

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF WESTERN LEWIS-RECTORVILLE)	2025-00283
WATER AND GAS DISTRICT)	

ORDER

On September 9, 2025, Western Lewis-Rectorville Water and Gas District (Western Lewis-Rectorville District) filed its proposed Gas Cost Recovery (GCR) rate report to be effective October 1, 2025. Western Lewis-Rectorville District's previous GCR rate was approved in Case No. 2025-00160.¹

LEGAL STANDARD

Pursuant to KRS 278.180, to alter rates a utility shall comply with the following:

- (1) Except as provided in subsection (2) of this section, no change shall be made by any utility in any rate except upon thirty (30) days' notice to the commission, stating plainly the changes proposed to be made and the time when the changed rates will go into effect. However, the commission may, in its discretion, based upon a showing of good cause in any case, shorten the notice period from thirty (30) days to a period of not less than twenty (20) days. The commission may order a rate change only after giving an identical notice to the utility. The commission may order the utility to give notice of its proposed rate increase to that utility's customers in the manner set forth in its regulations.
- (2) The commission, upon application of any utility, may prescribe a less time within which a reduction of rates may be made.

¹ Case No. 2025-00160, *Electronic Purchased Gas Adjustment Filing of Western Lewis-Rectorville Water and Gas District* (Ky. PSC June. 27, 2025).

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

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 \$4.9660 per Mcf. Upon review of the record Commission Staff discovered that Western Lewis miscalculated its EGC by using incorrect "Allowable Mcf Purchases" of 34,374.74 instead of 37,378.00 to arrive at its Total Expected Gas Cost at the bottom of Schedule II. Correcting this error results in an EGC of \$5.3999 per Mcf, which is a decrease of \$1.8041 per Mcf from its previous EGC of \$7.2040 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 (\$3.0551) per Mcf. Western Lewis-Rectorville District's total AA is (\$3.1082) per Mcf, which is a decrease of \$2.0588 per Mcf

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

from its previous total AA of (\$1.0494) per Mcf. Western Lewis-Rectorville District sets out no Balance Adjustment.

Western Lewis-Rectorville District included an incorrect total AA of \$6.4213 in its calculation of the GCR rate on the Gas Cost Recovery Rate Summary page of its report. Based on the corrected calculations above, the Commission finds that Western Lewis-Rectorville District's corrected GCR rate is \$2.2917 per Mcf, which is a decrease of \$3.8629 per Mcf from the previous GCR rate of \$6.1546 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 October 1, 2025.

As noted above, Western Lewis-Rectorville District filed its proposed GCR rate report on September 9, 2025, to be effective October 1, 2025. KRS 278.180 requires utilities to provide the Commission at least 30 days' notice unless the Commission finds good cause to shorten the notice period. Here, contrary to KRS 278.180, Western Lewis-Rectorville District proposed to put its rates into effect in less than 30 days and failed to seek Commission authorization for the same.

Upon review of the record, the Commission finds that it should presume good faith and, *sua sponte*, should grant a motion authorizing Western Lewis-Rectorville District to place the rates approved herein in effect on and after October 1, 2025. The Commission further finds that from this point forward Western Lewis-Rectorville District should file its quarterly GCR rate reports with the Commission with at least 30 days' notice pursuant to its Purchased Gas Cost Adjustment Clause Tariff so that the filings may be processed in a timely manner. Failure to file quarterly GCR rate reports in a timely manner in future

filings may adversely affect the timely processing of Western Lewis-Rectorville District's GCR rate reports and may result in a possible investigation due to Western Lewis-Rectorville District failing to comply with its Tariff and applicable Commission Orders.³

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. Pursuant to KRS 278.180 (1) and a finding of good cause to shorten the notice period to a period not less than 20 days, the rates set forth in the Appendix to this Order are approved for service rendered on and after October 1, 2025.
3. Western Lewis-Rectorville District shall file its future quarterly GCR rate reports with the Commission with at least 30 days' notice pursuant to its Purchased Gas Cost Adjustment Clause Tariff.
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.

³ KRS 278.180.


5. 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.


6. 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.

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

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



Case No. 2025-00283

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00283 DATED SEP 30 2025

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	\$2.2917	\$3.8559

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