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PLLC

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Lexington, KY 40507-1801
(859) 231-3000
Fax: (859) 246-3643
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ROBERT M. WATT, III
859-231-3043
robert.watt@skofirm.com

July 5, 2007

RECEIVED

JUL 05 2007

**PUBLIC SERVICE
COMMISSION**

Hon. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Delta Natural Gas Company, Inc.

Dear Ms. O'Donnell:

We deliver herewith for filing an original and ten (10) copies of the Application of Delta Natural Gas Company, Inc. for an Order Authorizing the Extension of the Line of Credit. Best regards.

Sincerely,

Robert M. Watt, III

Rmw
Encl.

Cc: Mr. Glenn R. Jennings (w/ encl.)
Dennis Howard, II, Esq. (w/encl.)

RECEIVED

JUL 05 2007

**PUBLIC SERVICE
COMMISSION**

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**APPLICATION OF DELTA NATURAL)
GAS COMPANY, INC. FOR AN ORDER)
AUTHORIZING THE EXTENSION OF THE)
LINE OF CREDIT)**

CASE NO. 2007-00272

* * * * *

APPLICATION

Delta Natural Gas Company, Inc. ("Delta"), pursuant to KRS 278.300 and 807 KAR 5:001, Section 11, respectfully submits its application herein as follows, to-wit:

(1) Delta is a Kentucky corporation with its post office address, principal office and place of business located at 3617 Lexington Road, Winchester, Kentucky 40391. Delta's full name is Delta Natural Gas Company, Inc.

(2) A certified copy of Delta's most recent Amended and Restated Articles of Incorporation has heretofore been filed with this Commission in connection with a prior proceeding of Delta, same being Case No. 2007-00089, *In the Matter of: Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates*, filed on April 20, 2007.

(3) Delta is a utility engaged in the natural gas business. Delta purchases, sells, stores and transports natural gas in Bath, Estill, Montgomery, Menifee, Madison, Powell, Garrard, Jackson, Lee, Bourbon, Jessamine, Rowan, Bell, Knox, Whitley, Laurel, Clay, Leslie, Fayette, Fleming, Clark, Robertson and Mason Counties, Kentucky.

(4) As of December 31, 2006 in order to serve its customers, Delta owned approximately 2,500 miles of gas gathering, transmission, distribution and service lines ranging in size from one (1) inch to twelve (12) inches, compressor stations, storage wells, gas mixing equipment, regulating equipment, metering equipment, transportation equipment, maintenance equipment, communications equipment, computer systems, land and land rights. As of April 30, 2007 the original cost to Delta of its property was \$184,709,932 as shown on Exhibit A attached hereto.

(5) Delta desires to renew the existing line of credit in accordance with the proposal in Exhibit B. The original loan, attached as Exhibit C, agreement was dated October 31, 2002 and matured on October 31, 2003. The loan agreement has been modified since then to renew it in one or two year increments at a time and the current modification, attached as Exhibit D, matures on October 31, 2007. The proposed extension would mature October 31, 2009. Since this renewal has a maturity date which exceeds "in the aggregate six (6) years from the date of the issue of the original note" as set forth in KRS 278.300(8), Delta is seeking this authorization by order of the Commission. Delta requests that the authorization permit it to enter into this modification agreement with an effective date of October 31, 2007 and a maturity date of October 31, 2009 and also grant Delta the authority to continue to renew the short term indebtedness in increments not to exceed two years each through October 31, 2013 (six additional years) without further Commission orders in accordance with KRS 278.300(8).

(6) The line of credit will continue to be used to finance capital expenditures and for general corporate working capital.

(7) There is attached hereto as Exhibit E the financial exhibit of Delta as of April 30, 2007, required by 807 KAR 5:001, Sections 6 and 11, showing (1) the amounts and kinds of stock authorized; (2) the amounts and kinds of stock issued and outstanding; (3) terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise; (4) brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions; (5) amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year; (6) each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year; (7) other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year; (8) rate and amount of dividends paid during the five previous fiscal years, and the amount of capital stock on which dividends were paid each year; and (9) detailed income statement and balance sheet.

(8) The extension of the line of credit described herein is for lawful objects within the corporate purposes of Delta and is necessary, appropriate for and consistent with the proper performance by Delta of its service to the public and will not impair its ability to perform that service and is reasonably necessary and appropriate for such purpose.

(9) Communications related to this proceeding should be directed to:

John B. Brown
Chief Financial Officer,
Treasurer and Secretary
Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391

Robert M. Watt III
Stoll Keenon Ogden PLLC
300 West Vine Street – Suite 2100
Lexington, KY 40507

J. Gregory Cornett
Stoll Keenon Ogden PLLC
2000 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202

WHEREFORE, Delta Natural Gas Company, Inc. respectfully prays that the Public Service Commission enter its Order authorizing Delta to extend the \$40,000,000 line of credit through October 31, 2009 and authorizing Delta to renew the short-term indebtedness in increments of no more than two years each for six years or until 2013.

Respectfully submitted,

DELTA NATURAL GAS COMPANY, INC.

BY: 

John B. Brown
Chief Financial Officer, Treasurer and Secretary

CERTIFICATE OF SERVICE

This is to certify that the foregoing pleading has been served by mailing a copy of same, postage prepaid, to the following person on this _____ day of _____ 2007:

Dennis Howard, II, Esq.
Lawrence W. Cook, Esq.
Assistant Attorneys General
Office of Rate Intervention
1024 Capital Center Drive
Frankfort, KY 40601

Counsel for Applicant

DELTA NATURAL GAS COMPANY, INC.

