March 31, 2017

VIA ELECTRONIC FILING

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

Re:  Public Service Company of Colorado
Production Formula Rate Charges and Transmission Formula Rate Charges for
2016 Post-Retirement Benefits Other than Pensions
Docket No. ER17-___-000

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act1 and Section 35.13 of the
Commission’s regulations,2 Public Service Company of Colorado (“PSCo” or “Company”) submits the 2016 amount for Post-Retirement Benefits Other than Pensions (“PBOP”) booked to FERC Account 926, Employee Pensions and Benefits. PSCo will reflect such amount in the True-up of PSCo’s Production Formula Rates for Formula Rate Year 2016 (January 1, 2016 - December 31, 2016)3 and in the True-up of PSCo’s Transmission Formula Rates for Formula Rate Year 2016. PSCo also submits the actuarial reports prepared by Towers Watson Delaware Inc. (“Towers Watson”) that support the proposed 2016 PBOP amount. For good cause shown, as set out herein, PSCo seeks an effective date of January 1, 2016 for PSCo’s use of the 2016 PBOP amount in both the 2016 Production True-up and in the 2016 Transmission True-up.

I. BACKGROUND

PSCo is a wholly owned subsidiary of Xcel Energy Inc. (“Xcel Energy”) and is a fully integrated electric utility that, inter alia, generates, transmits, distributes and sells electric energy to retail and wholesale customers in the state of Colorado. Xcel Energy Services Inc. (“XES”) is the service company for the Xcel Energy holding company system and, inter alia, provides corporate and other services to PSCo and the other Xcel Energy Operating Companies.4 PSCo

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1 16 U.S.C. § 824d.
3 The “Formula Rate Year” runs from January 1 to December 31 of the calendar year.
provides wholesale services regulated by the Commission with rates determined, *inter alia*, pursuant to both a Production Formula Rate and a Transmission Formula Rate.

**A. The Production Formula Rate**

The Production Formula Rate is on file with the Commission as part of PSCo’s Assured Power and Energy Requirements Service Tariff (“Production Tariff”), initially accepted in Docket No. ER11-2853-000 and restated in Docket No. ER16-1428-000. The Production Formula Rate consists of both the formula rate template to calculate the rate and the associated Production Implementation Procedures. The Production Implementation Procedures provide as follows:

With respect to the PBOP charges, the base amount shall be the actual accrued PBOP cost booked to FERC Account 926 for the Base Year used in the first Annual True-up after the Formula Rate is first applicable to Customers. Such actual accrued cost shall be based on an Actuarial Study. Specifically, the Estimated Charges for 2011 will reflect the actual accrued 2010 PBOP cost. The actual 2011 PBOP charges will be used in the 2012 Annual True-up of the 2011 Estimated Charges. On or before April 1, 2012, the supporting Actuarial Study for the actual 2011 PBOP charges will be filed with the Commission for approval under FPA Section 205 and provided to Customers. Thereafter, PSCo shall make a FPA Section 205 filing with the Commission on an annual basis, on or before April 1, to use the actual accrued PBOP cost for the Rate Year in the Annual True-up based on the Actuarial Study produced for the Rate Year. The amount PSCo will contribute to its external PBOP trust will be at a minimum equal to such actual accrued PBOP cost.6

As such, the use of the 2016 actual PBOP costs in the 2016 Production True-Up is consistent with the express provisions of the Production Implementation Procedures.7

**B. The Transmission Formula Rate**

The Transmission Formula Rate is on file with the Commission as part of Attachment O-PSCo to the Xcel Energy Operating Companies Open Access Transmission Tariff (“Xcel Energy

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5 See Public Service Company of Colorado, 139 FERC ¶ 61,250 (2012). In April 2016, PSCo restated the Production Tariff in eTariff effective April 16, 2016, to reflect a change in eTariff software. The restatement was accepted for filing in Docket No. ER16-1428-000. See Public Service Company of Colorado, (June 29, 2016) delegated letter order. In 2016, PSCo provided requirements production service under the Production Formula Rate to the City of Burlington, Colorado; the town of Center, Colorado; Grand Valley Rural Power Lines, Inc.; Holy Cross Electric Association, Inc.; Intermountain Rural Electric Association; and Yampa Valley Electric Association, Inc. (collectively, the “PSCo Requirements Customers”).

