

COLORADO DEPARTMENT OF REGULATORY AGENCIES

Public Utilities Commission

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PART 4 RULES REGULATING GAS UTILITIES

GAS COST ADJUSTMENT, PRUDENCE REVIEW, AND PERFORMANCE INCENTIVE

4600. Overview and Purpose.

Rules 4601 through 4610 are used by utilities to revise gas rates on an expedited basis, to reduce the volatility of gas costs for customers, and to improve their management of gas costs. These rules provide instructions for the filing of: gas cost adjustment filings; annual gas purchase plan submittals; annual gas purchase and deferred balance reports; gas price risk mitigation plans; and gas performance incentive mechanisms ~~applications~~. The purpose of the Gas Cost Adjustment is to enable utilities, on an expedited basis, to reflect in their rates for gas sales and gas transportation services, as applicable, the increases or decreases in gas costs, including (but not limited to) gas commodity costs and upstream services costs. The purpose of the Gas Purchase Plan is to describe the utility's plan for purchases of gas commodity and upstream services in order to meet the forecasted demand for sales gas service during each month of the gas purchase year. The purpose of the Gas Purchase and Deferred Balance Report is to present the utility's actual purchases of gas commodity and upstream services during each month of the gas purchase year. The combined purpose of the Gas Price Risk Management Plan and the Gas Performance Incentive Mechanism application is to address the volatility of gas commodity costs recovered from the utility's customers and to align the utility's financial incentives with the financial interests of its customers regarding incurred gas commodity costs ~~propose for review and approval a performance incentive mechanism that establishes a gas cost benchmark and applies a risk sharing mechanism.~~

4601. Definitions.

The following definitions apply to rules 4600 through ~~4609-4610~~ unless a specific statute or rule provides otherwise. In the event of a conflict between these definitions and a statutory definition, the statutory definition shall apply.

- (a) "Account No. 191" means an account under the Federal Energy Regulatory Commission Uniform System of Accounts (USOA) used to account for the difference between purchased gas costs and revenues collected by a utility's gas cost adjustment.
- (b) "Base gas cost" means a rate component which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth which reflects the cost of gas commodity and upstream services, when applicable, included in the utility's base rates for sales gas and gas transportation service.

- (c) "Base rates" means the utility's currently effective rates for sales gas and gas transportation service as authorized by the Commission in the utility's last general rate case.
- (d) "Current gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which reflects the cost of gas commodity and upstream service projected to be incurred by the utility during the GCA effective period.
- (e) "Deferred gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which is designed to amortize over the GCA effective period the under- or over-recovered gas costs reflected in the utility's Account No. 191 or other appropriate costs for a defined period such as a gas purchase year.
- (f) "Forecasted design peak day quantity" means the total quantity of gas commodity anticipated to be required to meet firm sales and firm gas transportation service demand on the utility's system on a design or historical peak day.
- (g) "Forecasted gas commodity cost" means the cost of gas commodity, including appropriate adjustments for storage gas injections and withdrawals, approved hedging program costs, and for exchange gas imbalances, which is projected to be incurred by the utility during the GCA effective period and which is determined by using forecasted gas purchase quantity and forecasted purchase prices.
- (h) "Forecasted gas purchase quantity" means the quantity of gas commodity the utility anticipates it will purchase during the GCA effective period, based upon the forecasted sales gas quantity, adjusted for system gas loss, use, or other anticipated variances.
- (i) "Forecasted purchase prices" means index prices, fixed prices, or other gas contracting price options used in the calculation of the forecasted gas commodity cost.
- (j) "Forecasted sales gas quantity" means the quantity of gas commodity projected to be sold by the utility during the GCA effective period, based upon the normalized quantity of gas commodity sales, adjusted for anticipated changes.
- (k) "Forecasted upstream service cost" means the total cost of upstream services projected to be incurred by the utility during the GCA effective period.
- (l) "Gas commodity throughput" means the amount of gas commodity flowing through the utility's jurisdictional gas facilities during a defined period of time.
- (m) "Gas cost adjustment" or "GCA" means the tariff mechanism by which a gas rate is adjusted to reflect increases or decreases in gas costs.
- (n) "GCA effective period" means the period of time that the GCA rate change is intended to be in effect before being superseded on the effective date of the next scheduled GCA.
- (o) "GCA filing" means an application or advice letter filing to adjust the GCA rate.

