

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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2003 OCT 16 PM 4:28

IN THE MATTER OF THE APPLICATION OF)
PUBLIC SERVICE COMPANY OF)
COLORADO FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
FOR THE MIDWAY - DANIELS PARK)
TRANSMISSION REBUILD PROJECT)

DOCKET NO. 03A-276E

ENTERED
OCT 17 2003

STIPULATION AND SETTLEMENT AGREEMENT
BETWEEN PUBLIC SERVICE COMPANY OF COLORADO
AND COLORADO SPRINGS UTILITIES

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Public Service Company of Colorado ("Public Service") and Colorado Springs Utilities hereby stipulate and agree as follows:

Public Service has applied to the Colorado Public Utilities Commission for a Certificate of Public Convenience and Necessity ("CPCN") granting to it the right to construct the Midway – Daniels Park Transmission Rebuild Project ("the Project"). The Project will enhance the transfer capability of that portion of the Public Service transmission system referred to in Public Service's Application as the Front Range Path. Once completed, the Project will allow Public Service to access all the Southern Colorado generation resources approved by the Commission during Public Service Company's 1999 Integrated Resource Plan. Colorado Springs Utilities supports this proposed increase in transmission transfer capability between Southeastern Colorado and the Denver area.

Colorado Springs Utilities intervened in this proceeding due to its concern about the potential for the overloading of certain of its transmission circuits during the construction phase of the Project. Specifically, the Project will require that the existing 230kV circuit be taken out of service and, during this period of outage, the studies

conducted by Public Service demonstrate that the power flows from generation located south of Colorado Springs can cause flows of power in excess of the system ratings for certain Colorado Springs Utilities' transmission circuits.

The most vulnerable Colorado Springs Utilities' facility during the outage of the Public Service 230 kV transmission line is a 115kV circuit commonly referred to as "the Kettle Creek Line". This transmission circuit runs between the Kettle Creek Line and the Monument substations. Under contingency, this line can experience overloading.

In order to address this contingency, Public Service and Colorado Springs Utilities have agreed to the following process:

a) Public Service has purchased, and Colorado Springs Utilities will install, CAT-1 monitoring equipment in order to establish real-time line ratings for the Kettle Creek Line. This equipment was purchased by Public Service Company on August 1, 2003 and is expected to be installed by Colorado Springs Utilities by October 31, 2003, so that historical data can be obtained prior to the planned outage of the Midway – Daniels Park Line.

b) Based on the historical data, operational studies will be performed by Public Service and Colorado Springs Utilities to examine the anticipated loadings on the Kettle Creek Line during Public Service's planned construction outage of the 230 kV Midway – Daniels Park transmission line.

c) Public Service and Colorado Springs Utilities will share the results from these operational studies, and based upon the results, Public Service will develop an Operational Procedure to be placed into effect prior to the construction outage. The purpose of the Operational Procedure will be to design a procedure that should prevent

the overloading of any portion of the Colorado Springs Utilities' transmission system, including the Kettle Creek Line. It is anticipated that the Operational Procedure will include procedures for the dispatching of Public Service generation resources as a means to avoid overloading the Colorado Springs Utilities' transmission system.

d) Once the Operational Procedure has been developed, personnel from both utilities will meet to discuss the nature of the procedure, any underlying assumptions, and the expected results. Public Service and Colorado Springs Utilities will each undertake good faith efforts to resolve any differences, and Public Service may modify the Operational Procedure to address any concerns raised by Colorado Springs Utilities.

e) Public Service will distribute the Operational Procedure to its operational personnel who are necessary to effectuate the procedures, including the personnel responsible for generation dispatch.

f) Public Service and Colorado Springs Utilities will continue to meet from time to time, both before and during the construction outage, in order to discuss any issues relevant to the Operational Procedure.

g) Public Service will employ construction practices so as to minimize any outage times and, to the extent possible, will place the Midway –Daniels Park Line back in service temporarily if operational problems occur on the Colorado Springs Utilities' system due to the construction outage. Such operational problems could include overloading of transmission lines, out-of-limit voltages, or other operating conditions inconsistent with the WECC criteria for an N-1 outage.

h) Public Service will use its best efforts to avoid creating operational problems on the Colorado Springs Utilities' transmission system. Notwithstanding these best efforts and the best efforts of Colorado Springs Utilities, contingencies may occur that adversely affects the transmission systems of either utility. Nothing in this Stipulation and Settlement Agreement shall be construed to create a guarantee by either utility of uninterrupted transmission availability on the system of the other utility.

In correspondence to Public Service dated March 19, 2003, Colorado Springs Utilities expressed support for the proposed transmission upgrade but voiced concern about the number of critical transmission facilities that would be located in a single corridor. Irrespective of the routing decisions made by Public Service, Colorado Springs Utilities believes that the benefits the Project provides to the overall reliability of the transmission system exceed the extremely low probability for multiple corridor events. As to the relief requested in this Docket, Colorado Springs Utilities is concerned only about potential overloading of its own transmission facilities and resulting impacts to the system during the construction of the Project. The commitments made by Public Service in this Stipulation and Settlement Agreement adequately address the concerns previously expressed by Colorado Springs Utilities.

Colorado Springs Utilities supports the relief requested by Public Service and agrees with Public Service that this Project is needed to support regional reliability. When completed the Project will enhance reliability and will increase transfer capabilities in support of continued growth along the Front Range. For these reasons Colorado Springs Utilities supported the Approval of Location filing by Public Service

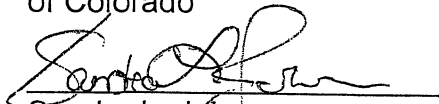
before the El Paso County Planning Department (see attached correspondence) and now urges the Public Utilities Commission to grant Public Service's requested CPCN.

Colorado Springs Utilities takes no position on any of the specific issues raised by other intervenors in this Docket; however, Colorado Springs Utilities would be concerned if operation of the Midway -- Daniels Park Line were to be constrained in any way that could affect the Colorado Springs Utilities' transmission system.

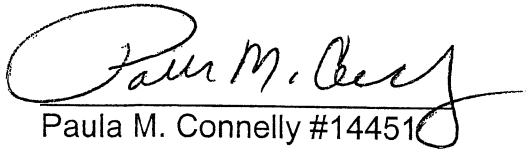
Colorado Springs Utilities and Public Service Company of Colorado respectfully request that the Commission acknowledge the commitments made by Public Service in this Stipulation and Settlement Agreement in the Commission's Decision.

Dated this 16th day of October, 2003.

On Behalf of Public Service Company
of Colorado



Sandra L. Johnson
Manager, Transmission Reliability
and Assessment
Xcel Energy Services Inc.
550 15th Street
Denver, CO 80202

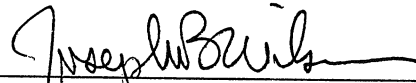


Paula M. Connelly #144510
Assistant General Counsel
Xcel Energy Services Inc.
1225 17th Street, Suite 900
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On Behalf of Colorado Springs Utilities



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Engineer Principal, Managing
Leon Young Service Center 2nd Floor
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Colorado Springs, CO 80903



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121 South Tejon Street, Fourth Floor
P. O. Box 1103, Mail Code 0940
Colorado Springs, CO 80903
Phone: (719) 668-8032
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July 23, 2003

Ms. Shelia Booth, Planner II
El Paso County Planning Department
27 E. Vermijo
Colorado Springs, CO 80903

Re: Midway – Daniels Park Transmission Rebuild Project

Thank you for the opportunity to comment on this proposed project. I have read the letter of intent from Xcel, and from a technical perspective agree with the need for the project. In this region of the electrical grid, power generally flows from south to north. Upgrading one of Xcel's existing 230kV lines to double circuit 230kV, and ultimately to double circuit 345kV, is an important enhancement of the electric system's capability. Once completed the proposed project will provide greater reliability and will support continued growth along the Front Range, including El Paso County.

While the electric transmission system will be stronger as a result of this project, during the time the existing single circuit line is removed for construction, the system will be more susceptible to overloads and possibly outages. For this and other reasons, Colorado Springs Utilities initially favored the establishment of a new and separate corridor for this project. The establishment of a new corridor is not the alternative proposed by Xcel, and Colorado Springs Utilities is actively working with Xcel to minimize the likelihood of overloads or outages. We appreciate the cooperation of Xcel in this context.

In summary, Colorado Springs Utilities offers its support for Xcel's petition for the Approval of Location for this project.

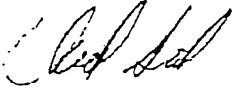
In closing I would like to raise a related issue of location concerning this project. The proposed location for this project passes through a portion of the future Jimmy Camp Creek Reservoir planned by Colorado Springs Utilities. Acquisition of the properties for this future reservoir are ongoing. Colorado Springs Utilities and Xcel have been in communications over the need to relocate the existing transmission line facilities prior to the construction of this project or inundation of the reservoir. Colorado Springs Utilities may be filing a petition for approval of location in the near future that may involve these facilities as well as others owned by the Tri-State Generation & Transmission Association.

1521 Hancock Expressway
P.O. Box 1103, Mail Code 1821
Colorado Springs, CO 80947-1821

Phone 719-668-5300
Fax 719-668-5651
<http://www.csu.org>

If you have any questions, please feel free to contact me at 668-8025.

Sincerely,



Chuck Sisk
Managing Engineer
Colorado Springs Utilities

cc:

Joseph Wilson
Rita Soller
Wayne Booker
Steve Schaarschmidt
Bob Robler
Sandra Johnson, Xcel

CERTIFICATE OF SERVICE

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I hereby certify that on this, the 16th day of October, the original and five (5) copies of the foregoing **MOTION TO ACCEPT STIPULATION AND SETTLEMENT AGREEMENT BETWEEN PUBLIC SERVICE COMPANY OF COLORADO AND COLORADO SPRINGS UTILITIES AND STIPULATION AND SETTLEMENT AGREEMENT BETWEEN PUBLIC SERVICE COMPANY OF COLORADO AND COLORADO SPRINGS UTILITIES** were served via hand delivery on:

Bruce Smith, Director
Colorado Public Utilities Commission
1580 Logan, OL2
Denver, CO 80203

all addressees indicated on service list were served electronically and copies were placed in the U. S. Mail, postage pre-paid, addressed as follows:

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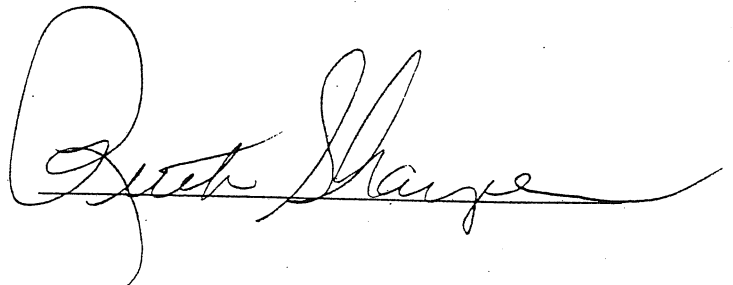
Wendie Allstot
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*Gary Schmitz
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*Randy Garrouette
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A handwritten signature in black ink, appearing to read "Frank Shafer". The signature is written in a cursive style with a large initial "F" and a long horizontal flourish at the end.