

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 08S-108G

RE: INVESTIGATION AND SUSPENSION OF TARIFF SHEETS FILED BY SOURCEGAS
DISTRIBUTION LLC WITH ADVICE LETTER NO. 228

DOCKET NO. 08A-127G

IN THE MATTER OF THE VERIFIED JOINT APPLICATION OF SOURCEGAS
DISTRIBUTION LLC AND SOURCEGAS WATTENBERG LLC FOR APPROVAL OF
MERGER OF SOURCEGAS WATTENBERG LLC INTO SOURCEGAS
DISTRIBUTION LLC

STIPULATION AND AGREEMENT IN RESOLUTION OF PROCEEDINGS

This Stipulation and Agreement in Resolution of Proceedings (“Stipulation”) is entered into by and among SourceGas Distribution LLC (“SourceGas” or “Company”), SourceGas Wattenberg LLC (“SourceGas Wattenberg”), the Staff of the Public Utilities Commission of the State of Colorado (“Staff”), the Colorado Office of Consumer Counsel (“OCC”), A M Gas Transfer Corp. (“A M Gas”), Seminole Energy Services, LLC (“Seminole”), and the Town of Telluride, Colorado (“Telluride”) (collectively the “Parties” and individually a “Party”). This Stipulation sets forth the terms and conditions by which the Parties have agreed to resolve all issues that have been or could have been contested in the general rate case proceeding commenced by the Company’s March 4, 2008 Advice Letter No. 228, Docket No. 08S-108G (“Rate Case”), as well as all issues that have been or could have been contested in the proceeding for approval of SourceGas Wattenberg’s merger into SourceGas, Docket No. 08A-127G (“Merger Proceeding”).

The Parties agree that the results of the compromises reflected herein are a just and reasonable resolution of these proceedings, and that implementing the compromises and settlements reflected in this Stipulation will result in substantial savings to all concerned by establishing certainty and avoiding litigation. Each Party supports this Stipulation and agrees to defend the settlement reached. The Parties respectfully request that the Public Utilities Commission of the State of Colorado (“Commission”) approve this Stipulation pursuant to Rule 1408 of the Commission’s Rules of Practice and Procedure without modification.

I. BACKGROUND

A. RATE CASE

1. On March 4, 2008, SourceGas filed Advice Letter No. 228 and accompanying tariff sheets (the “Filed Case”), proposing to increase non-gas base rates and charges for the services that SourceGas renders in its five Colorado service areas: Arkansas Valley, North Central, North Eastern, Southwestern, and Western Slope. SourceGas also proposed, among other things, to consolidate its five service areas into a single rate area for non-gas base rates, calculate bills on a thermal basis, combine assets owned and operated by SourceGas Wattenberg into SourceGas’s cost of service, update its schedule of special charges, update its construction allowances, and implement bad debt and pipeline integrity cost adjustment mechanisms.

2. By Decision No. C08-0359 (adopted April 2, 2008; mailed April 3, 2008), the Commission suspended the proposed tariff sheets for investigation and hearing. In addition, Decision No. C08-0359 established the intervention period and certain other procedural dates governing this proceeding and stated that the Commission would conduct an investigatory docket to evaluate the theory and practice of utility incentive mechanisms, including cost adjustment mechanisms such as the proposed bad debt and pipeline integrity cost adjustment mechanisms. The Commission requested that the Administrative Law Judge (“ALJ”) take notice of these

parallel Commission proceedings, request that the parties address how the Commission's larger inquiries affect this case, and incorporate these considerations into the ALJ's recommended decision in this case.

3. The OCC filed a Protest and Request for Hearing on March 27, 2008.
4. Staff filed its Notice of Intervention, Entry of Appearance, Notice Pursuant to Rule 1007(a) and Rule 1403(b) and Request for Hearing on April 8, 2008, with an amendment filed on April 9, 2008.
5. The OCC filed its Notice of Intervention of Right and Entry of Appearance on April 14, 2008.
6. A M Gas, Seminole, and Telluride filed timely petitions to intervene.
7. On May 7, 2008, Judge G. Harris Adams issued Decision No. R08-0475-I, establishing a procedural schedule calling for the filing of answer testimony on June 10, 2008; rebuttal and cross-answer testimony on July 9, 2008; and a hearing on July 21-25, 2008.
8. On May 18, 2008, Staff and the OCC filed a joint motion to revise the procedural schedule, change hearing dates, and expedite the discovery response time.
9. On May 22, 2008, SourceGas filed a response to Staff and the OCC's joint motion.
10. On June 2, 2008, the ALJ issued Decision No. R08-0550-I, modifying the procedural schedule and rescheduling the hearing. Decision No. R08-0550-I called for the filing of answer testimony on July 11, 2008; filing of rebuttal and cross-answer testimony on August 1, 2008; and hearing on August 11-15, 2008.
11. By Decision No. R08-0525-I, the ALJ granted all petitions to intervene on May 23, 2008.

B. MERGER PROCEEDING

1. On April 17, 2008, SourceGas Distribution and SourceGas Wattenberg filed a Verified Joint Application in Docket No. 08A-127G seeking approval and authorization to merge SourceGas Wattenberg into SourceGas Distribution.

2. On April 25, 2008, the Commission issued a Notice of Application Filed regarding the Merger Proceeding, establishing the intervention period and other procedural deadlines.

3. Staff filed its Notice of Intervention, Entry of Appearance, Notice Pursuant to Rule 1007(a) and Rule 1403(b) and Request for Hearing on June 3, 2008.

4. No other party intervened in the Merger Proceeding.

5. Pursuant to Rule 4 Code of Colorado Regulations 723-1-1303(b)(III), the Verified Joint Application was automatically deemed complete on June 9, 2008.

6. The Merger Proceeding was referred to the same ALJ presiding over the Rate Case, Judge G. Harris Adams, who has asked the parties to propose a pre-hearing schedule for the Merger Proceeding.

7. On July 2, 2008, SourceGas, SourceGas Wattenberg, and Staff jointly filed a motion to consolidate the Merger Proceeding into the Rate Case, with the consolidated proceeding to be governed by the procedural schedule set for the Rate Case.

C. SETTLEMENT NEGOTIATIONS AND AGREEMENT

1. The Parties conducted meetings throughout May and June 2008 to discuss concepts and terms for a possible settlement. The Parties entered into an Agreement in Principle executed by all parties on July 3, 2008, pursuant to which they agreed to the resolution of all issues which were or could have been raised in this proceeding. This Stipulation reflects a more comprehensive articulation of the Agreement in Principle.

2. This Stipulation incorporates Appendices A through E, appended hereto, which are identified as follows:

Appendix A – Settled Revenue Requirement

Appendix B – Summary of Effects of Settled Issues on Revenue Requirement

Appendix C – Settled Revisions to Colorado PUC No. 7 Tariff

Appendix D – Bill Impacts

Appendix E – Depreciation Rate Schedule

II. TERMS OF SETTLEMENT

A. REVENUE REQUIREMENT

The Parties have agreed upon a settled non-gas revenue requirement of \$39,400,743 based upon a test year ending August 31, 2007, resulting in an increase in jurisdictional base rate revenues of \$14,867,967. The Parties note that this increase in revenue requirement is a 16% reduction from the \$17,741,141 increase in the revenue requirement requested in the Filed Case. The Parties have agreed to the specific resolution of the disputed issues concerning revenue requirements set forth in this Section II.A. A summary of the monetary effects of the settled issues on the revenue requirement is set forth in Appendix B.

1. Rate of Return on Equity

Background. SourceGas witness Dr. Charles Moyer presented Direct Testimony in support of SourceGas's proposed authorized rate of return on equity of 10.75%. Staff and the OCC have negotiated with SourceGas for a lower rate of return on equity. A M Gas and Seminole took no position on this or any other of the revenue requirement issues.

Resolution. For purposes of settlement, the Parties agree that 10.25% shall be the authorized rate of return on equity. The impact on the revenue requirement of this adjustment is a \$515,489 decrease from the Filed Case.

2. Cost of Debt

Background. SourceGas witness Mr. Ben Breland in his Direct Testimony identified SourceGas LLC's average cost of debt as 6.01%. No Party took exception to the use of this percentage for purposes of developing rates in this proceeding.

Resolution. The parties agree that the Company shall use a cost of debt of 6.01% to determine the weighted average cost of capital.

3. Capital Structure and Weighted Average Cost of Capital

Background. The Company used the capital structure of its parent company, SourceGas LLC, for its filing. SourceGas witness Mr. Breland testified that SourceGas LLC's actual capital structure (excluding short-term debt) as of August 31, 2007 consisted of 53.13% common equity and 46.87% long-term debt.

Resolution. The Parties agree that the Company shall use SourceGas LLC's capital structure as of August 31, 2007 to calculate the Company's revenue requirement in this proceeding. The following table reflects the weighted average cost of capital to which the Parties have agreed:

Weighted Average Cost of Capital			
	Weight	Rate	Wtd. Avg. Cost
Long-Term Debt	46.87%	6.01%	2.82%
Equity	53.13%	10.25%	5.45%
Total Cost	100%		8.26%

4. Depreciation Rates

Background. In its Filed Case, the Company used the depreciation rates set forth in Exhibit 3, Schedule 10, included with the Advice Letter. Staff preferred that the Company use the depreciation rates recommended by Black & Veatch in its "Report of Depreciation Accrual

Rates for *Kinder Morgan, Inc. Retail Distribution Natural Gas Properties in Colorado, Nebraska, and Wyoming*,” dated February 2006, with certain exceptions.

Resolution. For purposes of the revenue requirement in this settlement, the Parties agree that the Company shall use the depreciation rates set forth in Appendix E. The impact on the revenue requirement of this adjustment is a \$429,083 decrease from the Filed Case.

5. Settled Rate Base Methodology

Background. In its Filed Case, the Company used a year-end rate base to develop its revenue requirement with a rate base amount of \$120,293,677. Staff and the OCC preferred that the Company’s revenue requirement be calculated using a 13-month average rate base.

Resolution. For purposes of settlement, the Parties agree to a settled rate base of \$114,168,128, consisting of \$95,444,965 for Rate Area 1 and \$18,723,163 for Rate Area 2. The compositions of Rate Areas 1 and 2 are described in Section II.B.1, *infra*. The impact on the revenue requirement of this adjustment is a \$762,341 decrease from the Filed Case.

6. Rate Case Expense

Background. In its Filed Case, the Company proposed to amortize its \$520,000 estimated rate case expense over three years and to recover the annual amortized amount as part of its revenue requirement. Staff preferred that this expense be decreased because the settlement would reduce expenses related to a hearing of the entire case. The OCC preferred that the amount be amortized over five years. Both Staff and the OCC preferred that the amortization be based on actual rate case expenses incurred to date.

Resolution. For purposes of settlement, the Parties agree that the total rate case expense shall be reduced to \$451,830 to reflect actual rate case expenses incurred to date, amortized over five years, which incorporates both Staff’s and the OCC’s positions. As a result, the Parties agree that the Company shall include \$90,366 in its annual revenue requirement as its amortized

annual rate case expense. The impact on the revenue requirement of this adjustment is an \$82,968 decrease from the Filed Case.

7. Weather Normalization

Background. In the Filed Case, natural gas volumes were weather-normalized by first using a weighted average of the actual heating degree days (“HDDs”) on a monthly basis reported for the five-year period ended August 31, 2007. The resulting adjusted monthly HDD normals were then used in the weather normalization regression analysis described in SourceGas witness Thomas J. Sullivan’s Direct Testimony and Exhibits to determine weather-normalized usage. Staff and the OCC preferred that the weather normalization adjustment be calculated using the thirty-year normals published by the National Oceanic and Atmospheric Administration (“NOAA”) adjusted to reflect more recent data using the Public Service Company of Colorado methodology approved by the Commission in Docket No. 98S-518G, Decision No. C99-579 (mailed June 8, 1999).

Resolution. For purposes of settlement, the Parties agree that the HDD normals shall be calculated using NOAA thirty-year normals adjusted to reflect more recent data using the Public Service Company of Colorado methodology from Docket No. 98S-518G, Decision No. C99-579 (mailed June 8, 1999), applied on a monthly basis. Specifically, monthly NOAA normals for the period 1971-2000 shall be adjusted using the ratio of the thirty-year average of HDDs for the period 1978-2007 to the thirty-year average of HDDs for the period 1971-2000. The resulting adjusted monthly HDD normals will then be used in the weather normalization regression analysis described in SourceGas witness Thomas J. Sullivan’s Direct Testimony and Exhibits to determine weather-normalized usage. Staff is not opposed to this regression approach to calculate the billing determinants. The impact of this adjustment is a \$734,856 decrease from the revenue increase sought in the Filed Case.

8. Inflation Adjustment

Background. The Filed Case included an inflation adjustment of \$344,803 to account for an anticipated 3.5% annual increase in the Company's expenses due to inflation. The OCC preferred that the Company not include an inflation adjustment in its calculations.

Resolution. The Company's proposed inflation adjustment shall not be included in its revenue requirement. The impact of this adjustment is a \$344,803 decrease from the revenue increase sought in the Filed Case.

9. Meter Testing Software

Background. The Filed Case inadvertently included the entire test year cost of meter testing software within the Company's Colorado jurisdictional plant, rather than allocating this cost proportionately across the three states in which the Company renders service.

Resolution. The Company's settled revenue requirement includes an adjustment to reduce its plant to account for meter testing software by \$39,990 that was erroneously fully assigned to the Colorado jurisdiction. The impact on the revenue requirement of this adjustment is a \$4,638 decrease from the Filed Case.

B. COST ALLOCATION AND RATE DESIGN

1. Rate Area Consolidation

Background. The Company's Filed Case proposed to consolidate the Company's five Colorado rate areas into a single rate area to provide for uniform rates by class. Staff opposed the Company's consolidation proposal. The OCC was not opposed to the consolidation.

Resolution. For the purposes of settlement, the Parties agree that the Company's five rate areas in Colorado will be consolidated into two rate areas. Rate Area 1 shall consist of the rate areas currently known as Western Slope and North Central. Rate Area 2 shall consist of the rate areas currently known as North East, Arkansas Valley, and Southwestern.

2. Thermal Billing Implementation

Background. The Company proposed to implement thermal billing with adjustments for altitude at each town border station and for Btu content within specified Btu zones. Staff preferred that the altitude adjustment be made at the individual premise level.

Resolution. The Company shall use thermal billing throughout its Colorado service territories as proposed in the Filed Case. Staff shall request that the Commission open a Miscellaneous Docket in which the Company has agreed it shall electronically submit monthly Btu reports reflecting daily Btu content by each Btu zone. Within one year of the effective date of the approved base rates in this Docket, the Company shall file an application in a new docket (“the Altitude Adjustment Docket”) in which the Company shall propose to change the altitude adjustment component of its thermal billing from town border station to customer premise level. The Company’s application shall result in the Commission opening a new docket and shall not reopen any other issue settled by the terms of this Stipulation. In the Altitude Adjustment Docket, the Company shall develop and propose new billing determinants and rates based on altitude adjustments at the premise level (rather than the town border station level) designed to recover the settled revenue requirement set forth in paragraph A.1 and based on the cost allocation – rate design models used to develop the settled base rates in this case. Except for the premise-level altitude adjustment and any resulting changes to the billing determinants, all other inputs to the cost allocation and rate design model used to develop the settled base rates in this case shall remain unchanged.

3. Customer Classification

Background. The Company’s Filed Case provided for Sales Service and Distribution Transportation Service for each of four customer classifications: Residential, Commercial,

Industrial, and Irrigation and Crop Drying. Staff and the OCC negotiated for subdivision of the Commercial Class of Service into Small and Large Customer Classes.

Resolution. The Parties agree that that the Company shall divide its proposed Commercial Class into Small and Large customer classes. The Small Commercial Class shall consist of commercial customers whose estimated usage is 500 dth/year or less. The Large Commercial Class shall consist of commercial customers whose estimated usage is more than 500 dth/year.

As a result, the Company's service classification shall consist of the following:

- Residential Sales Service
- Residential Distribution Transportation Service
- Small Commercial Sales Service
- Small Commercial Distribution Transportation Service
- Large Commercial Sales Service
- Large Commercial Distribution Transportation Service
- Irrigation, Crop Drying, or Seasonal Sales Service
- Irrigation, Crop Drying, or Seasonal Distribution Transportation Service

To be included in the Irrigation, Crop Drying, or Seasonal Class as Seasonal Customers, customers must not use natural gas from December 15 through March 15.

As to those customers with Distribution Transportation Service contracts entered into prior to September 1, 2008 who notify the Company on or before November 1, 2008 that they desire to terminate those contracts and switch to Sales Service without payment of any termination fee, the Company agrees to request a waiver of tariff provisions to allow customers to make such a change.

4. Customer Charges

Background. The Company's rates contain both a Customer Charge component and a Volumetric Charge component. The Customer Charge is a flat monthly fee that does not vary with the amount of natural gas a customer consumes. In the Filed Case, the Company proposed to increase the Customer Charge component of its rates. The Company proposed a Residential Sales Service Customer Charge of \$12.00 per month, and a Commercial Sales Service Customer Charge of \$22.00 per month.

Staff preferred that the Residential Sales Service Customer Charge be set no higher than \$11.00 per month. The OCC believed that the increase in the Customer Charge was too dramatic and disagreed with the methodology used by the Company to calculate the Customer Charge, and therefore preferred a Customer Charge lower than \$11.00 per month. Seminole took the position that the Company's Customer Charges should be equal between its Sales and Transportation Services.

Resolution. For the purposes of settlement, the Parties agree that, for each customer class, the Customer Charge shall be the same for Distribution Transportation Service as for Sales Service. The Company has agreed to change its Customer Charges from its Filed Case to the following:

Sales and Transportation Service Monthly Customer Charge – Settled		
Class of Sales Service	Rate Area 1 Customer Charge	Rate Area 2 Customer Charge
Residential	\$11.00	\$10.00
Small Commercial	\$22.00	\$20.00
Large Commercial	\$100.00	\$100.00
Irrigation, Crop Drying, or Seasonal	\$180.00	\$40.00

5. Classification of Transmission Plant and Distribution Plant

Background. As described in the Direct Testimony of SourceGas witness William H. Meckling and in accordance with the allocation method recommended by SourceGas witness Larry Loos in his “SourceGas Distribution LLC Colorado Plant Use Study,” the Company’s Transmission Plant was classified 50% demand-related and 50% commodity-related, and the Company’s pooled Distribution Plant was classified 37.5% demand-related, 12.5% commodity-related (related to annual throughput), and 50.0% customer-related (related to the number of customers served). Staff and the OCC were opposed to the Company’s method of allocation Distribution Plant and preferred that Distribution Plant be reclassified 50% demand-related and 50% commodity-related.

Resolution. For purposes of settlement, the Parties agree that both Transmission Plant and pooled Distribution Plant shall be classified as 50% to demand and 50% to commodity. The resulting settled base rate components of the Volumetric Charge are shown in the table below:

Sales and Transportation Service Base Rate Component of Volumetric Charge		
Class of Sales Service	Rate Area 1 (per therm)	Rate Area 2 (per therm)
Residential	\$0.2267	\$0.2074
Small Commercial	\$0.1866	\$0.1427
Large Commercial	\$0.1535	\$0.1167
Irrigation, Crop Drying, or Seasonal	\$0.0925	\$0.0700

6. Distribution Transportation Administrative Charge

Background. Transportation customers are assessed a monthly Distribution Transportation Administrative Charge to recover the Company’s incremental cost of providing Transportation Service. In the Filed Case, the Company proposed to modify the amount of its Distribution Transportation Administrative Charge to \$370 per month per meter.

The Parties agree that the Distribution Transportation Administrative Charge should be based upon a reasonable determination of cost incurrence. A M Gas and Seminole preferred that the Distribution Transportation Administrative Charge be substantially lower.

Resolution. For purposes of settlement, the Parties agree to a Distribution Transportation Administrative Charge of \$175 per month per meter for both rate areas.

C. OTHER MATTERS

1. SourceGas Wattenberg LLC

Background. In *City of Fort Morgan v. Colo. Public Utils. Comm'n*, 159 P.3d 87 (Colo. 2007), the Colorado Supreme Court established that SourceGas Wattenberg's services are within this Commission's jurisdiction rather than the Federal Energy Regulatory Commission's. As a result of that decision, the Company and SourceGas Wattenberg determined that they would seek the Commission's approval to merge, with the Company as the surviving entity. The Company and SourceGas Wattenberg initiated Docket No. 08A-127G to seek the Commission's approval of this proposed merger. In contemplation of the merger, the Filed Case reflected costs and revenues associated with the service provided by SourceGas Wattenberg.

