

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL	)	
GAS COMPANY, INC. FOR AN ORDER	)	
AUTHORIZING THE ISSUANCE OF UP TO	)	CASE NO. 2002-00378
\$20,000,000 OF LONG-TERM DEBT	)	

O R D E R

On October 14, 2002, Delta Natural Gas Company, Inc. ( Delta ) submitted its application for authority to issue up to \$20,000,000 in long-term debt. On October 24, 2002, Delta revised Exhibit C of its application, which cured certain deficiencies in its application. The proposed long-term debt will consist of Debentures maturing in 2022 with an estimated interest rate 230-245 basis points above the rate of 30-year Treasury Bonds. Delta proposes to use the proceeds to retire all of its 8.3 percent Debentures, scheduled to mature in 2026, which had an outstanding balance of \$14,816,000 as of September 30, 2002. It will apply the remainder of the proceeds to retire a portion of its short-term bank loan. The short-term bank loan, which carries an interest rate of 2.84 percent, matures on October 31, 2002.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Delta s proposal to issue up to \$20,000,000 in long-term debt is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Delta is authorized to issue up to \$20,000,000 of long-term debt.

2. Delta shall agree only to such terms and prices that are consistent with the parameters set out in its application.

3. Delta shall, within 30 days from the date of issuance, file with this Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, and all fees and expenses, including underwriting discounts or commissions, or other compensation, involved in the issuance and distribution of said securities.

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

Done at Frankfort, Kentucky, this 29<sup>th</sup> day of October, 2002.

By the Commission

ATTEST:

Deputy W. H. Fowler  
Executive Director