

Decision No. R25-0361

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0050SG

IN THE MATTER OF THE APPLICATION OF COLORADO NATURAL GAS, INC. FOR AN ORDER AUTHORIZING A STOCK PLEDGE, DEBT REFINANCE AND CORPORATE REORGANIZATION PURSUANT TO SECTION 40-1-104, C.R.S. AND SECTION 40-5-105, C.R.S.

**RECOMMENDED DECISION
VACATING HEARING
AND CLOSING PROCEEDING**

Issued Date: May 13, 2025

I. STATEMENT

1. On January 21, 2025, Colorado Natural Gas, Inc. ("CNG" or the "Company") filed an application for an order authorizing a stock pledge, debt refinance, and corporate reorganization pursuant to §§ 40-1-104 and 40-5-105, C.R.S. ("Application"). CNG states in the Application that its parent intends to refinance its debt in the second quarter of 2025. The proposed refinancing is meant to extend debt maturities and to take advantage of lower interest rates. However, to accomplish the refinancing, corporate restructuring is required.

2. CNG explains that, in 2019 in Proceeding No. 19A-0070SG, the Commission approved CNG's application for both the formation of Summit LDC, LLC ("Summit LDC") as a subsidiary of Summit Utilities, Inc. ("Summit") and the pledge of CNG's stock to Summit LDC to be used as collateral for debt. After Commission approval of that previous application, CNG's debt was extinguished with an equity infusion and CNG's capital structure became 100 percent equity.

3. Through its instant Application, CNG seeks to accomplish a proposed refinancing upon Summit LDC becoming a wholly owned subsidiary of Summit Utilities Holdings, LLC (“SUH”), another wholly owned subsidiary of Summit created in 2022. Summit LDC will pledge its capital stock in CNG to SUH, and Summit LDC will become a wholly-owned subsidiary of SUH. The pledge will be used to secure long-term debt through the issuance of private placement notes and will retire the existing credit facility that was approved by the Commission in Proceeding No. 22A-0153SG.

4. According to the Application, the term of the new private placement(s) will range between 5 and 30 years. Summit LDC will also seek a credit rating by one or more rating agencies to improve the pricing of the debt. SUH will further execute a new Master Credit Facility which will be secured by SUH's equity interest in Summit LDC. CNG explains that the new structure will result in reduced transaction and administrative costs associated with managing multiple credit facilities. Summit LDC also intends to reduce its cost of debt by proactively reducing credit spreads, which are likely to be of benefit to customers in the context of the upcoming rate case that the Company has committed to file in 2026 in Proceeding No. 24A-0500G.

5. CNG states in its Application that the proposed changes "will not significantly change the Company's financial status." CNG goes on to state that the benefits of the proposed refinancing will not be offset by any adverse factors. For instance, the Company would not pledge any of its utility plant assets in support of Summit LDC 's proposed financing and there would be no change in the Company's operations or personnel. CNG further concludes that the refinancing will not diminish the Commission's ability to establish an appropriate capital structure in the Company's next rate case.

6. CNG requested that this matter be resolved by the Commission "as close as possible" within 30 days as provided for in § 40-1-104(5), C.R.S., for financing. CNG also states in its Application: "The Company recognizes that Section 40-1-104(5), C.R.S. applies to financing requests, not reorganizations, but because the financing arrangement depends on the reorganization, it requests approval of both the reorganization and financing within the statutory 30-days for financings."

7. On January 30, 2025, by Decision No. C25-0067-I, the Commission gave notice of the Application and set an intervention period.

8. On February 6, 2025, the Utility Consumer Advocate ("UCA") filed its Notice of Intervention as a Matter of Right, request for hearing and Entry of Appearance. UCA listed several issues that they believe require review

9. On February 21, 2025, Trial Staff of the Public Utility Commission ("Trial Staff") filed its Notice of Intervention as of Right, Entry of Appearance and Notice Pursuant to Rule 1007(a) and Rule 1401, and Request for Hearing.

10. On March 25, 2025, by Decision No. R25-0212-I, the time for a Commission decision was extended and a procedural schedule was adopted. The procedural schedule called for an evidentiary hearing on July 22 and 23, 2025.

II. WITHDRAW OF APPLICATION

11. On May 7, 2025, CNG filed its Notice of Withdrawal of Application ("Notice"). In the Notice, CNG states it no longer wishes to pursue the application and is providing notice to all parties and the Commission that it withdraws the application.

12. The Notice is prior to 45 days before the scheduled hearing therefore CNG may withdraw the application pursuant Commission Rule 1309(d).

13. The evidentiary hearing scheduled for July 22 and 23, 2025, shall be vacated.

III. ORDER

It is Ordered That:

1. The withdraw of the application for an order authorizing a stock pledge, debt refinance, and corporate reorganization pursuant to §§ 40-1-104 and 40-5-105, C.R.S. filed by Colorado Natural Gas on January 21, 2025, is acknowledged.

2. The evidentiary hearing scheduled for July 22 and 23, 2025, is vacated.

3. Proceeding No. 25A-0050SG is closed.

4. This Recommended Decision shall be effective on the day it becomes the Decision of the Commission, if that is the case, and is entered as of the date above.

5. As provided by § 40-6-106, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

6. Responses to exceptions shall be due within seven calendar days from the filing of exceptions.

- a. If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the recommended decision is stayed by the Commission upon its own motion, the recommended decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S.

- b. If a party seeks to amend, modify, annul, or reverse a basic finding of fact in its exceptions, that party must request and pay for a transcript to be filed, or the parties may stipulate to portions of the transcript according to the procedure stated in § 40-6-113, C.R.S. If no transcript or stipulation is filed, the Commission is bound by the facts set out by the administrative law judge; and the parties cannot challenge these facts. This will limit what the Commission can review if exceptions are filed.

7. If exceptions to this Recommended Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ROBERT I. GARVEY

Administrative Law Judge

ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Rebecca E. White".

Rebecca E. White,
Director