

Decision No. C25-0067-I

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24A-0050SG

IN THE MATTER OF THE APPLICATION OF COLORADO NATURAL GAS, INC. FOR AN ORDER AUTHORIZING A STOCK PLEDGE, DEBT REFINANCE AND CORPORATE REORGANIZATION PURSUANT TO SECTION 40-1-104 C.R.S. AND SECTION 40-5-105 C.R.S.

**INTERIM COMMISSION DECISION
ESTABLISHING NOTICE AND INTERVENTION PERIOD**

Issued Date: January 30, 2025

Adopted Date: January 29, 2025

TO THE PARTIES IN THIS MATTER AND ALL INTERESTED PERSONS, FIRMS, OR CORPORATIONS:

I. BY THE COMMISSION

A. Statement

1. On January 21, 2025, Colorado Natural Gas, Inc. (“CNG” or the “Company”) filed an Application for an order authorizing a stock pledge, debt refinance, and corporate reorganization pursuant to §§ 40-1-104 and 40-5-105, C.R.S. (“Application”). CNG states in the Application that its parent intends to refinance its debt in the second quarter of 2025. The proposed refinancing is meant to extend debt maturities and to take advantage of lower interest rates. However, to accomplish the refinancing, corporate restructuring is required.

2. By this Decision, the Commission establishes a 30-day notice and intervention period for the Application. A pleading to intervene in this matter shall be filed by any person, firm, or corporation desiring to be a party and fully participate in this Proceeding no later than February 21, 2025.

B. Discussion

3. CNG explains that, in 2019 in Proceeding No. 19A-0070SG, the Commission approved CNG's application for both the formation of Summit LDC, LLC ("Summit LDC") as a subsidiary of Summit Utilities, Inc. ("Summit") and the pledge of CNG's stock to Summit LDC to be used as collateral for debt. After Commission approval of that previous application, CNG's debt was extinguished with an equity infusion and CNG's capital structure became 100 percent equity.

4. Through its instant Application, CNG seeks to accomplish a proposed refinancing upon Summit LDC becoming a wholly owned subsidiary of Summit Utilities Holdings, LLC ("SUH"), another wholly owned subsidiary of Summit created in 2022. Summit LDC will pledge its capital stock in CNG to SUH, and Summit LDC will become a wholly owned subsidiary of SUH. The pledge will be used to secure long-term debt through the issuance of private placement notes and will retire the existing credit facility that was approved by the Commission in Proceeding No. 22A-0153SG.

5. According to the Application, the term of the new private placement(s) will range between 5 and 30 years. Summit LDC will also seek a credit rating by one or more rating agencies to improve the pricing of the debt. SUH will further execute a new Master Credit Facility which will be secured by SUH's equity interest in Summit LDC. CNG explains that the new structure will result in reduced transaction and administrative costs associated with managing multiple credit facilities. Summit LDC also intends to reduce its cost of debt by proactively reducing credit spreads, which are likely to be of benefit to customers in the context of the upcoming rate case that the Company has committed to file in 2026 in Proceeding No. 24A-0500G.

6. CNG states in its Application that the proposed changes “will not significantly change the Company’s financial status.” CNG goes on to state that the benefits of the proposed refinancing will not be offset by any adverse factors. For instance, the Company would not pledge any of its utility plant assets in support of LDC Holding’s proposed financing and there would be no change in the Company’s operations or personnel. CNG further concludes that the refinancing will not diminish the Commission’s ability to establish an appropriate capital structure in the Company’s next rate case.

7. CNG requests that this matter be resolved by the Commission “as close as possible” within 30 days as provided for in § 40-1-104(5), C.R.S., for financings. CNG also states in its Application: “The Company recognizes that Section 40-1-104(5) C.R.S. applies to financing requests, not reorganizations, but because the financing arrangement depends on the reorganization, it requests approval of both the reorganization and financing within the statutory 30-days for financings.”

C. Findings and Conclusions

8. Rule 4105 of the Commission’s Rules Regulating Gas Utilities, 4 *Code of Colorado Regulations* (“CCR”) 723-4, governs securities applications pursuant to § 40-1-104, C.R.S. That statute requires Commission authorization for a utility to issue or assume financial securities. The Commission, with or without a hearing and upon such notice as the Commission may prescribe, must issue a written order authorizing the proposed securities transactions unless the Commission finds that such transactions are “inconsistent with the public interest” or are either not permitted by or inconsistent with Colorado law. Importantly, applications for the issuance or assumption of securities must be “placed at the head of the Commission’s docket” and must be addressed within 30 days, unless the Commission finds good cause to require a longer period.

If a securities application is continued beyond 30 days, the Commission must enter an order “stating fully the facts necessitating the continuance.”

9. CNG filed its Application pursuant to both § 40-1-104, C.R.S., and § 40-5-105, C.R.S. The second statute governs the utility’s general operating authority and requires Commission approval for a utility to sell, assign, or lease its assets, including its Certificate of Public Convenience and Necessity (“CPCN”) to provide service. An application filed pursuant to § 40-5-105, C.R.S., is normally subject to the Commission’s standard procedures for administering an application proceeding as set forth in its Rules of Practice and Procedure, 4 CCR 723-1, including a notice and intervention period of 30 days.

10. We find good cause to administer this proceeding in accordance with the Commission’s standard procedures for gas utility application filings. We therefore deny CNG’s request for expedited consideration of its Application pursuant to Rule 4105 and instead establish a 30-day notice and intervention period.

11. The Application is available for public inspection by accessing the Commission’s E-Filings System under Proceeding No. 25A-0050SG at:

https://www.dora.state.co.us/pls/efi/EFI.Show_Docket?p_session_id=&p_docket_id=25A-0050SG.

This Decision is the notice that CNG’s application for stock pledge, debt refinance, and corporate reorganization has been filed with the Commission.

12. A pleading to intervene may be filed by any person, firm, or corporation desiring to be a party and fully participate in this Proceeding, as ordered below. The filing of any other document protesting the tariff sheets shall not allow participation as an intervenor in this matter.

13. Further procedures for this matter will be addressed by separate decision.

II. ORDER

A. It Is Ordered That:

1. The request of Colorado Natural Gas, Inc. (“CNG”) for a shortened 10-day notice and intervention period pursuant to 4 *Code of Colorado Regulations* 723-4105, for its application for stock pledge, debt refinance, and corporate reorganization, filed on January 21, 2025, is denied, consistent with the discussion above.

2. Service of this Decision will provide notice of CNG’s application to all interested persons, firms, and corporations.

3. The notice and intervention period shall expire at 5:00 p.m. on February 21, 2025.

4. Any person desiring to intervene or participate as a party in this proceeding, including Staff of the Colorado Public Utilities Commission, shall file a petition for leave to intervene, or under the Commission’s Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1, file other appropriate pleadings to become a party, no later than February 21, 2025.

5. All persons who file an objection, Notice of Intervention as of Right, Motion to Permissively Intervene, or any other appropriate pleading shall do so in accordance with the instructions set forth in the Commission’s Rules of Practice and Procedure and this Decision.

6. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 29, 2025.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners