

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * * * *

RE: THE TARIFF SHEETS FILED BY)
PUBLIC SERVICE COMPANY OF)
COLORADO WITH ADVICE LETTER)
NO. 1522 – ELECTRIC)

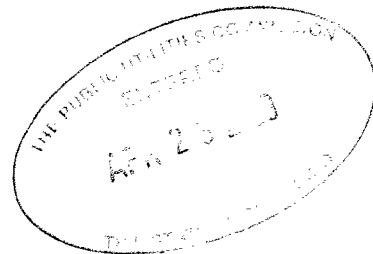
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SETTLEMENT AGREEMENT

April 22, 2009



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

* * * * *

RE: THE TARIFF SHEETS FILED BY)
PUBLIC SERVICE COMPANY OF) DOCKET NO. 08S-520E
COLORADO WITH ADVICE LETTER)
NO. 1522 – ELECTRIC)

SETTLEMENT AGREEMENT

Public Service Company of Colorado, the Staff of the Colorado Public Utilities Commission (“Staff”), the Colorado Office of Consumer Counsel (“OCC”), Colorado Energy Consumers (“CEC”), Wal-Mart Stores, Inc. and Sam’s West, Inc. (“Wal-Mart”), CF&I Steel, LP d/b/a Rocky Mountain Steel Mills (“RMSM”), hereby enter into this Settlement Agreement. Energy Outreach Colorado (“EOC”) is also a signatory to this Settlement Agreement, but is specifically supporting only the resolution of the Residential Late Payment Revenue issue as addressed in Paragraph 2.J. below. EOC has no objection to any other aspect of the Settlement Agreement.

INTRODUCTION

On November 14, 2008, Public Service Company of Colorado (“Public Service”) filed Advice Letter No. 1522-Electric seeking to increase base rates by \$174.7 million. The Company also filed Direct Testimony and Exhibits in support of its proposed rate change.

Pursuant to a procedural schedule established by Presiding Judge Adams, various parties on February 13, 2009, filed Answer Testimony and Exhibits objecting to aspects of the Company’s calculated revenue requirement, including, among

other issues, its use of a forecast test year as the basis for its revenue requirement calculation, its proposed return on equity, and its capital structure. Commission Staff also proposed a phase-in to mitigate rate shock.

In its Rebuttal Case filed on March 20, 2009, the Company updated its cost of debt and the projected in-service date for Comanche 3. The Company made other changes to its proposed cost of service to reflect corrections or concessions to proposals advocated by the Staff and Intervenors. A summary of the changes to the Company's base rate revenue requirement as submitted in its Rebuttal Case is shown below:

Direct Case Revenue Increase	\$174,719,832
Elimination of Residential Late Payment Revenue	3,820,471
Comanche Unit 3 O&M Revenue Reduction	(1,384,762)
Jurisdictional Allocators	(6,179,038)
Stimulus Package – Accum. Def. Inc. Taxes	(573,296)
4-year average of incentive pay	(4,027,161)
Weighted Average Cost of Debt	(2,096,793))
Wind Predictor Software	43,888
Incentive Pay in Cash Working Capital	(832,881)
Energy Markets Supp. Incentive Plan	443,999
Advertising Expense	(366,907)
Hayden and Craig Benefit Costs	503,240

Transportation Equipment Depreciations Expense	(2,440,450)
Succession Revenue	(855,127)
PacifiCorp Exchange Fee	(1,483,741)
Rebuttal Case Revenue Increase	\$159,291,276

On March 20, 2009, CEC and Ms. Glustrom filed Cross-Answer Testimony. Subsequently on April 10, 2009, Staff, the OCC, and Energy Outreach Colorado (“EOC”) filed Sur-Rebuttal testimony. Although Staff proposed adjustments to the Company’s 2009 forecast test year cost of service and calculated a revised revenue deficiency, Staff continued to advocate for a two-part Phase-in of the new rates. Staff’s calculated revenue deficiency and GRSA and its proposed GRSA, assuming its Phase-In was accepted, was summarized by Dr. Shiao in his Revised Exhibit LYS-4:

Public Service Company of Colorado
Electric Department
Test Year Ending December 31, 2009

