



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

December 1, 2006

Advice No. 690 - Gas

Public Utilities Commission
of the State of Colorado
1580 Logan Street, OL-2
Denver, Colorado 80203

The accompanying tariff sheets issued by Public Service Company of Colorado are sent to you for filing in accordance with the requirements of the Public Utilities Law:

COLORADO P.U.C. NO. 6 - GAS

and the following sheets are attached:

<u>Colorado P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels</u> <u>Colorado P.U.C. Sheet No.</u>
Thirteenth Revised 3	Table of Contents	Sub. Twelfth Revised 3
Forty-ninth Revised 10A	Rule 4406(b) Rate Components	Forty-eighth Revised 10A
Sixty-third Revised 11	Rate Schedule Summation Sheet	Sixty-second Revised 11
Forty-third Revised 11A	Rate Schedule Summation Sheet	Forty-second Revised 11A
Forty-fourth Revised 11B	Rate Schedule Summation Sheet	Forty-third Revised 11B
Third Revised 12	Schedule of Charges for Rendering Service	Second Revised 12
Second Revised 12A	Schedule of Charges for Rendering Service	Sub. First Revised 12A

Public Utilities Commission
of the State of Colorado

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<u>Colorado P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancels</u> <u>Colorado P.U.C. Sheet No.</u>
Sixth Revised 14	Residential Gas Service	Sub. Fifth Revised 14
Fifth Revised 48	General Rate Schedule Adjustment	Sub. Fourth Revised 48
Original 51	Partial Decoupling Rate Adjustment	---
Original 51A	Partial Decoupling Rate Adjustment	---
Original 51B	Partial Decoupling Rate Adjustment	---

The principal proposed change is: to implement a General Rate Schedule Adjustment ("GRSA") rider to increase the base gas rates for service under the gas rate schedules and to implement a Partial Decoupling Rate Adjustment ("PDRA") clause applicable to service under Schedule RG in the Company's Colorado P.U.C. No. 6 - Gas tariff, to become effective January 1, 2007. The proposed GRSA rider of 13.88 percent will apply to the base service rates for gas sales and transportation service under the Company's Residential General Service (Schedule RG), Residential Gas Outdoor Lighting (Schedule RGL), Commercial Gas Service (Schedule CG), Commercial Gas Outdoor Lighting (Schedule CGL), Interruptible Industrial Gas Service (Schedule IG), Firm Gas Transportation Service (Schedule TF), and Interruptible Gas Transportation Service (Schedule TI).

Through the GRSA rider, Public Service is proposing to increase its gas utility base rate revenues by \$41,540,530 million, or 13.88 percent, on an annual basis. The Company's proposed base rates, as adjusted, are intended to recover the annual distribution costs to serve gas customers, based upon revenue requirements of \$346,567,516, as developed based on a test year of the twelve months ending June 30, 2006. The base rates do not include the costs of the gas commodity, upstream gathering, storage and pipeline costs, which the Company recovers from customers through the Gas Cost Adjustment. The proposed increase is 2.96 percent over total jurisdictional gas service revenues, including gas costs, of \$1,404,957,134.

Along with this proposed GRSA, the Company is proposing to implement a PDRA rider to reflect the annual non-weather related effect of the change in average actual use per customer from the average use per customer used in the Company's last rate case. The PDRA is a per therm rate applicable to all natural gas service for customers receiving service under Schedule RG. The PDRA is proposed as a three-year pilot with the first PDRA applied to bills for service beginning July 1, 2008 and terminating June 30, 2011.

The Public Utilities Commission
of the State of Colorado

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Finally, the Company is proposing revisions to some of its Charges for Rendering Service in order to update these charges to current cost levels.

Contemporaneously filed with this advice letter are supporting testimony and exhibits, which both explain and justify the Company's proposals to revise its base rates.

The effect of this filing on the Company's annual base rate gas revenues is an increase of \$41,540,530, based on the twelve months ended June 30, 2006. The proposed filing would allow the Company an opportunity to earn an 11.00 percent return on equity and a 9.16 percent overall return on rate base.

Customers of the Company will be affected as shown below. The current average monthly bills in the table below include the currently effective base rates, a positive 1.22 percent Demand Side Management Cost Adjustment (DSMCA) and the December 1, 2006 Gas Cost Adjustment (GCA). The proposed average monthly bills include the same DSMCA and GCA for comparative purposes:

Rate Class	Average Monthly Usage	Current Average Monthly Bill	Proposed Average Monthly Bill	Monthly Change	Percent Rate Impact
RG	65.0 therms	\$ 62.96	\$ 65.06	\$ 2.10	3.34
CG	329.9 therms	293.82	300.96	7.14	2.43
IG	1,476.4 Dth	11,301.68	11,413.82	112.14	0.99
TF	722.7 Dth	546.73	621.69	74.96	13.71
TI	8,827.3 Dth	3,691.56	4,197.73	506.17	13.71

Customers of the Company receiving gas service as of the date of this filing will be notified of this filing by individual notice provided by first class mail, and by general notice published in the legal classified section of The Denver Post, a newspaper of general circulation in Public Service's gas service territory. A copy of the official notice is attached hereto as Appendix A.

Public Utilities Commission
of the State of Colorado

Advice No. 690 - Gas

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It is desired that the proposed tariffs accompanying this Advice Letter become effective on January 1, 2007

Please send copies of all notices, pleadings, correspondence, and other documents regarding this filing to:

Ronald N. Darnell
Director, Pricing and Planning
Xcel Energy Services Inc.
1225 17th Street, Suite 1000
Denver Colorado 80202-5533

and

James D. Albright
Assistant General Counsel
Xcel Energy Services Inc.
1225 17th Street, Suite 900
Denver Colorado 80202-5533



Manager

TLN:kdw

Enclosures

PUBLIC SERVICE COMPANY OF COLORADO

Thirteenth Revised

Sheet No. 3

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

Sub. Twelfth Revised

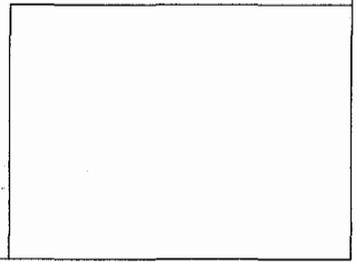
Cancels
Sheet No. 3

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N

Original Signed by
Fredric C. Stoffel



ADVICE LETTER
NUMBER 690

ISSUE
DATE December 1, 2006

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NUMBER

VICE PRESIDENT,
Policy Development

EFFECTIVE
DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Forty-ninth Revised Sheet No. 10A

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

Forty-eighth Revised Cancels Sheet No. 10A

NATURAL GAS RATES
RULE 4406(b) RATE COMPONENTS

<u>Rate Schedule</u>	<u>Sheet No.</u>	<u>Type of Charge</u>	<u>Billing Units</u>	<u>Rate/Charge</u>	
RG	14	Service & Facility Charge:	--	\$11.51	I
		Usage Charge:	Therm	\$ 0.09119	I
		Partial Decoupling Rate Adjustment	Therm	\$ 0.00000	N
		Commodity Charge:			
		Natural Gas cost	Therm	\$ 0.67200	
		Interstate Pipeline Cost	Therm	\$ 0.06080	
		Total Usage & Commodity Charge:		\$ 0.82399	I
CG	16	Service & Facility Charge:	--	\$23.02	I
		Usage Charge:	Therm	\$ 0.10969	I
		Commodity Charge:			
		Natural Gas cost	Therm	\$ 0.67200	
		Interstate Pipeline Cost	Therm	\$ 0.06080	
		Total Usage & Commodity Charge:		\$ 0.84249	I
IG	18	Service & Facility Charge	--	\$80.57	I
		On-Peak Demand Cost:			
		Distribution System	DTH	\$ 5.36	I
		Natural Gas cost	DTH	\$ 0.06	
		Interstate Pipeline Cost	DTH	\$ 1.68	
		Total		\$ 7.10	I
		Usage Charge:	DTH	\$ 0.57527	I
		Commodity Charge:			
		Natural Gas cost	DTH	\$ 6.71300	
		Interstate Pipeline Cost	DTH	\$ 0.38800	
		Total Usage & Commodity Charge:		\$ 7.67627	I
		Unauthorized Overrun Cost:			
		For Each Occurrence:			
		Distribution System	DTH	\$28.78	I

Note: The above rates and charges are for informational bill presentation purposes only in accordance with Commission Rule 4406(b) and include the base rates and charges plus all applicable gas rate adjustments. For billing purposes however, reference should be made to the appropriate rate schedules set forth herein.