Resolution. The Parties agree that the Verified Joint Application in Docket No. 08A-127G shall be granted. SourceGas Wattenberg LLC and SourceGas Distribution LLC shall be permitted to merge, with SourceGas Distribution LLC as the surviving entity, such that the merging entities' Colorado Certificates of Public Convenience and Necessity and all of their Colorado utility assets and properties shall vest in SourceGas Distribution LLC upon consummation of their merger pursuant to their merger agreement and Colorado law. The name under which operations will be conducted shall be SourceGas Distribution LLC, which authorization shall be effective concurrent with the effective date of the rates established as a result of this Stipulation. The Parties agree to the granting of such other relief as may be

reasonably necessary to fully effectuate the contemplated merger transactions to the extent of the Commission’s jurisdiction. The revenues and costs associated with service to customers of SourceGas Wattenberg shall be treated as proposed in the Company’s Filed Case, and included in Rate Area 2.

2. Construction Allowances

Background. In its Filed Case, the Company proposed to increase its Regular Construction Allowance, the portion of residential customers’ upfront connection cost that the Company bears, from \$300 to \$995 (plus \$2.75 per therm of expected usage over 723 therms). To further defray residential customers’ upfront connection cost, the Company proposed to offer customers an Extra Construction Allowance of up to \$2,975, which the Company would then recoup over time through a \$40 monthly charge in the customer’s bill.

Resolution. The agreed-upon reduction to the Company’s revenue requirement and creation of two rate areas has resulted in a modification of the appropriate amounts of the Construction Allowances from the amounts proposed in the Company’s Filed Case. As a result of these modifications, the Parties agree that the Company shall offer Construction Allowances in the following amounts:

Construction Allowances – Settled Amounts		
Rate Area	Regular Construction Allowance	Extra Construction Allowance
Rate Area 1	\$790 (plus \$2.40 per therm over 757 therms)	\$3,010
Rate Area 2	\$830 (plus \$2.20 per therm over 760 therms)	\$3,010

3. Bad Debt and Pipeline Integrity Cost Adjustment Mechanisms

Background. In its Filed Case, the Company proposed to implement a Bad Debt Cost Adjustment rate mechanism and a Pipeline Integrity Cost Adjustment (“PICA”) rate mechanism. The Bad Debt Cost Adjustment would recognize fluctuations in bad debt costs attributable to customers’ nonpayment of bills. The PICA mechanism was designed to recover, *inter alia*,

incremental costs incurred in pipeline integrity activities, such as complying with the Department of Transportation's ("DOT") new pipeline safety integrity management requirements for local distribution companies, set forth in the DOT's Notice of Proposed Rulemaking, Pipeline Safety: Integrity Management Program for Gas Distribution Pipelines, 73 Fed. Reg. 123 (proposed Jun. 25, 2008) (to be codified at 49 C.F.R. pt. 192).

In its April 2, 2008 Order Suspending Effective Date of Tariffs and Notice of Hearing, the Commission noted that the Department of Transportation order regarding pipeline integrity will affect all gas utilities regulated by the Commission. The Commission indicated that it would evaluate the subject of utility incentive mechanisms such as the two mechanisms proposed by SourceGas in this case in an investigatory docket. Staff preferred that neither rate adjustment mechanism be implemented in this docket.

Resolution. For purposes of settlement of this docket, the Parties have agreed that SourceGas will not implement the Bad Debt Cost Adjustment rate mechanism or the Pipeline Integrity Cost Adjustment mechanisms in this case. The Parties agree that SourceGas may propose to implement either or both of these cost adjustment mechanisms in a separate docket. In the absence of a Bad Debt Cost Adjustment rate mechanism, the Parties acknowledge that the Company is entitled to include its bad debt costs in its cost of service for ratemaking purposes.

4. Colorado-Specific Accounting Data

Background. Staff requested that the Company agree to maintain audited Colorado-specific accounting data. The Company did not propose any such obligation.

Resolution. The Parties agree that the Company shall continue to maintain audited Colorado-specific accounting data.

5. Whitewater Service Territory

Background. When the Commission authorized construction and operation of the natural gas distribution facilities to serve the Whitewater Service Territory in Mesa County, Colorado, it required Kinder Morgan, Inc. (who owned the assets at that time) to make a binding election among three options regarding the terms, condition, and rates within the Whitewater Service Territory. *See* Decision No. C05-0592 in Docket No. 04A-113G (effective as of May 19, 2005), approving Decision No. R05-269 as modified. Kinder Morgan, Inc. selected the option that required it to use its existing terms, condition, and rates applicable to the Western Slope Division, as are in effect from time-to-time, and agree to hold Western Slope Division ratepayers harmless from any loss associated with construction and initial provision of service to customers in the new Whitewater Service Territory until the Whitewater project at least breaks even. In compliance with this election, the Company's Filed Case excluded billing determinants, revenues, and expenses attributable to the Whitewater Service Territory in calculating its proposed rates.

Resolution. The Parties agree that the Company should develop its rates as proposed by excluding Whitewater billing determinants, revenues, and expenses and that the base rates in Rate Area 1 should apply to the Whitewater Service Territory.

6. All Other Matters

All other matters not specifically discussed in this Stipulation shall be implemented as originally filed in the Company's Filed Case.

III. EFFECTIVE DATE OF SETTLEMENT RATES AND TERMS AND CONDITIONS OF SERVICE

The Parties agree to file the Joint Motion for Approval of Stipulation and Agreement in Resolution of Proceedings. The settlement in this case recognizes that the Company is currently

not recovering its cost of service. The Company's entry into this settlement is predicated and conditioned upon the new rates taking effect on September 1, 2008. Therefore, the Parties specifically request that the Company's new tariff sheets implementing the terms of this Stipulation shall take effect on September 1, 2008.

This Stipulation shall take effect upon its approval by the Commission. Nothing in this Stipulation shall be construed as precluding the Company from filing a general rate case to change the rates for its natural gas services at any time. Nothing in this Stipulation shall be construed to limit the Company from applying to the Commission for adjustment clauses or for any other change to the Company's rates. Nothing in this Stipulation shall be construed to prevent the Staff of the Commission or any other party from seeking review by the Commission of the justness and reasonableness of the Company's natural gas service rates.

Except as provided in this paragraph, the provisions of this Stipulation shall terminate and have no continuing effect upon the effective date of the revised rates for natural gas services resulting from SourceGas's next revenue requirement rate case, whether initiated through the Company's filing of a rate case or a formal complaint. Where reference is made in the Stipulation to provisions that apply for a period of time, all such time period provisions of this Stipulation may be modified by a subsequent filing with the Commission or subsequent stipulation approved by the Commission.

IV. IMPLEMENTATION

This Stipulation shall not become effective until the issuance of a final Commission Order approving the Stipulation that does not modify the Stipulation in a manner that is unacceptable to any of the Parties. In the event the Commission modifies this Stipulation in a manner unacceptable to any Party, that Party shall have the right to withdraw from this Stipulation and proceed to hearing on the issues that may be appropriately raised by that Party in

this docket. The withdrawing Party shall, within three business days of the Commission modification, notify the Commission and the Parties to this Stipulation by e-mail that the Party is withdrawing from the Stipulation and that the Party is ready to proceed to hearing; the e-mail notice shall designate the precise issue or issues on which the Party desires to proceed to hearing (the "Hearing Notice").

The withdrawal of a Party shall not automatically terminate this Stipulation as to the withdrawing Party or any other Party. However, within three business days of the date of the Hearing Notice from the first withdrawing Party, all Parties shall confer as to whether the unmodified aspects of the Stipulation remain in force and, if so, to arrive at a comprehensive list of issues that shall proceed to hearing and a list of issues that remain settled. Within five business days of the date of the Hearing Notice, the Parties shall file with the Commission a formal notice containing the list of issues that shall proceed to hearing and those issues that remain settled. The Parties who proceed to hearing shall have and be entitled to exercise all rights with respect to the issues that are heard that they would have had in the absence of this Stipulation. The Parties waive their right to a hearing only to the extent that the Commission approves the terms of this Stipulation either without modification or with their consent.

Hearing shall be scheduled on all of the issues designated in the formal notice filed with the Commission as soon as practicable. In the event that this Stipulation is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Stipulation shall not be admissible into evidence in this or any other proceeding, except as may be necessary in any proceeding to enforce this Stipulation.

The Parties agree that, upon final Commission approval of this Stipulation, the Company will make a filing with the Commission, on not less than one day's notice prior to the effective date ordered by the Commission, that will cite the order approving the Stipulation and include the settlement rates, terms and conditions, and tariff sheets set forth herein in Appendix C. The Parties agree that the Commission's order should direct SourceGas to place into effect tariff sheets reflecting the tariff changes that are in all respects identical to the pro forma tariff sheets contained in Appendix C hereto, with the exception that the effective date of the Commission's order shall be inserted in the tariff sheets where such reference is indicated, and with the further exception that the tariff sheets will contain the gas cost related rates pursuant to the most recent Company approved Gas Cost Adjustment filing. The settlement rates, terms, and conditions shall then become final rates, terms, and conditions to be effective as provided in Article III hereof and shall not be subject to refund. Such rates, terms, and conditions shall not be subject to modification except in accordance with the Public Utilities Law and the Commission's Rules and Regulations thereunder.

V. GENERAL TERMS AND CONDITIONS

The Parties agree that this Stipulation and the settlement rates, terms, and conditions of service, and the cost allocation, rate design, and other methods contained in the Appendices have been agreed to by the Parties solely for purposes of settlement and do not constitute a settled practice or otherwise have precedent-setting value in any future proceedings. The Parties shall not be deemed to have approved, accepted, agreed to, or consented to any concept, theory, or principle underlying or supposed to underlie any of the matters provided for in this Settlement. Notwithstanding the resolution of the issues set forth in this Stipulation, none of the methods or ratemaking principles contained herein shall be deemed by the Parties to constitute a settled practice or precedent in any future proceeding, and nothing herein shall constitute a waiver by

any Party with respect to any matter not specifically addressed herein. Nothing in this Stipulation shall preclude the Company from seeking prospective changes in its natural gas service rates by an appropriate filing with the Commission.

The Parties agree that all pre-filed testimony and exhibits filed in this docket shall be admitted into evidence without cross-examination.

This Stipulation reflects the compromise and settlement of all issues that were raised or that could have been raised in this docket. This Stipulation shall be filed as soon as possible with the Commission for its approval and shall not become effective unless and until the Commission issues a final order approving the Stipulation.

Approval by the Commission of this Stipulation shall constitute a determination that the Stipulation represents a just, equitable, and reasonable resolution of all issues that were or could have been contested among the parties in this proceeding. The Parties state that reaching agreement as set forth herein by means of a negotiated settlement rather than through a formal adversarial process is in the public interest and that the results of the compromises and settlements reflected in this Stipulation are in the public interest.

Each Party hereto pledges its support of this Stipulation and urges the Commission to approve the Stipulation in its entirety, subject to the terms and conditions provided herein.

The Parties agree to a waiver of compliance with any requirements of the Commission's Rules and Regulations to the extent necessary to permit all provisions of this Stipulation to be carried out and effectuated.

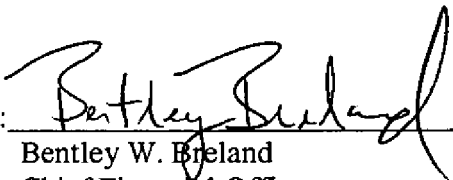
This Stipulation may be executed in counterparts, which together shall constitute the entire Stipulation with respect to the issues addressed by this Stipulation.


For those Parties for whom this Stipulation is executed by counsel, such counsel states that (s)he has authority to execute this Stipulation on behalf of his/her client.

DATED this 23rd day of July, 2008.

Respectfully submitted,

SOURCEGAS DISTRIBUTION LLC
SOURCEGAS WATTENBERG LLC

By: 
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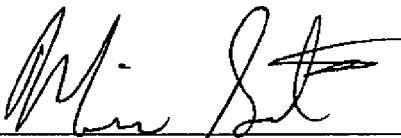
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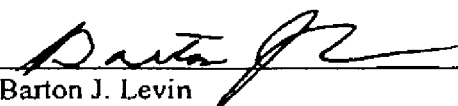


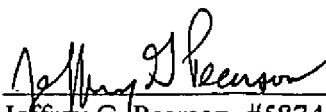
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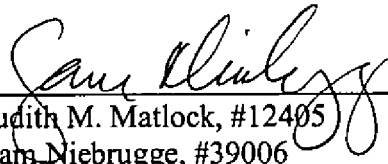
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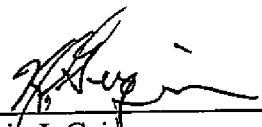
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APPENDIX A

SourceGas Distribution LLC - Colorado
Settled Revenue Requirement
For the Adjusted Test Year Ended August 31, 2007

Appendix A
Page 1 of 1

Line No.	Description	Test Year	Pro Forma Adjustments	Pro Forma	Revenue Change	Adjusted Test Year
	(A)	(B)	(C)	(D)	(E)	(F)
1	Operating Revenues					
2	Base Rate Revenue	\$24,521,579	\$11,196 _{_2/}	\$24,532,775	\$14,767,962	\$39,300,737
3	Revenue Credits	\$219,327	\$0	\$219,327	\$0	\$219,327
4	Other Gas Revenues	\$764,823	\$8,655 _{_3/}	\$773,478	\$0	\$773,478
5	Total Operating Revenues	\$25,505,729	\$19,851	\$25,525,580	\$14,767,962	\$40,293,542
6	Operation & Maintenance Expenses					
7	Transmission Expense	\$16,776	(\$16,763) _{_4/}	\$13	\$0	\$13
8	Distribution Expense	\$12,941,099	\$432,039 _{_4/}	\$13,373,137	\$0	\$13,373,137
9	Total O&M	\$12,957,875	\$415,276	\$13,373,150	\$0	\$13,373,150
10	Administrative & General Expenses					
11	Transmission Expense	\$19,482	\$3,357 _{_5/}	\$22,869	\$0	\$22,869
12	Distribution Expense	\$5,292,159	\$920,139 _{_5/}	\$6,212,299	\$0	\$6,212,299
13	Total A&G	\$5,311,642	\$923,526	\$6,235,168	\$0	\$6,235,168
14	Depreciation and Amortization Expense					
15	Transmission Expense	\$23,582	\$0	\$23,582	\$0	\$23,582
16	Distribution Expense	\$5,959,743	\$0	\$5,959,743	\$0	\$5,959,743
17	Total Depreciation Expense	\$5,983,325	\$0	\$5,983,325	\$0	\$5,983,325
18	Taxes Other Than Income					
19	Payroll Taxes	\$699,487	\$0	\$699,487	\$0	\$699,487
20	Property and Other Taxes	\$756,953	\$0	\$756,953	\$0	\$756,953
21	Total Taxes Other Than Income	\$1,456,440	\$0	\$1,456,440	\$0	\$1,456,440
22	Total Operating Deductions	\$25,709,281	\$1,338,802	\$27,048,083	\$0	\$27,048,083
23	Operating Earnings	(\$203,552)	(\$1,318,951)	(\$1,522,503)	\$14,767,962	\$13,245,459
24	Income Taxes					
25	Federal and State Income Tax _{_1/}	(\$1,299,777)	(\$501,327)	(\$1,801,103)	\$5,613,228	\$3,812,125
26	Deferred Income Tax	\$0	\$0	\$0	\$0	\$0
27	Total Income Taxes	(\$1,299,777)	(\$501,327)	(\$1,801,103)	\$5,613,228	\$3,812,125
28	Net Operating Earnings	\$1,096,225	(\$817,624)	\$278,600	\$9,154,734	\$9,433,334
29	Rate of Return	0.96%		0.24%		8.26%
30	Return on Equity	-3.49%		-4.54%		10.25%
					Revenue Requirement with Whitewater	\$39,400,743

Notes
_1/ Income Tax (Federal and State) Calculated at the Following Rate: 35.01%
Federal Tax Rate - 35.00%
State Tax Rate - 4.63%
Combined Rate = 35.00% + 4.63% - (35.00% x 4.63%) = 38.01%
_2/ Weather Normalization Change for Revenue. See Schedule 22.
_3/ Facilities Operation Agreement revenue not recorded in Other Revenue. See Schedules 23, Line 14.
_4/ Operation and Maintenance Pro Forma adjustments detailed in Schedule 17.
_5/ Administrative and General Pro Forma adjustments detailed in Schedule 17.

APPENDIX B

Appendix B
Page 1 of 1

SourceGas Distribution LLC - Colorado
Summary of Effects of Settled Issues on Revenue Requirement
For the Adjusted Test Year Ended August 31, 2007

Line No.	Description	Rate Area 1	Rate Area 2	Total Amount	Reference Schedule No.
(A)		(B)			(C)
1	Net Jurisdictional Rate Base	\$95,444,965	\$18,723,163	\$114,168,128	Exhibit 3, Schedule 3, Line 6
2	Return on Rate Base	8.26%	8.26%	8.26%	Exhibit 3, Schedule 12, Line 6
3	Earnings Required	\$7,886,301	\$1,547,033	\$9,433,334	(Line 1 * Line 2)
4	Test Year Net Jurisdictional Operating Earnings	\$317,569	(\$38,969)	\$278,600	Exhibit 3, Schedule 2, Line 28
5	Deficiency / (Excess)	\$7,568,732	\$1,586,002	\$9,154,734	(Line 3 - Line 4)
6	Gross Up	1.613150	1.613150	1.613150	(Based on a Combined Federal and State Income Tax Rate of 38.01%)
7	Revenue Increase / (Decrease) Excluding Whitewater	\$12,209,503	\$2,558,459	\$14,767,962	(Line 5 * Line 6)
8	Whitewater Revenue Addition	\$100,005	\$0	\$100,005	Exhibit IMB-3 (incorporating adjustments below)
9	Overall Revenue Increase / (Decrease)	\$12,309,508	\$2,558,459	\$14,867,967	(Line 7 + Line 8)

Adjustment Made

Line	Description	Amount	Revenue Impact of Adjustment
1	Baseline Filed Case Revenue Increase - Including \$99,001 for Whitewater	\$17,741,141	
2	ROE Adjustment @ 10.25%	\$17,225,652	(\$515,489)
3	Average Rate Base	\$17,007,748	(\$217,904)
4	Average Year-End Plant Additions	\$16,497,810	(\$599,938)
5	Depreciation Rates Change	\$16,012,414	(\$485,396)
6	Accumulated Depreciation Credit for Dep. Rate Change	\$16,068,727	\$56,313
7	Accumulated Depreciation Imputed for Additions	\$16,034,228	(\$14,499)
8	Weather Normalization Change	\$15,299,372	(\$734,856)
9	O&M Reduction Excluding Inflation Adj.	\$15,068,061	(\$231,311)
10	A&G Reduction Excluding Inflation Adj.	\$14,954,569	(\$115,492)
11	Assignment Correction for Meter Testing Software	\$14,949,931	(\$4,638)
12	Rate Case Expense Adjustment - Estimated	\$14,866,963	(\$82,968)
13	Change to Whitewater Revenue Requirement	\$14,867,968	\$1,005
	Bottom Line	\$14,867,968	(\$2,573,173)
	Whitewater Filed		\$99,001
	Whitewater Settled		\$100,005

APPENDIX C

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 1
Cancels Original Sheet No. 1

TABLE OF CONTENTS

INFORMATION SHEET

Description

1. This Colorado PUC No. 7 Tariff of SourceGas Distribution LLC (“the Company”) includes general terms and conditions, rate schedules and forms of agreements for the services provided by the Company in accordance with the Colorado Public Utilities Commission’s Rules Regulating Gas Utilities and Pipeline Operators. To the extent the provisions of these Rules and Regulations are inconsistent with the Commission’s Rules, the Commission’s Rules shall govern, unless a waiver of those rules is in place. Sections of this Tariff may be referred to as “rules.”

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Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 2
Cancels Original Sheet No. 2

TABLE OF CONTENTS

<u>Description</u>	<u>Sheet No.</u>
Title Page	0
Information Sheet.....	1
Table of Contents	2
Paragraph Numbering Sequence	3A
SALES SERVICES	
List of Territories Served in North Eastern Colorado	5
List of Territories Served in Western Slope Colorado	5A
List of Territories Served in North Central Colorado.....	5B
List of Territories Served in Arkansas Valley Colorado	5C
List of Territories Served in Southwestern Colorado.....	5D
Sales Service Schedule of Rates – North Eastern Colorado.....	7
Sales Service Schedule of Rates – Western Slope Colorado.....	7B
Sales Service Schedule of Rates – North Central Colorado.....	7D
Sales Service Schedule of Rates – Arkansas Valley Colorado.....	7F
Sales Service Schedule of Rates – Southwestern Colorado	7H
Schedule of Special Charges	8
Residential Sales Service	9
Small Commercial Sales Service	10
Large Commercial Sales Service	11
Irrigation, Crop Drying or Seasonal Sales Service.....	12
Sheets Reserved for Future Use	13-36L

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Advice Letter No. 228 Amended

Bentley W. Breland
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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 2A
Cancels Original Sheet No. 2A

TABLE OF CONTENTS – cont.

