IMPORTANT NOTICE ABOUT YOUR ENERGY PRICES AND ELECTRIC SERVICE

Xcel Energy continues to focus on initiatives that fulfill Our Energy Future priorities for Colorado including: powering technology, empowering customer options and powering the economy. We are listening to our customers and making changes to address their wants and needs.

That's why we recently submitted an electric regulatory rate review to the Colorado Public Utilities Commission (CPUC). It is a proceeding that determines how much it costs Xcel Energy to serve customers and how much the utility needs to recover these costs. This review allows us to continue on the path toward building a smarter, more efficient energy infrastructure and allowing the company to remain a low-cost energy provider.

Smart investments, sound cost management and productivity enhancements mean we deliver energy at a good value to customers. Our four-year proposed plan supports initiatives that will allow us to further manage our costs, offer ways to help keep your electricity bills low, and deliver the reliable service you depend on.

Customer Benefits

In this regulatory rate review we are proposing gradual, moderate rate increases to support advanced grid initiatives, infrastructure investments, power plant improvements we've made, and productivity-boosting technology investments. Our bills are expected to remain below the national average.

We've delivered the basics for our customers for over a century, while continuously working to innovate and do things better. It's a key piece of who we are and how we do business. This dedication to delivering value and building meaningful customer and community relationships is a cornerstone of our business—and we proudly bring this to our operations in Colorado where we serve 1.4 million electricity customers.

Learn More

More details about this regulatory rate review, including the legal notice, are contained on the back of this page and at **xcelenergy.com**. The proposal is subject to approval by the Colorado Public Utilities Commission.

You can also call us at **800.895.4999** with questions and for information about energy efficiency tips, rebates and payment programs for customers who are having a difficult time paying their bill.

NOTICE OF REVISION IN THE COLORADO P.U.C. NO. 8-ELECTRIC TARIFF
OF PUBLIC SERVICE COMPANY OF COLORADO
1800 LARIMER STREET, DENVER, COLORADO 80202-5533

You are hereby notified that Public Service Company of Colorado ("Public Service" or the "Company") has filed with the Colorado Public Utilities Commission ("Commission"), in compliance with the Public Utilities Law, an advice letter for permission to revise rates for all electric services by implementing a General Rate Schedule Adjustment ("GRSA") in the Company's Colorado P.U.C. No. 8 – Electric tariff, in four steps pursuant to a proposed multi-year plan ("MYP") and to shift costs currently collected through the Clean Air – Clean Jobs Act ("CACJA") rider and Transmission Cost Adjustment ("TCA") into base rates. The first step adjustment will become effective November 3, 2017, if said advice letter is granted by the Commission. The Company requests that three subsequent stepped GRSA increases become effective January 1, 2019, January 1, 2020, and January 1, 2021. These four-stepped GRSA increases are proposed to be applied to all base rates for electric services under all rate schedules in the tariff.

Under Public Service's proposed MYP applicable to its electric business for the years 2018 through 2021:

- Rates will increase in four steps in accordance with the proposed GRSA effective dates.
- Subject to limited exceptions, the Company will not file a Phase 1 rate case further changing electric service base rates that would have an effective date prior to January 1, 2022.
- The current electric Quality of Service Plan ("QSP") for the electric department will be extended through the term of the proposed MYP.
- The Company will continue to operate under an Earnings Test mechanism that provides for the annual sharing of electric department earnings with customers driven by the achievement of certain threshold returns on equity ("ROE");
- The Company's ROE will be subject to an adjustment mechanism for years 2019, 2020, and 2021 of the proposed MYP, under which the authorized ROE for Public Service would be adjusted based on changes in the Moody's A-rated utility bond yield multiplied by an adjustment factor that reflects the relationship between interest rates and equity costs. This is for purposes of the Earnings Test and applicable riders and would not impact the GRSAs in this request.
- The Clean Air-Clean Jobs Act ("CACJA") rider cost recovery for various CACJA projects will be shifted to base rates and will not continue after that shift, with the exception of the true-up of forecast and actual 2016, 2017 and 2018 CACJA costs and revenues.
- The costs of transmission in-service assets presently recovered through the TCA will be shifted to base rates. Forecasted investment in transmission assets will continue to be collected under the established TCA rider mechanism.

The proposed GRSA rate changes are supported by cost-of service-studies for each of the four years of the MYP plan – which are grounded in historical information.

Over the four-year period of the MYP, Public Service proposes a total increase in revenues of $244,900,661. This proposed revenue increase excludes the transfer of costs of projects previously recovered through the CACJA and TCA to base rates. The amount of this transfer is projected to be $90,377,213 for the CACJA-related components and $42,661,472 for the TCA-related components.

