CASE NUMBER:

99-176

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FILED
JUL 2 - 1999
PUBLIC SERVICE COMMISSION

July 2, 1999

Hon. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

RECEIVED
JUL 02 1999
PUBLIC SERVICE COMMISSION

Re: Delta Natural Gas Company, Inc.
Case No. 99-176

Dear Ms. Helton:

We deliver herewith for filing an original and ten (10) copies of Delta's Application for a General Adjustment of Rates in the above-captioned case. We would appreciate your placing the Application with the other papers in the case. Thank you for your kind assistance.

Sincerely,

Robert Watt

Robert M. Watt, III

rmw
encl.
cc: Elizabeth S. Blackford, Esq. (w/encl.)
Mr. John F. Hall (w/o encl.)

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF ADJUSTMENT	)	
OF RATES OF DELTA NATURAL	)	CASE NO. 99-176
GAS COMPANY, INC.	)	

FILING REQUIREMENTS
VOLUME 1 OF 3

FILED IN SUPPORT OF PROPOSED CHANGES IN RATES

JULY 2, 1999

COMMONWEATH OF KENTUCKY

RECEIVED

JUL 02 1999

PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF RATES OF)
DELTA NATURAL GAS COMPANY, INC.) CASE NO. 99-176

NOTICE AND STATEMENT

Pursuant to KRS 278.180 and KRS 278.190, Delta Natural Gas Company, Inc. ("Delta") respectfully states as follows, to-wit:

1. Delta is a Kentucky corporation with its principal office and place of business located at 3617 Lexington Road, Winchester, Kentucky 40391.

2. Delta is in the business of the purchase, sale, storage, transportation and distribution of natural gas at retail to approximately 38,000 customers in the following locations in Kentucky: Owingsville, Sharpsburg, Salt Lick, Midland, Bath County; Estill County; Camargo, Jeffersonville, Montgomery County; Frenchburg, Menifee County; Kingston Terrill, Berea, Madison County; Stanton, Clay City, Powell County; Garrard County; Annville, Jackson County; Beattyville, Lee County; North Middletown, Bourbon County; Nicholasville, Wilmore, Jessamine County; Clearfield, Farmers, Rowan County; Middlesboro, Pineville, Bell County; Barbourville, Knox County; Williamsburg, Corbin, Whitley County; London, Laurel County; Manchester, Burning Springs, Oneida, Clay County; Leslie County; Lexington, Fayette County; Fleming County; Clark County; Mt. Olivet, Robertson County; Sardis, Mason County and environs of each.

3. Delta hereby gives notice of the adjustment of its rates to those rates set forth in FR 1-7 in the filing requirements, pursuant to 807 KAR 5:001, Section

10(1)(b)(7), in the total amount of $2,511,797 on an annual basis to become effective on and after August 1, 1999. The present tariffs and the proposed tariffs are shown in the comparative form on facing sheets, side by side, pursuant to 807 KAR 5:001, Section 10(1)(b)(8)(a), and those comparative sheets are identified as FR 1-8 in the filing requirements.

4. This application for a general adjustment of rates is supported by a twelve month historical test year in accordance with 807 KAR 5:001, Section 10(1)(a), with the test period ending on December 31, 1998. Delta's financial exhibit, described in 807 KAR 5:001, Section 6, is attached hereto as Financial Exhibit.

5. Pursuant to 807 KAR 5:001, Section 10(1)(b)(1), Delta sets forth the following reasons that an adjustment of its rates is required. In order to meet the continuing demand for safe and reliable service in its service areas, Delta has increased substantially its plant investment for the purpose of improving and reinforcing its pipeline systems since December 31, 1996, the end of the test year employed in its last rate case, No. 97-066. Moreover, increases in operating and capital costs have not been totally offset by revenues. In order for Delta to maintain a reasonable quality of service and be afforded an opportunity to achieve a reasonable level of earnings, an increase in rates is required. In order for Delta to fulfill its obligations as a public utility and to secure financing necessary for such purpose, it must have income to provide sufficiently and properly for all expenses of an efficient operation and to earn a return sufficient to market Delta's securities and attract new capital at a reasonable cost. The rates presently charged by Delta are insufficient to meet the foregoing requirements in that they are no longer compensatory and are unfair, unjust and unreasonable. If the rates herein

proposed do not become effective as herein provided, the credit of Delta and its ability to provide service to its customers will be impaired.

6. Pursuant to 807 KAR 5:001, Section 10(1)(b)(2), Delta states that its annual reports, including the annual report for 1998, are on file with this Commission as required by 807 KAR 5:006, Section 3(1).

7. Pursuant to 807 KAR 5:001, Section 10(1)(b)(3), Delta states that 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. 90-342 filed on December 28, 1990.

8. Delta is not a limited partnership and, therefore, compliance with the provisions of 807 KAR 5:001, Section 10(1)(b)(4) is not necessary.

9. Delta is a corporation in good standing with the Secretary of State of the Commonwealth of Kentucky. Pursuant to 807 KAR 5:001, Section 10(1)(b)(5), a certificate to that effect, dated within sixty (60) days of the date of filing this application is attached hereto as FR 1-5 in the filing requirements.

10. The legal name of Delta is Delta Natural Gas Company, Inc. It has never done business in any state under an assumed name and has never filed a Certificate of Assumed Name as may be required by KRS 365.015 and therefore the filing of a copy of any such certificate as required by 807 KAR 5:001, Section 10(1)(b)(6) is not necessary.

11. Pursuant to 807 KAR 5:001, Section 10(1)(b)(9), Delta states that it has complied with 807 KAR 5:011, Section 9(2) and 807 KAR 5:001, Section 10(3) and (4) by delivering to newspapers of general circulation in its service area a copy of the Notice identified as FR 1-9 in the filing requirements, for publishing once a week for three

consecutive weeks in a prominent manner, the first of said publications to be made within seven (7) days of the date of this application.

12. Delta has filed with the Executive Director of this Commission a written notice of its intention to file this application. The notice stated that the application would be supported by a historical test period, was delivered to the Executive Director's office on April 29, 1999, at which time a copy was mailed to the Utility Intervention and Rate Division of the Attorney General's office as required by 807 KAR 5:001, Section 10(2). A copy of the notice is identified as FR 2 in the filing requirements.

13. As required by 807 KAR 5:001, Section 10(4)(f), Delta will post a copy of FR 1-9 at its places of business on the date on which this application is filed and it will remain posted until this Commission has finally determined Delta's rates.

14. In support of its application for a general adjustment of rates, supported by a historical test year, Delta has presented its financial data for the test period, together with a complete and quantified explanation of all proposed adjustments with proper support for any proposed changes in price or activity levels and all other factors which affect the adjustment required by 807 KAR 5:001, Section 10(6)(a), all as set forth in FR 6(a).

15. In further support of its application for a general adjustment of rates, supported by a historical test year, Delta attaches the following additional documents or explains their absence:

Filing Requirements	Abbreviated Document Description	Location or Absence Reason (Sponsoring Witness)
807 KAR 5:001, Section 10(6)(b)	Testimony of Witnesses: - Glenn R. Jennings - John F. Hall - Robert C. Hazelrigg - John B Brown - William S. Seelye - Randall J. Walker - Martin J. Blake	FR 6(b)
807 KAR 5:001, Section 10(6)(c)	Testimony of witnesses for utilities with gross revenues of less than $1,000,000	Not applicable
807 KAR 5:001, Section 10(6)(d)	Effect of rates on Delta's revenue	FR 6(d) (Hall)
807 KAR 5:001, Section 10(6)(e)	The effect of the proposed rate increase upon the average bill for each customer classification	FR 6(e) (Hall)
807 KAR 5:001, Section 10(6)(f)	The effect of the proposed rate increase upon the average bill for each customer class for local exchanges	Not applicable
807 KAR 5:001, Section 10(6)(g)	Bill analysis	FR 6(g) (Hall)
807 KAR 5:001, Section 10(6)(h)	Revenue requirements	FR 6(h) (Hall)
807 KAR 5:001, Section 10 (6)(i)	Rate base/capital reconciliation	FR 6(i) (Hall)
807 KAR 5:001, Section 10(6)(j)	Current chart of accounts	FR 6(j) (Brown)
807 KAR 5:001, Section 10(6)(k)	Independent auditor's annual opinion report	FR 6(k) (Brown)
807 KAR 5:001, Section 10(6)(l)	FERC audit report	Not applicable because Delta is not audited by FERC
807 KAR 5:001, Section 10(6)(m)	FERC Form 2	FR 9(m) (Brown)
807 KAR 5:001, Section 10(6)(n)	Summary of latest depreciation study	FR 6(n) (Brown)

807 KAR 5:001, Section 10(6)(o)	List of computer software and programs used in the development of the schedules and work papers	FR 6(o) (Brown)
807 KAR 5:001, Section 10(6)(p)	Prospectus of most recent securities offering	FR 6(p) (Hall)
807 KAR 5:001, Section 10(6)(q)	Annual reports to shareholders for the most recent two (2) years	FR 6(q) (Hall)
807 KAR 5:001, Section 10(6)(r)	Monthly managerial reports for the twelve (12) months in the test year	FR 6(r) (Brown)
807 KAR 5:001, Section 10(6)(s)	SEC Forms 10-K and 8-K for the past two (2) years and Forms 10-Q for the past six (6) quarters	FR 6(s) (Hall)
807 KAR 5:001, Section 10(6)(t)	Affiliate allocations during the test year and the previous three (3) calendar years	FR 6(t) (Brown)
807 KAR 5:001, Section 10(6)(u)	Cost of service study	FR 6(u) (Seelye)
807 KAR 5:001, Section 10(6)(v)	Cost study for local exchange carriers	Not applicable
807 KAR 5:001, Section 10(7)(a)	Detailed income statement and balance sheet reflecting the impact of proposed adjustments	FR 7(a) (Hall)
807 KAR 5:001, Section 10(7)(b)	Most recent capital construction budget	Not applicable because no adjustments for plant additions are proposed
807 KAR 5:001, Section 10(7)(c)	Information for pro forma adjustments reflecting plant additions	Not applicable because no adjustments for plant additions are proposed
807 KAR 5:001, Section 10(7)(d)	Operating budget for each month of the period encompassing the pro forma adjustments	FR 7(d) (Brown)
807 KAR 5:001, Section 10(7)(e)	Data for customers to be added to the test period	FR 7(e) (Walker)

16. This statement and notice is filed under the provisions of KRS 278.180 and 278.190 and the Commission is requested to find the proposed rates to be fair, just and reasonable under KRS 278.030(1).

Respectfully submitted,

DELTA NATURAL GAS COMPANY, INC.

John F. Hall

JOHN F. HALL
Vice President - Finance, Secretary & Treasurer

STOLL, KEENON & PARK, LLP

By Robert Watt

Robert M. Watt III
201 East Main Street, Suite 1000
Lexington, KY 40507
(606) 231-3000

Counsel for Delta Natural Gas Company, Inc.

DELTA NATURAL GAS COMPANY, INC.
AMOUNT AND KINDS OF STOCK AUTHORIZED, ISSUED AND OUTSTANDING
APRIL 30, 1999

Common Stock, par value $1.00 per share	--	Authorized - 6,000,000 shares Issued and Outstanding - 2,404,647
Cumulative Preferred	--	Authorized - 312,500 shares Issued and Outstanding - 0

DELTA NATURAL GAS COMPANY, INC.
LONG-TERM DEBT OUTSTANDING
AND MORTGAGE DESCRIPTIONS
APRIL 30, 1999

There are no mortgages outstanding.

The following long-term debts are in existence:

(1) On October 18, 1993, Delta issued $15,000,000 of unsecured 6-5/8% Debentures that mature in October 2023. Commencing in October 1995, each holder may require redemption of up to $25,000 of the 6-5/8% Debentures annually, subject to an annual aggregate limitation of $500,000. Such redemption will also be made on behalf of deceased holders within sixty days of notice, subject to the annual aggregate $500,000 limitation. The 6-5/8% Debentures can be redeemed by the Company beginning in October 1998 at a 5% premium, such premium declining ratably until it ceases in October 2003. Restrictions under the indenture agreement covering the 6-5/8% Debentures include, among other things, a restriction whereby dividend payments cannot be made unless consolidated shareholders' equity of the company exceeds $12 million. The amount outstanding as of April 30, 1999 was $12,923,000 and the interest paid during the 12 months ending April 30, 1999 was $865,329.

(2) On July 19, 1996, Delta issued $15,000,000 of unsecured 8.3% Debentures that mature in August 2026. Commencing in August 1997, each holder may require redemption of up to $25,000 of the 8.3% Debentures annually, subject to an annual aggregate limitation of $500,000. Such redemption will also be made on behalf of deceased holders within sixty days of notice, subject to the annual aggregate $500,000 limitation. The 8.3% Debentures can be redeemed by the Company beginning in August 2001 at a 5% premium, such premium declining ratably until it ceased in August 2006. Restrictions under the indenture agreement covering the 8.3% Debentures include, among other things, a restriction whereby dividend payments cannot be made unless consolidated shareholders' equity of the company exceeds $18 million. The amount outstanding as of April 30, 1999 was $15,000,000 and the interest paid during the 12 months ending April 30, 1999 was $1,245,000.

(3) On March 27, 1998, Delta issued $25,000,000 of unsecured 7.15% Debentures that mature in March 2018. Commencing in April 1999, each holder may require redemption of up to $25,000 of the 7.15% Debentures annually, subject to an annual aggregate limitation of $750,000. Such redemption will also be made on behalf of deceased holders within sixty days of notice, subject to the annual aggregate $750,000 limitation. The 7.15% Debentures can be redeemed by the Company after April 1, 2003. Restrictions under the indenture agreement covering the 7.15% Debentures include, among other things, a restriction whereby dividend payments cannot be made unless consolidated shareholders' equity of the Company exceeds $21,500,000. The amount outstanding as of April 30, 1999 was $24,985,000 and the interest paid during the 12 months ending April 30, 1999 was $1,807,361.

(4) On November 10, 1995, in connection with the acquisition of a gas storage field, Delta issued a $1,800,000 non-interest bearing promissory note payable to Lonnie Ferrin in three installments. The remaining installments are due in the amounts of $700,000 in 2000 and $700,000 in 2002. The promissory note installments are secured by escrow of 80,000 shares of Delta's common stock. These shares will be issued to the holder of the promissory note only in the event of default in payment by Delta. The amount outstanding as of April 30, 1999 was $1,400,000. There was no interest paid during the 12 months ending April 30, 1999.

DELTA NATURAL GAS COMPANY, INC.
SHORT-TERM DEBT OUTSTANDING
APRIL 30, 1999

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

LENDER	DUE DATE	RATE	AMOUNT
Bank One, Kentucky, NA	Demand [1]	5.41% [2]	$4,455,000

Short-term interest paid in the 12 months ended April 30, 1999 was $283,417.

[1] This is a demand grid note dated November 15, 1998 and renewed annually. It can be increased or decreased daily up to a maximum of $25,000,000. The amount outstanding on June 18, 1999 was $5,155,000.

[2] The interest rate is either the daily prime rate or is based upon certificate of deposit rates. The rate on June 18, 1999 was $5.41%.

DELTA NATURAL GAS COMPANY, INC.
OTHER INDEBTEDNESS
APRIL 30, 1998

There is no other long-term indebtedness outstanding.

DELTA NATURAL GAS COMPANY, INC.
DIVIDENDS FOR LAST FIVE YEARS
APRIL 30, 1999

MONTH AND YEAR PAID	RATE	ON SHARES OR VALUE	PAR VALUE	DIVIDEND AMOUNT
June 1994	.28	1,835,094	1,835,094	$513,826
September 1994	.28	1,842,618	1,842,618	$515,933
December 1994	.28	1,846,925	1,846,925	$517,139
March 1995	.28	1,852,077	1,852,077	$518,582
June 1995	.28	1,863,285	1,863,285	$521,720
September 1995	.28	1,876,666	1,876,666	$525,466
December 1995	.28	1,882,221	1,882,221	$527,022
March 1996	.28	1,890,661	1,890,661	$529,385
June 1996	.28	1,898,357	1,898,357	$531,540
September 1996	.285	2,315,039	2,315,039	$659,786
December 1996	.285	2,321,147	2,321,147	$661,527
March 1997	.285	2,329,334	2,329,334	$663,862
June 1997	.285	2,336,482	2,336,482	$665,899
September 1997	.285	2,349,098	2,349,098	$669,494
December 1997	.285	2,357,321	2,357,321	$671,838
March 1998	.285	2,363,026	2,363,026	$673,463
June 1998	.285	2,369,955	2,369,955	$675,438
September 1998	.285	2,383,118	2,383,118	$679,190
December 1998	.285	2,390,990	2,390,990	$681,291
March 1999	.285	2,396,835	2,396,835	$683,099

DELTA NATURAL GAS COMPANY, INC.
STATEMENT OF INCOME
APRIL 30, 1999

OPERATING REVENUES	$	33,290,445
OPERATING EXPENSES AND TAXES		
Gas Purchased	$	11,831,559
Operations		8,417,993
Maintenance		559,686
Depreciation		3,707,703
Property & Other Taxes		1,282,130
Income Taxes		1,089,174
Total	$	26,888,244
Operating Income	$	6,402,201
OTHER INCOME/(EXPENSES), NET	$	442,925
Gross Income	$	6,845,126
OTHER DEDUCTIONS		
Interest	$	4,339,733
Amortization		161,540
Total	$	4,501,273
NET INCOME	$	2,343,853

DELTA NATURAL GAS COMPANY, INC.
BALANCE SHEET
APRIL 30, 1999

ASSETS		
Gas Utility Plant, at Cost	$	126,680,149
Less - Reserve for Depreciation		34,812,844
Net Gas Plant	$	91,867,305
Current Assets		
Cash	$	248,501
Receivables		3,541,471
Deferred Gas Cost		(1,278,611)
Gas in Storage, at Cost		2,009,988
Materials and Supplies, at Cost		583,347
Prepayments		274,016
Total Current Assets	$	5,378,713
Other Assets		
Cash Surrender Value of Life Insurance	$	347,789
Unamortized Expenses		3,596,453
Receivable/Investment in Subsidiaries		1,801,515
Other		1,597,293
Total Other Assets	$	7,343,049
TOTAL ASSETS	$	104,589,067
LIABILITIES		
Capitalization		
Common Shareholders' Equity	$	30,912,425
Long-Term Debt		51,721,911
Total Capitalization	$	82,634,335
Current Liabilities		
Notes Payable	$	4,455,000
Long-Term Debt Due Within One Year		2,450,000
Accounts Payable		1,523,581
Customers' Deposits		581,755
Purchased Gas Refund Payable to Customers		44,139
Accrued Taxes		1,310,572
Accrued Interest		600,726
Other		947,448
Total Current Liabilities	$	11,913,221
Deferred Credits & Others		
Deferred Income Taxes	$	8,436,725
Investment Tax Credit		602,550
Regulatory Items		787,475
Advances for Construction		214,760
Total Deferred Credits and Other		10,041,510
TOTAL LIABILITIES	$	104,589,067

DELTA NATURAL GAS COMPANY, INC.
Case No. 99-176
Historical Test Period Filing Requirements
Table of Contents

Requirement # SECTION 10	Description	Vol. #	Section #	FR #	Sponsoring Witness
(1) 1	A statement of the reason the adjustment is required.	1	1	1-1	Jennings
2	A statement that the utility's annual reports, including the annual report for the most recent calendar year, are on file with the commission...	1	2	1-2	Brown
3	...a certified copy of the utility's articles of incorporation...	1	3	1-3	N/A
4	If the utility is a limited partnership, a certified copy of the limited..	1	4	1-4	N/A
5	...a certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed.	1	5	1-5	N/A
6	A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary.	1	6	1-6	N/A
7	The proposed tariff in a form which complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.	1	7	1-7	Hall
8	The utility's proposed tariff changes, identified in compliance with 807 KAR 5:011, shown either by: a) Providing the present and proposed tariffs in comparative form on the same sheet side by side or facing sheets side by side; or b) Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions;	1	8	1-8	Hall
9	A statement that customer notice has been given in compliance with subsections (3) and (4) of this section with a copy of the notice.	1	9	1-9	Hazelrigg
(2)	Written notice of intent to file a rate application at least four (4) weeks prior to filing the application. Notice should state what type of test period will be used.	1	10	2	N/A
(3)	Notice to customers shall include the following information: a) Amount of the change requested in both $ amounts and % changes for each customer class to which the proposed rate change will apply; b) The present and proposed rates for each customer class to which the proposed rates will apply; c) The effect upon the average bill for each customer class to which the proposed rate change will apply; d) Local exchange companies shall include the effect upon the average... e) Statement that the rates are only proposed...; f) Statement that any person, assoc., etc. with a substantial interest in the matter may, by written request, within thirty (30) days after publication of this notice request to intervene; g) Statement that any person granted intervention may obtain copies of the rate application and any other filings made by contracting the utility; h) Statement that any person may examine the rate application...at the main office of the utility or at the commission's office...; i) The commission may grant...permission to use an abbreviated form of published notice of the proposed rates provided the notice includes a coupon which may be used to obtain all of the info required herein.	1	11	3	Hazelrigg

DELTA NATURAL GAS COMPANY, INC.
Case No. 99-176
Historical Test Period Filing Requirements
Table of Contents

Requirement # SECTION 10	Description	Vol. #	Section #	FR #	Sponsoring Witness
(4) (a)	Sewer utilities shall give the required typewritten notice by mail.	1	12	4-a	
(b)	Applicants with twenty (20) or fewer customers affected.	1	13	4-b	
(c)	Manner of notification: applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one of the following methods: 1) Typewritten notice mailed to all customers no later than than the date the application is filed with the commission; 2) Publishing the notice in a trade publication or newsletter which is mailed to all customers no later than the date on which the application is filed with the commission; 3) Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper...the first publication to be made within seven (7) days of the filing of the application with the commission.	1	14	4-c	
(d)	If the notice is published, an affidavit from the publisher verifying the notice was published, including the dates of the publication with an attached copy of the published notice, shall be filed with the commission no later than forty-five days of the filed date of the application.	1	15	4-d	
(e)	If the notice is mailed,...	1	16	4-e	
(f)	All utilities ... shall post a sample copy of the required notifications at their place of business no later than the date on which the application is filed which shall remain posted until the commission has finally determined the utility's rates.	1	17	4-f	Hazelrigg
(5)	Notice of hearing scheduled by the commission upon application...shall be advertised by the utility by newspaper publication in the areas that will be affected...	1	18	5	N/A
(6)	All applications supported by a historical test period shall include the following info. or a statement explaining why the required info. does not exist and is not applicable to the utility's application:				
(a)	A complete description and quantified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels and any other factors which may affect the adjustment;	1	19	6-a	Hall
(b)	The prepared testimony of each witness the utility proposes to use...	2	31	6-b	N/A
(c)	If the utility has gross annual revenues less than $1,000,000,...	1	20	6-c	N/A
(d)	A statement estimating the effect that the new rates will have upon the revenues of the utility including, at minimum, the total amount of revenues resulting from the increase or decrease and the % of increase or decrease;	1	21	6-d	Hall
(e)	The effect upon the average bill for each customer class to which the proposed rate change will apply;	1	22	6-e	Hall
(f)	If the utility is a local exchange company...	1	23	6-f	N/A
(g)	An analysis of customers' bills in such detail that revenues from the present and proposed rates can be readily determined for each customer class;	1	24	6-g	Hall

DELTA NATURAL GAS COMPANY, INC.
Case No. 99-176
Historical Test Period Filing Requirements
Table of Contents

Requirement # SECTION 10	Description	Vol. #	Section #	FR #	Sponsoring Witness
(h)	A summary of the utility's determination of its revenue req. based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules;	1	25	6-h	Hall
(i)	A reconciliation of the rate base and capital used to determine its revenue req.	1	26	6-i	Hall
(j)	A current chart of accounts if more detailed than the Uniform System of Accounts prescribed by the Commission;	1	27	6-j	Brown
(k)	The independent auditors annual opinion report, with any written communication from the auditors to the utility which indicates the existence of a material weakness in the utility's internal controls;	1	28	6-k	Brown
(l)	The most recent FERC audit reports;	1	29	6-l	N/A
(m)	The most recent FERC Form 2;	1	30	6-m	Brown
(n)	A summary of the utility's latest depreciation study with schedules by major plant accounts...If the required info has been filed in another commission case a reference to that case's number and style will be sufficient;	3	32	6-n	Brown
(o)	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 (each) was used for, a brief description of (each), the specifications for the computer hardware and the operating system required to run the program;	3	33	6-o	Brown
(p)	Prospectuses of the most recent stock or bond offerings;	3	41	6-p	Hall
(q)	Annual report to shareholders, or members, and statistical supplements covering the two (2) most recent years, from the utility's application filing date;	3	34	6-q	Hall
(r)	The monthly managerial reports providing financial results of operations for the twelve (12) months in the test period;	3	45	6-r	Brown
(s)	SEC's annual report for the most recent two (2) years, Form 10-K's and any Form 8-K's issued within the past two (2) years, and Form 10-Q's issued during the past six (6) quarters updated as current information becomes available;	3	42	6-s	Hall
(t)	If the utility had any amounts charged or allocated to it by 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...; 2) An explanation of how the allocator...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.	3	35	6-t	Brown

DELTA NATURAL GAS COMPANY, INC.
Case No. 99-176
Historical Test Period Filing Requirements
Table of Contents

Requirement # SECTION 10	Description	Vol. #	Section #	FR #	Sponsoring Witness
(u)	...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.	3	36	6-u	Seelye
(v)	Local exchange carriers...	3	37	6-v	N/A
(7)	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 info. shall be filed with applications requesting pro forma adjustments or a statement explaining why the required info. does not exist and is not applicable to the utility's application.				
(a)	A detailed I/S and B/S reflecting the impact of all proposed adjustments;	3	38	7-a	Hall
(b)	The most recent capital construction budget containing at least the period of time as proposed for any pro forma adjustments for plant additions;	3	43	7-b	N/A
(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 a completion; (4) The amount contained in CWIP at the end of the test period; (5) A schedule containing a complete description of actual plant retirements and anticipated 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 capita 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.	3	39	7-c	N/A
(d)	The operating budget for each month of the period encompassing the pro forma adjustment.	3	44	7-d	Brown
(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.	3	40	7-e	Walker
(11)	A request for waiver of any of the provisions of these filing requirements must set forth the specific reasons for the request.				

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-1

Description of Filing Requirement:

A statement of the reason the adjustment is required.

Response:

See Notice and Statement, page 2.

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-2

Description of Filing Requirement:

A statement that the utility's annual reports, including the annual report for the most recent calendar year, are on file with the Commission.

Response:

See Notice and Statement, page 3.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-3

Description of Filing Requirement:

If the utility is incorporated, a certified copy of the utility's Articles of Incorporation.

Response:

See Notice and Statement, page 3.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-4

Description of Filing Requirement:

If the utility is a limited partnership, a certified copy of the limited partnership agreement.

Response:

Please refer to Delta's Notice and Statement, page 3.

Notes

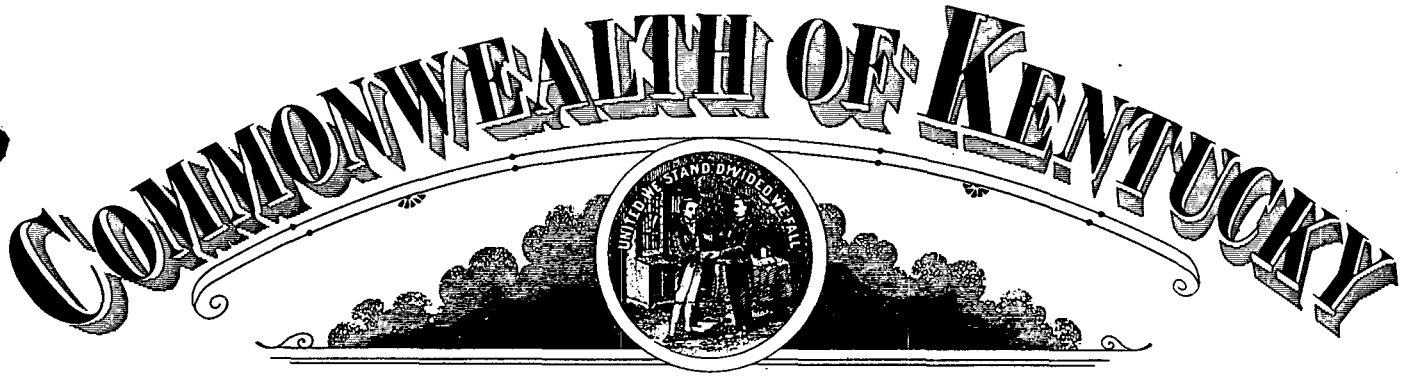
Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-5

Description of Filing Requirement:

A certificate of good standing or certificate of authorization dated within sixty (60) days of the date the application is filed.

Response:

See attached.



John Y. Brown III
Secretary of State

Certificate of Existence

I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

DELTA NATURAL GAS COMPANY, INC.

is a corporation duly organized and existing under KRS Chapter 271B, whose date of incorporation is October 7, 1949 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 271B.16-220 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 17th day of June, 1999.

John Y. Brown, III

JOHN Y. BROWN III
Secretary of State
Commonwealth of Kentucky
tbates/0143383

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-6

Description of Filing Requirement:

A certified copy of a certificate of assumed name as required by KRS 365.015 or a statement that such a certificate is not necessary.

Response:

Please refer to Delta's Notice and Statement, page 3.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-7

Description of Filing Requirement:

The proposed tariff in a form which complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed.

Response:

See attached.

PSC No. 9

Cancelling PSC No. 8

DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road

Winchester, Kentucky

Rates, Rules and Regulations for Furnishing

NATURAL GAS SERVICE

in

Entire Service Area of the Company

Filed with the

PUBLIC SERVICE COMMISSION OF KENTUCKY

Issued
July 2, 1999

Effective
August 1, 1999

Issued by

GLENN R. JENNINGS, PRESIDENT

TABLE OF CONTENTS

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GENERAL SERVICE AND INTERRUPTIBLE RATES

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available for general use by residential, commercial and industrial customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) *	= Total Rate	
General Service				
Customer Charge				
Residential	$ 8.0000		$ 8.0000	
Small Commercial with a meter no larger than an AL425	$ 17.0000		$17.0000	(R)
All Others	$ 50.0000		$50.0000	(I)
.1 - 200 Mcf	$ 3.4787	$3.7706	$7.2493/Mcf	(I)
200.1 - 1000 Mcf	$ 1.8500	$3.7706	$5.6206/Mcf	(R)
1000.1 - 5000 Mcf	$ 1.4500	$3.7706	$5.2206/Mcf	(R)
5000.1 - 10000 Mcf	$ 1.0500	$3.7706	$4.8206/Mcf	(R)
Over 10000 Mcf	$ .8500	$3.7706	$4.6206/Mcf	(R)
Interruptible				
Customer Charge	$250.0000		$250.0000	(I)
.1 - 1000 Mcf	$ 1.6000	$3.7706	$5.3706/Mcf	(R)
1000.1 - 5000 Mcf	$ 1.2000	$3.7706	$4.9706/Mcf	(R)
5000.1 - 10000 Mcf	$ .8000	$3.7706	$4.5706/Mcf	(R)
Over 10000 Mcf	$ .6000	$3.7706	$4.3706/Mcf	(I)

* The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 12 and 13 of this tariff.

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GENERAL SERVICE AND INTERRUPTIBLE RATES

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

T | Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 2. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available to commercial and industrial customers who have purchased natural gas elsewhere, obtained all requisite authority to transport such gas to Delta's facilities and request Delta to utilize its facilities to transport such customer-owned gas to place of utilization. Any such transportation service shall be subject to the terms and conditions set forth herein and to the reserved right of Delta to decline to initiate such service whenever, in Delta's sole judgment, the performance of the service would be contrary to good operating practice or would have a detrimental impact on other customers of Delta.

RATE

A transportation charge comprised of the following components will be applied to each Mcf, or in the case of measurement based on heating value, each dekatherm (Dth) of gas transported hereunder:

(1) Delta's Base Rate for gas sold as set forth in Delta's General Service and Interruptible Rate Schedules; plus

(2) Where the pipeline suppliers transportation, compression or other similar charges are billed to Delta, the cost per Mcf or Dth, as applicable, of such charges; plus

(3) A take-or-pay recovery component of $(0.0000)

GAS SOLD TO CUSTOMER

Monthly gas deliveries to customer in excess of scheduled transportation volumes will be billed by Delta and paid by customer in accordance with Delta's Standby Service Rate Schedule.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

TERMS AND CONDITIONS

Service hereunder shall be performed under a written contract between customer and Delta setting forth specific arrangements as to volumes to be transported, points of delivery, methods of metering, timing of receipts and deliveries of gas by Delta, the availability of discounts in special situations and any other matters relating to individual customer circumstances.

At least ten (10) days prior to the beginning of each month, customer shall provide Delta with a schedule setting forth daily volumes of gas to be delivered into Delta's facilities for customer's account. Customer shall give Delta at least twenty-four (24) hours prior notice of any subsequent changes to scheduled deliveries. Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in the transportation. When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Customer owned gas transported hereunder for an interruptible customer will be subject to interruption in accordance with normal interruption procedures applicable to such rate schedule. Such customers must agree in writing to cause deliveries of customer-owned gas into Delta's facilities to cease upon notification by Delta of the necessity to interrupt or curtail the use of gas.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas to interruptible customers hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to customers of higher priority or to respond to any emergency. During such periods, Delta shall have the right to purchase any transportation gas delivered into Delta's system for the account of the customer at the actual cost the customer paid for such gas.

Delta may execute special transportation contracts with anyone subject to approval of said contract by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period on an individual service at the same premise who has purchased their own supply of natural gas and require transportation by the Company to the point of utilization subject to suitable service being available from existing facilities.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available to any person whose facilities connect or can be made to connect with Delta's facilities or who can cause their natural gas to be delivered to Delta's facilities and who desires gas to be transported by Delta to a place of utilization not connected to Delta's facilities. Further, the person or persons desiring such transportation shall have executed a contract with Delta as set forth under the terms and conditions of this tariff.

RATE

The charge for service under this tariff shall be twenty-six cents ($0.26) per 1000 cu. ft. of gas transported, or, in the case of measurement based upon heating value, shall be twenty-six cents ($0.26) per dekatherm. Any additions or modifications of the facilities required to perform this service shall be at the sole expense of the customer.

TERMS AND CONDITIONS

Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract.

Delta shall reserve the right to purchase all or part of the gas to be transported at the same price the transporter would have received at the delivery point less Delta's applicable transportation charges, shrinkage and compressor fuel costs.

Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

the transportation. When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to retail customers of higher priority or to respond to any emergency.

T Delta may execute special transportation contracts with anyone after said contract has been filed with and accepted by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

STANDBY SERVICE RATE SCHEDULE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than Delta and who request Delta to be available to supply natural gas at that place of utilization; or

(2) request Delta to provide a standby energy source at their place of utilization.

CHARACTER OF SERVICE

Firm - within the reasonable limits of Delta's capability to provide such service unless otherwise specified in a contract between Delta and the customer.

RATES

T Customer shall pay Delta a standby charge to be set forth in a contract between Delta and the customer that has been filed with and accepted by the Public Service Commission. In addition, monthly natural gas usage will be billed by Delta and paid by the customer in accordance with the charges set forth in Delta's General Service or Interruptible Rate Schedule under which it sells gas to the customer.

SPECIAL TERMS AND CONDITIONS

Service under this rate schedule shall be performed under a written contract between Delta and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Delta, points of delivery, methods of metering and other matters relating to individual customer circumstances.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

DETERMINATION OF GCR

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of:

(1) The expected gas cost component (EGC), on a dollar per Mcf basis, which represents the average expected cost of gas supplies.

(2) The supplier refund adjustment (RA), on a dollar per Mcf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

(3) The actual adjustment (AA), on a dollar per Mcf basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

(4) The balance adjustment (BA), on a dollar per Mcf basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

BILLING

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$$GCR = EGC + RA + AA + BA$$

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

DEFINITIONS

For purposes of this tariff:

(a) "Average Expected Cost" means the cost of gas supplies, including associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.

(b) "GCR" means the quarterly updated gas cost recovery rate applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment;
i.e., GCR = EGC + RA + AA + BA).

(c) "Calendar Quarters" means each of the four three-month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

(d) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

SPECIAL CHARGES

The following charges shall be applied under the following conditions:

Collection Charge - A charge of $15.00 will be levied when a Company representative makes a trip to the premises of a customer for the purpose of terminating service. The charge may be assessed if service is actually terminated or if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date the service will be disconnected.

Reconnection Charge - A reconnection charge of $40.00 to be made by the Company and paid by the customer before or at the time the service is reconnected shall be assessed as approved by the Public Service Commission when:

(1) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules and Regulations, and the customer has qualified for and requested service to be reconnected. Customers qualifying for service reconnection under 807 KAR 5:006, Section 15 -Winter Hardship- shall be exempt from reconnect charges.

(2) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.

Bad Check Charge - The Company may charge and collect a fee of $10.00 to cover the cost of handling an unsecured check; where a customer tenders in payment of an account a check which upon deposit by the Company is returned as unpaid by the customer's financial institution.

Request Test Charge - Pursuant to 807 KAR 5:006, Section 18, the Company shall make a test of any meter upon written request of any customer provided such request is not made more frequently than once each twelve (12) months. The customer shall be given the opportunity of being present at such request tests. If such tests show that the meter was not more than two percent (2%) fast, the Company may make a reasonable

CLASSIFICATION OF SERVICE
RATE SCHEDULES

SPECIAL CHARGES

charge for the test. The test charge is based upon meter size and is as follows:

1,000 cubic feet per hour and under	$ 4.00
Over 1,000 to 10,000	$ 8.00
Over 10,000	$12.00

Gas Light Charge - Monthly consumption of unmetered gas used for an outdoor gas light, as approved by the Company, will be calculated to be 1,500 cubic feet per month per mantle for upright mantles and for each pair of inverted mantles. On special models of gas lights where gas consumption is greater than those referred to above, the Company shall estimate, based on the manufacturer's suggested usage, the monthly consumption to the closest 100 cubic feet and bill customer that equal amount each month. Such consumption shall be billed under the appropriate rate schedule applicable to the customer.

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

1. APPLICABILITY

Applicable within all service areas served by Delta namely: Owingsville, Sharpsburg, Salt Lick, Midland, Bath County; Estill County; Camargo, Jeffersonville, Montgomery County; Frenchburg, Menifee County; Kingston Terrill, Berea, Madison County; Stanton, Clay City, Powell County; Garrard County; Annville, Jackson County; Beattyville, Lee County; North Middletown, Bourbon County; Nicholasville, Wilmore, Jessamine County; Clearfield, Farmers, Rowan County; Middlesboro, Pineville, Bell County; Barbourville, Knox County; Williamsburg, Corbin, Whitley County; London, Laurel County; Manchester, Burning Springs, Oneida, Clay County; Leslie County; Lexington, Fayette County; Fleming County; Clark County; Mt. Olivet, Robertson County; Sardis, Mason County; and environs of each. T

2. COMMISSION'S RULES AND REGULATIONS

All gas service rendered by the Company shall be in accordance with the Administrative Regulations by which gas utilities are governed by the Public Service Commission of Kentucky and all amendments thereto and modifications thereof which may be made by the Commission.

3. COMPANY'S RULES AND REGULATIONS

In addition to the Rules and Regulations prescribed by the Public Service Commission, all gas service rendered shall also be in accordance with the Rules and Regulations adopted by the Company. T

4. FILING OF RATES, RULES AND REGULATIONS

A copy of all schedules of rates, rules and regulations under which gas service is rendered is on file for the public's benefit with the Public Service Commission of Kentucky. A copy of such rates, rules and regulations, together with the law, rules and regulations of the Public Service Commission of Kentucky is available for public inspection in the various offices of the Company.

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

5. NO EXCEPTIONS TO RULES AND REGULATIONS

No agent, representative or employee of the Company shall make any promise, agreement or representation not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company and neither has any agent, representative or employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations except as hereinafter provided.

6. RULES AND REGULATIONS MAY BE AMENDED

The Company reserves the right to amend or modify its Rules and Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its
T business, subject to the filing with and acceptance of same by the Public Service Commission of Kentucky.

7. SUPERSEDE PREVIOUS RULES AND REGULATIONS

These Rules and Regulations replace and supersede all previous Rules and Regulations under which the Company has previously supplied gas service.

8. CUSTOMER CLASSIFICATIONS

Residential: Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Small Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation with a meter no larger than an AL425.

Large Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving

manufacturing or electric power generation with a meter larger than an AL425.

Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

9. APPLICATION FOR SERVICE

A written application or contract, properly executed, may be required before the Company is obligated to render gas service. The Company shall have the right to reject for valid reasons any such application or contract. All applications for service shall be made in the legal name of the party desiring the service.

Applications for service are not transferable and new occupants of premises will be required to make application for service before commencing the use of gas. Customers who have been receiving gas service shall notify the Company when discontinuance of service is desired and shall pay for all gas until such notice has been given in person, in writing or by telephone and final meter reading is made by the Company.

When a customer moves within the service area of the Company, the customer shall be billed out at the original location and billed in at the new location. Therefore, the customer may receive two bills for the month in which the move occurs.

In case the customer is not the owner of the premises, it shall be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in, on or over said premises all such piping and other equipment as are required or necessary to install service line for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

10. REFUSAL OF SERVICE

The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely

affecting the service to customers already connected and being served.

11. RENEWAL OF CONTRACT

If, upon the expiration of any service agreement or service contract for a specified term, the customer continues to use the service, the service agreement or service contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon written notice by either party in advance of the expiration date in accordance with the terms set forth in the service agreement or service contract.

12. CUSTOMER'S LIABILITY

The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused
T solely by the gross negligence of the Company.

13. ACCESS TO PROPERTY

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require the employee to enter the customer's premises shall wear a distinguishing uniform or other insignia, identifying the employee as an employee of the company, or carry a badge or other identification which will identify the employee as an employee of the Company, the same to be shown by the employee upon request.

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

14. CONTINUOUS OR UNIFORM SERVICE

The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

15. EXCLUSIVE SERVICE

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on premises not owned or controlled by the customer.

16. DEPOSITS

The Company may require a minimum cash deposit or other guaranty to secure payment of bills except from customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid on all sums held on deposit. The interest will be applied as a credit to the customer's bill or will be paid to the customer on an annual basis. If the deposit is refunded or credited to the customer's bill prior to the deposit anniversary date, interest will be paid or credited to the customer's bill on a pro-rated basis. If interest is not paid to the customer or credited to the customer's bill annually, interest will be computed by a method

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

which will result in an amount not less than that obtained by using the middle course method between simple and compound interest in compliance with the Commission Order dated October 31, 1989 in Case No. 89-057. Interest on deposits computed in this manner will accrue until paid to the customer or credited to the customer's bill.

The deposit may be waived upon a customer's showing of satisfactory credit or payment history. Required deposits will be credited to the customer's bill between twelve and fifteen months after the month of deposit if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. Upon termination of service, the deposit and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

(1) Previous payment history with the Company. If the customer has no previous history with the Company, statements from other regulated public utilities may be presented by the customer as evidence of good credit.

(2) Length of time the customer has resided or been located in the area.

(3) Whether the customer owns the property where service is to be rendered.

(4) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

If a deposit is held longer than eighteen months, the deposit will be recalculated at the customer's request based on the customer's actual usage for the past twelve months. If the deposit on account differs from the recalculated amount by more than $10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and refunds, if any, will be credited to the customer's next

utility bill. No refund will be made if the customer's bill is delinquent at the time of recalculation.

Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

Residential and small commercial customers with meters up through AL425 will pay equal deposits in the amount of $95.00.
T This amount shall not exceed 2/12ths of the average annual bill.

Large commercial and industrial customer's deposits shall be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2/12ths of the customer's actual or estimated annual bill.

17. MONTHLY CUSTOMER CHARGE

A monthly customer charge shall be rendered against every meter installed unless service is discontinued in one customer's name and is not to be re-served at the location.

Special permission may be obtained from the local distribution supervisor for waiving of the monthly customer charge only when initial service is being rendered and no gas except test gas has been passed by the meter.

A full monthly customer charge will be rendered whenever service has been used for more than fifteen (15) days of a billing month, even if the consumption of the customer is zero (0).

If service is used less than fifteen (15) days in a given billing month and any consumption is recorded, the normal billing procedure shall apply.

18. MONTHLY BILLS

Bills for gas service will be rendered monthly unless otherwise specified. The term "month" for billing purposes shall mean the period between any two consecutive readings of the meter by the

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T Company, such reading to be taken as near as practicable approximately every thirty (30) days.

Bills are due upon rendition and payable within a period not exceeding ten (10) days after the date of mailing.

Service shall be subject to being discontinued for non-payment of bills after the customer has been given at least ten (10) days written notice separate from the original bill and not before twenty seven (27) days from the mailing date of the original bill.

The Company may not terminate service to a customer if a medical certificate is presented or if a Certificate of Need from the Cabinet for Human Resources is presented in accordance with 807 KAR 5:006, Section 14 (2)(c) and (3).

Failure to receive a bill does not exempt a customer from these provisions.

When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis and the billing adjusted as necessary.

The Company's billing form includes dates served; number of days in period; previous and present meter reading; Mcf usage; net amount due for service rendered; taxes, if applicable; adjustments, if any; special charges; total amount due; account number; billing date; due date; and service address.

19. BUDGET PAYMENT PLAN

The Company has a budget payment plan available for its residential and commercial customers whereby a customer may elect to pay a monthly amount for the budget year in lieu of monthly billings for actual usage. The monthly budget payment will be determined by the Company based, under normal circumstances, on a minimum of one-twelfth of the estimated annual usage, subject to review and adjustment during the budget year. The normal budget year is the 12 months from August through July, with July as the settlement month.

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The customer's account may be adjusted through a series of levelized adjustments on a monthly basis if usage or changes in rates indicate that the account will not be current upon payment of the last budget amount.

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on a budget payment plan. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or if the customer fails to pay bills as rendered under the budget payment plan. The Company reserves the right to revoke the plan and restore the customer to regular billing and require immediate payment of any deficiency.

Failure to receive a bill in no way exempts the customer from the provisions of these terms and conditions.

20. LOCAL FRANCHISE FEE OR TAX

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

21. COMPANY-OWNED SERVICE LINES

The Company will install, own, operate and maintain the service line at the premises of residential and commercial customers, if such premises are not connected to a Company main by a service line. With respect to residential and commercial customers that occupy premises already connected to a Company main by a service line, the Company shall be responsible for operating and maintaining the customer service line and when the Company determines that replacement of such customer service line is

necessary the Company shall be responsible for installing the service line and shall thereafter own the service line.

Any customer accepting gas service under this section shall be deemed to have granted the Company an easement across his property for such service. No service line shall be installed across private property other than the premises of the building to be supplied with gas; except after special investigation and approval by the Company.

When the length of the service pipe required between the property line and the meter is 100 feet or less, the Company will assess no charge for the service pipe installation.

When the length of required service pipe exceeds 100 feet, the Company may require the applicant to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service beyond 100 feet. Contributions by customers toward the Company's cost of furnishing and installing service lines in accordance with this section are non-refundable.

In the event that the Company is required to undertake any excavation on a customer's property in connection with the installation, repair, maintenance or replacement of a service line, the Company shall make reasonable efforts to restore the property to its original condition pursuant to generally accepted utility standards for such construction operations.

22. COMPANY'S EQUIPMENT AND INSTALLATION

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install and maintain at its expense the necessary meter, meter stand (including meter riser), regulator and connections which will be located at or near the main service connection, property line or near the building, at the discretion or judgment of the Company. Suitable site or location for the meter, meter stand, (including meter riser), regulator and connections shall be provided by the customer and the title to this equipment shall remain in the Company with the

right to install, operate, maintain and remove same and no charge shall be made by the customer for use of the premises as occupied or used.

23. PROTECTION OF COMPANY'S PROPERTY

All meters, piping and other appliances and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

24. CUSTOMER'S EQUIPMENT AND INSTALLATION

The customer shall furnish, install and maintain at his expense the necessary housepiping, connections and appliances and same shall be installed in accordance with the requirements and specifications of "INSTALLATION OF GAS PIPING AND GAS EQUIPMENT" as compiled and approved by the American National Standards Institute, the National Board of Fire Underwriters, The American Gas Association and other similar bodies, which is now contained in the National Fuel Gas Code (ANSI Z 223.1-1980) and any revisions thereof which are herewith incorporated by reference as a part of the Company's Rules and Regulations where applicable and when not in conflict with the requirements of the constituted authorities.

T All appliances must be approved by a standard testing laboratory or agency and installed in accordance with the manufacturer and/or NFPA 54 guidelines.

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

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All of the customer's piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe and serviceable condition.

The Company shall inspect the condition of the meter and service connections before making service connections to a new customer pursuant to 807 KAR 5:006, Section 13(3). The Company shall not assume any responsibility and shall not be held liable in any way for the making of any periodic inspection of the customer's piping, connections or appliances or for the customer's failure to properly and safely install, operate and maintain same.

25. NOTICE OF ESCAPING GAS OR UNSAFE CONDITIONS

Immediate notice must be given by the customer to the office or employees of the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in the piping and equipment of either the Company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut off at the meter cock or valve until hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agents or representatives.

26. TURNING OFF GAS SERVICE AND RESTORING SAME

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Company or having permission from the Company, shall turn the gas on or restore service.

27. CHARACTER OF SERVICE

In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand seventy (1,070) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of

natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquified petroleum gas and air or a combination of same with natural gas.

28. MEASUREMENT BASE

The Company, in accordance with 807 KAR 5:022, Section 8, utilizes an appropriate measurement base in all service areas. The rates of the Company are based upon gas delivered to the customer on a basis of four (4) ounces per square inch above an assumed atmospheric pressure of fourteen and four-tenths (14.4) pounds per square inch or fourteen and sixty-five hundredths (14.65) pounds per square inch absolute pressure at an assumed temperature of sixty (60) degrees Fahrenheit; provided, however, the Company reserves the right to correct as necessary the actual temperatures to sixty (60) degrees Fahrenheit basis in the cases of large volume industrial customers.

All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

29. GAS MEASUREMENT

The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point most accessible or convenient for the Company and all bills shall be calculated upon the registration of said meter or meters except as hereinafter provided. If more than one meter is installed for the same or different classes of service at different locations on the customer's premises, each meter shall be considered separately in calculating the amount of any bills, except in those cases where the Company elects to install dual metering facilities in order to assure accurate measurement of all gas consumed. Meter readings may be combined and one bill rendered under these conditions. Meters include all measuring instruments and equipment.

All residences, commercial buildings or other occupied buildings shall have separate meters even if under the same roof, except in cases of multi-occupants under the same roof with a common entrance or within an enclosure or mobile home park where it is unreasonable or uneconomical to measure each unit separately.

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When customers are served from high pressure lines, the meters, regulators and safety devises shall be located as near to the Company's main as is practicable.

30. METERING

Unless otherwise specified, a domestic, commercial or industrial consumer shall be interpreted to mean a customer served through an individual meter.

A multiple unit dwelling shall be interpreted to mean two or more consumers or dwelling units, such as apartments, trailers or mobile homes within a trailer park.

A master meter shall be interpreted to mean one meter servicing a trailer or mobile home park or a multiple unit dwelling; the Company reserves the right to charge a minimum monthly rate per mobile home or trailer or individual consumer within a multiple unit dwelling served through a master meter.

Any time a master meter is used for rendering services, the Company shall require the execution of a service agreement in writing, which agreement, among other things, shall specify the number of customers served through such master meter.

31. POINT OF DELIVERY OF GAS

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from outlet of the meter to customer's yard line or house piping.

32. MCF
"Mcf" is defined as 1,000 cubic feet at the measurement base.

33. DTH
"Dth" is defined as 1,000,000 BTUs.

34. CUSTOMER'S DISCONTINUANCE OF SERVICE
Reference 807 KAR 5:006, Section 12.

35. COMPANY'S DISCONTINUANCE OF SERVICE FOR CAUSE
Reference 807 KAR 5:006, Section 14.

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36. SPECIAL RULES AND CUSTOMERS SERVED FROM TRANSMISSION MAINS AND GATHERING MAINS

Transmission Mains - In addition to the standard Rules and Regulations as applicable to 807 KAR 5:022, Section 7, the following special Rules and Regulations shall apply to all customers served directly from the high pressure transmission mains.

All meters, regulators, equipment and connections necessary to serve the customer from high pressure transmission line shall be install on the customer's premises at or as near the transmission line as is practicable.

Suitable site or location for the equipment owned by the Company or the owner of the line shall be provided and furnished by the customer without any expense to the Company. The Company shall have the right of ingress, egress and regress to and from this location at any time without any expense or charges from the customer.

The customers' yard line extending from the outlet of the meter shall be installed and maintained by the customers at their expense.

The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

Gathering Lines - Reference 807 KAR 5:026

37. SPECIAL PROVISIONS - LARGE VOLUME CUSTOMERS

Industrial, commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas and shall so regulate and control their operations and the use of gas hereunder so as not to interfere with gas service being furnished to them or to any other customers or with the proper and accurate metering of gas at their existing location or any other location.

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38. MONITORING OF CUSTOMER USAGE

The Company monitors each customer's usage on a monthly basis in order to detect unusual deviations in individual customer consumption. Prior to each monthly billing, the Company compares the customer's current consumption with prior usage. Should an unusual deviation in the customer's consumption be found, the Company makes a reasonable attempt to determine the reason for the unusual deviation including re-reading the meter and testing the meter if required.

If the cause for usage deviation cannot be determined from analysis of the customer's meter reading and billing records the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume or known leaks in the customer's service line.

The Company will notify the customer of the investigation, its findings and any refunds or backbilling in accordance with 807 KAR 5:006, Section 10 (4) and (5).

39. DISTRIBUTION MAIN EXTENSIONS

The Company will make extensions from its existing distribution mains in all of its service areas in accordance with 807 KAR 5:022, Section 9.

All extensions will be made dependent on the economic feasibility of the extension. Title to all extensions shall be and remain with the Company. In the event a deposit is placed with the Company, the amount of the refund shall not exceed the original deposit.

Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable terms than herein prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

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EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N Applicability

Applicable to gas sold under the Company's General Service and Interruptible Rate Schedule and gas transported under the Transportation Of Gas For Others On System Utilization Rate Schedule.

Rate Mechanism

The monthly amount computed under each of the rate schedules to which this Alternative Ratemaking Mechanism is applicable shall include an Alternative Ratemaking Mechanism Adjustment Component (ARMAC) per Mcf of gas deliveries. The ARMAC to be applied to customer billings shall be equal to the sum of the following components:

$$ARMAC = AAC + AAF + BAF$$

The AAC is the Annual Adjustment Component per Mcf for each twelve month period during which this experimental alternative ratemaking mechanism is in effect. A discrete AAC charge or credit shall be computed for each applicable rate class billing block. Monthly bills shall be adjusted (increased or decreased) beginning July 1 of each fiscal year in accordance with the procedures described herein with respect to the return on common equity produced by the Company's budget for the fiscal year.

The AAF is the Actual Adjustment Factor per Mcf which, upon completion of the previous AAC period, reconciles any departures in the Company's earned return on common equity (ROE) that is outside the Commission's authorized ROE band-width. As with the AAC, a discrete charge or credit shall be computed for each applicable rate class billing block. Monthly bills shall be adjusted (increased or decreased) annually beginning October 1 of each year in accordance with the procedures described herein. The initial AAF would become effective on October 1 during the second year of the experimental mechanism following completion of the first year's AAC which would expire at the end of June.

The BAF is the Balance Adjustment Factor per Mcf which compensates for any differences between the amounts targeted and the amounts actually credited or charged upon application of the AAF and BAF. A single BAF charge or credit shall be calculated and shall apply uniformly to all applicable rate class billing blocks. Monthly bills shall be adjusted (increased or decreased) annually beginning January 1 of each year in accordance with the procedures described herein. The initial BAF would become effective on January 1 during the third year of the

EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N experimental mechanism following completion of the first year's AAF which would expire at the end of the previous September.

Calculation Procedures

Annual Adjustment Component (AAC)

The total amount from which the per Mcf AAC credits or charges are determined shall be calculated by:

1. comparing the budgeted return on common equity to the Commission authorized return on common equity, and
2. multiplying such difference by the 12-month average budgeted common equity; and
3. then adjusting the resulting deficient or excess earnings available for common equity for federal and state income taxes to determine the total amount of surcharge or credit for the twelve month AAC period.

However, in no case shall the total amount which the surcharge or credit is based exceed 5% of actual Company revenues during the most recent twelve month period for which actual results are available prior to the ACC filing.

Therefore, the total AAC amount shall be the lesser of:

$$((AROE - BROE) \times BCE) \div (1\text{-}SFIT) \quad \text{or} \quad AR \times 5\%$$

where:

AROE is the Commission authorized return on common equity, and
BROE is the budgeted return on common equity based on the Company's budget as approved by its Board of Directors and applicable to the 12 month AAC period, and
BCE is the is the budgeted common equity applicable to the 12 month AAC period based on the Company's budget as approved by its Board of Directors, and
SFIT is the applicable composite state and federal income tax rate.
AR is the actual revenue during the most recent twelve month period for which actual results are available prior to the filing of the AAC.

The Annual Adjustment Component (AAC) per Mcf applicable to each rate class billing block shall be calculated by multiplying the total AAC amount to be credited or surcharged, as calculated above, by the ratio of budgeted net revenue (exclusive of GCR revenue) in the applicable rate class billing block to the total budgeted net revenue of all applicable billing blocks in order to determine the amount applicable to the specific rate class

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N billing block. The resulting amount applicable to the specific billing block shall then be divided by the budgeted Mcf for such billing block to determine the AAC credit or charge per Mcf, as follows:

$$AAC = (\text{Total AAC Amount} \times (NRRB \div NRT)) \div RBMcf$$

where:

NRRB is the budgeted net revenue (exclusive of Gas Cost Recovery revenue) for the applicable rate class billing block in the Company's budget as approved by its Board of Directors and applicable to the 12 month AAC period (customer charge revenues are included in the initial billing of each rate class), and

NRT is the total budgeted net revenue of all rate class billing blocks to which this mechanism applies, and

RBMcf is the is the budgeted Mcf for the applicable rate class billing block.

Actual Adjustment Factor (AAF)

The total amount from which the AAF charges or credits are determined shall be calculated as follows:

1. The earned return on common equity at the end of the previous fiscal year is compared with the upper and lower limits of a return bandwidth which are ±50 basis points from the Commission authorized return on common. The earned return shall include amounts credited or charged under the AAC but shall not include amounts credited or charged under the AAF and the BAF.
2. If the earned return falls within the bandwidth, no Actual Adjustment Factor will be made.
3. If the earned return is higher than the upper limit or less than the lower limit of the bandwidth, such difference in return on common equity shall be multiplied by the actual 12-month average of common equity during the previous fiscal year to determine the amount of net income available for common which is subject to refund or recovery.
4. The net income subject to refund or recovery shall be adjusted for federal and state income taxes to determine the total amount of credit or surcharge for the twelve month AAF period.

Therefore, if the earned return on common is greater than the upper limit of the bandwidth, the amount of credit for the 12-month AAF period shall be determined in accordance with the following formula:

$$((ULROE - EROE) \times ACE) \div (1\text{-}SFIT)$$

However, if the earned return on common is less than the lower limit of the bandwidth, the amount of surcharge for the 12-month AAF period shall be determined in accordance with the following formula:

$$((LLROE - EROE) \times ACE) \div (1\text{-}SFIT)$$

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N where:

ULROE is the upper limit of the bandwidth (50 basis points above the Commission authorized return on common equity), and

LLROE is the lower limit of the bandwidth (50 basis points below the Commission authorized return on common equity), and

EROE is the earned return on common equity achieved in the previous fiscal year, which includes amounts credited or charged under the AAC and excludes amounts credited or charged under the AAF and BAF, and

ACE is the is the actual 12 months average common equity during the previous fiscal year, and

SFIT is the applicable composite state and federal income tax rate.

Performance-Based Cost Controls

The non-gas supply operation and maintenance (O&M) expenses used to compute the earned return on common equity (EROE) shall be subject to the following performance-based cost controls:

(a) If the previous fiscal year's actual non-gas supply O&M expenses per customer are within plus (+) or minus (-) 1.50% of the non-gas supply O&M expenses (on a per customer basis) approved by the Commission for the test year in the Company's most recent adjustment of general rates (Case No. 97-066) after adjusting for changes in the Consumer Price Index for Urban Consumers (CPI-U) (the Indexed O&M Expenses), actual O&M expenses shall be used to compute the EROE.

(b) If the previous fiscal year's actual O&M expenses per customer exceed the Indexed O&M Expenses by more than 1.50%, Company shall be limited to the inclusion of only 50% of the expenses that are in excess of 101.50% of the Indexed O&M Expenses in computing its EROE.

(c) If the previous fiscal year's actual O&M expenses per customer are lower than the Indexed O&M Expenses by more than 1.50%, Company shall be allowed to increase the actual expenses used to compute the EROE by 50% of the amount by which the actual expenses are below 98.50% of the Indexed O&M Expenses.

The average common equity (ACE) for the previous fiscal year used for purposes of computing the Actual Adjustment Factor shall be limited to 60% of the total capitalization.

The Actual Adjustment Factor (AAF) per Mcf applicable to each rate class billing block shall be calculated by multiplying the total AAF amount to be credited or surcharged, as computed above, by the ratio of budgeted net revenue (exclusive of GCR revenue) in the applicable rate class billing block to the total budgeted net revenue of all applicable billing blocks in order to determine the amount applicable to the specific rate class billing block.

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N The resulting amount applicable to the specific billing block shall then be divided by the budgeted Mcf for such billing block to determine the AAF credit or charge per Mcf, as follows:

$$AAF = (\text{Total AAF Amount} \times (NRRB \div NRT)) \div RBMcf$$

where:

NRRB is the budgeted net revenue (exclusive of Gas Cost Recovery revenue) for the applicable rate class billing block in the Company's budget as approved by its Board of Directors and applicable to the 12 month AAC period (customer charge revenues are included in the initial billing of each rate class), and

NRT is the total budgeted net revenue of all rate class billing blocks to which this mechanism applies, and

RBMcf is the is the budgeted Mcf for the applicable rate class billing block.

Balancing Adjustment Factor (BAF)

The BAF amount to be credited or charged shall be the accumulated differences between the amounts actually credited or charged under the AAF and the BAF from previous periods and the amounts used to establish the credits or charges (the targeted amounts) for such periods. The resulting BAF amount to be credited or charged shall be divided by the total budgeted Mcf sales and transportation volumes during the 12-month BAF period to determine the applicable BAF credit or charge per Mcf., as follows:

$$((AAFt - AAFa) + (BAFt - BAFa)) \div TBMcf$$

where:

AAFt is the amount used to establish the credit or charge during the previous AAF period (the targeted amount), and

AAFa is the actual amount credited or charged during the previous AAF period, and

BAFt is the amount used to establish the credit or charge during the second previous BAF period (the targeted amount), and

BAFa is the actual amount credited or charged during the second previous BAF period, and

TBMcf is the is the total budgeted Mcf for all applicable rate classes during the 12-month BAF period.

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EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N Information Provided by Company

1. Annual Operating Budget, as approved by the Company's Board of Directors, for the fiscal year that coincides with the 12-month period in which the Annual Adjustment Component (AAC) applies. This document shall be provided with the filing of the Annual Adjustment Component (AAC) on June 1 of each year.
2. Monthly budgeted net revenues (exclusive of gas supply costs) and Mcf sales of each rate class billing block for the sales and transportation rate classes to which this mechanism applies. The Company shall also include a monthly forecast of net revenues, by rate class billing block, for an additional three months beyond the budget-year along with a monthly forecast of Mcf sales and transportation, by rate class billing block, for an additional six months beyond the budget-year. This information shall be provided with the filing of the Annual Adjustment Component (AAC) on June 1 of each year.
3. Statement of Budgeted Income setting forth the calculations of expected net income available for common equity as well as the return on common equity for the budget-year along with the supporting documentation. This information and the supporting documents shall be provided with the filing of the Annual Adjustment Component (AAC) on June 1 of each year.
4. Statement showing the actual net revenues and Mcf sales for 12 months of the previous fiscal year. This information shall be provided with the filing of the Actual Adjustment Factor (AAF) on September 1 of each year.
5. Statement of Actual Income setting forth the calculations of actual net income available for common equity as well as the return on common equity for the previous fiscal year along with the supporting documentation. The calculations of net income available for common equity shall not include amounts credited or charged as result of application of the Actual Adjustment Factor (AAF) and/or the Balancing Adjustment Factor (BAF) under this mechanism. These calculations and the supporting documents shall be provided with the filing of the Actual Adjustment Factor (AAF) on September 1 of each year.
6. The Company will provide other information related to the Experimental Alternative Ratemaking Mechanism requested by the Commission.

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WEATHER NORMALIZATION ADJUSTMENT CLAUSE
APPLICABLE TO GENERAL SERVICE RATE SCHEDULE

N WEATHER NORMALIZATION ADJUSTMENT (WNA)

The sales to residential and small commercial customers under General Service Rates Schedule shall be increased or decreased monthly by an amount hereinafter described as the Weather Normalization Adjustment (WNA).

DETERMINATION OF WNA

A Weather Normalization Adjustment Factor (WNAF) shall be utilized during the December through April billing months to calculate the non-gas portion of the bills of all residential and small commercial heating customers served under the General Service Rate Schedule. During the remainder of the year, May through November, the monthly bills shall be computed solely on actual consumption.

WEATHER NORMALIZATION ADJUSTMENT WILL BE CALCULATED USING THE FOLLOWING FORMULA:

WNA = WNAF * Actual Mcf * Base Rate Charge

An average daily base load will be determined separately for residential and small commercial customers. The average daily base load will remain the same for the WNA December - April billing months. WNA will be billed for 5 billing periods.

An Average Monthly Base Load (AMBL) for residential or small commercial customers will be calculated by using total Mcf for two month non-heat usage (August/September) divided by total number of residential or small commercial customers billed for the two month period.

AMBL = MCF / NUMBER OF CUSTOMER

To calculate the Average Daily Base Load (ADBL), divide the Average Monthly Base Load by the average number of days in the two-month non-heat billing cycle.

ADBL = AMBL / AVERAGE # DAYS

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

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WEATHER NORMALIZATION ADJUSTMENT CLAUSE
APPLICABLE TO GENERAL SERVICE RATE SCHEDULE

N Base Load (BL) is determined by multiplying the Average Daily Base Load per residential or small commercial customer by the number of days in the billing cycle times the number of residential or small commercial customers in the billing cycle.

BL = ADBL * # DAYS IN BILLING CYLCE * # CUSTOMERS IN BILLING CYCLE

The heat load is then determined by subtracting the residential or small commercial customer's base load from the total Mcf billed in the billing cycle.

HL = MCF BILLED IN CYCLE - BL

A Heating Degree Factor (HDF) is then determined by dividing the Normal Degree-Days (NDD) for the billing cycle by the Actual Degree-Days (ADD) in the billing cycle.

HDF = NDD / ADD

The Weather Normalization Adjustment Consumption (WNAC) is computed by multiplying the Heating Degree Factor times the Heat Load and adding the Base Load to that number.

WNAC = HDF * HL + BL

The Weather Normalization Adjustment Factor is then calculated by dividing the WNA Consumption by the total Mcf billed in the cycle.

WNAF = WNAC / MCF

The WNAF will be recomputed monthly basd on company averages. If the WNAF is less than 1.0, the customer's billed amount will be less than the actual amount would have been. If the WNAF is greater than 1.0 the customer's billed amount will be more than the actual amount would have been. The customer's bill is calculated by multiplying the actual Mcf usage by the WNAF times the base rate charge as set forth on PSC No. 9, Sheet No. 2 of this tariff.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-8

Description of Filing Requirement:

The utility's proposed tariff changes identified in compliance with 807 KAR 5:011, shown either by:

a) Providing the present and proposed tariffs in comparative form on the same sheet side by side; or,
b) Providing a copy of the present tariff indicating proposed additions by italicized inserts or underscoring and striking over proposed deletions.

Response:

See attached.

PSC No. 8

Cancelling PSC No. 7

DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road

Winchester, Kentucky

Rates, Rules and Regulations for Furnishing

NATURAL GAS SERVICE

in

Entire Service Area of the Company

Filed with the

PUBLIC SERVICE COMMISSION OF KENTUCKY

Issued
December 18, 1997

Effective
November 30, 1997

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen Bell
SECRETARY OF THE COMMISSION

Issued by

GLENN R. JENNINGS, PRESIDENT

PSC No. 9

Cancelling PSC No. 8

DELTA NATURAL GAS COMPANY, INC.

3617 Lexington Road

Winchester, Kentucky

Rates, Rules and Regulations for Furnishing

NATURAL GAS SERVICE

in

Entire Service Area of the Company

Filed with the

PUBLIC SERVICE COMMISSION OF KENTUCKY

Issued
July 2, 1999

Effective
August 1, 1999

Issued by

GLENN R. JENNINGS, PRESIDENT

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
DATED December 8, 1997

TABLE OF CONTENTS

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GENERAL SERVICE AND INTERRUPTIBLE RATES

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available for general use by residential, commercial and industrial customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) *	= Total Rate	
General Service				
Customer Charge				
Residential	$ 8.0000		$ 8.0000	
Small Commercial with a meter no larger than an AL425	$ 18.3600		$18.3600	
All Others	$ 25.0000		$25.0000	
.1 - 200 Mcf	$ 2.7212	$3.7706	$6.4918/Mcf	(I)
200.1 - 1000 Mcf	$ 2.5000	$3.7706	$6.2706/Mcf	(I)
1000.1 - 5000 Mcf	$ 2.1000	$3.7706	$5.8706/Mcf	(I)
5000.1 - 10000 Mcf	$ 1.5000	$3.7706	$5.2706/Mcf	(I)
Over 10000 Mcf	$ 1.1000	$3.7706	$4.8706/Mcf	(I)
Interruptible				
Customer Charge	$200.0000		$200.0000	
.1 - 1000 Mcf	$ 1.7000	$3.7706	$5.4706/Mcf	(I)
1000.1 - 5000 Mcf	$ 1.3000	$3.7706	$5.0706/Mcf	(I)
5000.1 - 10000 Mcf	$ .9000	$3.7706	$4.6706/Mcf	(I)
Over 10000 Mcf	$ .5000	$3.7706	$4.2706/Mcf	(I)

* The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 10 and 11 of this tariff.

DATE OF ISSUE May 4, 1999 DATE EFFECTIVE May 1, 1999
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO 97-066F DATED April 30, 1999

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GENERAL SERVICE AND INTERRUPTIBLE RATES

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available for general use by residential, commercial and industrial customers.

CHARACTER OF SERVICE

Firm - within the reasonable limits of the Company's capability to provide such service.

RATES

	Base Rate +	Gas Cost Recovery Rate (GCR) *	= Total Rate	
General Service				
Customer Charge				
Residential	$ 8.0000		$ 8.0000	
Small Commercial with a meter no larger than an AL425	$ 17.0000		$17.0000	(R)
All Others	$ 50.0000		$50.0000	(I)
.1 - 200 Mcf	$ 3.4787	$3.7706	$7.2493/Mcf	(I)
200.1 - 1000 Mcf	$ 1.8500	$3.7706	$5.6206/Mcf	(R)
1000.1 - 5000 Mcf	$ 1.4500	$3.7706	$5.2206/Mcf	(R)
5000.1 - 10000 Mcf	$ 1.0500	$3.7706	$4.8206/Mcf	(R)
Over 10000 Mcf	$ .8500	$3.7706	$4.6206/Mcf	(R)
Interruptible				
Customer Charge	$250.0000		$250.0000	(I)
.1 - 1000 Mcf	$ 1.6000	$3.7706	$5.3706/Mcf	(R)
1000.1 - 5000 Mcf	$ 1.2000	$3.7706	$4.9706/Mcf	(R)
5000.1 - 10000 Mcf	$ .8000	$3.7706	$4.5706/Mcf	(R)
Over 10000 Mcf	$ .6000	$3.7706	$4.3706/Mcf	(I)

* The "Gas Cost Recovery Rate (GCR)" as shown above, is an adjustment per Mcf determined in accordance with the "Gas Cost Adjustment Clause" as set forth on Sheets No. 12 and 13 of this tariff.

FOR All Service Areas
P.S.C. NO. 8
Original SHEET NO. 3
CANCELLING P.S.C. NO. 7
Original SHEET NO. 3

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GENERAL SERVICE AND INTERRUPTIBLE RATES

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

Any customer required to enter into an Interruptible Sales Agreement shall be permitted to purchase gas under the Interruptible Rate Schedule as set forth on Sheet No. 2. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. 97-066 DATED December 8, 1997

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GENERAL SERVICE AND INTERRUPTIBLE RATES

Special Conditions - All customers having a connected load in excess of 2,500,000 Btu input per hour may be required to enter into an Interruptible Sales Agreement. Determinations of those customers so required shall be based on peak day use as well as annual volume and shall be at the sole discretion of the Company.

T | Any customer required to enter into an Interruptible Agreement shall be permitted to purchase or transport gas under the Interruptible Rate Schedule as set forth on Sheet No. 2. Gas requirements, minimum charges and other specific information shall be set forth in the Agreement.

FOR All Service Areas
P.S.C. NO. 8
Original SHEET NO. 4
CANCELLING P.S.C. NO. 7
Twentieth Revised SHEET NO. 4

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

PUBLIC SERVICE COMMISSION
OF KENTUCKY
~~EFFECTIVE~~

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephanie Bell
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
ON SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available to commercial and industrial customers who have purchased natural gas elsewhere, obtained all requisite authority to transport such gas to Delta's facilities and request Delta to utilize its facilities to transport such customer-owned gas to place of utilization. Any such transportation service shall be subject to the terms and conditions set forth herein and to the reserved right of Delta to decline to initiate such service whenever, in Delta's sole judgment, the performance of the service would be contrary to good operating practice or would have a detrimental impact on other customers of Delta.

RATE

A transportation charge comprised of the following components will be applied to each Mcf, or in the case of measurement based on heating value, each dekatherm (Dth) of gas transported hereunder:

(1) Delta's Base Rate for gas sold as set forth in Delta's General Service and Interruptible Rate Schedules; plus

(2) Where the pipeline suppliers transportation, compression or other similar charges are billed to Delta, the cost per Mcf or Dth, as applicable, of such charges; plus

(3) A take-or-pay recovery component of $(0.0000)

GAS SOLD TO CUSTOMER

Monthly gas deliveries to customer in excess of scheduled transportation volumes will be billed by Delta and paid by customer in accordance with Delta's Standby Service Rate Schedule.

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. 97-066 DATED December 8, 1997

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

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FOR All Service Areas
P.S.C. NO. 8
Original SHEET NO. 5
CANCELLING P.S.C. NO. 7
Original SHEET NO. 5

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephen Bell
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
ON SYSTEM UTILIZATION

TERMS AND CONDITIONS

Service hereunder shall be performed under a written contract between customer and Delta setting forth specific arrangements as to volumes to be transported, points of delivery, methods of metering, timing of receipts and deliveries of gas by Delta, the availability of discounts in special situations and any other matters relating to individual customer circumstances.

At least ten (10) days prior to the beginning of each month, customer shall provide Delta with a schedule setting forth daily volumes of gas to be delivered into Delta's facilities for customer's account. Customer shall give Delta at least twenty-four (24) hours prior notice of any subsequent changes to scheduled deliveries. Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in the transportation. When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Customer owned gas transported hereunder for an interruptible customer will be subject to interruption in accordance with normal interruption procedures applicable to such rate schedule. Such customers must agree in writing to cause deliveries of customer-owned gas into Delta's facilities to cease upon notification by Delta of the necessity to interrupt or curtail the use of gas.

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. 97-066 DATED December 8, 1997

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

TERMS AND CONDITIONS

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Customer owned gas transported hereunder for an interruptible customer will be subject to interruption in accordance with normal interruption procedures applicable to such rate schedule. Such customers must agree in writing to cause deliveries of customer-owned gas into Delta's facilities to cease upon notification by Delta of the necessity to interrupt or curtail the use of gas.

FOR All Service Areas
P.S.C. NO. 8
Original SHEET NO. 6
CANCELLING P.S.C. NO. 7
Original SHEET NO. 6

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
ON SYSTEM UTILIZATION

Delta shall have the right at any time to curtail or interrupt the transportation
(T) or delivery of gas to interruptible customers hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to customers of higher priority or to respond to any
(T) emergency. During such periods, Delta shall have the right to purchase any
(T) transportation gas delivered into Delta's system for the account of the customer
(T) at the actual cost the customer paid for such gas.

Delta may execute special transportation contracts with anyone subject to approval of said contract by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period on an individual service at the same premise who has purchased their own supply of natural gas and require transportation by the Company to the point of utilization subject to suitable service being available from existing facilities.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. 97-066 DATED December 8, 1997

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS ON SYSTEM UTILIZATION

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas to interruptible customers hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to customers of higher priority or to respond to any emergency. During such periods, Delta shall have the right to purchase any transportation gas delivered into Delta's system for the account of the customer at the actual cost the customer paid for such gas.

Delta may execute special transportation contracts with anyone subject to approval of said contract by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period on an individual service at the same premise who has purchased their own supply of natural gas and require transportation by the Company to the point of utilization subject to suitable service being available from existing facilities.

FOR All Service Areas
P.S.C. NO. 8
Original SHEET NO. 7
CANCELLING P.S.C. NO. 7
Original SHEET NO. 7

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
NOV 30 1997
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available to any person whose facilities connect or can be made to connect with Delta's facilities or who can cause their natural gas to be delivered to Delta's facilities and who desires gas to be transported by Delta to a place of utilization not connected to Delta's facilities. Further, the person or persons desiring such transportation shall have executed a contract with Delta as set forth under the terms and conditions of this tariff.

RATE

The charge for service under this tariff shall be twenty-six cents ($0.26) per 1000 cu. ft. of gas transported, or, in the case of measurement based upon heating value, shall be twenty-six cents ($0.26) per dekatherm. Any additions or modifications of the facilities required to perform this service shall be at the sole expense of the customer.

TERMS AND CONDITIONS

Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract.

Delta shall reserve the right to purchase all or part of the gas to be transported at the same price the transporter would have received at the delivery
(T) point less Delta's applicable transportation charges, shrinkage and compressor
(T) fuel costs.

Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in the transportation.

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
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CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available to any person whose facilities connect or can be made to connect with Delta's facilities or who can cause their natural gas to be delivered to Delta's facilities and who desires gas to be transported by Delta to a place of utilization not connected to Delta's facilities. Further, the person or persons desiring such transportation shall have executed a contract with Delta as set forth under the terms and conditions of this tariff.

RATE

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TERMS AND CONDITIONS

Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract.

Delta shall reserve the right to purchase all or part of the gas to be transported at the same price the transporter would have received at the delivery point less Delta's applicable transportation charges, shrinkage and compressor fuel costs.

