



## Description and Illustration of Natural Gas Rates

Public Service Company of Colorado (“Public Service”) distributes natural gas to approximately 1.4 million Residential and Commercial customers. All rates used to bill customers for natural gas service are approved by the Colorado Public Utilities Commission (“CPUC”) prior to becoming effective. There are two types of rates: 1) Base Rates and 2) Rate Riders.

Base Rates include the cost of items such as the meter, local distribution pipelines, and long distance transmission pipelines that are used to deliver natural gas to a customer’s premise. Base Rates contain two components that vary by customer class: 1) The fixed monthly Service and Facilities (“S&F”) charge, and 2) The usage charge that varies with the quantity of natural gas consumed and is charged on a per therm basis.<sup>1</sup> The current S&F charge to a residential customer is \$11.15 per month, and the S&F charge to a small commercial customer is currently \$32.08 per month. The usage rate for a residential customer is \$0.8440 per therm and the usage rate to a small commercial customer is \$0.11676 per therm. All base rates are adjusted by the General Rate Schedule Adjustment (“GRSA”), which is a mechanism that changes base rate revenues. The GRSA is a percentage, can be positive or negative, and is updated usually less than once a year via an Order or Settlement from a Rate Case.

Rate Riders are additional rate schedule adjustments that are updated on a quarterly or annual basis to reflect the most current cost data available. Rate Riders are reviewed and authorized by the CPUC before becoming effective. Public Service’s 2018 Rate Riders are:

1. The Demand Side Management Cost Adjustment (“DSMCA”). This Rate Rider is designed to recover the costs of conservation programs administered by Public Service. The DSMCA Rider is charged as a percentage applied to all base rates including the S&F charge and the usage charge.
2. The Pipeline System Integrity Adjustment (“PSIA”). This Rate Rider is designed to recover the cost of critical safety improvements to the natural gas transmission and distribution system. The PSIA Rider is charged on a per therm basis.
3. The Gas Cost Adjustment (“GCA”). This Rate Rider represents the cost of the actual natural gas commodity and is based on the current market price for natural gas. It is adjusted quarterly throughout the year to account for short term changes in the price of natural gas. The GCA Rate Rider is charged on a per therm basis.

A typical residential customer uses an average of about 64 therms a month and a typical small commercial customer about 291 therms a month. The table on the next page illustrates how Base Rates and Rate Riders are applied to a typical residential customer bill and to a typical small commercial bill. All Base Rates and Rate Riders in the table are effective as of April 2018. The latest effective rates are in the Gas Tariff at <https://www.xcelenergy.com/staticfiles/xcel/PDF/Regulatory/CO-Rates-&Regulations-Entire-Natural-Gas-Tariff-Book.pdf>.

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<sup>1</sup> A therm is a unit of measure commonly used for natural gas. It is equivalent to 100,000 British thermal units and approximately equal to 100 cubic feet of natural gas.

<b>RESIDENTIAL</b>				
<b>Item</b>	<b>Rate - Base Rates and Riders</b>	<b>Type of Charge</b>	<b>Charge</b>	<b>Calculation</b>
A	S&F Charge	Base Rate	\$11.15	A
B	GRSA	% of S&F Base Rate	28.41%	B
C	GRSA \$ Applied to S&F Charge		\$3.17	C = A x B
D	DSMCA	Rider - % of S&F Base Rate	4.49%	D
E	DSMCA \$ Applied to S&F Charge		\$0.50	E = A x D
F	S&F Charge incremented by GRSA and DSMCA		\$14.82	F = A + C + E
G	Usage Charge	Base Rate	\$0.08440	G
H	Typical Residential Therm Usage	Average Monthly Therm Usage = 64	64	H
I	Base Usage Rate Times Therms		\$5.40	I = G x H
J	GRSA	% of Usage Base Rate	28.41%	J
K	GRSA \$ Applied to Base Rate Usage Charge		\$1.53	K = I x J
L	DSMCA	Rider - % of Usage Base Rate	4.49%	L
M	DSMCA \$ Applied to Base Rate Usage Charge		\$0.24	M = I x L
N	Base Rate Usage \$ incremented by GRSA and DSMCA		\$7.18	N = I + K + M
O	GCA	Rider - \$ per Therm	\$0.28930	O
P	Typical Residential Therm Usage	Average Monthly Therm Usage = 64	64	P
Q	Total GCA \$		\$18.52	Q = O x P
R	PSIA	Rider - \$ per Therm	\$0.04690	R
S	Typical Residential Therm Usage	Average Monthly Therm Usage = 64	64	S
T	Total PSIA \$		\$3.00	T = R x S
U	<b>Total</b>		<b>\$43.52</b>	<b>U = F + N + Q + T</b>

  

<b>SMALL COMMERCIAL</b>				
<b>Item</b>	<b>Rate - Base Rates and Riders</b>	<b>Type of Charge</b>	<b>Charge</b>	<b>Calculation</b>
A	S&F Charge	Base Rate	\$32.08	A
B	GRSA	% of S&F Base Rate	28.41%	B
C	GRSA \$ Applied to S&F Charge		\$9.11	C = A x B
D	DSMCA	Rider - % of S&F Base Rate	8.02%	D
E	DSMCA \$ Applied to S&F Charge		\$2.57	E = A x D
F	S&F Charge incremented by GRSA and DSMCA		\$43.77	F = A + C + E
G	Usage Charge	Base Rate	\$0.11676	G
H	Typical Small Commercial Therm Usage	Average Monthly Therm Usage = 291	291	H
I	Base Usage Rate Times Therms		\$33.98	I = G x H
J	GRSA	% of Usage Base Rate	28.41%	J
K	GRSA \$ Applied to Base Rate Usage Charge		\$9.65	K = I x J
L	DSMCA	Rider - % of Usage Base Rate	8.02%	L
M	DSMCA \$ Applied to Base Rate Usage Charge		\$2.72	M = I x L
N	Base Rate Usage \$ incremented by GRSA and DSMCA		\$46.36	N = I + K + M
O	GCA	Rider - \$ per Therm	\$0.28930	O
P	Typical Small Commercial Therm Usage	Average Monthly Therm Usage = 291	291	P
Q	Total GCA \$		\$84.19	Q = O x P
R	PSIA	Rider - \$ per Therm	\$0.04690	R
S	Typical Small Commercial Therm Usage	Average Monthly Therm Usage = 291	291	S
T	Total PSIA \$		\$13.65	T = R x S
U	<b>Total</b>		<b>\$187.97</b>	<b>U = F + N + Q + T</b>