For the initial GRSA, proposed to become effective November 3, 2017, unless suspended by the Commission, the Company is seeking an annualized increase in electric base rate revenues of $207,652,053, based on total base rate revenue requirements of $1,818,487,346 using a test year ("TY") of calendar year 2018, an overall return on rate base ("RORB") of 7.50 percent, and a return on equity ("ROE") of 10.0 percent. As noted above, this proposed revenue increase includes $133,038,685 of costs previously recovered through the CACJA and TCA. Since a transfer of cost recovery between rates does not increase the net total revenue collected from retail customers, only $74,613,368 of the total incremental 2018 increase in base revenue represents a net revenue increase to customers. The proposed 2018 GRSA will be calculated to recover the $207,652,053 of additional revenues based on the most recent sales forecast available at the time. Based on the current sales forecast, the proposed total 2018 GRSA is a positive 12.89 percent.

For the second GRSA, proposed to become effective January 1, 2019, the Company is seeking an additional $74,884,802 in annual electric base rate revenues. This increase is based on total base rate revenue requirements of $1,905,629,906 using a TY of calendar year 2019, an RORB of 7.48 percent, and an ROE of 10.0 percent. The proposed 2019 GRSA will be calculated to recover the $74,884,802 of additional revenues based on the most recent sales forecast available at the time. Based on the current sales forecast, the incremental GRSA is estimated to be a positive 4.58 percent. The total GRSA effective on January 1, 2019, would be the GRSA effective in 2018 of 12.89 percent plus 4.58 percent, or 17.47 percent.

For the third GRSA, proposed to become effective January 1, 2020, the Company is seeking an additional $59,724,636 in annual electric base rate revenues. This increase is based on total base rate revenue requirements of $1,988,806,368 using a TY of calendar year 2020, an RORB of 7.49 percent, and an ROE of 10.0 percent. The proposed 2020 GRSA will be calculated to recover the $59,724,636 of additional revenues based on the most recent sales forecast available at the time. Based on the current sales forecast, the incremental GRSA is estimated to be a positive 3.75 percent. The total GRSA effective on January 1, 2020, would be the GRSA effective in 2019 of 17.47 percent plus 3.75 percent, or 21.22 percent.

For the fourth GRSA, proposed to become effective January 1, 2021, the Company is seeking an additional $35,677,855 in annual electric base rate revenues. This increase is based on total base rate revenue requirements of $2,025,995,844 using a TY of calendar year 2021, an RORB of 7.55 percent, and an ROE of 10.0 percent. The proposed 2021 GRSA will be calculated to recover the $36,157,981 of additional revenues based on the most recent sales forecast available at the time. Based on the current sales forecast, the incremental GRSA is estimated to be a positive 2.24 percent. The total GRSA effective on January 1, 2021, would be the GRSA effective in 2020 of 21.22 percent plus 2.24 percent, or 23.46 percent.

In addition to the requested increase to base rates including the shift of costs from the CACJA and TCA riders to base rates, the Company requests approval of the following proposals:

- Updates to our Charges for Rendering Service and our Maintenance Charges for Street Lighting Service tariffs.
- Discontinuance of the Equivalent Availability Factor Performance Mechanism ("EAFPM").
- Updates to the Electric Commodity Adjustment ("ECA") tariff to reflect the Short-Term Sales Margins for Generation and Proprietary Book for calendar year 2016.

With respect to the Earnings Test, the Company proposes a structure under which the Company absorbs all under-earnings and retains 50 percent of any over-earnings up to 200 basis points above the authorized ROE. Any earnings in excess of this threshold would be returned 100 percent to customers. This structure provides the Company with no downside protection against earned returns lower than the authorized levels, and shares with customers either partially or totally all earnings in excess of the authorized levels.

The total electric department increase in base rates over the four-year MYP period of 2018 through 2021 is $377,939,346, including the proposed revenue increase attributable to the transfer of costs of projects previously recovered through the CACJA and TCA to base rates of $133,038,685.

These projected impacts are based on the projected changes to the GRSA, CACJA and TCA from the Company's proposals from 2018 through 2021. For purposes of deriving these impacts the Company assumes that the ECA, Purchased Capacity Cost Adjustment, and Demand-Side Management Cost Adjustment remain constant at their current levels through 2021.

