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March 20, 2014

ADVICE LETTER NO. 269

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

Dear Mr. Dean:

In compliance with the requirements of the Public Utilities Law of Colorado, SourceGas Distribution LLC (“SourceGas Distribution” or the “Company”) herewith submits for filing with the Commission the following Tariff sheets revising its Colorado Gas Tariff, Colorado P.U.C. Volume No. 7:

Colorado P.U.C. Volume No. 7

Colorado P.U.C. Volume No. 7 Tariff Sheet No.	Title of Tariff Sheet	Cancels Colorado P.U.C. Volume No. 7 Tariff Sheet No.
1 st Revised Sheet No. 5A	List of Territories Served	Original Sheet No. 5A
20 th Revised Sheet No. 7B	Western Slope Colorado Sales Service Schedule of Rates without Storage (Included in Base Rate Area 1)	19 th Revised Sheet No. 7B
Original Sheet No. 7B-1	Western Slope Colorado Sales Service Schedule of Rates with Storage (Included in Base Rate Area 1)	--
21 st Revised Sheet No. 7C	Western Slope Colorado Sales Service Schedule of Rates (Included in Base Rate Area 1)	20 th Revised Sheet No. 7C
5 th Revised Sheet No. 9	Residential Sales Service	4 th Revised Sheet No. 9
5 th Revised Sheet No. 10	Small Commercial Sales Service	4 th Revised Sheet No. 10
5 th Revised Sheet No. 11	Large Commercial Sales Service	4 th Revised Sheet No. 11
5 th Revised Sheet No. 12	Irrigation, Crop Drying or Seasonal Sales Service	4 th Revised Sheet No. 12
8 th Revised Sheet No. 16	Demand-Side Management cost Adjustment Rate Rider Summary Table	7 th Revised Sheet No. 16
3 rd Revised Sheet No. 37	Gas Cost Adjustment	2 nd Revised Sheet No. 37

Colorado PUC E-Filings System

The Tariff sheets accompanying this Advice Letter No. 269 comply with the requirements of Rule 4109 of the Commission's Rules Regulating Gas Utilities and Pipeline Operators. The proposed effective date for the Tariff sheets accompanying this Advice Letter No. 269 is June 1, 2014. Sheet Nos. 10 and 11 also contain a text addition to reinstate a provision of the Rules and Regulations section that was inadvertently omitted in the prior advice letter for those Tariff sheets.

Section II.G.3 of the Amended Stipulation approved in Consolidated Proceeding Nos. 13A-0046G, 13AL-0067G and 13AL-0143 states, in full:

“A M Gas requested that Rocky Mountain's storage costs incurred by SourceGas Distribution be allocated to sales customers through SourceGas Distribution's GCA [Gas Cost Adjustment] mechanism on a zoned basis such that only those customers who benefit from storage will pay rates that include the cost of storage. SourceGas Distribution agrees to file an advice letter or application within 30 days after the Commission has approved this Amended Stipulation by which SourceGas Distribution will propose that its GCA mechanism allocate such storage costs on a zoned basis. In addition to SourceGas Distribution, the remaining Settling Parties agree to this resolution and to support such advice letter or application in concept. No Settling Party shall be prejudiced by signing this Amended Stipulation as to any position taken on the specific proposals in such an advice letter or application, as the total effects of the change concerning the allocation of storage costs are unknown at the time of the filing of this Amended Stipulation.”

SourceGas Distribution identified the customers who benefit from storage as those customers in towns and areas behind Rocky Mountain delivery points that require capacity pathed from the Wolf Creek Storage Field receipt point. The towns and areas that require Wolf Creek Storage Field capacity are as follows: Aspen, Basalt, Carbondale, Eagle, El Jebel, Gypsum, Snowmass, Snowmass Village, and Woody Creek. The GCA reflected in these proposed Tariffs incorporates a charge for storage capacity that is applicable only to customers with service addresses in and around these towns and areas. Customers who do not reside in these towns or areas will not receive the storage charge as part of their Forecasted Upstream Cost Component of the GCA.

In support of the proposed Tariffs accompanying this Advice Letter No. 269, SourceGas Distribution includes Attachment 1, which is a modified version of the exhibits from its interim GCA Application filed on March 19, 2014. The Company modified those GCA exhibits to remove the projected No-Notice Storage Reservation Costs to be recovered from SourceGas Distribution by Rocky Mountain from the Forecasted Upstream Cost Component of the GCA. The No-Notice Storage Reservation Costs form the basis of the aforementioned storage charge that is then added back to the Forecasted Upstream Cost Component of the GCA of only those customers residing in the towns and areas listed above. Although the proposed Tariff changes will not affect the total revenue generated by the Company under the Forecasted Upstream Cost Component of the GCA from what was proposed in the Company's interim GCA Application filed on March 19, 2014, customers' rates in the towns and areas listed above will increase reflecting the assignment of storage costs to those customers only. Likewise, customers' rates not in those towns and areas listed above will decrease reflecting the removal of storage costs from their Forecasted Upstream Cost Component of the GCA.

Attachment 2 to this Advice Letter No. 269 is a clean version of the proposed Tariffs implementing a separate storage charge. Attachment 3 to this Advice Letter No. 269 is a redline version of the Tariffs identifying changes from the Tariffs proposed in SourceGas Distribution's interim GCA Application filed on March 19, 2014. Attachment 4 to Advice Letter No. 269 is a draft form of notice to be provided to customers in the Western Slope GCA Rate Area.

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

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

Sincerely,



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

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>DSMCA (4)</u>	<u>Riders (5)(6)</u>	<u>GCA (2)</u>	<u>Total</u>
R-1S	9	Customer(3)	Per Meter	\$11.00	\$0.01	\$1.16	-----	\$12.17
R-1S	9	Volumetric	Per Therm	\$0.2282	\$0.0001	\$0.0199	\$0.8313	\$1.0795
SC-1S	10	Customer(3)	Per Meter	\$22.00	\$0.93	\$2.27	-----	\$25.20
SC-1S	10	Volumetric	Per Therm	\$0.1869	\$0.0079	\$0.0163	\$0.8313	\$1.0424
LC-1S	11	Customer(3)	Per Meter	\$100.00	\$4.21	\$10.58	-----	\$114.79
LC-1S	11	Volumetric	Per Therm	\$0.1544	\$0.0065	\$0.0135	\$0.8313	\$1.0057
ICD-1S	12	Customer(3)	Per Meter	\$180.00	\$7.58	\$17.98	-----	\$205.56
ICD-1S	12	Volumetric	Per Therm	\$0.0923	\$0.0039	\$0.0081	\$0.8313	\$0.9356

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

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

$$\text{GCA Formula: } \frac{\text{Current Gas Cost}}{\$0.7916} + \frac{\text{Deferred Gas Cost}}{\$0.0397} = \text{GCA } \$0.8313$$

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

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

<u>Rate Schedule</u>	<u>Demand Side Management Cost Adjustment ("DSMCA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-1S	0.05%	\$0.01	\$0.0001
SC-1S	4.21%	\$0.93	\$0.0079
LC-1S	4.21%	\$4.21	\$0.0065
ICD-1S	4.21%	\$7.58	\$0.0039

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

<u>Rate Schedule</u>	<u>General Rate Schedule Adjustment ("GRSA")</u>		
	<u>Percent</u>	<u>Monthly Rate</u>	<u>Volumetric Rate</u>
R-1S	8.74%	\$0.96	\$0.0199
SC-1S	8.74%	\$1.92	\$0.0163
LC-1S	8.74%	\$8.74	\$0.0135
ICD-1S	8.74%	\$15.73	\$0.0081

(6) Base rates under this Tariff are adjusted by the Percentage of Income Payment Plan Cost Adjustment per Tariff Sheet No. 20 summarized below:

<u>Rate Schedule</u>	<u>Percentage of Income Payment Plan Cost Adjustment ("PIPPCA")</u>	
	<u>Monthly Rate</u>	
R-1S	\$0.20	
SC-1S	\$0.35	
LC-1S	\$1.84	
ICD-1S	\$2.25	

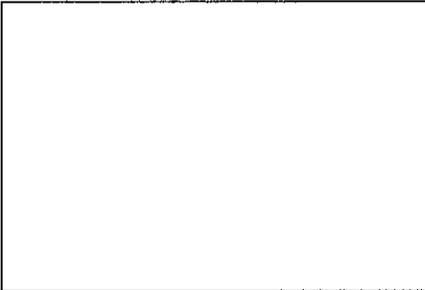
Western Slope Colorado
Sales Service Schedule of Rates
 (Included in Base Rate Area 1)

Rule 4406(b) Itemized Billing Units

Rate Schedule	Volumetric Charges Per Therm without Storage					Monthly Charge (Per Meter) without Storage			
	Distribution 1/	Gas Cost Adjustment		Upstream Pipeline	DSMCA	Total	DSMCA	Customer Charge 1/	Total
		Commodity							
R-1	\$0.2481	\$0.5075	\$0.2931	\$0.0001	\$1.0488	\$0.01	\$12.16	\$12.17	
SC-1	\$0.2032	\$0.5075	\$0.2931	\$0.0079	\$1.0117	\$0.93	\$24.27	\$25.20	
LC-1	\$0.1679	\$0.5075	\$0.2931	\$0.0065	\$0.9750	\$4.21	\$110.58	\$114.79	
ICD-1	\$0.1004	\$0.5075	\$0.2931	\$0.0039	\$0.9049	\$7.58	\$197.98	\$205.56	

Rate Schedule	Volumetric Charges Per Therm with Storage					Monthly Charge (Per Meter) with Storage			
	Distribution 1/	Gas Cost Adjustment		Upstream Pipeline	DSMCA	Total	DSMCA	Customer Charge 1/	Total
		Commodity							
R-1S	\$0.2481	\$0.5075	\$0.3238	\$0.0001	\$1.0795	\$0.01	\$12.16	\$12.17	
SC-1S	\$0.2032	\$0.5075	\$0.3238	\$0.0079	\$1.0424	\$0.93	\$24.27	\$25.20	
LC-1S	\$0.1679	\$0.5075	\$0.3238	\$0.0065	\$1.0057	\$4.21	\$110.58	\$114.79	
ICD-1S	\$0.1004	\$0.5075	\$0.3238	\$0.0039	\$0.9356	\$7.58	\$197.98	\$205.56	

1/ Includes General Rate Schedule Adjustment (“GRSA”) pursuant to Sheet No. 8A and the Percentage of Income Payment Plan Cost Adjustment (“PIPPCA”) pursuant to Sheet No. 20 and in the amount shown on Sheet Nos. 7B and 7B-1 (Note 6 and 7) for the corresponding class of service and type of charge.



SALES SERVICE RATE SCHEDULE
RESIDENTIAL SALES SERVICE
RATE SCHEDULE R (R-1, R-1S, R-2)

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APPLICABILITY

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

RATE

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

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

FRANCHISE TAX SURCHARGE

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

GAS COST ADJUSTMENT

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

PERCENTAGE OF INCOME PAYMENT PLAN COST ADJUSTMENT

This rate is subject to the PIPPCA Tariff commencing on Sheet No. 20. The PIPPCA is not applicable to participants in the PIPP.

DEMAND SIDE MANAGEMENT COST ADJUSTMENT

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

GENERAL RATE SCHEDULE ADJUSTMENT

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

PAYMENT

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

RULES AND REGULATIONS

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

SALES SERVICE RATE SCHEDULE

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

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

APPLICABILITY

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

RATE

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

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

FRANCHISE TAX SURCHARGE

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

GAS COST ADJUSTMENT

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

DEMAND SIDE MANAGEMENT COST ADJUSTMENT

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

GENERAL RATE SCHEDULE ADJUSTMENT

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

PERCENTAGE OF INCOME PAYMENT PLAN COST ADJUSTMENT

This rate is subject to the PIPPCA Tariff commencing on Sheet No. 20. The PIPPCA is not applicable to participants in the PIPP.

