

SourceGas Distribution LLC
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June 24, 2010

ADVICE LETTER NO. 243

Doug Dean, Director
The Public Utilities Commission of the State Colorado
1560 Broadway, Suite 250
Denver, CO 80202

Dear Mr. Dean:

I have the privilege of serving as the President and CEO of SourceGas Distribution LLC ("SourceGas Distribution" or "Company"). SourceGas Distribution makes this filing because it has determined that it must seek an increase in its revenue requirement for natural gas service based on a review of its current and projected cost of service in order to recover its costs and have an opportunity to earn a reasonable rate of return on its investment while continuing to provide safe, efficient, and reliable service.

SourceGas Distribution submits the following Tariff Sheets for filing with the Commission in compliance with requirements of the Colorado Public Utilities Law:

Colorado PUC Tariff No. 7

<u>Sheet No.</u>	<u>Revision No.</u>	<u>Cancels Sheet No.</u>	<u>Revision No.</u>
2	Third Revised	2	Second Revised
7	Seventh Revised	7	Sixth Revised
7A	Fifth Revised	7A	Fourth Revised
7B	Fifth Revised	7B	Fourth Revised
7C	Sixth Revised	7C	Fifth Revised
7D	Fifth Revised	7D	Fourth Revised
7E	Fifth Revised	7E	Fourth Revised
7F	Fifth Revised	7F	Fourth Revised
7G	Fifth Revised	7G	Fourth Revised
7H	Fifth Revised	7H	Fourth Revised

Doug Dean, Director
June 24, 2010
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Colorado PUC Tariff No. 7

<u>Sheet No.</u>	<u>Revision No.</u>	<u>Cancels Sheet No.</u>	<u>Revision No.</u>
7I	Fifth Revised	7I	Fourth Revised
7J	Third Revised	7J	Second Revised
7K	Fourth Revised	7K	Third Revised
8B	Original	--	--
9	Third Revised	9	Second Revised
10	Third Revised	10	Second Revised
11	Third Revised	11	Second Revised
12	Third Revised	12	Second Revised
78	Second Revised	78	First Revised
79	Second Revised	79	First Revised
80	Second Revised	80	First Revised
81	Second Revised	81	First Revised
81C	Second Revised	81C	First Revised

I respectfully submit the following Executive Summary of the Company's proposal for the benefit of the Commission and its Staff:

EXECUTIVE SUMMARY

Background

SourceGas Distribution provides regulated natural gas retail distribution and transportation service to approximately 87,000 customers in Colorado. The Company also provides retail natural gas service in Nebraska and Wyoming. SourceGas Distribution's affiliate Rocky Mountain Natural Gas LLC provides intrastate natural gas transmission service in Colorado. SourceGas Distribution's affiliate Arkansas Western Gas Company provides retail natural gas service to customers in Arkansas.

Doug Dean, Director
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SourceGas Distribution began utility operations in Colorado in late March 2007. SourceGas Distribution serves a large area of Colorado including over seventy municipalities and large tracts of sparsely populated rural Colorado. The vast majority of these customers, approximately 85,000, are residential and small commercial customers. The Commission approved SourceGas Distribution's current distribution and transportation rates in August 2008, through Decision No. R08-0820 issued in Docket Nos. 08S-108G and 08A-127G.

Summary of Proposed Tariff Changes

The Company has determined that it must seek an increase in its revenue requirement to meet the natural gas needs of its customers and be allowed an opportunity to earn a reasonable rate of return on its investment while continuing to provide safe, efficient, and reliable service.

The rates previously approved by the Commission took effect September 1, 2008. Since that time, several factors have increased the Company's revenue requirement. The most significant factor is a \$5.07 million annual increase in revenue requirement attributable to plant and equipment investments made so that SourceGas Distribution can continue providing safe, efficient, and reliable service to its Colorado customers. Additionally, annual operating costs increased \$1.15 million, largely due to inflation, and taxes, such as ad valorem assessments, which alone account for \$0.54 million of the increase in annual operating costs. At the same time, the cost of common equity capital as determined by the marketplace has increased as investors require a higher return on equity.

The Company made substantial efforts to control expenses to avoid increases of its revenue requirement. Specifically, SourceGas Distribution produced annual savings of almost \$3 million by implementing workforce reductions, operational enhancements, and efficiencies. These efforts substantially mitigated the amount of the increase required. However, the business conditions confronting the Company nevertheless require an increase of the Company's revenue requirement.

The effect of this filing on SourceGas Distribution's annual non-gas base rate revenues in Colorado would be an increase of \$6,042,185. This proposed increase would allow SourceGas Distribution the opportunity to earn a 12.0% return on equity and a 9.03% overall return on rate base.

Except for the General Rate Schedule Adjustment Rates that are proposed to implement the requested revenue increase, there are no other substantive changes the Company's Tariff.

Under the proposal, an average residential customer will experience a monthly bill increase of \$5.30 (5.23%) or \$1.75 (2.58%) in Base Rate Area 1 or 2, respectively. An average small commercial customer will experience a monthly bill increase of \$8.09 (5.20%) or \$2.69 (2.38%) in Base Rate Area 1 or 2, respectively.

Doug Dean, Director
June 24, 2010
Page 4 of 6

The Company's proposal is presented through the testimony and exhibits that accompany this Advice Letter. As the Company's President and CEO, I present an overview of the Company's operations, reasons for the rate increase, and testimony of other witnesses.

William H. Meckling, Director of Regulatory Affairs, describes the proposed tariffs and implementation of the rate increase, including bill impacts on customer classes.

