



Delta Natural Gas Company, Inc.



3617 Lexington Road
Winchester, Kentucky 40391-9797

PHONE: 859-744-6171
FAX: 859-744-3623

July 2, 2012

Hon. Jim Gray, Mayor
Lexington-Fayette Urban County Government
Division of Central Purchasing
200 East Main Street
Room 338
Lexington, KY 40507

Re: Ordinance No. 77-2012

Dear Mayor Gray:

In response to Ordinance No. 77-2012 Delta Natural Gas Company, Inc. ("Delta" and/or the "Company") submits the following bid:

1. During the Term of the franchise, Delta shall pay an amount equal to three percent (3%) of the gross annual revenues received by the Company from the sale, distribution and/or delivery of natural gas within Fayette County.
2. Delta accepts the conditions set forth in Ordinance No. 77-2012, except as stated below.
3. Delta shall be exempt from Section 11(e) of the Ordinance relating to notice to the Government and an opportunity to bid on a sale of assets of Delta. The common stock of Delta is publicly traded and Delta has no parent company. Given that Delta has only approximately 573 customers in Fayette County, it is not likely the Government will be interested in bidding on a sale of Delta's assets.
4. Delta shall be exempt from Section 13 of the Ordinance requiring the Company to maintain its Kentucky corporate headquarters in Lexington, Fayette County, Kentucky. Delta's corporate headquarters are located in Winchester, Clark County, Kentucky.
5. Delta shall be exempt from the cash deposit requirement specified in section 18 of the Ordinance requiring the Company to provide 5% of the gas system facilities value. The infrastructure to serve the portion of Fayette County where Delta has a presence is already in place and owned by the Company.

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6. The payment guidelines as described in section 20(a) of the Ordinance shall be amended to a quarterly time period instead of monthly during the Term of the franchise consistent with past practices between Delta and the Government.

Please find attached to our bid a check for five hundred dollars (\$500.00) representing the cost of advertising and other administrative expenses as specified in Section 18 of the Ordinance.

If there are any questions concerning Delta's bid please feel free to contact me or our legal counsel, Robert Watt at Stoll Keenon Ogden PLLC (859-231-3043).

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Steele", enclosed within a large, loopy oval scribble.

Jeff Steele
Director – Administrative Services

DELTA NATURAL GAS CO. INC.
3617 Lexington Rd
Winchester, Ky 40391

1254
73-748/421

PAY TO THE ORDER OF

Lexington Fayette Urban County Government

DATE 6/27/12

\$ 500.00

DOLLARS



LEXINGTON, KENTUCKY 40596

FOR DEPOSITANCE 7/1-2012 advertising; admin expenses

Jessica M. Davis

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