

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On August 25, 2005, Delta Natural Gas Company, Inc. ("Delta") filed an application for Commission approval to issue and sell an additional 200,000 shares of its authorized but unissued common stock, \$1 par value, pursuant to its Amended and Restated Dividend Reinvestment and Stock Purchase Plan ("Plan"). The proceeds earned from the sale will be used to repay Delta's existing short-term debt.

Under the terms of the Plan, the price of common stock sold will be the average of the high and low sale prices of Delta's common stock as reported on the National Association of Securities dealers Automated Quotation System ("NASDAQ") National Market System on the pricing date, except that shares will not be issued for less than their par value. As of June 30, 2005, Delta was authorized 6,000,000 shares of \$1 par value common stock and had 3,229,988 shares issued and outstanding. Delta's stock price on the 15<sup>th</sup> of the month pricing date during the period from September 2004 to September 2005 ranged from \$24.00 to \$28.22. The total amount of funds to be raised by the stock issuance will be dependent upon dividends distributed by Delta, the sales price of its common stock at issuance, and the level of investor participation in the Plan.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by Delta of 200,000 additional

shares of its \$1 par value common stock 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, will not impair its ability to perform that service, 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 200,000 additional shares of common stock pursuant to its Plan as set forth in its application.
2. From the date of this Order, Delta shall semiannually file, as a supplement to its June and December monthly financial reports to the Commission, a statement setting forth the number of shares issued through its Plan and the amounts received.
3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in Delta's 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 14<sup>th</sup> day of October, 2005.

By the Commission

ATTEST:



Executive Director