Original Signed by
Fredric C. Stoffel

ADVICE LETTER NUMBER 690

ISSUE DATE December 1, 2006

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VICE PRESIDENT,
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EFFECTIVE DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Sixty-third Revised Sheet No. 11

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

Sixty-second Revised Cancels Sheet No. 11

NATURAL GAS RATES
 RATE SCHEDULE SUMMATION SHEET

Rate Sch.	Sheet No.	Type of Charge	Billing Units	Base Rate	Adj. (1)	GCA	
RG	14	Service & Facility		\$10.00	15.10 %	\$ --	I
		Usage	Therm	0.07923	15.10 %	--	I
		Commodity (3)	Therm	--	--	0.73280	
RGL	15	One or Two Mantles per month		7.16	15.10 %	--	I
		Additional Mantle		3.58	15.10 %	--	I
		Commodity	Therm	--	--	0.71010	
CG	16	Service & Facility		20.00	15.10 %	--	I
		Usage	Therm	0.09530	15.10 %	--	I
		Commodity	Therm	--	--	0.73280	
CGL	17	One or Two Mantles per month		7.16	15.10 %	--	I
		Additional Mantle		3.58	15.10 %	--	I
		Commodity	Therm	--	--	0.71010	
IG	18	Service & Facility		70.00	15.10 %	--	I
		Usage	DTH	0.49980	15.10 %	--	I
		On-Peak Demand	DTH	4.66	15.10 %	1.74000	I
		Commodity	DTH	--	--	7.10100	
		Unauthorized Overrun	DTH	25.00	15.10 %	--	I

(1) The Rate Adjustment is the sum of the Demand Side Management Cost Adjustment (DSMCA), the Quality of Service Plan, and any applicable General Rate Schedule Adjustments (GRSA).

(3) This amount is equal to the Gas Cost Adjustment (GCA) plus the Partial Decoupling Rate Adjustment (PDRA). N
N

Original Signed by
Fredric C. Stoffel

ADVICE LETTER NUMBER 690

ISSUE DATE December 1, 2006

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VICE PRESIDENT,
 Policy Development

EFFECTIVE DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Forty-third Revised Sheet No. 11A

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

Forty-second Revised Cancels Sheet No. 11A

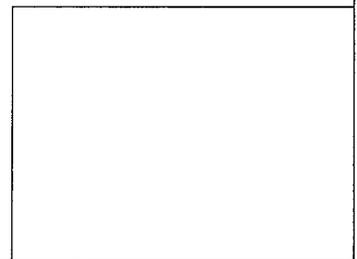
NATURAL GAS RATES
 RATE SCHEDULE SUMMATION SHEET

Rate Schedule	Sheet No.	Type of Charge	Billing Units	Base Rate	Adjustments (Percent) (1)	Gas Cost Adjustment	
TF	30	Service and Facility Charge:		\$70.00	15.10%	\$ --	I
		Firm Capacity Reservation Charge:		--			
		Standard	DTH	4.660	15.10%	--	I
		Minimum	DTH	0.680	15.10%	--	I
		Transportation Charge:					
		Standard	DTH	0.2284	15.10%	0.0450	I
		Minimum	DTH	0.010	15.10%	0.0450	I
		Authorized Overrun	DTH	0.2284	15.10%	0.0450	I
		Unauthorized Overrun					
		Transportation:					
		Standard	DTH	25.00	15.10%	0.0450	I
		Minimum	DTH	0.2284	15.10%	0.0450	I
		Firm Supply Reservation	DTH	0.000	15.10%	1.7400	I
		Backup Supply	DTH	0.2284	15.10%	(2)	I
		Authorized Overrun	DTH	0.2284	15.10%	(2)	I
		Unauthorized Overrun					
		Sales:					
		Standard	DTH	25.00	15.10%	--	I
		Minimum	DTH	0.2284	15.10%	--	I

(1) The Rate Adjustment is the sum of the Demand Side Management Cost Adjustment (DSMCA), the Quality of Service Plan, and any applicable General Rate Schedule Adjustments (GRSA).

(2) The Gas Cost Adjustment applicable to this rate is subject to monthly revision as provided for on Sheet No. 50H.

(Continued on Sheet No. 11B)



ADVICE LETTER NUMBER 690
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Original Signed by
Fredric C. Stoffel
 VICE PRESIDENT,
 Policy Development

ISSUE DATE December 1, 2006
 EFFECTIVE DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Forty-fourth Revised Sheet No. 11B

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

Forty-third Revised Cancels Sheet No. 11B

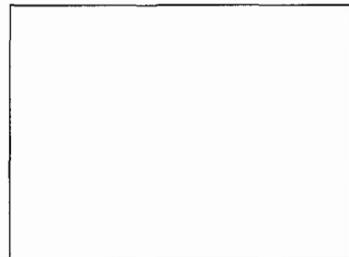
NATURAL GAS RATES
 RATE SCHEDULE SUMMATION SHEET

Rate Schedule	Sheet No.	Type of Charge	Billing Units	Base Rate	Adjustments (Percent) (1)	Gas Cost Adjustment	
TI	31	Service and Facility Charge:		\$140.00	15.10%	\$ --	I
		Transportation Charge:					
		Standard	DTH	0.3971	15.10%	0.0450	I
		Minimum	DTH	0.010	15.10%	0.0450	I
		Authorized Overrun					
		Transportation	DTH	0.3971	15.10%	0.0450	I
		Unauthorized Overrun					
		Transportation:					
		Standard	DTH	25.00	15.10%	0.0450	I
		Minimum	DTH	0.3971	15.10%	0.0450	I
		On-Peak Demand	DTH	4.66	15.10%	1.7400	I
		Backup Supply	DTH	0.2284	15.10%	(2)	I
		Unauthorized Overrun					
		Sales:					
		Standard	DTH	25.00	15.10%	--	I
		Minimum	DTH	0.2284	15.10%	--	I

(1) The Rate Adjustment is the sum of the Demand Side Management Cost Adjustment (DSMCA), the Quality of Service Plan, and any applicable General Rate Schedule Adjustments (GRSA).

(2) The Gas Cost Adjustment applicable to this rate is subject to Monthly revision as provided for on Sheet No. 50H.

(Continued on Sheet No. 11C)



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Fredric C. Stoffel

ADVICE LETTER NUMBER 690

ISSUE DATE December 1, 2006

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VICE PRESIDENT,
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EFFECTIVE DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Third Revised Sheet No. 12

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

Second Revised Cancels
Sheet No. 12

GAS RATES	RATE
GAS SERVICE	
SCHEDULE OF CHARGES FOR RENDERING SERVICE	
To institute or reinstitute gas service requiring a premise visit	\$ 42.00
To institute or reinstitute both gas and electric service at the same time requiring a premise visit	67.00
To transfer service at a specific location from one customer to another customer where such service is continuous, either gas service or both gas and electric service at the same time not requiring a premise visit	8.00
To provide a non-regularly scheduled final meter Reading at customers request	15.00
To perform non-gratuitous labor for service work in addition to charges for material is as follows:	
Trip Charge	30.00
(Assessed when no actual service work, other than a general diagnosis of the customer's problem is performed.)	
For service work during normal working hours, per man-hour	56.00
Minimum Charge, one hour	56.00
An overtime rate will be applicable to non-gratuitous labor for service work performed before and after normal working hours of 8:00 AM to 5:00 PM Monday through Saturday.	
The overtime rate shall be, per man hour	68.00
Minimum Charge, one hour	68.00
When such service work is performed on Sundays and holidays, per man hour	80.00
Minimum Charge, one hour	80.00

(Continued on Sheet 12A)

Signed by
Fredric C. Stoffel

ADVICE LETTER NUMBER 690

ISSUE DATE December 1, 2006

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VICE PRESIDENT,
Policy Development

EFFECTIVE DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Second Revised Sheet No. 12A

Sub. First Revised Sheet No. 12A

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

GAS RATES	RATE
GAS SERVICE	
SCHEDULE OF CHARGES FOR RENDERING SERVICE	
<p>To process a check from a customer that is returned to the Company by the bank as not payable.</p>	\$ 15.00
<p>To achieve payment from a customer who opts to pay his/her monthly natural gas bill with a credit or debit card, a per transaction convenience fee of \$4.85 shall be charged for any credit or debit card payment up to \$500, and an additional \$4.85 shall be assessed for each \$500 increment above the initial \$500 payment.</p>	
<p>For a customer with a combined gas and electric bill, the per transaction convenience fee shall be based on the total combined charges for gas and electric service and will be assessed only once if a customer pays his/her combined gas and electric monthly bill as a single credit/debit card transaction.</p>	

