

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

ELECTRIC RATES

REVENUE DECOUPLING ADJUSTMENT PILOT

APPLICABILITY

This Revenue Decoupling Adjustment (RDA) Pilot is applicable for all electric service under Residential General Service (Schedule R), Residential Demand-Time Differentiated Rates Pilot (Pilot Schedule RD-TDR), Residential Energy Time-of-Use Service Trial (Trial Schedule RE-TOU), Residential Energy Time-of-Use Service (Schedule RE-TOU), Residential Opt-Out (Schedule R-OO), and Small Commercial Service (Schedule C). The RDA Pilot terminates on December 31, 2023.

DEFINITIONS

The following definitions apply for the calculation of the RDA:

Cap Cost Recovery Base Winter Season/Schedule R Tier 1/Off-Peak

The annual Winter Season/Schedule R Tier 1/Off-Peak energy use measured in Kilowatt-hours (kWh) that is derived from the test year data used in the Company's most recent general rate case proceeding in which changes in Fixed Cost Recovery through base rates are approved by the Commission multiplied by the Fixed Cost Rates for Winter Season/Schedule R Tier 1/Off-Peak sales. Residential sales under this definition include Schedule R Winter Season and Tier 1 sales, Schedule RE-TOU Off-Peak sales and Schedule R-OO Winter Season sales. With the initial implementation period of April 1, 2020 through December 31, 2020, the baseline is represented as follows: The months of April 2020 through August 2020 will be compared against the months of April 2019 through August 2019, and the months of September 2020 through December 2020 will be compared against the months of September 2018 through December 2018.

Cap Cost Recovery Base Summer Season/Schedule R Tier 2/On-Peak and Shoulder

The annual Summer Season/Schedule R Tier 2/On-Peak and Shoulder energy use measured in Kilowatt-hours (kWh) that is derived from the test year data used in the Company's most recent general rate case proceeding in which changes in Fixed Cost Recovery through base rates are approved by the Commission multiplied by the Fixed Cost Rates for Summer Season/Schedule R Tier 2/On-Peak and Shoulder sales. Residential sales under this definition include Schedule R Summer Season sales, Schedule RE-TOU On-Peak and Shoulder sales and Schedule R-OO Summer Season sales. With the initial implementation period of April 1, 2020 through December 31, 2020, the baseline is represented as follows: The months of April 2020 through August 2020 will be compared against the months of April 2019 through August 2019, and the months of September 2020 through December 2020 will be compared against the months of September 2018 through December 2018.

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DEFINITIONS - Cont'd

Cap Cost Recovery Current Winter Season/Schedule R Tier 1/Off-Peak

The Current Year annual Winter Season/Schedule R Tier 1/Off-Peak energy use measured in Kilowatt-hours (kWh) for the twelve (12) month period for which the RDA is being calculated multiplied by the Fixed Cost Rates for Winter Season/Schedule R Tier 1/Off-Peak sales. Residential sales under this definition include Schedule R Winter Season and Tier 1, Schedule RE-TOU Off-Peak sales and Schedule R-OO Winter Season sales. In the initial implementation period, the Current Year Winter Season/Schedule R Tier 1/Off-Peak energy use is measured in Kilowatt-hours (kWh) for the nine (9) month period beginning April 1, 2020 and ending December 31, 2020 for which the RDA is being calculated multiplied by the Fixed Cost Rates for Winter Season/ Schedule R Tier 1/Off-Peak sales.

Cap Cost Recovery Current Summer Season/Schedule R Tier 2/On-Peak and Shoulder

The Current Year annual Summer Season/Schedule R Tier 2/On-Peak and Shoulder energy use measured in Kilowatt-hours (kWh) for the twelve (12) month period for which the RDA is being calculated multiplied by the Fixed Cost Rates for Summer Season/Schedule R Tier 2/On-Peak and Shoulder sales. Residential sales under this definition include Schedule R Summer Season Tier 2 sales, Schedule RE-TOU On-Peak and Shoulder sales and Schedule R-OO Summer Season sales. In the initial implementation period, the Current Year Summer Season/Schedule R Tier 2/On-Peak and Shoulder energy use is measured in Kilowatt-hours (kWh) for the nine (9) month period beginning April 1, 2020 and ending December 31, 2020 for which the RDA is being calculated multiplied by the Fixed Cost Rates for Summer Season/Schedule R Tier 2/On-Peak and Shoulder sales.

Current Year

The twelve (12) month period for which the RDA is being calculated, except in the initial implementation period. In the initial implementation period, the Current Year is the nine (9) month period beginning April 1, 2020 and ending December 31, 2020. Thereafter, the Current Year is 2021, 2022, and 2023.

