

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

**In the Matter of:**

**APPLICATION OF DELTA NATURAL )  
GAS COMPANY, INC. FOR )CASE NO.  
AN ADJUSTMENT OF RATES ) 2007-00089**

**SUPPLEMENTAL RESPONSE TO ITEM 19  
OF THE ATTORNEY GENERAL'S INITIAL  
REQUEST FOR INFORMATION**

**VOLUME 18**

Minutes of Regular Quarterly Meeting of  
Board of Directors of  
Delta Natural Gas Company, Inc.  
Held in Winchester, Kentucky on May 12, 2006

**RECEIVED**

JUL 06 2007

**PUBLIC SERVICE  
COMMISSION**

The regular quarterly meeting of the Board of Directors of Delta Natural Gas Company, Inc. was held at the principal office of the Company at 3617 Lexington Road, Winchester, Kentucky on May 12, 2006, beginning at the hour of 10:00 a.m., E.D.T., pursuant to the notice attached hereto.

The following directors were present: Donald R. Crowe, Billy Joe Hall, Jane Hylton Green, Lanny D. Greer, Glenn R. Jennings, Michael J. Kistner, Lewis N. Melton, Harrison D. Peet, Arthur E. Walker, Jr. and Michael R. Whitley. John F. Hall, Delta's Vice President - Finance, Secretary and Treasurer was also present in his capacity as Secretary of Delta and recorded the minutes of the meeting.

Glenn R. Jennings, Chairman of the Board, President and Chief Executive Officer, called the meeting to order, announced a quorum and the meeting proceeded.

The Chairman stated that the first order of business was the approval of the minutes of the regular quarterly meeting of February 10, 2006; copies of said minutes had been circulated to all directors prior to the meeting. Following discussion, on motion duly made, seconded and carried unanimously, it was

**RESOLVED**, that the minutes of the regular quarterly meeting held February 10, 2006 be approved and that reading of said minutes be waived.

Mr. Jennings reviewed the financial results for the nine and twelve months ended March 31, 2006; a copy of his report had been mailed to each director prior to the meeting and is attached as Exhibit I.

The next item was a review and discussion of the Operating and Capital Budgets for fiscal year 2007 by Mr. Jennings, a copy of which had been sent to all Directors prior to the meeting. After discussion, on motion duly made, seconded and approved, it was

**RESOLVED**, that the Operating and Capital Budgets for fiscal year 2007 be approved as submitted. A copy is attached as Exhibit II.

The Chairman then asked the Board to consider the declaration of a dividend on common stock for the quarter ended March 31, 2006. After discussion, upon motion duly made, seconded, and carried, it was

**RESOLVED**, that a dividend on common stock of \$.30 per share be paid to stockholders of record as of the close of business on May 31, 2006, for the quarter ended March 31, 2006; said dividend to be paid June 15, 2006.

A report from the Audit Committee with respect to a meeting held May 5, 2006 was given by Michael J. Kistner, Chairman of the Committee.

A report from the Corporate Governance and Compensation Committee was given by Lewis N. Melton, Chairman of the Committee, with respect to the Committee's meeting held on May 5, 2006. After discussion, upon motion duly made, seconded, and carried, it was

**RESOLVED**, effective as of November 16, 2006, ARTICLE III, Section 3.2 of Delta's By-Laws is amended to read as follows:

3.2 Number, Tenure and Qualifications. The number of directors of the Corporation shall be eight (8). The Board of Directors shall be divided into three (3) classes, with each class as nearly equal as possible. Each director shall hold office for the term for which he or she is elected or until his or her successor has been elected and qualified, whichever period is longer.

**RESOLVED**, that Michael J. Kistner and Michael R. Whitley be nominated to serve on Delta's Board for three year terms beginning November 16, 2006,

which is the scheduled meeting date for Delta's 2006 Annual Meeting of Shareholders.

Mr. John F. Hall reviewed with the Directors the completion of a refinancing of Delta's 7.15% Debentures due 2018 and 6 5/8% Debentures due 2023.

Mr. Jennings discussed with the Directors the authorization of additional common stock. This will be considered further at the Board's August meeting.

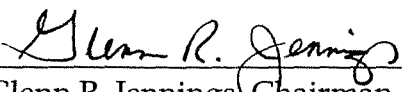
Next, Mr. Jennings reviewed his memo to Delta's officers concerning Delta's performance indicators for 2005 and prior periods. This memo had been mailed to the Directors prior to the meeting and a copy is attached as Exhibit III.

Mr. Jennings reviewed with the Directors certain industry data from Edward Jones attached as Exhibit IV.

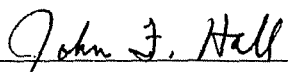
Mr. Jennings discussed with the Board the date of August 25, 2006 as the next Board meeting.

The Board adjourned into Executive Session with only the Independent Directors. There was nothing from that Executive Session that required further action.

There being no further business to come before the meeting, the meeting was adjourned.

  
\_\_\_\_\_  
Glenn R. Jennings, Chairman

Attest:

  
\_\_\_\_\_  
Secretary



**Delta Natural Gas Company, Inc.**



3617 Lexington Road  
Winchester, Kentucky 40391-9797

PHONE: 859-744-6171

FAX: 859-744-3623

April 28, 2006

Lanny D. Greer  
3645 Hwy. US 25 N  
East Bernstadt, KY 40729

Dear Lanny:

Notice is hereby given that a meeting of the Board of Directors of Delta Natural Gas Company, Inc. will be held at the Offices of the Company, 3617 Lexington Road, Winchester, Kentucky, on May 12, 2006 at the hour of 10:00 a.m. E.D.T.

Matters to be considered and voted upon at the meeting are as follows:

1. Common Stock Dividend (quarterly) for period ended March 31, 2006 to be paid June 15, 2006.
2. Transact such other business as may properly come before said meeting.

Enclosed for your prior perusal is:

1. A copy of the minutes of the Directors meeting held February 10, 2006.
2. A copy of the Quarterly Summary Report.
3. A copy of the Operating and Capital Budgets for the year ending June 30, 2007.
4. A copy of the Performance Indicators.

Please bring these documents with you to the meeting, as we plan to review them.

Lunch will be served in the downstairs meeting room after the meeting.

Very truly yours,

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

/epb  
enclosures

**DELTA NATURAL GAS COMPANY, INC.**  
**BOARD OF DIRECTORS' MEETING - 5/12/06**  
**QUARTERLY SUMMARY REPORT**

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|  | Periods ended March 31 |                       |                       |                       |
|--|------------------------|-----------------------|-----------------------|-----------------------|
|  | 9 months               |                       | 12 months             |                       |
|  | 2006<br><u>Actual</u>  | 2005<br><u>Actual</u> | 2006<br><u>Actual</u> | 2005<br><u>Actual</u> |
| Retail Sales and Unbilled Volumes                                | <u>2,909</u>           | <u>3,154</u>          | <u>3,312</u>          | <u>3,849</u>          |
| Transportation Volumes   |                        |                       |                       |                       |
| - off system   | <u>6,886</u>           | <u>5,488</u>          | <u>8,591</u>          | <u>7,253</u>          |
| - on system  | <u>4,071</u>           | <u>4,006</u>          | <u>5,339</u>          | <u>5,191</u>          |
| Total Transportation   | <u>10,957</u>          | <u>9,494</u>          | <u>13,930</u>         | <u>12,444</u>         |
| Total Throughput<br>(million cubic feet)                         | <u>13,866</u>          | <u>12,648</u>         | <u>17,242</u>         | <u>16,293</u>         |
| Actual Lexington Calendar Degree<br>Days as % of 30 Year Average | 93.5                   | 91.6                  | 93.5                  | 90.6                  |
| Net Income (\$000)   | 5,659                  | 5,394                 | 5,263                 | 5,893                 |
| Net Income Per Common Share (\$)                                 | 1.75                   | 1.68                  | 1.63                  | 1.84                  |

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The attached detailed financial data is provided for further information and review. Weather has again been warmer than normal. Weather adjusted rates have provided \$406,000 of additional revenues this year, but this was not enough to offset the weather impact. We now have a full year of the new rates from the rate case implemented in October, 2004.

Unbilled margins

for the nine months and twelve months ended March 31, 2006 declined by \$270,000 and \$1,469,000, respectively, and reduced earnings per share by \$.05 and \$.28, respectively.

DELTA NATURAL GAS COMPANY, INC.

BALANCE SHEET

March 31, 2006

| ASSETS                                 |           | 2006                      |           | 2005                      |
|--|-----------|---------------------------|-----------|---------------------------|
| GAS UTILITY PLANT, AT COST             | \$        | 177,878,569               | \$        | 170,902,985               |
| Less - Reserve for Depreciation        |           | <u>59,242,120</u>         |           | <u>56,125,788</u>         |
|  | \$        | <u>118,636,449</u>        | \$        | <u>114,777,197</u>        |
| <b>CURRENT ASSETS:</b>                 |           |                           |           |                           |
| Cash                                   | \$        | 221,041                   | \$        | 322,073                   |
| Receivables                            |           | 14,268,906                |           | 10,626,697                |
| Deferred Gas Cost                      |           | 1,370,175                 |           | 5,075,104                 |
| Gas in Storage, at Cost                |           | 6,559,200                 |           | 3,968,070                 |
| Materials and Supplies, at Cost        |           | 365,134                   |           | 380,512                   |
| Prepayments                            |           | <u>2,080,079</u>          |           | <u>2,203,217</u>          |
|  | \$        | <u>24,864,535</u>         | \$        | <u>22,575,673</u>         |
| <b>OTHER ASSETS:</b>                   |           |                           |           |                           |
| Cash Surrender Value of Life Insurance | \$        | 387,193                   | \$        | - 376,931                 |
| Unamortized Expenses                   |           | 3,773,613                 |           | 3,889,842                 |
| Receivable/Investment in Subsidiaries  |           | 406,454                   |           | 423,889                   |
| Other                                  |           | <u>4,466,855</u>          |           | <u>3,673,077</u>          |
|  | \$        | <u>9,034,115</u>          | \$        | <u>8,363,739</u>          |
| <b>TOTAL ASSETS</b>                    | <b>\$</b> | <b><u>152,535,099</u></b> | <b>\$</b> | <b><u>145,716,609</u></b> |
| <b>LIABILITIES</b>                     |           |                           |           |                           |
| <b>CAPITALIZATION:</b>                 |           |                           |           |                           |
| Common Stock                           | \$        | 3,250,768                 | \$        | 3,223,994                 |
| Paid-in Surplus                        |           | 45,515,284                |           | 44,818,906                |
| Capital Stock Expense                  |           | (2,615,274)               |           | (2,597,999)               |
| Accum Other Comprehensive Income       |           |                           |           | 0                         |
| Retained Earnings                      |           | <u>7,937,485</u>          |           | <u>6,541,228</u>          |
| Total Common Equity                    | \$        | 54,088,263                | \$        | 51,986,129                |
| Long-term Debt                         |           | <u>52,631,000</u>         |           | <u>52,738,000</u>         |
| Total Capitalization                   | \$        | <u>106,719,263</u>        | \$        | <u>104,724,129</u>        |
| <b>CURRENT LIABILITIES:</b>            |           |                           |           |                           |
| Notes Payable                          | \$        | 12,669,551                | \$        | 7,298,300                 |
| Current Portion of Long-Term Debt      |           | 1,200,000                 |           | 1,650,000                 |
| Accounts Payable                       |           | 3,212,947                 |           | 5,691,099                 |
| Accrued Taxes                          |           | 2,337,887                 |           | 1,833,665                 |
| Refunds Due Customers                  |           | 2,057                     |           | 322                       |
| Customer Deposits                      |           | 558,326                   |           | 580,940                   |
| Accrued Interest                       |           | 1,471,867                 |           | 1,497,939                 |
| Current Deferred Income Taxes          |           | 999,700                   |           | 1,021,229                 |
| Other                                  |           | <u>1,124,969</u>          |           | <u>0</u>                  |
|  | \$        | <u>23,577,304</u>         | \$        | <u>19,573,494</u>         |
| <b>DEFERRED CREDITS AND OTHER:</b>     |           |                           |           |                           |
| Deferred Income Taxes                  | \$        | 19,193,684                | \$        | 19,489,735                |
| Deferred Investment Tax Credit         |           | 260,000                   |           | 297,700                   |
| Regulatory Items                       |           | 2,548,787                 |           | 1,464,661                 |
| Advances for Construction and Other    |           | 236,061                   |           | 166,890                   |
| Accum Provision for Pensions & Benefit |           | 0                         |           | 0                         |
|  | \$        | <u>22,238,532</u>         | \$        | <u>21,418,986</u>         |
| <b>TOTAL LIABILITIES</b>               | <b>\$</b> | <b><u>152,535,099</u></b> | <b>\$</b> | <b><u>145,716,609</u></b> |

**DELTA NATURAL GAS COMPANY, INC.**  
STATEMENT OF INCOME

March 31, 2006

|  | 9 MONTH TO DATE |               | 12 MONTHS ENDED |               |
|--|-----------------|---------------|-----------------|---------------|
|  | 2006            | 2005          | 2006            | 2005          |
| <b>OPERATING REVENUES</b>                      | \$ 60,971,270   | \$ 46,802,444 | \$ 69,735,477   | \$ 57,523,265 |
| <b>OPERATING EXPENSES &amp; TAXES:</b>         |                 |               |                 |               |
| Gas Purchased                                  | \$ 39,420,056   | \$ 24,810,778 | \$ 43,554,058   | \$ 30,431,531 |
| Operations                                     | 8,366,773       | 8,073,412     | 11,530,268      | 10,239,834    |
| Maintenance                                    | 503,044         | 477,481       | 681,892         | 643,899       |
| Depreciation                                   | 3,036,854       | 3,129,414     | 4,032,119       | 4,236,849     |
| Property & Other Taxes                         | 1,252,304       | 1,228,849     | 1,687,980       | 1,637,232     |
| Income Taxes                                   | 1,827,500       | 2,179,200     | 1,349,300       | 2,244,000     |
| Total  | \$ 54,406,531   | \$ 39,899,134 | \$ 62,835,617   | \$ 49,433,345 |
| Operating Income                               | \$ 6,564,739    | \$ 6,903,310  | \$ 6,899,860    | \$ 8,089,920  |
| <b>OTHER INCOME/(EXPENSES),NET</b>             | 2,758,097       | 1,882,965     | 3,128,604       | 2,266,896     |
| Gross Income                                   | \$ 9,322,836    | \$ 8,786,275  | \$ 10,028,464   | \$ 10,356,816 |
| <b>OTHER DEDUCTIONS:</b>                       |                 |               |                 |               |
| Interest on Debt                               | \$ 3,487,010    | \$ 3,214,982  | \$ 4,529,128    | \$ 4,227,912  |
| Amortization                                   | 177,138         | 177,136       | 236,186         | 236,183       |
| Other  | -               | -             | -               | -             |
| Total  | \$ 3,664,148    | \$ 3,392,118  | \$ 4,765,314    | \$ 4,464,095  |
| <b>NET INCOME APPLICABLE TO COMMON STOCK</b>   | \$ 5,658,688    | \$ 5,394,157  | \$ 5,263,150    | \$ 5,892,721  |
| <b>EARNINGS PER AVERAGE SHARES OUTSTANDING</b> | \$ 1.75         | \$ 1.68       | \$ 1.63         | \$ 1.84       |
| <b>CUSTOMERS AT END OF PERIOD</b>              |                 |               | 38,983          | 39,988        |



**DELTA NATURAL GAS CO., INC.**  
**COMPARISON OF MCF, REVENUE AND GAS COST**  
**March 31, 2006**

|                                     | MONTH          |             |            | YEAR TO DATE   |             |            | YEAR ENDED  |            |
|-------------------------------------|----------------|-------------|------------|----------------|-------------|------------|-------------|------------|
|                                     | This Year Over |             | Last Year  | This Year Over |             | Last Year  | This Year   | Last Year  |
|                                     | (Under )       | Budget      |            | (Under )       | Budget      |            |             |            |
| DEGREE DAYS BILLED - LEXINGTON AREA |                | 821         | 719        |                | 3,324       | 3,300      | 4,317       | 4,119      |
| <b>MCF'S:</b>                       |                |             |            |                |             |            |             |            |
| DELTA NATURAL                       |                |             |            |                |             |            |             |            |
| RESIDENTIAL                         |                | 317,312     | 335,249    |                | 1,396,783   | 1,564,528  | 1,824,541   | 1,952,211  |
| SMALL COMMERCIAL                    |                | 98,796      | 99,056     |                | 437,686     | 459,094    | 554,177     | 568,785    |
| COMMERCIAL - OTHER                  |                | 122,139     | 117,486    |                | 602,072     | 610,352    | 768,922     | 773,625    |
| INDUSTRIAL                          |                | 22,219      | 23,093     |                | 118,381     | 121,523    | 150,798     | 155,444    |
| TOTAL SOLD                          |                | 560,466     | 574,884    |                | 2,554,922   | 2,755,497  | 3,298,438   | 3,450,065  |
| OFF SYSTEM                          |                | 845,347     | 677,893    |                | 6,885,467   | 5,488,459  | 8,590,589   | 7,253,298  |
| ON SYSTEM                           |                | 482,144     | 498,390    |                | 4,071,302   | 4,005,535  | 5,338,692   | 5,190,731  |
| TOTAL TRANSPORTED                   |                | 1,327,491   | 1,176,283  |                | 10,956,769  | 9,493,994  | 13,929,281  | 12,444,029 |
| TOTAL DELTA NATURAL                 |                | 1,887,957   | 1,751,167  |                | 13,511,691  | 12,249,491 | 17,227,719  | 15,894,094 |
| RESOURCES ON SYS INCL               |                | 189,800     | 195,792    |                | 1,579,533   | 1,529,647  | 2,042,401   | 1,941,015  |
| DELGASCO OFF SYS INCL               |                | 270,177     | 178,688    |                | 1,963,151   | 1,486,723  | 2,314,819   | 1,980,315  |
| <b>REVENUES:</b>                    |                |             |            |                |             |            |             |            |
| DELTA NATURAL                       |                |             |            |                |             |            |             |            |
| RETAIL SALES                        |                | 10,957,304  | 7,309,234  |                | 48,384,821  | 36,774,595 | 59,308,022  | 46,016,359 |
| UNBILLED REVENUE                    |                | (3,601,482) | (528,496)  |                | 7,022,702   | 4,974,388  | 3,294,870   | 4,974,388  |
| MISC OPERATING                      |                | 27,667      | 25,726     |                | 156,764     | 127,686    | 240,018     | 206,178    |
| OFF SYS TRANSPORT                   |                | 248,227     | 195,476    |                | 1,994,036   | 1,602,195  | 2,490,823   | 2,123,496  |
| ON SYS TRANSPORT                    |                | 409,635     | 426,697    |                | 3,412,946   | 3,323,579  | 4,401,743   | 4,202,842  |
| TOTAL DELTA NATURAL                 |                | 8,041,352   | 7,428,637  |                | 60,971,270  | 46,802,443 | 69,735,477  | 57,523,264 |
| RESOURCES ON SYS SALES              |                | 2,105,520   | 1,505,860  |                | 19,167,384  | 11,361,905 | 22,789,435  | 14,046,079 |
| DELGASCO OFF SYS SALES              |                | 2,270,876   | 1,208,757  |                | 22,573,990  | 10,712,597 | 25,356,253  | 13,927,775 |
| TOTAL CONSOLIDATED                  |                | 12,417,748  | 10,143,254 |                | 102,712,644 | 68,876,945 | 117,881,165 | 85,497,117 |
| <b>GAS COSTS:</b>                   |                |             |            |                |             |            |             |            |
| DELTA NATURAL                       |                | 8,297,153   | 4,549,805  |                | 33,941,588  | 21,651,377 | 40,605,017  | 27,272,129 |
| DELTA NATURAL UNBILLED GAS COST     |                | (2,331,959) | (187,761)  |                | 5,478,467   | 3,159,401  | 2,949,041   | 3,159,401  |
| DELTA RESOURCES                     |                | 1,967,319   | 1,331,652  |                | 17,510,879  | 9,948,050  | 20,761,268  | 12,375,809 |
| DELGASCO                            |                | 2,102,548   | 1,115,465  |                | 21,250,370  | 9,968,043  | 23,940,122  | 13,010,707 |
| TOTAL CONSOLIDATED                  |                | 10,035,061  | 6,809,161  |                | 78,181,304  | 44,726,871 | 88,255,448  | 55,818,046 |
| <b>NET SALES:</b>                   |                |             |            |                |             |            |             |            |
| DELTA NATURAL EXCLUDING UNBILLED    |                | 2,660,151   | 2,759,429  |                | 14,443,233  | 15,123,218 | 18,703,005  | 18,744,230 |
| DELTA NATURAL UNBILLED              |                | (1,269,523) | (340,735)  |                | 1,544,235   | 1,814,987  | 345,829     | 1,814,987  |
| DELTA RESOURCES TOTAL               |                | 138,201     | 174,208    |                | 1,656,505   | 1,413,855  | 2,028,167   | 1,670,270  |
| DELGASCO                            |                | 168,328     | 93,292     |                | 1,323,620   | 744,554    | 1,416,131   | 917,058    |
| TOTAL CONSOLIDATED                  |                | 1,697,157   | 2,686,194  |                | 18,967,593  | 19,096,614 | 22,493,132  | 23,146,555 |
| <b>PER MCF:</b>                     |                |             |            |                |             |            |             |            |
| DELTA NATURAL                       |                |             |            |                |             |            |             |            |
| TOTAL SALES                         |                | 19.5503     | 12.7143    |                | 18.9379     | 13.3459    | 17.9806     | 13.3378    |
| COST OF GAS                         |                | 14.8040     | 7.9143     |                | 13.2848     | 7.8575     | 12.3104     | 7.9048     |
| NET SALES                           |                | 4.7463      | 4.8000     |                | 5.6531      | 5.4884     | 5.6703      | 5.4330     |
| DELTA RESOURCES                     |                |             |            |                |             |            |             |            |
| TOTAL SALES                         |                | 11.0934     | 7.6911     |                | 12.1348     | 7.4278     | 11.1582     | 7.2365     |
| COST OF GAS                         |                | 10.3652     | 6.8014     |                | 11.0861     | 6.5035     | 10.1651     | 6.3759     |
| NET SALES                           |                | 0.7281      | 0.8898     |                | 1.0487      | 0.9243     | 0.9930      | 0.8605     |
| DELGASCO                            |                |             |            |                |             |            |             |            |
| TOTAL SALES                         |                | 8.4051      | 6.7646     |                | 11.4989     | 7.2055     | 10.9539     | 7.0331     |
| COST OF GAS                         |                | 7.7821      | 6.2425     |                | 10.8246     | 6.7047     | 10.3421     | 6.5700     |
| NET SALES                           |                | 0.6230      | 0.5221     |                | 0.6742      | 0.5008     | 0.6118      | 0.4631     |
| <b>DELTA NATURAL ONLY:</b>          |                |             |            |                |             |            |             |            |
| % Change to Customers Between Yrs:  | Total Cost     |             | 53.8%      |                | 41.9%       |            | 34.8%       |            |
|                                     | Gas Cost       |             | 54.2%      |                | 40.7%       |            | 33.0%       |            |
|                                     | Net Sales      |             | -0.4%      |                | 1.2%        |            | 1.8%        |            |

DELTA NATURAL GAS CO., IN ) SUBSIDIARIES  
 Income Statement - Delta Natural Gas Co  
 July 01, 2005 - March 31, 2006

|                                    | Current<br>Month Amount | Last Year<br>Curr Month Amount | Current<br>Y-T-D Amount | Current Year<br>Y-T-D Budget | Last Year<br>Y-T-D Amount | 12 Month<br>Y-T-D Amount | Previous 12<br>Month Amount |
|------------------------------------|-------------------------|--------------------------------|-------------------------|------------------------------|---------------------------|--------------------------|-----------------------------|
| 01                                 |                         |                                |                         |                              |                           |                          |                             |
| <b>OPERATING REVENUES</b>          |                         |                                |                         |                              |                           |                          |                             |
| <b>General Service Rate Billed</b> |                         |                                |                         |                              |                           |                          |                             |
| Residential                        | 4,202,000.82CR          | 4,048,824.01CR                 | 31,491,622.20CR         |                              | 24,455,431.84CR           | 35,735,446.54CR          | 29,813,831.96CR             |
| Small Commercial                   | 1,207,405.28CR          | 1,133,462.47CR                 | 9,425,471.88CR          |                              | 6,926,557.73CR            | 10,539,569.76CR          | 8,444,969.90CR              |
| Other Commercial                   | 1,623,587.94CR          | 1,301,818.71CR                 | 11,918,308.32CR         |                              | 8,202,972.12CR            | 13,559,082.60CR          | 10,174,888.97CR             |
| Industrial                         | 218,543.95CR            | 193,234.83CR                   | 1,642,987.74CR          |                              | 1,128,507.28CR            | 1,860,902.07CR           | 1,403,238.36CR              |
| Unmetered Gas Light                | 995.40CR                | .00                            | 7,373.31CR              |                              | 8,575.43CR                | 7,373.31CR               | 11,898.20CR                 |
| Residential WNA                    | 19,931.59CR             | 40,743.94CR                    | 317,023.59CR            |                              | 523,188.16CR              | 256,711.65CR             | 545,028.06CR                |
| Small Non-Residential WNA          | 3,775.26CR              | 8,480.35CR                     | 89,059.27CR             |                              | 133,022.60CR              | 75,605.55CR              | 138,403.75CR                |
| Weather Normalization Revenue      | 23,706.85CR             | 49,224.29CR                    | 406,082.86CR            |                              | 656,510.76CR              | 332,317.20CR             | 683,431.81CR                |
| <b>Total General Service Ra</b>    | <b>7,276,240.24CR</b>   | <b>6,726,564.31CR</b>          | <b>54,891,846.31CR</b>  |                              | <b>41,378,555.16CR</b>    | <b>62,034,691.48CR</b>   | <b>50,532,259.20CR</b>      |
| <b>Interruptible Rate Billed</b>   |                         |                                |                         |                              |                           |                          |                             |
| Commercial                         | 5,948.09CR              | 3,458.63CR                     | 34,448.91CR             |                              | 22,618.38CR               | 36,984.45CR              | 28,831.70CR                 |
| Industrial                         | 73,634.07CR             | 50,715.07CR                    | 481,228.21CR            |                              | 347,809.82CR              | 531,216.57CR             | 429,656.77CR                |
| <b>Total Interruptible Rate</b>    | <b>79,582.16CR</b>      | <b>54,173.70CR</b>             | <b>515,677.12CR</b>     |                              | <b>370,428.20CR</b>       | <b>568,201.02CR</b>      | <b>458,488.47CR</b>         |
| <b>Total Gas Revenue</b>           | <b>7,355,822.40CR</b>   | <b>6,780,738.01CR</b>          | <b>55,407,523.43CR</b>  |                              | <b>41,748,983.36CR</b>    | <b>62,602,892.50CR</b>   | <b>50,990,747.67CR</b>      |
| Miscellaneous Operating Revenue    | 27,667.00CR             | 25,726.00CR                    | 156,764.00CR            |                              | 127,685.90CR              | 240,018.00CR             | 206,177.90CR                |
| Off System Transportation Reven    | 248,227.46CR            | 195,476.32CR                   | 1,994,036.20CR          |                              | 1,602,195.66CR            | 2,490,822.62CR           | 2,123,496.44CR              |
| On System Transportation Revenue   | 409,635.00CR            | 426,696.88CR                   | 3,412,946.11CR          |                              | 3,323,579.30CR            | 4,401,743.29CR           | 4,202,842.49CR              |
| <b>TOTAL OPERATING REVENUE</b>     | <b>8,041,351.86CR</b>   | <b>7,428,637.21CR</b>          | <b>60,971,269.74CR</b>  |                              | <b>46,802,444.22CR</b>    | <b>69,735,476.41CR</b>   | <b>57,523,264.50CR</b>      |
| <b>OPERATING EXPENSES</b>          |                         |                                |                         |                              |                           |                          |                             |
| Purchased Gas                      | 5,965,194.45            | 4,362,043.42                   | 39,420,055.58           |                              | 24,810,777.50             | 43,554,058.27            | 30,431,530.24               |
| Recovery of Canada Mountain        | .00                     | .00                            | .00                     |                              | .00                       | .00                      | .00                         |
| Purchased Gas, net                 | 5,965,194.45            | 4,362,043.42                   | 39,420,055.58           |                              | 24,810,777.50             | 43,554,058.27            | 30,431,530.24               |
| Operation Expense                  |                         |                                |                         |                              |                           |                          |                             |
| Labor                              | 582,404.23              | 559,603.72                     | 4,453,003.63            |                              | 4,408,086.27              | 6,480,866.36             | 5,829,676.59                |
| Transportation                     | 128,601.00              | 51,170.00                      | 553,709.73              |                              | 524,407.07                | 717,952.73               | 767,396.75                  |

