

Decision No. C03-1006

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 03L-369G

~~Date Drafted: March 17, 2003~~

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~~Drafted By: B. Kwan~~

~~Mailing Priority: 2~~

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.

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

Mailed Date: September 5, 2003

Adopted Date: September 3, 2003

I. BY THE COMMISSION:

A. Statements

1. On August 26, 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 September 25, 2003, tariffs resulting in an increase to its existing natural gas rates now on file with the Commission.

2. On August 29, 2003, Applicant filed a motion to amended its verified application and for waiver of response time. The purpose of the amendment is to remove the request by Applicant to credit certain Colorado Interstate Gas Company's (CIG) refund monies to its Account No. 191.

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, 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

~~1.5.~~ 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.

~~2.6.~~ 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 CIG. Pipeline delivery services provided by CIG are regulated by the Federal Energy Regulatory Commission (FERC).

~~3.7.~~ 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 under applicable federal regulations.

~~4.8.~~ The Commission's Gas Cost Adjustment (GCA) Rules at 4 CCR 723-8-2.2, require that Eastern revise its GCA rates to be effective on November 1 of each year. ~~This filing is intended to comply with that requirement.~~ 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.

6.9. 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 October 1, 2003 through September 30, 2004, 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 under-recovered gas cost balance in Applicant's Deferred Gas Cost Account No. 191 as of June 30, 2003.

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 September 25, 2003, applied to normalized purchase and sales volumes during the test period, and to adjust for previous under-collections of purchase gas costs.

11. The effect of the revisions is an increase of \$643,815 to Applicant's customers.

14.12. The proposed tariffs, attached as Appendix A, will increase annual revenues by \$643,815, which is an increase of 24.42 percent.

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 6.48 percent and rate of return on equity will be

6.33 percent. Without the increase, Applicant's rate of return on rate base would be (47.24) percent and its rate of return on equity would be (47.39) percent.

14. Applicant proposes to refund certain monies from the CIG rate case settlement in FERC Docket No. RP01-350 through the GCA mechanism, rather than pursuant to a separate refund plan. Applicant also requests that it be authorized to make a payment to the Colorado Energy Assistance Foundation in the amount of 15 percent of the total refund amount Applicant received from CIG, plus accrued interest. Applicant represents that it has not included any amount of these CIG refund monies in the calculation of the balance for Account No. 191, and any Commission action to accept or deny the alternate refund proposal will not affect the rate calculation. Because the Commission has not ruled on the propriety of using the GCA for rate case refund monies collected over a relatively current period (roughly 2001 through 2002 time frame), on August 29, 2003 Applicant filed a motion to amend the application to remove the request to credit the refund monies in Account No. 191.

15. 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.

16. 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.

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

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

II. ORDER

A. The Commission Orders That:

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

2. The motion by Eastern Colorado Utility Company to amend its application to remove the request to include certain Colorado Interstate Gas Company refund monies in Account No. 191 is granted and the response time to the motion is waived.

3. 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.

3.4. 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 September 25, 2003.

5. This Order is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
September 3, 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

Commissioners