

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL)
GAS COMPANY, INC. TO EXTEND ITS) CASE NO. 2004-00046
EXISTING NATURAL GAS MITIGATION PLAN)
THROUGH MARCH 31, 2006)

FIRST DATA REQUEST OF COMMISSION STAFF TO
DELTA NATURAL GAS COMPANY, INC.

Delta Natural Gas Company, Inc. ("Delta"), pursuant to 807 KAR 5:001, is requested to file with the Commission the original and five copies of the following information, with a copy to all parties of record. The information requested herein is due not later than 10 days from the date of this request. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the second paragraph of Delta's application. Delta states that if the volumes purchased under the forward contracts had been purchased without the forward pricing, it would have used an Inside FERC index price. Delta's Gas Cost Adjustment filings state that non-hedged gas is priced at the New York Mercantile

Exchange (“NYMEX”) price plus an “add on.” Explain why the appropriate comparison price is the Inside FERC index.

2. During the past winter heating season, Delta used \$5.00 per Mcf as a threshold price above which it would not purchase forward pricing contracts. Delta states in its application that it would like to remove the reference to a threshold price in its mitigation plan. Explain the criteria that Delta will use to determine when it will enter into a forward pricing contract.

3. Provide the volume of flowing gas that Delta plans to purchase under forward contracts for the 2004-05 winter heating season.

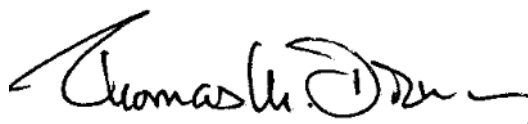
4. Provide the volume of storage gas that Delta plans to purchase under forward contracts for the 2004-05 winter heating season.

5. Provide the volume of gas that Delta will need in total to serve customers during the 2004-05 winter heating season.

6. If Delta were to enter into any forward priced contracts currently, at what price would it purchase gas?

7. Provide a list of the counterparties that Delta anticipates it will use for any forward priced contracts during the 2004-05 winter heating season.

8. Provide any additional costs that Delta anticipates incurring in order to enter into forward contracts.



Thomas M. Dorman
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602

DATED: February 24, 2004

cc: All Parties