



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

February 24, 2011

Advice No. 795 - Gas

Public Utilities Commission
of the State Of Colorado
1560 Broadway, Suite 250
Denver, Colorado 80202

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>Colorado P.U.C. Sheet No.</u>
Ninety-second Revised 10A	Rule 4406(b) Rate Components	2 nd Sub. Ninety-first Rev. 10A
Eighteenth Revised 10B	Rule 4406(b) Rate Components	2 nd Sub. Seventeenth Rev. 10B
Eleventh Revised 10C	Rule 4406(b) Rate Components	2 nd Sub. Tenth Revised 10C
Twelfth Revised 10D	Rule 4406(b) Rate Components	2 nd Sub. Eleventh Revised 10D
One Hundred Fifth Rev. 11	Rate Schedule Summation Sheets	2 nd Sub. One Hundred Fourth Revised 11
Fifty-sixth Revised 11A	Rate Schedule Summation Sheets	Sub. Fifty-fifth Revised 11A
Fifty-seventh Revised 11B	Rate Schedule Summation Sheets	Sub. Fifty-sixth Revised 11B
Tenth Revised 11C	Rate Schedule Summation Sheets	Sub. Ninth Revised 11C
Tenth Revised 14	Residential Gas Service	Ninth Revised 14
First Revised 14A	Residential Gas Service	Original 14A
Eighth Revised 15	Residential Gas Outdoor Lighting Service	Sub. Seventh Revised 15
Fourth Revised 15A	Residential Gas Outdoor Lighting Service	Third Revised 15A
Seventh Revised 16	Commercial - Small Gas Service	Sixth Revised 16

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Eleventh Revised	30A	Firm Gas Transportation Service - Large	Tenth Revised	30A
Fifth Revised	30B	Firm Gas Transportation Service - Large	Fourth Revised	30B
Fourth Revised	30C	Firm Gas Transportation Service - Large	Sub. Third Revised	30C
Fourth Revised	30D	Firm Gas Transportation Service - Large	Sub. Third Revised	30D
Sixth Revised	30E	Firm Gas Transportation Service - Large	Sub. Fifth Revised	30E
Fifth Revised	30F	Firm Gas Transportation Service - Large	Sub. Fourth Revised	30F
Fifth Revised	30G	Firm Gas Transportation Service - Large	Sub. Fourth Revised	30G
Fourth Revised	30H	Firm Gas Transportation Service - Large	Sub. Third Revised	30H
Fourth Revised	30I	Firm Gas Transportation Service - Large	Sub. Third Revised	30I
First Revised	30J	Firm Gas Transportation Service - Large	2 nd Sub. Original	30J
First Revised	30K	Firm Gas Transportation Service - Large	Sub. Original	30K
Original	30L	Firm Gas Transportation Service - Large	- - -	
Eighth Revised	31	Interruptible Gas Transportation Service	Seventh Revised	31
Eleventh Revised	31A	Interruptible Gas Transportation Service	Tenth Revised	31A
Second Revised	31F	Interruptible Gas Transportation Service	Sub. First Revised	31F
First Revised	31G	Interruptible Gas Transportation Service	Sub. Original	31G
Sub. Ninth Revised	48	General Rate Schedule Adjustment	Eighth Revised	48

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Sub. Fourth Revised	R1A	Rules and Regulations Index	Sub. Third Revised	R1A
Sub. Third Revised	R30	Service Lateral Extension and Distribution Main Extension Policy	Sub. Second Revised	R30
Sub. Third Revised	R31	Service Lateral Extension and Distribution Main Extension Policy	Sub. Second Revised	R31
Sub. Third Revised	R32	Service Lateral Extension and Distribution Main Extension Policy	Sub. Second Revised	R32
Sub. Third Revised	R33	Service Lateral Extension and Distribution Main Extension Policy	Sub. Second Revised	R33
Sub. Fourth Revised	R34	Service Lateral Extension and Distribution Main Extension Policy	4 th Sub. Third Revised	R34
Sub. Third Revised	R35	Service Lateral Extension and Distribution Main Extension Policy	Sub. Second Revised	R35
4 th Sub. Third Revised	R36	Service Lateral Extension and Distribution Main Extension Policy	Sub. Second Revised	R36
3 rd Sub. Third Revised	R37	Service Lateral Extension and Distribution Main Extension Policy	Sub. Second Revised	R37
Sub. Fourth Revised	R38	Service Lateral Extension and Distribution Main Extension Policy	3 rd Sub. Third Revised	R38
Sub. Fourth Revised	R39	Service Lateral Extension and Distribution Main Extension Policy	3 rd Sub. Third Revised	R39
Sub. Fourth Revised	R40	Service Lateral Extension and Distribution Main Extension Policy	Sub. Third Revised	R40
Sub. Sixth Revised	R41	Service Lateral Extension and Distribution Main Extension Policy	Sub. Fifth Revised	R41

