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BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM MUNDELL
Chairman
JIM IRVIN
Commissioner
MARK SPITZER
Commissioner

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED

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IN THE MATTER OF THE APPLICATION
OF BLACK MOUNTAIN GAS, CAVE CREEK
OPERATIONS, FOR A HEARING TO
DETERMINE THE EARNING OF THE
COMPANY, THE FAIR VALUE OF THE
COMPANY FOR RATEMAKING PURPOSES,
TO FIX A JUST AND REASONABLE RATE
OF RETURN THEREON AND TO APPROVE
RATE SCHEDULES.

Docket No. G-03703A-00-0283
**NOTICE OF FILING SETTLEMENT
AGREEMENT**

Black Mountain Gas Company ("Black Mountain"), Staff of the
Arizona Corporation Commission ("Staff") and the Residential
Consumer Utility Office ("RUCO") hereby file (1) the attached
Settlement Agreement executed by these parties and (2) the
attached proposed form of Opinion and Order in the above-
captioned docket, and request that a hearing be set on this
matter as soon as possible.

RESPECTFULLY SUBMITTED this 9th day of January, 2001.

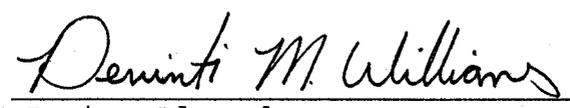
FENNEMORE CRAIG, P.C.

By *[Signature]*
Timothy Berg
Theresa Dwyer
3003 North Central, Suite 2600
Phoenix, Arizona 85012
Attorneys for Northern States
Power and Black Mountain Gas

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Daniel Pozefsky
Scott S. Wakefield
Chief Counsel, RUCO
2828 North Central, Suite 1200
Phoenix, Arizona 85004



Janice Alward
Devinti M. Williams
Attorney, Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

ORIGINAL AND TEN COPIES of
the foregoing hand-delivered
for filing this 9th day of
January, 2001, to:

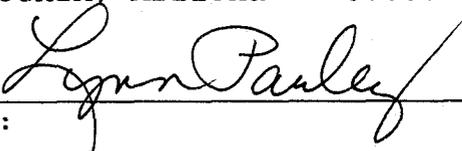
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL
1200 West Washington Street
Phoenix, AZ 85007

1 COPIES of the foregoing hand delivered
2 this 9th day of January, 2001 to:

3 Deborah R. Scott, Director
4 Utilities Division
5 ARIZONA CORPORATION COMMISSION
6 1200 West Washington
7 Phoenix, Arizona 85007

8 Mark Stern
9 Hearing Division
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington
12 Phoenix, Arizona 85007

13 Janice Alward
14 Devinti M. Williams
15 Legal Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

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By: 

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SETTLEMENT AGREEMENT

The undersigned Parties stipulate and agree to the following settlement provisions in connection with the rate application submitted by Northern States Power Company ("NSP"), a Minnesota corporation, and Black Mountain Gas Company ("BMG" or "Company") before the Arizona Corporation Commission ("Commission") for BMG's Cave Creek Division, specifically: *In The Matter Of The Application Of Northern States Power Company, A Minnesota Corporation, And Black Mountain Gas, A Subsidiary Of Northern States Power Company, A Minnesota Corporation, To Determine Earnings For Ratemaking Purposes, To Fix A Just And Reasonable Rate Of Return Thereon And To Approve Rate Schedules Designed To Develop Such Return For The Cave Creek Division, Docket No. G-03703A-00-0283.* The test year for the filing was the calendar year ended December 31, 1999. At the time this filing was made with the Commission on April 28, 2000, BMG was a division of NSP. Subsequent to the filing, BMG became a subsidiary of NSP. Shortly thereafter, NSP merged with New Century Energies, Inc. and formed Xcel Energy, Inc. ("Xcel"). BMG is currently a subsidiary of Xcel.

1. Parties to the Agreement.

Parties to this Agreement include the Commission Staff ("Staff"), Xcel, BMG, the Residential Utility Consumer Office ("RUCO").

2. Statement of Intention and Admissions.

The purpose of this Agreement is to resolve contested matters in a manner consistent with the public interest. Nothing contained in this Agreement is an admission by any Party that any of the positions taken, or that might be taken by each in formal proceedings, is unreasonable. In addition, acceptance of the Agreement by any of the Parties is without prejudice to any position taken by any Party in these proceedings.

3. Fair Value Rate Base, Fair Rate of Return and Revenue Requirement.

The Parties agree that the fair value of rate base at December 31, 1999 for BMG's Cave Creek Division is \$11,011,553 and that 9.61% is a fair rate of return on this rate base. The Parties further agree to a total revenue requirement for the Cave Creek Division of \$5,901,510.

