

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

PROCEEDING NO. 23A-0570G

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IN THE MATTER OF THE APPLICATION OF COLORADO NATURAL GAS, INC. FOR APPROVAL OF ITS COST ASSIGNMENT AND ALLOCATION MANUAL AND FULLY DISTRIBUTED COST STUDY.

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**COMMISSION DECISION GRANTING, IN PART, AND DENYING, IN PART, COMMISSION TRIAL STAFF’S EXCEPTIONS AND DENYING THE OFFICE OF THE UTILITY CONSUMER ADVOCATE’S EXCEPTIONS TO RECOMMENDED DECISION NO. R24-0776**

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Issued Date: January 17, 2024

Adopted Date: January 15, 2024

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**I. BY THE COMMISSION**

**A. Statement**

1. Through this Decision, the Commission grants, in part, and denies, in part, the exceptions filed by Trial Staff of the Commission (“Trial Staff”) and denies the exceptions filed by the Office of the Utility Consumer Advocate (“UCA”) to Recommended Decision R24-0776 (“Recommended Decision”) on November 14, 2024.

**B. Background**

**1. Procedural History**

2. On November 21, 2023, Colorado Natural Gas, Inc. (“CNG” or the “Company”) filed a Verified Application for approval of its Cost Assignment and Allocation Manual (“CAAM”) and Fully Distributed Cost (“FDC”) Study (“Application”).

3. On November 22, 2023, the Commission sent out a Notice of Application Filed to interested persons.

4. On January 10, 2024, the Commission by minute order deemed the Application complete and assigned the Proceeding to an Administrative Law Judge (“ALJ”) for disposition.

5. Decision No. R24-0379-I, issued June 4, 2024, found that the ALJ’s illness and the need to reschedule the evidentiary hearing constituted extraordinary conditions meriting the further extension of statutory deadlines. The ALJ therefore determined that, pursuant to § 40-6-109.5(4), C.R.S., the statutory deadlines should be extended by an additional 130 days, for a total statutory time period of 380 days, from the date the Application was deemed complete until a final Commission decision must be issued. The statutory time period was consequently extended up to and including January 20, 2025.

6. A fully remote evidentiary hearing was held on August 8, 2024.

7. Through the Recommended Decision, issued on October 25, 2024, the ALJ approved CNG's Application (with one typographical correction).

8. On November 14, 2024, Trial Staff and UCA filed exceptions to the Recommended Decision. The Company filed its response to the exceptions ("Response") on December 2, 2024.

## 2. Recommended Decision

9. Ultimately, the ALJ approved CNG's CAAM as submitted, with the exception of a typographical correction pointed out by Trial Staff.<sup>1</sup> The ALJ found that CNG's proposed CAAM met the requirements of Rules 4502 and 4503 of the Commission's Rules Regulating Gas Utilities, 4 *Code of Colorado Regulations* ("CCR") 723-4, as it includes an organizational chart of CNG's parent company, Summit Utilities, Inc. ("Summit"); provides a listing of its regulated and non-regulated affiliates, along with a description of the affiliates' activities; describes how costs will be assigned and allocated; breaks down the transactions with its affiliates; and details the calculation methods used to determine cost assignment and allocation. The ALJ thus found that CNG's CAAM complies with the Gas Rules and should be approved.<sup>2</sup>

10. The ALJ found that the arguments advanced by UCA and Trial Staff throughout the Proceeding focused not on the specific provisions of CNG's proposed CAAM, but instead suggested that the opacity of CNG's corporate structure (and that of CNG's parent company) merits the rejection of CNG's CAAM Application.<sup>3</sup>

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<sup>1</sup> Recommended Decision at ¶ 84. The ALJ determined this was a typographical error on Page 14 of the filed CAAM, addressing "Affiliate Pricing," and ordered the correction to be filed that reads as follows:

"All services, other than labor, transferred to CNG from its affiliates will be compensated at the ~~higher~~ lower of FMP or the FDC; All services transferred from CNG to its affiliates will be compensated at the ~~lower~~ higher of FMP or FDC."

