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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION

CERTIFICATE OF CONVENIENCE
AND
NECESSITY
CASE NUMBER 2005-00219

CLARK ENERGY
COOPERATIVE, INC
WINCHESTER, KENTUCKY

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 A CERTIFICATE OF CONVENIENCE AND) CASE NO.
NECESSITY TO CONSTRUCT A NEW) 2005-00219
BRANCH OFFICE AT FRENCHBURG,)
KENTUCKY)

RESPONSE TO FIRST DATA REQUEST OF
COMMISSION STAFF DATED JULY 20, 2005

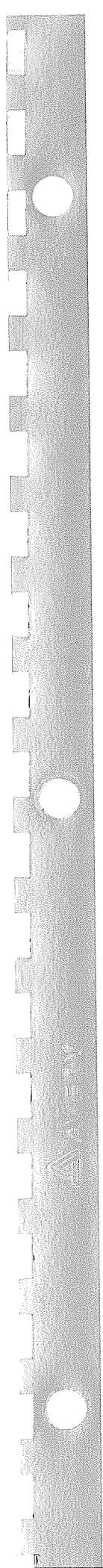
Clark Energy Cooperative, Inc. ("Clark Energy"), pursuant to the Public Service Commission's (PSC) information request dated July 20, 2005, hereby submits the following response dated July 28, 2005 regarding Case No. 2005-00219.

DATE: July 28, 2005

ATTEST:



Paul G. Embs
President & CEO

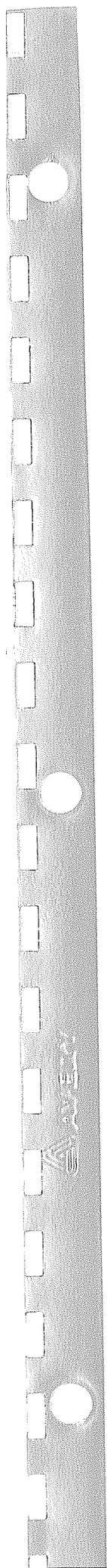


Witness: Paul G. Embs
Witness: David E. Duvall
Witness: Gail K. Wright

Question No. 1a: Clark plans to donate the land needed for the City of Frenchburg community center.

Explain why the land purchase is not being shared with the City of Frenchburg on an 80/20 basis in a manner similar to the sharing of architectural fees.

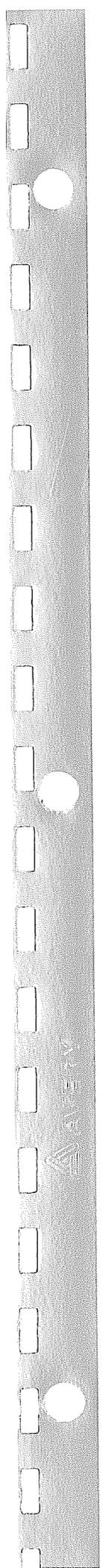
Answer: The donation of land by Clark Energy Cooperative to the City of Frenchburg is not unlike any donation that a corporate member of the community would make for community projects. The donation of land will be considered as "in kind" money for the purpose of securing grants.



Witness: Paul G. Embs
Witness: David E. Duvall

Question No. 1b: Explain whether Clark expects, at some point in the future, to seek recovery from its members of the total cost of the land necessary to construct its new Frenchburg branch office and the Frenchburg community center. If Clark does not expect to seek recovery of the full cost of the land for the combined facilities, what portion of the land cost does Clark plan to recover from its members?

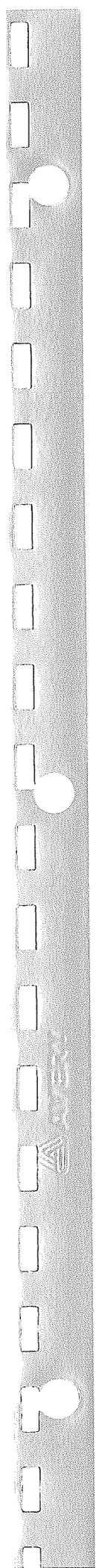
Answer: The donation of the land to the City for the purpose of constructing an economic training and community center would be treated as any donation and the value of the donated land would not be included in future cost recovery.



Witness: Paul G. Embs
Witness: David E. Duvall

Question No. 1c: Clark states that it will be responsible for maintenance of all parking areas for the branch office and community center. Explain whether Clark expects, at some point in the future to seek recovery from its members of all expenses incurred in maintaining the parking areas. If Clark does not expect to seek recovery of all the expenses attributed to maintaining the parking areas, what portion of these expenses does Clark plan to recover from its members?

