Public Service Company of Colorado, a Colorado corporation

Cost Assignment and Allocation Manual

~~April 2021~~
September 2022

Public Service Company of Colorado, a Colorado corporation
Cost Assignment and Allocation Manual
Pursuant to 4 CCR 723-3-3500 et seq. and 4 CCR 723-4-4500 et seq.

Table of Contents

Public Service Company of Colorado, a Colorado corporation
Cost Assignment and Allocation Manual
Pursuant to 4 CCR 723-3-3500 et seq. and 4 CCR 723-~~3~~4-4500 et seq.

Table of Contents

I. INTRODUCTION

This Cost Assignment and Allocation Manual ("CAAM"), pursuant to 4 Code of Colorado Regulations ("CCR") 723-3-3500 et seq. and 4 CCR 723-4-4500 et seq. describes and explains the calculation methods Public Service Company of Colorado, a Colorado corporation ("PSCo" or the "Company") uses to segregate and account for revenues, expenses, assets, liabilities and ratebase cost components assigned or allocated to Colorado jurisdictional activities. It includes the calculation methods to segregate and account for costs between and among jurisdictions, between regulated and non- regulated activities and between and among utility divisions.

DEFINITIONS

Abbreviations or Acronyms

The following abbreviations or acronyms are used within the CAAM document:

A&G……………………………………………..…………………..Administrative and General
ACC…………………………………………...………………………...Allocating Cost Center
AFUDC…………………...……………………Allowance for Funds Used During Construction
CAAM……………………………………………...Cost Assignment and Allocation Manual
CCR……………………………………………...……………...Code of Colorado Regulations
C.R.S.………………………………………...……………………… Colorado Revised Statutes
Commission……………………...………………… Colorado Public Utilities Commission
CWIP………………………………………………………..Construction Work in Progress
ECA……………………………………………..………………… Electric Cost Adjustment
FAS…………………………………………..……………… Financial Accounting Standards
FERC………………………………………..……... Federal Energy Regulatory Commission
FICA……………………………………..………….. Federal Insurance Contributions Act
FUTA……………………………………..…………………Federal Unemployment Tax Act
HVAC………………………………..…………Heating, Ventilation & Air Conditioning
IT………………………………………..……………………………..Information Technology
LTD……………………………..…………………..……………Long Term Disability
NSPM……………………..…..Northern States Power Company, a Minnesota corporation
NSPW…………………..……..Northern States Power Company, a Wisconsin corporation
O&M……………………..…………………………………... Operations and Maintenance
Operating Companies or Utility Subsidiaries…..…….……NSPM, NSPW, PSCo, and SPS
Operating Company……………………..….……….……One of the Operating Companies
PSCo or the Company…...….Public Service Company of Colorado, a Colorado corporation
PUCHA 1935………………………………..The Public Utility Holding Company Act of 1935
PUCHA 2005………………………………..The Public Utility Holding Company Act of 2005
RESA……………………..…….……………..........Renewable Energy Standard Adjustment
SAP………………………..……………..….………………… SAP General Ledger System
Service Company or XES………..……………….……….…..............Xcel Energy Services Inc.
SKF…………………………..………………….………………………Statistical Key Figure
SPS……………..……....Southwestern Public Service Company, a New Mexico corporation
SUTA……………….…..………………………………..State Unemployment Tax Authority
Utility Subsidiary……………………..…..……….……….…One of the Utility Subsidiaries
WBS…………...……………………………………………………..Work Breakdown Structure
Xcel Energy or the Holding Company…………...……………………………Xcel Energy Inc.

Terms

The following terms are used within the CAAM document:

Accounts Payable - the Payment and Reporting Department of XES.

Administrative and General – includes activity in FERC accounts 920-935, A&G Expenses.

Allocation Methods or Methodologies - Allocation Methods or Methodologies are the basis for assigning costs to an affiliate and result from using a single Allocation Ratio or the average of two or more Allocation Ratios. Examples of Allocation Methods or Methodologies include: Number of Customers; Number of Employees; Revenues; and Assets.

Allocation Percentages or Ratios - each set of Allocation Statistics is used to calculate an Allocation Percentage or Ratio. For example, the employee ratio uses the number of employees for each affiliate to the total number of employees for all affiliates to determine the percentage of services chargeable to each affiliate.

Allocation Statistics - Allocation Statistics are the actual numerical inputs used to derive the Allocation Ratios or Percentages. Examples of statistics are: the dollar amount of assets; the count of employees; the dollar amount of revenues; the number of customers; the number of invoice transactions; megawatt hours of generation; and the number of customer bills.

Assessment Process - the process used by the general ledger system to allocate costs from an ACC to the Receiving Cost Element (e.g., Final Cost Center, Internal Order, or WBS element).

Business Area - an operational segment of the Company with assigned employees. Examples include Gas Systems, Operations Services, and Customer and Innovation.

Common Costs - costs that are applicable to the three utility divisions (e.g., electric, gas, or steam) and the non-regulated activities in Public Service.

Cost Center – a grouping of related costs within the general ledger. Cost Centers are primarily used for managerial reporting and analysis, and can serve several purposes. An ACC is used to collect costs that will be allocated to other Cost Centers, Internal Orders, or WBS. A Final Cost Center is used to collect costs defined by a Business Area, or Department within a Business Area, that is associated with an Operating Company or affiliate, and Profit Center. Unlike a Business Area, a Cost Center does not have assigned employees.

Cost Element - an organizational unit that is used to track costs in the accounting system as they move through the various processing steps.

Customer Accounting Costs – includes activity in FERC accounts 901-903, Customer Accounts Expenses; FERC accounts 906-910, Customer Service and Informational Expenses; and FERC accounts 911-917, Sales Expenses.

Department - an operational segment of a Business Area. Business Areas can consist of multiple Departments (e.g., Corporate Accounting is a Department of the Other Shared Services Organizations Business Area).

Direct Charges - Direct Charges occur when an employee of any Operating Company or affiliate including XES can clearly identify that the service being rendered is for the benefit of a specific Operating Company or affiliate.

Indirect ACC – an ACC that collects Service Company O&M Indirect Charges.

Indirect Charges - the terms Indirect Charges and Allocated Charges are interchangeable when used in this document. These charges occur when the cost for services cannot be directly assigned to a specific Operating Company or affiliate and are therefore allocated from an Indirect ACC to the Operating Companies and affiliates that benefit from the services based on the appropriate Allocation Methods.

Internal Order – accounting mechanisms used to track expenses associated with certain projects or functions.

Non-Operations and Maintenance Allocations – allocations designed to apportion expenses recorded in accounts other than O&M to electric, gas, thermal and nonutility. The non-O&M costs apportioned include depreciation, payroll taxes, miscellaneous service revenues, amortization expenses, etc.

Non-Productive Labor Costs – labor costs associated with vacation time, sick time, and holiday time.

Operations and Maintenance – includes activity in FERC accounts 500-935 with the exception of the following FERC accounts: 501, Fuel; 901-903, Customer Accounts Expenses; 906-910, Customer Service and Informational Expenses; 911-917, Sales Expenses; and 920-935, Administrative and General Expenses.

Productive Labor Costs – labor costs associated with regular pay, overtime pay, and premium time pay.

Profit Center – SAP data element that identifies the jurisdiction or joint venture owner.

Receiving Cost Element - A generic term for a Cost Element that receives costs when a Settlement Process or Assessment Process is run.

Settlement Process - all costs recorded in an Internal Order are processed through the Settlement Process to move them from the Internal Order to a Cost Element (Final Cost Center, ACC, Internal Order, etc.). The Settlement Process will move the costs both within an Operating Company or affiliate and between Operating Companies and affiliates depending on the settlement rule of the Internal Order.

Statistical Key Figure – the method by which the Allocation Ratios and factors are organized in the accounting system and linked to ACCs to facilitate the performance of the Assessment Process to allocate charges.

Supply Chain – the Supply Chain Department of the XES.

Work Breakdown Structures – hierarchical cost collectors representing work performed that include various attributes to be used for the reporting of costs.

II. REGULATED AND NON-REGULATED DIVISIONS AND ACTIVITIES

OVERVIEW

This section addresses the requirements of Rules 4 CCR 723-3503(b)(I) and (III) and 4 CCR 723-4503(b)(I) and (III).

Any service that does not meet the definitions of a regulated activity or incidental service, as described below, is considered a non-regulated activity for purposes of this CAAM. 4 CCR 723-3501 defines regulated activity as follows:

> (i) "Regulated Activity" means any activity that is offered as a public utility service as defined in Title 40, Articles 1 to 7 [Colorado Revised Statutes ("C.R.S.")], and is regulated by the [Colorado Public Utility Commission ("Commission")] or regulated by another state utility commission or the [Federal Energy Regulatory Commission ("FERC"], or any non-regulated activity, which meets the criteria specified in rules 3502(g).

4 CCR 723-4501 defines incidental services as follows:

> (h) "Incidental Services" means non-tariffed or non-regulated services that have traditionally been offered incidentally to the provisions of tariff services where the revenues for all such services do not exceed:
>
> (I) The greater of $100,000 or one percent of the provider's total annual Colorado operating revenues for regulated services; or,
> (II) Such amount established by the Commission considering the nature and frequency of the particular service.

4 CCR 723-4501 provides for nearly identical definition of "Regulated Activity" in relation to gas operations.

In addition, Rules 4 CCR 723-3502(g) and 4502(g) provide that certain non- jurisdictional services may be treated as regulated under the following circumstances:

> A utility may classify non-jurisdictional services as regulated if the services are rate-regulated by another agency (i.e., another state utility commission or the FERC) and where there are agency-accepted principles or methods for the development of rates associated with such services. This rule may apply, for example, to a provider's wholesale sales of electric power and energy. For such services, the utility shall identify the services in its manual, and account for the revenues, expenses, assets, liabilities, and rate base associated with these services as if these services are regulated.

The following pages provide a description of PSCo's regulated activities, incidental services and non-regulated activities. Each description identifies the types of costs associated with each service or activity and identifies the PSCo Business Area or Department which offers the service or activity. All activities are provided only within the state of Colorado.

REGULATED ACTIVITIES

Electric

Electric – Residential

Residential electric service represents the provision of electric service to residential customers within the PSCo service territory. Costs associated with this service relate to the generation or purchase and delivery of electricity through Company-owned transmission and distribution facilities, primarily fuel or purchased power costs, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric – Commercial and Industrial

Commercial and industrial electric service represents the provision of electric service to commercial and industrial customers within the PSCo service territory. Costs associated with this service relate to the generation or purchase and delivery of electricity through Company-owned transmission and distribution facilities, primarily fuel or purchased power costs, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric – Public Street and Highway Lighting

Public street and highway lighting electric service represents the provision of electric service to public authorities for lighting streets, highways, parks, and other public places, or for traffic or other signal system service. Costs associated with this service relate to the generation or purchase and delivery of electricity through Company-owned transmission and distribution facilities, primarily fuel or purchased power costs, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric – Other Public Authorities

Other public authority electric service represents the provision of electric service to public authorities under special agreements or contracts. Costs associated with this service relate to the generation or purchase and delivery of electricity through Company-owned transmission and distribution facilities, primarily fuel or purchased power costs, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric – Resale

Resale electric service represents the provision of electric service to PSCo wholesale customers or public authorities for resale to end-user customers or to power marketers. Costs associated with this service relate to the generation or purchase and delivery of electricity through Company-owned transmission and distribution facilities, or through facilities owned by third parties, primarily fuel or purchased power costs, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric - Interdepartmental

Interdepartmental electric service represents the provision of electric service to PSCo Departments other than the PSCo Electric Utility at tariffed rates. Costs associated with this service relate to the generation or purchase and delivery of electricity through Company-owned transmission and distribution facilities, primarily fuel or purchased power costs, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric – Maintenance of Street Lights

Maintenance of streetlights service is provided to public authorities for the maintenance of street lighting and related facilities. Costs related to this service include primarily labor, vehicles and equipment costs, customer accounting costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric – Wheeling

Wheeling service represents the provision of transmission service on behalf of other utilities and public authorities whereby PSCo transports power owned by others over PSCo's electric transmission facilities. Costs associated with this service primarily include transmission facilities' O&M and depreciation costs, customer accounting costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Electric – Miscellaneous Services

PSCo provides several miscellaneous electric services, such as instituting/reinstituting service requiring a premise visit, transferring service at a specific location between customers with continuous service with no required premise visit, non-gratuitous services, processing returned checks, collecting a surcharge on payments made by debit or credit card, and assessing a late payment fee. Costs associated with these services primarily include distribution O&M and depreciation costs, customer accounting costs, and A&G costs. These costs reside within the PSCo Electric Utility.

Off-System Electric Sales

PSCo sells electricity not required to serve its native load to off-system customers. Costs related to this activity include fuel and purchased power costs. The revenues associated with these sales reside in FERC account 447, Sales for Resale-Electric. The costs related to this activity reside in FERC accounts 501, Fuel–Steam Generation; 555, Purchased Power; and 565, Transmission of Electricity by Others. The Company allocates production O&M, transmission O&M, and customer accounting costs based on a percentage of overall sales relative to the off-system sales. In addition, the Company assigns a portion of A&G and non-production O&M to these transactions. These costs reside within the PSCo Electric Utility.

WindSource®

WindSource® is a regulated utility product in which costs in excess of the revenues received are included in RESA. PSCo uses wind turbines to generate power for electric customers for alternative energy consumption. Costs related to this activity are to recover a return on investment of the owned wind assets plus depreciation expense. The costs recovered include Direct Charges for labor, materials, and outside services associated with the service provided. In addition, payroll taxes, lost time, facilities, workers' compensation, incentive and pension, and benefits are allocated based on labor dollars. The revenues are recorded in FERC account 440, Residential Sales–Electric; FERC account 442, Commercial and Industrial Sales–Electric; and FERC account 447, Sales for Resale–Electric (for FERC wholesale customers). The costs are recorded in FERC accounts 407.4, Regulatory Credits, and are then recovered through the RESA and the ECA.

Gas

Gas - Residential

Residential gas service represents the provision of natural gas service to residential customers within the PSCo service territory. Costs associated with this service relate to the purchase and delivery of gas through Company-owned facilities, primarily purchased gas, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Gas Utility.

Gas – Commercial and Industrial

Commercial and industrial gas service represents the provision of natural gas service to commercial and industrial customers within the PSCo service territory. Costs associated with this service relate to the purchase and delivery of gas through Company-owned facilities, primarily purchased gas, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Gas Utility.

Gas – Interdepartmental

Interdepartmental gas service represents the provision of natural gas service or gas transportation service to PSCo Departments other than the PSCo Gas Utility at tariffed rates. Costs associated with this service relate to the purchase and delivery of gas through Company-owned facilities, primarily purchased gas, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Gas Utility.

Gas – Transportation

Gas transportation service represents the provision of gas delivery service on behalf of end-use customers, third-party suppliers or marketers whereby PSCo transports gas owned by others over PSCo's gas pipeline system. Costs associated with this service primarily include depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Gas Utility.

Gas – Miscellaneous Services

PSCo provides several miscellaneous gas services, such as instituting/reinstituting service requiring a premise visit, transferring service at a specific location between customers with continuous service with no required premise visit, non-gratuitous services, processing returned checks, collecting a surcharge on payments made by debit or credit card, and assessing a late payment fee. Costs associated with these services primarily include distribution depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Gas Utility.

Thermal

Thermal – Commercial and Industrial

Commercial and industrial thermal service represents the provision of steam to customers for various purposes using PSCo's steam pipeline loop. Costs associated with this service relate to the generation and circulation of steam through Company-owned distribution facilities, primarily fuel costs, depreciation costs, customer accounting costs, O&M costs, and A&G costs. These costs reside within the PSCo Thermal Utility.

Thermal – Miscellaneous Services

PSCo provides several miscellaneous thermal services, such as instituting initial steam service, reinstituting service from a street valve, non-gratuitous services, repairing customer equipment, providing engineering consulting work at customer's requests, and processing returned checks. Costs associated with these services primarily include distribution O&M and depreciation costs, customer accounting costs, and A&G costs. These costs reside within the PSCo Thermal Utility.

Other

Oil and Gas Royalties

PSCo receives royalty payments for oil and gas extracted from PSCo-owned property by exploration and production companies pursuant to oil and gas leases. The revenues associated with this service are included in FERC account 421, Miscellaneous Non-operating Income; however, 50 percent of these revenues are reclassified for ratemaking purposes to regulated revenues.

INCIDENTAL SERVICES

Consistent with the definition of incidental services set forth above, PSCo has established the following conditions that must be met for a service to be considered an incidental service for purposes of this CAAM:

- The revenues associated with the service do not exceed the greater of $100,000 annually or one percent of PSCo's total annual Colorado operating revenues for regulated services, or such other amount established by the Commission considering the nature and frequency of the particular service.

- The service is a business activity for which:

  - There is no business or marketing plan,
  - PSCo does not solicit customers for the service,
  - There is an insubstantial commitment of resources or investment by PSCo,
  - The service has been traditionally treated as incidental for ratemaking purposes,
  - The service is an outgrowth of regulated operations, and
  - There is a negligible financial or other risk to the regulated operations.

The incidental services described in this section are services not provided pursuant to any tariff and have been traditionally treated as regulated in the operating revenue and expense accounts for ratemaking purposes. The incidental services included herein do not include other non-regulated activities.

The following services are treated as incidental services for purposes of this CAAM:

- Rent from Electric and Gas Properties, and
- Coal Ash Sales

<u>Rent from Electric and Gas Properties</u>

Rent from electric and gas properties results from the leasing of PSCo-owned utility property not currently utilized for the provision of regulated services to non-affiliated third parties. Costs related to this service are primarily A&G costs associated with customer billings, as well as rental contract renewals. The revenue associated with the rentals resides in FERC account 454, Rent from Electric Property; FERC account 456, Other Electric Revenue; and FERC account 493, Rent from Gas Properties. The costs incurred in conjunction with this service are incurred entirely at the Service Company level, and then allocated back to PSCo as a component of A&G costs. These costs reside within the PSCo Electric and/or Gas Utility, as appropriate.

<u>Coal Ash Sales</u>

PSCo sells for beneficial use coal ash, a byproduct of burning coal in the generation of electricity. Beneficial use of coal ash conserves natural resources and landfill space and reduces PSCo operating costs. Revenues associated with the sale of coal ash reside in FERC account 501.7, Fuel Handling. Charges to customers for ash sales are determined by the value of the ash related to its character, quality, proposed beneficial use, and coal type.

Service costs are incurred for management and disposal of coal ash. Costs related to this activity primarily include labor and labor-related overheads incurred by the PSCo Electric Utility. These costs reside within the Operations Business Area.

NON-REGULATED ACTIVITIES

The business activities below do not meet the definition of regulated activities or incidental services, and accordingly, are treated as non-regulated activities for purposes of this CAAM:

- ConnectSmart,
- HomeSmart,
- Chilled Water Services,
- InfoWise GX Meter, and
- Inactive Products.

<u>ConnectSmart</u>

PSCo provides a service for customers moving into or across the region to set up utility service and other subscription services to their homes (i.e., newspaper, local and long-distance telephone, cable TV, etc.). PSCo, through its call center, receives telephone requests for this service, and sends these requests, for a fee, to AllConnect (a third-party contractor) for the coordination of installation of services. Costs related to this activity include Direct Charges for labor, materials, and outside services associated with the service provided. In addition, payroll taxes, lost time, facilities, workers' compensation, incentive and pension, and benefits costs are allocated based on labor dollars. Common A&G costs are allocated to the activity based on Productive Labor Costs recorded to FERC account 417.1, and common customer accounting costs are allocated to the activity based on revenue dollars recorded to FERC account 417. The revenues and costs associated with this service are identified by unique SAP Cost Centers, and are recorded in FERC accounts 417, Revenues from Nonutility Operations; and 417.1, Expenses from Nonutility Operations.

HomeSmart

PSCo provides water heater, HVAC, carbon monoxide detector, photovoltaic solar and thermal sales, and appliance repair services. Costs related to this activity include Direct Charges for labor, materials, rents, fleet costs, data processing and phones, and outside services associated with the service provided. In addition, payroll taxes, lost time, facilities, workers' compensation, incentive and pension, and benefits are allocated based on labor dollars. Common A&G costs are allocated to the activity based on Productive Labor Costs recorded to FERC account 417.1. This activity utilizes its own billing system; therefore, the activity is not allocated common customer accounting costs. The revenues and costs associated with this service are identified by unique SAP Cost Centers, and are recorded in FERC accounts 417, Revenues from Nonutility Operations; and 417.1, Expenses from Nonutility Operations. The materials and supplies inventories are recorded in FERC account 156, Other Materials and Supplies.

In addition, under the HomeSmart product, PSCo offers a preventive maintenance subscription option for gas and electric appliances, as well as for HVAC equipment. The Company also provides related repairs as part of this service. Costs related to this activity include Direct Charges for labor, materials, and outside services associated with the service provided. In addition, payroll taxes, lost time, facilities, workers' compensation, incentives and pension, and benefits are allocated based on labor dollars. Common A&G costs are allocated to the activity based on Productive Labor Costs recorded to FERC account 417.1, and common customer accounting costs are allocated to the activity based on service plan revenue dollars recorded to FERC account 417. The revenues and costs associated with this service are identified by unique SAP Cost Centers, and are recorded in FERC accounts 417, Revenues from Nonutility Operations; and 417.1, Expenses from Nonutility Operations.

Chilled Water Service

PSCo has constructed chilled water facilities to replace customer owned and operated central air conditioning in some downtown Denver buildings, for which the Company has contracts to provide this service. Costs related to this activity include Direct Charges for labor, equipment, and outside services associated with the service provided. In addition, payroll taxes, lost time, workers' compensation, incentive and pension, and benefits are allocated based on labor dollars. Common A&G costs are allocated to the activity based on Productive Labor Costs recorded to FERC account 417.1, and common customer accounting costs are allocated to the activity based on revenue dollars recorded to FERC account 417. The revenues and costs associated with this service are identified by unique SAP Cost Centers, and are recorded in FERC accounts 417, Revenues from Nonutility Operations; and 417.1, Expenses from Nonutility Operations. The property, plant and equipment are recorded in FERC accounts 121, Nonutility Property; and 122, Accumulated Provision for Depreciation and Amortization of Nonutility Property. Depreciation associated with this service is included in FERC account 417.1, Expenses from Nonutility Operations.

InfoWise GX Meter

InfoWise GX Meter is an energy management reporting solution with customized data for businesses to help manage and control their energy use. This product consists of unique interactive reports with detailed information, including both consumption and demand levels, to help the customer pinpoint and analyze their facility's energy use. By analyzing past energy use, this product can help drive green strategies while helping customize a strategic business plan for facility managers, as well as deliver a bill estimator tool that keeps track of budgets and identifies cost saving opportunities. Costs related to this activity include Direct Charges for labor, materials, and outside services associated with the service provided. In addition, payroll taxes, lost time, facilities, workers' compensation, incentive and pension, and benefits are allocated based on Productive Labor Costs recorded to FERC account 417.1. Common A&G costs are allocated to the activity based on labor dollars, and common customer accounting costs are allocated to the activity based on revenue dollars recorded to FERC account 417. The revenues and costs associated with this service are identified by unique SAP Cost Centers, and are recorded in FERC accounts 417, Revenues from Nonutility Operations; and 417.1, Expenses from Nonutility Operations.

Inactive Products

PSCo classifies products and services that are no longer provided to customers as Inactive Products. Any remaining revenues and costs associated with these products are included in Inactive Products. Currently Inactive Products include InfoWise GX Bill, InfoWise GX Desktop, Energy Supply, and Nonutility products.

Costs related to these activities include Direct Charges for labor, materials, and outside services associated with the service provided. In addition, payroll taxes, lost time, facilities, workers' compensation, incentive and pension, and benefits are allocated based on labor dollars. Common A&G costs are allocated to the activity based on Productive Labor Costs recorded to FERC account 417.1, and common customer accounting costs are allocated to the activity based on revenue dollars recorded to FERC account 417. The revenues and costs associated with these services are identified by unique SAP Cost Centers, and are recorded in FERC accounts 417, Revenues from Nonutility Operations; and 417.1, Expenses from Nonutility Operations.

III. CORPORATE ORGANIZATION

OVERVIEW OF COMPANY SYSTEM

This section addresses the requirements of Rules 4 CCR723-3503(b)(II) and 4 CCR 723-4503(b)(II).

Xcel Energy Inc., a Minnesota corporation ("Xcel Energy" or the "Holding Company"), is a registered holding company. Xcel Energy directly owns four operating public utility subsidiaries that serve electric, natural gas, thermal, and propane customers in eight states. These four utility subsidiaries are Northern States Power Company, a Minnesota corporation ("NSPM"); Northern States Power Company, a Wisconsin corporation ("NSPW"); PSCo; and Southwestern Public Service Company, a New Mexico corporation ("SPS"). Their collective service territories include portions of Colorado, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, Texas, and Wisconsin. Xcel Energy's regulated businesses also include WestGas InterState, Inc., an interstate natural gas pipeline company regulated by the FERC. Xcel Energy also has three transmission-only operating companies, Xcel Energy Southwest Transmission Company, LLC and Xcel Energy Transmission Development Company, LLC, which are regulated by FERC, and Xcel Energy West Transmission Company, LLC.

Xcel Energy's non-regulated subsidiaries include Eloigne Company which holds investments in rental housing projects that qualify for low-income housing tax credits~~ and~~, Capital Services, LLC which provides equipment for the construction of renewable energy generation facilities for other subsidiaries, Venture Holdings which invests in limited partnerships, including EIP funds with portfolios of investments in energy technology companies, and Nicollet Project Holdings which invests in Minnesota community solar gardens.

Xcel Energy owns the following additional direct subsidiaries, some of which are intermediate holding companies with additional subsidiaries: Xcel Energy Wholesale Group Inc.; Xcel Energy Markets Holdings Inc.; Xcel Energy International Inc.; Xcel Energy Ventures Inc.; Xcel Energy Retail Holdings Inc.; Xcel Energy Communications Group Inc.; Xcel Energy WYCO Inc.; Xcel Energy Transmission Holding Company, LLC; ~~Xcel Energy Venture Holdings, Inc.; ~~Nicollet Holdings Company, LLC; ~~Nicollet Project ~~Xcel Energy Nuclear Services Holdings, LLC; and Xcel Energy Services Inc. Xcel Energy and its subsidiaries collectively are referred to as Xcel Energy Inc., and many do business under the Xcel Energy name. See the following pages for a complete legal entity organizational listing for Xcel Energy and its subsidiaries. Those affiliates that allocate or assign costs to and from PSCo are identified with an "X" in one or both columns on the right- hand side of the page following the affiliate's name.

LIST OF REGULATED & NON-REGULATED AFFILIATES

	Services Provided By PSCo to Affiliate	Services Provided by Affiliate to PSCo
Xcel Energy Inc.		
Northern States Power Company, a Minnesota corporation	X	X
Crowned Ridge Interconnection Company		
NSP Nuclear Corporation		
Private Fuel Storage LLC		
United Power and Land Company		

	Services Provided By PSCo to Affiliate	Services Provided by Affiliate to PSCo
Northern States Power Company, a Wisconsin corporation	X	X
Chippewa and Flambeau Improvement Company		
Clearwater Investments, Inc.		
Shoe Factory Holdings LLC		
NSP Lands Inc.		
Public Service Company of Colorado, a Colorado corporation**		
1480 Welton Inc.		
Beeman Irrigating Ditch and Milling Company		
Consolidated Extension Canal Company		
East Boulder Ditch Company		
Fisher Ditch Company		
Gardeners' Mutual Ditch Company		
Green & Clear Lakes Company		
Hillcrest Ditch and Reservoir Company		
Larimer Land Services LLC		
Las Animas Consolidated Canal Company		
PSR Investments Inc.		
United Water Company		
Southwestern Public Service Company, a New Mexico Corporation	X	X
Nicollet Holdings Company, LLC		
Capital Services, LLC		
Nicollet Land Services, LLC		
Nicollet Project Holdings LLC		
Nicollet Projects I LLC		
Betcher CSG LLC		
Foreman's Hill CSG LLC		
Grimm CSG LLC		
Heyer CSG LLC		
Huneke CSG LLC		
Johnson I CSG LLC		
Johnson II CSG LLC		
Krause CSG LLC		
RJC I CSG LLC		
RJC II CSG LLC		
Scandia CSG LLC		
School Sisters CSG LLC		
Webster CSG LLC		
Nicollet Projects II LLC		
WestGas InterState, Inc.	X	
Xcel Energy Communications Group Inc.		
Seren Innovations Inc. *		
Xcel Energy Foundation		
Xcel Energy International Inc.*		