Original Signed by
Fredric C. Stoffel

ADVICE LETTER NUMBER 690

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EFFECTIVE DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Sixth Revised

Sheet No. 14

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

Sub. Fifth Revised

Cancels
Sheet No. 14

NATURAL GAS RATES	RATE
RESIDENTIAL GAS SERVICE	
SCHEDULE RG	
<u>APPLICABILITY</u>	
Applicable within the entire territory served by Public Service Company of Colorado as described on Sheet Nos. 4-9 to Residential service. Not applicable to resale service.	
<u>MONTHLY RATE</u>	
Service and Facility Charge, per customer.....	\$10.00
Usage Charge, all gas used per Therm.....	\$ 0.07923
<u>MONTHLY MINIMUM</u>	\$10.00
<u>GAS RATE ADJUSTMENT</u>	
This rate schedule is subject to the Gas Rate Adjustments commencing on Sheet No. 40 and the Partial Decoupling Rate Adjustment on Sheet No. 51.	
<u>GAS COST ADJUSTMENT</u>	
This rate schedule is subject to the Gas Cost Adjustment commencing on Sheet No. 50.	
<u>PAYMENT</u>	
Bills for gas service are due and payable within fifteen (15) days from date of bill. Residential customers have the option of selecting a modified due date ("Custom Due Date") for paying their bill. The due date can be extended up to a maximum of fourteen (14) business days from the scheduled due date. Customers selecting a Custom Due Date will remain on the selected due date for a period not less than twelve (12) consecutive months.	
<u>CONTRACT PERIOD</u>	
All contracts under this schedule shall be for a minimum period of twelve (12) consecutive months and thereafter until terminated, where service is no longer required, on three days' notice.	
<u>RULES AND REGULATIONS</u>	
Service supplied under this schedule is subject to the terms and conditions set forth in the Company's Rules and Regulations on file with The Public Utilities Commission of the State of Colorado.	
Original Signed by Fredric C. Stoffel	

C
C

ADVICE LETTER
NUMBER 690

ISSUE DATE
December 1, 2006

DECISION
NUMBER

VICE PRESIDENT,
Policy Development

EFFECTIVE
DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Fifth Revised Sheet No. 48

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

Sub. Fourth Revised Cancels
Sheet No. 48

NATURAL GAS RATES
GENERAL RATE SCHEDULE ADJUSTMENT

N

The charge for gas service calculated under Company's gas base rate schedules shall be increased 13.88%. Said increase shall not apply to charges determined by the Gas Cost Adjustment provision on Sheet No. 50.

**Original Signed by
Fredric C. Stoffel**

ADVICE LETTER
NUMBER 690

ISSUE
DATE December 1, 2006

DECISION
NUMBER _____

VICE PRESIDENT,
Policy Development

EFFECTIVE
DATE January 1, 2007

PUBLIC SERVICE COMPANY OF COLORADO

Original _____ Sheet No. 51

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

Cancels _____
Sheet No. _____

NATURAL GAS RATES
PARTIAL DECOUPLING RATE ADJUSTMENT

N

APPLICABILITY

This Adjustment is applicable as a pilot program for an initial term of three years and will expire on June 30, 2011. All natural gas service under rate Schedule RG is subject to a Partial Decoupling Rate Adjustment (PDRA) to reflect the annual non-weather related effect of the change in average actual use per customer from the average use per customer used in the Company's last rate case. The Partial Decoupling Rate Factor ("PDRA Factor") is applicable to all natural gas service under Schedule RG as set forth on Sheet No. 51B and will be applied to all Therms billed to residential customers' bills for service rendered from July 1 through June 30 each year, commencing July 1, 2008.

PARTIAL DECOUPLING RATE ADJUSTMENT ANNUAL FILING

The Company shall file with the Colorado Public Utilities Commission on June 1 of each year beginning June 1, 2008 through June 1, 2010, an advice letter with tariff sheets to revise the PDRA Factor on Sheet No. 51B to be effective on the following July 1, along with supporting information used to calculate this rate adjustment as defined herein. The PDRA Factor will be applied to all Therms billed under Schedule RG for service commencing on such July 1 effective date and ending June 30 of the following year.

DEFINITIONS

For the purposes of calculating the PDRA Factor, the following definitions apply:

"Annual Distribution Margin Differential" is the difference between the sum of the 12 monthly Actual Average Use quantities and the 12 monthly Average Test Year Use quantities for the twelve-month period beginning July 1 of each year and ending June 30 of the following year, multiplied by the effective Schedule RG Usage Charge and the PCC.

