



Delta Natural Gas Company, Inc.

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October 14, 2011

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PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

RE: CASE NO. 2011-00409

Dear Mr. Derouen:

Thank you for so promptly reviewing our application in the above financing related case. The purpose of this letter is to update you on our refinancing timeline. When we filed our application with you on October 6, we contemplated a closing date of November 28 and had requested an order approving the financing by November 9. Since then, the executive committee of our Board of Directors has met and approved the transaction, but questioned whether or not we should finalize a call date or enter into a rate lock agreement prior to receiving PSC approval for the transaction. In light of those questions, we have decided to wait to issue the call or lock the rates until we receive the final order.

Our hope is that you perhaps could be in the position to further expedite your action. The rate of the Notes is based on 10 Year Treasuries which are currently still at a very favorable level, but have been rising. For instance, on October 5, the treasury rate was 1.81% and on October 12 it was 2.24%. That small increase translates into a \$250,000 increase in annual interest expense for Delta and ultimately our customers. If we are able to receive your order by the end of October, we still could achieve an early December closing date.

Thank you again for your understanding in this matter.

Sincerely,

John B. Brown
Chief Financial Officer/Treasurer & Secretary

copy: Jeff Shaw
Leah Faulkner