Decision No. C23-0115

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 22A-0577G

IN THE MATTER OF THE APPLICATION OF COLORADO NATURAL GAS, INC. FOR APPROVAL OF A NUMBER OF STRATEGIC ISSUES RELATING TO ITS GAS DEMAND SIDE MANAGEMENT PLAN.

COMMISSION DECISION DISMISSING APPLICATION WITHOUT PREJUDICE

Mailed Date:	February 21, 2023
Adopted Date:	February 15, 2023

I. BY THE COMMISSION

A. Statement, Findings, and Conclusions

1. On December 30, 2022, Colorado Natural Gas, Inc. (CNG) filed an application for approval of a number of strategic issues (SI) relating to its gas demand side management (DSM) plan (Application) and requested authorization to combine its application with its upcoming DSM Plan in 2023.

2. CNG states in its application that it is required by § 40-3.2-103(1), C.R.S., to file a DSM SI application commencing in 2022. CNG notes that the Commission's rulemaking in Proceeding No. 21R-0449G includes rules governing the substance of DSM SI applications, and that these rules are not yet effective. The company states that it is unable to offer the degree of substance that would be required by pending Rule 4761 in the Rules Regulating Gas Utilities, 4 *Code of Colorado Regulations*, 723-4, and that the information necessary to produce the DSM SI application, including but not limited to goals, budgets, a funding and cost-recovery mechanism,

and various economic analyses, will need to be developed in conjunction with its forthcoming DSM Plan. It notes that by Decision No. C22-0224, issued April 8, 2022, in Proceeding No. 22V-0073G, it is authorized to file its next DSM plan in accordance with § 40-3.2-103(3), C.R.S., on May 1, 2023.

3. On January 9, 2023, pursuant to Rule 1303 of the Commission's Rules of Practice and Procedure, 4 CCR 723-1, Trial Staff of the Commission (Staff) sent the company a deficiency letter and filed the letter in the proceeding. In the deficiency letter, Staff asserts that the Application does not comply with § 40-3.2-103(1), C.R.S., and that the Commission should deny the Application and direct CNG to file a new SI application or deem the Application incomplete. Staff also raises a potential issue with CNG's planned timing of its next DSM Plan filing.

4. In a response filed on January 19, 2023, CNG asserts that it has met its statutory obligations by commencing this Proceeding, and stated that in its application it requested to be allowed to supplement the filing in coordination with its DSM Plan filing, as permitted by § 40-3.2-103(2.5), C.R.S.

5. Staff, the Colorado Energy Office, and the Office of the Utility Consumer Advocate filed timely notices of intervention of right.

6. Section 40-3.2-103(1), C.R.S., states:

> Commencing in 2022 and no less frequently than every four years thereafter, each investor-owned gas distribution utility…shall file an application to open a DSM strategic issues proceeding to develop energy savings targets to be achieved by the gas utility, taking into account its potential for cost-effective demand-side management as well as Colorado's greenhouse gas reduction goals. The Commission shall, as part of approving a gas utility's gas DSM strategic issues application, also develop an estimated DSM budget commensurate with natural gas savings targets, funding and cost-recovery mechanisms, and a financial bonus structure for DSM programs implemented by a gas utility.

7. We recognize that CNG was required to file an application to open a DSM SI proceeding in accordance with § 40-3.2-103(1), C.R.S. However, in this unusual circumstance, we find it appropriate to dismiss the Application without prejudice, and to direct CNG to file another DSM SI application on or before May 1, 2023. Such an application may be filed with CNG's forthcoming DSM Plan, and should contain the following:

i) an estimated budget, corresponding energy savings and peak capacity reduction goals for all DSM programs;

ii) funding and cost-recovery mechanisms;

iii) a proposed methodology for estimating peak demand savings and the resulting cost savings;

iv) an analysis of the comparative economics of DSM measures and programs, distinguished by the following: new construction; existing homes and businesses; and all building types;

v) an analysis of the comparative economics of DSM measures and programs, particularly targeted at the weatherization of existing homes, and beneficial electrification;

vi) a proposed financial bonus structure for DSM programs implemented by the utility, including any methodologies or formulas used to determine the bonus under that structure; and

vii) a cost effectiveness methodology and assumptions that will be in effect during the time period of the goals and budgets set in the strategic issues proceeding.

II. ORDER

A. The Commission Orders That:

1. The application for approval of a number of strategic issues (SI) relating to its gas demand side management (DSM) plan, filed by Colorado Natural Gas, Inc. (CNG), on December 30, 2022, is dismissed, without prejudice.

2. CNG shall file another DSM SI application on or before May 1, 2023, consistent with the discussion above.

3. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration begins on the first day following the effective date of this Decision.

4. This Decision is effective upon its Mailed Date.

B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING February 15, 2023.

(S E A L)

ATTEST: A TRUE COPY

G. Harris Adams,
Interim Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners