



1800 Larimer Street
Denver, CO 80202

April 14, 2023

VIA ELECTRONIC FILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: *Public Service Company of Colorado*
 Compliance Filing in Response to Order on Show Cause Proceeding
 Docket No. ER23-____-000**

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act,¹ part 35 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations,² and Order No. 714,³ Public Service Company of Colorado ("PSCo"), submits the enclosed revisions to PSCo's transmission rate protocols ("Protocols") set forth in Appendix 1 to Attachment O-PSCo of the Xcel Energy Operating Companies Joint Open Access Transmission Tariff ("Xcel Energy OATT")⁴ in compliance with the Commission March 16, 2023 Order on Show Cause Proceeding and Directing a Compliance Filing in Docket No. EL22-39-000.⁵ The enclosed revisions to the Protocols implement those revisions approved by the Commission in the March 16 Order.

PSCo respectfully requests waiver of the Commission's prior notice requirements⁶ to allow the proposed ministerial revision corrections to the Transmission Template to become effective on April 27, 2022, consistent with the directives set forth in the March 16 Order.⁷ Moreover, the

¹ 16 U.S.C. § 824d.

² 18 C.F.R. pt. 35 (2022).

³ *Electronic Tariff Filings*, FERC Stats. & Regs. ¶ 31,276 (2008), *order on clarification*, Order No. 714-A, 147 FERC ¶ 61,115 (2014) ("Order No. 714").

⁴ PSCo is the designated e-Tariff filing entity for the Xcel Energy OATT, consistent with the requirements of Order No. 714.

⁵ *Pub. Serv. Co. of Colo.*, 182 FERC ¶ 61,157 (2023) ("March 16 Order").

⁶ 18 C.F.R. § 35.3(a)(1).

⁷ *See* March 16 Order at P 12.

enclosed revisions will have no effect on rates.⁸

I. CONTENTS OF FILING

This filing consists of the following items, which are included as attachments to the XML package:

1. This transmittal letter;
2. A clean copy of the proposed revisions to the Protocols in eTariff format; and
3. A marked copy of the proposed revisions to the Protocols in eTariff format.

II. BACKGROUND

A. Public Service Company of Colorado

PSCo is a wholly owned utility operating company subsidiary of Xcel Energy Inc. (“Xcel Energy”), a public utility holding company. PSCo is a vertically integrated electric utility that, *inter alia*, provides open access wholesale transmission services to transmission customers under the Xcel Energy OATT.

B. The Orders in Docket No. EL22-39-000

On April 21, 2022, the Commission issued a Show Cause Order pursuant to section 206 of the Federal Power Act⁹ and found that PSCo’s Protocols appeared to be unjust and unreasonable when compared to the standards established by the Commission in the MISO Protocol Orders.¹⁰ Specifically, the Commission found that PSCo’s Protocols are deficient in the following three areas: (1) the scope of participation (i.e., who can participate in the information exchange); (2) the transparency of the information exchange (i.e., what information is exchanged); and (3) the ability of customers to challenge PSCo’s implementation of the formula rate as a result of the information exchange (i.e., how the parties may resolve their potential disputes).¹¹ In the Show Cause Order, the Commission directed PSCo to either: (1) show cause as to why its Protocols remain just and reasonable and not unduly discriminatory or preferential; or (2) explain what changes to the Xcel

⁸ The enclosed revisions do not modify or otherwise affect the Xcel Energy OATT provisions applicable to service over the facilities of the other Xcel Energy Operating Companies, which are Northern States Power company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; and Southwestern Public Service Company.

⁹ *Pub. Serv. Co. of Colo.*, 179 FERC ¶ 61,057 (2022) (“Show Cause Order”).

¹⁰ *Midwest Indep. Transmission Sys. Operator, Inc.*, 139 FERC ¶ 61,127 (2012), *order on investigation*, 143 FERC ¶ 61,149 (2013) (MISO Investigation Order), *order on reh’g*, 146 FERC ¶ 61,209, *order on compliance*, 146 FERC ¶ 61,212 (2014), *order on reh’g*, 150 FERC ¶ 61,024, *order on compliance*, 150 FERC ¶ 61,025 (2015) (collectively, the “MISO Protocol Orders”).

¹¹ Show Cause Order at P 13.

Energy OATT it believes would remedy the identified concerns if the Commission were to determine that the Xcel Energy OATT has, in fact, become unjust and unreasonable or unduly discriminatory or preferential.¹²

PSCo subsequently filed a response to the Show Cause Order on June 20, 2022 that described proposed revisions to the Protocols intended to address the issues identified by the Commission.¹³ The Colorado Office of the Utility Consumer Advocate (“Consumer Advocate”) then filed a protest in response to PSCo’s June 20 Answer requesting a revision to PSCo’s proposed changes to section 6.a of its Protocols.¹⁴ PSCo agreed to the Consumer Advocate’s request in an answer on July 27, 2022.

In the March 16 Order, the Commission found that PSCo’s proposed revisions to its Protocols, along with the agreed-to change requested by the Consumer Advocate, were consistent with the standards established in the MISO Protocol orders and subsequent Commission precedent and that the proposed changes would remedy the issues identified in the Show Cause Order.¹⁵ The Commission accordingly directed PSCo to submit a compliance filing implementing the proposed revisions to its Protocols, to be effective April 27, 2022, within 30 days of the date of the March 16 Order.¹⁶

III. DESCRIPTION AND JUSTIFICATION OF PROPOSED TARIFF REVISIONS

The enclosed revisions to PSCo’s Protocols implement the directives set forth in the March 16 Order and are consistent with the changes proposed by PSCo in its June 20 Answer, as modified by the request of the Consumer Advocate. As described above, the only modification to the revisions proposed in the June 20 Answer is to strike the phrase “addressing PSCo’s annual true-up or projected net revenue requirement” in section 6.a of PSCo’s Protocols as requested by the Consumer Advocate and as accepted by the Commission in the March 16 Order.

IV. INFORMATION RELATING TO THE EFFECT OF THE RATE CHANGE

As described above in section II.B, the purpose of the revisions to the Protocols enclosed herein are to address issues identified in the Show Cause Order relating to the scope of participation, the transparency of the information exchange, and the ability of customers to challenge PSCo’s implementation of the formula rate as a result of the information exchange. Accordingly, the changes proposed herein will have no rate impact.

¹² *Id.* at PP 14, 33.

¹³ Answer of Public Service Company of Colorado, Docket No. EL22-39-000 (June 20, 2022) (“June 20 Answer”).

¹⁴ Specifically, the Consumer Advocate requested that PSCo delete the phrase “addressing PSCo’s annual true-up or projected net revenue requirement” in section 6.a of PSCo’s Protocols on the basis that it was unnecessary. *See* March 16 Order at P 7.

¹⁵ March 16 Order at P 12.

¹⁶ *Id.*

V. PROPOSED EFFECTIVE DATE AND REQUESTS FOR WAIVERS

PSCo respectfully requests that the Commission grant waiver of its sixty (60) day prior notice requirement¹⁷ and allow an effective date of April 27, 2022 for the revisions proposed herein, consistent with the requirements set forth in the March 16 Order. PSCo submits that good cause exists to grant the requested effective date given that PSCo is submitting this compliance filing at the direction of the Commission.¹⁸ Furthermore, Commission policy permits waivers of the prior notice requirement in the case of uncontested filings that do not change rates.¹⁹

PSCo additionally respectfully requests waiver of any other filing requirements under the Commission's regulations which the Commission deems necessary to accept the enclosed revisions, including any applicable requirements of the cost-of-service regulations in 18 C.F.R. § 35.13. Good cause exists to grant all necessary waivers, as the filing will provide no rate impact on transmission customers.

VI. SERVICE

Pursuant to 18 C.F.R. § 35.2(e), an electronic version or notice of this filing will be served upon the state commission having jurisdiction over PSCo, upon PSCo's transmission service customers and upon the parties to the service list maintained by the Commission in Docket No. EL22-39-000. A courtesy copy will be provided to the Director, Electric Power Regulation (West). In addition, a copy of this filing will be posted at the offices of PSCo at 1800 Larimer Street in Denver, Colorado.

VII. COMMUNICATIONS AND CORRESPONDENCE

Correspondence and communications with respect to this filing should be sent to, and PSCo requests the Secretary include on the official service list, the following²⁰:

¹⁷ 18 C.F.R. § 35.3(a).

¹⁸ 18 C.F.R. § 35.11.

¹⁹ *See Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106, *reh'g denied*, 61 FERC ¶ 61,189 (1992); *see also Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, at 61,984 *reh'g granted in part*, 65 FERC ¶ 61,081 (1993).

²⁰ To the extent necessary, PSCo respectfully requests waiver of Rule 203(b)(3) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.203(b), to permit the persons listed to be placed on the official service list for this proceeding.

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VIII. CONCLUSION

PSCo respectfully requests that the Commission accept the revisions to PSCo's Protocols proposed herein, without suspension or hearing, to be effective April 27, 2022.

Respectfully submitted,

/s/ David E. Pettit
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*Counsel for Public Service Company of
Colorado*

Cc: Colorado Public Utilities Commission
Transmission Tariff Customers
Director, Electric Power Regulation (West)

CERTIFICATE OF SERVICE

I, Anne M. Woodburn, hereby certify that I have this day served a notice of the enclosed document filing, electronically, on the Colorado Public Utilities Commission, PSCo's transmission service customers, and each party designated on the official service list compiled by the Secretary in Docket No. EL22-39-000.

Dated at Minneapolis, Minnesota this 14th day of April, 2023.

/s/ Anne Woodburn

Anne M. Woodburn

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Appendix 1

Public Service Company of Colorado (“PSCo” or “Company”) Transmission Formula Rate Implementation Procedures

Section 1 Applicability

The formula rate template (“Formula Rate Template”) and these Transmission Formula Rate Implementation Procedures (“Implementation Procedures”) (collectively, the “Formula Rate”) together comprise PSCo’s filed transmission rates and ancillary services rates. PSCo shall follow the Formula Rate to calculate its Annual Transmission Revenue Requirement (“ATRR”), the monthly rate for Network Integration Transmission Service (“NITS Rate”), the monthly rates for Point-to-Point Transmission Service (“PTP Rates”), the Annual Ancillary Services Schedule 1 Revenue Requirement (“S1RR”) and the monthly rates for Ancillary Services Schedule 1 - Scheduling, System Control and Dispatch Service (“Schedule 1 Rates”), Ancillary Services Schedule 2 - Reactive Supply and Voltage Control from Generation or Other Sources Service (“Schedule 2 Rates”), Ancillary Service Schedule 3 - Regulation and Frequency Response Service (“Schedule 3 Rates”),), Ancillary Services Schedule 3A – Regulation and Frequency Response Service for Point-to-Point Transmission Service for exports from the PSCo Balancing Authority Area (“Schedule 3A Rates”), Ancillary Services Schedule 5 - Operating Reserve - Spinning Reserve Service (“Schedule 5 Rates”), Ancillary Services Schedule 6 - Operating Reserve Supplemental Reserve Service (“Schedule 6 Rates”), Ancillary Services Schedule 16 – Flex Reserve Service (“Schedule 16 Rates”), and Schedule 19 – Rush Creek Gen-Tie Charge (“Schedule 19 Rates”) for the PSCo rate zone under the Xcel Energy Operating Companies (“Xcel Energy”) Open Access Transmission Tariff (“Joint OATT”).

The Formula Rate shall be effective for service on and after November 17, 2012 for each full or partial calendar year (the “Rate Year” or “Formula Rate Year”), subject to the implementation, review, challenge and true-up procedures of these Implementation Procedures. The Schedule 19 Rate shall be effective for service on and after August 1, 2018 for each full or partial calendar year (the “Rate Year” or “Formula Rate Year”), subject to the implementation, review, challenge and true-up procedures of these Implementation Procedures.

The customers taking NITS service and the customers taking PTP service or customers taking Interconnection Service over the Rush Creek Gen-Tie are hereinafter referred to, collectively, as “Customers” or “Transmission Customers” or “Gen-Tie Customers.” The forecasted ATRR is referred to as the “Estimated ATRR,” the forecasted S1RR is referred to as the “Estimated S1RR,” the forecasted Gen-Tie ARR is referred to as the “Estimated S19ARR,” and the forecasted NITS Rate, PTP Rates, Schedule 19 Rates, and Ancillary Services Schedule 1 Rates are collectively referred to as the “Estimated Rates.” In the spring of the year following the Rate Year, the Estimated ATRR, Estimated S19ARR and the Estimated S1RR will be trued-up, as described herein, based on actual data for the Rate Year, to establish the Actual ATRR, Actual S19ARR and Actual S1RR. As part of such true-up (the “Annual True-up”), PSCo also will calculate the Actual NITS Rate, Actual PTP Rates, Actual Schedule 19 Rates and Actual Ancillary Services Schedule 1 Rates (collectively or individually referred to as the “Actual Rates”). PSCo will calculate the rates for Ancillary Services Schedules 2, 3, 3A 5, 6 and 16 for each Rate Year based on actual data from PSCo’s most recently filed Federal Energy

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Regulatory Commission FERC Form 1 ("FERC Form 1") and such rates are not subject to the Annual True-up.

The Federal Energy Regulatory Commission ("FERC" or "Commission") annually determines the FERC Annual Charge and PSCo assesses the charge to its Transmission Customers. The FERC Annual Charge is shown on the Formula Rate Template rate sheet for ease of reference but it is a pass through of the FERC-calculated charge and is not part of the Formula Rate calculations or subject to the Annual True-up.

Section 2 Annual Update for Upcoming Rate Year

No later than October 1 of each year (or, if October 1 is a weekend day or a holiday recognized by FERC, the first day following such weekend day or holiday that FERC is open for business ("Business Day")), PSCo shall post the Estimated ATRR, the Estimated S19ARR, the Estimated S1RR, the Estimated Rates, and the Ancillary Services Schedule 2, 3, 5 and 6 Rates for the upcoming Rate Year, to be effective beginning January 1 of the upcoming Rate Year ("Annual Update"). PSCo shall post the Annual Update on the Transmission OATT page of the Xcel Energy website (www.xcelenergy.com <<http://www.xcelenergy.com>>) and on the PSCo OASIS (westTTrans.net OASIS or any successor OASIS) (hereinafter, "PSCo OASIS"), in a location that is accessible by the general public. PSCo shall simultaneously notify its Customers electronically that the Annual Update is available for their review.

In the event that PSCo utilizes a regional cost sharing mechanism with other transmission owners for the recovery of transmission project costs under PSCo's Formula Rate Template, PSCo shall endeavor to coordinate with other transmission owners utilizing the same regional cost sharing mechanism to hold an annual joint informational meeting among those transmission owners and interested parties to enable all interested parties the opportunity to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects. No less than seven (7) days prior to such joint informational meetings, PSCo shall provide notice on its OASIS of the time, date, and location of the joint informational meeting.

a. Annual Update: Components

The Annual Update shall include the following:

- (i) a data-populated version of the Formula Rate Template, including fully functioning Excel® files, setting forth the Estimated ATRR, the Estimated S19ARR, the Estimated S1RR, the Estimated Rates and the Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates for the next Rate Year;
- (ii) supporting documentation, including, but not limited to, fully functioning Excel® files (or other such native format files) and workpapers required to support, demonstrate and explain the information upon which the Annual Update is based;
- (iii) disclosure of the Accounting Changes to the extent (a) such changes have taken effect since January 1, 2012 for the first Annual Update in October 2012 and, thereafter, in subsequent, any such changes that have taken place since the immediately prior Annual

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Update; and (b) any such changes affect the Formula Rate, calculation of the Annual Update or the allocation of costs or revenues to PSCo's Customers. For purposes of these Implementation Procedures, "Accounting Changes" are changes in (1) FERC's Uniform System of Accounts ("USoA"), (2) FERC Form No. 1 reporting requirements as applicable, (3) the initial implementation of accounting practices for unusual or unconventional items where the Commission has not provided specific direction, (4) changes directed by FERC orders applicable to the Formula Rate or accounting orders applicable to PSCo that affect accounts providing inputs directly or indirectly to the Formula Rate Template, (5) disclosure of any errors and prior period adjustments in the FERC Form No. 1, the Formula Rate Template, or accounting data that impacts the Formula Rate in the upcoming Rate Year or previous Rate Years, (6) the initial implementation of an accounting standard or policy, (7) the implementation of new estimation methods or policies that change prior estimates, and (8) changes to income tax elections. Items included in the formula rate at an amount other than on a historical cost basis (e.g., fair value adjustments) shall also be identified;

- (iv) a list of each transmission, general, intangible, and electric common annual capital addition;
- (v) the Common Plant Study that is the basis of the common plant allocation factors used in the Annual Update
- (vi) Detail of the amount included in rate base and the amortization of the wholesale share of the transmission serving transmission acquisition adjustment (\$5,308,257) associated with PSCo's December 10, 2010 purchase of the Rocky Mountain Energy Center, with the amortization of such acquisition adjustment to be over a period of 55 years; and
- (vii) Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-Up.

b. Annual Update: Estimated Rates

The Annual Update shall compute the Estimated Rates based upon PSCo's most recent budget for the upcoming Rate Year and supplemental data from PSCo's books and records concerning the upcoming Rate Year ("Supplemental Data") that reasonably project transmission peak demands and costs properly recorded (or to be recorded) on its books consistent with the USofA, FERC's orders establishing generally applicable transmission ratemaking policies, and FERC accounting policies and directives. The Estimated Rates shall be developed in the following manner:

- (i) an average of 13-monthly balances shall be applied to: (a) gross plant balances and gross plant adjustments for all plant functions, excluding generator step-ups; (b) accumulated depreciation and amortization reserve balances and depreciation reserve adjustments for all plant functions, excluding generator step-ups; (c) capital structure balances inclusive of long-term debt, preferred stock, and common equity; (d) the following Other Rate Base Items: Future Use Land and Land Rights, Materials and Supplies, Prepayments Regulatory Liabilities, and Construction Work In Progress ("CWIP") and related pre-funded Allowance for Funds Used During Construction

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("AFUDC") (if and when the inclusion of CWIP in rate base is approved by FERC); and
(e) the transmission-related acquisition adjustments permitted by FERC order to be included in the Formula Rate for ratemaking purposes; and

- (ii) an average of the beginning of year and end of year balances shall be applied to Accumulated Deferred Income Taxes.

c. Annual Update: Ancillary Services Schedule 2, 3, 3A, 5, 6 and 16 Rates

PSCo will calculate the rates for Ancillary Service Schedules 2, 3, 3A, 5, 6 and 16 using actual data from PSCo's most recently filed FERC Form 1. For example, the Schedule 2, 3, 3A, 5, 6 and 16 rates to become effective as of November 17, 2012 for the remaining months in Rate Year 2012 will be based on PSCo's 2010 FERC Form 1. The Schedule 2, 3, 3A, 5, 6 and 16 rates to become effective January 1, 2013 will be based on PSCo's 2011 FERC Form 1. Ancillary Services Schedule 2, 3, 3A, 5, 6 and 16 rates are not subject to the Annual True-up.

d. Annual Update: Customer Meeting

Each year, no later than October 20 (or the next Business Day if October 20 is not a Business Day), PSCo shall convene a meeting ("Annual Update Customer Meeting") among PSCo, its Customers and their respective designated representatives as well as other interested parties, such as state regulatory commissions, consumer advocacy agencies, and state attorney generals (collectively, "Interested Parties") to explain the Annual Update, including the derivation of the Estimated Rates and, the Ancillary Services Schedule 2, 3, 3A, 5, 6 and 16 Rates for the next Rate Year. Notwithstanding the foregoing, PSCo and the Customers may mutually agree to a later date for the Annual Update Customer Meeting. The Annual Update Customer Meeting shall (i) allow enough time for PSCo to present details about its Annual Update and (ii) provide the Interested Parties the opportunity to seek information and clarification from PSCo about the Annual Update. PSCo will accommodate Interested Parties that wish to participate in the Annual Update Customer Meeting via teleconference or webinar. PSCo shall provide at least fourteen (14) calendar days' prior written notice of the Annual Update Customer Meeting. Such notice shall be provided no later than the time the Annual Update is provided. Such written notice may be provided by electronic mail to the Interested Parties.

e. Modification of Annual Update

PSCo shall modify the Annual Update to reflect any changes that it and the Customers comprising the majority of PSCo's network load have mutually agreed upon as of December 31 (or the next Business Day if December 31 is not a Business Day). If there are mutually agreed upon changes, PSCo shall post a Revised Annual Update incorporating the agreed changes as soon as possible after such agreement, but no later than January 15 (or the next Business Day if January 15 is not a Business Day). PSCo shall simultaneously notify the Customers of the posting.

f. Challenge and Review of Annual Update

The Annual Update is subject to review and challenge in accordance with the procedures set

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forth in Section 6 and Section 7 below.

g. Annual Update: Informational Filing

By January 15 (or the next Business Day if January 15 is not a Business Day), PSCo shall file with FERC the Annual Update, as revised to reflect any changes that PSCo and the Customers comprising the majority of PSCo's network load have mutually agreed upon pursuant to Section 2e ("Annual Informational Filing"). The Annual Informational Filing will include both portable document format ("PDF") and fully functioning Excel® files (or other such native format files) of the Annual Update. The Annual Informational Filing shall not require action by FERC.

h. Subsequently Discovered Errors

Any error, defined as a calculation error in the formula rate or an input error in the formula rate or FERC Form No. 1, to the Annual Update identified by PSCo or Customer(s) during the Formula Rate Year, which PSCo and one or more Customers agree affects the Customers' Estimated Rates, shall be rectified by PSCo in the Formula Rate Template. PSCo shall implement the resulting revised Estimated Rates and/or revised Ancillary Services Schedule 1, 2, 3, 5 or 6 Rates in the next billing month after such revision is calculated. To the extent such error affects months prior to the month that PSCo and Customer(s) agree that an error should be rectified, the correction for such months will be reflected in the subsequent Annual True-up (as defined in Section 4, below) and there shall be no intra-Rate Year refund or surcharge associated with such error. The same procedures shall apply in the event of an error affecting the Estimated Rates of an individual customer. Once the Formula Rate Year is complete, there shall no longer be a requirement to correct the Estimated Rates for such year. Any such correction to address the error shall be made to the Actual Rates for such Formula Rate Year at the time of the Annual True-up or thereafter should the error be discovered after the Annual True-up. See Section 4.f. below.

Section 3 Post-Employment Benefits Other Than Pensions ("PBOP") Filing

The PBOP charges included in each Annual Update shall be the actual FERC-approved PBOP cost booked to FERC Account 926 for the prior Rate Year.

On or before April 1 of each year, an Actuarial Study supporting PSCo's proposed actual PBOP costs for the prior Rate Year will be filed with the Commission for approval under FPA Section 205 ("PBOP Filing"). The PBOP Filing will be posted and provided to Customers. The actual PBOP costs for the prior Rate Year that are approved by FERC shall be used for the annual true-up ("Annual True-up") of such prior Rate Year. PSCo expects, absent extraordinary circumstances, that the Commission will have acted on the April 1st PBOP filing in time for inclusion of the FERC-approved actual PBOP costs in the Annual True-up of such prior Rate Year. In the event the Commission has not acted on the April 1st PBOP filing by the time PSCo posts the Annual True-Up, PSCo will include its actual costs pending approval from FERC in the initial posting of the Annual True-Up, but will ultimately reflect, before the true-up is finalized, the Commission-approved PBOP costs for such prior Rate Year, if they are different.

With respect to the Estimated Rates for the upcoming Formula Rate Year, PSCo will use the budgeted PBOP costs for each such Rate Year in the Annual Update, subject to true-up.

