

**Frost
Brown Todd** LLC
ATTORNEYS

KENTUCKY · OHIO · INDIANA · TENNESSEE · WEST VIRGINIA

Mark David Goss
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MGOSS@FBTLAW.COM

March 23, 2010

RECEIVED

MAR 25 2010

PUBLIC SERVICE
COMMISSION

Mr. Jeffrey Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Re: Case No. 2009-00314 - Application of Clark Energy Cooperative, Inc.
for an Order Authorizing the Adjustment of Retail Rates Based
on Historical Test Year Ending June 30, 2009

Dear Mr. Derouen:

Attached you will find an original and five (5) copies of Clark Energy Cooperative, Inc.'s Motion for Leave to File First Amended Joint Settlement Stipulation and Recommendation With Supporting Exhibits and an original and ten (10) copies of First Amended Joint Settlement Stipulation and Recommendation With Supporting Exhibits.

The First Amended Joint Stipulation and Recommendation is being filed as a result of an informal conference held between the parties and Commission Staff on March 3, 2010 which included a discussion of certain amendments to the Stipulation and Recommendation that were necessary.


Please note the following amendments made to the original Joint Settlement Stipulation and Recommendation and exhibits:

- The title of the document has been amended from "Joint Settlement Stipulation and Recommendation" to "First Amended Joint Settlement Stipulation and Recommendation";
- Page 2, paragraph 1 of Stipulation: changed to reflect the amount of "\$189,945" in place of "\$189,944";

Mr. Jeffrey Derouen
March 23, 2010
Page 2

- Page 2, paragraph 1 of Stipulation: the last sentence of this paragraph was added to reflect that the non-recurring charges proposed by Clark Energy in the Application had been agreed to by the parties;
- Page 3, paragraph 6 of Stipulation: this new paragraph 6 has been added to provide that the depreciation rates proposed in the Application will be implemented in conjunction with the effective date of the Commission's Order;
- Exhibit A to Stipulation, Sheet No. 56: amended under the heading "Conditions of Service" to amend the amount of "2,500 kW" to "500 kW";
- Exhibit A to Stipulation, Sheet No. 59: under the heading "Conditions of Service", the phrase ". . . but less than 2,500 kW" is eliminated;
- Exhibit B to Stipulation, Direct Testimony on Settlement of Alan M. Zumstein: is replaced with new testimony which is consistent with the amendments made herein. In addition, a duly executed Affidavit for Mr. Zumstein is provided;
- Exhibit C to Stipulation, page 1 of 2: Under the column "Settlement Proposed Revenue," the amount of "increase" is amended to reflect "\$189,945" in place of "\$189,944"; and,
- Exhibit E to Stipulation: under heading A "Change in Revenue Requirement . . . for Schedule R – Residential" and the line "Decrease in Amount of Increase" and "Decrease in Revenue Requirement for Schedule R" will be changed from "\$189,944" to "\$189,945". In addition, the line "Revised Revenue Requirement" is amended from "\$34,329,726" to "\$34,329,725".

For ease of reference and comparison, Clark Energy submits a redlined version of the original Joint Settlement Stipulation and Recommendation along with a tabbed/highlighted version of the exhibits which are now being amended. Please file these documents in the record and return file-stamped copies to me in the enclosed self-addressed stamped envelope. Please advise me should you have any questions or desire any clarification regarding these documents.

Sincerely yours,


Mark David Goss

Enclosures

cc: Dennis Howard, II, Esq.
Lawrence Cook, Esq.
Attorney General's Office
Quang Nguyen, Esq.
Kentucky PSC

LEXLibrary 0118231 . 0571656 420650v1

**Frost
Brown Todd**
ATTORNEYS

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 25 2010

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF CLARK ENERGY)
COOPERATIVE, INC. FOR AN ORDER) CASE NO. 2009-00314
AUTHORIZING THE ADJUSTMENT OF)
RETAIL RATES BASED ON HISTORICAL)
TEST YEAR ENDING JUNE 30, 2009)

**FIRST AMENDED JOINT SETTLEMENT
STIPULATION AND RECOMMENDATION**

It is the intent and purpose of the parties to this proceeding, being the applicant, Clark Energy Cooperative, Inc. ("Clark Energy"), and the intervenor, Attorney General of the Commonwealth of Kentucky ("Attorney General") to express their agreement on a mutually satisfactory resolution of all of the issues in the instant proceeding which shall hereafter be referred to as the "Stipulation" and/or the "Recommendation."

