



Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

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September 19, 2006

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

RECEIVED

SEP 21 2006

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell:

Case No. 2006-00417

Enclosed are the original and three copies of Delta's Quarterly Report of Gas Cost Recovery Rate Calculation which determines the Gas Cost Recovery Rate (GCR) to be effective November 1, 2006.

An extra copy of the filing is attached for public files.

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

Sincerely,

Connie King

Connie King
Manager – Corporate & Employee Services

RECEIVED

SEP 21 2006

PUBLIC SERVICE
COMMISSION

Case No. 2006-00417

GAS COST

RECOVERY RATE CALCULATION

Date Filed 9/19/06

Date to be Effective 11/01/06

GAS COST RECOVERY CALCULATION

COST RECOVERY RATE EFFECTIVE NOVEMBER 1, 2006		
<u>PARTICULARS</u>	<u>UNIT</u>	<u>AMOUNT</u>
EXPECTED GAS COST (EGC)	\$/MCF	8.2672
SUPPLIER REFUND (RA)	\$/MCF	(0.0006)
ACTUAL ADJUSTMENT (AA)	\$/MCF	1.7025
BALANCE ADJUSTMENT (BA)	\$/MCF	0.0065
GAS COST RECOVERY RATE (GCR)	\$/MCF	<u>9.9756</u>

EXPECTED GAS COST SUMMARY CALCULATION

<u>PARTICULARS</u>	<u>UNIT</u>	<u>AMOUNT</u>
PRIMARY GAS SUPPLIERS (SCHEDULE II)	\$	17,944,486
UTILITY PRODUCTION	\$	-
INCLUDABLE PROPANE	\$	-
	\$	<u>17,944,486</u>
TOTAL ESTIMATED SALES FOR QUARTER	MCF	<u>2,170,561</u>
EXPECTED GAS COST (EGC) RATE	\$/MCF	<u>8.2672</u>

SUPPLIER REFUND ADJUSTMENT SUMMARY CALCULATION

<u>PARTICULARS</u>	<u>UNIT</u>	<u>AMOUNT</u>
CURRENT QUARTER (SCHEDULE III)	\$/MCF	-
PREVIOUS QUARTER	\$/MCF	(0.0003)
SECOND PREVIOUS QUARTER	\$/MCF	(0.0003)
THIRD PREVIOUS QUARTER	\$/MCF	-
SUPPLIER REFUND ADJUSTMENT (RA)	\$/MCF	<u>(0.0006)</u>

ACTUAL ADJUSTMENT SUMMARY CALCULATION

<u>PARTICULARS</u>	<u>UNIT</u>	<u>AMOUNT</u>
CURRENT QUARTER (SCHEDULE IV)	\$/MCF	0.1191
PREVIOUS QUARTER	\$/MCF	(2.1650)
SECOND PREVIOUS QUARTER	\$/MCF	2.0185
THIRD PREVIOUS QUARTER	\$/MCF	<u>1.7299</u>
ACTUAL ADJUSTMENT (AA)	\$/MCF	<u>1.7025</u>

BALANCE ADJUSTMENT SUMMARY CALCULATION

<u>PARTICULARS</u>	<u>UNIT</u>	<u>AMOUNT</u>
BALANCE ADJUSTMENT AMOUNT (SCHEDULE V)	\$	14,139
ESTIMATED SALES FOR QUARTER	MCF	<u>2,170,561</u>
BALANCE ADJUSTMENT (BA)	\$/MCF	<u>0.0065</u>

**MCF PURCHASES FOR THREE MONTHS BEGINNING
November 1, 2006
AT SUPPLIERS COSTS EFFECTIVE
November 1, 2006**

Supplier	MCF Purchases	DTH Conv Factor	Rates (\$)	Quarterly Cost	Rate Increase (I)/ Reduction (R)
TENNESSEE GAS PIPELINE PIPELINE (SCH II, PAGE 2 OF 2)				668,025	
ATMOS ENERGY MARKETING	721,709	1.036	7.6900	5,749,740	I
COLUMBIA GAS TRANSMISSION PIPELINE (SCH II, PAGE 2 OF 2)				423,279	
ATMOS ENERGY MARKETING	329,065	1.029	7.7200	2,614,053	I
COLUMBIA GULF TRANSMISSION M&B GAS SERVICES	252,223	1.030	6.8600	1,782,157	R
KENTUCKY PRODUCERS CNR	19,931		10.3300	205,887	I
STORAGE	<u>847,633</u>		7.6700	<u>6,501,345</u>	N
TOTAL	<u><u>2,170,561</u></u>			<u><u>17,944,486</u></u>	

