

DISTRIBUTION LINE EXTENSION POLICY CHANGES

INFORMATION SHEET
COLORADO

FREQUENTLY ASKED QUESTIONS



When do these changes take effect?

Applications will be subject to the new policy if received for design and assessed a notification date by Xcel Energy on or after October 1, 2019.

Why are these changes being made?

Xcel Energy-Colorado's existing extension policies were developed roughly 40 years ago. While some updates were made over time, evolving practices within our industry, coupled with builder and developer market trends in our Colorado service territory, presented a significant opportunity for these improvements. We appreciate the partnership and guidance from our industry partners — notably the Colorado Association of Homebuilders, Colorado BUILDS and the Home Builders Association of Metro Denver — in developing these policy enhancements.

Xcel Energy believes the comprehensive revisions in its newly approved tariff, along with systems and process improvements, will provide our customers more transparency into the progress of their projects and predictability of cost. It's part of Xcel Energy's ongoing commitment to improve the customer experience.

How do these changes differ from Xcel Energy's previous policy?

Under the previous policy, most construction costs were design estimated on a project-by-project basis. Depending on the project, both on-site and off-site project components could be included in a single estimate. In addition to customer service enhancements, the new policy provides a more transparent breakdown of costs among major project components and includes a schedule of standard construction costs for residential natural gas and electric service lots and service laterals.

All customers requesting an off-site extension will now receive an upfront credit of 35% for electric service and 28% for gas service, creating cost certainty and administrative efficiency.

This policy replaces the 10-year open extension period, under which developers would pay the entire amount of an off-site extension up front and receive refunds if future customers connect to that extension over the next 10 years.

What other notable changes will be implemented?

Real estate subdivisions, development of land for sale, electric vehicle charging stations, gas compressor stations and data centers have been re-classified to a "permanent" load status. This means that these projects will be eligible for both an off-site line extension credit and an on-site construction allowance, consistent with changes for other applicants.

What process was undertaken to arrive at these changes?

These policy changes resulted from multiple proceedings and years of work. The Colorado Legislature approved Senate Bill 17-271 which instructed the Colorado Public Utilities Commission to open a non-adjudicatory stakeholder process to examine line extension policies in the state. Xcel Energy worked with other utilities, developers and stakeholders to determine the need for a change in policy. In December 2018, the company initiated formal proceedings to amend its electric and gas tariffs, which will be effective October 1, 2019 and are the impetus of the change discussed in this document and the result of many parties working together to improve critical policies.

How did the company determine standard construction costs for residential on-site and service lateral extensions?

A published standardized cost will be applied to both natural gas and electric service, for single-family or townhome lots with an average service frontage or rear lot line of 60 feet or less. A standardized cost also will be applied to residential service laterals up to 100 feet. These lengths reflect Xcel Energy-Colorado's average cost of construction for standard conditions, apply to most residential construction within our service territory and will be re-evaluated periodically. These changes are intended to provide greater cost transparency and more efficient processing for standard construction. Costs for nonstandard load and construction requirements, as well as commercial facilities, will continue to be estimated on a per-facility or per-project basis.

DISTRIBUTION LINE EXTENSION POLICY CHANGES**COLORADO****What methodology did Xcel Energy use to arrive at the on-site and service lateral construction allowance(s)?**

As directed by the Colorado Public Utilities Commission, Xcel Energy determines construction allowances using an "average embedded cost" formula that reflects an average of distribution system costs, allocated among customer classes. Under this direction, the method provides construction allowances at the same level of current gas and electric system cost, to keep our investment for new load the same as existing load.

What methodology did Xcel Energy use to arrive at the off-site credit?

The company reviewed line extension projects initiated from 2001–2008 and calculated the net present value (NPV) average of refunds issued to customers under the open extension policy. Xcel Energy may, from time to time, evaluate this credit and request permission to make adjustments from the Public Utilities Commission.

What happens if I have an existing line extension agreement, subject to the open 10-year period?

If an extension agreement is executed before October 1, 2019, the extension agreement will be grandfathered under the old tariff, and the 10-year open extension will be valid for the life of the agreement.

What other improvements is Xcel Energy making to its line extension policy?

Along with new personnel, internal resources and processes to serving the growing needs of our region, Xcel Energy-Colorado has proposed new performance metrics to evaluate the effectiveness of these new policies.