<u>Description</u>	<u>Sheet No.</u>
Gas Cost Adjustment.....	37
Litigated Settlement Special Rate Surcharge (LSSRS).....	39D
 SALES SERVICE RATE SCHEDULE	 40
1. Request for Service.....	40
2. The Customer.....	40
3. Customer Deposits.....	41
4. Information to Customers	43
5. Reserved for Future Use	43
6. Bills, Duplicate Bills, Failure to Receive Bills	44
7. Budget Billing Plan.....	44
8. Billing and Payment.....	45
9. Conditions for Refusal of or Discontinuance of Service.....	49
10. Customer Piping, Fixtures and Appliances.....	66
11. Delivery Pressure of Gas	67
12. Heating Value of Gas.....	67
13. Inaccuracy of Registration and Meter Failure.....	67
14. Customer Meter Test Requests	68
15. Inspection by Company	68
16. Liability.....	69
17. Interruption of Service	69
18. Company and Customer Piping	70
19. Customer Service Connection, Service Line and Main Extension Policy	72
20. Rights of Way and Easements	74

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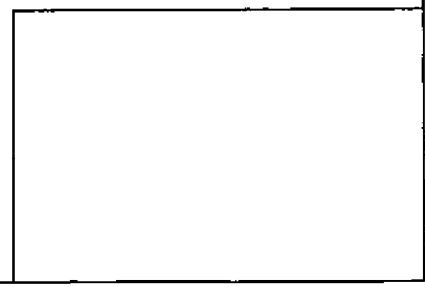
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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 2B
Cancels Original Sheet No. 2B

TABLE OF CONTENTS – cont.

<u>Description</u>	<u>Sheet No.</u>
SALES SERVICE RATE SCHEDULE (CONT.)	
21. Temporary Service.....	75
22. Pipelines Other Than the Company's	75
23. Alteration of Rules and Regulations	75
24. Tax Adjustment.....	76
25. Gas Meter Testing.....	76
26. Excess Flow Valves	76
27. General Terms and Conditions	76A
28. Conversion to Distribution Transportation Service	77
DISTRIBUTION TRANSPORTATION SERVICE	
Residential Distribution Transportation Service	78
Small Commercial Distribution Transportation Service	79
Large Commercial Distribution Transportation Service	80
Irrigation, Crop Drying or Seasonal Distribution Transportation Service	81
Transportation Rate Adjustment	81A
Distribution Transportation Service Rate Schedule	81C
Form of Distribution Transportation Service Agreement.....	95
Form of Distribution Transportation Service Request	101
Form of Credit Application	104C
Form of Agency Agreement.....	104E

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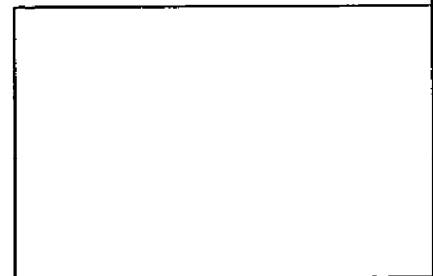


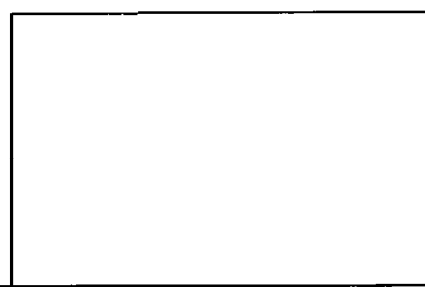
TABLE OF CONTENTS – cont.

<u>Description</u>	<u>Sheet No.</u>
GENERAL TERMS & CONDITIONS	105
1. Application	105
2. Definitions	105
3. Quality	111
4. Measurements	113
5. Measuring Equipment	115
6. Meter Tests & Adjustments	116
7. Billing	117
8. Payments	118
9. Operations by Buyer and Company	119
10. Reserved for Future Use	119
11. Reserved for Future Use	119
12. Reserved for Future Use	119
13. Possession of Gas	119
14. Pressure	120
15. Warranty of Title of Gas	120
16. Limitations on Obligations	120
17. Liability	128
18. Remedies	128
19. Duly Constituted Authorities	128
20. Notices	129
21. Operational Controls	130
22. Conversion to Thermal Billing Units	136

N

SYMBOL LEGEND

- C – Change in text due to a changed regulation, term or condition, which does not affect rates
- D – Discontinued service or deleted material
- I – Rate Increase
- R – Rate Reduction
- M – Material moved from or to another part of the tariff
- N – New material, including new products, rates, terms, or conditions
- T – Change in text not related to changes in rates, charges, terms, or conditions



Advice Letter No. 228 Amended

Bentley W. Breland
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Sr. Vice President
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SourceGas Distribution LLC

Colo. PUC No. 7

First Revised Sheet No. 3A

Cancels Original Sheet No. 3A

PARAGRAPH NUMBERING SEQUENCE

- 1
- 1.1
- a.
- (1)
- (i)

Advice Letter No. 228 Amended

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 4
Cancels Original Sheet No. 4

D

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Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7

First Revised Sheet No. 5

Cancels Original Sheet No. 5

North Eastern Colorado
LIST OF TERRITORIES SERVED
(Included in Base Rate Area 2)

Natural gas service is supplied in the following franchised cities, towns and communities and/or adjacent fringe and rural territories, as well as certain rural areas located in Cheyenne, Logan, Morgan, Phillips, Sedgwick, Washington, Weld and Yuma Counties. For rates available see Tariff Sheets 7 and 7A.

<u>Locality</u>	<u>Rate Area</u>	<u>County</u>
Akron	North Eastern	Washington
Eckley	North Eastern	Yuma
Fleming	North Eastern	Logan
Haxtun	North Eastern	Phillips
Holyoke	North Eastern	Yuma
Iliff	North Eastern	Logan
Julesburg	North Eastern	Sedgwick
Otis	North Eastern	Washington
Ovid	North Eastern	Sedgwick
Paoli	North Eastern	Phillips
Wray	North Eastern	Yuma
Yuma	North Eastern	Yuma

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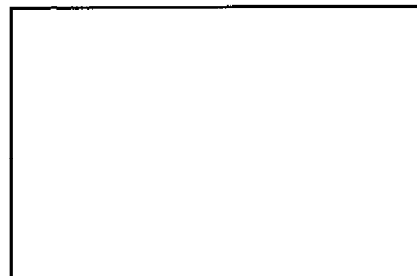
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Western Slope Colorado
List of Territories Served
(Included in Base Rate Area 1)

Natural gas service is supplied in the following franchised cities, towns and communities and/or adjacent fringe and rural territories, as well as certain rural areas located in Delta, Eagle, Garfield, Montrose, Ouray, Pitkin and San Miguel Counties. For rates available see Tariff Sheets 7B and 7C.

<u>Locality</u>	<u>Rate Area</u>	<u>County</u>
Aspen	Western Slope	Pitkin
Basalt	Western Slope	Eagle
Carbondale	Western Slope	Garfield
Cedaredge	Western Slope	Delta
Collbran	Western Slope	Mesa
Crawford	Western Slope	Delta
Delta	Western Slope	Delta
Eagle	Western Slope	Eagle
Glenwood Springs	Western Slope	Garfield
Gypsum	Western Slope	Eagle
Hotchkiss	Western Slope	Delta
Montrose	Western Slope	Montrose
Mountain Village	Western Slope	San Miguel
Naturita	Western Slope	Montrose
Norwood	Western Slope	San Miguel
Nucla	Western Slope	Montrose
Olathe	Western Slope	Montrose
Orchard City	Western Slope	Delta
Ouray	Western Slope	Ouray
Paonia	Western Slope	Delta
Ridgway	Western Slope	Ouray
Sawpit	Western Slope	San Miguel
Snowmass Village	Western Slope	Pitkin
Telluride	Western Slope	San Miguel



Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 5B

**North Central Colorado
List of Territories Served
(Included in Base Rate Area 1)**

N

Natural gas service is supplied in the following franchised cities, towns and communities and/or adjacent fringe and rural territories, as well as certain rural areas in Larimer and Weld Counties. For rates available see Tariff Sheets 7D and 7E.

<u>Locality</u>	<u>Rate Area</u>	<u>County</u>
Dacono	North Central	Weld
Erie	North Central	Weld
Firestone	North Central	Weld
Frederick	North Central	Weld
Mead	North Central	Weld
Wellington	North Central	Larimer

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

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Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 5C

Arkansas Valley Colorado
List of Territories Served
(Included in Base Rate Area 2)

N

Natural gas service is supplied in the following franchised cities, towns and communities and/or adjacent fringe and rural territories, as well as certain rural areas in Bent, Crowley and Otero Counties. For rates and terms available see Tariff Sheet Nos. 7F and 7G.

<u>Locality</u>	<u>Rate Area</u>	<u>County</u>
Cheraw	Arkansas Valley Division	Otero
Crowley	Arkansas Valley Division	Crowley
Fowler	Arkansas Valley Division	Otero
La Junta	Arkansas Valley Division	Otero
Las Animas	Arkansas Valley Division	Bent
Manzanola	Arkansas Valley Division	Otero
Olney Springs	Arkansas Valley Division	Crowley
Ordway	Arkansas Valley Division	Crowley
Rocky Ford	Arkansas Valley Division	Otero
Sugar City	Arkansas Valley Division	Crowley
Swink	Arkansas Valley Division	Otero

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 5D

N

**Southwestern Colorado
List of Territories Served
(Included in Base Rate Area 2)**

Natural gas service is supplied in the following franchised cities, towns and communities and/or adjacent fringe and rural territories, as well as certain rural areas in Archuleta, La Plata and Mineral Counties. For rates and terms available see Tariff Sheet Nos. 7H and 7I.

<u>Locality</u>	<u>Rate Area</u>	<u>County</u>
Bayfield	Southwestern Colorado	La Plata
Pagosa Springs	Southwestern Colorado	Archuleta

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7

Second Revised Sheet No. 6

Cancels Original Sheet No. 6

D

This Sheet is Reserved for Future Use.

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Second Revised Sheet No. 7
Cancels Original Sheet No. 7

N, D

North Eastern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)(1)

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>Gas Cost Adjustment (2)</u>	<u>Total Rate</u>
R-2	9	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$10.00 \$0.2074	-- \$0.8231	\$10.00 \$1.0305
SC-2	10	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$20.00 \$0.1427	-- \$0.8231	\$20.00 \$0.9658
LC-2	11	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$100.00 \$0.1167	-- \$0.8231	\$100.00 \$0.9398
ICD-2	12	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$40.00 \$0.0700	-- \$0.8231	\$40.00 \$0.8931

(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:

GCA Formula:

Current Gas Cost	+	Deferred Gas Cost	=	GCA
\$1.2018	+	(\$0.3787)	=	\$0.8231

(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.

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7A

**North Eastern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)**

N

Rule 4406(b) Itemized Billing Units

Gas Cost Adjustment (GCA)

<u>Rate Schedule</u>	<u>Distribution Charge Per Therm</u>	<u>Commodity Charge Per Therm</u>	<u>Upstream Pipeline Charge Per Therm</u>	<u>Total Charge Per Therm</u>	<u>Monthly Customer Charge Per Meter</u>
R-2	\$0.2074	\$0.5676	\$0.2555	\$1.0305	\$10.00
SC-2	\$0.1427	\$0.5676	\$0.2555	\$0.9658	\$20.00
LC-2	\$0.1167	\$0.5676	\$0.2555	\$0.9398	\$100.00
ICD-2	\$0.0700	\$0.5676	\$0.2555	\$0.8931	\$40.00

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

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Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7B

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

N

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>Adjustments(4)</u>	<u>Gas Cost Adjustment (2)</u>	<u>Total Rate</u>
R-1	9	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$11.00 \$0.2267	-- 0.0254	-- \$1.2436	\$11.00 \$1.4957
SC-1	10	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$22.00 \$0.1866	-- 0.0254	-- \$1.2436	\$22.00 \$1.4556
LC-1	11	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$100.00 \$0.1535	-- 0.0254	-- \$1.2436	\$100.00 \$1.4225
ICD-1	12	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$180.00 \$0.0925	-- 0.0254	-- \$1.2436	\$180.00 \$1.3615

(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.

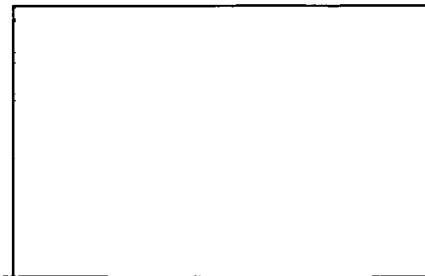
(2) The Company has the following five GCA Rate Areas: North Eastern, Western Slope, North Central, Arkansas Valley, and Southwestern. The GCA rates shown on this tariff sheet are subject to adjustment for changes in Company's cost of gas as provided for by the Gas Cost Adjustment provisions on Sheet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

GCA Formula:

Current Gas Cost	+	Deferred Gas Cost	=	GCA
\$0.7199	+	\$0.5237	=	\$1.2436

(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) Litigated Settlement Special Rate Surcharge (LSSRS) amount of \$0.0254 per therm pursuant to Sheet No. 39D of this Tariff.



Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7C

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

N

Rule 4406(b) Itemized Billing Units

Gas Cost Adjustment (GCA)

<u>Rate Schedule</u>	<u>Distribution Charge Per Therm</u>	<u>Commodity Charge Per Therm 1/</u>	<u>Upstream Pipeline Charge Per Therm</u>	<u>Total Charge Per Therm 1/</u>	<u>Monthly Customer Charge Per Meter</u>
R-1	\$0.2267	\$0.8486	\$0.4204	\$1.4957	\$11.00
SC-1	\$0.1866	\$0.8486	\$0.4204	\$1.4556	\$22.00
LC-1	\$0.1535	\$0.8486	\$0.4204	\$1.4225	\$100.00
ICD-1	\$0.0925	\$0.8486	\$0.4204	\$1.3615	\$180.00

1/ Includes Litigated Settlement Special Rate Surcharge (LSSRS) amount of \$0.0254 per therm pursuant to Sheet No. 39D of this Tariff.

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

N

**North Central Colorado
Sales Service Schedule of Rates
(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>Gas Cost Adjustment (2)</u>	<u>Total Rate</u>
R-1	9	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$11.00 \$0.2267	-- \$1.4745	\$11.00 \$1.7012
SC-1	10	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$22.00 \$0.1866	-- \$1.4745	\$22.00 \$1.6611
LC-1	11	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$100.00 \$0.1535	-- \$1.4745	\$100.00 \$1.6280
ICD-1	12	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$180.00 \$0.0925	-- \$1.4745	\$180.00 \$1.5670

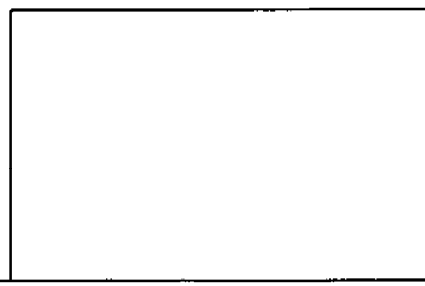
(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(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:

GCA Formula:

Current Gas Cost	+	Deferred Gas Cost	=	GCA
\$1.0819	+	\$0.3926	=	\$1.4745

(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.



Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

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Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7E

North Central Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 1)

N

Rule 4406(b) Itemized Billing Units

<u>Rate Schedule</u>	<u>Gas Cost Adjustment (GCA)</u>				<u>Monthly Customer Charge Per Meter</u>
	<u>Distribution Charge Per Therm</u>	<u>Commodity Charge Per Therm</u>	<u>Upstream Pipeline Charge Per Therm</u>	<u>Total Charge Per Therm</u>	
R-1	\$0.2267	\$1.3170	\$0.1575	\$1.7012	\$11.00
SC-1	\$0.1866	\$1.3170	\$0.1575	\$1.6611	\$22.00
LC-1	\$0.1535	\$1.3170	\$0.1575	\$1.6280	\$100.00
ICD-1	\$0.0925	\$1.3170	\$0.1575	\$1.5670	\$180.00

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

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Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7F

**Arkansas Valley Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)(1)**

N

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>Gas Cost Adjustment (2)</u>	<u>Total Rate</u>
R-2	9	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$10.00 \$0.2074	-- \$1.4588	\$10.00 \$1.6662
SC-2	10	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$20.00 \$0.1427	-- \$1.4588	\$20.00 \$1.6015
LC-2	11	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$100.00 \$0.1167	-- \$1.4588	\$100.00 \$1.5755
ICD-2	12	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$40.00 \$0.0700	-- \$1.4588	\$40.00 \$1.5288

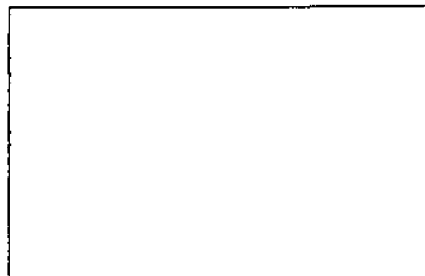
(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(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:

GCA Formula:

Current Gas Cost	+	Deferred Gas Cost	=	GCA
\$1.2743	+	\$0.1845	=	\$1.4588

(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.



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Bentley W. Breland
Issuing Officer

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Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7G

**Arkansas Valley Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)**

N

Rule 4406(b) Itemized Billing Units

<u>Rate Schedule</u>	<u>Gas Cost Adjustment (GCA)</u>			<u>Total Charge Per Therm</u>	<u>Monthly Customer Charge Per Meter 1/</u>
	<u>Distribution Charge Per Therm</u>	<u>Commodity Charge Per Therm</u>	<u>Upstream Pipeline Charge Per Therm</u>		
R-2	\$0.2074	\$1.0980	\$0.3608	\$1.6662	\$10.00
SC-2	\$0.1427	\$1.0980	\$0.3608	\$1.6015	\$20.00
LC-2	\$0.1167	\$1.0980	\$0.3608	\$1.5755	\$100.00
ICD-2	\$0.0700	\$1.0980	\$0.3608	\$1.5288	\$40.00

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7H

N

**Southwestern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)(1)**

<u>Rate Schedule</u>	<u>Sheet Number</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Base Rates</u>	<u>Gas Cost Adjustment (2)</u>	<u>Total Rate</u>
R-2	9	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$10.00 \$0.2074	-- \$1.3975	\$10.00 \$1.6049
SC-2	10	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$20.00 \$0.1427	-- \$1.3975	\$20.00 \$1.5402
LC-2	11	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$100.00 \$0.1167	-- \$1.3975	\$100.00 \$1.5142
ICD-2	12	Customer Charge (3) Volumetric Charge	Per Meter Therms	\$40.00 \$0.0700	-- \$1.3975	\$40.00 \$1.4675

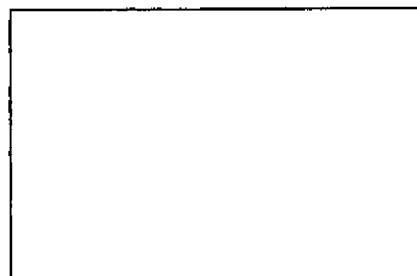
(1) Base Rate Area 1 is composed of Western Slope and North Central. Base Rate Area 2 is composed of North Eastern, Arkansas Valley and Southwestern.

(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:

GCA Formula:

Current Gas Cost	+	Deferred Gas Cost	=	GCA
\$1.1087	+	\$0.2888	=	\$1.3975

(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.



