

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24AL-0188G

IN THE MATTER OF ADVICE LETTER NO. 44 FILED BY BLACK HILLS COLORADO GAS, INC. DOING BUSINESS AS BLACK HILLS ENERGY PUC TARIFF NO. 1 TO UPDATE CHANGES TO THE GAS AFFORDABILITY PROGRAM FOR LOW-INCOME ASSISTANCE PROGRAM, TO BECOME EFFECTIVE MAY 26, 2024.

**COMMISSION DECISION APPROVING AMENDED
ADVICE LETTER NO. 44**

Mailed Date: May 24, 2024

Adopted Date: May 22, 2024

I. BY THE COMMISSION

A. Statement

1. By this Decision, the Commission approves Advice Letter No. 44 as amended, filed by Black Hills Colorado Gas, Inc., doing business as Black Hills Energy (Black Hills or Company) and grants the Company's request to increase rates for the Company's low-income affordability program, known as Black Hills Energy Assistance Program (BHEAP) to residential, small commercial, large commercial, and irrigation and seasonal customers. Although the Commission approves the rate increases proposed here, we nonetheless express concern regarding how Black Hills administers its low-income program.

B. Background

2. On April 25, 2024, Black Hills filed Advice Letter No. 44 with accompanying tariff sheets¹ proposing to increase rates for its BHEAP program. Black Hills contends that in order to continue to provide income qualified customers with the needed financial assistance, the Company

¹ Tariff Sheet Nos. 13 through 25, and 49E of its Colorado P.U.C. No. 1 Tariff.

must manage the balance of its BHEAP funding account to ensure there are sufficient funds to distribute to program participants. With the proposed increase in rates, Black Hills anticipates it will be able to support a total of 3,000 participants in its BHEAP gas program, which it claims is an increase from the current enrollment target of 2,000 participants.

3. Black Hills represents it had historically held a large over-collected BHEAP gas accounting balance which led to a reduced BHEAP surcharge. In Proceeding No. 19AL-0075G the Commission approved the current BHEAP charges, which were intended to eliminate the over collection. According to the Company, the over collected balance is now eliminated, necessitating an increase in the BHEAP rate, which would allow for the opportunity to increase participation in the program.

4. The proposed increase in the BHEAP fee is parsed as follows. The current rate for residential customers will increase from \$0.04 to \$0.30. The current rate of \$0.13 for small business customers will increase to \$0.58, while the current rate of \$0.64 for large business customers will increase to \$4.50. Finally, the current rate of \$0.21 for irrigation and seasonal customers will increase to \$1.63. The proposed change in the BHEAP fee will increase an average residential bill by approximately 0.3 percent and an average small commercial bill by approximately 0.2 percent.

5. In support of the proposed increases, Black Hills represents that to continue providing income qualified customers with the needed financial assistance, it must manage the balance of its BHEAP funding account to ensure there are sufficient funds to distribute to program participants. With the proposed increase in rates, the Company predicts it will be able to support a total of 3,000 participants in its BHEAP gas program.

6. Attached to its Advice Letter No. 41, Appendix A provides the applicable tariff sheets while Appendix B provides a redlined version of the applicable tariff sheets. Appendix C

illustrates the derivation of the proposed rates by class. Appendix D provides additional information that details the need for additional funding to support an expanded BHEAP program. Appendix E presents an historical rate trend report as required in relevant part by temporary rules approved by the Commission in Decision No. C23-0538.

7. In response to communications with Commission Staff, Black Hills filed Amended Advice Letter No. 44 on May 21, 2024, which provides additional financial information. In that filing, the Company represents the proposed increase is projected to increase annual revenues by \$790,247. The Company reiterates it anticipates additional funding will allow the number of BHEAP participants to increase from approximately 2,000 customers to 3,000 customers. This amount is set forth in calculations contained in Appendix C attached to Advice Letter No. 44.

8. Black Hills filed a second Amended Advice Letter, also on May 21, 2024. This Amended Advice Letter indicates total revenues from the increase in customer rates are expected to be approximately \$924,000, of which approximately \$822,000 will be utilized to fund 3,000 subscriptions, with the remaining amount used to true up the projected balances. These amounts are set forth in calculations also contained in Appendix C attached to Advice Letter No. 44.

9. Staff reviewed the Company's historical activities and forecasts it provided attached to Advice Letter No. 44 in support of its request to increase rates. Staff held several discussions with Black Hills in which it expressed its concerns that the Company's forecasts of higher enrollments did not appear to be aligned with previous Company trends. However, Black Hills averred its forecasts were accurate based on the Company's analysis showing higher than anticipated enrollments and seasonal variances.

10. Staff represents it met with the Company on several occasions and had multiple communications by email regarding its concerns on the quality of the financial management and

information of the BHEAP program and deferred account balances. In response, Black Hills agreed to enhance internal financial management oversight to insure it provides needed assistance to those Black Hill's customers in financial straits. According to Staff, Black Hills has further agreed to conduct financial reviews of its BHEAP program with Staff on a regular basis.

C. Findings

11. While Staff recommended we allow Advice Letter No. 44 to go into effect by operation of law following clarifications and assurances of more frequent financial reviews provided by Black Hills, we take this opportunity to issue a written Decision to voice some of our concerns. We will approve Black Hills Advice Letter No. 44 and attached tariff sheets to increase rates for residential, small commercial, large commercial, and irrigation and seasonal customers, in order to ensure the sustainability of the Company's BHEAP program.

12. Nonetheless, based on Staff's representations, we want to ensure all Black Hills customers who request assistance are receiving it. We are somewhat troubled by the number of meetings and communications necessary for Staff to obtain necessary information to recommend approval of Advice Letter No. 44. We hope this is not a harbinger of the future of the BHEAP program, and does not indicate a lack of urgency on Black Hills' part to make the program work for its customers. We advise Black Hills that we will hold it to its pledge to Staff to conduct regular financial reviews of its BHEAP program. In the event Staff reports back to us that the Company is reticent to hold such reviews, we will order a date certain for them to occur.

II. ORDER

A. The Commission Orders That:

1. Amended Advice Letter No. 44 and accompanying tariff sheets Nos. 13 through 25 and tariff sheet No. 49 filed by Black Hills Colorado Gas, Inc., doing business as, Black Hills Energy (Black Hills) to amend those tariff sheets to increase rates for certain customer classes to

be applied to its Black Hills Energy Assistance Program is approved consistent with the discussion above.

2. The request by Black Hills for the rate increases for residential, small business, large business and irrigation and seasonal customers to fund the BHEAP program as set forth in Amended Advice Letter No. 44, is granted.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 22, 2024.**

(S E A L)



ATTEST: A TRUE COPY

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

Commissioners

Rebecca E. White,
Director

COMMISSIONER TOM PLANT
ABSENT