BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY CORPORATION FOR AN ORDER APPROVING NATURAL GAS DEMAND SIDE MANAGEMENT PLAN	)	Docket No. 10A-286G
IN THE MATTER OF THE APPLICATION OF EASTERN COLORADO UTILITY COMPANY FOR AN ORDER APPROVING NATURAL GAS DEMAND SIDE MANAGEMENT PLAN	)	Docket No. 10A-278G
IN THE MATTER OF THE APPLICATION OF SOURCEGAS DISTRIBUTION LLC FILED UNDER RULE 4752 (C) FOR AN ORDER APPROVING AN AMENDED DEMAND SIDE MANAGEMENT PLAN FOR YEARS 2011 THROUGH 2013	)	Docket No. 11A-746G

STIPULATION AND SETTLEMENT AGREEMENT RESOLVING THE DEMAND SIDE MANAGEMENT PLAN APPLICATIONS OF ATMOS ENERGY CORPORATION, EASTERN COLORADO UTILITY COMPANY AND SOURCEGAS DISTRIBUTION LLC

COME NOW, Atmos Energy Corporation (Atmos), Eastern Colorado Utility (ECU) and SourceGas Distribution LLC (SourceGas) (collectively referred to as "LDCs" or "Applicants" or "Companies"), by their respective undersigned counsel and Trial Staff of the Colorado Public Utilities Commission (Staff) (collectively referred to as the "Settling Parties") and submit this Stipulation and Settlement Agreement (Settlement) in resolution of the above-referenced dockets and in support thereof state as follows:

I. SUMMARY

This Settlement reflects the understanding of the key issues and facts by the Settling Parties in the above captioned dockets.

This Settlement addresses the issues that led each Applicant to seek Commission review and approval of its amended Demand Side Management (DSM) plan including concerns regarding the cost recovery of unplanned rebate expenses and the operation of their respective DSM programs. Staff intervened in these dockets and requested that the Commission set them for hearing because Staff believes the issues involved should be reviewed by the Commission. As discussed in Section III, Staff's issues include: the need for greater utility oversight of rebate funds and the need to reduce any potential for cross-subsidization between residential and non-residential customers.

Each of the Applicants acknowledges that they are seeking additional ratepayer funds to recover the cost of the rebates paid as indicated in their respective applications. The Settling Parties, including Staff, acknowledge that the rebates were paid to achieve energy savings. The Settling Parties agree that these funds were spent in a manner consistent with the long-range energy reduction goals expressed in § 40-3.2-103, C.R.S., Commission rules governing gas DSM, 4 CCR 723-4750, *et seq.*, and each Company's Commission approved DSM plan.

To minimize the potential for DSM rebate cost overruns in the future, the three LDCs and Staff have agreed on control measures to be implemented by the LDCs as more fully described in Section IV. The Settling Parties have also agreed on other changes that address the additional concerns Staff raised.

II. THE 2010 - 2011 INSULATION PROGRAMS

In this Section, the LDCs present their experiences with the insulation rebate programs during the 2010 and the start of the 2011 plan years that led to the filing of their applications.[1]

A. Background

As part of its triennial plan filing, each LDC projects expected participation numbers for each DSM measure.[2] The Companies base rebate fund budgets for each measure on these projections. In general, and specifically for the insulation rebates, the amount of participation that each LDC projected in their DSM plan was based on their experience during the first two years running their DSM programs. These projections, and the overall rebate expenses, represent a significant part of each LDC's DSM budget. Thus, significant and unexpected increases in customer participation have the potential to cause a company to exceed its approved budget.

At the outset of implementing gas DSM programs in 2009, the Companies, along with Colorado Natural Gas (CNG), joined together to create "Excess is Out," a collaborative effort in marketing and implementing DSM programs. The LDCs believe that by pooling their resources, they limited administrative expenses, making more funds available for DSM programs and rebates that directly serve customers and reduce energy consumption.

Also starting in 2009, the LDCs retained the services of Electric, Gas and Industries Association (EGIA) to perform various functions of the LDC DSM rebate

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[1] For the gas LDCs the DSM plan year is coincident with the calendar year.

[2] In this settlement the term "program" refers to a collection of energy efficiency measures. An energy efficiency measure is a discrete technology or process that reduces energy. Insulation rebates and furnace rebates are examples of different measures. These uses are consistent with Commission Rules 4751 (g) and (j).

programs. Pursuant to their agreement with the LDCs, EGIA performs rebate request intake, rebate request processing, verification of customer eligibility, verification of funds available and the issuance of rebate checks to customers. EGIA also staffs a call center to assist customers with rebate applications and maintains a database for tracking rebates.

Once again, the Applicants believe that the retention of a single clearing house for administration and verification of DSM measures and handling of DSM rebates enabled the LDCs to collaborate and maximize the potential for customer participation in the respective DSM programs by minimizing administrative expenses.

EGIA opened a web portal enabling the LDCs to monitor the rebates being provided for various DSM measures within their respective service territories. Atmos and SourceGas knew about the availability of the web portal no later than the date that they implemented their DSM programs in February 2009. ECU was unaware of the portal. On March 30, 2011 CNG acquired ECU, but CNG did not become aware of the portal until late May, early June, 2011.

For the 2010 and the 2011 insulation measures, there was a split in the level of rebates depending upon when customers submitted their rebate request. The insulation rebate in 2010 included a 50 percent rebate not to exceed $1,000 per customer. The insulation rebate in 2011, prior to its termination, included a 40 percent rebate for insulation not to exceed $600 per customer.

