

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CLARK ENERGY)
COOPERATIVE, INC. FOR AN) CASE NO. 2009-00314
ADJUSTMENT OF RATES)

COMMISSION STAFF'S THIRD DATA REQUEST TO
CLARK ENERGY COOPERATIVE, INC.

Pursuant to 807 KAR 5:001, Clark Energy Cooperative, Inc. ("Clark Energy") is to file with the Commission the original and seven copies of the following information, with a copy to all parties of record. The information requested herein is due on or before January 28, 2010. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Clark Energy shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which Clark Energy fails or refuses to furnish all or part of the requested information, Clark Energy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Clark Energy's response to item 4.b. of Commission Staff's Second Data Request ("Staff's Second Request"), page 2 of 3.

a. Given that Schedule D was marketed to the 273 current customers as being 60 percent of the residential rate, explain why it is appropriate to authorize a rate that is not 60 percent of the residential rate.

b. Explain whether Clark Energy has notified the 273 current customers that the proposed rate is not 60 percent of the residential rate.

2. Refer to the response to item 5.a. of Staff's Second Request. Clark Energy states that the \$9,275 listed on page 6 of Exhibit J should not have been included. Given this statement, is the amount of the increase being sought by Clark Energy now \$9,275 less than originally requested, or \$4,077,719?

3. Refer to the response to item 6 of Staff's Second Request. The CD-ROM provided includes attachments labeled "Shortcut to Exhibit J" and "Shortcut to Exhibit

R". However, Commission Staff was not able to open either attachment. Provide a copy of the CD-ROM as originally requested.

4. Refer to the response to item 11 of Staff's Second Request. Confirm that the error identified in response to 11.a. would have no effect on the cost-of-service study ("COSS") given the response to 11.b. that footnote 6 was not used in the COSS.

5. Refer to the response to item 18 of Staff's Second Request. Clark Energy states that "most probably all future Rate L customers will be three-phase customers." Explain the basis for this statement.

6. Refer to the response to item 22 of Staff's Second Request.

a. This response states that "Clark Energy was paying more in demand than it was passing on to its customers even though it was purchasing less in kwh [sic]." Provide a more detailed response which expands on this statement.

b. In addition to the more detailed explanation requested above, provide a comparison between the two-year periods ending June 30, 2008 and June 30, 2009 of kWh sales, kWh purchases, and monthly demands.

7. Refer to the response to item 24 of Staff's Second Request.

a. In response to 24.a., Clark Energy states that current employees are paid for unused vacation up to 40 hours per year. Provide a copy of Clark Energy's policy for paying unused vacation time.

b. Refer to the response to 24.e.

(1) Provide the number of hours and the amount of overtime attributable to the ice storm.

(2) Given the significant nature of the ice storm, provide further explanation as to why Clark Energy believes that the amount of overtime during the test year is representative of overtime that can be expected to be worked in a normal year.

8. Refer to page 2 of 2 of the response to item 26 of Staff's Second Request and Exhibit 3, page 2 of the application. In the response, the existing rate for Account 370, Meters, is 3.0 percent while, in the application, it is 6.67 percent.

a. Clarify which is the correct existing rate for Account 370, Meters.

b. In addition to Account 370, Clark Energy also maintains Account 370.1, Meters, AMR. Given the existence of Account 370.1, Meters, AMR, explain whether the meters recorded in Account 370 are conventional meters or AMR meters.

c. If the meters recorded in Account 370 are conventional meters, explain why the proposed depreciation rate for the account is the same as that proposed for Account 370.1.

d. If the meters recorded in Account 370 are AMR meters, explain why Clark Energy maintains an account, Account 370.1, specifically identified as Meters, AMR.

9. Refer to the response to item 30.a. of Staff's Second Request. Clarify whether the latter part of the first sentence of the response which reads "[t]he year that the retirement was installed" is correct. If it is not correct, provide the corrected text.

10. Refer to the response to item 32.a. of Staff's Second Request. Consider this a continuing request. Provide the documentation, when received from Rural Utilities Service, indicating whether it approves Clark Energy's proposed depreciation rates.

11. Refer to the response to item 34.a. of Staff's Second Request, which states that use of a five-year average net salvage amount in Clark Energy's depreciation study is consistent with other cooperative applications in recent years accompanied by a depreciation study. Aside from this consistency, explain whether there is a reason that a five-year average is preferred, or considered "better" than some other average.

12. Refer to the response to item 34.b. of Staff's Second Request and Section 10 of the Clark Energy depreciation study.

a. Provide the derivation of the Net Salvage Ratios for the individual plant accounts shown on pages 2 and 3 in Section 10 of the study. Are these ratios based solely on which Iowa curve type is selected?

b. The next-to-last sentence in the response indicates that the ratio of the total net salvage amount "[i]s multiplied by the five-year average net salvage amount to ultimately calculate the net salvage percentage by account." Provide an example of the calculation of the net salvage percentages shown on page 2 of Section 3.

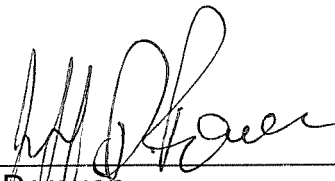
13. Refer to the response to item 35 of Staff's Second Request. The request stated, "Identify all retirements, replacements, additions and costs of removal reflected in the budgets." The response fails to identify the specific components. Provide a revised response which is responsive to the original request.

14. Refer to the corrected Exhibit 7 in response in item No. 41.a. The proposed adjustment for Retirement and Security is now \$340,426 minus the \$72,864 capitalized and the \$53,101 charged to clearing, for a net amount of \$214,461, which is a decrease of \$51,393 from \$265,854, the amount of the adjustment in the application.

Given this corrected amount, should the amount of the increase being sought by Clark Energy be \$51,393 less than originally requested? If yes, explain where and how within its proposed rate schedules Clark Energy would prefer to reflect this reduction.

15. Refer to the response to Attorney General's ("AG") Initial Request for Information at item 6. The AG requested total sums spent on Account 593.90 for the past five years. The requested information was omitted. Provide the requested information.

16. Refer to the response to item 44 of Staff's Second Request, which shows the cost of Clark Energy's depreciation study as part of its rate case expense. Given that: (1) depreciation studies are at times performed independent of rate applications and (2) rate applications often do not include depreciation studies, explain whether Clark Energy believes that the cost of its depreciation study must be a part of its rate case expenses and amortized over three years, or if the study's cost can be considered apart from the rate case expense and amortized over a longer period of time.



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cc: Parties of Record

Case No. 2009-00314

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