

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 19L-0545G

IN THE MATTER OF THE VERIFIED APPLICATION OF BLACK HILLS COLORADO GAS, INC. D/B/A BLACK HILLS ENERGY FOR AUTHORITY TO REFLECT A CHANGE IN THE BLACK HILLS GAS DISTRIBUTION, LLC GAS COST ADJUSTMENT TARIFF ON LESS THAN 30 DAYS' NOTICE AND WITHOUT FORMAL HEARING AND MOTION FOR PARTIAL VARIANCE FROM RULE 4606(D).

**COMMISSION DECISION AUTHORIZING
REVISIONS OF GAS RATES ON
LESS-THAN-STATUTORY NOTICE**

Mailed Date: October 25, 2019
Adopted Date: October 23, 2019

I. BY THE COMMISSION

A. Statements

1. On October 8, 2019, Black Hills Colorado Gas, Inc., doing business as Black Hills Energy (successor in interest to Black Hills Gas Distribution, LLC), referred to here as “BH Colorado Gas” or the “Company”, filed a verified application. The Company seeks a Commission decision authorizing it, on less-than-statutory notice, to place into effect on November 1, 2019, tariffs resulting in a decrease to its existing natural gas rates on file with the Commission for BH Colorado Gas. The application also requests a partial waiver of Rule 4604(d) of the Commission’s Rules Regulating Gas Utilities and Pipeline Operators, 4 *Code of Colorado Regulations* (CCR) 723-4. The application also modifies the fuel reimbursement quantities applicable to base rate area 1 and base rate area 2 transportation service. The application contains all of the materials required by the Commission’s Rules and therefore is deemed complete.

2. The proposed tariffs are attached to the Application and affect the Company's customers in its Gas Cost Adjustment (GCA) Rate Areas, namely North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern. Western Slope and North Central GCA Rate Areas are in BH Colorado Gas' Base Rate Area 1. North Eastern, Arkansas Valley, and Southwestern GCA Rate Areas are in BH Colorado Gas' Base Rate Area 2.

3. BH Colorado Gas 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.

4. This application for authority to decrease rates is made pursuant to § 40-3-104(2), C.R.S., and Rule 4109(b)(II).

B. Findings of Fact

5. The Company is an operating public utility subject to the jurisdiction of this Commission and is engaged, *inter alia* in the purchase, distribution, transportation, and sale of natural gas for domestic, mechanical, or public uses in various certificated areas within the State of Colorado.

6. The Company's natural gas requirements are purchased from various suppliers and are subsequently transported for delivery by various interconnecting pipelines to BH Colorado Gas distribution locations. The Commission has no jurisdiction over the wholesale rates of suppliers, but it expects the Company 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.

7. Pipeline delivery services to customers in the North Eastern GCA Rate Area are provided by Tallgrass Interstate Gas Transmission, LLC (Tallgrass). Pipeline delivery services to customers in the Arkansas Valley GCA Rate Area are provided by Colorado Interstate Gas Company (CIG). Pipeline delivery services provided by Tallgrass and CIG and their transportation rates are regulated by the Federal Energy Regulatory Commission. The Commission has no jurisdiction over the transportation rates of interstate pipeline companies.

8. Pipeline delivery services to the Western Slope GCA Rate Area are provided by Rocky Mountain Natural Gas LLC (Rocky Mountain). Pipeline delivery services to the North Central and Southwestern GCA Rate Areas are provided by Public Service Company of Colorado (PSCo). Pipeline delivery services provided by Rocky Mountain and PSCo are regulated by this Commission.

9. Rule 4602(a) requires that BH Colorado Gas revise its GCA rates to be effective on November 1 of each year. The instant filing is intended to comply with this requirement.

10. The purpose of the downward revision of the Company's gas rates is to adjust BH Colorado Gas' rates for General Resale Natural Gas Service, effective November 1, 2019 in an amount per Therm which reflects decreases in the Company's total projected gas costs as well as a minor change to pipeline transportation charges for the upcoming GCA period, and to adjust the Fuel Reimbursement Quantity Percentage.

11. The proposed tariffs will decrease total annual revenues by \$10,485,901. The proposed tariffs are attached to this Decision as Appendix A.

