

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 21R-0314G

IN THE MATTER OF THE PROPOSED RULES ADDRESSING GAS COST ADJUSTMENT APPLICATIONS FILED PURSUANT TO THE RULES REGULATING GAS UTILITIES, 4 CODE OF COLORADO REGULATIONS (CCR) 723-4.

COMMISSION DECISION ADOPTING MODIFIED RULES ADDRESSING THE GAS COST ADJUSTMENT

Mailed Date: January 17, 2023
Adopted Date: December 21, 2022

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I. BY THE COMMISSION

A. Statement

1. On June 30, 2021, the Colorado Public Utilities Commission opened this Proceeding by issuing a Notice of Proposed Rulemaking (NOPR) as Decision No. C21-0385 to amend the Commission’s Rules Regulating Gas Utilities, 4 *Code of Colorado Regulations* (CCR) 723-4. The proposed amendments revise provisions in the rules governing the gas cost adjustment (GCA) at 4 CCR 723-4-4600, *et seq.* (GCA Rules).

2. The NOPR stated that the purpose of the rulemaking is to address, on a prospective basis, the recovery of gas costs incurred by Colorado natural gas utilities. The Commission explained that in the wake of the extremely cold weather beginning February 13, 2021, when Colorado, as well as much of the central United States, experienced unprecedented natural gas commodity prices, a realignment of incentives related to gas cost recovery may be necessary. The Commission specifically set out to examine whether a modified GCA framework is required, where utilities are guaranteed less than full recovery of incurred gas costs in exchange for potential profits when savings in gas costs are achieved. The Commission posited that the guarantee of full cost recovery may have resulted in market conditions where the natural gas commodity industry was allowed to fail to deliver natural gas at a reasonable price, in part, because the utilities lacked sufficient motivation to demand from that industry more responsive pricing products and market

mechanisms due to the long-standing assurance that state utility regulators would allow for full cost recovery regardless of the price set by the market.

3. During the course of this rulemaking proceeding, the Commission adopted a two-step approach for the rulemaking participants to develop and propose modified GCA Rules. The first step examined process and procedural changes to the GCAs (*e.g.*, filing type and frequency), whereas the second step focused on alternative performance incentive-based structures for GCAs and any other necessary changes to the GCA Rules. Staff of the Colorado Public Utilities Commission (Staff) filed a set of consensus rules in accordance with this two-step approach on November 3, 2022.

4. By this Decision, and consistent with the discussion below, we adopt modified rules governing the GCA based on the consensus rules filed by Staff.

B. Discussion

1. Initial Responses to the NOPR

5. In the NOPR, the Commission proposed to introduce an incentive mechanism within the calculation of the deferred gas costs recovered through the GCA. If the gas utility achieves savings relative to forecast natural gas costs, it would be permitted to retain, as earnings, a portion of the difference. The responsibility of addressing the payment of costs in excess of forecasts would be shared between ratepayers and utility shareholders. The most substantial modification to the GCA Rules was the introduction of Proposed Rule 4605 (Calculation of Costs Eligible for GCA Recovery).

6. Prior to the public comment hearing scheduled to be held on August 26, 2021, written comments were filed by each of the investor-owned gas utilities in Colorado, including

Public Service Company of Colorado (Public Service), Atmos Energy Corporation (Atmos), Black Hills Colorado Gas, Inc. (Black Hills), and Colorado Natural Gas, Inc. (CNG). The utilities opposed the proposed changes to the Gas Rules set out in the NOPR. They also raised timing concerns, specifically noting that any new GCA rules should not apply to the upcoming 2021 to 2022 heating season, since the utilities had already entered into gas supply contracts for that period and thus had limited ability to adapt to the proposed rule changes. Written comments were also submitted by the Colorado Office of the Utility Consumer Advocate (UCA),¹ the Colorado Energy Office (CEO), and Durango Mountain Utilities, LLC.

7. In Decision No. C21-0512-I, issued on August 20, 2021, the Commission announced its intention to continue the public comment hearing scheduled for August 26, 2021, to accommodate the development, release, and review of further modified rule changes as well as the solicitation of additional written comments and the scheduling of another public comment hearing at a future date. The Commission further clarified that any rule changes adopted in this Proceeding will not apply to the 2021 to 2022 heating season.

2. Supplemental Notice of Proposed Rulemaking (Supplemental NOPR)

8. By Decision No. C21-0829-I, issued on December 28, 2021, the Commission issued a Supplemental Notice of Proposed Rulemaking (Supplemental NOPR) to schedule a continued rulemaking hearing to be held on February 4, 2022. Additional proposed amendments to the rules governing the GCA were attached to the Supplemental NOPR.

9. At the end of the hearing on February 4, 2022, the Commission invited the rulemaking participants to submit recommendations on procedures for the advancement of this

¹ At the time of the filings, the UCA was named the Colorado Office of the Consumer Counsel.

rulemaking to be filed by February 11, 2022. The rulemaking participants were also offered the opportunity to supplement their written and oral comments with post-hearing comments to be filed no later than February 28, 2022.

3. Two-Step Process for Developing Consensus Rules

10. By Decision No. C22-0198-I, issued on March 29, 2022, the Commission adopted a “two-step process” for this rulemaking as proposed by the participants in their procedural comments filed after the February 4, 2022 hearing. Step 1 of this process would focus on near-term process changes to the GCAs, and the issues identified for the first stage in the procedural comments. In Step 2, intended to conclude before the end of 2022, the rulemaking participants would evaluate data and potential alternative performance incentive-based structures for GCAs and any other changes to the GCA Rules. The Commission requested that the rulemaking participant submit a set of consensus rules or a document outlining the contents of consensus rules and a summary of areas in which the participants have reached consensus and areas in which there is not consensus, if any. The Commission set July 1, 2022 as the deadline for a Step 1 consensus filing and November 1, 2022 for the Step 2 consensus filing. The Commission also required Staff to file a status report on June 1, 2022.

11. Staff timely filed the status report on June 1, 2022, in accordance with Decision No. C22-0198-I. Staff indicated the rulemaking participants were continuing to work on providing the Commission the Step 1 consensus redline rules by the proposed deadline of July 1, 2022. Staff reported there was consensus on some of the potential rule changes to be addressed through Step 1 and that it was optimistic that stakeholders will be able to meet the Commission’s deadline for consensus rules to be submitted by July 1, 2022.

12. By Decision No. C22-0354-I, issued on June 9, 2022, the Commission scheduled a remote public comment hearing for the purpose of receiving oral comment on rule changes to be proposed by the rulemaking participants as part of the Step 1 process adopted by Decision No. C22-0198-I to be held on July 29, 2022.

13. On July 1, 2022, Staff filed comments and a set of Step 1 changes to the GCA Rules developed on a consensus basis with the Colorado gas utilities, UCA, and CEO.

14. The Commission conducted the public comment hearing on the proposed Step 1 changes to the GCA Rules on July 29, 2022, as scheduled.

15. By Decision No. C22-0461, issued on August 4, 2022, the Commission scheduled a workshop on August 10, 2022 to address Step 2 topics as suggested by Staff in its June 1, 2022 and July 1, 2022 comments. Staff was directed to invite presenters and preparing an agenda for the workshop. Invited speakers at the scheduled August 10, 2022 workshop included: staff on the utility regulatory commissions in Wisconsin and Oregon; Richard Derryberry, Director of Gas Supply and Resource Planning for Public Service; and Kenny Malter, Director of Gas Supply and Services for Atmos. Representatives from each gas utility also participated in the workshop.

16. On November 3, 2022, Staff filed a notice with proposed consensus rules consistent with Step 2. The consensus rules filed on November 3, 2022 with Step 2 changes incorporate all of the Step 1 consensus redlines filed on July 1, 2022.²

² Durango Mountain Utilities, a small propane distribution company, also participated in the development of the consensus rules in Step 2.

C. Findings and Conclusions

1. Adoption of Proposed Consensus Rules

17. We conclude that it reasonable to adopt, with some minor modifications, the consensus rules filed on November 3, 2022. The consensus redlines to the GCA Rules reflect the combined efforts of the key rulemaking participants in accordance with the two-step process adopted for this rulemaking proceeding. The consensus rules provide a path for the continued examination of performance incentive mechanisms to achieve the goal of realigning the risks borne by the Colorado natural gas utilities' shareholders and their customers consistent with the primary purpose of this rulemaking as stated in the NOPR and the Supplemental NOPR.

18. We are nonetheless disappointed that the consensus rules largely postpone to future proceedings the implementation of any performance incentive-based structures for GCAs, and the corresponding realignment of risks and rewards presented by natural gas commodity costs. We are frustrated that the consensus rules do not themselves address the underlying problems we sought to address after the significant amount of time that has elapsed since the NOPR was issued. The timely development of performance incentive mechanism which meaningfully shifts to a structure of shared risks and rewards in accordance with the modified rule provisions nevertheless appears to represent the best opportunity for achieving the realignment of incentives related to gas cost recovery.

19. The statutory authority for the rules adopted by this Decision is found at: §§ 29-20-108, 40-2-108, 40-3-101, 40-3-102, 40-3-103, 40-3-104, 40-3-106, 40-3-111, 40-3-114, 40-4-101, 40-4-106, and 40-4-108, C.R.S.

20. We adopt the rule revisions shown in legislative (*i.e.*, *strikeout/underline*) format (Attachment A) and final format (Attachment B) attached to this Decision, consistent with the discussion above.

2. Modifications to GCA Rules

a. 4600. Overview and Purpose.

21. The proposed consensus redlines highlight the deferred balance component of the GCA and introduce the Gas Performance Incentive Mechanism (GPIM), the purpose of which is to “establish a gas cost benchmark and apply a risk sharing mechanism.”

22. We adopt the proposed consensus redlines with some minor rewording of the added sentence regarding the GPIM.

b. 4601. Definitions.

23. The consensus redlines introduce the following terms related to the GPIM:

- “Gas Performance Incentive Mechanism Benchmark” or GPIM Benchmark means a benchmark calculated based on verifiable, reported market indices, with a reasonable adjustment, for comparison with actual commodity costs incurred by an LDC.
- “Gas Performance Incentive Mechanism” or GPIM means a risk-sharing incentive mechanism established through a Gas Performance Incentive Mechanism Application to share the risk of commodity natural gas prices between LDCs and ratepayers.
- “Gas Performance Incentive Mechanism Application” or GPIM Application means an application establishing a GPIM.

24. The consensus redlines also propose adjustments to the following defined terms:

- “Account No. 191” is refined in the consensus redlines to reflect GCA revenue collections as well as GCA-assigned costs.
- Hedging costs are identified as a component of “Forecasted commodity costs.”

- A “GCA Rate Area” recognizes that some utilities have distinct gas commodity profiles based on geographic parameters.
- “Long-term contracts” mean firm, fixed-price supply contracts with an initial term of 12 months or more in duration.

25. With respect to Durango Mountain Utilities, a new definition is proposed: “Propane utility” means a public utility as defined in § 40-1-103, C.R.S., that operates for the purpose of supplying the public propane but does not supply natural gas or other fuels.

26. We adopt the consensus redlines for Rule 4601 with some minor rewording of the added definitions associated with the GPIM and by reordering and renumbering the defined terms per the Commission’s protocols.

c. 4602. Schedule for Filings by Utilities.

27. The proposed consensus redlines embody much of the Step 1 efforts of the rulemaking participants. Rule 4602 also includes Step 2-related provisions associated with the utilities’ GPIMs.

28. In the proposed consensus redlines, paragraph 4602(a) requires quarterly GCAs for Public Service, Atmos, and Black Hills. Paragraph 4602(b) requires quarterly or semi-annual GCAs for CNG.³

29. We adopt the schedule in the consensus redlines with some minor rewording of the proposed changes to the existing provisions in (a) and (b).

30. Paragraph 4602(e) in the consensus redlines sets October 1 as the deadline for the filing of the Gas Purchase and Deferred Balance Reports (GPDBR) for the potential launch of a GCA prudence review pursuant to Rule 4608.

³ Durango Mountain Utilities may file an annual GCA pursuant to paragraph 4602(c).

31. We again adopt the October 1 filing date for the GPDBRs.⁴

32. Paragraph 4602(f) in the consensus redlines sets the schedule for GPIM applications. Public Service's application would come first, two months after the new GCA Rules take effect. Black Hills and Atmos would file their GPIM application in September 2023. GPIM application would recur every three years. A GPIM application would be optional for CNG.

33. We adopt the filing schedule and requirements for the new GPIM applications, with Public Service filing its application first and the smaller utilities following. We further adopt exemption from filing GPIM applications for CNG and propane utilities. However, we also make some minor modifications to these proposed provisions. First, we will require reports on GPIM performance from all utilities. The Commission must be informed about how these mechanisms are working from the beginning of their implementation. We further delete from the rule language the word "detailed" because it is ambiguous and prone to dispute. Second, we move the concept that the utility may "petition the Commission to evaluate the GPIM" from this rule to Rule 4607 as paragraph (e). The intent of the consensus redlines appears to be to compel utilities to implement the GPIM for several years after these modified GCA Rules take effect, and we conclude that the requirement to file GPIM applications will suffice for that purpose and also will allow for the Commission to terminate a GPIM that proves to be flawed. We agree with the consensus redlines that a comprehensive review of the GPIM approach is warranted at some point before January 1, 2030.

⁴ We likewise approve the new provision for propane utility GCA filings.

d. 4603. Gas Cost Adjustments.

34. No new requirements would be introduced for general filings to adjust the GCA in accordance with the proposed consensus redlines. Paragraph 4603(g), however, would introduce GPIM-related adjustments to the GCA rates in accordance with the Step 2 recommendations.

35. We largely adopt the modifications to this rule in the consensus redlines, and, in certain instances, add headings to paragraphs for consistency. However, we conclude that the proposed addition of paragraph 4603(g) in the consensus redlines is misplaced. Rule 4603 addresses GCA filings (that change the GCA tariff or the GCA rate) but not the other filings that also relate to the overall GCA mechanism (like the Gas Purchase Plan and the GPDBR). We agree with the consensus redlines that Commission review and approval of the GCA deferred balance is necessary. Therefore, the proposed provisions in the consensus redlines for paragraph 4603(g) are fully incorporated in paragraph 4608(a) that addresses the GPDBR.

e. 4604. Contents of GCA.

36. Most of the proposed changes to this rule in the consensus redlines are clean-up according to the Step 1 review of the GCA rules.

37. We adopt the modifications to this rule in the consensus redlines. For instance, we agree with the detailed requirements addressing executable files for the attachments and work-papers and with the deletion of attachments 10-12, as they are now unnecessary for a GCA filing.

38. We also make one minor addition to the first sentence of paragraph 4604(d) so that GCA attachment No. 3 contains the details of the utility's actual gas purchase costs, the calculation

of deferred gas cost, and the calculation of the GPIM sharing amount, as approved by the Commission.

f. 4605. Gas Purchase Plans.

39. Gas Purchase Plans and the associated procedures were left intact in the consensus redlines in both Steps 1 and 2.

40. We adopt the minor modification to paragraph (f) in the consensus redlines.

g. 4606. Contents of the GPP.

41. No changes are proposed to this rule in the consensus redlines, and we agree that no changes are required.

h. 4607. Gas Performance Incentive Applications.

42. The proposed consensus redlines introduce an entirely new rule setting the generally applicable parameters for a GPIM application, as this new Rule 4607 embodies the primary results from Step 2. The GPIM application would address: a benchmark in paragraph 4607(a); the applicable volumes of the gas commodity addressed by the GPIM in paragraph 4607(b); the applicable costs in paragraph 4607(c); and the allocation and sharing of risk in paragraph 4607(d)—not specific amounts but requirements that the utilities make proposals for the Commission to assess.

43. We adopt the consensus redlines. These are the specific provisions that provide a path for the continued examination of performance incentive mechanisms to achieve the goal of realigning the risks borne by the Colorado natural utilities' shareholders and their customers with respect to gas commodity costs. As shown in the attachments to this Decision, we reword some of the proposed language in Rule 4607 to be consistent with the Commission's rule conventions,

and, for consistency, we adopt the same language used in Rule 4604 in this Rule 4607 regarding executable files for the attachments and work-papers.

44. As explained above, we move the proposed paragraph 4603(d) in the consensus redlines to become paragraph 4607(e).

i. 4608. Gas Purchase and Deferred Balance Reports and Prudence Reviews.

45. In the proposed consensus redlines, paragraph 4608(b) requires the results of the GPIM to be part of the annual report. For the prudence review standard in paragraph 4608(c), the following is added to the rule: “In making [a] determination [whether the action (or lack of action) of a utility was reasonable in light of the information known, or which should have been known, at the time of the action (or lack of action)], the Commission may consider, as appropriate: whether the utility employed carefulness, precaution, attentiveness, and good judgment.”

46. Paragraph 4608(d) allows the utility to retain shared savings related to the GPIM.

47. We adopt the consensus redlines with minor rewording of provisions, consistent with other changes we make by this Decision. In paragraph (a), the adopted rules cross-reference the provisions in Rule 4602. As explained above, this rule is crafted to incorporate the notion of the approval of the deferred GCA balance that is proposed for paragraph 4603(g) of the consensus redlines.

j. 4609. Contents of the GPDBR.

48. Provisions are added to this rule to address reporting on the implementation of a Commission-approved GPIM.

49. We adopt the consensus redlines, with some minor rewording and reorganizing of provisions, consistent with other modifications to the GCA Rules caused by this Decision.

k. 4610. Confidentiality.

50. The consensus redline rules include two changes to these “General Provisions.” First, a standard non-disclosure process is added to paragraph 4610(a). Second, the provision in paragraph 4610(b) addressing the utility monitoring of its Account 191 balances is removed. This provision is no longer necessary.

51. We adopt the suggested changes to this rule in the consensus redlines. Because the consensus redline rules now focus on provisions addressing confidential information, we rename the rule to “Confidentiality.”

II. ORDER

A. The Commission Orders That:

1. The Commission’s Rules Regulating Gas Utilities, 4 *Code of Colorado Regulations* (CCR) 723-4, contained in redline and strikeout format attached to this Decision as Attachment A, and in final format attached as Attachment B, are adopted and are available in the Commission’s Electronic Filing System at:

https://www.dora.state.co.us/pls/efi/EFI.Show_Docket?p_session_id=&p_docket_id=21R-0314G

2. Subject to a filing of an application for rehearing, reargument, or reconsideration, the opinion of the Attorney General of the State of Colorado shall be obtained regarding constitutionality and legality of the rules as finally adopted.

3. A copy of the final, adopted rules shall be filed with the Office of the Secretary of State. The rules shall be effective 20 days after publication in *The Colorado Register* by the Office of the Secretary of State.

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 upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
December 21, 2022.**

(S E A L)



ATTEST: A TRUE COPY

G. Harris Adams,
Interim Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

JOHN GAVAN

MEGAN M. GILMAN

Commissioners

COLORADO DEPARTMENT OF REGULATORY AGENCIES

Public Utilities Commission

4 CODE OF COLORADO REGULATIONS (CCR) 723-4

PART 4 RULES REGULATING GAS UTILITIES

GAS COST ADJUSTMENT, ~~AND PRUDENCE REVIEW,~~ AND PERFORMANCE INCENTIVE

4600. Overview and Purpose.

Rules 4601 through ~~4609~~ 4610 are used by LDCs utilities to revise gas rates on an expedited basis. These rules provide instructions for the filing of: gas cost adjustment ~~applications~~ filings; annual gas purchase plan submittals; ~~and~~ annual gas purchase and deferred balance reports; and gas performance incentive mechanism applications. The purpose of the Gas Cost Adjustment is to enable LDCs utilities, on an expedited basis, to reflect in their rates for gas sales and gas transportation services, as applicable, the increases or decreases in gas costs, including (but not limited to) gas commodity costs and upstream services costs. The purpose of the Gas Purchase Plan is to describe the LDC utility's plan for purchases of gas commodity and upstream services in order to meet the forecasted demand for sales gas service during each month of the gas purchase year. The purpose of the Gas Purchase and Deferred Balance Report is to present the LDC utility's actual purchases of gas commodity and upstream services during each month of the gas purchase year. The purpose of the Gas Performance Incentive Mechanism application is to propose for review and approval a performance incentive mechanism that establishes a gas cost benchmark and applies a risk sharing mechanism.

4601. Definitions.

The following definitions apply to rules 4600 through 4609 unless a specific statute or rule provides otherwise. In the event of a conflict between these definitions and a statutory definition, the statutory definition shall apply.

- (a) "Account No. 191" means an account under the Federal Energy Regulatory Commission Uniform System of Accounts (USOA) used to account for the difference between purchased gas costs and revenues collected by a utility's ~~accumulate actual under or over recovered~~ gas supply costs cost adjustment.
- (b) "Base gas cost" means a rate component which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth which reflects the cost of gas commodity and upstream services, when applicable, included in the utility's base rates for sales gas and gas transportation service.
- (c) "Base rates" means the utility's currently-effective rates for sales gas and gas transportation service as authorized by the Commission in the utility's last general rate case.

- (d) "Current gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which reflects the cost of gas commodity and upstream service projected to be incurred by the utility during the GCA effective period.
- (e) "Deferred gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which is designed to amortize over the GCA effective period the under- or over-recovered gas costs reflected in the utility's Account No. 191 or other appropriate costs for a defined period such as a gas purchase year.
- (f) "Forecasted design peak day quantity" means the total quantity of gas commodity anticipated to be required to meet firm sales and firm gas transportation service demand on the utility's system on a design or historical peak day.
- (g) "Forecasted gas commodity cost" means the cost of gas commodity, including appropriate adjustments for storage gas injections and withdrawals, approved hedging program costs, and for exchange gas imbalances, which is projected to be incurred by the utility during the GCA effective period and which is determined by using forecasted gas purchase quantity and forecasted purchase prices.
- (h) "Forecasted gas purchase quantity" means the quantity of gas commodity the utility anticipates it will purchase during the GCA effective period, based upon the forecasted sales gas quantity, adjusted for system gas loss, use, or other anticipated variances.
- (i) "Forecasted purchase prices" means index prices, fixed prices, or other gas contracting price options used in the calculation of the forecasted gas commodity cost.
- (j) "Forecasted sales gas quantity" means the quantity of gas commodity projected to be sold by the utility during the GCA effective period, based upon the normalized quantity of gas commodity sales, adjusted for anticipated changes.
- (k) "Forecasted upstream service cost" means the total cost of upstream services projected to be incurred by the utility during the GCA effective period.
- (l) "Gas commodity throughput" means the amount of gas commodity flowing through the utility's jurisdictional gas facilities during a defined period of time.
- (m) "Gas cost adjustment" or "GCA" means the tariff mechanism by which a gas rate is adjusted to reflect increases or decreases in gas costs.
- (n) "GCA effective period" means the period of time that the GCA rate change is intended to be in effect before being superseded on the effective date of the next scheduled GCA.
- (o) "GCA filing" means an application or advice letter filing to adjust the GCA rate.
- (p) "GCA rate area" means the geographic portion of the utility's service area in which a GCA rate is calculated and billed to customers. A utility may have a single GCA rate area that covers its entire service area or multiple GCA rate areas as established by the Commission.

- (q) "Gas performance incentive mechanism" (GPIM) means an incentive mechanism that shares the risk of gas commodity costs between the utility and its customers.
- (r) "GPIM application" means an application pursuant to rule 4607 establishing a GPIM.
- (s) "GPIM benchmark" means a benchmark calculated based on verifiable, reported market indices, with a reasonable adjustment, for comparison with actual commodity costs incurred by the utility.
- (t) "Gas purchase and deferred balance report" (GPDBR) means a report pursuant to rule 4608 which is filed with the Commission and which describes the utility's actual purchases of gas commodity and upstream services in order to meet sales gas demand during the gas purchase year.
- (eu) "Gas purchase plan" (GPP) means a submittal pursuant to rule 4605 that describes the utility's planned purchases of gas commodity and upstream services to be used to meet sales gas demand during the gas purchase year.
- ~~(p) "Gas purchase report" (GPR) means a report pursuant to rule 4607 which is filed with the Commission and which describes the utility's actual purchases of gas commodity and upstream services in order to meet sales gas demand during the gas purchase year.~~
- (qv) "Gas purchase year" means a 12-month period from July 1 through June 30.
- (fw) "Gas transportation service" means the delivery of gas commodity on the utility's pipeline system (either transmission or distribution) pursuant to any of the utility's gas transportation rate schedules on file with the Commission.
- (sx) "Index price" means a published figure identifying a representative price of natural gas commodity available in a geographic area or at specific gas purchasing points during a specified time interval (i.e., daily, weekly, or monthly).
- (y) "Long-term contract" means a firm, fixed-price supply contract with an initial term of 12 months of more in duration.
- (tz) "Mil" means one-tenth of one cent (\$0.001).
- (~~uaa~~) "Normalized" means the process of adjusting gas quantities to reflect normal historic temperature based on National Oceanic and Atmospheric Administration data or other data as appropriate.
- (~~vbb~~) "Peak day" means a defined period (such as a 24 hour period or a three consecutive coincidental or non-coincidental day average), not less than 24 hours, during which gas commodity throughput is at its maximum level on the utility's system.
- (cc) "Propane utility" means a public utility as defined in § 40-1-103, C.R.S., that operates for the purpose of supplying the public propane but does not supply natural gas or other fuels.
- (~~wdd~~) "Receipt point/area" means the point or group of points in a discrete geographic area, such as a supply basin, hub, or market area, at which the utility acquires title to the gas commodity purchased.

- (~~xee~~) "Sales gas service" means the regulated sale of gas commodity by the utility to customers on the utility's jurisdictional gas system.
- (~~yff~~) "Service level" means the type or level (whether base, swing, or peak) of gas supply service contracted for by the utility based upon the respective obligations of the supplier to deliver and sell, and the utility to take and purchase, gas commodity.
- (~~zgg~~) "Upstream services" means all transmission, gathering, compression, balancing, treating, processing, storage, and like services performed by others under contract with the utility for the purpose of effectuating delivery of gas commodity to the utility's jurisdictional gas facilities.

4602. Schedule for Filings by Utilities.

Utilities subject to rules 4600 through 4609 shall make the required filings in accordance with the following schedule:

- (a) ~~Utilities with more than 50,000 full service customers shall file with the Commission quarterly GCA filings. October 1 filing schedule. Public Service Company of Colorado, and Atmos Energy Corporation, shall file with the Commission annual GCA applications with an effective date of October 1. Additional GCA applications filings may also be filed as necessary pursuant to paragraph 4603(eb). The GPR for the preceding gas purchase year in which a GPP was filed shall be filed as a separate filing at the same time as the annual GCA application to be effective October 1.~~
- (b) ~~Utilities with fewer than 50,000 full service customers shall file with the Commission either quarterly GCA filings or two GCA filings per year with effective dates for GCA rates of November 1 and April 1. November 1 filing schedule. Black Hills/Colorado Gas Utility Company, LP; Black Hills Gas Distribution, LLC; Durango Mountain Utilities; and Colorado Natural Gas, Inc. shall file with the Commission annual GCA applications with an effective date of November 1. Additional GCA applications filings may also be filed as necessary pursuant to paragraph 4603(eb). The GPR for the preceding gas purchase year in which a GPP was filed shall be filed as a separate filing at the same time as the annual GCA application to be effective November 1.~~
- (c) ~~Propane utilities shall file an annual GCA filing with an effective date of November 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4306(b).~~
- (~~de~~) All utilities shall file their GPP submittal annually on or before June 1 for the next gas purchase year beginning July 1.
- (e) ~~The GPDBR for the preceding gas purchase year in which a GPP was filed shall be filed annually by October 1.~~
- (f) ~~Utilities with fewer than 50,000 full service customers and propane utilities are not required to file GPIM applications pursuant to rule 4607.~~
- (g) ~~Utilities with more than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 within 60 days of the effective date of these rules in advance of the 2023-2024 hearing season for a period extending through the gas purchase year ending in June 2025.~~

GPIM applications for periods after June 2025 shall be filed pursuant to rule 4607 at least every three years.

- (h) Utilities with more than 50,000 full service customers but fewer than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 no later than September 1, 2023 for a period extending through the gas purchase year ending in June 2026. GPIM applications for periods after June 2026 shall be filed pursuant to rule 4607 at least every three years.
- (i) After each heating season covered by a GPIM, the utility shall file a report on its performance no later than October 1. Commission staff shall review the report and confer with the utility regarding whether it is appropriate to continue the GPIM.

4603. Gas Cost Adjustments.

- (a) Scheduled filings. A utility shall ~~file an application~~ submit a GCA filing to adjust its GCA. The GCA ~~application filing~~ shall be filed pursuant to the schedule provided in rule 4602. ~~A utility shall file a~~ The GCA ~~application filing shall be submitted~~ not less than two weeks in advance of the proposed effective date.
- (b) ~~A GCA application shall include, in the following order and specifically identified, the following information, either in the application or in appropriately identified attachments:~~
- (I) ~~the information required by paragraphs 4002(b) and 4002(c); and~~
 - (II) ~~the information required by rule 4604. Attachments 2, 3, 5 and 6 listed in rule 4604 shall be provided in written form and shall be provided electronically, in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by the Commission staff.~~
- (e**b**) Additional filings. If the projected gas costs have changed from those used to calculate the currently effective gas cost or if a utility's deferred gas cost balance increases or decreases sufficiently, the utility may ~~file an application~~ submit a GCA filing to revise its currently effective GCA to reflect such changes, provided that the resulting change to the GCA equates to at least one cent (\$0.01) per Mcf or Dth.
- (e**c**) Applicability of the GCA. The GCA shall be applied to all utility sales gas rate schedules. A utility engaged in the provision of gas transportation service may calculate a GCA that may be applied to transportation gas rate schedules in order to reflect appropriate costs. Absent a Commission decision, a utility engaged in the provision of gas transportation service shall not be required to calculate a transportation GCA factor.
- (e**d**) Interest on under- or over-recovery. The amount of net interest accrued on the average monthly balance in Account No. 191 (whether positive or negative), is determined by multiplying the monthly balance by an interest rate equal to the Commission-authorized customer deposit rate for gas utilities. If net interest is positive, it will be excluded from the calculation of the deferred gas cost.

- (fe) Price volatility risk management costs (hedging). Costs related to gas price volatility risk management for jurisdictional gas supply may be included for recovery through the GCA, if allowed by tariffs or by Commission decision. Such costs are subject to the prudence review and standard provided in rule ~~4607~~4608.
- (gf) Calculation of the GCA. The GCA shall be calculated to at least the accuracy of one mil per Mcf or Dth pursuant to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{GCA} = (\text{current gas cost} + \text{deferred gas cost}) - (\text{base gas cost}).$$

4604. Contents of GCA ~~Applications~~Filings.

- (a) A GCA ~~application-filing~~ shall meet the following requirements.
- (I) Every ~~application-GCA filing~~ shall contain attachments 1 through 9. ~~Attachments 10 through 12 shall be filed with the annual GCA application.~~ The attachments shall meet the requirements set out in this rule.
- (II) The attachments shall be organized in a manner that specifically references, and responds to, the requirements contained in each subparagraph of this rule.
- ~~(III) Attachments 2, 3, 5, and 6 shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.~~
- ~~(IIIIV) Cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment shall be submitted and provided to Commission staff at the same time as the application. Work-papers shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.~~
- (IV) The ~~application-filing~~ shall cross-reference the proceeding numbers of the associated GPP submittals.
- ~~(V) When preparing attachments 10 through 12, the rate base, net operating earnings, capital structure, and cost of capital shall be calculated in conformance with the regulatory principles authorized by the Commission in the utility's most recent general rate case, including all required pro forma adjustments.~~
- (VI) An explanation of all pro forma adjustments shall be provided, if applicable.
- (b) GCA attachment No. 1 - GCA ~~Summary~~summary. This attachment shall clearly illustrate all of the following principles.
- (I) The impact the utility's currently effective GCA has on each sales gas customer class and, when applicable, the gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis.

- (II) The impact the utility's proposed GCA has on each sales gas customer class and, when applicable, gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis; and
 - (III) The percent change in total bill for a customer of average usage for each sales gas customer class. This percent change in total bill calculation shall include an itemization of the monthly service and facility charge, base rates and GCA commodity components, and all other tariff charges on the customer bill.
- (c) GCA attachment- No. 2 - Current Gas Cost Calculation. This attachment shall contain the calculation of the current gas cost and shall provide month-by-month information with respect to the forecasted gas commodity cost, forecasted gas purchase quantity, forecasted market prices, forecasted upstream service cost, and forecasted sales gas quantity. The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP, as required pursuant to rule 4606.
- (I) The utility shall calculate current gas cost at least to the accuracy of the nearest mil (\$0.001) per Mcf or Dth according to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{current gas cost} = (\text{forecasted gas commodity cost} + \text{forecasted upstream service cost}) / \text{forecasted sales gas quantity}.$$
 - (II) The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal for each month of the GCA effective period, as required pursuant to rule 4606.
- (d) GCA attachment No. 3 - Deferred Gas Cost Calculation. This attachment shall contain the details of the utility's actual gas purchase costs, and the calculation of deferred gas cost, and the calculation of the GPIM sharing amount, as approved by the Commission. In addition, this attachment shall provide month-by-month information detailing the activity in USOA Account No. 191 by subaccount and period as applicable, interest on under- or over-recovery, GPIM performance results, and all other included gas costs authorized for recovery in the GCA. The utility shall calculate deferred gas cost as the aggregate total of the under- or over-recovered gas costs -reflected in its Account No. 191, or other approved gas costs, recorded at the close of business for each month of the period at issue (such as the previous gas purchase year), plus interest on under- or over-recovery (if net amount is negative), divided by forecasted sales gas quantity for the next 12-month period. The utility shall calculate deferred gas cost at least to the accuracy of the nearest mil per Mcf or Dth. Each cost a utility includes in the deferred gas cost calculation shall be itemized and clearly identified and itemized for applicability to the period at issue. In its ~~annual GCA applications filings,~~ the utility shall reflect actual deferred costs for the most recent period ~~ending June 30,~~ or as otherwise approved by the Commission. The results of the GPIM sharing shall be calculated on an annual basis and included in the deferred balance.
- (e) GCA attachment No. 4 - Current Tariff. This attachment shall contain the tariff pages which illustrate the gas cost components of the utility's currently ~~-~~effective rates for sales gas service and, where applicable, gas transportation service.

- (f) GCA attachment No. 5 - Forecasted Gas Transportation Demand. This attachment applies only to utilities that have a GCA component within their authorized rates for gas transportation service. This attachment shall provide the following information, with all demand forecast information provided on a Mcf or Dth basis:
 - (I) a forecast of gas commodity throughput attributable to gas transportation service for each month of the GCA effective period; and
 - (II) a forecast of firm backup supply demand quantities (to the extent the utility has such service)- under the utility's firm gas transportation service agreements for each month of the GCA effective period.
- (g) GCA attachment No. 6 - current gas cost allocations. This attachment shall fully explain and justify the method(s) used to do each of the following:
 - (I) allocate the costs associated with the gas commodity and upstream services to each specific sales gas customer class and, where applicable, gas transportation customer rate class; and
 - (II) derive the amount of the GCA applied to each specific sales gas customer class and, where applicable, gas transportation customer rate classes.
- (h) GCA attachment No. 7 - Customer Notice. This attachment shall provide the form of notice to customers and the public concerning the utility's proposed GCA change. In its customer notice for each sales gas customer class, the utility shall include the following:
 - (I) current and proposed GCA rates and percentage change;
 - (II) comparison of- the previous gas purchase year's last- average annual bill under prior rates and the projected average annual bill under the proposed GCA rates and percentage change in the total bill amount using an average usage amount for each customer class;
 - (III) comparison of the prior year's peak winter month bill under prior rates and the projected peak winter month bill under the proposed GCA rates and percentage change using an average peak winter month usage amount for each customer class; and
 - (IV) ~~with the annual GCA application,~~ a statement that the utility made a separate gas purchase report filing in accordance with rule ~~4607-4608~~ to begin the initial prudence review evaluation process for the prior gas purchase year.
- (i) GCA attachment No. 8 - components of delivered gas cost. This attachment shall detail the itemized rate components of delivered gas cost to the customer (rate), per rule 4406.
- (j) GCA attachment No. 9 - proposed tariff. This attachment shall contain the tariff sheets proposed by the utility to reflect the proposed GCA change.

- ~~(k) — GCA attachment No. 10 – rate base. This attachment shall calculate the used and useful rate base assets employed by the utility for Commission-regulated gas operations for the most recently completed 12-month period ending June 30.~~
- ~~(l) — GCA attachment No. 11 – net operating earnings. This attachment shall calculate the utility's net operating earnings for jurisdictional gas operations during the most recently completed 12-month period ending June 30.~~
- ~~(m) — GCA attachment No. 12 – capital structure and cost of capital. This attachment shall calculate the following information for the most recently completed 12-month period ending June 30, the utility's:
 - ~~(I) — capital structure for jurisdictional gas operations;~~
 - ~~(II) — cost of long-term debt and preferred equity;~~
 - ~~(III) — cost of common equity; and~~
 - ~~(IV) — weighted average cost of capital.~~~~

4605. Gas Purchase Plans.

- (a) GPP filing requirements. The utility shall file its GPP as a "Submittal for Determination of Completeness of GPP." This submittal shall include the following proceeding caption: "In the matter of Gas Purchase Plans and Gas Purchase Reports for [utility] for the Gas Purchase Year from July 1, [year] through June 30, [year]."
- (b) Contents of GPP filing. In the GPP, the utility shall submit to the Commission the following:
 - (I) the information required by rule 4606;
 - (II) the utility's forecasted quantity of gas to be purchased over the ensuing gas purchase year for each service level;
 - (III) the utility's forecasted pricing for each receipt point/area; and
 - (IV) the utility's portfolio management plan.
- (c) Commission procedures for processing filings. Upon receipt of a GPP submittal, the Commission shall assign a proceeding number and shall review the submittal solely for completeness (i.e., compliance with the information requirements of these rules). The Commission shall not: hold a hearing on the substance of the GPP, entertain interventions by interested parties, require the filing of testimony or permit discovery. The Commission shall not render a decision approving or disapproving the substantive information contained in the submittal.
- (d) Review timelines. Commission staff shall review the submittal and, within 15 calendar days of the filing, shall provide written notification to the utility of any deficiencies in the submittal. The utility shall file the requested information, or a written statement indicating that the utility believes the additional information is not required, within 15 calendar days after the date of the Commission

staff notification. Upon receipt of final information or the written statement, Commission staff shall place the submittal on the agenda for consideration at the next available Commissioners' weekly meeting. If the Commission fails to mail its determination on completeness of the submittal within 15 calendar days of receipt of final information or the written statement, the submittal shall be deemed complete.

- (e) Utilities with multiple GCA rate areas. A utility with more than one approved GCA rate area in Colorado shall file a separate GPP for each GCA rate area. These GPPs may be filed in a single submittal.
- (f) ~~GPP no longer reflects market conditions~~ **Modified GPP**. A utility shall file a new GPP within 30 days of its determination that the currently effective GPP no longer substantively reflects active purchasing conditions or the utility's planned purchasing practices.

4606. Contents of the GPP.

A GPP submittal shall contain the following attachments. The utility shall organize attachments in a manner that specifically references, and responds to, the requirements of paragraphs (a) through (d) of this rule. With its submittal, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPP attachment No. 1 - gas purchase schedule. This attachment shall provide a forecast of the specific gas commodity supplies, segregated by receipt point/area, which the utility plans to purchase in order to meet forecasted sales gas demand during each month of the applicable gas purchase year.
- (b) GPP attachment No. 2 ~~—~~ gas purchasing pricing description. For each specific receipt point/area, this attachment shall provide an estimate of applicable ranges of forecast index prices expected to be incurred, short-term fixed prices (one-year or other appropriate term), and other relevant pricing options, as applicable to the portfolio management plan described in GPP attachment 3.
- (c) GPP attachment No. 3 ~~—~~ portfolio management plan. This attachment shall provide a plan stating how the utility plans to manage its gas supply portfolio for the gas purchase year. This attachment shall also include a description and analysis of the options the utility considered, or will consider, and the steps the utility has taken, or will take, to reduce customers' risk of gas price volatility for the gas purchase year. To the extent a utility proposes to use gas price volatility risk management tools, this attachment shall include a description of the utility's policy for implementing such risk management tools, including a projection of such costs and the assumptions underlying all cost estimates.
- (d) GPP attachment No. 4 - forecasted upstream service costs. This attachment shall include the following information for each month of the applicable gas purchase year:
 - (I) An itemized list of all upstream services, by provider and service level or rate schedule, and associated costs, that the utility expects to purchase in the upcoming gas purchase year in order to meet sales gas and gas transportation demand.
 - (II) A comparison of forecasted design peak day delivery quantity with all sources of capacity available to the utility, including forecasted upstream services, forecasted gas commodity

to be purchased directly into the utility's distribution system (i.e., city gate purchases) on a firm basis, and the utility's own gas storage facilities or purchased gas storage capacity.

- (III) A comprehensive explanation of the utility's forecasted level of planned upstream service purchases.
- (IV) Forecasted capacity release volumes and revenues for release of upstream capacity by the utility.

4607. Gas Performance Incentive Mechanism Applications.

A GPIM application shall contain the following elements. The utility shall specifically reference and respond to the requirements of paragraphs (a) through (d) of this rule and shall provide cross-references and footnoted work-papers in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

- (a) GPIM benchmark. Methodology to establish the GPIM benchmark for commodity gas purchases based on verifiable, reported market indices, with a reasonable adjustment, and for appropriate locations.
- (b) GPIM commodity gas volumes. Description and explanation of all gas volumes to be included in the GPIM.
 - (I) The volumes and costs associated with fixed-price, long-term supply contracts may be excluded from the GPIM and risk sharing calculation.
 - (II) The volumes and costs associated with storage injections and withdrawals, including both physical and contract storage, may be excluded from the GPIM and risk sharing calculation. Utilities shall provide a description of storage assets to be either included or excluded from the GPIM.
 - (III) The volumes and costs associated with associated with financial hedging shall be excluded from the GPIM and risk sharing calculation.
 - (IV) All other actual gas volumes and costs shall be subject to the GPIM with consideration of reasonable adjustments as determined by the Commission.
- (c) Upstream supply costs. Description and explanation of upstream costs included in the GPIM risk sharing mechanism, including the methodology for developing an appropriate benchmark for such costs, if appropriate.
- (d) Risk sharing amount. Methodology for calculating the risk sharing amount.
 - (I) A formula will calculate a percentage of the difference between the actual gas costs and the benchmark formula for applicable gas volumes, either positive or negative, borne or retained by the utility, subject to applicable limitations.
 - (II) The utility shall explain:

- (A) any proposed deadband around the GPIM benchmark whereby price variation within the deadband is excluded from risk sharing formula;
 - (B) any proposed cap or floor on the results of the risk sharing; and
 - (C) any proposed methodology for applying force majeure or similar provisions to the risk sharing mechanism.
- (III) Backcasting analysis, based on a minimum of the most recent three years of historical data, will demonstrate how the proposed GPIM benchmark would have been calculated and how the proposed risk sharing mechanism would have performed over the historical period. This analysis shall assume the utility made no changes to its actions in response to the mechanism and ignore any force majeure or similar events. The utility may, in its discretion, present additional analysis.
- (e) Review for continuation of the GPIM. The utility may request that the Commission determine whether its GPIM should be discontinued based on prior performance. A comprehensive assessment of the GPIM shall be required no later than January 1, 2030.

46074608. Gas Purchase and Deferred Balance Reports and Prudence Reviews.

- (a) GPDBR filing requirements. The utility shall file a GPDBR in accordance with paragraph 4602(e) for the review and approval of the calculation of the deferred GCA balance and the GPIM performance and sharing amount for the previous four quarters ending June 30. The GPDBR shall be filed under the previous year's GPP proceeding number (filed approximately 15 months previously) as a separate filing from, and at the same time as, the annual GCA application. Specific attachments or other information may be filed under seal; however, an explanation of the confidential nature of the attachments or information must be included in the GPDBR filing.
- (b) Prudence review process. Based on the initial evaluation of the GPDBR, including the results of any active GPIM, the Commission may initiate a prudence review hearing. The Commission shall initiate this hearing by written order within 120 days of the filing of the GPDBR. The prudence review may result in tariff or rate changes that could affect different classifications of customers.
- (c) Prudence review standard. For purposes of GCA recovery, the standard of review to be used in assessing the utility's action (or lack of action) in a specific gas purchase year is: whether the action (or lack of action) of a utility was reasonable in light of the information known, or which should have been known, at the time of the action (or lack of action). The Commission may consider, as appropriate, whether the utility employed carefulness, precaution, attentiveness, and good judgment.
- (d) GPIM shared savings. A utility may request approval of any shared savings amounts under its GPIM based upon a review of the drivers of the sharing amounts and the appropriateness of the sharing amounts.
- (de) Burden of proof. If the Commission elects to hold a hearing, the utility shall have the burden of proof and the burden of going forward to establish the reasonableness of actual gas commodity and demand costs paid by the utility, actual costs incurred in volatility management, and actual upstream service costs of any nature incurred during the review period.

- (ef) Utility testimony and attachments. If the Commission sets a hearing, the utility shall file its testimony supporting gas cost recovery for the gas purchase year at issue. The testimony shall be filed in question-and-answer format. The utility shall file its testimony not later than 45 days after the Commission sets the matter for hearing.

46084609. Contents of the GPDBR.

A GPDBR shall contain the following attachments. The utility shall organize the attachments in a manner that specifically references, and responds to, paragraphs (a) through (d) of this rule. The utility shall also present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal as required pursuant to rule 4606 and GCA ~~application-filing~~ pursuant to rule 4604. The utility shall provide an explanation of, and justification for, any material deviations from its GPP. All underlying support documentation and work-papers shall be made available. With its filing, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPDBR attachment No. 1 - actual gas commodity purchases. This attachment shall provide, in a format comparable to the information provided in GPP attachment 1, the quantities of, and actual invoice costs of, specific gas commodity supplies, segregated by receipt point/area that the utility purchased in order to meet actual sales gas and gas transportation demand during the peak day and for each month of the gas purchase year.
- (b) GPDBR attachment No. 2 - description of actual market prices. This attachment shall provide, in a format comparable to the information provided in GPP attachment 2, actual index prices, short-term fixed prices (one-year, or other appropriate term), and other relevant pricing options for each specific receipt point area, as applicable to the portfolio management plan described in GPP and GPR attachments 3.
- (c) GPDBR attachment No. 3 - actual portfolio purchases. This attachment shall provide, in a format comparable to the information provided in GPP exhibit 3, a comparison of the utility's portfolio management plan and the results actually achieved through the implementation of this plan (or modification thereto), in order to demonstrate, using the standard of review specified in paragraph ~~46074608~~(c), the prudence of actual portfolio purchases. This attachment shall include a detailed itemization of gas price volatility risk management costs if applicable.
- (d) GPDBR attachment No. 4 - actual upstream service costs. This attachment shall provide, in a format comparable to the information provided in GPP attachment 4, the following information for each month of the gas purchase year:
- (I) an itemized list of the upstream services the utility actually purchased in order to meet sales gas and gas transportation demand;
 - (II) an itemized listing of the specific costs the utility incurred to purchase upstream services;
 - (III) actual peak day demand experienced by the utility during the gas purchase year; and
 - (IV) an itemized list of capacity release volumes and revenues.

(e) GPDBR attachment No. 5 - deferred balances. This attachment shall provide monthly deferred balances for the 12 months ending June 30.

(f) GPDBR attachment No. 6 - GPIM results. This attachment shall provide:

(I) the monthly GPIM benchmark calculation including market indices used in the formulation; and

(II) the GPIM risk sharing calculation including application of any applicable deadband, cap or floor.

46094610. General Provisions Confidentiality.

(a) For each attachment filed by the utility as confidential under rules 4600 through ~~4609~~4610, the utility shall provide, at a minimum, a version of the attachment with publicly available information.

(b) The Office of the Utility Consumer Advocate (UCA) may provide each utility annually, on or before January 1 of each year, an executed generic nondisclosure agreement with the utility so that the utility shall provide such confidential information to the UCA when any utility filings are made pursuant to rules 4600 through 4609 for the subsequent year. A utility shall monitor the net under- or over-recovery balance in USOA Account No. 191 on a monthly basis. On a quarterly basis, or as otherwise established individually for a utility, a utility shall file, within 30 days of the end of the quarter, a report to the Commission stating the USOA Account No. 191 balance calculation for each rate area. The reports shall include the USOA Account No. 191 balance information specified in GCA attachment 3 and shall be filed in one common proceeding, established by the Commission to receive USOA Account No. 191 balance filings from all utilities. If the utility identifies a significant net under- or over- recovery balance during the gas purchase year, the utility shall initiate appropriate action to mitigate the significant under- or over- recovery balance.

46104611. – 4699. [Reserved].

COLORADO DEPARTMENT OF REGULATORY AGENCIES

Public Utilities Commission

4 CODE OF COLORADO REGULATIONS (CCR) 723-4

PART 4 RULES REGULATING GAS UTILITIES

GAS COST ADJUSTMENT, PRUDENCE REVIEW, AND PERFORMANCE INCENTIVE

4600. Overview and Purpose.

Rules 4601 through 4610 are used by utilities to revise gas rates on an expedited basis. These rules provide instructions for the filing of: gas cost adjustment filings; annual gas purchase plan submittals; annual gas purchase and deferred balance reports; and gas performance incentive mechanism applications. The purpose of the Gas Cost Adjustment is to enable utilities, on an expedited basis, to reflect in their rates for gas sales and gas transportation services, as applicable, the increases or decreases in gas costs, including (but not limited to) gas commodity costs and upstream services costs. The purpose of the Gas Purchase Plan is to describe the utility's plan for purchases of gas commodity and upstream services in order to meet the forecasted demand for sales gas service during each month of the gas purchase year. The purpose of the Gas Purchase and Deferred Balance Report is to present the utility's actual purchases of gas commodity and upstream services during each month of the gas purchase year. The purpose of the Gas Performance Incentive Mechanism application is to propose for review and approval a performance incentive mechanism that establishes a gas cost benchmark and applies a risk sharing mechanism.

4601. Definitions.

The following definitions apply to rules 4600 through 4609 unless a specific statute or rule provides otherwise. In the event of a conflict between these definitions and a statutory definition, the statutory definition shall apply.