DESCRIPTION OF PROPERTY AND ORIGINAL COST

April 30, 2007

INTANGIBLE PLANT

Organization	\$	53,151
Franchise	\$	-

PRODUCTION PLANT

Gas Land & Land Rights	\$	-
Gas Structures & Improvements	\$	-
Gathering Land & Rights	\$	75,987
Gathering Compressor Station Structures	\$	42,950
Gas Well Equipment	\$	7,795
Gathering Lines	\$	1,914,741
Gathering Compressor Station Equipment	\$	814,724
Gathering Measuring & Regulating Equipment	\$	136,937

STORAGE & PROCESSING PLANT

Storage Land	\$	14,142
Storage Right-Of-Ways	\$	177,425
Gas Rights Wells	\$	1,495
Gas Rights Storage	\$	-
Storage Structures & Improvements	\$	294,116
Storage Wells	\$	360,583
Storage Rights	\$	860,396
Storage Reservoirs	\$	1,881,731
Nonrecoverable Natural Gas	\$	294,307
Storage Lines	\$	5,091,297
Storage Compressor Station Equipment	\$	2,419,643
Storage Measuring & Regulating Equipment	\$	363,662
Purification Equipment	\$	319,752
Storage Other Equipment	\$	47,209

TRANSMISSION PLANT

Land & Land Rights	\$	220,625
Right-Of-Ways	\$	1,214,357
Structures & Improvements	\$	182,239
Mains	\$	41,446,901
Compressor Station Equipment	\$	2,459,817
Measuring & Regulating Equipment	\$	2,838,151
Other Equipment	\$	579,896

DELTA NATURAL GAS COMPANY, INC.

DESCRIPTION OF PROPERTY AND ORIGINAL COST
April 30, 2007

DISTRIBUTION PLANT

Right-of-Ways	\$	259,182
Land	\$	63,206
Structure & Improvements	\$	113,715
Mains	\$	61,607,279
Regulator Stations - General	\$	1,356,370
Regulator Stations - City Gate	\$	480,352
Services	\$	12,705,190
Meters	\$	9,026,806
Meter & Regulator Installation	\$	3,157,384
Regulators	\$	3,172,248
Industrial Meter Sets	\$	1,530,217

GENERAL PLANT

Land & Land Rights	\$	1,038,741
Structure & Improvements	\$	5,452,189
Office Furniture & Equipment	\$	135,672
Transportation Equipment	\$	3,993,362
Stores Equipment	\$	36,011
Tools, Shop & Garage Equipment	\$	644,266
Compressed Natural Gas Station & Equipment	\$	283,352
Laboratory Equipment	\$	215,820
Power Operated Equipment	\$	2,776,999
Communications Equipment	\$	443,788
Miscellaneous Equipment	\$	48,539
Mapping Costs	\$	638,509
Computer Software	\$	2,672,785
Computer Hardware	\$	960,042
Computerized Office Equipment	\$	269,360

PLANT ACQUISITION ADJUSTMENT \$ (580,759)

COMPLETED CONSTRUCTION NOT CLASSIFIED \$ 2,337,100

CONSTRUCTION WORK IN PROGRESS \$ 1,550,109

GAS STORED UNDERGROUND \$ 4,208,069

\$ 184,709,932

June 14, 2007

Mr. Glenn R. Jennings
President & CEO
Delta Natural Gas Co.
3617 Lexington Rd.
Winchester, KY 40391

Dear Glenn:

Branch Banking & Trust Company ("Bank") is pleased to offer its commitment for the extension of the existing line of credit ("Line") to Delta Natural Gas Company ("Borrower"). The terms and conditions of this extension are as follows:

Amount: \$40,000,000

Purpose: General corporate working capital.

Interest Rate: The One Month LIBOR Rate plus three fourths percent (.75%) per annum, adjusted monthly on the first day of each month.

Prepayment Fee: None. Borrowings under the commitment may be repaid in whole or in part at any time without penalty.

Non-Usage Fee: Payment quarterly of a fee based on the unused amount of the Line of one-eighth percent (1/8%).

Repayment Terms: The Line shall mature October 31, 2009, when the entire unpaid principal balance then outstanding plus accrued interest thereon shall be paid in full. Prior to maturity or the occurrence of any Event of Default the Borrower may borrow, repay, and reborrow under the Line through maturity.

Collateral: Unsecured.

Loan Agreement: Renewal of the Line shall be subject to the terms and conditions of the Loan Agreement dated October 31, 2002, as amended.

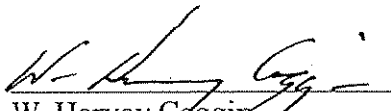
Opinion of Counsel: An opinion of counsel for the Borrower satisfactory to the Bank.

We value very highly our relationship with your fine company and look forward to continuing to work with you in this regard.

Sincerely,

Branch Banking & Trust Company

By:


W. Harvey Coggin
Senior Vice President

BB&T
LOAN AGREEMENT

EXHIBIT C
PAGE 1 of 4

Delta Natural Gas Company, Inc.

Account Number 9580219605

This Loan Agreement (the "Agreement") is made this 31st day of October, 2002 by and between BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation ("Bank"), and:

Delta Natural Gas Company, Inc., a Kentucky corporation ("Borrower"), having its chief executive office at Winchester, Kentucky.

The Borrower has applied to Bank for and the Bank has agreed to make, subject to the terms of this Agreement, the following loan(s) (hereinafter referred to, singularly or collectively, if more than one, as "Loan"):

Line of Credit ("Line of Credit" or "Line") in the maximum principal amount not to exceed \$40,000,000 at any one time outstanding for the purpose of Working Capital which shall be evidenced by the Borrower's Promissory Note dated on or after the date hereof which shall mature October 31, 2003, when the entire unpaid principal balance then outstanding plus accrued interest thereon shall be paid in full. Prior to maturity or the occurrence of any Event of Default hereunder and subject to any Borrowing Base limitations, as applicable, the Borrower may borrow, repay, and reborrow under the Line of Credit through maturity. The Line of Credit shall bear interest at the rate set forth in any such Note evidencing all or any portion of the Line of Credit, the terms of which are incorporated herein by reference.

Section 1 Conditions Precedent

The Bank shall not be obligated to make any disbursement of Loan proceeds until all of the following conditions have been satisfied by proper evidence, execution, and/or delivery to the Bank of the following items in addition to this Agreement, all in form and substance satisfactory to the Bank and the Bank's counsel in their sole discretion:

Note(s): The Note(s) evidencing the Loans(s) duly executed by the Borrower.

Corporate Resolution: A Corporate Resolution duly adopted by the Board of Directors of the Borrower authorizing the execution, delivery, and performance of the Loan Documents on or in a form provided by or acceptable to Bank.

