The Company has listed below any material changes that have taken effect since January 1, 2016. For additional information, please refer to the Southwestern Public Service Company FERC Form 1 for Q4 2016, Notes to Financial Statements.

(a) FERC Uniform System of Accounts Changes

There were no material changes.

(b) FERC Form No. 1 Reporting Requirements Changes

There were no material changes.

(c) FERC Ratemaking Orders Applicable to the SPS Formula Rate

Proration of Accumulated Deferred Income Taxes – On April 12, 2016, the Commission approved the Company's proposed revisions to its transmission formula rate template to prorate its Accumulated Deferred Income Taxes ("ADIT"), filed on November 2, 2015. The Company's filing was 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 No. ER16-236-002. On August 9, 2016, the Commission, by Letter Order approved the Company's Compliance Filing.

Ministerial Filing – On September 16, 2016, SPS filed to modify the SPS 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. ER16-2597-000 and ER16-2598-000). The filing is currently pending Commission approval.

(d) Accounting Policies, Practices or Procedures of SPS

Meter Turn On/Offs for Delinquent Accounts – Effective January 1, 2016, SPS records costs for meter turn on and turn off for delinquent accounts to FERC Account 903, Customer Records and Collection Expenses instead of FERC Account 586, Distribution Operations Expense - Meter Expenses. SPS historically recorded these costs to FERC Account 586 due to Distribution Operation personnel performing the service instead of Customer Care personnel. However, in the Uniform System of Accounts, the definition of FERC Account 903, Item 16 states these costs are to be recorded in this account.

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.

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 in 2016, 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 in 2016, air quality permits and fees are recorded in FERC Account 506, Miscellaneous Steam Power Expenses, instead of FERC Account 502, Steam Expenses ($500K 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.

(e) FERC Related Items

There were no material changes.

(f) 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.

(g) Significant Unusual or Non-Recurring Income or Expense

There were no material changes.

(h) Other

Service Company 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.

(i) SPP and/or Xcel Energy OATT changes that relate to SPS

- Docket No. ER12-959 -- SPP filing to incorporate Tri County Electric Cooperative formula transmission rate into SPP OATT. Filed 1/31/2012. Tri County's transmission facilities are

located within the SPS zone. An Initial Decision was issued on 4/22/2013 which concluded none of Tri County's facilities qualify as transmission under SPP Attachment AI. Requests for rehearing of the Order on Rehearing are pending. SPS appealed both orders to the D.C. Circuit Court of Appeals on April 22, 2013. On November 16, 2014, the Commission issued Opinion No. 535 which affirmed the Initial Decision that none of Tri County's facilities qualify as transmission under SPP Attachment AI. On October 30, 2014, SPP submitted a compliance filing to remove the Tri-County formula rate from the OATT and on December 5, 2014 the Commission accepted the revisions to remove the formula rate. On March 23, 2015, SPP submitted a refund report. SPS has an appeal pending in the United States Court of Appeals for the D.C. Circuit under Case No. 14-1282. On March 8, 2016 the D.C. Circuit issued its opinion in the case. The Court disagreed with FERC's position in all respects, and remanded the case back to FERC for consideration of how to address the refund issue. On July 21, 2106 FERC issued its order on remand directing SPP to bill Tri-County for the amounts of Tri-County's ATRR that SPP collected between April 1, 2012 and February 21, 2013, with interest. FERC also directed SPP to refund the funds recouped from Tri-County.

- Docket EL14-21 - SPP Complaint Against MISO – JOA Violation. On January 28, 2014, SPP filed a Complaint and Request for Fast Track Processing and Motion to Consolidate. SPP submitted the Complaint for an order finding that the Midcontinent Independent System Operator, Inc. is violating the Joint Operating Agreement ("JOA") between SPP and MISO and SPP's Tariff, requiring MISO to compensate SPP for use of SPP's transmission system in accordance with the SPP Tariff. In the event the Commission does not so find, SPP alternatively requests that the Commission find 1) that the JOA is no longer just, reasonable, and not unduly discriminatory to the extend it does not provide a mechanism by which SPP may assess charges for MISO's use of the SPP transmission system to integrate the former Energy Operating Companies; and 2) that the compensation mechanism set forth herein is the just, reasonable, and not unduly discriminatory rate for MISO's use of the SPP transmission system. SPP requested that Docket Nos. ER14-1174, EL11-34 and EL14-21 be consolidated. On March 28, 2014, the Commission issued an order consolidating the dockets and establishing hearing and settlement procedures. On January 21, 2016 the Commission issued an order approving a settlement agreement among the parties.
- Docket ER14-1174 - SPP-MISO Joint Operating Agreement Dispute – This docket addresses the integration of MISO South (Entergy) into MISO and the transmission service charges for use of SPP's transmission system for transactions between MISO and MISO South. SPP requested that Docket Nos. ER14-1174, EL11-34 and EL14-21 be consolidated. On March 28, 2014, the Commission issued an order consolidating the dockets and establishing hearing and settlement procedures. On January 21, 2016 the Commission issued an order approving a settlement agreement among the parties.
- Dockets ER14-2850 and ER14-2851 – SPP's filing to integrate the WAPA Integrated System into SPP. On November 10, 2014, the Commission issued an order conditionally accepting in part, rejecting in part, accepting and suspending filings in part, establishing hearing and settlement procedures, and directing compliance filing. On April 21, 2016 a letter order approving a joint partial settlement was issued.
- Docket ER15-2265 – On July 24, 2015, SPP submitted revisions to its OATT to establish separate procedures for the establishment, modification, and termination of trading hubs and resource hubs in its Integrated Marketplace. On September 22, 2015, the Commission issued an order conditionally accepting the revisions, effective September 23, 2015, subject to a compliance filing. On October 22, 2015, SPP filed the ordered compliance filing. On February 29, 2016 the Commission accepted SPP's revisions subject to condition. On March 30, 2016 SPP submitted a compliance filing as well as a request for rehearing. On April 27, 2016 the Commission granted SPP's rehearing request. On June 21, 2016, FERC issued an order denying SPP's request for rehearing and accepted SPP's OATT revisions proposed in SPP's compliance filing, effective September 23, 2105.