- (p) "GCA rate area" means the geographic portion of the utility's service area in which a GCA rate is calculated and billed to customers. A utility may have a single GCA rate area that covers its entire service area or multiple GCA rate areas as established by the Commission.
- (q) "Gas performance incentive mechanism" (GPIM) means an incentive mechanism implemented in conjunction with a GPRMP that aligns the utility's financial incentives with the financial interests of its customers regarding incurred ~~shares the risk of~~ gas commodity costs ~~between the utility and its customers.~~
- ~~(r) "GPIM application" means an application pursuant to rule 4607 establishing a GPIM.~~
- ~~(s) "GPIM benchmark" means a benchmark calculated based on verifiable, reported market indices, with a reasonable adjustment, for comparison with actual commodity costs incurred by the utility.~~
- ~~(r) "GPIM total gas costs" means the utility's incurred expenditures on gas commodity for applicable sales gas rate schedules in each past calendar quarter calculated in accordance with the utility's GCA tariff sheets on file with the Commission.~~
- ~~(s) "GPIM total gas quantity" means the quantity of gas commodity purchased (Mcf or Dth) for applicable sales gas rate schedules for each past calendar quarter calculated in accordance with the utility's GCA tariff sheets on file with the Commission.~~
- ~~(t) "Gas price risk management plan" (GPRMP) means a plan governing the calculation of the GCA subject to a maximum cap and a minimum threshold pursuant to paragraph 4603(g).~~
- (~~tu~~) "Gas purchase and deferred balance report" (GPDBR) means a report pursuant to rule 4608 which is filed with the Commission and which describes the utility's actual purchases of gas commodity and upstream services in order to meet sales gas demand during the gas purchase year.
- (~~tv~~) "Gas purchase plan" (GPP) means a submittal pursuant to rule 4605 that describes the utility's planned purchases of gas commodity and upstream services to be used to meet sales gas demand during the gas purchase year.
- (~~vw~~) "Gas purchase year" means a 12-month period from July 1 through June 30.
- (~~wx~~) "Gas transportation service" means the delivery of gas commodity on the utility's pipeline system (either transmission or distribution) pursuant to any of the utility's gas transportation rate schedules on file with the Commission.
- (~~xy~~) "Index price" means a published figure identifying a representative price of natural gas commodity available in a geographic area or at specific gas purchasing points during a specified time interval (i.e., daily, weekly, or monthly).
- (~~yz~~) "Long-term contract" means a firm, fixed-price supply contract with an initial term of 12 months of more in duration.
- (~~zaa~~) "Mil" means one-tenth of one cent (\$0.001).

- (~~aabb~~) "Normalized" means the process of adjusting gas quantities to reflect normal historic temperature based on National Oceanic and Atmospheric Administration data or other data as appropriate.
- (~~bbcc~~) "Peak day" means a defined period (such as a 24 hour period or a three consecutive coincidental or non-coincidental day average), not less than 24 hours, during which gas commodity throughput is at its maximum level on the utility's system.
- (~~eedd~~) "Propane utility" means a public utility as defined in § 40-1-103, C.R.S., that operates for the purpose of supplying the public propane but does not supply natural gas or other fuels.
- (~~deee~~) "Receipt point/area" means the point or group of points in a discrete geographic area, such as a supply basin, hub, or market area, at which the utility acquires title to the gas commodity purchased.
- (~~eeff~~) "Sales gas service" means the regulated sale of gas commodity by the utility to customers on the utility's jurisdictional gas system.
- (~~ffgg~~) "Service level" means the type or level (whether base, swing, or peak) of gas supply service contracted for by the utility based upon the respective obligations of the supplier to deliver and sell, and the utility to take and purchase, gas commodity.
- (~~gghh~~) "Upstream services" means all transmission, gathering, compression, balancing, treating, processing, storage, and like services performed by others under contract with the utility for the purpose of effectuating delivery of gas commodity to the utility's jurisdictional gas facilities.

4602. Schedule for Filings by Utilities.

Utilities subject to rules 4600 through 4609 shall make the required filings in accordance with the following schedule.

- (a) Utilities with more than 50,000 full service customers shall file with the Commission quarterly GCA filings. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (b) Utilities with fewer than 50,000 full service customers shall file with the Commission either quarterly GCA filings or two GCA filings per year with effective dates for GCA rates of November 1 and April 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (c) Propane utilities shall file an annual GCA filing with an effective date of November 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (d) All utilities shall file their GPP submittal annually on or before June 1 for the next gas purchase year beginning July 1.
- (e) The GPDBR for the preceding gas purchase year in which a GPP was filed shall be filed annually by October 1.

- ~~(f) All utilities, except for propane utilities, shall implement a GPRMP through their GCA filings. Modifications to a GPRMP shall be accomplished through an application filing separate from a GCA filing.~~
- ~~(fg) Utilities with fewer than 50,000 full service customers and propane utilities are not required to file include a GPIM applications in their GCA tariff sheets pursuant to rule 4607.~~
- ~~(gh) Utilities with more than ~~500,000~~50,000 full service customers shall file an ~~initial GPIM~~ application to include a GPIM within their GCA tariff sheets pursuant to rule 4607 within 60 days of the effective date of these rules in advance of the 2023-2024 hearing season for a period extending through the gas purchase year ending in June 2025. GPIM applications for periods after June 2025 shall be filed pursuant to rule 4607 at least every three years. The initial GPIM for utilities with more than 50,000 but less than 500,000 full service customers shall be established in accordance with paragraph 4607(a). The initial GPIM for utilities with more than 500,000 full service customers shall be established in accordance with paragraph 4607(b). Once established by application, the utility shall implement a GPIM through their GCA filings. Modifications to a GPIM shall be accomplished through an application filing separate from a GCA filing.~~
- ~~(h) Utilities with more than 50,000 full service customers but fewer than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 no later than September 1, 2023 for a period extending through the gas purchase year ending in June 2026. GPIM applications for periods after June 2026 shall be filed pursuant to rule 4607 at least every three years.~~
- ~~(i) No later than 90 days after the conclusion of After each a full heating season covered by a the utility's initial GPIM, the utility shall file an report on its performance no later than October 1 application for the renewal of . Commission staff shall review the report and confer with the utility regarding whether it is appropriate to continue the GPIM. Implementation of the initial GPIM shall continue until the renewed GPIM goes into effect. For the utilities with an initial GPIM based on the framework set forth in paragraph 4607(a), the renewal application shall present an analysis of the implementation of the utility's initial GPIM as approved by the Commission and an analysis of GPIM benchmark gas rate and GPIM sharing amount in paragraph 4607(b) as if they had instead been implemented over the same period as the initial GPIM. The utility may propose to implement a modified GPIM provided that the Commission determines the modified GPIM comports with the requirements of § 40-3-120, C.R.S.~~

4603. Gas Cost Adjustments.

- (a) Scheduled filings. A utility shall submit a GCA filing to adjust its GCA. The GCA filing shall be filed pursuant to the schedule provided in rule 4602. The GCA filing shall be submitted not less than two weeks in advance of the proposed effective date.
- (b) Additional filings. If the projected gas costs have changed from those used to calculate the currently effective gas cost or if a utility's deferred gas cost balance increases or decreases sufficiently, the utility may submit a GCA filing to revise its currently effective GCA to reflect such changes, provided that the resulting change to the GCA equates to at least one cent (\$0.01) per Mcf or Dth.

- (c) Applicability of the GCA. The GCA shall be applied to all utility sales gas rate schedules. A utility engaged in the provision of gas transportation service may calculate a GCA that may be applied to transportation gas rate schedules in order to reflect appropriate costs. Absent a Commission decision, a utility engaged in the provision of gas transportation service shall not be required to calculate a transportation GCA factor.
- (d) Interest on under- or over-recovery. The amount of net interest accrued on the average monthly balance in Account No. 191 (whether positive or negative), is determined by multiplying the monthly balance by an interest rate equal to the Commission-authorized customer deposit rate for gas utilities. If net interest is positive, it will be excluded from the calculation of the deferred gas cost.
- (e) ~~Price volatility risk management costs (Financial gas commodity hedging)~~. Costs related to gas price volatility risk management through financial hedging for jurisdictional gas supply may be included for recovery through the GCA, if allowed by tariffs or by Commission decision. Such costs are subject to the prudence review and standard provided in rule 4608.
- (f) Calculation of the GCA. The GCA shall be calculated to at least the accuracy of one mil per Mcf or Dth pursuant to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{GCA} = (\text{current gas cost} + \text{deferred gas cost}) - (\text{base gas cost}).$$