<sup>2</sup> *Id.* at ¶ 80.

<sup>3</sup> *Id.* at ¶ 76.

11. The ALJ stated a concern for the “unsupported tone of suspicion permeating the positions of both Trial Staff and UCA.” The ALJ stated that “time and again, Trial Staff and UCA express[ed] concern that CNG’s opacity *could* result in harm to ratepayers; that ratepayers *may* inadvertently subsidize a non-regulated entity; that ratepayers *potentially* could fund improper dividends.”<sup>4</sup>

### C. Trial Staff’s Exceptions

12. On exceptions, Trial Staff raises four issues. First, Trial Staff asserts the CAAM violates Rule 4502, 4 CCR 723-4, because it provides an exception for labor in its affiliate pricing provision. Second, Trial Staff argues the CAAM fails to discuss how CNG determines the fully distributed costs, or whether that would be the cost if the utility provided the service internally. Third, Trial Staff contends the CAAM provides the Company too much discretion in determining fair market price (“FMP”). Last, Trial Staff argues the ALJ was overly dismissive of its ringfencing proposals and requests the Commission adopt them here.

13. Trial Staff contends the plain language of the CAAM does not follow the Commission’s rules, namely Rule 4502 addressing affiliate pricing. Trial Staff admits that while the Recommended Decision corrects one flaw in the CAAM, it fails to correct others. For example, CNG’s CAAM provides that it will except labor from its pricing policy.<sup>5</sup> Trial Staff asserts that Rule 4502(e)(I), which addresses transactions provided by an unregulated entity to a regulated entity, does not provide an exception for labor services. Trial Staff argues that since Summit performed just over \$9.1 million in operations and maintenance for CNG, the Commission should be sure that the Company adheres to the Commission’s pricing rules for labor performed on behalf

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<sup>4</sup> *Id.* at ¶ 78.

<sup>5</sup> Trial Staff Exceptions at p. 6. Trial Staff points to Page 14 of the CAAM, which states “All services, *other than labor*, transferred to CNG from its affiliates will be compensated at the higher of FMP or the FDC; All services transferred from CNG to its affiliates will be compensated at the lower of FMP or FDC” (emphasis added).

of and by CNG.<sup>6</sup> Trial Staff therefore requests the Commission order that labor pricing be corrected in an amended CAAM.

14. Trial Staff also contends the filed CAAM does not discuss how CNG determines the fully distributed costs or whether that would be the cost if the utility provided the service internally.<sup>7</sup> For example, Trial Staff points out that Summit performs regulatory services for CNG, but that the CAAM fails to describe the method for determining the price charged and how the internal price would be determined. Trial Staff contends this is in violation of Rule 4502(e)(I), which indicates that “[f]ully distributed cost in this circumstance, shall be the cost that would be incurred by the utility to provide the service internally.” Trial Staff requests that the Commission order CNG to amend its proposed CAAM to include this methodology.

15. Next, Trial Staff argues the CAAM provides too much discretion to CNG.<sup>8</sup> Trial Staff points to page 15 of the CAAM, which provides that “for affiliate transactions involving the sale of a service, CNG will determine FMP through either competitive bids (or RFPs) for the service, a market study of the service, or by other measures it deems proper.” Trial Staff asserts that CNG’s prior CAAM had language that provided certainty as to how FMP will be determined, and that pricing should be accurate and not the result of an internet search. Trial Staff requests the Commission order CNG to remove language allowing it to use unspecified other means and require pricing to be based on a market study or a Request for Proposal (“RFP”).<sup>9</sup>

16. Lastly, Trial Staff asserts the Recommended Decision was overly dismissive of Trial Staff and its ringfencing proposals. Trial Staff argues that, based on the list of issues referred to in its exceptions, and the fact that Summit operates CNG, there is more than sufficient evidence

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<sup>6</sup> *Id.* at pp. 6-7.

<sup>7</sup> *Id.* at p 7.

