

**DURANGO MOUNTAIN UTILITIES**  
**327 S. CAMINO DEL RIO**  
**DURANGO, CO 81303**

**Mark S. Seiter, President**

April 21, 2014

Advice Letter #1 - Amended

Public Utilities Commission  
State of Colorado  
1560 Broadway, Suite 250  
Denver, CO 80202

Attention: Doug Dean, Director

Re: Advice Letter No. 1 - Amended

Dear Mr. Dean:

On February 6, 2014, Durango Mountain Utilities, LLC submitted 46 original tariff sheets for filing in accordance with Colorado public utilities law and the Commission's rules and regulations. The purpose of this letter is to advise the Commission of its revised revenue requirement, revised rates, withdrawal of certain waiver requests, and present amended tariff sheets accompanying that filing, as follows:

Colorado PUC Sheet Number	Title of Original Tariff Sheet	Title of Amended Tariff Sheet
3	Table of Contents	Table of Contents
4	Table of Contents	Table of Contents
5	Table of Contents	Table of Contents
9	Propane Gas Sales and Rates – Schedule of Charges for Rendering Services	Propane Gas Sales and Rates – Schedule of Charges for Rendering Services
10	Gas Rate Adjustments – Master Association Surcharges	Gas Rate Adjustments – Master Association Surcharges
11	Metering Pressure and BTU Adjustments	Metering Pressure and BTU Adjustments
12		Metering Pressure and BTU Adjustments
13	Gas Cost Adjustment	Gas Cost Adjustment

14	Gas Cost Adjustment	Gas Cost Adjustment
15	Gas Cost Adjustment	Gas Cost Adjustment
16	Gas Cost Adjustment	Gas Cost Adjustment
17	General Statement – Definition of Terms	General Statement – Definition of Terms
18	General Statement – Definition of Terms	General Statement – Definition of Terms
19	General Statement – Definition of Terms	General Statement – Definition of Terms
20	General Statement – Benefit of Service	General Statement – Benefit of Service
21	General Statement – Benefit of Service	General Statement – Benefit of Service
22	General Statement – Benefit of Service	General Statement – Benefit of Service
23	General Statement – Charges for Rendering Service	General Statement – Charges for Rendering Service
24	General Statement – Monthly Bills	General Statement – Monthly Bills
25	General Statement – Monthly Bills; Temporary or Intermittent Service; Possession of Gas; Customer's Installations	General Statement – Monthly Bills; Temporary or Intermittent Service; Possession of Gas; Customer's Installations
26	General Statement – Customer's Installations	General Statement – Customer's Installations
27	General Statement – Customer's Installations; Protection of Subsurface Facilities; Liability	General Statement – Customer's Installations; Protection of Subsurface Facilities; Liability
28	General Statement – Liability; Indemnity to Company; Priority of Service	General Statement – Liability; Indemnity to Company; Priority of Service
29	General Statement – Diversion of Propane Gas	General Statement – Diversion of Propane Gas
30	General Statement – Diversion of Propane Gas	General Statement – Diversion of Propane Gas
31	General Statement – Easements; Access for Company's Employees	General Statement – Easements; Right of Access; Right in Other's System
32	General Statement – Resale of Propane Gas; Complaints	General Statement – Right in Other's System; Resale of Propane Gas
33	Standards – System Operation and Maintenance; Pressure	Standards – Complaints; System Operation and Maintenance;
34	Standards – Measurement of Service; Measurement Equipment and Testing	Standards – Pressure; Measurement of Service; Measurement Equipment and

		Testing
35	Standards – Measurement Equipment and Testing	Standards – Measurement Equipment and Testing
36	Standards – Measurement Equipment and Testing; Gas Billing	Standards – Measurement Equipment and Testing; Gas Billing
37	Standards – Gas Billing	Standards – Gas Billing
38	Standards – Gas Billing	Standards – Gas Billing
39	Standards – Gas Property Determination	Standards – Gas Property Determination
40	Standards – Gas Property Determination	Standards – Gas Property Determination
41	Standards – Gas Property Determination; Gas Quality Specification	Standards – Gas Property Determination; Gas Quality Specification
42	Service Lateral Connection and Distribution Main Extension Policy – General Provisions	Service Lateral Connection and Distribution Main Extension Policy – General Provisions; Gas Meter and Piping Installation
43	Service Lateral Connection and Distribution Main Extension Policy – Gas Meter and Piping Installation	Service Lateral Connection and Distribution Main Extension Policy– Policy Statement
44	Service Lateral Connection and Distribution Main Extension Policy – Optional Excess Flow Valves	Service Lateral Connection and Distribution Main Extension Policy – Optional Excess Flow Valves
45	General Terms and Conditions – Definition; Residential and Commercial Deposits and Refunds	General Terms and Conditions – Definition; Residential and Commercial Deposits and Refunds
46	General Terms and Conditions – Discontinuance of Service	General Terms and Conditions – Discontinuance of Service
47	General Terms and Conditions – Restoration of Service; Budget Billing Plan Waiver Request	General Terms and Conditions – Restoration of Service; Budget Billing Plan Waiver Request

The revised tariff sheets are attached. The substantive reasons for these corrections are as follows:

1. The Company added a fee for reconnection of service;
2. The Company is correcting an error in its line pressure adjustment formula and has amended the tariff to include the correct calculation;
3. The Company has organized and clarified certain text and corrected grammatical errors.

As a result of these substantive changes, a number of tariff sheet page numbers were altered from the original filing (original page 12 and onward), thus requiring the Company to note those sheets as amended. Accordingly, although the Company has amended a total of 42 sheets, only 9 reflect material changes from the original filing.

The Company's revised revenue requirement is \$551,000. The Company no longer proposes an affordability adjustment to phase in a larger revenue requirement. As a result, the proposed rate structure of \$1.39/gallon Base Rate Charge will be unchanged until a future advice letter filing is made. The proposed Commodity Charge of \$1.36/gallon will remain until the Company files its at least annual Gas Cost Adjustment application.

In addition, the Company is amending its filing to correct non-substantive errors as follows:

DOCUMENT	PAGE AND LINE	CORRECTION
Seiter Direct Testimony	p. 31 line 14	insert beginning quotation mark
Seiter Direct Testimony	Exhibit List; p. 11 line 12;	MSA executed date is 1/28/14 not 1/29
Seiter Direct Testimony	Exhibit List; p. 3 line 3; p. 30 line 21; CAAM p. 6	IAA executed date is 1/28/14 not 1/29
Seiter Direct Testimony	p. 8, l. 31	Change 4405(c) to 4005(c)
Seiter Direct Testimony	p.41, l. 11	Change 4405 to 4505
Seiter Direct Testimony	p. 44, l. 14	Change 4405(c) to 4005(c)
CAAM	CAAM and Exhibits	Remove reference to "Exhibit B" in bottom right corner of pages
CAAM	p. 5	Remove regulatory services and legal expenses from first paragraph
CAAM	p. 9	Remove: "This per gallon charge includes an "affordability adjustment" until such time as the number of propane subscribers can be increased to distribute the fixed costs over a larger population."

CAAM	p. 10	Full paragraph in middle remove extra period
Eagen Direct Testimony	p. 7, line 11	Remove comma
Foster Direct Testimony	p. 14, line 2	Insert "separation of"

Finally, the Company is amending its requests for certain waivers by withdrawing its requested waivers for maintaining its books of accounts and records separately from those of its affiliates under Rule 4005(c); and waivers related to determination of revenue requirement under the Commission's regulatory principles.