Delivery of gas transported hereunder will be effected as nearly as practicable on the same day as the receipt thereof. Delta will not be obligated to utilize underground storage capacity in performance of the service provided herein.

All gas volumes delivered hereunder shall shrink by 2% to cover line loss and measurement differences when no compression is being used in

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

When compression is required in the transportation, all gas volumes delivered hereunder shall shrink an additional amount equivalent to fuel usage.

It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to retail customers of higher priority or to respond to any emergency.

Delta may execute special transportation contracts with anyone after approval of said contract has been granted by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O Bell
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE
RATE SCHEDULES

TRANSPORTATION OF GAS FOR OTHERS
OFF SYSTEM UTILIZATION

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It shall be the customer's responsibility to make all necessary arrangements, including regulatory approvals, required to deliver gas transported under this tariff.

Delta reserves the right to refuse to accept gas that does not meet Delta's quality specifications.

Volumes of gas transported hereunder will be determined in accordance with Delta's measurement base.

Delta shall have the right at any time to curtail or interrupt the transportation or delivery of gas hereunder when, in Delta's sole judgment, such curtailment or interruption is necessary to enable Delta to maintain deliveries to retail customers of higher priority or to respond to any emergency.

T Delta may execute special transportation contracts with anyone after said contract has been filed with and accepted by the Public Service Commission.

This transportation is available to any customer with a daily nominated volume (the level of daily volume in Mcf as requested by the customer to be transported and delivered by the Company) which averages a minimum of 25 Mcf of gas per day for the billing period.

FOR All Service Areas
P.S.C. NO. 8
Original SHEET NO. 9
CANCELLING P.S.C. NO. 7
Original SHEET NO. 9

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O Bell
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE

RATE SCHEDULES

STANDBY SERVICE RATE SCHEDULE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than Delta and who request Delta to be available to supply natural gas at that place of utilization; or

(2) request Delta to provide a standby energy source at their place of utilization.

CHARACTER OF SERVICE

Firm - within the reasonable limits of Delta's capability to provide such service unless otherwise specified in a contract between Delta and the customer.

RATES

Customer shall pay Delta a standby charge to be set forth in a contract between Delta and the customer that has been approved by the Public Service Commission. In addition, monthly natural gas usage will be billed by Delta and paid by the customer in accordance with the charges set forth in Delta's General Service or Interruptible Rate Schedule under which it sells gas to the customer.

SPECIAL TERMS AND CONDITIONS

Service under this rate schedule shall be performed under a written contract between Delta and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Delta, points of delivery, methods of metering and other matters relating to individual customer circumstances.

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO. 97-066 DATED December 8, 1997

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

STANDBY SERVICE RATE SCHEDULE

APPLICABILITY

Applicable within all areas served by Delta. See Tariff Sheet No. 14.

AVAILABILITY

Available for use by commercial and industrial customers who:

(1) purchase all or part of their natural gas requirements from sources other than Delta and who request Delta to be available to supply natural gas at that place of utilization; or

(2) request Delta to provide a standby energy source at their place of utilization.

CHARACTER OF SERVICE

Firm - within the reasonable limits of Delta's capability to provide such service unless otherwise specified in a contract between Delta and the customer.

RATES

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SPECIAL TERMS AND CONDITIONS

Service under this rate schedule shall be performed under a written contract between Delta and the customer setting forth specific arrangements as to standby charge, maximum daily volumes of natural gas required by the customer from Delta, points of delivery, methods of metering and other matters relating to individual customer circumstances.

FOR All Service Areas
P.S.C. NO. 8
Original SHEET NO. 10
CANCELLING P.S.C. NO. 7
Original SHEET NO. 10

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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NOV 30 1997
PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen Bell
SECRETARY OF THE COMMISSION

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

DETERMINATION OF GCR

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of:

(1) The expected gas cost component (EGC), on a dollar per Mcf basis, which represents the average expected cost of gas supplies.

(2) The supplier refund adjustment (RA), on a dollar per Mcf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

(3) The actual adjustment (AA), on a dollar per Mcf basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

(4) The balance adjustment (BA), on a dollar per Mcf basis, which compensates for any under or over collections which have occurred as a result of prior adjustments.

BILLING

The gas cost recovery rate to be applied to bills of customers shall equal the sum of the following components:

$$GCR = EGC + RA + AA + BA$$

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
ISSUED BY Glenn R. Jennings Glenn R. Jennings TITLE President
Name of Officer
Issued by authority of an Order of the Public Service Commission of KY in
CASE NO 97-066 DATED December 8, 1997

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

DETERMINATION OF GCR

The Company shall file a Quarterly Report with the Commission which shall contain an updated Gas Cost Recovery Rate (GCR) and shall be filed at least thirty (30) days prior to the beginning of each calendar quarter. The GCR shall become effective for billing with the final meter readings of the first billing cycle of each calendar quarter.

The gas cost recovery rates are comprised of:

(1) The expected gas cost component (EGC), on a dollar per Mcf basis, which represents the average expected cost of gas supplies.

(2) The supplier refund adjustment (RA), on a dollar per Mcf basis, which reflects refunds received from suppliers during the reporting period, plus interest at the average 90 day commercial paper rate for the calendar quarter. In the event of any large or unusual refunds, the Company may apply to the Public Service Commission for the right to depart from the refund procedure herein set forth.

(3) The actual adjustment (AA), on a dollar per Mcf basis, compensates for difference between the previous quarter's expected gas cost and the actual cost of gas during that quarter.

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$$GCR = EGC + RA + AA + BA$$

DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

GAS COST ADJUSTMENT CLAUSE

DEFINITIONS

For purposes of this tariff:

(a) "Average Expected Cost" means the cost of gas supplies, including associated transportation and storage charges, and propane which results from the application of suppliers' rates currently in effect, or reasonably expected to be in effect during the calendar quarter, on purchased volumes during the twelve month period ending with the reporting period to which the GCR will apply, divided by the corresponding sales volume. Where the calculations require the use of volumes used during a given period, and those volumes did not exist for a particular source for the entire period, or the Company expects the volumes to change substantially, the Company may make appropriate adjustments in its calculations. Any adjustments of this type shall be described in the quarterly Gas Cost Recovery Report.

(b) "GCR" means the quarterly updated gas cost recovery rate applicable to the monthly consumption of customers (sum of the expected gas cost component plus the supplier refund adjustment plus the actual adjustment plus the balancing adjustment;
i.e., GCR = EGC + RA + AA + BA).

(c) "Calendar Quarters" means each of the four three-month periods of (1) August, September and October; (2) November, December and January; (3) February, March and April; and (4) May, June and July.

(d) "Reporting Period" means the three (3) month accounting period that ended approximately sixty (60) days prior to the filing date of the updated gas recovery rates; i.e., the calendar quarter preceding that during which the most recent Quarterly Report was filed.

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Name of Issuing Corporation

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PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O. Bell
EXECUTIVE DIRECTOR, PUBLIC SERVICE COMMISSION

CLASSIFICATION OF SERVICE
RATE SCHEDULES

SPECIAL CHARGES

The following charges shall be applied under the following conditions:

Collection Charge - A charge of $15.00 will be levied when a Company representative makes a trip to the premises of a customer for the purpose of terminating service. The charge may be assessed if service is actually terminated or if the customer pays the delinquent bill to avoid termination. The charge may also be assessed if the Company's representative agrees to delay termination based on the customer's agreement to pay the delinquent bill by a specific date. A collection trip may be made only after written notice has been sent to the customer stating that if the bill is not paid by a certain date the service will be disconnected.

(I) Reconnection Charge - A reconnection charge of $40.00 to be made by the Company and paid by the customer before or at the time the service is reconnected shall be assessed as approved by the Public Service Commission when:

(1) The customer's service has been disconnected for non-payment of bills or for violation of the Commission's or Company's Rules and Regulations, and the customer has qualified for and requested service to be reconnected. Customers qualifying for service reconnection under 807 KAR 5:006, Section 15 -Winter Hardship- shall be exempt from reconnect charges.

(2) The customer's service has been disconnected at the customer's request and at any time subsequently within twelve (12) months is reconnected at the same premise.

(I) Bad Check Charge - The Company may charge and collect a fee of $10.00 to cover the cost of handling an unsecured check; where a customer tenders in payment of an account a check which upon deposit by the Company is returned as unpaid by the customer's financial institution.

Request Test Charge - Pursuant to 807 KAR 5:006, Section 18, the Company shall make a test of any meter upon written request of any customer provided such request is not made more frequently than once each twelve (12) months. The customer shall be given the opportunity of being present at such request tests. If such tests show that the meter was not more than two percent (2%) fast, the

CLASSIFICATION OF SERVICE
RATE SCHEDULES

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DELTA NATURAL GAS COMPANY, INC.
Name of Issuing Corporation

CLASSIFICATION OF SERVICE
RATE SCHEDULES

SPECIAL CHARGES

Company may make a reasonable charge for the test. The test charge is based upon meter size and is as follows:

1,000 cubic feet per hour and under	$ 4.00
Over 1,000 to 10,000	$ 8.00
Over 10,000	$12.00

(T) Gas Light Charge - Monthly consumption of unmetered gas used for an outdoor gas light, as approved by the Company, will be calculated to be 1,500 cubic feet per month per mantle for upright mantles and for each pair of inverted mantles. On special models of gas lights where gas consumption is greater than those referred to above, the Company shall estimate, based on the manufacturer's suggested usage, the monthly consumption to the closest 100 cubic feet and bill customer that equal amount each month. Such consumption shall be billed under the appropriate rate schedule applicable to the customer.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen O. Bell
SECRETARY OF THE COMMISSION

DATE OF ISSUE December 18, 1997 DATE EFFECTIVE November 30, 1997
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CLASSIFICATION OF SERVICE
RATE SCHEDULES

SPECIAL CHARGES

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PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE NOV 30 1997 PURSUANT TO 807 KAR 5:011, SECTION 9 (1) BY: Stephen O. Bell

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

1. APPLICABILITY

Applicable within all service areas served by Delta namely: Owingsville, Sharpsburg, Salt Lick, Midland, Bath County; Estill County; Camargo, Jeffersonville, Montgomery County; Frenchburg, Menifee County; Kingston Terrill, Berea, Madison County; Stanton, Clay City, Powell County; Garrard County; Annville, Jackson County; Beattyville, Lee County; North (T) Middletown, Bourbon County; Nicholasville, Wilmore, Jessamine County; (T) Clearfield, Farmers, Rowan County; Middlesboro, Pineville, Bell County; Barbourville, Knox County; Williamsburg, Corbin, Whitley County; London, Laurel County; Manchester, Burning Springs, Oneida, Clay County; Leslie (T) County; Lexington, Fayette County; Fleming County; and environs of each.

2. COMMISSION'S RULES AND REGULATIONS

All gas service rendered by the Company shall be in accordance with the Administrative Regulations by which gas utilities are governed by the Public Service Commission of Kentucky and all amendments thereto and modifications thereof which may be made by the Commission.

3. COMPANY'S RULES AND REGULATIONS

In addition to the Rules and Regulations prescribed by the Public Service Commission, all gas service rendered shall also be in accordance with the following Rules and Regulations adopted by the Company.

4. FILING OF RATES, RULES AND REGULATIONS

A copy of all schedules of rates, rules and regulations under which gas service is rendered is on file for the public's benefit with the Public Service Commission of Kentucky. A copy of such rates, rules and regulations, together with the law, rules and regulations of the Public Service Commission of Kentucky is available for public inspection in the various offices of the Company.

5. NO EXCEPTIONS TO RULES AND REGULATIONS

No agent, representative or employee of the Company shall make any promise, agreement or representation not incorporated in or provided for by the Rules and Regulations of the Public Service Commission of Kentucky or of this Company and neither has any agent, representative or

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

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PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephen O Bell

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

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CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

employee of the Company any right or power to amend, modify, alter or waive any of the said Rules and Regulations except as hereinafter provided.

6. RULES AND REGULATIONS MAY BE AMENDED

The Company reserves the right to amend or modify its Rules and Regulations or to adopt such additional Rules and Regulations as the Company deems necessary in the proper conduct of its business, subject to the approval of the Public Service Commission of Kentucky.

7. SUPERSEDE PREVIOUS RULES AND REGULATIONS

These Rules and Regulations replace and supersede all previous Rules and Regulations under which the Company has previously supplied gas service.

8. CUSTOMER CLASSIFICATIONS

Residential: Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Small Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation with a meter no larger than an AL425. (T)

(T) Large Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local and federal government agencies for uses other than those involving manufacturing or electric power generation with a meter larger than an AL425.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

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PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephen O Bell

CLASSIFICATION OF SERVICE
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CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

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PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE
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PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephanie Bell

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CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephanie Bell

Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

9. APPLICATION FOR SERVICE

A written application or contract, properly executed, may be required before the Company is obligated to render gas service. The Company shall have the right to reject for valid reasons any such application or contract. All applications for service shall be made in the legal name of the party desiring the service.

Applications for service are not transferable and new occupants of premises will be required to make application for service before commencing the use of gas. Customers who have been receiving gas service shall notify the Company when discontinuance of service is desired and shall pay for all gas until such notice has been given in person, in writing or by telephone and final meter reading is made by the Company.

When a customer moves within the service area of the Company, the customer shall be billed out at the original location and billed in at the new location. Therefore, the customer may receive two bills for the month in which the move occurs.

In case the customer is not the owner of the premises, it shall be the customer's responsibility to obtain from the property owner or owners the necessary consent to install and maintain in, on or over said premises all such piping and other equipment as are required or necessary to install service line for supplying gas service to the customer whether the piping and equipment be the property of the customer or the Company.

10. REFUSAL OF SERVICE

The Company reserves the right to refuse or to defer full service to an applicant where the existing mains are inadequate to serve the applicant's requirements without adversely affecting the service to customers already connected and being served.

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CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

11. RENEWAL OF CONTRACT

If, upon the expiration of any service agreement or service contract for a specified term, the customer continues to use the service, the service agreement or service contract (unless otherwise provided therein) will be automatically renewed and extended for successive periods of one year each, subject to termination at the end of any year upon written notice by either party in advance of the expiration date in accordance with the terms set forth in the service agreement or service contract.

12. CUSTOMER'S LIABILITY

The customer shall assume all responsibility for the gas service in or on the customer's premises at and from the point of delivery of gas and for all the piping, appliances and equipment used in connection therewith which are not the property of the Company, and will protect and save the Company harmless from all claims for injury or damage to persons or property occurring on the customer's premises or at and from the point of delivery of gas occasioned by such gas or gas service and equipment, except where said injury or damage will be shown to have been caused solely by the negligence of the Company.

13. ACCESS TO PROPERTY

The Company shall at all reasonable hours have access to meters, service connections and other property owned by it and located on customer's premises for purposes of installation, maintenance, meter reading, operation or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require the employee to enter the customer's premises shall wear a distinguishing uniform or other insignia, identifying the employee as an employee of the company, or carry a badge or other identification which will identify the employee as an employee of the Company, the same to be shown by the employee upon request.

14. CONTINUOUS OR UNIFORM SERVICE

The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the

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PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

NOV 30 1997

PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephen O Bell

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PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

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CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephen O Bell

supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variationswhen such conditions are not due to willful fault or neglect on its part.

15. EXCLUSIVE SERVICE

Except in cases where the customer has a special contract with the Company for reserve or auxiliary service, no other fuel service shall be used by the customer on the same installation in conjunction with the Company's service connection, either by means of valves or any other connection.

The customer shall not sell the gas purchased from the Company to any other customer, company or person, and the customer shall not deliver gas purchased from the Company to any connection wherein said gas is to be used on premises not owned or controlled by the customer.

16. DEPOSITS

The Company may require a minimum cash deposit or other guaranty to secure payment of bills except from customers qualifying for service reconnection pursuant to 807 KAR 5:006, Section 15, Winter Hardship Reconnection. Service may be refused or discontinued for failure to pay the requested deposit. Interest, as prescribed by KRS 278.460, will be paid on all sums held on deposit. The interest will be applied as a credit to the customer's bill or will be paid to the customer on an annual basis. If the deposit is refunded or credited to the customer's bill prior to the deposit anniversary date, interest will be paid or credited to the customer's bill on a pro-rated basis. If interest is not paid to the customer or credited to the customer's bill annually, interest will be computed by a method which will result in an amount not less than that obtained by using middle course method between simple and compound interest in compliance with the Commission Order dated October 31, 1989 in Case No. 89-057. Interest on deposits computed in this manner will accrue until paid to the customer or credited to the customer's bill.

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14. CONTINUOUS OR UNIFORM SERVICE

The Company will endeavor to supply gas continuously and without interruption. However, the Company shall not be responsible for damages or otherwise for failure to supply gas for any interruptions of the supply when such failure is without willful fault or neglect on its part.

The Company cannot and does not guarantee either a sufficient supply or an adequate or uniform pressure of the gas supplied and shall not be liable for any damage or loss resulting from inadequate or interrupted supply or from any pressure variations when such conditions are not due to willful fault or neglect on its part.

15. EXCLUSIVE SERVICE

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The deposit may be waived upon a customer's showing of satisfactory credit or payment history. Required deposits will be credited to the customer's bill between twelve and fifteen months after the month of deposit if the customer has established a satisfactory payment record for that period. If a deposit has been waived or returned and the customer fails to maintain a satisfactory payment record, a deposit may then be required. Upon termination of service, the deposit and any interest earned and owing will be credited to the final bill with any remainder refunded to the customer.

In determining whether a deposit will be required or waived, the following criteria may be considered:

(1) Previous payment history with the Company. If the customer has no previous history with the Company, statements from other regulated public utilities may be presented by the customer as evidence of good credit.

(2) Length of time the customer has resided or been located in the area.

(3) Whether the customer owns the property where service is to be rendered.

(4) Whether another customer with a good payment history is willing to sign as a guarantor for an amount equal to the required deposit.

If a deposit is held longer than eighteen months, the deposit will be recalculated at the customer's request based on the customer's actual usage for the past twelve months. If the deposit on account differs from the recalculated amount by more than $10.00 for a residential customer or 10 percent for a non-residential customer, the Company may collect any underpayment and refunds, if any, will be credited to the customer's next utility bill. No refund will be made if the customer's bill is delinquent at the time of recalculation.

Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

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CLASSIFICATION OF SERVICE
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(T) Residential and small commercial customers with meters up through 425
(T) will pay equal deposits in the amount of $95.00. This amount does not exceed 2/12ths of the average annual bill.

(T) Large commercial and industrial customer's deposits shall be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2/12ths of the customer's actual or estimated annual bill.

17. MONTHLY CUSTOMER CHARGE

A monthly customer charge shall be rendered against every meter installed unless service is discontinued in one customer's name and is not to be re-served at the location.

Special permission may be obtained from the local distribution supervisor for waiving of the monthly customer charge only when initial service is being rendered and no gas except test gas has been passed by the meter.

A full monthly customer charge will be rendered whenever service has been used for more than fifteen (15) days of a billing month, even if the consumption of the customer is zero (0).

If service is used less than fifteen (15) days in a given billing month and any consumption is recorded, the normal billing procedure shall apply.

18. MONTHLY BILLS

Bills for gas service will be rendered monthly unless otherwise specified. The term "month" for billing purposes shall mean the period between any two consecutive readings of the meter by the Company, such reading to be taken as near as practicable every thirty (30) days.

Bills are due upon rendition and payable within a period not exceeding ten (10) days after the date of mailing.

CLASSIFICATION OF SERVICE
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Once each year, a billing insert will be included with the bill advising the customer of the right to request a deposit recalculation.

Residential and small commercial customers with meters up through AL425 will pay equal deposits in the amount of $95.00.
T This amount shall not exceed 2/12ths of the average annual bill.

Large commercial and industrial customer's deposits shall be based upon actual usage of the customer at the same or similar premises for the most recent twelve month period if such information is available. If usage information is not available, the deposit will be based on the average bills of similar customers and premises in the system. The deposit amount shall not exceed 2/12ths of the customer's actual or estimated annual bill.

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CLASSIFICATION OF SERVICE
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Service shall be subject to being discontinued for non-payment of bills after the customer has been given at least ten (10) days written notice separate from the original bill and not before twenty seven (27) days from the mailing date of the original bill.

The Company may not terminate service to a customer if a medical certificate is presented or if a Certificate of Need from the Cabinet for Human Resources is presented in accordance with 807 KAR 5:006, Section 14 (2)(c) and (3).

Failure to receive a bill does not exempt a customer from these provisions.

When the Company is unable to read the meter after a reasonable effort, or where the meter fails to operate, the customer will be billed on an estimated basis and the billing adjusted as necessary.

The Company's billing form includes dates served; number of days in period; previous and present meter reading; Mcf usage; net amount due for service rendered; taxes, if applicable; adjustments, if any; special
(T) charges; total amount due; account number; billing date; due date; and service address.

19. BUDGET PAYMENT PLAN

The Company has a budget payment plan available for its residential and commercial customers whereby a customer may elect to pay a monthly amount for the budget year in lieu of monthly billings for actual usage. The monthly budget payment will be determined by the Company based, under normal circumstances, on a minimum of one-twelfth of the estimated annual usage, subject to review and adjustment during the budget year. The normal budget year is the 12 months from August through July, with July as the settlement month.

The customer's account may be adjusted through a series of levelized adjustments on a monthly basis if usage or changes in rates indicate that the account will not be current upon payment of the last budget amount.

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

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PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
BY: Stephen Bell

CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

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PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
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CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

To be accepted as a budget customer, the account balance must be paid in total before the customer is put on a budget payment plan. It is understood that this budget payment plan will continue until the customer notifies the Company in writing or by telephone to discontinue the plan or if the customer fails to pay bills as rendered under the budget payment plan. The Company reserves the right to revoke the plan and restore the customer to regular billing and require immediate payment of any deficiency.

Failure to receive a bill in no way exempts the customer from the provisions of these terms and conditions.

20. LOCAL FRANCHISE FEE OR TAX

There shall be added to the customer's bill, as a separate item, an amount equal to the proportionate part of any license, occupation, franchise or other similar fee or tax now or hereafter agreed to or imposed upon the Company by local taxing authorities, whether imposed by ordinance, franchise or otherwise, and which fee or tax is based upon a percentage of the gross receipts, net receipts, or revenues of the Company. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee or tax. Where more than one such fee or tax is imposed, each of the charges or taxes applicable to each customer shall be added to the customer's bill as separately identified items.

21. COMPANY-OWNED SERVICE LINES

The Company will install, own, operate and maintain the service line at the premises of residential and commercial customers, if such premises are not connected to a Company main by a service line. With respect to residential and commercial customers that occupy premises already connected to a Company main by a service line, the Company shall be responsible for operating and maintaining the customer service line and when the Company determines that replacement of such customer service line is necessary the Company shall be responsible for installing the service line and shall thereafter own the service line.

Any customer accepting gas service under this section shall be deemed to have granted the Company an easement across his property for such service. No service line shall be installed across private property

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RULES AND REGULATIONS

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Any customer accepting gas service under this section shall be deemed to have granted the Company an easement across his property for such service. No service line shall be installed across private property

other than the premises of the building to be supplied with gas, except after special investigation and approval by the Company.

When the length of the service pipe required between the property line and the meter is 100 feet or less, the Company will assess no charge for the service pipe installation.

When the length of required service pipe exceeds 100 feet, the Company may require the applicant to contribute toward the cost of the service line installation an amount equal to the estimated cost per foot for each lineal foot of service beyond 100 feet. Contributions by customers toward the Company's cost of furnishing and installing service lines in accordance with this section are non-refundable.

In the event that the Company is required to undertake any excavation on a customer's property in connection with the installation, repair, maintenance or replacement of a service line, the Company shall make reasonable efforts to restore the property to its original condition pursuant to generally accepted utility standards for such construction operations.

22. COMPANY'S EQUIPMENT AND INSTALLATION

The Company shall furnish, install and maintain at its expense the necessary service connection. The location of this service connection will be made at the discretion and judgment of the Company.

The Company will furnish, install and maintain at its expense the necessary meter, meter stand (including meter riser), regulator and connections which will be located at or near the main service connection, property line or near the building, at the discretion or judgment of the Company. Suitable site or location for the meter, meter stand, (including meter riser), regulator and connections shall be provided by the customer and the title to this equipment shall remain in the Company with the right to install, operate, maintain and remove same and no charge shall be made by the customer for use of the premises as occupied or used.

23. PROTECTION OF COMPANY'S PROPERTY

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24. CUSTOMER'S EQUIPMENT AND INSTALLATION

The customer shall furnish, install and maintain at his expense the necessary housepiping, connections and appliances and same shall be installed in accordance with the requirements and specifications of "INSTALLATION OF GAS PIPING AND GAS EQUIPMENT" as compiled and approved by the American National Standards Institute, the National Board of Fire Underwriters, The American Gas Association and other similar bodies, which is now contained in the National Fuel Gas Code (ANSI Z 223.1-1980) and any revisions thereof which are herewith incorporated by reference as a part of the Company's Rules and Regulations where applicable and when not in conflict with the requirements of the constituted authorities.

No appliances shall be used which are not of a standard design and which have not been approved by the American Gas Association or a similar or equally qualified agency.

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

All of the customer's piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe and serviceable condition.

The Company shall inspect the condition of the meter and service connections before making service connections to a new customer pursuant to 807 KAR 5:006, Section 13(3). The Company shall not assume any responsibility and shall not be held liable in any way for the making of any periodic inspection of the customer's piping, connections or

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23. PROTECTION OF COMPANY'S PROPERTY

All meters, piping and other appliances and equipment furnished by and at the expense of the Company, which may at any time be in or on the customer's premises shall, unless otherwise expressly provided herein, be and remain the property of the Company and the customer shall protect such property from loss or damage and no one who is not an agent of the Company shall be permitted to remove such property or to tamper with or damage same.

24. CUSTOMER'S EQUIPMENT AND INSTALLATION

The customer shall furnish, install and maintain at his expense the necessary housepiping, connections and appliances and same shall be installed in accordance with the requirements and specifications of "INSTALLATION OF GAS PIPING AND GAS EQUIPMENT" as compiled and approved by the American National Standards Institute, the National Board of Fire Underwriters, The American Gas Association and other similar bodies, which is now contained in the National Fuel Gas Code (ANSI Z 223.1-1980) and any revisions thereof which are herewith incorporated by reference as a part of the Company's Rules and Regulations where applicable and when not in conflict with the requirements of the constituted authorities.

T All appliances must be approved by a standard testing laboratory or agency and installed in accordance with the manufacturer and/or NFPA 54 guidelines.

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

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No appliances shall be used which are not of a standard design and which have not been approved by the American Gas Association or a similar or equally qualified agency.

Suitable pressure regulators shall be installed by, or at the expense of, the customer on all heating appliances and special equipment which have an hourly input of 50,000 BTU or higher; pressure regulators shall also be installed on all appliances with lower inputs where provided or recommended by the manufacturer or where necessary, at the discretion of the Company, to provide better and safer gas utilization and service.

All of the customer's piping, connections and appliances shall be suitable for the purposes thereof and shall be maintained by the customer at his expense at all times in a good, safe and serviceable condition.

The Company shall inspect the condition of the meter and service connections before making service connections to a new customer pursuant to 807 KAR 5:006, Section 13(3). The Company shall not assume any responsibility and shall not be held liable in any way for the making of any periodic inspection of the customer's piping, connections or

appliances or for the customer's failure to properly and safely install, operate and maintain same.

25. NOTICE OF ESCAPING GAS OR UNSAFE CONDITIONS

Immediate notice must be given by the customer to the office or employees of the Company if any escaping gas or unsafe conditions are detected or any defects or improper installations are discovered in the piping and equipment of either the Company or the customer which are on the customer's premises.

No flames or lights are to be taken near any escape of gas and the gas must be shut off at the meter cock or valve until hazard is eliminated and the gas service is not to be turned on again except by a Company employee.

The Company will not be responsible or assume any liability for any injury, loss or damage which may arise from the carelessness or negligence of the customer or his agents or representatives.

26. TURNING OFF GAS SERVICE AND RESTORING SAME

The gas service may be turned off at the meter when justified by the customer or his agent or any constituted authorities but no person, unless in the employ of the Company or having permission from the Company, shall turn the gas on or restore service.

27. CHARACTER OF SERVICE

In accordance with 807 KAR 5:022, Section 16, the Company will normally supply natural gas having a heating value of approximately one thousand seventy (1,070) BTU per cubic foot and a specific gravity of approximately sixty-two hundredths (0.62). However, when necessary to supplement the supply of natural gas, the Company reserves the right, at its discretion, to supply an interchangeable mixture of vaporized liquified petroleum gas and air or a combination of same with natural gas.

28. MEASUREMENT BASE

The Company, in accordance with 807 KAR 5:022, Section 8, utilizes an appropriate measurement base in all service areas. The rates of the

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All gas measured at pressures higher than standard pressure for low pressure distribution systems shall be corrected to a pressure base of fourteen and sixty-five hundredths (14.65) pounds per square inch absolute.

29. GAS MEASUREMENT

The gas consumed shall be measured by a meter or meters to be installed by the Company upon the customer's premises at a point most accessible or convenient for the Company and all bills shall be calculated upon the registration of said meter or meters except as hereinafter provided. If more than one meter is installed for the same or different classes of service at different locations on the customer's premises, each meter shall be considered separately in calculating the amount of any bills, except in those cases where the Company elects to install dual metering facilities in order to assure accurate measurement of all gas consumed. Meter readings may be combined and one bill rendered under these conditions. Meters include all measuring instruments and equipment.

All residences, commercial buildings or other occupied buildings shall have separate meters even if under the same roof, except in cases of multi-occupants under the same roof with a common entrance or within an enclosure or mobile home park where it is unreasonable or uneconomical to measure each unit separately.

When customers are served from high pressure lines, the meters, regulators and safety devises shall be located as near to the Company's main as is practicable.

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When customers are served from high pressure lines, the meters, regulators and safety devises shall be located as near to the Company's main as is practicable.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 30 1997

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephen Bell
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION

CLASSIFICATION OF SERVICE
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30. METERING

Unless otherwise specified, a domestic, commercial or industrial consumer shall be interpreted to mean a customer served through an individual meter.

A multiple unit dwelling shall be interpreted to mean two or more consumers or dwelling units, such as apartments, trailers or mobile homes within a trailer park.

A master meter shall be interpreted to mean one meter servicing a trailer or mobile home park or a multiple unit dwelling; the Company reserves the right to charge a minimum monthly rate per mobile home or trailer or individual consumer within a multiple unit dwelling served through a master meter.

Any time a master meter is used for rendering services, the Company shall require the execution of a service agreement in writing, which agreement, among other things, shall specify the number of customers served through such master meter.

31. POINT OF DELIVERY OF GAS

The point of delivery of gas supplied by the Company shall be at the point where the gas passes from outlet of the meter to customer's yard line or house piping.

32. MCF

"Mcf" is defined as 1,000 cubic feet at the measurement base.

33. DTH

"Dth" is defined as 1,000,000 BTUs.

34. CUSTOMER'S DISCONTINUANCE OF SERVICE

Reference 807 KAR 5:006, Section 12.

35. COMPANY'S DISCONTINUANCE OF SERVICE FOR CAUSE

Reference 807 KAR 5:006, Section 14.

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CLASSIFICATION OF SERVICE
RULES AND REGULATIONS

36. SPECIAL RULES AND CUSTOMERS SERVED FROM TRANSMISSION MAINS AND GATHERING MAINS

Transmission Mains - In addition to the standard Rules and Regulations as applicable to 807 KAR 5:022, Section 7, the following special Rules and Regulations shall apply to all customers served directly from the high pressure transmission mains.

All meters, regulators, equipment and connections necessary to serve the customer from high pressure transmission line shall be install on the customer's premises at or as near the transmission line as is practicable.

Suitable site or location for the equipment owned by the Company or the owner of the line shall be provided and furnished by the customer without any expense to the Company. The Company shall have the right of ingress, egress and regress to and from this location at any time without any expense or charges from the customer.

The customer's yard line extending from the outlet of the meter shall be installed and maintained by the customer at his expense.

The customer shall notify the Company promptly of any leaks in the transmission line or equipment, also, of any hazards or damages to same.

Gathering Lines - Reference 807 KAR 5:026

37. SPECIAL PROVISIONS - LARGE VOLUME CUSTOMERS

Industrial, commercial or other customers using large volumes of gas on a varying basis shall install and maintain at their expense adequate piping and suitable regulating and control equipment to provide reasonable and practical limitation of intermittence or fluctuation in the pressure, volume or flow of gas and shall so regulate and control their operations and the use of gas hereunder so as not to interfere with gas service being furnished to them or to any other customers or with the proper and accurate metering of gas at their existing location or any other location.

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38. MONITORING OF CUSTOMER USAGE

The Company monitors each customer's usage on a monthly basis in order to detect unusual deviations in individual customer consumption. Prior to each monthly billing, the Company compares the customer's current consumption with prior usage. Should an unusual deviation in the customer's consumption be found, the Company makes a reasonable attempt to determine the reason for the unusual deviation including re-reading the meter and testing the meter if required.

If the cause for usage deviation cannot be determined from analysis of the customer's meter reading and billing records the Company will contact the customer by telephone or in writing to determine whether there have been changes such as different number of household members or work staff, additional or different appliances, changes in business volume or known leaks in the customer's service line.

The Company will notify the customer of the investigation, its findings and any refunds or backbilling in accordance with 807 KAR 5:006, Section 10 (4) and (5).

39. DISTRIBUTION MAIN EXTENSIONS

The Company will make extensions from its existing distribution mains in all of its service areas in accordance with 807 KAR 5:022, Section 9.

All extensions will be made dependent on the economic feasibility of the extension. Title to all extensions shall be and remain with the Company. In the event a deposit is placed with the Company, the amount of the refund shall not exceed the original deposit.

Nothing contained herein shall be construed as to prohibit the Company from making at its expense greater extensions to its distribution mains or the granting of more favorable terms than herein prescribed, should its judgment so dictate, provided like extensions are made for other customers or subscribers under similar conditions.

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CLASSIFICATION OF SERVICE
RATE SCHEDULES

EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N Applicability

Applicable to gas sold under the Company's General Service and Interruptible Rate Schedule and gas transported under the Transportation Of Gas For Others On System Utilization Rate Schedule.

Rate Mechanism

The monthly amount computed under each of the rate schedules to which this Alternative Ratemaking Mechanism is applicable shall include an Alternative Ratemaking Mechanism Adjustment Component (ARMAC) per Mcf of gas deliveries. The ARMAC to be applied to customer billings shall be equal to the sum of the following components:

$$ARMAC = AAC + AAF + BAF$$

The AAC is the Annual Adjustment Component per Mcf for each twelve month period during which this experimental alternative ratemaking mechanism is in effect. A discrete AAC charge or credit shall be computed for each applicable rate class billing block. Monthly bills shall be adjusted (increased or decreased) beginning July 1 of each fiscal year in accordance with the procedures described herein with respect to the return on common equity produced by the Company's budget for the fiscal year.

The AAF is the Actual Adjustment Factor per Mcf which, upon completion of the previous AAC period, reconciles any departures in the Company's earned return on common equity (ROE) that is outside the Commission's authorized ROE band-width. As with the AAC, a discrete charge or credit shall be computed for each applicable rate class billing block. Monthly bills shall be adjusted (increased or decreased) annually beginning October 1 of each year in accordance with the procedures described herein. The initial AAF would become effective on October 1 during the second year of the experimental mechanism following completion of the first year's AAC which would expire at the end of June.

The BAF is the Balance Adjustment Factor per Mcf which compensates for any differences between the amounts targeted and the amounts actually credited or charged upon application of the AAF and BAF. A single BAF charge or credit shall be calculated and shall apply uniformly to all applicable rate class billing blocks. Monthly bills shall be adjusted (increased or decreased) annually beginning January 1 of each year in accordance with the procedures described herein. The initial BAF would become effective on January 1 during the third year of the

EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N experimental mechanism following completion of the first year's AAF which would expire at the end of the previous September.

Calculation Procedures

Annual Adjustment Component (AAC)

The total amount from which the per Mcf AAC credits or charges are determined shall be calculated by:

1. comparing the budgeted return on common equity to the Commission authorized return on common equity, and
2. multiplying such difference by the 12-month average budgeted common equity; and
3. then adjusting the resulting deficient or excess earnings available for common equity for federal and state income taxes to determine the total amount of surcharge or credit for the twelve month AAC period.

However, in no case shall the total amount which the surcharge or credit is based exceed 5% of actual Company revenues during the most recent twelve month period for which actual results are available prior to the ACC filing.

Therefore, the total AAC amount shall be the lesser of:

$$((AROE - BROE) \times BCE) \div (1\text{-}SFIT) \quad \text{or} \quad AR \times 5\%$$

where:

AROE is the Commission authorized return on common equity, and
BROE is the budgeted return on common equity based on the Company's budget as approved by its Board of Directors and applicable to the 12 month AAC period, and
BCE is the is the budgeted common equity applicable to the 12 month AAC period based on the Company's budget as approved by its Board of Directors, and
SFIT is the applicable composite state and federal income tax rate.
AR is the actual revenue during the most recent twelve month period for which actual results are available prior to the filing of the AAC.

The Annual Adjustment Component (AAC) per Mcf applicable to each rate class billing block shall be calculated by multiplying the total AAC amount to be credited or surcharged, as calculated above, by the ratio of budgeted net revenue (exclusive of GCR revenue) in the applicable rate class billing block to the total budgeted net revenue of all applicable billing blocks in order to determine the amount applicable to the specific rate class

CLASSIFICATION OF SERVICE
RATE SCHEDULES

EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N billing block. The resulting amount applicable to the specific billing block shall then be divided by the budgeted Mcf for such billing block to determine the AAC credit or charge per Mcf, as follows:

$$AAC = (\text{Total AAC Amount} \times (NRRB \div NRT)) \div RBMcf$$

where:

NRRB is the budgeted net revenue (exclusive of Gas Cost Recovery revenue) for the applicable rate class billing block in the Company's budget as approved by its Board of Directors and applicable to the 12 month AAC period (customer charge revenues are included in the initial billing of each rate class), and

NRT is the total budgeted net revenue of all rate class billing blocks to which this mechanism applies, and

RBMcf is the is the budgeted Mcf for the applicable rate class billing block.

Actual Adjustment Factor (AAF)

The total amount from which the AAF charges or credits are determined shall be calculated as follows:

1. The earned return on common equity at the end of the previous fiscal year is compared with the upper and lower limits of a return bandwidth which are ±50 basis points from the Commission authorized return on common. The earned return shall include amounts credited or charged under the AAC but shall not include amounts credited or charged under the AAF and the BAF.
2. If the earned return falls within the bandwidth, no Actual Adjustment Factor will be made.
3. If the earned return is higher than the upper limit or less than the lower limit of the bandwidth, such difference in return on common equity shall be multiplied by the actual 12-month average of common equity during the previous fiscal year to determine the amount of net income available for common which is subject to refund or recovery.
4. The net income subject to refund or recovery shall be adjusted for federal and state income taxes to determine the total amount of credit or surcharge for the twelve month AAF period.

Therefore, if the earned return on common is greater than the upper limit of the bandwidth, the amount of credit for the 12-month AAF period shall be determined in accordance with the following formula:

$$((ULROE - EROE) \times ACE) \div (1\text{-}SFIT)$$

However, if the earned return on common is less than the lower limit of the bandwidth, the amount of surcharge for the 12-month AAF period shall be determined in accordance with the following formula:

$$((LLROE - EROE) \times ACE) \div (1\text{-}SFIT)$$

CLASSIFICATION OF SERVICE
RATE SCHEDULES

EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N where:

ULROE is the upper limit of the bandwidth (50 basis points above the Commission authorized return on common equity), and

LLROE is the lower limit of the bandwidth (50 basis points below the Commission authorized return on common equity), and

EROE is the earned return on common equity achieved in the previous fiscal year, which includes amounts credited or charged under the AAC and excludes amounts credited or charged under the AAF and BAF, and

ACE is the is the actual 12 months average common equity during the previous fiscal year, and

SFIT is the applicable composite state and federal income tax rate.