Atmos and SourceGas assert that in November of 2010 they became aware of increased activity in the rebates for insulation measures through unexpected levels of customer requests for information as well as the receipt of unanticipated numbers of rebate applications. In addition, out-of-state insulation companies contacted Atmos and

SourceGas inquiring about their rebate programs and the funding status of those programs. ECU experienced a similar spike in rebate application in March, 2011. Insulation contractors did not contact it regarding programs or rebate levels.

In all three cases, these contractors then canvassed different communities in the LDCs' service territories with door-to-door sales during two-week intervals resulting in a dramatic increase in rebate applications requested in a short incremental time period. Atmos and SourceGas submit that once they became aware of the increased interest in the insulation program, they began to monitor those programs more closely in the fourth quarter of 2010 and into the first quarter of 2011.

Once it became apparent to Atmos and SourceGas that, at the pace the applications were being processed, their entire DSM rebate budgets for all energy efficiency measures (not just home insulation measures) would be exhausted within the first quarter of 2011, each took steps to terminate the insulation measures by the middle of the first quarter of 2011. Specifically, Atmos terminated its insulation measure on February 18, 2011 and SourceGas terminated its measure on February 18, 2011. Both Atmos and SourceGas contacted the insulation contractors by telephone to notify them that there were no more rebate options available for the 2011 heating season. Customers were notified through the "Excess is Out" website. The "Excess is Out" brochures and application information were immediately updated to exclude the insulation rebates so that no further insulation rebates were represented as being available to customers. ECU became aware of the increase in requested rebates in its service territory in May of 2011.

Atmos and SourceGas terminated further insulation rebates for 2011 in order to preserve the remainder of their respective DSM budgets for other DSM measures and customer classes once they became aware of the substantial increase in the insulation rebate costs. ECU terminated its DSM rebate programs on June 1, 2011.

In part, as a result of the rebate levels in 2010 and 2011, Atmos and SourceGas experienced significantly higher than expected participation in their insulation rebate programs in 2010 and through the first quarter of 2011. ECU experienced increased participation in 2011. For example, in its 2009-2010 Natural Gas Demand Side Management Plan (Docket No. 08A-425G), Atmos projected a combined total of 169 participants in its insulation rebate measure in 2009 and 2010. By the end of the second quarter of 2010, 311 participants requested rebates in that measure. Similarly, in its 2009-2010 DSM plan (Docket No. 08A-431G), SourceGas estimated 89 participants would take part in its insulation measure in 2010. By the end of the third quarter of that year 212 customers had requested rebates. ECU did not see an increase in participation for 2010 as it estimated 50 participants in its DSM plan (Docket No. 08A-541G), but experienced 10.

The high participation numbers continued into the first quarter of 2011; Atmos, SourceGas and ECU had 186, 314, and 362 insulation rebate requests respectively. For each LDC, higher customer participation drove higher than projected rebate spending.

B. Additional Influences on the Insulation Rebate Programs

Each LDC recognizes that rebates are paid using ratepayer funds and that more administrative control should have been in place during the 2010 and 2011 plan years. However, the LDCs assert that other factors made managing the DSM rebate programs especially challenging during the 2010 and 2011 period discussed in these dockets.

Not all of the issues that caused these spikes in participation were within the individual or collective control of the LDCs. Each LDC offered insulation rebates as part of its Commission approved DSM plan. In addition, two different federal programs put additional funds into the insulation market in 2010. Federally funded rebates, supported by the American Recovery and Rehabilitation Act (ARRA), were available through the Governor's Energy Office for weatherization and insulation measures. Further, customers were able to take advantage of a tax credit for residential home insulation that expired on December 31, 2010 as well.

In addition, structural aspects of the rebate programs may have contributed to the LDCs' experience of large, unexpected spikes in rebate requests. To make the rebate programs easier and more flexible for customers, each LDC allows participants in its rebate programs to submit a rebate request up to 60 days after a measure is installed. This flexibility contributed to Atmos and SourceGas receiving unforeseen numbers of applications throughout 2010. That is, because the LDCs did not use a reservation or pre-approval system, they had no way of knowing or being aware of how many measures may be installed or how many rebate requests may be submitted in the future.

Allowing customers to submit requests up to 60 days after a measure is installed contributed to the large amount of rebate requests Atmos and SourceGas received in the first quarter of 2011. Because of the 60 day period, customers who installed insulation in November and December of 2010 were not required to submit their insulation requests until the first quarter of 2011.

Access to rebate forms by insulation contractors may have contributed to the spike(s) as well. Materials submitted to Staff suggest that at least one of the insulation contractors responsible for many of the installations may have been helping customers complete the rebate request forms, including submitting those forms to the utility on behalf of the customer. It appears that in several instances each LDC received batches of rebate requests, rather than individual rebate requests, which would have occurred if customers had been submitting their own rebate forms. This was possible because third-party insulation contractors were able to access the rebate forms and provide them directly to utility customers at the time the insulation was installed.

III. STAFF'S ISSUES

Initially, the amount of the budget increases being requested and the potential for significant impacts to ratepayers concerned Staff. Staff's investigation indentified additional areas of concern including the need for greater administrative control of rebate funds, and the potential for cross-subsidization between customer classes.

A. The Need for Greater Administrative Control

Staff recognizes the challenges presented to the LDCs that are outlined above. However, Staff also believes that if the Applicants had exercised greater oversight of the rebate programs, the unexpected expenditures may not have been as large.

As described in the previous section, the Applicants do not directly oversee the processing of rebate requests or the issuing of rebate checks. During 2010 and 2011 the LDCs relied on information provided to them by EGIA, the rebate processing contractor, to understand the status of rebate requests and funds that remained in the budget for each measure. Staff was concerned about the timeliness of the LDCs' monitoring of the information available to them.

Based on information provided to Staff by Atmos and SourceGas, their insulation rebate programs surpassed projected participation numbers prior to the fourth quarter of 2010. However, this excess participation did not cause them to exceed their approved 2010 DSM budgets. The problem that did not become apparent to the LDCs in a timely fashion was the large number of rebate applications that would be received during the first two months of 2011. In fact, as noted above, the number of refund applications received during that period was sufficient to cause Atmos and SourceGas to shut down the rebate program in the first quarter of 2011, and to shut down all or other aspects of their DSMs programs at a later date in 2011. Similarly, ECU shut down its entire program in the second quarter of 2011.

While it is Staff's position that the LDCs should have been aware of the higher than projected levels of participation in their insulation measures prior to November 2010, Staff also agrees with the LDCs that they may not have had cause for concern prior to that time. Atmos and SourceGas explained to Staff that they did not view the participation levels in the insulation rebate measure as problematic in mid-2010 because they are permitted to move budgeted amounts between DSM measures and also because they are allowed to exceed approved total budgets by up to 25 percent without further action of the Commission pursuant to Commission Rule 4753(k). If they assumed they would use this budget then they would have been at roughly 50 percent of their budget halfway through the year despite the higher than projected numbers of participants in the insulation measure. By the time ECU became aware of increased participation levels in Spring 2011, it had already exceeded 125 percent of its DSM budget. Staff's position remains that the participation numbers should have been cause for increased monitoring and tracking of the rebate budgets to minimize the potential for unexpected rebate requests that the LDCs experienced in late 2010 and early 2011.

B. Cross-subsidization

Section 40-3.2-103(2)(II)(d), C.R.S. states:

> [S]uch procedures shall provide that cost recovery for programs directed at residential customers are to be collected from residential customers only and that cost recovery for programs directed at nonresidential customers are to be collected from nonresidential customers only.

Commission Rule 4 CCR 723-4757 (a) states:

> A utility may spend a disproportionate share of total expenditures on one or more classes of customers, provided, however, that cost recovery for programs directed at residential customers are to be collected from residential customers only and that cost recovery for programs directed at nonresidential customers are to be collected from nonresidential customers only, except as provided for in paragraph (f), below.

Staff recognizes that the structure of each LDC's DSM plan may make it difficult for the Company to comply with the DSM statute and Commission rules determining cost recovery for DSM programs. The Natural Gas Efficiency Rebate Program in each of the LDCs' current triennial plan does not target a specific customer class. The most recently filed plans contain the following three programs: a residential energy audit program, an energy efficiency rebate program and a low-income program. Each rebate program contains measures that are targeted at residential customers, measures that are targeted at nonresidential customers and measures that may be targeted at both.

Staff interprets the language in § 40-3.2-103(2)(II)(d), C.R.S. and Commission Rule 4 CCR 723-4757 (a) to mean that recovery for a particular gas DSM program should come from the customer class that program is intended to benefit. This is possible only if a program is targeted solely at a particular class (e.g., residential customers) or if the LDC has structured its DSMCA mechanism so as to reconcile each customer classes' costs and revenues. In order to minimize the likelihood of cross-subsidization, Staff takes the position that in their next triennial filing, each Applicant should submit a plan in which all rebate measures directed at a customer class are part of a program targeted at that class. For example, all residential rebate measures would be part of a Residential Rebate Program, which would be distinct from a Nonresidential Rebate Program.

C. *Impacts on Ratepayers*

Attached as Exhibit 1, Exhibit 2 and Exhibit 3, and fully incorporated herein, Atmos, SourceGas and ECU respectively submit calculations showing the dollar amount requested; a calculation of the resulting changes to the residential Demand Side Management Cost Adjustment (DSMCA); and, the bill impact on an average residential customer bill.

Pursuant to Commission Rule 4 CCR 723-4757 (I), the LDCs will collect interest on any under recovery of DSM funds in a year. Therefore, the Settling Parties believe that a one-year recovery will result in the LDCs collecting less money overall and therefore is preferable.

IV. SETTLEMENT TERMS

The Settling Parties agree that:

1. Additional funds requested in these dockets shall be approved and recovered from each customer class (residential or non-residential) based on the dollar amount spent, if known, or percentage of insulation rebates received by members of that class in 2010 and the first quarter of 2011. For example, if 100 percent of the insulation

rebates were paid to residential customers, then 100 percent of the recovery being sought would come from residential customers.

2. The Settling Parties agree that full recovery of the funds sought by the LDCs shall occur within one year.

3. Starting January 1, 2012, LDC customers will be required to submit a rebate application via a web-based application. This application will show the availability of funds for the particular measure at the time of the request.

4. EGIA will provide a toll free number for LDC customers who cannot complete the on-line rebate application. As part of this service, EGIA will complete a rebate application while the customer is on the phone and will inform the customers whether funds for the particular measure are still available.

5. Each LDC will provide EGIA, or any contractor it deems responsible for administering any portion of its rebate program, with an annual budget for each measure in the DSM portfolio.

6. Customer access to rebate funds will be limited to the budgeted amount by measure determined by each LDC for their individual DSM programs, except as provided in paragraph 6.

7. Each Applicant shall continue to have the flexibility to manage its DSM programs, including the ability to move funds from one measure to another, in order to achieve energy savings. However, to minimize the potential for cross-subsidization, funds for a measure that is directed at one customer class may not be moved to any

measure that does not target that same customer class. In the case where a measure does not target a specific customer class, the Company shall use its program budget allocation factor filed in its Demand Side Management Cost Adjustment application to determine what funds may be available to be reallocated to other measures targeted at that same customer class. For example, in the case where a measure has a $10,000 budget and a 90-10 allocation split between residential and non-residential customers, respectively, up to $9,000 would be available to be moved from that budget into another residential measure budget. In the example, the Company would need to ensure that $1,000 remained for use by its non-residential customers.

8. Funds allocated to a particular customer rebate request will be reallocated back into the budget for that measure and will be available for use by other customers if evidence of installation of the measure prior to the deadline established by the LDC for its rebate application is not provided.

9. Third party vendors other than EGIA, or any contractor approved by an LDC for rebate processing, shall not have access to the on-line or phone rebate systems for the purpose of requesting rebates on behalf of an LDC's customers.

10. Starting with its 2014-2016 Demand Side Management plan, each LDC shall file a triennial plan in which each program is targeted at a specified rate class. Each program shall include the list of measures in that program, projected participation for each measure and a budget for each measure.

11. Each LDC shall provide Staff with quarterly status reports through December 31, 2013. Each Company's quarterly update shall be provided within 30 days

of the end of the quarter, and shall include the following: annual budget by measure, dekatherm savings goal by measure, quarterly rebate spending by measure, and dekatherms saved by measure as described in Exhibit 4, attached hereto and fully incorporated herein. These quarterly reports will be in addition to each utility's annual report required by Commission Rule 4 CCR 723-4754.

IV. GENERAL TERMS

The Settling Parties agree that this Settlement has been reached solely for purposes of settlement and does not constitute a settled practice or otherwise have precedent-setting value in any future proceedings. The LDCs, the Commission, its Staff, nor any other party or person shall be deemed to have approved, accepted, agreed to or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Settlement. Notwithstanding the resolution of the issues set forth in this Settlement, none of the methods or principles herein contained shall be deemed by the parties to constitute a settled practice or precedent in any future proceeding. Nothing in this Settlement shall preclude the LDCs from seeking prospective changes in their natural gas DSM programs by an appropriate filing with the Commission. Nothing in this Settlement shall preclude any other third-party from filing a complaint or seeking an order to show cause to obtain prospective changes in the LDCs natural gas DSM programs.

This Settlement shall not become effective until the issuance of a final Commission order approving the Settlement that does not modify the Settlement in a manner that is unacceptable to any of the parties. In the event that the Commission modifies this Settlement in a manner unacceptable to any party, that party shall so notify

Staff and the LDCs in writing within 10 days of the mailing date of the Commission order in which the modification is made. If this Settlement is not approved in its entirety or is approved by the Commission with modifications unacceptable to any party, then this Settlement shall be null and void and of no force and effect in this or any other proceeding. In the event that this Settlement does not become effective, the Settlement as well as the negotiations and discussions undertaken in conjunction with this Settlement shall not be admissible into evidence in this or any other proceeding.

Approval by the Commission of this Settlement shall constitute a determination that the Settlement represents a just, equitable and reasonable resolution of the issues that were or could have been contested among the parties in these proceedings. The Settling Parties state that reaching agreement as set forth herein by means of a negotiated settlement rather than through a formal adversarial process is in the public interest, and that the results of the compromises and settlements reflected in this Settlement are in the public interest.

This Settlement may be executed in counterparts each of which when taken together shall constitute the entire Settlement.

The parties agree to a waiver of compliance with any requirements of the Commission's rules and regulations to the extent necessary to permit all provisions of this Settlement to be carried out and effectuated.

Dated this 22nd day of December. 2011.

BY:

Kevin Kerrigan by Mark A. Davidson by permission

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CERTIFICATE OF SERVICE
Docket No. 11A-746G

This is to certify that on this 22nd day of December 2011, I have duly served the within **JOINT MOTION FOR APPROVAL OF STIPULATION AND SETTLEMENT AGREEMENT RESOLVING THE DEMAND SIDE MANAGEMENT PLAN APPLICATIONS OF ATMOS ENERGY CORPORATION, EASTERN COLORADO UTILITY COMPANY AND SOURCEGAS DISTRIBUTION LLC** upon all parties herein via the Commission's E-Filing system to:

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_____/s/ *Sabrina A. Pope*________

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** DENOTES PERSONS ELIGIBLE TO RECEIVE CONFIDENTIAL PROPRIETARY INFORMATION PURSUANT TO THE COMMISSION'S RULES ON CONFIDENTIALITY, 4 CCR 723-1100-1102

Original 2011 Program Expenditure Projection	$ 981,815.00
Revised 2011 Program Expenditure Projection	$ 864,900.00

	2010 DSMCA Program		Projected 2011 DSMCA Program	
	Residential Class	Nonresidential Class	Residential Class	Nonresidential Class
G-DSMCA Numerators				
Total Costs for Numerator				
DSM Cost	$ 482,688	$ 29,859	$ 841,353.10	$ 23,546.90
DSM Bonus	$ -	$ -		
DSM Deferred Cost	$ 94,821	$ (9,501)		
Total for Numerator	$ 577,509	$ 20,358	$ 841,353.10	$ 23,546.90
Rate Area Allocation Factors				
Northeast	44.44%	36.67%	44.44%	36.67%
NW/Central	21.60%	30.43%	21.60%	30.43%
Southeast	19.44%	15.96%	19.44%	15.96%
Southwest	14.53%	16.93%	14.53%	16.93%
Total	100.00%	100.00%	100.00%	100.00%
Rate Area Lost Revenue				
Northeast	$ 7,292.22	$ 310.20	$ 8,646.64	$ 778.03
NW/Central	$ 3,544.34	$ 257.43	$ 4,202.64	$ 645.68
Southeast	$ 3,189.74	$ 135.04	$ 3,782.18	$ 338.70
Southwest	$ 2,384.04	$ 143.23	$ 2,826.84	$ 359.26
Total	$ 16,410.34	$ 845.90	$ 19,458.30	$ 2,121.67
Allocated Costs for Numerators				
Northeast	$ 263,918	$ 7,775	$ 382,516.58	$ 9,412.86
NW/Central	$ 128,276	$ 6,453	$ 185,919.70	$ 7,811.69
Southeast	$ 115,442	$ 3,385	$ 167,319.06	$ 4,097.64
Southwest	$ 86,283	$ 3,590	$ 125,056.06	$ 4,346.38
Total	$ 593,919	$ 21,203	$ 860,811.40	$ 25,668.57
G-DSMCA Denominators				
CCount=Customer Count (customer-months)				
Northeast	519,739	52,992	519,739	52,992
NW/Central	252,616	43,978	252,616	43,978
Southeast	227,342	23,069	227,342	23,069
Southwest	169,918	24,469	169,918	24,469
Total	1,169,615	144,508	1,169,615	144,508
FC=Facilities Charge ($/customer-month)				
Northeast	$ 10.00	$ 24.00	$ 10.00	$ 24.00
NW/Central	$ 10.00	$ 24.00	$ 10.00	$ 24.00
Southeast	$ 10.00	$ 24.00	$ 10.00	$ 24.00
Southwest	$ 10.00	$ 24.00	$ 10.00	$ 24.00
Sales (ccf)				
Northeast	31,162,555	18,052,730	31,162,555	18,052,730
NW/Central	18,193,656	16,825,739	18,193,656	16,825,739
Southeast	12,170,515	5,464,882	12,170,515	5,464,882
Southwest	10,520,243	7,930,911	10,520,243	7,930,911
Total	72,046,969	48,274,262	72,046,969	48,274,262
DSR=Distribution System Rate ($/ccf)				
Northeast	$ 0.14385	$ 0.11242	$ 0.14385	$ 0.11242
NW/Central	$ 0.14385	$ 0.11242	$ 0.14385	$ 0.11242
Southeast	$ 0.14385	$ 0.11242	$ 0.14385	$ 0.11242
Southwest	$ 0.14385	$ 0.11242	$ 0.14385	$ 0.11242
Calculated Costs for Denominators				
Northeast	$ 9,680,122	$ 3,301,301	$ 9,680,122	$ 3,301,301
NW/Central	$ 5,143,314	$ 2,947,021	$ 5,143,314	$ 2,947,021
Southeast	$ 4,024,152	$ 1,168,013	$ 4,024,152	$ 1,168,013
Southwest	$ 3,212,518	$ 1,478,852	$ 3,212,518	$ 1,478,852
	$ 22,060,106	$ 8,895,187	$ 22,060,106	$ 8,895,187
G-DSMCA %	2.69%	0.24%	3.90%	0.29%
G-DSMCA Rates:				
Facility Charge Rate	$ 0.27	$ 0.06	$ 0.39	$ 0.07
Distribution Charge Rate	$ 0.00387	$ 0.00027	$ 0.00560	$ 0.00030

$$\text{G-DSMCA} = \frac{\text{DSM Cost} + \text{DSM Bonus} + \text{DSM Deferred Cost} + \text{DSM Lost Revenue}}{(\text{CCount} * \text{FC}) + (\text{Sales} * \text{DSR})}$$