PAYMENT

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

RULES AND REGULATIONS

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

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

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APPLICABILITY

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

RATE

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

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

FRANCHISE TAX SURCHARGE

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

GAS COST ADJUSTMENT

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

DEMAND SIDE MANAGEMENT COST ADJUSTMENT

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

GENERAL RATE SCHEDULE ADJUSTMENT

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

PERCENTAGE OF INCOME PAYMENT PLAN COST ADJUSTMENT

This rate is subject to the PIPPCA Tariff commencing on Sheet No. 20. The PIPPCA is not applicable to participants in the PIPP.

PAYMENT

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

RULES AND REGULATIONS

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



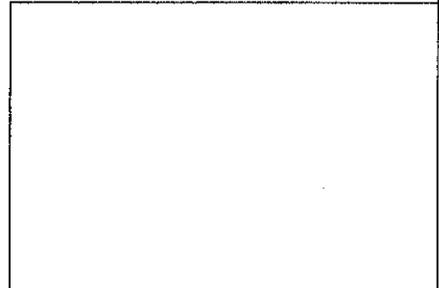
SALES SERVICE SCHEDULE OF RATES
DEMAND-SIDE MANAGEMENT COST ADJUSTMENT
RATE RIDER SUMMARY TABLE

Residential Service

R-1, R-1S	0.05%	T
R-2	-0.26%	

Non-Residential Service

SC-1, SC-1S	4.21%	T
SC-2	0.89%	
LC-1, LC-1S	4.21%	T
LC-2	0.89%	
ICD-1, ICD-1S	4.21%	T
ICD-2	0.89%	



Advice Letter No. 269

Michael Noone
Issuing Officer

Issue Date: March 20, 2014

Decision or
Authority No.

President and CEO
Title

Effective Date: June 1, 2014

Gas Cost Adjustment

(a) Description

Rate schedules for natural gas service are subject to a Gas Cost Adjustment (GCA) to reflect changes in the cost of purchased gas, as provided for herein. Different GCA amounts are applicable to the North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern areas as listed in Sheet Numbers 5, 5A, 5B, 5C and 5D which correspond to the Schedules of Rates listed on Sheet Numbers 7, 7B, 7D, 7F and 7H.

(b) Frequency of Change

The GCA amounts shall be subject to revision annually on November 1, to reflect increases or decreases in gas costs, such as the cost of the gas commodity and Upstream Services. Additional GCA applications may be filed at other times to revise relevant tariff sheets provided that the resulting changes equate to at least one mill (\$0.001) per therm. Said increased or decreased adjustment amounts shall be prorated as of the effective date.

(c) Determination of GCA Amounts

The GCA for each service area listed on Sheet Nos. 5, 5A, 5B, 5C and 5D will be determined as follows:

1. The gas supply cost for the period shall be determined by summing the following costs: 1) Forecasted Gas Commodity Cost Component; 2) the Forecasted Upstream Cost Component to be applicable during the GCA Effective Period; and, for the Western Slope GCA Rate Area only, 3) the Forecasted Working Gas Storage Cost Component. The Forecasted Gas Commodity Cost Component shall be the system wide average composite unit cost to the Company for purchasing, gathering, treating, and processing of gas or any other services, fees and taxes assessed, under contract or otherwise, multiplied by the Forecasted Gas Purchase Quantity received or to be received as applicable during the effective GCA period at the Colorado P.U.C. jurisdictional facilities. The Forecasted Upstream Cost Component shall be the cost of transportation and storage, net of any revenues from capacity releases, directly attributable to Company's Colorado jurisdiction during the period and the LSSRS for the Western Slope Rate Area. For the Western Slope GCA Rate Area, the cost of storage shall be allocated to sales customers on a zoned basis such that only those customers who benefit from storage will pay rates that include the cost of storage. The Forecasted Working Gas Storage Cost Component shall be the carrying costs associated with the Company's gas storage inventory for its Western Slope GCA Rate Area. The carrying cost shall be determined by applying the weighted average cost of short-term debt to the annual average of the forecasted monthly gas storage inventory balances for the GCA Effective Period. For billing presentation purposes, Working Gas Storage Costs shall be included with Gas Commodity Costs for calculating the GCA effective rate. The Company shall separately identify and account for demand and commodity costs related to each of the above listed gas supply cost categories.

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