Performance-Based Cost Controls

The non-gas supply operation and maintenance (O&M) expenses used to compute the earned return on common equity (EROE) shall be subject to the following performance-based cost controls:

(a) If the previous fiscal year's actual non-gas supply O&M expenses per customer are within plus (+) or minus (-) 1.50% of the non-gas supply O&M expenses (on a per customer basis) approved by the Commission for the test year in the Company's most recent adjustment of general rates (Case No. 97-066) after adjusting for changes in the Consumer Price Index for Urban Consumers (CPI-U) (the Indexed O&M Expenses), actual O&M expenses shall be used to compute the EROE.

(b) If the previous fiscal year's actual O&M expenses per customer exceed the Indexed O&M Expenses by more than 1.50%, Company shall be limited to the inclusion of only 50% of the expenses that are in excess of 101.50% of the Indexed O&M Expenses in computing its EROE.

(c) If the previous fiscal year's actual O&M expenses per customer are lower than the Indexed O&M Expenses by more than 1.50%, Company shall be allowed to increase the actual expenses used to compute the EROE by 50% of the amount by which the actual expenses are below 98.50% of the Indexed O&M Expenses.

The average common equity (ACE) for the previous fiscal year used for purposes of computing the Actual Adjustment Factor shall be limited to 60% of the total capitalization.

The Actual Adjustment Factor (AAF) per Mcf applicable to each rate class billing block shall be calculated by multiplying the total AAF amount to be credited or surcharged, as computed above, by the ratio of budgeted net revenue (exclusive of GCR revenue) in the applicable rate class billing block to the total budgeted net revenue of all applicable billing blocks in order to determine the amount applicable to the specific rate class billing block.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N The resulting amount applicable to the specific billing block shall then be divided by the budgeted Mcf for such billing block to determine the AAF credit or charge per Mcf, as follows:

$$AAF = (\text{Total AAF Amount} \times (NRRB \div NRT)) \div RBMcf$$

where:

NRRB is the budgeted net revenue (exclusive of Gas Cost Recovery revenue) for the applicable rate class billing block in the Company's budget as approved by its Board of Directors and applicable to the 12 month AAC period (customer charge revenues are included in the initial billing of each rate class), and

NRT is the total budgeted net revenue of all rate class billing blocks to which this mechanism applies, and

RBMcf is the is the budgeted Mcf for the applicable rate class billing block.

Balancing Adjustment Factor (BAF)

The BAF amount to be credited or charged shall be the accumulated differences between the amounts actually credited or charged under the AAF and the BAF from previous periods and the amounts used to establish the credits or charges (the targeted amounts) for such periods. The resulting BAF amount to be credited or charged shall be divided by the total budgeted Mcf sales and transportation volumes during the 12-month BAF period to determine the applicable BAF credit or charge per Mcf., as follows:

$$((AAFt - AAFa) + (BAFt - BAFa)) \div TBMcf$$

where:

AAFt is the amount used to establish the credit or charge during the previous AAF period (the targeted amount), and

AAFa is the actual amount credited or charged during the previous AAF period, and

BAFt is the amount used to establish the credit or charge during the second previous BAF period (the targeted amount), and

BAFa is the actual amount credited or charged during the second previous BAF period, and

TBMcf is the is the total budgeted Mcf for all applicable rate classes during the 12-month BAF period.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

EXPERIMENTAL ALTERNATIVE RATEMAKING MECHANISM

N Information Provided by Company

1. Annual Operating Budget, as approved by the Company's Board of Directors, for the fiscal year that coincides with the 12-month period in which the Annual Adjustment Component (AAC) applies. This document shall be provided with the filing of the Annual Adjustment Component (AAC) on June 1 of each year.
2. Monthly budgeted net revenues (exclusive of gas supply costs) and Mcf sales of each rate class billing block for the sales and transportation rate classes to which this mechanism applies. The Company shall also include a monthly forecast of net revenues, by rate class billing block, for an additional three months beyond the budget-year along with a monthly forecast of Mcf sales and transportation, by rate class billing block, for an additional six months beyond the budget-year. This information shall be provided with the filing of the Annual Adjustment Component (AAC) on June 1 of each year.
3. Statement of Budgeted Income setting forth the calculations of expected net income available for common equity as well as the return on common equity for the budget-year along with the supporting documentation. This information and the supporting documents shall be provided with the filing of the Annual Adjustment Component (AAC) on June 1 of each year.
4. Statement showing the actual net revenues and Mcf sales for 12 months of the previous fiscal year. This information shall be provided with the filing of the Actual Adjustment Factor (AAF) on September 1 of each year.
5. Statement of Actual Income setting forth the calculations of actual net income available for common equity as well as the return on common equity for the previous fiscal year along with the supporting documentation. The calculations of net income available for common equity shall not include amounts credited or charged as result of application of the Actual Adjustment Factor (AAF) and/or the Balancing Adjustment Factor (BAF) under this mechanism. These calculations and the supporting documents shall be provided with the filing of the Actual Adjustment Factor (AAF) on September 1 of each year.
6. The Company will provide other information related to the Experimental Alternative Ratemaking Mechanism requested by the Commission.

CLASSIFICATION OF SERVICE
RATE SCHEDULES

WEATHER NORMALIZATION ADJUSTMENT CLAUSE
APPLICABLE TO GENERAL SERVICE RATE SCHEDULE

N WEATHER NORMALIZATION ADJUSTMENT (WNA)

The sales to residential and small commercial customers under General Service Rates Schedule shall be increased or decreased monthly by an amount hereinafter described as the Weather Normalization Adjustment (WNA).

DETERMINATION OF WNA

A Weather Normalization Adjustment Factor (WNAF) shall be utilized during the December through April billing months to calculate the non-gas portion of the bills of all residential and small commercial heating customers served under the General Service Rate Schedule. During the remainder of the year, May through November, the monthly bills shall be computed solely on actual consumption.

WEATHER NORMALIZATION ADJUSTMENT WILL BE CALCULATED USING THE FOLLOWING FORMULA:

WNA = WNAF * Actual Mcf * Base Rate Charge

An average daily base load will be determined separately for residential and small commercial customers. The average daily base load will remain the same for the WNA December - April billing months. WNA will be billed for 5 billing periods.

An Average Monthly Base Load (AMBL) for residential or small commercial customers will be calculated by using total Mcf for two month non-heat usage (August/September) divided by total number of residential or small commercial customers billed for the two month period.

AMBL = MCF / NUMBER OF CUSTOMER

To calculate the Average Daily Base Load (ADBL), divide the Average Monthly Base Load by the average number of days in the two-month non-heat billing cycle.

ADBL = AMBL / AVERAGE # DAYS

CLASSIFICATION OF SERVICE
RATE SCHEDULES

WEATHER NORMALIZATION ADJUSTMENT CLAUSE
APPLICABLE TO GENERAL SERVICE RATE SCHEDULE

N Base Load (BL) is determined by multiplying the Average Daily Base Load per residential or small commercial customer by the number of days in the billing cycle times the number of residential or small commercial customers in the billing cycle.

BL = ADBL * # DAYS IN BILLING CYLCE * # CUSTOMERS IN BILLING CYCLE

The heat load is then determined by subtracting the residential or small commercial customer's base load from the total Mcf billed in the billing cycle.

HL = MCF BILLED IN CYCLE - BL

A Heating Degree Factor (HDF) is then determined by dividing the Normal Degree-Days (NDD) for the billing cycle by the Actual Degree-Days (ADD) in the billing cycle.

HDF = NDD / ADD

The Weather Normalization Adjustment Consumption (WNAC) is computed by multiplying the Heating Degree Factor times the Heat Load and adding the Base Load to that number.

WNAC = HDF * HL + BL

The Weather Normalization Adjustment Factor is then calculated by dividing the WNA Consumption by the total Mcf billed in the cycle.

WNAF = WNAC / MCF

The WNAF will be recomputed monthly basd on company averages. If the WNAF is less than 1.0, the customer's billed amount will be less than the actual amount would have been. If the WNAF is greater than 1.0 the customer's billed amount will be more than the actual amount would have been. The customer's bill is calculated by multiplying the actual Mcf usage by the WNAF times the base rate charge as set forth on PSC No. 9, Sheet No. 2 of this tariff.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #1-9

Description of Filing Requirement:

A statement that customer notice has been given in compliance with subsections (3) and (4) of this section with a copy of the notice.

Response:

The Notice is attached. Please refer to Delta's Notice and Statement, pages 3-4.

NOTICE

Notice is hereby given that Delta Natural Gas Company, Inc. seeks approval by the Public Service Commission, Frankfort, Kentucky, of an adjustment of rates to become effective on and after August 1, 1999. The present rates charged in all territories served by Delta Natural Gas Company, Inc. are as follows:

PRESENT RATES

	Base Rate	+	GCR	=	Total Rate
General Service					
Monthly Customer Charge					
Residential	$ 8.00				$ 8.00
Small Commercial	$ 18.36				$ 18.36
All Others	$ 25.00				$ 25.00
.1 - 200 Mcf	$ 2.7212		$3.7706		$ 6.4918 per Mcf
200.1 - 1,000 Mcf	$ 2.5000		$3.7706		$ 6.2706 per Mcf
1,000.1 - 5,000 Mcf	$ 2.1000		$3.7706		$ 5.8706 per Mcf
5,000.1 – 10,000 Mcf	$ 1.5000		$3.7706		$ 5.2706 per Mcf
Over 10,000 Mcf	$ 1.1000		$3.7706		$ 4.8706 per Mcf
Interruptible					
Monthly Customer Charge	$200.00				$200.00
.1 – 1,000 Mcf	$ 1.7000		$3.7706		$ 5.4706 per Mcf
1,000.1 – 5,000 Mcf	$ 1.3000		$3.7706		$ 5.0706 per Mcf
5,000.1 – 10,000 Mcf	$ .9000		$3.7706		$ 4.6706 per Mcf
Over 10,000 Mcf	$ .5000		$3.7706		$ 4.2706 per Mcf

The proposed rates to be charged in all territories served by Delta Natural Gas Company Inc. are as follows:

PROPOSED RATES

	Base Rate	+	GCR	=	Total Rate
General Service					
Monthly Customer Charge					
Residential	$ 8.00				$ 8.00
Small Commercial	$ 17.00				$ 17.00
All Others	$ 50.00				$ 50.00
.1 - 200 Mcf	$ 3.4787		$3.7706		$ 7.2493 per Mcf
200.1 - 1,000 Mcf	$ 1.8500		$3.7706		$ 5.6206 per Mcf
1,000.1 - 5,000 Mcf	$ 1.4500		$3.7706		$ 5.2206 per Mcf
5,000.1 – 10,000 Mcf	$ 1.0500		$3.7706		$ 4.8206 per Mcf
Over 10,000 Mcf	$ .8500		$3.7706		$ 4.6206 per Mcf

Interruptible			
Monthly Customer Charge	$250.00		$250.00
.1 – 1,000 Mcf	$ 1.6000	$3.7706	$ 5.3706 per Mcf
1,000.1 – 5,000 Mcf	$ 1.2000	$3.7706	$ 4.9706 per Mcf
5,001.1 – 10,000 Mcf	$ .8000	$3.7706	$ 4.5706 per Mcf
Over 10,000 Mcf	$ .6000	$3.7706	$ 4.3706 per Mcf

Delta Natural Gas Company, Inc. proposes the following new tariffs: Weather Normalization Adjustment Clause Applicable to General Service Rate Schedule and Experimental Alternative Ratemaking Mechanism.

In addition, Delta Natural Gas Company, Inc. proposes changes to the text of the following tariffs: 1) General Service and Interruptible Rates, 2) Transportation of Gas for Others Off System Utilization – Terms and Conditions, 3) Standby Service Rate Schedule – Rates, 4) Rules and Regulations – Applicability, Company's Rules and Regulations, Rules and Regulations May Be Amended, Customer's Liability, Deposits, Monthly Bills, and Customer's Equipment and Installation. Copies of the proposed tariffs containing text changes may be obtained by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below.

The foregoing rates reflect a proposed increase in revenues of approximately 6.76% to Delta Natural Gas Company, Inc. The estimated amount of increase/(decrease) per customer class is as follows: Residential GS: $1,954,816, 9.85%; Small Commercial GS: $418,957, 7.85%; Large Commercial and Industrial GS: $242,480, 2.79%; Interruptible: $(105,352), (4.81)%.

The average monthly bill for each customer class to which the proposed rates will apply will increase/(decrease) approximately as follows:

GS:	
Residential	$ 4.92 or 9.8%
Small Commercial	$ 8.56 or 8.3%
Large Commercial & Industrial	$156.05 or 13.6%
On-System Transportation	$156.05 or 31.5%
Interruptible	
Industrial	$(222.60) or (1.5)%
On-System Transportation	$(222.60) or (5.4)%

The rates contained in this notice are the rates proposed by Delta Natural Gas Company, Inc. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates included in this notice.

Notice is further given that any corporation, association, body politic or person with a substantial interest in the matter may request leave to intervene by motion within 30 days after notice of the proposed rate changes is given. The motion shall be submitted to the Public Service Commission, 730 Schenkel Lane, P O Box 615, Frankfort,

Kentucky 40602, and shall set forth the grounds for the request, including the status and interest of the party. Any person who has been granted intervention may obtain copies of the rate application and testimony by contacting John F. Hall, Delta Natural Gas Company, Inc., at the address and telephone number shown below. A copy of the application and testimony shall be available for public inspection at the office of Delta Natural Gas Company, Inc. or the Public Service Commission at the addresses and telephone numbers shown below.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, KY 40391

606-744-6171

Public Service Commission
730 Schenkel Lane
P O Box 615
Frankfort, KY 40602
502-564-3940

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #2

Description of Filing Requirement:

Written notice of intent to file a rate application at least four (4) weeks prior to filing the application. Notice shall state what type of test period will be used.

Response:

See attached.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, Kentucky 40391-9797
Phone: 606-744-6171
Fax: 606-744-3623

April 29, 1999

RECEIVED
APR 29 1999
PUBLIC SERVICE COMMISSION

Ms. Helen Helton
Executive Director
Public Service Commission
P O Box 615
Frankfort, KY 40602

Dear Ms. Helton:

Delta Natural Gas Company, Inc. (Delta) hereby notifies the Commission pursuant to 807 KAR 5:011 Section 8(1) and 5:001 Section 10(2) of its intention to file an application for a general adjustment in rates, using a historical test period, no sooner than four weeks following your receipt of this notice.

Delta filed an experimental alternative ratemaking mechanism tariff on February 5, 1999 (Case No. 99-046) and as of this date, April 29, 1999, there is only a proposed procedural schedule and no assurance of an Order forthcoming by which Delta's rates can be set at an appropriate level for the next heating season. Certainly, Delta would prefer not to expend the time and money necessary to put on a costly rate case, however, Delta must pursue a general adjustment of its rates to assure that its rates may be set at a fair, just and reasonable level for the next winter season.

Sincerely,

John F. Hall

John F. Hall
Vice President – Finance,
Secretary & Treasurer

copy: Attorney General – Utility Intervention
and Rate Division

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #3

Description of Filing Requirement:

Notice to customers shall include the following information:

a) Amount of the change requested in both $ amounts and % changes...:
b) The present and proposed rates for each customer class...;
c) The effect upon the average bill for each customer class...;
d) Local exchange companies shall include the effect upon the average...;
e) Statement that the rates are only proposed...;
f) Statement that any person ... may request to intervene;
g) Statement that any person granted intervention may obtain copies of...;
h) Statement that any person may examine the rate application...;
i) The commission may grant the utility...permission to use an abbreviated form.

Response:

See the copy of customer notice in Volume 1, Section 9 for detail.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #4-a

Description of Filing Requirement:

Sewer utilities shall give the required typewritten notice by mail.

Response:

Not applicable.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #4-b

Description of Filing Requirement:

Applicants with twenty (20) or fewer customers affected by the proposed general rate adjustment shall mail the required typewritten notice to each customer.

Response:

Not applicable.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #4-c

Description of Filing Requirement:

Manner of notification: applicants with more than twenty (20) customers affected by the proposed general rate adjustment shall give the required notice by one of the following methods:

1) Typewritten notice mailed to all customers...
2) Publishing the notice in a trade publication or newsletter which is mailed to all customers...
3) Publishing the notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper ... the first publication to be made within seven (7) days of the filing of the application with the Commission.

Response:

Delta has undertaken to comply with 807 KAR 5:001, Section 10, (4), (c), by delivering to newspapers of general circulation in its service area, a copy of the notice as shown in Volume 1, Section 9, for publication once a week for three consecutive weeks in a prominent manner, the first of said publications to be made within (7) days of the filing of the application.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #4-d

Description of Filing Requirement:

If the notice is published, an affidavit from the publisher verifying the notice was published including the dates of the publication with an attached copy of the published notice, shall be filed with the commission no later than forty-five (45) days of the filed date of the application.

Response:

Delta will comply with 807 KAR 5:001, Section 10, (4), (d) by providing the affidavits within forty-five (45) days of the filed date of the application.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #4-e

Description of Filing Requirement:

If the notice is mailed, a written statement signed by the utility's chief officer in charge of Kentucky operations verifying the notice was mailed.

Response:

Not applicable.

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #4-f

Description of Filing Requirement:

All utilities...shall post a sample copy of the required notification at their place of business no later than the date on which the application is filed which shall remain posted until the Commission has finally determined the utility's rates.

Response:

Delta will comply with 807 KAR 5:001, Section 10, (4)(f) by posting the notice as shown in Volume 1, Section 9, at its places of business on July 2, 1999, and they will remain posted until the Commission has finally determined the utility's rates.

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #5

Description of Filing Requirement:

Notice of hearing scheduled by the Commission upon application ... shall be advertised by the utility by newspaper publication in the areas that will be affected...

Response:

Delta will comply with 807 KAR 5:001, Section 10, (b) by publishing the notice of hearing in the newspapers of the areas affected.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-a

Description of Filing Requirement:

A complete description and quantified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment.

Response:

Please refer to Volume 1, Section 25 and to the Testimony of John F. Hall, Volume 2, Section 31 (2).

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-c

Description of Filing Requirement:

If the utility has gross annual revenues less than $1,000,000, the prepared testimony of each witness the utility proposes to use to support its application.

Response:

Not applicable.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-d

Description of Filing Requirement:

A statement estimating the effect that the new rates will have upon the revenues of the utility including, at minimum, the total amount of revenues resulting from the increase or decrease and the % of increase or decrease.

Response:

The proposed rates will increase revenues approximately $2,511,797 or 6.80%.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-e

Description of Filing Requirement:

The effect upon the average bill for each customer class to which the proposed rate change will apply.

Response:

The average monthly bill for each customer class to which the proposed rates will apply will increase/(decrease) approximately as follows:

GS:

Residential	$ 4.92 or 9.8 %
Small Commercial	$ 8.56 or 8.3%
Large Commercial & Industrial	$ 156.05 or 13.6%
On-System Transportation	$ 156.05 or 31.5%

Interruptible:

Industrial	$(222.60) or (1.5)%
On-System Transportation	$(222.60) or (5.4)%

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-f

Description of Filing Requirement:

If the utility is a local exchange company, the effect upon the average bill for each customer class for the proposed rate change in basic local service.

Response:

Not applicable.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-g

Description of Filing Requirement:

An analysis of customers' bills in such detail that revenues from the present and proposed rates can be readily determined for each customer class.

Response:

See attached.

Delta Naural Gas Company, Inc.
Case No. 99-176

Calculated Increase In Revenue under Proposed Revision of Rates
(Based on the adjusted sales for the 12-mos. ended December 31, 1998)

GENERAL SERVICE - RESIDENTIAL

	Billing Determinants	Present Rates	Calculated Revenue @ Present Rates	Proposed Rates	Calculated Revenue @ Proposed Rates
	Cust.	*per Cust.*		*per Cust.*	
Customer Charges	385,336	$ 8.00	$ 3,082,688	$ 8.00	$ 3,082,688
	Mcf	*per Mcf*		*per Mcf*	
first 200 Mcf /mo.	2,142,320	$ 2.7212	5,829,681	$ 3.4787	7,452,489
next 800 Mcf /mo.		$ 2.5000		$ 1.8500	
next 4000 Mcf /mo.		$ 2.1000		$ 1.4500	
next 5000 Mcf /mo.		$ 1.5000		$ 1.0500	
over 10000 Mcf /mo.		$ 1.1000		$ 0.8500	
Calculated Billings at Base Rates	2,142,320		$ 8,912,369		$ 10,535,177
Correction Factor - (Calculated /Actual)		*1.00055*		*1.00055*	
Total After Application of Correction Factor			$ 8,907,472		$ 10,529,388
Temperature Normalization Adjustment					
first 200 Mcf /mo.	374,497	$ 2.7212	1,019,080	$ 3.4787	1,302,762
next 800 Mcf /mo.					
next 4000 Mcf /mo.					
next 5000 Mcf /mo.					
over 10000 Mcf /mo.					
Year-End Customers Adjustment					
Customer Charges	829	$ 8.00	6,632	$ 8.00	6,632
first 200 Mcf /mo.	64,976	$ 2.7212	176,812	$ 3.4787	226,032
next 800 Mcf /mo.					
next 4000 Mcf /mo.					
next 5000 Mcf /mo.					
over 10000 Mcf /mo.					
	Mcf				
Total Adjusted Billings at Base Rates	2,581,793		$ 10,109,997		$ 12,064,813
GCR at Current Rates	2,581,793	$ 3.7706	9,734,907	$ 3.7706	9,734,907
Total Adjusted Billings			$ 19,844,904		$ 21,799,720
Proposed Increase In Revenue					$ 1,954,816
					9.85%

Calculation of Proposed Rate Increase

Delta Naural Gas Company, Inc.
Case No. 99-176

Calculated Increase In Revenue under Proposed Revision of Rates
(Based on the adjusted sales for the 12-mos. ended December 31, 1998)

	GENERAL SERVICE - SMALL COMMERCIAL				
	Billing Determinants	Present Rates	Calculated Revenue @ Present Rates	Proposed Rates	Calculated Revenue @ Proposed Rates
	Cust.	*per Cust.*		*per Cust.*	
Customer Charges	49,417	$ 18.36	$ 907,296	$ 17.00	$ 840,089
	Mcf	*per Mcf*		*per Mcf*	
first 200 Mcf /mo.	535,842	$ 2.7212	1,458,133	$ 3.4787	1,864,034
next 800 Mcf /mo.	14,975	$ 2.5000	37,438	$ 1.8500	27,704
next 4000 Mcf /mo.	2,852	$ 2.1000	5,989	$ 1.4500	4,135
next 5000 Mcf /mo.		$ 1.5000		$ 1.0500	
over 10000 Mcf /mo.		$ 1.1000		$ 0.8500	
Calculated Billings at Base Rates	553,669		$ 2,408,856		$ 2,735,962
Correction Factor - (Calculated /Actual)		*0.99959*		*0.99959*	
Total After Application of Correction Factor			$ 2,409,837		$ 2,737,076
Temperature Normalization Adjustment					
first 200 Mcf /mo.	90,387	$ 2.7212	245,961	$ 3.4787	314,429
next 800 Mcf /mo.	2,526	$ 2.5000	6,315	$ 1.8500	4,673
next 4000 Mcf /mo.	481	$ 2.1000	1,010	$ 1.4500	698
next 5000 Mcf /mo.					
over 10000 Mcf /mo.					
Year-End Customers Adjustment					
Customer Charges	228	$ 18.36	4,186	$ 17.00	3,876
first 200 Mcf /mo.	34,672	$ 2.7212	94,350	$ 3.4787	120,614
next 800 Mcf /mo.	969	$ 2.5000	2,422	$ 1.8500	1,793
next 4000 Mcf /mo.	185	$ 2.1000	388	$ 1.4500	268
next 5000 Mcf /mo.					
over 10000 Mcf /mo.					
Total Adjusted Billings at Base Rates	682,889		$ 2,764,469		$ 3,183,426
GCR at Current Rates	682,889	$ 3.7706	2,574,901	$ 3.7706	2,574,901
Total Adjusted Billings			$ 5,339,370		$ 5,758,327
Proposed Increase In Revenue					$ 418,957
					7.85%

Calculation of Proposed Rate Increase

Delta Naural Gas Company, Inc.
Case No. 99-176

Calculated Increase In Revenue under Proposed Revision of Rates
(Based on the adjusted sales for the 12-mos. ended December 31, 1998)

GENERAL SERVICE - LARGE COMMERCIAL & INDUSTRIAL

	Billing Determinants	Present Rates	Calculated Revenue @ Present Rates	Proposed Rates	Calculated Revenue @ Proposed Rates
	Cust.	*per Cust.*		*per Cust.*	
Customer Charges	10,644	$ 25.00	$ 266,100	$ 50.00	$ 532,200
	Mcf	*per Mcf*		*per Mcf*	
first 200 Mcf /mo.	682,110	$ 2.7212	1,856,158	$ 3.4787	2,372,856
next 800 Mcf /mo.	373,671	$ 2.5000	934,178	$ 1.8500	691,291
next 4000 Mcf /mo.	340,474	$ 2.1000	714,995	$ 1.4500	493,687
next 5000 Mcf /mo.	130,445	$ 1.5000	195,668	$ 1.0500	136,967
over 10000 Mcf /mo.	146,358	$ 1.1000	160,994	$ 0.8500	124,404
Calculated Billings at Base Rates	1,673,058		$ 4,128,092		$ 4,351,406
Correction Factor - (Calculated /Actual)		*1.00007*		*1.00007*	
Total After Application of Correction Factor			$ 4,127,796		$ 4,351,094
Temperature Normalization Adjustment					
first 200 Mcf /mo.	87,159	$ 2.7212	237,176	$ 3.4787	303,199
next 800 Mcf /mo.	40,096	$ 2.5000	100,240	$ 1.8500	74,178
next 4000 Mcf /mo.	25,791	$ 2.1000	54,161	$ 1.4500	37,397
next 5000 Mcf /mo.	7,921	$ 1.5000	11,881	$ 1.0500	8,317
over 10000 Mcf /mo.	8,078	$ 1.1000	8,885	$ 0.8500	6,866
Year-End Customers Adjustment					
Customer Charges	2	$ 25.00	50	$ 50.00	100
first 200 Mcf /mo.	1,482	$ 2.7212	4,032	$ 3.4787	5,154
next 800 Mcf /mo.	(397)	$ 2.5000	(993)	$ 1.8500	(735)
next 4000 Mcf /mo.	(243)	$ 2.1000	(510)	$ 1.4500	(352)
next 5000 Mcf /mo.	41	$ 1.5000	61	$ 1.0500	43
over 10000 Mcf /mo.					
Total Adjusted Billings at Base Rates	1,842,984		$ 4,542,780		$ 4,785,260
GCR at Current Rates	1,097,390	$ 3.7706	4,137,819	$ 3.7706	4,137,819
Total Adjusted Billings			$ 8,680,598		$ 8,923,079
Proposed Increase In Revenue					$ 242,481
					2.79%

Calculation of Proposed Rate Increase

Delta Naural Gas Company, Inc.
Case No. 99-176

Calculated Increase In Revenue under Proposed Revision of Rates
(Based on the adjusted sales for the 12-mos. ended December 31, 1998)

	INTERRUPTIBLE SERVICE - COMMERCIAL & INDUSTRIAL				
	Billing Determinants	Present Rates	Calculated Revenue @ Present Rates	Proposed Rates	Calculated Revenue @ Proposed Rates
	Cust.	*per Cust.*		*per Cust.*	
Customer Charges	527	$ 200.00	$ 105,400	$ 250.00	$ 131,750
	Mcf	*per Mcf*		*per Mcf*	
first 1000 Mcf /mo.	412,084	$ 1.7000	700,543	$ 1.6000	659,334
next 4000 Mcf /mo.	780,789	$ 1.3000	1,015,026	$ 1.2000	936,947
next 5000 Mcf /mo.	178,298	$ 0.9000	160,468	$ 0.8000	142,638
over 10000 Mcf /mo.	60,144	$ 0.5000	30,072	$ 0.6000	36,086
Calculated Billings at Base Rates	1,431,315		$ 2,011,509		$ 1,906,756
Correction Factor - (Calculated /Actual)		*0.99946*		*0.99946*	
Total After Application of Correction Factor			$ 2,012,600		$ 1,907,791
Temperature Normalization Adjustment					
first 1000 Mcf /mo.	4,213	$ 1.7000	7,161	$ 1.6000	6,740
next 4000 Mcf /mo.	1,220	$ 1.3000	1,586	$ 1.2000	1,464
	Mcf				
Total Adjusted Billings at Base Rates	1,436,748		$ 2,021,347		$ 1,915,995
GCR at Current Rates	45,238	$ 3.7706	170,574	$ 3.7706	170,574
Total Adjusted Billings			$ 2,191,922		$ 2,086,569
Proposed Increase In Revenue					$ (105,353)
					-4.81%

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-h

Description of Filing Requirement:

A summary of the utility's determination of its revenue requirement based on return on net investment rate base, return on capitalization, interest coverage, debt service coverage, or operating ratio, with supporting schedules.

Response:

See attached.

Table of Contents:

Delta Natural Gas Company, Inc.
Cost of Service
Test Period Ended 12/31/98

Schedule 1

Line No.			
1	Cost of Gas	Schedule 3	16,618,201
2	Operations & Maintenance Expense	Schedule 4	8,778,037
3	Depreciation Expense	Schedule 5	3,550,142
4	Taxes Other Than Income Taxes	Schedule 6	1,185,638
5	Return	Schedule 7	7,085,868
6	Income Tax	Schedule 8	2,587,228
7	Total Cost of Service		39,805,114
8	Revenues at Present Rates	Schedule 2	37,293,317
9	Revenue Deficiency		2,511,797

Delta Natural Gas Company, Inc.

Case No. 99-176

Summary of Proposed Rate Increase by Rate Class

Based on Adjusted Sales and Transportation for the 12-Months Ended December 31, 1998

	Actual Billed Revenue	Elimination of GCR Revenues	Current Rates for Full Year and Rate Switching	Net Before Temperature and Year-End Adjustments	Temperature Normalization Adjustment	Year-End Customers	Adjusted Billings @ Base Rates	GCR @ Current Charges	Adjusted Billings @ Current Rates	Proposed Increase in Revenue	Percentage Increase
Revenue											
General Service								$ 3.7706			
Residential	18,296,074	(9,431,520)	42,919	8,907,473	1,019,080	183,444	10,109,997	9,734,907	19,844,904	1,954,816	9.85%
Commercial-Small	4,845,419	(2,446,952)	11,370	2,409,837	253,286	101,346	2,764,469	2,574,901	5,339,370	418,957	7.85%
Lg. Commercial & Industrial											
Retail Sales	6,944,686	(4,208,243)	17,227	2,753,670	337,794	2,640	3,094,104	4,137,820	7,231,924		
Transportation	1,469,977		(95,851)	1,374,126	74,550		1,448,676		1,448,676		
Total Lg. Com. & Ind.	8,414,662	(4,208,243)	(78,623)	4,127,796	412,344	2,640	4,542,780	4,137,820	8,680,600	242,481	2.79%
Total General Service	31,556,155	(16,086,716)	(24,334)	15,445,105	1,684,711	287,430	17,417,245	16,447,628	33,864,874	2,616,254	7.73%
Interruptible Service											
Retail Sales	254,214	(173,321)		80,893	8,747		89,640	170,573	290,213		
Transportation	1,931,707			1,931,707			1,931,707		1,901,707		
Total Interruptible Service	2,185,922	(173,321)		2,012,600	8,747		2,021,347	170,573	2,191,920	(105,353)	-4.81%
Special Contracts	511,666		104,167	615,833		16,689	632,522		632,522		
Off-System Transportation	451,990			451,990			451,990		451,990		
Total Sales and Transportation	34,705,733	(16,260,037)	79,833	18,525,529	1,693,458	304,119	20,523,106	16,618,200	37,141,306	2,510,901	6.76%
Miscellaneous Service Revenues	152,009			152,009			152,009		152,009		
Total Gas Operating Revenue	34,857,742	(16,260,037)	79,833	18,677,538	1,693,458	304,119	20,675,115	16,618,200	37,293,316	2,510,901	6.73%
MCF											
General Service											
Residential	2,142,320			2,142,320	374,497	64,976	2,581,793				
Commercial-Small	553,669			553,669	93,394	35,826	682,889				
Lg. Commercial & Industrial											
Retail Sales	966,462			966,462	130,046	882	1,097,390				
Transportation	756,019		(49,423)	706,596	38,998		745,594				
Total Lg. Com. & Ind.	1,722,481		(49,423)	1,673,058	169,044	882	1,842,984				
Total General Service	4,418,470		(49,423)	4,369,047	636,935	101,684	5,107,666				
Interruptible Service											
Retail Sales	39,805			39,805	5,433		45,238				
Transportation	1,391,510			1,391,510			1,391,510				
Total Interruptible Service	1,431,315			1,431,315	5,433		1,436,748				
Special Contracts	1,755,567		49,423	1,804,990		12,286	1,817,276				
Off-System Transportation	1,404,111			1,404,111			1,404,111				
Total Sales and Transportation	9,009,463		-	9,009,463	642,367	113,970	9,765,801				

Summary of Proposed Increase by Rate Classes

Walker Exhibit 6 - Page 1

Schedule 2 & 3

Delta Natural Gas Company Inc.
O & M Adjustments
Test Year End 12/31/98

Line No.				
1	Adjustments to Payroll			116,199
2	Accounts Disallowed in Case No. 97-066			(142,711)
3	Remove Canada Mtn			(121,120)
5	Rate Case Expense		145,000	29,000
6	Customer Deposits	6%	594,863	35,692
7	Medical Adj-Stop Loss			77,561
8	New Customers Added			54,498
9	Total O & M Adjustments			50,119
10	O & M Per Books			8,727,918
11	O & M Adjusted			8,778,037

Delta Natural Gas Company Inc.
Payroll Adjustments
Test Year End 12/31/98

Payroll Adjustment

Line No.			
1	Annualized Payroll	$	6,009,885
2	Actual Payroll		5,893,686
3	Adjustment to Payroll	$	116,199

Delta Natural Gas Company Inc.
Depreciation Adjustment
Test Year End 12/31/98

Line No.		
1	Depreciated Expense	3,550,142
2	Per Books	3,570,354
3	Adjustment	(20,212)

DELTA NATURAL GAS COMPANY, INC.
DEPRECIATION
TEST YEAR ENDED 12/31/98

LINE NUMBER	ACCT NO	DESCRIPTION	DELTA 12/31/98	DEPR RATE	DEPR
1	301	ORGANIZATION	53,151	0.0%	0
2	302	FRANCHISE & CONSENT	1,786	0.0%	0
3		SUB TOTAL	54,937		0
4		**PRODUCTION**			
5	304	LAND & RIGHTS	35,377	0.0%	0
6	305	STRUCTURES & IMPROVEMENTS	60,604	2.2%	1,333
7	325	RIGHT OF WAYS	75,975	3.0%	2,279
8	327	COMP STAT STRUCTURES	42,950	3.0%	1,289
9	331	WELL EQUIPMENT	13,392	0.0%	0
10	332	FIELD LINES	1,835,883	4.0%	73,435
11	333	COMPRESSOR STAT EQUIPMENT	800,454	4.5%	36,020
12	334	MEAS & REG STATIONS	82,734	4.0%	3,309
13		SUB TOTAL	2,947,369		117,665
14		**STORAGE & PROCESSING**			
15	35001	STORAGE LAND	14,142	0.0%	0
16	35002	STORAGE RIGHT OF WAY	129,425	0.0%	0
17	35005	GAS RIGHTS WELL	46,895	0.0%	0
18	35006	GAS RIGHTS STOR	171,665	5.0%	8,583
19	351	STRUCTURES & IMPROVEMENTS	69,487	3.0%	2,085
20	352	STORAGE WELLS	226,147	4.5%	10,177
21	35201	STORAGE RIGHTS	860,396	4.5%	38,718
22	35202	STORAGE RESERVOIRS	1,881,731	4.5%	84,678
23	35203	NONRECOVERABLE NAT GAS	294,307	4.5%	13,244
24	353	STORAGE LINES	5,013,487	4.5%	225,607
25	354	STORAGE COMP STAT EQUIP	1,134,726	4.5%	51,063
26	355	STORAGE MEAS & REG EQUIP	353,185	3.0%	10,596
27	356	PURIFICATION EQUIPMENT	320,225	4.5%	14,410
28	357	STORAGE OTHER EQUIPMENT	47,209	10.0%	4,721
29		SUB TOTAL	10,563,027		463,882
30		**TRANSMISSION**			
31	3651	LAND & RIGHTS	43,284	0.0%	0
32	3652	RIGHTS OF WAY	428,208	0.0%	0
33	3653	LAND RIGHTS CVPL	163,626	2.5%	4,091
34	366	STRUCTURES & IMPROVMENTS	145,444	3.0%	4,363
35	367	TRANSMISSION MAINS	20,968,472	2.5%	524,212
36	367	CANADA MTN TRANSM MAINS	42,858	2.5%	1,071

DELTA NATURAL GAS COMPANY, INC.
DEPRECIATION
TEST YEAR ENDED 12/31/98

LINE NUMBER	ACCT NO	DESCRIPTION	DELTA 12/31/98	DEPR RATE	DEPR
1	368	COMPRESSOR STAT EQUIPMENT	1,276,289	4.5%	57,433
2	369	MEAS & REG STAT EQUIPMENT	1,078,811	3.0%	32,364
3	371	OTHER EQUIP	437,893	10.0%	43,789
4		SUB TOTAL	24,584,885		667,323
5		**DISTRIBUTION**			
6	374	LAND & RIGHTS	248,478	0.0%	0
7	375	STRUCTURES & IMPROVMENTS	103,373	3.0%	3,101
8	376	DISTRIBUTION MAINS	46,498,998	2.5%	1,162,475
9	378	MEAS & REG STAT - GENERAL	965,592	3.0%	28,968
10	379	MEAS & REG STAT - CITY GATE	390,893	3.0%	11,727
11	380	SERVICES	7,634,653	2.5%	190,866
12	381	METERS	5,454,418	3.0%	163,633
13	382	METER & REG INSTALLATION	2,365,154	3.0%	70,955
14	383	HOUSE REG	2,190,578	3.0%	65,717
15	385	INDUSTRIAL METER SETS	1,202,371	3.0%	36,071
16	387	OTHER EQUIP	0	3.0%	0
17		SUB TOTAL	67,054,508		1,733,513
18		**GENERAL**			
19	389	LAND & RIGHTS	845,317	0.0%	0
20	390	STRUCTURES & IMPROVEMENTS	2,882,604	2.2%	63,417
21	391	OFFICE FURN & EQUIP-FULLY DEPR	7,590	0.0%	0
22	391	OFFICE FURN & EQUIP	620,768	10.0%	62,077
23	392	AUTOS & TRUCKS-FULLY DEPR	91,032	0.0%	0
24	392	AUTOS & TRUCKS	2,753,343	15.0%	413,001
25	393	STORES EQUIPMENT-FULLY DEPR	41,199	0.0%	0
26	393	STORES EQUIPMENT	1,267	10.0%	127
27	394	TOOLS & WORK EQUIP-FULLY DEPR	17,029	0.0%	0
28	394	TOOLS & WORK EQUIPMENT	547,587	10.0%	54,759
29	39401	COMP NAT GAS STAT-FULLY DEPR	11,435	0.0%	0
30	39401	COMP NAT GAS STAT & EQUIP	410,063	10.0%	41,006
31	395	LABORATORY EQUIPM-FULLY DEPR	109,448	0.0%	0
32	395	LABORATORY EQUIPMENT	30,464	10.0%	3,046
33	396	POWER OPERATED EQUIP-FULLY DEP	330,851	0.0%	0
34	396	POWER OPERATED EQUIPMENT	1,193,913	10.0%	119,391
35	397	COMMUNICATION EQUIP-FULLY DEPR	134,157	0.0%	0
36	397	COMMUNICATION EQUIP	474,510	10.0%	47,451
37	398	MISCELLANEOUS EQUIP-FULLY DEPR	25,802	0.0%	0
38	398	MISCELLANEOUS EQUIPMENT	76,193	10.0%	7,619
39	3991	OTHER TANG EQUIP-FULLY DEPR	140,191	0.0%	0
40	3991	OTHER TANG EQUIP	425,027	10.0%	42,503

DELTA NATURAL GAS COMPANY, INC.
DEPRECIATION
TEST YEAR ENDED 12/31/98

LINE NUMBER	ACCT NO	DESCRIPTION	DELTA 12/31/98	DEPR RATE	DEPR
1	3992	COMPUTER SOFTWARE-FULLY DEPR	231,491	0.0%	0
2	3992	COMPUTER SOFTWARE	1,328,475	20.0%	265,695
3	3993	COMPUTER HARDWARE-FULLY DEPR	235,918	0.0%	0
4	3993	COMPUTER HARDWARE	1,588,126	20.0%	317,625
5		SUB TOTAL	14,553,800		1,437,717
6		**TOTAL A/C 101**	**119,758,526**		**4,420,100**
7	121	TRAILERS	18,592	0.0%	0
8	**TOTAL**	**A/C 101 & 121**	**119,777,118**		**4,420,100**
9			LESS:		
10			CANADA MTN		**463,710**
11			TRANSPORTATN EQUIP		**413,001**
12			POWER OPER EQUIPMT		**119,391**
13					**996,102**
14			ADD:		
15			TRANEX		**126,144**
16			SUBTOTAL		**3,550,142**
17			PER BOOKS		**3,570,354**
18			ADJUSTMENT		**(20,212)**

Delta Natural Gas Company Inc.
Payroll Tax Adjustment
Test Year End 12/31/98

Payroll Tax Adjustment

Line No.		
1	Direct Total Payroll for 12 Months Ended 12/31/98	6,251,888
2	Payroll Taxes (A/C #1.408.03)	480,841
3	Payroll Taxes Percent of Payroll	7.69%
4	Payroll Increase	116,199
5	Payroll Tax Increase	8,937
6	Remove Canada Mtn Property Taxes	(47,147)
7	Total Adjustment to Taxes Other than Income Taxes	(38,210)
8	Taxes Other than Income Taxes @ 12/31/98	1,223,848
9	Taxes Other than Income Taxes Adjusted	1,185,638

Delta Natural Gas Company Inc.
Rate Base and Return
Test Year End 12/31/98

Rate Base:

Line No.				
1	Property			114,965,626
2	Less Reserve for Depreciation			(35,230,946)
3	Net Plant			79,734,680
4	Working Capital			1,097,255
5	Prepayments			106,884
6	Materials and Supplies, at Cost			451,812
7	Gas in Storage, at Cost			265,579
8	Accumulated Provision for Deferred Income Taxes			(8,436,725)
9	Unamortized Debt	3,650,173	85.17%	3,108,925
10	Advances for Construction			(220,060)
11	Depreciation Adjustment			(20,212)
12	Total Rate Base			76,088,138
13	Return @ 9.3127%			7,085,868

Delta Natural Gas Company Inc.
Interest Coverage
Test Year End 12/31/98

Line No.	**Times Interest Earned**	**Present**	**Proposed**
1			
2	Net Income	2,450,830	3,971,849
3	Interest on Debt	3,114,019	3,114,019
4	Operating Income	5,564,849	7,085,868
5	Income Taxes	1,596,449	2,587,228
6	Total	7,161,298	9,673,096
7	Times Interest Earned		
8	After Taxes	1.79	2.28
9	Before Taxes	2.30	3.11

Delta Natural Gas Company Inc.
Income Tax Adjustment
Test Year End 12/31/98

Line No.			
1	INCOME TAX ADJUSTMENT		
2	Net Income Books		1,705,196
3	Income Tax Books		973,775
4	Taxable Income/books		2,678,971
5	LESS ADJUSTMENTS		
6	Rev & Gas Costs		2,435,574
7	Oper Exp		1,067,265
8	Adjusted Income Before Taxes		4,047,280
9	Adjusted Income Tax at	39.445%	1,596,450
10	Income Tax Books		973,775
11	Adjustment		622,675
12	Adjusted Income Taxes @ 12/31/98		1,596,450
13	Income Taxes on Revenue Deficiency		990,778
14	Total Income Taxes		2,587,228

Delta Natural Gas Company Inc.
Computation of Income Taxes
Test Year End 12/31/98

Line No.			
1	After Tax Return		7,085,868
2	Interest Deduction		3,114,019
3	Equity Portion of Return		3,971,849
4	Application of Tax Rate to Equity Return	39.445%	1,566,696
5	Tax Expansion Factor		1.6514
6	Total Income Tax Liability		2,587,228

Delta Natural Gas Company Inc.
Composite Income Tax
Test Year End 12/31/98

Line No.			
1	**Computation of Composite Federal and Kentucky Income Tax Rates**		
2	Assume Pre-tax Income of		$ 100.000
3	State Income Rate of	8.250%	8.250%
4	Taxable Income for Federal Income Tax Computation		$ 91.750
5	Federal Income Tax at	34.000%	$ 31.195
6	Total State and Federal Income Taxes		$ 39.445
7	Therefore, the Composite Rate is:		
8	Federal		31.195%
9	State		8.250%
10	**Total**		39.445%

Delta Natural Gas Company, Inc.