	Services Provided By PSCo to Affiliate	Services Provided by Affiliate to PSCo
Xcel Energy Markets Holdings Inc.		
e prime Inc.*		
Young Gas Storage Company Ltd.		
Xcel Energy Nuclear Services Holdings, LLC		
Xcel Energy Nuclear Services Idaho, LLC		
Xcel Energy Nuclear Services Oregon, LLC		
Xcel Energy Retail Holdings, Inc.		
Reddy Kilowatt Corporation		
Xcel Energy Performance Contracting Inc.		
Xcel Energy Services Inc.		X
Xcel Energy Transmission Holding Company, LLC		
Xcel Energy Southwest Transmission Company, LLC		
Xcel Energy Transmission Development Company, LLC		
Xcel Energy Acorn Transmission, LLC		
Xcel Energy Birch Transmission, LLC		
Xcel Energy West Transmission Company, LLC		
Xcel Energy Venture Holdings, Inc.		
Energy Impact Fund Investment LLC		
Xcel Energy Investments LLC		
Xcel Energy Ventures Inc.		
Eloigne Company		
Bemidji Townhouse LP		
Chaska Brickstone LP		
Cottage Court LP		
Crown Ridge Apartments LP		
~~Dakotah Pioneer LP~~		
Edenvale Family Housing LP		
Fairview Ridge LP		
Farmington Family Housing LP		
Farmington Townhome LP		
~~Hearthstone Village LP~~		
J&D 14-93 LP		
Lauring Green LP		
Links Lane LP		
Lyndale Avenue Townhomes LP		
Mahtomedi Woodland LP		
Mankato Townhomes I LP		
Marvin Garden LP		
Moorhead Townhomes LP		
Park Rapids Townhomes LP		
Rochester Townhome LP		
Rushford Housing LP		
Safe Haven Homes LLC		
Shade Tree Apartments LP		
Shakopee Boulder Ridge LP		
Shenandoah Woods LP		
Sioux Falls Partners LP		
St. Cloud Housing LP		

Tower Terrace LP

	Services Provided By PSCo to Affiliate	Services Provided by Affiliate to PSCo
Xcel Energy Wholesale Group Inc. *		
Quixx Corporation *		
Quixx Carolina LP *		
Quixxlin Corp. *		
Xcel Energy WYCO Inc.		
WYCO Development, LLC		

* Company is classified as discontinued operations.
** Minority-ownership ditch and water companies have been excluded.

IV. ASSIGNMENTS AND ALLOCATIONS BY FERC ACCOUNT

INTRODUCTION

As required by 4 CCR 723-3503(b)(IV), (V) and (VII) and 4 CCR 723-4503(b)(IV), (V) and (VII), the purpose of this section is to list the FERC accounts PSCo includes in its revenue requirement for Colorado jurisdictional activities, and to specify how those FERC accounts and sub-accounts are assigned and/or allocated to PSCo's non-regulated activities, along with a description of the methods used to perform the assignments and allocations. Sections V through Section IX explain the assignment and allocation process and describe the methodologies in more detail based on the type of assignment or Allocation Method.

SUMMARY

There are certain allocations used only in PSCo's cost of service for ratemaking purposes to apportion costs between utility divisions. These are included in Table A at the end of this section.

Ratemaking Analyses and Allocations

The analyses and allocations used only in the ratemaking process are:

Analysis of Plant and Equipment Records
An analysis of the Company property records is performed on a monthly basis to create electric, gas, thermal, and common (intangible, general, and automotive) cost pools for FERC accounts 101, Utility Plant in Service; 105, Utility Plant Held for Future Use; 106, Completed Construction–Non Unitized; and 107, Construction Work in Progress.

Common Plant Allocator
The Company utilizes its Common Plant Allocator to apportion common costs within the following FERC accounts for reporting outside of PowerPlan, the capital asset accounting system or SAP: 101, Utility Plant in Service; 106, Completed Construction–Non Unitized; 107, Construction Work in Progress; 108, Accumulated Provision for Depreciation of Utility Plant in Service; 111, Accumulated Provision for Amortization of Utility Plant; 403, Depreciation Expense; and 404, Amortization and Depletion. The Common Plant Allocator is calculated based on an analysis of common plant assets, and is used to allocate common plant costs to electric, gas, thermal, and nonutility. Nonutility plant costs are already recorded separately in FERC accounts 121, Nonutility Property; and 122, Accumulated Provision for Depreciation and Amortization of Nonutility Property.

Analysis of Relative Cost
An analysis of the Company's relative historical activity by utility division within the applicable FERC account is performed, and costs included in that FERC account are allocated based on the analysis. The analysis of relative costs is used to apportion the common costs in FERC accounts 154, Plant Materials and Operating Supplies; and 163, Stores Expense Undistributed.

TABLE A – SUMMARY OF ASSIGNMENTS & ALLOCATIONS BY FERC ACCOUNT

For ease of review, descriptions are included below for each column on Table A, which is a separate attachment to the CAAM.

FERC Account
The FERC account column contains the number and title of all FERC accounts included in the ratemaking process.

Cost Pools
Each account included in the matrix is separated into cost pools. Each cost pool represents a homogeneous group of assets, liabilities, revenues, or expenses. The cost pools reflect the FERC account structure further subdivided, to permit analysis based on cost causation.

Cost Pool Apportionment Basis
The cost pool apportionment basis is the method of apportioning the cost pool between regulated activities and non-regulated activities. Where a cost pool has been defined as other than a FERC account, or FERC sub-account, the matrix presents the basis by which the account is tracked (accounted for) by defined pool. If an account is not split into a cost pool, this column is noted "not applicable".

Regulated/Non-regulated Assignment Basis or Allocation Method
The regulated/non-regulated assignment basis or Allocation Method is the basis or method of apportioning the cost pool between regulated activities and non- regulated activities. Whenever possible, cost pools are established using FERC accounts, FERC sub-accounts, SAP Cost Centers and other accounting codes to provide for the direct assignment of all costs to regulated activities or non-regulated activities. As described earlier, cost pools have also been defined by an analysis of accounting records and supporting documentation or by an investment-based apportionment to allow direct assignment of the costs to regulated activities or non- regulated activities. Only when a cost pool cannot be directly assigned is further apportionment performed.

Cost Definitions
The 'Cost Definition' column contains the characteristics of the costs apportioned to regulated activities or non-regulated activities. Table A defines the costs that are apportioned to regulated activities or non-regulated activities into two major categories:

- Directly Assigned - if only one service causes a cost to be incurred or benefits from a cost, that cost is directly assigned to that service to the greatest extent practicable.
- Allocated - if more than one service causes a cost to be incurred or benefits from a cost, that cost is fairly and equitably allocated among the services that cause the cost to be incurred or benefit from the cost to the greatest extent practicable.

Comments/Descriptions
Comments or descriptions have been added to the matrix by FERC account as appropriate to provide additional information.

V. COST ASSIGNMENT AND ALLOCATION PROCESS

OVERVIEW

As required by 4 CCR 723-3503(b)(IV), (V) and (VII) and 4503(b)(IV), (V) and (VII), this section of the CAAM provides an overview of the cost assignment and allocation principles of PSCo, and the accounting processes within the monthly accounting close and within SAP, including both system generated processes and manual processes, used to assign and allocate costs between the regulated services and the non-regulated business activities of PSCo. Each major step of the accounting process is identified in the following paragraphs and will be explained in conjunction with the process flowchart on the last page of this section.

As required by 4 CCR 723-3502(d)(II)), the non-tariffed product or service provided by PSCo to each non-regulated business activity is to be priced at the higher of fully distributed cost or market price for services provided by PSCo. Pursuant to 4 CCR 723-3502(e)(I), PSCo pays the lower of fully distributed cost or market price for products or services that are not tariffed and are provided by non-regulated activity, unless the transaction results from a competitive solicitation process, then the value of the transaction shall be the winning bid price.

The vast majority of costs for such services provided by PSCo to non-regulated activities and by non-regulated activities to PSCo, are labor costs. Both PSCo and its non-regulated operations price labor at the current market rate to attract and retain top talent. Therefore, there is no difference between the fully distributed labor costs and current market labor pricing.

Many of the assignment and allocation processes occur either in the Service Company or are administered by Service Company personnel. The Service Company provides these services "at cost" to the Xcel Energy affiliate companies that take its services, including PSCo, pursuant to service agreements and Allocation Methods that were approved by the SEC under PUHCA 1935 prior to implementation of PUHCA 2005. Federal supervision over utility holding companies was transferred from the SEC to FERC in 2005. With the PUHCA 2005, the FERC reviews allocations in conjunction with its review of the annual FERC Form No. 60 filing, as well as with audits.

The processes discussed in this section are integral to the books and records of PSCo and are included to provide a comprehensive picture.

COST ASSIGNMENT AND ALLOCATION PRINCIPLES

PSCo applies the following cost assignment and allocation principles (listed in descending order of required application) in determining fully distributed cost.

1. Tariffed services provided to an activity will be charged to the activity at the tariffed rates.
2. If only one activity or jurisdiction causes a cost to be incurred, that cost shall be directly assigned to that activity or jurisdiction.

3. Costs that cannot be directly assigned to either regulated or non-regulated activities or jurisdictions will be described as common costs. Common costs shall be grouped into homogeneous cost categories designed to facilitate the proper allocation of costs between regulated and non-regulated activities or jurisdictions. Each cost category shall be fairly and equitably allocated between regulated and non-regulated activities or jurisdictions in accordance with the following principles in accordance with 4 CCR 723-3502(c):
   a. Cost causation. All activities or jurisdictions that cause a cost to be incurred shall be allocated a portion of that cost. Direct assignment of a cost is preferred to the extent that the cost can easily be traced to the specific activity or jurisdiction.
   b. Variability. If the fully distributed cost study indicates a direct correlation exists between a change in the incurrence of a cost and cost causation, that cost shall be allocated based upon that relationship.
   c. Traceability. A cost may be allocated using a measure that has a logical or observable correlation to all the activities or jurisdictions that cause the cost to be incurred.
   d. Benefit. All activities or jurisdictions that benefit from a cost shall be allocated a portion of that cost.
   e. Residual. The residual of costs left after either direct or indirect assignment or allocation shall be allocated based upon an appropriate general allocator defined in this CAAM.

A significant portion of PSCo's costs are incurred directly by PSCo. These costs are directly assigned or allocated based on the above principles to utilities, jurisdictions and to non-regulated activities. Utility Allocations are described in Section VI and Non-regulated Activity Allocations are described in Section VII. In addition, Service Company allocations are described in Section VIII.

ACCOUNTING PROCESSES

The flowchart on the last page of this section provides a high-level overview of the major steps in the monthly accounting close process and the systems used to generate the books and records of PSCo. Several steps within the process have allocations imbedded in them and therefore an explanation of the major steps is included to provide as much information as possible to promote an understanding of where direct assignments or allocations can occur.

Feeder Systems (Addendum A Flowchart Item 1)

The monthly close process initially starts with the collection of accounting information from numerous feeder systems as identified in Item 1 on the flowchart. Feeder systems gather accounting transactions on a monthly basis and "feed," or pass, those accounting transactions to SAP to build the monthly books and records of each utility operating company or affiliate of the Xcel Energy holding company system that uses SAP.

SAP General Ledger System Processing (Addendum A Flowchart Item 2)

Journal entries to record monthly transactions, such as interest accruals, amortizations, cash transactions, receivables setup, etc., are entered directly into SAP using the SAP journal entry input screens.

PSCo's cost related to certain capital projects are distributed between O&M and CWIP object accounts based on the Comparative Unit studies. Such studies specify the percentages that are applied to the capital project costs to assign costs to the O&M and capital portions of the project.

All of the transactions from the feeder systems and direct input are gathered together in SAP. Once all the transactions are recorded in SAP there are multiple processing steps within SAP, including the Settlement and Assessment Processes. These processes affect regulated activities and non-regulated activities and are detailed next.

Settlements and Assessments (Addendum A Flowchart Item 3)

All costs identified as billable are processed using the Settlement and/or Assessment Processes of SAP. These processes bill transactions from the legal entity that performed the service to the legal entity that received or is responsible for the service. This process captures:

- Service Company direct and allocated billings of all its costs to affiliated interests;
- direct billings between a utility subsidiary and an affiliated interest other than the Service Company which are often referred to as intercompany charges or billings; and
- direct billings between Departments within a legal entity.

For example, the Settlement Process will charge Service Company labor directly to the affiliated company if the labor is a Direct Charge or charges will be settled to an ACC if the charge cannot be directly assigned and are to be allocated. The Assessment Process will then clear the ACC by allocating the charges using an approved Allocation Method to the Operating Companies and affiliates to which the employee is providing services along with the appropriate labor and labor-related overheads. Transactions between Operating Companies and affiliates (excluding XES) are Direct Charges, as are charges from one Business Area to another Business Area (for example, charges from the Distribution Operations Business Area to the Energy Supply Business Area). After the Settlement and Assessment Processes are completed, all costs reside on the books of the Operating Company or affiliate ultimately responsible for the charge in the appropriate FERC account.

Business View (Addendum A Flowchart Item 4)

The business view of the SAP provides a GAAP view of the accounting transactions necessary to prepare SEC financial statements and other GAAP financial reports as well as the information necessary for the Business Areas to manage the business.

FERC Account Data Prior to Utility and Non-regulated Allocations (Addendum A Flowchart Item 5)

At the same time that the business view is available, the pre-allocated FERC view is available. The following utility allocations and non-regulated allocations are necessary for common costs to be allocated to the gas, electric, and thermal utilities and the non-regulated allocations to be processed.

Utility Allocations (Addendum A Flowchart Item 6)

PSCo's costs are directly assigned or allocated to electric, gas, thermal, or non-regulated activities whenever possible. When charges can't be directly assigned, they are charged as common and then allocated to the electric, gas, and thermal divisions using utility allocations. Common costs are grouped into two categories: (1) O&M utility allocations and (2) non-O&M utility allocations. These allocations are performed monthly within SAP and are described in Section VI.

Non-regulated Allocations (Addendum A Flowchart Item 6)

A portion of PSCo's common A&G and customer accounting costs are allocated to the non-regulated activities. These allocations are performed quarterly and are described in Section VII.

Regulatory Books and Records (Addendum A Flowchart Item 7)

After all the above processes are complete, the result is the FERC financial books and records of PSCo.

Rate Case Cost of Service Study (Addendum A Flowchart Item 8)

The FERC books and records are the starting point for the preparation of a cost of service study that will be used in a gas, electric, or thermal rate case filing.

FEEDER AND OVERHEAD SYSTEM DETAIL

Service:	**LABOR DISTRIBUTION**
Description:	Wages and salaries of employees engaged in work on behalf of regulated activities and non-regulated activities are assigned or allocated based on positive time reporting through the labor distribution system. Positive time reporting requires each employee to report the hours worked for each day using one-tenth of an hour or greater increments, while providing for aggregation of time when appropriate. Under this method, employees' time is reported on the basis of accounting codes related to specific operating companies or affiliates and/or functional services.
Provider of Service:	Service Company Operating companies or affiliates
User of Service:	Operating companies or affiliates, including utility operations, jurisdictions, and non-regulated activities within an operating company.
Method of Allocation:	All bi-weekly and semi-monthly employees' labor expenses are recorded by company personnel on time sheets and entered into the time reporting system, which feeds into the labor distribution system. The employee submitting the time sheet is responsible for coding the Internal Order numbers to charge the appropriate operating companies or affiliates, business function (e.g., capital, operations, maintenance, clearing, purchasing, warehousing, etc.) and regulated or non-regulated operations. Time sheets must be completed and submitted for review and approval by certain cut-off dates established by the Payroll Department. The employee's supervisor or manager is responsible for reviewing and approving all time entries, and verifying that the employee is using the correct accounting. The labor distribution system used for bi-weekly employees performs the distribution of actual paid and accrued labor dollars/hours to the Internal Order charged based on the hours worked. Accrual of payroll is to facilitate the recording of labor costs on a calendar month basis. This includes any reversal of the prior month's accrual. The charge of labor dollars for semi-monthly employees to Internal Orders is based on a distribution of the monthly salary of the employee.

Service: **LABOR OVERHEADS**

Description: Employee labor overhead costs are captured in the following categories:

Benefit employees:

- Non-Productive Labor Costs (vacation, sick, holiday, etc.)
- Pension and insurance (401k match, retirement related consulting, active healthcare, life and LTD insurance premiums, miscellaneous benefit programs and LTD benefits for former or inactive employees before retirement, as well as the service cost portion of qualified pension, non-qualified pension and retiree healthcare)
- Benefits Non-service (non-service cost portion of qualified pension, non-qualified pension and retiree healthcare)
- Workers' compensation (FAS 112 actuarial costs and insurance premiums)
- Incentives (incentives are a labor overhead for Service Company, PSCo, and SPS. Incentives for NSPM and NSPW are charged directly to FERC accounts 920 and 517).
- Payroll taxes (FICA, FUTA, SUTA)
- Labor and expenses of the Human Resource Service Center

Non-Benefit employees:

- Payroll taxes (FICA, FUTA, SUTA)
- Workers compensation

Provider of Service: Service Company
Operating companies or affiliates

User of Service: Operating companies or affiliates, including utility operations, jurisdictions, and non-regulated activities within an operating company.

Method of Allocation: Labor overheads are allocated within a legal entity by calculating a separate loading rate for each cost category identified in the "Description" section above.

For each legal entity and each category, the costs are allocated based on a single-factor formula that is comprised of total estimated costs for the category divided by total estimated Productive Labor Costs.

Legal entity specific rates for each category are applied to Productive Labor Costs as appropriate for each resource type. Labor loadings applied to labor charges follow the labor charges. For example, Service Company labor overheads follow Service Company labor and PSCo labor overheads follow PSCo labor.

Service:	**AVIATION DISTRIBUTION**
Description:	The Aviation Services Department in the Service Company is responsible for managing and operating the two corporate leased aircraft used by the Xcel Energy. Costs include: pilot salaries including labor overheads, O&M costs, lease costs, and A&G costs associated with managing the Aviation Services Department.
Provider of Service:	Service Company
User of Service:	Service Company, operating companies or, affiliates, including utility operations, jurisdictions, and non-regulated activities within an operating company.
Method of Allocation:	Aviation costs are allocated using the executive corporate governance three-factor formula based on revenues, assets and number of employees. Any spousal use of the aircraft must be approved and is directly charged to the Holding Company as a non-regulated charge.

Service:	**STORES/WAREHOUSE OVERHEAD**
Description:	Inventory warehousing costs, including labor, supervision, materials and supplies are allocated through pools specific to Business Areas as an overhead on materials and supplies as materials and supplies are issued from or returned to a storeroom or warehouse. In the Energy Supply Business Area, the inventory warehousing costs related to the Hayden plant are Direct Charged to station O&M and capital projects (when dedicated capital project support is performed).
Provider of Service:	Service Company Operating companies
User of Service:	Operating companies or affiliates, including utility operations, jurisdictions, and non-regulated activities within an operating company.
Method of Allocation:	Overhead costs for inventory items as noted above and associated adjustments are accumulated within the Supply Chain warehouse pools. These accumulated overhead costs are allocated to material issuances/returns from the storeroom using the same account coding where the materials were originally charged. Costs are collected in ACCs on the Service Company and Operating Companies; then cleared using a warehouse overhead loading based on a costing sheet, Cost Element, and AP document type criterion.

Service: **PURCHASING OVERHEAD**

Description: The Supply Chain organization in the Service Company has the responsibility for distributing the corporate purchasing and contract services costs to the functional area(s) of the operating companies or affiliates, along with the cost of the materials and supplies ordered. Purchasing costs are made up of activities such as developing requisitions, contracts and purchase orders to procure materials and services and manage supplier relationships, negotiating complex procurement agreements/ contracts for strategic supplier partnerships and service contracts, monitoring supplier performance, and managing purchase records, supplier qualification records, supplier diversity program, and support, maintenance, and performance monitoring of key applications and metrics used throughout the purchasing process. The Supply Chain organization is supported by specific Human Resources personnel who assist with supplier qualification processes as well as by the Enterprise Security Department who manages the Security Vendor Risk Assessment Process.

Provider of Service: Service Company
Operating companies

User of Service: Service Company, operating companies and affiliates, including utility operations, jurisdictions, and non-regulated activities within an operating company.

Method of Allocation: Costs are collected in ACCs on the Service Company and the Operating Companies and cleared using an overhead loading based on a costing sheet, Cost Element, and AP document type criterion.

Service:	**FLEET DISTRIBUTION**
Description:	The Fleet Services Department in the Service Company is responsible for managing the fleet assets owned by the operating companies. Fleet assets are vehicle units that are organized into fleet work centers, which group together vehicles similar in nature for a specific business function within an Operating Company. The SAP Work Manager module records the utilization of our fleet assets and allocates the cost to the Business Area of operating companies and affiliates for the costs of using vehicles or associated equipment using fleet activity rates based on work centers. Fleet costs included in the calculation of the monthly billing rate include: licensing taxes and fees, lease costs, depreciation, material and labor costs for maintenance and repair, fuel, labor loadings, and overhead for overall management of the Fleet Services Department that includes labor, facilities, insurance, utilities, computer, phone, and office supplies.
Provider of Service:	Service Company Operating companies
User of Service:	Service Company, operating companies or affiliates, including utility operations, jurisdictions and non-regulated activities within an operating company.
Method of Allocation:	Costs are collected in ACCs on the Service Company and Operating Companies which are cleared using an overhead fleet rate based on the weighted vehicle type to the respective Business Area.

Service:	**INFORMATION TECHNOLOGY**
Description:	The ~~Business Systems~~Technology Services organization in the Service Company is responsible for managing the corporate IT assets and services of Xcel Energy. ~~Business Systems~~Technology Services bills out O&M and capital costs related to Xcel Energy's corporate IT equipment and services incurred internally, as well as costs incurred through third party vendors. Costs include system O&M, desktop services, phone service, servers, infrastructure costs, cyber security, software, software licensing, system design and implementation, labor and labor overheads, etc.
Provider of Service:	Service Company
User of Service:	Service Company, Operating Companies, or affiliates, including utility operations, jurisdictions, and non-regulated activities within an operating company.
Method of Allocation:	IT costs are charged through several different methods.

Costs are charged directly to the operating companies, affiliates, jurisdictions or non-regulated activities on the invoice, timesheet, expense report or other source document to the company(ies) benefiting from the service whenever possible.

If costs cannot be charged directly to an operating company, affiliate, jurisdiction or non-regulated activity, the O&M costs are charged to the appropriate Service Company Indirect ACC that will allocate the costs using a cost causative method to the companies benefiting from the system application or service.

For costs that can be identified as benefiting a particular service function, those services would be charged to a Service Company Internal Order using the approved Allocation Method for that service function.

If an Indirect ACC cannot be identified that would assign costs in a cost causative method, a new Indirect ACC will be created. However, if the project will be in-serviced within one year and if O&M costs will be less than $250,000 in total for the project, an Internal Order will be used to assign costs using a cost causative method to the companies benefiting from the system, application, or service.

Service:	**ACCOUNTS PAYABLE**
Description:	The Payment and Reporting Department (Accounts Payable), in the Service Company, processes several types of documents for payment on behalf of the operating companies and affiliates. Accounts Payable uses SAP to process invoice payments associated with purchase orders, requests for payment (non-purchase orders) and employee payments, including per diem charges, suggestion system award payments, and employee expense reimbursements. The charges for goods, materials and services, which post directly to the general ledger of each operating company and affiliate, differ for each type of document.
Provider of Service:	Service Company
User of Service:	Service Company, operating companies and affiliates, including utility operations, jurisdictions, and non-regulated activities within an operating company.
Method of Allocation:	Within each operating company and affiliate, charges are directly assigned whenever possible. Charges may be distributed to multiple business functions or Business Areas based on the accounting code(s) on each document. If necessary, costs may be allocated using any surrogate measure that has a logical or observable correlation to changes in the quantity sold, the services that caused the cost to be incurred, or who benefited from the cost. The following are examples of some of the logical or observable correlations used to allocate costs contained on Accounts Payable documents:

- Quantity (units, count, etc.)
- Measurement or size (length, space, columnar inch, etc.)
- Volume (barrels, gallons, liters, etc.)
- Weight (ounce, pound, ton, etc.)
- Hours (hours of professional or contract services)
- Labor dollars (charge is in the same proportion as the labor hours of the Department)
- Number of customers, meters, employees, etc.
- Revenue dollars
- Plant in service
- Square footage

Service:	**SHARED ASSETS DISTRIBUTION**
Description:	Shared assets are defined as capitalized assets that are owned by one legal entity, but are used for the benefit of multiple legal entities. This would include land structures and improvements, office furniture and equipment, computer and communication equipment, and some software applications that are used by Service Company employees in the performance of their jobs.
Provider of Service:	Operating companies or affiliates
User of Service:	Service Company, operating companies and affiliates
Method of Allocation:	The depreciation or amortization expense as well as a carrying cost for shared assets are billed through the Service Company using a Service Company Internal Order that will assign the costs using a cost causative method to the companies benefiting from shared assets. For facility-related assets, the costs will be charged to the respective shared facilities ACC that will assign the costs following employee labor.

Service:	**FACILITIES DISTRIBUTION**
Description:	Common facilities costs are allocated to the functional areas of operating companies and other affiliates who benefit from the use of the facilities. Depending on whether a building is used by one utility company or is a "shared" building, i.e., a building used by employees of more than one Operating Company or affiliate, facility costs may include: Single-Operating Company facility: The administrative property services labor and non-labor costs, utility expenses, maintenance costs for structures and systems, pro-rated share of property taxes (for owned buildings), and the rent and occupancy expenses (for leased buildings). Shared facility: Administrative property services labor and non-labor costs, utilities expenses, and the maintenance costs for structures and systems are captured. If the building is leased, the rent is included. If the building is owned, the carrying costs of the asset, such as the depreciation and a return on rate base, are included in the facilities' cost. The Property Services Department is responsible for the owned and leased facility.
Provider of Service:	Service Company or operating companies
User of Service:	Service Company, operating companies, and affiliates
Method of Allocation:	Costs for a single-Operating Company facility are accumulated in the facilities ACC and allocated to the functional FERC ~~rent~~ accounts on the Operating Companies and affiliates benefitting from the use of the building. Facilities costs are allocated based on the most recent quarter's labor charges. Costs related to a shared facility, i.e., buildings used by employees of more than one Operating Company or affiliate, are first accumulated in the Service Company facilities ACCs and then distributed to each Operating Company and affiliate based upon the most recent quarter's labor for the specific employees located in each facility. Once costs are assigned to the appropriate operating company, they are then allocated to the functional FERC ~~rent~~ accounts based on the most recent quarter's labor charges.

Service:	**MONEY POOL**
Description:	Through the Utility Money Pool, temporary surplus funds of Xcel Energy Inc. and the participating Operating Companies are available for short-term loans to other Operating Companies with cash needs.
Provider of Service:	Service Company
User of Service:	~~PSCo, NSPM and SPS (NSPW does not participate)~~Operating Companies
Method of Allocation:	An Operating Company can borrow from, and make loans to, the Utility Money Pool, which is administered at cost by the Service Company. In addition, the Holding Company can deposit surplus funds into the Utility Money Pool. The Holding Company can be repaid for funds deposited, but cannot borrow from the Utility Money Pool. Interest income or expense is charged or credited, as appropriate, to the Utility Money Pool participants. All charges are directly billed from the Service Company to the appropriate Operating Company.

Service: **INCOME TAX EXPENSE DISTRIBUTION**

Description: Income tax expense incurred by the Service Company.

Provider of Service: Service Company

User of Service: Service Company and all entities included in the Accounting, Reporting, & Tax – Corporate Governance allocator.

Method of Allocation: Income tax expense incurred by the Service Company is allocated to all entities included in the Accounting, Reporting, & Tax – Corporate Governance allocator.

Service:	**CUSTOMER BILLING**
Description:	PSCo bills customers for electric, gas, thermal, and non-regulated activities through the customer billing system.
Provider of Service:	Operating companies
User of Service:	Operating companies, including utility operations, jurisdictions, and non-regulated activities.
Method of Allocation:	Costs related to customer billing are Direct Charged to specific Operating Companies whenever possible. When costs cannot be directly assigned to a specific Operating Company, they are allocated based on the number of customers. Non-regulated activities that use the customer billing system are allocated a customer accounting overhead based on revenue dollars. See Section VII.

Service: **ENGINEERING AND SUPERVISION ("E&S") OVERHEAD**

Description: E&S costs are capitalized as construction overheads. E&S overheads are applied where it is not practical to Direct Charge labor costs and expenses of the engineers, surveyors, draftsmen, inspectors, first line management, and their assistants to construction. PSCo uses the E&S overhead allocation to charge these expenses to capital projects.

Provider of Service: Operating Companies and Service Company

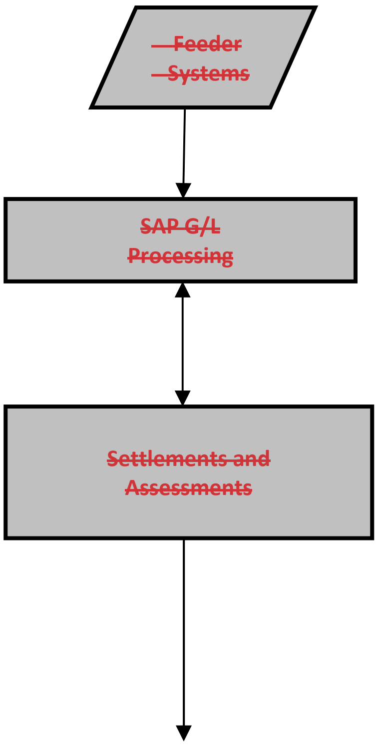
User of Service: Operating Companies

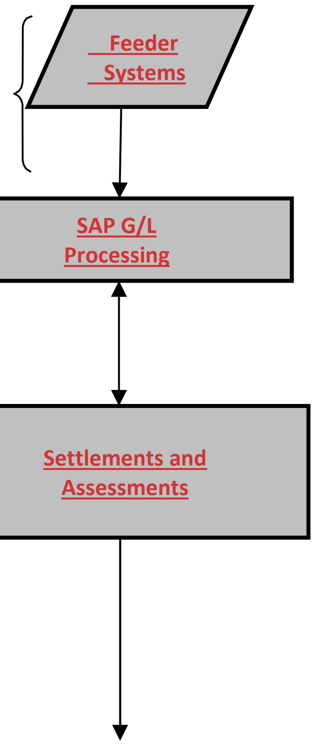
Method of Allocation: Costs related to E&S are gathered in an ACC grouping costs by functional class and Business Area (e.g. Energy Supply, Transmission, and Distribution). The ACCs are cleared on a monthly basis through the Assessment Process to clear the balances to zero. These costs are sent to the capital asset ledger which assigns the costs to all eligible capital projects using Internal Orders based on the current month charges and the calculated E&S rate.

