

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF DEMA)	CASE NO. 91-230-A
GAS COMPANY, INC.)	

O R D E R

On January 15, 1992, the Commission issued its Order in Case No. 91-230 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the gas cost adjustment ("GCA") clause set forth therein.

On February 28, 1992, Dema Gas Company, Inc. ("Dema") filed its quarterly GCA, which is to become effective April 1, 1992 and is to remain in effect until June 30, 1992.

After reviewing the record in this Case and being otherwise sufficiently advised, the Commission finds that:

1. Dema's notice of February 28, 1992 set out certain revisions in rates which Dema proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale change in gas cost from its supplier. By letter of March 24, 1992, Dema amended its quarterly filing to provide notice of the most current supplier rate effective March 1, 1992. Dema requested an out-of-cycle rate reduction effective March 1, 1992 due to the significant change in supplier rates. Dema's GCA clause allows out-of-cycle filings for significant changes. This

is Dema's first quarterly filing and it contains no other adjustments. Dema has not yet billed for service rendered in March and wishes to place the supplier decrease in its rates now rather than through a future regular quarterly adjustment. Dema's request for an out-of-cycle rate reduction should be granted.

2. Dema incorrectly calculated its expected gas cost ("EGC") adjustment. Dema's EGC adjustment for the period beginning March 1, 1992 should be \$2.4341 per Mcf based on its supplier rate effective March 1, 1992.

3. Dema's notice included no actual adjustment. This adjustment will be unavailable to Dema until its GCA clause has been in effect two quarters.

4. The combined effect of the above adjustments is Dema's gas cost recovery rate ("GCR") in the amount of \$2.4341 per Mcf, a decrease of \$1.0771 per Mcf from its last approved rates.

5. Dema's adjustment in rates, set out in the Appendix to this Order pursuant to the GCA provisions approved by the Commission in its Order in Case No. 91-230 dated January 15, 1992, is fair, just, and reasonable, in the public interest, and should be effective with gas supplied on and after March 1, 1992.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Dema be and they hereby are denied.

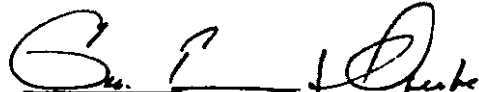
2. Dema's request for an out-of-cycle rate reduction be and it hereby is granted.

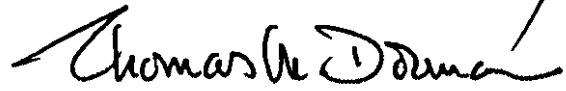
3. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with gas supplied on and after March 1, 1992.

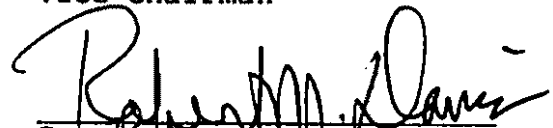
4. Within 30 days of the date of this Order, Dema shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 2nd day of April, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director, Acting

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-230-A DATED 4/2/92

The following rates and charges are prescribed for the customers in the area served by Dema Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATE:

	<u>Base Rate</u>	<u>GCR</u>	<u>Total Retail Rate</u>
First 1 Mcf	\$7.4648	\$2.4341	\$9.8989/Mcf
Over 1 Mcf	6.2648	2.4341	8.6989/Mcf
Minimum Bill	\$9.90		