

BEFORE THE PUBLIC SERVICE COMMISSION OF WYOMING

IN THE MATTER OF THE APPLICATION OF)
 SOURCEGAS DISTRIBUTION LLC)
 (GILLETTE DIVISION) FOR AUTHORITY TO)
 PASS ON THROUGH ITS COMMODITY)
 BALANCING ACCOUNT A DECREASE OF)
 \$0.1251 PER THERM TO ITS PASS-ON RATE)
 [REGULATED RATE] CUSTOMERS)

Docket No. 30022-235-GP-14
 (Record No. 13943)

NOTICE AND ORDER AUTHORIZING PASS-ON DECREASE ON A FINAL BASIS
 (Issued April 17, 2015)

This matter is before the Wyoming Public Service Commission (Commission) upon the application of SourceGas Distribution LLC (SourceGas or the Company) for authority to pass on a natural gas cost decrease through its Commodity Balancing Account (CBA). The Commission, having reviewed the application, its files regarding SourceGas, applicable Wyoming utility law, and otherwise being fully advised in the premises, FINDS and CONCLUDES:

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

2. On August 1, 2014, SourceGas applied to pass on a decrease of \$0.1251 per therm, effective on and after September 1, 2014, to its Gillette Division Pass-On Rate [Regulated Rate] customers. The proposed pass-on decrease is attributed to: [i] a projected wholesale gas cost decrease of \$0.0852 per therm, and [ii] a decrease of \$0.0399 per therm in the CBA surcharge. The Company estimates that this application will decrease revenues by approximately \$664,908 for the period September 1, 2014, through August 31, 2015. On August 4, 2014, and February 23, 2015, the Commission suspended the Company's application for the statutory period provided in W.S. § 37-3-106.

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

Table 1
Total Gas Cost (SGS), including Residential Customers

	Current (/therm)	Proposed (/therm)	Change (/therm)	Change (%)
Wholesale Gas Cost	\$0.5611	\$0.4759	(\$0.0852)	(15.18%)
Amortize CBA	\$0.0505	\$0.0106	(\$0.0399)	(79.01%)
Total Purchased Gas Cost	\$0.6116	\$0.4865	(\$0.1251)	(20.45%)
Distribution Use Per Customer Adjustment	(\$0.0054)	(\$0.0054)	\$0.0000	0.00%
Distribution Charge	\$0.1274	\$0.1274	\$0.0000	0.00%
GDCA	\$0.0000	\$0.0000	\$0.0000	0.00%
Total Volumetric Rate	\$0.7336	\$0.6085	(\$0.1251)	(17.05%)

4. Prior to this filing, SourceGas filed an application to revise its Tariff No. 5, Sheet Nos. 18 and 19, to allow use of a calculation methodology with a twelve month forecast period for pass-on rate calculations. Currently, the CBA balance at the time of the fourth quarterly filing was amortized over the projected usage for the final three months of the year to coincide with SourceGas' Choice Gas Program year. The tariff filing was heard at the same open meeting as this pass-on filing, with the intention that all changes would become effective at the same time. The separate Docket is:

- Docket No. 30022-232-GT-14 (Record No. 13931). Application of SourceGas Distribution LLC for authority to allow the use of a twelve month forecast period for all future pass-on rate calculations (Sub 232).

This current pass-on application includes rates that were calculated using the methodology proposed in Sub 232.

5. Pursuant to open meeting action taken on August 28, 2014, the Commission approved SourceGas' pass-on decrease on an interim basis, effective for usage on and after September 1, 2014. The application was approved on an interim basis because the proposed rates in this pass-on application were calculated using the 12-month rolling average methodology approved previously by *Notice and Order* in SourceGas' Sub 232, and thus were subject to public notice, protest, opportunity for hearing, and such further modification and order as deemed appropriate by the Commission.¹

6. A public utility may apply to pass on to its customers in rates, known commodity or commodity-related cost increases or decreases, if the application complies with the substantive and procedural requirements of §§ 249 and 250 of the Commission's Rules, and the Commission determines:

- Allowing recovery of the costs is in the public interest and is for prudently incurred wholesale utility commodity cost increases or decreases not under the Commission's jurisdiction or costs deemed appropriate by the Commission in accordance with the Rules.
- The pass-on includes only actual or projected increases in commodity or commodity-related costs and will not result in the utility's normalized rate of return on rate base exceeding that last authorized by the Commission, or the pass-on will not result in the utility's annual earnings exceeding that last authorized by the Commission.
- The pass-on is allocated to all retail rate classes and contract customers on an equal or proportional basis, unless an exception is granted by the Commission in accordance with the Rules and in the public interest.
- All pass-on rates are filed as a cumulative rate rider or surcharge separate from base rates.
- The pass-on costs are the most reasonable option practically available to the utility for safe, adequate and reliable service to retail customers, as more fully detailed in the Rules.
- There are provisions for the payment of interest on over-collected balances in the Commodity Balancing Account, and if the utility has requested the charging of interest on any under-

¹ The protest period in Sub 232 expired without any requests for intervention or hearing. Accordingly, the Commission's order approving the Company's use of a twelve month forecast period for this and all future pass-on rate calculations became final on September 12, 2014.

collected balances in the Commodity Balancing Account, the utility has demonstrated the charging of interest on under-collected balances is in the public interest.

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

7. The application was considered by the Commission pursuant to due notice at its regular open meeting on April 9, 2015. Staff recommended approval of the application on a final basis, subject to public notice, protest, opportunity for hearing, and such further modification and order as deemed appropriate by the Commission.

8. Based on the application and representations by SourceGas and the analysis and recommendations of the Staff, the Commission approved SourceGas' pass-on decrease on a final basis, effective for usage on and after September 1, 2014, subject to public notice, protest, opportunity for hearing, refund and such further modification and order as deemed appropriate by the Commission.

9. Public notice shall be in the following form:

PUBLIC NOTICE

The Wyoming Public Service Commission (Commission) has given SourceGas Distribution LLC (SGD or the Company) authority to pass on to its Pass-On Rate [Regulated Rate] customers in the Gillette Division a retail gas rate decrease of \$0.1251 per therm, effective on and after September 1, 2014. This approval is subject to notice, protest, investigation, opportunity for hearing, change, refund and such other orders as the Commission may deem appropriate.

The pass-on rate decrease is attributable to: [i] a decrease of \$0.0852 per therm in the wholesale cost of gas, and [ii] a decrease of \$0.0399 per therm in the CBA surcharge.

The average Small General Service customer using approximately 70 therms per month may expect a monthly gas bill decrease of approximately \$7.76, or about 11.87%, before taxes. Actual bills will vary with usage.

Commission Rule §§ 249 and 250 allow a utility to pass on to its customers known or prospective wholesale commodity cost increases or decreases on a dollar-for-dollar basis and subject to public notice, opportunity for hearing and refund.

SGD's application is on file at the Commission's offices in Cheyenne, Wyoming, and in the Company's Wyoming business offices, 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 May 18, 2015. The petition shall set forth the grounds for 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. 30022-235-GP-14 in your communications.

Dated: April 17, 2015.

IT IS THEREFORE ORDERED:

1. Pursuant to open meeting action taken on April 9, 2015, the application of SourceGas Distribution LLC for authority to pass on through its Commodity Balancing Account a net wholesale gas cost decrease of \$0.1251 per therm to its Pass-On Rate [Regulated Rate] customers in the Gillette Division, effective for usage on and after September 1, 2014, is approved, on a final basis, subject to notice, protest, intervention, refund, opportunity for hearing, and such other orders as the Commission may deem appropriate.

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

MADE and ENTERED at Cheyenne, Wyoming, on April 17, 2015.

PUBLIC SERVICE COMMISSION OF WYOMING

ALAN B. MINIER, Chairman

WILLIAM F. RUSSELL, Deputy Chairman

KARA BRIGHTON, Commissioner

(SEAL)

Attest:

CHRIS PETRIE, Secretary & Chief Counsel