"Actual Average Use" is the weather-normalized actual sales for all Therms billed for service rendered under Schedule RG during a calendar month divided by the actual number of Schedule RG customers during the same month. The weather-normalized actual sales for Schedule RG will be calculated using the same approach to weather normalization adopted or used in the Company's last general rate case.

(Continued on Sheet 51A)

Original Signed by
Fredric C. Stoffel

ADVICE LETTER
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PUBLIC SERVICE COMPANY OF COLORADO

Original

Sheet No. 51A

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

Cancels
Sheet No.

NATURAL GAS RATES
PARTIAL DECOUPLING RATE ADJUSTMENT

N

DEFINITIONS - Cont'd

"Average Test Year Use" is the use in Therms per customer for a month approved or used to derive the Schedule RG Usage Charge in the Company's last general rate case.

"Projected Customer Count" is the projected number of customers under Schedule RG for the annual period beginning July 1 and ending June 30 of the following year.

"Projected Therm Sales" is the projected number of Therms to be billed to customers under Schedule RG for the annual period beginning July 1 and ending June 30 of the following year.

"Total Deferred Balance" is the sum of (a) the average monthly deferred balance reflecting the sum of the differences between the Actual Average Use and the Average Test Year Use for each month of the twelve-month period ending April 30 of each year, and (b) the sum of the product of the 12 monthly deferred balances (whether the balance is positive or negative) multiplied by the applicable interest rate for each month. The interest rate is the average of the rate for Dealer Commercial Paper (90-day rate) as published in the Wall Street Journal under "Money Rates" on each business day of the month in which the deferred balance is accrued.

PARTIAL DECOUPLING RATE ADJUSTMENT CALCULATION

The PDRA Factor shall be calculated using the following formula:

$$PDRA \text{ Factor} = (A + B) / C$$

Where:

- A is Annual Distribution Margin Differential
- B is Total Deferred Balance
- C is Projected Therm Sales

(Continued on Sheet 51B)

**Original Signed by
Fredric C. Stoffel**

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NUMBER 690

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VICE PRESIDENT,
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PUBLIC SERVICE COMPANY OF COLORADO

Original

Sheet No. 51B

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

Cancels

Sheet No.

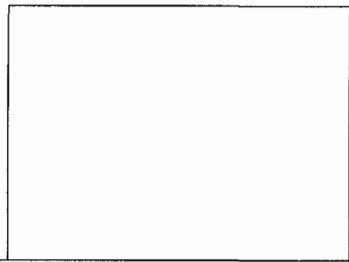
NATURAL GAS RATES
PARTIAL DECOUPLING RATE ADJUSTMENT FACTORS

N

PDRA FACTORS FOR 2007

PDRA Factors for Billing Purposes:

Residential, applicable to all Therms billed
under Rate Schedule RG for Residential Service \$0.00000/Therm



Signed by
Francis C. Stoffel

ADVICE LETTER
NUMBER 690

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VICE PRESIDENT,
Policy Development

EFFECTIVE
DATE January 1, 2007

**NOTICE OF INCREASE IN THE GAS RATES OF
PUBLIC SERVICE COMPANY OF COLORADO
1225 17TH STREET, DENVER, COLORADO 80202**

Appendix A

December 1, 2006

You are hereby notified that Public Service Company of Colorado has filed with the Public Utilities Commission of the State of Colorado to increase rates above its existing rates for natural gas service in its Colorado P.U.C. No. 6 – Gas tariff effective January 1, 2007, unless suspended by the Public Utilities Commission.

The principal proposed change is: to implement a General Rate Schedule Adjustment (“GRSA”) rider to increase the base gas rates for service under the gas rate schedules in the Company’s Colorado P.U.C. No. 6 – Gas tariff to become effective January 1, 2007. The GRSA will be a positive 13.88 percent. The proposed revisions will apply to gas sales and transportation service under the Company’s Residential General Service (Schedule RG), Residential Gas Outdoor Lighting (Schedule RGL), Commercial Gas Service (Schedule CG), Commercial Gas Outdoor Lighting (Schedule CGL), Interruptible Industrial Gas Service (Schedule IG), Firm Gas Transportation Service (Schedule TF), and Interruptible Gas Transportation Service (Schedule TI).

