The Company has listed below any material changes that have taken effect since January 1, 2015. For additional information, please refer to the Public Service Company of Colorado FERC Form 3-Q for Q2 2015, Notes to Financial Statements.

I. **FERC Uniform System of Accounts Changes**

   There were no material changes.

II. **FERC Form No. 1 Reporting Requirements Changes**

   There were no material changes.

III. **Accounting Policy/Practice Changes**

    **Overhead Rates – Engineering and Supervision** – The Engineering and Supervision (“E&S”) Overhead is used by engineering departments to assist in assigning their labor and certain other department costs to those maintenance and construction projects to which they support, where it is not cost beneficial to track and direct charge the job. In 2016, the process for defining the rate by which the E&S overhead pools are charged to construction has changed to result in a complete clearing of the overhead pool each month. In previous years, an overhead rate was manually calculated monthly based on forecasted dollars to be charged to the overhead pool and forecasted charges eligible for the overheads.

    **Overhead Rates – Comanche 3 Administrative and General** – With the implementation of SAP in 2016, PSCo’s share of Comanche 3’s Administrative and General (“A&G”) overhead costs are charged to FERC Account 922, Administrative Expenses Transferred-Credit, instead of FERC Account 930.2, Miscellaneous General Expenses. PSCo receives a credit in FERC Account 922 for the total amount of A&G overhead billed to the joint owners, including PSCo. As a result of this change, PSCo’s share of the overhead cost and the total credit it receives is netted within FERC Account 922. This accounting is consistent with the Company’s other joint ventures.

    **Fleet Residue Charges** - Fleet Focus is the software used by the Company to assign fleet costs to the fleet units by business area. Any costs or credits left in the fleet balance sheet accounts (residue) are then transferred back to the business areas. Prior to January 1, 2016, the residue in the balance sheet accounts was manually cleared each quarter. With the implementation of SAP, the residue is cleared monthly.

    **Purchasing and Warehouse Overhead** - With the implementation of SAP in 2016, purchasing and warehouse overhead costs are cleared monthly from the cost pools instead of quarterly.

    **Air Quality Permits** – Starting 2016, air quality permits and fees are recorded in FERC Account 506, Miscellaneous Steam Power Expenses, instead of FERC Account 502, Steam Expenses ($1.2M annual amount).

    **Derivation of Construction Work in Progress (“CWIP”) and Retirement Work in Progress (“RWIP”)** - With the implementation of SAP in 2016, charges are allocated to an internal order (“I/O”) to CWIP, RWIP, or an expense based on the Unit Estimate split by expenditure type. This occurs through the PowerPlan Derivation process. Previously, charges were specifically identified as CWIP, RWIP, or expense based on the object account selected on the transaction.

    **Capital Policy Changes** – Effective January 1, 2016, capitalization of certain end of life rebuild and overhaul activities that meet the criteria in a decision tree was implemented.
Accounts Receivable – City of Parachute – This receivable account changed from FERC Account 142, Customer Accounts Receivable, to FERC Account 186, Misc. Deferred Debits, since it is a long-term receivable due from the City of Parachute for an overpayment of franchise fees for about $500K.

IV. GAAP-Related Items

Presentation of Debt Issuance Costs—In April 2015, the FASB issued Simplifying the Presentation of Debt Issuance Costs, Subtopic 835-30(ASU No. 2015-03), which requires the presentation of debt issuance costs on the balance sheet as a deduction from the carrying amount of the related debt, instead of presentation as an asset. Xcel Energy implemented the new guidance as required on Jan. 1, 2016, and there was no change to the FERC treatment of debt issuance costs.

