

Eastern Colorado Utility Company

CO PUC No. 1

Original Sheet No. 3.8A

Sheet No. _____

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

Advice Letter

Number _____

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

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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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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.

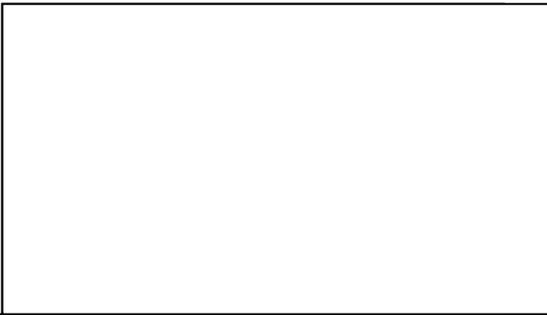
Tier 2:

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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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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