	Existing Rates and Bills			Proposed Rates and Bills			Difference in	
	Rate	Average Usage	Average Bill	Rate	Average Usage	Average Bill	$/Month	%
Residential Class								
Northeast								
Facilities Charge	$ 10.00	1	$ 10.00	$ 10.39	1	$ 10.39	$ 0.39	3.90%
Distribution System Rate	$ 0.14385	60	$ 8.62	$ 0.14946	60	$ 8.96	$ 0.34	3.94%
Base Rate Subtotal			$ 18.62			$ 19.35	$ 0.73	3.92%
Gas DSM Adjustment (G-DSMCA)	2.69%		$ 0.50	3.90%		$ 0.73	$ 0.23	44.98%
Gas Cost Adjustment (GCA)	$ 0.5385	60	$ 32.29	$ 0.5385	60	$ 32.29	$ -	0.00%
Total Bill			$ 51.41			$ 51.64	$ 0.23	0.45%
Northwest/Central								
Facilities Charge	$ 10.00	1	$ 10.00	$ 10.39	1	$ 10.39	$ 0.39	3.90%
Distribution System Rate	$ 0.14385	72	$ 10.36	$ 0.14946	72	$ 10.76	$ 0.40	3.86%
Base Rate Subtotal			$ 20.36			$ 21.15	$ 0.79	3.88%
Gas DSM Adjustment (G-DSMCA)	2.69%		$ 0.55	3.90%		$ 0.79	$ 0.25	44.98%
Gas Cost Adjustment (GCA)	$ 0.5102	72	$ 36.75	$ 0.5102	72	$ 36.75	$ -	0.00%
Total Bill			$ 57.66			$ 57.90	$ 0.24	0.42%
Southeast								
Facilities Charge	$ 10.00	1	$ 10.00	$ 10.39	1	$ 10.39	$ 0.39	3.90%
Distribution System Rate	$ 0.14385	54	$ 7.70	$ 0.14946	54	$ 8.00	$ 0.30	3.90%
Base Rate Subtotal			$ 17.70			$ 18.39	$ 0.69	3.90%
Gas DSM Adjustment (G-DSMCA)	2.69%		$ 0.48	3.90%		$ 0.69	$ 0.21	44.98%
Gas Cost Adjustment (GCA)	$ 0.5258	54	$ 28.15	$ 0.5258	54	$ 28.15	$ -	0.00%
Total Bill			$ 46.33			$ 46.54	$ 0.21	0.46%
Southwest								
Facilities Charge	$ 10.00	1	$ 10.00	$ 10.39	1	$ 10.39	$ 0.39	3.90%
Distribution System Rate	$ 0.14385	62	$ 8.91	$ 0.14946	62	$ 9.25	$ 0.34	3.82%
Base Rate Subtotal			$ 18.91			$ 19.64	$ 0.73	3.86%
Gas DSM Adjustment (G-DSMCA)	2.69%		$ 0.51	3.90%		$ 0.74	$ 0.23	44.98%
Gas Cost Adjustment (GCA)	$ 0.4350	62	$ 26.93	$ 0.4350	62	$ 26.93	$ -	0.00%
Total Bill			$ 46.35			$ 46.57	$ 0.22	0.48%
Nonresidential Class (Commercial & Public Authority)								
Northeast								
Facilities Charge	$ 24.00	1	$ 24.00	$ 24.07	1	$ 24.07	$ 0.07	0.29%
Distribution System Rate	$ 0.11242	341	$ 38.30	$ 0.11275	341	$ 38.41	$ 0.11	0.29%
Base Rate Subtotal			$ 62.30			$ 62.48	$ 0.18	0.29%
Gas DSM Adjustment (G-DSMCA)	0.24%		$ 0.15	0.29%		$ 0.18	$ 0.03	20.83%
Gas Cost Adjustment (GCA)	$ 0.5385	341	$ 183.45	$ 0.5385	341	$ 183.45	$ -	0.00%
Total Bill			$ 245.90			$ 245.93	$ 0.03	0.01%
Northwest/Central								
Facilities Charge	$ 24.00	1	$ 24.00	$ 24.07	1	$ 24.07	$ 0.07	0.29%
Distribution System Rate	$ 0.11242	383	$ 43.01	$ 0.11275	383	$ 43.14	$ 0.13	0.30%
Base Rate Subtotal			$ 67.01			$ 67.21	$ 0.20	0.30%
Gas DSM Adjustment (G-DSMCA)	0.24%		$ 0.16	0.29%		$ 0.19	$ 0.03	20.83%
Gas Cost Adjustment (GCA)	$ 0.5102	383	$ 195.20	$ 0.5102	383	$ 195.20	$ -	0.00%
Total Bill			$ 262.37			$ 262.41	$ 0.04	0.01%
Southeast								
Facilities Charge	$ 24.00	1	$ 24.00	$ 24.07	1	$ 24.07	$ 0.07	0.29%
Distribution System Rate	$ 0.11242	237	$ 26.63	$ 0.11275	237	$ 26.71	$ 0.08	0.30%
Base Rate Subtotal			$ 50.63			$ 50.78	$ 0.15	0.30%
Gas DSM Adjustment (G-DSMCA)	0.24%		$ 0.12	0.29%		$ 0.15	$ 0.03	20.83%
Gas Cost Adjustment (GCA)	$ 0.5258	237	$ 124.56	$ 0.5258	237	$ 124.56	$ -	0.00%
Total Bill			$ 175.31			$ 175.34	$ 0.03	0.02%
Southwest								
Facilities Charge	$ 24.00	1	$ 24.00	$ 24.07	1	$ 24.07	$ 0.07	0.29%
Distribution System Rate	$ 0.11242	324	$ 36.44	$ 0.11275	324	$ 36.54	$ 0.10	0.27%
Base Rate Subtotal			$ 60.44			$ 60.61	$ 0.17	0.28%
Gas DSM Adjustment (G-DSMCA)	0.24%		$ 0.15	0.29%		$ 0.18	$ 0.03	20.83%
Gas Cost Adjustment (GCA)	$ 0.4350	324	$ 140.99	$ 0.4350	324	$ 140.99	$ -	0.00%
Total Bill			$ 201.58			$ 201.60	$ 0.02	0.01%

Allocation Factors

Class Allocation Factors

Factor	Factor Basis	Factor Application	Source	Factors	
Energy Audit Program	2011 projected customer incentives	Allocating non-incentive program costs to classes	Workpaper #	Residential	100.00%
				Nonresidential	0.00%
				Total	**100.00%**
Efficient Natural Gas Rebate Program	2011 projected customer incentives	Allocating non-incentive program costs to classes	Workpaper #	Residential	89.11%
				Nonresidential	10.89%
				Total	**100.00%**
Low Income Program	2011 projected customer incentives	Allocating non-incentive program costs to classes	Workpaper #	Residential	100.00%
				Nonresidential	0.00%
				Total	**100.00%**
Conversion Program	2011 projected customer incentives	Allocating non-incentive program costs to classes	Workpaper #	Residential	100.00%
				Nonresidential	0.00%
				Total	**100.00%**
Total Programs	2011 projected customer incentives	Allocating deferred costs to classes	Workpaper #	Residential	93.80%
				Nonresidential	6.20%
				Total	**100.00%**

Rate Region Allocation Factors

Factor	Factor Basis	Factor Application	Source	Factors	
Residential	2011 projected residential customer-months	Allocating residential program costs to rate regions	Workpaper #	Northeast	44.44%
				NW/Central	21.60%
				Southeast	19.44%
				Southwest	14.53%
				Total	**100.00%**
Nonresidential	2011 projected commercial & public authority customer-months	Allocating nonresidential program costs to rate regions	Workpaper #	Northeast	36.67%
				NW/Central	30.43%
				Southeast	15.96%
				Southwest	16.93%
				Total	**100.00%**

