Public Service Company of Colorado
P.O. BOX 840 · DENVER, COLORADO 80201

May 24, 1982

50-267

Mr. Gerome Saltzman, Chief
Antitrust & Indemnity Group
Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Annual Cash Flow Certificate

Dear Mr. Saltzman:

Enclosed please find a certified copy of financial statements of Public Service Company of Colorado for the years 1981 and 1980 and a Quarterly Report to Shareholders for the quarter ended March 31, 1982 which were inadvertently omitted from a mailing to you dated May 18, 1982.

Please accept my apologies for this oversight.

Sincerely,

Debbie L. Sago

Debbie L. Sago
Long-Term Finance Department

Enclosures (2)

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PUBLIC SERVICE COMPANY OF COLORADO
AND SUBSIDIARIES

EXHIBIT A OF FORM U-3A-2

YEAR ENDED DECEMBER 31, 1981

WITH

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
Public Service Company of Colorado

We have examined the consolidated balance sheet and the related consolidated statements of income, retained earnings and source of funds for plant construction expenditures appearing in the accompanying consolidating financial statements of Public Service Company of Colorado and subsidiaries at December 31, 1981 and for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated statements mentioned above present fairly the consolidated financial position of Public Service Company of Colorado at December 31, 1981 and the consolidated results of operations and source of funds for plant construction expenditures for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination has been made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating company information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and source of funds for plant construction expenditures of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the examination of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

ARTHUR YOUNG & COMPANY

Denver, Colorado
February 5, 1982

ASSETS	Consolidated	Eliminations	Total	Public Comp of Col
Property, plant and equipment, at cost:				
Electric	$2,063,816,831	$ -	$2,063,816,831	$2,010,9
Gas	473,065,528	-	473,065,528	321,1
Steam and other	26,608,764	640,763 (1) (46,022)(5)	26,014,023	9,5
Common to all departments	98,868,290	-	98,868,290	81,3
Construction in progress	74,347,356	-	74,347,356	68,9
	2,736,706,769	594,741	2,736,112,028	2,491,9
Less accumulated provision for depreciation and depletion	661,834,378	-	661,834,378	597,7
	2,074,872,391	594,741	2,074,277,650	1,894,2
Nuclear fuel, less accumulated provision for amortization of $3,508,934 at December 31, 1981 (Notes 1 and 11)	14,277,230	-	14,277,230	14,2
	2,089,149,621	594,741	2,088,554,880	1,908,4
Investments:				
Subsidiaries consolidated:				
Common stock (Note 1)	-	(70,461,380)(1)	70,431,358	70,4
	-	30,022 (5)		
Notes receivable	-	(3,722,026)(2)	3,722,026	3,7
Other, at cost	564,617	-	564,617	2
	564,617	(74,153,384)	74,718,001	74,4
Current assets:				
Cash	20,292,814	-	20,292,814	16,7
Temporary cash investments	4,501,625	-	4,501,625	4,5
Accounts receivable	131,943,038	-	131,943,038	116,6
Provision for uncollectible accounts	(2,353,231)	-	(2,353,231)	(2,2
Notes receivable	258,811	-	258,811	
Accounts and notes receivable from associated companies	-	(36,231,991)(2)	36,231,991	16,6
Fuel inventory, at average cost	65,704,074	-	65,704,074	65,6
Materials and supplies, at average cost	46,307,503	-	46,307,503	40,7
Cost of gas delivered but not billed to customers	37,143,018	-	37,143,018	37,1
Gas in underground storage, at cost (LIFO)	12,728,513	-	12,728,513	1,3
Prepaid expenses	3,831,685	-	3,831,685	2,4
Total current assets	320,357,850	(36,231,991)	356,589,841	299,7
Deferred charges:				
Debt expense (being amortized)	8,034,066	-	8,034,066	7,7
Other	12,862,202	-	12,862,202	7,9
	20,896,268	-	20,896,268	15,6
	$2,430,968,356	$(109,790,634)	$2,540,758,990	$2,298,3

ICE COMPANY OF COLORADO AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

December 31, 1981

Service any orado	Cheyenne Light, Fuel and Power Company	Home Light and Power Company	Western Slope Gas Company	Fuel Resources Development Company	1480 Welton, Inc.	Green and Clear Lakes Company	Bannock Center Corporation
15,586	$21,473,718	$31,402,527	$ -	$ -	$ -	$25,000	$ -
60,433	10,808,316	-	96,033,692	45,063,087	-	-	-
14,078	13,427	143,091	868	-	-	-	16,342,559
62,703	1,998,639	-	-	-	15,506,948	-	-
88,105	282,883	1,317,965	1,281,393	-	2,477,010	-	-
40,905	34,576,983	32,863,583	97,315,953	45,063,087	17,983,958	25,000	16,342,559
21,937	10,830,028	8,301,391	31,871,352	8,613,117	4,388,553	-	108,000
18,968	23,746,955	24,562,192	65,444,601	36,449,970	13,595,405	25,000	16,234,559
77,230	-	-	-	-	-	-	-
96,198	23,746,955	24,562,192	65,444,601	36,449,970	13,595,405	25,000	16,234,559
31,358	-	-	-	-	-	-	-
22,026	-	-	-	-	-	-	-
77,427	10,800	-	1,600	274,790	-	-	-
30,811	10,800	-	1,600	274,790	-	-	-
80,593	321,087	397,549	-	2,675,369	11,203	-	107,013
01,625	-	-	-	-	-	-	-
31,183	2,219,709	1,577,023	8,876,209	2,612,392	21,930	-	4,592
62,891)	(17,298)	(69,579)	-	-	-	-	(3,463)
32,750	-	-	27,221	-	198,840	-	-
92,733	-	-	17,223,720	1,538,344	427,959	-	349,235
93,243	10,831	-	-	-	-	-	-
54,624	441,561	972,783	3,525,093	613,442	-	-	-
43,018	-	-	-	-	-	-	-
22,713	-	-	11,405,800	-	-	-	-
67,648	112,777	34,484	1,205,644	4,803	5,998	-	331
57,239	3,088,667	2,912,260	42,263,687	7,444,350	665,930	-	457,708
42,403	48,850	77,163	144,225	-	21,425	-	-
09,631	3,754,200	36,516	51,939	1,010,861	99,055	-	-
52,034	3,803,050	113,679	196,164	1,010,861	120,480	-	-
36,282	$30,649,472	$27,588,131	$107,906,052	$45,179,971	$14,381,815	$25,000	$16,692,287

See accompanying notes.

CAPITAL AND LIABILITIES	Consolidated	Eliminations	Total	Publ (of
Common stock (Note 2)	$ 585,863,975	$ -	$ 585,863,975	$ 585
Common stock of subsidiaries	-	58,545,313 (1)	58,545,313	
Retained earnings (deficit):				
Retained earnings (deficit) of subsidiaries at dates of acquisition	-	2,970,333 (1)	2,970,333	
Retained earnings (deficit) (including retained earnings of subsidiaries since dates of acquisition) (Note 1)	150,165,576	8,368,712 (1)	158,534,288	150
Total common equity	736,029,551	69,884,358	805,913,909	736
Preferred stock (Note 2):				
Not subject to mandatory redemption	140,007,500	-	140,007,500	140
Subject to mandatory redemption at par	89,400,000	-	89,400,000	89
Long-term debt (Note 3)	865,659,558	3,722,026 (2)	869,381,584	814
	1,831,096,609	73,606,384	1,904,702,993	1,780
Current liabilities:				
Notes payable (Note 4)	61,130,000	-	61,130,000	44
Long-term debt due within one year	2,736,659	-	2,736,659	
Accounts payable	173,877,778	-	173,877,778	137
Accounts and notes payable to associated companies	-	36,231,991 (2)	36,231,991	19
Dividends payable	23,027,253	-	23,027,253	23
Customers' deposits	7,057,354	-	7,057,354	6
Accrued taxes	48,972,490	-	48,972,490	46
Accrued interest	17,232,684	-	17,232,684	16
Other	27,613,754	-	27,613,754	12
Total current liabilities	361,647,972	36,231,991	397,879,963	305
Deferred credits:				
Customers' advances for construction	25,279,154	-	25,279,154	24
Investment credit (being amortized over the productive lives of the related property)	127,910,718	-	127,910,718	119
Accumulated deferred income taxes (Notes 1 and 8)	63,768,925	16,000 (5)	63,784,925	47
Other	21,264,978	(63,741)(1)	21,201,237	21
	238,223,775	(47,741)	238,176,034	212
Commitments and contingencies (Note 6)				
	$2,430,968,356	$109,790,634	$2,540,758,990	$2,298

RVICE COMPANY OF COLORADO AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

December 31, 1981

c Service Company Colorado	Cheyenne Light, Fuel and Power Company	Home Light and Power Company	Western Slope Gas Company	Fuel Resources Development Company	1480 Welton, Inc.	Green and Clear Lakes Company	Bannock Center Corporation
,863,975	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	3,000,000	5,870,313	14,500,000	25,300,000	50,000	25,000	9,800,000
-	69,139	2,935,453	(34,259)	-	-	-	-
,165,576	5,174,503	3,381,774	9,248,836	(11,932,673)	2,888,571	-	(392,299)
,029,551	8,243,642	12,187,540	23,714,577	13,367,327	2,938,571	25,000	9,407,701
,007,500	-	-	-	-	-	-	-
,400,000	-	-	-	-	-	-	-
,642,925	6,220,000	7,164,000	30,004,000	1,066,015	9,121,846	-	1,162,798
,079,976	14,463,642	19,351,540	53,718,577	14,433,342	12,060,417	25,000	10,570,499
,255,000	5,700,000	1,375,000	9,800,000	-	-	-	-
-	47,500	442,000	1,000	1,566,016	553,602	-	126,541
,805,090	5,192,387	288,831	20,982,387	3,650,659	101,294	-	5,857,130
,214,891	288,283	1,594,400	288,549	13,510,000	1,300,050	-	35,818
,026,795	-	458	-	-	-	-	-
,498,099	131,181	428,074	-	-	-	-	-
,290,161	236,001	689,874	877,477	570,856	245,573	-	62,548
,319,412	162,309	288,225	256,488	114,846	56,494	-	34,910
,443,522	218,620	169,427	14,777,335	-	29	-	4,821
,852,970	11,976,281	5,276,289	46,983,236	19,412,377	2,257,042	-	6,121,768
,033,716	956,568	-	288,870	-	-	-	-
,421,661	1,468,362	1,568,377	5,005,445	400,519	48,354	-	-
,889,661	1,784,603	1,391,925	1,884,689	10,818,047	16,000	-	-
,058,298	16	-	27,235	115,686	2	-	-
,403,336	4,209,549	2,960,302	7,204,239	11,334,252	64,356	-	-
,336,282	$30,649,472	$27,588,131	$107,906,052	$45,179,971	$14,381,815	$25,000	$16,692,267

See accompanying notes.

