



RE: New Gas and Electric Tariff Extension Policy changes

Dear Customer:

We have streamlined our processes and made improvements related to the Extension Policy in our Gas and Electric Tariffs. We believe that these changes, which took effect on February 15, 2014, will enhance your transaction experience with Xcel Energy and that they will improve the process for you and for us.

In summary, the changes improve the extension administration process, allow for upfront awards of Construction Allowance thus reducing overall transaction costs and minimize the need for you to continually track extensions whenever possible. They also improve the billing and tracking of service laterals process.

The changes are as follows:

- The Gas and Electric Distribution Facilities Extension Agreements are replaced.
- Two new documents replace the Extension Agreement. These are the Construction Agreement and the *new* Extension Agreement.
  - The Construction Agreement – Applicant and the Company will enter into a Construction Agreement if a refund is *not* possible for the project in which an extension is requested. When the Construction Agreement is executed, the award of Construction Allowance may be net of the Construction Payment in instances where:
    - 1) The Company determines that a permanent service meter will be set within one year or;
    - 2) For land development upon receipt of a final plat of the development or subdivision approved by the governmental entity having jurisdiction.

*Benefits for you include the award of Construction Allowance at the time that the Construction Payment is due, which lowers your upfront financial costs as well as the administrative costs expended to track your extensions into the future. Note that no future refunds or awardable Construction Allowance will be provided to Applicants using Construction Agreements.*

- The Extension Agreement – Applicant and the Company will enter into an Extension Agreement if a refund *is* possible for the project in which an

extension is requested. In this case, Construction Allowance is applicable when a permanent service meter is set and refunds may be applied during the ten-year Open Extension Period.

- The Extension will remain open for ten (10) years and will be reviewed once a year at a time determined by the Company. When reviewed, the customer may receive any awardable Construction Allowance for permanent meters set over the previous year. Refunds may also be given to participants in the extension if new participants have connected to the extension. In cases where all of the refunds have been awarded and/or it is no longer possible for any additional Applicants to connect to the extension, we will close the open extension period prior to the 10 year expiration.
  - Instances in which an Extension Agreement might be executed include extensions where there are many unknowns such as the number of structures and participants and/or when construction will last longer than a year for a single structure (a meter will not be set within the year), for example.
- Payment for service laterals will be required in advance from the entity requesting the service lateral. To facilitate the timely estimation of service lateral costs, a service lateral matrix has been created that covers most residential services. Construction Allowance will be awarded upfront and any difference between the cost of the service lateral and the Construction Allowance is due upfront and is non-refundable. This matrix will apply to Residential services which meet the following conditions:
    - Electric service under two hundred feet (200') in length, 320A or less meter housing, 4/0 wire or smaller conductor.
    - Gas service under one hundred feet (100') in length, 1 ¼" and under pipe.
    - All other services will require a detailed design and estimate.

The above changes are those that we believe will have the greatest impact on you and your business; however the Company has also made additional changes to its Gas and Electric Tariffs, which are summarized below. Our changed tariffs can be found on our website([http://www.xcelenergy.com/About Us/Rates & Regulations/Rates, Rights & Service Rules/CO\\_Regulatory\\_Rates\\_and\\_Tariffs](http://www.xcelenergy.com/About Us/Rates & Regulations/Rates, Rights & Service Rules/CO_Regulatory_Rates_and_Tariffs)) or on file with the Colorado Public Utilities Commission. Additional assistance can be accessed by contacting your service representative or the Builder's Call Line 1-800-628-2121.

Additional Tariff changes include but are not limited to:

- The Construction Allowance amounts in the Electric Tariff are separated into Service Lateral and Distribution Line components, similarly to the Gas tariff.
- New provisions that apply to uneconomic Distribution Main Extensions.

- New tariff provisions that provide Construction Allowance to Natural Gas Fueling Stations.
- New provisions to provide a defined period of time of sixty days for the Company to provide an Applicant with a Construction Cost estimate.
- Revision of the Reinforcement section.
- New provisions for extensions for Network Service and High Density Loads.
- New provisions defining the amount of Construction Allowance available for Applicants requesting service under the standby service rate schedules.
- Clarification of provisions regarding relocation of Company distribution facilities.

In addition, the Company has revised the Rules and Regulations Index, the Definitions, the Table of Contents and various tariffs sheets to update the name change references to the Electric Extension Policy.

Xcel Energy has made these changes to make it easier for you to do business with us. We strive to maintain high standards in facilitating the construction of new extensions so that our construction is of the highest quality ensuring safe and reliable service for years to come. All of us at Xcel Energy look forward to working with you and providing your energy needs.

If you have any questions, or need additional information, please contact our Service Policy Analyst at the contact information below.

Sincerely,

Pat Moran  
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Service Policy Analyst  
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