

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA NATURAL GAS)
COMPANY, INC. FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO BID ON A) CASE NO.
FRANCHISE OFFERED BY THE LEXINGTON-) 2008-00229
FAYETTE URBAN COUNTY GOVERNMENT)

ORDER

On June 19, 2008, Delta Natural Gas Company, Inc. ("Delta") filed with the Commission its application seeking a Certificate of Convenience and Necessity to qualify it to bid on a franchise for gas service offered by the city of Lexington, Kentucky. Under the provisions of KRS 278.020(4), no utility may apply for a franchise from any governmental agency until it has obtained a Certificate of Convenience and Necessity from this Commission based on our finding that there is a need and demand for the service sought to be rendered.

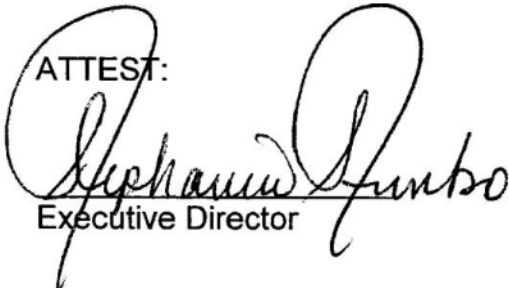
In light of the ordinance of the city of Lexington creating a gas distribution franchise, the Commission determines that there is evidence of a need and demand for gas service in the above-mentioned city. Since the Commission's authority in such matters is limited by statute to finding only whether there is a need and demand for the service sought to be rendered, no finding or determination is made as to the qualifications of the bidder, the validity of any of the provisions of the franchises offered by said city, or the manner in which any franchise fee is to be treated for rate purposes.

IT IS THEREFORE ORDERED that:

1. Delta is granted a Certificate of Convenience and Necessity that authorizes it to bid on a Franchise for gas service offered by the above-mentioned city.
2. Delta, if it becomes the successful bidder, shall file with this Commission two copies of the franchise agreement.
3. This Order shall not be construed as granting a Certificate of Convenience and Necessity to construct utility facilities in said city.

Done at Frankfort, Kentucky, this 25th day of June, 2008.

By the Commission

ATTEST:

Executive Director