

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC)
FOR AN ADJUSTMENT OF RATES)
PURSUANT TO THE ALTERNATIVE) CASE NO. 99-225
RATE FILING PROCEDURE FOR)
SMALL UTILITIES)

O R D E R

IT IS ORDERED that Citipower, LLC (Citipower) shall file within 14 days from the date of this order an original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy should be in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be indexed, for example, Item 3(a), Sheet 2 of 6. Include with each response the name of the witness responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. If information requested herein has been provided in the original application, in the format requested herein, reference may be made to that information in responding to this request.

IT IS FURTHER ORDERED that Citipower shall also file its response to the July 16, 1999 information request of the Attorney General of the Commonwealth of Kentucky by no later than 14 days from the date of this order.

1. Provide an affidavit from the president or other corporate officer attesting that Citipower's books and records are maintained separately from any other commonly owned enterprise.

2. Have any studies been performed to evaluate the cost effectiveness of short-term financing used by Citipower to finance long-lived assets? If yes, provide such studies. If no, explain why such studies have not been performed.

3. Refer to Attachment A to Section III of the application.

a. Provide the exhibit of increased cost information using the Uniform System of Accounts (USoA), which is the system of accounts reflected in the annual report filed with the Commission.

b. Provide total revenues, including wholesale gas sales, according to the USoA.

c. Provide total gas purchases, including purchases for wholesale sales, as well as gas purchases for retail sales. Show any adjustments in the determination of natural gas purchases for retail or wholesale sales with a footnote referencing a schedule or workpaper where the adjustment is calculated.

d. Provide all increased cost information classified according to the USoA along with a brief explanation for the increases, together with any supporting documentation.

e. Provide projected revenues and requested expenses adjusted for increased cost adjustments classified according to the USoA.

4. Provide an exhibit setting forth Citipower's determination of its revenue requirement, as well as an explanation of the methodology used, i.e., operating ratio, return on rate base, etc.

5. Refer to Attachment A. Provide a computation determining the estimated interest expense for the adjusted test period.

6. Refer to Attachment A.

a. Provide the depreciation expense (Account 403) broken out separately from the amortization expense (Accounts 404-407) according to the USoA accounts.

b. Explain whether any amortization expense results from either a plant acquisition adjustment or organizational costs.

c. If any amortization expense results from a plant acquisition adjustment, provide the supporting adjusting journal entry recording the plant acquisition adjustment on Citipower's books.

7. Refer to Attachment A. Why is Officers Comp/Consulting considered a noncash expense in the exhibit?

8. Explain the differences in classes of Members Capital Contributions, as reported in the 1998 Annual Report to the Commission.

9. Has a cost-of-service study assessing the appropriateness of a flat rate billing structure compared to alternative billing structures been prepared in association with this application? If yes, provide the study. If no, provide an explanation for why no study was performed.

10. Refer to Section III, Attachment A, of the application, the first line headed Gas Sales Citipower Customers and the third line headed Other Revenues. Both have a short narrative statement that refers to the addition of 70 customers.

a. Provide a more thorough explanation of the additional 70 customers. Over what period of time were they added? How do they break down by customer classification (residential, commercial, or industrial)?

b. The application was filed June 3, 1999. As of June 1, 1999, provide the total number of Citipower customers, broken down by customer classification.

c. The increase amount of \$175,638 for Gas Sales Citipower Customers does not agree with the \$28,010 revenue increase calculated in Section III, Attachment E. Provide a thorough explanation for the amount of increase shown on Attachment A along with a description of the Other Revenues of \$26,177, and a more detailed explanation for the projected \$19,275 increase to those revenues.

d. Refer to the Expenses portion of Attachment A - the first line headed Cost of Goods Sold Citipower Customers. Provide a thorough explanation of the derivation of the actual amount of \$54,669 and the calculation of the projected increase of \$33,771.

11. Refer to Section III, Attachment E. Explain why the Revenue Analysis Proposed Rate Structure does not include the Mcfs currently billed under the minimum bill in its calculation of the Total Revenue generated under the proposed rates.

12. Refer to Section III, Attachment B. In what manner were the pipelines constructed? Provide copies of the feasibility studies, bid documents, and construction specifications.

13. Provide topographic maps showing the route of the steel pipelines, the location of the compressor station and the Citipower distribution system.

14. Provide the forecast of total gas production and total gas sales for 1999-2004.

15. Explain how the gas compressor is used in the operation of the Citipower system. Do any customers in Kentucky receive gas downstream from the compressor? Explain whether the compressor is mainly used to transport gas for Citizens Gas.

16. Are there any customers in Kentucky tapped into the 6-inch or 4-inch steel pipeline? Explain.

17. Refer to Section III, Attachment B. Provide the construction contract and maps for the 1998 and 1999 projects.

18. Refer to Section IV, Tab A. Explain whether the \$1,500 per month represents the total lease and operation costs for the compressor? If yes, explain why, on Attachment A, the adjusted increased cost information for compressor maintenance is \$72,000 annually. If no, provide supporting documentation and a thorough explanation of the additional costs and expenses.

19. Refer to Section IV, Tab B.

- a. Is \$350 the average cost of a customer's service connection?
- b. Are the costs of customer service lines reimbursed by the customers?

c. Why did two customers pay \$250 and nine customers receive free hook-ups?

Done at Frankfort, Kentucky, this 3rd day of August, 1999.

By the Commission

ATTEST:

Executive Director