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	Consolidated	Eliminations	Total
Operating revenues:			
Electric	$ 742,103,701	$ 15,581,113 (3)	$ 757,684,814
Gas	582,434,647	110,003,216 (3)	692,437,863
Other	11,632,978	1,747,022 (3)	13,380,000
	1,336,171,326	127,331,351	1,463,502,677
Operating expenses:			
Fuel used in generation	171,656,761	(807,285)(3)	172,464,046
Gas purchased for resale	462,291,450	(109,195,931)(3)	571,487,381
Purchased power	113,235,401	(15,117,630)(3)	128,353,031
Other operating expenses	192,638,676	(2,210,505)(3)	194,849,181
Maintenance	49,735,551	-	49,735,551
Depreciation (Note 1)	73,642,622	-	73,642,622
Taxes (other than income taxes) (Note 9)	64,001,212	-	64,001,212
Income taxes (Notes 1, 6 and 8)	67,913,960	-	67,913,960
	1,195,115,633	(127,331,351)	1,322,446,984
Operating income	141,055,693	-	141,055,693
Other income and deductions:			
Allowance for equity funds used during construction (Note 1)	17,647,685	-	17,647,685
Equity in earnings of consolidated subsidiaries	-	2,891,340 (1)	2,891,340
Interest from subsidiaries	-	2,798,984 (4)	2,798,984
Miscellaneous income and deductions - net	5,816,396	6,485 (1)	5,822,881
	164,519,774	5,696,809	170,216,583
Interest charges:			
Interest on long-term debt	66,480,764	-	66,480,764
Amortization of debt discount and expense less premium (Note 1)	649,853	-	649,853
Other interest	7,667,011	(2,798,984)(4)	10,465,995
Allowance for borrowed funds used during construction (Note 1)	(11,032,535)	-	(11,032,535)
	63,765,093	(2,798,984)	66,564,077
Net income (loss)	100,754,681	2,897,825	103,652,506
Dividend requirements on preferred stock	16,660,750	-	16,660,750
Earnings available for common stock	$ 84,093,931	$ 2,897,825	$ 86,991,756
Average common shares outstanding	42,728,040		
Earnings per average share of common stock outstanding	$1.97		

BLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF INCOME

Year ended December 31, 1981

Public Service Company of Colorado	Cheyenne Light, Fuel and Power Company	Home Light and Power Company	Western Slope Gas Company	Fuel Resources Development Company	1480 Welton, Inc.	Bannock Center Corporation
$ 723,517,526	$10,870,028	$23,297,260	$ -	$ -	$ -	$ -
488,490,433	40,118,492	-	158,578,808	5,250,130	-	-
7,197,270	-	-	-	4,239,825	1,733,282	209,623
1,219,205,229	50,988,520	23,297,260	158,578,808	9,489,955	1,733,282	209,623
172,431,622	32,424	-	-	-	-	-
394,361,665	36,176,544	-	140,949,172	-	-	-
108,314,199	4,921,202	15,117,630	-	-	-	-
177,328,346	4,074,573	2,407,070	6,914,781	3,830,762	112,317	181,332
47,541,356	671,081	410,186	1,091,688	-	-	21,240
67,119,774	910,848	878,411	3,282,786	1,088,519	254,284	108,000
58,991,458	1,513,911	1,073,899	1,287,291	884,110	215,972	34,571
65,860,207	508,900	1,191,257	701,267	(102,355)	125,684	(371,000)
1,091,948,627	48,809,483	21,078,453	154,226,985	5,701,036	708,257	(25,857)
127,256,602	2,179,037	2,218,807	4,351,823	3,788,919	1,025,025	235,480
17,638,481	-	-	9,204	-	-	-
2,891,340	-	-	-	-	-	-
2,798,984	-	-	-	-	-	-
5,254,884	(76,254)	(13,352)	301,358	302,182	50,620	3,443
155,840,291	2,102,783	2,205,455	4,662,385	4,091,101	1,075,645	238,923
60,066,170	424,325	646,898	2,585,575	1,844,014	316,668	597,114
630,470	3,091	5,641	8,594	-	2,057	-
5,153,301	795,439	312,986	1,355,855	2,291,908	522,398	34,108
(10,764,331)	(15,149)	-	(193,912)	(56,504)	(2,639)	-
55,085,610	1,207,706	965,525	3,756,112	4,079,418	838,484	631,222
100,754,681	895,077	1,239,930	906,273	11,683	237,161	(392,299)
16,660,750	-	-	-	-	-	-
$ 84,093,931	$ 895,077	$ 1,239,930	$ 906,273	$ 11,683	$ 237,161	$(392,299)

See accompanying notes.

	Consolidated	Eliminations	Total
Retained earnings (deficit) at December 31, 1980	$141,247,842	$ 8,814,571	$150,062,413
Net income (loss)	100,754,681	6,485 (a) 2,891,340 (b)	103,652,506
	242,002,523	11,712,396	253,714,919
Dividends:			
On cumulative preferred stock:			
$100 par value:			
4.20% series	420,000	-	420,000
4-1/4% series	743,750	-	743,750
4-1/2% series	292,500	-	292,500
4.64% series	742,400	-	742,400
4.90% series	735,000	-	735,000
4.90% 2nd series	735,000	-	735,000
7.15% series	1,787,500	-	1,787,500
7.50% series	2,250,000	-	2,250,000
8.40% series	2,889,600	-	2,889,600
12.50% series	3,125,000	-	3,125,000
$25 par value:			
8.40% series	2,940,000	-	2,940,000
	16,660,750	-	16,660,750
On common stock:			
$1.68 per share (consolidated)	72,984,106	1,836 (a) 349,125 (b)	73,335,067
	89,644,856	350,961	89,995,817
Expense of issuing stock and other adjustments	2,192,091	118 (a)	2,192,209
Retained earnings (deficit) at December 31, 1981	$150,165,576	$11,361,317	$161,526,893

(a) Elimination of minority interest.

(b) Elimination of intercompany investment, earnings and dividends.

UBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1981

Public Service Company of Colorado	Cheyenne Light, Fuel and Power Company	Home Light and Power Company	Western Slope Gas Company	Fuel Resources Development Company	1480 Welton, Inc.	Bannock Center Corporation
$141,247,842	$4,348,565	$5,450,648	$8,308,304	$(11,944,356)	$2,651,410	$ -
100,754,681	895,077	1,239,930	906,273	11,683	237,161	(392,299)
242,002,523	5,243,642	6,690,578	9,214,577	(11,932,673)	2,888,571	(392,299)
420,000	-	-	-	-	-	-
743,750	-	-	-	-	-	-
292,500	-	-	-	-	-	-
742,400	-	-	-	-	-	-
735,000	-	-	-	-	-	-
735,000	-	-	-	-	-	-
1,787,500	-	-	-	-	-	-
2,250,000	-	-	-	-	-	-
2,889,600	-	-	-	-	-	-
3,125,000	-	-	-	-	-	-
2,940,000	-	-	-	-	-	-
16,660,750	-	-	-	-	-	-
72,984,106	-	350,961	-	-	-	-
89,644,856	-	350,961	-	-	-	-
2,169,819	-	22,390	-	-	-	-
$150,187,848	$5,243,642	$6,317,227	$9,214,577	$(11,932,673)	$2,888,571	$(392,299)

See accompanying notes.

	Consolidated	Eliminations	Total
Source of funds:			
Funds from operations:			
Net income (loss)	$100,754,681	$ (6,485)(a) (2,891,340)(b)	$103,652,506
Non-cash charges (credits) against income not involving working capital in the current period:			
Depreciation charged to operating expenses	73,642,622	-	73,642,622
Depreciation charged to clearing and other accounts	6,000,504	-	6,000,504
Allowance for funds used during construction	(28,680,220)	-	(28,680,220)
Investment credit - net of amortization	22,147,532	-	22,147,532
Deferred income taxes	22,578,863	-	22,578,863
Funds from operations	196,443,982	(2,897,825)	199,341,807
Dividends:			
On preferred stock	(16,660,750)	-	(16,660,750)
On common stock	(72,984,106)	1,836 (a) 349,125 (b)	(73,335,067)
Funds retained in the business	106,799,126	(2,546,864)	109,345,990
Funds from financing - net proceeds:			
Proceeds from sale of common stock	69,154,037	(24,800,000)(b)	93,954,037
Proceeds from sale of first mortgage bonds	49,530,473	-	49,530,473
Proceeds from sale of pollution control bonds and notes	28,489,187	-	28,489,187
Proceeds from issue of long-term notes	1,632,839	(1,459,950)(b)	3,092,789
Funds from financing	148,806,536	(26,259,950)	175,066,486
Funds from Settlement Agreement (Note 11)	7,992,938	-	7,992,938
Reduction in long-term debt	(54,610,813)	-	(54,610,813)
Other sources (applications) - net	685,951	28,806,814 (a)(b)	(28,120,863)
Total funds available	209,673,738	-	209,673,738
Increase (decrease) in working capital	(18,392,786)	-	(18,392,786)
Net plant construction expenditures	228,066,524	-	228,066,524
Allowance for funds used during construction	28,680,220	-	28,680,220
Gross plant construction expenditures	$256,746,744	$ -	$256,746,744

See followi

(a) Elimination of minority interest.

