

HOLLY CREEK PRODUCTION CORPORATION

840 Insurance Exchange Building

505 5th Avenue

Des Moines, Iowa 50309

Phone: 515-288-2152

Fax: 515-288-1738

December 29, 2006

RECEIVED

JAN 02 2007

PUBLIC SERVICE
COMMISSION

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, KY 40602

Case No. 7007-00007

Gentlemen:

Please find enclosed eleven copies of a Petition for Confidential Treatment of Certain Information Contained in its Application for Rate Adjustment for Farm Tap Rates together with an equal number of Application for Rate Adjustment. A bound copy of has been designated as "Original" in accordance with your instructions. In addition a copy of this letter including a copy of the Petition for Confidential Treatment and the Application has been forwarded to the Public Service Litigation Branch, Office of the Attorney General. A letter to the farm tap customers dated December 12, 2006 advising them of the pending Application for Rate Adjustment is enclosed within the binders.

It is hoped that the exhibits contained within the material filed will meet with the approval of the Commission. No "Average volumetric rate" is cited, however our present Gas Purchase Agreement (our wholesale agreement) is based on the Columbia Monthly Appalachia Index which for the twelve month period ending May 31, 2006 averaged \$9.74. While we recognize that gas prices have dropped since May it should be noted that this index as reported in Platts Inside FERC's Gas Market Report for the month of December 2006, attached, is \$8.53.

Holly Creek Production Corporation is a small company with limited staff and the burden of filing annual applications for rate adjustments has not been followed. Our last rate adjustment was in 2002.

We would welcome your comments concern this Application.

Respectfully submitted,



Carleton D. Beh, Jr.
President

Enclosure
cc: Public Service Litigation Branch

platts

www.platts.com

Gas Daily Price Guide

December 2006

Prices of Spot Gas Delivered to Pipelines, December 1 (per MMBtu)

	Range	Index	Volume	Deals
ANR Pipeline Co.				
Louisiana	\$7.70 to \$8.43	\$8.14	156	25
Oklahoma	\$6.46 to \$7.32	\$6.66	213	36
CenterPoint Energy Gas Transmission Co.				
East	\$6.43 to \$7.17	\$6.74	308	60
Colorado Interstate Gas Co.				
Rocky Mountains	\$5.52 to \$5.85	\$5.63	327	67
Columbia Gas Transmission Corp.				
Appalachia	\$8.18 to \$8.64	\$8.53	496	79
Columbia Gulf Transmission Co.				
Louisiana	\$8.25 to \$8.31	\$8.27	285	22
Dominion Transmission Inc.				
Appalachia	\$8.54 to \$8.75	\$8.70	434	73
EJ Paso Natural Gas Co.				
Permian Basin	\$6.39 to \$7.11	\$6.65	562	80
San Juan Basin	\$6.31 to \$6.83	\$6.45	608	94
Florida Gas Transmission Co.				
Zone 1	\$7.82 to \$8.32	\$8.00	35	13
Zone 2	\$8.32 to \$8.34	\$8.33	N.A.	N.A.
Zone 3	\$8.52 to \$8.57	\$8.53	56	12
Kern River Gas Transmission Co.				
Wyoming	\$5.58 to \$6.35	\$5.71	1,291	183
Natural Gas Pipeline Co. of America				
Midcontinent zone	\$6.42 to \$7.16	\$6.61	245	42
Louisiana zone	N.A. to N.A.	N.A.	N.A.	N.A.
Texok zone	\$6.84 to \$7.55	\$7.17	926	156
South Texas zone	\$7.37 to \$7.52	\$7.48	70	8
Northern Natural Gas Co.				
Demarcation	\$6.94 to \$7.65	\$7.19	608	94
Ventura, Iowa	\$7.50 to \$8.42	\$7.92	649	107
Northwest Pipeline Corp.				
Rocky Mountains	\$5.52 to \$6.35	\$5.70	1,443	220
Canadian border	\$7.32 to \$8.30	\$7.86	278	52
Oneok Gas Transportation LLC				
Oklahoma	\$6.78 to \$6.95	\$6.79	N.A.	N.A.
Panhandle Eastern Pipe Line Co.				
Texas, Oklahoma (mainline)	\$6.45 to \$7.38	\$6.60	494	83
Questar Pipeline Co.				
Rocky Mountains	\$5.28 to \$5.67	\$5.54	34	12
Southern Natural Gas Co.				
Louisiana	\$8.04 to \$8.39	\$8.37	107	10
Southern Star Central Gas Pipeline Inc.				
Texas, Oklahoma, Kansas	\$6.45 to \$6.90	\$6.71	72	10
Tennessee Gas Pipeline Co.				
Louisiana, 500 leg	\$7.76 to \$8.30	\$8.28	86	16
Louisiana, 800 leg	\$8.23 to \$8.25	\$8.24	86	14
Texas, zone 0	\$7.40 to \$7.66	\$7.52	339	33