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Sub. Fourth Revised	R42	Service Lateral Extension and Distribution Main Extension Policy	Sub. Third Revised	R42
Sub. Fifth Revised	R43	Service Lateral Extension and Distribution Main Extension Policy	Sub. Fourth Revised	R43
Sub. Fourth Revised	R44	Service Lateral Extension and Distribution Main Extension Policy	Sub. Third Revised	R44
Sub. Seventh Revised	R45	Service Lateral Extension and Distribution Main Extension Policy	Sixth Revised	R45
Sub. Fourth Revised	R46	Service Lateral Extension and Distribution Main Extension Policy	Sub. Third Revised	R46
Sub. Fourth Revised	R47	Service Lateral Extension and Distribution Main Extension Policy	Sub. Third Revised	R47
Sub. Fourth Revised	R48	Service Lateral Extension and Distribution Main Extension Policy	Sub. Third Revised	R48
Sub. Fourth Revised	R49	Service Lateral Extension and Distribution Main Extension Policy	Sub. Third Revised	R49
Sub. Second Revised	R50	Excess Flow Valve Program	First Revised	R50
Sub. Second Revised	R51	Excess Flow Valve Program	First Revised	R51
Sub. Second Revised	R52	Temporary Gas Attachment Scheduling	First Revised	R52
Sub. Second Revised	R53	Temporary Gas Attachment Scheduling	First Revised	R53
Sub. Original	R54	Temporary Gas Attachment Scheduling	- - -	
Sub. Original	R55	Temporary Gas Attachment Scheduling	- - -	
First Revised	S17	General Terms and Conditions	Original	S17

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The principal proposed change is to revise the Company's P.U.C. No. 6 - Gas Tariff to:

- Commence Phase II of the Company's comprehensive gas rate case before the Commission, Phase I of which having been previously commenced by the Company's filing of Advice Letter No. 791-Gas on December 17, 2010, in Docket No. 10AL-963G;
- Replace the proposed effective 7.77 percent General Rate Schedule Adjustment ("GRSA"), that is currently being considered by the Commission in the Company's Phase I rate case in Docket No. 10AL-963G, or other GRSA as approved by the Commission in that docket;
- Implement new base rates for natural gas sales and transportation services under all rate schedules except Schedules TF-FRP and TI-FRP;
- Modify the Firm and Interruptible Gas Transportation Service rate schedules (Schedules TFS, TFL and TI) and the Rules and Regulations regarding the Service Lateral Extension and Distribution Main Extension Policy (Gas Extension Policy) in the Gas Tariff to add provisions for service to Local Distribution Company(s) ("LDC") customers served by the Company under these Schedules; and
- Modify the Small and Large Commercial Gas Services rate schedules (Schedules CSG and CLG), the Interruptible Industrial Gas Service rate schedule (Schedule IG), and Schedules TFS and TFL to add provisions aimed at maintaining more accurate billing determinates for these customers.

The proposed Phase II rates have been designed to produce an annual gas department revenue requirement of \$382,637,966, which is the same revenue requirement originally proposed by the Company in Docket No. 10AL-963G. The Company's proposals include the following:

- Updating the class cost of service study to reflect a more accurate allocation of test-year costs among classes;
- Setting the Service and Facilities charges for classes with two-part rates at approximately 125% of the test-year customer-related units costs imposed by these classes;
- Increasing the Demand Charge and lowering the Usage Charge for the classes with three-part rates; and
- Lowering the minimum TFL demand charge from \$0.68 per Dekatherm (Dth) to \$.60 per Dth.