Base Revenue

Base Rate Area 1	Therms	Meters	Distribution Charge	Customer Charge	Base Revenue
Residential	62,672,054	57,318	$ 0.2282	$ 11.00	$ 21,867,721
Non - Residential	34,544,314	9,510			$ 9,672,685
Small Commercial	12,029,850	7,974	$ 0.1869	$ 22.00	$ 4,353,537
Large Commercial	22,514,464	1,536	$ 0.1544	$ 100.00	$ 5,319,148
Total Revenue					$ 31,540,406
Base Rate Area 2					
Residential	14,876,001	18,726	$ 0.2070	$ 10.00	$ 5,326,443
Non - Residential	11,562,049	3,269			$ 2,612,198
Small Commercial	3,833,458	2,831	$ 0.1424	$ 20.00	$ 1,225,404
Large Commercial	7,416,558	404	$ 0.1165	$ 100.00	$ 1,348,529
Irrigation, Crop Drying or Seasonal	312,033	34	$ 0.0702	$ 40.00	$ 38,265
Total Revenue					$ 7,938,641

DSM Projected Costs	Projected Cost July 2011-June 2012
Base Rate Area 1	
Residential	$639,125
Non-Residential	$83,258
Base Rate Area 2	
Residential	$148,557
Non-Residential	$1,656

DSMCA Calculation	Deferred Cost	Projected Costs	Net Lost Revenue	Base Revenue	Revised DSMCA
Base Rate Area 1					
Residential	$ 370,366.62	$639,125	$25,924	$ 21,867,721	4.73%
Non-Residential	$ (209,565.44)	$83,258	$4,230	$ 9,672,685	-1.26%
Base Rate Area 2					
Residential	$ (80,733.72)	$148,557	$5,919	$ 5,326,443	1.38%
Non-Residential	$ (112,874.96)	$1,656	$1,880	$ 2,612,198	-4.19%
		$872,596		$ 39,479,047	

Note: The most recent DSMCA calculation for SourceGas did not include the revenue impact of the General Rate Schedule Adjustment approved in SourceGas' 2010 rate case, Docket No. 10AL-455G.
Therefore, for comparison purposes, the GRSA revenues also were excluded from this calculation.

Colorado Total Costs				
	Base Rate Area 1	Base Rate Area 2	Total	
Dollars	$637,958	$140,160	$778,118	100%
%	81.99%	18.01%	100%	

Residential Costs				
	Base Rate Area 1	Base Rate Area 2	Total	
Dollars	$599,694	$139,399	$739,093	94.98%
%	81.14%	18.86%	100%	

Non-Residential Costs				
	Base Rate Area 1	Base Rate Area 2	Total	
Dollars	$38,264	$761	$39,025	5.02%
%	98.05%	1.95%	100%	

Base Rate Area 1

Rate Schedule		Charge Type	Rate	Units	Amount
R-1		Customer	$ 11.00	1	$ 11.00
		Distribution	$ 0.2282	97	$ 22.14
	Total Base Rate Revenue				$ 33.14
		GCA	$ 0.5668	97	$ 54.98
		GRSA	8.59%		$ 2.85
		DSMCA	2.12%		$ 0.70
	Total Current				$ 91.67
	Proposed DSMCA		4.73%	$ 33.14	$ 1.57
	Total Proposed				$ 92.54
	DSMCA Proposed Change				$ 0.87
	% Impact - Base Revenue				2.63%
	% Impact - Total Revenue				0.96%

Rate Schedule		Charge Type	Rate	Units	Amount
SC-1		Customer	$ 22.00	1	$ 22.00
		Distribution	$ 0.1869	120	$ 22.43
	Total Base Rate Revenue				$ 44.43
		GCA	$ 0.5668	120	$ 68.02
		GRSA	8.59%		$ 3.82
		DSMCA	0.66%		$ 0.29
	Total Current				$ 116.56
	Proposed DSMCA		-1.26%	$ 44.43	$ (0.56)
	Total Proposed				$ 116.11
	DSMCA Proposed Change				$ (0.85)
	% Impact - Base Revenue				-1.92%
	% Impact - Total Revenue				-0.73%

Rate Schedule		Charge Type	Rate	Units	Amount
LC-1		Customer	$ 100.00	1	$ 100.00
		Distribution	$ 0.1544	1,250	$ 193.00
	Total Base Rate Revenue				$ 293.00
		GCA	$ 0.5668	1,250	$ 708.50
		GRSA	8.59%		$ 25.17
		DSMCA	0.66%		$ 1.93
	Total Current				$ 1,028.60
	Proposed DSMCA		-1.26%	$ 293.00	$ (3.69)
	Total Proposed				$ 1,022.98
	DSMCA Proposed Change				$ (5.62)
	% Impact - Base Revenue				-1.92%
	% Impact - Total Revenue				-0.55%

Base Rate Area 2

Rate Schedule		Charge Type	Rate	Units	Amount
R-2		Customer	$ 10.00	1	$ 10.00
		Distribution	$ 0.2070	62	$ 12.83
	Total Base Rate Revenue				$ 22.83
		GCA	$ 0.4097	62	$ 25.40
		GRSA	0.94%		$ 0.21
		DSMCA	2.48%		$ 0.57
	Total Current				$ 49.01
	DSMCA		1.38%	$ 22.83	$ 0.32
	Total Proposed				$ 48.76
	DSMCA Proposed Change				$ (0.25)
	% Impact - Base Revenue				-1.12%
	% Impact - Total Revenue				-0.52%

