



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

November 22, 2011

Advice No. 1597 - Electric

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. 7 - ELECTRIC

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>
Sub. Seventeenth Rev. 15B	Reserved for Future Filing Index	Sixteenth Revised 15B
2 nd Sub. Fifty-second Revised 20	Rate Schedule Summation Sheet	Fifty-first Revised 20
Sub. Fifty-sixth Rev. 22	Rate Schedule Summation Sheet	Fifty-fifth Revised 22
Sub. Fifty-third Rev. 23	Rate Schedule Summation Sheet	Sub. Fifty-second Rev. 23
Third Revised 26	Maintenance Charges for Street Lighting Service	Sub. Second Revised 26
Third Revised 26A	Maintenance Charges for Street Lighting Service	Sub. Second Revised 26A
Third Revised 26B	Maintenance Charges for Street Lighting Service	Sub. Second Revised 26B
Third Revised 26C	Maintenance Charges for Street Lighting Service	Sub. Second Revised 26C
Second Revised 102	Pilot Low Income Adjustment	First Revised 102
Eleventh Revised 106	General Rate Schedule Adjustment	Tenth Revised 106
Sub. Seventh Revised 107C	Demand-Side Management Cost Adjustment	Sixth Revised 107C

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Seventh Revised	108	Purchased Capacity Cost Sixth Revised	108
		Adjustment	
Seventh Revised	108A	Purchased Capacity Cost Sixth Revised	108A
		Adjustment	
Sixth Revised	108B	Purchased Capacity Cost Fifth Revised	108B
		Adjustment	
2 nd Sub. Twentieth Revised	108D	Purchased Capacity Cost Nineteenth Revised	108D
		Adjustment	
Sixth Revised	109	Transmission Cost Fifth Revised	109
		Adjustment	
2 nd Sub. Thirteenth Revised	109B	Transmission Cost Sub. Twelfth Revised	109B
		Adjustment	
Sixth Revised	111	Electric Commodity Fifth Revised	111
		Adjustment	
Eighth Revised	111A	Electric Commodity Seventh Revised	111A
		Adjustment	
Sixth Revised	111D	Electric Commodity Fifth Revised	111D
		Adjustment	
Sixth Revised	111E	Electric Commodity Fifth Revised	111E
		Adjustment	
Fifteenth Revised	111F	Electric Commodity Fourteenth Revised	111F
		Adjustment	
Ninth Revised	111G	Electric Commodity Eighth Revised	111G
		Adjustment	

The principal proposed change is to revise the General Rate Schedule Adjustment ("GRSA") rider applicable to all electric base rate schedules in the Company's Colorado P.U.C. No. 7 - Electric tariff effective December 23, 2011, to make corresponding changes to the Purchased Capacity Cost Adjustment ("PCCA"), and if appropriate changes to the level of its Transmission Cost Adjustment ("TCA") and Demand Side Management Cost Adjustment ("DCSMA") riders.

The Company is proposing to increase the current GRSA of negative 0.20 percent to positive 20.71 percent. The proposed 20.71 percent GRSA will result in an increase in annual electric base rate revenues of \$281 million over currently effective rates, which includes the proposed transfer of cost recovery of \$139.1 million from the PCCA, TCA and DSMCA to base rates. Specifically, of the requested increase of \$281 million, \$110.7 million is driven by moving the recovery of costs related to the recently-acquired Blue Spruce Energy Center and Rocky Mountain Energy Center from the PCCA to base rates, \$11.1 million by moving transmission-related costs from the TCA to base rates, and \$17.4 million by recovering the Company's expected demand-side management development costs for 2012 through base rates rather than through the DSMCA. The net requested increase in annual base rate revenues, excluding the effect of the roll-in of costs from these adjustment mechanisms, is \$141.9 million. The requested increase is based on the Company's revenue deficiency for calendar year 2012 ("Forecasted Test Year" or "FTY") using forecasted 2012 costs and revenues collected under current rates. The overall

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retail base rate revenue requirement is \$1,637,732,401, based on the forecasted cost of providing electric service for the twelve months ending December 31, 2012, including a return on equity of 10.75 percent, a weighted average cost of debt equal to 5.63 percent, and a capital structure of 56 percent equity and 44 percent debt.

For informational purposes, and as required by the terms of the Settlement Agreement adopted by the Commission in Decision No. C10-1446 in Docket No. 09AL-299E, the Company is also providing its revenue requirements study for the twelve-months ending June 30, 2011 ("Historic Test Year" or "HTY"). The Company's HTY cost of service shows a revenue deficiency of \$160,794,638 with adjustments similar to those in our FTY. This amount is net of the roll-in of costs from the PCCA, DSMCA, and TCA and therefore is comparable to the \$141,880,862 FTY deficiency.

The Company is also proposing to revise portions of the Maintenance Charges for Street Lighting Service to update existing charges to current cost levels and to add and remove certain equipment charges.

Additionally, the Company is proposing revisions 1) to its TCA tariff to change the methodology it uses to calculate the plant-in-service component of the rider; 2) to its ECA tariff to update the allowance for O&M costs in the short-term wholesale sales margin sharing formulae; and to include language that allows the Company to flow through to customers any incentive property tax credits or payments received by the Company.

The Company proposes to revise the Pilot Low Income Adjustment, also known as the Pilot Electric Assistance Program ("EAP"), to state that the EAP is applied to either the service and facility charge or the monthly rate as it is currently billed. The addition of the language "monthly rate" is to more accurately state that the charge also applies to lighting rate schedules that have a monthly rate but no separate service and facility charge.

The Customer bill impacts are based upon the differences between the FTY rates proposed by the Company in this case and the currently effective rates. The increase in base rates will be partially offset by decreases in the TCA, DSMCA and the PCCA. See bill impacts in the table below:

Rate Class	Monthly Average Use	Monthly Current Bill	Monthly Proposed Bill	Monthly Difference	Percentage Monthly Impact
Residential R	632 kWh	\$67.00	\$71.01	\$4.01	5.99%
Commercial C	1,123 kWh	\$109.82	\$115.12	\$5.30	4.83%
Secondary General SG	26,685 kWh 71 kW	\$2,346.84	\$2,440.57	\$93.73	3.99%
Primary General PG	492,079 kWh 1,040 kW	\$35,605.58	\$36,623.54	\$1,017.96	2.86%
Transmission General TG	12,889,873 kWh 24,294 kW	\$768,592.98	\$774,404.59	\$5,811.61	0.76%

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Customers of the Company receiving electric service as of the date of this filing will be notified by individual notice provided by first class mail, and a notice of the filing will be placed in the legal classified section of The Denver Post once each week for two consecutive weeks. A copy of each notice is attached.

Contemporaneously filed with this advice letter are the testimony and exhibits of 17 witnesses in support of the request for an increase in electric base rates, changes to adjustment mechanisms, and other tariff provisions.

It is desired that the changed tariffs accompanying this Advice Letter become effective on December 23, 2011.

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

Scott B. Brockett
Director, Regulatory Administration and Compliance
Xcel Energy Services Inc.
1800 Larimer, Suite 1400
Denver, Colorado 80202
303-294-2164 Phone
303-294-2329 Fax
Scott.B.Brockett@xcelenergy.com

and

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303-294-2222 Phone
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Director

SBB:sdw

Enclosures

**NOTICE OF CHANGE IN ELECTRIC RATES OF
PUBLIC SERVICE COMPANY OF COLORADO
1800 LARIMER STREET, DENVER, COLORADO 80202**

November 22, 2011

You are hereby notified that Public Service Company of Colorado has filed with the Public Utilities Commission of the State of Colorado changes in its Colorado P.U.C. No. 7 – Electric tariff to revise its rates effective December 23, 2011, unless suspended by the Public Utilities Commission. The Company anticipates that the Commission will suspend the Company’s proposed rates and expects that the revised rates will become effective on or about July 20, 2012.

The Company is proposing to revise the General Rate Schedule Adjustment (“GRSA”) rider applicable to all electric base rate schedules in the Company’s Colorado P.U.C. No. 7 - Electric tariff to become effective December 23, 2011, to make corresponding changes to the Purchased Capacity Cost Adjustment (“PCCA”) rider, and if appropriate to change the levels of the Transmission Cost Adjustment (“TCA”), and Demand-Side Management Cost Adjustment (“DSMCA”) riders to avoid any double recovery of costs.

