

Decision No. C25-0170

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23A-0570G

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.

COMMISSION DECISION GRANTING, IN PART, AND DENYING, IN PART, APPLICATION FOR REHEARING, REARGUMENT, OR RECONSIDERATION

Issued Date: March 7, 2025
Adopted Date: February 26, 2025

I. BY THE COMMISSION

A. Statement

1. Through this Decision, the Commission grants, in part, and denies, in part, the Application for Rehearing, Reargument, or Reconsideration (“Application for RRR”) filed by the Office of the Utility Consumer Advocate (“UCA”) on February 6, 2025.

B. Background

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 Study (“Application”).

3. Through Decision No. R24-0776 (“Recommended Decision”), issued on October 25, 2024, the Administrative Law Judge (“ALJ”) approved CNG’s Application (with one typographical correction). 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, and thus approved the Application.

4. On November 14, 2024, Trial Staff of the Public Utilities Commission (“Trial Staff”) and UCA filed exceptions to the Recommended Decision.

5. The Company filed its response to the exceptions on December 2, 2024.

6. On exceptions, UCA made three arguments. First, UCA contended CNG failed to provide a proper organizational chart depicting all regulated or non-regulated affiliates. Second, UCA argued 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 requested the Commission reject or modify a particular paragraph in the Recommended Decision that it viewed as limiting the Commission’s authority under federal law.

7. Through Decision No. C25-0041, the Commission granted, in part, and denied, in part, the exceptions filed by Trial Staff, and denied the exceptions filed by UCA.

8. UCA filed an Application for RRR on February 6, 2025.

C. UCA’s Application for Rehearing, Reargument, or Reconsideration

9. UCA presents two arguments in its Application for RRR: (1) the organizational chart provided by CNG does not list all of the regulated or non-regulated affiliates associated with the utility and thus fails to satisfy Rule 4503(b)(III), 4 CCR 723-4; and (2) Paragraph 77 of the Recommended Decision places an unnecessary and incorrect limitation on the Commission’s authority under federal law to access books and records of public utility holding companies with utilities operating in Colorado.

10. First, UCA argues the organizational chart provided by CNG fails to satisfy the requirements of Rule 4503(b)(II), which requires “[a] listing of all regulated or non-regulated

affiliates of the Colorado utility.” Rule 4001(b) defines “affiliate,” in part, as “a parent corporation of a utility . . . a subsidiary of a parent corporation of a utility or where the utility or the parent corporation has a controlling interest over an entity.” UCA asserts CNG’s organizational chart omits these types of affiliates and thus does not satisfy the Rule. ¹

11. UCA provides a different, more detailed organizational chart (which it states was filed by the El Paso Electric Company) that depicts CNG and its parent company, Summit Utilities, Inc., as part of a much larger corporate structure under IIF US Holding 2 GP, LLC.² This chart shows numerous other subsidiaries under IIF US Holding 2 GP, LLC. UCA argues the absence of CNG’s ultimate parent company, and its accompanying affiliates, matters because it obfuscates the Commission’s ability to oversee and protect the public from cross-subsidization.³ Additionally, UCA points to a decision at the Federal Energy Regulatory Commission (“FERC”) wherein FERC explained that IIF US Holding 2 LP and its subsidiaries, as well as J.P. Morgan Investment and its subsidiaries, are treated as affiliates of IIF US Holding GP 2, LLC.⁴ Accordingly, UCA requests the Commission require CNG to file an organizational chart listing all regulated and non-regulated affiliates.

12. UCA properly points to Rule 4503(b)(II)’s requirement that the utility provide a listing of *all* regulated and non-regulated utilities. While CNG’s chart may be technically accurate, we find it may not display the full extent of the utility’s affiliates. Solely for the purposes of providing the Commission with full transparency regarding its corporate structure, as well as to comply with the intent of Rule 4502(b)(II), we grant UCA’s request and order CNG to file a more fulsome organizational chart depicting all of the utility’s regulated and non-regulated affiliates.

¹ UCA Application for RRR at pp. 3-4.

² *Id.* at p. at p. 6.

³ *Id.* at pp. 6-7.

⁴ *Id.* at p. 7 (citing 184 FERC ¶ 61,170 at para. 81).

13. Second, UCA asserts that paragraph 77 of the Recommended Decision limits the Commission's ability to lawfully access books and records of entities with CNG's holding company system, pursuant to the Public Utilities Holding Company Act.⁵

14. Paragraph 77 reads 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."

15. UCA argues this language places a limitation on the Commission's authority under federal law. As a basis for amending this language, UCA points to CNG's conduct in a prior proceeding where it alleges CNG delayed and obstructed the Commission's ability to access books and records.⁶ UCA highlights the ALJ's language that "[CNG's] conduct since the issuance of Decision No. R24-0209-I is also strongly suggestive of a strategy of delay."⁷ Given CNG's reluctance to comply with the Commission's authority to access books and records in this prior proceeding, UCA urges the Commission to clarify its ability to request and access books and records within public utility holding company systems.

16. UCA raised this argument on exceptions, and we addressed it directly in Decision No. C25-0041, explaining that "[w]e 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."⁸ In its Application for RRR, UCA does not present any new or compelling arguments to support its assertion and we again affirm

⁵ Public Utility Holding Company Act of 2005. 42 U.S.C. § 16453.

⁶ *Id.* at pp. 8-9 (referring to Proceeding No. 23F-0418G).

⁷ Decision No. R24-0477-I at ¶ 60 issued in Proceeding No. 23F-0418G.

⁸ Decision No. C25-0041 at ¶ 50.

that the ALJ's statement in the Recommended Decision does not inhibit the Commission's ability to request books and records pursuant to the Public Utilities Holding Company Act.⁹ While we appreciate UCA's concern regarding a potential limitation on the Commission's authority under federal law, there is no cause for it in this instance.

II. ORDER

A. The Commission Orders That:

1. The Application for Rehearing, Reargument, or Reconsideration filed by the Office of the Utility Consumer Advocate on February 6, 2025, is granted, in part, and denied, in part, consistent with the discussion above.

2. Colorado Natural Gas, Inc ("CNG"), shall include a more fulsome organizational chart, in accordance with Rule 4503(b)(II), 4 *Code of Colorado Regulations*, 724-4, in an amended Cost Assignment and Allocation Manual within 30 days of a final decision in this Proceeding, consistent with the discussion above.

3. 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.

⁹ We also note that Colorado law has long recognized that this Commission is not necessarily bound by its prior decisions, but rather decisions in each case are made in accordance with the evidence in the record. *E.g., Colo. Ute Elec. Ass'n, Inc. v. Pub. Utils. Comm'n*, 602 P.2d 861, 865 (Colo. 1979). Accordingly, if evidence in a given proceeding compels the Commission to request books and records pursuant to the Public Utilities Holding Company Act, the ALJ's statement in this proceeding will not prevent us from doing so.

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

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 26, 2025.**

(S E A L)



ATTEST: A TRUE COPY

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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MEGAN M. GILMAN

TOM PLANT

Commissioners

Rebecca E. White,
Director