

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ALTERNATIVE RATE FILING OF HOLLY) CASE NO.
CREEK PRODUCTION COMPANY) 2002-00253

FIRST DATA REQUEST OF COMMISSION STAFF
TO HOLLY CREEK PRODUCTION COMPANY

Holly Creek Production Company (Holly Creek), pursuant to Administrative Regulation 807 KAR 5:001, is to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before September 27, 2002. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed; for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. The application of Holly Creek indicates that Holly Creek conducts both unregulated and regulated operations. The unregulated segment consists of the natural gas production wells and the contract with Jefferson Gas Transmission Company. The regulated segment consists of the farm tap system. So that the revenue requirements for the regulated segment of Holly Creek may be accurately determined, Holly Creek

must identify the expenses attributable to each segment or the allocation ratio for expenses that are attributable to both segments. For the following items, specify whether (1) the expense is 100 percent allocated to the production system; (2) the expense is 100 percent allocated to the farm tap system; or (3) the expense is divided between the production and farm tap systems. If the latter, provide the specified ratio to the production and farm tap systems, respectively.

- a. Payroll
- b. Maintenance/Truck
- c. Office, Insurance & Rent
- d. Extra Labor
- e. Leak Repairs
- f. Well Service
- g. Capital Additions
- h. Loan Payments
- i. Miscellaneous
- j. Legal Expense
- k. Royalties Farmout 1993
- l. Other Royalties

2. Has Holly Creek calculated the per Mcf cost of gas from the production system to the farm tap system customers? If so, provide the calculation.

3. Refer to the Application, Income and Expenses Year 2001, page 4.

a. Concerning an adjustment to Operating Income, shown as payment trailer rental, for \$1,500, describe the type of trailer and how it is used.

b. Refer to the Statement of Assets and Liabilities, Assets section. Listed with Other Assets is Trailer and Equipment for \$1,800. Describe the type of trailer and how it is used.

c. Is the payment trailer rental different from the trailer listed in Other Assets? Explain the response.

d. Account title Payroll and Other Taxes. Does the total, \$12,419.52, include any payroll taxes? If so, identify the taxes included and the amount.

e. Account title Other Taxes. Identify the specific taxes that are included and the amount of each tax paid.

f. Account title Maintenance/Truck. Does the total include automobile insurance? If so, provide the amount. Does the total include the debt service for the truck? If so, provide the amount paid on principal and interest.

g. Account title Extra Labor. Explain the type of work performed and whether the work was performed on the production wells or the farm tap system. If work was performed on both, identify the amounts for each.

h. Account title Leak Repairs. Provide copies of the invoices included in this account. Provide a detail of the repair if it is not included on the invoice.

i. Account title Well Service. Provide copies of the invoices included in this account. Provide a detail of the repair if it is not included on the invoice.

j. Account title Capital Additions. Explain in detail what transactions are included as capital additions.

k. Account title Loan Payments. Identify which loan is included and the corresponding interest paid on each.

l. Account title Miscellaneous. Identify the accounts and amounts included as Miscellaneous on the Income and Expenses Year 2001. Cross-reference these items to the amounts shown on the Details of Expenses Year 2001.

m. Account title Legal Expense. Is this expense related to the pending litigation identified in the application? Explain the response.

4. Refer to the Application, Income and Expenses Year 2001, page 4, Account title Office, Insurance & Rent and the Details of Expenses Year 2001.

a. Provide copies of all telephone bills.

b. Rent is listed with the Office Expenses as well as with the Other Expenses. Explain why there are two Rent Expenses.

c. Refer to correspondence dated August 13, 2002, to Commission Staff, Item 6. The home office rent is stated to be \$9,600 for 2001. Identify the accounts in which the \$9,600 has been included for 2001.

d. According to the Details of Expenses Year 2001, the rent expense is \$3,168.40. Explain what is included in the Rent expense and identify the correct amount for Rent expense.

e. Provide copies of the invoices included in the Meters account.

f. Provide copies of the invoices included in the Calibration account.

g. Provide copies of the invoices included in the Insurance account.

Identify each type of insurance (e.g., auto, general liability, Workers Compensation, etc.).

h. Concerning the Electric account, explain which segments of Holly Creek's operations utilize the electricity. Indicate how much of this expense is applicable to production system and how much to the farm tap system.

i. Provide copies of the invoices included in the Travel account.

j. Identify the account title on the Details of Expenses Year 2001, line 26, column 5. Provide copies of the invoices included in this account.

k. Provide copies of the invoices included in the Publication account.

l. Explain the type of charges that are included in the Bank Charges account. Explain in detail why the monthly charges vary so greatly and why Holly Creek is incurring these charges.

5. Refer to the Details of Expenses Year 2001, page 3, column 7. Identify the title of the account and provide an explanation of the expenses listed.

6. Explain the billing procedures followed by Holly Creek and procedures for any late penalties applied to billings determined to be past due, including support for late penalties applied.

7. Does Holly Creek charge customers for a trip made in an effort to collect a delinquent bill after proper notice? If yes, explain how the charge is determined.

8. Does Holly Creek have a disconnection policy for non-payment of bills? If yes, explain the policy.

9. Does Holly Creek charge for each new service tap? If yes, what is the amount of the fee and how did Holly Creek determine the amounts?

10. Does Holly Creek charge its customers a reconnection of service fee or returned check fee? If yes, what are the amounts of the fees and how did Holly Creek determine the amount?

11. Does Holly Creek charge a reconnection fee for customers who have requested a disconnection and subsequently reestablished service at the same premises within 12 months? If yes, what is the amount of the fee and how did Holly Creek determine the amount?

12. Does Holly Creek require a cash deposit at the time service is established? If yes, what is the amount required and how did Holly Creek determine the amount?

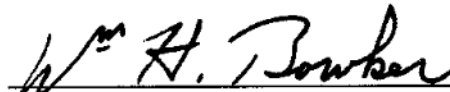
13. Refer to the Application, page 5. Holly Creek states, Farmtap rates have not increased since November 1991. Provide copies of the Commission-approved tariffs from the referenced rate increase.

14. How did Holly Creek notice its customers of the proposed rate increase?

15. Provide copies of the following tax returns filed for the calendar year 2001. If the return does not apply, explain why Holly Creek does not file the return or form requested.

- a. Federal and Kentucky income tax returns.
- b. Kentucky Sales tax returns.
- c. Payroll Tax Withholding return.
- d. Federal and Kentucky Unemployment Tax return.

16. Provide the name, local address, and local telephone number of the emergency contact for Holly Creek.



William H. Bowker
Deputy Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
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DATED: September 6, 2002

cc: All Parties