Articles of Incorporation: A copy of the Articles of Incorporation and all other charter documents of the Borrower, all filed with and certified by the Secretary of State of the State of the Borrower's incorporation.

By-Laws: A copy of the By-Laws of the Borrower, certified by the Secretary of the Borrower as to their completeness and accuracy.

Certificate of Incumbency: A certificate of the Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign the Loan Documents.

Certificate of Existence: A certification of the Secretary of State (or other government authority) of the State of the Borrower's Incorporation or Organization as to the existence or good standing of the Borrower and its charter documents on file.

Opinion of Counsel: An opinion of counsel for the Borrower satisfactory to the Bank and the Bank's counsel.

Additional Documents: Receipt by the Bank of other approvals, opinions, or documents as the Bank may reasonably request.

Section 2 Representations and Warranties

The Borrower represents and warrants to Bank that:

2.01. **Financial Statements.** The balance sheet of the Borrower and its subsidiaries, if any, and the related Statements of Income and Retained Earnings of the Borrower and its subsidiaries, the accompanying footnotes together with the accountant's opinion thereon, and all other financial information previously furnished to the Bank, are in all material respects true and correct and fairly reflect the financial condition of the Borrower and its subsidiaries as of the dates thereof, including all contingent liabilities of every type required under Generally Accepted Accounting Principles (GAAP) to be included thereunder, and the financial condition of the Borrower and its subsidiaries as stated therein has not changed materially and adversely since the date thereof.

2.02. **Name, Capacity and Standing.** The Borrower's exact legal name is correctly stated in the initial paragraph of the Agreement. The Borrower warrants and represents that it is duly organized and validly existing under the laws of its respective state of incorporation or organization; that it and/or its subsidiaries, if any, are duly qualified and in good standing in every other state in which the nature of their business shall require such qualification, and are each duly authorized by their board of directors to enter into the Agreement.

2.03. **No Violation of Other Agreements.** The execution of the Loan Documents, and the performance by the Borrower thereunder will not violate any material provision, as applicable, of its articles of incorporation, by-laws, articles of organization, operating agreement, agreement of partnership, limited partnership or limited liability partnership, or, of any law, other agreement, indenture, note, or other instrument binding upon the Borrower, or give cause for the acceleration of any of the respective obligations of the Borrower.

2.04. **Authority.** All authority from and approval by any federal, state, or local governmental body, commission or agency necessary to the making, validity, or enforceability of this Agreement and the other Loan Documents has been obtained.

2.05. **Asset Ownership.** The Borrower has good and marketable title to all of the properties and assets reflected on the balance sheets and financial statements furnished to the Bank, and all such properties and assets are free and clear of mortgages, deeds of trust, pledges, liens, and all other encumbrances except as otherwise disclosed by such financial statements.

2.06. **Discharge of Liens and Taxes.** The Borrower and its subsidiaries, if any, have filed, paid, and/or discharged all taxes or other claims which may become a lien on any of their respective properties or assets, excepting to the extent that such items are being appropriately contested in good faith and for which an adequate reserve (in an amount acceptable to Bank) for the payment thereof is being maintained.

2.07. **Regulation U.** None of the Loan proceeds shall be used directly or indirectly for the purpose of purchasing or carrying any margin stock in violation of the provisions of Regulation U of the Board of Governors of the Federal Reserve System.

2.08. **ERISA.** Each employee benefit plan, as defined by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), maintained by the Borrower or by any subsidiary of the Borrower meets in all material respects, as of the date hereof, the minimum funding standards of Section 302 of ERISA, all applicable requirements of ERISA and of the Internal Revenue Code of 1986, as amended, and no "Reportable Event" nor "Prohibited Transaction" (as defined by ERISA) has occurred with respect to any such plan.

2.09. **Litigation.** There is no claim, action, suit or proceeding pending, (to the knowledge of Borrower) threatened or reasonably anticipated before any court, commission, administrative agency, whether State or Federal, or arbitration which will materially adversely affect the financial condition, operations, properties, or business of the Borrower or its subsidiaries, if any, or the ability of the Borrower to perform its obligations under the Loan Documents.

2.10. **Other Agreements.** The representations and warranties made by Borrower to Bank in the other Loan Documents are true and correct in all material respects on the date hereof.

2.11. **Binding and Enforceable.** The Loan Documents, when executed, shall constitute valid and binding obligations of the Borrower, the execution of such Loan Documents has been duly authorized by the parties thereto, and are enforceable in accordance with their terms, except as may be limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditors' rights generally and by general equitable principles.

2.12. **Commercial Purpose.** The Loan(s) are not "consumer transactions", as defined in the Kentucky Uniform Commercial Code.

BB&T

LOAN AGREEMENT

Section 3 Affirmative Covenants

The Borrower covenants and agrees that from the date hereof and until payment in full of all indebtedness and performance of all obligations owed under the Loan Documents, Borrower shall:

- 3.01. **Maintain Existence and Current Legal Form of Business.** (a) Maintain its existence and good standing in the state of its incorporation or organization, (b) maintain its current legal form of business indicated above, and, (c), as applicable, qualify and remain qualified as a foreign corporation, general partnership, limited partnership, limited liability partnership or limited liability company in each jurisdiction in which such qualification is required.
- 3.02. **Maintain Records.** Keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of the Borrower.
- 3.03. **Maintain Properties.** Maintain, keep, and preserve all of its properties (tangible and intangible) including the collateral necessary or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.
- 3.04. **Conduct of Business.** Continue to engage in a business of the same general type as now conducted.
- 3.05. **Maintain Insurance.** Maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business, and business interruption insurance if required by Bank, which insurance may provide for reasonable deductible(s).
- 3.06. **Comply With Laws.** Comply in all material respects with all applicable laws, rules, regulations, and orders including, without limitation, paying before the delinquency of all taxes, assessments, and governmental charges imposed upon it or upon its property, and all environmental laws.
- 3.07. **Right of Inspection.** Permit the officers and authorized agents of the Bank, at any reasonable time or times in the Bank's sole discretion, to examine and make copies of the records and books of account of, to visit the properties of the Borrower, and to discuss such matters with any officers, directors, managers, members or partners, limited or general of the Borrower, and the Borrower's independent accountant as the Bank deems necessary and proper.
- 3.08. **Reporting Requirements.** Furnish to the Bank:
 - Quarterly Financial Statements:** As soon as available and not more than forty five (45) days after the end of each quarter, balance sheets, statements of income, cash flow, and retained earnings for the period ended and a statement of changes in the financial position, all in reasonable detail, and all prepared in accordance with GAAP consistently applied and certified as true and correct by an officer of the Borrower, as appropriate.
 - Annual Financial Statements:** As soon as available and not more than one hundred twenty (120) days after the end of each fiscal year, balance sheets, statements of income, and retained earnings for the period ended and a statement of changes in the financial position, all in reasonable detail, and all prepared in accordance with GAAP consistently applied. The financial statements must be of the following quality or better: Audited.
 - Notice of Litigation:** Promptly after the receipt by the Borrower of notice or complaint of any action, suit, and proceeding before any court or administrative agency of any type which, if determined adversely, could have a material adverse effect on the financial condition, properties, or operations of the Borrower.
 - Notice of Default:** Promptly upon discovery or knowledge thereof, notice of the existence of any event of default under this Agreement or any other Loan Documents.
 - Other Information:** Such other information as the Bank may from time to time reasonably request.
- 3.09. **Deposit Accounts.** Maintain substantially all of its demand deposit/operating accounts with the Bank.
- 3.10. **Senior Management:** No change in senior management shall occur that is unacceptable to the Bank.

Section 4 Events of Default

The following shall be "Events of Default" by Borrower:

- 4.01. The failure to make prompt payment of any installment of principal or interest on any of the Note(s) in accordance with the terms and conditions of the Note(s).
- 4.02. Should any representation or warranty made in the Loan Documents prove to be false or misleading in any material respect.
- 4.03. Should any report, certificate, financial statement, or other document furnished prior to the execution of or pursuant to the terms of this Agreement prove to be false or misleading in any material respect.
- 4.04. Should the Borrower default on the performance of any other obligation of indebtedness to the Bank or to any third party when due or in the performance of any obligation incurred in connection with money borrowed, and the default remains uncured for a period of ten (10) days after notice from Bank to Borrower.
- 4.05. Should the Borrower breach any material covenant, condition, or agreement made under any of the Loan Documents, and the breach remains uncured for a period of ten (10) days after notice from Bank to Borrower.
- 4.06. Should a custodian be appointed for or take possession of any or all of the assets of the Borrower, or should the Borrower either voluntarily or involuntarily become subject to any insolvency proceeding, including becoming a debtor under the United States Bankruptcy Code, any proceeding to dissolve the Borrower, any proceeding to have a receiver appointed, or should the Borrower make an assignment for the benefit of creditors, or should there be an attachment, execution, or other judicial seizure of all or any portion of the Borrower's assets, including; an action or proceeding to seize any funds on deposit with the Bank, and such seizure is not discharged within 30 days.
- 4.07. Should final judgment for the payment of money be rendered against the Borrower in excess of \$100,000 which is not covered by insurance; and shall remain undischarged for a period of 30 days unless such judgment or execution thereon be effectively stayed.
- 4.08. Upon the death of, or termination of existence of, or dissolution of, any Borrower.
- 4.09. Should the Bank in good faith deem itself, its liens and security interests, if any, or any debt thereunder unsafe or insecure, or should the Bank believe in good faith that the prospect of payment of any debt or other performance by the Borrower is impaired.

Section 5 Remedies Upon Default

Upon the occurrence of any of the above listed Events of Default, the Bank may at any time thereafter, at its option, take any or all of the following actions, at the same or at different times:

- 5.01. Declare the balance(s) of the Note(s) to be immediately due and payable, both as to principal and interest, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by Borrower, and such balance(s) shall accrue interest at the Default Rate as provided herein until paid in full;
- 5.02. Require the Borrower to pledge collateral to the Bank from the Borrower's assets and properties, the acceptability and sufficiency of such collateral to be determined in the Bank's sole discretion;
- 5.03. Take immediate possession of and foreclose upon any or all collateral which may be granted to the Bank as security for the indebtedness and obligations of Borrower under the Loan Documents;
- 5.04. Exercise any and all other rights and remedies available to the Bank under the terms of the Loan Documents and applicable law, including the Kentucky Uniform Commercial Code; and
- 5.05. Any obligation of the Bank to advance funds to the Borrower or any other Person under the terms of the Note(s) and all other obligations, if any, of the Bank under the Loan Documents shall immediately cease and terminate unless and until Bank shall reinstate such obligation in writing.

BB&T
LOAN AGREEMENT

Section 6 Negative Covenants.

The Borrower covenants and agrees that from the date hereof and until payment in full of all indebtedness and performance of all obligations owed under the Loan Documents, Borrower shall not:

- 6.01 **Disposition of Assets.** Sell, assign, lease, convey or transfer or otherwise dispose of a material portion of its assets other than in the ordinary course of its business.
- 6.02 **Consolidations and Mergers.** Merge, consolidate with or into any other entity or otherwise dispose of substantially all of its assets.
- 6.03 **Issuance of Stock.** Issue any of its stock to the public or in an exempt transaction whereby such issuances in the aggregate exceed thirty-five percent (35%) of the Borrower's currently authorized and outstanding shares of common stock.
- 6.04 **Accumulation of Stock.** Have any person or entity or a group of affiliated persons or entities, hold more than twenty percent (20%) of the then outstanding shares of Borrower common stock

Section 7 Miscellaneous Provisions

7.01. Definitions.

"Default Rate" shall mean a rate of interest equal to Bank's Prime Rate plus five percent (5%) per annum (not to exceed the legal maximum rate) from and after the date of an Event of Default hereunder which shall apply, in the Bank's sole discretion, to all sums owing, including principal and interest, on such date.

"Loan Documents" shall mean this Agreement including any schedule attached hereto, the Note(s), and all other documents, certificates, and instruments executed in connection therewith, and all renewals, extensions, modifications, substitutions, and replacements thereto and therefore.

"Person" shall mean an individual, partnership, corporation, trust, unincorporated organization, limited liability company, limited liability partnership, association, joint venture, or a government agency or political subdivision thereof.

