

Decision No. C23-0864

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23A-0538G

IN THE MATTER OF THE APPLICATION OF COLORADO NATURAL GAS, INC. FOR APPROVAL OF ITS GAS PRICE RISK MANAGEMENT PLAN.

**COMMISSION DECISION DEEMING APPLICATION
COMPLETE AND GRANTING APPLICATION**

Mailed Date: December 26, 2023

Adopted Date: December 13, 2023

I. BY THE COMMISSION

A. Statement

1. This Decision grants the Application for Approval of a Gas Price Risk Management (GPRM) Plan (Application) filed by Colorado Natural Gas, Inc (CNG or the Company) on November 1, 2023.

B. Discussion

2. Senate Bill (SB) 23-291, which was introduced in this most recent legislative session, requires CNG to file a GPRM Plan by November 1, 2023, pursuant to § 40-3-120(1)(a), C.R.S. The GPRM Plan must include a maximum per-month fuel cost that accounts for price fluctuations based on seasonality and can be automatically recovered through the Company's Gas Cost Adjustment (GCA). The plan may include other elements such as physical hedging, financial hedging, fuel storage, or long-term contracting. In addition, the Commission must allow any prudently incurred costs above the maximum to be recorded in a

deferred balance that is recoverable and amortized over an appropriate timeline of no more than five years with financing costs, as determined by the Commission.

3. As explained in the Application, the proposed GPRM Plan incorporates two central features. The first is a maximum cap of the GCA equal to 180 percent of the five-year historical average of the Company's GCAs. Based on this data, the current maximum cap for each of CNG's four rate areas—Bailey/South Park, Pueblo West, Cripple Creek and Eastern Colorado—is \$10.50 per dekatherm (dth), calculated as a weighted average for CNG's entire system.

4. The second main feature of the GPRM Plan is a minimum threshold of the GCA equal to 60 percent of the five-year historical average of Company GCAs. Based on this data, the current minimum threshold for each of CNG's four rate areas is \$3.50 per dth, calculated as a weighted average for CNG's entire system.

5. Within these parameters, GPRM Plan-driven balances will be held in a Deferred Gas Reserve Tracker (DGRT) account. The balance of the reserve account will be evaluated for recovery through rates as part of CNG's winter GCA filing effective on November 1 of each year. For balances held in the DGRT account of \$3 million or less, recovery will be accomplished within a one-year period. For balances held in the DGRT from \$3 million to \$6 million, recovery will be over two years.

6. CNG states in the Application that the Company developed the GPRM Plan in coordination with the other Colorado regulated utilities and that its specific plan is tailored to apply to the facts and circumstances of CNG operations. CNG further states its understanding that the concept of the GPRM Plan mechanisms were discussed both with Staff of the Colorado Public Utilities Commission (Staff) and the Colorado Office of the Utility Consumer Advocate (UCA).

7. The Commission established a standard 30-day intervention period for the Application ending December 4, 2023.

8. No interventions were filed on or before December 4, 2023.

C. Findings and Conclusions

9. No intervention pleading was timely filed and this proceeding is therefore uncontested. Pursuant to § 40-6-109(5), C.R.S., this matter may be determined without a hearing.

10. We find good cause to grant CNG's Application. The proposed GPRM Plan satisfies the statutory requirements in SB 23-291 in that the plan (1) sets a maximum per-month GCA that accounts for fluctuations in gas commodity prices, including seasonal fluctuations and (2) includes the required cost recovery features for uncollected amounts. As required by SB 23-291, unrecovered GCA costs above the maximum value will be recorded in a deferred balance that is recoverable and amortized over an appropriate timeline of no more than five years. We further find that the statute does not preclude the adoption of the minimum for the purpose of establishing a reserve for leveling or reducing the volatility of fuel costs that are recovered pursuant to the Company's GCA. We conclude that the Application filing sufficiently supports a Commission determination that the proposed GPRM Plan is in the best interests of CNG's ratepayers and is in the public interest.

11. In order to fully implement the proposed GPRM Plan, we direct CNG to submit an advice letter tariff filing to accomplish any necessary modifications to its GCA tariff sheets. Because no GCA tariff sheets were filed with the Application, the modified GCA tariff sheets shall be filed on not less than 30-days' notice to allow sufficient time for Staff, UCA, and CNG to work out the required modifications.

12. In accordance with SB 23-291 and its response to last winter's high gas commodity prices, the Company's GPRM Plan is intended to reduce end-use customer hardship through a "smoothing" those prices. Yet it is important to note that the Commission has no reach into the gas commodity markets that set the prices the utilities must pay and ultimately charge their end-use customers. There will continue to be volatility in gas commodity prices due to extreme weather events, certain local and seasonal impacts, and global factors affecting the markets. Nevertheless, the GPRM Plan offers some predictability in consumers' gas bills.

II. ORDER

A. The Commission Orders That:

1. The Application for Approval of a Gas Price Risk Management Plan (Application), filed November 1, 2023 by Colorado Natural Gas, Inc. (CNG), is granted consistent with the discussion above.

2. CNG shall file tariff sheets to modify its Gas Cost Adjustment as necessary to implement the Gas Price Risk Management Plan. The advice letter tariff filing shall be made in a separate proceeding and on not less than 30-days' notice. The advice letter and tariff sheets shall be filed as a new advice letter proceeding and shall comply with all applicable rules. In calculating the proposed effective date, the date the filing is received at the Commission is not included in the notice period and the entire notice period must expire prior to the effective date. The advice letter and tariff must comply in all substantive respects to this Decision in order to be filed as a compliance tariff filing on shorted notice.

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
December 13, 2023.**

(SEAL)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners