



CURRENT
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Recent Trends in Colorado's Electric Rates

Prepared for Western Resources Advocates



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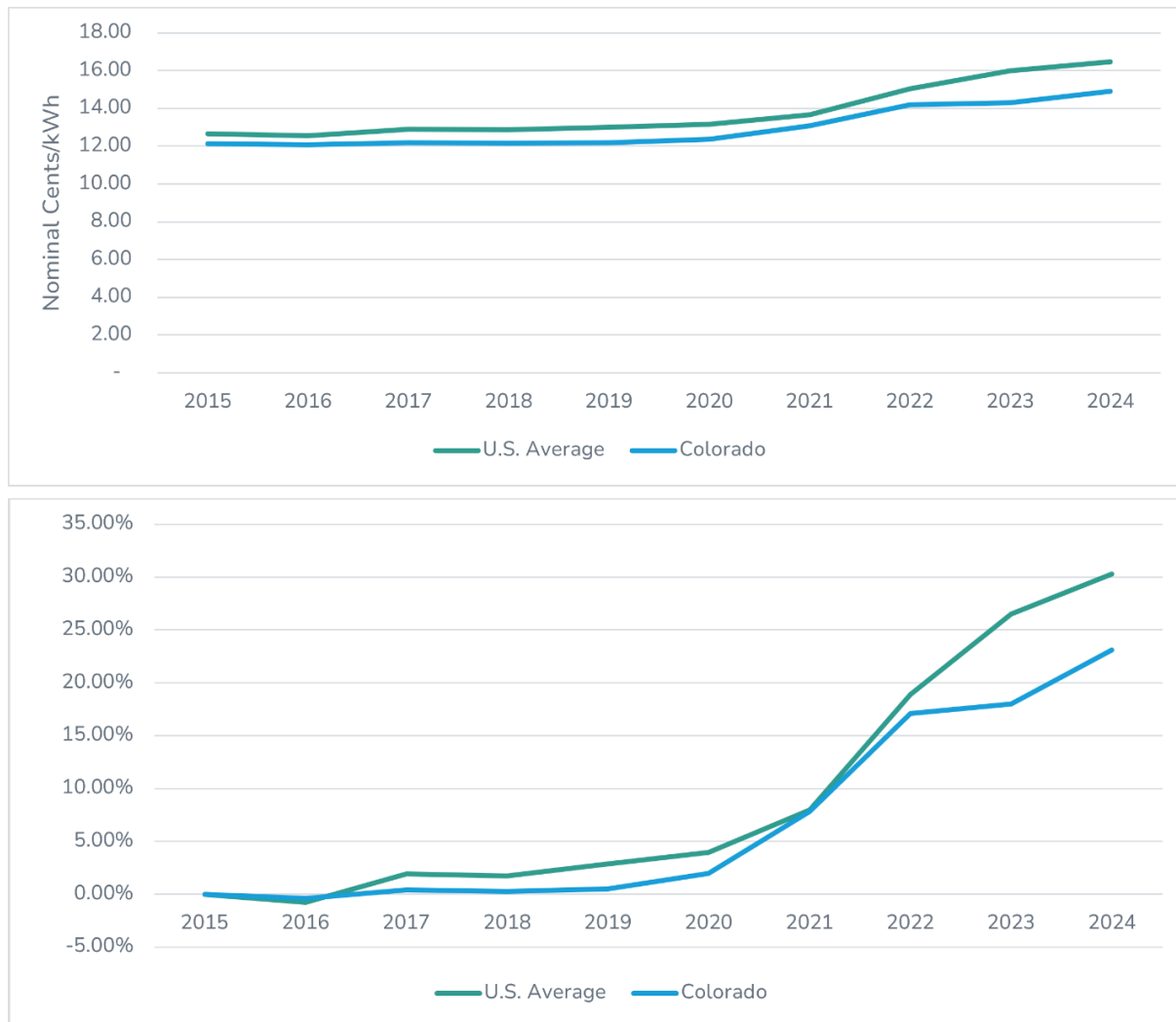
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Colorado Electric Rates in a National Context

Colorado is a leader among states in accelerating the transition to renewable energy and decarbonizing its economy. It has done so while keeping electricity rates consistent with average rates elsewhere. Over the last decade, average residential electricity rates in the United States have increased by more than 30%, from 12.6 cents/kWh to 16.48 cents/kWh, with the majority of the increase occurring since 2020. While residential electric rates in Colorado have also increased over this time—with rates up by over 23% statewide in the last decade (Figure 1)—Colorado electric rates remain nearly two cents per kWh lower than the national average.

