

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF WESTERN LEWIS-RECTORVILLE)	2023-00184
WATER AND GAS DISTRICT)	

ORDER

On June 1, 2023, Western Lewis-Rectorville Water and Gas District (Western Lewis-Rectorville District) filed its proposed Gas Cost Recovery (GCR) rate report to be effective July 1, 2023. Western Lewis-Rectorville District's previous GCR rate was approved in Case No. 2023-00064.¹

LEGAL STANDARD

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. 2023-00064, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC Mar. 30, 2023).

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

DISCUSSION

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that Western Lewis-Rectorville District's report includes revised rates designed to pass on to its customers its expected change in gas costs. Western Lewis-Rectorville District's report sets out an Expected Gas Cost (EGC) of \$4.4993 per Mcf. In calculating its EGC, Western Lewis-Rectorville District did not divide the \$147,253.76 projected cost of gas calculated in column (6) by the 36,118 Mcf purchases reported in column (4) to arrive at its Average Expected Cost Per Mcf Purchased. The correct average cost per Mcf purchased should be \$4.0770 per Mcf instead of \$4.2916 per Mcf. Western Lewis-Rectorville District also miscalculated allowable Mcf purchases, which should be sales of 32,728 Mcf divided by .95, or 34,451 Mcf instead of the 34,312 Mcf used in the calculation. Multiplying the corrected average cost of Mcf purchased by the corrected allowable Mcf purchases produces a Total Expected Gas Cost of \$140,456.73 for the 12-month reporting period ending March 31, 2023. Western Lewis-Rectorville District's corrected EGC is \$4.2916 per Mcf, which is an increase of \$0.1509 per Mcf from its previous EGC of \$4.1407 per Mcf. Western Lewis-Rectorville District's report sets out no Refund Adjustment. Western Lewis-Rectorville District's report sets out a current quarter Actual Adjustment (AA) of (\$1.0098) per Mcf. Western Lewis-Rectorville District's total AA is (\$1.6886) per Mcf, which is an increase of \$0.1854 per Mcf from its previous total AA of (\$1.8740) per Mcf.

Based on the calculations above, the Commission finds that Western Lewis-Rectorville District's GCR rate is \$2.6030 per Mcf, which is an increase of \$0.3363 per Mcf from the previous GCR rate of \$2.2667 per Mcf. The Commission finds that rates as

set forth in the Appendix to this Order are fair, just and reasonable and are approved for service rendered by Western Lewis-Rectorville District on and after July 1, 2023.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Western Lewis-Rectorville District shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports. 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 July 1, 2023.
3. Western Lewis-Rectorville District shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.
4. Within 20 days of the date of service 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.
5. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00184 DATED JUN 30 2023

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	\$2.6030	\$4.1672

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