The Company has listed below any material changes that have taken effect since January 1, 2012. For additional information, please refer to the Public Service Company of Colorado FERC 2012 Form No. 1, Notes to Financial Statements.

I. FERC Uniform System of Accounts Changes

Voluntary Employees' Beneficiary Association (VEBA) Trust Accounting Change – In 2012, in discussions with FERC Staff, the Company has decided to change the accounting for the VEBA trust. Previously, the VEBA Trust was recorded in FERC Account 165, Prepayments. The VEBA Trust is now recorded in FERC Account 232, Accounts Payable, which will more appropriately report this account as a contra to the liability, Accounts Payable – Incurred But Not Reported Medical Claims account. This change caused a reclassification of $931,000 from FERC Account 165 to FERC Account 232.

Net Operating Loss Carryback Claim – On December 18, 2012, Xcel Energy filed a $24.8 million Net Operating Loss (NOL) carryback claim on IRS Form 1139. This resulted in an income tax receivable, which is expected to be received in cash within the next year. Tax overpayments resulting from differences between the estimated quarterly tax payments and the actual accrued income tax expense are applied to future period tax liabilities, which is why they are accounted for in FERC Account 165, Prepayments. Originally the accrual of the $24.8 million NOL carryback claim followed the accounting for the normal tax overpayments and was made in FERC Account 165. However, since the NOL carryback claim resulted in an income tax receivable, it was determined that this amount should be reclassified to FERC Account 143, Other Accounts Receivable. PSCo reclassified $5.0 million from FERC Account 165 to FERC Account 143, Accounts Receivable.

Transmission Loss Revenue Reclassification — In 2012, approximately $2M of Transmission Loss Revenues associated with Point-to-Point transactions were reclassified from FERC Account 456.42, Other Miscellaneous Revenues to FERC Account 456.07, Network Transmission Revenues. Reclassifying the Loss Revenues to FERC 456.07 allows these revenues to be included with other Point-to-Point Transmission Revenues, which is a revenue credit in the transmission formula rate template.

II. FERC Form 1 Reporting Requirements Changes

Materials and Supplies Change in Methodology for FERC Form 1 Reporting p. 227 — In March 2011, there was a change made in the methodology used to estimate the percentage of year end inventory balances that will eventually be capitalized or expensed. Materials and supplies year end inventory balances are now being estimated as either capital or expense based on how inventory costs were assigned during the previous year. The assignments are specific to operating units – Production, Transmission and Distribution. Previously, a single, estimated percentage rate was used as the basis to determine the portion of inventory that would be capitalized or expensed. The single percentage was combined across operating units.

Acquisition of Calpine Facilities – On October 23, 2012 the Company received approval from FERC of its proposed journal entries related to the purchased of 100 percent ownership interest in the Blue Spruce Energy Center, LLC and the Rocky Mountain Energy Center, LLC (jointly, the Calpine Facilities), Docket No. AC11-99-000. These proposed journal entries superseded and replace the previously recorded journal entries booked in December 2010. The proposed journal entries clear the purchase through FERC Account 102, Electric Plant Purchased or Sold, in compliance with Electric Plant Instructions No. 5, and required the recording of a $225.5 million acquisition adjustment in FERC Account 114, Electric Plant Acquisition Adjustments, for the amount paid in excess of the depreciated original cost of assets purchased. Consistent with

FERC policy, the Company will amortize the acquisition adjustments to FERC Account 406, Amortization of Electric Plant Acquisition Adjustments, over the remaining useful life of the related assets. In addition, on January 18, 2013, the Company re-filed with FERC its 2010 and 2011 FERC Form No. 1's reflecting these changes in accounting for the Calpine Facilities.

Inadvertent Energy Volumes – In 2012, there was a change in the methodology for reporting inadvertent energy volumes on the FERC Form No. 1, pages 326, 327 and 401a. In the past, inadvertent energy was reported on lines 12-14 of page 401a. Starting in 2012, these volumes are now reported on pages 326 and 327 as purchased power volume without cost. Historically, the PacifiCorp Exchange Agreement volumes were not reported. In 2012, this contract is now listed on page 326 and the related exchange volumes are reported in columns (h) and (i) of page 327. The sums of these columns now tie to the reported volumes received and delivered on page 401a, lines 12-14. The 2010 and 2011 FERC Form No. 1's were revised and re-filed with this methodology change.