V. FERC Ratemaking Orders Applicable to the Formula Rate

Ancillary Service Schedule Tariff Revisions for Wind Integration – On March 3, 2016, the Commission issued a Letter Order accepting the Settlement Agreement filed on October 19, 2015 in Docket No. ER14-1969. Under the Settlement Agreement, the Company will make several revisions to the Xcel Energy Operating Companies Joint Open Access Transmission Tariff (OATT) relating to the provision of certain ancillary services effective January 1, 2015. On April 4, 2016, the Company made a Compliance filing to implement the Settlement Agreement that provides for changes to Ancillary Service Schedules 3, 3A and 16 of the OATT. On June 16, 2016, the Commission issued a Letter Order approved the Company’s Compliance filing.

Ancillary Service Schedule Revisions to Transmission Formula Template for Wind Integration – On June 13, 2016, the Company filed to modify the Transmission formula rate template for revisions to the Regulation and Frequency Response Service and the Flex Reserve Service in order to ensure compliance with the tariff records approved by the Commission in Docket Nos. ER16-1916 and ER16-1917. The changes are ministerial, and included: (A) incorporating workpapers to the formula rates for the calculation of Schedules 3, 3A, and 16; (B) incorporating necessary revisions to ensure the revenue credits are calculated correctly; and (C) modifying certain terms in the tariff records for Schedules 3, 3A, and 16, consistent with the intent of the parties to the Settlement Agreement. On August 11, 2016, the Commission issued a Letter order approving the Company’s filing.

Transmission Loss Factors – On March 17, 2016, the Commission issued a Letter Order accepting the Settlement Agreement to reduce the Company’s Loss Factors filed on December 31, 2015 in Docket No. ER15-266. Under the Settlement Agreement, the Company updated the transmission and distribution loss factors applicable to transmission service on PSCo’s transmission and distribution systems in PSCo’s Balancing Area Authority, under the OATT, effective January 1, 2014. On April 18, 2016, the Company made a Compliance filing to update the OATT for these changes in the Settlement Loss Factors. On May 9, 2016, the Company filed to revise its wholesale production formula rates, including the FCA, to reflect the losses underlying the Settlement Loss Factors approved by the Commission in accordance with the Settlement, to be effective as of January 1, 2014 in Docket No. ER16-1650. On June 28, 2016, the Commission issued Letter Orders approving the Company’s Compliance filing to update the Settlement Loss Factors in the OATT and approving the Company’s filing to revise its wholesale production formula rates, including the FCA.
Proration of Accumulated Deferred Income Taxes – On April 12, 2016, the Commission approved the Company's proposed revisions to its transmission and production formula rate templates to prorate its Accumulated Deferred Income Taxes (“ADIT”), filed on November 2, 2015. The Company's filings were made to ensure it has calculated ADIT in accordance with the proration formula in IRS regulation section 1.167(1)-1(h)(6), effective January 1, 2016. On May 12, the Company made a Compliance filing to implement the changes in the tariff in Docket Nos. ER16-236-002 and ER16-239-002. On August 9, 2016 and August 16, 2016, the Commission issued Letter Orders approving the Company's Compliance filings.

Revisions to Production Formula Rate Template Implementation Procedures eTariff Records – On January 11, 2016, the Company filed to correct the eTariff record version of Appendix B which comports with the Appendix B Implementation Procedures attached to the 2012 Settlement in Docket No. ER11-2853-000. PSCo requested the eTariff record be accepted for filing effective September 1, 2011, the effective date of the other compliance revisions to the PSCo Tariff included with the July 25, 2012 compliance filing and accepted by the Compliance Letter Order. On March 20, 2016, the Commission issued a Letter Order approving the Company's filing.

Refiling of Current Market Tariff Records – On April 15, 2016, the Company filed an administrative filing to migrate the Tariff Records currently filed under PSCo’s Tariff ID 1000 (PSCo Market Tariffs) to new Tariff ID 1001, in Docket No. ER16-1428-000, effective April 16, 2016. The Company has recently transitioned to a new electronic tariff (or “eTariff”) filing software product. This and all other filings related to the migration effort do not substantively alter PSCo’s tariffs, service agreements or rates schedules. In addition, on April 15, 2016, the Company filed to cancel PSCo’s Tariff ID 1000, in Docket No. ER16-1436-000. On June 9, 2016 and June 29, 2016, the Commission issued Letter Orders approving the Company's filings.

