

IMPORTANT NOTICE ABOUT YOUR ENERGY PRICES AND ELECTRIC SERVICE

New technologies are transforming the way Xcel Energy customers can manage their energy use—and can also help us improve our service to you. That’s why we’re listening to our customers and recommending changes to address their wants and needs, while making it easier to embrace these new technologies.

We recently submitted a phase II electric rate case to the Colorado Public Utilities Commission (CPUC). In an earlier decision the Commission determined how much it costs Xcel Energy to serve customers. In this second phase, we will work with the Commission to develop electricity pricing structures for the different types of customers we serve in Colorado—including residential customers, small businesses and our largest commercial customers.

In this rate case we’ve proposed improvements to:

- Make energy pricing **more transparent** and easier to understand.
- Give customers **added flexibility to help take advantage of newer technologies**, like smart thermostats, home energy management systems, electric vehicles, battery storage systems and renewable energy sources.
- Create the opportunity for **new customer choice programs**.

These changes will allow us do even more to **meet customers’ expectations** and offer you **more control over energy costs**, while ensuring **prices remain fair, reasonable and affordable for all Colorado customers**. We have a long-term vision for the energy future, and this proposed plan is an important step to getting us there.

Learn More

The rate case is subject to approval by the CPUC. Details about this request, including the legal notice, are contained on the back of this page and at xcelenergy.com.

You can also call us at **1-800-895-4999** with questions and for information about energy efficiency and conservation tips, rebates, and payment programs for customers who are having a difficult time paying their bill.



NOTICE OF REPLACEMENT OF COLORADO P.U.C. NO. - 7 ELECTRIC TARIFF WITH COLORADO P.U.C. NO. - 8 ELECTRIC TARIFF OF PUBLIC SERVICE COMPANY OF COLORADO 1800 LARIMER STREET, DENVER, COLORADO 80202

You are hereby notified that Public Service Company of Colorado ("Company") has filed with the Public Utilities Commission of the State of Colorado ("Commission") an advice letter with revised tariff sheets proposing to replace the Company's Colorado P.U.C. No. 7 – Electric Tariff with Colorado P.U.C. No. 8 – Electric Tariff, to become effective as early as February 25, 2016. However, the Company will request that the Commission approve a final effective date of the new rates and tariff of January 1, 2017. The Company is proposing a longer period than statutory requirements for rates to become effective to allow time following a final Commission Decision for customer education, for Company outreach and for customers to choose optional services that may require equipment changes – among other factors. The proposed new tariffs would affect all of the Company's Colorado retail electric customers if the Commission allows the tariffs to become effective.

One purpose of this 2016 Electric Phase II rate case filing is to reallocate among the customer classes the total annual revenue requirement approved in the Company's most recent Electric Phase I rate case, Proceeding No. 14AL-0660E/14A-0680E ("2014 Electric Phase I Rate Case"). The reallocation is based on a new class cost of service study that has determined the cost to serve each individual customer class and on new rate design proposals. Even though the Company is incurring rate case expense as the result of the preparation, filing, litigation and implementation of this Phase II proceeding, no increase in total revenue requirement is being proposed in this proceeding. The proposed tariffs and base rate design will recover the total annual revenue requirement of \$1,558,026,498 authorized by the Commission in the 2014 Electric Phase I Rate Case, plus an additional \$4,000,000 related to the Electric Assistance Program.

The Company's proposed modifications to the existing rate design and service offering include the following:

- Grid Use Charges to recover distribution costs for customers served under Residential Service (Schedule R) and Commercial Service (Schedule C). For both Schedules R and C, the Company proposes to assess graduated charges that will increase with a customer's average use over the past 12 billing periods. Solar*Rewards® customers, who are net metered as of December 31, 2016, will have the option of remaining on the current two-part rate design that does not include a Grid Use Charge.
- An optional Residential Demand – Time-of-Use schedule (Schedule RD – TOU). This service would be available to a maximum of 10,000 residential customers in 2017, 14,000 residential customers in 2018, and 18,000 residential customers in 2019.
- Revising the rate differential between summer and winter rates for Schedule C.
- An On-peak Demand Charge for customers on Primary General Service (Schedule PG) and Transmission General Service (Schedule TG) to recover generation and transmission costs. This charge would be assessed on a customer's peak load during non-holiday weekdays from 2:00 p.m. through 6:00 p.m.
- A Critical Peak Pricing option (Schedules SG-CPP, PG-CPP and TG-CPP) for large C&I customers. This service would be offered on a pilot basis and total participation would be capped at 30 megawatts ("MW").
- A Supplemental Service within Schedule RD-TOU, Secondary General Service (Schedule SG), Schedule PG and Schedule TG. This service would be available to C&I customers whose on-site generation does not operate as frequently or predictably as the generators for whom Standby Service is intended. The Company is also proposing to introduce the concept of Auxiliary Service for customers with on-site electric storage applications operating in parallel with the Company.
- Revising the differential between summer and winter demand charges for the following service schedules: SG, PG and TG.
- Lowering the required maximum demand used to determine whether Schedule SG customers are eligible for the TOU ECA from 300 kW to 100 kW.
- Eliminating or closing to new customers some existing service options that are rendered obsolete by or do not complement the long-term rate design that the Company envisions.

