

**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)
A NEW BRANCH OFFICE AT FRENCHBURG, KENTUCKY)**

CASE NO. 2005-00219

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 construction of a new, replacement branch office at Frenchburg, Menifee County, Kentucky, hereinafter referred to as the "Branch Office Project". The scope and rationale for the Branch Office Project and alternatives considered are summarized as follows:

(a) Scope. Clark plans to purchase approximately 2.25 acres of property for the Branch Office Project at the KY 36-Bible Camp Lane (Suitors Road) intersection in Frenchburg, Kentucky. This property is adjacent to a tract now being developed for a supermarket and possible future retail shops. Final plans for the Branch Office Project are now being developed, but the facility will be no larger than 2000 sq ft, provide additional parking, and include a new drive-through window.

The Branch Office Project will be co-located under the same roof as a new City of Frenchburg, Kentucky community center and share a common foyer and public restroom facilities. The City of Frenchburg has been awarded a Kentucky Community Development Block Grant from the Governor's Office for Local Development and funding from the Appalachian Regional Commission for construction of the community center. Recurring general maintenance and utilities for the community center is the responsibility of the City of Frenchburg.

Clark will only finance the Branch Office Project necessary for its own business operations co-located under the same roof as the City of Frenchburg community center. Land needed for the community center, however, will be donated by Clark to the City of Frenchburg. Similarly, recurring general maintenance and utilities of the Branch Office Project is the responsibility of Clark. All parking areas for the Branch Office Project and community center will be owned and maintained by Clark.

- (b) Rationale. The Branch Office Project is necessary to improve present and future needs of Clark's business operations in the Frenchburg, Kentucky area. The existing Frenchburg branch office facility is a circa 1950s prefabricated military-surplus metal building that no longer meets Clark's needs, is difficult to maintain, and impractical to remodel or upgrade. Similarly, additional space is required to improve service to Clark's members by providing drive-through window facilities. Finally, additional property is needed for parking and storage of material and equipment. Combined parking for Clark's Branch Office Project and the City of Frenchburg community center will not exceed 130 spaces.
 - (c) Alternatives. Repairing the existing Frenchburg metal office building is not practical. The existing structure consists entirely of stud-free prefabricated panels with all exterior metal walls separated from inside walls by a thin layer of insulation. The existing structure has noticeable rust and decay and prefabricated replacement components for the building structure are no longer available. The existing office building has no drive-through window and no space is available at the existing site for the addition of drive-through facilities. Finally, no additional space is available for parking and storage of material or equipment.
5. DCT Design Group, LTD of Lexington, Kentucky is the architectural firm for Clark's Branch Office Project and the City of Frenchburg community center. Total projected area under roof for both facilities is approximately 10,000 sq ft, i.e. 2000 sq ft for Clark's Branch Office Project and 8000 sq ft for the community center. Preliminary plans for the Branch Office Project and community center have been developed and a site evaluation is now underway. DCT Design Group cost estimates for Clark's Branch Office Project are summarized as follows:

Office building	\$346,000
Site development	\$300,000
Architectural/engineering	\$18,400
Geotechnical engineering	\$5,000
Land surveying	\$3,000
State plan review	\$700
Total projected cost	<u>\$673,100</u>

The City of Frenchburg's estimated cost of \$950,600 for architectural fees and construction of the community center will be funded by a Kentucky Community Development Block Grant and the Appalachian Regional Commission. These funds include construction of the common foyer and public restroom facilities. Clark and the City of Frenchburg are apportioning fees for architectural services on an 80/20 basis, i.e. Clark will assume 20-percent of these fees for its 2000 sq ft facility and the City of Frenchburg will assume 80-percent of these fees for its 8000 sq ft facility.

A map illustrating the general location (Exhibit A) and floor plan (Exhibit B) of Clark's Branch Office Project and the City of Frenchburg community center are provided within this Application. Similarly, a preliminary site development plan (Exhibit C) for the Branch Office Project, community center, and adjoining property now being developed is provided within this Application.

- 6. A schedule for Clark's Branch Office Project and the City of Frenchburg community center is still under consideration, but construction will begin no sooner than 2006 and possibly not until 2007.