<sup>8</sup> *Id.* at p 8.

<sup>9</sup> *Id.*

to warrant adopting Trial Staff's ringfencing proposals.<sup>10</sup> Trial Staff states that when CNG files its next rate case, it could ask for removal of these provisions.

**D. UCA's Exceptions**

17. On exceptions, UCA makes three arguments. First, UCA contends CNG failed to provide a proper organizational chart depicting all regulated or non-regulated affiliates. Second, UCA argues CNG failed to include a method to segregate and account for the debt service liability that is shared by the Company and its affiliates under its parent company. Third, UCA requests the Commission reject or modify a particular paragraph in the Recommended Decision that it views as limiting the Commission's authority under federal law.

18. UCA contends the organizational chart provided by CNG does not meet the requirements of Rule 4503(b)(II) because it is not a listing of all regulated or non-regulated affiliates of CNG. UCA argues that while the provided organizational chart shows the subsidiaries of CNG's immediate corporate parent, it failed to show the fellow subsidiaries of CNG's ultimate parent corporation. UCA provides the same chart it previously presented in this Proceeding, which depicts an ownership chart of IIF US Holding 2 LP. UCA states it obtained this chart via an annual report of affiliate activities at the Public Utilities Commission of Texas.<sup>11</sup> UCA argues that, per Rule 4502(b)(II), the organizational chart should include all the entities depicted under IIF US Holding 2 LP.

19. Next, UCA contends the CAAM fails to fully describe and explain the calculation methods it used to segregate and account for revenues, expenses, assets, liabilities, and rate base

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<sup>10</sup> *Id.* at pp. 9-10. Staff urged the Commission to require CNG to put service agreements in place; maintain separate bookkeeping and records for its operations; keep a separate money pool; and refrain from entering into any transaction with an affiliate unless the transaction is in the ordinary course of business, reasonable, and employs fair terms. Recommended Decision at ¶ 58.

<sup>11</sup> UCA Exceptions at pp. 5-6.

cost components assigned or allocated to Colorado jurisdictional activities.<sup>12</sup> UCA argues that while CNG has stated there is a difference in the determination and utilization of dividends as a distribution of profits and dividends used for debt service, the proposed CAAM does not describe or explain the calculation methods CNG uses to segregate and account for the debt service among its affiliates under Midco.<sup>13</sup>

20. Additionally, UCA argues the Commission has authority to review CNG's books and records under federal law, and recommends the Commission modify or reject paragraph 77 of the Recommended Decision, which states:

The ALJ does not disagree that utilities must provide information to the Commission and be transparent with certain transactions in order to enjoy the benefits of operating a regulated monopoly. But that transparency does not entitle the Commission to reach deep into the inner workings of a privately-held entity, much as the Commission may wish to do so.

21. UCA contends the Commission is entitled under the Public Utility Company Act of 2005 to access CNG's books and records upon written request, and that this statement improperly circumscribes the Commission's ability to do so.<sup>14</sup>

22. Lastly, UCA asserts the Commission has not ensured that CNG and its affiliates are not using ratepayer funds to subsidize nonregulated activities, and thus has failed to meet its statutory obligation under § 40-3-114, C.R.S. UCA states the Commission was not able to verify that CNG's affiliate transactions did not result in inappropriate ratepayer cross-subsidization in

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<sup>12</sup> *Id.* at p. 6.

<sup>13</sup> *Id.* at p. 7.