The capital asset ledger tracks all capital projects and Internal Order expenditures on a life-to-date basis. Once expenditures are recorded on the books of the appropriate Operating Company or affiliate, the capital asset ledger system generates the overhead allocations, and if appropriate, AFUDC, which are then applied to the individual Internal Orders. In addition, the capital asset ledger calculates monthly depreciation by Operating Company or affiliate and handles the transfer of costs from FERC account 107, Construction Work in Progress; to FERC account 106, Completed Construction-Not Unitized; to FERC account 101, Utility Plant in Service. The transfer of non-utility costs is within FERC account 121, Non-Utility Property using sub accounts.

Service:	**CAPITAL A&G**
Description:	A&G costs capitalized as construction overheads. The overhead relates to all the personnel in the administrative office that work on construction to assure its continued operation, but are not direct to any one project. An example is the payroll analyst whose responsibility it is to assure the construction labor receives its payroll checks. Because it is inefficient for these employees to Direct Charge the Internal Order of each construction project, an overhead process is used to facilitate charging the capital projects.
Provider of Service:	Operating Companies and Service Company
User of Service:	Operating Companies
Method of Allocation:	Each Operating Company performs an A&G study bi-annually to review the time employees in certain administrative ~~Departments~~departments spend on capital work. A percent of payroll for these employees, based on the A&G study results is charged to an overhead ACC, one-twelfth each month. The overhead Cost Center is allocated to each work order based on current month charges.

ADDENDUM A – PROCESS FLOWCHART





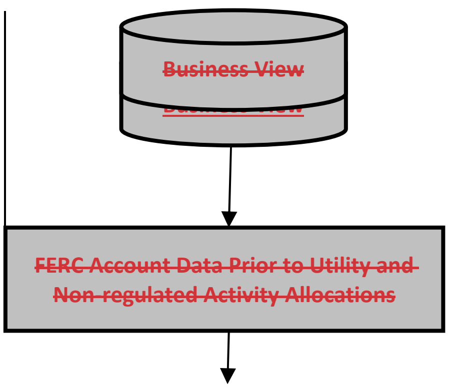
Item 1 – Feeder Systems

- PowerPlan System
- Labor Distribution
- Accounts Payable
- Money Pool
- Customer Billing
- ~~Fixes Asset Ledger~~
- Employee Expenses

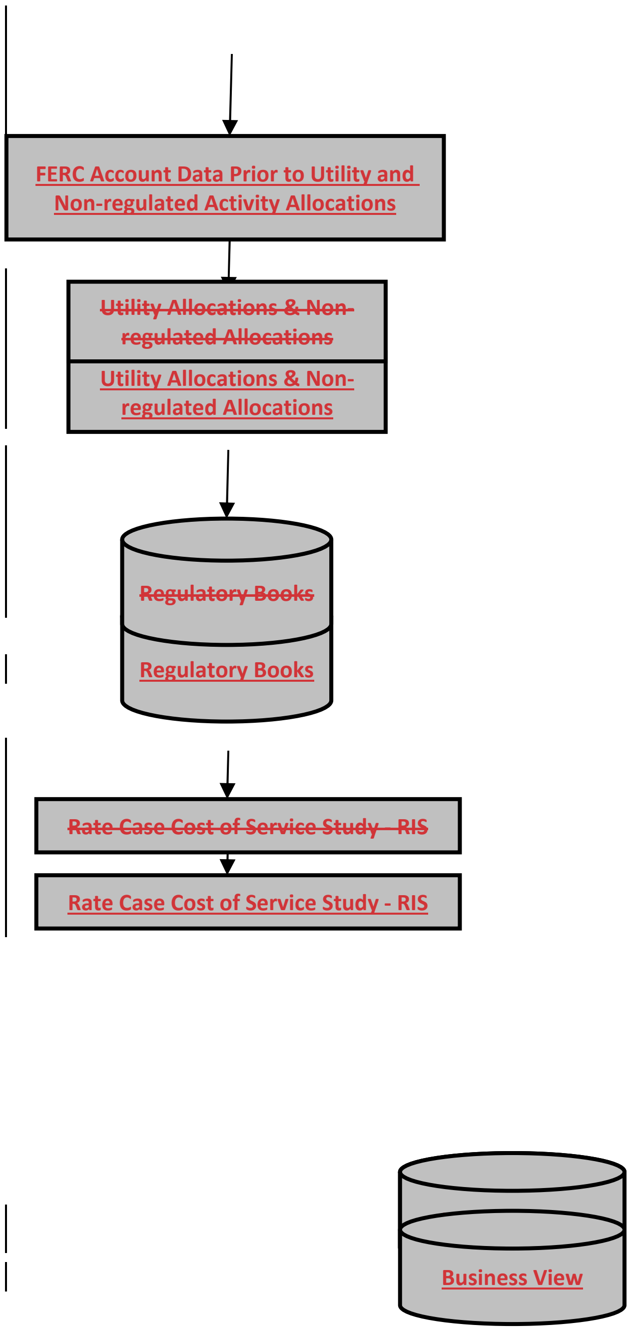
Item 2 – SAP General Ledger System Processing

Item 3 – Settlements and Assessments

- Labor Overheads
- Aviation Distribution
- Stores/Warehouse Overheads
- Purchasing Overheads
- Fleet Distribution
- Information Technology
- Shared Asset Distribution
- Facilities Distribution
- Engineering & Supervision Overheads
- Capital A&G



Item 4 – Business View



Item 5 – FERC Account Data Prior to Utility and Non- regulated Activity Allocations

Item 6 – Utility Allocations & Non-regulated Allocations

Item 7 – Regulatory Books and Records

Item 8 – Rate Case Cost of Service Study – Rate Information System ("RIS")

VI. UTILITY ALLOCATIONS

OVERVIEW

This section provides further detail addressing the requirements of 4 CCR 723-3503(b)(IV), (V) and (VII) and 4 CCR 723-4503(b)(IV), (V) and (VII). PSCo's costs are directly assigned or allocated to electric, gas, thermal or non-regulated activities whenever possible, or charged as common and then allocated to the electric, gas, thermal and non-regulated activities using utility allocations. Common utility costs are grouped into two categories: (1) O&M Utility Allocations and (2) Non-O&M Utility Allocations. These allocations are performed monthly within the SAP system and are explained below.

O&M UTILITY ALLOCATIONS

Introduction
Common O&M utility division allocations are applied to Common Costs that are recorded in A&G (FERC accounts 920-935), customer accounting, customer information and sales accounts (FERC accounts 901-916). Table B in this section lists the PSCo Allocation Methodology applied to each FERC account or range of accounts.

Methodology
PSCo uses the following methods to allocate O&M Common Costs and achieve the most cost-causative relationship between each FERC account or range of FERC accounts and electric, gas and thermal utility division operations:

Customer Allocator
The customer allocator is used to allocate utility division Common Costs in FERC accounts 901-903, the non-commodity bad debt portion of FERC 904, and 905-917 among electric and gas operations. The allocation is based on the customer bill counts for the electric and gas utility divisions for the previous year.

Revenue Allocator
The revenue allocator is used to allocate utility division Common Costs for commodity bad debt, recorded in FERC account 904, among electric and gas utility divisions. The allocation is based on a rolling four-year average of actual electric and gas revenues. The allocator in the current year is developed based on the four previous years' actual operating revenues from the corporate income statement.

Three-Factor Allocator
The Three-Factor Allocator is used to allocate utility division Common Costs in FERC account ranges 920-924 and 927-935 among electric, gas and thermal utility divisions. The allocation is based on the weighted average of the actual operating revenue, plant in service, and supervised O&M for the previous year.

Labor Allocator
The Labor Allocator is used to allocate utility division Common Costs in FERC accounts 925-926 to the electric, gas, and thermal divisions. The allocation is based on operating labor for the electric, gas, and thermal utility divisions for the previous year.

NON-O&M UTILITY ALLOCATIONS

Introduction

Common Non-O&M Utility Allocations are applied to Common Costs that are recorded in non-O&M FERC accounts. Table C in this section lists the PSCo Allocation Methodology applied to each FERC account or range of FERC accounts.

Methodology

PSCo uses the following methods to allocate non-O&M Common Costs. These methods were developed to achieve the most cost-causative relationship that each FERC account or range of FERC accounts has with electric, gas, and thermal utility divisions.

Labor Allocator

The Labor Allocator is used to allocate Common Costs in FERC account 408 (payroll tax portion) to the electric, gas, and thermal utility divisions. The allocation is based on operating labor for the electric, gas, and thermal utility divisions. The allocator used in the current year is developed based on the previous years' actual operating labor.

Three-Factor Allocator

The Three-Factor Allocator is used to allocate Common Costs in FERC account 408 (other tax portion), 426.1-426.5 among electric, gas and thermal utility divisions. The allocation is based on the weighted average of operating revenue, plant in service and supervised O&M. The allocator used in the current year is developed based on the previous years' actual operating revenue, plant in service, and supervised O&M.

Common Plant Allocator

The Common Plant Allocator is used to allocate Common Costs in FERC accounts 408 (property tax portion), 403-407, 404, 411.6, 411.7, 411.10, and 413 among electric, gas, thermal, and non-regulated utility divisions. The allocation is based on an analysis of common plant. The allocator used in the current year is developed based on the previous years' actual common plant dollars.

