



Cost Assignment and Allocation Manual

July 28, 2008

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I. INTRODUCTION

This Cost Assignment and Allocation Manual (“CAAM”) describes the accounting and cost allocation processes that SourceGas Distribution LLC follows in assigning and allocating costs between regulated services and non-regulated services pursuant to 4 Code of Colorado Regulations (“CCR”) 723-4 Section 4503.

As a result of the sale of certain Kinder Morgan Inc. (“KMI”) gas properties to General Electric Company (i.e., Aircraft Services Corporation) and Alinda Investments LLC., SourceGas Holdings LLC (“Holding Company”) was created to conduct business as a stand-alone company. Holding Company owns one hundred percent of SourceGas LLC (“SourceGas”), and SourceGas is considered the “parent” company for all SourceGas U.S. regulated and non-regulated operations, as well as international regulated operations. Currently, some of the cost assignment and allocation processes described in this CAAM represent processes “inherited” from KMI, as well as those processes implemented by SourceGas as a newly-organized, stand-alone entity. SourceGas management is evaluating the KMI cost assignment and allocation processes to determine if changes to such processes are appropriate. To the extent that SourceGas management makes significant changes to existing KMI processes, or implements significant, new SourceGas processes, this CAAM will be revised as necessary.

DEFINITIONS

Abbreviations or Acronyms

The following abbreviations or acronyms are used within this CAAM document:

AFUDC.....	Allowance for Funds Used During Construction
A&G.....	Administrative and General
CAAM.....	Cost Assignment & Allocation Manual
CAPP.....	Customer Appliance Protection Program
CCR.....	Code of Colorado Regulations
CO.....	State of Colorado
CoPUC.....	Public Utilities Commission of the State of Colorado
CRS.....	Colorado Revised Statutes
CWIP.....	Construction Work in Progress
FERC.....	Federal Energy Regulatory Commission
Holding Company.....	SourceGas Holdings LLC
IT.....	Information Technology
KMI.....	Kinder Morgan Inc.
MDS.....	Mobile Dispatch System
NE.....	State of Nebraska
O&M.....	Operations and Maintenance
PGA.....	Purchase Gas Adjustment
PSCo.....	Public Service Company of Colorado

RMNG.....Rocky Mountain Natural Gas LLC
SourceGas Distribution.....SourceGas Distribution LLC
SourceGasSourceGas Wattenberg.....SourceGas
SourceGas Wattenberg LLC
SGESC.....SourceGas Energy Services Company
SGGSSI.....SourceGas Gas Supply Services Inc.
SGII.....collectively refers to SourceGas International
Inc., Gas Natural del Noroeste, S.A. de C.V.,
and Administracion y Operacion de
Intraestructura, S.A. de C.V.
WY.....State of Wyoming

Terms

The following terms are used within this CAAM document:

Activity – a business activity, product, or service, whether offered by a regulated utility, a division of a regulated utility, or an affiliate of a regulated affiliate.

Affiliate – a subsidiary of a public utility, a parent company of a public utility, a joint venture organized as a separate company or partnership to the extent of the individual public utility’s involvement with the joint venture, a subsidiary of a parent company of a public utility or where the public utility or the parent company has a controlling interest over an entity.

Affiliate Transaction – a transfer of a good, service or asset from the utility to a non-regulated division, subsidiary or affiliate, or from a non-regulated division, subsidiary or affiliate to the utility subject to 4 CCR 723-4.

Common Cost – costs that are incurred by a single SourceGas entity that benefit multiple affiliates.

Cost Allocation – to distribute a joint or common cost to or from more than one activity or jurisdiction.

Cost Assignment/Direct Assignment – a cost that is specifically identified with a particular activity or jurisdiction.

Customer Accounting Costs – includes activity in Federal Energy Regulatory Commission (“FERC”) accounts 901-905, Customer Accounts Expenses; FERC accounts 907-910, Customer Service and Informational Expenses; and FERC 911-916, Sales Expenses.

Non-Operations and Maintenance (“O&M”) Allocations – allocations designed to apportion expenses recorded in accounts other than O&M to regulated and non-regulated

affiliates. The non-O&M costs apportioned include depreciation, payroll taxes, miscellaneous service revenues, amortization, etc.

Regulated Activity – any activity that is offered as a public utility service as defined in Title 40, Articles 1 to 7 CRS, and is regulated by the Colorado commission or regulated by another state utility commission or the FERC, or any other activity that meets the criteria specified in 4 CCR 723-4 rule 4502(g).

Shared Services Activities – Activities performed by functional departments of a company affiliate or public utility on behalf of regulated and non-regulated affiliates or activities. Shared service functions may include and are not limited to the following: Accounting, Finance, Tax, Treasury, Human Resources, System Engineering and Operations, Environmental and Safety, Information Technology, Purchasing/Supply Chain Management, Legal, Facilities and Fleet Management, Customer Accounting and Service, and Rates and Regulatory. For purpose of this CAAM, shared services include those services provided by KMI and SourceGas Distribution. Services provided by KMI are performed through an Interim Services Agreement (“ISA”) between KMI and SourceGas. The purpose of this agreement dated March 30, 2007 is to identify the shared services to be provided by KMI to SourceGas during a transitional period (i.e., 12-18 months from date of agreement) such that SourceGas can continue its operations without interruption until such time as SourceGas is fully staffed and has purchased and implemented the necessary financial accounting, budgeting, and gas system information technology systems to operate on a stand-alone basis.

II. CORPORATE ORGANIZATION

OVERVIEW

SourceGas Holdings LLC, a Delaware Limited Liability Company, is the holding company for SourceGas LLC, also a Delaware Limited Liability Company. SourceGas LLC wholly owns three regulated subsidiaries including: SourceGas Distribution LLC, Rocky Mountain Natural Gas LLC, SourceGas SourceGas Wattenberg LLC, and one non-regulated subsidiary, SourceGas Inc. SourceGas Inc. wholly owns non-regulated subsidiaries, including SourceGas Energy Services Company, SourceGas Gas Supply Services Inc. and SourceGas International Inc. SourceGas International Inc. wholly owns regulated Mexico utility subsidiaries including: Gas Natural del Noroeste, S.A. de C.V., and Administracion y Operacion de Infraestructura, S.A. de C.V. Any shell or non-operating affiliates are not discussed herein.

All U.S. SourceGas employees are SourceGas Distribution LLC employees for payroll reporting purposes. Certain SourceGas legal entities are discussed in greater detail below.

SourceGas LLC – is considered the “parent” company for all SourceGas U.S. regulated and non-regulated operations, as well as international regulated operations.

SourceGas Distribution LLC (“SourceGas Distribution”) – is a wholly-owned subsidiary of SourceGas LLC providing regulated gas services (i.e., transmission, transportation, and distribution) to retail customers in Colorado (“CO”), Wyoming (“WY”), and Nebraska (“NE”) regulatory jurisdictions.

SourceGas Distribution also provides non-regulated merchandising products and services to its retail and third-party customers in its service areas. Such products and services include sales of washers, dryers, water heaters, etc., collectively referred to as “white and brown” goods, Easy Engine sales and services, appliance repair and maintenance, and Customer Appliance Protection Plan (“CAPP”) service contracts.

Currently, all shared service activities are performed by employees within SourceGas Distribution. SourceGas management anticipates moving all shared service functions and activities to SourceGas on or about January 1, 2008. In addition to SourceGas employees performing shared services activities on behalf of regulated and non-regulated affiliates, certain shared service functions and activities are being provided by Kinder Morgan Inc (“KMI”) to SourceGas under an ISA. Shared services provided by SourceGas Distribution and KMI are further described in Section IV of this CAAM.

Rocky Mountain Natural Gas LLC (“RMNG”) – is a regulated CO intrastate pipeline providing regulated wholesale gas service to SourceGas Distribution’s town border stations in western CO and transportation services to natural gas producers, shippers and

industrial customers. RMNG owns 50% of a non-regulated natural gas processing facility ("Rifle").

SourceGas Wattenberg LLC ("SourceGas Wattenberg") – is a public utility that is regulated by the CoPUC that provides gas transportation service to two industrial customers in Fort Morgan, Colorado.

SourceGas Energy Services Company ("SGESC") – is a non-regulated gas marketing affiliate who markets gas to retail distribution customers enrolled in SourceGas Distribution's WY and NE Choice Gas Programs, as well as to third-party customers. SGESC own a gas processing plant ("Piceance") that processes gas owned by RMNG, and an underground gas storage facility ("Wolf Creek").

SourceGas Gas Supply Services Inc. ("SGGSSI") – is a non-regulated affiliate that purchases and sells natural gas.

SourceGas International Inc. ("SGII") – this legal entity is the international parent company of Gas Natural del Noroeste, S.A. de C.V., the certificated provider of natural gas services in Hermosillo, Guaymas and En Palme, Mexico and Administracion y Operacion de Infraestructura, S.A. de C.V. These legal entities do not provide any services to SourceGas U.S. regulated or non-regulated affiliates. SGII receives certain shared services (e.g., corporate accounting, budgeting, governance, legal, tax, etc.) currently provided by shared service functions within SourceGas Distribution. Other than shared services, no other activities are provided by SourceGas U.S. legal entities to SGII.

Presented below is a table containing the SourceGas regulated and non-regulated legal entities. This table contains appropriate notations indicating whether costs associated with activities performed by each legal entity are assigned or allocated to a CO utility; and whether costs associated with activities performed by a CO utility are assigned or allocated to each legal entity.

LIST OF REGULATED & NON-REGULATED AFFILIATES

	Costs Assigned/Allocated to CO, NE and WY Utility	Costs Assigned/Allocated from CO, NE and WY Utility
SourceGas Holdings LLC	No	No
SourceGas LLC	Yes	No
SourceGas Distribution LLC	Yes	Yes
Rocky Mountain Natural Gas LLC	Yes	Yes
SourceGas Wattenberg LLC	No	Yes
SourceGas Inc.	No	No
SourceGas Energy Services Co.	No	Yes
SourceGas Gas Supply Services Inc.	No	Yes

SourceGas International Inc.	No	No
Gas Natural del Noroeste, S.A. de C.V.	No	No
Administracion y Operacion de Infraestructura, S.A. de C.V.	No	No

FERC Regulation

SourceGas and its affiliates are not subject to FERC regulation.

III. DESCRIPTION OF SERVICES

OVERVIEW

This section of the CAAM describes the following:

- Regulated services provided by SourceGas U.S. regulated affiliates (i.e., SourceGas Distribution, RMNG, SourceGas Wattenberg), and
- Non-regulated services provided by SourceGas Distribution, RMNG, SGESC, and SGGSSI.

4 CCR 723-4 Sections 4500(j) and (k) and 4502(g) define regulated and non-regulated activities for purposes of this CAAM.

The following pages of this section provide a description of SourceGas regulated services and non-regulated business activities. Each description identifies the types of costs associated with each service or business activity, and identifies the SourceGas affiliate or function that offers the service.

REGULATED SERVICES

- SourceGas Distribution

Gas – Residential

Residential gas service is the provision of natural gas service to residential customers within SourceGas Distribution service territories. Costs associated with this service include but are not limited to the purchase and delivery of gas through SourceGas Distribution-owned facilities, facilities' O&M, depreciation, and A&G costs.

Gas – Commercial and Industrial

Commercial and industrial gas service is the provision of natural gas service to commercial and industrial customers within SourceGas Distribution service territories. Costs associated with this service include but are not limited to the purchase and delivery of gas through SourceGas Distribution-owned facilities, facilities' O&M, depreciation, and A&G costs.

Gas – Irrigation

Irrigation gas service is the provision of natural gas service to irrigation customers within SourceGas Distribution service territories. Costs associated with this service include but are not limited to the purchase and delivery of gas through SourceGas Distribution-owned facilities, facilities' O&M, depreciation, and A&G costs.

Gas – Grain-Drying

Grain-drying service is the provision of natural gas service to grain-drying customers within SourceGas Distribution service territories. Costs associated with this service include but are not limited to the purchase and delivery of gas through SourceGas Distribution-owned facilities, facilities' O&M, depreciation, and A&G costs.

Gas – Transportation

Gas transportation service is the provision of gas transportation to end-use customers, affiliate and third-party suppliers or marketers. Costs associated with this service include but are not limited to facilities' O&M, depreciation, and A&G costs.

Gas – Miscellaneous Services

Miscellaneous services include but are not limited to services related to customer disconnection and reconnection, insufficient funds check, bill collection, and meter test charges. Costs associated with this service include distribution O&M, customer accounting costs, and A&G costs.

The SourceGas Distribution services listed above are provided to customers at tariff rates.

O&M Services

SourceGas Distribution performs O&M activities on behalf of RMNG and SourceGas Wattenberg-owned pipelines, and SGESC-owned Piceance gas processing facility and Wolf Creek storage facility. The costs associated with these activities include O&M and A&G costs that are directly assigned to RMNG, SourceGas, and SGESC.

■ RMNG

General Resale Service

This service includes the wholesale sale and delivery of gas to SourceGas Distribution. Costs associated with this service include but are not limited to the purchase and delivery of gas through RMNG-owned facilities, purchased gas, facilities' O&M, depreciation, and A&G costs. General resale service is provided at tariff rates.

Transportation Service

This service includes gas transportation service provided to SourceGas Distribution and third-party gas producers, shippers and industrial customers. Costs associated with this service include but are not limited to facilities' O&M, depreciation, and A&G costs. Services to SourceGas Distribution are priced at tariff rates. Services to third-parties are provided at tariff and discounted tariff rates.

■ SourceGas Wattenberg

Transportation Service

This service includes transportation service provided by SourceGas Wattenberg to two customers in CO. Costs associated with this service include facilities' O&M, depreciation, and A&G costs. Service is provided to customers at agreed-to rates.

NON-REGULATED BUSINESS ACTIVITIES

▪ SourceGas Distribution

Merchandise

SourceGas Distribution's non-regulated operations include a non-regulated merchandising operation offering products and services to SourceGas Distribution retail customers and third parties. Services provided include:

- Purchases and sales of appliances and equipment including washers, dryers, furnaces, water heaters, gas grills, and Easy Engines,
- Repairs and maintenance of appliances and equipment, and
- CAPP service contracts.

The costs associated with SourceGas Distribution's merchandising include appliance and equipment purchases, O&M costs, depreciation, property taxes, and other miscellaneous costs. The revenues and costs associated with SourceGas Distribution's non-regulated merchandising operations (recorded to FERC accounts 415 and 416, respectively) are not included in the determination of revenue requirements in SourceGas Distribution's CO, NE, and WY regulatory jurisdictions.

Choice Gas Program

In WY, SourceGas Distribution retail customers may elect to purchase gas commodity under SourceGas Distribution's Choice Gas Program from SGESC or non-affiliated gas suppliers or gas marketers, or remain under SourceGas Distribution's fixed Pass-On/Regulated Rate Purchase Gas Adjustment clause ("PGA") tariff pricing. In NE, retail customers purchase gas commodity from SGESC or other non-affiliated gas suppliers marketers. SourceGas Distribution does not currently offer a Choice Gas Program in Colorado.

The administration of the Choice Gas Program is performed by the Customer Services and Billing function within SourceGas Distribution. The SourceGas Distribution costs associated with administration of the Choice Gas Program include labor and benefits costs and non-labor costs recorded in the FERC Customer Accounts and Customer Service Accounts, and A&G costs.

▪ RMNG

Rifle Gas Processing Facility

The Rifle gas processing facility is 50% jointly-owned by RMNG and Public Service Company of Colorado ("PSCo"). PSCo operates the plant under an operating agreement between PSCo and RMNG. RMNG's share of PSCo's operating costs is billed by PSCo to RMNG. The revenues associated with the sales of the gas liquids and by-products

produced by Rifle are shared by PSCo and RMNG. RMNG's share of the revenues is treated as a reduction of RMNG's revenue requirement computations.

Piceance Gas Processing Facility

As previously discussed in this CAAM, SourceGas Distribution performs operations and maintenance activities associated with the operation of Piceance, which are directly assigned as operating costs to RMNG. RMNG operating costs are recovered through an operations fee charged to SGESC.

Wolf Creek Storage Facility

RMNG owns certain above-ground equipment related to this underground storage facility. SourceGas Distribution employees perform operations and maintenance activities related to this equipment on behalf of RMNG. The costs associated with the repairs and maintenance activities include O&M and A&G costs that are directly assigned to RMNG. RMNG costs of operating this facility are subtracted from the storage fee paid by RMNG to SGESC.

- SGESC

Gas Commodity Purchasing and Sales

SGESC activities include the purchase of gas commodity on behalf of retail customers in WY and NE enrolled in SourceGas Distribution's Choice Gas Program, as well as gas commodity purchases and sales to non-affiliated gas suppliers and gas marketers. The costs associated with this activity include labor and benefits costs and A&G costs that are directly assigned to SGESC.

Piceance Gas Processing Facility

SGESC charges RMNG a processing fee for the RMNG gas processed through this facility. The revenues generated by the sales of gas liquids and by-products produced by this facility are recorded by RMNG. These revenues are treated as a reduction of RMNG's revenue requirement computations.

Wolf Creek Storage Facility

SGESC owns the underground storage facilities used to store gas owned by RMNG. SGESC charges RMNG a fee for use of this facility.

- SGGSSI

SourceGas Distribution provides gas supply contract services to SGGSSI related take-or-pay contracts. Such costs include labor, employee benefits, and A&G costs.

- SGI

SGI does not provide any products or services to SourceGas U.S. regulated and non-regulated affiliates.

INCIDENTAL SERVICES

SourceGas does not currently provide any incidental services. If such incidental services are provided in the future, they will be treated in accordance with the instructions and limits provided in 4 CCR 723-4 Sections 4501(h) and 4502(j) for purposes of this CAAM.

IV. TRANSACTIONS WITH AFFILIATES

OVERVIEW

SourceGas U.S. regulated and non-regulated affiliates are engaged in various types of affiliate transactions. Such transactions result from services briefly summarized as follows:

- Gas supply, transmission, and transportation services provided to regulated affiliates,
- Operations and maintenance services provided to regulated and non-regulated affiliates,
- Shared services provided to regulated and non-regulated affiliates, and
- Operating and storage services provided to regulated and non-regulated affiliates.

Gas supply, transmission, and transportation transactions to regulated affiliates are priced at the lower of cost or market if not provided pursuant to a tariff. Operations and maintenance and shared service transactions to regulated affiliates are priced at the lower of cost or market if not provided pursuant to a tariff. SourceGas Distribution provides limited operations and maintenance services to affiliates and such services are priced according to the rules of the CoPUC. As previously described in Section III, RMNG and SGESC operating and storage service transactions are priced according to the CAAM rules. All transaction prices among affiliates are reviewed and evaluated on an annual basis to ensure compliance with CAAM rules.

Shared services are currently provided to regulated and non-regulated affiliates through:

- Shared service functions residing within SourceGas Distribution. Such shared service functions include but are not limited to: Accounting, Finance, Tax, Treasury, Human Resources, System Engineering and Operations, Environmental and Safety, Information Technology, Purchasing/Supply Chain Management, Legal, Facilities and Fleet Management, Customer Accounting and Service, and Rates and Regulatory.
- Interim Service Agreement ("ISA") executed between KMI and SourceGas.

ISA

The purpose of this agreement executed between KMI and SourceGas dated March 30, 2007 is to identify the shared services to be provided by KMI to SourceGas during a transitional period (i.e., 12-18 months from date of agreement) such that SourceGas can continue its operations without interruption until such time as SourceGas is fully staffed and has purchased and implemented the necessary financial accounting, budgeting, and gas system information technology systems to operate on a stand-alone basis. Through the ISA, KMI provides shared services including but not limited to: accounting and financial reporting, payroll, human resources, tax reporting, and accounts payable processing. The ISA also provides for SourceGas usage of certain KMI IT systems including but not limited to: financial accounting and reporting, budgeting, human

resources, payroll, purchasing, accounts payable, and gas operations. The KMI costs associated with providing the services above include but are not limited to payroll and employee benefits, depreciation, and other non-labor costs. KMI's costs in providing services to SourceGas are billed to SourceGas on an on-going or frequent basis during the transition period. SourceGas directly assigns KMI costs to SourceGas regulated and non-regulated business activities whenever appropriate. KMI costs not directly assigned are allocated using a three-factor allocator described later in this CAAM.

The costs for most transactions between SourceGas regulated and non-regulated affiliates are governed by contracts or agreements. SourceGas maintains that all such transactions with non-regulated affiliates are negotiated at arms length.¹ The costs for shared services such as Administrative and General expenses that are not covered by contracts are handled by direct assignment or allocation. The frequency of transactions related to the services described above varies based on the nature of the affiliate transactions. The terms below are used in this section to describe the frequency and terms of transactions with affiliates:

Frequency of Transactions

- Ongoing*** – provided on a continuous basis (i.e., daily).
- Frequent*** – provided as requested on a regular basis (i.e., monthly or several times per month).
- Infrequent*** – provided as requested on an irregular basis (i.e., several times per year).

Terms of Transactions

- Tariff Rate*** – the price charged to customers under applicable tariffs on file with state regulatory commissions. Tariff rates are used for transactions with affiliates involving the provision of regulated services.
- Market Price*** – the price held out by the providing entity to the general public in the normal course of business. Market prices are used for transactions with affiliates if sufficient quantities of like transactions, by product or by service, are provided to non-affiliates. If sufficient quantities of like transactions are not available, the lowest rate charged by other persons in the market

¹ (1) For affiliate transactions where SourceGas Distribution is providing a service, product or use of assets of a non-regulated affiliate/parent/subsidiary, the price shall be presumed to be reasonable if it is priced at the higher of fully allocated costs or prevailing market prices; and

(2) For affiliate transactions where SourceGas Distribution is obtaining a service, product, or use of assets from a non-regulated affiliate/parent/subsidiary, the price shall be presumed to be reasonable if it is priced at the lower of fully allocated costs or prevailing market prices.

for a comparable product or service is used, where such rates are publicly available.

Cost – the charge used for transactions with affiliates for which no tariff rate or market price exists. For purposes of this CAAM, cost includes direct, indirect, and overhead costs as directly assigned or allocated to regulated and non-regulated SourceGas affiliates.

Re-evaluation Period - For transactions that are not provided under a tariff, all transaction prices between affiliates are reviewed on an annual basis to ensure compliance with CAAM rules.

Asset Transfers

Asset transfers between SourceGas regulated and non-regulated affiliates are minimal. To the extent that an asset transfer occurs from a regulated utility to a non-regulated affiliate, such asset transfer shall be at the higher of the regulated utility's fully distributed cost or market price. To the extent that an asset transfer occurs from a non-regulated affiliate to a regulated utility, such asset transfer shall be at the lower of the net-book cost or market price.

The section below details the nature, frequency and terms of transactions for services provided by regulated affiliates (i.e., SourceGas Distribution, RMNG, and SourceGas Wattenberg) with non-regulated affiliates and those transactions between non-regulated affiliates (i.e., SGESC, SGGSSI, and SGI) and regulated affiliates.

SERVICES PROVIDED BY SOURCEGAS TO AFFILIATES

SourceGas Shared Services

This section describes the nature, frequency and terms of affiliate transactions related to shared services provided by SourceGas directly and those shared services provided to SourceGas regulated and non-regulated affiliates through the ISA. While SourceGas does provide some shared services (e.g., financial accounting and reporting, tax, legal, IT) to SGI, day-to-day operations and support are performed by SGI.

The nature, frequency and terms of the services provided by SourceGas shared services functions and the ISA are as follows:

Nature of Transactions	Frequency	Terms
<i>Accounting, Financial Reporting and Tax –</i> Maintains SourceGas's books and records. Prepares financial and statistical reports, tax filings and ensures compliance with applicable laws and regulations. Maintains the accounting systems. Coordinates the budgeting process.	Ongoing	Lower of Cost or Market Price

<i>Business Unit Accounting and Budgeting</i> – Provides financial analysis, budgeting and administrative support for business units.	Ongoing	Lower of Cost or Market Price
<i>Legal</i> – Provides legal services related to labor and employment law, litigation, contracts, rates and regulation, environmental matters, real estate and other legal matters.	Ongoing	Lower of Cost or Market Price

Nature of Transactions	Frequency	Terms
<i>Rates & Regulation</i> – Determines SourceGas Distribution, RMNG, and SourceGas Wattenberg regulatory strategy, revenue requirements and rates for gas customers. Coordinates the regulatory compliance requirements and maintains relationships with regulatory authorities.	Ongoing	Lower of Cost or Market Price
<i>Facilities, Real Estate and Fleet Services</i> – Operates and maintains office buildings and service area offices. Procures real estate and administers real estate leases. Administers third-party service contracts for security, housekeeping and maintenance services for facilities. Procures office furniture and equipment. Provides centralized fleet management services (e.g., vehicle registration, etc.) for vehicles owned by SourceGas Distribution affiliates.	Ongoing	Lower of Cost or Market Price
<i>Procurement/Supply Chain</i> – Includes contract negotiations, development and management of supplier relationships and acquisition of goods and services. Also includes inventory planning, forecasting and ordering. Additionally, this function includes procurement card (“P-Card”) administration and management.	Ongoing	Lower of Cost or Market Price
<i>Human Resources</i> – Establishes and administers policies related to employment, compensation and benefits. Maintains HR computer system and the tuition reimbursement program. Coordinates the bargaining strategy and labor agreements with union employees. Provides technical and professional development training, as well as general HR support services.	Ongoing	Lower of Cost or Market Price
<i>Treasury</i> – Coordinates activities related to debt issuance, financial institution relationship management, cash management, investing	Ongoing	Lower of Cost or Market Price

activities and credit activities. Performs financial and economic analysis.		
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Nature of Transactions	Frequency	Terms
<i>Customer Accounting and Service</i> – Provides service activities to retail customers and SourceGas Distribution’s non-regulated merchandising operations. Services include meter reading, customer billing, call center operations, and credit and collections. This function includes the administration of SourceGas Distribution’s Choice Gas program in WY and NE.	Ongoing	Lower of Cost or Market Price
<i>Payroll</i> – Provides payroll processing, including: time reporting, payroll computations, payroll tax reporting and compliance reports.	Ongoing	Lower of Cost or Market Price
<i>Technical Services and Environmental/Safety</i> – Provides engineering services (e.g., design, operations and construction) to affiliate transmission, transportation and distribution systems and operations. Establishes policies and procedures for compliance with environmental laws and regulations. Manages environmental remediation, safety training and reporting.	Ongoing	Lower of Cost or Market Price
<i>Gas Supply and Shipper Services</i> – Provides commodity procurement services for SourceGas Distribution. Manages gas supply take-or-pay contracts accounted for in SGGSSI.	Ongoing	Lower of Cost or Market Price
<i>Marketing and Public Relations</i> – Provides marketing services for regulated and non-regulated affiliates. Services include strategic planning, customer bill insert design and production, state and local community business relations, advertising and branding development, corporate communications and media relations.	Ongoing	Lower of Cost or Market Price
<i>IT Services</i> – Provides information technology services, including: application management, voice and data network operations and management, problem management services, desktop support, security administration and systems maintenance and management.	Ongoing	Lower of Cost or Market Price

<i>Overhead</i> – includes costs associated with insurance, employee pensions and benefits, rents and taxes. Costs allocated as noted within Table B to this CAAM.	Ongoing	Lower of Cost or Market Price
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SERVICES PROVIDED BY SOURCEGAS DISTRIBUTION TO AFFILIATES

Rocky Mountain Natural Gas LLC

Nature of Transactions	Frequency	Terms
<i>Operations and Maintenance</i> – O&M of RMNG pipeline facilities.	Ongoing	Higher of Cost or Market Price
<i>Materials and Supplies</i> – Materials and supplies used at pipeline facilities.	Ongoing	Higher of Cost or Market Price
<i>Miscellaneous</i> – Miscellaneous other charges, including labor, transportation, employee expenses, postage, mailing, and equipment rental charges.	Frequent	Higher of Cost or Market Price

SourceGas Wattenberg LLC

Nature of Transactions	Frequency	Terms
<i>Operations and Maintenance</i> – O&M of SourceGas Wattenberg pipeline facilities.	Ongoing	Higher of Cost or Market Price
<i>Materials and Supplies</i> – Materials and supplies used at pipeline facilities.	Ongoing	Higher of Cost or Market Price
<i>Miscellaneous</i> – Miscellaneous other charges, including labor, transportation, employee expenses, postage, mailing, and equipment rental charges.	Frequent	Higher of Cost or Market Price

SourceGas Energy Services Company

Nature of Transactions	Frequency	Terms
<i>Operations and Maintenance</i> – O&M of SGESC facilities.	Ongoing	Higher of Cost or Market Price
<i>Materials and Supplies</i> – Materials and supplies used at SGESC-owned facilities.	Ongoing	Higher of Cost or Market Price
<i>Miscellaneous</i> – Miscellaneous other charges, including labor, transportation, employee expenses, postage, mailing, and equipment rental charges.	Frequent	Higher of Cost or Market Price

SourceGas Gas Supply Services Inc.

No Services provided by SourceGas Distribution.

SourceGas International Inc.

No services provided by SourceGas Distribution.

SERVICES PROVIDED BY AFFILIATES TO SOURCEGAS DISTRIBUTION

Rocky Mountain Natural Gas LLC

Nature of Transactions	Frequency	Terms
<i>Gas Sales</i> – Purchases of natural gas and deliveries of such gas to SourceGas Distribution.	Ongoing	Tariff Rate

SourceGas Wattenberg LLC

No services provided to SourceGas Distribution.

SourceGas Energy Services Inc.

No services Provided to SourceGas Distribution.

SourceGas Gas Supply Services Inc.

No services provided to SourceGas Distribution.

SourceGas International Inc.

No services provided to SourceGas Distribution.

SERVICES PROVIDED BETWEEN RMNG AND AFFILIATES

SourceGas Wattenberg LLC

No services between affiliates.

SourceGas Energy Services Company

Service Provided by RMNG:

Nature of Transactions	Frequency	Terms
<i>Operations and Maintenance</i> – O&M on SGESC-owned storage and processing plant facilities.	Ongoing	Higher of Cost or Market Price

Service Provided to RMNG:

Nature of Transactions	Frequency	Terms
<i>Gas Processing</i> – Provide gas processing services.	Ongoing	Lower of Cost or Market Price
<i>Underground Storage Facilities and Equipment Rental</i> – Provide use of underground storage facilities.	Ongoing	Lower of Cost or Market Price

SourceGas Gas Supply Services Inc.

No services between affiliates.

SourceGas International Inc.

No services between affiliates.

V. COST ASSIGNMENT AND ALLOCATION PROCESS

OVERVIEW

This section of the CAAM provides an overview of the accounting processes (i.e., time-reporting, payroll system, procurement cards, labor overheads, account coding structure, etc.) used by SourceGas employees, including shared service employees, to record time spent performing work activities related to SourceGas regulated and non-regulated affiliates; the accounting system and account coding structure used to capture the costs associated with work activities performed on behalf of SourceGas regulated and non-regulated affiliates; and the SourceGas cost assignment and allocation principles used to assign and allocate costs between SourceGas regulated services and non-regulated business activities.

Many of the assignment and allocation processes occur in the shared services functions within SourceGas Distribution as described in this CAAM. Shared services are provided to SourceGas regulated utilities at the lower of the fully distributed cost or market.

A significant portion of SourceGas costs relate to SourceGas Distribution's regulated and non-regulated operations in its three regulatory jurisdictions, shared service activities performed on the behalf of regulated and non-regulated affiliates, and RMNG and SourceGas Wattenberg intrastate gas operations. Such costs are directly assigned or allocated to SourceGas Distribution's regulated and non-regulated business activities and non-regulated affiliates based on the cost assignment and allocation principles described in this section of the CAAM.

ACCOUNTING PROCESSES

Employee Time Reporting

For the most part, SourceGas field and warehouse personnel labor costs are directly attributable to work performed in SourceGas Distribution's regulated jurisdictions (i.e., CO, WY, NE) where such employees reside. When field and warehouse employees perform work for non-regulated activities, their labor costs (with allocated labor overhead benefit loadings) are directly assigned to that non-regulated activity. SourceGas supervisory, office personnel, and shared services employees use an "exception" time reporting system to record work activities performed on behalf of regulated and non-regulated affiliates. This type of time reporting is based on pre-defined labor distribution percentages developed by employees and their managers based on a study/evaluation of employees' time spent performing work activities, including capital activities, on behalf of SourceGas regulated and non-regulated affiliates. To the extent that SourceGas employees are working significant amounts of time on behalf of a particular affiliate, or specific capital projects, employees modify their pre-defined labor distribution percentages (i.e., exception report) to reflect time spent working on such affiliate-specific activities or capital projects. Additionally, to the extent that SourceGas employees' do not directly assign labor costs to a specific regulated or non-regulated activity, such costs

are allocated on a cost-causative basis using an appropriate multi-factor cost allocator. Such allocators are described in Section VI of this CAAM.

In addition, SourceGas field technicians utilize a Mobile Dispatch System ("MDS") computer system (i.e., "positive" time reporting) that includes a time sheet application that requires employees to input time in minutes for time spent performing work activities on behalf of regulated and non-regulated affiliates.

Payroll System

SourceGas Distribution payroll transactions are processed by ADP's payroll system. Labor costs incurred in performing work activities on behalf of regulated and non-regulated affiliates are based on the time reporting process described above.

Procurement Cards ("P-Cards")

Credit cards (i.e., P-Cards) with pre-defined spending limits are issued to authorized SourceGas employees to make credit purchases of such items as: minor materials & supplies, office supplies, employee-related costs (e.g., travel, training, industry magazine subscriptions, registration fees for conference attendance, minor vehicle repairs and maintenance costs, etc.). The accounts payable systems and journal entry process utilize appropriate components of the account coding structure to post P-Cards transactions to the appropriate SG trial balance accounts. To the extent that major purchases are required to obtain goods and services necessary to perform work activities, purchase orders are issued and managed by the procurement/supply chain shared service function.

SourceGas issues two types of P-Cards, regulated and non-regulated. Regulated P-Cards are issued to authorized SourceGas employees that perform work activities on behalf of regulated SourceGas affiliates. Non-regulated P-Cards are issued to authorized SourceGas employees performing work activities on behalf of non-regulated SourceGas affiliates. In the case of regulated P-Cards, purchases related to non-regulated merchandising activities are directly assigned to FERC Account 416 (Costs and expenses of merchandising, jobbing, and contract work).

Costs incurred on regulated P-Cards are directly identified with particular regulated affiliate activities or capital projects are required to be directly assigned. For the remaining regulated P-Card costs that are not directly assigned to specific affiliate work activities or capital projects are allocated based on the amount of the employee's labor distribution. The cost allocation method used to distribute the costs associated with non-regulated P-Cards is not addressed in this CAAM, as such allocation methods pertain to non-regulated affiliate operations.

Accounting System

SourceGas utilizes SAP's accounting system for general ledger, sub ledgers (e.g., accounts receivable, accounts payable, purchasing, and fixed assets), and to produce

financial, budget, and tax reports related to SourceGas affiliate operations. The SourceGas transaction account coding structure provides sufficient detail to identify the transaction in terms of:

- Legal Entity/Location/Cost Center
- Account No. (i.e., FERC Account No.)
- TOC – Type of Cost
- AFE (“Authorization for Expenditure”) – operates in a manner similar to the use of a workorder subsystem used to accumulate costs for management control and reporting. AFEs may relate to both capital and expense projects.
- Account Category – Further description of cost type.

Fixed Asset Subsystem

The fixed asset subsystem applies an Allowance for Funds Used During Construction (“AFUDC”) and a “capital burden” rate to appropriate SG affiliate open Construction Work in Progress (“CWIP”) projects. In addition, the fixed asset subsystem computes depreciation on affiliate assets in service, and transfers capital projects from CWIP (i.e., FERC Account 107) to Completed Construction Not Classified (i.e., FERC Account 106) to Utility Plant in Service (i.e., FERC Account 101), as appropriate.

Other Accounting/Cost Allocation Processes

The following accounting/cost allocation processes are described in this section of the CAAM:

- Labor Distribution
- Labor Overhead Benefit Loading
- Capital Labor Overhead Loading
- Shared Services (excluding Accounts Payable and Billing System, Call Center and Collections)
- Accounts Payable
- Billing System, Call Center and Collections
- Common Assets
- Money Pool/Cash Management

COST ASSIGNMENT AND ALLOCATION PRINCIPLES

SourceGas applies the following cost assignment and allocation principles:

1. Tariffed services provided to affiliates are valued at tariff rates.
2. Costs are directly assigned to either regulated or non-regulated business activities at the higher or lower of cost or market whenever appropriate.
3. Costs not directly assigned are common costs. Common costs shall be grouped into homogeneous cost categories designed to facilitate the proper allocation of

costs between regulated and non-regulated activities or jurisdictions. Each cost category shall be equitably allocated using the following principles:

- Cost causation – all activities or jurisdictions that cause a cost to be incurred shall be allocated a portion of that cost
- Variability – If the fully distributed cost study indicates a direct correlation exists between a change in the incurrence of a cost and cost causation, that cost shall be allocated based upon that relationship
- Traceability – A cost may be allocated using a measure that has a logical or observable correlation to all the activities or jurisdictions that cause a cost to be incurred
- Benefit – All activities or jurisdictions that benefit from a cost shall be allocated a portion of that cost
- Residual – The residual of costs left after either direct or indirect assignment or allocation shall be allocated based upon an appropriate general allocator to be defined in the CAAM

It is SourceGas's intent to utilize a sufficient number of cost allocation factors to allocate costs that are not directly assigned to specific affiliate operations in a fair, reasonable and efficient manner.

Common costs and related cost allocators used to allocate such costs to SourceGas regulated and non-regulated affiliates are discussed in Section VI.

Service:	LABOR DISTRIBUTION
Description:	<p>For the most part, wages and salaries of field technicians performing work activities on behalf of regulated and non-regulated affiliates are directly assigned based on positive time reporting. Wages and salaries of field supervisory and office personnel, as well as shared service employees, performing work on behalf of regulated and non-regulated affiliates are assigned based on pre-defined labor distribution percentages (i.e., exception-time reporting) based on employee time studies.</p> <p>To the extent that employees have labor costs not directly assigned or allocated via the labor distribution, such costs are pooled for allocation.</p>
Provider of Service:	SourceGas shared service employees SourceGas service area personnel
Users of Service:	SourceGas Distribution's CO, WY, and NE regulated operations, RMNG, SourceGas Wattenberg, and SourceGas's non-regulated affiliates SGESC and SGGSSI.
Method of Allocation:	<p>Labor is directly assigned to SourceGas regulated and non-regulated affiliates based on exception and positive time-reporting practices described in this section of the CAAM. To the extent that labor costs are not directly assigned, such costs are pooled and allocated to regulated and non-regulated affiliates using a three-factor formula. The three factor allocator is based upon the following measures: operating income, gross plant and direct labor. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.</p>

Service:	BENEFITS
Description:	<p>SourceGas employee benefits costs include but are not limited to the following:</p> <ul style="list-style-type: none">• Vacation, sick, holiday, etc. – Pension (401k contribution, retiree pension, FAS 87, FAS 112, pension consulting)• Medical and dental (Healthcare, FAS 106)• Worker's compensation• Employee incentives (i.e., Bonuses)• Payroll taxes (i.e., FICA, FUTA, and SUTA)
Provider of Service:	SourceGas shared service employees SourceGas service area personnel
Users of Service:	SourceGas Distribution's CO, WY, and NE regulated operations, RMNG, SourceGas Wattenberg, and SourceGas's non-regulated affiliates SGESC and SGGSSI.
Method of Allocation:	<p>An employee benefits labor "loading" rate is developed for employee benefits to assign and allocate such costs to SourceGas regulated and non-regulated affiliates. This labor loading rate is calculated based on total employee benefits costs divided by total direct labor costs.</p> <p>The labor loading rate is applied to direct labor costs assigned or allocated based on work activities performed on behalf of SourceGas regulated and non-regulated affiliates. In this manner, employee benefits costs follow the direct labor costs directly assigned or allocated to SourceGas affiliates.</p> <p>Employee benefit overhead costs recorded to clearing accounts are evaluated on a periodic basis to determine whether the employee benefit loading rate requires adjustment so that clearing accounts are cleared to zero at year-end.</p> <p>A separate bonus cost pool is accumulated for employees receiving bonuses. A bonus loader is developed to directly assign or allocate bonuses to SourceGas regulated and non-regulated affiliates based on the labor distribution of those employees receiving bonuses.</p>

Payroll taxes (i.e., FICA, FUTA, and SUTA) are computed based on the salaries and wages of each SourceGas employee and are directly assigned or allocated to regulated and non-regulated affiliates based on the labor distribution process previously described in this section of the CAAM. Benefits are directly attributable to labor; therefore, the allocation should follow the labor distribution.

Service:	CAPTIAL LABOR OVERHEAD LOADING
Description:	This cost pool includes costs primarily comprised of labor and labor overhead costs, P-Card costs, and other miscellaneous non-employee costs (e.g., third-party vendor costs) that relate to capital project activities that cannot be directly assigned to particular capital projects.
Provider of Service:	Shared service employees
Users of Service:	SourceGas Distribution's CO, WY, and NE regulated operations, RMNG, SourceGas Wattenberg, and SourceGas's non-regulated affiliate SGESC
Method of Allocation:	<p>A capital labor overhead loading rate is developed based on total estimated capital labor overheads costs divided by total estimated capital project costs. The resulting capital labor overhead loading rate generally is applied to certain open capital project account balances.</p> <p>This rate is evaluated throughout the year and is adjusted such that the clearing account balance at year-end is zero.</p> <p>Capital labor overhead loading is directly attributable to capital costs; therefore, the allocation should follow the capital costs.</p>

Service: SHARED SERVICES

Description: The costs of shared services functions (e.g., Accounting, Budget, Tax, Human Resources, Payroll, Purchasing, IT Services, Engineering, Legal, etc.).

Provider of Service: SourceGas Shared Services employees

Users of Service: SourceGas Distribution's CO, WY, and NE regulated operations, RMNG, SourceGas Wattenberg, and SourceGas's non-regulated affiliates SGESC and SGGSSI.

Method of Allocation: Shared service costs are directly assigned to SourceGas regulated and non-regulated affiliates whenever appropriate.

For shared service costs that cannot be directly assigned to specific SourceGas affiliates, such costs are allocated utilizing a three factor allocator. The three factor allocator is based upon the following measures: operating income, gross plant and direct labor. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.

Service:	ACCOUNTS PAYABLE
Description:	Accounts Payable is a shared service function within SourceGas that processes third-party vendor invoices on behalf of all U.S. regulated and non-regulated affiliates.
Provider of Service:	SourceGas shared service employees
Users of Service:	SourceGas Distribution's CO, WY, and NE regulated operations, RMNG, SourceGas Wattenberg, and SourceGas's non-regulated affiliates SGESC and SGGSSI.
Method of Allocation:	<p>Accounts payable transactions are directly assigned whenever appropriate. Such transactions may be assigned or allocated to multiple business functions within an affiliate, or allocated to multiple affiliates based on the account coding referenced on vendor invoices. As necessary, vendor invoices related to products and services provided that benefit multiple business responsibility areas within an affiliate, or multiple affiliates, are allocated based on observable measures that relate to the vendor services or products provided. These measures may include:</p> <ul style="list-style-type: none">▪ Quantity (e.g., units, count, etc.)▪ Measurement or size (e.g., length, square footage, etc.)▪ Volume (e.g., barrels, gallons, liters, etc.)▪ Weight (e.g., ounce, pound, ton, etc.)▪ Hours (e.g., hours of professional or contract services)▪ Labor Dollars – may be assigned based on SourceGas labor costs charged to affiliates▪ Number of customers, meters, employees, etc.▪ Other allocation measures, as appropriate <p>Allocation of accounts payable transactions using these measures ensure that transactions are allocated in a manner that reflects the nature of the costs.</p>

Service: BILLING SYSTEM, CALL CENTER AND COLLECTIONS

Description: SourceGas's shared service customer accounting and service function bills SourceGas Distribution's customers for regulated (i.e., tariff) services and non-regulated merchandising products and services through the customer information system. This function is also responsible for the administration and billing of SourceGas Distribution WY and NE Choice Gas Program customers.

Provider of Service: Shared service employees

User of Service: SourceGas Distribution regulated and non-regulated gas operations in CO, WY, and NE.

Method of Allocation: Customer accounting and billing costs are allocated to regulated and non-regulated activities in SourceGas Distribution's CO, WY, and NE regulatory jurisdictions using an operating income allocator. This allocation is based on the operating income reported for SourceGas Distribution's regulated and non-regulated operations in SourceGas Distribution's CO, WY, and NE regulatory jurisdictions.

The cost pool of billing system, call center and collections costs should follow the operating revenue billed as a result of these activities.

Service:	COMMON ASSET ALLOCATION
Description:	<p>Common assets are defined as capital assets that are owned by a single SourceGas affiliate that are used for the benefit of multiple affiliates. Common assets include but are not limited to: office buildings, office furniture and equipment, computer and communication equipment and software applications supporting regulated and non-regulated affiliate operations. Common assets may also include gas operating systems and mobile dispatch systems that support multiple regulated and non-regulated affiliate activities. Costs associated with common assets include but are not limited to: depreciation, property taxes, and capital lease amortization (if applicable).</p>
Provider of Service:	<p>Shared service functions SourceGas Distribution</p>
Users of Service:	<p>SourceGas Distribution's CO, WY, and NE regulated operations, RMNG, SourceGas Wattenberg, and SourceGas's non-regulated affiliates SGESC and SGGSSI.</p>
Method of Allocation:	<p>Common asset costs associated with shared service functions are allocated to regulated and non-regulated affiliates using a three-factor formula. The three factor allocator is based upon the following measures: operating income, gross plant and direct labor. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.</p> <p>Costs associated with common assets owned by regulated affiliates including SourceGas Distribution, RMNG, and SourceGas Wattenberg are allocated for ratemaking purposes between appropriate regulatory jurisdictions using a common plant allocator developed from analysis of fixed asset and common plant asset accounts as described in Section VII of this CAAM.</p>

Service: MONEY POOL/CASH MANAGEMENT

Description: SourceGas maintains a centralized money pool for monies collected for services provided to SourceGas customers. Money Pool/Cash Management activities are managed by shared service employees (i.e., Treasury and Accounting). Funds deposits in the Money Pool/Cash Management are available to fund short-term operating and capital project requirements of SourceGas regulated and non-regulated affiliates. Money Pool/Cash Management funds are invested in temporary investments that earn income until such funds are required to fund affiliate operations or capital projects.

Provider of Service: Shared service function

Users of Service: SourceGas Distribution's CO, WY, and NE regulated operations, RMNG, SourceGas Wattenberg, and SourceGas's non-regulated affiliates SGESC and SGGSSI.

Method of Allocation: Affiliates may borrow from, or make loans to, the Money Pool/Cash Management with appropriate intercompany payable and receivable accounts being maintained. Interest expense is charged, or credited, as appropriate for affiliate participation in the Money Pool/Cash Management. At the drafting of this document, the Money Pool/Cash Management agreements are not in place.

VI. COMMON COST ALLOCATIONS

OVERVIEW

SourceGas costs are first directly assigned or allocated to regulated or non-regulated business activities whenever appropriate. Remaining costs related to activities performed on behalf of multiple regulated and non-regulated affiliates are considered common costs and are allocated to SourceGas regulated and non-regulated affiliates using single or multi-factor allocators. In this section of the CAAM, common costs are categorized as O&M allocations and non-O&M allocations. These allocations are performed on a monthly or quarterly basis, as appropriate, and are further described below.

O&M ALLOCATIONS

Introduction

O&M allocations are applied to common costs recorded in customer accounts, customer service and sales expense accounts (i.e., FERC 901-903, 905-916) and A&G expense accounts (i.e., FERC accounts 920-925, 927-935). Costs recorded to the Uncollectible Accounts expense account (i.e., FERC account 904) are directly assigned to SourceGas regulated and non-regulated affiliates, as appropriate. Costs related to pensions and benefits are recorded to FERC account 926. These costs are included in the labor loading applied to labor costs directly assigned or allocated to SourceGas affiliates as previously described in this CAAM. Table A references the cost allocators and cost allocation basis used to allocate the common costs recorded in the FERC accounts referenced above.

Methodology

SourceGas uses the following allocators to allocate the common O&M costs recorded in the FERC accounts identified above.

Operating Income Allocator

An operating income allocator is used to allocate common costs in FERC accounts 901-903, and 905-916, to SourceGas Distribution regulated activities and non-regulated merchandising operations. This allocation is based on the operating income reported for SourceGas Distribution's regulated and non-regulated operations in SourceGas Distribution's CO, WY, and NE regulatory jurisdictions. For purposes of computing the allocation factors, operating income is calculated by subtracting PGA revenues, O&M expense including A&G, depreciation, and taxes other than income taxes from gross revenues. Prior year operating income as reported by SourceGas Distribution at year-end is used to compute the allocation percentages used to allocate current year costs.

Three-Factor Allocator

A three-factor allocator is used to allocate common costs in FERC account 920-925 and 927-935 to regulated and non-regulated affiliates. This three-factor allocation method is based on the fundamental drivers of SourceGas' business operation: operating income (as previously described), gross plant in service and labor expense of each regulated and

non-regulated affiliate. The allocator used is computed based on the simple average of prior twelve months' actual operating income, gross plant in service balances and labor expense.

NON-O&M ALLOCATIONS

Introduction

Non-O&M common costs include depreciation and amortization expense, other income and expense (i.e., interest income and expense), taxes other than income taxes, and AFUDC interest expense recorded to FERC accounts 403, 404, 419, 408, 427, 431, and 432, respectively. Table B references the cost allocator and cost allocation basis used to allocate the common costs recorded in the FERC accounts referenced above.

Methodology

SourceGas uses the following single and multi-factor allocators to allocate the common Non-O&M costs recorded in the FERC accounts identified above.

Three-Factor Allocator

A three-factor allocator is used to allocate common costs in FERC accounts 403, 404, 408 (i.e., property and other taxes), 419, (i.e., interest income and expense) 427 (i.e., line of credit portion), and 431 (i.e., other interest expense) to regulated and non-regulated affiliates. This three-factor allocation method is based on the fundamental drivers of SourceGas' business operation: operating income (as previously described), gross plant in service and labor expense of each regulated and non-regulated affiliate. The allocator is computed based on the simple average of twelve months' prior actual operating income, gross plant in service balances and twelve months' prior labor expense.

Gross Plant Allocator

A gross plant in service allocator is used to allocate common costs in FERC accounts 427 (i.e., term loan and bonds payable portion) and 432 (i.e., AFUDC expense credit) to regulated and non-regulated affiliates. This allocator is computed based on prior gross plant in service balances as reported for SourceGas entities.

Note that costs in FERC account 408 (i.e., payroll-related taxes FICA, SUTA, FUTA), are directly assigned based on the labor distribution process described in Section V of this CAAM.

The measures used to compute the allocation factors referenced above are evaluated annually by the Company and in a rate case by other parties to assess the continued applicability of these allocation factors under the allocation principles employed in the rules of the CoPUC. To the extent that the number of SourceGas legal entities change as a result of SourceGas acquisitions or divestitures of additional gas systems or other entities, SourceGas management will assess the impacts of such acquisitions and divestitures, and incorporate changes (if any) in its cost allocation processes and allocation factors as appropriate.

VII. FERC ACCOUNT COST ASSIGNMENT AND ALLOCATION SUMMARY

SUMMARY

This section of the CAAM summarizes the SourceGas affiliate and non-affiliate assignment and allocations process in terms of the FERC accounts shown in Table C, and the relevance of the FERC accounts to SourceGas Distribution, RMNG, and SourceGas Wattenberg revenue requirement determinations in SourceGas's CO, WY, and NE regulatory jurisdictions.

The cost assignments and allocations described in previous sections of this CAAM are those necessary to assign and allocate SourceGas Distribution costs (i.e., SourceGas Distribution local distribution operations costs and shared services costs) to regulated and non-regulated SourceGas affiliates. These types of cost assignments and allocations have already been made in context to any account balances related to the FERC accounts shown in Table C.

Ratemaking Analyses and Allocations

In addition to those cost assignments and allocations described in previous sections of this CAAM, other ratemaking analyses, and cost assignments and allocations may be required to appropriately reflect SourceGas Distribution's revenue requirement and rate base for its CO, WY, and NE jurisdictions, as well as the revenue requirements and rate base for RMNG and SourceGas Wattenberg.

For the most part, such ratemaking assignments or allocations relate to SourceGas Distribution common assets (e.g., general plant, communications equipment, dispatch center assets, microwave towers, etc.) that are shared between SourceGas Distribution's CO, WY, and NE regulatory jurisdictions, as well as shared with other regulated affiliates. Such shared assets may primarily reside in FERC Accounts 101 (i.e., Gas Plant in Service), 106 (i.e., Completed Construction Not Classified), and 107 (i.e., CWIP). Other FERC accounts impacted by further common asset include Accounts: 108 (i.e., Accumulated Depreciation), 111 (i.e., Accumulated Amortization), 403 (i.e., Depreciation Expense), and 404 (Amortization Expense).

Analysis of Plant and Equipment

Property accounting records and general ledger plant account information are analyzed as necessary to identify the common assets that require allocation for ratemaking purposes.

Common Plant Allocator

SourceGas Distribution utilizes a gross plant allocator to allocate common costs associated with the FERC accounts described above for ratemaking purposes. The common plant allocator is calculated based on an analysis of common assets.

Presented below are definitions for the columns referenced in Table C.

FERC Account

The FERC accounts include all SourceGas regulated affiliate (i.e., SourceGas Distribution, RMNG, and SourceGas Wattenberg) FERC accounts and descriptions as contained in such affiliate's general ledger trial balance. It should be noted that some FERC accounts may be only relevant to certain regulatory jurisdictions.

Included in CO Rate Base/Revenue Requirement

This column denotes for each FERC account whether such account is included in SourceGas Distribution CO revenue requirement/rate base determinations.

Cost Pools

Each account included in the Table C matrix is separated into cost pools, as appropriate. Each cost pool represents a homogenous group of assets, liabilities, revenues, or expenses. The cost pools may also be subdivided depending upon the size and nature of items in an account. In other cases, the entire FERC account balance constitutes a cost pool.

Cost Pool Apportionment Basis

The cost pool apportionment basis is the method of apportioning the cost pool between SourceGas regulated and non-regulated affiliate business activities for each FERC account shown on Table C.

Regulated/Non-regulated Apportionment Basis

The regulated/non-regulated apportionment basis is the basis or method of apportioning (i.e., directly assigning, allocating, or both) the cost pool between affiliate regulated and non-regulated business activities. Whenever appropriate, cost pools relate to a specific FERC account, sub-account, or any other account code necessary to provide for the direct assignment of costs to appropriate affiliate business activities. As described above, additional regulatory and accounting analysis may result in additional cost pools that are assigned or allocated to regulated and non-regulated affiliates. Only when a cost pool is not directly assigned is further allocation performed. Table C identifies all allocation methods that are used for each FERC account.

Three-Factor Allocator

The three factor allocator is based upon the following three measures: operating income, gross plant and direct labor. A three-factor allocator is a reasonable methodology to allocate costs because a single allocator is was not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.

TABLE A – O&M Allocations

FERC Account	Allocation Method	Basis for Allocation Method
901-903, 905-916	Operating Income Allocator	An operating income allocator is a reasonable methodology to use to allocate common customer-related costs in FERC accounts 901-903 and 905-916 because these common costs have similar cost/income structure to the costs that derive the operating income. The derivation of the operating income factor is described above.
904	Direct Assignment	A separate allowance for bad debt accounts is maintained for appropriate affiliates based on accumulated provision for uncollectible account balances, collection history and other qualitative factors such as regulatory matters and market conditions.
920-925	Three-Factor Allocator	A three-factor allocator is a reasonable methodology to allocate these costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.
926	Labor Overhead Benefits Loading	A labor overhead benefits loading rate as applied to labor costs assigned or allocated to regulated and non-regulated affiliate activities is a reasonable methodology for assigning or allocating pension and benefits costs, recorded in FERC account 926 because such costs are directly proportional to labor costs.
927-935	Three-Factor Allocator	A three-factor allocator is a reasonable methodology to allocate these costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.

TABLE B – Non-O&M Allocations

FERC Account	Allocation Method	Basis for Allocation Method
403-404	Three-Factor Allocator	A three-factor allocator is a reasonable methodology to allocate these common costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.
408 (property tax portion)	Three-Factor Allocator	A three-factor allocator is a reasonable methodology to allocate these common costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.
408 (payroll tax portion)	Direct Assignment	Payroll taxes are directly assigned or allocated to regulated and non-regulated affiliates based on the labor distribution process described in Section V of this CAAM. This methodology is reasonable as payroll taxes are directly proportional to labor costs.
408 (other tax portion)	Three-Factor Allocator	A three-factor allocator is a reasonable methodology to allocate these common costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.

FERC Account	Allocation Method	Basis for Allocation Method
419	Three-Factor Allocator	A three-factor allocator is a reasonable

		methodology to allocate these common costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.
427 (line of credit portion)	Three-Factor Allocator	A three-factor allocator is a reasonable methodology to allocate these common costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.
427 (term loan and bonds payable portion)	Gross Plant Allocator	A gross plant allocator is a reasonable methodology to use to allocate common costs recorded in FERC account 427 (term loan and bonds payable portion) because these borrowings can be used to finance plant in service and therefore are directly proportional to the level of gross plant.
431	Three-Factor Allocator	A three-factor allocator is a reasonable methodology to allocate these common costs because a single allocator is not sufficient to properly allocate the cost incurred. The three factor allocation method is appropriate to assign costs because these factors represent the fundamental drivers of business operations. The three factor method results in a fair allocation of these costs across regulated and non-regulated affiliates.
432	Gross Plant Allocator	A gross plant allocator is a reasonable methodology to use to allocate common costs recorded in FERC account 432 because AFUDC are calculated proportional to the level of plant in service.

**Table C – Business Activity Assignment and Allocations
by FERC Account**

Table D – Corporate Organizational Chart

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
Assets						
101 Plant in Service	Yes	Gas	Cost Pool Equals Plant Account Total	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes SourceGas investment in gas utility plant. Plant account totals as shown per Property Accounting records.
		Common	Cost Pool Equals Plant Account Total	Corporate common plant allocated based on 3-factor allocator. SGD common plant allocated based on common plant allocator.	Allocated	The cost pool includes SourceGas investment in common utility plant. Plant account totals as shown per Property Accounting records.
106 Completed Construction - Not Classified	Yes	Gas	Cost Pool Equals Plant Account Total	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes SourceGas investment in gas utility plant. Plant account totals as shown per Property Accounting records.
		Common	Cost Pool Equals Plant Account Total	Allocated based on 3-factor allocator.	Allocated	The cost pool includes SourceGas investment in common utility plant. Plant account totals as shown per Property Accounting records.
107 Construction Work in Progress	Yes	Gas	Cost Pool Equals Plant Account Total	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes SourceGas investment in gas utility plant. Plant account totals as shown per Property Accounting records.
		Common	Cost Pool Equals Plant Account Total	Allocated based on 3-factor allocator.	Allocated	The cost pool includes SourceGas investment in common utility plant. Plant account totals as shown per Property Accounting records.
108 Accumulated Depreciation	Yes	Gas	Cost Pool Equals Plant Account Total	Directly Assigned to regulated activities.	Directly Assigned	This cost pool includes SourceGas accum. depreciation on gas utility plant.
		Common	Cost Pool Equals Plant Account Total	Allocated based on 3-factor allocator.	Allocated	The cost pool includes SourceGas accum. depreciation on common utility plant.
111 Accumulated Amortization	Yes	Gas	Cost Pool Equals Plant Account Total	Directly Assigned to regulated activities.	Directly Assigned	This cost pool includes the SourceGas amortization for intangibles.
121 Non-Utility Plant	No	Cost Pool Equals Account	Not Applicable	Directly assigned to nonregulated activities.	Directly Assigned	The cost pool includes costs related to nonutility plant.
122 Accumulated Depreciation Non-Utility Plant	No	Cost Pool Equals Account	Not Applicable	Directly assigned to nonregulated activities.	Directly Assigned	The cost pool includes accumulated depreciation on nonutility property.
142 Customer Accounts	No	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated & nonregulated activities.	Directly Assigned	The cost pool includes amounts due from customers for utility service and merchandising activities.
143 Other Accounts Receivable	No	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated & nonregulated activities.	Directly Assigned	The cost pool includes amounts due the utility on open accounts, other than amounts due from associated companies and from customers for utility services and merchandising.
144 Accumulated Provision for Uncollectible Accounts	No	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated & nonregulated activities.	Directly Assigned	The cost pool includes amounts provided for losses on accounts receivable which may become uncollectible.
146 Accounts Receivable - Affiliates	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes accounts receivable from affiliates.
154 Plant materials and operating supplies	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes all materials and supplies for regulated activities.
155 Merchandise materials and supplies	No	Cost Pool Equals Account	Not Applicable	Directly assigned to nonregulated activities.	Directly Assigned	The cost pool includes all merchandising materials and supplies for nonregulated activities.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
163 Stores Expense Undistributed	No	Cost Pool Equals Account	Not Applicable	Relative cost of materials and supplies.	Allocated	The cost pool includes miscellaneous undistributed stores costs for regulated and nonregulated activities.
164 Gas Stored Underground	Yes	Cost Pool Equals Account	Not Applicable	Relative cost of materials and supplies.	Directly Assigned	The cost pool includes natural gas stored for gas utility operations.
165 Prepayment Gas	Yes	Cost Pool Equals Account	Not Applicable	Relative cost of materials and supplies.	Directly Assigned	The cost pool includes prepayments for gas purchased for utility operations.
167 Other Advances	Yes	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes all other advances for gas.
173 Accrued Gas Service Revenue	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the estimated amount accrued for service rendered, but not billed at the end of a period.
174 Third Party Imbalance	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes excess gas imbalance, purchases and sales.
182 Other Regulatory Assets	Yes	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the amounts of regulatory-created assets, not includible in other accounts, resulting from the ratemaking actions of regulatory agencies.
184 Clearing Accounts	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated and non-regulated activities.	Directly Assigned	The cost pool includes undistributed balances in clearing accounts at the date of the balance sheet.
186 Miscellaneous Deferred Debits	Yes	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes deferred MTM valuation, litigation, env. res. and other misc deferred debits.
190 Accumulated Deferred Income Taxes	Yes	Gas	Cost Pool Equals Subaccount	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the accumulated deferred income taxes for gas operations.
		Prior Flow Through	Cost Pool Equals Subaccount	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the regulatory asset for prior flow through taxes.
		Deferred ITC	Cost Pool Equals Subaccount	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the regulatory asset for deferred ITC.
191 Unrecovered Purchased Gas Costs	Yes	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes purchase gas costs related to CO commission approved purchased gas adjustment clauses when such costs are not included in the utility's rate schedule on file with the commission.
Liabilities and Equity						
211 Miscellaneous Paid-In Capital	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the miscellaneous paid-in capital of SourceGas.
216 Retained Earnings	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the retained earnings of SourceGas.
219 Other Comprehensive	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the other comprehensive income of SourceGas related to SFAS 133.
221 Bonds Payable	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes bonds issued to third parties.
224 Other Long-Term Debt	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes long term debt issued to third parties.
230 Asset Retirement Obligation Reserve	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the asset retirement obligation of SourceGas.
231 Short Term Notes Payable	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes short term notes payable.
232 Accounts Payable	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes accounts payable.
235 Customer Deposits	Yes	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes customer deposits for regulated service.
236 Taxes Accrued	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the amount of taxes accrued during the period.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
237 Interest Accrued	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the amount of interest accrued but not matured on liabilities during the period.
241 Tax Collections Payable	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the amount of taxes collected by the utility through payroll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.
242 Miscellaneous accrued liabilities	No	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes the amount of all other current and accrued liabilities not provided for elsewhere; such as accrued payroll, accrued vacation, accrued insurance, etc.
252 Customer Advances for Construction	Yes	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes customer advances for SourceGas to provide additional regulated services.
254 Other Deferred Credits	Yes	Excess def tax	Cost Pool Equals Subaccount	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes amounts of regulatory liabilities (e.g., excess def. taxes including S. Georgia.)
		Excess def tax rev S. Ga.	Cost Pool Equals Subaccount	Directly Assigned to regulated activities.	Directly Assigned	
255 Accumulated Deferred Investment Tax Credits	Yes	Cost Pool Equals Account	Not Applicable	Directly Assigned to regulated activities.	Directly Assigned	The cost pool includes amounts for investment tax credits deferred.
Income Statement						
403 Depreciation Expense	Yes	Gas	Cost Pool by Subaccount	Directly assigned to regulated activities	Directly Assigned	Account balance relates to the current depreciation expense associated with gas plant assets.
		Common	Cost Pool by Subaccount	Allocated based on 3-factor allocator	Allocated	Account balance is zero after allocation to gas and non-utility based on an analysis of common plant.
404 Amortization Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes the amortization of various intangibles.
407 Regulatory Debits/Credits	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs associated with liabilities/assets imposed on the utility by the ratemaking actions of regulatory agencies.
408 Tax expense, other	Yes	Cost Pool Equals Account	Not Applicable	Allocated to regulated and non-regulated activities on a 3-factor allocator; payroll tax assigned to regulated and non-regulated activities as payroll tax (FICA, SUTA, FUTA) labor loader based on direct labor assignment or allocation.	Directly Assigned and Allocated	The cost pool includes costs associated with payroll tax (FICA, SUTA, FUTA), ad valorem tax, and sale & use tax.
415 Revenues from Merchandising	No	Cost Pool Equals Account	Not Applicable	Directly assigned to nonregulated activities.	Directly Assigned	The cost pool includes revenues associated with utility non-regulated merchandising activities.
416 Costs and Expenses of merchandising	No	Cost Pool Equals Account	Not Applicable	Directly assigned to nonregulated activities.	Directly Assigned	The cost pool includes expenses associated with utility non-regulated merchandising activities.
419 Interest income	Yes	Cost Pool Equals Account	Not Applicable	Allocated based on 3-factor allocator.	Allocated	The cost pool includes interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest-bearing assets.
421 Miscellaneous Non-Operating Income	No	Cost Pool Equals Account	Not Applicable	Directly assigned to nonregulated activities.	Directly Assigned	The cost pool includes income from gains and losses on disposals, gas royalty income, treasury hedge gain income, etc.
426 Donations & Penalties	No	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes all payments or donations for charitable, social or community welfare purposes as well as payments by SourceGas for penalties or fines for violation of any regulatory statutes.
427 Interest on Long-Term Debt	No	Cost Pool Equals Account	Not Applicable	Cost associated with bonds and term loan allocated based on gross plant allocator. Cost associated with line of credit allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes the amount of interest on outstanding long-term debt issued.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
431 Other Interest Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes the interest expense for interest paid on meter deposits and interest on overrecovered PGA.
432 Allowance for Borrowed Funds Used During Construction	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes amounts reversed from interest expense and capitalized in association with assets under construction.
480 Residential Gas Sales	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes regulated residential gas service revenues.
481 Commercial and Industrial Gas Sales	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes regulated commercial and industrial gas service revenues. This account also includes non-jurisdictional commercial, industrial and irrigation sales revenues.
483 Sales for Resale	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes the net billing for gas supplied to other gas utilities or to public authorities for resale purposes.
487 Late Fees	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes late payment revenue associated with the provision of regulated gas services.
488 Miscellaneous Service Revenues	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes regulated revenues from meter turn on, reconnects and other regulated services. The cost pool also includes minimal revenues incidental to the regulated services provided.
489 Revenue from Transportation of Gas of Others	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues from the transportation of gas for others.
490 Sales of Products Extracted from Natural Gas.	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
492 Incidental Gasoline and Oil Sales	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
495 Accrued Gas Revenues	Yes	Cost Pool Equals Account	Cost Pool Equals Subaccount	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues derived from gas operations not includible in any of the foregoing accounts.
750 Operation Supervision and Engineering - Gas Gathering	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
753 Field Lines Expenses - Gas Gathering	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
755 Field Compressor Fuel and Power - Gas Gathering	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
756 Field Measuring and Regulating Station Expenses - Gas Gathering	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
758 Gas Well Royalties - Gas Gathering	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
759 Other Expenses - Gas Gathering	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
760 Rents - Gas Gathering	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
772 Gas Shrinkage - Extraction	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
773 Fuel - Extraction	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
777 Gas Processed by Others	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
800 Natural Gas Well Head Purchases	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
801 Natural Gas Field Line Purchases	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
804 Natural Gas City Gate Purchases	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
805 Other Gas Purchases	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
806 Exchange Gas	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
808 Gas Delivered/Withdrawn from Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
810 Gas Used for Compressor Station Fuel	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
811 Gas Used for Products Extraction	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
812 Gas Used for Other Utility Operations	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
813 Other Gas Supply Expenses	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
814 Operation Supervision and Engineering - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
816 Wells Expense - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
817 Lines Expense - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
818 Compressor Station Expense Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
819 Compressor Station Fuel & Power - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
820 Measuring and Regulating Station Expense - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
824 Other Expense - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
826 Rents - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes rents paid by SourceGas for property occupied or operated in connection with gas storage facilities.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included In CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
830 Maintenance Supervision & Engineering - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
834 Maintenance Compressor Station Equipment - Storage	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
850 Operation Supervision and Engineering - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
851 System Control and Load Dispatch - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
853 Compressor Station Labor and Expense - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
854 Gas for Compressor Station Fuel - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
856 Mains Expense - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
857 Measuring and Regulating Station Expense - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
858 Transmission and Compression Gas by Others	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
859 Other Expense - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
860 Rents - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
861 Maintenance Supervision and Engineering - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
863 Maintenance of Mains - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
864 Maintenance of Compressor Station Equipment - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
865 Maintenance Measuring and Regulating Station Equipment - Transmission	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes revenues related to the provision of regulated gas service.
870 Operation Supervision and Engineering - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
874 Mains and Services Expense Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
875 Measuring and Regulating Station Expense General - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
876 Measuring and Regulating Station Expense Industrial - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
877 Measuring and Regulating Station Expense City Gate - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
878 Meter and House Regulator Expense - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
879 Customer Installation Expense - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
880 Other Expense - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
881 Rents - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
885 Maintenance Supervision and Engineering - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
886 Maintenance of Structures and Improvements - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
887 Maintenance Mains - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
889 Maintenance Measuring and Regulatory Station Equipment General -	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
890 Maintenance of Measuring and Regulatory Station Equipment Industrial -	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
892 Maintenance of Services - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
893 Maintenance of Meters and House Regulators - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.
894 Maintenance of Other Equipment - Distribution	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs related to the provision of regulated gas service.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
901 Supervision - Customer Accounts	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes costs associated with the supervision of customer accounting and collecting activities. An allocation is made to nonregulated services for customer account charges based on operating income. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
902 Meter Reading Expense - Customer Accounts	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated activities.	Directly Assigned	The cost pool includes costs associated with the meter reading process which relates to regulated gas services. This whole account balance relates to regulated service.
903 Customer Records and Collection Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes costs related to labor and various materials and expenses for customer inquiries, credits and collections. An allocation is made to nonregulated services for customer account charges based on operating income. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
904 Uncollectible Accounts - Customer Accounts	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities.	Directly Assigned	The cost pool includes the expense associated with bad debts that relate to regulated services provided. Nonregulated portion of costs are directly assigned and recorded to account 416.
905 Miscellaneous Customer Accounts Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes costs associated with the maintenance of customer accounts that are not otherwise accounted for in specific accounts. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
907 Supervision Customer Service	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes the cost of labor and expenses incurred in the general direction and supervision of customer service activities, not other included in other accounts. Nonregulated portion of costs recorded to account 416 and remaining balances relates to regulated service.
908 Customer Assistance Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes the cost of labor, materials used and expenses incurred in providing instructions or assistance to customers. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
909 Informational and Instructional Advertising Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes the cost associated with informational and instructional advertising conducted by SourceGas. An allocation is made to the nonregulated services for customer charges based on operating income. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
910 Miscellaneous Customer Service and Informational Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes the cost associated with customer service and informational expenses incurred by SourceGas, not otherwise included in other accounts. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
911 Supervision - Sales	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	Includes the cost of labor and expenses incurred in the general direction and supervision of business sales activities. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.

TABLE C - SGD COLORADO, RMNG & SGW BUSINESS ACTIVITY ASSIGNMENT AND ALLOCATIONS BY FERC ACCOUNT

FERC Account	Included in CO Rate Base/Revenue Requirement	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments/Description
912 Demonstrating and Selling Expenses	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on operating income allocator.	Directly Assigned and Allocated	The cost pool includes costs incurred in promotional, demonstrating and selling activities associated with gas operations of the business. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
920 Administrative and General Salaries	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities via labor distributions established by historical time studies where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes compensation of managers, officers, etc. not associated directly with a particular operating or maintenance function. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
921 Office Supplies and Expenses	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes supplies and expenses utilized by various business activities of SourceGas. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
923 Outside Services Employed	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes all outside services expenses not provided in-house and not associated directly with an operating or capital project. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
924 Property Insurance - Utility	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes insurance expenses related to plant machinery and property. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
925 Injuries and Damages	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes expenses incurred related to safety activities, claims investigation, claims paid, workers compensation and other damages. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
926 Employee Pensions and Benefits	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities as pension and benefits labor loader based on direct labor assignment or allocation.	Directly Assigned and Allocated	The cost pool includes pension and benefit costs related to health benefits, disability benefits, retirement plans and other related costs. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
928 Regulatory Commission Expenses	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes costs incurred related to formal cases before regulatory agencies. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
930 Miscellaneous General Expenses	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes general miscellaneous expense for various business activities of SourceGas. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.
931 Rents Expense	Yes	Cost Pool Equals Account	Not Applicable	Directly assigned to regulated and non-regulated activities, where possible. Residual costs allocated based on 3-factor allocator.	Directly Assigned and Allocated	The cost pool includes rent paid to others for use of buildings, land and other equipment. Nonregulated portion of costs recorded to account 416 and remaining balance relates to regulated service.

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