

**COMMONWEALTH OF KENTUCKY
BEFORE THE
KENTUCKY 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 NECESSITY TO CONSTRUCT)
ACCORDING TO THE COOPERATIVE'S 2003-2005 THREE YEAR)
CONSTRUCTION WORK PLAN)**

CASE NO. 2003-00016

APPLICATION

Clark Energy Cooperative, Inc. of Winchester, Kentucky, hereinafter referred to as "Clark", respectfully states:

1. The full name and address of Applicant is:

Clark Energy Cooperative, Inc.
2640 Iron Works Road
P.O. Box 748
Winchester, KY 40392

2. Clark is a corporation, duly organized, created and existing by and under the laws of the State of Kentucky, and is engaged in the business of supplying retail electric service in Bath, Bourbon, Clark, Estill, Fayette, Madison, Menifee, Montgomery, Morgan, Powell, Rowan and Wolfe Counties in Kentucky.

A certified copy of the Articles of Incorporation has been previously filed in Case No. 92-219 with the Kentucky Public Service Commission, hereinafter referred to as the "Commission". An Amendment to the Articles of Incorporation pertaining to a name change from Clark Rural Electric Cooperative Corporation to Clark Energy Cooperative, Inc. was filed by letter dated July 17, 1997.

3. Clark is required to file an Application with the Commission seeking approval of the Applicant's request that the Commission issue a Certificate of Convenience and Necessity, hereinafter referred to as the "Certificate" per KRS 020(1), 807 KAR 5:001, Sections 8 and 9(2).
4. Clark's Application requests the Commission issue a Certificate for facilities and activities according to the Applicant's new three-year construction work plan, hereinafter referred to as the "CWP Program" contained within Section 7, Proposed 2003-2005 CWP Program on pages 40-48 of the 2008 Long Range and 2003-2005 Construction Work Plan document filed with this Application.
5. The Certificate for the CWP Program will permit Clark to construct certain improvements and additions to existing distribution plant necessary to provide adequate and dependable electric service to existing and anticipated new members. System improvements recommended within the CWP Program will not duplicate existing facilities and are needed to correct voltage problems, improve phase balance and provide for improved service reliability.
6. No new CWP Program constructions or extensions will require franchises or permits to be filed with the Commission.
7. The CWP Program and map filed with this Application provide a description and location of new construction and extensions. All construction and extensions are within Clark's service area. Public utilities, corporations, or other persons having neighboring facilities are as follows:

Bluegrass Energy Nicholasville, Kentucky	Jackson Energy McKee, Kentucky	Kentucky Utilities c/o LG&E Energy Louisville, Kentucky
Fleming-Mason Energy Flemingsburg, Kentucky	Grayson Rural Electric Grayson, Kentucky	Licking Valley Rural Electric West Liberty, Kentucky

The map filed with this Application illustrates and identifies the location of any like facilities owned by others located anywhere within the Applicant's mapped service territory. No public utilities, corporations, or other persons have like facilities within Clark's service territory.

8. Total cost for the three-year CWP Program is estimated to be \$17,477,087 and summarized as follows:

a) Service membership construction totaling 153.0 miles.	\$5,873,988
b) Transformers and meters.	\$3,204,900
c) Service entrance changes.	\$329,220
d) Sectionalizing equipment and activities.	\$1,336,000
e) Capacitor bank appurtenances and controls.	\$40,000
f) Voltage regulators.	\$153,000
g) Pole replacements.	\$1,034,958
h) Security light installations.	\$340,032
i) System improvement projects.	\$3,964,989
j) Headquarters office renovation and expansion.	<u>\$1,200,000</u>
Total	\$17,477,087

9. A listing of all proposed new construction or extensions in a format similar to RUS Form 740C is provided on pages 42-45 of the CWP Program.
10. The anticipated annual cost of operations, excluding the cost of power, of the existing and proposed facilities is \$11,224,263.
11. Clark is a cooperative corporation and no kind of stock is desired or will be issued. Clark is filing an application with RUS to arrange all necessary financing of CWP Program activities with FFB funds guaranteed by RUS. The Commission does not have jurisdiction over CWP Program financing per KRS 278.300, Section 10 since all proposed financing is from an agency of the federal government. FFB funds will be available as early as summer 2002.

Short- and long-term rates for FFB financing are more advantageous at this time than traditional 70-percent RUS municipal rate loan funds and 30-percent CFC loan funds. FFB loan rates are set daily and Clark will select the most advantageous term and rate at the time FFB loan funds are advanced. Assuming a draw of loan funds is made immediately after RUS approval, the first payment will be due within 30 to 60 days.

Contract and force accounts financed with internally generated funds and a short-term line of credit will be used until all loan approvals are granted. Clark currently has no new long-term debt financing available or long-term loan funds remaining, but maintains a \$5,000,000 short-term (12-month) CFC line of credit.

12. A Supplementary Report on Voltage Study Accuracy, hereinafter referred to as the "Voltage Study" filed with this Application, is an assessment of the accuracy of the voltage drop analysis used in preparation of the 2008 Long Range and 2003-2005 Construction Work Plan. The Voltage Study provides a sample comparison of actual measured voltage and calculated voltage levels using models of the distribution system. A sample comparison of measured and calculated voltage levels are based on actual January 2002 and June 2002 loads.
13. This Application and supporting documentation is being filed using the procedures and guidelines of the Commission's electronic filing initiative. The Commission has already assigned Clark a user ID, password and established Case No. 2003-00016 for Clark to electronically file this Application.

COMMONWEALTH OF KENTUCKY

COUNTY OF CLARK, SCT

Overt L. Carroll, after first being duly sworn, deposes and says: That he is the President and Chief Executive Officer of Clark Energy Cooperative, Inc., a rural electric cooperative corporation, duly organized and doing business under the Rural Electric Cooperative Corporation Act of the Commonwealth of Kentucky: That he has read the foregoing Application and knows the contents thereof: That the same is true of his own knowledge except as to such matters as are therein stated on information or belief, and as to those matters he believes it to be true.

This 27th day of January 2003.



Overt L. Carroll, President and CEO
Clark Energy Cooperative, Inc.

Subscribed and sworn to before me by Overt L. Carroll, this 27th day of January 2003.



Juanita Raney
Notary Public, Kentucky State-at-Large

My Commission Expires: Aug 7, 2006

MY COMMISSION EXPIRES AUGUST 7, 2006