6 Production Tariff, Attachment B, Formula Rate Implementation Procedures, Section 7.a.

7 The PBOP costs in the production formula rate template are not fixed values that require a filing to change the template. The PBOP amounts are entered into cells that can be changed. This limited Section 205 filing thus reports the value to be included when calculating the Production Formula True-up.
The Transmission Formula Rate also consists of both a Transmission Formula Rate template and associated Transmission Implementation Procedures. The Transmission Implementation Procedures are substantively similar to the Production Implementation Procedures with respect to the PBOPs:

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

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

With respect to the Estimated Rates for the upcoming Formula Rate Year, PSCo will use the budgeted PBOP costs for each such Rate Year in the Annual Update, subject to true-up. For example, the 2013 Estimated Rates will use the 2013 estimated PBOP costs but, by the time that the 2013 Estimated Rates are trued-up in 2014, PSCO will have and will use the FERC-approved actual 2013 PBOP costs in the Annual True-Up for Rate Year 2013. Similarly, the 2014 Estimated Rates will use the 2014 estimated PBOP costs, but when the 2014 Estimated Rates are trued-up in 2015, PSCo will have and will use the actual FERC-approved 2014 PBOP costs for the Annual True-Up of Rate Year 2014. Annually, PSCo will fund to an external trust the PBOP costs collected pursuant to the Formula Rate.

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8 *See Public Service Company of Colorado, 139 FERC ¶ 61,223 (2012) (accepting PSCo’s revised Transmission Formula Rate, subject to refund, effective November 17, 2012); 145 FERC ¶ 61,266 (2013) (accepting partial settlement including revised Transmission Implementation Procedures); 149 FERC ¶ 61,077 (2014) (accepting settlement of reserved return on equity (“ROE”) issue). The ROE settlement also modified the ROEs set forth in the Production Formula Templates, but did not change the Transmission Formula Implementation Procedures or Production Formula Implementation Procedures. In April 2016, PSCo restated the Xcel Energy Tariff in eTariff effective April 16, 2016, to reflect a change in eTariff software. The restatement was accepted for filing in Docket No. ER16-1422-000. See Public Service Company of Colorado, (August 16, 2016) delegated order.*

9 Xcel Energy Tariff, Attachment O-Public Service Company of Colorado Formulaic Rates, Appendix 1-Public Service Company of Colorado Transmission Formula Rate Implementation Procedures, Section 3.
Again, the use of the 2016 actual PBOP costs in the 2016 Transmission True-Up is consistent with the express provisions of the Transmission Implementation Procedures.

II. REASONS FOR THIS FILING

As indicated, the Implementation Procedures in effect for both the Production Formula Rate and the Transmission Formula Rate require PSCo to make an annual section 205 filing on or before April 1st with the actual PBOP costs and the supporting Actuarial Study for the previous calendar year. Once approved by the Commission, the actual PBOP costs will be used in the Annual True-up for the Rate Year in both the Production Formula Rate and Transmission Formula Rate. PSCo is submitting the 2016 PBOP charges and the supporting Towers Watson actuarial report for Commission review as contemplated in the Production Implementation Procedures and Transmission Implementation Procedures referenced above. The Towers Watson report summarizes the 2016 expense results pursuant to the Financial Accounting Standards Board (“FASB”) Financial Accounting Standard No. 106 (“FAS 106”). The FASB requires that employers reflect incurred expenses and estimates for PBOPs expected to be paid to current employees after retirement.

