

Ernie Fletcher  
Governor



LaJuana S. Wilcher  
Secretary

Commonwealth of Kentucky  
**Environmental and Public Protection Cabinet**

Department of Public Protection  
Office of the Commissioner  
100 Airport Road  
Frankfort, Kentucky 40601  
Telephone: (502) 564-7760

February 17, 2006

Hon. Robert L. Brown  
1005 South Main Street  
Corbin KY 40701

Hon. Lawrence W. Cook  
Office of Rate Intervention  
Suite 200  
1024 Capitol Center Drive  
Frankfort KY 40601

RE: Case No. 2005-00319  
February 10, 2006  
Telephonic Informal Conference

To All Parties of Record:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Dawn McGee of the Commission Staff at 502-564-3940, extension 243.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over the word "Sincerely,".

Beth O'Donnell  
Executive Director

Attachment

CC: Parties of Record

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Main Case File - Case No. 2005-00319

**FROM:** Dawn McGee, Team Leader 

**DATE:** February 17, 2006

**RE:** Informal Conference of February 10, 2006

On February 10, 2006, representatives of Citipower, LLC ("Citipower"), the Office of the Attorney General ("AG") and Commission Staff ("Staff") participated in a phone conference to follow up on the Staff's two information requests. Those participating in the informal conference were: for the Staff: Jeff Shaw, Dawn McGee and J. R. Goff; for Citipower: Hon. Robert L. Brown and for the AG: Hon. Lawrence W. Cook.

The participants discussed Citipower's proposed \$3.00 per Mcf charge that its affiliate, Citigas, would charge for natural gas it supplied Citipower. The Staff asked for additional information in support of how the \$3.00 charge was derived.

Contrary to the Staff's original understanding that the proposed \$3.00 per Mcf charge would be applied as an additional charge to the proposed expected gas cost, Citipower clarified that the \$3.00 charge would be a contingent transportation fee, only applied if Citipower bought natural gas from Citigas. This transportation component contingency would be disclosed in Citipower's tariff as a "pre-approved" \$3.00 amount to be applied under certain clearly defined events. Those events would occur if Citipower required natural gas from Citigas, necessitating a reversal in the flow of gas on the pipeline currently flowing north to south.

The participants also discussed whether to include this item as a contingency charge elsewhere within Citipower's tariff, rather than include it in Citipower's Gas Cost Adjustment clause. Citipower agreed to supply the additional information within 15 days.

cc: Parties of Record