

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 ) CASE NO. 2003-00064  
6000,000 SHARES OF COMMON STOCK )

O R D E R

On February 21, 2003, Delta Natural Gas Company, Inc. (Delta) submitted its application for authority to issue up to 600,000 shares of common stock. Delta proposes to use the proceeds from the issuance of stock to retire all or a portion of its existing variable rate short-term bank debt. Delta's short-term debt as of December 31, 2002 was \$29,037,841.28 at an interest rate of 2.43875 percent. Using the closing price of \$22.42 of Delta's stock on February 28, 2003, the value of the additional shares would be \$13,452,000.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Delta's proposal to issue up to 600,000 shares of common stock is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Delta is authorized to issue up to 600,000 shares of common stock.
2. Delta shall agree only to such terms and prices that are consistent with the parameters set out in its application.

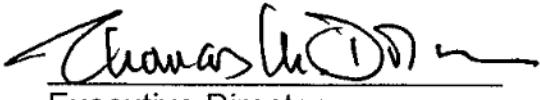
3. Delta shall, within 30 days from the date of issuance, file with this Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, and all fees and expenses, including underwriting discounts or commissions, or other compensation, involved in the issuance and distribution of said securities.

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 17<sup>th</sup> day of March, 2003.

By the Commission

ATTEST:



Thomas M. Don  
Executive Director