

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

DOCKET NO. 03L-180G

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IN THE MATTER OF THE APPLICATION OF EASTERN COLORADO UTILITY COMPANY  
FOR AN ORDER AUTHORIZING IT TO EFFECT CERTAIN REVISIONS IN GAS RATES  
UPON LESS THAN STATUTORY NOTICE.

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**COMMISSION ORDER AUTHORIZING  
UPWARD REVISIONS OF GAS RATES**

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Mailed Date: May 21, 2003  
Adopted Date: May 21, 2003

**I. BY THE COMMISSION:**

**A. Statements**

1. On March 7, 2003, Eastern Colorado Utility Company (Eastern or Applicant) filed a verified application. Applicant seeks a Commission order authorizing it, without formal hearing and on less-than-statutory notice, to place into effect on May 21, 2003, tariffs resulting in an increase to its existing natural gas rates now on file with the Commission.

2. On May 15, 2003, Applicant filed a Supplement to Verified Application to clarify the revisions sought in the application.

3. The proposed tariffs are attached to the application, and affect Applicant's customers in, and in the vicinity of, Watkins, Strasburg, Byers, Deer Trail, Kit Carson, Sheridan Lake, West Eads, and Bennett, Colorado.

4. This application for authority to increase rates is made under § 40-3-104(2), C.R.S., and 4 *Code of Colorado Regulations* (CCR) 723-1-41.5.

**B. Findings of Fact**

5. Applicant is an operating public utility subject to the jurisdiction of this Commission and is engaged in the distribution and resale of natural gas for domestic, mechanical, or public uses in various certificated areas within the State of Colorado.

6. Applicant's natural gas requirement is purchased from the Nebraska Public Gas Agency under a firm, all requirements, gas sales agreement. Those supplies are transported for delivery to Applicant's system via Colorado Interstate Gas Company (CIG). Pipeline delivery services provided by CIG are regulated by the Federal Energy Regulatory Commission.

7. The Commission expects Applicant to negotiate the lowest prices for supplies of natural gas that are consistent with the provisions of the Natural Gas Policy Act 1978, 15 U.S.C. §§ 3301-3432 (Public Law 95-621), and applicable federal regulations or determinations made thereunder applicable federal regulations.

8. The Commission's Gas Cost Adjustment (GCA) Rules require that Eastern revise its GCA rates to be effective on November 1 of each year. *See* 4 CCR 723-8-2.2. Rule 4 CCR 723-8-4.2 provides in pertinent part that if projected gas costs, such as the cost of the gas commodity or Upstream Services, changes from those used to calculate the currently effective Current Gas Cost, or if the utility's Deferred Gas Cost balance increases or decreases sufficiently, the utility may file an application 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.

9. The purpose of the proposed revision is to reflect the level of: (1) natural gas costs to be charged Applicant by its numerous producers/suppliers during the period July 1, 2002 through June 30, 2003, based on forecasted and actual sales quantities, producer/supplier contract

pricing terms, and market indices; (2) costs for upstream pipeline services anticipated to be charged Applicant by CIG for the same period; and (3) the over-recovered gas cost balance in Applicant's Deferred Gas Cost Account No. 191 as of May 31, 2003. Account 191 balances shall not be based on estimates. By its Supplement filed on May 15, 2003, Eastern acknowledges that it will use a GCA Effective Period that is 12 months from the proposed effective date in future GCA filings.

10. The purpose of the upward revision of Applicant's gas rates is due to an increase in the level of natural gas costs charged Applicant based on rates to be in effect May 23, 2003, applied to normalized purchase and sales volumes during the test period, and to adjust for previous over-collections of purchase gas costs.

11. Eastern notes that the overall effect of this increase is to essentially offset the GCA rate decrease that Eastern previously implemented on August 6, 2002 in conformance with Commission Decision No. C02-0917, which reflected a GCA reduction of approximately 28 percent. That reduction was put in place in order to, among other things, effectuate the amortization of a significant over-recovery in Eastern's Account No. 191 balance for that filing. As of June 30, 2002, Eastern's Account No. 191 balance reflected an over-collection in the amount of \$399,094.24. The weighted average cost of gas reflected in that out of period GCA rate change filing was \$3.3583/Mcf. In the instant filing, Eastern's Account No. 191 reflected an over-collection in the amount of \$44,802.37 as of May 31, 2003. Although the weighted average cost of gas reflected in the instant application is increased only to \$3.5814, the combined effect of a slight increase in gas cost and the near elimination of negative rider from large over-recovered Account No. 191 causes a GCA increase of 31 percent.

12. The effect of the proposed tariffs, attached as Appendix A, is an increase of \$129,494 to Applicant's customers.

13. Applicant's last authorized rate of return on rate base was 11.75 percent, and its last authorized rate of return on equity was 12.91 percent. If this increase is approved, Applicant's rate of return on rate base will be 5.92 percent and rate of return on equity will be 6.89 percent. Without the increase, Applicant's rate of return on rate base would be (3.45) percent and its rate of return on equity would be (4.57) percent.

14. The filing of this application was brought to the attention of Applicant's affected customers by publication in the *Tri-County Tribune*, Deer Trail; *Eastern Colorado News*, Strasburg; *Kiowa County Press*, Eads; and *Range Ledger*, Cheyenne Wells, local weekly newspapers of circulation in the area affected.

15. Applicant acknowledges its obligation under Rule 41 of the Commission's Rules of Practice and Procedure, 4 CCR 723-1, to publish notice of the subject filing within three days after the filing of this application. To the extent such publication does not occur within three days after the filing of this Application, Applicant requests that the Commission grant Applicant a waiver of that requirement of the Commission's rules.

16. The proposed increase in rates will substantially recover only Applicant's increased cost of gas.

17. Good cause exists to allow the proposed increases on less-than-statutory notice.

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

1. The application filed by Eastern Colorado Utility Company for authority to change tariffs on less-than-statutory notice is granted.

2. Eastern Colorado Utility Company is granted a limited one-time waiver of Rule 41 of the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* 723-1 to publish notice of the subject filing later than three days after the filing of this application.

3. Eastern Colorado Utility Company is granted a limited one-time variance to 4 *Code of Colorado Regulations* 723-8-4.7.3 of the Commission's Gas Cost Adjustment Rules to update the balance of Account No. 191 from June 30, 2002 to May 31, 2003.

4. Eastern Colorado Utility Company is authorized to file, on not less than one day's notice, the tariffs attached as Appendix A and made a part of this Order. These tariffs shall be effective for actual gas sales on or after their effective date on May 23, 2003. The Commission accepts Eastern Colorado Utility Company's acknowledgement that the actual balance in Account No. 191, as well as a Gas Cost Adjustment Effective Period that is prospective from the proposed effective date, will be used in future Gas Cost Adjustment filings.

5. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING  
May 21, 2003.**

(S E A L)



ATTEST: A TRUE COPY

**Bruce N. Smith**  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

**GREGORY E. SOPKIN**

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**JIM DYER**

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Commissioners