

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 22AL-0026G

IN THE MATTER OF ADVICE LETTER NO. 16 FILED BY BLACK HILLS COLORADO GAS, INC. DOING BUSINESS AS BLACK HILLS ENERGY TO REVISE ITS GAS SERVICES LINE EXTENSION TARIFFS, TO BECOME EFFECTIVE MARCH 7, 2022.

**INTERIM COMMISSION DECISION
VACATING HEARING**

Mailed Date: September 15, 2022
Adopted Date: September 14, 2022

I. BY THE COMMISSION

A. Statement

1. On January 12, 2022, Black Hills Colorado Gas, Inc. (Black Hills or Company) filed Advice Letter No. 16. Black Hills seeks to update its line extension policy for natural gas service in accordance with previous Commission orders.

2. By Decision No. C22-0298, issued on May 13, 2022, the Commission scheduled an evidentiary hearing in this matter on September 22 and 23, 2022.

3. On July 29, 2022, Black Hills filed an Unopposed Joint Motion to Approve Settlement Agreement (Joint Motion). Attached to the Joint Motion is the Settlement Agreement the Company reached with the two intervening parties (Settling Parties) in this Proceeding, namely Staff of the Colorado Public Utilities Commission (Staff) and the Colorado Office of the Utility Consumer Advocate (UCA). The Joint Motion explains that the Settling Parties agree that approval of the Settlement Agreement would yield a just, equitable, and reasonable resolution of all issues which were or could have been contested by the parties in this Proceeding.

4. This Decision vacates the hearings scheduled by Decision No. C22-0298 on September 22 and 23, 2022.

5. The Commission will address the merits of the Settlement Agreement and shall rule on request in the Joint Motion to approve the Settlement Agreement by separate decision.

B. Discussion

1. Procedural Background

6. Through Advice Letter No. 16, Black Hills proposed to use a revenue-based discounted cash flow methodology for calculating the construction allowance set forth in the Company's line extension policy that, according to the Company, reflects the benefit of adding revenue streams from distribution growth with the goal of making new service installations more affordable for customers while avoiding any increase in costs for existing customers. Black Hills asserts that Proceeding No. 18M-0082EG¹ supports using some sort of revenue-based method for calculating construction allowance calculations.

7. In support of its Advice Letter filing, Black Hills submitted Direct Testimony of one witness, Douglas Hyatt.

8. Through Decision No. C22-0136, issued on March 7, 2022, the Commission suspended the effective date of the tariff sheets filed with Advice Letter No. 16 for an initial 120 days pursuant to § 40-6-111(1), C.R.S., and set the matter for hearing.

9. Through Decision No. C22-0267-I, issued on May 2, 2022, the Commission established that the parties to this case include Black Hills, Staff, and UCA.

¹ The Commission opened Proceeding No. 18M-0082EG to consider changes to the Commission's Rules Regulating Electric Utilities in 4 *Code of Colorado Regulations* (CCR) 723-3 and the Rules Regulating Gas Utilities and Pipeline Operators 4 CCR 723-4 in response to Senate Bill 17-271.

10. In addition to establishing the procedural schedule for this matter, Decision No. C22-0298 suspended the effective date of the tariff sheets filed with Advice Letter No. 16 an additional 130 days, to November 12, 2022, pursuant to § 40-6-111(1), C.R.S.

11. On July 15, 2022, in accordance with the procedural schedule established by Decision No. C22-0298, Staff filed the Answer Testimony of witness Eric Haglund and UCA filed the Answer Testimony of witness Scott England.

12. On July 29, 2022, Black Hills filed the Joint Motion and accompanying Settlement Agreement. As explained in the Joint Motion, the parties reached the Settlement Agreement prior to the August 12, 2022 deadline for Black Hills to file its Rebuttal Testimony and for Staff and UCA to file Cross-Answer Testimony.

13. Through Decision No. C22-0466-I, issued on August 4, 2022, the Commission modified the August 12, 2022 testimony deadline so that instead of Rebuttal and Cross-Answer Testimony, the parties would file testimony in support of the Settlement Agreement on or before that same date. The Commission also vacated the remaining deadlines for filings and further explained that it may, in a future order, vacate one or both of the dates reserved for the hearing.

14. On August 12, 2022 in accordance with Decision No. C22-0466-I, Black Hills submitted the Settlement Testimony of Mathew Christofferson, Staff filed the Settlement Testimony of Mr. Haglund, and UCA filed the Settlement Testimony of Dr. England.

C. Conclusions and Findings

15. We find good cause to vacate the hearing scheduled on September 22 and 23, 2022 in light of the nature of the Settlement Agreement and due to the filing of testimony in support of the approval of the Settlement Agreement by each of the Settling Parties.

16. We will rule on the merits of the Settlement Agreement and the request in the Joint Motion to approve the Settlement Agreement by separate decision.

II. ORDER

A. It is Ordered That:

1. The hearing in this matter scheduled on September 22 and 23, 2022 by Decision No. C22-0298 is vacated, consistent with the discussion above.

2. The Unopposed Joint Motion to Approve Settlement Agreement filed on July 29, 2022 by Black Hills Colorado Gas, Inc., will be addressed by separate decision.

3. This Decision is effective on its Mailed Date.

B. **ADOPTED IN COMMISSIONERS' WEEKLY MEETING September 14, 2022.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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JOHN GAVAN

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Commissioners