Case No. 99- 176
Adjusted Capitalization as of December 31, 1998

Component of Capitalization	Capitalization Per Books 12/31/98	Adjustment For Subsidiaries	Adjustment For Canada Mountain	Capitalization As Adjusted	Ratio	Adjustment to Reflect 43.5% Equity	Capitalization As Adjusted	Ratio
Common Equity	$ 28,351,812	$ (1,280,279)	$ (4,204,007)	$ 22,867,526	29.80%	10,509,355	$ 33,376,881	43.50%
Long-Tem Debt	54,207,845		(8,037,940)	$ 46,169,905	60.17%	(9,008,680)	37,161,225	48.43%
Short-Term Debt	9,030,000		(1,338,969)	$ 7,691,031	10.02%	(1,500,675)	6,190,356	8.07%
	$ 91,589,657	$ (1,280,279)	$ (13,580,916)	$ 76,728,462	100.00%	-	$ 76,728,462	100.00%
Adjustment for Subsidiaries	(1,280,279)							
Adjustment for Canada Mountain	(13,580,916)							
Adjusted Total Capitalization	$ 76,728,462							

Schedule 9

Delta Natural Gas Company Inc.
Interest Costs Adjustment
Test Year Ended 12/31/98

Interest Costs Adjustment

Line No.		AMOUNT	RATE	INTEREST
1	Long Term Debt	$ 37,161,228	7.4786%	$ 2,779,121
2	Short Term Debt	$ 6,190,353	5.4100%	$ 334,898
3				$ 3,114,019
4				
5	Interest per Books			$ 4,509,474
6	Adjustment Required			$ (1,395,455)

Delta Natural Gas Company Inc.
Fixed Long-Term Debt Rate
Test Year Ended 12/31/98

FIXED L/T DEBT

Line No.		RATE	AMOUNT	INTEREST
1	Debentures	6.6250%	12,973,000	859,461
2	Debentures	7.1500%	25,000,000	1,787,500
3	Debentures	8.3000%	15,000,000	1,245,000
4	Storage	0.0000%	1,234,845	-
5	Unamort Debt Expense			162,000
6	Total		54,207,845	4,053,961
				7.4786%

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-i

Description of Filing Requirement:

A reconciliation of the rate base and capital used to determine its revenue requirement.

Response:

See attached.

Delta Natural Gas Company, Inc.
Reconciliation of Delta Capital Account
and Delta Adjusted Rate Base
December 31, 1998

Delta Capital per Balance Sheet (1)	$76,728,462
Net Adjustments per Balance Sheet (1)	(640,324)
Adjusted Capital per Balance Sheet (1)	$76,088,138
Adjusted Rate Base (2)	$76,088,138

(1) See filing requirement 7(a).
(2) See Schedule 7 of F.R. 6(h).

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-j

Description of Filing Requirement:

A current chart of accounts if more detailed than the Uniform System of Accounts prescribed by the Commission.

Response:

See attached.

DELTA NATURAL GAS CO, INC.

CHART OF ACCOUNTS
Date: 6/29/99

Report: F:\DATA\ORCOM\PUBLIC\NEWBAS\IMPREPRT\CHARTAC.IMR

GENERAL LEDGER NUMBER AND DESCRIPTION
1-106-010 - FIXED ASSET CLEARING
1-107-010 - CONST WORK IN PROGRESS CONTROL
1-107-020 - CONST WORK IN PROGRESS-MAR CLEARING
1-108-010 - PROV FOR DEPR PLANT IN SERVICE
1-108-020 - RET WORK IN PROGRESS
1-114-000 - GAS PLANT ACQUISITION ADJ.
1-115-000 - PROV. FOR AMORT ACQ ADJ.
1-117-000 - CUSHION GAS
1-121-000 - NON UTILITY PROPERTY
1-122-000 - PROV FOR DEPR NON UTIL PROP
1-123-000 - INVESTMENT IN OTHERS
1-123-020 - INVESTMENT IN DELTA RESOURCES
1-123-030 - INVESTMENT IN DELGASCO
1-123-040 - INVESTMENT IN DELTRAN
1-123-050 - INVESTMENT IN ENPRO
1-123-060 - INVESTMENT IN TRANEX
1-128-000 - LIFE INSURANCE SURRENDER VALUE
1-130-000 - CLEAR MANUAL CKS - A/P SYSTEM
1-131-010 - CASH OWINGSVILLE
1-131-020 - CASH BEREA
1-131-030 - CASH NICHOLASVILLE
1-131-040 - CASH WILMORE
1-131-050 - CASH STANTON
1-131-060 - CASH LONDON
1-131-070 - CASH WILLIAMSBURG
1-131-080 - CASH BARBOURVILLE
1-131-090 - CASH PINEVILLE
1-131-100 - CASH MIDDLESBORO
1-131-110 - CASH CORBIN
1-131-120 - CASH MANCHESTER
1-131-200 - CASH WINCHESTER
1-131-210 - CASH BANK ONE
1-131-220 - CASH EFT BEREA NATIONAL
1-135-010 - WORKING FUNDS OWINGSVILLE
1-135-020 - WORKING FUNDS BEREA
1-135-030 - WORKING FUNDS NICHOLASVILLE
1-135-040 - WORKING FUNDS WILMORE
1-135-050 - WORKING FUNDS STANTON
1-135-060 - WORKING FUNDS LONDON
1-135-070 - WORKING FUNDS WILLIAMSBURG
1-135-080 - WORKING FUNDS BARBOURVILLE

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-135-090 - WORKING FUNDS PINEVILLE
1-135-100 - WORKING FUNDS MIDDLESBORO
1-135-110 - WORKING FUNDS CORBIN
1-135-120 - WORKING FUNDS MANCHESTER
1-135-200 - WORKING FUNDS WINCHESTER
1-135-210 - WORKING FUNDS MEDICAL
1-135-300 - WORKING FUNDS CORBIN WAREHOUSE
1-141-000 - NOTES RECEIVABLE OFFICER
1-141-010 - NOTES RECVBL DUE IN 1YR OFFSET
1-141-020 - NOTES RECEIVABLE DUE IN 1 YEAR
1-141-030 - NOTES RECEIVABLE - OTHER
1-142-000 - CUSTOMER ACCOUNTS RECEIVABLE
1-142-010 - MISC ACCOUNTS RECEIVABLE-BRANCHES
1-142-020 - RECEIVABLE FROM ENERGY ASSIST AGENCY - BEREA
1-142-030 - RECEIVABLE FROM ENERGY ASSISTANCE AGENCY
1-142-040 - EREX-TRANSP ACCT RECEIVABLE
1-142-050 - WISER TRANSP ACCT RECEIVABLE
1-142-060 - GAS FLO-TRANSP ACCT RECEIVABLE
1-142-070 - CENTRAN-TRANSP ACCT RECEIVABLE
1-142-080 - ATLANTIC-TRANSP ACCT RECEIVABL
1-142-090 - TENNECO-TRANSP ACCT RECEIVABLE
1-142-100 - DEL PET-TRANSP ACCT RECEIVABLE
1-142-110 - AOG - TRANSP ACCT RECEIVABLE
1-142-120 - WHITE-TRANSP ACCT RECEIVABLE
1-142-130 - PXT - TRANSP ACCT RECEIVABLE
1-142-140 - AKS - TRANSP ACCT RECEIVABLE
1-142-150 - V M & M MINING-ACCTS RECEIVABL
1-143-000 - OTHER ACCOUNTS RECEIVABLE
1-143-010 - O'VILLE W/H ACCT RECEIVABLE
1-143-050 - STANTON W/H ACCT RECEIVABLE
1-143-070 - WBURG W/H ACCT RECEIVABLE
1-143-080 - BVILLE W/H ACCT RECEIVABLE
1-144-000 - PROVISION FOR UNCOLLECTIBLES
1-146-000 - INTERCOMPANY CLEARING ACCOUNT
1-146-020 - RECEIVABLE DELTA RESOURCES
1-146-030 - RECEIVABLE FROM DELGASCO
1-146-040 - RECEIVABLE FROM DELTRAN
1-146-050 - RECEIVABLE FROM ENPRO
1-146-060 - RECEIVABLE FROM TRANEX
1-151-000 - FUEL STOCK PROPANE
1-154-000 - INVENTORY

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-154-010 - INVENTORY - COMPUTERIZED
1-154-020 - INVENTORY - SURPLUS PROVISION
1-164-000 - STORAGE GAS - PIONEER
1-164-010 - STORAGE GAS - TENNECO
1-164-020 - STORAGE GAS - COLUMBIA
1-164-030 - STORAGE GAS - CANADA MT
1-165-000 - PREPAYMENTS
1-165-010 - PREPAYMENT - ORCOM
1-165-020 - PREPAID PENSION COST
1-174-010 - SYSTEM CASH VS ACTUAL
1-174-020 - SYSTEM MDSE VS ACTUAL
1-181-010 - UNAMORT DEBT EXP DEB 07-01-96
1-181-020 - UNAMORT DEBT EXP DEB 04-01-07
1-181-030 - UNAMORT DEBT EXP DEB 10-01-23
1-181-040 - UNAMORT DEBT EXP DEB 04-30-11
1-181-050 - UNAMORT DEBT EXP DUE 07-19-26
1-181-060 - UNAMORT DEBT EXP DUE 04-01-18
1-184-010 - A/P - MAR CLEARING
1-184-020 - INA INSURANCE CLEARING
1-184-030 - TRANSP EQUIP OPER & MNT COST
1-184-040 - NON OWNED VEHICLE EXPENSE
1-184-050 - TRANSPORTATION EXPENSE CLEARED
1-184-060 - MEDICAL - CLEARING
1-184-070 - PROVIDENT INSURANCE CLEARING
1-184-080 - WORK EQUIPMENT OPER & MNT COST
1-184-090 - WORK EQUIPMENT EXPENSE CLEARED
1-184-100 - A/P - CIS CLEARING
1-186-010 - UNAMORTIZED MGNT AUDIT EXPENSE
1-186-020 - UNAMORTIZED RATE CASE EXPENSE #97-066
1-186-030 - UNRECOVERED CANADA MOUNTAIN EXPENSES
1-186-040 - UNAMORTIZED RATE CASE EXPENSE
1-186-050 - AMORTIZED RATE CASE EXPENSE #97-066
1-186-060 - AMORTIZED MANAGEMENT AUDIT EXPENSE
1-186-070 - UNAMORTIZED RATE CASE EXPENSE #99-176
1-191-000 - UNRECOVERED PURCHASED GAS COST
1-191-010 - UNRECOVERED TAKE OR PAY COST
1-192-000 - ACTUAL ADJUSTMENT GAS COSTS
1-192-010 - ACTUAL ADJMT TAKE OR PAY COST
1-193-000 - BALANCE ADJUSTMENT GAS COSTS
1-193-010 - BALANCE ADJMT TAKE OR PAY COST
1-201-000 - COMMON STOCK ISSUED $1 PAR

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-207-000 - PREMIUMS ON COMMON STOCK
1-212-000 - INSTALLMENTS ON STOCK
1-214-000 - CAPITAL STOCK EXPENSE
1-216-000 - RETAINED EARNINGS
1-221-030 - DEBENTURES 6.625% DUE 10-01-23
1-221-040 - DEBENTURES 9.000% DUE 04-30-11
1-221-050 - DEBENTURES 8.300% DUE 07-19-26
1-221-060 - DEBENTURES 7.150% DUE 04-01-18
1-224-010 - LEASE ARRANGEMENT IBM
1-224-020 - PROMISSORY NOTE--CANADA MOUNTAIN (FERRIN)
1-224-030 - PROMISSORY NOTE--OWINGSVILLE LAND-NEW (BYRO
1-224-040 - PROMISSORY NOTE--OVILLE OFFICE & LAND-OLD-BY
1-226-010 - UNAMORTIZED DISCOUNT ON FERRIN PROMISSORY
1-230-010 - LONG TERM ONE YEAR OFFSET
1-230-020 - LONG TERM DUE IN ONE YEAR
1-231-000 - NOTES PAYABLE
1-232-010 - ACCOUNTS PAYABLE GENERAL
1-232-020 - ACCOUNTS PAYABLE CUSTOMERS
1-232-060 - ACCOUNTS PAYABLE GAS PURCHASES
1-232-070 - CONTRACTOR'S RETAINAGE PAYABLE
1-232-080 - WINTERCARE PAYABLES
1-232-090 - ACCOUNTS PAYABLE FAITHFUL ESCR
1-235-000 - CUSTOMER SERVICE DEPOSITS
1-236-010 - TAXES ACCRUED FEDERAL INCOME
1-236-020 - TAXES ACCRUED STATE INCOME
1-236-030 - TAXES ACCRUED SALES
1-236-040 - TAXES ACCRUED PAYROLL
1-236-050 - TAXES ACCRUED PROPERTY
1-236-060 - TAXES ACCRUED SEVERANCE
1-236-070 - TAXES ACCRUED EST INCOME TAXES
1-236-080 - TAXES ACCRUED SCHOOL
1-236-090 - TAXES ACCRUED FRANCHISE
1-237-010 - INTEREST ACCRUED DEB 9.500%
1-237-020 - INTEREST ACCRUED DEB 8.3% DUE YR 2026
1-237-030 - INTEREST ACCRUED DEB 6.625%
1-237-040 - INTEREST ACCRUED DEB 9.000%
1-237-050 - INTEREST ACCRUED S-T NOTES
1-237-060 - INTEREST ACCRUED CUST DEPOSITS
1-237-070 - INTEREST ACCRUED DEB 7.15% DUE YR 2018
1-241-000 - PAYROLL TAXES WITHHELD
1-242-010 - ACCRUED NET PAYROLL

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-242-020 - EMPLOYEE CHRISTMAS SAVINGS
1-242-030 - SAVINGS IN LIEU OF STOCK
1-242-040 - ADJUSTMENT NET PAY
1-242-050 - MISCELLANEOUS SAVINGS
1-242-060 - UNITED WAY DEDUCTION
1-242-070 - 401K SAVINGS PLAN
1-242-080 - STOCK REINVESTMENT PLAN
1-242-090 - EMPLOYEE LOAN DEDUCTION
1-243-000 - ACCRUED VACATION/ANNUAL LEAVE
1-244-010 - ACCOUNTING SERVICES
1-244-020 - MEDICAL - SELF INSURED
1-244-030 - PENSION PREMIUMS
1-244-040 - WORKMAN'S COMPENSATION PREMIUM
1-244-050 - GENERAL LIABILITY PREMIUM
1-244-060 - OTHER - SELF INSURED
1-252-000 - ADVANCES FOR CONSTRUCTION
1-252-010 - PROMISSORY NOTES-EXT AGMNT
1-253-000 - REFUNDS DUE CUSTOMERS
1-254-010 - REGULTORY INCOME TAX RATE
1-254-020 - REGULATORY - ITC
1-254-030 - AMORTIZE REGULATORY INCOME TAX
1-255-000 - DEFERRED INVESTMENT TAX CREDIT
1-263-000 - DEFERRED COMPENSATION
1-265-000 - UNAMORTIZED PENSION EXPENSE
1-282-010 - DEF INC TAX ACCEL DEPR
1-282-020 - DEF INC TAX PENSION PLAN
1-282-030 - DEF INC TAX STOCK PLAN
1-282-040 - DEF INC TAX CUST DEP INC.
1-282-050 - ALTERNATIVE MINIMUM TAXES
1-282-060 - DEF INC TAX ANNUAL LEAVE
1-282-070 - CONSTRUCTION CONTRIBUTIONS
1-282-080 - DEF INC TAX AMORT FERRIN PROM NOTE
1-282-090 - DEF INC TAX NET UNBILLED REV
1-282-100 - DEF INC TAX DEBT EXPENSE
1-282-110 - DEF INC TAX BAD DEBT RESERVE
1-282-120 - DEF INC TAX STORAGE GAS
1-283-010 - DEF TAX - REGULATORY INC TAX
1-283-020 - DEF TAX - REGULATORY ITC
1-300-000 - CANADA MOUNTAIN
1-301-000 - ORGANIZATION
1-302-000 - FRANCHISE & CONSENTS

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-304-000 - MFG PRODUCTION LAND
1-305-000 - MFG PRODUCTION STRUCTURE
1-319-000 - MFG GAS MIXING EQUIPMENT
1-325-000 - GATHERING LAND & RIGHTS
1-327-000 - GATHERING COMP STAT STRUCTURES
1-331-000 - NATURAL GAS WELL EQUIPMENT
1-332-000 - GATHERING LINES
1-333-000 - GATHERING COMP STAT EQUIPMENT
1-334-000 - GATHR MEAS & REGLTR STAT EQUIP
1-350-010 - STORAGE LAND
1-350-020 - STORAGE - RIGHT OF WAY
1-350-050 - GAS RIGHTS WELLS
1-350-060 - GAS RIGHTS STORAGE
1-351-000 - STORAGE STURCTURES & IMPROVEMENTS
1-352-000 - STORAGE WELLS
1-352-010 - STORAGE RIGHTS
1-352-020 - STORAGE RESERVOIRS
1-352-030 - NONRECOVERABLE NATURAL GAS
1-353-000 - STORAGE LINES
1-354-000 - STORAGE COMPRESSOR STATION EQUIPMENT
1-355-000 - STORAGE MEASURING & REGULATING EQUIPMENT
1-356-000 - PURIFICATION EQUIPMENT
1-357-000 - STORAGE OTHER EQUIPMENT
1-365-010 - TRAN LAND & LAND RIGHTS
1-365-020 - TRAN RIGHTS OF WAY
1-365-030 - LAND RIGHTS DEPRECIABLE
1-366-000 - TRAN STRUCTURES & IMPROVEMENTS
1-367-000 - TRANSMISSION MAINS
1-367-010 - TRANSMISSION MAINS - CANADA MTN
1-368-000 - TRANSM COMPRESSOR STAT EQUIP
1-369-000 - TRANSMISSION MEAS & REG EQUIP
1-371-000 - TRANSMISSION OTHER EQUIPMENT
1-374-000 - DISTRIBUTION RIGHT OF WAYS
1-374-010 - DISTRIBUTION LAND
1-375-000 - DIST STRUCTURES & IMPROVEMENTS
1-376-000 - DISTRIBUTION MAINS
1-378-000 - DIST GENERAL REG STATIONS
1-379-000 - DIST CITY GATE REG STATIONS
1-380-000 - DISTRIBUTION SERVICES
1-381-000 - DISTRIBUTION METERS
1-382-000 - DIST METER & REG INSTALLATION

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-383-000 - DIST REGULATORS
1-385-000 - DIST INDUSTRIAL METER SET
1-387-000 - DISTRIBUTION OTHER EQUIPMENT
1-389-000 - GEN LAND & LAND RIGHTS
1-390-000 - GEN STRUCTURES & IMPROVEMENTS
1-391-000 - OFFICE FURNITURE & EQUIPMENT
1-392-000 - TRANSPORTATION EQUIPMENT
1-393-000 - STORES EQUIPMENT
1-394-000 - TOOLS, SHOP & GARAGE EQUIP.
1-394-010 - COMPRESSED NAT GAS STAT& EQUIP
1-395-000 - LABORATORY EQUIPMENT
1-396-000 - POWER OPERATED EQUIPMENT
1-397-000 - COMMUNICATION EQUIPMENT
1-398-000 - MISCELLANEOUS EQUIPMENT
1-399-010 - MAPPING COSTS
1-399-020 - COMPUTER SOFTWARE
1-399-030 - COMPUTER HARDWARE
1-399-090 - CONTINGENCIES
1-403-000 - DEPRECIATION EXPENSE
1-408-010 - LICENSE & PRIVILEGE FEES
1-408-020 - PROPERTY TAXES
1-408-030 - PAYROLL TAXES
1-409-010 - CURRENT FED INC TAX
1-409-020 - CURRENT STATE INC TAX
1-409-070 - ESTIMATED INTERIM INCOME TAXES
1-409-080 - INCOME TAXES NON-REGULATED
1-410-000 - DEFERRED INCOME TAXES
1-410-010 - AMORT OF REGULATORY LIABILITY
1-411-000 - INVESTMENT TAX CREDIT NET
1-412-000 - REVENUES FROM GAS PLANT LEASED TO OTHERS
1-415-010 - LABOR SERVICE REVENUE
1-415-020 - MERCHANDISING REVENUE
1-415-030 - SALES TAX COMMISSION
1-416-010 - LABOR SERVICE EXPENSE
1-416-020 - MERCHANDISING EXPENSE
1-418-010 - NET EARNINGS OF SUBSIDIARY
1-419-000 - INTEREST & DIVIDEND INCOME
1-421-000 - MISC NON OPERATING INCOME
1-426-020 - LIFE INSURANCE CO. BENEFICIARY
1-427-000 - INTEREST ON LONG TERM DEBT
1-428-000 - AMORT OF DEBT EXPENSES

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-431-010 - INTEREST ON CUSTOMER DEPOSITS
1-431-020 - INTEREST ON SHORT-TERM DEBT
1-480-010 - GS RATE SALES RESIDENTIAL
1-480-020 - GS RATE SALES OTHER COMMERCIAL
1-480-030 - GS RATE SALES INDUSTRIAL
1-480-040 - GS RATE SALES SMALL COMMERCIAL
1-480-050 - UNMETERED GAS LIGHT REVENUE
1-481-020 - INTERRUPTIBLE RATE COMMERCIAL
1-481-030 - INTERRUPTIBLE RATE INDUSTRIAL
1-485-000 - UNBILLED REVENUE
1-488-010 - COLLECTION REVENUE
1-488-020 - RECONNECT REVENUE
1-488-030 - METER TEST REVENUE
1-488-040 - BAD CHECK REVENUE
1-489-010 - TRANSPORTED GAS COST
1-489-020 - OFF SYSTEM TRANSP REVENUE
1-489-030 - DISPLACEMENT REVENUE
1-489-040 - ON SYSTEM TRANSP REVENUE
1-489-050 - STANDBY AND/OR GAS CHARGES
1-497-000 - Suspense
1-600-000 - WORK IN PROGRESS TO IN SERVICE
1-625-000 - GATHERING RIGHTS OF WAY
1-625-400 - GATHERING RIGHTS OF WAY
1-630-010 - MAPPING COSTS
1-630-020 - COMPUTER SOFTWARE
1-630-030 - COMPUTER HARDWARE
1-650-020 - STORAGE RIGHTS OF WAY
1-665-010 - TRANSM LAND & LAND RIGHTS
1-665-020 - TRANSMISSION RIGHTS OF WAY
1-671-000 - TELEMETERING EQUIPMENT
1-674-000 - LAND AND LAND RIGHTS DIST.
1-689-000 - LAND AND LAND RIGHTS GEN.
1-690-000 - STRUCTURES AND IMPROVEMENTS
1-691-000 - OFFICE FURNITURE & EQUIPMENT
1-692-000 - TRANSPORTATION EQUIPMENT
1-693-000 - STORES EQUIPMENT
1-694-000 - TOOLS, SHOP & GARAGE EQUIPMENT
1-694-010 - COMPRESSED NAT GAS STAT& EQUIP
1-695-000 - LABORATORY EQUIPMENT
1-696-000 - POWER OPERATED EQUIPMENT
1-697-000 - COMMUNICATION EQUIPMENT

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-698-000 - MISCELLANEOUS EQUIPMENT
1-753-010 - WELLS & GATHERING PAYROLL
1-753-020 - WELLS & GATHERING MISC
1-754-010 - COMPRESSOR STATION PAYROLL
1-754-020 - COMPRESSOR STATION MISC.
1-764-010 - MNT WELLS & GATHERING PAYROLL
1-764-020 - MNT WELLS & GATHERING OTHER
1-765-010 - MNT COMPRESSOR STATION PAYROLL
1-765-020 - MNT COMPRESSOR STATION OTHER
1-777-777 - MIRROR POND SUSPENSE
1-803-000 - PURCHASED GAS
1-816-010 - CM WELLS EXPENSES - PAYROLL
1-816-020 - CM WELLS EXPENSES - MISC
1-818-010 - CM COMPRESSOR STATION EXPENSES - PAYROLL
1-818-020 - CM COMPRESSOR STATION EXPENSES - MISC
1-821-000 - CM PURIFICATION OF NATURAL GAS
1-824-010 - CM OTHER UNDERGROUND STORAGE EXPENSES - PAYR
1-824-020 - CM OTHER UNDERGROUND STORAGE EXPENSES - MISC
1-825-000 - CM STORAGE WELL ROYALTIES/RENTS
1-831-010 - CM MAINTENANCE STRUCT & IMPROVEMENTS - PAYRO
1-831-020 - CM MAINTENANCE STRUCTURES & IMPROVEMENTS - M
1-831-030 - CM RIGHT OF WAY CLEARING
1-832-010 - CM MAINT OF RESERVOIRS AND WELLS - PAYROLL
1-832-020 - CM MAINTENANCE OF RESERVOIRS AND WELLS - MIS
1-833-010 - CM MAINTENANCE OF LINES - PAYROLL
1-833-020 - CM MAINTENANCE OF LINES - MISC
1-834-010 - CM MAINT OF COMPRESSOR STAT EQUIP - PAYROLL
1-834-020 - CM MAINTENANCE OF COMPRESSOR STAT EQUIP - MI
1-835-010 - CM MAINT OF MEAS & REG STAT EQUIP - PAYROLL
1-835-020 - CM MAINTENANCE OF MEAS & REG STAT EQUIP - MI
1-837-010 - CM MAINTENANCE OF OTHER EQUIPMENT - PAYROLL
1-837-020 - CM MAINTENANCE OF OTHER EQUIPMENT - MISC
1-856-000 - RIGHT OF WAY CLEARING
1-871-000 - TELEMETRY COSTS
1-880-010 - OPERATIONS OFFICE TELEPHONE
1-880-020 - OPERATIONS OFFICE UTILITIES
1-880-030 - OPERATIONS OFFICE MISC.
1-880-040 - FEES TRAINING SCHOOLS
1-880-050 - UNIFORMS
1-880-060 - WELDING SUPPLIES
1-881-010 - RENT OPERATING OFFICES

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-881-020 - RENT LAND & LAND RIGHTS
1-886-000 - MNT STRUCTURES TRANS & DIST.
1-887-010 - MNT TRANS & DIST MAINS PAYROLL
1-887-020 - MNT TRANS & DIST MAINS OTHER
1-888-888 - MIRROR POND SUSPENSE
1-889-000 - MNT REG STATION TRANS & DIST.
1-893-010 - MNT OF METERS & REG PAYROLL
1-893-020 - MNT OF METERS & REG OTHER
1-894-010 - MNT OF OTHER EQUIPMENT PAYROLL
1-894-020 - MNT OF OTHER EQUIPMENT OTHER
1-898-010 - MNT - TRANSP EQUIP EXPENSE-PAYROLL
1-898-020 - MNT - POWER OPR EQUIP EXPENSE-PAYROLL
1-900-010 - TRANS & DIST. PAYROLL
1-900-020 - OPR TRANSPORTATION EXPENSES
1-900-030 - SMALL TOOLS & WORK EQUIPMENT
1-903-010 - CASHERING PAYROLL
1-903-020 - CUSTOMER COLLECTIONS & RECORDS
1-904-000 - UNCOLLECTIBLE ACCOUNTS
1-913-000 - ADVERTISING
1-920-010 - ADMINISTRATIVE PAYROLL
1-920-020 - ADM TRANSPORTATION EXPENSES
1-921-010 - ADM TELEPHONE
1-921-030 - BOOKS & SUBSCRIPTIONS
1-921-040 - COMPANY FORMS
1-921-050 - SMALL SUPPLY ITEMS
1-921-060 - MISCELLANEOUS OTHER ITEMS
1-921-070 - EMPLOYEE MEMBERSHIPS
1-921-080 - SAFETY LITERATURE & EDUCATION
1-921-090 - ENGR & DRAFTING SUPPLIES
1-921-100 - ADM UTILITIES
1-921-110 - INVENTORY - DIFFERENCE
1-921-210 - TRAVEL ETC CO BUS PRES & CEO
1-921-220 - TRAVEL ETC CO BUS OFFICERS
1-921-230 - TRAVEL ETC CO BUS OPER & CONST
1-921-240 - TRAVEL ETC CO BUS ADM&CUST SER
1-921-250 - TRAVEL ETC CO BUS PUB AFFAIRS
1-921-260 - TRAVEL ETC CO BUS FINANCE
1-921-270 - TRAVEL ETC CO BUS TREASURY
1-921-280 - TRAVEL ETC CO-BUS CUST SERVICE
1-921-290 - CO. BUS. MEALS & ENTERTAINMENT
1-922-000 - EXPENSES TRANSFERRED

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GENERAL LEDGER NUMBER AND DESCRIPTION
1-922-010 - EXPENSES TRANSFERRED (CANADA MOUNTAIN)
1-923-010 - OUTSIDE SERVICES LEGAL
1-923-020 - OUTSIDE SERVICES ACCOUNTING
1-923-030 - OUTSIDE SERVICES JANITORIAL
1-923-040 - OUTSIDE SERVICES OTHER
1-923-050 - OUTSIDE SERVICES COMPUTERS
1-924-000 - INSURANCE
1-926-010 - TIME OFF PAYROLL
1-926-020 - PENSION
1-926-030 - EMPLOYEE 401K PLAN
1-926-040 - MEDICAL COVERAGE
1-926-050 - SALARY CONTINUATION COVERAGE
1-926-060 - EMPLOYEE STOCK PLAN
1-926-070 - EMPLOYEE EDUCATION
1-926-080 - EMPLOYEE RECREATION & SOCIAL
1-926-090 - HOUSE TRAILERS
1-928-000 - REGULATORY COMMISSION EXPENSE
1-930-010 - DIRECTOR FEES & EXPENSES
1-930-020 - COMPANY MEMBERSHIPS
1-930-030 - FEES CONVENTIONS & MEETINGS
1-930-040 - MARKETING
1-930-050 - COMPANY RELATIONS
1-930-060 - TRUSTEE, REGISTRAR, AGENT FEES
1-930-070 - STOCKHOLDERS MEETINGS
1-930-080 - STOCKHOLDER REPORTS
1-930-090 - CUSTOMER & PUBLIC INFORMATION
1-930-100 - PUBLIC & COMMUNITY RELATIONS
1-930-110 - CONSERVATION PROGRAM
1-930-120 - LOBBYING EXPENDITURES
1-930-130 - MISC NON TAX DEDUCTIBLE
1-932-010 - MNT COMMUNICATION EQUIPMENT
1-932-020 - MNT OFFICE EQUIPMENT
1-932-030 - MNT GENERAL STRUCTURES
1-932-050 - MAINTENANCE COMPUTER EQUIPMENT

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-k

Description of Filing Requirement:

The independent auditor's annual opinion report, with any written communication from the auditors to the utility which indicates the existence of a material weakness in the utility's internal controls.

Response:

See Volume 3, Section 34, page 21 of Delta's 1998 Annual Report to Shareholders.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-l

Description of Filing Requirement:

The most recent FERC audit reports.

Response:

Not applicable because Delta is not audited by FERC.

Notes

Delta Natural Gas Company, Inc.
Case No. 99-176
Historical Test Period Filing Requirements
FR #6-m

Description of Filing Requirement:

The most recent FERC Form 2.

Response:

FERC Form 2 for year-ended 12/31/98 is attached.

Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, Kentucky 40391-9797
Phone: 606-744-6171
Fax: 606-744-3623

April 29, 1999

Public Service Commission
Nancy Collins
730 Schenkel Lane
Post Office Box 615
Frankfort, Kentucky 40602

Dear Ms. Collins:

Attached are pages with additional information you requested for the year ending December 31, 1998. If you have further questions regarding this package, please give me a call at 606/744-3247 extension 136.

