

S T O L L | K E E N O N | & | P A R K | L L P

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ROBERT M. WATT, III  
859-231-3043  
watt@skp.com

April 19, 2004

**RECEIVED**

APR 19 2004

PUBLIC SERVICE  
COMMISSION

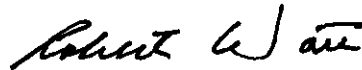
Hon. Thomas Dorman  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, KY 40601

Re: Delta Natural Gas Company, Inc.  
Case No. 2004-00067

Dear Mr. Dorman:

We enclose for filing an original and 10 copies of the Response of Delta Natural Gas Company, Inc. to the Commission Staff's First Data Request in the above-captioned case. In addition, we enclose for filing an original and ten copies of Delta's Petition for Confidential Protection. Best regards.

Sincerely,



Robert M. Watt, III

Rmw

Cc: Elizabeth E. Blackford (w/encl.)  
Mr. John F. Hall (w/o encl.)

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**AN ADJUSTMENT OF THE RATES )  
OF DELTA NATURAL GAS )  
COMPANY, INC. )**

**CASE NO. 2004-00067**

**RECEIVED**

**APR 19 2004**

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COMMISSION**

\* \* \* \* \*

**PETITION OF DELTA NATURAL GAS COMPANY, INC. FOR  
CONFIDENTIAL PROTECTION**

Delta Natural Gas Company, Inc. ("Delta") petitions the Kentucky Public Service Commission ("Commission") pursuant to 807 KAR 5:001, Section 7 and KRS 61.878(1)(k), 61.878(1)(l), 131.190(1), and 26 U.S.C.A. §6103(a) to grant confidential protection to certain information relating to its federal and state income tax returns, which information is being provided in response to Item No. 23 (8) of the First Data Request of Commission Staff dated March 17, 2004, in the above captioned proceedings. In support of this Petition, Delta states as follows:

1. On March 1, 2004, Delta served notice of its intent to file a rate application for a general adjustment in rates with the Commission. On March 17, 2004, the Commission Staff issued its First Data Request to Delta.

2. In response to the Commission Staff's Data Request No. 23(8), Delta is providing a copy of its federal and state income tax returns for the taxable year ended during the test year, including supporting schedules. KRS 61.878(1)(k) exempts from public disclosure "all public records or information the disclosure of which is prohibited

by federal law or regulation.” Pursuant to 26 U.S.C.A. §6103(a), state officials are prohibited from publicly disclosing any federal income tax return or its contents. Therefore, federal income tax returns fall within the exemption provided by KRS 61.878(1)(k) and are exempt from disclosure. See In the Matter of: Application of Adjustment of Rates of Kentucky Power Company, Case No. 91-066, Order of July 23, 1991, pp.5-6. KRS 61.878(1)(l) exempts from the Kentucky Open Records Act “public records or information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly.” KRS 131.190(1) requires that all income tax information filed with the Kentucky Department of Revenue be treated in a confidential manner. Thus, state income tax returns are also confidential in nature and are protected from disclosure by KRS 61.878(1)(l). See In the Matter of: Rate Adjustment of Western Kentucky Gas Company, Case No. 90-013, Order of January 28, 1991, p.2.

3. In accordance with the provisions of 807 KAR 5:001 Section 7, one copy of Delta’s response to the Commission Staff’s Data Request No. 23(8) with the confidential information highlighted (in this case, the confidential tax returns are attached under seal) and ten (10) copies of Delta’s responses without the confidential information are herewith filed with the Commission.

Respectfully submitted,

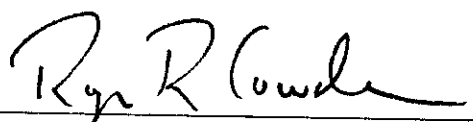
Robert M. Watt, III  
Roger M. Cowden  
Stoll, Keenon & Park, LLP  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507  
(859) 231-3000

By   
Counsel for Applicant

**CERTIFICATE OF SERVICE**

This is to certify that the foregoing pleading has been served by hand delivering a copy of same to the following person on this 10<sup>th</sup> day of April 2004:

Elizabeth E. Blackford, Esq.  
Assistant Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive  
Frankfort, KY 40601

  
Counsel for Applicant

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**PUBLIC SERVICE  
COMMISSION**

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

1. Provide a copy of the current bylaws. Indicate any changes made to the bylaws since the year utilized as the test period in Delta's last rate case.

**RESPONSE:**

A copy of Delta's current By-Laws is attached. There have been two changes made to Delta's By-Laws since the year utilized as the test period in Delta's last rate case. The elimination of cumulative voting and the number of Directors was increased from nine to ten.

Sponsoring Witness:

John F. Hall

**AMENDED AND RESTATED  
BY-LAWS OF  
DELTA NATURAL GAS COMPANY, INC.**

**ARTICLE I**

**Offices and Registered Agent**

1.1 Principal Office. The principal office of the Corporation shall be located at 3617 Lexington Road, Winchester, Kentucky 40391. The Corporation may have such other offices, either within or without the Commonwealth of Kentucky, as the business of the Corporation may require from time to time.

1.2 Registered Office. The registered office of the Corporation shall be at 3617 Lexington Road, Winchester, Kentucky 40391. The address of the registered office may be changed from time to time by the Board of Directors.

1.3 Registered Agent. The registered agent for the Corporation shall be the Secretary of the Corporation.

**ARTICLE II**

**Shareholders**

2.1 Annual Meetings. The annual meeting of the shareholders shall be held at the principal office of the Corporation on the third Thursday in November of each year, at such time as the President may designate. The Board of Directors of the Corporation, by resolution, may for any year change the place, date and time for any annual meeting from that established by the first sentence of this Section 2.1 of ARTICLE II. The purpose of such annual meetings shall be the election of directors and such other business as may properly come before it. If the election of directors shall not be held on the day designated for the annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as may be practicable.

2.2 Special Meetings. Special meetings of the shareholders may be called by the President, a majority of the members of the Board of Directors or the holders of at least thirty-three and one-third percent (33 1/3%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting, provided, however, that such call by such holders shall be subject to all requirements of Kentucky law.

2.3 Place of Special Meetings. The President or the Board of Directors may designate any place within or without the Commonwealth of Kentucky as the place for any special meeting. If no designation is properly made, or if a special meeting be otherwise called, the place of meeting shall be at the registered office of the Corporation in the Commonwealth of Kentucky.

2.4 Notice of Annual or Special Meeting. Written or printed notice stating the place, day and hour of the annual or special meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope addressed to the shareholder at his or her address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

2.5 Fixing of a Record Date. The Board of Directors may fix a record date in order to determine the shareholders entitled to receive dividends or distributions, to notice of a shareholders' meeting, to demand a special meeting, to vote or to take any other action or receive any allotment of rights. A record date fixed by the Board of Directors shall not be more than seventy (70) days before the meeting or action requiring a determination of shareholders. In the event no record date is fixed by the Board of Directors, the record date shall be determined pursuant to Kentucky law.

2.6 Quorum and Voting Requirements. Unless the Corporation's Articles of Incorporation or Kentucky law requires otherwise, a majority of the votes entitled to be cast on the matter by the voting group shall constitute a quorum for action on any matter. If a quorum exists, action on a matter (other than the election of directors) by a voting group shall be approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Corporation's Articles of Incorporation or Kentucky law requires a greater number of affirmative votes.

2.7 Proxies.

(a) A shareholder may vote his or her shares in person or by proxy.

(b) A shareholder may appoint a proxy to vote or otherwise act for him or her by signing an appointment form, either personally or by his or her attorney in fact. A telegram or cablegram appearing to have been transmitted by the proper person, or a photographic, photostatic or equivalent reproduction of a writing appointing a proxy shall be deemed to be a sufficient signed appointment form.

(c) An appointment of a proxy shall be effective when the appointment form is received by the secretary or other officer or agent authorized to tabulate votes.



An appointment shall be valid for eleven (11) months unless a longer period is expressly provided in the appointment form.

(d) An appointment of a proxy shall be revocable by the shareholder unless the appointment form conspicuously stated that it is irrevocable and the appointment is coupled with an interest.

2.8 Voting of Shares. Subject to the provisions of Section 2.9 hereof, each outstanding share of common stock authorized by the Corporation's Articles of Incorporation to have voting power shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders. The voting rights, if any, of classes of shares other than voting common stock shall be as set forth in the Corporation's Articles of Incorporation or by appropriate legal action of the Board of Directors.

2.9 Informal Action by Shareholders. Any action required to be taken, or which may be taken, at a meeting of the shareholders may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

### ARTICLE III

#### Directors

3.1 General Powers. All corporate powers shall be exercised by or under the authority of and the business affairs of the Corporation managed under the direction of the Board of Directors.

3.2 Number, Tenure and Qualifications. The number of directors of the Corporation shall be ten (10). The Board of Directors shall be divided into three (3) classes, with each class as nearly equal as possible. Each director shall hold office for the term for which he or she is elected or until his or her successor has been elected and qualified, whichever period is longer.

3.3 Removal and Resignations. At a meeting of shareholders called expressly for that purpose, any director may be removed for cause by a vote of the holders of a majority of the shares then entitled to vote at an election of directors. Removal without cause may occur only as set forth in the Articles of Incorporation. Notwithstanding the provisions of this Section, no director may be removed, with or without cause, if the number of votes sufficient to elect him or her under cumulative voting is voted against his or her removal. Any member of the Board of Directors may resign from the Board of Directors at any time by giving written notice to the President or Secretary of the Corporation, or to any other person or entity specified by Kentucky law, and unless otherwise specified in such notice, resignation shall be effective upon delivery of such notice and shall not require acceptance to make it effective.

3.4 Regular Meetings. A regular, annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide by resolution the time and place, either within or without the Commonwealth of Kentucky, for the holding of up to 12 additional regular meetings in the following twelve (12) month period without other notice than such resolution.

3.5 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. All special meetings of the Board of Directors shall be held at the principal office of the Corporation or such other place as may be specified in the notice of the meeting.

3.6 Notice. Notice of any special meeting shall be given at least twelve (12) hours prior thereto by written notice delivered personally or mailed to each director at his or her business address or by telephone to each director personally. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, postage prepaid. Any director may waive in writing notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.7. Quorum. A majority of the number of directors fixed by, or determined in accordance with, Section 3.2 hereof shall constitute a quorum for the transaction of business at any meeting of the Board of Directors.

3.8 Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless otherwise required by the Articles of Incorporation.

3.9 Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the Board of Directors for a term of office continuing until the next election of directors by the shareholders.

3.10 Compensation. Each director shall be compensated in accordance with compensation guidelines established by the Board of Directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation there for.

3.11 Action by Written Consent. Any action required or permitted to be taken by the Board of Directors at a meeting may be taken without a meeting, if a consent in writing setting forth the action so taken shall be signed by all of the directors.

3.12 Chairman and Vice-Chairman of the Board. The Board of Directors may appoint one of its members Chairman of the Board of Directors. The Board of Directors may also appoint one of its members as Vice-Chairman of the Board of Directors, and such individual shall serve in the absence of the Chairman and perform such additional duties as may be assigned to him or her by the Board of Directors.

## ARTICLE IV

### Officers

4.1 Classes. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors.

4.2 Election and Term of Office. The officers of the Corporation shall be elected by the Board of Directors at each regular, annual meeting of the Board of Directors. If the election of officers shall not be held at any such meeting, such election shall be held as soon thereafter as is convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

4.3 Removal and Resignations. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without cause, whenever, in its judgment, the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Any officer of the corporation may resign at any time by delivering notice to the President or Secretary of the Corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. An officer's resignation shall not affect the Corporation's contract rights, if any, with the officer.

4.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

4.5 President. The President shall be the chief executive officer of the corporation. If no chairman or vice-chairman has been appointed or, in the absence of

both, he or she shall preside at all meetings of the shareholders and of the Board of Directors. He or she may sign certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed. The President, in general, shall perform all duties incident to the office of President and chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time. Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the Corporation to attend, act and vote at any meetings of shareholders of any corporation in which the Corporation may hold stock, and at any such meeting, shall hold and may exercise all rights incident to the ownership of such stock which the Corporation, as owner, might have had and exercised if present. The Board of Directors may confer like powers on any other person or persons.

4.6 Vice-President. In the absence of the President, or in the event of his or her inability or refusal to act, the Vice Presidents in order designated at the time of their election or otherwise by the Board of Directors shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to the restrictions upon the President. Any Vice-President may sign, with the Secretary or an assistant secretary, certificates for shares of the corporation and shall perform such other duties as from time to time may be assigned by the President or by the Board of Directors.

4.7 Treasurer. The Treasurer shall be the chief financial officer of the Corporation. He or she shall have charge and custody of and be responsible for all funds and securities of the Corporation, receive and give receipts for monies due and payable to the Corporation from any source whatsoever, deposit all such monies in the name of the Corporation in such banks, trust companies and other depositories as shall be selected in accordance with the Provisions of Article V of these By-Laws and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

4.8 Secretary. The Secretary shall (a) prepare and keep the minutes of the shareholders' meetings and of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the corporate records and of the seal, if any, of the Corporation; (d) keep a register of the Post Office address of each shareholder; (e) sign with the President or Vice-President certificates for shares of stock of the Corporation; (f) have general charge of the stock transfer books of the Corporation; (g) have responsibility for authenticating records of the Corporation; and, (h) in general, perform all duties incident to the office of Secretary and

such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

4.9 Compensation. The compensation of the officers of the Corporation shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director of the Corporation.

## ARTICLE V

### Contracts, Loans, Checks and Deposits

5.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract and execute and deliver any instruments in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

5.2 Loans. No loans shall be contracted or evidence of indebtedness issued on behalf of the Corporation unless authorized by the President or by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

5.3 Deposits, Checks, Drafts, Etc. All funds of the Corporation not otherwise employed shall be deposited, from time to time, to the credit of the Corporation in such banks, trust companies and other depositories selected by the Board of Directors or any two of the President, a Vice President or Treasurer. All checks, drafts, electronic fund transfers, wire transfers or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed or otherwise authorized by such officer or officers, employee or employees, or agent or agents of the Corporation and in such manner as shall, from time to time, be determined by resolution of the Board of Directors or any two of the President, a Vice President or Treasurer.

## ARTICLE VI

### Certificates for Shares and Their Transfer

6.1 Certificates for Shares. Certificates representing shares of the Corporation shall be in such form as may be determined by the Board of Directors and by the laws of the Commonwealth of Kentucky. Such certificates shall be signed by the President or a Vice-President and by the Secretary or an assistant secretary, and may be sealed with the seal of the Corporation, or a facsimile thereof. The signature of such officers upon such certificates may be facsimiles if the certificate is manually signed on

behalf of a transfer agent or registrar for the Corporation. All certificates for shares shall be consecutively numbered. The name of the person owning the shares represented thereby, with the number of shares and date of issue, shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled, and no new certificates shall be issued until the former certificates for a like number of shares shall have been surrendered and cancelled, except that, in case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the Corporation as the Secretary may prescribe.

6.2 Transfer of Shares. Transfer of shares of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his or her legal representative who shall furnish proper evidence of authority to transfer, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

6.3 Shares without Certificates. In addition to representing its shares by certificates, as provided above, the Corporation is authorized to issue some or all of its shares of any or all of its classes or series without certificates.

## ARTICLE VII

### INDEMNIFICATION

7.1 Definitions. As used in this Article VII:

(a) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal;

(b) "Party" includes a person who was, is or is threatened to be made a named defendant or respondent in a Proceeding;

(c) "Expenses" include attorneys fees;

(d) "Officer" means any person serving as Chairman of the Board of Directors, President, Vice-President, Treasurer, Secretary or Assistant Secretary of the Corporation;

(e) "Director" means an individual who is or was a director of the Corporation or an individual who, while a director of the Corporation, is or was serving at the request of the Corporation as a Director, Officer, Partner, Trustee, Employee or Agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. A Director shall be considered serving an

employee benefit plan at the request of the Corporation if his or her duties to the Corporation also impose duties on, or otherwise involve services by, him or her to the plan or to participants in or beneficiaries of the plan. "Director" includes, unless the context requires otherwise, the estate or personal representative of a director.

## 7.2 Indemnification by Corporation.

(a) The Corporation shall indemnify any Officer or Director who is made a Party to any Proceeding by reason of the fact that such person is or was an Officer or Director if:

(1) Such Officer or Director conducted himself or herself in good faith; and

(2) Such Officer or Director reasonably believed:

(i) In the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in the best interest of the Corporation; and

(ii) In all other cases, that his or her conduct was at least not opposed to the best interest of the Corporation; and

(3) In the case of any criminal Proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

(b) A Director's conduct with respect to an employee benefit plan for a purpose he or she reasonably believes to be in the interest of the participants in and beneficiaries of the plan shall be conduct that satisfies the requirement of Section 7.2 (a)(2)(ii) of these By-Laws.

(c) Indemnification shall be made against judgments, penalties, fines, settlements and reasonable expenses, including legal expenses, actually incurred by such Officer or Director in connection with a Proceeding, except that if the Proceeding was by or in the right of the Corporation, indemnification shall be made only against such reasonable expenses and shall not be made in respect of any Proceeding in which the Officer or Director shall have been adjudged to be liable to the Corporation. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, by itself, be determinative that the Officer or Director did not meet the requisite standard of conduct set forth in this Section 7.2.

(d) (1) Reasonable expenses incurred by an Officer or Director as a Party to a Proceeding with respect to which indemnity is to be provided under this Section 7.2 shall be paid or reimbursed by the Corporation in advance of the final disposition of such Proceeding provided:

(i) The Corporation receives (I) a written affirmation by the Officer or Director of his or her good faith belief that he or she has met the requisite standard of conduct set forth in this Section 7.2, and (II) the Corporation receives a written undertaking by or on behalf of the Officer or Director to repay such amount if it shall ultimately be determined that he or she has not met such standard of conduct; and

(ii) The Corporation's Board of Directors (or other appropriate decisionmaker for the Corporation) determines that the facts then known to the Board of Directors (or decisionmaker) would not preclude indemnification under Kentucky law.

(2) The undertaking required herein shall be an unlimited general obligation of the Officer or Director but shall not require any security and shall be accepted without reference to the financial ability of the Officer or Director to make repayment.

(3) Determinations and authorizations of payments under this Section 7.2(d) shall be made in the manner specified in Section 7.2(e) of these By-Laws.

(e) (1) The Corporation shall not indemnify an Officer or Director under this Section 7.2 unless authorized in the specific case after a determination has been made that indemnification of the Officer or Director is permissible in the circumstances because he or she has met the standard of conduct set forth in this Section 7.2.

(2) Such determination shall be made:

(i) By the Corporation's Board of Directors by majority vote of a quorum consisting of directors not at the time Parties to the Proceeding;

(ii) If a quorum cannot be obtained under Section 7.2(e)(2)(i), by majority vote of a committee duly designated by the Corporation's Board of Directors (in which designation directors who are Parties may participate), consisting solely of two (2) or more directors not at the time Parties to the Proceeding; or

(iii) By special legal counsel:



(I) Selected by Corporation's Board of Directors or its committee in the manner prescribed in Sections 7.2(e)(2)(i) and (ii); or

(II) If a quorum of the Board of Directors cannot be obtained under Section 7.2(e)(2)(i) and a committee cannot be designated under Section 7.2(e)(2)(ii), selected by a majority vote of the full Board of Directors (in which selection directors who are Parties may participate); or

(3) Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under Section 7.2(e)(2)(iii) to select counsel.

7.3 Further Indemnification. Notwithstanding any limitation imposed by Section 7.2 or elsewhere and in addition to the indemnification set forth in Section 7.2, the Corporation, to the full extent permitted by law, may agree by contract or otherwise to indemnify any Officer or Director and hold him or her harmless against any judgments, penalties, fines, settlements and reasonable expenses actually incurred or reasonably anticipated in connection with any Proceeding in which any Officer or Director is a Party, provided the Officer or Director was made a Party to such Proceeding by reason of the fact that he or she is or was an Officer or Director of the Corporation or by reason of inaction, nondisclosure, action or statement made, taken or omitted by or on behalf of the Officer or Director with respect to the Corporation or by or on behalf of the Officer or Director in his or her capacity as an Officer or Director.

7.4 Insurance. The Corporation may, in the discretion of the Board of Directors, purchase and maintain or cause to be purchased and maintained insurance on behalf of all Officers and Directors against any liability asserted against them or incurred by them in their capacity or arising out of their status as an Officer or Director, to the extent such insurance is reasonably available. Such insurance shall provide such coverage for the Officers and Directors as the Board of Directors may deem appropriate.

## ARTICLE VIII

### Miscellaneous

8.1 Amendments. The Board of Directors shall have the power and authority to alter, amend or repeal By-Laws of the Corporation, subject always to the power of the shareholders under Kentucky law to change or repeal such By-Laws.

8.2 Fiscal Year. The Board of Directors shall have the power to fix, and from time to time change, the fiscal year of the Corporation. The fiscal year of the Corporation shall begin on the first day of July and end on the thirtieth day of June of each year.


8.3 Dividends. The Board of Directors may, from time to time, make distributions to shareholders in the manner and upon the terms and conditions provided by Kentucky law and its Articles of Incorporation.

8.4 Seal. The Board of Directors may adopt a corporate seal.

8.5 Waiver of Notice. Whenever any notice is required to be given or delivered under the provisions of these By-Laws, or under the provisions of the Corporation's Articles of Incorporation, or under the provisions of the corporation laws of the Commonwealth of Kentucky, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time state, therein, shall be equivalent to the delivery or giving of such notice.

8.6 Construction. Unless the context specifically requires otherwise, any reference in these By-Laws to any gender shall include all other genders; any reference to the singular shall include the plural; and any reference to the plural shall include the singular.

THESE BY-LAWS WERE DULY  
ADOPTED BY THE BOARD OF  
DIRECTORS OF DELTA NATURAL  
GAS COMPANY, INC. EFFECTIVE  
MAY 2, 2003

  
\_\_\_\_\_  
JOHN F. HALL, SECRETARY



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

2. Provide the current organization chart, showing the relationship between Delta and any affiliated companies. Include the relative positions of all entities and affiliates with which Delta routinely has business transactions.

**RESPONSE:**

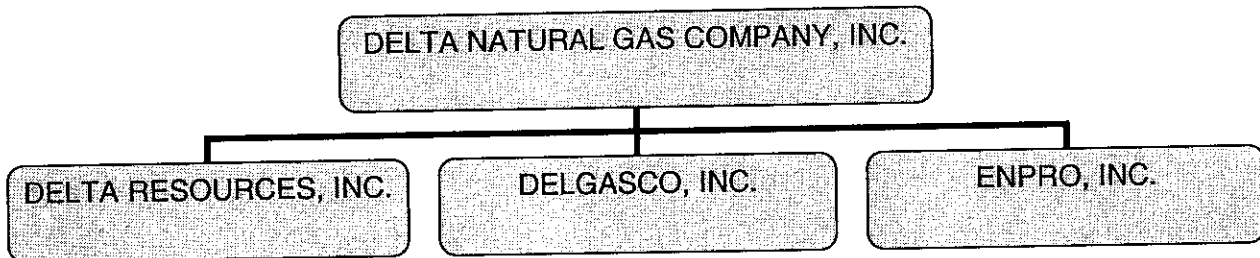
See attached.

Sponsoring Witness:

John F. Hall

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**





**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

3. Provide the capital structure at the end of each of the periods as shown in Format 3.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John F. Hall

Delta Natural Gas Company, Inc.  
CASE NO. 204-00067  
Capital Structure

Line No.	Type of Capital	10th Year - 1993		9th Year - 1994		8th Year - 1995		7th Year - 1996		6th Year - 1997	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long-Term Debt	25,000	50.1%	24,807	46.1%	26,129	43.2%	40,243	52.8%	39,530	45.3%
2	Short-Term Debt	4,595	9.2%	8,030	14.9%	12,710	21.0%	7,790	10.2%	19,395	22.2%
3	Preferred Preference Stock										
4	Common Equity	20,281	40.7%	20,916	38.9%	21,646	35.8%	28,249	37.0%	28,256	32.4%
5	Total Capitalization	49,876		53,753		60,485		76,282		87,181	

Line No.	Type of Capital	5th Year - 1998		4th Year - 1999		3rd Year - 2000		2nd Year - 2001		1st Year - 2002	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long-Term Debt	54,208	59.2%	52,969	53.8%	51,905	50.6%	50,580	46.0%	49,911	44.6%
2	Short-Term Debt	9,030	9.9%	16,700	17.0%	20,745	20.2%	27,755	25.3%	29,038	26.0%
3	Preferred Preference Stock										
4	Common Equity	28,352	31.0%	28,728	29.2%	29,938	29.2%	31,512	28.7%	32,835	29.4%
5	Total Capitalization	91,590		98,997		102,588		109,847		111,784	

Line No.	Type of Capital	Test Year - 2003		Latest Available Quarter - 12/31/03		Average Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio
1	Long-Term Debt	54,824	47.0%	54,824	47.0%	55,335	49.9%
2	Short-Term Debt	17,708	15.2%	17,708	15.2%	14,144	12.7%
3	Preferred Preference Stock						
4	Common Equity	44,030	37.8%	44,030	37.8%	41,473	37.4%
5	Total Capitalization	116,562		116,562		110,952	



Delta Natural Gas Company, Inc  
CASE NO. 2004-00067  
Calculation of Average Test Period Capital Structure  
12 Months Ended - December 31, 2003

Line No.	Item	Total Capital	Long-Term Debt	Short-Term Debt	Preferred Stock	Common Stock	Retained Earnings	Total Common Equity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Balance Beginning of test year -- December '02	111,784	49,911	29,038		31,386	1,449	32,835
2	1st Month -- January '03	110,198	49,871	26,176		31,405	2,746	34,151
3	2nd Month -- February '03	110,376	69,864	4,713		31,432	4,367	35,799
4	3rd Month -- March '03	108,553	55,058	16,995		31,546	4,954	36,500
5	4th Month -- April '03	107,906	55,053	16,047		31,542	5,264	36,806
6	5th Month -- May '03	106,744	55,043	2,547		43,908	5,246	49,154
7	6th Month -- June '03	101,947	55,023	1,031		41,981	3,912	45,893
8	7th Month -- July '03	107,810	55,020	7,102		42,124	3,564	45,688
9	8th Month -- August '03	111,892	54,982	11,459		42,160	3,291	45,451
10	9th Month -- September '03	113,688	54,982	14,333		42,262	2,111	44,373
11	10th Month -- October '03	117,111	54,865	18,053		42,290	1,903	44,193
12	11th Month -- November '03	117,806	54,855	18,676		42,301	1,974	44,275
13	12th Month -- December '03	116,562	54,824	17,708		42,448	1,582	44,030
14	Total (L1 through L13)	1,442,377	719,351	183,878		496,785	42,363	539,148
15	Average Balance (L14/13)	110,952	55,335	14,144		38,214	3,259	41,473
16	Average capitalization ratios		49.9%	12.7%		34.4%	2.9%	
17	End-of-period capitalization ratios		47.0%	15.2%		36.4%	1.4%	



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

4. Provide the following:
- a. A list of all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test year together with the related information as shown in Format 4a. Provide a separate schedule for each time period. Report in Column (k) of Format 4a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in column (j) of Format 4a, Schedule 2.
  - b. An analysis of end-of-period, short-term debt and a calculation of the average and end-of-period cost rate as shown in Format 4b.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John F. Hall

Delta Natural Gas Company, Inc.  
CASE NO. 2004-00067  
Schedule of Outstanding Long-Term Debt  
For the Calendar Year Ended December 31, 2003

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Interest Rate (e)	Annualized Cost Col.(d) x Col.(e) (f)
1	6.625% Sinking Fund Debentures	10/18/1993	10/01/1923	\$ 10,894,000	6.625%	\$ 721,728
2	7.15% Sinking Fund Debentures	03/27/1998	04/01/2001	\$ 23,930,000	7.150%	\$ 1,710,995
3	7.00% Sinking Fund Debentures	02/18/2003	02/18/2023	\$ 20,000,000	7.000%	\$ 1,400,000
4						
5	Unamortized Debt Expense					\$ 236,200 <sup>(2)</sup>
				\$ 54,824,000		\$ 4,068,923
Annualized Cost Rate [Total Col. (f) / Total Col. (d)]						7.42179%

<sup>(1)</sup> Coupon Rate, Rate of Issue & Rate at Maturity are all the same.

<sup>(2)</sup> Includes related debt issuance expenses

Delta Natural Gas Company, Inc  
CASE NO. 2004-00067  
Schedule of Outstanding Long-Term Debt  
For the Test Year Ended December 31, 2003

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Interest Rate (e)	Annualized Cost Col.(d) x Col.(e) (f)	Actual Test Year Interest Cost (g)
1	6.625% Sinking Fund Debentures	10/18/1993	10/01/1923	\$ 10,894,000	6.625%	\$ 721,728	\$ 732,855 (4)
2	7.15% Sinking Fund Debentures	03/27/1998	04/01/2018	\$ 23,930,000	7.150%	\$ 1,710,995	\$ 1,716,127
3	7.00% Sinking Fund Debentures	02/18/2003	02/18/2023	\$ 20,000,000	7.000%	\$ 1,400,000	\$ 983,889
4	8.15% Sinking Fund Debentures	07/19/1996		\$ -	8.150%	\$ 236,200 (2)	\$ 781,716 (3)
5	Unamortized Debt Expense			\$ 54,824,000		\$ 4,068,923	\$ 4,214,587

Annualized Cost Rate  
[Total Col. (f) / Total Col. (d)]

7.42179%

Actual Long-Term Debt Cost Rate  
[Total Col. (g) / Total Reported in Col. (c) Line 15 of Format 3, Schedule 2 -- \$4,214,587 / \$55,335,000

7.61649%

- (1) Coupon Rate, Rate of Issue & Rate at Maturity are all the same.
- (2) Includes related debt issuance expenses
- (3) Debentures called February 18, 2003
- (4) Actual interest paid during the 12 months ended 12/31/03 not accrued

Delta Natural Gas Company, Inc.  
Case No. 2004-00067  
Schedule of Short-Term Debt  
For The Test Year Ended Decmeber 31,2003

Format 4b

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Interest Rate (e) <sup>(2)</sup>	Effective Interest Cost Rate (f)	Annualized Interest Cost Col.(d)xCol(f) (g)
1	Grid Note	10/31/2003	Demand <sup>(1)</sup>	\$17,707,889	2.17% <sup>(3)</sup>	2.61159%	\$451,137

<sup>(1)</sup> This is a demand grid note dated October 31, 2003 and renewed annually. It can be increased or decreased daily up to a maximum of \$40,000,000.

<sup>(2)</sup> The interest rate on this line is determined monthly at the thirty day LIBOR Rate plus 1% on the used line of credit. The cost of the unused line of credit is 0.30%.

<sup>(3)</sup> Rate @ 12/31/03

Total Short Term-Debt	
Annualized Interest Cost:	<u>2.54766%</u>
Balance 12/31/03 - \$17,707,889 x 2.17%	\$ 384,261
Unusued Portion 12/31/03 - \$22,292,111 x 30%	\$ 66,876
	\$ 451,137

Actual Interest Paid or Accrued on Short-Term Debt during the Test Year [Report in Col. (g) of this schedule]	<u>\$ 369,395</u>
Average Short-Term Debt - Format 3, Schedule 2 Line 15 Col (d) [Report in Col. (g) of this schedule]	<u>\$ 14,144,462</u>
Test-Year Interest Cost Rate [Actual Interest / Average Short-Term Debt] [Report in Col. (f) of this schedule]	<u>2.61159%</u>



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

5. Provide a list of all outstanding issues of preferred stock as of the end of the latest calendar year and the end of the test period as shown in Format 5. Provide a separate schedule for each time period. Report in Column (h) of Format 5, Schedule 2, the actual dollar amount of preferred stock cost accrued or paid during the test year. Compute the actual and annualized preferred stock cost rate and report the results in Column (g) of Format 5, Schedule 1.

**RESPONSE:**

Effective June 30, 1987, the outstanding cumulative preferred shares were redeemed at par value. Thus, Delta had no outstanding issues of preferred stock as of the dates indicated.

Sponsoring Witness:

John F. Hall





**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

6. Provide the following:
- a. List all issues of common stock in the primary market during the most recent 10-year period as shown in Format 6a.
  - b. The common stock information on a quarterly and yearly basis for the most recent 5 calendar years available, and through the latest available quarter as shown in Format 6b.
  - c. The market prices for common stock for each month during the most recent 5-year period and for the months through the date the application is filed. List all stock splits and stock dividends by date and type.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John F. Hall

DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067  
SCHEDULE OF COMMON STOCK ISSUE  
FOR THE TEST PERIOD ENDING 12/31/03

ISSUE	DATE OF ANNOUNCEMENT	REGISTRATION	NUMBER OF SHARES ISSUED	\$ PRICE PER SHARE TO PUBLIC	\$ PRICE PER SHARE (NET TO COMPANY)	\$BOOK VALUE PER SHARE AT DATE OF ISSUE	SELLING EXPS. AS % OF GROSS ISSUE AMOUNT	\$ NET PROCEEDS TO COMPANY
				21.00	21.00			21.00
DRIP		Jan. 1994	4,819	20.19	20.19			20.19
DRIP		Feb. 1994	207	19.25	19.25	12.35		19.25
DRIP		Mar. 1994	3,006	18.95	18.95			18.95
DRIP		Apr. 1994	791	18.56	18.56			18.56
DRIP		May 1994	508	18.70	18.70	12.05		18.70
DRIP		June 1994	4,245	19.15	19.15			19.15
DRIP		July 1994	3,149	18.65	18.65			18.65
DRIP		Aug. 1994	130	18.13	18.13	11.45		18.13
DRIP, ESPP		Sept. 1994	3,073	17.125	17.125			17.125
DRIP		Oct. 1994	656	16.90	16.90			16.90
DRIP		Nov. 1994	578	16.05	16.05	11.30		16.05
DRIP		Dec. 1994	3,552					
DRIP				16.70	16.70			16.70
DRIP		Jan. 1995	1,084	16.60	16.60			16.60
DRIP		Feb. 1995	608	18.06	18.06	12.25		18.06
DRIP		March 1995	3,720	17.75	17.75			17.75
DRIP		April 1995	1,686	18.00	18.00			18.00
DRIP		May 1995	5,754	17.225	17.225	12.05		17.225
DRIP		June 1995	5,534	17.05	17.05			17.05
DRIP		July 1995	5,822	16.85	16.85			16.85
DRIP		Aug. 1995	2,110	16.175	16.175	11.39		16.175
DRIP, ESPP		Sept. 1995	5,086	15.90	15.90			15.90
DRIP		Oct. 1995	525	17.75	17.75			17.75
DRIP		Nov. 1995	547	17.525	17.525	11.47		17.525
DRIP		Dec. 1995	3,626					

DRIP		Jan. 1996	1,808	17.56	17.56		17.56		17.56
DRIP		Feb. 1996	2,355	17.15	17.15		17.15		17.15
DRIP		March 1996	4,338	16.875	16.875	12.66	16.875		16.875
DRIP		April 1996	2,202	16.375	16.375		16.375		16.375
DRIP		May 1996	1,207	16.825	16.825		16.825		16.825
DRIP		June 1996	5,220	16.13	16.13	12.41	16.13	4.50%	16.13
DRIP		July 1996	408,997	16.00	17.40		17.40		17.40
Public Off., DRIP		Aug. 1996	2,458	18.20	18.20	12.33	18.20		18.20
DRIP		Sept. 1996	4,324	18.225	18.225		18.225		18.225
DRIP		Oct. 1996	1,089	18.425	18.425		18.425		18.425
DRIP		Nov. 1996	694	18.50	18.50	12.15	18.50		18.50
DRIP		Dec. 1996	4,191	18.50	18.50		18.50		18.50
DRIP		Jan. 1997	2,611	19.00	19.00		19.00		19.00
DRIP		Feb. 1997	1,390	18.10	18.10		18.10		18.10
DRIP		March 1997	5,197	17.50	17.50	12.77	17.50		17.50
DRIP		April 1997	1,219	17.00	17.00		17.00		17.00
DRIP		May 1997	732	16.63	16.63		16.63		16.63
DRIP		June 1997	4,741	16.63	16.63	12.58	16.63		16.63
DRIP, ESPP		July 1997	741	17.65	17.65		17.65		17.65
DRIP		Aug. 1997	387	17.71	17.71		17.71		17.71
DRIP		Sept. 1997	4,669	17.05	17.05	11.98	17.05		17.05
DRIP		Oct. 1997	1,625	17.575	17.575		17.575		17.575
DRIP		Nov. 1997	1,919	17.85	17.85		17.85		17.85
DRIP		Dec. 1997	4,601	17.60	17.60	11.96	17.60		17.60
DRIP		Jan. 1998	802	18.78	18.78		18.78		18.78
DRIP		Feb. 1998	302	18.325	18.325		18.325		18.325
DRIP		March 1998	4,435	17.525	17.525	12.69	17.525		17.525
DRIP		April 1998	594	17.125	17.125		17.125		17.125
DRIP		May 1998	1,900	16.987	16.987		16.987		16.987
DRIP		June 1998	5,138	17.375	17.375	12.55	17.375		17.375
DRIP, ESPP		July 1998	693	17.575	17.575		17.575		17.575
DRIP		Aug. 1998	1,034	17.025	17.025		17.025		17.025
DRIP		Sept. 1998	4,871	17.00	17.00	12.00	17.00		17.00
DRIP		Oct. 1998	1,846	17.06	17.06		17.06		17.06
DRIP		Nov. 1998	655	18.08	18.08		18.08		18.08
DRIP		Dec. 1998	4,143	18.40	18.40	11.84	18.40		18.40

DRIP	Jan. 1999	995	18.53	18.53	18.53			18.53			18.53
DRIP	Feb. 1999	1,199	17.51	17.51	17.51			17.51			17.51
DRIP	Mar. 1999	5,895	18.00	18.00	18.00		12.62	18.00			18.00
DRIP	Apr. 1999	1,925	16.975	16.975	16.975			16.975			16.975
DRIP	May 1999	2,703	17.16	17.16	17.16			17.16			17.16
DRIP	June 1999	6,592	17.03	17.03	17.03		12.39	17.03			17.03
DRIP, ESPP	July, 1999	8,744	16.875	16.875	16.875			16.875			16.875
DRIP	Aug. 1999	810	17.45	17.45	17.45			17.45			17.45
DRIP	Sept. 1999	4,686	17.425	17.425	17.425		11.80	17.425			17.425
DRIP	Oct. 1999	1,256	15.95	15.95	15.95			15.95			15.95
DRIP	Nov. 1999	1,341	15.30	15.30	15.30			15.30			15.30
DRIP	Dec. 1999	5,640	15.03	15.03	15.03		11.79	15.03			15.03
DRIP	Jan. 2000	1,012	15.44	15.44	15.44			15.44			15.44
DRIP	Feb. 2000	1,789	14.66	14.66	14.66			14.66			14.66
DRIP	Mar. 2000	10,683	14.13	14.13	14.13		12.91	14.13			14.13
DRIP	Apr. 2000	1,474	14.25	14.25	14.25			14.25			14.25
DRIP	May 2000	1,157	14.36	14.36	14.36			14.36			14.36
DRIP	June 2000	5,633	15.113	15.113	15.113		12.73	15.113			15.113
DRIP, ESPP	July 2000	7,206	16.10	16.10	16.10			16.10			16.10
DRIP	Aug. 2000	608	16.22	16.22	16.22			16.22			16.22
DRIP	Sept. 2000	5,079	17.30	17.30	17.30		12.03	17.30			17.30
DRIP	Oct. 2000	642	16.61	16.61	16.61			16.61			16.61
DRIP	Nov. 2000	885	16.89	16.89	16.89			16.89			16.89
DRIP	Dec. 2000	5,850	18.15	18.15	18.15		12.07	18.15			18.15
DRIP	Jan. 2001	536	18.46	18.46	18.46			18.46			18.46
DRIP	Feb. 2001	2,176	18.79	18.79	18.79			18.79			18.79
DRIP	Mar. 2001	5,301	19.125	19.125	19.125		13.41	19.125			19.125
DRIP	Apr. 2001	1,373	18.83	18.83	18.83			18.83			18.83
DRIP	May 2001	586	20.22	20.22	20.22			20.22			20.22
DRIP	June 2001	5,261	19.74	19.74	19.74		13.12	19.74			19.74
DRIP, ESPP	July 2001	6,148	19.27	19.27	19.27			19.27			19.27
DRIP	Aug. 2001	1,268	19.28	19.28	19.28			19.28			19.28
DRIP	Sept. 2001	4,867	19.50	19.50	19.50		12.56	19.50			19.50
DRIP	Oct. 2001	735	20.25	20.25	20.25			20.25			20.25
DRIP	Nov. 2001	1,589	20.15	20.15	20.15			20.15			20.15
DRIP	Dec. 2001	5,448	19.94	19.94	19.94		12.53	19.94			19.94



## DELTA NATURAL GAS COMPANY, INC.

CASE 2004-00067

## QUARTERLY &amp; ANNUAL COMMON STOCK INFORMATION

Line Number	Period Equity	Average Number of Shares Outstanding	Book Value (\$)	Earnings (Loss)(\$) Per Share	Dividend Rate per Share (\$)	Rate of Return on Common Equity
	Fiscal 1999					
1	9/30/98	2,387,989	12.00	-.29	0.285	
2	12/31/98	2,394,633	11.84	.11	0.285	
3	3/31/99	2,402,722	12.62	1.05	.285	
4	6/30/99	2,413,942	12.39	.03	.285	
5	Annual	2,394,181	12.49	.90	1.14	7.2%
6						
	Fiscal 2000					
7						
8	9/30/99	2,428,182	11.80	-.33	.285	
9	12/31/99	2,436,419	11.79	.26	.285	
10	3/31/00	2,449,903	12.91	1.39	.285	
11	6/30/00	2,459,067	12.73	.09	.285	
12	Annual	2,433,397	12.86	1.42	1.14	11.1%
13						
	Fiscal 2001					
14						
15	9/30/00	2,471,960	12.03	-.43	.285	
16	12/31/00	2,479,547	12.07	.31	.285	
17	3/31/01	2,487,555	13.41	1.60	.285	
18	6/30/01	2,495,679	13.12	-.02	.285	
19	Annual	2,477,983	13.22	1.47	1.14	11.1%
20						
	Fiscal 2002					
21						
22	9/30/01	2,507,962	12.56	-.31	.29	
23	12/31/01	2,515,901	12.53	.24	.29	
24	3/31/02	2,522,750	13.74	1.49	.29	
25	6/30/02	2,530,079	13.51	.03	.29	
26	Annual	2,513,804	13.60	1.45	1.16	10.6%
27						
	Fiscal 2003					
28						
29	9/30/02	2,544,479	12.87	-.39	.295	
30	12/31/02	2,551,337	12.87	.27	.295	
31	3/31/03	2,558,635	14.26	1.66	.295	
32	6/30/03	3,166,940	14.49	-.08	.295	
33	Annual	2,641,829	17.37	1.46	1.18	8.4%
34						
	Fiscal 2004					
35						
36	9/30/03	3,179,086	13.95	-.27	.295	
37	12/31/03	3,187,044	13.82	.13	.295	8.4%

DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067  
COMMON STOCK MARKET PRICE INFORMATION

Line Number		Month/Yr.	High (\$)	Low(\$)	Closing (\$)	Dividends Paid (\$)
1	Fiscal 99	July 1998	18.00	17.125	17.375	
2		Aug. 1998	17.50	16.438	16.688	
3		Sept. 1998	17.25	16.625	16.938	0.285
4		Oct. 1998	18.50	16.75	18.438	
5		Nov. 1998	19.00	17.50	18.375	
6		Dec. 1998	18.75	18.25	18.625	0.285
7		Jan. 1999	19.00	18.00	18.00	
8		Feb. 1999	18.50	17.25	17.75	
9		Mar. 1999	18.25	17.75	17.875	.285
10		Apr. 1999	17.75	16.625	17.063	
11		May 1999	17.50	16.875	17.00	
12		June 1999	17.25	16.438	16.625	.285
13						
14	Fiscal 00	July 1999	17.75	16.50	17.75	
15		Aug. 1999	17.75	17.125	17.75	
16		Sept. 1999	17.75	14.125	14.625	.285
17		Oct. 1999	16.25	14.875	15.875	
18		Nov. 1999	16.00	15.125	15.250	
19		Dec. 1999	15.625	14.375	15.625	.285
20		Jan. 2000	15.625	15.25	15.375	
21		Feb. 2000	15.375	14.375	14.50	
22		Mar. 2000	14.625	13.688	14.00	.285
23		Apr. 2000	14.50	13.625	14.25	
24		May 2000	15.375	13.813	14.938	
25		June 2000	15.750	14.875	15.250	.285
26						
27	Fiscal 01	July 2000	16.625	15.25	16.00	
28		Aug. 2000	17.125	15.75	16.75	
29		Sept. 2000	18.00	16.563	17.50	.285
30		Oct. 2000	17.75	16.250	16.75	
31		Nov. 2000	18.50	16.25	18.50	
32		Dec. 2000	19.625	17.50	19.50	.285
33		Jan. 2001	20.313	17.688	18.625	
34		Feb. 2001	19.438	18.50	18.625	
35		Mar. 2001	19.875	18.625	19.375	.285
36		Apr. 2001	19.375	18.00	19.10	
37		May 2001	20.75	18.90	20.30	
38		June 2001	20.38	18.98	19.60	.285
39						
40	Fiscal 02	July 2001	19.63	19.01	19.347	
41		Aug. 2001	19.74	18.90	19.50	
42		Sept. 2001	20.432	19.05	20.00	.29
		Oct. 2001	20.99	18.67	19.40	
		Nov. 2001	20.50	19.104	20.247	



43			Dec. 2001	20.25	19.62	20.20	.29
44			Jan. 2002	20.50	19.75	20.40	
45			Feb. 2002	21.00	20.00	20.00	
46			Mar. 2002	23.08	19.96	21.53	.29
47			Apr. 2002	22.50	21.50	22.09	
48			May 2002	22.30	21.47	21.998	
49			June 2002	22.22	21.62	21.71	.29
50							
51	Fiscal 03		July 2002	21.97	18.50	20.20	
52			Aug. 2002	21.00	18.62	20.99	
53			Sept. 2002	21.50	20.62	21.17	.295
54			Oct. 2002	21.99	19.85	20.35	
55			Nov. 2002	21.75	19.50	20.31	
56			Dec. 2002	21.50	19.97	21.49	.295
57			Jan. 2003	23.99	21.40	23.28	
58			Feb. 2003	23.36	21.24	22.42	
59			Mar. 2003	22.40	21.50	21.93	.295
60			Apr. 2003	22.12	21.00	21.54	
61			May 2003	23.75	21.00	23.75	
62			June 2003	24.10	23.31	23.49	.295
63							
64	Fiscal 04		July 2003	23.90	22.75	23.02	
65			Aug. 2003	23.47	22.45	23.15	
66			Sept. 2003	23.23	22.77	23.01	.295
67			Oct. 2003	23.66	22.80	23.34	
68			Nov. 2003	23.54	23.07	23.33	
69			Dec. 2003	24.03	22.86	23.95	.295



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

7. Provide a computation of fixed charge coverage ratios for the 10 most recent calendar years and for the test year as shown in Format 7.

**RESPONSE:**

See attached schedule.

Sponsoring Witness:

John F. Hall

Dette: Natural Gas Company, Inc.  
CASE NO. 2004-00067  
Computation of Fixed Charge Coverage Ratios  
For the Periods Shown

Line No.	Calendar Year	Net Income (Loss)	Total Interest Charges	Income Taxes	Earnings Before Interest & Income Taxes	Divided by Interest Charges	Ratio of Earnings to Fixed Charges
1	12/31/1993	\$2,416,796	\$2,208,089	\$1,168,200	\$5,793,085	\$2,208,089	2.62
2	12/31/1994	\$2,229,899	\$2,317,533	\$896,800	\$5,444,232	\$2,317,533	2.35
3	12/31/1995	\$2,211,102	\$2,505,064	\$877,800	\$5,593,966	\$2,505,064	2.23
4	12/31/1996	\$2,236,778	\$3,225,584	\$1,058,200	\$6,520,562	\$3,225,584	2.02
5	12/31/1997	\$2,038,237	\$4,149,418	\$906,475	\$7,094,130	\$4,149,418	1.71
6	12/31/1998	\$2,232,441	\$4,509,474	\$973,775	\$7,715,690	\$4,509,474	1.71
7	12/31/1999	\$2,423,255	\$4,625,422	\$1,065,699	\$8,114,376	\$4,625,422	1.75
8	12/31/2000	\$3,343,222	\$4,959,906	\$1,829,100	\$10,132,228	\$4,959,906	2.04
9	12/31/2001	\$3,739,498	\$5,157,650	\$1,457,850	\$10,354,998	\$5,157,650	2.01
10	12/31/2002	\$3,524,805	\$4,513,237	\$1,584,401	\$9,622,443	\$4,513,237	2.13
11							
12	Test Year						
13	12/31/2003	\$3,694,390	\$4,562,696	\$1,271,200	\$9,528,286	\$4,509,474	2.11

Source of Information - Monthly Financial Statements - Statement of Income



**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST**  
**DATED 3/17/04**

8. Provide the following:
- a. A schedule of revenues for each active rate schedule reflecting test-year revenues per book rates, revenues at present rates annualized, and revenues at proposed rates annualized.
  - b. A schedule showing the amount and percent of any proposed increase or decrease in revenue distributed to each rate schedule. This schedule is to be accompanied by a statement which explains, in detail, the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.
  - c. A schedule showing how the increase or decrease in (b) above was further distributed to each rate charge (i.e., customer or facility charge, Mcf charge, etc.). This schedule is to be accompanied by a statement that explains, in detail, the methodology or basis used to allocate the increase or decrease.
  - d. A reconciliation of the Gas Cost Adjustment revenue and expenses for the test year.

**RESPONSE:**

- a. See attached schedule
- b. Delta relied heavily on the cost-of-service study to determine the allocation of the rate increase to each class of service. The overriding philosophy was to allocate the increase so as to move each class's return closer to the overall average. However, Delta did not want to decrease the rates of any class because it might create an overly burdensome increase on classes with low returns, such as the residential class. With a return of 24.29% and 10.57% respectively, an increase could not be justified for the Interruptible and Off System Transportation classes. Delta is proposing no increase to its Special Contract Customers. Additionally, many Off System Transportation and Special Contract customers have alternatives to purchasing gas from Delta, which introduces competitive pressures into the amount of increase that could be reasonably implemented without causing the customer to bypass Delta all together.

**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST**  
**DATED 3/17/04**

The rates for the Small Non-Residential General Service and Large Non-Residential General Service classes were increased so that the rates of return for these classes were approximately 10%. Delta selected the 10% cap because it wanted the rates of return for these classes to be comparable to the rate of return for the Off System Transportation class, which is 10.57%. The remainder of the increase was then allocated to the Residential Class. This served to mitigate the Residential increase over what would have been required to equalize each class's rates of return and also produces approximately the same return level for the majority of Delta's non-residential customers. It further served to accomplish Delta's goal of moving the returns of all of its rates closer to the overall system rate of return.

See attached schedule.

- c. The overall philosophy that guided Delta in its determination of each rate component within a rate schedule is that the change should move the rate component closer to its cost as reflected in the cost-of-service study. See schedule provided in response to (a) above.

**Residential**

Delta is proposing a two-part rate consisting of a customer charge and a flat commodity charge. Delta is proposing a customer charge of \$12.50 per customer per month and a commodity charge of \$4.1638 per Mcf. The cost-of-service study indicated customer cost of \$21.51 for this class. The change from \$8.00 to \$12.50 moves the customer charge to approximately 58% of its cost. Although a higher increase in the customer charge could be justified, we feel that the proposed increase is reasonable. The commodity charge was set at a level necessary to yield the revenue requirement allocated to this class given the \$12.50 customer charge.

**Small Non-Residential General Service**

Delta is proposing to eliminate the existing block rate structure and in its place implement a two-part rate consisting of a customer charge and a flat commodity charge. Delta is proposing a customer charge of \$22.00 per customer per month and a commodity charge of \$3.8984 per Mcf. The cost-of-service study indicated customer cost of \$28.24 for this class. The change from \$17.00 to \$22.00 moves the customer charge to approximately 78% of its cost. Although a higher increase in the customer charge could be justified, we feel that the proposed increase is reasonable. The commodity charge was set at a level necessary to yield the revenue requirement allocated to this class given the \$22.00 customer charge.

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

**Large Non-Residential General Service**

Delta is proposing to maintain the existing block structure. Delta is proposing a customer charge of \$80.00 per customer per month and a commodity charge of \$3.8984 per Mcf for the first 200 Mcf, \$2.3334 per Mcf for the next 800 Mcf, \$1.3500 per Mcf for the next 4,000 Mcf, \$0.9500 per Mcf for the next 5,000 Mcf and \$0.7500 per Mcf for all usage over 10,000 Mcf. The first block was set at the same level as the first block in the Small Non-Residential General Service rate. The last three blocks were increased to levels that would produce a differential of \$0.15 per Mcf between the large non-residential general service and the interruptible rate. The second block was increased by an amount necessary to achieve the required revenue.

The cost-of-service study indicated customer cost of \$98.76 for this class. The change from \$50.00 to \$80.00 moves the customer charge to approximately 81% of its cost. Although a higher increase in the customer charge could be justified, we feel that the proposed increase is reasonable.

- d. See attached reconciliation.

Sponsoring Witness:

W. Steven Seelye



**Attachment for Response to (a)**

# Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Proposed Revision of Rates  
Based on the adjusted sales for the 12 months Ended December 31, 2003

## Residential (01)

	<i>Customers</i>	<i>Present Rate</i>	<i>Calculated Net Revenue@ Present Rates</i>	<i>Proposed Rate</i>	<i>Calculated Net Revenue@ Proposed Rates</i>
Customer Charge	404,394	\$ 8.00	\$ 3,235,152.00	\$ 12.50	\$ 5,054,925.00
Commodity Charge					
All Mcf	2,294,517	\$ 3.6224	8,311,658.38	4.1638	9,553,909.88
Calculated Billings at Base Rates			\$ 11,546,810.38		\$ 14,608,834.88
Correction Factor -(Calculated / Actual)		0.99873		0.9987	
Total After Application of Correction Factor			\$ 11,561,444.10		\$ 14,627,349.22
Temperature Normalization					
WNA Revenues			(188,764.00)		(216,976.46)
Temperature Normalization Adj (non-WNA months)	23,585	\$ 3.6224	85,434.30	4.1638	98,203.22
Adjusted Billings at Base Rates	2,318,102		\$ 11,458,114.40		\$ 14,508,575.98
GCR at Current Rates	2,318,102	8.2193	19,053,175.77	8.2193	19,053,175.77
Total Adjusted Billings at Base Rates			\$ 30,511,290.17		\$ 33,561,751.75
Proposed Increase in Revenue					\$ 3,050,461.58
					10.00%

# Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Proposed Revision of Rates  
Based on the adjusted sales for the 12 months Ended December 31, 2003

## Small Non-Residential General Service (02CS)

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Calculated Net Revenue@ Proposed Rates
Customer Charge	53,716	\$ 17.00	\$ 913,172.00	\$ 22.00	\$ 1,181,752.00
<b>Commodity Charge</b>	<i>Mcf</i>				
First 200 Mcf	667,290	\$ 3.6224	2,417,191.30	3.8984	2,601,363.34
Next 800 Mcf	27,194	\$ 2.4000	65,265.60	3.8984	106,013.09
Over 1,000 Mcf	2,789	\$ 2.0495	5,716.06	3.8984	10,872.64
<b>Calculated Billings at Base Rates</b>	697,273		\$ 3,401,344.96		\$ 3,900,001.07
<i>Correction Factor -(Calculated / Actual)</i>		100.074%		100.074%	
<b>Total After Application of Correction Factor</b>			\$ 3,398,842.02		\$ 3,897,131.19
<b>Temperature Normalization</b>					
WNA Revenues					(67,775.38)
Temperature Normalization Adj (non-WNA months)	5,429	\$ 3.6224	\$ 19,666.01	3.8984	21,164.41
<b>Adjusted Billings at Base Rates</b>					\$ 3,850,520.22
GCR at Current Rates	702,702		\$ 3,355,531.03	8.2193	5,775,718.55
<b>Total Adjusted Billings at Base Rates</b>	702,702		\$ 5,775,718.55	8.2193	\$ 9,626,238.77
Proposed Increase in Revenue					\$ 494,989.19
					5.42%

# Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Proposed Revision of Rates  
Based on the adjusted sales for the 12 months Ended December 31, 2003

## Large Non-Residential General Service

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Calculated Net Revenue@ Proposed Rates
Customer Charge	11,081	\$ 50.00	\$ 554,050.00	\$ 80.00	\$ 886,480.00
<b>Commodity Charge</b>	<b>Mcf</b>	<b>Present Rate</b>			
First 200 Mcf	735,592	\$ 3.6224	2,664,608.46	3.8984	2,867,631.85
Next 800 Mcf	461,113	\$ 2.0063	925,131.01	2.3334	1,075,961.07
Next 4,000 Mcf	557,501	\$ 1.3190	735,343.82	1.3500	752,626.35
Next 5,000 Mcf	210,286	\$ 0.9190	193,252.83	0.9500	199,771.70
Over 10,000 Mcf	123,461	\$ 0.7190	88,768.46	0.7500	92,595.75
<b>Calculated Billings at Base Rates</b>	<b>2,087,953</b>		<b>\$ 5,161,154.58</b>	<b>0.9973</b>	<b>\$ 5,875,066.72</b>
Correction Factor -(Calculated / Actual)		0.9973			
<b>Total After Application of Correction Factor</b>			<b>\$ 5,174,897.95</b>		<b>\$ 5,890,711.13</b>
<b>Temperature Normalization</b>					
First 200 Mcf	2899	\$ 3.6224	10,501.34	3.8984	11,301.46
<b>Adjusted Billings at Base Rates</b>	<b>2,087,953</b>		<b>\$ 5,185,399.29</b>		<b>\$ 5,902,012.59</b>
GCR at Current Rates	987,090.00	8.2193	8,113,188.84	8.2193	8,113,188.84
			<b>\$ 13,298,588.13</b>		<b>\$ 14,015,201.43</b>
<b>Proposed Increase in Revenue</b>					<b>\$ 716,613.30</b>
					<b>5.39%</b>

# Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Proposed Revision of Rates  
Based on the adjusted sales for the 12 months Ended December 31, 2003

## Interruptible Service

	Customers	Present Rate	Calculated Net Revenue@ Present Rates	Proposed Rate	Calculated Net Revenue@ Proposed Rates
Customer Charge	458	\$ 250.00	\$ 114,500.00	\$ 250.00	\$ 114,500.00
<b>Commodity Charge</b>	<b>Mcf</b>	<b>Present Rate</b>			
First 1,000 Mcf	326,573	\$ 1.6000	522,516.80	1.6000	522,516.80
Next 4,000 Mcf	701,767	\$ 1.2000	842,120.40	1.2000	842,120.40
Next 5,000 Mcf	238,795	\$ 0.8000	191,036.00	0.8000	191,036.00
Over 10,000 Mcf	51,276	\$ 0.6000	30,765.60	0.6000	30,765.60
<b>Calculated Billings at Base Rates</b>	<b>1,318,411</b>		<b>\$ 1,700,938.80</b>		<b>\$ 1,700,938.80</b>
<i>Correction Factor -(Calculated / Actual)</i>		0.99839		0.99839	
<b>Total After Application of Correction Factor</b>			<b>\$ 1,703,673.48</b>		<b>\$ 1,703,673.48</b>
<b>Temperature Normalization</b>					
First 1,000 Mcf	91	\$ 1.6000	145.60	1.6000	145.60
<b>Adjusted Billings at Base Rates</b>	<b>1,318,411</b>		<b>\$ 1,703,819.08</b>		<b>\$ 1,703,819.08</b>
GCR at Current Rates	51,440	8.2193	422,800.79	8.2193	422,800.79
<b>Proposed Increase in Revenue</b>			<b>\$ 2,126,619.87</b>		<b>\$ 2,126,619.87</b>
			\$	\$	\$
					0.00%

# Delta Natural Gas Company, Inc.

Calculated Increase in Revenue under Proposed Revision of Rates  
Based on the adjusted sales for the 12 months Ended December 31, 2003

## Off System Transportation

	Present Rate per DDTH	Calculated Net Revenue@ Present Rates	Proposed Rate Per DDTH	Calculated Net Revenue@ Proposed Rates
<b>Commodity Charge</b>				
Dekatherms	6,955,727 \$	\$ 1,808,489.02	\$ 0.2600	1,808,489.02
<b>Calculated Billings at Base Rates</b>	\$	1,808,489.02		1,808,489.02
<i>Correction Factor -(Calculated / Actual)</i>	0.99983		0.99983	
<b>Total After Application of Correction Factor</b>	\$	\$ 1,808,801.02	\$	\$ 1,808,801.02
<b>Temperature Normalization</b>	\$	-	-	-
<b>Adjusted Billings at Base Rates</b>	-	\$ 1,808,801.02		\$ 1,808,801.02
<b>GCR at Current Rates</b>	-	\$	0.0000	-
<b>Proposed Increase in Revenue</b>		\$	\$	\$ 1,808,801.02
				0.00%

**Delta Natural Gas Company, Inc.**

Calculated Increase in Revenue under Proposed Revision of Rates  
Based on the adjusted sales for the 12 months Ended December 31, 2003

**Special Contracts (4)**

	<i>Customers</i>	<i>Mcf</i>	<i>Net Margin @ Present Rates</i>
Calculated Billings at Base Rates	48	2,915,837	\$ 631,246.29

**Attachment for Response to (b)**



**Delta Natural Gas Company, Inc.**

Summary of Proposed Rate Increase by Rate Class

Based on Adjusted Sales and Transportation for the 12 months Ended December 31, 2003

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Actual Billed Revenue	Elimination of Gas Cost Adjustment	Net Revenue Before Temperature Adjustment	Temperature Adjustment	GCR at Current Rates	Adjusted Billings at Current Rates	Proposed Increase in Revenue	Percentage Increase
		( See Gas Cost Exhibit )	( Column (1) + (2) )	( See Temperature Normalization Exhibit )	8.2193	( Column (3) + (4) + (5) )		
<b>REVENUE</b>								
Residential	\$ 27,137,870.94	\$ (15,765,190.84)	\$ 11,372,680.10	\$ 65,434.30	\$ 19,053,175.77	\$ 30,511,290.17	\$ 3,050,461.58	10.09%
Small Non-Residential GS	8,106,678.09	(4,770,813.07)	3,335,865.02	19,666.01	5,775,718.55	9,131,249.58	494,989.19	5.42%
Large Non-Residential GS	10,522,330.70	(6,956,478.74)	3,565,851.96	6,734.04	8,113,188.84	11,685,774.84		
Large Non-Residential GS - Retail	1,609,046.00	-	1,609,046.00	3,767.30	-	1,612,813.30		
Large Non-Residential GS - Transportation	12,131,376.70	(6,956,478.74)	5,174,897.96	10,501.34	8,113,188.84	13,298,588.14	716,613.30	5.39%
Total Large Non-Residential GS								
Interruptible								
Interruptible - Retail	465,699.74	(363,552.26)	102,147.48	145.60	422,800.79	525,093.87		
Interruptible - Transportation	1,601,526.00	-	1,601,526.00	-	-	1,601,526.00		
Total Interruptible	2,067,225.74	(363,552.26)	1,703,673.48	145.60	422,800.79	2,126,619.87	-	0.00%
<b>Total Retail</b>	<b>\$ 49,443,151.47</b>	<b>\$ (27,956,034.91)</b>	<b>\$ 21,587,116.56</b>	<b>\$ 115,747.25</b>	<b>\$ 33,364,883.95</b>	<b>\$ 55,067,747.76</b>	<b>\$ 4,262,094.07</b>	<b>7.74%</b>
Special Contract On-System Transportation	\$ 631,225.03	\$ -	\$ 631,225.03	\$ -	\$ -	\$ 631,225.03	\$ -	0.00%
Off System Transportation	1,808,801.02	-	1,808,801.02	-	-	1,808,801.02	-	0.00%
<b>Total Transportation</b>	<b>\$ 2,440,026.05</b>	<b>\$ -</b>	<b>\$ 2,440,026.05</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,440,026.05</b>	<b>\$ -</b>	<b>0.00%</b>
Miscellaneous Revenue	\$ 202,175.00	\$ -	\$ 202,175.00	\$ -	\$ -	\$ 202,175.00	\$ 15,392.00	7.61%
<b>Total Operating Revenue</b>	<b>\$ 52,095,352.52</b>	<b>\$ (27,956,034.91)</b>	<b>\$ 24,229,317.61</b>	<b>\$ 115,747.25</b>	<b>\$ 33,364,883.95</b>	<b>\$ 57,709,948.81</b>	<b>\$ 4,277,456.07</b>	<b>7.41%</b>

**Attachment for Response to (d)**

**Delta Natural Gas Company, Inc.**  
Reconciliation of GCA Revenue and Expenses  
For the 12 Months Ended December 31, 2003

GCA Revenue (See Attached)	\$	27,856,035
GCA Expenses per Books	\$	<u>27,846,732</u>
	\$	9,303

**Delta Natural Gas Company, Inc.**

Gas Cost Adjustment (GCA) Clause

For the 12 months Ended December 31, 2003

Customer Class	Rate Code	Firm / Interrup	January	February	March	April	May	June	July
GCR Rate									
		\$	5.5998	6.3933	6.3933	7.5137	9.2231	9.2231	9.2231
Mcf Sales									
Residential	01	Firm	390,743	611,659	428,160	174,893	113,731	48,771	32,071
Small Non-Residential General Service	02CS	Firm	119,197	192,212	136,830	48,582	31,294	13,571	10,600
Large Non-Residential General Service	02C / I	Firm	148,266	235,578	163,590	70,559	56,140	31,772	25,057
Interruption	04C / I	Interrup	8,426	12,223	7,531	2,855	2,819	1,641	1,605
Total Retail Sales			666,632	1,051,672	736,111	296,889	203,984	95,755	69,333
GCR Revenues									
Residential	01	Firm	\$ 2,188,079.85	\$ 3,910,516.29	\$ 2,737,352.13	\$ 1,314,089.78	\$ 1,048,947.77	\$ 449,815.20	\$ 295,794.04
Small Non-Residential General Service	02CS	Firm	667,479.36	1,228,868.98	874,795.24	365,030.57	288,627.69	125,166.69	97,764.86
Large Non-Residential General Service	02C / I	Firm	830,259.95	1,506,120.83	1,045,879.95	530,159.16	517,784.83	293,036.33	231,103.22
Commercial - large	04C / I	Interrup	47,183.91	78,145.31	48,147.94	21,451.61	25,999.92	15,135.11	14,803.08
Total GCR Revenues			\$ 3,733,003.07	\$ 6,723,651.41	\$ 4,706,175.26	\$ 2,230,731.12	\$ 1,881,360.21	\$ 883,153.33	\$ 639,465.20

**Delta Natural Gas Company, Inc.**

Gas Cost Adjustment (GCA) Clause

For the 12 months Ended December 31, 2003

Customer Class	Rate Code	Firm / Interrup	August	September	October	November	December	Total
GCR Rate								
			\$ 8.6341	\$ 8.6341	\$ 8.6341	\$ 7.4575	\$ 7.4575	
<b>Mcf Sales</b>								
Residential	01	Firm	34,885	28,743	49,343	129,578	251,943	2,294,517
Small Non-Residential General Service	02CS	Firm	11,748	9,876	13,929	33,825	75,610	697,274
Large Non-Residential General Service	02C / I	Firm	29,657	26,501	33,867	61,732	102,512	985,231
Interruptible	04C / I	Interrup	1,892	1,622	1,939	3,327	5,470	51,350
Total Retail Sales			78,182	66,742	99,078	228,462	435,535	4,028,372
<b>GCR Revenues</b>								
Residential	01	Firm	\$ 301,200.58	\$ 248,169.94	\$ 426,032.40	\$ 966,327.94	\$ 1,878,864.92	\$ 15,765,190.84
Small Non-Residential General Service	02CS	Firm	101,433.41	85,270.37	120,264.38	252,249.94	563,861.58	4,770,813.07
Large Non-Residential General Service	02C / I	Firm	256,061.50	228,812.28	292,411.06	460,366.39	764,483.24	6,956,478.74
Commercial - large	04C / I	Interrup	16,335.72	14,004.51	16,741.52	24,811.10	40,792.53	363,552.26
Total GCR Revenues			\$ 675,031.21	\$ 576,257.10	\$ 855,449.36	\$ 1,703,755.37	\$ 3,248,002.27	27,856,034.91



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

9. Provide the following information, in comparative form, for the test year and the 12-month period immediately preceding the test year:
  - a. A gas operations only income statement, a statement of changes in financial position, a statement of cash flows, a statement of changes in owner's equity, and a balance sheet.
  - b. A total company income statement, a statement of changes in financial position, a statement of cash flows, a statement of changes in owner's equity and a balance sheet.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John Brown

**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO 2004-00067**  
**BALANCE SHEET**  
31-Dec-03

Line No.		2003	2002	Increase/Decrease ( )
1	<b>ASSETS</b>			
2	<b>GAS UTILITY PLANT, AT COST</b>	\$ 165,994,418	\$ 157,303,237	8,691,181
3	Less - Reserve for Depreciation	<u>52,964,026</u>	<u>49,167,704</u>	<u>3,796,322</u>
4		\$ <u>113,030,392</u>	\$ <u>108,135,533</u>	<u>4,894,859</u>
5	<b>CURRENT ASSETS:</b>			
6	Cash	\$ 329,668	\$ 419,110	(89,442)
7	Receivables	4,307,079	3,492,813	814,266
8	Deferred Gas Cost	7,364,853	6,275,004	1,089,849
9	Gas in Storage, at Cost	8,626,805	6,656,378	1,970,427
10	Materials and Supplies, at Cost	451,044	462,736	(11,692)
11	Prepayments	<u>211,620</u>	<u>176,957</u>	<u>34,663</u>
12		\$ <u>21,291,069</u>	\$ <u>17,482,998</u>	<u>3,808,071</u>
13	<b>OTHER ASSETS:</b>			
14	Cash Surrender Value of Life Insurance	\$ 356,137	\$ 344,687	11,450
15	Unamortized Expenses	4,185,070	3,046,332	1,138,738
16	Receivable/Investment in Subsidiaries	2,119,920	2,122,987	(3,067)
17	Other	<u>149,333</u>	<u>2,123,311</u>	<u>(1,973,978)</u>
18		\$ <u>6,810,460</u>	\$ <u>7,637,317</u>	<u>(826,857)</u>
19				
20	<b>TOTAL ASSETS</b>	<u>\$ 141,131,921</u>	<u>\$ 133,255,848</u>	<u>7,876,073</u>
21				
22	<b>LIABILITIES</b>			
23	<b>CAPITALIZATION:</b>			
24	Common Stock	\$ 3,187,044	\$ 2,551,377	635,667
25	Paid-in Surplus	43,909,593	30,760,732	13,148,861
26	Capital Stock Expense	(2,598,146)	(1,925,392)	(672,754)
27	Accum Other Comprehensive Income	(2,050,636)	0	-2050636
28	Retained Earnings	<u>1,582,466</u>	<u>1,448,636</u>	<u>133,830</u>
29	Total Common Equity	\$ <u>44,030,321</u>	\$ <u>32,835,353</u>	<u>11,194,968</u>
30	Long-term Debt	<u>53,174,000</u>	<u>48,161,000</u>	<u>5,013,000</u>
31	Total Capitalization	\$ <u>97,204,321</u>	\$ <u>80,996,353</u>	<u>16,207,968</u>
32				
33	<b>CURRENT LIABILITIES:</b>			
34	Notes Payable	\$ 17,707,889	\$ 29,037,841	(11,329,952)
35	Current Portion of Long-Term Debt	1,650,000	1,750,000	(100,000)
36	Accounts Payable	5,264,024	3,411,136	1,852,888
37	Accrued Taxes	(724,506)	(307,799)	(416,707)
38	Refunds Due Customers	52	49,442	(49,390)
39	Customer Deposits	559,231	566,968	(7,737)
40	Accrued Interest	896,020	1,174,729	(278,709)
41	Other	<u>949,843</u>	<u>984,083</u>	<u>(34,240)</u>
42		\$ <u>26,302,553</u>	\$ <u>36,666,400</u>	<u>(10,363,847)</u>
43	<b>DEFERRED CREDITS AND OTHER:</b>			
44	Deferred Income Taxes	\$ 15,628,366	\$ 14,589,173	1,039,193
45	Deferred Investment Tax Credit	345,400	384,600	(39,200)
46	Regulatory Items	466,075	536,275	(70,200)
47	Advances for Construction and Other	105,692	83,047	22,645
48	Accum Provision for Pensions & Benefit	<u>1,079,514</u>	<u>0</u>	<u>1079514</u>
49		\$ <u>17,625,047</u>	\$ <u>15,593,095</u>	<u>2,031,952</u>
50				
51	<b>TOTAL LIABILITIES</b>	<u>\$ 141,131,921</u>	<u>\$ 133,255,848</u>	<u>7,876,073</u>



**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO 2004-00067**

**STATEMENT OF RETAINED EARNINGS AND PAID IN SURPLUS**

**RETAINED EARNINGS**

Line No.			THIS YEAR	LAST YEAR	Inc/ Decrease ( )
1	<b>BALANCE</b>	JULY 1, 2003/2002	\$ 3,912,006	\$ 3,247,298	664,708
2	<b>ADD</b>				
3	Net income applicable to common stock		(454,698)	(298,481)	(156,217)
4	<b>DEDUCT</b>				
5	Common Dividends		1,874,842	1,500,181	374,661
6	<b>BALANCE</b>	DECEMBER 31, 2003 / 2002	\$ 1,582,466	\$ 1,448,636	133,830
7		<b>PAID-IN SURPLUS</b>			
8	<b>BALANCE</b>	JULY 1, 2003/2002	\$ 43,462,433	\$ 30,330,330	13,132,103
9	<b>ADD</b>				
10	Excess of sales price over par value of common stock		447,160	430,402	16,758
11	<b>DEDUCT</b>				
12	<b>BALANCE</b>	DECEMBER 31, 2003 / 2002	\$ 43,909,593	\$ 30,760,732	13,148,861

**DELTA NATURAL GAS COMPANY, INC.****STATEMENT OF INCOME**

CASE NO 2004-00067

Test Year ended 12/31/2003

LINE NO	12 MONTHS ENDED			Increase/Decrease ( )
		2003	2002	
1				
2	<b>OPERATING REVENUES</b>	\$ 52,085,352	\$ 45,182,301	6,903,051
3	<b>OPERATING EXPENSES &amp; TAXES:</b>			
4	Gas Purchased	\$ 27,846,732	\$ 21,014,727	6,832,005
5	Operations	9,970,174	9,359,072	611,102
6	Maintenance	578,674	601,385	(22,711)
7	Depreciation	4,210,504	4,055,050	155,454
8	Property & Other Taxes	1,521,230	1,462,316	58,914
9	Income Taxes	1,271,200	1,584,401	(313,201)
10	Total	\$ 45,398,514	\$ 38,076,951	7,321,563
11	Operating Income	\$ 6,686,838	\$ 7,105,350	(418,512)
12	<b>OTHER INCOME/(EXPENSES),NET</b>	1,570,248	932,692	637,556
13	Gross Income	\$ 8,257,086	\$ 8,038,042	219,044
14	<b>OTHER DEDUCTIONS:</b>			
15	Interest on Debt	\$ 4,330,586	\$ 4,352,077	(21,491)
16	Amortization	232,110	161,160	70,950
17	Other	-	-	
18	Total	\$ 4,562,696	\$ 4,513,237	49,459
19	<b>NET INCOME APPLICABLE TO</b>			
20	<b>COMMON STOCK</b>	\$ 3,694,390	\$ 3,524,805	169,585
21	<b>EARNINGS PER AVERAGE</b>			
22	<b>SHARES OUTSTANDING</b>	\$ 1.26	\$ 1.39	(0)
23	<b>CUSTOMERS AT END OF PERIOD</b>	39,610	40,027	(417)

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	Six Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss)	\$ (454,698)	\$ (298,482)	\$ 3,694,390	\$ 3,524,805
Adjustments to reconcile net income (loss) to net cash from operating activities				
Cumulative effect of a change in accounting principle	-	88,370	-	88,370
Depreciation, depletion and amortization	2,272,408	2,183,099	4,577,143	4,330,036
Deferred income taxes and investment tax credits	739,485	465,150	2,265,593	1,147,516
Other - net	356,582	310,230	722,159	617,419
(Increase) in assets	(10,287,743)	(7,680,707)	(3,979,818)	(1,253,838)
Increase(decrease) in liabilities	(2,710,761)	2,096,439	73,452	1,921,077
Net cash provided by (used in) operating activities	<u>\$ (10,084,727)</u>	<u>\$ (2,835,901)</u>	<u>\$ 7,352,919</u>	<u>\$ 10,375,385</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Capital expenditures	\$ (6,075,831)	\$ (4,727,323)	\$ (9,644,076)	\$ (8,884,605)
Net cash used in investing activities	<u>\$ (6,075,831)</u>	<u>\$ (4,727,323)</u>	<u>\$ (9,644,076)</u>	<u>\$ (8,884,605)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends on common stock	\$ (1,874,842)	\$ (1,500,181)	\$ (3,560,560)	\$ (2,962,677)
Issuance of common stock, net	467,264	451,739	13,111,774	760,907
Issuance of long-term debt	-	-	20,000,000	-
Repayment of long-term debt	(199,000)	(439,000)	(15,679,240)	(669,000)
Long-term debt issuance expense	-	-	(778,608)	-
Issuance of notes payable	33,469,248	50,660,202	67,365,058	65,820,201
Repayment of notes payable	(16,792,458)	(40,977,361)	(78,695,010)	(64,537,360)
Net cash provided by (used in) financing activities	<u>\$ 15,070,212</u>	<u>\$ 8,195,399</u>	<u>\$ 1,763,414</u>	<u>\$ (1,587,929)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (1,090,346)</u>	<u>\$ 632,175</u>	<u>\$ (527,743)</u>	<u>\$ (97,149)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>1,420,014</u>	<u>225,236</u>	<u>857,411</u>	<u>954,560</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u><u>\$ 329,668</u></u>	<u><u>\$ 857,411</u></u>	<u><u>\$ 329,668</u></u>	<u><u>\$ 857,411</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>				
Cash paid during the period for				
Interest	\$ 2,117,055	\$ 2,223,004	\$ 4,595,371	\$ 4,437,934
Income taxes (net of refunds)	\$ 94,868	\$ 271,271	\$ 178,905	\$ 1,354,137

The accompanying notes to consolidated financial statements are an integral part of these statements.



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

10. Provide the following:
- a. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title and amount. Provide this information on a gas operations only basis. Only one copy needs to be supplied to the Commission. Other parties of record may examine the copy filed with the Commission.
  - b. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title and amount. Provide this information on a total company basis. Only one copy needs to be supplied to the Commission. Other parties of record may examine the copy filed with the Commission.

**RESPONSE:**

- a. See attached schedules.
- b. Delta is not a combination utility, therefore, the trial balance provided in response 10a for gas operations reflects the accounts of the total company.

Sponsoring Witness:

John Brown

## DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES

## Trial Balance

For Period Ending December 31, 2003

1 - DELTA NATURAL GAS CO, INC.

J/L Number		Current Month	Balance
1.107.0100	CONST WORK IN PROGRESS CONTROL	23,818.28	1,732,566.65
1.108.0100	PROV FOR DEPR PLANT IN SERVICE	338,643.87CR	53,141,584.37CR
1.114.0000	GAS PLANT ACQ ADJ - TRANEX	.00	1,045,703.73CR
1.114.0100	GAS PLANT ACQ ADJ-MT OLIVET	.00	464,944.65
1.115.0000	PROV FOR AMORT ACQ ADJ - TRANEX	4,900.00	369,503.73
1.115.0100	PROV FOR AMORT ACQ ADJ-MT OLIVET	3,900.00CR	191,944.65CR
1.117.0000	CUSHION GAS	.00	4,208,069.49
1.123.0000	INVESTMENT IN OTHERS	.00	1,000.00
1.123.0200	INVESTMENT IN DELTA RESOURCES	86,505.38	87,513.00
1.123.0300	INVESTMENT IN DELGASCO	4,535.97	5,537.00
1.123.0500	INVESTMENT IN ENPRO	3,794.61	604,797.00
1.128.0000	LIFE INSURANCE SURRENDER VALUE	.00	356,136.94
1.131.0100	CASH OWINGSVILLE	24,763.00	40,257.16
1.131.0200	CASH BERA	5,723.16	43,797.27
1.131.0300	CASH NICHOLASVILLE	1,923.80	53,843.57
1.131.1000	CASH MIDDLESBORO	46,064.65	92,440.66
1.131.1100	CASH CORBIN	64,298.86CR	89,624.93
1.131.2000	CASH WINCHESTER	21,135.40CR	1,082.44
1.131.2100	CASH GENERAL ACCOUNT	409,024.45	.00
1.131.2200	CASH EFT BERA NATIONAL	21,895.17	3,547.05
1.135.0100	WORKING FUNDS OWINGSVILLE	.00	475.00
1.135.0200	WORKING FUNDS BERA	.00	750.00
1.135.0300	WORKING FUNDS NICHOLASVILLE	.00	775.00
1.135.1000	WORKING FUNDS MIDDLESBORO	.00	875.00
1.135.1100	WORKING FUNDS CORBIN	.00	1,200.00
1.135.2000	WORKING FUNDS WINCHESTER	.00	1,000.00
1.141.0000	NOTES RECEIVABLE OFFICER	2,000.00CR	122,000.00
1.141.0100	NOTES REC'BL DUE IN 1YR OFFSET	.00	24,000.00CR
1.141.0200	NOTES RECEIVABLE DUE IN 1 YEAR	.00	24,000.00
1.142.0000	CUSTOMER ACCOUNTS RECEIVABLE	1,715,551.62	4,228,464.72
1.142.0100	MISC ACCOUNTS RECEIVABLE-BRANCHES	111.71	.00
1.142.0110	MISC ACCOUNTS RECEIVABLE (MAR)	10,654.40CR	269,185.86
1.142.0200	RECEIVABLE FROM EA AGENCY - BERA	3,166.68	13,921.68
1.142.0300	RECEIVABLE FROM EA AGENCY - OWINGSVILLE	4,323.32	22,932.00
1.142.0400	RECEIVABLE FROM EA AGENCY - NICHOLASVILLE	3,771.00CR	235.87
1.142.0500	RECEIVABLE FROM EA AGENCY - MIDDLESBORO	5,996.00CR	23,227.00
1.142.0600	RECEIVABLE FROM EA AGENCY - CORBIN	3,665.34CR	24,111.85
1.144.0000	PROVISION FOR UNCOLLECTIBLES	60,189.46	300,000.00CR
1.146.0200	RECEIVABLE DELTA RESOURCES	553,525.52CR	1,040,147.46
1.146.0300	RECEIVABLE FROM DELGASCO	482,096.22	2,047,939.45CR
1.146.0500	RECEIVABLE FROM ENPRO	12,624.41	2,429,864.96
1.154.0000	INVENTORY	35,434.32CR	384,974.01
1.164.0300	STORAGE GAS - CANADA MT	2,387,191.61CR	8,626,805.37
1.165.0000	PREPAYMENTS	41,145.56CR	205,150.41
1.165.0100	PREPAYMENT-INTRASOURCE INC.	.00	8,775.00
1.181.0300	UNAMORT DEBT EXP DUE 10-01-23 (6.625%)	2,084.84CR	494,115.96
1.181.0310	LOSS ON EXTINGUISHMENT OF DEBT 10-01-23	3,115.16CR	738,284.04
1.181.0600	UNAMORT DEBT EXP DUE 04-01-18 (7.15%)	3,463.30CR	592,225.20
1.181.0610	LOSS ON EXTINGUISHMENT OF DEBT 04-01-18	2,946.70CR	503,884.80
1.181.0700	UNAMORT DEBT EXP DUE 02-01-23 (7%)	3,379.75CR	777,342.25

DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES

Trial Balance

For Period Ending December 31, 2003

- DELTA NATURAL GAS CO, INC.

G/L Number		Current Month	Balance
1.181.0710	LOSS ON EXTINGUISHMENT OF DEBT 02-01-23	4,692.00CR	1,079,218.00
1.184.0100	A/P - MAR CLEARING	8.00	116.62
1.184.0300	TRANSP EQUIP OPER & MNT COST	993,836.70	529,469.34
1.184.0400	NON OWNED VEHICLE EXPENSE	1,095.38	97.76
1.184.0500	TRANSPORTATION EXPENSE CLEARED	954,006.72CR	467,143.06CR
1.184.0600	MEDICAL - CLEARING	2,181.00CR	2,422.17CR
1.184.0800	WORK EQUIPMENT OPER & MNT COST	226,086.75	128,275.09
1.184.0900	WORK EQUIPMENT EXPENSE CLEARED	210,336.99CR	124,629.87CR
1.184.1100	LONG TERM CARE - CLEARING	937.00	.00
1.186.0300	UNRECOVERED SFAS 143 ADOPTION COSTS (ARO)	.00	30,133.00
1.186.1100	UNAMORTIZED RATE CASE 2003	21,200.00	21,200.00
1.191.0000	UNRECOVERED PURCHASED GAS COST	919,052.10	2,698,278.50
1.192.0000	ACTUAL ADJUSTMENT GAS COSTS	754,319.31	5,075,469.35
1.193.0000	BALANCE ADJUSTMENT GAS COSTS	126,965.00CR	408,895.29CR
1.201.0000	COMMON STOCK ISSUED \$1 PAR	6,279.00CR	3,187,044.00CR
1.207.0000	PREMIUMS ON COMMON STOCK	140,524.02CR	43,909,593.43CR
1.212.0000	INSTALLMENTS ON STOCK	9,809.42CR	62,225.06CR
1.214.0000	CAPITAL STOCK EXPENSE	.00	2,598,145.91
1.216.0000	RETAINED EARNINGS	938,325.68	2,111,924.05
1.219.0000	ACCUMULATED OTHER COMPREHENSIVE INCOME	.00	2,050,636.00
1.221.0300	DEBENTURES 6.625% DUE 10-01-23	5,000.00	10,894,000.00CR
1.221.0600	DEBENTURES 7.150% DUE 04-01-18	26,000.00	23,930,000.00CR
1.221.0800	DEBENTURES 7.000% DUE 02-01-23	.00	20,000,000.00CR
1.228.0300	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	60,450.00CR	1,079,514.00CR
1.230.0000	ASSET RETIREMENT OBLIGATIONS	229.00CR	35,415.00CR
1.230.0100	LONG TERM ONE YEAR OFFSET	.00	1,650,000.00
1.230.0200	LONG TERM DUE IN ONE YEAR	.00	1,650,000.00CR
1.231.0000	NOTES PAYABLE	967,933.96	17,707,888.55CR
1.232.0100	ACCOUNTS PAYABLE GENERAL	2,644,496.12CR	1,796,099.24CR
1.232.0200	ACCOUNTS PAYABLE CUSTOMERS	.00	3,269.25CR
1.232.0600	ACCOUNTS PAYABLE GAS PURCHASES	352,053.06	3,385,334.32CR
1.232.0700	CONTRACTOR'S RETAINAGE PAYABLE	18,603.95CR	74,508.87CR
1.232.0800	WINTERCARE PAYABLES	1,761.79	637.43CR
1.232.0900	ACCOUNTS PAYABLE FAITHFUL ESCR	.00	4,175.02CR
1.235.0000	CUSTOMER SERVICE DEPOSITS	35,239.52CR	559,231.49CR
1.236.0100	TAXES ACCRUED FEDERAL INCOME	1,126,279.00	975,177.50
1.236.0200	TAXES ACCRUED STATE INCOME	192,301.00	314,984.00
1.236.0300	TAXES ACCRUED SALES	30,213.71CR	72,667.28CR
1.236.0400	TAXES ACCRUED PAYROLL	18,587.89	524.91CR
1.236.0500	TAXES ACCRUED PROPERTY	96,965.04	261,440.74CR
1.236.0700	TAXES ACCRUED EST INCOME TAXES	820,774.00CR	12,999.00CR
1.236.0800	TAXES ACCRUED SCHOOL	67,742.17CR	156,178.05CR
1.236.0900	TAXES ACCRUED FRANCHISE	32,789.50CR	61,845.32CR
1.237.0300	INTEREST ACCRUED DEB 6.625%	60,042.03CR	180,304.01CR
1.237.0500	INTEREST ACCRUED S-T NOTES	5,900.10CR	12,800.93CR
1.237.0600	INTEREST ACCRUED CUST DEPOSITS	2,151.87CR	41,754.20CR
1.237.0700	INTEREST ACCRUED DEB 7.15% DUE YR 2018	142,290.17CR	427,760.38CR
1.237.0800	INTEREST ACCRUED DEB 7% DUE YR 2023	116,700.00CR	233,400.00CR
1.241.0000	PAYROLL TAXES WITHHELD	43,797.16	27,668.67CR
1.242.0300	SAVINGS IN LIEU OF STOCK	48.16CR	288.96CR

DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES

Trial Balance

For Period Ending December 31, 2003

1 - DELTA NATURAL GAS CO, INC.

