

PUBLIC SERVICE COMPANY OF COLORADO

P.O. Box 840
Denver, CO 80201-0840

Sheet No. 51

Cancels
Sheet No.

NATURAL GAS RATES
REVENUE DECOUPLING ADJUSTMENT

N

APPLICABILITY

Rate Schedules RG and CSG are subject to a Revenue Decoupling Adjustment (RDA) in order to remove disincentives to the implementation of natural gas demand-side management programs, consistent with C.R.S. 40-3.2-103. The RDA factors for the applicable rate schedules will be applied through a \$/therm charge.

DEFINITIONS

ACTUAL RPC

The RPC calculated using actual Usage Charge volumes (therms) for the Current Year and using the Base Rate Usage Charges and GRSAs or GRSA-P factors that were in place during the Current Year. Calculated separately for Schedules RG and CSG.

AVERAGE NUMBER OF CUSTOMERS

The average number of customers, by rate schedule, for the Current Year or the Test Year.

AVERAGE REVENUE PER CUSTOMER (RPC)

Total Annual Usage Charge volumes (therms), multiplied by Base Rate Usage Charges, inclusive of General Rate Schedule Adjustments (GRSA or GRSA-P), and exclusive of Variable Operating Costs included in base rates, and divided by Average Number of Customers during the year. Calculated separately for Schedules RG and CSG.

BASE RATE USAGE CHARGE

The Usage Charge under Schedule RG or Schedule CSG (as applicable).

BASELINE RPC

The RPC calculated using test year Usage Charge volumes (therms) established by the Commission in a previous rate case or other applicable proceeding and using the Base Rate Usage Charges and GRSAs or GRSA-P factors that were in place during the Current Year. Calculated separately for Schedules RG and CSG.

CURRENT YEAR

The twelve (12) month period for which the RDA is being calculated. The initial Current Year shall be the calendar year 2023.

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DEFINITIONS - Cont'd

DEMAND-SIDE MANAGEMENT (DSM) ACKNOWLEDGEMENT OF LOST REVENUE

The Commission approved acknowledgement of lost revenue that is in place for the Current Year. Calculated separately for Schedules RG and CSG.

RECOVERY PERIOD

The period over which the RDA factors will be in place. The initial Recovery Period will be from June 1, 2024 through May 31, 2025.

REVENUE DECOUPLING AMOUNT

The difference between the Baseline RPC and the Actual RPC multiplied by the Average Number of Customers in the Current Year, less Current Year DSM Acknowledgement of Lost Revenues, if any, plus the RDA True-Up amount from two years previous, either positive or negative. Calculated separately for Schedules RG and CSG.

RDA TRUE-UP

The over-recovery or under-recovery of RDA amounts from two (2) years previous. For the Current Years 2023 and 2024 the RDA True-up value shall be \$0. The RDA True-up value consists of the difference between the revenue the RDA factor was designed to collect (the Current Year Revenue Decoupling Amount and the actual revenue collected through the RDA factor during the Recovery Period. Calculated separately for Schedules RG and CSG.

VARIABLE OPERATING COSTS

The per therm rate associated with FERC Accounts 755, 819, 854, and 873 that are included in the Base Rate Usage Charges for Schedules RG and CSG. Calculated separately for Schedules RG and CSG.

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REVENUE DECOUPLING ADJUSTMENT RATE CALCULATIONS

Calculated separately for Schedules RG and CSG.

Baseline RPC = Test Year Volumes x (Current Year Base Rate Usage Charge - Variable Operating Costs) x (1+ Current Year GRSA and/or GRSA-P) ÷ Test Year Average Number of Customers

Actual RPC = Current Year Volumes x (Current Year Base Rate Usage Charge - Variable Operating Costs) x (1+ Current Year GRSA and/or GRSA-P) ÷ Current Year Average Number of Customers

Revenue Decoupling Amount = (Baseline RPC - Actual RPC) x Current Year Average Number of Customers - DSM Acknowledgement of Lost Revenue - RDA True Up

RDA Rate = Revenue Decoupling Amount ÷ Forecasted Usage Charge Volume for Recovery Period (therms)

REVENUE DECOUPLING SOFT CAP

The RDA Rate adjustment is subject to a symmetrical three percent (3%) Soft Cap of the forecasted base rate revenue over the applicable Recovery Period, measured separately for each rate schedule. Amounts exceeding the Soft Cap that are not recovered or refunded through the Current Year's RDA are deferred for up to two (2) years and may be passed through a future year's RDA for that rate schedule. The Company may request Commission approval to recover amounts exceeding the Soft Cap.

ANNUAL FILINGS

The Company will file an advice letter on or before April 1st of each year beginning in 2024 that:

- 1) Identifies changes in Average Revenue Per Customer from the Commission approved Baseline Average Revenue Per Customer;
- 2) Calculates the Revenue Decoupling Amount; and
- 3) Presents the RDA Rates to be implemented.

The RDA factors will begin on the following June 1 and be in place for the following twelve (12) months ending May 31. The Company will include all pertinent documentation and data as is required by the Commission.

The annual filings will also quantify the regulatory disincentives removed through the RDA mechanism and collected or refunded to customers.

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<u>Rate Schedule</u>	<u>Billing Units</u>	<u>RDA Rates</u>
RG	Therm	\$0.XXXXXX
CSG	Therm	\$0.XXXXXX

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