BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

APPLICATION OF DELTA NATURAL GAS COMPANY, INC. FOR AN ADJUSTMENT OF RATES	) 2007-00089

FILING REQUIREMENTS
VOLUME 2 OF 3

FILED IN SUPPORT OF PROPOSED CHANGES IN RATES

APRIL 20, 2007

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(n)
Sponsoring Witness: John B. Brown/W. Steven Seelye

Description of Filing Requirement:

A summary of the utility's latest depreciation study with schedules by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and test period depreciation rates used by major plant accounts. If the required information has been filed in another commission case a reference to that case's number and style will be sufficient.

Response:

A copy of Delta's most recent depreciation study is included in Volume III with the testimony of William Steven Seelye as Seelye Exhibit 11.

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(o)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. This list shall include each software, program, or model; what the software, program, or model was used for; identify the supplier of each software, program, or model; a brief description of the software, program, or model; the specifications for the computer hardware and the operating system required to run the program.

Response:

See attached.

Delta Natural Gas Company
List of Software, Programs and Models Used

Software	Model	System Requirements	Purpose
Microsoft Word	2003	Windows 2000 – SP3 or Windows XP	Prepare spreadsheet documents utilized in this filing
Microsoft Excel	2003	Windows 2000 – SP3 or Windows XP	Used to prepare the majority of the filing
Alliance E-CIS	Version 5.1.9	IBM iSeries server running at a minimum 0S/400 V5R3	Customer information and billing system which is utilized to provide the billing determinants for developing the proposed rates.
Harris Financials	Accounts Payable - V5.3 General Ledger - V5.25 Accounts Receivable - V5.21 Inventory - V5.3 Payroll - V5.21	IBM iSeries server running at a minimum 0S/400 V5R3	Used to accumulate payroll, fixed asset, general ledger, accounts payable and inventory for used in workpapers which support the financial schedules in this filing.
Cognos ReportNet	1.1 MR2	Windows operating system on a server with either a Oracle, DB2 or SQL database	Query tool used to develop reports from the data in the Harris and Alliance systems. These reports are used to accumulate data included in the workpapers which support this filing.
Microsoft Visual Basic for Applications	2005	PC running Windows 2000 SP4 or Windows XP - SP2	Schedules prepared by the Prime Group to support their testimony

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(p)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

Prospectuses of the most recent stock or bond offerings.

Response:

See attached.

PROSPECTUS

Rating:
Standard & Poor's: AAA
(see "Rating" herein)

$40,000,000

DELTA NATURAL GAS COMPANY, INC.

5.75% Insured Quarterly Notes (IQ Notes℠*) due April 1, 2021

We are offering $40,000,000 of our 5.75% Insured Quarterly Notes due April 1, 2021. We will receive all the net proceeds from this sale.

We will pay interest on the notes quarterly, beginning July 1, 2006. The notes will mature on April 1, 2021.

We have the right to redeem your notes at any time on or after April 1, 2009 at 100% of their principal value, plus any accrued but unpaid interest on your notes. We will also redeem the notes, subject to limitations, at the option of the representative of any deceased beneficial owner of the notes.

The notes will not be listed on any national securities exchange. The notes will be unsecured and will rank equally with all of our other unsecured and unsubordinated debt from time to time outstanding.

Payments of principal and interest on the notes when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation.

Ambac

Investing in our notes involves risks. See "Risk Factors" beginning on Page 5.

	Per $1,000 Note	Total
Public offering price	$1,000	$40,000,000
Underwriting discount	$ 24	$ 960,000
Proceeds, before expenses, to us	$ 976	$39,040,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the notes in book-entry form through the facilities of The Depository Trust Company on or about April 6, 2006.

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*IQ Notes is a service mark of Edward D. Jones & Co., L.P.

Edward Jones

The date of this prospectus is April 3, 2006.

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PROSPECTUS SUMMARY

This summary highlights selected information in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our notes. You should read this entire prospectus carefully before investing in our notes.

The Company

We sell natural gas to approximately 40,000 retail customers on our distribution system in central and southeastern Kentucky. Additionally, we transport natural gas to our industrial customers, who purchase their gas in the open market. We also transport natural gas on behalf of local producers and customers not on our distribution system, and we produce a relatively small amount of natural gas from our southeastern Kentucky wells.

Our Address and Telephone Number

Our executive offices are located at 3617 Lexington Road, Winchester, Kentucky 40391. Our telephone number is (859) 744-6171. Our facsimile number is (859) 744-6552, and our internet address is www.deltagas.com.

The Offering

Notes offered by us	$40,000,000 in aggregate principal amount
Maturity	April 1, 2021
Interest	5.75% per annum payable quarterly on each January 1, April 1, July 1 and October 1, beginning on July 1, 2006
Redemption option of a deceased beneficial owner's representative	We will redeem the notes at the option of the representative of any deceased beneficial owner of a note at 100% of the principal amount, plus any interest accrued up to (but not including) the redemption date, subject to the conditions that, during the period from the original issue date of a note through April 1, 2007 and during each twelve month period after April 1, 2007, the maximum principal amount we are required to redeem is $25,000 per deceased beneficial owner and an aggregate of $800,000 for all deceased beneficial owners. See "Description of the Notes - Limited Right of Redemption upon Death of Beneficial Owner".
Our right to redeem the notes	Beginning on April 1, 2009, we are permitted to redeem your notes. We may redeem your notes at 100% of their principal value. We also must pay you any accrued but unpaid interest on your notes. See "Description of the Notes - Optional Redemption".

Use of proceeds	To redeem our outstanding 7.15% Debentures due in 2018 and our outstanding 6⅝% Debentures due in 2023 and to reduce our short-term indebtedness.
Insurance	The timely payment of scheduled principal of and interest on the notes will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation.
Rating	We anticipate that the notes will be rated "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold the notes. Any rating can be revised upward or downward or withdrawn at any time by a rating agency if it decides that circumstances warrant that change.

Consolidated Ratio of Earnings to Fixed Charges

The following table sets forth our consolidated ratios of earnings to fixed charges for the periods indicated:

For the six and twelve months ended December 31, 2005		For the years ended June 30,				
six months	twelve months	2005	2004	2003	2002	2001
2.54x	2.97x	2.80x	2.40x	2.34x	2.22x	2.14x

The ratio of earnings to fixed charges represents the number of times that fixed charges are covered by earnings. Earnings for the calculation consist of net income before income taxes and fixed charges. Fixed charges consist of interest expense, amortization of debt expense and an estimate of the interest within rental expense.

RISK FACTORS

Purchasing our notes involves risks. The following are material risks.

You should carefully consider each of the following factors and all of the information in this prospectus before purchasing any of our notes.

Weather conditions may cause our revenues to vary from year to year. Our revenues vary from year to year, depending on weather conditions. We estimate that approximately 75% of our annual gas sales are temperature sensitive. As a result, mild winter temperatures can cause a decrease in the amount of gas we sell in any year, which would reduce our revenues and profits. Our weather normalization clause in our rate tariffs, approved by the Kentucky Public Service Commission, only partially mitigates this risk. We adjust our rates to residential and small non-residential customers to reflect variations from thirty-year average weather for our November through March billing cycles.

Changes in federal regulations could reduce the availability or increase the cost of our interstate gas supply. We purchase almost all of our gas supply from interstate sources. For example, in our fiscal year ended June 30, 2005, approximately 99% of our gas supply was purchased from interstate sources. The Federal Energy Regulatory Commission regulates the transmission of the natural gas we receive from interstate sources, and it could increase our transportation costs or decrease our available pipeline capacity by changing its regulatory policies in a manner that could increase transportation rates or reduce pipeline or storage capacity available to us.

Our gas supply depends upon the availability of adequate pipeline transportation capacity. We purchase almost all of our gas supply from interstate sources. Interstate pipeline companies transport the gas to our system. A decrease in interstate pipeline capacity available to us or an increase in competition for interstate pipeline transportation service could reduce our normal interstate supply of gas.

Our customers are able to acquire natural gas without using our distribution system. Our larger customers can obtain their natural gas supply by purchasing their natural gas directly from interstate suppliers, local producers or marketers and arranging for alternate transportation of the gas to their plants or facilities. Customers may undertake such a by-pass of our distribution system in order to achieve lower prices for their gas service. Our larger customers who are in close proximity to alternative supply would be most likely to consider taking this action. This potential to by-pass our distribution system creates a risk of the loss of large customers and thus could result in lower revenues and profits.

We face regulatory uncertainty at the state level. We are regulated by the Kentucky Public Service Commission. The majority of our revenues are generated by our regulated segment. We face the risk that the Kentucky Public Service Commission may fail to grant us adequate and timely rate increases or may take other actions that would cause a reduction in our income from operations, such as limiting our ability to pass on to our customers our increased costs of natural gas. Such regulatory actions would decrease our revenues and our profitability.

Volatility in the price of natural gas could reduce our profits. Significant increases in the price of natural gas will likely cause our retail customers to conserve or switch to alternate sources of energy. Any decrease in the volume of gas we sell that is caused by such actions will reduce our revenues and profits. Higher prices could also make it more difficult to add new customers. Natural gas prices have risen significantly in the past year.

We do not generate sufficient cash flows to meet all our cash needs. Historically, we have made large capital expenditures in order to finance the maintenance, expansion and upgrading of our distribution system. As a result, we have funded a portion of our cash needs through borrowing and by offering new securities into the market. For example, by a combination of increasing our borrowing under our short-term line of credit and sales of securities through our dividend reinvestment plan and other offerings, we generated cash in the amount of $1,987,000 in fiscal 2005 and $4,515,000 in fiscal 2004. Although cash needs vary from year to year, we consider these years indicative of our future needs for external cash. Our dependency on external sources of financing creates the risks that our profits could decrease as a result of high capital costs and that lenders could impose onerous and unfavorable terms on us as a condition to granting us loans. We also risk the possibility that we may not be able to secure external sources of cash necessary to fund our operations.

Substantial operational risks are involved in operating a natural gas distribution, pipeline and storage system and such operational risks could reduce our revenues and increase expenses. There are substantial risks associated with the operation of a natural gas distribution, pipeline and storage system, such as operational hazards and unforeseen interruptions caused by events beyond our control. These include adverse weather conditions, accidents, the breakdown or failure of equipment or processes, the performance of pipeline facilities below expected levels of capacity and efficiency and catastrophic events such as explosions, fires, earthquakes, floods, landslides or other similar events beyond our control. These risks could result in injury or loss of life, extensive property damage and environmental pollution, which in turn could lead to substantial financial losses to us. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks. Liabilities incurred that are not fully covered by insurance could adversely affect our results of operations and financial condition. Additionally, interruptions to the operation of our gas distribution, pipeline or storage system caused by such an event could reduce our revenues and increase our expenses.

Hurricanes or other extreme weather could interrupt our gas supply and increase natural gas prices. Hurricanes or other extreme weather could damage production or transportation facilities, which could result in decreased supplies of natural gas and increased supply costs for us and higher prices for our customers.

There is no public market for our notes. There is no public trading market for the notes. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. Our underwriter has told us it intends to make a market in the notes after this offering, although the underwriter is under no obligation to do so and may discontinue any market-making activities at any time without any notice. As a result, we can give no assurances that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Rating of our notes may change. If the notes are rated by a rating agency, the rating will primarily reflect the financial strength of Ambac Assurance Corporation as the issuer of the financial guaranty insurance policy insuring the payment of scheduled interest on and principal of the notes and the rating could change in accordance with Ambac Assurance Corporation's financial strength. Any rating is not a recommendation to purchase, sell or hold the notes and will not comment as to the market price of the notes or suitability of the notes for a particular investor. In addition, there can be no assurance that a rating will be maintained for any given period of time or that a rating will not be lowered or withdrawn in its entirety. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the notes. The rating of the notes may not reflect the potential impact of all risks related to the structure and other factors on any trading market for, or trading value of, your notes.

Cross-default provisions in our borrowing arrangements increase the consequences of a default on our part. Each indenture under which our outstanding debentures were issued, the indenture under which the notes will be issued and the loan agreement for our bank line of credit, contains a cross-default provision which provides that we will be in default under such indenture or loan agreement in the event of certain defaults under any of the other indentures or loan agreement. Accordingly, should an event of default occur under one of our debt agreements, we face the prospect of being in default under all of our debt agreements and obliged in such instance to satisfy all of our then-outstanding indebtedness. In such an event, we might not be able to obtain alternative financing or, if we are able to obtain such financing, we might not be able to obtain it on terms acceptable to us.

Our borrowing arrangements include various negative covenants that restrict our activities. Our bank line of credit restricts us from:

- merging with another entity,
- selling a material portion of our assets other than in the ordinary course of business,

- issuing stock which in the aggregate exceeds five percent (5%) of our outstanding shares of common stock, and
- having any person hold more than twenty percent (20%) of our outstanding shares of common stock,

without bank approval or repaying the line of credit. The indenture under which notes will be issued prevents us from assuming additional mortgage indebtedness in excess of $5,000,000 or from paying dividends on our common stock unless our consolidated shareholders' equity minus the value of our intangible assets exceeds $25,800,000. The indenture governing the debentures that will remain outstanding following the application of proceeds from this offering has these same restrictions. These negative covenants create the risk that we may be unable to take advantage of business and financing opportunities as they arise.

Terrorist attacks and threats, escalation of military activity in response to such attacks or acts of war may negatively affect our earnings and financial condition. Terrorist attacks, such as the attacks that occurred in New York, Pennsylvania and Washington, D.C. on September 11, 2001, and future war or risk of war may adversely impact our results of operations, our ability to raise capital and our future growth. The impact that possible terrorist attacks may have on our industry in general, and on us in particular, is not known at this time but could likely lead to increased volatility in gas rates. Uncertainty surrounding the current military action in Iraq, future military strikes or sustained military campaigns may impact our operations in unpredictable ways, including disruptions of fuel or gas supplies and markets, and the possibility that infrastructure facilities, including pipelines, processing plants and storage facilities, could be direct targets or indirect casualties of an act of terror. Terrorist activity may also hinder our ability to transport gas if transportation facilities or pipelines become damaged as a result of an attack. In addition, war or risk of war may have an adverse effect on the economy in our service territory. A lower level of economic activity could result in a decline in energy consumption which could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism or war also could affect our ability to raise capital.

WHERE TO FIND MORE INFORMATION ABOUT US

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

The SEC also maintains an internet website that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that website is www.sec.gov. You may also view these documents on the "Financials" page of our internet website at www.deltagas.com.

We have filed with the SEC a registration statement on Form S-3 that registers the notes we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the notes being offered. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus information that we file separately with the SEC. This enables us to disclose important information to you by referring you to another document that we filed with the SEC. Information that we incorporate by reference in this manner is considered to be a part of this prospectus, except for any information that is superseded by information that is included directly in this document.

We incorporate by reference the following documents, which we previously filed with the SEC (Commission File No. 000—8788) and which contain important information about us and our financial condition:

- Our Annual Report on Form 10-K (as amended on Form 10-K/A) for the year ended June 30, 2005.
- The portions of our Definitive Proxy Statement on Schedule 14A for our Annual Meeting of Shareholders held on November 17, 2005, that are incorporated by reference into Items 10, 11, 12, 13 and 14 of our Annual Report on Form 10-K (as amended on Form 10-K/A) for the year ended June 30, 2005.
- Our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.
- Our Quarterly Report on Form 10-Q for the quarter ended December 31, 2005.
- Our Current Report on Form 8-K filed with the SEC on November 18, 2005.

We also incorporate by reference all documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 after the date of filing the registration statement of which this prospectus forms a part and prior to the termination of this offering.

Upon your written or oral request, we will provide you a copy of any of the filings that are incorporated by reference into this prospectus. This information will be provided to you without charge. Your request should be directed to: Emily P. Bennett, Director - Corporate Services, Delta Natural Gas Company, Inc., 3617 Lexington Road, Winchester, Kentucky 40391, telephone number (859) 744-6171, facsimile number (859) 744-6552, e-mail ebennett@deltagas.com.

FORWARD-LOOKING STATEMENTS

This prospectus and documents incorporated herein by reference contain forward-looking statements that relate to future events or our future performance. We have attempted to identify these statements by using words such as "estimates," "attempts," "expects," "monitors," "plans," "anticipates," "intends," "continues," "believes" and similar expressions.

These forward-looking statements include, but are not limited to, statements about:

- our operational plans,
- the cost and availability of our natural gas supplies,
- our capital expenditures,
- sources and availability of funding for our operations and expansion,
- our anticipated growth and growth opportunities through system expansion and acquisition,
- competitive conditions that we face,
- our production, storage, gathering and transportation activities,
- regulatory and legislative matters,
- dividends, and
- the issuance of the financial guaranty insurance policy and the rating on the notes.

Factors that could cause future results to differ materially from those expressed in or implied by the forward-looking statements or historical results include the impact or outcome of:

- the ongoing restructuring of the natural gas industry and the outcome of the regulatory proceedings related to that restructuring,
- the changing regulatory environment, generally,

- a change in the rights under present regulatory rules to recover for costs of gas supply, other expenses and investments in capital assets,
- uncertainty of our capital expenditure requirements,
- changes in economic conditions, demographic patterns and weather conditions in our retail service areas,
- changes affecting our cost of providing gas service, including changes in gas supply costs, interest rates, the availability of external sources of financing for our operations, tax laws, environmental laws and the general rate of inflation,
- changes affecting the cost of competing energy alternatives and competing gas distributors,
- changes in accounting principles and tax laws or the application of such principles and laws to us, and
- other matters described in the "RISK FACTORS" section beginning on page 5.

USE OF PROCEEDS

We anticipate the net proceeds from this offering, after deducting the underwriting discount and expenses payable by us, will be approximately $37.7 million. We will use approximately $23.7 million of these estimated net proceeds to redeem our 7.15% Debentures due 2018 and approximately $10.2 million of these estimated net proceeds to redeem our 6⅝% Debentures due 2023. We will use the balance of the net proceeds from this offering, which we estimate to be approximately $3.8 million, to reduce the outstanding balance of our revolving bank line of credit with Branch Banking and Trust Company. As of March 27, 2006, the outstanding principal balance of this bank line of credit was $15,685,123, and it accrued interest at the rate of 5.64% per annum. The amount repaid on our line of credit by the net proceeds from this offering may be redrawn.

CAPITALIZATION

The following tables set forth our consolidated capitalization and short-term debt as of December 31, 2005, and as adjusted to reflect the sale of the notes and the application of the estimated net proceeds. This table should be read in conjunction with our consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended June 30, 2005, and our Quarterly Report on Form 10-Q for the quarter ended December 31, 2005, both of which are incorporated by reference into this prospectus.

	As of December 31, 2005		
	Actual	As Adjusted	Percentage of as Adjusted
Common Stockholders' Equity	$ 51,524,275	$ 51,524,275	46.2%
Long-Term Debt (including amounts due within one year)	53,841,000	59,990,000	53.8%
Total Capitalization	$105,365,275	$111,514,275	100.0%
Short-Term Debt	$ 32,034,527	$ 28,182,527	

DESCRIPTION OF THE NOTES

We are offering $40,000,000 aggregate principal amount of our 5.75% Insured Quarterly Notes due April 1, 2021.

We currently have outstanding 7.15% Debentures due 2018 in the aggregate principal amount of $23,681,000, 6⅝% Debentures due 2023 in the aggregate principal amount of $10,170,000 and 7% Debentures due 2023 in the aggregate principal amount of $19,990,000. The 7.15% Debentures due 2018 and the 6⅝% Debentures due 2023 will be paid in full with a portion of the proceeds of this offering. While we issued these debentures under indentures different from the indenture under which this offering is made and the debentures have slightly different terms from the notes being offered by this prospectus, the outstanding debentures mainly differ from the notes offered by this prospectus as to interest rate and maturity date. These debentures and our $40,000,000 short-term line of credit with Branch Banking and Trust Company, which as of March 27, 2006, had an outstanding principal balance of $15,685,123, constitute all our unsubordinated, unsecured debt obligations. The 7% Debentures due 2023 and our short-term line of credit with Branch Banking and Trust Company will rank equally as our debt obligations to the notes offered by this prospectus. As discussed above, we will use approximately $3.8 million of the proceeds of this offering to pay a portion of the outstanding balance on the short-term bank line of credit.

We will issue the notes under an indenture dated as of March 1, 2006, between us and The Bank of New York Trust Company, N.A., as the trustee. We have filed a copy of the indenture with the SEC.

The indenture is a contract between us and the trustee. The trustee has two main roles. First, the trustee can enforce your rights against us if an "event of default," as that term is described below, occurs. Second, the trustee performs certain administrative duties for us.

The terms of the notes include those stated in the indenture and those made a part of the indenture by reference to the Trust Indenture Act of 1939, as in effect on March 1, 2006. We have summarized below the material provisions of the notes and the indenture. However, you should understand that this is only a summary, and we have not included all of the provisions of the notes or the indenture. We have filed the indenture with the SEC, and we suggest that you read the indenture. We are incorporating by reference the provisions of the indenture and this summary is qualified in its entirety by the provisions of the indenture.

We do not intend to list the notes on a national securities exchange. The notes do not presently have a trading market. We can give no assurance that such a market will develop. If a market for the notes does develop, there can be no assurance that it will continue to exist.

Book-Entry Only System

We will issue the notes in the aggregate initial principal amount of $40,000,000. The notes will be represented by one global certificate (also known as a global security) issued to The Depository Trust Company, which is known as DTC. DTC will act as securities depository for the notes. The notes will be issued only as fully-registered securities registered in the name of DTC's nominee, Cede & Co. DTC will maintain the notes in denominations of $1,000, and integral multiples of $1,000, through its book-entry facilities.

The following is based upon information furnished by DTC:

- DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (known as direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants in DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of Depository Trust & Clearing Corporation, which in turn is owned by a number of direct participants and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, known as indirect participants, such as securities brokers and dealers, banks, trust companies and clearing corporations that clear transactions through or maintain a custodial relationship with a direct participant. The rules applicable to DTC and its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

- Purchases of notes within the DTC system must be made by or through direct participants, which will receive a credit for the notes on DTC's records. The ownership interest of each actual purchaser of an interest in the notes, the owners of which are known as beneficial owners, is in turn to be recorded on the direct and indirect participants' records. Beneficial owners like yourself will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owners entered into the transaction. Transfers of the notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing the notes, except in the event that use of the book-entry system for the notes is discontinued, as discussed below.

- To facilitate subsequent transfers, all notes deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes. DTC's records reflect only the identity of the direct participants to whose accounts the notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

- The delivery of notices and other communications by DTC to direct participants, by direct participants to indirect participants and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners like yourself may wish to take certain steps to augment transmission of notices of significant events with respect to the notes, such as redemptions, tenders and defaults.

- Redemption notices will be sent to Cede & Co., as registered holder of the notes. If less than all of the notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant to be redeemed.

- Neither DTC nor Cede & Co. (nor any other DTC nominee) will itself consent or vote with respect to notes. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date for any event giving holders of notes a voting opportunity. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

- Principal and interest payments on the notes will be made to Cede & Co., or such other nominee as may be requested by DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on the relevant payment date in accordance with their respective holdings shown on DTC's records. Payments by direct or indirect participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such direct or indirect participants and not of DTC, the trustee, you or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment or principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of the trustee as paying agent under the indenture, disbursement of payments to direct participants will be the responsibility of DTC, and further disbursement of payments to the beneficial owners will be the responsibility of direct and indirect participants.

- So long as DTC is the registered owner of the notes, we and the trustee will consider DTC as the sole owner or holder of the notes for all purposes under the indenture and any applicable laws. As a beneficial owner of interests in the notes, you will not be entitled to receive a physical certificate representing your ownership interest and you will not be considered an owner or holder of the notes under the indenture, except as otherwise provided below. You, as a beneficial owner, will have the right to sell, transfer or otherwise dispose of an interest in the notes and the right to receive the proceeds from the notes and all interest, principal and premium payable on the notes. Your beneficial interest in the notes will be recorded, in integral multiples of $1,000, on the records of DTC's direct participant that maintains your account. In turn, this interest held by DTC's direct participant in the notes will be recorded, in integral multiples of $1,000, on the computerized records of DTC. Beneficial ownership of the notes may be transferred only by compliance with the procedures of DTC and the DTC direct (or, as applicable, indirect) participant that maintains your account.
- All rights of ownership must be exercised through DTC and the book-entry system, except that you are entitled to exercise directly your rights under Section 316(b) of the Trust Indenture Act of 1939 with respect to the payment of interest and principal on the notes. Notices that we or the trustee give under the indenture will be given only to DTC. We expect DTC will forward the notices to its participants by its usual procedures, so that its participants may forward the notices to the beneficial owners like yourself. Neither we nor the trustee will have any responsibility or obligation to assure that any notices are forwarded by DTC to its direct participants or by its direct participants to the beneficial owners of the notes.

DTC may discontinue providing its services as securities depository for the notes at any time by giving reasonable written notice to us and the trustee. Under such circumstances, and in the event that we do not obtain a successor securities depository, we will deliver note certificates to the beneficial owners. We may decide to replace DTC or any successor depository. Additionally, we may decide to discontinue use of the system of book-entry transfers through DTC or a successor depository. In that event, we will print and deliver to the beneficial owners certificates for the notes.

According to DTC, the foregoing information with respect to DTC is provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind. The information in this section concerning DTC and DTC's book-entry system and procedures has been obtained from third-party sources that we believe are reliable. Neither we, the underwriter nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of the notes or for maintaining, supervising or reviewing any records relating to the beneficial ownership of notes.

Except as provided in this prospectus, you and other beneficial owners of the notes may not receive physical delivery of notes. Accordingly, you and each other beneficial owner must rely on the procedures of DTC to exercise any rights under the notes.

Interest and Payment

The notes will mature on April 1, 2021. The notes will bear interest from the date of issuance at the annual interest rate stated on the cover page of this prospectus. The amount of interest payable will be calculated on the basis of a 360-day year of twelve 30-day months. Interest will be payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, beginning on July 1, 2006. Interest will be paid to the persons in whose names the notes are registered at the close of business on the 15th day of the month immediately preceding the applicable interest payment date. If any payment date would otherwise be a day that is a holiday under the indenture, which includes each Saturday, Sunday and other bank holidays, the payment will be postponed to the next day that is not a holiday. No interest will accrue on an interest payment for the period from and after a scheduled payment date that is postponed because of a holiday.

So long as DTC is the registered owner of the notes, the trustee as paying agent will make payments of interest, principal and premium on the notes to DTC. DTC will be responsible for crediting the amount of the distributions to the accounts of its participants entitled to the distributions, in accordance with DTC's normal procedures. Each of DTC's direct participants will be responsible for disbursing distributions to indirect participants, if applicable, or to you and the other beneficial owners of the interests in notes that it represents.

Neither we nor the trustee will have any responsibility or liability for any aspect of:

- the records relating to, notices to, or payments made on account of, beneficial ownership interests in the notes, including your interest;
- maintaining, supervising or reviewing any records relating to beneficial ownership interests in the notes, including your interest;
- the selection of any beneficial owner, including you, of the notes to receive payment in the event of a partial redemption of the global security; or
- consents given or other action taken on behalf of any beneficial owner, including you, of the notes.

Optional Redemption

Under the indenture, we have the option to redeem all or part of the notes before their stated maturity. We may redeem all or part of the notes at any time on or after April 1, 2009. If we redeem all or part of the notes, we must pay 100% of the principal amount of the notes being redeemed, plus accrued interest on those notes up to but not including the date of such redemption.

If we redeem fewer than all the notes, the trustee will select by lot the particular notes to be redeemed.

We will give notice of redemption at least 30 days before the date of redemption to each holder of notes to be redeemed at the holder's registered address. We may rescind any notice of redemption at any time at least five days prior to the date of redemption.

On and after the date of redemption, interest will cease to accrue on notes or portions of the notes redeemed. However, interest will continue to accrue if we default in the payment of the amount due upon redemption.

Subject to the foregoing and to applicable law, we may, at any time and from time to time, purchase outstanding notes by tender, in the open market or by private agreement.

Limited Right of Redemption Upon Death of Beneficial Owner

Unless the notes have been declared due and payable prior to their maturity by reason of an event of default under the indenture, the representative of a deceased beneficial owner of interests in the notes has the right at any time to request redemption prior to stated maturity of all or part of his interest in the notes. We will redeem these interests in the notes subject to the limitations that we will not be obligated to redeem, during the period from the original issue date through and including April 1, 2007 (known as the "initial period"), and during any twelve-month period which ends on and includes each April 1 thereafter (each such twelve-month period being known as a "subsequent period"), on behalf of a deceased beneficial owner any interest in the notes which exceeds $25,000 principal amount or interests in the notes exceeding $800,000 in aggregate principal amount.

We may, at our option, redeem interests of any deceased beneficial owner in the notes in the initial period or any subsequent period in excess of the $25,000 limitation. Any such redemption, to the extent that it exceeds the $25,000 limitation for any deceased beneficial owner, will not be included in the computation of the $800,000 aggregate limitation for that initial period or that subsequent period, as the case may be, or for any succeeding subsequent period. We may, at our option, redeem interests of deceased beneficial owners in the notes, in the initial period or any subsequent period, in an aggregate principal amount exceeding $800,000. Any redemption so made, to the extent it exceeds the $800,000 aggregate limitation, will not reduce the $800,000 aggregate limitation for any subsequent period. If we elect to redeem notes in excess of the $25,000 limitation or the $800,000 aggregate limitation, notes so redeemed will be redeemed in the order of the receipt of redemption requests by the trustee.

A request for redemption of an interest in the notes may be initiated by the representative of the deceased beneficial owner. For purposes of making a redemption request, the representative of a deceased beneficial owner is any person who is the personal representative or other person authorized to represent the estate of the deceased beneficial owner or the surviving joint tenant or tenant(s) by the entirety or the trustee of a trust. The representative must deliver a request to the participant through whom the deceased beneficial owner owned the interest to be redeemed, in form satisfactory to the participant, together with evidence of the death of the beneficial owner, evidence of the authority of the representative satisfactory to the participant, such waivers, notices or certificates as may be required under applicable state or federal law and such other evidence of the right to redemption as the participant may require. The request will specify the principal amount of the interest in the notes to be redeemed. The participant will thereupon deliver to DTC a request for redemption substantially in the form attached as Appendix A to this prospectus (known as the "redemption request"). DTC will, on receipt of a redemption request, forward the redemption request to the trustee. The trustee will maintain records with respect to redemption requests received by it including date of receipt, the name of the participant filing the redemption request and the status of each redemption request with respect to the $25,000 limitation and the $800,000 aggregate limitation. The trustee will immediately file with us each redemption request it receives, together with the information regarding the eligibility of that redemption request with respect to the $25,000 limitation and the $800,000 aggregate limitation. We, DTC and the trustee may conclusively assume, without independent investigation, that the statements contained in each redemption request are true and correct and will have no responsibility for reviewing any documents submitted to the participant by the representative. We, DTC and the trustee will also have no responsibility for determining whether the applicable decedent is in fact the beneficial owner of the interest in the notes to be redeemed or is in fact deceased and whether the representative is duly authorized to request redemption on behalf of the applicable beneficial owner.

Subject to the $25,000 limitation and the $800,000 aggregate limitation, we will, after the death of any beneficial owner, redeem the interest of that beneficial owner in the notes on the next interest payment date occurring not less than 30 days following our receipt of a redemption request from the trustee. If redemption requests exceed the $800,000 aggregate limitation during the initial period or during any subsequent period, then the excess redemption requests will be applied in the order received by the trustee to successive subsequent periods, regardless of the number of subsequent periods required to redeem such interests. We may, at any time, notify the trustee that we will redeem, on the next interest payment date occurring not less than 30 days after that notice, all or any lesser amount of notes for which redemption requests have been received but which are not then eligible for redemption by reason of the $25,000 limitation or the $800,000 aggregate limitation. If we so elect to redeem excess notes, we will redeem these excess notes in the order of receipt of redemption requests by the trustee.

The price we will pay for the interests in the notes to be redeemed pursuant to a redemption request is 100% of the principal amount of the interests plus accrued but unpaid interest to the date of payment. Subject to arrangements with DTC, payment for interests in the notes which are to be redeemed will be made to DTC upon presentation of notes to the trustee for redemption in the aggregate principal amount specified in the redemption requests submitted to the trustee by DTC which are to be fulfilled in connection with that payment. The principal amount of any notes we acquire or redeem, other than by redemption at the option of any representative of a deceased beneficial owner, will not be included in the computation of either the $25,000 limitation or the $800,000 aggregate limitation for the initial period or for any subsequent period.

A beneficial owner, for purposes of determining if the representative of a deceased person may make a proper redemption request, is the person who has the right to sell, transfer or otherwise dispose of an interest in a note and the right to receive the proceeds from that interest, as well as the interest and principal payable to the holder of the note. In general, a determination of beneficial ownership in the notes will be subject to the rules, regulations and procedures governing DTC and its participants.

Any interest in a note held in tenancy by the entirety, joint tenancy or by tenants in common will be considered to be held by a single beneficial owner and the death of a tenant by the entirety, joint tenant or tenant in common will be considered the death of a beneficial owner. The death of a person who, during his lifetime, was entitled to substantially all of the rights of a beneficial owner of an interest in the notes will be considered the death of the beneficial owner, regardless of the recordation of such interest on the records of the participant, if such rights can be established to the satisfaction of the participant. These rights will be considered to exist in typical cases of nominee ownership, ownership under the Uniform Gifts to Minors Act or the Uniform Transfer to Minors Act, community property or other similar joint ownership arrangements, including individual retirement accounts or Keogh [H.R. 10] plans maintained solely by or for the decedent or by or for the decedent and any spouse, trusts and certain other arrangements where one person has substantially all of the rights of a beneficial owner during such person's lifetime.

In the case of a redemption request which is presented on behalf of a deceased beneficial owner and which has not been fulfilled at the time we give notice of our election to redeem the notes, the notes which are the subject of such pending redemption request will be redeemed prior to any other notes.

Any redemption request may be withdrawn by the person(s) presenting the redemption request upon delivery of a written request for withdrawal given by the participant on behalf of that person to DTC and by DTC to the trustee not less than 60 days prior to the interest payment date on which the notes are eligible for redemption. We may, at any time, purchase any notes for which redemption requests have been received in lieu of redeeming those notes. Any notes we purchase in this manner will either be re-offered for sale and sold within 180 days after the date of purchase or presented to the trustee for redemption and cancellation.

During any time or times as the notes are not represented by a global certificate and are issued in definitive form, all references herein to participants and DTC, including DTC's governing rules, regulations and procedures, will be considered deleted, all determinations which under this section the participants are required to make will be made by us (including, without limitation, determining whether the applicable decedent is in fact the beneficial owner of the interest in the notes to be redeemed or is in fact deceased and whether the representative is duly authorized to request redemption on behalf of the applicable beneficial owner), all redemption requests, to be effective, must be delivered by the representative to the trustee, with a copy to us, and must be in the form of a redemption request (with appropriate changes to reflect the fact that the redemption request is being executed by a representative) and, in addition to all documents that are otherwise required to accompany a redemption request, must be accompanied by the note that is the subject of the request.

No Sinking Fund

The notes are not subject to a sinking fund requirement, which means we will not deposit money on a regular basis into any separate custodial account to repay the notes.

Notes Not Convertible

The notes are not convertible into any other security.

Notes Unsecured

The notes are unsecured obligations and are equal in rank to all of our other unsecured and unsubordinated debt that may be outstanding at any time. Subject only to the restrictions described below, the indenture does not limit the amount of debt which we may incur.

Restrictive Covenants

Under the indenture, we agreed to the following restrictions:

- We, and our subsidiaries, may not create, issue, incur, guarantee or assume any long-term debt, which ranks prior to or equal to the notes in right of payment, unless, after the creation, issuance, incurrence or assumption of the additional long-term debt, the net book value of all of our and our subsidiaries' physical property is at least equal to all of our and our subsidiaries' then outstanding long-term debt. We are required to include the notes outstanding in calculating our long-term debt. For purposes of this debt limitation, long-term debt is generally calculated as any of our or our subsidiaries' indebtedness that is not payable on demand or not required to be paid within one year after the calculation is made. For purposes of this limitation, our and our subsidiaries' physical property is limited to physical property used or useful to us in the business of furnishing or distributing gas service as a public utility. As of December 31, 2005, after giving effect to the issuance of the notes and the application of the proceeds from the sale of the notes, the net book value of all of our and our subsidiaries' physical property would have exceeded our and our subsidiaries' long-term debt by $58,701,098.

- We may not declare or pay any dividends or make any other distribution upon our common stock, and we may not apply any of our assets to the redemption, retirement, purchase or other acquisition of any of our capital stock. This restriction does not apply:
  - if after the declaration, payment, distribution or application of assets our shareholders' equity, less the book value of our and our subsidiaries' intangible assets, is at least equal to $25,800,000 as reflected on our then latest available balance sheet (our December 31, 2005 balance sheet, after giving effect to the issuance of the notes, reflects that our shareholders' equity is $51,524,275); or
  - to dividends and distributions consisting only of shares of our common stock, but not cash or other property; or
  - to purchases or redemptions of our preferred stock in compliance with any mandatory sinking fund, purchase fund or redemption requirement.
- We may not issue, assume or guarantee any debt secured by a lien on any property or asset that we own. However, this restriction does not apply if, prior to or at the same time as the issuance, assumption or guarantee of that debt, we equally and ratably secure the notes. This restriction is also subject to certain exceptions described in the indenture, which include liens securing debt having an aggregate outstanding principal balance of $5,000,000 or less.
- Ambac Assurance Corporation, as the insurer under the financial guaranty insurance policy for the notes that is described below, can require us to be engaged in the transmission or distribution of natural gas and be regulated as to rates, to the extent required by law, in each jurisdiction that comprises our service area.

Except as described above, the indenture does not afford any protection to holders of notes solely on account of our involvement in highly-leveraged transactions.

Successor Corporation

We agree in the indenture that we will not consolidate with, merge into or transfer or lease all or substantially all of our assets to another corporation, unless:

- no default will exist under the indenture immediately after the transaction;
- the other corporation assumes all of our obligations under the notes and the indenture; and
- certain other requirements are met.

Events of Default, Notice and Waiver

The following constitute events of default under the indenture:

- default in the payment of principal of the notes when due;
- default in the payment of any interest on the notes, when due, if continued for 30 days;
- default in the performance of any other agreement we have made in the notes or the indenture, including the restrictive covenants discussed above, if continued for 60 days after written notice;

- acceleration of certain of our or our subsidiaries' indebtedness for borrowed money under the terms of any instrument under which indebtedness of $100,000 or more is issued or secured; and
- certain events in bankruptcy, insolvency or reorganization involving us.

The trustee is required, within 90 days after the occurrence of a default, to give the holders of notes notice of all continuing defaults known to the trustee. However, in the case of a default in the payment of the principal or interest in respect of any of the notes, the trustee is protected in not giving notice if it in good faith determines that not giving notice is in the interest of the holders of the notes.

If any event of default occurs and is continuing, the trustee or the holders of at least twenty-five percent in principal amount of outstanding notes may declare the notes immediately due and payable. This acceleration may be rescinded by the holders of a majority in principal amount of the notes then outstanding, upon the conditions provided in the indenture.

The holders of a majority in principal amount of the notes may rescind an acceleration by waiving an existing default and its consequences, upon the conditions provided in the indenture. This right to waive the default and its consequences does not apply to:

- an uncured default in payment of principal or interest on the notes; or
- an uncured failure to make any redemption payment; or
- an uncured default of a provision which cannot be modified under the terms of the indenture without the consent of each holder of the notes affected.

Ambac Assurance Corporation, as the insurer under the financial guaranty insurance policy described below, will control the remedies following an event of default.

Each year we must file with the trustee a statement regarding our compliance with the terms of the indenture. This statement must be filed within 120 days after the end of each fiscal year. Further, this statement must specify any defaults of which our officers signing the statement may have knowledge.

Modification of the Indenture

We, together with the trustee, may modify and amend the indenture in a manner that materially affects the rights of the holders of the notes only if we obtain the consent of the holders of not less than a majority in principal amount of the notes then outstanding.

We, together with the trustee, may only modify or amend the indenture in a manner that materially affects the rights of the holders of the notes and that:

- changes the stated maturity of any note, or
- reduces the principal amount of or interest rate on any note, or
- changes the interest payment date or otherwise modifies the terms of payment of the principal of or interest on the notes, or
- reduces the percentage required for any consent, waiver or modification, or
- modifies certain other provisions of the indenture,

with the consent of each holder of any note affected by the modification or amendment.

The consent of Ambac Assurance Corporation, as the insurer under the financial guaranty insurance policy, is required with respect to any modification of the indenture that requires consent of the holders of the notes.

Discharge of the Indenture

The indenture will be discharged and canceled upon payment of all the notes by us. Payment of amounts due in respect of the notes by the Insurer pursuant to the Policy will not discharge our obligation to pay amounts due on the notes. The indenture may also be discharged upon written notice to the trustee and our deposit with the trustee of funds or U.S. Government obligations sufficient to pay the principal of and premium, if any, and interest on the notes. We may only deposit funds or U.S. Government obligations to discharge the indenture if the notes mature or are called for redemption within one year of our written notice.

Trustee

The indenture entitles the trustee to be indemnified by the holders of notes before proceeding to exercise any right or power under the indenture at the request of the holders of notes. This indemnification of the trustee is subject to the trustee's duty during default to act with the standard of care required in the indenture. The indenture provides that the holders of a majority in principal amount of the outstanding notes may direct the time, method and place of conducting any proceeding and any remedy available to the trustee or exercising any trust or power conferred upon the trustee.

The Bank of New York Trust Company, N.A., the trustee and note registrar under the indenture, has its corporate trust office in Cincinnati, Ohio. In addition to serving as trustee and note registrar under the indenture, The Bank of New York Trust Company, N.A. serves as:

- trustee and debenture registrar for our 7.15% Debentures due 2018, and
- trustee and debenture registrar for our 7% Debentures due 2023.

THE POLICY AND THE INSURER

The following information has been furnished by Ambac Assurance Corporation (the "Insurer") for use in this prospectus. Reference is made to Appendix B for a specimen of the financial guaranty insurance policy to be issued by the Insurer. No representation is made by us or our underwriter as to the accuracy or completeness of any such information.

The Policy

The Insurer has made a commitment to issue a financial guaranty insurance policy relating to the notes (the "Policy"), the form of which is attached to this prospectus as Appendix B. The following summary of the terms of the Policy does not purport to be complete and is qualified in its entirety by reference to the Policy.

Under the terms of the Policy, the Insurer will pay to The Bank of New York, New York, New York, or any successor thereto (the "Insurance Trustee"), that portion of the principal of and interest on the notes which shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Policy) by us. The Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which the Insurer shall have received notice of Nonpayment from the trustee. The insurance under the Policy will extend for the term of the notes and, once issued, cannot be canceled by the Insurer.

The Policy will insure payment only on the stated maturity date and in connection with the mandatory redemption of notes at the option of a representative of any deceased beneficial owner of the notes, in the case of principal, and on interest payment dates, in the case of interest. If the notes become subject to mandatory redemption (other than in connection with the mandatory redemption of notes at the option of a representative of any deceased beneficial owner of the notes) and insufficient funds are available for redemption of all outstanding notes, the Insurer will remain obligated to pay principal of and interest on outstanding notes on the originally scheduled interest and principal payment dates. In the event of any acceleration of the principal of the notes, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the trustee has notice that any payment of principal of or interest on a note which has become Due for Payment and which is made to a holder by us or on our behalf has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Policy does **not** cover:

- payment on acceleration, as a result of a call for redemption (other than in connection with the mandatory redemption of notes at the option of a representative of any deceased beneficial owner of the notes) or as a result of any other advancement of maturity;
- payment of any redemption, prepayment or acceleration premium; or
- nonpayment of principal or interest caused by the insolvency or negligence of the trustee.

If it becomes necessary to call upon the Policy, payment of principal requires surrender of notes to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such notes to be registered in the name of the Insurer to the extent of the Payment under the Policy. Payment of interest pursuant to the Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to the Insurer.

Upon payment of the insurance benefits and to the extent the Insurer makes payments of principal of or interest on the notes, the Insurer will become the owner of such note or the right to payment of principal or interest on such note and will be fully subrogated to the surrendering holder's right to payment.

The Insurer

The Insurer is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Territory of Guam and the U.S. Virgin Islands, with admitted assets of approximately $8,994,000,000 (unaudited) and statutory capital of approximately $5,649,000,000 (unaudited) as of December 31, 2005. Statutory capital consists of the Insurer's policyholders' surplus and statutory contingency reserve. Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings have each assigned a triple-A financial strength rating to the Insurer.

The Insurer makes no representation regarding the notes or the advisability of investing in the notes and makes no representation regarding, nor has it participated in the preparation of, this prospectus other than the information supplied by the Insurer and presented under the heading "THE POLICY AND THE INSURER".

Available Information

The parent company of the Insurer, Ambac Financial Group, Inc. ("AFG"), is subject to the informational requirements of the Securities Exchange Act of 1934, and in accordance therewith files reports, proxy statements and other information with the SEC. These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including AFG. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

The following, as they relate to the Insurer, are incorporated by reference into this prospectus and are deemed to constitute part of this prospectus:

- the consolidated financial statements of Ambac Assurance Corporation and subsidiaries as of December 31, 2005 and 2004 and for each of the years in the three-year period ended December 31, 2005, prepared in accordance with U.S. generally accepted accounting principles, included in the

Annual Report on Form 10-K of Ambac Financial Group, Inc. (which was filed with the SEC on March 13, 2006, Commission File No. 1-10777).

Any statement contained in a document incorporated by reference shall be modified or superseded for the purposes of this prospectus to the extent that a statement contained or incorporated by reference in this prospectus also modifies or supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

All consolidated financial statements of Ambac Assurance Corporation and subsidiaries included in documents filed by Ambac Financial Group, Inc. with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, subsequent to the date of filing the registration statement of which this prospectus forms a part and prior to the termination of the offering of the notes are deemed to be incorporated by reference into this prospectus and to be a part of this prospectus from the respective dates of filing of the consolidated financial statements.

Copies of Ambac Assurance Corporation's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance Corporation. The address of Ambac Assurance Corporation's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

RATING

It is anticipated that S&P will assign the notes a rating of "AAA", conditioned upon the issuance and delivery by the Insurer at the time of delivery of the notes of the Policy, insuring the timely payment of the principal of and interest on the notes. Such rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained only from S&P at the following address: Standard & Poor's, 25 Broadway, New York, New York 10004. There is no assurance that such rating will remain in effect for any period of time or that it will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances warrant. Neither we nor the underwriter has undertaken any responsibility to oppose any proposed downward revision or withdrawal of a rating on the notes. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the notes.

At present, S&P maintains four categories of investment grade ratings. They are AAA, AA, A and BBB. Standard & Poor's defines "AAA" as the highest rating assigned to a debt obligation.

UNDERWRITING

Edward D. Jones & Co., L.P. is the underwriter for this offering. Subject to the terms and conditions of the underwriting agreement, the underwriter has agreed to purchase, and we have agreed to sell to the underwriter, all of the notes. We have filed a copy of the underwriting agreement with the SEC.

The underwriting agreement provides that the obligations of the underwriter to purchase the notes are subject to the approval of a number of legal matters by its counsel as well as our counsel, and to other conditions. The underwriter is obligated to purchase all of the notes if it purchases any of the notes.

The underwriter proposes to offer the notes directly to the public initially at the public offering prices set forth on the cover page of this prospectus.

The following table shows the underwriting discount we will pay to the underwriter. These amounts show the discount paid per $1,000 purchase of the notes and the total for the purchase of all notes being offered.

	Per $1,000 Note	Total
Public offering price	$1,000	$40,000,000
Underwriting discount	$ 24	$ 960,000
Proceeds, before our expenses	$ 976	$39,040,000

We estimate that our out-of-pocket expenses for this offering, that are in addition to discounts we pay to the underwriters, will be approximately $1,337,000. These estimated expenses include our estimated premium payment for the Policy.

The underwriter intends to make a market in the notes. However, the underwriter will have no obligation to make a market in the notes and may cease market making activities at any time. The notes will not be listed on any exchange.

Until the distribution of the notes is completed, the SEC's rules may limit the ability of the underwriter to bid for and purchase the notes. As an exception to these rules, the underwriter is permitted to engage in certain transactions that stabilize the price of the notes. These transactions consist of placing bids for or effecting purchases of the notes for the purpose of pegging, fixing or maintaining the price of the notes.

If the underwriter creates a short position in the notes in connection with the offering by selling more notes than are set forth on the cover page of this prospectus, the underwriter may reduce that short position by purchasing notes in the open market. In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

We and the underwriter make no representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, we and the underwriter make no representations that the underwriter will engage in these types of transactions or that these transactions, once begun, will not be discontinued without notice.

The offering of the notes is made for delivery when, as and if accepted by the underwriter and subject to prior sale and to withdrawal, cancellation or modification of the offer without notice. The underwriter reserves the right to reject any order for the purchase of notes in whole or in part.

We have agreed to indemnify the underwriter and persons who control the underwriter against certain liabilities that may be incurred in connection with the offering, including liabilities under the Securities Act of 1933.

LEGAL MATTERS

Our counsel, Stoll Keenon Ogden PLLC, Lexington, Kentucky, will pass on the validity of the notes and will opine that the notes, when sold, will be our binding obligations. Certain other matters will be passed upon for the underwriter by its counsel, Armstrong Teasdale LLP, St. Louis, Missouri.

Attorneys in the firm of Stoll Keenon Ogden PLLC that have participated in this notes offering on behalf of the firm, and members of such attorneys' immediate families, own collectively 8,475 shares of our common stock.

EXPERTS

The consolidated financial statements, the related financial statement schedule and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from our Annual Report on Form 10-K (as amended on Form 10-K/A) for the year ended June 30, 2005, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports (which reports (1) express an unqualified opinion on our consolidated financial statements and financial statement schedule and include an explanatory paragraph referring to our change effective July 1, 2002 in our accounting for asset retirement obligations, (2) express an unqualified opinion on our management's assessment regarding the effectiveness of internal control over financial reporting and, (3) express an unqualified opinion on the effectiveness of internal control over financial reporting), which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Ambac Assurance Corporation and subsidiaries as of December 31, 2005 and 2004, and for each of the years in the three-year period ended December 31, 2005, are incorporated by reference in this prospectus and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference in this prospectus and in the registration statement upon the authority of that firm as experts in accounting and auditing. The report of KPMG LLP refers to changes, in 2003, in Ambac Assurance Corporation's methods of accounting for variable interest entities and stock-based compensation.

APPENDIX A

FORM OF REDEMPTION REQUEST

DELTA NATURAL GAS COMPANY, INC.
5.75% INSURED QUARTERLY NOTE DUE APRIL 1, 2021
(THE "NOTE")

CUSIP NO. 247748 AG 1

The undersigned, ________________ (the "Participant"), does hereby certify, pursuant to the provisions of that certain Indenture dated as of March 1, 2006 (the "Indenture") made by Delta Natural Gas Company, Inc. (the "Company") and The Bank of New York Trust Company, N.A., as Trustee (the "Trustee"), to The Depository Trust Company (the "Depository"), the Company, and the Trustee that:

1. [Name of deceased Beneficial Owner] is deceased.

2. [Name of deceased Beneficial Owner] had a $__________ interest in the above referenced Notes.

3. [Name of Representative] is [Beneficial Owner's personal representative/other person authorized to represent the estate of the Beneficial Owner/surviving joint tenant/surviving tenant by the entirety/trustee of a trust] of [Name of deceased Beneficial Owner] and has delivered to the undersigned a request for redemption in form satisfactory to the undersigned, requesting that $__________ principal amount of said Notes be redeemed pursuant to said Indenture. The documents accompanying such request, all of which are in proper form, are in all respects satisfactory to the undersigned and the [Name of Representative] is entitled to have the Notes to which this Request relates redeemed.

4. The Participant holds the interest in the Notes with respect to which this Redemption Request is being made on behalf of [Name of deceased Beneficial Owner].

5. The Participant hereby certifies that it will indemnify and hold harmless the Depository, the Trustee and the Corporation (including their respective officers, directors, agents, attorneys and employees), against all damages, loss, cost, expense (including reasonable attorneys' and accountants' fees), obligations, claims or liability (collectively, the "Damages") incurred by the indemnified party or parties as a result of or in connection with the redemption of Notes to which this Request relates. The Participant will, at the request of the Corporation, forward to the Corporation, a copy of the documents submitted by [Name of Representative] in support of the request for redemption.

IN WITNESS WHEREOF, the undersigned has executed this Redemption Request as of __________ ________, ________.

[PARTICIPANT NAME]

By:______________________________

Name:____________________________

Title:_____________________________

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APPENDIX B

FORM OF POLICY

Ambac

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Financial Guaranty Insurance Policy

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President

AMBAC ASSURANCE CORPORATION
CORPORATE
SEAL
WISCONSIN

Anne G. Gill

Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Form No.: 2B-0012 (1/01)

Ambac

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Due for Payment" shall also mean, when referring to the principal of and interest on an Obligation, any date on which such Obligation shall be subject to redemption by the Obligor upon the request of a representative of a deceased Holder pursuant to Section 4.01 of the Indenture, dated as of March 1, 2006, between the Obligor and The Bank of New York Trust Company, N.A. as trustee.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

AMBAC ASSURANCE CORPORATION

Ambac Assurance Corporation
Corporate
SEAL
Wisconsin

Robert J Genader
President

Anne G. Gill
Secretary

Authorized Representative

DELTA NATURAL GAS COMPANY, INC.

$40,000,000

5.75% Insured Quarterly Notes (IQ Notes℠) due April 1, 2021

PROSPECTUS

Edward Jones

The date of this prospectus is April 3, 2006.

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(q)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

Annual report to shareholders, or members, and statistical supplements covering the two (2) most recent years from the utility's application filing date.

Response:

See Tab 38 for the Annual Reports to Shareholders for the years ended June 30, 2005 and 2006. Delta does not publish a statistical supplement, but some statistical information is included on page 6 of the 2006 Annual Report under Tab 38.

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(r)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period.

Response:

See attached.

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

January 01, 2006 - January 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	6,310,818.61CR	4,994,488.13CR	6,310,818.61CR	836,700.00CR	4,994,488.13CR	33,531,022.03CR	31,620,123.28CR
Small Commercial	1,910,094.79CR	1,462,467.28CR	1,910,094.79CR	205,100.00CR	1,462,467.28CR	9,782,882.95CR	9,196,892.55CR
Other Commercial	2,107,689.98CR	1,553,633.20CR	2,107,689.98CR	384,900.00CR	1,553,633.20CR	12,188,156.72CR	10,812,353.70CR
Industrial	302,557.75CR	222,630.56CR	302,557.75CR	.00	222,630.56CR	1,700,643.83CR	1,426,869.73CR
Unmetered Gas Light	915.01CR	1,262.47CR	915.01CR	1,200.00CR	1,262.47CR	5,325.63CR	14,224.96CR
Residential WNA	50,412.61	250,075.32CR	50,412.61	.00	250,075.32CR	38,838.69	292,469.07CR
Small Non-Residential WNA	9,700.34	68,885.19CR	9,700.34	.00	68,885.19CR	11,663.36	70,880.38CR
Weather Normalization Revenu	60,112.95	318,960.51CR	60,112.95	.00	318,960.51CR	50,502.05	363,349.45CR
Total General Service Ra	10,571,963.19CR	8,553,442.15CR	10,571,963.19CR	1,427,900.00CR	8,553,442.15CR	57,157,529.11CR	53,433,813.67CR
Interuptible Rate Billed							
Commercial	6,794.79CR	4,597.47CR	6,794.79CR	.00	4,597.47CR	31,141.19CR	32,525.37CR
Industrial	85,687.92CR	69,983.68CR	85,687.92CR	13,600.00CR	69,983.68CR	479,862.92CR	469,264.38CR
Total Interruptible Rate	92,482.71CR	74,581.15CR	92,482.71CR	13,600.00CR	74,581.15CR	511,004.11CR	501,789.75CR
Total Gas Revenue	10,664,445.90CR	8,628,023.30CR	10,664,445.90CR	1,441,500.00CR	8,628,023.30CR	57,668,533.22CR	53,935,603.42CR
Miscellaneous Operating Revenue	10,052.00CR	18,682.00CR	10,052.00CR	17,600.00CR	18,682.00CR	226,889.00CR	200,470.90CR
Off System Transportation Reven	219,069.50CR	200,660.98CR	219,069.50CR	204,500.00CR	200,660.98CR	2,401,339.20CR	2,106,561.86CR
On System Transportation Revenu	439,604.83CR	462,086.65CR	439,604.83CR	265,700.00CR	462,086.65CR	4,409,219.30CR	4,039,839.70CR
TOTAL OPERATING REVENUE	11,333,172.23CR	9,309,452.93CR	11,333,172.23CR	1,929,300.00CR	9,309,452.93CR	64,705,980.72CR	60,282,475.88CR
OPERATING EXPENSES							
Purchased Gas	7,367,833.45	5,245,577.43	7,367,833.45	726,500.00	5,245,577.43	37,772,919.89	33,009,890.72
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	7,367,833.45	5,245,577.43	7,367,833.45	726,500.00	5,245,577.43	37,772,919.89	33,009,890.72
Operation Expense							
Labor	499,606.91	490,011.86	499,606.91	532,400.00	490,011.86	6,465,630.14	5,788,468.25
Transportation	60,474.61	53,399.50	60,474.61	56,900.00	53,399.50	632,912.05	793,700.98

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

January 01, 2006 - January 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	61,783.01	32,056.57	61,783.01	39,400.00	32,056.57	429,650.91	390,076.42
Customer Billing	14,320.76	14,618.53	14,320.76	21,500.00	14,618.53	230,835.23	230,801.18
Uncollectible Accounts	42,500.00	.00	42,500.00	43,000.00	.00	644,123.20	500,701.34
Administrative	54,556.26	46,286.35	54,556.26	51,800.00	46,286.35	560,294.84	471,529.70
Outside Services	61,373.88	51,242.38	61,373.88	57,200.00	51,242.38	775,926.78	508,732.52
Insurance	63,398.93	60,497.29	63,398.93	65,600.00	60,497.29	757,509.81	668,766.54
Employee Benefits	180,250.02	184,499.25	180,250.02	182,800.00	184,499.25	2,414,272.32	2,208,976.74
General Administration	62,996.87	71,186.09	62,996.87	41,700.00	71,186.09	820,802.77	734,572.19
Expenses Transferred	195,866.44CR	195,875.68CR	195,866.44CR	204,700.00CR	195,875.68CR	2,508,513.92CR	2,516,611.26CR
Other	22,461.11	14,274.73	22,461.11	42,700.00	14,274.73	310,833.04	276,865.20
Total Operation Expense	927,855.92	822,196.87	927,855.92	930,300.00	822,196.87	11,534,277.17	10,056,579.80
Maintenance Expense							
Labor	10,251.15	12,787.02	10,251.15	.00	12,787.02	88,652.52	151,798.35
Transportation	3,320.96	3,125.20	3,320.96	.00	3,125.20	27,374.14	74,113.57
Mains	6,095.33	9,476.40	6,095.33	6,500.00	9,476.40	59,355.81	82,423.96
Meter & Regulators	529.79	3,791.49	529.79	2,900.00	3,791.49	59,166.29	36,633.37
Other	32,453.74	28,583.86	32,453.74	52,300.00	28,583.86	371,617.06	339,480.50
Total Maintenance Expens	52,650.97	57,763.97	52,650.97	61,700.00	57,763.97	606,165.82	684,449.75
Depreciation Expense	338,555.16	328,688.41	338,555.16	349,300.00	328,688.41	3,998,830.15	4,311,233.42
Taxes Other Than Income Taxes							
Property Taxes	104,833.00	101,315.00	104,833.00	102,500.00	101,315.00	1,142,358.15	1,117,867.52
Payroll Taxes	54,312.28	51,158.57	54,312.28	46,100.00	51,158.57	539,461.54	502,175.23
Total Other Taxes	159,145.28	152,473.57	159,145.28	148,600.00	152,473.57	1,681,819.69	1,620,042.75
Income Taxes							
Current Federal	795,900.00	891,125.00	795,900.00	265,500.00CR	891,125.00	63,265.00CR	559,180.00CR
Current State	.00	.00	.00	.00	.00	68,540.00	325,305.00
Deferred Federal & State	4,900.00CR	2,125.00CR	4,900.00CR	.00	2,125.00CR	1,741,325.00	2,622,875.00
Investment Tax Credit-Net	3,133.33CR	3,166.67CR	3,133.33CR	.00	3,166.67CR	37,766.70CR	38,166.65CR
Total Income Taxes	787,866.67	885,833.33	787,866.67	265,500.00CR	885,833.33	1,708,833.30	2,350,833.35
TOTAL OPERATING EXPENSES	9,633,907.45	7,492,533.58	9,633,907.45	1,950,900.00	7,492,533.58	57,302,846.02	52,033,029.79

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

January 01, 2006 - January 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	1,699,264.78CR	1,816,919.35CR	1,699,264.78CR	21,600.00	1,816,919.35CR	7,403,134.70CR	8,249,446.09CR
Income Before Interest Charges	1,699,264.78CR	1,816,919.35CR	1,699,264.78CR	21,600.00	1,816,919.35CR	7,403,134.70CR	8,249,446.09CR
INTEREST CHARGES							
Interest On Long-Term Debt	313,780.80	317,300.00	313,780.80	308,300.00	317,300.00	3,789,956.23	3,820,051.33
Interest On Short-Term Debt	105,477.30	48,218.59	105,477.30	58,900.00	48,218.59	631,891.64	352,590.23
Other Interest	2,627.95	2,944.16	2,627.95	3,000.00	2,944.16	30,740.21	30,085.94
Amortization of Debt Expense	19,683.75	19,681.75	19,683.75	32,300.00	19,681.75	236,186.00	236,183.00
Total Interest Charges	441,569.80	388,144.50	441,569.80	402,500.00	388,144.50	4,688,774.08	4,438,910.50
NET INCOME	1,257,694.98CR	1,428,774.85CR	1,257,694.98CR	424,100.00	1,428,774.85CR	2,714,360.62CR	3,810,535.59CR

DELTA NATURAL GAS CO. AND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

February 01, 2006 - February 28, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	6,197,422.14CR	4,146,174.44CR	6,197,422.14CR	836,700.00CR	4,146,174.44CR	35,582,269.73CR	29,947,647.63CR
Small Commercial	1,881,705.49CR	1,198,961.49CR	1,881,705.49CR	205,100.00CR	1,198,961.49CR	10,465,626.95CR	8,568,215.98CR
Other Commercial	2,355,455.43CR	1,306,298.78CR	2,355,455.43CR	384,900.00CR	1,306,298.78CR	13,237,313.37CR	10,239,187.92CR
Industrial	313,599.83CR	178,650.71CR	313,599.83CR	.00	178,650.71CR	1,835,592.95CR	1,385,961.28CR
Unmetered Gas Light	1,052.28CR	.00	1,052.28CR	1,200.00CR	.00	6,377.91CR	13,070.46CR
Residential WNA	422,312.34CR	105,949.65CR	422,312.34CR	.00	105,949.65CR	277,524.00CR	546,715.70CR
Small Non-Residential WNA	118,637.64CR	26,663.64CR	118,637.64CR	.00	26,663.64CR	80,310.64CR	144,466.55CR
Weather Normalization Revenu	540,949.98CR	132,613.29CR	540,949.98CR	.00	132,613.29CR	357,834.64CR	691,182.25CR
Total General Service Ra	11,290,185.15CR	6,962,698.71CR	11,290,185.15CR	1,427,900.00CR	6,962,698.71CR	61,485,015.55CR	50,845,265.52CR
Interuptible Rate Billed							
Commercial	7,735.45CR	4,381.65CR	7,735.45CR	.00	4,381.65CR	34,494.99CR	31,940.81CR
Industrial	83,759.66CR	55,325.01CR	83,759.66CR	13,600.00CR	55,325.01CR	508,297.57CR	433,944.86CR
Total Interruptible Rate	91,495.11CR	59,706.66CR	91,495.11CR	13,600.00CR	59,706.66CR	542,792.56CR	465,885.67CR
Total Gas Revenue	11,381,680.26CR	7,022,405.37CR	11,381,680.26CR	1,441,500.00CR	7,022,405.37CR	62,027,808.11CR	51,311,151.19CR
Miscellaneous Operating Revenue	22,515.00CR	11,327.00CR	22,515.00CR	17,600.00CR	11,327.00CR	238,077.00CR	203,243.90CR
Off System Transportation Reven	230,140.56CR	193,408.28CR	230,140.56CR	204,500.00CR	193,408.28CR	2,438,071.48CR	2,107,764.10CR
On System Transportation Revenu	422,193.84CR	412,607.97CR	422,193.84CR	265,700.00CR	412,607.97CR	4,418,805.17CR	4,103,743.97CR
TOTAL OPERATING REVENUE	12,056,529.66CR	7,639,748.62CR	12,056,529.66CR	1,929,300.00CR	7,639,748.62CR	69,122,761.76CR	57,725,903.16CR
OPERATING EXPENSES							
Purchased Gas	8,555,534.89	4,377,547.54	8,555,534.89	726,500.00	4,377,547.54	41,950,907.24	30,733,166.96
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	8,555,534.89	4,377,547.54	8,555,534.89	726,500.00	4,377,547.54	41,950,907.24	30,733,166.96
Operation Expense							
Labor	494,721.15	502,285.44	494,721.15	532,400.00	502,285.44	6,458,065.85	5,810,400.87
Transportation	56,805.68	49,196.00	56,805.68	56,900.00	49,196.00	640,521.73	781,197.70

DELTA NATURAL GAS CO. AND SUBSIDIARIES

Income Statement - Delta

February 01, 2006 - February 28, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	38,963.39	26,064.71	38,963.39	39,400.00	26,064.71	442,549.59	394,967.51
Customer Billing	23,925.02	26,706.02	23,925.02	21,500.00	26,706.02	228,054.23	239,773.80
Uncollectible Accounts	42,500.00	38,900.00	42,500.00	43,000.00	38,900.00	647,723.20	498,601.34
Administrative	52,361.03	47,459.01	52,361.03	51,800.00	47,459.01	565,196.86	481,259.46
Outside Services	37,906.59	104,161.77	37,906.59	57,200.00	104,161.77	709,671.60	529,865.29
Insurance	62,583.93	59,308.67	62,583.93	65,600.00	59,308.67	760,785.07	683,755.21
Employee Benefits	138,367.24	206,830.78	138,367.24	182,800.00	206,830.78	2,345,808.78	2,259,154.74
General Administration	161,184.13	104,204.66	161,184.13	41,700.00	104,204.66	877,782.24	800,448.49
Expenses Transferred	189,822.40CR	201,666.24CR	189,822.40CR	204,700.00CR	201,666.24CR	2,496,670.08CR	2,548,194.27CR
Other	21,053.92	10,904.69	21,053.92	42,700.00	10,904.69	320,982.27	276,959.77
Total Operation Expense	940,549.68	974,355.51	940,549.68	930,300.00	974,355.51	11,500,471.34	10,208,189.91
Maintenance Expense							
Labor	20,005.35	7,614.99	20,005.35	.00	7,614.99	101,042.88	147,334.45
Transportation	5,943.31	2,235.11	5,943.31	.00	2,235.11	31,082.34	70,932.02
Mains	2,972.18	1,220.75	2,972.18	6,500.00	1,220.75	61,107.24	81,326.20
Meter & Regulators	10,020.28	4,222.47	10,020.28	2,900.00	4,222.47	64,964.10	36,009.99
Other	42,334.39	19,336.21	42,334.39	52,300.00	19,336.21	394,615.24	322,317.96
Total Maintenance Expens	81,275.51	34,629.53	81,275.51	61,700.00	34,629.53	652,811.80	657,920.62
Depreciation Expense	345,684.09	329,237.29	345,684.09	349,300.00	329,237.29	4,015,276.95	4,274,044.78
Taxes Other Than Income Taxes							
Property Taxes	107,621.00	101,112.00	107,621.00	102,500.00	101,112.00	1,148,867.15	1,124,343.52
Payroll Taxes	49,826.55	50,437.50	49,826.55	46,100.00	50,437.50	538,850.59	505,295.64
Total Other Taxes	157,447.55	151,549.50	157,447.55	148,600.00	151,549.50	1,687,717.74	1,629,639.16
Income Taxes							
Current Federal	609,200.00	542,025.00	609,200.00	265,500.00CR	542,025.00	3,910.00	705,280.00CR
Current State	.00	.00	.00	.00	.00	68,540.00	325,305.00
Deferred Federal & State	4,900.00CR	2,125.00CR	4,900.00CR	.00	2,125.00CR	1,738,550.00	2,622,875.00
Investment Tax Credit-Net	3,133.33CR	3,166.67CR	3,133.33CR	.00	3,166.67CR	37,733.36CR	38,133.32CR
Total Income Taxes	601,166.67	536,733.33	601,166.67	265,500.00CR	536,733.33	1,773,266.64	2,204,766.68
TOTAL OPERATING EXPENSES	10,681,658.39	6,404,052.70	10,681,658.39	1,950,900.00	6,404,052.70	61,580,451.71	49,707,728.11

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

February 01, 2006 - February 28, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	1,374,871.27CR	1,235,695.92CR	1,374,871.27CR	21,600.00	1,235,695.92CR	7,542,310.05CR	8,018,175.05CR
Income Before Interest Charges	1,374,871.27CR	1,235,695.92CR	1,374,871.27CR	21,600.00	1,235,695.92CR	7,542,310.05CR	8,018,175.05CR
INTEREST CHARGES							
Interest On Long-Term Debt	313,700.00	317,000.00	313,700.00	308,300.00	317,000.00	3,786,656.23	3,817,851.33
Interest On Short-Term Debt	79,030.75	36,620.26	79,030.75	58,900.00	36,620.26	674,302.13	365,792.98
Other Interest	2,833.26	2,896.69	2,833.26	3,000.00	2,896.69	30,676.78	30,270.44
Amortization of Debt Expense	19,681.75	19,681.75	19,681.75	32,300.00	19,681.75	236,186.00	236,183.00
Total Interest Charges	415,245.76	376,198.70	415,245.76	402,500.00	376,198.70	4,727,821.14	4,450,097.75
NET INCOME	959,625.51CR	859,497.22CR	959,625.51CR	424,100.00	859,497.22CR	2,814,488.91CR	3,568,077.30CR

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

March 01, 2006 - March 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	4,202,000.82CR	4,048,824.01CR	4,202,000.82CR	836,700.00CR	4,048,824.01CR	35,735,446.54CR	29,813,831.96CR
Small Commercial	1,207,405.28CR	1,133,462.47CR	1,207,405.28CR	205,100.00CR	1,133,462.47CR	10,539,569.76CR	8,444,969.90CR
Other Commercial	1,623,587.94CR	1,301,818.71CR	1,623,587.94CR	384,900.00CR	1,301,818.71CR	13,559,082.60CR	10,174,888.97CR
Industrial	218,543.95CR	193,234.83CR	218,543.95CR	.00	193,234.83CR	1,860,902.07CR	1,403,238.36CR
Unmetered Gas Light	995.40CR	.00	995.40CR	1,200.00CR	.00	7,373.31CR	11,898.20CR
Residential WNA	19,931.59CR	40,743.94CR	19,931.59CR	.00	40,743.94CR	256,711.65CR	545,028.06CR
Small Non-Residential WNA	3,775.26CR	8,480.35CR	3,775.26CR	.00	8,480.35CR	75,605.55CR	138,403.75CR
Weather Normalization Revenu	23,706.85CR	49,224.29CR	23,706.85CR	.00	49,224.29CR	332,317.20CR	683,431.81CR
Total General Service Ra	7,276,240.24CR	6,726,564.31CR	7,276,240.24CR	1,427,900.00CR	6,726,564.31CR	62,034,691.48CR	50,532,259.20CR
Interuptible Rate Billed							
Commercial	5,948.09CR	3,458.63CR	5,948.09CR	.00	3,458.63CR	36,984.45CR	28,831.70CR
Industrial	73,634.07CR	50,715.07CR	73,634.07CR	13,600.00CR	50,715.07CR	531,216.57CR	429,656.77CR
Total Interruptible Rate	79,582.16CR	54,173.70CR	79,582.16CR	13,600.00CR	54,173.70CR	568,201.02CR	458,488.47CR
Total Gas Revenue	7,355,822.40CR	6,780,738.01CR	7,355,822.40CR	1,441,500.00CR	6,780,738.01CR	62,602,892.50CR	50,990,747.67CR
Miscellaneous Operating Revenue	27,667.00CR	25,726.00CR	27,667.00CR	17,600.00CR	25,726.00CR	240,018.00CR	206,177.90CR
Off System Transportation Reven	248,227.46CR	195,476.32CR	248,227.46CR	204,500.00CR	195,476.32CR	2,490,822.62CR	2,123,496.44CR
On System Transportation Revenu	409,635.00CR	426,696.88CR	409,635.00CR	265,700.00CR	426,696.88CR	4,401,743.29CR	4,202,842.49CR
TOTAL OPERATING REVENUE	8,041,351.86CR	7,428,637.21CR	8,041,351.86CR	1,929,300.00CR	7,428,637.21CR	69,735,476.41CR	57,523,264.50CR
OPERATING EXPENSES							
Purchased Gas	5,965,194.45	4,362,043.42	5,965,194.45	726,500.00	4,362,043.42	43,554,058.27	30,431,530.24
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	5,965,194.45	4,362,043.42	5,965,194.45	726,500.00	4,362,043.42	43,554,058.27	30,431,530.24
Operation Expense							
Labor	582,404.23	559,603.72	582,404.23	532,400.00	559,603.72	6,480,866.36	5,829,676.59
Transportation	128,601.00	51,170.00	128,601.00	56,900.00	51,170.00	717,952.73	767,396.75

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

March 01, 2006 - March 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	56,691.04	28,464.53	56,691.04	39,400.00	28,464.53	470,776.10	393,548.67
Customer Billing	23,764.71	13,948.07	23,764.71	21,500.00	13,948.07	237,870.87	219,955.94
Uncollectible Accounts	42,500.00	117,000.00	42,500.00	43,000.00	117,000.00	573,223.20	536,657.27
Administrative	50,429.94	40,619.65	50,429.94	51,800.00	40,619.65	575,007.15	483,020.67
Outside Services	58,108.60	72,078.91	58,108.60	57,200.00	72,078.91	695,701.29	553,509.11
Insurance	64,874.17	59,933.65	64,874.17	65,600.00	59,933.65	765,725.59	683,031.44
Employee Benefits	184,297.47	234,477.75	184,297.47	182,800.00	234,477.75	2,295,628.50	2,311,750.13
General Administration	41,242.33	49,227.94	41,242.33	41,700.00	49,227.94	869,796.63	752,982.97
Expenses Transferred	192,517.24CR	205,019.06CR	192,517.24CR	204,700.00CR	205,019.06CR	2,484,168.26CR	2,569,540.24CR
Other	36,727.61	25,822.08	36,727.61	42,700.00	25,822.08	331,887.80	277,846.27
Total Operation Expense	1,077,123.86	1,047,327.24	1,077,123.86	930,300.00	1,047,327.24	11,530,267.96	10,239,835.57
Maintenance Expense							
Labor	18,956.80	5,575.21	18,956.80	.00	5,575.21	114,424.47	137,869.24
Transportation	10,803.61	1,645.18	10,803.61	.00	1,645.18	40,240.77	65,630.31
Mains	11,390.65	6,800.97	11,390.65	6,500.00	6,800.97	65,696.92	78,840.19
Meter & Regulators	4,444.66	3,009.59	4,444.66	2,900.00	3,009.59	66,399.17	35,406.25
Other	20,335.85	19,821.12	20,335.85	52,300.00	19,821.12	395,129.97	326,153.36
Total Maintenance Expens	65,931.57	36,852.07	65,931.57	61,700.00	36,852.07	681,891.30	643,899.35
Depreciation Expense	346,797.37	329,954.98	346,797.37	349,300.00	329,954.98	4,032,119.34	4,236,848.90
Taxes Other Than Income Taxes							
Property Taxes	104,621.00	102,504.86	104,621.00	102,500.00	102,504.86	1,150,983.29	1,132,102.38
Payroll Taxes	43,600.15	45,453.90	43,600.15	46,100.00	45,453.90	536,996.84	505,130.50
Total Other Taxes	148,221.15	147,958.76	148,221.15	148,600.00	147,958.76	1,687,980.13	1,637,232.88
Income Taxes							
Current Federal	18,900.00	440,125.00	18,900.00	265,500.00CR	440,125.00	417,315.00CR	666,080.00CR
Current State	.00	.00	.00	.00	.00	68,540.00	325,305.00
Deferred Federal & State	4,900.00CR	2,125.00CR	4,900.00CR	.00	2,125.00CR	1,735,775.00	2,622,875.00
Investment Tax Credit-Net	3,133.33CR	3,166.67CR	3,133.33CR	.00	3,166.67CR	37,700.02CR	38,099.99CR
Total Income Taxes	10,866.67	434,833.33	10,866.67	265,500.00CR	434,833.33	1,349,299.98	2,244,000.01
TOTAL OPERATING EXPENSES	7,614,135.07	6,358,969.80	7,614,135.07	1,950,900.00	6,358,969.80	62,835,616.98	49,433,346.95

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

March 01, 2006 - March 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	427,216.79CR	1,069,667.41CR	427,216.79CR	21,600.00	1,069,667.41CR	6,899,859.43CR	8,089,917.55CR
Income Before Interest Charges	427,216.79CR	1,069,667.41CR	427,216.79CR	21,600.00	1,069,667.41CR	6,899,859.43CR	8,089,917.55CR
INTEREST CHARGES							
Interest On Long-Term Debt	314,104.30	317,344.93	314,104.30	308,300.00	317,344.93	3,783,415.60	3,815,892.66
Interest On Short-Term Debt	73,144.27	32,346.44	73,144.27	58,900.00	32,346.44	715,099.96	379,362.86
Other Interest	2,772.56	2,837.69	2,772.56	3,000.00	2,837.69	30,611.65	32,653.93
Amortization of Debt Expense	19,681.75	19,681.75	19,681.75	32,300.00	19,681.75	236,186.00	236,183.00
Total Interest Charges	409,702.88	372,210.81	409,702.88	402,500.00	372,210.81	4,765,313.21	4,464,092.45
NET INCOME	17,513.91CR	697,456.60CR	17,513.91CR	424,100.00	697,456.60CR	2,134,546.22CR	3,625,825.10CR

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

April 01, 2006 - April 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	1,603,674.06CR	2,069,392.04CR	1,603,674.06CR	836,700.00CR	2,069,392.04CR	35,269,728.56CR	28,472,349.76CR
Small Commercial	458,222.18CR	516,781.48CR	458,222.18CR	205,100.00CR	516,781.48CR	10,481,010.46CR	7,991,318.88CR
Other Commercial	697,260.40CR	695,077.54CR	697,260.40CR	384,900.00CR	695,077.54CR	13,561,265.46CR	9,703,467.80CR
Industrial	90,914.09CR	97,909.26CR	90,914.09CR	.00	97,909.26CR	1,853,906.90CR	1,361,329.21CR
Unmetered Gas Light	966.96CR	.00	966.96CR	1,200.00CR	.00	8,340.27CR	10,743.71CR
Residential WNA	22,328.01	60,352.74	22,328.01	.00	60,352.74	294,736.38CR	463,123.02CR
Small Non-Residential WNA	5,637.26	13,458.43	5,637.26	.00	13,458.43	83,426.72CR	119,561.15CR
Weather Normalization Revenu	27,965.27	73,811.17	27,965.27	.00	73,811.17	378,163.10CR	582,684.17CR
Total General Service Ra	2,823,072.42CR	3,305,349.15CR	2,823,072.42CR	1,427,900.00CR	3,305,349.15CR	61,552,414.75CR	48,121,893.53CR
Interuptible Rate Billed							
Commercial	2,085.68CR	2,046.15CR	2,085.68CR	.00	2,046.15CR	37,023.98CR	26,899.46CR
Industrial	21,989.55CR	19,189.29CR	21,989.55CR	13,600.00CR	19,189.29CR	534,016.83CR	402,173.96CR
Total Interruptible Rate	24,075.23CR	21,235.44CR	24,075.23CR	13,600.00CR	21,235.44CR	571,040.81CR	429,073.42CR
Total Gas Revenue	2,847,147.65CR	3,326,584.59CR	2,847,147.65CR	1,441,500.00CR	3,326,584.59CR	62,123,455.56CR	48,550,966.95CR
Miscellaneous Operating Revenue	41,488.00CR	38,927.00CR	41,488.00CR	17,600.00CR	38,927.00CR	242,579.00CR	213,605.90CR
Off System Transportation Reven	167,514.88CR	162,863.22CR	167,514.88CR	204,500.00CR	162,863.22CR	2,495,474.28CR	2,102,026.42CR
On System Transportation Revenu	338,212.69CR	348,793.27CR	338,212.69CR	265,700.00CR	348,793.27CR	4,391,162.71CR	4,233,820.44CR
TOTAL OPERATING REVENUE	3,394,363.22CR	3,877,168.08CR	3,394,363.22CR	1,929,300.00CR	3,877,168.08CR	69,252,671.55CR	55,100,419.71CR
OPERATING EXPENSES							
Purchased Gas	1,837,766.34	2,014,523.83	1,837,766.34	726,500.00	2,014,523.83	43,377,300.78	28,695,554.59
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	1,837,766.34	2,014,523.83	1,837,766.34	726,500.00	2,014,523.83	43,377,300.78	28,695,554.59
Operation Expense							
Labor	501,223.19	472,517.02	501,223.19	532,400.00	472,517.02	6,509,572.53	5,830,077.87
Transportation	51,544.00	48,639.50	51,544.00	56,900.00	48,639.50	720,857.23	753,526.97

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

April 01, 2006 - April 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	25,841.81	23,349.26	25,841.81	39,400.00	23,349.26	473,268.65	384,789.77
Customer Billing	13,753.24	15,460.32	13,753.24	21,500.00	15,460.32	236,163.79	221,636.16
Uncollectible Accounts	42,500.00	38,900.00	42,500.00	43,000.00	38,900.00	576,823.20	546,957.27
Administrative	41,042.10	38,735.00	41,042.10	51,800.00	38,735.00	577,314.25	482,131.43
Outside Services	52,762.28	62,946.21	52,762.28	57,200.00	62,946.21	685,517.36	561,087.73
Insurance	63,649.45	63,015.43	63,649.45	65,600.00	63,015.43	766,359.61	685,448.06
Employee Benefits	199,293.26	244,966.71	199,293.26	182,800.00	244,966.71	2,249,955.05	2,403,216.03
General Administration	37,673.48	41,643.63	37,673.48	41,700.00	41,643.63	865,826.48	755,128.58
Expenses Transferred	186,443.76CR	200,017.19CR	186,443.76CR	204,700.00CR	200,017.19CR	2,470,594.83CR	2,596,556.23CR
Other	8,575.82	15,764.42	8,575.82	42,700.00	15,764.42	324,699.20	279,348.02
Total Operation Expense	851,414.87	865,920.31	851,414.87	930,300.00	865,920.31	11,515,762.52	10,306,791.66
Maintenance Expense							
Labor	17,212.91	8,068.45	17,212.91	.00	8,068.45	123,568.93	133,530.12
Transportation	5,915.64	1,949.37	5,915.64	.00	1,949.37	44,207.04	61,630.43
Mains	776.99	2,369.95	776.99	6,500.00	2,369.95	64,103.96	75,693.83
Meter & Regulators	1,386.82	7,297.67	1,386.82	2,900.00	7,297.67	60,488.32	39,676.52
Other	49,838.09	59,115.39	49,838.09	52,300.00	59,115.39	385,852.67	348,179.71
Total Maintenance Expens	75,130.45	78,800.83	75,130.45	61,700.00	78,800.83	678,220.92	658,710.61
Depreciation Expense	347,376.23	331,380.71	347,376.23	349,300.00	331,380.71	4,048,114.86	4,200,641.45
Taxes Other Than Income Taxes							
Property Taxes	105,173.00	101,112.00	105,173.00	102,500.00	101,112.00	1,155,044.29	1,135,069.13
Payroll Taxes	42,522.47	40,673.34	42,522.47	46,100.00	40,673.34	538,845.97	505,250.49
Total Other Taxes	147,695.47	141,785.34	147,695.47	148,600.00	141,785.34	1,693,890.26	1,640,319.62
Income Taxes							
Current Federal	108,700.00CR	35,625.00	108,700.00CR	265,500.00CR	35,625.00	561,640.00CR	948,780.00CR
Current State	.00	.00	.00	.00	.00	68,540.00	325,305.00
Deferred Federal & State	4,900.00CR	2,125.00CR	4,900.00CR	.00	2,125.00CR	1,733,000.00	2,622,875.00
Investment Tax Credit-Net	3,133.33CR	3,166.67CR	3,133.33CR	.00	3,166.67CR	37,666.68CR	38,066.66CR
Total Income Taxes	116,733.33CR	30,333.33	116,733.33CR	265,500.00CR	30,333.33	1,202,233.32	1,961,333.34
TOTAL OPERATING EXPENSES	3,142,650.03	3,462,744.35	3,142,650.03	1,950,900.00	3,462,744.35	62,515,522.66	47,463,351.27

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

April 01, 2006 - April 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	251,713.19CR	414,423.73CR	251,713.19CR	21,600.00	414,423.73CR	6,737,148.89CR	7,637,068.44CR
Income Before Interest Charges	251,713.19CR	414,423.73CR	251,713.19CR	21,600.00	414,423.73CR	6,737,148.89CR	7,637,068.44CR
INTEREST CHARGES							
Interest On Long-Term Debt	505,425.00	316,900.00	505,425.00	308,300.00	316,900.00	3,971,940.60	3,813,692.66
Interest On Short-Term Debt	25,294.73	21,603.26	25,294.73	58,900.00	21,603.26	718,791.43	384,013.07
Other Interest	2,839.23	2,916.70	2,839.23	3,000.00	2,916.70	30,534.18	30,548.88
Amortization of Debt Expense	31,978.04	19,681.75	31,978.04	32,300.00	19,681.75	248,482.29	236,183.00
Total Interest Charges	565,537.00	361,101.71	565,537.00	402,500.00	361,101.71	4,969,748.50	4,464,437.61
NET INCOME	313,823.81	53,322.02CR	313,823.81	424,100.00	53,322.02CR	1,767,400.39CR	3,172,630.83CR

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

May 01, 2006 - May 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	1,084,979.74CR	1,417,777.23CR	1,084,979.74CR	836,700.00CR	1,417,777.23CR	34,936,931.07CR	28,617,346.57CR
Small Commercial	293,530.92CR	369,265.43CR	293,530.92CR	205,100.00CR	369,265.43CR	10,405,275.95CR	8,013,174.55CR
Other Commercial	527,288.28CR	571,023.87CR	527,288.28CR	384,900.00CR	571,023.87CR	13,517,529.87CR	9,791,037.94CR
Industrial	50,270.67CR	80,212.18CR	50,270.67CR	.00	80,212.18CR	1,823,965.39CR	1,381,782.80CR
Unmetered Gas Light	817.70CR	.00	817.70CR	1,200.00CR	.00	9,157.97CR	9,659.57CR
Residential WNA	.00	40.80CR	.00	.00	40.80CR	294,695.58CR	463,176.22CR
Small Non-Residential WNA	.00	4.71CR	.00	.00	4.71CR	83,422.01CR	119,568.88CR
Weather Normalization Revenu	.00	45.51CR	.00	.00	45.51CR	378,117.59CR	582,745.10CR
Total General Service Ra	1,956,887.31CR	2,438,324.22CR	1,956,887.31CR	1,427,900.00CR	2,438,324.22CR	61,070,977.84CR	48,395,746.53CR
Interuptible Rate Billed							
Commercial	.00	605.93CR	.00	.00	605.93CR	36,418.05CR	25,751.97CR
Industrial	15,973.15CR	19,215.51CR	15,973.15CR	13,600.00CR	19,215.51CR	530,774.47CR	403,292.25CR
Total Interruptible Rate	15,973.15CR	19,821.44CR	15,973.15CR	13,600.00CR	19,821.44CR	567,192.52CR	429,044.22CR
Total Gas Revenue	1,972,860.46CR	2,458,145.66CR	1,972,860.46CR	1,441,500.00CR	2,458,145.66CR	61,638,170.36CR	48,824,790.75CR
Miscellaneous Operating Revenue	19,624.06CR	20,355.00CR	19,624.06CR	17,600.00CR	20,355.00CR	241,848.06CR	212,986.90CR
Off System Transportation Reven	201,691.36CR	164,834.02CR	201,691.36CR	204,500.00CR	164,834.02CR	2,532,331.62CR	2,090,970.44CR
On System Transportation Revenu	327,444.38CR	321,057.58CR	327,444.38CR	265,700.00CR	321,057.58CR	4,397,549.51CR	4,270,440.22CR
TOTAL OPERATING REVENUE	2,521,620.26CR	2,964,392.26CR	2,521,620.26CR	1,929,300.00CR	2,964,392.26CR	68,809,899.55CR	55,399,188.31CR
OPERATING EXPENSES							
Purchased Gas	1,226,952.23	1,409,064.23	1,226,952.23	726,500.00	1,409,064.23	43,195,188.78	28,871,219.04
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	1,226,952.23	1,409,064.23	1,226,952.23	726,500.00	1,409,064.23	43,195,188.78	28,871,219.04
Operation Expense							
Labor	490,091.61	461,873.01	490,091.61	532,400.00	461,873.01	6,537,791.13	5,838,198.44
Transportation	57,772.00	45,997.00	57,772.00	56,900.00	45,997.00	732,632.23	743,248.86

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

May 01, 2006 - May 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	43,061.02	35,519.28	43,061.02	39,400.00	35,519.28	480,810.39	387,558.48
Customer Billing	23,579.65	23,917.79	23,579.65	21,500.00	23,917.79	235,825.65	221,688.53
Uncollectible Accounts	.00	60,000.00	.00	43,000.00	60,000.00	516,823.20	545,957.27
Administrative	52,691.36	53,551.74	52,691.36	51,800.00	53,551.74	576,453.87	503,582.49
Outside Services	59,381.93	53,467.78	59,381.93	57,200.00	53,467.78	691,431.51	575,183.11
Insurance	63,489.77	96,615.93	63,489.77	65,600.00	96,615.93	733,233.45	719,323.70
Employee Benefits	178,886.05	163,968.45	178,886.05	182,800.00	163,968.45	2,264,872.65	2,403,432.55
General Administration	40,738.98	42,354.91	40,738.98	41,700.00	42,354.91	864,210.55	735,950.11
Expenses Transferred	196,923.88CR	214,999.86CR	196,923.88CR	204,700.00CR	214,999.86CR	2,452,518.85CR	2,628,414.10CR
Other	26,755.54	20,318.76	26,755.54	42,700.00	20,318.76	331,135.98	282,069.54
Total Operation Expense	839,524.03	842,584.79	839,524.03	930,300.00	842,584.79	11,512,701.76	10,327,778.98
Maintenance Expense							
Labor	10,446.03	6,381.16	10,446.03	.00	6,381.16	127,633.80	126,215.06
Transportation	3,394.64	1,801.56	3,394.64	.00	1,801.56	45,800.12	57,522.53
Mains	8,308.95	3,978.05	8,308.95	6,500.00	3,978.05	68,434.86	73,842.82
Meter & Regulators	5,672.77	4,957.13	5,672.77	2,900.00	4,957.13	61,203.96	44,030.29
Other	23,165.44	16,095.01	23,165.44	52,300.00	16,095.01	392,923.10	344,110.99
Total Maintenance Expens	50,987.83	33,212.91	50,987.83	61,700.00	33,212.91	695,995.84	645,721.69
Depreciation Expense	349,472.41	332,433.17	349,472.41	349,300.00	332,433.17	4,065,154.10	4,163,556.81
Taxes Other Than Income Taxes							
Property Taxes	105,209.00	101,700.00	105,209.00	102,500.00	101,700.00	1,158,553.29	1,141,649.33
Payroll Taxes	40,283.36	39,718.08	40,283.36	46,100.00	39,718.08	539,411.25	504,468.89
Total Other Taxes	145,492.36	141,418.08	145,492.36	148,600.00	141,418.08	1,697,964.54	1,646,118.22
Income Taxes							
Current Federal	180,100.00CR	55,775.00CR	180,100.00CR	265,500.00CR	55,775.00CR	685,965.00CR	896,880.00CR
Current State	.00	.00	.00	.00	.00	68,540.00	325,305.00
Deferred Federal & State	4,900.00CR	2,125.00CR	4,900.00CR	.00	2,125.00CR	1,730,225.00	2,622,875.00
Investment Tax Credit-Net	3,133.33CR	3,166.67CR	3,133.33CR	.00	3,166.67CR	37,633.34CR	38,033.33CR
Total Income Taxes	188,133.33CR	61,066.67CR	188,133.33CR	265,500.00CR	61,066.67CR	1,075,166.66	2,013,266.67
TOTAL OPERATING EXPENSES	2,424,295.53	2,697,646.51	2,424,295.53	1,950,900.00	2,697,646.51	62,242,171.68	47,667,661.41

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

May 01, 2006 - May 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	97,324.73CR	266,745.75CR	97,324.73CR	21,600.00	266,745.75CR	6,567,727.87CR	7,731,526.90CR
Income Before Interest Charges	97,324.73CR	266,745.75CR	97,324.73CR	21,600.00	266,745.75CR	6,567,727.87CR	7,731,526.90CR
INTEREST CHARGES							
Interest On Long-Term Debt	354,397.34	316,800.00	354,397.34	308,300.00	316,800.00	4,009,537.94	3,811,592.66
Interest On Short-Term Debt	19,817.85	25,819.50	19,817.85	58,900.00	25,819.50	712,789.78	394,465.32
Other Interest	2,571.42	2,629.33	2,571.42	3,000.00	2,629.33	30,476.27	30,656.14
Amortization of Debt Expense	32,209.00	19,684.75	32,209.00	32,300.00	19,684.75	261,006.54	236,186.00
Total Interest Charges	408,995.61	364,933.58	408,995.61	402,500.00	364,933.58	5,013,810.53	4,472,900.12
NET INCOME	311,670.88	98,187.83	311,670.88	424,100.00	98,187.83	1,553,917.34CR	3,258,626.78CR

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

June 01, 2006 - June 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	754,612.43CR	756,655.07CR	754,612.43CR	836,700.00CR	756,655.07CR	34,934,888.43CR	28,699,256.18CR
Small Commercial	234,459.20CR	228,050.97CR	234,459.20CR	205,100.00CR	228,050.97CR	10,411,684.18CR	8,040,655.61CR
Other Commercial	406,558.92CR	374,672.87CR	406,558.92CR	384,900.00CR	374,672.87CR	13,549,415.92CR	9,843,746.40CR
Industrial	39,443.02CR	39,792.89CR	39,443.02CR	.00	39,792.89CR	1,823,615.52CR	1,346,421.61CR
Unmetered Gas Light	817.70CR	.00	817.70CR	1,200.00CR	.00	9,975.67CR	8,575.43CR
Residential WNA	.00	.00	.00	.00	.00	294,695.58CR	463,176.22CR
Small Non-Residential WNA	.00	.00	.00	.00	.00	83,422.01CR	119,568.88CR
Weather Normalization Revenu	.00	.00	.00	.00	.00	378,117.59CR	582,745.10CR
Total General Service Ra	1,435,891.27CR	1,399,171.80CR	1,435,891.27CR	1,427,900.00CR	1,399,171.80CR	61,107,697.31CR	48,521,400.33CR
Interuptible Rate Billed							
Commercial	.00	116.54	.00	.00	116.54	36,534.59CR	25,153.92CR
Industrial	13,625.19CR	11,583.56CR	13,625.19CR	13,600.00CR	11,583.56CR	532,816.10CR	397,798.18CR
Total Interruptible Rate	13,625.19CR	11,467.02CR	13,625.19CR	13,600.00CR	11,467.02CR	569,350.69CR	422,952.10CR
Total Gas Revenue	1,449,516.46CR	1,410,638.82CR	1,449,516.46CR	1,441,500.00CR	1,410,638.82CR	61,677,048.00CR	48,944,352.43CR
Miscellaneous Operating Revenue	32,352.00CR	23,972.00CR	32,352.00CR	17,600.00CR	23,972.00CR	250,228.06CR	210,939.90CR
Off System Transportation Reven	179,564.06CR	169,089.18CR	179,564.06CR	204,500.00CR	169,089.18CR	2,542,806.50CR	2,098,982.08CR
On System Transportation Revenu	292,668.35CR	318,946.33CR	292,668.35CR	265,700.00CR	318,946.33CR	4,371,271.53CR	4,312,376.48CR
TOTAL OPERATING REVENUE	1,954,100.87CR	1,922,646.33CR	1,954,100.87CR	1,929,300.00CR	1,922,646.33CR	68,841,354.09CR	55,566,650.89CR
OPERATING EXPENSES							
Purchased Gas	747,357.04	710,414.63	747,357.04	726,500.00	710,414.63	43,232,131.19	28,944,780.19
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	747,357.04	710,414.63	747,357.04	726,500.00	710,414.63	43,232,131.19	28,944,780.19
Operation Expense							
Labor	1,117,891.21	1,093,472.70	1,117,891.21	532,400.00	1,093,472.70	6,562,209.64	6,435,949.00
Transportation	61,836.00	69,606.50	61,836.00	56,900.00	69,606.50	724,861.73	688,650.07

