

SourceGas Distribution LLC
 600 12th Street
 Suite 300
 Golden, CO 80401
 1 800 563 0012
 303 243 3400
 303 243 3603 Fax
 www.SourceGas.com



February 22, 2013

ADVICE LETTER NO. 261

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

Dear Mr. Dean:

In compliance with the requirements of the Public Utilities Law of Colorado, SourceGas Distribution LLC ("SourceGas Distribution") hereby submits for filing with the Public Utilities Commission of the State of Colorado (the "Commission") the following revisions to its Colorado Schedule of Rates for Natural Gas Service Available in the Entire Territory Served by SourceGas Distribution LLC, designated the "Colorado PUC No. 7 Tariff" and abbreviated therein as "Colo. PUC No. 7" (the "Tariff"). Exhibits I and II to this Advice Letter filing, respectively, are clean and redlined versions of all Tariff changes.

Colorado PUC No. 7 Tariff

<u>Sheet No.</u>	<u>Revision No.</u>	<u>Cancels Sheet No.</u>	<u>Revision No.</u>
2A	Third	2A	Second
2B	Second	2B	First
7B	Fifteenth	7B	Fourteenth
7C	Sixteenth	7C	Fifteenth
7J	Eighth	7J	Seventh
37	Second	37	First
39	Second	39	First
39D	Second	39D	First
39E	Second	39E	First
77	Second	77	First
77A	Second	77A	First
81C	Third	81C	Second
83	Second	83	First

83A	Original	--	--
85	Second	85	First
86	Second	86	First
87	Second	87	First
88	Third	88	Second
88A	Second	88A	First
90	First	90	Original
91	First	91	Original
92	First	92	Original
93B	Second	93B	First
93C	Second	93C	First
94	First	94	Original
95	Second	95	First
96	Second	96	First
97	Second	97	First
98	Third	98	Second
104D	First	104D	Original
104E	First	104E-104F	Original
104F	Original	--	--
104G	Original	--	--
104H	Original	--	--
104I	Original	--	--
105	Second	105	First
106	Second	106	First
107	Second	107	First
109	Third	109	Second
110	Second	110	First
111	First	111	Original
116	First	116	Original
118	First	118	Original
119	First	119	Original
130	First	130	Original
133	First	133	Original
136A	Third	136A	Second

Basis for Filing, Proposed Effective Date and Notice

SourceGas Distribution is making this Advice Letter No. 261 filing to address the changes to its Tariff that result from the proposals included in the general rate case recently filed by SourceGas Distribution's affiliate Rocky Mountain Natural Gas LLC ("Rocky Mountain") as part of Advice Letter No. 77, which the Commission has designated Docket No. 13AL-0067G. Rocky Mountain provides service to SourceGas Distribution's Western Slope Rate Area.

SourceGas Distribution's proposed Tariff revisions fall into six categories:

1. Revision of the Sales Rate Schedule, Distribution Transportation Rate Schedule, General Terms and Conditions and related forms of agreement to comport with Rocky Mountain's proposed restructuring and unbundling of services
2. Addition of agency forms related to Limited Term Partial Assignment of capacity held by SourceGas Distribution on Rocky Mountain's system
3. Modification of the Litigated Settlement Special Rate Surcharge provisions of the Tariff
4. Addition of a Working Gas Storage Cost component to SourceGas Distribution's Gas Cost Adjustment mechanism applicable to the Western Slope Rate Area
5. Revision of gas quality standards for consistency with upstream gas quality standards
6. Minor housekeeping changes such as correcting misspelling and minor clarifications to existing provisions

The proposed Tariff revisions to the Rate Schedules, General Terms and Conditions and related forms of agreement will address upstream requirements on Rocky Mountain's system and will not change the rates charged to or the revenues received from customers on SourceGas Distribution's system in the Western Slope Rate Area.

The proposed effective date of the revisions described in this filing is Wednesday, May 1, 2013. SourceGas Distribution will give notice of this filing to its customers in the Western Slope Rate Area and its Distribution Transportation Service customers in the Form of Notice provided with this Advice Letter filing as Exhibit III.

Direct Testimony and Exhibits Supporting This Filing

SourceGas Distribution's proposals in this Advice Letter filing are presented through and supported by the direct testimony and exhibits of the following three witnesses that accompany this Advice Letter filing.

- Mr. James M. Elliott: Mr. Elliott addresses categories 3 through 6 described above.

- Mr. Eric G. Fritz: Mr. Fritz explains how SourceGas Distribution plans for upstream capacity and describes the process for providing customers with access to SourceGas Distribution capacity in order to purchase gas supply from competitive marketers.¹
- Mr. Richard A. Maceyka: Mr. Maceyka addresses categories 1 and 2 described above.

SourceGas Distribution Contact Persons

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

Lewis M. Binswanger
Vice President – Regulatory Affairs
SourceGas LLC
c/o SourceGas Distribution LLC
600 12th Street, Suite 300
Golden, CO 80401
(303) 243-3604 (p)
Lewis.Binswanger@sourcegas.com
(303) 243-3707 (f)

James M. Elliott
Manager, Regulatory
SourceGas LLC
c/o SourceGas Distribution LLC
600 12th Street, Suite 300
Golden, CO 80401
(303) 243-3497 (p)
James.Elliott@sourcegas.com
(303) 243-3683 (f)

Eric W. Nelsen, #40800
Deputy General Counsel – Regulatory Law
William M. Lopez, #16453
Senior Counsel – Regulatory Law
SourceGas LLC
c/o SourceGas Distribution LLC
600 12th Street, Suite 300
Golden, CO 80401
(303) 243-3420 (p - Nelsen)
Eric.Nelsen@sourcegas.com
(303) 243-3575 (p - Lopez)
William.Lopez@sourcegas.com
(303) 243-3608 (f - Both)

Rebecca H. Noecker, #14845
Beatty & Wozniak, P.C.
216 Sixteenth Street, Suite 1100
Denver, CO 80202
(303) 407-4499 (p)
RNoecker@bwenergylaw.com
(303) 407-4494 (f)

¹ Contemporaneously with this Advice Letter filing, SourceGas Distribution is filing a Motion for Extraordinary Protection of Highly Confidential Information. The Motion requests that the Commission enter a protective order granting extraordinary protection to Mr. Fritz's highly confidential workpapers that support this Advice Letter filing.

Conclusion

SourceGas Distribution respectfully requests that the Commission allow the requested Tariff revisions to become effective as proposed.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J. Elliott", is positioned above the printed name.

James M. Elliott
Manager, Regulatory

Enclosures

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