DELTA NATURAL GAS CO., INC SUBSIDIARIES  
Income Statement - Delta  
July 01, 2005 - March 31, 2006

|                               | Current<br>Month Amount | Last Year<br>Curr Month Amount | Current<br>Y-T-D Amount | Last Year<br>Y-T-D Amount | 12 Month<br>Y-T-D Amount | Previous 12<br>Month Amount |
|-------------------------------|-------------------------|--------------------------------|-------------------------|---------------------------|--------------------------|-----------------------------|
| General Operations            | 56,691.04               | 28,464.53                      | 375,455.27              | 293,652.23                | 470,776.10               | 393,548.67                  |
| Customer Billing              | 23,764.71               | 13,948.07                      | 174,827.31              | 181,563.77                | 237,870.87               | 219,955.94                  |
| Uncollectible Accounts        | 42,500.00               | 117,000.00                     | 602,464.04              | 496,282.61                | 573,223.20               | 536,657.27                  |
| Administrative                | 50,429.94               | 40,619.65                      | 435,367.32              | 355,468.86                | 575,007.15               | 483,020.67                  |
| Outside Services              | 58,108.60               | 72,078.91                      | 507,811.54              | 468,741.06                | 695,701.29               | 553,509.11                  |
| Insurance                     | 64,874.17               | 59,933.65                      | 545,052.18              | 534,650.85                | 765,725.59               | 683,031.44                  |
| Employee Benefits             | 184,297.47              | 234,477.75                     | 1,644,676.21            | 1,824,921.67              | 2,295,628.50             | 2,311,750.13                |
| General Administration        | 41,242.33               | 49,227.94                      | 617,547.10              | 590,683.06                | 869,796.63               | 752,982.97                  |
| Expenses Transferred          | 192,517.24CR            | 205,019.06CR                   | 1,800,660.66CR          | 1,813,245.28CR            | 2,484,168.26CR           | 2,569,540.24CR              |
| Other                         | 36,727.61               | 25,822.08                      | 257,539.51              | 208,200.13                | 331,887.80               | 277,846.27                  |
| Total Operation Expense       | 1,077,123.86            | 1,047,327.24                   | 8,366,773.18            | 8,073,412.30              | 11,530,267.96            | 10,239,835.57               |
| Maintenance Expense           |                         |                                |                         |                           |                          |                             |
| Labor                         | 18,956.80               | 5,575.21                       | 91,897.16               | 99,233.46                 | 114,424.47               | 137,869.24                  |
| Transportation                | 10,803.61               | 1,645.18                       | 32,789.28               | 43,330.44                 | 40,240.77                | 65,630.31                   |
| Mains                         | 11,390.65               | 6,800.97                       | 46,984.07               | 63,083.25                 | 65,696.92                | 78,840.19                   |
| Meter & Regulators            | 4,444.66                | 3,009.59                       | 38,693.01               | 24,656.70                 | 66,399.17                | 35,406.25                   |
| Other                         | 20,335.85               | 19,821.12                      | 232,680.59              | 247,177.82                | 395,129.97               | 326,153.36                  |
| Total Maintenance Expense     | 65,931.57               | 36,852.07                      | 503,044.11              | 477,481.67                | 681,891.30               | 643,899.35                  |
| Depreciation Expense          | 346,797.37              | 329,954.98                     | 3,036,854.14            | 3,129,414.27              | 4,032,119.34             | 4,236,848.90                |
| Taxes Other Than Income Taxes |                         |                                |                         |                           |                          |                             |
| Property Taxes                | 104,621.00              | 102,504.86                     | 868,023.12              | 844,051.33                | 1,150,983.29             | 1,132,102.38                |
| Payroll Taxes                 | 43,600.15               | 45,453.90                      | 384,281.42              | 384,797.64                | 536,996.84               | 505,130.50                  |
| Total Other Taxes             | 148,221.15              | 147,958.76                     | 1,252,304.54            | 1,228,848.97              | 1,687,980.13             | 1,637,232.88                |
| Income Taxes                  |                         |                                |                         |                           |                          |                             |
| Current Federal               | 18,900.00               | 440,125.00                     | 1,251,340.00            | 999,255.00                | 417,315.00CR             | 666,080.00CR                |
| Current State                 | .00                     | .00                            | 43,165.00CR             | 218,505.00CR              | 68,540.00                | 325,305.00                  |
| Deferred Federal & State      | 4,900.00CR              | 2,125.00CR                     | 647,525.00              | 1,426,950.00              | 1,735,775.00             | 2,622,875.00                |
| Investment Tax Credit-Net     | 3,133.33CR              | 3,166.67CR                     | 28,200.01CR             | 28,499.99CR               | 37,700.02CR              | 38,099.99CR                 |
| Total Income Taxes            | 10,866.67               | 434,833.33                     | 1,827,499.99            | 2,179,200.01              | 1,349,299.98             | 2,244,000.01                |
| TOTAL OPERATING EXPENSES      | 7,614,135.07            | 6,358,969.90                   | 54,406,531.54           | 59,899,134.72             | 62,835,616.98            | 49,433,346.95               |

DELTA NATURAL GAS CO., INC. SUBSIDIARIES  
 Income Statement - Delta  
 July 01, 2005 - March 31, 2006

|                                | Current<br>Month Amount | Last Year<br>Curr Month Amount | Current<br>Y-T-D Amount | Current Year<br>Y-T-D Budget | Last Year<br>Y-T-D Amount | 12 Month<br>Y-T-D Amount | Previous 12<br>Month Amount |
|--------------------------------|-------------------------|--------------------------------|-------------------------|------------------------------|---------------------------|--------------------------|-----------------------------|
| OPERATING INCOME               | 427,216.79CR            | 1,069,667.41CR                 | 6,564,738.20CR          |                              | 6,903,309.50CR            | 6,899,859.43CR           | 8,089,917.55CR              |
| NON REGULATED INCOME           |                         |                                |                         |                              |                           |                          |                             |
| Net Income from Subsidiaries   | 241,931.00CR            | 197,217.00CR                   | 2,712,242.00CR          |                              | 1,845,384.00CR            | 3,065,586.00CR           | 2,203,226.00CR              |
| Income Tax Non Regulated       | 4,100.00                | 1,600.00                       | 27,900.00               |                              | 22,700.00                 | 40,800.00                | 33,500.00                   |
| Other Net Inc Before Inc Taxes | 10,886.11CR             | 4,384.80CR                     | 73,754.42CR             |                              | 60,281.48CR               | 103,816.26CR             | 97,170.95CR                 |
| Net Non Regulated Income       | 248,717.11CR            | 200,001.80CR                   | 2,758,096.42CR          |                              | 1,882,965.48CR            | 3,128,602.26CR           | 2,266,896.95CR              |
| Income Before Interest Charges | 675,933.90CR            | 1,269,669.21CR                 | 9,322,834.62CR          |                              | 8,786,274.98CR            | 10,028,461.69CR          | 10,356,814.50CR             |
| INTEREST CHARGES               |                         |                                |                         |                              |                           |                          |                             |
| Interest On Long-Term Debt     | 314,104.30              | 317,344.93                     | 2,832,915.60            |                              | 2,859,192.66              | 3,783,415.60             | 3,815,892.66                |
| Interest On Short-Term Debt    | 73,144.27               | 32,346.44                      | 631,662.00              |                              | 333,175.11                | 715,099.96               | 379,362.86                  |
| Other Interest                 | 2,772.56                | 2,837.69                       | 22,431.65               |                              | 22,613.58                 | 30,611.65                | 32,653.93                   |
| Amortization of Debt Expense   | 19,681.75               | 19,681.75                      | 177,137.75              |                              | 177,135.75                | 236,186.00               | 236,183.00                  |
| Total Interest Charges         | 409,702.88              | 372,210.81                     | 3,664,147.00            |                              | 3,392,117.10              | 4,765,313.21             | 4,464,092.45                |
| NET INCOME                     | 266,231.02CR            | 897,458.40CR                   | 5,658,687.62CR          |                              | 5,394,157.88CR            | 5,263,148.48CR           | 5,892,722.05CR              |

DELTA NATURAL GAS CO., INC SUBSIDIARIES  
 Income Statement - Delta Resources  
 July 01, 2005 - March 31, 2006

|                        | Current<br>Month Amount | Last Year<br>Curr Month Amount | Current<br>Y-T-D Amount | Last Year<br>Y-T-D Amount | 12 Month<br>Y-T-D Amount | Previous 12<br>Month Amount |
|------------------------|-------------------------|--------------------------------|-------------------------|---------------------------|--------------------------|-----------------------------|
| <b>Revenues</b>        |                         |                                |                         |                           |                          |                             |
| Other Revenue          | 3,955.55CR              | 2,666.80CR                     | 15,294.74               | 3,842.65CR                | 2,061.81                 | 8,117.15CR                  |
| Sales To Parent        | .00                     | .00                            | .00                     | .00                       | .00                      | .00                         |
| Sales To Others        | 2,360.676.35CR          | 1,768.354.98CR                 | 21,329,893.20CR         | 13,483,304.72CR           | 25,601,013.14CR          | 16,731,715.08CR             |
| <b>Total Revenues</b>  | <b>2,364,631.90CR</b>   | <b>1,771,021.78CR</b>          | <b>21,314,598.46CR</b>  | <b>13,487,147.37CR</b>    | <b>25,598,951.33CR</b>   | <b>16,739,832.23CR</b>      |
| <b>Expenses</b>        |                         |                                |                         |                           |                          |                             |
| Purchased Gas          | 1,967,319.00            | 1,331,652.95                   | 17,510,878.82           | 9,948,050.41              | 20,761,267.13            | 12,375,809.06               |
| Transportation Fee     | 255,156.59              | 262,495.24                     | 2,162,509.34            | 2,121,399.96              | 2,811,578.04             | 2,685,636.33                |
| Uncollectible Accounts | .00                     | .00                            | .00                     | .00                       | .00                      | .00                         |
| Outside Services       | 2,166.00                | 1,800.00                       | 24,474.00               | 20,826.00                 | 76,974.00                | 25,117.03                   |
| Taxes - Non Income     | .00                     | .00                            | .00                     | .00                       | .00                      | .00                         |
| Income Taxes           | 51,300.00               | 64,100.00                      | 592,300.00              | 511,700.00                | 759,500.00               | 633,200.00                  |
| <b>Total Expenses</b>  | <b>2,275,941.59</b>     | <b>1,660,048.19</b>            | <b>20,290,162.16</b>    | <b>12,601,976.37</b>      | <b>24,409,319.17</b>     | <b>15,719,762.42</b>        |
| <b>Net Income</b>      | <b>88,690.31CR</b>      | <b>110,973.59CR</b>            | <b>1,024,436.30CR</b>   | <b>885,171.00CR</b>       | <b>1,189,632.16CR</b>    | <b>1,020,069.81CR</b>       |

DELTA NATURAL GAS CO., INC. SUBSIDIARIES  
 Income Statement - Deigasco  
 July 01, 2005 - March 31, 2006

|                        | Current<br>Month Amount | Last Year<br>Curr Month Amount | Current<br>Y-T-D Amount | Current Year<br>Y-T-D Budget | Last Year<br>Y-T-D Amount | 12 Month<br>Y-T-D Amount | Previous 12<br>Month Amount |
|------------------------|-------------------------|--------------------------------|-------------------------|------------------------------|---------------------------|--------------------------|-----------------------------|
| 03 Revenues            |                         |                                |                         |                              |                           |                          |                             |
| Other Revenue          | 8,822.34                | 98.84                          | 40,645.62               |                              | 1,007.18CR                | 34,612.79                | 3,489,44CR                  |
| Sales To Affiliates    | 833,633.49CR            | 656,440.70CR                   | 17,509,777.52CR         |                              | 10,050,267.06CR           | 20,657,947.78CR          | 12,351,009.14CR             |
| Sales To Others        | 2,354,750.20CR          | 1,263,766.76CR                 | 23,183,389.56CR         |                              | 11,185,427.18CR           | 26,080,174.48CR          | 14,561,073.59CR             |
| Total Revenues         | 3,179,541.35CR          | 1,920,110.62CR                 | 40,652,521.46CR         |                              | 21,236,701.42CR           | 46,703,509.47CR          | 26,915,572.17CR             |
| Expenses               |                         |                                |                         |                              |                           |                          |                             |
| Purchased Gas          | 2,936,161.10            | 1,771,905.39                   | 38,760,147.00           |                              | 20,018,309.62             | 44,596,069.41            | 25,361,716.15               |
| Miscellaneous Expenses | 83,874.18               | 55,012.10                      | 609,399.18              |                              | 472,830.02                | 723,920.86               | 646,200.39                  |
| Outside Services       | 2,123.00                | 2,478.00                       | 28,911.00               |                              | 18,862.00                 | 81,895.00                | 9,230.51                    |
| Taxes - Non Income     | 814.00                  | .00                            | 7,630.63                |                              | 3,028.34                  | 8,835.63                 | 3,058.34                    |
| Income Taxes           | 61,400.00               | 35,600.00                      | 488,900.00              |                              | 283,900.00                | 504,700.00               | 348,800.00                  |
| Total Expenses         | 3,084,372.28            | 1,864,995.49                   | 39,894,987.81           |                              | 20,796,929.98             | 45,917,420.90            | 26,369,005.39               |
| Net Income             | 95,169.07CR             | 55,115.13CR                    | 757,533.65CR            |                              | 439,771.44CR              | 786,088.57CR             | 546,566.78CR                |

DELTA NATURAL GAS CO., INC SUBSIDIARIES  
 Income Statement - Enpro  
 July 01, 2005 - March 31, 2006

|                               | Current<br>Month Amount | Last Year<br>Curr Month Amount | Current<br>Y-T-D Amount | Current Year<br>Y-T-D Budget | Last Year<br>Y-T-D Amount | 12 Month<br>Y-T-D Amount | Previous 12<br>Month Amount |
|-------------------------------|-------------------------|--------------------------------|-------------------------|------------------------------|---------------------------|--------------------------|-----------------------------|
| 05                            |                         |                                |                         |                              |                           |                          |                             |
| <b>Revenues</b>               |                         |                                |                         |                              |                           |                          |                             |
| Gas Production                | 113,364.73CR            | 69,185.04CR                    | 1,835,822.19CR          |                              | 1,047,625.39CR            | 2,229,948.39CR           | 1,119,488.43CR              |
| Oil Production                | 1,141.58CR              | .00                            | 8,668.06CR              |                              | 31,488.08CR               | 8,668.06CR               | 38,267.67CR                 |
| Royalty                       | 8,874.05CR              | 9,559.35CR                     | 99,171.15CR             |                              | 63,758.44CR               | 139,687.09CR             | 76,520.45CR                 |
| Other                         | .00                     | .00                            | .00                     |                              | 36,409.35CR               | 14.84                    | 36,409.35CR                 |
| <b>Total Revenues</b>         | 123,380.36CR            | 78,744.39CR                    | 1,943,661.40CR          |                              | 1,179,281.26CR            | 2,378,288.70CR           | 1,470,655.90CR              |
| <b>Expenses</b>               |                         |                                |                         |                              |                           |                          |                             |
| Depletion, Depreciation, & Ac | 9,986.18                | 10,020.88                      | 89,880.82               |                              | 94,764.12                 | 119,943.26               | 122,920.53                  |
| Well Opr & Mnt                | 2,242.80                | 3,130.66                       | 19,737.32               |                              | 14,623.98                 | 25,731.75                | 20,053.39                   |
| Purchased Gas                 | 19,946.60               | 1,105.83                       | 313,893.19              |                              | 54,615.21                 | 346,999.68               | 74,099.63                   |
| Royalty & W.I.                | .00                     | 13,957.77                      | .00                     |                              | 135,698.54                | 44,886.44                | 173,750.07                  |
| Outside Services              | 1,699.00                | 1,602.00                       | 19,901.91               |                              | 20,021.71                 | 73,166.91                | 21,276.23                   |
| Interest Expense              | 5,980.00CR              | 1,500.00CR                     | 30,280.00CR             |                              | 5,898.99CR                | 35,980.00CR              | 8,698.99CR                  |
| Taxes - Non Income            | 1,314.00                | .00                            | 21,156.31               |                              | 21,014.59                 | 20,975.20                | 23,064.59                   |
| Income Taxes                  | 36,100.00               | 19,300.00                      | 579,100.00              |                              | 324,000.00                | 692,700.00               | 407,600.00                  |
| <b>Total Expenses</b>         | 65,308.58               | 47,617.14                      | 1,013,389.35            |                              | 658,839.16                | 1,288,423.24             | 834,065.45                  |
| <b>Operating Income</b>       | 58,071.78CR             | 31,127.25CR                    | 930,272.05CR            |                              | 520,442.10CR              | 1,089,865.46CR           | 636,590.45CR                |
| Net Income from Subs          | .00                     | .00                            | .00                     |                              | .00                       | .00                      | .00                         |
| <b>Net Income</b>             | 58,071.78CR             | 31,127.25CR                    | 930,272.05CR            |                              | 520,442.10CR              | 1,089,865.46CR           | 636,590.45CR                |

DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES  
BUDGET REPORT BY AGENT  
For Period 7/01/2005 - 3/31/2006

CAPITAL EXPENDITURES

All Agents

ALH ALAN L HEATH

- 1117 CUSH GAS
- 1325 LAND&RGHTS
- 1327 STRUCTURES
- 1331 WELL EQUIP
- 1332 GATH LINES
- 1333 COMP EQUIP
- 1334 REG STAT
- 135001 STORAGE LD
- 135002 STOR ROW
- 1351 STRUCTURES
- 1352 STOR WELLS
- 135201 STORAGE RT
- 135202 STOR RESEV
- 135203 NONR NAT G
- 1353 STORAGE LN
- 1354 COMPR EQUIP
- 1355 REG EQUIP
- 1356 PURIFICATN
- 1357 OTHER EQUIP
- 136501 LAND RGHTS
- 136502 TRAN ROW
- 1366 TRAN STRUC
- 1367 TRAN MAINS
- 1368 COMP STAT
- 1369 REG EQUIP
- 1371 OTHR EQUIP
- 1381 METERS



DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES  
BUDGET REPORT BY AGENT  
For Period 7/01/2005 - 3/31/2006

CAPITAL EXPENDITURES

All Agents

ALH ALAN L HEATH

- 1383 REGULATORS
- 1385 IND METERS
- 1395 LAB EQUIP
- 139901 MAPPING
- 5117 CUSHN GAS
- 532503 MIN RIGHTS
- 532521 LEASEH-GAS
- 532522 PROD L OIL
- 532523 INT INVESM
- 533101 GAS WELL E
- 533102 OIL W EQUIP
- 535006 GAS RGT ST

Total ALH ALH

DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES  
BUDGET REPORT BY AGENT  
For Period 7/01/2005 - 3/31/2006

CAPITAL EXPENDITURES  
All Agents

GRJ GLENN R. JENNINGS

139909. CONTINGENC

Total GRJ GRJ

DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES

BUDGET REPORT BY AGENT

For Period 7/01/2005 - 3/31/2006

CAPITAL EXPENDITURES

All Agents

JFH JOHN P HALL

139902 COMP SOFTW

139903 COMP HWARE

Total JFH JFH

DELTA NATURAL GAS CO., INC. AND SUBSIDIARIES  
BUDGET REPORT BY AGENT  
For Period 7/01/2005 - 3/31/2006

CAPITAL EXPENDITURES  
All Agents

JLC JOHNNY L CAUDILL

- 1121 NON U PROP
- 1374 LAND & ROW
- 1375 DIS STRUCT
- 1376 DIST MAINS
- 1378 REG STAINS
- 1379 CG REG STA
- 1380 DIST SERV
- 1382 MET&REG IN
- 1389 LAND&RGHTS
- 1390 STRUCTURES
- 1391 FURN&EQUIP
- 1392 TRANSP EQP
- 1393 STORES EQP
- 1394 TOOLS&EQUIP
- 139401 CNG EQUIPM
- 1396 PO EQUIPMT
- 1397 COMM EQUIP
- 1398 MISC EQUIP
- 139831 OFFC EQUIP

Total JLC JLC

Grand Total



## COMPANY CORRESPONDENCE

To: Officers

From: Glenn Jennings *GJ*

Subject: Fiscal 2007 Budgets

Date: April 24, 2006

Attached are Delta's proposed operating and capital budgets for the upcoming fiscal year of July 1, 2006 through June 30, 2007. Each operating budget account compares the budget for 2007 with the 2006 budget and the twelve months ended December 31, 2005 actual results. The capital budget comparison includes the proposed budget for fiscal 2007, and reflects fiscal year-to-date actual results through December 31, 2005. It also includes projections for fiscal 2008 – 2010.

Retail sales volumes are budgeted utilizing historical usage factors and are based upon normal (thirty year average) degree days. Adjustments are made for known changes in customers' requirements and to reflect expected customer growth. Revenues are budgeted based upon current rates. Gas cost, the largest operating cost, is developed using expected purchases based upon budgeted sales volumes. Those volumes for retail sales are priced at the gas cost recovery rates currently in effect.

Comparative throughput volumes are as follows (in million cubic feet) for the twelve month periods:

|   | <u>6/30/07</u> | <u>6/30/06</u> | <u>12/31/05</u> |
|---|----------------|----------------|-----------------|
|   | <u>Budget</u>  | <u>Budget</u>  | <u>Actual</u>   |
| Retail Sales Volumes                      |                |                | 3,605           |
| Off System Transportation                 |                |                | 8,247           |
| On System Transportation                  |                |                | <u>5,336</u>    |
|   |                |                | <u>17,188</u>   |
| Billed degree days (% of 30 year average) |                |                | 94.1%           |

Transportation revenues are estimated based upon

Payroll is based on

Some other major budget components in the operating budget include:

The capital budget for 2007 is projected at \$10,421,200. Distribution mains of

This budget package will be sent to the Board with the notice for the May 12, 2006 meeting. The budgets will be reviewed with the Board for their consideration and approval at that meeting.

**Fiscal 2007 Income Statement Budget Summary**  
 Compared with Calendar 2005 Actual and Fiscal 2006 Budget  
 By Financial Statement Caption

*Delta Natural Gas Co., Inc.*

|                                     | <u>Proposed<br/>Budget Fiscal<br/>2007</u> | <u>Actual Calendar<br/>2005</u> | <u>Proposed<br/>Budget Fiscal<br/>2006</u> |
|-------------------------------------|--|---------------------------------|--|
| OPERATING REVENUES                  |  | (62,682,261)                    |  |
| OPERATING EXPENSES                  |  |                                 |  |
| Purchased gas                       |  | 35,650,664                      |  |
| Operation and maintenance           |  | 12,039,897                      |  |
| Depreciation and depletion          |  | 3,988,963                       |  |
| Taxes other than income taxes       |  | 1,675,148                       |  |
| Income tax expense                  |  | 1,806,800                       |  |
| Total operating expenses            |  | <u>55,161,472</u>               |  |
| OPERATING INCOME                    |  | (7,520,789)                     |  |
| OTHER INCOME AND DEDUCTIONS, NET    |  | (2,763,571)                     |  |
| INTEREST CHARGES                    |  | <u>4,635,349</u>                |  |
| NET INCOME                          |  | <u>(5,649,011)</u>              |  |
| EARNINGS PER COMMON SHARE           |  | <u>(1.75)</u>                   |  |
| WEIGHTED AVERAGE NUMBER OF SHARES   |  | <u>3,229,324</u>                |  |
| DIVIDENDS DECLARED PER COMMON SHARE |  | <u>1.19</u>                     |  |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

DELTA NATURAL GAS CO, INC.

Layer 2 of 5

|  | 2005 - Total Amount |
|--|---------------------|
| GENERAL SERVICE RATE                                       | -55,139,008         |
| RESIDENTIAL  | -32,220,365         |
| 1.480.010 - GS RATE SALES RESIDENTIAL                      | -30,866,875         |
| 1.480.011 - UNBILLED REVENUE - RESIDENTIAL                 | -1,347,817          |
| 1.480.050 - UNMETERED GAS LIGHT REVENUE                    | -5,673              |
| COMMERCIAL   | -20,969,355         |
| 1.480.020 - GS RATE SALES OTHER COMMERCIAL                 | -10,932,196         |
| 1.480.021 - UNBILLED REVENUE - OTHER COMMERCIAL            | -701,904            |
| 1.480.040 - GS RATE SALES SMALL COMMERCIAL                 | -8,846,859          |
| 1.480.041 - UNBILLED REVENUE - SMALL COMMERCIAL            | -488,396            |
| INDUSTRIAL   | -1,620,717          |
| 1.480.030 - GS RATE SALES INDUSTRIAL                       | -1,485,026          |
| 1.480.031 - UNBILLED REVENUE - INDUSTRIAL                  | -135,691            |
| WEATHER NORMALIZATION REVENUE                              | -328,571            |
| 1.480.060 - WNA RESIDENTIAL                                | -261,649            |
| 1.480.070 - WNA SMALL NON-RESIDENTIAL                      | -66,922             |
| INTERRUPTIBLE RATE   | -493,103            |
| COMMERCIAL   | -28,944             |
| 1.481.020 - INTERRUPTIBLE RATE COMMERCIAL                  | -25,388             |
| 1.481.021 - UNBILLED REVENUE INTERRUPTIBLE RATE COMMERCIAL | -3,556              |
| INDUSTRIAL   | -464,159            |
| 1.481.030 - INTERRUPTIBLE RATE INDUSTRIAL                  | -455,431            |
| 1.481.031 - UNBILLED REVENUE INTERRUPTIBLE RATE INDUSTRIAL | -8,728              |
| MISCELLANEOUS REVENUE                                      | -235,519            |
| MISCELLANEOUS OPERATING REVENUE                            | -235,519            |
| 1.488.010 - COLLECTION REVENUE                             | -119,865            |
| 1.488.020 - RECONNECT REVENUE                              | -106,272            |
| 1.488.030 - METER TEST REVENUE                             | -12                 |
| 1.488.040 - BAD CHECK REVENUE                              | -9,370              |



**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

| DELTA NATURAL GAS CO, INC.                           |  | Layer 2 of 5           |  |
|--|--|------------------------|--|
|  |  | 2005 . Total<br>Amount |  |
| TRANSPORTATION REVENUE                               |  | -6,814,632             |  |
| OFF SYSTEM TRANSPORTATION REVENUE                    |  | -2,382,931             |  |
| 1.489.020 - OFF SYSTEM TRANSP REVENUE                |  | -1,709,109             |  |
| 1.489.021 - OFF SYSTEM TRANSP REVENUE - DELGASCO     |  | -673,821               |  |
| ON SYSTEM TRANSPORTATION REVENUE                     |  | -4,431,701             |  |
| 1.489.040 - ON SYSTEM TRANSP REVENUE                 |  | -1,610,509             |  |
| 1.489.041 - ON SYSTEM TRANSP DR                      |  | -2,821,192             |  |
| PURCHASED GAS  |  | 35,650,664             |  |
| PURCHASED GAS  |  | 35,650,664             |  |
| 1.803.000 - PURCHASED GAS - OUTSIDE                  |  | 33,029,799             |  |
| 1.803.110 - UNBILLED PURCHASE GAS                    |  | 2,620,865              |  |
| OPERATION EXPENSE                                    |  | 11,428,618             |  |
| LABOR  |  | 6,418,788              |  |
| 1.753.010 - WELLS & GATHERING PAYROLL                |  | 17,334                 |  |
| 1.754.010 - COMPRESSOR STATION PAYROLL               |  | 51,154                 |  |
| 1.816.010 - CM WELLS EXPENSES - PAYROLL              |  | 54,446                 |  |
| 1.818.010 - CM COMPRESSOR STATION EXPENSES - PAYROLL |  | 18,224                 |  |
| 1.900.010 - TRANS & DIST. PAYROLL                    |  | 2,436,349              |  |
| 1.903.010 - CASHING PAYROLL                          |  | 391,234                |  |
| 1.920.010 - ADMINISTRATIVE PAYROLL                   |  | 2,355,694              |  |
| 1.926.010 - TIME OFF PAYROLL                         |  | 1,094,355              |  |
| TRANSPORTATION                                       |  | 625,837                |  |
| 1.900.020 - OPR TRANSPORTATION EXPENSES              |  | 549,637                |  |
| 1.920.020 - ADM TRANSPORTATION EXPENSES              |  | 76,200                 |  |
| GENERAL OPERATIONS                                   |  | 399,924                |  |
| 1.821.020 - CM PURIFICATION OF NATURAL GAS - MISC    |  | 30,092                 |  |
| 1.871.000 - TELEMETRY COSTS                          |  | 51,362                 |  |
| 1.880.010 - OPERATIONS OFFICE TELEPHONE              |  | 98,767                 |  |
| 1.880.020 - OPERATIONS OFFICE UTILITIES              |  | 57,013                 |  |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

| DELTA NATURAL GAS CO, INC.                 |                           | Layer 2 of 5           |                        |  |
|--|---------------------------|------------------------|------------------------|--|
|  | 2007 - Proposed<br>Amount | 2005 - Total<br>Amount | 2006 Adopted<br>Amount |  |
| 1.880.030 - OPERATIONS OFFICE MISC.        |                           | 65,725                 |                        |  |
| 1.880.040 - FEES TRAINING SCHOOLS          |                           | 35,354                 |                        |  |
| 1.880.050 - UNIFORMS                       |                           | 30,988                 |                        |  |
| 1.880.060 - WELDING SUPPLIES               |                           | 13,640                 |                        |  |
| 1.881.020 - RENT LAND & LAND RIGHTS        |                           | 16,984                 |                        |  |
| CUSTOMER BILLING                           |                           | 231,133                |                        |  |
| 1.903.020 - CUSTOMER COLLECTIONS & RECORDS |                           | 231,133                |                        |  |
| UNCOLLECTIBLE ACCOUNTS                     |                           | 601,623                |                        |  |
| 1.904.000 - UNCOLLECTIBLE ACCOUNTS         |                           | 601,623                |                        |  |
| ADMINISTRATIVE                             |                           | 552,025                |                        |  |
| 1.921.010 - ADM TELEPHONE                  |                           | 142,713                |                        |  |
| 1.921.030 - BOOKS & SUBSCRIPTIONS          |                           | 27,127                 |                        |  |
| 1.921.040 - COMPANY FORMS                  |                           | 24,543                 |                        |  |
| 1.921.050 - SMALL SUPPLY ITEMS             |                           | 57,416                 |                        |  |
| 1.921.060 - MISCELLANEOUS OTHER ITEMS      |                           | 130,062                |                        |  |
| 1.921.070 - EMPLOYEE MEMBERSHIPS           |                           | 3,512                  |                        |  |
| 1.921.080 - SAFETY LITERATURE & EDUCATION  |                           | 13,259                 |                        |  |
| 1.921.090 - ENGR & DRAFTING SUPPLIES       |                           | 6,025                  |                        |  |
| 1.921.100 - ADM UTILITIES                  |                           | 44,156                 |                        |  |
| 1.921.110 - INVENTORY - DIFFERENCE         |                           | 2,869                  |                        |  |
| 1.921.210 - TRAVEL ETC CO BUS PRES & CEO   |                           | 6,801                  |                        |  |
| 1.921.220 - TRAVEL ETC CO BUS OFFICERS     |                           | 11,713                 |                        |  |
| 1.921.230 - TRAVEL ETC CO BUS OPER & CONST |                           | 15,516                 |                        |  |
| 1.921.240 - TRAVEL ETC CO BUS ADM&CUST SER |                           | 4,818                  |                        |  |
| 1.921.260 - TRAVEL ETC CO BUS FINANCE      |                           | 8,232                  |                        |  |
| 1.921.290 - CO. BUS. MEALS & ENTERTAINMENT |                           | 38,840                 |                        |  |
| 1.921.300 - COMPUTER EQUIPMENT OPERATIONS  |                           | 14,424                 |                        |  |
| OUTSIDE SERVICES                           |                           | 765,795                |                        |  |
| 1.923.010 - OUTSIDE SERVICES LEGAL         |                           | 132,682                |                        |  |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

DELTA NATURAL GAS CO, INC.

Layer 2 of 5

|  | 2007 . Proposed<br>Amount | 2005 . Total<br>Amount | 2006 Adopted<br>Amount |
|--|---------------------------|------------------------|------------------------|
| 1.923.020 - OUTSIDE SERVICES ACCOUNTING    |                           | 309,611                |                        |
| 1.923.030 - OUTSIDE SERVICES JANITORIAL    |                           | 57,675                 |                        |
| 1.923.040 - OUTSIDE SERVICES OTHER         |                           | 62,590                 |                        |
| 1.923.050 - OUTSIDE SERVICES COMPUTERS     |                           | 203,237                |                        |
| INSURANCE                                  |                           | 754,608                |                        |
| 1.924.000 - INSURANCE                      |                           | 754,608                |                        |
| EMPLOYEE BENEFITS                          |                           | 2,418,522              |                        |
| 1.926.020 - PENSION                        |                           | 639,849                |                        |
| 1.926.030 - EMPLOYEE 401K PLAN             |                           | 240,273                |                        |
| 1.926.040 - MEDICAL COVERAGE               |                           | 1,347,871              |                        |
| 1.926.050 - SALARY CONTINUATION COVERAGE   |                           | 122,391                |                        |
| 1.926.070 - EMPLOYEE EDUCATION             |                           | 1,320                  |                        |
| 1.926.080 - EMPLOYEE RECREATION & SOCIAL   |                           | 5,037                  |                        |
| 1.926.100 - SUPPLEMENTAL RETIREMENT PLAN   |                           | 61,782                 |                        |
| GENERAL ADMINISTRATION                     |                           | 828,992                |                        |
| 1.913.000 - ADVERTISING                    |                           | 4,362                  |                        |
| 1.928.000 - REGULATORY COMMISSION EXPENSE  |                           | 159,545                |                        |
| 1.930.010 - DIRECTOR FEES & EXPENSES       |                           | 304,326                |                        |
| 1.930.020 - COMPANY MEMBERSHIPS            |                           | 50,768                 |                        |
| 1.930.030 - FEES CONVENTIONS & MEETINGS    |                           | 8,047                  |                        |
| 1.930.040 - MARKETING                      |                           | 6,299                  |                        |
| 1.930.050 - COMPANY RELATIONS              |                           | 20,809                 |                        |
| 1.930.060 - TRUSTEE, REGISTRAR, AGENT FEES |                           | 63,648                 |                        |
| 1.930.080 - STOCKHOLDER REPORTS            |                           | 77,393                 |                        |
| 1.930.090 - CUSTOMER & PUBLIC INFORMATION  |                           | 40,797                 |                        |
| 1.930.100 - PUBLIC & COMMUNITY RELATIONS   |                           | 51,431                 |                        |
| 1.930.110 - CONSERVATION PROGRAM           |                           | 25,485                 |                        |
| 1.930.120 - LOBBYING EXPENDITURES          |                           | 15,969                 |                        |
| 1.930.130 - MISC NON TAX DEDUCTIBLE        |                           | 115                    |                        |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

DELTA NATURAL GAS CO, INC.

