Xcel Energy℠
PUBLIC SERVICE COMPANY

P.O. Box 840
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May 3, 2018

Advice No. 1768 - Electric Amended

Public Utilities Commission
of the State Of Colorado
1560 Broadway, Suite 250
Denver, Colorado 80202

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

COLORADO P.U.C. NO. 8 - Electric

and the following sheets are attached:

Colorado P.U.C. Sheet No.		Title of Sheet	Cancels Colorado P.U.C. Sheet No.	
Sub. First Revised	4	Table of Contents	Original	4
Third Revised	17	Reserved for Future Filing Index	Sub. Second Revised	17
Sub. Original	132	General Rate Schedule Adjustment	- - -	

The principal proposed change is to decrease base rates by $42,352,067[1] (an annualized reduction of $67,491,120) through a negative General Rate Schedule Adjustment ("GRSA") from June 1, 2018, to December 31, 2018, and extending from January 1, 2019, until new rates are implemented pursuant to the Company's next filed rate case. This rate adjustment is consistent with the proposed Revised TCJA Settlement of the Company, Trial Staff of the Colorado Public Utilities Commission, and the Colorado Office of Consumer Counsel filed on April 27, 2018, in Proceeding No. 18M-0074EG, which have been proposed to the Colorado Public Utilities Commission but have not yet been considered or approved. The Revised TCJA

[1] The Company has previously filed and the Commission approved rate reductions as a result of the Tax Cuts and Jobs Act for the Transmission Cost Adjustment ("TCA") rider of approximately $2.7 million and Clean Air – Clean Jobs Act ("CACJA") rider of approximately $9 million to be effective May 1, 2018, in Proceeding Nos. 18AL-0190E, and 18AL-0192E, respectively.

Settlement and Attachments are provided as Exhibit 1. The Company proposes to implement a negative 4.19 percent GRSA, which is applicable to all electric base rate schedules in the Company's Colorado P.U.C. No. 8 – Electric tariff, as reflected in the attached tariff sheet, to become effective June 1, 2018. This revision accounts for the changes due to the passing of the Federal Tax Cuts and Jobs Act ("TCJA") in December 2017, which (among other things) included a reduction to corporate federal income tax rates effective January 1, 2018.

On December 22, 2017, the TCJA was signed, which enacts a material reduction to the United States federal corporate income tax rate from 35 percent to 21 percent. The Company has worked with stakeholders to ensure that the benefits of the TCJA for the entire 2018 calendar year flow back to customers.

Pursuant to the Commission's Decision Opening the TCJA Proceeding, Proceeding No. 18M-0074EG, the Company calculated the difference between the Company's tax liabilities before and after the TCJA, based on a 2013 test year.[2] Exhibit 1, Attachment A, to this Advice Letter quantifies the impacts of the TCJA on current base rates, and is the basis of the deferred regulatory liability calculation. Public Service Electric Department's deferred regulatory liability for calendar year 2018 is $101,223,739.

In the determination of the $101.2 million deferred regulatory liability, the Company has calculated the flow back of the excess accumulated deferred income taxes ("ADIT") for plant accounts using the average remaining life method, or ARAM. The flow back period for non-plant pension and benefit accounts is 10 years, and the flow back period for non-plant – all other accounts is 5 years. Under the proposed Revised TCJA Settlement, the benefits to customers from the deferred regulatory liability will be reflected through both a reduction to base rates effective June 1, 2018 (the subject of this Advice Letter), and the accelerated recovery of the Legacy Pre-Paid Pension asset (the asset but not accelerated recovery was approved in a prior rate case). The result is that customers will benefit from lower rates for the remainder of 2018, lower costs and rates in the future, and greater rate stability over the long-term.

Of this $101.2 million deferred regulatory liability, the revenue requirement attributable to the change to the federal income tax rate from 35 percent to 21 percent is $42,352,067. This amount includes a carrying cost of $363,107 for the TCJA-related deferred regulatory liability, as described below and as set forth in Exhibit 1, Attachment B.[3] Under the proposed Revised TCJA Settlement and this advice letter, this entire amount of approximately $42.4 million will be returned to customers through a negative GRSA effective June 1, 2018, through December 31, 2018.

[2] The Company's last Phase I electric rate case, the 2014 Electric Rate Case (Proceeding No. 14AL-0660E), used a 2013 test year to set rates.
[3] The carrying costs are applied in 2018 only.