Docket No. 08S-520E
Revised Exhibit LYS-4
Page 1 of 1

Description	PSCo Proposed GRSA	Staff Calculated GRSA	Staff Proposed GRSA
1 CPUC Jurisdictional Revenue Requirement	1,156,319,626	1,140,439,516	1,140,439,516
2			
3 CPUC Jurisdictional Por Forma Revenue	997,028,350	1,007,546,595	1,007,546,595
4			
5 Required Revenue Increase	159,291,276	132,892,921	69,871,277
6			
7 Present GRSA Rider 12.70%	112,093,516	113,278,785	113,278,785
8			
9 Total Increase over Present Base Rates	271,384,792	246,171,706	183,150,062
10			
11 Present Retail Base rate revenue	884,934,834	894,267,810	894,267,810
12			
13 Less: Street Light Maintenance Revenue	2,302,239	2,302,239	2,302,239
14			
15 Rider Applicable Revenue	882,632,595	891,965,571	891,965,571
16			
17 Proposed Rider	30.75%	27.60%	20.53%

The OCC summarized its recommended adjustments to the Company's proposed revenue requirements in Mr. Senger's Exhibit DJS-3, page 1 of 8:

Exhibit No. DJS-3
Page 1 of 8

**Public Service Company of Colorado
Calculation of Revenue Deficiency / Excess**

Line No.	Description	Public Service (1)	Adjustment	OCC Corrected (2)
1	Net CPUC Juris. Rate Base	\$ 4,122,190,289	\$ (299,640,863)	\$3,822,549,426
2				
3	Return on Rate Base	9.01%		8.34%
4				
5	Required Earnings	\$ 371,409,345	\$ (52,608,723)	\$ 318,800,622
6				
7	Net Operating Earnings	\$ 201,580,768	\$ 106,113,500	\$ 307,694,268
8				
9	Deficiency / (Excess)	\$ 159,291,276	\$ (148,184,922)	\$ 11,106,354
10				
11	Current GSRA Revenue	\$ 112,093,516	\$ 1,412,719	\$ 113,506,235
12				
13	Retail Rate Revenue	\$ 884,934,834	\$ 11,067,548	\$ 896,002,382
14				
15	Less: Street Light Main. Rev.	\$ 2,302,239	\$ (51,131)	\$ 2,251,108
16				
17	Rider Applicable Revenue	\$ 882,632,595	\$ 11,118,679	\$ 893,751,274
18				
19	Rider	30.75%		13.94%

Note 1: Uses Public Service's Forecast Test Year

Note 2: Uses Public Service's Historic Test Year

In early April 2009, the Company invited all parties who had pre-filed testimony to participate in an initial settlement meeting. Thereafter, the Company invited all parties to participate in settlement negotiations. Not all parties chose to participate in these discussions. Settlement has been successfully reached among

the signatories to this Settlement Agreement on all contested issues in this case without prejudice to such parties' rights to reassert their positions in the Company's next Phase I rate case. Other parties may elect to support, oppose, or remain silent on this Settlement Agreement.

The Settling Parties recognize that the Company intends to file a subsequent combined Phase I and Phase II rate case on or about May 1, 2009 and that therefore the rates that are approved in this proceeding will only be in effect for approximately six months, until approximately January 1, 2010. It is against this background that the Settling Parties have reached agreement as to a just and reasonable increase in the Company's base rate revenue in this proceeding. However, the Settling Parties do not necessarily agree among themselves as to the resolution of the rate case principles that make up the agreed-upon increase. Rather than continue to engage in litigation over rate case principles, the Settling Parties agree that this case should be resolved by agreement of a specific base rate revenue increase with a specific General Rate Schedule Adjustment ("GRSA") without reaching agreement regarding any specific line item adjustments in the cost of service model that make up the settled increase except for that which is specified below. Because the settled base rate revenue increase is less than the level proposed by the Company and greater than the level proposed by other parties, a substantial record of evidence exists to support the settled number.

Because agreement has not been reached on all the rate case principles reflected in the competing cost of service models, the Settling Parties intend to minimize the number of new rate case principles that are reflected in the proposed

settled base rate revenue increase. Other than the principles discussed in this Settlement Agreement, the Settling Parties are not agreeing to the acceptance or rejection of any position raised by any party in filed testimony. However, due to the Company's accounting and reporting obligations, certain rate case principles will be specified in this Settlement Agreement. In addition, solely for accounting and reporting purposes, the Settling Parties agree that the rate case principles in effect prior to the filing of this Settlement Agreement shall continue to apply, except as modified by this Settlement Agreement. All Settling Parties specifically reserve the right to seek changes to any rate case principles in any subsequent regulatory proceeding dealing with Public Service's rates.

PUBLIC INTEREST

The Settling Parties state that reaching agreement as set forth herein by means of a negotiated settlement rather than through a formal adversarial process is in the public interest, consistent with Commission Rule 1408 encouraging settlements and, therefore, the compromises and settlements reflected in this Settlement Agreement are in the public interest. The Settling 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.

SETTLEMENT

1. Base Rate Revenue Increase

The Settling Parties agree that Public Service should be authorized to put into effect, beginning July 1, 2009, a General Rate Schedule Adjustment ("GRSA") of

25.41%, replacing the currently effective 12.70% GRSA. The GRSA shall apply to all base rate elements on retail customer bills. A 25.41% GRSA represents a \$112.2 million increase over test year present base rate revenues. Attachment A sets forth the average bill impacts by service class from this proposed GRSA. Attachment B sets forth the proposed electric GRSA.

2. Rate Case Principles Incorporated into the Base Rate Revenue Increase

The following rate case principles have been agreed to and are incorporated into the compromise and settlement on the \$112.2 million base rate revenue increase.

A. Comanche Unit 3 and Fort St. Vrain Units 5 and 6. For purposes of arriving at the settled base rate increase and for purposes of this case only, the Settling Parties have assumed that Comanche Unit 3 goes into service on November 1, 2009 and Fort. St. Vrain Units 5 and 6 go into service on May 1, 2009. This means that 2/13ths of the plant in service balance associated with Comanche Unit 3 and 8/13ths of the plant in service balance associated with Fort St. Vrain Units 5 and 6 has been included in the rate base upon which the settled rate increase was determined.

B. Comanche CWIP and AFUDC. The Settling Parties agree that for purposes of arriving at the settled base rate revenue increase, the incremental Construction Work In Progress associated with Comanche Unit 3 since January 1, 2007 shall be removed from rate base. Public Service shall continue to accrue AFUDC on this investment until it is determined to be in-service for accounting

purposes. The Settling Parties recognize that the additional AFUDC the Company will accrue until Comanche Unit 3 is in-service will increase the overall capital cost associated with Unit 3 and that the Company may seek to recover such increased costs in its next Phase I rate case.

C. Authorized Return on Equity, Capital Structure and Weighted Average Cost of Capital. The Settling Parties have not agreed to an authorized return on equity or to Public Service's proposed capital structure for purposes of this settlement and expressly reserve their rights to advocate for whatever ROE and capital structure each deems to be reasonable and appropriate in the Company's next Phase I rate case proceeding.

For purposes of all regulatory or other filings following approval of this Settlement Agreement through the later of December 31, 2009 or the date on which new rates take effect as a result of the Company's next Phase I rate case, in which the Company is required to calculate a return on investment based on its weighted average cost of capital ("WACC"), the Settling Parties agree that the Company shall use the last authorized return on equity of 10.5 percent and its actual cost of debt and capital structure.

D. Depreciation Rates. The Settling Parties agree that the Commission shall use the depreciation rates proposed by the Company in the testimony of Ms. Lisa Perkett for the new combustion turbines at Fort St. Vrain and for Comanche Unit 3.

E. Fort St. Vrain Capital Costs. The Settling Parties agree that the rate base for Fort St. Vrain includes the \$2 million reservation fee paid to Siemens as discussed in Docket No. 07A-469E.

F. Amortization of Certain Expenses. The Settling Parties agree that, beginning July 1, 2009 and continuing until such time as new rates take effect as a result of the Company's next rate case, the Company shall be permitted to recognize a monthly amortization expense of \$39,379 for rate case expenses. The Settling Parties reserve their right to advocate in the next Phase I rate case any position they deem to be reasonable regarding the future treatment of the unamortized balance of the \$1,181,268 in rate case expense that was at issue in this proceeding.

G. Transmission Cost Adjustment ("TCA"). The Settling Parties agree that the \$112.2 million revenue increase includes amounts that are currently recovered through the TCA, and the TCA must be reduced effective with the base rate change in this case, effective July 1, 2009. The portion of the TCA that was calculated using the incremental 13-month average estimated transmission net plant in service balances at December 31, 2008 and the estimated year-end transmission Construction Work in Progress balance at December 31, 2008 that have been estimated to be in-service in the 2009 test period, are assumed in the \$112.2 million revenue increase. The Settling Parties agree that the revised TCA that will become effective at the time new base rates take effect shall be designed to recover \$1,500,248 on an annual basis as presented in the testimony of Ms. Deborah Blair. Attachment C sets forth the proposed TCA rider effective July 1, 2009.

H. Effect of Settlement Agreement on the Company's Next Rate Case. The Settling Parties agree that the Company shall have the opportunity to file supplemental direct testimony in its next rate case that is limited to explaining the impact of this settlement on the next case. The Company shall file such supplemental testimony within 15 days from the date of the Commission's final order on this Settlement Agreement.

I. Historic Test-Year Information. The Company will agree to provide in response to discovery or audit request by Staff or any Intervenor in the Company's next rate case, an historic test-year cost of service, including supporting schedules, for the twelve months ending December 31, 2008. The historic test-year information referenced in this paragraph shall be provided in executable format and will be available for distribution no later than 45 days following the Company's initial rate case filing.

J. Residential Late Payment Revenues. The Company agrees that it shall continue to contribute to EOC an amount equal to the late payment revenues received from residential electric customers through the later of December 31, 2009 or the date on which new rates take effect as a result of the Company's next rate case. The Company and EOC reserve their rights to reassert in the Company's next rate case the positions they took in this case or to take any other position that they deem reasonable and appropriate relating to the use of residential late payment revenues and continuation of the Company's contributions to EOC.

IMPLEMENTATION

The Settling Parties agree to use best efforts to accommodate a schedule that would allow for approval of the rate changes resulting from this Settlement Agreement in time to allow them to become effective July 1, 2009. Upon an initial Commission order approving this Settlement Agreement in all material respects, Public Service shall file with the Commission amended advice letters to place into effect revised tariff sheets in the form reflected in the Attachments to this Settlement Agreement to become effective July 1, 2009.

GENERAL TERMS AND CONDITIONS

The Settling Parties agree that all of their pre-filed testimony and exhibits shall be admitted into evidence in this docket without cross-examination by the Settling Parties. The Settling Parties agree that this Settlement Agreement reflects a compromise and settlement of all issues raised or that could have been raised by the Settling Parties in this Docket. This Settlement Agreement shall be filed as soon as possible with the Commission for approval.

This Settlement Agreement shall not become effective until the issuance of a final Commission Order approving the Settlement Agreement, which Order does not contain any modification of the terms and conditions of this Settlement Agreement that is unacceptable to any of the Settling Parties. In the event the Commission modifies this Settlement Agreement in a manner unacceptable to any Settling Party, that Settling Party shall have the right to withdraw from this Agreement and proceed to hearing on the issues that may be appropriately raised by that Settling Party in this docket. The withdrawing Settling Party shall notify the Commission and the

Settling Parties to this Agreement by e-mail within five business days of issuance of the final Commission order modifying the Settlement Agreement that the party is withdrawing from the Settlement Agreement and that the party is ready to proceed 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 Settling Party shall not automatically terminate this Agreement as to the withdrawing party or any other party. However, within three business days of the date of the Hearing Notice from the first withdrawing party, all Settling 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 Settling 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. The Settling 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 Agreement is not approved, or is approved with conditions that are unacceptable to any Settling Party who subsequently withdraws, the negotiations or discussions undertaken in conjunction with the 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.

Approval by the Commission of this Agreement shall constitute a determination that the Agreement represents a just, equitable and reasonable resolution of all issues that were or could have been contested among the Settling Parties in this proceeding.

All Settling Parties specifically agree and understand that this Settlement 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. Nothing in this Settlement Agreement shall preclude the Company from seeking prospective changes in its electric rates by an appropriate filing with the Commission. Nothing in this Settlement Agreement shall preclude any other party from filing a Complaint or seeking an Order to Show Cause to obtain prospective changes in the Company's electric rates.

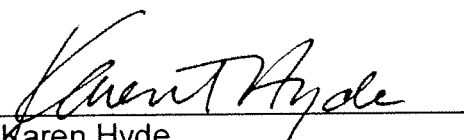
The Settling Parties to this Agreement state that reaching agreement in this docket as set forth in this Agreement by means of a negotiated settlement is in the public interest and that the results of the compromises and settlements reflected by this Agreement are just, reasonable and in the public interest.

