

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CITIPOWER, LLC FOR) CASE NO.
APPROVAL OF NOTE RENEWAL) 2004-00123

COMMISSION STAFF'S SECOND DATA REQUEST
TO CITIPOWER, LLC

Pursuant to Administrative Regulation 807 KAR 5:001, Commission Staff requests that Citipower, LLC ("Citipower") file the original and 6 copies of the following information with the Commission, with a copy to all parties of record. The information requested herein is due within 14 days of the date of this Data Request. Each copy of the information 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 6. 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 its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information should be provided for total company operations and jurisdictional operations, separately.

1. Refer to the November 19, 2003 note provided in the response to Item 1 of the Commission Staff's First Data Request dated June 15, 2004 ("Staff First

Request”). Provide a schedule listing the interest paid on the note, the date of payment, and the interest rate used to determine the interest payment. The schedule should cover payments made from November 19, 2003 through August 31, 2004. Show any late payment charges separately from the interest payment on the note.

2. Refer to the cash flow projection provided by Citipower in its response to Item 4 of the Staff First Request.

a. Transportation Fees are projected to be \$33,000 each year from 2004 to 2008. What rate per Mcf has been charged for transportation thus far in 2004? Provide the transportation revenues recorded to date in 2004.

b. From 2003 to 2004, explain why gas service revenues increase by \$547,813 while gas purchase costs increase by only \$65,630.

c. Explain why the following items in the “2003 Actual” column differ from what is shown in Citipower’s 2003 annual report filed with the Commission.

(1) Depreciation and Amortization is \$224,732 on this schedule compared to \$129,133 in the annual report.

(2) Interest Expense is \$50,973 on this schedule compared to \$91,761 in the annual report.

(3) Earnings from Unregulated Investments is \$168,520 on this schedule compared to Other Non-utility Income in the annual report of \$144,053.

(4) The Net Loss is (\$207,277) on this schedule compared to (\$105,652) in the annual report.

d. Explain whether Earnings from Unregulated Investments is an actual cash inflow to Citipower.

e. Explain the nature of the \$50,000 in Other Non-operating Expenses projected for the years 2004 – 2008.

f. Explain why no principal payments are shown on this schedule. Provide a detailed explanation of how Citipower plans to pay off the loan.

g. Given that no principal payments are shown on this schedule, explain why interest expense declines each year.

h. If principal payments have not been included in the projected cash flow, explain how the cash flow analysis supports Citipower's projection that it will begin repayment of the November 19, 2003 note beginning in 2005.

3. Refer to the response to Item 5(a) of the Staff First Request. Citipower states that the 11.5 mile 4.5 inch line "is used to transport purchased gas from Citizens for peak need gas to be used by the utility." During what periods of time has this occurred? Identify the source and volumes of gas transported.

4. Refer to the response to Item 5(b) of the Staff First Request, which states that a Certificate of Public Convenience and Necessity was not requested by the utility and that the issue is being addressed in Case No. 2004-00101.¹ The question in Item 5(b) pertains to the 11.5 mile 4.5 inch gas line that extends into Tennessee. Case No. 2004-00101 involves a gas line built to serve Stearns, Kentucky. Provide a response to Item 5(b) as it pertains to the 11.5 mile 4.5 inch line to Tennessee.

5. Refer to the response to Item 5(c) of the Staff First Request. Provide the total amount invested to date to construct this line. Project the revenue associated with

¹ Case No. 2004-00101, Citipower, LLC Alleged Failure to Comply With KRS 278.300, KRS 278.020(1) and the Commission's Order in Case No. 1999-00225.

the operation of this line for the years 2004 - 2008. Describe in detail the activities that will generate the projected revenue.

6. Refer to the response to Item 6 of the Staff First Request.

a. Provide the revenue received by Citipower in 2003 for "leasing of the field to third parties and for the sale of oil production."

b. Provide the amount of such revenue received to date in 2004.

c. Is the revenue from this activity included in the cash flow projection (Item 4 of the response) under Earnings from Unregulated Investments? If so, explain why the schedule shows this revenue declining in each of the years 2003 – 2008.

7. Refer to the response to Item 6(b) of the Staff First Request. Identify the other owners of LBU, LLC and the Lick Branch Unit. Indicate if these other owners are affiliated in any way with Citipower and the nature of the affiliation.



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

DATED August 30, 2004

cc: All Parties