



18201 W. 10th Ave.
Golden, Colorado 80401

NOTICE TO PUBLIC SERVICE COMPANY OF COLORADO
ENERGY IMBALANCE SERVICE CUSTOMERS.

December 11, 2008

On March 17, 2008, Xcel Energy Services Inc. (XES) made its Order No. 890-A compliance filing, which modified (among other things) the Schedule 4 (Energy Imbalance) and Schedule 9 (Generation Imbalance) tariffs applicable to Public Service Company of Colorado (PSCo). In response to issues and concerns raised in the protest of an intervenor, an October 16, 2008 FERC Order required XES to submit a further compliance filing that more fully explained the methodology PSCo uses to calculate incremental and decremental costs for the purposes of Schedule 4 and Schedule 9 imbalance charges. PSCo's Schedule 4 and 9 tariff incorporate the Order No. 890-A pro forma tariff, which requires an incremental cost calculation based on the cost of the top 10 MW for any purpose.

On December 5, 2008, XES made its Order 890-A further compliance filing. As an affected OATT customer, you were served a copy of that filing. The filing indicated that in the process of preparing this further compliance filing, XES and PSCo determined that XES merchant function had initially provided incorrect incremental cost information for the period starting March 17, 2008, the effective date of the PSCo Order No. 890-A compliance filing. XES merchant function employees calculated the Schedule 4 and 9 imbalance charges based on the top 10 MW of energy costs allocated to native load, rather than the top 10 MW for any purpose. PSCo has recalculated the Schedule 4 and 9 imbalance rates and bills for the period March 17 to October 31, 2008.

The bills for November 2008 services will use the correct energy imbalance cost methodology. The bill for November 2008 services will also show an adjustment for the revised calculations for the period March 17 to October 31, 2008, including interest calculated at the applicable FERC quarterly interest rate for the customers who were net providers of imbalance energy to PSCo.

Attached is a copy of the revised Schedule 4 bill calculations. Your customer-specific calculation is also attached, which provides certain detailed information about your specific schedules and imbalances, which PSCo is providing only to you. PSCo will post a copy of this letter and the summary refund information on OASIS.

If you have any questions about the Schedule 4 billing correction, please contact Carolyn Wetterlin at 612-330-6599.

Sincerely,

Steve Mornis

Steve Mornis
Principal Transmission Representative

Attachments

PSCo
 Energy Imbalance Charge Comparison
 March 17, 2008 - October 2008

	Under Delivery by Customer				Over Delivery by Customer				Net		Total Adjusted Charge (Refund)	
	MWh Sold	Inside bandwidth	Outside Band width	Total	MWh Purchased	Inside bandwidth	Outside Band width	Total	Net MWh Sold (Purchased)	Net Charges (Credits)		Interest
Customer 1 Old Method Top Ten Difference	5,016	\$ 103,902 \$ 162,059 \$ 58,157	\$ 134,081 \$ 216,664 \$ 82,583	\$ 237,983 \$ 378,724 \$ 140,740	(14,894)	\$ (385,484) \$ (560,108) \$ (174,624)	\$ (411,886) \$ (634,688) \$ (222,802)	\$ (797,370) \$ (1,194,796) \$ (397,426)	(9,878)	\$ (559,387) \$ (816,073) \$ (256,686)	\$ (10,573)	\$ (267,259)
Customer 2 Old Method Top Ten Difference	2,844	\$ 139,555 \$ 198,659 \$ 59,104	\$ 17,490 \$ 24,253 \$ 6,763	\$ 157,046 \$ 222,913 \$ 65,867	(14,894)	\$ (98,964) \$ (156,947) \$ (57,984)	\$ (2,929) \$ (5,274) \$ (2,345)	\$ (101,892) \$ (162,221) \$ (60,329)	(12,050)	\$ 55,154 \$ 60,692 \$ 5,538		\$ 5,538
Customer 3 Old Method Top Ten Difference	12,045	\$ 334,517 \$ 490,012 \$ 155,495	\$ 314,085 \$ 475,123 \$ 161,038	\$ 648,602 \$ 965,135 \$ 316,533	(17,278)	\$ (379,528) \$ (579,242) \$ (199,714)	\$ (424,550) \$ (671,384) \$ (246,834)	\$ (804,078) \$ (1,250,626) \$ (446,548)	(5,233)	\$ (155,476) \$ (285,491) \$ (130,015)	\$ (2,658)	\$ (132,673)
Total	19,905	\$ 577,975 \$ 850,731 \$ 272,756	\$ 465,656 \$ 716,040 \$ 250,384	\$ 1,043,631 \$ 1,566,771 \$ 523,140	(47,066)	\$ (863,976) \$ (1,296,297) \$ (432,321)	\$ (839,364) \$ (1,311,346) \$ (471,981)	\$ (1,703,340) \$ (2,607,643) \$ (904,303)	(27,161)	\$ (659,709) \$ (1,040,872) \$ (381,163)	\$ (13,231)	\$ (394,394)