

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL GAS)	
COMPANY, INC. FOR AN ORDER AUTHORIZING)	CASE NO.
THE ISSUANCE OF UP TO 200,000 SHARES OF)	2005-00336
COMMON STOCK)	

COMMISSION STAFF'S DATA REQUEST TO
DELTA NATURAL GAS COMPANY, INC.

Delta Natural Gas Company, Inc. ("Delta") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 5 copies of the following information, with a copy to all parties of record. The information requested herein is due within 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 requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Delta proposes to issue up to 200,000 shares of its \$1 par value common stock. Its response to the Commission's notice of filing deficiency, received August 25, 2005, indicates that 100 percent of the proceeds from the proposed stock issuance will be used to repay its short-term debt of approximately \$6 million, which is described on page 4 of 8 in Exhibit C of its application.

a. Provide the market price for Delta's \$1 par value common stock, as of the first business day of each month, for the past 12 months.

b. Based on currently available information, at what price does Delta anticipate selling the stock that is the subject of its application?

c. Describe the market conditions, or other factors, that have led Delta to determine that it should attempt to repay its short-term debt at this point in time.

2. Delta's June 30, 2005 balance sheet, shown on page 8 of 8 in Exhibit C of its application, shows a common equity balance of \$50.8 million and a long-term debt balance of \$52.7 million.

a. With this type of balance between its common equity and long-term debt, explain why Delta is proposing to issue common equity to repay its existing short-term debt rather than issue additional long-term debt.

b. What consideration, if any, did Delta give to issuing long-term debt to repay/replace its existing short-term debt? Explain the response.

3. Delta's dividend payment schedule for the past 5 years is included on page 6 of 8 in Exhibit C of the application. Provide a comparison of the expected annual payout on an additional 200,000 shares, versus the \$398,924 in annual interest paid on Delta's short-term debt during the 12 months ended June 30, 2005.



Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602

DATED: September 9, 2005

cc: All Parties