

COMMONWEALTH OF KENTUCKY

RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION

FEB 12 2007

In the Matter of:

PUBLIC SERVICE
COMMISSION

Application of Holly Creek Production)
Corporation Pursuant To KRS 278.485)
And 807 KAR 5:026 For An Adjustment Of Its)
Retail Rates For Gas Service Provided By Its)
Farm Tap System)

P.S.C. Case No. 2007-007

AMENDED APPLICATION TO ADJUST RATES

Holly Creek Production Corporation respectfully requests the Public Service Commission of Kentucky pursuant to KRS 278.485 and 807 KAR 5:026 for an adjustment to its retail rates for gas service provided by its farm tap system. In support thereof, Holly Creek states:

1. Holly Creek is a Kentucky corporation with its business offices located at 840 Insurance Exchange Building, 505 5th Avenue, Des Moines, Iowa 50309. Holly Creek currently has 45 customers served by 28 miles of gathering system in southern Wolfe and northern Breathitt Counties in Kentucky.
2. Attached as Exhibit A to this application is a certified copy of the articles of incorporation and all amendments.
3. Holly Creek seeks to increase its rate for natural gas from \$5.90 per mcf to \$10.69 per mcf with a two mcf per month minimum charge. This application amends and supersedes Holly Creek's January 2, 2007 filing in this proceeding. Holly Creek's rates last were adjusted by Order of the Commission dated December 13, 2002 in Case No. 2002-00253. A copy of the proposed tariff is attached as Exhibit B.

4. The notice of the amended application required by 807 KAR 5:026, Section 9(1)(d) was mailed to all customers on February 8, 2007. A copy of the notice is attached hereto as Exhibit C.

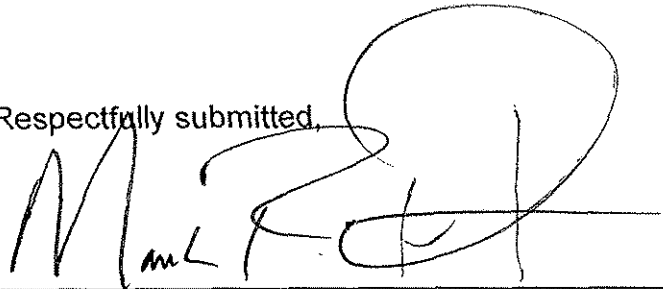
5. Cost Support for the proposed adjustment based upon the two one year periods ended December 31, 2006 and December 31, 2005 is attached as Exhibit D to this amended application

6. Communications regarding this Application should be addressed to:

Carleton D. Beh, Jr.
Holly Creek Production Corporation
840 Insurance Exchange Building
505 5th Avenue
Des Moines, Iowa 50309
Telephone: 515-288-2152

Mark R. Overstreet
Stites & Harbison PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: 502-223-3477

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mark R. Overstreet', written over a horizontal line.

Mark R. Overstreet
STITES & HARBISON, PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: 502-223-3477

COUNSEL FOR:
HOLLY CREEK PRODUCTION
CORPORATION

VERIFICATION

STATE OF IOWA)
) SS
COUNTY OF POLK)

The undersigned, Carleton D. Beh, Jr., being first duly sworn, deposes and says he is President of Holly Creek Production Corporation, that he has personal knowledge of the matters set forth in the foregoing Amended Application, and the facts contained therein are true and correct to the best of his information, knowledge and belief.

Carleton D. Beh, Jr.
Carleton D. Beh, Jr.

Subscribed and sworn to before me, a Notary Public in and before said State and County, this the 1st day of February, 2007.

Judy L. Gulling
Notary Public

My Commission Expires: 12-14-07

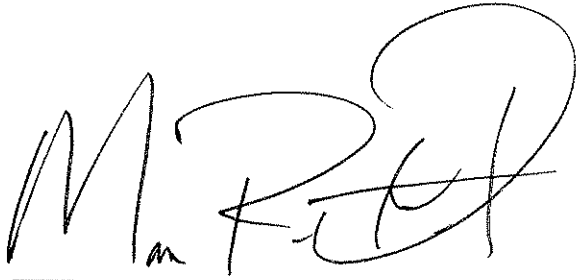


CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the Joint Application was served via the United States Postal Service, First Class Mail, postage prepaid, upon:

Elizabeth E. Blackford
Dennis G. Howard II
Larry Cook
Kentucky Attorney General's Office
Suite 200
1024 Capital Center Drive
Frankfort, Kentucky 40601-8204

on this the 12th day of February, 2007.



COUNSEL FOR:
KENTUCKY POWER COMPANY

ZZ996:99949:15263:1:FRANKFORT

EXHIBIT A



**Trey Grayson
Secretary of State**

Certificate

I, Trey Grayson, Secretary of State for the Commonwealth of Kentucky, do hereby certify that the foregoing writing has been carefully compared by me with the original thereof, now in my official custody as Secretary of State and remaining on file in my office, and found to be a true and correct copy of

ARTICLES OF INCORPORATION FOR
HOLLY CREEK PRODUCTION CORPORATION FILED ON AUGUST 14, 1963.

ARTICLES OF AMENDMENT FOR
HOLLY CREEK PRODUCTION CORPORATION FILED ON FEBRUARY 9, 1966.

ARTICLES OF MERGER FOR
HOLLY CREEK CORPORATION INTO HOLLY CREEK PRODUCTION CORPORATION
FILED ON MAY 31, 1972.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
Official Seal at Frankfort, Kentucky, this 9th day of February, 2007.



