

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO**

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**IN THE MATTER OF ADVICE LETTER     )  
NO. 119 - STEAM OF PUBLIC SERVICE    )    PROCEEDING NO. 12AL-1269ST  
COMPANY OF COLORADO.                 )**

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**SETTLEMENT AGREEMENT**

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**Colorado PUC E-Filings System**

**August 16, 2013**

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**SETTLEMENT AGREEMENT**

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Public Service Company of Colorado (“Public Service” or the “Company”) and the Staff of the Colorado Public Utilities Commission (“Staff”) hereby enter into this Settlement Agreement in resolution of the issues raised in this docket. Public Service and Staff may be referred to herein individually as a “Party” and collectively as the “Parties.”<sup>1</sup> This Settlement Agreement sets forth the terms and conditions by which the Parties have agreed to resolve all outstanding issues presented by the Company’s steam rate case filing that have or could have been contested in this proceeding.

The Parties state that the results of the compromises reflected herein are a just and reasonable resolution of this steam rate case proceeding, that reaching agreement

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<sup>1</sup> Colorado Energy Consumers (“CEC”), whose membership for purposes of this docket consists of the Denver Metro Building Owners and Managers Association and its constituent members, intervened in this proceeding and has participated in settlement discussions with Public Service. Counsel for CEC has represented that, at the time of the filing of this Settlement Agreement on August 19, 2013, CEC is still analyzing information and considering whether to join in this Settlement Agreement.

The Colorado Office of Consumer Counsel (“OCC”) also intervened in this proceeding and is currently a party to this proceeding. However, with the elimination of the rate changes proposed by Public Service to become effective January 1, 2015, as supported by the 2015 future test year revenue requirements study, the OCC will no longer have any interest in this proceeding. Accordingly, the OCC has represented that, if the Commission approves this Settlement Agreement, and particularly the terms providing for removal of the 2015 rate change, the OCC will withdraw its intervention in this proceeding.

as set forth and implementation of the compromises and settlements reflected in this Settlement Agreement will result in substantial savings to all concerned by establishing certainty and avoiding litigation. Each party hereto pledges its support of this Settlement Agreement and states that each will defend the settlement reached. The Parties respectfully request that the Public Utilities Commission of the State of Colorado (“Commission”) approve this Settlement Agreement without modification. For those Parties for whom this Settlement Agreement is executed by counsel, such counsel states that (s)he has authority to execute this Settlement Agreement on behalf of his/her client.

## **I. BACKGROUND**

On December 12, 2012, Public Service filed Advice Letter No. 119 – Steam (Docket No. 12AL-1269ST), together with accompanying revised tariff sheets and supporting direct testimony and exhibits of seventeen witnesses, requesting three stepped General Rate Schedule Adjustment (“GRSA”) increases under a multi-year plan (“MYP”) based on revenue requirements studies developed for three forecast test years (“FTY”) covering the calendar years of 2013, 2014, and 2015 (the “Steam Rate Case”). The requested increases in annual base rate revenues were \$1.64 million for 2013, \$0.88 million for 2014, and \$2.3 million for 2015. The net effect of the Company’s rate request was an increase of \$4.8 million in revenues, or about a 30 percent increase in the Company’s annual steam service revenues. On February 14, 2013, the Company also filed, for informational purposes, a historic test year revenue requirements study (“HTY”) for the twelve months ending September 30, 2012, showing a revenue

deficiency of \$2.2 million. Public Service, Staff, the OCC and CEC are the only parties to the Steam Rate Case.

On the same day that the Company filed the Steam Rate Case, the Company also submitted two other related filings with the Commission. The Company filed Advice Letter No. 830-Gas and accompanying tariff sheets initiating a natural gas rate case in Docket No. 12AL-1268G (the “Gas Rate Case”) and an Application for a Certificate of Public Convenience and Necessity authorizing the construction and operation of a new steam production facility, the Sun Valley Steam Center, in Docket No. 12AL-1264ST (the “Steam CPCN Case”). In the Gas Rate Case, the Company proposed to place into effect three stepped GRSA increases under a MYP based on three FTY revenue requirements studies for the calendar years 2013, 2014, and 2015, similar to the Steam Rate Case. The Company also proposed certain changes concerning its recovery of gas pipeline integrity management costs under its Pipeline System Integrity Adjustment (“PSIA”) and proposed to undertake an Accelerated Meter Replacement Program. In the Steam CPCN Case, the Company requested approval of a regulatory plan in conjunction with the CPCN for the Sun Valley Steam Center that would establish certain cost allocation principles for application in future steam rate cases for the purpose of stabilizing steam rates after the new plant was placed in service in late 2015. Staff and the OCC are parties to the Gas Rate Case and Staff, OCC and CEC are parties to the Steam CPCN Case.