	Range	Index	Volume	Deals
Texas Eastern Transmission Corp.				
East Louisiana zone	\$7.72 to \$8.26	\$8.24	108	29
West Louisiana zone	\$7.67 to \$8.20	\$8.17	N.A.	N.A.
East Texas zone	\$7.35 to \$7.64	\$7.46	N.A.	N.A.
South Texas zone	\$6.94 to \$7.52	\$7.38	493	73
Texas Gas Transmission Corp.				
Zone 1	\$8.16 to \$8.18	\$8.17	163	28
Zone SL	\$7.59 to \$8.43	\$8.08	75	15
Transcontinental Gas Pipe Line Corp.				
Zone 1	\$7.14 to \$7.62	\$7.51	46	14
Zone 2	\$7.77 to \$8.63	\$8.29	85	18
Zone 3	\$8.03 to \$8.82	\$8.54	853	94
Zone 4	\$8.54 to \$8.70	\$8.62	137	21
Transwestern Pipeline Co.				
Permian Basin	\$6.38 to \$7.00	\$6.78	N.A.	N.A.
Trunkline Gas Co.				
Louisiana	\$7.75 to \$8.33	\$8.19	70	10

Market Center Spot Gas Prices, December 1 (per MMBtu)

	Range	Index	Volume	Deals
Northeast				
Texas Eastern, zone M-3	\$9.24 to \$9.44	\$9.33	531	95
Transco, zone 6 N.Y.	\$9.67 to \$9.83	\$9.75	350	53
Transco, zone 6 non-N.Y.	\$9.32 to \$9.48	\$9.39	161	40
Algonquin city-gates	\$9.60 to \$9.73	\$9.65	67	11
Tennessee, zone 6 delivered	\$9.62 to \$9.74	\$9.67	N.A.	N.A.
Niagara	\$7.90 to \$8.80	\$8.71	124	22
Upper Midwest				
Chicago city-gates	\$7.77 to \$8.57	\$8.14	362	84
Consumers Energy city-gate	\$7.75 to \$8.57	\$8.41	95	29
Mich Con city-gate	\$7.86 to \$8.48	\$8.35	108	29
ANR Pipeline, Mt 7	\$8.54 to \$8.54	\$8.54	N.A.	N.A.
Dawn, Ontario	\$8.16 to \$8.52	\$8.49	520	68
South Louisiana				
Henry Hub	\$8.32 to \$8.34	\$8.33	291	29
East Texas				
Houston Ship Channel	\$6.90 to \$7.67	\$7.07	506	74
Katy	\$7.15 to \$7.52	\$7.35	110	11
West Texas				
Waha	\$6.50 to \$7.48	\$6.65	676	78
Rockies/Northwest				
Cheyenne Hub	\$6.50 to \$6.60	\$6.54	N.A.	N.A.
TCPL Alberta, AECO-C#	\$7.30 to \$8.24	\$7.77	851	243
Stanfield, Ore.	\$7.30 to \$7.55	\$7.43	N.A.	N.A.
California				
PG&E Malin, Ore.	\$6.99 to \$7.65	\$7.21	457	74
PG&E city-gate	\$7.32 to \$8.11	\$7.57	200	55
PG&E South	\$6.71 to \$7.38	\$6.92	120	24
Southern California Gas Co.	\$6.63 to \$7.45	\$6.81	868	135
National Average \$7.47				

All prices U.S. \$/MMBtu except TCPL Alberta, AECO-C, which is Canadian\$/GJ (giga joule). All volumes in (000) MMBtu/day.

Case No. 2007-00007

HOLLY CREEK PRODUCTION CORPORATION
840 Insurance Exchange Building
505 5th Avenue
Des Moines, Iowa 50309

RECEIVED
JAN 2 2007
PUBLIC SERVICE
COMMISSION

December 12, 2006

NOTICE OF PROPOSED RATE CHANGE

Holly Creek Production Corporation has filed a request with the Public Service Commission to increase its rates. The rates contained in this notice are the rates proposed by Holly Creek Production Corporation. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic, or person may file written comments within 30 days of the date of this notice with the Public Service Commission, 730 Schenkel Lane, P.O. Box 615, Frankfort, KY 40602.

Copies of the request for an increase may be obtained by contacting the gas company at the address shown above. A copy of the request for an increase in rates is available for public inspection at this address.

<u>Present Rate</u>	<u>Proposed Rate</u>	<u>Estimated Monthly Increase</u>
\$5.90 per mcf Minimum 2 mcf/month	\$8.00 per mcf Minimum 2 mcf/month	35.6%

Rates are subject to a six percent (6%) sales tax.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 02 2007

In the Matter of:

PUBLIC SERVICE
COMMISSION

THE PETITION OF HOLLY CREEK PRODUCTION)
CORPORATION FOR CONFIDENTIAL TREATMENT)
OF CERTAIN INFORMATION CONTAINED IN ITS)
APPLICATION FOR RATE ADJUSTMENT FOR FARM)
TAP RATES)

CASE NO. 2007-00007

PETITION OF HOLLY CREEK PRODUCTION CORPORATION
FOR CONFIDENTIAL TREATMENT OF CERTAIN INFORMATION
CONTAINED IN ITS APPLICATION FOR RATE ADJUSTMENT

Holly Creek Production Corporation ("Holly Creek") pursuant to 807 KAR 5:001 Section 7, petitions the Commission to classify and protect as confidential certain information that is contained in its Application for Rate Adjustment for Farm Tap Rates, as more fully described below:

1. The revenues from gas sales by Holly Creek are derived from two sources: farm tap sales and sales to Jefferson Gas LLC under a Gas Purchase Agreement. This Gas Purchase Agreement followed from litigation initiated by Holly Creek in 2001 which was settled in 2003. Because this Agreement provides a different form of compensation to Holly Creek than that enjoyed by other producers in its area who sell their gas to Jefferson Gas LLC, the parties to the agreement agreed to keep the provisions of the sales contract confidential.

The Reports of Income and Expenses for the calendar years 2004 and 2005, attached, reflect the terms of this Gas Purchase Agreement and need to have this same protection. It should be noted that staff of the Commission assisted in the construction of this Agreement.

2. Holly Creek, a Kentucky corporation is a wholly owned subsidiary of Beh Brothers Inc, an Iowa corporation, and is the only asset of Beh Brothers Inc. Holly Creek derives its revenues by the sale of natural gas to 37 farm tap customers and from the sales of natural gas to Jefferson Gas LLC. The combined entities file federal and state Income Tax reports on a fiscal year ending May 31. The report for the year ending May 31, 2006 is enclosed. The tax report as filed is based on general accepted accounting principles, contains a Balance Sheet indicating a negative net worth. The liabilities as shown are with the exception of an account payable for legal services, currently under review by the parties, represented by advances to the company by Carleton D. Beh, Jr. his family or trusts of which Carleton D. Beh, Jr. is trustee and beneficiary. As shown in the report all debt to third parties has been retired. Carleton D. Beh, Jr. is Chairman and Chief Executive Officer of Beh Brothers Inc. and President of Holly Creek.

3. The information included in Sections 1 and 2 above for which Holly Creek is seeking

confidential treatment is not known outside of Beh Brothers Inc., Holly Creek, Jefferson Gas LLC and the co-trustees of the Carleton D. Beh Trust.

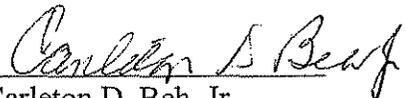
4. A copy of the Gas Purchase Agreement is attached hereto and Article XVII relating to the confidentiality of the Agreement is brought to the attention of the Commission.

5. In 2001 Holly Creek employed Advanced Resources International, Inc. ("ARI") a consulting firm of Arlington, VA which firm specializing in the evaluation of net reserves and resource potential of operating oil and gas companies. ARI prepared two voluminous reports and based on these valuations of present operation, proven and undeveloped reserves and development potential Holly Creek prepared a Statement of Assets and Liabilities based on Fair Market Values. A copy of this statement is enclosed. To carry out the planned development, Holly Creek has expanded its leasehold interests and engaged a noted geologist to act as operator for a drilling program of at least 20 wells.

6. The information attached to this application has not been disseminated to third parties except those potential farmees who have provided Holly Creek with letters of confidentiality.

WHEREFORE. Holly Creek respectfully requests that the Commission classify and protect as confidential the terms of the Gas Purchase Agreement, the Income Tax Report for the year ending May 31, 2006, the internal Reports of the Income and Expenses for the years 2004 and 2005 which relate to the Gas Purchase Agreement.

Respectfully submitted,



Carleton D. Beh, Jr.

President

Holly Creek Production Corporation

840 Insurance Exchange Building

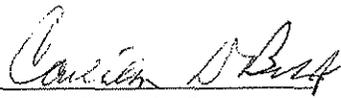
505 5th Avenue

Des Moines, Iowa 50309

(515) 288-2152

Certificate of Service

This is to certify that a true copy of the foregoing instrument was mailed on the 12th day of December, 2006, to the Office of Attorney General, Office of Rate Intervention, P.O. Box 2000, Frankfort, KY 40602-2000.



Carleton D. Beh, Jr.