<sup>14</sup> *Id.* at p. 8. UCA cites 42 U.S.C. § 16453, which states "Upon the written request of a State commission having jurisdiction to regulate a public-utility company in a holding company system, the holding company or any associate company or affiliate thereof, other than such public-utility company, wherever located, shall produce for inspection books, accounts, memoranda, and other records that (1) have been identified in reasonable detail in a proceeding before the State commission; (2) the State commission determines are relevant to costs incurred by such public-utility company; and (3) are necessary for the effective discharge of the responsibilities of the State commission with respect to such proceeding."

prior Proceeding No. 22A-0153SG, and that again in this Proceeding the Commission did not ensure that CNG does not use ratepayer funds to subsidize nonregulated activities.<sup>15</sup>

**E. CNG's Response**

23. CNG argues that, despite a clearly-written decision that carefully considered Trial Staff and UCA's arguments, the filed exceptions continue to make the same claims asserted throughout the Proceeding.<sup>16</sup> CNG states that, and as the ALJ acknowledged, the CAAM sets the stage for a future rate proceeding but does not, by itself, impact a utility's rates. CNG also states that it will likely file a rate case in 2026, as included in a Stipulation and Settlement Agreement in a prior proceeding,<sup>17</sup> and that UCA and Trial Staff's argument raised about the CAAM may be more appropriately raised in that rate case proceeding.

24. Regarding Trial Staff's contention that CNG's CAAM exempts labor from the affiliate pricing rules in violation of Rule 4502(e)(I), CNG states its witness Ms. Fallon explained that labor is both directly and indirectly allocated – direct labor is booked directly to the Company on employee timesheets and indirect labor is booked to the Shared Service Allocable work orders.<sup>18</sup> CNG contends this allocation of labor is in accordance with Commission rules and that the ALJ specifically examine (and even made a minor edit) to the pertinent paragraph in the Recommended Decision. Thus, CNG argues that Trial Staff's exception is just a reiteration of its arguments that were examined and rejected by the ALJ.

25. Responding to Trial Staff's argument that the CAAM does not discuss how the Company determines fully distributed cost and argues that there should be a specific methodology included in the CAAM, CNG contends its filing complies with the rule. CNG argues it is aware of

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<sup>15</sup> *Id.* at pp. 7-8.

<sup>16</sup> CNG Response at p. 1.

<sup>17</sup> Proceeding No. 24A-0500G.

<sup>18</sup> CNG Response at p. 7 (citing Hr. Ex. 104, Rebuttal Testimony of Jennifer Fallon, p. 7: 1-8).

the cost of services of its own employees because pay rates are known and time is tracked via employee timesheets, and that these concepts are part of the CAAM as filed and fulfill the requirement in the rules to include the cost that would be incurred by the utility to provide the service internally.<sup>19</sup>

26. Finally, addressing Trial Staff's assertion that the CAAM provides the Company with too much discretion, CNG argues, as it stated in prior testimony, there are often more practical and less expensive ways to determine a fair market price, and that Trial Staff's recommendation is contrary to what is permissible under Rule 4502, which specifies how utilities may conduct the valuation of transactions and imposes no requirement that the utility incur costs for conducting either an RFP or market study.<sup>20</sup>

27. Regarding UCA's argument that the Company's organizational chart does not comply with Rule 5403(b)(II), CNG contends its provided chart is in compliance with the rule. CNG argues Rule 4503(b)(II) requires a listing of all regulated or nonregulated affiliates of the utility, and that, per the definition of an affiliate, the ALJ made an appropriate finding that the chart was in compliance.<sup>21</sup>

28. With respect to UCA's claims that the CAAM does not describe or explain the calculation methods CNG uses to segregate and account for the debt service among its affiliates under its parent company, Summit. CNG points to the testimony of Mr. Craig Root, where it explained that debt is funded on the combination of the net assets of the utility, and earnings and cash flow generated by each utility. Mr. Root also emphasized that the debt service in question is not an expense incurred by, or directly attributable to, CNG. Rather, it is an accumulated parent

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<sup>19</sup> *Id.* at p. 9.

<sup>20</sup> *Id.* at pp. 9-10.

