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September 7, 2007

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Mr. Glenn Jennings
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, Kentucky 40391

Re: Case No. 2007-00089
Delta Natural Gas Company, Inc.

Gentlemen:

The Commission has received the enclosed public comment and has placed it in the record of the above-referenced case.

Sincerely,

Robert A. Amato
Deputy Executive Director

Enclosure

RECEIVED
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PUBLIC SERVICE
COMMISSION

TO ATTORNEY GENERAL AND PSC

DELTA GAS HAS FILED FOR A BIG INCREASE IN ITS RATES. DO YOU LOOK AT THEIR PUBLIC REPORTS TO SEE WHAT IS GOING ON UP THERE? THEIR RECENT SEC FILING STATES THEY FORGAVE GLENN JENNINGS \$62000 ON A NOTE HE OWED THE COMPANY. THEIR ANNUAL PROXY STATEMENTS SHOW THEY STARTED OUT IN 1988 LOANING JENNINGS \$108000. INCLUDING THE LATEST FORGIVENESS THE COMPANY HAS FORGIVEN \$420000 OVER 20 YEARS. DURING THIS SAME PERIOD THEY PAID JENNINGS OVER \$480000 IN BONUSES. IT IS NOT A MYSTERY THEY NEED TO INCREASE THEIR RATES WITH ACTIONS LIKE THIS. IS THIS LEGAL?

2012
2013 - 2017

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8,645

The Statement of Financial Accounting Standards No. 106, entitled Employers' Accounting for Postretirement Benefits, and the Statement of Financial Accounting Standards No. 112, entitled Employers' Accounting for Postemployment Benefits, do not affect us as we do not provide postretirement or postemployment benefits other than the pension plan for retired employees.

(b) Employee Savings Plan We have an Employee Savings Plan ("Savings Plan") under which eligible employees may elect to contribute a portion of their annual compensation up to the maximum amount permitted by law. The Company matches 100% of the employee's contribution up to a maximum company contribution of 3.5% of the employee's annual compensation. For 2007, 2006, and 2005, Delta's Savings Plan expense was \$256,000, \$240,000 and \$234,000, respectively.

(c) Employee Stock Purchase Plan We had an Employee Stock Purchase Plan ("Stock Plan") under which qualified permanent employees were eligible to participate. Under the terms of the Stock Plan, such employees could contribute on a monthly basis 1% of their annual salary level (as of July 1 of each year) to be used to purchase Delta's common stock. We issued Delta common stock, based upon the fiscal year contributions, using an average of the high and low sale prices of Delta's stock as quoted in NASDAQ's Global Market on the last business day in June and matched those shares so purchased. Stock with an equivalent market value of \$118,000 was issued in July, 2004. Our Board discontinued the Stock Plan as of July 1, 2004.

(d) Supplemental Retirement Agreement On February 24, 2005, Delta's Board of Directors adopted a nonqualified defined contribution supplemental retirement agreement for Glenn R. Jennings, Delta's Chairman of the Board, President and Chief Executive Officer. Delta will contribute \$60,000 annually into an irrevocable trust until Mr. Jennings' retirement. At retirement, the trustee will make annual payments of \$100,000 to Mr. Jennings until the trust is depleted. As of June 30, 2007 and 2006, the irrevocable trust assets are \$203,000 and \$124,000, respectively. These amounts are included in Unamortized Debt Expense and Other on the accompanying Consolidated Balance Sheets. Liabilities, in corresponding amounts, are included in Asset Retirement Obligations and Other on the accompanying Consolidated Balance Sheets.

(6) Dividend Reinvestment and Stock Purchase Plan

Our Dividend Reinvestment and Stock Purchase Plan ("Reinvestment Plan") provides that shareholders of record can reinvest dividends and also make limited additional investments of up to \$50,000 per year in shares of common stock of the Company. Under the Reinvestment Plan we issued 21,063, 26,055, and 24,447 shares in 2007, 2006 and 2005, respectively. We registered 200,000 shares for issuance under the Reinvestment Plan in 2006, and as of June 30, 2007 there were 174,751 shares available for issuance.

(7) Note Receivable From Officer

Our note receivable from an officer on the accompanying 2006 Consolidated Balance Sheet relates to a \$160,000 loan made to Glenn R. Jennings, our Chairman of the Board, President and Chief Executive Officer. The outstanding balance on this loan was \$62,000 as of June 30, 2006. We forgave \$2,000 of the principal amount for each month of service Mr. Jennings completed through June 30, 2007. Mr. Jennings made monthly interest payments on the note based on an annual interest rate of 6%. We forgave the remaining balance of the note effective June 30, 2007.

(8) Notes Payable

The current available bank line of credit with Branch Banking and Trust Company is \$40,000,000, of which \$4,190,000 and \$7,046,000 were borrowed having a weighted average interest rate of 6.32% and 6.13% as of June 30, 2007 and 2006, respectively. The maximum amount borrowed during 2007 and 2006 was \$18,975,000 and \$33,833,000, respectively. The interest on this line is determined monthly at the London Interbank Offered Rate plus 1% on the used bank line of credit. Effective August 12, 2005 the annual cost of the unused bank line of credit was changed from .30% to .125% and the bank line of credit was extended through October 31, 2007. We are in the process of extending this bank line of credit through October 31, 2009, and this extension will reduce the interest rate on October 31, 2007 to the London Interbank Offered Rate plus .75%.

(9) Long-Term Debt