



**Delta Natural Gas Company, Inc.**

3617 Lexington Road  
Winchester, Kentucky 40391-9797

Phone: 606-744-6171  
Fax: 606-744-3623

February 13, 2006

RECEIVED

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PUBLIC SERVICE  
COMMISSION

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

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COMMISSION

RE: CASE NO. 2006-00055

Dear Ms. O'Donnell:

Enclosed are the original and ten copies of revised Exhibit C, page 2 of 8 and page 3 of 8 of Delta's Application in the above-referenced case. The revised sheets reflect the net proceeds for the 6-5/8%, 7.15% and 7.0% Debentures. Please insert these sheets in the original filing in this case.

Sincerely,

*Connie King*

Connie King  
Director – Rates & Treasury

copy: Elizabeth E. Blackford  
Robert M. Watt III

**DELTA NATURAL GAS COMPANY, INC.**

**LONG-TERM DEBT OUTSTANDING  
AND MORTGAGE DESCRIPTIONS  
DECEMBER 31, 2005**

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There are no mortgages outstanding.

The following long-term debts are in existence:

- (1) On October 18, 1993, as authorized by Delta's Board of Directors and approved by an Order of the Kentucky Public Service Commission, Delta issued \$15,000,000 of unsecured 6-5/8% Debentures that mature in October 2023. The net proceeds of \$14,325,000 were used to repay short-term debt. Each holder may require redemption of up to \$25,000 of the 6-5/8% Debentures annually, subject to an annual aggregate limitation of \$500,000. Such redemption will also be made on behalf of deceased holders within sixty days of notice, subject to the annual aggregate \$500,000 limitation. The 6-5/8% Debentures can be redeemed by the Company beginning in October, 1998 at a 5% premium, such premium declining ratably until it ceased in October 2003. Restrictions under the indenture agreement covering the 6-5/8% Debentures include, among other things, a restriction whereby dividend payments cannot be made unless consolidated shareholders' equity of the company exceeds \$12 million. Interest paid during the twelve months ending December 31, 2005 was \$704,304. At December 31, 2005 there was \$444,080 of unamortized debt expense associated with these debentures. JP Morgan Chase Bank is the Trustee and interest-paying agent for these debentures. The balance at December 31, 2005 was \$10,170,000.
- (2) On March 27, 1998, as authorized by Delta's Board of Directors and approved by an Order of the Kentucky Public Service Commission, Delta issued \$25,000,000 of unsecured 7.15% Debentures that mature in April 2018. The net proceeds of \$24,102,500 were used to repay short-term debt and to redeem the Company's 9% Debentures that would have matured in 2011, in the amount of \$10,000,000. Commencing in April 1999, each holder may require redemption of up to \$25,000 of the 7.15% Debentures annually, subject to an annual aggregate limitation of \$750,000. Such redemption will also be made on behalf of deceased holders within sixty days of notice, subject to the annual aggregate \$750,000 limitation. The Company can redeem the 7.15% Debentures after April 1, 2003. Restrictions under the indenture agreement covering the 7.15% Debentures include, among other things, a restriction whereby dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds \$21,500,000. Interest paid during the twelve months ending

December 31, 2005 was \$1,699,817. At December 31, 2005 there was \$509,106 of unamortized debt associated with these debentures. The Bank of New York is the Trustee and interest-paying agent for these debentures. The balance at December 31, 2005 was \$23,681,000.

- (3) On February 18, 2003, as authorized by Delta's Board of Directors and approved by an Order of the Kentucky Public Service Commission, Delta issued \$20,000,000 of unsecured 7.0% Debentures that mature in February, 2023. The net proceeds of \$19,270,000 were used to repay short-term debt and to redeem the Company's 8.3% Debentures that would have matured in 2026, in the amount of \$14,806,000. Commencing in February 2004, each holder may require redemption of up to \$25,000 of 7.0% Debentures annually, subject to an annual aggregate limitation of \$400,000. Such redemption will also be made on behalf of deceased holders within sixty days of notice, subject to the annual aggregate \$400,000 limitation. The Company can redeem the 7.0% Debentures after February 1, 2007. If the Company elects to redeem Debentures in the first year after February 1, 2007, it must pay 102% of the principal value of the Debentures. If the Company elects to redeem the Debentures during the next year, it must pay 101% of the principal value of the Debentures. After February 1, 2009 redemption of Debentures will be at 100% of their principal value. Restrictions under the indenture agreement covering the 7.0% Debentures include, among other things, a restriction whereby dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds \$25,800,000. Interest paid during the twelve months ending December 31, 2005 was \$1,400,056. At December 31, 2005 that was \$696,228 of unamortized debt associated with these debentures. The Bank of New York is the Trustee and interest-paying agent for these debentures. The balance at December 31, 2005 was \$19,990,000.