

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 12A-778EG

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR AN ORDER EXTENDING ITS APPROVED ELECTRIC AND GAS QUALITY OF SERVICE PLANS THROUGH DECEMBER 31, 2015.

PSCO/CEC SETTLEMENT AGREEMENT

This Settlement Agreement is entered into this 10th day of May 2013 by and between Public Service Company of Colorado ("Public Service") and the Colorado Energy Consumers ("CEC") (collectively, the "Parties").

WHEREAS, Public Service and CEC have engaged in ongoing discussions with respect to concerns raised by some of CEC's members regarding various Power Quality issues including, but not limited to, outages, momentary outages, harmonic distortion, and voltage sags and surges (for purposes of this agreement, these issues are collectively referred to as "Power Quality"); and

WHEREAS, Public Service and CEC agree that, at this time, the Parties would be benefited by additional information to enable the assessment of whether, and if so, how best to address such Power Quality concerns. For example, it is not presently known with regard to each Power Quality issue (a) the cause of or reason for the disturbance; (b) whether the basis for concern arises from an issue on the Public Service side of the meter, the customer side of the meter, both, or neither; (c) whether and how these issues can be remedied or mitigated; (d) the frequency with which these issues arise; and (e) the magnitude of the problem and of any attendant consequences;

and

WHEREAS, the Parties understand that Power Quality issues sometimes arise due to circumstances that are beyond the utility's ability to control and, as a result, may be difficult or impossible to mitigate or resolve; and

WHEREAS, the Parties understand that Power Quality issues may result in increased costs and other consequences for both Public Service and its customers; and

WHEREAS, the Parties accept that Power Quality issues are complex and to the extent such issues can be cost-effectively mitigated or remedied, such mitigation or remediation may require the efforts of both Public Service and its customer(s) to resolve; and

WHEREAS, both Public Service and CEC are committed to working collaboratively to address these Power Quality concerns.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties thus agree as follows:

1. Public Service and CEC agree that the continuation of Public Service's Quality of Service Plan ("QSP"), to and including December 31, 2015, is in the public interest and should be approved as proposed in Public Service's Application.
2. As requested by CEC, Public Service agrees to conduct Power Quality studies ("Study") for four Study Participants over an eighteen to twenty four month period commencing upon the Commission's Order approving the terms of this Settlement. Each Study shall focus on the particular Power Quality issues, needs and interests of the respective participating CEC member ("Study Participant") and may

include multiple premises, to the extent requested by the Study Participant. The particular design of each Study will depend on the Study Participant's respective Power Quality issues, needs and interests as discussions between Public Service and the Study Participant may inform, but may generally include an Initial Set-Up Period, a Monitoring and Assessment Period and a Mitigation Study Period as described more fully below:

a) an Initial Set-Up Period, lasting approximately 4 to 6 weeks, during which time Public Service and the Study Participant will exchange information including but not limited to the Study Participant's historic Power Quality issues and prospective Power Quality concerns, any potentially affected Public Service- or Study Participant-owned equipment, any root cause or other analyses that Public Service or its agents may have previously performed with respect to Power Quality disturbances that have affected Public Service's provision of electric service to the Study Participant. During the Initial Set-Up Period, the Study Participant and Public Service will also meet to discuss the installation of the specialized monitoring equipment needed to measure, track and archive the power quality at the point(s) of delivery, including voltage and current waveforms.

b) a Monitoring and Assessment Period, lasting approximately eight months, but which period may be extended by up to four months as needed or requested by the Study Participant, during which Public Service shall monitor the power quality delivered to the Study Participant at the point(s) of delivery, and shall gather and store all waveform data so as to enable the analysis of that data. During the Monitoring and Assessment Period, Public Service shall work with the Study Participant to

determine, to the extent possible, the root cause(s) of any disturbances experienced by the Study Participant. In the case of CEC member Suncor Energy (U.S.A.) Inc. ("Suncor"), Public Service also agrees to work with Suncor to determine, to the extent possible, the root cause(s) of any disturbances experienced by Suncor since July 2010 when Public Service completed a prior study for the benefit of Suncor. To facilitate the Company's analysis, Suncor shall provide the date of any such disturbance and a description of the impact the disturbance had on Suncor's equipment or operations. Public Service shall provide Suncor and the other Study Participants with copies of all information related to any root cause analysis, determination and investigation of any disturbance that affected the Participant.

c) a Mitigation Study Period, lasting approximately 2 months, during which Public Service and the Study Participant shall review all data collected during the Monitoring and Assessment Period, including all inputs received from the Study Participant, to identify any trends and/or patterns in disturbance events and associated potential causes. Public Service shall provide to the Study Participant digital copies of all data collected as a result of monitoring the Study Participant's Power Quality. Public Service and Study Participant shall work together in good faith to identify cost-effective remedies or mitigation measure, including any mitigation measures that are recommended to be implemented by either Public Service or the Study Participant. To the extent Power Quality disturbances are determined to be caused by Public Service's facilities and equipment, Public Service agrees to communicate that with the Study Participant, and to then discuss and implement at Public Service's expense the reasonable and prudent utility action(s) necessary to remedy and resolve the issue. To

the extent Power Quality disturbances are determined to be caused by the Study Participant's facilities and equipment, or it is determined that adjustments to the Study Participant's equipment or facilities are required to mitigate the impacts of disturbances that occur on Public Service's system that cannot be otherwise mitigated cost-effectively by Public Service, the Study Participant agrees to take under advisement the implementation, at the Study Participant's expense, of the commercially reasonable action(s) necessary to remedy and resolve the issue. If Study Participant elects not to implement such commercially reasonable actions needed to remedy and resolve the issue, the Study Participant agrees to notify Public Service, providing the basis or bases for the Study Participant's decision not to implement such measures at that time.

The Parties agree that the start-up of the Power Quality Studies may be staggered, with Public Service's initiating at least one Study every four to six weeks, upon completion of the Initial Set-Up Period for the immediately preceding Study. The Parties further agree that Public Service shall not be required to monitor the power quality at more than four points of delivery at any one time, and therefore shall also be permitted to stagger the power quality studies for the participants over the course of the study period.

3. The monitoring equipment to be installed during the Monitoring and Assessment Period shall be installed on Public Service's side of the meter(s), typically at the point(s) of delivery or at the metering point(s). Public Service shall provide and install such equipment for the Study Participant at Public Service's cost, and, in connection with the installation, shall coordinate with the Study Participant to prevent, to

the extent possible, any outages or other impacts to Study Participant and to mitigate the effects of any outages or other impacts that may occur.

The Study Participant agrees to provide physical security for the monitoring equipment, and appropriate access to the monitoring equipment for Public Service during the Study. The Study Participant also agrees to pay the reasonable costs associated with any temporary shields and/or barriers that may be needed to ensure Study Participant's electrical facilities continue to meet applicable provisions of the National Electrical Code ("NEC") while such monitoring equipment is in use. Public Service agrees to provide all labor and associated costs to record and extract data, and to interpret, report, and share results with the Study Participant. Nothing shall preclude the Study Participant from independently interpreting the data and results provided by Public Service pursuant to this paragraph at Study Participant's cost.

4. It is understood and agreed that during the Monitoring and Assessment Period it may become necessary for the Study Participant to acquire and install monitoring equipment on its side of the meter to ensure that the Study Participant's equipment is operating within appropriate limits. To the extent that Public Service and the Study Participant agree that the installation of monitoring equipment on the Study Participant's side of the meter is both necessary and appropriate, such monitoring equipment shall be installed at the Study Participant's expense and shall meet specifications that are agreeable to Public Service. The Study Participant shall bear all costs associated with recording and extracting data from any monitoring equipment on its side of the point of delivery, and to interpret, report and share results with Public Service. Nothing shall preclude Public Service from independently interpreting the data

and results from any monitoring equipment that is installed on the Study Participant's side of the point of delivery at Public Service's expense.

5. At the request of either Public Service or the Study Participant, Public Service and the Study Participant agree to collaborate and cooperate as reasonably necessary to conduct an engineering audit specific to service to Study Participant at a particular site to assist in the evaluation of disturbances and their potential causes and remedies.