Trey

Trey Grayson
Secretary of State
Commonwealth of Kentucky
csorrell - Certificate ID: 43461

23677

Commonwealth of Kentucky

Department of State



Office of Secretary of State

CORPORATION DEPARTMENT

The HOLLY CRBK CORPORATION (Louisville, Kentucky)

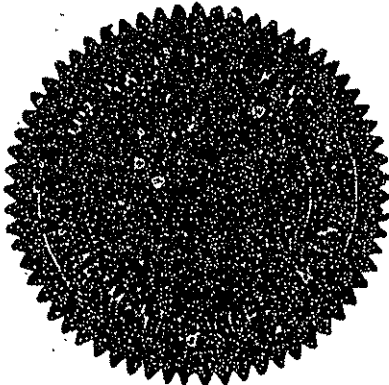
and HOLLY CRBK PRODUCTION CORPORATION (Louisville, Kentucky)

Corporations organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, having this day filed in the office of the Secretary of State of the Commonwealth of Kentucky, a certified copy of the Agreement of Merger under the name of

HOLLY CRBK PRODUCTION CORPORATION

Louisville, Kentucky

the said Surviving corporation is now authorized to transact business in this State subject to the restrictions imposed by law.



Witness, My official signature, this 31st day

of May, 19 72

Mae Kirby Acting
Secretary of State

By _____
Assistant Secretary of State

23677

AGREEMENT OF MERGER
OF
HOLLY CREEK CORPORATION
INTO
HOLLY CREEK PRODUCTION CORPORATION

SECRETARY OF STATE
RECEIVED
MAY 18 1972
Commonwealth of Kentucky

AGREEMENT OF MERGER, dated this 22ND day of MAY,
1972, pursuant to Section 271.465 of Kentucky Revised Statues
between Holly Creek Corporation, a Kentucky corporation, and
Holly Creek Production Corporation, a Kentucky corporation.

WITNESSETH that:

WHEREAS, the respective Board of Directors of the constituent
corporations deem it advisable that the corporations merge into a
single corporation, as hereinafter specified; and

WHEREAS, said Holly Creek Production Corporation by its articles
of incorporation which was filed in the office of the Secretary of
State on August 14, 1963, and articles of amendment filed in the office
of the Secretary of State on February 9, 1966, has an authorized
capital stocks consisting of twenty-one thousand (21,000) shares, all
common stock without par value, of which one hundred (100) shares are
now issued and outstanding; and

WHEREAS, said Holly Creek Corporation by its articles of
incorporation which was filed in the office of said Secretary of
State on February 14, 1966, has an authorized capital stock consist-
ing of three hundred sixteen thousand (316,000) shares, all common
stock without par value, of which sixty thousand (60,000) shares are
now issued and outstanding.

WHEREAS, the registered office of said Holly Creek Production Corporation in the State of Kentucky is located at 1212 Kentucky Home Life Building in the City of Louisville, County of Jefferson, and the name and address of its authorized agent is Lively M. Wilson; and the registered office of Holly Creek Corporation in the State of Kentucky is located at 1212 Kentucky Home Life Building in the City of Louisville, County of Jefferson, and the name and address of its authorized agent is Lively M. Wilson:

NOW, THEREFORE, the corporations, parties to this agreement, by and between their respective boards of directors, in consideration of the mutual covenants, agreements and provisions hereinafter contained do hereby prescribe the terms and conditions of said merger and of carrying the same into effect as follows:

1. Holly Creek Production Corporation hereby merges into itself Holly Creek Corporation and said Holly Creek Corporation shall be and hereby is merged into Holly Creek Production Corporation, which shall be the surviving corporation, pursuant to the provisions of Chapter 271 of the Kentucky Revised Statutes.

2. The articles of incorporation of the surviving corporation as the same have been amended to the effective date of this agreement are to be and remain the articles of incorporation of the surviving corporation.

Said articles of incorporation shall become and be the Certificate of Incorporation of the surviving corporation, and, in addition to the powers conferred upon it by statute, the surviving corporation shall have the powers set forth therein and be governed by the provisions thereof.

3. The manner of converting the outstanding shares of the capital stock of each of the constituent corporations into the shares or other securities of the surviving corporation shall be as follows:

(a) Sixty thousand (60,000) shares of common stock of the merged corporation which shall be outstanding on the effective date of this agreement and all rights in respect thereof shall forthwith be changed and converted into one thousand (1,000) shares of common stock of the surviving corporation, and any stock of the surviving corporation which was previously an asset of the merged corporation shall on the effective date of this agreement be retired by the surviving corporation.

(b) After the effective date of this agreement, each holder of an outstanding certificate representing shares of common stock of the merged corporation shall surrender the same to the surviving corporation and each such holder shall be entitled upon such surrender to receive the number of shares of common stock of the surviving corporation on the basis provided herein. Until so surrendered, the outstanding shares of the stock of the merged corporation to be converted into the stock of the surviving corporation as provided herein may be treated by the surviving corporation for all corporate purposes as evidencing the ownership of shares of the surviving corporation as though said surrender and exchange had taken place.

4. The terms and conditions of the merger are as follows:

(a) The bylaws of the surviving corporation as they shall exist on the effective date of this agreement shall be and remain the bylaws of the surviving corporation until the same shall be altered, amended or repealed as therein provided.

(b) The directors and officers of the surviving corporation shall continue in office until the next annual meeting of shareholders and until their successors shall have been elected and qualified.

(c) The first annual meeting of the shareholders of the corporation which shall survive the merger, to be held after the effective date of the merger shall be the annual meeting provided, or to be provided, by the bylaws of the said corporation for the year 1972.

(d) The corporation which shall survive the merger shall pay all expenses of carrying this agreement into effect and of accomplishing this merger.