The Settling Parties understand that this Settlement Agreement will not be executed by all parties to this docket. The Settling Parties agree to reasonably defend this Settlement Agreement before the Commission against challenges that may be made by non-executing parties.

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

Dated this 22nd day of April, 2009.

PUBLIC SERVICE COMPANY OF COLORADO

By: 

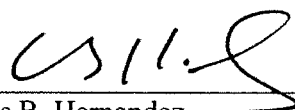
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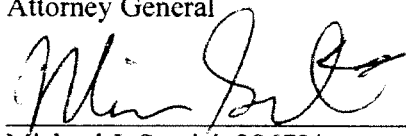
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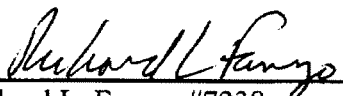
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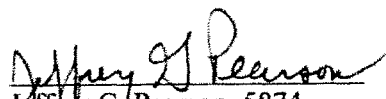
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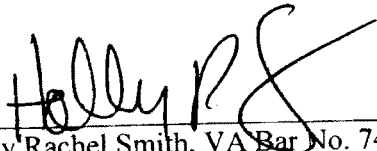
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Public Service Company of Colorado
 Electric Department
 Customer Impact Study - 2008 Electric Phase I Rate Case Settlement

Attachment A

Customer Class	Current Rates as of 4/20/09	Proposed Settlement Rates \$112.2M	Monthly Average Usage	Monthly Current Bill	Monthly Proposed Bill	Monthly Difference \$	Difference %
Residential - Schedule R							
Service and Facility Charge	\$ 6.25	\$ 6.25	625 kWh	19.71	19.71	-	-
Energy Charge - Winter	\$ 0.03153 /kWh	\$ 0.03153 /kWh		25.96	25.96	-	0.00%
Subtotal				3.30	6.60	3.30	11.28%
GRSA	12.70%	25.41%		29.26	32.56	3.30	
Base Rate Amount				2.36	2.36	-	
DSMCA	\$ 0.00378 /kWh	\$ 0.00378 /kWh		8.35	8.35	-	
PCCA	\$ 0.01336 /kWh	\$ 0.01336 /kWh		0.46	0.04	(0.42)	
TCA	\$ 0.00074 /kWh	\$ 0.00006 /kWh		14.06	14.06	-	
ECA - Secondary	\$ 0.02249 /kWh	\$ 0.02249 /kWh		0.64	0.64	-	
AQIR - Group 1	\$ 0.00103 /kWh	\$ 0.00103 /kWh		25.87	25.45	(0.42)	-1.62%
Subtotal Base Rate Adjustments				55.13	58.01	2.88	5.22%
Total Bill Subtotal				1.10	1.16	0.06	
RESA	2.00%	2.00%		56.23	59.17	2.94	5.23%
Total Bill							

Customer Class	Current Rates as of 4/20/09	Proposed Settlement Rates \$112.2M	Monthly Average Usage	Monthly Current Bill	Monthly Proposed Bill	Monthly Difference \$	Difference %
Commercial - Schedule C							
Service and Facility Charge	\$ 7.85	\$ 7.85		31.98	31.98	-	-
Energy Charge - Winter	\$ 0.03120 /kWh	\$ 0.03120 /kWh	1,025 kWh	39.83	39.83	-	0.00%
Subtotal				5.06	10.12	5.06	11.27%
GRSA	12.70%	25.41%		44.89	49.95	5.06	
Base Rate Amount				4.06	4.06	-	
DSMCA	\$ 0.00396 /kWh	\$ 0.00396 /kWh		14.30	14.30	-	
PCCA	\$ 0.01395 /kWh	\$ 0.01395 /kWh		0.79	0.06	(0.73)	
TCA	\$ 0.00077 /kWh	\$ 0.00006 /kWh		23.05	23.05	-	
ECA - Secondary	\$ 0.02249 /kWh	\$ 0.02249 /kWh		1.06	1.06	-	
AQIR - Group 1	\$ 0.00103 /kWh	\$ 0.00103 /kWh		43.26	42.53	(0.73)	-1.69%
Subtotal Base Rate Adjustments				88.15	92.48	4.33	4.91%
Total Bill Subtotal				1.76	1.85	0.09	
RESA	2.00%	2.00%		89.91	94.33	4.42	4.92%
Total Bill							