Specifically, the Company is proposing to increase the current GRSA of negative 0.20 percent to positive 20.71 percent. The proposed 20.71 percent will result in an increase in annual electric base rate revenues of \$281 million over currently effective rates, which includes the proposed transfer of cost recovery of \$139.1 million from the PCCA, TCA and DSMCA to base rates. Specifically, of the requested increase of \$281 million, \$110.7 million is driven by moving the recovery of costs related to the recently-acquired Blue Spruce Energy Center and Rocky Mountain Energy Center from the PCCA to base rates, \$11.1 million by moving transmission-related costs from the TCA to base rates, and \$17.4 million by recovering the Company’s expected demand-side management development costs for 2012 through base rates rather than through the DSMCA. The net requested increase in annual base rate revenues, excluding the effect of the roll-in of costs from these adjustment mechanisms, is \$141.9 million. The requested increase is based on the Company’s revenue deficiency for calendar year 2012 (“Forecasted Test Year” or “FTY”) using forecasted 2012 costs and revenues collected under current rates. The overall retail base rate revenue requirement is \$1,637,732,401, based on the forecasted cost of providing electric service for the twelve months ending December 31, 2012, including a return on equity of 10.75 percent, a weighted average cost of debt equal to 5.63 percent, and a capital structure of 56 percent equity and 44 percent debt.

The Company is also proposing to revise portions of the Maintenance Charges for Street Lighting Service to update existing charges to current cost levels and to add and remove certain equipment charges. Additionally, the Company is proposing revisions 1) to its TCA tariff to change the methodology it uses to calculate the plant-in-service component of the rider; 2) to its ECA tariff to update the allowance for O&M costs in the short-term wholesale sales margin sharing formulae; and to include language that allows the Company to flow through to customers any incentive property tax credits or payments received by the Company.

Additionally, the Company proposes to revise the Pilot Low Income Adjustment, also known as the Pilot Electric Assistance Program (“EAP”), to state that the EAP is applied to either the service and facility charge or the monthly rate as it is currently billed. The addition of the language “monthly rate” is to more accurately state that the charge also applies to lighting rate schedules that have a monthly rate but no separate service and facility charge.

The customer bill impacts are based upon the differences between the rates proposed by the Company in this case and the currently effective rates. See bill impacts in the table below:

Current and Proposed Customer Bill

Rate Class	Monthly Average Use	Monthly Current Bill	Monthly Proposed Bill	Monthly Difference	Percentage Monthly Impact
Residential R	632 kwh	\$67.00	\$71.01	\$4.01	5.99%
Commercial C	1,123 kwh	\$109.82	\$115.12	\$5.30	4.83%
Secondary General SG	26,685 kwh 71 kW	\$2,346.84	\$2,440.57	\$93.73	3.99%
Primary General PG	492,079 kwh 1,040 kW	\$35,605.58	\$36,623.54	\$1,017.96	2.86%
Transmission General TG	12,889,873 kwh 24,294 kW	\$768,592.98	\$774,404.59	\$5,811.61	0.76%

In accordance with Rule 1206(f) of the Rules of Practice and Procedure of the Public Utilities Commission, copies of the proposed and present tariffs summarized above have been filed with the Commission and are available for examination and explanation at the main office of Public Service Company of Colorado, 1800 Larimer Street, Suite 1400, Denver, Colorado 80202-5533, or at the office of the Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202.

Anyone who desires to file written objection to the proposed action, shall file it with the Colorado Public Utilities Commission, 1560 Broadway, Suite 250, Denver, Colorado, 80202, or email it to PUC@dora.state.co.us on or before 10 days before the proposed effective date of December 23, 2011. 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 or alternatively shall contact the External Affairs Section of the Public Service Utilities Commission at 303-894-2070 or toll free 1-800-456-0858 on or before 10 days before the proposed effective date of December 23, 2011. Customers who have questions may call the Commission at 303-894-2000, Xcel Energy at 1-800-895-4999, fax to Xcel Energy at 1-800-895-2895, or e-mail to inquire@xcelenergy.com.

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.

Scott B. Brockett
 Director, Regulatory Administration and Compliance