



Providing Efficient, Economic Energy To Rural Americans

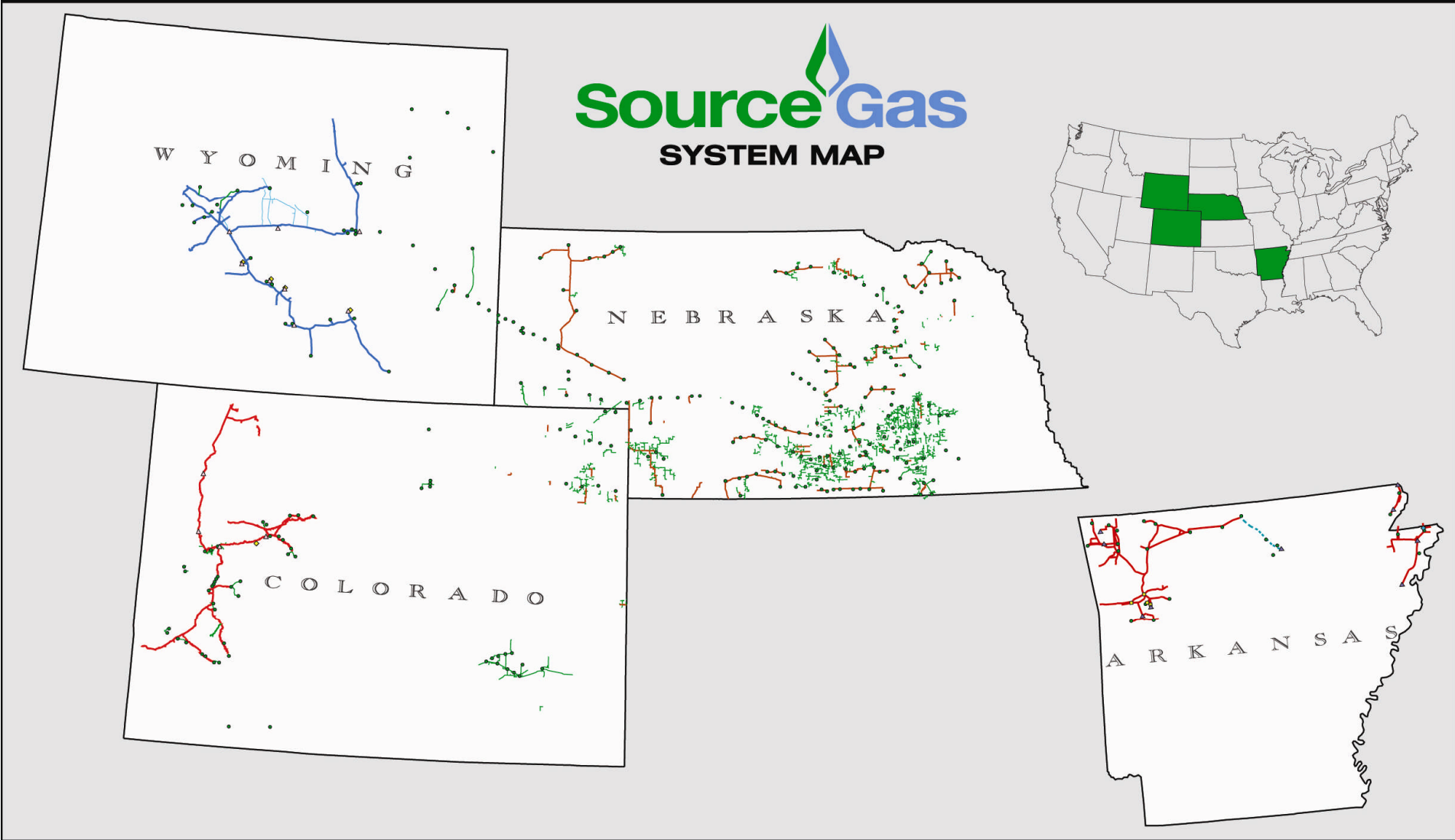
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SourceGas is an established gas utility business

