

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 21I-0076EG

IN THE MATTER OF THE INVESTIGATION INTO THE EXTREME WEATHER EVENT OF
FEBRUARY 13-16, 2021 AND THE PLANNING ACTIVITIES ASSOCIATED WITH THE
EVENT.

**COMMISSION DECISION GRANTING THE MOTION
FOR VARIANCE, IN PART, AND DIRECTING
THE FILING OF ADDITIONAL INFORMATION
IN THE SITUATION REPORTS**

Mailed Date: February 24, 2021

Adopted Date: February 24, 2021

I. BY THE COMMISSION

A. Statement

1. The State of Colorado, as well as much of the central United States, experienced extremely cold weather beginning February 13, 2021. This event resulted in unprecedented natural gas prices that were on the order of \$190 per MMBtu at the Rocky Mountain - Cheyenne Hub and \$150 per MMBtu at the West Texas Permian Basin – Waha Hub.

2. In response to this event, the Commission, on February 17, 2021, issued Decision No. C21-0087 opening this Proceeding and directing Atmos Energy Corporation (Atmos Energy), Black Hills Colorado Gas, LLC and Black Hills Colorado Electric, Inc. (together “Black Hills”), Colorado Natural Gas, Inc. (CNG) and Public Service Company of Colorado (Public Service) to file, on or before February 24, 2021, “Situation Reports” providing the following information:

- a) A discussion of the utility’s forecasts for temperatures and load leading up to the period February 13-16, 2021;
- b) The pricing of natural gas leading up to the period February 13-16, 2021;
- c) The purchases of natural gas executed by the utility to serve projected loads for the period February 13-16, 2021;

d) The role and effectiveness of natural gas hedging activities as they relate to the period February 13-16, 2021; and

e) Any other information that the utility believes the Commission may find helpful in understanding the planning and actions taken as they relate to the extreme weather event of February 13-16, 2021.

3. Atmos Energy, Black Hills and CNG (Joint Movants) on February 19, 2021 filed a joint motion seeking a variance pursuant to Rules 1003 and 1400 of the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* (CCR) 723-1, to extend the deadline for the filing of the Situation Reports to March 10, 2021.

4. The Joint Movants represent that Public Service does not oppose the motion.

5. The Joint Movants request that the Commission waive the response time since the motion is uncontested.

6. We noted, that both Atmos Energy and Public Service made filings with the United States Securities and Exchange Commission (SEC) that address in part the extreme weather event of February 13-16, 2021. In the case of Atmos Energy, the utility in its SEC 8K filing indicated that it had expended between \$2.5 billion and \$3.5 billion for the purchase of natural gas to serve its gas customers in Colorado, Texas, and Kansas during the extreme weather event. Public Service, in its SEC 10K filing, indicated that it had expended roughly \$650 million for the purchase of natural gas to serve its electric and gas customers in Colorado.

7. Considering that more detailed information appears to now be or soon will be available, it is appropriate to provide the utilities additional time to prepare the Situation Reports. In addition, considering the magnitude of the utilities expenditures, it remains urgent for the Commission to receive details on this event including additional information that will assist the it determining the best path forward. To that end, the Commission requests reporting of the following information, including the information requested in Decision No. C21-0087:

- a) A discussion of the utility's forecasts for temperatures and load leading up to the period February 13-16, 2021;
- b) A discussion of the pricing of natural gas leading up to the period February 13-16, 2021;
- c) Details of the purchases of natural gas executed by the utility to serve projected loads for the period February 13-16, 2021;
- d) An assessment of the role and effectiveness of natural gas hedging activities as they relate to the period February 13-16, 2021;
- e) A discussion of the level or amount of hedged gas that was budgeted to serve customers over the period February 13-16, 2021 and the actual amount of hedged gas that was used to serve customers over the same period;
- f) A discussion of the utility's policy regarding gas reserves and an explanation regarding under what circumstances gas reserves are intended to be used, and when, since 2006, the utility has used its gas reserves;
- g) Details regarding the amount of natural gas the utility had contracted prior to February 8, 2021, to serve load over the period February 13-16, 2021;
- h) Details regarding the amount of natural gas the utility had in storage prior to February 8, 2021, to serve load over the period February 13-16, 2021;
- i) Details regarding the utility's forecast of temperatures and gas needs including reserves for the long weekend of February 13-15, 2021 each of the five days leading up to the weekend;
- j) Details regarding time of purchase, counter-party, amount, delivery point, delivery timeframe and cost for each purchase of incremental natural gas executed the week of February 8-12, 2021;
- k) Details regarding the gas price quotes received by the utility throughout the day of February 12, 2021;
- l) A detailed description of the management review process involved in approving gas purchases and storage used for the February 13-16, 2021 period;
- m) Estimates of the total cost of the incremental purchases and the impact of the event to the average residential and the average small commercial customer;
- n) A discussion of whether interruptible or curtailable customers were directed to interrupt or curtail load in order to reduce consumption over the weekend of February 13-16 and an estimate of the reduced gas consumption realized; and, if the utility did not direct interruptible or curtailable customers to interrupt or curtail load, explain why not;

o) A discussion of whether the utility issued any calls or requests to customers for conservation in order to reduce natural gas needs over the period February 13-16, 2021; and if the utility did issue such calls or requests, please describe these requests or notices in detail;

p) A discussion of whether the utility developed any estimate of the range of potential reductions that could be reasonably achieved through calls or requests for conservation;

q) A discussion of whether the utility purchase of incremental natural gas to serve load over the period February 13-16, 2021 resulted in excess or unconsumed gas in the system that could be sold to other utilities seeking natural gas or electricity during a later period;

r) Details regarding the sale of either natural gas or electricity to other entities over the period February 13-16, 2021 or the week following providing details of those transactions including counter-party, time of delivery, amount, sale price, and delivery point;

s) A discussion of whether the utility has acquired or plans to acquire incremental debt or equity to fund the expenses incurred to purchase natural gas for the period February 13-16, 2021;

t) A discussion of the utility's proposed procedural process for proceeding with consideration for recovery of the extraordinary gas costs; and

u) Any additional information that the utility believes the Commission may find helpful in understanding the planning and actions taken as they relate to the extreme weather event of February 13-16, 2021.

8. The Commission further directs Public Service to include the above information for its steam business.

9. The Commission also seeks on a voluntary basis information from non-regulated utilities providing gas or electric service in Colorado regarding impacts of the extreme weather event, actions taken, and other information these utilities would be willing to share.

II. ORDER

A. The Commission Orders That:

1. The request to waive response time to the motion is granted.

2. The motion for variance is granted, in part, extending the deadline for the filing of situation reports on or before March 5, 2021.

3. Each of the aforementioned utilities are directed to prepare and file, on or before March 5, 2021, a report in this Proceeding responsive to the discussion above that is inclusive of the reporting detailed in Decision No. C21-0087.

4. Non-regulated utilities providing gas or electric service in Colorado are invited to provide on a voluntary basis information regarding impacts of the extreme weather event, actions taken, and other information these utilities would be willing to share.

5. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 24, 2021.**

(S E A L)



ATTEST: A TRUE COPY

Doug Dean

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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JOHN GAVAN

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Commissioners