

Decision No. C25-0340

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24M-0062G

IN THE MATTER OF THE GAS INFRASTRUCTURE PLAN OF BLACK HILLS COLORADO GAS, INC. FILED PURSUANT TO 4 CODE OF COLORADO REGULATIONS 723-4-4552 OF THE COMMISSION'S RULES REGULATING GAS UTILITIES.

**COMMISSION DECISION ADDRESSING GAS
INFRASTRUCTURE PLAN, COMMENTS, AND
ADVISORY STAFF REPORT, AND PROVIDING
GUIDANCE FOR FUTURE GAS INFRASTRUCTURE
PLAN FILINGS**

Issued Date: May 1, 2025

Adopted Date: April 9, 2025

I. BY THE COMMISSION

A. Statement

1. On March 1, 2024, Black Hills Colorado Gas Inc., (“Black Hills” or “the Company”) filed its initial Gas Infrastructure Plan (“GIP”). Black Hills made the filing consistent with provisions in the Commission’s Rules Regulating Gas Utilities, 4 *Code of Colorado Regulations* (“CCR”) 723-4-4550 to 4555 (“Gas Infrastructure Planning Rules”), that require the filing of gas infrastructure plans (“GIPs”) as part of the Commission’s updated regulatory framework for gas utilities, adopted through Proceeding No. 21R-0449G.

2. By this Decision, consistent with Rule 4552(b)(V), 4 CCR 723-4, we address the Company’s filed GIP, the methods and processes the utility used in formulating the GIP, and provide guidance to be used in the preparation of future GIP filings required pursuant to Rule 4552(d), 4 CCR 723-4.

B. Procedural History

3. Black Hills filed its GIP on March 1, 2024. Through Decision No. C24-0260, issued April 22, 2024, the Commission opened this Proceeding, established a Notice and Intervention period ending May 10, 2024, and set procedural deadlines.

4. Following the notice and intervention period, through Decision No. C24-0361-I, the Commission acknowledged that the parties to this Proceeding are Black Hills, Trial Staff of the Commission (“Trial Staff”), the Colorado Office of the Utility Consumer Advocate (“UCA”), and the Colorado Energy Office (“CEO”).

5. Initial comments to the Company’s GIP were filed by UCA and CEO on or before September 3, 2024, and responsive comments were filed by Black Hills on October 2, 2024.

6. In accordance with the Commission’s directives in Decision No. C24-0260, Advisory Staff conducted a workshop on Black Hills’ GIP on September 17, 2024. Following the initial and responsive comment deadlines and the workshop, Advisory Staff filed a report with recommendations on the Company’s GIP into this Proceeding on November 25, 2024. Comments on the Advisory Staff report were due on January 9, 2025, and comments were timely filed by Black Hills, UCA, and CEO.

7. Additionally, a public comment hearing was held in this Proceeding on September 3, 2024, from 11:30 a.m. to 1:30 p.m. and 4:00 p.m. to 6:00 pm.

C. Findings and Conclusions

8. Rule 4552(c) allows utilities to file initial GIPs in miscellaneous proceedings that are not fully adjudicatory, in accordance with the procedures set forth in Rule 4552(b). Notably, the Gas Infrastructure Rules allow Black Hills to file its next GIP in a miscellaneous proceeding that will also not be fully adjudicatory and will instead be governed

by the specific procedures set forth in Rule 4552(b). These initial GIPs are intended to be informational and to allow stakeholders and the Commission to better understand the current gas system, and along with the utilities, to gain additional insights into system planning, forecasting, and possible project alternatives and investments. Additionally, the initial GIP filings should make meaningful progress towards preparing for fully adjudicated GIP filings. We agree with Black Hills, the other parties, and Advisory Staff that the thoughtful engagement in this initial GIP proceeding has provided significant insight into Black Hills' system and planning processes, while critical identifying areas for improvement in future GIP filings. It is clear that additional improvements are needed to fulfill the objective of the GIP to allow the Commission to exercise appropriate oversight to ensure infrastructure and capital project planning are in the public interest, some of which may be achieved through the rules or process improvement identified by Advisory Staff and some of which can be achieved through proper compliance with directives already contained in the Rules. We appreciate the Parties' efforts in this Proceeding and their willingness to share expertise as the Commission, stakeholders, and utilities adjust to the planning processes required under our rules.

9. The report prepared by Advisory Staff includes a thorough review of the Company's GIP, comments filed by the parties, and information discussed during the workshop. As the report acknowledges and Black Hills argues in further responsive comments, many of Advisory Staff's recommendations would be appropriate for consideration in a future rulemaking. While we appreciate the discussion of possible rule changes in this Miscellaneous Proceeding, we generally decline to opine on those recommendations here.

10. Other recommendations of Advisory Staff focus on compliance with the current Gas Infrastructure Planning rules. For example, the report concluded that Black Hills should

submit a forecast that is compliant with the Commission's rules. The Commission strongly encourages Black Hills to fully consider all the recommendations on current rule compliance as it continues to work with stakeholders and refine its gas infrastructure planning processes and GIP filings, and we appreciate Black Hills' commitment to refine its forecasting in future GIP filings. Compliance with the current rules, including rules on forecasting and alternatives analyses, is essential for identifying and verifying system needs and for enabling real consideration of cost-effective alternatives to infrastructure. This serves the interests of the ratepayers and the interests of the Company which periodically seeks cost recovery for its prudent capital spending. As part of the underlying assumptions necessary to prepare its next GIP filing, we also encourage Black Hills to incorporate expected climate change impacts in its design day methodology. The Company should utilize the next non-adjudicated filing to advance its filings and the underlying methodologies and calculations to comply with the rules and to better match the expressed expectations of the Commission and stakeholders.

11. Additionally, we request that the Company include in its next GIP filing a total and residential rate impact analysis for each year of the gas infrastructure plan total period. This, coupled with the requirement in Rule 4553(a)(IV)(B) to provide the projected total annual capital investment, will aid the Commission's understanding of Black Hills' overall capital planning process and the associated ratepayer impact.

II. ORDER

A. The Commission Orders That:

1. Consistent with the discussion above, Black Hills Colorado Gas Inc., is encouraged to follow the guidance in this Decision when preparing its 2026 Gas Infrastructure Plan.

2. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
April 9, 2025.**

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ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners