

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 of 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 of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 3. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide a copy of Citipower s 1998 audited financial statements, complete with the independent auditor s report and notes to financial statements.

2. Provide a copy of Forexco, Inc.'s (Forexco) 1998 audited financial statements, complete with the independent auditor's report and notes to financial statements.

3. Provide a copy of Citipower's internally prepared monthly and/or quarterly financial statements for any periods available in 1999. If readily available, provide internal financial statements for the twelve months ended September 30, 1999.

4. Provide a copy of Citipower's limited liability company (LLC) articles of organization and the organizational documents (if different), referred to in Citipower's response to Item 7 of the Commission's Order of August 3, 1999.

5. Provide a copy of all sale/purchase agreement(s) or contract(s) for the purchase of McCreary County Gas's assets, whether the agreement(s) or contract(s) is with Citipower and/or Forexco.

6. Explain the original transaction for the purchase of McCreary County Gas's assets.

a. Provide a copy of the journal entries to record the acquisition of McCreary County Gas's assets, whether posted to Citipower's or Forexco's books and records, or both.

b. Provide copies of any agreements, entered subsequent to the original purchase of McCreary County Gas's assets, for transfer of any former McCreary County Gas assets from Forexco to Citipower or vice versa.

c. Provide a copy of McCreary County Gas's depreciation schedule used to record the original cost to the first user of the assets.

d. Provide the depreciation schedule, which contains the amount of accumulated depreciation that was posted to Citipower's or Forexco's books at the time of the acquisition.

7. Provide a copy of Citipower's depreciation schedules, detailed by individual asset description, date of purchase, original cost, useful life, method of depreciation, depreciation expense and accumulated depreciation for the years ended December 31, 1997 and December 31, 1998.

8. Provide a copy of Citipower's projected depreciation schedule in the same detail as set out in Item 7 above for the 1999 calendar year.

9. Provide a copy of Citipower's initial balance sheet after recording the acquisition of McCreary County Gas and the initial capitalization of the company.

10. Provide a copy of Citipower's chart of accounts, year-to-date general ledger and supporting ledger of original entry for posting revenues and expenses for the test period, calendar year 1998.

a. If Citipower records expenses on its general ledger from an accounts payable ledger, provide a copy of that ledger(s) for the test period, calendar year 1998.

b. If Citipower records expenses on its general ledger from a cash disbursements journal, provide a copy of that journal(s) for the test period, calendar year 1998.

11. Provide a summary of salaries and wages for Citipower during the test period, calendar year 1998. Include details of salaries and wages as follows:

a. For each employee provide the total hours worked, the regular hours and the overtime hours.

b. Pay rates during 1998 (regular and overtime).

c. Total pay during 1998.

d. Provide a list of accounts charged.

e. Provide the date and amounts of pay rate changes for each employee during 1998 and 1999.

f. For each employee hired or terminated during 1998, provide the hire date and the termination date if applicable.

g. Provide any significant changes in personnel from 1998 to 1999. If a change was to create a new position, describe the reason the new job was needed.

h. Provide any significant changes in personnel time requirements from 1998 to 1999 and describe the reason for the need of the new time requirements.

12. Provide a summary of any salaries and wages paid to Citipower employees for work performed for Forexco during the test period, calendar year 1998. Include details of salaries and wages as follows:

a. For each employee provide the hours worked, specifying how many are at regular rates and how many are at overtime rates.

b. Pay rates during 1998 (regular and overtime).

c. Total pay during 1998.

d. A description of the work performed, including why this work could not be performed by a Forexco employee.

e. Explain whether or not this work will be required of Citipower employees in future years.

13. Provide a summary of any salaries and wages paid to Forexco employees for work performed for Citipower during the test period, calendar year 1998. Include details of salaries and wages as follows:

a. For each employee provide the hours worked, specifying how many are at regular rates and how many are at overtime rates. Also, provide the total hours this employee worked for Forexco during the year.

b. Pay rates during 1998 (regular and overtime).

c. Total pay during 1998 (amount allocated to Citipower and total for both companies).

d. A description of the work performed, including why this work could not be performed by a Forexco employee.

e. Explain whether or not this work will be required of Forexco employees in future years, as ongoing utility service.

14. Refer to Citipower's response to Item 3 of the Commission's Order of August 3, 1999, Exhibit B, Schedule A-1. Provide a schedule cross-referencing and reconciling salaries and wages from 1998 on Citipower's books as adjusted and reported on the annual report to the Commission for 1998 (labor accounts 761, 902 and 920) with the summary of responses Items 12, 13 and 14 above.

15. Refer to Citipower's response to question 4 of the Attorney General's data request of July 16, 1999, which states that Citipower purchases all of its natural gas from Forexco at fair market prices.

- a. Explain how the affiliated purchase price is derived.
- b. Provide a copy of the gas purchase contract between Forexco and Citipower.
- c. Provide copies of any other contracts between Citipower and gas suppliers.

16. Refer to Citipower's responses to Items 10(c) and 19 of the Commission's Order of August 3, 1999.

a. Are the customer hook-ups mentioned in the responses, extensions of 100 feet or less of service lines from the company's existing distribution mains to the customer?

b. If yes, is the company aware of Kentucky regulation 807 KAR 5:022 Section 9(16)(a), which prohibits a gas utility from charging customers for service line extensions of 100 feet or less if the customer applies for and contracts to use service for one year or more?

c. If no, explain the nature of the hook-up.

17. On October 1, 1999, page one of the City & Region section of The Lexington Herald-Leader contained an article entitled "McCreary prison project to start by April 2000." In that article, James B. Jones, deputy assistant director of the Federal Bureau of Prisons, states that construction should be finished by the summer of 2002. In Citipower's response to Item 14 of the Commission's Order of August 3, 1999, a forecast of total gas sales is provided.

a. Explain any assumptions in the forecast of gas sales for the level of gas expected to be sold to the prison as a public customer. Include a discussion of the likelihood that the prison will become a customer of Citipower.

b. If the assumptions are not consistent with the announcement of the expected completion of the prison construction, provide a revised forecast of gas sales.

c. Provide a forecast of gas sales for the same period without the projected usage and sales from the prison.

d. Provide a detailed schedule and explanation of additional capital costs and annual operating expenses that would be incurred to provide natural gas service to the prison.

Done at Frankfort, Kentucky, this 27th day of October, 1999.

By the Commission

ATTEST:

Executive Director