

Decision No. C25-0199

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 25A-0066G

IN THE MATTER OF THE APPLICATION OF BLACK HILLS COLORADO GAS, INC. TO
ABANDON THE ARAPAHOE NATURAL GAS LINE AND DISCONTINUE NATURAL GAS
SERVICE TO THREE CUSTOMERS IN CHEYENNE COUNTY, COLORADO.

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

Issued Date: March 20, 2025

Adopted Date: March 12, 2025

I. BY THE COMMISSION

A. Statement

1. By this Decision, we grant the Verified Application (Application), filed on February 6, 2025, by Black Hills Colorado Gas, Inc. doing business as Black Hills Energy (“BHCG” or the “Company”). The Application requested a Commission decision to abandon the Arapahoe natural gas pipeline in place and to discontinue providing natural gas service to three customers in Cheyenne County, Colorado. The Company filed supplementary information in a subsequent amended application on March 5, 2025.

2. The Company provides natural gas distribution service to three customers off the “Arapahoe Line” located in Cheyenne County, Colorado. The three distribution customers represent a total annual gas usage of approximately 4,011 therms. The Arapahoe Line physically consists of approximately 19,280 feet of three-inch diameter steel pipe that has been historically classified as transmission pipeline. This equipment is designated as Arapahoe, Segment

No. 1710010 which extends from approximately the southeast corner of Section 20 in T14S- R42W, in Cheyene County, Colorado easterly to the intersection of Road 1 (Road Wa S-1) and Ironhorse Road (Road Wa W-1) (located just inside the Colorado-Kansas state border) the northwest corner of Section 25 in T14S-R43W in Wallace County, Kansas. Attachment 1 is the BHCG system map depicting the Arapahoe Line.

3. Since its in-service date of May 31, 1969, the Arapahoe Line has been operated by the Company as a transmission pipeline which transports natural gas from Midwest Energy, Inc.'s ("Midwest's") transmission system in Kansas to three BHCG distribution customer in Colorado. However recently, Midwest has notified BHCG that Midwest intends to abandon certain portions of the Midwest transmission pipeline in Kansas and will therefore no longer be providing natural gas to the Company's Arapahoe Line. Therefore, continued operation of the Company's existing Arapahoe Line and service to the three BHCG distribution customers is no longer technically feasible. The Company informs that the Arapahoe Line was constructed in 1969 for \$18,805.13, but the current net book value of this equipment is \$0.

4. The Company evaluated alternatives to continue providing natural gas service to the three BHCG distribution customers impacted by the proposed abandonment of the Arapahoe Line. To continue providing service, the Company would be required to construct 10 miles of new pipeline from Cheyenne Wells, in the State of Colorado to the current location of the three existing BHCG customers. The Company estimates that the cost to construct ten miles of new pipeline would be more than \$3.7 million.

5. Based on the above cost estimate, it is uneconomical for the Company to extend its main pipeline from Cheyenne Wells to the Arapahoe Line, in the State of Colorado for the sole purpose to continue providing natural gas service to three customers. It is therefore in the

public interest for the Commission to authorize BHCG to abandon gas service to the three customers. The Company has notified the three affected BHCG distribution customers of its intent to abandon ongoing gas service and will work with the customers to provide approximately \$60,000 total compensation to these customers to facilitate their conversion to propane. The Company will recover the \$60,000 payout through a one-time O&M charge to ratepayers.

6. To abandon the Arapahoe Line, BHCG will purge 19,280 feet of Arapahoe Line, cut and cap each end and leave the existing piping in place underground. Any above ground pipe will be removed. BHCG anticipates the cost to abandon the Arapahoe Line to be approximately \$8,660 in labor and materials which reflects the cost to remove all above ground piping and mitigate any public safety risk associated with abandoning in place any below ground piping. The Company opines it has never encountered any liquids during maintenance and therefore anticipates there are no environmental concerns associated with PCBs. The accounting treatment for the \$8,660 cost associated with abandoning equipment will be addressed through a one-time additional O&M cost to ratepayers.

7. The Arapahoe Line abandonment will also result in an ongoing benefit to ratepayers via a reduction in annual O&M costs as the Company will no longer be required to inspect the lines, file annual reports regarding the transmission line, and comply with future PHMSA transmission requirements. In addition, the abandoned lines will be removed from the Colorado 811 program. The Company anticipates an annual ongoing O&M reduction of approximately \$8,805.56/year going forward.

8. For the reasons stated above, it is the Company's intent to both remove 19,280 feet of pipe out of service; and terminate natural gas service to three distribution customers.

To the extent that the Commission determines that it is necessary for BHCG to obtain authorization from the Commission to abandon the Arapahoe Line, then the Company additionally requests that the Commission's order also include granting the Company's request to abandon natural gas service to three distribution customers.

9. Should the Commission grant the Company's request for abandonment, BHCG would make both the abandonment of the Arapahoe Line and the termination of natural gas service effective thirty (30) days following the effective date of an order of the Commission granting the Application.

II. ORDER

A. The Commission Orders That:

1. The Application of Black Hills Colorado Gas, Inc. to abandon the Arapahoe natural gas line and discontinue natural gas service to three customers in Cheyenne County, Colorado filed by Black Hills Colorado Gas, Inc., is deemed complete for purposes of § 40-6-109.5, C.R.S., and is granted, consistent with the discussion above.

2. 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.

3. This Decision is effective upon its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING-
March 12, 2025.**