- (a) "Account No. 191" means an account under the Federal Energy Regulatory Commission Uniform System of Accounts (USOA) used to account for the difference between purchased gas costs and revenues collected by a utility's gas cost adjustment.
- (b) "Base gas cost" means a rate component which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth which reflects the cost of gas commodity and upstream services, when applicable, included in the utility's base rates for sales gas and gas transportation service.
- (c) "Base rates" means the utility's currently effective rates for sales gas and gas transportation service as authorized by the Commission in the utility's last general rate case.

- (d) "Current gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which reflects the cost of gas commodity and upstream service projected to be incurred by the utility during the GCA effective period.
- (e) "Deferred gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which is designed to amortize over the GCA effective period the under- or over-recovered gas costs reflected in the utility's Account No. 191 or other appropriate costs for a defined period such as a gas purchase year.
- (f) "Forecasted design peak day quantity" means the total quantity of gas commodity anticipated to be required to meet firm sales and firm gas transportation service demand on the utility's system on a design or historical peak day.
- (g) "Forecasted gas commodity cost" means the cost of gas commodity, including appropriate adjustments for storage gas injections and withdrawals, approved hedging program costs, and for exchange gas imbalances, which is projected to be incurred by the utility during the GCA effective period and which is determined by using forecasted gas purchase quantity and forecasted purchase prices.
- (h) "Forecasted gas purchase quantity" means the quantity of gas commodity the utility anticipates it will purchase during the GCA effective period, based upon the forecasted sales gas quantity, adjusted for system gas loss, use, or other anticipated variances.
- (i) "Forecasted purchase prices" means index prices, fixed prices, or other gas contracting price options used in the calculation of the forecasted gas commodity cost.
- (j) "Forecasted sales gas quantity" means the quantity of gas commodity projected to be sold by the utility during the GCA effective period, based upon the normalized quantity of gas commodity sales, adjusted for anticipated changes.
- (k) "Forecasted upstream service cost" means the total cost of upstream services projected to be incurred by the utility during the GCA effective period.
- (l) "Gas commodity throughput" means the amount of gas commodity flowing through the utility's jurisdictional gas facilities during a defined period of time.
- (m) "Gas cost adjustment" or "GCA" means the tariff mechanism by which a gas rate is adjusted to reflect increases or decreases in gas costs.
- (n) "GCA effective period" means the period of time that the GCA rate change is intended to be in effect before being superseded on the effective date of the next scheduled GCA.
- (o) "GCA filing" means an application or advice letter filing to adjust the GCA rate.
- (p) "GCA rate area" means the geographic portion of the utility's service area in which a GCA rate is calculated and billed to customers. A utility may have a single GCA rate area that covers its entire service area or multiple GCA rate areas as established by the Commission.

- (q) "Gas performance incentive mechanism" (GPIM) means an incentive mechanism that shares the risk of gas commodity costs between the utility and its customers.
- (r) "GPIM application" means an application pursuant to rule 4607 establishing a GPIM.
- (s) "GPIM benchmark" means a benchmark calculated based on verifiable, reported market indices, with a reasonable adjustment, for comparison with actual commodity costs incurred by the utility.
- (t) "Gas purchase and deferred balance report" (GPDBR) means a report pursuant to rule 4608 which is filed with the Commission and which describes the utility's actual purchases of gas commodity and upstream services in order to meet sales gas demand during the gas purchase year.
- (u) "Gas purchase plan" (GPP) means a submittal pursuant to rule 4605 that describes the utility's planned purchases of gas commodity and upstream services to be used to meet sales gas demand during the gas purchase year.
- (v) "Gas purchase year" means a 12-month period from July 1 through June 30.
- (w) "Gas transportation service" means the delivery of gas commodity on the utility's pipeline system (either transmission or distribution) pursuant to any of the utility's gas transportation rate schedules on file with the Commission.
- (x) "Index price" means a published figure identifying a representative price of natural gas commodity available in a geographic area or at specific gas purchasing points during a specified time interval (i.e., daily, weekly, or monthly).
- (y) "Long-term contract" means a firm, fixed-price supply contract with an initial term of 12 months of more in duration.
- (z) "Mil" means one-tenth of one cent (\$0.001).
- (aa) "Normalized" means the process of adjusting gas quantities to reflect normal historic temperature based on National Oceanic and Atmospheric Administration data or other data as appropriate.
- (bb) "Peak day" means a defined period (such as a 24 hour period or a three consecutive coincidental or non-coincidental day average), not less than 24 hours, during which gas commodity throughput is at its maximum level on the utility's system.
- (cc) "Propane utility" means a public utility as defined in § 40-1-103, C.R.S., that operates for the purpose of supplying the public propane but does not supply natural gas or other fuels.
- (dd) "Receipt point/area" means the point or group of points in a discrete geographic area, such as a supply basin, hub, or market area, at which the utility acquires title to the gas commodity purchased.
- (ee) "Sales gas service" means the regulated sale of gas commodity by the utility to customers on the utility's jurisdictional gas system.

- (ff) "Service level" means the type or level (whether base, swing, or peak) of gas supply service contracted for by the utility based upon the respective obligations of the supplier to deliver and sell, and the utility to take and purchase, gas commodity.
- (gg) "Upstream services" means all transmission, gathering, compression, balancing, treating, processing, storage, and like services performed by others under contract with the utility for the purpose of effectuating delivery of gas commodity to the utility's jurisdictional gas facilities.

4602. Schedule for Filings by Utilities.

Utilities subject to rules 4600 through 4609 shall make the required filings in accordance with the following schedule.

- (a) Utilities with more than 50,000 full service customers shall file with the Commission quarterly GCA filings. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (b) Utilities with fewer than 50,000 full service customers shall file with the Commission either quarterly GCA filings or two GCA filings per year with effective dates for GCA rates of November 1 and April 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (c) Propane utilities shall file an annual GCA filing with an effective date of November 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4306(b).
- (d) All utilities shall file their GPP submittal annually on or before June 1 for the next gas purchase year beginning July 1.
- (e) The GPDBR for the preceding gas purchase year in which a GPP was filed shall be filed annually by October 1.
- (f) Utilities with fewer than 50,000 full service customers and propane utilities are not required to file GPIM applications pursuant to rule 4607.
- (g) Utilities with more than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 within 60 days of the effective date of these rules in advance of the 2023-2024 hearing season for a period extending through the gas purchase year ending in June 2025. GPIM applications for periods after June 2025 shall be filed pursuant to rule 4607 at least every three years.
- (h) Utilities with more than 50,000 full service customers but fewer than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 no later than September 1, 2023 for a period extending through the gas purchase year ending in June 2026. GPIM applications for periods after June 2026 shall be filed pursuant to rule 4607 at least every three years.
- (i) After each heating season covered by a GPIM, the utility shall file a report on its performance no later than October 1. Commission staff shall review the report and confer with the utility regarding whether it is appropriate to continue the GPIM.

4603. Gas Cost Adjustments.

- (a) Scheduled filings. A utility shall submit a GCA filing to adjust its GCA. The GCA filing shall be filed pursuant to the schedule provided in rule 4602. The GCA filing shall be submitted not less than two weeks in advance of the proposed effective date.
- (b) Additional filings. If the projected gas costs have changed from those used to calculate the currently effective gas cost or if a utility's deferred gas cost balance increases or decreases sufficiently, the utility may submit a GCA filing to revise its currently effective GCA to reflect such changes, provided that the resulting change to the GCA equates to at least one cent (\$0.01) per Mcf or Dth.
- (c) Applicability of the GCA. The GCA shall be applied to all utility sales gas rate schedules. A utility engaged in the provision of gas transportation service may calculate a GCA that may be applied to transportation gas rate schedules in order to reflect appropriate costs. Absent a Commission decision, a utility engaged in the provision of gas transportation service shall not be required to calculate a transportation GCA factor.
- (d) Interest on under- or over-recovery. The amount of net interest accrued on the average monthly balance in Account No. 191 (whether positive or negative), is determined by multiplying the monthly balance by an interest rate equal to the Commission-authorized customer deposit rate for gas utilities. If net interest is positive, it will be excluded from the calculation of the deferred gas cost.
- (e) Price volatility risk management costs (hedging). Costs related to gas price volatility risk management for jurisdictional gas supply may be included for recovery through the GCA, if allowed by tariffs or by Commission decision. Such costs are subject to the prudence review and standard provided in rule 4608.
- (f) Calculation of the GCA. The GCA shall be calculated to at least the accuracy of one mil per Mcf or Dth pursuant to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{GCA} = (\text{current gas cost} + \text{deferred gas cost}) - (\text{base gas cost}).$$

4604. Contents of GCA Filings.

- (a) A GCA filing shall meet the following requirements.
 - (I) Every GCA filing shall contain attachments 1 through 9. The attachments shall meet the requirements set out in this rule.
 - (II) The attachments shall be organized in a manner that specifically references, and responds to, the requirements contained in each subparagraph of this rule.
 - (III) Attachments 2, 3, 5, and 6 shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

- (IV) Cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment shall be submitted and provided to Commission staff at the same time as the application. Work-papers shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.
 - (V) The filing shall cross-reference the proceeding numbers of the associated GPP submittals.
 - (VI) An explanation of all pro forma adjustments shall be provided, if applicable.
- (b) GCA attachment No. 1 - GCA summary. This attachment shall clearly illustrate all of the following principles.
- (I) The impact the utility's currently effective GCA has on each sales gas customer class and, when applicable, the gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis.
 - (II) The impact the utility's proposed GCA has on each sales gas customer class and, when applicable, gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis; and
 - (III) The percent change in total bill for a customer of average usage for each sales gas customer class. This percent change in total bill calculation shall include an itemization of the monthly service and facility charge, base rates and GCA commodity components, and all other tariff charges on the customer bill.
- (c) GCA attachment No. 2 - Current Gas Cost Calculation. This attachment shall contain the calculation of the current gas cost and shall provide month-by-month information with respect to the forecasted gas commodity cost, forecasted gas purchase quantity, forecasted market prices, forecasted upstream service cost, and forecasted sales gas quantity. The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP, as required pursuant to rule 4606.
- (I) The utility shall calculate current gas cost at least to the accuracy of the nearest mil (\$0.001) per Mcf or Dth according to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{current gas cost} = (\text{forecasted gas commodity cost} + \text{forecasted upstream service cost}) / \text{forecasted sales gas quantity}.$$
 - (II) The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal for each month of the GCA effective period, as required pursuant to rule 4606.

- (d) GCA attachment No. 3 - Deferred Gas Cost Calculation. This attachment shall contain the details of the utility's actual gas purchase costs, the calculation of deferred gas cost, and the calculation of the GPIM sharing amount, as approved by the Commission. In addition, this attachment shall provide month-by-month information detailing the activity in USOA Account No. 191 by subaccount and period as applicable, interest on under- or over-recovery, GPIM performance results, and all other included gas costs authorized for recovery in the GCA. The utility shall calculate deferred gas cost as the aggregate total of the under- or over-recovered gas costs reflected in its Account No. 191, or other approved gas costs, recorded at the close of business for each month of the period at issue (such as the previous gas purchase year), plus interest on under- or over-recovery (if net amount is negative), divided by forecasted sales gas quantity for the next 12-month period. The utility shall calculate deferred gas cost at least to the accuracy of the nearest mil per Mcf or Dth. Each cost a utility includes in the deferred gas cost calculation shall be itemized and clearly identified and itemized for applicability to the period at issue. In its GCA filings, the utility shall reflect actual deferred costs for the most recent period, or as otherwise approved by the Commission. The results of the GPIM sharing shall be calculated on an annual basis and included in the deferred balance.
- (e) GCA attachment No. 4 - Current Tariff. This attachment shall contain the tariff pages which illustrate the gas cost components of the utility's currently effective rates for sales gas service and, where applicable, gas transportation service.
- (f) GCA attachment No. 5 - Forecasted Gas Transportation Demand. This attachment applies only to utilities that have a GCA component within their authorized rates for gas transportation service. This attachment shall provide the following information, with all demand forecast information provided on a Mcf or Dth basis:
 - (I) a forecast of gas commodity throughput attributable to gas transportation service for each month of the GCA effective period; and
 - (II) a forecast of firm backup supply demand quantities (to the extent the utility has such service) under the utility's firm gas transportation service agreements for each month of the GCA effective period.
- (g) GCA attachment No. 6 - current gas cost allocations. This attachment shall fully explain and justify the method(s) used to do each of the following:
 - (I) allocate the costs associated with the gas commodity and upstream services to each specific sales gas customer class and, where applicable, gas transportation customer rate class; and
 - (II) derive the amount of the GCA applied to each specific sales gas customer class and, where applicable, gas transportation customer rate classes.
- (h) GCA attachment No. 7 - Customer Notice. This attachment shall provide the form of notice to customers and the public concerning the utility's proposed GCA change. In its customer notice for each sales gas customer class, the utility shall include the following:
 - (I) current and proposed GCA rates and percentage change;

- (II) comparison of the previous gas purchase year's last average annual bill under prior rates and the projected average annual bill under the proposed GCA rates and percentage change in the total bill amount using an average usage amount for each customer class;
 - (III) comparison of the prior year's peak winter month bill under prior rates and the projected peak winter month bill under the proposed GCA rates and percentage change using an average peak winter month usage amount for each customer class; and
 - (IV) a statement that the utility made a separate gas purchase report filing in accordance with rule 4608 to begin the initial prudence review evaluation process for the prior gas purchase year.
- (i) GCA attachment No. 8 - components of delivered gas cost. This attachment shall detail the itemized rate components of delivered gas cost to the customer (rate), per rule 4406.
 - (j) GCA attachment No. 9 - proposed tariff. This attachment shall contain the tariff sheets proposed by the utility to reflect the proposed GCA change.

4605. Gas Purchase Plans.

- (a) GPP filing requirements. The utility shall file its GPP as a "Submittal for Determination of Completeness of GPP." This submittal shall include the following proceeding caption: "In the matter of Gas Purchase Plans and Gas Purchase Reports for [utility] for the Gas Purchase Year from July 1, [year] through June 30, [year]."
- (b) Contents of GPP filing. In the GPP, the utility shall submit to the Commission the following:
 - (I) the information required by rule 4606;
 - (II) the utility's forecasted quantity of gas to be purchased over the ensuing gas purchase year for each service level;
 - (III) the utility's forecasted pricing for each receipt point/area; and
 - (IV) the utility's portfolio management plan.
- (c) Commission procedures for processing filings. Upon receipt of a GPP submittal, the Commission shall assign a proceeding number and shall review the submittal solely for completeness (i.e., compliance with the information requirements of these rules). The Commission shall not: hold a hearing on the substance of the GPP, entertain interventions by interested parties, require the filing of testimony or permit discovery. The Commission shall not render a decision approving or disapproving the substantive information contained in the submittal.
- (d) Review timelines. Commission staff shall review the submittal and, within 15 calendar days of the filing, shall provide written notification to the utility of any deficiencies in the submittal. The utility shall file the requested information, or a written statement indicating that the utility believes the additional information is not required, within 15 calendar days after the date of the Commission staff notification. Upon receipt of final information or the written statement, Commission staff shall place the submittal on the agenda for consideration at the next available Commissioners' weekly

meeting. If the Commission fails to mail its determination on completeness of the submittal within 15 calendar days of receipt of final information or the written statement, the submittal shall be deemed complete.

- (e) Utilities with multiple GCA rate areas. A utility with more than one approved GCA rate area in Colorado shall file a separate GPP for each GCA rate area. These GPPs may be filed in a single submittal.
- (f) Modified GPP. A utility shall file a new GPP within 30 days of its determination that the currently effective GPP no longer substantively reflects active purchasing conditions or the utility's planned purchasing practices.

4606. Contents of the GPP.

A GPP submittal shall contain the following attachments. The utility shall organize attachments in a manner that specifically references, and responds to, the requirements of paragraphs (a) through (d) of this rule. With its submittal, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPP attachment No. 1 - gas purchase schedule. This attachment shall provide a forecast of the specific gas commodity supplies, segregated by receipt point/area, which the utility plans to purchase in order to meet forecasted sales gas demand during each month of the applicable gas purchase year.
- (b) GPP attachment No. 2 - gas purchasing pricing description. For each specific receipt point/area, this attachment shall provide an estimate of applicable ranges of forecast index prices expected to be incurred, short-term fixed prices (one-year or other appropriate term), and other relevant pricing options, as applicable to the portfolio management plan described in GPP attachment 3.
- (c) GPP attachment No. 3 - portfolio management plan. This attachment shall provide a plan stating how the utility plans to manage its gas supply portfolio for the gas purchase year. This attachment shall also include a description and analysis of the options the utility considered, or will consider, and the steps the utility has taken, or will take, to reduce customers' risk of gas price volatility for the gas purchase year. To the extent a utility proposes to use gas price volatility risk management tools, this attachment shall include a description of the utility's policy for implementing such risk management tools, including a projection of such costs and the assumptions underlying all cost estimates.
- (d) GPP attachment No. 4 - forecasted upstream service costs. This attachment shall include the following information for each month of the applicable gas purchase year:
 - (I) An itemized list of all upstream services, by provider and service level or rate schedule, and associated costs, that the utility expects to purchase in the upcoming gas purchase year in order to meet sales gas and gas transportation demand.
 - (II) A comparison of forecasted design peak day delivery quantity with all sources of capacity available to the utility, including forecasted upstream services, forecasted gas commodity to be purchased directly into the utility's distribution system (i.e., city gate purchases) on

a firm basis, and the utility's own gas storage facilities or purchased gas storage capacity.