Figure 1: Average Residential Electric Rates in Colorado and the United States and the Percentage Change in Residential Electric Rates since 2015.¹



¹ U.S. Energy Information Administration (EIA) Electric Sales, Revenue, and Average Price. https://www.eia.gov/electricity/sales_revenue_price/.

This increase in residential electric rates has occurred while inflation has also driven up the cost of many goods and services across the economy, with inflation up over 35% during the same period (Figure 2). When adjusted for inflation, electric rates in Colorado and nationwide have fallen, as rate increases have failed to keep pace with inflation. As shown in Figure 3 below, Colorado’s inflation-adjusted residential rates are nearly three cents per kWh lower than national averages.

Figure 2: Inflation Index to June 2015.²

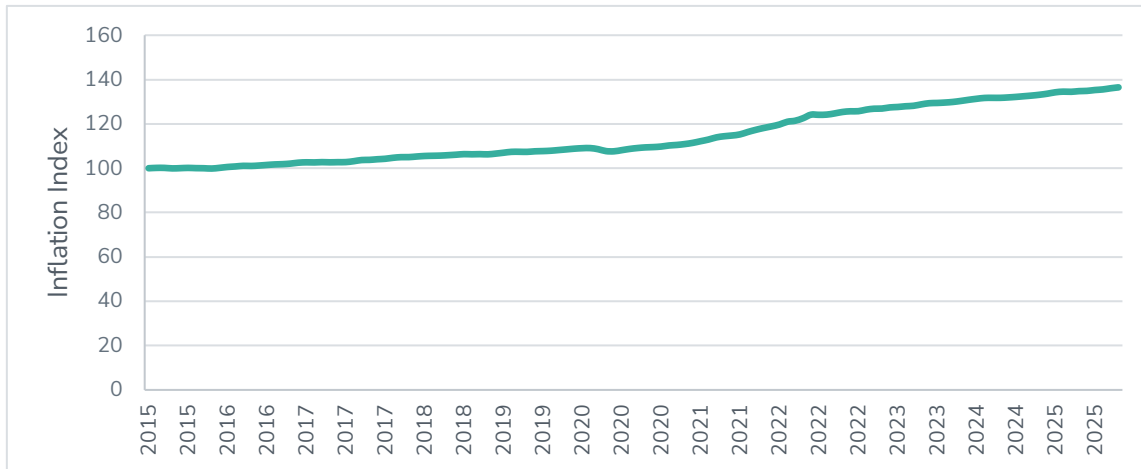
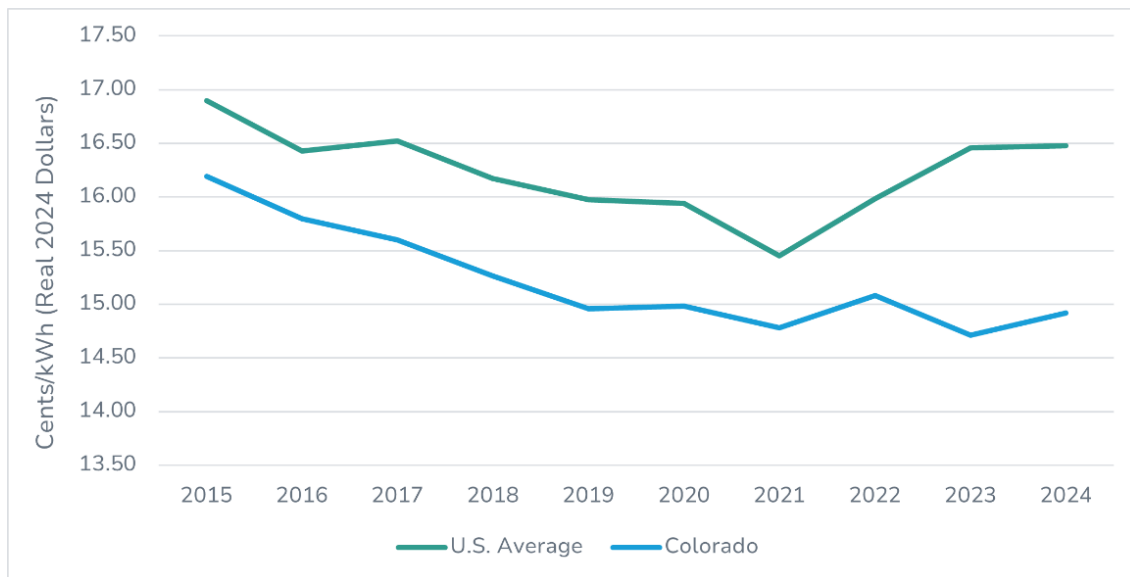


Figure 3: Average Residential Electric Rate Trends in Colorado and the U.S. Indexed to Real 2024 Dollars.³



² U.S. Bureau of Labor Statistics. Monthly Consumer Price Index, indexed to the value of \$100 in June 2015.

