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Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Charles R. Borders  
Commissioner

October 21, 2011

## PARTIES OF RECORD

Re: Case No. 2011-00409

Attached is a copy of the memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the informal conference memorandum, please do so within seven days of receipt of this letter. If you have any questions, please contact Allyson Honaker at 502-564-3940, Extension 265, or by e-mail at [Allyson.Honaker@ky.gov](mailto:Allyson.Honaker@ky.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

AH/kar

Attachment

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Main Case File—Case No. 2011-00409

**FROM:** Allyson Honaker  
Staff Attorney

**DATE:** October 18, 2011

**SUBJECT:** Informal Conference

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An informal conference in this matter was held at the Commission's offices on Tuesday, October 18, 2011. Representatives of Delta Natural Gas Company, Inc. ("Delta") and Commission Staff participated in this meeting; Delta's CFO, John Brown, attended in person and Delta's counsel participated by telephone. An attendance list is attached.

The purpose of the conference was to discuss Delta's application for financing.

The conference was opened by Commission Staff. Clarifying questions were asked and answered concerning Delta's application, and a Net Present Value Analysis of savings expected as a result of the proposed financing was requested by Staff.

Mr. Brown provided an explanation of the need for expedited approval of Delta's application due to recent increases in treasury rates on which its proposed financing will be based. He also clarified that Delta had requested approval to issue long term debt in an amount up to \$75 million in order to take advantage of savings on due diligence expenses, with its lender being willing to perform its due diligence investigation for debt of \$75 million at the same price it would charge for the \$60 million in long term debt approved by Delta's board of directors. Delta agreed to supplement the record in this proceeding with written clarification of the issues raised as well as file the NPV analysis.

The meeting was adjourned.

Attachment:

1. The Informal Conference Attendance List.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL GAS ) CASE NO.  
COMPANY, INC. FOR AN ORDER ) 2011-00409  
AUTHORIZING THE ISSUANCE OF UP TO  
\$75,000,000 OF LONG TERM DEBT

October 18, 2011

Please sign in:

NAME	REPRESENTING
<u>Whisper Honaker</u>	<u>PSC</u>
<u>John Brewer</u>	<u>Delta Gas</u>
<u>Bob Watt (SKO)</u>	<u>Delta Gas</u>
<u>Leah Faulkner</u>	<u>PSC - FA</u>
<u>Paul Wagner</u>	<u>PSC - FA</u>
<u>Harry Glover</u>	<u>PSC - ENGINEERING</u>
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