- (III) A comprehensive explanation of the utility's forecasted level of planned upstream service purchases.
- (IV) Forecasted capacity release volumes and revenues for release of upstream capacity by the utility.

4607. Gas Performance Incentive Mechanism Applications.

A GPIM application shall contain the following elements. The utility shall specifically reference and respond to the requirements of paragraphs (a) through (d) of this rule and shall provide cross-references and footnoted work-papers in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

- (a) GPIM benchmark. Methodology to establish the GPIM benchmark for commodity gas purchases based on verifiable, reported market indices, with a reasonable adjustment, and for appropriate locations.
- (b) GPIM commodity gas volumes. Description and explanation of all gas volumes to be included in the GPIM.
 - (I) The volumes and costs associated with fixed-price, long-term supply contracts may be excluded from the GPIM and risk sharing calculation.
 - (II) The volumes and costs associated with storage injections and withdrawals, including both physical and contract storage, may be excluded from the GPIM and risk sharing calculation. Utilities shall provide a description of storage assets to be either included or excluded from the GPIM.
 - (III) The volumes and costs associated with associated with financial hedging shall be excluded from the GPIM and risk sharing calculation.
 - (IV) All other actual gas volumes and costs shall be subject to the GPIM with consideration of reasonable adjustments as determined by the Commission.
- (c) Upstream supply costs. Description and explanation of upstream costs included in the GPIM risk sharing mechanism, including the methodology for developing an appropriate benchmark for such costs, if appropriate.
- (d) Risk sharing amount. Methodology for calculating the risk sharing amount.
 - (I) A formula will calculate a percentage of the difference between the actual gas costs and the benchmark formula for applicable gas volumes, either positive or negative, borne or retained by the utility, subject to applicable limitations.
 - (II) The utility shall explain:

- (A) any proposed deadband around the GPIM benchmark whereby price variation within the deadband is excluded from risk sharing formula;
 - (B) any proposed cap or floor on the results of the risk sharing; and
 - (C) any proposed methodology for applying force majeure or similar provisions to the risk sharing mechanism.
- (III) Backcasting analysis, based on a minimum of the most recent three years of historical data, will demonstrate how the proposed GPIM benchmark would have been calculated and how the proposed risk sharing mechanism would have performed over the historical period. This analysis shall assume the utility made no changes to its actions in response to the mechanism and ignore any force majeure or similar events. The utility may, in its discretion, present additional analysis.
- (e) Review for continuation of the GPIM. The utility may request that the Commission determine whether its GPIM should be discontinued based on prior performance. A comprehensive assessment of the GPIM shall be required no later than January 1, 2030.

4608. Gas Purchase and Deferred Balance Reports and Prudence Reviews.

- (a) GPDBR filing requirements. The utility shall file a GPDBR in accordance with paragraph 4602(e) for the review and approval of the calculation of the deferred GCA balance and the GPIM performance and sharing amount for the previous four quarters ending June 30. The GPDBR shall be filed under the previous year's GPP proceeding number (filed approximately 15 months previously). Specific attachments or other information may be filed under seal; however, an explanation of the confidential nature of the attachments or information must be included in the GPDBR filing.
- (b) Prudence review process. Based on the initial evaluation of the GPDBR, including the results of any active GPIM, the Commission may initiate a prudence review hearing. The Commission shall initiate this hearing by written order within 120 days of the filing of the GDBPR. The prudence review may result in tariff or rate changes that could affect different classifications of customers.
- (c) Prudence review standard. For purposes of GCA recovery, the standard of review to be used in assessing the utility's action (or lack of action) in a specific gas purchase year is: whether the action (or lack of action) of a utility was reasonable in light of the information known, or which should have been known, at the time of the action (or lack of action). The Commission may consider, as appropriate, whether the utility employed carefulness, precaution, attentiveness, and good judgment.
- (d) GPIM shared savings. A utility may request approval of any shared savings amounts under its GPIM based upon a review of the drivers of the sharing amounts and the appropriateness of the sharing amounts.
- (e) Burden of proof. If the Commission elects to hold a hearing, the utility shall have the burden of proof and the burden of going forward to establish the reasonableness of actual gas commodity and demand costs paid by the utility, actual costs incurred in volatility management, and actual upstream service costs of any nature incurred during the review period.

- (f) Utility testimony and attachments. If the Commission sets a hearing, the utility shall file its testimony supporting gas cost recovery for the gas purchase year at issue. The testimony shall be filed in question-and-answer format. The utility shall file its testimony not later than 45 days after the Commission sets the matter for hearing.

4609. Contents of the GPDBR.

A GPDBR shall contain the following attachments. The utility shall organize the attachments in a manner that specifically references, and responds to, paragraphs (a) through (d) of this rule. The utility shall also present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal as required pursuant to rule 4606 and GCA filing pursuant to rule 4604. The utility shall provide an explanation of, and justification for, any material deviations from its GPP. All underlying support documentation and work-papers shall be made available. With its filing, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPDBR attachment No. 1 - actual gas commodity purchases. This attachment shall provide, in a format comparable to the information provided in GPP attachment 1, the quantities of, and actual invoice costs of, specific gas commodity supplies, segregated by receipt point/area that the utility purchased in order to meet actual sales gas and gas transportation demand during the peak day and for each month of the gas purchase year.
- (b) GPDBR attachment No. 2 - description of actual market prices. This attachment shall provide, in a format comparable to the information provided in GPP attachment 2, actual index prices, short-term fixed prices (one-year, or other appropriate term), and other relevant pricing options for each specific receipt point area, as applicable to the portfolio management plan described in GPP and GPR attachments 3.
- (c) GPDBR attachment No. 3 - actual portfolio purchases. This attachment shall provide, in a format comparable to the information provided in GPP exhibit 3, a comparison of the utility's portfolio management plan and the results actually achieved through the implementation of this plan (or modification thereto), in order to demonstrate, using the standard of review specified in paragraph 4608(c), the prudence of actual portfolio purchases. This attachment shall include a detailed itemization of gas price volatility risk management costs if applicable.
- (d) GPDBR attachment No. 4 - actual upstream service costs. This attachment shall provide, in a format comparable to the information provided in GPP attachment 4, the following information for each month of the gas purchase year:
 - (I) an itemized list of the upstream services the utility actually purchased in order to meet sales gas and gas transportation demand;
 - (II) an itemized listing of the specific costs the utility incurred to purchase upstream services;
 - (III) actual peak day demand experienced by the utility during the gas purchase year; and
 - (IV) an itemized list of capacity release volumes and revenues.

- (e) GPDBR attachment No. 5 - deferred balances. This attachment shall provide monthly deferred balances for the 12 months ending June 30.
- (f) GPDBR attachment No. 6 - GPIM results. This attachment shall provide:
 - (I) the monthly GPIM benchmark calculation including market indices used in the formulation; and
 - (II) the GPIM risk sharing calculation including application of any applicable deadband, cap or floor.

4610. Confidentiality.

- (a) For each attachment filed by the utility as confidential under rules 4600 through 4610, the utility shall provide, at a minimum, a version of the attachment with publicly available information.
- (b) The Office of the Utility Consumer Advocate (UCA) may provide each utility annually, on or before January 1 of each year, an executed generic nondisclosure agreement with the utility so that the utility shall provide such confidential information to the UCA when any utility filings are made pursuant to rules 4600 through 4609 for the subsequent year.

4611. – 4699. [Reserved].

Decision No. C23-0108

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 21R-0314G

IN THE MATTER OF THE PROPOSED RULES ADDRESSING GAS COST ADJUSTMENT APPLICATIONS FILED PURSUANT TO THE RULES REGULATING GAS UTILITIES, 4 CODE OF COLORADO REGULATIONS (CCR) 723-4.

**COMMISSION DECISION DENYING AS MOOT
APPLICATION FOR REHEARING, REARGUMENT, OR
RECONSIDERATION, AND GIVING NOTICE OF
CORRECTION OF CLERICAL ERROR**

Mailed Date: February 16, 2023

Adopted Date: February 15, 2023

I. BY THE COMMISSION

A. Statement, Findings, and Conclusions

1. By this Decision, the Commission addresses the Application for Rehearing, Reargument, or Reconsideration (RRR) filed on February 6, 2023, by Durango Mountain Utilities, LLC (DMU) requesting reconsideration of Decision No. C23-0029 (Decision), issued in this Proceeding on January 17, 2023.

2. The Commission's Decision adopted modified rules governing the gas cost adjustment (GCA) at 4 *Code of Colorado Regulations* 723-4-4600, *et seq.* (GCA Rules).

3. DMU notes in its Application for RRR that the Commission's adopted GCA Rules contain a clerical error at Rule 4602(c). DMU points out this rule contains a cross reference to paragraph 4306(b), which should instead refer to paragraph 4603(b).

4. The Commission agrees this cross-reference is a clerical error in the rule and will correct this error in the final version of the rules submitted to the Office of the Secretary of State for publication in *The Colorado Register*.

5. This clerical error does not rise to the level of a substantive change and therefore we find it appropriate to deny DMU's application for RRR as moot with the note that the Commission has made this correction in the final rules submitted for publication.

6. For reference, the adopted rules with this clerical correction are attached to this Decision in legislative format (*i.e.*, strikeout/underline) as Attachment A, and in final format as Attachment B.

II. **ORDER**

A. **The Commission Orders That:**

1. The Application for Rehearing, Reargument, or Reconsideration filed on February 6, 2023, by Durango Mountain Utilities, LLC, is denied as moot, consistent with the discussion above.

2. The clerical error in Rule 4602(c) shall be corrected as shown in the attachments to this Decision, consistent with the discussion above.

3. This Decision is effective upon its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
February 15, 2023.**

(S E A L)



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

TOM PLANT

Commissioners

ATTEST: A TRUE COPY

A handwritten signature in cursive script, appearing to read "G. Harris Adams".

G. Harris Adams,
Interim Director

COLORADO DEPARTMENT OF REGULATORY AGENCIES

Public Utilities Commission

4 CODE OF COLORADO REGULATIONS (CCR) 723-4

PART 4 RULES REGULATING GAS UTILITIES

GAS COST ADJUSTMENT, ~~AND PRUDENCE REVIEW,~~ AND PERFORMANCE INCENTIVE

4600. Overview and Purpose.

Rules 4601 through ~~4609-4610~~ are used by LDCs utilities to revise gas rates on an expedited basis. These rules provide instructions for the filing of: gas cost adjustment ~~applications~~ filings; annual gas purchase plan submittals; ~~and annual gas purchase~~ and deferred balance reports; and gas performance incentive mechanism applications. The purpose of the Gas Cost Adjustment is to enable LDCs utilities, on an expedited basis, to reflect in their rates for gas sales and gas transportation services, as applicable, the increases or decreases in gas costs, including (but not limited to) gas commodity costs and upstream services costs. The purpose of the Gas Purchase Plan is to describe the LDC utility's plan for purchases of gas commodity and upstream services in order to meet the forecasted demand for sales gas service during each month of the gas purchase year. The purpose of the Gas Purchase and Deferred Balance Report is to present the LDC utility's actual purchases of gas commodity and upstream services during each month of the gas purchase year. The purpose of the Gas Performance Incentive Mechanism application is to propose for review and approval a performance incentive mechanism that establishes a gas cost benchmark and applies a risk sharing mechanism.

4601. Definitions.

The following definitions apply to rules 4600 through 4609 unless a specific statute or rule provides otherwise. In the event of a conflict between these definitions and a statutory definition, the statutory definition shall apply.

- (a) "Account No. 191" means an account under the Federal Energy Regulatory Commission Uniform System of Accounts (USOA) used to account for the difference between purchased gas costs and revenues collected by a utility's ~~accumulate actual under or over recovered~~ gas supply costs cost adjustment.
- (b) "Base gas cost" means a rate component which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth which reflects the cost of gas commodity and upstream services, when applicable, included in the utility's base rates for sales gas and gas transportation service.
- (c) "Base rates" means the utility's currently- effective rates for sales gas and gas transportation service as authorized by the Commission in the utility's last general rate case.

- (d) "Current gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which reflects the cost of gas commodity and upstream service projected to be incurred by the utility during the GCA effective period.
- (e) "Deferred gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which is designed to amortize over the GCA effective period the under- or over-recovered gas costs reflected in the utility's Account No. 191 or other appropriate costs for a defined period such as a gas purchase year.
- (f) "Forecasted design peak day quantity" means the total quantity of gas commodity anticipated to be required to meet firm sales and firm gas transportation service demand on the utility's system on a design or historical peak day.
- (g) "Forecasted gas commodity cost" means the cost of gas commodity, including appropriate adjustments for storage gas injections and withdrawals, approved hedging program costs, and for exchange gas imbalances, which is projected to be incurred by the utility during the GCA effective period and which is determined by using forecasted gas purchase quantity and forecasted purchase prices.
- (h) "Forecasted gas purchase quantity" means the quantity of gas commodity the utility anticipates it will purchase during the GCA effective period, based upon the forecasted sales gas quantity, adjusted for system gas loss, use, or other anticipated variances.
- (i) "Forecasted purchase prices" means index prices, fixed prices, or other gas contracting price options used in the calculation of the forecasted gas commodity cost.
- (j) "Forecasted sales gas quantity" means the quantity of gas commodity projected to be sold by the utility during the GCA effective period, based upon the normalized quantity of gas commodity sales, adjusted for anticipated changes.
- (k) "Forecasted upstream service cost" means the total cost of upstream services projected to be incurred by the utility during the GCA effective period.
- (l) "Gas commodity throughput" means the amount of gas commodity flowing through the utility's jurisdictional gas facilities during a defined period of time.
- (m) "Gas cost adjustment" or "GCA" means the tariff mechanism by which a gas rate is adjusted to reflect increases or decreases in gas costs.
- (n) "GCA effective period" means the period of time that the GCA rate change is intended to be in effect before being superseded on the effective date of the next scheduled GCA.
- (o) "GCA filing" means an application or advice letter filing to adjust the GCA rate.
- (p) "GCA rate area" means the geographic portion of the utility's service area in which a GCA rate is calculated and billed to customers. A utility may have a single GCA rate area that covers its entire service area or multiple GCA rate areas as established by the Commission.

- (q) "Gas performance incentive mechanism" (GPIM) means an incentive mechanism that shares the risk of gas commodity costs between the utility and its customers.
- (r) "GPIM application" means an application pursuant to rule 4607 establishing a GPIM.
- (s) "GPIM benchmark" means a benchmark calculated based on verifiable, reported market indices, with a reasonable adjustment, for comparison with actual commodity costs incurred by the utility.
- (t) "Gas purchase and deferred balance report" (GPDBR) means a report pursuant to rule 4608 which is filed with the Commission and which describes the utility's actual purchases of gas commodity and upstream services in order to meet sales gas demand during the gas purchase year.
- (eu) "Gas purchase plan" (GPP) means a submittal pursuant to rule 4605 that describes the utility's planned purchases of gas commodity and upstream services to be used to meet sales gas demand during the gas purchase year.
- ~~(p) "Gas purchase report" (GPR) means a report pursuant to rule 4607 which is filed with the Commission and which describes the utility's actual purchases of gas commodity and upstream services in order to meet sales gas demand during the gas purchase year.~~
- (qv) "Gas purchase year" means a 12-month period from July 1 through June 30.
- (fw) "Gas transportation service" means the delivery of gas commodity on the utility's pipeline system (either transmission or distribution) pursuant to any of the utility's gas transportation rate schedules on file with the Commission.
- (sx) "Index price" means a published figure identifying a representative price of natural gas commodity available in a geographic area or at specific gas purchasing points during a specified time interval (i.e., daily, weekly, or monthly).
- (y) "Long-term contract" means a firm, fixed-price supply contract with an initial term of 12 months of more in duration.
- (tz) "Mil" means one-tenth of one cent (\$0.001).
- (~~uaa~~) "Normalized" means the process of adjusting gas quantities to reflect normal historic temperature based on National Oceanic and Atmospheric Administration data or other data as appropriate.
- (~~vbb~~) "Peak day" means a defined period (such as a 24 hour period or a three consecutive coincidental or non-coincidental day average), not less than 24 hours, during which gas commodity throughput is at its maximum level on the utility's system.
- (cc) "Propane utility" means a public utility as defined in § 40-1-103, C.R.S., that operates for the purpose of supplying the public propane but does not supply natural gas or other fuels.
- (~~wdd~~) "Receipt point/area" means the point or group of points in a discrete geographic area, such as a supply basin, hub, or market area, at which the utility acquires title to the gas commodity purchased.