<sup>21</sup> *Id.* at p. 11.

company cost that will likely appear as a debt cost based on the capital structure presented at the Company's next rate case. CNG contends the issues raised by UCA and Trial Staff do not relate to the CAAM, but rather to the capital structure being applied to CNG through the servicing of Summit LDC Holdings, LLC's ("Summit LDC") debt. It is CNG's position that allocating debt service from Summit LDC to CNG and CNG's sister company subsidiaries would be improper because no such obligation exists.<sup>22</sup>

29. Lastly, regarding UCA's argument that the ALJ, and the Commission, did not ensure that ratepayer funds are not subsidizing non-regulated activities, CNG states that UCA has had ample opportunity to test this theory in this proceeding through discovery, but did not. CNG points out that, as discussed in detail by Company witness Ms. Angela Monroe, when offered to schedule time with the Company to go over the methodologies and ensure the parties understood the material, neither Trial Staff nor UCA elected to take advantage of this offer. CNG argues that the parties' failure to prove their cases does not equal lack of transparency on the Company's part.<sup>23</sup>

## **F. Findings and Conclusions**

### **1. Trial Staff's Exceptions**

30. We turn first to Trial Staff's argument that the plain language of the CAAM does not follow Commission Rule 4502(e)(I) because the CAAM allows for an exception for labor. Trial Staff points specifically to page 14 of the CAAM, which states "All services, *other than labor*, transferred to CNG from its affiliates will be compensated at the higher of FMP or the FDC;

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<sup>22</sup> *Id.* at pp. 12-13.

<sup>23</sup> *Id.* at pp. 13-14.

All services transferred from CNG to its affiliates will be compensated at the lower of FMP or FDC” (emphasis added).

31. We agree with Trial Staff on this point. Rule 4502(e)(I) states that “[f]or cost assignment and allocation purposes, the value of all transactions from a non-regulated activity to the utility shall be determined as follows: if the transaction involves a product or service that is not provided pursuant to a tariff, the value of the transaction shall be the lower of the fully distributed cost or the market price except if the transaction results from a competitive solicitation process then the value of the transaction shall be the winning bid price.” By its plain language, this rule requires that any transaction involving product or service from a non-regulated activity to the regulated utility that is not provided pursuant to a tariff shall be the lower of the fully distributed cost or market price – there is no exception provided for labor services.

32. We are unpersuaded by CNG’s Response that the pertinent CAAM language was examined by the ALJ, and the only result was to require a correction of clarifying language. Accordingly, we order CNG to remove the phrase “other than labor” from the above quoted provision so as to include that all services, including labor services, transferred to CNG from its affiliates will be compensated at the lower of FMP or the FDC.

33. Next, Trial Staff argues CNG’s CAAM does not discuss how the Company determines the fully distributed costs, or whether that would be the costs if the utility provided the service internally. Trial Staff points to Rule 4502(e)(I), which states that the “[f]ully distributed cost in this circumstance, shall be the cost that would be incurred by the utility to provide the service internally.” Trial Staff contends this provision requires CNG to provide its methodology for determining what the cost would be if it were to perform services itself.

34. We disagree with Trial Staff that Rule 4502(e)(I) requires any additional information or methodology on top of what CNG has provided in its CAAM. As CNG indicated in its Response, the Company is aware of the cost of services of its own employees because pay rates are known and time is tracked via employee timesheets, and that these concepts are included as part of the CAAM as filed. CNG also notes the cost of any product would be known and documented by the Company's accounting department.

35. We find that CNG's CAAM as filed is sufficient to comply with Rule 4502(e)(I)'s requirement that fully distributed cost be the cost that would be incurred by the utility internally, and that the rule does not require that CNG provide additional methodology for determining its internal costs above what has been included.

36. Trial Staff's third argument in exceptions is that CNG's CAAM proposes too much discretion, specifically referencing the following passage: "[F]or affiliate transactions involving the sale of a service, CNG will determine fair market price through either competitive bids (or RFPs) for the service, a market study of the service, *or by other measures it deems proper*" (emphasis added).

37. We acknowledge Trial Staff's concern that this language has the potential to provide the utility too much discretion in determining FMP. However, we also sympathize with CNG's Response that there are often more practical and less expensive ways to determine a fair market price than through a bidding process or market study. Prescriptive methods for establishing cost allocation and assignments for CNG, as a smaller utility, could create unreasonable burdens that outweigh any potential benefit to customers.