"GAAP" shall mean generally accepted accounting principles as established by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants, as amended and supplemented from time to time.

"Prime Rate" shall mean the rate of interest per annum announced by the Bank from time to time and adopted as its Prime Rate, which is one of several rate indexes employed by the Bank when extending credit, and may not necessarily be the Bank's lowest lending rate.

"Committed Line Amount" shall mean the amount of Forty Million Dollars (\$40,000,000) or in the event the Borrower exercises its option to reduce the amount of the line under Section 7.16 hereof, it shall be the amount of Forty Million Dollars (\$40,000,000) less the reduction amount.

"Term" shall mean a period of time commencing on the execution of this Agreement and continuing through October 31, 2003 unless earlier terminated or extended in accordance with the terms and conditions hereof.

7.02. **Non-impairment.** If any one or more provisions contained in the Loan Documents shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained therein shall not in any way be affected or impaired thereby and shall otherwise remain in full force and effect.

7.03. **Applicable Law.** The Loan Documents shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky without reference to its principles of conflicts of law or choice of law.

7.04. **Waiver.** Neither the failure or any delay on the part of the Bank in exercising any right, power or privilege granted in the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power, or privilege which may be provided by law.

7.05. **Modification.** No modification, amendment, or waiver of any provision of any of the Loan Documents shall be effective unless in writing and signed by the Borrower and Bank.

7.06. **Stamps and Fees.** The Borrower shall pay all federal or state stamps, taxes, or other fees or charges, if any are payable or are determined to be payable by reason of the execution, delivery, or issuance of the Loan Documents or any security granted to the Bank; and the Borrower agrees to indemnify and hold harmless the Bank against any and all liability in respect thereof.

7.07. **Attorneys' Fees.** In the event the Borrower shall default in any of its obligations hereunder and the Bank believes it necessary to employ an attorney to assist in the enforcement or collection of the indebtedness of the Borrower to the Bank, to enforce the terms and provisions of the Loan Documents, to modify the Loan Documents, or in the event the Bank voluntarily or otherwise should become a party to any suit or legal proceeding (including a proceeding conducted under the Bankruptcy Code), the Borrower agrees to pay the reasonable attorneys' fees of the Bank and all related costs of collection or enforcement that may be incurred by the Bank. The Borrower shall be liable for such attorneys' fees and costs whether or not any suit or proceeding is actually commenced.

7.08. **Right of Offset.** Any indebtedness owing from Bank to Borrower may be set off and applied by Bank on any indebtedness or liability of Borrower to Bank, at any time and from time to time after maturity, whether by acceleration or otherwise, and without demand or notice to Borrower. Bank may sell participations in or make assignments of any Loan made under this Agreement, and Borrower agrees that any such participant or assignee shall have the same right of setoff as is granted to the Bank herein.

7.09. **Modification and Renewal Fees.** Bank may, at its option, charge any fees for modification, renewal, extension, or amendment of any terms of the Note(s) not prohibited by Kentucky law, and as otherwise permitted by law if Borrower is located in another state.

7.10. **Conflicting Provisions.** If provisions of this Agreement shall conflict with any terms or provisions of any of the Note(s), the provisions of such Note(s) shall take priority over any provisions in this Agreement.

7.11. **Notices.** Any notice permitted or required by the provisions of this Agreement shall be deemed to have been given when delivered in writing to the City Executive or any Vice President of the Bank at its offices in Winchester, Kentucky, and to the Chief Financial Officer of the Borrower at its offices in Winchester, Kentucky, when sent by certified mail and return receipt requested.

7.12. **Consent to Jurisdiction.** Borrower hereby irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement may be instituted in any Kentucky state court or federal court sitting in the state of Kentucky, or in such other appropriate court and venue as Bank may choose in its sole discretion. Borrower consents to the jurisdiction of such courts and waives any objection relating to the basis for personal or in rem jurisdiction or to venue which Borrower may now or hereafter have in any such legal action or proceedings.

7.13. **Counterparts.** This Agreement may be executed by one or more parties on any number of separate counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

7.14. **Fees.** Payment quarterly of an unused availability fee equal to three tenths of one percent (0.30%) of the unused availability of the Line of credit. Unused availability is calculated by subtracting the average outstanding principal balance for the previous ninety (90) days from the Committed Line Amount. In addition, Borrower shall pay all attorneys' and related legal fees and other costs, if any, incurred by Bank in connection with the making, documenting and closing of the Line.

7.15. **Advances and Repayment.** Funds shall be advanced under the Line at the request of an authorized officer of the Borrower, which shall be made in writing in a form acceptable to the Bank. Prior to maturity or an Event of Default hereunder, Borrower may borrow, repay, and re-borrow under the Loan.

BB&T
LOAN AGREEMENT

7.16. Option to Reduce Amount Available. At the Borrower's option, the Borrower has a one-time option to reduce the amount of the "Line" offered hereunder at any time during the Term. Written notice of such exercise, including the amount of such reduction, shall be delivered by the Borrower to the Bank. Notwithstanding the provisions afforded under the paragraph Advances and Repayment above, the Committed Line Amount will be reduced by the amount of the reduction, thereby amending the Committed Line Amount available to the Borrower for the remaining Term. At no time shall the Committed Line Amount fall below \$30 million. Exercising this Option will reduce the unused availability fee on that portion of the Line no longer available to the Borrower, effective with the date the Borrower's written notice, if any, is received by the Bank.

7.17. Indemnification by Borrower. Except for claims, damages, liabilities and expenses arising from Bank's gross negligence or misconduct, Borrower agrees to indemnify and hold harmless Bank from and against any and all claims, damages, liabilities and expenses which may be incurred by or asserted against Bank in connection with any proceeding arising out of this commitment or Borrower's use of the proceeds of the Line.

7.18. Entire Agreement. The Loan Documents embody the entire agreement between Borrower and Bank with respect to the Loans, and there are no oral or parol agreements existing between Bank and Borrower with respect to the Loans which are not expressly set forth in the Loan Documents.

IN WITNESS WHEREOF, the Bank and Borrower have caused this Agreement to be duly executed under seal all as of the date first above written.

Borrower:

DELTA NATURAL GAS COMPANY, INC.

