



Delta Natural Gas Company, Inc.

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Winchester, Kentucky 40391-9797

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May 10, 2007



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

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RE. CASE NO. 2006-00071

Dear Ms. O'Donnell:

This letter is in compliance with the Commission's Order dated April 4, 2006 in Case 2006-00071.

Delta reported in its December, 2006 quarterly Gas Cost Recovery filing (Case No.2006-00559) that a forward contract was executed for a portion of Delta's October, 2006 injections into storage. This was Delta's only forward contract relating to the 2006-2007 winter heating season.

This transaction was for 3,000 Dth per day for October at a price of \$4.94 per Dth. The October NYMEX price closed at \$4.201. The impact of this fixed price contract increased Delta's gas in storage by \$68,727 over what it would have been had the forward contract not been entered.

Please acknowledge receipt of this filing by stamping the extra copy of this letter and returning to Delta in the envelope provided.

Sincerely,

Connie King

Connie King
Manager – Corporate & Employee Services