(b) Elimination of intercompany investment, earnings and dividends.

IC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF SOURCE OF FUNDS
FOR PLANT CONSTRUCTION EXPENDITURES

Year ended December 31, 1981

Public Service Company of Colorado	Cheyenne Light, Fuel and Power Company	Home Light and Power Company	Western Slope Gas Company	Fuel Resources Development Company	1480 Welton, Inc.	Bannock Center Corporation
$100,754,681	$ 895,077	$1,239,930	$ 906,273	$ 11,683	$ 237,161	$ (392,299)
67,119,774	910,848	878,411	3,282,786	1,088,519	254,284	108,000
5,696,069	82,098	74,214	148,123	-	-	-
(28,402,812)	(15,149)	-	(203,116)	(56,504)	(2,639)	-
20,461,295	240,304	225,175	1,146,006	68,477	6,275	-
18,593,596	245,542	161,216	869,509	2,734,000	(25,000)	-
184,222,603	2,358,720	2,578,946	6,149,581	3,846,175	470,081	(284,299)
(16,660,750)	-	-	-	-	-	-
(72,984,106)	-	(350,961)	-	-	-	-
94,577,747	2,358,720	2,227,985	6,149,581	3,846,175	470,081	(284,299)
69,154,037	-	-	-	15,000,000	-	9,800,000
49,530,473	-	-	-	-	-	-
28,489,187	-	-	-	-	-	-
-	-	-	-	-	1,803,450	1,289,339
147,173,697	-	-	-	15,000,000	1,803,450	11,089,339
7,992,938	-	-	-	-	-	-
(27,967,817)	(47,500)	(442,000)	(1,000)	(25,466,015)	(559,940)	(126,541)
(25,269,764)	(3,538,906)	43,055	141,693	59,176	443,883	-
196,506,801	(1,227,686)	1,829,040	6,290,274	(6,560,664)	2,157,474	10,678,499
9,496,142	(3,638,480)	(363,611)	(3,999,598)	(12,894,748)	(1,328,431)	(5,664,060)
187,010,659	2,410,794	2,192,651	10,289,872	6,334,084	3,485,905	16,342,559
28,402,812	15,149	-	203,116	56,504	2,639	-
$215,413,471	$2,425,943	$2,192,651	$10,492,988	$ 6,390,588	$3,488,544	$16,342,559

ng page for changes in components of working capital.

See accompanying notes.

	Consolidated	Eliminations	Total
Increase (decrease) in components of working capital:			
Current assets:			
Cash	$ 11,384,351	$ -	$ 11,384,351
Temporary cash investments	551,142	-	551,142
Accounts and notes receivable	6,690,977	-	6,690,977
Accounts and notes receivable from associated companies	-	(19,481,645)(c)	19,481,645
Fuel inventory	5,025,116	-	5,025,116
Materials and supplies	6,474,032	-	6,474,032
Other	10,630,718	-	10,630,718
	40,756,336	(19,481,645)	60,237,981
Current liabilities:			
Notes payable	52,020,052	-	52,020,052
Long-term debt due within one year	(14,489,364)	-	(14,489,364)
Accounts payable	11,569,071	-	11,569,071
Accrued liabilities	8,980,934	-	8,980,934
Accounts and notes payable to associated companies	-	(19,481,645)(c)	19,481,645
Other	1,068,429	-	1,068,429
	59,149,122	(19,481,645)	78,630,767
Increase (decrease) in working capital	$(18,392,786)	$ -	$(18,392,786)

(c) Elimination of increase (decrease) in intercompany receivables and payables.

SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NSOLIDATING STATEMENT OF SOURCE OF FUNDS
FOR PLANT CONSTRUCTION EXPENDITURES

(CONTINUED)

Year ended December 31, 1981

Public Service Company of Colorado	Cheyenne Light, Fuel and Power Company	Home Light and Power Company	Western Slope Gas Company	Fuel Resources Development Company	1480 Welton, Inc.	Bannock Center Corporation
$ 8,562,175	$ 59,745	$ 254,136	$ -	$ 2,401,389	$ (107)	$ 107,013
2,502,667	(504)	-	(1,951,021)	-	-	-
6,457,747	(71,448)	(78,043)	2,204,701	(1,851,895)	28,786	1,129
15,298,117	-	-	3,288,899	432,032	113,362	349,235
5,031,904	(6,788)	-	-	-	-	-
4,735,794	(32,074)	10,978	2,036,621	(277,287)	-	-
8,238,537	(2,562,978)	15,013	4,947,849	(13,882)	5,848	331
50,826,941	(2,614,047)	202,084	10,527,049	690,357	147,889	457,708
44,255,000	720,000	(275,000)	7,320,052	-	-	-
(15,000,000)	-	309,000	-	-	75,095	126,54[illegible]
1,122,758	576,056	93,412	3,166,236	653,599	99,880	5,857,130
9,731,537	(115,185)	(15,332)	(156,393)	(562,446)	1,295	97,458
4,141,710	97,062	391,005	6,000	13,510,000	1,300,050	35,818
(2,920,206)	(253,500)	62,610	4,190,752	(16,048)	-	4,821
41,330,799	1,024,433	565,695	14,526,647	13,585,105	1,476,320	6,121,768
$ 9,496,142	$(3,638,480)	$(363,611)	$(3,999,598)	$(12,894,748)	$(1,328,431)	$(5,664,060)

See accompanying notes.

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

1. Summary of significant accounting policies

Consolidation:

The Company follows the practice of consolidating the accounts of its significant subsidiaries.

The excess of the Company's investment in consolidated subsidiaries at December 31, 1981, as shown by its books on the equity method, over the underlying book equity of its consolidated subsidiaries at the respective dates of acquisition is $40,641,789, represented by the following:

Accumulated undistributed earnings of consolidated subsidiaries since dates of acquisition	$ 8,351,026
Capital transactions after date of acquisition	31,650,000
Excess of cost over net equity of consolidated subsidiaries at dates of acquisition	640,763
Total	$40,641,789

Depreciation policy:

The Company and its subsidiaries, except Fuel Rescurces Development Co. (Fuelco), use straight-line depreciation f r accounting purposes. Composite rates are used for the various classes of depreciable assets.

Depreciation rates include provisions for disposal and removal costs of property, plant and equipment, including the nuclear plant. Total depreciation expense approximates

1. Summary of significant accounting policies (continued)

Depreciation policy: (continued)

an annual rate of 3.45% on the average cost of depreciable properties. Fuelco uses the unit-of-production depreciation method for accounting purposes. For income tax purposes, the Company and its subsidiaries use accelerated depreciation and other elections provided by the tax laws.

Pursuant to an order of the Public Utilities Commission of the State of Colorado (CPUC), the composite depreciation rates include a provision for the estimated cost of decommissioning the nuclear plant after its service life. Funds equal to the provision for decommissioning costs are transferred to an independent trustee and can be used only for the decommissioning of the nuclear plant.

Replacements and betterments representing units of property are capitalized. Items that represent less than units of property are charged to operations as maintenance. The cost of units of property retired, together with cost of removal, less salvage, is charged in full against the accumulated provision for depreciation.

Amortization of nuclear fuel:

Under the Settlement Agreement with General Atomic Company, the prime contractor for the Fort St. Vrain Nuclear Generating Station, the Company received ownership of the reactor core and all fuel elements at the Fort St. Vrain Nuclear Generating Station as of January 1, 1979, and the General Atomic Company agreed to make available to the Company, at no charge (except certain possible incremental

1. Summary of significant accounting policies (continued)

Amortization of nuclear fuel: (continued)

costs), nuclear fuel elements sufficient to operate the plant at 200 Mw at 60% capacity through December 31, 1984, or until 16,166,400 Mwh thermal are produced, or could have been produced, whichever is earlier. The nuclear fuel has been assigned a fair value and recorded on the balance sheet as property, plant and equipment, with a corresponding credit to miscellaneous deferred income.

For income tax purposes, the nuclear fuel and spare parts have been treated as income. The assigned cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced for the generation of electric energy with a like amount credited to miscellaneous income. The Company's policy is to include in the cost of nuclear fuel a provision for spent fuel disposal costs. The Company expects that the reimbursement from the supplier of the nuclear fuel (see Note 11) is adequate to provide for the disposal costs of the fuel presently in use.

Deferred income taxes:

In an order dated November 1, 1977, the CPUC allowed as an operating expense a provision for certain deferred income taxes resulting from the use of accelerated depreciation on property additions made on or after December 1, 1975. Effective December 1, 1977, the Company began providing for these deferred income taxes. The CPUC in an order dated December 1, 1981, with respect to the Company's application for a rate increase, authorized the Company to take advantage of the Accelerated Cost Recovery System (ACRS) normalization provided by the Economic Recovery Tax

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

1. Summary of significant accounting policies (continued)

Deferred income taxes: (continued)

Act of 1981 (ERTA) for property acquired after December 31, 1980. Deferred taxes are not provided on other book-tax differences, except for differences in amortization relating to certain pollution control facilities, the nuclear fuel and spare parts.

In an order dated November 14, 1978, the CPUC allowed Western Slope Gas Company to include as an operating expense the provision for deferred income taxes resulting from the use of accelerated depreciation on property additions made on or after April 1, 1977. Deferred taxes are not provided on other book-tax differences.

In accordance with an order dated June 13, 1969, from the Public Service Commission of Wyoming, Cheyenne Light, Fuel and Power Company provides for deferred federal income taxes on the difference between depreciation as computed for accounting purposes and tax purposes.

In accordance with an order from the CPUC, Home Light and Power Company provides for deferred income taxes on the difference between depreciation as computed for accounting purposes and tax purposes.

In accordance with the requirements of the Financial Accounting Standards Board, Fuelco provides for deferred income taxes applicable to exploration and development costs. Fuelco also provides for deferred income taxes on certain other book-tax differences.

1. Summary of significant accounting policies (continued)

Investment credit:

The investment credit provided by ERTA and investment credits provided by previous tax laws are being deferred and amortized to income over the productive lives of the related property.

The Employee Stock Ownership Plan was established, effective January 1, 1976, to enable the Company to claim under the Tax Reduction Act of 1975 and the Tax Reform Act of 1976, an additional one percent investment credit on its consolidated federal tax return for contributions to a trustee for eligible employees. Contributions are made in cash or the Company's Common Stock and, if cash, are invested in the Company's Common Stock. The Plan also enables the Company to claim an additional one-half percent investment credit to the extent of employee contributions which are to be matched by the Company. The Plan also permits limited additional contributions by employees.

Amortization of debt premium, discount and expense:

Debt premium, discount and expense is being amortized by charges to income over the respective original lives of the applicable issues.

Allowance for funds used during construction (AFDC):

AFDC, which does not represent current cash earnings, is defined in the system of accounts prescribed by the Federal Energy Regulatory Commission (FERC) and the CPUC as the net cost during the period of construction

1. Summary of significant accounting policies (continued)

Allowance for funds used during construction (AFDC): (continued)

of borrowed funds used for construction purposes, and a reasonable rate on funds derived from other sources. In accordance with such system of accounts, the Company capitalizes AFDC as a part of the cost of utility plant, with a credit to nonoperating income for the portion of AFDC attributable to equity funds and a reduction of interest charges for the portion of AFDC attributable to borrowed funds. The capitalization of AFDC results in the inclusion of AFDC in rate base and the recovery thereof through future billings to customers. In its November 1977 order, the CPUC directed that in the future, the Company is to capitalize AFDC at its authorized rate of return, but not to exceed the amount allowed by the formula prescribed by the FERC. Accordingly, the rates used by the Company in 1981 were 10.19% for the first eleven months and 10.75% for December. These rates represented the Company's authorized rates of return at that time and did not exceed the amount allowed by the formula prescribed by the FERC.

Revenues:

The Company reads customers' meters on a cycle basis, and renders bills each month. Revenues are recorded when the customers are billed.

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

2. Capital stock

	Shares	Amount
Cumulative preferred stock, $100 par value:		
Authorized	3,000,000	
Issued and outstanding:		
Not subject to mandatory redemption:		
4.20% series	100,000	$ 10,000,000
4-1/4% series (includes $7,500 premium)	175,000	17,507,500
4-1/2% series	65,000	6,500,000
4.64% series	160,000	16,000,000
4.90% series	150,000	15,000,000
4.90% 2nd series	150,000	15,000,000
7.15% series	250,000	25,000,000
Total	1,050,000	$105,007,500
Subject to mandatory redemption:		
7.50% series	300,000	$ 30,000,000
8.40% series	344,000	34,400,000
12.50% series	250,000	25,000,000
Total	894,000	$ 89,400,000
Cumulative preferred stock ($25), $25 par value:		
Authorized	4,000,000	
Issued and outstanding:		
Not subject to mandatory redemption:		
8.40% series	1,400,000	$ 35,000,000
Common stock, $5 par value:		
Authorized	80,000,000	
Issued and outstanding	44,895,939	$224,479,695
Premium on common stock		361,343,857
Installments received from employees on subscriptions aggregating $122,925 for 8,195 shares		40,423
		$585,863,975

2. Capital stock (continued)

Changes in common stock and premium on common stock for 1981 are as follows:

	Price range per share	Common stock	Premium on common stock
Balance, December 31, 1980		$199,948,765	$314,442,210
895,405 shares sold under Dividend Reinvestment Plan	$12.94 to 14.69	4,477,025	7,529,815
475,073 shares sold under Employee Stock Ownership Plan	$13.50 to 14.56	2,375,365	4,114,189
21,960 shares sold to employees	$11.50	109,800	142,740
12,041 shares sold to employees	$13.13	60,205	97,833
3,501,707 shares sold to the public and employees	$15.00	17,508,535	35,017,070
Balance, December 31, 1981		$224,479,695	$361,343,857

The preferred stock may be redeemed at the option of the Company upon at least 30, but not more than 60 days' notice, in accordance with the following schedule of prices plus an amount equal to the accrued dividends to the date fixed for redemption:

2. Capital stock (continued)

$100 par value:

Not subject to mandatory redemption:

4.20% series: $101; 4-1/4% series: $101; 4-1/2% series: $101; 4.64% series: $101; 4.90% series: $101; 4.90% 2nd series: $101; 7.15% series: $105 prior to March 1, 1982, $102.50 thereafter but prior to March 1, 1987, and $101 on and after that date.

Subject to mandatory redemption:

7.50% series: $112 on or prior to August 31, 1983, $105 on or prior to August 31, 1984, and reducing each year thereafter by $.25 per share until August 31, 2003, after which the redemption price is $100; 8.40% series: $112 on or prior to July 31, 1984, $105 on or prior to July 31, 1985, and reducing each year thereafter by $.25 per share until July 31, 2004, after which the redemption price is $100; 12.50% series: $106.25 on or prior to June 30, 1984 (not callable prior to July 1, 1983), $105.21 on or prior to June 30, 1985, $104.17 on or prior to June, 30, 1986, $103.13 on or prior to June 30, 1987, $102.09 on or prior to June 30, 1988, $101.05 on or prior to June 30, 1989, after which the redemption price is $100.

Starting in 1984 and in each year thereafter, the Company will offer to repurchase up to 12,000 shares of the 7.50% series at $100 per share, plus accrued dividends to the date set for repurchase; starting in 1985 and in each year thereafter, the Company will offer

2. Capital stock (continued)

Subject to mandatory redemption: (continued)

to repurchase up to 13,760 shares of the 8.40% series at $100 per share, plus accrued dividends to the date set for repurchase; starting in 1986 and in each year thereafter, the Company will set aside in a sinking fund an amount sufficient for the redemption of 50,000 shares of the 12.50% series at $100 per share, plus accrued dividends to the date set for repurchase. The Company shall be entitled, at its option, on any one of the sinking fund redemption dates, to redeem up to 50,000 shares of the 12.50% series, in addition to the shares otherwise required to be redeemed on such sinking fund redemption date, at $100 per share plus an amount equal to the accrued and unpaid dividends thereon to such sinking fund redemption date; provided, however, that the option of the Company to so redeem up to 50,000 additional shares of the 12.50% series may be exercised only once.

$25 par value:

Not subject to mandatory redemption:

8.40% series: $26.50 prior to December 1, 1986, $25.75 thereafter but prior to December 1, 1991, and $25.25 on or after that date.

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

3. Long-term debt

Public Service Company of Colorado:	
First mortgage bonds:	
3-1/8% series, due October 1, 1984	$ 20,000,000
15% series, due March 1, 1987	50,000,000
4-3/8% series, due May 1, 1987	30,000,000
4-5/8% series, due May 1, 1989	20,000,000
4-1/2% series, due October 1, 1991	30,000,000
4-5/8% series, due March 1, 1992	8,800,000
4-1/2% series, due June 1, 1994	35,000,000
5-3/8% series, due May 1, 1996	35,000,000
5-7/8% series, due July 1, 1997	35,000,000
6-3/4% series, due July 1, 1998	25,000,000
8-3/4% series, due September 1, 2000	35,000,000
7-1/4% series, due February 1, 2001	40,000,000
7-1/2% series, due August 1, 2002	50,000,000
7-5/8% series, due June 1, 2003	50,000,000
9-3/8% series, due October 1, 2005	49,500,000
8-1/4% series, due November 1, 2007	50,000,000
9-1/4% series, due October 1, 2008	50,000,000
16-1/4% series, due December 1, 2011	50,000,000
Pollution Control Series A, 5-7/8%, due March 1, 2004	24,000,000
Pollution Control Series B:	
6-5/8%, due December 1, 1985	10,500,000
7-1/8%, due December 1, 1990	2,000,000
7-5/8%, due December 1, 1995	2,500,000
8%, due December 1, 2004	35,000,000
Pollution Control Series C:	
7-1/4%, due October 1, 2004	15,000,000
7-3/8%, due October 1, 2005	1,960,000
7-3/8%, due October 1, 2006	2,105,000
7-3/8%, due October 1, 2007	2,260,000
7-3/8%, due October 1, 2008	2,425,000
7-3/8%, due October 1, 2009	26,250,000
Pollution Control Series D:	
13-3/4% due November 1, 2011	27,380,000
Less amounts held in construction fund	(424,960)
Unamortized premium	1,368,228
Unamortized discount	(980,343)
	814,642,925

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

3. Long-term debt (continued)

Cheyenne Light, Fuel and Power Company:	
First mortgage bonds:	
3-3/4% series, due May 1, 1985	892,500
5-1/2% series, due April 1, 1990	1,327,500
7-7/8% series, due April 1, 2003	4,000,000
Western Slope Gas Company:	
Unsecured promissory notes:	
10%, due September 25, 1986	4,000
7-3/4%, due December 1, 1997	20,000,000
10.35%, due December 1, 1999	10,000,000
1480 Welton, Inc.:	
4-3/4% secured notes, payable in equal quarterly installments of $168,388 to June 1, 1992 covering principal and interest	5,125,689
6% - 12% mortgage notes payable, due in installments through 1987	130,131
Secured promissory note, due in annual installments to January 9, 1984. Interest rate at prime less 2% (18-1/2% in 1981)	144,000
Fuel Resources Development Co.:	
Unsecured note payable (effective interest rate 7-1/4%), due in annual principal installments of $1,066,016 through 1983	1,066,015
Home Light and Power Company:	
First mortgage bonds:	
4% series, due February 1, 1986	375,000
5-1/2% series, due September 1, 1989	335,000
6% series, due April 1, 1997	711,000
7-7/8% series, due December 1, 2002	2,163,000
10-3/8% series, due January 1, 2003	3,580,000
Bannock Center Corporation:	
5-1/8% - 14% mortgage notes payable, due in installments through 1996	1,162,798
	$865,659,558

3. Long-term debt (continued)

The 4-3/4% notes of 1480 Welton, Inc. are secured by a mortgage on land in downtown Denver and an assignment of the lease between 1480 Welton, Inc. and the Company under which the latter is the lessee of the office building located thereon.

The Company has agreed to make such advances to Western Slope Gas Company, Fuel Resources Development Co. and 1480 Welton, Inc. as may be required for those companies to meet their obligations under their existing long-term debt.

The aggregate annual maturities and sinking fund requirements during the five years subsequent to December 31, 1981 are: \$6,138,000 (1982), \$6,138,000 (1983), \$25,938,000 (1984), \$16,438,000 (1985), and \$5,938,000 (1986) for the Company; and \$2,791,000 (1982), \$1,971,000 (1983), \$985,000 (1984), \$2,381,000 (1985), and \$1,893,000 (1986) for its subsidiaries. The Company has been satisfying its sinking fund obligations through the application of property additions, and Cheyenne Light, Fuel and Power Company has been satisfying \$60,000 annually through the application of property additions.

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

4. Notes payable

Information regarding notes payable for the year ended December 31, 1981 is as follows:

Notes payable to banks (weighted average interest rate 13.29% at December 31, 1981)	$ 27,075,000
Commercial paper (weighted average interest rate 13.24% at December 31, 1981)	34,055,000
	$ 61,130,000

Maximum amount outstanding at any month-end during the period	$106,075,000

Weighted average amount (based on the daily outstanding balance) outstanding for the period (weighted average interest rate 16.24% for the year ended December 31, 1981)	$ 34,451,813

5. Bank lines of credit, compensating bank balances and bankers' acceptance facilities

Arrangements for bank lines of credit totaled $117,597,000 at December 31, 1981. These lines consisted of $23,297,000 maintained by compensating balances and $94,300,000 maintained by fee payments in lieu of balances. The compensating bank balance arrangements provide that the Company maintain average compensating balances in the amount of $2,329,700 for the period ending December 31, 1981, and do not legally restrict the right of the Company to withdraw these compensating cash balances. These bank lines of

5. Bank lines of credit, compensating bank balances and bankers' acceptance facilities (continued)

credit are also used to support the Company's issuance of commercial paper. Arrangements for bankers' acceptance facilities amounting to $10,000,000 were available at December 31, 1981. These arrangements are not supported by either fees or compensating balances.

6. Commitments and contingencies

Commitments made by the Company for the purchase of various items of plant and equipment aggregated approximately $149,000,000 at December 31, 1981.

The aggregate estimated annual commitments as of December 31, 1981 under long-term leases are as follows:

Year	Commitments (Thousands of dollars)
1982	$1,693
1983	1,518
1984	1,411
1985	1,242
1986	1,218
1987-1991	5,502
1992-1996	3,479
1997-2001	683

The Company has entered into various leases for transportation equipment and miscellaneous office equipment which would be classified as capital leases as defined by the

6. Commitments and contingencies (continued)

Securities and Exchange Commission and the Financial Accounting Standards Board in Statement No. 13, "Accounting for Leases." The Company has been advised by the CPUC that it has not adopted Financial Accounting Statement No. 13 and it has instructed the Company to continue to adhere to the existing Uniform System of Accounts. Had these leases been capitalized, the balance sheet at December 31, 1981 would include in property, plant and equipment $11,074,000 representing capitalized leases with an accumulated amortization of $1,351,000. Long-term debt would include noncurrent obligations under capital leases of $9,153,000 and current liabilities would include current obligations under capital leases of $770,000. The charges to the income statement representing total lease payments recorded as rent expense were $87,000 less than the amount that would have been charged as amortization and interest expense had these leases been capitalized.

The Internal Revenue Service has under examination the Federal income tax returns of the Company and certain of its subsidiaries for 1973 through 1979. The examiners propose to include in income Fort St. Vrain Nuclear Generating Station contract refunds applied to plant costs and part of the 1979 contract settlement. The Company is resisting these proposals and believes that the final outcome of these matters will not have a material effect on the reported financial position or results of operations of the Company.

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

7. Retirement plan

Total provision for pension expense under the Company's noncontributory defined benefit retirement plan covering all eligible employees was $13,708,000 in 1981. The Company's policy is to fund pension cost accrued. A comparison of accumulated plan benefits and plan net assets as of the end of the plan's fiscal year, June 30, 1981, is presented below (in thousands of dollars):

Actuarial present value of accumulated plan benefits:	
Vested	$ 85,000
Nonvested	8,000
Total	$ 93,000
Market value of net assets available for benefits	$140,625

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 9-1/2% for the fiscal year ended June 30, 1981. The actuarial present value of accumulated plan benefits is essentially based on employees' history of pay and service and other appropriate factors as of the benefit valuation date, and does not include anticipated future increases in employee compensation. An evaluation of accumulated plan benefits as of December 31, 1981, was not made. However, the market value of the net assets available for benefits at that date was approximately $144,057,000.

Effective December 1, 1978, the Company's Board of Directors began authorizing supplemental payments to retired employees and surviving beneficiaries for employees who retired prior

7. Retirement plan (continued)

to January 1, 1977. These payments were approximately $472,000 in 1981. They do not constitute an employee pension benefit plan and are subject to approval annually. Payments are made from the general assets of the Company.

8. Income tax expense

Total income tax expense was less than the amount computed by applying the federal statutory rate to pre-tax accounting income. The reasons for this difference are as follows:

Tax computed at statutory rate on pre-tax accounting income	$77,701,708
Increase (decrease) in tax from:	
Difference between tax and book depreciation	4,254,515
Allowance for funds used during construction	(13,166,909)
Amortization of investment credit	(4,399,106)
State income taxes, net of federal income tax benefit	2,399,281
Other - net	1,124,471
Total income tax expense	$67,913,960

8. Income tax expense (continued)

Income tax expense consists of the following:

Current income taxes:	
Federal	$22,148,797
State	1,038,768
	23,187,565
Deferred income taxes:	
Nuclear fuel and spare parts	1,264,000
Accelerated amortization	438,914
Accelerated depreciation	18,216,949
Intangible drilling costs	1,466,000
Capitalized interest	25,000
Lease and well impairments - net	1,168,000
	22,578,863
Charge equivalent to reduction in income taxes due to deferred investment tax credit, net of amortization	22,147,532
Total income tax expense	$67,913,960

The Company has state investment tax credit carryovers of $6,102,586, expiring in 1987 and 1988, available to offset future state income taxes.

9. Taxes (other than income taxes)

Real estate and personal property taxes	$33,666,847
Franchise taxes	16,663,875
Social security taxes	9,968,737
City and state use taxes	3,794,082
Miscellaneous taxes	2,296,512
	$66,390,053
Charged:	
Directly to income:	
Operating expenses	$64,001,172
Other	158,490
To property, plant and equipment and various clearing accounts	2,230,391
	$66,390,053

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1980

10. Segments of business

Segment information for the year ended December 31, 1981 is as follows:

	Electric	Gas	Other	Total
		(Thousands of dollars)		
Operating revenues	$ 742,104	$582,434	$11,633	$1,336,171
Operating expenses, excluding depreciation	501,238	547,071	5,249	1,053,558
Depreciation	58,157	13,753	1,733	73,643
Total operating expenses	559,395	560,824	6,982	1,127,201
Operating income*	$ 182,709	$ 21,610	$ 4,651	$ 208,970
Plant construction expenditures**	$ 191,491	$ 38,546	$26,710	$ 256,747
Identifiable assets, December 31, 1981:				
Utility plant**	$1,712,445	$308,023	$68,682	$2,089,150
Materials and supplies, excluding $192 of merchandise for resale	$ 36,738	$ 8,733	$ 644	46,115
Fuel inventory	$ 65,475	$ -	$ 229	65,704
Gas in underground storage	$ -	$ 12,728	$ -	12,728
Other corporate assets				217,271
				$2,430,968

* Before income taxes and interest expense

** Includes allocation of common utility property

11. Fort St. Vrain Settlement

On June 27, 1979, the Company and the prime contractor for the Fort St. Vrain Nuclear Generating Station, General Atomic Company (GAC), which is an equal partnership of Scallop Nuclear Inc. (a company of the Royal Dutch Shell Group) and Gulf Oil Corporation entered into a Settlement Agreement, a Services Agreement and a Fuel and Fabrication Agreement satisfying and settling all contracts and claims between the Company and GAC relative to Fort St. Vrain. The terms of these Agreements include the following: (a) GAC paid to the Company, upon execution of the Settlement Agreement, \$60,000,000 as an adjustment of the plant cost for the reduction in the plant's capacity from 330 Mw at 80% capacity factor to 200 Mw at 60% capacity factor; however, GAC made no warranty as to the capacity of the plant; (b) GAC will contribute to the Company, between 1980 and 1984, \$97,050,427 for the cost of replacing the 130 Mw reduction in capacity at Fort St. Vrain with future electric generating facilities and \$8,068,791 reimbursement for shipment, storage, handling and disposal of spent nuclear fuel for which the Company will bear the responsibility and the cost; (c) ownership of the reactor core and all fuel elements at the plant was transferred to the Company by GAC as of January 1, 1979, and GAC will make available to the Company, at no charge (except certain possible incremental costs), nuclear fuel elements sufficient to operate the plant at 200 Mw at 60% capacity through December 31, 1984, or until 16,166,400 Mwh thermal are produced, or could have been produced, whichever is earlier; (d) through 1992, GAC will provide or arrange to

11. Fort St. Vrain Settlement (continued)

provide fuel fabrication services to the Company, and the Company will reimburse GAC for GAC's cost, for the manufacture of additional fuel elements for use at Fort St. Vrain as the Company, at its own discretion, may schedule; (e) GAC transferred ownership of spare parts and equipment for the plant, effective January 1, 1979; (f) GAC will fund, up to $5,000,000, the study and resolution of certain plant performance problems; (g) GAC will fund, up to $10,000,000, work related to certain open work items, documentation and seismic studies; (h) upon execution of the Settlement Agreement but effective as of January 1, 1979, the Company received title to the Fort Lupton Gas Turbine Units; and (i) upon execution of the Settlement Agreement but effective as of January 1, 1979, the Company accepted Fort St. Vrain for commercial operation.

