

Advice Letter No. 59
Appendix B
Page 1 of 3

Rocky Mountain Natural Gas LLC

Date of Notice

DEAR CUSTOMER:

This letter is to provide notice that Rocky Mountain Natural Gas LLC (“Rocky Mountain” or the “Company”) has filed tariff sheets with the Public Utilities Commission of the State of Colorado affecting general resale service and firm, on-system transportation service customers taking service from the Company. The changes contained within the tariff filing will become effective on October 1, 2007, unless suspended by the Public Utilities Commission.

By its filing, the Company is proposing to allow for releases of capacity subscribed under Rate Schedule GRS-1 (General Resale Service) to firm, on-system shippers taking service under Rate Schedule FTS-1 (Firm Transportation Service) that meet the requirements of new Section 22, Release of Firm Resale Service Capacity, of the General Terms and Conditions. Such releases will occur under two circumstances – first, if the shipper provides adequate documentation demonstrating that a non-residential end-use party on the system of a General Resale Service customer (the only current General Resale Service Customer is Rocky Mountain’s affiliate, SourceGas Distribution LLC) wishes to convert to transportation service on the General Resale Service customer’s system, and second, if Rocky Mountain determines that a shipper is not holding adequate firm capacity to meet the peak day requirements of its end-use party clients connected to a General Resale Service customer’s system. The principal additional requirements of that section are that Rocky Mountain must be notified of capacity releases by February 15 of a year for the conversion to become effective June 1 of that year (this requirement is waived for the 2007-2008 winter heating season), and that the shipper receiving the released capacity must execute a transportation service agreement with Rocky Mountain and must post a bond or letter of credit or other evidence of security with the company sufficient to permit Rocky Mountain to perform on the shipper’s behalf in case the shipper defaults in carrying out its obligations to its end-use customers. The General Resale Service customer releasing capacity will provide information necessary to permit Rocky Mountain to determine the amount of capacity being released to a shipper under proposed Section 22.

Advice Letter No. 59
Appendix B
Page 2 of 3

Recognizing the nature of the service being provided to firm, on-system shippers, Rocky Mountain also is proposing to charge such shippers reservations charges, non-gas commodity charges, and authorized and unauthorized overrun charges equivalent to the corresponding charges applicable to customers served under Rate Schedule GRS-1, with respect to the service provided utilizing capacity released under new Section 22. Transportation service provided using capacity not acquired under Section 22 will continue to be billed at the rates currently in effect for service under Rate Schedule FTS-1.

Finally, Rocky Mountain is proposing to implement system management plans, with the first plan covering the year commencing June 1, 2008. These plans will address system management issues, such as required storage injections and withdrawals. The purpose of the plans is to optimize the efficiency of the operation of the Company's system for the benefit of all users of that system. Implementation of the system management plans requires revisions to other provisions of Rate Schedule FTS-1 addressing scheduling, monthly balancing, inaccurate nominations, and daily balancing fees.

A detailed Statement of Nature, Reasons and Basis for the revisions proposed by Rocky Mountain's filing is attached hereto as Attachment A. Rocky Mountain is not projecting any material impact on revenues associated with the tariff revisions proposed by its filing.

Please feel free to call or stop in at the Company's main office if you have any questions about the proposed change to the Company's tariff.

Rocky Mountain Natural Gas LLC
370 Van Gordon Street, Suite 4000
Lakewood, CO 80228
(303) 243-3495

Copies of the Company's filing also are available for examination at the offices of the Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202.

Anyone who desires may file written objection. The filing of a written objection by itself will not allow you to participate as a party in any proceeding on the proposed action.

Advice Letter No. 59
Appendix B
Page 3 of 3

If you wish to participate as a party in any proceeding established in this matter, you must file written intervention documents under applicable rules.

Anyone who desires to file written objection to the proposed action shall file it with the Colorado Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202 at least 10 days before the proposed effective date.

The Public Utilities Commission may hold a hearing to determine what rates, rules, regulations will be authorized. If a hearing is held, the Commission may suspend the proposed rates, rules or regulations. The rates, rules and regulations ultimately authorized may or may not be the same as those proposed.

Anyone who desires to receive notice of any hearing shall file a written request for notice with the Public Utilities Commission, at the above address, at least 10 days before the proposed effective date.

If a hearing is held, any member of the public may attend and make a statement under oath about the proposed change whether or not he has filed an objection or intervention.

William F. Meckling
Director, Regulatory Affairs