5. The mode of carrying the merger into effect is as follows:

After the agreement of merger has been entered into by the vote of the board of directors of each of the corporations, parties hereto, and signed by a majority of the directors of each corporation, the agreement shall be submitted to the shareholders of each of said corporations, at a meeting thereof, duly called separately in the manner provided in Sec. 271.295 Kentucky Revised Statutes, and if at such meeting of the Holly Creek Production Corporation the holders of a majority of the voting power of the shareholders vote for the adoption of the agreement, that fact shall be certified on the agreement by the secretary of said corporation, and if at such meeting of the Holly Creek Corporation the holders of a majority of the voting power of the shareholders vote for the adoption of such agreement, that fact shall be certified on such agreement by the secretary of said corporation, and the agreement so adopted and certified shall be signed and acknowledged by the president and secretary of the Holly Creek Production Corporation and by the president and secretary of the Holly Creek Corporation, whereupon the agreement so adopted, certified, signed and acknowledged shall be delivered in original to the Secretary of State of Kentucky who, if the agreement has been properly signed and acknowledged will record it in his office and a copy thereof, endorsed by the Secretary of State of Kentucky with the fact and time of recording in his office, shall be filed and recorded by the clerk of the county court of each county in Kentucky in which the surviving corporation has its registered office and in which either corporation has land, title to which will be transferred as a result of the merger.

Upon the date when the agreement has been recorded in the office of the Secretary of State of Kentucky the separate existence of Holly Creek Corporation shall cease, and the said Holly Creek Corporation shall be merged into Holly Creek Production Corporation, the surviving corporation.

Upon the merger becoming effective, all the property, rights, privileges, franchises, patents, trademarks, licenses, registrations and other assets of every kind and description of the merged corporation shall be transferred to, vested in and devolve upon the surviving corporation without further act or deed and all property, rights, and every other interest of the surviving corporation and the merged corporation shall be as effectively the property of the surviving corporation as they were of the surviving corporation and the merged corporation respectively. The merged corporation hereby agrees from time to time, as and when requested by the surviving corporation or by its successors or assigns, to execute and deliver or cause to be executed and delivered all such deeds and instruments and to take or cause to be taken such further or other action as the surviving corporation may deem necessary or desirable in order to vest in and confirm to the surviving corporation title to and possession of any property of the merged corporation acquired or to be acquired by reason of or as a result of the merger herein provided for and otherwise to carry out the intent and purposes hereof and the proper officers and directors of the merged corporation and the proper officers and directors of the surviving corporation are fully authorized in the name of the merged corporation or otherwise to

take any and all such action. The surviving corporation shall be responsible for all the liabilities of each of the constituent corporations in the same manner as if such surviving corporation had itself incurred such liabilities.

IN WITNESS WHEREOF, the parties to this agreement, pursuant to authority duly given by their respective boards of directors have caused these presents to be executed by the directors of each party hereto, and the corporate seal affixed.

(Corporate Seal)

ATTEST:

R. J. Allender
R. J. Allender, Secretary

HOLLY CREEK CORPORATION

By Carleton D. Beh Sr.
Carleton D. Beh Sr.

By Joseph E. Casey
Joseph E. Casey

By Raymond J. Allender
Raymond J. Allender

Constituting all of its Board of Directors

HOLLY CREEK PRODUCTION CORPORATION

By Carleton D. Beh Sr.
Carleton D. Beh, Sr.

By Joseph E. Casey
Joseph E. Casey

By Raymond J. Allender
Raymond J. Allender

Constituting all of its Board of Directors

(Corporate Seal)

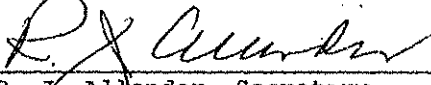
ATTEST:

R. J. Allender
R. J. Allender, Secretary

CERTIFICATE

I, R. J. Allender, Secretary of Holly Creek Corporation, a corporation organized and existing under the laws of the State of Kentucky; hereby certify, as such secretary and under the seal of the said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of said corporation by all of the directors thereof and having been signed by all of the directors of Holly Creek Production Corporation, a corporation of Kentucky, was duly submitted to the shareholders of said Holly Creek Corporation at a meeting of said shareholders called and held separately from the meeting of shareholders of any other corporation, upon waiver of notice, signed by all the shareholders, for the purpose of considering and taking action upon said Agreement of Merger, that sixty thousand (60,000) shares of stock of said corporation were on said date issued and outstanding; that the holders of sixty thousand (60,000) shares voted in favor of approval and that no shares were voted against approval and that the proposed agreement of merger was approved by the affirmative vote of the holders of at least a majority of the voting power of the shareholders of said corporation, and that thereby the Agreement of Merger was at said meeting duly adopted as the act of the shareholders of said Holly Creek Corporation and the duly adopted agreement of the said corporation.

WITNESS my hand and the seal of said Holly Creek Corporation on this 22ND day of MAY, 1913.



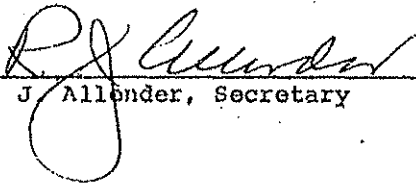
R. J. Allender, Secretary

(Corporate Seal)

CERTIFICATE

I, R. J. Allender, Secretary of Holly Creek Production Corporation, a corporation organized and existing under the laws of the State of Kentucky, hereby certify, as such secretary and under the seal of the said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly signed on behalf of said corporation by all of the directors thereof and having been signed by all of the directors of Holly Creek Corporation, a corporation of Kentucky, was duly submitted to the shareholders of said Holly Creek Production Corporation at a meeting of said shareholders called and held separately from the meeting of shareholders of any other corporation, upon waiver of notice, signed by all the shareholders, for the purpose of considering and taking action upon said Agreement of Merger, that one hundred (100) shares of stock of said corporation were on said date issued and outstanding; that the holders of one hundred (100) shares voted in favor of approval and that no shares were voted against approval and that the proposed agreement of merger was approved by the affirmative vote of the holders of at least a majority of the voting power of the shareholders of said corporation, and that thereby the Agreement of Merger was at said meeting duly adopted as the act of the shareholders of said Holly Creek Production Corporation and the duly adopted agreement of the said corporation.

WITNESS my hand and the seal of said Holly Creek Production Corporation on this 22nd day of MAY, 1972.



R. J. Allender, Secretary

(Corporate Seal)

and secretary of said Holly Creek Corporation, and that the seal affixed to said Agreement of Merger is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office, at my office in the said State and County, the day and year last above written.

(Notarial Seal)

Donna L. Jensen
NOTARY PUBLIC

STATE OF IOWA)
) ss:
COUNTY OF POLK)

On this 22ND day of MAY, 1972, before me, a notary public in and for the State and County aforesaid, residing therein, duly commissioned and sworn, personally appeared Carleton D. Beh, Jr., president, and R. J. Allender, secretary, of Holly Creek Production Corporation, a corporation organized and existing under the laws of the State of Kentucky and one of the corporations described in and which executed the Agreement of Merger to which this certificate is attached, known to me personally to be such, and he the said Carleton D. Beh, Jr. as such president and he the said R. J. Allender as such secretary, duly executed said Agreement of Merger before me and acknowledged said Agreement of Merger to be the agreement of said Holly Creek Production Corporation, that the signatures of the said president and secretary of said corporation to said foregoing Agreement of Merger are in the handwriting of said president and secretary of said Holly Creek Production Corporation, and that the seal affixed to said Agreement of Merger is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office, at my office in the said State and County, the day and year last above written.

(Notarial Seal)

Donna L. Jensen
NOTARY PUBLIC

ORIGINAL COPY
FILED AND RECORDED
SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY

MAY 31 1972

Stephen L. Stovall
SECRETARY OF STATE
BY *Donna L. Jensen*
NOTARY PUBLIC

23677 ✓
Commonwealth of Kentucky
Department of State



Office of Secretary of State

THELMA L. STOVALL, SECRETARY

ARTICLES OF AMENDMENT

I, THELMA L. STOVALL, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Articles of Incorporation of

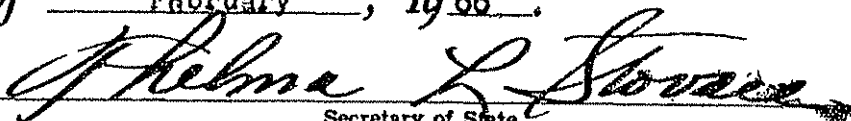
HOLLY CREEK PRODUCTION CORPORATION

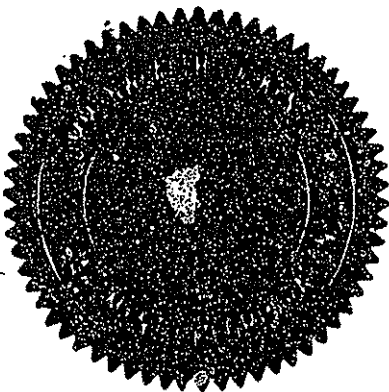
Louisville, Kentucky

have been amended pursuant to Articles of Amendment, duly signed and acknowledged according to law, this day filed in my office by said corporation, and that all taxes, fees and charges payable upon the filing of said Articles of Amendment have been paid.

Witness my official signature this 9th day

of February, 1966.


Secretary of State



SECRETARY OF STATE

Assistant Secretary of State

ORIGINAL COPY
FILED AND RECORDED

FEB 9 1966

ARTICLES OF AMENDMENT

TO THE ARTICLES OF INCORPORATION

OF

Thelma L. Stovall
SECRETARY OF STATE OF KENTUCKY
FRANKFORT, KENTUCKY
BY *Thelma L. Stovall*
ASSISTANT SECRETARY OF STATE

HOLLY CREEK PRODUCTION CORPORATION

FEB 9 1966

Pursuant to the provisions of Chapter 271 of Kentucky Revised Statutes relating to general provisions concerning private corporations, the undersigned corporation pursuant to resolution duly adopted by its shareholders, certifies as follows:

FIRST: The name of the corporation is Holly Creek Production Corporation.

SECOND: The following amendment of the Articles of Incorporation was adopted by the shareholders of the corporation on the 26th day of January 1966 in the manner prescribed by Chapter 271 of the Revised Statutes as follows:

Strike all of Article V relating to the capital stock of the corporation and substitute therefor the following:

"ARTICLE V.

The capital stock of the corporation shall consist of twenty-one thousand (21,000) shares of common stock without par value. Each of said shares shall be entitled to an equal share in the earnings and assets of the corporation, and the holder of each share of stock shall be entitled to cast one vote per share at all meetings of stockholders."

Except as hereinabove amended all other provisions of the Articles of Incorporation of the company remain unchanged but continue in full force and effect.

IN WITNESS WHEREOF, Holly Creek Production Corporation has caused

97-50
4.00

these presents to be executed and acknowledged by its President and Secretary and its corporate seal to be hereunto affixed pursuant to resolution adopted by the shareholders of the company this 26th day of January 1966.

HOLLY CREEK PRODUCTION CORPORATION

By

Joseph E. Casey
President

By

Ray Allender
Secretary

STATE OF IOWA

COUNTY OF POLK

} SS:

I, Edgar Musgrave, a Notary Public in and for Polk County, Iowa, do certify that on this day the foregoing instrument of writing executed by Joseph E. Casey and Ray Allender as President and Secretary of Holly Creek Production Corporation was produced to me in my county by the parties and acknowledged and delivered before me by said Joseph E. Casey as President of Holly Creek Production Corporation, a corporation, to be the act and deed of said corporation by him as Its President and chief officer, thereunto duly authorized by resolution of the stockholders of said company, unanimously adopted by said stockholders at a special meeting duly called and held, and the seal of said corporation as affixed to said instrument was acknowledged, attested and proven before me by Ray Allender as Secretary of Holly Creek Production Corporation.

Given under my hand and seal of office this 28th day of January 1966.

Edgar Musgrave
Notary Public in and for Polk County, Iowa
My Commission Expires July 4, 1966

This instrument was prepared by Lively M. Wilson of Stites, Peabody & Helm, Attorneys, whose address is 1212 Kentucky Home Life Building, Louisville, Kentucky.

Lively M. Wilson
Lively M. Wilson

23677

Commonwealth of Kentucky

Department of State



Office of Secretary of State

HENRY H. CARTER, SECRETARY

ARTICLES OF INCORPORATION

I, HENRY H. CARTER, Secretary of State of the Commonwealth of Kentucky, do hereby certify that Articles of Incorporation of

HOLLY CREEK PRODUCTION CORPORATION

Louisville, Kentucky

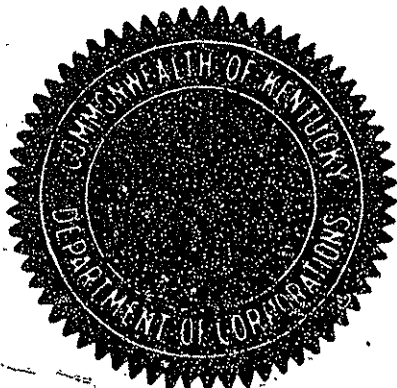
duly signed and acknowledged according to law, have this day been filed in my office. I further certify that all taxes, fees and charges payable upon the filing of said Articles of Incorporation have been paid.

Witness my official signature this 14th day

of August, 19 63

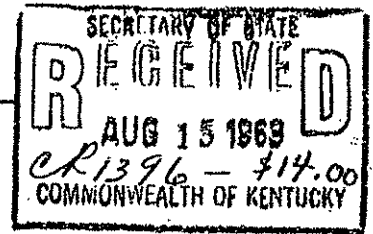
Henry H. Carter
Secretary of State

J. P. Lyon
Assistant Secretary of State



SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
HOLLY CREEK PRODUCTION CORPORATION



KNOW ALL MEN BY THESE PRESENTS:

That the undersigned does hereby form a corporation under the laws of the Commonwealth of Kentucky, and hereby adopts the following Articles of Incorporation.

ARTICLE I.

The name of the corporation shall be Holly Creek Production Corporation.

ARTICLE II.

The purpose of the corporation shall be as follows:

To acquire by purchase, exchange, lease or otherwise, and to own, hold, use, develop, drill, work, exploit, operate, sell, assign, lease, transfer, convey, exchange, mortgage, pledge or otherwise dispose of, license the use of as lessor and lessee, obtain, collect, grant and assign royalties, options, interests and rights on and in respect of and generally deal in and with, as principal, agent, broker or in any other lawful capacity, any and all kinds of lands, properties, deposits, wells, mines and sites containing or believed to contain petroleum, oil, gas or any other hydrocarbon substance, or metals or minerals;

To engage generally in the business of exploring, prospecting and drilling for, extracting, producing, storing,

mining, refining, processing, transporting or otherwise preparing for market, purchasing, selling, distributing, importing and generally dealing and trading in and with, at wholesale or retail, petroleum, oil, gas, any and all other hydrocarbon substances, metals and/or minerals located on or beneath the surface of the earth, and the products, by-products, components and resultants thereof;

To manufacture, purchase or otherwise acquire, invest in, own, mortgage, pledge, sell, assign and transfer or otherwise dispose of, trade, deal in and deal with goods, wares and merchandise and personal property of every class and description;

To acquire, and pay for in cash, stock or bonds of this corporation or otherwise, the good will, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation;

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business of this corporation;

To acquire by purchase, subscription or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in

and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidences of indebtedness or interest issued or created by any corporations, joint stock companies, syndicates, associations, firms, trusts or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof;

To enter into, make and perform contracts of every kind and description with any person, firm, association, corporation, municipality, county, state, body politic or government or colony or dependency thereof;

To borrow or raise moneys for any of the purposes of the corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or

pledge, conveyance or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the corporation for its corporate purposes;

To loan to any person, firm or corporation any of its surplus funds, either with or without security;

To purchase, hold, sell and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly;

To have one or more offices, to carry on all or any of its operations and business and without restriction or limit as to amount to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of, real and personal property of every class and description in any of the states, districts, territories or colonies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, colony or country.

In general, to carry on any other business in connection with the foregoing, and to have and exercise all the powers conferred by the laws of Kentucky upon corporations formed

under the laws of the Commonwealth of Kentucky, and to do any and all of the things hereinbefore set forth to the same extent as natural persons might or could do.

The objects and purposes specified in the foregoing clauses shall, except where otherwise expressed, be in no wise limited or restricted by reference to, or inference from the terms of any other clause in this certificate of incorporation, but the objects and purposes specified in each of the foregoing clauses of this article shall be regarded as independent objects and purposes.

ARTICLE III.

The duration of the corporation shall be perpetual.

ARTICLE IV.

The original registered office of the corporation shall be 1212 Kentucky Home Life Building, Louisville 2, Kentucky, and the name and address of its resident agent shall be Lively M. Wilson, 1212 Kentucky Home Life Building, Louisville 2, Kentucky. Either the registered office and principal place of business or the name of the resident agent may be changed without the amendment of these Articles to the extent permitted by law.

ARTICLE V.

The capital stock of the corporation shall consist of one thousand (1000) shares of common stock without par value. Each of said shares shall be entitled to an equal share in

EXHIBIT B

For: Entire Service Area

P.S.C. KY No. 1
First Revised Sheet No. 1

Canceling P.S.C. KY. No. 1
First Sheet No. 1

RATES AND CHARGES

First 2 MCF per month at \$10.69 per MCF	\$21.38 minimum bill
All volumes over 2 MCF per month	\$10.69 per MCF

Date of Issue: February __, 2007

Effective Date: April __, 2007

Issued By: Carleton D. Beh, Jr.
Carleton D. Beh, Jr.

Title: President

By the Authority of Order of the Public Service Commission
In Case No. 2007-007 dated _____, 2007

EXHIBIT C

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

February 7, 2007

AMENDED NOTICE OF PROPOSED RATE CHANGE

Holly Creek Production Corporation has filed with the Public Service Commission of Kentucky an amended request to increase its rates. The rates contained in this notice are the rates proposed by Holly Creek Production Corporation. and amends its January 2, 2007 filing.

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, 211 Sower Boulevard, P.O. Box 615, Frankfort, KY 40602. Please refer to Case No. 2007-007.

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	\$10.69 per mcf Minimum 2 mcf/month	\$38.63

Rates are subject to all applicable taxes.

EXHIBIT D

HOLLY CREEK PRODUCTION CORPORATION

(Year Ended December 31, 2006)

HOLLY CREEK PRODUCTION CORPORATION

840 Insurance Exchange Building

505 5th Avenue

Des Moines, Iowa 50309

Phone: 5615-288-2152

February 7, 2007

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Re: Case No.2007-0007
Rate Increase Request
Wolfe and Breathitt Counties, Kentucky

Dear Ms. O'Donnell:

Due to the increase in the cost of natural gas, our company must increase our farm tap gas prices. We currently have 45 customers served by 28 miles of gathering system throughout southern Wolfe and northern Breathitt Counties that consume an average of 8.07 mcf per month per customer (96.78 mcf per year) (See Exhibit 1)

We have listed the various components of the rate below. Please note that there is no profit built into this rate.

The calculated gas price is \$10.69 per mcf. Holly Creek assumes a usage of 8.07 mcf per month per customer (96.78 mcf per year)) based on actual usage over the twelve months of 2006.

<u>Gas Price Calculation</u>	
Description	Amount
Columbia Gas Transmission Monthly Appalachian Index (See Exhibit 2)	\$7.46/Dth
BTU conversion based on 1131 Btu/cf (See Exhibit 3)	<u>x1.131</u> \$ 8.43/Mcf
Well Operator (See Schedule 1)	\$ 1.35/Mcf
Administration and Home Office Expense (See Schedule 2)	.42/mcf
Methanol, Odorant and Supplies (See Schedule 3)	.24/Mcf
Milage (See Schedule 4)	.19/Mcf
Postage and Office Supplies (See Schedule 5)	<u>.06/Mcf</u>
	\$ 2.26/Mcf
Total	\$10.69/Mcf

Page 2.

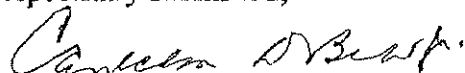
Holly Creek Production Corporation would like to amend the rate and charges section of the Order of the Public Service Commission in Case No. 2002-00253 dated December 13, 2002 and approved by said Commission on said date to read as follows:

MONTHLY RATE

Farm Tap Rate	
Minimum Bill	
0 - 2 Mcf	\$21.38
All additional Mcfs	\$10.69

The notice to customers required by 807 KAR 5:026 Section 9(d) was mailed on this same day. The person to contact concerning the information provided above is Carleton D. Beh, Jr. and you may contact him at (515) 288-2152.

Respectfully submitted,



Carleton D. Beh, Jr.
President
Holly Creek Production Corporation

Exhibit 1

Rate Increase Request

Farm Tap Gas Usage, Mcf, Year 2006

Month	Farm Tap	Free Gas	ROW	Total
Jan	677.8	84.9	21.8	784.5
Feb	663.2	154.3	11.5	829.0
Mar	458.7	54.1	6.4	519.2
Apr	245.8	40.0	7.3	293.1
May	128.5	37.2	2.0	167.7
Jun	77.6	14.7	0	92.3
Jul	76.4	17.8	5.9	100.1
Aug	62.3	14.1	.7	77.1
Sep	82.4	21.0	4.3	107.7
Oct	246.1	60.7	6.1	312.9
Nov	352.7	66.4	7.8	426.9
Dec	<u>532.7</u>	<u>99.7</u>	<u>11.9</u>	<u>644.3</u>
Total	3,604.2	664.9	85.7	4,354.8
Customers	36	8	1	45
Average usage per year				96.78Mcf

Exhibit 2

Rate Increase Request

Columbia Gas Transmission Corp
Appalachian Index

Month	Year 2006	Year 2005	Year 2004	Year 2003	Year 2002
Jan	\$11.77	\$ 6.47	\$6.34	Shut In	\$2.76
Feb	8.71	6.56	6.34	"	2.14
Mar	7.44	6.57	5.40	"	2.53
Apr	7.61	7.67	5.63	"	3.55
May	7.51	7.11	6.19	"	3.52
Jun	6.15	6.43	6.96	"	3.54
Jul	6.05	7.25	6.42	"	3.44
Aug	7.23	7.93	6.28	\$4.94	3.12
Sep	6.75	11.29	5.33	5.13	3.79
Oct	4.33	14.73	6.06	4.66	3.88
Nov	7.38	14.50	7.89	4.68	4.38
Dec	<u>8.53</u>	<u>11.65</u>	<u>8.18</u>	<u>5.07</u>	<u>4.32</u>
Total	89.46	108.16	76.71	24.48	40.97
12 mos Aver.	7.46	9.02	6.40	4.90	3.42
BTU Conversion @1.131 Btu/cf	8.43	10.19	8.39	5.55	3.87



EXHIBIT 3
Gas Analytical Services, Inc.

P.O. Box 1028
 Bridgeport, WV 26330-0461
 Phone: (304) 623-0020
 FAX: (304) 624-8065

Analysis #:	22224
Run Date:	04/01/2003
Run Time:	10:36
Cylinder #:	

FRACTIONAL ANALYSIS

Customer: Holly Creek Production Corp.	Sample Date: 03/31/2003
Field: Holly Creek Kentucky	Sample Time: 00:00
Station: Master Meter #1	Collected By: STARK
Meter:	Effective Date: 03/31/2003
	Sample Pressure: 0.00 PSIG

Component	MOL%	GPM
Methane	80.338	
Ethane	8.100	2.16
Propane	4.033	1.11
I-Butane	0.294	0.10
N-Butane	1.037	0.33
I-Pentane	0.146	0.05
N-Pentane	0.236	0.09
Nitrogen	5.430	
CO2	0.043	
Oxygen	0.024	
Hexanes+	0.321	0.14
Total:	100.000	3.98

Analytical Results at Base Conditions	
BTU/SCF (Dry):	1137.207
BTU/SCF (Saturated):	1118.351
PSIA:	14.730
Temperature (°F):	60.000
Z Factor (Dry):	0.99711
Z Factor (Saturated):	0.99706

Analytical Results at Contract Conditions	
BTU/SCF (Dry):	1131.013
BTU/SCF (Saturated):	1112.259
PSIA:	14.650
Temperature (°F):	60.000
Z Factor (Dry):	0.99711
Z Factor (Saturated):	0.99706

Calculated Specific Gravities	
Ideal Gravity:	0.6904
Real Gravity:	0.6921

Gross Heating Values are Based on GPA 2145-01.
 Compressibility is Calculated using AGA-8.

Notes and Comments

SCHEDULE 1
WELL OPERATOR COSTS
HOLLY CREEK PRODUCTION CORPORATION

Base Pay	\$8.22
Social Security/ Medicare	.63
FUTU/SUTA	.29
Workmans Compensation	<u>.56</u>
Total	\$9.70

Assume:

Meter readings -15 min/customer/month x 12	3 hrs/year/customer
Call-outs, maintenance, etc	6 hrs/year/customer
Overtime (3hrs @ 150%)	<u>4.5 hrs overtime</u>
Total hours with overtime	13.5 hrs/year/customer

Labor costs per Mcf calculation

$45 \times 96.78 = 4,335 \text{ Mcf}$
 $13.5 \text{ hrs} \times \$9.70 = \$130.95/\text{year}$
 $130.95 \times 45 = \$5,892.75/\text{year}$
 $\$5,892.75 / 4,355 \text{ Mcf} = \$1.35/\text{Mcf}$

SCHEDULE 2
 ADMINISTRATIVE PERSONNEL AND HOME OFFICE COSTS
 HOLLY CREEK PRODUCTION CORPORATION

No salaries are included in personnel costs.

Expenses of home office and parking are as follows:

Home office rent	\$10,500.00
Parking	<u>540.60</u>
Total	\$11,040.60

Assume: 8 hrs per day, 40 hrs per week, 180 hrs per month.

Expenses: Billing and Accounting: 1.5 das/ month	12 hrs per month
Other: ½ day/week	<u>18 hrs per month</u>
Total	30 hrs per month (16.7%)

Administrative Personnel and Home Office cost per Mcf Calculation

$\$11,040.60 \times .167 = \$1,843.78$

$\$ 1,843.78 / 4,355 \text{ Mcf} = \$.42 \text{ per Mcf}$

SCHEDULE 3
METHANOL, ODORANT, METER REPLACEMENT AND SUPPLIES
HOLLY CREEK PRODUCTION CORPORATION

New meter including saddle and lock valve every ten years: \$150.00/10	
\$ 15.00 per year per customer	\$675.00 per year
Paint, methanol, odorant, supplies etc.: \$350.00/ year	<u>350.00 per year</u>
Total	\$1,025.00 per year

Methanol, Odorant, Meter Replacement and Supplies Cost per Mcf Calculation:

$\$1,025.00 / 45 = \22.78

$\$22.78 / 96.78/\text{Mcf} = \$.24 \text{ per Mcf}$

SCHEDULE 4
MILAGE FOR OPERATOR
HOLLY CREEK PRODUCTION CORPORATION

Assume: One day per month meter reading at 100 miles per day and 20 miles per year per customer for call-outs.

Milage meter readings 100 x 12	1,200 miles per year
Call outs 20 miles x 45 customers	<u>900 miles per year</u>
	2,100 miles per year

Milage for Operator Cost per Mcf Calculation

2,100 miles x \$.3765 per mile (IRS allowable) \$790.65
\$790.65 / 45 customers = \$17.57 / 96.78 = \$.19

SCHEDULE 5
POSTAGE AND OFFICE SUPPLIES
HOLLY CREEK PRODUCTION CORPORATION

Assume: \$.24 per customer per month plus \$.20 other office supplies for a total of \$.44 per customer per mth or \$5.28 per customer per year.