Common Plant Depreciation and Amortization Expense Reporting Error – In 2013, during a FERC Audit of the Company's 2010 and 2011 FERC Form 1 (Docket No. PA13-14-000), the Company found it had a reporting error of Common Plant Depreciation expense (FERC Account 403) and Amortization expense (FERC Account 404), shown on FERC Form 1 page 356. The error effects several reporting years, and impacts both the transmission formula rate template and the production formula rate template. The Company will make the corrections to the formula rate templates are required by the respective Implementation Procedures.

III. Accounting Policy/Practice Changes

Energy Supply Logistics Clearing Accounting process — Effective April 1, 2012, Energy Supply Logistics began using clearing accounts to assign costs associated with the handling, tracking and control of corporate materials and supplies inventory rather than direct charging their costs. The costs are accumulated in clearing accounts by Operating Company and cleared by applying a portion of these costs to both capital and expense material purchases. With the implementation of the Maximo work management system in 2001, Logistics costs were charged to O&M or Administrative and General FERC accounts by legal entity, and occasionally to large capital projects if so directed.

This change is a result of process standardization across all business areas within Xcel Energy operations (including Energy Supply, Distribution and Transmission), and because of expanded roles and responsibilities for material handling personnel for capital projects, such as material receiving, quality assurance inspections and reporting, material delivery and disposal responsibilities, these costs can now be appropriately charged to both capital and expense. Below is an estimate of the impact of this change.

FERC	FERC Description	2011	2012	Variance
107	CWIP Electric		$ 717,038.53	$ 717,038.53
408.1	Taxes Other than Income Taxes	$ 79,036.82	$ 27,295.54	$ (51,741.28)
426.5	Other Deductions	$ 187.42	$ 700.88	$ 513.46
500	Operation Suprvsn & Engineering		$ 2,319.23	$ 2,319.23
501	Fuel		$ 50,657.86	$ 50,657.86
502	Steam Expenses		$ 22,097.54	$ 22,097.54

505	Electric Expenses		$ 4,887.32	$ 4,887.32
506	Misc. Steam Power	$ 643,996.44	$ 172,232.03	$ (471,764.41)
510	Mtnce Suprvsn & Engineering		$ 1,088.36	$ 1,088.36
511	Mtnce of Structures		$ 44,204.38	$ 44,204.38
512	Mtnce of Boiler Plant	$ 132.47	$ 186,116.45	$ 185,983.98
513	Mtnce of Elec Plant	$ 359.04	$ 73,350.42	$ 72,991.38
514	Mtnce of Misc Steam		$ 99,040.68	$ 99,040.68
539	Misc. Hydraulic Power Gen		$ 1,110.11	$ 1,110.11
542	Mtnce of Structures		$ 2,564.09	$ 2,564.09
543	Mtnce of Resv, Dams & Wtrway		$ 1,748.78	$ 1,748.78
544	Mtnce of Elec Plant		$ 5,004.92	$ 5,004.92
545	Mtnce of Misc Hydraulic		$ 238.75	$ 238.75
546	Operation Suprvsn & Engineering		$ 3,434.57	$ 3,434.57
548	Generation Expenses		$ 4,949.88	$ 4,949.88
549	Misc. Other Power Gen	$ 135,742.46	$ 59,849.65	$ (75,892.81)
551	Mtnce Suprvsn & Engineering		$ 165.98	$ 165.98
552	Mtnce of Structures		$ 29,018.74	$ 29,018.74
553	Mtnce of Gen & Elec Equip	$ 3,177.37	$ 88,499.97	$ 85,322.60
554	Mtnce of Misc. Other Power Gen		$ 33,826.57	$ 33,826.57
566	Misc. Transmission Exp		$ 232.14	$ 232.14
593	Mtnce of Structures and Equip		$ 108.72	$ 108.72
920	A&G Salaries	$ 336,074.17	$ 191,333.48	$ (144,740.69)
921	Office Supplies & Expenses	$ 32,029.55	$ 8,386.85	$ (23,642.70)
922	A&G Expense Credit	$ (9,508.78)	$ -	$ 9,508.78
923	Outside Services	$ 8,574.03	$ -	$ (8,574.03)
925	Injuries and Damages	$ 8,554.38	$ 2,580.58	$ (5,973.80)
926	Pension and Benefits	$ 378,617.13	$ 131,922.96	$ (246,694.17)
930.2	Misc. General Expenses	$ 7,796.80	$ -	$ (7,796.80)
935	Mtnce of General Plant	$ 237.18	$ 184.79	$ (52.39)
Total		$1,625,006.48	$ 1,966,190.74	$ 341,184.26