6. At all phases of the Study, each Study Participant and Public Service agree to work collaboratively to ensure regular and consistent dialogue and information exchange regarding power quality issues. Specifically:

a) Each Study Participant and Public Service shall agree upon a regular schedule of meetings during the Study Period to discuss power quality and other associated issues of concern (e.g., plans or considerations for transmission/distribution investments or expansion to the extent that such plans involving transmission and generation functions have previously been made public, maintenance plans and practices affecting the Study Participant). The principal point of contact at Public Service shall be the Customer Account Manager who will work closely with the Area Engineer to fulfill Public Service's obligations under this Agreement. Study Participant shall identify the principal point(s) of contact upon commencement of the Initial Set-Up Period.

b) Public Service shall notify, and obtain concurrence from, designated representative(s) of each Study Participant in advance of planned outages that can reasonably be expected to affect the electric service provided to the Study

Participant. Such notice shall be provided with as much lead time and with as much sensitivity to the respective Study Participant's needs as possible before the outage or disturbance occurs.

c) Each Study Participant shall use best efforts to notify the designated representative(s) within Public Service of any Power Quality disturbance or outage that occurs at the Study Participant's premises and which is known to the Study Participant within three (3) business days of such outage or disturbance.

d) For each unplanned outage or Power Quality disturbance that is reported pursuant to subparagraph c., above, Public Service shall use commercially reasonable efforts to investigate the root cause of such outages or disturbances upstream of or at the point(s) of delivery. Public Service shall notify the Study Participant(s) within three (3) business days following its receipt of notice of such outage or disturbance that Public Service will be undertaking a root cause analysis and shall further outline an anticipated timeline for its completion. The Study Participant agrees to work with Public Service, as necessary, to facilitate completion of a comprehensive root cause analysis, including conducting its own investigation of potential causes downstream of the point of delivery, if such investigation appears warranted based on preliminary results of Public Service's root cause analysis. Public Service shall complete its analysis as quickly as practicable. Once completed, Public Service shall provide a copy of its root cause analysis to the Study Participant along with Public Service's recommendations for remedying the issue or mitigating the risk of the issue recurring in the future, including measures that could be taken, at Public Service's or the Study Participant's election, to remedy or mitigate the issue going

forward. Both Public Service and the Study Participant will need to determine for their own electrical systems the estimated cost and efficacy of such recommended mitigations. Upon request by a Study Participant, Public Service shall provide the Study Participant with a list of maintenance activities undertaken over the past twelve months as well as any specific maintenance plan for Public Service's transmission and distribution facilities that may be involved with those Power Quality events that are identified by the Study Participant.

f) If any information during the Study is claimed to be confidential, Public Service and the Study Participant shall execute a non-disclosure agreement pursuant to Rule 1100 of the Commission's Rules of Practice and Procedure. Nothing shall preclude the Study Participants from sharing information received during the Study among themselves, including information Public Service has designated as Confidential, provided that any person to whom such information is provided shall have executed a non-disclosure agreement as required by this Paragraph.

7. At any time during the course of the Power Quality Study or at the conclusion of the Study, Public Service agrees to consider in good faith a reasonable request by a Study Participant to extend the Study beyond the 12 month maximum study period provided in Paragraph 2.b. At the conclusion of the Power Quality Study and of any root cause analyses initiated during the course of the Study, Public Service and the respective Study Participant agree to negotiate in good faith regarding potential remedies and/or mitigation measures to be taken by either Public Service or the Study Participant and shall define, to the extent possible, the respective responsibilities and obligations of Public Service and the Study Participant, as well as the timeline(s) for

fulfillment of those responsibilities and obligations. However, neither Public Service nor the Study Participant shall be required to undertake any such remedy or mitigation measure unless such remedy or measure is cost-effective and consistent with reasonable and prudent business and utility practices. Any construction performed by Public Service on the utility system solely for the Study Participant's benefit shall be subject to any customer contributions in aid of construction that may be required under Public Service's electric tariffs then in effect.

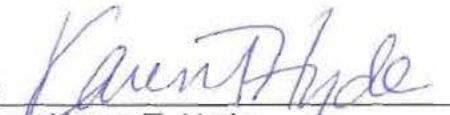
8. Within 90 days following the conclusion of the Mitigation Study period associated with the last study conducted under this Settlement Agreement, Public Service and CEC agree to report upon the results of the Study, and to file the report with the Commission.

9. Following the conclusion of the Study, Public Service and CEC agree to meet to discuss whether, as a result of the information learned from the Study, there are changes to Public Service's tariffs or service agreements that are appropriate, or whether other measures should be considered.

DATED this 10th day of May, 2013.

Agreed on behalf of:

**PUBLIC SERVICE COMPANY
OF COLORADO**

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