

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF WESTERN LEWIS-RECTORVILLE)	2026-00048
WATER AND GAS DISTRICT)	

ORDER

On March 2, 2026, 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, 2026. Western Lewis-Rectorville District's previous GCR rate report was an interim GCR rate report filing approved in Case No. 2026-00026.¹

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 fair, 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. 2026-00026, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC Mar. 2, 2026).

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

DISCUSSION AND ANALYSIS

On March 26, 2026, a notice for an informal conference was issued for March 27, 2026,³ between Western Lewis-Rectorville District and Commission Staff to discuss issues related to the amount of natural gas volumes purchased, the volumes of natural gas sold, and any issues pertaining to the calculation methodology of the GCR rate report filing. During the informal conference Western Lewis-Rectorville District stated that customer meters are read on the 15th of each month.⁴ Based on the supplier invoices for natural gas purchased, the period used for billing is based on a month to month calendar period.⁵ This misalignment in reported billing period and meter reading date results in discrepancies in the pass through of gas costs most notably in the Actual Cost Adjustment (ACA) portion of the GCR components.⁶ The Commission therefore finds that further discovery is necessary in order to determine the reasonable calculation for the amount of gas costs that should be included for pass through and recovery in Western Lewis-Rectorville District's GCR rate reports.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having reviewed

³ Notice of Informal Conference (filed on Mar. 26, 2026).

⁴ Information Conference Memo (filed on Mar. 30, 2026).

⁶ The Expected Gas Cost (ECG) is used to estimate the expected cost of gas during the upcoming quarter (e.g. Nov.— Jan. for an application filed in Oct.). The ACA is used to true-up the difference between the expected and actual gas costs for the quarter preceding the filing of the GCR report, but the true-up of each quarter is spread across an entire year based on annual sales such that the total ACA is made up of four quarterly ACA components. The ACA calculation uses the volumes of natural gas purchased and sold during a monthly period to determine the amount of gas that may have been under or under collected. If the period of usage does not match the period in which the volumes were meter read then the total cost difference for the ACA quarter is not accurate or reasonable.

the proposed GCR rate report and being otherwise sufficiently advised, the Commission finds that an investigation cannot be completed before April 1, 2026. Therefore, the Commission authorizes Western Lewis-Rectorville District to implement its GCR rate, as modified herein, on an interim basis subject to refund.⁷

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 an expected change in gas costs. Western Lewis Rectorville-District's report reflects an Expected Gas Cost (EGC) of \$5.3286 per Mcf, which is a decrease of \$1.2886 per Mcf from its previous EGC of \$6.6172 per Mcf. Western Lewis-Rectorville District's EGC calculation methodology uses supplier forecasted rates to determine the projected unit cost of gas of the upcoming calendar quarter that the proposed rates would be in effect.⁸ Western Lewis-Rectorville District's Gas Cost Adjustment Clause Tariff⁹ defines the Average Expected Cost as "the cost of purchased gas which results from the application of suppliers rates currently in effect, or reasonably expected to be in effect during the calendar quarter." The Commission finds that Western Lewis-Rectorville District's calculation of the EGC component for the upcoming April, May, and June 2026 period to be reasonable.

Western Lewis-Rectorville District's report sets out no Refund Adjustment. Western Lewis-Rectorville District's report sets out a current quarter ACA of (\$0.0174)

⁷ Case No. 2019-00241, *Purchased Gas Adjustment Filing of Navitas KY NG, LLC* (Ky. PSC Aug. 6, 2019).

⁸ See Western Lewis-Rectorville District's GCR rate report filing, *GCA_March_2,2026.xlsx*, Tab Schedule II (EGC), Column (5). Also see, Western Lewis-Rectorville District's GCR rate report filing, *WESTERN_LEWIS_QUARTERLY_FOR_APRIL,_MAY,_JUNE_2026*.

⁹ Western Lewis-Rectorville District's Tariff, PSC KY No. 2, Original Sheet No. 13.

per Mcf and a total ACA of (\$3.2337) per Mcf. Due to the finding of discrepancies in the reported billing period and meter reading usage data used in Western Lewis-Rectorville's GCR rate report filing, the Commission finds there is evidence that the proposed current quarter ACA and prior effective ACAs may be unreasonable and should not be included in the GCR component at this time, until the Commission can make a determination on the reasonableness of the ACA calculation methodology. Therefore, the Commission finds that the proposed current quarter ACA and the additional ACA quarter components resulting in a total ACA of (\$3.2337) per Mcf should not be utilized in the calculation of the GCR until a final Order is issued in the matter. Furthermore, the Commission finds that any under- or over-recovery of gas costs that would have been recovered in this case due to the ACA quarter components will be addressed and reconciled in this and future GCR rate report proceedings.

On March 30, 2026, Western Lewis-Rectorville District filed as an example its supplier gas cost bill for February 2026 usage.¹⁰ The February 2026 bill shows a total amount due of \$52,771.58 based on a usage of 7,453 mmbtu or approximately 7,187 Mcf.¹¹ The unit cost of gas for the February 2026 period would be approximately \$7.3426 per Mcf. In this proceeding Western Lewis-Rectorville District proposed a GCR rate of \$2.0949 per Mcf based on a proposed Expected Gas Cost component of \$5.3286 per Mcf and a total ACA of (\$3.2337) per Mcf. The Commission finds that the calculation of Western Lewis-Rectorville District's proposed EGC is reasonable for Western Lewis-Rectorville District to use as the current GCR rate that would be charged to customers.

¹⁰ February 2026 Supplier gas cost example (filed. Mar. 30, 2026).

¹¹ One Mcf is equivalent to 1.037 MMBtu. Dividing 7,453 MMBtu by 1.037 results in the volumetric equivalent of 7,187 Mcf.

The Commission finds that it would allow Western Lewis-Rectorville District to charge a rate based on quantitative forecasted data in order to begin collecting a higher GCR rate to cover the higher gas cost experienced in February 2026.

Based on the calculations and findings discussed above, the Commission finds that Western Lewis-Rectorville District's revised GCR rate should be \$5.3286 per Mcf, which is an increase of \$1.9743 from its previous interim GCR rate of \$3.3813 per Mcf. The Commission finds that the inputs, resulting components and calculation of Western Lewis-Rectorville District's revised GCR rate using the EGC component of \$5.3286 per Mcf to be reasonable as a pass through of gas costs at this time. Western Lewis-Rectorville District may begin charging this interim GCR rate subject to refund as discussed above for service rendered on or after April 1, 2026. If, at close of the investigation, the interim GCR rate is found to be improperly calculated due to errors, the difference between interim GCR rate and corrected GCR rate should also be refunded to its customers.

The Commission directs Western Lewis-Rectorville District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹² in which the Commission mandated the use of electronic filing procedures listed in 807 KAR 5:001, Section 8. Consistent with the filing procedures set forth in Case No. 2020-00085, the Commission finds that electronic filing procedures should be used.

¹² Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

The Commission further finds that further discovery is necessary in this proceeding. Therefore, the Commission finds that Western Lewis-Rectorville District should file on or before April 16, 2026, its responses to the request for information attached, as Appendix to this Order. Additionally, Western Lewis-Rectorville District should respond to any future requests for information propounded by Commission Staff by the dates set forth on any such requests.

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.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Western Lewis-Rectorville District are denied.
2. A revised GCR rate of \$5.3286 per Mcf is approved, on an interim basis and subject to refund, for service rendered on and after April 1, 2026.
3. Western Lewis-Rectorville District shall maintain its records in such manner as will allow it, the Commission, or any customer to determine the amounts to be refunded and to whom in the event a refund is ordered upon final resolution of this matter.
4. 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.

5. Western Lewis-Rectorville District shall file its responses to the request for information attached as an Appendix to this Order on or before April 16, 2026.

6. Western Lewis-Rectorville District shall respond to all requests for information propounded by Commission Staff as provided in those requests.