G/L Number		Current Month	Balance
1.242.0600	UNITED WAY DEDUCTION	72.00CR	432.00CR
1.242.0700	401K SAVINGS PLAN	1.72	.00
1.242.0800	STOCK REINVESTMENT PLAN	555.00CR	555.00CR
1.242.1200	COMMUNITY HEALTH DEDUCTION	130.00CR	1,560.00CR
1.243.0000	ACCRUED VACATION/ANNUAL LEAVE	59,255.64	517,131.93CR
1.243.0100	ACCRUED OVERTIME	7,180.59	5,419.65CR
1.244.0100	ACCOUNTING SERVICES	18,824.19	83,365.92CR
1.244.0200	MEDICAL - SELF INSURED	.00	201,000.00CR
1.244.0600	ACCRUED RAR INTEREST/OTHER TAX EXPOSURE	.00	50,196.26CR
1.252.0000	ADVANCES FOR CONSTRUCTION	.00	4,357,663.01CR
1.252.0100	PROMISSORY NOTES-EXT AGMNT	.00	4,287,386.00
1.253.0000	REFUNDS DUE CUSTOMERS	.00	51.55CR
1.254.0100	REGULATORY INCOME TAX RATE	.00	430,700.00CR
1.254.0200	REGULATORY - ITC	12,500.00	190,100.00CR
1.254.0300	AMORTIZE REGULATORY INCOME TAX	2,125.00	154,725.00
1.255.0000	DEFERRED INVESTMENT TAX CREDIT	3,200.00	345,400.00CR
1.282.0100	DEF INC TAX ACCEL DEPR	636,247.00CR	15,477,254.00CR
1.282.0200	DEF INC TAX PENSION PLAN	.00	1,336,700.00CR
1.282.0300	DEF INC TAX STOCK PLAN	.00	21,700.00
1.282.0500	ALTERNATIVE MINIMUM TAXES	71,044.00	1,479,989.00
1.282.0600	DEF INC TAX ANNUAL LEAVE	.00	179,100.00
1.282.0700	CONSTRUCTION CONTRIBUTIONS	.00	26,700.00
1.282.0800	DEF INC TAX AMORT FERRIN PROM NOTE	.00	30,800.00
1.282.0900	DEF INC TAX NET UNBILLED REV	.00	1,488,900.00CR
1.282.1000	DEF INC TAX DEBT EXPENSE	206,232.00CR	789,032.00CR
1.282.1100	DEF INC TAX BAD DEBT RESERVE	.00	138,100.00
1.282.1200	DEF INC TAX STORAGE GAS	.00	61,731.00
1.282.1300	DEF INC TAX ACCUM OTHER COMPREHENSIVE INCOME	.00	1,335,800.00
1.283.0100	DEF TAX - REGULATORY INC TAX	.00	500.00CR
1.283.0200	DEF TAX - REGULATORY ITC	12,500.00CR	190,100.00
1.301.0000	ORGANIZATION	.00	53,150.52
1.304.0000	MFG PRODUCTION LAND	.00	35,377.34
1.325.0000	GATHERING LAND & RIGHTS	.00	75,975.20
1.327.0000	GATHERING COMP STAT STRUCTURES	.00	42,950.12
1.331.0000	NATURAL GAS WELL EQUIPMENT	.00	7,795.46
1.332.0000	GATHERING LINES	.00	1,904,403.97
1.333.0000	GATHERING COMP STAT EQUIPMENT	.00	823,367.79
1.334.0000	GATHR MEAS & REGLTR STAT EQUIP	.00	105,138.05
1.350.0100	STORAGE LAND	.00	14,141.61
1.350.0200	STORAGE - RIGHT OF WAY	.00	177,425.47
1.350.0500	GAS RIGHTS WELLS	.00	1,494.93
1.351.0000	STORAGE STURCTURES & IMPROVEMENTS	.00	275,273.12
1.352.0000	STORAGE WELLS	.00	360,583.01
1.352.0100	STORAGE RIGHTS	.00	860,396.29
1.352.0200	STORAGE RESERVOIRS	.00	1,881,730.85
1.352.0300	NONRECOVERABLE NATURAL GAS	.00	294,306.84
1.353.0000	STORAGE LINES	.00	5,024,283.91
1.354.0000	STORAGE COMPRESSOR STATION EQUIPMENT	68,715.34	2,417,969.08
1.355.0000	STORAGE MEASURING & REGULATING EQUIPMENT	.00	361,993.97
1.356.0000	PURIFICATION EQUIPMENT	.00	346,372.68



## DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES

## Trial Balance

For Period Ending December 31, 2003

- DELTA NATURAL GAS CO, INC.

G/L Number		Current Month	Balance
1.357.0000	STORAGE OTHER EQUIPMENT	.00	47,209.39
1.365.0100	TRAN LAND & LAND RIGHTS	.00	56,723.82
1.365.0200	TRAN RIGHTS OF WAY	.00	1,073,061.61
1.365.0300	LAND RIGHTS DEPRECIABLE	.00	163,626.11
1.366.0000	TRAN STRUCTURES & IMPROVEMENTS	.00	173,214.64
1.367.0000	TRANSMISSION MAINS	21,706.36CR	35,592,708.80
1.368.0000	TRANSM COMPRESSOR STAT EQUIP	133,956.41	1,856,756.56
1.369.0000	TRANSMISSION MEAS & REG EQUIP	.00	2,096,286.63
1.371.0000	TRANSMISSION OTHER EQUIPMENT	13,209.63CR	598,623.24
1.374.0000	DISTRIBUTION RIGHT OF WAYS	.00	280,647.13
1.375.0000	DIST STRUCTURES & IMPROVEMENTS	1,623.41CR	116,064.48
1.376.0000	DISTRIBUTION MAINS	20,572.33	56,694,785.38
1.378.0000	DIST GENERAL REG STATIONS	35,478.47CR	1,252,562.09
1.379.0000	DIST CITY GATE REG STATIONS	.00	398,370.87
1.380.0000	DISTRIBUTION SERVICES	216,682.73	10,856,853.17
1.381.0000	DISTRIBUTION METERS	7,636.13	8,426,710.80
1.382.0000	DIST METER & REG INSTALLATION	20,323.55	2,865,091.45
1.383.0000	DIST REGULATORS	1,513.68	2,679,312.88
1.385.0000	DIST INDUSTRIAL METER SET	6,046.70CR	1,400,779.25
1.389.0000	GEN LAND & LAND RIGHTS	.00	1,038,741.17
1.390.0000	GEN STRUCTURES & IMPROVEMENTS	929.41CR	5,086,091.23
1.391.0000	OFFICE FURNITURE & EQUIPMENT	313.95CR	643,467.27
1.392.0000	TRANSPORTATION EQUIPMENT	77,987.99	3,545,956.13
1.393.0000	STORES EQUIPMENT	.00	56,013.96
1.394.0000	TOOLS, SHOP & GARAGE EQUIP.	4,134.27	588,432.72
1.394.0100	COMPRESSED NAT GAS STAT& EQUIP	.00	283,352.46
1.395.0000	LABORATORY EQUIPMENT	.00	188,222.73
1.396.0000	POWER OPERATED EQUIPMENT	874.50	2,575,557.45
1.397.0000	COMMUNICATION EQUIPMENT	.00	550,971.16
1.398.0000	MISCELLANEOUS EQUIPMENT	.00	94,778.21
1.399.0100	MAPPING COSTS	.00	662,043.13
1.399.0200	COMPUTER SOFTWARE	72,142.02	2,028,166.08
1.399.0300	COMPUTER HARDWARE	65,313.65	1,599,228.86
1.403.0000	DEPRECIATION EXPENSE	363,808.79	4,220,988.16
1.403.1000	DEPRECIATION EXPENSE FOR ASSET RETIREMENT COST	29.00	174.00
1.406.0000	AMORT OF GAS PLANT ACQ ADJ-TRANEX	4,900.00CR	58,800.00CR
1.406.0100	AMORT OF GAS PLANT ACQ ADJ-MT OLIVET	3,900.00	46,800.00
1.408.0100	LICENSE & PRIVILEGE FEES	60.00	5,059.15
1.408.0200	PROPERTY TAXES	83,392.00	995,052.00
1.408.0300	PAYROLL TAXES	37,534.53	521,119.69
1.409.0100	CURRENT FED INC TAX	988,439.00CR	704,400.00CR
1.409.0200	CURRENT STATE INC TAX	247,110.00CR	188,100.00CR
1.409.0700	ESTIMATED INTERIM INCOME TAXES	818,574.00	.00
1.409.0800	INCOME TAXES NON-REGULATED	2,200.00	28,200.00
1.410.0000	DEFERRED INCOME TAXES	690,700.00	2,228,400.00
1.410.0100	AMORT OF REGULATORY LIABILITY	2,125.00CR	25,500.00CR
1.411.0000	INVESTMENT TAX CREDIT	.00	20,000.00CR
1.411.1000	ACCRETION EXPENSE	229.00	1,342.00
1.415.0100	LABOR SERVICE REVENUE	225.00CR	3,850.00CR
1.415.0200	MERCHANDISING REVENUE	2,534.41CR	21,003.40CR

DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES  
 Trial Balance  
 For Period Ending December 31, 2003

- DELTA NATURAL GAS CO, INC.

G/L Number		Current Month	Balance
1.415.0300	SALES TAX COMMISSION	590.76CR	10,227.39CR
1.416.0100	LABOR SERVICE EXPENSE	.00	686.70
1.416.0200	MERCHANDISING EXPENSE	2,221.65	18,157.47
1.418.0100	NET EARNINGS OF SUBSIDIARY	94,847.00CR	1,523,447.00CR
1.419.0000	INTEREST & DIVIDEND INCOME	741.89CR	22,263.96CR
1.420.0000	INVESTMENT TAX CREDIT NET	3,200.90CR	19,200.00CR
1.421.0000	MISC NON OPERATING INCOME	3,900.00CR	53,625.00CR
1.426.0200	LIFE INSURANCE CO. BENEFICIARY	.00	2,876.14CR
1.427.0000	INTEREST ON LONG TERM DEBT	319,400.00	3,932,075.17
1.428.0000	AMORT OF DEBT EXPENSES	19,681.75	232,110.34
1.431.0100	INTEREST ON CUSTOMER DEPOSITS	2,750.11	29,116.34
1.431.0200	INTEREST ON SHORT-TERM DEBT	38,681.13	359,395.18
1.431.0210	SUBSIDIARY INTEREST	2,300.00CR	10,000.00
1.480.0100	GS RATE SALES RESIDENTIAL	3,064,658.30CR	27,313,049.27CR
1.480.0200	GS RATE SALES OTHER COMMERCIAL	1,015,430.71CR	9,265,853.69CR
1.480.0300	GS RATE SALES INDUSTRIAL	118,068.91CR	1,256,477.01CR
1.480.0400	GS RATE SALES SMALL COMMERCIAL	912,859.52CR	8,169,655.13CR
1.480.0500	UNMETERED GAS LIGHT REVENUE	1,096.92CR	13,584.76CR
1.480.0600	WNA RESIDENTIAL	70,991.31CR	188,763.09
1.480.0700	WNA SMALL NON-RESIDENTIAL	20,872.05CR	62,977.04
1.481.0200	INTERRUPTIBLE RATE COMMERCIAL	3,770.65CR	24,449.01CR
1.481.0300	INTERRUPTIBLE RATE INDUSTRIAL	47,475.64CR	441,250.73CR
1.488.0100	COLLECTION REVENUE	1,785.00CR	115,305.00CR
1.488.0200	RECONNECT REVENUE	9,280.00CR	76,960.00CR
1.488.0300	METER TEST REVENUE	.00	20.00CR
1.488.0400	BAD CHECK REVENUE	720.00CR	9,890.00CR
1.489.0200	OFF SYSTEM TRANSP REVENUE	117,061.88CR	1,522,693.12CR
1.489.0210	OFF SYSTEM TRANSP REVENUE - DELGASCO	45,243.90CR	286,107.90CR
1.489.0400	ON SYSTEM TRANSP REVENUE	113,619.06CR	2,526,615.20CR
1.489.0410	ON SYSTEM TRANSP DR	262,029.61CR	1,315,181.83CR
1.753.0100	WELLS & GATHERING PAYROLL	910.91	16,481.15
1.753.0200	WELLS & GATHERING MISC	46.29	10,471.97
1.754.0100	COMPRESSOR STATION PAYROLL	2,572.33	40,442.82
1.754.0200	COMPRESSOR STATION MISC.	2,247.66	45,457.52
1.764.0100	MNT WELLS & GATHERING PAYROLL	.00	1,114.99
1.764.0200	MNT WELLS & GATHERING OTHER	.00	1,200.04
1.765.0100	MNT COMPRESSOR STATION PAYROLL	.00	4,316.60
1.765.0200	MNT COMPRESSOR STATION OTHER	1,723.38	15,533.76
1.803.0000	PURCHASED GAS	3,247,263.98	27,846,731.26
1.816.0100	CM WELLS EXPENSES - PAYROLL	7,955.15	46,512.02
1.816.0200	CM WELLS EXPENSES - MISC	148.15	1,817.55
1.818.0100	CM COMPRESSOR STATION EXPENSES - PAYROLL	263.91	16,995.54
1.818.0200	CM COMPRESSOR STATION EXPENSES - MISC	1,466.03	15,031.29
1.821.0000	CM PURIFICATION OF NATURAL GAS	13,889.30	86,120.32
1.824.0200	CM OTHER UNDERGROUND STORAGE EXPENSES - MISC	1,412.50	7,409.98
1.825.0000	CM STORAGE WELL ROYALTIES/RENTS	.00	55,917.56
1.831.0200	CM MAINTENANCE STRUCTURES & IMPROVEMENTS - MISC	2,394.28	6,166.32
1.932.0100	CM MAINT OF RESERVOIRS AND WELLS - PAYROLL	.00	329.36
1.832.0200	CM MAINTENANCE OF RESERVOIRS AND WELLS - MISC	70.73	42,750.02
1.834.0100	CM MAINT OF COMPRESSOR STAT EQUIP - PAYROLL	.00	5,429.55

## DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES

## Trial Balance

For Period Ending December 31, 2003

- DELTA NATURAL GAS CO, INC.

G/L Number		Current Month	Balance
1.834.0200	CM MAINTENANCE OF COMPRESSOR STAT EQUIP - MISC	2,933.25	13,743.88
1.835.0100	CM MAINT OF MEAS & REG STAT EQUIP - PAYROLL	.00	599.48
1.835.0200	CM MAINTENANCE OF MEAS & REG STAT EQUIP - MISC	.00	961.60
1.837.0200	CM MAINTENANCE OF OTHER EQUIPMENT - MISC	516.82	4,510.47
1.856.0000	RIGHT OF WAY CLEARING	11,916.50	78,586.09
1.871.0000	TELEMETRY COSTS	3,697.92	41,893.16
1.880.0100	OPERATIONS OFFICE TELEPHONE	10,167.15	110,454.12
1.880.0200	OPERATIONS OFFICE UTILITIES	4,816.12	51,418.86
1.880.0300	OPERATIONS OFFICE MISC.	5,344.76	82,410.17
1.880.0400	FEES TRAINING SCHOOLS	1,775.00	37,964.12
1.880.0500	UNIFORMS	.00	37,765.05
1.880.0600	WELDING SUPPLIES	574.91	18,560.14
1.881.0100	RENT OPERATING OFFICES	.00	500.00
1.881.0200	RENT LAND & LAND RIGHTS	200.00	16,602.59
1.887.0100	MNT TRANS & DIST MAINS PAYROLL	4,173.71	57,924.96
1.887.0200	MNT TRANS & DIST MAINS OTHER	5,748.96	72,093.23
1.889.0000	MNT REG STATION TRANS & DIST.	193.54	6,420.81
1.893.0100	MNT OF METERS & REG PAYROLL	319.83	15,677.40
1.893.0200	MNT OF METERS & REG OTHER	1,345.16	45,129.80
1.894.0100	MNT OF OTHER EQUIPMENT PAYROLL	553.13	12,768.85
1.894.0200	MNT OF OTHER EQUIPMENT OTHER	8,096.60	80,111.40
1.898.0100	MNT - TRANSP EQUIP EXPENSE-PAYROLL	1,361.28	24,613.24
1.898.0200	MNT - POWER OPR EQUIP EXPENSE-PAYROLL	1,054.80	12,566.77
1.900.0100	TRANS & DIST. PAYROLL	185,020.87	2,377,376.18
1.900.0200	OPR TRANSPORTATION EXPENSES	47,606.40	584,412.86
1.900.0300	SMALL TOOLS & WORK EQUIPMENT	5,572.63	68,699.15
1.903.0100	CASHERING PAYROLL	30,821.14	362,869.39
1.903.0200	CUSTOMER COLLECTIONS & RECORDS	23,414.56	227,092.81
1.904.0000	UNCOLLECTIBLE ACCOUNTS	59,341.07	478,567.24
1.913.0000	ADVERTISING	.00	2,203.53
1.920.0100	ADMINISTRATIVE PAYROLL	187,930.98	2,183,224.13
1.920.0200	ADM TRANSPORTATION EXPENSES	7,375.00	87,750.00
1.921.0100	ADM TELEPHONE	12,298.54	150,134.32
1.921.0300	BOOKS & SUBSCRIPTIONS	2,150.44	27,005.02
1.921.0400	COMPANY FORMS	1,681.55	28,915.73
1.921.0500	SMALL SUPPLY ITEMS	7,295.84	59,875.44
1.921.0600	MISCELLANEOUS OTHER ITEMS	5,910.72	55,253.66
1.921.0700	EMPLOYEE MEMBERSHIPS	165.00	4,879.00
1.921.0800	SAFETY LITERATURE & EDUCATION	601.70	11,642.04
1.921.0900	ENGR & DRAFTING SUPPLIES	1,524.26	7,669.69
1.921.1000	ADM UTILITIES	3,734.99	35,026.97
1.921.1100	INVENTORY - DIFFERENCE	847.83CR	2,814.33CR
1.921.2100	TRAVEL ETC CO BUS PRES & CEO	540.34	9,672.16
1.921.2200	TRAVEL ETC CO BUS OFFICERS	131.56	10,582.92
1.921.2300	TRAVEL ETC CO BUS OPER & CONST	957.80	16,056.90
1.921.2400	TRAVEL ETC CO BUS ADM&CUST SER	730.62	6,256.14
1.921.2500	TRAVEL ETC CO BUS EXTERNAL AFFAIRS	.00	65.42
1.921.2600	TRAVEL ETC CO BUS FINANCE	110.00	7,546.23
1.921.2900	CO. BUS. MEALS & ENTERTAINMENT	4,079.30	32,262.74
1.921.3000	COMPUTER EQUIPMENT OPERATIONS	1,052.16	18,589.18

## DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES

## Trial Balance

For Period Ending December 31, 2003

1 - DELTA NATURAL GAS CO, INC.

G/L Number	Current Month	Balance
1.922.0000 EXPENSES TRANSFERRED	168,587.79CR	2,352,284.49CR
1.923.0100 OUTSIDE SERVICES LEGAL	3,478.00	60,343.88
1.923.0200 OUTSIDE SERVICES ACCOUNTING	67,648.00	343,748.00
1.923.0300 OUTSIDE SERVICES JANITORIAL	4,705.00	56,562.00
1.923.0400 OUTSIDE SERVICES OTHER	5,594.01	86,023.43
1.923.0500 OUTSIDE SERVICES COMPUTERS	23,137.84	155,951.20
1.924.0000 INSURANCE	45,664.50	550,835.84
1.926.0100 TIME OFF PAYROLL	14,726.10	797,892.67
1.926.0200 PENSION	60,450.00	497,033.88
1.926.0300 EMPLOYEE 401K PLAN	12,365.55	132,894.28
1.926.0400 MEDICAL COVERAGE	94,667.78	1,119,299.68
1.926.0500 SALARY CONTINUATION COVERAGE	13,447.14	105,738.15
1.926.0600 EMPLOYEE STOCK PLAN	4,928.79	55,764.55
1.926.0700 EMPLOYEE EDUCATION	.00	1,551.62
1.926.0800 EMPLOYEE RECREATION & SOCIAL	6,734.17	6,734.17
1.928.0000 REGULATORY COMMISSION EXPENSE	16,360.00	143,222.13
1.930.0100 DIRECTOR FEES & EXPENSES	13,349.75	225,368.73
1.930.0200 COMPANY MEMBERSHIPS	27,827.00	47,930.25
1.930.0300 FEES CONVENTIONS & MEETINGS	400.00	9,254.18 -
1.930.0400 MARKETING	1,770.10	15,239.29 *
1.930.0500 COMPANY RELATIONS	1,944.09	16,821.86 *
1.930.0600 TRUSTEE, REGISTRAR, AGENT FEES	.00	59,490.86
1.930.0800 STOCKHOLDER REPORTS	1,660.71	57,560.35
1.930.0900 CUSTOMER & PUBLIC INFORMATION	1,345.62	36,922.32 -
1.930.1000 PUBLIC & COMMUNITY RELATIONS	9,641.50	25,645.38 -
1.930.1100 CONSERVATION PROGRAM	6,750.00	44,200.00 -
1.930.1200 LOBBYING EXPENDITURES	669.00	783.02 -
1.930.1300 MISC NON TAX DEDUCTIBLE	.00	20.00 *
1.932.0100 MNT COMMUNICATION EQUIPMENT	4,321.07	41,197.24
1.932.0200 MNT OFFICE EQUIPMENT	318.09	24,534.67
1.932.0300 MNT GENERAL STRUCTURES	1,445.20	40,764.93
1.932.0500 MAINTENANCE COMPUTER EQUIPMENT	12,824.22	48,214.66
Total 1 - DELTA NATURAL GAS CO, INC.	.00	.00 *
Grand Totals	.00	.00 **



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

11. Provide the balance in each current asset and each current liability account and subaccount included in Delta's chart of accounts by months for the test year. In addition, show total current assets, total current liabilities, and the net current position by months, annually, and the 13-month average for the test year. Provide a reconciliation of current assets, current liabilities, and net current position provided in response to the above with the current assets and current liabilities as shown on the balance sheet for each month of the test year. If any amounts were allocated, provide a calculation of the factor used to allocate each amount.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John Brown

## Case No. 2004-00067

## Current Assets and Liabilities

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
<b>CURRENT ASSETS</b>														
<i>Cash and Cash Equivalents</i>														
1.131.010 CASH OWINGSVILLE	104,413	45,547	64,499	99,806	52,913	30,293	32,801	23,275	18,490	25,272	21,960	15,494	40,257	44,232
1.131.020 CASH BERE A	89,154	45,449	25,612	79,113	29,655	21,147	33,459	20,063	18,244	24,024	44,381	38,074	43,797	39,398
1.131.030 CASH NICHOLASVILLE	256,657	20,241	164,811	284,564	40,508	86,259	71,414	17,763	46,960	35,113	31,220	51,920	53,644	89,329
1.131.100 CASH MIDDLESBORO	79,162	48,568	62,127	55,920	28,005	25,689	22,838	16,711	12,859	23,598	22,148	46,376	92,441	41,265
1.131.110 CASH CORBIN	270,413	83,740	208,942	268,328	60,993	79,584	69,046	23,818	46,325	47,458	39,611	153,924	89,625	110,908
1.131.200 CASH WINCHESTER	50,660	54,272	1,897	806,973	1,712	1,077	1,183,398	1,045,498	11,573	37,934	1,524	22,218	1,082	247,678
1.131.210 CASH GENERAL ACCOUNT	(438,301)	744,137	(22,347)	(11,499)	(178,995)	(206,904)	-	(153,324)	(315,736)	-	(197,565)	(409,024)	-	(91,505)
1.131.220 CASH LEFT BERE A NATIONAL	1,877	254	1,998	3,055	2,346	1,798	1,982	1,962	1,633	1,971	1,998	(18,348)	3,547	467
1.135.010 WORKING FUNDS OWINGSVILLE	475	475	475	475	475	475	475	475	475	475	475	475	475	475
1.135.020 WORKING FUNDS BERE A	750	750	750	750	750	750	750	750	750	750	750	750	750	750
1.135.030 WORKING FUNDS NICHOLASVILLE	775	775	775	775	775	775	775	775	775	775	775	775	775	775
1.135.100 WORKING FUNDS MIDDLESBORO	875	875	875	875	875	875	875	875	875	875	875	875	875	875
1.135.110 WORKING FUNDS CORBIN	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
1.135.200 WORKING FUNDS WINCHESTER	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<i>Accounts Receivable, Net</i>														
1.123.000 INVESTMENT IN OTHERS	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1.141.020 NOTES RECEIVABLE DUE IN 1 YEAR	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000

## Case No. 2004-00067

## Current Assets and Liabilities

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
1.142.000 CUSTOMER ACCOUNTS RECEIVABLE	3,665,730	3,966,030	8,825,335	6,852,022	4,985,739	4,967,157	3,849,314	2,697,133	2,769,984	2,242,212	1,269,411	2,512,913	4,228,465	4,063,957
1.142.010 MISC ACCOUNTS RECEIVABLE-BRANCHES	(4)	-	-	(582)	(92)	(922)	(562)	(249)	-	-	(686)	(112)	-	(247)
1.142.011 MISC ACCOUNTS RECEIVABLE (MAR)														
1.142.020 RECEIVABLE FROM EA AGENCY - BEREA	15,416	4,769	745	3,792	2,555	-	78	-	-	-	-	10,755	13,922	4,003
1.142.030 RECEIVABLE FROM EA AGENCY - OWINGSVILLE	26,190	22,962	12,289	5,950	1,292	595	1,190	1,134	1,034	1,034	420,367	18,609	22,932	8,900
1.142.040 RECEIVABLE FROM EA AGENCY - NICHOLASVILLE	3,844	1,181	3,031	3,117	335	90	174	161	161	71	166	4,007	236	1,275
1.142.050 RECEIVABLE FROM EA AGENCY - MIDDLESBORO	35,069	12,504	246	5,041	3,041	90	375	185	363	553	95	29,223	23,227	8,463
1.142.060 RECEIVABLE FROM EA AGENCY - CORBIN	21,568	12,964	3,753	10,932	6,140	2,537	839	632	869	919	1,174	27,777	24,112	8,786
1.144.000 PROVISION FOR UNCOLLECTIBLES	(300,000)	(343,027)	(387,044)	(511,169)	(512,085)	(596,899)	(350,000)	(299,830)	(344,142)	(316,015)	(338,473)	(360,189)	(300,000)	(381,452)
Gas in Storage, At Average Cost														
1.164.030 STORAGE GAS - CANADA MT	6,656,378	4,394,862	2,774,202	1,806,639	1,707,587	2,656,154	5,090,440	7,713,558	9,145,679	10,276,859	10,865,560	11,013,997	8,626,805	6,363,748
Deferred Gas Costs														



## Case No. 2004-00067

## Current Assets and Liabilities

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
1.191.000 UNRECOVERED PURCHASED GAS COST	2,792,419	5,237,650	4,371,419	313,779	(103,528)	(858,887)	(315,622)	259,547	881,868	802,785	1,336,984	1,779,226	2,698,278	1,476,609
1.192.000 ACTUAL ADJUSTMENT GAS COSTS	3,085,045	2,452,771	1,300,771	5,676,681	5,351,547	5,010,343	5,035,870	4,920,007	4,782,685	4,861,539	4,687,490	4,321,150	5,075,469	4,350,875
1.193.000 BALANCE ADJUSTMENT GAS COSTS	397,540	224,774	45,586	(24,392)	(74,965)	(124,204)	(428,424)	(445,144)	(411,325)	(318,971)	(276,107)	(281,930)	(408,895)	(163,574)
1.193.010 BALANCE ADJMT TAKE OR PAY COST	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Materials and Supplies</i>														
1.154.000 INVENTORY	488,192	488,362	494,477	499,217	460,579	384,480	555,035	529,611	446,695	484,543	538,649	420,408	384,974	475,017
1.184.030 TRANSP EQUIP OPER & MNT COST	434,445	485,708	577,107	659,994	730,690	803,409	885,298	(810,179)	(740,531)	(636,881)	(534,514)	(464,367)	529,469	148,435
1.184.040 NON OWNED VEHICLE EXPENSE	985	985	985	1,011	1,033	1,047	1,074	(1,018)	(1,018)	(998)	(998)	(998)	98	168
1.184.050 TRANSPORTATION EXPENSE CLEARED	(439,691)	(512,775)	(579,773)	(646,455)	(714,092)	(788,461)	(886,372)	802,714	717,798	635,885	552,672	486,864	(467,143)	(141,448)
1.184.080 WORK EQUIPMENT OPER & MNT COST	98,805	118,855	134,432	150,371	165,930	185,174	199,136	(177,720)	(159,382)	(135,426)	(113,610)	(97,812)	128,275	38,233
1.184.090 WORK EQUIPMENT EXPENSE CLEARED	(119,999)	(126,547)	(131,630)	(145,469)	(160,154)	(179,412)	(201,693)	176,673	150,820	126,306	100,581	85,707	(124,630)	(42,265)
<i>Prepayments</i>														
1.165.000 PREPAYMENTS	173,679	117,221	58,798	610,908	546,663	480,517	414,972	510,152	436,412	371,195	285,006	246,296	205,150	342,844
1.165.010 PREPAYMENT- INTRASOURCE INC.	2,951	8,264	8,264	8,264	8,562	6,875	8,075	8,075	8,075	8,075	8,775	8,775	8,775	7,831

## Case No. 2004-00067

## Current Assets and Liabilities

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
1.184.010 A/P - MAR CLEARING	49	174	-	126	60	130	(97)	-	800	-	117	109	117	122
1.184.020 INA INSURANCE CLEARING	17	12	20	(3)	(4)	-	6	-	-	-	-	-	-	4
1.184.060 MEDICAL - CLEARING	298	298	2,029	2,029	2,029	2,029	1,629	(1,060)	12,336	-	(261)	(241)	(2,422)	1,438
1.184.070 PROVIDENT INSURANCE CLEARING				(16)	(32)	(49)	(65)							(32)
1.184.100 A/P - CIS CLEARING	17	17	-	-	73	128	-	-	-	129	-	-	-	28
1.184.110 LONG TERM CARE - CLEARING	(53)	(74)	(95)	(937)	-	-	(937)	-	(937)	(937)	-	(937)	-	(377)
Total Current Assets	17,483,000	17,650,223	18,052,561	16,897,185	12,476,115	12,020,939	15,304,746	17,112,541	17,808,952	18,881,538	18,798,245	19,969,779	21,291,068	17,211,299
<u>CURRENT LIABILITIES</u>														
Notes Payable/Current Portion of Long-Term Debt														
1.231.000 NOTES PAYABLE														
1.230.020 LONG TERM DUE IN ONE YEAR	(29,037,841)	(26,175,697)	(4,713,220)	(16,995,293)	(16,047,041)	(2,546,678)	(1,031,099)	(7,102,171)	(11,456,832)	(14,333,466)	(18,052,515)	(18,675,823)	(17,707,869)	(14,144,426)
Accounts Payable	(1,750,000)	(1,750,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,665,366)
1.232.010 ACCOUNTS PAYABLE GENERAL	(161,606)	(295,495)	(278,554)	(178,867)	(535,372)	(820,652)	(1,908,903)	(2,096,822)	(619,627)	(695,720)	(482,467)	848,397	(1,796,099)	(693,965)
1.232.020 ACCOUNTS PAYABLE CUSTOMERS	(3,269)	(3,269)	(3,269)	(3,269)	(3,269)	(3,269)	(91,114)	(3,269)	(3,269)	(494,294)	(3,269)	(3,269)	(3,269)	(47,798)
1.232.060 ACCOUNTS PAYABLE GAS PURCHASES	(3,036,821)	(3,125,259)	(2,862,977)	(4,001,664)	(1,486,054)	(1,683,226)	(5,191,855)	(3,704,257)	(2,953,080)	(2,202,901)	(1,846,211)	(3,737,367)	(3,385,334)	(3,016,694)
1.232.070 CONTRACTORS RETAINAGE PAYABLE	(204,146)	(204,146)	(204,146)	(231,548)	(262,518)	(252,518)	(256,965)	(27,402)	(59,348)	(55,905)	(55,905)	(55,905)	(74,509)	(148,843)

## Case No. 2004-00067

## Current Assets and Liabilities

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
1.236.080 WINTERCARE PAYABLES	(1,118)	(1,574)	(1,948)	(1,267)	(1,477)	(1,584)	(1,688)	(1,795)	(1,895)	(2,045)	(2,278)	(2,399)	(637)	(1,670)
1.236.090 ACCOUNTS PAYABLE FAITHFUL ESCR	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)	(4,175)
<i>Accrued Taxes</i>														
1.236.010 TAXES ACCRUED FEDERAL INCOME	890,236	890,236	890,236	890,236	890,236	890,236	(151,102)	(151,102)	(151,102)	(151,102)	(151,102)	(151,102)	975,178	416,152
1.236.020 TAXES ACCRUED STATE INCOME	192,641	192,641	192,641	192,641	192,641	192,641	122,683	122,683	122,683	122,683	122,683	122,683	314,984	169,764
1.236.030 TAXES ACCRUED SALES	(73,194)	(70,967)	(130,658)	(46,672)	(2,638)	(54,588)	(64,029)	(55,645)	(33,833)	(5,979)	(21,648)	(42,454)	(72,667)	(51,921)
1.236.040 TAXES ACCRUED PAYROLL	(19,218)	(28,941)	(37,790)	(39,094)	(20,230)	(21,451)	(21,402)	(25,251)	(20,756)	(20,420)	(19,303)	(19,113)	(525)	(22,579)
1.236.050 TAXES ACCRUED PROPERTY	(344,810)	(423,536)	(498,034)	(398,567)	(374,921)	(459,498)	(520,353)	(603,745)	(675,177)	(758,569)	(464,199)	(358,406)	(261,441)	(472,406)
1.236.060 TAXES ACCRUED SEVERANCE	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.236.070 TAXES ACCRUED EST INCOME TAXES	(13,599)	(637,124)	(1,549,749)	(2,022,874)	(2,171,399)	(2,120,524)	-	229,375	424,250	611,125	788,800	807,775	(12,999)	(435,919)
1.236.080 TAXES ACCRUED SCHOOL	(262,718)	(198,927)	(309,963)	(221,953)	(117,642)	(90,094)	(47,403)	(38,072)	(41,443)	(38,154)	(48,816)	(88,436)	(156,178)	(127,677)
1.236.090 TAXES ACCRUED FRANCHISE	(61,539)	(37,318)	(94,334)	(130,474)	(20,121)	(34,282)	(43,509)	(8,360)	(17,394)	(25,694)	(10,910)	(29,056)	(61,845)	(44,218)
<i>Refunds Due Customers</i>														
1.253.000 REFUNDS DUE CUSTOMERS	(49,442)	(35,546)	(13,568)	1,814	8,017	8,017	-	-	-	-	(52)	(52)	(52)	(6,220)
<i>Customers' Deposits</i>														
1.235.000 CUSTOMER SERVICE DEPOSITS	(566,968)	(546,147)	(657,227)	(554,322)	(497,967)	(452,755)	(442,315)	(407,282)	(413,727)	(432,007)	(483,341)	(523,992)	(559,231)	(495,175)
<i>Accrued Interest on Debt</i>														

## Case No. 2004-00067

## Current Assets and Liabilities

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
1,237,020 INTEREST ACCRUED DEB 8.3% DUE YR 2026	(512,122)	(614,522)	(102,473)	-	-	-	-	-	-	-	-	-	-	(94,548)
1,237,030 INTEREST ACCRUED DEB 6.625% YR 2026	(182,502)	(243,133)	(303,957)	(364,957)	(59,708)	(120,708)	(181,708)	(242,648)	(302,616)	(363,416)	(60,091)	(120,262)	(180,304)	(209,693)
1,237,050 INTEREST ACCRUED S-T NOTES	(9,549)	(2,206)	7,171	(15,196)	(20,969)	(9,766)	(18,834)	(30,574)	(11,039)	(17,037)	(24,532)	(6,901)	(12,801)	(13,249)
1,237,060 INTEREST ACCRUED CUST DEPOSITS	(41,204)	(40,236)	(42,005)	(43,360)	(41,483)	(40,067)	(40,398)	(37,770)	(38,561)	(38,632)	(38,051)	(39,602)	(41,754)	(40,240)
1,237,070 INTEREST ACCRUED DEB 7.15% DUE YR 2018	(429,351)	(572,083)	(715,083)	(858,063)	(143,011)	(285,890)	(428,333)	(571,133)	(713,784)	(856,584)	(142,800)	(285,470)	(427,760)	(494,566)
1,237,080 INTEREST ACCRUED DEB 7% DUE YR 2023			(38,900)	(167,270)	(283,889)	(116,700)	(233,400)	(350,100)	(116,800)	(233,500)	(350,000)	(116,700)	(233,400)	(203,696)
Other Accrued Liabilities			(558,066)	(558,066)	(558,066)	(558,066)	(576,388)	(576,388)	(576,388)	(576,388)	(576,388)	(576,388)	(517,132)	(563,373)
1,243,000 ACCRUED VACATION/ANNUAL LEAVE	(56,885)	(65,533)	(74,487)	(83,441)	(91,847)	(100,279)	(109,032)	(13,178)	(22,987)	(32,797)	(42,606)	(52,416)	(62,225)	(62,132)
1,212,000 INSTALLMENTS ON STOCK	(74,830)	(76,002)	(69,167)	(72,923)	(66,844)	(74,792)	(76,099)	(89,354)	(102,837)	(83,420)	(67,887)	(71,466)	(27,669)	(73,330)
1,241,000 PAYROLL TAXES WITHHELD	(281)	(328)	(375)	(422)	(468)	(515)	(562)	(48)	(96)	(144)	(193)	(241)	(289)	(305)
1,242,030 SAVINGS IN LIEU OF STOCK	(294)	(72)	(144)	(216)	(72)	(144)	(216)	(288)	(144)	(216)	(288)	(360)	(432)	(222)
1,242,060 UNITED WAY DEDUCTION	37	(3)	(4)	-	(1)	(2)	-	(1)	(2)	-	(1)	(2)	-	2
1,242,070 401K SAVINGS PLAN														
1,242,080 STOCK REINVESTMENT PLAN							(560)						(555)	(558)
1,242,110 HEALTH CARE DEDUCTION						(20)								(10)

## Case No. 2004-00067

## Current Assets and Liabilities

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
1.242.120 COMMUNITY HEALTH DEDUCTION	(1,272)	(130)	(260)	(390)	(520)	(650)	(780)	(910)	(1,040)	(1,170)	(1,300)	(1,430)	(1,560)	(878)
1.243.010 ACCRUED OVERTIME	(8,622)	(12,336)	(8,343)	(11,059)	(26,379)	(19,783)	(29,774)	(29,309)	(26,218)	(17,140)	(19,982)	(12,600)	(5,420)	(17,459)
1.244.010 ACCOUNTING SERVICES	(44,600)	(51,300)	(52,250)	(58,950)	(80,650)	(97,800)	(119,500)	(111,200)	(102,900)	(115,100)	(106,210)	(102,190)	(83,366)	(86,617)
1.244.020 MEDICAL - SELF INSURED	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)	(201,000)
1.244.060 ACCRUED PAR INTEREST/OTHER TAX EXPOSURE	(38,270)	(38,270)	(38,270)	(38,270)	(38,270)	(38,270)	(50,196)	(50,196)	(50,196)	(50,196)	(50,196)	(50,196)	(50,196)	(44,692)
Total Current Liabilities	(36,666,398)	(34,930,466)	(14,024,348)	(27,868,991)	(23,707,107)	(10,768,852)	(13,369,449)	(17,831,947)	(19,823,373)	(22,723,363)	(24,066,233)	(25,199,938)	(26,302,551)	(22,867,924)
Net Current Position	(19,183,398)	(17,280,243)	4,028,213	(10,971,806)	(11,230,992)	1,252,087	1,935,297	(719,406)	(2,014,421)	(3,841,825)	(5,267,988)	(5,230,159)	(5,011,483)	(5,656,625)

F:\ACCOUNT\PUBLIC\Rate Case 12-03\



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

12. List each common general office account (asset, reserve, and expense accounts) covering the 12 months of the test year applicable to more than one jurisdiction or utility operation. If any amounts were allocated, show a calculation of the factor used to allocate each amount.

**RESPONSE:**

Delta has no common general office accounts.

Sponsoring Witness:

John Brown





**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST**  
**DATED 3/17/04**

13. Provide the following monthly account balances and a calculation of the average (13-month) account balances for the test year for the total company and Kentucky operations:
- a. Plant in service (Account No. 101).
  - b. Plant purchased or sold (Account No. 102).
  - c. Property held for future use (Account No. 105).
  - d. Construction work in progress (Account No. 107).
  - e. Completed construction not classified (Account No. 106).
  - f. Depreciation reserve (Account No. 108).
  - g. Plant acquisition adjustment (Account No. 114).
  - h. Amortization of utility plant acquisition adjustment (Account No. 115).
  - i. Materials and supplies (include all accounts and subaccounts).
  - j. Balance in accounts payable applicable to each account in (l) above. (If actual is indeterminable, give reasonable estimate.)
  - k. Unamortized investment credit - Pre-Revenue Act of 1971.
  - l. Unamortized investment credit - Revenue Act of 1971.
  - m. Accumulated deferred income taxes.
  - n. A summary of customer deposits as shown in Format 13(n) to this request.
  - o. Computation and development of minimum cash requirements.
  - p. Balance in accounts payable applicable to amounts included in utility plant in service. (If actual is indeterminable, give reasonable estimate.)
  - q. Balance in accounts payable applicable to prepayments by major category or subaccount.

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

- r. Balance in accounts payable applicable to amounts included in plant under construction. (If actual is indeterminable, give reasonable estimate.)

**RESPONSE:**

- a. See attached schedule.
- b. N/A
- c. N/A
- d. See attached schedule.
- e. See attached schedule.
- f. See attached schedule.
- g. N/A
- h. N/A
- i. See attached schedule.
- j. See attached schedule.
- k. N/A
- l. See attached schedule.
- m. See attached schedule.
- n. See attached schedule.
- o. See attached schedule.
- p. See attached schedule.
- q. See attached schedule.
- r. See attached schedule.