After a joint prehearing conference before presiding Administrative Law Judge Mana L. Jennings-Fader (“ALJ”) in Docket Nos. 12AL-1268G and 12AL-1269ST on February 13, 2013, the Company filed Advice Letter No. 119 – Steam Amended with a

new proposed effective date of June 5, 2013 to allow the three dockets to be staged so that the Gas Rate Case would be heard first, then the Steam CPCN, and finally the Steam Rate Case. As a result of the amended advice letter filing and the Commission's and the ALJ's orders suspending the revised steam tariffs tendered by the Company in Decision Nos. C13-0068 (mailed January 11, 2013) and R13-0501-I (mailed April 29, 2013), respectively, the 210-day statutory suspension period expires on January 1, 2014. During the February 13 prehearing conference, Staff represented that it was important for Staff to know the outcome of the Steam CPCN Case for purposes of developing its testimonial positions as to costs related to the Sun Valley Steam Center that were included in the Company's 2015 FTY revenue requirements, which Staff considers speculative unless and until the Commission has issued the requested CPCN. Hearings in the Gas Rate Case were held on May 20-22 and May 29-31, 2013, and that matter has been fully briefed and is pending a recommended decision by the ALJ.

The Company's steam business earned a negative return in 2012 and revenue deficiencies are significant relative to base revenues. Based on the steam department's earnings situation and the high expectation that Staff's litigated issues in the Gas Rate Case would be similar in principle and methodology to those Staff would raise in the Steam Rate Case, Public Service approached the parties about settlement on the assumption that the intervenors in the Steam Rate Case may have similar issues and would prefer to avoid further costly litigation. Accordingly, during the two-week period immediately following the conclusion of the Gas Rate Case hearings, Public Service

approached Staff, the OCC and CEC about the possibility of exploring avenues of settlement in this Steam Rate Case.

At that time, Answer Testimony in this Steam Rate Case was scheduled to be filed August 7, 2013, and the hearings were scheduled to be held from September 23 through 27, 2013. On July 23, 2013, the Parties filed an Unopposed Joint Motion to Vacate Procedural Schedule Pending the Filing of a Settlement or Alternative Procedural Schedule on August 12, 2013. In that Joint Motion, the Parties represented that they were in ongoing settlement discussions to resolve the issues presented in this proceeding and Staff and Public Service represented that some major principles of agreement had been achieved between them. The Parties moved to vacate the current procedural schedule and to set a date of August 12, 2013, by which the Parties would file either: (1) a comprehensive settlement agreement resolving all issues presented in this matter; or (ii) a consensus revised procedural schedule. By interim decision issued July 25, 2013, Interim Decision No. R13-0913-I, the ALJ granted the Joint Motion subject to conditions.

Through two separate procedural motions, the Company sought and the Commission approved two delays in the procedural schedule in the Steam CPCN Case such that the hearing in that docket will no longer take place before the hearing that was scheduled in the Steam Rate Case. Considering that the Steam CPCN Case was being delayed, and that new steam rates coming out of this Steam Rate Case would likely not become effective until January 1, 2014, thereby rendering the Company's 2013 FTY revenue requirements inconsequential, the Parties discussed simplifying this case by focusing on the 2014 FTY and HTY and removing consideration of the 2013 and 2015

FTYs, along with the MYP features of a Stay-Out provision and Earnings Sharing Mechanism. Under that approach, the Parties realized that the majority of potential revenue requirements issues in this Steam Rate Case were similar, if not identical, to the issues raised in testimony and briefed by parties in the Gas Rate Case.