Contemporaneously filed with this advice letter are supporting Direct Testimony and Exhibits of the following Company witnesses, which both explain and justify the Company's proposals herein to revise its base rates: Mr. John P. Kundert, Manager, Pricing and Planning for Xcel Energy Services Inc. ("XES"), Mr. N. Mason Harrison, Senior Pricing Analyst for XES, Mr. Ted L. Niemi, Manager, Regulatory Administration for XES, and Ms. Priya N. Burkett, Manager, Rate Cases for XES.

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The estimated impacts on customer bills resulting from the elimination of the Phase I GRSA of 7.77 percent, as originally proposed by the Company in and subject to change by the Commission Docket No. 10AL-963G, and the implementation of the proposed in Phase II rates set forth in the attached tariff sheets, are shown below. The current average monthly bills include the currently effective base rate adjustment, a Demand Side Management Cost Adjustment ("DSMCA") of 6.83 percent, and the first quarter 2011 Gas Cost Adjustment ("GCA"). The proposed average monthly bills include the same DSMCA and GCA for comparative purposes:

Rate Schedule	Average Monthly Usage	Current Average Monthly Bill	Proposed Average Monthly Bill	Monthly Change	Percent Rate Impact
RG	68 Th	\$ 55.81	\$ 56.43	\$ 0.62	1.11%
CSG	291 Th	\$ 224.28	\$ 224.56	\$ 0.28	.12%
CLG	702 Dth	\$ 4,182.26	\$ 4,173.17	\$ (9.09)	- 0.22%
IG	1,673 Dth	\$ 9,423.45	\$ 9,085.12	\$ (338.33)	- 3.59%
TFS	207 Dth	\$ 382.65	\$ 279.46	\$ (103.19)	-26.97%
TFL	945 Dth	\$ 1,064.22	\$ 998.92	\$ (65.30)	-6.14%
TI	7,240 Dth	\$ 3,776.07	\$ 2,520.94	\$ (1,255.12)	-33.24%

Within the proposed revisions to the CSG and TFS rate schedules, the Company is including additional language that would require customers electing initial service under these service schedules, who also require a distribution extension and a Construction Allowance to be subject to a three-year minimum service period if the Construction Allowance received under the applicable Small Gas Service schedules is greater than that which would otherwise be provided under Schedule CLG or Schedule TFL. The Company has experienced increases in requests for distribution extensions and, thus, higher levels of Construction Allowance payments. Customers, in many cases, receive a larger Construction Allowance under the small gas service schedules (CSG and TFS) than they would under the large gas service tariffs (CGL and TFL). Consequently, customers may elect initial service under the small gas schedules and receive the corresponding Construction Allowance for the distribution extension, but then convert to the large gas service schedules after the project is complete. The Company believes that this opportunity conflicts with the Company's intentions under these tariffs and the Construction Allowance provisions.

In an effort to mirror the TFL service schedule, the Company is proposing an additional tariff provision within the CLG and IG service schedules requiring customers to install and maintain a communication line. This requirement enhances the Company's ability to measure gas usage and provides for more accurate billing and customer usage profiling; the Company can measure the actual Peak Day Quantity (PDQ) for each customer, rather than using a customer class load factor to estimate the customer PDQ. The Company will also use the communication line established with IG

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customers to confirm that the customer does not use gas during an interruption period. If gas is used during such periods, it will be billed as Unauthorized Overrun Gas.

The Company also proposes to add language under the CSG service schedule requiring that customers with annual usage above 4,000 Dth maintain a communication line consistent with the provisions currently in place and being proposed under the TFL, TFS, CLG, and IG service schedules. The Company hopes to avoid costs for both the Company and the customer as the customer's usage nears the 5,000 annual Dth threshold for receiving service under the CLG service schedule.

The Company proposes to limit the eligibility of service under schedules CLG and TFL to customers with at least 5,000 Dth of annual usage. Currently, smaller gas customers may elect service under these schedules. The Company believes that allowing small gas customers to migrate to schedules CLG and TFL reduces the Company's ability to accurately estimate class billing determinants and maintain fairness in ratemaking.

The Company is including in the attached revised tariff sheets changes to the way the Company will provide upstream gas transportation service to LDC customers on its system. These changes are necessary to address changes in the relationship between the Company and its LDC customers as a result of the Commission's determination in Docket No. 08F-033G that service by the Company to LDC customers is not subject to the same obligations and rights to serve as the Company's service to end-use customers within its service territory.