Dr. R. Charles Moyer, an outside utility business expert and the Dean of the College of Business at the University of Louisville, addresses the fair and reasonable rate of return on equity capital committed to the Company's Colorado natural gas distribution assets. Dr. Moyer estimates that the Company's required return on equity capital is 12.0%. SourceGas Distribution's Treasurer, Denise L. Martinez, explains the Company's capital structure and cost of debt. Applying Dr. Moyer's recommended return on equity to the Company's capital structure results in a total overall proposed rate of return of 9.03%.

The Company presents testimony of several other members of its Regulatory Affairs group. James M. Elliott, Manager, Regulatory Affairs provides an overview of SourceGas Distribution's proposed revenue requirement, the updated Cost Assignment and Allocation Manual and rate base analysis. Olga S. Odell, Manager, Regulatory Affairs describes the Fully Distributed Cost Study and test year adjustments to operations and maintenance expenses. Jerrad S. Hammer, Manager, Regulatory Affairs provides details on test year revenues. Their testimony demonstrates that the total revenue increase needed to cover SourceGas Distribution's costs and allow it an opportunity to earn a fair and reasonable return is \$6,042,185.

Additionally, the Company submits the testimony of William (Len) L. Mize III, its Director of Customer Services and Corporate Communications, to address the Company's transition to its current billing system and call center.

A list of the six Company Exhibits and the eight pieces of Direct Testimony is attached to this Advice Letter.

The proposed effective date of the changes described in this filing is August 1, 2010. SourceGas Distribution will give notice of the proposal to its customers in the Form of Notice attached to this Advice Letter as Exhibit 6.

Doug Dean, Director
June 24, 2010
Page 5 of 6

Company Contact Persons

Please contact the following persons if you have any questions regarding this filing:

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RNoecker@bwenenergylaw.com

Conclusion

SourceGas Distribution respectfully requests that the Commission allow the requested rate increase so that the Company can continue to provide its Colorado customers with safe, efficient, and reliable natural gas service at just and reasonable rates.

Respectfully submitted,



William N. Cantrell
President and CEO

Enclosures

cc: Office of Consumer Counsel
Attn: William Levis
1560 Broadway, Suite 200
Denver, CO 80202

Doug Dean, Director
June 24, 2010
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COMPANY EXHIBITS

1. Proposed Tariff Sheets
2. Redlined Tariff Sheets
3. Revenue Requirement Summary Schedules
4. Updated Cost Assignment and Allocation Manual
5. Fully Distributed Cost Study
6. Form of Notice

DIRECT TESTIMONIES

Testimony and Exhibits of Mr. William N. Cantrell

Testimony and Exhibit of Mr. William H. Meckling

Testimony and Exhibits of Mr. R. Charles Moyer, Ph.D.

Testimony of Ms. Denise L. Martinez

Testimony and Exhibits of Mr. James M. Elliott

Testimony and Exhibits of Ms. Olga S. Odell

Testimony and Exhibits of Mr. Jerrad S. Hammer

Testimony of Mr. William (Len) L. Mize III

SourceGas Distribution LLC

Colo. PUC No. 7
Third Revised Sheet No. 2
Cancels Second Revised Sheet No. 2

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Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Seventh Revised Sheet No. 7
Cancels Sixth Revised Sheet No. 7

North Eastern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2) (1)

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>DSMCA (4)</u>	<u>GRSA (5)</u>	<u>GCA (2)</u>	<u>Total</u>
R-2	9	Customer(3)	Per Meter	\$10.00	\$0.32	\$0.76	----	\$11.08
R-2	9	Volumetric	Per Therm	\$0.2070	\$0.0066	\$0.0157	\$0.5912	\$0.8205
SC-2	10	Customer(3)	Per Meter	\$20.00	\$0.54	\$1.51	----	\$22.05
SC-2	10	Volumetric	Per Therm	\$0.1424	\$0.0038	\$0.0108	\$0.5912	\$0.7482
LC-2	11	Customer(3)	Per Meter	\$100.00	\$2.68	\$7.57	----	\$110.25
LC-2	11	Volumetric	Per Therm	\$0.1165	\$0.0031	\$0.0088	\$0.5912	\$0.7196
ICD-2	12	Customer(3)	Per Meter	\$40.00	\$1.07	\$3.03	----	\$44.10
ICD-2	12	Volumetric	Per Therm	\$0.0702	\$0.0019	\$0.0053	\$0.5912	\$0.6686

(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(2) The Company has the following five GCA Rate Areas: North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern. The GCA rates shown on this tariff sheet are subject to adjustment for changes in Company's cost of gas as provided for by the Gas Cost Adjustment provisions on Sheet Nos. 37-39 of this Tariff. The above GCA rates reflect a gas cost adjustment as follows:

$$\text{GCA Formula: } \frac{\text{Current Gas Cost}}{\$0.7603} + \frac{\text{Deferred Gas Cost}}{(\$0.1691)} = \text{GCA } \$0.5912$$

(3) The Customer Charge shall be increased by \$40.00 per month for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period.