Given the procedural posture of the Gas Rate Case, and the current expiration of the suspension period in this Steam rate case of January 1, 2014, the Parties do not expect that a Recommended Decision in the Gas Rate Case will be issued in time to allow for a procedural schedule in this Steam Rate Case whereby answer testimony can be filed after such Recommended Decision and a Commission decision can be issued before January 1, 2014. Moreover, with respect to revenue requirements issues, Staff anticipates that the issues raised in any Answer Testimony that Staff would file in this Steam Rate Case would not differ materially from the issues addressed in its Answer Testimony in the Gas Rate Case. Similarly, the Company in turn would anticipate filing Rebuttal Testimony addressing those issues that would be similar, if not identical, to the Rebuttal Testimony it filed in the Gas Rate Case. The ALJ assigned to preside over this Steam Rate Case is the same ALJ that was assigned to preside over the Gas Rate Case. The Parties believe that it is unnecessarily redundant and a likely waste of administrative and Commission resources to litigate the many revenue requirements issues in this Steam Rate Case that are similar or identical to the issues already substantially litigated and in a more advanced procedural posture in the Gas Rate Case. Accordingly, in addition to the other concessions and compromises set forth herein, the Parties have agreed in this Settlement to accept the determinations of the Commission pursuant to a final order in the Gas Rate Case on common revenue requirements

issues, including the adoption of the appropriate test year, for purposes of establishing the revenue requirements upon which steam rates will be derived in this Steam Rate Case effective January 1, 2014.

The signatories to this Settlement Agreement have reached settlement on all contested issues in this case.

## **II. PUBLIC INTEREST**

The Parties to this Settlement Agreement state that reaching agreement by means of this negotiated settlement rather than through a formal adversarial process is in the public interest, consistent with Commission Rule 1408 encouraging settlements and that the compromises and settlements reflected in this Settlement Agreement are in the public interest. The Parties further state that approval and implementation of the compromises and settlements reflected in this Settlement Agreement constitute a just and reasonable resolution of this proceeding.

## **III. SETTLEMENT OF ISSUES**

### **1. Withdrawal of Proposed 2015 GRSA and 2015 FTY.**

The Parties acknowledge and agree that, pursuant to the terms of this Settlement, there shall be one GRSA applicable to steam service base rates that shall become effective on January 1, 2014. This single GRSA shall establish the just and reasonable rates for steam service on and after January 1, 2014, subject to the Commission's authority to establish future just and reasonable rates by subsequent order, after a hearing, upon the Company filing a new steam rate case or any other party filing a complaint pursuant to Section 40-6-108, C.R.S.

The Parties agree that the separate rate relief requested by the Company through the proposed 2013 GRSA, as supported by the FTY for calendar year 2013, is moot, given that the 2014 GRSA incorporates both the 2013 and 2014 revenue deficiencies and the statutory suspension period applicable to the revised tariff sheets filed by the Company with Advice Letter No. 119 - Gas Amended expires December 31, 2013. The Company further agrees to withdraw its request for a stepped GRSA increase proposed to be effective January 1, 2015, and for consideration of its calendar year 2015 FTY cost of service study from the Steam Rate Case, without prejudice to the Company seeking prospective rate relief at any time through the filing of a future steam rate case. This withdrawal effectively removes all consideration of costs in this Steam Rate Case associated with the proposed Sun Valley Steam Center that is at issue in the Steam CPCN Case. No Party is prejudiced by this withdrawal because the pending legal arguments in the Steam CPCN Case will continue to stand and will be decided by the Commission, and the Company will be able to seek subsequent rate relief for 2015, if it decides to do so, in a separate docket.

**2. Stay Out Provision, Earnings Test, and Low Sales Protection.**

The Parties further agree and acknowledge that, in conjunction with the elimination of two of the Company's three proposed stepped GRSA increases, the proposed MYP features of an Earnings Sharing Mechanism and Stay-Out Provision shall also be eliminated from this Steam Rate Case. Accordingly, the Company agrees to withdraw its specific proposals concerning a Stay-out Provision, Earnings Sharing Mechanism, and low sales protection, as well as its commitment to file a steam rate case in 2015 to become effective on and after January 1, 2016. For clarity, there is no

restriction on when the Company may file its next steam rate case, whether a Phase 1, Phase 2, or combination Phase 1/Phase 2 rate case.

**3. Determination of Test Year.**

The Parties agree that the GRSA to be effective January 1, 2014 will be calculated based on the following starting point revenue requirements study based on the Commission's determination in a final decision in the Gas Rate Case:

- A. If the Commission approves gas service rates based on the HTY in the Gas Rate Case, the Parties agree that in this Steam Rate Case, the test year will be the HTY for the twelve months ended September 30, 2012, plus \$400,000 (which is less than half of the step from 2013 to 2014 in the Company's MYP and less than the revenue requirement associated with the capital additions between the end of the HTY and 2014) to reflect additional known and measurable changes between the HTY and January 1, 2014; provided, however, such \$400,000 adjustment shall be reduced to the extent the resulting overall revenue increase would otherwise exceed the Company's proposed 2014 revenue increase of \$2,524,231, which is 29.09 percent of the Company's 2014 FTY annual revenue requirement of \$11,200,067, as stated in Public Service's Advice Letter No. 119-Steam and associated customer notice.
- B. If the Commission approves gas service rates based on the FTY in the Gas Rate Case, the Parties agree that in this Steam Rate Case the test year will be the FTY for the 2014 calendar year.