PSCo filed and the Commission accepted PSCo’s 2015 update to the actual PBOP costs for use in the 2015 Production True-up and Transmission True-up in Docket No. ER16-1278-000 by letter order dated May 19, 2016. The instant filing would similarly update the 2016 PBOP costs for inclusion in the 2016 Production Formula True-up and Transmission Formula True-up.

A. Explanation of 2016 PBOP Amounts

As noted earlier, XES employees provide services to PSCo and the other Xcel Energy operating subsidiaries, and a portion of the XES 2016 FAS amount is assigned to PSCo, based on the labor charged to PSCo, and is recorded in PSCo’s FERC Account 926, Employee Pensions and Benefits expenses. The 2016 Towers Watson report for PSCo reflects “Xcel Services” FAS 106 expenses for 2016. Additionally, from time to time, employees of the other Xcel Energy Operating Companies charge time to PSCo for tasks performed on behalf of PSCo. In 2016, NSPM, NSPW, and SPS charged time to PSCo, similar to previous years. As a result, a portion of the NSPM, NSPW, and SPS 2016 FAS 106 amounts are assigned to PSCo, based on the labor charge to PSCo and are recorded in PSCo’s FERC Account 926, Employee Pensions and Benefit expenses. PSCo also charged a small amount of time to other Xcel Energy Operating Companies, lowering the amount of FAS 106 expenses recorded on PSCo’s books. Therefore, in order for PSCo to fully recover its 2016 PBOP costs, and consistent with prior annual PBOP Section 205 filings accepted by the Commission, PSCo proposes to include in its FAS 106 expenses for 2016 the amounts directly attributed to PSCo, plus the amounts assigned to PSCo in 2016 from XES, NSPM, NSPW and SPS, less the amounts assigned by PSCo to the other Operating Companies. See Exhibit A hereto, which shows the total costs charged to PSCo. In the case of SPS, the net charge is negative for PSCo.

10 Public Service Company of Colorado (May 19, 2016) delegated letter order.
As shown on Exhibit A, the actual 2016 PBOP costs booked by PSCo to be included in the Production and Transmission True-ups are more than the actual 2015 PBOP costs reflected in both the 2015 Trued-up Production and Transmission Rates. Accordingly, the trued-up PBOP component of the 2016 actual rates will be more than the actual PBOP component in the 2015 Production and Transmission Rates, an increase of approximately $800,000; see Exhibit A. The primary reasons for the increase are:

- Impact of demographic changes including census data updates;
- Changes to the retirement and withdrawal decrement assumptions, participation assumption, and spouse age assumption;
- Impact of claims cost changes, including updates to the per capita claims cost assumption;
- Legislative excise tax was delayed until 2020, decreasing the 2016 cost;
- Discount rate was increased from 2015, decreasing the 2016 cost; and
- The actual investment return in 2015 was lower than expected, which increased the 2016 cost.

As such, the 2016 PBOP update submitted herein will result in slightly higher production and transmission rates than if the 2015 PBOP values were used in the annual true-ups.

B. Processes Regarding 2016 Formula True-up, etc.

PSCo will provide the Production Formula Rate Annual True-up for 2016 and the Transmission Formula Rate Annual True-up for 2016 to the affected PSCo customers on or before June 1, 2017, pursuant to the respective governing Implementation Procedures. As part of the Production and Transmission Annual True-ups, PSCo will true-up the 2016 Production and Transmission Estimated Rates that became effective January 1, 2016, for the period January 1, 2016 - December 31, 2016 to PSCo’s actual costs for the same period as reflected in PSCo’s FERC Form No. 1, anticipated to be filed on or before April 15, 2017. One aspect of such Production and Transmission True-ups will be the 2016 PBOP charges.

Upon acceptance of the 2016 PBOP amount by the Commission, PSCo will reflect such amount in the True-up of the 2016 Production Estimated Rates to actual rates and in the True-up of the 2016 Transmission Estimated Rates to actual rates. This 2016 PBOP amount will be the PBOP amount that will be included in the respective formula rates until the 2017 update is submitted on or before April 1, 2018.