³ U.S. EIA Electric Sales, Revenue, and Average Price. https://www.eia.gov/electricity/sales_revenue_price/.

Increases in electric rates are driven by a variety of factors, and identifying causation is challenging. However, several factors stand out as the most common causes of increases in national electric rates: volatile and increasing natural gas prices, utility investments to replace and harden aging infrastructure, increased prices for labor and raw materials, and costs from natural disasters and wildfires.⁴

In Colorado, we identify cost increases in the past decade as primarily driven by increased utility investments and natural gas prices. Natural gas prices are historically volatile and impact electric rates if electricity is being produced by gas. For example, the rise in electric rates in 2022, was due to increased natural gas prices as a result of the war in Ukraine (Figure 4). While natural gas prices have declined in recent years, there is an expectation that prices will increase in the coming years due to increased exports of liquefied natural gas from the United States.⁵

Figure 4: Natural Gas Citygate Price in Colorado.⁶



Utility capital investments, which are recovered through rates, have also increased substantially in recent years. This increase is driven both by inflation driving up costs for raw materials and labor, as well as from increased investments by utilities to serve load and replace aging infrastructure.

⁴ Powerlines, "Utility Bills are Rising: 2025 Review" https://powerlines.org/wp-content/uploads/2026/01/0126_PowerLines_Rising-Utility-Bills-Q4-Update-FINAL.pdf.

⁵ U.S. EIA Short-Term Energy Outlook, January 2026. <https://www.eia.gov/todayinenergy/detail.php?id=67004>.

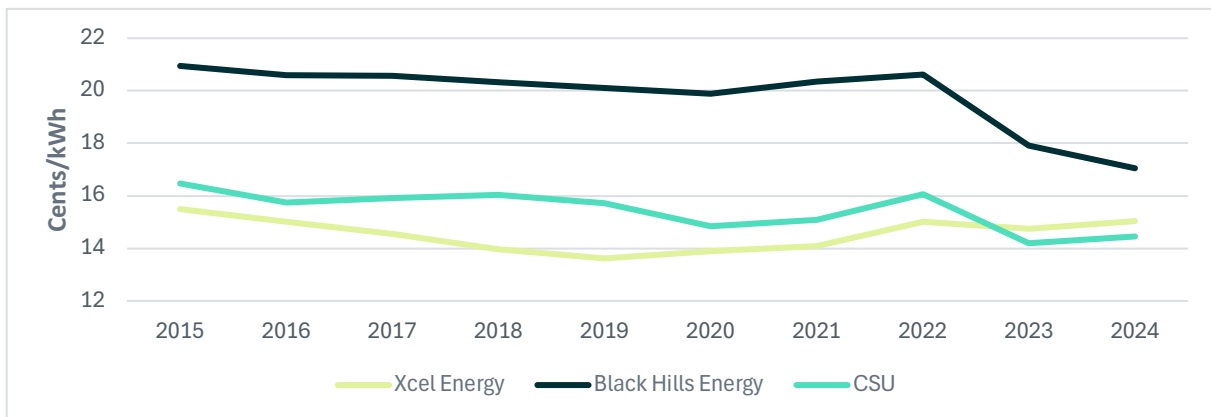
⁶ U.S. EIA Natural Gas Citygate Price in Colorado. <https://www.eia.gov/dnav/ng/hist/n3050co3M.htm>.

Across the western United States, investment in poles and wires has increased by over \$7 billion collectively in the last decade, with similar trends likely in Colorado.⁷

Colorado Utility Electric Rates

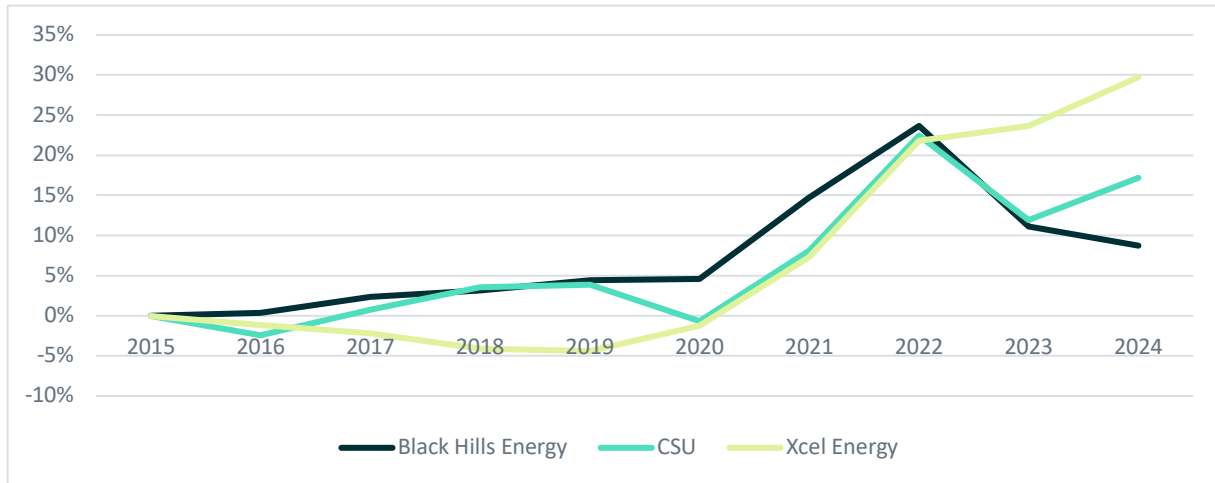
While residential electric rates have increased statewide, the increases have not been evenly distributed across utilities. To assess trends within the state, Current Energy Group examined average residential rates for three utilities: Xcel Energy, Black Hills Energy, and Colorado Springs Utilities (CSU), using data compiled by the Energy Information Administration. The overall trends for the three utilities generally followed national and statewide rate trends, with average residential rates rising by 9% to 30% between 2015 and 2024 (Figure 5). Xcel Energy had the largest bill increase among the three utilities, rising 30% over the last decade. Black Hills Energy had the lowest percentage increase among the three utilities, though its rates remain the highest. Though residential rates for all three utilities spiked in 2022 due to higher natural gas costs, Xcel Energy’s rates have continued to rise since then, whereas rates for the other two utilities have moderately declined. The largest driver of Xcel Energy’s continued rate increases is the rise in utility earnings, followed by costs for capital investments to modernize the system.

Figure 5: Residential Electric Bill Trends for Xcel Energy, Black Hills Energy, and CSU.⁸



⁷ Lawrence Berkeley National Laboratory (LBNL), VUE Tool: Visualizing Utility Expenditures. [VUE Tool: Visualizing Utility Expenditures | Energy Markets & Planning](#).

⁸ U.S. EIA.



While the average residential rates for all three utilities increased in nominal terms, the increase was lower than the rate of inflation, with rates falling between 3% and 19% when rates are converted into 2024 dollars.