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

Sponsoring Witness:

John Brown

LINE NUMBER	MONTH ENDED	A/C 101 PLANT IN SERVICE	A/C 102 PLT PURCHASED OR SOLD	A/C 105 PROPERTY HELD FOR FUTURE USE	A/C 10601 FIXED ASSET CLEARING ACCOUNT	A/C 114 PLANT ACQ ADJ - TRANEX	A/C 11401 PLANT ACQ ADJ - MT OLIVET	A/C 107 CONSTR WIP	A/C 10801 DEPRECIATION RESERVE	A/C 115 AMORTIZ ACQ ADJ-TRANEX	A/C 11501 AMORTIZATION ACQ ADJ
1	Dec-02	149,884,977	0	0	0	(1,045,704)	464,945	3,790,950	(49,333,253)	310,704	(145,145)
2	Jan-03	149,777,953	0	0	0	(1,045,704)	464,945	4,196,194	(49,820,178)	315,604	(149,045)
3	Feb-03	150,052,674	0	0	0	(1,045,704)	464,945	4,155,660	(49,966,108)	320,504	(152,945)
4	Mar-03	149,983,737	0	0	0	(1,045,704)	464,945	4,586,607	(50,303,575)	325,404	(156,845)
5	Apr-03	150,284,254	0	0	0	(1,045,704)	464,945	4,991,448	(50,869,058)	330,304	(160,745)
6	May-03	150,560,541	0	0	0	(1,045,704)	464,945	5,664,374	(50,928,263)	335,204	(164,645)
7	Jun-03	151,628,416	0	0	0	(1,045,704)	464,945	5,876,753	(51,184,941)	340,104	(168,545)
8	Jul-03	152,962,130	0	0	0	(1,045,704)	464,945	5,821,044	(51,389,670)	345,004	(172,445)
9	Aug-03	153,513,105	0	0	0	(1,045,704)	464,945	6,224,538	(51,784,238)	349,904	(176,345)
10	Sep-03	154,042,310	0	0	0	(1,045,704)	464,945	6,387,731	(52,172,072)	354,804	(180,245)
11	Oct-03	154,779,085	0	0	0	(1,045,704)	464,945	6,268,359	(52,532,700)	359,704	(184,145)
12	Nov-03	160,023,996	0	0	0	(1,045,704)	464,945	1,708,748	(52,802,940)	364,604	(188,045)
13	Dec-03	160,634,541	0	0	0	(1,045,704)	464,945	1,732,567	(53,141,584)	369,504	(191,945)
14	TOTAL	1,988,127,719	0	0	0	(13,594,152)	6,044,285	61,424,973	(665,828,590)	4,421,352	(2,191,085)
15	AVERAGE	152,932,901	0	0	0	(1,045,704)	464,945	4,724,998	(51,217,584)	340,104	(168,545)

LINE NUMBER	MONTH ENDED	A/C 154 INVENTORY MATERIALS	A/C 18403 OPR EXP VEHICLES	A/C 18404 NON OWNED VEHICLE EXP	A/C 18405 TRANP EXP CLEARED	A/C 18408 WORK EQUIP OPER & MNT COST	A/C 18409 WORK EQUIP EXP CLEARED	TOTAL MATERIALS & SUPPLIES ACCOUNT
16	Dec-02	488,192	434,445	985	(439,691)	98,805	(119,999)	462,737
17	Jan-03	488,362	495,708	985	(512,775)	118,855	(126,547)	464,588
18	Feb-03	494,477	577,107	985	(579,773)	134,432	(131,630)	495,598
19	Mar-03	499,217	659,993	1,011	(646,455)	150,371	(145,469)	518,668
20	Apr-03	460,579	730,690	1,032	(714,092)	165,930	(160,154)	483,985
21	May-03	384,480	803,409	1,047	(788,461)	185,174	(179,412)	406,237
22	Jun-03	555,035	885,298	1,074	(886,372)	199,137	(201,693)	552,479
23	Jul-03	529,611	(810,179)	(1,018)	802,714	(177,720)	176,673	520,081
24	Aug-03	446,695	(740,531)	(1,018)	717,798	(159,382)	150,820	414,382
25	Sep-03	484,543	(636,881)	(998)	635,885	(135,426)	126,306	473,429
26	Oct-03	538,649	(534,514)	(998)	552,672	(113,610)	100,581	542,780
27	Nov-03	420,408	(464,367)	(998)	486,864	(97,812)	85,707	429,802
28	Dec-03	384,974	529,469	98	(467,143)	128,275	(124,630)	451,043
29	TOTAL	6,175,222	1,929,647	2,187	(1,838,829)	497,029	(549,447)	6,215,809
30	AVERAGE	475,017	148,434	168	(141,448)	38,233	(42,265)	478,139

BALANCE IN ACCOUNTS PAYABLE

LINE NUMBER	MONTH ENDED	A/C 107 CONSTR WIP	A/C 10601 FIXED ASSET CLEARING	A/C 165 PREPAYMENTS	A/C 16501 PREPAYMENTS INTRASOURCE	TOTAL PREPAYMENTS
1	Dec-02	38,951		(1,075)	0	(1,075)
2	Jan-03	119,321		0	0	0
3	Feb-03	36,348		0	0	0
4	Mar-03	40,228		0	0	0
5	Apr-03	317,942		0	0	0
6	May-03	525,925	(7,571)	(163,994)	1,200	(162,794)
7	Jun-03	876,019		0	0	0
8	Jul-03	1,091,081		0	0	0
9	Aug-03	400,610		0	0	0
10	Sep-03	246,256		(4,775)	0	(4,775)
11	Oct-03	257,169		0	0	0
12	Nov-03	240,642		0	0	0
13	Dec-03	242,664	(17,538)	0	0	0
14	TOTAL	4,433,156	(25,109)	(169,844)	1,200	(168,644)
15	AVERAGE	341,012	(1,931)	(13,065)	92	(12,973)

LINE NUMBER	MONTH ENDED	A/C 154 INVENTORY MATERIALS	A/C 18403 OPR EXP VEHICLES	A/C 18404 NON OWNED VEHICLE EXP	A/C 18408 WORK EQUIP OPER & MNT COST	TOTAL MATERIALS & SUPPLIES ACCOUNT
16	Dec-02	16,556	18,389	19	1,199	36,163
17	Jan-03	18,573	11,509		5,229	35,311
18	Feb-03	19,394	23,197		401	42,992
19	Mar-03	44,265	17,030	26	1,135	62,456
20	Apr-03	41,496	18,017	22	735	60,270
21	May-03	52,342	23,225		2,529	78,096
22	Jun-03	178,487	20,820	27	1,717	201,051
23	Jul-03	45,146	30,374	57	4,772	80,349
24	Aug-03	67,851	19,620		3,035	90,506
25	Sep-03	156,955	33,111	20	3,367	193,453
26	Oct-03	54,367	30,008		6,416	90,791
27	Nov-03	22,498	24,060		671	47,229
28	Dec-03	7,721	32,069		10,285	50,075
29	TOTAL	725,651	301,429	171	41,491	1,068,742
30	AVERAGE	55,819	23,187	13	3,192	82,211

LINE NUMBER	MONTH ENDED	A/C 28201 ACCEL DEPR	A/C 28202 PENSION PLAN	A/C 28203 STOCK PLAN	A/C 28205 ALT MIN TAXES	A/C 28206 ANNUAL LEAVE	A/C 28207 CONSTR CONTRIBS	A/C 28208 AMORT FERRIN PROM NOTE	A/C 28209 NET UNBILLED REV
1	Dec-02	(13,833,901)	(1,102,500)	21,100	1,365,228	170,500	25,500	30,800	(1,195,200)
2	Jan-03	(13,833,901)	(1,102,500)	21,100	1,365,228	170,500	25,500	30,800	(1,195,200)
3	Feb-03	(13,833,901)	(1,102,500)	21,100	1,365,228	170,500	25,500	30,800	(1,195,200)
4	Mar-03	(13,833,901)	(1,102,500)	21,100	1,365,228	170,500	25,500	30,800	(1,195,200)
5	Apr-03	(13,833,901)	(1,102,500)	21,100	1,365,228	170,500	25,500	30,800	(1,195,200)
6	May-03	(13,833,901)	(1,102,500)	21,100	1,365,228	170,500	25,500	30,800	(1,195,200)
7	Jun-03	(14,841,007)	(1,336,700)	21,700	1,408,945	179,100	26,700	30,800	(1,488,900)
8	Jul-03	(14,841,007)	(1,336,700)	21,700	1,408,945	179,100	26,700	30,800	(1,488,900)
9	Aug-03	(14,841,007)	(1,336,700)	21,700	1,408,945	179,100	26,700	30,800	(1,488,900)
10	Sep-03	(14,841,007)	(1,336,700)	21,700	1,408,945	179,100	26,700	30,800	(1,488,900)
11	Oct-03	(14,841,007)	(1,336,700)	21,700	1,408,945	179,100	26,700	30,800	(1,488,900)
12	Nov-03	(14,841,007)	(1,336,700)	21,700	1,408,945	179,100	26,700	30,800	(1,488,900)
13	Dec-03	(15,477,254)	(1,336,700)	21,700	1,479,989	179,100	26,700	30,800	(1,488,900)
14	TOTAL	(187,526,702)	(15,971,900)	278,500	18,125,027	2,276,700	339,900	400,400	(17,593,500)
15	AVERAGE	(14,425,131)	(1,228,608)	21,423	1,394,233	175,131	26,146	30,800	(1,353,346)

LINE NUMBER	MONTH ENDED	A/C 28210 DEBT EXPENSE	A/C 28211 BAD DEBT RESERVE	A/C 28212 STORAGE GAS	A/C 28213 OTHER COMPR INCOME	A/C 28301 REGULATORY INC TAX	A/C 28302 REGULATORY ITC	TOTAL DEFERRED TAXES	A/C 255 DEF INVESTMT TAX CREDIT
16	Dec-02	(374,600)	65,100	4,500	0	(500)	234,800	(14,589,173)	(384,600)
17	Jan-03	(374,600)	65,100	4,500	0	(500)	234,800	(14,589,173)	(384,600)
18	Feb-03	(374,600)	65,100	4,500	0	(500)	234,800	(14,589,173)	(384,600)
19	Mar-03	(374,600)	65,100	4,500	0	(500)	234,800	(14,589,173)	(384,600)
20	Apr-03	(374,600)	65,100	4,500	0	(500)	234,800	(14,589,173)	(384,600)
21	May-03	(374,600)	65,100	4,500	0	(500)	234,800	(14,589,173)	(384,600)
22	Jun-03	(582,800)	138,100	61,731	1,335,800	(500)	202,600	(14,844,431)	(364,600)
23	Jul-03	(582,800)	138,100	61,731	1,335,800	(500)	202,600	(14,844,431)	(364,600)
24	Aug-03	(582,800)	138,100	61,731	1,335,800	(500)	202,600	(14,844,431)	(364,600)
25	Sep-03	(582,800)	138,100	61,731	1,335,800	(500)	202,600	(14,844,431)	(361,400)
26	Oct-03	(582,800)	138,100	61,731	1,335,800	(500)	202,600	(14,844,431)	(355,000)
27	Nov-03	(582,800)	138,100	61,731	1,335,800	(500)	202,600	(14,844,431)	(351,800)
28	Dec-03	(789,032)	138,100	61,731	1,335,800	(500)	190,100	(15,628,366)	(348,600)
29	TOTAL	(6,533,432)	1,357,300	459,117	9,350,600	(6,500)	2,814,500	(192,229,990)	(4,792,600)
30	AVERAGE	(502,572)	104,408	35,317	719,277	(500)	216,500	(14,786,922)	(368,662)

## Delta Natural Gas Company, Inc.

Case No. 2004-00067

## Summary of Customer Deposits - Test Year

Line No.	Month (a)	Receipts (b)	Refunds (c)	Balance (d)
1.	Balance Beginning of Test Year	40,346	14,555	566,968
2.	1st Month	32,130	52,951	546,147
3.	2nd Month	30,679	19,599	557,227
4.	3rd Month	23,434	25,339	554,322
5.	4th Month	19,095	75,450	497,967
6.	5th Month	20,300	65,512	452,755
7.	6th Month	20,025	30,465	442,315
8.	7th Month	21,647	56,680	407,282
9.	8th Month	24,280	17,835	413,727
10.	9th Month	39,285	21,005	432,007
11.	10th Month	84,567	33,233	483,341
12.	11th Month	52,631	11,980	523,992
13.	12th Month	44,405	9,166	559,231
14.	Total (L1 through L13)	452,824	434,770	6,437,281
15.	Average Balance (L14/L13)	34,833	33,444	495,175
16.	Amount of deposits received during test year	452,824		
17.	Amount of deposits refunded during test year		434,770	
18.	Number of deposits on hand end of test year			4,952
19.	Average amount of deposit (L15, Col. (d)/L18)			100
20.	Interest Paid during test year			29,310

**MINIMUM CASH REQUIREMENTS**

Cash is required to pay for operating expenses, capital expenditures, debt interest and principal repayments and dividends. Cash generated from operations (gas sales) provides liquidity. Also, short-term borrowings are used as interim measures for cash needs and are periodically replaced with long-term debt or equity financing.

Delta's current cash needs, other than operating expenses, on an annual basis, in the approximate amounts are:

(1) Common Dividends	3,801,000
(2) Estimated Capital Expenditures	4,798,500
(3) Long-Term Debt Principal	1,650,000

Historical funds flows are also shown in Delta's Statement of Cash flows as shown in response to Item 9.

Minimum cash requirements would be those required to pay for all operating expenses requiring cash (primarily all except depreciation and deferred taxes), plus dividends, debt principal and capital needs as discussed above.





**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

14. Provide the cash account balances at the beginning of the test year and at the end of each month during the test year for the total company and Kentucky operations.

**RESPONSE:**

See attached schedule.

Sponsoring Witness:

John Brown

## Case No. 2004-00067

## Cash Account Balances

	<u>200212</u>	<u>200301</u>	<u>200302</u>	<u>200303</u>	<u>200304</u>	<u>200305</u>	<u>200306</u>	<u>200307</u>	<u>200308</u>	<u>200309</u>	<u>200310</u>	<u>200311</u>	<u>200312</u>	<u>Average</u>
<i>Cash and Cash Equivalents</i>														
1.131.010 CASH														
OWINGSVILLE	104,413	45,547	64,499	99,806	52,913	30,293	32,801	23,275	18,490	25,272	21,960	15,494	40,257	44,232
1.131.020 CASH BERE A	89,154	45,449	25,612	79,113	29,655	21,147	33,459	20,063	18,244	24,024	44,381	38,074	43,797	39,398
1.131.030 CASH														
NICHOLASVILLE	256,657	20,241	164,811	284,564	40,508	86,259	71,414	17,763	46,960	35,113	31,220	51,920	53,844	89,329
1.131.100 CASH														
MIDDLESBORO	79,162	48,568	62,127	55,920	28,005	25,689	22,838	16,711	12,859	23,588	22,148	46,376	92,441	41,265
1.131.110 CASH CORBIN														
WINCHESTER	270,413	83,740	208,942	268,328	60,993	79,584	89,046	23,818	46,325	47,456	39,611	153,924	89,625	110,908
1.131.200 CASH														
WINCHESTER	50,660	54,272	1,897	806,973	1,712	1,077	1,183,398	1,045,498	11,573	37,934	1,524	22,218	1,082	247,678
1.131.210 CASH GENERAL														
ACCOUNT	(438,301)	744,137	(22,347)	(11,499)	(178,995)	(206,904)	(153,324)	(315,736)	(197,565)	(409,024)	(91,505)	-	-	(91,505)
1.131.220 CASH EFT														
BEREA NATIONAL	1,877	254	1,998	3,055	2,346	1,798	1,982	1,962	1,633	1,971	1,998	(18,348)	3,547	467
1.135.010 WORKING														
FUNDS OWINGSVILLE	475	475	475	475	475	475	475	475	475	475	475	475	475	475
1.135.020 WORKING														
FUNDS BERE A	750	750	750	750	750	750	750	750	750	750	750	750	750	750
1.135.030 WORKING														
FUNDS NICHOLASVILLE	775	775	775	775	775	775	775	775	775	775	775	775	775	775
1.135.100 WORKING														
FUNDS MIDDLESBORO	875	875	875	875	875	875	875	875	875	875	875	875	875	875
1.135.110 WORKING														
FUNDS CORBIN	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
1.135.200 WORKING														
FUNDS WINCHESTER	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Cash	419,110	1,047,283	512,614	1,591,335	42,212	44,018	1,420,013	1,000,841	(154,577)	200,445	(29,648)	(94,291)	329,668	486,848



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

15. Provide the following information for each item of gas property or plant held for future use at the end of the test year:
- a. Description of property.
  - b. Location.
  - c. Date purchased.
  - d. Cost.
  - e. Estimated date to be placed in service.
  - f. Brief description of intended use.
  - g. Current status of each project.

**RESPONSE:**

As of December 31, 2003, Delta had no property held for future use.

Sponsoring Witness:

John Brown



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

16. Provide schedules, in comparative form, showing by months for the test year, and the year preceding the test year, the total company balance in each gas plant and reserve account or subaccount included in Delta's chart of accounts as shown in Format 16.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John Brown

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

"000 Omitted"

LINE NO.	A/C 101 PLANT IN SERVICE	1ST Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
1	2003	149,778	150,053	149,984	150,284	150,561	151,628	152,962	153,513	154,042	154,779	160,024	160,635	1,838,243
2	2002	143,105	148,602	148,660	147,041	147,246	147,416	148,482	149,388	149,422	149,776	150,224	149,885	1,775,247
3	Increase	6,673	3,451	3,324	3,243	3,315	4,212	4,480	4,125	4,620	5,003	9,800	10,750	62,996
4	(Decrease)													

LINE NO.	A/C 107 CONSTR WIP	1ST Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
5	2003	4,196	4,156	4,587	4,991	5,684	5,877	5,821	6,225	6,388	6,268	1,709	1,733	57,635
6	2002	3,670	547	839	1,202	1,904	2,640	2,517	2,597	3,067	3,437	3,623	3,791	29,834
7	Increase	526	3,609	3,748	3,789	3,780	3,237	3,304	3,628	3,321	2,831			31,773
8	(Decrease)											(1,914)	(2,058)	(3,972)

LINE NO.	A/C 114 ACQ ADJ TRANEX	1ST Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
9	2003	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(12,552)
10	2002	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(1,046)	(12,552)
11	Increase	-	-	-	-	-	-	-	-	-	-	-	-	-
12	(Decrease)	-	-	-	-	-	-	-	-	-	-	-	-	-

LINE NO.	A/C 11401 ACQ ADJ MT OLIVET	1ST Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
13	2003	465	465	465	465	465	465	465	465	465	465	465	465	5,580
14	2002	465	465	465	465	465	465	465	465	465	465	465	465	5,580
15	Increase	-	-	-	-	-	-	-	-	-	-	-	-	-
16	(Decrease)	-	-	-	-	-	-	-	-	-	-	-	-	-



Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

"000 Omitted"

A/C 10801 ACCUM DEPR	1ST Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
17	2003	(49,966)	(50,304)	(50,669)	(50,928)	(51,185)	(51,390)	(51,784)	(52,172)	(52,533)	(52,803)	(53,142)	(616,496)
18	2002	(46,554)	(47,188)	(47,441)	(47,796)	(48,082)	(48,315)	(48,651)	(49,024)	(49,257)	(49,579)	(49,333)	(578,074)
19	Increase	(3,086)	(3,112)	(3,116)	(3,132)	(3,103)	(3,075)	(3,133)	(3,148)	(3,276)	(3,224)	(3,809)	(38,422)
20	(Decrease)												

A/C 115 AMORTIZ ACQ ADJ-TRANEX	1ST Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
21	2003	316	321	330	335	340	345	350	355	360	365	370	4,112
22	2002	257	262	271	276	281	286	291	296	301	306	311	3,404
23	Increase	59	59	59	59	59	59	59	59	59	59	59	708
24	(Decrease)												

A/C 11501 AMORTIZ ACQ ADJ-MT OLIVET	1ST Month	2nd Month	3rd Month	4th Month	5th Month	6th Month	7th Month	8th Month	9th Month	10th Month	11th Month	12th Month	Total
25	2003	(149)	(153)	(161)	(165)	(169)	(172)	(176)	(180)	(184)	(188)	(192)	(2,046)
26	2002	(102)	(106)	(114)	(118)	(122)	(125)	(129)	(133)	(137)	(141)	(145)	(1,482)
27	Increase	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(47)	(564)
28	(Decrease)												



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

17. Provide the journal entries relating to the purchase of gas utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since Delta's inception. Also, provide a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of utility plant, the amortization period, and the unamortized balance at the end of the test year.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John Brown

Line Number Delta, effective March 31, 1985, merged with its wholly owned subsidiary, Laurel Valley Pipe Line Company. The journal entry recording this merger was as follows:

	<u>Account Number</u>	<u>Account Description</u>	<u>General Ledger</u>	
			<u>Debit</u>	<u>Credit</u>
1	101	Gas Plant In Service	553,948	
2	1081	Accumulated Provision for Depreciation		328,711
3	117	Gas Stored Underground Non Current	328,092	
4	123	Investment in Subsidiary		226,850
5	1462	Receivable from Subsidiary		253,382
6	232	Accounts Payable		25,769
7	236	Taxes Payable		6,728
8	255	Investment Tax Credit		2,100
9	282	Deferred Income Taxes		38,500

There was no acquisition adjustment when Delta acquired this company in October, 1977, as it was acquired at book value.

Line Number Delta acquired approximately 57 miles of transmission lines and related measuring and regulating equipment from The Wiser Oil Company. The acquisition occurred effective January 31, 1982. A copy the journal entries to record the purchase is included below:

	<u>Account Number</u>	<u>Account Description</u>	<u>General Ledger</u>	
			<u>Debit</u>	<u>Credit</u>
1	101	Gas Plant In Service	2,198,023	
2	1081	Accumulated Provision for Depreciation		622,147
3	131	Cash		1,575,876
		To record the purchase of the Wiser Transmission Facilities at 1/31/82		
4	131	Cash	1,575,876	
5	231	Notes Payable		1,575,876
		To record the short-term debt used to finance the purchase of the Wiser Transmission Facilities at 1/31/82		

There was no acquisition adjustment. The assets were purchased at net book value on the date of purchase.

Line Number Delta acquired the assets and assumed certain liabilities of People Gas Company of Kentucky. This acquisition occurred effective January 31, 1981. A copy of the journal entry to record the purchase is included below:

	<u>Account Number</u>	<u>Account Description</u>	<u>General Ledger</u>	
			<u>Debit</u>	<u>Credit</u>
1	101	Gas Plant In Service	3,854,706	
2	107	Construction Work In Progress	12,822	
3	1081	Accumulated Provision for Depreciation		1,750,111
4	131	Cash	74,976	
5	142	Accounts Receivable	776,445	
6	144	Reserve for Bad Debts		3,700
7	154	Inventory Materials	45,483	
8	173	Accrued Utility Revenues	151,230	
9	232	Accounts Payable		701,634
10	235	Customer Deposits		151,240
11	236	Taxes Accrued		58,003
12	237	Interest Accrued		20,850
13	241	Tax Collections Payable		4,990
14	231	Note Payable		2,225,134

There was no acquisition adjustment. The assets were purchased at net book value on the date of purchase.

Line Number Delta, effective December 31, 1979, merged with its wholly owned subsidiaries, Gas Service Company and Cumberland Valley Pipe Line Co. The journal entry made recording this merger was as follows:

Line Number	Account Number	Account Description	General Ledger	
			Debit	Credit
1	101	Gas Plant In Service	5,738,581	
2	107	Construction Work In Progress	30,742	
3	1081	Accumulated Provision for Depreciation		2,184,448
4	114	Gas Plant Acquisition Adjustments	411,160	
5	115	Amortization of Gas Plant Acquisition		240,799
6	121	Non Utility Property	30,330	
7	122	Accumulated Provision for Depreciation		4,787
8	123	Investment in Associated Companies		3,436,099
9	131	Cash	98,825	
10	135	Working Funds	10,215	
11	142	Accounts Receivable Customers	656,298	
12	143	Accounts Receivable Misc.	31,441	
13	144	Provision for Uncollectible Accounts		39,691
14	146	Accounts Receivable from Associated Companies		351,900
15	154	Inventory Construction Materials	39,623	
16	164	Gas Stored Underground	240,235	
17	165	Prepayments	146,293	
18	167	Advance for Gas	73,146	
19	173	Accrued Utility Revenue	394,000	
20	182	Extraordinary Property Loss	7,500	
21	184	Clearing Account	26,121	
22	186	Prepaid Income Tax	14,600	
23	212	Installment Received on Capital Stock		7,440
24	224	Long-Term Debt		133,101
25	231	Notes Payable		500,000
26	232	Accounts Payable		468,949
27	235	Customer Deposits		146,698
28	236	Taxes Accrued		131,973
29	237	Interest Accrued		24,575
30	241	Tax Collection Payable		7,292
31	242	Misc. Accrued Liabilities		1,215
32	243	Accrued Vacation Pay		4,800
33	253	Gas Refunds Payable		143,743
34	265	Deferred Investment Tax Credit		57,400
35	282	Deferred Income Taxes		64,200

There was no acquisition adjustment when Delta purchased these companies in October, 1977. Delta acquired these companies at net book value. The acquisition costs shown above were incurred by Gas Service Company prior to Delta acquiring the properties. The acquisition adjustment was amortized over a 25 year period and is fully amortized, as allowed by the Commission in prior Orders.

Line Number Delta, effective December 31, 1971, merged with its wholly owned subsidiary, Delta Natural Gas of Stanton, Inc. The journal entry made recording this merger was as follows:

	<u>Account Number</u>	<u>Account Description</u>	<u>General Ledger</u>	
			<u>Debit</u>	<u>Credit</u>
1	101	Gas Plant In Service	445,663	
2	107	Construction Work In Progress	115	
3	1081	Accumulated Provision for Depreciation		102,635
4	123	Investment in Associated Companies		26,000
5	131	Cash	3,661	
6	135	Special Deposits - Working Fund	675	
7	141	Notes Receivable	550	
8	142	Customers Accounts Receivable	47,722	
9	143	Other Accounts Receivable	3,404	
10	144	Provision for Uncollectible Accounts		706
11	145	Receivable from Associated Company		251,858
12	154	Plant Materials	5,400	
13	155	Merchandise Materials	400	
14	165	Prepayments	4,132	
15	173	Accrued Utility Revenues	20,700	
16	1843	Clearing Account - Transportation Expense		1,185
17	1844	Clearing Account - Miscellaneous	383	
18	1862	Prepaid Taxes - Gas Refunds	2,900	
19	212	Installments Received on Capital Stock		1,215
20	216	Unappropriated Earned Surplus		69,077
21	224	Other Long-Term Debt		13,500
22	232	Accounts Payable		17,736
23	235	Customer Deposits		11,780
24	2361	Federal Income Taxes - Accrued	4,580	
25	2363	Kentucky Sales Taxes - Accrued		1,508
26	2364	Payroll Taxes - Accrued		278
27	2365	Property Taxes - Accrued		1,741
28	2374	Interest Accrued - Customer Deposits		3,480
29	241	Tax Collections - Payable		689
30	2421	Accrued Net Payroll Liability		189
31	2422	Employees Christmas Funds Payable		135
32	243	Accrued Vacation Pay		2,100
33	244	Accrued Insurance Expense		1,185
34	2521	Customer Advances for Construction		2,516
35	253	Refunds Due Under Purchase Gas Clause		9,884
36	265	Reserve for Investment Credit		5,200
37	271	Contribution in Aid of Construction		1,088
38	282	Reserve for Deferred Income Taxes		14,600

There was no acquisition adjustment when Delta acquired this Company in December of 1958.



Line Number Delta acquired the North Middletown natural gas distribution system from the City of North Middletown. The acquisition occurred effective November 18, 1996. A copy of the journal entry to record the purchase is included below:

	<u>Account Number</u>	<u>Account Description</u>	<u>General Ledger</u>	
			<u>Debit</u>	<u>Credit</u>
1	101	Gas Plant in Service	230,000	
2	131	Cash		230,000

There was no acquisition adjustment. The assets were purchased and recorded at cost on the date of purchase.

Line Number Delta acquired the Annville gas transmission line from Annville Gas Transmission Inc. The acquisition occurred July 1997. A copy of the journal entry to record the purchase is included below:

	<u>Account Number</u>	<u>Account Description</u>	<u>General Ledger</u>	
			<u>Debit</u>	<u>Credit</u>
1	101	Gas Plant In Service	104,634	
2	131	Cash		104,634

There was no acquisition adjustment. The assets were purchased and recorded at cost on the date of purchase.

Property acquired is located in the Jackson County Tax District

Line Number Effective April 1999, Delta merged with its wholly owned subsidiaries Tranex and Circle R.  
The journal entry recording this merger was as follows:

Line Number	Account Number	Account Description	General Ledger	
			Debit	Credit
1	6.108.01	Provision for Depr Plant In Service	2,506,468	
2	6.114	Gas Plant Acquisition Adjustment	1,045,704	
3	6.115	Accum Prov for Fas Plant Acq Adjustment		95,104
4	6.143	Other Accounts Receivable		50,000
5	6.146	Intercompany Clearing Account		95,713
6	6.207	Premiums on Common Stock	1,000,000	
7	6.216	Retained Earnings		139,791
8	6.234.01	Payable to Delta Natural	513,006	
9	6.234.07	Payable to Circle R	28,000	
10	6.236.01	Taxes Accrued Federal Income		37,500
11	6.236.02	Taxes Accrued State Income		6,500
12	6.236.07	Taxes Accrued Est Income Taxes		39,300
13	6.365.01	Tran Land & Land Rights		10,000
14	6.365.02	Transmission Rights of Ways		227,267
15	6.366	Transmission Structures & Improvements		1,622
16	6.367	Transmission Mains		3,664,657
17	6.368	Transmission Compressor Station Equipment		519,600
18	6.369	Transmission Meas & Reg Station Equipment		145,142
19	6.371	Other Equipment - Telemetry		60,982
20	7.111	Accumulated Depreciation	14,000	
21	7.146	Receivable from Tranex		28,000
22	7.201	Common Stock	2,026	
23	7.207	Premiums on Common Stock	407,962	
24	7.236.07	Taxes Accrued Est Income Taxes	4,900	
25	7.303	Misc Intangible Plant		409,988
26	7.216	Retained Earnings	9,100	
27	5.123.07	Investment in Circle R		419,088
28	5.234.01	Payable to Delta Natural	419,088	
29	1.123.06	Investment in Tranex		860,210
30	1.146.05	Receivable from Enpro		419,088
31	1.146.06	Receivable from Tranex		513,006
32	1.146	Intercompany Clearing Account	95,713	
33	1.108.01	Provision for Depr Plant In Service		2,506,468
34	1.114	Gas Plant Acquisition Adjustment		1,045,704
35	1.115	Provision for Amort Acq Adj	95,104	
36	1.367	Transmission Mains	50,000	
37	1.236.01	Taxes Accrued Federal Income	37,500	
38	1.236.02	Taxes Accrued State Income	6,500	
39	1.236.07	Taxes Accrued Est Income Taxes	39,300	
40	1.365.01	Transmission Land & Land Rights	10,000	
41	1.365.02	Transmission Rights of Ways	227,267	
42	1.366	Transmission Structures & Improvements	1,622	
43	1.367	Transmission Mains	3,664,657	
44	1.368	Transmission Compressor Station Equipment	519,600	
45	1.369	Transmission Meas & Reg Station Equipment	145,142	
46	1.371	Transmission Other Equipment	60,982	
47	1.108.01	Provision for Depr Plant In Service		14,000
48	1.236.07	Taxes Accrued Est Income Taxes		4,900
49	1.367	Transmission Mains	409,988	

See next page for Acquisition Adjustment

	Acquisition Adjustment for Tranex		
	See Journal Entry 91, Account 1.115		
Line Number	Tranex was purchased in June 1997 and set up as a subsidiary company.		
	Total amount calculated to amortize over 18 years		<u>\$ 1,045,704</u>
	Amortization		
1	1997	July through December	16,704
2	1998		58,800
3	1999	Amorized as Tranex through April 99	19,600
4		Total Tranex Amortization	<u>95,104</u>
5		Balance remaining to amortize when merged with Delta 4/99	950,600
6	1999	May thru December	39,200
7	2000		58,800
8	2001		58,800
9	2002		58,800
10	2003		58,800
11		Total Amortized as of 12/31/03	<u>369,504</u>
12		Balance remaining to amortize at end of test year	676,200
13	2004		58,800
14	2005		58,800
15	2006		58,800
16	2007		58,800
17	2008		58,800
18	2009		58,800
19	2010		58,800
20	2011		58,800
21	2012		58,800
22	2013		58,800
23	2014		58,800
24	2015	Will be fully amortized 6/30/15	<u>29,400</u>
25		Total Delta Amortization	<u>950,600</u>
26		Total Amortization	<u>1,045,704</u>

Line Number Delta acquired the Mt Olivet natural gas distribution system November 1999.  
Property acquired located in Robertson and Mason County.  
A copy of the journal entry to record the purchase is included below:

Line Number	Account Number	Account Description	General Ledger	
			Debit	Credit
1	1.390	General Structures & Improvements	10,318	
2	1.376	Distribution Mains	127,336	
3	1.380	Distribution Services	27,126	
4	1.381	Distribution Meters	21,807	
5	1.382	Distribution Meter & Reg Installation	1,364	
6	1.383	Distribution Regulators	3,050	
7	1.391	Office Furniture & Equipment	1,895	
8	1.394	Tool, Shop & Garage Equipment	3,830	
9	1.108.01	Prov for Depr Plant In Service		(175,548)
10	1.114.01	Gas Plant Acq Adj - Mt Olivet	464,945	
11	1.106.01	Fixed Asset Clearing		(486,123)
Acquisition Adjustment for Mt Olivet See Standard Journal Entry 98, Account 1.115.01				
12		Total amount calculated to amortize over 10 years	<u>464,945</u>	
Amortization				
13	1999	Nov & Dec	4,745	
14	2000		46,800	
15	2001		46,800	
16	2002		46,800	
17	2003		46,800	
		Total Amortized as of 12/31/03	<u>191,945</u>	
		Balance remaining to amortize at end of test year		273,000
18	2004		46,800	
19	2005		46,800	
20	2006		46,800	
21	2007		46,800	
22	2008		46,800	
23	2009	Will be fully amortized 10/31/09	<u>39,000</u>	
24		Total Amortization	<u>464,945</u>	



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

18. For Delta's gas operations, provide separate schedules showing a comparison of the balance in the total company and Kentucky revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in Delta's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the month the full increase was recorded in the accounts. See Format 16.

**RESPONSE:**

See attached schedules.

Sponsoring Witness:

John Brown

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Test Year Revenues to Prior Year**

Line No.	AC #	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	1480010	GS RATE SALES RESIDENTIAL												
2	2003	(3,883,000)	(6,406,327)	(4,559,862)	(2,222,234)	(1,733,780)	(891,153)	(674,974)	(637,071)	(611,357)	(865,746)	(1,702,887)	(3,064,658)	(27,313,049)
3	2002	(3,981,497)	(4,337,275)	(3,530,012)	(2,305,784)	(1,151,810)	(800,944)	(517,024)	(558,594)	(510,917)	(546,629)	(1,836,226)	(3,549,662)	(23,626,373)
4	INC/DEC ( )	(88,497)	2,069,052	1,039,851	(83,550)	581,969	90,209	157,950	128,478	100,440	319,117	(133,339)	(485,003)	3,686,676
5	1480020	GS RATE SALES OTHER COMMERCIAL												
6	2003	(1,163,339)	(1,928,763)	(1,368,481)	(725,173)	(654,684)	(392,078)	(316,621)	(354,689)	(316,348)	(399,872)	(630,316)	(1,015,431)	(9,265,854)
7	2002	(1,188,691)	(1,307,822)	(1,047,395)	(727,865)	(408,597)	(276,240)	(225,076)	(258,868)	(232,165)	(242,647)	(641,285)	(1,068,128)	(7,622,608)
8	INC/DEC ( )	(25,303)	620,841	321,096	(2,712)	246,087	115,838	91,545	95,824	84,183	157,224	(10,980)	(50,698)	1,643,046
9	1480030	GS RATE SALES INDUSTRIAL												
10	2003	(157,495)	(274,408)	(207,423)	(96,558)	(92,597)	(52,187)	(43,370)	(43,862)	(44,841)	(50,087)	(75,582)	(119,069)	(1,256,477)
11	2002	(128,942)	(150,601)	(125,256)	(77,174)	(51,837)	(32,998)	(25,482)	(28,009)	(22,578)	(25,848)	(66,232)	(145,304)	(882,239)
12	INC/DEC ( )	28,552	123,805	82,167	19,384	40,760	19,189	17,809	15,852	22,263	24,241	7,350	(27,235)	374,238
13	1480040	GS RATE SALES SMALL COMMERCIAL												
14	2003	(1,174,752)	(1,983,061)	(1,443,238)	(612,675)	(478,665)	(249,230)	(208,566)	(215,238)	(191,944)	(242,227)	(448,200)	(912,860)	(8,169,655)
15	2002	(1,178,502)	(1,306,835)	(1,036,772)	(652,209)	(304,112)	(207,784)	(159,300)	(174,317)	(157,782)	(162,818)	(493,069)	(1,046,103)	(6,879,714)
16	INC/DEC ( )	(3,750)	686,126	406,466	(39,535)	174,553	40,436	49,266	40,921	34,161	79,409	(44,869)	(193,244)	1,289,941
17	1480050	UNMETERED GAS LIGHT REVENUE												
18	2003	(899)	(976)	(976)	(1,086)	(1,252)	(1,252)	(1,272)	(1,177)	(1,177)	(1,324)	(1,097)	(1,097)	(13,585)
19	2003	(661)	(817)	(804)	(804)	(781)	(781)	(781)	(633)	(633)	(833)	(899)	(899)	(9,727)
20	INC/DEC ( )	238	159	172	282	471	471	480	344	344	491	188	188	3,858
21	1480060	WNA RESIDENTIAL												
22	2003	(102,836)	301,120	272,626	(159,938)	(1,218)	-	-	-	-	-	-	(70,981)	188,763
23	2002	(97,376)	(393,875)	(37,481)	44,835	109	-	-	-	-	-	-	227,610	(256,488)
24	INC/DEC ( )	5,459	(695,095)	(260,117)	204,574	1,328	-	-	-	-	-	-	298,602	(445,252)
25	1480070	WNA SMALL NON-RESIDENTIAL												
26	2003	(34,286)	84,826	67,254	(43,759)	(174)	-	-	-	-	-	-	(20,872)	62,977
27	2002	(27,884)	(113,492)	(12,328)	13,765	31	-	-	-	-	-	-	67,226	(72,682)
28	INC/DEC ( )	6,414	(208,317)	(79,582)	57,524	205	-	-	-	-	-	-	88,098	(135,659)



**Delita Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
 Comparison of Test Year Revenues to Prior Year

Line No.	AC #	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
29	1481020	INTERRUPTIBLE RATE COMMERCIAL												
30	2003	(4,435)	(4,721)	(4,104)	(2,449)	(2,603)								
31	2002	(4,988)	(4,515)				(2,207)	(993)	(544)		(250)	(2,357)	(3,771)	(24,449)
32	INC/DEC ( )	(554)	205	4,104	2,449	2,603	(2,207)	(993)	(544)		(250)	1,107	838	(17,990)
33	1481030	INTERRUPTIBLE RATE INDUSTRIAL												
34	2003	(57,125)	(92,876)	(57,803)	(25,822)	(30,163)	(19,757)	(19,110)	(21,382)	(18,588)	(21,345)	(30,013)	(47,476)	(441,251)
35	2002	(92,034)	(46,762)	(37,895)	(21,867)	(15,031)	(11,616)	(10,856)	(14,007)	(12,274)	(12,854)	(27,802)	(49,985)	(312,893)
36	INC/DEC ( )	5,091	45,914	20,108	3,955	15,132	8,142	8,154	7,355	6,323	8,492	2,211	(2,509)	128,357
37	1488010	COLLECTION REVENUE												
38	2003	(6,780)	(17,520)	(11,640)	(20,025)	(22,020)	(10,380)	(9,120)	(6,510)	(2,595)	(3,255)	(3,875)	(1,785)	(115,305)
39	2002	(5,235)	(10,410)	(10,560)	(15,360)	(21,765)	(9,210)	(7,155)	(4,860)	(2,700)	(2,775)	(2,760)	(1,425)	(94,335)
40	INC/DEC ( )	1,545	7,110	1,080	4,665	255	1,170	1,965	1,530	(105)	480	815	360	20,970
41	1488020	RECONNECT REVENUE												
42	2003	(3,120)	(2,680)	(3,040)	(8,920)	(7,160)	(5,320)	(3,120)	(3,560)	(2,680)	(11,520)	(18,560)	(9,280)	(76,960)
43	2002	(4,800)	(3,800)	(7,360)	(5,840)	(8,360)	(4,560)	(2,680)	(2,600)	(2,160)	(6,080)	(21,800)	(8,320)	(77,960)
44	INC/DEC ( )	(1,680)	(920)	(4,320)	3,280	(1,200)	760	440	960	520	5,440	(5,240)	960	(1,000)
45	1488030	METER TEST REVENUE												
46	2003		(4)	(8)		(4)	(4)							
47	2002													
48	INC/DEC ( )		4	8		4	4							(20)
49	1488040	BAD CHECK REVENUE												
50	2003	(1,420)	(870)	(1,140)	(1,020)	(1,170)	(550)	(770)	(460)	(530)	(840)	(400)	(720)	(9,890)
51	2002	(1,250)	(800)	(960)	(1,720)	(1,120)	(600)	(820)	(820)	(530)	(610)	(460)	(780)	(10,270)
52	INC/DEC ( )	170	70	180	(700)	50	(50)	(50)	(160)		230	(60)	(60)	(360)
53	1488100	OTHER OPERATING REVENUE												
54	2003													
55	2002	(107)	(243)											
56	INC/DEC ( )	(107)	(243)											(350)

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
 Comparison of Test Year Revenues to Prior Year

Line No.	AC #	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	
57	1489020	OFF SYSTEM TRANSP REVENUE													
58	2003	(107,639)	(129,552)	(147,653)	(127,017)	(138,863)	(144,263)	(110,912)	(125,134)	(121,992)	(130,031)	(122,556)	(117,062)	(1,522,693)	
59	2002	(130,094)	(107,264)	(118,437)	(105,807)	(94,122)	(92,329)	(110,433)	(122,344)	(143,851)	(135,746)	(118,174)	(128,230)	(1,412,632)	
60	INC/DEC ( )	(22,455)	22,287	29,217	21,210	44,761	51,933	(5,521)	2,791	(21,859)	(5,715)	4,382	(11,168)	110,061	
61	14890210	OFF SYSTEM TRANSP REVENUE - DELGASCO - (this account included in AC 14890200 previous to Jun 2003)													
62	2003							(50,385)	(49,828)	(48,397)	(50,239)	(42,015)	(45,244)	(286,108)	
63	2002														
64	INC/DEC ( )							50,385	49,828	48,997	50,239	42,015	45,244	286,108	
65	1489040	ON SYSTEM TRANSP REVENUE													
66	2003	(393,450)	(358,460)	(313,961)	(289,835)	(274,719)	(281,963)	(90,850)	(64,421)	(134,950)	(67,649)	(112,940)	(113,819)	(2,526,615)	
67	2002	(360,553)	(335,167)	(350,186)	(301,030)	(315,054)	(283,576)	(276,315)	(295,542)	(288,632)	(349,252)	(398,149)	(354,693)	(3,906,149)	
68	INC/DEC ( )	32,897	23,293	(36,225)	(11,995)	(40,335)	(1,614)	(185,464)	(201,122)	(151,982)	(81,604)	(285,209)	(241,074)	(1,379,534)	
69	14890410	ON SYSTEM TRANSP REVENUE - DELTA RESOURCE - (this account included in AC 1489040 previous to Jun 2003)													
70	2003							(182,335)	(193,757)	(202,460)	(238,211)	(238,988)	(282,030)	(1,315,182)	
71	2002														
72	INC/DEC ( )							182,335	193,757	202,460	238,211	238,988	282,030	1,315,182	

**RATE INCREASES:**

There has been no general rate increase during this period.