(4) Base rates under this Tariff are adjusted by the Demand Side Management Cost Adjustment per Tariff Sheet No. 13 summarized below:

<u>Demand Side Management Cost Adjustment ("DSMCA")</u>			
<u>Rate Schedule</u>	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-2	3.16%	\$0.32	\$0.0066
SC-2	2.68%	\$0.54	\$0.0038
LC-2	2.68%	\$2.68	\$0.0031
ICD-2	2.68%	\$1.07	\$0.0019

(5) Base rates under this Tariff are adjusted by the General Rate Schedule Adjustment per Tariff Sheet No. 8B summarized below:

<u>General Rate Schedule Adjustment ("GRSA")</u>			
<u>Rate Schedule</u>	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-2	7.57%	\$0.76	\$0.0157
SC-2	7.57%	\$1.51	\$0.0108
LC-2	7.57%	\$7.57	\$0.0088
ICD-2	7.57%	\$3.03	\$0.0053

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7A
Cancels Fourth Revised Sheet No. 7A

North Eastern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)

Rule 4406(b) Itemized Billing Units

Rate Schedule	Distribution 1/	Volumetric Charges Per Therm				Monthly Charge (Per Meter)		
		Gas Cost Adjustment		Upstream Pipeline	DSMCA	Total	DSMCA	Customer Charge 1/
		Commodity						
R-1	\$0.2227	\$0.4323	\$0.1589	\$0.0066	\$0.8205	\$0.32	\$10.76	\$11.08
SC-1	\$0.1532	\$0.4323	\$0.1589	\$0.0038	\$0.7482	\$0.54	\$21.51	\$22.05
LC-1	\$0.1253	\$0.4323	\$0.1589	\$0.0031	\$0.7196	\$2.68	\$107.57	\$110.25
ICD-1	\$0.0755	\$0.4323	\$0.1589	\$0.0019	\$0.6686	\$1.07	\$43.03	\$44.10

1/ Includes General Rate Schedule Adjustment ("GRSA") pursuant to Sheet No. 8B and in the amount shown on Sheet No. 7 (Note 5) for the corresponding class of service and type of charge.

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7B
Cancels Fourth Revised Sheet No. 7B

Western Slope Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 1) (1)

Rate Schedule	Sheet Number	Type of Charge	Billing Units	Base Rates	LSSRS (4)	DSMCA (5)	GRSA (6)	GCA (2)	Total	
R-1	9	Customer(3)	Per Meter	\$11.00		\$0.23	\$1.89	-----	\$13.12	I, N
R-1	9	Volumetric	Per Therm	\$0.2282	\$0.0254	\$0.0048	\$0.0391	\$0.7328	\$1.0303	I, N
SC-1	10	Customer(3)	Per Meter	\$22.00		\$0.39	\$3.77	-----	\$26.16	I, N
SC-1	10	Volumetric	Per Therm	\$0.1869	\$0.0254	\$0.0033	\$0.0321	\$0.7328	\$0.9805	I, N
LC-1	11	Customer(3)	Per Meter	\$100.00		\$1.76	\$17.15	-----	\$118.91	I, N
LC-1	11	Volumetric	Per Therm	\$0.1544	\$0.0254	\$0.0027	\$0.0265	\$0.7328	\$0.9418	I, N
ICD-1	12	Customer(3)	Per Meter	\$180.00		\$3.17	\$30.87	-----	\$214.04	I, N
ICD-1	12	Volumetric	Per Therm	\$0.0923	\$0.0254	\$0.0016	\$0.0158	\$0.7328	\$0.8679	I, N

(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(2) The Company has the following five GCA Rate Areas: North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern. The GCA rates shown on this tariff sheet are subject to adjustment for changes in Company's cost of gas as provided for by the Gas Cost Adjustment provisions on Sheet Nos. 37-39 of this Tariff. The above GCA rates reflect a gas cost adjustment as follows:

$$\text{GCA Formula: } \frac{\text{Current Gas Cost}}{\$0.7301} + \frac{\text{Deferred Gas Cost}}{\$0.0027} = \frac{\text{GCA}}{\$0.7328}$$

(3) The Customer Charge shall be increased by \$40.00 per month for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period.

(4) Litigated Settlement Special Rate Surcharge (LSSRS) amount of \$0.0254 per therm pursuant to Sheet No. 39D of this Tariff.

(5) Base rates under this Tariff are adjusted by the Demand Side Management Cost Adjustment per Tariff Sheet No. 13 summarized below:

Demand Side Management Cost Adjustment ("DSMCA")			
Rate Schedule	Percent	Monthly Rate	Volumetric Rate
R-1	2.10%	\$0.23	\$0.0048
SC-1	1.76%	\$0.39	\$0.0033
LC-1	1.76%	\$1.76	\$0.0027
ICD-1	1.76%	\$3.17	\$0.0016

(6) Base rates under this Tariff are adjusted by the General Rate Schedule Adjustment per Tariff Sheet No. 8B summarized below:

General Rate Schedule Adjustment ("GRSA")			
Rate Schedule	Percent	Monthly Rate	Volumetric Rate
R-1	17.15%	\$1.89	\$0.0391
SC-1	17.15%	\$3.77	\$0.0321
LC-1	17.15%	\$17.15	\$0.0265
ICD-1	17.15%	\$30.87	\$0.0158

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Sixth Revised Sheet No. 7C
Cancels Fifth Revised Sheet No. 7C

Western Slope Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 1)

Rule 4406(b) Itemized Billing Units

Rate Schedule	Volumetric Charges Per Therm					Monthly Charge (Per Meter)		
	Distribution 1/	Gas Cost Adjustment		Upstream Pipeline	Total	DSMCA	Customer Charge 1/	Total
		Commodity 2/						
R-1	\$0.2673	\$0.5115	\$0.2467	\$0.0048	\$1.0303	\$0.23	\$12.89	\$13.12
SC-1	\$0.2190	\$0.5115	\$0.2467	\$0.0033	\$0.9805	\$0.39	\$25.77	\$26.16
LC-1	\$0.1809	\$0.5115	\$0.2467	\$0.0027	\$0.9418	\$1.76	\$117.15	\$118.91
ICD-1	\$0.1081	\$0.5115	\$0.2467	\$0.0016	\$0.8679	\$3.17	\$210.87	\$214.04

1/ Includes General Rate Schedule Adjustment ("GRSA") pursuant to Sheet No. 8B and in the amount shown on Sheet No. 7B (Note 6) for the corresponding class of service and type of charge.

