

Eastern Colorado Utility Company

CO PUC No. 1  
Original                      Sheet No. 3.8  
                                     Sheet No.           

Colorado PUC E-Filings System

NATURAL GAS RATES  
Gas Service Low-Income Program

Low Income Program

All rate schedules for natural gas service are subject to a Customer Assistance Program ("CAP") program fee designed to recover the direct costs of the Low-Income Program. In accordance with Commission-approved Low Income Program and Rule 4412 of the Commission's Rules Regulating Gas Utilities and Pipeline Operators, 4 Code of Colorado Regulations 723-4 ("Low Income Program Rules"). The CAP shall apply as a monthly fixed fee for all residential and commercial rate schedules.

The CAP is a program designed to provide heating energy assistance to eligible CNG residential customer households in the Eastern Colorado Division in the form of bill credits in conjunction with Low Income Energy Assistance Program ("LEAP"), and arrearage forgiveness. This program is available to all CNG residential customers in the Eastern Colorado Division who meet certain Department of Health and Human Services ("HHS") and Colorado Natural Gas Eastern Colorado Division ("the Company") eligibility requirements.

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Applicability

Pursuant to Rule 4412(c)(II)(B), the CAP has been designed to provide residential customers of the Company who meet certain Health and Human Service poverty eligibility criteria with assistance in paying their monthly natural gas heating bills. Beginning in November of 2012, the CAP will begin offering qualifying households within its service territory low-income program benefits. Households must meet all HHS and State of Colorado income eligibility standards and apply as a participant in the State of Colorado's LEAP program for the year in which they enroll in the CAP. Customers must complete the program application and agree to all terms and conditions within the CAP program tariff.

Customers will be enrolled in the program upon application, including authorization of the utility to share information with LEAP and Energy Outreach Colorado.

CAP is available until such time as program funds are depleted. The Company reserves the right to close or modify the program without prior notice.

Advice Letter  
Number                                     

Timothy R. Johnston, P.E., Vice President  
7810 Shaffer Parkway, #120, Littleton, CO 80127

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## Eastern Colorado Utility Company

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NATURAL GAS RATES  
GAS SERVICE LOW-INCOME PROGRAM

Definitions

Eligible low-income customer - A residential utility customer who meets the household income thresholds computed annually by the Staff of the Commission pursuant to subparagraph Rule 4412(c)(II)(A).

Non-participant - A utility customer who is not receiving low-income assistance under Rule 4412.

Participant - An eligible low-income residential utility customer who participates in the low-income assistance program under Rule 4412.

HHS -The Colorado Department of Health and Human Services

Household - Includes all residents who live within a housing unit on a full time basis and receive natural gas service from Colorado Natural Gas.

LEAP -The Low-Income Energy Assistance program, a county-run, federally funded, program supervised by the Colorado Department of Human Services, Division of Low-Income Energy Assistance.

Estimated Annual Income - The amount of income based on Federal Poverty Level and number of residents residing within a household received from the Commission.

Service Account - The account associated with an individual household for billing purposes.

Affordable Credit - The percentage determined by the HHS to be an affordable amount of a households total income to be spent on home heating costs as defined by the households percent of poverty level

Commission - The Public Utilities Commission  
Of the State of Colorado

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NATURAL GAS RATES  
GAS SERVICE LOW-INCOME PROGRAM

Program Design

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

Eligible low-income residential customers must apply and be accepted every year into the CAP program. Participation in CAP one year does not guarantee the ability to participate in subsequent years, nor does participation in one year give participant's priority in subsequent years.

Pursuant to 4 CCR 723-4-4412(b) the CAP will be phased in over the course of three (3) years. The phase in schedule is as follows.

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

Phase 2: Eligible households are limited to those with a household income at or below one hundred fifty percent (150%) of the current federal poverty level during the second year of operation

Phase 3: Eligible households are limited to those with a household income at or below one hundred and eight five percent (185%) of the current federal poverty level during the third year of operation

The following sections detail program specifics.