- (~~xee~~) "Sales gas service" means the regulated sale of gas commodity by the utility to customers on the utility's jurisdictional gas system.
- (~~yff~~) "Service level" means the type or level (whether base, swing, or peak) of gas supply service contracted for by the utility based upon the respective obligations of the supplier to deliver and sell, and the utility to take and purchase, gas commodity.
- (~~zgg~~) "Upstream services" means all transmission, gathering, compression, balancing, treating, processing, storage, and like services performed by others under contract with the utility for the purpose of effectuating delivery of gas commodity to the utility's jurisdictional gas facilities.

4602. Schedule for Filings by Utilities.

Utilities subject to rules 4600 through 4609 shall make the required filings in accordance with the following schedule:

- (a) ~~Utilities with more than 50,000 full service customers shall file with the Commission quarterly GCA filings. October 1 filing schedule. Public Service Company of Colorado, and Atmos Energy Corporation, shall file with the Commission annual GCA applications with an effective date of October 1. Additional GCA applications filings may also be filed as necessary pursuant to paragraph 4603(eb). The GPR for the preceding gas purchase year in which a GPP was filed shall be filed as a separate filing at the same time as the annual GCA application to be effective October 1.~~
- (b) ~~Utilities with fewer than 50,000 full service customers shall file with the Commission either quarterly GCA filings or two GCA filings per year with effective dates for GCA rates of November 1 and April 1. November 1 filing schedule. Black Hills/Colorado Gas Utility Company, LP; Black Hills Gas Distribution, LLC; Durango Mountain Utilities; and Colorado Natural Gas, Inc. shall file with the Commission annual GCA applications with an effective date of November 1. Additional GCA applications filings may also be filed as necessary pursuant to paragraph 4603(eb). The GPR for the preceding gas purchase year in which a GPP was filed shall be filed as a separate filing at the same time as the annual GCA application to be effective November 1.~~
- (c) ~~Propane utilities shall file an annual GCA filing with an effective date of November 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).~~
- (~~de~~) All utilities shall file their GPP submittal annually on or before June 1 for the next gas purchase year beginning July 1.
- (e) ~~The GPDBR for the preceding gas purchase year in which a GPP was filed shall be filed annually by October 1.~~
- (f) ~~Utilities with fewer than 50,000 full service customers and propane utilities are not required to file GPIM applications pursuant to rule 4607.~~
- (g) ~~Utilities with more than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 within 60 days of the effective date of these rules in advance of the 2023-2024 hearing season for a period extending through the gas purchase year ending in June 2025.~~

GPIM applications for periods after June 2025 shall be filed pursuant to rule 4607 at least every three years.

- (h) Utilities with more than 50,000 full service customers but fewer than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 no later than September 1, 2023 for a period extending through the gas purchase year ending in June 2026. GPIM applications for periods after June 2026 shall be filed pursuant to rule 4607 at least every three years.
- (i) After each heating season covered by a GPIM, the utility shall file a report on its performance no later than October 1. Commission staff shall review the report and confer with the utility regarding whether it is appropriate to continue the GPIM.

4603. Gas Cost Adjustments.

- (a) Scheduled filings. A utility shall ~~file an application~~ submit a GCA filing to adjust its GCA. The GCA ~~application filing~~ shall be filed pursuant to the schedule provided in rule 4602. ~~A utility shall file a~~ The GCA application filing shall be submitted not less than two weeks in advance of the proposed effective date.
- (b) ~~A GCA application shall include, in the following order and specifically identified, the following information, either in the application or in appropriately identified attachments:~~
- ~~(I) the information required by paragraphs 4002(b) and 4002(c); and~~
 - ~~(II) the information required by rule 4604. Attachments 2, 3, 5 and 6 listed in rule 4604 shall be provided in written form and shall be provided electronically, in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by the Commission staff.~~
- (e**b**) Additional filings. If the projected gas costs have changed from those used to calculate the currently effective gas cost or if a utility's deferred gas cost balance increases or decreases sufficiently, the utility may ~~file an application~~ submit a GCA filing to revise its currently effective GCA to reflect such changes, provided that the resulting change to the GCA equates to at least one cent (\$0.01) per Mcf or Dth.
- (e**c**) Applicability of the GCA. The GCA shall be applied to all utility sales gas rate schedules. A utility engaged in the provision of gas transportation service may calculate a GCA that may be applied to transportation gas rate schedules in order to reflect appropriate costs. Absent a Commission decision, a utility engaged in the provision of gas transportation service shall not be required to calculate a transportation GCA factor.
- (e**d**) Interest on under- or over-recovery. The amount of net interest accrued on the average monthly balance in Account No. 191 (whether positive or negative), is determined by multiplying the monthly balance by an interest rate equal to the Commission-authorized customer deposit rate for gas utilities. If net interest is positive, it will be excluded from the calculation of the deferred gas cost.

- (fe) Price volatility risk management costs (hedging). Costs related to gas price volatility risk management for jurisdictional gas supply may be included for recovery through the GCA, if allowed by tariffs or by Commission decision. Such costs are subject to the prudence review and standard provided in rule ~~4607~~4608.
- (gf) Calculation of the GCA. The GCA shall be calculated to at least the accuracy of one mil per Mcf or Dth pursuant to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{GCA} = (\text{current gas cost} + \text{deferred gas cost}) - (\text{base gas cost}).$$

4604. Contents of GCA ~~Applications~~Filings.

- (a) A GCA ~~application-filing~~ shall meet the following requirements.
 - (I) Every ~~application-GCA filing~~ shall contain attachments 1 through 9. ~~Attachments 10 through 12 shall be filed with the annual GCA application.~~ The attachments shall meet the requirements set out in this rule.
 - (II) The attachments shall be organized in a manner that specifically references, and responds to, the requirements contained in each subparagraph of this rule.
 - ~~(III)~~ Attachments 2, 3, 5, and 6 shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.
 - ~~(IIIIV)~~ Cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment shall be submitted and provided to Commission staff at the same time as the application. Work-papers shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.
 - (IV) The ~~application-filing~~ shall cross-reference the proceeding numbers of the associated GPP submittals.
 - ~~(V)~~ When preparing attachments 10 through 12, the rate base, net operating earnings, capital structure, and cost of capital shall be calculated in conformance with the regulatory principles authorized by the Commission in the utility's most recent general rate case, including all required pro forma adjustments.
 - (VI) An explanation of all pro forma adjustments shall be provided, if applicable.
- (b) GCA attachment No. 1 - GCA ~~Summary~~summary. This attachment shall clearly illustrate all of the following principles.
 - (I) The impact the utility's currently effective GCA has on each sales gas customer class and, when applicable, the gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis.

- (II) The impact the utility's proposed GCA has on each sales gas customer class and, when applicable, gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis; and
 - (III) The percent change in total bill for a customer of average usage for each sales gas customer class. This percent change in total bill calculation shall include an itemization of the monthly service and facility charge, base rates and GCA commodity components, and all other tariff charges on the customer bill.
- (c) GCA attachment- No. 2 - Current Gas Cost Calculation. This attachment shall contain the calculation of the current gas cost and shall provide month-by-month information with respect to the forecasted gas commodity cost, forecasted gas purchase quantity, forecasted market prices, forecasted upstream service cost, and forecasted sales gas quantity. The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP, as required pursuant to rule 4606.
- (I) The utility shall calculate current gas cost at least to the accuracy of the nearest mil (\$0.001) per Mcf or Dth according to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{current gas cost} = (\text{forecasted gas commodity cost} + \text{forecasted upstream service cost}) / \text{forecasted sales gas quantity}.$$
 - (II) The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal for each month of the GCA effective period, as required pursuant to rule 4606.
- (d) GCA attachment No. 3 - Deferred Gas Cost Calculation. This attachment shall contain the details of the utility's actual gas purchase costs, and the calculation of deferred gas cost, and the calculation of the GPIM sharing amount, as approved by the Commission. In addition, this attachment shall provide month-by-month information detailing the activity in USOA Account No. 191 by subaccount and period as applicable, interest on under- or over-recovery, GPIM performance results, and all other included gas costs authorized for recovery in the GCA. The utility shall calculate deferred gas cost as the aggregate total of the under- or over-recovered gas costs -reflected in its Account No. 191, or other approved gas costs, recorded at the close of business for each month of the period at issue (such as the previous gas purchase year), plus interest on under- or over-recovery (if net amount is negative), divided by forecasted sales gas quantity for the next 12-month period. The utility shall calculate deferred gas cost at least to the accuracy of the nearest mil per Mcf or Dth. Each cost a utility includes in the deferred gas cost calculation shall be itemized and clearly identified and itemized for applicability to the period at issue. In its ~~annual GCA applications filings,~~ the utility shall reflect actual deferred costs for the most recent period ~~ending June 30,~~ or as otherwise approved by the Commission. The results of the GPIM sharing shall be calculated on an annual basis and included in the deferred balance.
- (e) GCA attachment No. 4 - Current Tariff. This attachment shall contain the tariff pages which illustrate the gas cost components of the utility's currently ~~-~~effective rates for sales gas service and, where applicable, gas transportation service.

- (f) GCA attachment No. 5 - Forecasted Gas Transportation Demand. This attachment applies only to utilities that have a GCA component within their authorized rates for gas transportation service. This attachment shall provide the following information, with all demand forecast information provided on a Mcf or Dth basis:
- (I) a forecast of gas commodity throughput attributable to gas transportation service for each month of the GCA effective period; and
 - (II) a forecast of firm backup supply demand quantities (to the extent the utility has such service)- under the utility's firm gas transportation service agreements for each month of the GCA effective period.
- (g) GCA attachment No. 6 - current gas cost allocations. This attachment shall fully explain and justify the method(s) used to do each of the following:
- (I) allocate the costs associated with the gas commodity and upstream services to each specific sales gas customer class and, where applicable, gas transportation customer rate class; and
 - (II) derive the amount of the GCA applied to each specific sales gas customer class and, where applicable, gas transportation customer rate classes.
- (h) GCA attachment No. 7 - Customer Notice. This attachment shall provide the form of notice to customers and the public concerning the utility's proposed GCA change. In its customer notice for each sales gas customer class, the utility shall include the following:
- (I) current and proposed GCA rates and percentage change;
 - (II) comparison of- the previous gas purchase year's last- average annual bill under prior rates and the projected average annual bill under the proposed GCA rates and percentage change in the total bill amount using an average usage amount for each customer class;
 - (III) comparison of the prior year's peak winter month bill under prior rates and the projected peak winter month bill under the proposed GCA rates and percentage change using an average peak winter month usage amount for each customer class; and
 - (IV) ~~with the annual GCA application,~~ a statement that the utility made a separate gas purchase report filing in accordance with rule ~~4607-4608~~ to begin the initial prudence review evaluation process for the prior gas purchase year.
- (i) GCA attachment No. 8 - components of delivered gas cost. This attachment shall detail the itemized rate components of delivered gas cost to the customer (rate), per rule 4406.
- (j) GCA attachment No. 9 - proposed tariff. This attachment shall contain the tariff sheets proposed by the utility to reflect the proposed GCA change.

- ~~(k) — GCA attachment No. 10 – rate base. This attachment shall calculate the used and useful rate base assets employed by the utility for Commission-regulated gas operations for the most recently completed 12-month period ending June 30.~~
- ~~(l) — GCA attachment No. 11 – net operating earnings. This attachment shall calculate the utility's net operating earnings for jurisdictional gas operations during the most recently completed 12-month period ending June 30.~~
- ~~(m) — GCA attachment No. 12 – capital structure and cost of capital. This attachment shall calculate the following information for the most recently completed 12-month period ending June 30, the utility's:
 - ~~(I) — capital structure for jurisdictional gas operations;~~
 - ~~(II) — cost of long-term debt and preferred equity;~~
 - ~~(III) — cost of common equity; and~~
 - ~~(IV) — weighted average cost of capital.~~~~

4605. Gas Purchase Plans.

- (a) GPP filing requirements. The utility shall file its GPP as a "Submittal for Determination of Completeness of GPP." This submittal shall include the following proceeding caption: "In the matter of Gas Purchase Plans and Gas Purchase Reports for [utility] for the Gas Purchase Year from July 1, [year] through June 30, [year]."
- (b) Contents of GPP filing. In the GPP, the utility shall submit to the Commission the following:
 - (I) the information required by rule 4606;
 - (II) the utility's forecasted quantity of gas to be purchased over the ensuing gas purchase year for each service level;
 - (III) the utility's forecasted pricing for each receipt point/area; and
 - (IV) the utility's portfolio management plan.
- (c) Commission procedures for processing filings. Upon receipt of a GPP submittal, the Commission shall assign a proceeding number and shall review the submittal solely for completeness (i.e., compliance with the information requirements of these rules). The Commission shall not: hold a hearing on the substance of the GPP, entertain interventions by interested parties, require the filing of testimony or permit discovery. The Commission shall not render a decision approving or disapproving the substantive information contained in the submittal.
- (d) Review timelines. Commission staff shall review the submittal and, within 15 calendar days of the filing, shall provide written notification to the utility of any deficiencies in the submittal. The utility shall file the requested information, or a written statement indicating that the utility believes the additional information is not required, within 15 calendar days after the date of the Commission

staff notification. Upon receipt of final information or the written statement, Commission staff shall place the submittal on the agenda for consideration at the next available Commissioners' weekly meeting. If the Commission fails to mail its determination on completeness of the submittal within 15 calendar days of receipt of final information or the written statement, the submittal shall be deemed complete.

- (e) Utilities with multiple GCA rate areas. A utility with more than one approved GCA rate area in Colorado shall file a separate GPP for each GCA rate area. These GPPs may be filed in a single submittal.
- (f) ~~GPP no longer reflects market conditions~~ Modified GPP. A utility shall file a new GPP within 30 days of its determination that the currently effective GPP no longer substantively reflects active purchasing conditions or the utility's planned purchasing practices.

4606. Contents of the GPP.

A GPP submittal shall contain the following attachments. The utility shall organize attachments in a manner that specifically references, and responds to, the requirements of paragraphs (a) through (d) of this rule. With its submittal, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPP attachment No. 1 - gas purchase schedule. This attachment shall provide a forecast of the specific gas commodity supplies, segregated by receipt point/area, which the utility plans to purchase in order to meet forecasted sales gas demand during each month of the applicable gas purchase year.
- (b) GPP attachment No. 2 ~~—~~ gas purchasing pricing description. For each specific receipt point/area, this attachment shall provide an estimate of applicable ranges of forecast index prices expected to be incurred, short-term fixed prices (one-year or other appropriate term), and other relevant pricing options, as applicable to the portfolio management plan described in GPP attachment 3.
- (c) GPP attachment No. 3 ~~—~~ portfolio management plan. This attachment shall provide a plan stating how the utility plans to manage its gas supply portfolio for the gas purchase year. This attachment shall also include a description and analysis of the options the utility considered, or will consider, and the steps the utility has taken, or will take, to reduce customers' risk of gas price volatility for the gas purchase year. To the extent a utility proposes to use gas price volatility risk management tools, this attachment shall include a description of the utility's policy for implementing such risk management tools, including a projection of such costs and the assumptions underlying all cost estimates.
- (d) GPP attachment No. 4 - forecasted upstream service costs. This attachment shall include the following information for each month of the applicable gas purchase year:
 - (I) An itemized list of all upstream services, by provider and service level or rate schedule, and associated costs, that the utility expects to purchase in the upcoming gas purchase year in order to meet sales gas and gas transportation demand.
 - (II) A comparison of forecasted design peak day delivery quantity with all sources of capacity available to the utility, including forecasted upstream services, forecasted gas commodity

to be purchased directly into the utility's distribution system (i.e., city gate purchases) on a firm basis, and the utility's own gas storage facilities or purchased gas storage capacity.

- (III) A comprehensive explanation of the utility's forecasted level of planned upstream service purchases.
- (IV) Forecasted capacity release volumes and revenues for release of upstream capacity by the utility.

