Assets

134 · Other Special Deposits

134.5 · Utility Deposits 128.00

Total 134 · Other Special Deposits 128.00

146 · I/C from Associated Companies

146.3 · I/C - Forexco, Inc. 153.69

146.4 · I/C- CitiEnergy, Inc. 13,781.49

Total 146 · I/C from Associated Companies 13,935.18

Total Other Current Assets 14,063.18

Total Current Assets 172,964.33

Fixed Assets

101 · Gas Plant in Service (365-399)

369.1 · Heater-Prison Meter 846.36

368.N · Compressor Station & Equip. - N 69.34

369 · Prison Pipeline 2,025.51

376.1 · Pipeline - 1" & 2" 444,448.90

376.3 · Pipeline - 3" 456,479.96

376.4 · Pipeline - 4" 1,008,793.48

376.6 · Pipeline - 6" 492,615.37

377 · Compressor Station & Equipment 7,160.77

378 · Meas & Reg Station Equip 2,575.47

378.1 · Reg/Odorant Station 12,474.06

382 · Equipment - Meters/Setup 776,884.75

385 · Leasehold Improvements 854.76

390 · Office Building 125,000.00

391.1 · Office Furniture & Equipment 18,770.01

Citipower, L. L. C.
Balance Sheet
As of December 31, 2018
Dec 31, 18

391.2 · Office Software	17,551.32
392 · Automobiles/Vehicles	150,785.89
396 · Equipment - DW/Other	107,705.43
Total 101 · Gas Plant in Service (365-399)	3,625,041.38
108 · Accumulated Depreciation	(3,394,174.84)
Total Fixed Assets	230,866.54
TOTAL ASSETS	403,830.87
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	83,445.04
Total Accounts Payable	83,445.04
Other Current Liabilities	
235 · Customer Deposits	14,903.00
236 · Taxes Accrued	
236.2 · Sales Tax Payable	9,344.24
236.4 · School Tax Payable	8,845.87
Total 236 · Taxes Accrued	18,190.11
Total Other Current Liabilities	33,093.11
Total Current Liabilities	116,538.15
Total Liabilities	116,538.15
Equity	
216 · Retained Earnings	207,586.37
Net Income	79,706.35
Total Equity	287,292.72
TOTAL LIABILITIES & EQUITY	403,830.87

Citipower, L. L. C.
Profit & Loss
January through December 2018

Jan - Dec 18

Ordinary Income/Expense

Income

400 · Operating Revenues

480 · Sales of Gas

480.1 · Residential Sales 181,495.56

481.1 · Commercial Sales 95,858.21

481.2 · Industrial Sales 63,737.01

482.1 · Public Sales 603,523.31

Total 480 · Sales of Gas 944,614.09

Total 400 · Operating Revenues 944,614.09

414 · Other Operating Income

488.1 · Misc Service Revenues 485.00

488.2 · Late Charges Collected 4,086.98

488.3 · Hook up fees collected 1,600.00

Total 414 · Other Operating Income 6,171.98

Total Income 950,786.07

Gross Profit 950,786.07

Expense

401 · Operation Expense

80X · Gas Supply Expense

801 · Natural Gas Field Purchases 299,523.49

Total 80X · Gas Supply Expense 299,523.49

85X · Transmission Expenses

855 · Trans. Compressor Fuel & Power

855.3 · Compressor Electricity 306.44

Total 855 · Trans. Compressor Fuel & Power 306.44

Total 85X · Transmission Expenses 306.44

87X · Distribution Expenses

875 · Measuring & Reg. Station Exp.