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

June 01, 2006 - June 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	27,278.00	36,452.29	27,278.00	39,400.00	36,452.29	471,636.10	388,973.06
Customer Billing	13,984.49	23,665.45	13,984.49	21,500.00	23,665.45	226,144.69	244,607.33
Uncollectible Accounts	60,510.37	128,140.84CR	60,510.37	43,000.00	128,140.84CR	705,474.41	467,041.77
Administrative	49,858.93	47,353.09	49,858.93	51,800.00	47,353.09	578,959.71	495,108.69
Outside Services	39,964.14	71,475.76	39,964.14	57,200.00	71,475.76	659,919.89	656,630.81
Insurance	66,350.59	61,042.05	66,350.59	65,600.00	61,042.05	738,541.99	755,324.26
Employee Benefits	113,657.97	242,017.13	113,657.97	182,800.00	242,017.13	2,136,513.49	2,475,873.96
General Administration	45,501.71	168,250.99	45,501.71	41,700.00	168,250.99	741,461.27	842,932.59
Expenses Transferred	795,385.08CR	268,470.55CR	795,385.08CR	204,700.00CR	268,470.55CR	2,979,433.38CR	2,496,732.88CR
Other	48,900.45	38,265.11	48,900.45	42,700.00	38,265.11	341,771.32	282,548.42
Total Operation Expense	850,348.78	1,454,989.68	850,348.78	930,300.00	1,454,989.68	10,908,060.86	11,236,907.08
Maintenance Expense							
Labor	15,506.21	8,077.70	15,506.21	.00	8,077.70	135,062.31	121,760.77
Transportation	3,384.58	3,700.56	3,384.58	.00	3,700.56	45,484.14	50,781.93
Mains	6,094.30	12,364.85	6,094.30	6,500.00	12,364.85	62,164.31	81,796.10
Meter & Regulators	2,531.45	15,451.36	2,531.45	2,900.00	15,451.36	48,284.05	52,362.86
Other	37,851.90	27,238.98	37,851.90	52,300.00	27,238.98	403,536.02	349,627.20
Total Maintenance Expens	65,368.44	66,833.45	65,368.44	61,700.00	66,833.45	694,530.83	656,328.86
Depreciation Expense	350,168.63	331,451.32	350,168.63	349,300.00	331,451.32	4,083,871.41	4,124,679.47
Taxes Other Than Income Taxes							
Property Taxes	104,621.00	80,148.17	104,621.00	102,500.00	80,148.17	1,183,026.12	1,127,011.50
Payroll Taxes	41,520.08	72,324.00	41,520.08	46,100.00	72,324.00	508,607.33	537,513.06
Total Other Taxes	146,141.08	152,472.17	146,141.08	148,600.00	152,472.17	1,691,633.45	1,664,524.56
Income Taxes							
Current Federal	1,563,340.00CR	1,648,505.00CR	1,563,340.00CR	265,500.00CR	1,648,505.00CR	600,800.00CR	669,400.00CR
Current State	32,935.00CR	111,705.00	32,935.00CR	.00	111,705.00	76,100.00CR	106,800.00CR
Deferred Federal & State	1,223,375.00	1,092,500.00	1,223,375.00	.00	1,092,500.00	1,861,100.00	2,515,200.00
Investment Tax Credit-Net	3,133.33CR	3,166.67CR	3,133.33CR	.00	3,166.67CR	37,600.00CR	38,000.00CR
Total Income Taxes	376,033.33CR	447,466.67CR	376,033.33CR	265,500.00CR	447,466.67CR	1,146,600.00	1,701,000.00
TOTAL OPERATING EXPENSES	1,783,350.64	2,268,694.58	1,783,350.64	1,950,900.00	2,268,694.58	61,756,827.74	48,328,220.16

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

June 01, 2006 - June 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	170,750.23CR	346,048.25	170,750.23CR	21,600.00	346,048.25	7,084,526.35CR	7,238,430.73CR
Income Before Interest Charges	170,750.23CR	346,048.25	170,750.23CR	21,600.00	346,048.25	7,084,526.35CR	7,238,430.73CR
INTEREST CHARGES							
Interest On Long-Term Debt	276,255.56	316,800.00	276,255.56	308,300.00	316,800.00	3,968,993.50	3,809,692.66
Interest On Short-Term Debt	41,280.66	36,015.20	41,280.66	58,900.00	36,015.20	718,055.24	416,613.07
Other Interest	2,483.64	2,633.97	2,483.64	3,000.00	2,633.97	30,325.94	30,793.58
Amortization of Debt Expense	32,208.77	19,681.75	32,208.77	32,300.00	19,681.75	273,533.56	236,184.00
Total Interest Charges	352,228.63	375,130.92	352,228.63	402,500.00	375,130.92	4,990,908.24	4,493,283.31
NET INCOME	181,478.40	721,179.17	181,478.40	424,100.00	721,179.17	2,093,618.11CR	2,745,147.42CR

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

July 01, 2006 - July 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	667,539.25CR	759,716.76CR	667,539.25CR	836,700.00CR	759,716.76CR	34,842,710.92CR	28,795,408.05CR
Small Commercial	224,092.85CR	236,625.83CR	224,092.85CR	205,100.00CR	236,625.83CR	10,399,151.20CR	8,068,164.50CR
Other Commercial	351,600.94CR	394,394.35CR	351,600.94CR	384,900.00CR	394,394.35CR	13,506,622.51CR	9,881,675.81CR
Industrial	31,921.52CR	54,931.42CR	31,921.52CR	.00	54,931.42CR	1,800,605.62CR	1,350,334.53CR
Unmetered Gas Light	817.70CR	.00	817.70CR	1,200.00CR	.00	10,793.37CR	7,422.45CR
Residential WNA	.00	.00	.00	.00	.00	294,695.58CR	463,176.22CR
Small Non-Residential WNA	.00	.00	.00	.00	.00	83,422.01CR	119,568.88CR
Weather Normalization Revenu	.00	.00	.00	.00	.00	378,117.59CR	582,745.10CR
Total General Service Ra	1,275,972.26CR	1,445,668.36CR	1,275,972.26CR	1,427,900.00CR	1,445,668.36CR	60,938,001.21CR	48,685,750.44CR
Interuptible Rate Billed							
Commercial	.00	.00	.00	.00	.00	36,534.59CR	25,153.92CR
Industrial	12,420.18CR	14,427.65CR	12,420.18CR	13,600.00CR	14,427.65CR	530,808.63CR	396,485.73CR
Total Interruptible Rate	12,420.18CR	14,427.65CR	12,420.18CR	13,600.00CR	14,427.65CR	567,343.22CR	421,639.65CR
Total Gas Revenue	1,288,392.44CR	1,460,096.01CR	1,288,392.44CR	1,441,500.00CR	1,460,096.01CR	61,505,344.43CR	49,107,390.09CR
Miscellaneous Operating Revenue	11,863.00CR	17,621.00CR	11,863.00CR	17,600.00CR	17,621.00CR	244,470.06CR	216,780.90CR
Off System Transportation Reven	225,459.26CR	197,709.20CR	225,459.26CR	204,500.00CR	197,709.20CR	2,570,556.56CR	2,154,888.84CR
On System Transportation Revenu	280,402.19CR	289,809.22CR	280,402.19CR	265,700.00CR	289,809.22CR	4,361,864.50CR	4,341,104.06CR
TOTAL OPERATING REVENUE	1,806,116.89CR	1,965,235.43CR	1,806,116.89CR	1,929,300.00CR	1,965,235.43CR	68,682,235.55CR	55,820,163.89CR
OPERATING EXPENSES							
Purchased Gas	622,284.52	747,195.79	622,284.52	726,500.00	747,195.79	43,107,219.92	29,053,560.44
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	622,284.52	747,195.79	622,284.52	726,500.00	747,195.79	43,107,219.92	29,053,560.44
Operation Expense							
Labor	523,811.86	496,779.92	523,811.86	532,400.00	496,779.92	6,589,241.58	6,447,157.02
Transportation	56,305.20	51,328.24	56,305.20	56,900.00	51,328.24	729,838.69	677,793.36

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

July 01, 2006 - July 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	46,894.06	35,139.00	46,894.06	39,400.00	35,139.00	483,391.16	390,436.91
Customer Billing	23,956.87	24,050.35	23,956.87	21,500.00	24,050.35	226,051.21	241,325.99
Uncollectible Accounts	.00	42,500.00	.00	43,000.00	42,500.00	662,974.41	470,641.77
Administrative	42,075.34	47,093.21	42,075.34	51,800.00	47,093.21	573,941.84	510,939.07
Outside Services	58,713.15	40,830.60	58,713.15	57,200.00	40,830.60	677,802.44	655,559.35
Insurance	66,139.84	37,667.01	66,139.84	65,600.00	37,667.01	767,014.82	729,693.98
Employee Benefits	176,021.43	161,244.03	176,021.43	182,800.00	161,244.03	2,151,290.89	2,469,324.39
General Administration	40,539.07	38,136.07	40,539.07	41,700.00	38,136.07	743,864.27	837,653.89
Expenses Transferred	211,159.89CR	200,917.32CR	211,159.89CR	204,700.00CR	200,917.32CR	2,989,675.95CR	2,491,218.35CR
Other	32,664.41	8,647.33	32,664.41	42,700.00	8,647.33	365,788.40	272,872.74
Total Operation Expense	855,961.34	782,498.44	855,961.34	930,300.00	782,498.44	10,981,523.76	11,212,180.12
Maintenance Expense							
Labor	12,081.38	6,807.69	12,081.38	.00	6,807.69	140,336.00	111,815.03
Transportation	3,597.55	1,841.76	3,597.55	.00	1,841.76	47,239.93	43,915.25
Mains	4,327.83	2,159.92	4,327.83	6,500.00	2,159.92	64,332.22	73,043.98
Meter & Regulators	4,972.35	897.46	4,972.35	2,900.00	897.46	52,358.94	52,009.02
Other	25,071.05	47,320.55	25,071.05	52,300.00	47,320.55	381,286.52	372,986.08
Total Maintenance Expens	50,050.16	59,027.38	50,050.16	61,700.00	59,027.38	685,553.61	653,769.36
Depreciation Expense	367,557.07	331,907.93	367,557.07	349,300.00	331,907.93	4,119,520.55	4,085,934.70
Taxes Other Than Income Taxes							
Property Taxes	101,003.00	87,725.00	101,003.00	102,500.00	87,725.00	1,196,304.12	1,120,100.50
Payroll Taxes	43,658.83	42,095.30	43,658.83	46,100.00	42,095.30	510,170.86	533,622.64
Total Other Taxes	144,661.83	129,820.30	144,661.83	148,600.00	129,820.30	1,706,474.98	1,653,723.14
Income Taxes							
Current Federal	229,200.00CR	168,675.00CR	229,200.00CR	265,500.00CR	168,675.00CR	661,325.00CR	592,225.00CR
Current State	.00	.00	.00	.00	.00	76,100.00CR	106,800.00CR
Deferred Federal & State	4,900.00CR	2,125.00CR	4,900.00CR	.00	2,125.00CR	1,858,325.00	2,515,225.00
Investment Tax Credit-Net	3,083.37CR	3,133.37CR	3,083.37CR	.00	3,133.37CR	37,550.00CR	37,966.74CR
Total Income Taxes	237,183.37CR	173,933.37CR	237,183.37CR	265,500.00CR	173,933.37CR	1,083,350.00	1,778,233.26
TOTAL OPERATING EXPENSES	1,803,331.55	1,876,516.47	1,803,331.55	1,950,900.00	1,876,516.47	61,683,642.82	48,437,401.02

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

July 01, 2006 - July 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	2,785.34CR	88,718.96CR	2,785.34CR	21,600.00	88,718.96CR	6,998,592.73CR	7,382,762.87CR
Income Before Interest Charges	2,785.34CR	88,718.96CR	2,785.34CR	21,600.00	88,718.96CR	6,998,592.73CR	7,382,762.87CR
INTEREST CHARGES							
Interest On Long-Term Debt	308,225.00	316,600.00	308,225.00	308,300.00	316,600.00	3,960,618.50	3,807,792.66
Interest On Short-Term Debt	42,614.96	33,236.39	42,614.96	58,900.00	33,236.39	727,433.81	432,434.13
Other Interest	2,116.83	2,240.52	2,116.83	3,000.00	2,240.52	30,202.25	30,968.26
Amortization of Debt Expense	32,208.77	19,681.75	32,208.77	32,300.00	19,681.75	286,060.58	236,184.00
Total Interest Charges	385,165.56	371,758.66	385,165.56	402,500.00	371,758.66	5,004,315.14	4,507,379.05
NET INCOME	382,380.22	283,039.70	382,380.22	424,100.00	283,039.70	1,994,277.59CR	2,875,383.82CR

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DELTA NATURAL GAS CO.. ND SUBSIDIARIES
Income Statement-Delta Natural FERC REG
August 01, 2006 - August 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	654,741.03CR	765,357.04CR	654,741.03CR	836,700.00CR	765,357.04CR	34,732,094.91CR	28,971,252.37CR
Small Commercial	208,944.60CR	237,743.65CR	208,944.60CR	205,100.00CR	237,743.65CR	10,370,352.15CR	8,120,547.15CR
Other Commercial	367,039.23CR	444,847.17CR	367,039.23CR	384,900.00CR	444,847.17CR	13,428,814.57CR	10,024,637.45CR
Industrial	37,386.83CR	56,370.21CR	37,386.83CR	.00	56,370.21CR	1,781,622.24CR	1,367,394.44CR
Unmetered Gas Light	680.10CR	860.30CR	680.10CR	1,200.00CR	860.30CR	10,613.17CR	7,039.20CR
Residential WNA	.00	.00	.00	.00	.00	294,695.58CR	463,176.22CR
Small Non-Residential WNA	.00	.00	.00	.00	.00	83,422.01CR	119,568.88CR
Weather Normalization Revenu	.00	.00	.00	.00	.00	378,117.59CR	582,745.10CR
Total General Service Ra	1,268,791.79CR	1,505,178.37CR	1,268,791.79CR	1,427,900.00CR	1,505,178.37CR	60,701,614.63CR	49,073,615.71CR
Interuptible Rate Billed							
Commercial	.00	.00	.00	.00	.00	36,534.59CR	25,153.92CR
Industrial	12,720.16CR	14,601.84CR	12,720.16CR	13,600.00CR	14,601.84CR	528,926.95CR	395,461.61CR
Total Interruptible Rate	12,720.16CR	14,601.84CR	12,720.16CR	13,600.00CR	14,601.84CR	565,461.54CR	420,615.53CR
Total Gas Revenue	1,281,511.95CR	1,519,780.21CR	1,281,511.95CR	1,441,500.00CR	1,519,780.21CR	61,267,076.17CR	49,494,231.24CR
Miscellaneous Operating Revenue	15,029.00CR	11,342.00CR	15,029.00CR	17,600.00CR	11,342.00CR	248,157.06CR	223,027.90CR
Off System Transportation Reven	240,200.48CR	181,181.78CR	240,200.48CR	204,500.00CR	181,181.78CR	2,629,575.26CR	2,166,288.80CR
On System Transportation Revenu	318,735.66CR	300,202.42CR	318,735.66CR	265,700.00CR	300,202.42CR	4,380,397.74CR	4,327,473.16CR
TOTAL OPERATING REVENUE	1,855,477.09CR	2,012,506.41CR	1,855,477.09CR	1,929,300.00CR	2,012,506.41CR	68,525,206.23CR	56,211,021.10CR
OPERATING EXPENSES							
Purchased Gas	627,749.93	821,729.13	627,749.93	726,500.00	821,729.13	42,913,240.72	29,341,038.68
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	627,749.93	821,729.13	627,749.93	726,500.00	821,729.13	42,913,240.72	29,341,038.68
Operation Expense							
Labor	444,368.12	474,915.12	444,368.12	532,400.00	474,915.12	6,558,694.58	6,439,778.85
Transportation	70,414.00	57,203.24	70,414.00	56,900.00	57,203.24	743,049.45	669,581.40

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

August 01, 2006 - August 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	46,816.77	31,845.98	46,816.77	39,400.00	31,845.98	498,361.95	382,565.06
Customer Billing	13,782.58	13,857.00	13,782.58	21,500.00	13,857.00	225,976.79	231,325.43
Uncollectible Accounts	.00	42,500.00	.00	43,000.00	42,500.00	620,474.41	468,141.77
Administrative	48,058.39	49,262.55	48,058.39	51,800.00	49,262.55	572,737.68	527,047.72
Outside Services	60,930.61	35,973.67	60,930.61	57,200.00	35,973.67	702,759.38	651,518.40
Insurance	72,190.34	71,015.25	72,190.34	65,600.00	71,015.25	768,189.91	740,270.88
Employee Benefits	148,088.88	173,399.25	148,088.88	182,800.00	173,399.25	2,125,980.52	2,480,019.92
General Administration	74,996.62	39,356.61	74,996.62	41,700.00	39,356.61	779,504.28	836,206.55
Expenses Transferred	228,178.32CR	217,821.49CR	228,178.32CR	204,700.00CR	217,821.49CR	3,000,032.78CR	2,511,349.14CR
Other	34,799.92	42,263.08	34,799.92	42,700.00	42,263.08	358,325.24	293,959.46
Total Operation Expense	786,267.91	813,770.26	786,267.91	930,300.00	813,770.26	10,954,021.41	11,209,066.30
Maintenance Expense							
Labor	12,544.02	7,711.58	12,544.02	.00	7,711.58	145,168.44	92,603.86
Transportation	3,835.02	2,530.58	3,835.02	.00	2,530.58	48,544.37	32,732.14
Mains	3,417.52	4,792.10	3,417.52	6,500.00	4,792.10	62,957.64	65,119.58
Meter & Regulators	828.31	12,226.74	828.31	2,900.00	12,226.74	40,960.51	61,833.30
Other	37,261.38	25,087.81	37,261.38	52,300.00	25,087.81	393,460.09	364,327.56
Total Maintenance Expens	57,886.25	52,348.81	57,886.25	61,700.00	52,348.81	691,091.05	616,616.44
Depreciation Expense	368,497.58	333,135.95	368,497.58	349,300.00	333,135.95	4,154,882.18	4,047,830.08
Taxes Other Than Income Taxes							
Property Taxes	100,178.00	87,725.00	100,178.00	102,500.00	87,725.00	1,208,757.12	1,113,189.50
Payroll Taxes	67,943.83	38,678.21	67,943.83	46,100.00	38,678.21	539,436.48	532,275.82
Total Other Taxes	168,121.83	126,403.21	168,121.83	148,600.00	126,403.21	1,748,193.60	1,645,465.32
Income Taxes							
Current Federal	199,500.00CR	190,275.00CR	199,500.00CR	265,500.00CR	190,275.00CR	670,550.00CR	525,925.00CR
Current State	.00	.00	.00	.00	.00	76,100.00CR	106,800.00CR
Deferred Federal & State	4,900.00CR	2,125.00CR	4,900.00CR	.00	2,125.00CR	1,855,550.00	2,515,225.00
Investment Tax Credit-Net	3,083.33CR	3,133.33CR	3,083.33CR	.00	3,133.33CR	37,500.00CR	37,933.40CR
Total Income Taxes	207,483.33CR	195,533.33CR	207,483.33CR	265,500.00CR	195,533.33CR	1,071,400.00	1,844,566.60
TOTAL OPERATING EXPENSES	1,801,040.17	1,951,854.03	1,801,040.17	1,950,900.00	1,951,854.03	61,532,828.96	48,704,583.42

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

August 01, 2006 - August 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	54,436.92CR	60,652.38CR	54,436.92CR	21,600.00	60,652.38CR	6,992,377.27CR	7,506,437.68CR
Income Before Interest Charges	54,436.92CR	60,652.38CR	54,436.92CR	21,600.00	60,652.38CR	6,992,377.27CR	7,506,437.68CR
INTEREST CHARGES							
Interest On Long-Term Debt	308,300.00	316,600.00	308,300.00	308,300.00	316,600.00	3,952,318.50	3,805,992.66
Interest On Short-Term Debt	51,374.68	39,162.52	51,374.68	58,900.00	39,162.52	739,645.97	443,757.70
Other Interest	2,123.68	2,258.00	2,123.68	3,000.00	2,258.00	30,067.93	31,121.71
Amortization of Debt Expense	32,208.77	19,681.75	32,208.77	32,300.00	19,681.75	298,587.60	236,184.00
Total Interest Charges	394,007.13	377,702.27	394,007.13	402,500.00	377,702.27	5,020,620.00	4,517,056.07
NET INCOME	339,570.21	317,049.89	339,570.21	424,100.00	317,049.89	1,971,757.27CR	2,989,381.61CR

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

September 01, 2006 - September 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	868,422.86CR	784,261.56CR	868,422.86CR	836,700.00CR	784,261.56CR	34,816,256.21CR	29,050,028.13CR
Small Commercial	277,433.85CR	257,274.23CR	277,433.85CR	205,100.00CR	257,274.23CR	10,390,511.77CR	8,157,339.49CR
Other Commercial	547,697.35CR	421,110.52CR	547,697.35CR	384,900.00CR	421,110.52CR	13,555,401.40CR	10,066,826.18CR
Industrial	52,225.15CR	59,133.05CR	52,225.15CR	.00	59,133.05CR	1,774,714.34CR	1,377,187.09CR
Unmetered Gas Light	680.10CR	884.88CR	680.10CR	1,200.00CR	884.88CR	10,408.39CR	6,680.53CR
Residential WNA	.00	.00	.00	.00	.00	294,695.58CR	463,176.22CR
Small Non-Residential WNA	.00	.00	.00	.00	.00	83,422.01CR	119,568.88CR
Weather Normalization Revenu	.00	.00	.00	.00	.00	378,117.59CR	582,745.10CR
Total General Service Ra	1,746,459.31CR	1,522,664.24CR	1,746,459.31CR	1,427,900.00CR	1,522,664.24CR	60,925,409.70CR	49,240,806.52CR
Interuptible Rate Billed							
Commercial	.00	.00	.00	.00	.00	36,534.59CR	25,153.92CR
Industrial	13,598.46CR	25,268.49CR	13,598.46CR	13,600.00CR	25,268.49CR	517,256.92CR	399,893.22CR
Total Interruptible Rate	13,598.46CR	25,268.49CR	13,598.46CR	13,600.00CR	25,268.49CR	553,791.51CR	425,047.14CR
Total Gas Revenue	1,760,057.77CR	1,547,932.73CR	1,760,057.77CR	1,441,500.00CR	1,547,932.73CR	61,479,201.21CR	49,665,853.66CR
Miscellaneous Operating Revenue	13,345.00CR	10,279.00CR	13,345.00CR	17,600.00CR	10,279.00CR	251,223.06CR	225,531.90CR
Off System Transportation Reven	163,406.10CR	214,890.52CR	163,406.10CR	204,500.00CR	214,890.52CR	2,578,090.84CR	2,238,520.96CR
On System Transportation Revenu	311,145.56CR	313,353.26CR	311,145.56CR	265,700.00CR	313,353.26CR	4,378,190.04CR	4,341,610.22CR
TOTAL OPERATING REVENUE	2,247,954.43CR	2,086,455.51CR	2,247,954.43CR	1,929,300.00CR	2,086,455.51CR	68,686,705.15CR	56,471,516.74CR
OPERATING EXPENSES							
Purchased Gas	932,740.05	815,109.07	932,740.05	726,500.00	815,109.07	43,030,871.70	29,440,105.84
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	932,740.05	815,109.07	932,740.05	726,500.00	815,109.07	43,030,871.70	29,440,105.84
Operation Expense							
Labor	517,955.86	499,158.88	517,955.86	532,400.00	499,158.88	6,577,491.56	6,472,583.90
Transportation	58,898.59	53,347.36	58,898.59	56,900.00	53,347.36	748,600.68	659,703.56

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

September 01, 2006 - September 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	40,392.24	32,444.88	40,392.24	39,400.00	32,444.88	506,309.31	370,935.91
Customer Billing	24,264.56	23,810.17	24,264.56	21,500.00	23,810.17	226,431.18	240,666.22
Uncollectible Accounts	.00	42,500.00	.00	43,000.00	42,500.00	577,974.41	430,326.04
Administrative	47,244.62	39,446.65	47,244.62	51,800.00	39,446.65	580,535.65	546,124.39
Outside Services	37,894.27	64,639.38	37,894.27	57,200.00	64,639.38	676,014.27	674,714.83
Insurance	66,554.84	76,239.60	66,554.84	65,600.00	76,239.60	758,505.15	768,019.20
Employee Benefits	173,712.55	192,330.36	173,712.55	182,800.00	192,330.36	2,107,362.71	2,416,119.47
General Administration	55,177.25	61,480.88	55,177.25	41,700.00	61,480.88	773,200.65	807,266.90
Expenses Transferred	212,614.33CR	211,575.54CR	212,614.33CR	204,700.00CR	211,575.54CR	3,001,071.57CR	2,516,290.33CR
Other	38,551.62	23,985.17	38,551.62	42,700.00	23,985.17	372,891.69	280,718.70
Total Operation Expense	848,032.07	897,807.79	848,032.07	930,300.00	897,807.79	10,904,245.69	11,150,888.79
Maintenance Expense							
Labor	7,182.74	7,565.67	7,182.74	.00	7,565.67	144,785.51	91,528.69
Transportation	2,149.56	2,599.28	2,149.56	.00	2,599.28	48,094.65	30,720.07
Mains	9,198.08	5,434.28	9,198.08	6,500.00	5,434.28	66,721.44	64,310.95
Meter & Regulators	2,025.46	2,461.88	2,025.46	2,900.00	2,461.88	40,524.09	62,532.37
Other	30,416.90	33,822.11	30,416.90	52,300.00	33,822.11	390,054.88	372,308.13
Total Maintenance Expens	50,972.74	51,883.22	50,972.74	61,700.00	51,883.22	690,180.57	621,400.21
Depreciation Expense	369,483.09	333,779.37	369,483.09	349,300.00	333,779.37	4,190,585.90	4,010,286.28
Taxes Other Than Income Taxes							
Property Taxes	100,178.00	87,725.00	100,178.00	102,500.00	87,725.00	1,221,210.12	1,106,258.50
Payroll Taxes	39,704.23	39,307.99	39,704.23	46,100.00	39,307.99	539,832.72	533,156.54
Total Other Taxes	139,882.23	127,032.99	139,882.23	148,600.00	127,032.99	1,761,042.84	1,639,415.04
Income Taxes							
Current Federal	172,800.00CR	184,325.00CR	172,800.00CR	265,500.00CR	184,325.00CR	659,025.00CR	423,675.00CR
Current State	.00	.00	.00	.00	.00	76,100.00CR	106,800.00CR
Deferred Federal & State	11,300.00CR	13,275.00CR	11,300.00CR	.00	13,275.00CR	1,857,525.00	2,504,075.00
Investment Tax Credit-Net	3,083.33CR	3,133.33CR	3,083.33CR	.00	3,133.33CR	37,450.00CR	37,900.06CR
Total Income Taxes	187,183.33CR	200,733.33CR	187,183.33CR	265,500.00CR	200,733.33CR	1,084,950.00	1,935,699.94
TOTAL OPERATING EXPENSES	2,153,926.85	2,024,879.11	2,153,926.85	1,950,900.00	2,024,879.11	61,661,876.70	48,797,796.10

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

September 01, 2006 - September 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	94,027.58CR	61,576.40CR	94,027.58CR	21,600.00	61,576.40CR	7,024,828.45CR	7,673,720.64CR
Income Before Interest Charges	94,027.58CR	61,576.40CR	94,027.58CR	21,600.00	61,576.40CR	7,024,828.45CR	7,673,720.64CR
INTEREST CHARGES							
Interest On Long-Term Debt	308,300.00	316,230.50	308,300.00	308,300.00	316,230.50	3,944,388.00	3,803,775.43
Interest On Short-Term Debt	53,970.13	49,307.53	53,970.13	58,900.00	49,307.53	744,308.57	458,490.16
Other Interest	2,253.73	2,308.29	2,253.73	3,000.00	2,308.29	30,013.37	30,891.02
Amortization of Debt Expense	32,242.88	19,681.75	32,242.88	32,300.00	19,681.75	311,148.73	236,184.00
Total Interest Charges	396,766.74	387,528.07	396,766.74	402,500.00	387,528.07	5,029,858.67	4,529,340.61
NET INCOME	302,739.16	325,951.67	302,739.16	424,100.00	325,951.67	1,994,969.78CR	3,144,380.03CR

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

October 01, 2006 - October 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	2,069,102.66CR	1,837,855.71CR	2,069,102.66CR	836,700.00CR	1,837,855.71CR	35,047,503.16CR	30,152,185.74CR
Small Commercial	529,136.66CR	475,303.96CR	529,136.66CR	205,100.00CR	475,303.96CR	10,444,344.47CR	8,428,716.66CR
Other Commercial	826,969.15CR	785,103.76CR	826,969.15CR	384,900.00CR	785,103.76CR	13,597,266.79CR	10,503,139.16CR
Industrial	93,131.70CR	100,605.99CR	93,131.70CR	.00	100,605.99CR	1,767,240.05CR	1,436,185.60CR
Unmetered Gas Light	680.10CR	884.88CR	680.10CR	1,200.00CR	884.88CR	10,203.61CR	6,321.86CR
Residential WNA	.00	.00	.00	.00	.00	294,695.58CR	463,176.22CR
Small Non-Residential WNA	.00	.00	.00	.00	.00	83,422.01CR	119,568.88CR
Weather Normalization Revenu	.00	.00	.00	.00	.00	378,117.59CR	582,745.10CR
Total General Service Ra	3,519,020.27CR	3,199,754.30CR	3,519,020.27CR	1,427,900.00CR	3,199,754.30CR	61,244,675.67CR	51,109,294.12CR
Interuptible Rate Billed							
Commercial	3,262.00CR	614.00CR	3,262.00CR	.00	614.00CR	39,182.59CR	25,325.03CR
Industrial	28,850.79CR	24,027.64CR	28,850.79CR	13,600.00CR	24,027.64CR	522,080.07CR	404,642.91CR
Total Interruptible Rate	32,112.79CR	24,641.64CR	32,112.79CR	13,600.00CR	24,641.64CR	561,262.66CR	429,967.94CR
Total Gas Revenue	3,551,133.06CR	3,224,395.94CR	3,551,133.06CR	1,441,500.00CR	3,224,395.94CR	61,805,938.33CR	51,539,262.06CR
Miscellaneous Operating Revenue	14,379.00CR	8,660.00CR	14,379.00CR	17,600.00CR	8,660.00CR	256,942.06CR	220,697.00CR
Off System Transportation Reven	180,140.48CR	231,307.18CR	180,140.48CR	204,500.00CR	231,307.18CR	2,526,924.14CR	2,290,547.74CR
On System Transportation Revenu	371,929.36CR	354,546.37CR	371,929.36CR	265,700.00CR	354,546.37CR	4,395,573.03CR	4,370,518.82CR
TOTAL OPERATING REVENUE	4,117,581.90CR	3,818,909.49CR	4,117,581.90CR	1,929,300.00CR	3,818,909.49CR	68,985,377.56CR	58,421,025.62CR
OPERATING EXPENSES							
Purchased Gas	2,116,666.31	1,942,243.41	2,116,666.31	726,500.00	1,942,243.41	43,205,294.60	30,693,420.29
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	2,116,666.31	1,942,243.41	2,116,666.31	726,500.00	1,942,243.41	43,205,294.60	30,693,420.29
Operation Expense							
Labor	514,761.89	484,920.63	514,761.89	532,400.00	484,920.63	6,607,332.82	6,466,530.24
Transportation	62,247.85	51,200.40	62,247.85	56,900.00	51,200.40	759,648.13	646,478.64

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DELTA NATURAL GAS CO., AND SUBSIDIARIES
Income Statement - Delta
October 01, 2006 - October 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	39,173.18	38,322.25	39,173.18	39,400.00	38,322.25	507,160.24	381,766.66
Customer Billing	27,649.74	13,730.63	27,649.74	21,500.00	13,730.63	240,350.29	240,945.78
Uncollectible Accounts	.00	117,464.04	.00	43,000.00	117,464.04	460,510.37	468,731.99
Administrative	45,187.71	43,900.80	45,187.71	51,800.00	43,900.80	581,822.56	548,407.18
Outside Services	86,630.27	59,040.78	86,630.27	57,200.00	59,040.78	703,603.76	690,700.45
Insurance	66,354.84	64,183.93	66,354.84	65,600.00	64,183.93	760,676.06	771,386.34
Employee Benefits	160,646.59	172,630.29	160,646.59	182,800.00	172,630.29	2,095,379.01	2,455,510.53
General Administration	60,480.92	85,713.85	60,480.92	41,700.00	85,713.85	747,967.72	820,492.78
Expenses Transferred	213,994.15CR	208,026.77CR	213,994.15CR	204,700.00CR	208,026.77CR	3,007,038.95CR	2,519,526.55CR
Other	8,668.25	12,716.17	8,668.25	42,700.00	12,716.17	368,843.77	257,540.19
Total Operation Expense	857,807.09	935,797.00	857,807.09	930,300.00	935,797.00	10,826,255.78	11,228,964.23
Maintenance Expense							
Labor	4,568.99	8,973.81	4,568.99	.00	8,973.81	140,380.69	91,256.29
Transportation	1,245.24	2,469.08	1,245.24	.00	2,469.08	46,870.81	29,715.28
Mains	2,657.94	6,904.08	2,657.94	6,500.00	6,904.08	62,475.30	68,579.42
Meter & Regulators	2,987.58	2,190.28	2,987.58	2,900.00	2,190.28	41,321.39	60,720.57
Other	27,039.46	33,501.08	27,039.46	52,300.00	33,501.08	383,593.26	376,080.75
Total Maintenance Expens	38,499.21	54,038.33	38,499.21	61,700.00	54,038.33	674,641.45	626,352.31
Depreciation Expense	370,428.29	335,193.29	370,428.29	349,300.00	335,193.29	4,225,820.90	3,973,692.58
Taxes Other Than Income Taxes							
Property Taxes	100,298.00	87,905.00	100,298.00	102,500.00	87,905.00	1,233,603.12	1,099,527.50
Payroll Taxes	39,024.50	38,725.21	39,024.50	46,100.00	38,725.21	540,132.01	533,629.18
Total Other Taxes	139,322.50	126,630.21	139,322.50	148,600.00	126,630.21	1,773,735.13	1,633,156.68
Income Taxes							
Current Federal	88,900.00	14,800.00	88,900.00	265,500.00CR	14,800.00	584,925.00CR	181,700.00CR
Current State	.00	.00	.00	.00	.00	76,100.00CR	106,800.00CR
Deferred Federal & State	5,100.00CR	4,900.00CR	5,100.00CR	.00	4,900.00CR	1,857,325.00	2,501,300.00
Investment Tax Credit-Net	3,083.33CR	3,133.33CR	3,083.33CR	.00	3,133.33CR	37,400.00CR	37,866.72CR
Total Income Taxes	80,716.67	6,766.67	80,716.67	265,500.00CR	6,766.67	1,158,900.00	2,174,933.28
TOTAL OPERATING EXPENSES	3,603,440.07	3,400,668.91	3,603,440.07	1,950,900.00	3,400,668.91	61,864,647.86	50,330,519.37

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

October 01, 2006 - October 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	514,141.83CR	418,240.58CR	514,141.83CR	21,600.00	418,240.58CR	7,120,729.70CR	8,090,506.25CR
Income Before Interest Charges	514,141.83CR	418,240.58CR	514,141.83CR	21,600.00	418,240.58CR	7,120,729.70CR	8,090,506.25CR
INTEREST CHARGES							
Interest On Long-Term Debt	308,325.00	314,100.00	308,325.00	308,300.00	314,100.00	3,938,613.00	3,800,475.43
Interest On Short-Term Debt	61,378.84	68,345.38	61,378.84	58,900.00	68,345.38	737,342.03	482,007.49
Other Interest	2,033.93	2,156.04	2,033.93	3,000.00	2,156.04	29,891.26	31,216.63
Amortization of Debt Expense	32,242.88	19,681.75	32,242.88	32,300.00	19,681.75	323,709.86	236,184.00
Total Interest Charges	403,980.65	404,283.17	403,980.65	402,500.00	404,283.17	5,029,556.15	4,549,883.55
NET INCOME	110,161.18CR	13,957.41CR	110,161.18CR	424,100.00	13,957.41CR	2,091,173.55CR	3,540,622.70CR

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

November 01, 2006 - November 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	3,003,848.48CR	3,661,877.47CR	3,003,848.48CR	836,700.00CR	3,661,877.47CR	34,389,474.17CR	30,239,179.41CR
Small Commercial	857,741.16CR	1,044,305.39CR	857,741.16CR	205,100.00CR	1,044,305.39CR	10,257,780.24CR	8,594,008.31CR
Other Commercial	1,098,376.87CR	1,331,969.11CR	1,098,376.87CR	384,900.00CR	1,331,969.11CR	13,363,674.55CR	10,685,972.64CR
Industrial	136,574.22CR	174,536.28CR	136,574.22CR	.00	174,536.28CR	1,729,277.99CR	1,446,148.27CR
Unmetered Gas Light	657.20CR	890.28CR	657.20CR	1,200.00CR	890.28CR	9,970.53CR	5,991.94CR
Residential WNA	.00	.00	.00	.00	.00	294,695.58CR	463,176.22CR
Small Non-Residential WNA	.00	.00	.00	.00	.00	83,422.01CR	119,568.88CR
Weather Normalization Revenu	.00	.00	.00	.00	.00	378,117.59CR	582,745.10CR
Total General Service Ra	5,097,197.93CR	6,213,578.53CR	5,097,197.93CR	1,427,900.00CR	6,213,578.53CR	60,128,295.07CR	51,554,045.67CR
Interuptible Rate Billed							
Commercial	3,934.22CR	4,527.62CR	3,934.22CR	.00	4,527.62CR	38,589.19CR	27,789.06CR
Industrial	44,562.37CR	56,949.27CR	44,562.37CR	13,600.00CR	56,949.27CR	509,693.17CR	442,362.60CR
Total Interruptible Rate	48,496.59CR	61,476.89CR	48,496.59CR	13,600.00CR	61,476.89CR	548,282.36CR	470,151.66CR
Total Gas Revenue	5,145,694.52CR	6,275,055.42CR	5,145,694.52CR	1,441,500.00CR	6,275,055.42CR	60,676,577.43CR	52,024,197.33CR
Miscellaneous Operating Revenue	30,015.00CR	25,867.00CR	30,015.00CR	17,600.00CR	25,867.00CR	261,090.06CR	229,848.00CR
Off System Transportation Reven	193,651.64CR	230,759.88CR	193,651.64CR	204,500.00CR	230,759.88CR	2,489,815.90CR	2,341,119.30CR
On System Transportation Revenu	403,136.29CR	405,899.21CR	403,136.29CR	265,700.00CR	405,899.21CR	4,392,810.11CR	4,392,316.81CR
TOTAL OPERATING REVENUE	5,772,497.45CR	6,937,581.51CR	5,772,497.45CR	1,929,300.00CR	6,937,581.51CR	67,820,293.50CR	58,987,481.44CR
OPERATING EXPENSES							
Purchased Gas	3,506,062.10	4,530,375.69	3,506,062.10	726,500.00	4,530,375.69	42,180,981.01	32,154,969.11
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	3,506,062.10	4,530,375.69	3,506,062.10	726,500.00	4,530,375.69	42,180,981.01	32,154,969.11
Operation Expense							
Labor	526,492.10	508,111.09	526,492.10	532,400.00	508,111.09	6,625,713.83	6,487,026.63
Transportation	54,702.70	48,292.04	54,702.70	56,900.00	48,292.04	766,058.79	636,698.55

DELTA NATURAL GAS CO., ND SUBSIDIARIES

Income Statement - Delta

November 01, 2006 - November 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	63,572.89	36,894.43	63,572.89	39,400.00	36,894.43	533,838.70	386,576.59
Customer Billing	3,705.56	13,657.13	3,705.56	21,500.00	13,657.13	230,398.72	231,061.97
Uncollectible Accounts	43,000.00	130,000.00	43,000.00	43,000.00	130,000.00	373,510.37	597,749.62
Administrative	44,552.28	47,103.37	44,552.28	51,800.00	47,103.37	579,271.47	547,638.97
Outside Services	40,274.10	73,887.50	40,274.10	57,200.00	73,887.50	669,990.36	723,091.32
Insurance	66,356.34	58,785.43	66,356.34	65,600.00	58,785.43	768,246.97	768,801.53
Employee Benefits	178,985.39	194,644.60	178,985.39	182,800.00	194,644.60	2,079,719.80	2,477,728.79
General Administration	58,992.08	52,481.05	58,992.08	41,700.00	52,481.05	754,478.75	823,756.66
Expenses Transferred	210,133.57CR	196,258.45CR	210,133.57CR	204,700.00CR	196,258.45CR	3,020,914.07CR	2,512,920.60CR
Other	34,368.58	57,211.25	34,368.58	42,700.00	57,211.25	346,001.10	278,858.94
Total Operation Expense	904,868.45	1,024,809.44	904,868.45	930,300.00	1,024,809.44	10,706,314.79	11,446,068.97
Maintenance Expense							
Labor	5,179.57	6,187.04	5,179.57	.00	6,187.04	139,373.22	89,728.79
Transportation	1,551.18	1,742.16	1,551.18	.00	1,742.16	46,679.83	27,504.22
Mains	4,159.00	3,983.40	4,159.00	6,500.00	3,983.40	62,650.90	64,526.90
Meter & Regulators	1,839.93	5,562.58	1,839.93	2,900.00	5,562.58	37,598.74	62,716.25
Other	31,123.04	21,160.62	31,123.04	52,300.00	21,160.62	393,555.68	353,865.36
Total Maintenance Expens	43,852.72	38,635.80	43,852.72	61,700.00	38,635.80	679,858.37	598,341.52
Depreciation Expense	370,828.92	335,610.48	370,828.92	349,300.00	335,610.48	4,261,039.34	3,981,685.27
Taxes Other Than Income Taxes							
Property Taxes	100,178.00	87,725.00	100,178.00	102,500.00	87,725.00	1,246,056.12	1,092,616.50
Payroll Taxes	38,660.58	38,173.23	38,660.58	46,100.00	38,173.23	540,619.36	534,418.80
Total Other Taxes	138,838.58	125,898.23	138,838.58	148,600.00	125,898.23	1,786,675.48	1,627,035.30
Income Taxes							
Current Federal	170,400.00	186,300.00	170,400.00	265,500.00CR	186,300.00	600,825.00CR	594,925.00CR
Current State	.00	.00	.00	.00	.00	76,100.00CR	106,800.00CR
Deferred Federal & State	5,100.00CR	4,900.00CR	5,100.00CR	.00	4,900.00CR	1,857,125.00	2,498,525.00
Investment Tax Credit-Net	3,083.33CR	3,133.33CR	3,083.33CR	.00	3,133.33CR	37,350.00CR	37,833.38CR
Total Income Taxes	162,216.67	178,266.67	162,216.67	265,500.00CR	178,266.67	1,142,850.00	1,758,966.62
TOTAL OPERATING EXPENSES	5,126,667.44	6,233,596.31	5,126,667.44	1,950,900.00	6,233,596.31	60,757,718.99	51,567,066.79

DELTA NATURAL GAS CO., ιND SUBSIDIARIES

Income Statement - Delta

November 01, 2006 - November 30, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	645,830.01CR	703,985.20CR	645,830.01CR	21,600.00	703,985.20CR	7,062,574.51CR	7,420,414.65CR
Income Before Interest Charges	645,830.01CR	703,985.20CR	645,830.01CR	21,600.00	703,985.20CR	7,062,574.51CR	7,420,414.65CR
INTEREST CHARGES							
Interest On Long-Term Debt	308,100.00	314,000.00	308,100.00	308,300.00	314,000.00	3,932,713.00	3,797,075.43
Interest On Short-Term Debt	59,222.15	81,957.08	59,222.15	58,900.00	81,957.08	714,607.10	517,747.05
Other Interest	2,509.98	2,455.48	2,509.98	3,000.00	2,455.48	29,945.76	31,241.59
Amortization of Debt Expense	32,271.88	19,681.75	32,271.88	32,300.00	19,681.75	336,299.99	236,184.00
Total Interest Charges	402,104.01	418,094.31	402,104.01	402,500.00	418,094.31	5,013,565.85	4,582,248.07
NET INCOME	243,726.00CR	285,890.89CR	243,726.00CR	424,100.00	285,890.89CR	2,049,008.66CR	2,838,166.58CR

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement-Delta Natural FERC REG

December 01, 2006 - December 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
01							
OPERATING REVENUES							
General Service Rate Billed							
Residential	4,625,801.24CR	6,972,312.09CR	4,625,801.24CR	836,700.00CR	6,972,312.09CR	32,042,963.32CR	32,214,691.55CR
Small Commercial	1,345,879.95CR	2,175,013.26CR	1,345,879.95CR	205,100.00CR	2,175,013.26CR	9,428,646.93CR	9,335,255.44CR
Other Commercial	1,511,614.09CR	2,454,150.06CR	1,511,614.09CR	384,900.00CR	2,454,150.06CR	12,421,138.58CR	11,634,099.94CR
Industrial	199,955.97CR	362,709.26CR	199,955.97CR	.00	362,709.26CR	1,566,524.70CR	1,620,716.64CR
Unmetered Gas Light	657.20CR	890.28CR	657.20CR	1,200.00CR	890.28CR	9,737.45CR	5,673.09CR
Residential WNA	2,339.01CR	74,807.73	2,339.01CR	.00	74,807.73	371,842.32CR	261,649.24CR
Small Non-Residential WNA	2,815.16CR	23,653.29	2,815.16CR	.00	23,653.29	109,890.46CR	66,922.17CR
Weather Normalization Revenu	5,154.17CR	98,461.02	5,154.17CR	.00	98,461.02	481,732.78CR	328,571.41CR
Total General Service Ra	7,689,062.62CR	11,866,613.93CR	7,689,062.62CR	1,427,900.00CR	11,866,613.93CR	55,950,743.76CR	55,139,008.07CR
Interuptible Rate Billed							
Commercial	4,767.30CR	8,828.96CR	4,767.30CR	.00	8,828.96CR	34,527.53CR	28,943.87CR
Industrial	49,084.96CR	102,871.67CR	49,084.96CR	13,600.00CR	102,871.67CR	455,906.46CR	464,158.68CR
Total Interruptible Rate	53,852.26CR	111,700.63CR	53,852.26CR	13,600.00CR	111,700.63CR	490,433.99CR	493,102.55CR
Total Gas Revenue	7,742,914.88CR	11,978,314.56CR	7,742,914.88CR	1,441,500.00CR	11,978,314.56CR	56,441,177.75CR	55,632,110.62CR
Miscellaneous Operating Revenue	22,972.00CR	22,761.00CR	22,972.00CR	17,600.00CR	22,761.00CR	261,301.06CR	235,519.00CR
Off System Transportation Reven	235,881.88CR	240,750.12CR	235,881.88CR	204,500.00CR	240,750.12CR	2,484,947.66CR	2,382,930.68CR
On System Transportation Revenu	413,024.39CR	477,701.96CR	413,024.39CR	265,700.00CR	477,701.96CR	4,328,132.54CR	4,431,701.12CR
TOTAL OPERATING REVENUE	8,414,793.15CR	12,719,527.64CR	8,414,793.15CR	1,929,300.00CR	12,719,527.64CR	63,515,559.01CR	62,682,261.42CR
OPERATING EXPENSES							
Purchased Gas	4,857,707.68	8,674,839.70	4,857,707.68	726,500.00	8,674,839.70	38,363,848.99	35,650,663.87
Recovery of Canada Mountain	.00	.00	.00	.00	.00	.00	.00
Purchased Gas, net	4,857,707.68	8,674,839.70	4,857,707.68	726,500.00	8,674,839.70	38,363,848.99	35,650,663.87
Operation Expense							
Labor	416,092.57	412,385.70	416,092.57	532,400.00	412,385.70	6,629,420.70	6,456,035.09
Transportation	50,111.44	46,457.16	50,111.44	56,900.00	46,457.16	769,713.07	625,836.94

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

December 01, 2006 - December 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
General Operations	37,974.75	43,371.29	37,974.75	39,400.00	43,371.29	528,442.16	399,924.47
Customer Billing	17,094.90	23,711.54	17,094.90	21,500.00	23,711.54	223,782.08	231,133.00
Uncollectible Accounts	211,200.00	100,000.00	211,200.00	43,000.00	100,000.00	484,710.37	601,623.20
Administrative	51,768.80	51,213.51	51,768.80	51,800.00	51,213.51	579,826.76	552,024.93
Outside Services	64,044.30	76,050.54	64,044.30	57,200.00	76,050.54	657,984.12	765,795.28
Insurance	64,180.87	46,303.93	64,180.87	65,600.00	46,303.93	786,123.91	754,608.17
Employee Benefits	312,845.43	247,512.95	312,845.43	182,800.00	247,512.95	2,145,052.28	2,418,521.55
General Administration	48,696.52	74,955.31	48,696.52	41,700.00	74,955.31	728,219.96	828,991.99
Expenses Transferred	203,530.01CR	187,875.01CR	203,530.01CR	204,700.00CR	187,875.01CR	3,036,569.07CR	2,508,523.16CR
Other	12,369.77	32,473.87	12,369.77	42,700.00	32,473.87	325,897.00	302,646.66
Total Operation Expense	1,082,849.34	966,560.79	1,082,849.34	930,300.00	966,560.79	10,822,603.34	11,428,618.12
Maintenance Expense							
Labor	2,406.48	5,438.07	2,406.48	.00	5,438.07	136,341.63	91,188.39
Transportation	775.14	1,538.54	775.14	.00	1,538.54	45,916.43	27,178.38
Mains	4,308.28	3,252.13	4,308.28	6,500.00	3,252.13	63,707.05	62,736.88
Meter & Regulators	5,754.33	359.34	5,754.33	2,900.00	359.34	42,993.73	62,427.99
Other	33,893.47	36,664.44	33,893.47	52,300.00	36,664.44	390,784.71	367,747.18
Total Maintenance Expens	47,137.70	47,252.52	47,137.70	61,700.00	47,252.52	679,743.55	611,278.82
Depreciation Expense	309,890.56	336,190.50	309,890.56	349,300.00	336,190.50	4,234,739.40	3,988,963.40
Taxes Other Than Income Taxes							
Property Taxes	92,659.00	112,143.12	92,659.00	102,500.00	112,143.12	1,226,572.00	1,138,840.15
Payroll Taxes	39,851.85	39,562.50	39,851.85	46,100.00	39,562.50	540,908.71	536,307.83
Total Other Taxes	132,510.85	151,705.62	132,510.85	148,600.00	151,705.62	1,767,480.71	1,675,147.98
Income Taxes							
Current Federal	621,310.00CR	169,515.00	621,310.00CR	265,500.00CR	169,515.00	1,391,650.00CR	31,960.00
Current State	240,878.00CR	43,165.00CR	240,878.00CR	.00	43,165.00CR	273,813.00CR	68,540.00
Deferred Federal & State	1,491,488.00	689,550.00	1,491,488.00	.00	689,550.00	2,659,063.00	1,744,100.00
Investment Tax Credit-Net	3,083.33CR	3,133.33CR	3,083.33CR	.00	3,133.33CR	37,300.00CR	37,800.04CR
Total Income Taxes	626,216.67	812,766.67	626,216.67	265,500.00CR	812,766.67	956,300.00	1,806,799.96
TOTAL OPERATING EXPENSES	7,056,312.80	10,989,315.80	7,056,312.80	1,950,900.00	10,989,315.80	56,824,715.99	55,161,472.15

DELTA NATURAL GAS CO., AND SUBSIDIARIES

Income Statement - Delta

December 01, 2006 - December 31, 2006

	Current Month Amount	Last Year Curr Month Amount	Current Y-T-D Amount	Current Year Y-T-D Budget	Last Year Y-T-D Amount	12 Month Y-T-D Amount	Previous 12 Month Amount
OPERATING INCOME	1,358,480.35CR	1,730,211.84CR	1,358,480.35CR	21,600.00	1,730,211.84CR	6,690,843.02CR	7,520,789.27CR
Income Before Interest Charges	1,358,480.35CR	1,730,211.84CR	1,358,480.35CR	21,600.00	1,730,211.84CR	6,690,843.02CR	7,520,789.27CR
INTEREST CHARGES							
Interest On Long-Term Debt	307,700.00	313,800.00	307,700.00	308,300.00	313,800.00	3,926,613.00	3,793,475.43
Interest On Short-Term Debt	49,541.19	102,000.78	49,541.19	58,900.00	102,000.78	662,147.51	574,632.93
Other Interest	2,888.76	2,779.55	2,888.76	3,000.00	2,779.55	30,054.97	31,056.42
Amortization of Debt Expense	32,271.88	19,681.75	32,271.88	32,300.00	19,681.75	348,890.12	236,184.00
Total Interest Charges	392,401.83	438,262.08	392,401.83	402,500.00	438,262.08	4,967,705.60	4,635,348.78
NET INCOME	966,078.52CR	1,291,949.76CR	966,078.52CR	424,100.00	1,291,949.76CR	1,723,137.42CR	2,885,440.49CR

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(s)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

Securities and Exchange Commission's annual report for the most recent two (2) years, Form 10-Ks and any Form 8-Ks issued within the past two (2) years, and Form 10-Qs issued during the past six (6) quarters updated as current information becomes available.

Response:

See attached.

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2006

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact Name of Registrant as Specified in its Charter)

Kentucky	61-0458329
(Incorporated in the State of)	(I.R.S. Employer Identification No.)

3617 Lexington Road, Winchester, Kentucky	40391
(Address of Principal Executive Offices)	(Zip Code)

859-744-6171
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES X . NO___.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES X . NO___.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES___. NO X .

Common Shares, Par Value $1.00 Per Share
3,267,942 Shares Outstanding as of December 31, 2006.

DELTA NATURAL GAS COMPANY, INC.

INDEX TO FORM 10-Q

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005	2006	2005
OPERATING REVENUES	$28,434,215	$42,060,769	$41,547,565	$56,285,109	$102,509,600	$104,876,392
OPERATING EXPENSES						
Purchased gas	$18,733,328	$31,610,522	$27,296,191	$41,496,956	$ 72,071,089	$ 72,934,420
Operation and maintenance	3,043,046	3,031,857	5,731,416	5,785,227	12,239,841	12,371,036
Depreciation and amortization	1,080,845	1,036,958	2,216,081	2,065,740	4,354,052	4,109,011
Taxes other than income taxes	441,772	430,893	894,438	814,150	1,800,708	1,704,522
Total operating expenses	$23,298,991	$36,110,230	$36,138,126	$50,162,073	$ 90,465,690	$ 91,118,989
OPERATING INCOME	$ 5,135,224	$ 5,950,539	$ 5,409,439	$ 6,123,036	$ 12,043,910	$ 13,757,403
OTHER INCOME AND DEDUCTIONS, NET	18,315	25,966	40,264	46,717	221,185	80,975
INTEREST CHARGES	1,258,268	1,286,741	2,432,727	2,411,358	4,998,978	4,627,166
NET INCOME BEFORE INCOME TAXES	$ 3,895,271	$ 4,689,764	$ 3,016,976	$ 3,758,395	$ 7,266,117	$ 9,211,212
INCOME TAX EXPENSE	1,514,450	1,796,600	1,172,900	1,439,700	2,716,100	3,562,200
NET INCOME	$ 2,380,821	$ 2,893,164	$ 1,844,076	$ 2,318,695	$ 4,550,017	$ 5,649,012
BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ .73	$ .89	$ .57	$ .72	$ 1.40	$ 1.75
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC AND DILUTED)	3,263,403	3,238,937	3,260,389	3,235,701	3,254,475	3,229,324
DIVIDENDS DECLARED PER COMMON SHARE	$ .305	$ .30	$ .61	$ .60	$ 1.21	$ 1.19

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	December 31, 2006	June 30, 2006	December 31, 2005
CURRENT ASSETS			
Cash and cash equivalents	$ 385,644	$ 150,108	$ 421,531
Accounts receivable, less accumulated provisions for doubtful accounts of $400,000, $520,000 and $523,000, respectively	17,029,298	7,855,949	24,165,035
Gas in storage, at average cost	15,029,892	11,365,990	15,923,593
Deferred gas costs	1,117,889	1,827,078	7,363,944
Materials and supplies, at average cost	480,166	429,712	479,579
Prepayments	1,668,971	1,837,228	3,218,179
Total current assets	$ 35,711,860	$ 23,466,065	$ 51,571,861
PROPERTY, PLANT AND EQUIPMENT	$ 184,907,526	$ 182,155,110	$ 178,733,805
Less-Accumulated provision for depreciation	(63,106,289)	(61,765,836)	(60,042,707)
Net property, plant and equipment	$ 121,801,237	$ 120,389,274	$ 118,691,098
OTHER ASSETS			
Cash surrender value of officers' life insurance	$ 379,661	$ 401,032	$ 387,193
Note receivable from officer	50,000	62,000	74,000
Prepaid pension cost	3,670,491	3,954,141	2,812,694
Unamortized debt expense and other	7,194,449	7,281,613	4,016,183
Total other assets	$ 11,294,601	$ 11,698,786	$ 7,290,070
Total assets	$ 168,807,698	$ 155,554,125	$ 177,553,029
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	$ 7,384,451	$ 6,375,882	$ 12,033,969
Notes payable	17,146,346	7,046,434	32,034,527
Current portion of long-term debt	1,200,000	1,200,000	1,650,000
Accrued taxes	1,781,284	1,207,742	2,252,078
Customers' deposits	597,893	444,955	585,833
Accrued interest on debt	863,201	837,847	888,380
Accrued vacation	581,456	693,123	560,433
Deferred income taxes	701,000	701,000	999,700
Other liabilities	371,388	387,630	427,052
Total current liabilities	$ 30,627,019	$ 18,894,613	$ 51,431,972
LONG-TERM DEBT	$ 58,670,000	$ 58,790,000	$ 52,191,000
DEFERRED CREDITS AND OTHER LIABILITIES			
Deferred income taxes	$ 22,176,088	$ 20,679,500	$ 19,187,750
Investment tax credits	232,100	250,600	269,400
Regulatory liabilities	2,491,478	2,576,203	2,544,875
Asset retirement obligations and other	1,874,066	1,753,485	403,757
Total deferred credits and other	$ 26,773,732	$ 25,259,788	$ 22,405,782
COMMITMENTS AND CONTINGENCIES (NOTES 8, 9 and 13)			
Total liabilities	$ 116,070,751	$ 102,944,401	$ 126,028,754
COMMON SHAREHOLDERS' EQUITY			
Common shareholders' equity			
Common shares ($1.00 par value)	$ 3,267,942	$ 3,256,043	$ 3,242,502
Premium on common shares	43,285,686	43,025,733	42,710,459
Retained earnings	6,183,319	6,327,948	5,571,314
Total common shareholders' equity	$ 52,736,947	$ 52,609,724	$ 51,524,275
Total liabilities and shareholders' equity	$ 168,807,698	$ 155,554,125	$ 177,553,029

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	Six Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
COMMON SHARES				
Balance, beginning of period	$ 3,256,043	$ 3,229,988	$ 3,242,502	$ 3,218,186
Dividend reinvestment and stock purchase plan	11,899	12,514	25,440	24,316
Balance, end of period	$ 3,267,942	$ 3,242,502	$ 3,267,942	$ 3,242,502
PREMIUM ON COMMON SHARES				
Balance, beginning of period	$43,025,733	$42,375,353	$42,710,459	$42,072,612
Dividend reinvestment and stock purchase plan	259,953	335,106	575,227	637,847
Balance, end of period	$43,285,686	$42,710,459	$43,285,686	$42,710,459
RETAINED EARNINGS				
Balance, beginning of period	$ 6,327,948	$ 5,194,113	$ 5,571,314	$ 3,765,184
Net income	1,844,076	2,318,695	4,550,017	5,649,012
Cash dividends declared on common shares (See Consolidated Statements of Income for rates)	(1,988,705)	(1,941,494)	(3,938,012)	(3,842,882)
Balance, end of period	$ 6,183,319	$ 5,571,314	$ 6,183,319	$ 5,571,314
COMMON SHAREHOLDERS' EQUITY				
Balance, beginning of period	$52,609,724	$50,799,454	$51,524,275	$49,055,982
Net income	1,844,076	2,318,695	4,550,017	5,649,012
Issuance of common stock	271,852	347,620	600,667	662,163
Dividends on common stock	(1,988,705)	(1,941,494)	(3,938,012)	(3,842,882)
Balance, end of period	$52,736,947	$51,524,275	$52,736,947	$51,524,275

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

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

	Six Months Ended December 31, 2006	Six Months Ended December 31, 2005	Twelve Months Ended December 31, 2006	Twelve Months Ended December 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 1,844,076	$ 2,318,695	$ 4,550,017	$ 5,649,012
Adjustments to reconcile net income to net cash from operating activities				
Depreciation and amortization	2,446,127	2,220,431	4,776,142	4,418,394
Deferred income taxes and investment tax credits	1,441,688	643,425	2,612,738	1,728,065
Other, net	(102,959)	5,380	(121,306)	(12,732)
Decrease (increase) in assets	(11,538,805)	(30,500,372)	15,195,429	(19,142,709)
Increase (decrease) in liabilities	1,525,888	5,826,187	(5,154,192)	4,069,022
Net cash provided by (used in) operating activities	$ (4,383,985)	$ (19,486,254)	$ 21,858,828	$ (3,290,948)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	$ (3,691,199)	$ (4,211,129)	$ (7,594,976)	$ (7,047,727)
Proceeds from sale of property, plant and equipment	58,631	25,853	237,150	131,034
Net cash used in investing activities	$ (3,632,568)	$ (4,185,276)	$ (7,357,826)	$ (6,916,693)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends on common stock	$ (1,988,705)	$ (1,941,494)	$ (3,938,012)	$ (3,842,882)
Issuance of common stock, net	271,852	347,620	600,667	662,163
Long-term debt issuance expense	(10,970)	-	(2,340,363)	-
Issuance of long-term debt	-	-	40,000,000	-
Repayment of long-term debt	(120,000)	(516,000)	(33,971,000)	(632,000)
Issuance of notes payable	33,692,701	53,075,035	73,328,462	83,717,692
Repayment of notes payable	(23,592,789)	(26,999,630)	(88,216,643)	(69,521,460)
Net cash provided by (used in) financing activities	$ 8,252,089	$ 23,965,531	$ (14,536,889)	$ 10,383,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 235,536	$ 294,001	$ (35,887)	$ 175,872
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	150,108	127,530	421,531	245,659
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 385,644	$ 421,531	$ 385,644	$ 421,531

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Delta Natural Gas Company, Inc. ("Delta" or "the Company") sells and distributes or transports natural gas to approximately 38,000 customers on our distribution system in central and southeastern Kentucky. Delta also owns and operates an underground storage field and transports gas to other pipeline systems. We have three wholly-owned subsidiaries. Delta Resources, Inc. ("Delta Resources") buys gas and resells it to industrial or other large use customers on Delta's system. Delgasco, Inc. buys gas and resells it to Delta Resources and to customers not on Delta's system. Enpro, Inc. owns and operates production properties and undeveloped acreage. All of our subsidiaries are included in the consolidated financial statements. Intercompany balances and transactions have been eliminated.

(2) In our opinion, all adjustments necessary for a fair presentation of the unaudited results of operations for the three, six and twelve months ended December 31, 2006 and 2005, respectively, are included. All such adjustments are accruals of a normal and recurring nature. The results of operations for the periods ended December 31, 2006 are not necessarily indicative of the results of operations to be expected for the full fiscal year. Because of the seasonal nature of our sales, we generate the smallest proportion of cash from operations during the warmer months, when sales volumes decrease considerably. Most construction activity and gas storage injections take place during these warmer months. The accompanying financial statements are unaudited and should be read in conjunction with the financial statements and the notes thereto, included in our Annual Report on Form 10-K for our fiscal year ended June 30, 2006. Certain reclassifications have been made to prior-period amounts to conform to the fiscal 2007 presentation. Twelve month ended financial information is provided for additional information only.

(3) We bill our customers on a monthly meter reading cycle. At the end of each month, gas service which has been rendered from the latest date of each cycle meter reading to the month-end is unbilled.

Unbilled revenues and gas costs include the following:

(000)	December 31, 2006	June 30, 2006	December 31, 2005
Unbilled revenues ($)	6,162	1,188	10,038
Unbilled gas costs ($)	3,747	594	7,113
Unbilled volumes (Mcf)	375	50	577

Unbilled revenues are included in accounts receivable and unbilled gas costs are included in deferred gas costs on the accompanying balance sheets.

(4) Net pension costs for our trusteed, noncontributory defined benefit pension plan for the periods ended December 31 include the following:

($000)	Three Months Ended December 31	
	2006	2005
Service cost	179	194
Interest cost	175	175
Expected return on plan assets	(249)	(233)
Amortization of unrecognized net loss	58	64
Amortization of prior service cost	(21)	(21)
Net periodic benefit cost	142	179

($000)	Six Months Ended December 31	
	2006	2005
Service cost	358	388
Interest cost	350	350
Expected return on plan assets	(498)	(466)
Amortization of unrecognized net loss	116	128
Amortization of prior service cost	(42)	(42)
Net periodic benefit cost	284	358

($000)	Twelve Months Ended December 31,	
	2006	2005
Service cost	746	745
Interest cost	700	656
Expected return on plan assets	(964)	(898)
Amortization of unrecognized net loss	244	217
Amortization of prior service cost	(84)	(84)
Net periodic benefit cost	642	636

(5) Delta's note receivable from an officer on the accompanying consolidated balance sheets relates to a $160,000 loan made to Glenn R. Jennings, our Chairman of the Board, President and Chief Executive Officer. The loan, secured by real estate owned by Mr. Jennings, bears interest at 6%, which Mr. Jennings pays monthly. Delta forgives $2,000 of the principal amount for each month of service Mr. Jennings completes. The outstanding balance on this loan was $50,000, $62,000 and $74,000 as of December 31, 2006, June 30, 2006 and December 31, 2005, respectively. In the event Mr. Jennings terminates his employment with Delta other than due to a change in control, or Mr. Jennings' employment is terminated for cause or as a result of his disability or death, the loan will become immediately due and payable.

(6) The current available line of credit with Branch Banking and Trust Company is $40,000,000, of which $17,146,000, $7,046,000 and $32,035,000 were borrowed having a weighted average interest rate of 6.35%, 6.13% and 5.31% as of December 31, 2006, June 30, 2006 and December 31, 2005, respectively. The interest on this line, which extends through October 31, 2007, is determined monthly at the London Interbank Offered Rate plus 1% with an additional cost of .125% on the unused portion of the line of credit.

Our line of credit agreement and the indentures relating to all of our publicly held Debentures and Insured Quarterly Notes contain defined "events of default" which, among other things, can make the obligations immediately due and payable. Of these, we consider the following covenants to be most significant:

- Dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds $25,800,000 (thus no retained earnings were restricted); and

- We may not assume any mortgage indebtedness in excess of $5,000,000 without effectively securing all Debentures and Insured Quarterly Notes equally to such additional indebtedness.

Furthermore, a default on the performance on any single obligation incurred in connection with our borrowings simultaneously creates an event of default with the line of credit and all of the Debentures and Insured Quarterly Notes. We were not in default on our line of credit, Debentures or Insured Quarterly Notes during any period presented.

(7) We have entered into individual employment agreements with our five officers. The agreements expire or may be terminated at various times. The agreements provide for continuing monthly payments or lump sum payments and continuation of specified benefits over varying periods in certain cases following defined changes in ownership of the Company. In the event all of these agreements were exercised in the form of lump sum payments, approximately $3.4 million would be paid in addition to continuation of specified benefits for up to five years.

(8) We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

(9) The Kentucky Public Service Commission exercises regulatory authority over our retail natural gas distribution and our transportation services. The Kentucky Public Service Commission's regulation of our business includes setting the rates we are permitted to charge our retail customers and our transportation customers.

We monitor our need to file requests with the Kentucky Public Service Commission for a general rate increase for our retail gas and transportation services. Through these general rate cases, we are able to adjust the sales prices of our retail gas we sell to and transport for our customers.

We are currently evaluating the need to file for a general rate increase with the Kentucky Public Service Commission to recover in rates our increased operating costs and a reasonable return on invested capital. Any filing will include the current usage patterns of our customers and thus will address the impacts of any margin reductions experienced due to customer conservation as well as any loss of customers.

(10) Our company has two segments. These are (i) a regulated natural gas distribution, transmission and storage segment, and (ii) a non-regulated segment which participates in related ventures, consisting of natural gas marketing and production. The regulated segment serves residential, commercial and industrial customers in the single geographic area of central and southeastern Kentucky. Virtually all of the revenue recorded under both segments comes from the sale or transportation of natural gas. Price risk for the regulated business is mitigated through our Gas Cost Recovery Clause, approved quarterly by the Kentucky Public Service Commission. Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict our demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies. A single customer, Citizens Gas Utility District, provided \$2,499,000, \$4,632,000 and \$9,919,000 of non-regulated revenues for the three, six and twelve months ended December 31, 2006, respectively. Citizens Gas Utility District provided \$6,988,000, \$10,135,000 and \$14,993,000 of non-regulated revenues for the three, six and twelve months ended December 31, 2005, respectively.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies in Note 1 of the Notes to Consolidated Financial Statements which are included in our Annual Report on Form 10-K for the year ended June 30, 2006. Intersegment revenues and expenses consist of intercompany revenues and expenses from intercompany gas transportation services. Intersegment transportation revenue and expense is recorded at our tariff rates. Revenues and expenses for the storage of natural gas are recorded based on quantities stored. Operating expenses, taxes and interest are allocated to the non-regulated segment.

Segment information is shown below for the periods:

($000)	Three Months Ended December 31, 2006	Three Months Ended December 31, 2005
Operating Revenues		
Regulated		
External customers	17,339	22,470
Intersegment	966	1,006
Total regulated	18,305	23,476
Non-regulated external customers	11,095	19,591
Eliminations for intersegment	(966)	(1,006)
Total operating revenues	28,434	42,061
Net Income		
Regulated	1,313	1,608
Non-regulated	1,068	1,285
Total net income	2,381	2,893

($000)	Six Months Ended December 31, 2006	Six Months Ended December 31, 2005
Operating Revenues		
Regulated		
External customers	22,491	27,802
Intersegment	1,723	1,738
Total regulated	24,214	29,540
Non-regulated external customers	19,057	28,483
Eliminations for intersegment	(1,723)	(1,738)
Total operating revenues	41,548	56,285
Net Income		
Regulated	302	695
Non-regulated	1,542	1,624
Total net income	1,844	2,319

($000)	Twelve Months Ended December 31, 2006	December 31, 2005
Operating Revenues		
Regulated		
External customers	60,031	59,186
Intersegment	3,483	3,496
Total regulated	63,514	62,682
Non-regulated external customers	42,479	45,690
Eliminations for intersegment	(3,483)	(3,496)
Total operating revenues	102,510	104,876
Net Income		
Regulated	1,840	2,943
Non-regulated	2,710	2,706
Total net income	4,550	5,649

(11) In June, 2006, the Financial Accounting Standards Board issued Interpretation No. 48, entitled Accounting for Uncertainty in Income Taxes, to clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Financial Accounting Standards Board Statement No. 109, entitled Accounting for Income Taxes. We do not expect Interpretation No. 48, which shall be effective for our 2008 fiscal year, to have a material impact on our results of operations or financial position.

(12) In September, 2006, the Financial Accounting Standards Board issued Statement No. 158, entitled Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. Statement No. 158 requires employers who sponsor defined benefit plans to recognize the funded status of the plan and gains and losses not previously recognized in net periodic benefit cost in the sponsor's financial statements in fiscal years ending after December 15, 2006. Additionally, Statement No. 158 requires employers who sponsor defined benefit plans to measure assets and benefit obligations as of the end of the employer's fiscal year in fiscal years ending after December 15, 2008. We are currently evaluating Statement No. 158 and the impact adopting this Statement will have on our financial position.

(13) In December, 2006, the Kentucky Revenue Cabinet issued Delta's 2006 property tax assessment. The assessed amount was 39% higher than the amount assessed in 2005, while the book value of our property increased only 3.5%. We believe that the increased assessment is without merit, and we have filed a formal protest regarding the matter with the Kentucky Revenue Cabinet and intend to vigorously defend our position. If the higher assessment level is not reduced, Delta would be required to pay approximately $1,000,000 of increased property taxes annually.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YEAR TO DATE DECEMBER 31, 2006 OVERVIEW AND FUTURE OUTLOOK

Consolidated net income per share of $.57 for the six months ended December 31, 2006 decreased $.15 per share from net income per share of $.72 for the six months ended December 31, 2005. We attribute $.12 per share of the decrease to customer conservation and a reduction in the number of customers.

The results for the year ended June 30, 2007 in our regulated segment will be dependent on the winter weather and the extent to which our customers choose to conserve their natural gas usage or discontinue their natural gas service in reaction to higher gas prices, a trend we continue to experience although gas prices, and our regulated sales rates, have declined in fiscal 2007 compared with 2006. We are currently evaluating the need to file for a general rate increase with the Kentucky Public Service Commission to recover in rates our increased operating costs and a reasonable return on invested capital. Any filing will include the current usage patterns of our customers, and thus will address the impacts of any margin reductions experienced due to customer conservation as well as any loss of customers. Any increased rates from such filing would likely not impact fiscal 2007.

We expect our non-regulated segment to continue to contribute to consolidated net income in fiscal 2007 as in recent years based on contracts currently in place. Future profitability of the non-regulated segment, though, is dependent on the business plans of a few large customers and the market prices of natural gas, which are both out of our control. If natural gas prices continue to decrease considerably, we expect to experience a corresponding decrease in our non-regulated segment margins.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provide our primary source of cash. Cash provided by operating activities consists of net income adjusted for non-cash items, including depreciation, amortization, deferred income taxes and changes in working capital.

Our ability to maintain liquidity depends on our bank line of credit, shown as notes payable on the accompanying consolidated balance sheets. Notes payable increased to $17,146,000 at December 31, 2006, compared with $7,046,000 at June 30, 2006. This increase reflects the seasonal nature of our sales and cash needs. Our cash requirements during the six months ended December 31, 2006 and 2005 exceeded cash provided by operations, primarily due to the purchase of natural gas which is injected into storage for use during the heating months. Additionally, our liquidity is impacted by the fact that we generate internally only a portion of the cash necessary for our capital expenditure requirements. We made capital expenditures of $3,691,000 during the six months ended December 31, 2006. We finance the balance of our capital expenditures on an interim basis through this bank line of credit. We periodically repay our short-term borrowings under our bank line of credit by using the net proceeds from the sale of long-term debt and equity securities, as was done in 2006 by a $3,830,000 repayment in connection with the issuance of the 5.75% Insured Quarterly Notes.

The $14,889,000 decrease in notes payable at December 31, 2006 compared to the previous year was primarily due to decreased borrowings on our bank line of credit, as we had increased cash produced by operating activities.

Long-term debt increased to $58,670,000 at December 31, 2006, compared with $52,191,000 at December 31, 2005. This increase resulted from the issuance of the 5.75% Insured Quarterly Notes, partially offset by the redemption of the 7.15% and the 6 5/8% Debentures and by the provisions in the Debentures and Insured Quarterly Notes allowing limited redemptions to be made to certain holders or their beneficiaries.

Cash and cash equivalents were $386,000 at December 31, 2006, compared with $150,000 at June 30, 2006 and $422,000 at December 31, 2005. These changes in cash and cash equivalents for the six and twelve months ended December 31, 2006 are summarized in the following table:

($000)	Six Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Provided by (used in) operating activities	(4,384)	(19,486)	21,859	(3,291)
Used in investing activities	(3,632)	(4,185)	(7,358)	(6,917)
Provided by (used in) financing activities	8,252	23,965	(14,537)	10,384
Increase (decrease) in cash and cash equivalents	236	294	(36)	176

For the six months ended December 31, 2006, $15,102,000 less cash was used in operating activities as compared with the six months ended December 31, 2005. The decrease resulted from a $21,461,000 decrease in cash paid for gas, partially offset by a $6,402,000 decrease in cash received from customers, both of which are a result of a decrease in regulated sales volumes over the same time period (see related discussion in Results of Operations).

For the twelve months ended December 31, 2006, an additional $25,150,000 of cash was provided by operating activities compared with the twelve months ended December 31, 2005. The increase resulted from a $14,358,000 increase in cash received from customers due to the timing of collections on accounts receivable. In addition, $11,920,000 of the increase relates to the timing of gas purchases and recovery of the related costs under our gas cost recovery mechanism.

For the six months ended December 31, 2006, cash provided by financing activities decreased $15,713,000 compared to the six months ended December 31, 2005, primarily due to decreased net borrowings on the bank line of credit.

For the twelve months ended December 31, 2006, cash provided by financing activities decreased $24,921,000 primarily due to decreased net borrowings on the bank line of credit. This decrease was partially offset by the issuance of the $40,000,000 5.75% Insured Quarterly Notes, less $2,300,000 in issuance costs, and $34,295,000 in redemption of the 7.15% and 6 5/8% Debentures and limited redemptions made by certain holders or their beneficiaries of the outstanding Insured Quarterly Notes and Debentures.

Cash Requirements

Our capital expenditures result in a continued need for capital. These capital expenditures are being made for system extensions and for the replacement and improvement of existing transmission, distribution, gathering, storage and general facilities. We expect our capital expenditures for fiscal 2007 to be approximately $8 million.

Sufficiency of Future Cash Flows

To the extent that internally generated cash is not sufficient to satisfy operating and capital expenditure requirements and to pay dividends, we will rely on our bank line of credit. Our current available line of credit is $40,000,000, of which $17,146,000 was borrowed at December 31, 2006, which was classified as notes payable on the accompanying consolidated balance sheets. The line of credit is with Branch Banking and Trust Company, and extends through October 31, 2007. The Company intends to pursue renewal or to enter into a new agreement and seek substantially the same terms as the existing agreement.

We expect that internally generated cash, coupled with short-term and long-term borrowings, will be sufficient to satisfy our operating and normal capital expenditure requirements and to pay dividends for the next twelve months and the foreseeable future.

Our ability to sustain acceptable earnings levels, finance capital expenditures and pay dividends is contingent on the adequate and timely adjustment of the regulated sales and transportation prices we charge our customers. The Kentucky Public Service Commission sets these prices, and we continuously monitor our need to file rate requests with the Kentucky Public Service Commission for a general rate increase for our regulated services.

We are currently evaluating the need to file for a general rate increase with the Kentucky Public Service Commission to recover in rates our increased operating costs and a reasonable return on invested capital. Any filing will include the current usage patterns of our customers, and thus will address the impacts of any margin reductions experienced due to customer conservation as well as any loss of customers.

RESULTS OF OPERATIONS

Gross Margins

Our regulated and non-regulated revenues, other than transportation, have offsetting gas expenses. Thus, gross margins represent operating revenues less purchased gas expense.

Natural gas prices are determined by an unregulated national market. Therefore, the price that we pay for natural gas fluctuates with national supply and demand. See Item 3 for the impact of forward contracts.

In the following table we set forth variations in our gross margins for the three, six and twelve months ended December 31, 2006 compared with the same periods in the preceding year. The variation amounts and percentages presented for regulated and non-regulated gross margins include intersegment transactions. These intersegment revenues and expenses are eliminated in the consolidated statements of income.

	2006 Compared to 2005		
($000)	Three Months Ended December 31,	Six Months Ended December 31,	Twelve Months Ended December 31,
Increase (decrease) in regulated			
Gross margins	(370)	(366)	(1,903)
On-system transportation	(50)	(43)	(104)
Off-system transportation	(93)	(58)	102
Other	50	25	38
Total	(463)	(442)	(1,867)
Increase (decrease) in non-regulated			
Gross margins	(286)	(96)	353
Other	-	2	11
Total	(286)	(94)	364
Decrease in consolidated gross margins	(749)	(536)	(1,503)
Percentage increase (decrease) in regulated volumes			
Gas sales	(14.6)	(12.4)	(15.3)
On-system transportation	0.1	2.1	0.7
Off-system transportation	(14.4)	(5.9)	3.4
Percentage decrease in non-regulated gas sales volumes	(12.0)	(5.1)	(0.6)

Heating degree days were 91%, 93% and 89% of normal thirty year average temperatures for the three, six and twelve months ended December 31, 2006, respectively, as compared with 103%, 101% and 97% of normal temperatures in the 2005 periods. A "heating degree day" results from a day during which the average of the high and low temperature is at least one degree less than 65 degrees Fahrenheit.

Gross margins decreased $749,000 (7.2%) for the three months ended December 31, 2006 due to a decrease in regulated gross margins of $463,000 (6.3%) and a $286,000 (9.3%) decrease in non-regulated gross margins.

The $463,000 decrease in regulated gross margins is primarily attributed to a 14.6% reduction in regulated gas sales volumes. This reduction in usage is due to customer conservation, 11.4% warmer weather and a 2.1% reduction in customers. The effect of the reduction of customer usage due to warmer weather was partially offset by the Company's weather normalization tariff.

The $286,000 decrease in non-regulated gross margins is attributable to a $437,000 (49.9%) decrease in the gross margins of our production subsidiary, Enpro. Enpro's margins declined as a result of the decrease in the market price for natural gas. This decline was partially offset by a $151,000 (6.3%) increase in gross margins for non-regulated retail sales.

Gross margins decreased $536,000 (3.6%) for the six months ended December 31, 2006 due to a decrease in regulated gross margins of $442,000 (4.3%) and a $94,000 (2.1%) decrease in non-regulated gross margins.

The $442,000 decrease in regulated gross margins is primarily attributed to a 12.4% reduction in regulated gas sales volumes. This reduction in usage is due to customer conservation, 7.7% warmer weather and a 2.6% reduction in customers. The effect of the reduction of customer usage due to warmer weather was partially offset by the Company's weather normalization tariff.

The $94,000 decrease in non-regulated gross margins is attributable to a $561,000 (46.5%) decrease in Enpro's gross margins. Enpro's margins declined as a result of the decrease in the market price for natural gas. This decline was partially offset by a $467,000 (14.1%) increase in gross margins from non-regulated retail sales.

Gross margins decreased $1,503,000 (4.7%) for the twelve months ended December 31, 2006 due to a decrease in regulated gross margins of $1,867,000 (7.9%). This decrease was partially offset by a $364,000 (4.3%) increase in non-regulated gross margins.

The $1,867,000 decrease in regulated gross margins is primarily attributed to a 15.3% reduction in regulated gas sales volumes. This reduction in usage is due to customer conservation, 7.4% warmer weather and a 2.7% reduction in customers. The effect of the reduction of customer usage due to warmer weather was partially offset by the Company's weather normalization tariff.

The $364,000 increase in non-regulated gross margins is attributed to a $1,057,000 increase in gross margins from non-regulated retail sales. This increase was partially offset by a $693,000 (35.2%) decrease in Enpro's gross margins. Enpro's margins declined as a result of the decrease in the market price for natural gas.

Depreciation and Amortization

The increase in depreciation and amortization expense for the twelve months ended December 31, 2006 of $245,000 (6%) resulted from the increase in depreciable property, plant and equipment.

Other Income and Deductions, Net

The increase in other income and deductions, net for the twelve months ended December 31, 2006 of $140,000 (173%) was primarily due to investment income resulting from temporary cash investments following the refinancing of our long-term debt.

Interest Charges

The increase in interest charges of $372,000 (8%) for the twelve months ended December 31, 2006 was a result of increased interest rates on Delta's bank line of credit.

Income Tax Expense

The decreases in income tax expense for the three, six and twelve months ended December 31, 2006 of $282,000 (16%), $267;800 (19%) and $846,000 (24%), respectively, were attributable to the decreases in net income before income tax expense of $794,000 (17%), $741,000 (20%) and $1,945,000 (21%), respectively. In addition, the effective income tax rate decreased for the twelve months ended December 31, 2006 due to a reduction of the Kentucky Corporate income tax rate.

Basic and Diluted Earnings Per Common Share

For the three, six and twelve months ended December 31, 2006 and 2005, our basic earnings per common share changed as a result of changes in net income and an increase in the number of our common shares outstanding. We increased our number of common shares outstanding as a result of shares issued through our Dividend Reinvestment and Stock Purchase Plan.

We have no potentially dilutive securities. As a result, our basic earnings per common share and our diluted earnings per common share are the same.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We purchase our gas supply through a combination of spot market gas purchases and forward gas purchases. The price of spot market gas is based on the market price at the time of delivery. The price we pay for our natural gas supply acquired under our forward gas purchase contracts, however, is fixed prior to the delivery of the gas. Additionally, we inject some of our gas purchases into gas storage facilities in the non-heating months and withdraw this gas from storage for delivery to customers during the heating season. For our regulated business, we have minimal price risk resulting from these forward gas purchase and storage arrangements because we are permitted to pass these gas costs on to our regulated customers through our gas cost recovery rate mechanism.

Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies.

None of our gas contracts are accounted for using the fair value method of accounting. While some of our gas purchase contracts and gas sales contracts meet the definition of a derivative, we have designated these contracts as "normal purchases" and "normal sales" under Statement of Financial Accounting Standards No. 133 entitled Accounting for Derivative Instruments and Hedging Activities.

We are exposed to risk resulting from changes in interest rates on our variable rate bank line of credit. The interest rate on our bank line of credit with Branch Banking and Trust Company is benchmarked to the monthly London Interbank Offered Rate. The balance on our bank line of credit was $17,146,000, $7,046,000 and $32,035,000 on December 31, 2006, June 30, 2006 and December 31, 2005, respectively. The weighted average interest rate on our bank line of credit was 6.35%, 6.13%, and 5.31% on December 31, 2006, June 30, 2006 and December 31, 2005, respectively. Based on the amount of our outstanding bank line of credit on December 31, 2006, June 30, 2006 and December 31, 2005, a one percent (one hundred basis points) increase in our average interest rates would result in a decrease in our annual pre-tax net income of $171,000, $70,000 and $320,000, respectively.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures are our controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2006, and, based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance that information requiring disclosure is recorded, processed, summarized, and reported within the timeframe specified by the SEC's rules and forms.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2006 and found no change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

ITEM 1A. RISK FACTORS

No material changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Registrant held its annual meeting of shareholders on November 16, 2006.

(b) Michael J. Kistner and Michael R. Whitley were elected to Delta's Board of Directors for three-year terms expiring in 2009. Donald R. Crowe, Lanny D. Greer and Billy Joe Hall will continue to serve on Delta's Board of Directors until the election in 2007. Glenn R. Jennings, Lewis N. Melton and Arthur E. Walker, Jr. will continue to serve on Delta's Board of Directors until the election in 2008.

(c) The total shares voted in the election of Directors were 2,921,053. There were no broker non-votes. The shares voted for each Nominee were:

Michael J. Kistner	For	2,730,690	Withheld	190,363
Michael R. Whitley	For	2,747,580	Withheld	173,473

Delta's Articles of Incorporation were amended to increase the authorized common stock from 6,000,000 shares to 20,000,000 shares. The total shares voted on the proposal to so amend the Articles of Incorporation were 2,921,053. There were no broker non-votes. The shares voted on the amendment proposal were:

For	2,491,766
Against	384,146
Abstain	45,141

ITEM 5. OTHER INFORMATION

(a) None.

ITEM 6. EXHIBITS

(a) Exhibits.

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

DATE: February 6, 2007

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President and Chief Executive Officer
(Duly Authorized Officer)

/s/John B. Brown
John B. Brown
Vice President - Controller and Assistant Secretary and Acting Chief Financial Officer
(Principal Accounting and Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn R. Jennings, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2007

By: /s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President
and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John B. Brown, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2007

By: /s/John B. Brown
John B. Brown
Vice President - Controller and
Assistant Secretary and
Acting Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn R. Jennings, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Delta Natural Gas Company, Inc.

February 6, 2007

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President
and Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending December 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John B. Brown, Vice President - Controller and Assistant Secretary and Acting Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Delta Natural Gas Company, Inc.

February 6, 2007

/s/John B. Brown
John B. Brown
Vice President - Controller and
Assistant Secretary and
Acting Chief Financial Officer

FORM 8-K

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report: November 16, 2006 Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact name of registrant as specified in its charter)

KENTUCKY	61-0458329
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3617 Lexington Road Winchester, Kentucky	40391
(Address of principal executive offices	(Zip Code)

Registrant's telephone number, including area code (859) 744-6171

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 8.01. OTHER EVENTS.

On November 16, 2006, the Board of Directors approved, effective December 1, 2006, changing the monthly compensation for Delta's 7 independent directors from $900.00 to $1,600.00 per month for service as a member of the Board of Directors. The additional monthly compensation for service on committees was not changed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

By John F. Hall
John F. Hall
Vice President – Finance,
Secretary & Treasurer
(Signature)

Date: November 16, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact Name of Registrant as Specified in its Charter)

Kentucky	61-0458329
(Incorporated in the State of)	(I.R.S. Employer Identification No.)

3617 Lexington Road, Winchester, Kentucky	40391
(Address of Principal Executive Offices)	(Zip Code)

859-744-6171
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES X . NO___.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES X . NO___.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES___. NO X .

Common Shares, Par Value $1.00 Per Share
3,261,034 Shares Outstanding as of September 30, 2006.

DELTA NATURAL GAS COMPANY, INC.

INDEX TO FORM 10-Q

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Twelve Months Ended September 30, 2006	Twelve Months Ended September 30, 2005
OPERATING REVENUES	$13,113,351	$14,224,340	$116,136,156	$88,593,936
OPERATING EXPENSES				
Purchased gas	$ 8,562,863	$ 9,886,434	$ 84,948,283	$57,194,529
Operation and maintenance	2,688,370	2,753,370	12,228,652	12,210,549
Depreciation and amortization	1,135,235	1,028,782	4,310,164	4,131,503
Taxes other than income taxes	452,666	383,257	1,789,830	1,664,482
Total operating expenses	$12,839,134	$14,051,843	$103,276,929	$75,201,063
OPERATING INCOME	$ 274,217	$ 172,497	$ 12,859,227	$13,392,873
OTHER INCOME AND DEDUCTIONS, NET	21,947	20,751	228,832	113,710
INTEREST CHARGES	1,174,459	1,124,617	5,027,450	4,497,484
NET INCOME (LOSS) BEFORE INCOME TAXES	$ (878,295)	$ (931,369)	$ 8,060,609	$ 9,009,099
INCOME TAX EXPENSE (BENEFIT)	(341,550)	(356,900)	2,998,250	3,464,200
NET INCOME (LOSS)	$ (536,745)	$ (574,469)	$ 5,062,359	$ 5,544,899
BASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE	$ (.16)	$ (.18)	$ 1.56	$ 1.72
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC AND DILUTED)	3,257,537	3,232,827	3,248,372	3,223,214
DIVIDENDS DECLARED PER COMMON SHARE	$ .305	$ .30	$ 1.205	$ 1.185

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2006	June 30, 2006	September 30, 2005
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 193,249	$ 150,108	$ 172,113
Accounts receivable, less accumulated provisions for doubtful accounts of $295,000, $520,000 and $289,000, respectively	7,314,764	7,855,949	7,418,582
Gas in storage, at average cost	17,363,913	11,365,990	17,627,171
Deferred gas costs	2,319,006	1,827,078	4,292,143
Materials and supplies , at average cost	428,218	429,712	683,273
Prepayments	1,395,552	1,837,228	2,007,219
Total current assets	$ 29,014,702	$ 23,466,065	$ 32,200,501
PROPERTY PLANT AND EQUIPMENT	$ 182,829,629	$ 182,155,110	$ 176,892,517
Less-Accumulated provision for depreciation	(62,041,852)	(61,765,836)	(59,038,238)
Net property, plant and equipment	$ 120,787,777	$ 120,389,274	$ 117,854,279
OTHER ASSETS			
Cash surrender value of officers' life insurance	$ 401,032	$ 401,032	$ 387,193
Note receivable from officer	56,000	62,000	80,000
Prepaid pension cost	3,812,316	3,954,141	2,991,970
Unamortized debt expense and other	7,177,819	7,281,613	4,032,962
Total other assets	$ 11,447,167	$ 11,698,786	$ 7,492,125
Total assets	$ 161,249,646	$ 155,554,125	$ 157,546,905
LIABILITIES AND SHAREHOLDERS' EQUITY			
JRRENT LIABILITIES			
Accounts payable	$ 5,986,093	$ 6,375,882	$ 11,372,270
Notes payable	14,572,267	7,046,434	15,508,747
Current portion of long-term debt	1,200,000	1,200,000	1,650,000
Accrued taxes	1,219,556	1,207,742	1,157,718
Customers' deposits	460,979	444,955	456,910
Accrued interest on debt	865,368	837,847	1,532,717
Accrued vacation	694,848	693,123	669,523
Deferred income taxes	701,000	701,000	999,700
Other liabilities	335,464	387,630	409,849
Total current liabilities	$ 26,035,575	$ 18,894,613	$ 33,757,434
LONG-TERM DEBT	$ 58,790,000	$ 58,790,000	$ 52,635,000
DEFERRED CREDITS AND OTHER LIABILITIES			
Deferred income taxes	$ 20,679,500	$ 20,679,500	$ 18,493,300
Investment tax credits	241,350	250,600	278,800
Regulatory liabilities	2,511,060	2,576,203	2,582,238
Asset retirement obligations and other	1,786,788	1,753,485	339,698
Total deferred credits and other	$ 25,218,698	$ 25,259,788	$ 21,694,036
COMMITMENTS AND CONTINGENCIES (NOTES 8 & 9)			
Total liabilities	$ 110,044,273	$ 102,944,401	$ 108,086,470
COMMON SHAREHOLDERS' EQUITY			
Common shares ($1.00 par value)	$ 3,261,034	$ 3,256,043	$ 3,237,149
Premium on common shares	43,146,455	43,025,733	42,573,632
Retained earnings	4,797,884	6,327,948	3,649,654
Total common shareholders' equity	$ 51,205,373	$ 52,609,724	$ 49,460,435
Total liabilities and shareholders' equity	$ 161,249,646	$ 155,554,125	$ 157,546,905

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2006	2005	2006	2005
COMMON SHARES				
Balance, beginning of period	$ 3,256,043	$ 3,229,988	$ 3,237,149	$ 3,212,125
Dividend reinvestment and stock purchase plan	4,991	7,161	23,885	25,024
Balance, end of period	$ 3,261,034	$ 3,237,149	$ 3,261,034	$ 3,237,149
PREMIUM ON COMMON SHARES				
Balance, beginning of period	$43,025,733	$42,375,353	$42,573,632	$41,915,069
Dividend reinvestment and stock purchase plan	120,722	198,279	572,823	658,563
Balance, end of period	$43,146,455	$42,573,632	$43,146,455	$42,573,632
RETAINED EARNINGS				
Balance, beginning of period	$ 6,327,948	$ 5,194,113	$ 3,649,654	$ 1,924,224
Net income (loss)	(536,745)	(574,469)	5,062,359	5,544,899
Cash dividends declared on common shares (See Consolidated Statements of Income (Loss) for rates)	(993,319)	(969,990)	(3,914,129)	(3,819,469)
Balance, end of period	$ 4,797,884	$ 3,649,654	$ 4,797,884	$ 3,649,654
COMMON SHAREHOLDERS' EQUITY				
Balance, beginning of period	$52,609,724	$50,799,454	$49,460,435	$47,051,418
Net income (loss)	(536,745)	(574,469)	5,062,359	5,544,899
Issuance of common stock	125,713	205,440	596,708	683,587
Dividends on common stock	(993,319)	(969,990)	(3,914,129)	(3,819,469)
Balance, end of period	$51,205,373	$49,460,435	$51,205,373	$49,460,435

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

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

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Twelve Months Ended September 30, 2006	Twelve Months Ended September 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$ (536,745)	$ (574,469)	$ 5,062,359	$ 5,544,899
Adjustments to reconcile net income (loss) to net cash from operating activities				
Depreciation and amortization	1,250,195	1,106,127	4,694,512	4,434,789
Deferred income taxes and investment tax credits	(30,350)	(26,925)	1,811,050	1,930,064
Other, net	(71,423)	(48,201)	(138,749)	(50,038)
Decrease (increase)in assets	(5,334,819)	(11,173,166)	2,420,435	(9,089,180)
Increase (decrease) in liabilities	(265,435)	4,178,741	(5,675,748)	6,197,145
Net cash provided by (used in) operating activities	$ (4,988,577)	$ (6,537,893)	$ 8,173,859	$ 8,967,679
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	$ (1,651,672)	$ (2,143,360)	$ (7,533,197)	$ (6,501,300)
Proceeds from sale of property, plant and equipment	31,133	12,761	264,738	231,919
Net cash used in investing activities	$ (1,620,539)	$ (2,130,599)	$ (7,268,459)	$ (6,269,381)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends on common stock	$ (993,319)	$ (969,990)	$ (3,914,129)	$ (3,819,469)
Issuance of common stock, net	125,713	205,440	596,708	683,587
Long-term debt issuance expense	(5,970)	-	(2,335,363)	-
Issuance of long-term debt	-	-	40,000,000	-
Repayment of long-term debt	-	(72,000)	(34,295,000)	(368,000)
Issuance of notes payable	18,273,387	18,861,497	92,122,686	64,301,405
Repayment of notes payable	(10,747,554)	(9,311,872)	(93,059,166)	(63,493,909)
Net cash provided by (used in) financing activities	$ 6,652,257	$ 8,713,075	$ (884,264)	$ (2,696,386)
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 43,141	$ 44,583	$ 21,136	$ 1,912
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	150,108	127,530	172,113	170,201
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 193,249	$ 172,113	$ 193,249	$ 172,113

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Delta Natural Gas Company, Inc. ("Delta" or "the Company") sells natural gas to approximately 38,000 customers on our distribution system in central and southeastern Kentucky. We have three wholly-owned subsidiaries. Delta Resources, Inc. ("Delta Resources") buys gas and resells it to industrial or other large use customers on Delta's system. Delgasco, Inc. buys gas and resells it to Delta Resources and to customers not on Delta's system. Enpro, Inc. owns and operates production properties and undeveloped acreage. All of our subsidiaries of Delta are included in the consolidated financial statements. Intercompany balances and transactions have been eliminated.