Another purpose of this Phase II filing is to overhaul the Electric Tariff, which was last replaced almost 20 years ago. The revisions range from substantive rate-design changes to administrative changes such as reformatting, reorganization, and typographical corrections. The new Electric Tariff is a more transparent document for our customers to use. Thus, we are replacing the Company's Colorado P.U.C. No. 7 – Electric Tariff in its entirety with the Company's new Colorado P.U.C. No. 8 – Electric Tariff. The primary revisions to the Electric Tariff include the following:

- Institute a new General Definitions section, which will define terms used throughout the tariff in one section. The purpose of this section is to clarify and standardize the meaning of terms found throughout the different sections of the Electric Tariff. Definitions that are specific to certain sections of the tariff will remain in that section.
- Reorganize the Rules and Regulations section to group together similar sections, include provisions for the measurement of service if customers have multiple meters, address the installation and discontinuance of service, and address responsibility for damage to the system.

- Revise the Rules and Regulations applicable to Street Lighting Service to address the relocation and removal of lights and attachments to street lighting poles.
- Specify that customers taking service under Schedules R and C who have on-site renewable energy generation operating in parallel with the Company and are not net-metered will be subject to a buy-all, sell-all arrangement.
- Add a Production Meter Charge applicable to Customers on various service schedules with on-site generation.
- Update the Customer list for Schedule TG.
- Modify the Secondary General Standby, Primary General Standby and Transmission General Standby Services (Schedules SST, PST, and TST) by adding a Production Meter Charge and basing the annual grace energy period on a calendar year.
- Modify the Street Lighting Service to incorporate the new LED options.
- Revise the Parking Lot Lighting Service (Schedule PLL) to differentiate this lighting from Commercial Area Lighting Service.

If the Commission grants the Company's request, there will be no change in the Company's annual revenue. The effect of this filing is to generate the same annual revenues approved by the Commission in the 2014 Electric Phase I Rate Case, which became effective on February 13, 2015, as revised by the Company's compliance filing that was effective May 8, 2015. However, some customers will experience bill increases, while others will experience bill decreases. The projected impacts of the Company's filing on typical monthly bills are as follows:

TOTAL PROPOSED MONTHLY BILL IMPACTS ON TYPICAL CUSTOMERS

Rate Class	Average Monthly Usage	Current Monthly Bill	Proposed Monthly Bill	Change In Monthly Bill	
				Dollars	Percentage
Residential	622 kWh	\$71.16	\$71.47	\$0.31	0.43%
Small Commercial	992 kWh	\$106.39	\$101.67	-\$4.72	-4.44%
Secondary General	24,981 kWh	\$2,221.90	\$2,246.60	\$24.70	1.11%
Primary General	495,408 kWh	\$34,222.12	\$33,855.20	-\$366.92	-1.07%
Transmission	13,370,353 kWh	\$752,770.83	\$760,457.39	\$7,686.56	1.02%

For purposes of deriving these impacts, the Company (1) assumes that all riders remain constant at their current levels, and (2) uses average winter/summer rates.

The proposed percentage changes for each customer class shown in the table above do not represent the impacts for every customer, because individual consumption characteristics vary significantly within a specific customer class. The average residential customer would receive an increase of approximately \$0.31 per month, or about 0.43 percent. An average small business customer would receive a decrease of approximately \$4.72 per month, or about 4.44 percent.

In accordance with Rule 1206(f) of the Commission's Rules of Practice and Procedure, copies of the proposed and present tariffs summarized above have been filed with the Commission and are available for examination and explanation at the Company's main office, 1800 Larimer Street, Suite 1400, Denver, Colorado 80202-5533, or at the Commission's office, 1560 Broadway, Suite 250, Denver, Colorado, 80202.

It is likely that the Commission will hold a hearing regarding the Company's proposals in this Phase II rate case, which would result in the Commission's suspending and delaying the proposed effective date of February 25, 2016, stated above. Should the Commission hold a hearing, customers may submit written protests, comments or objections any time prior to the scheduled hearing date.

Anyone who desires to submit a written protest, comments or objections to the proposed action shall file it with the Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202, or email it to dora_puc_complaints@state.co.us on or before 10 days before the proposed effective date of February 25, 2016, or later should the Commission set this matter for hearing and suspend and delay the effective date of the request. If a hearing is held, any member of the public may attend and may be permitted to make a statement under oath about the proposed increase.

The rates, rules and regulations ultimately authorized may or may not be the same as those proposed and may include rates higher or lower than those proposed or currently in effect.

Notices of proposed hearings will be available on the Commission website under "News Releases" at: <http://cdn.colorado.gov/cs/Satellite?c=Page&childpagename=DORA-PUC/DORA-Layout&cid=1251614750747&pagename=CBONWrapper> or through the Commission's E-filing system at: https://www.dora.state.co.us/pls/efi/EFI_Search_UL.search. Customers who have questions may call the Commission at 303-894 2000, ext. "0", Xcel Energy at 1-800-895-4999, fax to Xcel Energy at 1-800-895-2895, or e mail to inquire@xcelenergy.com.

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