

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE AMENDED)
APPLICATION OF BLACK HILLS GAS) DOCKET NO. 30022-277-GP-16
DISTRIBUTION, LLC d/b/a BLACK HILLS) (RECORD NO. 14473)
ENERGY, FOR AN INCREASE IN RATES OF)
\$0.0194 PER THERM FOR THE CASPER)
DIVISION PASS-ON RATE [REGULATED)
RATE] OPTION CUSTOMERS)

NOTICE AND ORDER
(Issued September 15, 2016)

This matter is before the Wyoming Public Service Commission (Commission) on the Amended Application of Black Hills Gas Distribution, LLC d/b/a Black Hills Energy (BHE or the Company) to pass on through its Commodity Balancing Account (CBA) a natural gas cost increase to its Pass-On Rate [Regulated Rate] customers in the Casper Division; a *Petition for Confidential Treatment of Exhibit D*; a *Petition for Confidential Treatment of Attachments to Commission Staff Data Request 2.1 Related to the Casper Division*; and an amended *Petition for Confidential Treatment of Exhibit D* (collectively *Petitions*). The Commission, having reviewed the Amended Application and *Petitions*, its files regarding BHE, applicable Wyoming utility law, and otherwise being fully advised in the premises, FINDS and CONCLUDES:

1. BHE is a public utility as defined by Wyo. Stat. § 37-1-101(a)(vi)(D), subject to the Commission's jurisdiction pursuant to Wyo. Stat. § 37-2-112.

2. On August 1, 2016, BHE filed its initial Application to pass on to its Pass-On Rate [Regulated Rate] customers in the Casper Division a net wholesale gas cost increase of \$0.0182 per therm, effective September 1, 2016. While the Application was pending, the Company found an error in its calculations. After correcting this error, on August 18, 2016, BHE filed its Amended Application to pass on to its Pass-On Rate [Regulated Rate] customers in the Casper Division a net wholesale gas cost increase of \$0.0194 per therm, effective September 1, 2016. The proposed increase is attributed to a projected wholesale commodity cost increase of \$0.0407 per therm and a decrease of \$0.0213 per therm to the CBA surcharge. The Company estimates that this Amended Application will increase revenues by approximately \$112,776 for the period September 2016 through November 2016. Also, on August 1, 12 and 18, 2016, BHE filed its *Petitions*. On August 3, 2016, the Commission suspended BHE's Application for the initial statutory period provided in Wyo. Stat. § 37-3-106.

3. The components of the current and proposed Total Volumetric Retail Rate for Small General Service (SGS) customers, stated in dollars per therm, are as follows:

Table 1: Current & Proposed Total Volumetric Rate Comparison, Small General Service

	Current (/therm)	Proposed (/therm)	Dollar Change (/therm)	Percent Change
Wholesale Commodity Cost	\$0.2881	\$0.3288	\$0.0407	14.1%

Commodity Balancing Account (CBA) Adjustment	(\$0.0100)	(\$0.0313)	(\$0.0213)	- 213.0%
Total Commodity Cost	\$0.2781	\$0.2975	(\$0.0194)	7.0%
Working Gas Storage Adjustment (WGSA)	\$0.0018	\$0.0018	\$0.0000	0.0%
Distribution Use Per Customer Adjustment (DUPCA)	(\$0.0037)	(\$0.0037)	\$0.0000	0.0%
Distribution Charge	\$0.1274	\$0.1274	\$0.0000	0.0%
Revenue Adjustment Mechanism (RAM)	(\$0.0047)	(\$0.0047)	\$0.0000	0.0%
Transmission Charge	\$0.0834	\$0.0834	\$0.0000	0.0%
Total Volumetric Rate	\$0.4823	\$0.5017	\$0.0194	4.0%

4. Pursuant to Chapter 3, Section 26(a) of the Commission's Rules, a public utility may file an application to pass on to its customers in rates, known or projected commodity or commodity-related cost increases or decreases if the application complies with the substantive and procedural requirements of the Rules and the Commission determines:

a. The evidence shows recovery of the costs is in the public interest and the pass-on includes only prudent commodity or commodity-related cost increases or decreases not under the Commission's jurisdiction.

b. The costs included in the application are the most reasonable option available to the utility for safe, adequate and reliable service.

c. The pass-on increase or decrease is allocated to all retail rate classes and contract customers on an equal or proportionate basis. The Commission may consider special proportionate class allocation if requested.

d. The application contains supporting documentation as required by the Rules.

5. Pursuant to Chapter 3, Section 26(b) of the Commission's Rules, a utility may file an application to establish a CBA tariff mechanism to account for the difference between commodity or commodity-related revenues collected, based on projected wholesale costs, and the actual, prudent commodity or commodity-related expenditures the utility incurred. The utility may apply to the Commission for approval to include other costs and revenues in the CBA. Interest shall be paid on over-collected balances. Interest may be collected on under-collected balances upon a showing that it is in the public interest. Interest shall be computed at the Commission Authorized Interest Rate.

6. The Amended Application and *Petitions* were considered by the Commission pursuant to due notice at its regular open meeting on August 25, 2016. Jerrad Hammer, Director of Regulatory Services, appeared by telephone for BHE. Hammer provided a summary of the Amended Application and described the components of the proposed increase, generally describing the information set forth in paragraphs 2 through 3 above. Commission Staff recommended approval of the Amended Application and granting the accompanying *Petition*.

7. Based on the Amended Application and representations by BHE and the analysis and recommendations of the Staff, the Commission finds BHE's pass-on increase should be approved, effective for usage on and after September 1, 2016, subject to public notice, protest, opportunity for hearing, refund and such further modification and order as deemed appropriate by the Commission.

The Commission also concludes that BHE's *Petitions* comply with Chapter 2, Section 30 of the Commission's Rules and should be granted.

8. Public notice shall be in the following form:

PUBLIC NOTICE

The Wyoming Public Service Commission (Commission) has given Black Hills Gas Distribution, LLC d/b/a Black Hills Energy (BHE or the Company) authority to pass on to its Pass-On Rate [Regulated Rate] customers in the Casper Division a net gas cost increase of \$0.0194 per therm, effective September 1, 2016. This approval is subject to notice, protest, investigation, opportunity for hearing, change, refund and such other orders as the Commission may deem appropriate.

The proposed rates would result in an average monthly increase of approximately \$0.89 or 2.4% for BHE residential customers who use a monthly average of 46 therms during the rate-effective period of September 2016 through November 2016. Actual bills will vary with usage.

Chapter 3, Section 26 of the Commission's Rules allow a utility to pass on to its customers known or projected commodity cost increases or decreases on a dollar-for-dollar basis and subject to public notice, opportunity for hearing and refund.

BHE's Amended Application is on file at the Commission's offices in Cheyenne, Wyoming, and in the Company's Casper, Wyoming, business office and may be inspected by any interested person during regular business hours.

Anyone desiring to file an intervention petition, request for a public hearing, statement, public comment or protest in this matter must file in writing with the Commission on or before October 13, 2016. The petition shall set forth the grounds of the proposed intervention or request for hearing and the position and interest of the petitioner in this proceeding.

If you want to intervene in this matter or request a public hearing that you will attend, or want to make a statement, a protest or a public comment, and you require reasonable accommodation for a disability, please contact the Commission at (307) 777-7427, or write to the Commission at 2515 Warren Avenue, Suite 300, Cheyenne, Wyoming 82002, to make arrangements. Communications impaired persons may also contact the Commission by accessing Wyoming Relay at 711. Please mention Docket No. 30022-277-GP-16 (Record No. 14473) in your communications.

Dated: September 15, 2016.

IT IS THEREFORE ORDERED:

1. Pursuant to open meeting action taken on August 25, 2016, Black Hills Gas Distribution, LLC d/b/a Black Hills Energy's Amended Application to pass on through its Commodity Balancing Account, an increase of \$0.0194 to its Pass-On Rate [Regulated Rate] customers in the Casper Division, is approved, effective for usage on and after September 1, 2016, subject to notice, protest, intervention, refund, opportunity for hearing, and such other orders as the Commission may deem appropriate.

2. Black Hills Energy's *Petition for Confidential Treatment of Exhibit D; Petition for Confidential Treatment of Attachments to Commission Staff Data Request 2.1 Related to the Casper Division*; and amended *Petition for Confidential Treatment of Exhibit D* are granted.

3. This *Notice and Order* is effective immediately.

MADE and ENTERED at Cheyenne, Wyoming, on September 15, 2016.

PUBLIC SERVICE COMMISSION OF WYOMING

WILLIAM F. RUSSELL, Deputy Chairman

KARA BRIGHTON, Commissioner



LORI L. BRAND, Assistant Secretary