

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19A-0730G

IN THE MATTER OF THE VERIFIED APPLICATION OF BLACK HILLS COLORADO GAS, INC. FOR A COMMISSION DECISION APPROVING INTERIM GAS DEMAND SIDE MANAGEMENT COST ADJUSTMENTS TO TAKE EFFECT ON JANUARY 15, 2020, MOTION FOR ONE-TIME PARTIAL VARIANCE FROM COMMISSION RULE 4752(D), AND REQUEST FOR SHORTENED NOTICE AND INTERVENTION PERIOD.

**COMMISSION DECISION
GRANTING AMENDED APPLICATION**

Mailed Date: January 8, 2020
Adopted Date: January 8, 2020

I. BY THE COMMISSION

A. Statement

1. On December 20, 2019, Black Hills Colorado Gas, Inc. (successor in interest to Black Hills/Colorado Gas Utility Company, Inc. and Black Hills Gas Distribution, LLC) (BH Colorado Gas or Company), filed an Application for a Commission Decision Approving Interim Gas Demand Side Management Cost Adjustments to take effect on January 15, 2020, and Motion for One-Time Partial Variance from Commission Rule 4752(d) (Application).

2. Within the Application, BH Colorado Gas requests a shortened notice and intervention period of seven days, given the proposed effective date of the Gas Demand Side Management Cost Adjustment (G-DSMCA) of January 15, 2020. Also on December 20, 2019, BH Colorado Gas filed a separate Motion for Approval of Alternative Form of Notice (Motion) that will apply to the tariff changes in the G-DSMCA for the Colorado P.U.C. No. 3 tariffs that the Company seeks to implement pursuant to the Application. Both the shortened notice and

intervention period and the Motion were granted by Decision No. C19-1039-I, effective on December 27, 2019.

3. On January 3, 2020, BH Colorado Gas filed an Amended Verified Application, Motion for One-Time Partial Variance from Commission Rule 4752(d), and Request for Shortened Notice and Intervention Period (Amended Application). The Company's original Application incorrectly requested a one-time partial variance from Rule 4757(i) of the Commission's Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* (CCR) 723-4 in paragraph 15, when the intent was a one-time partial variance from Rule 4752(d), consistent with the rest of the document. The Amended Application corrects this error.

4. This Decision grants the Company's request in its Amended Application of: (a) a revised G-DSMCA to be effective on January 15, 2020; and (b) a one-time partial variance from Commission Rule 4752(d), consistent with the discussion below.

B. Discussion

5. On May 1, 2017, Black Hills/Colorado Gas Utility Company, Inc. and Black Hills Colorado Gas Distribution, LLC filed a combined 2018-2020 Gas Demand Side Management (DSM) Plan Application in Proceeding No. 17A-0272G. The 2018-2020 DSM Plan Application was approved on October 16, 2017 by Decision No. R17-0832 and amended on June 5, 2019 by Decision No. C19-0468.

6. On August 21, 2018, in Proceeding No. 18A-0583G, BH Colorado Gas, Black Hills/Colorado Gas Utility Company, Inc., and Black Hills Gas Distribution, LLC, sought approval of internal transfers to consolidate Black Hills/Colorado Gas Utility Company, Inc. and Black Hills Colorado Gas Distribution, LLC into BH Colorado Gas. The Commission approved

the internal transfers by Decision No. C18-0934, issued October 23, 2018. Following approval of the internal transfers, the Commission granted an interim G-DSMCA filing intended to simplify jurisdiction over the Company's gas utility operations in Colorado and reduce deferred G-DSMCA balances prior to rate consolidation.¹

7. In this Amended Application, BH Colorado Gas seeks approval to reduce the deferred G-DSMCA balance of Black Hills/Colorado Gas Utility Company, Inc. or to continue to "working off" the existing deferred balances. This interim G-DSMCA filing is specifically intended to address the deferred G-DSMCA cost balances pursuant to Rule 4757(i), which states:

If the projected DSM program costs have changed from those used to calculate the currently effective G-DSMCA cost or if a utility's deferred G-DSMCA cost balance increases or decreases sufficiently, the utility may file an application to revise its currently effective G-DSMCA factor to reflect such changes, provided that the resulting change to the G-DSMCA factor equates to a base rate change of at least one cent (\$0.01) per Mcf or Dth.

8. If approved, this filing will decrease the G-DSMCA factor for residential customers from 16.87 percent to -19.98 percent and will decrease the G-DSMCA factor for non-residential customers from 10.68 percent to 0.85 percent beginning January 15, 2020. This change would decrease an average residential customer's monthly bill by \$7.58 (or 16.11 percent), and it would decrease an average small commercial customer's monthly bill by \$3.10 (or 4.38 percent).

9. The proposed G-DSMCA factor seeks to recover: (a) prudently incurred costs of gas DSM programs within the DSM Plan's expenditure target and the 125 percent budget flexibility permitted by Rule 4753(k); and (b) unrecovered deferred G-DSMCA costs. The Company's 2020 DSM budget of \$2,334,800, as approved by Decision No. C19-0468 issued in

¹ Proceeding No. 18A-0917G, Decision No. C19-0144, issued February 6, 2019.

Proceeding No. 17A-0272G, is also incorporated into the G-DSMCA calculation after being abbreviated to approximately \$194,567.

10. The Company also requests a one-time partial variance from Rule 4752(d), which requires the Company to adjust the G-DSMCA for a period of 12 months. Rule 1003(a) of the Commission's Rules of Practice and Procedure, 4 CCR 723-1, states that "[t]he Commission may, for good cause, grant waivers or variances from tariffs, Commission rules, and substantive requirements in Commission decisions."

11. No parties intervened in this proceeding.

C. Conclusion and Findings

12. Approval of the interim G-DSMCA filing will decrease average residential and non-residential monthly bills for the Company's customers. We find good cause to grant the interim G-DSMCA filing, as well as the one-time partial variance from Rule 4752(d).

II. ORDER

A. The Commission Orders That:

1. The Amended Application filed by Black Hills Colorado Gas, Inc. on January 3, 2020 is deemed complete and granted.

2. Pursuant to Rule 1206(1), 4 *Code of Colorado Regulations* (CCR) 723-1 of the Rules of Practice and Procedure and Rule 4109(b)(III), 4 CCR 723-4 of the Rules Regulating Gas Utilities and Pipeline Operators, Black Hills Colorado Gas, Inc. is authorized to file, in a new proceeding and on not less than two business days' notice, the tariffs attached as Schedule 9 to its Application. The tariffs shall become effective January 15, 2020.

3. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for Rehearing, Reargument, or Reconsideration, begins on the first day following the effective date of this Decision.

4. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
January 8, 2020.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JEFFREY P. ACKERMANN

FRANCES A. KONCILJA

JOHN GAVAN

Commissioners