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NATURAL GAS RATES  
GAS SERVICE LOW-INCOME PROGRAM

Household Tier Placement

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

## Tier 1:

Households with an annual income at or below 125% of the Federal Poverty Level as established in the HHS Federal Poverty Guide will be placed in the first benefit tier. Customers in this tier can have no more than 2% of income be deemed affordable for home heating costs.

## Tier 2:

Households with an annual income exceeding 126% of the Federal Poverty Level but not exceeding 150% of the Federal Poverty Level as established in the HHS Federal Poverty Guide will be placed in the second benefit tier. Customers in this tier can have no more than 2.5% of income be deemed affordable for home heating costs.

## Tier 3:

Households with an annual income level that exceeds 151% of the Federal Poverty Level but does not exceed 185% of the Federal Poverty Level as established in the HHS Federal Poverty Guide will be placed in the third benefit tier. Customers in this tier can have no more than 3% of income be deemed affordable for home heating costs.

The program year is June 1 through May 31, and the enrollment period coincides with the LEAP application period of November 1-April 30. The Company will stop taking additional applications on April 30 or when funding has been depleted.

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NATURAL GAS RATES  
GAS SERVICE LOW-INCOME PROGRAM

Company Credit Calculation

A household's estimated income level will be calculated using a Percentage of Income Plan threshold where the household income level for different numbers of person is adjusted by the federal poverty levels as specified by subparagraphs (1) and (2) of Rule 4412(h)(II)(B)(i) as calculated by the Staff of the Commission. The estimated annual income will be applied to the percentage of income deemed affordable as per the household's applicable Tier. This represents the affordable portion of the household's home heating bill. The credit is determined by subtracting the estimated LEAP payment and the amount deemed affordable for home heating bills from the previous twelve (12) months heating bills for that household. Should the previous twelve months of usage information not be available to the company, the Company will estimate usage based on similar homes in the service territory.

The Company credit will be applied to each household's service account within five (5) business days of receipt of the completed application.

Arrearage Forgiveness

Pursuant to 4 CCR 723-4-4412(c)(I)(D), the Company will also institute an arrearage forgiveness program that is designed to reduce CAP participants arrearage amounts to \$0.00 within twelve (12) month period.

Participants must have outstanding arrearages at the time of enrollment in the Arrearage Forgiveness component of the program. Upon acceptance into the program, existing outstanding arrearages will be frozen through April 30, the end of the enrollment period. At the end of the enrollment period, any remaining LEAP funds available on the account will be applied toward the frozen arrearage and any remaining arrearage will be forgiven by the Company.

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NATURAL GAS RATES  
GAS SERVICE LOW-INCOME PROGRAM

Arrearage Forgiveness Contd.

In the event that a participant fails to pay the monthly charges during the CAP year for which they are liable, the service account will be removed from the arrearage forgiveness portion of the program at which point the service account is subject to existing company policies in its regular collection cycle. Removal from the arrearage forgiveness portion program does not remove the household from the bill credit portion of the CAP.

The arrearage forgiveness portion of the program, whether it is completed or not, is available to each service account once per lifetime. By enrolling in CAP, participants understand and accept the inherent conditions under which the arrearage forgiveness program currently operates. In the event that the Company decides to change a component of the arrearage forgiveness program, customers will be notified and given the option to opt out of the program within sixty (60) days of notification to the Colorado Public Utilities Commission ("PUC") that the Company plans on implementing the program changes.

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GAS SERVICE LOW-INCOME PROGRAM

Cost Recovery

All rate schedules for natural gas service are subject to a CAP charge designed to recover the direct costs of the Low-Income Program. In accordance with 4 CCR 723-4-4412(e)(III) the Company is allowed to recover certain costs associated with the program. A monthly charge applied to all residential and commercial rate classes pursuant to 4 CCR 723-4-4412(c)(II)B will be phased in over three years beginning on June 1.

The phase-in rate structure is as follows:

Phase 1/Year 1 - \$.25 per month

Phase 2/Year 2 - \$.28 per month

Phase 3/Year 3 - \$.315 per month

Refund

Total program cost will be calculated after April 30 of each year. In the event of an over collection of funds, the Company will provide an adjustment refund to all customers posted in the month of June. The refund will be calculated by dividing the total over collected funds by the total number of residential and commercial customers as of April 30 of that year.

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