- ~~(g) Gas price risk management plan. The calculation of the GCA shall be subject to a maximum cap based on a set percentage of an average of the utility's historical GCAs and to a minimum threshold based on a set percentage of an average of the utility's historical GCAs in accordance with the utility's gas price risk management plan as approved by the Commission. Prudently incurred costs above the maximum cap shall 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. Collections at the minimum threshold shall be recorded in a reserve fund, not to exceed an amount established by the Commission, and shall be used to offset any deferred balance of prudently incurred costs above the maximum cap.~~

4604. Contents of GCA Filings.

- (a) A GCA filing shall meet the following requirements.
 - (I) Every GCA filing shall contain attachments 1 through 9. The attachments shall meet the requirements set out in this rule.
 - (II) The attachments shall be organized in a manner that specifically references, and responds to, the requirements contained in each subparagraph of this rule.
 - (III) Attachments 2, 3, 5, and 6 shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.
 - (IV) Cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment shall be submitted and provided to Commission staff at the same time as the

application. Work-papers shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

- (V) The filing shall cross-reference the proceeding numbers of the associated GPP submittals.
 - (VI) An explanation of all pro forma adjustments shall be provided, if applicable.
- (b) GCA attachment No. 1 - GCA summary. This attachment shall clearly illustrate all of the following principles.
- (I) The impact the utility's currently effective GCA has on each sales gas customer class and, when applicable, the gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis.
 - (II) The impact the utility's proposed GCA has on each sales gas customer class and, when applicable, gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis; and
 - (III) The percent change in total bill for a customer of average usage for each sales gas customer class. This percent change in total bill calculation shall include an itemization of the monthly service and facility charge, base rates and GCA commodity components, and all other tariff charges on the customer bill.
- (c) GCA attachment No. 2 - Current Gas Cost Calculation. This attachment shall contain the calculation of the current gas cost and shall provide month-by-month information with respect to the forecasted gas commodity cost, forecasted gas purchase quantity, forecasted market prices, forecasted upstream service cost, and forecasted sales gas quantity. The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP, as required pursuant to rule 4606.
- (I) The utility shall calculate current gas cost at least to the accuracy of the nearest mil (\$0.001) per Mcf or Dth according to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{current gas cost} = (\text{forecasted gas commodity cost} + \text{forecasted upstream service cost}) / \text{forecasted sales gas quantity}.$$
 - (II) The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal for each month of the GCA effective period, as required pursuant to rule 4606.

- (d) GCA attachment No. 3 - Deferred Gas Cost Calculation. This attachment shall contain the details of the utility's actual gas purchase costs, the calculation of deferred gas cost, the implementation of the utility's GPRMP, and the calculation of the GPIM symmetric sharing amounts, as approved by the Commission. In addition, this attachment shall provide month-by-month information detailing the activity in USOA Account No. 191 by subaccount and period as applicable, interest on under- or over-recovery, GPIM ~~performance results~~sharing amounts, and all other included gas costs authorized for recovery in the GCA. The utility shall calculate deferred gas cost as the aggregate total of the under- or over-recovered gas costs reflected in its Account No. 191, or other approved gas costs, recorded at the close of business for each month of the period at issue (such as the previous gas purchase year), plus interest on under- or over-recovery (if net amount is negative), divided by forecasted sales gas quantity for the next 12-month period. The utility shall calculate deferred gas cost at least to the accuracy of the nearest mil per Mcf or Dth. Each cost a utility includes in the deferred gas cost calculation shall be itemized and clearly identified and itemized for applicability to the period at issue. In its GCA filings, the utility shall reflect actual deferred costs for the most recent period, or as otherwise approved by the Commission. ~~The results of the GPIM sharing shall be calculated on an annual basis and included in the deferred balance.~~
- (e) GCA attachment No. 4 - Current Tariff. This attachment shall contain the tariff pages which illustrate the gas cost components of the utility's currently effective rates for sales gas service and, where applicable, gas transportation service.
- (f) GCA attachment No. 5 - Forecasted Gas Transportation Demand. This attachment applies only to utilities that have a GCA component within their authorized rates for gas transportation service. This attachment shall provide the following information, with all demand forecast information provided on a Mcf or Dth basis:
- (I) a forecast of gas commodity throughput attributable to gas transportation service for each month of the GCA effective period; and
 - (II) a forecast of firm backup supply demand quantities (to the extent the utility has such service) under the utility's firm gas transportation service agreements for each month of the GCA effective period.
- (g) GCA attachment No. 6 - current gas cost allocations. This attachment shall fully explain and justify the method(s) used to do each of the following:
- (I) allocate the costs associated with the gas commodity and upstream services to each specific sales gas customer class and, where applicable, gas transportation customer rate class; and
 - (II) derive the amount of the GCA applied to each specific sales gas customer class, subject to the utility's GPRMP and GPIM, and, where applicable, gas transportation customer rate classes.
- (h) GCA attachment No. 7 - Customer Notice. This attachment shall provide the form of notice to customers and the public concerning the utility's proposed GCA change. In its customer notice for each sales gas customer class, the utility shall include the following:

- (I) current and proposed GCA rates and percentage change;
 - (II) comparison of the previous gas purchase year's last average annual bill under prior rates and the projected average annual bill under the proposed GCA rates and percentage change in the total bill amount using an average usage amount for each customer class;
 - (III) comparison of the prior year's peak winter month bill under prior rates and the projected peak winter month bill under the proposed GCA rates and percentage change using an average peak winter month usage amount for each customer class; and
 - (IV) a statement that the utility made a separate gas purchase report filing in accordance with rule 4608 to begin the initial prudence review evaluation process for the prior gas purchase year.
- (i) GCA attachment No. 8 - components of delivered gas cost. This attachment shall detail the itemized rate components of delivered gas cost to the customer (rate), per rule 4406.
 - (j) GCA attachment No. 9 - proposed tariff. This attachment shall contain the tariff sheets proposed by the utility to reflect the proposed GCA change.
 - (k) GCA attachment No. 10 - GPIM sharing amounts. As applicable, this attachment shall detail the calculation of GPIM sharing amounts per rule 4607 and any sharing amounts included in the deferred gas cost calculation presented in attachment No. 3. The calculation of the sharing amounts shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

4605. Gas Purchase Plans.

- (a) GPP filing requirements. The utility shall file its GPP as a "Submittal for Determination of Completeness of GPP." This submittal shall include the following proceeding caption: "In the matter of Gas Purchase Plans and Gas Purchase Reports for [utility] for the Gas Purchase Year from July 1, [year] through June 30, [year]."
- (b) Contents of GPP filing. In the GPP, the utility shall submit to the Commission the following:
 - (I) the information required by rule 4606;
 - (II) the utility's forecasted quantity of gas to be purchased over the ensuing gas purchase year for each service level;
 - (III) the utility's forecasted pricing for each receipt point/area; and
 - (IV) the utility's portfolio management plan.

- (c) Commission procedures for processing filings. Upon receipt of a GPP submittal, the Commission shall assign a proceeding number and shall review the submittal solely for completeness (i.e., compliance with the information requirements of these rules). The Commission shall not: hold a hearing on the substance of the GPP, entertain interventions by interested parties, require the filing of testimony or permit discovery. The Commission shall not render a decision approving or disapproving the substantive information contained in the submittal.
- (d) Review timelines. Commission staff shall review the submittal and, within 15 calendar days of the filing, shall provide written notification to the utility of any deficiencies in the submittal. The utility shall file the requested information, or a written statement indicating that the utility believes the additional information is not required, within 15 calendar days after the date of the Commission staff notification. Upon receipt of final information or the written statement, Commission staff shall place the submittal on the agenda for consideration at the next available Commissioners' weekly meeting. If the Commission fails to mail its determination on completeness of the submittal within 15 calendar days of receipt of final information or the written statement, the submittal shall be deemed complete.
- (e) Utilities with multiple GCA rate areas. A utility with more than one approved GCA rate area in Colorado shall file a separate GPP for each GCA rate area. These GPPs may be filed in a single submittal.
- (f) Modified GPP. A utility shall file a new GPP within 30 days of its determination that the currently effective GPP no longer substantively reflects active purchasing conditions or the utility's planned purchasing practices.

4606. Contents of the GPP.

A GPP submittal shall contain the following attachments. The utility shall organize attachments in a manner that specifically references, and responds to, the requirements of paragraphs (a) through (d) of this rule. With its submittal, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPP attachment No. 1 - gas purchase schedule. This attachment shall provide a forecast of the specific gas commodity supplies, segregated by receipt point/area, which the utility plans to purchase in order to meet forecasted sales gas demand during each month of the applicable gas purchase year.
- (b) GPP attachment No. 2 - gas purchasing pricing description. For each specific receipt point/area, this attachment shall provide an estimate of applicable ranges of forecast index prices expected to be incurred, short-term fixed prices (one-year or other appropriate term), and other relevant pricing options, as applicable to the portfolio management plan described in GPP attachment 3.
- (c) GPP attachment No. 3 - portfolio management plan. This attachment shall provide a plan stating how the utility plans to manage its gas supply portfolio for the gas purchase year. This attachment shall also include a description and analysis of the options the utility considered, or will consider, and the steps the utility has taken, or will take, to reduce customers' risk of gas price volatility for the gas purchase year. To the extent a utility proposes to use gas price volatility risk management tools, this attachment shall include a description of the utility's policy

for implementing such risk management tools, including a projection of such costs and the assumptions underlying all cost estimates.