Layer 2 of 5

|  | 2007 . Proposed<br>Amount | 2005 . Total<br>Amount | 2006 Adopted<br>Amount |
|--|---------------------------|------------------------|------------------------|
| EXPENSES TRANSFERRED                                     |                           | -2,508,523             |                        |
| 1.922.000 - EXP. TRANSFERRED - CAPITAL                   |                           | -2,281,038             |                        |
| 1.922.100 - EXP. TRANSFERRED I/C                         |                           | -227,485               |                        |
| OTHER  |                           | 339,894                |                        |
| 1.753.020 - WELLS & GATHERING MISC                       |                           | 644                    |                        |
| 1.754.020 - COMPRESSOR STATION MISC.                     |                           | 70,055                 |                        |
| 1.816.020 - CM WELLS EXPENSES - MISC                     |                           | 3,027                  |                        |
| 1.818.020 - CM COMPRESSOR STATION EXPENSES - MISC        |                           | 19,549                 |                        |
| 1.821.000 - CM PURIFICATION OF NATURAL GAS               |                           | 37,247                 |                        |
| 1.824.020 - CM OTHER UNDERGROUND STORAGE EXPENSES - MISC |                           | 580                    |                        |
| 1.825.000 - CM STORAGE WELL ROYALTIES/RENTS              |                           | 56,249                 |                        |
| 1.856.000 - RIGHT OF WAY CLEARING                        |                           | 81,164                 |                        |
| 1.900.030 - SMALL TOOLS & WORK EQUIPMENT                 |                           | 71,379                 |                        |
| MAINTENANCE EXPENSE                                      |                           | 611,279                |                        |
| LABOR  |                           | 91,188                 |                        |
| 1.764.010 - MNT WELLS & GATHERING PAYROLL                |                           | 1,051                  |                        |
| 1.765.010 - MNT COMPRESSOR STATION PAYROLL               |                           | 13,274                 |                        |
| 1.832.010 - CM MAINT OF RESERVOIRS AND WELLS - PAYROLL   |                           | 1,819                  |                        |
| 1.834.010 - CM MAINT OF COMPRESSOR STAT EQUIP - PAYROLL  |                           | 761                    |                        |
| 1.835.010 - CM MAINT OF MEAS & REG STAT EQUIP - PAYROLL  |                           | 263                    |                        |
| 1.887.010 - MNT TRANS & DIST MAINS PAYROLL               |                           | 50,688                 |                        |
| 1.893.010 - MNT OF METERS & REG PAYROLL                  |                           | 15,125                 |                        |
| 1.894.010 - MNT OF OTHER EQUIPMENT PAYROLL               |                           | 8,208                  |                        |
| TRANSPORTATION   |                           | 27,178                 |                        |
| 1.898.010 - MNT - TRANSP EQUIP EXPENSE-PAYROLL           |                           | 20,757                 |                        |
| 1.898.020 - MNT - POWER OPR EQUIP EXPENSE-PAYROLL        |                           | 6,421                  |                        |
| MAINS  |                           | 62,737                 |                        |
| 1.887.020 - MNT TRANS & DIST MAINS OTHER                 |                           | 62,737                 |                        |
| METER & REGULATORS                                       |                           | 62,428                 |                        |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

DELTA NATURAL GAS CO, INC.

Layer 2 of 5

|   | 2007 - Proposed<br>Amount | 2005 - Total<br>Amount | 2006 Adopted<br>Amount |
|---|---------------------------|------------------------|------------------------|
| 1.893.020 - MNT OF METERS & REG OTHER                       |                           | 62,428                 |                        |
| OTHER   |                           | 367,747                |                        |
| 1.764.020 - MNT WELLS & GATHERING OTHER                     |                           | 11                     |                        |
| 1.765.020 - MNT COMPRESSOR STATION OTHER                    |                           | 18,691                 |                        |
| 1.831.020 - CM MAINTENANCE STRUCTURES & IMPROVEMENTS - MISC |                           | 10,318                 |                        |
| 1.832.020 - CM MAINTENANCE OF RESERVOIRS AND WELLS - MISC   |                           | 47,022                 |                        |
| 1.833.020 - CM MAINTENANCE OF LINES - MISC                  |                           | 0                      |                        |
| 1.834.020 - CM MAINTENANCE OF COMPRESSOR STAT EQUIP - MISC  |                           | 9,341                  |                        |
| 1.835.020 - CM MAINTENANCE OF MEAS & REG STAT EQUIP - MISC  |                           | 1,964                  |                        |
| 1.837.020 - CM MAINTENANCE OF OTHER EQUIPMENT - MISC        |                           | 6,635                  |                        |
| 1.886.000 - MNT STRUCTURES TRANS & DIST.                    |                           | 101                    |                        |
| 1.889.000 - MNT REG STATION TRANS & DIST.                   |                           | 4,332                  |                        |
| 1.894.020 - MNT OF OTHER EQUIPMENT OTHER                    |                           | 78,746                 |                        |
| 1.932.010 - MNT COMMUNICATION EQUIPMENT                     |                           | 38,124                 |                        |
| 1.932.020 - MNT OFFICE EQUIPMENT                            |                           | 30,465                 |                        |
| 1.932.030 - MNT GENERAL STRUCTURES                          |                           | 44,989                 |                        |
| 1.932.050 - MAINTENANCE COMPUTER EQUIPMENT                  |                           | 77,008                 |                        |
| DEPRECIATION EXPENSE  |                           | 3,988,963              |                        |
| DEPRECIATION EXPENSE  |                           | 3,988,963              |                        |
| 1.403.000 - DEPRECIATION EXPENSE                            |                           | 3,997,035              |                        |
| 1.403.100 - DEPRECIATION EXPENSE FOR ASSET RETIREMENT COST  |                           | 588                    |                        |
| 1.406.000 - AMORT OF GAS PLANT ACQ ADJ-TRANEX               |                           | -58,800                |                        |
| 1.406.010 - AMORT OF GAS PLANT ACQ ADJ-MT OLIVET            |                           | 46,800                 |                        |
| 1.411.100 - ACCRETION EXPENSE                               |                           | 3,340                  |                        |
| TAXES OTHER THAN INCOME TAXES                               |                           | 1,675,148              |                        |
| PROPERTY TAXES  |                           | 1,138,840              |                        |
| 1.408.010 - LICENSE & PRIVILEGE FEES                        |                           | 5,414                  |                        |
| 1.408.020 - PROPERTY TAXES                                  |                           | 1,133,426              |                        |
| PAYROLL TAXES   |                           | 536,308                |                        |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

DELTA NATURAL GAS CO, INC.

Layer 2 of 5

|  | 2007 . Proposed<br>Amount | 2005 . Total<br>Amount | 2006 Adopted<br>Amount |
|--|---------------------------|------------------------|------------------------|
| 1.408.030 - PAYROLL TAXES                  |                           | 536,308                |                        |
| INCOME TAXES                               |                           | 1,806,800              |                        |
| CURRENT FEDERAL                            |                           | 31,960                 |                        |
| 1.409.010 - CURRENT FED INC TAX            |                           | 31,960                 |                        |
| 1.409.070 - ESTIMATED INTERIM INCOME TAXES |                           | 0                      |                        |
| CURRENT STATE                              |                           | 68,540                 |                        |
| 1.409.020 - CURRENT STATE INC TAX          |                           | 68,540                 |                        |
| DEFERRED FEDERAL & STATE                   |                           | 1,744,100              |                        |
| 1.410.000 - DEFERRED INCOME TAXES          |                           | 1,789,050              |                        |
| 1.410.010 - AMORT OF REGULATORY LIABILITY  |                           | -44,950                |                        |
| INVESTMENT TAX CREDIT-NET                  |                           | -37,800                |                        |
| 1.420.000 - INVESTMENT TAX CREDIT NET      |                           | -37,800                |                        |
| NON REGULATED INCOME                       |                           | -2,763,571             |                        |
| NET INCOME FROM SUBSIDIARIES               |                           | -2,705,981             |                        |
| 1.418.010 - NET EARNINGS OF SUBSIDIARY     |                           | -2,705,981             |                        |
| INCOME TAXES NON REGULATED                 |                           | 37,400                 |                        |
| 1.409.080 - INCOME TAXES NON-REGULATED     |                           | 37,400                 |                        |
| OTHER NET INCOME BEFORE INCOME TAXES       |                           | -94,990                |                        |
| 1.415.010 - LABOR SERVICE REVENUE          |                           | -6,613                 |                        |
| 1.415.020 - MERCHANDISING REVENUE          |                           | -16,593                |                        |
| 1.415.030 - SALES TAX COMMISSION           |                           | -9,319                 |                        |
| 1.416.010 - LABOR SERVICE EXPENSE          |                           | 221                    |                        |
| 1.416.020 - MERCHANDISING EXPENSE          |                           | 12,203                 |                        |
| 1.419.000 - INTEREST & DIVIDEND INCOME     |                           | -20,767                |                        |
| 1.421.000 - MISC NON OPERATING INCOME      |                           | -52,435                |                        |
| 1.426.020 - LIFE INSURANCE CO. BENEFICIARY |                           | -1,688                 |                        |
| INTEREST ON LONG TERM DEBT                 |                           | 3,793,475              |                        |
| INTEREST ON LONG TERM DEBT                 |                           | 3,793,475              |                        |
| 1.427.000 - INTEREST ON LONG TERM DEBT     |                           | 3,793,475              |                        |

**Fiscal 2007 Income Statement Budget Detail**  
 Compared with Calendar 2005 Actual and Fiscal 2006 Budget  
 By Financial Statement Caption

DELTA NATURAL GAS CO, INC.

Layer 2 of 5

|   | 2007 . Proposed<br>Amount | 2005 . Total<br>Amount | 2006 Adopted<br>Amount |
|---|---------------------------|------------------------|------------------------|
| OTHER INTEREST                            |                           | 605,689                |                        |
| INTEREST ON SHORT TERM DEBT               |                           | 574,633                |                        |
| 1.431.020 - INTEREST ON SHORT-TERM DEBT   |                           | 586,333                |                        |
| 1.431.021 - SUBSIDIARY INTEREST           |                           | -11,700                |                        |
| OTHER INTEREST                            |                           | 31,056                 |                        |
| 1.431.010 - INTEREST ON CUSTOMER DEPOSITS |                           | 31,056                 |                        |
| AMORTIZATION OF DEBT EXPENSE              |                           | 236,184                |                        |
| AMORTIZATION OF DEBT EXPENSE              |                           | 236,184                |                        |
| 1.428.000 - AMORT OF DEBT EXPENSES        |                           | 236,184                |                        |
| NET INCOME                                |                           | -5,649,012             |                        |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

| DELTA RESOURCES, INC.                      | Layer 3 of 5              |                        |                        |
|--|---------------------------|------------------------|------------------------|
|  | 2007 . Proposed<br>Amount | 2005 . Total<br>Amount | 2006 Adopted<br>Amount |
| SUBSIDIARY SALES                           |                           | -23,198,714            |                        |
| SALES TO OTHERS                            |                           | -23,198,714            |                        |
| 2.496.000 - ON SYSTEM SALES                |                           | -23,226,568            |                        |
| 2.496.100 - FRANCHISE TAX & GTI TAX - NET  |                           | 27,855                 |                        |
| PURCHASED GAS                              |                           | 18,484,625             |                        |
| PURCHASED GAS                              |                           | 18,484,625             |                        |
| 2.803.000 - GAS PURCHASED                  |                           | 18,484,625             |                        |
| OPERATION EXPENSE                          |                           | 2,887,608              |                        |
| TRANSPORTATION FEE                         |                           | 2,821,192              |                        |
| 2.804.000 - ON SYSTEM EXPENSE TRANSP FEE   |                           | 2,821,192              |                        |
| GENERAL OPERATIONS                         |                           | -9,888                 |                        |
| 2.415.030 - SALES TAX COMMISSION           |                           | -9,888                 |                        |
| OUTSIDE SERVICES                           |                           | 76,304                 |                        |
| 2.923.000 - OUTSIDE SERVICES I/C           |                           | 75,974                 |                        |
| 2.923.100 - OUTSIDE SERVICES               |                           | 330                    |                        |
| INCOME TAXES                               |                           | 711,500                |                        |
| CURRENT FEDERAL                            |                           | 573,700                |                        |
| 2.409.010 - CURRENT FED INC TAX            |                           | 541,100                |                        |
| 2.409.070 - ESTIMATED INTERIM INCOME TAXES |                           | 32,600                 |                        |
| CURRENT STATE                              |                           | 137,800                |                        |
| 2.409.020 - CURRENT STATE INC TAX          |                           | 137,800                |                        |
| OTHER INTEREST                             |                           | 8,200                  |                        |
| INTEREST ON SHORT TERM DEBT                |                           | 8,200                  |                        |
| 2.419.000 - INTEREST AND DIVIDEND INCOME   |                           | 8,200                  |                        |
| NET INCOME                                 |                           | -1,106,781             |                        |



**Fiscal 2007 Income Statement Budget Detail**  
 Compared with Calendar 2005 Actual and Fiscal 2006 Budget  
 By Financial Statement Caption

| DELGASCO, INC.                              |                           | Layer 4 of 5           |                        |
|---|---------------------------|------------------------|------------------------|
|   | 2007 . Proposed<br>Amount | 2005 . Total<br>Amount | 2006 Adopted<br>Amount |
| SUBSIDIARY SALES                            |                           | -42,904,831            |                        |
| SALES TO SUBSIDIARY COMPANIES               |                           | -20,552,610            |                        |
| SALES TO OTHERS                             |                           | -22,352,222            |                        |
| 3.496.000 - SALES TO OTHERS                 |                           | -22,352,222            |                        |
| PURCHASED GAS                               |                           | 41,184,321             |                        |
| PURCHASED GAS                               |                           | 41,184,321             |                        |
| 3.803.000 - GAS PURCHASED                   |                           | 39,037,216             |                        |
| 3.803.100 - GAS PURCHASED - I/C             |                           | 2,147,104              |                        |
| OPERATION EXPENSE                           |                           | 756,443                |                        |
| TRANSPORTATION FEE                          |                           | 673,821                |                        |
| 3.804.000 - EXPENSE-TRANSPORTATION FEES     |                           | 673,821                |                        |
| OUTSIDE SERVICES                            |                           | 82,622                 |                        |
| 3.923.000 - OUTSIDE SERVICES - INTERCOMPANY |                           | 82,622                 |                        |
| TAXES OTHER THAN INCOME TAXES               |                           | 8,022                  |                        |
| PAYROLL TAXES                               |                           | 8,022                  |                        |
| 3.408.000 - TAXES - NON INCOME              |                           | 1,205                  |                        |
| 3.408.100 - OTHER TAXES                     |                           | 6,817                  |                        |
| INCOME TAXES                                |                           | 370,900                |                        |
| CURRENT FEDERAL                             |                           | 312,400                |                        |
| 3.409.010 - CURRENT FEDERAL INCOME TAX      |                           | 241,200                |                        |
| 3.409.070 - ESTIMATED INTERIM INCOME TAXES  |                           | 71,200                 |                        |
| CURRENT STATE                               |                           | 58,500                 |                        |
| 3.409.020 - CURRENT STATE INCOME TAX        |                           | 58,500                 |                        |
| OTHER INTEREST                              |                           | 6,662                  |                        |
| INTEREST ON SHORT TERM DEBT                 |                           | 6,662                  |                        |
| 3.419.000 - INT. INCOME - SUBS              |                           | 26,800                 |                        |
| 3.419.100 - INTEREST INCOME                 |                           | -20,138                |                        |
| NET INCOME                                  |                           | -578,484               |                        |

**Fiscal 2007 Income Statement Budget Detail**  
**Compared with Calendar 2005 Actual and Fiscal 2006 Budget**  
**By Financial Statement Caption**

| ENPRO, INC.                                | Layer 5 of 5              |                        |                        |
|--|---------------------------|------------------------|------------------------|
|  | 2007 . Proposed<br>Amount | 2005 . Total<br>Amount | 2006 Adopted<br>Amount |
| 5.411.100 - ACCRETION EXPENSE              |                           | 10,829                 |                        |
| TAXES OTHER THAN INCOME TAXES              |                           | 21,352                 |                        |
| PROPERTY TAXES                             |                           | 19,596                 |                        |
| 5.408.000 - PROPERTY TAXES                 |                           | 19,596                 |                        |
| PAYROLL TAXES                              |                           | 1,756                  |                        |
| 5.408.100 - OTHER TAXES                    |                           | 1,756                  |                        |
| INCOME TAXES                               |                           | 649,600                |                        |
| CURRENT FEDERAL                            |                           | 570,900                |                        |
| 5.409.010 - CURRENT FEDERAL INCOME TAX     |                           | 358,900                |                        |
| 5.409.070 - ESTIMATED INTERIM INCOME TAXES |                           | 212,000                |                        |
| CURRENT STATE                              |                           | 89,600                 |                        |
| 5.409.020 - CURRENT STATE INCOME TAX       |                           | 89,600                 |                        |
| DEFERRED FEDERAL & STATE                   |                           | -10,900                |                        |
| 5.410.000 - DEFERRED INCOME TAXES          |                           | -10,900                |                        |
| NON REGULATED INCOME                       |                           | 15                     |                        |
| OTHER NET INCOME BEFORE INCOME TAXES       |                           | 15                     |                        |
| 5.421.000 - MISC NON OPERATING INCOME      |                           | 15                     |                        |
| OTHER INTEREST                             |                           | -23,045                |                        |
| INTEREST ON SHORT TERM DEBT                |                           | -23,045                |                        |
| 5.431.000 - INTEREST EXPENSE - SUBS        |                           | -23,300                |                        |
| 5.431.100 - INTEREST EXPENSE               |                           | 255                    |                        |
| NET INCOME                                 |                           | -1,020,716             |                        |

**Fiscal 2007 - 2011 Capital Budget**  
**Compared with 2006 Capital Budget and YTD Actual**  
**By Capital Budget Account**

|                                      | 2007<br>Projected | Fiscal 2006<br>Actual YTD Dec | 2006 Adopted<br>Budget | 2008<br>Projected | 2009<br>Projected | 2010<br>Projected | 2011<br>Projected |
|--------------------------------------|-------------------|-------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|
| Agent                                |                   | 4,234,147                     |                        |                   |                   |                   |                   |
| ALH                                  |                   | 2,829,141                     |                        |                   |                   |                   |                   |
| 1117 CUSHION GAS                     |                   | 0                             |                        |                   |                   |                   |                   |
| 1325 GATHERING LAND & RIGHTS         |                   | 0                             |                        |                   |                   |                   |                   |
| 1327 GATHERING COMP STAT STRUCTURES  |                   | 0                             |                        |                   |                   |                   |                   |
| 1331 WELL EQUIPMENT                  |                   | 0                             |                        |                   |                   |                   |                   |
| 1332 GATHERING LINES                 |                   | 2,570                         |                        |                   |                   |                   |                   |
| 1333 GATH COMP STAT EQUIPMENT        |                   | 12,328                        |                        |                   |                   |                   |                   |
| 1334 GATH MEAS & REG STAT EQUIPMENT  |                   | 0                             |                        |                   |                   |                   |                   |
| 135002 STORAGE RIGHT OF WAY          |                   | 0                             |                        |                   |                   |                   |                   |
| 1351 STOR STRUCTURES & IMPROVEMENTS  |                   | 0                             |                        |                   |                   |                   |                   |
| 1352 STORAGE WELLS                   |                   | 0                             |                        |                   |                   |                   |                   |
| 135201 STORAGE RIGHTS                |                   | 0                             |                        |                   |                   |                   |                   |
| 135202 STORAGE RESERVOIRS            |                   | 0                             |                        |                   |                   |                   |                   |
| 135203 NONRECOVERABLE NATURAL GAS    |                   | 0                             |                        |                   |                   |                   |                   |
| 1353 STORAGE LINES                   |                   | 67,013                        |                        |                   |                   |                   |                   |
| 1354 STORAGE COMPRESSOR STAT EQUIP   |                   | 0                             |                        |                   |                   |                   |                   |
| 1355 STORAGE MEASURING & REG EQUIP   |                   | 0                             |                        |                   |                   |                   |                   |
| 1356 PURIFICATION EQUIPMENT          |                   | 0                             |                        |                   |                   |                   |                   |
| 1357 STORAGE OTHER EQUIPMENT         |                   | 0                             |                        |                   |                   |                   |                   |
| 136501 TRANSM LAND & LAND RIGHTS     |                   | 0                             |                        |                   |                   |                   |                   |
| 136502 TRANSM RIGHTS OF WAY          |                   | 71,770                        |                        |                   |                   |                   |                   |
| 1366 TRANSM STRUCTURES & IMPROVMENTS |                   | 0                             |                        |                   |                   |                   |                   |
| 1367 TRANSMISSION MAINS              |                   | 2,214,636                     |                        |                   |                   |                   |                   |

**Fiscal 2007 - 2011 Capital Budget**  
 Compared with 2006 Capital Budget and YTD Actual  
 By Capital Budget Account

|                                     | 2007<br>Projected | Fiscal 2006<br>Actual YTD Dec | 2006, Adopted<br>Budget | 2008<br>Projected | 2009<br>Projected | 2010<br>Projected | 2011<br>Projected |
|-------------------------------------|-------------------|-------------------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|
| 1368 TRANSM COMPRESSOR STAT EQUIPMT |                   | 149,617                       |                         |                   |                   |                   |                   |
| 1369 TRANSM MEASURING & REG EQUIPMT |                   | 192,810                       |                         |                   |                   |                   |                   |
| 1371 TRANSMISSION OTHER EQUIPMENT   |                   | 9,289                         |                         |                   |                   |                   |                   |
| 1381 DISTRIBUTION METERS            |                   | 44,576                        |                         |                   |                   |                   |                   |
| 1383 DISTRIBUTION REGULATORS        |                   | 60,019                        |                         |                   |                   |                   |                   |
| 1385 DIST INDUSTRIAL METER SETS     |                   | 27,014                        |                         |                   |                   |                   |                   |
| 1395 LABORATORY EQUIPMENT           |                   | 0                             |                         |                   |                   |                   |                   |
| 139901 MAPPING COST                 |                   | 0                             |                         |                   |                   |                   |                   |
| 532503 MINERAL RIGHTS               |                   | 0                             |                         |                   |                   |                   |                   |
| 532521 PRODUCTION LEASEHOLDS - GAS  |                   | 0                             |                         |                   |                   |                   |                   |
| 532522 PRODUCTION LEASEHOLDS - OIL  |                   | 0                             |                         |                   |                   |                   |                   |
| 532523 WORKING INTEREST INVESTMENT  |                   | 0                             |                         |                   |                   |                   |                   |
| 533101 GAS WELL EQUIPMENT           |                   | 0                             |                         |                   |                   |                   |                   |
| 533102 OIL WELL EQUIPMENT           |                   | 0                             |                         |                   |                   |                   |                   |
| 535006 GAS RIGHTS STORAGE           |                   | 0                             |                         |                   |                   |                   |                   |
| 135001 STORAGE LAND                 |                   | 0                             |                         |                   |                   |                   |                   |
| 5117 ENPRO CUSHION GAS              |                   | -22,500                       |                         |                   |                   |                   |                   |
| GRJ                                 |                   | 0                             |                         |                   |                   |                   |                   |
| 139909 CONTINGENCY                  |                   | 0                             |                         |                   |                   |                   |                   |
| JFH                                 |                   | 46,930                        |                         |                   |                   |                   |                   |
| 139902 COMPUTER SOFTWARE            |                   | 21,956                        |                         |                   |                   |                   |                   |
| 139903 COMPUTER HARDWARE            |                   | 24,974                        |                         |                   |                   |                   |                   |
| JLC                                 |                   | 1,358,076                     |                         |                   |                   |                   |                   |
| 1121 NON-UTILITY PROPERTY           |                   | 0                             |                         |                   |                   |                   |                   |

**Fiscal 2007 - 2011 Capital Budget**  
 Compared with 2006 Capital Budget and YTD Actual  
**By Capital Budget Account**

|  | 2007<br>Projected | Fiscal 2006<br>Actual YTD Dec | 2006 - Adopted<br>Budget | 2008<br>Projected | 2009<br>Projected | 2010<br>Projected | 2011<br>Projected |
|--|-------------------|-------------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|
| 1374 DISTRIBUTION LAND & ROW           |                   | 134                           |                          |                   |                   |                   |                   |
| 1375 DIST STRUCTURES & IMPROVEMENTS    |                   | 0                             |                          |                   |                   |                   |                   |
| 1376 DISTRIBUTION MAINS                |                   | 658,214                       |                          |                   |                   |                   |                   |
| 1378 DIST GENERAL REG STATIONS         |                   | 47,336                        |                          |                   |                   |                   |                   |
| 1379 DIST CITY GATE REG STATIONS       |                   | 0                             |                          |                   |                   |                   |                   |
| 1380 DISTRIBUTION SERVICES             |                   | 274,022                       |                          |                   |                   |                   |                   |
| 1382 DIST METER & REG INSTALLATION     |                   | 47,642                        |                          |                   |                   |                   |                   |
| 1389 GEN LAND & LAND RIGHTS            |                   | 0                             |                          |                   |                   |                   |                   |
| 1390 GEN STRUCTURES & IMPROVEMENTS     |                   | 20,333                        |                          |                   |                   |                   |                   |
| 1391 OFFICE FURNITURE & EQUIPMENT      |                   | 0                             |                          |                   |                   |                   |                   |
| 1392 TRANSPORTATION EQUIPMENT          |                   | 109,994                       |                          |                   |                   |                   |                   |
| 1393 STORES EQUIPMENT                  |                   | 0                             |                          |                   |                   |                   |                   |
| 1394 TOOLS, SHOP & GARAGE EQUIPMENT    |                   | 122,970                       |                          |                   |                   |                   |                   |
| 139401 COMPRESSED NAT GAS STAT & EQUIP |                   | 0                             |                          |                   |                   |                   |                   |
| 1396 POWER OPERATED EQUIPMENT          |                   | 73,033                        |                          |                   |                   |                   |                   |
| 1397 COMMUNICATION EQUIPMENT           |                   | 4,397                         |                          |                   |                   |                   |                   |
| 1398 MISCELLANEOUS EQUIPMENT           |                   | 0                             |                          |                   |                   |                   |                   |
| 139931 COMPUTERIZED OFFICE EQUIPMENT   |                   | 0                             |                          |                   |                   |                   |                   |



## COMPANY CORRESPONDENCE

TO: Officers

FROM: Glenn Jennings *AG*

SUBJECT: Performance Indicators

DATE: April 18, 2006

Delta's updated performance indicators are included on the attached report. In addition to the items in the report, the following information is also included as a part of the performance indicators.

Exhibit 1 - Insurance coverage and cost comparison. (Connie King)

Exhibit 2 - Average cost per foot for replacement and extensions, by size and type of pipe, for 2005, 2004, and 2003. (John Brown)

Exhibit 3 - Customer service cards results and complaints summary for 2005. (Emily Bennett, Connie King, Bob Hazelrigg)

Exhibit 4 - Shareholder survey summary for 2005. (Emily Bennett)

Exhibit 5 - Employee survey summary for 2005. (Juanita Hensley)

Exhibit 6 - Summary of customer service interruptions for 2005, 2004, and 2003. (Johnny Caudill)

Exhibit 7 - Schedule for 2005, 2004, and 2003 comparing sales and transportation volumes to the budget and the previous year. (John Brown)

Exhibit 8 - Schedule of peak requirements for fiscal 2006, 2005, and 2004 compared to estimated requirements, and a comparison of annual retail requirements versus estimated requirements for fiscal 2005, 2004, and 2003. (Brian Ramsey)

Exhibit 9 - Certain gas industry data, as available from AGA, as compared with Delta.

## Delta Natural Gas Company, Inc. Performance Indicators

Connie King (3) Total customer bill for retail rates:

Delta Gas (11/1/05)  
Columbia Gas of Ky. (11/29/05)  
Western Kentucky Gas (11/1/05)  
Union Light (11/30/05)  
LG & E (12/1/05)

| Residential<br>20 Mcf | Small Non-<br>Residential<br>40 Mcf |
|-----------------------|-------------------------------------|
| \$339.57              | \$664.97                            |
| 335.30                | 677.44                              |
| 261.02                | 527.05                              |
| 316.65                | 602.04                              |
| 303.41                | 604.31                              |

Jonathan Morphey

(4) Right of way cost:

Transmission footage designed  
Transmission footage purchased  
Distribution footage designed  
Distribution footage purchased

| Year Ended December 31 |               |         |               |         |               |
|------------------------|---------------|---------|---------------|---------|---------------|
| 2003                   |               | 2004    |               | 2005    |               |
| Footage                | Cost Per Foot | Footage | Cost Per Foot | Footage | Cost Per Foot |
| 50,272                 | \$ .40        | 11,582  | \$ 1.61       | 72,577  | \$ 1.34       |
| 14,988                 | \$ 1.33       | 11,679  | \$ 1.59       | 73,944  | \$ 1.32       |
| 110,407                | \$ .01        | 104,929 | \$ .03        | 104,398 | \$ .01        |
| 0                      | \$ 0          | 0       | \$ 0          | 0       | \$ 0          |

**Delta Natural Gas Company, Inc.**  
**Performance Indicators**

|                                   | January,    |                         |
|-----------------------------------|-------------|-------------------------|
|                                   | <u>2004</u> | <u>2005</u> <u>2006</u> |
| Johnny Caudill (5) Customers per: |             |                         |
| Customer Service Representative   | 1,007       | 1,000    982            |
| Customer Representative           | 2,779       | 2,759    2,709          |

|  | Year Ended December 31, |                         |
|--|-------------------------|-------------------------|
|  | <u>2003</u>             | <u>2004</u> <u>2005</u> |
| Johnny Caudill (6) Inventory turnover ratio: | 2.09                    | 1.40    2.30            |

Alan Heath (7) Company Construction Crews:

|  | Year Ended December 31, |                         |
|--|-------------------------|-------------------------|
|  | <u>2003</u>             | <u>2004</u> <u>2005</u> |
| Average hours per foot of pipe installed | .14                     | .14    .19              |



# Delta Natural Gas Company, Inc.

## Performance Indicators

Year Ended December 31,

|                        | <u>2003</u> | <u>%<br/>Change</u> | <u>2004</u> | <u>%<br/>Change</u> | <u>2005</u> | <u>%<br/>Change</u> |
|------------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|
| (8) Average Gas Costs: |             |                     |             |                     |             |                     |
| Delta Gas              | \$5.8421    | 28.5                | \$6.8291    | 16.9                | \$9.5970    | 40.5                |
| Columbia Gas of Ky.    | 6.3723      | 13.1                | 8.9165      | 39.9                | 10.3284     | 15.8                |
| Western Ky. Gas        | 6.4676      | 59.7                | 6.6899      | 3.4                 | 8.8974      | 33.0                |
| Union Light            | 6.3346      | 79.9                | 6.2669      | (1.1)               | 9.0722      | 44.8                |
| L G & E                | 6.2253      | 35.1                | 7.5055      | 20.6                | 10.1639     | 35.4                |

Brian Ramsey

Year Ended December 31,

|                                   | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|-----------------------------------|-------------|-------------|-------------|
| (9) Safety:                       |             |             |             |
| Lost time injuries                | 3           | 3           | 5           |
| Lost time days                    | 9           | 11          | 200         |
| Injuries per 10,000 hours worked  | .09         | .087        | .146        |
| Reportable vehicle accidents      | 8           | 0           | 7           |
| Accidents per 10,000 miles driven | .042        | 0           | .034        |

Jim Potter

## Delta Natural Gas Company, Inc. Performance Indicators

|                                |                                | 12 months ended |                 |                 |
|--------------------------------|--------------------------------|-----------------|-----------------|-----------------|
|                                |                                | <u>12/31/03</u> | <u>12/31/04</u> | <u>12/31/05</u> |
| John Brown/<br>Juanita Hensley | (10) Employee data:            |                 |                 |                 |
|                                | % employee benefits to payroll |                 |                 |                 |
|                                | - Delta                        | 43.4%           | 48.2%           | 47.6%           |
|                                | - U.S. Chamber data            | 46.7%           | 51.9%           | 51.9%           |
|                                | - Local                        | 54.2%           | 60.9%           | 54.4%           |
|                                | Number of full-time employees  | 156             | 155             | 154             |
|                                | Turnover percentage            | 3.2%            | 2.6%            | 6.3%            |
|                                | Per employee data:             |                 |                 |                 |
|                                | Medical expense                | \$7,175         | \$6,852         | \$8,752         |
|                                | Pension expense                | \$3,186         | \$4,208         | \$4,155         |
|                                | Customers                      | 258             | 258             | 255             |
|                                | Mcf of total throughput        | 109,900         | 114,050         | 119,981         |

**Delta Natural Gas Company, Inc.**  
**Performance Indicators**

|                |  | Year Ended December 31, |             |             |
|----------------|--|-------------------------|-------------|-------------|
|                |  | <u>2003</u>             | <u>2004</u> | <u>2005</u> |
| John Brown     | (11) Per Mcf of total throughput:                  |                         |             |             |
|                | Total revenue                                      | \$3.04                  | \$3.47      | \$3.39      |
|                | Operating expenses                                 | .58                     | .57         | .62         |
|                | Maintenance expenses                               | .03                     | .04         | .03         |
|                | Total payroll                                      | .40                     | .37         | .39         |
|                | Administrative and general expenses                | .19                     | .19         | .20         |
| Johnny Caudill | (12) Company vehicle data:                         |                         |             |             |
|                | Mileage driven per customer                        | 46.3                    | 50.0        | 50.9        |
|                | Operations and maintenance expense per mile driven | \$.178                  | \$.201      | \$.23       |
| John Brown     | (13) Percentage of gross plant additions to:       |                         |             |             |
|                | Gross plant at year end                            | 5.80%                   | 3.37%       | 4.26%       |
|                | Net plant at year end                              | 8.52%                   | 4.99%       | 6.37%       |
| John Brown     | (14) Footage of pipe installed:                    |                         |             |             |
|                | Extensions %                                       | 245,711                 | 183,590     | 129,909     |
|                | Replacements %                                     | 76.8%                   | 51.7%       | 65.4%       |
|                |  | 23.2%                   | 48.3%       | 34.6%       |

DELTA NATURAL GAS COMPANY INC.  
EXPIRING (3/09/05 - 3/09/06)  
RENEWAL (3/09/06 - 3/09/07)

|   | 2005 - 2006<br>EXPIRING<br>PREMIUM* | 2006-2007<br>RENEWAL<br>PREMIUM* | PERCENT<br>INCREASE/<br>DECREASE | INCREASE/<br>DECREASE |
|---|-------------------------------------|----------------------------------|----------------------------------|-----------------------|
| GENERAL LIABILITY                       | \$ 95,102                           | \$ 97,192 (1)                    | 2.20%                            | \$ 2,090              |
| EXCESS LIABILITY                        | \$ 152,697                          | \$ 153,382 (2)                   | 0.45%                            | \$ 685                |
| EXCESS EBL & FIDUCIARY LIABILITY        | \$ 19,839                           | \$ 21,256 (3)                    | 7.14%                            | \$ 1,417              |
| DIRECTORS & OFFICERS                    | \$ 267,090                          | \$ 272,204 (4)                   | 1.91%                            | \$ 5,114              |
| FIDUCIARY LIABILITY                     | \$ 3,045                            | \$ 3,045                         | 0.00%                            | \$ -                  |
| CRIME                                   | \$ 3,147                            | \$ 3,147                         | 0.00%                            | \$ -                  |
| EMPLOYMENT PRACTICES LIABILITY          | \$ 12,180                           | \$ 12,180                        | 0.00%                            | \$ -                  |
| AUTOMOBILE                              | \$ 82,433                           | \$ 83,015 (5)                    | 0.71%                            | \$ 582                |
| PROPERTY/GAS IN STORAGE                 | \$ 81,744                           | \$ 105,346 (6)                   | 28.87%                           | \$ 23,602             |
| ELECTRONIC DATA PROCESSING              | \$ 5,553                            | \$ 5,616 (7)                     | 1.13%                            | \$ 63                 |
| EQUIPMENT FLOATER                       | \$ 16,382                           | \$ 17,968 (8)                    | 9.68%                            | \$ 1,586              |
| BOILER & MACHINERY                      | \$ 5,550                            | \$ 5,550                         | 0.00%                            | \$ -                  |
| OPERATORS EXTRA EXPENSE/CONTROL OF WELL | \$ 8,702                            | \$ 8,705                         | 0.03%                            | \$ 3                  |
| WORKERS COMPENSATION                    | \$ 83,491                           | \$ 91,584 (9)                    | 9.69%                            | \$ 8,093              |
|   | \$ 836,955                          | \$ 880,190                       | 5.17%                            | \$ 43,235             |

\*Includes all credits, fees and taxes

- (1) General Liability projected payroll subject to audit - \$3,954,000 - rate \$24.156/\$1000; terrorism endorsement declined - 06/07 policy; Employee Benefit Liability included
- (2) Continuity credit increased from \$13,926 - 05/06 policy to \$17,792 - 06/07 policy; rated premium increased from \$147,286 - 05/06 policy to \$151,750 - 06/07 policy; terrorism endorsement declined for 06/07 policy
- (3) Minimum premium for \$15,000,000 coverage increased from \$17,500 - 05/06 policy to \$18,564 - 06/07 policy; the premium increase is entirely a rating increase
- (4) Continuity credit decreased from \$30,521 - 05/06 policy to \$26,054 - 06/07 policy; rated premium of \$263,787 - 06/07 policy remained same as for 05/06 policy year; terrorism endorsement declined 06/06 policy
- (5) Premium basis - composite rate; final premium will be based on average during year based on beginning of year count and end of year count; terrorism endorsement declined 06/07 policy
- (6) Scheduled values \$15,455,168 - 06/07 policy; Maximum Working Gas \$14,000,000 - 06/07 policy; property rate of \$0.2678/\$100 for 06/07 policy year remained the same as the 05/06 policy year; underground gas rate of \$0.3811/\$100 - 06/07 policy year remained the same as 05/06 policy year; terrorism charge increased from \$5,394 - 05/06 policy year to \$7,007 - 06/07 policy year
- (7) Scheduled values EDP Equipment \$2,188,243 at \$0.253/\$100
- (8) Scheduled values \$2,917,800 - 06/07 policy; rate of \$0.550/\$100 - 06/06 policy year remained same as 05/06 policy year  
Note: In lieu of adjusting the policy with each addition/deletion of Equipment & EDP hardware/software one adjustment will be made at end of policy year with the submission of schedules for mobile equipment and EDP hardware/software. If the total of the schedules at the end of policy year varies by 10% or less no adjustment to premium will be made. If variance is 11% or more the rate will be \$0.55/\$100 mobile property and \$0.25/\$100 EDP
- (9) Premium based on payroll subject to audit; rate for class code 8810 increased from \$0.37/\$100 - 05/06 policy year to \$0.36/\$100 - 06/07 policy year; rate for class code 7502 increased from \$2.18/\$100 - 05/06 policy year to \$2.32/\$100 - 06/07 policy year; although Delta's experience modification for the 05/06 policy year was .93 as compared to .83 for the 06/07 policy year, there was a schedule debit of 5% on the modified premium for the 06/07 policy year as compared to a scheduled credit of 8% on the modified premium for the 05/06 policy year as a result of the lost time incidents reported during the 05/06 policy year

**DELTA NATURAL GAS  
RECORD OF INSURANCE COVERAGES**

| COST COMPARISON EXPIRING VS RENEWAL   |                                    |                                     |                                  |
|---|------------------------------------|-------------------------------------|----------------------------------|
| POLICY  | 2006 - 2007<br>RENEWAL<br>PREMIUM* | 2005 - 2006<br>EXPIRING<br>PREMIUM* | PERCENT<br>INCREASE<br>-DECREASE |
| EFFECTIVE DATE  | \$                                 | \$                                  | %                                |
| <b>GENERAL LIABILITY - American International Group (AIG)</b><br>\$2,000,000 General Aggregate - \$1,000,000 Each Occurrence<br>Deductible - None<br>Premium Basis - Payroll (subject to audit) - Occurrence Form   | 3/9/06 - 3/9/07<br>\$ 97,192       | 3/9/06 - 3/9/07<br>\$ 95,102        | 2.20% <sup>(1)</sup>             |
| <b>AUTOMOBILE - American Home Assurance Company</b><br>Bodily Injury and Property Damage<br>Liability \$1,000,000<br>Comprehensive - Owned Vehicles - \$250 Deductible<br>Collision - Self Insured<br>Premium Basis - Composite Rate Per Class of Vehicle - Subject to Audit      | 3/9/06 - 3/9/07<br>\$ 83,015       | 3/9/06 - 3/9/07<br>\$ 82,433        | 0.71% <sup>(2)</sup>             |
| <b>EXCESS LIABILITY - AEGIS</b><br>Limit of Liability \$35,000,000 (each occurrence)<br>Underlying Limit \$2,000,000 General Liability - General Aggregate<br>Claims Made - Retroactive Date 3/09/86  | 3/9/06 - 3/9/07<br>\$ 153,382      | 3/9/06 - 3/9/07<br>\$ 152,697       | 0.45% <sup>(3)</sup>             |
| <b>DIRECTORS &amp; OFFICERS - AEGIS</b><br>Limit of Liability \$20,000,000<br>Corporate Retention - \$250,000<br>Directors and Officers Individually - No Deductible<br>Includes Corporate Defense Costs Coverage<br>Claims Made - Retroactive Date 10/10/49                      | 3/9/06 - 3/9/07<br>\$ 272,204      | 3/9/06 - 3/9/07<br>\$ 267,090       | 1.91% <sup>(4)</sup>             |
| <b>EMPLOYMENT PRACTICES LIABILITY - St. Paul Travelers</b><br>Limit of Liability \$1,000,000 Each Claim - \$1,000,000 Aggregate<br>Deductible - \$50,000<br>Claims Made; Retroactive Date - Full Prior Acts<br>Defense and claims expenses are included in the limit of liability | 3/9/06 - 3/9/07<br>\$ 12,180       | 3/9/06 - 3/9/07<br>\$ 12,180        | 0.00%                            |
| <b>EXCESS FIDUCIARY &amp; EMPLOYEE BENEFIT LIABILITY - AEGIS</b><br>Limit of Liability \$15,000,000<br>Underlying Limits \$1,000,000<br>Claims Made<br>Retroactive Date - 3/09/86   | 3/9/06 - 3/9/07<br>\$ 21,256       | 3/9/06 - 3/9/07<br>\$ 19,839        | 7.14% <sup>(5)</sup>             |

\*Includes Fees, Credits and Workers Compensation Tax and Assessment as well as 1.5% Kentucky Surcharge and 3% Surplus Lines Tax  
Risk Management Annual Report

**DELTA NATURAL GAS  
RECORD OF INSURANCE COVERAGES**

|  | COST COMPARISON EXPIRING VS RENEWAL |                                    |                                     |                                  |
|--|-------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
|  | POLICY<br>EFFECTIVE<br>DATE         | 2006 - 2007<br>RENEWAL<br>PREMIUM* | 2005 - 2006<br>EXPIRING<br>PREMIUM* | PERCENT<br>INCREASE<br>-DECREASE |
| <b>FIDUCIARY LIABILITY - St. Paul Travelers</b>  | 3/9/06 - 3/9/07                     | \$ 3,045                           | \$ 3,045                            | 0.00%                            |
| Limit of Liability \$1,000,000 (each loss)   |                                     |                                    |                                     |                                  |
| Deductible - \$5,000   |                                     |                                    |                                     |                                  |
| Claims Made  |                                     |                                    |                                     |                                  |
| Retroactive Date - Full Prior Acts   |                                     |                                    |                                     |                                  |
| <b>CRIME - St. Paul Travelers</b>  | 3/9/06 - 3/9/07                     | \$ 3,147                           | \$ 3,147                            | 0.00%                            |
| Limit of Liability - \$500,000   |                                     |                                    |                                     |                                  |
| Form A - Employee Dishonesty Theft, Form B - Forgery or Alterations,<br>Form C - Theft, Destruction or Disappearance of Money and Securities |                                     |                                    |                                     |                                  |
| Deductible - \$10,000  |                                     |                                    |                                     |                                  |
| <b>OPERATORS EXTRA EXPENSE- St. Paul Surplus Lines</b>   | 3/9/06 - 3/9/07                     | \$ 8,705                           | \$ 8,702                            | 0.03%                            |
| Limit of Liability - \$3,000,000   |                                     |                                    |                                     |                                  |
| Retention/Deductible - \$25,000 Operators Extra Expense  |                                     |                                    |                                     |                                  |
| \$10,000 Care, Custody & Control   |                                     |                                    |                                     |                                  |
| Premium Basis - Per Well Schedule (subject to annual audit & adjustment)   |                                     |                                    |                                     |                                  |
| <b>PROPERTY/GAS IN STORAGE - American International Group (AIG)</b>  | 3/9/06 - 3/9/07                     | \$ 105,346                         | \$ 81,744                           | 28.87% (6)                       |
| Limit of Liability   |                                     |                                    |                                     |                                  |
| Building/Personal Property - \$15,455,618  |                                     |                                    |                                     |                                  |
| Premium Basis - Statement of Values  |                                     |                                    |                                     |                                  |
| Deductible - \$10,000 (earthquake \$25,000)  |                                     |                                    |                                     |                                  |
| Gas in Storage \$14,000,000  |                                     |                                    |                                     |                                  |
| Deductible - \$25,000 (earthquake \$50,000)  |                                     |                                    |                                     |                                  |
| <b>ELECTRONIC DATA PROCESSING - Fireman's Fund</b>   | 3/9/06 - 3/9/07                     | \$ 5,616                           | \$ 5,553                            | 1.13% (7)                        |
| Coverage Limits - \$2,188,243  |                                     |                                    |                                     |                                  |
| Deductible - \$2,500   |                                     |                                    |                                     |                                  |
| <b>EQUIPMENT FLOATER - Fireman's Fund</b>  | 3/9/06 - 3/9/07                     | \$ 17,968                          | \$ 16,382                           | 9.68% (8)                        |
| Coverage Limits - \$2,917,800 (Scheduled Equipment as of 12/28/05)   |                                     |                                    |                                     |                                  |
| Deductible - \$2,500; Miscellaneous Employee Tools \$250   |                                     |                                    |                                     |                                  |
| <b>BOILER &amp; MACHINERY - Cincinnati Insurance Company</b>   | 3/9/06 - 3/9/07                     | \$ 5,550                           | \$ 5,550                            | 0.00%                            |
| Coverage - \$5,000,000/Accident including Business Interruption &<br>Extra Expense   |                                     |                                    |                                     |                                  |
| Deductible - \$5,000 Property Damage   |                                     |                                    |                                     |                                  |
| 3-Year Policy from 3/09/06 - 3/09/07 with annual installments  |                                     |                                    |                                     |                                  |

\*Includes Fees, Credits and Workers Compensation Tax and Assessment as well as 1.5% Kentucky Surcharge and 3% Surplus Lines Tax  
Risk Management Annual Report

**DELTA NATURAL GAS  
RECORD OF INSURANCE COVERAGES**

**COST COMPARISON EXPIRING VS RENEWAL**

| POLICY          | 2006 - 2007      | 2005 - 2006       | PERCENT              |
|-----------------|------------------|-------------------|----------------------|
| EFFECTIVE DATE  | RENEWAL PREMIUM* | EXPIRING PREMIUM* | INCREASE -DECREASE   |
| 3/9/06 - 3/9/07 | \$ 91,584        | \$ 83,491         | 9.69% <sup>(9)</sup> |

**WORKERS COMPENSATION - Midwestern Insurance Alliance**  
Limit of Liability - \$1,000,000  
Premium Basis - Payroll Subject to Audit

|  |            |            |       |
|--|------------|------------|-------|
|  | \$ 880,190 | \$ 836,955 | 5.17% |
|--|------------|------------|-------|

- (1) General Liability premium subject to audit; premium basis \$3,964,000 - rate \$24,156/\$1000; Employee Benefit Liability included; terrorism endorsement declined
- (2) Premium basis - composite rate; final premium based on average number of vehicles during the year based on beginning of year count and end of year count; terrorism endorsement declined
- (3) Continuity credit increased from \$13,926 - 05/06 to \$17,792 - 06/07 policy year; rated premium increased from \$147,286 - 05/06 policy to \$151,750 - 06/07 policy; terrorism endorsement declined
- (4) Continuity credit decreased from \$30,521 - 05/06 to \$26,054 - 06/07 policy year; rated premium of \$263,787 - 05/06 policy remained the same for 06/07 policy; terrorism endorsement declined;
- (5) Premium increase of 7% is entirely a rating increase per Aegis underwriter
- (6) Schedules values property \$15,455,168; underground gas contents \$14,000,000; property rate of \$.2678/\$100 - 06/06 policy remained the same for 06/07 policy; underground gas rate of \$.3811/\$100 - 05/06 policy remained the same for 06/07 policy; terrorism endorsement accepted
- (7) Premium Based on Actual Scheduled Values - EDP Hardware & Software
- (8) Scheduled values \$2,917,800 - 06/07 policy; rate of \$0.500 per \$100 - 05/06 policy remained the same for 06/07 policy
- Note: In lieu of adjusting the policy with each addition/deletion Equipment & EDP one adjustment will be made at end of policy year with the submission of schedules; if the total of the schedules at the end of the policy year end varies by 10% or less no adjustment to premium will be made; if variance is 11% or more adjustment will be made
- (9) Premium based on payroll subject to audit; rate for class code 8810 (clenach) increased from \$0.37/\$100 - 05/06 policy to \$0.38/\$100 - 06/07 policy; rate for class code 7502 increased from \$2.18/\$100 - 05/06 policy to \$2.32/\$100 - 06/07 policy; although Delta's experience modification for 05/06 policy was .93 as compared to .83 for 06/07 policy, there was a schedule debit of 5% on the modified premium for 06/07 policy as compared to a scheduled credit of 8% for 05/06 as a result of the frequencies of incidents and the lost time incidents reported during 05/06

\*Includes Fees, Credits and Workers Compensation Tax and Assessment as well as 1.5% Kentucky Surcharge and 3% Surplus Lines Tax Risk Management Annual Report

DELTA NATURAL GAS  
RECORD OF INSURANCE COVERAGES

| POLICY  | EFFECTIVE DATE      | PREMIUM  |
|---|---------------------|----------|
| <b>FLOOD INSURANCE- National Flood Insurance Program</b><br>Limit of Liability - As Scheduled for Williamsburg & Barbourville<br>Deductible - \$1,000 Building/Location - \$1,000 Contents/Location | 05/29/05 - 5/29/06  | \$ 2,232 |
| <b>OIL WELL DRILLING BOND - CNA Insurance Company</b><br>Limit of Liability - \$10,000<br>Obligee - Commonwealth of Kentucky<br>Three Year Pre-paid Premium   | 03/02/06 - 03/02/09 | \$ 254   |
| <b>PERMIT BOND - CNA Insurance Company</b><br>Limit of Liability - \$5,000<br>Street Restoration<br>Obligee - City of Williamsburg, Kentucky<br>Three Year Pre-paid Premium                         | 03/07/06 - 03/07/09 | \$ 254   |
| <b>PERMIT BOND - CNA Insurance Company</b><br>Limit of Liability - \$10,000<br>Street Restoration<br>Obligee - Whitley County, Kentucky   | 11/07/05 - 11/07/06 | \$ 102   |
| <b>PERMIT BOND - CNA Insurance Company</b><br>Limit of Liability - \$25,000<br>Street Restoration<br>Obligee - Knox County, Kentucky<br>Three Year Pre-paid Premium                                 | 11/13/04 - 11/13/07 | \$ 571   |
| <b>KENTUCKY HIGHWAY USE BOND - CNA Insurance Company</b><br>Limit of Liability - \$1,000<br>Obligee - Commonwealth of Kentucky  | 06/18/05 - 06/18/06 | \$ 102   |
| <b>OIL WELL DRILLING BOND - CNA Insurance Company</b><br>Limit of Liability - \$10,000<br>Obligee - Commonwealth of Kentucky<br>Kettle Island   | 04/13/06 - 04/13/07 | \$ 508   |
| <b>PERMIT BOND - CNA Insurance Company</b><br>Limit of Liability - \$5,000<br>Street Restoration<br>Obligee - City of Middlesboro, Kentucky   | 09/21/05 - 09/21/06 | \$ 102   |

\*Includes Fees, Credits and Workers Compensation Tax and Assessment as well as 1.5% Kentucky Surcharge



**DELTA NATURAL GAS  
RECORD OF INSURANCE COVERAGES**

| POLICY   | EFFECTIVE DATE      | PREMIUM |
|--|---------------------|---------|
| <b>PERMIT BOND - CNA Insurance Company</b><br>Limit of Liability - \$10,000<br>Street Restoration<br>Obligee - Lexington/Fayette Urban County Government | 04/01/06 - 04/01/07 | \$ 100  |

\*Includes Fees, Credits and Workers Compensation Tax and Assessment as well as 1.5% Kentucky Surcharge

GATHERING, STORAGE, TRANSMISSION AND DISTRIBUTION MAINS  
12 MONTHS ENDED 12/05 VS 12 MONTHS ENDED 12/04

| REPLACEMENTS         |                  |                |                |                  |                |                  |                  |                  |                |                |                  | EXTENSIONS           |  |  |  |  |  |
|----------------------|------------------|----------------|----------------|------------------|----------------|------------------|------------------|------------------|----------------|----------------|------------------|----------------------|--|--|--|--|--|
| BLANKET WORK ORDERS  |                  |                |                |                  |                |                  |                  |                  |                |                |                  | BLANKET WORK ORDERS  |  |  |  |  |  |
| TYPE                 | FOOTAGE          |                |                | COST PER FOOT    |                |                  | TYPE             | FOOTAGE          |                |                | COST PER FOOT    |                      |  |  |  |  |  |
|                      | 12/05<br>CURRENT | 12/04<br>PRIOR | 12/04<br>PRIOR | 12/05<br>CURRENT | 12/04<br>PRIOR | 12/04<br>PRIOR   |                  | 12/05<br>CURRENT | 12/04<br>PRIOR | 12/04<br>PRIOR | 12/05<br>CURRENT | 12/04<br>PRIOR       |  |  |  |  |  |
| UNDER 2" PLASTIC     | 802              | 873            | -              | -                | -              | -                | UNDER 2" PLASTIC | 4,932            | 6,463          | -              | -                | -                    |  |  |  |  |  |
| 2" PLASTIC           | 10,478           | 12,884         | -              | -                | -              | 2" PLASTIC       | 18,046           | 17,482           | -              | -              | -                | -                    |  |  |  |  |  |
| 3" PLASTIC           | 0                | 0              | -              | -                | -              | 3" PLASTIC       | 0                | 0                | -              | -              | -                | -                    |  |  |  |  |  |
| 4" PLASTIC           | 469              | 1,707          | -              | -                | -              | 4" PLASTIC       | 635              | 396              | -              | -              | -                | -                    |  |  |  |  |  |
| 6" PLASTIC           | 0                | 0              | -              | -                | -              | 6" PLASTIC       | 0                | 0                | -              | -              | -                | -                    |  |  |  |  |  |
| 1" STEEL             | 71               | 0              | -              | -                | -              | 1" STEEL         | 1,265            | 250              | -              | -              | -                | -                    |  |  |  |  |  |
| 2" STEEL             | 0                | 0              | -              | -                | -              | 2" STEEL         | 0                | 0                | -              | -              | -                | -                    |  |  |  |  |  |
| 3" STEEL             | 0                | 0              | -              | -                | -              | 3" STEEL         | 0                | 0                | -              | -              | -                | -                    |  |  |  |  |  |
| 4" STEEL             | 126              | 0              | -              | -                | -              | 4" STEEL         | 544              | 0                | -              | -              | -                | -                    |  |  |  |  |  |
| 6" STEEL             | 0                | 0              | -              | -                | -              | 6" STEEL         | 0                | 0                | -              | -              | -                | -                    |  |  |  |  |  |
| TOTAL BWO'S          | 11,946           | 15,464         | 22.87          | 25.30            | -              | TOTAL BWO'S      | 25,422           | 24,591           | 15.02          | 20.70          | -                | -                    |  |  |  |  |  |
| SPECIFIC WORK ORDERS |                  |                |                |                  |                |                  |                  |                  |                |                |                  | SPECIFIC WORK ORDERS |  |  |  |  |  |
| TYPE                 | FOOTAGE          |                |                | COST PER FOOT    |                |                  | TYPE             | FOOTAGE          |                |                | COST PER FOOT    |                      |  |  |  |  |  |
|                      | 12/05<br>CURRENT | 12/04<br>PRIOR | 12/04<br>PRIOR | 12/05<br>CURRENT | 12/04<br>PRIOR | 12/04<br>PRIOR   |                  | 12/05<br>CURRENT | 12/04<br>PRIOR | 12/04<br>PRIOR | 12/05<br>CURRENT | 12/04<br>PRIOR       |  |  |  |  |  |
| UNDER 2" PLASTIC     | 832              | 1,385          | 27.25          | 12.45            | -              | UNDER 2" PLASTIC | 122              | 369              | 11.95          | 11.80          | -                | -                    |  |  |  |  |  |
| 2" PLASTIC           | 17,535           | 15,642         | 13.49          | 9.55             | -              | 2" PLASTIC       | 54,520           | 60,127           | 7.08           | 8.26           | -                | -                    |  |  |  |  |  |
| 3" PLASTIC           | 0                | 0              | 0.00           | 0.00             | -              | 3" PLASTIC       | 0                | 0                | 0.00           | 0.00           | -                | -                    |  |  |  |  |  |
| 4" PLASTIC           | 12,846           | 12,804         | 27.70          | 11.24            | -              | 4" PLASTIC       | 4,857            | 9,773            | 13.83          | 13.18          | -                | -                    |  |  |  |  |  |
| 6" PLASTIC           | 0                | 0              | 0.00           | 0.00             | -              | 6" PLASTIC       | 0                | 0                | 0.00           | 0.00           | -                | -                    |  |  |  |  |  |
| UNDER 2" STEEL       | 0                | 0              | 0.00           | 0.00             | -              | UNDER 2" STEEL   | 0                | 0                | 0.00           | 0.00           | -                | -                    |  |  |  |  |  |
| 2" STEEL             | 0                | 0              | 0.00           | 0.00             | -              | 2" STEEL         | 0                | 0                | 0.00           | 0.00           | -                | -                    |  |  |  |  |  |
| 3" STEEL             | 0                | 0              | 0.00           | 0.00             | -              | 3" STEEL         | 0                | 0                | 0.00           | 0.00           | -                | -                    |  |  |  |  |  |
| 4" STEEL             | 1,345            | 61             | 38.12          | 22.60            | -              | 4" STEEL         | 0                | 0                | 0.00           | 0.00           | -                | -                    |  |  |  |  |  |
| 6" STEEL             | 44               | 514            | 145.88         | 92.45            | -              | 6" STEEL         | 0                | 141              | 0.00           | 67.64          | -                | -                    |  |  |  |  |  |
| 8" STEEL             | 484              | 42,719         | 122.78         | 41.43            | -              | 8" STEEL         | 11,477           | 0                | 54.01          | 0.00           | -                | -                    |  |  |  |  |  |
| TOTAL SWO'S          | 33,086           | 73,125         | ..             | ..               | -              | TOTAL SWO'S      | 70,976           | 70,410           | ..             | ..             | -                | -                    |  |  |  |  |  |

