

**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.)**

AMENDMENT TO SETTLEMENT AGREEMENT

This Amendment to Settlement Agreement (“Amendment”) is entered into by and between Public Service Company of Colorado (“Public Service” or “Company”), the Staff of the Public Utilities Commission (“Staff”) and Colorado Energy Consumers (“CEC”). Public Service, Staff and CEC may be referred to herein individually as a “Party” and collectively as the “Parties.” This Amendment modifies certain provisions of the Settlement Agreement and redefines “Party” and “Parties” therein to include CEC and thereby reflect CEC’s agreement to accept the terms and conditions of the Settlement Agreement previously entered into by and between Public Service and Staff, as amended hereby. The Parties represent that, through this Amendment, they have resolved by settlement all outstanding issues presented by the Company’s steam rate case filing in Proceeding No. 12AL-1269ST that have or could have been contested in this proceeding. The Parties state that the results of the compromises reflected in the Settlement Agreement, as amended herein, reflect a just and reasonable resolution of this steam rate case proceeding, that reaching agreement as set forth and implementation of the compromises and settlements reflected in the Settlement Agreement, as amended hereby, will result in substantial savings to all concerned by

establishing certainty and avoiding litigation. Accordingly, the Parties urge the Commission to adopt this Amendment to the Settlement and to approve the Settlement Agreement as modified herein. For those Parties for whom this Amendment is executed by counsel, such counsel states that (s)he has authority to execute this Amendment to Settlement Agreement on behalf of his/her client.

I. MODIFICATION OF SETTLEMENT AGREEMENT

The Parties agree that Settlement Agreement shall be amended as follows:

a. Section 3.A. of Part III of the Settlement Agreement shall be deleted in its entirety and replaced with the following revised Section 3.A:

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 \$300,000 (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 \$300,000 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. Item B, Capital Structure, in the list of Settlement Adjustments in Section 4 of Part III of the Settlement Agreement shall be deleted in its entirety and replaced with the following new Item B:

B. Capital Structure, including the issue raised regarding the change in the calculation of long-term debt using the capital employed method;

c. A new sentence shall be inserted at the end of the first paragraph immediately following the list of Settlement Adjustments in Section 4 of Part III of the Settlement Agreement to read: “The Company shall not be entitled to include any updates, corrections or other changes to the inputs to its HTY and FTY revenue requirements studies filed in this proceeding other than as required to incorporate the Commission’s determinations in the Gas Rate Case with respect to the above Settlement Adjustments.”

d. The Verification Process in Section 7 of Part III of the Settlement Agreement shall be amended by adding the following sentence at the end of that Section: “CEC shall be included in communications regarding any calculation discrepancies identified during the Verification Process and in the resolution of any such discrepancies.”

II. ADOPTION OF AMENDED SETTLEMENT AGREEMENT

The Parties agree that for the purpose of providing for CEC’s adoption of the Settlement Agreement, as modified herein, the terms “Party” and “Parties” appearing in the Settlement Agreement, after reflecting the modifications thereto pursuant to this Amendment, shall hereinafter be defined as Public Service, Staff and CEC. The Parties hereby adopt and affirm the terms and conditions set forth in the Settlement Agreement, as amended hereby. The Parties state that reaching this 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, as amended hereby, are in the public interest. The Parties further state that approval and implementation of the compromises and settlements reflected in this Settlement Agreement, as amended, constitute a just and reasonable resolution of this proceeding.

This Amendment 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 11th day of October, 2013.

Agreed to on behalf of:

Approved as to form:

**PUBLIC SERVICE COMPANY
OF COLORADO**

By:



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**ATTORNEYS FOR PUBLIC SERVICE
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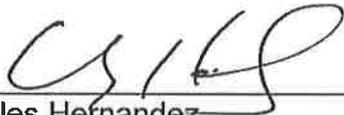
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