

NATURAL GAS RATES  
DEMAND-SIDE MANAGEMENT COST ADJUSTMENT

APPLICABILITY

All rate schedules for natural gas service are subject to a Demand-Side Management Cost Adjustment ("DSMCA") designed to recover the direct and indirect costs of Demand-Side Management Programs ("DSM Programs") in accordance with Commission-approved Demand-Side Management Plans and 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 the costs of Clean Heat Programs ("CH Programs") in accordance with Commission-approved Clean Heat Plans. The DSMCA shall apply to all base rates for all applicable rate schedules and are as set forth on Sheet No. 42E.

ANNUAL FILINGS

Effective January 1, 2009, the Company shall place into effect a new DSMCA pursuant to the Commission's final order on Company's 2009-10 DSM Plan and shall include Current Period DSM Costs incurred on and after January 1, 2009, plus all DSM costs incurred by Company prior to January 1, 2009 in accordance with its prior DSMCA.

The Company's DSMCA shall include Current Period Clean Heat Costs except for the 2024 DSMCA. The Clean Heat Costs incurred in 2024 will be included in the April 1, 2025 DSMCA advice letter filing. After April 1, 2025, the DSMCA filings will follow the cadence and structure outlined in this tariff.

As directed in Decision No. C25-XXXX in Proceeding No. 24A-0369G, the Company will include in its April 1 DSMCA advice letter filing its actual incurred costs for community outreach and pilot project design of Thermal Energy Network pilots from the preceding year. As an example, costs incurred in 2025 will be included in the April 1, 2026 DSMCA advice letter filing.

The Company will file an advice letter to revise the DSMCA on April 1 to be effective July 1 through December 31 of the same year and on October 1 to be effective January 1 through June 30 of the next year. The October 1 filing will revise DSMCA for Current Period DSM Costs and Current Period Clean Heat Costs forecasted for the following year; and the April 1 filing will revise the DSMCA for the DSM Bonus and the DSM Deferred amount from the preceding year, including applicable DSM Interest, the Clean Heat Deferred amount, including applicable Clean Heat interest, and the Acknowledgement of Lost Revenue ("ALR") values associated with the DSM program in the previous year. The Company will include in its annual DSMCA filings all pertinent information and support documentation as is required by the Commission's Rules and as specifically set forth in Gas DSM Rules.

DEFINITIONS

DSM Bonus

The amount of bonus approved by the Commission in the Company's annual DSM Report as set forth in Gas DSM Rule 4760.

(Continued on Sheet No. 42A)

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Colorado PUC E-Filings System

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DEFINITIONS - Cont'd

Current Period Demand-Side Management Costs (CDSC) M  
The CDSC are projected calendar year expenditures for the Company's DSM M  
Portfolio after January 1, 2009, including all direct and indirect costs. M  
The CDSC shall comprise costs of DSM programs directed at residential M  
customers and costs of DSM programs directed at nonresidential customers M  
and shall be expensed and recovered over twelve months beginning January 1 MT  
of the year in which the costs are expected to be M  
incurred. M

Current Period Clean Heat Revenue Requirement (CCHRR) N  
The CCHRR are projected calendar year expenditures for the Company's N  
Commission-approved Clean Heat Plans assigned to gas customers. The CCHRR N  
shall include: (1) a return, equal to the Company's weighted average cost N  
of capital, on Clean Heat capital expenditure and rebates assigned to gas N  
customers; (2) the plant-related ownership costs associated with such N  
investment, including depreciation expense, accumulated deferred income N  
taxes, income tax expense, and the amortization expense of the rebates; and N  
(3) operations and maintenance expenses associated with the gas portion of N  
the Clean Heat Plan. N

CH Interest N  
The amount of net interest accrued on the average monthly balance in gas CH N  
subaccounts of Account No. 182.6, whether positive or negative, as N  
determined by multiplying the monthly balance by an interest rate equal to N  
the Company's Commission-authorized after tax weighted average cost of N  
capital. N

DSM Interest N  
The amount of net interest accrued on the average monthly balance in gas C  
DSM subaccounts of Account No. 182.6, whether positive or negative, as  
determined by multiplying the monthly balance by an interest rate equal to  
the Company's Commission-authorized after tax weighted average cost of  
capital. DSM Interest shall be calculated separately for the deferred  
balances associated with the Residential DSMCA and the Nonresidential  
DSMCA.

DSM Acknowledgement of Lost Revenue (ALR) Value  
The amount of lost revenue allowed by the Commission to be recovered that  
is associated with gas DSM programs.

DSM Portfolio  
The energy efficiency programs as approved by the Commission in the  
Company's DSM plan filings as required under the Gas DSM Rules. The DSM  
Portfolio shall comprise DSM programs directed at residential and non-  
residential customers.

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DEFINITIONS - Cont'd

RESIDENTIAL DSMCA

The DSMCA for residential service ("RDSMCA") shall be a percentage adjustment applicable to all base rates for customers receiving service under rate Schedules RG and RGL, and shall be calculated as the sum of the RDSMCA Factor and the CH Factor.

NONRESIDENTIAL DSMCA

The DSMCA for nonresidential service ("NDSMCA") shall be a percentage adjustment applicable to all base rates for customers receiving service under rate Schedules CSG, CLG, CGL, and IG, and shall be calculated as the sum of the NDSMCA Factor and the CH Factor.

CH FACTOR

The Clean Heat portion of the DSMCA ("CH Factor") shall be a percentage adjustment applicable to all customers receiving service under rate Schedules RG, RGL, CSG, CLG, CGL, and IG, and shall be calculated as follows:

CH Factor =

$$R \text{ CCount} * RS\&F + R \text{ Sales} * \frac{CH \text{ Cost} + CH \text{ Deferred}}{R \text{ Rate}} + N \text{ CCount} * NS\&F + N \text{ Sales} * N \text{ Rates}$$

Where:

- 1) CH Cost is the CCHRR (assigned to gas customers) of Clean Heat Programs for the following calendar year revised annually by an October 1 filing
- 2) CH Deferred is the positive or negative difference between the projected cost of CH Programs assigned to gas customers and amounts collected from customers during the prior calendar year, including CH Interest, revised annually by an April 1 filing. The April 1 filing will also include the actual incurred Thermal Energy Network Pilot costs from the previous year per Decision C25-XXXX in Proceeding No. 24A-0369G. N  
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- 3) R CCount, RS&F, R Sales, R Rate, N CCount, NS&F, N Sales, and N Rates are as defined in the definitions of RDSMCA Factor and NDSMCA Factor

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DEFINITIONS - Cont'd

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RESIDENTIAL DSMCA Factor

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The DSMCA Factor for residential service ("RDSMCA Factor") shall be a percentage adjustment applicable to all base rates for customers receiving service under rate Schedule RG and RGL, and shall be calculated as follows:

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$$\text{RDSMCA Factor} = \frac{\text{RDSM Cost} + \text{RDSM Deferred} + \text{RDSM Bonus} + \text{RDSM ALR Value}}{\text{R CCount} * \text{RS\&F} + \text{R Sales} * \text{R Rate}}$$

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Where:

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- 1) RDSM Cost is the CDSC of residential DSM Programs for the following calendar year revised annually by a October 1 filing
- 2) RDSM Deferred is the positive or negative difference between the projected cost of residential DSM Programs and amounts collected from residential customers during the prior calendar year, including DSM Interest, revised annually by a April 1 filing
- 3) RDSM Bonus is the residential allocated portion of the total DSM Bonus from the previous calendar year revised annually by a April 1 filing
- 4) R CCount is the Company's forecasted residential customer count for the twelve calendar months following the effective date of the RDSMCA
- 5) RS&F is the Service and Facility Charges applicable for residential service in effect on the effective date of the RDSMCA
- 6) R Sales is the Company's forecasted residential usage (Schedules RG and RGL separately) in therms for the twelve calendar months following the effective date of the RDSMCA
- 7) R Rate is the Usage Charge per therm applicable for residential service in effect on the effective date of the RDSMCA
- 8) The RDSM ALR Value is the sum of multiplying the dollar per therm value, as approved by the Commission for residential service, times the annual number of therms lost from all residential programs executed during the program year under consideration.

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DEFINITIONS - Cont'd

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NONRESIDENTIAL DSMCA FACTOR

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The DSMCA Factor for nonresidential service ("NDSMCA Factor") shall be a percentage adjustment applicable to all base rates for customers receiving service under rate Schedules CSG, CLG, CGL, and IG and shall be calculated as follows:

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$$\text{NDSMCA Factor} = \frac{\text{NDSM Cost} + \text{NDSM Deferred} + \text{NDSM Bonus} + \text{NDSM ALR Value}}{\text{N CCount} * \text{NS\&F} + \text{N Sales} * \text{N Rates}}$$

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Where:

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- 1) NDSM Cost is the CDSC of nonresidential DSM Programs for the following calendar year revised annually by an October 1 filing
- 2) NDSM Deferred is the positive or negative difference between the projected cost of nonresidential DSM Programs and amounts collected from nonresidential customers during the prior calendar year, including DSM Interest, revised annually by an April 1 filing
- 3) NDSM Bonus is the nonresidential allocated portion of the total DSM Bonus from the previous calendar year revised annually by an April 1 filing
- 4) N CCount is the Company's forecasted nonresidential customer count for the twelve calendar months following the effective date of the NDSMCA
- 5) NS&F is the Service and Facility Charges applicable for nonresidential service (Schedules CSG, CLG, CGL, and IG separately) in effect on the effective date of the NDSMCA
- 6) N Sales is the Company's forecasted nonresidential usage (Schedules CSG, CLG, CGL and IG separately) in therms for the twelve calendar months following the effective date of the NDSMCA, plus the CLG Peak Day Quantity in Dekatherms ("Dth")
- 7) N Rate is the Usage Charge per therm applicable for nonresidential service (Schedules CSG, CLG, CGL, and IG separately) plus the CLG capacity charge per Dth in effect on the effective date of the NDSMCA
- 8) NDSM ALR Value is the sum of multiplying the Dollar per therm value, as approved by the Commission for non residential services, times the annualized number of therms lost from all non residential programs executed during the program year under consideration

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 RATE TABLE

Residential Service

	<u>RDSMCA Factor</u>		<u>CH Factor</u>		<u>RDSMCA</u>	N
RG	6.97%	+	3.84%	=	10.81%	III
RGL	6.97%	+	3.84%	=	10.81%	III

Commercial & Industrial Service

	<u>NDSMCA Factor</u>		<u>CH Factor</u>		<u>NDSMCA</u>	N
CSG	1.84%	+	3.84%	=	5.68%	III
CLG	1.84%	+	3.84%	=	5.68%	III
CGL	1.84%	+	3.84%	=	5.68%	III
IG	1.84%	+	3.84%	=	5.68%	III