

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19L-0563G

IN THE MATTER OF THE VERIFIED APPLICATION OF DURANGO MOUNTAIN UTILITIES, LLC FOR AN ORDER AUTHORIZING CERTAIN GAS COST ADJUSTMENTS TO ITS RATES ON LESS THAN STATUTORY NOTICE AND FOR CERTAIN WAIVERS.

**COMMISSION DECISION AUTHORIZING
DOWNWARD REVISIONS OF GAS RATES
ON LESS-THAN-STATUTORY NOTICE**

Mailed Date: October 25, 2019

Adopted Date: October 23, 2019

I. BY THE COMMISSION

A. Statements

1. On October 16, 2019, Durango Mountain Utilities, LLC (DMU, Company, or Applicant) filed a Verified Application. DMU seeks a Commission decision authorizing it, without a formal hearing and on less-than-statutory notice, to place into effect on November 1, 2019, tariffs resulting in a decrease to its existing propane gas rates on file with the Commission; and that the Commission grant certain waivers from the *Rules Regulating Gas Utilities and Pipeline Operators*, 4 *Code of Colorado Regulations* (CCR) 723-4. The Application contains all of the materials required by the applicable Commission Rules and therefore is deemed complete.

2. The proposed tariff is attached to the Application and affects the Applicant's customers in its service area.

3. DMU acknowledges that it has read and agrees to abide by the provisions of Rules 4002(b)(IV) through (VI) and Rules 4002(b)(XI)(A) through (C), 4 CCR 723-4.

4. This Application for authority to add a new tariff or change an existing tariff is made pursuant to § 40-3-104, C.R.S., and Rule 4109(b)(II).

B. Findings of Fact

5. The Applicant is an operating public utility subject to the jurisdiction of this Commission and is engaged in, *inter alia*, the purchase, distribution, and sale of propane gas for domestic, mechanical, or public uses in its rate area in the State of Colorado.

6. Commission Decision No. C14-0439 issued April 29, 2014 in Proceeding No. 14AL-0127G requires that DMU request a revision to its Gas Cost Adjustment (GCA) rates to be effective on November 1 of each year. The instant filing is intended to comply with this requirement.

7. The purpose of the downward revision of Applicant's gas rates is: (1) to effectuate a decrease in the level of propane gas costs charged to the Applicant based on prices to be in effect November 1, 2019 through October 31, 2020, applied to normalized forecasted purchase and sales volumes during the same test period; and (2) to adjust for previous under- / over-recovered gas cost balances as of August 31, 2019.

8. The proposed tariffs, attached to this Decision as Attachment A, will decrease total annual revenues by \$229,740.

9. Pursuant to Rule 1003, *Rules of Practice and Procedure*, 4 CCR 723-1, in the Application DMU requests waivers from: (1) Rules 4604(f) and (g) concerning the presentation of GCA Exhibit Nos. 5 and 6, respectively; and (2) Rules 4604(h)(IV) and 4002(d) concerning certain notice requirements. DMU also requests waivers through December 31, 2022, from: (1) Rules 4605 through 4608 concerning Gas Purchase Plans and Gas Purchase Reports;

(2) Rule 4412 concerning Gas Service Low Income Program; and (3) Rule 4202(a) to allow for the conversion of propane gas metered in standard cubic feet to gallons for billing purposes.

10. Rules 4604(f) and (g) of the Commission Rules require the utility to provide forecasted gas transportation demand and current gas cost allocations. Since the Company does not provide gas transportation, and has only one rate class, the requested waiver is reasonable and in the public interest.

11. Rules 4604(h)(IV) and 4002(d) of the Commission's Rules concern notice requirements. The Company states that their customers have primary residences outside of the Durango area and thus publication of the notice is not required as the notice will be mailed to each of their customers.

12. Rules 4605 through 4608 of the Commission's Rules concern Gas Purchase Plans and Gas Purchase Reports. The Company states it serves a limited service territory and its prices are limited to a discrete number of available suppliers through over-the-road delivery only. The over-the-road suppliers in turn only forecast their pricing over one-year periods. DMU does not have access to gas markets.

13. Rule 4412 of the Commission's Rules concern the implementation of a Gas Low Income Program. The Company states the vast majority of its customers receive gas service to a second home and estimates that less than 3 percent of its customers use their home as a primary residence. DMU states it has not seen evidence that such a program is necessary within its service territory. To the Company's knowledge, DMU customers have not received LEAP or other assistance from Colorado agencies that support emergency assistance for low-income customers.

14. Rule 4202(a) of the Commission's Rules concern establishing and maintaining tariffs expressed in British thermal units per standard cubic foot. DMU requests to continue to substitute measurements stated in gallons for measures per standard cubic foot. The Company purchases propane gas commodity in liquid form from its suppliers which is converted to a gas for consumption by end users. DMU then converts the gas metered in cubic feet to gallons for purposes of billing and in order to track the commodity purchased with the commodity distributed to its end users. DMU follows propane industry standards of billing in gallons utilizing standard propane conversion factors. The conversion process aids the Company's ability to track inventory and sales.

15. The Commission finds good cause to allow the proposed overall decrease on less-than-statutory notice and shall grant the requested waivers.

II. ORDER

A. The Commission Orders That:

1. The Verified Application filed by Durango Mountain Utilities, LLC (DMU) on October 15, 2019 is deemed complete.

2. The Application filed by DMU for authority to change tariffs on less-than-statutory notice is granted.

3. The request by DMU for waiver of Rules 4002(d); Rule 4604(f), (g), and (h)(IV); 4605 through 4608; 4412; and 4202(a) of 4 *Code of Colorado Regulations* 723-4, is granted.

4. DMU is authorized to file, on not less than two days' notice, the tariff attached as Appendix A and made a part of this Decision. The tariff shall be effective for actual gas sales on or after their effective date of November 1, 2019.

5. 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.

6. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
October 23, 2019.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

JOHN GAVAN

Commissioners

COMMISSIONER FRANCES A. KONCILJA
ABSENT.