Under the proposed Revised TCJA Settlement, within 60 to 90 days after the end of 2018, the Company will submit a compliance filing to true up this amount (based only on variances in estimated revenues), and any over- or under-recovery will be returned or charged to customers through the GRSA.[4] This $42.4 million reduction will result in a negative GRSA of 4.19 percent for the last 7 months of 2018. The calculation of the GRSA is provided in Exhibit 1, Attachment B.

Under the proposed Revised TCJA Settlement, the negative 4.19 percent GRSA will continue into 2019, until the effective date of new rates from the Company's next rate case filing. Within 60 to 90 days after new base rates take effect or the end of 2019, whichever is later, the Company will submit a compliance filing to true up this amount (based only on variances in estimated revenues). Any over- or under-recovery will be returned or charged to customers either through a GRSA or a credit through an existing cost recovery mechanism.

The remaining deferred regulatory liability amount of $59,234,780 is not addressed through the proposed negative GRSA in this Advice Letter. Under the proposed Revised TCJA Settlement, for 2018 the remaining amount of $59,234,780 will be used to recover the Legacy Pre-Paid Pension Asset. The recovery of the Legacy Pre-Paid Pension Asset was previously approved in the Company's 2014 Electric Rate Case. The monthly recovery of the Legacy Pre-Paid Pension asset is presented in Exhibit 1, Attachment B. Effective January 1, 2019, the annual recovery of this asset will be reduced to $33,732,619, consistent with the change to the annual impact of the negative GRSA during 2019. Such recovery will continue until the effective date of new rates from the Company's next rate case filing.[5]

Under the proposed Revised TCJA Settlement, the Company will apply a carrying cost to the TCJA-related deferred regulatory liability amounts starting January 1, 2018. The refund portion of this deferred regulatory liability (the subject of this advice letter) will accrue interest based on the current Federal Reserve Bank Prime Loan Rate (that rate is 4.75 percent). Under the proposed Revised TCJA Settlement, the portion of this deferred regulatory liability applicable to the Legacy Pre-Paid Pension Asset will accrue interest at the currently authorized cost of debt of 4.67 percent.

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[4] If the Company files an electric rate case with rates that would be projected go into effect by June 1, 2019, then the compliance filing to true up any over- or under-recovery amounts for 2018 will not be made and the amounts of any over- or under-recovery for 2018 will be part of the true-up calculation described for 2019.

[5] The Net Legacy Prepaid Pension Asset balance, inclusive of ADIT, was $139,137,447 at the end of 2014, which will be recovered through an annual amortization of $9,275,830 in customer rates over fifteen years. The result of applying $59,234,780 to the Legacy Pre-Paid Pension Asset balance will reduce the required amortization period. The remaining deferred regulatory liability amount for the 2019 period (after taking into account the negative 4.19 percent GRSA) will be applied to the Legacy Pre-Paid Pension Asset until new rates take effect from the Company's next filed rate proceeding.

Pursuant to the Motion for Alternative Form of Notice filed with the Commission contemporaneously herewith, the Company plans to provide notice of this filing by: 1) the filing of this notice with the Commission; 2) posting the notice on the Company's website at xcelenergy.com, and on the Company's social media sites; and 3) publishing the notice in *The Denver Post* for two consecutive weeks (Sunday, May 6, 2018, and Sunday, May 13, 2018). A copy of the proposed notice is attached to this Advice Letter as Amended Exhibit 2.

The negative 4.19 percent GRSA will decrease the June 2018 bill of a typical residential customer using 627 kWh per month by $1.93, or -2.68 percent. The June 2018 bill of a typical small commercial customer using 995 kWh per month will decrease by $4.07, or -2.97 percent.

The projected impacts of the Company's filing for June 2018 with and without the GRSA are shown below.

Customer Class	**Projected June 2018 without GRSA**	**Projected June 2018 with GRSA**	**Monthly $ Change**	**Monthly % Change**
Residential (R)	$72.09	$70.16	($1.93)	-2.68 %
Small Commercial (C)	$137.14	$133.07	($4.07)	-2.97 %
Secondary General (SG)	$2,492.98	$2,429.90	($63.08)	-2.53 %
Primary General (PG)	$38,701.80	$37,830.38	($871.42)	-2.25 %
Transmission General (TG)	$863,402.30	$846,726.78	($16,675.52)	-1.93 %

On an average annual basis the typical residential customer will receive a monthly bill decrease of $1.91, or -2.68 percent, and a typical small commercial customer will receive a monthly bill decrease of $2.86, or –2.64 percent.

It is desired that the new GRSA tariff sheet accompanying this Amended Advice No. 1768 - Electric become effective on June 1, 2018.

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

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Enclosures