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December 22, 2005

Mr. Paul Embs
President & CEO
Clark Energy Cooperative, Inc.
2640 Iron Works Road
P.O. Box 748
Winchester, KY 40392

Re: Case No. 2005-00219
Informal Conference on December 8, 2005

Gentlemen:

Enclosed please find a memorandum that has been filed into the record of the above-referenced case. Any comments regarding the contents of the memorandum should be submitted to the Commission within seven days of receipt of this letter. Any questions regarding this memorandum should be directed to Anita Mitchell of the Commission Staff at 502-564-3940.

Sincerely,


Beth O'Donnell
Executive Director

Enclosure

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Main Case File – Case No. 2005-00219

FROM: Anita Mitchell

DATE: December 19, 2005

RE: Informal Conference held December 8, 2005

An informal conference was held in this proceeding on December 8, 2005 at the Commission's Offices at 211 Sower Boulevard, Frankfort, Kentucky to discuss several aspects of Clark Energy Cooperative, Inc.'s ("Clark Energy") proposed branch office in Frenchburg, Kentucky. A list of those persons attending the conference is attached hereto as Attachment A.

Staff explained that an informal conference memorandum would be prepared for the record and Clark Energy would be given an opportunity to file any corrections to the memorandum it deemed necessary.

Prior to the meeting, Staff had requested that, if possible, Clark Energy bring with it cost information on recent land transfers in the proposed construction area. Clark Energy provided information it obtained from the PVA in Menifee County on three pieces of property. See Attachment B. Clark Energy explained that there is not a lot of commercial property available in the proposed area. Staff asked how the proposed property was selected. Gail Wright, Executive Director of the Gateway Area Development District, stated that the city of Frenchburg ("City") advertised for property to purchase for a community center. It received three responses, two of the parcels offered were too small to be used for the center. Clark Energy stated that in order to keep the option to purchase, it would have to pay a \$5,000 non-refundable deposit to the property owners on or before December 31, 2005.

Staff also asked how the architect for the proposed project was chosen. It was explained that the City advertised and sent notices to 25 architectural firms. It received five responses and after considering the respondents and their respective ratings, the City chose DCT Design ("DCT").

Clark Energy stated that if its proposed project is approved, DCT will advertise and request closed bids. It explained that bonding on the project would be required and that it would likely increase the cost of the project. It also stated

that there aren't any contractors in Frenchburg and that it would try to keep costs down and to get as many bid responses as possible.

Staff asked Clark Energy to look at each item listed under site development in the application and to state what portion of the project the item represented and what portion of the amount listed represented Clark Energy's responsibility. Clark Energy stated that each item listed under site development was 100 percent of the project and that Clark Energy would be responsible for 100 percent of the costs. Clark Energy explained that "Site Concrete" included sidewalks and curbing. It further explained that it could change the type of curbing and reduce some of this cost. It also explained that the cost for "Grading and Fill" represented the whole project, but that it would be possible to break down the cost into square feet and separate the cost for the 8,000 square feet that the City's community center will occupy. Clark Energy explained that it was not paying any portion of the foundation work for the community center.

Clark Energy also explained that in an effort to reduce the cost it relooked at the parking area. It stated that it could reduce the number of paved parking spaces and gravel some of the area. DCT representative Duane Culp stated that he would provide additional information on this change.

Ms. Wright explained that the City had received information that it had been approved for the Community Development Block Grant from the Governor's Office of Local Government and a grant from the Appalachian Regional Commission. She stated that the only money available for the community center was the grant money and that without Clark Energy's donation of land, the city would not be able to build the community center.

Clark Energy explained that pursuant to the grants, there were certain restrictions on the City's community center. It stated that for five years the community center could only be used for the purposes stipulated in the grant, after five years the City could sell the building or use the building for office space. Clark Energy explained that its present building contains a small community center and that it would not be able to include a community center in its new building. When asked by staff what changes, if any, would be necessary for Clark Energy if the City was unable to construct the community center. Clark Energy stated that if the City did not build the community center, it would have to add public restrooms and a larger lobby to its proposed project.

Staff requested that Clark Energy provide, if possible, cost comparisons for comparable buildings in the area.

The meeting was then adjourned.

Attachment A
Informal Conference Memorandum
Case No. 2005-00219

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

INFORMAL CONFERENCE

December 8, 2005

PLEASE SIGN IN:

NAME

REPRESENTS

Anita Mitchell

PSC Staff

Duane Culp

DET Design Group

PAUL Embs

Clark Energy

David Duvall

Clark Energy

Timothy N Blakley

PSC STAFF

ELIE RUSSELL

PSC

Daryl Newby

PSC Staff

Gail Wright

Ex. Dir., Gateway A.D.D.

Attachment B
Informal Conference Memorandum
Case No. 2005-00219

Jim Lawson – PVA Menifee County
(43.560 sq. ft. per acre)

Rhodes – Proposed Land

Amount	Acreage				
\$110,000	2.042	2.042 X 43.560	=	$\frac{110,000}{88949.52}$	= 1.2366564 per sq. ft.

Smallwood (98)

Amount	Acreage				
\$56,000	2.2	1.2 X 43.560	=	$\frac{56,000}{52,272}$	= 1.0713192 per sq. ft.

Post Office (02)

Amount	Acreage				
\$100,000	1.07	1.07 X 43.560	=	$\frac{100,000}{4609.2}$	= 2.1454991 per sq. ft.

Dollar General Store (3/05)

Amount	Acreage				
\$75,000	.5	.5 X 43.560	=	$\frac{75,000}{21.780}$	= 3.44 per sq. ft.