Advice Letter No. 228 Amended

Bentley W. Breland
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Issue Date: July 23, 2008

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Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7I

**Southwestern Colorado
Sales Service Schedule of Rates
(Included in Base Rate Area 2)**

N

Rule 4406(b) Itemized Billing Units

Gas Cost Adjustment (GCA)

<u>Rate Schedule</u>	<u>Distribution Charge Per Therm</u>	<u>Commodity Charge Per Therm</u>	<u>Upstream Pipeline Charge Per Therm</u>	<u>Total Charge Per Therm</u>	<u>Monthly Customer Charge Per Meter</u>
R-2	\$0.2074	\$1.2877	\$0.1098	\$1.6049	\$10.00
SC-2	\$0.1427	\$1.2877	\$0.1098	\$1.5402	\$20.00
LC-2	\$0.1167	\$1.2877	\$0.1098	\$1.5142	\$100.00
ICD-2	\$0.0700	\$1.2877	\$0.1098	\$1.4675	\$40.00

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 7J

N

**Distribution Transportation Service Schedule of Rates
(Base Rate Area 1)**

<u>Rate Schedule</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Maximum Rate</u>	<u>Minimum Rate</u>	<u>Reference Sheets</u>
RTS-1	Monthly Customer Charge	Per Meter	\$11.00	\$11.00	78
	Distribution Charge	Therms	\$0.2267	\$0.001	
SCTS-1	Monthly Customer Charge	Per Meter	\$22.00	\$22.00	79
	Distribution Charge	Therms	\$0.1866	\$0.001	
LCTS-1	Monthly Customer Charge	Per Meter	\$100.00	\$100.00	80
	Distribution Charge	Therms	\$0.1535	\$0.001	
ATS-1	Monthly Customer Charge	Per Meter	\$180.00	\$180.00	81
	Distribution Charge	Therms	\$0.0925	\$0.001	

Monthly Administrative Charge \$175.00

Fuel Reimbursement Quantity: Mainline customers service directly from pipeline suppliers No Charge
All other customers 2.47%

Authorized Overrun Charge Distribution Charge

Unauthorized Overrun Charge \$ 2.50 per therm

<u>Rate Adjustments</u>	<u>Service Area</u>	<u>Reference Sheet(s)</u>	<u>Rate</u>
Litigated Settlement Special Rate Surcharge (LSSRS)	Western Slope Colorado	39D, 7B	\$.0254 per therm

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
 Original Sheet No. 7K

N

Distribution Transportation Service Schedule of Rates (Base Rate Area 2)					
Rate Schedule	Type of Charge	Billing Units	Maximum Rate	Minimum Rate	Reference Sheets
RTS-2	Monthly Customer Charge	Per Meter	\$10.00	\$10.00	78
	Distribution Charge	Therms	\$0.2074	\$0.001	
SCTS-2	Monthly Customer Charge	Per Meter	\$20.00	\$20.00	79
	Distribution Charge	Therms	\$0.1427	\$0.001	
LCTS-2	Monthly Customer Charge	Per Meter	\$100.00	\$100.00	80
	Distribution Charge	Therms	\$0.1167	\$0.001	
ATS-2	Monthly Customer Charge	Per Meter	\$40.00	\$40.00	81
	Distribution Charge	Therms	\$0.0700	\$0.001	
Monthly Administrative Charge					\$175.00
Fuel Reimbursement Quantity: Mainline customers service directly from pipeline suppliers					No Charge
All other customers					2.47%
Authorized Overrun Charge					Distribution Charge
Unauthorized Overrun Charge					\$ 2.50 per therm
Rate Adjustments					
		Service Area	Reference Sheet(s)	Rate	
Transportation Rate Adjustment (TRA)		North Eastern Colorado	81A	\$0.0928 per therm	
GT-1 Rate Adjustment		Arkansas Valley Colorado	--	\$0.0052 per therm	

Advice Letter No. 228 Amended
 Decision or Authority No.

Bentley W. Breland
 Issuing Officer
 Sr. Vice President
 Title

Issue Date: July 23, 2008
 Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 8
Cancels Original Sheet No. 8

SCHEDULE OF SPECIAL CHARGES
Applicable to All Service Areas and All Rate Schedules

This schedule is to list the Special Charges referred to in the General Rules and Regulations. These Special Charges apply to all Customers utilizing the services of the Company as defined and described in the General Rules and Regulations.

<u>Sheet Reference</u>	<u>Description</u>	<u>Charge</u>	
47	Reconnection Charge	\$ 55.00 during normal business hours \$ 135.00 after normal business hours, on weekends or holidays	I I
47	Continuing Service Charge	Monthly customer charge times the number of months service was temporarily discontinued	N
47	Bill Collection Charge	\$ 9.00	I
47	Insufficient Funds Check Charge	\$16.50	
47	New Service Fee	\$15.00	
68	Meter Test Charge	\$95.00 for each additional test per Sheet 68	I
<u>Standard Hourly Service Charge For Regulated Special Charges</u> One-hour minimum \$55.00 Each additional hour \$40.00			I N
<u>After Hours, Weekend and Holiday Charge for Regulated Special Charges</u> Two-hour minimum \$135.00 Each additional hour \$60.00			N N

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 9
Cancels Original Sheet No. 9

D, N

SALES SERVICE RATE SCHEDULE

RESIDENTIAL SALES SERVICE

RATE SCHEDULE R (R-1, R-2)

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 7D.

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

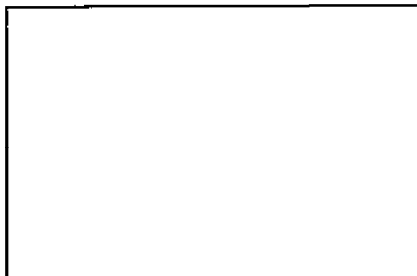
This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

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.



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Bentley W. Breland
Issuing Officer

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Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 10
Cancels Original Sheet No. 10

SALES SERVICE RATE SCHEDULE
SMALL COMMERCIAL SALES SERVICE
(5,000 therms or less per year)
RATE SCHEDULE SC (SC-1, SC-2)

D,N

APPLICABILITY

This Rate Schedule is applicable to all Small 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 7D.

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

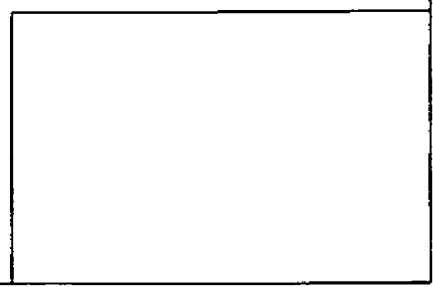
This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

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 Small Commercial 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.



Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 11
Cancels Original Sheet No. 11

SALES SERVICE RATE SCHEDULE
LARGE COMMERCIAL SALES SERVICE
(Greater than 5,000 therms per year)
RATE SCHEDULE LC (LC-1, LC-2)

D, N

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 7D.

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

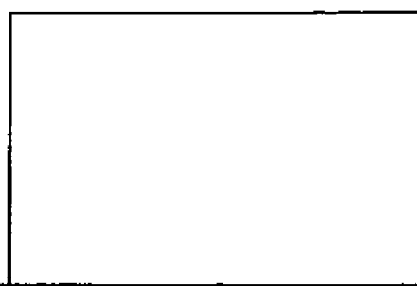
This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

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 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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Bentley W. Breland
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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 12
Cancels Original Sheet No. 12

SALES SERVICE RATE SCHEDULE

IRRIGATION, CROP DRYING OR SEASONAL SALES SERVICE

RATE SCHEDULE ICD (ICD-1, ICD-2)

D, N

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 7D.

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

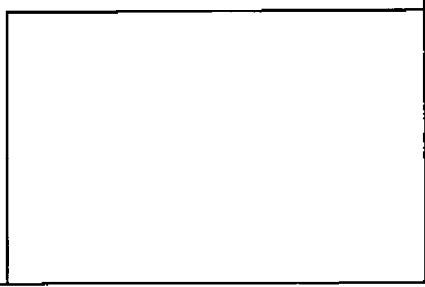
This rate is subject to the Gas Cost Adjustment tariff commencing on Sheet No. 37.

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.



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SourceGas Distribution LLC

Colo. PUC No. 7

First Revised Sheet Nos. 13 - 28

Cancels Original Sheet Nos. 13 - 28

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet Nos. 30 - 36L
Cancels Original Sheet Nos. 30 - 36L

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 37
Cancels Original Sheet No. 37

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 will 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 Forecasted Gas Commodity Cost Component and the Forecasted Upstream Cost Component to be applicable during the GCA Effective Period. 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 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. The Company will separately identify and account for demand and commodity costs related to each of the above listed gas supply cost categories.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 38
Cancels Original Sheet No. 38

Gas Cost Adjustment – continued

2. The resulting projected gas cost will be divided by the Colorado Jurisdictional Forecasted Sales Gas Quantity (adjusted for deviations from normal and other changes) for the same period.
3. A GCA will be determined annually for the 12 months ended June 30 (The Accumulation Period) by determining the difference between the forecasted cost of gas and the actual cost of gas as was recovered during the accumulation period. The difference will be the amount over- or under-recovered for the accumulation period. This amount, plus any amount not amortized at June 30, relating to prior periods, plus interest, if any, will be amortized over the 12 month period commencing November 1.
4. Rates will be calculated to the nearest tenth of one mill (\$0.0001) per therm in order to reflect the GCA rate adjustments on the same basis as the Company's rates are stated.
5. The Total GCA will be determined using the following formula:

$$\text{Total GCA} = A + B$$

A = Current Gas Cost as calculated in 1 and 2 above.

B = Deferred Gas Cost as calculated in 3 above.

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Colo. PUC No. 7
First Revised Sheet No. 38A
Cancels Original Sheet No. 38A

Gas Cost Adjustment – continued

6. For purposes of gas sold by the Company, the Current Gas Cost and Deferred Gas Cost as calculated and referred to in this Section (c) may include all prudently incurred costs forecasted or actually incurred and revenues forecasted or actually received by the Company in connection with establishing a price collar with financial derivative instruments, undertaken to limit price volatility with respect to gas purchased for distribution to the Company's Colorado ratepayers.

For purposes of this Section, a price collar is defined as a range of prices which are intended to provide a net gas cost of not more than a stated maximum and not less than a stated minimum, to be established for specific gas volumes and specific time periods pursuant to the process described herein. A price collar will be established by simultaneously purchasing a financial call option(s) above prevailing market prices and selling a financial put option(s) below prevailing market prices from the same counter-party. Depending on actual market prices of gas for a particular month, for the quantities of gas covered under a financial derivative instrument for such month, a one time financial settlement payment may be received by the Company from trading counter-parties if the market price exceeds an agreed upon ceiling price, or a one time financial settlement payment may be made by the Company to the trading counter-parties if the market price falls below an agreed upon floor price. The receipt or disbursement of such financial payments shall be credited or debited to Account 191 and reflected in the Company's GCA filings. Such activity shall be undertaken for hedging purposes only. All financial transactions shall be tied directly to physical gas purchasing activities. Speculative transactions not tied directly to physical gas purchasing activities shall not be included in GCA filings. The Company shall maintain risk management trading procedures and policies to govern and oversee risk management practices and trading personnel.

The Company will execute financial instruments with qualified counter-parties to establish a price collar using a Request for Quotation ("RFQ") process. Qualified counter-parties will be financial derivative market participants that have passed the Company's creditworthiness requirements.

The Company will limit itself to the specific volumes identified in its RFQ and GPP that can be fixed using collars to that amount set forth in its Gas Purchase Plan. The RFQ will set forth a detailed account of gas volumes, time period, and price objectives sought by the Company. The counter-party(s) most closely meeting the objectives set forth in the RFQ provided by the Company at the most favorable collar price and with no up front transactional costs will be selected for the specified gas volume and time period set forth in the RFQ. The Company will provide the details of the gas volumes and time period subject to the RFQ process in applicable GCA filings, as they are submitted to the Commission. The Company will also provide reasonable details of estimates of its hedging activity in applicable GPP filings.

Once a price collar has been established for specific volumes and for a specific time period, each instrument executed to achieve the price collar will be held from establishment until expiration.

The Company shall maintain records to provide a full accounting for and details of its hedging program for the Commission's review. The Company shall be subject to audit and prudence review of its hedging activities under applicable law and the Rules of the Commission, as they may be in effect from time-to-time.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 38B
Cancels Original Sheet No. 38B

Gas Cost Adjustment – continued

Gas purchased pursuant to these GCA provisions must be delivered to customers by June 30, 2012 to be eligible for inclusion in the Company's Actual Gas Costs. All gas purchasing and price hedging costs associated with the activities provided for herein, must be recorded in the company's accounting books and records. Such costs must be proposed for recovery in the annual GCA filing to be effective each November 1, through 2012.

This tariff provision shall not apply to any price hedging activity undertaken after June 30, 2012. Gas price risk management costs incurred as a result of activities conducted under the authority of these tariff provisions shall be excluded from the definition of Actual Gas Costs effective July 1, 2012, unless the Commission, by subsequent order, approves the continued inclusion of these costs.

The remainder of this sheet has been left blank intentionally.

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Advice Letter No. 228 Amended

Bentley W. Breland
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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 39
Cancels Original Sheet No. 39

Gas Cost Adjustment - continued

- (d) Interest
Interest will be paid on any over-recovered amounts in accordance with the Commission's GCA rules. The Company will not include interest on under-recoveries except to the extent such interest will offset interest on over-recoveries.
- (e) Treatment of Refunds
Refunds received from the Company's suppliers, including interest received thereon, will be refunded in accordance with all applicable laws and rules set forth by the Commission.
- (f) Information to be filed with the Commission
Each GCA filing will be accomplished by filing an application and exhibits with the Commission as required by Commission GCA rules not less than two weeks prior to the proposed effective date of such filing. Such filing will be accompanied by all such supporting data, schedules, and information as may be required by the Commission from time to time.
- (g) Additional Filings
Beginning in 1998, the Company shall file with the Commission, on or before each June 1, a Gas Purchase Plan (GPP), in accordance with the Commission's rules. The Company shall also file any other reports as may be required by the Commission's GCA rules in compliance with such rules, as modified from time to time.
- (h) Compliance With Commission Rules
The Company's GCA as set forth herein incorporates by reference the Commission's Rules Regarding Gas Cost Adjustment. Where not explicitly stated, the intent of the Commission's rules shall prevail in the event of errors or omissions.
- (i) Transportation Rate Adjustment
Revenues collected through the Transportation Rate Adjustment (TRA) surcharge shown on Sheet No. 7K will be included in the calculation of the Deferred Gas Cost Component of the GCA.

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Colo. PUC No. 7

First Revised Sheet Nos. 39A - 39C

Cancels Original Sheet Nos. 39A - 39C

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SourceGas Distribution LLC

Colo. PUC No. 7

First Revised Sheet No. 39D

Cancels Original Sheet No. 39D

LITIGATED SETTLEMENT SPECIAL RATE SURCHARGE (LSSRS)

(a) Description. As provided for by Commission Decision No. R03-1042 mailed on September 15, 2003, and entered in Dockets 02A-522G, 02A-524G, 02I-620G and 02I-621G, the Litigated Settlement Special Rate Surcharge (LSSRS) shall be applied to the Company's sales and transportation rates in the Western Slope area, until the Company has recovered the entire Settlement Amount. The balances of the Settlement Amount shall be recovered by the Company over a fourteen (14)-year period commencing November 1, 2003. The LSSRS shall terminate at the earlier of October 31, 2017, or once the entire Settlement Amount has been fully recovered by the Company.

(b) Procedures. The LSSRS shall be accounted for as follows:

i. An appropriate Federal Energy Regulatory Commission (FERC) sub-account shall be established to record the entire Settlement Amount, reduced by first-year collections, as of November 1, 2003, and to record the LSSRS revenues recovered for the duration of the LSSRS recovery period;

ii. The Company shall annually provide an attachment to its Annual Report to the Commission. The attachment shall identify the following:

- a. the original settlement amount allowed for recovery;
- b. total annual revenue recovered for the reported calendar year period;
- c. accumulated revenues recovered by year, as of the annual period being reported;
- d. total volumes or therms sold or transported during the same calendar year period reported for the annual revenue recovery; and
- e. the settlement amount balance remaining to be recovered;

iii. The LSSRS shall terminate in the same month that full recovery of the entire settlement amount is completed. The Company shall file an advice letter to remove the LSSRS from rates on not less than one (1) day's notice. Any over- or under-recovered balance of the settlement amount remaining shall be debited or credited to the Company's Account 191;

iv. The LSSRS surcharge for the Company has been calculated to be \$0.0254 per therm for sales and transportation customers under maximum rate. This calculation (pursuant to the Stipulation and Agreement contained in Docket No. 02A-522G, et al.) was based on the Remaining Balance, divided by the estimated total throughput on Rocky Mountain Natural Gas LLC related to Company's Western Slope Rate Area sales and transportation customers for the fourteen (14)-year period of recovery of the Remaining Balance. The total throughput on Company is the sum total of the projected end-use Company sales and transportation customer consumption, as estimated for each year of the fourteen (14)-year recovery period.

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SourceGas Distribution LLC

Colo. PUC No. 7

First Revised Sheet No. 39E

Cancels Original Sheet No. 39E

LITIGATED SETTLEMENT SPECIAL RATE SURCHARGE (LSSRS) (Cont.)

v. As the LSSRS pertains to transportation rates, if and when the Company discounts the rates applicable to service rendered under the transportation rate schedules contained in this effective Tariff, the LSSRS component shall be discounted prior to the discounting of any other component of the applicable maximum rate. The Company shall only attribute to the Settlement Amount the amounts actually collected pursuant to the application of the LSSRS. Company shall maintain sufficient books and records for the determination of all amounts actually collected, including any amounts collected on discounted transactions.

vi. The language of Company's LSSRS tariff provisions shall be consistent, in all aspects, to the language contained in the tariff of its interconnecting pipeline, Rocky Mountain Natural Gas LLC (Rocky Mountain). In case of changes in tariff language concerning the LSSRS for Rocky Mountain, similar changes shall be made concurrently for Company. The LSSRS shall be collected only once from the end-use customers even though the LSSRS is flowed through both Company and Rocky Mountain.

(Remainder of this Sheet intentionally left blank.)

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SourceGas Distribution LLC

Colo. PUC No. 7

First Revised Sheet No. 40

Cancels Original Sheet No. 40

SALES SERVICE RATE SCHEDULE

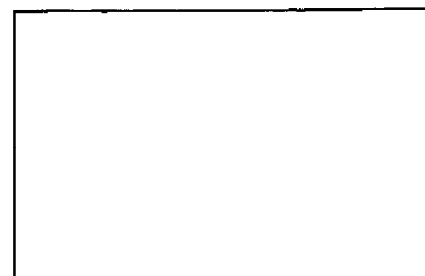
1. DEFINITION AND REQUEST FOR SERVICE.

- 1.1 Definition. Sales Service means a bundled gas utility service in which the Company both purchases gas commodity for resale to the Customer and transports the gas for delivery to the Customer.
- 1.2 Upon request for gas service, the Company shall supply the Customer with gas service under the rate schedules, rules, terms, regulations and conditions contained herein, and as amended from time to time, which apply to the particular type of service for which the request is made. The customer agrees to abide by the Company's rate schedules, rules, terms, tariffs and regulations, as amended from time to time, as a condition of service.

2. THE CUSTOMER.

- 2.1 Only one class of service shall be furnished to an individual or corporation at a single address or location. A single request for service cannot apply to different locations. A single request cannot cover more than one meter.
 - a. Residential Sales Service. Residential Sales Service is defined as service provided for domestic general household purposes in a space occupied as living quarters, typically designed for occupancy by one family. Typical service would include, but not be limited to the following: separately-metered units, such as a single private residence, single apartment, mobile home, low income housing unit, nursing home unit, a parsonage paid by the church, low income housing paid by a housing authority, and employee housing paid by the government or business entity. In addition, auxiliary buildings on the same premises as the living quarters, used for residential purposes, will also be considered residential usage.
 - b. Small Commercial Sales Service. Small Commercial Sales Service is defined as service provided to non-residential premises such as a business enterprise in a space occupied and operated for non-residential purposes consuming 5,000 therms or less per year. Typical service would include, but not be limited to the following: nursing home, apartments, low income housing complex and a trailer park where natural gas is supplied through one meter, stores, offices, shops, restaurants, sorority and fraternity houses, boarding houses, hotels, service garages, filling stations, hospitals, schools, churches, service organizations, barber shops, beauty parlors, shopping malls, construction, communication, transportation and agricultural activities, excluding irrigation and crop drying as defined below in Section 2.1.d of this Sales Service Rate Schedule. This service shall also include service to industrial activities at non-residential premises used primarily for a process which creates or changes raw or unfinished materials into another form or product including mining, oil and gas extraction, and the generation of electric power.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 40A
Cancels Original Sheet No. 40A

2.1 - continued

- c. Large Commercial Sales Service. Large Commercial Sales Service is defined as service provided to non-residential premises such as a business enterprise in a space occupied and operated for non-residential purposes consuming greater than 5,000 therms per year. Typical service would include, but not be limited to the following: nursing home, apartments, low income housing complex and a trailer park where natural gas is supplied through one meter, stores, offices, shops, restaurants, sorority and fraternity houses, boarding houses, hotels, service garages, filling stations, hospitals, schools, churches, service organizations, barber shops, beauty parlors, shopping malls, construction, communication, transportation and agricultural activities, excluding irrigation and crop drying as defined below in Section 2.1.d of this Sales Service Rate Schedule. This service shall also include service to industrial activities at non-residential premises used primarily for a process which creates or changes raw or unfinished materials into another form or product including mining, oil and gas extraction, and the generation of electric power.
- d. Irrigation, Crop Drying or Seasonal Sales Service. Irrigation service is defined as service provided for pumping water for farm land irrigation purposes from an irrigation well. Crop drying service is defined as service provided for drying grain or crops. Seasonal service is defined as service for customers that must not consume natural gas from December 15 through March 15.