III. CONTENTS OF FILING

The filing consists of:

1. This transmittal letter;

2. Exhibit A, attached hereto, consisting of a combined Production and Transmission Workpaper – Post-Retirement Benefits Other than Pensions, with the proposed
2016 PBOP amount to be used in the June 2017 Production Formula True-up and Transmission Formula True-up as described above; and

3. Exhibit B, attached hereto, consisting of the Towers Watson actuarial report for PSCo and XES.

IV. REQUEST FOR WAIVER

PSCo submits this filing for the limited purpose of securing Commission review of PSCo’s actual 2016 PBOP costs. PSCo does not propose, by this filing, to amend, supersede or, in any manner, change the provisions of the as-filed Production or Transmission formula rate templates or Implementation Procedures. Given the limited scope of this filing, PSCo does not believe that Section 35.13 of the Commission’s regulations is applicable to this filing. In the event that PSCo has misinterpreted such regulations, PSCo respectfully requests waiver of such requirements.

To the extent necessary, PSCo also respectfully requests waiver of the Commission’s notice requirements to permit an effective date of January 1, 2016, so the 2016 PBOP amount may be reflected in the trued-up Production and Transmission Formula Rates for 2016. Good cause exists for such waiver. The Production and Transmission Formula Rates permit PSCo to recover its legitimate costs, with an annual true-up of estimated rates to actual costs. It is Commission policy to grant waiver of its notice requirements where a rate change and its effective date are prescribed by a rate schedule on file with the Commission, such as the Production Formula Rate and Transmission Formula Template and their respective Implementation Procedures.11

V. CORRESPONDENCE AND COMMUNICATIONS

Communications and correspondence with respect to this filing should be directed to the following:

James P. Johnson  Deborah A. Blair
Assistant General Counsel  Director, Revenue Analysis
Xcel Energy Services Inc.  Xcel Energy Services Inc.
414 Nicollet Mall, 401-8  1800 Larimer, Suite 1400
Minneapolis, MN 55401  Denver, CO 80202
(612) 215-4592  (303) 294-2184
james.p.johnson@xcelenergy.com  deborah.blair@xcelenergy.com

VI. SERVICE/POSTING

PSCo will electronically serve a copy of this filing on each of the six PSCo Requirements Customers taking production service in 2016. PSCo will also electronically serve notice of this

filing on the PSCo wholesale transmission service customers taking service under the Xcel Energy OATT and post the PBOP filing on the Transmission OATT page of the Xcel Energy website (www.transmission.xcelenergy.com). PSCo will also electronically serve a copy of the filing to the Colorado Public Utilities Commission. A courtesy notice will also be served on the Commission’s Director of the Division of Electric Power Regulation (West). A copy of the filing is also posted for public inspection in the offices of PSCo at 1800 Larimer, Denver, Colorado.

VII. CONCLUSION

Please direct any questions regarding this filing to Ms. Blair. Thank you.

Respectfully submitted,

/s/ Deborah A. Blair

Deborah A. Blair
Director, Revenue Analysis
Xcel Energy Services Inc., on behalf of
Public Service Company of Colorado