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

19. Describe how the test-year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the test-year capitalization rate and how the changes were determined.

**RESPONSE:**

The overhead-loading rate on capital projects is set based on the balance in the overhead account (W/O # 53010). The balance in this account represents all allocations of capitalizable expenses less amounts that have been cleared to work orders. During the test year, a 20% overhead rate was used January – March and 25% overhead rate was used for the remainder of the year. Administrative costs are capitalized based on the percentage of time administrative personnel spend in construction related activities. Twenty percent of field employees' benefits and taxes are also capitalized. Transportation and Power Operated Equipment operations and maintenance expenses are spread to overhead based on hours worked in construction activities.

Sponsoring Witness:

John B. Brown



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

20. Provide the following:
- a. A schedule showing a comparison of the balance in the gas operating expense accounts for each month of the test year to the same month of the preceding year for each account or subaccount included in Delta's chart of accounts. See Format 16.
  - b. A schedule, in comparative form, showing the total gas operating expense account balance for the test year and each of the 5 calendar years preceding the test year for each account or subaccount included in Delta's annual report. (FERC Form NO. 2, pages 317-325.) Show the percentage of increase or decrease of each year over the prior year.
  - c. A schedule of gas operations salaries and wages for the test year and each of the 3 calendar years preceding the test year as shown in Format 20c. Show for each time period the amount of overtime pay.
  - d. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the test year and the 3 preceding calendar years.

RESPONSE:

See attached schedules.

Sponsoring Witness:

John Brown

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.403.000 - DEPRECIATION EXPENSE JFH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	344,713	341,449	404,916	342,956	344,048	343,768	341,431	346,026	346,992	349,025	351,856	363,809	4,220,988
2002	332,777	331,639	338,200	336,894	337,516	336,865	332,781	340,288	345,796	342,646	344,632	347,014	4,067,050
Increase / -Decrease	11,936	9,810	66,716	6,061	6,532	6,903	8,650	5,738	1,195	6,379	7,223	16,794	153,938

Layer 1 of 127

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.403.100 - DEPRECIATION EXPENSE FOR ASSET RETIREMENT COST JFH												Layer 2 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	29	29	29	29	29	29	174
2002	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase / -Decrease	0	0	0	0	0	0	29	29	29	29	29	29	174

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
Layer 3 of 127													
1.406.000 - AMORT OF GAS PLANT ACQ ADJ-TRANEX JFH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-58,800
2002	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-4,900	-58,800
Increase / -Decrease	0	0	0	0	0	0	0	0	0	0	0	0	0



**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

Layer 4 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
1.406.010 - AMORT OF GAS PLANT ACQ ADJ-MT OLIVET JFH													
2003	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	46,800
2002	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	46,800
Increase / -Decrease	0	0	0	0	0	0	0	0	0	0	0	0	0

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.408.010 - LICENSE & PRIVILEGE FEES JFH

Layer 5 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	193	0	0	490	574	3,622	0	100	20	0	0	60	5,059
2002	189	0	5,573	600	0	20	50	0	583	0	0	0	7,015
Increase / -Decrease	4	0	-5,573	-110	574	3,602	-50	100	-563	0	0	60	-1,956

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.408.020 - PROPERTY TAXES JFH

Layer 6 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	80,400	87,500	87,500	87,500	87,500	64,300	83,392	83,392	83,392	83,392	83,392	83,392	995,052
2002	80,000	80,000	80,000	80,000	80,000	71,550	80,400	80,400	80,400	80,400	80,400	80,400	953,950
Increase / -Decrease	400	7,500	7,500	7,500	7,500	-7,250	2,992	2,992	2,992	2,992	2,992	2,992	41,102

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.408.030 - PAYROLL TAXES JFH

Layer 7 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	47,815	46,710	39,131	39,215	40,874	65,289	46,455	41,853	39,678	38,596	37,969	37,535	521,120
2002	44,126	42,857	46,434	38,979	38,890	52,997	43,033	40,006	39,953	39,065	36,792	38,217	501,351
Increase / -Decrease	3,689	3,852	-7,303	236	1,984	12,292	3,422	1,847	-275	-469	1,177	-682	19,769

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.409.010 - CURRENT FED INC TAX JFH												Layer 8 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	284,039	0	0	0	0	0	-888,439	-704,400
2002	0	0	0	0	0	1,017,800	0	0	0	0	0	-734,439	283,361
Increase / -Decrease	0	0	0	0	0	-733,761	0	0	0	0	0	-254,000	-987,761

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.409.020 - CURRENT STATE INC TAX JFH

Layer 9 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	59,010	0	0	0	0	0	-247,110	-188,100
2002	0	0	0	0	0	341,550	0	0	0	0	0	-183,610	157,940
Increase / -Decrease	0	0	0	0	0	-282,540	0	0	0	0	0	-63,500	-346,040

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.409.070 - ESTIMATED INTERIM INCOME TAXES JFH

Layer 10 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	621,825	910,725	471,225	143,825	-52,575	-2,095,024	-230,975	-198,375	-188,175	-179,775	-21,275	818,574	0
2002	674,025	924,125	527,025	207,325	-28,175	-2,304,325	-206,774	-233,975	-234,675	-224,875	113,925	786,374	0
Increase / -Decrease	-52,200	-13,400	-55,800	-63,500	-24,400	209,301	-24,201	35,600	46,500	45,100	-135,200	32,200	0

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1,409,080 - INCOME TAXES NON-REGULATED JFH

Layer 11 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,700	1,900	1,900	4,700	1,700	3,300	1,600	3,500	1,300	2,100	2,300	2,200	28,200
2002	1,400	900	1,200	3,800	1,100	-5,900	1,300	3,500	2,000	2,000	3,000	1,800	16,100
Increase / -Decrease	300	1,000	700	900	600	9,200	300	0	-700	100	-700	400	12,100



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1,410,000 - DEFERRED INCOME TAXES JFH

Layer 12 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	1,537,700	0	0	0	0	0	690,700	2,228,400
2002	0	0	0	0	0	713,300	0	0	0	0	0	497,900	1,211,200
Increase / -Decrease	0	0	0	0	0	824,400	0	0	0	0	0	192,800	1,017,200

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.410.010 - AMORT OF REGULATORY LIABILITY JFH												Layer 13 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-25,500
2002	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-2,125	-25,500
Increase / -Decrease	0	0	0	0	0	0	0	0	0	0	0	0	0

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.411.000 - INVESTMENT TAX CREDIT JFH

Layer 14 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	-20,000	0	0	0	0	0	0	-20,000
2002	0	0	0	0	0	-22,600	0	0	0	0	0	-20,000	-42,600
Increase / -Decrease	0	0	0	0	0	2,600	0	0	0	0	0	20,000	22,600

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 15 of 127													
1,411.100 - ACCRETION EXPENSE JFH	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	221	221	221	221	229	229	1,342
2002	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase / -Decrease	0	0	0	0	0	0	221	221	221	221	229	229	1,342

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.416.010 - LABOR SERVICE EXPENSE JLC

Layer 16 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	68	0	356	27	118	118	0	687
2002	116	0	0	0	0	0	0	0	55	0	0	0	171
Increase / -Decrease	-116	0	0	0	0	68	0	356	-28	118	118	0	515

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.416.020 - MERCHANDISING EXPENSE JFH

Layer 17 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	784	746	881	2,663	1,875	1,535	786	2,311	1,832	1,044	1,478	2,222	18,157
2002	2,483	972	722	4,510	1,344	1,161	1,883	1,530	2,030	1,146	470	2,395	20,655
Increase / -Decrease	-1,709	-224	159	-1,847	530	374	-1,097	781	-198	-102	1,009	-174	-2,497

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.420.000 - INVESTMENT TAX CREDIT NET JFH

Layer 18 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	-3,200	-3,200	-3,200	-3,200	-3,200	-3,200	-19,200
2002	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase / -Decrease	0	0	0	0	0	0	-3,200	-3,200	-3,200	-3,200	-3,200	-3,200	-19,200

Deita Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.426.020 - LIFE INSURANCE CO. BENEFICIARY JLC

Layer 19 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	-2,876	0	0	0	0	0	0	-2,876
2002	0	0	0	0	0	18,779	0	0	0	0	0	0	18,779
Increase / -Decrease	0	0	0	0	0	-21,655	0	0	0	0	0	0	-21,655



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.427.000 - INTEREST ON LONG TERM DEBT JFH

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	308,500	345,300	397,163	320,619	320,500	320,500	320,500	320,300	320,300	321,193	319,600	319,400	3,932,075
2002	310,500	310,300	310,100	310,000	309,500	309,200	309,000	308,900	308,900	307,000	306,800	306,700	3,706,900
Increase / -Decrease	-4,000	35,000	87,063	10,619	11,200	11,300	11,500	11,400	11,400	14,193	12,800	12,700	225,175

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.428.000 - AMORT OF DEBT EXPENSES JFH

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	13,430	13,430	28,023	19,510	19,510	19,510	20,287	19,682	19,682	19,682	19,682	19,682	232,110
2002	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	13,430	161,160
Increase / -Decrease	0	0	14,593	6,080	6,080	6,080	6,857	6,252	6,252	6,252	6,252	6,252	70,950

Layer 21 of 127

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.431.010 - INTEREST ON CUSTOMER DEPOSITS JFH

Layer 22 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	2,726	2,749	2,675	2,750	2,303	2,284	2,203	2,042	2,167	2,082	2,385	2,750	29,116
2002	2,638	2,741	2,641	2,678	2,490	2,475	141	4,124	2,213	95	4,449	2,803	29,489
Increase / -Decrease	87	7	35	73	-187	-191	2,062	-2,082	-46	1,987	-2,064	-53	-372

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.431.020 - INTEREST ON SHORT-TERM DEBT JFH

Layer 23 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	56,550	35,085	22,167	35,893	18,486	15,735	15,563	22,120	27,637	35,100	36,379	38,681	359,395
2002	308	57,815	61,430	32,968	38,109	66,606	44,156	59,780	64,456	66,604	63,818	59,638	615,689
Increase / -Decrease	56,242	-22,730	-39,263	2,925	-19,623	-50,871	-28,592	-37,660	-36,819	-31,504	-27,440	-20,957	-256,293

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 24 of 127													
1.431.021 - SUBSIDIARY INTEREST JFH	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	6,000	3,100	2,100	1,300	-200	-2,300	10,000
2002	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase / -Decrease	0	0	0	0	0	0	6,000	3,100	2,100	1,300	-200	-2,300	10,000

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.753.010 - WELLS & GATHERING PAYROLL JLC

Layer 25 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,479	1,038	1,744	1,069	1,122	1,315	1,583	1,822	1,079	1,319	1,999	911	16,481
2002	3,713	2,392	1,960	1,560	1,406	1,752	1,767	1,715	2,637	1,915	1,689	1,592	24,099
Increase / -Decrease	-2,235	-1,354	-216	-490	-284	-436	-184	107	-1,559	-596	310	-681	-7,618

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
Layer 26 of 127													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
1.753.020 - WELLS & GATHERING MISC ALH													
2003	0	0	0	0	0	10,000	0	25	0	379	21	46	10,472
2002	0	50	528	0	0	0	0	0	11,197	0	0	0	11,775
Increase / -Decrease	0	-50	-528	0	0	10,000	0	25	-11,197	379	21	46	-1,303

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.754.010 - COMPRESSOR STATION PAYROLL JLC

Layer 27 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	4,574	3,394	3,856	2,402	3,891	2,816	2,382	4,015	2,387	4,492	3,662	2,572	40,443
2002	2,942	4,056	3,768	3,841	3,305	3,045	3,550	4,101	2,865	3,292	3,032	3,743	41,540
Increase / -Decrease	1,632	-662	88	-1,439	586	-230	-1,168	-86	-479	1,201	630	-1,170	-1,097



Deita Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.754.020 - COMPRESSOR STATION MISC. ALH

Layer 28 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	3,349	6,146	2,983	2,480	5,101	3,924	4,231	1,856	3,527	6,271	3,342	2,248	45,458
2002	1,291	3,666	3,520	5,901	2,269	1,989	2,435	1,759	3,094	1,532	2,551	3,817	33,825
Increase / -Decrease	2,058	2,480	-536	-3,421	2,832	1,934	1,796	97	433	4,739	791	-1,570	11,633

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.764.010 - MNT WELLS & GATHERING PAYROLL JLC

Layer 29 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	932	0	137	46	0	0	1,115
2002	0	0	311	0	0	0	0	0	0	0	0	0	311
Increase / -Decrease	0	0	-311	0	0	0	932	0	137	46	0	0	804

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.764.020 - MNT WELLS & GATHERING OTHER ALH

Layer 30 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	20	0	0	0	0	0	1	805	0	94	280	0	1,200
2002	0	31	62	24	0	10	0	54	0	0	42	0	224
Increase / -Decrease	20	-31	-62	-24	0	-10	1	751	0	94	238	0	977

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.765.010 - MNT COMPRESSOR STATION PAYROLL JLC

Layer 31 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	29	0	113	974	1,587	50	646	392	0	449	78	0	4,317
2002	0	170	172	120	223	206	200	614	258	966	60	293	3,282
Increase / -Decrease	29	-170	-59	854	1,364	-156	446	-222	-258	-518	18	-293	1,035

**Delta Natural Gas Company, Inc.**

**Case No. 2004-00067**

**Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year**

**1.765.020 - MNT COMPRESSOR STATION OTHER ALH**

Layer 32 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	40	1,030	534	2,861	1,177	1,468	2,043	883	592	1,422	1,760	1,723	15,534
2002	1,001	964	1,451	1,623	3,272	2,063	365	3,995	1,852	2,467	294	361	19,708
Increase / -Decrease	-961	66	-916	1,238	-2,095	-595	1,678	-3,113	-1,261	-1,044	1,466	1,363	-4,175

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.803.000 - PURCHASED GAS JFH

Layer 33 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	3,732,457	6,723,028	4,705,552	2,229,999	1,880,461	882,294	638,552	674,202	575,428	854,517	1,703,017	3,247,264	27,846,731
2002	3,760,037	4,088,916	3,244,165	2,034,494	895,338	550,359	326,561	393,023	334,249	365,821	1,649,942	3,371,824	21,014,727
Increase / -Decrease	-27,580	2,634,113	1,461,387	195,505	985,123	331,895	311,992	281,180	241,179	488,696	53,075	-124,560	6,832,004

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.816.010 - CM WELLS EXPENSES - PAYROLL JLC

Layer 34 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	8,530	10,416	5,578	2,186	1,122	1,594	1,992	1,403	1,702	2,773	1,260	7,955	46,512
2002	4,387	5,350	4,522	4,042	3,314	3,527	2,395	3,119	6,247	4,766	3,754	8,499	53,921
Increase / -Decrease	4,143	5,066	1,056	-1,855	-2,193	-1,933	-403	-1,716	-4,544	-1,992	-2,494	-543	-7,409

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.816.020 - CM WELLS EXPENSES - MISC ALH

Layer 35 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	39	810	85	235	443	6	25	0	25	0	0	148	1,818
2002	424	0	366	49	0	14	8	181	1,044	382	63	43	2,573
Increase / -Decrease	-385	810	-281	186	443	-7	18	-181	-1,019	-382	-63	106	-755



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.818.010 - CM COMPRESSOR STATION EXPENSES - PAYROLL JLC

Layer 36 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	35	281	547	581	3,701	1,274	1,295	1,485	2,619	3,183	1,730	284	16,996
2002	264	85	148	2,024	2,024	1,419	1,011	1,580	938	919	570	313	11,294
Increase / -Decrease	-229	196	399	-1,443	1,677	-145	284	-94	1,681	2,264	1,160	-49	5,702

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

Layer 37 of 127													
1.818.020 - CM COMPRESSOR STATION EXPENSES - MISC ALH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	525	192	424	3,174	896	261	125	1,928	2,330	84	3,628	1,466	15,031
2002	293	366	463	383	2,698	516	849	171	1,055	261	38	569	7,662
Increase / -Decrease	232	-174	-39	2,791	-1,802	-256	-724	1,757	1,275	-177	3,590	897	7,369

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.821.000 - CM PURIFICATION OF NATURAL GAS ALH

Layer 38 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	13,009	24,231	16,945	6,802	65	0	0	0	0	7,498	3,682	13,889	86,120
2002	252	4,636	5,034	1,895	0	0	161	0	1,754	1,846	4,594	9,722	29,895
Increase / -Decrease	12,756	19,595	11,911	4,907	65	0	-161	0	-1,754	5,652	-912	4,168	56,226

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.824.020 - CM OTHER UNDERGROUND STORAGE EXPENSES - MISC ALLH

Layer 39 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	2,158	0	0	0	1,990	0	0	1,833	17	0	1,413	7,410
2002	0	1,874	317	0	0	0	2,003	173	28	1,813	0	181	6,388
Increase / -Decrease	0	284	-317	0	0	1,990	-2,003	-173	1,804	-1,795	0	1,232	1,022

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.825.000 - CM STORAGE WELL ROYALTIES/RENTS ALH

Layer 40 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	60	18,086	0	2,866	21,202	490	0	0	143	13,071	0	55,918
2002	38	60	13,586	4,500	2,782	21,202	490	0	0	143	12,000	1,410	56,210
Increase / -Decrease	-38	0	4,500	-4,500	83	0	0	0	0	0	1,071	-1,410	-293

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.831.020 - CM MAINTENANCE STRUCTURES & IMPROVEMENTS - MISC ALH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	1,000	2,240	0	234	298	0	0	0	0	2,394	6,166
2002	0	0	0	0	7,943	246	0	0	643	1,034	0	0	9,866
Increase / -Decrease	0	0	1,000	2,240	-7,943	-12	298	0	-643	-1,034	0	2,394	-3,700

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.832.010 - CM MAINT OF RESERVOIRS AND WELLS - PAYROLL JLC

Layer 42 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	53	51	0	113	0	0	0	0	113	0	0	329
2002	0	0	80	0	99	0	0	0	0	0	270	0	449
Increase / -Decrease	0	53	-30	0	14	0	0	0	0	113	-270	0	-120

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.832.020 - CM MAINTENANCE OF RESERVOIRS AND WELLS - MISC ALH												Layer 43 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	109	0	0	20,514	86	0	14,549	359	282	6,779	0	71	42,750
2002	0	0	0	8,702	1,234	10,327	4,254	3,637	153	0	0	0	28,308
Increase / -Decrease	109	0	0	11,812	-1,148	-10,327	10,295	-3,278	130	6,779	0	71	14,442



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.834.010 - CM MAINT OF COMPRESSOR STAT EQUIP - PAYROLL JLC												Layer 44 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	5,274	156	0	0	0	0	0	0	0	5,430
2002	0	0	0	178	23	0	0	46	0	0	0	0	246
Increase / -Decrease	0	0	0	5,096	133	0	0	-46	0	0	0	0	5,183

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.834.020 - CM MAINTENANCE OF COMPRESSOR STAT EQUIP - MISC ALH

Layer 45 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	365	0	1,725	3,029	4,056	466	250	691	0	75	153	2,933	13,744
2002	63	0	327	2,335	723	171	123	121	0	0	0	228	4,091
Increase / -Decrease	302	0	1,398	695	3,333	296	127	569	0	75	153	2,705	9,652

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.835.010 - CM MAINT OF MEAS & REG STAT EQUIP - PAYROLL JLC

Layer 46 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	50	0	0	358	0	52	0	0	0	140	0	0	599
2002	15	0	0	0	0	0	0	83	73	167	0	0	337
Increase / -Decrease	35	0	0	358	0	52	0	-83	-73	-26	0	0	263

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.835.020 - CM MAINTENANCE OF MEAS & REG STAT EQUIP - MISC ALH

Layer 47 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	176	0	0	785	0	0	0	0	0	0	0	962
2002	37	1,311	161	105	128	0	0	63	0	203	70	128	2,205
Increase / -Decrease	-37	-1,135	-161	-105	657	0	0	-63	0	-203	-70	-128	-1,243

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.837.020 - CM MAINTENANCE OF OTHER EQUIPMENT - MISC ALH

Layer 48 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	50	2,230	72	598	90	175	100	0	19	596	64	517	4,510
2002	69	50	930	50	50	50	50	50	50	222	139	50	1,759
Increase / -Decrease	-19	2,180	-859	548	40	125	50	-50	-31	375	-74	467	2,751

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.856.000 - RIGHT OF WAY CLEARING ALH

Layer 49 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	3,322	15,786	16,756	16,285	14,520	11,917	78,586
2002	0	2,610	0	0	0	0	9,058	12,577	250	15,166	25,854	7,637	73,151
Increase / -Decrease	0	-2,610	0	0	0	0	-5,735	3,209	16,506	1,120	-11,334	4,280	5,435

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.871.000 - TELEMETRY COSTS ALH

Layer 50 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	3,284	3,463	3,120	3,339	3,514	3,157	5,263	1,354	4,140	3,757	3,803	3,698	41,893
2002	2,551	2,670	2,681	3,007	2,892	3,046	2,353	3,393	2,666	3,207	3,199	3,190	34,854
Increase / -Decrease	733	793	439	332	622	111	2,910	-2,038	1,474	550	604	508	7,040

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 51 of 127

1.880.010 - OPERATIONS OFFICE TELEPHONE JLC

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	13,324	5,207	8,308	7,381	10,911	9,463	11,831	6,965	9,869	7,692	9,336	10,167	110,454
2002	7,857	12,316	7,929	8,068	9,500	8,046	10,159	9,808	11,092	5,373	12,949	8,819	111,916
Increase / -Decrease	5,467	-7,109	379	-687	1,411	1,416	1,672	-2,842	-1,223	2,319	-3,613	1,348	-1,462



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.880.040 - FEES TRAINING SCHOOLS JLC

Layer 54 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	2,324	2,979	3,233	644	1,523	9,225	4,410	9,014	665	2,162	10	1,775	37,964
2002	2,300	1,200	259	3,660	9,124	495	2,820	1,007	575	60	339	0	22,040
Increase / -Decrease	24	1,779	2,974	-3,216	-7,601	8,730	1,590	8,007	90	2,102	-329	1,775	15,924

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 55 of 127													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
1.880.050 - UNIFORMS JLC													
2003	1,924	5,620	1,484	3,377	5,707	2,231	1,868	7,184	1,997	3,929	2,444	0	37,765
2002	908	3,313	1,445	3,419	2,452	3,288	0	0	5,252	7,371	101	2,265	29,813
Increase / -Decrease	1,016	2,308	38	-42	3,256	-1,057	1,868	7,184	-3,255	-3,442	2,343	-2,265	7,952

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.880.060 - WELDING SUPPLIES ALH

Layer 56 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,319	4,620	1,017	1,082	2,537	762	1,261	1,550	2,432	1,018	288	675	18,560
2002	1,062	368	926	1,772	1,659	559	14	3,328	154	358	810	656	11,666
Increase / -Decrease	257	4,252	90	-690	879	204	1,248	-1,778	2,278	659	-523	19	6,894

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.881.010 - RENT OPERATING OFFICES JLC

Layer 57 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	100	100	100	100	100	0	0	0	0	0	0	0	500
2002	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Increase / -Decrease	0	0	0	0	0	-100	-100	-100	-100	-100	-100	-100	-700

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.881.020 - RENT LAND & LAND RIGHTS ALH

Layer 58 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,686	0	350	1,940	50	1,172	3,419	2,975	3,460	50	1,300	200	16,603
2002	1,682	0	250	2,030	50	772	3,350	3,167	3,760	50	300	1,000	16,411
Increase / -Decrease	4	0	100	-89	0	400	69	-193	-300	0	1,000	-800	192

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.886.000 - MNT STRUCTURES TRANS & DIST. ALH

Layer 59 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	204	0	0	0	0	0	0	0	204
Increase / -Decrease	0	0	0	0	-204	0	0	0	0	0	0	0	-204

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.887.010 - MNT TRANS & DIST MAINS PAYROLL JLC

Layer 60 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,569	4,475	2,861	3,566	5,892	7,045	5,257	6,108	6,915	4,467	5,597	4,174	57,925
2002	8,293	7,737	5,471	4,801	4,183	8,625	6,450	15,534	9,941	7,479	4,229	3,338	86,081
Increase / -Decrease	-6,724	-3,262	-2,610	-1,236	1,709	-1,581	-1,193	-9,425	-3,027	-3,012	1,368	836	-28,156

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

1.887.020 - MNT TRANS & DIST MAINS OTHER ALH												Layer 61 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,004	6,321	4,588	2,780	6,669	13,291	13,968	2,820	8,086	3,839	2,978	5,749	72,093
2002	6,077	6,910	3,458	5,061	6,762	10,887	2,612	8,956	8,190	4,980	3,682	8,496	76,071
Increase / -Decrease	-5,073	-589	1,130	-2,281	-93	2,404	11,356	-6,136	-104	-1,141	-704	-2,747	-3,978



Delta Natural Gas Company, Inc.  
Case No. 2004-00067  
Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 62 of 127													
1.889.000 - MNT REG STATION TRANS & DIST. ALH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	335	460	302	0	921	777	662	597	405	0	1,771	194	6,421
2002	26	0	545	163	360	624	445	581	1,671	228	425	586	5,653
Increase / -Decrease	309	460	-243	-163	561	153	217	16	-1,266	-228	1,346	-393	768

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.893.010 - MNT OF METERS & REG PAYROLL JLC											Layer 63 of 127		
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,081	818	774	1,346	2,037	1,810	1,605	1,610	1,998	1,268	1,009	320	15,677
2002	906	1,036	960	1,180	1,250	1,551	1,590	1,970	1,834	1,732	978	943	15,871
Increase / -Decrease	175	-217	-185	166	788	259	15	-300	164	-464	31	-623	-193

Delta Natural Gas Company, Inc.  
 Case No. 2004-00067  
 Comparison of Total Company Test Year Account Balances  
 With Those of the Preceding Year

1.893.020 - MNT OF METERS & REG OTHER ALH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	2,469	4,625	5,897	2,280	6,281	2,929	2,338	5,108	865	2,729	8,264	1,345	45,130
2002	4,215	3,764	6,886	3,732	9,220	4,591	3,657	10,279	1,645	1,464	588	2,107	52,148
Increase / -Decrease	-1,746	861	-989	-1,452	-2,939	-1,662	-1,319	-5,171	-780	1,265	7,676	-762	-7,019

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.894.010 - MNT OF OTHER EQUIPMENT PAYROLL JLC

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	293	108	359	528	1,069	3,099	2,818	1,961	516	108	1,358	553	12,769
2002	516	766	787	1,032	604	940	1,351	944	1,184	4,175	176	237	12,712
Increase / -Decrease	-223	-659	-428	-504	465	2,159	1,467	1,017	-668	-4,067	1,182	316	57

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.894.020 - MNT OF OTHER EQUIPMENT OTHER ALH

Layer 66 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	5,208	7,537	4,655	7,259	8,038	6,881	7,131	7,641	4,776	7,812	5,078	8,097	80,111
2002	4,113	6,513	5,534	5,672	7,284	8,614	6,296	10,597	6,324	7,578	4,161	5,136	77,823
Increase / -Decrease	1,095	1,024	-879	1,587	753	-1,734	834	-2,956	-1,548	234	917	2,960	2,289

**Delta Natural Gas Company, Inc.**

**Case No. 2004-00067**

**Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year**

**1.898.010 - MNT - TRANSP EQUIP EXPENSE-PAYROLL JLC** Layer 67 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	824	1,234	984	2,392	2,648	3,623	2,830	2,778	2,210	1,843	1,885	1,361	24,613
2002	3,035	2,533	2,121	1,388	1,248	2,906	2,478	4,656	3,232	3,252	1,394	1,256	29,498
Increase / -Decrease	-2,211	-1,298	-1,137	1,005	1,400	717	352	-1,877	-1,022	-1,409	491	106	-4,885

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.898.020 - MNT - POWER OPR EQUIP EXPENSE-PAYROLL JLC												Layer 68 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	401	937	603	627	1,282	1,611	784	1,530	1,386	1,176	1,174	1,055	12,567
2002	2,599	2,031	1,481	1,390	1,207	1,463	1,613	3,863	2,420	1,816	1,034	902	21,820
Increase / -Decrease	-2,198	-1,094	-878	-764	75	148	-829	-2,333	-1,033	-640	140	152	-9,254

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 69 of 127

1.900.010 - TRANS & DIST. PAYROLL JLC

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	234,479	244,407	195,611	184,234	189,354	190,273	196,227	199,621	193,441	183,557	181,153	185,021	2,377,376
2002	217,206	213,412	210,871	197,616	188,484	188,939	180,775	192,258	188,807	196,338	185,153	193,617	2,353,476
Increase / -Decrease	17,273	30,994	-15,260	-13,382	870	1,334	15,452	7,363	4,634	-12,781	-4,001	-8,597	23,900



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.900.020 - OPR TRANSPORTATION EXPENSES JLC Layer 70 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	58,142	53,884	44,007	42,700	44,952	60,346	49,816	47,985	46,608	46,946	41,422	47,606	584,413
2002	60,374	51,321	53,993	35,387	35,922	49,207	44,718	47,202	44,149	49,693	42,377	45,547	559,889
Increase / -Decrease	-2,233	2,562	-9,986	7,312	9,030	11,139	5,098	783	2,459	-2,747	-954	2,060	24,523

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.900.030 - SMALL TOOLS & WORKEQUIPMENT JLC

Layer 71 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	8,153	2,582	2,689	7,488	3,696	6,512	6,964	9,685	4,632	6,754	3,974	5,573	68,699
2002	5,419	8,320	5,354	10,774	7,328	6,896	4,004	12,106	6,532	4,263	9,228	3,367	83,591
Increase / -Decrease	2,734	-5,738	-2,665	-3,286	-3,632	-384	2,960	-2,422	-1,901	2,491	-5,254	2,205	-14,892

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.903.010 - CASHING PAYROLL JLC Layer 72 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	30,030	29,931	30,813	29,097	29,144	28,647	29,467	31,922	30,367	31,684	30,948	30,821	362,869
2002	31,462	28,699	29,963	29,134	28,689	29,884	30,429	30,909	30,550	32,111	30,485	31,425	363,762
Increase / -Decrease	-1,432	1,231	830	-36	454	-1,237	-962	1,012	-183	-428	462	-604	-893

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 73 of 127

1.903.020 - CUSTOMER COLLECTIONS & RECORDS JFH

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	37,398	74	23,611	13,264	23,396	24,074	13,492	14,005	16,505	23,697	14,163	23,415	227,093
2002	10,523	13,586	23,749	12,923	23,572	13,401	27,766	12,177	13,603	13,731	23,951	13,326	202,308
Increase / -Decrease	26,876	-13,512	-138	341	-176	10,672	-14,275	1,828	2,902	9,966	-9,788	10,089	24,784

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.904.000 - UNCOLLECTIBLE ACCOUNTS JFH

Layer 74 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	47,000	46,515	134,000	41,000	145,000	-137,389	25,900	60,000	0	28,600	28,600	59,341	478,567
2002	22,500	22,500	22,500	22,500	22,500	-131,652	22,500	22,500	22,500	22,500	22,500	148,284	241,632
Increase / -Decrease	24,500	24,015	111,500	18,500	122,500	-5,737	3,400	37,500	-22,500	6,100	6,100	-88,943	236,935

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 75 of 127

1.913.000 - ADVERTISING JLC

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	90	0	460	150	218	0	250	0	645	391	0	0	2,204
2002	1,145	0	489	150	0	2,350	0	0	748	186	0	300	5,367
Increase / -Decrease	-1,055	0	-29	0	218	-2,350	250	0	-103	206	0	-300	-3,164

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 76 of 127

1.920.010 - ADMINISTRATIVE PAYROLL JLC

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	172,722	173,267	176,319	177,243	178,007	178,878	188,103	188,844	187,368	186,622	187,920	187,931	2,183,224
2002	161,130	160,793	162,880	165,629	163,751	163,887	169,309	170,586	173,891	182,479	166,430	168,580	2,009,344
Increase / -Decrease	11,592	12,474	13,439	11,614	14,255	14,991	18,794	18,258	13,477	4,143	21,490	19,351	173,880

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.920.020 - ADM TRANSPORTATION EXPENSES JLC

Layer 77 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	7,250	7,250	7,250	7,250	7,250	7,250	7,375	7,375	7,375	7,375	7,375	7,375	87,750
2002	7,000	7,000	7,000	7,000	7,000	7,000	7,250	7,250	7,250	7,250	7,250	7,250	85,500
Increase / -Decrease	250	250	250	250	250	250	125	125	125	125	125	125	2,250



Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 78 of 127													
1.921.010 - ADM TELEPHONE JLC													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	20,341	6,057	18,543	11,944	9,529	11,706	11,534	12,916	12,869	10,588	11,809	12,299	150,134
2002	8,401	20,599	12,047	12,147	12,436	12,352	12,381	8,863	18,296	12,612	14,312	12,946	157,393
Increase / -Decrease	11,940	-14,542	6,495	-203	-2,906	-646	-847	4,053	-5,426	-2,025	-2,503	-647	-7,259

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.030 - BOOKS & SUBSCRIPTIONS JFH

Layer 79 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,728	2,629	6,986	940	1,142	1,893	2,031	233	1,012	3,602	2,457	2,150	27,005
2002	2,179	420	2,369	2,601	895	1,086	1,133	616	2,979	2,160	3,486	3,211	23,135
Increase / -Decrease	-451	2,410	4,616	-1,661	247	807	899	-383	-1,967	1,443	-1,029	-1,060	3,870

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

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1.921.040 - COMPANY FORMS JLC

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,762	3,881	2,674	2,042	2,586	1,684	1,904	2,719	2,091	3,435	2,456	1,682	28,916
2002	1,857	1,681	2,163	1,410	2,016	2,925	1,736	254	4,618	3,604	121	2,197	24,582
Increase / -Decrease	-95	2,200	510	632	571	-1,241	169	2,464	-2,527	-169	2,335	-516	4,334

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

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1.921.050 - SMALL SUPPLY ITEMS JLC

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	4,540	4,843	7,395	4,643	2,807	6,404	5,283	1,708	4,121	6,595	4,241	7,296	59,875
2002	9,276	6,241	6,348	5,322	8,809	4,608	4,149	2,952	9,439	4,274	4,535	7,009	72,963
Increase / -Decrease	-4,736	-1,399	1,047	-679	-6,003	1,796	1,135	-1,243	-5,318	2,322	-294	286	-13,087

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

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1.921.060 - MISCELLANEOUS OTHER ITEMS JLC

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	5,626	6,164	6,827	5,662	7,595	-5,896	4,891	3,466	4,192	7,302	3,514	5,911	55,254
2002	13,672	11,353	14,247	12,206	12,534	28,520	12,424	18,629	11,082	11,052	12,345	11,909	169,972
Increase / -Decrease	-8,046	-5,189	-7,419	-6,544	-4,939	-34,416	-7,533	-15,164	-6,890	-3,750	-8,830	-5,998	-114,718

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.070 - EMPLOYEE MEMBERSHIPS JLC

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	195	0	50	34	150	180	3,210	270	80	545	0	165	4,879
2002	195	0	270	0	555	0	1,370	239	605	465	145	0	3,844
Increase / -Decrease	0	0	-220	34	-405	180	1,840	31	-525	80	-145	165	1,035

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

1.921.080 - SAFETY LITERATURE & EDUCATION JLC												Layer 84 of 127	
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,055	991	1,047	1,265	1,108	409	758	981	890	1,517	999	602	11,642
2002	2,880	1,051	1,376	726	1,489	386	67	518	1,683	135	366	313	10,990
Increase / -Decrease	-1,825	-60	-329	559	-381	23	691	463	-792	1,382	633	289	652

Delta Natural Gas Company, Inc.													
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Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
Layer 85 of 127													
1.921.090 - ENGR & DRAFTING SUPPLIES ALH	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	459	358	129	482	1,513	205	1,760	354	322	281	281	1,524	7,670
2002	1,376	71	0	0	772	298	289	1,473	350	1,417	330	213	6,588
Increase / -Decrease	-917	287	129	482	740	-93	1,472	-1,119	-28	-1,136	-48	1,311	1,081



**Delta Natural Gas Company, Inc.**  
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**Comparison of Total Company Test Year Account Balances  
 With Those of the Preceding Year**

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
<b>1.921.100 - ADM UTILITIES JLC</b>													
2003	3,139	3,981	3,649	2,537	2,899	980	2,886	2,749	2,958	2,784	2,730	3,735	35,027
2002	4,017	2,985	2,048	2,704	2,543	2,361	3,152	2,598	3,278	2,604	2,465	3,292	34,047
Increase / -Decrease	-878	996	1,601	-166	355	-1,381	-266	151	-320	180	266	443	980

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

Layer 87 of 127													
1.921.110 - INVENTORY - DIFFERENCE JLC													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	-835	-692	26	5,780	-134	-3,331	-60	-1,017	772	-3,276	800	-848	-2,814
2002	-304	1,794	406	-2,172	-2,062	361	1,190	56	-68	4,234	-538	-307	2,590
Increase / -Decrease	-531	-2,487	-379	7,952	1,928	-3,692	-1,250	-1,073	841	-7,509	1,338	-541	-5,404

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.210 - TRAVEL ETC CO BUS PRES & CEO GRJ

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	255	479	738	648	2,891	669	113	1,355	0	147	1,839	540	9,672
2002	0	230	1,254	230	1,383	215	923	1,793	117	1,604	0	1,683	9,430
Increase / -Decrease	255	249	-516	419	1,508	454	-810	-438	-117	-1,457	1,839	-1,143	243

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.220 - TRAVEL ETC CO BUS OFFICERS GRJ

Layer 89 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	-304	148	550	1,399	1,278	3,664	1,239	-3	927	1,554	132	10,583
2002	0	230	293	0	1,329	135	660	0	30	618	0	0	3,296
Increase / -Decrease	0	-534	-148	550	71	1,142	3,004	1,239	-33	309	1,554	132	7,287

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.230 - TRAVEL ETC CO BUS OPER & CONST ALH

Layer 90 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,876	1,037	1,605	1,686	1,919	1,286	246	1,705	1,030	1,530	1,379	958	16,057
2002	478	0	805	605	1,450	1,805	1,451	455	4,370	795	835	273	13,322
Increase / -Decrease	1,198	1,037	799	1,081	470	-519	-1,204	1,250	-3,340	735	544	685	2,735

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.240 - TRAVEL ETC CO BUS ADM&CUST SER JLC

Layer 91 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	64	96	211	608	307	230	0	1,862	17	1,500	630	731	6,256
2002	0	417	508	89	52	465	641	295	720	333	463	97	4,079
Increase / -Decrease	64	-321	-297	519	255	-235	-641	1,567	-703	1,168	167	634	2,177

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.250 - TRAVEL ETC CO BUS EXTERNAL AFFAIRS RCH

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	65	0	0	0	0	0	0	0	0	0	0	0	65
2002	77	49	-13	305	570	963	751	1,216	283	0	1,043	-55	5,188
Increase / -Decrease	-11	-49	13	-305	-570	-963	-751	-1,216	-283	0	-1,043	55	-5,122

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Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
Layer 93 of 127													
1.921.260 - TRAVEL ETC CO BUS FINANCE JFH	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	-150	0	776	13	607	659	99	963	1,361	3,109	110	7,546
2002	-223	0	0	0	786	84	130	245	0	182	659	0	1,863
Increase / -Decrease	223	-150	0	776	-773	523	528	-146	963	1,179	2,450	110	5,683



Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.921.290 - CO. BUS. MEALS & ENTERTAINMENT JFH

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	2,430	2,489	2,431	1,083	3,884	1,999	1,246	5,168	1,999	2,750	2,704	4,079	32,263
2002	2,666	2,386	3,077	2,080	2,220	2,334	1,639	3,265	4,082	1,825	2,853	3,109	31,537
Increase / -Decrease	-236	103	-646	-997	1,664	-335	-393	1,903	-2,083	926	-149	970	726

Delta Natural Gas Company, Inc.													
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Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.921.300 - COMPUTER EQUIPMENT OPERATIONS JFH													
Layer 95 of 127													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,190	1,270	1,418	1,445	283	1,992	3,938	2,559	414	941	2,088	1,052	18,589
2002	0	0	0	0	0	0	1,332	1,338	1,121	898	1,489	771	6,948
Increase / -Decrease	1,190	1,270	1,418	1,445	283	1,992	2,607	1,221	-707	43	599	282	11,641

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.922.000 - EXPENSES TRANSFERRED JFH													
											Layer 96 of 127		
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	-151,458	-145,509	-171,593	-173,860	-185,088	-360,646	-199,358	-206,700	-204,096	-207,366	-178,024	-168,588	-2,352,284
2002	-151,179	-154,379	-151,200	-172,347	-176,727	-179,701	-186,395	-189,529	-188,117	-186,075	-169,729	-157,031	-2,062,409
Increase / -Decrease	-279	8,871	-20,393	-1,514	-8,361	-180,945	-12,963	-17,171	-15,979	-21,290	-8,295	-11,557	-289,876

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.923.010 - OUTSIDE SERVICES LEGAL GRJ

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,020	1,041	1,803	5,492	13,624	3,209	889	7,079	15,922	2,889	3,899	3,478	60,344
2002	6,204	4,335	3,077	14,172	5,469	6,150	925	8,646	9,213	8,967	3,030	6,211	76,400
Increase / -Decrease	-5,184	-3,295	-1,274	-8,680	8,155	-2,941	-36	-1,567	6,709	-6,078	869	-2,733	-16,056

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

Layer 98 of 127													
1.923.020 - OUTSIDE SERVICES ACCOUNTING JFH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	6,700	6,700	6,700	21,700	21,700	21,700	21,700	21,700	21,700	58,200	67,600	67,648	343,748
2002	7,900	7,900	7,900	7,900	7,900	4,451	6,300	6,700	6,700	6,700	15,200	7,300	92,851
Increase / -Decrease	-1,200	-1,200	-1,200	13,800	13,800	17,249	15,400	15,000	15,000	51,500	52,400	60,348	250,897

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.923.030 - OUTSIDE SERVICES JANITORIAL JLC

Layer 99 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	4,641	4,536	5,163	4,666	4,763	4,763	4,630	4,670	4,427	4,970	4,630	4,705	56,562
2002	4,433	4,498	4,568	4,498	5,519	4,090	4,588	4,588	4,341	4,588	4,288	4,693	54,691
Increase / -Decrease	208	38	595	168	-756	673	42	82	86	382	342	12	1,871

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.923.040 - OUTSIDE SERVICES OTHER ALH

Layer 100 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	6,148	5,550	25,586	9,253	4,917	5,576	5,316	4,189	5,294	4,761	3,840	5,594	86,023
2002	4,260	6,139	4,709	8,820	5,904	8,643	5,163	19,694	4,960	18,158	4,887	6,603	97,908
Increase / -Decrease	1,888	-589	20,877	433	-986	-3,067	153	-15,474	333	-13,397	-1,047	-1,009	-11,885

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

Layer 101 of 127													
1.923.050 - OUTSIDE SERVICES COMPUTERS JFH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	4,270	10,231	2,509	28,687	4,789	25,541	-3,286	1,293	22,223	6,432	28,125	23,138	155,951
2002	3,638	1,033	5,810	28,511	3,398	10,141	12,216	1,004	6,368	23,243	6,559	13,802	115,721
Increase / -Decrease	632	9,198	-3,301	176	1,391	15,400	-15,502	289	15,855	-14,811	21,565	9,336	40,230



Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
Layer 102 of 127													
1.924.000 - INSURANCE JFH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	42,516	38,699	42,972	43,922	48,573	45,222	49,220	54,184	47,222	46,523	46,120	45,665	550,836
2002	23,769	23,769	37,708	40,439	39,076	70,367	40,598	43,498	41,501	40,119	39,515	39,619	479,976
Increase / -Decrease	18,747	14,930	5,264	3,483	9,497	-25,145	8,622	10,686	5,721	6,405	6,605	6,046	70,860