875.5 · Electricity - Prison Meter 451.15

Total 875 · Measuring & Reg. Station Exp. 451.15

878 · Meter & House Regulator Expense

878.3 · Meters & Regulators 6,789.27

878.8 · Materials & Supplies 1,802.39

Total 878 · Meter & House Regulator Expense 8,591.66

881 · Rents - Distribution Expenses

881.4 · Rent - Shop & Storage 4,300.00

881.5 · Easements 3,843.40

Total 881 · Rents - Distribution Expenses 8,143.40

893 · Maintenance of Meters & Reg. 1,995.00

894 · Maintenance of Equipment

894.1 · Equipment Repairs 476.17

894.2 · Ditchwitch Maintenance 904.60

Total 894 · Maintenance of Equipment 1,380.77

Total 87X · Distribution Expenses 20,561.98

Citipower, L. L. C.
Profit & Loss
January through December 2018

	Jan - Dec 18
90X · Customer Accounts Expenses	
902 · Meter Reading Labor & Exp.	1,820.90
903 · Cust. Records & Collection Cost	
903.5 · Postage - Customer Billing	2,000.55
Total 903 · Cust. Records & Collection Cost	2,000.55
Total 90X · Customer Accounts Expenses	3,821.45
92X · Admin. and General Expenses	
920 · Admin & General Salaries (920)	
920.2 · Mgt. Consulting Expense	66,497.85
920.4 · Management fees	72,000.00
Total 920 · Admin & General Salaries (920)	138,497.85
921 · Office Supplies/Expense	
921.10 · Postage/FedEx (G&A)	1,839.59
921.11 · Meals/Entertainment	2,383.61
921.12 · Travel	350.96
921.2 · Bank Svce Chgs (G&A)	98.00
921.29 · Uniforms	4,005.33
921.3 · Dues and Subscriptions	577.81
921.5 · Telephone	7,469.37
921.6 · Computer Expense	3,118.34
921.7 · Utilities (G&A)	7,383.42
921.8 · Office Supplies & Expenses	3,789.21
Total 921 · Office Supplies/Expense	31,015.64
923 · Outside Services	
923.2 · Accounting Fees	4,356.05
923.5 · Other-Labor	639.07
923.6 · Legal & Professional Fees	2,098.00
Total 923 · Outside Services	7,093.12
924 · Property Insurance	1,180.76
925 · Injuries & Damages	
925.3 · Employee Medical Expense	90.00
925.5 · Employee Drug Testing Service	150.00
Total 925 · Injuries & Damages	240.00
926 · Employee Pension/Benefit (926)	
926.1 · Insurance - Life	627.03
926.4 · Insurance - Medical	38,045.42
926.7 · Insurance - Workmans' Comp	3,800.58
926.9 · Flower Fund	100.70
Total 926 · Employee Pension/Benefit (926)	42,573.73
930.1 · General Advertising Expenses	250.00
930.2 · Misc. General Expenses	
930.2.5 · Misc General Exp	25.00
930.3 · Tools and Supplies	14,176.68
Total 930.2 · Misc. General Expenses	14,201.68
932 · Maintenance of General Plant	

Citipower, L. L. C.
Profit & Loss
January through December 2018

	Jan - Dec 18
932.2 · Repairs & Maintenance - Office	2,887.26
932.5 · Computer Repair & Maint	300.00
932.6 · Termite Control - Office	402.68
Total 932 · Maintenance of General Plant	3,589.94
Total 92X · Admin. and General Expenses	238,642.72
Total 401 · Operation Expense	562,856.08
403 · Depreciation Expense	
403.1 · Depreciation Expense	75,992.00
Total 403 · Depreciation Expense	75,992.00
408.1 · Taxes Other Than Income Taxes	
408.1.1 · Payroll Taxes	14,194.99
408.1.2 · PSC Assessment	1,534.33
408.1.4 · Property Taxes	26,468.47
408.1.6 · Licenses	20.00
Total 408.1 · Taxes Other Than Income Taxes	42,217.79
600 · Clearing Accounts	
656 · Employee Clearing Accounts	
656.1 · Payroll Expenses	147,727.88
656.3 · Training & Education	5,117.11
Total 656 · Employee Clearing Accounts	152,844.99
667 · Transportation Expenses	
667.1 · Vehicle Expenses	23,705.54
667.4 · Vehicle Repair & Maint.	3,657.40
667.5 · Vehicle Insurance/Title/Fees	9,805.92
Total 667 · Transportation Expenses	37,168.86
Total 600 · Clearing Accounts	190,013.85
Total Expense	871,079.72
Net Ordinary Income	79,706.35
Net Income	79,706.35

CITIPOWER ASSET DESCRIPTION

Citipower, formed in 1996, purchased the McCreary Natural Gas System in McCreary County, Kentucky for \$859,000 the same year. The acquisition came with an office building, equipment, and a small pipeline system with 57 customers. Since then, CitiEnergy (owner of Citipower) has invested an additional \$2.76MM - largely through debt finance - to enhance Citipower's assets and customer base. Citipower has 114 miles of various-sized distribution lines, customer meters, compressor stations, vehicles, equipment, and an office building with furniture and rolling stock. Citipower currently has 455 customers.

CHAMP OIL'S HERBERT WHITE PIPELINE OPERATING EXPENSES

	FY17	FY18	PROJECTED
PIPELINE REPAIRS & MAINT			
PIPELINE REPAIR & MAINT			
Total PIPELINE OPERATIONS			
COMPRESSION EXPENSE			
JR. STEPHENS REPAIR			
MT MORGAN REPAIR & MAINT			
LIL PAT COMP REPAIR & MAINT			
JR. STEPHENS COMP RENTAL			
LIL PAT COMP SITE RENTAL			
JR. STEPHENS SITE RENTAL			
GILLIAM SITE RENTAL			
Total COMPRESSION EXPENSE			
SERVICE EXPENSE			
PIPELINE, COMPRESSOR SUPPLIES			
Total SERVICE EXPENSE			
AUTO & EQUIPMENT EXPENSE			
MILEAGE REIMBURSEMENT			
FUEL EXPENSE (AUTO & COMPRESSOR)			
EQUIPMENT REPAIRS			
Total AUTO & EQUIPMENT EXPENSE			
LABOR EXPENSE			
PIPELINE OPERATIONS MANAGER			
COMPRESSOR OPERATIONS MANAGER			
Total LABOR EXPENSE			
TOTAL PIPELINE OPERATING EXPENSES			190,118

EXHIBIT 6
LETTER OF INTEREST
FILED UNDER SEAL
PURSUANT TO A MOTION
FOR CONFIDENTIAL TREATMENT