2/ Includes Litigated Settlement Special Rate Surcharge (LSSRS) in amount of \$0.0254 per therm pursuant to Sheet No. 39D of this Tariff.

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7D
Cancels Fourth Revised Sheet No. 7D

North Central Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 1)(1)

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>DSMCA (4)</u>	<u>GRSA (5)</u>	<u>GCA (2)</u>	<u>Total</u>	
R-1	9	Customer(3)	Per Meter	\$11.00	\$0.23	\$1.89	-----	\$13.12	N
R-1	9	Volumetric	Per Therm	\$0.2282	\$0.0048	\$0.0391	\$0.5776	\$0.8497	N
SC-1	10	Customer(3)	Per Meter	\$22.00	\$0.39	\$3.77	-----	\$26.16	I, N
SC-1	10	Volumetric	Per Therm	\$0.1869	\$0.0033	\$0.0321	\$0.5776	\$0.7999	I, N
LC-1	11	Customer(3)	Per Meter	\$100.00	\$1.76	\$17.15	-----	\$118.91	I, N
LC-1	11	Volumetric	Per Therm	\$0.1544	\$0.0027	\$0.0265	\$0.5776	\$0.7612	I, N
ICD-1	12	Customer(3)	Per Meter	\$180.00	\$3.17	\$30.87	-----	\$214.04	I, N
ICD-1	12	Volumetric	Per Therm	\$0.0923	\$0.0016	\$0.0158	\$0.5776	\$0.6873	I, N

(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(2) The Company has the following five GCA Rate Areas: North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern. The GCA rates shown on this tariff sheet are subject to adjustment for changes in Company's cost of gas as provided for by the Gas Cost Adjustment provisions on Sheet Nos. 37-39 of this Tariff. The above GCA rates reflect a gas cost adjustment as follows:

$$\text{GCA Formula: } \frac{\text{Current Gas Cost}}{\$0.6979} + \frac{\text{Deferred Gas Cost}}{\$(0.1203)} = \frac{\text{GCA}}{\$0.5776}$$

(3) The Customer Charge shall be increased by \$40.00 per month for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period.

(4) Base rates under this Tariff are adjusted by the Demand-Side Management Cost Adjustment per Tariff Sheet No. 13 summarized below:

<u>Rate Schedule</u>	<u>Demand Side Management Cost Adjustment ("DSMCA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-1	2.10%	\$0.23	\$0.0048
SC-1	1.76%	\$0.39	\$0.0033
LC-1	1.76%	\$1.76	\$0.0027
ICD-1	1.76%	\$3.17	\$0.0016

(5) Base rates under this Tariff are adjusted by the General Rate Schedule Adjustment per Tariff Sheet No. 8B summarized below:

<u>Rate Schedule</u>	<u>General Rate Schedule Adjustment ("GRSA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-1	17.15%	\$1.89	\$0.0391
SC-1	17.15%	\$3.77	\$0.0321
LC-1	17.15%	\$17.15	\$0.0265
ICD-1	17.15%	\$30.87	\$0.0158

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7E
Cancels Fourth Revised Sheet No. 7E

North Central Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 1)

Rule 4406(b) Itemized Billing Units

Rate Schedule	Volumetric Charges Per Therm					Monthly Charge (Per Meter)		
	Distribution 1/	Gas Cost Adjustment				DSMCA	Customer Charge 1/	Total
		Commodity	Upstream Pipeline	DSMCA	Total			
R-1	\$0.2673	\$0.4693	\$0.1083	\$0.0048	\$0.8497	\$0.23	\$12.89	\$13.12
SC-1	\$0.2190	\$0.4693	\$0.1083	\$0.0033	\$0.7999	\$0.39	\$25.77	\$26.16
LC-1	\$0.1809	\$0.4693	\$0.1083	\$0.0027	\$0.7612	\$1.76	\$117.15	\$118.91
ICD-1	\$0.1081	\$0.4693	\$0.1083	\$0.0016	\$0.6873	\$3.17	\$210.87	\$214.04

1/ Includes General Rate Schedule Adjustment ("GRSA") pursuant to Sheet No. 8B and in the amount shown on Sheet No. 7D (Note 5) for the corresponding class of service and type of charge.

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7F
Cancels Fourth Revised Sheet No. 7F

Arkansas Valley Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2) (1)

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>DSMCA (4)</u>	<u>GRSA (5)</u>	<u>GCA (2)</u>	<u>Total</u>	
R-2	9	Customer(3)	Per Meter	\$10.00	\$0.32	\$0.76	-----	\$11.08	I, N
R-2	9	Volumetric	Per Therm	\$0.2070	\$0.0066	\$0.0157	\$0.6237	\$0.8530	I, N
SC-2	10	Customer(3)	Per Meter	\$20.00	\$0.54	\$1.51	-----	\$22.05	I, N
SC-2	10	Volumetric	Per Therm	\$0.1424	\$0.0038	\$0.0108	\$0.6237	\$0.7807	I, N
LC-2	11	Customer(3)	Per Meter	\$100.00	\$2.68	\$7.57	-----	\$110.25	I, N
LC-2	11	Volumetric	Per Therm	\$0.1165	\$0.0031	\$0.0088	\$0.6237	\$0.7521	I, N
ICD-2	12	Customer(3)	Per Meter	\$40.00	\$1.07	\$3.03	-----	\$44.10	I, N
ICD-2	12	Volumetric	Per Therm	\$0.0702	\$0.0019	\$0.0053	\$0.6237	\$0.7011	I, N

(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(2) The Company has the following five GCA Rate Areas: North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern. The GCA rates shown on this tariff sheet are subject to adjustment for changes in Company's cost of gas as provided for by the Gas Cost Adjustment provisions on Sheet Nos. 37-39 of this Tariff. The above GCA rates reflect a gas cost adjustment as follows:

$$\text{GCA Formula: } \frac{\text{Current Gas Cost}}{\$0.6893} + \frac{\text{Deferred Gas Cost}}{\$(0.0656)} = \frac{\text{GCA}}{\$0.6237}$$

(3) The Customer Charge shall be increased by \$40.00 per month for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period.

(4) Base rates under this Tariff are adjusted by the Demand Side Management Cost Adjustment per Tariff Sheet No. 13 summarized below:

<u>Rate Schedule</u>	<u>Demand Side Management Cost Adjustment ("DSMCA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-2	3.16%	\$0.32	\$0.0066
SC-2	2.68%	\$0.54	\$0.0038
LC-2	2.68%	\$2.68	\$0.0031
ICD-2	2.68%	\$1.07	\$0.0019

(5) Base rates under this Tariff are adjusted by the General Rate Schedule Adjustment per Tariff Sheet No. 8B summarized below:

<u>Rate Schedule</u>	<u>General Rate Schedule Adjustment ("GRSA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-2	7.57%	\$0.76	\$0.0157
SC-2	7.57%	\$1.51	\$0.0108
LC-2	7.57%	\$7.57	\$0.0088
ICD-2	7.57%	\$3.03	\$0.0053

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7G
Cancels Fourth Revised Sheet No. 7G

Arkansas Valley Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)

Rule 4406(b) Itemized Billing Units

Rate Schedule	Distribution 1/	Volumetric Charges Per Therm				Monthly Charge (Per Meter)		
		<u>Gas Cost Adjustment</u>				DSMCA	Customer Charge 1/	Total
		<u>Commodity</u>	<u>Upstream Pipeline</u>	<u>DSMCA</u>	<u>Total</u>			
R-1	\$0.2227	\$0.4777	\$0.1460	\$0.0066	\$0.8530	\$0.32	\$10.76	\$11.08
SC-1	\$0.1532	\$0.4777	\$0.1460	\$0.0038	\$0.7807	\$0.54	\$21.51	\$22.05
LC-1	\$0.1253	\$0.4777	\$0.1460	\$0.0031	\$0.7521	\$2.68	\$107.57	\$110.25
ICD-1	\$0.0755	\$0.4777	\$0.1460	\$0.0019	\$0.7011	\$1.07	\$43.03	\$44.10

1/ Includes General Rate Schedule Adjustment ("GRSA") pursuant to Sheet No. 8B and in the amount shown on Sheet No. 7F (Note 5) for the corresponding class of service and type of charge.

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7H
Cancels Fourth Revised Sheet No. 7H

Southwestern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2) (1)

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>DSMCA (4)</u>	<u>GRSA (5)</u>	<u>GCA (2)</u>	<u>Total</u>
R-2	9	Customer (3)	Per Meter	\$10.00	\$0.32	\$0.76	-----	\$11.08
R-2	9	Volumetric	Per Therm	\$0.2070	\$0.0066	\$0.0157	\$0.4152	\$0.6445
SC-2	10	Customer(3)	Per Meter	\$20.00	\$0.54	\$1.51	-----	\$22.05
SC-2	10	Volumetric	Per Therm	\$0.1424	\$0.0038	\$0.0108	\$0.4152	\$0.5722
LC-2	11	Customer(3)	Per Meter	\$100.00	\$2.68	\$7.57	-----	\$110.25
LC-2	11	Volumetric	Per Therm	\$0.1165	\$0.0031	\$0.0088	\$0.4152	\$0.5436
ICD-2	12	Customer(3)	Per Meter	\$40.00	\$1.07	\$3.03	-----	\$44.10
ICD-2	12	Volumetric	Per Therm	\$0.0702	\$0.0019	\$0.0053	\$0.4152	\$0.4926

(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(2) The Company has the following five GCA Rate Areas: North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern. The GCA rates shown on this tariff sheet are subject to adjustment for changes in Company's cost of gas as provided for by the Gas Cost Adjustment provisions on Sheet Nos. 37-39 of this Tariff. The above GCA rates reflect a gas cost adjustment as follows:

$$\text{GCA Formula: } \frac{\text{Current Gas Cost}}{\$0.6486} + \frac{\text{Deferred Gas Cost}}{\$(0.2334)} = \frac{\text{GCA}}{\$0.4152}$$

(3) The Customer Charge shall be increased by \$40.00 per month for premises that avail themselves of the Extra Construction Allowance for the duration of the repayment period.

(4) Base rates under this Tariff are adjusted by the Demand Side Management Cost Adjustment per Tariff Sheet No. 13 summarized below:

<u>Rate Schedule</u>	<u>Demand Side Management Cost Adjustment ("DSMCA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-2	3.16%	\$0.32	\$0.0066
SC-2	2.68%	\$0.54	\$0.0038
LC-2	2.68%	\$2.68	\$0.0031
ICD-2	2.68%	\$1.07	\$0.0019

(5) Base rates under this Tariff are adjusted by the General Rate Schedule Adjustment per Tariff Sheet No. 8B summarized below:

<u>Rate Schedule</u>	<u>General Rate Schedule Adjustment ("GRSA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-2	7.57%	\$0.76	\$0.0157
SC-2	7.57%	\$1.51	\$0.0108
LC-2	7.57%	\$7.57	\$0.0088
ICD-2	7.57%	\$3.03	\$0.0053

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fifth Revised Sheet No. 7I
Cancels Fourth Revised Sheet No. 7I

Southwestern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)

Rule 4406(b) Itemized Billing Units

Rate Schedule	Distribution 1/	Volumetric Charges Per Therm				Monthly Charge (Per Meter)		
		<u>Gas Cost Adjustment</u>				DSMCA	Customer Charge 1/	Total
		<u>Commodity</u>	<u>Upstream Pipeline</u>	<u>DSMCA</u>	<u>Total</u>			
R-1	\$0.2227	\$0.3313	\$0.0839	\$0.0066	\$0.6445	\$0.32	\$10.76	\$11.08
SC-1	\$0.1532	\$0.3313	\$0.0839	\$0.0038	\$0.5722	\$0.54	\$21.51	\$22.05
LC-1	\$0.1253	\$0.3313	\$0.0839	\$0.0031	\$0.5436	\$2.68	\$107.57	\$110.25
ICD-1	\$0.0755	\$0.3313	\$0.0839	\$0.0019	\$0.4926	\$1.07	\$43.03	\$44.10

1/ Includes General Rate Schedule Adjustment ("GRSA") pursuant to Sheet No. 8B and in the amount shown on Sheet No. 7H (Note 5) for the corresponding class of service and type of charge.

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Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Third Revised Sheet No. 7J
Cancels Second Revised Sheet No. 7J

Distribution Transportation Service Schedule of Rates
(Base Rate Area 1)

<u>Rate Schedule</u>	<u>Type Of Charge</u>	<u>Billing Units</u>	<u>Maximum Rate (1)</u>	<u>Minimum Rate</u>	<u>Reference Sheet</u>
RTS-1	Customer	Per Meter	\$12.89	\$11.00	78
RTS-1	Volumetric	Per Therm	\$0.2673	\$0.001	78
SCTS-1	Customer	Per Meter	\$25.77	\$22.00	79
SCTS-1	Volumetric	Per Therm	\$0.2190	\$0.001	79
LCTS-1	Customer	Per Meter	\$117.15	\$100.00	80
LCTS-1	Volumetric	Per Therm	\$0.1809	\$0.001	80
ATS-1	Customer	Per Meter	\$210.87	\$180.00	81
ATS-1	Volumetric	Per Therm	\$0.1081	\$0.001	81

(1) Maximum rate includes General Rate Schedule Adjustment per Tariff Sheet No. 8B as summarized below:

<u>General Rate Schedule Adjustment (GRSA")</u>			
<u>Rate Schedule</u>	<u>Billing Units</u>	<u>Percent</u>	<u>Rate</u>
RTS-1	Customer	17.15%	\$1.89
RTS-1	Volumetric	17.15%	\$0.0391
SCTS-1	Customer	17.15%	\$3.77
SCTS-1	Volumetric	17.15%	\$0.0321
LCTS-1	Customer	17.15%	\$17.15
LCTS-1	Volumetric	17.15%	\$0.0265
ATS-1	Customer	17.15%	\$30.87
ATS-1	Volumetric	17.15%	\$0.0158

Monthly Administrative Charge\$175

Fuel reimbursement quantity:

Main Line customers.....0.00%
All other customers.....2.47%

Overrun Charges:

Authorized Overrun Charge.....Distribution Charge
Unauthorized Overrun Charge.....\$ 2.50 per Therm

Other Rate Adjustments:

<u>Description</u>	<u>Service Area</u>	<u>Reference Sheet(s)</u>	<u>Rate Per Therm</u>
Litigated Settlement Special Rate Surcharge (LSSRS)	Western Slope Colorado	39D and 7B	\$0.0254

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Fourth Revised Sheet No. 7K
Cancels Third Revised Sheet No. 7K

Distribution Transportation Service Schedule of Rates
(Base Rate Area 2)

Rate Schedule	Type Of Charge	Billing Units	Maximum Rate (1)	Minimum Rate	Reference Sheet
RTS-2	Customer	Per Meter	\$10.76	\$10.00	78
RTS-2	Volumetric	Per Therm	\$0.2227	\$0.001	78
SCTS-2	Customer	Per Meter	\$21.51	\$20.00	79
SCTS-2	Volumetric	Per Therm	\$0.1532	\$0.001	79
LCTS-2	Customer	Per Meter	\$107.57	\$100.00	80
LCTS-2	Volumetric	Per Therm	\$0.1253	\$0.001	80
ATS-2	Customer	Per Meter	\$43.03	\$40.00	81
ATS-2	Volumetric	Per Therm	\$0.0755	\$0.001	81

(1) Maximum rate includes General Rate Schedule Adjustment per Tariff Sheet No. 8B as summarized below:

General Rate Schedule Adjustment (GRSA")			
Rate Schedule	Billing Units	Percent	Rate
RTS-2	Customer	7.57%	\$0.76
RTS-2	Volumetric	7.57%	\$0.0157
SCTS-2	Customer	7.57%	\$1.51
SCTS-2	Volumetric	7.57%	\$0.0108
LCTS-2	Customer	7.57%	\$7.57
LCTS-2	Volumetric	7.57%	\$0.0088
ATS-2	Customer	7.57%	\$3.03
ATS-2	Volumetric	7.57%	\$0.0053

Monthly Administrative Charge\$175

Fuel reimbursement quantity:

Main Line customers.....0.00%
All other customers.....2.47%

Overrun Charges:

Authorized Overrun Charge.....Distribution Charge
Unauthorized Overrun Charge.....\$ 2.50 per Therm

Other Rate Adjustments:

Description	Service Area	Reference Sheet	Rate Per Therm
Transportation Rate Adjustment (TRA)	North Eastern Colorado	81A	\$0.0549
GT-1 Rate Adjustment	Arkansas Valley Colorado	---	\$0.0038

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

**SALES AND DISTRIBUTION TRANSPORTATION SERVICES
GENERAL RATE SCHEDULE ADJUSTMENT
PERCENTAGE SUMMARY TABLE**

Base Rate Area 1:

The charge for gas service calculated under Company's base rate schedules shall be increased by 17.15%.
Said increase shall not apply to charges determined by the Gas Cost Adjustment provision on Sheet No. 37.

Base Rate Area 2:

The charge for gas service calculated under Company's base rate schedules shall be increased by 7.57%.
Said increase shall not apply to charges determined by the Gas Cost Adjustment provision on Sheet No. 37.

SALES SERVICE RATE SCHEDULE

RESIDENTIAL SALES SERVICE

RATE SCHEDULE R (R-1, R-2)

APPLICABILITY

This Rate Schedule is applicable to all Residential Customers within the Company's service territory where natural gas is available. It is not applicable to Distribution Transportation Service or resale service.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet Nos. 7B through 7D.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 2 are described on Sheet Nos. 7, 7A and 7F through 7I.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GAS COST ADJUSTMENT

This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

DEMAND SIDE MANAGEMENT COST ADJUSTMENT

This rate is subject to the Demand Side Management Cost Adjustment tariff commencing on Sheet No. 13.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable 15 days from date of bill and service is subject to discontinuance pursuant to the Company's Rules and Regulations. If a Customer is disconnected for non-payment, Customer will be subject to Special Charges, including a Reconnection Charge. For Special Charges refer to Sheet No. 8.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is for the use of Residential Customers only. All services under this schedule are subject to the Company's applicable Rules and Regulations commencing on Sheet No. 40 and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, provided that copies of all such rules shall be kept on file with the Public Utilities Commission of Colorado.

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SourceGas Distribution LLC

Colo. PUC No. 7
Third Revised Sheet No. 10
Cancels Second Revised Sheet No. 10

SALES SERVICE RATE SCHEDULE

SMALL COMMERCIAL SALES SERVICE (5,000 therms or less per year)

RATE SCHEDULE SC (SC-1, SC-2)

APPLICABILITY

This Rate Schedule is applicable to all Small Commercial Customers within the Company's service territory where natural gas is available. It is not applicable to Distribution Transportation Service or resale service.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet Nos. 7B through 7D.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 2 are described on Sheet Nos. 7, 7A and 7F through 7I.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GAS COST ADJUSTMENT

This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

DEMAND SIDE MANAGEMENT COST ADJUSTMENT

This rate is subject to the Demand Side Management Cost Adjustment tariff commencing on Sheet No. 13.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable 15 days from date of bill and service is subject to discontinuance pursuant to the Company's Rules and Regulations. If a Customer is disconnected for non-payment, Customer will be subject to Special Charges, including a Reconnection Charge. For Special Charges refer to Sheet No. 8.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is for the use of Small Commercial Customers only. All services under this schedule are subject to the Company's applicable Rules and Regulations commencing on Sheet No. 40 and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, provided that copies of all such rules shall be kept on file with the Public Utilities Commission of Colorado.

Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SALES SERVICE RATE SCHEDULE

LARGE COMMERCIAL SALES SERVICE
(Greater than 5,000 therms per year)

RATE SCHEDULE LC (LC-1, LC-2)

APPLICABILITY

This Rate Schedule is applicable to all Large Commercial Customers within the Company's service territory where natural gas is available. It is not applicable to Distribution Transportation Service or resale service.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet Nos. 7B through 7D.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 2 are described on Sheet Nos. 7, 7A and 7F through 7I.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GAS COST ADJUSTMENT

This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

DEMAND SIDE MANAGEMENT COST ADJUSTMENT

This rate is subject to the Demand Side Management Cost Adjustment tariff commencing on Sheet No. 13.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable 15 days from date of bill and service is subject to discontinuance pursuant to the Company's Rules and Regulations. If a Customer is disconnected for non-payment, Customer will be subject to Special Charges, including a Reconnection Charge. For Special Charges refer to Sheet No. 8.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is for the use of Large Commercial Customers only. All services are subject to the Company's Rules and Regulations commencing on Sheet No. 40 and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, and on file with the Public Utilities Commission of Colorado.

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SourceGas Distribution LLC

Colo. PUC No. 7
Third Revised Sheet No. 12
Cancels Second Revised Sheet No. 12

SALES SERVICE RATE SCHEDULE
IRRIGATION, CROP DRYING OR SEASONAL SALES SERVICE
RATE SCHEDULE ICD (ICD-1, ICD-2)

APPLICABILITY

This Rate Schedule is applicable to all Irrigation and Crop Drying Customers within the Company's service territory where natural gas is available. Premises having residential services connected at the same premise shall be eligible for service under this rate schedule as long as the residential load connected constitutes a smaller portion of the entire connected load than the load connected for irrigation or crop drying. It is not applicable to Distribution Transportation Service or resale service. The Company's Irrigation Crop Drying or Seasonal Class shall also include seasonal customers. To be included in this class, seasonal customers must not consume natural gas from December 15 through March 15.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet Nos. 7B through 7D.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 2 are described on Sheet Nos. 7, 7A and 7F through 7I.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GAS COST ADJUSTMENT

This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

DEMAND SIDE MANAGEMENT COST ADJUSTMENT

This rate is subject to the Demand Side Management Cost Adjustment tariff commencing on Sheet No. 13.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable 15 days from date of bill and service is subject to discontinuance pursuant to the Company's Rules and Regulations. If a Customer is disconnected for non-payment, Customer will be subject to Special Charges, including a Reconnection Charge. For Special Charges refer to Sheet No. 8.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is primarily for the use of Irrigation, Crop Drying or Seasonal purposes only. All services are subject to the Company's Rules and Regulations commencing on Sheet No. 40 and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, and on file with the Public Utilities Commission of Colorado.