Sincerely,

Marian Jones
Accounting Financial Analyst

Name of Respondent	This Report Is: ☐ An Original ☐ A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, ____

LIST OF SCHEDULES (Natural Gas Company)(Continued)

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages Omit pages where the responses are "none," "not applicable," or "NA"

Line No	Title of Schedule (a)	Reference Page No (b)	Date Revised (c)	Remarks (d)
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)(Continued)			
38	Taxes Accrued, Prepaid, and Charged During Year	262-263		
39	Miscellaneous Current and Accrued Liabilities	268		
40	Other Deferred Credits	269		
41	Accumulated Deferred Income Taxes-Other Property	274-275		
42	Accumulated Deferred Income Taxes-Other	276-277		
43	Other Regulatory Liabilities	278		
	INCOME ACCOUNT SUPPORTING SCHEDULES			
44	Gas Operating Revenues	300-301		
45	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303		
46	Revenues from Transportation of Gas of Others Through Transmission Facilities	304-305		
47	Revenues from Storage Gas of Others	306-307		
48	Other Gas Revenues	308		
49	Gas Operation and Maintenance Expenses	317-325		
50	Exchange and Imbalance Transactions	328		
51	Gas Used in Utility Operations	331		
52	Transmission and Compression of Gas by Others	332		
53	Other Gas Supply Expenses	334		
54	Miscellaneous General Expenses-Gas	335		
55	Depreciation, Depletion, and Amortization of Gas Plant	336-338		
56	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340		
	COMMON SECTION			
57	Regulatory Commission Expenses	350-351		
58	Distribution of Salaries and Wages	354-355		
59	Charges for Outside Professional and Other Consultative Services	357		
	GAS PLANT STATISTICAL DATA			
60	Compressor Stations	508-509		
61	Gas Storage Projects	512-513		
62	Transmission Lines	514		
63	Transmission System Peak Deliveries	518		
64	Auxiliary Peaking Facilities	519		
65	Gas Account-Natural Gas	520		
66	System Map	522		
67	Footnote Reference	551		
68	Footnote Text	552		
69	Stockholders' Reports (check appropriate box)	-		
70	☐ Four copies will be submitted			
71	☐ No annual report to stockholders is prepared			

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec. 31, 98

GENERAL INFORMATION

1 Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are
kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept

John F. Hall
3617 Lexington Road
Winchester, Kentucky 40391

2 Provide the name of the State under the laws of which respondent is incorporated and date of incorporation If incorporated under a special law, give reference to such law If not incorporated, state that fact and give the type of organization and the date organized

Kentucky

3 If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased

4 State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated

NATURAL GAS DISTRIBUTOR, STORAGE AND TRANSPORTER

5 Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) ☐ Yes Enter the date when such independent accountant was initially engaged:_____
(2) ☒ No

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, ~~98~~

CONTROL OVER RESPONDENT

1 Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year If control is in a holding company organization, report in a footnote the chain of organization

2 If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust

3 In column (b) designate type of control over the respondent Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control

Line No	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1				
2				
3				
4				
5				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

CORPORATIONS CONTROLLED BY RESPONDENT

1 Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year If control ceased prior to end of year, give particulars (details) in a footnote

2 If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved

3 If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests

4 In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control

DEFINITIONS

1 See the Uniform System of Accounts for a definition of control

2 Direct control is that which is exercised without interposition of an intermediary

3 Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control

4 Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party

Line No	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Reference (e)
1	Delta Resoures, Inc.	Direct	Gas Broker	100%	
2	Delgasco, Inc.	"	Gas Broker	100%	
3	Deltran, Inc.	"	Transporter	100%	
4	Enpro, Inc.	"	Producer	100%	
5	Tranex Corp., Inc.	"	Transporter	100%	

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Name of Respondent	This Report Is	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Co., Inc.	☒ An Original ☐ A Resubmission	3/31/99	Dec 31, 1998

SECURITY HOLDERS AND VOTING POWERS

1 Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc), duration of trust, and principal holders of beneficiary interests in the trust If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year Arrange the names of the security holders in the order of voting power, commencing with the highest Show in column (a) the titles of officers and directors included in such list of 10 security holders

2 If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security State whether voting rights are actual or contingent; if contingent, describe the contingency

3 If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote

4 Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis

1 Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:	2 State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy	3 Give the date and place of such meeting:
November 19, 1998 - Annual Meeting	Total: 2,134,581 By Proxy: 2,134,581	Nov. 19, 1998 Delta Natural Gas Co., Inc., 3617 Lexington Rd., Winchester, KY 40391

Line No	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES 4 Number of votes as of (date): Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	2,387,989	2,387,989		
6	TOTAL number of security holders				
7	TOTAL votes of security holders listed below	1,763,572	1,763,572		
8 9 10 11 12 13	Cede & Co. % Depository Trust Co. Bowling Green Station P. O. Box 863 New York, NY 10274	1,674,213	1,674,213		
14 15 16 17	Harrison D. Peet (Director) 374 Crescent Ave. Winchester, KY 40391	18,156	18,156		

(see attached sheet)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec. 31, 98

IMPORTANT CHANGES DURING THE YEAR

Give details concerning the matters indicated below Make the statements explicit and precise, and number them in accordance with the inquiries Answer each inquiry Enter "none" or "not applicable" where applicable If the answer is given elsewhere in the report, refer to the schedule in which it appears

1 Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired If the franchise rights were acquired without the payment of consideration, state that fact

2 Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization

3 Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required Give date journal entries called for by Uniform System of Accounts were submitted to the Commission

4 Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions State name of Commission authorizing lease and give reference to such authorization

5 Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required State also the approximate number of customers added or lost and approximate annual revenues of each class of service

Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc

6 Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation Cite Commission authorization if any was required

7 Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments

8 State the estimated annual effect and nature of any important wage scale changes during the year

9 State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year

10 Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest

11 Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification State the number of customers affected

NOTHING TO REPORT

Arthur E. Walker, Jr. (Director) P. O. Box 308 Mt. Sterling, KY 40353	13,530
Virgil E. Scott (Director) 213 Ivy Lane Winchester, KY 40391	12,542
John D. Harrison (Director) 1106 Maple Street Stanton, KY 40380	11,012
William S. Stewart P. O. Box 980 Pineville, KY 40977	10,000
Jane Hylton Green (Director) 103 Windridge Drive Winchester, KY 40391	7,194
Glenn R. Jennings (Director) 9 Fairway Drive Berea, KY 40403	6,616
Roger A. Byron (Director) 112 Court Street Owingsville, KY 40360	5,893
Henry C. Thompson (Director) 304 Beacon Hill Drive Nicholasville, KY 40356	4,416

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	119,758,525	106,251,873
3	Construction Work in Progress (107)	200-201	1,382,759	8,127,135
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	121,141,284	114,379,008
5	(*Less*) Accum Provision for Depr , Amort , Depl (108, 111, 115)		33,459,760	30,066,390
6	Net Utility Plant (Total of line 4 less 5)		87,681,524	84,312,618
7	Nuclear Fuel (120 1 thru 120 4, and 120 6)			
8	(*Less*) Accum Provision for Amort , of Nuclear Fuel Assemblies (120 5)			
9	Nuclear Fuel (Total of line 7 less 8)			
10	Net Utility Plant (Total of lines 6 and 9)		87,681,524	84,312,618
11	Utility Plant Adjustments (116)	122		
12	Gas Stored-Base Gas (117 1)	220	4,046,127	4,046,127
13	System Balancing Gas (117 2)	220		
14	Gas Stored in Reservoirs and Pipelines—Noncurrent (117 3)	220		
15	Gas Owned to System Gas (117 4)	220		
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)		18,592	18,592
18	(*Less*) Accum Provision for Depreciation and Amortization (122)		(18,592)	(18,592)
19	Investments in Associated Companies (123)	222-223		
20	Investments in Subsidiary Companies (123 1)	224-225	1,131,650	960,351
21	(For Cost of Account 123 1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances			
23	Other Investments (124)	222-223		
24	Special Funds (125 thru 128)		348,790	330,913
25	TOTAL Other Property and Investments (Total of lines 17-20, 22-24)		1,480,440	1,291,264
26	CURRENT AND ACCRUED ASSETS			
27	Cash (131)		415,054	413,078
28	Special Deposits (132-134)			
29	Working Funds (135)		7,325	31,325
30	Temporary Cash Investments (136)	222-223		
31	Notes Receivable (141)		134,000	122,000
32	Customer Accounts Receivable (142)		1,911,181	3,419,200
33	Other Accounts Receivable (143)			
34	(*Less*) Accum Provision for Uncollectible Accounts - Credit (144)		(155,773)	(83,647)
35	Notes Receivable from Associated Companies (145)			
36	Accounts Receivable from Associated Companies (146)		334,410	1,207,705
37	Fuel Stock (151)			
38	Fuel Stock Expenses Undistributed (152)			
39	Residuals (Elec) and Extracted Products (Gas) (153)			
40	Plant Materials and Operating Supplies (154)		458,155	689,565
41	Merchandise (155)			
42	Other Materials and Supplies (156)			
43	Nuclear Materials Held for Sale (157)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
44	Allowances (158 1 and 158 2)			
45	(*Less*) Noncurrent Portion of Allowances			
46	Stores Expense Undistributed (163)			
47	Gas Stored Underground—Current (164 1)	220	3,364,902	1,855,202
48	Liquefied Natural Gas Stored and Held for Processing (164 2 thru 164 3)	220		
49	Prepayments (165)	230	824,351	384,775
50	Advances for Gas (166 thru 167)			
51	Interest and Dividends Receivable (171)			
52	Rents Receivable (172)			
53	Accrued Utility Revenues (173)			
54	Miscellaneous Current and Accrued Assets (174)			
55	TOTAL Current and Accrued Assets (Total of lines 27 thru 54)		7,293,605	8,039,203
56	DEFERRED DEBITS			
57	Unamortized Debt Expense (181)		3,650,173	2,597,300
58	Extraordinary Property Losses (182 1)	230		
59	Unrecovered Plant and Regulatory Study Costs (182 2)	230		
60	Other Regulatory Assets (182 3)	232		
61	Preliminary Survey and Investigation Charges (Electric)(183)			
62	Preliminary Survey and Investigation Charges (Gas)(183 1 and 183 2)			
63	Clearing Accounts (184)		(5,826)	24,468
64	Temporary Facilities (185)			
65	Miscellaneous Deferred Debits (186)	233	221,855	299,730
66	Deferred Losses from Disposition of Utility Plant (187)			
67	Research, Development, and Demonstration Expend (188)			
68	Unamortized Loss on Reacquired Debt (189)			
69	Accumulated Deferred Income Taxes (190)	234-235		
70	Unrecovered Purchased Gas Costs (191)		1,354,892	3,796,665
71	TOTAL Deferred Debits (Total of lines 57 thru 70)		5,221,094	6,718,163
72	TOTAL Assets and Other Debits (Total of lines 10-15,25,55,and 71)		105,722,790	104,407,375

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	2,394,633	2,361,922
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252	[illegible]	[illegible]
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252	28,068,588	27,528,243
7	Other Paid-In Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252	59,484	58,907
9	(*Less*) Discount on Capital Stock (213)	254		
10	(*Less*) Capital Stock Expense (214)	254	(1,917,020)	(1,917,020)
11	Retained Earnings (215, 215 1, 216)	118-119	(326,040)	322,201
12	Unappropriated Undistributed Subsidiary Earnings (216 1)	118-119	131,651	(39,648)
13	(*Less*) Reacquired Capital Stock (217)	250-251		
14	TOTAL Proprietary Capital (Total of lines 2 thru 13)		28,411,296	28,314,605
15	LONG TERM DEBT			
16	Bonds (221)	256-257	50,523,000	36,792,000
17	(*Less*) Reacquired Bonds (222)	256-257		
18	Advances from Associated Companies (223)	256-257		
19	Other Long-Term Debt (224)	256-257	1,400,000	1,400,000
20	Unamortized Premium on Long-Term Debt (225)	258-259		
21	(*Less*) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	(165,155)	(248,404)
22	(*Less*) Current Portion of Long-Term Debt			
23	TOTAL Long-Term Debt (Total of lines 16 thru 22)		51,757,845	37,976,596
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases—Noncurrent (227)			
26	Accumulated Provision for Property Insurance (228 1)			
27	Accumulated Provision for Injuries and Damages (228 2)			
28	Accumulated Provision for Pensions and Benefits (228 3)			
29	Accumulated Miscellaneous Operating Provisions (228 4)			
30	Accumulated Provision for Rate Refunds (229)			
31	TOTAL Other Noncurrent Liabilities (Total of lines 25 thru 30)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec. 31, 98

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)

Line No	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
32	CURRENT AND ACCRUED LIABILITIES			
33	Current Portion of Long-Term Debt		2,450,000	1,553,777
34	Notes Payable (231)		9,030,000	19,395,000
35	Accounts Payable (232)		1,749,574	3,660,494
36	Notes Payable to Associated Companies (233)			
37	Accounts Payable to Associated Companies (234)			
38	Customer Deposits (235)		594,863	498,566
39	Taxes Accrued (236)	262-263	(441,509)	501,518
40	Interest Accrued (237)		1,220,198	1,081,096
41	Dividends Declared (238)			
42	Matured Long-Term Debt (239)			
43	Matured Interest (240)			
44	Tax Collections Payable (241)		83,286	86,577
45	Miscellaneous Current and Accrued Liabilities (242)	268	739,088	726,249
46	Obligations Under Capital Leases—Current (243)			
47	TOTAL Current and Accrued Liabilities (Total of lines 33 thru 46)		15,425,500	27,503,277
48	DEFERRED CREDITS			
49	Customer Advances for Construction (252)		220,060	217,575
50	Accumulated Deferred Investment Tax Credits (255)		602,550	673,500
51	Deferred Gains from Disposition of Utility Plant (256)			
52	Other Deferred Credits (253)	269	72,839	461,147
53	Other Regulatory Liabilities (254)	278	795,975	867,675
54	Unamortized Gain on Reacquired Debt (257)	260		
55	Accumulated Deferred Income Taxes (281-283)		8,436,725	8,393,000
56	TOTAL Deferred Credits (Total of lines 49 thru 55)		10,128,149	10,612,897
57	TOTAL Liabilities and Other Credits (Total of lines 14,23,31,47,and 56)		105,722,790	104,407,375

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec. 31, 98

STATEMENT OF INCOME FOR THE YEAR

1 Report amounts for accounts 412 and 413, *Revenue and Expenses from Utility Plant Leased to Others*, in another utility column (i,j) in a similar manner to a utility department Spread the amount(s) over lines 2 thru 24 as appropriate Include these amounts in columns (c) and (d) totals

2 Report amounts in discount 414, *Other Utility Operating Income*, in the same manner as accounts 412 and 413 above

3 Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404 1, 404 2, 404 3, 407 1, and 407 2

Line No	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	34,857,742	39,185,262
3	Operating Expenses			
4	Operation Expenses (401)	317-325	22,332,912	27,652,939
5	Maintenance Expenses (402)	317-325	542,182	590,629
6	Depreciation Expense (403)	336-338	3,569,401	3,134,647
7	Amortization and Depletion of Utility Plant (404-405)	336-338	953	740
8	Amortization of Utility Plant Acu Adjustment (406)	336-338		
9	Amort of Prop Losses, Unrecovered Plant and Reg Study Costs (407 1)			
10	Amortization of Conversion Expenses (407 2)			
11	Regulatory Debits (407 3)			
12	(*Less*) Regulatory Credits (407 4)			
13	Taxes Other than Income Taxes (408 1)	262-263	1,223,848	1,151,827
14	Income Taxes—Federal (409 1)	262-263	875,125	491,915
15	Income Taxes—Other (409 1)	262-263	199,300	(31,740)
16	Provision of Deferred Income Taxes (410 1)	234-235	(29,700)	516,700
17	(*Less*) Provision for Deferred Income Taxes—Credit (411 1)	234-235		
18	Investment Tax Credit Adjustment—Net (411 4)		(70,950)	(70,400)
19	(*Less*) Gains from Disposition of Utility Plant (411 6)			
20	Losses from Disposition of Utility Plant (411 7)			
21	(*Less*) Gains from Disposition of Allowances (411 8)			
22	Losses from Disposition of Allowances (411 9)			
23	TOTAL Utility Operating Expenses (Total of lines 4 thru 22)		28,643,071	33,437,257
24	Net Utility Operating Income (Total of lines 2 less 23) (Carry forward to page 116, line 25)		6,214,671	5,748,005

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

STATEMENT OF INCOME FOR THE YEAR (Continued)

4 Explain in a footnote if the previous year's figures are different from those reported in prior reports

5 If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year (in dollars) (e)	Previous Year (in dollars) (f)	Current Year (in dollars) (g)	Previous Year (in dollars) (h)	Current Year (in dollars) (i)	Previous Year (in dollars) (j)	Line No
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
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						21
						22
						23
						24

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
25	Net Utility Operating Income (Carried forward from page 114)		6,214,671	5,748,005
26	OTHER INCOME AND DEDUCTIONS			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues form Merchandising, Jobbing and Contract Work (415)		66,638	64,802
30	(*Less*) Costs and Expense of Merchandising, Job & Contract Work		(46,153)	(47,859)
31	Revenues from Nonutility Operations (417)			
32	(*Less*) Expenses of Nonutility Operations (417 1)			
33	Nonoperating Rental Income			
34	Equity in Earnings of Subsidiary Companies (418 1)	119	455,184	410,857
35	Interest and Dividend Income (419)		78,078	21,503
36	Allowance for Other Funds Used During Construction (419 1)			
37	Miscellaneous Nonoperating Income (421)		6,594	(1,278)
38	Gain on Disposition of Property (421 1)			
39	TOTAL Other Income (Total of lines 29 thru 38)		560,341	448,025
40	Other Income Deductions			
41	Loss on Disposition of Property (421 2)			
42	Miscellaneous Amortization (425)			
43	Miscellaneous Income Deductions (426 1 thru 426 5)	340	(9,302)	(8,426)
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)	340	(9,302)	(8,426)
45	Taxes Applic to Other Income and Deductions			
46	Taxes Other than Income Taxes (406 2)	262-263		
47	Income Taxes—Federal (409 2)	262-263	33,900	13,400
48	Income Taxes—Other (409 2)	262-263	8,500	3,400
49	Provision for Deferred Income Taxes (410 2)	234-235		
50	(*Less*) Provision for Deferred Income Taxes-Credit (411 2)	234-235		
51	Investment Tax Credit Adjustments—Net (411 5)			
52	(*Less*) Investment Tax Credits (420)			
53	TOTAL Taxes on Other Income and Deductions (Total of lines 46-52)		42,400	16,800
54	Net Other Income and Deductions (Total of lines 39, 44, 53)		527,243	439,651
55	INTEREST CHARGES			
56	Interest on Long-Term Debt (427)		3,775,502	3,152,939
57	Amortization of Debt Disc and Expense (428)	258-259	149,332	111,600
58	Amortization of Loss on Reacquired Debt (428 1)			
59	(*Less*) Amortization of Premium on Debt-Credit (429)	258-259		
60	(*Less*) Amortization of Gain on Reacquired Debt-Credit (429 1)			
61	Interest on Debt to Associated Companies (430)	340		
62	Other Interest Expense (431)	340	584,640	884,879
63	(*Less*) Allowance for Borrowed Funds Used During Construction-Credit			
64	Net Interest Charges (Total of lines 56 thru 63)		4,509,474	4,149,418
65	Income Before Extraordinary Items (Total of lines 25,54 and 64)		2,232,440	2,038,238
66	EXTRAORDINARY ITEMS			
67	Extraordinary Income (434)			
68	(*Less*) Extraordinary Deductions (435)			
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes—Federal and Other (409 3)	262-263		
71	Extraordinary Items after Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		2,232,440	2,038,238

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec. 31, 98

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1 Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year

2 Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive) Show the contra primary account affected in column (b)

3 State the purpose and amount for each reservation or appropriation of retained earnings

4 List first Account 439, *Adjustments to Retained Earnings*, reflecting adjustments to the opening balance of retained earnings Follow by credit, then debit items, in that order

5 Show dividends for each class and series of capital stock

Line No	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (in dollars) (c)	Previous Year Amount (in dollars) (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance—Beginning of Year		322,201	(20,000)
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
3 01	Credit:		283,885	1,385,912
3 02	Credit:			
3 03	Credit:			
3 04	Credit:			
3 05	Credit:			
4	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 3 01 thru 3 ?)			
4 01	Debit:			
4 02	Debit:			
4 03	Debit:			
4 04	Debit:			
4 05	Debit:			
5	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 4 01 thru 4 ?)			
6	Balance Transferred from Income (Acct 433 less Acct 418 1)		1,777,256	1,627,381
7	Appropriations of Retained Earnings (Account 436)			
7 01				
7 02				
7 03				
7 04				
8	TOTAL Appropriations of Retained Earnings (Account 436) (Total of lines 7 01 thru 7 ?)			
9	Dividends Declared-Preferred Stock (Account 437)			
9 01				
9 02				
9 03				
9 04				
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (Total of lines 9 01 thru 9 ?)			
11	Dividends Declared-Common Stock (Account 438)			
11 01				
11 02				
11 03				
11 04				
12	TOTAL Dividends Declared-Common Stock (Account 438) (Total of lines 11 01 thru 11 ?)		2,709,382	2,671,092
13	Transfers from Account 216 1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance-End of Year (Total of lines 1, 4, 5, 6, 8,10,12,and13)		(326,040)	322,201

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

6 Show separately the State and Federal income tax effect of items shown in Account 439, *Adjustments to Retained Earnings*

7 Explain in a footnote the basis for determining the amount reserved or appropriated If such reservation or appropriation is to be recurrent; state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated

8 At lines 3, 4, 7, 9, 11, and 15, add rows as necessary to report all data When rows are added, the additional row numbers should follow in sequence, e g , 3 01, 3 02, etc

Line No	Item (a)	Current Year Amount (in dollars) (b)	Previous Year Amount (in dollars) (c)
	APPROPRIATED RETAINED EARNINGS (Account 215) State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year		
15 01 15 02 15 03 15 04 15 05 15 06 15 07 15 08			
16	TOTAL Appropriated Retained Earnings (Account 215)		
	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1) State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote		
17	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215 1)		
18	TOTAL Appropriated Retained Earnings (Accounts 215, 215 1) (Total of lines 16 and 17)		
19	TOTAL Retained Earnings (Accounts 215, 215 1, 216) (Total of lines 14 and 18)	(326,040)	322,201
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216 1)		
20	Balance-Beginning of Year (Debit or Credit)	(39,648)	935,407
21	Equity in Earnings for Year (Credit) (Account 418 1)	455,184	410,857
22	(*Less*) Dividends Received (Debit)		
23	Other Changes (Explain)	283,885	1,385,912
24	Balance-End of Year	131,651	(39,648)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

STATEMENT OF CASH FLOWS

1 Information about noncash investing and financing activities should be provided on page 122 Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet

2 Under "Other" specify significant amounts and group others

3 Operating Activities-Other: Include gains and losses pertaining to operating activities only Gains and losses pertaining to investing and financing activities should be reported in those activities Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid

Line No	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 72(c) on page 116)	2,232,440	2,038,238
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	3,570,354	3,135,387
5	Amortization of (Specify) Debt Expense	149,332	111,600
5 01			
5 02			
6	Deferred Income Taxes (Net)	98,925	(473,275)
7	Investment Tax Credit Adjustments (Net)		
8	Net (Increase) Decrease in Receivables	1,580,145	(1,144,532)
9	Net (Increase) Decrease in Inventory	1,278,290	(1,511,663)
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	(1,431,448)	935,582
12	Net (Increase) Decrease in Other Regulatory Assets		
13	Net Increase (Decrease) in Other Regulatory Liabilities		
14	(*Less*) Allowance for Other Funds Used During Construction		
15	(*Less*) Undistributed Earnings from Subsidiary Companies		
16	Other: Unrecovered gas cost	(2,441,773)	2,054,488
16 01			
16 02			
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16 ?)	5,036,265	5,145,825
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	13,506,652	6,037,839
23	Gross Additions to Nuclear Fuel		
24	Gross Additions to Common Utility Plant		
25	Gross Additions to Nonutility Plant		
26	(*Less*) Allowance for Other Funds Used During Construction		
27	Other: Construction work in progress	(6,744,376)	5,593,542
27 01			
27 02			
28	Cash Outflows for Plant (Total of lines 22 thru 27 ?)	6,762,276	11,631,381
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)		
32			
33	Investments in and Advances to Assoc and Subsidiary Companies	(873,295)	2,693,663
34	Contributions and Advances from Assoc and Subsidiary Companies		
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

STATEMENT OF CASH FLOWS (Continued)

4 Investing Activities: Include at Other (Line 27) net cash outflow to acquire other companies Provide a reconciliation of assets acquired with labilities assumed on page 122 Do not include on this statement the dollar amount of leases capitalized per U S of A General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122

5 Codes used:
(a) Net Proceeds or payments
(b) Bonds, Debentures, and other long-term debt
(c) Include commercial paper
(d) Identify separate such items as investments fixed assets, intangibles, etc

6 Enter on page 122 clarifications and explanations

7 At lines 5, 16, 27, 47, 56, 58, and 65, add rows as necessary to report all data Number the extra rows in sequence, 5 01, 5 02, etc

Line No	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Current Year Amount (b)	Previous Year Amount (c)
40	Loans Made or Purchased	36,000	32,000
41	Collections on Loans	24,000	24,000
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowances Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		
47	Other:		
47 01			
47 02			
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47 ?)	5,948,981	14,333,044
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	23,797,796	
54	Preferred Stock		
55	Common Stock	573,055	640,335
56	Other:		
56 01			
57	Net Increase in Short-term Debt (c)		11,605,000
58	Other:		
58 01			
58 02			
59	Cash Provided by Outside Sources (Total of lines 53 thru 58 ?)	24,370,851	12,245,335
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	10,405,777	813,321
63	Preferred Stock		
64	Common Stock		
65	Other:		
65 01			
66	Net Decrease in Short-Term Debt (c)	10,365,000	
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	2,709,382	2,671,092
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	890,692	8,760,922
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of line 18, 49 and 71)	(22,024)	426,297
75			
76	Cash and Cash Equivalents at Beginning of Year	444,403	18,106
77			
78	Cash and Cash Equivalents at End of Year	422,379	444,403

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

NOTES TO FINANCIAL STATEMENTS

1 Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and
Statement of Cash Flow, or any account thereof Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders

2 Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by
the utility Also, briefly explain any dividends in arrears on cumulative preferred stock

3 Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no 1 and, in addition, disclose for each individual plan the current year's cash contributions Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the
amounts deferred and the expected recovery periods Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets

4 Where Account 189, *Unamortized Loss on Reacquired Debt*, and 257, *Unamortized Gain on Reacquired Debt*, are not used, give an explanation, providing the rate treatment given these item See General Instruction 17 of the Uniform System of Accounts

5 Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions

6 Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i e , production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital

7 Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases

8 Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts

9 Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year Also give the approximate dollar effect of such changes

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 1998

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	ALL GAS Total (b)
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	119,758,525
4	Property Under Capital Leases	
5	Plant Purchased or Sold	
6	Completed Construction not Classified	
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	119,758,525
9	Leased to Others	
10	Held for Future Use	
11	Construction Work in Progress	1,382,759
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	121,141,284
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	33,459,760
15	Net Utility Plant (Total of lines 13 and 14)	87,681,524
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	33,459,760
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	
22	TOTAL In Service (Total of lines 18 thru 21)	33,459,760
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	
27	Held for Future Use	
28	Depreciation	
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	
31	Abandonment of Leases (Natural Gas)	
32	Amortization of Plant Acquisition Adjustment	
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	33,459,760

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 19 98

GAS OPERATING REVENUES (ACCOUNT 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
4. Report quantities of natural gas sold in Mcf (14.73 psia at 60°F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.
5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously

Line No.	Title of Account (a)	OPERATING REVENUES Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	480 Residential Sales	18,296,074	20,525,942
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) *(See Instr. 6)*	10,763,817	12,349,399
5	Large (or Ind.) *(See Instr. 6)*	1,280,502	2,075,931
6	482 Other Sales to Public Authorities		
7	484 Interdepartmental Sales		
8	TOTAL Sales to Ultimate Consumers	30,340,393	34,951,272
9	483 Sales for Resale		
10	TOTAL Nat. Gas Service Revenues	30,340,393	34,951,272
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	30,340,393	34,951,272
13	OTHER OPERATING REVENUES		
14	485 Intracompany Transfers		
15	487 Forfeited Discounts		
16	488 Misc. Service Revenues	152,009	110,376
17	489 Rev. from Trans. of Gas of Others	4,365,340	4,123,614
18	490 Sales of Prod. Ext. from Nat. Gas		
19	491 Rev. from Nat. Gas Proc. by Others		
20	492 Incidental Gasoline and Oil Sales		
21	493 Rent from Gas Property		
22	494 Interdepartmental Rents		
23	495 Other Gas Revenues		
24	TOTAL Other Operating Revenues	4,517,349	4,233,990
25	TOTAL Gas Operating Revenues	34,857,742	39,185,262
26	(Less) 496 Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	34,857,742	
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	29,059,891	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	1,280,502	
30	Sales for Resale		
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales		
33	TOTAL (Same as Line 10, Columns (b) and (d))	30,340,393	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Rep
Delta Natural Gas Co., Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 1998

RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS

A residential space heating customer is a customer whose major fuel for heating is gas.

Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year *(Estimate if not known. Designate with an asterisk if estimated.)*	N/A	N/A
2	For Space Heating Only, Estimated Average Mcf (14.73 psia at 60°F) Per Customer for the Year	N/A	N/A
3	Number of Space Heating Customers Added During the Year	N/A	N/A
4	Number of Unfilled Applications for Space Heating at End of Year	N/A	N/A

INTERRUPTIBLE, OFF PEAK, AND FIRM SALES TO DISTRIBUTION SYSTEM INDUSTRIAL CUSTOMERS

1. Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Mcf of gas sales to these customers for the year.
2. Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of contractual arrangements in emergency periods, by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.
3. Off peak sales are seasonal and other sales which do not occur during wintertime demands.
4. Report pressure base of gas volumes at 14.73 psia at 60°F.

Line No.	Item (a)	Number/Amount (b)
1	Interruptible Customers	
2	Average Number of Customers for the Year	06
3	Mcf of Gas Sales for the Year	37,500
4	Off Peak Customers	
5	Average Number of Customers for the Year	
6	Mcf of Gas Sales for the Year	
7	Firm Customers	
8	Average Number of Customers for the Year	62
9	Mcf of Gas Sales for the Year	147,200
10	TOTAL Industrial Customers	
11	Average Number of Customers for the Year	68
12	Mcf of Gas Sales for the Year	184,700

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Co., Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 1998

SALES FOR RESALE NATURAL GAS (Account 483)

1. Report particulars (details) concerning sales of natural gas during the year to other gas utilities and to pipeline companies for resale. Sales to each customer should be subdivided by service classifications, identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.

2. Natural gas means either natural gas unmixed, or any mixure of natural and manufactured gas.

3. In either column a or b, provide separate subheadings and totals for each State in addition to a grand total for all sales to other gas utilities.

4. Enter in column b, point of delivery, the name of city or town and State, and such other designation necessary to enable identification on maps of respondent's pipeline system.

5. Designate with an asterisk and footnote any sales which are other than firm sales, i.e., sales for storage, etc.

6. Monthly billing demands, as used in column (g), are the number of Mcf in the respective months actually used in computing the demand portion of the customer's bills; such quantity of Mcf is multiplied by the demand portion of the tariff rate. Report in column (g) the sum of the monthly billing demands for the number of months the customer received service or was subject to demand changes.

7. Where consolidated bills for more than one point of delivery are rendered under a FERC rate schedule, indicate the several points of delivery in column (b) and report the remainder of the columns on a consolidated basis correspondng to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under a

Line No.	Name of Other Gas Utility (Designate associated companies with an asterisk) (a)	Point of Delivery (City, Town or State) (b)	FERC Tariff Rate Schedule Designation (c)	Mcf of Gas Sold (Approx. Btu per Cu. Ft.) (d)	Revenue for Year (See Instr. 5) (e)
1					
2					
3					
4					
5	NONE				
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
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31					
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36					
37					
38					
39					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 1998

SALES FOR RESALE-NATURAL GAS (Account 483) (Continued)

FERC rate schedule, the required information (columns) shall be furnished for each point of delivery.

8. Designate in a footnote if Btu per cubic foot of gas is different for any delivery point from that shown in the heading of column d.

9. For each firm sale of $25,000 or more for the year at each point of delivery, shown in column (i) peak day volume of gas, at pressure base indicated in column (d), and in column (h) show the date of such peak delivery. If an estimate is used for any peak day delivery, state the basis for such estimate. If deliveries are made to one customer at more than one delivery point, show the peak day delivery and date thereof for each delivery point if billing is on a non-conjunctive basis, and show the total for each such customer if billing is on a conjunctive basis.

10. Summarize total sales as follows: A. Field sales subdivided by deliveries to (i) interstate pipeline companies and (ii) others; B. Transmission system sales divided by deliveries to (i) interstate pipeline companies, (ii) intrastate pipeline companies and gas utilities for resale under FERC rate schedules, and (iii) others. "Field sales" means sales made from wells, from points along gathering lines in gas field or production areas or from points along transmission lines within fields or production areas. "Transmission sales" means sales made from points along transmission lines not within gas fields or production areas.

11. Enter Mcf at 14.73 psia at 60°F.

Average Revenue per Mcf (In cents)	Sum of Monthly Billing Demands Mcf	Peak Day Delivery to Customers			Line No.
		Date	Mcf		
			Noncoincidental	Coincidental	
(f)	(g)	(h)	(i)	(j)	
	NONE				1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
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					37
					38
					39

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Company, Inc	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 1998

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision		
241	908 Customer Assistance Expenses		
242	909 Informational and Instructional Expenses		
243	910 Miscellaneous Customer Service and Informational Expenses		
244	TOTAL Customer Service and Information Expenses *(Lines 240 thru 243)*		
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision		
248	912 Demonstrating and Selling Expenses		
249	913 Advertising Expenses		
250	916 Miscellaneous Sales Expenses		
251	TOTAL Sales Expenses *(Enter Total of lines 247 thru 250)*		
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries		
255	921 Office Supplies and Expenses		
256	(Less) (922) Administrative Expenses Transferred—Cr.		
257	923 Outside Services Employed		
258	924 Property Insurance		
259	925 Injuries and Damages		
260	926 Employee Pensions and Benefits		
261	927 Franchise Requirements		
262	928 Regulatory Commission Expenses		
263	(Less) (929) Duplicate Charges—Cr.		
264	930.1 General Advertising Expenses		
265	930.2 Miscellaneous General Expenses		
266	931 Rents		
267	TOTAL Operation *(Enter Total of lines 254 thru 266)*		
268	Maintenance		
269	935 Maintenance of General Plant		
270	TOTAL Administrative and General Exp *(Total of lines 267 and 269)*		
271	TOTAL Gas O. and M. Exp *(Lines 97, 177, 201, 229, 237, 244, 251, and 270)*		

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.

2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.

3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1.	Payroll Period Ended (Date)	12/31/98
2.	Total Regular Full-Time Employees	182
3.	Total Part-Time and Temporary Employees	4
4.	Total Employees	186

SEE ORIGINAL FILING PAGE 325 LINES 238-271

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Co., Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 1998

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

1. Provide totals for the following accounts:
   - 800 Natural Gas Well Head Purchases
   - 800.1 Natural Gas Well Head Purchases, Intracompany Transfers
   - 801 Natural Gas Field Line Purchases
   - 802 Natural Gas Gasoline Plant Outlet Purchases
   - 803 Natural Gas Transmission Line Purchases
   - 804 Natural Gas City Gate Purchases
   - 804.1 Liquefied Natural Gas Purchases
   - 805 Other Gas Purchases
   - 805.1 Purchase Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.

2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid for in prior years.

3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).

4. State in column (d) the average cost per Mcf to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased-Mcf (14.73 psia 60°F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Mcf (To nearest .01 of a cent) (d)
01	800 — Natural Gas Well Head Purchases			
02	800.1 — Natural Gas Well Head Purchases, Intracompany Transf.			
03	801 — Natural Gas Field Line Purchases			
04	802 — Natural Gas Gasoline Plant Outlet Purchases			
05	803 — Natural Gas Transmission Line Purchases	3,702,257	16,260,037	4.3919
06	804 — Natural Gas City Gate Purchases			
07	804.1 — Liquefied Natural Gas Purchases			
08	805 — Other Gas Purchases			
09	805.1 — Purchased Gas Cost Adjustments			
10	TOTAL *(Enter Total of lines 01 thru 9)*			

Notes to Gas Purchases

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Co., Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 1998

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals between the report years (1971, 1974 and every fifth year thereafter).

Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant			
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas			
4	Products extraction plant			
5	Underground gas storage plant			
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant			
9	Distribution plant			
10	General plant			
11	Common plant-gas			
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTAL			

REFER TO ORIGINAL FILING PAGE 336

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Co., Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 19 98

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments) (Continued)

manner in which column (b) balances are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
			Intangible plant	1
			Production plant, manufactured gas	2
			Production and gathering plant, natural gas	3
			Products extraction plant	4
			Underground gas storage plant	5
			Other storage plant	6
			Base load LNG terminating and processing plant	7
			Transmission plant	8
			Distribution plant	9
			General plant	10
			Common plant-gas	11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
			TOTAL	25

REFER TO ORIGINAL FILING PAGE 337

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Co., Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 19 98

GAS ACCOUNT — NATURAL GAS

1. The purpose of this page is to account for the quantity of natural gas received and delivered by the respondent, taking into consideration differences in pressure bases used in measuring Mcf of natural gas received and delivered.

2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3. Enter in column (c) the Mcf as reported in the schedules indicated for the items of receipts and deliveries.

4. In a footnote report the volumes of gas from respondent's own production delivered to respondent's transmission system and included in natural gas sale.

5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520 and 521.

6. Also indicate by footnote the volumes of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes delivered to the local distribution-company portion of the reporting pipeline by another jurisdictional pipeline; (2) the volumes which the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities, and which the reporting pipeline received through gathering facilities, distribution facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline and, (3) the gathering line volumes which were not destined for interstate market or which were not transported through any interstate portion of the reporting pipeline.

7. Also indicate by footnote (1) the system supply volumes of gas which are stored by the reporting pipeline during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply volumes of gas which are stored by the reporting pipeline during the reporting year and which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage volumes.

8. Also indicate the volumes of pipeline production field sales which are included in both the company's total sales figure and the company's total transportation figure (lines 42 and 46 of page 521).

01 NAME OF SYSTEM

Line No.	Item (a)	Ref. Page No. (b)	Amount of Mcf (14.73 psia at 60°F) (c)
2	GAS RECEIVED		
3	Natural Gas Produced	506	
4	LPG Gas Produced and Mixed with Natural Gas	515	
5	Manufactured Gas Produced and Mixed with Natural Gas		
6	Purchased Gas		
7	Wellhead	327	
8	Field Lines	327	
9	Gasoline Plants	327	
10	Transmission Line	327	4,582,986
11	City Gate Under FERC Rate Schedules	327	
12	LNG	327	
13	Other	327	
14	TOTAL, Gas Purchased *(Enter Total of lines 7 thru 13)*	327	4,582,986
15	Gas of Others Received for Transportation	313	5,307,207
16	Receipts of Respondents' Gas Transported or Compressed by Others	333	
17	Exchange Gas Received	328	
18	Gas Withdrawn from Underground Storage	512	922,028
19	Gas Received from LNG Storage		
20	Gas Received from LNG Processing		
21	Other Receipts *(Specify)*		
22	TOTAL Receipts *(Enter Total of lines 3 thru 5, 14, and 15 thru 21)*		10,812,221

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Delta Natural Gas Co., Inc.	(1) ☐ An Original (2) ☒ A Resubmission	3/31/99	Dec. 31, 19 98

GAS ACCOUNT — NATURAL GAS (Continued)

01 NAME OF SYSTEM

Line No.	Item (a)	Ref. Page No. (b)	Amount of Mcf (14.73 psia at 60°F) (c)
23	GAS DELIVERED		
24	Natural Gas Sales		
25	Field Sales		
26	To Interstate Pipeline Companies for Resale Pursuant to FERC Rate Schedules	310	
27	Retail Industrial Sales	309	
28	Other Field Sales	310	
29	TOTAL, Field Sales *(Enter Total of lines 26 thru 28)*		
30	Transmission Systems Sales		
31	To Interstate Pipeline Co. for Resale Under FERC Rate Sched.	310	
32	To Intrastate Pipeline Co. and Gas Utilities for Resale Under FERC Rate Schedules	310	
33	Mainline Industrial Sales Under FERC Certification	307	
34	Other Mainline Industrial Sales	307	
35	Other Transmission System Sales	310	
36	TOTAL, Transmission System Sales *(Enter Total of lines 31 thru 35)*		
37	Local Distribution by Respondent		
38	Retail Industrial Sales	303	184,674
39	Other Distribution System Sales	303	3,517,583
40	TOTAL, Distribution System Sales *(Lines 38 + 39)*		3,702,257
41	Interdepartmental Sales		
42	TOTAL SALES *(Enter Total of lines 29, 36, 40 and 41)*		3,702,257
43	Deliveries of Gas Transported or Compressed for:		
44	Other Interstate Pipeline Companies	313	
45	Others	313	5,307,207
46	TOTAL, Gas Transported or Compressed for Others *(Enter Total of lines 44 and 45)*	313	5,307,207
47	Deliveries of Respondent's Gas for Trans. or Compression by Others	333	
48	Exchange Gas Delivered	328	
49	Natural Gas Used by Respondent		86,729
50	Natural Gas Delivered to Underground Storage	512	1,554,881
51	Natural Gas Delivered to LNG Storage	512	
52	Natural Gas Delivered to LNG Processing		
53	Natural Gas for Franchise Requirements		
54	Other Deliveries *(Specify)*: Net Unbilled		(30,364)
55	TOTAL SALES & OTHER DELIVERIES *(Lines 42, 46, 47 thru 54)*		10,620,710
56	UNACCOUNTED FOR		
57	Production System Losses		
58	Storage Losses		
59	Transmission System Losses		
60	Distribution System Losses		
61	Other Losses *(Specify in so far as possible)*		
62	TOTAL Unaccounted for *(Enter Total of lines 57 thru 61)*		191,511
63	TOTAL SALES, OTHER DELIVERIES, AND UNACCOUNTED FOR *(Enter Total of lines 55 and 62)*		10,812,221

PUBLIC SERVICE COMMISSION OF KENTUCKY
REPORT OF GROSS OPERATING REVENUES DERIVED FROM INTRA-KENTUCKY
BUSINESS FOR THE YEAR ENDING DECEMBER 31, 19 98

Delta Natural Gas Company, Winchester, Kentucky
(Utility Reporting) (Address)

(DO NOT INCLUDE TAXES COLLECTED)

(1) Gross Revenues of Electric Utility.....$ _____

(2) Gross Revenues of Gas Utility.....$ 34,857,742

(3) Gross Revenues of Radio-Telephone Utility.....$ _____

(4) Gross Revenues of Cellular Telephone Utility...$ _____

(5) Gross Revenues of Telephone Utility.....$ _____

(6) Gross Revenues of Water Utility.....$ _____

(7) Gross Revenues of Sewer Utility.....$ _____

(8) Other Operating Revenues.....$ _____

*** TOTAL GROSS REVENUES.....$ 34,857,742

O A T H

State of Kentucky.....)
) ss.
County of Clark.....)

