



**COLORADO**  
Department of  
Regulatory Agencies

Consumer Protection is Our Mission.

## About Xcel Energy's Tiered Rates

What are tiered rates?

How will tiered rates affect my monthly bill?

How do I find out how much electricity I use each month?

How does my electric usage compare to others?

Why did the PUC approve tiered rates for Xcel Energy?

In short, our growth is causing electric rates to increase for everybody.

The PUC approved tiered rates because they more accurately reflect the cost of producing electricity. Electricity demand is highest in the summer, so Xcel Energy must build plants to meet the "summer peak." The first tier allows all customers to get their fair share of the older, lower-cost plants. The second tier is priced higher, reflecting the higher cost of the new plants built to meet the growing peak demand.

So, those who use more, and push up the summer peak, pay more. Those who use less, pay less.

Does Xcel Energy earn more money from tiered rates?

Why the 500 kWh breakpoint?

What can I do to lower my electric usage and my bill?

What about people who have medical conditions?



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Consumers should think of the 500 kWh breakpoint as a proxy for each customer's share of the older, lower cost generating stations. Use above that amount in the second tier can be thought of as a proxy for the added costs placed on the system by generating stations that are built to meet summer load.

As a practical matter, 500 kWh is a common threshold used by other states with tiered rates. It is set so that a majority of a utility's customers face the higher tiered rate in the summer months when electricity is most expensive. It also encourages customers to think carefully about energy use.

What can I do to lower my electric usage and my bill?

What about people who have medical conditions?