



Ernie Fletcher  
Governor

LaJuana S. Wilcher, Secretary  
Environmental and Public  
Protection Cabinet

Christopher L. Lilly  
Commissioner  
Department of Public Protection

Honorable Morris Kennedy  
Attorney at Law  
2332 Old Hickory Lane  
Lexington, KY 40515

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Mark David Goss  
Chairman

Teresa J. Hill  
Vice Chairman

Gregory Coker  
Commissioner

May 19, 2006

CERTIFICATE OF SERVICE

RE: Case No. 2006-00168  
Dema Gas Company, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on May 19, 2006.

A handwritten signature in black ink, appearing to be "B. O'Donnell", written over a horizontal line.

Executive Director

BOD/sh  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

DEMA GAS COMPANY INC.'S GAS	)	CASE NO.
COST ADJUSTMENT	)	2006-00168

O R D E R

On January 15, 1992, in Case No. 1991-00230, the Commission approved rates for Dema Gas Company Inc. ("Dema") and provided for their further adjustment in accordance with Dema's gas cost adjustment ("GCA") clause.<sup>1</sup>

On April 24, 2006, Dema filed its proposed GCA to be effective June 1, 2006.

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

1. Dema's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Dema's notice sets out an expected gas cost ("EGC") of \$10.00 per Mcf, which is an increase of \$6.5985 per Mcf from its prior EGC of \$3.4015.
3. Dema's notice sets out no refund adjustment.
4. Dema's notice sets out no current quarter actual adjustment ("AA"). Dema's previous total AA of 3.49 cents per Mcf has expired, which is a decrease of 3.49 cents per Mcf from its previous total AA.

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<sup>1</sup> Case No. 1991-00230, The Application of Dema Gas Company for Rate Adjustment Pursuant to the Alternative Rate Filing Procedure for Small Utilities, Order dated January 15, 1992.

5. Dema's notice sets out no current quarter balance adjustment ("BA") or total BA.

6. Dema's gas cost recovery rate ("GCR") is \$10.00 per Mcf, which is an increase of \$6.5636 per Mcf from its previous rate of \$3.4364.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for billing for service rendered by Dema on and after June 1, 2006.

IT IS THEREFORE ORDERED that:

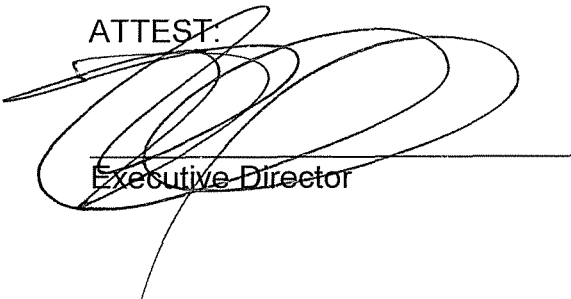
1. The rates in the Appendix to this Order are approved for service rendered on and after June 1, 2006.

2. Within 20 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 19<sup>th</sup> day of May, 2006.

By the Commission

ATTEST:



Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00168 DATED May 19, 2006.

The following rates and charges are prescribed for the customers 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.

#### RETAIL RATES:

	<u>Base Rate</u>	<u>Gas Cost</u>	<u>Total Rate</u>
First Mcf	\$7.4648	\$10.00	\$17.4648
Over 1 Mcf	\$6.2648	\$10.00	\$16.2648