John F. Hall being duly sworn, states that he/she
(Officer)
is VP Finance-Secretary/Treasurer of the Delta Natural Gas Company, Inc.
(Official Title) (Utility Reporting)

that the above report of gross revenues is in exact accordance with the books of accounts of:

Delta Natural Gas Company, Inc., and that such books
(Utility Reporting)
accurately show the gross revenues of:

Delta Natural Gas Company, Inc., derived from Intra-Kentucky
(Utility Reporting)

business for the year ending December 31, 19 98

John F. Hall VP-Finance, Secretary & Treasurer
(Officer) (Title)

This the 30th day of March, 19 99

Emily P. Bennett Clark
(Notary Public) (County)

My Commission expires 3/8/2000

NOTE: ANY DIFFERENCE BETWEEN THE AMOUNT OF THE GROSS REVENUES SHOWN IN THE ANNUAL REPORT AND THE AMOUNT APPEARING ON THIS STATEMENT MUST BE RECONCILED ON THE REVERSE SIDE OF THIS REPORT

Check appropriate box:

☐ Original signed form

☐ Conformed copy

Form Approved
OMB No 1902-0028
(Expires 12/31/98)

FERC FORM NO. 2:
ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

This report is mandatory under the Natural Gas Act, Sections 10(a) and 16, and 18 CFR 260 1 Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature

Exact Legal Name of Respondent (Company)	Year of Report
Delta Natural Gas Company, Inc.	Dec. 31, 98

CHECKLIST FOR TI NUAL REPORT
OF A AND B GAS COMPANIES
TO BE COMPLETED AND RETURNED WITH ANNUAL REPORT

Page No.	Line No.		Page No.	Line No.	YES	NO	IF NO, EXPLAIN WHY
		BALANCE SHEET					
110	2	agrees with	200	13 less 11	X		
110	3	agrees with	200	11	X		
110	5	agrees with	200	14 & 33	X		
110	6	agrees with	200	15	X		
110	11	agrees with	122-123	?? - ???	?		
110	12	agrees with	220	5b	X		
110	14	agrees with	220	5d	X		
110	15	agrees with	220	5e	X		
110	19	agrees with	222-223		X		
110	20	agrees with	223-223		X		
111	46	agrees with	227	?????	?		
111	47	agrees with	220		X		
111	48	agrees with	220		X		
111	49	agrees with	230	Acct. 165	X		
111	58	agrees with	230	Acct. 181.2	X		
111	59	agrees with	230	Acct. 182.2	X		
111	60	agrees with	232	Acct. 182.3	X		
111	65	agrees with	233	Acct. 186	X		
111	69	agrees with	234-235	Acct. 190	X		
112	2	agrees with	251	-(f)	X		
112	3	agrees with	251	-(f)	X		
112	4	agrees with	252	-	X		
112	5	agrees with	252	-	X		

Page No.	Line No.		Page No.	Line No.	YES	NO	IF NO., EXPLAIN WHY
112	6	agrees with	252	-	X		
112	7	agrees with	253	40(b)	X		
112	8	agrees with	252	(d)	X		
112	9	agrees with	254	Acct. 213	X		
112	10	agrees with	254	Acct. 214	X		
112	11	agrees with	119	19	X		
112	12	agrees with	119	24	X		
112	13	agrees with	251 ?	Acct. 217	X		
112	16 &23	agrees with	256	-(d)	X		
112	17	agrees with	257	Acct. 222	X		
112	18	agrees with	256	Acct. 223	X		
112	19	agrees with	256	Acct. 224	X		
113	39	agrees with	263	Acct. 236	X		
113	45	agrees with	268	45(b)	X		
113	52	agrees with	269	47(f)	X		
113	53	agrees with	278	-(f)	X		
113	54	agrees with	260	Acct. 257	X		
		INCOME STATEMENT					
114	2	agrees with	300	17	X		
114	4 + 5	agrees with	317-325		X		
114	6	agrees with	336-338		X		
114	7	agrees with	336-338		X		
114	13+14+15	agrees with	262-263		X		
114	16	agrees with	~~234~~ 276	~~(c)~~ (D)	X		
114	17	agrees with	234	(d)	X		

Page No.	Line No.		Page No.	Line No.	YES	NO	IF NO, EXPLAIN WHY
116	43	agrees with	340	-	X		
116	46	agrees with	262-263	Acct. 408.2	X		
116	47	agrees with	262	Acct. 409.2	X		
116	48	agrees with	262	Acct. 409.2	X		
116	49	agrees with	234-235	Acct. 410.2	X		
116	50	agrees with	234-235	Acct. 411.2	X		
116	57	agrees with	258-259	Acct. 428	X		
116	59	agrees with	258-259	Acct. 429	X		
116	61	agrees with	340	Acct. 430	X		
116	62	agrees with	340	Acct. 431	X		
116	70	agrees with	262-263		X		
		OTHER					
200	8	agrees with	208	121(g)	X		
200	10	agrees with	214		X		
200	11	agrees with	216		X		
200	18	agrees with	219		X		
118	~~28~~ 10	agrees with	121	68	X		
118	~~34~~ 12	agrees with	121	69	X		
325	262	agrees with	350-351		X		
335	25	agrees with	325	265	X		

ADDITIONAL INFORMATION TO BE FURNISHED WITH

ANNUAL REPORT

1998

GAS UTILITIES - CLASS A & B

Please furnish the following information, for Kentucky Operations only, and attach to your annual report.

Name of Counties in which you furnish Gas Service:

Bath, Bell, Bourbon, Clay, Fayette,Jackson, Jessamine, Knox, Laurel,

Lee, Leslie, Madison, Menifee, Montgomery, Powell, Rowan and Whitley

ADDITIONAL INFORMATION TO BE FURNISHED WITH

ANNUAL REPORT
1998

GAS PURCHASES

(Accounts 800, 801, 802, 803, 804, 804.1, 805, 805.1, 805.2)

Name of Seller and Acct. No.	Gas Purchased - Mcf	Cost of Gas
Columbia Gas Transmission	(1)	154,331
Columbia Gulf	(1)	192,592
(TGMC) Duke Energy(El Paso)	(1)	1,464,335
(NGC) Dynegy	567,735	1,404,772
Wiser Oil	443,632	1,492,142
Duke Energy(El Paso)	952,459	2,406,930
Delta Rresources	2,396,097	6,034,773
Deltran	(2)	2,146,757
Enpro	223,063	524,198
Equitable Resources	(3)	(8,846)
SUB TOTAL	4,582,986	15,811,984
Storage - Pioneer	4,822	819
Storage - Canada Mountain	(639,029)	(1,510,520)
TOTAL	3,948,779	14,302,283

(1) Transportation Fee
(2) Reservation Charge
(3) Adjustment for prior year

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 19 98

1. Amount of Principal Payment during calendar year $ 385,777

2. Is Principal current? (Yes) X (No) _____

3. Is Interest current? (Yes) X (No) _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are your financial statements examined by a Certified Public Accountant? YES X NO _____

If yes, which service is performed?

Audit X
Compilation _____
Review _____

Please enclose a copy of the accountant's report with annual report.

Check appropriate box:

☐ Original signed form

☐ Conformed copy

Form Approved
OMB No 1902-0028
(Expires 12/31/98)

FERC FORM NO. 2:
ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

This report is mandatory under the Natural Gas Act, Sections 10(a) and 16, and 18 CFR 260 1 Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature

Exact Legal Name of Respondent (Company)	Year of Report
Delta Natural Gas Company, Inc.	Dec. 31, 98

INSTRUCTIONS FOR FILING THE FERC FORM NO. 2

GENERAL INFORMATION

I Purpose

This form is designed to collect financial and operational information from major interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission This report is a nonconfidential public use form

II Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260 1 must submit this form
NOTE: Major means having combined gas transported or stored for a fee exceeding 50 million Dth in each of the 3 previous calendar years

III What and Where to Submit

(a) Submit the electronic medium in accordance with the procedures specified in 18 CFR § 385 2011 and an original and four (4) copies of this form to:

Office of the Secretary
Federal Energy Regulatory Commission
Washington, DC 20426

Retain one copy of this report for your files

(b) Submit immediately upon publication, four (4) copies of the latest annual report to stockholders and any *annual* financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports Indicate by checking the appropriate box on page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426

(c) For the CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with current standards of reporting which will:

(i) contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

(ii) be signed by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States (See 18 CFR 158 10-158 12 for specific qualifications)

Schedules	Reference Pages
Comparative Balance Sheet	110-113
Statement of Income	114-116
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122

Insert the letter or report immediately following the cover sheet of the original and each copy of this form

(d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirement free of charge from:

Public Reference and Files Maintenance Branch
Washington, DC 20426
(202) 208-2356

IV. When to Submit

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 2,475 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, Washington, DC 20426 (Attention: Michael Miller, ED-12 4), and to the Office of Information and Regulatory Affairs Office of the Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

You shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

GENERAL INSTRUCTIONS

I Prepare this report in conformity with the Uniform Systems of Accounts (18 CFR 201)(U S of A) Interpret all accounting words and phrases in accordance with the U S of A.

II Enter in whole numbers (dollars or Dth) only, except where otherwise noted (Enter cents for averages and figures per unit where cents are important) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use the current year amounts for statement of income accounts

III. Complete each question fully and accurately, even if it has been answered in a previous annual report Enter the word "None" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to the respondent, either

(a) Enter the words "Not Applicable" on the particular page(s), or
(b) Omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.

V. Enter the month, day, and year for all dates. Use customary abbreviations The "Date of Report" at the top of each page is applicable only to resubmissions (see VII. below)

VI Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ( )

VII When making revisions, resubmit the electronic medium and only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form Include with the resubmission the Identification and Attestation, page 1 Mail dated resubmissions to:

Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426

VIII Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 by 11 inch size) to the page being supplemented Provide the appropriate identification information, including the title(s) of the page and the page number supplemented

IX Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized

X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used

XI Report all gas volumes in MMBtu and Dth

XII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11) instead of the schedules in the FERC Form 2 if they are in substantially the same format

XIII Report footnotes on pages 551 and 552 Sort data on page 551 by page number. Sort data on page 552 by footnote number The page number component of the footnote reference is the first page of a schedule whether it is a single page schedule or a multi-page schedule Even if a footnote appears on a later page of a multi-page schedule the footnote will only reference the first page of the schedule. The first page of a multi-page schedule now becomes a proxy for the entire schedule For example, Gas Plant in Service ranges across pages 204 through 209 A footnote on page 207 would contain a page reference of 204

DEFINITIONS

I. Btu per cubic foot—The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32°F, and under standard gravitational force (980.665 cm. per sec.) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called gross heating value or total heating value)

II. Commission Authorization—The authorization of the Federal Energy Regulatory Commission, or any other Commission Name the Commission whose authorization was obtained and give date of the authorization

III. Dekatherm—A unit of heating value equivalent to 10 therms or 1,000,000 Btu

IV Respondent—The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made

EXCERPTS FROM THE LAW

(Natural Gas Act, 15 U.S.C. 717-717w)

"Sec 10(a) Every natural-gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest due and paid, depreciation, amortization, and other reserves, costs of facilities, cost of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, cost of renewal and replacement of such facilities, transportation, delivery, use, and sale of natural gas. "

"Sec. 16 The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this act Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within which they shall be filed "

GENERAL PENALTIES

"Sec 21(b) Any person who willfully and knowingly violates any rule, regulation, restriction, condition, or order made or imposed by the Commission under authority of this act, shall, in addition to any other penalties provided by law, be punished upon conviction thereof by a fine of not exceeding $500 for each and every day during which such offense occurs "

FERC FORM NO. 2:
ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

IDENTIFICATION

01 Exact Legal Name of Respondent	02 Year of Report
Delta Natural Gas Company, Inc.	Dec. 31, 98

03 Previous Name and Date of Change (*If name changed during year*)

04 Address of Principal Office at End of Year (*Street, City, State, Zip Code*)

3617 Lexington Road
Winchester, Kentucky 40391

05 Name of Contact Person	06 Title of Contact Person
John F. Hall	VP Finance - Secretary/Treasurer

07 Address of Contact Person (*Street, City, State, Zip Code*)

Same

08 Telephone of Contact Person, Including Area Code	09 This Report is:	10 Date of Report (*Mo, Da, Yr*)
606 744-6171	☒ An Original ☐ A Resubmission	3-31-99

ATTESTATION

The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report

11 Name	12 Title
John F. Hall	VP Finance - Secretary/Treasurer
13 Signature John F. Hall	14 Date Signed March 30, 1999

Title 18, U S C 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	☒ An Original ☐ A Resubmission	03/31/99	Dec 31, 1998

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line No
				1
				2
				3
				4
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 1998

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)

1 Report below the original cost of gas plant in service according to the prescribed accounts

2 In addition to Account 101, *Gas Plant in Service (Classified)*, this page and the next include Account 102, *Gas Plant Purchased or Sold*, Account 103, *Experimental Gas Plant Unclassified*, and Account 106, *Completed Construction Not Classified-Gas*

3 Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year

4 Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts

5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c) Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b) Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),

Line No	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	53,151	
3	302 Franchises and Consents	2,739	
4	303 Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	55,890	
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way	75,975	
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures	42,950	
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment	13,392	
19	332 Field Lines	1,815,170	22,148
20	333 Field Compressor Station Equipment	800,454	
21	334 Field Measuring and Regulating Station Equipment	82,734	
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25)	2,830,675	22,148
27	PRODUCTS EXTRACTION PLANT		
28	340 Land and Land Rights		
29	341 Structures and Improvements		
30	342 Extraction and Refining Equipment		
31	343 Pipe Lines		
32	344 Extracted Products Storage Equipment		
33	345 Compressor Equipment		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	☒ An Original ☐ A Resubmission	03/31/99	Dec 31, 1998

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)(Continued)

including the reversals of the prior years tentative account distributions of these amounts Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year

6 Show in column (f) reclassifications or transfers within utility plant accounts Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102 In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications

7 For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages

8 For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No
				1
			53,151	2
	(953)		1,786	3
				4
	(953)		54,937	5
				6
				7
				8
				9
				10
			75,975	11
				12
				13
			42,950	14
				15
				16
				17
			13,392	18
1,435			1,835,883	19
			800,454	20
			82,734	21
				22
				23
				24
				25
1,435			2,851,388	26
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	[X] An Original [ ] A Resubmission	03/31/99	Dec. 31, 1998

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)(Continued)

Line No	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	346 Gas Measuring and Regulating Equipment		
35	347 Other Equipment		
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)		
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)	2,830,675	22,148
38	Manufactured Gas Production Plant *(Submit Supplementary Statement)*	95,981	
39	TOTAL Production Plant (Enter Total of lines 37 and 38)	2,926,656	22,148
40	NATURAL GAS STORAGE AND PROCESSING PLANT		
41	Underground Storage Plant		
42	350.1 Land	14,142	
43	350.2 Rights-of-Way	116,030	13,395
44	351 Structures and Improvements	56,072	13,415
45	352 Wells		226,147
46	352.1 Storage Leaseholds and Rights	828,956	250,000
47	352.2 Reservoirs	1,881,731	
48	352.3 Non-recoverable Natural Gas	294,307	
49	353 Lines	780,093	4,235,996
50	354 Compressor Station Equipment	1,132,139	2,587
51	355 Measuring and Regulating Equipment	263,154	90,031
52	356 Purification Equipment	87,073	233,152
53	357 Other Equipment	47,209	
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	5,500,906	5,064,723
55	Other Storage Plant		
56	360 Land and Land Rights		
57	361 Structures and Improvements		
58	362 Gas Holders		
59	363 Purification Equipment		
60	363.1 Liquefaction Equipment		
61	363.2 Vaporizing Equipment		
62	363.3 Compressor Equipment		
63	363.4 Measuring and Regulating Equipment		
64	363.5 Other Equipment		
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)		
66	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
67	364.1 Land and Land Rights		
68	364.2 Structures and Improvements		
69	364.3 LNG Processing Terminal Equipment		
70	364.4 LNG Transportation Equipment		
71	364.5 Measuring and Regulating Equipment		
72	364.6 Compressor Station Equipment		
73	364.7 Communications Equipment		
74	364.8 Other Equipment		
75	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and Processing Plant (lines 67 74)		
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	5,500,906	5,064,723
77	TRANSMISSION PLANT		
78	365.1 Land and Land Rights	43,284	
79	365.2 Rights-of-Way	577,635	14,199
80	366 Structures and Improvements	145,444	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	☒ An Original ☐ A Resubmission	03/31/99	Dec 31, 1998

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)(Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No
				34
				35
				36
1,435			2,851,388	37
			95,981	38
1,435			2,947,369	39
				40
				41
			14,142	42
			129,425	43
			69,487	44
			226,147	45
			1,078,956	46
			1,881,731	47
			294,307	48
2,603			5,013,486	49
			1,134,726	50
			353,185	51
			320,225	52
			47,209	53
2,603			10,563,026	54
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				71
				72
				73
				74
				75
2,603			10,563,026	76
				77
			43,284	78
			591,834	79
			145,444	80

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	☒ An Original ☐ A Resubmission	03/31/99	Dec 31,1998

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)(Continued)

Line No	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	367 Mains	19,960,221	1,073,527
82	368 Compressor Station Equipment	1,267,850	8,439
83	369 Measuring and Regulating Station Equipment	880,470	198,341
84	370 Communication Equipment		
85	371 Other Equipment	418,719	19,174
86	TOTAL Transmission Plant (Enter Totals of lines 78 thru 85)	23,293,623	1,313,680
87	DISTRIBUTION PLANT		
88	374 Land and Land Rights	242,871	5,607
89	375 Structures and Improvements	101,108	2,265
90	376 Mains	42,377,397	4,460,036
91	377 Compressor Station Equipment		
92	378 Measuring and Regulating Station Equipment-General	906,431	62,585
93	379 Measuring and Regulating Station Equipment-City Gate	390,893	
94	380 Services	6,824,533	853,325
95	381 Meters	4,647,146	828,908
96	382 Meter Installations	2,199,091	172,094
97	383 House Regulators	1,850,373	340,732
98	384 House Regulator Installations		
99	385 Industrial Measuring and Regulating Station Equipment	1,113,345	91,758
100	386 Other Property on Customers' Premises		
101	387 Other Equipment		
102	TOTAL Distribution Plant (Enter Total of lines 88 thru 101)	60,653,188	6,817,310
103	GENERAL PLANT		
104	389 Land and Land Rights	840,112	25,417
105	390 Structures and Improvements	2,882,115	33,458
106	391 Office Furniture and Equipment	619,091	7,807
107	392 Transportation Equipment	2,718,779	396,088
108	393 Stores Equipment	41,199	1,267
109	394 Tools, Shop, and Garage Equipment	948,156	42,278
110	395 Laboratory Equipment	159,584	25,146
111	396 Power Operated Equipment	1,409,458	149,919
112	397 Communication Equipment	599,872	22,249
113	398 Miscellaneous Equipment	97,209	5,924
114	Subtotal (Enter Total of lines 104 thru 113)	10,315,575	709,553
115	399 Other Tangible Property	3,506,035	461,817
116	TOTAL General Plant (Enter Total of lines 114 and 115)	13,821,610	1,171,370
117	TOTAL (Accounts 101 and 106)	106,251,873	14,389,231
118	Gas Plant Purchased (See Instruction 8)		
119	(*Less*) Gas Plant Sold (See Instruction 8)		
120	Experimental Gas Plant Unclassified		
121	TOTAL Gas Plant In Service (Enter Total of lines 117 thru 120)	106,251,873	14,389,231

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	[X] An Original [ ] A Resubmission	03/31/99	Dec. 31, 1998

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)(Continued)

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No
22,418			21,011,330	81
			1,276,289	82
			1,078,811	83
			437,893	84
				85
22,418			24,584,885	86
				87
			248,478	88
			103,373	89
338,435			46,498,998	90
				91
3,424			965,592	92
			390,893	93
43,205			7,634,653	94
21,341		(295)	5,454,418	95
6,031			2,365,154	96
822		295	2,190,578	97
				98
2,732			1,202,371	99
				100
				101
415,990		0	67,054,508	102
				103
20,212			845,317	104
32,969			2,882,604	105
7,267		8,727	628,358	106
270,492			2,844,375	107
			42,466	108
4,321			986,113	109
44,818			139,912	110
34,613			1,524,764	111
13,454			608,667	112
1,138			101,995	113
429,284		8,727	10,604,571	114
9,896		(8,727)	3,949,229	115
439,180		0	14,553,800	116
881,626	(953)	0	119,758,525	117
				118
				119
				120
881,626	(953)	0	119,758,525	121

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	☒ An Original ☐ A Resubmission	03/31/99	Dec 31, 1998

GAS PROPERTY AND CAPACITY LEASED FROM OTHERS

1 Report below the information called for concerning gas property and capacity leased from others for gas operations

2 For all leases in which the average annual lease payment over the initial term of the lease exceeds $500,000, describe in column (c), if applicable: the property or capacity leased Designate associated companies with an asterisk in column (b).

Line No	Name of Lessor (a)	* (b)	Description of Lease (c)	Lease Payments For Current Year (d)
1				
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45	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31,98

GAS PROPERTY AND CAPACITY LEASED TO OTHERS

1 For all leases in which the average lease income over the initial term of the lease exceeds $500,000 provide in column (c), a description of each facility or leased capacity that is classified as gas plant in service, and is leased to others for gas operations.

2 In column (d) provide the lease payments received from others

3 Designate associated companies with an asterisk in column (b)

Line No	Name of Lessor (a)	* (b)	Description of Lease (c)	Lease Payments For Current Year (d)
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45	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

GAS PLANT HELD FOR FUTURE USE (ACCOUNT 105)

1 Report separately each property held for future use at end of the year having an original cost of $1,000,000 or more Group other items of property held for future use

2 For property having an original cost of $1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1				
2				
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44				
45	TOTAL			

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 1998

CONSTRUCTION WORK IN PROGRESS-GAS (ACCOUNT 107)

1 Report below descriptions and balances at end of year of projects in process of construction (Account 107)
2 Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts)
3 Minor projects (less than $1,000,000) may be grouped

Line No	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1			
2	STRUCTURE		
3	Owingsville Office	276,118	500
4			
5			
6			
7	DISTRIBUTION EXTENSION		
8	Boone Trace	329,583	1,000
9			
10			
11			
12	DISTRIBUTION EXTENSION		
13	Keavy	300,763	3,000
14			
15			
16			
17	STORAGE IMPROVEMENTS		
18	Road to Canada Mountain	158,758	50,000
19			
20			
21			
22	MISC UNFINISHED JOBS	317,537	300,000
23			
24			
25			
26			
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45	TOTAL	1,382,759	354,500

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 1998

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1 For each construction overhead explain: (a) the nature and extent of work, etc , the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2 Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts

3 Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Payroll and associated cost plus other applicable expenses of engineering, accounting and administrative functions are allocated to construction work.

The allocation is based upon periodic time studies.

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

For line (5), column (d) below, enter the rate granted in the last rate proceeding If not available, use the average rate earned during the preceding 3 years

1. Components of Formula (Derived from actual book balances and actual cost rates):

Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
(1) Average Short-Term Debt	S		
(2) Short-Term Interest			s
(3) Long-Term Debt	D		d
(4) Preferred Stock	P		p
(5) Common Equity	C		c
(6) Total Capitalization		100%	
(7) Average Construction Work In Progress Balance	W		

2 Gross Rate for Borrowed Funds $s(S/W)+d[(D/(D+P+C))(1-(S/W))]$

3 Rate for Other Funds $[1-(S/W)][p(P/(D+P+C))+c(C/(D+P+C))]$

4 Weighted Average Rate Actually Used for the Year:
a Rate for Borrowed Funds -
b. Rate for Other Funds -

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
DELTA NATURAL GAS COMPANY, INC.	☒ An Original ☐ A Resubmission	03/31/99	Dec 31, 1998

ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (ACCOUNT 108)

1 Explain in a footnote any important adjustments during year
2 Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property
3 The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications
4 Show separately interest credits under a sinking fund or similar method of depreciation accounting
5 At lines 7 and 14, add rows as necessary to report all data Additional rows should be numbered in sequence, e g , 7 01, 7 02, etc.

Line No	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. BALANCES AND CHANGES DURING YEAR				
1	Balance Beginning of Year	30,066,390			
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	3,570,354			
4	(413) Expense of Gas Plant Leased to Others				
5	Transportation Expenses - Clearing	415,800			
6	Other Clearing Accounts	144,000			
7	Other Clearing (Specify):				
7.01					
8	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 7.?)	4,130,154			
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	882,578			
11	Cost of Removal	10,528			
12	Salvage (Credit)	156,322			
13	TOTAL Net Chrgs for Plant Ret. (Total of lines 10thru12)	736,784			
14	Other Debit or Credit Items (Describe):				
14.01					
15	Balance End of Year (Total of lines 1,8,13, 14to14.?	33,459,760			
	Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
16	Productions-Manufactured Gas	1,240,574			
17	Production and Gathering-Natural Gas				
18	Products Extraction-Natural Gas				
19	Underground Gas Storage	911,302			
20	Other Storage Plant				
21	Base Load LNG Terminaling and Processing Plant				
22	Transmission	7,547,922			
23	Distribution	16,184,415			
24	General	7,575,547			
25	TOTAL (Total of lines 16 thru 24)	33,459,760			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

GAS STORED (ACCOUNTS 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, AND 164.3)

1 If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited

2 Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts

3 State in a footnote the basis of segregation of inventory between current and noncurrent portions Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No	Description (a)	(Account 117 1) (b)	(Account 117 2) (c)	Noncurrent (Account 117 3) (d)	(Account 117 4) (e)	Current (Account 164 1) (f)	LNG (Account 164 2) (g)	LNG (Account 164 3) (h)	Total (i)
1	Balance at Beginning of Year	4,046,127				1,855,202			
2	Gas Delivered to Storage					4,074,382			
3	Gas Withdrawn from Storage					2,564,682			
4	Other Debits and Credits								
5	Balance at End of Year	4,046,127				3,364,902			
6	~~Dth~~ mcf					632,853			
7	Amount Per ~~Dth~~ mcf					5.3170			

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

INVESTMENTS (ACCOUNT 123, 124, AND 136)

1 Report below investments in Accounts 123, *Investments in Associated Companies*, 124, *Other Investments*, and 136, *Temporary Cash Investments*

2 Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities—List and describe each security owned, giving name of issuer, date acquired and date of maturity For bonds, also give principal amount, date of issue, maturity, and interest rate For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, *Other Investments*) state number of shares, class, and series of stock Minor investments may be grouped by classes Investments included in Account 136, *Temporary Cash Investments*, also may be grouped by classes

(b) Investment Advances—Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123 Include advances subject to current repayment in Account 145 and 146 With respect to each advance, show whether the advance is a note or open account.

Line No	Description of Investment (a)	* (b)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference (c)	Purchases or Additions During Year (d)
1				
2				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

INVESTMENTS (ACCOUNT 123, 124, AND 136) (Continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal Designate any advances due from officers, directors, stockholders, or employees

3 Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge

4 If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number

5 Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year

6 In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h)

Sales or Other Dispositions During Year (e)	Principal Amount or No of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)	Line No
					1
					2
					3
					4
					5
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					7
					8
					9
					10
					11
					12
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)

1 Report below investments in Account 123 1, *Investments in Subsidiary Companies*

2 Provide a subheading for each company and list thereunder the information called for below Sub-total by company and give a total in columns (e), (f), (g) and (h)

(a) Investment in Securities—List and describe each security owned For bonds give also principal amount, date of issue, maturity, and interest rate

(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement With respect to each advance show whether the advance is a note or open account List each note giving date of issuance, maturity date, and specifying whether note is a renewal

3 Report separately the equity in undistributed subsidiary earnings since acquisition The total in column (e) should equal the amount entered for Account 418.1.

Line No	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1				
2				
3	ALL COMMON STOCK OF			
4				
5				
6				
7	Delta Resources, Inc.	4/84		(18,052)
8				
9				
10	Delgasco, Inc.	5/86		3,769
11				
12	Deltran, Inc.	5/86		1,000
13				
14	Enpro, Inc.	5/86		18,919
15				
16				
17	Tranex Corporation, Inc.	6/97		954,715
18				
19				
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39				
40	TOTAL Cost of Account 123 1 $_____		TOTAL	960,351

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)(Continued)

4 Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge

5 If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number

6 Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.

7 In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f)

8 Report on Line 40, column (a) the total cost of Account 123 1

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No
				1
				2
				3
				4
				5
				6
280,500	237,582	24,866		7
				8
				9
46,607	46,303	4,073		10
				11
-	-	1,000		12
				13
197,317	-	216,236		14
				15
				16
(69,240)	-	885,475		17
				18
				19
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455,184	283,885	1,131,650		40

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

Line No	Nature of Prepayment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	105,568
2	Prepaid Rents	
3	Prepaid Taxes	
4	Prepaid Interest	
5	Miscellaneous Prepayments Primarily pension costs	718,783
6	TOTAL	824,351

EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)

Line No	Description of Extraordinary Loss [Include the date of loss, the date of Commission authorization to use Account 182 1 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data (a)	Balance at Beginning of Year (b)	Total Amount of Loss (c)	Losses Recognized During Year (d)	WRITTEN OFF DURING YEAR Account Charged (e)	WRITTEN OFF DURING YEAR Amount (f)	Balance at End of Year (g)
7							
8							
9							
10							
11							
12							
13							
14							
15	TOTAL						

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)

Line No	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182 2 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses (a)	Balance at Beginning of Year (b)	Total Amount of Charges (c)	Costs Recognized During Year (d)	WRITTEN OFF DURING YEAR Account Charged (e)	WRITTEN OFF DURING YEAR Amount (f)	Balance at End of Year (g)
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	TOTAL						

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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

OTHER REGULATORY ASSETS (ACCOUNT 182.3)

1 Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts)

2 For regulatory assets being amortized, show period of amortization in column (a)

3 Minor items (5% of the Balance at End of Year for Account 182 3 or amounts less than $250,000, whichever is less) may be grouped by classes

4 Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Year (b)	Debits (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3						
4						
5						
6						
7						
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10						
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39						
40	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

MISCELLANEOUS DEFERRED DEBITS (ACCOUNT 186)

1 Report below the details called for concerning miscellaneous deferred debits

2. For any deferred debit being amortized, show period of amortization in column (a)

3. Minor items (less than $250,000) may be grouped by classes.

Line No	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d)	CREDITS Amount (e)	Balance at End of Year (f)
1						
2	Management Audit Costs	182,700		921	62,640	120,060
3						
4						
5						
6	Rate Case Expenses	117,030	9,725	921	24,960	101,795
7						
8						
9						
10						
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16						
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35						
36						
37						
38						
39	Miscellaneous Work in Progress					
40	TOTAL	299,730			87,600	221,855

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190)

1 Report the information called for below concerning the respondent's accounting for deferred income taxes

2 At Other (Specify), include deferrals relating to other income and deductions

3 At lines 4 and 6, add rows as necessary to report all data Number the additional rows in sequence 4 01, 4 02, etc and 6 01, 6.02, etc.

Line No	Account Subdivisions	Balance at Beginning of Year	CHANGES DURING YEAR	
			Amounts Debited to Account 410 1	Amounts Credited to Account 411 1
	(a)	(b)	(c)	(d)
1	Account 190			
2	Electric			
3	Gas			
4	Other (Define)			
5	Total (Total of lines 2 thru 4)			
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 190 (Total of lines 5 thru 6.?)			
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190) (Continued)

4 If more space is needed, use separate pages as required

5 In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under "Other."

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No
Amounts Debited to Account 410.2	Amounts Credited to Account 411 2	DEBITS		CREDITS			
		Acct No	Amount	Acct No	Amount		
(e)	(f)	(g)	(h)	(i)	(j)	(k)	
							1
							2
							3
							4
							5
							6
							6.01
							6.02
							7
							8
							9
							10
							11

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

CAPITAL STOCK (ACCOUNTS 201 AND 204)

1 Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class Show separate totals for common and preferred stock

2 Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year

3 Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued

Line No	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1				
2				
3				
4				
5	COMMON STOCK	6,000,000	$1.00	
6				
7				
8				
9				
10				
11				
12				
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16				
17				
18				
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

CAPITAL STOCK (ACCOUNTS 201 AND 204) (Continued)

4 The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative

5 State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.

6 Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No
		AS REQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
2,394,633	2,394,633					1
						2
						3
						4
						5
						6
						7
						8
						9
						10
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (ACCOUNTS 202, 203, 205, 206, 207, and 212)

1 Show for each of the above accounts the amounts applying to each class and series of capital stock

2 For Account 202, *Common Stock Subscribed*, and Account 205, *Preferred Stock Subscribed*, show the subscription price and the balance due on each class at the end of year

3 Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, *Common Stock Liability for Conversion*, or Account 206, *Preferred Stock Liability for Conversion*, at the end of year

4 For Premium on Account 207, *Capital Stock*, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1				
2				
3	A/C 207			
4				
5				
6	Premiums Paid on Capital Stock		N/A	28,068,588
7				
8				
9				
10				
11	A/C 212			
12				
13	Installments Received on Common Stock		N/A	59,484
14	thru Employee Stock Plan			
15				
16				
17				
18				
19				
20				
21				
22				
23				
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32				
33				
34				
35				
36				
37				
38				
39				
40	TOTAL			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

OTHER PAID-IN CAPITAL (ACCOUNTS 208-211)

1 Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112 Explain changes made in any account during the year and give the accounting entries effecting such change

(a) *Donations Received from Stockholders* (Account 208) - State amount and briefly explain the origin and purpose of each donation

(b) *Reduction in Par or Stated Value of Capital Stock* (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related

(c) *Gain or Resale or Cancellation of Reacquired Capital Stock* (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related

(d) *Miscellaneous Paid-In Capital* (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)

1 Report the balance at end of year of discount on capital stock for each class and series of capital stock Use as many rows as necessary to report all data

2 If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change State the reason for any charge-off during the year and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
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7		
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9		
10		
11		
12		
13		
14		
15	TOTAL	

CAPITAL STOCK EXPENSE (ACCOUNT 214)

1 Report the balance at end of year of capital stock expenses for each class and series of capital stock Use as many rows as necessary to report all data Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.

2 If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
16		
17		
18		
19	COMMON STOCK $1.00 Par Value	1,917,020
20		
21		
22		
23		
24		
25		
26		
27		
28		
29	TOTAL	1,917,020

Name of Respondent	This Report Is	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1 Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses Identify as to Commission authorization numbers and dates

2 Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired

3 Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated

4 Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method

5 For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

LONG-TERM DEBT (ACCOUNTS 221, 222, 223, AND 224)

1 Report by Balance Sheet Account the details concerning long-term debt included in Account 221, *Bonds*, 222, *Reacquired Bonds*, 223, *Advances from Associated Companies*, and 224, *Other Long-Term Debt*

2 For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds

3 For Advances from Associated Companies, report separately advances on notes and advances on open accounts Designate demand notes as such Include in column (a) names of associated companies from which advances were received

4 For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued

Line No	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1				
2				
3				
4				
5				
6	DEBENTURES	4/91	4/11	-
7				
8	DEBENTURES	10/93	10/23	12,973,000
9				
10				
11	DEBENTURES	7/96	7/26	15,000,00
12				
13				
14	PROMISSORY NOTE - CANADA MOUNTAIN	11/95	11/01	1,400,000
15				
16				
17	DEBENTURES	4/98	4/26	25,000,000
18				
19				
20				
21				
22				
23				
24				
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39				
40	TOTAL			54,373,000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

LONG-TERM DEBT (ACCOUNT 221, 222, 223, and 224)(Continued)

5 In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year Give Commission authorization numbers and dates

6 If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge

7 If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote

8 If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f) Explain in a footnote any difference between the total of column (f) and the total Account 427, *Interest on Long-Term Debt* and Account 430, *Interest on Debt to Associated Companies*

9 Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

INTEREST FOR YEAR		HELD BY RESPONDENT			
Rate (in %) (e)	Amount (f)	Reacquired Bonds (Account 222) (g)	Sinking and Other Funds (h)	Redemption Price Per $100 at End of Year (i)	Line No
					1
					2
					3
					4
	300,000				5
					6
	871,304				7
					8
					9
	1,245,000				10
					11
	-				12
					13
	1,359,198				14
					15
					16
					17
					18
					19
					20
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					39
	3,775,502				40

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (ACCOUNTS 181,225,226)

1 Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt

2 Show premium amounts by enclosing the figures in parentheses

3 In column (b) show the principal amount of bonds or other long-term debt originally issued

4 In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	AMORTIZATION PERIOD Date From (d)	Date To (e)
1					
2	DEBENTURES	10,000,000	514,176	4/91	4/11
3					
4					
5	DEBENTURES	15,000,000	1,874,508	10/93	10/23
6					
7	DEBENTURES	15,000,000	689,666	7/96	7/26
8					
9					
10	DEBENTURES	25,000,000	1,534,405	4/98	4/18
11					
12					
13					
14	TOTAL	40,000,000	4,617,155		
15					
16					
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accts.181,225,226)(Cont.)

5 Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6 Identify separately undisposed amounts applicable to issues which were redeemed in prior years

7 Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt Discount and Expense*, or credited to Account 429, *Amortization of Premium on Debt-Credit*

Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)	Line No
				1
338,800		6,600		2
		332,200		3
				4
1,606,800		62,400 (A)	1,544,400	5
				6
651,700		22,800	628,900	7
	1,202,205			8
	332,200 (A)	57,532	1,476,873	9
				10
				11
				12
2,597,300	1,534,405	481,532	3,650,173	13
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(A) Cleared to expense of new issue due to early retirement				29
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (ACCOUNTS 189, 257)

1 Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue

2 In column (c) show the principal amount of bonds or other long-term debt reacquired

3 In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts

4 Show loss amounts by enclosing the figures in parentheses

5 Explain in a footnote any debits and credits other than amortization debited to Account 428 1, *Amortization of Loss on Reacquired Debt*, or credited to Account 429 1, *Amortization of Gain on Reacquired Debt-Credit*.