Public Service Company of Colorado
 Electric Department
 Customer Impact Study - 2008 Electric Phase I Rate Case Settlement

Attachment A

Customer Class	Current Rate	Proposed Rate	Monthly Average Usage	Monthly Current Bill	Monthly Proposed Bill	Monthly Difference \$	Difference %
Secondary General - Schedule SG							
Service and Facility Charge	\$ 25.00	\$ 25.00	51.37% L.F.	25.00	25.00	\$ -	-
Energy Charge	\$ 0.00288 /kWh	\$ 0.00288 /kWh	27,000 kWh	77.76	77.76	-	-
Demand Charge - Winter	\$ 8.40 /kW	\$ 8.40 /kW	72.00 kW	604.80	604.80	-	-
Subtotal				707.56	707.56	\$ -	0.00%
GRSA	12.70%	25.41%		89.86	179.79	89.93	89.93
Base Rate Amount				797.42	887.35	89.93	11.28%
DSMCA	\$ 1.19 /kW	\$ 1.19 /kW		85.68	85.68	\$ -	-
PCCA	\$ 4.26 /kW	\$ 4.26 /kW		306.72	306.72	\$ -	-
TCA	\$ 0.23 /kW	\$ 0.02 /kW		16.56	1.44	(15.12)	(15.12)
ECA - Secondary	\$ 0.02249 /kWh	\$ 0.02249 /kWh		607.23	607.23	\$ -	-
AQIR - Group 1	\$ 0.00103 /kWh	\$ 0.00103 /kWh		27.81	27.81	\$ -	-
Subtotal Base Rate Adjustments				1,044.00	1,028.88	(15.12)	-1.45%
Total Bill Subtotal				1,841.42	1,916.23	74.81	4.06%
RESA	2.00%	2.00%		36.83	38.32	1.49	
Total Bill				1,878.25	1,954.55	76.30	4.06%

Customer Class	Current Rate	Proposed Rate	Monthly Average Usage	Monthly Current Bill	Monthly Proposed Bill	Monthly Difference \$	Difference %
Primary General - Schedule PG							
Service and Facility Charge	\$ 130.00	\$ 130.00	64.89% L.F.	130.00	130.00	\$ -	-
Energy Charge	\$ 0.00282 /kWh	\$ 0.00282 /kWh	450,000 kWh	1,269.00	1,269.00	-	-
Demand Charge - Winter	\$ 7.21 /kW	\$ 7.21 /kW	950.00 kW	6,849.50	6,849.50	-	-
Subtotal				8,248.50	8,248.50	\$ -	0.00%
GRSA	12.70%	25.41%		1,047.56	2,095.94	1,048.38	1,048.38
Base Rate Amount				9,296.06	10,344.44	1,048.38	11.28%
DSMCA	\$ 1.17 /kW	\$ 1.17 /kW		1,111.50	1,111.50	\$ -	-
PCCA	\$ 4.26 /kW	\$ 4.26 /kW		4,047.00	4,047.00	\$ -	-
TCA	\$ 0.23 /kW	\$ 0.02 /kW		218.50	19.00	(199.50)	(199.50)
ECA - Primary	\$ 0.02191 /kWh	\$ 0.02191 /kWh		9,859.50	9,859.50	\$ -	-
AQIR - Group 2	\$ 0.43 /kW	\$ 0.43 /kW		408.50	408.50	\$ -	-
Subtotal Base Rate Adjustments				15,645.00	15,445.50	(199.50)	-1.28%
Total Bill Subtotal				24,941.06	25,789.94	848.88	3.40%
RESA	2.00%	2.00%		498.82	515.80	16.98	
Total Bill				25,439.88	26,305.74	865.86	3.40%

Public Service Company of Colorado
 Electric Department
 Customer Impact Study - 2008 Electric Phase | Rate Case Settlement

