

Colorado Public Utilities Commission
Black Hills/Colorado Gas Utility Company, LP
d/b/a Black Hills Energy

Colo. PUC No. 3
First Revised Sheet No. 64
Cancels Original Sheet No. 64

General Service Rules and Regulations

28. GAS DEMAND-SIDE MANAGEMENT COST ADJUSTMENT (G-DSMCA)

A. Gas Demand-Side Management Cost Adjustment (G-DSMCA)

All sales rate schedules for natural gas service are subject to a Gas Demand-Side Management Cost Adjustment ("G-DSMCA") designed to ~~prospectively recover prudently incurred~~ direct and indirect costs of gas Demand-Side Management Programs ("DSM Programs") in accordance with a Commission-approved gas Demand-Side Management Plans and Plan, Rules 4750 through 4760 of the Commission's Rules Regulating Gas Utilities and Pipeline Operators, 4 Code of Colorado Regulations 723-4 ("Gas DSM Rules"), and this Section 28. As specified in the Gas DSM Rules and this Section 28, the G-DSMCA allows for prospective recovery of approved costs of DSM Programs within the expenditure target approved by the Commission, in order to provide for funding of the Company's DSM Programs, as well as recovery of Deferred DSMCA Costs and, if approved by the Commission, a G-DSM bonus. The G-DSMCA Factor shall be separately calculated and applied to the Company's base rates for all applicable rate schedules ~~of residential, small commercial, small volume firm, small volume interruptible, large volume firm, and large volume interruptible customers.~~ The Company shall recover the annual expenditure projected for that year over a one-year period with the G-DSMCA Factor, as set forth on Sheet No. 68.

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~~**B. DSM Plan Filing**~~

~~The Initial DSM plan filings shall cover a DSM period of two years. The subsequent DSM plan filings shall cover a DSM period of three years unless otherwise specified by the Commission. Subsequent DSM plan applications are to be filed by May 1 of the final year of the current DSM plan. Periodic DSM Plan Filings may be pursuant to the Gas DSM Rules by the Company to propose, inter alia, expenditure target for DSM programs.~~

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~~**C.B. Biannual G-DSMCA Filings**~~

~~Effective on or after January 1, 2009, the Company shall place into effect the new The G-DSMCA tariff pursuant to the Commission's final order on its initial DSM plan Factor is set on an annual basis, and application.~~

~~Beginning April 1, 2010, and each collected from July 1 through June 30. Each April 1st thereafter, the Company will submit its annual DSM report, file an application ~~for bonus and or advice letter to revise the G-DSMCA filing.~~ Factor. -The Company will include in its annual G-DSMCA filing all pertinent information and supporting documentation as ~~it is~~ required by the Commission's Rules, and as specifically set forth in the Gas DSM Rules ~~4757 and 4758.~~~~

Advice Letter No.

/s/ Fredric C. Stoffel
Signature of Issuing Officer
Director, Regulatory

Issue Date:

Decision No.

Effective Date:

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28. GAS DEMAND-SIDE MANAGEMENT COST ADJUSTMENT (G-DSMCA) (cont.)

~~C. Biannual~~ B. G-DSMCA Filings (cont.)

~~The Company shall file a request to adjust its G-DSMCA Factor either through an application or an advice letter and tariffs. Prudently incurred costs of DSM programs within the DSM program expenditure target approved by the Commission in order to provide for funding of the utility's DSM programs, as well as recovery of deferred G-DSMCA costs, plus any G-DSM bonus approved by the Commission, shall be recovered through the G-DSMCA Factor that is set on an annual basis, and collected from July 1 through June 30.~~

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If the projected DSM ~~program~~ Program costs ~~have changed~~ change from those used to calculate the currently effective G-DSMCA cost ~~of~~ or if the Company's ~~deferred G-~~ Deferred DSMCA ~~cost~~ Cost balance increases or decreases sufficiently, the Company may file an application to revise its currently effective G-DSMCA ~~factor~~ Factor to reflect such changes, provided that the resulting change to the G-DSMCA ~~factor~~ Factor equates to a base rate change of at least one cent (\$0.01) per Mcf or Dth. The Company has the burden of proof to justify any interim G-DSMCA filings and the Commission has the discretion to consolidate the interim G-DSMCA filing with the next regularly scheduled annual G-DSMCA filing.

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~~D.C.~~ Definitions

~~Deferred~~

~~1. G-DSMCA Cost. Deferred G-DSMCA Cost means a rate component of the G-DSMCA Factor which is designed to amortize over the G-DSMCA Period, plus interest, the under or over recovered G-DSMCA Factor reflected in the Company's Account No. 186 for all applicable rate schedules.~~

~~2.1. DSM Bonus.~~ The amount of bonus approved by the Commission in the Company's annual G-DSM Bonus application, if any, as set forth in Gas DSM Rule 4760.

