

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application of) Application No. NG-0079
SourceGas Distribution LLC, Golden)
Colorado, seeking authority to)
reflect changed depreciation rates) ORDER DENYING MOTION FOR
on its Nebraska Books of Account) RECONSIDERATION
effective May 1, 2014, without)
impacting existing rates.) Entered: November 24, 2014

BY THE COMMISSION:

On May 1, 2014, SourceGas Distribution LLC (SourceGas), Golden, Colorado, filed an application seeking an order authorizing it to change depreciation rates on its Nebraska Books of Account, effective May 1, 2014. The Application was filed in conjunction with applications in Docket Nos. NG-0072.1 and NG-0078 to address a revenue deficiency and avoid the filing of a general rate case.

The Public Advocate was granted formal intervention in the proceeding.

On October 28, 2014, the Commission entered an order (Order) denying the Application. On November 7, 2014, SourceGas filed a Motion for Reconsideration (Motion) and requested oral argument. The Public Advocate filed a response to the Motion on November 14, 2014.

Oral Arguments on the Motion were held on November 20, 2014, in the Commission Hearing Room. Timothy Knapp and Steve Bruckner appeared on behalf of SourceGas; William Austin and Colin Mues appeared on behalf of the Public Advocate; and Joselyn Luedtke and Angela Melton appeared on behalf of Commission staff.

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

SourceGas seeks reconsideration of the Commission's denial of its proposal to change its depreciation rates outside of a general rate case proceeding. The Public Advocate urges the Commission to deny SourceGas' Motion.

The company asserts that the denial of its proposal to change its depreciation rates will result in unjust and unreasonable rates in violation of the State Natural Gas Regulation Act (Act). It further argues that denying the application and imposing a rate case moratorium as a condition on the use of a system safety and integrity rider tariff and system safety and integrity rider charge (SSIR) in Docket No. NG-0078 results in confiscatory rates. Finally, SourceGas contends the Commission applied an inappropriate standard by requiring the benefits of adjusting its depreciation rates outweigh the potential impacts to ratepayers.

The Public Advocate opposes the Motion stating the Commission's Order is correct and lawful and the Commission properly considered the Application and applied the Act and Nebraska Constitution.

Pursuant to the Act, 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."¹ The Legislature expressly intended that the powers granted to the Commission by the Act be "liberally construed."² In the Order, the Commission found the Act gives the Commission great flexibility in carrying out its statutory obligations, but charges the Commission to balance the interests of ratepayers with that of the utility.³

The Commission further stated that considering the depreciation rate component in isolation outside a full review of all the elements of the revenue requirement is single-issue ratemaking and should be considered carefully to maintain the integrity of the approved rate.

We determined the risks to the ratepayer of allowing the adjustment of depreciation rates outside of a general rate filing outweighed the potential benefits to the company. Such a balancing of ratepayer and company interests necessarily requires the Commission to examine the potential risks and benefits for the company and ratepayers in relation to one another.

SourceGas claims the denial and the condition on the use of the SSIR violates its constitutional due process rights and forecloses any opportunity for the Company to recover its costs of service and earn a reasonable return.⁴ We find SourceGas' arguments unpersuasive.

If the current rates and the revenue recovery allowed under the SSIR are believed to be insufficient, SourceGas is free to forgo implementation of the SSIR and file a general rate case. Therefore, we find that SourceGas' Motion for reconsideration should be denied.

O R D E R

IT IS THEREFORE ORDERED that SourceGas' Motion for Reconsideration is denied for the reasons set forth herein.

¹ *Neb. Rev. Stat.* § 66-1804(a) (Reissue 2008).

² "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).

³ *Neb. Rev. Stat.* §§ 66-1825(3).

⁴ See Docket No. NG-0079 Motion for Reconsideration of Applicant SourceGas Distribution LLC (November 7, 2014) ¶7.

MADE AND ENTERED at Lincoln, Nebraska this 24th day of November, 2014.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

David Boyle

Tim Schram

Red Johnson

Gerald L. Vap

Frank E. Landis
Chairman

ATTEST:

Steve Merasik

Executive Director

//s//Frank E. Landis