Attachment A

Customer Class	Current Rate	Proposed Rate	Monthly Average Usage	Monthly Current Bill	Monthly Proposed Bill	Monthly Difference \$	Difference %
Transmission General - Schedule TG							
Service and Facility Charge	\$ 9,362.00	\$ 9,362.00	9,000,000 kWh on-peak	\$ 9,362.00	\$ 9,362.00	\$ -	-
Energy Charge	\$ 0.00276 /kWh	\$ 0.00276 /kWh	67.23% L.F. 9,000,000 kWh off-peak	\$ 24,840.00	\$ 24,840.00	\$ -	-
Demand Charge - Winter	\$ 4.47 /kW	\$ 4.47 /kW	18,338 kW	\$ 81,970.86	\$ 81,970.86	\$ -	-
Subtotal				\$ 116,172.86	\$ 116,172.86	\$ -	0.00%
GRSA	12.70%	25.41%		\$ 14,753.95	\$ 29,519.52	\$ 14,765.57	11.28%
Base Rate Amount				\$ 130,926.81	\$ 145,692.38	\$ 14,765.57	11.28%
DSMCA	\$ 1.14 /kW	\$ 1.14 /kW		\$ 20,905.32	\$ 20,905.32	\$ -	-
PCCA	\$ 4.16 /kW	\$ 4.16 /kW		\$ 76,286.08	\$ 76,286.08	\$ -	-
TCA	\$ 0.23 /kW	\$ 0.02 /kW		\$ 4,217.74	\$ 366.76	\$ (3,850.98)	
ECA - Transmission	\$ 0.02142 /kWh	\$ 0.02142 /kWh		\$ 192,780.00	\$ 192,780.00	\$ -	-
AQIR - Group 2	\$ 0.43 /kW	\$ 0.43 /kW		\$ 7,885.34	\$ 7,885.34	\$ -	-
Subtotal Base Rate Adjustments				\$ 302,074.48	\$ 298,223.50	\$ (3,850.98)	-1.27%
Total Bill Subtotal				\$ 433,001.29	\$ 443,915.88	\$ 10,914.59	2.52%
RESA	2.00%	2.00%		\$ 8,660.03	\$ 8,878.32	\$ 218.29	
Total Bill				\$ 441,661.32	\$ 452,794.20	\$ 11,132.88	2.52%

**Public Service Company of Colorado
Calculation of General Rate Schedule Adjustment
Based on the Settlement Agreement**

Attachment B

Line No.	Description		
1	Settled Revenue Increase	\$	112,200,000
2			
3	Present GRSA Rider 12.70% Revenue	\$	<u>112,093,516</u>
4			
5	Total Increase over Present Base Rates	\$	224,293,516
6			
7	Present Retail Base Rate Revenue	\$	884,934,834
8			
9	Less: Street Light Maintenance Revenue	\$	<u>2,302,239</u>
10			
11	Rider Applicable Revenue	\$	882,632,595
12			
13	Settled GRSA Rider (line 5 / line 11)		<u><u>25.41%</u></u>

COLO. PUC No. 7 Electric

PUBLIC SERVICE COMPANY OF COLORADO

Sub. Eighth Revised Sheet No. 109B

P.O. Box 840
Denver, CO 80201-0840

Seventh Revised Sheet No. 109B

ELECTRIC RATES
TRANSMISSION COST ADJUSTMENT

RATE TABLE

<u>Rate Schedule</u>	<u>Applicable Charge</u>	<u>Monthly Rider Rate</u>	
<u>Residential Service</u>			
R	Energy Charge	\$0.00006/kWh	R
RD	Demand Charge	\$0.02/kW-Mo	R
<u>Small Commercial Service</u>			
C	Energy Charge	\$0.00006/kWh	R
<u>Commercial & Industrial General Service</u>			
SGL	Energy Charge	\$0.00025/kWh	R
SG	Demand Charge	\$0.02/kW-Mo	R
PG	Demand Charge	\$0.02/kW-Mo	R
TG	Demand Charge	\$0.02/kW-Mo	R
<u>Special Contract Service</u>			
SCS-7	Production Demand Charge	\$0.02/kW-Mo	R
<u>Standby Service</u>			
SST	Gen Standby Capacity Reservation Fee	\$0.00/kW-Mo	R
	Usage Demand Charge	\$0.02/kW-Mo	R
PST	Gen Standby Capacity Reservation Fee	\$0.00/kW-Mo	R
	Usage Demand Charge	\$0.02/kW-Mo	R
TST	Gen Standby Capacity Reservation Fee	\$0.00/kW-Mo	R
	Usage Demand Charge	\$0.02/kW-Mo	R
<u>Lighting Service</u>			
RAL, CAL, PLL, SL, SSL			
SHL, SLU	Energy Charge	\$0.00006/kWh	R
TSL	Energy Charge	\$0.00003/kWh	R