cc: PSCo Requirements Customers
PSCo Wholesale Transmission Customers
Colorado Public Utilities Commission
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Description</th>
<th>Total Cost</th>
<th>O&amp;M %</th>
<th>O&amp;M $</th>
<th>Electric % /c</th>
<th>O&amp;M Electric $</th>
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<tr>
<td>1</td>
<td>Actual Amount Included in Account 926 (2015) /a</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>2</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3</td>
<td>PSCo Direct Expense</td>
<td>9,149,000</td>
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<td>6,112,273</td>
<td>68.46%</td>
<td>(4,184,534)</td>
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<tr>
<td>4</td>
<td>NSPM Allocated to PSCo</td>
<td>2,818,000</td>
<td>0.03%</td>
<td>960</td>
<td>41.37%</td>
<td>397</td>
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<tr>
<td>5</td>
<td>NSPW Allocated to PSCo</td>
<td>757,000</td>
<td>0.03%</td>
<td>213</td>
<td>100.00%</td>
<td>213</td>
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<tr>
<td>6</td>
<td>SPS Allocated to PSCo</td>
<td>(891,000)</td>
<td>0.00%</td>
<td>(14)</td>
<td>100.00%</td>
<td>(14)</td>
</tr>
<tr>
<td>7</td>
<td>XES - Allocated to PSCo</td>
<td>1,545,000</td>
<td>25.26%</td>
<td>390,325</td>
<td>76.38%</td>
<td>298,136</td>
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<td>8</td>
<td>Total</td>
<td>(4,910,000)</td>
<td>(5,720,789)</td>
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<td>9</td>
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<tr>
<td>10</td>
<td>Actual Amount Included in Account 926 (2016) /b</td>
<td></td>
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<td></td>
<td></td>
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<td>12</td>
<td>PSCo Direct Expense</td>
<td>(7,777,000)</td>
<td>65.26%</td>
<td>(5,075,305)</td>
<td>66.31%</td>
<td>(3,365,333)</td>
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<td>13</td>
<td>NSPM Allocated to PSCo</td>
<td>2,443,000</td>
<td>0.00%</td>
<td>23</td>
<td>0.26%</td>
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<td>14</td>
<td>NSPW Allocated to PSCo</td>
<td>630,000</td>
<td>0.00%</td>
<td>1</td>
<td>75.71%</td>
<td>1</td>
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<tr>
<td>15</td>
<td>SPS Allocated to PSCo</td>
<td>(765,000)</td>
<td>0.00%</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
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<tr>
<td>16</td>
<td>XES - Allocated to PSCo</td>
<td>1,350,000</td>
<td>27.73%</td>
<td>374,385</td>
<td>75.21%</td>
<td>281,573</td>
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<td>17</td>
<td>Total</td>
<td>(4,119,000)</td>
<td>(4,700,896)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>PSCo Account 926 2016 Increase from 2015 Levels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>802,041</td>
</tr>
</tbody>
</table>

Notes:

1. /a Approved in Docket No. ER16-1278-000 by letter order dated May 19, 2016
2. /b Towers Watson Actuarial Study, Exhibit B
3. /c Allocation amounts are the prorata share of actual allocable amounts of labor-related expense incurred by PSCo directly and in-turn those labor-related costs incurred by NSPM, NSPW and XES on behalf of PSCo.
March 24, 2017

Mr. Rick Schrubbe
Director, Corporate and Benefits Accounting
Xcel Energy Inc.
414 Nicollet Mall
4th Floor
Minneapolis, MN 55401

Subject: 2016 ASC 715 Valuation Results for PSCo and Xcel Services

Dear Rick:

Below is an exhibit summarizing the 2016 ASC 715 Benefit Cost/(Income) for the PSCo and Xcel Services legal entities in the Xcel Energy Retiree Medical and Life Insurance Plan. The 2016 U.S. GAAP results are based on participant data as of January 1, 2015 projected to the end of the year based on status changes through November 30, 2015 and known retirements for December 2015, and retiree medical claims experience from May 2013 through April 2015.

The combined 2016 cost/(income) for PSCo and Xcel Services is ($6.4) million, a $1.2 million increase from 2015. The increase in cost is summarized below ($ in millions).

<table>
<thead>
<tr>
<th>Description</th>
<th>PSCo</th>
<th>Xcel Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 Cost</td>
<td>($9.1)</td>
<td>$1.5</td>
<td>($7.6)</td>
</tr>
<tr>
<td>1. Expected liability demographics/experience</td>
<td>(0.4)</td>
<td>0.0</td>
<td>(0.4)</td>
</tr>
<tr>
<td>2. Impact of actual demographic changes</td>
<td>0.1</td>
<td>(0.1)</td>
<td>0.0</td>
</tr>
<tr>
<td>3. Impact of experience study assumption changes</td>
<td>0.5</td>
<td>0.0</td>
<td>0.5</td>
</tr>
<tr>
<td>4. Impact of claims cost changes</td>
<td>(1.0)</td>
<td>(0.1)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>5. Impact of excise tax legislative change</td>
<td>(0.1)</td>
<td>0.0</td>
<td>(0.1)</td>
</tr>
<tr>
<td>6. Impact of discount rate change</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>7. Impact of asset performance</td>
<td>2.4</td>
<td>0.3</td>
<td>2.7</td>
</tr>
<tr>
<td><strong>2016 Cost</strong></td>
<td>($7.8)</td>
<td>$1.4</td>
<td>($6.4)</td>
</tr>
</tbody>
</table>
The following are the notable changes impacting the cost between 2015 and 2016:

1. The expected decrease for 2016 cost is driven by expected decreases in the plans' service cost and liabilities related to demographic experience for each plan.

2. The impact of actual demographic changes includes the impact of census data updates. The impact of these updates increased the 2016 cost for PSCo.

3. The experience study included changes to the retirement and withdrawal decrement assumptions, participation assumption, and spouse age assumption. These changes increased the 2016 cost.

4. The impact of claims cost changes includes updates to the per capita claims cost assumption. This decreased the 2016 cost for PSCo and Xcel Services. The per capita claims cost increased 2.0% overall (6.2% pre-65 and 0.9% post-65), versus an expected increase of 6.5%. This line item also includes the impact of an updated Medicare Part D reimbursement assumption and an updated morbidity assumption.

5. The legislative excise tax was delayed to be introduced in 2020 instead of 2018. This decreased the 2016 cost.

6. The discount rate used to determine the 2016 cost was 4.65%, an increase from the 4.08% discount rate used to determine the 2015 cost. This decreased the 2016 cost.

7. The actual investment return during 2015 was lower than expected, which increased 2016 cost.

**Economic Assumptions**

The following primary economic assumptions were used in the current and prior year:

<table>
<thead>
<tr>
<th>Economic Assumption</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>4.65%</td>
<td>4.08%</td>
</tr>
<tr>
<td>Expected Return on Assets Assumption – VEBA (Bargaining/Non bargaining)</td>
<td>5.80%</td>
<td>5.80%</td>
</tr>
<tr>
<td>Initial Medical Trend</td>
<td>6.00%</td>
<td>6.50%</td>
</tr>
<tr>
<td>Ultimate Medical Trend</td>
<td>4.50%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Year Ultimate Trend is Reached</td>
<td>2019</td>
<td>2019</td>
</tr>
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</table>
ACTUARIAL CERTIFICATION

As requested by Xcel Energy Inc., this report provides results of the actuarial valuations of the Xcel Energy Inc. employee benefit plans indicated above. Additional details on the data, assumptions, methods, and plan provisions can be found in the 2016 valuation report dated April 27, 2016. This letter should be viewed as a subset of this report and should not be used for other purposes, distributed to others outside Xcel Energy Inc. or relied upon by any other person without prior written consent from Towers Watson Delaware Inc. Except where we expressly agree in writing, this report should not be disclosed or provided to any third party, other than as provided below. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

Xcel Energy Inc. may make a copy of this report available to auditors or appropriate governmental agencies of the plan or the plan sponsor, but we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability to the auditors in this regard. Xcel Energy Inc. should draw the provisions of this paragraph to the attention of the auditors or appropriate governmental agencies when providing this report to them.

In preparing these results, we have relied upon information and data provided to us orally and in writing by Xcel Energy Inc. and other persons or organizations designated by Xcel Energy Inc. We have relied on all the data and information provided, including Plan provisions, membership data and asset information, as being complete and accurate. We have not independently verified the accuracy or completeness of the data or information provided, but we have performed limited checks for consistency.

The results summarized in this letter involve actuarial calculations that require assumptions about future events. Xcel Energy Inc. is responsible for the selection of the assumptions. We believe that the assumptions used in this report are reasonable for the purposes for which they have been used.