GATHERING, STORAGE, TRANSMISSION AND DISTRIBUTION MAINS  
12 MONTHS ENDED 12/04 VS 12 MONTHS ENDED 12/03

| REPLACEMENTS         |                  |                |                  |                |                  |                  |                |                  |                |
|----------------------|------------------|----------------|------------------|----------------|------------------|------------------|----------------|------------------|----------------|
| BLANKET WORK ORDERS  |                  |                |                  |                |                  |                  |                |                  |                |
| TYPE                 | FOOTAGE          |                | COST PER FOOT    |                | TYPE             | FOOTAGE          |                | COST PER FOOT    |                |
|                      | 12/04<br>CURRENT | 12/03<br>PRIOR | 12/04<br>CURRENT | 12/03<br>PRIOR |                  | 12/04<br>CURRENT | 12/03<br>PRIOR | 12/04<br>CURRENT | 12/03<br>PRIOR |
| UNDER 2" PLASTIC     | 873              | 966            | -                | -              | UNDER 2" PLASTIC | 6,463            | 5,998          | -                | -              |
| 2" PLASTIC           | 12,884           | 7,533          | -                | -              | 2" PLASTIC       | 17,482           | 22,195         | -                | -              |
| 3" PLASTIC           | 0                | 0              | -                | -              | 3" PLASTIC       | 0                | 0              | -                | -              |
| 4" PLASTIC           | 1,707            | 536            | -                | -              | 4" PLASTIC       | 396              | 0              | -                | -              |
| 5" PLASTIC           | 0                | 0              | -                | -              | 5" PLASTIC       | 0                | 0              | -                | -              |
| 1" STEEL             | 0                | 0              | -                | -              | 1" STEEL         | 250              | 111            | -                | -              |
| 2" STEEL             | 0                | 40             | -                | -              | 2" STEEL         | 0                | 0              | -                | -              |
| 3" STEEL             | 0                | 0              | -                | -              | 3" STEEL         | 0                | 0              | -                | -              |
| 4" STEEL             | 0                | 966            | -                | -              | 4" STEEL         | 0                | 0              | -                | -              |
| 5" STEEL             | 0                | 0              | -                | -              | 5" STEEL         | 0                | 0              | -                | -              |
| TOTAL BWO'S          | 15,464           | 10,041         | 25.30            | 21.52          | TOTAL BWO'S      | 24,591           | 28,304         | 20.70            | 12.22          |
| SPECIFIC WORK ORDERS |                  |                |                  |                |                  |                  |                |                  |                |
| TYPE                 | FOOTAGE          |                | COST PER FOOT    |                | TYPE             | FOOTAGE          |                | COST PER FOOT    |                |
|                      | 12/04<br>CURRENT | 12/03<br>PRIOR | 12/04<br>CURRENT | 12/03<br>PRIOR |                  | 12/04<br>CURRENT | 12/03<br>PRIOR | 12/04<br>CURRENT | 12/03<br>PRIOR |
| UNDER 2" PLASTIC     | 1,385            | 1,388          | 12.45            | 11.32          | UNDER 2" PLASTIC | 369              | 1,161          | 11.80            | 12.25          |
| 2" PLASTIC           | 15,642           | 9,515          | 9.55             | 9.67           | 2" PLASTIC       | 60,127           | 49,905         | 8.26             | 6.14           |
| 3" PLASTIC           | 0                | 0              | 0.00             | 0.00           | 3" PLASTIC       | 0                | 0              | 0.00             | 0.00           |
| 4" PLASTIC           | 12,804           | 10,260         | 11.24            | 11.31          | 4" PLASTIC       | 9,773            | 11,953         | 13.18            | 10.95          |
| 5" PLASTIC           | 0                | 6,731          | 0.00             | 29.75          | 5" PLASTIC       | 0                | 0              | 0.00             | 0.00           |
| UNDER 2" STEEL       | 0                | 21             | 0.00             | 43.91          | UNDER 2" STEEL   | 0                | 0              | 0.00             | 0.00           |
| 2" STEEL             | 0                | 2,121          | 0.00             | 30.52          | 2" STEEL         | 0                | 683            | 0.00             | 11.05          |
| 3" STEEL             | 0                | 0              | 0.00             | 0.00           | 3" STEEL         | 0                | 0              | 0.00             | 0.00           |
| 4" STEEL             | 61               | 0              | 22.60            | 0.00           | 4" STEEL         | 0                | 8,462          | 0.00             | 30.52          |
| 5" STEEL             | 514              | 5,686          | 92.45            | 17.69          | 5" STEEL         | 141              | 0              | 67.64            | 0.00           |
| 8" STEEL             | 42,719           | 11,267         | 41.43            | 39.09          | 8" STEEL         | 0                | 198            | 0.00             | 39.07          |
| 10" STEEL            | 0                | 0              | -                | -              | 10" STEEL        | 0                | 88,015         | 0.00             | 42.58          |
| TOTAL SWO'S          | 73,125           | 46,989         | --               | --             | TOTAL SWO'S      | 70,410           | 160,377        | --               | --             |

**DELTA NATURAL GAS COMPANY, INC.**  
**2005 CUSTOMER RESPONSES - CUSTOMER SERVICE CARDS**

**CUSTOMER RESPONSES RECEIVED:**

|                        |            |
|------------------------|------------|
| Owingsville District   | 22         |
| Berea District         | 75         |
| Nicholasville District | 498        |
| Middlesboro District   | 63         |
| Corbin District        | <u>343</u> |
|                        | 1,001      |

**SERVICE REQUESTS:**

|   |          |
|---|----------|
| Turn on                                       | 545      |
| Reconnect                                     | 92       |
| Set meter/turn on                             | 117      |
| Meter rotation/inspection                     | 144      |
| Check for leak, gas odor                      | 46       |
| Check furnace, light pilots, logs, read meter | 46       |
| Gas meter frozen                              | 3        |
| Not indicated                                 | <u>8</u> |
|   | 1,001    |

|  | <b>Yes</b> | <b>No</b> | <b>Not Indicated</b> |
|--|------------|-----------|----------------------|
| Timely response to request                 | 945        | 9         | 47                   |
| Service satisfactory                       | 971        | 3         | 27                   |
| Courteous/Professional<br>Service Rendered | 975        | 1         | 25                   |

**COMMENTS:**

|   |    |
|---|----|
| Excellent/professional service and employees    | 49 |
| Comments concerning high prices/bills /deposits | 19 |
| Schedule appointments/specific time to do work  | 3  |

**DELTA NATURAL GAS COMPANY**  
**COMPLAINT SUMMARY**  
**JANUARY - DECEMBER**

| DISTRICT      | 2005<br>January<br>thru<br>December | TOTAL<br>NUMBER OF<br>COMPLAINTS | COMPLAINTS<br>(SEE LEGEND BELOW) |                  |                  |                  |                  | COMMENTS  |
|---------------|-------------------------------------|----------------------------------|----------------------------------|------------------|------------------|------------------|------------------|---|
|               |                                     |                                  | 1                                | 2 <sup>(1)</sup> | 3 <sup>(2)</sup> | 4 <sup>(3)</sup> | 5 <sup>(4)</sup> |   |
| OWINGSVILLE   | January<br>thru<br>December         | 3                                | 1                                | 2                |                  |                  |                  | 1 - credit adjustment - meter rotated - numbers transposed  |
| BEREA         | January<br>thru<br>December         | 0                                |                                  |                  |                  |                  |                  |   |
| NICHOLASVILLE | January<br>thru<br>December         | 12                               | 11                               | 1                |                  |                  |                  | 4 - credit adjustments - ERT programmed 2 ft should be 1 ft - ERT reprogrammed;<br>4 - credit adjustments - service not disconnected when requested; 1 - credit<br>adjustment for collection charge; 1 - credit adjustment - state tax charged in error -<br>customer had exemption certificate; 1 - credit adjustment - meter rotated - reading<br>keyed incorrectly |
| MIDDLESBORO   | January<br>thru<br>December         | 2                                | 2                                |                  |                  |                  |                  | 1 - credit adjustment due to leak on swivel (company side); 1 - credit adjustment -<br>overread on out reading at rotation  |
| CORBIN        | January<br>thru<br>December         | 7                                | 2                                | 4                | 1                |                  |                  | 1 - credit adjustment customer billed .2 Mcf gas not on; 1 - credit adjustment for 1/2<br>usage on May bill and all on June bill (usage increased from 9.8 April to 15.4 May)<br>June bill reflected usage of .7 Mcf (gas not on)   |
| <b>TOTAL</b>  |                                     | <b>24</b>                        | <b>16</b>                        | <b>7</b>         | <b>0</b>         | <b>1</b>         | <b>0</b>         |   |

- 1 - COMBL (Complaint Billing Adjustment)
- 2 - COMC (Complaint PSC)
- 3 - COMEA (Complaint Employee Attitude)
- 4 - COMOT (Complaint Other)
- 5 - COMSR (Complaint Service)

Distribution: Glenn John John Johnny Alan Bob Gerald Mike  
District Customer Service Supervisors - Anvil Bill Mark Mike Robert

**OWINGSVILLE**

Customer contacted PSC re high usage; Jeff Steele met with tenant and performed energy audit; house built in 1905 - little if any insulation; inside furnace is outside in a shed-like structure; styrofoam stapled to wood in order to provide some type of insulation to furnace; Jeff left 2-page document of energy saving tips and guidelines, also pointed out various things that could be done to conserve energy; PSC advised regarding outcome of energy audit

**COMC**

Customer contacted PSC because she was told that she could not join budget payment plan; explained that in order to become budget customer that premise must have a consecutive 12 month usage history

**COMC**

**Nicholasville**

Customer contacted PSC re tax on his bill; does not think he should be charged tax on customer charge or sales tax on school tax; mailed letter to customer referencing Department of Revenue's Kentucky Sales Tax Facts Newsletter regarding the question of sales tax on school tax; also referenced KRS 139.050 regarding sales tax on gross receipts (total amount of sale including any services that are part of the sale; copy of letter sent to PSC

**COMC**

**CORBIN**

Customer contacted PSC re disconnection of service for nonpayment; door knocker left 1/20/05 advising customer that if past due bill not paid by 1/21/05 service subject to be disconnected; customer informed PSC that he put check in the mail on 1/21/-5 but service was disconnected on 1/25/05; check not received as of 1/26/05/ gas bill, reconnect fee and collection charge paid in office 1/26/05 and service reconnected; check received in mail 1/27/05 - returned to customer

**COMC**

Customer contacted PSC re sales tax being charged on school tax; sent memo to customer explaining that KRS 139 - Sales and Use Tax - indicates that school tax is a component of the cost of the product that we are delivering and therefore subject to sales tax; advised customer to contact Kentucky Revenue Cabinet Sales & use Tax Section for confirmation

**COMC**

Customer contacted PSC due to service being disconnected on 3/04/05 for nonpayment; customer owed \$435.52 on 1/29/05 bill; customer advised PSC that he could pay \$115 if service reconnected; customer advised customer service representative that he could not pay any money until March 15 and then he could pay only \$75; PSC called customer and informed him that payment would have to be made prior to service being reconnected

**COMC**

Customer contacted PSC re budget amount for 2006-2006 budget year; sent budget calculation formula and rate used to calculate 2005-2006 budget to customer; copy sent to PSC

**COMC**

**COMOT** Customer reported smell of gas outside in front of house; leak found and repaired

- COMBL - Complaint Billing Adjustment
- COMC - Complaint PSC
- COMEA - Complaint Employee Attitude
- COMOT - Complaint Other
- COMSR - Complaint Service

## 2005 Shareholder Survey Summary

(mailed with 9/15/05 dividend checks)

1. Overall, how would you rate Delta as an investment opportunity?  

|                |           |          |
|----------------|-----------|----------|
| Excellent - 56 | Good - 61 | Poor - 1 |
|----------------|-----------|----------|
  
2. What is the primary reason you hold your Delta stock?  

|                           |                       |           |
|---------------------------|-----------------------|-----------|
| Capital appreciation - 28 | Dividend income - 101 | Other - 9 |
|---------------------------|-----------------------|-----------|
  
3. How would you rate Delta's stock transfer agent, in each of the following areas:
  - Prompt response to shareholder request –

|                |           |          |
|----------------|-----------|----------|
| Excellent - 43 | Good - 41 | Poor - 4 |
|----------------|-----------|----------|
  
  - Quality and accuracy of response –

|                |           |          |
|----------------|-----------|----------|
| Excellent - 43 | Good - 45 | Poor - 4 |
|----------------|-----------|----------|
  
  - Adequacy of information provided –

|                |           |          |
|----------------|-----------|----------|
| Excellent - 45 | Good - 44 | Poor - 3 |
|----------------|-----------|----------|
  
4. Overall, how would you rate the usefulness of Delta's annual report in helping you to understand the company?  

|                |           |          |
|----------------|-----------|----------|
| Excellent - 41 | Good - 64 | Poor - 1 |
|----------------|-----------|----------|
  
5. Would you like to receive information concerning Delta's Dividend Reinvestment and Stock Purchase Plan?  

Yes – 36 sets mailed
  
6. Please provide any comments, suggestions or concerns.

|   |   |
|---|---|
| Been pleased with investment, satisfied | 7 |
| Raise dividends, dividends too low      | 3 |
| Mail dividends payments on time         | 2 |
| Concerned about effects of hurricanes   | 1 |

Total shareholder survey cards received – 118

## 2005 Employee Survey Summary

|           |  | <u>Yes</u> | <u>No</u> |
|-----------|--|------------|-----------|
| <b>1</b>  | Does Delta provide high quality service to its customers?          | 66         | 0         |
| <b>2</b>  | Are rules and policies implemented and enforced fairly at Delta?   | 62         | 0         |
| <b>3</b>  | Does Delta have an effective system in handling employee concerns? | 57         | 6         |
| <b>4</b>  | Do people you work with cooperate and work well together?          | 66         | 1         |
| <b>5</b>  | Is communication within Delta effective?                           | 57         | 3         |
| <b>6</b>  | Overall do you consider Delta a good place to work?                | 67         | 0         |
| <b>7</b>  | Was the evaluation of your job performance fair?                   | 66         | 0         |
| <b>8</b>  | Is Management supportive of all employees?                         | 59         | 3         |
| <b>9</b>  | Is the training you receive adequate to perform your job?          | 67         | 0         |
| <b>10</b> | Is Safety and Security a high priority at Delta?                   | 67         | 0         |



DELTA NATURAL GAS COMPANY, INC.  
SUMMARY OF CUSTOMER SERVICE INTERRUPTIONS  
2005

|  |            |
|--|------------|
| TOTAL NUMBER OF INTERRUPTIONS FOR COMPANY          | 261        |
| TOTAL CUSTOMERS INTERRUPTED FOR 2005               | 794        |
| TOTAL CUSTOMER HOURS OF INTERRUPTION FOR 2005      | 561.15     |
| AVERAGE INTERRUPTION TIME PER CUSTOMER INTERRUPTED | 0.71 HOURS |

|                        | NUMBER OF INTERRUPTIONS |     | CUSTOMER COUNT |
|------------------------|-------------------------|-----|----------------|
|                        | TOTAL                   |     | TOTAL          |
| DISTRIBUTION:          | 191                     |     | 640            |
| LINE BREAK             |                         |     |                |
| EQUIPMENT FAILURE      | 4                       |     | 4              |
| FREEZE OFF             | 1                       |     | 1              |
| OTHER                  | 13                      |     | 16             |
| TOTAL FOR DISTRIBUTION |                         | 209 | 661            |

|                        |   |   |  |    |
|------------------------|---|---|--|----|
| TRANSMISSION:          |   |   |  |    |
| LINE BREAK             | 2 |   |  | 52 |
| EQUIPMENT FAILURE      | 0 |   |  | 0  |
| FREEZE OFF             | 0 |   |  | 0  |
| OTHER                  | 1 |   |  | 1  |
| TOTAL FOR TRANSMISSION |   | 3 |  | 53 |

|                     |    |    |  |    |
|---------------------|----|----|--|----|
| GATHERING:          |    |    |  |    |
| LINE BREAK          | 1  |    |  | 6  |
| EQUIPMENT FAILURE   | 1  |    |  | 2  |
| FREEZE OFF          | 41 |    |  | 63 |
| OTHER               | 6  |    |  | 9  |
| TOTAL FOR GATHERING |    | 49 |  | 80 |

**DELTA NATURAL GAS COMPANY, INC.**  
**SUMMARY OF CUSTOMER SERVICE INTERRUPTIONS**  
**2004**

|   |               |
|---|---------------|
| <b>TOTAL NUMBER OF INTERRUPTIONS FOR COMPANY</b>          | <b>282</b>    |
| <b>TOTAL CUSTOMERS INTERRUPTED FOR 2004</b>               | <b>875</b>    |
| <b>TOTAL CUSTOMER HOURS OF INTERRUPTION FOR 2004</b>      | <b>695.25</b> |
| <b>AVERAGE INTERRUPTION TIME PER CUSTOMER INTERRUPTED</b> | <b>0.79</b>   |
|   | <b>HOURS</b>  |

|                               | NUMBER OF INTERRUPTIONS |       | CUSTOMER COUNT |
|-------------------------------|-------------------------|-------|----------------|
|                               | TOTAL                   | TOTAL |                |
| <b>DISTRIBUTION:</b>          |                         |       |                |
| LINE BREAK                    | 191                     | 734   |                |
| EQUIPMENT FAILURE             | 1                       | 1     |                |
| FREEZE OFF                    | 8                       | 10    |                |
| OTHER                         | 17                      | 33    |                |
| <b>TOTAL FOR DISTRIBUTION</b> | <b>217</b>              |       | <b>778</b>     |

|                               |   |          |          |
|-------------------------------|---|----------|----------|
| <b>TRANSMISSION:</b>          |   |          |          |
| LINE BREAK                    | 0 |          | 0        |
| EQUIPMENT FAILURE             | 0 |          | 0        |
| FREEZE OFF                    | 2 |          | 4        |
| OTHER                         | 4 |          | 4        |
| <b>TOTAL FOR TRANSMISSION</b> |   | <b>6</b> | <b>8</b> |

|                            |    |           |           |
|----------------------------|----|-----------|-----------|
| <b>GATHERING:</b>          |    |           |           |
| LINE BREAK                 | 1  |           | 1         |
| EQUIPMENT FAILURE          | 1  |           | 1         |
| FREEZE OFF                 | 56 |           | 86        |
| OTHER                      | 1  |           | 1         |
| <b>TOTAL FOR GATHERING</b> |    | <b>59</b> | <b>89</b> |

DELTA NATURAL GAS COMPANY, INC.  
SUMMARY OF CUSTOMER SERVICE INTERRUPTIONS  
2003

|  |        |
|--|--------|
| TOTAL NUMBER OF INTERRUPTIONS FOR COMPANY          | 317    |
| TOTAL CUSTOMERS INTERRUPTED FOR 2003               | 716    |
| TOTAL CUSTOMER HOURS OF INTERRUPTION FOR 2003      | 650.25 |
| AVERAGE INTERRUPTION TIME PER CUSTOMER INTERRUPTED | 0.91   |
|  | HOURS  |

|                        | NUMBER OF INTERRUPTIONS |     | CUSTOMER COUNT |
|------------------------|-------------------------|-----|----------------|
|                        | TOTAL                   |     | TOTAL          |
| <b>DISTRIBUTION:</b>   |                         |     |                |
| LINE BREAK             | 208                     |     | 471            |
| EQUIPMENT FAILURE      | 6                       |     | 11             |
| FREEZE OFF             | 1                       |     | 9              |
| OTHER                  | 8                       |     | 56             |
| TOTAL FOR DISTRIBUTION |                         | 223 | 547            |

|                        |    |    |    |
|------------------------|----|----|----|
| <b>TRANSMISSION:</b>   |    |    |    |
| LINE BREAK             | 2  |    | 41 |
| EQUIPMENT FAILURE      | 0  |    | 0  |
| FREEZE OFF             | 0  |    | 0  |
| OTHER                  | 12 |    | 14 |
| TOTAL FOR TRANSMISSION |    | 14 | 55 |

|                     |    |    |     |
|---------------------|----|----|-----|
| <b>GATHERING:</b>   |    |    |     |
| LINE BREAK          | 2  |    | 8   |
| EQUIPMENT FAILURE   | 0  |    | 0   |
| FREEZE OFF          | 70 |    | 96  |
| OTHER               | 8  |    | 10  |
| TOTAL FOR GATHERING |    | 80 | 114 |

Delta Natural Gas Company, Inc.  
Comparison of Sales and  
Transportation Volumes  
to Budget and Previous Year

December 31, 2005

|                                     | MONTH           |           |           | YEAR TO DATE    |           |           | YEAR ENDED |            |
|-------------------------------------|-----------------|-----------|-----------|-----------------|-----------|-----------|------------|------------|
|                                     | This Year Over  |           |           | This Year Over  |           |           | This Year  | Last Year  |
|                                     | (Under ) Budget | This Year | Last Year | (Under ) Budget | This Year | Last Year |            |            |
| DEGREE DAYS BILLED - LEXINGTON AREA |                 | 655       | 534       |                 | 923       | 827       | 4,389      | 4,357      |
| <b>MCFS:</b>                        |                 |           |           |                 |           |           |            |            |
| DELTA NATURAL                       |                 |           |           |                 |           |           |            |            |
| RESIDENTIAL                         |                 | 273,984   | 200,979   |                 | 469,352   | 424,938   | 2,036,700  | 2,100,518  |
| SMALL COMMERCIAL                    |                 | 83,079    | 51,608    |                 | 145,287   | 116,766   | 604,106    | 630,092    |
| COMMERCIAL - OTHER                  |                 | 111,494   | 70,392    |                 | 244,028   | 215,682   | 805,548    | 829,882    |
| INDUSTRIAL                          |                 | 20,530    | 13,957    |                 | 47,893    | 42,966    | 158,867    | 158,273    |
| TOTAL SOLD                          |                 | 489,087   | 336,946   |                 | 906,560   | 800,352   | 3,605,221  | 3,718,765  |
| OFF SYSTEM                          |                 | 830,602   | 684,120   |                 | 4,507,996 | 3,454,615 | 8,246,962  | 7,171,033  |
| ON SYSTEM                           |                 | 494,398   | 454,746   |                 | 2,573,134 | 2,510,096 | 5,335,963  | 5,048,222  |
| TOTAL TRANSPORTED                   |                 | 1,325,000 | 1,138,866 |                 | 7,081,130 | 5,964,711 | 13,582,925 | 12,219,255 |
| TOTAL DELTA NATURAL                 |                 | 1,814,087 | 1,475,812 |                 | 7,987,690 | 6,765,063 | 17,188,146 | 15,938,020 |

December 31, 2004

|                                     | MONTH           |           |           | YEAR TO DATE    |           |           | YEAR ENDED |            |
|-------------------------------------|-----------------|-----------|-----------|-----------------|-----------|-----------|------------|------------|
|                                     | This Year Over  |           |           | This Year Over  |           |           | This Year  | Last Year  |
|                                     | (Under ) Budget | This Year | Last Year | (Under ) Budget | This Year | Last Year |            |            |
| DEGREE DAYS BILLED - LEXINGTON AREA |                 | 534       | 557       |                 | 827       | 963       | 4,357      | 4,601      |
| <b>MCFS:</b>                        |                 |           |           |                 |           |           |            |            |
| DELTA NATURAL                       |                 |           |           |                 |           |           |            |            |
| RESIDENTIAL                         |                 | 206,979   | 251,844   |                 | 424,938   | 525,965   | 2,100,518  | 2,293,335  |
| SMALL COMMERCIAL                    |                 | 51,608    | 75,610    |                 | 116,766   | 155,588   | 630,092    | 697,274    |
| COMMERCIAL - OTHER                  |                 | 70,392    | 91,624    |                 | 215,682   | 246,595   | 829,882    | 860,512    |
| INDUSTRIAL                          |                 | 13,967    | 16,358    |                 | 42,966    | 48,589    | 158,273    | 176,672    |
| TOTAL SOLD                          |                 | 336,946   | 435,436   |                 | 800,352   | 976,738   | 3,718,765  | 4,027,193  |
| OFF SYSTEM                          |                 | 684,120   | 553,482   |                 | 3,454,615 | 3,473,442 | 7,171,033  | 6,212,794  |
| ON SYSTEM                           |                 | 454,746   | 445,674   |                 | 2,510,096 | 2,627,534 | 5,048,222  | 5,265,621  |
| TOTAL TRANSPORTED                   |                 | 1,138,866 | 999,156   |                 | 5,964,711 | 6,100,976 | 12,219,255 | 11,498,415 |
| TOTAL DELTA NATURAL                 |                 | 1,475,812 | 1,434,592 |                 | 6,765,063 | 7,077,714 | 15,938,020 | 15,525,608 |

December 31, 2003

|                                     | MONTH           |           |           | YEAR TO DATE    |           |           | YEAR ENDED |            |
|-------------------------------------|-----------------|-----------|-----------|-----------------|-----------|-----------|------------|------------|
|                                     | This Year Over  |           |           | This Year Over  |           |           | This Year  | Last Year  |
|                                     | (Under ) Budget | This Year | Last Year | (Under ) Budget | This Year | Last Year |            |            |
| DEGREE DAYS BILLED - LEXINGTON AREA |                 | 557       | 773       |                 | 963       | 1,276     | 4,601      | 4,583      |
| <b>MCFS:</b>                        |                 |           |           |                 |           |           |            |            |
| DELTA NATURAL                       |                 |           |           |                 |           |           |            |            |
| RESIDENTIAL                         |                 | 251,844   | 354,802   |                 | 525,965   | 648,910   | 2,293,334  | 2,266,495  |
| SMALL COMMERCIAL                    |                 | 75,610    | 105,444   |                 | 155,588   | 193,466   | 697,274    | 667,590    |
| COMMERCIAL - OTHER                  |                 | 91,624    | 117,737   |                 | 246,595   | 278,166   | 860,512    | 833,292    |
| INDUSTRIAL                          |                 | 16,358    | 24,150    |                 | 48,589    | 53,206    | 176,072    | 147,535    |
| TOTAL SOLD                          |                 | 435,436   | 602,133   |                 | 976,737   | 1,173,748 | 4,027,192  | 3,914,912  |
| OFF SYSTEM                          |                 | 553,482   | 438,448   |                 | 3,473,442 | 2,656,556 | 6,212,794  | 4,912,354  |
| ON SYSTEM                           |                 | 445,674   | 451,323   |                 | 2,627,534 | 2,639,792 | 5,285,621  | 5,129,321  |
| TOTAL TRANSPORTED                   |                 | 999,156   | 889,771   |                 | 6,100,976 | 5,296,348 | 11,498,415 | 10,041,675 |
| TOTAL DELTA NATURAL                 |                 | 1,434,592 | 1,491,904 |                 | 7,077,713 | 6,470,096 | 15,525,607 | 13,956,587 |

DELTA NATURAL GAS COMPANY, INC.  
COMPARISON OF ESTIMATED PEAK DAY MCF REQUIREMENTS  
TO ACTUAL USAGE  
FOR THE FISCAL YEARS ENDED JUNE 30

|                        | <u>2004</u> | <u>2005</u> | <u>2006</u> |
|------------------------|-------------|-------------|-------------|
| ESTIMATED REQUIREMENTS |             |             |             |
| REVISED REQUIREMENTS   |             |             | !           |
| ACTUAL USAGE           |             |             |             |
| % DIFFERENCE           |             |             |             |

Appendix 10: Comparison Summary For:

**DELTA NATURAL GAS CO**

2005

| <u>Metric</u>   | <u>Value</u> | <u>Rank</u> |
|---|--------------|-------------|
| Appendix 10A: Total Customers                             | 38,862       | 133         |
| Appendix 10B: Total Deliveries (Mcf)                      | 8,719,644    | 134         |
| Appendix 10C: Residential Share of Total Deliveries       | 24.0%        | 184         |
| Appendix 10D: Total Sales Deliveries (Mcf)                | 3,698,683    | 141         |
| Appendix 10E: Transportation Share of Total Deliveries    | 57.6%        | 36          |
| Appendix 10F: Residential Sales Revenue (\$/Mcf)          | \$ 15.53     | 10          |
| Appendix 10G: Commercial Sales Revenue (\$/Mcf)           | \$ 14.22     | 6           |
| Appendix 10H: Use Per Customer (Mcf/Yr)                   | 224.4        | 60          |
| Appendix 10I: Use Per Residential Customer (Mcf/Yr)       | 62.4         | 164         |
| Appendix 10J: Use Per Commercial Customer (Mcf/Yr)        | 330.0        | 186         |
| Appendix 10K: Total Miles of Main                         | 2,034        | 125         |
| Appendix 10L: Miles of Main - Cast Iron Share             | 0.0%         | 141         |
| Appendix 10M: Miles of Main - Plastic Share               | 82.2%        | 21          |
| Appendix 10N: Average Length of Service (Feet)            | 64           | 137         |
| Appendix 10O: System Density (Customers Per Mile Of Main) | 19.1         | 169         |
| Appendix 10P: Percent Unaccounted For Gas                 | 1.88         | 64          |

Sources: Energy Information Administration and Department of Transportation public records

NOTE: Data and rankings are very dependent on numerous variables, such as weather, customer base, age of system, regulatory environment, access to supplies, accuracy of data filings, etc. Rank is simply based on a descending data sort and is not to be inferred as a value judgment.