The Company is presenting the Supplemental Direct Testimony and Exhibits of Mark S. Seiter with this Advice Letter No. 1 – Amended to explain the changes to DMU's proposed revenue requirement, its proposed rates, as well as to explain the changes to the Tariff pages and the withdrawal of two requested waivers. The Supplemental Testimony discusses the positions of the Company that have led to the changed rates and tariff filing after substantive discussions with Staff of the Commission and the Office of Consumer Counsel.

The tariff sheets' proposed effective date remains **May 1, 2014**. All of the changes listed in this amended Advice Letter result in a lower revenue requirement and removal of the affordability adjustment proposed in the original Advice Letter. As a result, no party will be prejudiced by the filing of this amendment.

#### Company Contact Persons

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Durango, CO 81303  
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In addition, please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to:

Mark Detsky  
Attorney for Durango Mountain Utilities  
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Fax: (303) 440-9036 (fax).

Please also copy Gabriella Stockmayer and Julie Wolfe with electronic copies of notices, pleadings, correspondence and other documents regarding this filing at: [gstockmayer@dietzedavis.com](mailto:gstockmayer@dietzedavis.com); [Julie@dietzedavis.com](mailto:Julie@dietzedavis.com).

Please contact Mr. Detsky with any questions regarding this filing.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. S. Seiter".

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Mark S. Seiter, President  
Durango Mountain Utilities  
327 S. Camino Del Rio  
Durango, CO 81303

Enclosures

**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 1

SCHEDULE OF RATES  
FOR  
PROPANE GAS SERVICE AVAILABLE  
IN THE ENTIRE TERRITORY SERVED  
BY  
DURANGO MOUNTAIN UTILITIES, LLC.

Colorado PUC E-Filings System

Advice Letter Number 1  
Decision Number \_\_\_\_\_

2..t  
Mark Seiter, President

Issue Date February 6, 2014  
Effective Date May 1, 2014

**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 2

NOTICE

This Tariff is the initial tariff for  
DURANGO MOUNTAIN UTILITIES, LLC.

Advice Letter Number 1  
Decision Number \_\_\_\_\_

2..t  
Mark Seiter, President

Issue Date February 6, 2014  
Effective Date May 1, 2014



**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 3

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327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 4

**RULES AND REGULATIONS  
APPLICABLE TO ALL PROPANE GAS SERVICE**

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
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**CO PUC No. 1 Gas**  
Original Sheet No. 5

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**KEY SYMBOLS OF REVISED TARIFF SHEETS**

- I - indicates a rate increase
- R - indicates a rate reduction
- T - indicates change in text not related to changes in rates, charges, term, or conditions
- N - indicates new material, including new products, rates, terms, or conditions
- C - indicates change in test due to a changed regulation, term, or condition, which does not affect rates
- M - indicates material moved from or to another part of the utility's tariff
- D - indicates discontinued service or deleted material
- A - indicates roll-in to or roll-out from adjustments to base rates
- Sub - indicates substitute sheet that replaces the same sheet previously filed but not effective

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 6

**TERRITORY SERVED**

Propane Gas Service is supplied in the following territory and in the Subdivisions and Resort Villages which are contained within this territory. For rates available see the applicable rate schedules.

San Juan County:

Section 13, Township 39 North, Range 9 West, N.M.P.M

La Plata County:

Sections 24 and 25, Township 39 North, Range 9 West, N.M.P.M.

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
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**CO PUC No. 1 Gas**  
Original Sheet No. 8

**PROPANE GAS BILLING FORMAT**  
**SUMMARY SHEET**

Customers within the Company's Service Area will receive monthly bills which reflect the following format:

Residential and Commercial Customers:

<u>Type of Charge</u>	<u>Billing Units</u>	<u>Rate</u>
Base Rate Charge	Gallons	\$1.39
Commodity Charge	Gallons	\$1.36

The Commodity Charge will change from time to time based on the Company's Gas Cost Adjustment Filings. The Base Rate Charge will change from time to time based on the Company's Base Rate Charge Adjustment Filings.

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327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 9

**SCHEDULE OF RATES FOR RENDERING SERVICE**

Meter/Regulator Installation (Labor ONLY)	\$250.00
System Development (Tap) Fee	\$2000.00
To perform non-gratuitous labor for service work in addition to charges for material:	
Trip Charge..... (Assessed for trips where no actual labor is performed other than a general diagnosis of the Customer's problem)	\$40.00
For service work during normal working hours, per man-hour	\$40.00
Minimum Charge, one half hour.....	\$20.00
For service work before 8:00 AM or after 5:00 PM Monday through Friday, or at any time on Saturday, per man-hour	\$60.00
Minimum Charge, one hour.....	\$60.00
For service work on Sundays and Holidays – per man-hour	\$80.00
Minimum Charge, two hours.....	\$160.00
Reconnect fee	\$75.00

To process a check from a Customer which is returned to the Company by the bank as non-payable..... \$20.00

Late Payment Fee ..... \$25.00

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 10

**PROPANE GAS RATES/TAP FEES**

Service under the terms of this rate schedule will be offered subject to the terms of the Service Lateral Connection and Distribution Main Extension Policy in the tariff, described herein.

The Company charges a one-time \$2,000.00 System Development (Tap) fee for new Customer connections to its system. The Tap Fee permits perpetual connection to and service from the propane system, subject to the terms and conditions of service. Tap Fee funds may be deployed toward payment of the infrastructure of the overall central system pursuant to the Infrastructure Acquisition Agreement dated effective February 1, 2006, as amended.

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Mark Seiter, President

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 11

### **METERING PRESSURE AND ADJUSTMENTS**

The Company system is a common distribution system limited to vaporized propane that serves both residential and commercial Customers. As of this submission date the altitude of the entire System is 9,000 feet above sea level (+/- 200 feet). The System consists of centralized storage tanks which provide propane vapor to several underground pipe systems (main laterals). Static pipeline pressure in these main laterals range from thirteen (13) psig to a maximum of twenty (20) psig. Attached to the main laterals are service laterals. The static line pressure in these service laterals is regulated from the main lateral pressure down to two (2) psi. The system has a limited number of Customers being served directly from the two (2) psi service lateral static pressure. The remaining individual Customers are served via individual service lines (typical residential service) which are regulated down to 11 inches water column (or 0.397 psig). At the Point of Delivery, vapor passes from Company to Customer via a billing meter which is temperature compensated at 60°F and denominated in standard cubic feet (sfc). The volume of vapor gas measured by the billing meter will be referred to as the displaced volume at altitude or more simply the actual volume (V1).