In our opinion, all calculations are in accordance with US GAAP and the procedures followed and the results presented are in conformity with applicable actuarial standards of practice.

The undersigned consultants with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Delaware Inc.

Sincerely,

Mark A. Afdahl, FSA
Consulting Actuary

Ross H. Athman, FSA
Consulting Actuary


Cc: Todd Degrugillier, Xcel Energy Inc.
Kris Lindemann, Xcel Energy Inc.
Beth Fernandez, Willis Towers Watson
Kristoff Hendrickson, Willis Towers Watson
Scott Lund, Willis Towers Watson
Jim Shaddy, Willis Towers Watson
Jake Marette, Willis Towers Watson
## ASC 715 Results by Legal Entity

### ($ in Thousands)

#### 2015

<table>
<thead>
<tr>
<th></th>
<th>Service Cost</th>
<th>Interest Cost</th>
<th>Expected Return on Assets</th>
<th>Prior Service Cost</th>
<th>Net (Gain)/Loss</th>
<th>Net Cost</th>
<th>January 1 Prepaid (Accrued)</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSCo</td>
<td>928</td>
<td>17,498</td>
<td>(23,803)</td>
<td>(8,247)</td>
<td>2,475</td>
<td>(9,149)</td>
<td>(1,837)</td>
<td></td>
</tr>
<tr>
<td>Xcel Services¹</td>
<td>46</td>
<td>1,198</td>
<td>(23)</td>
<td>(549)</td>
<td>873</td>
<td>1,545</td>
<td>(13,534)</td>
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<tr>
<td>Total Xcel Energy</td>
<td>974</td>
<td>18,696</td>
<td>(23,826)</td>
<td>(8,796)</td>
<td>3,348</td>
<td>(7,604)</td>
<td>(15,371)</td>
<td>1,602</td>
</tr>
</tbody>
</table>

¹Includes Executive Life Insurance benefits.

### Assumptions

Discount Rate: 4.08%

Expected Return on Assets: 5.80%

Medical Trend:

- Initial (2015): 6.50%
- Ultimate: 4.50%
- Year Ultimate Reached: 2019

Assumed Mortality Table:


See 2015 valuation report for additional information on data, assumptions, methods and plan provisions.

Contribution for PSCo equals net cost for 2015, but not less than zero. Contribution for Xcel Services equals expected benefit payments during 2015.

#### 2016

<table>
<thead>
<tr>
<th></th>
<th>Service Cost</th>
<th>Interest Cost</th>
<th>Expected Return on Assets</th>
<th>Prior Service Cost</th>
<th>Net (Gain)/Loss</th>
<th>Net Cost</th>
<th>January 1 Prepaid (Accrued)</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSCo</td>
<td>768</td>
<td>18,070</td>
<td>(22,299)</td>
<td>(8,247)</td>
<td>1,931</td>
<td>(7,777)</td>
<td>11,152</td>
<td></td>
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<tr>
<td>Xcel Services¹</td>
<td>36</td>
<td>1,248</td>
<td>(44)</td>
<td>(549)</td>
<td>659</td>
<td>1,350</td>
<td>(13,339)</td>
<td>1,626</td>
</tr>
<tr>
<td>Total Xcel Energy</td>
<td>804</td>
<td>19,318</td>
<td>(22,343)</td>
<td>(6,796)</td>
<td>2,590</td>
<td>(6,427)</td>
<td>(2,187)</td>
<td>1,626</td>
</tr>
</tbody>
</table>

¹Includes Executive Life Insurance benefits.

### Assumptions

Discount Rate: 4.65%

Expected Return on Assets: 5.80%

Medical Trend:

- Initial (2015): 6.00%
- Ultimate: 4.50%
- Year Ultimate Reached: 2019

Assumed Mortality Table:


See 2016 valuation report for additional information on data, assumptions, methods and plan provisions.

Contribution for PSCo equals net cost for 2016, but not less than zero. Contribution for Xcel Services equals expected benefit payments during 2016.