4. Revised Rates and Charges.

The Parties adopt the revised rates and charges for purposes of this Agreement as provided in the attached and incorporated Appendix A.

5. Revised Base Cost of Purchased Gas.

The Parties agree that the cost of purchased gas included in the revised rates is \$0.42 per therm. This represents a \$0.15 per therm increase over the current base cost of \$0.27.

6. Commission Action.

Each provision of this Agreement is in consideration and support of all other provisions, and expressly conditioned upon acceptance by the Commission without material change. In the event that the Commission fails to adopt this Agreement according to its terms by March 31, 2001, this Agreement shall be considered withdrawn and the Parties shall be free to pursue their respective positions in these proceedings without prejudice.

7. Limitations.

The terms and provisions of this Agreement apply solely to and are binding only in the context of the provisions and results of this Agreement and none of the positions taken herein by any of the Parties may be referred to, cited or relied upon by any other Party in any fashion as precedent or otherwise in any proceeding before this Commission or any other regulatory agency or before any court of law for any purpose except in furtherance of the purposes and results of this Agreement.

8. Proposed Order.

A proposed form of order acceptable to all the Parties will be prepared and filed by the Company within ten (10) business days of the latest date on which this Agreement is signed by the Parties. The Company will provide a draft of the proposed form of order to the other Parties at least five (5) business days prior to filing the proposed form of order with the Commission for the purpose of receiving comments on the draft.

DATED this 5th day of January, 2001.

(Signatures contained on the following pages)

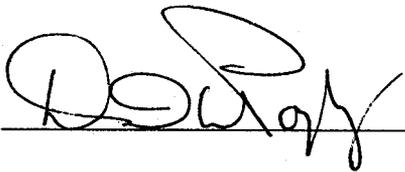
BLACK MOUNTAIN GAS COMPANY

By: James H. Williams

ARIZONA CORPORATION COMMISSION STAFF

By: Barbara Wytaske

RESIDENTIAL UTILITY CONSUMERS OFFICE

By:  _____

APPENDIX A

BLACK MOUNTAIN GAS COMPANY
CAVE CREEK DIVISION
Docket No. G-03703A-00-0283

REVISED RATES & CHARGES

<i>Description</i>	<i>Rate</i>
Residential:	
Standard Rate:	
Monthly Service Charge	\$6.00
Commodity Rate Per Therm	\$1.04357
Gas Air Conditioning:	
Monthly Service Charge	\$6.00
Commodity Rate Per Therm	\$0.51000
Compressed Natural Gas:	
Monthly Service Charge	\$6.00
Commodity Rate Per Therm	\$0.55000
Commercial:	
Standard Rate:	
Monthly Service Charge	\$15.00
Commodity Rate Per Therm	\$1.04357
Resort:	
Monthly Service Charge	\$30.00
Commodity Rate Per Therm	\$1.04357
Co-Gen:	
Monthly Service Charge	\$30.00
Commodity Rate Per Therm	\$0.48000
Service Charges:	
Establishment of Service	\$20.00
Re-Establishment of Service	(1)
Re-Connection of Service—Regular Hours	\$30.00
Re-Connection of Service—After Hours	\$45.00
Service Calls Per Hour—Regular Hours	\$30.00
Service Calls Per Hour—After Hours	\$45.00
Meter Re-Read Charge—If Correct	\$25.00
Meter Test Fee—Per Hour—If Correct	\$25.00
NSF Check	\$15.00
Late Charge—Per Month	1.5%
Security Deposit—Residential	(2)
Security Deposit—Commercial	(3)
Deferred Payment—Per Month	1.5%

Notes:

- (1) Number of Months Off System Times Monthly Minimum Charge [A.C.C. R14-2-403(B)]
- (2) Two (2) Times the Average Monthly Bill [A.C.C. R14-2-403(B)]
- (3) Two and One-Half (2 ½) Times the Average Monthly Bill [A.C.C. R14-2-403(B)]

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM MUNDELL
Chairman
JAMES M. IRVIN
Commissioner
MARK SPITZER
Commissioner

IN THE MATTER OF THE APPLICATION OF
BLACK MOUNTAIN GAS, CAVE CREEK
OPERATIONS, FOR A HEARING TO
DETERMINE THE EARNING OF THE
COMPANY, THE FAIR VALUE OF THE
COMPANY FOR RATEMAKING PURPOSES, TO
FIX A JUST AND REASONABLE RATE OF
RETURN THEREON AND TO APPROVE RATE
SCHEDULES.