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For example, the 2012 Estimated Rates will use the 2012 estimated PBOP costs but, by the time that the 2012 Estimated Rates are trued-up in 2013, PSCo will have and will use the FERC-approved actual 2012 PBOP costs in the Annual True-up for Rate Year 2012. Similarly, the 2013 Estimated Rates will use the 2013 estimated PBOP costs, but when the 2013 Estimated Rates are trued-up in 2014, PSCo will have and will use the actual FERC-approved 2013 PBOP costs for the Annual True-up of Rate Year 2013. Annually, PSCo will fund to an external trust the PBOP costs collected pursuant to the Formula Rate.

Section 4 Annual True-up

Beginning in 2013, by no later than June 1 of each Rate Year (or the next Business Day if June 1 is not a Business Day), PSCo shall true-up the Annual Update for the prior Rate Year (the "True-up Year"). The annual true-up ("Annual True-Up") shall establish the Actual ATRR, the Actual S19ARR, the Actual S1RR, and the Actual Rates for True-up Year based on PSCo's actual costs as reflected in its FERC Form No. 1 and its books and records (maintained in accordance with the FERC's Uniform System of Accounts ("USofA")) for such True-up Year. PSCo shall post the Actual ATRR, the Actual S19ARR, the Actual S1RR and the Actual Rates for the True-up Rate Year on the Transmission OATT page of the Xcel Energy website and on the PSCo OASIS, in a location that is accessible by the general public. PSCo shall simultaneously notify its Customers electronically that the Annual True-up is available for their review.

a. Annual True-up: Components

The Annual True-up shall include the following:

- (i) a data-populated version of the Formula Rate Template, including fully functioning Excel® files, setting forth the Actual ATRR, the Actual S19ARR, the Actual S1RR and the Actual Rates;
- (ii) supporting documentation, including, but not limited to, fully functioning Excel® files (or other such native format files) and workpapers required to support and explain information upon which the Annual True-up is based;
- (iii) disclosure of the Accounting Changes to the extent (a) such changes have taken effect since January 1, 2012 for the first Annual True-Up in June 2013 and, thereafter, in subsequent Annual True-Ups, any such changes that have taken place in the True-Up Year (January 1 – December 31 of the calendar year immediately prior to the June True-Up); and (b) any such changes affect the Formula Rate, calculation of the True-up or the allocation of costs or revenues to PSCo's Customers;
- (iv) a list of each transmission, general, intangible, and electric common annual capital addition;
- (v) Detail of the amount included in rate base and the amortization of the wholesale share of the transmission serving transmission acquisition adjustment (\$5,308,257) associated with PSCo's December 10, 2010 purchase of the Rocky Mountain Energy Center, with the amortization of such acquisition adjustment to be over a period of 55 years; and

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- (vi) a side-by-side comparison of the actual Formula Rate Template components with the estimated Formula Rate Template components for the True-up Year ("Variance Analysis"). Where an estimated rate base component, when trued-up, is \$5,000,000 above or below the actual rate base component, and where an estimated expense or revenue component, when trued-up, is more than five percent (5%) and \$500,000 above or below the actual expense or revenue component, PSCo shall provide a written explanation of the reason for such variance. The foregoing limits do not, however, preclude Customers from seeking information for any variance falling below such thresholds.

b. Annual True-up: Actual Rate Calculations

The Annual True-up shall calculate Actual Rates in the following manner:

- (i) costs shall be actual costs as reflected in PSCo's FERC Form 1 or Company Records, inclusive of any revisions thereto, for the True-up Year and in any Supplemental Data necessary to complete the Formula Rate Template inputs for the Annual True-up.
- (ii) the Actual ATRR, the Actual S19ARR and Actual S1RR will be determined using the same methodologies for calculating the Estimated ATRR, Estimated S19ARR and Estimated S1RR, except to the extent different methodologies are required as a result of Accounting Changes identified pursuant to Section 4a(iii); and
- (iii) Actual Rates will be determined based upon the Actual ATRR and Actual S1RR, as appropriate, and the actual system transmission peak load.

c. Annual True-up: Customer Meeting

Each year, beginning in 2013, by June 30 (or the next Business Day if June 30 is not a Business Day), PSCo shall convene a meeting ("Annual True-up Customer Meeting") among PSCo and Interested Parties to explain the Annual True-up, including the derivation of the Actual ATRR, Actual S19ARR, Actual S1RR and Actual Rates for the True-up Year. Notwithstanding the foregoing, PSCo and the Customers may mutually agree to a later date for the Annual True-up Customer Meeting. The Annual True-up Customer Meeting shall (i) allow enough time for PSCo to present details about its Annual True-up and (ii) provide the Interested Parties the opportunity to seek information and clarification from PSCo about the Annual True-up. PSCo will accommodate Interested Parties that wish to participate in the Annual True-up Customer Meeting via teleconference or webinar. PSCo shall provide at least fourteen (14) calendar days' prior written notice of the Annual True-up Customer Meeting. Such notice shall be provided no later than the date on which the Annual True-up is provided. Such written notice may be provided by electronic mail to the Interested Parties.

d. Challenge and Review of Annual True-up

The Annual True-up is subject to challenge and review in accordance with the procedures set forth in Section 6 and Section 7 below.

e. Annual True-up: Individual Customer True-up, Refunds and/or Surcharges

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The Annual True-up for transmission rates shall include, for each Customer affected by the Annual True-up, a comparison of what the Customer paid for service based on Estimated Rates and what the Customer should have paid based upon Actual Rates ("Customer True-up Adjustment"). In the event the Customer True-up Adjustment reflects an overpayment, PSCo shall refund such overpayment to the affected Customer, with interest determined in accordance with 18 C.F.R § 35.19a, as promptly as possible after PSCo and the Customers comprising the majority of PSCo's network load mutually agree on the Actual Rates and PSCo and the affected Customer agree on the individual Customer True-up Adjustment. In the event that the Customer True-up Adjustment reflects an underpayment, the affected Customer shall pay such underpayment to PSCo, with interest determined in accordance with 18 C.F.R § 35.19a, as promptly as possible after PSCo and the Customers comprising the majority of PSCo's network load mutually agree on the Actual Rates and PSCo and the affected Customer agree on the individual Customer True-up Adjustment; provided, however, if the amount due to PSCo exceeds 10 percent (10%) of the amount previously paid by the Customer in the True-up Year, a Customer may elect to extend such payment to PSCo over not more than twelve (12) months, with interest on the unpaid balance calculated using the interest rate specified in 18 C.F.R. § 35.19a. PSCo shall provide notice to the Customers that no issues have been raised or all issues have been resolved and that PSCo intends to refund to or surcharge Customers thirty (30) days after the issuance of such notice, absent a statement to the contrary from an affected Customer in the thirty (30) days.

The True-Up Adjustment for Schedule 19 will be determined in the following manner:

- i. The difference between Actual Revenue Requirement and Estimate Revenue Requirement is calculated (Schedule 19, Attachment 1, Table 2, line 1) to determine any over or under recovery. The True-Up Adjustment and related calculations shall be posted to the Transmission Provider's OASIS no later than June 1 (or if that day falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day) following the issuance of the FERC Form No.1 for the previous year.
- ii. Interest on any over or under recovery of the revenue requirement shall be determined based on the Commission's regulation at 18 C.F.R § 35.19a. The interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement (Schedule 19, Attachment 1, Table 4). The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the twenty-one (21) months preceding October of the current year. The interest amount will be included in the Estimated S19ARR made available on October 1 in accordance with Section 2 above.
The Total Revenue Requirement for transmission services for the following Year shall be the sum of the projected revenue requirement for the following year, plus or minus the True-Up Adjustment (Schedule 19, Attachment 1, Table 1, ln 4) from the previous year, if any, including interest, as explained above. PSCo may accelerate the refund of any over recovery amounts by one year. The interest calculation will be adjusted to reflect the period the over recovery exists.

f. Subsequently Discovered Errors

Any error, defined as a calculation error in the formula rate or an input error in the formula rate or FERC Form No. 1, to the Annual True-up subsequently identified by PSCo or Customer(s),

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which PSCo and one or more Customers agree affects the Customers' Actual Rates, shall be rectified by PSCo in the Formula Rate Template. PSCo shall reflect the resulting corrected Actual Estimated Rates and/or corrected Ancillary Services Schedule 1, 2, 3, 3A, 5, 6 and 16 Rates in the next billing month after such revision is calculated or such subsequent billing month as is mutually agreeable to PSCo and the Customers. The same procedures shall apply in the event of an error affecting the Actual Rates of an individual customer. There is no time limit with respect to PSCo's obligation to, and right to, correct an error in the implementation of the formula rate.

Section 5 Annual Formula Rate Calendar

As an example and for ease of reference, once the Formula Rate is in effect, the calendaring shall be as follows:

Month	Year	Action
Oct.	2018	Annual Update – No later than the first Business Day in October 2018, PSCo populates the Formula Rate Template with Rate Year 2019 budgeted/estimated data and calculates the Estimated ATRR, Estimated S19ARR, Estimated S1RR, and Estimated Rates to be effective January 1, 2019. PSCo develops Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates, also to be effective January 1, 2019, by populating the Ancillary Service Rate Templates with actual data from PSCo's 2017 FERC Form 1 and books and records.
Dec.	2018	PSCo makes any mutually agreed changes to the Annual Update by December 31 (or the next Business Day if December 31 is not a Business Day).
Jan.	2019	PSCo submits the Annual Update, as modified to incorporate any agreed upon changes, as the Annual Informational Filing no later than January 15 (or the next Business Day if January 15 is not a Business Day).
April	2019	Annual PBOP Filing - On or before April 1, PSCo files for Commission approval actuarial studies for the prior calendar year (Rate Year 2022) showing the PBOP amounts to be booked for such Rate Year which, when approved by the FERC, will be used in the Annual True-Up for such prior Rate Year (Rate Year 2022).
June	2019	Annual True-up - No later than the first Business Day in June 2023, PSCo populates the Rate Year 2022 Formula Rate Template with Rate Year 2022 actual data, calculates the Actual ATRR, Actual Schedule 19 Rate, Actual S1RR, Actual Rates, and Customer True-up Adjustments.
Oct.	2019	Annual Update – No later than the first Business Day in October 2023, PSCo populates the Formula Rate Template with Rate Year 2014 budgeted/estimated data and calculates the Estimated ATRR, Estimated ARR, Estimated S1RR, and Estimated Rates to be effective January 1,

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		2024. PSCo develops the Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates, also to be effective January 1, 2024, by populating the respective Ancillary Service Rate Templates with actual 2022 data from PSCo's 2022 FERC Form 1 and books and records.
Dec.	2019	PSCo makes any mutually agreeable changes to the Annual Update by December 31 (or the next Business Day if December 31 is not a Business Day).
Jan.	2020	PSCo submits the Annual Update, as modified to incorporate any agreed upon changes, as the Annual Informational Filing no later than January 15 (or the next Business Day if January 15 is not a Business Day).
April	2020	Annual PBOP Filing - On or before April 1, PSCo files, for Commission approval, actuarial studies for the prior calendar year (Rate Year 2019) showing the PBOP amounts to be booked for such Rate Year, which when approved by the FERC will be used in the Annual True-Up for such prior Rate Year (Rate Year 2019).
June	2020	Annual True-up - No later than the first Business Day in June 2020, PSCo populates the Rate Year 2019 Formula Rate Template with Rate Year 2019 actual data, calculates the Actual ATRR, Actual S19ARR, Actual S1RR, Actual Rates, and Customer True-up Adjustments.
Oct.	2020	Annual Update – No later than the first Business Day in October 2020, PSCo populates the Formula Rate Template with Rate Year 2021 budgeted/estimated data and calculates the Estimated ATRR, Estimated S19ARR, Estimated S1RR, and Estimated Rates to be effective January 1, 2021. PSCo develops the Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates, also to be effective January 1, 2021, by populating the respective Ancillary Service Rate Templates with actual 2019 data from PSCo's 2019 FERC Form 1 and books and records.

This sequencing pattern thereafter continues.

Section 6 Annual Review Procedures

Each Annual Update and Annual True-up shall be subject to the following review procedures ("Annual Review Procedures"):

a. Customer Review

In the course of the two-stage Annual Review each year, Interested Parties shall have one hundred and thirty (130) calendar days after each of the Annual Update Customer Meeting and the Annual True-up Customer Meeting to serve information requests ("Data Requests") on PSCo with respect to the Annual Update and the Annual True-up, respectively. The Data

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Requests may be directed at any aspect of the implementation of or the inputs used in the Annual Update or Annual True-up, including the derivation of Estimated Rates, Actual Rates, Ancillary Service Schedule 1, 2, 3, 3A, 5, 6 and 16 Rates, or any associated issue raised at the Annual Update Customer Meeting or the Annual True-up Customer Meeting. Data Requests may include document requests. The deadline for discovery may be extended by mutual consent. Nothing in this Section 6.a shall prohibit Interested Parties from submitting information requests to PSCo concerning the Annual Update and the Annual True-up, respectively, after the posting of the Annual Update and the Annual True-up but prior to the Annual Update Customer Meeting or the Annual True-up Customer Meeting. PSCo shall not claim that responses to Data Requests provided pursuant to these protocols are subject to any settlement privilege in any subsequent FERC proceeding.

b. PSCo Response to Data Requests

PSCo shall make a good faith effort to respond to any Data Requests within ten (10) Business Days after receipt. If a response requires additional time to prepare, PSCo shall promptly inform the requesting Interested Party and shall provide the response as soon as possible, but in no event later than thirty (30) calendar days after PSCo's receipt of the Data Request, unless the parties mutually agree otherwise. All Interested Parties shall be provided PSCo's responses to all Data Requests via electronic mail or other mutually acceptable means.

c. Discovery Dispute Resolution

To the extent PSCo and any Customer(s) are unable to resolve disputes related to any Data Request or the adequacy of any response, PSCo or any Customer(s) may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery relating to application of the Formula Rate or population of the Formula Rate Template for the Rate Year in question, as appropriate, in accordance with these Implementation Procedures.

d. Use of Information from Annual Review Procedures

All information and correspondence produced pursuant to these Annual Review Procedures may be used in any Formal Challenge (as defined in Section 7.c., below) concerning the Formula Rate, any Federal Power Act ("FPA") Section 205, 206 or 306 filing concerning the Formula Rate, or in any other proceeding concerning the Formula Rate initiated at FERC pursuant to the FPA.

e. Confidential Information

PSCo may designate any response to a Data Request as confidential if the information conveyed in the response is not publicly available. Interested Parties shall treat such a designated response as non-public information provided in confidence. Interested Parties may use confidential responses to Data Requests in connection with any informal dispute resolution process commenced pursuant to Section 7. Interested Parties may also use confidential responses to Data Requests in any Formal Challenge (as defined in Section 7.c., below) concerning the Formula Rate, in any FPA Section 205, 206 or 306 filing concerning the Formula

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Rate, or in any other proceeding concerning the Formula Rate initiated at FERC pursuant to the FPA; provided, however, when so used, such Data Response(s) shall initially be filed under seal (unless the claim of confidentiality is waived by PSCo), subject to a later determination by the presiding administrative authority that the material is, in whole or in part, not entitled to confidential treatment.

Section 7 Annual Update and Annual True-up Informal Resolution Procedures and Challenges

PSCo and the Customer(s) shall undertake good faith efforts to resolve any disputes through the informal dispute resolution procedures described below before a Formal Challenge is filed with FERC.

a. Specific Challenges

Unless the parties mutually agree otherwise, any Customer shall have the longer of one hundred and seventy-five (175) calendar days after an Annual Update Customer Meeting and after an Annual True-up Customer Meeting or fifteen (15) calendar days after PSCo has fully responded to all proper and timely Data Requests related to an Annual Update or an Annual True-up, to review the Annual Update or the Annual True-up and notify PSCo in writing of specific challenges to such Annual Update or Annual True-up. PSCo or Customer(s) may request, with at least ten (10) calendar days' written notice, that additional meetings be held between PSCo and Interested Parties to discuss specific areas of concern. Failure to notify PSCo of a specific challenge to an Annual Update or an Annual True-up within such time limits shall not bar pursuit of informal dispute resolution of such issue(s) by a specific challenge made in a subsequent Annual Update or Annual True-up.

b. Informal Dispute Resolution

Non-executive representatives of PSCo and the Customer(s) shall attempt to resolve a specific challenge within thirty (30) calendar days of written notification (or a longer period if the parties mutually agree to extend such period) of such specific challenge. If non-executive representatives are unable to resolve a specific challenge, senior management representatives of PSCo and the Customer(s), who have the authority to negotiate and settle such disputes, shall meet and attempt to resolve the specific challenge. All Interested Parties will be served notice of each specific challenge and copies of correspondence related thereto.

c. Formal Dispute Resolution

If the senior management representatives of PSCo and the Customer(s) are unable to resolve a specific challenge within thirty (30) calendar days after the dispute is referred to them (or a longer period if the parties mutually agree to extend such period), then the Customer(s) may pursue such formal dispute resolution as may be available to them under the Federal Power Act and FERC's regulations ("Formal Challenge"). PSCo may raise both substantive and procedural defenses against such a Formal Challenge except as set out at the end of the following sentence. A decision not to file a Formal Challenge for a given Annual True-up or Annual Update, does not preclude the Customers raising the same or other issues as a specific challenge to a subsequent Annual Update or Annual True-up and, if they take that action, PSCo

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shall not assert that the prior failure to file a Formal Challenge is evidence of an accepted ratemaking practice. A Formal Challenge shall be filed pursuant to these protocols, rather than Rule 206, in the annual informational filing docket.

d. Burden of Proof

In any proceeding ordered by FERC in response to a Formal Challenge raised under these Implementation Procedures, PSCo shall have the ultimate burden of proof as to the justness and reasonableness of the charges resulting from its application of the Formula Rate, and as to whether it properly applied the Formula Rate and these Implementation Procedures.

Section 8 Changes to Stated Inputs in the Formula Rate

a. Stated Inputs

The following Formula Rate inputs, as agreed to in the settlement of Docket No. ER12-1589-000, shall be stated values to be used in the Formula Rate (both for the Annual Update and the Annual True-up) until changed by a filing pursuant to Section 205 of the FPA or by order of the Commission pursuant to Section 206 of the FPA:

- (i) the rate of return on common equity ("ROE");
- (ii) depreciation rates and amortization periods, including amortization periods for FERC-approved regulatory assets and liabilities and acquisition adjustments (as set forth in Table 25 to the Formula Rate);
- (iii) the actual costs of Post-Employment Benefits Other than Pensions pursuant to Statement of Financial Accounting Standards No. 106 Employers' Accounting for PBOP charges, as approved by Order of the FERC;
- (iv) Percent of Production Plant for Dual Use;
- (v) Real Power Losses;
- (vi) Ancillary Service Schedules 3, 3A 5, 6, and 16 percentage of reserved capacity used for billing purposes; and
- (vii) Ancillary Service Schedules 3 and 3A, and 16 Required Capacity, and 12 Coincident Peak Load used to calculate the Reserve Obligation.

b. ROE

The stated return on common equity ("ROE"), effective November 17, 2012, shall be established pursuant to a final Commission order on ROE in Docket No. ER12-1589-000. Thereafter, the ROE shall not be changed unless and until PSCo or the Customer(s) has (have) filed for a different ROE pursuant to Section 205 and 206 of the FPA, respectively.

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c. PBOP Charges

PBOP charges shall be determined for each Annual True-Up pursuant to the procedure described in Section 3.

d. Cash Working Capital

The stated amount for Cash Working Capital ("CWC") shall be set at zero dollars and shall not be changed until PSCo or the Customer(s) has(have) filed for a different level of recovery pursuant to Section 205 and 206 of the FPA, respectively.

e. Extraordinary Property Losses

The balance for Extraordinary Property Losses shall be set at zero dollars and shall not be changed until PSCo has filed under Section 205 of the FPA for recovery of such loss(es) and FERC has authorized the recovery of such losses. The FERC-approved amortized annual amount for Extraordinary Property Losses shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincide with the approved amortization period.

f. Construction Work in Progress

The balance for Construction Work in Progress ("CWIP") shall be set at zero dollars and shall not be changed until PSCo has filed for and received FERC approval to include CWIP related to specific projects in rate base for the Formula Rate pursuant to a filing under Section 205 of the FPA.

g. Abandoned Plant

The balance for Abandoned Plant shall be set at zero dollars and shall not be changed until PSCo has filed under Section 205 of the FPA for recovery of costs associated with Abandoned Plant and FERC has approved the recovery of such costs together with an allowable annual amount and an amortization period. The FERC-approved amortized annual amount for costs associated with Abandoned Plant shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincide with the approved amortization period.

h. Formula Rate Inputs Not Requiring FERC Filing

As distinguished from the Formula Rate restrictions with respect to CWIP, CWC, Extraordinary Property Losses, and Abandoned Plant where PSCo must make a FPA Section 205 filing to change an existing Formula Rate input of zero dollars, the Formula Rate may, in any given year, reflect a number of FERC Accounts where the Formula Rate inputs also are zero dollars. For those years in which there the Formula Rate inputs are other than zero dollars, PSCo may change such inputs without the need to make a FPA Section 205 filing with FERC. Such Formula Rate inputs include but may not be limited to the following:

- (i) scheduling, system control and dispatch services operating expense (recorded in FERC

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- Account 561.4);
- (ii) underground lines operating expense (recorded in FERC Account 564);
- (iii) maintenance of structures (recorded in FERC Account 569);
- (iv) maintenance of computer hardware, computer software, communication equipment and regional transmission plant (recorded in FERC Accounts 569.1, 569.2, 569.3 and 569.4);
- (v) maintenance of underground lines (recorded in FERC Account 572);
- (vi) maintenance of miscellaneous transmission plant (recorded in FERC Account 573);
- (vii) franchise requirements (recorded in FERC Account 927);
- (viii) preferred stock (recorded in FERC Account 204);
- (ix) preferred stock dividends (recorded in FERC Account 437);
- (x) interest on debt to associated companies, long-term debt portion only (recorded in FERC Account 430);
- (xi) amortization of premium on debt (recorded in FERC Account 429); and,
- (xii) amortization of gain on reacquired debt (recorded in FERC Account 429.1).

i. Asset Retirement Obligations

There are no Asset Retirement Obligations (“AROs”) recovered in the Formula Rate. Any proposal by PSCo to recover AROs will require a FPA Section 205 filing.

j. Mountain Pine Beetle

PSCo filed in FERC Docket No. ER12-1589-000 to include and thereby recover in the Formula Rate, effective January 1, 2013, a proposed two-year amortization of the costs PSCo incurred combating the Mountain Pine Beetle infestation of Colorado forests for the period prior to January 1, 2013. These costs have been deferred as authorized by the Commission in Docket No. AC11-186-000. The parties to the docket agreed by settlement to a three-year amortization. When approved by the Commission in Docket No. ER12-1589-000, these costs shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincides with the amortization period accepted by the Commission.

k. San Luis-Calumet-Comanche Transmission Project

PSCo filed in Docket No. ER12-1589-000 to include and thereby recover in the Formula Rate a proposed two-year amortization of 50 percent (50%) of the pre-construction costs that PSCo incurred in connection with the San Luis-Calumet-Comanche transmission project. PSCo will no longer build this project. The parties to the docket agreed by settlement to a three-year

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amortization. When approved by the Commission in Docket No. ER12-1589-000, these costs shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincides with the amortization period accepted by the Commission. The Wholesale share of 50 percent of the pre-construction costs will be recovered in the formula rates over a 3 year period beginning with the effective date of the Formula Rate. The Wholesale share of the other 50 percent will be booked to Account No. 426.5 and absorbed by the Company.

I. Rate Case Expenses

PSCo filed in Docket No. ER12-1589-00 to include and thereby recover in the Formula Rate a proposed two-year amortization of rate case expenses that PSCo incurred in connection with approval of the Formula Rate. The parties to the docket agreed by settlement to a three-year amortization. When approved by the Commission in Docket No. ER12-1589-000, these costs shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincides with the amortization period accepted by the Commission.

As distinguished from the expenses associated explicitly with Docket No. ER12-1589-000, ongoing expenses associated with the Formula Rate (e.g., Annual Update costs; Annual True-up costs) shall be expensed in the Rate Year in which such costs are incurred.

Section 9 Changes to Annual True-Up

Changes to PSCo's FERC Form 1 data or changes that affect Supplemental Data, which changes are made subsequent to completion of the Annual True-up, shall trigger a True-up Adjustment to be reflected in the subsequent Annual True-up. Any change to such input data will be provided by PSCo to the Customer(s) as soon as possible, together with an explanation of the change(s) and a repopulated Formula Rate Template for the applicable Rate Year(s) that demonstrates the effect of the change. Customers shall have all of the rights afforded by these Implementation Protocols to investigate and protest such changes, with all dates running from the date PSCo provides the Customer(s) with changed input data.

Section 10 Changes to or Termination of Formula Rates

PSCo and Customers reserve their respective rights under Sections 205 and 206 of the FPA, respectively, to seek modification of or termination of the Formula Rate. PSCo shall provide to the Customers a copy of any proposed Section 205 filing at least thirty (30) calendar days prior to making the filing and shall offer to meet with Interested Parties to discuss the proposed filing prior to its submission to FERC. The Customers shall provide similar advance notice and opportunity to meet prior to making a Section 206 filing. Unless PSCo and the Customer(s) mutually agree otherwise, PSCo or the Customer(s) shall request in any such FPA Section 205 or 206 that the effectiveness of any proposed modification or termination of the Formula Rate be coincident with the beginning of the next Rate Year.

The advance notification and meeting requirements set forth above shall not apply in the event that FERC mandates any changes in the format of the FERC Form 1 or the USoA, or otherwise issues a ruling that necessitates a modification to the Formula Rate. In such event, PSCo may

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propose a modification to the Formula Rate without notice by making a FPA Section 205 filing at any time. Such filing, however, may not be used by either PSCo or Customers to raise issues unrelated to such FERC-required changes. Moreover, if such a change in the Formula Rate is required for the reasons described in this paragraph, the FPA Section 205 filing may include a request for waiver of applicable notice requirements as may be necessary to permit the change to become effective for the Annual Update or Annual True-up for the applicable Rate Year.

Section 11 True-up for Departed Customer

A Customer that ceases taking transmission service from PSCo will remain subject to the true-up provisions of the Formula Rate applicable to the Estimated Rates collected during the period of time that the Customer was taking service pursuant to the Formula Rate. As the result of such true-up, the departed Customer may be liable for an additional payment due to PSCo or entitled to a refund from PSCo. The True-up calculation will be made as part of the Annual True-up and, therefore, may not be available coincident with the date of the Customer's departure.

Section 12 Miscellaneous

a. Inter-Company Cost Allocation

It is understood that Xcel Energy Services Inc. ("XES"), PSCo's service company affiliate, may undertake activities on behalf of PSCo under these Implementation Procedures. XES will allocate certain costs among PSCo and PSCo's affiliates pursuant to the allocation methodology in place at the time the Formula Rate becomes effective, as set forth in PSCo's 2011 FERC Form No. 60. PSCo will advise the Customers of any proposed change to such allocation methodology pursuant to Section 4(a)(iii). Any proposed modification to the allocation methodology that has the effect of increasing charges produced by the Formula Rate shall be subject to Section 7 of these Implementation Procedures.

b. Customer Right to Audit

Any Customer shall have the right not more than once in any twelve (12) month period to audit, at Customer's expense, PSCo's books and records. A Customer requesting to audit PSCo's books and records shall give a minimum of (14) calendar days' written notice to PSCo of its desire to conduct an audit. PSCo may schedule the timing of Customer Audit such that it does not conflict with other scheduled audits. PSCo shall notify all Customers of a Customer-initiated audit request and shall cooperate with Customers seeking to conduct a joint audit. In the event the audit reveals any errors in the Annual True-up, PSCo and the Customer(s) shall resolve such errors in accordance with Section 7 of these Implementation Procedures.

c. No Waiver of Statutory Rights

Nothing contained in these Transmission Formula Rate Implementation Procedures shall limit or prohibit the right of any Customer to file a request for relief under Sections 206 or 306 of the FPA and FERC's regulations to challenge PSCo's application of the Formula Rate or the prudence of any expense flowed through the formula rate or to seek to change or terminate the Formula Rate.

Appendix 1

Public Service Company of Colorado ("PSCo" or "Company") Transmission Formula Rate Implementation Procedures

Section 1 Applicability

The formula rate template ("Formula Rate Template") and these Transmission Formula Rate Implementation Procedures ("Implementation Procedures") (collectively, the "Formula Rate") together comprise PSCo's filed transmission rates and ancillary services rates. PSCo shall follow the Formula Rate to calculate its Annual Transmission Revenue Requirement ("ATRR"), the monthly rate for Network Integration Transmission Service ("NITS Rate"), the monthly rates for Point-to-Point Transmission Service ("PTP Rates"), the Annual Ancillary Services Schedule 1 Revenue Requirement ("S1RR") and the monthly rates for Ancillary Services Schedule 1 - Scheduling, System Control and Dispatch Service ("Schedule 1 Rates"), Ancillary Services Schedule 2 - Reactive Supply and Voltage Control from Generation or Other Sources Service ("Schedule 2 Rates"), Ancillary Service Schedule 3 - Regulation and Frequency Response Service ("Schedule 3 Rates"),), Ancillary Services Schedule 3A – Regulation and Frequency Response Service for Point-to-Point Transmission Service for exports from the PSCo Balancing Authority Area ("Schedule 3A Rates"), Ancillary Services Schedule 5 - Operating Reserve - Spinning Reserve Service ("Schedule 5 Rates"), Ancillary Services Schedule 6 - Operating Reserve Supplemental Reserve Service ("Schedule 6 Rates"), Ancillary Services Schedule 16 – Flex Reserve Service ("Schedule 16 Rates"), and Schedule 19 – Rush Creek Gen-Tie Charge ("Schedule 19 Rates") for the PSCo rate zone under the Xcel Energy Operating Companies ("Xcel Energy") Open Access Transmission Tariff ("Joint OATT").

The Formula Rate shall be effective for service on and after November 17, 2012 for each full or partial calendar year (the "Rate Year" or "Formula Rate Year"), subject to the implementation, review, challenge and true-up procedures of these Implementation Procedures. The Schedule 19 Rate shall be effective for service on and after August 1, 2018 for each full or partial calendar year (the "Rate Year" or "Formula Rate Year"), subject to the implementation, review, challenge and true-up procedures of these Implementation Procedures.

The customers taking NITS service and the customers taking PTP service or customers taking Interconnection Service over the Rush Creek Gen-Tie are hereinafter referred to, collectively, as "Customers" or "Transmission Customers" or "Gen-Tie Customers." The forecasted ATRR is referred to as the "Estimated ATRR," the forecasted S1RR is referred to as the "Estimated S1RR," the forecasted Gen-Tie ARR is referred to as the "Estimated S19ARR," and the forecasted NITS Rate, PTP Rates, Schedule 19 Rates, and Ancillary Services Schedule 1 Rates are collectively referred to as the "Estimated Rates." In the spring of the year following the Rate Year, the Estimated ATRR, Estimated S19ARR and the Estimated S1RR will be trued-up, as described herein, based on actual data for the Rate Year, to establish the Actual ATRR, Actual S19ARR and Actual S1RR. As part of such true-up (the "Annual True-up"), PSCo also will calculate the Actual NITS Rate, Actual PTP Rates, Actual Schedule 19 Rates and Actual Ancillary Services Schedule 1 Rates (collectively or individually referred to as the "Actual Rates"). PSCo will calculate the rates for Ancillary Services Schedules 2, 3, 3A 5, 6 and 16 for each Rate Year based on actual data from PSCo's most recently filed Federal Energy

Regulatory Commission FERC Form 1 ("FERC Form 1") and such rates are not subject to the Annual True-up.

The Federal Energy Regulatory Commission ("FERC" or "Commission") annually determines the FERC Annual Charge and PSCo assesses the charge to its Transmission Customers. The FERC Annual Charge is shown on the Formula Rate Template rate sheet for ease of reference but it is a pass through of the FERC-calculated charge and is not part of the Formula Rate calculations or subject to the Annual True-up.

Section 2 Annual Update for Upcoming Rate Year

No later than October 1 of each year (or, if October 1 is a weekend day or a holiday recognized by FERC, the first day following such weekend day or holiday that FERC is open for business ("Business Day")), PSCo shall post the Estimated ATRR, the Estimated S19ARR, the Estimated S1RR, the Estimated Rates, and the Ancillary Services Schedule 2, 3, 5 and 6 Rates for the upcoming Rate Year, to be effective beginning January 1 of the upcoming Rate Year ("Annual Update"). PSCo shall post the Annual Update on the Transmission OATT page of the Xcel Energy website (www.xcelenergy.com <<http://www.xcelenergy.com>>) and on the PSCo OASIS (westTTrans.net OASIS or any successor OASIS) (hereinafter, "PSCo OASIS"), in a location that is accessible by the general public. PSCo shall simultaneously notify its Customers electronically that the Annual Update is available for their review.

In the event that PSCo utilizes a regional cost sharing mechanism with other transmission owners for the recovery of transmission project costs under PSCo's Formula Rate Template, PSCo shall endeavor to coordinate with other transmission owners utilizing the same regional cost sharing mechanism to hold an annual joint informational meeting among those transmission owners and interested parties to enable all interested parties the opportunity to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects. No less than seven (7) days prior to such joint informational meetings, PSCo shall provide notice on its OASIS of the time, date, and location of the joint informational meeting.

a. Annual Update: Components

The Annual Update shall include the following:

- (i) a data-populated version of the Formula Rate Template, including fully functioning Excel® files, setting forth the Estimated ATRR, the Estimated S19ARR, the Estimated S1RR, the Estimated Rates and the Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates for the next Rate Year;
- (ii) supporting documentation, including, but not limited to, fully functioning Excel® files (or other such native format files) and workpapers required to support, demonstrate and explain the information upon which the Annual Update is based;
- (iii) disclosure of the AccountingMaterial Changes to the extent (a) such changes have taken effect since January 1, 2012 for the first Annual Update in October 2012 and, thereafter, in subsequent, any such changes that have taken place since the immediately prior

Annual Update; and (b) any such changes affect the Formula Rate, calculation of the Annual Update or the allocation of costs or revenues to PSCo's Customers. For purposes of these Implementation Procedures, "Accounting Material Changes" are changes in (1) FERC's Uniform System of Accounts ("USoA"), (2) FERC Form No. 1 reporting requirements as applicable, ~~and~~ (3) the initial implementation of accounting policies, practices for unusual, or unconventional items where the Commission has not provided specific direction, procedures of PSCo. Material Changes also include (4) changes directed by FERC orders applicable to the Formula Rate or accounting orders applicable to PSCo that affect accounts providing inputs directly or indirectly to the Formula Rate Template, (5) disclosure of any errors and prior period adjustments in the FERC Form No. 1, the Formula Rate Template, or accounting data that impacts the Formula Rate in the upcoming Rate Year or previous Rate Years, (6) the initial implementation of an accounting standard or policy, (7) the implementation of new estimation methods or policies that change prior estimates, and (8) changes to income tax elections. Items included in the formula rate at an amount other than on a historical cost basis (e.g., fair value adjustments) shall also be identified;

- (iv) a list of each transmission, general, intangible, and electric common annual capital addition;
- (v) the Common Plant Study that is the basis of the common plant allocation factors used in the Annual Update; ~~and~~
- (vi) Detail of the amount included in rate base and the amortization of the wholesale share of the transmission serving transmission acquisition adjustment (\$5,308,257) associated with PSCo's December 10, 2010 purchase of the Rocky Mountain Energy Center, with the amortization of such acquisition adjustment to be over a period of 55 years; ~~and-~~
- (vii) Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs to the Annual True-Up.