For the Service Area, the following atmospheric pressures, delivery pressure, correction factors, and cubic feet to gallon conversion will be applied:

<b>Delivery Pressure</b>	<b>Atmospheric Base (P1) 10.56 (Psig)</b>	<b>Psig plus atmosphere (P2)</b>	<b>Pressure Correction Factor</b>
11WC	0.397 (psig)	10.96 (psia)	1.000
2PSI	2.00 (psig)	12.56 (psia)	1.146
13PSI	13.00 (psig)	23.56 (psia)	2.150

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 12

**METERING PRESSURE AND ADJUSTMENTS – Cont'd**

A sample calculation for the conversion of a metered volume to a billing amount in Gallons would be made as follows:

$$(V1 = \left[ \frac{(V2)(P2)}{P1} \right]) / G1$$

Where: V1 = Adjusted volume in Cubic Feet  
V2 = Meter reading (SCF)  
P2 = Delivery Pressure plus  
P1 = 10.96 Base Contract Pressure at 9,000 ft.  
G1 = Cubic feet to Gallon = 36.4

**11 WC Example:**

V2 = 10,000 SCF; P1 = 10.96 Psia (Contract Base Pressure at 9,000 ft.); P2 = 10.96 Psig (Billing Pressure/Absolute Distribution Pressure); G1 = 36.4 cubic feet per gallon

P2/P1 = 10.96/10.96	1.000	Pressure Correction Factor
V2 =	10,000	Standard Metered cubic feet (SCF)
V1 =	10,000	Adjusted volume in cubic feet
V1/G1 =	274.725	Cubic feet converted to Gallons

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 13

**PROPANE GAS RATES**  
**GAS COST ADJUSTMENT**

The rate schedule for propane gas service is subject to a Gas Cost Adjustment (“GCA”) to reflect the cost of gas purchased from Company's suppliers. The GCA amount will be subject to annual changes to be effective on a prorated basis beginning November 1 of each year, and may be further changed at other times as the Commission deems appropriate. The GCA for all applicable rate schedules is as set forth herein and is added to the Company’s Base Rate Charge for billing purposes.

**DEFINITIONS**

Gas Cost Adjustment - The “Gas Cost Adjustment” will be Current Gas Cost plus Deferred Gas Cost.

Actual Gas Cost – “Actual Gas Cost” is the gas cost paid by the Company.

Current Gas Cost – “Current Gas Cost” is the Forecasted Gas Commodity Cost projected to be incurred by the Company during the GCA Effective Period.

Deferred Gas Cost – “Deferred Gas Cost” is a rate component of the GCA designed to amortize over the GCA Effective Period the over or under recovered costs in the Company's Account No. 480000.

Recovered Gas Cost – “Recovered Gas Cost” is the gas cost recovered by the Company’s currently effective Gas Cost Adjustment.

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
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**CO PUC No. 1 Gas**  
Original Sheet No. 14

**PROPANE GAS RATES**  
**GAS COST ADJUSTMENT – Cont'd**

**DEFINITIONS – Cont'd**

GCA Effective Period – “GCA Effective Period” is a twelve month period from September 1 to August 31, upon which period the GCA rate is based.

Forecasted Gas Commodity Cost – “Forecasted Gas Commodity Cost” is the cost of gas commodity, including appropriate adjustments for storage gas injections and withdrawals, projected to be incurred by the Company during the GCA Effective Period.

**CURRENT GAS COST**

- 1) The Current Gas Cost will be calculated based on normalized purchases during the most current twelve months period ending August 31, and Forecasted Gas Commodity cost. The resulting amount will be divided by the normalized sales quantities for the same period.
- 2) A revised Current Gas cost will be effective beginning November 1 of each year. In addition, if the Company’s suppliers change their rates from those used in computing the currently effective Current Gas Cost, Company may file a revision in its current Gas Cost Adjustment to coincide with the effective date of the supplier change, provided that Company’s rate change equates to at least one cent per Gallon of the normalized sales for the test period used in calculation of the currently effective Current Gas Cost. The revised Current Gas Cost will replace the previous Current Gas Cost included in the Company’s Total Rates.
- 3) The Current Gas Cost will be calculated to the nearest cent (\$0.01) per gallon.

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 15

**PROPANE GAS RATES**  
**GAS COST ADJUSTMENT – Cont'd**

**DEFERRED GAS COST**

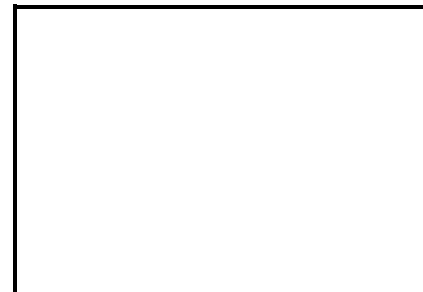
- 1) The Deferred Gas Cost will be calculated quarterly by subtracting Recovered Gas Cost from Actual Gas Cost. The resulting amount, whether negative or positive, will be accumulated for the twelve-month period ending August 31 of each year.
- 2) A revised Deferred Gas Cost will be effective beginning November 1 of each year. The revised Deferred Gas Cost will replace the previous Deferred Gas Cost included in the Company's Total Rates.
- 3) The Deferred Gas Cost will be calculated to the nearest cent (\$0.01) per gallon.

**ACTUAL GAS COST**

The Actual Gas Cost will be the sum of all costs for purchasing and transporting the gas required by the Company for resale, along with the applicable firm capacity and back-up sales capacity and commodity charges.

**RECOVERED GAS COST**

The Recovered Gas cost will be calculated monthly by applying the Gas Cost Adjustment to the actual sales quantities for the month.



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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 16

**PROPANE GAS RATES**  
**GAS COST ADJUSTMENT – Cont'd**

**GAS COST ADJUSTMENT**

The following formula is used to determine Gas Cost Adjustment amount.

$$\text{Gas Cost Adjustment} = A + B$$

A = Current Gas Cost  
B = Deferred Gas Cost

**TREATMENT OF REFUND**

Application shall be made to the Public Utilities Commission of the State of Colorado for approval of a refund plan for the disposition of each refund received from a Company supplier including the interest received thereon.

**INFORMATION TO BE FILED WITH THE PUBLIC UTILITIES COMMISSION**

Each proposed revision in the Gas Cost Adjustment will be accomplished by filing an application and Exhibits as required by 4CCR 723-4 et. seq. Such application will be accompanied by such supporting data and information as the Commission may require from time to time.

**COMPLIANCE WITH COMMISSION RULES**

The Company's Gas Cost Adjustment set forth above incorporates by reference the entire Rules Regarding Gas Cost Adjustment, 4 CCR 723-4. The intent of the GCA Rules shall prevail in the case of any errors or omissions in the Company's GCA tariffs stated herein.

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327 S. Camino del Rio  
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**CO PUC No. 1 Gas**  
Original Sheet No. 17

**RULES AND REGULATIONS**  
**PROPANE GAS SERVICE**  
**GENERAL STATEMENT**

The following Rules and Regulations, filed with The Public Utilities Commission of the State of Colorado as part of the propane gas tariff of the Company, set forth the terms and conditions under which propane gas service is supplied and govern all classes of service in all territory served by the Company. They are subject to termination, change, or modification, in whole or in part, at any time as provided by the rules of said Commission.

Service furnished by the Company is also subject to the Rules and Regulations of the Public Utilities Commission of the State of Colorado. Copies of the Company's rules are available for any Customer's inspection at the offices of the Company.

Any waiver at any time of the Company's rights or privileges under these Rules and Regulations will not be deemed a waiver as to any breach or other matter subsequently occurring.

**DEFINITION OF TERMS**

Association – "Association" refers to a homeowner's association.

Base Rate Charge – The "Base Rate Charge" is the per gallon charge to Customers, derived from dividing the Company's total revenue requirement by the Company's historical average of gallons sold annually.

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**DURANGO MOUNTAIN UTILITIES, LLC**  
327 S. Camino del Rio  
Durango, CO 81303

**CO PUC No. 1 Gas**  
Original Sheet No. 18

DEFINITION OF TERMS – Cont'd

Commodity Charge – The “Commodity Charge” is the per gallon charge to Customers, based on the forecasted cost of propane and subject to a true-up through the Gas Cost Adjustment mechanism as set forth in the Company’s tariff.

