

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CLARK ENERGY)	
COOPERATIVE, INC. FOR AN ORDER)	
PURSUANT TO KRS 278.300 AND 807 KAR 5:001,)	
SECTION 1 AND RELATED SECTIONS)	CASE NO.
AUTHORIZING THE COOPERATIVE TO OBTAIN)	2007-00066
A PERPETUAL LINE OF CREDIT NOT TO EXCEED)	
\$8,500,000.00 AT ANY ONE TIME FROM THE)	
NATIONAL RURAL UTILITIES COOPERATIVE)	
FINANCE CORPORATION)	

O R D E R

On February 9, 2007, Clark Energy Cooperative, Inc. ("Clark") submitted an application for Commission approval of a perpetual line of credit not to exceed \$8,500,000 at any one time from the National Rural Utilities Cooperative Finance Corporation ("CFC"). The advances from the line of credit will allow Clark to obtain funds for temporary shortfalls of cash while requests for permanent financing are pending.¹ The application failed to meet certain filing requirements and was rejected for filing, pursuant to 807 KAR 5:001, Section 6(6), by letter dated February 15, 2007. In response to the rejection notice, Clark submitted additional information on February 21, 2007. The additional information supplied by Clark cured the deficiencies, and Clark's application was considered filed as of February 21, 2007.

¹ Clark stated in its application that it did not anticipate acquiring, constructing, improving, or extending any property or discharging or refunding any obligations with advances from the proposed perpetual line of credit.

Clark currently has a CFC line of credit that will expire on April 27, 2007. The current line of credit contains an annual pay down provision. The proposed CFC perpetual line of credit would replace the current CFC line of credit, and would automatically renew annually with no additional paperwork or labor requirements.² Like the current CFC line of credit, Clark will be required annually to pay to zero the outstanding amounts on the perpetual line of credit and maintain the zero balance for at least 5 consecutive business days. At no time under the perpetual line of credit can the total advances exceed \$8,500,000.³ The interest rate will be the standard CFC line of credit rate, which will not exceed the Prevailing Bank Prime Rate⁴ plus one percent per annum. CFC approved Clark's application for the perpetual line of credit on February 2, 2007.⁵

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed perpetual line of credit from CFC is for lawful objects within Clark's corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

² Application at 3.

³ Clark stated that the \$8,500,000 level represents approximately 50 percent of the current and future work plans. See Application at 3.

⁴ The Prevailing Bank Prime Rate is the bank prime rate published in the "Money Rates" column of the eastern edition of *The Wall Street Journal* on the publication day immediately preceding the day on which an adjustment in the interest rate will become effective. See Application Exhibit 9, page 5 of 15.

⁵ Application Exhibit 6.

IT IS THEREFORE ORDERED that:

1. Clark is authorized to borrow up to \$8,500,000 from CFC using a perpetual line of credit, subject to the terms and provisions of the perpetual line of credit agreement filed in the record.

2. Clark is authorized to execute the perpetual line of credit herein authorized.

3. The advances from the transaction authorized herein shall be used only for the lawful purposes set out in Clark's application. None of the advances of the proceeds authorized herein shall be used to finance the construction of any facilities that require a Certificate of Public Convenience and Necessity under KRS 278.020(1) until such a Certificate has been issued by the Commission.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 3rd day of April, 2007.

By the Commission

ATTEST:



Executive Director