b. Annual Update: Estimated Rates

The Annual Update shall compute the Estimated Rates based upon PSCo's most recent budget for the upcoming Rate Year and supplemental data from PSCo's books and records concerning the upcoming Rate Year ("Supplemental Data") that reasonably project transmission peak demands and costs properly recorded (or to be recorded) on its books consistent with the USofA, FERC's orders establishing generally applicable transmission ratemaking policies, and FERC accounting policies and directives. The Estimated Rates shall be developed in the following manner:

- (i) an average of 13-monthly balances shall be applied to: (a) gross plant balances and gross plant adjustments for all plant functions, excluding generator step-ups; (b) accumulated depreciation and amortization reserve balances and depreciation reserve adjustments for all plant functions, excluding generator step-ups; (c) capital structure balances inclusive of long-term debt, preferred stock, and common equity; (d) the following Other Rate Base Items: Future Use Land and Land Rights, Materials and Supplies, Prepayments Regulatory Liabilities, and Construction Work In Progress

("CWIP") and related pre-funded Allowance for Funds Used During Construction ("AFUDC") (if and when the inclusion of CWIP in rate base is approved by FERC); and (e) the transmission-related acquisition adjustments permitted by FERC order to be included in the Formula Rate for ratemaking purposes; and

- (ii) an average of the beginning of year and end of year balances shall be applied to Accumulated Deferred Income Taxes.

c. Annual Update: Ancillary Services Schedule 2, 3, 3A, 5, 6 and 16 Rates

PSCo will calculate the rates for Ancillary Service Schedules 2, 3, 3A, 5, 6 and 16 using actual data from PSCo's most recently filed FERC Form 1. For example, the Schedule 2, 3, 3A, 5, 6 and 16 rates to become effective as of November 17, 2012 for the remaining months in Rate Year 2012 will be based on PSCo's 2010 FERC Form 1. The Schedule 2, 3, 3A, 5, 6 and 16 rates to become effective January 1, 2013 will be based on PSCo's 2011 FERC Form 1. Ancillary Services Schedule 2, 3, 3A, 5, 6 and 16 rates are not subject to the Annual True-up.

d. Annual Update: Customer Meeting

Each year, no later than October 20 (or the next Business Day if October 20 is not a Business Day), PSCo shall convene a meeting ("Annual Update Customer Meeting") among PSCo, its Customers and their respective designated representatives as well as other interested parties, such as state regulatory commissions, consumer advocacy agencies, and state attorney generals (collectively, "Interested Parties") to explain the Annual Update, including the derivation of the Estimated Rates and, the Ancillary Services Schedule 2, 3, 3A, 5, 6 and 16 Rates for the next Rate Year. Notwithstanding the foregoing, PSCo and the Customers may mutually agree to a later date for the Annual Update Customer Meeting. The Annual Update Customer Meeting shall (i) allow enough time for PSCo to present details about its Annual Update and (ii) provide the Interested Parties the opportunity to seek information and clarification from PSCo about the Annual Update. PSCo will accommodate Interested Parties that wish to participate in the Annual Update Customer Meeting via teleconference or webinar. PSCo shall provide at least fourteen (14) calendar days' prior written notice of the Annual Update Customer Meeting. Such notice shall be provided no later than the time the Annual Update is provided. Such written notice may be provided by electronic mail to the Interested Parties.

e. Modification of Annual Update

PSCo shall modify the Annual Update to reflect any changes that it and the Customers comprising the majority of PSCo's network load have mutually agreed upon as of December 31 (or the next Business Day if December 31 is not a Business Day). If there are mutually agreed upon changes, PSCo shall post a Revised Annual Update incorporating the agreed changes as soon as possible after such agreement, but no later than January 15 (or the next Business Day if January 15 is not a Business Day). PSCo shall simultaneously notify the Customers of the posting.

f. Challenge and Review of Annual Update

The Annual Update is subject to review and challenge in accordance with the procedures set forth in Section 6 and Section 7 below.

g. Annual Update: Informational Filing

By January 15 (or the next Business Day if January 15 is not a Business Day), PSCo shall file with FERC the Annual Update, as revised to reflect any changes that PSCo and the Customers comprising the majority of PSCo's network load have mutually agreed upon pursuant to Section 2e ("Annual Informational Filing"). The Annual Informational Filing will include both portable document format ("PDF") and fully functioning Excel® files (or other such native format files) of the Annual Update. The Annual Informational Filing shall not require action by FERC.

h. Subsequently Discovered Errors

Any error, defined as a calculation error in the formula rate or an input error in the formula rate or FERC Form No. 1, to the Annual Update identified by PSCo or Customer(s) during the Formula Rate Year, which PSCo and one or more Customers agree affects the Customers' Estimated Rates, shall be rectified by PSCo in the Formula Rate Template. PSCo shall implement the resulting revised Estimated Rates and/or revised Ancillary Services Schedule 1, 2, 3, 5 or 6 Rates in the next billing month after such revision is calculated. To the extent such error affects months prior to the month that PSCo and Customer(s) agree that an error should be rectified, the correction for such months will be reflected in the subsequent Annual True-up (as defined in Section 4, below) and there shall be no intra-Rate Year refund or surcharge associated with such error. The same procedures shall apply in the event of an error affecting the Estimated Rates of an individual customer. Once the Formula Rate Year is complete, there shall no longer be a requirement to correct the Estimated Rates for such year. Any such correction to address the error shall be made to the Actual Rates for such Formula Rate Year at the time of the Annual True-up or thereafter should the error be discovered after the Annual True-up. See Section 4.f. below.

Section 3 Post-Employment Benefits Other Than Pensions ("PBOP") Filing

The PBOP charges included in each Annual Update shall be the actual FERC-approved PBOP cost booked to FERC Account 926 for the prior Rate Year.

On or before April 1 of each year, an Actuarial Study supporting PSCo's proposed actual PBOP costs for the prior Rate Year will be filed with the Commission for approval under FPA Section 205 ("PBOP Filing"). The PBOP Filing will be posted and provided to Customers. The actual PBOP costs for the prior Rate Year that are approved by FERC shall be used for the annual true-up ("Annual True-up") of such prior Rate Year. PSCo expects, absent extraordinary circumstances, that the Commission will have acted on the April 1st PBOP filing in time for inclusion of the FERC-approved actual PBOP costs in the Annual True-up of such prior Rate Year. In the event the Commission has not acted on the April 1st PBOP filing by the time PSCo posts the Annual True-Up, PSCo will include its actual costs pending approval from FERC in the initial posting of the Annual True-Up, but will ultimately reflect, before the true-up is finalized, the Commission-approved PBOP costs for such prior Rate Year, if they are different.

With respect to the Estimated Rates for the upcoming Formula Rate Year, PSCo will use

the budgeted PBOP costs for each such Rate Year in the Annual Update, subject to true-up. For example, the 2012 Estimated Rates will use the 2012 estimated PBOP costs but, by the time that the 2012 Estimated Rates are trued-up in 2013, PSCo will have and will use the FERC-approved actual 2012 PBOP costs in the Annual True-up for Rate Year 2012. Similarly, the 2013 Estimated Rates will use the 2013 estimated PBOP costs, but when the 2013 Estimated Rates are trued-up in 2014, PSCo will have and will use the actual FERC-approved 2013 PBOP costs for the Annual True-up of Rate Year 2013. Annually, PSCo will fund to an external trust the PBOP costs collected pursuant to the Formula Rate.

Section 4 Annual True-up

Beginning in 2013, by no later than June 1 of each Rate Year (or the next Business Day if June 1 is not a Business Day), PSCo shall true-up the Annual Update for the prior Rate Year (the "True-up Year"). The annual true-up ("Annual True-Up") shall establish the Actual ATRR, the Actual S19ARR, the Actual S1RR, and the Actual Rates for True-up Year based on PSCo's actual costs as reflected in its FERC Form No. 1 and its books and records (maintained in accordance with the FERC's Uniform System of Accounts ("USofA")) for such True-up Year. PSCo shall post the Actual ATRR, the Actual S19ARR, the Actual S1RR and the Actual Rates for the True-up Rate Year on the Transmission OATT page of the Xcel Energy website and on the PSCo OASIS, in a location that is accessible by the general public. PSCo shall simultaneously notify its Customers electronically that the Annual True-up is available for their review.

a. Annual True-up: Components

The Annual True-up shall include the following:

- (i) a data-populated version of the Formula Rate Template, including fully functioning Excel® files, setting forth the Actual ATRR, the Actual S19ARR, the Actual S1RR and the Actual Rates;
- (ii) supporting documentation, including, but not limited to, fully functioning Excel® files (or other such native format files) and workpapers required to support and explain information upon which the Annual True-up is based;
- (iii) disclosure of the [AccountingMaterial](#) Changes to the extent (a) such changes have taken effect since January 1, 2012 for the first Annual True-Up in June 2013 and, thereafter, in subsequent Annual True-Ups, any such changes that have taken place in the True-Up Year (January 1 – December 31 of the calendar year immediately prior to the June True-Up); and (b) any such changes affect the Formula Rate, calculation of the True-up or the allocation of costs or revenues to PSCo's Customers;
- (iv) a list of each transmission, general, intangible, and electric common annual capital addition;
- (v) Detail of the amount included in rate base and the amortization of the wholesale share of the transmission serving transmission acquisition adjustment (\$5,308,257) associated with PSCo's December 10, 2010 purchase of the Rocky Mountain Energy Center, with

the amortization of such acquisition adjustment to be over a period of 55 years; and

- (vi) a side-by-side comparison of the actual Formula Rate Template components with the estimated Formula Rate Template components for the True-up Year ("Variance Analysis"). Where an estimated rate base component, when trued-up, is \$5,000,000 above or below the actual rate base component, and where an estimated expense or revenue component, when trued-up, is more than five percent (5%) and \$500,000 above or below the actual expense or revenue component, PSCo shall provide a written explanation of the reason for such variance. The foregoing limits do not, however, preclude Customers from seeking information for any variance falling below such thresholds.

b. Annual True-up: Actual Rate Calculations

The Annual True-up shall calculate Actual Rates in the following manner:

- (i) costs shall be actual costs as reflected in PSCo's FERC Form 1 or Company Records, inclusive of any revisions thereto, for the True-up Year and in any Supplemental Data necessary to complete the Formula Rate Template inputs for the Annual True-up.
- (ii) the Actual ATRR, the Actual S19ARR and Actual S1RR will be determined using the same methodologies for calculating the Estimated ATRR, Estimated S19ARR and Estimated S1RR, except to the extent different methodologies are required as a result of [AccountingMaterial](#) Changes identified pursuant to Section 4a(iii); and
- (iii) Actual Rates will be determined based upon the Actual ATRR and Actual S1RR, as appropriate, and the actual system transmission peak load.

c. Annual True-up: Customer Meeting

Each year, beginning in 2013, by June 30 (or the next Business Day if June 30 is not a Business Day), PSCo shall convene a meeting ("Annual True-up Customer Meeting") among PSCo and Interested Parties to explain the Annual True-up, including the derivation of the Actual ATRR, Actual S19ARR, Actual S1RR and Actual Rates for the True-up Year. Notwithstanding the foregoing, PSCo and the Customers may mutually agree to a later date for the Annual True-up Customer Meeting. The Annual True-up Customer Meeting shall (i) allow enough time for PSCo to present details about its Annual True-up and (ii) provide the Interested Parties the opportunity to seek information and clarification from PSCo about the Annual True-up. PSCo will accommodate Interested Parties that wish to participate in the Annual True-up Customer Meeting via teleconference or webinar. PSCo shall provide at least fourteen (14) calendar days' prior written notice of the Annual True-up Customer Meeting. Such notice shall be provided no later than the date on which the Annual True-up is provided. Such written notice may be provided by electronic mail to the Interested Parties.

d. Challenge and Review of Annual True-up

The Annual True-up is subject to challenge and review in accordance with the procedures set forth in Section 6 and Section 7 below.

e. Annual True-up: Individual Customer True-up, Refunds and/or Surcharges

The Annual True-up for transmission rates shall include, for each Customer affected by the Annual True-up, a comparison of what the Customer paid for service based on Estimated Rates and what the Customer should have paid based upon Actual Rates ("Customer True-up Adjustment"). In the event the Customer True-up Adjustment reflects an overpayment, PSCo shall refund such overpayment to the affected Customer, with interest determined in accordance with 18 C.F.R § 35.19a, as promptly as possible after PSCo and the Customers comprising the majority of PSCo's network load mutually agree on the Actual Rates and PSCo and the affected Customer agree on the individual Customer True-up Adjustment. In the event that the Customer True-up Adjustment reflects an underpayment, the affected Customer shall pay such underpayment to PSCo, with interest determined in accordance with 18 C.F.R § 35.19a, as promptly as possible after PSCo and the Customers comprising the majority of PSCo's network load mutually agree on the Actual Rates and PSCo and the affected Customer agree on the individual Customer True-up Adjustment; provided, however, if the amount due to PSCo exceeds 10 percent (10%) of the amount previously paid by the Customer in the True-up Year, a Customer may elect to extend such payment to PSCo over not more than twelve (12) months, with interest on the unpaid balance calculated using the interest rate specified in 18 C.F.R. § 35.19a. PSCo shall provide notice to the Customers that no issues have been raised or all issues have been resolved and that PSCo intends to refund to or surcharge Customers thirty (30) days after the issuance of such notice, absent a statement to the contrary from an affected Customer in the thirty (30) days.

The True-Up Adjustment for Schedule 19 will be determined in the following manner:

- i. The difference between Actual Revenue Requirement and Estimate Revenue Requirement is calculated (Schedule 19, Attachment 1, Table 2, line 1) to determine any over or under recovery. The True-Up Adjustment and related calculations shall be posted to the Transmission Provider's OASIS no later than June 1 (or if that day falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day) following the issuance of the FERC Form No.1 for the previous year.

- ii. Interest on any over or under recovery of the revenue requirement shall be determined based on the Commission's regulation at 18 C.F.R § 35.19a. The interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement (Schedule 19, Attachment 1, Table 4). The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the twenty-one (21) months preceding October of the current year. The interest amount will be included in the Estimated S19ARR made available on October 1 in accordance with Section 2 above.

The Total Revenue Requirement for transmission services for the following Year shall be the sum of the projected revenue requirement for the following year, plus or minus the True-Up Adjustment (Schedule 19, Attachment 1, Table 1, ln 4) from the previous year, if any, including interest, as explained above. PSCo may accelerate the refund of any over recovery amounts by one year. The interest calculation will be adjusted to reflect the period the over recovery exists.

f. Subsequently Discovered Errors

Any error, defined as a calculation error in the formula rate or an input error in the formula rate or FERC Form No. 1, to the Annual True-up subsequently identified by PSCo or Customer(s), which PSCo and one or more Customers agree affects the Customers' Actual Rates, shall be rectified by PSCo in the Formula Rate Template. PSCo shall reflect the resulting corrected Actual Estimated Rates and/or corrected Ancillary Services Schedule 1, 2, 3, 3A, 5, 6 and 16 Rates in the next billing month after such revision is calculated or such subsequent billing month as is mutually agreeable to PSCo and the Customers. The same procedures shall apply in the event of an error affecting the Actual Rates of an individual customer. There is no time limit with respect to PSCo's obligation to, and right to, correct an error in the implementation of the formula rate.

Section 5 Annual Formula Rate Calendar

As an example and for ease of reference, once the Formula Rate is in effect, the calendaring shall be as follows:

Month	Year	Action
Oct.	2018	Annual Update – No later than the first Business Day in October 2018, PSCo populates the Formula Rate Template with Rate Year 2019 budgeted/estimated data and calculates the Estimated ATRR, Estimated S19ARR, Estimated S1RR, and Estimated Rates to be effective January 1, 2019. PSCo develops Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates, also to be effective January 1, 2019, by populating the Ancillary Service Rate Templates with actual data from PSCo's 2017 FERC Form 1 and books and records.
Dec.	2018	PSCo makes any mutually agreed changes to the Annual Update by December 31 (or the next Business Day if December 31 is not a Business Day).
Jan.	2019	PSCo submits the Annual Update, as modified to incorporate any agreed upon changes, as the Annual Informational Filing no later than January 15 (or the next Business Day if January 15 is not a Business Day).
April	2019	Annual PBOP Filing - On or before April 1, PSCo files for Commission approval actuarial studies for the prior calendar year (Rate Year 2022) showing the PBOP amounts to be booked for such Rate Year which, when approved by the FERC, will be used in the Annual True-Up for such prior Rate Year (Rate Year 2022).
June	2019	Annual True-up - No later than the first Business Day in June 2023, PSCo populates the Rate Year 2022 Formula Rate Template with Rate Year 2022 actual data, calculates the Actual ATRR, Actual Schedule 19 Rate, Actual S1RR, Actual Rates, and Customer True-up Adjustments.
Oct.	2019	Annual Update – No later than the first Business Day in October 2023, PSCo populates the Formula Rate Template with Rate Year 2014

budgeted/estimated data and calculates the Estimated ATRR, Estimated ARR, Estimated S1RR, and Estimated Rates to be effective January 1, 2024. PSCo develops the Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates, also to be effective January 1, 2024, by populating the respective Ancillary Service Rate Templates with actual 2022 data from PSCo's 2022 FERC Form 1 and books and records.

Dec.	2019	PSCo makes any mutually agreeable changes to the Annual Update by December 31 (or the next Business Day if December 31 is not a Business Day).
Jan.	2020	PSCo submits the Annual Update, as modified to incorporate any agreed upon changes, as the Annual Informational Filing no later than January 15 (or the next Business Day if January 15 is not a Business Day).
April	2020	Annual PBOP Filing - On or before April 1, PSCo files, for Commission approval, actuarial studies for the prior calendar year (Rate Year 2019) showing the PBOP amounts to be booked for such Rate Year, which when approved by the FERC will be used in the Annual True-Up for such prior Rate Year (Rate Year 2019).
June	2020	Annual True-up - No later than the first Business Day in June 2020, PSCo populates the Rate Year 2019 Formula Rate Template with Rate Year 2019 actual data, calculates the Actual ATRR, Actual S19ARR, Actual S1RR, Actual Rates, and Customer True-up Adjustments.
Oct.	2020	Annual Update – No later than the first Business Day in October 2020, PSCo populates the Formula Rate Template with Rate Year 2021 budgeted/estimated data and calculates the Estimated ATRR, Estimated S19ARR, Estimated S1RR, and Estimated Rates to be effective January 1, 2021. PSCo develops the Ancillary Service Schedule 2, 3, 3A, 5, 6 and 16 Rates, also to be effective January 1, 2021, by populating the respective Ancillary Service Rate Templates with actual 2019 data from PSCo's 2019 FERC Form 1 and books and records.

This sequencing pattern thereafter continues.

Section 6 Annual Review Procedures

Each Annual Update and Annual True-up shall be subject to the following review procedures ("Annual Review Procedures"):

a. Customer Review

In the course of the two-stage Annual Review each year, Interested Parties shall have one hundred and thirty (130) calendar days after each of the Annual Update Customer Meeting and

the Annual True-up Customer Meeting to serve information requests ("Data Requests") on PSCo with respect to the Annual Update and the Annual True-up, respectively. The Data Requests may be directed at any aspect of the implementation of or the inputs used in the Annual Update or Annual True-up, including the derivation of Estimated Rates, Actual Rates, Ancillary Service Schedule 1, 2, 3, 3A, 5, 6 and 16 Rates, or any associated issue raised at the Annual Update Customer Meeting or the Annual True-up Customer Meeting. [Data Requests may include document requests.](#) The deadline for discovery may be extended by mutual consent. Nothing in this Section 6.a shall prohibit Interested Parties from submitting information requests to PSCo concerning the Annual Update and the Annual True-up, respectively, after the posting of the Annual Update and the Annual True-up but prior to the Annual Update Customer Meeting or the Annual True-up Customer Meeting. [PSCo shall not claim that responses to Data Requests provided pursuant to these protocols are subject to any settlement privilege in any subsequent FERC proceeding.](#)

b. PSCo Response to Data Requests

PSCo shall make a good faith effort to respond to any Data Requests within ten (10) Business Days after receipt. If a response requires additional time to prepare, PSCo shall promptly inform the requesting Interested Party and shall provide the response as soon as possible, but in no event later than thirty (30) calendar days after PSCo's receipt of the Data Request, unless the parties mutually agree otherwise. All Interested Parties shall be provided PSCo's responses to all Data Requests via electronic mail or other mutually acceptable means.

c. Discovery Dispute Resolution

To the extent PSCo and any Customer(s) are unable to resolve disputes related to any Data Request or the adequacy of any response, PSCo or any Customer(s) may petition FERC to appoint an Administrative Law Judge as a discovery master. The discovery master shall have the power to issue binding orders to resolve discovery disputes and compel the production of discovery relating to application of the Formula Rate or population of the Formula Rate Template for the Rate Year in question, as appropriate, in accordance with these Implementation Procedures.

d. Use of Information from Annual Review Procedures

All information and correspondence produced pursuant to these Annual Review Procedures may be used in any Formal Challenge (as defined in Section 7.c., below) concerning the Formula Rate, any Federal Power Act ("FPA") Section 205, 206 or 306 filing concerning the Formula Rate, or in any other proceeding concerning the Formula Rate initiated at FERC pursuant to the FPA.

e. Confidential Information

PSCo may designate any response to a Data Request as confidential if the information conveyed in the response is not publicly available. Interested Parties shall treat such a designated response as non-public information provided in confidence. Interested Parties may use confidential responses to Data Requests in connection with any informal dispute resolution process commenced pursuant to Section 7. Interested Parties may also use confidential

responses to Data Requests in any Formal Challenge (as defined in Section 7.c., below) concerning the Formula Rate, in any FPA Section 205, 206 or 306 filing concerning the Formula Rate, or in any other proceeding concerning the Formula Rate initiated at FERC pursuant to the FPA; provided, however, when so used, such Data Response(s) shall initially be filed under seal (unless the claim of confidentiality is waived by PSCo), subject to a later determination by the presiding administrative authority that the material is, in whole or in part, not entitled to confidential treatment.

Section 7 Annual Update and Annual True-up Informal Resolution Procedures and Challenges

PSCo and the Customer(s) shall undertake good faith efforts to resolve any disputes through the informal dispute resolution procedures described below before a Formal Challenge is filed with FERC.

a. Specific Challenges

Unless the parties mutually agree otherwise, any Customer shall have the longer of one hundred and seventy-five (175) calendar days after an Annual Update Customer Meeting and after an Annual True-up Customer Meeting or fifteen (15) calendar days after PSCo has fully responded to all proper and timely Data Requests related to an Annual Update or an Annual True-up, to review the Annual Update or the Annual True-up and notify PSCo in writing of specific challenges to such Annual Update or Annual True-up. PSCo or Customer(s) may request, with at least ten (10) calendar days' written notice, that additional meetings be held between PSCo and Interested Parties to discuss specific areas of concern. Failure to notify PSCo of a specific challenge to an Annual Update or an Annual True-up within such time limits shall not bar pursuit of informal dispute resolution of such issue(s) by a specific challenge made in a subsequent Annual Update or Annual True-up.

b. Informal Dispute Resolution

Non-executive representatives of PSCo and the Customer(s) shall attempt to resolve a specific challenge within thirty (30) calendar days of written notification (or a longer period if the parties mutually agree to extend such period) of such specific challenge. If non-executive representatives are unable to resolve a specific challenge, senior management representatives of PSCo and the Customer(s), who have the authority to negotiate and settle such disputes, shall meet and attempt to resolve the specific challenge. All Interested Parties will be served notice of each specific challenge and copies of correspondence related thereto.

c. Formal Dispute Resolution

If the senior management representatives of PSCo and the Customer(s) are unable to resolve a specific challenge within thirty (30) calendar days after the dispute is referred to them (or a longer period if the parties mutually agree to extend such period), then the Customer(s) may pursue such formal dispute resolution as may be available to them under the Federal Power Act and FERC's regulations ("Formal Challenge"). PSCo may raise both substantive and procedural defenses against such a Formal Challenge except as set out at the end of the following sentence. A decision not to file a Formal Challenge for a given Annual True-up or

Annual Update, does not preclude the Customers raising the same or other issues as a specific challenge to a subsequent Annual Update or Annual True-up and, if they take that action, PSCo shall not assert that the prior failure to file a Formal Challenge is evidence of an accepted ratemaking practice. A Formal Challenge shall be filed pursuant to these protocols, rather than Rule 206, in the annual informational filing docket.

d. Burden of Proof

In any proceeding ordered by FERC in response to a Formal Challenge raised under these Implementation Procedures, PSCo shall have the ultimate burden of proof as to the justness and reasonableness of the charges resulting from its application of the Formula Rate, and as to whether it properly applied the Formula Rate and these Implementation Procedures.