Docket No. G-03703A-00-0283

PROPOSED FORM OF OPINION AND
ORDER

BY THE COMMISSION:

On April 28, 2000, Black Mountain Gas Company ("BMG" or "Company") filed with the Arizona Corporation Commission ("Commission") an application to determine its earnings for ratemaking purposes, to fix a reasonable rate of return thereon and to approve rate schedules designed to develop such return for its Cave Creek Operations.

On May 26, 2000, the Utilities Division ("Staff") of the Commission filed a letter indicating that the Company's rate application was sufficient and classifying the Company as a Class A utility.

On May 30, 2000, the Residential Utility Consumer Office ("RUCO") filed a Motion for Leave to Intervene. There was no opposition to the request to intervene.

1 On June 20, 2000, the commission issued the Amended Rate
2 Case Procedural Order ("ARC Order"), which granted intervention
3 to RUCO and set forth the dates for hearing and for the filing of
4 testimony. Pursuant to the parties' stipulation, these dates
5 were modified and extended by an additional Procedural Order
6 issued on December 11, 2000.

7 On January 9, 2001, the parties submitted a proposed
8 Settlement Agreement ("Settlement Agreement"). Pursuant to the
9 Settlement Agreement, the Company shall be authorized a fair
10 value rate base at December 31, 1999 for BMG's Cave Creek
11 Division of \$11,011,553.00 and a 9.61% rate of return on that
12 rate base, resulting in a total revenue requirement of
13 \$5,901,510.00. All parties concurred with the Settlement
14 Agreement.

15 Having considered the entire record herein and being fully
16 advised in the premises, the Commission finds, concludes, and
17 orders that:

18 **FINDINGS OF FACT**

19 1. BMG, a Minnesota corporation, is a wholly-owned
20 subsidiary of Northern States Power Company, which is also a
21 Minnesota corporation. BMG provides public natural gas
22 distribution in the vicinity of Cave Creek, Maricopa County,
23 Arizona, and underground public propane distribution in the
24 vicinity of Page, Coconino County, Arizona.

25 2. On April 28, 2000, BMG filed with the Commission an
26 application to determine its earnings for ratemaking purposes, to

1 fix a reasonable rate of return thereon and to approve rate
2 schedules designed to develop such return for its Cave Creek
3 Operations.

4 3. On May 26, 2000, Staff filed a letter indicating that
5 the Company's rate application was sufficient and classifying the
6 Company as a Class A utility.

7 4. On May 30, 2000, RUCO filed a Motion for Leave to
8 Intervene. There was no opposition to the request to intervene.

9 5. On June 20, 2000, the Commission issued the Amended
10 Rate Case Procedural Order ("ARC Order"), which granted
11 intervention to RUCO and setting the dates for hearing and the
12 filing of testimony, establishing requirements for notice to
13 customers and the general public, and otherwise governing the
14 conduct of the proceeding. Pursuant to the parties' stipulation,
15 these dates were modified and extended by an additional
16 Procedural Order issued on December 11, 2000.

17 6. The Company subsequently provided notice in accordance
18 with the Commission's requirements.

19 7. On January 9, 2001, the parties submitted a proposed
20 Settlement Agreement ("Settlement Agreement"). Pursuant to the
21 Settlement Agreement, the Company shall be authorized a fair
22 value rate base at December 31, 1999 for BMG's Cave Creek
23 Division of \$11,011,553.00 and a 9.61% rate of return on that
24 rate base, resulting in a total revenue requirement of
25 \$5,901,510.00. All parties concurred with the Settlement
26 Agreement.

1 8. A copy of the Settlement Agreement is attached as
2 Exhibit A, and is incorporated herein by reference.

3 9. BMG, Staff and RUCO believe that the Settlement
4 Agreement is consistent with the best interests of the parties
5 and the public interest generally.

6 10. On [DATE], 2000, the Commission held a public comment
7 session on this matter at the Commission's offices in Phoenix,
8 Arizona. ["NO MEMBER OF THE PUBLIC APPEARED" OR DESCRIPTION OF
9 PUBLIC COMMENT.]

10 CONCLUSIONS OF LAW

11 11. The Company is a public service corporation within the
12 meaning of Article XV of the Arizona Constitution and A.R.S. §§
13 40-250, 40-251 and 40-367.

14 12. The Commission has jurisdiction over the Company, over
15 the Company's rate application and the Settlement Agreement.

16 13. The Company has provided notice of its rate application
17 in accordance with the law.

18 14. The Settlement Agreement resolves all matters raised by
19 the Company's rate application in a manner that is just and
20 reasonable, and promotes the public interest.

21 5. The fair value of the Company's rate base for its Cave
22 Creek, Arizona properties, at December 31, 1999, was
23 \$11,011,553.00, and that 9.61 percent (%) is a reasonable rate of
24 return on the Company's rate base.

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