

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 PURCHASE OF) CASE NO. 97-140
ALL OF THE ISSUED AND OUTSTANDING)
STOCK OF THE TRANEX CORPORATION)

O R D E R

IT IS ORDERED that Delta Natural Gas Company, Inc. ("Delta") shall file the original and five copies of the following information with the Commission with a copy to all parties on or before April 16, 1997.

1. Refer to Exhibit A of the application. Provide the financial statements of Tranex Corporation ("Tranex") for the last 3 calendar years, 1994, 1995 and 1996, as was provided by Tranex according to Section L of Item 4 of the Stock Purchase Agreement.

2. State whether the Tranex financial statements provided in response to Item 1 above have been prepared in accordance with the Uniform System of Accounts for Gas Utilities ("USoA"). If not, restate the 1996 statements to conform with the USoA. For any assets for which the original cost is unknown, provide a detailed description of the methodology used to estimate the original cost.

3. Provide a copy of the existing lease agreement between Equitable Resources Energy Company, Inc. ("Equitable") and Tranex and explain how the lease agreement will be impacted by the purchase of the Tranex stock by Delta. Discuss in particular any purchase options that Equitable has in its existing lease agreement with Tranex. Include

with this response an analysis of the impact the exercise of any existing lease options by either party could have on the financial and operating environment of Delta.

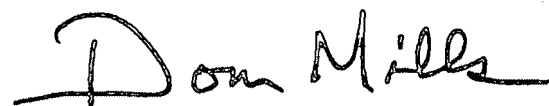
4. Provide a copy of the existing sublease agreement between Equitable and Delta. Include with this response a detailed explanation of the terms of this sublease agreement and explain how it will be impacted by the proposed purchase. Include with this response an analysis of the impact the exercise of any existing lease options by either party could have on the financial and operating environment of Delta.

Done at Frankfort, Kentucky, this 3rd day of April, 1997.

PUBLIC SERVICE COMMISSION


Lynda K. Breathitt
For the Commission

ATTEST:


Don Mills
Executive Director