Comparison of Electricity Rates Across the Interior West and Midwest

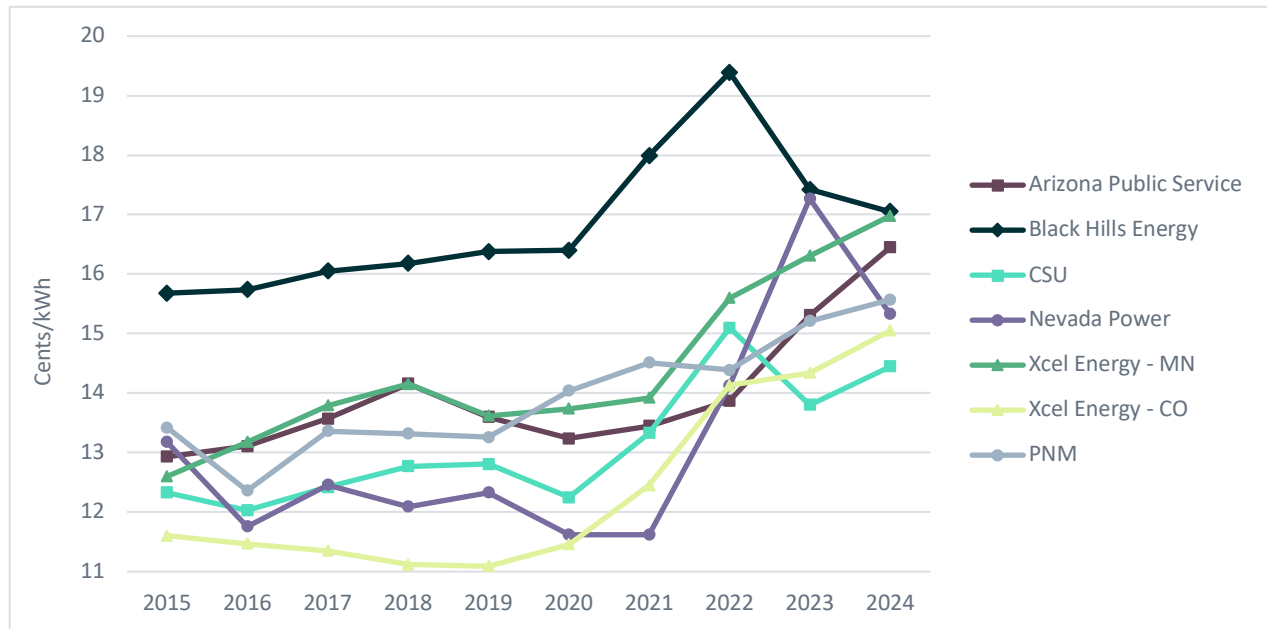
To determine whether the rate trends for Colorado utilities were similar to those of other utilities in the region, the three Colorado utilities were benchmarked against other utilities. To identify utilities for benchmarking, the analysis examined utilities in the West and Midwest with characteristics similar to those of utilities in Colorado, such as sales and customer counts, along with varying clean energy requirements. Utilities in California were excluded due to the state’s extreme rate increases over the past few years, driven by investments to mitigate wildfire risks, which constitute a unique market not comparable with Colorado. Utilities in the Northwest were also excluded as significant hydropower resources make the region unique.

Table 1 below provides sales and customer characteristics for the utilities selected: Arizona Public Service Company, Nevada Power Company, Xcel Energy - MN, and Public Service Company of New Mexico (PNM).

Table 1: Characteristics of Benchmarked Utilities (2024)

Utility	Residential		Total		Statutory Renewable Energy or GHG Reduction Goals
	Customers	Sales (MWh)	Customers	Sales (MWh)	
Arizona Public Service	1,256,120	15,579,131	1,400,037	33,701,404	15% Renewable by 2025
PNM	492,945	3,397,273	552,638	9,874,655	Net-Zero Carbon by 2045
Xcel Energy - MN	1,230,057	8,676,639	1,375,256	27,722,191	80% Carbon-Free by 2030
Nevada Power Company	916,385	10,535,373	1,034,954	22,115,080	50% Renewable Energy by 2030
Xcel Energy	1,365,053	9,826,647	1,589,710	28,406,644	80% GHG Reduction from 2005 by 2030
Black Hills Energy	89,252	611,784	101,718	1,820,801	80% GHG Reduction from 2005 by 2030
CSU	216,771	1,611,075	260,682	4,647,455	80% GHG Reduction from 2005 by 2030

Figure 6: Residential Rates Among Benchmarked Utilities



All utilities analyzed saw similar residential rate trends between 2015 and 2024, with increases ranging from 9% to 35% and averaging 21%. In 2024, CSU and Xcel Energy Colorado had the lowest average rates among the utilities analyzed, while Black Hills Energy had the highest, though the gap between Black Hills and peer utilities has narrowed in recent years and was the smallest increase among the utilities analyzed. Arizona Public Service and Xcel Energy - MN had rate increases of approximately 28%, while the other three utilities (CSU, Public Service Company of New Mexico, and Nevada Power) saw increases of approximately 17%. Overall, the trends among all the utilities analyzed were similar to statewide and national trends, with Colorado utilities showing consistent trends will all the other utilities analyzed.

Over the last decade, Colorado has significantly increased its usage of renewable energy. While electric rates for Colorado utilities have increased over this time period, those increases have been slower than inflation and consistent with national trends and trends among peer utilities.

Disclaimer

This report was prepared by Current Energy Group (CEG) to inform Western Resource Advocates. It is intended to be read and used as a whole and not in parts. The report reflects the analyses and opinions of the author using currently available information and does not necessarily reflect those of any other entity associated with this work.

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- Environmental Defense Fund
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Media Contact

For press or media inquiries related to this report, please contact media@currentenergy.group.



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