

COLORADO NATURAL GAS, INC.
PO Box 270868
Littleton, CO 80127

CO PUC No. 2

4th Revised Sheet No. 29B
Cancels 3rd Revised Sheet No. 29B

NATURAL GAS RATES
GAS SERVICE LOW-INCOME PROGRAM

Program Design

The CAP is a three tiered benefit system that provides benefits to eligible low-income residential customers. The program consists of a Company calculated bill credit, a LEAP credit, and an arrearage forgiveness component. The Company calculated credit will be applied as a single lump sum payment posted directly to a household's service account. The Company credit will be applied to household monthly balances first, with LEAP credits being applied second.

Eligible low-income residential customers are pre enrolled every year into the CAP program if they enrolled in LEAP. Participation in CAP one year does not guarantee the ability to participate in subsequent years, nor does participation in one year give participants priority in subsequent years.

Pursuant to 4 CCR 723-4-4412(c)(II)(B) the CAP will be implemented as customer information based on income levels is attained from the state LEAP office. The phase in schedule is as follows.

- Phase 1: Eligible households are limited to those with a household income at or below one hundred twenty-five percent (125%) of the current federal poverty level during the first year of operation.
- Phase 2: Eligible households are limited to those with a household income at or below one hundred fifty percent (150%) of the current federal poverty level during the second year of operation.
- Phase 3: Eligible households are limited to those with a household income at or below one hundred eighty-five percent (185%) of the current federal poverty level during the third year of operation.

The rules state three phases of eligibility up to 185% of federal poverty level and funding but the CAP program is dependent upon the Department of Human Services for information and that data is not currently available for households from 166% to 185% of the federal poverty level. CAP benefits and LEAP benefits are both capped at 165% of the federal poverty level.

The following sections detail program specifics.

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Advice Letter

Number _____

/s/ Kurt Adams

Issue Date _____

Kurt Adams, CEO

Decision

Number _____

7810 Shaffer Parkway, #120, Littleton, CO 80127

Effective

Date 7/1/2017

COLORADO NATURAL GAS, INC.
PO Box 270868
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CO PUC No. 2

Cancels 3rd Revised Sheet No. 29C
2nd Revised Sheet No. 29C

NATURAL GAS RATES
GAS SERVICE LOW-INCOME PROGRAM

Household Tier Placement

Upon enrollment in the CAP and receipt of information from the Colorado State LEAP office, each eligible household will be placed into one of three benefit tiers based on a combination of the estimated gross annual income as a percentage of the Federal Poverty Level and the number of full time residents that live within each household. The three benefit tiers are as follows:

Tier 1:
Households with an annual income at or below 75% of the Federal Poverty Level as established in the Health and Human Services Federal Poverty Guide will be placed in the first benefit tier. Customers in this tier can have no more than 2% of income be deemed affordable for home heating costs.

Tier 2:
Households with an annual income exceeding 76% of the Federal Poverty Level but not exceeding 125% of the Federal Poverty Level as established in the Health and Human Services Federal Poverty Guide will be placed in the second benefit tier. Customers in this tier can have no more than 2.5% of income be deemed affordable for home heating costs.

Tier 3:
Households with an annual income level that exceeds 126% of the Federal Poverty Level but does not exceed 165% of the Federal Poverty Level as established in the Health and Human Services Federal Poverty Guide will be placed in the third benefit tier. Customers in this tier can have no more than 3% of income be deemed affordable for home heating costs.

The CAP program enrollment period coincides with the LEAP application period of November 1 through April 30 because the customers that qualify for LEAP receive CAP applications.

Pursuant to 4 CCR 723-4-4412 (e)(VI) all LEAP and CAP enrollees will be enrolled in the levelized budget billing program.

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Effective

Date 7/1/2017

COLORADO NATURAL GAS, INC.
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CO PUC No. 2

Cancels 3rd Revised Sheet No. 29D
2nd Revised Sheet No. 29D

NATURAL GAS RATES
GAS SERVICE LOW-INCOME PROGRAM

Company Credit Calculation

A percentage-of-income plan threshold will be used to calculate a participant credit based on household burdens of:

- Household income at or below 75% of federal poverty level - no more than 2% of estimated annual heating bill will be deemed affordable
- Household income exceeding 76% but at or below 125% of federal poverty level - no more than 2.5% of estimated annual heating bill will be deemed affordable
- Household income exceeding 126% but at or below 165% of federal poverty level - no more than 3% of estimated annual heating bill will be deemed affordable

The Company shall be responsible for estimating an eligible participant's full annual bill for the purpose of determining the participant's credit.

Arrearage Credits

Pursuant to 4 CCR 723-4-4412(c)(I)(D), Arrearage credits shall be:

- a. Applied to pre-existing arrearages,
- b. Issued as a one-time credit on the customer's bill that reduce the participant's pre-existing arrearage to \$0.00 over a twelve (12) month period, and
- c. In compliance with the conditions outlined in the aforementioned Commission Rule.

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Effective

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COLORADO NATURAL GAS, INC.
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CO PUC No. 2

Cancels 3rd Revised Sheet No. 29F
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NATURAL GAS RATES
GAS SERVICE LOW-INCOME PROGRAM

Cost Recovery

All rate schedules for natural gas service are subject to a CAP charge designed to recover the direct costs of the Low-Income Program. In accordance with 4 CCR 723-4-4412(e)(III) the Company is allowed to recover certain costs associated with the program. A monthly charge applied to all residential and commercial rate classes pursuant to 4 CCR 723-4-4412(c)(III)(B) will be periodically adjusted to recover the costs associated with the program..

The Company began administering the program during the 2011-2012 season. Pursuant to 4 CCR 723-4-4412(c)(III)(B), below is a schedule of the dates and associated rates:

June 1, 2012 to May 31, 2013	\$0.25
June 1, 2013 to July 31, 2015	\$0.28
August 1, 2015 to June 30, 2017	\$0.21
July 1, 2017 to current	\$0.31

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