

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL GAS)
COMPANY, INC. FOR AN ORDER AUTHORIZING) CASE NO.
A TWO-FOR-ONE SPLIT OF ITS COMMON STOCK) 2012-00033

ORDER

On January 26, 2012, Delta Natural Gas Company, Inc. ("Delta") tendered an application requesting an Order authorizing a two-for-one split of its common stock pursuant to KRS 278.300 and 807 KAR 5:001, Section 11, or in the alternative, if the Commission finds that its authorization is unnecessary, an Order stating that Commission authorization is unnecessary. Delta is currently authorized to issue 20,000,000 shares of \$1.00 par value common stock. As of November 30, 2011, there were 3,387,857 shares of \$1.00 per share par value common stock outstanding. Delta proposes to distribute one additional share of \$1.00 per share par value common stock on May 12, 2012 for each share that is outstanding as of April 17, 2012. Determination of the final number of shares to be distributed is dependent upon the number of shares outstanding as of April 17, 2012. Due to the anticipated record date, Delta requests expedited consideration of its request and the issuance of an order by March 9, 2012.

On February 9, 2012, Commission Staff ("Staff") requested additional information regarding Delta's proposed stock split. On February 16, 2012, Delta submitted its response to Staff's information request.

Delta states that the purpose of the proposed stock split is to broaden the market for, and improve the marketability of, Delta's common stock and ultimately, to increase

the number of shareholders. The proposed split will not change the aggregate value of the outstanding common stock or generate additional proceeds for Delta; nor will Delta's obligations increase. Delta estimates the total cost of the stock split transaction to be \$79,500 with the costs recorded as operating expenses as incurred.¹

Delta notes in its application that in Case No. 93-453,² the Commission found, in the case of a virtually identical stock split, that Equitable Resources, Inc. did not require Commission authorization pursuant to KRS 278.300. However, KRS 278.300(1) states:

No utility shall issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until it has been authorized to do so by order of the commission.

When a stock split occurs, additional shares of stock, a form of securities, are issued. Therefore, the Commission finds that an issuance of additional shares of stock, such as that proposed by Delta, requires that Commission approval be sought and obtained prior to such issuance.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the two-for-one stock split set forth in Delta's application is for lawful objects within the corporate purposes of Delta, is necessary and appropriate for and consistent with the proper performance by Delta of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

¹ Delta's response to Commission Staff's First Request for Information, Items 1 and 2.

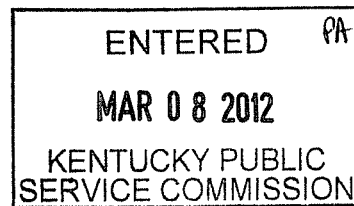
² Case No. 92-453, Application of Equitable Resources, Inc. for an Order Authorizing the Three-For-Two Split of Its Common Stock (Ky. PSC Dec. 7, 1992).

IT IS THEREFORE ORDERED that:

1. Delta is authorized to distribute one additional share of common stock for each share of common stock outstanding to effect a two-for-one stock split, effective May 1, 2012 for shareholders of record April 17, 2012.

2. Delta shall, within 30 days of the date of issuance, file with the Commission a statement setting forth the date of issuance of the securities authorized herein, the number of common shares outstanding on the record date of April 17, 2012, the number of common shares outstanding on May 1, 2012 subsequent to the two-for-one split, and all fees and expenses, including underwriting discounts or commissions or other compensation, involved in the issuance and distribution of the common shares.

By the Commission



ATTEST:



Executive Director

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