

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF WESTERN LEWIS-RECTORVILLE)	2026-00026
WATER AND GAS DISTRICT)	

ORDER

On February 2, 2026, Western Lewis-Rectorville Water and Gas District, (Western Lewis-Rectorville District) filed an interim Gas Cost Recovery (GCR) rate report with a proposed effective date of March 4, 2026. Western Lewis-Rectorville District's previous GCR rate was approved in Case No. 2025-00367, with a GCR rate of \$2.5735 per Mcf, effective for service rendered on and after January 1, 2026.¹

Western Lewis-Rectorville District provided with its GCR rate report the updated price projections received from its supplier indicating that, the gas cost for February 2026 has increased significantly since the original projection of the January, February, and March 2026 period filed in November 2025.² Due to the higher gas prices than projected for February 2026,³ Western Lewis-Rectorville District would not be able to recover the higher gas costs for the January, February, and March 2026 period until it is rolled into

¹ Case No. 2025-00367, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC Dec. 19, 2025).

² Case No. 2025-00367, Dec. 1, 2025 WESTERN_LEWIS_QUARTERLY_FOR_Oct,_Nov,_Dec_. Original projection for February 2026 was \$33,956.00, with expected usage of 6,700 mcf, which resulted in a forecasted rate of \$5.07 per Mcf.

³ WESTERN_LEWIS_QUARTERLY_FOR_Jan,_Feb,_March (filed. Feb. 2, 2026). Updated projection for February 2026 is now \$50,522.12, with expected usage of 6,608 mcf, which resulted in a forecasted rate of \$7.65 per Mcf.

the reporting period which would occur when Western Lewis-Rectorville District files its GCR rate report for rates effective July 2026. Western Lewis-Rectorville District requested an increased Expected Gas Cost (EGC) rate for the month of March 2026 to minimize the amount of gas cost under-recovery for the quarter beginning January 1, 2026. The other GCR components will remain unchanged from previously approved GCR rate report filing, until Western Lewis-Rectorville District filed its next quarterly GCR rate report filing for rates effective April 2026.

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.⁴

DISCUSSION AND FINDINGS

The "Calendar Quarters" set forth in Western Lewis-Rectorville District's Gas Cost Adjustment Clause tariff are (1) January, February, and March; (2) April, May, and June; (3) July, August, and September; and (4) October, November, and December.⁵ The

⁴ KRS 278.274(2); KRS 278.274(3)(c); and KRS 278.274(3)(d).

⁵ Western Lewis-Rectorville District's current tariff, PSC No. 2 Sheet Original No. 13.

Commission has historically granted interim adjustments to the GCR rate should any significant change in supplier rates occur between the regularly scheduled quarterly adjustments, upon a showing of good cause.⁶ The Commission finds that Western Lewis-Rectorville District should be approved an interim GCR rate to assist in the timely recovery of gas costs. The Commission encourages Western Lewis-Rectorville District to look into filing for a general rate adjustment or an alternative rate adjustment with the Commission to ensure that its revenue is sufficient to provide adequate and reliable service.

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 EGC of \$6.6172 per Mcf, which is an increase of \$0.8078 per Mcf from its previous EGC of \$5.8094 per Mcf. Western Lewis-Rectorville District's report sets out no Refund Adjustment. Western Lewis-Rectorville District's total AA is (\$3.2359) per Mcf, which is no change from its previous total AA. Western Lewis-Rectorville District's report sets out no Balance Adjustment.

The Commission finds Western Lewis-Rectorville District's proposed interim GCR rate of \$3.3813 per Mcf, which is an increase of \$0.8078 per Mcf from its previously approved quarterly GCR rate of \$2.5735 per Mcf, to be reasonable. The Commission finds that the inputs, resulting components and calculation of Western Lewis-Rectorville District's proposed GCR rate of \$3.3813 per Mcf to be reasonable. The Commission further finds that the rates set forth in the Appendix to this Order are fair, just and

⁶ See, Case No. 2014-00049, *Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water & Gas* (Ky. PSC Mar. 5, 2014), Order; and Case No. 2018-00398, *Purchased Gas Adjustment Filing of Atmos Energy Corporation* (Ky. PSC Dec. 18, 2018), Order.

reasonable and should be approved for billings rendered by Western Lewis-Rectorville District on and after March 4, 2026. Due to the EGC being the only GCR component changing in this proceeding, Western Lewis-Rectorville District can apply its interim GCR rate to its billings rendered on and after March 4, 2026.

Upon review of the Tariff, the Commission discovered that Western Lewis-Rectorville District's Gas Cost Adjustment Clause tariff is missing language on interim filings that are present in the tariffs of other Kentucky LDCs. The Commission considers this to be a simple oversight as the Commission has granted Western Lewis-Rectorville District an interim GCR rate in a prior proceeding, Case No. 2014-00049.⁷ Thus, the Commission further finds that Western Lewis-Rectorville District's Gas Cost Adjustment Clause tariff should be revised to include specific language on Interim Gas Cost Adjustment filings, which is included herein in the Appendix to this Order.

For the purpose of transparency and to maintain a record of information for future use, the Commission finds 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.

⁷ Case No. 2014-00049, Mar. 5, 2014 Order.

IT IS THEREFORE ORDERED THAT:

1. The interim rates proposed by Western Lewis-Rectorville District and set forth in the Appendix to this Order are approved for billings rendered on and after March 4, 2026.
2. 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.
3. 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.
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 rate and language approved herein and reflecting that it was approved pursuant to this Order.
5. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:

 

Executive Director

ENTERED
MAR 02 2026 ^{AB}
KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2026-00026 DATED MAR 02 2026

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 the Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf	\$1.5642	\$3.3813	\$4.9455

INTERIM GAS COST ADJUSTMENT

Should any significant change in supplier rate occur between the regularly-scheduled quarterly adjustments, the Company may apply to the Commission for an interim purchased gas cost adjustment. The Commission may grant the request upon a showing of good cause.

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