Postage and Office Supplies Cost per Mcf Calculations:

45 customer x 96.78 Mcf usage per year = 4,355 mcf per year
45 customers x \$5.28 = \$237.60
\$237.60 / 4,355Mcf = \$.06 / Mcf

HOLLY CREEK PRODUCTION CORPORATION

(Year Ended December 31, 2005)

HOLLY CREEK PRODUCTION CORPORATION

840 Insurance Exchange Building

505 5th Avenue

Des Moines, Iowa 50309

Phone: 515-288-2152

February 9, 2007

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Case No. 2007-0007
Rate Increase Request
Wolfe and Breathitt Counties, Kentucky
Supplement to filing dated February 7, 2007

Dear Ms. O'Donnell:

The enclosed material is being filed this date to provide the Commission with additional information in the above Case No. 2007-0007. Please find enclosed an analysis of the operation of Holly Creek Production Corporation for the year ending December 31, 2005. The information enclosed is as follows:

1. During the year ending December 31, 2005, gas consumption by the farm tap users served by Holly Creek Production Corporation equaled 4,851 Mcf. The average use per custom (45) equaled 107.8 Mcf for this year. (See Exhibit 1)

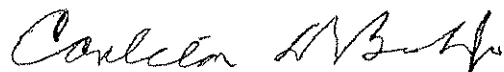
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Gas Price Calculation

Description	Amount
Columbia Gas Transmission Monthly Appalachian Index(See Exhibit 2)	\$ 9.02 /Dth
BTU conversion based on 1,131 Btu/cf (See Exhibit 3)	<u>x 1.131</u> \$10.19/Mcf
Well Operator (See Schedule 1)	\$ 1.22
Administration and Home Office Expense (See Schedule 2)	.38
Methanol, Odorant and Supplies (See Schedule 3)	.21
Milage (See Schedule 4)	.16
Postage and Office Supplies (See Schedule 5)	<u>.05</u>
	\$ 2.02
Total	\$12.21

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Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Carleton D. Beh, Jr.", written in dark ink.

Carleton D. Beh, Jr.
President
Holly Creek Production Corporation

Exhibit 1

Rate Increase Request

Farm Tap Gas Usage, Mcf, Year 2005

Month	Farm Tap	Free Gas	ROW	Total
Jan	801	75	16	892
Feb	728	97	10	835
Mar	588	62	11	661
Apr	256	37	5	298
May	197	33	4	234
Jun	67	16	1	84
Jul	48	10	1	59
Aug	92	16	1	109
Sep	44	7	0	51
Oct	123	67	13	203
Nov	524	63	8	595
Dec	<u>695</u>	<u>131</u>	<u>4</u>	<u>830</u>
Total	4,163	614	74	4,851
Customers	36	8	1	45
Average usage per year				107.8Mcf

Exhibit 2

Rate Increase Request

Columbia Gas Transmission Corp
Appalachian Index

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Notes and Comments

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HOLLY CREEK PRODUCTION CORPORATION

Year ending December 31, 2005

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Total hours with overtime	13.5 hrs/year/customer

Labor costs per Mcf calculation

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 $13.5 \text{ hrs} \times \$9.70 = \$130.95/\text{year}$
 $130.95 \times 45 = \$5,892.75/\text{year}$
 $\$5,892.75 / 4,851 \text{ Mcf} = \$1.22/\text{Mcf}$

SCHEDULE 2
ADMINISTRATIVE PERSONNEL AND HOME OFFICE COSTS
HOLLY CREEK PRODUCTION CORPORATION

Year ending December 31, 2005

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Expenses of home office and parking are as follows:

Home office rent	\$ 9,960.00
Parking	<u>1,080.00</u>
Total	\$11,040.00

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Other: ½ day/week	<u>18 hrs per month</u>
Total	30 hrs per month (16.7%)

Administrative Personnel and Home Office cost per Mcf Calculation

$\$11,040.00 \times .167 = \$1,843.68$

$\$1,843.68 / 4,851 \text{ Mcf} = \$.38 \text{ per Mcf}$

SCHEDULE 3
METHANOL, ODORANT, METER REPLACEMENT AND SUPPLIES
HOLLY CREEK PRODUCTION CORPORATION

Year ending December 31 2005

New meter including saddle and lock valve every ten years: \$150.00/10	
\$ 15.00 per year per customer	\$675.00 per year
Paint, methanol, odorant, supplies etc.: \$350.00/ year	<u>350.00 per year</u>
Total	\$1,025.00 per year

Methanol, Odorant, Meter Replacement and Supplies Cost per Mcf Calculation:

$\$1,025.00 / 45 = \22.78

$\$22.78 / 107.8/\text{Mcf} = \$.21 \text{ per Mcf}$

SCHEDULE 4
MILAGE FOR OPERATOR
HOLLY CREEK PRODUCTION CORPORATION

Year ending December 31, 2005

Assume: One day per month meter reading at 100 miles per day and 20 miles per year per customer for call-outs.

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	2,100 miles per year

Milage for Operator Cost per Mcf Calculation

2,100 miles x \$.3765 per mile (IRS allowable) \$790.65
\$790.65 / 45 customers = \$17.57 / 107.8 = \$.16/Mcf

SCHEDULE 5
POSTAGE AND OFFICE SUPPLIES
HOLLY CREEK PRODUCTION CORPORATION

Year ending December 31, 2005

Assume: \$.24 per customer per month plus \$.20 other office supplies for a total of \$.44 per customer per month or \$5.28 per customer per year.

Postage and Office Supplies Cost per Mcf Calculations:

45 customer x 107.8 Mcf usage per year = 4,851 mcf per year
45 customers x \$5.28 = \$237.60
\$237.60/ 4,851Mcf = \$.05/ Mcf