4607. Gas Performance Incentive Mechanism Applications.

A GPIM application shall contain the following elements. The utility shall specifically reference and respond to the requirements of paragraphs (a) through (d) of this rule and shall provide cross-references and footnoted work-papers in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

- (a) GPIM benchmark. Methodology to establish the GPIM benchmark for commodity gas purchases based on verifiable, reported market indices, with a reasonable adjustment, and for appropriate locations.
- (b) GPIM commodity gas volumes. Description and explanation of all gas volumes to be included in the GPIM.
 - (I) The volumes and costs associated with fixed-price, long-term supply contracts may be excluded from the GPIM and risk sharing calculation.
 - (II) The volumes and costs associated with storage injections and withdrawals, including both physical and contract storage, may be excluded from the GPIM and risk sharing calculation. Utilities shall provide a description of storage assets to be either included or excluded from the GPIM.
 - (III) The volumes and costs associated with associated with financial hedging shall be excluded from the GPIM and risk sharing calculation.
 - (IV) All other actual gas volumes and costs shall be subject to the GPIM with consideration of reasonable adjustments as determined by the Commission.
- (c) Upstream supply costs. Description and explanation of upstream costs included in the GPIM risk sharing mechanism, including the methodology for developing an appropriate benchmark for such costs, if appropriate.
- (d) Risk sharing amount. Methodology for calculating the risk sharing amount.
 - (I) A formula will calculate a percentage of the difference between the actual gas costs and the benchmark formula for applicable gas volumes, either positive or negative, borne or retained by the utility, subject to applicable limitations.
 - (II) The utility shall explain:

- (A) any proposed deadband around the GPIM benchmark whereby price variation within the deadband is excluded from risk sharing formula;
 - (B) any proposed cap or floor on the results of the risk sharing; and
 - (C) any proposed methodology for applying force majeure or similar provisions to the risk sharing mechanism.
- (III) Backcasting analysis, based on a minimum of the most recent three years of historical data, will demonstrate how the proposed GPIM benchmark would have been calculated and how the proposed risk sharing mechanism would have performed over the historical period. This analysis shall assume the utility made no changes to its actions in response to the mechanism and ignore any force majeure or similar events. The utility may, in its discretion, present additional analysis.
- (e) Review for continuation of the GPIM. The utility may request that the Commission determine whether its GPIM should be discontinued based on prior performance. A comprehensive assessment of the GPIM shall be required no later than January 1, 2030.

46074608. Gas Purchase and Deferred Balance Reports and Prudence Reviews.

- (a) GPDBR filing requirements. The utility shall file a GPDBR in accordance with paragraph 4602(e) for the review and approval of the calculation of the deferred GCA balance and the GPIM performance and sharing amount for the previous four quarters ending June 30. The GPDBR shall be filed under the previous year's GPP proceeding number (filed approximately 15 months previously) as a separate filing from, and at the same time as, the annual GCA application. Specific attachments or other information may be filed under seal; however, an explanation of the confidential nature of the attachments or information must be included in the GPDBR filing.
- (b) Prudence review process. Based on the initial evaluation of the GPDBR, including the results of any active GPIM, the Commission may initiate a prudence review hearing. The Commission shall initiate this hearing by written order within 120 days of the filing of the GPDBR. The prudence review may result in tariff or rate changes that could affect different classifications of customers.
- (c) Prudence review standard. For purposes of GCA recovery, the standard of review to be used in assessing the utility's action (or lack of action) in a specific gas purchase year is: whether the action (or lack of action) of a utility was reasonable in light of the information known, or which should have been known, at the time of the action (or lack of action). The Commission may consider, as appropriate, whether the utility employed carefulness, precaution, attentiveness, and good judgment.
- (d) GPIM shared savings. A utility may request approval of any shared savings amounts under its GPIM based upon a review of the drivers of the sharing amounts and the appropriateness of the sharing amounts.
- (de) Burden of proof. If the Commission elects to hold a hearing, the utility shall have the burden of proof and the burden of going forward to establish the reasonableness of actual gas commodity and demand costs paid by the utility, actual costs incurred in volatility management, and actual upstream service costs of any nature incurred during the review period.

- (ef) Utility testimony and attachments. If the Commission sets a hearing, the utility shall file its testimony supporting gas cost recovery for the gas purchase year at issue. The testimony shall be filed in question-and-answer format. The utility shall file its testimony not later than 45 days after the Commission sets the matter for hearing.

46084609. Contents of the GPDBR.

A GPDBR shall contain the following attachments. The utility shall organize the attachments in a manner that specifically references, and responds to, paragraphs (a) through (d) of this rule. The utility shall also present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal as required pursuant to rule 4606 and GCA ~~application-filing~~ pursuant to rule 4604. The utility shall provide an explanation of, and justification for, any material deviations from its GPP. All underlying support documentation and work-papers shall be made available. With its filing, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPDBR attachment No. 1 - actual gas commodity purchases. This attachment shall provide, in a format comparable to the information provided in GPP attachment 1, the quantities of, and actual invoice costs of, specific gas commodity supplies, segregated by receipt point/area that the utility purchased in order to meet actual sales gas and gas transportation demand during the peak day and for each month of the gas purchase year.
- (b) GPDBR attachment No. 2 - description of actual market prices. This attachment shall provide, in a format comparable to the information provided in GPP attachment 2, actual index prices, short-term fixed prices (one-year, or other appropriate term), and other relevant pricing options for each specific receipt point area, as applicable to the portfolio management plan described in GPP and GPR attachments 3.
- (c) GPDBR attachment No. 3 - actual portfolio purchases. This attachment shall provide, in a format comparable to the information provided in GPP exhibit 3, a comparison of the utility's portfolio management plan and the results actually achieved through the implementation of this plan (or modification thereto), in order to demonstrate, using the standard of review specified in paragraph ~~46074608~~(c), the prudence of actual portfolio purchases. This attachment shall include a detailed itemization of gas price volatility risk management costs if applicable.
- (d) GPDBR attachment No. 4 - actual upstream service costs. This attachment shall provide, in a format comparable to the information provided in GPP attachment 4, the following information for each month of the gas purchase year:
- (I) an itemized list of the upstream services the utility actually purchased in order to meet sales gas and gas transportation demand;
 - (II) an itemized listing of the specific costs the utility incurred to purchase upstream services;
 - (III) actual peak day demand experienced by the utility during the gas purchase year; and
 - (IV) an itemized list of capacity release volumes and revenues.

(e) GPDBR attachment No. 5 - deferred balances. This attachment shall provide monthly deferred balances for the 12 months ending June 30.

(f) GPDBR attachment No. 6 - GPIM results. This attachment shall provide:

(I) the monthly GPIM benchmark calculation including market indices used in the formulation; and

(II) the GPIM risk sharing calculation including application of any applicable deadband, cap or floor.

46094610. General Provisions Confidentiality.

(a) For each attachment filed by the utility as confidential under rules 4600 through ~~4609~~4610, the utility shall provide, at a minimum, a version of the attachment with publicly available information.

(b) The Office of the Utility Consumer Advocate (UCA) may provide each utility annually, on or before January 1 of each year, an executed generic nondisclosure agreement with the utility so that the utility shall provide such confidential information to the UCA when any utility filings are made pursuant to rules 4600 through 4609 for the subsequent year. A utility shall monitor the net under- or over-recovery balance in USOA Account No. 191 on a monthly basis. On a quarterly basis, or as otherwise established individually for a utility, a utility shall file, within 30 days of the end of the quarter, a report to the Commission stating the USOA Account No. 191 balance calculation for each rate area. The reports shall include the USOA Account No. 191 balance information specified in GCA attachment 3 and shall be filed in one common proceeding, established by the Commission to receive USOA Account No. 191 balance filings from all utilities. If the utility identifies a significant net under- or over- recovery balance during the gas purchase year, the utility shall initiate appropriate action to mitigate the significant under- or over- recovery balance.

46104611. – 4699. [Reserved].

COLORADO DEPARTMENT OF REGULATORY AGENCIES

Public Utilities Commission

4 CODE OF COLORADO REGULATIONS (CCR) 723-4

PART 4 RULES REGULATING GAS UTILITIES

GAS COST ADJUSTMENT, PRUDENCE REVIEW, AND PERFORMANCE INCENTIVE

4600. Overview and Purpose.

Rules 4601 through 4610 are used by utilities to revise gas rates on an expedited basis. These rules provide instructions for the filing of: gas cost adjustment filings; annual gas purchase plan submittals; annual gas purchase and deferred balance reports; and gas performance incentive mechanism applications. The purpose of the Gas Cost Adjustment is to enable utilities, on an expedited basis, to reflect in their rates for gas sales and gas transportation services, as applicable, the increases or decreases in gas costs, including (but not limited to) gas commodity costs and upstream services costs. The purpose of the Gas Purchase Plan is to describe the utility's plan for purchases of gas commodity and upstream services in order to meet the forecasted demand for sales gas service during each month of the gas purchase year. The purpose of the Gas Purchase and Deferred Balance Report is to present the utility's actual purchases of gas commodity and upstream services during each month of the gas purchase year. The purpose of the Gas Performance Incentive Mechanism application is to propose for review and approval a performance incentive mechanism that establishes a gas cost benchmark and applies a risk sharing mechanism.

4601. Definitions.

The following definitions apply to rules 4600 through 4609 unless a specific statute or rule provides otherwise. In the event of a conflict between these definitions and a statutory definition, the statutory definition shall apply.

- (a) "Account No. 191" means an account under the Federal Energy Regulatory Commission Uniform System of Accounts (USOA) used to account for the difference between purchased gas costs and revenues collected by a utility's gas cost adjustment.
- (b) "Base gas cost" means a rate component which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth which reflects the cost of gas commodity and upstream services, when applicable, included in the utility's base rates for sales gas and gas transportation service.
- (c) "Base rates" means the utility's currently effective rates for sales gas and gas transportation service as authorized by the Commission in the utility's last general rate case.

- (d) "Current gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which reflects the cost of gas commodity and upstream service projected to be incurred by the utility during the GCA effective period.
- (e) "Deferred gas cost" means a rate component of the GCA which is expressed in at least the accuracy of one mil (\$0.001) per Mcf or Dth and which is designed to amortize over the GCA effective period the under- or over-recovered gas costs reflected in the utility's Account No. 191 or other appropriate costs for a defined period such as a gas purchase year.
- (f) "Forecasted design peak day quantity" means the total quantity of gas commodity anticipated to be required to meet firm sales and firm gas transportation service demand on the utility's system on a design or historical peak day.
- (g) "Forecasted gas commodity cost" means the cost of gas commodity, including appropriate adjustments for storage gas injections and withdrawals, approved hedging program costs, and for exchange gas imbalances, which is projected to be incurred by the utility during the GCA effective period and which is determined by using forecasted gas purchase quantity and forecasted purchase prices.
- (h) "Forecasted gas purchase quantity" means the quantity of gas commodity the utility anticipates it will purchase during the GCA effective period, based upon the forecasted sales gas quantity, adjusted for system gas loss, use, or other anticipated variances.
- (i) "Forecasted purchase prices" means index prices, fixed prices, or other gas contracting price options used in the calculation of the forecasted gas commodity cost.
- (j) "Forecasted sales gas quantity" means the quantity of gas commodity projected to be sold by the utility during the GCA effective period, based upon the normalized quantity of gas commodity sales, adjusted for anticipated changes.
- (k) "Forecasted upstream service cost" means the total cost of upstream services projected to be incurred by the utility during the GCA effective period.
- (l) "Gas commodity throughput" means the amount of gas commodity flowing through the utility's jurisdictional gas facilities during a defined period of time.
- (m) "Gas cost adjustment" or "GCA" means the tariff mechanism by which a gas rate is adjusted to reflect increases or decreases in gas costs.
- (n) "GCA effective period" means the period of time that the GCA rate change is intended to be in effect before being superseded on the effective date of the next scheduled GCA.
- (o) "GCA filing" means an application or advice letter filing to adjust the GCA rate.
- (p) "GCA rate area" means the geographic portion of the utility's service area in which a GCA rate is calculated and billed to customers. A utility may have a single GCA rate area that covers its entire service area or multiple GCA rate areas as established by the Commission.

- (q) "Gas performance incentive mechanism" (GPIM) means an incentive mechanism that shares the risk of gas commodity costs between the utility and its customers.
- (r) "GPIM application" means an application pursuant to rule 4607 establishing a GPIM.
- (s) "GPIM benchmark" means a benchmark calculated based on verifiable, reported market indices, with a reasonable adjustment, for comparison with actual commodity costs incurred by the utility.
- (t) "Gas purchase and deferred balance report" (GPDBR) means a report pursuant to rule 4608 which is filed with the Commission and which describes the utility's actual purchases of gas commodity and upstream services in order to meet sales gas demand during the gas purchase year.
- (u) "Gas purchase plan" (GPP) means a submittal pursuant to rule 4605 that describes the utility's planned purchases of gas commodity and upstream services to be used to meet sales gas demand during the gas purchase year.
- (v) "Gas purchase year" means a 12-month period from July 1 through June 30.
- (w) "Gas transportation service" means the delivery of gas commodity on the utility's pipeline system (either transmission or distribution) pursuant to any of the utility's gas transportation rate schedules on file with the Commission.
- (x) "Index price" means a published figure identifying a representative price of natural gas commodity available in a geographic area or at specific gas purchasing points during a specified time interval (i.e., daily, weekly, or monthly).
- (y) "Long-term contract" means a firm, fixed-price supply contract with an initial term of 12 months of more in duration.
- (z) "Mil" means one-tenth of one cent (\$0.001).
- (aa) "Normalized" means the process of adjusting gas quantities to reflect normal historic temperature based on National Oceanic and Atmospheric Administration data or other data as appropriate.
- (bb) "Peak day" means a defined period (such as a 24 hour period or a three consecutive coincidental or non-coincidental day average), not less than 24 hours, during which gas commodity throughput is at its maximum level on the utility's system.
- (cc) "Propane utility" means a public utility as defined in § 40-1-103, C.R.S., that operates for the purpose of supplying the public propane but does not supply natural gas or other fuels.
- (dd) "Receipt point/area" means the point or group of points in a discrete geographic area, such as a supply basin, hub, or market area, at which the utility acquires title to the gas commodity purchased.
- (ee) "Sales gas service" means the regulated sale of gas commodity by the utility to customers on the utility's jurisdictional gas system.

- (ff) "Service level" means the type or level (whether base, swing, or peak) of gas supply service contracted for by the utility based upon the respective obligations of the supplier to deliver and sell, and the utility to take and purchase, gas commodity.
- (gg) "Upstream services" means all transmission, gathering, compression, balancing, treating, processing, storage, and like services performed by others under contract with the utility for the purpose of effectuating delivery of gas commodity to the utility's jurisdictional gas facilities.

4602. Schedule for Filings by Utilities.

Utilities subject to rules 4600 through 4609 shall make the required filings in accordance with the following schedule.

- (a) Utilities with more than 50,000 full service customers shall file with the Commission quarterly GCA filings. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (b) Utilities with fewer than 50,000 full service customers shall file with the Commission either quarterly GCA filings or two GCA filings per year with effective dates for GCA rates of November 1 and April 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (c) Propane utilities shall file an annual GCA filing with an effective date of November 1. Additional GCA filings may also be filed as necessary pursuant to paragraph 4603(b).
- (d) All utilities shall file their GPP submittal annually on or before June 1 for the next gas purchase year beginning July 1.
- (e) The GPDBR for the preceding gas purchase year in which a GPP was filed shall be filed annually by October 1.
- (f) Utilities with fewer than 50,000 full service customers and propane utilities are not required to file GPIM applications pursuant to rule 4607.
- (g) Utilities with more than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 within 60 days of the effective date of these rules in advance of the 2023-2024 hearing season for a period extending through the gas purchase year ending in June 2025. GPIM applications for periods after June 2025 shall be filed pursuant to rule 4607 at least every three years.
- (h) Utilities with more than 50,000 full service customers but fewer than 500,000 full service customers shall file an initial GPIM application pursuant to rule 4607 no later than September 1, 2023 for a period extending through the gas purchase year ending in June 2026. GPIM applications for periods after June 2026 shall be filed pursuant to rule 4607 at least every three years.
- (i) After each heating season covered by a GPIM, the utility shall file a report on its performance no later than October 1. Commission staff shall review the report and confer with the utility regarding whether it is appropriate to continue the GPIM.