Shared Asset depreciation on Network equipment – Xcel Energy places network assets such as circuits, routers, servers and computers into service on the operating company which the asset physically resides. This causes depreciation for said assets to be booked to that same operating company (FERC Account 403). For locations designated as shared service locations, or those used for the benefit of all legal entities (operating companies and affiliate companies), the depreciation costs and return on assets is backed out as a credit on the books of the operating company that owns the asset (FERC Account 922). This is followed by a debit entry for the same amount to charge all the legal entities that benefit from the use of the network equipment based on the allocation of company labor (FERC Account 931).

Prior to 2012, the depreciation costs and return on assets was based on estimated annual costs for assets in service at the beginning the year and recorded evenly each month. In 2012, a change was implemented in recording shared asset network equipment transactions based on the prior month actual depreciation expense to estimate the current month shared asset credit/revenue. Network equipment has a short life; 4-5 years depending on the jurisdiction. Also there can be volatility of plant additions and assets reaching the end of their depreciable life, thus becoming fully depreciated. This methodology is expected to more closely approximate carrying costs with the major driver being depreciation expense.

PSCo’s anticipated amount of depreciation cost and return on assets that is recognized by affiliate companies due to the shared asset depreciation calculation on network equipment when compared to 2011 (for this specific change in methodology) is a decrease in FERC Account 931 and a increase in FERC Account 922.

PSCo IT Network Shared Assets Adjustment			
FERC Account	**Dec-11 YTD**	**Dec-12 YTD**	**Change**
922 A&G Admn Transfer Credit	(18,381,638)	(13,012,440)	5,369,198
931 A&G Rents - Shared Asset Cost	13,120,678	8,943,179	(4,177,499)
Net Adjustment	(5,260,961)	(4,069,262)	1,191,699

Capitalization Policy Updates – In early 2012, the Company performed a review of various capitalization policies, business practices and contracting approaches for consistency, efficiency and effectiveness. As a result of this effort, effective April 1, 2012 the following capitalization policies and determinations were reviewed and updated:

Policy Being Updated	Brief Description of Update
Ash Removal System for Boiler – Wet Ash Coal Car Shaker Coal Distributor Chemical Feed System Chemical Storage and Unloading System (Dry) Chemical Feed System Combustion Gas Turbine (Power Plant, Package Unit) Conveyor Cooling Tower Crane or Hoist Dust Control or Suppression System	Updated the HP rating for motor and motor rewind reconstruction

Fan, Boiler Draft Fan, General Heater, Air Motor-Generator Set Rotary Unloader Screen, Water, Sizing Device or Disc Tripper, Coal Washer, Air or Dust	
Circuit Breaker	Adds the rebuild of a 230Kv or higher circuit breaker to Reconstruction Work
Coal Pulverizer (Coal Mills)	Updated components and HP limits for motors
Compressor, Air or Gas	Updated components and HP for motors
Conductor	A new capital policy separates Transmission underground terminations (potheads) as reconstruction work.
Electric, Drive Motor	Updated the HP rating for motor and motor rewind reconstruction
Engineering and Supervision (E&S)	Updated to include preliminary engineering beyond the “what-if” phase in Energy Supply’s E&S Engineering and Construction (E&C) group to the existing overhead pool
Fence	New capital policy separates out fencing from yard improvements and rules for adds protective fencing around equipment
Minimum Dollar Guideline for Production Work (Energy Supply)	Reduce from current level of $50,000 to $2,500 (material only)
Minimum Dollar Guideline for Gas Production and Storage Plant	Reduce from current level of $5,000 to $2,500 (material only)
Piping Station	Updated required pipe diameter to reflect current standards
Line Clearance during Storms	Line Clearance during non-catastrophic storms are considered O&M
Piping Yard	Updated required pipe diameter to reflect current standards
Power Operated Equipment	Updated the policy for motors, transmissions and fleet unit number requirements
Pump	Updated components and HP requirements
Railroad	Separated railroad ballast from railroad ties
Tools, Shop and Garage Equipment	Updated specialized tools allowed as exceptions to minimum dollar guideline - only inclusive list which will be reviewed annually
Switch	Added permanent isolators/shunts as Isolator switch
Temporary Facilities (determination)	Temporary Facilities to prevent interruptions in current service is O&M.
Terminations (potheads), Transmission	Added a new retirement unit and separate policy for Transmission terminations
Transportation Equipment	Updated the policy for motors, transmissions and fleet unit number

	requirements
Valves	Updated the size requirement for reconstruction work
Vaults	Included the *entire* replacement of vault ceiling (deck) to 'Construction and Retirement work' with a minimum dollar guideline of $1,000
Wiring, Station	Terminations added as major item; other minor items added A new capital policy that separates Transmission underground terminations (potheads) as reconstruction work; Also updated components
Other Recent Updates:	
Control System (Station Control)	Clarification of Components issued 2/21/2012
Current Carrier, Equipment	Updated the Components and related items issued 2/2/2012
Substation, Portable	Updated the Components and related items issued 2/2/2012
Down Stream Relay and RTU (determination)	Include the first downstream adjustment required due to implement of the new substation relay and RTU asset
Transformer, Power	Power Transformer Matrix updated on 3/20/2012
Wind Turbine Generator Unit	Changed blade replacement requirement from a complete set of blades to one blade issued 1/1/2012
Silo Bin Bunker	Added replacement of complete roof as a component issued 9/13/2012
Building	Reduced the platform and grating size requirement from 100 sq. ft. to 25 sq. ft. issued 10/12/2012

Capitalization of Fuel Expense for Tax- In 2012 the Company treated $532 million of coal and natural gas purchased as a depreciable asset for tax purposes, pursuant to regulations issued by the IRS in 2011. The first-year of tax depreciation on this amount capitalized is $76 million, which creates a net tax timing difference (Schedule M) of $456 million. The Company expects to claim a deduction for the remaining $456 million of tax basis in 2013 when the last of the fuel purchased in 2012 is consumed. Therefore, the result of this adjustment is to shift $456 million of tax deduction from 2012 to 2013. The reason this fuel was capitalized was to provide enough taxable income to utilize Colorado low income housing credits that would otherwise expire in 2012. These credits were earned by a non-regulated affiliate, Eloigne Company. Because these credits were associated with a non-regulated affiliate, the accounting entries associated with this tax adjustment have been excluded from the formula rate calculations, including amounts recorded in Accumulated Deferred Income Taxes.

Energy Supply Combustion Turbine Parts Program Accounting - Effective December 19, 2012, Xcel Energy signed a long term agreement with a preferred supplier to purchase replacement combustion turbine parts for the fleet of GE 7FA.03 combustion turbines. The components will be used during routine overhauls. This change is the result of Energy Supply standardizing the overhaul process on Combustion Turbines. Prior to this change, Energy Supply would purchase a set of spare parts (usually 1 set per turbine and facility) and then would exchange the components from the shelf with the components in the turbine. The worn components coming out of the turbine would then be shipped to a refurbishment facility where they would be refurbished and then returned to Energy Supply. The components would sit in storage until the next scheduled overhaul. Initial purchase of a set of new components would be charged to capital, while the cost to refurbish the components would be charged to expense. Under the new exchange arrangement, the preferred supplier will purchase the worn components coming out of the turbine during an overhaul. Energy Supply will purchase a replacement set of warranted components (may be a combination of new and refurbished parts) for the overhaul. Due to this arrangement, Energy Supply does not need to own extra sets of spare parts. In addition, since title is transferred with the sale and purchase of components, the cost of the new set of components is capitalized. The impact of this change based on the signed long term agreement is a reduction to FERC Account 553, Maintenance of Miscellaneous Other Power Generation Plant. Below is an estimate of the impact of this change on 2012 and 2013.

Plant/Unit/Overhaul	2012 Original Overhaul Budgets	2012 Overhaul Budgets after CT Parts Reduction	2012 CT Parts Exchange Impact to Overhaul Budgets		2013 Original Overhaul Budgets	2013 Overhaul Budgets after CT Parts Reduction	2013 CT Parts Exchange Impact to Overhaul Budgets
Station - Ft. St. Vrain							
Unit 2 Hot Gas Path	2,415,530	1,715,530	(700,000)				
Unit 3 Combustion Inspection	695,250	695,250					
Unit 4 Major					4,765,033	1,634,033	(3,131,000)
Unit 3 Hot Gas Path					3,600,000	1,305,000	(2,295,000)
Unit 5 Combustion Inspection					1,060,000	0	(1,060,000)
Station - Rocky Mountain							
Unit 1 Hot Gas Path	4,567,075	2,603,075	(1,964,000)				
Unit 2 Hot Gas Path					5,483,046	3,519,046	(1,964,000)
Station - Blue Spruce							
Unit 1 Combustion Inspection	1,135,250	684,250	(451,000)				
Total decrease in FERC Account 553	**10,503,505**	**6,937,505**	**(3,566,000)**		**14,908,079**	**6,458,079**	**(8,450,000)**