Name of Corporation

Attest: John J. Hell
Title: Chief Financial Officer

By: Glen R. Jennings
Title: President CEO

BRANCH BANKING AND TRUST COMPANY

Attest: A. Ray Tyle
Title: via signature - 5801

By: William W. Jones
Title: City Executive and Senior Vice President

Maker DELTA NATURAL GAS COMPANY, INC.

Address 3617 LEXINGTON RD.
WINCHESTER, KY 40391-0000

BB&T

9580219605
Customer Number
00003
Note Number

MODIFICATION AGREEMENT

\$ 40,000,000.00 Original Amount of Note 10/31/2002 Original Date \$ 40,000,000.00 Modification Amount 8/12/2005 Modification Date

This Modification Agreement (hereinafter "Agreement") is made and entered into this 12th day of August 2005 by and between DELTA NATURAL GAS COMPANY, INC., maker(s), co-maker(s), endorser(s), or other obligor(s) on the Promissory Note (as defined below), hereinafter also referred to as "Borrower"; and Branch Banking and Trust Company, a North Carolina banking corporation, hereinafter referred to as "Bank".

Witnesseth; Whereas, Borrower has executed and delivered to Bank the following documents (collectively, the "Loan Documents"):

(a) a Promissory Note payable to Bank, which Promissory Note includes the original Promissory Note and Addendum dated as of October 31, 2002, in the face principal amount of \$40,000,000.00 and all renewals, extensions and modifications thereof, collectively "Promissory Note", said Promissory Note being more particularly identified by description of the original note above;

(b) a Loan Agreement dated October 31, 2002 (hereinafter "Loan Agreement"); and

Borrower and Bank agree that said Loan Documents be modified only to the limited extent as is hereinafter set forth; that all other terms, conditions, and covenants of the Loan Documents remain in full force and effect, and that all other obligations and covenants of Borrower, except as herein modified, shall remain in full force and effect, and binding between Borrower and Bank;

NOW THEREFORE, in mutual consideration of the premises, the sum of Ten Dollars (\$10) and other good and valuable consideration, each to the other parties paid, the parties hereto agree that

1. The Promissory Note is amended as hereinafter described:

INTEREST RATE, PRINCIPAL AND INTEREST PAYMENT TERM MODIFICATIONS (To the extent no change is made, existing terms continue. Sections not completed are deleted)

a. Principal and interest are payable as follows:

Principal (plus any accrued interest not otherwise scheduled herein) is due in full at maturity on 10/31/2007.

Accrued interest is payable Monthly continuing on November 30, 2005 and on the same day of each calendar period thereafter, with one final payment of all remaining interest due on October 31, 2007.

b. The eighth grammatical paragraph on page 1 of the Promissory Note is hereby amended and restated so as to read in its entirety as follows: "This note ("Note") is given by the Borrower in connection with a Loan Agreement between the Borrower and the Bank dated October 31, 2002 (as amended by that certain Modification Agreement between the Bank and the Borrower dated October 31, 2003; and that certain Modification Agreement dated October 31, 2004) all as executed by the Borrower."

2. The Loan Agreement is amended as hereinafter described:

a. In the paragraph on page 1 of the Loan Agreement, titled "Line of Credit", the date "October 31, 2003" is hereby deleted and the date "October 31, 2007" is inserted in lieu thereof.

b. In Section 7.14 "Fees", "three tenths of one percent (0.30%)" is hereby deleted and "one eighth of one percent (0.125%)" is inserted in lieu thereof.

If the Promissory Note and Loan Agreement being modified by this Agreement is signed by more than one person or entity, the modified Promissory Note shall be the joint and several obligation of all signers and the property and liability of each and all of them. It is expressly understood and agreed that this Agreement is a modification only and not a novation. The original obligation of the Borrower as evidenced by the Promissory Note above described is not extinguished hereby. It is also understood and agreed that except for the modification(s) contained herein said Promissory Note, and any other Loan Documents or Agreements evidencing, securing or relating to the Promissory Note and all singular terms and conditions thereof, shall be and remain in full force and effect. This Agreement shall not release or affect the liability of any co-makers, obligors, endorsers or guarantors of said Promissory Note. Borrower and Debtor(s)/Grantor(s), if any, jointly and severally consent to the terms of this Agreement, waive any objection thereto, affirm any and all obligations to Bank and certify that there are no defenses or offsets against said obligations or the Bank, including without limitation the Promissory Note. Bank expressly reserves all rights as to any party with right of recourse on the aforesaid Promissory Note.

Borrower agrees that the only interest charge is the interest actually stated in the Promissory Note, and that any loan or origination fee shall be deemed charges rather than interest, which charges are fully earned and non-refundable. It is further agreed that any late charges are not a charge for the use of money but are imposed to compensate Bank for some of the administrative services, costs and losses associated with any delinquency or default under the Promissory Note, and said charges shall be fully earned and non-refundable when accrued. All other charges imposed by Bank upon Borrower in connection with the Promissory Note and the loan including, without limitation, any commitment fees, loan fees, facility fees, origination fees, discount points, default and late charges, prepayment fees, statutory attorneys' fees and reimbursements for costs and expenses paid by Bank to third parties or for damages incurred by Bank are and shall be deemed to be charges made to compensate Bank for underwriting and administrative services and costs, other services, and costs or losses incurred and to be incurred by Bank in connection with the Promissory Note and the loan and shall under no circumstances be deemed to be charges for the use of money. All such charges shall be fully earned and non-refundable when due.

The Bank may, at its option, charge any fees for the modification, renewal, extension, or amendment of any of the terms of the Promissory Note(s) as permitted by applicable law.

If the words "Prime Rate", "Bank Prime Rate", "BB&T Prime Rate", "Bank's Prime Rate" or "BB&T's Prime Rate" are used in this Agreement, they shall refer to the rate announced by the Bank from time to time as its Prime Rate. The Bank makes loans both above and below the Prime Rate and uses indexes other than the Prime Rate. Prime Rate is the name given a rate index used by the Bank and does not in itself constitute a representation of any preferred rate or treatment.

