

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF COLORADO)
FOR APPROVAL OF THE SALE OF THE) DOCKET NO. 08A-497EG
TECHNICAL SERVICES BUILDING LOCATED)
AT 550 15TH STREET, DENVER, COLORADO)

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STIPULATION

Public Service Company of Colorado ("Public Service" or the "Company"), and the Colorado Office of Consumer Counsel ("OCC") (each a "Party" and collectively the "Parties"), hereby enter into this Stipulation resolving, as between the Parties, all issues that have been raised or could have been raised in Docket No. 08A-497EG relating to the Company's request for approval of the sale of the Technical Services Building ("TSB") located at 550 15th Street, Denver, Colorado. This Stipulation sets forth all the terms and conditions of the settlement between these parties that will apply in the event that the Commission grants Public Service's application.

The Parties to this Stipulation state that the results of the compromises reflected herein are a just and reasonable resolution of the issues addressed in this Stipulation, and that reaching the agreement set forth herein by means of a negotiated settlement is in the public interest. Each Party hereto pledges its support of this Stipulation and states that each will defend the settlement reached. The Parties respectfully request that the Public Utilities Commission of the State of Colorado ("Commission" or "CPUC") approve this Stipulation without modification.



BACKGROUND

On November 10, 2008, Public Service filed its verified application for approval of the sale of the TSB. Along with its application, Public Service pre-filed the testimony and exhibits of Company witnesses Kristen Karabensh, Eric Wright and Deborah Blair. In the application and the accompanying testimony and exhibits, the Company sought approval of a 15 year amortization schedule to amortize the gain on the sale of the TSB.

Public Service filed a motion for extraordinary protection of highly sensitive information contained in the application, testimony and exhibits at the same time that it filed its application. The Commission granted the motion in Decision No. C08-1226. The Commission issued its Notice of Application Filed on November 13, 2008.

The OCC filed its notice of intervention on December 15, 2008, but did not contest or oppose the application and did not request a hearing. No other party intervened in the docket.

The OCC examined the application, testimony, and exhibits, including all of the highly sensitive information that the Company filed under the order granting extraordinary protection, and engaged in extensive discussion of the filing with Company witnesses and other Company personnel. Following those activities, the OCC agreed in principle that the Company should be allowed to sell the building as set forth in the application, but suggested that the amortization period proposed in the original application was too long and that it should be shortened to seven years from the original fifteen years proposed in

the application.¹ Public Service agrees to shorten the amortization schedule to seven years. The original proposal was reflected in paragraph 14 of the application, and was supported in particular by the testimonies of Company witnesses Blair and Wright. The financial analysis reflecting the original amortization schedule was set forth in Exhibit EPW-1 attached to Company witness Eric Wright's prefiled direct testimony.

TERMS OF SETTLEMENT

Public Service and the OCC hereby stipulate and agree as follows:

1. **Approval of the Application.** The OCC supports granting the application to sell the TSB as the same is modified by this stipulation.

2. **Amortization Schedule.** Public Service agrees that the fifteen year amortization schedule set forth in the original application should be shortened to seven years. Public Service agrees that the gain from the sale of the TSB should be amortized over the first seven years of the initial lease term, and credited against Public Service's overall cost of service in its next rate case following completion of the sale of the TSB. An amended chart that appears on page 5 of Mr. Wright's prefiled testimony, and an amended Exhibit EPW-1, pages 2 of 4 and 4 of 4, which are attached as Exhibit 1 to this Stipulation, set forth the new amortization schedule and financial analysis that will be used to reflect the gain from the sale of the TSB.

3. **Use of Analysis in Future Proceedings.** Public Service and the OCC agree that the financial analysis reflected in the amended exhibits shall be

¹ While Staff did not formally intervene in this docket, it was involved in the discussions regarding shortening the amortization period, and has no objection to this stipulation.

used in any future PUC proceedings in which the gain from the sale of the TSB may become an issue.

GENERAL PROVISIONS

Public Service and the OCC agree that Public Service will submit this Stipulation to the Commission on or before January 12, 2009. If required, each Party will testify in support of this Stipulation.

This Stipulation is a negotiated compromise of issues that were raised or could have been raised in this proceeding by the OCC relating to Public Service's request for Commission approval to sell the TSB and its proposed amortization schedule. By signing this Stipulation, the OCC acknowledges that it pledges support for Commission approval of the application and subsequent implementation of Public Service's requests in this proceeding, as conditioned by the agreements in this Stipulation.

This Stipulation shall not become effective until the issuance of a final Commission Order approving the Stipulation, which Order does not contain any modification of its terms and conditions that is unacceptable to either of the Parties. In the event that the Commission modifies this Stipulation in a manner unacceptable to either Party, that Party shall have the right to withdraw from this Stipulation. The withdrawing Party shall notify the Commission and the other Party to this Stipulation by e-mail, within three business days of the Commission modification, that the Party is withdrawing from the Stipulation and that the Party requests that the Commission rule upon the disputed issues in this proceeding (the "Notice").

The withdrawal of a Party shall not automatically terminate this Stipulation as to the withdrawing Party or the other Party. However, within three (3) business days of the date of the Notice from the first withdrawing Party, both Parties shall confer to arrive at a comprehensive list of issues that remain in dispute. Within (5) five business days of the date of the Notice, the Parties shall file with the Commission a formal notice containing the list of disputed issues. The Parties shall have and be entitled to exercise all rights with respect to the disputed issues that they would have had in the absence of this Stipulation.

In the event that this Stipulation is not approved, or is approved with conditions that are unacceptable to a Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Stipulation shall not be admissible into evidence in this or any other proceeding, except as may be necessary in any proceeding to enforce the Stipulation.

Moreover, notwithstanding that the Parties to this Stipulation are agreeing that Public Service's request for authority to sell the TSB should be granted by the Commission, subject to the understandings set out herein, neither this Stipulation as a whole nor the individual provisions herein shall be construed as a waiver of any claimed legal right or privilege, nor shall either serve as precedent in any future proceeding (except with regard to the amortization schedule). This Stipulation shall not be used by any Party or any third party to establish any claimed legal right or obligation or precedent.

Approval by the Commission of this Stipulation shall constitute a determination that the Stipulation represents a just, equitable and reasonable

resolution of all issues that were or could have been contested among the Parties in the above-captioned proceeding. The Parties state that reaching the Stipulation in this docket by means of a negotiated settlement is in the public interest and that the results of the compromises and settlements reflected by this Stipulation are just, reasonable, and in the public interest.

Each of the Parties to this Stipulation have had the opportunity to participate in drafting this Stipulation. There shall be no legal presumption that either Party was the drafter of this Stipulation.

If the Commission approves this Stipulation, and at some later date interprets this Stipulation in a manner harmful to the interests of either Party, but not advocated by the other Party, the Parties agree to support the original intent of this Stipulation with appropriate pleadings before the Commission.

PUBLIC SERVICE COMPANY OF
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Date: Jan. 8, 2009

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Date 1/08/09