

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HOLLY CREEK )  
PRODUCTION CORPORATION )  
PURSUANT TO KRS 278.485 AND 807 )  
KAR 5:026 FOR AN ADJUSTMENT OF ITS ) CASE NO. 2007-00007  
RETAIL RATES FOR GAS SERVICE )  
PROVIDED BY ITS FARM TAP SYSTEM )

INITIAL DATA REQUEST OF COMMISSION STAFF  
TO HOLLY CREEK PRODUCTION CORPORATION

Holly Creek Production Corporation (“Holly Creek”), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and 6 copies of the information requested, with a copy to all parties of record. The information requested herein is due no later than 10 days from the date of this request. 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. Provide the number of gas wells involved in serving the 45 farm tap customers.

2. Refer to Exhibit 1, Farm Tap Gas Usage, Mcf, Year 2005. The exhibit shows an average usage by farm tap customers for the period June through September, 2005 of less than 2 Mcf/month per customer. Explain why Holly Creek is proposing to charge every customer a minimum of 2 Mcf per month.

3. Refer to Exhibit 2 of the amended application.

a. Explain why Holly Creek chose to develop its gas cost based on the Columbia Gas Transmission Corp. Appalachian Index.

b. Is the quality of gas in Columbia Gas Transmission's pipeline equivalent to gas that Holly Creek provides to its farm tap customers?

c. If the answer to part (b) is no, provide a comparison of the quality of the two commodities.

4. Refer to Schedule I, Well Operator Cost.

a. Explain the basis for the assumptions used in the calculation.

b. Overtime is listed as 3 hours. Explain whether the estimate is per year, per customer, or the total number of overtime hours for the year.

5. Refer to Schedule 2, Administrative Personnel and Home Office Costs.

a. Explain the basis for the home office rent expense.

b. Explain the basis for parking expense.

c. Explain what is included in the one-half day per week estimate under expenses.

d. Provide a list of any other businesses which operate out of this home office.

6. Refer to Schedule 3.

- a. Explain why Holly Creek installs a new meter every 10 years.
  - b. Provide the salvage value of the old meters.
7. The gas analysis provided is 4 years old. Provide a more recent gas analysis for the gas supplied to the farm tap customers. Include the wet and dry heat values.
8. Do farm tap customers receive dry or saturated gas?
9. Does Holly Creek inject odorant into the gas or is it odorized naturally?
10. State the rate of injection and the location where methanol is injected into the gas provided to the farm tap customers.
11. Explain how the rate of injection is decided.
12. Does Holly Creek sell gas in the wholesale market? If yes, provide the sale prices for the last six months.



---

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

DATED: March 9, 2007

cc: All Parties