- 4 regulated utilities:
 - 4 local gas distribution companies (LDCs)
 - One intrastate gas transmission company
- Serving nearly 420,000 customers in Arkansas, Colorado, Nebraska and Wyoming and Hermosillo, Mexico
- 17,700 miles of pipelines and associated compression
- 88 Million cubic feet per day of gas storage capacity
- Non-regulated services and gas marketing

SourceGas Operations Map ⁽¹⁾⁽²⁾



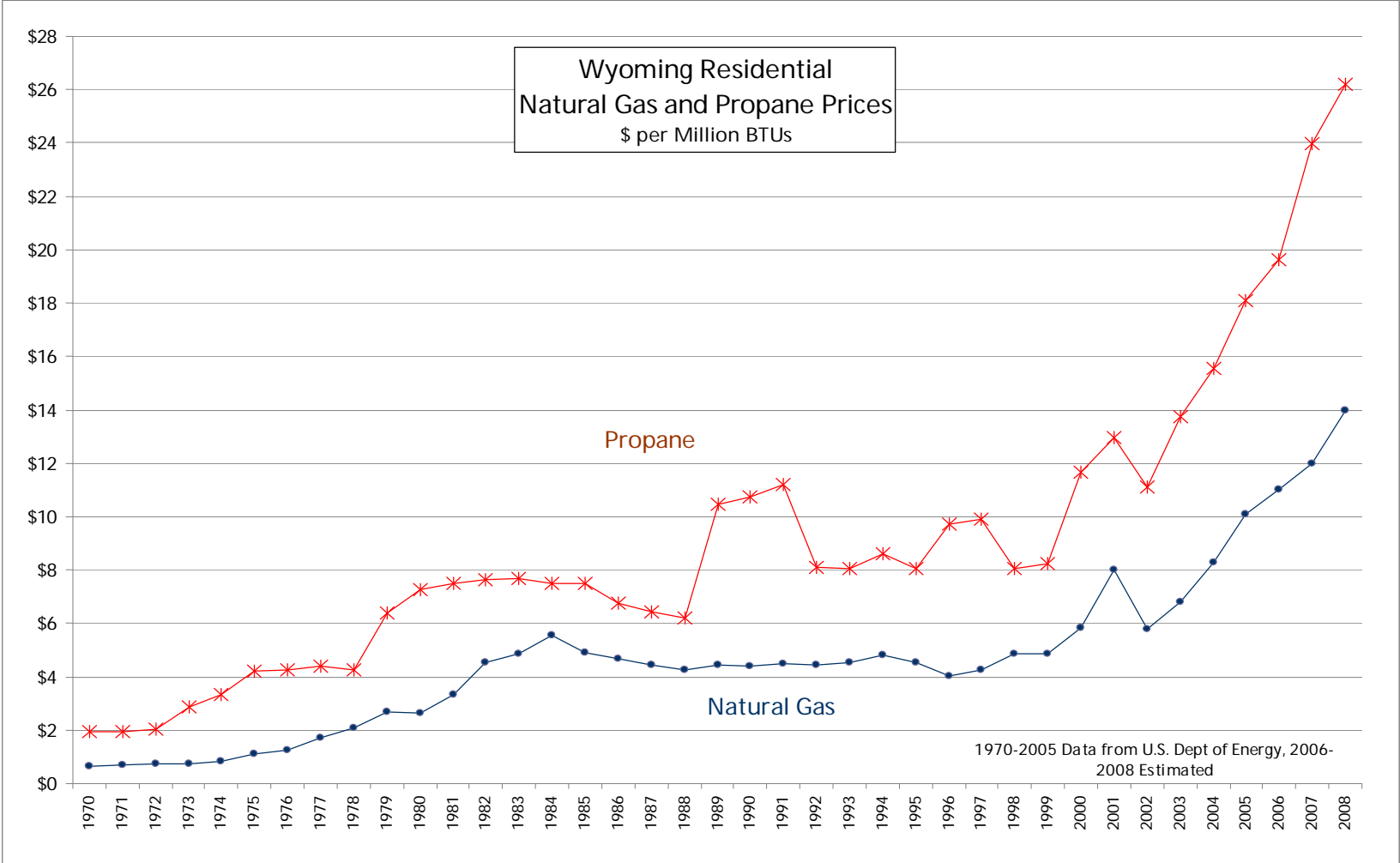
(1) Map excludes SourceGas operations in Hermosillo, Mexico.
(2) SourceGas leases storage capacity at Huntsman.