Are there any changes to commercial line extensions?

Yes. Commercial facilities, as well as commercial and mixed-use developments, will fall under the new unbundled agreement structure and construction costs for new off-site line or natural gas main extensions will be reduced by an upfront credit. Due to the varying nature of these projects, all on-site construction costs will continue to be estimated on a per-facility or per-project basis.

For commercial projects requiring electric service, a construction allowance will be awarded based on anticipated load when a transformer is set. For commercial projects requiring gas service, Xcel Energy will award a construction allowance based on anticipated load. If the applicant does not its anticipated load, a construction allowance will be based on annual average usage for its customer class.

What are the new costs and credits for standard residential line extensions?***STANDARD RESIDENTIAL ELECTRIC ON-SITE**

	Per Lot Standard Cost	Construction Allowance	Customer Responsibility
Electric	\$2,511 ¹	\$(1,070) ²	\$1,441

¹ Standard Construction Costs and Credits - On-Site Distribution Extension Per Lot Cost

² Electric Residential Construction Allowance - Distribution Portion
Schedules R, RE-TOU.....\$ 1,070
Schedules RD, RD-TDR.....\$ 260/kW

STANDARD RESIDENTIAL ELECTRIC SERVICE LATERAL

Residential Service Lateral up to 100ft.	Service Lateral Standard Cost	Construction Allowance	Customer Responsibility
Electric	\$517 ¹	\$(150) ²	\$367

¹ Standard Construction Costs and Credits - Service Lateral Extension < 100 ft.

² Electric Residential Construction Allowance - Service Lateral Portion

STANDARD RESIDENTIAL GAS ON-SITE

	Per Lot Standard Cost	Construction Allowance	Customer Responsibility
Gas	\$1,663 ¹	\$(266) ²	\$1,397

¹ Standard Construction Costs and Credits - On-Site Distribution Extension Per Lot Cost

² Gas Residential Construction Allowance - Distribution Main Portion

STANDARD RESIDENTIAL GAS SERVICE LATERAL

Residential Service Lateral up to 100 ft.	Service Lateral Standard Cost	Construction Allowance	Customer Responsibility
Gas	\$999 ¹	\$(283) ²	\$716

¹ Standard Construction Costs and Credits - Service Lateral Extension < 100 ft.

² Gas Residential Construction Allowance - Service Lateral Portion

*Tables do not include a summary of total costs or credits that a customer may be responsible for or eligible to receive.

Please refer to the gas and electric tariffs on file at the Public Utilities Commission for a full schedule of costs and credits.

Is it possible that I will have multiple agreements for my project?

Yes. There will now be separate agreements for off-site extensions, on-site extensions and service laterals. This new structure allows for cost standardization and faster processing for residential construction. It enables our customers to better identify the potential costs associated with specific portions of their projects.

DISTRIBUTION LINE EXTENSION POLICY CHANGES**COLORADO****Will municipalities and other government entities have a separate agreement?**

Yes. Due to provisions of Xcel Energy's tariff on file with the Public Utilities Commission, municipalities and other government agencies will be subject to a separate agreement, which may differ from these new policy changes.

Will there be any changes to the application process for a new line extension?

No. These changes will not impact the existing process to apply for service. We encourage all builders, developers or homeowners to visit our online resources before submitting an application.

What if I have questions about a potential development, but don't have a final plat?

Xcel Energy has added policies to encourage early discussion, and identify potential design and construction needs and estimated cost before a customer submits a final plat for design. If your project is in active pre-planning phases, or you have general questions before applying for service, please contact Xcel Energy's Builder Developer Representative team at **BDRCO@xcelenergy.com**.

INFORMATION RESOURCES**Installing and Connecting Service – Overview Design, Construction, Scheduling and Service Installation:**

<https://www.xcelenergy.com/InstallAndConnect>

Planning Your Project:

https://www.xcelenergy.com/start_stop_transfer/installing_and_connecting_service/planning_your_project

(Please note total project duration is typically three to six months.)

Applying for Service:

https://www.xcelenergy.com/start_stop_transfer/installing_and_connecting_service/applying_for_service

(Please note it can take up to three business days to process an application.)

Contact Us:

Builders Call Line

P.O. Box 569

Denver, CO 80201

Phone: 800.628.2121

Hours: 7 a.m. – 5 p.m.

BCLCO@xcelenergy.com