7. Clark is a cooperative corporation and no kind of stock is desired or will be issued. Clark already has an approved loan application with RUS for FFB funds guaranteed by RUS to finance all 2003-2005 Construction Work Plan (CWP) activities. The Commission does not have jurisdiction over CWP Program financing per KRS 278.300, Section 10 since all existing financing of CWP activities is from an agency of the federal government. The Commission approved a previous Certificate of Convenience and Necessity for Clark's 2003-2005 CWP in Case No. 2003-00016.
8. Existing FFB loan funds already approved and guaranteed by RUS for Clark's current 2003-2005 CWP will be available for the Branch Office Project if construction occurs in 2006. Similarly, Clark will amend its 2003-2005 CWP with RUS if construction proceeds in 2006. Alternately, if construction occurs in 2007, the Branch Office Project will be incorporated into Clark's next CWP and RUS loan application. Clark will apply with the Commission for a Certificate of Convenience and Necessity on the next CWP.
9. The Frenchburg, Menifee County area is located within Clark's service area. No activities or expenses associated with the Branch Office Project will require franchises or permits to be filed with the Commission.
10. 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. 2003-00219 for Clark to electronically file this Application.

Exhibit A
Case No. 2005-00219

General Location of Existing and Proposed Clark Energy Branch Office

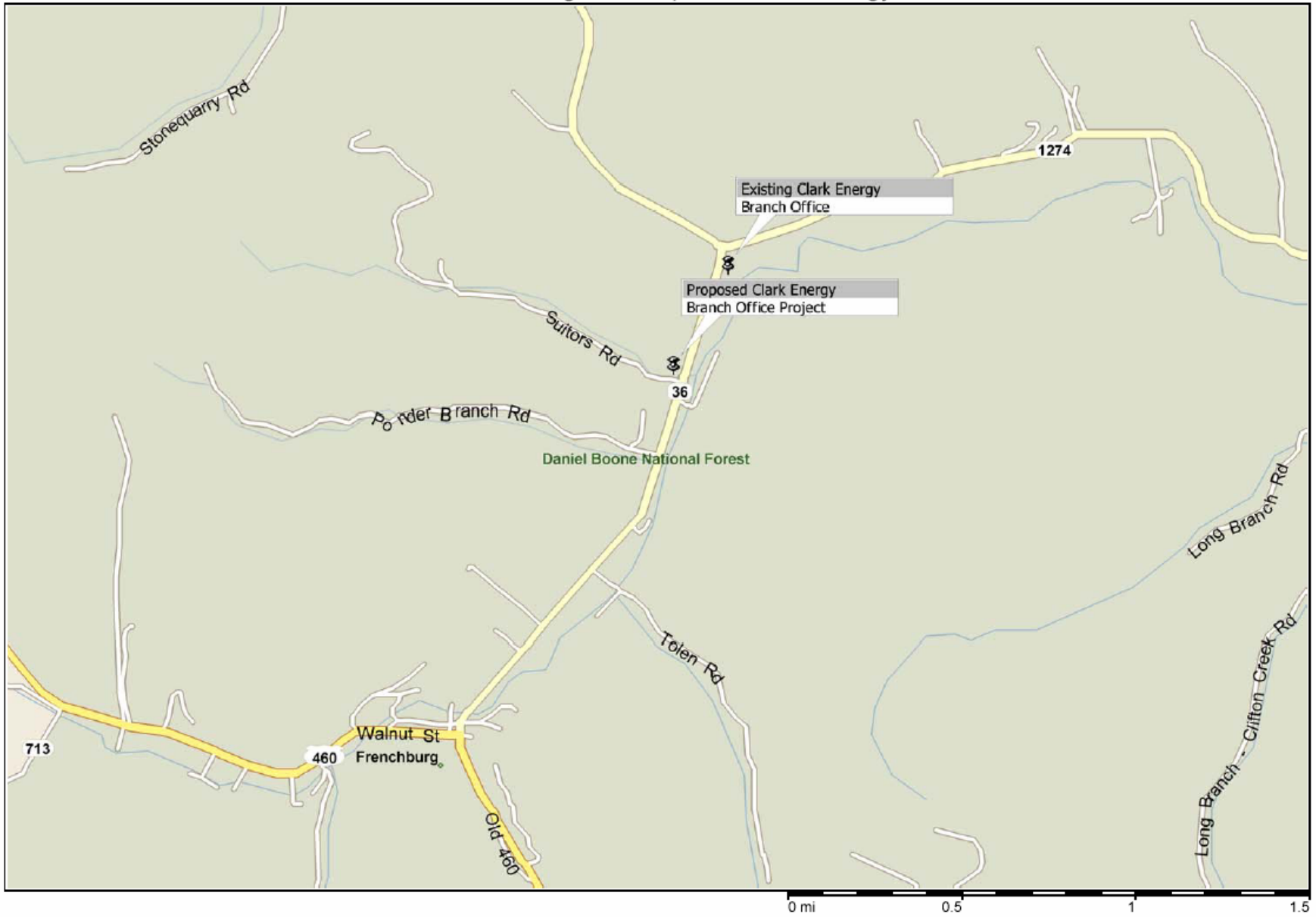


Exhibit B
Case No. 2005-00219

Preliminary Clark Energy Branch Office and City of Frenchburg Community Center Floor Plan