COMPANY USAGE 32,558

TENNESSEE GAS PIPELINE RATES EFFECTIVE 11/01/06

		DTH VOLUMES	FIXED OR VARIABLE		RATES	ANNUAL COST
FT-G RESERVATION RATE - ZONE 0-2	1.	8,371	F	2.	\$9.060	\$75,837
FT-G RESERVATION RATE - ZONE 1-2	3.	22,511	F	4.	\$7.620	\$171,532
FT-G COMMODITY RATE - ZONE 0-2	5.	168,066	V	6.	\$0.0898	\$15,092
FT-G COMMODITY RATE - ZONE 1-2	7.	451,875	V	8.	\$0.0794	\$35,879
FT-A RESERVATION RATE - ZONE 0-2	9.	705	F	10.	\$9.060	\$6,387
FT-A RESERVATION RATE - ZONE 1-2	11.	3,024	F	12.	\$7.620	\$23,043
FT-A RESERVATION RATE - ZONE 3-2	13.	471	F	14.	\$4.320	\$2,035
FT-A COMMODITY RATE - ZONE 0-2	15.	21,444	V	16.	\$0.0898	\$1,926
FT-A COMMODITY RATE - ZONE 1-2	17.	91,980	V	18.	\$0.0794	\$7,303
FT-A COMMODITY RATE - ZONE 3-2	19.	14,326	V	20.	\$0.0548	\$785
FUEL & RETENTION - ZONE 0-2	21.	189,510	V	22.	\$0.3640	\$68,977
FUEL & RETENTION - ZONE 1-2	23.	543,855	V	24.	\$0.3026	\$164,572
FUEL & RETENTION - ZONE 3-2	25.	14,326	V	26.	\$0.0901	\$1,291
SUB-TOTAL						\$574,659
FS-PA DELIVERABILITY RATE	27.	4,572	F	28.	\$2.02	\$9,235
FS-PA INJECTION RATE	29.	46,689	V	30.	\$0.0053	\$247
FS-PA WITHDRAWAL RATE	31.	46,689	V	32.	\$0.0053	\$247
FS-PA SPACE RATE	33.	560,271	F	34.	\$0.0248	\$13,895
FS-PA RETENTION	35.	46,689	V	36.	\$0.1146	\$5,351
SUB-TOTAL						\$28,976
FS-MA DELIVERABILITY RATE	37.	25,908	F	38.	\$1.15	\$29,794
FS-MA INJECTION RATE	39.	96,906	V	40.	\$0.0102	\$988
FS-MA WITHDRAWAL RATE	41.	96,906	V	42.	\$0.0102	\$988
FS-MA SPACE RATE	43.	1,162,866	F	44.	\$0.0185	\$21,513
FS-MA RETENTION	45.	96,906	V	46.	\$0.1146	\$11,106
SUB-TOTAL						\$64,390
TOTAL TENNESSEE GAS PIPELINE CHARGES						\$668,025
COLUMBIA GAS TRANSMISSION RATES EFFECTIVE 11/01/06						
GTS COMMODITY RATE	47.	338,608	V	48.	\$0.7732	\$261,812
FUEL & RETENTION	49.	338,608	V	50.	\$0.3358	\$113,720
TOTAL COLUMBIA GAS TRANSMISSION CHARGES						\$375,532
COLUMBIA GULF CORPORATION RATES EFFECTIVE 11/01/06						
FTS-1 RESERVATION RATE	51.	13,134	F	52.	\$3.1450	\$41,306
FTS-1 COMMODITY RATE	53.	338,608	V	54.	\$0.0186	\$6,298
FUEL & RETENTION	55.	338,608	V	56.	\$0.0004	\$143
TOTAL COLUMBIA GULF CORPORATION CHARGES						\$47,747
TOTAL PIPELINE CHARGES						\$1,091,304

**ACTUAL ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
July 31, 2006**

Particulars	Unit	For the Month Ended		
		May-06	Jun-06	Jul-06
SUPPLY VOLUME PER BOOKS				
PRIMARY GAS SUPPLIERS	MCF	205,003	122,290	57,520
UTILITY PRODUCTION	MCF	-	-	-
INCLUDABLE PROPANE	MCF	-	-	-
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>205,003</u>	<u>122,290</u>	<u>57,520</u>
SUPPLY COST PER BOOKS				
PRIMARY GAS SUPPLIERS	\$	1,745,491	890,540	517,972
UTILITY PRODUCTION	\$	-	-	-
INCLUDABLE PROPANE	\$	-	-	-
OTHER COST (SPECIFY)	\$	-	-	-
TOTAL	\$	<u>1,745,491</u>	<u>890,540</u>	<u>517,972</u>
SALES VOLUME				
JURISDICTIONAL	MCF	122,171	115,436	57,726
OTHER VOLUMES (SPECIFY)	MCF	-	-	-
TOTAL	MCF	<u>122,171</u>	<u>115,436</u>	<u>57,726</u>
UNIT BOOK COST OF GAS				
EGC IN EFFECT FOR MONTH	\$	14.2873	7.7146	8.9729
RATE DIFFERENCE	\$	9.3807	9.3807	9.3807
MONTHLY SALES	\$	4.9066	(1.6661)	(0.4078)
MONTHLY COST DIFFERENCE	MCF	<u>122,171</u>	<u>115,436</u>	<u>57,726</u>
	\$	<u>599,444</u>	<u>(192,328)</u>	<u>(23,541)</u>

Particulars	Unit	Three Month Period
COST DIFFERENCE FOR THE THREE MONTHS	\$	383,575
TWELVE MONTHS SALES FOR PERIOD ENDED	MCF	<u>3,219,690</u>
CURRENT QUARTERLY ACTUAL ADJUSTMENT	\$/MCF	0.1191

**EXPECTED GAS COST BALANCE ADJUSTMENT
DETAIL FOR THE THREE MONTHS ENDED
July 31, 2006**

Particulars	Unit	Amount
COST DIFFERENCE BETWEEN BOOK AND EFFECTIVE EGC AS USED TO COMPUTE AA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	326,171
LESS: DOLLAR AMOUNT RESULTING FROM THE AA OF \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL SALES OF MCF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE	0.0906 \$	 291,704
BALANCE ADJUSTMENT FOR THE AA	\$	<u>34,467</u>
DOLLAR AMOUNT OF SUPPLIER REFUND ADJUSTMENT AS USED TO COMPUTE RA OF THE GCR IN EFFECT FOUR QUARTERS PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	-
LESS: DOLLAR AMOUNT RESULTING FROM THE UNIT RATE FOR SUPPLIER REFUND ADJUSTMENT OF \$/MCF AS USED TO COMPUTE RA OF THE JURISDICTIONAL SALES FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT APPROXIMATELY ONE YEAR PRIOR TO THE CURRENT RATE FOR THE MCF TOTAL OF	0.0000 \$	 -
BALANCE ADJUSTMENT FOR THE RA	\$	-
DOLLAR AMOUNT OF BALANCE ADJUSTMENT AS USED TO COMPUTE BA OF THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR	\$	(134,563)
LESS: DOLLAR AMOUNT RESULTING FROM THE BA OF \$/MCF AS USED TO COMPUTE THE GCR IN EFFECT ONE QUARTER PRIOR TO THE CURRENTLY EFFECTIVE GCR TIMES THE JURISDICTIONAL MCF SALES OF FOR THE PERIOD BETWEEN THE EFFECTIVE DATE OF THE CURRENT GCR RATE AND THE EFFECTIVE DATE OF THE GCR RATE IN EFFECT IMMEDIATELY PRIOR TO THE CURRENT RATE	(0.3868) \$	 (114,235)
BALANCE ADJUSTMENT FOR THE BA	\$	<u>(20,328)</u>
TOTAL BALANCE ADJUSTMENT AMOUNT	\$	<u>14,139</u>

**COMPUTATION OF CNR PRICE EFFECTIVE 11/01/06 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER, 2006 THRU JANUARY, 2007**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$10.33 per MCF

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 11/01/06 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER, 2006 THRU JANUARY, 2007 (TGP)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.69 per MMBtu dry

**COMPUTATION OF ATMOS ENERGY MARKETING PRICE EFFECTIVE 11/01/06 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER, 2006 THRU JANUARY, 2007 (TCO)**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$7.72 per MMBtu dry

**COMPUTATION OF M&B PRICE EFFECTIVE 11/01/06 BASED ON WEIGHTED
AVERAGE NYMEX FUTURES PRICES FOR NOVEMBER, 2006 THRU JANUARY, 2007**

WEIGHTED AVERAGE PRICE W/ ADD-ON \$6.86 per MMBtu dry

TGP SUPPLIED AREAS PURCHASE PROFILE:

9/18/2006

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2006	164,107	170,015	\$6.364	(\$0.060)	\$1,071,773.63
December	262,553	272,005	\$7.774	(\$0.060)	\$2,098,245.86
January 2007	<u>295,049</u>	<u>305,671</u>	\$8.504	(\$0.060)	<u>\$2,581,083.93</u>
	721,709	747,691			\$5,751,103.42
FIXED PRICE		0			\$0.00
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$7.69</u></u>	

COLUMBIA SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2006	68,120	70,095	\$6.364	(\$0.07)	\$441,180.95
December	120,284	123,772	\$7.774	(\$0.07)	\$953,541.31
January 2007	<u>140,661</u>	<u>144,740</u>	\$8.504	(\$0.07)	<u>\$1,220,738.59</u>
	329,065	338,608			\$2,615,460.84
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$7.72</u></u>	

COLUMBIA NATURAL RESOURCES SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	NYMEX \$ PER DTH	ADD-ON PER DTH	BTU ADJUSTMENT	TOTAL
November 2006	3,490	\$6.364	\$0.75	1.2	\$29,793.43
December	7,488	\$7.774	\$0.75	1.2	\$76,593.25
January 2007	<u>8,953</u>	\$8.504	\$0.75	1.2	<u>\$99,421.27</u>
	19,931				\$205,807.96
WEIGHTED AVERAGE PRICE PER MCF:					<u><u>\$10.33</u></u>

COLUMBIA GULF SUPPLIED AREAS PURCHASE PROFILE:

MONTH	VOLUMES MCF	VOLUMES DTH	NYMEX \$ PER DTH	ADD-ON PER DTH	TOTAL
November 2006	252,223	261,051	\$6.364	\$0.50	\$1,791,852.73
December	0	0	\$7.774	\$0.50	\$0.00
January 2007	<u>0</u>	<u>0</u>	\$8.504	\$0.50	<u>\$0.00</u>
	252,223	261,051			\$1,791,852.73
FIXED PRICE		0			\$0.00
WEIGHTED AVERAGE PRICE PER DTH:				<u><u>\$6.86</u></u>	

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR All Service Areas
P.S.C. NO. 10
Ninth Revised SHEET NO. 2
CANCELLING P.S.C. NO. 10
Eighth Revised SHEET NO. 2

CLASSIFICATION OF SERVICE
RATE SCHEDULES

RESIDENTIAL

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	<u>Gas Cost Recovery Rate (GCR) **</u> =	<u>Total Rate</u>
Customer Charge *	\$ 10.00		\$ 10.00
All Mcf	\$ 4.1592	\$ 9.9756	\$ 14.1348/Mcf (R)

* The customer charge includes \$0.20 collected under Delta's Energy Assistance Program Tariff Rider as set forth on Sheet No. 35 of this tariff.

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 12 and 13 of this tariff.

DATE OF ISSUE September 19, 2006 DATE EFFECTIVE August 1, 2006 (Final Meter Reads)
ISSUED BY Glenn R. Jennings TITLE Chairman of the Board
Name of Officer President and CEO
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. _____ DATED _____

FOR All Service Areas
P.S.C. NO. 10
Ninth Revised SHEET NO. 4
CANCELLING P.S.C. NO. 10
Eighth Revised SHEET NO. 4

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

LARGE NON-RESIDENTIAL GENERAL SERVICE *

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by large non-residential customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	<u>Base Rate</u> +	<u>Gas Cost Recovery Rate (GCR) **</u> =	<u>Total Rate</u>	
Customer Charge	\$ 72.00		\$ 72.00	
.1 - 200 Mcf	\$ 3.7950	\$ 9.9756	\$ 13.7706/Mcf	(R)
200.1 - 1000 Mcf	\$ 2.1461	\$ 9.9756	\$ 12.1217/Mcf	(R)
1000.1 - 5000 Mcf	\$ 1.3500	\$ 9.9756	\$ 11.3256/Mcf	(R)
5000.1 - 10000 Mcf	\$ 0.9500	\$ 9.9756	\$ 10.9256/Mcf	(R)
Over 10,000 Mcf	\$ 0.7500	\$ 9.9756	\$ 10.7256/Mcf	(R)

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has underdeliveries of transportation gas to Delta's system, and/or requests to revert to the General Service or Interruptible Service rate schedule, Delta may require a written contract providing for a continuance of service under the General Service or Interruptible Service rate schedule for a minimum term of twelve months beginning with the date service reverts to the General Service or Interruptible Service rate schedule.

* Meter larger than AL425

** The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 10 and 11 of this tariff.

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Name of Officer President and CEO
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DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

FOR All Service Areas
P.S.C. NO. 10
Ninth Revised SHEET NO. 5
CANCELLING P.S.C. NO. 10
Eighth Revised SHEET NO. 5

CLASSIFICATION OF SERVICE
RATE SCHEDULES

INTERRUPTIBLE SERVICE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 16.

AVAILABILITY

Available for use by interruptible customers.

CHARACTER OF SERVICE

Interruptible - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) ** =	Total Rate	
Customer Charge	\$250.00		\$250.00	
.1 - 1000 Mcf	\$ 1.6000	\$ 9.9756	\$ 11.5756/Mcf	(R)
1000.1 - 5000 Mcf	\$ 1.2000	\$ 9.9756	\$ 11.1756/Mcf	(R)
5000.1 - 10000 Mcf	\$ 0.8000	\$ 9.9756	\$ 10.7756/Mcf	(R)
Over 10,000 Mcf	\$ 0.6000	\$ 9.9756	\$ 10.5756/Mcf	(R)

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 5. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

TERMS AND CONDITIONS

For a customer that is utilizing transportation service and has underdeliveries of transportation gas to Delta's system, and/or requests to revert to the General Service or Interruptible Service rate schedule,

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