

Decision No. C25-0010

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24A-0500G

IN THE MATTER OF THE APPLICATION OF COLORADO NATURAL GAS, INC. FOR APPROVAL OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR A DISTRIBUTION MAINLINE IN ITS PUEBLO WEST SERVICE TERRITORY AND FOR SHORTENED NOTICE.

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

Issued Date: January 7, 2025
Adopted Date: December 18, 2024

I. BY THE COMMISSION

A. Statement

1. On November 18, 2024, Colorado Natural Gas, Inc. (“CNG” or the “Company”) filed an Application for approval of Certificate of Public Convenience and Necessity (“CPCN”) for a distribution mainline in the County of Pueblo, Colorado. The new facility is intended to provide additional natural gas utility service to Grupo Cementos de Chihuahua of America, Inc. (“GCC”).

2. By this Decision, the Commission grants the Application. As a formality, we also acknowledge the notices of interventions of right filed by Trial Staff of the Colorado Public Utilities Commission (“Trial Staff”) and the Colorado Office of the Utility Consumer Advocate (“UCA”).

B. Discussion

3. CNG explains in the Application that GCC is an existing customer that currently uses natural gas for limited purposes. The GCC cement facility has historically relied on coal and tire-derived fuel to heat its manufacturing kiln instead of natural gas. GCC seeks to add natural gas to the mix of available fuels for the kiln. Use of natural gas instead of coal is further a component of GCC's Greenhouse Gas Emissions and Energy Management Compliance Action Plan to meet an emission reduction target of approximately 30 percent by 2030 in accordance with requirements set by the Colorado Department of Public Health and Environment.

4. CNG explains that its existing distribution system is inadequate to deliver the increased natural gas volumes GCC needs to fuel the kiln. To provide such additional throughput capacity, it is necessary for CNG to construct a new distribution main interconnected to a different upstream pipeline. The new interconnection will be with Colorado Interstate Gas, L.L.C. ("CIG") at the Aguilar lateral. The distribution mainline will pass through unserved areas between the CIG tap and the customer's location.

5. CNG had filed a Petition for Declaratory Order in February 2024 in Proceeding No. 24D-0074G asking the Commission to clarify whether a CPCN is necessary for this same project to serve GCC. By mutual agreement among the parties to that proceeding, that is, CNG, Trial Staff, and UCA, CNG filed a motion to withdraw its petition. Decision No. R24-0867, issued on November 26, 2024, subsequently closed Proceeding No. 24D-0074G.

6. In accordance with the mutual agreement to terminate the declaratory order proceeding, CNG filed the Application in this Proceeding with a Stipulation and Settlement Agreement ("Settlement") reached with Trial Staff and UCA. The Settlement explains that CNG

provided a draft of the Application to Trial Staff and UCA for their review and input and that Staff and UCA support the granting of the CPCN.

7. With respect to the proposed facilities, the Settlement explains that CNG agrees that no costs for the project will be passed on to ratepayers prior to approval of any such costs in a general rate case. In addition, CNG will not, in this CPCN proceeding, seek a determination addressing the prudence of the estimated or actual costs of the GCC project. Instead, the parties reserve the right to raise, in a rate case commenced pursuant to the settlement only, the question of whether § 40-3.2-104.3, C.R.S., applies to the GCC project or whether the GCC project is exempt from that statute.

8. CNG further agrees to file a combined Phase I and Phase II base rate case by July 1, 2026, if the CPCN is granted and GCC begins taking service through the new facilities by July 2025. In addition, Trial Staff and UCA agree to hold regular meetings with CNG (at least two per year) “aimed at fostering a more open dialogue and improved communications between them and the Company” in addition to monthly meetings in the six months prior to the filing of the base rate case.

9. By Decision No. C24-0874-I, issued on November 27, 2024, the Commission granted CNG’s request for a shortened notice and intervention period for the Application. The Commission set December 6, 2024, as the deadline for intervention pleadings.

10. Trial Staff and UCA each timely filed a notice of intervention as of right. Neither pleading substantively addresses the Application or the terms of the Settlement. Instead, both Trial Staff and UCA expressly recommend that the Commission expeditiously issue a Decision granting the Application.

11. No other intervention pleading was filed.

C. Conclusions and Findings

12. We deem the Application for the purposes of § 40-6-109.5, C.R.S.

13. We acknowledge the interventions as of right of Trial Staff and UCA. CNG, Trial Staff, and UCA are the parties in this Proceeding.

14. Because this Proceeding is uncontested, this matter may be determined without a hearing pursuant to § 40-6-109(5), C.R.S. In addition, pursuant to Rule 1403 of the Commission's Rules of Practice and Procedure, 4 *Code of Colorado Regulations* ("CCR") 723-1, we further grant the Application as an uncontested matter.

15. We agree with the parties that approval of the Application is consistent with and not contrary to the public interest and that the terms of their Settlement are just, reasonable, and should be approved. As summarized in Table 1 on pages 6-9 of the Application, and as explained in Direct Testimony of four witnesses, CNG has provided the information required by Rule 4102(f) of the Commission's Rules Regulating Gas Utilities, 4 CCR 723-4, in support of the granting of a CPCN for the new facility to serve GCC.

16. In accordance with the terms of the Settlement, we further signal our interest in examining the issues surrounding cost allocation and potential risk to other customers posed by the new infrastructure subject to the CPCN in CNG's next rate case.

II. ORDER**A. The Commission Orders That:**

1. The Application for approval of a Certificate of Public Convenience and Necessity for a distribution mainline in the County of Pueblo, Colorado, filed by Colorado Natural Gas, Inc. on November 1, 2024, is deemed complete for purposes of § 40-6109.5, C.R.S., and is granted, consistent with the discussion above.

2. The Stipulation and Settlement Agreement filed with the Application is approved, consistent with the discussion above.

3. 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.

4. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
December 18, 2024.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

TOM PLANT

Commissioners