ADVICE LETTER NUMBER 1522
DECISION NUMBER

ORIGINAL SIGNED BY
ROY PALMER
MANAGING DIRECTOR,
Government & Regulatory Affairs

ISSUE DATE November 14, 2008
EFFECTIVE DATE December 15, 2008

Public Service Company of Colorado
Total TCA Revenue Requirement
Twelve Months Ended December 31, 2008

Exhibit No. DAB-7
Page 1 of 3

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
	2009 Rider	
1	Net Plant Component	0
2		
3	CWIP Component	677,693
4		
5	Total	<u>677,693</u>
6		
7	True-up of 2008 Rider Plant	822,555
8		
9	Total 2009 Rider Revenue Requirements	<u>1,500,248</u>

Public Service Company of Colorado
Net Plant Component of TCA
Twelve Months Ended December 31, 2008

Exhibit No. DAB-7
Page 2 of 3

Line No.		<u>Projected 12/31/08 Balance</u>	<u>Comanche 3 CWIP Included in Rate Base in 2009 Test Year in 2008 Rate Case</u>	<u>Change</u>
1	CWIP	5,830,902	470,084	5,360,818
2				
3	Pre-funded AFUDC			0
4				
5	Total			<u>5,360,818</u>
6				
7	RORB			8.84%
8				
9	Required Earnings			473,896
10				
11	Income Tax Expense			203,797
12				
13	Revenue Requirement			677,693
14				
15	Total Revenue Requirement			677,693

Public Service Company of Colorado
True-up of Plant Balances
Twelve Months Ended December 31, 2007

Exhibit No. DAB-7
Page 3 of 3

Line No.	Description	Actual 13 Mo. Avg. Balance	Projected 13 Mo. Avg. Balance	Change
1	Plant in Service	713,395,170	711,328,829	
2	Depreciation Reserve	209,445,523	208,400,690	
3	Net Plant in Service	503,949,647	502,928,139	1,021,508
4				
5	Accumulated Deferred Taxes	(82,209,780)	(87,699,155)	5,489,375
6				
7	Total	421,739,867	415,228,984	6,510,883
8				
9	RORB	8.87%	8.83%	
10				
11	Required Earnings	37,408,326	36,664,719	743,607
12				
13	Depreciation Expense	11,394,356	11,373,417	20,939
14				
15	Income Tax Expense	16,110,497	16,065,463	45,034
16				
17	Revenue Requirement	64,913,179	64,103,599	809,580
18				
19	Days In Effect Ratio	0.767123288	0.767123288	
20				
21	Pro Rata Revenue Requirement	49,796,411	49,175,364	621,047
22				
23				
24				
25				
26				
27				
28		Actual 12/31/07 Balance	Projected 12/31/07 Balance	Change
29				
30				
31	CWIP	46,498,405	44,464,744	2,033,661
32				
33	Pre-funded AFUDC	0	(67,972)	67,972
34				
35	Total	46,498,405	44,396,772	2,101,633
36				
37	RORB	8.87%	8.83%	
38				
39	Required Earnings	4,124,409	3,920,235	204,174
40				
41	Income Tax Expense	1,776,243	1,717,738	58,505
42				
43	Revenue Requirement	5,900,652	5,637,973	262,679
44				
45	Days In Effect Ratio	0.767123288	0.767123288	
46				
47	Pro Rata Revenue Requirement	4,526,528	4,325,020	201,508
48				
49	Total True-up Amount	54,322,939	53,500,384	822,555

CERTIFICATE OF SERVICE

I hereby certify that on the 22nd day of April 2009, the original and seven (7) copies of the **SETTLEMENT AGREEMENT** were served in Docket 08S-520E via hand delivery on:

Doug Dean, Director
Colorado Public Utilities Commission
1560 Broadway, Suite 250
Denver, CO 80202

and copies were hand delivered or served via United States Mail and served via email on all Parties on this service list.

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** Denotes persons eligible to receive highly confidential proprietary information