

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF WESTERN LEWIS-RECTORVILLE)	2024-00032
WATER AND GAS DISTRICT)	

ORDER

On March 1, 2024, Western Lewis-Rectorville Water and Gas District (Western Lewis-Rectorville District) filed its proposed Gas Cost Recovery (GCR) rate report to be effective April 1, 2024. Western Lewis-Rectorville District's previous GCR rate was approved in Case No. 2023-00378.¹

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. 2023-00378, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC Dec. 21, 2023).

² KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(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 \$3.5263 per Mcf. In calculating its EGC, Western Lewis-Rectorville District unnecessarily adjusted its allowable Mcf purchases of 34,206 Mcf for excess line loss. Because its line loss is under 5 percent at 4.96 percent, actual purchase volumes of 34,206 Mcf should be used on the Allowable Mcf Purchases line on Schedule II, instead of the 32,647 sales volumes divided by .95. Using actual purchases instead of line loss adjusted purchases results in the correct Total Expected Gas Cost of \$114,588.40, and the calculation producing the EGC on Schedule I results in a corrected EGC of \$3.5099 per Mcf, which is a decrease of \$0.6327 per Mcf from its previous EGC of \$4.1426 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 \$0.3820 per Mcf. Western Lewis-Rectorville mistakenly used its previously approved GCR rate effective October 1, 2023, of \$2.4845 per Mcf in its AA calculation instead of the \$4.2908 per Mcf EGC in effect October 1, 2023. Western Lewis-Rectorville District's corrected current quarter AA is (\$0.1576) per Mcf. Western Lewis-Rectorville District's corrected total AA is (\$1.5118) per Mcf, which is an increase of \$0.3353 per Mcf from its previous total AA of (\$1.8471) per Mcf.

Western Lewis-Rectorville District's report set out a GCR rate of \$2.5541 per Mcf. Based on the calculations above, the Commission finds that Western Lewis-Rectorville

District's corrected GCR rate is \$1.9981 per Mcf, which is a decrease of \$0.2974 per Mcf from the previous GCR rate of \$2.2955 per Mcf. The Commission finds that 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 April 1, 2024.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds that Western Lewis-Rectorville District should 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 April 1, 2024.
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. 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 shall be documented in its cover letter to the Commission.
5. 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.

6. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
MAR 28 2024 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00032 DATED MAR 28 2024

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	\$1.9981	\$3.5623

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