

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DELTA NATURAL GAS)	CASE NO.
COMPANY, INC. FOR AN ORDER)	2013-00061
AUTHORIZING THE EXTENSION OF)	
\$40,000,000 LINE OF CREDIT)	

ORDER

On February 14, 2013, Delta Natural Gas Company, Inc. ("Delta") applied for approval to extend its \$40 million unsecured line of credit. Delta also requested a deviation from 807 KAR 5:001, Section 17, requiring a statement indicating how much of the proceeds from the line of credit will be used for the acquisition of property, the construction, completion, extension or improvement of facilities, the improvement of service, the maintenance of service and the discharge of refunding obligations. The Commission permitted Delta's deviation from 807 KAR 5:001, Section 17, by Order dated March 11, 2013, and Delta's application was considered filed as of that date.

Delta states that its current line of credit, originally established in a loan agreement dated October 31, 2002, and previously extended by the Commission in Case No. 2007-00272,¹ matures on June 30, 2013.² Delta proposes to renew this line of credit for six years, in increments of no more than two years, the first of which will

¹ Case No. 2007-00272, Application of Delta Natural Gas Company, Inc. for an Order Authorizing the Extension of the Line of Credit (Ky. PSC Aug. 28, 2007).

² Pursuant to the Commission's Final Order in Case No. 2007-00272, Delta is authorized to renew the line of credit through October 31, 2013, without further Commission Orders.

extend through June 30, 2015.³ The interest rate on any borrowed amounts will be the one-month London Interbank Offered Rate (“LIBOR”) plus 1.15 percent per annum, adjusted monthly on the first day of each month. Pursuant to the line of credit agreement, Delta will pay a quarterly fee of one-eighth percent on the unused amount of the line of credit.

Delta states that it plans to continue to use the line of credit to fund capital expenditures, including extension or replacement of pipeline facilities in the ordinary course of business and the purchase of equipment. It will also continue to use the line of credit for general corporate working capital for the purchase of gas and for the payment of operating expenses, according to Delta.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed extension of the line of credit should be approved. The Commission also finds that the proposed financing is for lawful objects within the corporate purposes of Delta’s operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should be approved.

IT IS THEREFORE ORDERED that:

1. Delta is authorized to extend its \$40 million line of credit, as set forth in its application, effective June 30, 2013 with a maturity date of June 30, 2015.

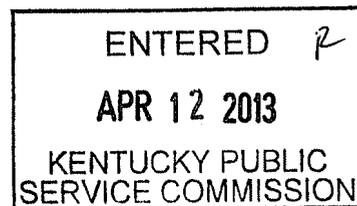
³ KRS 278.300(8) provides: This section does not apply to notes issued by a utility, for proper purposes and not in violation of law, that are payable at periods of not more than two (2) years from the date thereof, or to like notes, payable at a period of not more than two (2) years from date thereof, that are issued to pay or refund in whole or in part any such notes, or to renewals of such notes from time to time, not exceeding in the aggregate six (6) years from the date of the issue of the original notes so renewed or refunded.

2. Delta is authorized to continue to renew the line of credit in increments not to exceed two years each through June 30, 2019 without further orders of the Commission.

3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

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.

By the Commission



ATTEST:


Executive Director

John B Brown
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