Fixed Cost Rate

The base Kilowatt or Kilowatt-hour charge inclusive of any General Rate Schedule Adjustments for rate Schedule R, Pilot Schedule RD-TDR, Trial Schedule RE-TOU, Schedule RE-TOU, Schedule R-OO, and Schedule C, minus the component of the charge designated as recovery of variable Operations and Maintenance (O&M) expenses.

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DEFINITIONS – Cont'd

Recovery Period

The period over which the RDA Rate will be in place. For Schedule R, Schedule RE-TOU and Schedule R-OO, this period will be the four (4) Months beginning June 1 of the Year subsequent to the Current Year for which the RDA was being calculated. For Pilot Schedule RD-TDR and Schedule C, this period will be the twelve (12) Months beginning June 1 of the Year subsequent to the Current Year for which the RDA was being calculated.

Residential

Residential refers to Schedule R, Schedule RE-TOU (for rates beginning January 1, 2021) and Schedule R-OO. It does not include Schedule RD, Pilot Schedule RD-TDR and Trial Schedule RE-TOU for the purpose of this tariff.

Residential Demand – Time Differentiated Rates Pilot Rate (Pilot RD-TDR)

The Residential Demand – Time Differentiated Rates Pilot rates included in Pilot Schedule RD-TDR in effect as of April 1, 2020.

Residential Opt-Out (R-OO)

The Residential Energy Opt-Out rates included in Schedule R-OO in effect as of January 1, 2021.

RD-TDR Pilot Fixed Cost Recovery

The total Current Year revenues collected from Pilot RD-TDR demand charges for the period for which the RDA is being calculated.

Residential Energy Time-of-Use Trial Rate (Trial RE-TOU)

The Residential Energy Time-of-Use Trial rates included in Trial Schedule RE-TOU in effect as of April 1, 2020 through December 31, 2020.

RE-TOU Trial Fixed Cost Recovery

The total Current Year revenues collected from RE-TOU Trial energy charges for the period for which the RDA is being calculated. The Trial Schedule RE-TOU is in effect as of April 1, 2020 through December 31, 2020.

Residential Energy Time-of-Use (RE-TOU)

The Residential Energy Time-of-Use rates included in Schedule RE-TOU in effect as of January 1, 2021.

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DEFINITIONS – Cont’d

RDA True-up

The over-recovery or under-recovery of RDA amounts from two (2) Years previous. In 2020 and 2021 the RDA True-up value shall be \$0. The RDA True-up consists of the difference between: the revenues the RDA Rate was designed to recover or Lost Fixed Cost Recovery (LFCR) from two (2) Years prior; and the actual revenue dollars collected under the RDA Rate from two (2) Years prior. Two separate RDA True-ups will be calculated for: (1) Schedule R, Pilot Schedule RD-TDR, Schedule RE-TOU, and Schedule R-OO; and (2) Schedule C.

DEMAND-SIDE MANAGEMENT (DSM) DISINCENTIVE OFFSET

The Commission approved disincentive offset amounts for residential and small commercial Customers, if any, to the extent such amounts are approved for recovery after the 2020 demand-side management plan (DSM) year.

REVENUE DECOUPLING ADJUSTMENT RATE CALCULATIONS

Residential Lost Fixed Cost Recovery (R-LFCR)

Lost Fixed Cost Recovery for Residential is calculated as follows:

$$R-LFCR = [(A - B) + (C - D)]$$

Where:

- A = Cap Cost Recovery Base Winter Season/Summer Season Tier 1/Off-Peak
- B = Cap Cost Recovery Current Winter Season/Summer Season Tier 1/Off-Peak
- C = Cap Cost Recovery Base Summer Season Tier 2/On-Peak and Shoulder
- D = Cap Cost Recovery Current Summer Season Tier 2 /On-Peak and Shoulder

RE-TOU Trial Lost Fixed Cost Recovery (RE-TOU-LFCR)

Lost Fixed Cost Recovery for Trial Schedule RE-TOU is calculated as follows:

$$RE-TOU-LFCR = (A \times B) + (C \times D) - E$$

Where:

- A = Total sales Winter Season and Summer Season sales under 500 kWh per Month to RE-TOU Trial Customers
- B = Residential (R) Winter Season & Summer Season Tier 1 Rate
- C = Total Summer Season sales over 500 kWh per Month to RE-TOU Trial Customers
- D = Residential (R) Summer Season Tier 2 Rate
- E = RE-TOU Fixed Cost Recovery

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REVENUE DECOUPLING ADJUSTMENT RATE CALCULATIONS – Cont’d:

RD-TDR Pilot Lost Fixed Cost Recovery (RD-TDR-LFCR):

