

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20AL-0237G

IN THE MATTER OF ADVICE LETTER NO. 318 OF BLACK HILLS COLORADO GAS, INC. DOING BUSINESS AS BLACK HILLS ENERGY TO REVISE TARIFF NO. 7, THE GAS DEMAND-SIDE MANAGEMENT COST ADJUSTMENT TO BECOME EFFECTIVE ON JULY 1, 2020.

**DECISION REJECTING TARIFF FILING,
WAIVING COMMISSION RULE REQUIREMENTS, AND
CLARIFYING PROCEDURES FOR SUBMITTING NEW
TARIFF SHEETS FOR THE GAS DEMAND-SIDE
MANAGEMENT COST ADJUSTMENT**

Mailed Date: June 8, 2020

Adopted Date: June 3, 2020

I. BY THE COMMISSION

A. Statement

1. This Decision rejects the tariff filing filed by Black Hills Colorado Gas, Inc. (Black Hills or the Company) with Advice Letter No. 318 and clarifies the procedures for the filing of the Company's gas Demand-Side Management Cost Adjustment (DSMCA) pursuant to the findings, conclusions, and directives of Decision Nos. R19-1033 and C20-0372 in Proceeding No. 19AL-0075G.

2. For the purpose of this new tariff filing, the Commission waives the requirements in paragraph (d) of Rule 4752 of the Commission's Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* (CCR) 723-4.

B. Discussion, Findings, and Directives

3. Paragraph (d) of Rule 4752 requires Black Hills to file an advice letter on or before May 31 of each year to adjust its gas DSMCA to be effective July 1 for a period of 12 months.

4. On May 29, 2020, Black Hills filed Advice Letter No. 318 with tariff sheets for its Colorado P.U.C. No. 7 to implement the DSMCA for Black Hills Gas Distribution, LLC. The proposed effective date of the tariffs filed with Advice Letter No. 318 is July 1, 2020.

5. We reject the tariff sheets filed with Advice Letter No. 318. As explained below, the tariffs filed with Advice Letter No. 318 are inconsistent with the Commission approvals and tariff filing directives in Proceeding No. 19AL-0075G.

6. Black Hills commenced Proceeding No. 19AL-0075G with the filing of Advice Letter No. 1 on February 1, 2019. Through Advice Letter No. 1, the Company proposed to consolidate the rates, tariffs, and service offerings of its two predecessor gas utilities: Black Hills/Colorado Gas Utility Company, Inc., the legacy gas utility acquired from Aquila, Inc. (Aquila) in 2008; and Black Hills Gas Distribution, LLC (BHGD), the SourceGas companies acquired in 2016. Black Hills thus sought approval of the rates and tariff sheets within a consolidated Colo. P.U.C. No. 1.

7. With respect to the DSMCA, Black Hills proposed to a statewide DSMCA calculation, with one statewide DSMCA rate for residential customers and one statewide DSMCA rate for commercial customers as shown on proposed Tariff Sheet Nos. 37-39 of Colo. P.U.C. No. 1. Black Hills argued that this treatment was appropriate because there is one consolidated program budget. The Company further stated that any remaining and prior deferred DSM balances should be minimal at the time of new rates becoming effective, and the Company proposed to combine any remaining deferred balances at that time.¹

¹ Revised Direct Testimony of Eric J. Gillen, as corrected, Proceeding No. 19AL-0075G, pp. 34-35.

8. By Decision No. R19-1033, Administrative Law Judge (ALJ) Conor Farley approved the consolidated DSMCA as proposed by Black Hills.²

9. By Decision No. C20-0372, the Commission upheld the approval of the consolidated DSMCA as recommended by ALJ Farley. The Commission also permanently suspended the tariffs filed with Advice Letter No. 1 and required modified rates and tariff sheets within a consolidated Colo. P.U.C. No. 1. The Commission directed Black Hills to file the Colo. P.U.C. No. 1 compliance tariff filing in a separate advice letter proceeding on not less than 21 days' notice.³

10. The DSMCA tariff filing Black Hills submitted under Advice Letter No. 318 on May 29, 2020 to implement a DSMCA in Colorado P.U.C. No. 7 for Black Hills Gas Distribution, LLC is therefore inconsistent with the consolidated DSMCA approved by the Commission in Proceeding No. 19AL-0075G.

11. Black Hills shall file one statewide gas DSMCA rate for residential and one statewide DSMCA rate for commercial customers in the form shown on proposed Tariff Sheet Nos. 37-39 of Colo. P.U.C. No. 1 as part of its compliance tariff filing required by Decision No. C20-0372 in Proceeding No. 19AL-0075G. The proposed effective date of the statewide gas DSMCA tariff sheets shall conform to the directive in Decision No. C20-0372 that the compliance tariff filing be made on not less than 21 days' notice.

12. For the purpose of this new tariff filing, we waive the requirements in paragraph (d) of 4 CCR 723-4-4752.

² Decision No. R19-1033, issued December 27, 2019, Proceeding No. 19AL-0075G, ¶ 364.

³ Decision No. C20-0372, issued May 19, 2020, Proceeding No. 19AL-0075G.

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

1. The tariff pages filed by Black Hills Colorado Gas, Inc. (Black Hills or the Company) with Advice Letter No. 318 on May 29, 2020 are rejected and shall not take effect. Consistent with the discussion above, Black Hills shall file one statewide gas Demand-Side Management Cost Adjustment (DSMCA) pursuant to the findings, conclusions, and directives of Decision Nos. R19-1033 and C20-0372 in Proceeding No. 19AL-0075G.

2. For the purpose of this new tariff filing, the requirements in paragraph (d) of Rule 4752 of the Commission's Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* (CCR) 723-4 are waived.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
June 3, 2020.**

(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

MEGAN M. GILMAN

Commissioners