

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL	)	
GAS COMPANY, INC.'S REQUEST FOR	)	CASE NO.
NATURAL GAS HEDGING PLAN TO BE	)	2006-00071
EXTENDED UNTIL 3/31/2009	)	

ORDER

On February 9, 2006, Delta Natural Gas Company, Inc. ("Delta") filed its report on the results of its natural gas price mitigation plan ("plan") for the 2004-2005 and the 2005-2006 winter heating seasons. Delta reports that it did not enter into any forward priced contracts during either of the plan years because of the high level of gas prices. Delta's report also includes a request to extend its plan through March 31, 2009.

DISCUSSION

While Delta did not employ any forward contracts during the past two heating seasons, its substantial storage facilities helped mitigate its customers' bills to a large degree. Delta's responses to Commission Staff's data request show that approximately 47 percent of its winter gas supply came from storage for the period November 2004 through March 2005 and approximately 33 percent of its winter gas supply came from storage for the period November 2005 through January 2006. In past years, Delta's use of forward contracts has had very little effect on the ultimate price to its consumers. However, as such contracts offer Delta an additional option in its portfolio of natural gas purchases, the Commission finds that the plan should be extended through March 31, 2009 in order to provide Delta with as many purchase options as possible.

## FINDINGS AND ORDERS

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Delta's request to extend its natural gas price mitigation plan through March 31, 2009 should be approved.

2. Included with its regular quarterly Gas Cost Adjustment filing, Delta should report to the Commission on any forward contracts it has executed, stating the price, volume, delivery date, and counter party contained in the contract.

3. Delta should file reports with the Commission, by no later than May 15 after each winter heating season through March 2009, detailing the effect of any forward contracts that Delta entered into for the approved period and an analysis of their impact on the price of gas to its customers.

4. To continue its program beyond March 31, 2009, Delta should file a request to do so at least 45 days before March 31, 2009, and provide the information contained in paragraph 3 to the extent that it is available at the time of filing.

IT IS THEREFORE ORDERED that:

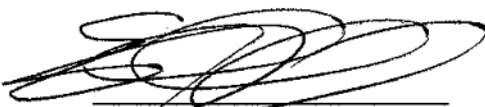
1. Delta's natural gas price mitigation plan is extended through March 31, 2009.

2. Delta shall comply with the requirements contained in Finding Paragraphs 2, 3 and 4 as if same were individually so ordered.

Done at Frankfort, Kentucky, this 4<sup>th</sup> day of April, 2006.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director