Refiling of Current Open Access Transmission Tariff (“OATT”) Records – On April 15, 2016, the Company filed an administrative filing to migrate the Tariff Records currently filed under PSCo’s Tariff ID 2000 to new Tariff ID 2001, in Docket No. ER16-1422-000, effective April 16, 2016. The Company has recently transitioned to a new electronic tariff (or “eTariff”) filing software product. This and all other filings related to the migration effort do not substantively alter PSCo’s tariffs, service agreements or rates schedules. In addition, on April 15, 2016, the Company filed to cancel PSCo’s Tariff ID 2000, in Docket No. ER16-1427-000. On June 9, 2016 and June 29, 2016, the Commission issued Letter Orders approving the Company's filings.

Cherokee Units 5, 6 and 7 Depreciation Rates – On May 18, 2016, the Company filed to include the addition of an initial depreciation rate for Cherokee Units 5, 6 and 7 in its production and transmission formula rate templates effective July 29, 2015, the date the units were placed in service, in Docket Nos. ER16-1730 and ER16-1733. On June 30, 2016, the Commission issued a Letter Order approving the Company's filing.

Burlington Wheeling Changes in the Production Formula Rate Template – On June 20, 2016, the Company filed to revise the Production Formula Rate Template to provide consistency between the Burlington Purchase Power Agreement and the PSCo Tariff to reflect that the charges associated with the new wheeling arrangement accepted in Docket No. ER14-2567 should no longer be billed to Burlington under the PSCo Tariff's formula rate. On August 12, 2016, the Commission issued a Letter Order approving the Company's filing.

Update to Revenue Credits for Ancillary Services in Production Formula Rate Template – On July 19, 2016, the Company filed to revise the Production Formula Rate Template to simplify the revenue credit determination and the ability for customers to validate credits. The filing has no impact on rates. The Company requested an effective date of September 16, 2016, in Docket
No. ER16-2232-000. On September 13, 2016, the Commission issued a Letter Order approving the Company’s filing.

**Transmission Formula Rate Template Ministerial Filing** – On September 16, 2016, PSCo filed to modify its Transmission Formula Rate Template. The revisions are ministerial in nature and are necessary, in part, to reflect a new SAP general ledger accounting system adopted by the Xcel Energy Services Inc. and the Xcel Energy Operating Companies for fiscal year 2016 (Docket Nos. ER16-2697-000 and ER16-2598-000). The filing is currently pending Commission approval.

**Production Formula Rate Template Ministerial Filing** – On September 27, 2016, PSCo filed to modify its Production Formula Rate Template. The revisions are ministerial in nature and are necessary, in part, to reflect a new SAP general ledger accounting system adopted by the Xcel Energy Services Inc. and the Xcel Energy Operating Companies for fiscal year 2016 (Docket Nos. ER16-2673-000 and ER16-2674-000). The filing is currently pending Commission approval.

VI. **Service Company Statistical Change to Specific Allocators**

**Updated Methodology for the Rate and Regulation Service Function** – As a result of the 2015 Affiliate Interest filing with the Minnesota Public Utilities Commission, Xcel Energy Services Inc. updated the method for allocating costs incurred by the Rates and Regulation service function to use the newly created Direct Labor Ratio starting January 1, 2016. A definition of the new ratio is below and it replaces the use of the Revenue Ratio as the method for allocating costs. It also removes the option of using the Labor Dollars ratio.

*Direct Labor Ratio* – Based on fully-loaded direct-charged Rates and Regulation labor dollars charged to individual operating affiliates by the Rates and Regulation service function. The numerator of which is the fully-loaded direct-charged labor dollars to individual operating affiliates by Rates and Regulation service function and the denominator of which is the total fully-loaded direct-charged labor dollars to all affiliates by the Rates and Regulation service function.

VII. **Other**

There were no material changes.