- (d) GPP attachment No. 4 - forecasted upstream service costs. This attachment shall include the following information for each month of the applicable gas purchase year:
- (I) An itemized list of all upstream services, by provider and service level or rate schedule, and associated costs, that the utility expects to purchase in the upcoming gas purchase year in order to meet sales gas and gas transportation demand.
 - (II) A comparison of forecasted design peak day delivery quantity with all sources of capacity available to the utility, including forecasted upstream services, forecasted gas commodity to be purchased directly into the utility's distribution system (i.e., city gate purchases) on a firm basis, and the utility's own gas storage facilities or purchased gas storage capacity.
 - (III) A comprehensive explanation of the utility's forecasted level of planned upstream service purchases.
 - (IV) Forecasted capacity release volumes and revenues for release of upstream capacity by the utility.

4607. Gas Performance Incentive Mechanism ~~Applications~~.

In conjunction with its GPRMP, the utility shall implement a GPIM in accordance with this rule and the specific terms set forth in its GCA tariff sheets. The utility shall implement a GPIM for each GCA rate area with more than 50,000 full service customers or each purchasing region as specified in the utility's GPP.

- (a) An ~~GPIM~~ application to establish a GPIM for a utility with more than 50,000 but less than 500,000 full service customers shall contain the following elements. The utility shall specifically reference and respond to the requirements of ~~sub~~paragraphs (a) through (d) of this rule and shall provide cross-references and footnoted work-papers in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.
- ~~(a)~~ GPIM benchmark. Methodology to establish the GPIM benchmark for commodity gas purchases based on verifiable, reported market indices, with a reasonable adjustment, and for appropriate locations.
 - ~~(b)~~ GPIM commodity gas volumes. Description and explanation of all gas volumes to be included in the GPIM.
 - ~~(A)~~ The volumes and costs associated with fixed-price, long-term supply contracts may be excluded from the GPIM and risk sharing calculation.
 - ~~(B)~~ The volumes and costs associated with storage injections and withdrawals, including both physical and contract storage, may be excluded from the GPIM and risk sharing calculation. Utilities shall provide a description of storage assets to be either included or excluded from the GPIM.

- ~~(III)~~ (C) The volumes and costs associated with associated with financial hedging shall be excluded from the GPIM and risk sharing calculation.
- ~~(IV)~~ (D) All other actual gas volumes and costs shall be subject to the GPIM with consideration of reasonable adjustments as determined by the Commission.
- ~~(eIII)~~ (III) Upstream supply costs. Description and explanation of upstream costs included in the GPIM risk sharing mechanism, including the methodology for developing an appropriate benchmark for such costs, if appropriate.
- ~~(dIV)~~ (IV) Risk sharing amount. Methodology for calculating the risk sharing amount.
 - ~~(IA)~~ (A) A formula will calculate a percentage of the difference between the actual gas costs and the benchmark formula for applicable gas volumes, either positive or negative, borne or retained by the utility, subject to applicable limitations.
 - ~~(IB)~~ (B) The utility shall explain:
 - ~~(Ai)~~ (A*i*) any proposed deadband around the GPIM benchmark whereby price variation within the deadband is excluded from risk sharing formula;
 - ~~(Bii)~~ (B*ii*) any proposed cap or floor on the results of the risk sharing; and
 - ~~(Ciii)~~ (C*iii*) any proposed methodology for applying force majeure or similar provisions to the risk sharing mechanism.
 - ~~(IIC)~~ (C) Backcasting analysis, based on a minimum of the most recent three years of historical data, will demonstrate how the proposed GPIM benchmark would have been calculated and how the proposed risk sharing mechanism would have performed over the historical period. This analysis shall assume the utility made no changes to its actions in response to the mechanism and ignore any force majeure or similar events. The utility may, in its discretion, present additional analysis.
- ~~(e)~~ ~~Review for continuation of the GPIM. The utility may request that the Commission determine whether its GPIM should be discontinued based on prior performance. A comprehensive assessment of the GPIM shall be required no later than January 1, 2030.~~
- ~~(b)~~ ~~An application to establish a GPIM for a utility with more than 500,000 full service customers shall contain the following elements. The utility shall specifically reference and respond to the requirements of subparagraphs (I) through (IV) of this rule and shall provide cross-references and footnoted work-papers in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.~~
- ~~(I)~~ ~~GPIM benchmark gas rate. The GPIM benchmark gas rate for the completed calendar quarter preceding the GCA filing will be calculated as the average of the GPIM total gas cost for that same quarter in the previous three years divided by the GPIM total gas quantity for the same quarters in the previous three years.~~

