

PSCo OATT – Unreserved Use

Notice to all Public Service Company of Colorado (PSCo) Transmission Customers.

Effective November 17, 2012, Schedule 7, *Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service*, and Schedule 8, *Non-Firm Point-To-Point Transmission Service*, to the Xcel Energy Joint Operating Companies Open Access Transmission Tariff (Xcel Energy OATT), require that PSCo: (1) assess transmission service charges and a penalty for unreserved use of its transmission system; and (2) distribute penalty revenues among non-offending customers:

In the event that a Transmission Customer (including third party sales by the Transmission Provider) exceeds its Reserved Transmission Service Capacity at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, the Transmission Customer shall pay, in addition to the otherwise applicable charges, a penalty charge for the unauthorized use based upon the duration of the period when the unreserved capacity was used equal to twice the applicable rate for Firm Point-to-Point Transmission Service as follows: (1) For unauthorized use within a single day, the penalty charge shall be based on the daily rate. (2) For unauthorized use in two or more days in a calendar week, the penalty charge shall be based on the weekly rate. (3) For multiple instances of unauthorized use in more than one calendar week in a calendar month, the penalty charge shall be based on the monthly rate. Penalty revenues shall be used to reduce the costs of transmission service to Transmission Customers other than the Transmission Customer who was assessed the penalty. For the amounts exceeding its Reserved Transmission Service Capacity or use of Transmission Service that it has not reserved, the Transmission Customer also must replace losses on the unreserved capacity as required by the Xcel Energy OATT in Section 28.5 and Section 37.4.

In an audit report issued August 13, 2014 in FERC Docket No. PA13-6-000, FERC Enforcement Staff recommended that Puget Sound Energy, Inc. retroactively assess unreserved use penalties to offending customers back to October 5, 2007, and redistribute penalties collected among non-offending customers.

Consistent with the audit report in PA13-6-000, PSCo intends to evaluate potential instances of unreserved use back to the effective date of the unreserved use provisions in Schedules 7 and 8 and retroactively assess charges for unreserved transmission service and penalties as required by the Xcel Energy OATT. Any penalty revenues collected will be redistributed to non-offending customers. PSCo expects to complete its historical review and issue bills for unreserved use by November 31, 2014. PSCo will report any such penalty assessments and distributions in its Annual Report of Penalty Assessments and Distributions in FERC Docket Nos. OA07-39 and OA08-71 as required by Order Nos. 890 and 890-A.