

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CLARK ENERGY)	
COOPERATIVE, INC. OF WINCHESTER,)	
KENTUCKY, FOR COMMISSION APPROVAL OF)	CASE NO. 2005-00219
A CERTIFICATE OF CONVENIENCE AND)	
NECESSITY TO CONSTRUCT A NEW BRANCH)	
OFFICE AT FRENCHBURG, KENTUCKY)	

O R D E R

Clark Energy Cooperative, Inc. ("Clark Energy") filed its application on June 15, 2005 for a Certificate of Public Convenience and Necessity ("CPCN") for the construction of a new branch office building in Frenchburg, Kentucky. The proposed facility will consist of a 2,000 square foot office building and will include a new drive-through window. The total projected cost of the proposed facility is \$673,100.

DCT Design Group, LTD of Lexington, Kentucky is the architectural firm for the proposed new branch office, which will be constructed on 2.0242 acres on Suitors Road, Frenchburg, Kentucky. The branch office will be collocated under the same roof as a new city of Frenchburg, Kentucky community center and will share a common foyer and public restroom facilities. Total projected area under roof for both facilities is approximately 10,000 square feet.¹ All parking areas for the branch office and community center will be owned and maintained by Clark Energy.

¹ Land needed for the community center will be donated by Clark Energy to the city of Frenchburg. Clark Energy stated that the donated land would be treated "As any donation and the value of the donated land would not be included in future cost recovery." Item 1(b) of Clark Energy's Response to the Staff's July 20, 2005 Data Request.

The existing branch office facility is a 1950s prefabricated military surplus metal building that is difficult to maintain and impractical to remodel or upgrade. Clark Energy states that the additional space is needed to improve service to its members by providing drive-through window facilities. It also stated that additional property is needed for parking and storage of material and equipment.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that the existing branch office in Frenchburg is in need of renovation. Due to the impracticality of renovating the existing branch office building and the physical limitations of the site, it is neither cost-effective nor feasible to renovate. The best alternative is to construct a new branch office building at a new location. Consequently, the public convenience and necessity require the construction of the new branch office. The Commission further finds that Clark Energy should not be entitled to recover, through rates, the cost of the land donated to the city of Frenchburg for this project. Accordingly, we find that, for accounting purposes, Clark Energy should separate the value of the land donation from the value of the remainder of the site.

IT IS THEREFORE ORDERED that:

1. Clark Energy is granted a CPCN to construct the new branch office building as proposed in its application.

2. In its accounting records, Clark Energy shall separate the value of the land donated to the city of Frenchburg from the value of the remainder of the site.

Done at Frankfort, Kentucky, this 22nd day of December, 2005.

By the Commission

ATTEST:


Executive Director