(2) In our opinion, all adjustments necessary for a fair presentation of the unaudited results of operations for the three and twelve months ended September 30, 2006 and 2005, respectively, are included. All such adjustments are accruals of a normal and recurring nature. The results of operations for the three months ended September 30, 2006 are not necessarily indicative of the results of operations to be expected for the full fiscal year. Because of the seasonal nature of our sales, we generate the smallest proportion of cash from operations during the warmer months, when sales volumes decrease considerably. Most construction activity and gas storage injections take place during these warmer months. The accompanying financial statements are unaudited and should be read in conjunction with the financial statements and the notes thereto, included in our Annual Report on Form 10-K for the year ended June 30, 2006. Certain reclassifications have been made to prior-period amounts to conform to the fiscal 2007 presentation. Twelve month ended financial information is provided for additional information only.

(3) We bill our customers on a monthly meter reading cycle. At the end of each month, gas service which has been rendered from the latest date of each cycle meter reading to the month-end is unbilled. Prior to November, 2004 in accordance with ratemaking treatment followed by the Kentucky Public Service Commission, we recorded regulated revenues and gas costs on a billed basis for both financial reporting and regulatory purposes. In connection with receiving the rate order in October, 2004 discussed in Note 9 of the Notes to Consolidated Financial Statements, we began estimating regulated unbilled revenues and gas costs as of the end of the month and reflecting those amounts in our financial statements.

Unbilled revenues and gas costs include the following:

(000)	September 30, 2006	June 30, 2006	September 30, 2005
Unbilled revenues ($)	1,418	1,188	1,277
Unbilled gas costs ($)	729	594	666
Unbilled volumes (Mcf)	66	50	54

Unbilled revenues are included in accounts receivable and unbilled gas costs are included in deferred gas costs on the accompanying balance sheets.

Reflecting the sales of these unbilled volumes in the accompanying financial statements beginning in November, 2004 resulted in a non-recurring increase to operating income of $611,000 and net income of $370,000 for the twelve month period ended September 30, 2005.

(4) Net pension costs for our trusteed, noncontributory defined benefit pension plan for the periods ended September 30 include the following:

($000)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
Service cost	179	195
Interest cost	175	174
Expected return on plan assets	(249)	(233)
Amortization of unrecognized net loss	58	64
Amortization of prior service cost	(21)	(21)
Net periodic benefit cost	142	179

Service cost	764	731
Interest cost	698	634
Expected return on plan assets	(947)	(880)
Amortization of unrecognized net loss	251	197
Amortization of prior service cost	(86)	(86)
Net periodic benefit cost	680	596

(5) Delta's note receivable from an officer on the accompanying consolidated balance sheets relates to a $160,000 loan made to Glenn R. Jennings, our Chairman of the Board, President and Chief Executive Officer. The loan, secured by real estate owned by Mr. Jennings, bears interest at 6%, which Mr. Jennings pays monthly. Delta forgives $2,000 of the principal amount for each month of service Mr. Jennings completes. The outstanding balance on this loan was $56,000, $62,000 and $80,000 as of September 30, 2006,

June 30, 2006 and September 30, 2005, respectively. In the event Mr. Jennings terminates his employment with Delta other than due to a change in control, or Mr. Jennings' employment is terminated for cause or as a result of his disability or death, the loan will become immediately due and payable.

(6) The current available line of credit with Branch Banking and Trust Company is $40,000,000, of which $14,572,000, $7,046,000 and $15,509,000 were borrowed having a weighted average interest rate of 6.33%, 6.13% and 4.72%, as of September 30, 2006, June 30, 2006 and September 30, 2005, respectively. The interest on this line, which extends through October 31, 2007, is determined monthly at the London Interbank Offered Rate plus 1% with an additional cost of .125% on the unused portion of the line of credit.

Our line of credit agreement and the indentures relating to all of our publicly held Debentures and Insured Quarterly Notes contain defined "events of default" which, among other things, can make the obligations immediately due and payable. Of these, we consider the following covenants to be most restrictive:

- Dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds $25,800,000 (thus no retained earnings were restricted); and

- We may not assume any mortgage indebtedness in excess of $5,000,000 without effectively securing all Debentures and Insured Quarterly Notes equally to such additional indebtedness.

Furthermore, a default on the performance on any single obligation incurred in connection with our borrowings simultaneously creates an event of default with the line of credit and all of the Debentures and Insured Quarterly Notes. We were not in default on any of our line of credit, Debentures or Insured Quarterly Notes during any period presented.

(7) We have entered into individual employment agreements with our five officers. The agreements expire or may be terminated at various times. The agreements provide for continuing monthly payments or lump sum payments and continuation of specified benefits over varying periods in certain cases following defined changes in ownership of the Company. In the event all of these agreements were exercised in the form of lump sum payments, approximately $3.4 million would be paid in addition to continuation of specified benefits for up to five years.

(8) We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

(9) The Kentucky Public Service Commission exercises regulatory authority over our retail natural gas distribution and our transportation services. The Kentucky Public Service Commission regulation of our business includes setting the rates we are permitted to charge our retail customers and our transportation customers.

We monitor our need to file requests with the Kentucky Public Service Commission for a general rate increase for our retail gas and transportation services. Through these general rate cases, we are able to adjust the sales prices of our retail gas we sell to and transport for our customers.

On April 5, 2004, we filed a request for increased base rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual increase in revenues of $4,277,000, an increase of 7.41%. The test year for the case was the twelve months ended December 31, 2003. The Kentucky Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provide for additional annual revenues of approximately $2,756,000.

We are evaluating and considering options, including filing with the Kentucky Public Service Commission, to recover in rates the margin reductions experienced due to customer conservation as well as the loss of customers resulting from customers' reactions to higher gas prices.

(10) Our company has two segments: (i) a regulated natural gas distribution, transmission and storage segment and (ii) a non-regulated segment which participates in related ventures, consisting of natural gas marketing and production. The regulated segment serves residential, commercial and industrial customers in the single geographic area of central and southeastern Kentucky. Virtually all of the revenue recorded under both segments comes from the sale or transportation of natural gas. Price risk for the regulated business is mitigated through our Gas Cost Recovery Clause, approved quarterly by the Kentucky Public Service Commission. Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict our demand. In addition, we are exposed to price risk resulting from changes in the

market price of gas and uncommitted gas volumes of our non-regulated companies. A single customer, Citizens Gas Utility District, provided $2,134,000 and $14,409,000 of non-regulated revenues for the three and twelve months ended September 30, 2006, respectively. Citizens Gas Utility District provided $3,146,000 and $11,644,000 of non-regulated revenues for the three and twelve months ended September 30, 2005, respectively.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies in Note 1 of the Notes to Consolidated Financial Statements which are included in our Annual Report on Form 10-K for the year ended June 30, 2006. Intersegment revenues and expenses consist of intercompany revenues and expenses from intercompany gas transportation services. Intersegment transportation revenue and expense is recorded at our tariff rates. Revenues and expenses for the storage of natural gas is recorded based on quantities stored. Operating expenses, taxes and interest are allocated to the non-regulated segment.

Segment information is shown below for the periods:

($000)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Twelve Months Ended September 30, 2006	Twelve Months Ended September 30, 2005
Operating Revenues				
Regulated				
External customers	5,151	5,332	65,162	53,073
Intersegment	757	732	3,523	3,399
Total regulated	5,908	6,064	68,685	56,472
Non-regulated external customers	7,962	8,892	50,974	35,521
Eliminations for intersegment	(757)	(732)	(3,523)	(3,399)
Total operating revenues	13,113	14,224	116,136	88,594
Net Income (Loss)				
Regulated	(1,011)	(913)	2,135	3,200
Non-regulated	474	339	2,927	2,345
Total net income (loss)	(537)	(574)	5,062	5,545

(11) In June, 2006, the Financial Accounting Standards Board issued Interpretation No. 48, entitled Accounting for Uncertainty in Income Taxes, to clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Financial Accounting Standards Board Statement No. 109, entitled Accounting for Income Taxes. We do not expect Interpretation No. 48, which shall be effective for our 2008 fiscal year, to have a material impact on our results of operations or statement of position.

(12) In September, 2006, the Financial Accounting Standards Board issued Statement No. 158, entitled Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. Statement No. 158 requires employers who sponsor defined benefit plans to recognize the funded status of the plan and gains and losses not previously recognized in net periodic benefit cost in the sponsor's financial statements in fiscal years ending after December 15, 2006. Additionally, Statement No. 158 requires employers who sponsor defined benefit plans to measure assets and benefit obligations as of the end of the employer's fiscal year in fiscal years ending after December 15, 2008. We are currently evaluating Statement No. 158 and the impact adopting this Statement will have on our results of operations or financial position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YEAR TO DATE SEPTEMBER 30, 2006 OVERVIEW AND FUTURE OUTLOOK

Due to the seasonality of our regulated business, we traditionally incur a consolidated net loss in the first quarter of our fiscal year. The regulated segment historically sells only 6% of its annual volumes during the quarter, while 25% of the annual fixed costs are incurred.

Consolidated net loss per share for the three months ended September 30, 2006 ($0.16) decreased 2 cents per share from net loss per share for the three months ended September 30, 2005 ($.18). The results of the non-regulated segment are less weather sensitive than the results of the regulated segment and the main factors contributing to this modest decrease in consolidated net loss per share are attributable to the non-regulated segment. We experienced a 5.8% increase in non-regulated gas sales volumes and also an improvement of non-regulated gas sales margins compared to the previous year.

The results for the year ended June 30, 2007 in our regulated segment will be dependent on the winter weather and the extent to which our customers choose to conserve their natural gas usage or discontinue their natural gas service in reaction to higher gas prices, a trend we experienced significant effects from in fiscal 2006. We are evaluating and considering options, including filing with the Kentucky Public Service Commission, to recover in rates such margin reductions, although any relief received from this action would likely not impact the current fiscal year.

We expect our non-regulated segment to continue to contribute to consolidated net income in fiscal 2007 as in recent years based on contracts currently in place. Future profitability of the non-regulated segment, though, is dependent on the business plans of a few large customers and the market prices of natural gas, which are both out of our control. If natural gas prices decrease considerably, we expect to experience a corresponding decrease in our non-regulated segment margins.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provide our primary source of cash. Cash provided by operating activities consists of net income (loss) adjusted for non-cash items, including depreciation, amortization, deferred income taxes and changes in working capital.

Our ability to maintain liquidity depends on our bank line of credit, shown as notes payable on the accompanying consolidated balance sheets. Notes payable increased to $14,572,000 at September 30, 2006, compared with $7,046,000 at June 30, 2006. This increase reflects the seasonal nature of our sales and cash needs. Our cash requirements during the quarters ended September 30, 2006 and 2005 exceeded cash provided by operations, primarily due to the purchase of natural gas which is injected into storage for use during the heating months. Additionally, our liquidity is impacted by the fact that we generate internally only a portion of the cash necessary for our capital expenditure requirements. We made capital expenditures of $1,652,000 during the three months ended September 30, 2006. We finance the balance of our capital expenditures on an interim basis through this bank line of credit. We periodically repay our short-term borrowings under our bank line of credit by using the net proceeds from the sale of long-term debt and equity securities, as was done in 2006 by a $3,830,000 repayment in connection with the issuance of the 5.75% Insured Quarterly Notes.

The $937,000 decrease in notes payable at September 30, 2006, compared to the previous year, was primarily due to $3,830,000 of excess proceeds from the issuance of the 5.75% Insured Quarterly Notes, offset to the extent that capital expenditures and dividends on common stock exceeded net cash provided by operating activities during the year.

Long-term debt increased to $58,790,000 at September 30, 2006, compared with $52,635,000 at September 30, 2005. This increase resulted from the issuance of the 5.75% Insured Quarterly Notes, partially offset by the redemption of the 7.15% and the 6 5/8% Debentures and by the provisions in the Debentures and Insured Quarterly Notes allowing limited redemptions to be made to certain holders or their beneficiaries.

Cash and cash equivalents increased to $193,000 at September 30, 2006, compared with $150,000 at June 30, 2006 and $172,000 at September 30, 2005. These increases in cash and cash equivalents for the three and twelve months ended September 30, 2006 are summarized in the following table:

($000)	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Twelve Months Ended September 30, 2006	Twelve Months Ended September 30, 2005
Provided by (used in) operating activities	(4,989)	(6,538)	8,174	8,967
Used in investing activities	(1,620)	(2,130)	(7,269)	(6,269)
Provided by (used in) financing activities	6,652	8,713	(884)	(2,696)
Increase in cash and cash equivalents	43	45	21	2

For the three months ended September 30, 2006, cash used in operating activities decreased $1,549,000 compared to the three months ended September 30, 2005 primarily due to increased collections on accounts receivable in the amount of $1,340,000. The additional decrease is attributable to favorable working capital fluctuations in gas in storage, deferred gas cost, prepaid gas and gas related payables.

For the twelve months ended September 30, 2006, cash provided by operating activities decreased $793,000 primarily due to the timing of gas related payables. The decrease was partially offset by fluctuations in accounts receivable, gas in storage and deferred gas costs.

Changes in cash used in investing activities resulted primarily from changes in the level of capital expenditures between periods.

For the three months ended September 30, 2006, cash provided by financing activities decreased $2,061,000 compared to the three months ended September 30, 2005, primarily due to decreased net borrowings on the bank line of credit between years.

For the twelve months ended September 30, 2006, cash used in financing activities decreased $1,812,000 primarily due to the issuance of the $40,000,000 5.75% Insured Quarterly Notes, offset partially by $2,300,000 in issuance costs and $34,295,000 in redemption of the 7.15% and 6 5/8% Debentures and limited redemptions made by certain holders or their beneficiaries of the outstanding Debentures. Excess proceeds from the issuance of the 5.75% Insured Quarterly Notes in the amount of $3,830,000 were used to repay a portion of the bank line of credit, but this repayment was partially offset by increased net borrowings.

Cash Requirements

Our capital expenditures result in a continued need for capital. These capital expenditures are being made for system extensions and for the replacement and improvement of existing transmission, distribution, gathering, storage and general facilities. We expect our capital expenditures for fiscal 2007 to be $10.4 million, a $2.6 million increase from fiscal 2006 capital expenditures. The major reason for this increase is a potential 10-mile transmission pipeline project to extend our transmission facilities and connect to an interstate gas pipeline.

Sufficiency of Future Cash Flows

To the extent that internally generated cash is not sufficient to satisfy operating and capital expenditure requirements and to pay dividends, we will rely on our bank line of credit. Our current available line of credit is $40,000,000, of which $14,572,000 was borrowed at September 30, 2006, which was classified as notes payable in the accompanying consolidated balance sheet. The line of credit is with Branch Banking and Trust Company, and extends through October 31, 2007. The Company intends to pursue renewal or to enter into a new agreement and seek substantially the same terms as the existing agreement.

We expect that internally generated cash, coupled with short- and long-term borrowings, will be sufficient to satisfy our operating and normal capital expenditure requirements and to pay dividends for the next twelve months and the foreseeable future.

Our ability to sustain acceptable earnings levels, finance capital expenditures and pay dividends is contingent on the adequate and timely adjustment of the regulated sales and transportation prices we charge our customers. The Kentucky Public Service Commission sets these prices and we continuously monitor our need to file rate requests with the Kentucky Public Service Commission for general rate increases for our regulated services. On April 5, 2004, Delta filed a request for increased rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual revenue increase of $4,277,000, an increase of 7.41%. The test year for the case was December 31, 2003. The Kentucky Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provided for additional annual revenues of approximately $2,756,000.

We are evaluating and considering options, including filing with the Kentucky Public Service Commission, to recover in rates the margin reductions experienced due to customer conservation as well as the loss of customers resulting from customers' reactions to higher gas prices.

RESULTS OF OPERATIONS

Gross Margins

Our regulated and non-regulated revenues, other than transportation, have offsetting gas expenses. Thus, gross margins represent operating revenues less purchased gas expense.

Natural gas prices are determined by an unregulated national market. Therefore, the price that we pay for natural gas fluctuates with national supply and demand. See Item 3 for the impact of forward contracts.

The variation amounts and percentages presented in the following tables for regulated and non-regulated gross margins include intersegment transactions. These intersegment revenues and expenses, whose variations are also disclosed in the following tables, are eliminated in the consolidated statements of income (loss).

In the following table we set forth variations in our gross margins for the three and twelve months ended September 30, 2006 compared with the same periods in the preceding year:

($000)	2006 compared to 2005 Three Months Ended September 30,	 Twelve Months Ended September 30,
Increase (decrease) in regulated		
Gross margins	3	(1,776)
On-system transportation	7	35
Off-system transportation	35	340
Other	(25)	(100)
Total	20	(1,501)
Increase in non-regulated		
Gross margins	190	1,274
Other	2	16
Total	192	1,290
Increase (decrease) in consolidated gross margins	212	(211)
Percentage increase (decrease) in regulated volumes		
Gas sales	1.0	(8.5)
On-system transportation	4.4	1.7
Off-system transportation	4.2	14.9
Percentage increase in non-regulated gas sales volumes	5.8	9.8

Heating degree days were 93% of normal thirty year average temperatures for the twelve months ended September 30, 2006 as compared with 92% of normal temperatures in 2005. A "heating degree day" results from a day during which the average of the high and low temperature is at least one degree less than 65 degrees Fahrenheit.

Gross margins increased $212,000 for the three months ended September 30, 2006 primarily reflecting a 5.8% increase in non-regulated gas sales volumes and higher natural gas prices during the period.

Gross margins decreased $211,000 for the twelve months ended September 30, 2006 due to a decrease in regulated gross margins of $1,501,000 offset by a $1,290,000 increase in non-regulated gross margins.

Of the $1,501,000 (6.4%) decrease in regulated gross margins for the twelve months ended September 30, 2006, $617,000 is non-recurring, relating to the initial recording in 2005 of unbilled regulated margins on 58,000 Mcf of unbilled regulated volumes as discussed in Note 3 of the Notes to Consolidated Financial Statements. Decreases of approximately $561,000 and $468,000 in regulated gross margins are attributed to a reduced usage due to customer conservation and a 2.5% decrease in the number of regulated retail customers, respectively. These decreases in regulated retail sales were offset by a $375,000 increase in transportation revenues primarily due to increased volumes transported for gas producers.

The $1,290,000 (16.7%) increase in non-regulated gross margins for the twelve months ended September 30, 2006 reflected a 9.8% increase in non-regulated gas sales volumes and higher natural gas prices during the period.

Depreciation and Amortization

The increase in depreciation and amortization expense for the three and twelve months ended September 30, 2006 of $106,000 (10%) and $179,000 (4%), respectively, resulted from the increases in depreciable property, plant and equipment.

Other Income and Deductions, net

The increase in other income and deductions, net for the twelve months ended September 30, 2006 of $115,000 (101%) was primarily due to investment income received on cash invested during the period of refinancing long-term debt.

Interest Charges

The increase in interest charges of $49,000 (4%) and $530,000 (12%) for the three and twelve months ended September 30, 2006, respectively, was a result of increased interest rates on Delta's bank line of credit and increased debt.

Income Tax Expense

The decrease in income tax expense for the twelve months ended September 30, 2006 of $466,000 (13%) was attributable to the decrease in operating income before income tax expense, which decreased 4% over the prior year and to the decrease in the effective income tax rate for the twelve months ended September 30, 2006 due to a reduction of the Kentucky corporate income tax rate.

BASIC AND DILUTED EARNINGS PER COMMON SHARE

For the three and twelve months ended September 30, 2006 and 2005, our basic earnings (loss) per common share changed as a result of changes in net income (loss) and an increase in the number of our common shares outstanding. We increased our number of common shares outstanding as a result of shares issued through our Dividend Reinvestment and Stock Purchase Plan.

We have no potentially dilutive securities. As a result, our basic earnings (loss) per common share and our diluted earnings (loss) per common share are the same.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We purchase our gas supply through a combination of spot market gas purchases and forward gas purchases. The price of spot market gas is based on the market price at the time of delivery. The price we pay for our natural gas supply acquired under our forward gas purchase contracts, however, is fixed prior to the delivery of the gas. Additionally, we inject some of our gas purchases into gas storage facilities in the non-heating months and withdraw this gas from storage for delivery to customers during the heating season. For our regulated business, we have minimal price risk resulting from these forward gas purchase and storage arrangements because we are permitted to pass these gas costs on to our regulated customers through the gas cost recovery rate mechanism.

Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies.

None of our gas contracts are accounted for using the fair value method of accounting. While some of our gas purchase contracts meet the definition of a derivative, we have designated these contracts as "normal purchases" and "normal sales" under Statement of Financial Accounting Standards No. 133 entitled Accounting for Derivatives Instruments and Hedging Activities.

We are exposed to risk resulting from changes in interest rates on our variable rate bank line of credit, shown as notes payable on the accompanying consolidated balance sheets. The interest rate on our bank line of credit with Branch Banking and Trust Company is benchmarked to the monthly London Interbank Offered Rate. The balance on our bank line of credit was $14,572,000, $7,046,000 and $15,509,000 on September 30, 2006, June 30, 2006 and September 30, 2005, respectively. The weighted average interest rate on our bank line of credit was 6.33%, 6.13%, and 4.72% on September 30, 2006, June 30, 2006 and September 30, 2005, respectively. Based on the amount of our outstanding bank line of credit on September 30, 2006, June 30, 2006 and September 30, 2005, a one percent (one hundred basis point) increase in our average interest rate would result in a decrease in our annual pre-tax net income of $146,000, $70,000 and $155,000, respectively.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures are our controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 ("Exchange Act") is recorded, processed, summarized, and reported, within the time periods specified by the Securities and Exchange Commission's ("SEC's") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2006, and, based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance that information requiring disclosure is recorded, processed, summarized, and reported within the timeframe specified by the SEC's rules and forms.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2006 and found no change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

ITEM 1A. RISK FACTORS

No material changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits.

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

DATE: November 7, 2006

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President and Chief Executive Officer
(Duly Authorized Officer)

/s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer
(Principal Financial Officer)

/s/John B. Brown
John B. Brown
Vice President - Controller
(Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn R. Jennings, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2006

By: /s/Glenn R. Jennings

Glenn R. Jennings
Chairman of the Board, President
and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John F. Hall, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2006

By: /s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn R. Jennings, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Delta Natural Gas Company, Inc.

November 7, 2006

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President
and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Hall, Vice President - Finance, Secretary and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Delta Natural Gas Company, Inc.

November 7, 2006

/s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from   to

Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact Name of Registrant as Specified in its Charter)

Kentucky (Incorporated in the State of)	61-0458329 (I.R.S. Employer Identification No.)
3617 Lexington Road, Winchester, Kentucky (Address of Principal Executive Offices)	40391 (Zip Code)

859-744-6171
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES____X____.   NO__________.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES____X____.   NO__________.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES__________.   NO____X____.

Common Shares, Par Value $1.00 Per Share
3,250,768 Shares Outstanding as of March 31, 2006.

DELTA NATURAL GAS COMPANY, INC.

INDEX TO FORM 10-Q

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005	Nine Months Ended March 31, 2006	Nine Months Ended March 31, 2005	Twelve Months Ended March 31, 2006	Twelve Months Ended March 31, 2005
OPERATING REVENUES	$ 46,535,375	$ 33,382,247	$ 102,820,484	$ 68,972,194	$ 118,029,522	$ 85,595,532
OPERATING EXPENSES						
Purchased gas	$ 35,162,419	$ 21,724,341	$ 76,659,375	$ 43,733,861	$ 86,372,498	$ 54,556,315
Operation and maintenance	3,168,510	3,035,971	8,953,736	8,755,184	12,503,575	11,138,747
Depreciation and depletion	1,060,995	1,017,943	3,126,735	3,224,178	4,152,063	4,359,769
Taxes other than income taxes	466,942	453,673	1,281,091	1,252,892	1,717,791	1,663,356
Income tax expense	2,065,800	2,298,400	3,487,800	3,284,800	3,292,200	3,619,600
Total operating expenses	$ 41,924,666	$ 28,530,328	$ 93,508,737	$ 60,250,915	$ 108,038,127	$ 75,337,787
OPERATING INCOME	$ 4,610,709	$ 4,851,919	$ 9,311,747	$ 8,721,279	$ 9,991,395	$ 10,257,745
OTHER INCOME AND DEDUCTIONS, NET	16,838	11,411	45,854	59,990	49,001	86,080
INTEREST CHARGES	1,287,555	1,137,475	3,698,913	3,387,112	4,777,246	4,451,104
NET INCOME	$ 3,339,992	$ 3,725,855	$ 5,658,688	$ 5,394,157	$ 5,263,150	$ 5,892,721
BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ 1.03	$ 1.16	$ 1.75	$ 1.68	$ 1.63	$ 1.84
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC AND DILUTED)	3,245,601	3,220,163	3,238,981	3,213,605	3,235,727	3,209,376
DIVIDENDS DECLARED PER COMMON SHARE	$ .30	$ .295	$ .90	$ .885	$ 1.195	$ 1.18

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	March 31, 2006	June 30, 2005	March 31, 2005
GAS UTILITY PLANT, AT COST	$ 180,199,350	$ 174,711,253	$ 173,267,988
Less-Accumulated provisions for depreciation	(60,830,746)	(58,171,285)	(57,605,198)
Net gas plant	$ 119,368,604	$ 116,539,968	$ 115,662,790
CURRENT ASSETS			
Cash and cash equivalents	$ 221,041	$ 127,530	$ 322,073
Accounts receivable, less accumulated provisions for doubtful accounts of $608,000, $310,000 and $510,000, respectively	18,418,905	6,549,567	12,981,276
Gas in storage, at average cost	6,559,201	9,193,664	4,079,993
Deferred gas costs	1,370,175	2,646,868	5,075,104
Materials and supplies, at first-in, first-out cost	365,134	957,786	380,512
Prepayments	2,139,939	993,507	2,211,193
Total current assets	$ 29,074,395	$ 20,468,922	$ 25,050,151
OTHER ASSETS			
Cash surrender value of officers' life insurance	$ 387,193	$ 387,193	$ 376,930
Note receivable from officer	68,000	86,000	92,000
Prepaid pension cost	4,133,418	3,171,247	3,310,138
Unamortized debt expense and other	4,063,052	4,108,887	4,184,781
Total other assets	$ 8,651,663	$ 7,753,327	$ 7,963,849
Total assets	$ 157,094,662	$ 144,762,217	$ 148,676,790
LIABILITIES AND SHAREHOLDERS' EQUITY			
CAPITALIZATION			
Common shareholders' equity			
Common shares ($1.00 par value)	$ 3,250,768	$ 3,229,988	$ 3,223,994
Premium on common shares	45,515,284	44,973,352	44,818,906
Capital stock expense	(2,615,274)	(2,597,999)	(2,597,999)
Retained earnings	7,937,485	5,194,113	6,541,228
Total common shareholders' equity	$ 54,088,263	$ 50,799,454	$ 51,986,129
Long-term debt	56,431,000	52,707,000	52,738,000
Total capitalization	$ 110,519,263	$ 103,506,454	$ 104,724,129
CURRENT LIABILITIES			
Notes payable	$ 8,869,551	$ 5,959,122	$ 7,298,300
Current portion of long-term debt	1,200,000	1,650,000	1,650,000
Accounts payable	6,190,444	7,404,478	7,522,242
Accrued taxes	3,754,017	1,116,178	2,801,095
Customers' deposits	560,383	472,512	581,262
Accrued interest on debt	1,471,867	899,964	1,497,939
Accrued vacation	646,368	661,337	614,576
Other liabilities	1,478,301	1,394,490	776,653
Total current liabilities	$ 24,170,931	$ 19,558,081	$ 22,742,067
DEFERRED CREDITS AND OTHER			
Deferred income taxes	$ 19,183,084	$ 18,493,300	$ 19,115,535
Investment tax credits	260,000	288,200	297,700
Regulatory liabilities	2,548,787	2,581,387	1,464,661
Advances for construction and other	412,597	334,795	332,698
Total deferred credits and other	$ 22,404,468	$ 21,697,682	$ 21,210,594
COMMITMENTS AND CONTINGENCIES (NOTES 9 and 10)			
Total liabilities and shareholders' equity	$ 157,094,662	$ 144,762,217	$ 148,676,790

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	Nine Months Ended March 31,		Twelve Months Ended March 31,	
	2006	2005	2006	2005
COMMON SHARES				
Balance, beginning of period	$ 3,229,988	$ 3,200,715	$ 3,223,994	$ 3,193,877
Dividend reinvestment and stock purchase plan	20,780	18,453	26,774	25,291
Employee stock purchase plan and other	-	4,826	-	4,826
Balance, end of period	$ 3,250,768	$ 3,223,994	$ 3,250,768	$ 3,223,994
PREMIUM ON COMMON SHARES				
Balance, beginning of period	$ 44,973,352	$ 44,236,128	$ 44,818,906	$ 44,079,555
Dividend reinvestment and stock purchase plan	541,932	470,043	696,378	626,616
Employee stock purchase plan and other	-	112,735	-	112,735
Balance, end of period	$ 45,515,284	$ 44,818,906	$ 45,515,284	$ 44,818,906
CAPITAL STOCK EXPENSE				
Balance, beginning of period	$ (2,597,999)	$ (2,597,999)	$ (2,597,999)	$ (2,597,999)
Dividend reinvestment and stock purchase plan	(17,275)	-	(17,275)	-
Balance, end of period	$ (2,615,274)	$ (2,597,999)	$ (2,615,274)	$ (2,597,999)
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Balance, beginning of period	$ -	$ -	$ -	$ (2,050,636)
Minimum pension liability adjustment, net of tax expense of $1,335,800	-	-	-	2,050,636
Balance, end of period	$ -	$ -	$ -	$ -
RETAINED EARNINGS				
Balance, beginning of period	$ 5,194,113	$ 3,991,317	$ 6,541,228	$ 4,435,632
Net income	5,658,688	5,394,157	5,263,150	5,892,721
Cash dividends declared on common shares (See Consolidated Statements of Income for rates)	(2,915,316)	(2,844,246)	(3,866,893)	(3,787,125)
Balance, end of period	$ 7,937,485	$ 6,541,228	$ 7,937,485	$ 6,541,228
COMMON SHAREHOLDERS' EQUITY				
Balance, beginning of period	$ 50,799,454	$ 48,830,161	$ 51,986,129	$ 47,060,429
Comprehensive income				
Net income	5,658,688	5,394,157	5,263,150	5,892,721
Other comprehensive income	-	-	-	2,050,636
Comprehensive income	$ 5,658,688	$ 5,394,157	$ 5,263,150	$ 7,943,357
Issuance of common stock	545,437	606,057	705,877	769,468
Dividends on common stock	(2,915,316)	(2,844,246)	(3,866,893)	(3,787,125)
Balance, end of period	$ 54,088,263	$ 51,986,129	$ 54,088,263	$ 51,986,129

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

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

	Nine Months Ended March 31, 2006	Nine Months Ended March 31, 2005	Twelve Months Ended March 31, 2006	Twelve Months Ended March 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 5,658,688	$ 5,394,157	$ 5,263,150	$ 5,892,721
Adjustments to reconcile net income to net cash from operating activities				
Depreciation, depletion and amortization	3,358,771	3,440,175	4,461,447	4,650,058
Deferred income taxes and investment tax credits	614,660	1,470,276	1,345,174	2,652,446
Other, net	3,177	(36,409)	(6,825)	(36,409)
Increase in assets	(9,522,377)	(9,912,184)	(5,002,517)	(9,984,433)
Increase (decrease) in liabilities	2,048,900	3,401,006	(287,372)	4,022,994
Net cash provided by operating activities	$ 2,161,819	$ 3,757,021	$ 5,773,057	$ 7,197,377
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	$ (5,904,330)	$ (3,689,713)	$ (7,618,967)	$ (5,108,850)
Proceeds from sale of property, plant and equipment	141,429	75,000	211,600	75,000
Net cash used in investing activities	$ (5,762,901)	$ (3,614,713)	$ (7,407,367)	$ (5,033,850)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends on common stock	$ (2,915,316)	$ (2,844,246)	$ (3,866,893)	$ (3,787,125)
Issuance of common stock, net	545,437	606,057	705,877	769,468
Long-term debt issuance expense	(119,957)	-	(119,957)	-
Repayment of long-term debt	(526,000)	(311,000)	(557,000)	(395,000)
Issuance of notes payable	76,630,857	48,186,455	91,351,708	59,270,100
Repayment of notes payable	(69,920,428)	(45,626,335)	(85,980,457)	(57,980,149)
Net cash provided by (used in) financing activities	$ 3,694,593	$ 10,931	$ 1,533,278	$ (2,122,706)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 93,511	$ 153,239	$ (101,032)	$ 40,821
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	127,530	168,834	322,073	281,252
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 221,041	$ 322,073	$ 221,041	$ 322,073
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for				
Interest	$ 2,949,872	$ 2,613,407	$ 4,567,132	$ 4,221,439
Income taxes (net of refunds)	628,004	(229,421)	1,041,704	452,031

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Delta Natural Gas Company, Inc. ("Delta" or "the Company") sells natural gas to approximately 39,000 customers on our distribution system in central and southeastern Kentucky. We have three wholly-owned subsidiaries. Delta Resources, Inc. ("Delta Resources") buys gas and resells it to industrial or other large use customers on Delta's system. Delgasco, Inc. buys gas and resells it to Delta Resources and to customers not on Delta's system. Enpro, Inc. owns and operates production properties and undeveloped acreage. All of our subsidiaries are included in the consolidated financial statements. Intercompany balances and transactions have been eliminated.

(2) In our opinion, all adjustments necessary for a fair presentation of the unaudited results of operations for the three, nine and twelve months ended March 31, 2006 and 2005, respectively, are included. All such adjustments are accruals of a normal and recurring nature. The results of operations for the periods ended March 31, 2006 are not necessarily indicative of the results of operations to be expected for the full fiscal year. Because of the seasonal nature of our sales, we generate the smallest proportion of cash from operations during warmer months, when sales volumes decrease considerably. Most construction activity and gas storage injections take place during these warmer months. The accompanying financial statements are unaudited and should be read in conjunction with the financial statements and the notes thereto, included in our Annual Report on Form 10-K for the year ended June 30, 2005. Certain reclassifications have been made to prior-period amounts to conform to the 2006 presentation. Twelve month ended financial information is provided for additional information only.

(3) We bill our customers on a monthly meter reading cycle. At the end of each month, gas service which has been rendered from the latest date of each cycle meter reading to the month-end is unbilled. Prior to November, 2004, in accordance with ratemaking treatment followed by the Kentucky Public Service Commission, we recorded regulated revenue and gas costs on a billed basis for both financial reporting and regulatory purposes. In connection with receiving the rate order discussed in Note 11 of the Notes to Consolidated Financial Statements, we began estimating regulated unbilled revenues and gas costs as of the end of the month and reflecting those amounts in our financial statements.

Unbilled revenues and gas costs include the following:

(000)	March 31, 2006	June 30, 2005	March 31, 2005
Unbilled revenues ($)	8,269	1,246	4,974
Unbilled gas costs ($)	6,108	630	3,159
Unbilled volumes (Mcf)	412	58	400

Unbilled revenues are included in accounts receivable and unbilled gas costs are included in deferred gas costs on the accompanying balance sheets.

Reflecting the sales of these unbilled volumes in the accompanying financial statements beginning in November, 2004 resulted in a non-recurring increase to operating income of $616,000 and $1,815,000 and net income of $380,000 and $1,120,000 for the nine and twelve month periods ended March 31, 2005.

(4) In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47, entitled Accounting for Conditional Asset Retirement Obligations. An asset retirement obligation is conditional when the timing and/or the method of settlement of the obligation are conditional on a future event. We must adopt this standard effective June 30, 2006 and are currently evaluating our asset retirement obligations in light of Interpretation No. 47 and the impact, if any, adopting this Interpretation will have on our financial position, cash flows or results of operations.

(5) We have not entered into any share-based payment transactions, therefore, the adoption of Statement of Financial Accounting Standards No. 123(R), entitled Share-Based Payment, and Securities and Exchange Commission Staff Accounting Bulletin No. 107, entitled Share-Based Payment, has no impact on us.

(6) Net pension costs for our trusteed, noncontributory defined benefit pension plan for the periods ended March 31 include the following:

($000)	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Service cost	$ 195	$ 179
Interest cost	174	153
Expected return on plan assets	(233)	(216)
Amortization of unrecognized net loss	64	44
Amortization of prior service cost	(21)	(21)
Net periodic benefit cost	$ 179	$ 139

($000)	Nine Months Ended March 31, 2006	2005
Service cost	$ 584	$ 536
Interest cost	523	459
Expected return on plan assets	(698)	(647)
Amortization of unrecognized net loss	193	133
Amortization of prior service cost	(64)	(64)
Net periodic benefit cost	$ 538	$ 417

($000)	Twelve Months Ended March 31, 2006	2005
Service cost	$ 779	$ 702
Interest cost	698	598
Expected return on plan assets	(931)	(815)
Amortization of unrecognized net loss	257	199
Amortization of prior service cost	(86)	(86)
Net periodic benefit cost	$ 717	$ 598

(7) Delta's note receivable from an officer on the accompanying balance sheet relates to a $160,000 loan made to Glenn R. Jennings, our Chairman of the Board, President and Chief Executive Officer. The loan, secured by real estate owned by Mr. Jennings, bears interest at 6%, which Mr. Jennings pays monthly. Delta forgives $2,000 of the principal amount for each month of service Mr. Jennings completes. The outstanding balance on this loan was $68,000, $86,000 and $92,000 as of March 31, 2006, June 30, 2005 and March 31, 2005, respectively. In the event Mr. Jennings terminates his employment with Delta other than due to a change in control, or Mr. Jennings' employment is terminated for cause or as a result of his disability or death, the loan will become immediately due and payable.

(8) The current available line of credit with Branch Banking and Trust Company is $40,000,000, of which $12,670,000, $5,959,000 and $7,298,000 was borrowed at an interest rate of 5.64%, 4.14% and 3.72%, as of March 31, 2006, June 30, 2005 and March 31, 2005, respectively.

As discussed in Note 13 of the Notes to Consolidated Financial Statements, $3.8 million of the outstanding line of credit balance has been classified as non-current, as of March 31, 2006, with $8,870,000 remaining as a current liability.

Our line of credit agreement and the indentures relating to all of our publicly held Debentures contain defined "events of default" which, among other things, can make the obligations immediately due and payable. Of these, we consider the following covenants to be most significant:

- Dividend payments cannot be made unless consolidated shareholders' equity of the Company, less intangible assets, exceeds $25,800,000 (thus no retained earnings were restricted); and

- We may not assume any additional mortgage indebtedness in excess of $2,000,000 without effectively securing all Debentures equally to such additional indebtedness.

Furthermore, a default on the performance on any single obligation incurred in connection with our borrowings simultaneously creates an event of default with the line of credit and all of the Debentures. We were not in default on any of our line of credit or Debenture agreements during any period presented.

(9) We have entered into individual employment agreements with our five officers. The agreements expire or may be terminated at various times. The agreements provide for continuing monthly payments or lump sum payments and continuation of specified benefits over varying periods in certain cases following defined changes in ownership of the Company. In the event all of these agreements were exercised in the form of lump sum payments, approximately $3.4 million would be paid in addition to continuation of specified benefits for up to five years.

(10) We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

(11) The Kentucky Public Service Commission exercises regulatory authority over our retail natural gas distribution and our transportation services. The Kentucky Public Service Commission regulation of our business includes setting the rates we are permitted to charge our retail customers and our transportation customers.

We monitor our need to file requests with the Kentucky Public Service Commission for a general rate increase for our retail gas and transportation services. Through these general rate cases, we are able to adjust the sales prices of our retail gas we sell to and transport for our customers.

On April 5, 2004, we filed a request for increased base rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual revenue increase of approximately $4,277,000, an increase of 7.41%. The test year for the case was the twelve months ended December 31, 2003. The Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provided for additional annual revenues of approximately $2,756,000.

(12) Our company has two segments: (i) a regulated natural gas distribution, transmission and storage segment, and (ii) a non-regulated segment which participates in related ventures, consisting of natural gas marketing and production. The regulated segment serves residential, commercial and industrial customers in the single geographic area of central and southeastern Kentucky. Virtually all of the revenue recorded under both segments comes from the sale or transportation of natural gas. Price risk for the regulated business is mitigated through our Gas Cost Recovery Clause, approved quarterly by the Kentucky Public Service Commission. Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict our demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies. A single customer, Citizens Gas Utility District, provided $4,071,000, $15,055,000 and $16,659,000 of non-regulated revenues for the three, nine and twelve months ended March 31, 2006, respectively.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies in Note 1 of the Notes to Consolidated Financial Statements which are included in our Annual Report on Form 10-K for the year ended June 30, 2005. Intersegment revenues and expenses consist of intercompany revenues and expenses from intercompany gas transportation and gas storage services. Intersegment transportation revenues and expenses are recorded at our tariff rates. Revenues and expenses for the storage of natural gas is recorded based on quantities stored. Operating expenses, taxes and interest are allocated to the non-regulated segment.

Segment information is shown below for the periods:

($000)	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
Revenues		
Regulated		
External customers	30,397	23,384
Intersegment	1,034	994
Total regulated	31,431	24,378
Non-regulated external customers	16,138	9,998
Eliminations for intersegment	(1,034)	(994)
Total operating revenues	46,535	33,382
Net Income		
Regulated	2,252	2,997
Non-regulated	1,088	729
Total net income	3,340	3,726

($000)	Nine Months Ended March 31, 2006	Nine Months Ended March 31, 2005
Revenues		
Regulated		
External customers	58,199	44,208
Intersegment	2,772	2,594
Total regulated	60,971	46,802
Non-regulated external customers	44,621	24,764
Eliminations for intersegment	(2,772)	(2,594)
Total operating revenues	102,820	68,972
Net Income		
Regulated	2,947	3,549
Non-regulated	2,712	1,845
Total net income	5,659	5,394

($000)	Twelve Months Ended March 31, 2006	Twelve Months Ended March 31, 2005
Revenues		
Regulated		
External customers	66,200	54,187
Intersegment	3,536	3,336
Total regulated	69,736	57,523
Non-regulated external customers	51,830	31,409
Eliminations for intersegment	(3,536)	(3,336)
Total operating revenues	118,030	85,596
Net Income		
Regulated	2,197	3,689
Non-regulated	3,066	2,204
Total net income	5,263	5,893

(13) In April, 2006, we issued $40,000,000 of 5.75% Insured Quarterly Notes that mature in April, 2021. The net proceeds of the Notes will be used to repay our 7.15% Debentures due March, 2018 and our 6 5/8% Debentures due October, 2023 that were called on April 6, 2006, such call to be effective May 8, 2006, the balances of which were $23.7 million and $10.2 million, respectively, as of March 31, 2006. The remaining net proceeds of $3.8 million will be used to repay a portion of our line of credit which had a balance of $12.7 million as of March 31, 2006.

The Notes can be redeemed by us beginning in April, 2009 with no premium. Beginning April, 2007, redemption of up to $25,000 annually will be made on behalf of deceased holders, up to an aggregate of $800,000 annually for all deceased beneficial holders.

As of March 31, 2006, the current portion of long-term debt related to our 7.15% Debentures due March, 2018 and our 6 5/8% Debentures due October, 2023 in the amount of $1,250,000 has been reduced to $800,000 based on the terms of the 5.75% Insured Quarterly Notes. Additionally, $3.8 million related to the repayment on the line of credit has been classified as non-current.

There are no additional significant restrictive covenants under the terms of the indenture. The Notes are insured under a financial guarantee policy with a third party stock insurance corporation that insures the holders against default of interest and principal payments.

As of March 31, 2006, approximately $120,000 of debt issuance expense related to the issuance of the Insured Quarterly Notes has been incurred. It will be amortized over the life of the new Notes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provide our primary source of cash. Cash provided by operating activities consists of net income adjusted for non-cash items, including depreciation, depletion, amortization, deferred income taxes and changes in working capital.

Our ability to maintain liquidity depends on our short-term line of bank credit, shown as notes payable on the accompanying balance sheets (see Note 8 of the Notes to Consolidated Financial Statements). Notes payable increased to $8,870,000 at March 31, 2006, compared with $5,959,000 at June 30, 2005 and $7,298,000 at March 31, 2005. These increases reflect the seasonal nature of our sales and cash needs and the fact that we generate internally only a portion of the cash necessary for our capital expenditure requirements. We made capital expenditures of $5,904,000 and $7,619,000 during the nine and twelve months ended March 31, 2006. We finance the balance of our capital expenditures on an interim basis through this short-term line of bank credit. We periodically repay our short-term borrowings under our line of credit by using the net proceeds from the sale of long-term debt and equity securities.

Subsequent to quarter end, we completed a $40 million refinancing of our 7.15% Debentures due March, 2018 and our 6 5/8% Debentures due October, 2023. Partially offsetting the increases in notes payable attributable to capital expenditures was a $3,800,000 reclassification of notes payable to long-term debt, which represents the amount of notes payable repaid in connection with the refinancing (see Note 13 of the Notes to Consolidated Financial Statements).

Long-term debt increased to $56,431,000 at March 31, 2006, compared with $52,707,000 and $52,738,000 at June 30, 2005 and March 31, 2005, respectively. The increases reflect a reclassification of $4,250,000 ($3,800,000 of notes payable and $450,000 of current portion of long-term debt) of short-term obligations to long-term based on the terms of the new Insured Quarterly Notes issued in connection with the refinancing completed subsequent to quarter end (see Note 13 of the Notes to Consolidated Financial Statements). The increases were partially offset by provisions in the Notes allowing limited redemptions to be made by certain holders and/or their beneficiaries.

