



P.O. Box 840
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September 17, 2008

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

Re: Disclosure Letter, Docket No. 08I-113EG

Public Service Company of Colorado ("Public Service") submits this disclosure letter in Docket No. 08I-113EG, pursuant to Commission Decision No. C08-0903, paragraph 21. This disclosure is being filed within two business days following a permitted *ex parte* communication with a Commissioner. As required, this disclosure letter states the time, date and place of the meeting, lists the persons attending, and contains a summary description of the topics discussed. This disclosure also provides a copy of all written materials, if any, provided to the Commissioner.

This letter shall serve as disclosure of the communications between Public Service and Commissioner Jim Tarpey, which occurred from 3pm to 5pm on September 15, 2008, at the offices of the Colorado Public Utilities Commission ("Commission"). Scott Wilensky, Roy Palmer, and Scott Brockett represented Public Service. Commission Staff members Geri Santos-Rach and Mike Hydock also attended. Public Service has attached a list of the subject matters discussed. No written materials were provided at the meeting.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Scott Brockett', written in a cursive style.

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Attachment

**SUMMARY DESCRIPTION OF CONVERSATION WITH
COMMISSIONER JAMES TARPEY ON SEPTEMBER 15**

- I. IMPORTANT TO IDENTIFY LIKELY FUTURE TRENDS**
 - A. Carbon-Constrained Economy with Need for Generation Additions
 - B. Need for Transmission Investments to Facilitate Renewable Development and for Other Reasons
 - C. Need to Upgrade Distribution System

- II. NEED TO DECIDE COLLABORATIVELY THE PREFERRED APPROACH AND FACILITATE THE REQUIRED INVESTMENTS**

- III. INVESTMENT COMMUNITY OUTLOOK**
 - A. Investment Community Has Past Experience with Rising Costs and Regulatory Lag
 - B. Will Regulators Support Utilities During These Challenging Times?
 - C. Will Regulators Support Utilities During Periods of Rising Customer Bills?
 - D. Bond Ratings have Generally Declined

- IV. NEED TO UNDERSTAND WHAT UNDERLIES NEED FOR TCA AND OTHER INVESTMENT RIDERS**
 - A. Investment Riders Allow for Return at Authorized Levels with Reduced Lag
 - B. Some Regulatory Regimes Encourage the Utility to Conserve Capital
 - C. Are Adjustment Clauses Meeting Their Intended Objectives and Are They Still Necessary
 - D. Need for Utility to Identify Which Adjustment Clauses Are Critical

- V. ROLE OF BETTER PRICING**
 - A. Need for Workgroup
 - B. TOU Pricing
 - C. Benefits of SmartGrid

- VI. OTHER OPTIONS FOR MEETING FUTURE NEEDS**
 - A. Multi-Year Rate Plans
 - B. Formula Rates
 - C. Both Would Reduce Recovery Lag and Lost Margins

- VII. NEED TO STREAMLINE RESOURCE-PLANNING PROCEEDINGS**

- VIII. NEED TO ESTABLISH EFFECTIVE REVIEW PROCESSES;
DIFFICULTY OF CONDUCTING EFFECTIVE AFTER-THE-FACT
PRUDENCE REVIEWS**

- IX. OVERALL PURPOSE OF INVESTIGATION**
 - A. Vigorous Testing of Current Regulatory Regime
 - B. Evaluation of Whether Some Adjustment Clauses Could Be Eliminated
 - C. Evaluation of Need for New Adjustment Clauses
 - D. Identification of Ways to Improve the Resource-Planning Process
 - E. Further Exploration of "Build Versus Lease" Issue

- X. CARBON REDUCTION PLAN**
 - A. Need to Identify Other Long-term Options for Carbon Reduction
 - B. Where Will New Plants be Sited?