SALES SERVICE RATE SCHEDULE

2.2 For the sole purpose of applying Rule 4400 of the Commission's Rules Regulating Natural Gas Utilities and Pipeline Operators, the following terms shall have the specified meanings:

- a. "Residential Customer" shall mean any customers meeting the definition of "Residential Sales Service" set forth above in Section 2.1.a of this Sales Service Rate Schedule that are served under a sales service rate schedule;
- b. "Small Commercial Customer" shall mean any customers meeting the definition of "Small Commercial Sales Service" set forth above in Sections 2.1.b of this Sales Service Rate Schedule that are served under a sales service rate schedule;
- c. "Large Commercial Customer" shall mean a customer taking service meeting the definition of "Large Commercial Sales Service" set forth above in Section 2.1.c of this Sales Service Rate Schedule. Large Commercial customers whose primary use of service is irrigation or crop drying are considered an Agricultural customer for the purpose of applying Rule 4400 of the Commission's Rules Regulating Natural Gas Utilities and Pipeline Operators. The Commission's rules pertaining to Small Commercial Customers shall not be applicable to Large Commercial Customers; and
- d. "Agricultural Customer" shall mean a customer taking service meeting the definition of "Irrigation, Crop Drying or Seasonal Sales Service" set forth above in Section 2.1.d of this Sales Service Rate Schedule. Seasonal customers whose primary use of service is not irrigation or crop drying are not considered an agricultural customer for the purpose of applying Rule 4400 of the Commission's Rules Regulating Natural Gas Utilities and Pipeline Operators.

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Colo. PUC No. 7
First Revised Sheet No. 44
Cancels Original Sheet No. 44

SALES SERVICE RATE SCHEDULE – continued

6. **BILLS, DUPLICATE BILLS, FAILURE TO RECEIVE BILLS.**

Upon request, the Company shall advise the Customer of its approximate billing date each month. If a bill is not received or is lost, the Company shall, upon the Customer's request, issue a duplicate. Failure to receive a bill shall not relieve the Customer from making payment as provided for by the applicable tariff, rules and regulations.

7. **BUDGET BILLING PLAN.**

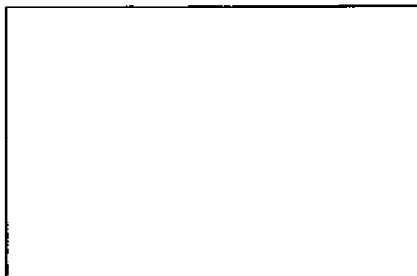
- a. The Budget Billing Plan is an agreement between the Customer and the Company, and is available throughout the year to each Customer receiving natural gas service for domestic and commercial purposes ("eligible Customer"). Such service is not available to Large Commercial, Irrigation, Crop Drying or Seasonal Customers. The budget billing contract period or contract year shall be for a 12 consecutive month period starting with the Customer's first Budget Billing month.
- b. At the request of an eligible Customer, the Company will prepare an estimated bill for total gas service to be rendered during the yearly contract period. An estimated bill is a bill based on past usage adjusted for normalized weather and projected rates. Each monthly budget bill will be the total estimated yearly gas service cost divided by twelve (12) or part thereof.
- c. As a condition precedent to receiving service under the budget billing plan, an eligible Customer must request to be enrolled in the Company's Budget Billing Program. The budget billing plan may be terminated at any time by the Customer for any reason or the Company for any reason listed in d.
- d. The eligible Customer shall receive natural gas service through the budget billing plan under the following rules:
 - i. Each monthly payment becomes past due on the date specified on the bill pursuant to Section 8(a). An eligible Customer's failure to pay the monthly budget bill by the date specified shall be cause for termination of the budget billing plan by the Company.
 - ii. The election to pay for gas service under the budget billing plan in no way modifies or revokes the Company's rules, tariffs or regulations regarding penalties and disconnection for nonpayment of gas bills.
 - iii. The estimate shall only apply to the premises then occupied by an eligible Customer. If the premises are vacated during the contract period, the budget billing plan shall immediately terminate when the Company becomes aware of the vacancy.

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Sr. Vice President
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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 47
Cancels Original Sheet No. 47

SALES SERVICE RATE SCHEDULE - continued

c. Customer Billing. (continued)

i. Contents of Bill. (continued)

(1) Special Charges. A Customer's bill shall also include, as applicable, the following special charges:

- a. Reconnection Charge. The reconnection charge after the Customer's service has been disconnected under Section 9 of this Rate Schedule shall be the Company's standard hourly service charge of \$55.00, pursuant to the Schedule of Special Charges. If the connection takes place after normal working hours, or on a weekend or holiday, the Customer will be charged \$135.00 for the after-hours connection. In addition, the Company may require a security deposit as specified in Section 3 of this Rate Schedule before service is reconnected. I
- b. Continuing Service Charge. A continuing service charge, pursuant to the Schedule of Special Charges, may be assessed when service is discontinued temporarily at the request of the Customer. Service shall be deemed to be discontinued temporarily at the request of the Customer if a former Customer requests reconnection of service within one (1) year at the same location where such Customer had disconnected or terminated previously. The charge will be equal to the number of monthly Customer Charges the Customer avoided while service was disconnected including any applicable Extra Construction Allowance Charges. C
- c. Bill Collection Charge. A bill collection charge of \$9.00, pursuant to the Schedule of Special Charges, may be collected from the Customer when a service call is made for discontinuance of service and Customer avoids discontinuance by payment of the past due bill or by entering into a written payment agreement with the Company. I
- d. Insufficient Funds Check Charge. The Company may require from the Customer a charge of \$16.50, pursuant to the Schedule of Special Charges, as allowed by law, regulation, or by Company policy, for each check returned for insufficient funds or returned for any other reason. In addition to the Company's insufficient funds check charge, the Customer must pay any fee assessed to the Company by the bank.
- e. New Service Charge. The Company may assess a charge of fifteen dollars (\$15) for establishing service to a new account.

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

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SALES SERVICE RATE SCHEDULE – continued

9. CONDITIONS FOR REFUSAL OF OR DISCONTINUANCE OF SERVICE – contd.

e. continued

9. If service is discontinued for broken arrangements, the Company may decline to restore service until all amounts more than thirty days past due have been paid, together with any collection and/or reconnection charges and interest as may be provided for in the Company's tariff. However, discontinued service must be restored if the Customer presents a medical certification, as elsewhere provided in this rule. Service may be discontinued without further notice upon the expiration of such medical certification, or extension thereof, and the terms for restoration shall be the payment of all amounts more than thirty days past due, together with any collection and/or reconnection charges and interest as may be provided for in the Company's tariff.

10. A customer whose monthly installment payment is not in default and whose new bill is not past due may renegotiate an installment payment plan arrangement. A renegotiated installment payment plan arrangement may consist of a lesser installment payment amount to be paid in a greater number of months, provided that the original arrangement amount is paid in no more than six (6) months from the date the original installment payment plan arrangement was entered into.

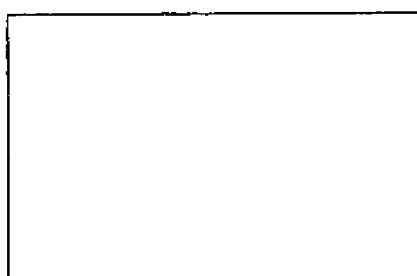
11. Nothing in this rule shall be construed as to prevent the Company from offering any other installment payment plan arrangement terms to avoid discontinuance or terms for restoration, when the offer is at least as favorable to the Customer as the terms and conditions set forth in this rule or to which the Customer agrees.

f. Termination at the Customer's Request. The Company shall make every reasonable effort to terminate the Customer's service on the day requested by the Customer. If the termination will occur after normal working hours due to the Customer's request, the Company will advise the Customer that Customer will be charged \$135.00 for the after-hours termination.

g. Refusal to Serve Applicant.

i. The Company may refuse to provide service to an applicant who has an outstanding unpaid bill with the Company incurred for utility service within the State of Colorado until the applicant pays in full or enters into a satisfactory written payment arrangement. In the event the amount is in dispute, the applicant shall make a special deposit in the amount of the disputed amount, and service will be rendered immediately. Upon settlement of the dispute, any amount owed the Customer will be promptly refunded.

ii. The Company may decline to serve a prospective Customer or to change materially the service to an existing Customer, if, in the best judgment of the Company it does not have adequate facilities to render the service applied for or if the desired service appears to be unsafe, or is of a character that is likely to adversely affect service to another Customer.



SourceGas Distribution LLC

Colo. PUC No. 7

First Revised Sheet No. 66

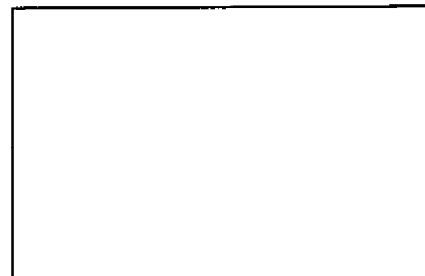
Cancels Original Sheet No. 66

SALES SERVICE RATE SCHEDULE - continued

10. CUSTOMER PIPING, FIXTURES AND APPLIANCES

- a. All gas piping, appurtenant facilities and gas-burning appliances or equipment located downstream of the service line, as defined in Section 18.a.ii of this Rate Schedule, and located at or within the Customer's property or premises shall be owned, maintained and controlled in a good and safe condition solely by the Customer and/or premises' owner in accordance with municipal regulation, the National Fuel Gas code, Company's rules, tariffs, terms, regulations and other applicable laws and regulations as amended from time to time. Except as otherwise required by law, the Company does not undertake to, or assume the obligation for, the inspection, testing, maintenance, or repair of equipment or facilities not owned by the Company. The Company may refuse to connect or continue service until the Customer remedies or corrects faults or defects involving Customer-owned facilities.
- b. The customer shall install and maintain the gas piping, fixtures and appliances on the Customer's premises either in accordance with the ordinances of the city in which the Customer is located or in accordance with the Company's standards. The Company may terminate service to the Customer immediately and shall give written notice of any defective Customer owned facility or unsafe conditions which may impair service or may result in injury or damage to any person or property. Refer to the Company's yellow tag and red tag procedures in the Company's Standards Practices Manual.
- c. The Company assumes no responsibility for the inspection and/or repair of defects in the Customer's piping, fixtures or appliances on the Customer's premises and will not be responsible for any injury, loss or damage resulting from such defects or improper installation, except where such loss, damage or injury is the result of the Company's sole active negligence or willful misconduct; see Section 16.a. below.

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Colo. PUC No. 7
First Revised Sheet No. 70
Cancels Original Sheet No. 70

SALES SERVICE RATE SCHEDULE - continued

18. COMPANY AND CUSTOMER PIPING.

a. Definitions

- i. Mains – The natural gas distribution line that serves, or is designed to serve as a common source of supply for more than one Service Line. C
- ii. Service Line – A Company-owned natural gas distribution line that transports gas from a main to an individual Customer, to two adjacent or adjoining residential or small commercial Customers, or to multiple residential or small commercial Customers served through a meter header or manifold. A Service Line ends upstream of the meter, with the exception that under specifically identified instances where a Service Line is downstream of the meter, the Service Line ends at the outlet of the riser that is the connection to Customer Piping. D
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- iii. Customer Piping – Customer-owned above ground or below ground piping located downstream of the outlet of the Service Line, or the outlet of the meter whichever is farthest downstream.

b. Customer Piping

- i. Customer shall be responsible for all costs relating to maintenance of Customer Piping. The owner of the piping and/or facilities shall be responsible for arranging and paying for any required maintenance and repair of said piping and/or facilities and all materials, installation and work performed must comply with all applicable laws and regulations. The owner of the piping and/or facilities shall provide the Company with an assurance acceptable to the Company that all materials, installation and work performed comply with all applicable specifications, laws and regulations before gas service will be restored or continued. The Company shall have no duty to inspect work performed by anyone other than the Company. C
- ii. The private owner of any Customer Piping and/or facility shall be solely responsible for the loss or escape of any gas from said Customer Piping and/or facility, and shall be responsible for any resulting fire, explosion, injury or damage caused thereby. Nothing in this tariff provision or regulations shall be construed to impose any liability on the Company for the loss or escape of gas from any Customer Piping or facility, or for any injury or damage caused thereby or otherwise related to any Customer-owned piping or facility. D

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SALES SERVICE RATE SCHEDULE - continued

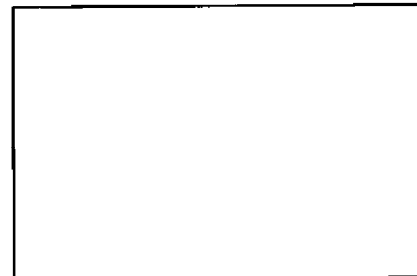
18. COMPANY AND CUSTOMER PIPING – continued

iii. The following conditions apply to replacement of Service Lines:

- (1) For North Eastern, North Central and Western Slope areas, any Service Line installed prior to January 1, 1992 will be owned and maintained by the Customer until such time as the Service Line needs to be replaced at which time the customer will be informed of installation requirements and that the new Service Line will be installed, owned and maintained by the Company. Any required Customer Piping will remain the responsibility of the Customer. The Company is responsible for maintenance and replacement of all existing Customer-owned Service Lines installed before January 1, 1992. Replacement costs in excess of the Construction Allowance shall be billed to the Customer;
- (2) For Arkansas Valley and Southwestern areas, any Service Line installed prior to July 24, 2003 will be owned by the Customer until the Service Line needs to be replaced, at which time the new Service Line will be installed, owned and maintained by the Company. Any required Customer Piping will remain the responsibility of the Customer. The Company is responsible for maintenance and replacement of all existing Customer-owned Service Lines installed before July 24, 2003. Replacement costs in excess of the Construction Allowance shall be billed to the Customer.

c. Service Lines. The Company will own, install, and maintain all Service Lines subject to the following conditions or requirements:

- i. When a Service Line needs to be replaced, the Company shall notify the Customer of the anticipated date of work and the general concerns of the crew doing the work;
- ii. The Customer shall be responsible for obtaining an easement from a third party if a planned Service Line will cross the property of a third party. The easement shall be granted to the Company, not to the Customer securing the easement for the Company;
- iii. The maximum Company investment for replacement of customer owned service lines shall be the amount specified for main and service line extensions in the Customer Service Connection, Service Line and Main Extension Policy.



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Colo. PUC No. 7
First Revised Sheet No. 72
Cancels Original Sheet No. 72

SALES SERVICE RATE SCHEDULE - continued

19. CUSTOMER SERVICE CONNECTION, SERVICE LINE AND MAIN EXTENSION POLICY.
(Applicable to All Rate Schedules)

- a. Meters and Regulators. Within the Company's service territory, the Company shall, at its expense, install meters and meter connections. The meters and meter connections always remain the property of the Company and may be removed when the service is terminated for any cause. C

- b. Main and Service Line Extension Policy.
 - i. Within the Company's service territory, the Company shall make such reasonable, economically viable extensions of the Mains and/or Service Lines from time to time consistent with the construction allowance as warranted by expansion and development of demand, subject to the Customer's compliance with any prior contractual relationships involving the Company. The Company shall apply its Extension Policy in a non-discriminatory manner to all applicants under similar circumstances and conditions. C
 - ii. Any and all contractors used for excavation, backfill, or construction of Service Lines or Main extensions owned or operated by the Company must be approved by the Company. Installation will be performed by the Company or a Company-approved, DOT-qualified third party contractor. N
 - iii. The Company shall bear the expense of any required maintenance, repair, or replacement of pipeline or facilities owned by the Company.
 - iv. The Main and Service Line Extension Policy shall not apply to Customers behind a master meter system. T
 - v. The Customer will be responsible for all Main and/or Service Line extension costs in excess of the Regular and Additional Regular Construction Allowances. In addition, the Customer and Company may sign a three-year agreement covering Advances for Construction for costs paid to the Company for Main and/or Service Line extensions. The additional costs paid to the Company may be refundable for the three-year period in the amount stipulated in the agreement for each subsequent Customer connected to the same extension, provided however that the refunds will not exceed the total amount of the contribution in advance to construction. C
 - vi. The Customer specifically agrees that the Company may make additional extensions from the original extension, and the Company shall have the right and privilege to do so without any refund obligation whatsoever to the Customer.

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First Revised Sheet No. 73
Cancels Original Sheet No. 73

SALES SERVICE RATE SCHEDULE - continued

19. CUSTOMER SERVICE CONNECTION, SERVICE LINE AND MAIN EXTENSION POLICY – continued

b. Main Extension Policy – continued

vii. In all cases where it is deemed desirable or necessary by the Company to construct a Main extension of greater capacity than that which is required for Customer in order to conform to future plans of the Company, the excess construction cost of the Mains shall be borne by the Company.

viii. REGULAR CONSTRUCTION ALLOWANCE. The Regular Construction Allowance for new Main and/or Service Line extensions offered to new Customers within the service territory for Mains and/or Service Lines where the home or structure has primary gas heat and gas water heating or has gas appliance(s) with comparable typical expected annual usage on the Company's system will be limited to:

Base Rate Area 1: \$790.00

Base Rate Area 2: \$830.00

Customers shall pay any costs (including installation) in excess of the Regular Construction Allowance.

ix. ADDITIONAL REGULAR CONSTRUCTION ALLOWANCE. The Customer may qualify for Additional Regular Construction Allowance from the Company if the Customer has an expected annual usage in excess of the minimum described below.

(1) For Base Rate Area 1, the Additional Regular Construction Allowance will be calculated at rate of \$2.40 per therm of estimated additional annual usage in excess of the 757 therms.

(2) For Base Rate Area 2, the Additional Regular Construction Allowance will be calculated at rate of \$2.20 per therm of estimated additional annual usage in excess of the 760 therms.

The Additional Regular Construction Allowance shall be made on a sound economic basis and applied in a non-discriminatory manner to all applicants under similar circumstances and conditions.

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Colo. PUC No. 7
First Revised Sheet No. 74
Cancels Original Sheet No. 74

SALES SERVICE RATE SCHEDULE – continued

- x. **EXTRA CONSTRUCTION ALLOWANCE.** An Extra Construction Allowance for new Main and/or Service Line extensions offered to new Customers within the service territory shall be available in an amount up to a maximum of the cost of connection exceeding the sum of both the Regular Construction Allowance and the Additional Regular Construction Allowance, but not to exceed \$3,010 above the Regular Construction Allowance where:
- (1) The cost of connection exceeds the Regular Construction Allowance and any applicable Additional Regular Construction Allowance;
 - (2) In addition to the other rates paid for service from the Company, the customer has agreed to reimburse the Company at a rate of \$40 per month, until the cost of extending the amount of the connection costs exceeding the Regular Construction Allowance up to \$3,010 has been recovered, where such monthly payments shall not exceed a total reimbursement of \$4,800;
 - (3) Only the property owner at the address requesting service is eligible to contract for the Extra Construction Allowance;
 - (4) The Company shall establish a reimbursement schedule to recover the costs of providing the Extra Construction Allowance, with the reimbursement period not to exceed 120 months and with the cost of recovery calculated to account for the time value of money at a rate equal to the Company's Commission authorized rate of return on ratebase of 8.26 percent;
 - (5) Customer shall pay all costs (including installation) in excess of the sum of the applicable Regular Construction Allowance, Additional Regular Construction Allowance and the Extra Construction Allowance;
 - (6) Customers have the option to make lump sum pay off of any remaining balance associated with the Extra Construction Allowance at any time. When requested by a Customer, the Company will calculate the lump sum payment amount based upon the remaining unpaid Extra Construction Allowance on a specified payment date. A lump sum payment made in full on or before the date specified by the Company will eliminate the Customer's obligation to make further Extra Construction Allowance payments; and
 - (7) The liability for the \$40 per month Extra Construction Allowance Charge remains with the premise, such that in the event a new customer becomes responsible for paying the Company for service at that premise, that new customer will assume the responsibility for reimbursing the Company at a rate of \$40 per month for the remainder of the total amount to be reimbursed not to exceed \$4,800. The Company will notify any subsequent Customer upon request for service when that Customer's premise is subject to the \$40 per month Extra Construction Allowance Charge.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 75
Cancels Original Sheet No. 75

SALES SERVICE RATE SCHEDULE – continued

20. RIGHTS OF WAY AND EASEMENTS

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A request for natural gas service, or a contract for natural gas service, or receipt of natural gas service by a Customer, shall be construed as an agreement by the Customer granting to Company a right-of-way or an easement, at no cost or expense to Company, for the installation, operation, maintenance or replacement of the service line, including but not limited to Company's gas line piping, meter, meter connection, regulator or other equipment required to supply gas service to Customer, with the full right of ingress and egress to such property.