The projected impacts of the Company's filing on typical monthly bills for customers on the Company's five major rate schedules (Residential, Commercial, Secondary General, Primary General and Transmission General) during the term of the MYP are provided below. In compliance with the Company's noticing requirements, the impacts in the first row are based on an assumed implementation date of the initial requested rate increase of November 3, 2017. This implementation date is 30 days from the filing date of October 3, 2017, and is based on the assumption that the Commission grants the Company's advice letter instead of suspending it.

Customer Impacts
Phase I Electric Rate Case - 2018-2021 MYP

Residential - R	Current	Proposed	Monthly $ Change	Monthly % Change
10-3-2017 to 11-3-2017	$67.98	$69.46	$1.48	2.18%
2018 to 2019	$72.98	$76.15	$3.17	4.35%
2019 to 2020	$76.15	$77.86	$1.71	2.25%
2020 to 2021	$77.86	$78.88	$1.02	1.31%
Commercial - C	**Current**	**Proposed**	**Monthly $ Change**	**Monthly % Change**
10-3-2017 to 11-3-2017	$96.38	$97.97	$1.59	1.65%
2018 to 2019	$111.13	$116.03	$4.90	4.41%
2019 to 2020	$116.03	$118.59	$2.56	2.21%
2020 to 2021	$118.59	$120.13	$1.54	1.30%
Secondary General - SG	**Current**	**Proposed**	**Monthly $ Change**	**Monthly % Change**
10-3-2017 to 11-3-2017	$2,263.18	$2,296.44	$33.26	1.47%
2018 to 2019	$2,348.45	$2,435.61	$87.16	3.71%
2019 to 2020	$2,435.61	$2,485.16	$49.55	2.03%
2020 to 2021	$2,485.16	$2,514.83	$29.67	1.19%
Primary General - PG	**Current**	**Proposed**	**Monthly $ Change**	**Monthly % Change**
10-3-2017 to 11-3-2017	$35,428.52	$35,791.91	$363.39	1.03%
2018 to 2019	$36,609.63	$37,775.06	$1,165.43	3.18%
2019 to 2020	$37,775.06	$38,457.16	$682.10	1.81%
2020 to 2021	$38,457.16	$38,865.63	$408.47	1.06%
Transmission General - TG	**Current**	**Proposed**	**Monthly $ Change**	**Monthly % Change**
10-3-2017 to 11-3-2017	$777,218.39	$774,404.72	($2,813.67)	-0.36%
2018 to 2019	$792,843.95	$810,701.36	$17,857.41	2.25%
2019 to 2020	$810,701.36	$822,991.16	$12,289.80	1.52%
2020 to 2021	$822,991.16	$830,350.66	$7,359.50	0.89%

In accordance with Rule 1210(a) of the Commission's Rules of Practice and Procedure, copies of the current and proposed tariffs summarized above and as filed with the Commission, are available for examination and explanation at the main office of Public Service, 1800 Larimer Street, Suite 1400, Denver, Colorado 80202-5533, or at the Commission office, 1560 Broadway, Suite 250, Denver, Colorado 80202-5143. Customers who have questions may call the Commission at 303.894.2000, call Xcel Energy at 800.895.4999, fax to Xcel Energy at 800.895.2895, or e-mail to inquire@xcelenergy.com.

Anyone who desires may file written comments or objections to the proposed action. Written comments or objections shall be filed with the Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202-5143 or e-mailed to dora_puc_website@state.co.us on or before 10 days before the proposed effective date of November 3, 2017, or later should the Commission set this matter for hearing and suspend and delay the effective date of the request. The Commission will consider all written comments and objections submitted prior to the evidentiary hearing on the advice letter. The filing of written comments or objections by itself will not allow you to participate as a party in any proceeding on the proposed action. If you wish to participate as a party in this matter, you must file written intervention documents in accordance with Rule 1401 of the Commission's Rules of Practice and Procedure or any applicable Commission order.

It is likely that the Commission will hold a hearing regarding the requested rate increase proposed by Public Service, which would result in the Commission's suspending and delaying the proposed effective date of November 3, 2017. Should the Commission hold a hearing, customers may submit written protests, comments or objections any time prior to the scheduled hearing date.

The Commission may hold a public hearing in addition to an evidentiary hearing on the advice letter. If such a hearing is held, members of the public may attend and make statements even if they did not file comments, objections or interventions. If the advice letter is uncontested or unopposed, the Commission may determine the matter without hearing and without further notice. Anyone desiring information regarding if and when a hearing may be held shall submit a written request to the Commission or, alternatively, shall contact the Consumer Affairs section of the Commission at 303.894.2070. Notices of proposed hearings will be available on the Commission website under "News Releases" or through the Commission's e-filing system.

By: Scott B. Brockett
Director, Regulatory Administration

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