- Docket ER15-2594 – On September 1, 2015, South Central MCN filed for a transmission formula rate and transmission rate incentives. Several parties have filed interventions in the proceeding. Xcel Energy Service, on behalf of SPS, included a protest with their intervention. Settlement Proceedings are ongoing and the next settlement conference is scheduled for August 4, 2016. On August 4, 2016, the settlement judge issued a status report indicating the parties agreed to notify him as to whether they have reached a settlement by August 15, 2016.
- Docket ER16-13 - On October 2, 2015, SPP filed proposed revisions to the SPP OATT to reduce the number of Auction Revenue Rights (ARR) made available in the annual ARR allocation by placing limits on the percentage of available transmission system capability used to determine the ARRs' simultaneous feasibility. On November 23, 2015 the Commission issued a deficiency letter. On December 23, 2015, SPP filed their deficiency response. On February 19, 2016 the Commission accepted the proposed revisions subject to condition and directed SPP to submit a compliance filing. SPP submitted a compliance filing on March 21, 2016. On July 21, 2016, FERC issued a letter order accepting the proposed revisions to certain sections of Attachment AE of the SPP OATT but also directing other revisions be made in another compliance filing. On August 4, 2016, SPP submitted an additional compliance filing as directed.
- Docket ER16-165 - On October 29, 2015, SPP submitted revisions to its OATT regarding the treatment of point-to-point transmission service revenues in the calculation of a transmission owner's zonal annual transmission revenue requirement for the purposes of determining monthly demand charges and base plan zonal and region-wide charges for network integration transmission service. On December 30, 2015 the Commission issued an order accepting the revisions subject to condition. On January 20, 2016, SPP submitted a compliance filing and on April 20, 2016 the Commission issued a letter order accepting the filing.
- Docket ER16-236 – On April 12, 2016, the Commission approved the Company's proposed revisions to its transmission formula rate template to prorate its Accumulated Deferred Income Taxes (ADIT), filed on November 2, 2015. The Company's filing was 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, 2016, the Company made a Compliance filing to implement the changes in the tariff in Docket No. ER16-236-002. On August 9, 2016, FERC issued a letter order accepting the revisions.
- Docket ER16-512 – On December 14, 2015, SPS filed to revise the transmission formula rate templates to: 1) revise the return on equity effective October 20, 2014; 2) include recovery of SPS's expenses related to post-employment benefits other than pensions effective January 1, 2015; 3) include gains on the sales of transmission facilities in the transmission formula template effective January 1, 2016; and 4) changes to the Implementation Procedures related to the changes listed above. On January 29, 2016, the Commission issued a letter order accepting the revisions.
- Dockets ER16-800 and EC16-64 – On January 28, 2016, SPS and XEST filed a joint application for a transaction by which the ownership of certain transmission lines and associated substations in Kansas and Oklahoma would be transferred from SPS to XEST as well as a request for approval of an O&M Agreement between SPS and XEST. On June 3, 2016 SPS and XEST filed notices to withdraw the filings.
- Docket ER16-1030 – On February 29, 2016, Public PSCo, on behalf of SPS, filed revisions to sections 15.7 and 28.5 of the Xcel Energy OATT to update the real power loss percentages (loss factors) for service on the SPS system. On April 28, 2016 the tariff revisions were accepted for filing, effective May 1, 2016, as requested.
- Docket ER16-1341 – On April 1, 2106 SPP requested that the Commission waive certain provisions of SPP's OATT necessary for the implementation of the revenue crediting process in Attachment Z2 for the historical period due to SPP's delayed development of the necessary software. Several parties including XES have intervened in the case. On July 7,

2106, FERC issued an order granting the waiver request. Several parties including XES requested rehearing of the order and on September 6, 2016, FERC issued an order granting rehearing for further consideration.