Section 8 Changes to Stated Inputs in the Formula Rate

a. Stated Inputs

The following Formula Rate inputs, as agreed to in the settlement of Docket No. ER12-1589-000, shall be stated values to be used in the Formula Rate (both for the Annual Update and the Annual True-up) until changed by a filing pursuant to Section 205 of the FPA or by order of the Commission pursuant to Section 206 of the FPA:

- (i) the rate of return on common equity ("ROE");
- (ii) depreciation rates and amortization periods, including amortization periods for FERC-approved regulatory assets and liabilities and acquisition adjustments (as set forth in Table 25 to the Formula Rate);
- (iii) the actual costs of Post-Employment Benefits Other than Pensions pursuant to Statement of Financial Accounting Standards No. 106 Employers' Accounting for PBOP charges, as approved by Order of the FERC;
- (iv) Percent of Production Plant for Dual Use;
- (v) Real Power Losses;
- (vi) Ancillary Service Schedules 3, 3A 5, 6, and 16 percentage of reserved capacity used for billing purposes; and
- (vii) Ancillary Service Schedules 3 and 3A, and 16 Required Capacity, and 12 Coincident Peak Load used to calculate the Reserve Obligation.

b. ROE

The stated return on common equity ("ROE"), effective November 17, 2012, shall be established pursuant to a final Commission order on ROE in Docket No. ER12-1589-000. Thereafter, the ROE shall not be changed unless and until PSCo or the Customer(s) has (have) filed for a

different ROE pursuant to Section 205 and 206 of the FPA, respectively.

c. PBOP Charges

PBOP charges shall be determined for each Annual True-Up pursuant to the procedure described in Section 3.

d. Cash Working Capital

The stated amount for Cash Working Capital (“CWC”) shall be set at zero dollars and shall not be changed until PSCo or the Customer(s) has(have) filed for a different level of recovery pursuant to Section 205 and 206 of the FPA, respectively.

e. Extraordinary Property Losses

The balance for Extraordinary Property Losses shall be set at zero dollars and shall not be changed until PSCo has filed under Section 205 of the FPA for recovery of such loss(es) and FERC has authorized the recovery of such losses. The FERC-approved amortized annual amount for Extraordinary Property Losses shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincide with the approved amortization period.

f. Construction Work in Progress

The balance for Construction Work in Progress (“CWIP”) shall be set at zero dollars and shall not be changed until PSCo has filed for and received FERC approval to include CWIP related to specific projects in rate base for the Formula Rate pursuant to a filing under Section 205 of the FPA.

g. Abandoned Plant

The balance for Abandoned Plant shall be set at zero dollars and shall not be changed until PSCo has filed under Section 205 of the FPA for recovery of costs associated with Abandoned Plant and FERC has approved the recovery of such costs together with an allowable annual amount and an amortization period. The FERC-approved amortized annual amount for costs associated with Abandoned Plant shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincide with the approved amortization period.

h. Formula Rate Inputs Not Requiring FERC Filing

As distinguished from the Formula Rate restrictions with respect to CWIP, CWC, Extraordinary Property Losses, and Abandoned Plant where PSCo must make a FPA Section 205 filing to change an existing Formula Rate input of zero dollars, the Formula Rate may, in any given year, reflect a number of FERC Accounts where the Formula Rate inputs also are zero dollars. For those years in which there the Formula Rate inputs are other than zero dollars, PSCo may change such inputs without the need to make a FPA Section 205 filing with FERC. Such Formula Rate inputs include but may not be limited to the following:

- (i) scheduling, system control and dispatch services operating expense (recorded in FERC Account 561.4);
- (ii) underground lines operating expense (recorded in FERC Account 564);
- (iii) maintenance of structures (recorded in FERC Account 569);
- (iv) maintenance of computer hardware, computer software, communication equipment and regional transmission plant (recorded in FERC Accounts 569.1, 569.2, 569.3 and 569.4);
- (v) maintenance of underground lines (recorded in FERC Account 572);
- (vi) maintenance of miscellaneous transmission plant (recorded in FERC Account 573);
- (vii) franchise requirements (recorded in FERC Account 927);
- (viii) preferred stock (recorded in FERC Account 204);
- (ix) preferred stock dividends (recorded in FERC Account 437);
- (x) interest on debt to associated companies, long-term debt portion only (recorded in FERC Account 430);
- (xi) amortization of premium on debt (recorded in FERC Account 429); and,
- (xii) amortization of gain on reacquired debt (recorded in FERC Account 429.1).

i. Asset Retirement Obligations

There are no Asset Retirement Obligations (“AROs”) recovered in the Formula Rate. Any proposal by PSCo to recover AROs will require a FPA Section 205 filing.

j. Mountain Pine Beetle

PSCo filed in FERC Docket No. ER12-1589-000 to include and thereby recover in the Formula Rate, effective January 1, 2013, a proposed two-year amortization of the costs PSCo incurred combating the Mountain Pine Beetle infestation of Colorado forests for the period prior to January 1, 2013. These costs have been deferred as authorized by the Commission in Docket No. AC11-186-000. The parties to the docket agreed by settlement to a three-year amortization. When approved by the Commission in Docket No. ER12-1589-000, these costs shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincides with the amortization period accepted by the Commission.

k. San Luis-Calumet-Comanche Transmission Project

PSCo filed in Docket No. ER12-1589-000 to include and thereby recover in the Formula Rate a proposed two-year amortization of 50 percent (50%) of the pre-construction costs that PSCo incurred in connection with the San Luis-Calumet-Comanche transmission project. PSCo will

no longer build this project. The parties to the docket agreed by settlement to a three-year amortization. When approved by the Commission in Docket No. ER12-1589-000, these costs shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincides with the amortization period accepted by the Commission. The Wholesale share of 50 percent of the pre-construction costs will be recovered in the formula rates over a 3 year period beginning with the effective date of the Formula Rate. The Wholesale share of the other 50 percent will be booked to Account No. 426.5 and absorbed by the Company.

I. Rate Case Expenses

PSCo filed in Docket No. ER12-1589-00 to include and thereby recover in the Formula Rate a proposed two-year amortization of rate case expenses that PSCo incurred in connection with approval of the Formula Rate. The parties to the docket agreed by settlement to a three-year amortization. When approved by the Commission in Docket No. ER12-1589-000, these costs shall be includable in the Formula Rate for Annual Update and Annual True-up purposes for the number of partial or full Rate Years that coincides with the amortization period accepted by the Commission.

As distinguished from the expenses associated explicitly with Docket No. ER12-1589-000, ongoing expenses associated with the Formula Rate (e.g., Annual Update costs; Annual True-up costs) shall be expensed in the Rate Year in which such costs are incurred.

Section 9 Changes to Annual True-Up

Changes to PSCo's FERC Form 1 data or changes that affect Supplemental Data, which changes are made subsequent to completion of the Annual True-up, shall trigger a True-up Adjustment to be reflected in the subsequent Annual True-up. Any change to such input data will be provided by PSCo to the Customer(s) as soon as possible, together with an explanation of the change(s) and a repopulated Formula Rate Template for the applicable Rate Year(s) that demonstrates the effect of the change. Customers shall have all of the rights afforded by these Implementation Protocols to investigate and protest such changes, with all dates running from the date PSCo provides the Customer(s) with changed input data.

Section 10 Changes to or Termination of Formula Rates

PSCo and Customers reserve their respective rights under Sections 205 and 206 of the FPA, respectively, to seek modification of or termination of the Formula Rate. PSCo shall provide to the Customers a copy of any proposed Section 205 filing at least thirty (30) calendar days prior to making the filing and shall offer to meet with Interested Parties to discuss the proposed filing prior to its submission to FERC. The Customers shall provide similar advance notice and opportunity to meet prior to making a Section 206 filing. Unless PSCo and the Customer(s) mutually agree otherwise, PSCo or the Customer(s) shall request in any such FPA Section 205 or 206 that the effectiveness of any proposed modification or termination of the Formula Rate be coincident with the beginning of the next Rate Year.

The advance notification and meeting requirements set forth above shall not apply in the event that FERC mandates any changes in the format of the FERC Form 1 or the USoA, or otherwise

issues a ruling that necessitates a modification to the Formula Rate. In such event, PSCo may propose a modification to the Formula Rate without notice by making a FPA Section 205 filing at any time. Such filing, however, may not be used by either PSCo or Customers to raise issues unrelated to such FERC-required changes. Moreover, if such a change in the Formula Rate is required for the reasons described in this paragraph, the FPA Section 205 filing may include a request for waiver of applicable notice requirements as may be necessary to permit the change to become effective for the Annual Update or Annual True-up for the applicable Rate Year.

Section 11 True-up for Departed Customer

A Customer that ceases taking transmission service from PSCo will remain subject to the true-up provisions of the Formula Rate applicable to the Estimated Rates collected during the period of time that the Customer was taking service pursuant to the Formula Rate. As the result of such true-up, the departed Customer may be liable for an additional payment due to PSCo or entitled to a refund from PSCo. The True-up calculation will be made as part of the Annual True-up and, therefore, may not be available coincident with the date of the Customer's departure.

Section 12 Miscellaneous

a. Inter-Company Cost Allocation

It is understood that Xcel Energy Services Inc. ("XES"), PSCo's service company affiliate, may undertake activities on behalf of PSCo under these Implementation Procedures. XES will allocate certain costs among PSCo and PSCo's affiliates pursuant to the allocation methodology in place at the time the Formula Rate becomes effective, as set forth in PSCo's 2011 FERC Form No. 60. PSCo will advise the Customers of any proposed change to such allocation methodology pursuant to Section 4(a)(iii). Any proposed modification to the allocation methodology that has the effect of increasing charges produced by the Formula Rate shall be subject to Section 7 of these Implementation Procedures.

b. Customer Right to Audit

Any Customer shall have the right not more than once in any twelve (12) month period to audit, at Customer's expense, PSCo's books and records. A Customer requesting to audit PSCo's books and records shall give a minimum of (14) calendar days' written notice to PSCo of its desire to conduct an audit. PSCo may schedule the timing of Customer Audit such that it does not conflict with other scheduled audits. PSCo shall notify all Customers of a Customer-initiated audit request and shall cooperate with Customers seeking to conduct a joint audit. In the event the audit reveals any errors in the Annual True-up, PSCo and the Customer(s) shall resolve such errors in accordance with Section 7 of these Implementation Procedures.

c. No Waiver of Statutory Rights

Nothing contained in these Transmission Formula Rate Implementation Procedures shall limit or prohibit the right of any Customer to file a request for relief under Sections 206 or 306 of the FPA and FERC's regulations to challenge PSCo's application of the Formula Rate or the prudence of any expense flowed through the formula rate or to seek to change or terminate the

Formula Rate.