

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 14A-0251G

IN THE MATTER OF THE APPLICATION OF SOURCEGAS DISTRIBUTION LLC
AUTHORIZING IT TO REVISE ITS GAS COST ADJUSTMENT FOR THE WESTERN
SLOPE GAS COST ADJUSTMENT RATE AREA TO BE EFFECTIVE JUNE 1, 2014.

**COMMISSION DECISION AUTHORIZING
UPWARD REVISION OF GAS RATES**

Mailed Date: May 22, 2014
Adopted Date: May 21, 2014

I. BY THE COMMISSION

A. Statements

1. On March 19, 2014, SourceGas Distribution, LLC (SourceGas or Applicant) filed a verified application requesting a Commission decision authorizing it to place into effect on June 1, 2014, a tariff resulting in an overall increase to its existing natural gas rates on file with the Commission for its Western Slope gas cost adjustment (GCA) Rate Area.

2. The Commission provided notice of this application on March 25, 2014, to all interested persons, firms, and corporations. No petition to intervene or notice of intervention has been filed, and thus the application is uncontested. As such, the application will be determined without a formal hearing in accordance with § 40-6-109(5), C.R.S., and Rule 1403 of the Rules of Practice and Procedure, 4 *Code of Colorado Regulations* (CCR) 723-1.

3. The proposed tariff reflects a requested increase in total projected gas costs for the Western Slope GCA Rate Area as compared to the rates currently in effect.

4. SourceGas acknowledges that it has read and agrees to abide by the provisions of Rules 4002(b)(IV) through (VI) and Rules 4002(b)(XI)(A) through (C) of the Rules Regulating Gas Utilities and Pipeline Operators, 4 CCR 723-4.

5. This application for authority to change an existing tariff is made pursuant to § 40-3-104(2), C.R.S., and Rule 4602(b).

B. Findings of Fact

6. The Applicant is an operating public utility subject to the jurisdiction of this Commission and is engaged in, *inter alia*, the purchase, distribution, transportation, and sale of natural gas for domestic, mechanical, or public uses in its five GCA Rate areas in the State of Colorado. The only rate area affected by this application is those customers in the SourceGas Western Slope GCA Rate Area.

7. The Applicant obtains its natural gas requirements from a variety of suppliers. Each of the SourceGas GCA rate areas is connected to a pipeline supplier for delivery of its gas purchases through transport agreements. SourceGas' Western Slope rate area requirements are met from supply sources that are connected to Rocky Mountain Natural Gas LLC (RMNG) and are delivered to SourceGas by RMNG.

8. Transportation service provided by RMNG is regulated by this Commission.

9. The Commission expects the Applicant to negotiate the lowest prices for supplies of natural gas that are consistent with the provisions of the Natural Gas Policy Act of 1978, 15 U.S.C. §§ 3301-3432 (Public Law 95-621) and applicable federal regulations.

10. Rule 4603(c) allows SourceGas to revise its GCA rates “[i]f the projected gas costs have changed from those used to calculate the currently effective gas cost...provided that the resulting change to the GCA equates to at least one cent (\$0.01) per Mcf or Dth.”

11. The primary purpose of the revisions of the Applicant's gas rates is to effectuate an increase in the level of projected natural gas costs for Western Slope gas purchases based on prices to be in effect June 1, 2014 through October 31, 2014, applied to normalized forecasted purchase and sales volumes during the same period.

12. The proposed tariff, attached as Appendix A, will increase total annual revenues by \$12,237,167 which is an overall increase of 11.2 percent on an average residential customer.

13. The Commission finds good cause to allow the proposed increase.

II. ORDER

A. The Commission Orders That:

1. The verified application filed by SourceGas Distribution LLC (SourceGas) is deemed complete.

2. The application by SourceGas for authority to change the Western Slope Gas Cost Adjustment tariff is granted.

3. SourceGas is authorized to file, on not less than two days' notice, the tariff attached as Appendix A is made a part of this Decision. The tariff shall be effective for actual gas sales on or after their effective date of June 1, 2014.

4. The 20-day time period provided by § 40-6-114, C.R.S., to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the effective date of this Decision.

5. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 21, 2014.**

(S E A L)



ATTEST: A TRUE COPY

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

JOSHUA B. EPEL

GLENN A. VAAD

Commissioners

COMMISSIONER PAMELA J. PATTON
ABSENT.