## 2005 BEST PRACTICES BENCHMARKING

### Service Piping Replacements

| Structural Factors               |  | Multiplic | Company Median | Delta     |
|----------------------------------|--|-----------|----------------|-----------|
| Soil Conditions<br>(% of system) | Stable Soil                                | 1.00      | 80.0%          | 80.0%     |
|                                  | Loose Soil                                 | 1.25      | 10.0%          | 10.0%     |
|                                  | Rocky Soil                                 | 1.50      | 5.0%           | 10.0%     |
|                                  | Unadjusted Footage                         |           | 147,789        | 31,000    |
|                                  | Adjustment Footage                         |           | 10,642         | 2,325     |
| Class Location<br>(% of system)  | Class 1                                    | 1.00      | 0.0%           |           |
|                                  | Class 2                                    | 1.10      | 2.0%           |           |
|                                  | Class 3                                    | 1.50      | 82.0%          |           |
|                                  | Class 4                                    | 1.00      | 1.0%           |           |
|                                  | Unadjusted Footage                         |           | 171,545        |           |
| Adjustment Footage               |  | 89,504    |                |           |
| Pipe Diameter<br>(% of system)   | < 1 1/4"                                   | 1.00      | 91.0%          | 99.0%     |
|                                  | 1 1/4" - 2"                                | 1.50      | 7.0%           | 1.0%      |
|                                  | > 2"                                       | 2.00      | 1.0%           | 0.0%      |
|                                  | Unadjusted Footage                         |           | 166,098        | 31,000    |
|                                  | Adjustment Footage                         |           | 6,593          | 155       |
| Type of Replacement              | Percent services replaced with mains       |           | 60.0%          |           |
|                                  | Percent all other service replacements     |           | 40.0%          |           |
|                                  | Total replacements                         |           | 100.0%         |           |
|                                  | No. of metered customers at year-end       |           | 404,709        | 40,002    |
|                                  | Are you a "gas-only" company               |           |                | Yes       |
| Productivity                     | Unadjusted Number of Services Replaced     |           | 2,169          | 310       |
|                                  | Unadjusted Feet of Service Replaced        |           | 147,789        | 31,000    |
|                                  | Average length (feet) of each Service Line |           | 66             | 100       |
|                                  | Unadjusted Labor Expenses                  |           | \$1,560,662    | \$124,000 |
|                                  | Unadjusted Total Expenses                  |           | \$3,100,000    | \$206,150 |
|                                  | <b>Unadjusted Productivity:</b>            |           |                |           |
|                                  | Labor Cost per Service Line                |           | \$728.58       | \$400.00  |
|                                  | Labor Cost per Foot                        |           | \$11.10        | \$4.00    |
|                                  | Total Cost per Service Line                |           | \$1,346.26     | \$665.00  |
|                                  | Total Cost per Foot                        |           | \$21.85        | \$6.65    |
| Measures                         | Adjusted Number of Services Replaced       |           | 4,108          | 335       |
|                                  | Adjusted Feet of Service Replaced          |           | 283,988        | 33,480    |
|                                  | Adjusted Labor Expenses                    |           | \$1,489,979.03 | \$122,047 |
|                                  | Adjusted Total Expenses                    |           | \$2,886,405.96 | \$202,904 |
|                                  | <b>Adjusted Productivity:</b>              |           |                |           |
|                                  | Labor Cost per Service Line                |           | \$390.31       | \$364.54  |
|                                  | Labor Cost per Foot                        |           | \$6.20         | \$3.65    |
|                                  | Total Cost per Service Line                |           | \$766.80       | \$606.04  |
|                                  | Total Cost per Foot                        |           | \$11.61        | \$6.06    |

# 2005 BEST PRACTICES BENCHMARKING

## Main Piping Replacements

| Structural Factors                   |   | Industry | Company     | Delta     |
|--------------------------------------|---|----------|-------------|-----------|
|                                      |   | Median   | Median      |           |
| Soil Conditions<br>(% of system)     | Stable Soil                             | 9.00     | 80%         | 95%       |
|                                      | Loose Soil                              | 1.25     | 10%         | 0%        |
|                                      | Rocky Soil                              | 1.50     | 8%          | 5%        |
|                                      | Unadjusted Footage                      |          | 131,847     | 44,731    |
|                                      | Adjustment Footage                      |          | 9,957       | 1,118     |
| Class Location<br>(% of system)      | Class 1                                 | 1.00     | 0%          | 0%        |
|                                      | Class 2                                 | 1.10     | 2%          | 0%        |
|                                      | Class 3                                 | 3.00     | 86%         | 100%      |
|                                      | Class 4                                 | 4.00     | 1%          | 0%        |
|                                      | Unadjusted Footage                      |          | 122,716     | 44,731    |
| Adjustment Footage                   |   | 275,528  | 89,462      |           |
| Surface<br>(% of system)             | Dirt                                    | 4.00     | 13%         | 95%       |
|                                      | Landscaped                              | 1.10     | 10%         | 0%        |
|                                      | Blacktop/Asphalt                        | 1.20     | 26%         | 2.5%      |
|                                      | Concrete                                | 1.50     | 10%         | 2.5%      |
|                                      | Unadjusted Footage                      |          | 131,847     | 44,731    |
| Adjustment Footage                   |   | 21,776   | 783         |           |
| Job Length<br>(% of system)          | > 1500'                                 | 1.00     | 33%         | 56%       |
|                                      | 600' - 1500'                            | 1.10     | 20%         | 20%       |
|                                      | < 600'                                  | 1.25     | 23%         | 24%       |
|                                      | Unadjusted Footage                      |          | 148,385     | 44,731    |
| Adjustment Footage                   |   | 10,034   | 3,563       |           |
| Pipe Diameter<br>(Feet)              | <= 2"                                   | 1.00     | 60,000      | 30,220    |
|                                      | 3" - 4"                                 | 1.75     | 33,632      | 14,511    |
|                                      | 6" - 8"                                 | 2.50     | 26,086      | 0         |
|                                      | 10" - 14"                               | 3.50     | 1,260       | 0         |
|                                      | >= 16"                                  | 5.00     | 0           | 0         |
|                                      | Unadjusted Footage                      |          | 139,694     | 44,731    |
| Adjustment Footage                   |   | 85,551   | 10,883      |           |
| Type of Replacement                  | Percent Mandatory-Public Improvements   |          | 30%         | 89%       |
|                                      | Percent Mandatory-Pipeline Integrity    |          | 15%         | 10%       |
|                                      | Percent Discretionary                   |          | 19%         | 1%        |
|                                      | Total main replacements                 |          | 100%        | 100%      |
| No. of metered customers at year-end |   |          | 427,933     | 40,002    |
|                                      | Are you a "gas-only" company            |          |             | Yes       |
| Productivity Measures                | Unadjusted Feet of Main Replaced        |          | 131,847     | 44,731    |
|                                      | Unadjusted Labor Expenses               |          | \$2,941,998 | \$387,785 |
|                                      | Total Unadjusted Main Replacement Costs |          | \$5,682,089 | \$695,710 |
|                                      | Unadjusted Labor (\$ per Foot)          |          | \$22.66     | \$8.67    |
|                                      | Unadjusted Total Costs (\$ per Foot)    |          | \$39.57     | \$15.55   |
|                                      | Adjusted Feet of Main Replaced          |          | 537,653     | 150,540   |
|                                      | Adjusted Labor Expenses                 |          | \$2,890,910 | \$381,678 |
|                                      | Total Adjusted Main Replacement Costs   |          | \$5,628,711 | \$684,754 |
| Adjusted Labor (\$ per Foot)         |   |          | \$7.58      | \$2.54    |
|                                      | Adjusted Total Costs (\$ per Foot)      |          | \$10.97     | \$4.55    |



## 2005 BEST PRACTICES BENCHMARKING

### Employee Safety

| Description                      | Year | Company Median | Delta    |
|----------------------------------|------|----------------|----------|
| <b>Employee Data</b>             |      |                |          |
| Number of Employees - Field      | 2004 | 382            | 125      |
|                                  | 2003 | 433            | 133      |
|                                  | 2002 | 380            | 138      |
| Number of Employees - Office     | 2004 | 216            | 31       |
|                                  | 2003 | 228            | 31       |
|                                  | 2002 | 238            | 31       |
| Number of Employees - Total      | 2004 | 812            | 156      |
|                                  | 2003 | 868            | 164      |
|                                  | 2002 | 832            | 169      |
| Hours Worked                     | 2004 | 1,605,141      | 344,712  |
|                                  | 2003 | 1,661,629      | 313,776  |
|                                  | 2002 | 1,684,041      | 310,007  |
| <b>Cost Data</b>                 |      |                |          |
| Safety Dept (Corporate & Field)  | 2004 | \$177,999      | \$4,047  |
|                                  | 2003 | \$170,860      | \$3,901  |
|                                  | 2002 | \$204,377      | \$3,733  |
| Safety Meetings & Training       | 2004 | \$102,738      | \$23,919 |
|                                  | 2003 | \$126,638      | \$7,914  |
|                                  | 2002 | \$115,526      | \$12,487 |
| Safety Supplies (excluding PPE)  | 2004 | \$12,250       | \$2,980  |
|                                  | 2003 | \$11,032       | \$1,958  |
|                                  | 2002 | \$8,107        | \$1,906  |
| Safety Incentives & Bonuses      | 2004 | \$39,801       | \$755    |
|                                  | 2003 | \$34,848       | \$497    |
|                                  | 2002 | \$30,000       | \$245    |
| All Other Costs                  | 2004 | \$24,040       |          |
|                                  | 2003 | \$18,437       |          |
|                                  | 2002 | \$22,534       |          |
| Total Cost of Safety Program     | 2004 | \$401,936      | \$31,701 |
|                                  | 2003 | \$382,284      | \$14,270 |
|                                  | 2002 | \$386,329      | \$18,371 |
| Cost of Safety Dept per Employee | 2004 | \$607          | \$203    |
|                                  | 2003 | \$634          | \$87     |
|                                  | 2002 | \$606          | \$109    |
| Adjusted Cost per Employee       | 2004 | \$628          | \$200    |
|                                  | 2003 | \$606          | \$86     |
|                                  | 2002 | \$608          | \$107    |

## 2005 BEST PRACTICES BENCHMARKING

### Technical Training

| Description   | Company          | Delta           |
|---|------------------|-----------------|
| Are you a Gas-Only Company (Y/N)                            |                  | Yes             |
| Number of gas customers at year-end                         |                  | 40,802          |
| <b>Technical Training:</b>                                  |                  |                 |
| A. Operating cost of Training Center                        | \$41,820         |                 |
| B. Trainer Labor Cost                                       | \$204,000        | \$5,684         |
| C. Out-source Training Cost                                 | \$13,750         | \$3,610         |
| D. Employee Labor Costs while in Training                   | \$278,698        | \$29,944        |
| E. Other costs (travel, meals, supplies, etc.)              | \$22,744         | \$3,110         |
| <b>Total Technical Training Costs</b>                       | <b>\$724,650</b> | <b>\$42,348</b> |
| <b>Developmental Training:</b>                              |                  |                 |
| A. Operating cost of Training Center                        | \$4,700          |                 |
| B. Trainer Labor Cost                                       | \$22,700         |                 |
| C. Out-source Training Cost                                 | \$10,000         |                 |
| D. Employee Labor Costs while in Training                   | \$25,876         |                 |
| E. Other costs (travel, meals, supplies, etc.)              | \$4,000          |                 |
| <b>Total Developmental Training Costs</b>                   | <b>\$56,526</b>  |                 |
| <b>Total Technical &amp; Developmental Training Costs</b>   | <b>\$774,478</b> | <b>\$42,348</b> |
| Number of front-line field employees                        | 352              | 125             |
| Number of Trainers (FTE)                                    | 4                | 1               |
| Total Technical Training Employees hours                    | 12,676           | 1,728           |
| Total Developmental Training Employees hours                | 840              |                 |
| <b>Unadjusted Productivity:</b>                             |                  |                 |
| Total Technical Training cost per employee                  | \$1,668          | \$339           |
| Total Developmental Training cost per employee              | \$320            |                 |
| Total Technical & Developmental training cost per employee  | \$2,045          | \$339           |
| Total cost per technical training hour                      | \$53.29          | \$24.51         |
| Total cost per developmental training hour                  | \$62.00          |                 |
| Total cost per hr - technical & developmental training      | \$55.27          | \$24.51         |
| Technical Training hours per employee                       | 32               | 14              |
| Developmental Training hours per employee                   | 7                |                 |
| Total training hrs per employee - Technical + Developmental | 34               | 14              |
| <b>Adjusted Productivity:</b>                               |                  |                 |
| Total Technical Training cost per employee                  | \$1,655          | \$333           |
| Total Developmental Training cost per employee              | \$324            |                 |
| Total Technical & Developmental training cost per employee  | \$1,896          | \$333           |
| Total cost per technical training hour                      | \$54.32          | \$24.12         |
| Total cost per developmental training hour                  | \$64.70          |                 |
| Total cost per hr - technical & developmental training      | \$56.82          | \$24.12         |

## 2005 BEST PRACTICES BENCHMARKING

### Company Profile Computations

| Description  | Company<br>Mediana | Delta    |
|--|--------------------|----------|
| 1. Distribution O & M cost per customer            | \$53.08            | \$102.53 |
| 2. Distribution O & M cost per mile of main        | \$2,974            | \$2,781  |
| 3. Distribution O & M cost per dollar of plant     | \$0.03             | \$0.05   |
| 4. Distribution O & M costs / MCF sales            | \$0.45             | \$0.92   |
| 5. Distribution O & M costs / MCF transported      | \$0.70             | \$0.79   |
| 6. Dist O & M costs / MCF sales + MCF transported  | \$0.26             | \$0.42   |
| 7. Dist O & M costs + capital/customers            | \$142              | \$182    |
| 8. Dist O & M costs + capital/miles of main        | \$7,546            | \$4,942  |
| 9 Revenue dollars per customer                     | \$1,281            | \$1,584  |
| 10. Operating Income dollars per customer          | \$81.47            | \$211.07 |
| 11. Customers per mile of main                     | 57                 | 27       |
| 12. Admin & General expenses per customer          | \$80.82            | \$131.63 |
| 13. Sales & Marketing expenses per customer        | \$2.27             | \$0.05   |
| 14. Customers Accounts expenses per customer       | \$38.80            | \$31.87  |
| 15. Meter Reading expenses per customer            | \$5.79             | \$2.59   |
| 16. Call Center expenses per customer              | \$15.60            | \$15.60  |
| 17. Uncollectible Accounts exp per customer        | \$8.24             | \$13.69  |
| 18. O&M & Admin & Sales & Cust exp/customer        | \$181.65           | \$266.08 |
| 19. O&M & Admin & Sales & Cust exp/mile of main    | \$10,067           | \$7,216  |
| 20. O&M/Admin/Sales/Cust exp & Capital/customer    | \$286              | \$346    |
| 21. Distribution plant per mile of main            | \$88,701.52        | \$61,630 |
| 22. Capital Expenditures / dollars of depreciation | \$1.50             | \$0.12   |
| 23. Capital Expenditures per customer              | \$80.26            | \$79.70  |
| 24. Customers per employee                         | 672                | 245      |

# 2005 BEST PRACTICES BENCHMARKING

## Company Profile Data

| Description                                  | Company<br>Median | Delta        |
|--|-------------------|--------------|
| 17. Administrative and General Expenses      | \$36,123,044      | \$5,090,451  |
| A. A&G - Salaries                            | \$6,323,016       | \$2,389,091  |
| B. A&G - Office Supplies and Expenses        | \$3,540,716       | \$466,038    |
| C. A&G - A&G Expenses Transferred            | -\$1,215,003      | -\$2,480,463 |
| D. A&G - Outside Services Employed           | \$3,571,585       | \$549,419    |
| E. A&G - Property Insurance                  | \$223,577         | \$652,785    |
| F. A&G - Injuries and Damages                | \$1,573,128       |              |
| G. A&G - Employee Pension & Benefits         | \$9,093,503       | \$2,641,616  |
| H. A&G - Franchise Requirements              | \$2,379           |              |
| I. A&G - Regulatory Commissions Exp          | \$555,488         | \$15,152     |
| J. A&G - Duplicate Charges Credit            | -\$406,956        |              |
| K. A&G - General Advertising Exp             | \$51,381          |              |
| L. A&G - Misc General Expenses               | \$1,061,508       | \$550,652    |
| M. A&G - Rents                               | \$777,564         |              |
| N. A&G - Maint & General Plant               | \$332,652         | \$166,161    |
| 18. Sales and Marketing Expenses             | \$837,426         | \$1,986      |
| 19. Customer Accounts Expense                | \$20,594,700      | \$1,232,485  |
| A. Meter Reading Expenses                    | \$2,076,492       | \$100,000    |
| B. Call Center Expenses                      | \$7,468,175       | \$603,184    |
| C. Uncollectible Accounts Expenses           | \$3,312,334       | \$529,301    |
| 20. Customer Service & Informational Expense | \$1,665,930       |              |
| 21. Number of services                       | 399,219           | 50,415       |
| 22. Operating Income                         | \$36,808,786      | \$8,162,875  |
| 23. Number of Heating Degree Days            | 5,065             | 4357         |

# 2005 BEST PRACTICES BENCHMARKING

## Company Profile Data

| Description                               | Company<br>Median | Delta        |
|---|-------------------|--------------|
| 1. FERC Distribution Operations Exp       | \$16,533,731      | \$3,538,764  |
| A. FERC Account 878                       | \$1,601,038       |              |
| B. FERC Account 879                       | \$1,980,430       |              |
| 2. FERC Distribution Maintenance Exp      | \$7,480,591       | \$426,552    |
| A. FERC Account 893                       | \$497,579         | \$49,900     |
| 3. Number of Customers                    | 431,431           | 38,673       |
| 4. Annual increase in No. of Customers    | 3,909             | -317         |
| 5. Number of residential customers        | 419,951           | 33,391       |
| 6. MCF of natural gas sold                | 54,158,977        | 4,302,283    |
| 7. MCF of natural gas transported         | 33,298,255        | 5,048,222    |
| 8. MCF of natural gas sold to residential | 27,036,109        | 2,100,518    |
| 9. Number of gas employees                | 639               | 158          |
| 10. Miles of distribution main            | 6,433             | 1,426        |
| 11. Gas Operating Revenue                 | \$614,478,019     | \$61,256,304 |
| 12. Residential customer revenue          | \$276,968,146     | \$32,438,250 |
| 13. Distribution Plant Base               | \$823,256,385     | \$87,883,730 |
| 14. Distribution depreciation             | \$29,339,270      | \$25,846,881 |
| 15. Capital Additions - New Plant         | \$18,873,000      | \$2,076,020  |
| 16. Capital Additions - Replacement Plant | \$15,210,100      | \$1,006,077  |

# Common Stock Information Sorted by P/E



## DIVERSIFIED

|    | STOCK SYMBOL               | FISCAL YEAR | MO. END PRICE* | 52 WEEK HIGH | 52 WEEK LOW | MO. VOL SHARES (000) | O/S SHARES (000) | BOOK VALUE | P/E  | YIELD | MARKET TO BOOK |
|----|----------------------------|-------------|----------------|--------------|-------------|----------------------|------------------|------------|------|-------|----------------|
| 1  | SOUTHWESTERN ENERGY CORP.  | 12/31       | 32.190         | 44.280       | 13.438      | 60,978               | 167,587          | 6.67       | 32.8 | 0.0   | 483            |
| 2  | SOUTHWEST GAS CORPORATION  | 12/31       | 27.950         | 29.040       | 23.530      | 3,980                | 39,557           | 19.10      | 24.3 | 2.9   | 146            |
| 3  | CORNING NATURAL GAS CORP.  | 09/30       | 14.000         | 18.000       | 11.250      | 7                    | 507              | 9.69       | 23.2 | 0.0   | 145            |
| 4  | SOUTHERN UNION GAS CORP.   | 12/31       | 24.830         | 26.290       | 21.660      | 16,561               | 111,673          | 14.57      | 22.5 | 1.6   | 170            |
| 5  | KINDER MORGAN, INC.        | 12/31       | 91.990         | 103.750      | 72.470      | 12,125               | 133,591          | 29.34      | 20.6 | 3.8   | 314            |
| 6  | QUESTAR CORPORATION        | 12/31       | 70.050         | 89.600       | 54.490      | 15,661               | 85,504           | 18.17      | 17.5 | 1.3   | 386            |
| 7  | CHESAPEAKE UTILITIES CORP. | 12/31       | 40.870         | 41.520       | 32.660      | 41,423               | 174,574          | 25.60      | 17.5 | 4.6   | 160            |
| 8  | EQUITABLE RESOURCES, INC.  | 12/31       | 31.240         | 35.780       | 23.600      | 177                  | 5,926            | 14.41      | 17.5 | 3.6   | 217            |
| 9  | NATIONAL FUEL GAS COMPANY  | 09/30       | 32.720         | 36.000       | 28.160      | 16,969               | 119,872          | 2.96       | 17.1 | 2.3   | 1235           |
| 10 | MDU RESOURCES GROUP, INC.  | 12/31       | 33.450         | 37.130       | 26.350      | 8,461                | 84,509           | 15.65      | 15.8 | 3.5   | 209            |
| 11 | ENERGEN CORPORATION        | 12/31       | 35.000         | 44.310       | 28.750      | 7,125                | 119,954          | 12.15      | 15.4 | 2.3   | 214            |
| 12 | UGI CORPORATION            | 09/30       | 21.070         | 23.980       | 20.210      | 11,492               | 105,076          | 8.80       | 13.1 | 3.2   | 288            |
| 13 | NICOR, INC.                | 12/31       | 39.560         | 43.120       | 35.760      | 12,585               | 44,192           | 18.36      | 12.8 | 4.7   | 215            |
| 14 | ONEOK, INC.                | 12/31       | 32.250         | 35.850       | 26.300      | 16,100               | 117,257          | 18.38      | 8.0  | 3.5   | 175            |
|    |                            |             |                |              |             |                      |                  | MAXIMUM    | 32.8 | 4.7   | 1235           |
|    |                            |             |                |              |             |                      |                  | MINIMUM    | 8.0  | 0.0   | 145            |
|    |                            |             |                |              |             |                      |                  | MEDIAN     | 17.5 | 2.9   | 215            |
|    |                            |             |                |              |             |                      |                  | MEAN       | 18.2 | 2.6   | 306            |

## COMBINATION

|    | STOCK SYMBOL                   | FISCAL YEAR | MO. END PRICE* | 52 WEEK HIGH | 52 WEEK LOW | MO. VOL SHARES (000) | O/S SHARES (000) | BOOK VALUE | P/E  | YIELD | MARKET TO BOOK |
|----|--------------------------------|-------------|----------------|--------------|-------------|----------------------|------------------|------------|------|-------|----------------|
| 1  | ALLIANT ENERGY CORPORATION     | 12/31       | 31.470         | 33.620       | 25.560      | 9,975                | 117,540          | 20.85      | NMF  | 3.7   | 151            |
| 2  | AVISTA CORPORATION             | 12/31       | 20.650         | 20.980       | 16.310      | 7,182                | 48,617           | 15.87      | 25.5 | 2.7   | 130            |
| 3  | PNM RESOURCES, INC.            | 12/31       | 24.400         | 30.450       | 22.490      | 14,137               | 68,786           | 18.70      | 23.7 | 3.6   | 130            |
| 4  | MGE ENERGY, INC.               | 12/31       | 33.180         | 38.750       | 30.130      | 984                  | 20,454           | 16.82      | 21.1 | 4.2   | 197            |
| 5  | FLORIDA PUBLIC UTILITIES       | 12/31       | 14.150         | 16.840       | 11.447      | 90                   | 5,990            | 7.63       | 19.9 | 2.9   | 185            |
| 6  | NISOURCE INC.                  | 12/31       | 20.220         | 25.500       | 19.510      | 33,033               | 272,643          | 18.18      | 19.3 | 4.5   | 111            |
| 7  | NORTHWESTERN CORPORATION       | 12/31       | 31.140         | 32.880       | 26.960      | 15,970               | 35,568           | 20.60      | 18.0 | 4.0   | 151            |
| 8  | PUBLIC SERVICE ENT. GROUP INC. | 12/31       | 64.040         | 72.450       | 52.000      | 5,263                | 251,169          | 23.98      | 17.9 | 3.6   | 267            |
| 9  | CH ENERGY GROUP                | 12/31       | 11.930         | 15.140       | 11.660      | 55,408               | 15,762           | 31.97      | 17.1 | 4.5   | 150            |
| 10 | CENTERPOINT ENERGY, INC.       | 12/31       | 38.900         | 40.890       | 33.780      | 49,074               | 345,320          | 4.18       | 16.6 | 5.0   | 285            |
| 11 | PG&E CORPORATION               | 12/31       | 49.820         | 56.770       | 48.510      | 17,434               | 21,09            | 31.09      | 16.4 | 3.4   | 184            |
| 12 | AMEREN CORPORATION             | 12/31       | 16.120         | 19.300       | 15.300      | 204,746              | 208,330          | 7.65       | 15.9 | 5.1   | 160            |
| 13 | TECO ENERGY, INC.              | 12/31       | 28.810         | 31.460       | 24.900      | 8,248                | 106,808          | 14.37      | 15.8 | 4.7   | 211            |
| 14 | WISCONSIN ENERGY CORP.         | 12/31       | 39.990         | 42.350       | 34.200      | 9,313                | 116,981          | 22.91      | 15.4 | 4.2   | 199            |
| 15 | SCANA                          | 12/31       | 39.240         | 43.650       | 36.560      | 8,833                | 23,28            | 22.91      | 14.9 | 4.3   | 175            |
| 16 | PUGET ENERGY, INC.             | 12/31       | 21.180         | 24.360       | 20.210      | 9,214                | 115,033          | 17.52      | 14.8 | 4.7   | 169            |
| 17 | XCEL ENERGY, INC.              | 12/31       | 18.150         | 20.190       | 16.830      | 30,050               | 403,814          | 13.38      | 14.8 | 4.7   | 121            |
| 18 | VECTREN CORPORATION            | 12/31       | 26.380         | 29.460       | 25.000      | 5,006                | 76,187           | 15.04      | 14.6 | 4.6   | 136            |
| 19 | ENERGY EAST CORPORATION        | 12/31       | 24.300         | 30.070       | 22.500      | 11,317               | 147,680          | 19.45      | 13.9 | 4.8   | 175            |
| 20 | SEMPRA ENERGY                  | 12/31       | 46.460         | 49.540       | 37.070      | 25,859               | 260,500          | 23.97      | 12.3 | 2.6   | 125            |
| 21 | DTE ENERGY CORPORATION         | 12/31       | 40.090         | 48.310       | 39.400      | 1,831                | 147,680          | 32.47      | 12.2 | 5.1   | 124            |
| 22 | WPS RESOURCES CORP.            | 12/31       | 49.220         | 60.000       | 49.020      | 1,831                | 32,47            | 32.47      | 11.9 | 4.6   | 152            |
| 23 | AQUILA, INC.                   | 12/31       | 3.980          | 4.140        | 2.900       | 54,491               | 373,672          | 3.51       | NMF  | 0.0   | 114            |
| 24 | CMS ENERGY CORPORATION         | 12/31       | 12.950         | 16.800       | 12.270      | 262                  | 220,759          | 10.53      | NMF  | 0.0   | 123            |
|    |                                |             |                |              |             |                      |                  | MAXIMUM    | 25.5 | 5.1   | 285            |
|    |                                |             |                |              |             |                      |                  | MINIMUM    | 11.9 | 0.0   | 111            |
|    |                                |             |                |              |             |                      |                  | MEDIAN     | 15.9 | 4.2   | 152            |
|    |                                |             |                |              |             |                      |                  | MEAN       | 16.7 | 3.8   | 165            |

## Common Stock Information Sorted by P/E

| DISTRIBUTION |                                | STOCK SYMBOL | FISCAL YEAR | MO. END PRICE* | 52 WEEK HIGH | 52 WEEK LOW | MO. VOL SHARES (000) | O/S SHARES (000) | BOOK VALUE | P/E  | YIELD | MARKET TO BOOK |
|--------------|--------------------------------|--------------|-------------|----------------|--------------|-------------|----------------------|------------------|------------|------|-------|----------------|
| 1            | PEOPLES ENERGY CORPORATION     | PGL          | 09/30       | 35.640         | 45.520       | 34.340      | 6,188                | 38,348           | 20.95      | 37.1 | 6.1   | 170            |
| 2            | CASCADE NATURAL GAS CORP.      | CGC          | 09/30       | 19.700         | 22.800       | 18.050      | 862                  | 11,439           | 10.87      | 21.2 | 4.9   | 181            |
| 3            | PIEDMONT NATURAL GAS CO., INC. | PNY          | 10/31       | 23.990         | 25.800       | 21.260      | 3,584                | 76,338           | 12.26      | 18.0 | 4.0   | 196            |
| 4            | ENERGYSOUTH, INC.              | ENSI         | 09/30       | 31.810         | 32.420       | 24.650      | 343                  | 7,910            | 13.35      | 17.8 | 2.7   | 238            |
| 5            | NORTHWEST NATURAL GAS COMPANY  | NWN          | 12/31       | 35.490         | 39.630       | 32.830      | 3,224                | 27,582           | 21.28      | 16.8 | 3.9   | 167            |
| 6            | RGC RESOURCES, INC.            | RGCO         | 09/30       | 25.550         | 28.700       | 24.300      | 29                   | 2,107            | 18.61      | 16.6 | 4.7   | 137            |
| 7            | SOUTH JERSEY INDUSTRIES, INC.  | SJI          | 12/31       | 27.270         | 32.380       | 25.800      | 3,159                | 29,016           | 13.50      | 15.9 | 3.3   | 202            |
| 8            | NEW JERSEY RESOURCES CORP.     | NJR          | 09/30       | 45.250         | 49.340       | 40.681      | 3,108                | 27,619           | 19.05      | 15.5 | 3.2   | 238            |
| 9            | DELTA NATURAL GAS COMPANY INC. | DGAS         | 06/30       | 26.590         | 30.000       | 23.600      | 52                   | 3,243            | 15.89      | 15.3 | 4.5   | 167            |
| 10           | LACLEDE GROUP (THE)            | LG           | 09/30       | 34.420         | 35.550       | 26.900      | 2,008                | 21,282           | 18.47      | 14.6 | 4.1   | 186            |
| 11           | AGL RESOURCES, INC.            | ATG          | 12/31       | 36.050         | 39.320       | 32.230      | 6,333                | 77,850           | 19.29      | 14.4 | 4.1   | 187            |
| 12           | ATMOS ENERGY CORPORATION       | ATO          | 09/30       | 26.430         | 29.970       | 25.000      | 5,464                | 80,923           | 20.40      | 14.2 | 4.8   | 129            |
| 13           | WGL HOLDINGS, INC.             | WGL          | 09/30       | 30.420         | 34.790       | 28.848      | 5,103                | 48,762           | 18.91      | 14.1 | 4.4   | 161            |
| 14           | ENERGY WEST                    | EWST         | 06/30       | 10.990         | 13.890       | 6.200       | 78                   | 2,931            | 6.04       | 12.1 | 1.8   | 182            |
| 15           | SEMCO ENERGY, INC.             | SEN          | 09/30       | 5.540          | 7.050        | 5.000       | 2,018                | 33,726           | 5.75       | NMF  | 0.0   | 96             |

MAXIMUM  
MINIMUM  
MEDIAN  
MEAN

37.1  
12.1  
15.7  
17.4

6.1  
0.0  
4.1  
3.8

238  
96  
181  
176

## Common Stock Information Sorted by Yield

### DIVERSIFIED

|    | STOCK SYMBOL               | FISCAL YEAR | MO. END PRICE* | 52 WEEK HIGH | 52 WEEK LOW | MO. VOL SHARES (000) | O/S SHARES (000) | BOOK VALUE | P/E  | YIELD | MARKET TO BOOK |
|----|----------------------------|-------------|----------------|--------------|-------------|----------------------|------------------|------------|------|-------|----------------|
| 1  | NICOR, INC.                | 12/31       | 39.560         | 43.120       | 35.760      | 12,585               | 44,192           | 18.36      | 12.8 | 4.7   | 215            |
| 2  | KEYSPAN CORPORATION        | 12/31       | 40.870         | 41.520       | 32.660      | 41,423               | 174,574          | 25.60      | 17.5 | 4.6   | 160            |
| 3  | KINDER MORGAN, INC.        | 12/31       | 91.990         | 103.750      | 72.470      | 12,125               | 133,591          | 29.34      | 20.6 | 3.8   | 314            |
| 4  | CHESAPEAKE UTILITIES CORP. | 12/31       | 31.240         | 35.780       | 23.600      | 177                  | 5,926            | 14.41      | 17.5 | 3.6   | 217            |
| 5  | NATIONAL FUEL GAS COMPANY  | 09/30       | 32.720         | 36.000       | 26.198      | 8,461                | 84,509           | 15.65      | 15.8 | 3.5   | 209            |
| 6  | ONEOK, INC.                | 12/31       | 32.250         | 35.850       | 26.300      | 16,100               | 117,257          | 18.38      | 8.0  | 3.5   | 175            |
| 7  | UGI CORPORATION            | 09/30       | 21.070         | 29.960       | 20.210      | 17,492               | 105,076          | 8.60       | 13.1 | 3.5   | 240            |
| 8  | SOUTHWEST GAS CORPORATION  | 12/31       | 27.950         | 29.040       | 23.530      | 3,980                | 19,100           | 2.96       | 24.3 | 2.9   | 146            |
| 9  | EQUITABLE RESOURCES, INC.  | 12/31       | 33.450         | 41.180       | 28.160      | 16,969               | 39,557           | 15.65      | 15.4 | 2.3   | 1235           |
| 10 | MDU RESOURCES GROUP, INC.  | 12/31       | 24.630         | 28.290       | 21.660      | 16,561               | 119,954          | 14.57      | 22.5 | 2.3   | 214            |
| 11 | SOUTHERN UNION COMPANY     | 12/31       | 70.050         | 89.600       | 54.490      | 15,661               | 85,504           | 18.17      | 18.2 | 1.6   | 170            |
| 12 | QUESTAR CORPORATION        | 12/31       | 35.000         | 44.310       | 28.750      | 7,820                | 73,470           | 12.15      | 14.8 | 1.3   | 366            |
| 13 | ENERGEN CORPORATION        | 12/31       | 32.190         | 44.280       | 13.438      | 60,978               | 167,567          | 6.67       | 32.8 | 0.0   | 288            |
| 14 | SOUTHWESTERN ENERGY CORP.  | 12/31       | 14.000         | 18.000       | 11.250      | 7                    | 507              | 9.69       | 23.2 | 0.0   | 483            |
| 15 | CORNING NATURAL GAS CORP.  | 09/30       |                |              |             |                      |                  |            |      |       | 145            |

