

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT	)	CASE NO.
FILING OF CITIPOWER, LLC	)	2005-00319

SECOND DATA REQUEST OF COMMISSION STAFF TO  
CITIPOWER, LLC

Citipower, LLC ("Citipower"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due no later than December 16, 2005. 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 person 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 herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Citipower's response to Item 1(b) of the First Data Request of Commission Staff ("Staff's First Request"). Provide the location of Citizens Gas Utility District, specifically, the state(s) and counties in which it is located.

2, Refer to Citipower's response to Item 1(e) of Staff's First Request.

a. Provide the location of the 11.5 mile pipeline formerly owned by Citipower, specifically, the state(s) and counties in which it is located.

b. Provide the approximate date that Citipower either constructed or acquired the 11.5 mile pipeline.

c. Describe how Citipower recovered the cost of the pipeline during its ownership of the pipeline.

3. Refer to Citipower's response to Item 1(f) of Staff's First Request. Since Citigas is regulated by neither the Federal Energy Regulatory Commission nor the Tennessee Valley Authority, describe Citigas's regulatory status. Is it an intrastate pipeline, a gathering system, or something else?

4. Refer to Citipower's response to Item 2(a) of Staff's First Request. Citipower states that the starting point for its derivation of the \$3.00 transportation fee is cost recovery of \$1,188,258 invested in the steel pipeline in Tennessee now owned by Citigas.

a. Citipower states that Citigas is spreading the cost over 10 years at 10 percent. Provide the basis for using 10 years and 10 percent in its calculation of the \$3.00 transportation charge.

b. If not provided in Citipower's response to another request, provide the calculation of the \$3.00 transportation fee.

c. In response to Item 1(d) of Staff's First Request, Citipower states that its employees responsible for purchasing gas from Citigas are familiar with KRS 278.2207, which deals with affiliate transactions. KRS 278.2207(1)(b) states that "[s]ervices and products provided to the utility by an affiliate shall be priced at the affiliate's fully distributed cost but in no event greater than market." Demonstrate how the proposed \$3.00 transportation fee is based on Citigas's fully distributed cost and explain how Citipower and Citigas determined that the \$3.00 charge is reflective of the market price.

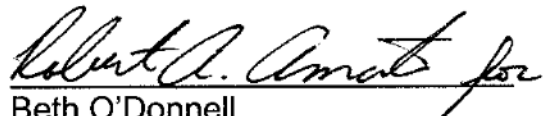
d. In an attachment to the response to Item 2(a) of Staff's First Request, Citipower provided a copy of its response to Item 5 of Staff's Second Request

for Information in Case No. 2004-00444.<sup>1</sup> The attachment indicates that the pipeline had accumulated depreciation of \$437,121.82 at the time of the response. Explain whether the accumulated depreciation of the 11.5 mile pipeline is included in the derivation of the \$3.00 transportation fee.

e. Citipower also attached its response to Item 8 of Staff's Second Request for Information in Case No. 2004-00444 that explains which company Bill Webb would work for after the reorganization. Before the reorganization, who was responsible for Mr. Webb's salary?

5. Refer to Citipower's response to Item 2(b) of Staff's First Request. Since the pipeline will be depreciated, explain how an adjustment based on the Consumer Price Index reflects Citigas's declining investment.

6. Refer to Citipower's response to Item 3(c) of Staff's First Request. Provide a further description of Citipower's gathering system, i.e. its location, whether it has any farm tap customers, the rate it charges any such farm tap customers, and any further uses that Citipower makes of its gathering system.



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

DATED December 2, 2005  
cc: All Parties

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<sup>1</sup> Case No. 2004-00444, Application of Citipower, LLC for Approval of Reorganization Proposal, Order dated April 14, 2005.