Line No	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1						
2						
3						
4						
5						
6						
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1 Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year Submit a reconciliation even though there is no taxable income for the year Indicate clearly the nature of each reconciling amount.

2 If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	DETAILS (a)	Amount (b)
1	Net Income for the Year (Page 116)	2,232,400
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Unbilled revenue	
6	Deferred gas cost	3,328,624
7	Book/tax retirements	45,541
8	Bad debt and miscellaneous	8,651
9	Deductions Recorded on Books Not Deducted for Return	
10	Self construction interest	491,072
11	Employee plans	28,500
12	Meals & entertainment & lobbying	18,399
13	Amortize Ferrin note	14,900
14	Income Recorded on Books Not Included in Return	
15	CSV of life insurance	9,302
16	Net income from subsidiaries	455,184
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	Tax depreciation vs book depreciation	2,400,000
21	Accrued pension	344,466
22	Other reconciling	(253,891)
23	Unbilled revenue	279,532
24	Debt expense	259,891
25		
26		
27	Federal Tax Net Income	2,673,603
28	Show Computation of Tax: @ 34%	909,025
29	Delta's fiscal year ends June 30. For interim periods,	
30	in accordance with APB#28, Delta estimates an effective	
31	tax rate which is used to record total tax expense.	
32		
33		
34		
35		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1 Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts

2 Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes

3 Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts

4 List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained

Line No	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR Taxes Accrued (b)	Prepaid Taxes (c)
1	Sales & Utility & Franchise	368,222	
2	Mineral Severance	4,450	
3	Payroll	19,349	
4	License	-	
5	State Income	(279,244)	
6	Federal Income	(276,745)	
7	Property	665,486	
8			
9			
10			
11			
12			
13			
14			
15	TOTAL	501,518	

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No	Electric (Account 408 1, 409 1) (i)	Gas (Account 408 1, 409 1) (j)	Other Utility Department (Account 408 1, 409 1) (k)	Other Income and Deductions (Account 408 2, 409 2) (l)
1				
2				
3		480,841		
4		423		
5		199,300		8,500
6		875,125		33,900
7		742,584		
8				
9				
10				
11				
12				
13				
14				
15	TOTAL	2,298,273		42,400

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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5 If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a)
6 Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote Designate debit adjustments by parentheses
7 Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority

8 Show in columns (i) thru (p) how the taxes accounts were distributed Show both the utility department and number of account charged For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount
9 For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax
10 Items under $250,000 may be grouped

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR Taxes Accrued (Account 236) (g)	BALANCE AT END OF YEAR Prepaid Taxes (Included in Acct 165) (h)	Line No
1,405,518	1,616,432		157,308		1
49,213	49,320		4,343		2
480,841	481,532		18,658		3
423	423		-		4
207,800	29,700	(1) 31,700	(69,444)		5
909,025	1,457,000	(1) (3,725)	(828,445)		6
742,584	1,131,999		276,071		7
					8
					9
					10
					11
					12
					13
					14
3,795,404	4,766,406	27,975	(441,509)		15

(1) Primarily applicable to Subs

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Extraordinary Items (Account 409 3) (m)	Other Utility Opn Income (Account 408 1, 409 1) (n)	Adjustment to Ret Earnings (Account 439) (o)	Other (p)	Line No
			1,405,518	1
			49,213	2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
			1,454,731	15

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

1 Describe and report the amount of other current and accrued liabilities at the end of year.

2 Minor items (less than $250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Accrued Medical - Self Insured	126,000
2	Accrued Vacation & Annual Leave	528,952
3	Miscellaneous	84,136
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
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44		
45	TOTAL	739,088

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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OTHER DEFERRED CREDITS (ACCOUNT 253)

1 Report below the details called for concerning other deferred credits

2 For any deferred credit being amortized, show the period of amortization

3. Minor items (less than $250,000) may be grouped by classes.

Line No	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1						
2						
3						
4						
5	Purchase Gas Cost					
6	Refunds	461,147				
7						
8						
9						
10						
11						
12						
13	Refund to Customers					
14	via GCR Filings		803	403,594		
15						
16						
17						
18						
19						
20						
21						
22	Refunds Received					
23	plus Interest Net					
24	of Refunds Transferred					
25					15,286	
26	per GCR Filings					
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
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42						
43						
44						
45	TOTAL	461,147				72,839

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282)

1 Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.

2 For Other, include deferrals relating to other income and deductions

Line No	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410 1 (c)	Amounts Credited to Account 411 1 (d)
1	Account 282			
2	Electric			
3	Gas			
4	Other (Define)			
5	Total (Enter Total of lines 2 thru 4)			
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 282 (Enter Total of lines 5 thru 6.?)			
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec. 31, 98

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282)(Continued)

3 Add rows as necessary to report all data When rows are added, the additional row numbers should follow in sequence, 4 01, 4 02 and 6 01, 6 02, etc Use separate pages as required

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410 2 (e)	Amounts Credited to Account 411 2 (f)	Acct No (g)	Amount (h)	Acct No (i)	Amount (j)	Balance at End of Year (k)	Line No
							1
							2
							3
							4
							5
							6
							6.01
							6.02
							7
							8
							9
							10
							11

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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ACCUMULATED DEFERRED INCOME TAXES-OTHER (ACCOUNT 283)

1 Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283

2 For Other, include deferrals relating to other income and deductions

Line No	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410 1 (c)	Amounts Credited to Account 411 1 (d)
1	Account 283			
2	Electric			
3	Gas	8,393,000		29,700
4	Other (Define)			
5	Total (Total of lines 2 thru 4)			
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 283 (Total of lines 5 thru 6.?)	8,393,000		29,700
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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ACCUMULATED DEFERRED INCOME TAXES-OTHER (ACCOUNT 283)(Continued)

3 Provide in a footnote explanations for pages 276 and 277 Include amounts relating to insignificant items listed under Other

4 Add additional rows as necessary to report all data When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02, and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS					
		Debits		Credits			
Amounts Debited to Account 410 2 (e)	Amounts Credited to Account 411 2 (f)	Account No (g)	Amount (h)	Account No (i)	Amount (j)	Balance at End of year (k)	Line No
							1
							2
				236/254	14,025	8,436,725	3
							4
							5
							6
							6.01
							6.02
					14,025	8,436,725	7
							8
							9
							10
							11

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

OTHER REGULATORY LIABILITIES (ACCOUNT 254)

1 Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts)

2 For regulatory liabilities being amortized, show period of amortization in column (a)

3 Minor items (5% of the Balance at End of Year for Account 254 or amounts less than $250,000, whichever is less) may be grouped by classes.

Line No	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Year (b)	DEBITS Account Credited (c)	DEBITS Amount (d)	Credits (e)	Balance at End of Year (f)
1						
2	Regulatory Liability as a					
3	Result of Income Tax					
4	Differences	428,975	410	25,500		403,475
5						
6						
7	Regulatory Liability on					
8	Unamortized ITC	438,700	411	46,200		392,500
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
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31						
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33						
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35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45	TOTAL	867,675		71,700		795,975

Supplemental Gas Information

Customers and MCF Sales

YE 12-31-98

	For Reporting Year	
	MCF of Natural Gas Sold	Customers average
480 Residential	2,142,319	32,111
481 Commercial & Industrial Sales		
Small (or Commercial)	1,375,264	4,894
Large (or Industrial)	184,674	69
482 Other Sales To Public Authorities		
484 Interdepartmental Sales		
TOTAL Sales to Ultimate Customers	3,702,257	37,074
483 Sales for Resale		
TOTAL Natural Gas Service	3,702,257	37,074

Dist. Type Sales by States (Incl. Main Line Sales to residential and Commercial Customers)	All KY
Main Line Industrial Sales (Incl. Main Line Sales to Public Authorities)	
Sales For Resale	
Other Sales to Public Authorities (Local Distribution Only)	
Interdepartmental Sales	
TOTAL	

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[Next page is 300]

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

GAS OPERATING REVENUES

1 Report below natural gas operating revenues for each prescribed account total The amounts must be consistent with the detailed data on succeeding pages

2 Revenues in columns (b) and (c) include transition costs from upstream pipelines.

3 Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e) Include in columns (f) and (g) revenues for Accounts 480-495

Line No	Title of Account	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year
	(a)	(b)	(c)	(d)	(e)
1	480-484 Sales				
2	485 Intracompany Transfers				
3	487 Forfeited Discounts				
4	488 Miscellaneous Service Revenues				
5	489 1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
6	489 2 off system Revenues from Transportation of Gas of Others Through Transmission Facilities				
7	489 3 on system Revenues from Transportation of Gas of Others Through Distribution Facilities				
8	489.4 Revenues from Storing Gas of Others				
9	490 Sales of Prod. Ext. from Natural Gas				
10	491 Revenues from Natural Gas Proc by Others				
11	492 Incidental Gasoline and Oil Sales				
12	493 Rent from Gas Property				
13	494 Interdepartmental Rents				
14	495 Other Gas Revenues				
15	Subtotal:				
16	496 (Less) Provision for Rate Refunds				
17	TOTAL:				

Name for Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

GAS OPERATING REVENUES (Continued)

4 If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote

5 On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.

6 Report the revenue from transportation services that are bundled with storage services as transportation service revenue

OTHER REVENUES		Same as other Revenue TOTAL OPERATING REVENUES		mcf ~~XXXXXXXXXX~~ OF NATURAL GAS	
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
30,340,393	34,951,272			3,702,257	4,408,165
152,009	110,376				
451,990	438,191			1,404,111	1,372,205
3,913,350	3,685,423			3,903,096	3,294,047
34,857,742	39,185,262				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (ACCOUNT489.1)

1 Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i e state in which gas enters respondent's system)

2 Revenues for penalties including penalties for unauthorized overruns must be reported on page 308

Line No	Rate Schedule and Zone of Receipt (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1					
2					
3					
4					
5					
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25					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (Continued)

3 Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e)

4 Delivered Dth of gas must not be adjusted for discounting

OTHER REVENUES		TOTAL OPERATING REVENUES		DEKATHERM OF NATURAL GAS		Line No
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)	
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
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						25

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	3-31-99	Dec 31, 98

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (ACCOUNT 489.2)

1 Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule Total by Zone of Delivery and for all zones If respondent does not have separate zones, provide totals by rate schedule

2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308

3 Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e)

Line No	Zone of Delivery, Rate Schedule (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1					
2					
3	Delta's transportation				
4	rate schedule-same				
5	information as on page 300				
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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18					
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21					
22					
23					
24					
25					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[x] An Original [ ] A Resubmission	3-31-99	Dec 31,98

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (Continued)

4 Delivered Dth of gas must not be adjusted for discounting
5 Each incremental rate schedule and each individually certificated rate schedule must be separately reported
6 Where transportation services are bundled with storage services, report total revenues but only transportation Dth

OTHER REVENUES		TOTAL OPERATING REVENUES		DEKATHERM OF NATURAL GAS		Line No
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)	
						1
						2
						3
						4
						5
						6
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	3-31-99	Dec 31, 98

REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4)

1 Report revenues and Dth of gas withdrawn from storage by Rate Schedule and in total

2 Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.

3 Other revenues in columns (f) and (g) include reservation charges, deliverability charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e)

Line No	Rate Schedule	REVENUES for Transition Cost and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year
	(a)	(b)	(c)	(d)	(e)
1					
2					
3					
4					
5					
6					
7					
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Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 98

REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4)(Continued)

4 Dth of gas withdrawn from storage must not be adjusted for discounting

5 Where transportation services are bundled with storage services, report only Dth withdrawn from storage

OTHER REVENUES		TOTAL OPERATING REVENUES		DEKATHERM OF NATURAL GAS		Line No
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)	
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
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						24
						25

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 98

OTHER GAS REVENUES (ACCOUNT 495)

1 For transactions with annual revenues of $250,000 or more, describe, for each transaction, commissions on sales of distributions of gas of others, compensation for minor or incidental services provided for others, penalties, profit or loss on sales of material and supplies, sales of steam, water, or electricity, miscellaneous royalties, revenues from dehydration, other processing of gas of others, and gains on settlements of imbalance receivables Separately report revenues from cash-out penalties.

Line No	Description of Transaction (a)	Revenues (in dollars) (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 98

GAS OPERATION AND MAINTENANCE EXPENSES

1 Report operation and maintenance expenses If the amount for previous year is not derived from previously reported figures, explain in footnotes.

2 Provide in footnotes the source of the index used to determine the price for gas supplied by shippers as reflected on line 74

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Well Expenses		
10	753 Field Lines Expenses	12,504	13,169
11	754 Field Compressor Station Expenses	62,844	83,806
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses		
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (Total of lines 7 thru 17)	75,348	96,975
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines	5,207	3,956
24	765 Maintenance of Field Compressor Station Equipment	17,781	16,377
25	766 Maintenance of Field Measuring and Regulating Station Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Total of lines 20 thru 28)	22,988	20,333
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	98,336	117,308

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 98

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering		
34	771 Operation Labor		
35	772 Gas Shrinkage		
36	773 Fuel		
37	774 Power		
38	775 Materials		
39	776 Operation Supplies and Expenses		
40	777 Gas Processed by Others		
41	778 Royalties on Products Extracted		
42	779 Marketing Expenses		
43	780 Products Purchased for Resale		
44	781 Variation in Products Inventory		
45	*(Less)* 782 Extracted Products Used by the Utility-Credit		
46	783 Rents		
47	TOTAL Operation (Total of lines 33 thru 46)		
48	Maintenance		
49	784 Maintenance Supervision and Engineering		
50	785 Maintenance of Structures and Improvements		
51	786 Maintenance of Extraction and Refining Equipment		
52	787 Maintenance of Pipe Lines		
53	788 Maintenance of Extracted Products Storage Equipment		
54	789 Maintenance of Compressor Equipment		
55	790 Maintenance of Gas Measuring and Regulating Equipment		
56	791 Maintenance of Other Equipment		
57	TOTAL Maintenance (Total of lines 49 thru 56)		
58	TOTAL Products Extraction (Total of lines 47 and 57)		

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Delta Natural Gas Company, Inc.	[X] An Original [ ] A Resubmission	03/31/99	Dec 31, 98

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
59	C. Exploration and Development		
60	Operation		
61	795 Delay Rentals		
62	796 Nonproductive Well Drilling		
63	797 Abandoned Leases		
64	798 Other Exploration		
65	TOTAL Exploration and Development (Total of lines 61 thru 64)		
66	D. Other Gas Supply Expenses		
67	Operation		
68	800 Natural Gas Well Head Purchases		
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
70	801 Natural Gas Field Line Purchases		
71	802 Natural Gas Gasoline Plant Outlet Purchases		
72	803 Natural Gas Transmission Line Purchases	16,260,037	20,839,565
73	804 Natural Gas City Gate Purchases		
74	804.1 Liquefied Natural Gas Purchases		
75	805 Other Gas Purchases		
76	*(Less)* 805.1 Purchases Gas Cost Adjustments		
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	16,260,037	20,839,565
78	806 Exchange Gas		
79	Purchased Gas Expenses		
80	807.1 Well Expense-Purchased Gas		
81	807.2 Operation of Purchased Gas Measuring Stations		
82	807.3 Maintenance of Purchased Gas Measuring Stations		
83	807.4 Purchased Gas Calculations Expenses		
84	807.5 Other Purchased Gas Expenses		
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	16,260,037	20,839,565

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Delta Natural Gas Company, Inc.	☒ An Original ☐ A Resubmission	03/31/99	Dec 31, 98

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1 Gas Withdrawn from Storage-Debit		
87	*(Less)* 808.2 Gas Delivered to Storage-Credit		
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit		
89	*(Less)* 809.2 Deliveries of Natural Gas for Processing-Credit		
90	Gas used in Utility Operation-Credit		
91	810 Gas Used for Compressor Station Fuel-Credit		
92	811 Gas Used for Products Extraction-Credit		
93	812 Gas Used for Other Utility Operations-Credit		
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)		
95	813 Other Gas Supply Expenses		
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)		
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)		
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
99	A. Underground Storage Expenses		
100	Operation		
101	814 Operation Supervision and Engineering		
102	815 Maps and Records		
103	816 Wells Expenses	24,890	27,893
104	817 Lines Expense		
105	818 Compressor Station Expenses	26,676	21,213
106	819 Compressor Station Fuel and Power		
107	820 Measuring and Regulating Station Expenses		
108	821 Purification Expenses	1,761	
109	822 Exploration and Development		
110	823 Gas Losses		
111	824 Other Expenses	5,484	887
112	825 Storage Well Royalties	54,064	62,113
113	826 Rents		
114	TOTAL Operation (Total of lines of 101 thru 113)	112,875	112,106

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
115	Maintenance		
116	830 Maintenance Supervision and Engineering		
117	831 Maintenance of Structures and Improvements	609	688
118	832 Maintenance of Reservoirs and Wells	1,548	701
119	833 Maintenance of Lines	110	1,928
120	834 Maintenance of Compressor Station Equipment	7,206	853
121	835 Maintenance of Measuring and Regulating Station Equipment	3,704	1,945
122	836 Maintenance of Purification Equipment		
123	837 Maintenance of Other Equipment	1,052	989
124	TOTAL Maintenance (Total of lines 116 thru 123)	14,229	7,104
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	127,104	119,210
126	B. Other Storage Expenses		
127	Operation		
128	840 Operation Supervision and Engineering		
129	841 Operation Labor and Expenses		
130	842 Rents		
131	842.1 Fuel		
132	842.2 Power		
133	842.3 Gas Losses		
134	TOTAL Operation (Total of lines 128 thru 133)		
135	Maintenance		
136	843.1 Maintenance Supervision and Engineering		
137	843.2 Maintenance of Structures and Improvements		
138	843.3 Maintenance of Gas Holders		
139	843.4 Maintenance of Purification Equipment		
140	843.5 Maintenance of Liquefaction Equipment		
141	843.6 Maintenance of Vaporizing Equipment		
142	843.7 Maintenance of Compressor Equipment		
143	843.8 Maintenance of Measuring and Regulating Equipment		
144	843.9 Maintenance of Other Equipment		
145	TOTAL Maintenance (Total of lines 136 thru 144)		
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)		

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering		
150	844.2 LNG Processing Terminal Labor and Expenses		
151	844.3 Liquefaction Processing Labor and Expenses		
152	844.4 Liquefaction Transportation Labor and Expenses		
153	844.5 Measuring and Regulating Labor and Expenses		
154	844.6 Compressor Station Labor and Expenses		
155	844.7 Communication System Expenses		
156	844.8 System Control and Load Dispatching		
157	845.1 Fuel		
158	845.2 Power		
159	845.3 Rents		
160	845.4 Demurrage Charges		
161	*(less)* 845.5 Wharfage Receipts-Credit		
162	845.6 Processing Liquefied or Vaporized Gas by Others		
163	846.1 Gas Losses		
164	846.2 Other Expenses		
165	TOTAL Operation (Total of lines 149 thru 164)		
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering		
168	847.2 Maintenance of Structures and Improvements		
169	847.3 Maintenance of LNG Processing Terminal Equipment		
170	847.4 Maintenance of LNG Transportation Equipment		
171	847.5 Maintenance of Measuring and Regulating Equipment		
172	847.6 Maintenance of Compressor Station Equipment		
173	847.7 Maintenance of Communication Equipment		
174	847.8 Maintenance of Other Equipment		
175	TOTAL Maintenance (Total of lines 167 thru 174)		
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)		
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)		

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering		
181	851 System Control and Load Dispatching		
182	852 Communication System Expenses		
183	853 Compressor Station Labor and Expenses		
184	854 Gas for Compressor Station Fuel		
185	855 Other Fuel and Power for Compressor Stations		
186	856 Mains Expenses R/W CLEARING	54,869	30,467
187	857 Measuring and Regulating Station Expenses		
188	858 Transmission and Compression of Gas by Others		
189	859 Other Expenses		
190	860 Rents		
191	TOTAL Operation (Total of lines 180 thru 190)	54,869	30,467
192	Maintenance		
193	861 Maintenance Supervision and Engineering		
194	862 Maintenance of Structures and Improvements		
195	863 Maintenance of Mains		
196	864 Maintenance of Compressor Station Equipment		
197	865 Maintenance of Measuring and Regulating Station Equipment		
198	866 Maintenance of Communication Equipment		
199	867 Maintenance of Other Equipment		
200	TOTAL Maintenance (Total of lines 193 thru 199)		
201	TOTAL Transmission Expenses (Total of lines 191 and 200)		
202	4. DISTRIBUTION EXPENSES		
203	Operation		
204	870 Operation Supervision and Engineering P/R & TRANSP	2,548,914	2,502,175
205	871 Distribution Load Dispatching	35,141	33,611
206	872 Compressor Station Labor and Expenses		
207	873 Compressor Station Fuel and Power		

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
208	874 Mains and Services Expenses		
209	875 Measuring and Regulating Station Expenses-General		
210	876 Measuring and Regulating Station Expenses-Industrial		
211	877 Measuring and Regulating Station Expenses-City Gas Check Station		
212	878 Meter and House Regulator Expenses		
213	879 Customer Installations Expenses		
214	880 Other Expenses	346,556	406,180
215	881 Rents	18,174	5,819
216	TOTAL Operation (Total of lines 204 thru 215)	2,948,785	2,947,785
217	Maintenance		
218	885 Maintenance Supervision and Engineering T/E & W/E	44,769	46,544
219	886 Maintenance of Structures and Improvements	2,103	1,472
220	887 Maintenance of Mains	142,295	144,938
221	888 Maintenance of Compressor Station Equipment		
222	889 Maintenance of Measuring and Regulating Station Equipment-General	4,221	5,754
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial		
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station		
225	892 Maintenance of Services		
226	893 Maintenance of Meters and House Regulators	84,997	71,889
227	894 Maintenance of Other Equipment	86,614	105,463
228	TOTAL Maintenance (Total of lines 218 thru 227)	364,999	376,060
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	3,313,784	3,323,845
230	5. CUSTOMER ACCOUNTS EXPENSES		
231	Operation		
232	901 Supervision		
233	902 Meter Reading Expenses (1)	200,000	200,000
234	903 Customer Records and Collection Expenses	709,942	733,813

(1) amount estimated

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
235	904 Uncollectible Accounts	345,870	310,000
236	905 Miscellaneous Customer Accounts Expenses		
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	1,255,812	1,243,813
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision		
241	908 Customer Assistance Expenses		
242	909 Informational and Instructional Expenses		
243	910 Miscellaneous Customer Service and Informational Expenses		
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)		
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision		
248	912 Demonstrating and Selling Expenses		
249	913 Advertising Expenses	10,775	15,669
250	916 Miscellaneous Sales Expenses		
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	10,775	15,669
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries & T/E	2,096,502	2,027,447
255	921 Office Supplies and Expenses	553,711	510,511
256	(Less) 922 Administrative Expenses Transferred-Credit	(4,159,439)	(3,407,988)
257	923 Outside Services Employed	343,948	309,586
258	924 Property Insurance	419,058	447,103
259	925 Injuries and Damages		
260	926 Employee Pensions and Benefits	1,815,233	1,981,745
261	927 Franchise Requirements		
262	928 Regulatory Commission Expenses	104,940	62,853
263	(Less) 929 Duplicate Charges-Credit		
264	930.1General Advertising Expenses		
265	930.2Miscellaneous General Expenses	440,458	435,302
266	931 Rents		
267	TOTAL Operation (Total of lines 254 thru 266)	1,614,411	2,366,559
268	Maintenance		
269	935 Maintenance of General Plant	139,966	187,132
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	1,754,377	2,553,691
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	22,875,094	28,243,568

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EXCHANGE AND IMBALANCE TRANSACTIONS

1 Report below details by zone and rate schedule concerning the gas quantities and related dollar amount of imbalances associated with system balancing and no-notice service Also, report certificated natural gas exchange transactions during the year Provide subtotals for imbalance and no-notice quantities for exchanges.

If respondent does not have separate zones, provide totals by rate schedule Minor exchange transactions (less than 100,000 Dth) may be grouped

Line No	Zone/Rate Schedule	Gas Received from Others		Gas Delivered to Others	
		Amount	Dth	Amount	Dth
	(a)	(b)	(c)	(d)	(e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL				

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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GAS USED IN UTILITY OPERATIONS

1 Report below details of credits during the year to Accounts 810, 811, and 812

2 If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No	Purpose for Which Gas Was Used	Account Charged	Natural Gas		Manufactured Gas	
			Gas Used (Dth)	Amount of Credit (in dollars)	Gas Used (Dth)	Amount of Credit
	(a)	(b)	(c)	(d)	(e)	(f)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6						
7						
8						
9						
10						
11						
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14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	TOTAL					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (ACCOUNT 858)

1 Report below details concerning gas transported or compressed for respondent by others equalling more than 1,000,000 Dth and amounts of payments for such services during the year Minor items (less than 1,000,000) Dth may be grouped Also, include in column (c) amounts paid as transition costs to an upstream pipeline.

2 In column (a) give name of companies, points of delivery and receipt of gas Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system

3 Designate associated companies with an asterisk in column (b)

Line No	Name of Company and Description of Service Performed (a)	* (b)	Amount of Payment (in dollars) (c)	Dth of Gas Delivered (d)
1				
2				
3				
4				
5				
6				
7				
8				
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23				
24				
25		TOTAL		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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OTHER GAS SUPPLY EXPENSES (ACCOUNT 813)

1 Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117 4, and losses on settlements of imbalances and gas losses not associated with storage separately Indicate the functional classification and purpose of property to which any expenses relate List separately items of $250,000 or more.

Line No	Description (a)	Amount (in dollars) (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
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12		
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22		
23		
24		
25	TOTAL	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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MISCELLANEOUS GENERAL EXPENSES (ACCOUNT 930.2)

1 Provide the information requested below on miscellaneous general expenses

2 For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items List separately amounts of $250,000 or more however, amounts less than $250,000 may be grouped if the number of items of so grouped is shown.

Line No	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	45,776
2	Experimental and general research expenses a Gas Research Institute (GRI) b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	109,405
4	*Other expenses*	
5	Director's Fees & Expenses	88,800
6	Fees - Conventions & Meetings	4,930
7	Marketing	37,869
8	Company Relations - Employees	32,496
9	Customer & Public Information	51,114
10	Public & Community Relations	16,885
11	Conservation Program	48,914
12	Lobbying Expenditures	4,269
13		
14		
15		
16		
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24		
25	TOTAL	440,458

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year Ending
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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403,404 1,404 2,404 3,405)
(Except Amortization of Acquisition Adjustments)

1 Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown

2 Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a) Indicate in a footnote the manner in which column (b) balances are

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404 1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404 2) (d)
1	Intangible plant			
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas	116,000		
4	Products extraction plant			
5	Underground gas storage plant	343,000		
6	Other storage plant			
7	Base load LNG terminaling and processing plant			
8	Transmission plant	631,600		
9	Distribution plant	1,626,000		
10	General plant	852,801		
11	Common plant—gas			
12	TOTAL	3,569,401		

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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403,404 1,404 2,404 3,405)
(Except Amortization of Acquisition Adjustments) (Continued)

obtained If average balances are used, state the method of averaging used For column (c) report available information for each plant functional classification listed in column (a) If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis Where the unit-of-production method is used to determine depreciation charges, showin a footnote any revisions made to estimated gas reserves

3 If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Amortization of Other Limited-term Gas Plant (Account 404 3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No
953		953	Intangible plant	1
			Production plant, manufactured gas	2
		116,000	Production and gathering plant, natural gas	3
			Products extraction plant	4
		343,000	Underground gas storage plant	5
			Other storage plant	6
			Base load LNG terminaling and processing plant	7
		631,600	Transmission plant	8
		1,626,000	Distribution plant	9
		852,801	General plant	10
			Common plant - gas	11
953		3,570,354	TOTAL	12

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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)

4 Add rows as necessary to completely report all data Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

Section B. Factors Used in Estimating Depreciation Charges

Line No	Functional Classification (a)	Plant Bases (thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore		
3	Onshore		
4	Underground Gas Storage Plant		
5	Transmission Plant		
6	Offshore		
7	Onshore		
8	General Plant		
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PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts

(a) *Miscellaneous Amortization* (Account 425)—Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization

(b) *Miscellaneous Income Deductions*—Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426 1, *Donations*; 426 2, *Life Insurance*; 426 3, *Penalties*; 426 4, *Expenditures for Certain Civic, Political and Related Activities*; and 426 5, *Other Deductions*, of the Uniform System of Accounts

Amounts of less than $250,000 may be grouped by classes within the above accounts

(c) *Interest on Debt to Associated Companies* (Account 430)—For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest Explain the nature of other debt on which interest was incurred during the year

(d) *Other Interest Expense* (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1		
2		
3	Cash Surrender Value of Officer's Life Insurance	(9,302)
4		
5		
6		
7	Customer Deposit Interest	30,637
8	Short - Term Notes Interest	554,003
9		
10		
11		584,640
12		
13		
14		
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18		
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REGULATORY COMMISSION EXPENSES (Account 928)

1 Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2 In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility

Line No	Description (Furnish name of regulatory commission or body the docket number, and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182 3 at Beginning of Year (e)
1					
2	PUBLIC SERVICE COMMISSION OF KY	104,940			
3					
4					
5					
6					
7					
8					
9					
10					
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23					
24					
25	TOTAL	104,940			

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REGULATORY COMMISSION EXPENSES (Continued)

3 Show in column (k) any expenses incurred in prior years that are being amortized List in column (a) the period of amortization
4 Identify separately all annual charge adjustments (ACA)
5 List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts
6 Minor items (less than $250,000) may be grouped

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			
CHARGED CURRENTLY TO			Deferred to Account 182 3	Contra Account	Amount	Deferred in Account 182 3 End of Year	Line No
Department (f)	Account No (g)	Amount (h)	(i)	(j)	(k)	(l)	
							1
							2
							3
							4
							5
							6
							7
							8
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Name of Respondent	This Report Is	Date of Report (Mo, Da, Yr)	Year Ending
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year Segregate amounts originally charged to clearing accounts to *Utility Departments, Construction, Plant Removals, and Other Accounts*, and enter such amounts in the appropriate lines and columns provided

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used When reporting detail of other accounts, enter as many rows as necessary numbered sequentialy starting with 74.01, 74.02, etc.

Line No	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Total of lines 3 thru 9)			
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maintenance (Total of lines 12 thru 15)			
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)			
19	Transmission (Total of lines 4 and 13)			
20	Distribution (Total of lines 5 and 14)			
21	Customer Accounts (line 6)			
22	Customer Service and Informational (line 7)			
23	Sales (line 8)			
24	Administrative and General (Total of lines 9 and 15)			
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)			
26	Gas			
27	Operation			
28	Production - Manufactured Gas			
29	Production - Natural Gas(Including Exploration and Development)	54,974		
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing	39,707		
32	Transmission			
33	Distribution	2,652,113		
34	Customer Accounts	495,671		
35	Customer Service and Informational			
36	Sales			
37	Administrative and General	1,985,724		
38	TOTAL Operation (Total of lines 28 thru 37)	5,228,189		
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas(Including Exploration and Development)	4,403		
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing	4,852		
44	Transmission			
45	Distribution	109,275		
46	Admin & General	-		
47	Total Maintenance	118,530		

46	Administrative and General			
47	TOTAL Maintenance (Total of lines 40 thru 46)			

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DISTRIBUTION OF SALARIES AND WAGES (Continued)

Line No	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
48	Gas (Continued)			
49	Total Operation and Maintenance			
50	Production - Manufactured Gas (Total of lines 28 and 40)			
51	Production - Natural Gas (Including Expl. and Dev.)(lines 29 and 41	59,377		
52	Other Gas Supply (Total of lines 30 and 42)			
53	Storage, LNG Terminaling and Processing (Total of lines 31 and 43	44,559		
54	Transmission (Total of lines 32 and 44)			
55	Distribution (Total of lines 33 and 45)	2,761,388		
56	Customer Accounts (Total of line 34)	495,671		
57	Customer Service and Informational (Total of line 35)			
58	Sales (Total of line 36)			
59	Administrative and General (Total of lines 37 and 46)	1,985,724		
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL ALL Utility Dept. (Total of lines 25, 59, and 61)	5,346,719	(815,000)	4,531,719
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	767,796	809,000	1,576,796
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	767,796	809,000	1,576,796
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)			
74	Other Accounts (Specify)			
74 01				
74 02				
74 03	Merchandising	2,162		2,162
74 04				
74 05				
74 06	Subsidiaries	8,656	6,000	14,656
74 07				
74 08				
74 09				
74 10				
74 11				
74 12				
74 13				
74 14				
74 15				
74 16				
74 17				
74 18				
74.19				
75	TOTAL Other Accounts	10,818	6,000	16,818
76	TOTAL SALARIES AND WAGES	6,125,333	-0-	6,125,333

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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1 Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than $250,000, including payments for legislative services, except those which should be reported in Account 426 4 *Expenditures for Certain Civic, Political and Related Activities*

(a) Name of person or organization rendering services
(b) Total charges for the year

2. Designate associated companies with an asterisk in column (b).

Line No	Description (a)	* (b)	Amount (in dollars) (c)
1			
2	Not Applicable		
3	None over $250,000		
4			
5			
6			
7			
8			
9			
10			
11			
12			
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COMPRESSOR STATIONS

1 Report below details concerning compressor stations Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations

2 For column (a), indicate the production areas where such stations are used Group relatively small field compressor stations by production areas Show the number of stations grouped Identify any station held under a title other than full ownership State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No	Name of Station and Location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1				
2				
3				
4				
5				
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COMPRESSOR STATIONS (Continued)

Designate any station that was not operated during the past year State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size and the date the unit was placed in operation

3 For column (e), include the type of fuel or power, if other than natural gas If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power

Expenses (Except depreciation and taxes)			Operation Data			
Fuel or Power (e)	Other (f)	Gas for Compressor Fuel in Dth (g)	Total Compressor Hours of Operation During Year (h)	Number of Compressors Operated at Time of Station Peak (i)	Date of Station Peak (j)	Line No
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
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						25

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GAS STORAGE PROJECTS

1. Report injections and withdrawals of gas for all storage projects used by respondent.

Line No	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	January			
3	February			
4	March	1,499		1,499
5	April	46,502		46,502
6	May	303,501		303,501
7	June	281,444		281,444
8	July	288,007		288,007
9	August	275,499		275,499
10	September	261,093		261,093
11	October	97,336		97,336
12	November			
13	December			
14	TOTAL (Total of lines 2 thru 13)	1,554,881		1,554,881
15	Gas Withdrawn from Storage			
16	January	186,435		186,435
17	February	202,835		202,835
18	March	134,760		134,760
19	April	1,991		1,991
20	May			
21	June			
22	July			
23	August			
24	September			
25	October	950		950
26	November	132,114		132,114
27	December	262,943		262,943
28	TOTAL (Total of lines 16 thru 27)	922,028		922,028

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GAS STORAGE PROJECTS (Continued)

1 On line 4, enter the total storage capacity certificated by FERC

2 Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7 If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	STORAGE OPERATIONS	
1	Top or Working Gas End of Year	
2	Cushion Gas (Including Native Gas)	
3	Total Gas in Reservoir (Total of line 1 and 2)	
4	Certificated Storage Capacity	
5	Number of Injection - Withdrawal Wells	
6	Number of Observation Wells	
7	Maximum Days' Withdrawal from Storage	
8	Date of Maximum Days' Withdrawal	
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

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TRANSMISSION LINES

1 Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year
2 Report separately any lines held under a title other than full ownership Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3 Report separately any line that was not operated during the past year Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated
4. Report the number of miles of pipe to one decimal point.

Line No	Designation (Identification) of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1			
2			
3			
4			
5			
6			
7			
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TRANSMISSION SYSTEM PEAK DELIVERIES

1 Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the heating season overlapping the year's end for which this report is submitted The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of the peak information required on this page Add rows as necessary to report all data. Number additional rows 6.01, 6.02, etc.

Line No	Description	Dth of Gas Delivered to Interstate Pipelines (b)	Dth of Gas Delivered to Others (c)	Total (b) + (c) (d)
	SECTION A: SINGLE DAY PEAK DELIVERIES			
1	Date:			
2	Volumes of Gas Transported			
3	No-Notice Transportation			
4	Other Firm Transportation			
5	Interruptible Transportation			
6	Other (Describe)			
6.01				
7	TOTAL			
8	Volumes of gas Withdrawn form Storage under Storage Contracts			
9	No-Notice Storage			
10	Other Firm Storage			
11	Interruptible Storage			
12	Other (Describe)			
12.01				
13	TOTAL			
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations			
16	Reduction in Line Pack			
17	Other (Describe)			
18	TOTAL			
19	SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES			
20	Dates:			
21	Volumes of Gas Transported			
22	No-Notice Transportation			
23	Other Firm Transportation			
24	Interruptible Transportation			
25	Other (Describe)			
25.01				
26	TOTAL			
27	Volumes of Gas Withdrawn from Storage under Storage Contracts			
28	No-Notice Storage			
29	Other Firm Storage			
30	Interruptible Storage			
31	Other (Describe)			
31.01				
32	TOTAL			
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations			
35	Reduction in Line Pack			
36	Other (Describe)			
37	TOTAL			

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AUXILIARY PEAKING FACILITIES

1 Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc

2 For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities

3 For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts

Line No	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery? Yes (e)	No (f)
1						
2						
3						
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GAS ACCOUNT - NATURAL GAS

1 The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent
2 Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas
3 Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries
4 Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed
5 If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose Use copies of pages 520
6 Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline
7 Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities
8 Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

01 NAME OF SYSTEM

Line No	Item (a)	Ref Page No (b)	Amount of ~~Dth~~ XXX mcf (c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		4,582,986
4	Gas of Others Received for Gathering (Account 489.1)	303	
5	Gas of Others Received for Transmission (Account 489.2)	305	5,307,207
6	Gas of Others Received for Distribution (Account 489.3)	301	
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	
11	Other Gas Withdrawn from Storage (Explain)		
12	Gas Received from Shippers as Compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify) storage-withdrawn		922,028
15	Total Receipts (Total of lines 3 thru 14.?)		10,812,221
16	GAS DELIVERED		
17	Gas Sales (Accounts 480-484)		3,702,257
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	
19	Deliveries of Gas Transported for Others (Account 489.2)	305	5,307,207
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchange Gas Delivered to Others (Account 806)	328	
23	Gas Delivered as Imbalances (Account 806)	328	
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	~~Gas Used for Compressor Station Fuel~~ net-unbilled	509	(30,364)
27	Other Deliveries (Specify) storage-delivered		1,554,881
28	Total Deliveries (Total of lines 17 thru 27.?)		10,533,981
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		
34	Storage System Losses		
35	Other Losses (Specify)		
36	Total Unaccounted For (Total of lines 30 thru 35)		278,240
37	Total Deliveries & Unaccounted For (Total of lines 28 and 36)		10,812,221

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SYSTEM MAPS

1 Furnish five copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished

2 Indicate the following information on the maps:

(a) Transmission lines
(b) Incremental facilities
(c) Location of gathering areas
(d) Location of zones and rate areas
(e) Location of storage fields
(f) Location of natural gas fields.
(g) Location of compressor stations
(h) Normal direction of gas flow (indicated by arrows)
(i) Size of pipe
(j) Location of products extraction plants, stabilization plants, purification plants, recycling areas, etc
(k) Principal communities receiving service through the respondent's pipeline

3 In addition, show on each map: graphic scale of the map; date of the facts the map purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company

4 Maps not larger than 24 inches square are desired If necessary, however, submit larger maps to show essential information Fold the maps to a size not larger then this report Bind the maps to the report

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FOOTNOTE REFERENCE

Page No (a)	Line or Item No (b)	Column No (c)	Footnote No (d)

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FOOTNOTE TEXT

Footnote No (a)	Footnote Text (b)

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