Cash and cash equivalents increased to $221,000 at March 31, 2006, compared with $128,000 at June 30, 2005 and $322,000 at March 31, 2005. Changes in cash and cash equivalents for the nine and twelve months ended March 31, 2006 and 2005 are summarized in the following table:

($000)	Nine Months Ended March 31,		Twelve Months Ended March 31,	
	2006	2005	2006	2005
Provided by operating activities	2,162	3,757	5,773	7,197
Used in investing activities	(5,763)	(3,615)	(7,407)	(5,034)
Provided by (used in) financing activities	3,695	11	1,533	(2,122)
Increase (decrease) in cash and cash equivalents	94	153	(101)	41

For the nine months ended March 31, 2006, an additional $1,595,000 of cash was used in operating activities compared with the nine months ended March 31, 2005. Cash received on accounts receivable decreased $3,659,000 and payments on trade accounts payable increased $4,119,000. These changes were partially offset by $6,164,000 of increased cash received for gas cost recovery and decreased cash payments for gas.

For the twelve months ended March 31, 2006, an additional $1,424,000 of cash was used in operating activities compared with the twelve months ended March 31, 2005. We used an additional $5,710,000 related to payments on trade accounts payables, and $1,127,000 related to payments for gas in storage. These increases in cash used in operating activities were partially offset by increased cash received for gas cost recovery of $5,431,000.

Changes in cash used in investing activities resulted primarily from changes in the level of capital expenditures between periods.

For the nine and twelve months ended March 31, 2006, the increases in cash provided by financing activities were primarily related to increases in cash provided by the short-term line of credit to fund the increases in cash used in operating and investing activities.

Cash Requirements

Our capital expenditures result in a continued need for capital. These capital expenditures are being made for system extensions and for the replacement and improvement of existing transmission, distribution, gathering, storage and general facilities. We expect our capital expenditures for fiscal 2006 to be $8.3 million, a $3 million increase from fiscal 2005 capital expenditures. The major reason for this increase is a 13 mile transmission pipeline project, started in 2005 and completed in 2006, that replaces an existing pipeline facility and also accesses additional gas production areas to enhance our transportation opportunities for the future.

Commitments and Contingencies

During the quarter ended March 31, 2006, there have been no significant changes to commitments and contingencies, which would impact cash requirements.

New Accounting Pronouncements

See Notes 4 and 5 of the Notes to Consolidated Financial Statements for a discussion of new accounting pronouncements.

Sufficiency of Future Cash Flows

To the extent that internally generated cash is not sufficient to satisfy operating and capital expenditure requirements and to pay dividends, we will rely on our short-term line of credit. Our current available line of credit is $40,000,000, and $12,670,000 was borrowed at March 31, 2006, of which $8,870,000 was classified as notes payable and $3,800,000 was classified as long-term debt in the accompanying balance sheet as explained in Note 13 of the Notes to Consolidated Financial Statements. The line of credit is with Branch Banking and Trust Company, and extends through October 31, 2007.

We expect that internally generated cash, coupled with short-term borrowings, will be sufficient to satisfy our operating and normal capital expenditure requirements and to pay dividends for the next twelve months and the foreseeable future.

Our ability to sustain acceptable earnings levels, finance capital expenditures and pay dividends is contingent on the adequate and timely adjustment of the regulated sales and transportation prices we charge our customers. The Kentucky Public Service Commission must approve changes in these prices and we continuously monitor our need to file rate requests with the Kentucky Public Service Commission for a general rate increase for our regulated services. On April 5, 2004, we filed a request for increased base rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual revenue increase of approximately $4,277,000, an increase of 7.41%. The test year for the case was the twelve months ended December 31, 2003. The Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provided for additional annual revenues of approximately $2,756,000.

RESULTS OF OPERATIONS

Gross Margins

Our regulated and non-regulated revenues, other than transportation, have offsetting gas expenses. Thus, gross margins represent operating revenues less purchased gas expense.

Natural gas prices are determined by an unregulated national market. Therefore, the price that we pay for natural gas fluctuates with national supply and demand. See Item 3 for the impact of forward contracts.

The variation amounts and percentages presented in the following tables for regulated and non-regulated gross margins include intersegment transactions. These intersegment revenues and expenses, whose variations are included with Other in the following tables, are eliminated in the consolidated statements of income.

In the following table we set forth variations in our gross margins for the three, nine and twelve months ended March 31, 2006 compared with the same periods in the preceding year:

	2006 Compared to 2005		
($000)	Three Months Ended March 31	Nine Months Ended March 31	Twelve Months Ended March 31
Increase (decrease) in regulated			
Gross margins	(933)	(951)	(1,508)
On-system transportation	(30)	89	198
Off-system transportation	108	393	368
Other	(35)	(150)	(167)
	(890)	(619)	(1,109)
Increase (decrease) in non-regulated			
Gross margins	555	1,351	1,493
Other	50	191	234
	605	1,542	1,727
Increase (decrease) in consolidated gross margins	(285)	923	618
Percentage increase (decrease) in regulated volumes			
Gas sales	(16.3)	(7.8)	(14.0)
On-system transportation	0.3	1.7	2.9
Off-system transportation	16.9	25.4	18.4
Percentage increase in non-regulated gas sales volumes	11.7	17.5	11.7

Heating degree days were 88%, 94% and 94% of normal thirty year average temperatures for the three, nine and twelve months ended March 31, 2006, respectively, as compared with 94%, 92% and 91% of normal temperatures in the similar periods for 2005. A "heating degree day" results from a day during which the average of the high and low temperature is at least one degree less than 65 degrees Fahrenheit.

The decrease in gross margins for the three months ended March 31, 2006 of $285,000 was due primarily to a 288,000 Mcf (16%) decrease in regulated sales volumes, resulting from a 6% decrease in heating degree days, a 2% decrease in the number of customers and reduced usage by residential customers. The decrease in regulated gross margins was offset by an increase in non-regulated gross margins on sales, partially reflecting the higher natural gas prices during the period, and an increase in non-regulated gas sales volumes.

The increase in gross margins for the nine months ended March 31, 2006 of $923,000 was primarily due to an increase in non-regulated gross margins on sales, partially reflecting the higher natural gas prices during the period, and an increase in non-regulated gas sales volumes. The increase in non-regulated gross margins was offset by a decrease in regulated gross margins resulting from a 245,000 Mcf (8%) decrease in regulated sales volumes attributable to a 2% decrease in the number of customers, reduced usage by residential customers and a non-recurring decrease of 58,000 Mcf (2%) related to recording unbilled regulated volumes in November, 2004 as discussed in Note 3 of the Notes to Consolidated Financial Statements. The decrease in regulated gross margins was partially offset by a 2% increase in heating degree days as well as the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 11 of the Notes to Consolidated Financial Statements. The decrease in regulated gross margins was further offset by a 476,000 Mcf (32%) increase in off-system transportation volumes due to increased volumes transported for gas producers.

The increase in gross margins for the twelve months ended March 31, 2006 of $618,000 primarily resulted from an increase in non-regulated gross margins on sales, partially reflecting the higher natural gas prices during the period, and an increase in non-regulated gas sales volumes. The increase in non-regulated gross margins was offset by a decrease in regulated gross margins resulting from a 538,000 Mcf (14%) decrease in regulated sales volumes attributable to a 1% decrease in the number of customers, reduced usage by residential customers and a non-recurring decrease of 400,000 Mcf (10%) related to recording unbilled regulated volumes in November, 2004 as discussed in Note 3 of the Notes to Consolidated Financial Statements. The decrease in regulated gross margins was partially offset by a 3% increase in heating degree days as well as the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 11 of the Notes to Consolidated Financial Statements. The decrease in regulated gross margins was further offset by a 335,000 Mcf (17%) increase in off-system transportation volumes due to increased volumes transported for gas producers.

Operation and Maintenance

The $1,365,000 (12%) increase in operation and maintenance expense for the twelve months ended March 31, 2006 was primarily due to a $684,000 (12%) increase in compensation expense resulting primarily from increasing base salary and bonus amounts, a $92,000 (13%) increase in insurance expense and an $81,000 (13%) increase in pension expense.

Income Tax Expense

The decrease in income tax expense for the three months ended March 31, 2006 of $232,000 (10%) was attributable to the 10% decrease in net income before income tax expense. The decrease in net income before income tax expense was primarily attributable to the decrease in operating income before income tax expense.

Interest Charges

The increase in interest charges for the three months ended March 31, 2006 of $151,000 (13%) was a result of increased borrowings and a higher effective interest rate.

Basic and Diluted Earnings Per Common Share

For the three, nine and twelve months ended March 31, 2006 and 2005, our basic earnings per common share changed as a result of changes in net income and an increase in the number of our common shares outstanding. We increased our number of common shares outstanding as a result of shares issued through our Dividend Reinvestment Plan and Stock Purchase Plan and Employee Stock Purchase Plan.

We have no potentially dilutive securities. As a result, our basic earnings per common share and our diluted earnings per common share are the same.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We purchase our gas supply through a combination of spot market gas purchases and forward gas purchases. The price of spot market gas is based on the market price at the time of delivery. The price we pay for our natural gas supply acquired under our forward gas purchase contracts, however, is fixed prior to the delivery of the gas. Additionally, we inject some of our gas purchases into gas storage facilities in the non-heating months and withdraw this gas from storage for delivery to customers during the heating season. For our regulated business, we have minimal price risk resulting from these forward gas purchase and storage arrangements because we are permitted to pass these gas costs on to our regulated customers through the gas cost recovery rate mechanism.

Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies.

None of our gas contracts are accounted for using the fair value method of accounting. While some of our gas purchase contracts meet the definition of a derivative, we have designated these contracts as "normal purchases" and "normal sales" under Statement of Financial Accounting Standards No. 133 entitled Accounting for Derivative Instruments and Hedging Activities.

We are exposed to risk resulting from changes in interest rates on our variable rate notes payable. The interest rate on our current short-term line of credit with Branch Banking and Trust Company is benchmarked to the monthly London Interbank Offered Rate. The balance on our short-term line of credit was $12,670,000, $5,959,000 and $7,298,000 on March 31, 2006, June 30, 2005 and March 31, 2005, respectively. Based on the amount of our outstanding short-term line of credit on March 31, 2006, June 30, 2005 and March 31, 2005, a one percent (one hundred basis points) increase in our average interest rates would result in a decrease in our annual pre-tax net income of $127,000, $60,000 and $73,000, respectively.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Disclosure controls and procedures are our controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2006, and based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance that information requiring disclosure is recorded, processed, summarized, and reported within the timeframe specified by the SEC's rules and forms.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2006 and found no change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

ITEM 1A. RISK FACTORS.

No material changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

(a) Exhibits.

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-4(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-4(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

DATE: May 5, 2006

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President and Chief Executive Officer
(Duly Authorized Officer)

/s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer
(Principal Financial Officer)

/s/John B. Brown
John B. Brown
Vice President - Controller
(Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn R. Jennings, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President and
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John F. Hall, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

/s/John F. Hall
John F. Hall
Vice President - Finance,
Secretary and Treasurer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Delta Natural Gas Company, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn R. Jennings, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 5, 2006

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President and
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Delta Natural Gas Company, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Hall, Vice-President - Finance, Secretary and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 5, 2006

/s/John F. Hall
John F. Hall
Vice-President - Finance,
Secretary and Treasurer

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2005.

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact Name of Registrant as Specified in its Charter)

Kentucky	61-0458329
(Incorporated in the State of)	(I.R.S. Employer Identification No.)

3617 Lexington Road, Winchester, Kentucky	40391
(Address of Principal Executive Offices)	(Zip Code)

859-744-6171
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES __X__. NO_________.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES __X__. NO_________.

Common Shares, Par Value $1.00 Per Share
3,242,502 Shares Outstanding as of December 31, 2005.

DELTA NATURAL GAS COMPANY, INC.

INDEX TO FORM 10-Q

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004	2005	2004
OPERATING REVENUES	$42,060,769	$25,778,315	$56,285,109	$35,589,947	$104,876,392	$87,817,276
OPERATING EXPENSES						
Purchased gas	$31,610,522	$15,870,632	$41,496,956	$22,009,520	$ 72,934,420	$56,747,403
Operation and maintenance	3,031,857	2,871,371	5,785,227	5,719,213	12,371,036	11,009,443
Depreciation and depletion	1,036,958	1,059,450	2,065,740	2,206,235	4,109,011	4,476,146
Taxes other than income taxes	430,893	390,853	814,150	799,219	1,704,522	1,637,364
Income tax expense	1,786,800	1,690,200	1,422,000	1,000,400	3,524,800	3,670,800
Total operating expenses	$37,897,030	$21,882,506	$51,584,073	$31,734,587	$ 94,643,789	$77,541,156
OPERATING INCOME	$ 4,163,739	$ 3,895,809	$ 4,701,036	$ 3,855,360	$ 10,232,603	$10,276,120
OTHER INCOME AND DEDUCTIONS, NET	16,166	50,301	29,017	62,579	43,575	101,254
INTEREST CHARGES	1,286,741	1,157,059	2,411,358	2,249,637	4,627,166	4,416,314
NET INCOME	$ 2,893,164	$ 2,789,051	$ 2,318,695	$ 1,668,302	$ 5,649,012	$ 5,961,060
BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ .89	$ .87	$ .72	$ .52	$ 1.75	$ 1.86
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC AND DILUTED)	3,238,937	3,214,339	3,235,701	3,210,512	3,229,324	3,201,926
DIVIDENDS DECLARED PER COMMON SHARE	$ .30	$ .295	$ .60	$ .59	$ 1.19	$ 1.18

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	December 31, 2005	June 30, 2005	December 31, 2004
GAS UTILITY PLANT, AT COST	$ 178,733,805	$ 174,711,253	$ 172,243,321
Less-Accumulated provision for depreciation	(60,042,707)	(58,171,285)	(56,680,237)
Net gas plant	$ 118,691,098	$ 116,539,968	$ 115,563,084
CURRENT ASSETS			
Cash and cash equivalents	$ 421,531	$ 127,530	$ 245,659
Accounts receivable, less accumulated provisions for doubtful accounts of $523,000, $310,000 and $391,000, respectively	24,165,035	6,549,567	14,727,219
Gas in storage, at average cost	15,923,593	9,193,664	12,638,990
Deferred gas costs	7,363,944	2,646,868	2,997,931
Materials and supplies, at first-in, first-out cost	479,579	957,786	434,228
Prepayments	3,218,179	993,507	1,654,618
Total current assets	$ 51,571,861	$ 20,468,922	$ 32,698,645
OTHER ASSETS			
Cash surrender value of officers' life insurance	$ 387,193	$ 387,193	$ 376,930
Note receivable from officer	74,000	86,000	98,000
Prepaid pension cost	2,812,694	3,171,247	2,416,373
Unamortized debt expense and other	4,016,183	4,108,887	4,262,786
Total other assets	$ 7,290,070	$ 7,753,327	$ 7,154,089
Total assets	$ 177,553,029	$ 144,762,217	$ 155,415,818
LIABILITIES AND SHAREHOLDERS' EQUITY			
CAPITALIZATION			
Common shareholders' equity			
Common shares ($1.00 par value)	$ 3,242,502	$ 3,229,988	$ 3,218,186
Premium on common shares	45,309,685	44,973,352	44,670,611
Capital stock expense	(2,599,226)	(2,597,999)	(2,597,999)
Retained earnings	5,571,314	5,194,113	3,765,184
Total common shareholders' equity	$ 51,524,275	$ 50,799,454	$ 49,055,982
Long-term debt	52,191,000	52,707,000	52,823,000
Total capitalization	$ 103,715,275	$ 103,506,454	$ 101,878,982
CURRENT LIABILITIES			
Notes payable	$ 32,034,527	$ 5,959,122	$ 17,838,295
Current portion of long-term debt	1,650,000	1,650,000	1,650,000
Accounts payable	12,033,969	7,404,478	8,492,932
Accrued taxes	2,252,078	1,116,178	1,564,708
Customers' deposits	585,833	472,512	623,180
Accrued interest on debt	888,380	899,964	894,347
Accrued vacation	560,433	661,337	538,287
Other liabilities	1,426,752	1,394,490	729,455
Total current liabilities	$ 51,431,972	$ 19,558,081	$ 32,331,204
DEFERRED CREDITS AND OTHER			
Deferred income taxes	$ 19,187,750	$ 18,493,300	$ 19,115,535
Investment tax credits	269,400	288,200	307,200
Regulatory liabilities	2,544,875	2,581,387	1,452,137
Advances for construction and other	403,757	334,795	330,760
Total deferred credits and other	$ 22,405,782	$ 21,697,682	$ 21,205,632
COMMITMENTS AND CONTINGENCIES (NOTES 9 and 10)			
Total liabilities and shareholders' equity	$ 177,553,029	$ 144,762,217	$ 155,415,818

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	Six Months Ended December 31, 2005	Six Months Ended December 31, 2004	Twelve Months Ended December 31, 2005	Twelve Months Ended December 31, 2004
COMMON SHARES				
Balance, beginning of period	$ 3,229,988	$ 3,200,715	$ 3,218,186	$ 3,187,044
Dividend reinvestment and stock purchase plan	12,514	12,645	24,316	26,316
Employee stock purchase plan and other	-	4,826	-	4,826
Balance, end of period	$ 3,242,502	$ 3,218,186	$ 3,242,502	$ 3,218,186
PREMIUM ON COMMON SHARES				
Balance, beginning of period	$44,973,352	$44,236,128	$44,670,611	$43,909,593
Dividend reinvestment and stock purchase plan	336,333	321,748	639,074	648,283
Employee stock purchase plan and other	-	112,735	-	112,735
Balance, end of period	$45,309,685	$44,670,611	$45,309,685	$44,670,611
CAPITAL STOCK EXPENSE				
Balance, beginning of period	$(2,597,999)	$(2,597,999)	$(2,597,999)	$(2,598,146)
Dividend reinvestment and stock purchase plan	(1,227)	-	(1,227)	147
Balance, end of period	$(2,599,226)	$(2,597,999)	$(2,599,226)	$(2,597,999)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Balance, beginning of period	$ -	$ -	$ -	$(2,050,636)
Minimum pension liability adjustment, net of tax benefit of $1,335,800	-	-	-	2,050,636
Balance, end of period	$ -	$ -	$ -	$ -
RETAINED EARNINGS				
Balance, beginning of period	$ 5,194,113	$ 3,991,317	$ 3,765,184	$ 1,582,466
Net income	2,318,695	1,668,302	5,649,012	5,961,060
Cash dividends declared on common shares (See Consolidated Statements of Income for rates)	(1,941,494)	(1,894,435)	(3,842,882)	(3,778,342)
Balance, end of period	$ 5,571,314	$ 3,765,184	$ 5,571,314	$ 3,765,184
COMMON SHAREHOLDERS' EQUITY				
Balance, beginning of period	$50,799,454	$48,830,161	$49,055,982	$44,030,321
Comprehensive income				
Net income	$ 2,318,695	$ 1,668,302	$ 5,649,012	$ 5,961,060
Other comprehensive income	-	-	-	2,050,636
Comprehensive income	$ 2,318,695	$ 1,668,302	$ 5,649,012	$ 8,011,696
Issuance of common stock	347,620	451,954	662,163	792,307
Dividends on common stock	(1,941,494)	(1,894,435)	(3,842,882)	(3,778,342)
Balance, end of period	$51,524,275	$49,055,982	$51,524,275	$49,055,982

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

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

	Six Months Ended December 31, 2005	Six Months Ended December 31, 2004	Twelve Months Ended December 31, 2005	Twelve Months Ended December 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 2,318,695	$ 1,668,302	$ 5,649,012	$ 5,961,060
Adjustments to reconcile net income to net cash from operating activities				
Depreciation, depletion and amortization	2,220,431	2,337,610	4,418,394	4,731,807
Deferred income taxes and investment tax credits	643,425	1,486,149	1,728,065	2,652,344
Other, net	5,380	(36,409)	(12,732)	(36,409)
Increase in assets	(30,500,372)	(16,749,987)	(19,142,709)	(3,858,186)
Increase (decrease) in liabilities	5,826,187	2,453,558	4,069,022	(1,205,095)
Net cash provided by (used in) operating activities	$ (19,486,254)	$ (8,840,777)	$ (3,290,948)	$ 8,245,521
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	$ (4,211,129)	$ (2,589,032)	$ (7,047,727)	$ (5,197,901)
Proceeds from sale of property, plant and equipment	25,853	75,000	131,034	75,000
Net cash used in investing activities	$ (4,185,276)	$ (2,514,032)	$ (6,916,693)	$ (5,122,901)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends on common stock	$ (1,941,494)	$ (1,894,435)	$ (3,842,882)	$ (3,778,342)
Issuance of common stock, net	347,620	451,954	662,163	792,307
Repayment of long-term debt	(516,000)	(226,000)	(632,000)	(351,000)
Issuance of notes payable	53,075,035	32,264,648	83,717,692	56,601,084
Repayment of notes payable	(26,999,630)	(19,164,533)	(69,521,460)	(56,470,678)
Net cash provided by (used in) financing activities	$ 23,965,531	$ 11,431,634	$ 10,383,513	$ (3,206,629)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 294,001	$ 76,825	$ 175,872	$ (84,009)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	127,530	168,834	245,659	329,668
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 421,531	$ 245,659	$ 421,531	$ 245,659
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for				
Interest	$ 2,304,851	$ 2,138,569	$ 4,396,949	$ 4,181,803
Income taxes (net of refunds)	394,800	(490,767)	1,069,846	218,400

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Delta Natural Gas Company, Inc. ("Delta" or "the Company") sells natural gas to approximately 40,000 customers on our distribution system in central and southeastern Kentucky. We have three wholly-owned subsidiaries. Delta Resources, Inc. ("Delta Resources") buys gas and resells it to industrial or other large use customers on Delta's system. Delgasco, Inc. buys gas and resells it to Delta Resources and to customers not on Delta's system. Enpro, Inc. owns and operates production properties and undeveloped acreage. All of our subsidiaries are included in the consolidated financial statements. Intercompany balances and transactions have been eliminated.

(2) In our opinion, all adjustments necessary for a fair presentation of the unaudited results of operations for the three, six and twelve months ended December 31, 2005 and 2004, respectively, are included. All such adjustments are accruals of a normal and recurring nature. The results of operations for the periods ended December 31, 2005 are not necessarily indicative of the results of operations to be expected for the full fiscal year. Because of the seasonal nature of our sales, we generate the smallest proportion of cash from operations during the warmer months, when sales volumes decrease considerably. Most construction activity and gas storage injections take place during these warmer months. The accompanying financial statements are unaudited and should be read in conjunction with the financial statements and the notes thereto, included in our Annual Report on Form 10-K for our fiscal year ended June 30, 2005. Certain reclassifications have been made to prior-period amounts to conform to the 2005 presentation. Twelve month ended financial information is provided for additional information only.

(3) We bill our customers on a monthly meter reading cycle. At the end of each month, gas service which has been rendered from the latest date of each cycle meter reading to the month-end is unbilled. Prior to November, 2004, we recorded regulated revenues and gas costs on a billed basis in accordance with the ratemaking treatment followed by the Kentucky Public Service Commission for both financial reporting and regulatory purposes. In connection with receiving the rate order discussed in Note 11 of the Notes to Consolidated Financial Statements, we began estimating regulated unbilled revenues and gas costs as of the end of the month and reflecting those amounts in our financial statements.

Unbilled revenues and gas costs include the following:

(000)	December 31, 2005	June 30, 2005	December 31, 2004
Unbilled revenues ($)	10,038	1,246	7,351
Unbilled gas costs ($)	7,113	629	4,493
Unbilled volumes (Mcf)	577	58	584

Unbilled revenues are included in accounts receivable and unbilled gas costs are included in deferred gas costs on the accompanying balance sheets.

Reflecting the sales of these unbilled volumes in the accompanying financial statements beginning in November, 2004 resulted in a non-recurring increase to operating income of $2,858,000 and net income of $1,764,000 for the twelve month period ended December 31, 2004.

(4) In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47, entitled Accounting for Conditional Asset Retirement Obligations. An asset retirement obligation is conditional when the timing and/or the method of settlement of the obligation are conditional on a future event. We are currently evaluating our asset retirement obligations in light of Interpretation No. 47 and the impact, if any, adopting this Interpretation will have on our June 30, 2006 financial position, cash flows or results of operations.

(5) We have not entered into any share-based payment transactions, therefore, the adoption of Statement of Financial Accounting Standards No. 123(R), entitled Share-Based Payment, and Securities and Exchange Commission Staff Accounting Bulletin No. 107, entitled Share-Based Payment, will have no impact on us.

(6) Net pension costs for our trusteed, noncontributory defined benefit pension plan for the periods ended December 31 include the following:

($000)	Three Months Ended December 31	
	2005	2004
Service cost	194	179
Interest cost	175	153
Expected return on plan assets	(233)	(216)
Amortization of unrecognized net loss	64	44
Amortization of prior service cost	(21)	(21)
Net periodic benefit cost	179	139

($000)	Six Months Ended December 31	
	2005	2004
Service cost	388	357
Interest cost	350	306
Expected return on plan assets	(466)	(431)
Amortization of unrecognized net loss	128	89
Amortization of prior service cost	(42)	(43)
Net periodic benefit cost	358	278

($000)	Twelve Months Ended December 31,	
	2005	2004
Service cost	745	689
Interest cost	656	584
Expected return on plan assets	(898)	(767)
Amortization of unrecognized net loss	217	220
Amortization of prior service cost	(84)	(86)
Net periodic benefit cost	636	640

(7) Delta's note receivable from an officer on the accompanying balance sheets relates to a $160,000 loan made to Glenn R. Jennings, our Chairman of the Board, President and Chief Executive Officer. The loan, secured by real estate owned by Mr. Jennings, bears interest at 6%, which Mr. Jennings pays monthly. Delta forgives $2,000 of the principal amount for each month of service Mr. Jennings completes. The outstanding balance on this loan was $74,000, $86,000 and $98,000 as of December 31, 2005, June 30, 2005 and December 31, 2004, respectively. In the event Mr. Jennings terminates his employment with Delta other than due to a change in control, or Mr. Jennings' employment is terminated for cause or as a result of his disability or death, the loan will become immediately due and payable.

(8) The current available line of credit with Branch Banking and Trust Company is $40,000,000, of which $32,035,000, $5,959,000 and $17,838,000 was borrowed having a weighted average interest rate of 5.31%, 4.14% and 3.31% as of December 31, 2005, June 30, 2005 and December 31, 2004, respectively.

Our line of credit agreement and the indentures relating to all of our publicly held debentures contain defined "events of default" which, among other things, can make the obligations immediately due and payable. Of these, we consider the following covenants to be most significant:

- Dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds $25,800,000 (thus no retained earnings were restricted); and

- We may not assume any mortgage indebtedness in excess of $2,000,000 without effectively securing all debentures equally to such additional indebtedness.

Furthermore, a default on the performance on any single obligation incurred in connection with our borrowings simultaneously creates an event of default with the line of credit and all of the debentures. We were not in default on any of our line of credit or debenture agreements during any period presented.

(9) We have entered into individual employment agreements with our five officers. The agreements expire or may be terminated at various times. The agreements provide for continuing monthly payments or lump sum payments and continuation of specified benefits over varying periods in certain cases following defined changes in ownership of the Company. In the event all of these agreements were exercised in the form of lump sum payments, approximately $3.2 million would be paid in addition to continuation of specified benefits for up to five years.

(10) A lawsuit was filed on January 24, 2005 against us by a former employee, alleging that we did not pay the appropriate compensation for the employee's work for us over the period from January, 1982 through December, 2002. On December 28, 2005, the London, Kentucky Division of the United States Eastern District Court ruled in favor of Delta and dismissed the lawsuit.

We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

(11) The Kentucky Public Service Commission exercises regulatory authority over our retail natural gas distribution and our transportation services. The Kentucky Public Service Commission regulation of our business includes setting the rates we are permitted to charge our retail customers and our transportation customers.

We monitor our need to file requests with the Kentucky Public Service Commission for a general rate increase for our retail gas and transportation services. Through these general rate cases, we are able to adjust the sales prices of our retail gas we sell to and transport for our customers.

On April 5, 2004, Delta filed a request for increased base rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual increase in revenues of $4,277,000, an increase of 7.41%.

The test year for the case was the twelve months ended December 31, 2003. The Kentucky Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provide for additional annual revenues of approximately $2,756,000.

(12) Our company has two segments: (i) a regulated natural gas distribution, transmission and storage segment, and (ii) a non-regulated segment which participates in related ventures, consisting of natural gas marketing and production. The regulated segment serves residential, commercial and industrial customers in the single geographic area of central and southeastern Kentucky. Virtually all of the revenue recorded under both segments comes from the sale or transportation of natural gas. Price risk for the regulated business is mitigated through our Gas Cost Recovery Clause, approved quarterly by the Kentucky Public Service Commission. Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict our demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies. A single customer, Citizens Gas Utility District, provided $6,988,000, $10,135,000 and $14,993,000 of non-regulated revenues for the three, six and twelve months ended December 31, 2005, respectively.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies in Note 1 of the Notes to Consolidated Financial Statements which are included in our Annual Report on Form 10-K for the year ended June 30, 2005. Intersegment revenues and expenses consist of intercompany revenues and expenses from intercompany gas transportation services. Intersegment transportation revenue and expense is recorded at our tariff rates. Operating expenses, taxes and interest are allocated to the non-regulated segment.

Segment information is shown below for the periods:
($000)

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004
Operating Revenues		
Regulated		
External customers	22,470	16,357
Intersegment	1,006	910
Total regulated	23,476	17,267
Non-regulated external customers	19,591	9,421
Eliminations for intersegment	(1,006)	(910)
Total operating revenues	42,061	25,778
Net Income		
Regulated	1,608	1,864
Non-regulated	1,285	925
Total net income	2,893	2,789

	Six Months Ended December 31, 2005	Six Months Ended December 31, 2004
Operating Revenues		
Regulated		
External customers	27,802	20,824
Intersegment	1,738	1,600
Total regulated	29,540	22,424
Non-regulated external customers	28,483	14,766
Eliminations for intersegment	(1,738)	(1,600)
Total operating revenues	56,285	35,590
Net Income		
Regulated	695	551
Non-regulated	1,624	1,117
Total net income	2,319	1,668

	Twelve Months Ended December 31, 2005	Twelve Months Ended December 31, 2004
Operating Revenues		
Regulated		
External customers	59,186	58,010
Intersegment	3,496	3,246
Total regulated	62,682	61,256
Non-regulated external customers	45,690	29,807
Eliminations for intersegment	(3,496)	(3,246)
Total operating revenues	104,876	87,817
Net Income		
Regulated	2,943	3,802
Non-regulated	2,706	2,159
Total net income	5,649	5,961

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provide our primary source of cash. Cash provided by operating activities consists of net income adjusted for non-cash items, including depreciation, depletion, amortization, deferred income taxes and changes in working capital.

Our ability to maintain liquidity depends on our short-term line of bank credit, shown as notes payable on the accompanying balance sheets (see Note 8 of the Notes to Consolidated Financial Statements). Notes payable increased to $32,035,000 at December 31, 2005, compared with $5,959,000 at June 30, 2005 and $17,838,000 at December 31, 2004. These increases reflect the seasonal nature of our sales and cash needs and the fact that we generate internally only a portion of the cash necessary for our capital expenditure requirements. See the following table and related analysis for additional explanation of these increases. We made capital expenditures of $4,211,000 and $7,048,000 during the six and twelve months ended December 31, 2005, respectively. We finance the balance of our capital expenditures on an interim basis through this short-term line of bank credit. We periodically repay our short-term borrowings under our line of credit by using the net proceeds from the sale of long-term debt and equity securities.

Long-term debt decreased to $52,191,000 at December 31, 2005, compared with $52,707,000 and $52,823,000 at June 30, 2005 and December 31, 2004, respectively. These decreases resulted from provisions in the debentures allowing limited redemptions to be made by certain holders or their beneficiaries.

Cash and cash equivalents increased to $422,000 at December 31, 2005, compared with $128,000 at June 30, 2005 and $246,000 at December 31, 2004. These changes in cash and cash equivalents for the six and twelve months ended December 31, 2005 are summarized in the following table:

($000)	Six Months Ended December 31,		Twelve Months Ended December 31,	
	2005	2004	2005	2004
Provided by (used in) operating activities	(19,486)	(8,841)	(3,291)	8,246
Used in investing activities	(4,185)	(2,514)	(6,917)	(5,123)
Provided by (used in) financing activities	23,965	11,432	10,384	(3,207)
Increase (decrease) in cash and cash equivalents	294	77	176	(84)

For the six months ended December 31, 2005, an additional $10,645,000 of cash was used in operating activities compared with the six months ended December 31, 2004. Cash received on accounts receivable decreased by $7,660,000 and $2,741,000 of additional cash was used primarily on increased gas costs relating to our deferred gas cost and gas in storage accounts.

For the twelve months ended December 31, 2005, an additional $11,537,000 of cash was used in operating activities compared with the twelve months ended December 31, 2004. We used $9,027,000 of additional cash primarily on increased gas costs relating to our deferred gas cost and gas in storage accounts. In addition, income taxes paid increased $851,000, amounts paid on accounts payable increased $616,000 and cash received on accounts receivable decreased $443,000.

Changes in cash used in investing activities resulted primarily from changes in the level of capital expenditures between periods.

For the six and twelve months ended December 31, 2005, the increases in cash provided by financing activities were primarily related to increases in cash provided by the short-term line of credit to fund the increases in cash used in operating and investing activities.

Cash Requirements

Our capital expenditures result in a continued need for capital. These capital expenditures are being made for system extensions and for the replacement and improvement of existing transmission, distribution, gathering, storage and general facilities. We expect our capital expenditures for fiscal 2006 to be $8.3 million, a $3 million increase from fiscal 2005 capital expenditures. The major reason for this increase is a 13 mile transmission pipeline project, started in 2005 and completed in 2006 at an approximate cost of $4 million, that replaces an existing pipeline facility and also accesses additional gas production areas to enhance our transportation opportunities for the future.

See Notes 9 and 10 of the Notes to Consolidated Financial Statements for other commitments and contingencies.

See Notes 4 and 5 of the Notes to Consolidated Financial Statements for a discussion of new accounting pronouncements.

Sufficiency of Future Cash Flows

To the extent that internally generated cash is not sufficient to satisfy operating and capital expenditure requirements and to pay dividends, we rely on our short-term line of credit. Our current available line of credit is $40,000,000, of which $32,035,000 was borrowed at December 31, 2005, classified as notes payable on the accompanying balance sheets. The line of credit is with Branch Banking and Trust Company, and extends through October 31, 2007.

We expect that internally generated cash, coupled with short-term borrowings, will be sufficient to satisfy our operating and normal capital expenditure requirements and to pay dividends for the next twelve months and the foreseeable future.

Our ability to sustain acceptable earnings levels, finance capital expenditures and pay dividends is contingent on the adequate and timely adjustment of the regulated sales and transportation prices we charge our customers. The Kentucky Public Service Commission sets these prices, and we continuously monitor our need to file rate requests with the Kentucky Public Service Commission for a general rate increase for our regulated services. On April 5, 2004, Delta filed a request for increased base rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual increase in revenues of $4,277,000, an increase of 7.41%. The test year for the case was the twelve months ended December 31, 2003. The Kentucky Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provide for additional annual revenues of approximately $2,756,000.

RESULTS OF OPERATIONS

Gross Margins

Our regulated and non-regulated revenues, other than transportation, have offsetting gas expenses. Thus, gross margins represent operating revenues less purchased gas expense.

Natural gas prices are determined by an unregulated national market. Therefore, the price that we pay for natural gas fluctuates with national supply and demand. See Item 3 for the impact of forward contracts.

The variation amounts and percentages presented in the following tables for regulated and non-regulated gross margins include intersegment transactions. These intersegment revenues and expenses, whose variations are also disclosed in the following tables, are eliminated in the consolidated statements of income.

In the following table we set forth variations in our gross margins for the three, six and twelve months ended December 31, 2005 compared with the same periods in the preceding year:

	2005 Compared to 2004		
($000)	Three Months Ended December 31,	Six Months Ended December 31,	Twelve Months Ended December 31,
Increase (decrease) in our regulated			
Gross margins			
Gas rates	(410)	(10)	2,252
Gas volumes	417	247	(3,410)
Weather normalization adjustment	(254)	(254)	213
On-system transportation	90	119	485
Off-system transportation	145	284	281
Other	10	24	34
Increase in regulated intersegment elimination	(96)	(138)	(250)
	(98)	272	(395)
Increase (decrease) in our non-regulated			
Gross margins			
Gas rates	39	178	546
Gas volumes	597	755	695
Transportation expenses	(96)	(138)	(250)
Other	5	3	26
Decrease in non-regulated intersegment elimination	96	138	250
	641	936	1,267
Increase in our consolidated gross margins	543	1,208	872
Percentage increase (decrease) in our regulated volumes			
Gas sales	6.5	3.0	(16.4)
On-system transportation	4.0	2.5	5.7
Off-system transportation	27.1	30.5	15.0
Percentage increase (decrease) in our non-regulated gas sales volumes	24.3	21.5	9.9

Heating degree days were 103%, 101% and 97% of normal thirty year average temperatures for the three, six and twelve months ended December 31, 2005, as compared with 89%, 89% and 94% of normal temperatures in 2004, respectively. A "heating degree day" results from a day during which the average of the high and low temperature is at least one degree less than 65 degrees Fahrenheit.

The increase in gross margins for the three months ended December 31, 2005 of $543,000 was due primarily to a 264,000 Mcf (24.3%) increase in non-regulated gas sales volumes, of which 150,000 Mcf was attributable to usage by a single customer.

The increase in gross margins for the six months ended December 31, 2005 of $1,208,000 was due primarily to a 389,000 Mcf (21.5%) increase in non-regulated gas sales volumes, of which 200,000 Mcf was attributable to usage by a single customer. There was also an increase of 1,053,000 Mcf (30.5%) in off-system transportation volumes that resulted from an increase in volumes transported for gas producers.

The increase in gross margins for the twelve months ended December 31, 2005 of $872,000 was due primarily to regulated gas rates that increased due to the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 11 of the Notes to Consolidated Financial Statements, and to non-regulated gas rates that increased reflecting the increases in the market price of natural gas, offset by a $2,858,000 non-recurring decrease, as a result of beginning, in November, 2004, to record unbilled regulated margins as discussed in Note 3 of the Notes to Consolidated Financial Statements.

Operation and Maintenance

The $1,361,000 increase in operation and maintenance expenses for the twelve months ended December 31, 2005 was primarily due to a $623,000 increase in compensation expense resulting primarily from increasing base salary and bonus amounts, a $285,000 increase in employee medical expenses and a $109,000 increase in insurance expense. To a lesser extent, we also experienced increases in legal expenses, computer consultants, directors' fees and uncollectible account expense.

Income Taxes

The changes in income tax expense for the six and twelve months ended December 31, 2005 of $422,000 and $146,000, respectively, were attributable to the changes in net income before income tax expense. The changes in net income before income tax expense were primarily attributable to the changes in operating income before income tax expense.

Interest Charges

The increase in interest charges for the three months ended December 31, 2005 of $130,000 was a result of increased borrowings and a higher effective interest rate.

Basic and Diluted Earnings Per Common Share

For the three, six and twelve months ended December 31, 2005 and 2004, our basic earnings per common share changed as a result of changes in net income and an increase in the number of our common shares outstanding. We increased our number of common shares outstanding as a result of shares issued through our Dividend Reinvestment and Stock Purchase Plan.

We have no potentially dilutive securities. As a result, our basic earnings per common share and our diluted earnings per common share are the same.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We purchase our gas supply through a combination of spot market gas purchases and forward gas purchases. The price of spot market gas is based on the market price at the time of delivery. The price we pay for our natural gas supply acquired under our forward gas purchase contracts, however, is fixed prior to the delivery of the gas. Additionally, we inject some of our gas purchases into gas storage facilities in the non-heating months and withdraw this gas from storage for delivery to customers during the heating season. For our regulated business, we have minimal price risk resulting from these forward gas purchase and storage arrangements because we are permitted to pass these gas costs on to our regulated customers through our gas cost recovery rate mechanism.

Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies.

None of our gas contracts are accounted for using the fair value method of accounting. While some of our gas purchase contracts and gas sales contracts meet the definition of a derivative, we have designated these contracts as "normal purchases" and "normal sales" under Statement of Financial Accounting Standards No. 133 entitled Accounting for Derivative Instruments and Hedging Activities.

We are exposed to risk resulting from changes in interest rates on our variable rate notes payable. The interest rate on our current short-term line of credit with Branch Banking and Trust Company is benchmarked to the monthly London Interbank Offered Rate. The balance on our short-term line of credit was $32,035,000, $5,959,000 and $17,838,000 on December 31, 2005, June 30, 2005 and December 31, 2004, respectively. Based on the amount of our outstanding short-term line of credit on December 31, 2005, June 30, 2005 and December 31, 2004, a one percent (one hundred basis points) increase in our average interest rates would result in a decrease in our annual pre-tax net income of $320,000, $60,000 and $178,000, respectively.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures are our controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we have evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2005, and, based upon this evaluation, our chief executive officer and chief financial officer have concluded that these controls and procedures are effective in providing reasonable assurance that information requiring disclosure is recorded, processed, summarized, and reported within the timeframe specified by the SEC's rules and forms.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we have evaluated any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 31, 2005 and found no change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not a party to any legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Registrant held its annual meeting of shareholders on November 17, 2005.

ITEM 5. OTHER INFORMATION

(a) None.

ITEM 6. EXHIBITS

(a) Exhibits.

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-4(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

DATE: February 7, 2006

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President
and Chief Executive Officer
(Duly Authorized Officer)

/s/John F. Hall
John F. Hall
Vice President - Finance, Secretary
and Treasurer
(Principal Financial Officer)

/s/John B. Brown
John B. Brown
Vice President - Controller
(Principal Accounting Officer)

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn R. Jennings, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2006

By: /s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President
and Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John F. Hall, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2006

By: /s/John F. Hall
John F. Hall
Vice President - Finance, Secretary
and Treasurer

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EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn R. Jennings, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Delta Natural Gas Company, Inc.

February 7, 2006

/s/Glenn R. Jennings
Glenn R. Jennings
Chairman of the Board, President
and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Hall, Vice-President - Finance, Secretary and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Delta Natural Gas Company, Inc.

February 7, 2006

/s/John F. Hall
John F. Hall
Vice-President - Finance,
Secretary and Treasurer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report: November 18, 2005 Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact name of registrant as specified in its charter)

KENTUCKY (State or other jurisdiction of incorporation or organization)	61-0458329 (I.R.S. Employer Identification No.)
3617 Lexington Road Winchester, Kentucky (Address of principal executive offices	40391 (Zip Code)

Registrant's telephone number, including area code (859) 744-6171.

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

( ) Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

( ) Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

( ) Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

( ) Pre-commencement communications pursuant to Rule 13e-4© under the Exchange Act (17 CFR 240.13e-4(c))

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT.

On November 17, 2005, the Company entered into a Consulting Agreement with Harrison D. Peet, a Director. The Consulting Agreement is for a period of one year effective December 1, 2005, and on a year-to-year basis thereafter unless terminated by either party at least 30 days prior to November 30 of each year. The Consulting Agreement provides that Mr. Peet shall serve as a consultant to the Chairman, President and Chief Executive Officer with a compensation of $2,000.00 per month.

On November 17, 2005, the Board of Directors appointed Mr. Glenn R. Jennings Chairman of the Board, President and Chief Executive Officer. His annual salary effective December 1, 2005 will be $298,000 and effective that date his compensation as Vice Chairman of the Board of $1,500.00 per month will cease.

Also, effective December 1, 2005, Mr. Peet's compensation as Chairman of the Board of $4,700.00 will cease and his compensation will be the monthly directors' fee of $900.00 per month and $300.00 per month as a member of the Executive Committee of the Board.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

The documents below are being filed on behalf of Delta Natural Gas Company, Inc.

Exhibit No.	Description of Document
10a	Consulting Agreement by and between Delta Natural Gas Company, Inc. and Mr. Harrison D. Peet, a member of its Board of Directors

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

By /s/John F. Hall
John F. Hall
Vice President – Finance,
Secretary & Treasurer
(Signature)

Date: November 18, 2005

Exhibit 10a

CONSULTING AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of December, 2005, by and between DELTA NATURAL GAS COMPANY, INC., a Kentucky corporation ("Delta") and Harrison D. Peet ("Peet");

W I T N E S S E T H:

THAT, WHEREAS, Peet is the founder of Delta and has served as Chairman of the Board of Delta since its founding; and

WHEREAS, Peet's term as Chairman ended on November 17, 2005; and

WHEREAS, Delta desires to retain the services, experience and expertise of Peet and Peet desires to be retained by Delta as a consultant.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

1. Term. Delta agrees to retain Peet and Peet agrees to be so retained as a consultant for a term which shall commence on the date hereof and shall continue for a period of one year until and including November 30, 2006, and on a year-to-year basis thereafter unless terminated by either party at least 30 days prior to November 30 of each year.

2. Services. Peet shall serve as a consultant to the Chairman, President and CEO. During the period he shall provide such consulting services as may be requested and required of him. Peet's duties shall include, but not be limited to, assisting in any areas as required. Also, Peet shall perform other special projects or studies, or any other duties, as assigned.

3. Independent Contractor. It is understood and agreed that Peet shall be an independent contractor and shall not be an employee, agent, partner or joint venturer of Delta in performing the consulting services contemplated by this Agreement. The nature and scope of the specific consulting services to be provided by Peet shall be determined by Delta; however, as an independent contractor, Peet, and not Delta, shall have control of the methods and means Peet utilizes to perform such services. Peet agrees to be responsible for payment of all federal, state and local taxes and similar charges arising out of his relationship with Delta and the payments received by him under this Agreement, including, but not limited to, income, unemployment, social security and any other taxes or similar charges.

4. Compensation. As compensation for the services to be rendered by Peet, Delta shall, on or about the first day of each month, pay Peet $2,000.00 per month.

5. Expenses. Delta will reimburse Peet for all reasonable and necessary expenses incurred by him in carrying out his duties under this Agreement. Peet shall present to Delta from time to time an account of such expenses in such reasonable form as may be required by Delta.

6. Disability or Death. In the event of any illness or accident, rendering Peet totally disabled, Delta's obligations under this Agreement shall terminate upon the determination of such total disability. This Agreement shall terminate upon the death of Peet.

7. Indemnity.

(a) (1) As used herein, "Proceeding" means any threatened, pending or completed action, suit or Proceeding, whether civil, criminal, administrative or investigative.

(2) As used herein, "Party" includes a person who was, is or is threatened to be made a named defendant or respondent in a Proceeding.

(3) As used herein, "expenses" includes attorneys fees.

(4) As used herein, "Subsidiary" means any company in which Delta is beneficial owner of 100% of all classes of voting stock.

(b) Delta shall indemnify Peet if he is made a Party to any Proceeding by reason of the fact that he is or was a consultant to Delta or Subsidiary if:

(1) He conducted himself in good faith; and

(2) He reasonably believed:

(i) In the case of conduct in his capacity as a consultant to Delta or subsidiary, that his conduct was in Delta's or Subsidiary's best interest; and

(ii) In all other cases, that his conduct was at least not opposed to Delta's or Subsidiary's best interest; and

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

Indemnification shall be made against judgments, penalties, fines, settlements and reasonable expenses actually incurred by Peet in connection with the Proceeding, except that if the Proceeding was by or in the right of Delta or Subsidiary, indemnification shall be made only against such reasonable expenses and shall not be made in respect of any Proceeding which Peet shall have been adjudged to be liable to Delta or Subsidiary. 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 Peet did not meet the requisite standard of conduct set forth in this provision.

(c) In addition to the foregoing Delta or Subsidiary shall, to the full extent permitted by law, indemnify Peet and hold him harmless against any judgments, penalties, fines, settlements and reasonable expenses actually incurred in connection with any Proceeding in which Peet is a Party, provided Peet was made a Party to such Proceeding by reason of the fact that he is or was a consultant to Delta or Subsidiary or by reason of any inaction, nondisclosure, action or statement made, taken or omitted by or on behalf of Peet with respect to Delta or Subsidiary or by or on behalf of Peet in his capacity as a consultant to Delta or Subsidiary..

(d) Reasonable expenses incurred by Peet as a Party to a Proceeding with respect to which indemnity is to be provided shall be paid or reimbursed by Delta in advance of the final disposition of such Proceeding provided:

(1) Delta receives (i) a written affirmation by Peet of his good faith belief that he has met the standard of conduct necessary for indemnification by Delta, as provided in this Agreement, and (ii) Delta receives a written undertaking by or on behalf of Peet to repay such amount if it shall ultimately be determined that he has not met such standard of conduct; and

(2) Delta's Board of Directors (or other appropriate decision maker for Delta) determines that the facts then known to the Board (or decision maker) would not preclude indemnification under this provision.