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- Many rural Americans are paying 2-3 times as much for their energy as urban customers.
- SourceGas can now provide natural gas services to scattered rural customers who previously could not afford the upfront costs to connect.

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WY Natural Gas & Propane Prices 1970-2008



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➤ Barriers to providing service

- Distance between customers

- Typical sub-division houses are 80 to 120 ft. apart

- Many rural sub-divisions houses are 400-1,200 ft. apart

- Requires up to 3 times as much pipe to be installed to get to customer

- ◆ SourceGas pipe 222 ft./customer avg. vs. urban 75 ft./customer

- ◆ Difficult for customers to pay higher upfront pipeline connection costs out of pocket

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➤ Barriers to providing service

- Distance between customers

- Possible solutions:

- Create a special extension policy that would allow the Company to increase the construction allowance available to new customers for the extension of distribution mains and service laterals to reduce the upfront cost to connect to our system
- Residential customer savings by using natural gas instead of propane or electricity can be \$1,000 or more per year which pays back the investment quickly

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- **Extra Incentive Policy approved by Wyoming Public Service Commission**
 - **Allows new customers to defer up to \$5,000 in upfront connection costs**
 - **Offers monthly payments of \$20 to \$50 for up to 180 months**
 - **Coupled with current incentive of \$740 provides a total of \$5,740 to help with upfront costs**

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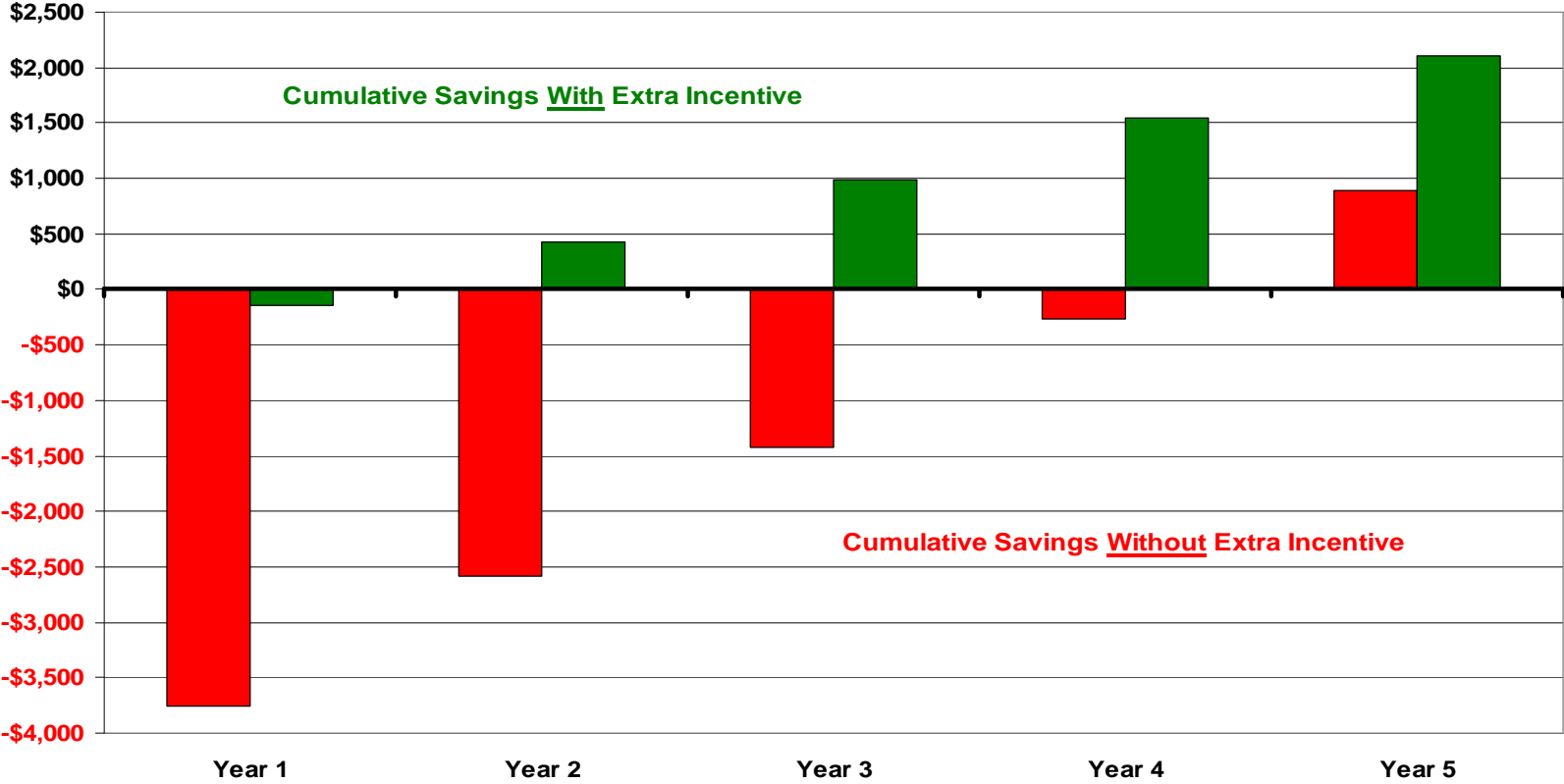
Extra Incentive Policy Summary Table