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Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

SourceGas Distribution LLC

Colo. PUC No. 7
Second Revised Sheet No. 78
Cancels First Revised Sheet No. 78

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

RESIDENTIAL DISTRIBUTION TRANSPORTATION SERVICE

RATE SCHEDULE RTS (RTS-1, RTS-2)

AVAILABILITY

This Rate Schedule is available to all Residential Customers within the Company's service territory where natural gas is available.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet 7J.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 1 are described on Sheet 7K.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is for the use of Residential Distribution Transportation Service Customers only. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, provided that copies of all such rules shall be kept on file with the Public Utilities Commission of Colorado.

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Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE
SMALL COMMERCIAL DISTRIBUTION TRANSPORTATION SERVICE
(5,000 therms or less per year)

RATE SCHEDULE SCTS (SCTS-1, SCTS-2)

AVAILABILITY

This Rate Schedule is available to all Commercial Customers within the Company's service territory where natural gas is available.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet 7J.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 1 are described on Sheet 7K.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is for the use of Small Commercial Distribution Transportation Service Customers only. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, provided that copies of all such rules shall be kept on file with the Public Utilities Commission of Colorado.

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SourceGas Distribution LLC

Colo. PUC No. 7

Second Revised Sheet No. 80

Cancels First Revised Sheet No. 80

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

LARGE COMMERCIAL DISTRIBUTION TRANSPORTATION SERVICE

(Greater than 5,000 therms per year)

RATE SCHEDULE LCTS (LCTS-1, LCTS-2)

AVAILABILITY

This Rate Schedule is available to all Large Commercial Customers within the Company's service territory where natural gas is available.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet 7J.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 1 are described on Sheet 7K.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is for the use of Large Commercial Distribution Transportation Service Customers only. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, provided that copies of all such rules shall be kept on file with the Public Utilities Commission of Colorado.

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Advice Letter No. 243

William N. Cantrell
Issuing Officer

Issue Date: June 24, 2010

Decision or
Authority No.

President and CEO
Title

Effective Date: August 1, 2010

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

IRRIGATION CROP DRYING OR SEASONAL DISTRIBUTION TRANSPORTATION SERVICE

RATE SCHEDULE ATS (ATS-1, ATS-2)

AVAILABILITY

This Rate Schedule is available to all Irrigation, Crop Drying or Seasonal Customers within the Company's service territory where natural gas is available. Premises having residential services connected at the same premise shall be eligible for service under this rate schedule as long as the residential load connected constitutes a smaller portion of the entire connected load than for irrigation or crop drying. To be included in this class, Seasonal Customers must not consume natural gas from December 15 through March 15.

RATE

Base Rate Area 1 Customers are located in the areas described on Sheet Nos. 5A and 5B. The applicable rates for Base Rate Area 1 are described on Sheet 7J.

Base Rate Area 2 Customers are located in the areas described on Sheet Nos. 5, 5C and 5D. The applicable rates for Base Rate Area 1 are described on Sheet 7K.

FRANCHISE TAX SURCHARGE

Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

GENERAL RATE SCHEDULE ADJUSTMENT

This rate is subject to the General Rate Schedule Adjustment tariff commencing on Sheet No. 8B.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

RULES AND REGULATIONS

Natural gas service under this schedule is for the exclusive use of the Customer, and shall not be re-sold or shared by others. Service under this schedule is primarily for the use of irrigation and crop drying purposes. Irrigation and Crop Drying shall also include Seasonal Customers. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C and the General Terms and Conditions of this Tariff, together with such supplements thereto and revisions thereof as are from time-to-time in effect, provided that copies of all such rules shall be kept on file with the Public Utilities Commission of Colorado.

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DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

1. AVAILABILITY

1.1 Definition. Distribution Transportation Service is the provision of capacity (separate from Company purchased natural gas supplies) on the Company's system for a customer who is responsible for procuring its own natural gas supplies. Distribution Transportation Service by Company consists of acceptance of gas tendered by Buyer to Company's Distribution Transportation System at the Point(s) of Receipt, and direct delivery, displacement delivery or exchange delivery for Buyer's account, including receipt at mainline measuring facilities. Distribution transportation service does not apply to wellhead, gathering, processing or storage facilities and services.

1.2. Customer Class Definitions. Only one class of service shall be furnished to an individual or corporation at a single address or location. A single request for service cannot apply to different locations. A single request cannot cover more than one meter.

a. Residential Distribution Transportation Service. Residential distribution transportation service is defined as service provided for domestic general household purposes in a space occupied as living quarters, typically designed for occupancy by one family. Typical service would include, but not be limited to the following: separately-metered units, such as a single private residence, single apartment, mobile home, low income housing unit, nursing home unit, a parsonage paid by the church, low income housing paid by a housing authority, and employee housing paid by the government or business entity. In addition, auxiliary buildings on the same premises as the living quarters, used for residential purposes, will also be considered residential usage.

b. Small Commercial Distribution Transportation Service. Small Commercial Distribution Transportation service is defined as service provided to non-residential premises such as a business enterprise in a space occupied and operated for non-residential purposes consuming 5,000 therms or less per year. Typical service would include, but not be limited to the following: nursing home, apartments, low income housing complex and a trailer park where natural gas is supplied through one meter, stores, offices, shops, restaurants, sorority and fraternity houses, boarding houses, hotels, service garages, filling stations, hospitals, schools, churches, service organizations, barber shops, beauty parlors, shopping malls, construction, communication, transportation and agricultural activities, excluding irrigation and crop drying Distribution Transportation Service Rate Schedule. This service shall also include service to industrial activities at non-residential premises used primarily for a process which creates or changes raw or unfinished materials into another form or product including mining, oil and gas extraction, and the generation of electric power.

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