The undertaking required herein shall be an unlimited general obligation of Peet but shall not require any security and shall be accepted without reference to the financial ability of Peet to make repayment.

(e) Notwithstanding anything herein to the contrary, Peet shall not be indemnified with respect to any Proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he shall have been adjudged to be liable on the basis that personal benefit was improperly received by him.

8. Cessation of Payments. If, at any time while Peet is receiving payments hereunder, he, within any county in which Delta's pipeline facilities are located on the date of execution of this Agreement, directly or indirectly owns, manages, operates, joins, controls, is employed by or participates in the ownership, management, operation or control of, or is connected in any manner with any retail natural gas distribution business other than Delta or a Subsidiary, then such payments shall forthwith cease.

If to Delta:

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391
Attention: President

If to Peet:

Harrison D. Peet
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall only be effective upon receipt.

15. Governing Law. This Agreement shall be construed in accordance with the law of the Commonwealth of Kentucky.

16. Effect of Headings. The paragraph headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

DELTA NATURAL GAS COMPANY, INC.

By /s/Glenn R. Jennings
Chairman, President and Chief Executive Officer

/s/Harrison D. Peet
Harrison D. Peet

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2005

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact Name of Registrant as Specified in its Charter)

Kentucky	61-0458329
(Incorporated in the State of)	(I.R.S. Employer Identification No.)

3617 Lexington Road, Winchester, Kentucky	40391
(Address of Principal Executive Offices)	(Zip Code)

859-744-6171
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES_X_. NO___.

Indicate by check mark whether the registrant is an accelerated filer as defined in Rule 12b-2 of the Exchange Act). YES_X_. NO___.

Common Shares, Par Value $1.00 Per Share
3,237,149 Shares Outstanding as of September 30, 2005.

DELTA NATURAL GAS COMPANY, INC.

INDEX TO FORM 10-Q

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2005	2004	2005	2004
OPERATING REVENUES	$14,224,340	$ 9,811,632	$88,593,936	$78,867,404
OPERATING EXPENSES				
Purchased gas	$ 9,886,434	$ 6,138,888	$57,194,529	$51,624,145
Operation and maintenance	2,753,370	2,847,842	12,210,549	10,985,106
Depreciation and depletion	1,028,782	1,146,785	4,131,503	4,512,944
Taxes other than income taxes	383,257	408,366	1,664,482	1,620,631
Income tax expense (benefit)	(364,800)	(689,800)	3,428,200	2,209,600
Total operating expenses	$13,687,043	$ 9,852,081	$78,629,263	$70,952,426
OPERATING INCOME (LOSS)	$ 537,297	$ (40,449)	$ 9,964,673	$ 7,914,978
OTHER INCOME AND DEDUCTIONS, NET	12,851	12,278	77,710	61,929
INTEREST CHARGES	1,124,617	1,092,578	4,497,484	4,395,872
NET INCOME (LOSS)	$ (574,469)	$(1,120,749)	$ 5,544,899	$ 3,581,035
ASIC AND DILUTED EARNINGS (LOSS) PER COMMON SHARE	$ (.18)	$ (.35)	$ 1.72	$ 1.12
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC AND DILUTED)	3,232,827	3,207,089	3,223,214	3,193,846
DIVIDENDS DECLARED PER COMMON SHARE	$ .30	$ .295	$ 1.185	$ 1.18

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2005	June 30, 2005	September 30, 2004
AS UTILITY PLANT, AT COST	$ 176,892,517	$ 174,711,253	$ 170,976,284
Less-Accumulated provision for depreciation	(59,038,238)	(58,171,285)	(55,846,103)
Net gas plant	$ 117,854,279	$ 116,539,968	$ 115,130,181
CURRENT ASSETS			
Cash and cash equivalents	$ 172,113	$ 127,530	$ 170,201
Accounts receivable, less accumulated provisions for doubtful accounts of $289,000, $310,000 and $321,000, respectively	7,418,582	6,549,567	3,922,380
Gas in storage, at average cost	17,627,171	9,193,664	14,684,154
Deferred gas costs	4,292,143	2,646,868	1,998,880
Materials and supplies , at first-in, first-out cost	683,273	957,786	373,306
Prepayments	1,677,246	993,507	2,145,169
Total current assets	$ 31,870,528	$ 20,468,922	$ 23,294,090
OTHER ASSETS			
Cash surrender value of officers' life insurance	$ 387,193	$ 387,193	$ 376,930
Note receivable from officer	80,000	86,000	104,000
Prepaid pension cost	2,991,970	3,171,247	2,555,264
Unamortized debt expense and other	4,032,962	4,108,887	4,244,563
Total other assets	$ 7,492,125	$ 7,753,327	$ 7,280,757
Total assets	$ 157,216,932	$ 144,762,217	$ 145,705,028
LIABILITIES AND SHAREHOLDERS' EQUITY			
CAPITALIZATION			
Common shareholders' equity			
Common shares ($1.00 par value)	$ 3,237,149	$ 3,229,988	$ 3,212,125
Premium on common shares	45,171,631	44,973,352	44,513,068
Capital stock expense	(2,597,999)	(2,597,999)	(2,597,999)
Retained earnings	3,649,654	5,194,113	1,924,224
Total common shareholders' equity	$ 49,460,435	$ 50,799,454	$ 47,051,418
Long-term debt	52,635,000	52,707,000	53,003,000
Total capitalization	$ 102,095,435	$ 103,506,454	$ 100,054,418
CURRENT LIABILITIES			
Notes payable	$ 15,508,747	$ 5,959,122	$ 14,701,251
Current portion of long-term debt	1,650,000	1,650,000	1,650,000
Accounts payable	11,372,270	7,404,478	5,242,756
Accrued taxes	827,745	1,116,178	1,141,570
Customers' deposits	456,910	472,512	449,481
Accrued interest on debt	1,532,717	899,964	1,503,049
Accrued vacation	669,523	661,337	612,295
Other liabilities	1,409,549	1,394,490	693,086
Total current liabilities	$ 33,427,461	$ 19,558,081	$ 25,993,488
DEFERRED CREDITS AND OTHER			
Deferred income taxes	$ 18,493,300	$ 18,493,300	$ 17,597,611
Investment tax credits	278,800	288,200	316,700
Regulatory liabilities	2,582,238	2,581,387	1,443,338
Advances for construction and other	339,698	334,795	299,473
Total deferred credits and other	$ 21,694,036	$ 21,697,682	$ 19,657,122
COMMITMENTS AND CONTINGENCIES (NOTES 8 & 9)			
Total liabilities and shareholders' equity	$ 157,216,932	$ 144,762,217	$ 145,705,028

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2005	2004	2005	2004
COMMON SHARES				
Balance, beginning of period	$ 3,229,988	$ 3,200,715	$ 3,212,125	$ 3,179,086
Dividend reinvestment and stock purchase plan	7,161	6,584	25,024	28,073
Employee stock purchase plan and other	-	4,826	-	4,966
Balance, end of period	$ 3,237,149	$ 3,212,125	$ 3,237,149	$ 3,212,125
PREMIUM ON COMMON SHARES				
Balance, beginning of period	$44,973,352	$44,236,128	$44,513,068	$43,731,668
Dividend reinvestment and stock purchase plan	198,279	164,205	658,563	665,536
Employee stock purchase plan and other	-	112,735	-	115,864
Balance, end of period	$45,171,631	$44,513,068	$45,171,631	$44,513,068
CAPITAL STOCK EXPENSE				
Balance, beginning of period	$(2,597,999)	$(2,597,999)	$(2,597,999)	$(2,598,146)
Dividend reinvestment and stock purchase plan	-	-	-	147
Balance, end of period	$(2,597,999)	$(2,597,999)	$(2,597,999)	$(2,597,999)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)				
Balance, beginning of period	$ -	$ -	$ -	$(2,050,636)
Minimum pension liability adjustment, net of tax benefit of $1,335,800	-	-	-	2,050,636
Balance, end of period	$ -	$ -	$ -	$ -

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (cont'd)
(UNAUDITED)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2005	2004	2005	2004
Retained Earnings				
Balance, beginning of period	$ 5,194,113	$ 3,991,317	$ 1,924,224	$ 2,110,947
Net income (loss)	(574,469)	(1,120,749)	5,544,899	3,581,035
Cash dividends declared on common shares (See Consolidated Statements of Income (Loss) for rates)	(969,990)	(946,344)	(3,819,469)	(3,767,758)
Balance, end of period	$ 3,649,654	$ 1,924,224	$ 3,649,654	$ 1,924,224
Common Shareholders' Equity				
Balance, beginning of period	$50,799,454	$48,830,161	$47,051,418	$44,372,919
Comprehensive income (loss)				
Net income (loss)	(574,469)	(1,120,749)	5,544,899	3,581,035
Other comprehensive income	-	-	-	2,050,636
Comprehensive income (loss)	$ (574,469)	$(1,120,749)	$ 5,544,899	$ 5,631,671
Issuance of common stock	205,440	288,350	683,587	814,586
Dividends on common stock	(969,990)	(946,344)	(3,819,469)	(3,767,758)
Balance, end of period	$49,460,435	$47,051,418	$49,460,435	$47,051,418

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

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

	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Twelve Months Ended September 30, 2005	Twelve Months Ended September 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$ (574,469)	$ (1,120,749)	$ 5,544,899	$ 3,581,035
Adjustments to reconcile net income (loss) to net cash from operating activities				
Depreciation, depletion and amortization	1,106,127	1,201,610	4,434,789	4,738,638
Deferred income taxes and investment tax credits	(26,925)	(15,900)	1,930,064	1,905,755
Other, net	(48,201)	148,488	(50,038)	686,858
Decrease (increase)in assets	(11,173,166)	(7,467,366)	(9,089,180)	2,640,449
Increase (decrease) in liabilities	4,178,741	(747,006)	6,197,145	(4,171,448)
Net cash provided by (used in) operating activities	$ (6,537,893)	$ (8,000,923)	$ 8,967,679	$ 9,381,287
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	$ (2,143,360)	$ (1,256,787)	$ (6,501,300)	$ (6,497,145)
Proceeds from sale of property, plant and equipment	12,761	-	231,919	-
Net cash used in investing activities	$ (2,130,599)	$ (1,256,787)	$ (6,269,381)	$ (6,497,145)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends on common stock	$ (969,990)	$ (946,344)	$ (3,819,469)	$ (3,767,758)
Issuance of common stock, net	205,440	288,350	683,587	814,586
Repayment of long-term debt	(72,000)	(46,000)	(368,000)	(329,000)
Issuance of notes payable	18,861,497	17,467,398	64,301,405	55,940,010
Repayment of notes payable	(9,311,872)	(7,504,327)	(63,493,909)	(55,572,225)
Net cash provided by (used in) financing activities	$ 8,713,075	$ 9,259,077	$ (2,696,386)	$ (2,914,387)
NET INCREASE (DECREASE)IN CASH AND CASH EQUIVALENTS	$ 44,583	$ 1,367	$ 1,912	$ (30,245)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	127,530	168,834	170,201	200,446
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 172,113	$ 170,201	$ 172,113	$ 170,201
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for				
Interest	$ 432,819	$ 431,854	$ 4,231,632	$ 4,165,807
Income taxes (net of refunds)	276,700	173,200	287,779	931,961

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Delta Natural Gas Company, Inc. ("Delta" or "the Company") has three wholly-owned subsidiaries. Delta Resources, Inc. ("Delta Resources") buys gas and resells it to industrial or other large use customers on Delta's system. Delgasco, Inc. buys gas and resells it to Delta Resources and to customers not on Delta's system. Enpro, Inc. owns and operates production properties and undeveloped acreage. All of our subsidiaries are included in the consolidated financial statements. Intercompany balances and transactions have been eliminated.

(2) In our opinion, all adjustments necessary for a fair presentation of the unaudited results of operations for the three and twelve months ended September 30, 2005 and 2004, respectively, are included. All such adjustments are accruals of a normal and recurring nature. The results of operations for the three months ended September 30, 2005 are not necessarily indicative of the results of operations to be expected for the full fiscal year. Because of the seasonal nature of our sales, we generate the smallest proportion of cash from operations during the warmer months, when sales volumes decrease considerably. Most construction activity and gas storage injections take place during these warmer months. Our fiscal year end is June 30. Twelve month ended financial information is provided for additional information only. The accompanying financial statements are unaudited and should be read in conjunction with the financial statements and the notes thereto, included in our Annual Report on Form 10-K for the year ended June 30, 2005. Certain reclassifications have been made to prior-period amounts to conform to the 2005 presentation.

(3) We bill our customers on a monthly meter reading cycle. At the end of each month, gas service which has been rendered from the latest date of each cycle meter reading to the month-end is unbilled. Prior to November, 2004, we recorded regulated revenues and gas costs on a billed basis in accordance with the ratemaking treatment followed by the Kentucky Public Service Commission for both financial reporting and regulatory purposes. In connection with receiving the rate order discussed in Note 10, we began estimating regulated unbilled revenues and gas costs as of the end of the month and reflecting those amounts in our financial statements. Therefore, at September 30, 2005, we estimated that 54,000 Mcf of the gas consumed by our customers during September was unbilled, and, at June 30, 2005, we estimated that 58,000 Mcf of the gas consumed by our

customers during June was unbilled. Reflecting the sales of these unbilled volumes in the accompanying financial statements resulted in a non-recurring increase to operating income of $611,000 and net income of $370,000 for the twelve month period ended September 30, 2005. At September 30, 2005 and June 30, 2005, respectively, unbilled revenues of $1,277,000 and $1,246,000 and unbilled gas costs of $665,000 and $629,000 are included in accounts receivable and deferred gas costs, respectively, in the accompanying balance sheets.

(4) In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47, entitled Accounting for Conditional Asset Retirement Obligations. An asset retirement obligation is conditional when either the timing or the method of setting the obligation (or both) is conditioned on a future event. We are currently evaluating our asset retirement obligations in light of Interpretation No. 47 and the impact, if any, adopting this Interpretation will have on our June 30, 2006 financial position, cash flows or results of operations.

We have not entered into any share-based payment transactions, therefore, the adoption of Statement of Financial Accounting Standards No. 123(R), entitled Share-Based Payment, and Securities and Exchange Commission Staff Accounting Bulletin No. 107, entitled Share-Based Payment, will have no impact on us.

(5) Net pension costs for our trusteed, noncontributory defined benefit pension plan for the periods ended September 30 include the following:

	Three Months Ended September 30,	
	2005	2004
Service cost	$ 194,926	$ 178,700
Interest cost	174,389	153,093
Expected return on plan assets	(232,828)	(215,765)
Amortization of unrecognized net loss	64,335	44,407
Amortization of prior service cost	(21,545)	(21,545)
Net periodic benefit cost	$ 179,277	$ 138,890

	Twelve Months Ended September 30,	
	2005	2004
Service cost	$ 731,026	$ 675,777
Interest cost	633,668	570,980
Expected return on plan assets	(880,123)	(718,883)
Amortization of unrecognized net loss	197,556	241,270
Amortization of prior service cost	(86,180)	(86,179)
Net periodic benefit cost	$ 595,947	$ 682,965

On February 24, 2005, Delta's Board of Directors adopted a nonqualified defined contribution supplemental retirement agreement for Glenn R. Jennings, Delta's President and Chief Executive Officer. Delta will contribute $60,000 annually into an irrevocable trust until Mr. Jennings' retirement. At retirement, the trustee will make annual payments of $100,000 to Mr. Jennings until the trust is depleted.

(6) Delta's note receivable from an officer on the accompanying balance sheet relates to a $160,000 loan made to Glenn R. Jennings, our President and Chief Executive Officer. The loan, secured by real estate owned by Mr. Jennings, bears interest at 6%, which Mr. Jennings pays monthly. Delta forgives $2,000 of the principal amount for each month of service Mr. Jennings completes. The outstanding balance on this loan was $80,000, $86,000 and $104,000 as of September 30, 2005, June 30, 2005 and September 30, 2004, respectively. In the event Mr. Jennings terminates his employment with Delta other than due to a change in control, or Mr. Jennings' employment is terminated for cause or as a result of his disability or death, the loan will become immediately due and payable.

(7) Our current available line of credit with Branch Banking and Trust Company is $40,000,000, of which $15,509,000, $5,959,000 and $14,701,000 were borrowed having a weighted average interest rate of 4.72%, 4.14% and 2.67%, as of September 30, 2005, June 30, 2005 and September 30, 2004, respectively.

Our line of credit agreement and the indentures relating to all of our publicly held debentures contain defined "events of default" which, among other things, can make the obligations immediately due and payable. Of these, we consider the following covenants to be most significant:

- Dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds $25,800,000 (thus no retained earnings were restricted); and

- We may not assume any mortgage indebtedness in excess of $2,000,000 without effectively securing all debentures equally to such additional indebtedness.

Furthermore, a default on the performance on any single obligation incurred in connection with our borrowings simultaneously creates an event of default with the line of credit and all of the debentures. We were not in default on any of our line of credit or debenture agreements during any period presented.

(8) We have entered into individual employment agreements with our five officers. The agreements expire or may be terminated at various times. The agreements provide for continuing monthly payments or lump sum payments and continuation of specified benefits over varying periods in certain cases following defined changes in ownership of the Company. In the event all of these agreements were exercised in the form of lump sum payments, approximately $3.2 million would be paid in addition to continuation of specified benefits for up to five years.

(9) A lawsuit was filed on January 24, 2005 against us by a former employee, alleging that we did not pay appropriate compensation for the employee's work for us over the period from January, 1982 through December, 2002. Although we believe that the complaint has no merit, and we intend to vigorously defend against it, we cannot predict the outcome of this action on our liquidity, financial condition or results of operations.

We are not a party to any other legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

(10) The Kentucky Public Service Commission exercises regulatory authority over our retail natural gas distribution and our transportation services. The Kentucky Public Service Commission regulation of our business includes setting the rates we are permitted to charge our retail customers and our transportation customers.

We monitor our need to file requests with the Kentucky Public Service Commission for a general rate increase for our retail gas and transportation services. Through these general rate cases, we are able to adjust the sales prices of our retail gas we sell to and transport for our customers.

On April 5, 2004, we filed a request for increased base rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual increase in revenues of $4,277,000, an increase of 7.41%.

The test year for the case was the twelve months ended December 31, 2003. The Kentucky Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provide for additional annual revenues of approximately $2,756,000.

(11) Our company has two segments: (i) a regulated natural gas distribution, transmission and storage segment and (ii) a non-regulated segment which participates in related ventures, consisting of natural gas marketing and

production. The regulated segment serves residential, commercial and industrial customers in the single geographic area of central and southeastern Kentucky. Virtually all of the revenue recorded under both segments comes from the sale or transportation of natural gas. Price risk for the regulated business is mitigated through our Gas Cost Recovery Clause, approved quarterly by the Kentucky Public Service Commission. Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict our demand. In addition, we are exposed to price risk resulting from changes in the market price of gas and uncommitted gas volumes of our non-regulated companies. A single customer, Citizens Gas Utility District, provided $3,146,000 and $11,644,000 of non-regulated revenues for the three and twelve months ended September 30, 2005, respectively.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies in Note 1 of the Notes to Consolidated Financial Statements which are included in our Annual Report on Form 10-K for the year ended June 30, 2005. Intersegment revenues and expenses consist of intercompany revenues and expenses from intercompany gas transportation services. Intersegment transportation revenue and expense is recorded at our tariff rates. Operating expenses, taxes and interest are allocated to the non-regulated segment.

Segment information is shown below for the periods:

	Three Months Ended September 30,		Twelve Months Ended September 30,	
($000)	2005	2004	2005	2004
Operating Revenues				
Regulated				
External customers	5,332	4,468	53,073	52,096
Intersegment	732	692	3,399	3,207
Total regulated	6,064	5,160	56,472	55,303
Non-regulated external customers	8,892	5,344	35,521	26,771
Eliminations for intersegment	(732)	(692)	(3,399)	(3,207)
Total operating revenues	14,224	9,812	88,594	78,867
Net Income (Loss)				
Regulated	(913)	(1,313)	3,200	2,052
Non-regulated	339	192	2,345	1,529
Total net income (loss)	(574)	(1,121)	5,545	3,581

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provide our primary source of cash. Cash provided by operating activities consists of net income (loss) adjusted for non-cash items, including depreciation, depletion, amortization, deferred income taxes and changes in working capital.

Our ability to maintain liquidity depends on our short-term line of bank credit, shown as notes payable on the accompanying balance sheet (see Note 6 of the Notes to Consolidated Financial Statements). Notes payable increased to $15,509,000 at September 30, 2005, compared with $5,959,000 at June 30, 2005 and $14,701,000 at September 30, 2004. These increases reflect the seasonal nature of our sales and cash needs and the fact that we generate internally only a portion of the cash necessary for our capital expenditure requirements. We made capital expenditures of $2,143,000 and $6,501,000 during the three and twelve months ended September 30, 2005, respectively. We finance the balance of our capital expenditures on an interim basis through this short-term line of bank credit. We periodically repay our short-term borrowings under our line of credit by using the net proceeds from the sale of long-term debt and equity securities.

Long-term debt decreased to $52,635,000 at September 30, 2005, compared with $52,707,000 and $53,003,000 at June 30, 2005 and September 30, 2004, respectively. These decreases resulted from provisions in the debentures allowing limited redemptions to be made to certain holders or their beneficiaries.

Cash and cash equivalents increased to $172,000 at September 30, 2005, compared with $128,000 at June 30, 2005 and $170,000 at September 30, 2004. These changes in cash and cash equivalents for the three and twelve months ended September 30, 2005 are summarized in the following table:

($000)	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Twelve Months Ended September 30, 2005	Twelve Months Ended September 30, 2004
Provided by (used in) operating activities	(6,538)	(8,001)	8,967	9,381
Used in investing activities	(2,130)	(1,257)	(6,269)	(6,497)
Provided by (used in) financing activities	8,713	9,259	(2,696)	(2,914)
Increase (decrease) in cash and cash equivalents	45	1	2	(30)

For the three months ended September 30, 2005, cash used in operating activities decreased $1,463,000 compared to the three months ended September 30, 2004 due to favorable working capital fluctuations in the timing of gas payables, offset by unfavorable working capital fluctuations in gas in storage, deferred gas costs, gas prepayments and accounts receivable.

For the twelve months ended September 30, 2005, cash provided by operating activities decreased $414,000 compared to the twelve months ended September 30, 2004 due in part to unfavorable working capital fluctuations in deferred gas costs, gas prepayments and accounts receivable, offset by favorable working capital fluctuations in the timing of gas payables, prepayments and increased net income.

Changes in cash used in investing activities resulted primarily from changes in the level of capital expenditures between periods.

For the three months ended September 30, 2005, cash provided by financing activities decreased $546,000 compared to the three months ended September 30, 2004, primarily due to decreased net borrowings on the short-term line of credit between years.

For the twelve months ended September 30, 2005, cash used in financing activities decreased $218,000 primarily due to decreased net borrowings on the short-term line of credit between years.

Cash Requirements

Our capital expenditures result in a continued need for capital. These capital expenditures are being made for system extensions and for the replacement and improvement of existing transmission, distribution, gathering, storage and general facilities. We expect our capital expenditures for fiscal 2006 to be $8.3 million, a $3 million increase from fiscal 2005 capital expenditures. The major reason for this increase is a 13 mile transmission pipeline project, started in 2005 and to be completed in 2006 at an estimated total cost of $4 million, that replaces an existing pipeline facility and also accesses additional gas production areas to enhance our transportation opportunities for the future.

See Notes 8 and 9 of the Notes to Consolidated Financial Statements for other commitments and contingencies.

Sufficiency of Future Cash Flows

To the extent that internally generated cash is not sufficient to satisfy operating and capital expenditure requirements and to pay dividends, we will rely on our short-term line of credit. Our current available line of credit is $40,000,000, of which $15,509,000 was borrowed at September 30, 2005, classified as notes payable in the accompanying balance sheet. The line of credit is with Branch Banking and Trust Company, and extends through October 31, 2007.

We expect that internally generated cash, coupled with short-term borrowings, will be sufficient to satisfy our operating and normal capital expenditure requirements and to pay dividends for the next twelve months and the foreseeable future.

Our ability to sustain acceptable earnings levels, finance capital expenditures and pay dividends is contingent on the adequate and timely adjustment of the regulated sales and transportation prices we charge our customers. The Kentucky Public Service Commission sets these prices, and we continuously monitor our need to file rate requests with the Kentucky Public Service Commission for a general rate increase for our regulated services. On April 5, 2004, Delta filed a request for increased rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual revenue increase of $4,277,000, an increase of 7.41%. The test year for the case was December 31, 2003. The Kentucky Public Service Commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provide for additional annual revenues of approximately $2,756,000.

RESULTS OF OPERATIONS

Gross Margins

Our regulated and non-regulated revenues, other than transportation, have offsetting gas expenses. Thus, gross margins represent operating revenues less purchased gas expense.

Natural gas prices are determined by an unregulated national market. Therefore, the price that we pay for natural gas fluctuates with national supply and demand. See Item 3 for the impact of forward contracts.

The variation amounts and percentages presented in the following tables for regulated and non-regulated gross margins include intersegment transactions. These intersegment revenues and expenses, whose variations are also disclosed in the following tables, are eliminated in the consolidated statements of income.

In the following table we set forth variations in our gross margins for the three and twelve months ended September 30, 2005 compared with the same periods in the preceding year:

$000	2005 compared to 2004 Three Months Ended September 30,	2005 compared to 2004 Twelve Months Ended September 30,
Increase (decrease) in our regulated		
Gross margins		
Gas rates	481	2,868
Gas volumes	(250)	(2,059)
Weather normalization adjustment	-	531
Non-recurring unbilled gross margin	(5)	611
On-system transportation	29	513
Off-system transportation	139	188
Other	15	24
Increase in regulated intersegment elimination	(40)	(192)
	369	2,484
Increase (decrease) in our non-regulated		
Gross margins		
Gas rates	114	1,284
Gas volumes	184	365
Transportation expenses	(40)	(192)
Other	(2)	23
Decrease in non-regulated intersegment elimination	40	192
	296	1,672
Increase in our consolidated gross margins	665	4,156

Percentage increase (decrease) in our regulated volumes		
Gas sales	(13.0)	(11.3)
On-system transportation	0.9	4.7
Off-system transportation	34.7	10.5
Percentage increase (decrease) in our non-regulated gas sales volumes	17.4	6.1

Heating degree days billed were 92% of normal thirty year average temperatures for the twelve months ended September 30, 2005 as compared with 96% of normal temperatures in 2004. A "heating degree day" results from a day during which the average of the high and low temperature is one degree less than 65 degrees Fahrenheit.

The increase in gross margins for the three months ended September 30, 2005 of $665,000 was due primarily to a $595,000 increase in gas rates. Regulated gas rates increased due to the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 10 of the Notes to Consolidated Financial Statements. Non-regulated gas rates increased reflecting increases in the market price of natural gas.

The increase in gross margins for the twelve months ended September 30, 2005 of $4,156,000 was due primarily to a $4,152,000 increase in gas rates. Regulated gas rates increased due to the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 10 of the Notes to Consolidated Financial Statements. Non-regulated gas rates increased reflecting increases in the market price of natural gas. Due to recording unbilled regulated margins on 54,000 Mcf of unbilled regulated volumes as discussed in Note 3 of the Notes to Consolidated Financial Statements, $611,000 of the increase is non-recurring. We began recording these unbilled regulated margins in connection with receiving our rate order approving new base rates effective during October, 2004. In addition, the weather normalization adjustment increased gross margins $531,000 as the result of warmer weather in the 2005 period. Partially offsetting these increases was a 11.3% decrease in regulated gas sales volumes due to 5% warmer weather in the 2005 period, which resulted in a $2,059,000 decrease in gross margins.

Operation and Maintenance

The $1,225,000 increase in operation and maintenance expenses for the twelve months ended September 30, 2005 is primarily due to a $660,000 increase in compensation expense resulting from increasing base salary and bonus amounts and a $306,000 increase in employee medical expenses. To a lesser extent, the company also experienced increases in insurance expense, directors' fees and uncollectible account expense.

Depreciation and Depletion

The decrease in depreciation and depletion expense for the three and twelve months ended September 30, 2005 of $118,000 and $381,000, respectively, resulted from the implementation of decreased regulated depreciation rates effective October 7, 2004 as approved in general rate case No. 2004-00067.

Income Taxes

The decrease in income tax benefit for the three months ended September 30, 2005 of $325,000 is attributable to the decrease in net loss before income tax benefit. The decrease in net loss before income tax benefit is primarily attributable to an additional $903,000 of operating income before income tax benefit for the three months ended September 30, 2005. The increase in income tax expense for the twelve months ended September 30, 2005 of $1,219,000 is attributable to the increase in net income before income tax expense. The increase in net income before income tax expense is primarily attributable to the increase in operating income before income tax expense, which increased 32.3% for the twelve months ended September 30, 2005.

BASIC AND DILUTED EARNINGS PER COMMON SHARE

For the three and twelve months ended September 30, 2005 and 2004, our basic earnings per common share changed as a result of changes in net income and an increase in the number of our common shares outstanding. We increased our number of common shares outstanding as a result of shares issued through our Dividend Reinvestment and Stock Purchase Plan.

We have no potentially dilutive securities. As a result, our basic earnings per common share and our diluted earnings per common share are the same.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We purchase our gas supply through a combination of spot market gas purchases and forward gas purchases. The price of spot market gas is based on the market price at the time of delivery. The price we pay for our natural gas supply acquired under our forward gas purchase contracts, however, is fixed prior to the delivery of the gas. Additionally, we inject some of our gas purchases into gas storage facilities in the non-heating months and withdraw this gas from storage for delivery to customers during the heating season. For our regulated business, we have minimal price risk resulting from these forward gas purchase and storage arrangements because we are permitted to pass these gas costs on to our regulated customers through the gas cost recovery rate mechanism.

Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies.

None of our gas contracts are accounted for using the fair value method of accounting. While some of our gas purchase contracts meet the definition of a derivative, we have designated these contracts as "normal purchases" and "normal sales" under Statement of Financial Accounting Standards No. 133 entitled Accounting for Derivatives Instruments and Hedging Activities.

We are exposed to risk resulting from changes in interest rates on our variable rate notes payable. The interest rate on our current short-term line of credit with Branch Banking and Trust Company is benchmarked to the monthly London Interbank Offered Rate. The balance on our short-term line of credit was $15,509,000, $5,959,000 and $14,701,000 on September 30, 2005, June 30, 2005 and September 30, 2004, respectively. Based on the amount of our outstanding short-term line of credit on September 30, 2005, June 30, 2005 and September 30, 2004, a one percent (one hundred basis point) increase in our average interest rate would result in a decrease in our annual pre-tax net income of $155,000, $60,000 and $147,000, respectively.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures are our controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported, within the time periods specified by the Securities and Exchange Commission's (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we have evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2005, and, based upon this evaluation, our chief executive officer and chief financial officer have concluded that these controls and procedures are effective in providing reasonable assurance that information requiring disclosure is recorded, processed, summarized, and reported within the timeframe specified by the SEC's rules and forms.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we have evaluated any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2005 and found no change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A lawsuit was filed on January 24, 2005 against us by a former employee, alleging that we did not pay appropriate compensation for the employee's work for us over the period from January, 1982 through December, 2002. Although we believe that the complaint has no merit, and we intend to vigorously defend against it, we cannot predict the outcome of this action on our liquidity, financial condition or results of operations.

We are not a party to any other legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS.

(a) Exhibits.

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

DATE: November 8, 2005

/s/Glenn R. Jennings
Glenn R. Jennings
President and Chief Executive Officer
(Duly Authorized Officer)

/s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer
(Principal Financial Officer)

/s/John B. Brown
John B. Brown
Vice President - Controller
(Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Glenn R. Jennings, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2005

By: /s/Glenn R. Jennings

Glenn R. Jennings
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John F. Hall, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2005

By: /s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn R. Jennings, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Delta Natural Gas Company, Inc.

November 8, 2005

/s/Glenn R. Jennings
Glenn R. Jennings
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Delta Natural Gas Company, Inc. on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Hall, Vice President - Finance, Secretary and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Delta Natural Gas Company, Inc.

November 8, 2005

/s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from   to

Commission File No. 0-8788

DELTA NATURAL GAS COMPANY, INC.
(Exact Name of Registrant as Specified in its Charter)

Kentucky (Incorporated in the State of)	61-0458329 (I.R.S. Employer Identification No.)
3617 Lexington Road, Winchester, Kentucky (Address of Principal Executive Offices)	40391 (Zip Code)

859-744-6171
(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

YES____X____. NO_________.

Indicate by check mark whether the registratant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES____X____. NO_________.

Common Shares, Par Value $1.00 Per Share
3,223,994 Shares Outstanding as of March 31, 2005.

DELTA NATURAL GAS COMPANY, INC.

INDEX TO FORM 10-Q

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended March 31,		Nine Months Ended March 31,		Twelve Months Ended March 31,	
	2005	2004	2005	2004	2005	2004
OPERATING REVENUES	$ 33,382,247	$ 35,587,614	$ 68,972,194	$ 62,553,900	$ 85,595,532	$ 77,061,869
OPERATING EXPENSES						
Purchased gas	$ 21,724,341	$ 23,899,055	$ 43,733,861	$ 41,133,843	$ 54,556,315	$ 50,383,581
Operation and maintenance	3,035,971	2,906,667	8,755,184	8,281,776	11,138,747	11,155,584
Depreciation and depletion	1,017,943	1,134,319	3,224,178	3,296,560	4,359,769	4,336,553
Taxes other than income taxes	453,673	427,681	1,252,892	1,180,084	1,663,356	1,569,447
Income tax expense	2,298,400	2,335,600	3,284,800	2,024,800	3,619,600	2,014,200
Total operating expenses	$ 28,530,328	$ 30,703,322	$ 60,250,915	$ 55,917,063	$ 75,337,787	$ 69,459,365
OPERATING INCOME	$ 4,851,919	$ 4,884,292	$ 8,721,279	$ 6,636,837	$ 10,257,745	$ 7,602,504
OTHER INCOME AND DEDUCTIONS, NET	11,411	12,586	59,990	34,442	86,080	50,273
INTEREST CHARGES	1,137,475	1,102,685	3,387,112	3,331,784	4,451,104	4,422,484
NET INCOME	$ 3,725,855	$ 3,794,193	$ 5,394,157	$ 3,339,495	$ 5,892,721	$ 3,230,293
BASIC AND DILUTED EARNINGS PER COMMON SHARE	$ 1.16	$ 1.19	$ 1.68	$ 1.05	$ 1.84	$ 1.05
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING (BASIC AND DILUTED)	3,220,163	3,189,873	3,213,605	3,181,437	3,209,376	3,083,987
DIVIDENDS DECLARED PER COMMON SHARE	$ .295	$ .295	$ .885	$ .885	$ 1.18	$ 1.18

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

ASSETS	March 31, 2005	June 30, 2004	March 31, 2004
GAS UTILITY PLANT, AT COST	$ 173,267,988	$ 170,337,427	$ 169,536,352
Less-Accumulated provisions for depreciation	(57,605,198)	(55,121,511)	(54,564,658)
Net gas plant	$ 115,662,790	$ 115,215,916	$ 114,971,694
CURRENT ASSETS			
Cash and cash equivalents	$ 322,073	$ 168,834	$ 281,252
Accounts receivable, less accumulated provisions for doubtful accounts of $510,000, $300,000 and $430,000	12,981,276	4,771,380	7,568,209
Gas in storage, at average cost	4,079,993	7,749,089	2,727,780
Deferred gas costs	5,075,104	1,523,632	3,349,505
Materials and supplies, at first-in, first-out cost	380,512	352,762	507,054
Prepayments	2,211,193	1,190,818	725,001
Total current assets	$ 25,050,151	$ 15,756,515	$ 15,158,801
OTHER ASSETS			
Cash surrender value of officers' life insurance	$ 376,930	$ 376,930	$ 356,137
Note receivable from officer	92,000	110,000	116,000
Prepaid pension cost	3,310,138	2,694,151	-
Unamortized debt expense and other	4,184,781	4,218,617	4,238,055
Total other assets	$ 7,963,849	$ 7,399,698	$ 4,710,192
Total assets	$ 148,676,790	$ 138,372,129	$ 134,840,687
LIABILITIES AND SHAREHOLDERS' EQUITY			
CAPITALIZATION			
Common shareholders' equity			
Common shares ($1.00 par value)	$ 3,223,994	$ 3,200,715	$ 3,193,877
Premium on common shares	44,818,906	44,236,128	44,079,555
Capital stock expense	(2,597,999)	(2,597,999)	(2,597,999)
Accumulated other comprehensive loss	-	-	(2,050,636)
Retained earnings	6,541,228	3,991,317	4,435,632
Total common shareholders' equity	$ 51,986,129	$ 48,830,161	$ 47,060,429
Long-term debt	52,738,000	53,049,000	53,133,000
Total capitalization	$ 104,724,129	$ 101,879,161	$ 100,193,429
CURRENT LIABILITIES			
Notes payable	$ 7,298,300	$ 4,738,180	$ 6,008,349
Current portion of long-term debt	1,650,000	1,650,000	1,650,000
Accounts payable	7,522,242	6,609,787	3,751,534
Accrued taxes	2,801,095	1,027,937	2,059,418
Customers' deposits	581,262	433,809	543,797
Accrued interest on debt	1,497,939	901,370	1,504,457
Accrued vacation	614,576	624,604	586,052
Other accrued liabilities	406,653	488,031	539,919
Total current liabilities	$ 22,372,067	$ 16,473,718	$ 16,643,526
DEFERRED CREDITS AND OTHER			
Deferred income taxes	$ 19,485,535	$ 17,967,611	$ 15,628,366
Investment tax credits	297,700	326,200	335,800
Regulatory liability	1,464,661	1,431,600	1,229,583
Pension liability	-	-	510,935
Advances for construction and other	332,698	293,839	299,048
Total deferred credits and other	$ 21,580,594	$ 20,019,250	$ 18,003,732
COMMITMENTS AND CONTINGENCIES (NOTES 7 and 8)	$	$	$
Total liabilities and shareholders' equity	$ 148,676,790	$ 138,372,129	$ 134,840,687

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	Nine Months Ended March 31, 2005	Nine Months Ended March 31, 2004	Twelve Months Ended March 31, 2005	Twelve Months Ended March 31, 2004
COMMON SHARES				
Balance, beginning of period	$ 3,200,715	$ 3,166,940	$ 3,193,877	$ 2,558,635
Common stock offering	-	-	-	600,000
Dividend reinvestment and stock purchase plan	18,453	22,291	25,291	29,696
Employee stock purchase plan and other	4,826	4,646	4,826	5,546
Balance, end of period	$ 3,223,994	$ 3,193,877	$ 3,223,994	$ 3,193,877
PREMIUM ON COMMON SHARES				
Balance, beginning of period	$ 44,236,128	$ 43,462,433	$44,079,555	$ 30,916,521
Common stock offering	-	-	-	12,360,000
Dividend reinvestment and stock purchase plan	470,043	513,670	626,616	679,107
Employee stock purchase plan and other	112,735	103,452	112,735	123,927
Balance, end of period	$ 44,818,906	$ 44,079,555	$ 44,818,906	$ 44,079,555
CAPITAL STOCK EXPENSE				
Balance, beginning of period	$ (2,597,999)	$ (2,598,146)	$ (2,597,999)	$ (1,929,205)
Dividend reinvestment and stock purchase plan	-	147	-	(668,794)
Balance, end of period	$ (2,597,999)	$ (2,597,999)	$ (2,597,999)	$ (2,597,999)
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Balance, beginning of period	$ -	$ (2,050,636)	$ (2,050,636)	$ -
Minimum pension liability adjustment, net of tax expense (benefit) of $1,335,800	-	-	2,050,636	(2,050,636)
Balance, end of period	$ -	$ (2,050,636)	$ -	$ (2,050,636)
RETAINED EARNINGS				
Balance, beginning of period	$ 3,991,317	$ 3,912,006	$ 4,435,632	$ 4,953,683
Net income	5,394,157	3,339,495	5,892,721	3,230,293
Cash dividends declared on common shares (See Consolidated Statements of Income for rates)	(2,844,246)	(2,815,869)	(3,787,125)	(3,748,344)
Balance, end of period	$ 6,541,228	$ 4,435,632	$ 6,541,228	$ 4,435,632
COMMON SHAREHOLDERS' EQUITY				
Balance, beginning of period	$ 48,830,161	$ 45,892,597	$ 47,060,429	$ 36,499,634
Comprehensive income				
Net income	5,394,157	3,339,495	5,892,721	3,230,293
Other comprehensive income (loss)	-	-	2,050,636	(2,050,636)
Comprehensive income	$ 5,394,157	$ 3,339,495	$ 7,943,357	$ 1,179,657
Issuance of common stock	606,057	644,206	769,468	13,129,482
Dividends on common stock	(2,844,246)	(2,815,869)	(3,787,125)	(3,748,344)
Balance, end of period	$ 51,986,129	$ 47,060,429	$ 51,986,129	$ 47,060,429

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

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

	Nine Months Ended March 31, 2005	Nine Months Ended March 31, 2004	Twelve Months Ended March 31, 2005	Twelve Months Ended March 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 5,394,157	$ 3,339,495	$ 5,892,721	$ 3,230,293
Adjustments to reconcile net income to net cash from operating activities				
Depreciation, depletion and amortization	3,440,175	3,461,493	4,650,058	4,589,301
Deferred income taxes and investment tax credits	1,470,276	723,510	2,652,446	2,255,993
Other, net	(36,409)	526,520	(36,409)	713,547
Decrease (increase) in assets	(9,912,184)	59,197	(9,984,433)	1,813,045
Increase (decrease) in liabilities	3,401,006	(4,382,213)	4,022,994	(2,203,002)
Net cash provided by operating activities	$ 3,757,021	$ 3,728,002	$ 7,197,377	$ 10,399,177
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditures	$ (3,689,713)	$ (7,432,351)	$ (5,108,850)	$ (9,810,136)
Proceeds from sale of property, plant and equipment	75,000	-	75,000	-
Net cash used in investing activities	$ (3,614,713)	$ (7,432,351)	$ (5,033,850)	$ (9,810,136)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends on common stock	$ (2,844,246)	$ (2,815,869)	$ (3,787,125)	$ (3,748,344)
Issuance of common stock, net	606,057	644,206	769,468	13,129,482
Long-term debt issuance expense	-	-	-	(29,815)
Repayment of long-term debt	(311,000)	(240,000)	(395,000)	(275,000)
Issuance of notes payable	48,186,455	46,722,039	59,270,100	56,316,982
Repayment of notes payable	(45,626,335)	(41,744,789)	(57,980,149)	(67,303,926)
Net cash provided by (used in) financing activities	$ 10,931	$ 2,565,587	$ (2,122,706)	$ (1,910,621)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 153,239	$ (1,138,762)	$ 40,821	$ (1,321,580)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	168,834	1,420,014	281,252	1,602,832
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 322,073	$ 281,252	$ 322,073	$ 281,252
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period for				
Interest	$ 2,613,407	$ 2,552,258	$ 4,221,439	$ 4,130,619
Income taxes (net of refunds)	$ (229,421)	$ 122,583	$ 452,031	$ 198,583

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

DELTA NATURAL GAS COMPANY, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Delta Natural Gas Company, Inc. ("Delta" or "the Company") has three wholly-owned subsidiaries. Delta Resources, Inc. ("Delta Resources") buys gas and resells it to industrial or other large use customers on Delta's system. Delgasco, Inc. buys gas and resells it to Delta Resources and to customers not on Delta's system. Enpro, Inc. owns and operates production properties and undeveloped acreage. All of our subsidiaries are included in the consolidated financial statements. Intercompany balances and transactions have been eliminated.

(2) In our opinion, all adjustments necessary for a fair presentation of the unaudited results of operations for the three, nine and twelve months ended March 31, 2005 and 2004, respectively, are included. All such adjustments are accruals of a normal and recurring nature. The results of operations for the period ended March 31, 2005 are not necessarily indicative of the results of operations to be expected for the full fiscal year. Because of the seasonal nature of our sales, we generate the smallest proportion of cash from operations during warmer months, when sales volumes decrease considerably. Most construction activity and gas storage injections take place during these warmer months. Our fiscal year end is June 30. Twelve month ended financial information is provided for additional information only. The accompanying financial statements are unaudited and should be read in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended June 30, 2004. Certain reclassifications have been made to prior-period amounts to conform to the 2005 presentation.

(3) We bill our customers on a monthly meter reading cycle. At the end of each month, gas service which has been rendered from the latest date of each cycle meter reading to the month-end is unbilled. Prior to November, 2004, we recorded regulated revenue and gas cost on a billed basis for both financial reporting and regulatory purposes. In connection with receiving the rate order discussed in Note 9, we began estimating regulated unbilled revenues and gas costs as of the end of the month and reflecting those amounts in our financial statements. Therefore, at March 31, 2005, we estimated that 399,000 Mcf of the gas consumed by our customers during March was unbilled. Reflecting the sales of these unbilled

volumes in the accompanying financial statements resulted in a non-recurring increase to net income of $1,120,000 for the three, nine and twelve month periods ended March 31, 2005. The non-recurring increase in earnings per share due to the recording of unbilled sales was $.35 for the three, nine and twelve months ended March 31, 2005. We expect that recording unbilled sales will result in a non-recurring increase in our 2005 fiscal year net income in a range of $175,000 to $225,000, a range of $.05 to $.07 per share.

(4) Net pension costs for our trusteed, noncontributory defined benefit pension plan for the periods ended March 31 include the following:

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Service cost	$ 178,700	$ 165,692
Interest cost	153,093	139,296
Expected return on plan assets	(215,765)	(167,706)
Amortization of unrecognized net loss	44,407	65,621
Amortization of prior service cost	(21,545)	(21,545)
Net periodic benefit cost	$ 138,890	$ 181,358

	Nine Months Ended March 31, 2005	Nine Months Ended March 31, 2004
Service cost	$ 536,100	$ 497,077
Interest cost	459,279	417,887
Expected return on plan assets	(647,295)	(503,117)
Amortization of unrecognized net loss	133,221	196,862
Amortization of prior service cost	(64,635)	(64,634)
Net periodic benefit cost	$ 416,670	$ 544,075

	Twelve Months Ended March 31, 2005	Twelve Months Ended March 31, 2004
Service cost	$ 701,792	$ 647,479
Interest cost	598,575	577,050
Expected return on plan assets	(815,001)	(692,301)
Amortization of unrecognized net loss	198,842	194,813
Amortization of prior service cost	(86,180)	(49,166)
Net periodic benefit cost	$ 598,028	$ 677,875

On February 24, 2005, we adopted a nonqualified defined contribution supplemental retirement agreement for Glenn R. Jennings, our President and Chief Executive Officer. We agreed to contribute $60,000 annually into an irrevocable trust until Jennings' retirement. At retirement, the trustee will make annual payments of $100,000 to Jennings until the trust is depleted.

(5) Delta's note receivable from an officer on the accompanying balance sheet relates to a $160,000 loan made to Glenn R. Jennings, our President & Chief Executive Officer. The loan, secured by real estate owned by Jennings, bears interest at 6%, which Jennings pays monthly. Delta forgives $2,000 of the principal amount for each month of service Jennings completes. The outstanding balance on this loan was $92,000, $110,000 and $116,000 as of March 31, 2005, June 30, 2004 and March 31, 2004, respectively. In the event Jennings terminates his employment with Delta other than due to a change in control, or Jennings' employment is terminated for cause or as a result of his disability or death, the loan will become immediately due and payable.

(6) The current available line of credit with Branch Banking and Trust Company is $40,000,000, of which $7,298,000, $4,738,000 and $6,008,000 was borrowed having a weighted average interest rate of 3.72%, 2.13% and 2.10%, as of March 31, 2005, June 30, 2004 and March 31, 2004, respectively.

Our line of credit agreement and the indentures relating to all of our publicly held Debentures contain defined "events of default" which, among other things, can make the obligations immediately due and payable. Of these, we consider the following covenants to be most significant:

- Dividend payments cannot be made unless consolidated shareholders' equity of the Company, less intangible assets, exceeds $25,800,000 (thus no retained earnings were restricted); and

- We may not assume any additional mortgage indebtedness in excess of $2,000,000 without effectively securing all Debentures equally to such additional indebtedness.