Public Service is proposing to increase its gas utility base rate revenues by \$41,540,530, or 13.88 percent, on an annual basis. The Company’s proposed base rates are intended to recover the annual distribution costs to serve gas customers, based upon revenue requirements of \$346,567,516 as developed based on a test year of the twelve months ending June 30, 2006. The base rates do not include the costs of the gas commodity, upstream gathering, storage and pipeline costs, which the Company recovers from customers through the Gas Cost Adjustment. The proposed increase is 2.96 percent over total jurisdictional gas service revenues, including gas costs, of \$1,404,957,134.

Along with this proposed rate increase, the Company has proposed to implement a Partial Decoupling Rate Adjustment (“PDRA”) rider to recover costs incurred with non-weather related declining customer use. The PDRA is a per therm rate applicable to all natural gas service for customers receiving service under Schedule RG. The PDRA is proposed as a three-year pilot with the first PDRA applied to bills beginning July 1, 2008 and ending June 30, 2011. The Company estimates that the typical monthly gas bill will increase about 18 cents. Impacts on customers’ bills will depend upon monthly use.

Finally, the Company is proposing revisions to some of its Charges for Rendering Service in order to update these charges to current cost levels.

The effect of this filing on the Company’s annual base rate gas revenues is an increase of \$41,540,530 based on the twelve months ended June 30, 2006. The proposed filing would allow the Company an opportunity to earn an 11.00 percent return on equity and a 9.16 percent overall return on rate base.

Appendix A

Customers of the Company will be affected as shown below. The current average monthly bills include the currently effective base rates, a positive 1.22 percent Demand Side Management Cost Adjustment (DSMCA) and the December 1, 2006 Gas Cost Adjustment (GCA) amounts. The proposed average monthly bills include the same DSMCA and GCA for comparative purposes:

TOTAL PROPOSED MONTHLY RATE IMPACTS ON CUSTOMERS:

Bill Components	RESIDENTIAL 65.0 Therms		COMMERCIAL 329.9 Therms	
	Current Monthly Bill	Proposed Monthly Bill	Current Monthly Bill	Proposed Monthly Bill
Service and Facility Charge	\$10.00	\$10.00	\$20.00	\$20.00
Usage Charge	5.15	5.15	31.44	31.44
Subtotal Base Rates	\$15.15	\$15.15	\$51.44	\$51.44
DSMCA	.18	.18	.63	.63
GCA	47.63	47.63	241.75	241.75
GRSA	--	2.10	--	7.14
PDRA	--	--	--	--
Total Bill	\$62.96	\$65.06	\$293.82	\$300.96
Percent Change		3.34%		2.43%

PROPOSED CHARGES FOR RENDERING SERVICE (MISCELLANEOUS CHARGES):

Schedule of Charges for Rendering Service Description	Current Rate	Proposed Rate
Trip Charge	\$29.00	\$30.00
Per man hour rate – normal working hours	53.00	56.00
Per man hour rate – overtime working hours	67.00	68.00
Per man hour rate – Sunday/Holiday hours	81.00	80.00

The proposed and present tariffs are available for examination and explanation at the business office of Public Service Company located at 1225 17th Street, Suite 1000, Denver, Colorado 80202 and at the Public Utilities Commission of the State of Colorado, located at 1580 Logan Street, Office Level No. 2, Denver, Colorado 80203.

Anyone who desires may file written objection. The filing of a written objection by itself will not allow you to participate as a party in any proceeding on the proposed rate changes.

If you wish to participate as a party in any proceeding established in these matters, you must file written intervention documents under applicable rules.

Anyone who desires to file written objection to the proposed action, shall file it with the Colorado Public Utilities Commission, 1580 Logan Street, Office Level No. 2, Denver, Colorado, 80203, on or before 10 days before the proposed effective date of January 1, 2007.

Appendix A

The Public Utilities Commission may hold a hearing to determine what rates, rules and regulations will be authorized. If a hearing is held, the Commission may suspend the proposed rates, rules or regulations.

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.

Anyone who desires to receive notice of any hearing, shall file a written request for notice with the Public Utilities Commission, at the above address on or before 10 days before the proposed effective date of January 1, 2007.

If a hearing is held, any member of the public may attend and may make a statement under oath about the proposed increase, whether or not he or she has filed an objection or intervention.

Ronald N. Darnell
Director, Pricing and Planning