



Eastern Colorado Utility Company

P. O. Box 575

Strasburg, Colorado 80136-0575

Exhibit 1
Docket No. 05S-439G
Decision No. C05-1260
Page 1 of 3

Phone 303-622-4220

J. F. Schmitt, President
Darriel Hamacher, Manager

September 23, 2005
Advice Letter No. 135

Public Utilities Commission of the State of Colorado
1580 Logan Street, OL- 2
Denver, Colorado 80203

The accompanying tariff sheets issued by Eastern Colorado Utility Company ("Eastern" or the "Company") are sent to you for filing in accordance with the requirements of the Public Utilities Law:

COLORADO P.U.C. NO. 1

and the following sheets are attached:

| <u>Colorado P.U.C. Sheet No.</u> | <u>Title of Sheet</u> | <u>Cancels</u> <u>Colorado P.U.C. Sheet No</u> |
|----------------------------------|----------------------------------|---|
| Twenty-sixth Revised Sheet 2 | Res. and Comm. Gen. Gas Sales | Twenty-fifth Revised Sheet 2 |
| Forty-first Revised Sheet 2.1 | Res. and Comm. Gen. Gas Sales | Fortieth Revised Sheet 2.1 |
| Seventh Revised Sheet 3 | Res. and Comm. Gen. Gas Sales | Sixth Revised Sheet 3 |
| Fourth Revised Sheet 3.1 | Res. and Comm. Gen. Gas Sales | Third Revised Sheet 3.1 |
| Second Revised Sheet 3.2 | Res. and Comm. Gen. Gas Sales | First Revised Sheet 3.2 |
| First Revised Sheet 3.2.1 | Res. and Comm. Gen. Gas Sales | Original Sheet 3.2.1 |
| Twentieth Revised Sheet 3.3 | Res. and Comm. Gen. Gas Sales | Nineteenth Revised Sheet 3.3 |
| Eleventh Revised Sheet 3.4 | Res. and Comm. Gen. Gas Sales | Tenth Revised Sheet 3.4 |
| First Revised Sheet 4.1 | Gas Transport. | Original Sheet 4.1 |
| First Revised Sheet 4.2 | Gas Transport. | Original Sheet 4.2 |

THE PUBLIC UTILITIES COMMISSION
FILED

SEP 23 2005

BY EKH
STATE OF COLORADO

The principal proposed change is: to revise the Facilities Charge and Distribution Delivery Charge for service under Eastern's Colorado P.U.C. No. 1 tariff to become effective October 25, 2005. The proposed revisions will apply to gas sales service under Eastern's residential gas service and commercial gas service tariffs for its Colorado certificated service territory.

Eastern is proposing to increase its gas utility base rate revenues by approximately \$158,802 on an annual basis, or about 20.30 percent, on jurisdictional base rate gas revenues of \$782,254. The proposed increase is 4.85 percent over total jurisdictional gas service revenues of \$3,272,899, including gas costs of \$2,382,672. The Company's proposed increase in base rates is intended to recover increases incurred by the Company in the annual distribution costs to serve gas customers based upon revenue requirements for the test year ending December 31, 2004. The proposed base rates do not include the cost of the gas commodity or the cost of upstream gathering, storage and transportation services purchased by the Company. Instead, Eastern proposes that a portion of such costs no longer be recovered in base rates, but rather that they be recovered exclusively from customers through Eastern's Gas Cost Adjustment mechanism.

In its filing, Eastern proposes to redesign its rates to better match the recovery of fixed costs associated with its natural gas delivery system with the incurrence of such costs. More specifically, the Company's proposed rate design increases the Facility Charge for its residential and commercial customer classes. In addition, the Company's proposed rate change increases the Distribution Delivery Charge (previously known as the Usage Charge) on each ccf of sales for the residential and commercial customer classes.

Contemporaneously filed with this Advice Letter are testimony and exhibits, which both explain and justify the Company's proposals herein to revise its base rates.

The effect of this filing on the Company's annual base rate gas revenues is an increase of \$158,802 based on the twelve months ended December 31, 2004. The proposed filing would allow the Company an opportunity to earn a 12.29 percent return on equity and a 9.77 percent overall return on rate base.

Customers of the Company will be affected as shown below. The current average monthly bills include the November 2004 Gas Cost Adjustment ("GCA") amounts.

IMPACT OF NEW RATES

| Rate Schedule | Average Monthly Usage ccf's | Current Average Monthly Bill | Proposed Average Monthly Bill | Monthly Change | Percent Rate Impact |
|---------------|-----------------------------|------------------------------|-------------------------------|----------------|---------------------|
| Residential | 75 | \$62.83 | \$67.67 | \$4.84 | 7.71% |
| Commercial | 192 | \$158.17 | \$156.47 | \$(1.70) | (1.08)% |

Customers of the Company receiving gas service as of the date of this filing will be notified of this filing by individual notice included with monthly bills mailed by first class mail on or before September 30, 2005, and by general notice published in the legal

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classified sections of Range Ledger (Cheyenne Wells, CO), Tri-County Tribune (Deer Trail, CO), Kiowa County Press (Eads, CO) and Eastern Colorado News (Strasburg, CO), each of which newspapers are published in Eastern's gas service territory. A copy of the official notice is attached hereto as Appendix A.

It is requested that the changed tariffs accompanying this advice letter become effective on October 25, 2005.

Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to:

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By: Joseph F. Schmitt
Joseph F. Schmitt, President