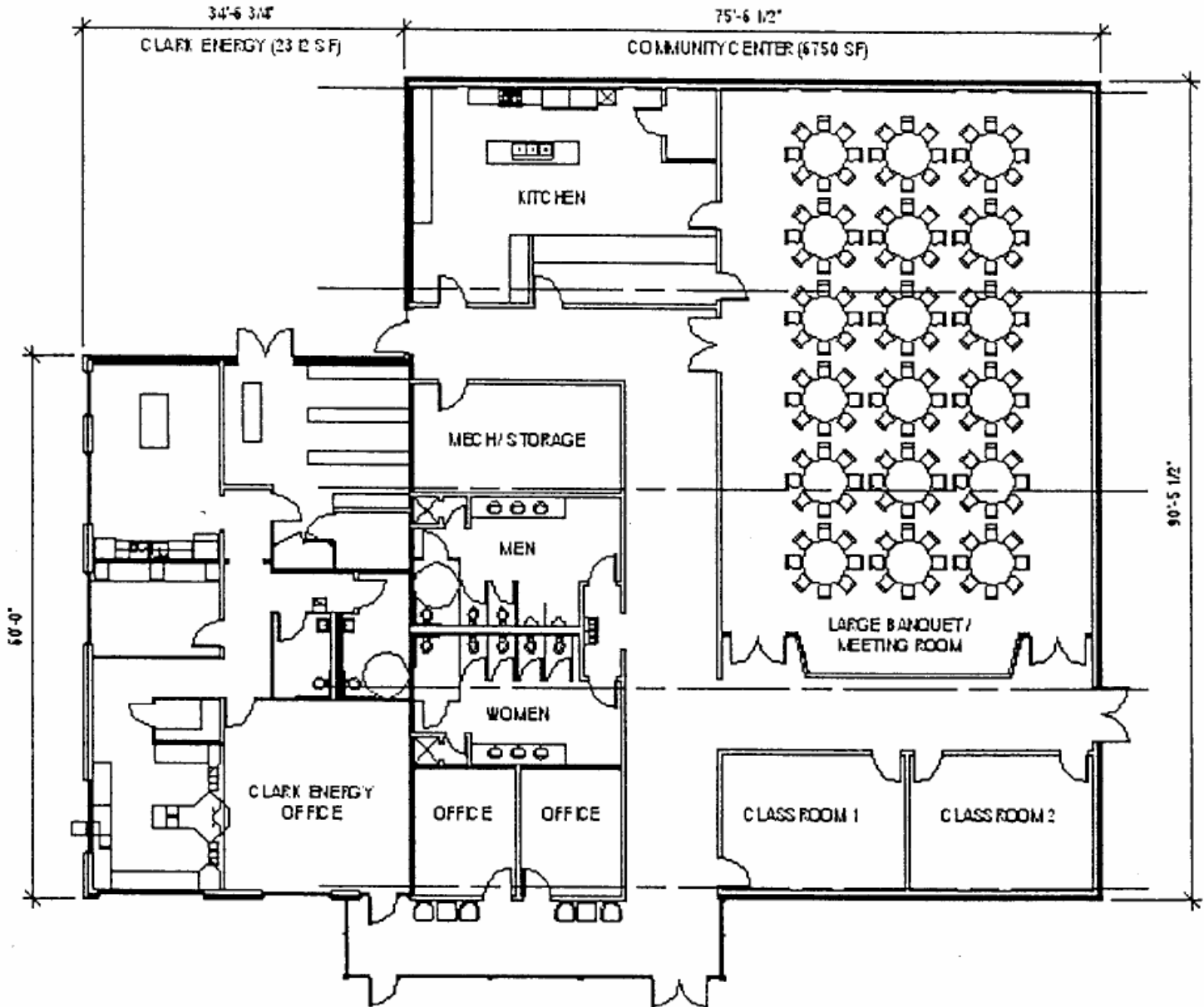
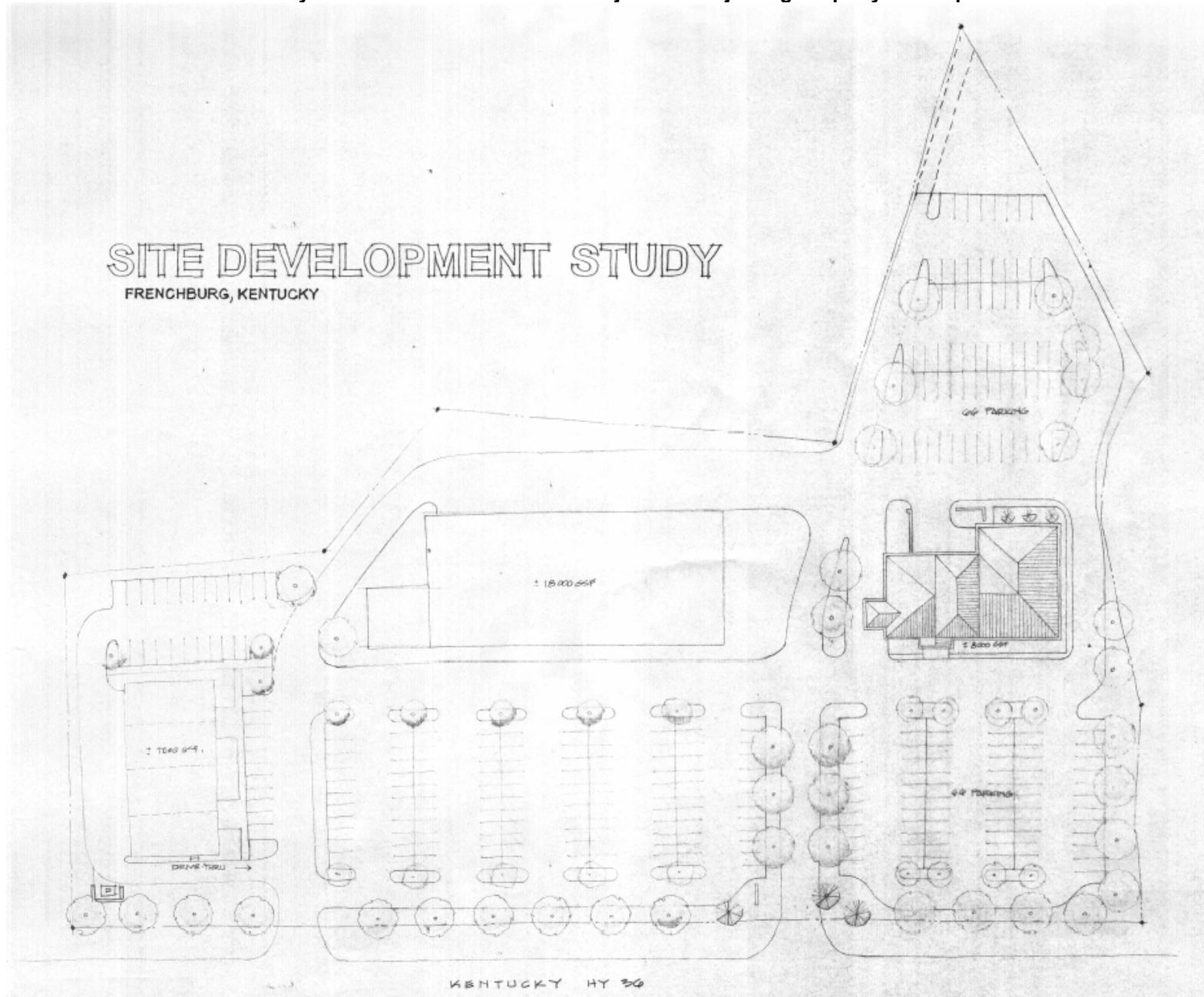


Exhibit C
Case No. 2005-00219

Preliminary Site Plan for Branch Office Project and Adjoining Property Development



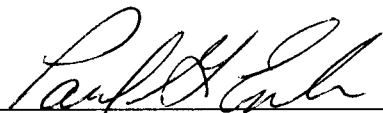
COMMONWEALTH OF KENTUCKY

COUNTY OF CLARK, SCT

Paul Embs, 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.

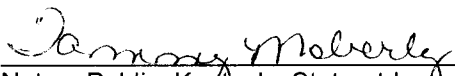
This 14th day of June 2005.

CLARK ENERGY COOPERATIVE, INC.



Paul Embs, President and CEO

Subscribed and sworn to before me by Paul Embs, this 14th day of June 2005.



Notary Public, Kentucky State-at-Large
MY COMMISSION EXPIRES JULY 7, 2006.

My Commission Expires: _____

Legal Counsel:

Grant, Rose & Pumphrey
51 South Main Street
Winchester, Kentucky 40391