#### **4. Determination of Test Year Revenue Requirement.**

The following adjustments shall be made to the Company's filed test year revenue requirements study, whether the HTY or 2014 FTY, based on the Commission's determinations in a final order in the Gas Rate Case ("Settlement Adjustments"). For example, if the Commission determines that the Pre-paid Pension Asset should be removed from rate base in the Gas Rate Case, then the Pre-paid Pension Asset shall be removed from rate base in the Steam Rate Case revenue requirements study in the appropriate test year for the purposes of calculating the Settlement Revenue Requirement and Revenue Deficiency in this case.

The Settlement Adjustments are as follows:

- A. Return On Equity;
- B. Capital Structure;
- C. Whether an HTY, if used as the test year, should be based on a 13-month average rate base or year-end rate base;
- D. Long-term debt interest in Cash Working Capital;
- E. Pre-paid Pension Asset in Rate Base;
- F. Pension expense for non-bargaining employees under 52 years of age to the new-hire plan;
- G. Environmental Portion of Long-term Incentive; and
- H. Annual Incentive Pay.

Other components of the cost of service not listed above that were included in the Company's filed Steam Rate Case will continue to be included in the final test year revenue requirement calculation as currently on file in this proceeding, including but not

limited to the updated depreciation rates included in Exhibit No. LHP-5 page 3 of 3 attached to the Direct Testimony of Ms. Lisa Perkett and the amortization of the gain on the sale of the Technical Services Building.

Once the above Settlement Adjustments have been incorporated in the applicable revenue requirements study, the Company will then calculate if the Steam business is in a net operating loss ("NOL") position and, if so, will calculate and include the impact on revenue requirements associated changes consistent with full normalization in accordance with the procedures set forth in Exhibit DAB-27 to the Rebuttal Testimony and Exhibits of Company witness Deborah A. Blair, Hearing Exhibit 7, in the Gas Rate Case.

**5. New Rates to Take Effect January 1, 2014.**

The Parties agree that it is in the public interest to have the rate increase become effective January 1, 2014. The Parties acknowledge that a final Commission decision in the Company's Gas Rate Case may not be issued early enough to allow for the necessary Staff review and verification, as detailed in Section 7 below, to be completed before the expiration of the suspension period applicable to this Steam Rate Case on January 1, 2014. As a consequence, the Parties agree that, to the extent necessary and subject to Section 7 of Part II hereof,, the tariff changes proposed by Public Service with Advice Letter No. 119-Steam and suspended by the Commission in this docket will come out of suspension on January 1, 2014 and will become an effective part of Public Service's Colorado PUC steam tariff. To allow for the Verification Process to be completed after January 1, 2014, Public Service shall be subject to the following refund condition for the period beginning January 1, 2014, and continuing until the earlier of (a)

the date on which a revised general rate schedule adjustment (GRSA) is placed into effect after the Verification Process or (b) March 1, 2014 ("Refund Period").

If the rates established by the Commission in its final order in this docket are lower than the rates resulting from the GRSA placed into effect on January 1, 2014, Public Service agrees to return to customers on their utility bills through a one-time bill credit the difference between the amount that would have been billed to such customer under the final approved rates and the amount actually billed such customer for the Refund Period based on the GRSA placed into effect on January 1, 2014, with interest calculated at the average bank loan prime rate reported by the Federal Reserve for the Refund Period, currently 3.25%.

**6. Rate Case Principles Incorporated into the Base Rate Revenue Increase.**

This Settlement establishes no rate case principles beyond what may be established by the Commission in the Gas Rate Case.

**7. Compliance Filing and Verification Process.**

Within fourteen (14) days following the effective date of the later of the Commission's final order approving this Settlement Agreement and the Commission's final order in the Gas Rate Case, or at such other time as the Commission may prescribe, the Company shall file the final revenue requirements calculations, the general rate schedule adjustment calculation, and the tariffs to implement this Settlement Agreement. The Company will provide the following information in that filing:

- a. A detailed cost of service, either in the form of Exhibit No. DAB-5 or Exhibit No. DAB-23, as appropriate, based on the test year outcome in the Gas Rate Case;
- b. A detailed comparison between the original test year (Exhibit No. DAB-5 or Exhibit No. DAB-23) and the test year developed per the terms of this Settlement Agreement in a format similar to Exhibit No. DAB-8; and
- c. The calculation of the GRSA.

