

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23L-0033G

IN THE MATTER OF THE VERIFIED APPLICATION OF BLACK HILLS COLORADO GAS, INC. D/B/A BLACK HILLS ENERGY FOR AUTHORITY TO REVISE ITS GAS COST ADJUSTMENT TO BE EFFECTIVE FEBRUARY 1, 2023, ON LESS THAN STATUTORY NOTICE.

**COMMISSION DECISION AUTHORIZING
DOWNWARD REVISIONS OF GAS RATES**

Mailed Date: January 25, 2023

Adopted Date: January 25, 2023

I. BY THE COMMISSION

A. Statements, Findings of Fact, Conclusions

1. On January 13, 2023, Black Hills Colorado Gas Inc., doing business as Black Hills Energy, (Black Hills or Company), filed a verified application. Black Hills seeks a Commission order authorizing it, without a formal hearing and on less-than-statutory notice, to place into effect on February 1, 2023, tariffs resulting in a decrease to its existing natural gas rates on file with the Commission. The application contains all materials required by the applicable Commission Rules and therefore is deemed complete.

2. The proposed tariffs are attached to the application and affect the Company's customers in its Colorado service areas.

3. Black Hills acknowledges that it has read and agrees to abide by the provisions of Rules 4002(b)(IV) through (VI) and Rules 4002(b)(XI)(A) through (C) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* 723-4.

4. This application for authority to decrease rates is made pursuant to § 40-3-104(2), C.R.S., and Rules 4602 and 4603.

5. The Company is an operating public utility subject to the jurisdiction of this Commission and is engaged in, *inter alia*, the purchase, distribution, transportation, and sale of natural gas for domestic, mechanical, or public uses in the State of Colorado.

6. The Company obtains its natural gas supply at wholesale for its entire Black Hills Colorado Gas (BHCG) Colorado service Area from third party suppliers. BHCG's Colorado GCA Regions and each region's respective upstream transporters are: Central – Colorado Interstate Gas Company, North/Southwest – Colorado Interstate Gas Company, Public Service Company of Colorado, Tallgrass Interstate Gas Transmission LLC and Red Cedar Gathering Company, and Western Slope with and without storage – Rocky Mountain Natural Gas LLC, Colorado Interstate Gas Company, TransColorado Gas Transmission Company LLC, and Northwest Pipeline.

7. Transportation rates of upstream transporters are regulated by the Federal Energy Regulatory Commission. The Commission has no jurisdiction over the transportation rates of the interstate pipeline companies and wholesale rates of suppliers, but we expect the Applicant to negotiate the lowest prices for supplies of natural gas that are consistent with the provisions of the Natural Gas Policy Act of 1978, 15 U.S.C. §§ 3301-3432 and applicable federal regulations.

8. Rule 4602(a) requires that Black Hills revise its gas cost adjustment (GCA) rates to be effective on November 1 of each year. In Proceeding No. 22L-0440G, Decision No. C22-0659 at ¶ 8 (6), the Commission required Black Hills to file an interim GCA effective February 1, 2023, this instant filing is intended to comply with this requirement.

9. The forecasted price of the gas commodity is based on information as of January 9, 2023, based on the current New York Mercantile Exchange gas future strip and a basis differential.

10. The GCA rates are projected to decrease in the four GCA regions as follows: Central GCA Region from the current price of \$7.6057/Dth to a forecasted price of \$6.1985/Dth, North/Southwest GCA Region from the current price of \$9.1859/Dth to a forecasted price of \$8.7491/Dth, Western Slope GCA Region (without storage) from the current price of \$10.3249/Dth to a forecasted price of \$9.5710/Dth and the Western Slope GCA Region (with storage) from the current price of \$10.7216/Dth to a forecasted price of \$10.0875/Dth

11. The proposed tariffs, attached as Appendix A, will decrease total annual revenues by \$23,964,710.

12. The Company anticipates that the adjustment in the GCAs requested herein will bring future gas cost recovery amounts more closely in line with the predicted future price of gas.

13. Black Hills filed a "Publisher's Affidavit" on January 17, 2023, which fulfill its obligation under Rule 4604 to publish notice of the subject filing within three days after the filing of this application. The filing of this application was brought to the attention of Applicant's affected customers by publication in *The Denver Post*, a newspaper of general circulation in the areas affected.

14. The Commission finds good cause to allow the proposed decreases on less-than-statutory notice.

II. ORDER**A. The Commission Orders That:**

1. The application filed by Black Hills Colorado Gas Inc., doing business as Black Hills Energy, Black Hills Colorado Gas Utility Company (Black Hills Energy), is deemed complete.

2. The application filed by Black Hills Energy for authority to change tariffs on less-than-statutory notice is granted.

3. Black Hills Energy is authorized to file, on not less than two days' notice, the tariffs attached as Appendix A and made a part of this Decision. These tariffs shall be effective for actual gas sales on or after their effective date of February 1, 2023.

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.

5. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 25, 2023.**

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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JOHN GAVAN

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Commissioners

ATTEST: A TRUE COPY

G. Harris Adams.,
Interim Director