38. As such, we find it appropriate to allow the Company to maintain some discretion in determining FMP. However, we limit that discretion in accordance with § 40-3-114(1), C.R.S.,

which states the primary purpose of a CAAM as “ensur[ing] that regulated electric and gas utilities do not use ratepayer funds to subsidize nonregulated activities.” Therefore, we order CNG to amend its language as follows:

“[F]or affiliate transactions involving the sale of a service, CNG will determine FMP through competitive bids (or RFPs) for the service, a market study of the service, or by other measures that reasonably prevent ratepayer funds from subsidizing nonregulated activities.”

39. Trial Staff also asserts the Recommended Decision was overly dismissive of its ringfencing proposals and asks the Commission to impose them on exceptions.

40. The ALJ declined to adopt Trial Staff’s ringfencing proposals and we find no compelling reason to alter the Recommended Decision on this point. As the ALJ acknowledged, we have previously rejected nearly identical Trial Staff proposals to implement such guardrails, including ringfencing, in a prior proceeding.<sup>24</sup> In that proceeding the ALJ found, and the Commission affirmed on exceptions and RRR, that the concerns raised by Trial Staff were too speculative to form the basis for the requested relief. In this Proceeding, the ALJ similarly stated a concern for the “unsupported tone of suspicion” pervasive in the positions of both Trial Staff and UCA, and found that Trial Staff has presented no evidence that the Company is over-earning or that customers are being harmed in any way.<sup>25</sup> We agree with the ALJ that Trial Staff has not presented evidence sufficient to impose the proposed ringfencing in this Proceeding, and we decline to adopt them here.

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<sup>24</sup> Decision No. R22-0607 at ¶ 34 issued in Proceeding No. 22A-0153SG (Oct. 10, 2022).

<sup>25</sup> Recommended Decision at ¶ 78.

## 2. UCA's Exceptions

41. UCA first contends the organizational chart provided by CNG does not meet the requirements of Rule 4503(b)(II) because it is not a listing of all regulated or non-regulated affiliates of CNG.

42. Rule 4503(b)(II) requires “[a] listing of all regulated or non-regulated affiliates of the Colorado utility together with an identification of which affiliates allocate or assign costs to and from the Colorado utility.” Rule 4000(b) defines “affiliate” as “a subsidiary of a utility, a parent corporation of a utility, a joint venture organized as a separate corporation or partnership to the extent of the individual utility’s involvement with the joint venture, a subsidiary of a parent corporation of a utility or where the utility or the parent corporation has a controlling interest over an entity.”

43. We find that the organizational chart provided by CNG satisfies Rule 4503(b)(II). It properly illustrates the regulated and non-regulated entities under Summit, CNG’s parent company. The chart shows CNG under Summit LDC Holdings, LLC, which, in turn, is under Summit and parallel with Wolf Creek Energy, LLC (the ALJ noted that the latter was to be dissolved by the end of September 2024). Accordingly, we deny Trial Staff’s request and uphold the ALJ’s finding.

44. Next, UCA argues CNG failed to include a method to segregate and account for the debt service liability that is shared by CNG and its affiliates under its immediate corporate parent company.

45. We find persuasive CNG’s explanation in its Response that the debt service in question is not an expense incurred by, or directly attributable to, CNG. Rather, it is an accumulated parent company cost that will likely appear as a debt cost based on the capital

structure presented at the Company's next rate case. We further agree with CNG's contention that its omission of debt service in its proposed CAAM has no immediate consequence to customers and is an issue more properly raised during the Company's next rate case. At CNG's next rate case, which the Company indicates will be in 2026, the Commission will necessarily establish the capital structure to be applied to CNG. Since this issue of debt service is inextricably intertwined with capital structure, we believe it would be more appropriately addressed in the Company's impending rate case. Accordingly, we deny UCA's exception.