The Company will make the Compliance Filing effective on 30 days' notice to allow time for Staff to review the filing and verify the Company's calculations. Staff and Public Service agree to meet and resolve any calculation discrepancies within such 30-day period.

**8. Tariff Sheets to Be Placed Into Effect on January 1, 2014 Pending Completion of Verification Process.**

This section sets forth the procedures and tariff changes that will be implemented by Public Service on January 1, 2014, in lieu of the tariff sheets originally filed with Advice Letter No. 119-Steam Amended, in the event the Verification Process provided for in Section 7 above has not been completed before January 1, 2014. The Parties agree that Public Service shall be entitled to place into effect tariff sheets that reflect the proposed 2014 rate change reflected in the tariff sheets originally filed with Advice Letter No. 119-Steam on December 12, 2012, subject to the refund condition as provided for in Section 5 above. Specifically, Public Service shall withdraw the tariff sheets providing for the MYP (Sheet Nos. 7, 7A and 7B) and the Earnings Sharing Adjustment (Sheet Nos. 11 and 11A) and shall modify the table of contents page (Sheet No. 2), rate summation page (Sheet No. 3) and the GRSA page (Sheet No. 8)

consistent with the changes reflected in the corresponding pro forma tariff sheets contained in Appendix A attached hereto and made a part hereof and described as follows. The table of contents page (Sheet No. 2) shall be modified to reflect the elimination of tariff pages providing for the MYP and Earnings Sharing Adjustment. The rate summation sheet (Sheet No. 3) shall be modified to reflect application of the 2014 GRSA of 29.09 percent to the steam service base rates and to include the Steam Cost Adjustment (“SCA”) to become effective January 1, 2014, as approved pursuant to a Commission decision to be issued on Public Service’s SCA application scheduled to be filed on or about November 1, 2013. The GRSA page (Sheet No. 8) shall be modified to reflect the 2014 GRSA of 29.09 percent and other changes, as reflected in the pro forma tariff sheets contained in Appendix A hereto, including addition of the following new sentence: “The resulting increased charge shall be subject to refund in accordance with the refund condition established pursuant to [reference interim decision] in Docket No. 12AL-1269ST.”

If the ALJ or the Commission issues a decision approving this Settlement Agreement in all material respects, and the Verification Process described in Section 7 above has not been completed by January 1, 2014, Public Service shall be entitled to file an amended advice letter and revised tariff sheets to become effective January 1, 2014, reflecting the withdrawal of Sheet Nos. 7, 7A, 7B, 11 and 11A, and changes to Sheet Nos. 2, 3 and 8 consistent with those reflected in the pro forma tariff sheets contained in Appendix A hereto and described in this section. Such revised tariff sheets shall be filed on not less than one business days’ notice and as soon as practicable

after the Commission has issued a decision on Public Service's SCA application to be filed on or about November 1, 2013.

#### **IV. TERM OF THIS SETTLEMENT AGREEMENT**

This Settlement Agreement shall take effect upon its approval by the Commission. Nothing in this Settlement Agreement shall be construed as precluding the Company from filing a general rate case to change the rates for its steam services at any time. Nothing in this Settlement Agreement shall be construed to limit the Company from applying to the Commission for adjustment clauses or for any other change to the Company's steam rates. Nothing in this Settlement Agreement shall be construed to prevent the Staff of the Commission (by seeking an order to show cause) or any other party (by filing of a complaint) from seeking review by the Commission of the justness and reasonableness of the Company's steam service rates.

Except as provided in this paragraph, the provisions of this Settlement Agreement shall terminate and have no continuing effect upon the effective date of the revised rates for steam services resulting from Public Service's next comprehensive rate case, whether initiated through the Company's filing of a rate case, an order to show cause, or complaint. Where reference is made in the Settlement Agreement to provisions that apply for a period of time, all such time period provisions of this Settlement Agreement may be modified by a subsequent filing with the Commission or subsequent stipulation approved by the Commission.

## **V. GENERAL TERMS AND CONDITIONS**

This Settlement Agreement reflects compromise and settlement of all issues raised or that could have been raised by the Parties in this docket. This Settlement Agreement shall be filed as soon as possible with the Commission for Commission approval.