MAXIMUM 32.8  
MINIMUM 8.0  
MEDIAN 17.5  
MEAN 18.2

### COMBINATION

|    | STOCK SYMBOL                   | FISCAL YEAR | MO. END PRICE* | 52 WEEK HIGH | 52 WEEK LOW | MO. VOL SHARES (000) | O/S SHARES (000) | BOOK VALUE | P/E  | YIELD | MARKET TO BOOK |
|----|--------------------------------|-------------|----------------|--------------|-------------|----------------------|------------------|------------|------|-------|----------------|
| 1  | DTE ENERGY CORPORATION         | 12/31       | 40.090         | 48.310       | 39.400      | 1,831                | 147,680          | 32.44      | 12.2 | 5.1   | 124            |
| 2  | AMEREN CORPORATION             | 12/31       | 49.820         | 56.770       | 48.510      | 17,434               | 204,746          | 31.09      | 15.9 | 5.1   | 160            |
| 3  | CENTERPOINT ENERGY, INC.       | 12/31       | 11.930         | 15.140       | 11.660      | 55,408               | 310,849          | 4.18       | 16.6 | 5.0   | 285            |
| 4  | ENERGY EAST CORPORATION        | 12/31       | 24.300         | 30.070       | 22.500      | 11,317               | 147,680          | 19.45      | 13.9 | 4.8   | 160            |
| 5  | XCEL ENERGY, INC.              | 12/31       | 18.150         | 20.190       | 16.830      | 30,050               | 403,814          | 13.38      | 14.8 | 4.7   | 136            |
| 6  | PUGET ENERGY, INC.             | 12/31       | 21.180         | 24.360       | 20.210      | 9,214                | 115,891          | 17.52      | 14.8 | 4.7   | 121            |
| 7  | TECO ENERGY, INC.              | 12/31       | 16.120         | 19.300       | 15.300      | 20,703               | 208,330          | 7.65       | 15.8 | 4.7   | 121            |
| 8  | VECTREN CORPORATION            | 12/31       | 26.380         | 29.460       | 25.000      | 5,006                | 76,187           | 15.04      | 14.6 | 4.6   | 211            |
| 9  | WPS RESOURCES CORP.            | 12/31       | 49.220         | 60.000       | 49.020      | 3,780                | 40,161           | 32.47      | 11.9 | 4.6   | 175            |
| 10 | NISOURCE INC.                  | 12/31       | 20.220         | 25.500       | 19.510      | 33,033               | 272,643          | 18.18      | 19.3 | 4.5   | 152            |
| 11 | SCANA                          | 12/31       | 48.000         | 50.230       | 42.070      | 5,263                | 15,762           | 31.97      | 17.1 | 4.5   | 111            |
| 12 | MGE ENERGY, INC.               | 12/31       | 39.240         | 43.850       | 36.560      | 8,633                | 115,033          | 23.28      | 14.9 | 4.5   | 150            |
| 13 | NORTHWESTERN CORPORATION       | 12/31       | 28.610         | 31.460       | 24.900      | 8,248                | 106,808          | 14.37      | 14.9 | 4.3   | 169            |
| 14 | ALLIANT ENERGY CORPORATION     | 12/31       | 33.160         | 38.750       | 30.130      | 984                  | 106,808          | 16.82      | 21.1 | 4.2   | 199            |
| 15 | PNM RESOURCES, INC.            | 12/31       | 31.470         | 33.880       | 26.960      | 4,083                | 35,568           | 20.60      | 18.0 | 4.0   | 151            |
| 16 | PUBLIC SERVICE ENT. GROUP INC. | 12/31       | 24.400         | 30.450       | 22.450      | 9,375                | 117,540          | 20.85      | 18.0 | 3.7   | 151            |
| 17 | PG&E CORPORATION               | 12/31       | 64.040         | 72.450       | 52.000      | 14,137               | 68,766           | 18.70      | 23.7 | 3.6   | 151            |
| 18 | FLORIDA PUBLIC UTILITIES       | 12/31       | 38.900         | 40.890       | 33.780      | 15,970               | 251,169          | 23.98      | 17.9 | 3.6   | 130            |
| 19 | AVISTA CORPORATION             | 12/31       | 14.150         | 16.840       | 11.447      | 49,074               | 345,320          | 21.09      | 16.4 | 3.4   | 184            |
| 20 | SEMPRA ENERGY                  | 12/31       | 20.650         | 20.980       | 16.310      | 90                   | 5,980            | 7.63       | 19.9 | 2.9   | 185            |
| 21 | WISCONSIN ENERGY CORP.         | 12/31       | 46.460         | 49.540       | 37.070      | 48,617               | 15,877           | 23.97      | 25.5 | 2.7   | 130            |
| 22 | AQUILA, INC.                   | 12/31       | 39.990         | 42.350       | 34.200      | 25,859               | 260,500          | 116.981    | 12.3 | 2.6   | 175            |
| 23 | CMS ENERGY CORPORATION         | 12/31       | 3.990          | 4.140        | 2.900       | 9,313                | 116,981          | 22.91      | 15.4 | 2.3   | 194            |
| 24 |                                |             | 12.950         | 16.800       | 12.270      | 54,491               | 373,672          | 3.51       | NMF  | 0.0   | 114            |
| 25 |                                |             |                |              |             | 262                  | 220,759          | 10.53      | NMF  | 0.0   | 123            |

MAXIMUM 25.5  
MINIMUM 11.9  
MEDIAN 15.9  
MEAN 16.7



## Common Stock Information Sorted by Yield

| DISTRIBUTION |                                | STOCK SYMBOL | FISCAL YEAR | MO. END PRICE* | 52 WEEK HIGH | 52 WEEK LOW | MO. VOL SHARES (000) | O/S SHARES (000) | BOOK VALUE | P/E  | YIELD | MARKET TO BOOK |
|--------------|--------------------------------|--------------|-------------|----------------|--------------|-------------|----------------------|------------------|------------|------|-------|----------------|
| 1            | PEOPLES ENERGY CORPORATION     | PGL          | 09/30       | 35.640         | 45.520       | 34.340      | 8,188                | 36,348           | 20.95      | 37.1 | 6.1   | 170            |
| 2            | CASCADE NATURAL GAS CORP.      | CGC          | 09/30       | 19.700         | 22.800       | 18.050      | 862                  | 11,439           | 10.87      | 21.2 | 4.9   | 181            |
| 3            | ATMOS ENERGY CORPORATION       | ATO          | 09/30       | 26.330         | 29.970       | 25.000      | 5,464                | 80,923           | 20.40      | 14.2 | 4.8   | 129            |
| 4            | RGC RESOURCES, INC.            | RGCO         | 09/30       | 25.550         | 28.700       | 24.300      | 29                   | 2,107            | 18.61      | 16.6 | 4.7   | 137            |
| 5            | DELTA NATURAL GAS COMPANY INC. | DGAS         | 06/30       | 26.590         | 30.000       | 23.600      | 52                   | 3,243            | 15.89      | 15.3 | 4.5   | 167            |
| 6            | WGL HOLDINGS, INC.             | WGL          | 09/30       | 30.420         | 34.790       | 28.848      | 5,103                | 48,762           | 18.91      | 14.1 | 4.4   | 161            |
| 7            | LACLEDE GROUP (THE)            | LG           | 09/30       | 34.420         | 35.550       | 26.900      | 2,008                | 21,282           | 18.47      | 14.6 | 4.1   | 186            |
| 8            | AGL RESOURCES, INC.            | ATG          | 12/31       | 36.050         | 39.320       | 32.230      | 6,333                | 77,850           | 19.29      | 14.4 | 4.1   | 187            |
| 9            | PIEDMONT NATURAL GAS CO. INC.  | PNY          | 10/31       | 23.950         | 25.800       | 21.250      | 3,584                | 76,338           | 12.26      | 18.0 | 4.0   | 196            |
| 10           | NORTHWEST NATURAL GAS COMPANY  | NWN          | 12/31       | 35.490         | 39.630       | 32.830      | 3,224                | 27,582           | 21.28      | 16.8 | 3.9   | 167            |
| 11           | SOUTH JERSEY INDUSTRIES, INC.  | SJI          | 12/31       | 27.270         | 32.380       | 25.800      | 3,159                | 29,016           | 13.50      | 15.9 | 3.3   | 202            |
| 12           | NEW JERSEY RESOURCES CORP.     | NJR          | 09/30       | 45.250         | 49.340       | 40.681      | 343                  | 27,619           | 19.05      | 15.5 | 3.2   | 238            |
| 13           | ENERGY SOUTH, INC.             | ENSI         | 09/30       | 31.870         | 32.420       | 24.650      | 78                   | 7,910            | 13.35      | 17.8 | 2.7   | 238            |
| 14           | ENERGY WEST                    | EWST         | 06/30       | 10.990         | 13.890       | 6.200       | 2,931                | 6.04             | 6.04       | 12.1 | 1.8   | 162            |
| 15           | SEMCO ENERGY, INC.             | SEN          | 09/30       | 5.540          | 7.050        | 5.000       | 2,016                | 33,726           | 5.75       | NMF  | 0.0   | 96             |
|              |                                |              |             |                |              |             |                      |                  | MAXIMUM    | 37.1 | 6.1   | 238            |
|              |                                |              |             |                |              |             |                      |                  | MINIMUM    | 12.1 | 0.0   | 96             |
|              |                                |              |             |                |              |             |                      |                  | MEDIAN     | 15.7 | 4.1   | 181            |
|              |                                |              |             |                |              |             |                      |                  | MEAN       | 17.4 | 3.8   | 176            |

\*Closing price on the last trading day of March, 2006

## Financial Information Sorted by Common Equity Ratio

| DIVERSIFIED |                                | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE    | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
|-------------|--------------------------------|------------------|--------------------|-------------------|---------------|--------|------------|-------------|------------|--------|--------------------|---------------|----------------------|
| 1           | SOUTHWESTERN ENERGY CORP.      | 12/31/05         | 1,221,917          | 0                 | 91            | 0.98   | 35.2       | 0.00        | 0.0        | 19.0   | NMF                | 0.0           | 16.35                |
| 2           | MDU RESOURCES GROUP, INC.      | 12/31/05         | 2,996,374          | 101,758           | 63            | 2.17   | 22.6       | 0.76        | 5.6        | 15.5   | 35                 | 4.9           | 8.18                 |
| 3           | NICOR, INC.                    | 12/31/05         | 1,297,700          | 636,000           | 63            | 3.08   | 80.1       | 1.86        | 0.0        | 17.5   | 60                 | 10.1          | 3.67                 |
| 4           | QUESTAR CORPORATION            | 12/31/05         | 2,533,003          | 94,500            | 61            | 3.84   | 40.1       | 0.90        | 4.7        | 21.8   | 23                 | 5.0           | 8.14                 |
| 5           | CHESAPEAKE UTILITIES CORP.     | 12/31/05         | 1,43,748           | 40,411            | 59            | 1.79   | 7.8        | 1.14        | 1.8        | 12.9   | 64                 | 7.9           | 4.19                 |
| 6           | ENERGEN CORPORATION            | 12/31/05         | 1,575,914          | 168,000           | 57            | 2.37   | 170.9      | 0.44        | 10.0       | 20.4   | 19                 | 3.6           | 6.75                 |
| 7           | NATIONAL FUEL GAS COMPANY      | 12/31/05         | 2,438,072          | 296,383           | 54            | 2.07   | 1.0        | 1.16        | 3.6        | 14.8   | 56                 | 7.4           | 3.94                 |
| 8           | KEYSPAN CORPORATION            | 12/31/05         | 8,400,200          | 670,600           | 53            | 2.33   | (38.7)     | 1.66        | 2.2        | 9.3    | 80                 | 7.3           | 3.31                 |
| 9           | ONEOK, INC.                    | 12/31/05         | 3,818,827          | 1,548,046         | 47            | 4.01   | 11.2       | 1.12        | 12.0       | 32.2   | 28                 | 6.1           | 3.72                 |
| 10          | SOUTHERN UNION COMPANY         | 12/31/05         | 3,903,210          | 546,648           | 42            | 1.11   | (13.4)     | 0.40        | NMF        | 10.4   | 36                 | 2.7           | 2.50                 |
| 11          | UGI CORPORATION                | 12/31/05         | 2,665,300          | 585,200           | 38            | 1.61   | 1.9        | 0.68        | 8.0        | 17.3   | 42                 | 7.7           | 3.54                 |
| 12          | SOUTHWEST GAS CORPORATION      | 12/31/05         | 2,076,033          | 107,215           | 36            | 1.15   | (28.6)     | 0.82        | 0.0        | 6.0    | 71                 | 4.3           | 1.67                 |
| 13          | CORNING NATURAL GAS CORP.      | 12/31/05         | 14,148             | 8,057             | 35            | 0.60   | (57.6)     | 0.00        | 0.0        | 6.6    | NMF                | 0.0           | 1.93                 |
| 14          | KINDER MORGAN, INC.            | 12/31/05         | 11,901,041         | 957,955           | 33            | 4.47   | 4.7        | 3.50        | 25.0       | 16.3   | 78                 | 11.9          | 2.40                 |
| 15          | EQUITABLE RESOURCES, INC.      | 12/31/05         | 1,117,902          | 368,300           | 32            | 2.14   | (11.6)     | 0.84        | 10.5       | 42.3   | 39                 | 28.4          | 7.38                 |
|             | MAXIMUM                        |                  | 1,548,046          |                   | 91            |        | 170.9      |             | 25.0       | 42.3   | 80                 | 28.4          | 16.35                |
|             | MINIMUM                        |                  | 0                  |                   | 32            |        | (57.6)     |             | 0.0        | 6.0    | 19                 | 0.0           | 1.67                 |
|             | MEDIAN                         |                  | 296,383            |                   | 53            |        | 4.7        |             | 4.1        | 16.3   | 42                 | 6.1           | 3.72                 |
|             | MEAN                           |                  | 408,605            |                   | 51            |        | 19.7       |             | 5.9        | 17.5   | 49                 | 7.2           | 5.18                 |
| COMBINATION |                                | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE    | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
| 1           | MGE ENERGY, INC.               | 12/31/05         | 566,195            | 82,500            | 61            | 1.57   | (11.3)     | 1.38        | 1.0        | 9.4    | 88                 | 8.2           | 4.50                 |
| 2           | WPS RESOURCES CORP.            | 12/31/05         | 2,222,400          | 268,800           | 59            | 4.15   | 11.0       | 2.26        | 1.8        | 13.1   | 54                 | 7.0           | 2.49                 |
| 3           | CH ENERGY GROUP                | 12/31/05         | 868,746            | 30,000            | 58            | 2.81   | 4.5        | 2.16        | 0.0        | 8.9    | 77                 | 6.8           | 4.60                 |
| 4           | NORTHWESTERN CORPORATION       | 12/31/05         | 1,324,010          | 156,455           | 56            | 1.96   | NMF        | 1.24        | 40.9       | NMF    | 72                 | 6.0           | 2.48                 |
| 5           | SEMPRA ENERGY                  | 12/31/05         | 11,162,000         | 1,163,000         | 55            | 3.78   | (6.2)      | 1.20        | 3.4        | 16.7   | 32                 | 5.0           | 4.16                 |
| 6           | AMEREN CORPORATION             | 12/31/05         | 11,949,000         | 289,000           | 53            | 3.13   | 10.2       | 2.54        | 0.0        | 10.0   | 81                 | 8.2           | 4.27                 |
| 7           | ALLIANT ENERGY CORPORATION     | 12/31/05         | 4,603,600          | 453,800           | 53            | 0.48   | (75.1)     | 1.15        | 9.5        | (0.3)  | NMF                | 5.5           | 2.71                 |
| 8           | VECTREN CORPORATION            | 12/31/05         | 2,341,700          | 354,000           | 49            | 1.81   | 26.6       | 1.22        | 3.4        | 12.2   | 67                 | 8.1           | 2.54                 |
| 9           | NISOURCE INC.                  | 12/31/05         | 10,285,300         | 1,336,700         | 48            | 1.05   | (35.6)     | 0.92        | 0.0        | 6.3    | 88                 | 5.1           | 2.32                 |
| 10          | XCEL ENERGY INC.               | 12/31/05         | 11,401,571         | 1,581,615         | 47            | 0.71   | 77.5       | 0.41        | 3.6        | 9.6    | 70                 | 6.4           | 2.40                 |
| 11          | FLORIDA PUBLIC UTILITIES       | 12/31/05         | 96,723             | 9,558             | 47            | 0.71   | 77.5       | 0.41        | 3.3        | 9.5    | 58                 | 5.4           | 2.33                 |
| 12          | WISCONSIN ENERGY CORP.         | 12/31/05         | 5,741,500          | 952,300           | 47            | 2.59   | 38.5       | 0.92        | 4.5        | 11.9   | 36                 | 4.0           | 3.24                 |
| 13          | SCANA                          | 12/31/05         | 5,739,000          | 615,000           | 47            | 2.64   | 14.8       | 1.68        | 7.7        | 12.5   | 64                 | 7.2           | 2.05                 |
| 14          | PUGET ENERGY, INC.             | 12/31/05         | 4,456,862          | 122,000           | 45            | 1.43   | 13.5       | 1.00        | 0.0        | 8.5    | 70                 | 5.7           | 2.37                 |
| 15          | DTE ENERGY COMPANY             | 12/31/05         | 12,941,000         | 1,634,000         | 45            | 3.29   | 23.2       | 2.06        | 0.0        | 9.5    | 63                 | 6.3           | 1.07                 |
| 16          | ENERGY EAST CORPORATION        | 12/31/05         | 6,564,370          | 447,874           | 44            | 1.75   | 7.4        | 1.16        | 5.5        | 9.3    | 66                 | 6.0           | 2.40                 |
| 17          | PG&E CORPORATION               | 12/31/05         | 17,012,000         | 868,000           | 42            | 2.37   | (74.1)     | 1.32        | 10.0       | 11.6   | 56                 | 6.3           | 3.38                 |
| 18          | PNM RESOURCES, INC.            | 12/31/05         | 3,044,383          | 332,200           | 42            | 1.03   | (29.0)     | 0.88        | 18.9       | 5.6    | 85                 | 4.7           | 1.67                 |
| 19          | AQUILA, INC.                   | 12/31/05         | 3,201,100          | 116,000           | 41            | (0.40) | NMF        | 0.00        | 0.0        | (18.9) | NMF                | 0.0           | NMF                  |
| 20          | AVISTA CORPORATION             | 12/31/05         | 1,900,771          | 104,768           | 41            | 0.81   | 9.5        | 0.56        | 3.7        | 5.9    | 69                 | 3.5           | 1.63                 |
| 21          | NSTAR                          | 12/31/05         | 3,980,392          | 540,640           | 39            | 1.84   | 4.0        | 1.21        | 4.3        | 13.2   | 66                 | 8.4           | 2.78                 |
| 22          | PUBLIC SERVICE ENT. GROUP INC. | 12/31/05         | 17,381,000         | 1,636,000         | 35            | 3.57   | 9.8        | 2.28        | 1.8        | 11.2   | 64                 | 9.5           | 2.34                 |
| 23          | TECO ENERGY, INC.              | 12/31/05         | 5,300,900          | 222,200           | 30            | 1.02   | NMF        | 0.76        | 0.0        | 19.1   | 75                 | 9.9           | 1.25                 |
| 24          | CMS ENERGY CORPORATION         | 12/31/05         | 10,246,000         | 455,000           | 23            | (0.51) | NMF        | 0.00        | 0.0        | (4.3)  | NMF                | 0.0           | 1.61                 |
| 25          | CENTERPOINT ENERGY, INC.       | 12/31/05         | 9,864,000          | 339,000           | 13            | 0.72   | 7.5        | 0.56        | 3.7        | 21.0   | 83                 | 3.5           | 1.32                 |
|             | MAXIMUM                        |                  | 1,636,000          |                   | 61            |        | 77.5       |             | 40.9       | 21.0   | 88                 | 9.9           | 4.60                 |
|             | MINIMUM                        |                  | 9,558              |                   | 13            |        | (75.1)     |             | 0.0        | (18.9) | 32                 | 0.0           | 1.07                 |
|             | MEDIAN                         |                  | 354,000            |                   | 47            |        | 7.5        |             | 3.4        | 9.6    | 68                 | 6.0           | 2.40                 |
|             | MEAN                           |                  | 564,496            |                   | 45            |        | 1.0        |             | 5.1        | 8.8    | 67                 | 5.9           | 2.58                 |

## Financial Information Sorted by Common Equity Ratio

| DISTRIBUTION                     | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE  | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
|----------------------------------|------------------|--------------------|-------------------|---------------|--------|------------|-------------|------------|------|--------------------|---------------|----------------------|
| 1 WGL HOLDINGS, INC.             | 12/31/05         | 1,471,760          | 95,630            | 63            | 2.15   | 3.9        | 1.35        | 1.5        | 11.6 | 63                 | 7.1           | 6.13                 |
| 2 NEW JERSEY RESOURCES CORP.     | 12/31/05         | 861,562            | 351,670           | 61            | 2.92   | 3.5        | 1.44        | 5.9        | 16.9 | 49                 | 7.6           | 7.26                 |
| 3 PIEDMONT NATURAL GAS CO., INC. | 01/31/06         | 1,564,862          | 385,000           | 60            | 1.33   | 27.3       | 0.96        | 4.3        | 11.0 | 72                 | 7.8           | 3.98                 |
| 4 RGC RESOURCES, INC.            | 12/31/05         | 69,201             | 23,158            | 57            | 1.54   | 24.2       | 1.20        | 1.7        | 8.7  | 78                 | 6.4           | 3.44                 |
| 5 ENERGY SOUTH, INC.             | 12/31/05         | 187,318            | 6,315             | 56            | 1.79   | 8.9        | 0.86        | 7.5        | 13.9 | 48                 | 6.4           | 4.52                 |
| 6 SOUTH JERSEY INDUSTRIES, INC.  | 12/31/05         | 710,645            | 149,664           | 55            | 1.72   | 9.6        | 0.90        | 5.9        | 13.1 | 52                 | 6.7           | 5.01                 |
| 7 LACLEDE GROUP (THE)            | 12/31/05         | 733,988            | 309,461           | 53            | 2.35   | 29.1       | 1.42        | 2.9        | 13.0 | 60                 | 7.7           | 3.31                 |
| 8 NORTHWEST NATURAL GAS COMPANY  | 12/31/05         | 1,108,431          | 134,700           | 53            | 2.11   | 12.8       | 1.38        | 6.2        | 10.1 | 65                 | 6.5           | 3.40                 |
| 9 DELTA NATURAL GAS COMPANY INC. | 12/31/05         | 103,715            | 33,685            | 50            | 1.74   | (7.0)      | 1.20        | 1.7        | 11.2 | 69                 | 7.6           | 2.97                 |
| 10 ENERGY WEST                   | 12/31/05         | 36,074             | 12,057            | 49            | 0.91   | NMF        | 0.20        | NMF        | 15.9 | 22                 | 3.3           | 2.42                 |
| 11 AGL RESOURCES, INC.           | 12/31/05         | 3,152,900          | 522,000           | 48            | 2.50   | 8.7        | 1.48        | 19.4       | 13.4 | 59                 | 7.7           | 4.06                 |
| 12 PEOPLES ENERGY CORPORATION    | 12/31/05         | 1,697,315          | 177,269           | 47            | 0.96   | (50.5)     | 2.18        | 0.0        | 4.3  | NMF                | 10.4          | 1.29                 |
| 13 CASCADE NATURAL GAS CORP.     | 12/31/05         | 290,156            | 26,900            | 43            | 0.93   | (13.1)     | 0.96        | 0.0        | 8.6  | 103                | 8.8           | 2.48                 |
| 14 ATMOS ENERGY CORPORATION      | 12/31/05         | 3,819,114          | 477,345           | 43            | 1.85   | (2.1)      | 1.26        | 1.6        | 9.3  | 68                 | 6.2           | 2.71                 |
| 15 SEMCO ENERGY, INC             | 12/31/05         | 702,185            | 78,900            | 28            | (0.01) | NMF        | 0.00        | 0.0        | 0.1  | NMF                | 0.0           | 1.38                 |
|                                  |                  | MAXIMUM            | 522,000           | 63            |        | 29.1       |             | 19.4       | 16.9 | 103                | 10.4          | 7.26                 |
|                                  |                  | MINIMUM            | 6,315             | 28            |        | (50.5)     |             | 0.0        | 0.1  | 22                 | 0.0           | 1.29                 |
|                                  |                  | MEDIAN             | 134,700           | 53            |        | 8.7        |             | 2.3        | 11.2 | 63                 | 7.1           | 3.40                 |
|                                  |                  | MEAN               | 185,584           | 51            |        | 4.3        |             | 4.2        | 10.7 | 62                 | 6.7           | 3.62                 |

## Financial Information Sorted by 12 Month Change in Dividend Rate

| DIVERSIFIED |                  |                    |                   |               |        |            |             |            |        |                    |               |                      |
|-------------|------------------|--------------------|-------------------|---------------|--------|------------|-------------|------------|--------|--------------------|---------------|----------------------|
|             | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE    | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
| 1           | 12/31/05         | 3,903,210          | 546,648           | 42            | 1.11   | (13.4)     | 0.40        | NMF        | 10.4   | 36                 | 2.7           | 2.50                 |
| 2           | 12/31/05         | 11,901,041         | 957,955           | 33            | 4.47   | 4.7        | 3.50        | 25.0       | 16.3   | 78                 | 11.9          | 2.40                 |
| 3           | 12/31/05         | 3,818,827          | 1,548,046         | 47            | 4.01   | 81.4       | 1.12        | 10.0       | 32.2   | 28                 | 6.1           | 3.72                 |
| 4           | 12/31/05         | 1,117,902          | 368,300           | 32            | 2.14   | (11.6)     | 0.84        | 10.5       | 42.3   | 39                 | 28.4          | 7.38                 |
| 5           | 12/31/05         | 1,575,914          | 168,000           | 57            | 2.37   | 170.9      | 0.44        | 10.0       | 20.4   | 19                 | 3.6           | 6.75                 |
| 6           | 12/31/05         | 2,665,300          | 585,200           | 38            | 1.61   | 1.9        | 0.68        | 8.0        | 17.3   | 42                 | 7.7           | 3.54                 |
| 7           | 12/31/05         | 2,996,374          | 101,758           | 63            | 2.17   | 22.6       | 0.76        | 5.6        | 15.5   | 35                 | 4.9           | 8.18                 |
| 8           | 12/31/05         | 2,533,003          | 94,500            | 61            | 3.84   | 40.1       | 0.90        | 4.7        | 21.8   | 23                 | 5.0           | 8.14                 |
| 9           | 12/31/05         | 2,438,072          | 296,383           | 54            | 2.07   | 1.0        | 1.16        | 3.6        | 14.8   | 56                 | 7.4           | 3.94                 |
| 10          | 12/31/05         | 8,400,200          | 670,600           | 53            | 2.33   | (36.7)     | 1.86        | 2.2        | 9.3    | 80                 | 7.3           | 3.31                 |
| 11          | 12/31/05         | 143,748            | 40,411            | 59            | 1.79   | 7.8        | 1.14        | 1.8        | 12.9   | 64                 | 7.9           | 4.19                 |
| 12          | 12/31/05         | 1,297,700          | 636,000           | 63            | 3.08   | 80.1       | 1.86        | 0.0        | 17.5   | 60                 | 10.1          | 3.67                 |
| 13          | 12/31/05         | 1,221,917          | 0                 | 91            | 0.98   | 35.2       | 0.00        | 0.0        | 19.0   | NMF                | 0.0           | 16.35                |
| 14          | 12/31/05         | 2,076,033          | 107,215           | 36            | 1.15   | (28.6)     | 0.82        | 0.0        | 6.0    | 71                 | 4.3           | 1.67                 |
| 15          | 12/31/05         | 14,148             | 8,057             | 35            | 0.60   | (57.6)     | 0.00        | 0.0        | 6.6    | NMF                | 0.0           | 1.93                 |
|             |                  | MAXIMUM            | 1,548,046         | 91            |        | 170.9      |             | 25.0       | 42.3   | 80                 | 28.4          | 16.35                |
|             |                  | MINIMUM            | 0                 | 32            |        | (57.6)     |             | 0.0        | 6.0    | 19                 | 0.0           | 1.67                 |
|             |                  | MEDIAN             | 296,383           | 53            |        | 4.7        |             | 4.1        | 16.3   | 42                 | 6.1           | 3.72                 |
|             |                  | MEAN               | 408,605           | 51            |        | 19.7       |             | 5.9        | 17.5   | 49                 | 7.2           | 5.18                 |
| COMBINATION |                  |                    |                   |               |        |            |             |            |        |                    |               |                      |
|             | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE    | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
| 1           | 12/31/05         | 1,324,010          | 156,455           | 56            | 1.96   | NMF        | 1.24        | 40.9       | NMF    | 72                 | 6.0           | 2.48                 |
| 2           | 12/31/05         | 3,044,383          | 332,200           | 42            | 1.03   | (29.0)     | 0.88        | 18.9       | 5.6    | 85                 | 4.7           | 1.67                 |
| 3           | 12/31/05         | 17,012,000         | 868,000           | 42            | 2.37   | (74.1)     | 1.32        | 10.0       | 11.6   | 56                 | 6.3           | 3.38                 |
| 4           | 12/31/05         | 4,603,600          | 453,800           | 53            | 0.48   | (75.1)     | 1.15        | 9.5        | (0.3)  | NMF                | 5.5           | 2.71                 |
| 5           | 12/31/05         | 5,739,000          | 615,000           | 47            | 2.64   | 14.8       | 1.68        | 7.7        | 12.5   | 66                 | 7.2           | 2.05                 |
| 6           | 12/31/05         | 6,564,370          | 447,874           | 44            | 1.75   | 7.4        | 1.16        | 5.5        | 9.3    | 64                 | 6.0           | 2.40                 |
| 7           | 12/31/05         | 5,741,500          | 952,300           | 47            | 2.59   | 38.5       | 0.92        | 4.3        | 11.9   | 36                 | 4.0           | 2.78                 |
| 8           | 12/31/05         | 3,960,392          | 540,640           | 39            | 1.84   | 4.0        | 1.21        | 4.3        | 13.2   | 66                 | 8.4           | 2.78                 |
| 9           | 12/31/05         | 1,900,771          | 104,768           | 41            | 0.81   | 9.5        | 0.56        | 3.7        | 5.9    | 69                 | 3.5           | 1.63                 |
| 10          | 12/31/05         | 9,864,000          | 339,000           | 13            | 0.72   | 7.5        | 0.56        | 3.7        | 21.0   | 83                 | 3.5           | 1.32                 |
| 11          | 12/31/05         | 11,401,571         | 1,581,615         | 47            | 1.23   | (5.4)      | 0.86        | 3.6        | 9.6    | 70                 | 6.4           | 2.40                 |
| 12          | 12/31/05         | 11,162,000         | 1,163,000         | 55            | 3.78   | (6.2)      | 1.20        | 3.4        | 16.7   | 32                 | 5.0           | 4.16                 |
| 13          | 12/31/05         | 2,341,700          | 354,000           | 49            | 1.81   | 26.6       | 1.22        | 3.4        | 12.2   | 67                 | 8.1           | 2.54                 |
| 14          | 12/31/05         | 96,723             | 9,558             | 47            | 0.71   | 77.5       | 0.41        | 3.3        | 9.5    | 58                 | 5.4           | 2.33                 |
| 15          | 12/31/05         | 2,222,400          | 268,800           | 59            | 4.15   | 11.0       | 2.26        | 1.8        | 13.1   | 54                 | 7.0           | 2.49                 |
| 16          | 12/31/05         | 17,381,000         | 1,636,000         | 35            | 3.57   | 9.8        | 2.28        | 1.8        | 11.2   | 88                 | 8.2           | 4.50                 |
| 17          | 12/31/05         | 566,195            | 82,500            | 61            | 1.57   | (11.3)     | 1.38        | 1.0        | 9.4    | 88                 | 6.3           | 1.07                 |
| 18          | 12/31/05         | 12,941,000         | 1,634,000         | 45            | 3.29   | 23.2       | 2.06        | 0.0        | 9.5    | 63                 | 5.7           | 2.37                 |
| 19          | 12/31/05         | 4,456,862          | 122,000           | 45            | 1.43   | 13.5       | 1.00        | 0.0        | 8.5    | 70                 | 8.5           | 1.07                 |
| 20          | 12/31/05         | 11,949,000         | 289,000           | 53            | 3.13   | 10.2       | 2.54        | 0.0        | 10.0   | 81                 | 8.2           | 4.27                 |
| 21          | 12/31/05         | 868,746            | 30,000            | 58            | 2.81   | 4.5        | 2.16        | 0.0        | 8.9    | 77                 | 6.8           | 4.60                 |
| 22          | 12/31/05         | 10,285,300         | 1,338,700         | 48            | 1.05   | (35.6)     | 0.92        | 0.0        | 6.3    | 88                 | 5.1           | 2.32                 |
| 23          | 12/31/05         | 3,201,100          | 116,000           | 41            | (0.40) | NMF        | 0.00        | 0.0        | (18.9) | NMF                | 0.0           | NMF                  |
| 24          | 12/31/05         | 5,300,900          | 222,200           | 30            | 1.02   | NMF        | 0.76        | 0.0        | 19.1   | 75                 | 9.9           | 1.25                 |
| 25          | 12/31/05         | 10,246,000         | 455,000           | 23            | (0.51) | NMF        | 0.00        | 0.0        | (4.3)  | NMF                | 0.0           | 1.61                 |
|             |                  | MAXIMUM            | 1,636,000         | 61            |        | 77.5       |             | 40.9       | 21.0   | 88                 | 9.9           | 4.60                 |
|             |                  | MINIMUM            | 9,558             | 13            |        | (75.1)     |             | 0.0        | (18.9) | 32                 | 0.0           | 1.07                 |
|             |                  | MEDIAN             | 354,000           | 47            |        | 7.5        |             | 3.4        | 9.6    | 68                 | 6.0           | 2.40                 |
|             |                  | MEAN               | 564,496           | 45            |        | 1.0        |             | 5.1        | 8.8    | 67                 | 5.9           | 2.58                 |