4603. Gas Cost Adjustments.

- (a) Scheduled filings. A utility shall submit a GCA filing to adjust its GCA. The GCA filing shall be filed pursuant to the schedule provided in rule 4602. The GCA filing shall be submitted not less than two weeks in advance of the proposed effective date.
- (b) Additional filings. If the projected gas costs have changed from those used to calculate the currently effective gas cost or if a utility's deferred gas cost balance increases or decreases sufficiently, the utility may submit a GCA filing to revise its currently effective GCA to reflect such changes, provided that the resulting change to the GCA equates to at least one cent (\$0.01) per Mcf or Dth.
- (c) Applicability of the GCA. The GCA shall be applied to all utility sales gas rate schedules. A utility engaged in the provision of gas transportation service may calculate a GCA that may be applied to transportation gas rate schedules in order to reflect appropriate costs. Absent a Commission decision, a utility engaged in the provision of gas transportation service shall not be required to calculate a transportation GCA factor.
- (d) Interest on under- or over-recovery. The amount of net interest accrued on the average monthly balance in Account No. 191 (whether positive or negative), is determined by multiplying the monthly balance by an interest rate equal to the Commission-authorized customer deposit rate for gas utilities. If net interest is positive, it will be excluded from the calculation of the deferred gas cost.
- (e) Price volatility risk management costs (hedging). Costs related to gas price volatility risk management for jurisdictional gas supply may be included for recovery through the GCA, if allowed by tariffs or by Commission decision. Such costs are subject to the prudence review and standard provided in rule 4608.
- (f) Calculation of the GCA. The GCA shall be calculated to at least the accuracy of one mil per Mcf or Dth pursuant to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{GCA} = (\text{current gas cost} + \text{deferred gas cost}) - (\text{base gas cost}).$$

4604. Contents of GCA Filings.

- (a) A GCA filing shall meet the following requirements.
 - (I) Every GCA filing shall contain attachments 1 through 9. The attachments shall meet the requirements set out in this rule.
 - (II) The attachments shall be organized in a manner that specifically references, and responds to, the requirements contained in each subparagraph of this rule.
 - (III) Attachments 2, 3, 5, and 6 shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

- (IV) Cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment shall be submitted and provided to Commission staff at the same time as the application. Work-papers shall be provided in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.
 - (V) The filing shall cross-reference the proceeding numbers of the associated GPP submittals.
 - (VI) An explanation of all pro forma adjustments shall be provided, if applicable.
- (b) GCA attachment No. 1 - GCA summary. This attachment shall clearly illustrate all of the following principles.
- (I) The impact the utility's currently effective GCA has on each sales gas customer class and, when applicable, the gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis.
 - (II) The impact the utility's proposed GCA has on each sales gas customer class and, when applicable, gas transportation rate class on a total dollar and mil (\$0.001, minimum) per Mcf or Dth basis; and
 - (III) The percent change in total bill for a customer of average usage for each sales gas customer class. This percent change in total bill calculation shall include an itemization of the monthly service and facility charge, base rates and GCA commodity components, and all other tariff charges on the customer bill.
- (c) GCA attachment No. 2 - Current Gas Cost Calculation. This attachment shall contain the calculation of the current gas cost and shall provide month-by-month information with respect to the forecasted gas commodity cost, forecasted gas purchase quantity, forecasted market prices, forecasted upstream service cost, and forecasted sales gas quantity. The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP, as required pursuant to rule 4606.
- (I) The utility shall calculate current gas cost at least to the accuracy of the nearest mil (\$0.001) per Mcf or Dth according to the following formula, subject to individual GCA rule variances granted by the Commission:

$$\text{current gas cost} = (\text{forecasted gas commodity cost} + \text{forecasted upstream service cost}) / \text{forecasted sales gas quantity}.$$
 - (II) The utility shall present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal for each month of the GCA effective period, as required pursuant to rule 4606.

- (d) GCA attachment No. 3 - Deferred Gas Cost Calculation. This attachment shall contain the details of the utility's actual gas purchase costs, the calculation of deferred gas cost, and the calculation of the GPIM sharing amount, as approved by the Commission. In addition, this attachment shall provide month-by-month information detailing the activity in USOA Account No. 191 by subaccount and period as applicable, interest on under- or over-recovery, GPIM performance results, and all other included gas costs authorized for recovery in the GCA. The utility shall calculate deferred gas cost as the aggregate total of the under- or over-recovered gas costs reflected in its Account No. 191, or other approved gas costs, recorded at the close of business for each month of the period at issue (such as the previous gas purchase year), plus interest on under- or over-recovery (if net amount is negative), divided by forecasted sales gas quantity for the next 12-month period. The utility shall calculate deferred gas cost at least to the accuracy of the nearest mil per Mcf or Dth. Each cost a utility includes in the deferred gas cost calculation shall be itemized and clearly identified and itemized for applicability to the period at issue. In its GCA filings, the utility shall reflect actual deferred costs for the most recent period, or as otherwise approved by the Commission. The results of the GPIM sharing shall be calculated on an annual basis and included in the deferred balance.
- (e) GCA attachment No. 4 - Current Tariff. This attachment shall contain the tariff pages which illustrate the gas cost components of the utility's currently effective rates for sales gas service and, where applicable, gas transportation service.
- (f) GCA attachment No. 5 - Forecasted Gas Transportation Demand. This attachment applies only to utilities that have a GCA component within their authorized rates for gas transportation service. This attachment shall provide the following information, with all demand forecast information provided on a Mcf or Dth basis:
 - (I) a forecast of gas commodity throughput attributable to gas transportation service for each month of the GCA effective period; and
 - (II) a forecast of firm backup supply demand quantities (to the extent the utility has such service) under the utility's firm gas transportation service agreements for each month of the GCA effective period.
- (g) GCA attachment No. 6 - current gas cost allocations. This attachment shall fully explain and justify the method(s) used to do each of the following:
 - (I) allocate the costs associated with the gas commodity and upstream services to each specific sales gas customer class and, where applicable, gas transportation customer rate class; and
 - (II) derive the amount of the GCA applied to each specific sales gas customer class and, where applicable, gas transportation customer rate classes.
- (h) GCA attachment No. 7 - Customer Notice. This attachment shall provide the form of notice to customers and the public concerning the utility's proposed GCA change. In its customer notice for each sales gas customer class, the utility shall include the following:
 - (I) current and proposed GCA rates and percentage change;

- (II) comparison of the previous gas purchase year's last average annual bill under prior rates and the projected average annual bill under the proposed GCA rates and percentage change in the total bill amount using an average usage amount for each customer class;
 - (III) comparison of the prior year's peak winter month bill under prior rates and the projected peak winter month bill under the proposed GCA rates and percentage change using an average peak winter month usage amount for each customer class; and
 - (IV) a statement that the utility made a separate gas purchase report filing in accordance with rule 4608 to begin the initial prudence review evaluation process for the prior gas purchase year.
- (i) GCA attachment No. 8 - components of delivered gas cost. This attachment shall detail the itemized rate components of delivered gas cost to the customer (rate), per rule 4406.
 - (j) GCA attachment No. 9 - proposed tariff. This attachment shall contain the tariff sheets proposed by the utility to reflect the proposed GCA change.

4605. Gas Purchase Plans.

- (a) GPP filing requirements. The utility shall file its GPP as a "Submittal for Determination of Completeness of GPP." This submittal shall include the following proceeding caption: "In the matter of Gas Purchase Plans and Gas Purchase Reports for [utility] for the Gas Purchase Year from July 1, [year] through June 30, [year]."
- (b) Contents of GPP filing. In the GPP, the utility shall submit to the Commission the following:
 - (I) the information required by rule 4606;
 - (II) the utility's forecasted quantity of gas to be purchased over the ensuing gas purchase year for each service level;
 - (III) the utility's forecasted pricing for each receipt point/area; and
 - (IV) the utility's portfolio management plan.
- (c) Commission procedures for processing filings. Upon receipt of a GPP submittal, the Commission shall assign a proceeding number and shall review the submittal solely for completeness (i.e., compliance with the information requirements of these rules). The Commission shall not: hold a hearing on the substance of the GPP, entertain interventions by interested parties, require the filing of testimony or permit discovery. The Commission shall not render a decision approving or disapproving the substantive information contained in the submittal.
- (d) Review timelines. Commission staff shall review the submittal and, within 15 calendar days of the filing, shall provide written notification to the utility of any deficiencies in the submittal. The utility shall file the requested information, or a written statement indicating that the utility believes the additional information is not required, within 15 calendar days after the date of the Commission staff notification. Upon receipt of final information or the written statement, Commission staff shall place the submittal on the agenda for consideration at the next available Commissioners' weekly

meeting. If the Commission fails to mail its determination on completeness of the submittal within 15 calendar days of receipt of final information or the written statement, the submittal shall be deemed complete.

- (e) Utilities with multiple GCA rate areas. A utility with more than one approved GCA rate area in Colorado shall file a separate GPP for each GCA rate area. These GPPs may be filed in a single submittal.
- (f) Modified GPP. A utility shall file a new GPP within 30 days of its determination that the currently effective GPP no longer substantively reflects active purchasing conditions or the utility's planned purchasing practices.

4606. Contents of the GPP.

A GPP submittal shall contain the following attachments. The utility shall organize attachments in a manner that specifically references, and responds to, the requirements of paragraphs (a) through (d) of this rule. With its submittal, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPP attachment No. 1 - gas purchase schedule. This attachment shall provide a forecast of the specific gas commodity supplies, segregated by receipt point/area, which the utility plans to purchase in order to meet forecasted sales gas demand during each month of the applicable gas purchase year.
- (b) GPP attachment No. 2 - gas purchasing pricing description. For each specific receipt point/area, this attachment shall provide an estimate of applicable ranges of forecast index prices expected to be incurred, short-term fixed prices (one-year or other appropriate term), and other relevant pricing options, as applicable to the portfolio management plan described in GPP attachment 3.
- (c) GPP attachment No. 3 - portfolio management plan. This attachment shall provide a plan stating how the utility plans to manage its gas supply portfolio for the gas purchase year. This attachment shall also include a description and analysis of the options the utility considered, or will consider, and the steps the utility has taken, or will take, to reduce customers' risk of gas price volatility for the gas purchase year. To the extent a utility proposes to use gas price volatility risk management tools, this attachment shall include a description of the utility's policy for implementing such risk management tools, including a projection of such costs and the assumptions underlying all cost estimates.
- (d) GPP attachment No. 4 - forecasted upstream service costs. This attachment shall include the following information for each month of the applicable gas purchase year:
 - (I) An itemized list of all upstream services, by provider and service level or rate schedule, and associated costs, that the utility expects to purchase in the upcoming gas purchase year in order to meet sales gas and gas transportation demand.
 - (II) A comparison of forecasted design peak day delivery quantity with all sources of capacity available to the utility, including forecasted upstream services, forecasted gas commodity to be purchased directly into the utility's distribution system (i.e., city gate purchases) on

a firm basis, and the utility's own gas storage facilities or purchased gas storage capacity.

- (III) A comprehensive explanation of the utility's forecasted level of planned upstream service purchases.
- (IV) Forecasted capacity release volumes and revenues for release of upstream capacity by the utility.

4607. Gas Performance Incentive Mechanism Applications.

A GPIM application shall contain the following elements. The utility shall specifically reference and respond to the requirements of paragraphs (a) through (d) of this rule and shall provide cross-references and footnoted work-papers in executable format with all cell formulas intact, using spreadsheet software that is compatible with software used by Commission staff.

- (a) GPIM benchmark. Methodology to establish the GPIM benchmark for commodity gas purchases based on verifiable, reported market indices, with a reasonable adjustment, and for appropriate locations.
- (b) GPIM commodity gas volumes. Description and explanation of all gas volumes to be included in the GPIM.
 - (I) The volumes and costs associated with fixed-price, long-term supply contracts may be excluded from the GPIM and risk sharing calculation.
 - (II) The volumes and costs associated with storage injections and withdrawals, including both physical and contract storage, may be excluded from the GPIM and risk sharing calculation. Utilities shall provide a description of storage assets to be either included or excluded from the GPIM.
 - (III) The volumes and costs associated with associated with financial hedging shall be excluded from the GPIM and risk sharing calculation.
 - (IV) All other actual gas volumes and costs shall be subject to the GPIM with consideration of reasonable adjustments as determined by the Commission.
- (c) Upstream supply costs. Description and explanation of upstream costs included in the GPIM risk sharing mechanism, including the methodology for developing an appropriate benchmark for such costs, if appropriate.
- (d) Risk sharing amount. Methodology for calculating the risk sharing amount.
 - (I) A formula will calculate a percentage of the difference between the actual gas costs and the benchmark formula for applicable gas volumes, either positive or negative, borne or retained by the utility, subject to applicable limitations.
 - (II) The utility shall explain:

- (A) any proposed deadband around the GPIM benchmark whereby price variation within the deadband is excluded from risk sharing formula;
 - (B) any proposed cap or floor on the results of the risk sharing; and
 - (C) any proposed methodology for applying force majeure or similar provisions to the risk sharing mechanism.
- (III) Backcasting analysis, based on a minimum of the most recent three years of historical data, will demonstrate how the proposed GPIM benchmark would have been calculated and how the proposed risk sharing mechanism would have performed over the historical period. This analysis shall assume the utility made no changes to its actions in response to the mechanism and ignore any force majeure or similar events. The utility may, in its discretion, present additional analysis.
- (e) Review for continuation of the GPIM. The utility may request that the Commission determine whether its GPIM should be discontinued based on prior performance. A comprehensive assessment of the GPIM shall be required no later than January 1, 2030.

4608. Gas Purchase and Deferred Balance Reports and Prudence Reviews.

- (a) GPDBR filing requirements. The utility shall file a GPDBR in accordance with paragraph 4602(e) for the review and approval of the calculation of the deferred GCA balance and the GPIM performance and sharing amount for the previous four quarters ending June 30. The GPDBR shall be filed under the previous year's GPP proceeding number (filed approximately 15 months previously). Specific attachments or other information may be filed under seal; however, an explanation of the confidential nature of the attachments or information must be included in the GPDBR filing.
- (b) Prudence review process. Based on the initial evaluation of the GPDBR, including the results of any active GPIM, the Commission may initiate a prudence review hearing. The Commission shall initiate this hearing by written order within 120 days of the filing of the GDBPR. The prudence review may result in tariff or rate changes that could affect different classifications of customers.
- (c) Prudence review standard. For purposes of GCA recovery, the standard of review to be used in assessing the utility's action (or lack of action) in a specific gas purchase year is: whether the action (or lack of action) of a utility was reasonable in light of the information known, or which should have been known, at the time of the action (or lack of action). The Commission may consider, as appropriate, whether the utility employed carefulness, precaution, attentiveness, and good judgment.
- (d) GPIM shared savings. A utility may request approval of any shared savings amounts under its GPIM based upon a review of the drivers of the sharing amounts and the appropriateness of the sharing amounts.
- (e) Burden of proof. If the Commission elects to hold a hearing, the utility shall have the burden of proof and the burden of going forward to establish the reasonableness of actual gas commodity and demand costs paid by the utility, actual costs incurred in volatility management, and actual upstream service costs of any nature incurred during the review period.

- (f) Utility testimony and attachments. If the Commission sets a hearing, the utility shall file its testimony supporting gas cost recovery for the gas purchase year at issue. The testimony shall be filed in question-and-answer format. The utility shall file its testimony not later than 45 days after the Commission sets the matter for hearing.

4609. Contents of the GPDBR.

A GPDBR shall contain the following attachments. The utility shall organize the attachments in a manner that specifically references, and responds to, paragraphs (a) through (d) of this rule. The utility shall also present all such information in a format comparable with, and corresponding to, the information forecasted in the utility's GPP submittal as required pursuant to rule 4606 and GCA filing pursuant to rule 4604. The utility shall provide an explanation of, and justification for, any material deviations from its GPP. All underlying support documentation and work-papers shall be made available. With its filing, the utility shall provide cross-referenced and footnoted work-papers fully explaining the amounts shown in each attachment.

- (a) GPDBR attachment No. 1 - actual gas commodity purchases. This attachment shall provide, in a format comparable to the information provided in GPP attachment 1, the quantities of, and actual invoice costs of, specific gas commodity supplies, segregated by receipt point/area that the utility purchased in order to meet actual sales gas and gas transportation demand during the peak day and for each month of the gas purchase year.
- (b) GPDBR attachment No. 2 - description of actual market prices. This attachment shall provide, in a format comparable to the information provided in GPP attachment 2, actual index prices, short-term fixed prices (one-year, or other appropriate term), and other relevant pricing options for each specific receipt point area, as applicable to the portfolio management plan described in GPP and GPR attachments 3.
- (c) GPDBR attachment No. 3 - actual portfolio purchases. This attachment shall provide, in a format comparable to the information provided in GPP exhibit 3, a comparison of the utility's portfolio management plan and the results actually achieved through the implementation of this plan (or modification thereto), in order to demonstrate, using the standard of review specified in paragraph 4608(c), the prudence of actual portfolio purchases. This attachment shall include a detailed itemization of gas price volatility risk management costs if applicable.
- (d) GPDBR attachment No. 4 - actual upstream service costs. This attachment shall provide, in a format comparable to the information provided in GPP attachment 4, the following information for each month of the gas purchase year:
 - (I) an itemized list of the upstream services the utility actually purchased in order to meet sales gas and gas transportation demand;
 - (II) an itemized listing of the specific costs the utility incurred to purchase upstream services;
 - (III) actual peak day demand experienced by the utility during the gas purchase year; and
 - (IV) an itemized list of capacity release volumes and revenues.

- (e) GPDBR attachment No. 5 - deferred balances. This attachment shall provide monthly deferred balances for the 12 months ending June 30.
- (f) GPDBR attachment No. 6 - GPIM results. This attachment shall provide:
 - (I) the monthly GPIM benchmark calculation including market indices used in the formulation; and
 - (II) the GPIM risk sharing calculation including application of any applicable deadband, cap or floor.

4610. Confidentiality.

- (a) For each attachment filed by the utility as confidential under rules 4600 through 4610, the utility shall provide, at a minimum, a version of the attachment with publicly available information.
- (b) The Office of the Utility Consumer Advocate (UCA) may provide each utility annually, on or before January 1 of each year, an executed generic nondisclosure agreement with the utility so that the utility shall provide such confidential information to the UCA when any utility filings are made pursuant to rules 4600 through 4609 for the subsequent year.

4611. – 4699. [Reserved].