

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF DELTA	)	
NATURAL GAS COMPANY, INC.	)	
FOR AN ORDER AUTHORIZING	)	CASE NO. 9114
THE ISSUANCE OF UP TO	)	
500,000 SHARES OF COMMON	)	
STOCK	)	

O R D E R

On July 27, 1984, Delta Natural Gas Company, Inc., ("Delta") filed an application seeking authorization to issue and sell up to a maximum of 500,000 shares of its \$1.00 par value common stock. The proceeds will be used to retire Delta's existing variable rate short-term bank loans. The proceeds of the existing short-term bank loans were used to finance construction and general operating expenses.

In response to a Commission information request dated August 3, 1984, Delta estimated that its common equity ratio would increase from 32.9 percent, as of April 30, 1984, to 50.8 percent, as a result of the sale of common stock. Assuming a price of \$9.50 per share, gross proceeds from the sale of 400,000 shares would be \$3,800,000 and expenses would be \$400,000. Delta states that issuing common equity is necessary because other sources of long-term financing may be too costly or unavailable. However, a capital structure containing 50 percent equity is highly

conservative. The Commission will take this into consideration when determining future rates of return on equity.

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that Delta's proposed issuance and sale of up to a maximum of 500,000 shares of its \$1.00 par value common stock is for lawful objects within the corporate purposes of its utility operations, is necessary and appropriate for and consistent with the proper performance 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.

IT IS THEREFORE ORDERED that Delta be and it hereby is authorized to issue and sell up to a maximum of 500,000 shares of its \$1.00 par value common stock.

IT IS FURTHER ORDERED that Delta shall, as soon as is reasonably possible after the issuance and sale of the shares, file a statement with the Commission setting forth the date of issuance, the number of shares issued, the price per share to Delta, the total proceeds and the fees and expenses incurred in connection with the issuance and sale of the shares.

IT IS FURTHER ORDERED that the proceeds from the sale of the securities authorized herein shall be used only for the lawful purposes as set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 11th day of September, 1984.

PUBLIC SERVICE COMMISSION

*Richard D. Demery*  
Chairman

*W. H. Joseph*  
Vice Chairman

*Sam Shuler*  
Commissioner

ATTEST:

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Secretary