Repayment of Maximum Extra Incentive Allowance

Payment Option	Maximum Extra Incentive Allowance Available	Time Value of Money for 180-month period	Total payments over 180 months
\$20 per month for 180 months	\$2,000	\$1,600	\$3,600
\$30 per month for 180 months	\$3,000	\$2,400	\$5,400
\$40 per month for 180 months	\$4,000	\$3,200	\$7,200
\$50 per month for 180 months	\$5,000	\$4,000	\$9,000

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Effect of Extra Incentive Allowance on Conversion Payback



Data from Tables 1, 2, 3 & 4, Report Number Four, Wind River Indian Reservation Customer Connection Plan, June 2, 2008



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➤ Barriers to providing service

- Appliance conversion and/or replacement costs
 - Difficult for consumer to pay these upfront costs
- High fuel usage including:
 - ◆ Inefficient appliances
 - ◆ Poorly insulated, weatherized home

➤ Possible solutions

• Incentive Programs

– Nebraska- HEAT Rebate

– Wyoming- Member of Wyoming Home Performance

– Colorado- DSM program effective 1/1/09

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➤ Nebraska- HEAT Rebate

- \$300-\$900 rebate for installation of high-efficiency heating equipment
 - \$300 for installed nameplate input from 40,000 up to 100,000 BTUs/hr. (A normal-size residential furnace would fall into this category.)
 - \$600 for installed nameplate input from 100,000 BTUs/hr up to 200,000 BTUs/hr.
 - \$900 for installed nameplate input from 200,000 BTUs/hr and up.
 - You can purchase your new gas furnace from any qualified heating equipment vendor or from SourceGas.
 - ◆ Demand has been high
 - ◆ Administrative costs have been low

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- Wyoming- Founding member of Wyoming Home Performance (WHP)
 - Diverse group of utilities, energy companies, contractors, government organizations promoting home energy efficiency
 - Assistance may include:
 - Financial & in-kind support
 - Education to customers
 - Media Relations & Outreach
 - Development of Incentive programs
 - Consumer financing

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- Colorado- DSM program filed 9/30/08
 - Proposed filing includes four main components:
 - Energy Audit Program
 - Efficient Natural Gas Rebate Program
 - Income Qualified Program
 - Custom Energy Efficiency Program
 - Colorado Public Utilities Commission:
 - Currently reviewing filing for approval
 - ◆ To be effective 1/1/09