## Financial Information Sorted by 12 Month Change in Dividend Rate

| DISTRIBUTION                      | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE  | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
|-----------------------------------|------------------|--------------------|-------------------|---------------|--------|------------|-------------|------------|------|--------------------|---------------|----------------------|
| 1 ENERGY WEST                     | 12/31/05         | 36,074             | 12,057            | 49            | 0.91   | NMF        | 0.20        | NMF        | 15.9 | 22                 | 3.3           | 2.42                 |
| 2 AGL RESOURCES, INC.             | 12/31/05         | 3,152,000          | 522,000           | 48            | 2.50   | 8.7        | 1.48        | 19.4       | 13.4 | 59                 | 7.7           | 4.06                 |
| 3 ENERGYSOUTH, INC.               | 12/31/05         | 187,318            | 6,315             | 56            | 1.79   | 8.9        | 0.86        | 7.5        | 13.9 | 48                 | 6.4           | 4.52                 |
| 4 NORTHWEST NATURAL GAS COMPANY   | 12/31/05         | 1,108,431          | 134,700           | 53            | 2.11   | 12.8       | 1.38        | 6.2        | 10.1 | 65                 | 6.5           | 3.40                 |
| 5 SOUTH JERSEY INDUSTRIES, INC.   | 12/31/05         | 710,645            | 149,664           | 55            | 1.72   | 9.6        | 0.90        | 5.9        | 13.1 | 52                 | 6.7           | 5.01                 |
| 6 NEW JERSEY RESOURCES CORP.      | 12/31/05         | 861,562            | 351,670           | 61            | 2.92   | 3.5        | 1.44        | 5.9        | 16.9 | 49                 | 7.6           | 7.28                 |
| 7 PIEDMONT NATURAL GAS CO., INC.  | 01/31/06         | 1,564,862          | 385,000           | 60            | 1.33   | 27.3       | 0.96        | 4.3        | 11.0 | 72                 | 7.8           | 3.98                 |
| 8 LACLEDE GROUP (THE)             | 12/31/05         | 733,988            | 309,461           | 53            | 2.35   | 29.1       | 1.42        | 2.9        | 13.0 | 60                 | 7.7           | 3.31                 |
| 9 RGC RESOURCES, INC.             | 12/31/05         | 69,201             | 23,158            | 57            | 1.54   | 24.2       | 1.20        | 1.7        | 8.7  | 78                 | 6.4           | 3.44                 |
| 10 DELTA NATURAL GAS COMPANY INC. | 12/31/05         | 103,715            | 33,685            | 50            | 1.74   | (7.0)      | 1.20        | 1.7        | 11.2 | 69                 | 7.6           | 2.97                 |
| 11 ATMOS ENERGY CORPORATION       | 12/31/05         | 3,819,114          | 477,345           | 43            | 1.85   | (2.1)      | 1.26        | 1.6        | 9.3  | 68                 | 6.2           | 2.71                 |
| 12 WGL HOLDINGS, INC.             | 12/31/05         | 1,471,760          | 95,630            | 63            | 2.15   | 3.9        | 1.35        | 1.5        | 11.6 | 63                 | 7.1           | 6.13                 |
| 13 CASCADE NATURAL GAS CORP.      | 12/31/05         | 250,156            | 26,900            | 43            | 0.93   | (13.1)     | 0.96        | 0.0        | 8.6  | 103                | 8.8           | 2.48                 |
| 14 PEOPLES ENERGY CORPORATION     | 12/31/05         | 1,697,315          | 177,269           | 47            | 0.96   | (50.5)     | 2.18        | 0.0        | 4.3  | NMF                | 10.4          | 1.29                 |
| 15 SEMCO ENERGY, INC              | 12/31/05         | 702,185            | 78,900            | 28            | (0.01) | NMF        | 0.00        | 0.0        | 0.1  | NMF                | 0.0           | 1.38                 |
|                                   |                  | MAXIMUM            | 522,000           | 63            |        | 29.1       |             | 19.4       | 16.9 | 103                | 10.4          | 7.26                 |
|                                   |                  | MINIMUM            | 6,315             | 28            |        | (50.5)     |             | 0.0        | 0.1  | 22                 | 0.0           | 1.29                 |
|                                   |                  | MEDIAN             | 134,700           | 53            |        | 8.7        |             | 2.3        | 11.2 | 63                 | 7.1           | 3.40                 |
|                                   |                  | MEAN               | 185,584           | 51            |        | 4.3        |             | 4.2        | 10.7 | 62                 | 6.7           | 3.62                 |

## Financial Information Sorted by ROE

| DIVERSIFIED |                            | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS  | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE  | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
|-------------|----------------------------|------------------|--------------------|-------------------|---------------|------|------------|-------------|------------|------|--------------------|---------------|----------------------|
| 1           | EQUITABLE RESOURCES, INC.  | 12/31/05         | 1,117,902          | 368,300           | 32            | 2.14 | (11.6)     | 0.84        | 10.5       | 42.3 | 39                 | 28.4          | 7.38                 |
| 2           | ONEOK, INC.                | 12/31/05         | 3,818,827          | 1,548,046         | 47            | 4.01 | 81.4       | 1.12        | 12.0       | 32.2 | 28                 | 6.1           | 3.72                 |
| 3           | QUESTAR CORPORATION        | 12/31/05         | 2,593,003          | 94,500            | 61            | 3.84 | 40.1       | 0.90        | 4.7        | 21.8 | 23                 | 5.0           | 8.14                 |
| 4           | ENERGEN CORPORATION        | 12/31/05         | 1,575,914          | 168,000           | 57            | 2.37 | 170.9      | 0.44        | 10.0       | 20.8 | 19                 | 3.6           | 6.75                 |
| 5           | SOUTHWESTERN ENERGY CORP.  | 12/31/05         | 1,221,917          | 0                 | 91            | 0.98 | 35.2       | 0.00        | 0.0        | 19.0 | NMF                | 0.0           | 16.35                |
| 6           | NICOR, INC.                | 12/31/05         | 1,297,700          | 636,000           | 63            | 3.08 | 80.1       | 1.86        | 0.0        | 17.5 | 60                 | 10.1          | 3.67                 |
| 7           | UGI CORPORATION            | 12/31/05         | 2,665,300          | 585,200           | 38            | 1.61 | 1.9        | 0.68        | 8.0        | 17.3 | 42                 | 7.7           | 3.54                 |
| 8           | KINDER MORGAN, INC.        | 12/31/05         | 11,901,041         | 957,955           | 33            | 4.47 | 4.7        | 3.50        | 25.0       | 16.3 | 78                 | 11.9          | 2.40                 |
| 9           | MDU RESOURCES GROUP, INC.  | 12/31/05         | 2,996,374          | 101,758           | 63            | 2.17 | 22.6       | 0.78        | 5.6        | 15.5 | 35                 | 4.9           | 8.18                 |
| 10          | NATIONAL FUEL GAS COMPANY  | 12/31/05         | 2,438,072          | 296,383           | 54            | 2.07 | 1.0        | 1.16        | 3.6        | 14.8 | 56                 | 7.4           | 3.94                 |
| 11          | CHESAPEAKE UTILITIES CORP. | 12/31/05         | 1,43,748           | 40,411            | 59            | 1.79 | 7.8        | 0.40        | 1.8        | 12.9 | 64                 | 7.9           | 4.19                 |
| 12          | SOUTHERN UNION COMPANY     | 12/31/05         | 3,903,210          | 546,648           | 42            | 1.11 | (13.4)     | 1.14        | NMF        | 10.4 | 36                 | 2.7           | 2.50                 |
| 13          | KEYSPAN CORPORATION        | 12/31/05         | 8,400,200          | 670,600           | 53            | 2.33 | (38.7)     | 1.86        | 2.2        | 9.3  | 80                 | 7.3           | 3.31                 |
| 14          | CORNING NATURAL GAS CORP.  | 12/31/05         | 14,148             | 8,057             | 35            | 0.60 | (57.6)     | 0.00        | 0.0        | 6.6  | NMF                | 0.0           | 1.93                 |
| 15          | SOUTHWEST GAS CORPORATION  | 12/31/05         | 2,076,033          | 107,215           | 36            | 1.15 | (28.6)     | 0.82        | 0.0        | 6.0  | 71                 | 4.3           | 1.67                 |
|             |                            |                  | MAXIMUM            | 1,548,046         | 91            |      | 170.9      |             | 25.0       | 42.3 | 80                 | 28.4          | 16.35                |
|             |                            |                  | MINIMUM            | 0                 | 32            |      | (57.6)     |             | 0.0        | 16.3 | 19                 | 0.0           | 1.67                 |
|             |                            |                  | MEDIAN             | 296,383           | 53            |      | 4.7        |             | 4.1        | 17.5 | 42                 | 6.1           | 3.72                 |
|             |                            |                  | MEAN               | 408,605           | 51            |      | 19.7       |             | 5.9        |      | 49                 | 7.2           | 5.18                 |

| COMBINATION |                                | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE    | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
|-------------|--------------------------------|------------------|--------------------|-------------------|---------------|--------|------------|-------------|------------|--------|--------------------|---------------|----------------------|
| 1           | NORTHWESTERN CORPORATION       | 12/31/05         | 1,324,010          | 156,455           | 56            | 1.96   | NMF        | 1.24        | 40.9       | NMF    | 72                 | 6.0           | 2.48                 |
| 2           | CENTERPOINT ENERGY, INC.       | 12/31/05         | 9,864,000          | 339,000           | 13            | 0.72   | 7.5        | 0.56        | 3.7        | 21.0   | 83                 | 3.5           | 1.32                 |
| 3           | TECO ENERGY, INC.              | 12/31/05         | 5,300,900          | 222,200           | 30            | 1.02   | NMF        | 0.76        | 0.0        | 19.1   | 75                 | 9.9           | 1.25                 |
| 4           | SEMPRA ENERGY                  | 12/31/05         | 11,162,000         | 1,163,000         | 55            | 3.78   | (6.2)      | 1.20        | 3.4        | 16.7   | 32                 | 5.0           | 4.16                 |
| 5           | NSTAR                          | 12/31/05         | 3,980,392          | 540,640           | 39            | 1.84   | 4.0        | 1.21        | 4.3        | 13.2   | 66                 | 8.4           | 2.78                 |
| 6           | WPS RESOURCES CORP.            | 12/31/05         | 2,222,400          | 268,800           | 59            | 4.15   | 11.0       | 2.26        | 1.8        | 13.1   | 54                 | 7.0           | 2.49                 |
| 7           | SCANA                          | 12/31/05         | 5,739,000          | 615,000           | 47            | 2.64   | 14.8       | 1.88        | 7.7        | 12.5   | 64                 | 7.2           | 2.05                 |
| 8           | VECTREN CORPORATION            | 12/31/05         | 2,341,700          | 354,000           | 49            | 1.81   | 26.6       | 1.22        | 3.4        | 12.2   | 67                 | 8.1           | 2.54                 |
| 9           | WISCONSIN ENERGY CORP.         | 12/31/05         | 5,741,500          | 952,300           | 47            | 2.59   | 38.5       | 0.92        | 4.5        | 11.9   | 36                 | 4.0           | 3.24                 |
| 10          | PG&E CORPORATION               | 12/31/05         | 17,012,000         | 868,000           | 42            | 2.37   | (74.1)     | 1.32        | 10.0       | 11.6   | 56                 | 6.3           | 3.38                 |
| 11          | PUBLIC SERVICE ENT. GROUP INC. | 12/31/05         | 17,381,000         | 1,636,000         | 35            | 3.57   | 9.8        | 2.28        | 1.8        | 11.2   | 64                 | 9.5           | 2.34                 |
| 12          | AMEREN CORPORATION             | 12/31/05         | 11,949,000         | 289,000           | 53            | 3.13   | 10.2       | 2.54        | 0.0        | 10.0   | 81                 | 8.2           | 4.27                 |
| 13          | XCEL ENERGY INC.               | 12/31/05         | 11,401,571         | 1,581,615         | 47            | 1.23   | (5.4)      | 0.86        | 3.6        | 9.6    | 70                 | 6.4           | 2.40                 |
| 14          | FLORIDA PUBLIC UTILITIES       | 12/31/05         | 96,723             | 9,558             | 47            | 0.71   | 77.5       | 0.41        | 3.3        | 9.5    | 58                 | 5.4           | 2.33                 |
| 15          | DTE ENERGY COMPANY             | 12/31/05         | 12,941,000         | 1,634,000         | 45            | 3.29   | 23.2       | 2.06        | 0.0        | 9.5    | 63                 | 6.3           | 1.07                 |
| 16          | MGE ENERGY, INC.               | 12/31/05         | 566,195            | 82,500            | 61            | 1.57   | (11.3)     | 1.38        | 1.0        | 9.4    | 88                 | 8.2           | 4.50                 |
| 17          | ENERGY EAST CORPORATION        | 12/31/05         | 6,564,370          | 447,874           | 44            | 1.75   | 7.4        | 1.16        | 5.5        | 9.3    | 66                 | 6.0           | 2.40                 |
| 18          | CH ENERGY GROUP                | 12/31/05         | 868,746            | 30,000            | 58            | 2.81   | 4.5        | 2.16        | 0.0        | 8.9    | 77                 | 6.8           | 4.60                 |
| 19          | PUGET ENERGY, INC.             | 12/31/05         | 4,456,862          | 122,000           | 45            | 1.43   | 13.5       | 1.00        | 0.0        | 8.5    | 70                 | 5.7           | 2.37                 |
| 20          | NISOURCE INC.                  | 12/31/05         | 10,285,300         | 1,338,700         | 48            | 1.05   | (35.6)     | 0.92        | 0.0        | 6.3    | 88                 | 5.1           | 2.32                 |
| 21          | AVISTA CORPORATION             | 12/31/05         | 1,900,771          | 104,768           | 41            | 0.81   | 9.5        | 0.56        | 3.7        | 5.9    | 69                 | 3.5           | 1.63                 |
| 22          | PNM RESOURCES, INC.            | 12/31/05         | 3,044,383          | 332,200           | 42            | 1.03   | (29.0)     | 0.88        | 18.9       | 5.6    | 85                 | 4.7           | 1.67                 |
| 23          | ALLIANT ENERGY CORPORATION     | 12/31/05         | 4,603,600          | 453,800           | 53            | 0.48   | (75.1)     | 1.15        | 9.5        | (0.3)  | NMF                | 5.5           | 2.71                 |
| 24          | CMS ENERGY CORPORATION         | 12/31/05         | 10,246,000         | 455,000           | 23            | (0.51) | NMF        | 0.00        | 0.0        | (4.3)  | NMF                | 0.0           | 1.61                 |
| 25          | AQUILA, INC.                   | 12/31/05         | 3,201,100          | 116,000           | 41            | (0.40) | NMF        | 0.00        | 0.0        | (18.9) | NMF                | 0.0           | NMF                  |
|             |                                |                  | MAXIMUM            | 1,636,000         | 61            |        | 77.5       |             | 40.9       | 21.0   | 88                 | 9.9           | 4.60                 |
|             |                                |                  | MINIMUM            | 9,558             | 13            |        | (75.1)     |             | 0.0        | (18.9) | 32                 | 0.0           | 1.07                 |
|             |                                |                  | MEDIAN             | 354,000           | 47            |        | 7.5        |             | 3.4        | 9.6    | 68                 | 6.0           | 2.40                 |
|             |                                |                  | MEAN               | 564,496           | 45            |        | 1.0        |             | 5.1        | 8.8    | 67                 | 5.9           | 2.58                 |

## Financial Information Sorted by ROE

| DISTRIBUTION |                                | 12 MOS<br>ENDING | TOTAL CAP<br>(000) | S-T DEBT<br>(000) | PCT<br>EQUITY | EPS    | PCT<br>CHG | DIV<br>RATE | PCT<br>CHG | ROE  | DIVIDEND<br>PAYOUT | BOOK<br>YIELD | INTEREST<br>COVERAGE |
|--------------|--------------------------------|------------------|--------------------|-------------------|---------------|--------|------------|-------------|------------|------|--------------------|---------------|----------------------|
| 1            | NEW JERSEY RESOURCES CORP.     | 12/31/05         | 861,562            | 351,670           | 61            | 2.92   | 3.5        | 1.44        | 5.9        | 16.9 | 49                 | 7.6           | 7.26                 |
| 2            | ENERGY WEST                    | 12/31/05         | 36,074             | 12,057            | 49            | 0.91   | NMF        | 0.20        | NMF        | 15.9 | 22                 | 3.3           | 2.42                 |
| 3            | ENERGYSOUTH, INC.              | 12/31/05         | 187,318            | 6,315             | 56            | 1.79   | 8.9        | 0.86        | 7.5        | 13.9 | 48                 | 6.4           | 4.52                 |
| 4            | AGL RESOURCES, INC.            | 12/31/05         | 3,152,000          | 522,000           | 48            | 2.50   | 8.7        | 1.48        | 19.4       | 13.4 | 59                 | 7.7           | 4.06                 |
| 5            | SOUTH JERSEY INDUSTRIES, INC.  | 12/31/05         | 710,645            | 149,664           | 55            | 1.72   | 9.6        | 0.90        | 5.9        | 13.1 | 52                 | 6.7           | 5.01                 |
| 6            | LACLEDE GROUP (THE)            | 12/31/05         | 733,988            | 309,461           | 53            | 2.35   | 29.1       | 1.42        | 2.9        | 13.0 | 60                 | 7.7           | 3.31                 |
| 7            | WGL HOLDINGS, INC.             | 12/31/05         | 1,471,760          | 95,630            | 63            | 2.15   | 3.9        | 1.35        | 1.5        | 11.6 | 63                 | 7.1           | 6.13                 |
| 8            | DELTA NATURAL GAS COMPANY INC. | 12/31/05         | 103,715            | 33,685            | 50            | 1.74   | (7.0)      | 1.20        | 1.7        | 11.2 | 69                 | 7.6           | 2.97                 |
| 9            | PIEDMONT NATURAL GAS CO., INC. | 01/31/06         | 1,564,862          | 385,000           | 60            | 1.33   | 27.3       | 0.96        | 4.3        | 11.0 | 72                 | 7.8           | 3.98                 |
| 10           | NORTHWEST NATURAL GAS COMPANY  | 12/31/05         | 1,108,431          | 134,700           | 53            | 2.11   | 12.8       | 1.38        | 6.2        | 10.1 | 65                 | 6.5           | 3.40                 |
| 11           | ATMOS ENERGY CORPORATION       | 12/31/05         | 3,819,114          | 477,345           | 43            | 1.85   | (2.1)      | 1.26        | 1.6        | 9.3  | 68                 | 6.2           | 2.71                 |
| 12           | FGC RESOURCES, INC.            | 12/31/05         | 69,201             | 23,158            | 57            | 1.54   | 24.2       | 1.20        | 1.7        | 8.7  | 78                 | 6.4           | 3.44                 |
| 13           | CASCADE NATURAL GAS CORP.      | 12/31/05         | 290,156            | 26,900            | 43            | 0.93   | (13.1)     | 0.96        | 0.0        | 8.6  | 103                | 8.8           | 2.48                 |
| 14           | PEOPLES ENERGY CORPORATION     | 12/31/05         | 1,687,315          | 177,269           | 47            | 0.96   | (50.5)     | 2.18        | 0.0        | 4.3  | NMF                | 10.4          | 1.29                 |
| 15           | SEMCO ENERGY, INC              | 12/31/05         | 702,185            | 78,900            | 28            | (0.01) | NMF        | 0.00        | 0.0        | 0.1  | NMF                | 0.0           | 1.38                 |
|              |                                |                  | MAXIMUM            | 522,000           | 63            |        | 29.1       |             | 19.4       | 16.9 | 103                | 10.4          | 7.26                 |
|              |                                |                  | MINIMUM            | 6,315             | 28            |        | (50.5)     |             | 0.0        | 0.1  | 22                 | 0.0           | 1.29                 |
|              |                                |                  | MEDIAN             | 134,700           | 53            |        | 8.7        |             | 2.3        | 11.2 | 63                 | 7.1           | 3.40                 |
|              |                                |                  | MEAN               | 185,584           | 51            |        | 4.3        |             | 4.2        | 10.7 | 62                 | 6.7           | 3.62                 |

**Minutes of Regular Quarterly Meeting of the Board of Directors  
of Delta Natural Gas Company, Inc.  
Held in Winchester, Kentucky on February 10, 2006**

A regular quarterly meeting of the Board of Directors of Delta Natural Gas Company, Inc. was held at the principal office of the Company at 3617 Lexington Road, Winchester, Kentucky, on Thursday, February 10, 2006 beginning at 10:00 a.m. E.S.T., pursuant to notice attached hereto as Exhibit I.

The following directors were present: Donald R. Crowe, Billy Joe Hall, Jane Hylton Green, Lanny D. Greer, Glenn R. Jennings, Michael J. Kistner, Lewis N. Melton, Harrison D. Peet and Michael R. Whitley. Arthur E. Walker, Jr. participated by telephone. John F. Hall, Corporate Secretary, was also present.

Glenn R. Jennings, the Chairman, called the meeting to order, announced a quorum and the meeting proceeded.

The first order of business was the approval of the minutes of the meeting held on November 17, 2005. Copies of said minutes had been circulated to all directors prior to the meeting. Upon motion duly made, seconded and carried unanimously, it was

**RESOLVED**, that the minutes of the meeting held November 17, 2005, as circulated, be approved and that reading of said minutes be waived.

Mr. Jennings announced there was no old business, then proceeded to new business.

Mr. Jennings reviewed the Company's financial results and highlighted information from the Quarterly Summary Report. The report had been prepared and mailed to all Directors prior to the meeting and is attached to these minutes as Exhibit II.

The declaration of a dividend on common stock was discussed. Upon motion duly made, seconded and carried unanimously, it was



RESOLVED, that a dividend on common stock of \$.30 per share be paid to common shareholders of record as of the close of business on March 1, 2006, said dividend to be paid March 15, 2006.

Michael J. Kistner, Chairman of the Audit Committee, discussed with the Board a meeting held on February 6, 2006 by the Audit Committee.

Lewis N. Melton, Chairman of the Nominating and Compensation Committee, updated the Board on a meeting held by that Committee on February 6, 2006. After discussion and upon motion duly made, seconded and carried unanimously, it was

RESOLVED, that the revised attached salary ranges (Exhibit III) for Delta's officer positions be approved to be effective July 1, 2006.

RESOLVED, that the attached specific annual pay increases (Exhibit IV) be approved to be effective July 1, 2006 for each of the officers of Delta.

RESOLVED, that the total payroll increase to be budgeted for fiscal 2007

After discussion and upon motion duly made, seconded and carried unanimously with Mrs. Green abstaining, it was

RESOLVED, that effective on and after February 10, 2006, no current seated director or any other individual shall be nominated to the Board of Directors of Delta Natural Gas Company, Inc. after the calendar year in which they attain the age of 72.

After discussion and upon motion duly made, seconded and carried unanimously with Mr. Peet abstaining, it was

RESOLVED, that the 2003 BMW automobile owned by Delta and driven by Harrison D. Peet be given to Mr. Peet and title to same be transferred to him on or before February 28, 2006.

The Strategic Plan of the Company was revised and a copy was mailed to all Directors prior to the meeting. The revised Strategic Plan is attached hereto as Exhibit V. After discussion, upon motion duly made, seconded and carried unanimously, it was

**RESOLVED**, that the revised Strategic Plan of the Company dated February 10, 2006 is hereby approved and adopted.

Mr. Jennings discussed with the Board risk areas and related controls for Delta. A copy of this is attached as Exhibit VI.

Mr. Jennings reviewed with the Board a survey of Delta's shareholders attached as Exhibit VII.

Mr. Jennings discussed with the Board the refinancing of Delta's 7.15% Debentures due 2018, 6 5/8% Debentures due 2023 and Delta's short-term debt. After discussion, upon motion duly made, seconded and carried unanimously, it was

**RESOLVED, THAT** Delta's management is authorized to proceed with a public financing for Delta involving the sale of up to \$40,000,000 principal value of Delta's Debentures (the "Debentures").

**RESOLVED FURTHER**, that management is authorized to seek approval from the Public Service Commission for the sale of the Debentures.

**RESOLVED FURTHER**, that management is authorized to utilize the proceeds from the sale of the Debentures to refund long-term debt, reduce short-term debt and to use the balance, if any, of the proceeds for working capital.

**RESOLVED FURTHER**, that management is authorized to call for redemption Delta's outstanding 7.15% Debentures due 2018 and Delta's 6 5/8 % Debentures due 2023.

**RESOLVED FURTHER**, that management is authorized to cause Delta to prepare a registration statement (the "Registration Statement") for the proposed sale of the Debentures and to file the Registration Statement on behalf of Delta with the Securities and Exchange Commission.

**RESOLVED FURTHER**, that Glenn R. Jennings or John F. Hall is authorized to sign said Registration Statement on behalf of Delta.

**RESOLVED FURTHER**, that management is authorized to prepare on behalf of Delta such further amendments to the Registration Statement as they shall deem desirable, to produce all other necessary signatures thereto and to file such amendments with the SEC.

**RESOLVED FURTHER**, that Glenn R. Jennings or John F. Hall is authorized to sign on behalf of Delta any such further amendments to the Registration Statement as they shall deem necessary and appropriate.

**RESOLVED FURTHER**, that Glenn R. Jennings is designated as agent for service with respect to said Registration Statement, with all the powers provided in the Rules and Regulations of the SEC with respect to an agent for service.

**RESOLVED FURTHER**, that management is authorized to perform on behalf of Delta any and all acts as they may deem necessary or advisable in order to comply with the applicable securities laws of any states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and the execution by such officers of such papers and documents or the doing by them of any action in connection with the foregoing matters shall conclusively establish their authority therefore from Delta and the approval and ratification by Delta of the papers and documents so executed and the action so taken.

**RESOLVED FURTHER**, that Glenn R. Jennings or John F. Hall is authorized to take any and all steps necessary to secure the effectiveness of Delta's Registration Statement, including, but not limited to, the filing of a request for acceleration of the Registration Statement, and is authorized to take any and all actions necessary to complete the offer and sale of the Debentures.

**RESOLVED FURTHER**, that Glenn R. Jennings or John F. Hall is authorized to execute on behalf of Delta an underwriting agreement with Edward D. Jones & Co. (the "Underwriter") covering the sale of the Debentures from Delta to the Underwriter; and that Glenn R. Jennings or John F. Hall on behalf of Delta is authorized to negotiate for and agree to any and all terms of said underwriting agreement, including, but not limited to the underwriter's spread, the interest rate on the Debentures and the offering price to the public of the Debentures.

**RESOLVED FURTHER**, that Glenn R. Jennings or John F. Hall is authorized to cause Delta to issue the Debentures to or upon the order of the Underwriters, upon the purchase of the Debentures provided for in the underwriting agreement and payment therefore in accordance with the terms of the underwriting agreement and the purchase price to be determined for the Debentures.

**RESOLVED FURTHER**, that management is authorized to prepare an indenture (the "Indenture") respecting the Debentures, and Glenn R. Jennings or John F. Hall is authorized to execute the Indenture on behalf of Delta and to take all steps necessary for the effectiveness of the Indenture.

RESOLVED FURTHER that management is authorized to retain the services of an indenture trustee ("Indenture Trustee") as required by the Indenture and to negotiate and determine the duties, fees and all other terms respecting the Indenture Trustee.

RESOLVED FURTHER, that management is authorized to cause to be issued and delivered in accordance with the terms of the foregoing resolutions certificates representing the Debentures.

RESOLVED FURTHER, that management is authorized to take all such further actions as management shall deem advisable to carry out the purposes of the foregoing resolutions and to complete the public offering of the Debentures, including but not limited to retaining all legal, accounting, printing and other professional assistance reasonably necessary to the proposed public offering of Debentures.

A revised schedule of Board and Committee functions was provided to the Board.

An updated Officers and Directors list was provided to the Board.


Mr. Jennings discussed with the Board adding a separate page on Delta's website listing the leadership team of Delta.

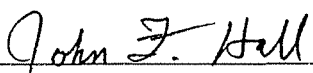
A date of May 12, 2006 was set for Delta's next Board meeting.

Mr. Tom Watts, a Senior Engineering Technician with Delta, gave a presentation of his recent tour in Iraq with the United States Naval Mobile Construction Battalion 24.

The Board adjourned into Executive Session with only the Independent Directors in attendance. There were no recommendations or concerns from that session that required action.

There being no further business to come before the meeting, the meeting was adjourned.

  
\_\_\_\_\_  
Glenn R. Jennings, Chairman

  
\_\_\_\_\_  
Secretary