12. Effects of changing prices (unaudited)

The following supplementary information is supplied in accordance with the requirements of Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices", in order to provide certain information about the effects of general inflation and changes in specific prices on the historical cost financial data of the Company. This supplementary information should be viewed as an estimate rather than a precise measure.

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

12. Effects of changing prices (unaudited) (continued)

Two methods have been prescribed for measuring the effects of changing prices. The Constant Dollar method restates historical financial data to units of equivalent purchasing power by applying the Consumer Price Index for All Urban Consumers (CPI-U) to the original historical cost of the Company's surviving property, plant and equipment. Constant Dollar adjusted information indicates how the Company has been affected by the decline in purchasing power of the dollar (general inflation).

The Current Cost method adjusts historical financial data to reflect changes in the specific prices of the Company's property, plant and equipment from the date these assets were acquired to the present. This estimated cost of replacing the productive capacity of existing plant assets is primarily determined by indexing surviving property, plant and equipment (including land, land rights, property held for future use, and construction work in progress) by the Handy-Whitman Index of Public Utility Construction Costs. Current Cost adjusted information indicates how the Company has been affected by the increased cost of maintaining its existing productive capacity. Current Costs differ from Constant Dollar amounts to the extent that specific prices have increased more or less than prices in general.

As shown in the following statement, income from continuing operations developed under both Constant Dollar and Current Cost methods is lower than that determined under the historical cost method used for the primary financial statements. Of the revenue and expense elements from which the income figure is derived, only depreciation expense has been restated by

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

12. Effects of changing prices (unaudited) (continued)

applying the Company's depreciation rates to the indexed amounts of Constant Dollar and Current Cost adjusted property, plant and equipment. All other income statement items are considered to have been effectively transacted at average price levels for the current year, and accordingly have not been restated.

Fuel inventories, the cost of fuel used in generation, and gas purchased for resale have not been restated from their historical cost in nominal dollars. Regulation limits the recovery of fuel and purchased gas costs through the operation of adjustment clauses or adjustments in basic rate schedules to actual costs. For this reason fuel and gas inventories are effectively monetary assets.

As prescribed in FASB Statement No. 33, income taxes were not adjusted to reflect the effects of changing prices. This requirement is appropriate, since current income tax policy ignores the effects of inflation in measuring taxable income and the higher depreciation expense experienced under Constant Dollar and Current Cost accounting is not tax deductible. The Company's effective income tax rate, when taxable income has been adjusted for inflation, is 75% under the Constant Dollar method and 132% under the Current Cost method for 1981, both of which exceed the reported effective tax rate of 40% and the statutory rate of 49%.

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

12. Effects of changing prices (unaudited) (continued)

Statement of Income from Continuing Operations
Adjusted for Changing Prices
for the Year Ended December 31, 1981

(Thousands of dollars)

	As reported historical cost	Constant dollar average 1981 dollars	Current cost average 1981 dollars
Operating revenues	$1,336,171	$1,336,171	$1,336,171
Fuel used in generation expense	171,657	171,657	171,657
Gas purchased for resale expense	462,291	462,291	462,291
Depreciation expense	73,643	151,742	191,007
Other operating and maintenance expense	419,610	419,610	419,610
Income tax expense	67,914	67,914	67,914
Interest expense	63,765	63,765	63,765
Other income and deductions - net	(23,464)	(23,464)	(23,464)
	1,235,416	1,313,515	1,352,780
Income (loss) from continuing operations (excluding reduction to net recoverable amount)	$ 100,755	$ 22,656*	$ (16,609)
Increase in specific prices (current cost) of property, plant and equipment held during the year**			$ 636,636
Effect of increase in general price level			(373,328)
Reduction to net recoverable amount (Note A)		$ (103,421)	(327,464)
Excess of increase in general price level over increase in specific prices after reduction to net recoverable amount			(64,156)
Gain from decline in purchasing power of net amounts owed (Note B)		108,142	108,142
Net		$ 4,721	$ 43,986

* Including the reduction to net recoverable amount, the income (loss) from continuing operations on a constant dollar basis would have been $(80,765) for 1981.

** At December 31, 1981, current cost of property, plant and equipment, net of accumulated depreciation was $4,486,032, while historical cost (or net cost recoverable through depreciation) was $2,089,150.

12. Effects of changing prices (unaudited) (continued)

Note A. Reduction to Net Recoverable Amount

Under the CPUC and FERC rate-making provisions to which the Company is subject, only the historical cost of plant is recoverable in revenues as an amount equal to depreciation. Therefore, the portion of the cost of plant stated in terms of Constant Dollars or Current Cost which exceeds the historical cost of plant and is not presently recoverable in rates as depreciation has been reflected as the "Reduction to Net Recoverable Amount." While the rate-making process gives no recognition to the current cost of replacing property, plant and equipment, based on past practices the Company believes it will be allowed to earn on the increased cost of its net investment when replacement of facilities actually occurs.

Note B. Gain from Decline in Purchasing Power of Net Amounts Owed

This memorandum caption shows the net effect of inflationary value changes on those Company assets and liabilities carried on the balance sheet at fixed or determinable monetary settlement amounts. During a period of inflation, holders of monetary assets sustain a loss of general purchasing power while holders of monetary liabilities experience a gain. The Company's "Gain from Decline in Purchasing Power of Net Amounts Owed" is primarily attributable to the substantial amount of debt and preferred stock which has been used to finance property, plant and equipment. (In calculating this gain, preferred stock has been classified as a monetary item, which is consistent with its treatment for rate-making purposes.) Such amount does not represent funds available for distribution to shareholders.

To properly reflect the economics of rate regulation in the Statement of Income from Continuing Operations, the "Reduction to Net Recoverable Amount" should be offset by the "Gain from Decline in Purchasing Power of Net Amounts Owed."

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

12. Effects of changing prices (unaudited) (continued)

Five Year Comparison of Selected
Financial Data Adjusted for Effects of Changing Prices

(In average 1981 dollars, except "As reported" amounts)

(Thousands, except per share amounts)

	Years ended December 31,				
	1981	1980	1979	1978	1977
Operating revenues:					
As reported	$1,336,171	$1,155,644	$ 926,510	$ 729,778	$613,299
Adjusted to constant dollars	1,336,171	1,276,453	1,161,226	1,018,104	921,131
Income (loss) from continuing operations (excluding reduction to net recoverable amount):					
As reported	100,755	85,027	55,809		
Adjusted to constant dollars	22,656	26,057	17,122		
Adjusted to current cost	(16,609)	(18,092)	(36,604)		
Income (loss) per common share (after dividend requirements on preferred stock):					
As reported	1.97	1.92	1.35		
Adjusted to constant dollars (excluding reduction to net recoverable amount)	.14	.27	.01		
Adjusted to current cost	(.78)	(.95)	(1.71)		
Excess of increase in general price level over increase in specific prices after reduction to net recoverable amount	64,156	125,017	152,780		
Gain from decline in purchasing power of net amounts owed	108,142	147,077	163,054		
Net assets at year-end at net recoverable amount	706,236	690,250	657,439		
Cash dividends declared per common share:					
As reported	1.68	1.60	1.60	1.53	1.46
Adjusted to constant dollars	1.68	1.77	2.01	2.13	2.20
Market price per common share at year-end:					
As reported	14.25	14.25	13.38	16.75	18.88
Adjusted to constant dollars	13.67	15.00	15.84	22.50	27.66
Average consumer price index*	272.6	246.8	217.5	195.4	181.5

* Base year 1967 = 100.0

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS

December 31, 1981

13. Quarterly financial data (unaudited)

Summarized quarterly data (in thousands of dollars except for per share amounts) for 1981 is as follows:

	1981			
	Three months ended			
	March 31	June 30	September 30	December 31
Operating revenues	$387,850	$310,752	$277,582	$359,987
Operating income	$ 41,766	$ 33,109	$ 30,951	$ 35,230
Net income	$ 32,024	$ 22,100	$ 22,649	$ 23,982
Earnings available for common stock	$ 27,859	$ 17,935	$ 18,484	$ 19,817
Average common shares outstanding (thousands)	40,138	41,569	44,406	44,799
Earnings per average common share*	$0.69	$0.43	$0.42	$0.44

* Due to rounding, quarterly figures do not add to annual total.

Common stock of subsidiaries
Retained earnings of subsidiaries at dates of acquisition
Retained earnings of subsidiaries since dates of acquisition
(including $2,891,340 and $6,485 of earnings in 1981
attributable to parent and minority interest, respectively)
Property, plant and equipment - steam and other (excess of
carrying value of investment in consolidated subsidiaries
over the equity applicable thereto at the respective dates of acquisition)
Deferred credits - other (minority interest)
Investment in consolidated subsidiaries

To eliminate investment in consolidated subsidiaries, as follows:

	Common stock at December 31, 1981	Less capital transactions after date of acquisition
Cheyenne Light, Fuel and Power Company	$ 3,000,000	$ -
Home Light and Power Company (HLP)	5,870,313	-
Western Slope Gas Company	14,500,000	7,100,000
Fuel Resources Development Company	25,300,000	15,000,000
1480 Welton, Inc.	50,000	-
Green and Clear Lakes Company	25,000	-
Bannock Center Corporation	9,800,000	9,550,000
	58,545,313	31,650,000
Less minority interest (HLP)	(30,702)	-
	$58,514,611	$31,650,000

SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

STATEMENT OF CONSOLIDATING ELIMINATIONS

December 31, 1981

(1)

