

Decision No. C25-0526

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0247FG

IN THE MATTER OF THE VERIFIED APPLICATION OF BLACK HILLS COLORADO GAS, INC., DOING BUSINESS AS BLACK HILLS ENERGY, FOR AN ORDER GRANTING TO IT A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXERCISE NATURAL GAS FRANCHISE RIGHTS IN THE TOWN OF WELLINGTON, COLORADO.

**COMMISSION DECISION DEEMING APPLICATION
COMPLETE AND GRANTING APPLICATION**

Issued Date: July 18, 2025

Adopted Date: July 9, 2025

I. BY THE COMMISSION

A. Statement

1. This matter comes before the Commission for consideration of an Application filed by Black Hills Colorado Gas, Inc. (“Black Hills” or the “Company”) on June 3, 2025, for a Certificate of Public Convenience and Necessity (“CPCN”) to exercise franchise rights in the Town of Wellington, Larimer County, Colorado (“Wellington” or the “Town”).

2. The Commission provided notice of this Application on June 4, 2025, to all interested persons, firms, and corporations. No petition to intervene or notice of intervention has been filed, and thus the Application is uncontested. Accordingly, the Application will be determined without a formal hearing in accordance with § 40-6-109(5), C.R.S., and Rule 1403, 4 *Code of Colorado Regulations* (“CCR”) 723-1 of the Commission’s Rules of Practice and Procedure.

3. Black Hills is engaged in, inter alia, the sale, distribution, and transportation of natural gas service in its certificated areas in the State of Colorado. The Town is located within such certificated areas.

4. Black Hills requests the Commission issue a Decision granting it a CPCN to exercise franchise rights in Wellington. Pursuant to Ordinance No. 02-2025, adopted April 8, 2025, the Town granted Black Hills a 20-year franchise to provide natural gas service within Wellington, that will take effect on the first day of the month following approval by the Commission.

5. A previous franchise was granted by the Town pursuant to an Ordinance No. 2-1952 that was adopted by the Town on August 12, 1952. On June 6, 1954, the Commission, in Decision 42814, Application No. 12934, granted Black Hills predecessor, Rocky Mountain Natural Gas, Inc., a CPCN to exercise franchise rights as described in the Ordinance. A new franchise for a period of 10 years was granted to Rocky Mountain Natural Gas, Inc. by Ordinance No. 11-1979.

6. Subsequent to the expiration of the above franchise, Black Hills predecessors were unable to negotiate a new franchise. The Town, through Ordinance No. 12-1991, effective December 12, 1991, placed an occupational tax on gas companies operating in the Town.

7. A utility wishing to exercise any franchise agreement or privileges entered into with a municipality must obtain a CPCN from the Commission pursuant to § 40-5-102, C.R.S. When the municipality and utility enter into a franchise agreement, that agreement must be submitted to the Commission for approval. See § 40-5-102, C.R.S. Such applications allow the Commission to review franchise agreements to ensure that the terms are reasonable and in the public interest.

8. The Commission understands the utility and the municipality may want to revise the terms established in a franchise agreement at some point in the future and that existing franchise agreements have scheduled expiration dates. Upon negotiation of a new or amended franchise agreement, the utility shall return to the Commission in a timely manner to obtain authorization to implement the provisions of the new franchise agreement. In the event that this franchise is not renewed at the expiration of its term or is terminated for any reason, the Company is directed to notify the Commission in a timely manner.

9. According to the franchise agreement, as consideration for the franchise rights granted and in recognition of Black Hills' right to use the Town streets, the Town requires Black Hills to collect and remit to the Town a franchise fee equal to three percent gross receipts derived from the sale, distribution or transportation of natural gas within the Town, excluding revenues received from the Town for the sale of natural gas service to the Town. The franchise fee is in lieu of the occupational tax.

10. No other utility is authorized to provide natural gas utility service within the areas for which Black Hills seeks a certificate in this application.

11. We find the franchise is required by public convenience and necessity and the terms of the franchise agreement are just, reasonable, and in the public interest. However, in the event that issues of revenue requirement, cost allocation, and rate design are implicated by any provision of the franchise agreement, those issues will be analyzed in an appropriate Commission proceeding. Approval of the franchise agreement does not constitute approval of, or precedent regarding any principle or issue in revenue requirement, cost allocation, or rate design in any natural gas adjustment, refund, or rate case proceedings.

12. Black Hills, and its predecessors, have provided gas service in the Town since 1954, subject to a relevant franchise agreement, or occupational tax. Because the areas encompassed by the above-referenced franchises are currently served by Black Hills, the Company is not required to provide a feasibility study for each area as set forth in Rule 4100(b)(VI), 4 CCR 723-4 of the Commission's Rules Regulating Gas Utilities.

13. We find that Black Hills has the financial ability and is qualified and competent to conduct the utility operations sought under its application.

14. Black Hills' natural gas service tariffs, currently on file with the Commission, will be used for service under this application.

15. Providing uninterrupted service to the residents of Wellington is in the public interest. Therefore, the Commission finds that the application is in the public interest and should be granted.

II. ORDER

A. The Commission Orders That:

1. The Application filed by Black Hills Colorado Gas, Inc., for a Certificate of Public Convenience and Necessity ("CPCN") to exercise franchise rights pursuant to Ordinance No. 02-2025 in the Town of Wellington is deemed complete and granted.

2. The grant of the CPCN to operate under the terms of this franchise agreement is in the public interest and in accordance with the terms of § 40-5-102, C.R.S.

3. The franchise shall remain in effect for a period of 20 years and become effective on the first day of the month following Commission approval.

4. The 20-day time period provided by § 40-6-114(1), C.R.S., to file an Application for Rehearing, Reargument, or Reconsideration shall begin on the first day after the Commission mails this Decision.

5. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' DELIBERATIONS MEETING
July 9, 2025.**

(S E A L)



ATTEST: A TRUE COPY

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

TOM PLANT

Commissioners

Rebecca E. White,
Director

COMMISSIONER MEGAN M. GILMAN
ABSENT