Lost Fixed Cost Recovery for Pilot Schedule RD-TDR is calculated as follows:

$$RD-TDR-LFCR = (A \times B) + (C \times D) - E$$

Where:

- A = Total sales Winter Season and Summer Season sales under 500 kWh per Month to RD-TDR Pilot Customers
- B = Residential (R) Winter Season & Summer Season Tier 1 Rate
- C = Total Summer Season sales over 500 kWh per Month to RD-TDR Pilot Customers
- D = Residential (R) Summer Season Tier 2 Rate
- E = RD-TDR Pilot Fixed Cost Recovery

Residential Revenue Decoupling Adjustment

The Revenue Decoupling Adjustment for Residential for the Recovery Period is calculated as follows:

$$Residential RDA = (A + B + C - D + E) \div (F * G)$$

Where:

- A = R-LFCR
- B = RE-TOU-LFCR
- C = RD-TDR-LFCR
- D = Residential Share of DSM Disincentive Offset
- E = Schedules R, RE-TOU, R-OO and Pilot RD-TDR RDA True-ups
- F = Forecasted kWh sales for Schedules R, Pilot RD-TDR, Schedule RE-TOU, and Schedule R-OO for the 12 month Recovery Period
- G = RDA Refunds utilize the ratio of Total Schedule R Forecasted kWh Sales divided by Summer Season Tier 1/Summer Season Off-Peak/Summer Season (Schedule R-OO) Forecasted kWh sales; RDA Surcharges utilize the ratio of total Schedule R Forecasted kWh Sales divided by Summer Season Tier 2/Summer Season On-Peak and Shoulder/Summer Season (Schedule R-OO) Forecasted kWh sales

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REVENUE DECOUPLING ADJUSTMENT RATE CALCULATIONS – Cont'd

Pilot Schedule RD-TDR Revenue Decoupling Adjustment

The Revenue Decoupling Adjustment for Pilot Schedule RD-TDR for the Recovery Period is calculated as follows:

$$\text{Pilot Schedule RD-TDR RDA} = (A + B + C - D + E) \div F$$

Where:

A = R-LFCR

B = RE-TOU-LFCR

C = RD-TDR-LFCR

D = Residential Share of DSM Disincentive Offset

E = Schedules R, RE-TOU, R-OO, Pilot RD-TDR RDA True-ups

F = Forecasted kWh sales for Schedules R, Pilot Schedule RD-TDR, Schedule RE-TOU, and Schedule R-OO for the Recovery Period

Small Commercial (C) Lost Fixed Cost Recovery (C-LFCR)

Lost Fixed Cost Recovery for schedule C is calculated as follows:

$$C\text{-LFCR} = [(A - B) + (C - D)]$$

Where:

A = Cap Cost Recovery Base Winter Season

B = Cap Cost Recovery Current Winter Season

C = Cap Cost Recovery Base Summer Season

D = Cap Cost Recovery Current Summer Season

Schedule C Revenue Decoupling Adjustment

The Revenue Decoupling Adjustment for Schedule C for the Recovery Period is calculated as follows:

$$\text{RDA} = (A - B + C) \div D$$

Where:

A = C-LFCR

B = Small Business Share of DSM Disincentive Offset

C = Schedule C RDA True-up

D = Forecasted kWh sales for Schedule C for the Recovery Period

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REVENUE DECOUPLING ADJUSTMENT ANNUAL FILING REQUIREMENT

The Company shall file an advice letter with the Commission by May 1 of each year to adjust the RDA Rates applicable to the R, RE-TOU, R-OO, RD-TDR Pilot, and C Schedules to recover from or credit to Customers the Lost Fixed Cost Recovery as derived under the provisions of this Electric Tariff. The first such filing will be submitted on or before May 1, 2021. The rate adjustment is subject to a symmetrical three percent (3%) Soft Cap of the forecasted base rate revenue over the applicable Recovery Period for the respective 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.

The Company may request Commission approval to recover amounts exceeding the Soft Cap.

TERM OF REVENUE DECOUPLING ADJUSTMENT

The RDA Pilot terminates on December 31, 2023. In the initial implementation period, the RDA will be calculated for the nine (9) Month period beginning April 1, 2020 and ending December 31, 2020. Subsequently, the RDA will be calculated for the calendar Years 2021, 2022, and 2023. The Recovery Periods will annually thereafter be June 1 through May 31, subject to the RDA True-up.

REVENUE DECOUPLING ADJUSTMENTS

<u>Rate Schedule</u>	<u>RDA Rates</u>
R	\$(0.00458)/kWh
RE-TOU	\$(0.00641)/kWh
R-OO	\$(0.00272)/kWh
Pilot RD-TDR	\$(0.00298)/kWh
C	\$0.00273/kWh

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