

SourceGas Distribution LLC
370 Van Gordon Street
Suite 4000
Lakewood, CO 80228
303 243 3500
303 243 3603 Fax
www.SourceGas.com



[Date of Notice]

DEAR DISTRIBUTION TRANSPORTATION SERVICE CUSTOMER:

On September 1, 2008, SourceGas Distribution LLC (the "Company") will implement new rates, terms, and conditions of service for Colorado customers. The new rates for Distribution Transportation Service customers and the corresponding rates for Sales Service customers are enclosed with this letter along with a map of the two Base Rate Areas in Colorado. This information is being provided so that you can evaluate the type of service that you desire on a going forward basis. The Company has agreed to ask the Colorado Public Utilities Commission for a waiver of any tariff provision that would prevent switching from Distribution Transportation Service to Sales Service for all customers who notify the Company that they wish to switch before November 1, 2008.

We recognize that additional factors may be considered when determining the type of service you choose, including gas and upstream costs and the terms of your gas supply/supplier agreement. You may wish to contact your gas supplier and/or marketing agent, as applicable, to discuss your particular situation.

The rates, terms, and conditions of the Company's Distribution Transportation Service and its Sales Service are set forth in the Company's Tariff. A copy of the Company's prospective Tariff to be effective September 1, 2008 is available at the Company's website (www.sourcegas.com) and at its main office:

SourceGas Distribution LLC
370 Van Gordon Street
Lakewood, CO 80228

If you wish to switch from Distribution Transportation Service to Sales Service, please notify me at the foregoing address or at 1-303-243-3455.

Scott Emerson
Director, Transportation/Business
Development