Debit	Credit
$58,545,313	
2,970,333	
8,368,712	
640,763	
	$ 63,741
	70,461,380

At dates of acquisition: Equity applicable to investments in consolidated subsidiaries: Common stock	At dates of acquisition: Equity applicable to investments in consolidated subsidiaries: Retained earnings	At dates of acquisition: Equity applicable to investments in consolidated subsidiaries: Total	At dates of acquisition: Excess of cost over equity	Accumulated undistributed earnings since dates of acquisition	Investment in consolidated subsidiaries at December 31, 1981
$ 3,000,000	$ 69,139	$ 3,069,139	$(69,139)	$ 5,174,503	$ 8,174,503
5,870,313	2,935,453	8,805,766	-	3,381,774	12,187,540
7,400,000	(34,259)	7,365,741	633,052	9,248,836	24,347,629
10,300,000	-	10,300,000	-	(11,932,673)	13,367,327
50,000	-	50,000	-	2,888,571	2,938,571
25,000	-	25,000	76,850	-	101,850
250,000	-	250,000	-	(392,299)	9,407,701
26,895,313	2,970,333	29,865,646	640,763	8,368,712	70,525,121
(30,702)	(15,353)	(46,055)	-	(17,686)	(63,741)
$26,864,611	$2,954,980	$29,819,591	$640,763	$ 8,351,026	$70,461,380

Accounts and notes payable to associated companies
Long-term debt (portion of note payable classified as
long-term debt - 1480 Welton, Inc.)
Investments - notes receivable from subsidiaries consolidated
Accounts and notes receivable from associated companies

To eliminate intercompany accounts and notes, as follows:

	Long-term notes	Current notes and accounts
Payable by:		
Cheyenne Light, Fuel and Power Company	$ -	$ 288,28
Home Light and Power Company	-	1,594,40
Fuel Resources Development Co.	-	13,510,00
1480 Welton, Inc.	3,722,026	1,300,05
	3,722,026	16,692,7
Public Service Company of Colorado	-	1,249,79
Western Slope Gas Company	-	288,54
	-	1,538,34
Public Service Company of Colorado	-	17,223,72
Public Service Company of Colorado	-	392,14
Public Service Company of Colorado	-	349,23
Bannock Center Corporation	-	35,81
	$ 3,722,026	$36,231,99

C SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

STATEMENT OF CONSOLIDATING ELIMINATIONS

December 31, 1981

(2)

Debit	Credit
$36,231,991	
3,722,026	
	$ 3,722,026
	36,231,991

	Total	Receivable by:
3	$ 288,283	
0	1,594,400	
0	13,510,000	
0	5,022,076	
3	20,414,759	Public Service Company of Colorado
5	1,249,795	
9	288,549	
4	1,538,344	Fuel Resources Development Company
0	17,223,720	Western Slope Gas Company
1	392,141	1480 Welton, Inc.
5	349,235	Bannock Center Corporation
8	35,818	1480 Welton, Inc.
1	$39,954,017	

Operating revenues - electric
Operating revenues - gas
Operating revenues - other
Fuel used in generation
Gas purchased for resale
Purchased power
Other operating expenses

To eliminate intercompany revenues as follows:

	Total
Electric operating revenues:	
Wheeling charge by Public Service Company of Colorado to Cheyenne Light, Fuel and Power Company	$ 463,483
Revenue from Home Light and Power Company for electricity purchased from Public Service Company of Colorado	15,117,630
	15,581,113
Gas operating revenues:	
Western Slope Gas Company sales to Public Service Company of Colorado for resale and boiler fuel	108,062,929
Reclassification of cost to Western Slope Gas Company of gas which was sold for use as a fuel in generating electricity by Public Service Company of Colorado	-
Fuel Resources Development Company sales to Western Slope Gas Company for resale	1,940,287
	110,003,216
Other operating revenues:	
Rent charged by 1480 Welton, Inc. to Public Service Company of Colorado	1,733,282
Rent charged by Bannock Center Corporation to Public Service Company of Colorado	1,800
Rent charged by Bannock Center Corporation to 1480 Welton, Inc.	11,940
	1,747,022
	$127,331,351

VICE COMPANY OF COLORADO AND SUBSIDIARIES

MENT OF CONSOLIDATING ELIMINATIONS

December 31, 1981

(3)

Debit	Credit
$ 15,581,113	
110,003,216	
1,747,022	
	$ 807,285
	109,195,931
	15,117,630
	2,210,505

Fuel used in generation	Gas purchased for resale	Purchased power	Other operating expenses
$ -	$ -	$ -	$ 463,483
-	-	15,117,630	-
-	-	15,117,630	463,483
8,035,422	100,027,507	-	-
(7,228,137)	7,228,137	-	-
-	1,940,287	-	-
807,285	109,195,931	-	-
-	-	-	1,733,282
-	-	-	1,800
-	-	-	11,940
-	-	-	1,747,022
$ 807,285	$109,195,931	$15,117,630	$2,210,505

PUBLIC SERVICE COMPANY OF COLORADO AND SUBSIDIARIES

STATEMENT OF CONSOLIDATING ELIMINATIONS

December 31, 1981

(4)

		Debit	Credit
Other income - interest from subsidiaries		$2,798,984	
Interest charges - other interest			$2,798,984
To eliminate from other income the following interest income of Public Service Company of Colorado from:			
Cheyenne Light, Fuel and Power Company	$ 32,466		
Home Light and Power Company	-		
Western Slope Gas Company	118,538		
1480 Welton, Inc.	429,258		
Fuel Resources Development Company	2,184,614		
Bannock Center Corporation	34,108		
	$2,798,984		

(5)

	Debit	Credit
Accumulated deferred income taxes	16,000	
Investments - subsidiaries consolidated	30,022	
Property, plant and equipment - steam and other		46,022

To eliminate intercompany profits in property, plant and equipment at December 31, 1981, and the related tax effect.

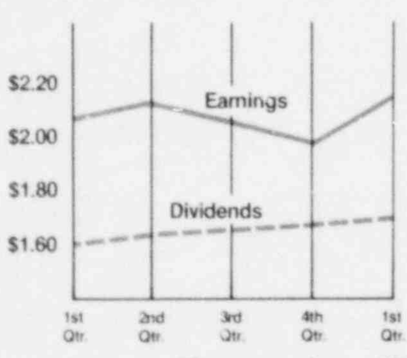
Public Service Company of Colorado

SHAREHOLDERS REPORT

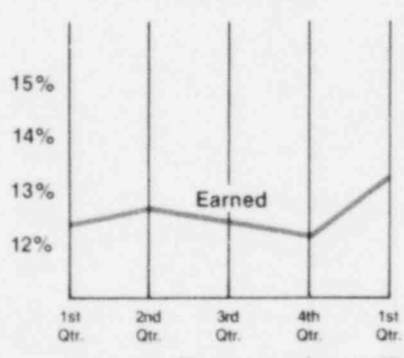
First Quarter 1982

The next major electric generating unit that we build will be at the Pawnee site rather than in southeastern Colorado. This decision is based on several critical factors: lower construction costs, energy supply outlook, customer needs, financial markets and the economy.

Earnings and Dividends
(12 months ended)



Return on Equity
(12 months ended)



(Per Share)	March 31 1982	March 31 1981
Earnings		
3 months ended	$0.84	$0.69
12 months ended	$2.14	$2.06
Dividend		
Paid May 1 (Quarterly)	$0.44	$0.42
Paid 12 months ended	$1.70	$1.62

Management Declares Dividend Increase

The dividend paid to shareholders of common stock was increased 5% on March 23. This represents a 2 cent quarterly increase to 44 cents. The indicated annual rate is now $1.76 per share.

The increase is in keeping with management's policy of consistent annual dividend increases based in part on the past year's experience and the outlook for future earnings prospects. The percentage of earnings paid out in dividends is presently intended to be 70-75%.

We feel this approach to dividends is appropriate if our stock is to be competitive in today's financial marketplace.

Earnings Resume Upward Trend

We are definitely encouraged by the first quarter results. Net income and per share earnings are back on the upswing after a downturn during the second half of 1981. We can more fully resume the process we started in 1980 of achieving a higher degree of financial health and vitality.

Earnings per share for the first quarter rose to 84 cents from 69 cents in the year-earlier quarter. This gain improved earnings for the 12 months ended March 31, 1982 to $2.14 per share, compared with the $2.06 per share reported in the prior 12-month period and the $1.97 per share reported for calendar 1981.

Earnings results in this quarter were stronger than in recent quarters primarily because of the initial effects of a 9% general rate increase authorized by the Colorado Public Utilities Commission in December 1981, energy sales gains and customer growth. The weather during this past quarter was 23% colder than during the same quarter a year ago when the Denver Metro area was experiencing one of its warmest winters ever.

The weather this past winter quarter returned closer to normal. With the aid of 3% customer growth, electric sales rose 5% and gas sales increased nearly 11%. Energy conservation and lower industrial sales moderated the rate of increase in energy sales. Higher energy prices and the effects of the economic recession have had a role in reducing energy consumption.

Site for New Plant Shifted to Pawnee

The planned site for the Company's next electric generating unit has shifted from the site in southeastern Colorado to the Pawnee Plant location in northeastern Colorado. The change of sites is not a commitment to build. It just means that if and when we build a new unit, it will be a second 500 megawatt, coal-fired unit at Pawnee. Before actual construction could begin, we must first obtain the necessary certificates and permits from federal, state and local regulatory agencies. No dates have been selected for requesting those permits.

The decision to select the Pawnee site for a new unit was made primarily for financial reasons. A second unit at Pawnee will cost about $750 million compared to nearly $1 billion for a first unit at the site in southeastern Colorado. Much of the basic equipment and facilities for a second power plant are already in place at Pawnee.

The condition of the financial markets and the economy, in general, and some changes in the projected electric needs of our customers, indicate that we should further defer the building of two units on the southeast site until Pawnee #2 is completed.

Preliminary planning and engineering previously directed toward the southeast site will be shifted to Pawnee. Construction on Pawnee Unit #2 would begin *no earlier* than 1984 and would be scheduled for service by 1988.

We will maintain the site in southeastern Colorado for construction of major generating units during the 1990s.

Operating and Financial Outlook

During the 1982-1986 period, energy sales are projected to increase at an average rate of 5% annually for electricity and about 4% annually for gas. These growth trends are based partly on a 3½-4% average gain in electric and gas customers.