Furthermore, a default on the performance on any single obligation incurred in connection with our borrowings simultaneously creates an event of default with the line of credit and all of the Debentures. We were not in default on any of our line of credit or Debenture agreements during any period presented.

(7) Commitments and Contingencies - We have entered into individual employment agreements with our five officers. The agreements expire or may be terminated at various times. The agreements provide for continuing monthly payments or lump sum payments and continuation of specified benefits over varying periods in certain cases following defined changes in ownership of the Company. In the event all of these agreements were exercised in the form of lump sum payments, approximately $2.9 million would be paid in addition to continuation of specified benefits for up to five years.

(8) A lawsuit was filed on January 24, 2005 against us by a former employee, alleging that we did not pay the appropriate compensation for the employee's work for us over the period from January, 1982 through December, 2002. Although we believe that the complaint has no merit, and we intend to vigorously defend against it, we cannot predict the outcome of this action on our liquidity, financial condition or results of operations.

We are not a party to any other legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

(9) The Kentucky Public Service Commission exercises regulatory authority over our retail natural gas distribution and our transportation services. The Kentucky Public Service Commission regulation of our business includes setting the rates we are permitted to charge our retail customers and our transportation customers.

We monitor our need to file requests with the Kentucky Public Service Commission for a general rate increase for our retail gas and transportation services. Through these general rate cases, we are able to adjust the sales prices of our retail gas we sell to and transport for our customers.

On April 5, 2004, we filed a request for increased base rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual revenue increase of approximately $4,277,000, an increase of 7.41%. The test year for the case was the twelve months ended December 31, 2003. The Public Service commission approved new base rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provide for additional annual revenues of approximately $2,756,000.

(10) Our company has two segments: (i) a regulated natural gas distribution and transmission segment, and (ii) a non-regulated segment which participates in related ventures, consisting of natural gas marketing and production. The regulated segment serves residential, commercial and industrial customers in the single geographic area of central and southeastern Kentucky. Virtually all of the revenue recorded under both segments comes from the sale or transportation of natural gas. Price risk for the regulated business is mitigated through our Gas Cost Recovery clause approved quarterly by the Kentucky Public Service Commission. Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict our demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies in Note 1 of the Notes to Consolidated Financial Statements which are included in our Annual Report on Form 10-K for the year ended June 30, 2004. Intersegment revenues and expenses consist of intercompany revenues and expenses from intercompany gas transportation services. Intersegment transportation revenues and expenses are recorded at our tariff rates. Operating expenses, taxes and interest are allocated to the non-regulated segment.

Segment information is shown below for the periods:

($000)	Three Months Ended March 31, 2005	March 31, 2004
Revenues		
Regulated		
External customers	23,384	27,200
Intersegment	994	905
Total regulated	24,378	28,105
Non-regulated external customers	9,998	8,388
Eliminations for intersegment	(994)	(905)
Total operating revenues	33,382	35,588
Net Income		
Regulated	2,997	3,109
Non-regulated	729	685
Total net income	3,726	3,794

($000)	Nine Months Ended March 31, 2005	March 31, 2004
Revenues		
Regulated		
External customers	44,208	42,108
Intersegment	2,594	2,522
Total regulated	46,802	44,630
Non-regulated external customers	24,764	20,446
Eliminations for intersegment	(2,594)	(2,522)
Total operating revenues	68,972	62,554
Net Income		
Regulated	3,549	2,203
Non-regulated	1,845	1,136
Total net income	5,394	3,339

($000)	Twelve Months Ended March 31, 2005	Twelve Months Ended March 31, 2004
Revenues		
Regulated		
External customers	54,187	51,239
Intersegment	3,336	3,213
Total regulated	57,523	54,452
Non-regulated external customers	31,409	25,823
Eliminations for intersegment	(3,336)	(3,213)
Total operating revenues	85,596	77,062
Net Income		
Regulated	3,689	1,970
Non-regulated	2,204	1,260
Total net income	5,893	3,230

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

LIQUIDITY AND CAPITAL RESOURCES

Operating activities provide our primary source of cash. Cash provided by operating activities consists of net income adjusted for non-cash items, including depreciation, depletion, amortization, deferred income taxes and changes in working capital.

Because of the seasonal nature of our sales, we generate the smallest proportion of cash from operations during the warmer months, when sales volumes decrease considerably. Most of our construction activity takes place during these warmer months.

Our ability to maintain liquidity depends on our short-term line of bank credit, shown as notes payable on the accompanying balance sheet (see Note 6 of the Notes to Consolidated Financial Statements). Notes payable increased to $7,298,000 at March 31, 2005, compared with $4,738,000 at June 30, 2004 and $6,008,000 at March 31, 2004. These increases reflect the seasonal nature of our sales and cash needs and the fact that we generate internally only a portion of the cash necessary for our capital expenditure requirements. We made capital expenditures of $1,101,000, $3,690,000 and $5,109,000 during the three, nine and twelve months ended March 31, 2005. We finance the balance of our capital expenditures on an interim basis through this short-term line of bank credit. We periodically repay our short-term borrowings under our line of credit by using the net proceeds from the sale of long-term debt and equity securities.

Long-term debt decreased to $52,738,000 at March 31, 2005, compared with $53,049,000 and $53,133,000 at June 30, 2004 and March 31, 2004, respectively. These decreases resulted from provisions in the Debentures allowing limited redemptions to be made by certain holders and/or their beneficiaries.

Cash and cash equivalents increased to $322,000 at March 31, 2005, compared with $169,000 at June 30, 2004, and $281,000 at March 31, 2004. These changes in cash and cash equivalents for the nine and twelve months ended March 31, 2005 and 2004 are summarized in the following table:

($000)	Nine Months Ended March 31, 2005	Nine Months Ended March 31, 2004	Twelve Months Ended March 31, 2005	Twelve Months Ended March 31, 2004
Provided by operating activities	3,757	3,728	7,197	10,399
Used in investing activities	(3,615)	(7,432)	(5,034)	(9,810)
Provided by (used in) financing activities	11	2,565	(2,122)	(1,911)
Increase (decrease) in cash and cash equivalents	153	(1,139)	41	(1,322)

For the nine months ended March 31, 2005, we had a $153,000 increase in cash and cash equivalents compared to a $1,139,000 decrease in cash and cash equivalents for the nine months ended March 31, 2004. This additional $1,292,000 of cash provided resulted primarily from decreased cash needs of $3,743,000 for capital expenditures allowing an additional $2,418,000 to be used to repay short-term notes payable.

For the twelve months ended March 31, 2005, we had an additional $1,363,000 of cash provided resulting from decreased cash needs of $4,701,000 for capital expenditures. This decrease in cash used was offset by $3,013,000 less cash being provided by operating activities, primarily caused by a $5,675,000 reduction in customer payments on accounts receivable, offset by a $2,662,000 increase in net income.

Cash Requirements

Our capital expenditures impact our continued need for capital. These capital expenditures are being made for system extensions and for the replacement and improvement of existing transmission, distribution, gathering, storage and general facilities. Our capital expenditures for fiscal 2005 are expected to be $6.5 million, and for fiscal 2006 are estimated at $8.3 million. These expenditures include a 13 mile transmission pipeline project, started in 2005 and to be completed in 2006 at an estimated total cost of $4 million, that replaces an existing pipeline facility and also accesses additional gas production areas to enhance our transportation opportunities for the future.

In July, 2002, the U.S. Congress passed the Sarbanes-Oxley Act of 2002. Although the Act did not substantively change our corporate governance and internal control practices, we have formalized many of our governance and internal control related procedures, and are working in order to be in the position to issue the required Statement of Management Responsibility, which must be attested to by our independent registered public accountant in conjunction with the June 30, 2005 Annual Report on Form 10-K. We estimate that we will incur an additional $50,000 of external expenses during fiscal 2005 in complying with the Act by June 30, 2005.

See Notes 7 and 8 of the Notes to Consolidated Financial Statements for other commitments and contingencies.

Sufficiency of Future Cash Flows

To the extent that internally generated cash is not sufficient to satisfy operating and capital expenditure requirements and to pay dividends, we will rely on our short-term line of credit. Our current available line of credit is $40,000,000, of which $7,298,000 was borrowed at March 31, 2005 and classified as notes payable in the accompanying balance sheet. The line of credit is with Branch Banking and Trust Company, and extends through October 31, 2005.

We expect that internally generated cash, coupled with short-term borrowings, will be sufficient to satisfy our operating and normal capital expenditure requirements and to pay dividends for the next twelve months and the foreseeable future. We do not foresee defaulting on any of our line of credit or Debenture agreements.

Our ability to sustain acceptable earnings levels, finance capital expenditures and pay dividends is contingent on the adequate and timely adjustment of the regulated sales and transportation prices we charge our customers. The Kentucky Public Service Commission sets these prices and we continuously monitor our need to file rate requests with the Kentucky Public Service Commission for a general rate increase for our regulated services. On April 5, 2004, we filed a request for increased rates with the Kentucky Public Service Commission. This general rate case (Case No. 2004-00067) requested an annual revenue increase of approximately $4,277,000, an increase of 7.41%. The test year for the case was the twelve months ended December 31, 2003. The Public Service Commission approved new rates effective October 7, 2004. The approved rates were based upon a return on equity of 10.5% and provide for additional annual revenues of approximately $2,756,000.

RESULTS OF OPERATIONS

Gross Margins

Our regulated and non-regulated revenues, other than transportation, have offsetting gas expenses. Thus, gross margins represent operating revenues less purchased gas expense.

Natural gas prices are determined by an unregulated national market. Therefore, the price that we pay for natural gas fluctuates with national supply and demand. See Item 3 for the impact of forward contracts.

The variation amounts and percentages presented in the following tables for regulated and non-regulated gross margins include intersegment transactions. These intersegment revenues and expenses, whose variations are also disclosed in the following tables, are eliminated in the consolidated statements of income.

In the following table we set forth variations in our gross margins for the three, nine and twelve months ended March 31, 2005 compared with the same periods in the preceding year:

($000)	2005 Compared to 2004 Three Months Ended March 31	Nine Months Ended March 31	Twelve Months Ended March 31
Increase (decrease) in regulated gross margins			
Gas rates	1,182	1,906	1,809
Gas volumes	(1,074)	(2,034)	(1,634)
Weather normalization adjustment	567	632	452
Non-recurring unbilled gross margin	(1,043)	1,815	1,815
On-system transportation	262	349	382
Off-system transportation	21	19	131
Other	6	1	3
Intersegment elimination	(89)	(72)	(123)
	(168)	2,616	2,835
Increase (decrease) in our non-regulated gross margins			
Gas rates	(71)	1,127	1,306
Gas volumes	206	51	197
Transportation expenses	(89)	(72)	(123)
Other	2	24	24
Intersegment elimination	89	72	123
	137	1,202	1,527
Increase (decrease) in consolidated gross margins	(31)	3,818	4,362
Percentage increase (decrease) in our regulated volumes			
Gas sales	(12.1)	(13.9)	(9.1)
On-system transportation	10.5	.7	(.3)
Off-system transportation	4.2	1.2	6.0
Percentage increase in our non-regulated gas sales volumes	4.7	1.1	3.5

Heating degree days billed were 101%, 78% and 88% of normal thirty year average temperatures for the three, nine and twelve months ended March 31, 2005, respectively, as compared with 111%, 87% and 94% of normal temperatures in 2004, respectively. A "heating degree day" results from a day during which the average of the high and low temperature is at least one degree less than 65 degrees Fahrenheit.

For the three months ended March 31, 2005, regulated gas rates increased by $1,182,000 due to the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 9 of the Notes to Consolidated Financial Statements. In addition, the weather normalization adjustment increased gross margins $567,000 as a result of the warmer weather in the 2005 period. Offsetting these increases, a 12.1% decrease in regulated gas sales volumes, due to the 10% warmer weather in the 2005 period, caused a $1,074,000 decrease in gross margins. Unbilled volumes, as discussed in Note 3 of the Notes to Consolidated Financial Statements, were 399,000 Mcf at March 31, 2005, compared to 584,000 Mcf at December 31, 2004. This reduction caused a non-recurring decrease in gross margin of $1,043,000 for the three months ended March 31, 2005.

The increase in gross margins for the nine months ended March 31, 2005 of $3,818,000 was due primarily to a $3,033,000 increase in gas rates. Regulated gas rates increased due to the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 9 of the Notes to Consolidated Financial Statements. Non-regulated gas rates increased to reflect increases in the market price of natural gas. Due to recording unbilled regulated margins on 399,000 Mcf of unbilled regulated volumes as discussed in Note 3 of the Notes to Consolidated Financial Statements, $1,815,000 of the increase is non-recurring. In addition, the weather normalization adjustment increased gross margins $632,000 as a result of the warmer weather in the 2005 period. Partially offsetting these increases was a 13.9% decrease in regulated gas sales volumes due to the 9% warmer weather in the 2005 period, which resulted in a $2,034,000 decrease in gross margins.

The increase in gross margins for the twelve months ended March 31, 2005 of $4,362,000 was due primarily to a $3,115,000 increase in gas rates. Regulated gas rates increased due to the implementation of increased regulated base rates effective October 7, 2004 as discussed in Note 9 of the Notes to Consolidated Financial Statements. Non-regulated gas rates increased to reflect increases in the market price of natural gas. Due to recording unbilled regulated margins on 399,000 Mcf of unbilled regulated volumes as discussed in Note 3 of the Notes to Consolidated Financial Statements, $1,815,000 of the increase is non-recurring. In addition, the weather normalization adjustment increased gross margins $452,000 as the result of warmer weather in the 2005 period. Partially offsetting these increases was a 9.1% decrease in regulated gas sales volumes due to the 6% warmer weather in the 2005 period, which resulted in a $1,634,000 decrease in gross margins.

Depreciation and Depletion

The decrease in depreciation and depletion expense for the three months ended March 31, 2005 of $116,000 resulted from the implementation of decreased regulated depreciation rates effective October 7, 2004 as approved in general rate case No. 2004-00067.

Income Taxes

The increases in income taxes for the nine and twelve months ended March 31, 2005 of $1,260,000 and $1,606,000, respectively, are attributable to the increase in net income before income tax. The increase in net income is largely attributable to the increase in operating income, which increased 31.4%, and 34.9%, respectively, for the nine and twelve months ended March 31, 2005.

Basic and Diluted Earnings Per Common Share

For the three, nine and twelve months ended March 31, 2005 and 2004, our basic earnings per common share changed as a result of changes in net income and an increase in the number of our common shares outstanding. There was $.35 of increased basic earnings per share for the three, nine and twelve month periods ended March 31, 2005 resulting from the non-recurring increase due to the recording of unbilled sales as discussed in Note 3 of the Notes to Consolidated Financial Statements. We expect that the recording of unbilled sales will result in non-recurring increase in our 2005 fiscal year basic earnings per share of $.05 to $.07 per share. We increased our number of common shares outstanding as a result of shares issued through our Dividend Reinvestment Plan and Stock Purchase Plan and Employee Stock Purchase Plan, and our May, 2003 Common Stock offering of 600,000 shares.

We have no potentially dilutive securities. As a result, our basic earnings per common share and our diluted earnings per common share are the same.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We purchase our gas supply through a combination of spot market gas purchases and forward gas purchases. The price of spot market gas is based on the market price at the time of delivery. The price we pay for our natural gas supply acquired under our forward gas purchase contracts, however, is fixed prior to the delivery of the gas. Additionally, we inject some of our gas purchases into gas storage facilities in the non-heating months and withdraw this gas from storage for delivery to customers during the heating season. We have minimal price risk resulting from these forward gas purchase and storage arrangements because we are permitted to pass these gas costs on to our regulated customers through the gas cost recovery rate mechanism.

Price risk for the non-regulated business is mitigated by efforts to balance supply and demand. However, there are greater risks in the non-regulated segment because of the practical limitations on the ability to perfectly predict demand. In addition, we are exposed to price risk resulting from changes in the market price of gas on uncommitted gas volumes of our non-regulated companies.

None of our gas contracts are accounted for using the fair value method of accounting. While some of our gas purchase contracts meet the definition of a derivative, we have designated these contracts as "normal purchases" under Statement of Financial Accounting Standards No. 133 entitled Accounting for Derivative Instruments and Hedging Activities.

We are exposed to risk resulting from changes in interest rates on our variable rate notes payable. The interest rate on our current short-term line of credit with Branch Banking and Trust Company is benchmarked to the monthly London Interbank Offered Rate. The balance on our short-term line of credit was $7,298,000, $4,738,000 and $6,008,000 on March 31, 2005, June 30, 2004 and March 31, 2004, respectively. Based on the amount of our outstanding short-term line of credit on March 31, 2005, June 30, 2004 and March 31, 2004, a one percent (one hundred basis points) increase in our average interest rates would result in a decrease in our annual pre-tax net income of $73,000, $47,000 and $60,000 respectively.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures are our controls and other procedures that are designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2005, and based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance that information requiring disclosure is recorded, processed, summarized, and reported within the timeframe specified by the SEC's rules and forms.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended March 31, 2005 and found no change that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

A lawsuit was filed on January 24, 2005 against us by a former employee, alleging that we did not pay the appropriate compensation for the employee's work for us over the period from January, 1982 through December, 2002. Although we believe that the complaint has no merit, and we intend to vigorously defend against it, we cannot predict the outcome of this action on our liquidity, financial condition or results of operations.

We are not a party to any other legal proceedings that are expected to have a materially adverse impact on our liquidity, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not Applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not Applicable.

ITEM 5. OTHER INFORMATION.

Not Applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-4(a) of the Securities Exchange Act, as amended.

31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-4(a) of the Securities Exchange Act, as amended.

32.1 Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).

32.2 Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELTA NATURAL GAS COMPANY, INC.
(Registrant)

DATE: May 10, 2005

/s/Glenn R. Jennings
Glenn R. Jennings
President and Chief Executive Officer
(Duly Authorized Officer)

/s/John F. Hall
John F. Hall
Vice President - Finance, Secretary and Treasurer
(Principal Financial Officer)

/s/John B. Brown
John B. Brown
Controller
(Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATIONS

I, Glenn R. Jennings, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.,

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2005

/s/Glenn R. Jennings
Glenn R. Jennings
President and Chief Executive Officer

CERTIFICATIONS

I, John F. Hall, certify that:

I have reviewed this quarterly report on Form 10-Q of Delta Natural Gas Company, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2005

/s/John F. Hall
John F. Hall
Vice President - Finance,
Secretary and Treasurer

EXHIBIT 32.1

CERTIFICATE PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Delta Natural Gas Company, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glenn R. Jennings, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2005

/s/Glenn R. Jennings
Glenn R. Jennings
President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATE PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Delta Natural Gas Company, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John F. Hall, Vice-President - Finance, Secretary and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 10, 2005

/s/John F. Hall
John F. Hall
Vice-President - Finance,
Secretary and Treasurer

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(t)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

If the utility had any amounts charged or allocated to it by an affiliate or general or home office or paid any monies to an affiliate or general or home office during the test period or during the previous three (3) calendar years, the utility shall file:

1. *A detailed description of the method and amounts allocated or charged to the utility by the affiliate or general or home office for each charge allocation or payment;*
2. *An explanation of how the allocator for the test period was determined; and*
3. *All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during the test period was reasonable;*

Response:

Delta had no amounts charged or allocated to it by an affiliate or general or home office, nor has Delta paid any amounts to an affiliate or general or home office.

Filing Requirement
807 KAR 5:001 Section 10(6)(u)
Sponsoring Witness: W. Steven Seelye

Description of Filing Requirement:

If the utility provides gas, electric or water utility service and has annual gross revenues greater than $5,000,000, a cost of service study based on a methodology generally accepted within the industry and based on current and reliable data from a single time period.

Response:

Please refer to Volume III, the testimony of William Steven Seelye, Seelye Exhibits 5, 6, 7 and 8 for the cost of service study.

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(6)(v)
Sponsoring Witness: Matthew Wesolosky

Description of Filing Requirement:

Local exchange carriers with fewer than 50,000 access lines shall not be required to file cost of service studies, except as specifically directed by the commission. Local exchange carriers with more than 50,000 access lines shall file:

1. *A jurisdictional separations study consistent with Part 36 of the Federal Communications Commission's rules and regulations; and*

2. *Service specific cost studies to support the pricing of all services that generate annual revenue greater than $1,000,000, except local exchange access:*

   a. *Based on current and reliable data from a single time period; and*

   b. *Using generally recognized fully allocated, embedded, or incremental cost principles.*

Response:

These requirements are not applicable to Delta's Application because Delta is not a local exchange carrier.

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(7)(a)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(a) A detailed income statement and balance sheet reflecting the impact of all proposed adjustments;

Response:

See the following schedules attached:

	Schedule
Balance Sheet	1
Income Statement	2

DELTA NATU GAS CO., INC.
Bala. Sheet
As of Test Year December 31, 2006

	Delta Balance Sheet	Adjustments		Adjustments		As Adjusted		Rate Base	Capital
Property, plant & equipment	182,615,712	(424,415)	Eliminate ARO			182,191,297		182,191,297	
Less accum prov for depr	(61,435,867)	160,368	Eliminate ARO	(292,968)	Depr adj	(61,568,467)		(61,568,467)	
Cash	385,644	1,055,624	1/8 working capital			1,441,268		1,441,268	
Receivables	11,182,535					11,182,535	*		
Deferred gas cost	1,117,889					1,117,889	*		
Gas in storage	9,809,341	70,286	13 month average			9,879,627		9,879,627	
Materials and supplies	480,166	(45,287)	13 month average			434,879		434,879	
Prepayments	1,032,803	529,197	13 month average			1,562,000		1,562,000	
Invest in associated companies	1,432,773					1,432,773	*		
Rec from associated companies	6,792,499					6,792,499	*		
CSV life insurance	379,661					379,661	*		
Unamortized debt expense	5,704,177					5,704,177		5,704,177	
Other	5,186,763					5,186,763	*		
Net adjustments	-	(1,345,773)		292,968		(1,052,805)	*		
	164,684,096	-		-		164,684,096			
Common equity	(52,736,947)	621,393	Eliminate subs	1,482,514	Elim unbilled	(50,633,040)			(50,633,040)
Long term debt	(58,670,000)					(58,670,000)			(58,670,000)
Notes payable	(17,146,346)					(17,146,346)			(17,146,346)
Current portion long term debt	(1,200,000)					(1,200,000)			(1,200,000)
Accounts payable	(4,712,880)					(4,712,880)	*		
Accrued taxes	(498,346)					(498,346)	*		
Refunds due customers	(1,439)					(1,439)	*		
Customers' deposits	(596,453)					(596,453)	*		
Accrued interest on debt	(863,201)					(863,201)	*		
Current deferred income taxes	(701,000)	701,000	Elim def tax not related to rate base			-			
Other current & accrued liabilitie	(952,844)					(952,844)	*		
Deferred income taxes	(22,191,088)	974,900	Elim def tax not related to rate base			(21,216,188)		(21,216,188)	
Deferred investment tax credits	(232,100)					(232,100)	*		
Regulatory items	(2,491,478)					(2,491,478)	*		
Asset retirement oblig and other	(1,689,974)	1,638,266	Elim ARO and other			(51,708)		(51,708)	
Net adjustments	-	(3,935,559)		(1,482,514)		(5,418,073)	*	-	
	(164,684,096)	-		-		(164,684,096)		118,376,885	
						* balances excluded from rate base		9,272,501	-
								127,649,386	(127,649,386)

DELTA NATU GAS CO., INC.
Income Statement
Test Year Ended December 31, 2006

	Regulated Income Statement (Unbilled)	Remove Unbilled Impact	Regulated Income Statement (Billed)	Adjustments		As Adjusted	Increase Required	Adjusted for Increase
Operating revenues	63,515,559	3,875,402	67,390,961	(6,420,092)	FR 10(6)(h) Tab 27 Sched 2	60,970,869	5,641,597	66,612,466
Operating expenses								
Purchased gas	38,363,849	3,366,488	41,730,337	(6,522,552)	FR 10(6)(h) Tab 27 Sched 2	35,207,785		35,207,785
O&M expenses	11,502,347		11,502,347	27,796	FR 10(6)(h) Tab 27 Sched 3	11,530,143		11,530,143
Depreciation	4,234,739		4,234,739	292,968	FR 10(6)(h) Tab 27 Sched 4	4,527,707		4,527,707
Other taxes	1,767,481		1,767,481	3,656	FR 10(6)(h) Tab 27 Sched 5	1,771,137		1,771,137
Income taxes	956,300	181,700	1,138,000	(130,776)	FR 10(6)(h) Tab 27 Sched 7	1,007,224	2,072,173	3,079,396
Total operating expenses	56,824,716	3,548,188	60,372,904	(6,328,908)		54,043,996	2,072,173	56,116,168
Operating income	6,690,843	327,214	7,018,057	(91,184)	FR 10(6)(h) Tab 27 Sched 6	6,926,873	3,569,424	10,496,298
Interest expense	4,967,706	-	4,967,706	224,173	FR 10(6)(h) Tab 27 Sched 8	5,191,879	-	5,191,879
Net income	1,723,137	327,214	2,050,351	(315,357)		1,734,994	3,569,424	5,304,419
Pre-tax income	2,679,437	508,914	3,188,351			2,742,218	5,641,597	8,383,815
Effective income tax rate	35.690%	35.703%	35.692%			36.730%	36.730%	36.730%

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(7)(b)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(b) The most recent capital construction budget containing at least the period of time as proposed for any pro forma adjustment for plant additions.

Response:

This requirement is not applicable since no pro forma adjustments for plant additions are proposed by Delta in this proceeding.

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(7)(c)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(c) For each proposed pro forma adjustment reflecting plant additions provide the following information:

1. The starting date of the construction of each major component of plant;

2. The proposed in-service date;

3. The total estimated cost of construction at completion;

4. The amount contained in construction work in progress at the end of the test period;

5. A schedule containing a complete description of actual plant retirements and anticipated plant retirements related to the pro forma plant additions including the actual or anticipated date of retirement;

6. The original cost, cost of removal and salvage for each component of plant to be retired during the period of the proposed pro forma adjustment for plant additions;

7. An explanation of any differences in the amounts contained in the capital construction budget and the amounts of capital construction cost contained in the pro forma adjustment period; and

8. The impact on depreciation expense of all proposed pro forma adjustments for plant additions and retirements;

Response:

These requirements are not applicable since no pro forma adjustments for plant additions are proposed by Delta in this proceeding.

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(7)(d)
Sponsoring Witness: John B. Brown

Description of Filing Requirement:

Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(d) The operating budget for each period encompassing the pro forma adjustments.

Response:

See attached.

Delta Natural Gas Co. Inc. (Regulated Only)

Fiscal 2007 Income Statement Budget Detail Compared with Fiscal 2006 Budget

By Financial Statement Caption

Company	Grouping Level 3 Description (GDSC3)	Grouping Level 4 Description (GDSC4)	Grouping Level 5 Description (GDSC5)	Grouping Level 6 Description (GDSC6)	Gl #/Description (GHCT)	Fiscal 2007 Adopted Budget	Fiscal 2006 Adopted Budget
1	Net Income (Loss) Before Income Taxes	Operating Revenues	Operating revenues	Residential	1.480.010 GS RATE SALES RESIDENTIAL	(34,282,200)	(31,507,800)
				Residential	1.480.011 UNBILLED REVENUE - RESIDENTIAL	0	0
				Residential	1.480.050 UNMETERED GAS LIGHT REVENUE	(13,200)	(14,000)
				Residential		**(34,295,400)**	**(31,521,800)**
				Commercial	1.480.020 GS RATE SALES OTHER COMMERCIAL	(12,676,900)	(11,774,400)
				Commercial	1.480.021 UNBILLED REVENUE - OTHER COMMERCIAL	0	0
				Commercial	1.480.040 GS RATE SALES SMALL COMMERCIAL	(9,116,000)	(8,907,700)
				Commercial	1.480.041 UNBILLED REVENUE - SMALL COMMERCIAL	0	0
				Commercial	1.481.020 INTERRUPTIBLE RATE COMMERCIAL	0	0
				Commercial	1.481.021 UNBILLED REVENUE INTERRUPTIBLE RATE COMMERCIAL	0	0
				Commercial		**(21,792,900)**	**(20,682,100)**
				Industrial	1.480.030 GS RATE SALES INDUSTRIAL	0	0
				Industrial	1.480.031 UNBILLED REVENUE - INDUSTRIAL	0	0
				Industrial	1.481.030 INTERRUPTIBLE RATE INDUSTRIAL	(447,400)	(492,500)
				Industrial	1.481.031 UNBILLED REVENUE INTERRUPTIBLE RATE INDUSTRIAL	0	0
				Industrial		**(447,400)**	**(492,500)**
				Weather Normalization Revenue	1.480.060 WNA RESIDENTIAL	0	0
				Weather Normalization Revenue	1.480.070 WNA SMALL NON-RESIDENTIAL	0	0
				Weather Normalization Revenue		**0**	**0**
				Miscellaneous Operating Revenue	1.488.010 COLLECTION REVENUE	(113,100)	(109,400)
				Miscellaneous Operating Revenue	1.488.020 RECONNECT REVENUE	(103,900)	(80,300)
				Miscellaneous Operating Revenue	1.488.030 METER TEST REVENUE	0	0
				Miscellaneous Operating Revenue	1.488.040 BAD CHECK REVENUE	(9,900)	(9,900)
				Miscellaneous Operating Revenue	1.488.100 OTHER OPERATING REVENUE	0	0
				Miscellaneous Operating Revenue		**(226,900)**	**(199,600)**
				Transported Gas Cost	1.489.010 TRANSPORTED GAS COST		
				Transported Gas Cost			
				Off System Transportation Revenue	1.489.020 OFF SYSTEM TRANSP REVENUE	(1,567,200)	(1,593,800)
				Off System Transportation Revenue	1.489.021 OFF SYSTEM TRANSP REVENUE - DELGASCO	(1,044,800)	(615,000)
				Off System Transportation Revenue		**(2,612,000)**	**(2,208,800)**
				On System Transportation Revenue	1.489.040 ON SYSTEM TRANSP REVENUE	(1,796,300)	(1,454,800)
				On System Transportation Revenue	1.489.041 ON SYSTEM TRANSP DR	(2,634,900)	(2,608,000)
				On System Transportation Revenue		**(4,431,200)**	**(4,062,800)**
			Operating revenues			**(63,805,800)**	**(59,167,600)**
		Operating Revenues				**(63,805,800)**	**(59,167,600)**
		Operating Expenses	Purchased gas	Purchased Gas	1.803.000 PURCHASED GAS - OUTSIDE	35,611,400	31,626,400
				Purchased Gas	1.803.100 PURCHASED GAS - I/C	0	0
				Purchased Gas	1.803.110 UNBILLED PURCHASE GAS	0	0
				Purchased Gas		**35,611,400**	**31,626,400**
				Recovery Of Canada Mountain	1.922.010 EXPENSES TRANSFERRED (CANADA MOUNTAIN)		
				Recovery Of Canada Mountain			
			Purchased gas			**35,611,400**	**31,626,400**
			Operations and maintenance	Labor	1.753.010 WELLS & GATHERING PAYROLL	0	0
				Labor	1.754.010 COMPRESSOR STATION PAYROLL	0	0
				Labor	1.764.010 MNT WELLS & GATHERING PAYROLL	0	0
				Labor	1.765.010 MNT COMPRESSOR STATION PAYROLL	0	0
				Labor	1.816.010 CM WELLS EXPENSES - PAYROLL	0	0
				Labor	1.818.010 CM COMPRESSOR STATION EXPENSES -	0	0

Delta Natural Gas Co. Inc. (Regulated Only)
Fiscal 2007 Income Statement Budget Detail Compared with Fiscal 2006 Budget
By Financial Statement Caption

Company	Grouping Level 3 Description (GDSC3)	Grouping Level 4 Description (GDSC4)	Grouping Level 5 Description (GDSC5)	Grouping Level 6 Description (GDSC6)	Gl #/Description (GHCT)	Fiscal 2007 Adopted Budget	Fiscal 2006 Adopted Budget
					PAYROLL		
1	Net Income (Loss) Before Income Taxes	Operating Expenses	Operations and maintenance	Labor	1.824.010 CM OTHER UNDERGROUND STORAGE EXPENSES - PAYROLL		
				Labor	1.831.010 CM MAINTENANCE STRUCT & IMPROVEMENTS - PAYROLL		
				Labor	1.832.010 CM MAINT OF RESERVOIRS AND WELLS - PAYROLL	0	0
				Labor	1.833.010 CM MAINTENANCE OF LINES - PAYROLL		
				Labor	1.834.010 CM MAINT OF COMPRESSOR STAT EQUIP - PAYROLL	0	0
				Labor	1.835.010 CM MAINT OF MEAS & REG STAT EQUIP - PAYROLL	0	0
				Labor	1.837.010 CM MAINTENANCE OF OTHER EQUIPMENT - PAYROLL		
				Labor	1.887.010 MNT TRANS & DIST MAINS PAYROLL	0	0
				Labor	1.893.010 MNT OF METERS & REG PAYROLL	0	0
				Labor	1.894.010 MNT OF OTHER EQUIPMENT PAYROLL	0	0
				Labor	1.900.010 TRANS & DIST. PAYROLL	3,380,400	3,232,800
				Labor	1.903.010 CASHERING PAYROLL	417,600	404,400
				Labor	1.920.010 ADMINISTRATIVE PAYROLL	2,590,800	2,434,800
				Labor	1.926.010 TIME OFF PAYROLL	536,000	0
				Labor		**6,924,800**	**6,072,000**
				Transportation	1.898.010 MNT - TRANSP EQUIP EXPENSE-PAYROLL	0	0
				Transportation	1.898.020 MNT - POWER OPR EQUIP EXPENSE-PAYROLL	0	0
				Transportation	1.900.020 OPR TRANSPORTATION EXPENSES	588,000	535,200
				Transportation	1.920.020 ADM TRANSPORTATION EXPENSES	94,800	76,800
				Transportation		**682,800**	**612,000**
				General Operations	1.821.020 CM PURIFICATION OF NATURAL GAS - MISC	58,000	0
				General Operations	1.871.000 TELEMETRY COSTS	60,000	50,400
				General Operations	1.880.010 OPERATIONS OFFICE TELEPHONE	112,800	112,800
				General Operations	1.880.020 OPERATIONS OFFICE UTILITIES	60,000	55,200
				General Operations	1.880.030 OPERATIONS OFFICE MISC.	99,600	99,600
				General Operations	1.880.040 FEES TRAINING SCHOOLS	45,600	36,000
				General Operations	1.880.050 UNIFORMS	36,000	36,000
				General Operations	1.880.060 WELDING SUPPLIES	14,400	14,400
				General Operations	1.881.010 RENT OPERATING OFFICES	0	0
				General Operations	1.881.020 RENT LAND & LAND RIGHTS	18,900	18,700
				General Operations		**505,300**	**423,100**
				Customer Billing	1.903.020 CUSTOMER COLLECTIONS & RECORDS	269,700	236,100
				Customer Billing		**269,700**	**236,100**
				Uncollectible Accounts	1.904.000 UNCOLLECTIBLE ACCOUNTS	516,000	510,000
				Uncollectible Accounts		**516,000**	**510,000**
				Administrative	1.921.010 ADM TELEPHONE	150,000	150,000
				Administrative	1.921.030 BOOKS & SUBSCRIPTIONS	27,000	30,000
				Administrative	1.921.040 COMPANY FORMS	30,000	30,000
				Administrative	1.921.050 SMALL SUPPLY ITEMS	61,200	61,200
				Administrative	1.921.060 MISCELLANEOUS OTHER ITEMS	144,000	72,000
				Administrative	1.921.070 EMPLOYEE MEMBERSHIPS	6,000	6,000
				Administrative	1.921.080 SAFETY LITERATURE & EDUCATION	22,800	18,000
				Administrative	1.921.090 ENGR & DRAFTING SUPPLIES	6,000	6,000
				Administrative	1.921.100 ADM UTILITIES	43,200	39,600

Delta Natural Gas Co. Inc. (Regulated Only)
Fiscal 2007 Income Statement Budget Detail Compared with Fiscal 2006 Budget
By Financial Statement Caption

Company	Grouping Level 3 Description (GDSC3)	Grouping Level 4 Description (GDSC4)	Grouping Level 5 Description (GDSC5)	Grouping Level 6 Description (GDSC6)	Gl #/Description (GHCT)	Fiscal 2007 Adopted Budget	Fiscal 2006 Adopted Budget
1	Net Income (Loss) Before Income Taxes	Operating Expenses	Operations and maintenance	Administrative	1.921.110 INVENTORY - DIFFERENCE	0	0
				Administrative	1.921.210 TRAVEL ETC CO BUS PRES & CEO	8,000	10,000
				Administrative	1.921.220 TRAVEL ETC CO BUS OFFICERS	8,000	10,000
				Administrative	1.921.230 TRAVEL ETC CO BUS OPER & CONST	14,400	14,400
				Administrative	1.921.240 TRAVEL ETC CO BUS ADM&CUST SER	7,200	8,400
				Administrative	1.921.250 TRAVEL ETC CO BUS EXTERNAL AFFAIRS		0
				Administrative	1.921.260 TRAVEL ETC CO BUS FINANCE	20,600	10,900
				Administrative	1.921.270 TRAVEL ETC CO BUS TREASURY		
				Administrative	1.921.280 TRAVEL ETC CO-BUS CUST SERVICE		
				Administrative	1.921.290 CO. BUS. MEALS & ENTERTAINMENT	42,000	36,000
				Administrative	1.921.300 COMPUTER EQUIPMENT OPERATIONS	18,000	18,000
				Administrative		**608,400**	**520,500**
				Outside Services	1.923.010 OUTSIDE SERVICES LEGAL	60,000	60,000
				Outside Services	1.923.020 OUTSIDE SERVICES ACCOUNTING	252,000	268,500
				Outside Services	1.923.030 OUTSIDE SERVICES JANITORIAL	61,200	58,800
				Outside Services	1.923.040 OUTSIDE SERVICES OTHER	85,600	85,000
				Outside Services	1.923.050 OUTSIDE SERVICES COMPUTERS	240,600	211,900
				Outside Services		**699,400**	**684,200**
				Insurance	1.924.000 INSURANCE	804,000	782,000
				Insurance		**804,000**	**782,000**
				Employee Benefits	1.926.020 PENSION	650,000	576,000
				Employee Benefits	1.926.030 EMPLOYEE 401K PLAN	288,000	270,000
				Employee Benefits	1.926.040 MEDICAL COVERAGE	1,100,000	1,100,000
				Employee Benefits	1.926.050 SALARY CONTINUATION COVERAGE	150,000	134,400
				Employee Benefits	1.926.060 EMPLOYEE STOCK PLAN		
				Employee Benefits	1.926.070 EMPLOYEE EDUCATION	4,800	4,800
				Employee Benefits	1.926.080 EMPLOYEE RECREATION & SOCIAL	12,000	12,000
				Employee Benefits	1.926.090 HOUSE TRAILERS		
				Employee Benefits	1.926.100 SUPPLEMENTAL RETIREMENT PLAN	60,000	66,000
				Employee Benefits		**2,264,800**	**2,163,200**
				General Administration	1.913.000 ADVERTISING	6,000	6,000
				General Administration	1.928.000 REGULATORY COMMISSION EXPENSE	172,000	171,300
				General Administration	1.930.010 DIRECTOR FEES & EXPENSES	160,800	220,800
				General Administration	1.930.020 COMPANY MEMBERSHIPS	54,000	54,000
				General Administration	1.930.030 FEES CONVENTIONS & MEETINGS	12,000	12,000
				General Administration	1.930.040 MARKETING	13,200	13,200
				General Administration	1.930.050 COMPANY RELATIONS	30,000	30,000
				General Administration	1.930.060 TRUSTEE, REGISTRAR, AGENT FEES	68,200	69,000
				General Administration	1.930.070 STOCKHOLDERS MEETINGS		
				General Administration	1.930.080 STOCKHOLDER REPORTS	72,700	67,400
				General Administration	1.930.090 CUSTOMER & PUBLIC INFORMATION	42,200	40,500
				General Administration	1.930.100 PUBLIC & COMMUNITY RELATIONS	50,000	25,000
				General Administration	1.930.110 CONSERVATION PROGRAM	48,000	48,000
				General Administration	1.930.120 LOBBYING EXPENDITURES	20,000	21,200
				General Administration	1.930.130 MISC NON TAX DEDUCTIBLE	0	0
				General Administration		**749,100**	**778,400**
				Expenses Transferred	1.922.000 EXP. TRANSFERRED - CAPITAL	(2,363,800)	(2,380,200)
				Expenses Transferred	1.922.100 EXP. TRANSFERRED I/C	(84,500)	(72,700)
				Expenses Transferred		**(2,448,300)**	**(2,452,900)**

Delta Natural Gas Co. Inc. (Regulated Only)
Fiscal 2007 Income Statement Budget Detail Compared with Fiscal 2006 Budget
By Financial Statement Caption

Company	Grouping Level 3 Description (GDSC3)	Grouping Level 4 Description (GDSC4)	Grouping Level 5 Description (GDSC5)	Grouping Level 6 Description (GDSC6)	Gl #/Description (GHCT)	Fiscal 2007 Adopted Budget	Fiscal 2006 Adopted Budget
1	Net Income (Loss) Before Income Taxes	Operating Expenses	Operations and maintenance	Other	1.753.020 WELLS & GATHERING MISC	1,200	1,200
				Other	1.754.020 COMPRESSOR STATION MISC.	72,000	48,000
				Other	1.764.020 MNT WELLS & GATHERING OTHER		
				Other	1.765.020 MNT COMPRESSOR STATION OTHER	27,000	24,000
				Other	1.816.020 CM WELLS EXPENSES - MISC	2,400	1,200
				Other	1.818.020 CM COMPRESSOR STATION EXPENSES - MISC	18,000	12,000
				Other	1.821.000 CM PURIFICATION OF NATURAL GAS		56,000
				Other	1.824.020 CM OTHER UNDERGROUND STORAGE EXPENSES - MISC	2,000	5,000
				Other	1.825.000 CM STORAGE WELL ROYALTIES/RENTS	56,900	56,700
				Other	1.831.020 CM MAINTENANCE STRUCTURES & IMPROVEMENTS - MISC	6,000	6,000
				Other	1.832.020 CM MAINTENANCE OF RESERVOIRS AND WELLS - MISC	39,000	35,000
				Other	1.833.020 CM MAINTENANCE OF LINES - MISC	1,000	3,000
				Other	1.834.020 CM MAINTENANCE OF COMPRESSOR STAT EQUIP - MISC	9,000	10,000
				Other	1.835.020 CM MAINTENANCE OF MEAS & REG STAT EQUIP - MISC	1,000	2,000
				Other	1.837.020 CM MAINTENANCE OF OTHER EQUIPMENT - MISC	2,400	1,200
				Other	1.856.000 RIGHT OF WAY CLEARING	107,000	92,500
				Other	1.886.000 MNT STRUCTURES TRANS & DIST.	500	500
				Other	1.889.000 MNT REG STATION TRANS & DIST.	5,000	8,000
				Other	1.894.020 MNT OF OTHER EQUIPMENT OTHER	90,000	96,000
				Other	1.900.030 SMALL TOOLS & WORK EQUIPMENT	109,800	110,200
				Other	1.932.010 MNT COMMUNICATION EQUIPMENT	42,000	48,000
				Other	1.932.020 MNT OFFICE EQUIPMENT	28,800	28,800
				Other	1.932.030 MNT GENERAL STRUCTURES	40,000	40,000
				Other	1.932.050 MAINTENANCE COMPUTER EQUIPMENT	100,100	97,300
				Other		**761,100**	**782,600**
				Mains	1.887.020 MNT TRANS & DIST MAINS OTHER	78,000	78,000
				Mains		**78,000**	**78,000**
				Meter & Regulators	1.893.020 MNT OF METERS & REG OTHER	34,800	35,100
				Meter & Regulators		**34,800**	**35,100**
			Operations and maintenance			**12,449,900**	**11,224,300**
			Depreciation and depletion	Depreciation Expense	1.403.000 DEPRECIATION EXPENSE	4,290,000	4,095,000
				Depreciation Expense	1.403.100 DEPRECIATION EXPENSE FOR ASSET RETIREMENT COST	600	600
				Depreciation Expense	1.406.000 AMORT OF GAS PLANT ACQ ADJ-TRANEX	(58,800)	(58,800)
				Depreciation Expense	1.406.010 AMORT OF GAS PLANT ACQ ADJ-MT OLIVET	46,800	46,800
				Depreciation Expense	1.411.000 INVESTMENT TAX CREDIT	0	0
				Depreciation Expense	1.411.100 ACCRETION EXPENSE	3,600	3,600
				Depreciation Expense		**4,282,200**	**4,087,200**
			Depreciation and depletion			**4,282,200**	**4,087,200**
			Taxes other than income taxes	Property Taxes	1.408.010 LICENSE & PRIVILEGE FEES	6,000	5,000
				Property Taxes	1.408.020 PROPERTY TAXES	1,245,000	1,140,000
				Property Taxes		**1,251,000**	**1,145,000**
				Payroll Taxes	1.408.030 PAYROLL TAXES	552,300	534,700
				Payroll Taxes		**552,300**	**534,700**
			Taxes other than income taxes			**1,803,300**	**1,679,700**

Delta Natural Gas Co. Inc. (Regulated Only)
Fiscal 2007 Income Statement Budget Detail Compared with Fiscal 2006 Budget
By Financial Statement Caption

Company	Grouping Level 3 Description (GDSC3)	Grouping Level 4 Description (GDSC4)	Grouping Level 5 Description (GDSC5)	Grouping Level 6 Description (GDSC6)	Gl #/Description (GHCT)	Fiscal 2007 Adopted Budget	Fiscal 2006 Adopted Budget
1	Net Income (Loss) Before Income Taxes	Operating Expenses				54,146,800	48,617,600
		Interest Charges	Interest charges	Interest On Long Term Debt	1.427.000 INTEREST ON LONG TERM DEBT	3,699,300	3,804,000
				Interest On Long Term Debt		3,699,300	3,804,000
				Interest On Short Term Debt	1.431.020 INTEREST ON SHORT-TERM DEBT	656,000	703,000
				Interest On Short Term Debt	1.431.021 SUBSIDIARY INTEREST	(11,600)	2,300
				Interest On Short Term Debt		644,400	705,300
				Other Interest	1.431.010 INTEREST ON CUSTOMER DEPOSITS	36,000	36,000
				Other Interest		36,000	36,000
				Amortization Of Debt Expense	1.428.000 AMORT OF DEBT EXPENSES	386,700	236,200
				Amortization Of Debt Expense		386,700	236,200
			Interest charges			4,766,400	4,781,500
		Interest Charges				4,766,400	4,781,500
	Net Income (Loss) Before Income Taxes					(4,892,600)	-5,768,500
	Income Taxes	Income Taxes	Income taxes	Current Federal	1.409.010 CURRENT FED INC TAX	0	0
				Current Federal	1.409.070 ESTIMATED INTERIM INCOME TAXES	1,883,700	2,209,300
				Current Federal		1,883,700	2,209,300
				Current State	1.409.020 CURRENT STATE INC TAX	0	0
				Current State		0	0
				Deferred Federal & State	1.410.000 DEFERRED INCOME TAXES	0	0
				Deferred Federal & State	1.410.010 AMORT OF REGULATORY LIABILITY	0	0
				Deferred Federal & State		0	0
				Investment Tax Credit-Net	1.420.000 INVESTMENT TAX CREDIT NET	0	0
				Investment Tax Credit-Net		0	0
			Income taxes			1,883,700	2,209,300
		Income Taxes				1,883,700	2,209,300
	Income Taxes					1,883,700	2,209,300
1						(3,008,900)	(3,559,200)
Summary						(3,008,900)	(3,559,200)

Delta Natural Gas Company, Inc.
Case No. 2007-00089
Historical Test Period Filing Requirements

Filing Requirement
807 KAR 5:001 Section 10(7)(e)
Sponsoring Witness: W. Steven Seelye

Description of Filing Requirement:

Upon good cause shown, a utility may request pro forma adjustments for known and measurable changes to ensure fair, just and reasonable rates based on the historical test period. The following information shall be filed with applications requesting pro forma adjustments or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(e) The number of customers to be added to the test period-end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers.

Response:

Please refer to Volume III, the testimony of William Steven Seelye, Seelye Exhibit 10. No changes are proposed by Delta to the test period-end level of customers and thus there is no related revenue requirement impact.