

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF HOLLY CREEK	)	
PRODUCTION COMPANY FOR AN	)	
ADJUSTMENT OF RATES PURSUANT TO	)	CASE NO.
THE ALTERNATIVE RATE FILING	)	2002-00253
PROCEDURE FOR SMALL UTILITIES	)	

ORDER

On June 28, 2002, Holly Creek Production Company ( Holly Creek ) applied for an adjustment of rates pursuant to Administrative Regulation 807 KAR 5:076, the alternative rate adjustment procedure for small utilities. There were no intervenors in this proceeding.

Holly Creek requested an increase in annual revenue of \$4,986, or 16.8 percent, for its farm tap system, based on the proposed rate of \$6.25 per Mcf included in its application. Commission Staff ( Staff ) conducted a limited review of Holly Creek s test-period financial records and issued its report on November 25, 2002, which recommended that the Commission grant Holly Creek an annual revenue requirement from rates of \$32,690, an increase of \$3,051, or 10.3 percent over Holly Creek s normalized test-period farm tap revenue of \$29,639.

The Commission s November 25, 2002 Order requested that parties submit written comments on the Staff Report within 10 days from the date of the Order. Holly Creek did not file a response to the Staff Report recommendations within the prescribed comment period in the record of this proceeding. However, it did, through informal

communication with Staff and by submitting its revised tariff containing the Staff's recommended rate, indicate its acceptance of the results of the Staff's report. Based on this sequence of events, the case now stands submitted to the Commission for a decision.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings in the Staff Report are supported by the evidence of record and are reasonable and should be adopted as the Commission's findings and incorporated by reference as if fully set out herein.

2. The rate contained in Appendix A should produce Staff's recommended revenue requirement of \$32,690.

IT IS THEREFORE ORDERED that:

1. Holly Creek's proposed rates are denied.

2. The recommendations and findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.

3. The rates contained in Appendix A are approved for service rendered by Holly Creek on and after the date of this Order.

4. Within 30 days of the date of this Order, Holly Creek shall file with the Commission its revised tariff setting out the rate approved herein, showing the effective date of the tariff and that it was issued by authority of this Order.

Done at Frankfort, Kentucky, this 13<sup>th</sup> day of December, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2002-00253 DATED December 13, 2002

The following rate is prescribed for the customers in the area served by the Holly Creek Production Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

MONTHLY RATE

Farm Tap Rate  
Minimum Bill:  
0 2.0 Mcf

\$ 5.90