

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CLARK ENERGY)	
COOPERATIVE, INC. FOR A CERTIFICATE OF)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2011-00303
CONSTRUCT ACCORDING TO ITS 2010-2014)	
CONSTRUCTION WORK PLAN)	

ORDER

On February 2, 2012, Clark Energy Cooperative, Inc. ("Clark") tendered for filing its application, pursuant to KRS 278.020(1), 807 KAR 5:001, Section 8, and 807 KAR 5:001, Section 9(2), for a Certificate of Public Convenience and Necessity ("CPCN") to allow it to construct certain facilities according to its 2010-2014 Construction Work Plan ("CWP"). The CWP contains improvements and additions to Clark's existing plant at an estimated cost of \$18,061,857. In support of its application, Clark filed its CWP which describes in detail the improvements and additions to its plant that are required over the next four years to serve its load. The Commission accepted Clark's application for filing on February 28, 2012.

In its application, Clark seeks authorization to construct extensions and additions to its plant as follows:

New Distribution Line	\$5,216,966
Line Conversion & Improvement	1,796,200
Miscellaneous Equipment & Poles	8,797,833
Security Lights	473,058
SCADA System	218,000
AMR/AMI	1,559,800
TOTAL	\$18,061,857

Discussion

The CWP covers a four-year period and is designed to serve an expected load of 143.9 MW for the 2014 winter peak. The total system design load was attained by modeling and analyzing peak winter loads, and allocating loads to individual substations and feeders based on Clark's knowledge of the system, historical loading, and known future development.

One new substation will be added to the Clark system during the four-year CWP period. The substation will be installed, owned by, and paid for by Clark's wholesale supplier, East Kentucky Power Cooperative, Inc.

Clark finances its construction projects with loans from Rural Utilities Service ("RUS"). As such, any RUS loan is exempt from Commission approval of financing under KRS 278.300(10).

Clark received approval from RUS for the CWP on January 26, 2010 but did not file the CWP with the Commission until February 2, 2012, which Clark stated was an

oversight.¹ Clark states that it began construction on four projects at an estimated cost of \$297,371.88 prior to the filing of this CWP.

Clark states that it is currently upgrading its Hunt Turtle 1 meter system to a Hunt Turtle 2 meter system which will allow Clark to continue to utilize all existing Turtle 1 meters while positioning Clark to provide optional rate plans to its consumers. Optional rate plans include demand-side management, prepaid metering, time of use, and off-peak rates. Additional functionalities include two-way communications, voltage data, remote service connect\disconnect, and communication to its Outage Management System. The estimated cost of the Turtle 2 system upgrade is \$1,559,800 to upgrade 20 substations.

Having considered the evidence and being otherwise sufficiently advised, the Commission finds that the proposed construction in Clark's CWP will enable it to continue to provide adequate and dependable electric service to its customers; that the system improvements recommended in the CWP will not duplicate existing facilities, are needed to correct voltage problems, improve phase balance, and provide for improved service reliability; and that its application for a CPCN should be approved. The Commission also finds that a separate show-cause proceeding should be initiated to determine if Clark's actions in beginning construction on the CWP prior to receiving a CPCN violates the orders, regulations, and procedures of the Commission.

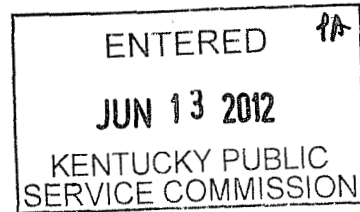
IT IS THEREFORE ORDERED that:

1. Clark's application for a CPCN to construct the facilities described in its 2010-2014 CWP is approved.


¹ Clark's Response to Commission Staff's First Information Request, filed on Mar. 29, 2012, Item 2.a.

2. A separate action shall be established for Clark to show cause, if any, why it should not be subject to the penalties prescribed by KRS 278.990(1) for its alleged conduct in this matter.

By the Commission



ATTEST:



Executive Director

Case No. 2011-00303

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