Unless a greater right-of-way or easement is required by Company, the right-of-way or easement is five (5) feet on either side of the centerline of the installed service line. If requested by Company, Customer shall execute Company's standard form of right-of-way or easement agreement in a recordable form, granting to Company satisfactory rights-of-way or easements for suitable location of Company's mains, services, meters and metering equipment and other appurtenances on or across property or lands owned or controlled by Customer, and Customer will furnish, at no cost or expense to Company, 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 a right-of-way or an easement for natural gas service over the part having access to gas mains for the benefit of the isolated part.

21. TEMPORARY SERVICE.

- a. In case of temporary service for short-term use, as distinguished from seasonal use, the Company shall require the Customer to pay all the costs of making the service connection and extension, and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense.
- b. If the material is removed by the Company, the Customer shall be credited with the reasonable salvage which the Company shall receive on discontinuance of service. If within corporate limits, all construction rules and regulations shall apply.

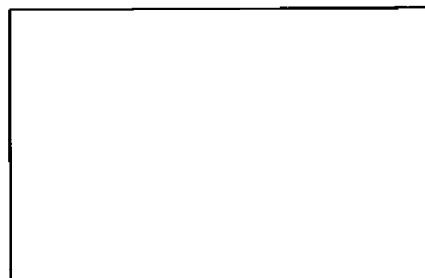
22. PIPELINES OTHER THAN THE COMPANY'S.

All municipalities, corporations, companies, partnerships, individuals and others applying for service to be supplied through pipelines not owned by the Company will be required to construct or operate under the Company's established rules and regulations.

- a. The Company specifically reserves the right to reject any and all applications for service where same is to be supplied through pipelines not controlled by it.

23. ALTERATION OF RULES AND REGULATIONS.

No Agent or employee has the right to modify or alter the applications, rates, terms, condition, rules or regulations or to make any promises or representations not contained herein, supplements thereto and revisions thereof.



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SALES SERVICE RATE SCHEDULE - continued

24. TAX ADJUSTMENT.

- a. When any city or other taxing subdivision imposes a franchise occupation, business sales, license, excise, privilege or similar tax of any kind on the Company, the amounts thereof, insofar as practical, shall be charged on a *pro rata* (defined as prorating the tax to bill the Customer for the correct number of days on the new tax rate and the old tax rate, if applicable), basis to all Customers receiving gas service from the Company within the boundaries of the city or taxing subdivision. This tax charge, in all cases, will be in addition to the regular charges for gas service.
- b. Where such tax is levied on a percentage of gross receipts, that percentage will be applied to each affected Customer's bill, and the amount computed will be added to the bill. Where such tax is levied on the quantity of gas delivered, the quantity of gas consumed, as shown on the Customer's bill, will be used to determine the tax amount added to the bill. Where the tax is levied other than on a percentage of gross receipts or quantity basis, an amount not to exceed \$1.00 per month per Customer shall be added to each affected Customer's bill until the Customer's *pro rata* share of the total tax is paid. The amount of the tax charged to each affected Customer in each billing period will be shown as a separate item on the Customer's bill.

25. GAS METER TESTING

Diaphragm-type gas service meters shall be tested and, if necessary, readjusted to be correct within one percent, at the times and in the manner specified by the meter test statistical sampling and testing program adopted by the Public Utilities Commission of the State of Colorado in its Decision No. C06-0875 on July 27, 2006. All other Company meters shall be tested and corrected within the time periods specified by the Rules Regulating Natural Gas Utilities and Pipeline Operators promulgated by the Public Utilities Commission.

26. EXCESS FLOW VALVES

- a. The Company shall provide written notification of the availability for installation of an excess flow valve meeting the performance standards prescribed by the United States Department of Transportation at 49 C.F.R. § 192.381 to any single-residence, residential service Customer where a new or replacement service line/service stub that operates continuously at a pressure of ten (10) pounds per square inch gauge or greater is to be installed. The written notification will provide, at a minimum, the information prescribed by said Department of Transportation at 49 C.F.R. § 192.383.

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SALES SERVICE RATE SCHEDULE - continued

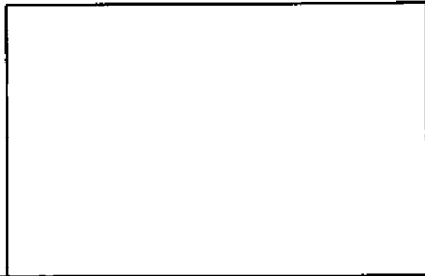
26. EXCESS FLOW VALVES – continued

- b. While the Company will install an excess flow valve at a service address at the Customer's request, the Customer is responsible for reimbursing the Company for the fully-allocated cost of the installation. The Company also shall be reimbursed for the fully-allocated cost of any post-installation activities, such as repairing, resetting, deactivating, removing or replacing an excess flow valve, by the then-current Customer at said service address at the time the activity is undertaken.
- c. The Company shall not be liable for any (1) injury to person, and/or (2) damage to or destruction of any property, resulting directly or indirectly from any failure of, or defect in, an excess flow valve installed by the Company, except where the failure of defect is caused directly by an error or omission by the Company in the installation of the excess flow valve.

27. GENERAL TERMS AND CONDITIONS

The applicable General Terms and Conditions of this Tariff are hereby made a part of each of the Sales Service Rate Schedules. To the extent that the General Terms and Conditions are inconsistent with the provisions of any of these Sales Service Rate Schedules, the provisions of that Rate Schedule shall govern.

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SourceGas Distribution LLC

Colo. PUC No. 7
 First Revised Sheet No. 77
 Cancels Original Sheet No. 77

SALES SERVICE RATE SCHEDULE - continued

28. CONVERSION TO DISTRIBUTION TRANSPORTATION SERVICE

If a Customer receiving service under this Sales Service Rate Schedule elects to convert all, or a portion, of its service to Distribution Transportation Service, the Customer will be subject to meeting the terms and conditions of the Distribution Transportation Service Rate Schedule contained in this Tariff, wherein the Sales Service Customer will be re-designated as a Buyer of Distribution Transportation Service. The Customer must reapply for Sales Service in the future should the Customer choose to convert the Transportation portion of its service back to Sales Service. The Company may charge such Customer fees equivalent to those charged a new Sales Service Customer. Further, the Company shall not be required to refund any monies paid by the Customer to the Company for equipment or construction associated with the terminated Distribution Transportation Service or the conversion from Sales Service to Distribution Transportation Service or vice versa.

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SourceGas Distribution LLC

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DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE
RESIDENTIAL DISTRIBUTION TRANSPORTATION SERVICE
RATE SCHEDULE RTS (RTS-1, RTS-2)

N, D

AVAILABILITY

This Rate Schedule is available to all Residential Customers within the Company's service territory where natural gas is available.

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 7J.

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 1 are described on Sheet 7K.

FRANCHISE TAX SURCHARGE

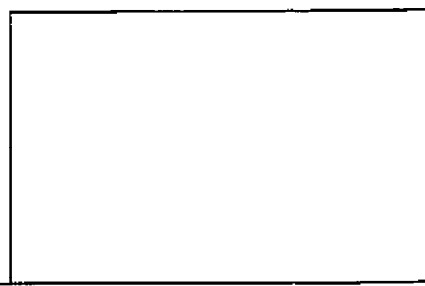
Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

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 Distribution Transportation Service Customers only. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C 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.



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DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE
SMALL COMMERCIAL DISTRIBUTION TRANSPORTATION SERVICE
(5,000 therms or less per year)

RATE SCHEDULE SCTS (SCTS-1, SCTS-2)

AVAILABILITY

This Rate Schedule is available to all Commercial Customers within the Company's service territory where natural gas is available.

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 7J.

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 1 are described on Sheet 7K.

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.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

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 Small Commercial Distribution Transportation Service Customers only. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C 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.

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DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

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

RATE SCHEDULE LCTS (LCTS-1, LCTS-2)

N, D

AVAILABILITY

This Rate Schedule is available to all Large Commercial Customers within the Company's service territory where natural gas is available.

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 7J.

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 1 are described on Sheet 7K.

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.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

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 Large Commercial Distribution Transportation Service Customers only. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C 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.

Advice Letter No. 228 Amended

Bentley W. Breland
Issuing Officer

Issue Date: July 23, 2008

Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 81
Cancels Original Sheet No. 81

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

N, D

IRRIGATION CROP DRYING OR SEASONAL DISTRIBUTION TRANSPORTATION SERVICE

RATE SCHEDULE ATS (ATS-1, ATS-2)

AVAILABILITY

This Rate Schedule is available to all Irrigation, Crop Drying or Seasonal 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 for irrigation or crop drying. 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 7J.

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 1 are described on Sheet 7K.

FRANCHISE TAX SURCHARGE

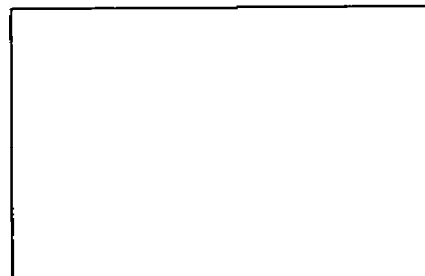
Franchise taxes or charges imposed by any municipality will be surcharged only to the Customers of Company receiving service in such municipality. The appropriate franchise tax shall be applied to each Customer's charge and then set forth as a separate item, or surcharge, on that Customer's bill.

PAYMENT

Bills for gas service are due and payable subject to Distribution Transportation Service Agreement and the Company's Distribution Transportation Service General Terms and Conditions.

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 and crop drying purposes. Irrigation and Crop Drying shall also include Seasonal Customers. All services under this schedule are subject to the Distribution Transportation Service Rate Schedule commencing on Sheet No. 81C 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.



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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 81A
Cancels Original Sheet No. 81A

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

TRANSPORTATION RATE ADJUSTMENT

1. APPLICABILITY

This Transportation Rate Adjustment (TRA) determined hereunder shall be applied to the commodity charge established from time to time for transportation service under the Distribution Transportation Service Rate Schedule, for Customers in the North Eastern Colorado area, contained in the Company's tariff filed with the Colorado Public Utilities Commission.

2. COMPUTATION PERIOD AND FREQUENCY

Each year the Company shall make a filing with the Commission in which the Company will determine the Transportation Rate Adjustment (TRA) pursuant to paragraph 3 hereof to be effective during the twelve month period beginning on November 1 of that year. This adjustment will be included in the Company's annual GCA filing. If at any time during this twelve month period the Company experiences a change or changes in supplier rates, the cumulative effect of which is to produce an increase or decrease in total gas supply costs of at least one mill (\$0.001) per therm, the Company may determine new TRA surcharge rates incorporating this impact to be effective for the remainder of the twelve month period.

3. DETERMINATION OF TRANSPORTATION RATE ADJUSTMENT

- a. The projected average above-market unit price of Contract P-0802 shall first be determined and be equal to the higher of zero or the difference between (1) the projected average unit cost of Contract P-0802 gas purchases and (2) the projected system-wide average unit cost of Company's other gas purchases, excluding Contract P-0802 gas purchases.
- b. The projected average above-market unit price of Contract P-0802 shall then be multiplied by the total projected annual regulated Contract P-0802 purchase volumes. The result is the total system-wide amount of above-market costs of Contract P-0802.
- c. The total system-wide amount of above-market costs of Contract P-0802 shall be divided by the projected annual system-wide throughput volumes. The result is the applicable system-wide TRA surcharge rate.
- d. The applicable system-wide TRA surcharge rate shall be multiplied by the projected total annual transportation volumes in North Eastern Colorado. This calculation determines the total projected Contract P-0802 cost obligation of North Eastern Colorado transportation customer classes. The result plus the actual balance of the TRA Deferred Account, as defined herein, will be used to calculate the applicable TRA surcharge rate.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 81B
Cancels Original Sheet No. 81B

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

TRANSPORTATION RATE ADJUSTMENT – continued

- i. The TRA annual accumulation period shall be the twelve (12) months ended June 30. The TRA deferred account balance shall be determined by comparing the (1) the total actual Contract P-0802 cost obligation of Customers in the North Eastern area taking service under the Distribution Transportation Service Rate Schedule, calculated using the same method as the projected cost obligation, above, to (2) the total actual costs collected from Customers in the North Eastern area taking service under the Distribution Transportation Service Rate Schedule. Such difference shall reflect over-or under- collections and shall be credited or debited to the TRA Deferred Account.
- e. The amount resulting from paragraph 3.d. above shall be divided by the projected transportation volumes for Customers in the North Eastern area taking service under the Distribution Transportation Service Rate Schedule which will be billed the TRA Surcharge Rate. The resulting rate shall be the individual TRA Surcharge Rate stated under the Distribution Transportation Service Rate Schedule.
- f. The TRA Surcharge Rate, resulting from steps a through e above, shall be added to the base transportation rate for Customers in the North Eastern area taking service under the Distribution Transportation Service Rate Schedule. The total of the TRA surcharge rate plus the base transportation rate shall be stated on the currently effective Tariff Sheet No. 7J, and shall be the total maximum transportation rate applicable to Customers in the North Eastern area taking service under the Distribution Transportation Service Rate Schedule.

4. TRANSPORTATION RATE DISCOUNT ORDER

If and when the Company discounts the rates applicable to service rendered under the transportation rate schedule contained in the Company's effective Tariff filed with the Commission, the TRA Surcharge Rate component shall be discounted prior to the discounting of any other component of the applicable maximum rate. The Company will maintain records sufficient to determine the amount of TRA surcharge collected from each transportation Customer.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 81C
Cancels Original Sheet No. 81C

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

N

1. AVAILABILITY

1.1 Definition. Distribution Transportation Service is the provision of capacity (separate from Company purchased natural gas supplies) on the Company's system for a customer who is responsible for procuring its own natural gas supplies. Distribution Transportation Service by Company consists of acceptance of gas tendered by Buyer to Company's Distribution Transportation System at the Point(s) of Receipt, and direct delivery, displacement delivery or exchange delivery for Buyer's account, including receipt at mainline measuring facilities. Distribution transportation service does not apply to wellhead, gathering, processing or storage facilities and services.

1.2. Customer Class Definitions. Only one class of service shall be furnished to an individual or corporation at a single address or location. A single request for service cannot apply to different locations. A single request cannot cover more than one meter.

a. Residential Distribution Transportation Service. Residential distribution transportation service is defined as service provided for domestic general household purposes in a space occupied as living quarters, typically designed for occupancy by one family. Typical service would include, but not be limited to the following: separately-metered units, such as a single private residence, single apartment, mobile home, low income housing unit, nursing home unit, a parsonage paid by the church, low income housing paid by a housing authority, and employee housing paid by the government or business entity. In addition, auxiliary buildings on the same premises as the living quarters, used for residential purposes, will also be considered residential usage.

b. Small Commercial Sales Transportation Service. Small Commercial Distribution Transportation service is defined as service provided to non-residential premises such as a business enterprise in a space occupied and operated for non-residential purposes consuming 5,000 therms or less per year. Typical service would include, but not be limited to the following: nursing home, apartments, low income housing complex and a trailer park where natural gas is supplied through one meter, stores, offices, shops, restaurants, sorority and fraternity houses, boarding houses, hotels, service garages, filling stations, hospitals, schools, churches, service organizations, barber shops, beauty parlors, shopping malls, construction, communication, transportation and agricultural activities, excluding irrigation and crop drying Distribution Transportation Service Rate Schedule. This service shall also include service to industrial activities at non-residential premises used primarily for a process which creates or changes raw or unfinished materials into another form or product including mining, oil and gas extraction, and the generation of electric power.

D

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Bentley W. Breland
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Authority No.

Sr. Vice President
Title

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SourceGas Distribution LLC

Colo. PUC No. 7
Original Sheet No. 81D

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE
1.2 - continued

N

- c. **Large Commercial Distribution Transportation Service.** Large Commercial Distribution Transportation service is defined as service provided to non-residential premises such as a business enterprise in a space occupied and operated for non-residential purposes consuming greater than 5,000 therms per year. Typical service would include, but not be limited to the following: nursing home, apartments, low income housing complex and a trailer park where natural gas is supplied through one meter, stores, offices, shops, restaurants, sorority and fraternity houses, boarding houses, hotels, service garages, filling stations, hospitals, schools, churches, service organizations, barber shops, beauty parlors, shopping malls, construction, communication, transportation and agricultural activities, excluding irrigation and crop drying as defined below in Section 1.2.d of this Distribution Transportation Service Rate Schedule. This service shall also include service to industrial activities at non-residential premises used primarily for a process which creates or changes raw or unfinished materials into another form or product including mining, oil and gas extraction, and the generation of electric power.
- d. **Irrigation, Crop Drying or Seasonal Distribution Transportation Service.** Irrigation distribution transportation service is defined as service provided for pumping water for farm land irrigation purposes from an irrigation well. Crop drying service is defined as service provided for drying grain or crops. Seasonal service is defined as service for customers that must not consume natural gas from December 15 through March 15.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 82
Cancels Original Sheet No. 82

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE

1. AVAILABILITY (cont.)

- 1.3 This Rate Schedule is available for distribution transportation service of natural gas by the Company for any party ("Buyer"), when:
- a. Buyer has elected to be served under this Distribution Transportation Service Rate Schedule and has submitted a standard form of Distribution Transportation Service Request as contained in this Tariff;
 - b. Company has determined, based upon the character and permanency of the load, that it has sufficient, uncommitted peak day capacity available to provide the service requested without any construction of facilities or other necessary investment by Company unless Company has waived in a nondiscriminatory manner this requirement in writing;
 - c. Buyer has executed a Distribution Transportation Service Agreement in the form contained in this Gas Tariff of which this Rate Schedule is a part;
 - d. The distribution transportation service is to be implemented in accordance with the Colorado Public Utilities Commission's Gas Transportation Rules.
 - e. Company shall receive and deliver gas to Buyer at points located on its distribution system as shown on the executed Distribution Transportation Service Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

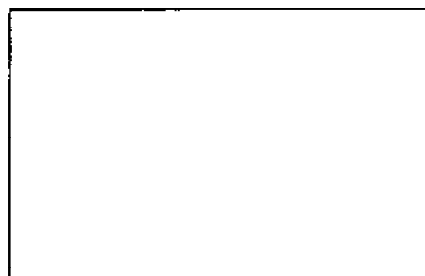
- 2.1 Distribution transportation service is the movement of gas through Company's distribution facilities. The distribution transportation service will be subject to the General Terms and Conditions attached.
- 2.2 Such distribution transportation service shall be provided to the extent capacity is available.

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Decision or Authority No.

Bentley W. Breland
Issuing Officer
Sr. Vice President
Title

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 85
Cancels Original Sheet No. 85

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE – continued

- 2.6 To the extent service under this Rate Schedule is interrupted, such affected service under this Rate Schedule shall be reduced in accordance with Company's General Terms and Conditions.
- 2.7 Firm Distribution Transportation Service agreements must be for a period of one year or more.
- 2.8 A Customer under this Distribution Transportation Service Rate Schedule is solely responsible for its own gas procurement. The Company shall have no sales service obligation to such Customer.

3. REQUIREMENTS FOR DISTRIBUTION TRANSPORTATION SERVICE AGREEMENT

- 3.1 REQUEST. All Buyers requesting distribution service must provide the information required by this section and by Company's Distribution Transportation Service Request Form included in this Tariff, in order to qualify for distribution service under this Rate Schedule. No request for distribution service will be entered on the Company's log until all such information and a completed Distribution Service Request Form has been provided to Company.

All completed Distribution Transportation Service Request Forms are to be sent to:

SourceGas Distribution LLC
370 Van Gordon Street, Suite 4000
Lakewood, Colorado 80228
Attn: Business Development Department

D

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Bentley W. Breland
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Sr. Vice President
Title

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DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE – continued

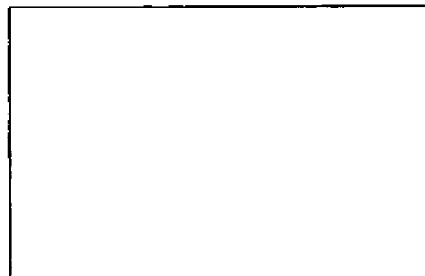
4. RATES

4.1 MAXIMUM AND MINIMUM RATES.

- a. The applicable maximum and minimum unit rates for distribution transportation service are set forth in the currently effective Distribution Transportation Service Rate Schedule. The applicable unit rate under this Rate Schedule shall be a rate not in excess of the maximum unit rate, nor less than the minimum unit rate. If Company elects to discount, Company shall discount these rates on a nondiscriminatory basis within this range. Company will charge the maximum rate unless otherwise agreed to in writing with Buyer.
- b. RATES NEGOTIATIONS. Rates other than published tariff rates may be requested in writing.

