

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of Application of            ) Application No. NG-0078.2  
SourceGas Distribution LLC,                )  
Golden, Colorado, seeking an             ) ORDER APPROVING 2016 SSIR  
order authorizing it to increase         ) CHARGE  
the System Safety and Integrity         )  
Rider Charge.                             ) Entered: January 12, 2016

BY THE COMMISSION:

On October 2, 2015, SourceGas Distribution LLC, (SourceGas), Golden, Colorado, filed an Application with the Nebraska Public Service Commission (Commission) seeking an order authorizing it to increase the System Safety and Integrity Rider Charge (SSIR).

In its Application, SourceGas seeks approval of projected 2016 SSIR costs totaling \$21,103,679. The current SSIR surcharge would increase for residential ratepayers by \$1.82, small commercial ratepayers by \$3.88, and large commercial ratepayers by \$27.01. Previously approved SSIR projects and additional projects for 2016 result in a SSIR project balance of \$46,157,265 and a jurisdictional revenue requirement of \$3,753,050.

Notice of the Application was published in *The Daily Record* on October 7, 2015. Petitions for Formal Intervention were granted to the Public Advocate (PA) and the Public Alliance for Community Energy (ACE). A hearing was held on December 16, 2015. Mr. Stephen Bruckner appeared on behalf of Applicant; Mr. William Austin appeared on behalf of the PA; Ms. Chris Dibbern appeared on behalf of ACE; and Ms. Nichole Mulcahy and Ms. Jamie Reyes appeared on behalf of Commission staff. Copies of the Application, Notice of Application, and copies of "Examination of SourceGas Distribution LLC Application for Recovery of 2016 Eligible System Safety and Integrity Costs" (Public Advocate Report); "Response of SourceGas Distribution LLC to The Report of the Nebraska Public Advocate" (Response); and the "Joint Stipulation of the Public Advocate and the Public Alliance for Community Energy and SourceGas Distribution LLC" (Stipulation) were entered into the record.

EVIDENCE

In its Report, the Public Advocate recommended that SourceGas recover the requested SSIR costs. However, the Report made several recommendations: that SourceGas provide more thorough documentation for the reasoning behind the decision to include projects; establish objective criteria for multiple experts and divisions to use when identifying hazards for mitigation; and that future filings include cost details associated with betterments, calculate carrying charges using twelve (12) months instead of thirteen (13), and reflect the use of bonus depreciation if applicable. The Report also recommended that SourceGas credit the 2017 SSIR \$8,877 for costs savings on the estimate of a project.

During the hearing, the Public Advocate raised two general concerns regarding the SSIR process. First, the Public Advocate expressed concern regarding the estimation process utilized by SourceGas for projects, citing a 12.31 percent variance between estimated project costs and actual costs when the 2015 projects were completed. Additionally, the Public Advocate noted that the potential escalation of the SSIR charge for next year could be as much as \$4.47 for residential ratepayers after analyzing the 2016 project revenue requirement and assuming that 2017 project totals would be similar to 2016 totals.

In its Response, SourceGas agreed to adopt all of the recommendations included in the Public Advocate Report. Further, SourceGas committed to working on improving its cost estimation process for projects. SourceGas also addressed the Public Advocate's concern regarding the escalation of next year's SSIR charge, stating that additional adjustments and the removal of certain costs would bring the projected SSIR for 2017 down from \$4.47 to approximately \$4.00 per month for residential ratepayers.

On December 15, 2015, the Public Advocate, ACE, and SourceGas entered into a Stipulation recommending that the Commission enter an order approving the SSIR charge for 2016 costs. Additionally, SourceGas agreed to host a supplier meeting to discuss possible solutions regarding the suppliers' inability to automatically pass on cost increases as a result of a FERC rate case and potential modifications to the Choice Gas Program.

#### F I N D I N G S   A N D   O P I N I O N

Pursuant to the State Natural Gas Regulation Act, *Neb. Rev. Stat. § 66-1804(a)* (2004 Cum. Supp.), the Commission has "full power, authority and jurisdiction to regulate natural gas public utilities and may do all things necessary and convenient for the exercise of such power, authority, and jurisdiction." The Legislature expressly intended that the powers granted to the Commission by the Act be "liberally construed."<sup>1</sup> Pursuant to its broad authority, the Commission approved SourceGas' SSIR tariff and established

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<sup>1</sup> "The State Natural Gas Regulation Act and all grants of power, authority, and jurisdiction in the act made to the commission shall be liberally construed, and all incidental powers necessary to carry into effect the provisions of the act are expressly granted to and conferred upon the commission." *Neb. Rev. Stat. §66-1804(b)*.

procedures for the annual filing, reporting, and reconciliation.<sup>2</sup> On January 27, 2015, the Commission approved the initial implementation of the SSIR for recovery of 2015 costs.<sup>3</sup>

Based upon the Public Advocate's review and report and the parties' stipulated agreement, the Commission finds that the projected 2016 costs set forth in the Application are eligible and that the incremental increase to the SSIR charge should be approved.

SourceGas shall comply with the requirements previously set forth in NG-0078, including the filing of quarterly surveillance filings and the filing of an annual reconciliation.

SourceGas shall file its final tariff sheet with the Commission prior to the imposition of the charge.

## O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the stipulation be approved and the application be granted consistent with the terms of the stipulation.

ENTERED AND MADE EFFECTIVE at Lincoln, Nebraska, this 12th day of January, 2016.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

*Gerald Wap*  
*Cystal Knader*  
*Deel Johnson*

//s//Frank E. Landis  
 //s//Tim Schram

*Tim Schram*  
 Chairman

ATTEST:

*Jeffrey L. Peuley*  
 Executive Director

<sup>2</sup> In the Matter of the Application of SourceGas Distribution LLC, Golden Colorado, seeking an order authorizing it to put into effect a system safety and integrity rider tariff and system safety and integrity rider charge, Docket No. NG-0078, Order Approving Application, in part (Oct. 24, 2014); In the Matter of the Application of SourceGas Distribution LLC, Golden Colorado, seeking an order authorizing it to put into effect a system safety and integrity rider tariff and system safety and integrity rider charge, Docket No. NG-0078, Order Granting in Part and Denying in Part Motion for Reconsideration, (Nov. 24, 2014).

<sup>3</sup> In the Matter of the application of SourceGas Distribution LLC, Golden, Colorado, seeking authority to put into effect a System Safety and Integrity Rider Tariff and Safety and Integrity Rider Charge for recover of 2015 Eligible Costs, Order Approving 2015 SSIR Charge as Modified (Jan. 27, 2015).