It is understood by all parties hereto that this Recommendation is not binding upon the Kentucky Public Service Commission ("Commission"), nor does it represent agreement on any specific theory supporting the appropriateness of any recommended adjustment to Clark Energy's rates. Clark Energy and the Attorney General have expended considerable efforts to reach the stipulation and agreements that form the basis for this Recommendation. The parties, representing diverse interests and divergent viewpoints, agree that this Recommendation, viewed in its entirety, constitutes a reasonable resolution of all issues in this proceeding.

In addition, the adoption of this Recommendation will eliminate the need for the Commission and the parties to expend considerable resources in litigation of this proceeding, and will eliminate the possibility of, and any need for, rehearing or appeals of the Commission's final order herein. Based upon the parties' participation in a settlement conference and the materials

on file with the Commission, and upon the belief that these materials adequately support this Stipulation and Recommendation, the parties hereby stipulate and recommend the following:

1. Clark Energy filed an application for a rate adjustment seeking a total increase in base rate revenue in the amount of \$4,086,994 on Clark Energy's normalized test year ending June 30, 2009. The parties agree that Clark Energy should be permitted to adjust its rates to permit a total increase in base rate revenue of only \$3,897,049 being \$189,945 less than sought in the application. All applicable rate schedules have been adjusted to reflect this change in retail rates. Clark Energy's customer charge per month for its residential class (Schedule R – Residential) will be reduced from the \$14.00 requested in the application to \$12.00. The demand charges and customer charges for all other classes remain as contained in the original application. In addition, the non-recurring charges proposed by Clark Energy in the application have been agreed to by both parties.

2. Clark Energy's proposed tariff revisions are attached in "Exhibit A" and should be adopted and should become effective as of April 1, 2010, or as soon thereafter as ordered by the Commission. Attached as "Exhibit B" is the direct testimony of Alan Zumstein which explains the development of these rates.

3. Additional exhibits to this agreement include a comparative schedule of rates, "Exhibit D" which include the current rates, the rates proposed in the application and the rates that are a result of this agreement. Also attached is "Exhibit E" which provides the basis for the revenue requirements for each rate class as well as the proposed rate design.

4. It is the purpose and intent of the parties hereto that the revision in rates for Clark Energy will result in a 2.0 TIER (Times Interest Earned Ratio), and the revision in rates as proposed by this Recommendation and Stipulation will result in such a TIER rating. The parties

also agree that Clark Energy should have relief from the Commission's Order in Case No. 92-219 such that simultaneously with the effective date of the tariff revisions in this case Clark Energy shall no longer be required to retire capital credits earned in excess of a TIER of 2.0.

5. Clark Energy's Board of Directors has approved the stipulated and amended rate amount of \$3,897,049.

6. Clark Energy will implement the proposed depreciation rates included in the depreciation study that accompanied the Application. The depreciation rates will be implemented in conjunction with the effective date of the Commission's Order.

7. Each party hereto waives all cross-examination of the other parties' witnesses except for supporting this Recommendation, unless the Commission disapproves this Recommendation, and each party further stipulates and recommends that the Notice of Intent, Application, testimony, pleadings, and responses to data requests filed in this proceeding be admitted into the record.

8. This Recommendation is submitted for purposes of this case only and is not deemed binding upon the parties hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving Clark Energy or any other utility.

9. If the Commission issues an order adopting this Recommendation in its entirety, each of the parties hereto agrees that it shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court with respect to such order.

10. If this Recommendation is not adopted in its entirety, each party reserves the right to withdraw from it and require that hearings go forward upon any and all matters involved herein, and that in such event the terms of this Recommendation shall not be deemed binding upon the parties hereto, nor shall such Recommendation be admitted into evidence, or referred

to, or relied upon in any manner by any party hereto, the Commission or its Staff in any such hearing.

11. Attached as "Exhibit C" is proof of revenue analysis showing that the proposed rate adjustments will generate the proposed revenue reduction to which the parties have agreed in paragraph (1) of this Stipulation.

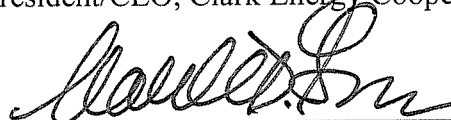
12. The parties hereto agree that the foregoing Recommendation is reasonable and is in the best interests of all concerned, and urge the Commission to adopt this Recommendation in its entirety.

This 23rd day of March, 2010.

CLARK ENERGY COOPERATIVE, INC.

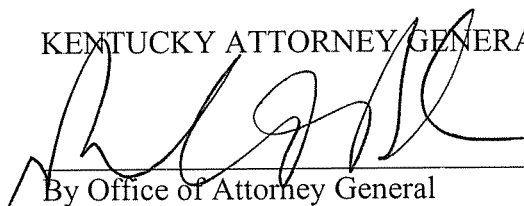


Paul Embs
President/CEO, Clark Energy Cooperative, Inc.



Mark David Goss
Attorney for Clark Energy Cooperative, Inc.

KENTUCKY ATTORNEY GENERAL


By Office of Attorney General

For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 44

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 44

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

TERMS OF PAYMENT

The above charges are net and payable within ten days from the date of the bill.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply only to the net bill, exclusive of special charges, tax and other assessments.

DATE OF ISSUE February 24, 2010 DATE EFFECTIVE April 1, 2010

ISSUED BY _____ TITLE PRESIDENT & C.E.O.
Name of Officer

Issued by authority of an Order of the Public Service Commission in
Case No. 2009-00314 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 45

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 45

CLASSIFICATION OF SERVICE

Schedule D: Time of-Use Marketing Service

AVAILABILITY

Available to all Rate "R" consumers for separately metered off peak requirements subject to the established time of use restrictions. Applicable to programs approved by the Kentucky PSC as a part of EKPC wholesale marketing rates.

CHARACTER OF SERVICE

Single phase, 60 Hertz, at available secondary voltages.

DELIVERY POINT

The delivery point at which the secondary or utilization voltage is provided shall be specified by the Distributor.

TIME OF DAY RESTRICTIONS

<u>MONTH</u>	<u>OFF PEAK HOURS</u>
October thru April	10:00 P.M. To 7:00 A.M., EST
	12:00 Noon to 5:00 P.M., EST
May thru September	10:00 P.M. thru 10:00 A.M., EST

RATES

\$0.06489 per kWh for all energy

(I)

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TITLE PRESIDENT & C.E.O.

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For All Areas Served
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P.S.C. No. 2

3rd Revision SHEET NO. 46

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 46

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

FUEL ADJUSTMENT CHARGE

The above rate may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses.

TERMS OF PAYMENT

The above charges are net and payable within ten days from the date of the bill.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply only to the net bill, exclusive of special charges, tax and other assessments.

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Name of Officer

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 47

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 47

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule T: Outdoor lighting Facilities

AVAILABILITY

Available for general outdoor lighting facilities.

RATES

Lamp Rating	Annual Rate Per Lamp	Average Annual Energy Use Per Lamp	Average Monthly Energy Use Per Lamp
400 Watt	\$18.07 per mo	1,848 kWh	154 kWh

(I)

CONDITIONS OF SERVICE

Rates applicable only to lamps and associated appurtenances. Other facilities required may be provided subject to the Distributor's established contract policies and practices.

TERMS OF PAYMENT

The above charges are net and payable within ten days from the date of the bill.

FUEL ADJUSTMENT CHARGES

The above rate may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 48

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 48

CLASSIFICATION OF SERVICE

allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply to the net bill, exclusive of special charges, tax and other assessments.

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Name of Officer

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 49

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 49

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule S: Outdoor Lighting Facilities

AVAILABILITY

Available for general outdoor lighting facilities.

RATES

<u>Lamp Rating</u>	<u>Monthly Rate Per Lamp</u>	<u>Average Annual Energy Use Per Lamp</u>	<u>Average Monthly Energy Use Per Lamp</u>
175 Watt	\$9.75 per mo	840 kWh	70 kWh

(I)

CONDITIONS OF SERVICE

1. Rate applicable only to lamps and associated appurtenances. Other facilities required may be provided subject to the Distributor's established policies and practices.
2. The Consumer shall execute an agreement for service under this schedule for a period of not less than one year.

FUEL ADJUSTMENT CHARGE

The above rates may be increased or decreased by an amount per kWh equal of the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses.

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DATE EFFECTIVE April 1, 2010

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TITLE PRESIDENT & C.E.O.

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 50

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 50

CLASSIFICATION OF SERVICE

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply to the net bill, exclusive of special charges, tax and other assessments

DATE OF ISSUE February 24, 2010

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TITLE PRESIDENT & C.E.O.

Name of Officer

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Case No. 2009-00314 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 51

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 51

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule E: Public Facilities

AVAILABILITY

Available to public facilities with Kilowatt (kW) demands less than 50 kW subject to established rules and regulations of the Distributor. Not applicable to outdoor lighting system requirements.