Unless otherwise provided herein, it is expressly understood and agreed by and between Borrower, Debtor(s)/Grantor(s) and Bank that any and all collateral (including but not limited to real property, personal property, fixtures, inventory, accounts, instruments, general intangibles, documents, chattel paper, and equipment) given as security to insure faithful performance by Borrower and any other third party of any and all obligations to Bank, however created, whether now existing or hereafter arising, shall remain as security for the Promissory Note as modified hereby.

It is understood and agreed that if Bank has released collateral herein, it shall not be required or obligated to take any further steps to release said collateral from any lien or security interest unless Bank determines, in its sole discretion, that it may do so without consequence to its secured position and relative priority in other collateral; and unless Borrower bears the reasonable cost of such action. No delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right of the Bank, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same, or of any other right on any further occasion. Each of the parties signing this Agreement regardless of the time, order or place of signing waives presentment, demand, protest, and notices of every kind, and assents to any one or more

extensions or postponements of the time of payment or any other indulgences, to any substitutions, exchanges or releases of collateral if at any time there is available to the Bank collateral for the Promissory Note, as amended, and to the additions or releases of any other parties or persons primarily or secondarily liable. Whenever possible the provisions of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is prohibited by or invalid under such law, such provisions shall be ineffective to the extent of any such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. All rights and obligations arising hereunder shall be governed by and construed in accordance with the laws of the same state which governs the interpretation and enforcement of the Promissory Note.

From and after any event of default under this Agreement, the Promissory Note, or any related deed of trust, security agreement or loan agreement, interest shall accrue on the sum of the principal balance and accrued interest then outstanding at the variable rate equal to the Bank's Prime Rate plus 5% per annum ("Default Rate"), provided that such rate shall not exceed at any time the highest rate of interest permitted by the laws of the Commonwealth of Kentucky; and further that such rate shall apply after judgement. In the event of any default, the then remaining unpaid principal amount and accrued but unpaid interest then outstanding shall bear interest at the Default Rate until such principal and interest have been paid in full. Bank shall not be obligated to accept any check, money order, or other payment instrument marked "payment in full" on any disputed amount due hereunder, and Bank expressly reserves the right to reject all such payment instruments. Borrower agrees that tender of its check or other payment instrument so marked will not satisfy or discharge its obligation under this Note, disputed or otherwise, even if such check or payment instrument is inadvertently processed by Bank unless in fact such payment is in fact sufficient to pay the amount due hereunder.

DELTA NATURAL GAS COMPANY, INC.

By Glenn R. Jennings
Glenn R. Jennings, President

BRANCH BANKING AND TRUST COMPANY

By W. Harvey Coggin
W. Harvey Coggin, Senior Vice President

DELTA NATURAL GAS COMPANY, INC.

**AMOUNT AND KINDS OF STOCK AUTHORIZED,
ISSUED AND OUTSTANDING
APRIL 30, 2007**

Common Stock, par value \$1.00 per share	--	Authorized - 20,000,000 shares Issued and Outstanding - 3,273,082 shares
Cumulative Preferred	--	Authorized - 312,500 shares Issued and Outstanding - 0

DELTA NATURAL GAS COMPANY, INC.

**LONG-TERM DEBT OUTSTANDING
AND MORTGAGE DESCRIPTIONS**

APRIL 30, 2007

There are no mortgages outstanding.

The following long-term debts are in existence:

- (1) On October 18, 1993, as authorized by Delta's Board of Directors and approved by an Order of the Kentucky Public Service Commission, Delta issued \$15,000,000 of unsecured 6-5/8% Debentures that mature in October 2023. The proceeds were used to repay short-term debt. On May 8, 2006, these Debentures were redeemed by the Company. A total of \$10,169,000 was outstanding on the call date of May 8, 2006. Interest paid during the 12 months ending April 30, 2007 was \$69,241. At April 30, 2007 there was no unamortized debt expense associated with these debentures. JP Morgan Trust Company, NA. was the Trustee and interest-paying agent for these debentures.
- (2) On March 27, 1998, as authorized by Delta's Board of Directors and approved by an Order of the Kentucky Public Service Commission, Delta issued \$25,000,000 of unsecured 7.15% Debentures that mature in April 2018. The proceeds were used to repay short-term debt and to redeem the Company's 9% Debentures that would have matured in 2011, in the amount of \$10,000,000. On May 8, 2006, these Debentures were redeemed by the Company. A total of \$23,672,000 was outstanding on the call date of May 8, 2006. Interest paid during the 12 months ending April 30, 2007 was \$173,956. At April 30, 2007 there was no unamortized debt expense associated with these debentures. The Bank of New York Trust Company, N.A. was the Trustee and interest-paying agent for these debentures.
- (2) On February 18, 2003, as authorized by Delta's Board of Directors and approved by an Order of the Kentucky Public Service Commission, Delta issued \$20,000,000 of unsecured 7.0% Debentures that mature in February, 2023. The proceeds were used to repay short-term debt and to redeem the Company's 8.3% Debentures that would have matured in 2026, in the amount of \$14,806,000. Each holder may require redemption of up to \$25,000 of the 7.0% Debentures annually, subject to an annual aggregate limitation

of \$400,000. Such redemption will also be made on behalf of deceased holders within sixty days of notice, subject to the annual aggregate \$400,000 limitation. If the Company elects to redeem Debentures in the first year after February 1, 2007, it must pay 102% of the principal value of the Debentures. If the Company elects to redeem the Debentures during the next year, it must pay 101% of the principal value of the Debentures. After February 1, 2009 redemption of Debentures will be at 100% of their principal value. Restrictions under the indenture agreement covering the 7.0% Debentures include, among other things, a restriction whereby dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds \$25,800,000. Interest paid during the twelve months ending April 30, 2007 was \$1,399,300. At April 30, 2007 there was \$1,533,681 of unamortized debt associated with these debentures. The Bank of New York Trust Company, N.A. is the Trustee and interest-paying agent for these debentures. The balance at April 30, 2007 was \$19,990,000.

