



STOLL · KEENON · OGDEN
PLLC

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093
www.skofirm.com

ROBERT M. WATT, III
DIRECT DIAL: (859) 231-3043
DIRECT FAX: (859) 246-3643
robert.watt@skofirm.com

February 13, 2009

RECEIVED

HAND DELIVERED

Hon. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40601

2009-00066

FEB 13 2009

PUBLIC SERVICE
COMMISSION

Re: Delta Natural Gas Company, Inc.

Dear Mr. Derouen:

Please find enclosed for filing an original and ten copies of the Application of Delta Natural Gas Company, Inc. to Extend its Natural Gas Supply Hedging Plan to March 31, 2012. thank you in advance for your assistance.

Sincerely,

Robert M. Watt, III

rmw:
Enclosures
cc: Ms. Connie King (w/encl.)

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FEB 13 2009

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DELTA)
NATURAL GAS COMPANY, INC.)
TO EXTEND ITS NATURAL GAS)
SUPPLY HEDGING PLAN TO)
MARCH 31, 2012)

CASE NO. 2009- 00066

Delta Natural Gas Company, Inc. ("Delta") respectfully submits this Application to extend its natural gas supply hedging plan to March 31, 2012.

1. The full name and post office address of Delta is Delta Natural Gas Company, Inc., 3617 Lexington Road, Winchester, Kentucky 40391.

2. Delta is a Kentucky corporation, whose Amended and Restated Articles of Incorporation are on file with the Commission in Case No. 2007-00089, In the Matter of: Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates.

3. Delta hereby requests the Commission to issue an order extending Delta's Natural Gas Supply Hedging Plan to cover the period April 1, 2009, through March 31, 2012, which plan is described in Exhibit A, attached hereto and made a part hereof (the "Hedging Plan").

4. The facts on which this Application is based are fully set forth in the Hedging Plan attached hereto and made a part hereof.

5. Copies of all orders, pleadings and other communications related to this matter should be directed to:

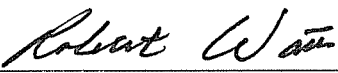
Connie King
Manager-Corporate & Employee Services
Delta Natural Gas Company, Inc.
3167 Lexington Road
Winchester, Kentucky 40391.

Robert M. Watt, III
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507

WHEREFORE, Delta Natural Gas Company, Inc. respectfully prays that the Commission issue an order approving the extension of its Natural Gas Supply Hedging Plan to cover the period April 1, 2009, through March 31, 2012.

Respectfully submitted,

Robert M. Watt, III
Stoll Keenon Ogden PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507
859-231-3000
robert.watt@skofirm.com

By 

Counsel for Delta Natural Gas
Company, Inc.

Delta Natural Gas Company, Inc.
Natural Gas Supply Hedging Plan
April 1, 2009 through March 31, 2012

The Commission's Order dated April 4, 2006 in Case 2006-00071 approved a renewal of Delta's natural gas hedging plan through March 31, 2009.

Pursuant to Finding Paragraph 4, Delta is requesting that its existing natural gas price mitigation plan be extended for three (3) years or until March 31, 2012. Delta would like to maintain the flexibility in its supply portfolio to enter forward contracts for future storage injection and winter heating seasons if forward prices are favorable.

Delta did not enter into any forward contracts for the 2008 storage injection season or for the 2008-2009 winter heating season. At the beginning of the 2008 injection season, the delivered price of gas to Delta was over \$12.00 per Mcf and NYMEX futures for the remaining months of the injection season were trading even higher. Therefore, Delta did not enter into any forward contracts for the 2008 storage injection season.

The volume of gas injected during the 2008 injection season accounts for 100% of the supply volumes in Delta's southern system and approximately 50% of Delta's total supply volumes for the 2008-2009 winter heating season. Delta's remaining supply is purchased monthly based on monthly market prices. Therefore, Delta did not enter into any forward contracts for its remaining supply for the 2008-2009 winter heating season.