Construction expenditures during this period are forecast at nearly $1.2 billion, $200 million of which is for subsidiaries. Budgeted expenditures in 1982 amount to $284 million. The following four years average about $220 million annually. This forecast does not include construction of any major generating facility. On the basis of this forecast, no new financings are likely in 1982.

If construction begins on Pawnee Unit #2 in 1984, expenditures will be increased by nearly $500 million for the five-year period ending in 1986.

New Tariff Sought On Connection Costs

Effective April 23, 1982, a new pricing mechanism requires new electric customers with demand in excess of 10,000 kilowatts or existing customers who increase their load by 10,000 kilowatts or more to pay the full incremental cost of their service. Customers in this category could include those in large office buildings, shopping malls, large government installations, major mining operations and oil shale development.

The request is another example of our efforts to seek regulatory policies that require new and growing customers to share more fully the financial burden of building new facilities. Much of the electric demand creating a need for new generating facilities comes from existing customers using more energy.

Public Service Company of Colorado and Subsidiaries

Interim Statement of Consolidated Income

(Thousands of Dollars)	Three Months Ended March 31 1982	Three Months Ended March 31 1981	Increase or (Decrease) Percent	Twelve Months Ended March 31 1982	Twelve Months Ended March 31 1981	Increase or (Decrease) Percent
Operating Revenues:						
Electric	$214,406	$173,506	23.6	$783,004	$666,659	17.5
Gas	267,629	210,950	26.9	639,113	536,257	19.2
Other	4,747	3,394	—	12,986	11,327	—
	486,782	387,850	25.5	1,435,103	1,214,243	18.2
Operating Expenses:						
Fuel used in generation	49,021	37,890	29.4	182,788	171,721	6.4
Gas purchased for resale	213,727	170,940	25.0	508,820	423,242	20.2
Purchased power	22,560	26,422	(14.6)	109,377	103,604	5.6
Other operating expenses	54,836	45,880	19.5	197,850	172,869	14.5
Maintenance	13,624	10,717	27.1	52,643	46,135	14.1
Depreciation	21,783	18,441	18.1	76,984	64,472	19.4
Taxes (other than income taxes)	13,007	12,117	7.3	64,891	42,229	53.7
Income taxes	38,790	23,677	63.8	83,027	60,070	38.2
	427,348	346,084	23.5	1,276,380	1,084,342	17.7
Operating Income	59,434	41,766	42.3	158,723	129,901	22.2
Other Income and Deductions:						
Allowance for equity funds used during construction	987	4,298	(77.0)	14,337	15,569	(7.9)
Miscellaneous income and deductions—net	1,414	2,056	—	5,174	7,781	—
	61,835	48,120	28.5	178,234	153,251	16.3
Interest Charges:						
Interest on long-term debt	18,506	17,151	7.9	67,836	66,922	1.4
Amortization of debt discount and expense less premium	195	152	—	692	592	—
Other interest	1,787	1,176	52.0	8,279	5,601	47.8
Allowance for borrowed funds used during construction	(741)	(2,383)	68.9	(9,391)	(13,986)	32.9
	19,747	16,096	22.7	67,416	59,129	14.0
Net Income	42,088	32,024	31.4	110,818	94,122	7.7
Dividend Requirements on Preferred Stock	4,165	4,165	—	16,661	15,801	5.4
Earnings Available for Common Stock	$ 37,923	$ 27,859	36.1	$ 94,157	$ 78,321	20.2
Shares of Common Stock Outstanding (thousands):						
End of Period	45,266	40,228	12.5	45,266	40,228	12.5
Average	45,136	40,138	12.5	43,978	38,102	15.4
Earnings Per Share on Average Shares	$0.84	$0.69	21.7	$2.14	$2.06	3.9

The accounts of the Company, since December 31, 1981, have not been examined by independent public accountants.

Balance Sheet

(Thousands of Dollars)	March 31 1982	March 31 1981
ASSETS		
Property, Plant and Equipment		
Utility Plant, at cost	$2,786,390	$2,562,767
Less accumulated depreciation and amortization	689,838	614,903
	2,096,552	1,947,864
Investments, at cost	565	320
Current Assets	308,370	277,969
Deferred Charges	34,437	20,941
	$2,439,924	$2,247,094
CAPITAL and LIABILITIES		
Common Stock	$ 590,697	$ 517,710
Retained Earnings	168,165	152,157
Total Common Equity	758,862	669,867
Preferred Stock	229,408	229,408
Long-term Debt	866,054	819,212
Current Liabilities (1)	336,513	327,500
Deferred Credits	249,087	201,107
	$2,439,924	$2,247,094
(1) Includes: Notes Payable to Banks	$ 11,334	$ 8,325
Commercial Paper Outstanding	22,300	29,000
Long-term Debt Due Within One Year	7,954	17,261

Source of Funds for Construction

(Thousands of Dollars)	Twelve Months Ended March 31 1982	Twelve Months Ended March 31 1981
Funds from Operations:		
Net Income	$110,818	$ 94,122
Non-cash Charges (Credits) Against Income Not Involving Working Capital in the Current Period:		
Depreciation charged to operating expenses	76,984	64,471
Depreciation charged to clearing and other accounts	6,114	5,206
Allowance for funds used during construction	(23,727)	(29,555)
Investment credit - net of amortization	20,228	26,597
Deferred income taxes	25,323	15,102
Funds from Operations	215,740	175,943
Dividends:		
On preferred stock	(16,661)	(16,322)
On common stock (declared)	(76,010)	(62,994)
Funds Retained in the Business	123,069	96,627
Funds from Financing — Net Proceeds:		
Proceeds from sale of common stock	70,895	62,023
Proceeds from sale of preferred stock	—	24,861
Proceeds from sale of first mortgage bonds	49,530	—
Proceeds from sale of pollution control bonds and notes	25,573	25,959
Proceeds from issue of long-term notes	2,307	2,523
Funds from Financing	148,305	115,366
Funds from Settlement Agreement	7,993	2,357
Reduction in Long-term Debt	(31,363)	(42,270)
Other Sources - Net	8,495	3,347
Total Funds Available	256,499	175,427
Increase (Decrease) in Working Capital	21,387	(36,666)
Net Plant Construction Expenditures	235,112	212,093
Allowance for Funds Used During Construction	23,727	29,555
Gross Plant Construction Expenditures	$258,839	$241,648

Financial Data and Ratios

	March 31 1982	March 31 1981
CAPITALIZATION RATIOS		
Long-term Debt	46.7%	47.7%
Preferred Stock	12.4	13.3
Common Equity	40.9	39.0
	100.0%	100.0%
RATES OF RETURN EARNED (12 Mos. Ended)		
Total Capitalization (Operating Income)	8.6%	7.6%
Average Common Equity (Net to Common)	13.2%	12.4%
TIMES FIXED CHARGES EARNED (12 Mos. Ended)		
Before Federal and State Income Taxes	3.51	3.10
After Federal and State Income Taxes	2.44	2.28
BOOK VALUE PER SHARE OF COMMON STOCK	$16.78	$16.65

Energy Sales & Customers

	Increase or (Decrease) March 31, 1982 compared with March 31, 1981	
	3 Months Ended	12 Months Ended
Electric KWH Sales:		
Residential	10.8 %	3.0 %
Commercial	31.7	15.1
Industrial	(22.0)	(7.5)
Other	(22.3)	(7.5)
Total	5.3 %	3.2 %
Customers	2.8 %	2.8 %
Gas MCF Sales:		
Residential	12.8 %	(5.0)%
Commercial	14.3	(2.0)
Industrial	(2.3)	(5.6)
Other	12.9	(1.6)
Total	10.6 %	(4.1)%
Customers	2.9 %	2.9 %

Home Light Subsidiary Granted Rate Increase

The Company subsidiary Home Light and Power Company was granted a rate increase effective March 17 of $594,000. The request was for $927,000. The rate of return on common equity was increased to 15.7%. Home Light had asked for 16.93%. Home Light serves electric energy to Greeley, Colorado and several surrounding communities.

Shareholders Invited To Regional Meetings

Regional shareholder meetings in Morristown, New Jersey and Manhattan, New York on June 9th and 10th are the first in a series of such meetings in 1982. Subsequent meetings are scheduled as follows: Chicago and St. Louis in September; Miami/Fort Lauderdale and Tampa/St. Petersburg in October; and Los Angeles, San Francisco and Seattle in November.

Shareholders interested in attending meetings in their area are invited to return the "Regional Shareholder Meetings" card in the back of the 1981 Annual Report, or write to:

Public Service Company of Colo.
Investor Relations
P.O. Box 840
Denver, CO 80201

Dividend Reinvestment Plan

The Company's Automatic Dividend Reinvestment and Common Stock Purchase Plan (ADRP) is available for holders of preferred and/or common stock who wish to have their dividends reinvested in additional shares of common stock.

Participation in the ADRP has increased substantially to 23,000 participants or 21% of shareholders since the Company announced that the ADRP qualifies under President Reagan's Economic Recovery Tax Act of 1981 (ERTA). Individuals may elect to exempt up to $750 per year of dividend income ($1,500 on a joint return) if those dividends are reinvested in the common stock of a qualified utility. The exemption is available for tax years beginning after December 31, 1981 and before January 1, 1986.

Beginning with the June 1, 1982 preferred dividend payment date, a new feature will be offered. Shareholders will be able to reinvest dividends on a portion of their shares rather than being required to reinvest dividends on all shares in a particular registration as was required in the past. ADRP participants who wish to change the number of shares on which dividends are reinvested may request a new authorization form from the Company or the agent for the ADRP.

A complete description of the ADRP is contained in the Prospectus to be dated May 3, 1982. The Prospectus and authorization forms are available upon request from Public Service Company or Morgan Guaranty Trust Company of New York.

R. T. Person
Chairman of the Board

R. F. Walker

R. F. Walker
President and
Chief Executive Officer

April 30, 1982
Denver, Colorado