

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL GAS )  
COMPANY, INC. FOR AN ORDER AUTHORIZING )  
THE ISSUANCE OF UP TO \$20,000,000 OF LONG- ) CASE NO. 96-222  
TERM DEBT AND UP TO 500,000 SHARES )  
OF COMMON STOCK )

O R D E R

On May 21, 1996, Delta Natural Gas Company, Inc. ("Delta") filed an application seeking authority to issue up to \$20,000,000 of long-term debt and up to 500,000 shares of common stock, \$1 par value. The proceeds will be used to retire all or a portion of Delta's existing variable rate short-term bank debt. On March 31, 1996, Delta had \$15,460,000 in outstanding short-term debt.

Delta specified that it proposes to issue and sell \$15,000,000 long-term debt in the form of debentures and 400,000 shares of common stock. The interest rate applicable to the debentures would be negotiated at the time of initial marketing with a maturity of 30 years.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale of the above securities by Delta are for lawful objects within its corporate purposes, are necessary and appropriate for and

consistent with the proper performance of its service to the public, are reasonably necessary and appropriate for such purposes, and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Delta is authorized to issue and sell up to \$15,000,000 in long-term debt and 400,000 shares of its common stock. The securities will be sold in a public offering with one or more purchasers or on a negotiated or competitive bid basis with one or more underwriters, investment bankers or agents, or in a private placement transaction utilizing proper documentation.

2. Delta shall agree only to such terms and prices that are consistent with the parameters set out in its application.

3. Delta shall, within 30 days after the issuance of the securities referred to herein, file with this Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest or dividend rate(s), the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation involved in the issuance and distribution and the use of the proceeds.

4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

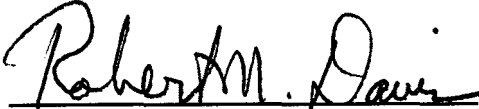
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 3rd day of July, 1996.

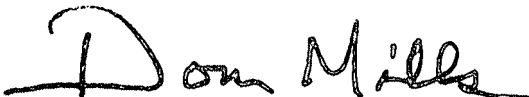
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director