Rate Schedule		Charge Type	Rate	Units	Amount
SC-2		Customer	$ 20.00	1	$ 20.00
		Distribution	$ 0.1424	99	$ 14.10
	Total Base Rate Revenue				$ 34.10
		GCA	$ 0.4097	99	$ 40.56
		GRSA	0.94%		$ 0.32
		DSMCA	0.29%		$ 0.10
	Total Current				$ 75.08
	DSMCA		-4.19%	$ 34.10	$ (1.43)
	Total Proposed				$ 73.58
	DSMCA Proposed Change				$ (1.53)
	% Impact - Base Revenue				-4.48%
	% Impact - Total Revenue				-2.08%

Rate Schedule		Charge Type	Rate	Units	Amount
LC-2		Customer	$ 100.00	1	$ 100.00
		Distribution	$ 0.1165	1,862	$ 216.92
	Total Base Rate Revenue				$ 316.92
		GCA	$ 0.4097	1,862	$ 762.86
		GRSA	0.94%		$ 2.98
		DSMCA	0.29%		$ 0.92
	Total Current				$ 1,083.68
	DSMCA		-4.19%	$ 316.92	$ (13.28)
	Total Proposed				$ 1,069.70
	DSMCA Proposed Change				$ (14.20)
	% Impact - Base Revenue				-4.48%
	% Impact - Total Revenue				-1.33%

Rate Schedule		Charge Type	Rate	Units	Amount
ICD-2		Customer	$ 40.00	1	$ 40.00
		Distribution	$ 0.0702	774	$ 54.33
	Total Base Rate Revenue				$ 94.33
		GCA	$ 0.4097	774	$ 317.11
		GRSA	0.94%		$ 0.89
		DSMCA	0.29%		$ 0.27
	Total Current				$ 412.60
	DSMCA		-4.19%	$ 94.33	$ (3.95)
	Total Proposed				$ 408.44
	DSMCA Proposed Change				$ (4.22)
	% Impact - Base Revenue				-4.48%
	% Impact - Total Revenue				-1.03%

	CURRENT	PROPOSED	Change	PERCENTAGE INCREASE/(Decrease)
DSMCA RATE	2.29%	5.08%	2.78%	121.34%

Calculation of DSM Rate

	residential	commercial	large commercial	total		Allocation %	
	3236	549	33			85%	Residential based on
Customer Count 2010	38,832	6,588	396				customer count numbers
Facility Charge	8.50	10.00	25.00				
	$ 330,072	$ 65,880	$ 9,900	$ 405,852			
Sales MCF	292,667	136,842		429,509			
Distribution Charge	1.58	1.58		1.58			
	$ 462,414	$ 216,210		$ 678,624			
				Exisiting DSMCA	NEW DSMCA	Residential Only DSMCA	
Total (denomimator)	$ 792,486	$ 282,090	$ 9,900	$ 1,084,476	$ 1,084,476	$ 792,486	
DSM cost (numerator)				$ 24,869	$ 55,045	$ 55,045	
G-DSMCA Factor				2.29%	5.08%	6.95%	

Allocation of DSM Expenditures 2010		
Planning and Design	$ 10,183	
Efficient Equipment	$ 16,569	
Low-Income	$ 7,062	
Total	$ 33,814	
less DSM rate collections in 2009	$ 31,204	
Balance December 31, 2010	$ 2,610	$ 2,610.00
DSM 2011 Budget		
Energy Audit	$ 3,060	$ 3,060
Efficient Natural Gas Rebate	$ 6,553	$ 36,729.08
Income Qualified: Kits	$ 9,001	$ 9,001
Income Qualified: Fuel Conversion	$ 3,645	$ 3,645
Total 2011 Budget	$ 22,259	$ 52,435.08
Total Costs to be recovered	$ 24,869	$ 55,045

Acknowledgement of lost revenue

Therms Saved	Rate/ccf	Total
164	0.158	25.912

	Existing Rates and Bills			Residential ONLY				
	Rate	Average Usage	Average Bill	DSM Rate	Average Usage	Average Bill	$/Month	%
ECU								
Residential Class								
Service and Facilites Charge	$ 8.50	1	$ 8.50	$ 8.50	1	$ 8.50	$ -	0.00%
Distribution Charge	$ 0.1580	74.0	$ 11.69	$ 0.1580	74.0	$ 11.69	$ -	NA
Base Rate Subtotal			$ 20.19			$ 20.19	$ -	NA
Gas DSM Adjustment	2.29%		$ 0.46	6.95%		$ 1.40	$ 0.94	203.49%
Gas Cost Adjustement	0.4130	74.0	$ 30.56	0.4130	74.0	$ 30.56	$ -	NA
Total Bill			$ 51.22			$ 52.16	$ 0.94	1.84%
Commercial								
Service and Facilites Charge	$ 10.00	1	$ 10.00					
Distribution Charge	$ 0.1580	123.0	$ 19.43					
Base Rate Subtotal			$ 29.43					
Gas DSM Adjustment	2.29%		$ 0.67					
Gas Cost Adjustement	0.4130	123.0	$ 50.80					
Total Bill			$ 80.91					
Large Commercial								
Service and Facilites Charge	$ 25.00	1	$ 25.00					
Distribution Charge	$ 0.1580	1,443.0	$ 227.99					
Base Rate Subtotal			$ 252.99					
Gas DSM Adjustment	2.29%		$ 5.79					
Gas Cost Adjustement	0.4130	1,443.0	$ 595.96					
Total Bill			$ 854.75					

COMPANY NAME

Measures	1st Quarter		2nd Quarter		3rd Quar
	Dtherm Saved	Spending	Dtherm Saved	Spending	Dtherm Saved
Residential					
Subtotal					
Non-residential					
Subtotal					
Low Income					
Subtotal					
TOTAL					

ter	4th Quarter		Yearly Goals and Targets	
Spending	Dtherm Saved	Spending	Dtherm Saved	Budget