12. The following table summarizes the current and proposed GCA rate for each GCA rate zone:

GCA Rate:	<u>Current (\$/Therm)</u>	<u>Proposed</u>
North Eastern	<u>\$0.4814</u>	<u>\$0.4391</u>
Western Slope (without storage)	<u>\$0.6037</u>	<u>\$0.5265</u>
Western Slope (with storage)	<u>\$0.6650</u>	<u>\$0.5773</u>
North Central	<u>\$0.5890</u>	<u>\$0.4416</u>
Arkansas Valley	<u>\$0.4146</u>	<u>\$0.3607</u>
Southwestern	<u>\$0.5951</u>	<u>\$0.5555</u>

13. The Company anticipates that the adjustment in the GCAs requested herein will bring future gas cost recovery amounts more closely in line with the predicted future price of gas.

14. The Company also seeks to decrease the Transportation Rate Adjustment applicable to the North Eastern Colorado Distribution Transportation Service Rate Schedules from \$0.0341 per therm to \$0.0282 per therm, and to decrease the GT-1 Rate Adjustment applicable to the Arkansas Valley Distribution Transportation Service Rate Schedule from \$0.0069 per therm to \$0.0060 per therm.

15. The Company is increasing the Fuel Reimbursement Quantity applicable to Base Rate Area 1 from 0.66 percent to 0.82 percent and increasing the Fuel Reimbursement Quantity applicable to Base Rate Area 2 from 1.47 percent to 2.68 percent.

16. The Company acknowledges its obligation under Rule 4604 to publish notice of the subject filing within three days after the filing of this Application or on the established publication date if the newspaper is a weekly publication. Pursuant to the requirements of Rule 1206(f)(I), Rules of Practice and Procedure 4 CCR 723-1, the filing of this Application has

been brought to the attention of Applicant's affected customers by publication in *The Denver Post*, a newspaper of general circulation in the areas affected.

17. The Company requested a partial waiver of Rule 4604(d) of the Commission's Gas Rules, deferred gas costs included in the GCA calculation are to cover "the most recent period ending June 30, or as otherwise approved by the Commission." The Company proposed to use a 12-month period ending August 31, 2019 for the determination of the deferred gas cost component of the GCA and for the determination of the interest portion of the gas cost component of the GCA.

18. The Company has historically requested a partial variance from Rule 4604(d) to allow them to shift the year of deferral from July through June to September through August. The Company requested that the Commission grant a variance from the referenced rule to permit calculation of the GCA as proposed herein. The Commission has historically found good cause to do so, as using more current information helps to prevent too large a balance of deferred account activity from building up, and a large deferred account balance can lead to instability in these GCA rates.

17. The Commission finds good cause to allow the proposed decreases in GCA rates, decreases in transportation rates, and changes in Fuel Reimbursement Quantities and to grant the partial variance on less-than-statutory notice.

II. ORDER

A. The Commission Orders That:

1. The application filed by Black Hills Colorado Gas, Inc., doing business as Black Hills Energy (successor in interest to Black Hills Gas Distribution, LLC), referred to here as "Black Hills Energy" is deemed complete.

2. The application filed by Black Hills Energy for authority to change tariffs on less-than-statutory notice is granted.

3. Black Hills Energy’s request for a partial variance of Rule 4604(d), 4 *Code of Colorado Regulations* 723-4, is granted.

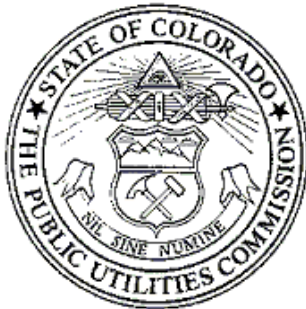
4. Black Hills Energy is authorized to file, on not less than two days’ notice, the tariffs attached as Appendix A and made a part of this Decision. These tariffs shall be effective for actual gas sales on or after their effective date of November 1, 2019.

5. 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.

6. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS’ WEEKLY MEETING
October 23, 2019.**

(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

Commissioners

COMMISSIONER FRANCES A. KONCILJA
ABSENT.