- (4) On April 6, 2006, as authorized by Delta's Board of Directors and approved by an order of the Kentucky Public Service Commission, Delta issued \$40,000,000 of 5.75% Insured Quarterly Notes due April 1, 2021. These proceeds were used to redeem Delta's outstanding 7.15% Debentures due in 2018 in the amount of \$23,672,000, Delta's outstanding 6.625% Debentures due in 2023 in the amount of \$10,169,000 and to reduce our short-term indebtedness. The Company may redeem all or part of the notes at any time on or after April 1, 2009. If Delta redeems fewer than all the notes, the trustee will select by lot the particular notes to be redeemed. Restrictions under this indenture include, among other things, that dividend payments cannot be made unless consolidated shareholders' equity is at least equal to \$25,800,000. Interest paid during the twelve months ending April 30, 2007 was \$2,265,281. At April 30, 2007 there was \$4,041,406 of unamortized debt associated with these 5.75% Insured Quarterly Notes. The Bank of New York Trust Company, N.A. is the Trustee and interest-paying agent for these notes. The balance at April 30, 2007 was \$39,855,000.

DELTA NATURAL GAS COMPANY, INC.

**SHORT-TERM DEBT OUTSTANDING
APRIL 30, 2007**

Delta had outstanding at April 30, 2007 short-term debt as follows:

<u>LENDER</u>	<u>DUE DATE</u>	<u>RATE</u>	<u>AMOUNT</u>
Branch Banking and Trust Company (BB&T)	Demand ⁽¹⁾	6.3200% ⁽²⁾	\$-0-

Short-term interest paid in the 12 months ended April 30, 2007 was \$577,584.45

⁽¹⁾ This is a demand grid note dated August 12, 2005 with a maturity date of October 31, 2007. It can be increased or decreased daily up to a maximum of \$40,000,000.

⁽²⁾ The interest on this line is determined monthly at the thirty day LIBOR Rate plus 1% on the used line of credit. The cost of the unused line of credit is 0.125%.

DELTA NATURAL GAS COMPANY, INC.

**OTHER INDEBTEDNESS
APRIL 30, 2007**

There is no other indebtedness outstanding.

DELTA NATURAL GAS COMPANY, INC.**DIVIDENDS FOR LAST FIVE YEARS****APRIL 30, 2007**

<u>MONTH AND YEAR PAID</u>	<u>RATE</u>	<u>ON SHARES OR VALUE</u>	<u>PAR VALUE</u>	<u>DIVIDEND AMOUNT</u>
June 2002	.290	2,524,911	2,524,911	\$732,221
September 2002	.295	2,538,845	2,538,845	\$748,958
December 2002	.295	2,546,528	2,546,528	\$751,224
March 2003	.295	2,553,383	2,553,383	\$753,246
June 2003	.295	3,160,924	3,160,924	\$932,473
September 2003	.295	3,174,630	3,174,630	\$936,516
December 2003	.295	3,180,765	3,180,765	\$938,326
March 2004	.295	3,189,925	3,189,925	\$941,028
June 2004	.295	3,196,200	3,196,200	\$942,879
September 2004	.295	3,207,945	3,207,945	\$946,344
December 2004	.295	3,213,869	3,213,869	\$948,091
March 2005	.295	3,219,699	3,219,699	\$949,811
June 2005	.295	3,225,683	3,225,683	\$951,576
September 2005	.300	3,233,301	3,233,301	\$969,990
December 2005	.300	3,238,345	3,238,345	\$975,504
March 2006	.300	3,246,075	3,246,075	\$973,823
June 2006	.300	3,251,614	3,251,614	\$975,484
September 2006	.305	3,256,784	3,257,784	\$993,319
December 2006	.305	3,263,560	3,263,560	\$995,386
March 2007	.305	3,268,380	3,268,380	\$996,856

DELTA NATURAL GAS COMPANY, INC.

**STATEMENT OF INCOME
12 MONTHS ENDED APRIL 30, 2007
(UNAUDITED)**

OPERATING REVENUES	<u>\$57,670,300</u>
OPERATING EXPENSES AND TAXES	
Gas Purchased	\$31,375,571
Operations	11,167,194
Maintenance	633,517
Depreciation	4,449,080
Property & Other Taxes	1,780,589
Income Taxes	<u>1,340,500</u>
Total	<u>\$50,746,451</u>
Operating Income	\$ 6,923,849
INTEREST EXPENSES	\$ 4,544,125
NET INCOME	<u>\$ 2,379,724</u>

DELTA NATURAL GAS COMPANY, INC.
BALANCE SHEET
12 MONTHS ENDED APRIL 30, 2007
(UNAUDITED)

ASSETS

Gas Utility Plant, at Cost	\$ 185,136,554
Less - Reserve for Depreciation	<u>63,666,587</u>
Net Gas Plant	\$ <u>121,469,967</u>
Current Assets	
Cash	\$ 873,777
Receivables	7,906,546
Deferred Gas Cost	1,165,870
Gas in Storage, at Average Cost	3,490,189
Materials and Supplies, at first-in, first-out cost	721,957
Prepayments	<u>1,101,505</u>
Total Current Assets	\$ <u>15,259,844</u>
Other Assets	
Cash Surrender Value of Life Insurance	\$ 388,235
Unamortized Expenses	5,575,087
Receivable/Investment in Subsidiaries	1,300,029
Other	<u>6,603,136</u>
Total Other Assets	\$ <u>13,866,487</u>
TOTAL ASSETS	\$ <u>150,596,298</u>

LIABILITIES

Capitalization	
Common Shareholders' Equity	\$ 56,032,029
Long-Term Debt	<u>58,645,000</u>
Total Capitalization	\$ <u>114,677,029</u>
Current Liabilities	
Notes Payable	\$ (993,827)
Current Portion of Long-Term Debt	1,200,000
Accounts Payable	5,999,652
Accrued Taxes	1,009,683
Customers' Deposits	522,387
Refunds Due Customers	265
Current Deferred Income Taxes	701,000
Accrued Interest	597,810
Other	<u>1,087,537</u>
Total Current Liabilities	\$ <u>10,124,507</u>
Deferred Credits & Others	
Deferred Income Taxes	\$ 22,191,088
Deferred Investment Tax Credit	219,767
Regulatory Items	1,639,200
Advances for Construction	1,744,707
Accum Provision for Pensions & Benefit	<u>0</u>
Total Deferred Credits and Other	\$ <u>25,794,762</u>
TOTAL LIABILITIES	\$ <u>150,596,298</u>