

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.¹

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.

¹ 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 19th 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