Answer: Clark Energy expects, at some point in the future to seek recovery from its members for all expenses incurred in the maintaining the parking area with the except of snow removal. The City of Frenchburg has agreed to provide snow removal. In the event of major service interruption events such as ice storms or serve thunderstorms, the Frenchburg facility will serve as a staging area for contractor crews and our service restoration team. Because of the large number of crews and vehicles needed during these events, Clark Energy would need a large parking area regardless if the community center was located on the property or not.

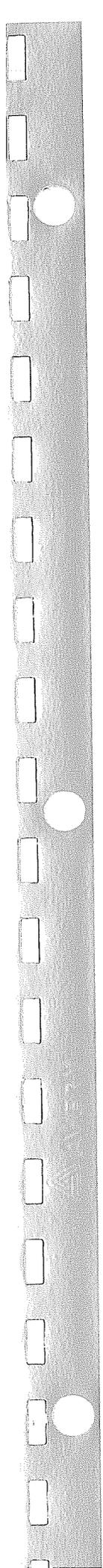


Witness: Paul G. Embs
Witness: David E. Duvall
Witness: Gail K. Wright

Question No. 2a: Clark states that additional property is needed for storage of material and equipment.

Describe the types of materials and equipment that will be stored at the new branch office site. In the description, explain whether the costs of providing facilities necessary for the safe and secure storage of the materials and equipment are included in the cost estimate shown in Item 5 of the application.

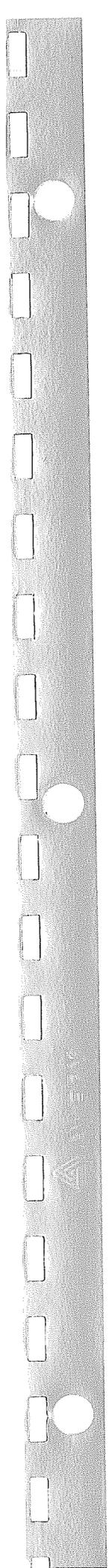
Answer: The Frenchburg facilities will storage items that would be required to maintain the electric distribution system in that area. Items would include but not limited to, transformer, wire, poles, lights, and an assortment of construction and maintenance items. The cost of providing facilities necessary for the safe and secure storage of materials and equipment is included in the cost estimate listed in item 5. The cost estimate shown in items 5 is only an estimate of the project cost for the purpose of applying for grants and certificate of convenience and necessity. Once approval is granted, then detail planning and cost estimations will begin.



Witness: Paul G. Embs
Witness: David E. Duvall
Witness: Duane Culp

Question No. 2b: Refer to the cost estimates shown in Item 5. For all items other than the \$346,000 for the office building, including site development, architectural engineering, geotechnical engineering, surveying, and state plan review, explain whether the amounts shown are for the combined branch office/community center project, or if these are estimates only of Clark's share of the total costs. If the cost estimates are only Clark's share of the combined branch office/community center costs, provide the total amount, for each estimated cost item, for the combined branch office/community center.

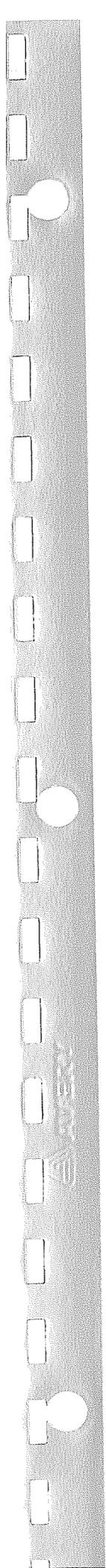
Answer: As previously stated, the cost estimates shown in item 5 are only estimates. The estimated cost of the office building is \$346,000 and the estimated community center cost is \$877,000. Estimated architectural and engineering fees are \$18,400 for the Clark Energy office and \$73,600 for the community center. All other cost estimates listed in Item 5 are for the combined project. Once detailed engineering and planning is completed those previously unallocated cost will be allocated to either Clark Energy's project or to the City of Frenchburg.



Witness: Paul G. Embs
Witness: David E. Duvall

Question No. 3: Explain whether Clark believes that construction of the Frenchburg branch office will require that it seek a rate increase earlier than would otherwise be required.

Answer: Clark Energy does not have plans to seek a rate increase. There are too many variables to determine if building a new building versus maintaining a fifty year old structure would change the timing for any future rate increases.



Witness: Paul G. Embs
Witness: David E. Duvall

Question No. 4: State whether Clark surveyed its members regarding its proposal to purchase and donate the land to the City of Frenchburg. If a survey was conducted, provide the results. If a survey was not conducted, explain why Clark did not survey its members.

Answer: Clark Energy does not survey its membership on management decisions. Clark Energy relies on the input and decisions of a nine member board of directors which is elected by the membership to direct the business of the cooperative.