



Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

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March 9, 2006

Beth O'Donnell
Executive Director
Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

RECEIVED

MAR 10 2006

PUBLIC SERVICE
COMMISSION

RE: Case No. 2006-00071

Dear Ms. O'Donnell:

Enclosed are the original and ten copies of Delta's response to the First Data Request of Commission Staff in the above styled case.

Please indicate receipt of this filing by date stamping the extra copy of the cover letter and returning in the envelope provided.

Sincerely,

Connie King
Director - Rates & Treasury

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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MAR 10 2006

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL)
GAS COMPANY, INC.'S REQUEST FOR)
NATURAL GAS HEDGING PLAN TO BE)
EXTENDED UNTIL 3/31/2009)

CASE NO.
2006-00071

1. Explain why Delta did not enter into any forward contracts for the 2004 or 2005 storage injection seasons or the 2004-2005 or 2005-2006 winter heating seasons.

RESPONSE: At the beginning of the 2004 injection season, the delivered price of gas to Delta was over \$6.25 per Mcf and NYMEX futures were trading even higher for the remaining months of the injection season. Given that the projected gas prices for the 2004 injection season were all well above the 2003 injection season average price of \$5.3076 per Mcf, Delta did not enter into any forward contracts for the 2004 storage injection season.

The same scenario occurred again in 2005. At the beginning of the 2005 injection season, the delivered price of gas to Delta was over \$8.00 per Mcf and NYMEX futures were trading even higher for the remaining months of the injection season. Given that the projected gas prices for the 2005 injection season were all well above the 2004 injection season average price of \$6.4548 per Mcf, Delta did not enter into any forward contracts for the 2005 storage injection season.

The volume of gas injected during the 2004 and 2005 injection seasons accounted for 100% of the supply volumes in Delta's southern system for the 2004-2005 and 2005-

2006 winter heating seasons and approximately 50% of Delta's total supply volumes. Delta did not enter into any forward contracts for the 2004-2005 or 2005-2006 winter heating seasons due to the high levels of daily prices and forward prices during both years.

2. Provide Delta's total supply volumes for the 2004-2005 winter heating season and for the 2005-2006 winter heating season to date.

RESPONSE:

Nov 04 – Mar 05: 1,656,219 Mcf (Excluding Storage)

Nov 05 – Jan 06: 1,177,904 Mcf (Excluding Storage)

3. Provide the volumes of storage gas withdrawn during the 2004-2005 winter heating season and to date during the 2005-2006 winter heating season.

RESPONSE:

Nov 04 – Mar 05: 1,475,184 Mcf

Nov 05 – Jan 06: 591,891 Mcf

4. Provide Delta's average price of storage gas for the 2004-2005 winter heating season and the 2005-2006 winter heating season.

RESPONSE:

Nov 04 – Mar 05: \$6.4548 per Mcf

Nov 05 – Mar 06: \$8.2145 per Mcf

5. Provide the average price that Delta paid for flowing gas for each month of the 2004-2005 winter heating season and each month of the 2005-2006 winter heating season to date.

RESPONSE:

Nov 04	\$7.84 per Mcf (Commodity component only)
Dec	\$8.17
Jan 05	\$6.41
Feb	\$6.49
Mar	\$6.45
Nov 05	\$14.44 per Mcf
Dec	\$11.62
Jan 06	\$11.87

RESPONDENT:

Brian S. Ramsey (Questions 1 - 5)

DELTA NATIONAL GAS COMPANY
AND SUBSIDIARY COMPANY
3617 Lexington Road
Winchester, Kentucky 40391

BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
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FRANKFORT, KY 40602-0615

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