Commission – “Commission” shall mean the Public Utilities Commission of the State of Colorado.

Company – “Company” is Durango Mountain Utilities, LLC (“DMU”).

Cubic Foot of Gas (cf) –

a) For the purpose of gas property determination, one “cubic foot of gas” shall mean one “standard cubic foot” (scf) of gas, which is the volume of water-free gas occupying a space of one (1) cubic foot at standard conditions.

b) For the purpose of gas volume determination, one “cubic foot of gas” shall mean the amount of gas which occupies a volume of one (1) cubic foot at reference conditions of either:

- i) the actual metering pressure and temperature; or,
- ii) standard conditions (10.96 Psig, 60° F at 9,000 feet, 11”WC).

c) MMcf means one million (1,000,000) cubic feet.

Customer – “Customer” shall mean any person or entity that uses sales or transportation services provided by Company for direct use.

Customer of Record- The primary obligor for payment is the user in whose name Service with the Company is listed.

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**DEFINITION OF TERMS** – Cont'd

Customer Propane System – “Customer Propane System” means all equipment and facilities owned, operated, and maintained by the Customer as required for delivery of propane from the defined Point of Delivery between the Company and the Customer to any or all specific locations or applications on Customer’s premise that uses propane. Specifically, Customer’s System shall include everything downstream of the mating connection on the Company owned billing meter, including but not limited to, the underground line on the property side of the meter, appliances, indoor gas pipe and shut-offs.

Owner – “Owner” means the owner of property or homeowner except as otherwise specified herein.

Point of Custody Transfer/ Point of Delivery – The defined location where responsibility for the gas commodity is transferred from the Company’s System and control to the Customer’s System and control. For this tariff, the Point of Custody Transfer and the Point of Delivery are assumed to be at the same location which is defined to be at the billing meter discharge flange.

Psi/Psia – “Psi” means pounds per square inch. “Psia” shall mean pressure in pounds per square inch absolute.

Psig – “Psig” shall mean pressure in pound per square measured by gauge.

System – “System” is the pipelines, regulator stations, meters, and other related facilities owned and/or operated by Company and utilized in providing sales and transportation services.

WC – “WC” is the pressure abbreviation for water column which refers to the pressure exerted by a column of water of 1 inch in height at defined standard conditions. Example: 11 inches WC is equivalent to .397 psi

Base Contract Pressure – “Base Contract Pressure” means the expected base pressure delivered of 11” WC.

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
GENERAL**

**BENEFIT OF SERVICE**

An application for propane gas service may be made at any office of the Company. The Company may require any applicant to sign an Application Contract before service is supplied. By applying to and subscribing to gas service from the Company, Customer accepts the terms of these Rules and Regulations.

The use of propane gas service constitutes an agreement under which the user receives propane gas service and agrees to pay the Company therefore in accordance with the applicable rate schedules, rules and regulations. The primary obligor for payment is the applicant or user in whose name service with the Company is listed (the Customer of record). The Company is obligated to pursue reasonable and timely efforts to effect payment by or collections from the Customer of record. In the event such efforts are unavailing, and it is necessary for the Company to effect payment by or collection from a user who is not the Customer of record by transfer of an account or otherwise, the Company shall give prior written notice to said user that he/she may factually dispute the applicability of the benefit of service rule stated in this paragraph to his/her specific situation by making written complaint to the Public Utilities Commission. The benefits and obligations of the agreement for service may not be assigned without written consent of the Company. A separate agreement will be made for each class of service at each separate location.

During a period of vacancy in a rental property, the landlord or property Owner may contact the Company in writing to request that propane gas service be transferred to his/her name. Upon such application by the landlord or property owner, the landlord or property owner becomes the Customer of record and service will be provided in the name of the landlord or property owner.

*Credit Inquiries.* The application agreement authorizes Durango Mountain Utilities to make inquiries and receive information about Customer's credit experience from others, to enter this information in Customer's file, and to disclose such information concerning Customer to appropriate third parties for reasonable business purposes.

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
GENERAL**

**BENEFIT OF SERVICE - Con't**

*Rights in the System.* Owner/Association has no rights to or in the system equipment. Owner, Association, their employees, agents and contractors will not use, tamper or otherwise interfere with the system equipment and will be fully responsible for any damage they cause to the system equipment. The termination or expiration of this Agreement will not affect DMU's rights to continue providing the services to the other residents nor will it impact or cancel any easements, licenses or rights of entry previously granted to DMU by Customers (whether Owner or Association). At the cancellation, termination or expiration of this Agreement DMU may, at its option, either remove or leave in place any or all system equipment on the homeowner/association property at no penalty or cost to DMU. Under no circumstances will DMU be considered to have abandoned or waived any rights to the equipment.

*Term.* Durango Mountain Utilities will provide service until such time as either party to this agreement provides thirty (30) days' notice that service will be discontinued, consistent with the Commission's Rules concerning the utility's discontinuation.

*Right of Access.* DMU's rights shall include, without limitation, a reasonable right of access at reasonable times with reasonable notice to any applicable common elements that support DMU's system and to units within the premises for connects and disconnects of service, periodic tap audits, changing the services delivered to the units and the commercial space, and as necessary, to repair, maintain, relocate or replace the equipment.

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
GENERAL**

**BENEFIT OF SERVICE – Con't**

*Responsibility.* DMU shall be responsible for maintaining and operating the main lines and service laterals up to and including the meter and related equipment. DMU is not responsible for maintaining storage tanks which are leased from other entities. Customer is responsible for the maintenance and repair of Customer's System. Customer is responsible for the compliance of Customer's Propane System with all applicable laws, codes and regulations, including those of the Company.

Customer will mark or otherwise identify the location of any underground features as necessary to install or repair the underground line, meter and any related equipment required to provide propane to the property.

The Customer's responsibility is downstream from the meter or shutoff valve, Customer is responsible for snow protection for the meter and regulator.

*Fees and Charges.* Customer agrees to pay all charges and fees for the service, including applicable monthly service fees, charges for the use of Durango Mountain Utilities equipment, installation charges, charges for service calls and other charges, and all applicable federal, state and local fees and taxes within 15 days after receipt of invoice.

*Credit Card.* Subject to acceptance by Durango Mountain Utilities, Customer may opt to authorize Durango Mountain Utilities to charge all amounts payable by Customer to Durango Mountain Utilities to Customer's credit card.

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**RULES AND REGULATIONS  
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**CHARGES FOR RENDERING SERVICE**

Appropriate charges to Customers will be made at the time service is initiated or restored, or in the event that service at a specific location is transferred from one Customer to another. Charges will also be made to Customers for service work performed for Customers on Customer's premises except for gratuitous services provided by Company. Service work performed at other than regular working hours shall be subject to overtime rates. Charges are set forth on the tariff sheet entitled Schedule of Charges for Rendering Service. These charges are to offset Company's costs for such service work and transaction and are in addition to all other Customer charges for utility service and for any required charges under Company's filed extension policy.

Gratuitous services to Customers by the Company will not be charged to the Customer. Such gratuitous services are limited to the following:

1. All emergency calls where permanent materials and facility replacement is not performed.
2. Bill investigations.
3. Customer service compliant investigations.
4. Changing Customer's equipment due to changes in service characteristics, not, however, including changes necessary to convert Customer's equipment to propane gas service from an alternate fuel.
5. Maintenance of Company facilities.

To compensate Company for the cost of processing bad checks, the Company will make a charge to any Customer whose check for payment to the Company is returned by the bank as not payable. The amount of the charge is stated on the tariff sheet entitled Schedule of Charges for Rendering Service.

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
GENERAL**

**MONTHLY BILLS**

Bills for service will be rendered monthly. The Company may provide the option of electronic billing in lieu of a machine printed bill upon the Customer's request and at no additional charge to the Customer.

The term "month" for billing purposes means the period between any two consecutive regular readings by the Company of the meters at the Customer's premise(s), such readings to be taken as nearly as may be practicable every thirty days. If the Company is unable to read a meter after reasonable effort, the Customer will be billed on an estimated usage based on the best available information. If an initial or final bill is for a period less than the "monthly" billing period described above, billing may be prorated using a ratio of the number of days between actual read dates, to the number of days between the scheduled and actual read dates.

All bills for service, including any excise tax imposed by governmental authority, are due and payable at an office of the Company, or to an authorized agent of the Company fifteen days from the mailing date of bill. If the Customer fails to receive a bill, the Company, upon request, will issue a duplicate. However, failure to receive a bill in no way exempts the Customer from payment for service rendered.

When Company for any reason submits a bill to a Customer for utility service which contains an estimated reading or a no charge, Company will include on such bill a notice informing Customer that the bill does contain an estimate or no charge. Also included on such bill will be a statement requesting Customer to call Company so an accurate meter reading may be obtained. In all bills for additional charges resulting from a period of estimated or skipped billings, Company will include a written notice of Customer's right to pay such additional charges in installments, where such charges were not the result of meter inaccessibility and Customer's refusal to read his own meter.

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**MONTHLY BILLS – Cont'd**

If a Customer gives notice at the Company's office prior to the time that payment is due that the correctness of the bill is disputed, stating reasons therefore, the Company will investigate the dispute. However, such notice disputing correctness of a bill shall not be sufficient reason for withholding payment. If the bill is found to be incorrect, the Company will refund and overpayment or credit the amount of overpayment to the next bill rendered.

**TEMPORARY OR INTERMITTENT SERVICE**

If service to Customer is to be temporary or intermittent, service connection and any main construction involved will be at option of Company as set forth in Company's Service Lateral Connection and Distribution Main Extension Policy.

**POSSESSION OF GAS**

Company shall be in control and possession of the propane gas deliverable to Customer and responsible for any damage or injury caused thereby, until the same shall have been delivered to Customer at the delivery point or points, after which delivery Customer shall be deemed to be in exclusive control and possession thereof and responsible for any such injury or damage.

**CUSTOMER'S INSTALLATION**

Concurrently with or prior to requesting gas service the Customer shall submit to Company on forms supplied by Company, written data detailing the service requested, to enable Company to determine if the type of service, quantity, capacity, and pressure desired by Customer is available; to determine if extensions of, or additions to, Company's facilities will be required; and to secure definite location of the point of delivery, i.e., point where Company's propane gas facilities will connect to those of Customer. Before any additions to or alterations of existing installations are made by Customer which will materially affect the amount of service required, or which may require a change in the type of service or the point of deliver, the Company must be notified reasonably in advance thereof as to the proposed additions or alterations in order that the Company may first determine if the service desired is available and, if so, that the necessary changes in the Company's facilities may be arranged for and completed.

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**CUSTOMER'S INSTALLATION – Cont'd**

All gas piping and other propane gas equipment on the Customer's side of the point of delivery will be furnished, installed and maintained at all times by the Customer in conformity with good practice and with the requirements of the Standards of the National Board of Fire Underwriters for the Installation, Maintenance and Use of Piping, Appliances and Fittings for Propane Gas, any Municipal Ordinances or Codes. Company accepts no liability for injury or damage caused by defects in Customer's piping or equipment.

No equipment or apparatus will be connected to Company's distribution system the operation of which may cause such an abnormal pressure variation in said system as to impair or endanger the propane gas service supplied to other Customers on said system or to adversely affect operation of Company's metering or pressure regulating equipment. In the event that equipment having a high instantaneous demand such as a gas engine is to be connected, Customer shall provide adequate pulsation or surge tank, shutoff valves and other protective devices as may be required by Company. Customer shall, in every case, confer with Company before any equipment or apparatus requiring extremely close regulation of pressure or quality of gas is connected to Company's distribution systems.

When the Company is required by order of properly constituted authorities to move or alter its existing distribution system, thereby necessitating a change in the location of the service lead and the point of delivery, the Company will designate a new point of delivery and bear the expense or relocation of Company facilities to that point, and Customer, at his expense, will bring his piping to that new point of delivery. Service will be delivered to the Customer for each premise at one point of delivery designated by the Company. For the mutual protection of the Customer and the Company. For the mutual protection of the Customer and the Company, only authorized employees or agents of the Company are permitted to make connections between the Company's gas service and the Customer's gas piping.

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**CUSTOMER'S INSTALLATION** – Cont'd

The Company reserves the right to require the Customer to reimburse the Company for any cost due to a change in meters or other apparatus or in their location made at the request of the Customer. Meters and other equipment of the Company will be removed or relocated only by employees or agents of the Company.

**PROTECTION OF SUBSURFACE FACILITIES**

Customer shall consult Company regarding necessity of changing location of gas service before building any improvement, addition of structure over the gas service pipe or in the vicinity of Company's facilities. Customer shall notify Company before undertaking any type of excavation or change in surface grade of Customer's property, or operating or permitting the operation of any power excavating or ditching equipment in the proximity of Company's underground gas service on Customer's premises.

**LIABILITY**

All mains, services, apparatus, instruments, meters, regulators and materials supplied by Company at whomever's expense or under its standard policies will be and remain the property of the Company. Company's property shall not be worked upon or interfered with by Customer or other unauthorized persons.

The Customer shall be responsible for any damage to or loss of Company's property located on Customer's premises, caused by or arising out of the negligence of Customer or Customer's agents, employees, licensees, or invitees, or the misuse or unauthorized use of Company's property by Customer or Customer's agents, employees, licensees, or invitees. The cost of making good such loss and/or repairing such damage shall be paid by the Customer. Customer shall be held responsible for injury to Company's employees if caused by Customer's negligence.

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**LIABILITY – Cont'd**

The Customer shall be responsible for any injury to persons or damage to property occasioned or caused by the negligence of the Customer or any of Customer's agents, employees, licensees or invitees in installing, maintaining, operating or using any of the Customer's piping, equipment, machinery or apparatus and for injury and damage caused by defects in the same.

Company shall not be liable for injury to persons, damage to property, monetary loss, or loss of business caused by accidents, acts of God, fires, floods, strikes, wars, authority or orders of government, or any other causes and contingencies beyond its control.

**INDEMNITY TO COMPANY**

Customer shall hold the Company harmless and indemnify it against all claims and liability for injury to persons or damage to property when such damage or injury results from or is occasioned by the facilities located on Customer's side of the point of delivery unless caused by the negligence or wrongful acts of Company's agents or employees. "Customer" and "Company" as used herein shall include without limitation the agents, employees, licensees or contractors of each of said parties, or persons acting with permission or authorization from the respective parties.

**PRIORITY OF SERVICE**

In case of a shortage of supply, Company shall have the right to curtail the availability of service under any rate schedule, subject to the approval of the Commission. Specific rules and regulations setting forth limitations on existing and new Customers in the event of propane gas supply shortages are set forth elsewhere in the tariff. In general, it shall be the policy of the Company to allocate its propane gas supplies in an equitable manner.

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**RULES AND REGULATIONS  
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**DIVERSION OF PROPANE GAS**

The existence of propane gas consuming devices installed ahead of the meter or any tampering or interfering with pipes, devices, or equipment connected to Company's distribution system or the damage to, alteration, or obstruction of any meter (including the breaking of meter seals) which will permit or make possible the use of propane gas without its proper registration on Company's meter shall constitute prima facie evidence of diversion of propane gas by the Customer in whose name service is being rendered, or by the person benefiting from the use of such diverted propane gas. In the event that a Company check meter registers more propane gas in the same interval of time than does the meter installed at Customer's premises after such meters shall have been tested and found to be registering within the limits of accuracy prescribed by the Public Utilities Commission of the State of Colorado, such fact shall also constitute prima facie evidence of diversion of propane gas.

In such instances, Company will, in any reasonable manner, compute the amount of diverted propane gas. Where Company is unable to make such count the computation will be based upon any other available information, or estimated. Such computation or estimate shall be made for the period beginning with the date on which Customer began using propane gas at the location where the diversion occurred, unless evidence proves the diversion commenced at a later date, and ending with the date on which such diversion ceased. Bills for propane gas diverted, based upon the aforesaid computation or, where necessary, upon estimation, under the applicable rate in effect during the period of diversion, plus the cost of investigating and confirming such diversion, disconnecting service, equipment damages and other related items shall be due and payable in accordance with the Company's tariffs.

If service has been discontinued for failure to comply with any of the Company's rules and regulations and a diversion of propane gas has been confirmed subsequent to discontinuance, the Company will not render service to Customer, or to any other person for Customer's use, until:

- 1) The Customer has paid or made appropriate arrangements (when applicable) with the Company for the payment of all charges relating to the diversion of propane gas and

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**DIVERSION OF PROPANE GAS – Cont'd**

for all past due bills for service rendered at the same location; and

- 2) The Company confirms that the cause for the discontinuance of propane gas, if other than for non-payment, has been cured. Payment arrangements shall not be available in any case where the Customer has defaulted on an installment payment arrangement.

If service has been discontinued for diversion of propane gas and the Customer has in the past refused or restricted access to the Company's meter reading equipment, the Company will not render service to the Customer or to any other person for the Customer's use, at the same location until the Customer has arranged with the Company for the installation of, or has installed at the Customer's expense, such entrance and service equipment as is necessary to prevent further diversion of propane gas.

The foregoing rules pertaining to diversion of propane gas in no way affect or modify any action or prosecution under the laws of the State of Colorado.

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**RULES AND REGULATIONS  
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**EASEMENTS**

A contract for propane gas service, or receipt of service by Customer, shall be construed as an agreement by Customer granting the Company an easement to access, maintain, repair, and replace gas mains, service laterals, meters and other Company equipment necessary to render service to Customer. If requested by Company, Customer, before service is connected will executed Company's standard form of right-of-way agreement, granting to Company, at no expense therefore, satisfactory easements for suitable location of Company's mains, services, meters and metering equipment, and other appurtenances on or across lands owned or controlled by Customer, and will furnish space and shelter satisfactory to Company for all apparatus of Company located on Customer's premises. In the event that Customer shall divide premises by sale in such manner that one part shall be isolated from streets where Company's gas mains are accessible, Customer shall grant or reserve an easement for propane gas service over part having access to gas mains for the benefit of the isolated part.

**RIGHT OF ACCESS**

The Company shall have the right, without limitation, to reasonably access at reasonable times to any applicable equipment and or facilities that support the Company's System that are located on Customer's property. The Company shall additionally have reasonable access to units within the Customer's premises to perform piping/metering connects and disconnects of Service, periodic tap audits, billing meter accuracy calibrations, Service delivery changes for individual units within a commercial space, and as generally necessary, to repair, maintain, relocate or replace equipment that is a component of Company's System. The Company shall give the Customer adequate and reasonable notice prior to entering their premise, unless an emergency situation warrants otherwise.

**RIGHTS IN THE OTHER'S SYSTEM:**

Customer has no rights to, or interest in the Company System or its associated equipment.

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**PROPANE GAS SERVICE  
GENERAL**

**RIGHTS IN THE OTHER'S SYSTEM – con't**

Any or all Customers, their employees, agents and contractors shall not use, tamper or otherwise interfere with the Company's System or its associated equipment, without prior written permission from the Company. If a party other than the Company, its employees, or its designated agents/contractors uses, tampers with or otherwise interferes with the Company System or its associated equipment, that entity will be held fully responsible for any damages caused to the Company's System.

The Company has no rights to, or interest in the Customer's System or its associated equipment. The Company, their employees, agents and contractors shall not use, tamper or otherwise interfere with the Customer's System or its associated equipment, without prior written permission from the Customer. If a party other than the Customer, its employees, or its designated agents/contractors uses, tampers with or otherwise interferes with the Customer's System or its associated equipment, that entity will be held fully responsible for any damages caused to the Customer's System

**RESALE OF PROPANE GAS**

Propane gas service supplied by the Company is for the exclusive use of the Customer. Consequently, the Customer will not be permitted by sub-metering, to determine a quantity of propane gas and resell the same as such to any other person or persons on the Customer's premises or for use on any other premises. A master-metered Customer may, however, check-meter tenants, lessees, or other persons to whom ultimately the propane gas is distributed for the purpose of reimbursing the mater-metered Customer by an appropriate allocation procedure. The Company reserves the right to refuse to furnish propane gas service to any Customer where the purchase of such service is for the purpose of resale by Customer to others. In the event propane gas is resold in conflict herewith, Company shall have the right to discontinue service to Customer.

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
STANDARDS**

**COMPLAINTS**

Customers who wish to dispute any action of the Company may file an informal complaint with the Colorado Public Utilities Commission, External Affairs Division, in writing at 1560 Broadway, Suite 250, Denver, CO, or by telephone at (303) 894-2070 or (800) 456-0858. The Company will investigate promptly all complaints made by its Customers and will keep a record of all written complaints which record will include: the name and address of the complainant, the date, the nature of the complaint, and the adjustment or disposition made thereof. This record will be kept at least two years after the date of the complaint.

**SYSTEM OPERATION AND MAINTENANCE**

The Company will construct, operate and maintain its propane gas systems in such manner as to furnish, safe, adequate and continuous propane gas service in accordance with the Rules and Regulations of the Public Utilities Commission of the State of Colorado.

- a. The Company will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of propane gas and to avoid any shortage of same and, excepting interruptible service, interruption of same. However, Company will not be liable for interruption, shortage, or insufficiency in the supply of propane gas, or for any injury, loss, or damage occasioned thereby, if same is due to causes of contingencies beyond the control of the Company including but not limited to accidents, breakdown or equipment, acts of God, authority and orders of government, flood, storms, fires, strikes, riots, or war.
- b. The Company, whenever it shall find it necessary for the purpose of making repairs or improvements to its systems, will have the right to temporarily suspend the delivery of propane gas.
- c. Interruptions of service, however, will not relieve Customers from any charges for service actually supplied, nor will accidents to Customer's equipment or machinery, or failure of Customer's installation, not due to fault of Company, relieve Customers or payment or minimum charges under the rate schedule or contract applicable.

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**RULES AND REGULATIONS  
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STANDARDS**

**PRESSURE**

For service at normal delivery pressure the gas will be delivered at a pressure of eleven inches water column ("WC"), plus or minus two inches WC. Gas may be delivered at higher pressure where operating condition are such that the Company deems a higher pressure necessary. However, Company reserves the right to specify the pressure to be carried at the point of delivery. The Company will maintain the gas pressure at the outlet of the meter with a little variation as practicable.

**MEASUREMENT OF SERVICE**

**Volume Determination**

Gas volume determination shall be done by metering which conforms to appropriate industry standards or practices, or for gas received, by methods as agreed upon. The Company may adopt any subsequent amendments in the exercise of its reasonable judgment.

**New Measurement Techniques**

If, at any time during the term hereof, a new standard method or technique is developed in the gas industry for gas measurement or the determination of the factors used in such measurement, the Company may substitute such new method or technique.

**MEASUREMENT EQUIPMENT AND TESTING**

**Testing Equipment**

The Company will provide such testing equipment and instrumentation as may be necessary to comply with the Rules and Regulations of the Public Utilities Commission of the State of Colorado. The Company shall operate such equipment with standard methods in general use in the propane gas industry. The Company will exercise reasonable means to determine and maintain the general accuracy of all propane gas measurement equipment.

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PROPANE GAS SERVICE  
STANDARDS**

**MEASUREMENT EQUIPMENT AND TESTING - Cont'd**

**Measurement Equipment**

The Company will install, maintain, and operate, or cause to be installed, maintained, and operated, measuring stations equipped with flow meters and/or other necessary metering and measuring equipment by which the filling unit of gas received or delivered shall be determined. For gas receipts onto the Company's system the responsible party may be as agreed upon.

**Accuracy and Routine Testing**

The Company will exercise reasonable means to determine and maintain the general accuracy of all propane gas meters in use. All meters will be tested for accuracy and adjustment and registration before installation and shall be tested in accordance with Commission Rule 4303 and with the frequency required by Commission Rule 4304. If inaccuracy is found, such meters shall be adjusted to register within one percent when passing gas at 20 percent of its rated capacity at one-half inch water column differential as soon as practicable. The Company shall maintain the records of certification, calibrations, and testing as required by the Commission's Rules 4303 and 4306.

**Testing upon Request**

Upon written request of a Customer, the Company will evaluate usage history. If it determines that a discrepancy exists between historic and current consumption, the Company will first perform a leak survey in the vicinity of the Customer's property. Based on the findings, the Company may replace the meter per for the manufacturer's guidelines. The Company will submit the meter to an authorized source for testing and calibration. Any meter so tested will be considered accurate if the average accuracy of the meter is within 1% plus or minus. The Company may, at any time, test any of its meters.

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PROPANE GAS SERVICE  
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**MEASUREMENT EQUIPMENT AND TESTING - Cont'd**

**Measurement Errors**

If, upon any test, any measuring equipment is found to be inaccurate, such equipment shall be adjusted to measure accurately. In the event any measuring equipment is out of service or is found registering inaccurately and the error is not determinable by test, or by previous recording, receipts or deliveries through such equipment shall be estimated based upon the first of the following methods which is feasible:

- a) By using the registration of any check meter or meters, if installed and accurately registering, or, in the absence of a);
- b) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation, or, in the absence of a) and b);
- c) By estimating the quantity of gas received or delivered based on receipts or deliveries during preceding periods under similar conditions when the measuring equipment was registering accurately.

**GAS BILLING**

For the purpose of billing gas, the following billing units shall be used:

- a) The billing unit shall be gallons. The energy usage shall be the difference in volume of gas in cubic feet measured by a certified LPG Vapor meter between meter readings, on monthly basis or as requested by Customer, multiplied by the appropriate pressure correction factor, and converted to gallons.

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
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**GAS BILLING** - Cont'd

**Volume Adjustments**

If, upon any test, the measuring equipment in the aggregate is found to be inaccurate by more than two percent (2%), correction of the amount inaccurately determined shall be made pursuant to the provisions for Measurement Errors, herein.

- a. If any meter so tested is found to be more than 1% fast, the Company will adjust the propane gas used, for a period equal to one-half the time since the previous test, and will re-bill the adjusted amounts, provided said adjustment period shall not exceed two years, and Company will refund to Customer the difference between the bills as rendered for such period and the adjusted bills.
- b. If any meter so tested is found to be more than 1% slow, Company may collect from Customer the difference between bills as rendered and corrected bills for a period equal to one-half the time since the previous test, but not to exceed six months.
- c. If any meter is found not to register, to register intermittently, or to partially register for any period, the Company may collect for the gas service used but not registered in the meter for a period limited to six months for Residential and Commercial gas service. There shall be no limitation for diversion or subterfuge.

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**GAS BILLING** - Cont'd

**Billing Errors**

The Company will exercise all reasonable means to assure accurate computation of all bills for gas service. Customer agrees to accept the Company's accounting for gas measurement and billing. In the event errors in billing occur, Company shall refund to Customer the amount of any overcharge having resulted there from and, likewise, shall have the right to collect from Customer the amount of any undercharge. For Residential and Commercial Service, the time period for billing and collection for billing errors shall be limited to six months. The provisions of this tariff sheet shall not apply to meters that have been bypassed or in any way involved in energy diversion or in cases of subterfuge.

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**GAS PROPERTY DETERMINATION**

Gas Properties which may be required for volume measurement or energy determination will be determined by appropriate industry standards or practices, or for gas received onto the system by any other methods as agreed upon. Appropriate industry standards include but are not limited to those reference herein, and the Company may adopt any subsequent amendments to the standards in the exercise of its reasonable judgment.

**Heating Value (Hv) and Specific Gravity**

The Hv and specific gravity may be determined by the use of an on-line instrument, a continuous gas sampling device, a spot sample device, or for gas received onto the Company's system by any other method as agreed upon. On line instruments include a calorimeter, gravitometer, chromatograph, and any similar device. Hv and specific gravity determination by calculation from gas composition will comply with GPA Standard 2172-86, with physical constants per GPA Standard 2145-93. Determination of compressibility factors for use in Hv and specific gravity calculations may be done in accordance with GPA Standard 2172-86, or by any other means consistent with appropriate industry standards or practices.

For the purpose of calculating the Hv from the gas composition for gas receipts, the gas will be assumed dry if the actual water vapor content is less than 7 lb. water per Mmcf. The Company may account for the actual water vapor content in the gas if the content is in excess of 7 lb. water per Mmcf.

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**GAS PROPERTY DETERMINATION – Cont'd**

Hv and specific gravity determination will be done at intervals as found necessary in the exercise of the Company's reasonable judgment. For gas delivered, intervals shall not exceed 12 months. For gas received onto the Company's system, intervals shall not exceed 12 months and may be as otherwise agreed upon or required. The Company may apply a known Hv and specific gravity as determined at some upstream or representative location in the Company's system.

For Hv and specific gravity determination by on-line instrumentation applied in conjunction with electronic volume measurement, the Hv signal and specific gravity signal shall be processed by the computer.

For Hv and specific gravity determination by continuous sample, spot sample, and recording chart, the properties applied to volume or energy determination may be based on historical data. This practice may be as otherwise agreed upon for gas received. For Hv and specific gravity determination by chart recording applied in conjunction with conventional chart measurement for gas volumes, the arithmetic average of Hv and specific gravity recorded shall be applied.

**Determination of Atmospheric Pressure**

When the atmospheric pressure is required for volume or energy determination, it shall be determined by appropriate industry standards or practices or for gas received, by methods as agreed upon.

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**RULES AND REGULATIONS  
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Minimum Heating Value

The minimum monthly average heating value of propane gas delivered by the Company shall be 2500 Btu/scf.

Gallon Conversion

For purposes of converting to gallons from cubic feet, the Company shall utilize the following sample point and formula:

Cubic feet converted to Gallons =  $V1/G1$

Where:  $V1$  = Adjusted Volume

$G1$  = 36.4 cubic feet per gallon

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY**

**GENERAL PROVISIONS**

The determination of facility type and routing will be made by Company to be consistent with the characteristics of the territory in which service is to be rendered and the nature of Company's existing facilities in the area.

In all cases, the facilities provided will be constructed in accordance with the Company's specifications, standards and procedures.

**GAS METER AND PIPING INSTALLATION**

Company will furnish the appropriate meter and regulators to supply Customer's requirements. Customer will provide all facilities necessary for proper meter and regulator installation in conformance with Company requirements for such installation.

Company will be responsible for the service laterals from the main up to and including the meter.

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**RULES AND REGULATIONS  
PROPANE GAS SERVICE  
SERVICE LATERAL CONNECTION AND DISTRIBUTION MAIN EXTENSION POLICY**

**POLICY STATEMENT**

These Rules and Regulations set forth the Service Lateral Connection and Distribution Main Extension Policy of the Company available in the territory served by the Company.

The provisions of this policy are subject to the applicable Rules and Regulations of The Public Utilities Commission of the State of Colorado and to the Company's Rules and Regulations on file with said Public Utilities Commission.

When one or more Customers of existing developments request gas service at premises not connected to the Company's distribution system or request an increase in service to premises already connected where such increase necessitates additional investment, Company, after consideration of Customer's gas requirements, will designate the service requested and will permit to be constructed the extension with reasonable promptness at Customer's expense.

Service for new developments shall be constructed and connected pursuant to the Infrastructure Acquisition Agreement dated effective February 1, 2006.

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### OPTIONAL EXCESS FLOW VALVES

Customers of record with new and replaced residential services lines serving a single Residence will be notified of the availability for installation of an Excess Flow Valve (EFV) meeting Department of Transportation prescribed performance standards as well as the related safety benefits and costs thereof. (Title 49 CFR, Part 192.383) While the Company will install the EFV at the Customer's request, it is the responsibility of the Customer of record to pay all costs associated with the installation thereof. For Customers requesting installation on a new or replacement residential service line, the cost of installation is as set forth in this tariff.

An existing Customer of record that requests that an EFV be installed on an existing residential service line serving a single residence shall be responsible for all of the Company's actual costs of the equipment and installation thereof, including but not limited to the fully loaded labor, equipment, and material costs for the removal and repair of asphalt, concrete, sod, landscaping and piping.

If a Customer of record later wishes to have the EFV replaced, repaired, removed or deactivated that Customer of record shall be responsible for all of the company's actual costs of such work, including but not limited to the fully loaded labor, equipment, and material costs for the removal and repair of asphalt, concrete, sod, landscaping and piping.

The Company shall not be liable for any injury or damage to persons or property arising directly or indirectly out of the installation, operation, repair or replacement of the EFV.

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**GENERAL TERMS AND CONDITIONS  
PROPANE GAS SALES SERVICE**

These General Terms and Conditions apply to Service in all territory served by the Company.

**DEFINITIONS**

Service is the furnishing of propane gas for the exclusive use of the individual Customer for domestic purposes, e.g., cooking, water, heating, space-heating and clothes drying, in a private home or individual living unit where only one household is served through a single meter. Service to buildings appurtenant to the residence including garages, barns, and other minor buildings for use of the residents may also be served through the residential meter. Each family dwelling place or housekeeping unit shall be considered as a separate living unit.

Commercial enterprises will include but not be limited to clubs, lodges, hotels, apartment and rooming houses, motels, mobile home parks, campgrounds multi-family dwellings where more than one dwelling or one living unit is served through a single meter.

**RESIDENTIAL AND COMMERCIAL DEPOSITS**

Residential and commercial Customers shall not be required to place a deposit with the Company.

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**GENERAL TERMS AND CONDITIONS  
PROPANE GAS SALES SERVICE**

**DISCONTINUANCE OF SERVICE BY COMPANY**

The Company shall not discontinue the service of a Customer for any reason other than the following:

- I) Nonpayment of regulated charges
- II) Fraud or subterfuge.
- III) Service diversion.
- IV) Equipment tampering.
- V) Safety concerns.
- VI) Exigent circumstances.
- VII) Discontinuance ordered by any appropriate governmental authority.
- VIII) Properly discontinued service being restored by someone other than the utility when the original cause for proper discontinuance has not been cured.
  - a) The Company shall not discontinue service for nonpayment of any of the following:
    - I) Any amount which has not appeared on a regular monthly bill or which is not past due. Unless otherwise stated in a tariff or Commission rule, an account becomes "past due" on the 31<sup>st</sup> day following the due date of current charges.
    - II) Any amount due on another account now or previously held or guaranteed by the Customer, or with respect to which the Customer received service, unless the amount has first been transferred either to an account which is for the same class of service or to an account which the Customer has agreed will secure the other account. Any amount so transferred shall be considered due on the regular due date of the bill on which it first appears and shall be subject to notice of discontinuance as if it had been billed for the first time.
    - III) Any amount due on an account on which the Customer is or was neither the Customer of record nor a guarantor, or any amount due from a previous occupant of the premises. This subparagraph does not apply if the Customer is or was obtaining service through fraud or subterfuge.
    - IV) Any amount due on any account for which the present Customer is or was the Customer of record, if another person established the account through fraud or subterfuge and without the Customer's knowledge or consent.
    - V) Any delinquent amount, unless the Company can supply billing records from the time the delinquency occurred.
    - VI) Any debt except that incurred for service rendered by the Company in Colorado.
    - VII) Any unregulated charge.

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**GENERAL TERMS AND CONDITIONS  
PROPANE GAS SALES SERVICE**

**RESTORATION OF SERVICE**

Service which has been terminated due to failure to pay or make arrangements for payment of bills for service rendered will be restored if Customer pays all applicable collection or reconnection charges, enters into installment plan arrangements or modified budget billing arrangements and makes the first installment payment. This provision will not apply in cases where termination has occurred due to breached arrangements. If service is terminated after breach of arrangements, service will be reinstituted only after Customer has made payment in full of all amounts owed, including any collection or reconnection charges and after posting any deposit required for service.

Service also will be restored upon receipt of a valid medical certificate and will not be discontinued again until said medical certificate, or any valid extension thereof, has expired. Where service has been discontinued as set forth in these Rules and Regulations, Company shall restore such service within 12 hours after elimination by Customer of the cause for discontinuance, unless extenuating circumstances prevent restoral. Extenuating circumstances includes, but is not limited to, the requirement that the Customer or someone designated by the Customer be at the premises at the time of restoral.

**BUDGET BILLING PLAN**

The Company will offer a level or installment billing plan pursuant to the Commission Rule 4404.

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