The Company also proposes to add provisions to Schedules TFS, TFL and TI and the Rules and Regulations regarding the Service Lateral Extension and Distribution Main Extension Policy ("Gas Extension Policy") in the Gas Tariff to specify the terms and conditions under which the Company will provide service to LDC customers. Specifically, the Company proposes to add a definition of an LDC customer and to revise the Contract Period sections of Schedules TFS, TFL and TI. The Company also proposes to revise the General Provisions, Definition of Terms, Construction Allowance and Construction Payment and Customer Reinforcement sections, as well as add a new Extensions for Local Distribution Company Customers section, in the Gas Extension Policy to set forth the terms and conditions upon which the Company will extend new or reinforce existing gas facilities to provide new or additional gas transportation service to LDC Customers.

In addition to any change in the Company's annual revenues ultimately approved by the Commission in the Phase I rate proceeding in Docket No. 10AL-963G, the proposed Phase II base rates and tariff changes will have an unknown effect on the Company's annual revenues. Although the proposed new base rates reflect cost shifts among customer classes, any changes in revenues will depend on actual customer loads and customer behavior, which cannot be estimated. In addition, the proposed tariff would enhance the Company's flexibility to minimize the risks of stranded costs resulting

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from investments made on behalf of LDC customers.

It is desired that the changed tariffs accompanying this Advice Letter become effective on April 5, 2011. The Company anticipates that notice to all Natural Gas customers served by the Company will be sent by U.S. mail on March 16, 2011. Separate notice to all LDC customers served by the Company will be sent by U.S. Certified mail on or about March 16, 2011.

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

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Date of Notice: February 24, 2011

**NOTICE OF REVISION IN THE COLORADO
P.U.C. NO. – 6 GAS TARIFF OF PUBLIC SERVICE COMPANY OF COLORADO
1800 LARIMER STREET, DENVER, COLORADO 80202**

You are hereby notified that Public Service Company of Colorado has filed with the Public Utilities Commission of the State of Colorado to revise its base rates for natural gas service in its Colorado P.U.C. No. 6 – Gas tariff effective April 5, 2011, unless suspended by the Public Utilities Commission.

The primary change is to update the rates assessed to various classes of gas sales and transportation customers, such as residential and commercial customers. These proposed rates are based on an updated study of the costs the Company incurs to serve these customer classes. In total, the proposed rates are designed to recover the annual gas department revenue requirement of \$382,637,966 that the Company proposed in December 2010 (Docket No. 10AL-963G).

In addition to the proposed changes in base rates, the Company is proposing various tariff changes to modify the availability of and requirements for service under the Company's gas rate schedules. The Company is also proposing to update the terms and conditions under which the Company will provide upstream gas transportation service to local distribution company customers.

The Company estimates that the typical monthly gas bill will increase by \$1.96 for residential customers and by \$5.06 for small commercial customers. Impacts on customers' bills will depend upon monthly use.

Typical customers of the Company will be affected as shown below. The current average monthly bills include the currently effective base rates, a General Rate Schedule Adjustment (GRSA) of negative 0.4481 percent, a Demand Side Management Cost Adjustment (DSMCA) of positive 6.83 percent, and a Gas Cost Adjustment (GCA) of \$.54447/Therm. The proposed average monthly bills reflect the proposed base rates, no GRSA and the same DSMCA and GCA as used to derive the current monthly bills:

TOTAL PROPOSED MONTHLY BILL IMPACTS ON CUSTOMERS

Type of Service	Present Monthly Bill	Proposed Monthly Bill	Percentage Change
Residential	\$54.47	\$56.43	3.60%
Commercial – Small	\$219.50	\$224.56	2.31%
Commercial – Large	\$4,146.44	\$4,173.17	0.64%
Interruptible Sales	\$9,363.58	\$9,085.12	-2.97%
Firm Transportation - Small	\$354.48	\$279.46	-21.16%
Firm Transportation – Large	\$987.26	\$998.92	1.18%
Interruptible Transportation	\$3,517.55	\$2,520.94	-28.33%

Copies of the proposed and present tariffs summarized above, and as filed with the Commission, are available for examination and explanation at the main office of Public Service Company of Colorado, 1800 Larimer Street, Suite 1400, Denver, Colorado 80202; or at the