CHARACTER OF SERVICE

Single phase, 60 Hertz, at available secondary voltages.

DELIVERY POINT

The delivery point at which the secondary or utilization voltage is provided shall be specified by the Distributor.

RATES

\$ 16.00	Facility Charge	(I)(T)
\$ 0.10248	All kWh	(I)

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be \$ 16.00. (I)

FUEL ADJUSTMENT CHARGE

The above rate may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 52

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 52

CLASSIFICATION OF SERVICE

allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses.

TERMS OF PAYMENT

The above charges are net and payable within ten days from the date of the bill.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply to the net bill, exclusive of special charges, tax and other assessments.

DATE OF ISSUE February 24, 2010 DATE EFFECTIVE April 1, 2010

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 53

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 53

CLASSIFICATION OF SERVICE

Schedule C: General Power Service

(T)

AVAILABILITY

Available for all non-residential general power requirements with Kilowatt (kW) demands less than 50 kW subject to established rules and regulations of the Distributor.

CHARACTER OF SERVICE

Single or three phase, 60 Hertz, at available secondary voltages.

DELIVERY POINT

The delivery point at which the secondary or utilization voltage is provided shall be specified by the Distributor.

RATES

\$24.46 Facility Charge-Single Phase
\$48.42 Facility Charge-Three Phase
\$0.10198 Per kWh for all energy

(I)(T)
(I)(T)
(I)

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be \$24.46 single phase and \$48.42 for three phase service.

(I)

DATE OF ISSUE February 24, 2010

DATE EFFECTIVE April 1, 2010

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TITLE PRESIDENT & C.E.O.

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 54

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 54

CLASSIFICATION OF SERVICE

FUEL ADJUSTMENT CHARGE

The above rate may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for line losses. The allowance for line losses will not exceed 10% and is based on a twelve month moving average of such losses.

TEMPORARY SERVICE

Temporary service shall be supplied in accordance with the foregoing rate except that the consumer shall pay in addition to the foregoing charges the total cost of connecting disconnecting service less the value of materials returned to stock. A deposit, in advance, may be required of the full amount of the estimated bill for service, including the cost of connection and disconnection.

TERMS OF PAYMENT

The above charges are net and payable within ten days from the date of the bill.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply to the net bill, exclusive of special charges, tax and other assessments.

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 56

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 56

CLASSIFICATION OF SERVICE

Schedule L: General Power Service

AVAILABILITY

Available to all commercial and industrial consumers for general power requirements with Kilowatt (kW) demands of 50 kW or greater but less than 500 kW. (T)

CONDITIONS OF SERVICE

A power contract shall be executed by the consumer for service under this rate schedule. The power contract shall specify a contract demand for minimum billing purposes of 50 kW or greater but less than 500 kW.

CHARACTER OF SERVICE

Limited to single or three phase, 60 Hertz, at a secondary delivery voltage of 480 volts or less. (T)

DELIVERY POINT

The delivery point shall be specified within the power contract.

RATES

\$61.63	Facility Charge	(N)
\$ 6.25	per kW of billing demand	(I)
\$ 0.07539	per kWh for all energy	(I)

DETERMINATION OF BILLING DEMAND

DATE OF ISSUE February 24, 2010 DATE EFFECTIVE April 1, 2010

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Name of Officer

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 57

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 57

CLASSIFICATION OF SERVICE

The billing demand shall be the maximum Kilowatt (kW) demand established by the consumer for any fifteen (15) minute interval. The consumer shall maintain unity power factors as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of maximum demand is less than 90% lagging, the billing demand shall be the maximum fifteen minute Kilowatt (kW) demand recorded by metering instrumentation multiplied by 90% and divided by the measured percent power factor.

Consistent with the Power Billings provisions of this rate schedule, the contract demand may be regarded as the billing demand.

POWER BILLINGS

The power billing each month shall be the greater amount calculated with the rates herein as applied to (a) or (b) as follows:

(a) Contract demand as specified within the power contract and energy.

(b) Current billing demand and energy.

Should (a) above produce the greater power billing, the contract demand shall be regarded as billing demand.

FUEL ADJUSTMENT CHARGE

The above rates may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for losses. The allowance

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For All Areas Served
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P.S.C. No. 2

3rd Revision SHEET NO. 58

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 58

CLASSIFICATION OF SERVICE

for losses will not exceed 10% and is based on a twelve (12) month moving average of such losses.