- Dockets ER16-1420 and ER16-1426 – On April 15, 2016, XES and SPS filed administrative filings to migrate the tariff records in its eTariff database to new Tariff Identifiers ("Tariff IDs"). Specifically, SPS proposed to cancel its existing Tariff ID 2000 (Transmission Tariffs) and Tariff ID 1000 (Market Tariffs) effective April 15, 2016. In separate filings, SPS proposed establishing new Tariff IDs for these tariff records effective April 16, 2016. The migration filings reflect only limited changes to the metadata and structural composition of SPS's tariff data required to effectuate the transition to SPS's new eTariff software. On June 7, 2016, the notices of cancellations were accepted for filing effective April 15, 2016, as requested, and the new Tariff IDs were accepted for filing effective April 16, 2016, as requested.
- Docket ER16-1686 – Pursuant to the Commission's April 12, 2016 Order in Docket No. ER16-236-000 et al., PSCo, on behalf of itself and SPS submitted a compliance filing in e-Tariff of revised tariff records to Attachment O-PSCo and Attachment O-SPS of the Xcel Energy OATT to be effective April 16, 2016. . On August 9, 2016, FERC issued a letter order accepting the revisions.
- Docket ER16-1772 – On May 24, 2016, PSCo, on behalf of SPS, submitted revised tariff sheets to the Xcel Energy OATT. The revisions incorporate a new Schedule 17, which is an Interconnection Switching Fee that would govern the costs that would be charged to LP&L if it disconnects its load from the transmission systems of SPS and the SPP and interconnects the load with the ERCOT. SPS also proposes certain revisions to its transmission formula rate (Attachment O-SPS to the Xcel Energy OATT) to credit the revenues collected under Schedule 17 to mitigate the impact of the LP&L disconnection on SPS's other transmission customers, and to make certain other clarifying tariff revisions. On September 20, 2016, FERC issued an order rejecting as premature the proposed revisions without prejudice.
- Docket ER16-1774 – On May 24, 2016, SPP, on behalf and at the request of SPP member WFEC, submitted revisions to its OATT to update WFEC's ATRR and to adopt a formula rate template and implementation protocols for transmission service using the transmission facilities of WFEC. On July 21, 2016, FERC issued an order accepting the tariff revisions and establishing hearing and settlement procedures. The initial settlement conference was held on August 4, 2016 and the next settlement conference is scheduled for October 4, 2016.
- Docket ER16-1814 – On May 31, 2106, SPP submitted revisions to its OATT to update the loss factor for transmission facilities owned by SPS. This filing incorporates into Attachment M of the Tariff an updated loss factor for SPS which was accepted for filing by the Commission in Docket No. ER16-1030. SPP requested an effective date of May 1, 2016, which is the same effective date of the updated loss factors accepted by the Commission in the Letter Order. On July 26, 2016, FERC issued a letter order accepting the SPP OATT revisions effective May 1, 2016.
- Docket ER16-1912 – On June 10, 2016, SPP submitted revisions to its OATT that address SPP's processes regarding out-of-merit energy. Several parties including XES filed motions to intervene in the proceeding. On July 28, 2016, FERC issued a deficiency letter requesting additional information from SPP. On September 6, 2016, SPP submitted their deficiency response.
- Docket ER16-2330 – On July 29, 2016, SPP filed a petition for waiver of certain provisions of SPP's OATT necessary to provide the option of a payment plan to entities impacted by the implementation of the revenue crediting process in Attachment Z2. Several parties including XES have filed interventions in the proceeding. On September 30, 2016, FERC granted SPP's waiver request and clarified the interest calculation.
- Docket ER16-2660 – On September 23, 2016, SPP filed a revised Schedule 1-A of the SPP OATT in order to increase the rate cap for its Tariff Administration service charge to be effective January 1, 2017. Comments are due October 14, 2016.

(j) Classification or Reclassification of Facilities from Transmission to Radial or from Radial to Transmission

As reflected in the revised 2015 True-Up and Radial Line Study, the direct assignment to Farmers' Electric Cooperative for Lopez substation has been removed. In addition, the 2015 True-Up and associated Radial Line Study were revised to reflect an additional assignment to SPS retail for the Cliffside substation.

In the Annual Update for rates to be effective January 1, 2017 through December 31, 2017, SPS uses the Radial Line Study populated with end of year 2015 balances.

There is one change to the classifications of radials directly assigned to wholesale customers.

The assignment of the 69 KV line connecting the Central Valley Electric Cooperative (CVEC) delivery point at Lusk Substation was removed as of August 1, 2015.

For assignments to SPS retail, there was a new assignment to SPS for the Portales Interchange – Kilgore 115 kV line. There were also assignments to SPS for Vega-Wildorado 69 kV line.

In addition, a small number of revisions were made to the Radial Line Study to update certain components such as circuit numbers, mileages, asset locations, and "to and from" descriptions.