46. UCA also recommends the Commission modify or reject paragraph 77 of the Recommended Decision, which it contends improperly circumscribes the Commission's authority under federal law to access books and records of public utility holding companies with utilities operating in Colorado.

47. Paragraph 77 of the Recommended Decision states as follows:

The ALJ does not disagree that utilities must provide information to the Commission and be transparent with certain transactions in order to enjoy the benefits of operating a regulated monopoly. But that transparency does not entitle the Commission to reach deep into the inner workings of a privately-held entity, much as the Commission may wish to do so.

48. The Public Utility Holding Company Act of 2005 provides that a state commission can, upon written request, order a public utility in a holding company system to produce books, accounts, memoranda, and other records for inspection.<sup>26</sup>

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<sup>26</sup> 42 U.S.C. § 16453 states "Upon the written request of a State commission having jurisdiction to regulate a public-utility company in a holding company system, the holding company or any associate company or affiliate thereof, other than such public-utility company, wherever located, shall produce for inspection books, accounts, memoranda, and other records that (1) have been identified in reasonable detail in a proceeding before the State commission; (2) the State commission determines are relevant to costs incurred by such public-utility company; and (3) are necessary for the effective discharge of the responsibilities of the State commission with respect to such proceeding."

49. The ALJ did not assert the Commission is unable to request for inspection the books, accounts, memoranda, or other records of a public utility in Colorado. Rather, the ALJ was commenting on the speculative nature of Trial Staff's and UCA's arguments throughout the Proceeding. In the preceding paragraph, the ALJ states "[t]he arguments advanced by UCA and Trial Staff focus not on the specific provisions of CNG's proposed CAAM, but instead suggest that the opacity of CNG's corporate structure . . . merits the rejection of CNG's CAAM Application."<sup>27</sup>

50. We do not see the ALJ's statement as restricting the Commission from acting in accordance with federal law in the future, should we decide to do so. If sufficient evidence and appropriate circumstances arise that compels the Commission to request such documents from a regulated utility, we certainly can do so. Accordingly, we decline to modify or reject this paragraph as requested.

51. Lastly, UCA suggests the Commission has failed to ensure that CNG and its affiliates are not using ratepayer funds to subsidize non-regulated activities, in violation of its statutory duty, and that the Proceeding has not aided in the Commission's understanding of CNG's affiliate transactions with regulated and unregulated activities.

52. We firmly reject this notion. As the ALJ found, and we affirm, there is no evidence in the record that establishes CNG is using ratepayer funds to subsidize non-regulated activities or otherwise harm ratepayers in any way. To this point, the ALJ stated that "[n]either Trial Staff nor UCA offers any evidence whatsoever indicating that CNG has engaged in any practices that have harmed ratepayers."<sup>28</sup> Rather, both Trial Staff's and UCA's contentions, "while not illegitimate

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<sup>27</sup> Recommended Decision at ¶ 76.

<sup>28</sup> *Id.* at ¶ 78.

concerns, [] are speculative.”<sup>29</sup> We agree with the ALJ that, in this Proceeding, there has been no established harm to rate ratepayers that warrant the relief sought by Trial Staff and UCA.

## II. ORDER

### A. The Commission Orders That:

1. The exceptions filed by Trial Staff of the Public Utilities Commission on November 14, 2024, are granted, in part, and denied, in part, consistent with the discussion above.
2. The exceptions filed by the Office of the Utility Consumer Advocate on November 14, 2024, are denied, consistent with the discussion above.
3. Colorado Natural Gas, Inc., shall file an amended Cost Assignment and Allocation Manual within 30 days of a final decision in this Proceeding, consistent with the discussion above and Recommended Decision R24-0776.
4. The 20-day time period provided by § 40-6-114, C.R.S., to file an Application for Rehearing, Reargument, or Reconsideration shall begin on the first day after the effective date of this Decision.

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<sup>29</sup> *Id.*

5. This Decision is effective immediately upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING  
January 15, 2025.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

ERIC BLANK

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MEGAN M. GILMAN

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TOM PLANT

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Commissioners