Net Plant

The Net Plant Allocator is used to allocate Common Costs in FERC accounts 427-431 among electric, gas, and thermal utility divisions. The allocation is based on gross plant less accumulated depreciation. The allocator used in the current year is developed based on the previous years' actual gross plant and depreciation.

Gross Plant

The Gross Plant Allocator is used to allocate Common Costs in FERC accounts 419.1 and 432 among electric, gas, and thermal utility divisions. The allocation is based on gross plant. The allocator used in the current year is developed based on the previous years' actual gross plant.

TABLE B – O&M UTILITY ALLOCATIONS

FERC Account	Allocation Method	Basis for Allocation Selection
901-916 (excluding customer records and collections expense in FERC 903 and commodity bad debt in FERC 904)	Customer Allocator	Customer bill counts are a reasonable methodology to use to allocate common customer accounting and customer information and sales costs recorded in FERC accounts 901-916 because these costs are customer related costs, e.g., credit and collection, customer accounting, bad debt, etc.
903 (customer records and collection)	Customer Allocator	Customer bill counts are a reasonable methodology to use to allocate common customer accounting and customer information and sales costs recorded in FERC accounts 901-916 because these costs are customer related costs, e.g., credit and collection, customer accounting, bad debt, etc.
904 (commodity bad debt portion)	Revenue Allocator	A revenue allocator is a reasonable methodology to allocate commodity bad debt because these costs have a cost-causative relationship to uncollectible utility division revenues.
920-924	Three-factor Allocator	A three-factor allocator is a reasonable methodology to allocate these costs because there is no single allocator that could provide a cost causative link. A three-factor allocator that measures three distinct aspects of the Operating Company and results in an overall fair assignment of costs to the electric, gas and thermal utility divisions is used and is based on equally weighing operating revenue, plant in service and supervised O&M.
925-926	Labor Allocator	A labor allocator is a reasonable methodology to allocate Common Costs recorded in FERC accounts 925 & 926 because injuries and damages and pension and benefit costs have a cost causative relationship with labor.
927-935	Three-factor Allocator	A three-factor allocator is a reasonable methodology to allocate these costs because there is no single allocator that could provide a cost causative link. A three-factor allocator that measures three distinct aspects of the Operating Company and results in an overall fair assignment of costs to the electric, gas and thermal utility divisions is used and is based on equally weighing operating revenue, plant in service and supervised O&M.

TABLE C – NON-O&M UTILITY ALLOCATIONS

FERC Account	Allocation Method	Basis for Allocation Selection
403-407	Common Plant Allocator	The common plant allocator is a reasonable methodology to use to allocate Common Costs recorded in FERC accounts 403-407 because depreciation and amortization costs have a cost causative relationship to plant in service.
408 (property tax portion)	Common Plant Allocator	The common plant allocator is a reasonable methodology to use to allocate common property tax recorded in FERC account 408 because property tax has a cost causative relationship to plant in service.
408 (payroll tax portion)	Labor Allocator	A labor allocator is a reasonable methodology to use to allocate common payroll tax recorded in FERC account 408 because payroll tax has a cost causative relationship with labor.
408 (other tax portion)	Three-factor Allocator	A three-factor allocator is a reasonable methodology to allocate these costs because there is no single allocator that could provide a cost causative link. A three-factor allocator that measures three distinct aspects of the Operating Company and results in an overall fair assignment of costs to the electric, gas and thermal utility divisions is used and is based on equally weighing operating revenue, plant in service and supervised O&M.
411.1	Common Plant Allocator	The common plant allocator is a reasonable methodology to use to allocate Common Costs recorded in FERC account 411.1 because these gains/losses have a cost causative relationship to utility division plant in service.
411.6 & 411.7	Common Plant Allocator	The common plant allocator is a reasonable methodology to use to allocate Common Costs recorded in FERC accounts 411.6 and 411.7 because these gains/losses have a cost causative relationship to utility division plant in service.
413	Common Plant Allocator	The common plant allocator is a reasonable methodology to use to allocate Common Costs recorded in FERC account 413 because expenses on plant leased to others have a cost causative relationship to utility division plant
419.1	Gross Plant Allocator	A gross plant allocator is a reasonable methodology to use to allocate Common Costs recorded in FERC account 419.1 because AFUDC has a cost causative relationship to utility division plant in service.

426.1 - 426.5	Three-factor Allocator	A three-factor allocator is a reasonable methodology to allocate these costs because there is no single allocator that could provide a cost causative link. A three-factor allocator that measures three distinct aspects of the Operating Company and results in an overall fair assignment of costs to the electric, gas and thermal utility divisions is used and is based on equally weighing operating revenue, plant in service and supervised O&M.
427-431	Net Plant Allocator	A net plant allocator is a reasonable methodology to use to allocate Common Costs in FERC accounts 427-431 because interest/debt costs have a cost causative relationship to plant in service.
432	Gross Plant Allocator	A gross plant allocator is a reasonable methodology to use to allocate Common Costs recorded in FERC account 432 because AFUDC has a cost causative relationship to utility division plant in service.

VII. NON-REGULATED ACTIVITY ALLOCATIONS

INTRODUCTION

The purpose of this section is twofold. First, in further response to 4 CCR 723-3503(b)(IV), (V) and (VII) and 4 CCR 723-4503(b)(IV), (V) and (~~VIII~~VII), this section details the allocators used to apportion common A&G costs and common Customer Accounting Costs between the regulated activities and the non-regulated activities in the final step of fully distributing costs. Second, this section describes transactions between PSCo and non-regulated activities as required by 4 CCR 723-3503(b)(VI) and 4 CCR 723-4503(b)(VI).

NON-REGULATED ACTIVITY ALLOCATIONS

A&G
All non-regulated activities are allocated a portion of PSCo's common A&G costs. Common A&G costs are allocated to non-regulated activities on the basis of labor of each non-regulated activity. The Company utilizes labor dollars for regulated activities and non-regulated activities to allocate the common portion of A&G costs, recorded in FERC accounts 920-935, to the non-regulated activities.

Customer Accounting
Most non-regulated activities are also allocated a portion of PSCo's common Customer Accounting Costs. The distinction here is whether or not the non-regulated activity uses the customer accounting services of PSCo. For those activities that do use these services, common Customer Accounting Costs are allocated on the basis of revenues earned by each non-regulated activity. The Company utilizes revenue dollars for regulated activities and non-regulated activities to allocate the common portion of Customer Accounting Costs, recorded in FERC accounts 901-916, to the non-regulated activities. Excluded from the Common Costs in FERC accounts 901-916 are: FERC account 902, Meter Reading Expenses; FERC account 904, Uncollectible Accounts; and Demand Side Management costs in FERC account 908, Customer Assistance Expenses. These costs have been excluded because they are not pertinent to PSCo's non-regulated activities, as the non-regulated activities account for their own bad debt expenses separately.

TRANSACTIONS BETWEEN PSCo AND NON-REGULATED ACTIVITIES

Rule 3503(b)(VI) calls for "a description of each transaction between the Colorado utility and a non-regulated activity which occurred since the Colorado utility's prior CAAM was filed and, for each transaction, a statement as to whether, for this Commission's jurisdictional cost assignment and allocation purposes, the value of the transactions is at cost or market as applicable." In the case of PSCo, the three main types of transactions that occur between the Company's regulated and non-regulated activities are: 1) labor and non-labor costs provided by PSCo to run non-regulated activities, with the major categories of such costs being described in the Fully Distributed Cost Study 2) rent, utility, and common area costs for use of warehouse facilities, and 3) provision of gas and electric service by the electric and gas divisions to the Company's non-regulated activities. I provide further information on each of these categories below.

(1) The labor provided by PSCo to its non-regulated activities is priced according to the union labor contracts and is subject to certain overhead loading that represents the going market rate for such services. The majority of costs incurred by PSCo in the course of conducting its non-regulated activities are directly assigned to the non- regulated activity that causes the cost to be incurred. Such costs are recorded below the line in FERC account 417.1, Expenses of Nonutility Operations. For example, PSCo employees who perform work for HomeSmart are dedicated to the non-regulated activity and 100 percent of their labor costs, including appropriate labor loadings, are recorded directly in FERC account 417.1, Expenses of Nonutility Operations, as opposed to being recorded in electric, gas, or thermal divisions and then assigned or allocated to the non-regulated division. Similarly, 100 percent of the fleet expense incurred in the course of HomeSmart's business is directly recorded in FERC account 417.1, Expenses of Nonutility Operations.

(2) The payment of rent and related utility division and common area costs by PSCo to HomeSmart is determined based off of the ratio of square footage used by total leased square footage, actual utilities used, as well as a pro-rata share of common area costs. The costs incurred by HomeSmart are at market-rate and the payments made by PSCo are at HomeSmart's cost. The payments received by HomeSmart are recorded directly in FERC account 417, Revenues from Nonutility Operations.

(3) The provision of gas and electric service by the electric and gas divisions to the Company's non-regulated activities are provided by the regulated activities at tariffed rates.

To the extent that PSCo incurs Common Costs from which both its non-regulated and regulated divisions benefit, such costs are allocated as described above in this section and in other sections of this manual.

VIII. SERVICE COMPANY ASSIGNMENTS AND ALLOCATIONS

OVERVIEW

This section addresses the requirements of 4 CCR 723-3503(b)(VIII).

The Service Company provides shared or common administrative and management services to all Operating Companies and affiliates in the Xcel Energy holding company system. The services provided include, but are not limited to: executive management, finance, accounting, financial reporting, treasury, corporate communications, property services, human resources, information technology, legal, regulatory, engineering, generation resource planning, construction, customer service, environmental and support services. The Service Company provides its services to Xcel Energy and its affiliates, at cost, pursuant to service agreements administered in accordance with the Public Utility Holding Company Act of 2005 with oversight by the FERC effective August 5, 2005. Accordingly, PSCo's affiliate transactions currently consist primarily of transactions from the Service Company for these services.

The cost assignments and/or allocations from the Service Company are under the jurisdiction of the FERC. The ACC methodologies are described in Table D.