

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS)	CASE NO.
ADJUSTMENT FILING OF WESTERN LEWIS-)	2021-00443
RECTORVILLE WATER AND GAS DISTRICT)	

ORDER

On November 30, 2021, Western Lewis-Rectorville Water and Gas District (Western Lewis-Rectorville District) filed its proposed Gas Cost Recovery (GCR) rate report to be effective January 1, 2022. Western Lewis-Rectorville District's previous GCR rate was approved in Case No. 2021-00347.¹

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the commission shall review the utility's gas purchasing practices. The commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

Further, the utility has the burden to prove the rates are just and reasonable and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.²

¹ Case No. 2021-00347, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC Sept. 22, 2021).

² KRS 278.274(2); KRS 278.274(3)(c) and KRS 278.274(3)(d).

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

1. Western Lewis-Rectorville District's report includes revised rates designed to pass on to its customers its expected change in gas costs.

2. Western Lewis-Rectorville District's report sets out an Expected Gas Cost (EGC) of \$6.1346 per Mcf, which is an increase of \$0.7941 per Mcf from its previous EGC of \$5.3405 per Mcf.

3. Western Lewis-Rectorville District's report sets no Refund Adjustment.

4. Western Lewis-Rectorville District's report sets out a current quarter Actual Adjustment (AA) of \$0.1146 per Mcf. In Western Lewis-Rectorville District's GCR rate report the Total Sales amount for July, August, and September 2021 did not use the 5 percent line loss limiter. The Total Sales for each month may not be less than 95 percent of the Total Supply Volumes Purchased for those months.³ Future Western Lewis-Rectorville District GCR rate reports should apply the 5 percent line loss limiter to the Total Sales line of the ACA quarter calculation should the aforementioned criteria be met. Correcting for this produces a current quarter AA of \$0.0346 per Mcf. Western Lewis Rectorville District's total AA is (\$1.4502) per Mcf, which is an increase of \$0.0959 per Mcf from its previous total AA of (\$1.5461) per Mcf.

5. Western Lewis-Rectorville District's report sets out no Balance Adjustment.

³ For the month of July 2021, a total of 596.00 Mcf is reported as Supply Volume Purchased, with an actual sales volume of 398.00 Mcf reported. With the 5 percent line loss limiter applied the Total Sales amount for the Unit Cost of Gas calculation should not have been lower than 566.00 Mcf. For the month of August 2021, the Total Sales should not be less than 95 percent of the Total Supply Volumes Purchased of 493.00 Mcf, which is 468.00 Mcf instead of the 343.00 Mcf reported for Total Sales. For the month of September 2021, the Total Sales should not be less than 95 percent of the Total Supply Volumes Purchased of 716.00 Mcf, which is 680.00 Mcf instead of the 451.00 Mcf reported for Total Sales.

6. Western Lewis-Rectorville District's corrected GCR rate is \$4.6844 per Mcf, which is an increase of \$0.8900 per Mcf from the previous GCR rate of \$3.7944 per Mcf.

7. The rates as set forth in the Appendix to this Order are fair, just and reasonable and should be approved for service rendered by Western Lewis-Rectorville District on and after January 1, 2022.

8. Should Western Lewis-Rectorville District purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports, then the supplier, cost, and amount must be documented in its cover letter to the Commission.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Western Lewis-Rectorville District are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after January 1, 2022.
3. Within 20 days of the date of entry of this Order, Western Lewis-Rectorville District shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order.
4. This case is closed and removed from the Commission's docket.

By the Commission

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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2021-00443

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00443 DATED DEC 16 2021

The following rates and charges are prescribed for the customers in the area served by Western Lewis-Rectorville Water and Gas District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

Monthly usage

	<u>Base Rate</u>	Gas Cost Recovery <u>Rate</u>	<u>Total</u>
All MCF	\$1.5642	\$4.6844	\$6.2486

*Sharon Dennison
Senior Office Clerk
Western Lewis-Rectorville Water and Gas District
8044 KY 3161
Maysville, KY 41056-9344

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