



Delta Natural Gas Company, Inc.

3617 Lexington Road
Winchester, Kentucky 40391-9797



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FAX: 859-744-3623

December 22, 2010

Mr. Jeff Derouen
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

RECEIVED

DEC 22 2010

PUBLIC SERVICE
COMMISSION

Dear Mr. Derouen:

Enclosed are the original and ten copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery Rate (GCR) to be effective with the first billing cycle of February 2011 which includes meters read on and after January 24, 2010.

In compliance with the Order in Case 2009-00066 dated April 27, 2009, Delta hereby notifies the Commission that a forward contract was executed with Atmos Energy Marketing for the 2010-2011 winter heating season for 280,000 Dth at a price of \$4.03 per Dth.

An extra copy of the filing is attached for public files.

Please acknowledge receipt of this filing via email to cking@deltagas.com.

Sincerely,

Connie King

Connie King
Manager – Corporate & Employee Services

GAS COST
RECOVERY RATE CALCULATION

Date Filed	12/22/10
Date to be Effective	01/24/11

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE JANUARY 24, 2010		
PARTICULARS	UNIT	AMOUNT
EXPECTED GAS COST (EGC)	\$/MCF	5.1463
SUPPLIER REFUND (RA)	\$/MCF	(0.0072)
ACTUAL ADJUSTMENT (AA)	\$/MCF	1.7354
BALANCE ADJUSTMENT (BA)	\$/MCF	(0.0225)
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>6.8520</u>

EXPECTED GAS COST SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	6,986,450
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
UNCOLLECTIBLE GAS COSTS	\$	<u>118,264</u>
	\$	7,104,714
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>1,380,537</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>5.1463</u>

SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE III)	\$/MCF	(0.0072)
PREVIOUS QUARTER	\$/MCF	-
SECOND PREVIOUS QUARTER	\$/MCF	-
THIRD PREVIOUS QUARTER	\$/MCF	-
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	<u>(0.0072)</u>

ACTUAL ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	0.5666
PREVIOUS QUARTER	\$/MCF	0.1852
SECOND PREVIOUS QUARTER	\$/MCF	(0.5276)
THIRD PREVIOUS QUARTER	\$/MCF	<u>1.5112</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>1.7354</u>

BALANCE ADJUSTMENT SUMMARY CALCULATION

PARTICULARS	UNIT	AMOUNT
BALANCE ADJUSTMENT AMOUNT (SCHEDULE V)	\$	(31,007)
ESTIMATED SALES FOR QUARTER	MCF	<u>1,380,537</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>(0.0225)</u>

MCF PURCHASES FOR THREE MONTHS BEGINNING
February 1, 2011
AT SUPPLIERS COSTS EFFECTIVE
February 1, 2011

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				490,744	
ATMOS ENERGY MARKETING COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)	476,531	1.036	4.2908	2,118,308	I
ATMOS ENERGY MARKETING COLUMBIA GULF TRANSMISSION M&B GAS SERVICES	209,679	1.029	4.2807	923,603	I
KENTUCKY PRODUCERS CHESAPEAKE	103,778	1.035	4.8160	517,288	I
STORAGE	21,078		6.1187	128,970	I
TOTAL	<u>569,471</u>		4.4793	<u>2,550,831</u>	N/C
	<u>1,380,537</u>			<u>6,986,450</u>	

COMPANY USAGE 20,708

ESTIMATED UNCOLLECTIBLE GAS COSTS
FOR THE THREE MONTHS ENDED APRIL, 2011

TWELVE MONTH AVERAGE % OF PURCHASED GAS TO RECORDED REVENUE	49.40%	N
ESTIMATED BAD DEBT EXPENSE	239,400	N
% OF PURCHASED GAS TO BILLED REVENUE UNCOLLECTIBLE GAS COSTS	118,264	N

SUPPLIER REFUND ADJUSTMENT
 DETAIL FOR THE THREE MONTHS ENDED
 October 31, 2010

Particulars	Unit	Amount
SUPPLIERS REFUNDS RECEIVED (1)	\$	(23,082)
INTEREST FACTOR (2)		0.9985
REFUND ADJUSTMENT INCLUDING INTEREST	\$	(23,046)
SALES TWELVE MONTHS ENDED October 31, 2010	MCF	3,191,092
CURRENT SUPPLIER REFUND ADJUSTMENT	\$/MCF	<u>(0.0072)</u>