4.2 MONTHLY BILL. Commencing for the month in which the Distribution Transportation Service Agreement is effective and each month thereafter, Company shall charge and Buyer shall pay Company the following amounts:

- a. CUSTOMER CHARGE. The applicable rate set forth in the currently effective Rate Schedule multiplied by the number of delivery meters covered by the Agreement.
- b. DISTRIBUTION CHARGE. The applicable unit distribution rate set forth in the currently effective Transportation Rate Schedule multiplied by the therms delivered by Company in the month at the Delivery Point(s).
- c. MONTHLY ADMINISTRATIVE CHARGE. There will be an administrative charge as set forth on the applicable rate sheet of this Tariff.
- d. AUTHORIZED OVERRUN CHARGE. Such charge shall be incurred when the Company permits Buyer to take daily volumes in excess of its MDSQ. The applicable Authorized Overrun Charge is set forth on the applicable rate sheet of this Tariff.
- e. UNAUTHORIZED OVERRUN CHARGE. Such charge shall be incurred when Buyer takes daily volumes in excess of its MDSQ which were not nominated and confirmed or when Buyer takes daily volumes in excess of Authorized Overruns for the Day.



SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 88A
Cancels Original Sheet No. 88A

D

This Sheet is Reserved for Future Use.

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Bentley W. Breland
Issuing Officer

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Authority No.

Sr. Vice President
Title

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 93B
Cancels Original Sheet No. 93B

DISTRIBUTION TRANSPORTATION SERVICE RATE SCHEDULE - continued

4. Daily Balancing Fee. Upon prior notice to a Buyer consistent with Section 6.4.3, above, to adjust inaccurate nominations, a daily balancing fee may be assessed during Daily Balancing Periods when it is determined that the variance between Buyer's actual net receipts and deliveries, as of the end of the applicable Day of the Daily Balancing Period, is in excess of five percent (5%). If said notice is issued by the Company no later than the latest time for issuing notice set forth in 6.4.3, the first Day of the Daily Balancing Period for which a daily balancing fee can be assessed is the Day on which the notice is issued; however, if the notice is issued by the Company later than the latest time for issuing notice set forth in Section 6.4.3, the first Day of the Daily Balancing Period for which a daily balancing fee can be assessed is the Day following the Day on which the notice is issued. The imbalance is determined by subtracting deliveries from net receipts. The daily balancing fee shall be calculated by multiplying the imbalance volume (in excess of the volume above the tolerance level) by \$0.60 per therm, plus the highest spot gas price listed in Gas Daily's Daily Price Survey relative to Colorado Interstate Gas Company, Northwest Pipeline Corporation and Questar Pipeline Company, applicable to the "Rockies" (Rocky Mountain) region, for the applicable Day of the Daily Balancing Period. The Company shall not assess a daily balancing fee on a Buyer with respect to any Day of the Daily Balancing Period on which the Buyer complied with the Company's directive to said Buyer, as disclosed in the notification provided under Section 6.4.3, either to provide actual net receipts equal to or greater than actual deliveries, or to take actual deliveries equal to or greater than actual net receipts.

C

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 98
Cancels Original Sheet No. 98

Buyer _____

Maximum Daily Service Quantity: _____ Therms per day

The rate charged will be the maximum distribution transportation rate unless otherwise agreed to in writing.

Effective Date: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by the parties with execution authority.

SourceGas Distribution LLC

By: _____
Title: _____

Buyer

By: _____
Title: _____

C

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Bentley W. Breland
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Issue Date: July 23, 2008

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Authority No.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 102
Cancels Original Sheet No. 102

FORM OF
DISTRIBUTION TRANSPORTATION SERVICE REQUEST - continued

SERVICE INFORMATION

Maximum Daily Distribution Quantity _____
Estimated Annual Volume _____

Requested term of service:
Initial delivery date _____

Termination date _____

Are additional or new facilities required for the Company to receive or deliver gas for the distribution service requested herein?

_____ Yes _____ No _____ Type

RECEIPT POINT INFORMATION

On the attached Exhibit A, please list the name, precise legal location, the maximum daily receipt quantity in therms being requested, and the heating value of the gas in Btu for each receipt point listed. If requesting a proposed receipt point, include a field contact, telephone number and a Billing name and address for the cost of installation.

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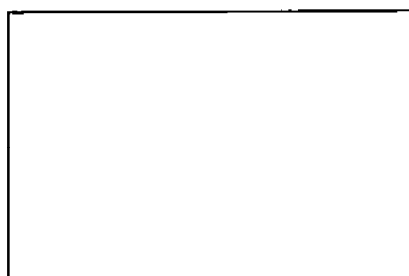
DELIVERY POINT INFORMATION

On the attached Exhibit B, please list the name, precise legal location, the maximum daily distribution quantity in therms being requested, the state(s) in which the delivered gas will be consumed, the end use for the gas.

C

CREDIT INFORMATION

Please complete and attach a Credit Application in the form contained in the Company's Tariff.



Advice Letter No. 228 Amended

Bentley W. Breland
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Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 103
Cancels Original Sheet No. 103

FORM OF
DISTRIBUTION TRANSPORTATION SERVICE REQUEST - continued

AFFILIATE INFORMATION

The name(s) of End Users: _____

State any affiliation between the Company Distribution Transportation Division and any of the following parties to this transaction:

	Yes	No	If yes, Name
Buyer	_____	_____	_____
End User	_____	_____	_____
Supplier	_____	_____	_____
Other*	_____	_____	_____

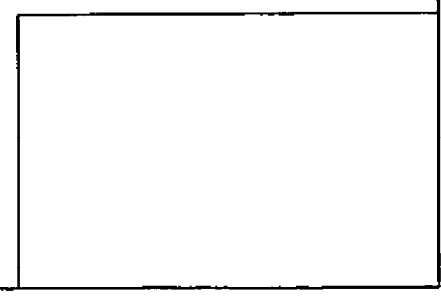
* Describe involvement _____

If there is any affiliation between Buyer and Company, does the cost of gas to the affiliated marketer exceed the price received for the sale of gas by the affiliated marketer after deducting associated costs, including those incurred for distribution transportation (i.e., is the gas being sold at a loss?):

_____ Yes _____ No _____ Don't know

If so, by what amount? _____ per therm

If this information is not known, it must be supplied as soon as possible.



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Authority No.

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Title

Effective Date: September 1, 2008

SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 104E
Cancels Original Sheet No. 104E

FORM OF AGENCY AGREEMENT

TRANSPORTERS: SourceGas Distribution LLC
 Rocky Mountain Natural Gas LLC
 SourceGas Distribution LLC – Casper Division

ALL Firm Gas Transportation/Storage/Compression Agreement(s) ("Agreement(s)") or specific Agreement No. _____ dated _____, between Transporter and _____ (Principal). Principal hereby designates _____ as its Agent to perform certain obligations under the Agreement(s) for the sole purpose of performing the following Interactive Website responsibilities (check all that apply).

- | | | |
|--|--|--|
| <input type="checkbox"/> Request Agreement(s)/Amendments | <input type="checkbox"/> Submit Nominations | <input type="checkbox"/> Imbalance Trading |
| <input type="checkbox"/> Execute Agreement(s)/Amendments | <input type="checkbox"/> Capacity Release/Bidding | <input type="checkbox"/> Receive Invoices |
| <input type="checkbox"/> Flowing Gas/By Contract | <input type="checkbox"/> Capacity Release/Create Offer | <input type="checkbox"/> Receive Notices |
| <input type="checkbox"/> Flowing Gas/By Point* | <input type="checkbox"/> Operator Confirmations** | <input type="checkbox"/> Contract Inquiry |
| | <input type="checkbox"/> Operator Point Inquiry** | |

*Attach List of Points/Pin No.
**Attach list of telemetered points.

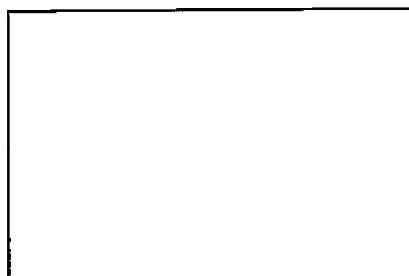
Effective Start Date: _____ End Date: _____
Effective start date must be the first day of a flow month. The executed delegation forms must be received by Transporter at least two (2) business days prior to the date that nominations are due.

Detailed description of other responsibilities being DELEGATED: _____

By execution hereof, Agent accepts its designation and appointment as Agent for Principal and agrees to act as Agent for Principal in accordance with the terms hereof. Agent shall clearly specify it is acting on behalf of Principal in all actions taken in its role of Agent.

In lieu of the addresses set forth in the Agreement(s), all notices, invoices and correspondence concerning the above-mentioned delegated duties shall be directed to Agent at the following address:

Contact Person: _____
Telephone: _____ Fax: _____
Address: _____



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Authority No.

Sr. Vice President
Title

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 105
Cancels Original Sheet No. 105

GENERAL TERMS AND CONDITIONS

1. APPLICATION

The following General Terms and Conditions apply to the extent indicated and to the extent not superseded by inconsistent provisions in each of Company's rate schedules covering distribution transportation services and sales services subject to the jurisdiction of the Colorado Public Utilities Commission. The General Terms and Conditions as contained herein are a binding part of Agreements between Company and Customer and/or Buyer.

2. DEFINITIONS

The following terms shall have the meanings defined below:

- 2.1. "Agent" means a representative of the Company, Buyer or a third party who is authorized to act for the Company, Buyer or the third party through employment or by contract.
- 2.2. "Balance" and "Balancing" means the Buyer's obligation to cause deliveries to equal receipts, with due consideration given to Reimbursement Quantities.
- 2.3. "British Thermal Unit" (Btu) - the amount of energy required to increase the temperature of one (1) pound of water one (1) degree Fahrenheit at fifty-nine (59) degrees Fahrenheit.
- 2.4. "Buyer" means a customer who has requested service from the Company, executed a contract for such service with the Company, and complied with all requirements, contract provisions, rules, and regulations of the Company and any regulatory body having jurisdiction. Buyer may or may not be the end user of the gas.
- 2.5. "Capacity" means the maximum gas volume which any particular segment of the Company's system is capable of carrying under then current operating conditions.
- 2.6. Reserved for future use.
- 2.7. "Company" or "Transporter" means SourceGas Distribution LLC.

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Bentley W. Breland
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Sr. Vice President
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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 106
Cancels Original Sheet No. 106

GENERAL TERMS AND CONDITIONS – continued

- 2.8 “Commission” shall mean the Colorado Public Utilities Commission (PUC) and any other governmental body or bodies succeeding to, lawfully exercising, or superseding any powers of the PUC.
- 2.9 “Company-used Gas” means the quantity of gas consumed by the Company for purposes of its gas operations.
- 2.10 “Cubic Foot of Gas” is the amount of gas necessary to fill a cubic foot of space when the gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch.
- 2.11 “Curtailement” means the inability of the distribution Buyer to receive natural gas due to a shortage of natural gas supply.
- 2.12 “Customer” means any individually metered end user connected, or requesting to be connected, to Company’s gas facilities.
- 2.13 “Daily Balancing Period” means that Day or Days for which the Company has posted notice on its interactive website that daily balancing of receipts and deliveries is necessary to maintain compliance with upstream pipeline directives, avoidance of upstream pipeline incremental charges, avoidance of a threat to the Company’s system integrity, or avoidance of impact on the Company’s sales and transportation service contractual obligations.
- 2.14 “Daily Metering” means if directed by the Company, the Buyer shall read the Company’s gas meter each day at the time specified by the Contract and report such reading to the Company.
- 2.15 “Day” - A period of twenty-four (24) consecutive hours beginning and ending at eight o’clock a.m. Mountain Time or at such other hour as Buyer or Customer and Company may agree upon.
- 2.16 “Deficient Volumes” are any deficiency in Equivalent Volumes of Buyer’s gas at Delivery Point(s) compared to total gas measured through Company’s meter(s) at Delivery Point(s) for any given period of time.
- 2.17 “Distribution Charge” means that portion of the amount to be paid monthly by the Buyer for service, which is based upon the quantity of gas delivered to the Buyer at Buyer’s Delivery Points.

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Colo. PUC No. 7
First Revised Sheet No. 107
Cancels Original Sheet No. 107

GENERAL TERMS AND CONDITIONS – continued

- 2.18 “Distribution Transportation Service” by Company consists of acceptance of gas tendered by Buyer to Company’s Distribution Transportation System at the Point(s) of Receipt, and direct delivery, displacement delivery or exchange delivery for Buyer’s account, including receipt at mainline measuring facilities. Distribution transportation service does not apply to wellhead, gathering, processing, or storage facilities and services.
- 2.19 “Distribution Transportation Service Agreement” shall mean a written agreement, providing for gas distribution transportation service, which is executed by the Company and the Buyer, and any exhibits, attachments, and/or amendments thereto.
- 2.20 “End-User” is the party or parties that ultimately consume the supply of natural gas at the Delivery Point(s).
- 2.21 Equivalent Volumes” are the sum of the volumes of gas measured in therms at a specific pressure base at Receipt Point(s) during any given period of time reduced by the appropriate Company’s Percentage Lost and Unaccounted for gas results in an equivalent volume of gas delivered to the Delivery Point(s).

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Thus, at an identical pressure base Equivalent Volumes at Receipt Point(s) (EVRP) and Equivalent Volumes at Delivery Point(s) (EVDP) are related mathematically as follows:

$$EVDP = EVRP \times \left(1 - \frac{\%L\&U}{100}\right) \quad \text{and} \quad EVRP = EVDP \times \left(\frac{1}{1 - \frac{\%L\&U}{100}}\right)$$

where %L&U is Company’s Percentage Lost and Unaccounted for Gas.

- 2.22 “Essential Industrial Process or Feedstock Use” means any use of natural gas in an industrial process or as a feedstock which the Secretary of Energy determines is essential.
- 2.23 “Excess Volumes” means any excess of total gas measured through Company meter(s) at Delivery Point(s) less Equivalent Volumes of Transportation Buyer’s gas at Delivery Point(s) for any given period of time.
- 2.24 “Feedstock Gas” is defined as natural gas used as raw material for its chemical properties in creating an end product.

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Bentley W. Breland
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Decision or
Authority No.

Sr. Vice President
Title

Effective Date: September 1, 2008

GENERAL TERMS AND CONDITIONS – continued

- 2.25 “Fuel Reimbursement Quantity” is that portion of Buyer's natural gas received by Company for distribution hereunder which is retained by Company as compensation for company-used gas and lost and unaccounted for gas. The Fuel Reimbursement Quantity is stated as a percentage of the natural gas delivered by Buyer at the Point(s) of Receipt. Title to Fuel Reimbursement Quantity shall rest in Company upon receipt at the Receipt Point(s) at no cost, and free and clear of all adverse claims. The Company shall recalculate its fuel reimbursement percentages annually using prior year actuals ending May 31st, to be filed with the Colorado PUC in conjunction with the Company's annual Gas Cost Adjustment filing to be effective November 1.
- 2.26 “Gas” or “Natural Gas” is any mixture of hydrocarbons or of hydrocarbons and non-combustible gas, in a gaseous state, consisting essentially of methane.
- 2.27 “Gross Dry Heating Value” is the number of Btus produced by complete combustion, at a constant pressure, of the amount of gas which would occupy a volume of 1 cubic foot at a temperature of 60 degrees Fahrenheit on a water-free basis and at a pressure of 14.73 p.s.i.a. with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion has condensed to the liquid state.
- 2.28 “Imbalance” shall mean the difference between the MMBtu of distribution gas received by the Company for the Buyer's account and the MMBtu of distribution gas delivered by the Company to the Buyer or for the Buyer's account at the Buyer's Delivery Point, with due regard given to Fuel Reimbursement Quantity.
- 2.29 “Industrial Customer” is a customer engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including mining, oil and gas extraction and the generation of electric power.
- 2.30 “Interruption” means the Company's inability to provide distribution to a distribution Buyer due to constraints on the pipeline system.
- 2.31 “Lost and Unaccounted-For Gas” means the difference between the sum of all input quantities of gas received into the Company's distribution system and the sum of all output quantities of gas delivered from the Company's distribution system, which difference shall exclude Company-used gas and shall include, but not be limited to, gas vented and lost as a result of an event of force majeure.
- 2.32 “MBS” means Mainline Border Station.
- 2.33 “Mainline Customer” is a customer served off the mainline upstream of the MBS or TBS.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 109
Cancels Original Sheet No. 109

GENERAL TERMS AND CONDITIONS - continued

- 2.34 "Maximum Daily Delivery Quantity" (at individual delivery point(s) ("MDDQ")) means the maximum quantity of natural gas in MMBtu which Buyer is entitled to receive from Company on any day at a particular delivery point specified in the executed Distribution Transportation Service Agreement, should capacity be available.
- 2.35 "Maximum Daily Receipt Quantity" ("MDRQ") means the maximum quantity of natural gas in MMBtu which Buyer is entitled to tender to Company at an individual receipt point on any day.
- 2.36 "Maximum Daily Service Quantity" ("MDSQ") is the maximum quantity of natural gas in MMBtu which Buyer is entitled to tender to Company on any day for the account of Buyer at all Receipt Point(s) should capacity be available. Such receipt point(s) and the MDSQ shall be specified on the executed Distribution Transportation Service Agreement. The MDSQ shall include the applicable Fuel Reimbursement Quantity.
- 2.37 "MMBtu" is one million (1,000,000) British thermal units.
- 2.38 "Month" - A period beginning at eight o'clock a.m., Mountain Time, or at such other hour as Buyer or Customer and Company have agreed upon, on the first day of the calendar month and ending at the same time on the first day of the next month.
- 2.39 "Monthly Billing Period" - is the calendar month.
- 2.40 "Party" means Buyer, Customer or Company.
- 2.41 "Point of Delivery" or "Delivery Point" - The point of connection between facilities of Company and another party at which the gas leaves the outlet side of the measuring equipment or main of Company and enters the facility of other party or other agreed upon point.
- 2.42 "Premise" means a physical location where a Customer takes service.
- 2.43 "Process Gas" is defined as gas use for which alternate fuels are not technically feasible such as in applications requiring temperature controls and precise flame characteristics. For the purposes of this definition, propane and other gaseous fuels shall not be considered alternate fuels.
- 2.44 "p.s.i.a." means pounds per square inch absolute.
- 2.45 "p.s.i.g." means pounds per square inch gauge.

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Decision or Authority No.

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Sr. Vice President
Title

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 110
Cancels Original Sheet No. 110

GENERAL TERMS AND CONDITIONS – continued

- 2.47 “Point of Receipt” or “Receipt Point” means the point(s) at which the upstream facilities are interconnected with the Company’s facilities and at which the gas flow is metered.
- 2.48 “Request for Gas Transportation Service” is a written request for transportation service submitted by Buyer in the form described by the Standard Form of Distribution Transportation Service Request provided in this Tariff.
- 2.49 “TBS” means Town Border Station.
- 2.50 “Therm” is one hundred thousand (100,000) British Thermal Units (BTU).
- 2.51 “Transportation Agreement” is a complete and fully executed (by Company and Buyer) Distribution Transportation Service Agreement.
- 2.52 “Year” is a period of three hundred sixty-five (365) days commencing and ending at eight o'clock a.m. Mountain Time, provided that any year which contains that date of February 29 shall consist of three hundred sixty-six (366) days.

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Authority No.

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 123
Cancels Original Sheet No. 123

GENERAL TERMS AND CONDITIONS – continued

b. LIMITATIONS ON CAPACITY FOR RECEIPTS AND DELIVERIES

- (1) See Section 16.e, below, for limitations on capacity for receipts.
- (2) Priorities for Interruption of Service. Whenever Company's system is unable, for any reason, to receive or deliver gas to satisfy the needs of all Buyers requesting service, Company will reduce deliveries as follows:

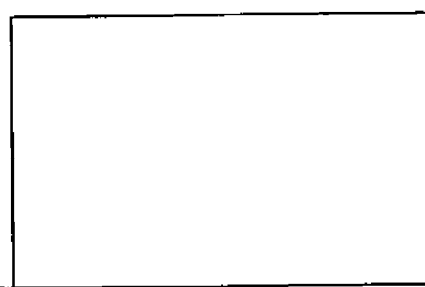
PRIORITY 1 (Highest Priority - Firm Sales or Firm Transportation)

Requirements of persons using natural gas in dwellings for residential purposes, including apartment buildings and other multi-unit buildings, and requirements of small commercial consumers (including public and private institutions and local, state and federal governmental agencies) having requirements on a peak day of five hundred (500) therms or less for purposes other than those involving manufacturing or electric power generation, including all requirements:

- (1) in a school, defined as a facility the primary function of which is to deliver instruction to regularly enrolled students in attendance at such facility;
- (2) in a hospital, defined as a facility the primary function of which is delivering medical care to patients who remain at the facility, including nursing and convalescent homes;
- (3) for police and/or fire protection and in sanitation and correctional facilities.

PRIORITY 2 (Second Highest Priority - Firm Sales or Firm Transportation)

Any use of natural gas which has been certified by the Secretary of Agriculture as an essential agricultural use under Section 401(b) of the Natural Gas Policy Act unless the Commission, in consultation with the Secretary of Agriculture determines, by rule or order that the use of an alternative fuel is economically practicable and reasonably available. The definition of "alternative fuel" shall be that stated in 18 CFR 281.303(b) as amended from time to time. Peak day volumes shall be based on current requirements unless such volumes exceed contract or certificate limitations.



Advice Letter No. 228 Amended
Decision or Authority No.

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Title

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 124
Cancels Original Sheet No. 124

GENERAL TERMS AND CONDITIONS – continued

PRIORITY 3 (Third Highest Priority - Sales or Distribution Transportation)

All uses by commercial consumers having requirements on a peak day of greater than five hundred (500) therms except for boiler fuel use by commercial consumers having requirements on a peak day of more than three thousand (3,000) therms, and all industrial consumers for feedstock and process needs having requirements on a peak day of not more than five thousand (5,000) therms and for ignition fuel and flame stabilization for boilers when fired by other fuels. An industrial consumer requiring gas for ignition fuel and flame stabilization shall not take more gas for this purpose than is required for safe operation of its plant but shall not take more gas on any day than the volume shown in Priority 3 as its peak day requirement.

PRIORITY 4 (Fourth Highest Priority - Sales or Distribution Transportation)

- (1) Essential Industrial Process and Feedstock uses of consumers having a peak day requirement in excess of five thousand (5,000) therms.
- (2) Firm Service for which there is no end use information or firm service not specified in any other priority.

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Authority No.

Sr. Vice President
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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 125
Cancels Original Sheet No. 125

GENERAL TERMS AND CONDITIONS – continued

c. PROCEDURES

- (1) Within each priority, receipts, transportation and deliveries shall be reduced pro rata based on daily contract quantity.
 - (a) Receipts, transportation and deliveries shall not be reduced to Buyers in any priority until receipts, transportation and deliveries to lower priority Buyers have been fully reduced (the next higher numerical priority)
 - (b) Notwithstanding the above, Company may make deliveries as necessary to forestall irreparable injury to persons or property. Such situations include, but are not limited to, space heating of plant offices and heating for minimum plant protection or maintenance.

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Authority No.

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Title

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 126
Cancels Original Sheet No. 126

GENERAL TERMS AND CONDITIONS – continued

- (b) Notwithstanding the above, Company may make deliveries as necessary to forestall irreparable injury to persons or property. Such situations include, but are not limited to, space heating of plant offices and heating for minimum plant protection or maintenance.
- (4) It is allowable for a Buyer to contract for a lower priority service than that otherwise provided in this section.

d. INDEX OF REQUIREMENTS

Company shall prepare and maintain from information provided by Buyer an Index of Requirements which shall show the peak day requirements of each consumer or of each class of consumers, when appropriate, subject to reduction in deliveries under this section based upon end use and served directly or indirectly by deliveries from Company included in Priority 1, Priority 2, Priority 3 and Priority 4. Such index shall be prepared in accordance with the procedures contained in Section 16.c., as amended from time to time and interpreted in accordance with the priorities as defined in Section (b) and the rules stated below:

- (1) The requirements of small consumers, such as residential, small commercial, large commercial, irrigation and crop drying, may be grouped by classes.
- (2) Company's obligation to deliver gas to a sales-for-resale Customer or to any directly served Distribution Transportation Buyer shall not exceed its delivery obligation under its service agreement with such consumer or any certificate limitation pertaining thereto.

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Advice Letter No. 228 Amended

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SourceGas Distribution LLC

Colo. PUC No. 7
First Revised Sheet No. 127
Cancels Original Sheet No. 127

GENERAL TERMS AND CONDITIONS – continued

e. SUPPLY DEFICIENCIES

- (1) Buyer's gas volumes received, transported, and delivered by Company pursuant to its Distribution Transportation Rates Schedules shall not be subject to reduction under this tariff solely by reason of a deficiency in the gas supply dedicated to Company's sales Customer. This supply deficiency shall not be made up by using the Distribution Transportation Buyer's supplies, unless agreed to by the Distribution Transportation Buyer.
- (2) In the event that a receipt and delivery capability limitation is applicable only to a specific pipeline or area of the system, and the only receipt and delivery reductions required relate to that pipeline or area, then the reductions prescribed above may be limited to such pipeline area.
- (3) Company will use reasonable efforts to give at least four (4) hours notice in advance of the time reductions of takes are to commence. However, when reductions are due to an event of force majeure, Company shall give whatever notice is practicable under the circumstances.
- (4) It is allowable for a Buyer to contract for a lower priority service than that otherwise provided in this section.
- (5) Interruption of gas service shall be in accordance with the class by class priorities as set out in Section 16.b, above.

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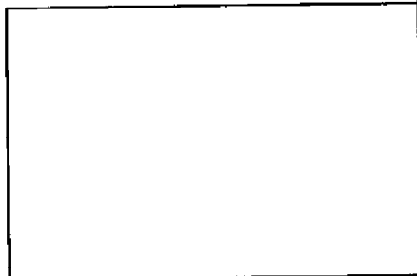
GENERAL TERMS AND CONDITIONS - continued

21. OPERATIONAL CONTROLS – Continued
21.2 Operational Flow Orders - Continued

- E. On any Day that an Operational Flow Order is in effect, all quantities tendered on an individual Service Agreement basis to the Company by Buyer and/or taken by a Buyer on a daily basis in violation of the Company's Operational Flow Orders shall constitute unauthorized receipts or deliveries for which a charge of \$2.50 per therm shall be assessed. With respect to quantities tendered or taken on a daily basis in violation of an OFO, the Buyer also shall be assessed a charge equal to the highest spot gas price listed in *Gas Daily's* Daily Price Survey relative to Colorado Interstate Gas Company, Northwest Pipeline Corporation and Questar Pipeline Company, applicable to the "Rockies" (Rocky Mountain) region, plus the maximum rate for interruptible transportation service, including associated surcharges, under the applicable tariff of the upstream pipeline serving the Buyer, all as described in Section 5.5 of the Distribution Transportation Service Rate Schedule of this Tariff, for the Day that the unauthorized deliveries occurred; provided that said unauthorized deliveries shall be excluded from the determination of an offending Buyer's Imbalance for the Monthly Billing Period. Buyers will be exempt from penalties and imbalances that result from complying with an OFO. Imbalances accrued during and in compliance with an OFO will be cashed out at 100% of the index price as noted above and such amount of imbalance will be excluded from the monthly cash out provisions. Upon an OFO becoming effective, as specified in the OFO or as provided in this section, Buyers, Transporting Pipelines, and other Parties shall be permitted the time stated in the OFO, or such lesser time as is required to protect the integrity of the Company's system, to make adjustments in compliance with the OFO(s). If the Buyer, Transporting Pipeline, or other Party adjusts its tenders or takes within such notice period, then no charge, as provided for herein, shall be assessed.

- F. Compliance with OFOs and the other terms and conditions of this Tariff is essential to providing deliveries and services under all rate schedules. A failure by one or more Buyers to comply with an OFO may affect the Company's ability to provide such deliveries and services. Buyers failing to comply with an OFO may be held accountable, either directly or as a third party defendant, for any damages so caused to other Buyers and/or to the Company. In such event, and in addition to other remedies available under this Tariff and applicable law, the Company shall have no liability or responsibility for its inability to provide services under the affected rate schedules or Service Agreements and will be indemnified and held harmless by the offending Buyer(s) against any claim relating to such failure to provide deliveries and services. Payment of any penalties pursuant to this Tariff for such non-compliance shall not be construed in any way to entitle Buyer to engage in such actions, nor shall such payments be considered as relieving such Buyer of its responsibilities under this section.

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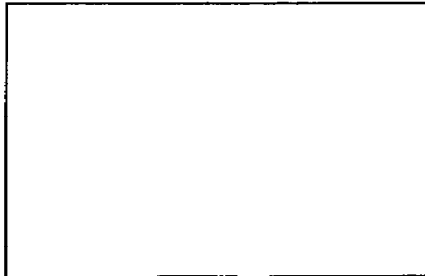
22. CONVERSION TO THERMAL BILLING UNITS

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The per cubic foot volumetric meter reads, which are already corrected to a standard temperature of 60 degrees Fahrenheit through the use of temperature-compensated meters, are converted to thermal billing units by combining receipt point Btu and atmospheric pressure data.

The Company's system is subdivided into Btu Zones based on the receipt points where natural gas is delivered into the system. The Company's Btu Zones are shown in the table on Sheet No. 136A. This table will be updated periodically. Each Customer's meter is assigned to a Btu zone based on the physical location of the meter. Receipt points are equipped with gas quality equipment that measures and records the Btu content of the natural gas passing through that point. The Customer's total usage in cubic feet is converted to Btus based on the average daily Btu content of the natural gas in that Btu zone during their billing cycle. At this stage, the amount of Btus used is unadjusted for atmospheric pressure.

Each Customer's unadjusted Btus are then adjusted to account for the local atmospheric pressure at the Town Border Station (TBS) upstream of the Customer's meter. Each TBS has a specific fixed conversion factor that will be used to adjust for local atmospheric pressure. Any meters located upstream of a TBS are assigned to a TBS based on their geographic location. The adjusted Btus are then converted to therms for the purpose of determining the Customer's bill.



22. CONVERSION TO THERMAL BILLING UNITS – continued

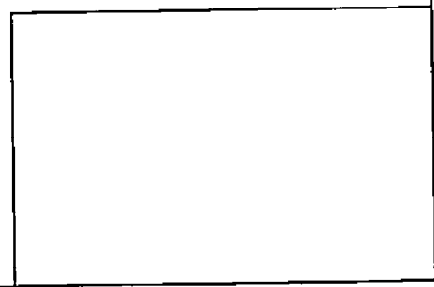
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Thermal Conversion Information

Town Border Station	Atmospheric Pressure	Conversion Factor /1	BTU Zone (Interconnect / Gas Quality Point ID /2)	Town Border Station	Atmospheric Pressure	Conversion Factor /1	BTU Zone (Interconnect / Gas Quality Point ID /2)
Akron	12.30	0.852003	KMIGT / 37369	Log Hill/Fairway Pines	11.15	0.773931	TSCO / 36133
Aspen	11.04	0.766463	RMNG / 7147	Longmont	12.27	0.849966	PSCO / 8916
Aspen Glen	11.84	0.820774	RMNG / 7147	Los Amigos	11.20	0.777325	RMNG / 9078
Aspen Village	11.30	0.784114	RMNG / 7147	Manzanola	12.60	0.872369	CIG / 41386
Avon	11.64	0.807196	RMNG / 9078	Mead	13.15	0.909708	PSCO / 8916
Bachelor Gulch	11.20	0.777325	PSCO / 40685	Mesa	11.78	0.816701	RMNG / 7153
Basalt	11.62	0.805838	RMNG / 7147	Missouri Heights	11.41	0.791582	RMNG / 7147
Bayfield	11.43	0.792940	CIG / 41600	Montrose	11.87	0.822811	TSCO / 36133
Carbondale	11.77	0.816022	RMNG / 7147	Mountain Village	10.02	0.697217	TSCO / 36133
Cedaredge	11.69	0.810591	RMNG / 7153	Naturita	12.08	0.837067	NW / 8915
Cerrow	12.70	0.879158	CIG / 41386	Norwood	11.41	0.791582	NW / 8915
Collbran	11.78	0.816701	RMNG / 7153	Nucla	11.87	0.822811	NW / 8915
Colona	11.68	0.809912	TSCO / 42128	Olathe	12.06	0.835709	TSCO / 36133
Cordillera	10.99	0.763069	RMNG / 9078	Olney Springs	12.60	0.872369	CIG / 41386
Cotton Ranch	11.60	0.804481	RMNG / 7147	Orchard City	12.06	0.835709	RMNG / 7153
Crawford	11.65	0.807875	RMNG / 7153	Ordway	12.60	0.872369	CIG / 41386
Crowley	12.70	0.879158	CIG / 41386	Otis	12.60	0.872369	KMIGT / 37369
Dacomo	12.22	0.846572	PSCO / 8916	Ouray	10.92	0.758316	TSCO / 36133
Delta	12.33	0.854039	RMNG / 7153	Ovid	12.95	0.896130	KMIGT / 16901
Dove Creek	11.03	0.765784	NW / 8915	Pagosa Springs	11.30	0.784114	PSCO / 41602
Eagle	11.52	0.799050	RMNG / 9078	Panorama	11.04	0.766463	RMNG / 7147
Eckley	12.70	0.879158	KMIGT / 37369	Paoli	12.75	0.882553	KMIGT / 19201
Edwards	11.52	0.799050	RMNG / 9078	Paonia	11.94	0.827563	TSCO / 36133
El Jebel	11.62	0.805838	RMNG / 7147	Ranch of the Roaring Fork	11.70	0.811270	RMNG / 7147
Erie	12.27	0.849966	PSCO / 8916	Redvale	11.41	0.791582	NW / 8915
Firestone	12.27	0.849966	PSCO / 8916	Ridgway	11.32	0.785472	TSCO / 36133
Fleming	12.60	0.872369	KMIGT / 19201	Rocky Ford	12.60	0.872369	CIG / 41386
Fort Lyon	12.80	0.885947	CIG / 41386	Sawpit	11.00	0.763747	TSCO / 36133
Fowler	12.60	0.872369	CIG / 41386	Snow Mass	11.37	0.788866	RMNG / 7147
Frederick	12.25	0.842608	PSCO / 8916	Snow/Mass Village	10.88	0.755601	RMNG / 7147
Glenwood Springs	11.90	0.824847	RMNG / 9078	Sugar City	12.60	0.872369	CIG / 41386
Gypsum	11.64	0.807196	RMNG / 9078	Swink	12.70	0.879158	CIG / 41386
Haxtum	12.70	0.879158	KMIGT / 19201	Telluride	10.69	0.742702	TSCO / 36133
Holyoke	12.80	0.885947	KMIGT / 19201	Wellington	12.14	0.841141	PSCO / 8917
Hutchkiss	12.12	0.839783	RMNG / 7153	Whitewater	12.10	0.838425	TSCO / 42128
Hill	12.80	0.885947	KMIGT / 19201	Wolcott	11.01	0.764623	RMNG / 9078
Julesburg	12.98	0.898167	KMIGT / 16901	Woody Creek	11.20	0.777325	RMNG / 7147
La Junta	12.60	0.872369	CIG / 41386	Wray	12.90	0.892736	KMIGT / 37369
Las Animas	12.80	0.885947	CIG / 41386	Yuma	12.70	0.879158	TSCO / 36133

/1 Conversion factor is for gas supplied to customers at a pressure of 4 ounces.
 /2 KMIGT - Kinder Morgan Interstate Gas Transmission LLC
 RMNG - Rocky Mountain Natural Gas LLC
 PSCO - Public Service Company of Colorado
 CIG - Colorado Interstate Gas Company
 TSCO - TransColorado Gas Transmission Company LLC
 NW - Northwest Pipeline

The Company submits the daily Btu data for each Btu Zone to the Commission each month.



APPENDIX D

SourceGas Distribution LLC - Colorado

Monthly Bills Under Current and Proposed Rates _/1

Twelve Months Ended August 31, 2007, as adjusted

Line No.	[A] Description	[B] Total	[C]	[D]	[E]		[F]	[G]	[H]
			Western Slope	North Central	Julesburg & Ovid	All Other	Arkansas Valley	Southwestern	
1	RESIDENTIAL								
2	# of Customers	72,006	43,545	10,245	742	5,013	8,919	3,543	
3	Volumes - therms	73,557,672	50,767,892	8,460,066	616,508	4,199,318	6,618,970	2,894,918	
4	Average Monthly Usage - therms	85	97	69	69	70	62	68	
5	Current Average Monthly Bill - \$	\$ 126.65	\$ 141.35	\$ 117.82	\$ 69.12	\$ 71.44	\$ 104.91	\$ 116.25	
6	Proposed Rates								
7	Cost of Gas - \$/therm	\$ 1.2436	\$ 1.4745	\$ 0.8231	\$ 0.8231	\$ 1.4588	\$ 1.3975		
8	Customer Charge - \$/bill	\$ 11.00	\$ 11.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00		
9	Volumetric Charge - \$/therm	\$ 0.2267	\$ 0.2267	\$ 0.2074	\$ 0.2074	\$ 0.2074	\$ 0.2074		
10	Proposed Average Monthly Bill - \$	\$ 137.67	\$ 153.85	\$ 128.07	\$ 81.35	\$ 81.93	\$ 113.05	\$ 119.29	
11	Proposed Change in Average Monthly Bill - \$	\$ 11.03	\$ 12.50	\$ 10.25	\$ 12.23	\$ 10.49	\$ 8.14	\$ 3.03	
12	Proposed Change in Average Monthly Bill - %	8.71%	8.84%	8.70%	17.69%	14.69%	7.75%	2.61%	
13	SMALL COMMERCIAL								
14	# of Customers	9,304	5,434	1,040	128	730	1,188	784	
15	Volumes - therms	12,699,887	7,799,815	1,190,063	158,049	1,065,438	1,405,942	1,080,579	
16	Average Monthly Usage - therms	114	120	95	103	122	99	115	
17	Current Average Monthly Bill - \$	\$ 166.70	\$ 171.68	\$ 163.41	\$ 100.89	\$ 122.39	\$ 164.09	\$ 192.42	
18	Proposed Rates								
19	Cost of Gas - \$/therm	\$ 1.2436	\$ 1.4745	\$ 0.8231	\$ 0.8231	\$ 1.4588	\$ 1.3975		
20	Customer Charge - \$/bill	\$ 22.00	\$ 22.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00		
21	Volumetric Charge - \$/therm	\$ 0.1866	\$ 0.1866	\$ 0.1427	\$ 0.1427	\$ 0.1427	\$ 0.1427		
22	Proposed Average Monthly Bill - \$	\$ 184.67	\$ 193.07	\$ 180.39	\$ 119.57	\$ 137.50	\$ 177.92	\$ 196.83	
23	Proposed Change in Average Monthly Bill - \$	\$ 17.97	\$ 21.39	\$ 16.97	\$ 18.68	\$ 15.11	\$ 13.83	\$ 4.41	
24	Proposed Change in Average Monthly Bill - %	10.78%	12.46%	10.38%	18.51%	12.35%	8.43%	2.29%	
25	LARGE COMMERCIAL								
26	# of Customers	1,910	1,362	137	20	119	181	91	
27	Volumes - therms	31,118,360	20,433,067	3,062,609	196,535	2,176,562	4,037,231	1,212,356	
28	Average Monthly Usage - therms	1,358	1,250	1,865	819	1,521	1,862	1,112	
29	Current Average Monthly Bill - \$	\$ 1,902.83	\$ 1,714.63	\$ 3,020.07	\$ 743.27	\$ 1,480.55	\$ 2,928.63	\$ 1,812.01	
30	Proposed Rates								
31	Cost of Gas - \$/therm	\$ 1.2436	\$ 1.4745	\$ 0.8231	\$ 0.8231	\$ 1.4588	\$ 1.3975		
32	Customer Charge - \$/bill	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00		
33	Volumetric Charge - \$/therm	\$ 0.1535	\$ 0.1535	\$ 0.1167	\$ 0.1167	\$ 0.1167	\$ 0.1167		
34	Proposed Average Monthly Bill - \$	\$ 2,017.97	\$ 1,846.12	\$ 3,136.49	\$ 869.58	\$ 1,529.40	\$ 3,033.93	\$ 1,784.21	
35	Proposed Change in Average Monthly Bill - \$	\$ 115.14	\$ 131.49	\$ 116.42	\$ 126.31	\$ 48.85	\$ 105.30	\$ (27.80)	
36	Proposed Change in Average Monthly Bill - %	6.05%	7.67%	3.85%	16.99%	3.30%	3.60%	-1.53%	

Notes:

_/1 Sales Customers Only

APPENDIX E

SourceGas Distribution LLC - Colorado
Depreciation Rate Schedule

Appendix E
Page 1 of 1

Intangible Plant		
FERC Plant Accounts 301-303		3.60%
Transmission Plant		
FERC Plant Accounts 365-372		2.50%
Distribution Plant - Excluding AMR		
FERC Plant Accounts 374-387		2.85%
Excluding FERC Plant Account 38110		
Distribution Plant - AMR		
FERC Plant Account 38110		5.00%
General Plant		
38901		0.00%
39001		2.25%
39101		4.75%
39102		4.75%
39103		17.05%
39104		7.84%
39201		9.05%
39202		9.05%
39203		9.05%
39204		9.05%
39205		9.05%
39300		2.60%
39400		4.40%
39500		3.50%
39600		5.05%
39700		2.75%
39710		2.75%
39800		2.90%
39900		2.90%
Composite Rate		<u>7.19%</u>