This Settlement Agreement shall not become effective until the issuance of a final Commission Decision approving the Settlement Agreement, which Decision does not contain any modification of the terms and conditions of this Settlement Agreement that is unacceptable to any of the Parties. In the event the Commission modifies this Settlement Agreement in a manner unacceptable to any Party, that Party shall have the right to withdraw from this Agreement and proceed to hearing on the issues that may be appropriately raised by that Party in this docket. The withdrawing Party shall notify the Commission and the Parties to this Agreement by e-mail within three business days of the Commission modification that the party is withdrawing from the Settlement Agreement and that the party desires to go to hearing; the e-mail notice shall designate the precise issue or issues on which the party desires to proceed to hearing (the "Hearing Notice").

The withdrawal of a Party shall not automatically terminate this Settlement Agreement as to any other party. However, within three business days of the date of the Hearing Notice from the first withdrawing party, all Parties shall confer to arrive at a comprehensive list of issues that shall proceed to hearing and a list of issues that remain settled as a result of the first party's withdrawal from this Settlement Agreement. Within five business days of the date of the Hearing Notice, the Parties shall file with the

Commission a formal notice containing the list of issues that shall proceed to hearing and those issues that remain settled together with a proposed procedural schedule including a date for all parties who will proceed to hearing to file Rebuttal or Cross-Answer Testimony addressing any issues that remain in dispute. The Parties who proceed to hearing shall have and be entitled to exercise all rights with respect to the issues that are heard that they would have had in the absence of this Settlement Agreement.

Hearing shall be scheduled on all of the issues designated in the formal notice filed with the Commission as soon as practicable. In the event that this Settlement Agreement is not approved, or is approved with conditions that are unacceptable to any Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the Settlement Agreement shall not be admissible into evidence in this or any other proceeding, except as may be necessary in any proceeding to enforce this Settlement Agreement.

The Parties hereby reserve, and this Settlement Agreement is without prejudice to, each Party's right to defend their interests against any claim or position asserted by any Party in this proceeding that has not joined in this settlement. Notwithstanding the terms of this Settlement Agreement, the Parties are free to file testimony and to argue any position in response to any issue raised in answer testimony, in any pleading or during the hearing by any other Party or by the ALJ in this proceeding. As to all other issues not so raised in this proceeding that are identified as Settlement Adjustments in Part II, Section 4 of this Settlement Agreement, the terms and conditions of this Settlement Agreement shall continue to apply in full force and effect.

The Parties agree that Commission approval of this Settlement Agreement shall constitute a determination that the Settlement Agreement represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the Parties in this proceeding. Notwithstanding the resolution of the issues set forth in this Settlement Agreement, none of the methodologies or ratemaking principles herein contained shall be deemed by the Parties to constitute a settled practice or precedent in any future proceeding, and nothing herein shall constitute a waiver by any party with respect to any matter not specifically addressed herein. Further, by entering into this Settlement Agreement, no party shall be deemed to have agreed to any principle or method of ratemaking or rate design.

All Parties specifically agree and understand that this Settlement Agreement represents a negotiated settlement in the public interest with respect to the various Public Service rate matters and terms and conditions of service for the sole purpose of the settlement of the matters agreed to in this Settlement Agreement.

The Parties to this Settlement Agreement state that reaching agreement in this docket as set forth in this Settlement Agreement by means of a negotiated settlement is in the public interest and that the results of the compromises and settlements reflected by this Agreement are just, reasonable and in the public interest.

Except as otherwise provided herein, neither anything said, admitted or acknowledged in the negotiations leading up to the execution of said Settlement Agreement, the settlement terms and conditions contained in this Settlement Agreement, nor the Settlement Agreement itself, may be used in this or any other administrative or court proceeding by any of the Parties hereto.

The Parties agree to a waiver of compliance with any requirements of the Commission's Rules and Regulations to the extent necessary to permit all provisions of this Settlement Agreement to be carried out and effectuated.

This Settlement Agreement may be executed in counterparts, all of which when taken together shall constitute the entire Settlement Agreement with respect to the issues addressed by this Agreement.

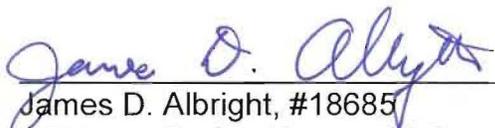
Dated this 19th day of August, 2013.

Agreed to on behalf of:

Approved as to form:

**PUBLIC SERVICE COMPANY  
OF COLORADO**

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COMPANY OF COLORADO**

Agreed on behalf of:

Approved as to form:

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