- (II) GPIM actual gas rate. The GPIM actual gas rate for the completed calendar quarter preceding the GCA filing will be calculated as the GPIM total gas cost for that quarter divided by the GPIM total gas quantity for that same quarter.
- (III) GPIM sharing amount. The GPIM sharing amount will be calculated as four percent of the difference between the GPIM benchmark gas rate and the GPIM actual gas rate, either positive or negative, multiplied by the GPIM total gas quantity for the completed calendar quarter preceding the GCA filing, subject to the following limitations:

 - (A) the GPIM sharing amount for a quarter shall be zero if the difference between the GPIM benchmark gas rate and the GPIM actual gas rate is less than \$0.50 per Mcf or Dth;
 - (B) the GPIM sharing amount for a quarter shall be the difference between the GPIM benchmark gas rate and the GPIM actual gas rate that is above or below the \$0.50 per Mcf or Dth threshold in subparagraph 4607(b)(III)(A); and
 - (C) the utility's cumulative quarterly GPIM sharing amounts summed across all GCA rate areas or purchasing regions, positive or negative, shall be capped over a rolling twelve-month period at an amount equal to a 30 basis point return on the utility's rate base as established by the Commission in the utility's most recent base rate proceeding, set solely on the equity share of the utility's capital structure.
- (IV) The utility may request, and the Commission may grant, a force majeure exception upon good cause shown after such an event has occurred. The force majeure exception may allow the utility to exclude costs from the GPIM that are deemed to be either associated with the force majeure event as defined by the utility's tariffs on file with the Commission or associated with force majeure events as defined in the utility's upstream gas supply, storage, and transportation agreements and tariffs.
- (c) Unless subject to the limitations in subparagraph 4607(a)(IV)(B)(ii) or subparagraph 4607(b)(III)(C), the GPIM sharing amount shall be accounted for in the utility's deferred gas cost calculation for the quarterly GCA filing.

 - (I) To the extent a GCA calculation is subject to a maximum cap specified in a utility's GPRMP, any new positive GPIM sharing amount will not be accounted for in the deferred gas cost calculation but instead be subject to a carryforward into subsequent GCA quarterly filings. The carried forward GPIM amount shall be eligible to offset incurred negative GPIM sharing amounts.
 - (II) To the extent a GCA calculation is subject to a minimum threshold specified in a utility's GPRMP, any new negative GPIM sharing amount will not be accounted for in the deferred gas cost calculation but instead be accounted for in the deferred gas cost calculation in subsequent quarterly GCA filings in which the GCA calculation is above the minimum threshold.

4608. Gas Purchase and Deferred Balance Reports and Prudence Reviews.

- (a) GPDBR filing requirements. The utility shall file a GPDBR in accordance with paragraph 4602(e) for the review and approval of the calculation of the deferred GCA balance ~~and including~~ the ~~implementation of the utility's~~ GPIM, ~~as applicable, performance and sharing amount~~ for the previous four quarters ending June 30. The GPDBR shall be filed under the previous year's GPP proceeding number (filed approximately 15 months previously). Specific attachments or other information may be filed under seal; however, an explanation of the confidential nature of the attachments or information must be included in the GPDBR filing.
- (b) Prudence review process. Based on the initial evaluation of the GPDBR, including the results of ~~any active~~the GPIM, the Commission may initiate a prudence review hearing. The Commission shall initiate this hearing by written order within 120 days of the filing of the GDBPR. The prudence review may result in tariff or rate changes that could affect different classifications of customers.
- (c) Prudence review standard. For purposes of GCA recovery, the standard of review to be used in assessing the utility's action (or lack of action) in a specific gas purchase year is: whether the action (or lack of action) of a utility was reasonable in light of the information known, or which should have been known, at the time of the action (or lack of action). The Commission may consider, as appropriate, whether the utility employed carefulness, precaution, attentiveness, and good judgment.
- ~~(d) GPIM shared savings. A utility may request approval of any shared savings amounts under its GPIM based upon a review of the drivers of the sharing amounts and the appropriateness of the sharing amounts.~~
- (~~e~~) Burden of proof. If the Commission elects to hold a hearing, the utility shall have the burden of proof and the burden of going forward to establish the reasonableness of actual gas commodity and demand costs paid by the utility, actual costs incurred in volatility management, and actual upstream service costs of any nature incurred during the review period.
- (~~f~~) Utility testimony and attachments. If the Commission sets a hearing, the utility shall file its testimony supporting gas cost recovery for the gas purchase year at issue. The testimony shall be filed in question-and-answer format. The utility shall file its testimony not later than 45 days after the Commission sets the matter for hearing.