TERMS OF PAYMENT

The above charges are net and payable within ten (10) days from the date of the bill.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply to the net bill, exclusive of special charges, tax and other assessments.

DATE OF ISSUE February 24, 2010 DATE EFFECTIVE April 1, 2010

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 59

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 59

CLASSIFICATION OF SERVICE

Schedule P: General Power Service

AVAILABILITY

Available to all commercial and industrial consumers for general power requirements with Kilowatt (kW) demands of 500 kW or greater. (D)

CONDITIONS OF SERVICE

A power contract shall be executed by the consumer for service under this rate schedule. The power contract shall specify a contract demand for minimum billing purposes of 500 kW or greater.

CHARACTER OF SERVICES

Limited to three phase, 60 Hertz, at a secondary of delivery voltage specified within the power contract. (T)

DELIVERY POINT

The delivery point shall be specified within the power contract.

RATES

\$83.91	Facility Charge	(N)
\$ 6.00	per kW of billing demand	(I)
\$ 0.06558	per kWh for all energy	(I)

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For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 60

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 60

CLASSIFICATION OF SERVICE

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum Kilowatt (kW) demand established by the consumer for any fifteen (15) minute interval. The consumer shall maintain unity power factors as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of maximum demand is less than 90% lagging, the billing demand shall be the maximum fifteen minute Kilowatt (kW) demand recorded by metering instrumentation multiplied by 90% and divided by the measured percent power factor. Consistent with the Power Billings provisions of this rate schedule, the contract demand may be regarded as the billing demand.

POWER BILLINGS

The power billing each month shall be the greater amount calculated with the rates herein as applied to (a) or (b) as follows:

(a) Contract demand as specified within the power contract and energy.

(b) Current billing demand and energy.

Should (a) above produce the greater power billing, the contract demand shall be regarded as billing demand.

FUEL ADJUSTMENT CLAUSE

The above rates may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kWh as billed by the Wholesale Power Supplier plus an allowance for losses. The allowance

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P.S.C. No. 2

3rd Revision SHEET NO. 61

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 61

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

for losses will not exceed 10% and is based on a twelve (12) month moving average of such losses.

TERMS OF PAYMENT

The above charges are net and payable within ten (10) days from the date of the bill.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply to the net bill, exclusive of special charges, tax and other assessments.

DATE OF ISSUE February 24, 2010 DATE EFFECTIVE April 1, 2010

ISSUED BY _____ TITLE PRESIDENT & C.E.O.
Name of Officer

Issued by authority of an Order of the Public Service Commission in Case No. 2009-00314 dated _____.

For All Areas Served
Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 62

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 62

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Schedule M: General Power Service

AVAILABILITY

Available to all commercial and industrial consumers for general power requirements at primary delivery voltage with Kilowatt (kW) demands of 1,000 kW or greater but less than 5,000 kW. (T)

CONDITIONS OF SERVICE

A power contract shall be executed by the consumer for service under this rate schedule. The power contract shall specify a contract demand for minimum billing purposes of 1,000 or greater but less than 5,000 kW.

CHARACTER OF SERVICE

Three phase, 60 Hertz, at a delivery voltage specified within the power contract.

DELIVERY POINT

The delivery point shall be specified within the power contract.

RATES

Demand Charge: \$9.73 per kW of billing demand (I)

Energy Charge: \$0.06886 per kWh for all energy

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For All Areas Served
Community, Town or City

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2nd Revision SHEET NO. 63

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum Kilowatt (kW) demand established by the consumer for any fifteen (15) minute interval within the following calendar months and time intervals.

October - April: 7:00 AM - 12:00 AM EST 5:00 PM - 10:00 PM EST

May - September: 10:00 AM - 10:00 PM EST

Maximum Kilowatt demands established not within the prescribed time intervals shall be disregarded for billing purposes.

The consumer shall maintain unity power factors as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of maximum demand is less than 90% lagging, the billing demand shall be the maximum fifteen minute Kilowatt (kW) demand recorded by metering instrumentation multiplied by 90% and divided by the measured percent power factor.

Consistent with the Power Billings provisions of this rate schedule, the contract demand may be regarded as the billing demand.

POWER BILLINGS

The power billings each month shall be the greater amount calculated with the rates herein as applied to (a), (b), or (c) as follows:

- (a) Minimum energy requirements as specified within the power contract.

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Community, Town or City

P.S.C. No. 2

3rd Revision SHEET NO. 64

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

2nd Revision SHEET NO. 64

CLASSIFICATION OF SERVICE

(b) Contract demand as specified within the power contract and energy.

(c) Current billing demand and energy.

Should (b) above produce the greater power billing, the contract demand shall be regarded as billing demand.

FUEL ADJUSTMENT CLAUSE

The above rates may be increased or decreased by an amount per kWh equal to the fuel adjustment amount per kwh as billed by the Wholesale Power Supplier plus an allowance for losses. The allowance for losses will not exceed 10% and is based on a twelve (12) month moving average of such losses.

TERMS OF PAYMENT

The above charges are net and payable within ten (10) days from the date of the bill.

LATE PAYMENT FEES

An amount equal to five percent (5%) of the past due amount will be added to all accounts that are in a past due condition. Late payment fees will apply after 10 days from the date of the bill. Late payment fees will apply to the net bill, exclusive of special charges, tax and other assessments.

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For All Areas Served
Community, Town or City

P.S.C. No. 2

1st Revision SHEET NO. 11

CANCELLING P.S.C. NO. 2

Original SHEET NO. 11

Clark Energy Cooperative Inc.
Name of Issuing Corporation

RULES AND REGULATIONS

11 CHARGES FOR MEMBER REQUESTED RECONNECTION

The Cooperative will make no charge for connecting service or discontinuance of service. There shall be a fee of \$25.00 for each service connection thereafter occurring more frequently than once each twelve month period for the member. (I)

DATE OF ISSUE February 24, 2010

DATE EFFECTIVE April 1, 2010

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Name of Officer

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For All Areas Served
Community, Town or City

P.S.C. No. 2

1st Revision SHEET NO. 32

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

Original SHEET NO. 32

RULES AND REGULATIONS

26 FIELD COLLECTION CHARGE

A charge of thirty dollars (\$30.00) will be assessed when a cooperative representative makes a trip to the premises of a consumer for the purpose of terminating service. The charge may be assessed if the cooperative representative actually terminates service or if, in the course of the trip, the consumer pays the delinquent bill to avoid termination. The charge may also be made if the cooperative representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. The cooperative may make a field collection charge only once in any billing period. (I)

DATE OF ISSUE February 24, 2010

DATE EFFECTIVE April 1, 2010

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Name of Officer

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P.S.C. No. 2

1st Revision SHEET NO. 33

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

Original SHEET NO. 33

RULES AND REGULATIONS

27 RECONNECTION CHARGE FOR DISCONNECTION OF SERVICE

If service is disconnected for non-payment of bills or violation of the utility's rules or commission regulations, a charge of forty dollars (\$40.00) will be made for reconnecting service due and payable at time of such reconnection. If the reconnection is done after regular working hours, the charge will be sixty-five dollars (\$65.00).

(I)

(I)

DATE OF ISSUE February 24, 2010

DATE EFFECTIVE April 1, 2010

ISSUED BY _____
Name of Officer

TITLE PRESIDENT & C.E.O.

For All Areas Served
Community, Town or City

P.S.C. No. 2

1st Revision SHEET NO. 36

Clark Energy Cooperative Inc.
Name of Issuing Corporation

CANCELLING P.S.C. NO. 2

Original SHEET NO. 36

RULES AND REGULATIONS

29 RETURN CHECK CHARGE

The cooperative will apply to a member's account a charge of twenty-five dollars (\$25.00) for each member's check returned to the cooperative. (I)

DATE OF ISSUE February 24, 2010

DATE EFFECTIVE April 1, 2010

ISSUED BY _____

TITLE PRESIDENT & C.E.O.

Name of Officer

Clark Energy Cooperative, Inc.
Case No. 2009-00314

Direct Testimony of Alan M. Zumstein

Q1 What is the purpose of your testimony?

A1 The purpose of my testimony is to explain the development of the rates based on the settlement that has been reached with the Office of the Attorney General (“OAG”) and Clark Energy Cooperative, Inc. (“Clark Energy”) The OAG has agreed to allow Clark Energy to increase its rates by the amount of \$3,897,049. This amount is \$189,945 less than the original request.

Q2 What rates have been changed to accomplish this reduction in the amount of increase?

A2 This change has been accomplished by placing the full reduction of the increase amount upon the increase that is being sought for Schedule R – Residential. Clark Energy has reduced its requested facility charge from \$14.00 to \$12.00 as agreed upon, then increased the energy charge only slightly from \$0.094560 to \$0.095773.

Q3 How can it be determined that the proposed rate design will provide the amount of revenue agreed upon in the settlement?

A3 As part of this settlement agreement, a billing analysis is attached as Exhibit C, which develops the amount of revenues that Clark Energy would receive from its current rates applied to the test year billing units and from its proposed rates, applied to the test year billing units. Since there were no proposed changes to any of the other rates schedules, only the proposal for Schedule R – Residential accompanies Exhibit C. The proof of revenues results in an increase in the amount of \$3,897,049.

Q4 Will the proposed rates meet the needs of Clark Energy?

A4 The proposed rates as a result of this settlement will provide for the immediate financial needs of Clark Energy and should insure that Clark Energy will meet its mortgage requirements for several years.

Q5 What documentation is Clark Energy providing in support of this settlement?

A5 The following additional documents are provided as support:

- The proposed tariffs,
- Billing analysis settlement proof of revenues,
- Current rates, proposed rates from Application, and Settlement proposed rates, and,
- Change in rate design for Schedule R – Residential for the Settlement agreement.

Q6 Have you made any other changes that need to be identified?

A6 No, there are none.

Q7 Does this conclude your testimony?

A6 This concludes my testimony.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

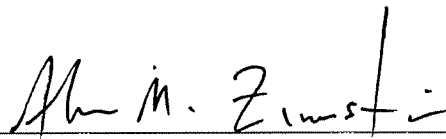
In the Matter of:

APPLICATION OF CLARK ENERGY)
COOPERATIVE, INC. FOR AN ORDER) CASE NO. 2009-00314
AUTHORIZING THE ADJUSTMENT OF)
RETAIL RATES BASED ON HISTORICAL)
TEST YEAR ENDING JUNE 30, 2009)

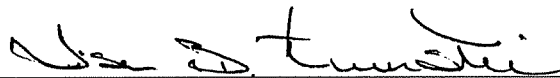
AFFIDAVIT

STATE OF KENTUCKY)
)
COUNTY OF FAYETTE)

Alan M. Zumstein, being duly sworn, states that he has read the foregoing prepared testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.


ALAN M. ZUMSTEIN

Subscribed and sworn before me on this 28th day of February, 2010.


Notary Public

My Commission Expires: Sept. 2012

Clark Energy Cooperative
Case No. 2009-00314
Revenue Analysis
June 30, 2009

Exhibit C
page 1 of 2
Witness: Alan Zumstein

Rate Schedule	Kwh Useage	Test Year Revenue	Percent of Total	Normalized Case No. 2008-0525	Percent of Total	Application Proposed Revenue	Percent of Total	Settlement Proposed Revenue	Percent of Total	Increase Amount	Increase Percent
R - Residential	322,074,113	\$26,240,115	73%	\$31,190,959	73%	\$34,519,670	74%	\$34,329,725	74%	\$3,138,766	10%
D - Time of Day	1,861,608	85,106	0%	102,296	0%	120,800	0%	120,800	0%	18,504	18%
A - General Power Service	14,529,508	1,515,341	4%	1,754,533	4%						
B - General Power Service	12,933,755	1,212,054	3%	1,416,374	3%						
C - General Power Service	0	0	0%	0	0%	3,329,467	7%	3,329,467	7%	158,560	5%
E - Public Facilities	4,084,927	363,188	1%	427,608	1%	474,655	1%	474,655	1%	47,047	11%
L - General Power Service	52,272,438	4,263,891	12%	5,052,819	12%	5,305,270	11%	5,305,270	11%	252,451	5%
M - General Power Service	7,301,084	558,244	2%	665,353	2%	678,738	1%	678,738	1%	13,385	2%
P - General Power Service	10,118,100	757,037	2%	905,600	2%	923,762	2%	923,762	2%	18,162	2%
S & T - Outdoor Lighting Service	8,900,276	828,913	2%	971,610	2%	1,220,492	3%	1,220,492	3%	248,882	26%
Envirowatts	30,580	864	0%	864	0%	864	0%	864	0%	0	0%
Rounding differences						1,292		1,292		1,292	
Total from base rates	<u>434,106,389</u>	35,824,753	100%	<u>\$42,488,016</u>	100%	<u>\$46,575,010</u>	100%	<u>\$46,385,065</u>	100%	<u>\$3,897,049</u>	8%
Fuel adjustment billed		4,069,581									
Environmental surcharge billed		<u>2,253,595</u>									
		<u>\$42,147,929</u>									
Increase				\$6,663,263		\$4,086,994		(\$189,945)			

Schedule R - Residential is the only schedule that has changed from the Application.