(1) Suppliers Refunds Received	Date Received	Amount
PCB Refund from TGP	10/5/2010	23,082.06
Total		<u>23,082.06</u>

(2) Interest Factor			
RESULT OF PRESENT VALUE	0.2153850	-0.5 =	(0.284615)

**ACTUAL ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
October 31, 2010**

Particulars	Unit	For the Month Ended		
		Aug-10	Sep-10	Oct-10
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	152,763	117,723	319,867
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>152,763</u>	<u>117,723</u>	<u>319,867</u>
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	904,189	580,907	1,446,240
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	<u>904,189</u>	<u>580,907</u>	<u>1,446,240</u>
SALES VOLUME				
JURISDICTIONAL	MCF	52,948	44,660	68,797
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>52,948</u>	<u>44,660</u>	<u>68,797</u>
UNIT BOOK COST OF GAS				
EGC IN EFFECT FOR MONTH	\$	17.0769	13.0073	21.0219
RATE DIFFERENCE	\$	6.7499	6.7499	6.7499
MONTHLY SALES	MCF	10.3270	6.2574	14.2720
MONTHLY COST DIFFERENCE	\$	<u>52,948</u>	<u>44,660</u>	<u>68,797</u>
	\$	<u>546,794</u>	<u>279,455</u>	<u>981,871</u>
				Three Month Period
COST DIFFERENCE FOR THE THREE MONTHS				
TWELVE MONTHS SALES FOR PERIOD ENDED				1,808,120
CURRENT QUARTERLY ACTUAL ADJUSTMENT				<u>3,191,092</u>
				0.5666

**EXPECTED GAS COST BALANCE ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
October 31, 2010**

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	(418,156)
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF 3,191,092 MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	(0.1317) \$	 <u>(420,267)</u>
BALANCE ADJUSTMENT FOR THE AA	\$	<u>2,111</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	-
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF 0.0000 \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF 3,191,092	\$	-
BALANCE ADJUSTMENT FOR THE RA	\$	-
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	(62,422)
LESS: DOLLAR AMOUNT RESULTING FROM THE BA OF \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL MCF SALES OF 166,405 FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT IMMEDIATELY PRIOR TO THE CURRENT RATE	(0.1761) \$	 <u>(29,304)</u>
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(33,118)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>(31,007)</u>

**COMPUTATION OF CHESAPEAKE PRICE EFFECTIVE 2/01/11 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THROUGH APRIL 2011**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$6.1187 per MCF

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 2/01/11 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THROUGH APRIL 2011 (TGP)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$4.2908 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 2/01/11 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THROUGH APRIL 2011 (TCO)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$4.2807 per MMBtu dry

**COMPUTATION OF M&B PRICE EFFECTIVE 2/01/11 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR FEBRUARY THROUGH APRIL 2011**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$4.8160 per MMBtu dry

TGP SUPPLIED AREAS PURCHASE PROFILE:

12/14/2010

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2011	226,504	234,658	\$4.366	(\$0.060)	\$1,010,436.85
March	175,804	182,133	\$4.346	(\$0.060)	\$780,622.46
April	<u>74,224</u>	<u>76,896</u>	\$4.316	(\$0.060)	<u>\$327,267.44</u>
	476,531	493,687			\$2,118,326.76
FIXED PRICE		0			\$0.00
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$4.2908</u></u>	

COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2011	98,034	100,877	\$4.366	(\$0.07)	\$433,368.86
March	78,971	81,261	\$4.346	(\$0.07)	\$347,471.18
April	<u>32,674</u>	<u>33,622</u>	\$4.316	(\$0.07)	<u>\$142,758.40</u>
	209,679	215,760			\$923,598.43
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$4.2807</u></u>	

CHESAPEAKE SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	NYMEX \$ PER DTH	ADD-ON PER DTH	BTU ADJUSTMENT	TOTAL
February 2011	9,089	\$4.366	\$0.75	1.2	\$55,799.19
March	7,950	\$4.346	\$0.75	1.2	\$48,615.84
April	<u>4,039</u>	\$4.316	\$0.75	1.2	<u>\$24,553.89</u>
	21,078				\$128,968.92
WEIGHTED AVERAGE PRICE PER MCF:					<u><u>\$6.1187</u></u>

COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
February 2011	0	0	\$4.366	\$0.50	\$0.00
March	0	0	\$4.346	\$0.50	\$0.00
April	<u>103,778</u>	<u>107,411</u>	\$4.316	\$0.50	<u>\$517,289.66</u>
	103,778	107,411			\$517,289.66
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$4.8160</u></u>	

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR All Service Areas
P.S.C. NO. 12
Second Revised SHEET NO. 2
CANCELLING P.S.C. NO. 12
First Revised SHEET NO. 2

CLASSIFICATION OF SERVICE
RATE SCHEDULES

RESIDENTIAL

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	Gas Cost Recovery Rate (GCR) ** =	<u>Total Rate</u>
Customer Charge *	\$ 20.90		\$ 20.90
All Ccf ***	\$ 0.43185	\$ 0.68520	\$ 1.11705/Ccf(I)

* The customer charge includes \$0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 38 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

(D) Residential rates are also subject to the "Conservation/Efficiency Program Cost Recovery Component (CEPRC)" of \$.0077 per Ccf. The CERC is an adjustment determined in accordance with the Conservation/Efficiency Program Cost Recovery as set forth on Sheets 39 - 42 of this tariff.

DATE OF ISSUE December 22, 2010 DATE EFFECTIVE January 24, 2011 (Final Meter Reads)
ISSUED BY Glenn R. Jennings TITLE Chairman of the Board
Name of Officer President and CEO
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. _____ DATED _____

FOR All Service Areas
P.S.C. NO. 12
Second Revised SHEET NO. 3
CANCELLING P.S.C. NO. 12
First Revised SHEET NO. 3

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

SMALL NON-RESIDENTIAL *

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by small non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	Gas Cost Recovery Rate (GCR) ** =	<u>Total Rate</u>
Customer Charge	\$ 31.20		\$ 31.20
All Ccf	\$ 0.43185	\$ 0.68520	\$ 1.11705/Ccf(I)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Small Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Small Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Small Non-Residential or Interruptible Service rate schedule.

- * Meter no larger than AL425
- ** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

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ISSUED BY Glenn R. Jennings TITLE Chairman of the Board
Name of Officer President and CEO
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CASE NO. _____ DATED _____

FOR All Service Areas
P.S.C. NO. 12
Second Revised SHEET NO. 4
CANCELLING P.S.C. NO. 12
First Revised SHEET NO. 4

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

LARGE NON-RESIDENTIAL *

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	Gas Cost Recovery Rate (GCR) ** =	<u>Total Rate</u>
Customer Charge	\$131.00		\$131.00
1 - 2,000 Ccf	\$ 0.43185	\$ 0.68520	\$ 1.11705/Ccf (I)
2,001 - 10,000 Ccf	\$ 0.26696	\$ 0.68520	\$ 0.95216/Ccf
10,001 - 50,000 Ccf	\$ 0.18735	\$ 0.68520	\$ 0.87255/Ccf
50,001 - 100,000 Ccf	\$ 0.14735	\$ 0.68520	\$ 0.83255/Ccf
Over 100,000 Ccf	\$ 0.12735	\$ 0.68520	\$ 0.81255/Ccf

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to revert to the Large Non-Residential or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the Large Non-Residential or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the Large Non-Residential or Interruptible Service rate schedule.

* Meter larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Ccf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 13 and 14 of this tariff.

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CASE NO. _____ DATED _____

FOR All Service Areas
P.S.C. NO. 12
Second Revised SHEET NO. 5
CANCELLING P.S.C. NO. 12
First Revised SHEET NO. 5

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

INTERRUPTIBLE SERVICE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 17.

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	Gas Cost Recovery Rate (GCR) ** =	<u>Total Rate</u>
Customer Charge	\$250.00		\$250.00
1 - 10,000 Ccf	\$ 0.1600	\$ 0.68520	\$ 0.84520/Ccf (I)
10,001 - 50,000 Ccf	\$ 0.1200	\$ 0.68520	\$ 0.80520/Ccf
50,001 - 100,000 Ccf	\$ 0.0800	\$ 0.68520	\$ 0.76520/Ccf
Over 100,000 Ccf	\$ 0.0600	\$ 0.68520	\$ 0.74520/Ccf

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has under deliveries of transportation gas to Delta's system, and/or requests to

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