

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-C |
| 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 September 18, 1992, Dema Gas Company, Inc. ("Dema") filed its quarterly GCA, which is to become effective October 1, 1992 and is to remain in effect until December 31, 1992.

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

1. Dema's notice of September 18, 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. Dema's expected gas cost ("EGC") for the quarter beginning October 1, 1992 is \$3.2275.

2. Dema's GCA clause requires that Dema file a quarterly report at least 30 days prior to the beginning of each calendar quarter; however, such notice was not given. Dema requested a

waiver of the 30-day filing requirement. Pursuant to KRS 278.180, upon Dema's showing of good cause, Dema's request should be granted. The effective date for Dema's rates should be on and after the date of this Order.

3. Dema's notice included an actual adjustment of 3.06 cents per Mcf to compensate for under-recovery of its gas cost through the operation of its gas cost recovery procedure during the months of March, April, May, and June 1992. Dema misstated its EGC for the indicated months in calculating its actual adjustment. Using the EGC in effect for these months produces an actual adjustment of 1.59 cents per Mcf.

4. The combined effect of the above adjustments is Dema's corrected gas cost recovery rate ("GCR") in the amount of \$3.2434 per Mcf, an increase of 58.19 cents per Mcf from its last approved rates.

5. Dema's corrected 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 the date of this Order.

IT IS THEREFORE ORDERED that:


1. The rates proposed by Dema are hereby denied.

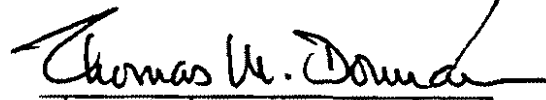
2. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with gas supplied on and after the date of this Order.

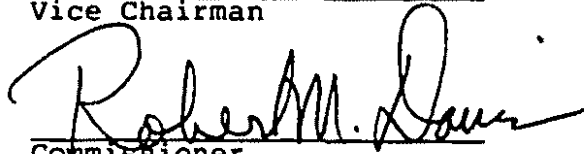
3. Within 30 days of the date of this Order, Dema shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 9th day of October, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-230-C DATED October 9, 1992.

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 | \$3.2434 | \$ 10.7082/Mcf |
| Over 1 Mcf | 6.2648 | 3.2434 | 9.5082/Mcf |
| Minimum Bill | \$10.71 | | |