

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 ) CASE NO. 2007-00272  
LINE OF CREDIT )

O R D E R

On July 5, 2007, Delta Natural Gas Company, Inc. ("Delta") applied for approval to extend its \$40,000,000 line of credit. Delta was notified on July 16, 2007 that its filing did not meet certain filing requirements. In response to the deficiency notice, Delta submitted additional information and Delta's application was considered filed as of July 19, 2007.

Delta's current line of credit will mature on October 31, 2007. Delta proposes to renew this line of credit in one or two year increments, the first increment of which would expire October 31, 2009. The future renewals create a maturity date which exceeds in the aggregate six (6) years from the date of the issue of the original note. Under KRS 278.300(8), Delta must therefore seek authorization from the Commission to enter into the financing arrangement. Delta requests authority to continue to renew the short term indebtedness in increments not to exceed two years each through October 31, 2013 without further Commission orders. The interest rate on any of the borrowings will be the one month London Interbank Offered Rate ("LIBOR") plus three fourths percent (.75%) per annum adjusted on the first day of each month. Delta would also pay a quarterly fee on any unused availability at a rate of one eighth percent (1/8%).

Delta plans to use the line of credit to fund capital expenditures for the construction, completion and improvement of facilities. In addition, proceeds from the line of credit may be used for general corporate purposes arising in connection with Delta's operations to provide natural gas service to its customers.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed extension of the line of credit should be approved. The Commission also finds that the proposed financing is for lawful objects within the corporate purposes of Delta's operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

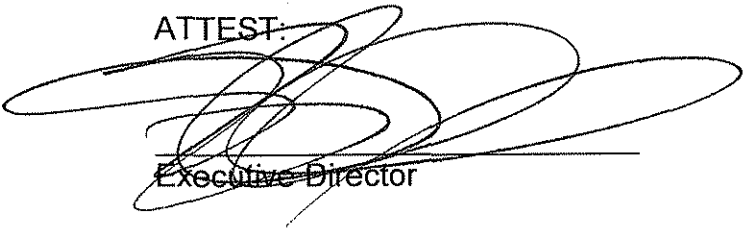
1. Delta is authorized to extend its line of credit up to \$40,000,000, as set forth in its application, effective October 31, 2007 with a maturity date of October 31, 2009.
2. Delta is authorized to continue to renew the line of credit in increments not to exceed two years each through October 31, 2013 without further Commission orders.
3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 28th day of August, 2007.

By the Commission

ATTEST:



Executive Director

Case No. 2007-00272