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.926.010 - TIME OFF PAYROLL JLC

Layer 103 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	26,481	13,543	25,090	39,535	36,174	452,933	46,480	16,707	30,344	29,869	66,011	14,726	797,893
2002	25,902	21,397	33,404	22,891	40,371	254,482	47,014	22,462	35,068	30,441	63,723	75,044	672,200
Increase / -Decrease	579	-7,854	-8,314	16,644	-4,197	198,451	-535	-5,755	-4,724	-572	2,287	-60,318	125,692

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.926.020 - PENSION JLC

Layer 104 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	25,600	25,600	25,600	25,600	25,600	6,300	60,484	60,450	60,450	60,450	60,450	60,450	497,034
2002	35,630	35,630	35,630	35,630	35,630	55,630	71,200	71,200	71,200	71,200	71,200	25,600	615,360
Increase / -Decrease	-10,030	-10,030	-10,030	-10,030	-10,030	-49,330	-10,716	-10,750	-10,750	-10,750	-10,750	34,850	-118,346

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.926.030 - EMPLOYEE 401K PLAN JLC											Layer 105 of 127		
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	10,770	10,126	10,575	10,143	10,003	10,126	13,917	10,886	10,883	12,175	10,925	12,366	132,894
2002	13,551	18,660	10,774	10,101	10,044	10,000	13,777	32,294	15,349	11,051	9,967	14,676	170,244
Increase / -Decrease	-2,781	-8,534	-199	41	-41	126	140	-21,408	-4,466	1,124	958	-2,310	-37,350

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.926.040 - MEDICAL COVERAGE JLC

Layer 106 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	83,319	64,730	94,548	115,179	65,160	100,692	128,879	94,358	66,345	92,681	116,742	94,668	1,119,300
2002	85,623	82,831	86,367	90,033	84,672	170,401	45,511	105,685	59,409	81,208	63,040	77,714	1,032,492
Increase / -Decrease	-2,304	-18,101	8,181	25,146	-19,512	-69,709	83,368	-11,327	8,936	11,473	53,702	16,953	86,808

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.926.050 - SALARY CONTINUATION COVERAGE JLC

Layer 107 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	8,650	9,256	9,009	8,172	8,052	6,602	8,071	8,617	8,542	8,580	8,740	13,447	105,738
2002	7,849	7,860	7,860	7,857	7,857	5,952	7,743	8,921	6,510	6,510	8,883	7,977	91,778
Increase / -Decrease	801	1,397	1,149	315	196	649	328	-304	2,032	2,070	-143	5,470	13,960

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

		Layer 108 of 127												
1.926.060 - EMPLOYEE STOCK PLAN JLC		01	02	03	04	05	06	07	08	09	10	11	12	Total
2003		4,348	4,500	4,500	4,226	4,240	4,400	4,907	4,929	4,929	4,929	4,929	4,929	55,765
2002		4,237	4,381	4,381	4,130	4,335	4,106	4,669	4,681	4,626	4,330	4,576	4,230	52,663
Increase / -Decrease		110	119	119	96	-96	294	237	247	302	598	353	699	3,081

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.926.070 - EMPLOYEE EDUCATION JLC											Layer 109 of 127		
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	626	0	824	0	102	0	0	0	1,552
2002	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase / -Decrease	0	0	0	0	626	0	824	0	102	0	0	0	1,552



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.926.080 - EMPLOYEE RECREATION & SOCIAL JLC

Layer 110 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	0	0	0	0	0	6,734	6,734
2002	0	0	0	0	0	0	0	0	0	0	0	5,229	5,229
Increase / -Decrease	0	0	0	0	0	0	0	0	0	0	0	1,505	1,505

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1,928,000 - REGULATORY COMMISSION EXPENSE JFH

Layer 111 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	16,756	7,755	7,755	44,738	7,755	7,755	6,907	6,860	6,860	6,860	6,860	16,360	143,222
2002	47,333	6,620	6,620	6,620	6,620	6,620	15,563	15,505	15,505	15,505	-23,304	7,755	126,962
Increase / -Decrease	-30,577	1,135	1,135	38,118	1,135	1,135	-8,656	-8,645	-8,645	-8,645	30,164	8,605	16,260

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
Layer 112 of 127													
1.930.010 - DIRECTOR FEES & EXPENSES JFH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	11,700	11,700	12,100	12,229	11,693	84,657	12,163	16,440	13,000	13,337	13,000	13,350	225,369
2002	9,650	9,650	9,650	9,650	9,650	52,301	10,900	10,128	10,900	10,900	10,900	11,700	165,979
Increase / -Decrease	2,050	2,050	2,450	2,579	2,043	32,356	1,263	6,312	2,100	2,437	2,100	1,650	59,390

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**

**Comparison of Total Company Test Year Account Balances  
 With Those of the Preceding Year**

**1.930.020 - COMPANY MEMBERSHIPS JLC**

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,300	200	3,300	2,920	1,450	385	0	620	570	6,408	2,950	27,827	47,930
2002	2,158	0	4,740	1,000	893	150	0	1,020	6,590	2,060	28,703	2,193	49,506
Increase / -Decrease	-858	200	-1,440	1,920	557	235	0	-400	-6,020	4,348	-25,753	25,635	-1,576

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Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.930.030 - FEES CONVENTIONS & MEETINGS JLC													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,025	160	58	1,509	2,232	300	6,824	475	-4,424	0	685	400	9,254
2002	50	542	495	175	225	2,224	150	450	965	125	229	-130	5,500
Increase / -Decrease	975	-382	-437	1,334	2,007	-1,924	6,674	25	-5,389	-125	466	530	3,754

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Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.930.040 - MARKETING JLC

Layer 115 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	3,800	1,536	0	0	0	6,194	741	208	0	0	991	1,770	15,239
2002	808	0	221	300	1,415	3,916	23	686	13	219	200	35	7,836
Increase / -Decrease	2,992	1,536	-221	-300	-1,415	2,278	718	-478	-13	-219	791	1,735	7,403

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.930.050 - COMPANY RELATIONS JLC													
Layer 116 of 127													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	478	50	877	309	874	12	892	47	80	7,803	3,456	1,944	16,822
2002	190	748	175	1,033	300	435	870	518	237	6,132	8,965	1,064	20,668
Increase / -Decrease	287	-698	702	-724	574	-423	22	-471	-158	1,671	-5,509	881	-3,846

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
1.930.060 - TRUSTEE, REGISTRAR, AGENT FEES JFH													
Layer 117 of 127													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	21,225	6,316	2,500	0	9,570	0	4,500	0	12,707	2,673	0	0	59,491
2002	21,225	9,002	2,500	0	0	6,476	9,000	-1,125	0	11,446	0	0	58,525
Increase / -Decrease	0	-2,686	0	0	9,570	-6,476	-4,500	1,125	12,707	-8,773	0	0	966



**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Year**

Layer 118 of 127													
1,930.080 - STOCKHOLDER REPORTS JFH													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,253	7,254	0	375	125	0	0	125	24,878	17,306	4,584	1,661	57,560
2002	150	287	1,430	375	100	205	0	-277	0	42,981	3,936	919	50,107
Increase / -Decrease	1,103	6,967	-1,430	0	25	-205	0	402	24,878	-25,675	648	741	7,453

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.930.090 - CUSTOMER & PUBLIC INFORMATION RCH

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	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	1,061	5,035	393	2,193	4,337	7,179	3,176	2,137	2,838	4,792	2,437	1,346	36,922
2002	1,955	2,189	411	2,089	5,062	6,811	3,333	4,317	5,828	2,954	2,086	1,093	38,128
Increase / -Decrease	-894	2,846	-18	105	-725	368	-157	-2,181	-2,990	1,838	350	253	-1,205

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.930.100 - PUBLIC & COMMUNITY RELATIONS GRJ

Layer 120 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	200	1,135	3,668	1,135	1,335	2,731	2,064	1,475	1,477	529	255	9,642	25,645
2002	6,549	440	685	1,230	945	2,432	1,340	6,541	4,354	833	716	5,684	31,748
Increase / -Decrease	-6,349	695	2,983	-95	390	299	724	-5,066	-2,878	-304	-461	3,958	-6,103

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.930.110 - CONSERVATION PROGRAM JLC

Layer 121 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	3,050	3,900	1,300	3,200	1,550	1,200	3,650	2,650	5,300	4,800	6,850	6,750	44,200
2002	6,150	1,150	4,950	2,000	700	2,100	1,700	3,300	3,800	650	9,050	6,450	42,000
Increase / -Decrease	-3,100	2,750	-3,650	1,200	850	-900	1,950	-650	1,500	4,150	-2,200	300	2,200

Delta Natural Gas Company, Inc.													
Case No. 2004-00067													
Comparison of Total Company Test Year Account Balances With Those of the Preceding Year													
Layer 122 of 127													
1.930.120 - LOBBYING EXPENDITURES GRJ													
	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	123	0	0	-149	0	175	0	-35	0	669	783
2002	0	0	0	0	64	0	0	0	0	0	149	0	213
Increase / -Decrease	0	0	123	0	-64	-149	0	175	0	-35	-149	669	570

Delta Natural Gas Company, Inc.

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Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.930.130 - MISC NON TAX DEDUCTIBLE JFH

Layer 123 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	0	0	0	0	0	0	0	20	0	0	0	0	20
2002	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase / -Decrease	0	0	0	0	0	0	0	20	0	0	0	0	20

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.932.010 - MNT COMMUNICATION EQUIPMENT JLC

Layer 124 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	2,325	2,745	2,663	8,412	2,149	3,351	2,261	2,617	5,790	2,526	2,037	4,321	41,197
2002	2,340	1,540	4,634	2,068	3,767	2,864	1,495	4,864	2,314	1,845	6,069	2,431	36,229
Increase / -Decrease	-14	1,206	-1,971	6,344	-1,619	488	766	-2,246	3,476	682	-4,032	1,891	4,968

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.932.020 - MINT OFFICE EQUIPMENT JLC												Layer 125 of 127		
	01	02	03	04	05	06	07	08	09	10	11	12	Total	
2003	2,295	644	9,000	1,446	705	296	1,675	393	304	1,884	5,575	318	24,535	
2002	9,669	0	1,241	1,129	624	665	957	228	861	384	7,402	330	23,489	
Increase / -Decrease	-7,374	644	7,759	317	81	-369	718	165	-557	1,500	-1,827	-12	1,045	



Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.932.030 - MNT GENERAL STRUCTURES JLC

Layer 126 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	3,500	7,228	640	2,675	6,053	3,834	399	6,431	1,075	3,616	3,868	1,445	40,765
2002	3,666	1,511	1,643	3,355	1,225	1,131	2,290	2,171	4,817	3,166	6,399	3,721	35,093
Increase / -Decrease	-166	5,718	-1,002	-680	4,828	2,702	-1,890	4,260	-3,742	451	-2,531	-2,276	5,672

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Year

1.932.050 - MAINTENANCE COMPUTER EQUIPMENT JFH

Layer 127 of 127

	01	02	03	04	05	06	07	08	09	10	11	12	Total
2003	4,245	799	4,129	6,873	963	5,782	3,019	690	2,301	4,314	2,274	12,824	48,215
2002	643	678	11,770	6,548	5,116	8,540	5,769	969	11,549	5,558	529	237	57,906
Increase / -Decrease	3,602	121	-7,641	325	-4,153	-2,758	-2,750	-279	-9,248	-1,244	1,746	12,587	-9,692

**Delta Natural Gas Company, Inc.**  
**Case No. 2004-00067**  
**Comparison of Total Company Test Year Account Balances**  
**With Those of the Preceding Four Years**

	2003	% growth (2002, 2003)	2002	% growth (2001, 2002)	2001	% growth (2000, 2001)	2000	% growth (1999, 2000)	1999	% growth (1998, 1999)	1998
1.403.000 - DEPRECIATION EXPENSE JFH	4,220,988	3.78%	4,067,050	5.64%	3,849,939	-2.02%	3,929,429	1.26%	3,880,716	8.69%	3,570,354
1.403.100 - DEPRECIATION EXPENSE FOR ASSET RETIREMENT	174	/0	0	/0	0	/0	0	/0	0	/0	0
1.406.000 - AMORT OF GAS PLANT ACQ ADJ-TRANEX JFH	-58,800	0.00%	-58,800	0.00%	-58,800	0.00%	-58,800	50.00%	-39,200	/0	0
1.406.010 - AMORT OF GAS PLANT ACQ ADJ-MT OLIVET JFH	46,800	0.00%	46,800	0.00%	46,800	0.00%	46,800	886.37%	4,745	/0	0
1.408.010 - LICENSE & PRIVILEGE FEES JFH	5,059	-27.88%	7,015	412.06%	1,370	41.38%	969	-336.34%	-410	-197.00%	423
1.408.020 - PROPERTY TAXES JFH	995,052	4.31%	953,950	13.09%	843,556	-0.43%	847,200	-2.78%	871,400	17.35%	742,584
1.408.030 - PAYROLL TAXES JFH	521,120	3.94%	501,351	2.74%	487,987	1.01%	483,088	-3.62%	501,223	4.24%	480,841
1.409.010 - CURRENT FED INC TAX JFH	-704,400	-348.59%	283,361	-144.79%	-632,630	-277.50%	356,410	-7.46%	385,160	-55.99%	875,125
1.409.020 - CURRENT STATE INC TAX JFH	-188,100	-219.10%	157,940	-165.94%	-239,533	-351.73%	95,153	267.53%	25,890	-87.01%	199,300
1.409.070 - ESTIMATED INTERIM INCOME TAXES JFH	0	/0	0	/0	0	/0	0	/0	0	/0	0
1.409.080 - INCOME TAXES NON-REGULATED JFH	28,200	75.16%	16,100	13.38%	14,200	-52.82%	30,100	129.77%	13,100	-69.10%	42,400
1.410.000 - DEFERRED INCOME TAXES JFH	2,228,400	83.98%	1,211,200	-49.65%	2,405,413	64.52%	1,462,037	95.83%	746,600	-30265.66%	-2,475
1.410.010 - AMORT OF REGULATORY LIABILITY JFH	-25,500	0.00%	-25,500	0.00%	-25,500	0.00%	-25,500	0.00%	-25,500	-6.34%	-27,225
1.411.000 - INVESTMENT TAX CREDIT JFH	-20,000	-53.05%	-42,600	-14.63%	-49,900	-15.42%	-59,000	-11.21%	-66,450	-6.34%	-70,950
1.411.100 - ACCRETION EXPENSE JFH	1,342	/0	0	/0	0	/0	0	/0	0	/0	0
1.416.010 - LABOR SERVICE EXPENSE JLC	687	301.04%	171	-94.69%	3,223	49.65%	2,154	-7.39%	2,326	-40.45%	3,905
1.416.020 - MERCHANDISING EXPENSE JFH	18,157	-12.09%	20,655	-4.16%	21,551	-52.71%	45,576	11.11%	41,019	-2.91%	42,247

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1.420.000 - INVESTMENT TAX CREDIT NET JFH	-19,200	/0	0	/0	0	/0	0	/0	0	/0	0
1.426.020 - LIFE INSURANCE CO. BENEFICIARY JLC	-2,876	-115.32%	18,779	79.94%	10,436	-219.55%	-8,729	-204.68%	8,339	-189.65%	-9,302
1.427.000 - INTEREST ON LONG TERM DEBT JFH	3,932,075	6.07%	3,706,900	-1.10%	3,748,245	-1.57%	3,807,978	-1.84%	3,879,319	2.75%	3,775,502
1.428.000 - AMORT OF DEBT EXPENSES JFH	232,110	44.02%	161,160	0.00%	161,160	0.00%	161,160	0.00%	161,160	7.92%	149,332
1.431.010 - INTEREST ON CUSTOMER DEPOSITS JFH	29,116	-1.26%	29,489	1.12%	29,161	-4.91%	30,667	-18.12%	37,452	22.24%	30,637
1.431.020 - INTEREST ON SHORT-TERM DEBT JFH	359,395	-41.63%	615,689	-49.50%	1,219,084	26.97%	960,101	75.36%	547,491	-1.18%	554,002
1.431.021 - SUBSIDIARY INTEREST JFH	10,000	/0	0	/0	0	/0	0	/0	0	/0	0
1.753.010 - WELLS & GATHERING PAYROLL JLC	16,481	-31.61%	24,099	29.38%	18,626	31.05%	14,213	-9.50%	15,706	12.96%	13,903
1.753.020 - WELLS & GATHERING MISC ALH	10,472	-11.06%	11,775	699.28%	1,473	287.88%	380	-51.04%	776	-155.45%	-1,399
1.754.010 - COMPRESSOR STATION PAYROLL JLC	40,443	-2.64%	41,540	-0.04%	41,557	11.31%	37,334	-13.92%	43,371	5.60%	41,071
1.754.020 - COMPRESSOR STATION MISC. ALH	45,458	34.39%	33,825	-1.83%	34,455	15.22%	29,904	-1.46%	30,347	39.38%	21,773
1.764.010 - MNT WELLS & GATHERING PAYROLL JLC	1,115	258.62%	311	-81.94%	1,721	898.94%	172	-83.73%	1,059	-43.36%	1,870
1.764.020 - MNT WELLS & GATHERING OTHER ALH	1,200	436.93%	224	-63.21%	608	2.44%	593	-185.94%	-690	-120.68%	3,337
1.765.010 - MNT COMPRESSOR STATION PAYROLL JLC	4,317	31.54%	3,282	-30.44%	4,718	410.12%	925	-58.95%	2,253	-11.07%	2,533
1.765.020 - MNT COMPRESSOR STATION OTHER ALH	15,534	-21.18%	19,708	-11.48%	22,266	72.71%	12,892	-17.84%	15,692	2.91%	15,248
1.803.000 - PURCHASED GAS JFH	27,846,731	32.51%	21,014,727	-17.33%	25,419,925	41.95%	17,907,398	26.43%	14,163,438	-12.89%	16,260,038
1.816.010 - CM WELLS EXPENSES - PAYROLL JLC	46,512	-13.74%	53,921	12.14%	48,083	-32.86%	71,615	161.66%	27,370	21.55%	22,516

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1.816.020 - CM WELLS EXPENSES - MISC ALH	1,818	-29.35%	2,573	-39.73%	4,268	112.14%	2,012	-56.67%	4,643	95.60%	2,374
1.818.010 - CM COMPRESSOR STATION EXPENSES - PAYROLL	16,996	50.48%	11,294	-18.84%	13,916	-20.61%	17,529	70.91%	10,256	-40.34%	17,191
1.818.020 - CM COMPRESSOR STATION EXPENSES - MISC ALH	15,031	96.18%	7,662	-3.43%	7,934	1.42%	7,823	60.70%	4,868	-48.68%	9,485
1.821.000 - CM PURIFICATION OF NATURAL GAS ALH	86,120	188.08%	29,895	-76.42%	126,796	34.17%	94,506	1258.37%	6,957	295.02%	1,761
1.824.020 - CM OTHER UNDERGROUND STORAGE EXPENSES	7,410	16.01%	6,388	56.93%	4,070	53.44%	2,653	-59.48%	6,547	19.38%	5,484
1.825.000 - CM STORAGE WELL ROYALTIES/RENTS ALH	55,918	-0.52%	56,210	-2.11%	57,423	10.01%	52,196	-2.52%	53,545	-0.96%	54,064
1.831.020 - CM MAINTENANCE STRUCTURES & IMPROVEMENT	6,166	-37.50%	9,866	313.67%	2,385	-62.50%	6,360	176.52%	2,300	277.54%	609
1.832.010 - CM MAINT OF RESERVOIRS AND WELLS - PAYROLL	329	-26.70%	449	482.20%	77	-82.61%	444	-82.71%	2,567	70.99%	1,501
1.832.020 - CM MAINTENANCE OF RESERVOIRS AND WELLS - I	42,750	51.02%	28,308	-14.26%	33,015	31.37%	25,132	52.92%	16,435	34801.08%	47
1.834.010 - CM MAINT OF COMPRESSOR STAT EQUIP - PAYRO	5,430	2103.19%	246	-81.81%	1,355	844.78%	143	-86.49%	1,062	-28.32%	1,481
1.834.020 - CM MAINTENANCE OF COMPRESSOR STAT EQUIP	13,744	235.92%	4,091	-40.44%	6,870	91.85%	3,581	-38.27%	5,801	1.33%	5,725
1.835.010 - CM MAINT OF MEAS & REG STAT EQUIP - PAYROLL	599	78.12%	337	-7.91%	365	-29.26%	517	-9.69%	572	-69.40%	1,870
1.835.020 - CM MAINTENANCE OF MEAS & REG STAT EQUIP - A	962	-56.39%	2,205	98.97%	1,108	-39.06%	1,819	-3.13%	1,877	2.38%	1,834
1.837.020 - CM MAINTENANCE OF OTHER EQUIPMENT - MISC /	4,510	156.41%	1,759	-4.20%	1,836	-24.27%	2,425	76.44%	1,374	30.65%	1,052
1.856.000 - RIGHT OF WAY CLEARING ALH	78,586	7.43%	73,151	17.24%	62,396	-5.89%	66,299	28.70%	51,512	-6.12%	54,869
1.871.000 - TELEMETRY COSTS ALH	41,893	20.20%	34,854	5.66%	32,986	-7.73%	35,749	-3.44%	37,022	5.35%	35,141
1.880.010 - OPERATIONS OFFICE TELEPHONE JLC	110,454	-1.31%	111,916	18.94%	94,092	0.51%	93,616	16.92%	80,069	1.77%	78,673

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1.880.020 - OPERATIONS OFFICE UTILITIES JLC	51,419	-3.92%	53,519	20.15%	44,542	5.69%	42,143	-5.52%	44,607	0.02%	44,599
1.880.030 - OPERATIONS OFFICE MISC. JLC	82,410	-43.70%	146,369	77.77%	82,335	13.66%	72,441	-36.93%	114,865	15.87%	99,132
1.880.040 - FEES TRAINING SCHOOLS JLC	37,964	72.25%	22,040	-15.67%	26,136	57.95%	16,547	-51.91%	34,409	142.79%	14,173
1.880.050 - UNIFORMS JLC	37,765	26.67%	29,813	-2.17%	30,475	6.07%	28,731	-29.38%	40,682	-17.23%	49,153
1.880.060 - WELDING SUPPLIES ALH	18,560	59.10%	11,666	-17.79%	14,191	29.04%	10,997	13.26%	9,710	24.96%	7,770
1.881.010 - RENT OPERATING OFFICES JLC	500	-58.33%	1,200	0.00%	1,200	0.00%	1,200	0.00%	1,200	-67.16%	3,654
1.881.020 - RENT LAND & LAND RIGHTS ALH	16,603	1.17%	16,411	6.22%	15,449	-8.17%	16,825	8.83%	15,459	6.47%	14,520
1.886.000 - MNT STRUCTURES TRANS & DIST. ALH	0	-100.00%	204	/0	0	-100.00%	174	/0	0	-100.00%	2,103
1.887.010 - MNT TRANS & DIST MAINS PAYROLL JLC	57,925	-32.71%	86,081	18.07%	72,908	-6.40%	77,896	-17.12%	93,984	26.95%	74,033
1.887.020 - MNT TRANS & DIST MAINS OTHER ALH	72,093	-5.23%	76,071	21.21%	62,759	8.45%	57,871	-35.59%	89,842	31.61%	68,262
1.889.000 - MNT REG STATION TRANS & DIST. ALH	6,421	13.58%	5,653	-34.73%	8,662	634.08%	1,180	-70.00%	3,934	-6.83%	4,222
1.893.010 - MNT OF METERS & REG PAYROLL JLC	15,677	-1.22%	15,871	17.03%	13,561	-6.61%	14,521	-16.16%	17,319	-18.01%	21,123
1.893.020 - MNT OF METERS & REG OTHER ALH	45,130	-13.46%	52,148	28.39%	40,617	11.49%	36,432	-13.91%	42,320	-33.74%	63,874
1.894.010 - MNT OF OTHER EQUIPMENT PAYROLL JLC	12,769	0.45%	12,712	-33.94%	19,242	6.77%	18,022	0.31%	17,967	24.80%	14,397
1.894.020 - MNT OF OTHER EQUIPMENT OTHER ALH	80,111	2.94%	77,823	-22.28%	100,132	7.77%	92,910	-1.53%	94,359	30.66%	72,217
1.898.010 - MNT - TRANSP EQUIP EXPENSE-PAYROLL JLC	24,613	-16.56%	29,498	-5.24%	31,130	-9.55%	34,416	2.24%	33,660	7.73%	31,246
1.898.020 - MNT - POWER OPR EQUIP EXPENSE-PAYROLL JLC	12,567	-42.41%	21,820	3.37%	21,108	22.17%	17,278	-28.14%	24,044	77.80%	13,523

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1.900.010 - TRANS & DIST. PAYROLL JLC	2,377,376	1.02%	2,353,476	2.65%	2,292,712	2.17%	2,244,105	-1.42%	2,276,329	3.00%	2,210,003
1.900.020 - OPR TRANSPORTATION EXPENSES JLC	584,413	4.38%	559,889	-9.48%	618,510	-3.26%	639,344	21.53%	526,086	-2.38%	538,911
1.900.030 - SMALL TOOLS & WORK EQUIPMENT JLC	68,699	-17.82%	83,591	10.00%	75,995	31.77%	57,671	-21.32%	73,300	38.16%	53,056
1.903.010 - CASHING PAYROLL JLC	362,869	-0.25%	363,762	-8.18%	396,177	-15.25%	467,440	-6.31%	498,945	0.66%	495,671
1.903.020 - CUSTOMER COLLECTIONS & RECORDS JFH	227,093	12.25%	202,308	-2.05%	206,547	-1.41%	209,491	-0.18%	209,868	-2.05%	214,271
1.904.000 - UNCOLLECTIBLE ACCOUNTS JFH	478,567	98.06%	241,632	-63.93%	669,873	152.31%	265,500	29.90%	204,385	-40.91%	345,870
1.913.000 - ADVERTISING JLC	2,204	-58.95%	5,367	92.54%	2,788	-4.38%	2,915	-83.74%	17,930	66.40%	10,775
1.920.010 - ADMINISTRATIVE PAYROLL JLC	2,183,224	8.65%	2,009,344	5.10%	1,911,863	-2.95%	1,970,056	-6.87%	2,115,422	5.43%	2,006,502
1.920.020 - ADM TRANSPORTATION EXPENSES JLC	87,750	2.63%	85,500	1.79%	84,000	-0.59%	84,498	-3.43%	87,498	-2.78%	90,000
1.921.010 - ADM TELEPHONE JLC	150,134	-4.61%	157,393	7.02%	147,064	11.62%	131,759	-2.60%	135,270	6.72%	126,757
1.921.030 - BOOKS & SUBSCRIPTIONS JFH	27,005	16.73%	23,135	-2.97%	23,844	33.07%	17,918	-41.08%	30,411	-1.36%	30,831
1.921.040 - COMPANY FORMS JLC	28,916	17.63%	24,582	-28.10%	34,187	47.16%	23,231	-35.51%	36,022	-39.35%	59,395
1.921.050 - SMALL SUPPLY ITEMS JLC	59,875	-17.94%	72,963	3.40%	70,563	-1.30%	71,495	-17.09%	86,234	57.62%	54,709
1.921.060 - MISCELLANEOUS OTHER ITEMS JLC	55,254	-67.49%	169,972	-6.16%	181,134	8.01%	167,708	8.47%	154,608	-11.38%	174,463
1.921.070 - EMPLOYEE MEMBERSHIPS JLC	4,879	26.93%	3,844	46.83%	2,618	-24.92%	3,487	15.27%	3,025	-20.46%	3,803
1.921.080 - SAFETY LITERATURE & EDUCATION JLC	11,642	5.93%	10,990	59.89%	6,873	-10.81%	7,706	0.81%	7,645	16.53%	6,560
1.921.090 - ENGR & DRAFTING SUPPLIES ALH	7,670	16.41%	6,588	-6.54%	7,050	11.81%	6,305	-45.14%	11,494	0.07%	11,485

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1.921.100 - ADM UTILITIES JLC	35,027	2.88%	34,047	-3.94%	35,442	10.94%	31,948	2.95%	31,033	6.52%	29,132
1.921.110 - INVENTORY - DIFFERENCE JLC	-2,814	-208.68%	2,590	-69.34%	8,445	1206.10%	647	326.01%	152	-100.72%	-21,063
1.921.210 - TRAVEL ETC CO BUS PRES & CEO GRJ	9,672	2.57%	9,430	21.11%	7,786	-36.33%	12,228	0.86%	12,123	-28.98%	17,070
1.921.220 - TRAVEL ETC CO BUS OFFICERS GRJ	10,583	221.05%	3,296	-41.53%	5,638	-49.95%	11,263	22.20%	9,217	-7.60%	9,975
1.921.230 - TRAVEL ETC CO BUS OPER & CONST ALH	16,057	20.53%	13,322	-22.12%	17,105	126.70%	7,545	-50.17%	15,142	30.97%	11,561
1.921.240 - TRAVEL ETC CO BUS ADM&CUST SER JLC	6,256	53.36%	4,079	18.11%	3,454	-30.98%	5,004	-27.05%	6,859	98.72%	3,452
1.921.250 - TRAVEL ETC CO BUS EXTERNAL AFFAIRS ROH	65	-98.74%	5,188	40.29%	3,698	/0	0	-100.00%	165	308.31%	40
1.921.260 - TRAVEL ETC CO BUS FINANCE JFH	7,546	305.05%	1,863	-81.60%	10,124	67.75%	6,035	-35.94%	9,421	96.98%	4,783
1.921.290 - CO. BUS. MEALS & ENTERTAINMENT JFH	32,263	2.30%	31,537	-7.87%	34,232	25.26%	27,329	-22.29%	35,170	14.35%	30,758
1.921.300 - COMPUTER EQUIPMENT OPERATIONS JFH	18,589	167.55%	6,948	/0	0	/0	0	/0	0	/0	0
1.922.000 - EXPENSES TRANSFERRED JFH	-2,352,284	14.06%	-2,062,409	3.58%	-1,991,031	9.76%	-1,813,976	-10.09%	-2,017,649	-1.41%	-2,046,578
1.923.010 - OUTSIDE SERVICES LEGAL GRJ	60,344	-21.02%	76,400	15.60%	66,089	-11.85%	74,972	71.24%	43,782	-40.13%	73,126
1.923.020 - OUTSIDE SERVICES ACCOUNTING JFH	343,748	270.21%	92,851	-0.80%	93,600	9.36%	85,590	6.45%	80,400	-13.06%	92,483
1.923.030 - OUTSIDE SERVICES JANITORIAL JLC	56,562	3.42%	54,691	5.53%	51,826	1.37%	51,126	-1.16%	51,724	2.62%	50,403
1.923.040 - OUTSIDE SERVICES OTHER ALH	86,023	-12.14%	97,908	-14.08%	113,951	37.50%	82,872	-38.48%	134,705	38.80%	97,053
1.923.050 - OUTSIDE SERVICES COMPUTERS JFH	155,951	34.76%	115,721	20.33%	96,167	38.24%	69,568	23.33%	56,406	82.64%	30,883
1.924.000 - INSURANCE JFH	550,836	14.76%	479,976	40.36%	341,969	42.33%	240,268	-37.33%	383,412	-8.51%	419,058



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1.926.010 - TIME OFF PAYROLL JLC	797,893	18.70%	672,200	-6.15%	716,264	46.85%	487,767	-12.79%	559,304	23.15%	454,147
1.926.020 - PENSION JLC	497,034	-19.23%	615,380	80.16%	341,580	46.39%	233,335	21.56%	191,947	-34.45%	292,818
1.926.030 - EMPLOYEE 401K PLAN JLC	132,894	-21.94%	170,244	9.95%	154,838	-6.05%	164,811	-5.22%	173,894	-3.59%	180,370
1.926.040 - MEDICAL COVERAGE JLC	1,119,300	8.41%	1,032,492	21.25%	851,567	10.19%	772,830	-26.40%	1,050,037	43.98%	729,269
1.926.050 - SALARY CONTINUATION COVERAGE JLC	105,738	15.21%	91,778	-4.98%	96,587	5.35%	91,678	-5.95%	97,479	1.48%	96,053
1.926.060 - EMPLOYEE STOCK PLAN JLC	55,765	5.85%	52,683	5.54%	49,918	7.79%	46,310	-19.58%	57,587	2.43%	56,220
1.926.070 - EMPLOYEE EDUCATION JLC	1,552	/0	0	-100.00%	2,497	-0.83%	2,518	-25.56%	3,383	154.34%	1,330
1.926.080 - EMPLOYEE RECREATION & SOCIAL JLC	6,734	28.78%	5,229	-3.95%	5,445	2.87%	5,293	-53.50%	11,381	837.44%	1,214
1.928.000 - REGULATORY COMMISSION EXPENSE JFH	143,222	12.81%	126,962	22.90%	103,303	19.60%	86,377	33.12%	64,888	-38.17%	104,940
1.930.010 - DIRECTOR FEES & EXPENSES JFH	225,369	35.78%	165,979	5.22%	157,746	31.11%	120,317	37.57%	87,460	-1.51%	88,800
1.930.020 - COMPANY MEMBERSHIPS JLC	47,930	-3.18%	49,506	-30.03%	70,754	40.95%	50,197	13.52%	44,218	-3.40%	45,776
1.930.030 - FEES CONVENTIONS & MEETINGS JLC	9,254	68.26%	5,500	-2.49%	5,641	73.03%	3,260	-42.81%	5,700	15.62%	4,930
1.930.040 - MARKETING JLC	15,239	94.47%	7,836	14.50%	6,844	-37.89%	11,019	-70.41%	37,245	-1.65%	37,869
1.930.050 - COMPANY RELATIONS JLC	16,822	-18.61%	20,668	17.89%	17,532	4.76%	16,736	-33.27%	25,079	-22.83%	32,496
1.930.060 - TRUSTEE, REGISTRAR, AGENT FEES JFH	59,491	1.65%	58,525	2.13%	57,302	8.44%	52,844	10.55%	47,800	-8.49%	52,233
1.930.080 - STOCKHOLDER REPORTS JFH	57,560	14.87%	50,107	-23.02%	65,090	10.69%	58,803	-2.80%	60,495	5.81%	57,172
1.930.090 - CUSTOMER & PUBLIC INFORMATION RCH	36,922	-3.16%	38,128	6.54%	35,788	18.56%	30,186	-35.97%	47,147	-7.76%	51,114

Delta Natural Gas Company, Inc.

Case No. 2004-00067

Comparison of Total Company Test Year Account Balances  
With Those of the Preceding Four Years

	2003	% growth (2002, 2003)	2002	% growth (2001, 2002)	2001	% growth (2000, 2001)	2000	% growth (1999, 2000)	1999	% growth (1998, 1999)	1998
1.930.100 - PUBLIC & COMMUNITY RELATIONS GRJ	25,645	-19.22%	31,748	21.94%	26,037	-15.52%	30,819	72.09%	17,909	6.06%	16,885
1.930.110 - CONSERVATION PROGRAM JLC	44,200	5.24%	42,000	19.74%	35,075	-32.95%	52,310	4.10%	50,250	2.73%	48,913
1.930.120 - LOBBYING EXPENDITURES GRJ	783	268.12%	213	-46.69%	399	187.05%	139	-44.40%	250	-94.14%	4,269
1.930.130 - MISC NON TAX DEDUCTIBLE JFH	20	/0	0	/0	0	-100.00%	26	-99.76%	10,621	/0	0
1.932.010 - MNT COMMUNICATION EQUIPMENT JLC	41,197	13.71%	36,229	6.26%	34,093	-9.45%	37,652	-14.72%	44,150	7.02%	41,253
1.932.020 - MNT OFFICE EQUIPMENT JLC	24,535	4.45%	23,489	-30.59%	33,839	34.51%	25,157	36.87%	18,379	-17.48%	22,273
1.932.030 - MNT GENERAL STRUCTURES JLC	40,765	16.16%	35,093	34.56%	26,080	-32.32%	38,536	16.79%	32,996	55.18%	21,263
1.932.050 - MAINTENANCE COMPUTER EQUIPMENT JFH	48,215	-16.74%	57,906	-8.71%	63,434	33.64%	47,468	-39.74%	78,766	42.75%	55,176

DELTA NATURAL GAS COMPANY, INC  
CASE NO. 2004-00067  
Schedule of Gas Operations Salaries and Wages

	2000		2001		2002		2003	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Salaries and Wages	6,194,626	(3.7)	6,057,378	(2.2)	6,248,506	3.2	6,498,751	4.0
Overtime (included above)	307,245	115.3	388,907	26.6	367,896	(5.4)	414,993	12.8



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

21. Provide the following payroll information for employee classification or category:
- a. The actual regular hours worked during the test year.
  - b. The actual overtime hours worked during the test year.
  - c. The test-year-end wage rate for each employee classification or category and the date of the last increase.
  - d. A calculation of the percent of increase granted during the test year.

**RESPONSE:**

See attached schedule.

Also see Delta's response to Item 36.

Sponsoring Witness:

John F. Hall

Delta Natural Gas Company, Inc.  
Case No. 2004-00067

Item 21

Line Number		(a) Actual Regular Hours For Test Year	(b) Actual Overtime Hours For Test Year	(c) Yearly Wage Rate	(d) Percent of Increase
1	Field Personnel	224,378	16,781	3,550,934	3.31%
2	Cashiers	29,182	19	362,533	3.01%
3	Administrative & General	<u>83,171</u>	<u>1,575</u>	<u>2,117,269</u>	<u>8.33%</u>
4	Total	336,731	18,375	6,030,736	5.05%

(a & b) Actual Regular and Actual Overtime Hours includes part-time employees.  
(c) Yearly Wage Rate includes part-time employees (excludes overtime).  
The date of the last increase was 7/1/03.



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

22. Provide the amount of excess deferred federal income taxes resulting from the reduction in the corporate tax rate in 1979 and 1986, as of the end of the test year. Show the amounts associated with the 1979 reduction separately from the amounts associated with the 1986 reduction.

**RESPONSE:**

Unamortized excess deferred federal income taxes totaled \$275,975 at December 31, 2003. The Company attributes this balance to the 1986 reduction in corporate tax rates. There are no amounts associated with the 1979 reduction.

Sponsoring Witness:

John Brown





**DELTA NATURAL GAS COMPANY, INC.**  
**CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST**  
**DATED 3/17/04**

23. Provide the following tax data for the test year for total company:

a. Income taxes:

- (1) Federal operating income taxes deferred - accelerated tax depreciation.
- (2) Federal operating income taxes deferred - other (explain).
- (3) Federal income taxes - operating.
- (4) Income credits resulting from prior deferrals of federal income taxes.
- (5) Investment tax credit net.
  - (i) Investment credit realized.
  - (ii) Investment credit amortized - Pre-Revenue Act of 1971.
  - (iii) Investment credit amortized - Revenue Act of 1971.
- (6) The information in Item 23(a)(1-4) for state income taxes.
- (7) A reconciliation of book to taxable income as shown in Format 23(a)(7) and a calculation of the book federal and state income tax expense for the test year using book taxable income as the starting point.
- (8) A copy of federal and state income tax returns for the taxable year ended during the test year, including supporting schedules.
- (9) A schedule of franchise fees paid to cities, towns, or municipalities during the test year, including the basis of these fees.

b. An analysis of Kentucky other operating taxes as shown in Format 23(b).

**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

RESPONSE:

23. a. (1) See attached schedule
- (2) See attached schedule
- (3) See attached schedule
- (4) See attached schedule
- (5) See attached schedule
- (i) See attached schedule
- (ii) N/A
- (iii) Same as i) above
- (6) See attached schedule
- (7) See attached schedules
- (8) Tax returns filed under seal with motion for confidential treatment.
- (9) See attached schedules for the cities, towns or municipalities with which Delta has a franchise agreement. The fee is 3% of gross annual revenue and is levied on the monthly bills to those customers in the franchise area (with the exception of the City of Barbourville, where the fee is 5%; North Middletown, where the fee is 3.5%; and Annville, where the fee is 5%).
- b. See attached schedule

Sponsoring Witness:

John Brown

DELTA NATURAL GAS COMPANY, INC.

CASE NO. 2004-00067

Reconciliation of Book Net Income and Federal Taxable Income  
Test Year Ended December 2003

LINE NO.		Federal			Kentucky		
		Total Company	Company Non-Oper	KY Retail Jurisdiction	Total Company	Company Non-Oper	KY Retail Jurisdiction
1	NET INCOME PER BOOKS	3,850,607	1,550,924	2,299,683	3,850,607	1,550,924	2,299,683
2	ADD INCOME TAXES						
3	(A) FIT - CURRENT OPER	108,700		108,700	108,700		108,700
4	(B) DEFERRED - DEPR	-1,315,600		-1,315,600	-1,315,600		-1,315,600
5	(C) DEFERRED - OTHER	3,507,295		3,507,295	3,507,295		3,507,295
6	(D) ITC ADJUSTMENT	-40,000		-40,000	-40,000		-40,000
7	(E) SFAS AMORTIZATION ADJ	-25,500			-25,500		
8	(F) FIT OTHER INCOME	25,000	799,600	-774,600	25,000	799,600	-774,600
9	(G) KIT CURRENT OPER	123,600		123,600	123,600		123,600
10	(H) KIT OTHER INCOME	3,800	192,600	-188,800	3,800	192,600	-188,800
10	TOTAL TAXES	2,387,295	992,200	1,395,095	2,387,295	992,200	1,395,095
11	LOSS CARRYFORWARD			0	0		0
12	BOOK TAXABLE INCOME	6,237,902	2,543,124	3,694,778	6,237,902	2,543,124	3,694,778
13	SCHEDULE M'S						
14	PERMANENT:						
15	CHANGE CSV KEYMEN POLICIES	-2,876		-2,876	-2,876		-2,876
16	BUSINESS MEALS	15,545		15,545	15,545		15,545
16	LOBBYING EXP	123		123	123		123
16	Fuel Tax Credit	2,181					
17	TIMING:						
18	TAX DEPR VS BOOK	-3,751,967	0	-3,751,967	-2,564,588		-2,564,588
19	GAIN (LOSS) ASSETS RETIRED	797		797	797		797
20	SELF CONSTRUCTION INTEREST	240,090		240,090	240,090		240,090
21	PENSION COST AMORTIZATION	-593,712		-593,712	-593,712		-593,712
22	EMPLOYEE STOCK PLAN	1,440		1,440	1,440		1,440
25	PERSONAL LEAVE PLAN	21,842		21,842	21,842		21,842
26	CONTRIBUTION FOR CONSTRUCTION	2,933		2,933	2,933		2,933
28	DEFERRED GAS COST	-831,767		-831,767	-831,767		-831,767
29	Debt Expense - Early Retired	-1,050,553		-1,050,553	-1,050,553		-1,050,553
30	UNBILLED REVENUE	87,201		87,201	87,201		87,201
33	RESERVE FOR BAD DEBT	185,000		185,000	185,000		185,000
34	UNICAP - STORAGE GAS	-43,557		-43,557	-43,557		-43,557
35	TOTAL SCHEDULE M'S	-5,717,280	0	-5,717,280	-4,532,082		-4,532,082
36	TAXABLE INCOME	520,622	2,543,124	-2,022,502	1,705,820	2,543,124	-837,304
37	STATE TAX PROVISION	157,400	192,600	-35,200			
38	TAXABLE INCOME PER RETURNS	363,222	2,350,524	-1,987,302	1,705,820	2,543,124	-837,304
39	FEDERAL TAX PAYABLE AT 34%	123,495	799,178	-675,683			
40	KENTUCKY PAYABLE AT 8.25%				140,730	209,808	-69,078
41	LESS SUR TAX				13,330	13,330	0
42	KY TAX PAYABLE				127,400	196,478	-69,078

See item 23 a (7) Schedule 1 for the reconciliation of book to taxable income.