2. DSM Period. DSM Period means a calendar year of a DSM Plan. While the Company's DSM Plan generally covers three years, unless otherwise specified by the Commission, each calendar year of a DSM Plan is considered to be the DSM Period.

3. DSM Plan. DSM Plan means the Commission-approved DSM programs, goals, and budgets over a specified period, generally considered in one year increments, as may be proposed by the utility.

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28. GAS DEMAND-SIDE MANAGEMENT COST ADJUSTMENT (G-DSMCA) (cont.)

DC. Definitions (cont.)

~~3. *Current DSM Costs.* Prudently incurred costs of DSM programs within the DSM program expenditure target approved by the Commission in order to provide for funding of the Company's DSM programs.~~

~~4. *DSM Period.* DSM Period means the effective period of an approved DSM plan.~~

~~*DSM Programs:*~~

~~4. *DSM Program or energy efficiency program.*~~ DSM Program means any combination of DSM measures, information and services offered to customers to reduce natural gas usage set forth in the Company's DSM Plan ~~Filing~~ as approved by the Commission.

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~~6.~~ 5. *G-DSMCA Factor.* The G-DSMCA Factor for each service class shall be a percentage adjustment applicable to all base rates for customers receiving service under the ~~rate schedule for the service class. The following formula shall be used:~~ applicable rate schedules. The G-DSMCA factor shall be separately calculated and applied to the utility sales gas base rate schedules of residential and non-residential customers. The DSMCA Factor shall be calculated using the formula set forth in Section 28.D below.

G-DSMCA Factor = (current DSM Cost + DSM Bonus + Deferred DSM Cost / Period. The G-DSMCA shall take effect July 1)

$$\frac{\text{CFCST} * \text{CUSTSRV} + \text{SFCST} * \text{BASECOM}}$$

~~where~~

~~6. CFCST is the forecast number of customers in each year for the next DSM Period, CUSTSRV is the monthly service charge, SFCST is forecasted gas sales quantity for the rate schedule in the next DSM Period, and BASECOM is the base commodity rate a period of 12 months.~~

~~The G-DSMCA Factor will also include the current G-DSM bonus plus any adjustment necessary to previously approved G-DSM bonuses.~~

~~Deferred G-DSMCA Cost includes sub-account of deferred amounts for DSM bonus and current DSM Cost for the rate schedule.~~

7. *Interest on Under- or Over-Recovery.* The amount of net interest accrued on the average monthly balance (whether positive or negative), is determined by multiplying the monthly balance by an interest rate equal to the Company's Commission-authorized after-tax weighted average costs of capital.

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28. GAS DEMAND-SIDE MANAGEMENT COST ADJUSTMENT (G-DSMCA) (cont.)

~~D. Definitions (cont.)~~

D. G-DSMCA Period Factor.

~~8.1. G-DSMCA Factor Calculation.~~ The G-DSMCA Factor shall ~~take effect July 1 of each year for a period of 12 months.~~ be calculated consistent with Commission Rule 4758, using the following formula:

$$\text{G-DSMCA Factor} = \frac{\text{Current DSMCA Costs} + \text{G-DSM Bonus} + \text{Deferred DSMCA Cost} + \text{LR Value}}{(\text{CFCST} * \text{CUSTSRV} + \text{SFCST} * \text{BASECOM})}$$

where

- ~~Interest on under- or over-recovery.~~ The amount of net interest accrued on the average CFCST is the forecast number of customers for the next DSM Period;
- CUSTSRV is the monthly ~~balance in sub-accounts~~ service charge;
- SFCST is the forecasted gas sales quantity for the rate schedule in the next DSM Period; and
- BASECOM is the base commodity rate.
- The G-DSMCA Factor will also include the current G-DSM Bonus plus any adjustment necessary to previously approved G-DSM Bonuses.
- Current DSMCA Costs means budgeted costs of DSM Programs for the DSM Period at the time of the DSMCA annual filing, as approved by the Commission in order to provide for funding of ~~Account No. 186 (whether~~ the Company's DSM Programs.
- ~~Deferred DSMCA Cost is the positive or negative),~~ difference between the actual cost of DSM Programs, including interest, and the amounts collected from customers under the applicable rate schedules during the prior G-DSMCA Period.
- ~~9. LR Value is determined by~~ the sum of multiplying the ~~monthly balance by an interest rate equal to the Commission-authorized after-tax weighted average costs of capital~~ dollar per therm value, as approved by the Commission, times the annual therms lost from all programs executed during the program year under consideration plus the LR amounts from previous DSM Periods since the last approved base rate proceeding.

~~10.2.~~ Prudence review and adjustment of G-DSM bonus. The G-DSMCA factor includes the current G-DSM bonus plus any adjustment necessary to previously approved G-DSM bonuses. If the Commission finds that the actual performance varies from performance values used to calculate the G-DSM bonus, then an adjustment shall be made to the amount of G-DSM bonus award. Any true-up in the G-DSM bonus will be implemented on a prospective basis.

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