4609. Contents of the GPDBR.

A GPDBR shall contain the following attachments. The utility shall organize the attachments in a manner that specifically references, and responds to, paragraphs (a) through (d) of this rule. The utility shall also present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal as required pursuant to rule 4606 and GCA filing pursuant to rule 4604. The utility shall provide an explanation of, and justification for, any material deviations from its GPP. All underlying support documentation and work-papers shall be made available. With its filing, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPDBR attachment No. 1 - actual gas commodity purchases. This attachment shall provide, in a format comparable to the information provided in GPP attachment 1, the quantities of, and actual invoice costs of, specific gas commodity supplies, segregated by receipt point/area that the utility purchased in order to meet actual sales gas and gas transportation demand during the peak day and for each month of the gas purchase year. Each gas utility shall provide a description and explanation of the following:
- (I) the volumes and costs associated with fixed-price, long-term supply contracts;
 - (II) the volumes and costs associated with storage injections and withdrawals, including both physical and contract storage; and
 - (III) the volumes and costs associated with financial hedging.
- (b) GPDBR attachment No. 2 - description of actual market prices. This attachment shall provide, in a format comparable to the information provided in GPP attachment 2, actual index prices, short-term fixed prices (one-year, or other appropriate term), and other relevant pricing options for each specific receipt point area, as applicable to the portfolio management plan described in GPP and GPR attachments 3.
- (c) GPDBR attachment No. 3 - actual portfolio purchases. This attachment shall provide, in a format comparable to the information provided in GPP exhibit 3, a comparison of the utility's portfolio management plan and the results actually achieved through the implementation of this plan (or modification thereto), in order to demonstrate, using the standard of review specified in paragraph 4608(c), the prudence of actual portfolio purchases. This attachment shall include a detailed itemization of gas price volatility risk management costs if applicable.
- (d) GPDBR attachment No. 4 - actual upstream service costs. This attachment shall provide, in a format comparable to the information provided in GPP attachment 4, the following information for each month of the gas purchase year:
- (I) an itemized list of the upstream services the utility actually purchased in order to meet sales gas and gas transportation demand;
 - (II) an itemized listing of the specific costs the utility incurred to purchase upstream services;
 - (III) actual peak day demand experienced by the utility during the gas purchase year; and
 - (IV) an itemized list of capacity release volumes and revenues.
- (e) GPDBR attachment No. 5 - deferred balances. This attachment shall provide monthly deferred balances for the 12 months ending June 30.
- (f) GPDBR attachment No. 6 - GPIM results. This attachment shall provide, for the 12 months ending June 30:
- (I) the ~~monthly-quarterly~~ GPIM benchmark ~~calculation-gas rates and GPIM actual gas rates including market indices used in the formulation; and~~

- (II) the ~~quarterly and twelve-month cumulative~~ GPIM ~~risk-sharing calculation including application of any applicable deadband, cap or floor amounts;~~ and
- (III) ~~the calculation of the applicable cap pursuant to subparagraph 4607(c)(II) on GPIM sharing amounts.~~

4610. Confidentiality.

- (a) For each attachment filed by the utility as confidential under rules 4600 through 4610, the utility shall provide, at a minimum, a version of the attachment with publicly available information.
- (b) The Office of the Utility Consumer Advocate (UCA) may provide each utility annually, on or before January 1 of each year, an executed generic nondisclosure agreement with the utility so that the utility shall provide such confidential information to the UCA when any utility filings are made pursuant to rules 4600 through 4609 for the subsequent year.

4611. – 4699. [Reserved].