

**NOTICE OF PUBLIC SERVICE COMPANY OF COLORADO
1800 LARIMER STREET, DENVER, COLORADO 80202-5533
FOR AN INCREASE IN ITS BASE RATES FOR STEAM SERVICE AND TO
IMPLEMENT OTHER PROPOSED CHANGES TO ITS COLORADO P.U.C. NO. 1 -
STEAM TARIFF**

You are hereby notified that Public Service Company of Colorado (the “Company”) has filed with the Public Utilities Commission of the State of Colorado (the “Commission”), in compliance with the Public Utilities Law, to place into effect in the Company’s Colorado P.U.C. No. 1 – Steam Tariff new base rates for all steam service customers that will replace and supersede the currently effective base rates. Public Service is requesting Commission approval to implement the proposed Steam Heating Rates General and Commercial Service (“Schedule H”) to reflect revised base rates that will generate an increase in steam service base rate revenues, and to make certain other changes to its tariff.

The proposed base rates, if approved, would increase annual base rate revenues by \$7,298,455, based on an overall annual revenue requirement of \$19,415,944. The Company’s revenue requirement was determined using a historical test year consisting of the twelve months ended December 31, 2017 with adjustments, including the incremental revenue requirements associated with the installation of a new water treatment system in 2018 and a new boiler at the Denver Steam Plant, which is expected to go into service on October 1, 2019.

A comparison of the Company’s current and proposed rates is reflected in the table below:

Charge	Current Rate	Rate with Current 31.82% GRSA	Proposed Rate	Increase (\$)	Increase (%)
S&F (Monthly)	\$200.00	\$263.64	\$300.00	\$36.36	13.8%
Demand (per Mlb/Month)	\$40.00	\$52.73	\$85.00	\$32.27	61.2%
Consumption (Per Mlb)	\$6.602	\$8.703	\$14.115	\$5.41	62.2%

The Company’s proposed rates will result in a 39.2 percent increase to an average steam customer's monthly bill, as shown on the table below. Estimated monthly bill impacts will vary by customer, and customers may call the Company at 303-571-7254 for individualized estimated bill impacts.

Average Monthly Bill Impact - Total With No Mitigation

	Quantity	Rates				Monthly Charges		
		Current Rates	GRSA	Proposed Rates	GRSA	Current Rates	Proposed Rates	Change
Service & Facilities	1	\$200.00	31.82%	\$300.00	0.00%	\$278	\$316	\$38 13.8%
Billed Demand	59 Mlbs	\$40.00	31.82%	\$85.00	0.00%	\$3,099	\$4,996	\$1,897 61.2%
Consumption	579 Mlbs	\$6.602	31.82%	\$14.115	0.00%	\$5,038	\$8,171	\$3,133 62.2%
SCA	579 Mlbs	\$7.818		\$7.818		\$4,526	\$4,526	\$0 0.0%
Total Bill						\$12,941	\$18,009	\$5,068 39.2%

*Demand, Consumption, and SCA rates are per Mlb.

**Based on the SCA in effect on January 1, 2019.

To moderate the impact of this base rate revenue increase, the Company is proposing a mitigation plan that, if approved, would reduce the proposed revenue increase by 35 percent for the first year in which the new base rates will be in effect (October 1, 2019 – September 30, 2020), through a negative GRSA of -13.16 percent (“Mitigation GRSA”) as applied to the new base rates. On October 1, 2020, the Mitigation GRSA would terminate and be replaced with a zero percent GRSA, and the approved and implemented base rates would continue in effect on that date without further mitigation. The following tables show the average steam customer monthly bill impact, in the event the Company’s mitigation plan is approved, for each proposed GRSA, based on revenues under existing rates at the time the GRSA becomes effective (for a final 39.2 percent average steam customer monthly bill impact: 25.5% + 13.7% = 39.2%):

Average Monthly Bill Impact - Mitigation GRSA - October 1, 2019 - September 30, 2020

	Quantity	Rates				Monthly Charges		
		Current Rates	GRSA	Proposed Rates	GRSA	Current Rates	Proposed Rates	Change
Service & Facilities	1	\$200.00	31.82%	\$300.00	-13.16%	\$278	\$275	-\$3 -1.2%
Billed Demand	59 Mlbs	\$40.00	31.82%	\$85.00	-13.16%	\$3,099	\$4,338	\$1,239 40.0%
Consumption	579 Mlbs	\$6.602	31.82%	\$14.115	-13.16%	\$5,038	\$7,096	\$2,058 40.8%
SCA	579 Mlbs	\$7.818		\$7.818		\$4,526	\$4,526	\$0 0.0%
Total Bill						\$12,941	\$16,235	\$3,294 25.5%

Average Monthly Bill Impact - Reset GRSA to Zero Percent - Effective October 1, 2020

	Quantity	Rates				Monthly Charges		
		Current Rates	GRSA	Proposed Rates	GRSA	Current Rates	Proposed Rates	Change
Service & Facilities	1	\$300.00	-13.16%	\$300.00	0.00%	\$275	\$316	\$42 15.0%
Billed Demand	59 Mlbs	\$85.00	-13.16%	\$85.00	0.00%	\$4,338	\$4,996	\$657 21.2%
Consumption	579 Mlbs	\$14.115	-13.16%	\$14.115	0.00%	\$7,096	\$8,171	\$1,075 21.3%
SCA	579 Mlbs	\$7.818		\$7.818		\$4,526	\$4,526	\$0 0.0%
Total Bill						\$16,235	\$18,009	\$1,774 13.7%

*Demand, Consumption, and SCA rates are per Mlb.

**Based on the SCA in effect on January 1, 2019.

In addition to the revised base rates, the other proposed tariff changes include: (i) updates to the Schedule of Charges for Rendering Service (which do not affect the estimated bill impacts because the charges are assessed to the individual customers who receive the service); (ii)

elimination of Tariff Sheet No. 3, the “Rate Schedule Summation” sheet; (iii) changes to how the demand ratchet is calculated in circumstances where there is customer-caused steam loss; and (iv) addition of a provision for billing error and heat exchanger leak adjustments. In addition, the Company is proposing other miscellaneous clarifying and housekeeping tariff changes.

Consistent with Commission Rules and Colorado statutes, the effective date for the changed tariffs accompanying this advice letter is February 25, 2019. However, the Company requests that the tariffs be suspended by the Commission for the statutory 210 days and that the Commission set a hearing on the proposed rates and tariff changes. The Company proposes an effective date of October 1, 2019 following the statutory suspension period.

The rates, rules and regulations ultimately authorized may or may not be the same as those proposed and may include rates higher or lower than those proposed or currently in effect.

In accordance with Rule 1210(a) of the Commission’s Rules of Practice and Procedure, copies of the proposed and present tariffs summarized above and as filed with the Commission, are available for examination and explanation at the Company’s main office, 1800 Larimer Street, Suite 1400, Denver, Colorado 80202; or at the Commission’s office, 1560 Broadway, Suite 250, Denver, Colorado, 80202. Customers who have questions may call the Commission at 303-894-2000, call Xcel Energy at 303-571-7254, fax to Xcel Energy at 303-260-7295, or e-mail to stephen.p.kutska@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 February 25, 2019, 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 base rate revenue increase proposed by Public Service. 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 External Affairs section of the Commission at 303-894-2070 or 1-800-456-0858. Notices of proposed hearings will be available on the Commission website under “News Releases” or through the Commission’s e-filing system.

By: Michelle Moorman Applegate
Director, Regulatory Administration