

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

PROCEEDING NO. 19L-0543G

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IN THE MATTER OF THE VERIFIED APPLICATION OF BLACK HILLS COLORADO GAS, INC. D/B/A BLACK HILLS ENERGY, FOR AUTHORITY TO REFLECT A DECREASE IN THE BLACK HILLS/COLORADO GAS UTILITY COMPANY, INC. GAS COST ADJUSTMENT TARIFF ON LESS THAN 30 DAYS' NOTICE AND WITHOUT FORMAL HEARING AND MOTION FOR PARTIAL VARIANCE FROM RULE 4604(D).

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**COMMISSION DECISION AUTHORIZING  
DOWNWARD REVISIONS OF GAS RATES**

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Mailed Date: October 25, 2019

Adopted Date: October 23, 2019

**I. BY THE COMMISSION**

**A. Statements, Findings of Fact, Conclusions**

1. On October 8, 2019, Black Hills Colorado Gas Inc., doing business as Black Hills Energy, Successor in Interest to Black Hills/Colorado Gas Utility Company (Black Hills or Company), filed a verified application. Black Hills seeks a Commission order 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 natural gas rates on file with the Commission. The application contains all of the materials required by the applicable Commission Rules and therefore is deemed complete.

2. The proposed tariffs are attached to the application and affect the Company's customers in its Colorado service areas.

3. Black Hills 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) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* 723-4.

4. This application for authority to decrease rates is made pursuant to § 40-3-104(2), C.R.S., and Rules 4602 and 4603.

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

6. The Company obtains its natural gas supply at wholesale for its entire Colorado Service Area from third party spot market suppliers in conjunction with supply made available by Colorado Interstate Gas Company (CIG). CIG transports all of the gas supply.

7. Transportation rates of CIG are regulated by the Federal Energy Regulatory Commission. The Commission has no jurisdiction over the transportation rates of the interstate pipeline companies such as CIG and wholesale rates of suppliers, but we expect the Applicant to negotiate the lowest prices for supplies of natural gas that are consistent with the provisions of the Natural Gas Policy Act of 1978, 15 U.S.C. §§ 3301-3432 and applicable federal regulations.

8. Rule 4602(a) requires that Black Hills revise 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.

9. The commodity price of gas is projected to decrease from the current price of \$2.3770/Dth to a forecasted price of \$2.1082/Dth. The forecasted price is based on information as of September 17, 2019 and a basis differential, based on the current New York Mercantile Exchange gas future strip and a basis differential. The deferred costs will decrease from \$0.0815

to (\$0.3830). For residential, small commercial, small and large volume firm transportation customers the GCA \$/Therm will decrease from \$0.42529 to \$0.29229. For small and large volume interruptible and irrigation customers the GCA in \$/Therm will decrease from \$0.26635 to \$0.22420.

10. The proposed tariffs, attached as Appendix A, will decrease total annual revenues by \$11,662,517.

11. The Company anticipates that the adjustment in the GCAs requested herein will bring future gas cost recovery amounts more closely in line with the predicted future price of gas.

12. Black Hills acknowledges its obligation under Rule 4604 to publish notice of the subject filing within three days after the filing of this application. The filing of this application was or will be brought to the attention of Applicant's affected customers by publication in *The Denver Post*, a newspaper of general circulation in the areas affected.

13. The Company requested a partial waiver of Rule 4604(d) of the Commission's Gas Rules, deferred gas costs included in the GCA calculation are to cover "the most recent period ending June 30, or as otherwise approved by the Commission." The Company proposed to use a 12-month period ending August 31, 2019 for the determination of the deferred gas cost component of the GCA and for the determination of the interest portion of the gas cost component of the GCA.

14. On October 18, 2019, the Company filed a Motion noting that the caption of this proceeding indicated, in error, that GCA rates were increasing when in fact GCA rates are decreasing. The Company requested that the Commission accordingly change the caption of this proceeding.

15. The Commission finds good cause to allow the proposed decreases on less-than-statutory notice, grant the requested partial variance, and grant the Motion to change caption.

## II. ORDER

### A. The Commission Orders That:

1. The application filed by Black Hills Colorado Gas Inc., doing business as Black Hills Energy, Successor in Interest to Black Hills/Colorado Gas Utility Company (Black Hills Energy), is deemed complete.

2. The application filed by Black Hills Energy for authority to change tariffs on less-than-statutory notice is granted.

3. The Motion to change caption filed by Black Hills Energy is granted.

4. Black Hills Energy's request for a partial variance of Rule 4604(d), 4 *Code of Colorado Regulations* 723-4, is granted.

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

6. 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.

7. 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

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean,  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

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JOHN GAVAN

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Commissioners

COMMISSIONER FRANCES A. KONCILJA  
ABSENT.