7. This case shall remain open to investigate the GCR rate calculation.

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PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



Executive Director



ENTERED
MAR 31 2026 ^{jdc}
KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00048 DATED MAR 31 2026

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO WESTERN LEWIS-RECTORVILLE WATER AND GAS DISTRICT

Western Lewis-Rectorville Water and Gas District (Western Lewis-Rectorville District), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on or before April 16, 2026. The Commission directs Western Lewis-Rectorville District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

¹ Case No. 2020-00085, Electronic Emergency Docket Related to the Novel Coronavirus COVID19 (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

Western Lewis-Rectorville District shall make timely amendment to any prior response if Western Lewis-Rectorville District obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Western Lewis-Rectorville District fails or refuses to furnish all or part of the requested information, Western Lewis-Rectorville District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Western Lewis-Rectorville District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide the monthly supplier bills from Symmetry Energy Solutions, LLC (Symmetry) for the period of January to March 2026.
2. Provide the monthly Daily Flow reports received from Symmetry for the period of January to March 2026.
3. Provide updated versions of Western Lewis-Rectorville District's monthly usage reports for the period of January 2024 through to March 2026 which include the

corresponding dates in which Western Lewis-Rectorville District read the meters for each corresponding usage report.

4. Confirm whether Western Lewis-Rectorville District has received any updates or revisions regarding the 2026 second-quarter price projections from Symmetry. If so, provide the updated projections regarding the 2026 second-quarter price projections from Symmetry.

5. Confirm whether Western Lewis-Rectorville District has been charging the Commission-approved GCR rates to its customers since 2020. If not, provide the instances in which Western Lewis-Rectorville District failed to charge the Commission approved GCR rate, what GCR rate was instead charged, and when the incorrect GCR rate was applied.

6. Refer to Western Lewis-Rectorville District's Gas Cost Adjustment Clause tariff, original sheet No. 11.² The tariff states, "[t]he GCR shall become effective for the billing for services rendered on or after the first day of each calendar quarter". For example, assume the Commission approved a GCR rate with an effective date of January 1, 2026. Explain if Western Lewis-Rectorville District applies the Commission approved GCR rate to customer billings received on or around January 1, 2026, or if Western Lewis-Rectorville District applies the Commission approved GCR rate to customer usage metered on and after January 1, 2026.

7. Refer to Western Lewis-Rectorville District's Gas Cost Adjustment Clause Tariff, Original Sheet Nos. 11 and 12.³

² Western Lewis-Rectorville District's Tariff, PSC KY No. 2, Original Sheet No. 11.

³ Western Lewis-Rectorville District's Tariff, PSC KY No. 2, Original Sheet Nos. 11 and 12.

a. Explain if Western Lewis-Rectorville District has ever previously incorporated the Balance Adjustment (BA) component into its GCR rate report calculation.

b. Explain if Western Lewis-Rectorville District would be opposed to the future incorporation of the BA component into its GCR rate report calculation. If so, explain in detail why Western Lewis-Rectorville District would be against its inclusion.

8. Refer to Case No. 2025-00039 final Order⁴ and Western Lewis-Rectorville District's responses to Commission Staff's First Request for Information filed in Case No. 2024-00375, at unnumbered PDF page 5.⁵

a. Confirm that Western Lewis-Rectorville District still does not own or operate physical gas storage facilities. If not confirmed, explain the response.

b. Confirm whether Western Lewis-Rectorville District continues to have a storage contract with TC Energy on their TCO pipeline that Symmetry uses to balance Western Lewis-Rectorville District's city gate meter. If so, provide updated documents regarding the quantities of gas held in storage.

⁴ Case No. 2025-00039, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC Mar. 31, 2025).

⁵ Case No. 2025-00039, (filed Mar. 3, 2025), Western Lewis-Rectorville's Response to Commission Staff's First Request for Information.

Service List for 2026-00048

* Western Lewis-Rectorville Water and Gas District
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Maysville, KY 41056-9344

* Sharon Dennison
Senior Office Clerk
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