The calculation of book taxes is as follows:

Line #		
	1 BOOK INCOME BEFORE TAXES per Schedule 1 line 12	<u>6,250,694</u>
	2 STATE AT 8.25%	515,682
	3 LESS SURTAXES ( SUBS FILE SEPARATELY)	<u>19,499</u>
	4 TOTAL KY INCOME TAX	496,183
	5	
	6 FEDERAL TAXABLE INCOME	<u>5,754,511</u>
	7 FEDERAL TAX AT 34%	<u>1,956,534</u>
	8	
	9 BOOK STATE AND FEDERAL	2,452,717
	10	
	11 LESS TAX CALCULATION PER SCHEDULE 1	
	12 FEDERAL LINE 39	123,495
	13 STATE LINE 37	<u>127,400</u>
	14	
	15 DIFFERENCE	-2,201,822
	16 MISC	<u>10,122</u>
	17	
	18 DEFERRED TAXES	<u><u>-2,191,700</u></u>

Copy as filed

2002

U.S. Corporation Income Tax Return

For calendar year 2002 or tax year beginning JULY 1, 2002, ending JUNE 30, 2003

Instructions are separate. See page 20 for Paperwork Reduction Act Notice.

Form 1120 Department of the Treasury Internal Revenue Service

A Check if a: 1 Consolidated return (attach Form 851) [X] 2 Personal holding co. (attach Sch. PH) [ ] 3 Personal service corp. (as defined in Regulations sec. 1.441-3(c) - see instructions) [ ] Use IRS label. Otherwise, print or type. Name: DELTA NATURAL GAS COMPANY, INC. Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.): 3617 LEXINGTON ROAD City or town, state, and ZIP code: WINCHESTER KY 40391 B Employer identification number: 61-0458329 C Date incorporated: 10/07/1949 D Total assets (see page 8 of instructions): \$ 132,573,780

E Check applicable boxes: (1) [ ] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change

Table with columns for line numbers, descriptions, and amounts. Includes sections for Income (lines 1a-11), Deductions (lines 12-29), and Tax and Payments (lines 30-36). Total income is 21,805,387.00. Total tax is 210,239.00. Overpayment is 151,824.00.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer: [Signature] Date: 11-28-04 Title: Controller

May the IRS discuss this return with the preparer shown below (see instructions)? [ ] Yes [ ] No

Paid Preparer's Use Only: Preparer's signature, Date, Check if self-employed [ ], Preparer's SSN or PTIN, Firm's name (or yours if self-employed), address, and ZIP code, EIN, Phone No.

**Schedule A Cost of Goods Sold** (see page 14 of instructions)

1	Inventory at beginning of year	1	5,218,271
2	Purchases	2	50,787,575
3	Cost of labor	3	2,521,746
4	Additional section 263A costs (attach schedule)	4	0
5	Other costs (attach schedule)	5	5,519,964
6	<b>Total.</b> Add lines 1 through 5	6	64,047,556.00
7	Inventory at end of year	7	5,090,440
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on line 2, page 1	8	58,957,116.00

9a Check all methods used for valuing closing inventory:

- (i)  Cost as described in Regulations section 1.471-3
- (ii)  Lower of cost or market as described in Regulations section 1.471-4
- (iii)  Other (Specify method used and attach explanation.) **AVERAGE COST**

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation  Yes  No

<b>Schedule C Dividends and Special Deductions</b> (see instructions beginning on page 15)		(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction		80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))		100	
9	<b>Total.</b> Add lines 1 through 8. See page 16 of instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))		100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))		100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up (section 78)			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	<b>Total dividends.</b> Add lines 1 through 17. Enter here and on line 4, page 1			
20	<b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1			

**Schedule E Compensation of Officers** (see instructions for line 12, page 1, on page 10 of instructions)  
 Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
SEE ATTACHED SCHEDULE		%	%	%	866,507
2	Total compensation of officers				866,507.00
3	Compensation of officers claimed on Schedule A and elsewhere on return				866,507
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1				0.00

**Schedule J Tax Computation** (see page 17 of instructions)

<p><b>1</b> Check if the corporation is a member of a controlled group (see sections 1561 and 1563) <span style="float:right"><input type="checkbox"/></span>  <b>Important:</b> Members of a controlled group, see instructions on page 17.</p> <p><b>2a</b> If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):                  (1) \$ _____ (2) \$ _____ (3) \$ _____</p> <p><b>b</b> Enter the corporation's share of:                  (1) Additional 5% tax (not more than \$11,750) \$ _____                  (2) Additional 3% tax (not more than \$100,000) \$ _____</p> <p><b>3</b> Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 17) <span style="float:right"><input type="checkbox"/></span></p> <p><b>4</b> Alternative minimum tax (attach Form 4626) _____</p> <p><b>5</b> Add lines 3 and 4 _____</p> <p><b>6a</b> Foreign tax credit (attach Form 1118) _____ <b>6a</b> _____</p> <p><b>b</b> Possessions tax credit (attach Form 5735) _____ <b>6b</b> _____</p> <p><b>c</b> Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834) <b>6c</b> _____</p> <p><b>d</b> General business credit. Check box(es) and indicate which forms are attached.  <input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) _____ <b>6d</b> _____</p> <p><b>e</b> Credit for prior year minimum tax (attach Form 8827) _____ <b>6e</b> _____</p> <p><b>f</b> Qualified zone academy bond credit (attach Form 8860) _____ <b>6f</b> _____</p> <p><b>7</b> Total credits. Add lines 6a through 6f _____</p> <p><b>8</b> Subtract line 7 from line 5 _____</p> <p><b>9</b> Personal holding company tax (attach Schedule PH (Form 1120)) _____</p> <p><b>10</b> Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697  <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule) _____</p> <p><b>11</b> Total tax. Add lines 8 through 10. Enter here and on line 31, page 1 _____</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%; text-align: center;">3</td><td style="width:70%;"></td><td style="width:25%; text-align: right;">123,495</td></tr> <tr><td style="text-align: center;">4</td><td></td><td style="text-align: right;">86,744</td></tr> <tr><td style="text-align: center;">5</td><td></td><td style="text-align: right;">210,239.00</td></tr> <tr><td style="text-align: center;">7</td><td></td><td></td></tr> <tr><td style="text-align: center;">8</td><td></td><td style="text-align: right;">210,239.00</td></tr> <tr><td style="text-align: center;">9</td><td></td><td></td></tr> <tr><td style="text-align: center;">10</td><td></td><td></td></tr> <tr><td style="text-align: center;">11</td><td></td><td style="text-align: right;">210,239.00</td></tr> </table>	3		123,495	4		86,744	5		210,239.00	7			8		210,239.00	9			10			11		210,239.00
3		123,495																							
4		86,744																							
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8		210,239.00																							
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10																									
11		210,239.00																							

**Schedule K Other Information** (see page 19 of instructions)

<p><b>1</b> Check method of accounting: a <input type="checkbox"/> Cash                  b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) _____</p> <p><b>2</b> See page 21 of the instructions and enter the:                  a Business activity code no. <u>4920</u>                  b Business activity <u>DISTRIBUTOR</u>                  c Product or service <u>NATURAL GAS</u></p> <p><b>3</b> At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) <span style="float:right">X</span>                  If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.</p> <p><b>4</b> Is the corporation a subsidiary in an affiliated group or a parent-sub subsidiary controlled group? <span style="float:right">X</span>                  If "Yes," enter name and EIN of the parent corporation _____</p> <p><b>5</b> At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) <span style="float:right">X</span>                  If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned _____</p> <p><b>6</b> During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) <span style="float:right">X</span>                  If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.                  If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:50%; text-align: center;">Yes</td><td style="width:50%; text-align: center;">No</td></tr> <tr><td style="text-align: center;">X</td><td></td></tr> <tr><td></td><td style="text-align: center;">X</td></tr> <tr><td></td><td style="text-align: center;">X</td></tr> <tr><td></td><td style="text-align: center;">X</td></tr> </table>	Yes	No	X			X		X		X	<p><b>7</b> At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? <span style="float:right">X</span>                  If "Yes," enter: (a) Percentage owned _____                  and (b) Owner's country _____</p> <p><b>c</b> The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____</p> <p><b>8</b> Check this box if the corporation issued publicly offered debt instruments with original issue discount <span style="float:right"><input type="checkbox"/></span>                  If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.</p> <p><b>9</b> Enter the amount of tax-exempt interest received or accrued during the tax year <u>\$ _____</u></p> <p><b>10</b> Enter the number of shareholders at the end of the tax year (if 75 or fewer) _____</p> <p><b>11</b> If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <span style="float:right"><input type="checkbox"/></span>                  If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid.</p> <p><b>12</b> Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) <u>\$ _____</u></p> <p><b>13</b> Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? <span style="float:right">X</span>                  If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. <u>\$ _____</u></p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:50%; text-align: center;">Yes</td><td style="width:50%; text-align: center;">No</td></tr> <tr><td></td><td style="text-align: center;">X</td></tr> </table>	Yes	No		X
Yes	No																
X																	
	X																
	X																
	X																
Yes	No																
	X																

**Note:** If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.



Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash .....		225,236		1,430,014
2a	Trade notes and accounts receivable .....	3,071,526		4,940,769	
b	Less allowance for bad debts .....	(165,000)	2,906,526.00	(350,000)	4,590,769.00
3	Inventories .....		5,218,271		5,090,440
4	U.S. government obligations .....		0		0
5	Tax-exempt securities (see instructions) .....		0		0
6	Other current assets (attach schedule) .....		4,358,218		5,267,886
7	Loans to shareholders .....		0		0
8	Mortgage and real estate loans .....		0		0
9	Other investments (attach schedule) .....		0		0
10a	Buildings and other depreciable assets .....	156,305,064		163,745,043	
b	Less accumulated depreciation .....	(49,142,977)	107,162,087.00	(52,383,975)	111,361,068.00
11a	Depletable assets .....	0		0	
b	Less accumulated depletion .....	(0)	0.00	(0)	0.00
12	Land (net of any amortization) .....		0		0
13a	Intangible assets (amortizable only) .....	0		0	
b	Less accumulated amortization .....	(0)	0.00	(0)	0.00
14	Other assets (attach schedule) .....		6,616,748		4,843,603
15	<b>Total assets</b> .....		<b>126,487,086.00</b>		<b>132,583,780.00</b>
<b>Liabilities and Shareholders' Equity</b>					
16	Accounts payable .....		4,077,983		10,624,087
17	Mortgages, notes, bonds payable in less than 1 year .....		21,105,000		2,681,100
18	Other current liabilities (attach schedule) .....		3,412,717		3,305,759
19	Loans from shareholders .....		0		0
20	Mortgages, notes, bonds payable in 1 year or more .....		48,600,000		53,373,000
21	Other liabilities (attach schedule) .....		15,109,110		16,697,239
22	Capital stock: a Preferred stock .....	0		0	
b	Common stock .....	2,530,079	2,530,079.00	3,166,940	3,166,940.00
23	Additional paid-in capital .....		28,404,899		40,864,287
24	Retained earnings—Appropriated (attach schedule) .....		0		0
25	Retained earnings—Unappropriated .....		3,247,298		3,912,006
26	Adjustments to shareholders' equity (attach schedule) .....		0		(2,050,638)
27	Less cost of treasury stock .....		(0)		(0)
28	<b>Total liabilities and shareholders' equity</b> .....		<b>126,487,086.00</b>		<b>132,573,780.00</b>

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)**

1	Net income (loss) per books .....	3,850,607	7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest \$ _____	
2	Federal income tax per books .....	2,229,896		SEE ATTACHED	2,876
3	Excess of capital losses over capital gains .....	0	8	Deductions on this return not charged against book income this year (itemize): a Depreciation ..... \$ _____ b Charitable contributions \$ _____	
4	Income subject to tax not recorded on books this year (itemize): SEE ATTACHED	275,931		SEE ATTACHED	6,336,077
5	Expenses recorded on books this year not deducted on this return (itemize): a Depreciation ..... \$ _____ b Charitable contributions ..... \$ _____ c Travel and entertainment ..... \$ _____ SEE ATTACHED	345,741	9	Add lines 7 and 8 .....	6,338,953.00
6	Add lines 1 through 5 .....	6,702,175.00	10	Income (line 28, page 1) — line 6 less line 9 .....	363,222.00

**Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1	Balance at beginning of year .....	3,247,299	5	Distributions: a Cash .....	3,185,900
2	Net income (loss) per books .....	3,850,607		b Stock .....	
3	Other increases (itemize): _____			c Property .....	
4	Add lines 1, 2, and 3 .....	7,097,906.00	6	Other decreases (itemize): _____	
			7	Add lines 5 and 6 .....	3,185,900.00
			8	Balance at end of year (line 4 less line 7) .....	3,912,006.00

DELTA NATURAL GAS COMPANY AND SUBSIDIARIES  
ATTACHMENT TO FORM 1120 FOR THE YEAR ENDED  
6-30-03 61-0458329

	----- FEDERAL & KY INCOME TAX RETURN -----				
	DELTA NATURAL	DELTA RESOURCES	DELGASCO	ENPRO	TOTAL
LINE 1C GROSS RECEIPTS	50,986,472	11,270,072	16,983,417	1,450,179	80,690,140
LINE 1B RETURNS AND ALLOWANCES	0	0	0	0	0
LINE 1C BALANCE	50,986,472	11,270,072	16,983,417	1,450,179	80,690,140
LINE 2 COST OF GOODS SOLD	31,900,276	10,297,759	16,257,880	501,201	58,957,116
LINE 3 GROSS PROFIT	19,086,196	972,313	725,537	948,978	21,733,024
LINE 4 DIVIDENDS	0	0	0	0	0
LINE 5 INTEREST	26,026	(2,103)	(5,060)	0	18,863
LINE 6 GROSS RENTS	0	0	0	0	0
LINE 7 GROSS ROYALTIES	0	0	0	0	0
LINE 8 CAPITAL GAIN NET INCOME	0	0	0	0	0
LINE 9 NET GAIN/LOSS - FORM 4797	797	0	0	0	797
LINE 10 OTHER INCOME	47,534	5,169	0	0	52,703
LINE 11 TOTAL INCOME	19,160,553	975,379	720,477	948,978	21,805,387
LINE 12 COMPENSATION OF OFFICERS	0	0	0	0	0
LINE 13 SALARIES AND WAGES	3,318,791	0	0	0	3,318,791
LINE 14 REPAIRS AND MAINTENANCE	159,105	0	0	0	159,105
LINE 15 BAD DEBTS	351,910	0	0	0	351,910
LINE 16 RENTS	17,926	0	0	0	17,926
LINE 17 PROP, P/R & LICENSE TAXES	1,498,713	96	1,495	9,807	1,510,111
STATE INCOME TAXES AS CALC	(31,500)	71,400	50,500	67,000	157,400
TOTAL LINE 17	1,467,213	71,496	51,995	76,807	1,667,511
LINE 18 INTEREST	4,189,672	0	0	4,112	4,193,784
LINE 19 CHARITABLE CONTRIBUTIONS	0	0	0	0	0
LINE 20 DEPRECIATION FORM 4562	0	0	0	0	0
LINE 21A DEPR ON SCHEDULE A ETC	0	0	0	0	0
LINE 21B DEPRECIATION	7,914,975	0	0	0	7,914,975
LINE 22 DEPLETION	0	0	0	0	0
LINE 23 ADVERTISING	2,151	0	0	0	2,151
LINE 24 PENSION/PROFIT SHARING	1,109,612	0	0	0	1,109,612
LINE 25 EMPLOYEE BENEFIT PROGRAMS	1,111,661	0	0	0	1,111,661
LINE 26 OTHER DEDUCTIONS					
ADM AND GENERAL	187,549	51,200	47,700	63,743	350,192
AMORTIZATION OF DEBT EXPENSE	1,244,547	0	0	0	1,244,547
TOTAL LINE 26	1,432,096	51,200	47,700	63,743	1,594,739
LINE 27 TOTAL DEDUCTIONS	21,075,112	122,696	99,695	144,662	21,442,165
LINE 28 INCOME BEFORE LOSS DEDUCT	(1,914,559)	852,683	620,782	804,316	363,222
LINE 29 NET OPERATING DEDUCTIONS	0	0	0	0	0
LINE 30 FEDERAL TAXABLE INCOME	(1,914,559)	852,683	620,782	804,316	363,222
KY INC TAX INCLUDED	(31,500)	71,400	50,500	67,000	157,400
KY TAXABLE INCOME	(1,946,059)	924,083	671,282	871,316	520,622

DELTA NATURAL GAS COMPANY AND SUBSIDIARIES  
 ATTACHMENT TO FORM 1120 FOR THE YEAR ENDED  
 6-30-03 61-0458329

----- FEDERAL & KY INCOME TAX RETURN -----

	DELTA NATURAL	DELTA RESOURCES	DELGASCO	ENPRO	TOTAL
--	------------------	--------------------	----------	-------	-------

SCHEDULE A COST OF GOODS SOLD

LINE 1 INVENTORY BEGIN OF YEAR	5,218,271	0	0	0	5,218,271
LINE 2 PURCHASES	27,299,106	7,702,038	15,722,893	63,538	50,787,575
LINE 3 COST OF LABOR	2,505,859	0	0	15,887	2,521,746
LINE 4 ADD SECTION 263A COSTS	0	0	0	0	0
LINE 5 OTHER COSTS	0				
REPAIRS AND MAINTENANCE	427,693	0	0	119,936	547,629
UTILITIES	202,540	0	0	0	202,540
TRANSPORTATION EXPENSE	687,426	2,595,721	534,987	50,292	3,868,426
SUPPLIES	649,821	0	0	4,039	653,860
DEPLETION EXPENSE	0	0	0	150,005	150,005
WORKING INTEREST & ROYALTIES	0	0	0	97,504	97,504
TOTAL LINE 5	1,967,480	2,595,721	534,987	421,776	5,519,964
LINE 6 TOTAL LINE 1 THRU 5	36,990,716	10,297,759	16,257,880	501,201	64,047,556
LINE 7 INVENTORY END OF YEAR	5,090,440	0	0	0	5,090,440
LINE 8 COST OF GOODS SOLD (6 - 7)	31,900,276	10,297,759	16,257,880	501,201	58,957,116

SCHEDULE E, OFFICER COMPENSATION

NAME	SSN	% OF TIME DEVOTED	% OF COMMON SHARES	COMPENSATION AMOUNT
JOHN BROWN	402-94-9492	100	0.02	110,527
JOHNNY CAUDILL	402-74-5690	100	0.11	140,676
JOHN HALL	405-58-3944	100	0.03	142,012
ALAN FEATH	313-52-4321	100	0.14	159,432
GLENN R JENNINGS	407-72-5620	100	0.28	313,860
TOTAL				866,507

AFFILIATED COMPANIES

COMPANY NAME	FIN
DELTA NATURAL GAS COMPANY, INC	61-0458329
DELTA RESOURCES, INC	61-1056941
DELGASCO, INC	61-1103681
ENPRO, INC	61-1103680

61-0458323

DELTA NATURAL GAS COMPANY AND SUBSIDIARIES  
ATTACHMENT TO FORM 1120 FOR THE YEAR ENDED  
6-30-03

SCHEDULE L:

ASSETS

LINE	DELTA NATURAL		DELTA RESOURCES		DELGASCO		ENPRO		CONSOLIDATED	
	BEGINNING	ENDING	BEGINNING	ENDING	BEGINNING	ENDING	BEGINNING	ENDING	BEGINNING	ENDING
LINE 1	225,236	1,420,014							225,236	1,420,014
LINE 2A	2,431,494	3,876,408			640,482	1,064,361	(450)		3,071,526	4,940,769
LINE 2B	(165,000)	(350,000)							(165,000)	(350,000)
LINE 2	2,266,494	3,526,408	0	0	640,482	1,064,361	(450)	0	2,906,526	4,590,769
LINE 3	5,218,271	5,090,440							5,218,271	5,090,440
LINE 4									0	0
LINE 5									0	0
LINE 6	3,460,059	4,291,824							3,460,059	4,291,824
	523,756	552,479							523,756	552,479
	374,403	423,583							374,403	423,583
	4,358,218	5,267,886							4,358,218	5,267,886
TOTAL LINE 6									0	0
LINE 7									0	0
LINE 8										
LINE 9	2,011,101	(1,071,264)	301,299	342,115	(737,560)	2,397,470	(512,270)	376,505	1,082,570	2,044,826
			(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(3,000)	(3,000)
			(385,492)	(307,250)	26,816	(382,866)	(820,894)	(1,351,710)	(1,079,570)	(2,041,826)
			14,807	33,865	(713,744)	2,013,604	(1,334,164)	(976,205)	0	0
TOTAL LINE 9	2,011,101	(1,071,264)							156,305,064	163,745,043
LINE 10A	153,683,171	163,132,479							153,683,171	163,132,479
LINE 10B	(47,922,388)	(51,033,382)							(47,922,388)	(51,033,382)
LINE 10	105,760,783	110,119,097	0	0	0	0	1,403,304	1,241,971	107,162,087	111,361,068
LINE 11A									0	0
LINE 11B									0	0
LINE 12									0	0
LINE 13A										
LINE 13B										
LINE 14	344,687	356,137							344,687	356,137
	158,000	134,000							158,000	134,000
	5,483,670	4,309,900			630,391	43,566			6,114,061	4,333,466
	5,986,357	4,800,037			630,391	43,566			6,616,748	4,843,603
TOTAL LINE 14			0	0	559,129	3,121,531	66,690	265,766	126,487,086	132,573,760
LINE 15	135,846,460	129,152,618	14,807	33,865						

DELTA NATURAL GAS COMPANY AND SUBSIDIARIES  
 ATTACHMENT TO FORM 1120 FOR THE YEAR ENDED  
 6-30-03

61-0458323

SCHEDULE L1

LIABILITIES & STOCKHOLDERS EQUITY

LINE	DELTA NATURAL		DELTA RESOURCES		DELAGASCO		ENPRO		CONSOLIDATED	
	BEGINNING	ENDING	BEGINNING	ENDING	BEGINNING	ENDING	BEGINNING	ENDING	BEGINNING	ENDING
LINE 16	3,483,793	7,454,700	3	3	554,757	3,108,125	39,430	61,259	4,077,983	10,624,087
LINE 17	21,105,000	2,681,100							21,105,000	2,681,100
LINE 18	646,558	725,116	14,804	33,862	4,372	13,406	8,140	24,841	673,874	797,225
REFUNDS DUE CUSTOMERS	73,973								73,973	0
CUSTOMER DEPOSITS	440,568	442,315							440,568	442,315
ACCURED INTEREST	1,162,956	902,673							1,162,956	902,673
ACCURED VACATION	558,066	576,388							558,066	576,388
OTHER ITEMS	484,160	587,158					19,120		503,280	587,158
TOTAL LINE 18	3,366,281	3,233,650	14,804	33,862	4,372	13,406	27,260	24,841	3,412,717	3,308,759
LINE 19	48,600,000	53,373,000							48,600,000	53,373,000
LINE 20	14,076,273	14,844,431							14,076,273	14,844,431
LINE 21	404,600	364,600							404,600	364,600
DEFERRED INCOME TAXES	562,025	491,325						179,666	562,025	491,325
INVESTMENT TAX CREDITS										179,666
REGULATORY LIABILITY										0
ASSET RETIREMENT OBLIGATION										0
ACCUM PROV FOR PENSIONS		716,760								716,760
ADVANCES FOR CONSTRUCTION	64,212	100,437							64,212	100,437
TOTAL LINE 21	15,109,110	16,517,573							15,109,110	16,697,239
LINE 22	2,530,079	3,166,940	0	0	0	0	0	179,666	2,530,079	3,166,940
LINE 23	28,404,899	40,864,287							28,404,899	40,864,287
LINE 24	3,247,298	3,912,006							3,247,298	3,912,006
LINE 25		(2,050,638)								(2,050,638)
LINE 26										0
LINE 27										0
LINE 28	125,846,460	129,152,618	14,807	33,865	559,329	3,121,531	66,690	265,766	126,487,086	132,573,760

DELTA NATURAL GAS COMPANY AND SUBSIDIARIES  
ATTACHMENT TO FORM 1120 FOR THE YEAR ENDED 6-30-03

61-0458329

SCHEDULE M-1 DETAILS:

DELTA NATURAL GAS COMPANY INC:

SCHEDULE M-1, LINE 4 - INCOME NOT ON BOOKS	AMOUNT
DEBT EXPENSE	0
BAD DEBT RESERVE	185,000
DEFERRED GAS COSTS	0
UNBILLED REVENUE	87,201
CONTRIBUTION IN AID OF CONSTRUCTION	2,933
UNICAP GAS STORAGE	0
GAIN ON ASSETS RETIRED	797
TOTAL	275,931

SCHEDULE M-1, LINE 5 - BOOK EXPENSE NOT DEDUCTED	AMOUNT
SELF CONSTRUCTION INTEREST	240,090
PERSONAL LEAVE PLAN	21,842
EMPLOYEE STOCK PLAN	1,440
MEALS AND ENTERTAINMENT	15,545
DEBT EXPENSE	64,520
LOBBYING EXPENSES	123
FUEL TAX CREDIT	2,181
CSV OF LIFE INSURANCE	0
TOTAL	345,741

SCHEDULE M-1, LINE 7 - BOOK INCOME NOT INCLUDED	AMOUNT
CSV OF LIFE INSURANCE	2,876
TOTAL	2,876

SCHEDULE M-1, LINE 8 - DEDUCTIONS NOT ON BOOKS	AMOUNT
ACCRUED PENSION	593,712
CONTRIBUTIONS IN AID OF CONST	0
LOSS ON RETIRED ITEMS	0
PREMIUM ON RETIRED BONDS	592,240
UNAMORTIZED EXPENSE ON RETIRED BONDS	522,834
TAX DEPRECIATION VS BOOKS	3,751,967
UNICAP GAS STORAGE	43,557
DEFERRED GAS COSTS	831,767
TOTAL	6,336,077

NET SCHEDULE M'S (5,717,281)

## Affiliations Schedule

▶ File with each consolidated income tax return.

OMB No. 1545-0025

Tax year ending         JUNE 30        ,         2003        

Name of common parent corporation <b>DELTA NATURAL GAS COMPANY, INC.</b>	Employer identification number <b>61-0458329</b>
Number, street, and room or suite no. (if a P.O. box, see instructions.) <b>3617 LEXINGTON ROAD</b>	
City or town, state, and ZIP code <b>WINCHESTER KY 40391</b>	

**Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (See instructions.)**

Corp. No.	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation .....			
2	Subsidiary corporations: DELTA RESOURCES	61-1056941		
3	DELGASCO, INC.	61-1103681		
4	ENPRO, INC.	61-1103680		
5				
6				
7				
8				
9				
10				
<b>Totals (Must equal amounts shown on the consolidated tax return.) .....</b> ▶				

**Part II Principal Business Activity, Voting Stock Information, Etc. (See instructions.)**

Corp. No.	Principal business activity (PBA)	PBA Code No.	Did the subsidiary make any nondividend distributions?		Stock holdings at beginning of year			
			Yes	No	Number of shares	Percent of voting power	Percent of value	Owned by corporation no.
1	Common parent corporation: DELTA NATURAL GAS COMPANY, INC.	4920						
2	Subsidiary corporations: DELTA RESOURCES, INC.	4920		X	100	100%	100%	1
3	DELGASCO, INC.	4920		X	100	100%	100%	1
4	ENPRO, INC.	4920		X	100	100%	100%	1
5						%	%	
6						%	%	
7						%	%	
8						%	%	
9						%	%	
10						%	%	

<b>Part III Changes in Stock Holdings During the Tax Year</b>							
Corp. No.	Name of corporation	Shareholder of Corporation No.	Date of transaction	(a) Changes		(b) Shares held after changes described in column (a)	
				Number of shares acquired	Number of shares disposed of	Percent of voting power	Percent of value
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%

(c) If any disposition listed above caused a deconsolidation of a group member, did the basis of any shares retained by the group exceed the value of those shares immediately before the deconsolidation?  Yes  No

If "Yes," see Regulations section 1.1502-20(b) regarding basis adjustment requirements.

(d) Is the group claiming that a loss recognized on the disposition of the stock of a group member is allowed under Regulations section 1.1502-20(c)?  Yes  No

If "Yes," attach a statement entitled "ALLOWED LOSS UNDER SECTION 1.1502-20(c)" that contains the information required by Regulations section 1.1502-20(c)(3).

(e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

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(f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

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**Part IV Additional Stock Information (See instructions.)**

**1** During the tax year, did the corporation have more than one class of stock outstanding?

Corp. No.	Name of corporation	Answer to question 1		If "Yes" to question 1, list and describe each class of stock.
		Yes	No	
	APPLICABLE TO ALL COMPANIES		X	

**2** During the tax year, was there (a) any member of the consolidated group that reaffiliated within 60 months of disaffiliation or (b) any member of the affiliated group that was deconsolidated under Rev. Proc. 91-11, 1991-1 C.B. 470 (as modified and clarified by Rev. Proc. 91-39, 1991-2 C.B. 694), Rev. Proc. 95-11, 1995-1 C.B. 505, or Rev. Proc. 95-39, 1995-2 C.B. 399?

Corp. No.	Name of corporation	Answer to question 2		If "Yes" to (a) or (b) of question 2, list the member(s) and explain the circumstances.
		Yes	No	
	APPLICABLE TO ALL COMPANIES		X	

**3** During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group?

Corp. No.	Name of corporation	Answer to question 3		Item 3a	Item 3b	Item 3c
		Yes	No			
	APPLICABLE TO ALL COMPANIES		X	%	%	%
				%	%	%
				%	%	%
				%	%	%

Corp. No.	Item 3d — Provide a description of any arrangement.

**Sign Here**

Under penalties of perjury, I declare that I have examined this form, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete for the tax year as stated.

*John Brown*  
Signature of officer

11-22-04  
Date

Controller  
Title

# Underpayment of Estimated Tax by Corporations

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

**2002**

▶ Attach to the corporation's tax return.

Name <b>DELTA NATURAL GAS COMPANY, INC.</b>	Employer identification number <b>61-0458329</b>
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**Note:** In most cases, the corporation does not need to file Form 2220. (See Part I below for exceptions.) The IRS will figure any penalty owed and bill the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 34 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220.

**Part I Reasons for Filing** — Check the boxes below that apply to the corporation. If any boxes are checked, the corporation must file Form 2220, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty.

- 1  The corporation is using the annualized income installment method.
- 2  The corporation is using the adjusted seasonal installment method.
- 3  The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

**Part II Figuring the Underpayment**

4 Total tax (see instructions) .....	<b>4</b>	210,239																																																		
5a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4. ....	<b>5a</b>	0																																																		
b Look-back interest included on line 4 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method .....	<b>5b</b>	0																																																		
c Credit for Federal tax paid on fuels (see instructions) .....	<b>5c</b>	0																																																		
d Total. Add lines 5a through 5c .....	<b>5d</b>	0.00																																																		
6 Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty .....	<b>6</b>	210,239.00																																																		
7 Enter the tax shown on the corporation's 2001 income tax return (see instructions) <b>Caution: If zero or the tax year was for less than 12 months, skip this line and enter the amount from line 6 on line 8.</b> .....	<b>7</b>	829,153																																																		
8 Enter the smaller of line 6 or line 7. If the corporation is required to skip line 7, enter the amount from line 6 .....	<b>8</b>	210,239.00																																																		
9 <b>Installment due dates.</b> Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year. ....	<b>9</b>	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:25%;"></th> <th style="width:25%; text-align: center;">(a)</th> <th style="width:25%; text-align: center;">(b)</th> <th style="width:25%; text-align: center;">(c)</th> <th style="width:25%; text-align: center;">(d)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>10</b></td> <td style="text-align: center;">10-15-02</td> <td style="text-align: center;">12-15-02</td> <td style="text-align: center;">3-15-03</td> <td style="text-align: center;">6-15-03</td> </tr> <tr> <td style="text-align: center;"><b>11</b></td> <td style="text-align: right;">359,882</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;"><b>12</b></td> <td></td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> </tr> <tr> <td style="text-align: center;"><b>13</b></td> <td></td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> </tr> <tr> <td style="text-align: center;"><b>14</b></td> <td></td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> </tr> <tr> <td style="text-align: center;"><b>15</b></td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> </tr> <tr> <td style="text-align: center;"><b>16</b></td> <td></td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> <td></td> </tr> <tr> <td style="text-align: center;"><b>17</b></td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> </tr> <tr> <td style="text-align: center;"><b>18</b></td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> <td style="text-align: right;">359,882.00</td> <td></td> </tr> </tbody> </table>		(a)	(b)	(c)	(d)	<b>10</b>	10-15-02	12-15-02	3-15-03	6-15-03	<b>11</b>	359,882				<b>12</b>		359,882.00	359,882.00	359,882.00	<b>13</b>		359,882.00	359,882.00	359,882.00	<b>14</b>		0.00	0.00	0.00	<b>15</b>	359,882.00	359,882.00	359,882.00	359,882.00	<b>16</b>		0.00	0.00		<b>17</b>	0.00	0.00	0.00	0.00	<b>18</b>	359,882.00	359,882.00	359,882.00	
	(a)	(b)	(c)	(d)																																																
<b>10</b>	10-15-02	12-15-02	3-15-03	6-15-03																																																
<b>11</b>	359,882																																																			
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<b>14</b>		0.00	0.00	0.00																																																
<b>15</b>	359,882.00	359,882.00	359,882.00	359,882.00																																																
<b>16</b>		0.00	0.00																																																	
<b>17</b>	0.00	0.00	0.00	0.00																																																
<b>18</b>	359,882.00	359,882.00	359,882.00																																																	
10 <b>Required installments.</b> If the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 40. If the box on line 3 (but not 1 or 2) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 8 above in each column .....	<b>10</b>																																																			
11 <b>Estimated tax paid or credited for each period</b> (see instructions). For column (a) only, enter the amount from line 11 on line 15 .....	<b>11</b>	359,882																																																		
<i>Complete lines 12 through 18 of one column before going to the next column.</i>																																																				
12 Enter amount, if any, from line 18 of the preceding column .....	<b>12</b>																																																			
13 Add lines 11 and 12. ....	<b>13</b>																																																			
14 Add amounts on lines 16 and 17 of the preceding column. ....	<b>14</b>																																																			
15 Subtract line 14 from line 13. If zero or less, enter -0- .....	<b>15</b>																																																			
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0- .....	<b>16</b>																																																			
17 <b>Underpayment.</b> If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18. ....	<b>17</b>																																																			
18 <b>Overpayment.</b> If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column .....	<b>18</b>																																																			

**Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.**

or Paperwork Reduction Act Notice, see separate instructions.

**Part III Figuring the Penalty**

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)	19			
20 Number of days from due date of installment on line 9 to the date shown on line 19	20			
21 Number of days on line 20 after 4/15/2002 and before 1/1/2003	21			
22 Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 21}}{365} \times 6\%$	22	\$	\$	\$
23 Number of days on line 20 after 12/31/2002 and before 4/1/2003	23			
24 Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 23}}{365} \times 5\%$	24	\$	\$	\$
25 Number of days on line 20 after 3/31/2003 and before 7/1/2003	25			
26 Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 25}}{365} \times \%$	26	\$	\$	\$
27 Number of days on line 20 after 6/30/2003 and before 10/1/2003	27			
28 Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 27}}{365} \times \%$	28	\$	\$	\$
29 Number of days on line 20 after 9/30/2003 and before 1/1/2004	29			
30 Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 29}}{365} \times \%$	30	\$	\$	\$
31 Number of days on line 20 after 12/31/2003 and before 2/16/2004	31			
32 Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 31}}{365} \times \%$	32	\$	\$	\$
33 Add lines 22, 24, 26, 28, 30, and 32	33	\$	\$	\$
34 Penalty. Add columns (a) through (d), of line 33. Enter the total here and on Form 1120, line 33; Form 1120-A, line 29; or the comparable line for other income tax returns	34			\$

\*For underpayments paid after March 31, 2003: For lines 26, 28, 30, and 32, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS Web Site at [www.irs.gov](http://www.irs.gov). You can also call 1-800-829-1040 to get interest rate information.

**Schedule A** Annualized Income Installment Method and/or the Adjusted Seasonal Installment Method Under Section 6655(e)  
(see instructions)

Form 1120S filers: For lines 2, 14, 15, and 16, below, "taxable income" refers to excess net passive income or the amount on which tax is imposed under section 1374(a) (or the corresponding provisions of prior law), whichever applies.

Part I — Annualized Income Installment Method		(a)	(b)	(c)	(d)
		First <u>3</u> months	First <u>3</u> months	First <u>6</u> months	First <u>9</u> months
1	Annualization periods (see instructions).	1			
2	Enter taxable income for each annualization period (see instructions).	2	(5,370,438)	(5,370,438)	(6,673,279)
3	Annualization amounts (see instructions).	3	4	4	2
4	Annualized taxable income. Multiply line 2 by line 3.	4	(21,481,752.00)	(21,481,752.00)	(13,346,558.00)
5	Figure the tax on the amount in each column on line 4 using the instructions for Form 1120, Schedule J, line 3 (or the comparable line of the tax return).	5			
6	Enter any alternative minimum tax and other taxes for each payment period (see instructions).	6			303,000
7	Total tax. Add lines 5 and 6.	7			303,000.00
8	For each period, enter the same type of credits as allowed on Form 2220, lines 4 and 5c (see instructions).	8			
9	Total tax after credits. Subtract line 8 from line 7. If zero or less, enter -0-.	9			303,000.00
10	Applicable percentage.	10	25%	50%	75%
11	Multiply line 9 by line 10.	11			100%
12	Add the amounts in all preceding columns of line 10 (see instructions).	12			303,000.00
13	Annualized income installments. Subtract line 12 from line 11. If zero or less, enter -0-.	13			303,000.00

**Part II — Adjusted Seasonal Installment Method (Caution: Use this method only if the base period percentage for any 6 consecutive months is at least 70%. See instructions for more information.)**

		(a)	(b)	(c)	(d)
		First 3 months	First 5 months	First 8 months	First 11 months
14	Enter taxable income for the following periods:				
a	Tax year beginning in 1999	14a			
b	Tax year beginning in 2000	14b			
c	Tax year beginning in 2001	14c			
15	Enter taxable income for each period for the tax year beginning in 2002.	15			
			First 4 months	First 6 months	First 9 months
16	Enter taxable income for the following periods:				Entire year
a	Tax year beginning in 1999	16a			
b	Tax year beginning in 2000	16b			
c	Tax year beginning in 2001	16c			
17	Divide the amount in each column on line 14a by the amount in column (d) on line 16a.	17			
18	Divide the amount in each column on line 14b by the amount in column (d) on line 16b.	18			
19	Divide the amount in each column on line 14c by the amount in column (d) on line 16c.	19			

		(a)	(b)	(c)	(d)
		First 4 months	First 6 months	First 9 months	Entire year
20	Add lines 17 through 19.				
21	Divide line 20 by 3.				
22	Divide line 15 by line 21.				
23	Figure the tax on the amount on line 22 using the instructions for Form 1120, Schedule J, line 3 (or the comparable line of the return).				
24	Divide the amount in columns (a) through (c) on line 16a by the amount in column (d) on line 16a.				
25	Divide the amount in columns (a) through (c) on line 16b by the amount in column (d) on line 16b.				
26	Divide the amount in columns (a) through (c) on line 16c by the amount in column (d) on line 16c.				
27	Add lines 24 through 26.				
28	Divide line 27 by 3.				
29	Multiply the amount in columns (a) through (c) of line 23 by columns (a) through (c) of line 28. In column (d), enter the amount from line 23, column (d).				
30	Enter any alternative minimum tax and other taxes for each payment period (see instructions).				
31	Total tax. Add lines 29 and 30.				
32	For each period, enter the same type of credits as allowed on Form 2220, lines 4 and 5c (see instructions).				
33	Total tax after credits. Subtract line 32 from line 31. If zero or less, enter -0-.				
34	Add the amounts in all preceding columns of line 40 (see instructions).				
35	Adjusted seasonal installments. Subtract line 34 from line 33. If zero or less, enter -0-.				

**Part III — Required Installments**

		1st installment	2nd installment	3rd installment	4th installment
36	If only one of the above parts is completed, enter the amount in each column from line 13 or line 35. If both parts are completed, enter the smaller of the amounts in each column from line 13 or line 35.				303,000.00
37	Enter 25% of line 8 on page 1 of Form 2220 in each column. (Note: "Large corporations," see the instructions for line 10 for the amounts to enter.)				303,000
38	Subtract line 40 of the preceding column from line 39 of the preceding column.				
39	Add lines 37 and 38.				303,000.00
40	Required installments. Enter the smaller of line 36 or line 39 here and on page 1 of Form 2220, line 10.				303,000.00

Department of the Treasury  
Internal Revenue Service

▶ See the instructions on page 3.

▶ Attach this form to your income tax return.

Name (as shown on your income tax return)

**LTA NATURAL GAS COMPANY, INC.**

Taxpayer identification number

**61-0458329**

**Caution:** • You cannot claim any amounts on Form 4136 that you claimed on Form 8849 or Schedule C (Form 720).  
• Sales by gasoline wholesale distributors cannot be claimed on Form 4136. Instead, use Schedule 4 (Form 8849) or Schedule C, line 11 (Form 720) to make these claims.

**1 Nontaxable Use of Gasoline and Gasohol**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use of gasoline	\$ .184	11,855.2	\$ 2,181.36	362
b	Use of gasoline on a farm for farming purposes	.184			
c	Other nontaxable use of gasoline	.184			
		.184			
d	10% gasohol	.131		\$	359
e	7.7% gasohol	.14319			375
f	5.7% gasohol	.15379			376

**2 Nontaxable Use of Aviation Gasoline**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)	\$ .15		\$	354
b	Other nontaxable use	.194			324
		.194			

**3 Nontaxable Use of Undyed Diesel Fuel**

Claimant has the name and address of the person(s) who sold the diesel fuel to the claimant and the date(s) of the purchase(s) and if exported, the required proof of export.

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach a detailed explanation and check here . . . . ▶

*Caution: Claims cannot be made on line 3 for diesel fuel used on a farm for farming purposes. Only registered ultimate vendors may make those claims (see line 6).*

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	\$ .244		\$	360
		.244			
b	Use in trains	.20			353
c	Use in certain intercity and local buses	.17			350

**4 Nontaxable Use of Undyed Kerosene**

Claimant has the name and address of the person(s) who sold the kerosene to the claimant and the date(s) of the purchase(s) and if exported, the required proof of export.

Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach a detailed explanation and check here . . . . ▶

*Caution: Claims cannot be made on line 4 for kerosene used on a farm for farming purposes or for kerosene sold from a blocked pump. Only registered ultimate vendors may make those claims (see line 7). For lines 4b and 4c, see A Change To Note on page 3.*

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	\$ .244		\$	346
		.244			
b	Use in trains				348
c	Use in certain intercity and local buses				347

For Paperwork Reduction Act Notice, see the instructions.

**5 Nontaxable Use of Aviation Fuel**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade)	\$ .175		\$	355
b	Other nontaxable use	.219			369
c	Other nontaxable uses	.044			377

**6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel** UV Registration No. ▶

Claimant sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to take the claim; and obtained the required certificate from the buyer and has no reason to believe any information in the certificate is false. See the instructions for additional information to be submitted.

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim did contain visible evidence of dye, attach a detailed explanation and check here . . . .

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use on a farm for farming purposes	\$ .244	}	\$	360
b	Use by a state or local government	.244			

**7 Sales by Registered Ultimate Vendors of Undyed Kerosene** UV Registration No. ▶  
UP Registration No. ▶

Claimant sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to take the claim; and obtained the required certificate (for lines 7a and 7b) from the buyer and has no reason to believe any information in the certificate is false, or has the Regulations section 48.6427-10(e)(4) statement, if required, for line 7c. See the instructions for additional information to be submitted.

Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim did contain visible evidence of dye, attach a detailed explanation and check here . . . .

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use on a farm for farming purposes	\$ .244	}	\$	346
b	Use by a state or local government	.244			
c	Sales from a blocked pump	.244			

**8 Nontaxable Use of Liquefied Petroleum Gas (LPG) in Certain Buses**

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in certain intercity and local buses	\$ .062		\$	352
b	Use in qualified local and school buses	.136			361

**9 Gasohol Blending**

Claimant bought gasoline taxed at the full rate and blended it with alcohol to make gasohol. The gasohol was sold or used in claimant's trade or business. For each batch of gasohol, claimant has the required information relating to the purchase of the gasoline and alcohol used to make the gasohol and to support the amount claimed.

	(a) Rate	(c) Gallons of		(d) Amount of credit (col. (a) × col. (b))	(e) CRN
		(b) Gasoline	(c) Alcohol		
a	10% gasohol	\$ .03845		\$	356
b	7.7% gasohol	.02887			357
c	5.7% gasohol	.02092			363

Total income tax credit claimed. Add lines 1 through 9, column (d). Enter here and on Form 1040, line 68 (also check box b on line 68); Form 1120, line 32g; Form 1120-A, line 28g; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. . . . . ▶

**10** \$ 2,181.36

**Depreciation and Amortization**  
(Including Information on Listed Property)

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

ATA NATURAL GAS COMPANY, INC.

NATURAL GAS

61-0458329

**Part I Election To Expense Certain Tangible Property Under Section 179**

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See page 2 of the instructions for a higher limit for certain businesses	1	\$24,000
2	Total cost of section 179 property placed in service (see page 2 of the instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2001 Form 4562.	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see page 3 of the instructions)	14	1,173,353
15	Property subject to section 168(f)(1) election (see page 4 of the instructions)	15	
16	Other depreciation (including ACRS) (see page 4 of the instructions)	16	

**Part III MACRS Depreciation (Do not include listed property.) (See page 4 of the instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2002	17	6,257,721
18	If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

**Section B — Assets Placed in Service During 2002 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property		430,184		HY	200	61,474
d 10-year property						
e 15-year property		358,599		HY	150	17,931
f 20-year property		3,153,484		HY	150	118,256
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	

**Section C — Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System**

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

**Part IV Summary (See page 6 of the instructions.)**

21	Listed property. Enter amount from line 28.	21	800,573.00
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instr. For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	8,429,308.00
23		23	

For Paperwork Reduction Act Notice, see separate instructions.



**Part V Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A — Depreciation and Other Information** (Caution: See page 8 of the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see page 7 of the instructions) . . .								<b>25</b>	151,980
<b>26</b> Property used more than 50% in a qualified business use (see page 7 of the instructions):									
VEHICLES		%	3,233,150			HY	365,563		
COMPUTER		%	1,748,081			HY	187,457		
SOFTWARE		%	1,294,268			HY	95,573		
<b>27</b> Property used 50% or less in a qualified business use (see page 7 of the instructions):									
		%				S/L-			
		%				S/L-			
		%				S/L-			
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 . . . . .							<b>28</b>	800,573.00	
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .								<b>29</b>	

**Section B — Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (do not include commuting miles — see page 2 of the instructions) . . . . .												
<b>31</b> Total commuting miles driven during the year . . . . .												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> Is another vehicle available for personal use? . . . . .												

**Section C — Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see page 8 of the instructions).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		X
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .	X	
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		X
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .	X	
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See page 9 of the instructions.) . . . . .		X

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2002 tax year (see page 9 of the instructions):					
<b>43</b> Amortization of costs that began before your 2002 tax year . . . . .					<b>43</b>
<b>44</b> Total. Add amounts in column (f). See page 9 of the instructions for where to report . . . . .					<b>44</b>

Name DELTA NATURAL GAS COMPANY, INC. Employer identification number 61-0458329

**1** Taxable income or (loss) before net operating loss deduction ..... **1** 363,222

**2 Adjustments and preferences:**

a Depreciation of post-1986 property .....	<b>2a</b>	1,032,434	
b Amortization of certified pollution control facilities .....	<b>2b</b>		
c Amortization of mining exploration and development costs .....	<b>2c</b>		
d Amortization of circulation expenditures (personal holding companies only) .....	<b>2d</b>		
e Adjusted gain or loss .....	<b>2e</b>	(2,150)	
f Long-term contracts .....	<b>2f</b>		
g Installment sales .....	<b>2g</b>		
h Merchant marine capital construction funds .....	<b>2h</b>		
i Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) .....	<b>2i</b>		
j Tax shelter farm activities (personal service corporations only) .....	<b>2j</b>		
k Passive activities (closely held corporations and personal service corporations only) .....	<b>2k</b>		
l Loss limitations .....	<b>2l</b>		
m Depletion .....	<b>2m</b>		
n Tax-exempt interest income from specified private activity bonds .....	<b>2n</b>		
o Intangible drilling costs .....	<b>2o</b>		
p Accelerated depreciation of real property (pre-1987) .....	<b>2p</b>		
q Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only) .....	<b>2q</b>		
r Other adjustments .....	<b>2r</b>		
s Combine lines 2a through 2r .....	<b>2s</b>	1,030,284.00	

**3** Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2s ..... **3** 1,393,506.00

**4 Adjusted current earnings (ACE) adjustment:**

a Enter the corporation's ACE from line 10 of the worksheet on page 11 of the instructions .....	<b>4a</b>	937,094	
b Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount. See examples on page 6 of the instructions .....	<b>4b</b>	(456,412.00)	
c Multiply line 4b by 75% (.75). Enter the result as a positive amount .....	<b>4c</b>	342,309.00	
d Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see page 6 of the instructions). <i>Note: You must enter an amount on line 4d (even if line 4b is positive)</i> .....	<b>4d</b>	4,077,741	

e ACE adjustment:  
 • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount.  
 • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount.

**4e** (342,309.00)

**5** Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax ..... **5** 1,051,197.00

**6** Alternative tax net operating loss deduction (see page 7 of the instructions) ..... **6**

**7** Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see page 7 of the instructions ..... **7** 1,051,197.00

8 Enter the amount from line 7 (alternative minimum taxable income) .....	8	1,051,197.00
9 Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c):		
a Subtract \$150,000 from line 8 (if completing this line for a member of a controlled group, see page 7 of the instructions). If zero or less, enter -0- .....	9a	
b Multiply line 9a by 25% (.25) .....	9b	
c Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see page 7 of the instructions). If zero or less, enter -0- .....	9c	0.00
10 Subtract line 9c from line 8. If zero or less, enter -0- .....	10	1,051,197.00
11 Multiply line 10 by 20% (.20) .....	11	210,239.40
12 Alternative minimum tax foreign tax credit (see page 7 of the instructions) .....	12	
13 Tentative minimum tax. Subtract line 12 from line 11 .....	13	210,239.40
14 Regular tax liability before all credits except the foreign tax credit and possessions tax credit .....	14	123,495
15 Alternative minimum tax. Subtract line 14 from line 13. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 4, or the appropriate line of the corporation's income tax return .....	15	86,744.40

**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return

ELTA NATURAL GAS COMPANY, INC.

Identifying number

61-0458329

**1** Enter the gross proceeds from sales or exchanges reported to you for 2002 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) 1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft — Most Property Held More Than 1 Year (See instructions.)**

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>2</b>						
<b>3</b> Gain, if any, from Form 4684, line 39						<b>3</b>
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37						<b>4</b>
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824						<b>5</b>
<b>6</b> Gain, if any, from line 32, from other than casualty or theft						<b>6</b>
<b>7</b> Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below. All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below.						<b>7</b>
<b>8</b> Nonrecaptured net section 1231 losses from prior years (see instructions)						<b>8</b>
<b>9</b> Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D. (see instructions)						<b>9</b>

**Part II Ordinary Gains and Losses**

**10** Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
<b>11</b> Loss, if any, from line 7						<b>11</b> ( )
<b>12</b> Gain, if any, from line 7 or amount from line 8, if applicable						<b>12</b>
<b>13</b> Gain, if any, from line 31						<b>13</b> 797.00
<b>14</b> Net gain or (loss) from Form 4684, lines 31 and 38a						<b>14</b>
<b>15</b> Ordinary gain from installment sales from Form 6252, line 25 or 36						<b>15</b>
<b>16</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824						<b>16</b>
<b>17</b> Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions)						<b>17</b>
<b>18</b> Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows: a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed. b For individual returns: (1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions (2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14						<b>18</b> 797.00 <b>18b(1)</b> <b>18b(2)</b>

or Paperwork Reduction Act Notice, see page 7 of the instructions.

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
<b>A</b> EQUIPMENT	VARIOUS	VARIOUS
<b>B</b>		
<b>C</b>		
<b>D</b>		

These columns relate to the properties on lines 19A through 19D. ►		Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20	173,008			
21 Cost or other basis plus expense of sale	21	1,681,083			
22 Depreciation (or depletion) allowed or allowable	22	1,508,872			
23 Adjusted basis. Subtract line 22 from line 21	23	172,211.00			
24 Total gain. Subtract line 23 from line 20	24	797.00			
<b>25 If section 1245 property:</b>					
a Depreciation allowed or allowable from line 22	25a	1,508,872			
b Enter the smaller of line 24 or 25a	25b	797.00			
<b>26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.</b>					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the smaller of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
<b>If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).</b>					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the smaller of line 24 or 27b	27c				
<b>28 If section 1254 property:</b>					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a				
b Enter the smaller of line 24 or 28a	28b				
<b>29 If section 1255 property:</b>					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the smaller of line 24 or 29a (see instructions)	29b				

**Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.**

30 Total gains for all properties. Add property columns A through D, line 24	30	797.00
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	797.00
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32	0.00

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (See instructions.)**

	(a) Section 179	(b) Section 280F(b)(2)
Section 179 expense deduction or depreciation allowable in prior years	33	
Recomputed depreciation. See instructions	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

# Application for Automatic Extension of Time To File Corporation Income Tax Return

Name of corporation

DELTA NATURAL GAS COMPANY, INC.

Employer identification number

61-0458329

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)

3617 LEXINGTON ROAD

City or town, state, and ZIP code

WINCHESTER KY 40391

Check type of return to be filed:

Form 990-C

Form 1120-FSC

Form 1120-PC

Form 1120S

Form 1120

Form 1120-H

Form 1120-POL

Form 1120-SF

Form 1120-A

Form 1120-L

Form 1120-REIT

Form 1120-F

Form 1120-ND

Form 1120-RIC

• Form 1120-F filers: Check here if the foreign corporation does not maintain an office or place of business in the United States

**1 Request for Automatic Extension (see instructions)**

**a Extension date.** I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until MARCH 15, 2004, to file the income tax return of the corporation named above for  calendar

year 2003 or  tax year beginning JULY 1, 2002, and ending JUNE 30, 2003

**b Short tax year.** If this tax year is for less than 12 months, check reason:

Initial return

Final return

Change in accounting period

Consolidated return to be filed

**2 Affiliated group members (see instructions).** If this application also covers subsidiaries to be included in a consolidated return, provide the following information:

Name and address of each member of the affiliated group	Employer identification number	Tax period
DELTA NATURAL GAS COMPANY, INC. 3617 LEXINGTON ROAD, WINCHESTER, KY 40391	61-0458329	6-30-03
DELTA RESOURCES, INC. --SAME AS ABOVE	61-1056941	6-30-03
DELGASCO, INC. --SAME AS ABOVE	61-1103681	6-30-03
ENPRO, INC. --SAME AS ABOVE	61-1103680	6-30-03

**3 Tentative tax (see instructions)** ..... 359,882

**4 Payments and refundable credits: (see instructions)**

a Overpayment credited from prior year	4a	359,882
b Estimated tax payments for the tax year	4b	0
c Less refund for the tax year applied for on Form 4466	4c	( 0 )
e Credit for tax paid on undistributed capital gains (Form 2439)	4e	0
f Credit for Federal tax on fuels (Form 4136)	4f	0
	Bal	4d 359,882.00

**5 Total.** Add lines 4d through 4f (see instructions) ..... 359,882.00

**6 Balance due.** Subtract line 5 from line 3. Deposit this amount using the Electronic Federal Tax Payment System (EFTPS) or with a Federal Tax Deposit (FTD) Coupon (see instructions) ..... 0.00

Signature. Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

*John B. Brown*  
(Signature of officer or agent)

CONTROLLER  
(Title)

9-8-03  
(Date)

▶ Attach to the corporation's tax return.

**2002**

Name		Employer identification number
DELTA NATURAL GAS COMPANY, INC.		61-0458329
1	Alternative minimum tax (AMT) for 2001. Enter the amount from line 15 of the 2001 Form 4626 ..	0
2	Minimum tax credit carryforward from 2001. Enter the amount from line 9 of the 2001 Form 8827 .	1,393,245
3	Enter the total of any 2001 unallowed nonconventional source fuel credit and 2001 unallowed qualified electric vehicle credit (see instructions) . . . . .	0
4	Add lines 1, 2, and 3 . . . . .	1,393,245.00
5	Enter the corporation's 2002 regular income tax liability minus allowable tax credits (see instructions) . . . . .	123,495
6	If the corporation is: • A "small corporation" exempt from the AMT for 2002 and line 5 is \$25,000 or less, enter -0- (see instructions). • A "small corporation" exempt from the AMT for 2002 and line 5 is more than \$25,000, enter 25% (.25) of the excess. • Not a "small corporation" exempt from the AMT for 2002, complete Form 4626 for 2002 and enter the tentative minimum tax from line 13 . . . . .	210,239
7	Subtract line 6 from line 5. If zero or less, enter -0- . . . . .	0.00
8	<b>Minimum tax credit.</b> Enter the smaller of line 4 or line 7. Also enter this amount on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 6e). If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions . . . . .	0.00
9	<b>Minimum tax credit carryforward to 2003.</b> Subtract line 8 from line 4. Keep a record of this amount to carry forward and use in future years . . . . .	1,393,245.00

**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted. Year references are to the corporation's tax year beginning during that year.

**Purpose of Form**

Corporations use Form 8827 to figure the minimum tax credit, if any, for AMT incurred in prior tax years and to figure any minimum tax credit carryforward.

**Who Should File**

Form 8827 should be filed by corporations that had:

- An AMT liability in 2001,
- A minimum tax credit carryforward from 2001 to 2002, or
- \* A nonconventional source fuel credit or qualified electric vehicle credit not allowed for 2001 (see the instructions for line 3).

**Specific Instructions**

**Line 3**

Enter the total of any nonconventional source fuel credit and qualified electric vehicle credit not allowed for 2001 solely because of the limitations under sections 29(b)(6)(B) and 30(b)(3)(B).

**Line 5**

Enter the corporation's 2002 regular income tax liability (as defined in section 26(b)) minus any credits allowed under Subchapter A, Part IV, subparts B, D, E, and F of the Internal Revenue Code (e.g., if you are filing Form 1120, subtract any credits on Schedule J, lines 6a through 6d, from the amount on Schedule J, line 3).

**Line 6**

See the 2002 Instructions for Form 4626 to find out if the corporation is treated as a "small corporation" exempt from the AMT for 2002. If the corporation is a "small corporation" exempt from the AMT, see section 38(c)(4) before completing line 6 for special rules that apply to controlled corporate groups, regulated investment companies, and real estate investment trusts.

**Line 8**

If the corporation had a post-1986 ownership change (as defined in section 382(g)), the amount of pre-change minimum tax credits that can be applied against the corporation's tax for any tax year ending after the ownership change

may be limited. See section 383 and the related regulations. To figure the amount of the pre-change credit, the corporation must allocate the credit for the change year between the pre-change period and the post-change period. The corporation must use the same method of allocation (ratable allocation or closing-of-the books) for purposes of sections 382 and 383. See Regulations section 1.382-6 for details.

Also, pre-acquisition excess credits of one corporation generally cannot be used to offset the tax attributable to recognized built-in gains of another corporation. See section 384 for details.

If either limit applies, attach a computation of the minimum tax credit allowed. Enter that amount on line 8. Write "Sec. 383" or "Sec. 384" on the dotted line to the left of the line 8 entry space.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 1 hour.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.





720X

41A720X (11-02)

Revenue Cabinet

Copy as filed

AMENDED

KENTUCKY CORPORATION INCOME TAX AND CORPORATION LICENSE TAX RETURN

Taxable Year Ended

06 02 Mo. Yr.

Header section containing company name (DELTA NATURAL GAS COMPANY, INC.), address (3617 LEXINGTON ROAD, WINCHESTER, KY), and identification numbers (Kentucky Account No. 005964, Federal Identification No. 61-0458329).

Fill in applicable items and use Part III to explain any changes.

NOTE: Use Form 720X to correct Form 720. A corporation taxable both within and without Kentucky must complete lines 1 through 9. A 100% Kentucky corporation must complete line 1 and enter the amount on line 1 on line 7, omitting lines 2 through 6.

Table for PART I - INCOME TAX with columns: A. As Previously Reported, B. Net Change - Increase or (Decrease) (explain in Part III), C. Corrected Amount. Rows include Net income before NOLD deduction, Total business income, and Amended income tax liability.

Table for PART II - LICENSE TAX with columns: A. As Previously Reported, B. Net Change - Increase or (Decrease) (explain in Part III), C. Corrected Amount. Rows include Total capital employed, Total license tax before credit, and Amended license tax liability.

TAX PAYMENT SUMMARY table with columns: Income Tax, License Tax, Interest, TOTAL.

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

Signature of principal officer or chief accounting officer: John B. Brown, Date: 1-28-04

Name and Social Security or federal identification number of person or firm preparing return

41A720X0012

1039

Make check payable to Kentucky State Treasurer. Mail return with payment to Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

**PART III — Explanation of Changes to Net Income, Nonbusiness Income, Apportionment Factor, Capital Employed, Credits, etc.**

Enter the line reference from page 1 for which a change is reported, and give the reason for each change. Show any computation in detail. Attach supporting schedules.

OLD YE 6-30-01	1,249,201
NOLD YE 6-30-03	758,680

**GENERAL INSTRUCTIONS**

**Purpose of Form** — Use Form 720X to report changes, including federal audit changes, to Form 720, Kentucky Corporation Income and License Tax Return, as previously reported.

**Information on Income, Deductions, Tax Computation, etc.** — Refer to the instructions for Form 720, Kentucky Corporation Income and License Tax Return, related schedules and forms, for the year being amended to determine the taxability of certain types of income, the allowability of certain expenses as deductions from income, computation of tax, etc.

**Where to File** — Mail this form to Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

**SPECIFIC INSTRUCTIONS****PART I — INCOME TAX**

**Line 1, Column A** — Enter the amount previously reported.

**Column B** — Enter the increase or decrease being made. Explain the increase or decrease in Part III. If the change involves an item of income or deduction that is supported by a schedule, statement or form, attach the appropriate schedule, statement or form. If the change involves a federal audit adjustment, attach the "final determination of the federal audit." Do not include changes to net operating loss deduction here (see line 8 instructions below).

**Column C** — Enter the result of adding the increase in column B to the amount in column A or subtracting the column B decrease from column A. If there is no change entered in column B, enter the amount from column A.

**Lines 2 Through 6**

*Note: These lines are applicable only to corporations taxable both within and without Kentucky. Corporations taxable only in Kentucky omit these lines and enter amount from line 1 on line 7.*

**Column A** — On each line, 2 through 6, enter amount from appropriate line of Schedule A, Form 720 as previously reported.

**Column B** — On lines 2, 4 and 6, enter any increases or decreases being made, explain in Part III and attach a corrected Schedule A, Form 720.

**Column C** — On lines 2, 4 and 6, enter the result of adding the increase in column B to the amount in column A or subtracting the column B decrease from column A. If there is no change entered in column B, enter the amount from column A.

**Line 8, Column C** — Enter the amount of net operating loss deduction (NOLD). The amount of NOL to be carried back or forward for Kentucky income tax purposes is the amount of loss determined on the Kentucky return; in the case of a corporation taxable both within and without Kentucky, it is the amount determined after apportionment and allocation (attach schedule showing computation of the amount claimed).

**Line 10, Column C** — Determine corrected income tax by using tax rates reflected on Tax Computation Schedule of Form 720 used for filing original return for the year.

**Line 11, Column A** — Enter total amount of credit from appropriate lines of Tax Computation Schedule or Income Tax Computation of Form 720 as previously reported.

**Column B** — Enter any increase or decrease being made. If an entry is made on this line, attach a schedule reflecting computations (see Tax Computation Schedule of Form 720 for year originally filed for limitations). Also attach applicable tax credit schedules or forms.

**Column C** — Enter the result of adding the increase in column B to the amount in column A or subtracting the column B decrease from column A. If there is no change entered in column B, enter amount from column A.

**Line 13** — Enter total income tax previously paid for taxable year less any refund previously received for taxable year.

**PART II — LICENSE TAX**

**A corporation may only amend its license tax return to reflect changes in the apportionment factor or to correct errors or omissions of capital.**

**Lines 1 and 2** — Enter in column A the amount from appropriate line of Form 720, Part III, as previously reported. Enter in column B any increases or decreases being made and explain in Part III. Enter the result of adding the increase in column B to the amount in column A or subtracting the column B decrease from column A. If there is no change entered in column B, enter the amount from column A.

**Line 4** — Determine corrected tax due on amount reflected on line 3. The tax rate is \$2.10 on each \$1,000 of capital employed or a minimum of \$30.

**Line 5** — A corporation with gross income of \$500,000 or less is allowed a credit of \$1.40 per thousand of the first \$350,000 of capital employed against the license tax. For the purpose of this credit, gross income means total taxable and nontaxable receipts before reduction for cost of goods sold, cost of assets sold or any other deduction.

**Line 6** — Subtract the amount on line 5, if applicable, from the amount on line 4, and enter the result or \$30, whichever is greater.

**Line 7, Column A** — Enter total amount of other credits (KIFA tax credit, KIRA tax credit, or coal incentive tax credit) from appropriate lines of the Form 720 as previously reported.

**Column B** — Enter any increase or decrease being made. If an entry is made on this line, attach a schedule reflecting computations. Also, attach applicable tax credit schedules.

**Column C** — Enter the result of adding the column B increase to the amount in column A or subtracting the column B decrease from column A. If there is no change entered in column B, enter amount from column A.

**Line 9** — Enter total license tax previously paid for the taxable year less any refund previously received for the taxable year.

**TAX PAYMENT SUMMARY** — If amounts of additional tax due are reflected on either Part I, line 14, or Part II, line 10, enter amounts due in proper place in this section. Compute interest from the original due date of the return to the date of payment. For years ending prior to July 1, 1982, the rate is 8 percent per annum until paid. For tax years ending after June 30, 1982, variable rates apply to the periods during which the tax was unpaid as follows: July through December 1982, 16 percent; calendar 1983, 13 percent; calendar 1984, 11 percent; calendar 1985, 13 percent; calendar 1986, 10 percent; calendar 1987, 8 percent; calendar 1988, 9 percent; calendar 1989, 10 percent; calendar 1990, 11 percent; calendar 1991, 10 percent; calendar 1992, 8 percent; calendar 1993, 7 percent; calendar 1994, 7 percent; calendar 1995, 8 percent; calendar 1996, 9 percent; calendar 1997, 8 percent; calendar 1998, 9 percent; calendar 1999, 8 percent; calendar 2000, 8 percent; calendar 2001, 10 percent; calendar 2002, 6 percent; and calendar 2003, 5 percent.

41A720X0022

1039



720

41A720  
Revenue Cabinet

Kentucky Corporation Income  
and License Tax Return  
(S Corporations Use Form 720S)

2001

Taxable Year Ending

Taxable period beginning July 1, 2001, and ending June 30, 2002

0602

See separate instructions.

A Check applicable box(es) for  
Income Tax Return

Separate entity

Consolidated  
Must attach Form 722  
Return not required

Enter code

License Tax Return

Separate entity

Consolidated

Return not required

Enter code 21

B Federal  
Identification Number

610458329

C Kentucky  
Account Number

005964

Name of Corporation or Affiliated Group (Place preaddressed label here; otherwise print or type.)

DELTA NATURAL GAS COMPANY, INC.

State and Date of Incorporation

KY 10/07/49

Number and Street

3617 LEXINGTON ROAD

Principal Business Activity in KY

Natural Gas

City

WINCHESTER

State

KY

ZIP Code

40391

Telephone Number

859-842-4104

Kentucky Business Code No.

4920

D Name of Common Parent

Kentucky Account Number

Federal Business Code Number

4920

E Check if applicable:

LLC

Initial return

Final return

Short-period return

Change of name/address

PART I — TAXABLE INCOME COMPUTATION

1. Federal taxable income (Form 1120, line 28;  
Form 1120A, line 24) .....

1,792,307

ADDITIONS:

2. Interest income (state and local obligations) .....

3. State taxes based on net/gross income .....

4. Safe harbor lease adjustment .....

5. Deductions attributable to nontaxable income .....

6. Other (attach schedule) *FED. BONUS DEPR* .....

363,548

7. Total (add lines 1 through 6) .....

2,311,655

SUBTRACTIONS:

8. Interest income (U.S. obligations) .....

9. Dividend income .....

10. Federal work opportunity credit .....

11. Safe harbor lease adjustment .....

Other (attach schedule) .....

Net income (line 7 less lines 8 through 12) .....

2,311,655

14. Taxable net income (attach Sch. A if applicable) .....

2,311,655

15. Net operating loss deduction .....

1,249,201

16. Taxable net income (after NOLD) .....

1,062,454

PART II — INCOME TAX COMPUTATION

1. Income tax liability (see instructions) .....

82,777

2. Economic development tax credits .....

3. Unemployment tax credit .....

4. Recycling/composting equipment tax credit .....

5. Coal conversion tax credit .....

6. Enterprise zone tax credit .....

7. Kentucky investment fund tax credit .....

8. Coal incentive tax credit .....

9. GED incentive tax credit .....

10. Net income tax liability .....

82,777

11. Estimated payments .....

77,800

12. Extension payment .....

0

13. Prior year's credit .....

10,260

14. License tax overpayment (Part III, line 23) .....

15. Income tax due .....

0

16. Income tax overpayment .....

5,283

17. Credited to 2001 license tax .....

18. Credited to 2002 .....

5,283

19. Amount to be refunded .....

5,283

PART III — LICENSE TAX COMPUTATION

1. Capital stock .....

2. Computation of surplus

(a) Total assets .....

(b) Less debt .....

(c) Net assets .....

(d) Less capital stock .....

3. Surplus (line 2c minus 2d) .....

4. Advances by affiliated companies .....

5. Intercompany accounts .....

6. Borrowed moneys .....

7. Less moneys borrowed for inventory .....

8. Less KRS 136.071 deduction .....

9. Total capital (combine lines 1 and 3 through 8) .....

10. Apportionment fraction (attach Sch. A if applicable) .....

11. Capital employed subject to tax .....

12. Tax before credit (line 11 multiplied by .0021) .....

13. License tax credit (maximum \$490) .....

14. License tax liability (minimum \$30) .....

15. Kentucky investment fund tax credit .....

16. KIRA tax credit (see instructions) .....

17. Coal incentive tax credit .....

18. Net license tax liability .....

19. Extension payment .....

20. Income tax overpayment (Part II, line 17) .....

21. License tax due .....

22. License tax overpayment .....

23. Credited to 2001 income tax .....

24. Credited to 2002 .....

25. Amount to be refunded .....

Caution: An election to file  
a consolidated income tax  
return does not apply for  
license tax. See page 4 of  
instructions.

Mail return with payment to:  
Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

TAX PAYMENT SUMMARY (Round to Nearest Dollar) Make check(s) payable to Kentucky State Treasurer or  
 check here if EFT payment.

Income

0

Penalty

41A7200012

License

TOTAL  
(Including Penalty  
and Interest)

Interest

1039

Federal Form 1120, pages 1 and 4, or  
1120A, pages 1 and 2, must be attached.

0



720  
41A720  
Revenue Cabinet

*Copy on file*  
**Kentucky Corporation Income  
and License Tax Return**  
(S Corporations Use Form 720S)

**2002**

Taxable Year Ending  
**0603**  
Mo. Yr.

See separate instructions.

Check applicable box(es).

Income Tax Return

Separate entity

Consolidated

Must attach Form 722

Return not required

Enter code \_\_\_\_\_

License Tax Return

Separate entity

Consolidated

Return not required

Enter code \_\_\_\_\_

Taxable period beginning JULY 1, 2002, and ending JUNE 30, 2003.

<b>B</b> Federal identification Number 610458329		<b>C</b> Kentucky Account Number 005964	
Name of Corporation or Affiliated Group (Place preaddressed label here; otherwise print or type.) <b>DELTA NATURAL GAS COMPANY, INC.</b>			State and Date of Incorporation KY 10/07/49
Number and Street 3617 LEXINGTON ROAD			Principal Business Activity in KY NATURAL GAS
City WINCHESTER	State KY	ZIP Code 40391	Telephone Number 859-744-6171
Kentucky Business Code No. 4920		Federal Business Code Number 4920	

E Check if applicable:  LLC  Initial return  Final return/dissolution  Final return/withdrawal  
 Short-period return (attach statement of explanation)  Change of name/address

**PART I — TAXABLE INCOME COMPUTATION**

1. Federal taxable income (Form 1120, line 28; Form 1120A, line 24)	(1,914,559)
<b>ADDITIONS:</b>	
2. Interest income (state and local obligations)	
3. State taxes based on net/gross income	(31,500)
4. Safe harbor lease adjustment	
5. Deductions attributable to nontaxable income	
6. Other (attach schedule) <i>FED BONDS DEPR</i>	1,187,379
7. Total (add lines 1 through 6)	(758,680)
<b>SUBTRACTIONS:</b>	
8. Interest income (U.S. obligations)	
9. Dividend income	
10. Federal work opportunity credit	
11. Safe harbor lease adjustment	
12. Other (attach schedule)	
13. Net income (line 7 less lines 8 through 12)	(758,680)
14. Taxable net income (attach Sch. A if applicable)	(758,680)
15. Net operating loss deduction	
16. Taxable net income (after NOLD)	(758,680)

**PART II — INCOME TAX COMPUTATION**

1. Income tax liability (see instructions)	0
2. Economic development tax credits	
3. Unemployment tax credit	
4. Recycling/composting equipment tax credit	
5. Coal conversion tax credit	
6. Enterprise zone tax credit	
7. Kentucky investment fund tax credit	
8. Coal incentive tax credit	
9. Qualified research facility tax credit	
10. GED incentive tax credit	
11. Net income tax liability	0
12. Estimated payments	
13. Extension payment	
14. Prior year's credit	5,283
15. License tax overpayment (Part III, line 23)	
16. Income tax due	0

17. Income tax overpayment	5,283
18. Credited to 2002 license tax	
19. Credited to 2003	
20. Amount to be refunded	5,283

**PART III — LICENSE TAX COMPUTATION**

1. Capital stock	
2. Computation of surplus (attach schedules for a & b)	
(a) Total assets	
(b) Less debt	( )
(c) Net assets	
(d) Less capital stock	( )
3. Surplus (line 2c minus 2d)	
4. Advances by affiliated companies	
5. Intercompany accounts	
6. Borrowed moneys	
7. Less moneys borrowed for inventory	( )
8. Less KRS 136.071 deduction	( )
9. Total capital (combine lines 1 and 3 through 8)	
10. Apportionment fraction (attach Sch. A if applicable)	%
11. Capital employed subject to tax	
12. Tax before credit (line 11 multiplied by .0021)	
13. License tax credit (maximum \$490)	
14. License tax liability (minimum \$30)	
15. Kentucky investment fund tax credit	
16. KIRA tax credit (see instructions)	
17. Coal incentive tax credit	
18. Net license tax liability	
19. Extension payment	
20. Income tax overpayment (Part II, line 18)	
21. License tax due	
22. License tax overpayment	
23. Credited to 2002 income tax	
24. Credited to 2003	
25. Amount to be refunded	

Caution: An election to file a consolidated income tax return does not apply for license tax. See page 5 of instructions.

Mail return with payment to:  
Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

TAX PAYMENT SUMMARY (Round to Nearest Dollar) Make check(s) payable to Kentucky State Treasurer or

check here if EFT payment.

41A7200212

Income	0	Penalty	
License		Interest	
TOTAL (Including Penalty and Interest)		0	

Federal Form 1120, pages 1 and 4, or 1120A, pages 1 and 2, must be attached.

1039

SCHEDULE Q — KENTUCKY CORPORATION QUESTIONNAIRE

IMPORTANT: Questions 4 — 12 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

- 1. Indicate whether: (a) completely new business; (b) successor to previously existing business which was organized as: (1) corporation; (2) partnership; (3) sole proprietorship; or (4) other

If successor to previously existing business, give name, address and federal I.D. number of the previous business organization.

- 2. List the following Kentucky account numbers. Enter N/A for any number not applicable.

Employer Withholding
Sales and Use Tax Permit
Consumer Use Tax
Unemployment Insurance
Coal Severance and/or Processing Tax

- 3. If a foreign corporation, enter the date qualified to do business in Kentucky.

- 1. The corporation's books are in care of: (name and address) DELTA NATURAL GAS COMPANY, INC.

- 5. Did the corporation at any time during the taxable year own 50 percent or more of the voting stock of another corporation, either domestic or foreign? Yes No

- 6. Did any corporation, individual, partnership, trust or association at any time during the taxable year own 50 percent or more of the corporation's voting stock? Yes No

- 7. If the corporation has a KNOL for the taxable year and is electing to forego the net operating loss carryback period, check here

- 8. Is the corporation a partner in a partnership doing business in Kentucky? Yes No

Did the corporation have property or payroll in Kentucky, other than partnership property or payroll? Yes No

- 9. Was this return prepared on: (a) cash basis, (b) accrual basis, (c) other

- 10. Is the corporation a public service corporation subject to taxation under KRS 136.120? Yes No

- 11. (a) Did the corporation file a Kentucky intangible property tax return for January 1, 2003? Yes No

- (b) Did the corporation file a Kentucky tangible personal property tax return for January 1, 2003? Yes No

- 12. Is the corporation currently under audit by the Internal Revenue Service? Yes No

If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this Cabinet, check here and file Form 720X, Amended Kentucky Corporation Income Tax and Corporation License Tax Return, for each year adjusted and attach a copy of the final determination.

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

Has the officer information entered below changed from the last return filed? Yes No

President's Name:

President's Home Address:

President's Social Security Number:

Vice President's Name:

Vice President's Home Address:

Vice President's Social Security Number:

Treasurer's Name:

Treasurer's Home Address:

Treasurer's Social Security Number:

Secretary's Name:

Secretary's Home Address:

Secretary's Social Security Number:

I, the undersigned, declare under the penalties of perjury, that I have examined these returns, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

41A7200222

Signature of principal officer or chief accounting officer

1-28-04 Date

Name and Social Security or federal identification number of person or firm preparing return

## SIX MONTHS TOTAL COST OF MONTHLY TAXES - FRANCHISE(2003)

		TAXING DISTRICT											
		JAN	FEB	MAR	APR	MAY	JUN	SIX MONTH TOTAL					
FR01	Franchise Fee - Richmond	3,681.84	5,218.73	4,183.69	2,228.00	1,712.71	1,029.38	18,054.35					
FR02	Franchise Fee - Owingsville	2,812.09	4,973.74	3,609.21	2,425.78	1,728.12	727.45	16,276.39					
FR03	Franchise Fee - Jeffersonville	1,449.87	1,932.48	1,418.28	772.04	468.78	348.78	6,390.23					
FR04	Franchise Fee - Beattyville	1,478.31	1,932.39	1,093.73	601.88	357.35	268.25	5,731.91					
FR05	Franchise Fee - Berea	14,434.89	21,694.42	15,071.90	7,713.48	5,708.00	4,155.64	68,778.33					
FR06	Franchise Fee - North Middletown	650.53	1,052.01	756.30	610.66	291.59	142.06	3,503.15					
FR07	Franchise Fee - Barboursville	11,559.00	18,245.95	8,548.78	5,035.42	3,301.06	2,326.65	49,016.86					
FR08	Franchise Fee - Fayette	1,004.94	1,696.72	1,229.11	598.12	453.33	224.95	5,207.17					
FR09	Franchise Fee - Annville	246.32	270.20	229.02	135.60	140.28	3.97	1,025.39					
FR10	Franchise Fee - Clay City	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
	<b>TOTAL</b>	<b>37,317.79</b>	<b>57,016.64</b>	<b>36,140.02</b>	<b>20,120.98</b>	<b>14,161.22</b>	<b>9,227.13</b>	<b>173,983.78</b>					
		TAXING DISTRICT											
		JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	SIX MONTH TOTAL					
FR01	Franchise Fee - Richmond	1,168.23	1,212.52	1,181.44	1,461.42	1,996.40	3,138.30	10,158.31					
FR02	Franchise Fee - Owingsville	553.74	563.46	493.18	528.91	1,168.47	1,483.41	4,791.17					
FR03	Franchise Fee - Jeffersonville	279.14	254.27	245.78	350.86	798.11	1,192.24	3,120.40					
FR04	Franchise Fee - Beattyville	234.53	236.85	202.06	286.43	633.03	1,189.09	2,781.99					
FR05	Franchise Fee - Berea	3,757.36	4,119.03	3,939.38	5,140.59	7,146.21	12,359.18	36,461.75					
FR06	Franchise Fee - North Middletown	114.44	109.54	91.73	109.26	271.81	356.13	1,052.91					
FR07	Franchise Fee - Barboursville	2,065.97	2,341.62	1,955.20	2,761.57	5,561.76	9,562.39	24,248.51					
FR08	Franchise Fee - Fayette	184.38	197.04	190.83	271.46	569.53	1,078.28	2,491.52					
FR09	Franchise Fee - Annville	1.97	0.00	0.00	0.00	0.00	0.00	1.97					
FR10	Franchise Fee - Clay City	0.00	0.00	0.00	0.00	0.00	0.00	0.00					
	<b>TOTAL</b>	<b>8,359.76</b>	<b>9,034.33</b>	<b>8,299.60</b>	<b>10,910.50</b>	<b>18,145.32</b>	<b>32,789.50</b>	<b>87,539.01</b>					

DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067  
Analysis of Other Operating Taxes  
12 Months Ended 2003  
(000's)

Line No.	Item	Charged Expense	Charged to Construction	Charged to Other Accounts	Amounts Accrued	Amount Paid
1.	Kentucky Retail:					
	(a) State Income	122				-
	(b) Sales, Utility & Franchise Fees				1,176	1,176
	(c) Ad Valorem	995				1,078
	(d) Payroll (Employers Portion)	521	*	*		540
	(e) Other Taxes	-			-	-
2.	Total Retail (L1(a) through L1(e))	1,638	-	-	1,176	2,794
3.	Other Jurisdictions	-	-	-	-	-
	Total Per Books (L2 and L3)	1,638	-	-	1,176	2,794

\* Amounts applicable to construction or other accounts are allocated and cleared from operating expenses via a/c 922 along with payroll costs and benefits and thus the specific payroll tax is not set out.





**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

24. Provide a schedule of gas operations net income, per Mcf sold, per company books for the test year and the 3 calendar years preceding the test year. This data should be provided as shown in Format 24.

**RESPONSE:**

See attached schedule.

Sponsoring Witness:

John Brown

DATA REQUEST DATED 3/17/04

NET INCOME PER MCF SOLD  
For the Calendar Years 2000 thru 2003

Line No.	Item	2000	2001	2002	2003
1	OPERATING INCOME:				
2	OPERATING REVENUES	10.18	11.75	11.54	12.93
3					
4	OPERATING EXPENSES:				
5	GAS PURCHASES	4.35	6.05	5.37	6.91
6	OPERATION EXPENSES	2.02	2.19	2.39	2.48
7	MAINTENANCE EXPENSES	0.13	0.14	0.15	0.14
8	DEPRECIATION EXPENSES	0.95	0.91	1.04	1.05
9	AMORTIZATION EXPENSES	0.00	0.00	0.00	0.00
10	TAXES OTHER THAN INCOME	0.32	0.32	0.37	0.38
11	INCOME TAXES	0.44	0.35	0.40	0.32
12	TOTAL	8.23	9.96	9.73	11.27
13					
14	OPERATING INCOME	1.95	1.79	1.81	1.66
15					
16	OTHER INCOME - NET	0.07	0.33	0.24	0.39
17					
18	INCOME BEFORE INTEREST CHARGE	2.02	2.12	2.05	2.05
19					
20	INTEREST CHARGES:				
21	INTEREST ON LONG-SHORT TERM DEBT	1.16	1.18	1.10	1.07
22	AMORT. OF DEBT DISC. AND EXPENSES	0.04	0.04	0.04	0.06
23	OTHER INTEREST EXPENSE	0.01	0.01	0.01	0.01
24	TOTAL	1.21	1.23	1.15	1.13
25					
26	NET INCOME	0.81	0.89	0.90	0.92
27					
28					
29	MCF PER YEAR	4,113,623	4,202,851	3,914,914	4,027,192



**DELTA NATURAL GAS COMPANY, INC.  
CASE NO. 2004-00067**

**FIRST PSC DATA REQUEST  
DATED 3/17/04**

25. Provide the comparative operating statistics as shown in Format 25.

**RESPONSE:**

See attached schedule.

Sponsoring Witness:

John Brown

DELTA NATURAL GAS COMPANY, INC.  
CASE NUMBER 2004-00067  
COMPARATIVE OPERATING STATISTICS  
For Calendar Year 2000-2003  
and the 12 Month Period Ended December 2003  
(Total Company)  
12 Months Ended

LINE NO.	Item (a)	Calendar Years Prior to Test Year						Test Year	
		12/31/2000		12/31/2001		12/31/2002		12/31/2003	
		COST (b)	% Increase (c)	COST (d)	% Increase (e)	COST (f)	% Increase (g)	COST (h)	% Increase (i)
1	COST PER MCF OF PURCHASED GAS	4.28	15	5.96	39	4.54	(24)	5.87	29
2	COST OF PROPANE GAS PER MCF EQUIVALENT FOR PEAK SHAVING	0.00	0	0.00	0	0.00	0	0.00	0
3	COST PER MCF OF GAS SOLD	4.35	18	6.05	39	5.37	(11)	6.91	29
4	MAINTENANCE COST PER TRANSMISSION MILE (1)	(1)		(1)		(1)		(1)	
5	MAINTENANCE COST PER DISTRIBUTION MILE	78.75	(29)	77.61	(1)	91.40	18	71.60	(22)
6	SALES PROMOTION EXPENSES PER CUSTOMER	0.08	(84)	0.07	(5)	0.14	92	0.86	(59)
7	ADMINISTRATION AND GENERAL EXPENSE PER CUSTOMER	95.11	137	107.05	13	122.11	14	129.32	6
8	WAGES AND SALARIES - CHARGED EXPENSE:								
9	PER EMPLOYEE	30,405.53	17	29,241.25	(4)	30,349.93	4	30,025.15	(1)
10	DEPRECIATION EXPENSE:								
11	PER \$100 OF AVERAGE GROSS DEPRECIABLE PLANT IN SERVICE	2.97	(5)	2.80	(6)	2.84	1	2.77	(2)
12	RENTS:								
13	RENTS PER \$100 OF AVERAGE GROSS PLANT IN SERVICE	0.01	0	0.01	0	0.01	0	0.01	0
14	PROPERTY TAXES:								
15	PER \$100 OF AVERAGE NET PLANT IN SERVICE	0.91	(7)	0.88	(3)	0.97	10	0.96	(1)
16	PAYROLL TAXES:								
17	PER AVERAGE EMPLOYEE WHOSE SALARY IS CHARGED TO EXPENSE	3,096.18	13	3,044.04	(2)	3,190.58	5	3,180.95	(0)
18	INTEREST EXPENSE:								
19	PER \$100 AVE DEBT OUTSTANDING	6.97	0.14	6.83	(2)	5.74	(16)	6.02	5
20	PER \$100 AVE PLANT INVESTMENT	5.25	3	5.30	1	4.43	(16)	4.29	(3)
21	PER MCF SOLD	1.21	0.05	1.23	2	1.15	(6)	1.13	(2)
22									
23	(1) Unable to segregate maintenance cost between Transmission and Distribution Main. Therefore, Line 5 is maintenance cost per Transmission and Distribution Main Mile. Approx 78% of Delta's mains are Distribution.								