

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF WESTERN LEWIS-RECTORVILLE)	2022-00158
WATER AND GAS DISTRICT)	

ORDER

On May 31, 2022, 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, 2022. Western Lewis-Rectorville District's previous GCR rate was approved in Case No. 2022-00063.¹

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. 2022-00063, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC Mar. 30, 2022).

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 \$10.3965 per Mcf, which is an increase of \$4.3920 per Mcf from its previous EGC of \$6.0045 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 (\$0.6735) per Mcf. In calculating its current quarter AA, Western Lewis-Rectorville District incorrectly applied the 95 percent line loss limiter to the months of February and March 2022.³ The line loss limiter should only be applied in which actual monthly sales are less than 95 percent of supply volumes purchased for the month. Western Lewis-Rectorville District's corrected current quarter AA is (\$1.1952) per Mcf. Western Lewis-Rectorville District's corrected total AA is (\$1.1557) per Mcf, which is a decrease of \$0.8653 per Mcf from its previous total AA of (\$0.2904) per Mcf.

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

6. Western Lewis-Rectorville District's corrected GCR rate is \$9.2408 per Mcf, which is an increase of \$3.5267 per Mcf from the previous GCR rate of \$5.7141 per Mcf.

³ Western Lewis-Rectorville District reported the February 2022 Total Supply Volumes Purchased as 6,685 Mcf and the Actual Sales as 9,291 Mcf. March 2022 had a reported Total Supply Volumes Purchased as 4,708 Mcf and the Actual Sales as 5,154 Mcf. Due to the actual sales being higher than the total volumes purchased for each month the total sales does not require the 95% line loss limiter to be applied to the Unit Cost of Gas calculation.

7. The 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, 2022.

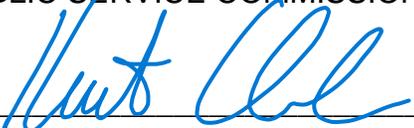
8. For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Western Lewis-Rectorville District shall submit all invoices it receives along with its monthly usage reports for each month of the reporting period when it files its future GCR rate reports.

9. 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, 2022.
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 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.
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. 2022-00158 DATED JUN 24 2022

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	\$9.2408	\$10.8050

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

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Maysville, KY 41056-9344