Post-Employment Benefits Other than Pensions ("PBOP") – Beginning January 1, 2013, PBOP expenses recorded in FERC Account 926 are expected to be significantly lower than in previous years due to the expiration of the amortization of the transition obligation and a plan design change for the retiree medical plan. Xcel Energy is transitioning retirees to plans on the external markets which are less expensive. In other words, instead of Xcel continuing to be self insured for these plans, we will be fully insured and will be paying a premium to a company on the external market.

IV. GAAP-Related Items

Fair Value Measurement — In May 2011, the Financial Accounting Standards Board (FASB) issued *Fair Value Measurement (Topic 820) — Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (Accounting Standards Update (ASU) No. 2011-04)*, which provides clarifications regarding existing fair value measurement principles and disclosure requirements, and also specific new measurement and disclosure guidance. These requirements were effective for interim and annual periods beginning after Dec. 15, 2011. PSCo implemented the accounting and disclosure guidance effective Jan. 1, 2012, and given the sufficiency of existing fair value disclosures for derivatives and other items recognized at fair value, the implementation resulted only in narrative disclosure of the observability of the inputs underlying PSCo's disclosure of the fair value of its long term debt.

Comprehensive Income — In June 2011, the FASB issued *Comprehensive Income (Topic 220) — Presentation of Comprehensive Income (ASU No. 2011-05)*, which requires the presentation of the components of net income, the components of other comprehensive income (OCI) and total comprehensive income in either a single continuous financial statement of comprehensive income or in two separate, but consecutive financial statements of net income and comprehensive income. These updates do not affect the items reported in OCI or the guidance for reclassifying such items to net income. These requirements were effective for interim and annual periods beginning after Dec. 15, 2011. PSCo implemented the financial statement presentation guidance effective Jan. 1, 2012, electing presentation of comprehensive income in two separate, but consecutive financial statements of net income and comprehensive income.

VI. FERC Ratemaking Orders Applicable to the Formula Rate

None

V. Service Company Statistical Change to Specific Allocators

In 2012, a correction was made to the computers and phones statistics used in the following Xcel Energy Services (XES) work orders: 500 Business Systems, 523 Network, 524 DSS Support and 534 CES. An identified number of computers and phones belonging to the Nuclear Management Company (NMC), an affiliate of Northern States Power-Minnesota (NSPM), were assigned to a few Business Systems employees within NMC who managed these assets. When NMC was integrated into NSPM, those Business Systems employees were moved to XES as the Company intended to utilize the employees for more than just supporting the Nuclear business area. However, the identified computers and phones were not reassigned to XES with the Business Systems employees, these assets remained in NSPM Nuclear.

The error caused a misallocation of the information technology (IT) costs related to operation and maintenance of various business systems and networks to all four regulated operating companies and was corrected to ensure accuracy of our cost allocation process.

The statistical correction in the number of phones and computers caused a change in allocation percentages. The impact of this change on PSCo is calculated based on the difference between 2011 allocation percentages and 2012 allocation percentages which was mainly driven by the correction described above.

FERC Account	FERC Description	Sum of PSCo 2011 Allocators	Sum of PSCo 2012 Allocators	Variance
408.1	Taxes other than Income	$ 130,170	$ 87,605	$ (42,565)
426.1	Donations	$ 173	$ 117	$ (56)
426.5	Other Deductions	$ 1,402	$ 946	$ (456)
920	A&G Salaries	$ 2,064,871	$ 1,392,396	$ (672,475)
921	Office Supplies	$ 5,764,166	$ 4,308,380	$ (1,455,786)
923	Outside Services	$ 1,024,111	$ 749,874	$ (274,237)
925	Injuries and Damages	$ 4,328	$ 2,934	$ (1,393)
926	Pension and Benefits	$ 618,278	$ 419,253	$ (199,025)
935	Mtnce of General Plant Elec	$ 3,543	$ 2,389	$ (1,154)
Grand Total		$ 9,611,041	$ 6,963,894	$ (2,647,147)