Billing Analysis
June 30, 2009

Schedule R - Residential

Description	Billing Determinants	Test Year Revenues	Normalized Case No. 2008-00525		Proposed		Settlement Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues
			Facility charge - R	290,310	\$1,608,142	\$5.84	\$1,695,412	\$14.00
Energy charge per kWh	322,074,113	24,631,972	\$0.091580	29,495,547	\$0.094560	30,455,328	\$0.095773	30,846,003
Total from base rates		26,240,115		<u>\$31,190,959</u>		<u>\$34,519,671</u>		<u>\$34,329,725</u>
Fuel adjustment		3,028,494						
Environmental surcharge		<u>1,707,478</u>						
Total revenues		<u>\$30,976,086</u>						
Amount				\$4,950,844		\$3,328,712		\$3,138,767
Percent				18.9%		10.7%		9.1%
Average monthly bill		\$90.39		\$107.44		\$118.91		\$118.25
Amount				\$17.05		\$11.47		\$10.81
Percent				18.9%		10.7%		9.1%

Clark Energy Cooperative
Case No. 2009-00314

Exhibit D
Page 1 of 1
Witness: Alan Zumstein

**Current Rates, Proposed Rates from Application,
and Settlement Proposed Rates**

Rate Class	<u>Present</u>	<u>Application Proposed</u>	<u>Settlement Proposed</u>
Schedule R - Residential			
Facility charge	\$5.84	\$14.00	\$12.00
Energy charge	\$0.091580	\$0.094560	\$0.095773
Schedule D - Time of Use Marketing			
Energy charge	\$0.054950	\$0.064890	\$0.064890
Schedule C - General Power Service (formerly A&B)			
Customer Charge A	\$5.76		
Energy charge A	\$0.113510		
Customer Charge B	\$5.28		
Energy charge B	\$0.092980		
Demand charge	\$5.89		
Schedule C - General Power Service			
Facility charge - Single phase		\$24.46	\$24.46
Facility charge - Three phase		\$48.42	\$48.42
Demand charge		\$0.00	\$0.00
Energy charge		\$0.101980	\$0.101980
Schedule E - Public Facilities			
Facility charge	\$5.89	\$16.00	\$16.00
Energy charge	\$0.099630	\$0.102480	\$0.102480
Schedule L - General Power Service			
Facility charge	\$0.00	\$61.63	\$61.63
Demand charge	\$5.89	\$6.25	\$6.25
Energy charge	\$0.073490	\$0.075390	\$0.075390
Schedule M - General Power Service			
Demand charge	\$8.99	\$9.73	\$9.73
Energy charge	\$0.068860	\$0.068860	\$0.068860
Schedule P - General Power Service			
Facility charge	\$0.00	\$83.91	\$83.91
Demand charge	\$5.89	\$6.00	\$6.00
Energy charge	\$0.064610	\$0.065580	\$0.065580
Schedule S, Outdoor Lighting Facilities			
175 Watt	\$7.75	\$9.75	\$9.75
Schedule T, Outdoor Lighting Facilities			
400 Watt Sodium	\$14.36	\$18.07	\$18.07
Nonrecurring charges			
Return check	\$13.00	\$25.00	\$25.00
Collection fee	\$25.50	\$30.00	\$30.00
Reconnect for disconnect	\$38.00	\$40.00	\$40.00
Reconnect, request	\$15.00	\$25.00	\$25.00
Overtime reconnect	\$48.00	\$65.00	\$65.00

Clark Energy Cooperative
Case No. 2009-00314

**Change in Rate Design for Schedule R - Residential
Settlement Agreement**

A. Change in Revenue Requirement and Reate Design for Schedule R - Residential

Increase requested in Application	\$ 4,086,994
Amount of increase from Settlement Stipulation	<u>\$3,897,049</u>
Decrease in amount of increase	<u>\$ 189,945</u>
Revenue requirement Schedule R of Application	\$ 34,519,670
Decrease in revenue requirement for Schedule R	<u>189,945</u>
Revised revenue requirement	\$ 34,329,725

B. Calculation of Rate Design

1. Facility Charge

Rate agreed to	\$ 12.00
Number of billing determinants	290,310
Revenue from Facility Charge	\$ 3,483,722

2. Energy Charge

Revenue requirement from Energy Charge	\$ 30,846,003
Energy sales in kWh	322,074,113
Energy Rate	\$ 0.095773