

## Distribution

Distribution lines allow electricity to travel at lower voltages from substations directly to customers. Xcel Energy has a vast distribution network, owning and operating approximately 215,000 conductor miles of distribution lines across our eight-state service territory.

As of Dec. 31, 2023, Xcel Energy has invested approximately \$1.1 billion of \$1.6 billion to implement new network infrastructure, smart meters, advanced software, equipment sensors and related data analytics capabilities.

These investments will improve reliability and reduce outage restoration times for our customers, while enabling new options and opportunities for increased efficiency savings. The new capabilities will also enable integration of battery storage and other distributed energy resources into the grid, including electric vehicles.

See Item 2 - Properties for further information.

## Natural Gas Operations

Natural gas operations consist of purchase, transportation and distribution of natural gas to end-use residential, C&I and transport customers in NSP-Minnesota, NSP-Wisconsin and PSCo. Xcel Energy had natural gas deliveries of 406,742 (thousands of MMBtu), 2.2 million customers and natural gas revenues of \$2,645 million for 2023.

| Natural Gas<br>(percentage of total) | Deliveries | Number of<br>Customers | Revenues |
|--------------------------------------|------------|------------------------|----------|
| Residential                          | 37 %       | 92 %                   | 59 %     |
| C&I                                  | 24         | 8                      | 31       |
| Transportation and other             | 39         | <1                     | 10       |

## Sales/Revenue Statistics <sup>(a)</sup>

|  | 2023     | 2022     |
|--|----------|----------|
| MMBtu sales per retail customer            | 115      | 116      |
| Revenue per retail customer                | \$ 1,113 | \$ 1,318 |
| Residential revenue per MMBtu              | 10.54    | 11.97    |
| C&I revenue per MMBtu                      | 8.48     | 10.45    |
| Transportation and other revenue per MMBtu | 1.01     | 1.16     |

<sup>(a)</sup> See Note 6 to the consolidated financial statements for further information.

## Capability and Demand

Natural gas supply requirements are categorized as firm or interruptible (customers with an alternate energy supply).

Maximum daily output (firm and interruptible) and occurrence date:

| Utility Subsidiary | 2023      |         | 2022      |         |
|--------------------|-----------|---------|-----------|---------|
|                    | MMBtu     | Date    | MMBtu     | Date    |
| NSP-Minnesota      | 753,642   | Feb. 3  | 867,385   | Feb. 12 |
| NSP-Wisconsin      | 158,029   | Jan. 30 | 187,961   | Jan. 6  |
| PSCo               | 2,190,155 | Jan. 30 | 2,243,552 | Dec. 22 |

## Natural Gas Supply and Cost

Xcel Energy seeks natural gas supply, transportation and storage alternatives to yield a diversified portfolio, which increases flexibility, decreases interruption, financial risks and customer rates. In addition, the utility subsidiaries conduct natural gas price hedging activities approved by their states' commissions.

Average delivered cost per MMBtu of natural gas for regulated retail distribution:

| Utility Subsidiary | 2023    | 2022    |
|--------------------|---------|---------|
| NSP-Minnesota      | \$ 5.31 | \$ 7.00 |
| NSP-Wisconsin      | 5.26    | 6.68    |
| PSCo               | 4.91    | 6.33    |

NSP-Minnesota, NSP-Wisconsin and PSCo have natural gas supply transportation and storage agreements that include obligations for purchase and/or delivery of specified volumes or to make payments in lieu of delivery.

## General

### General Economic Conditions

Economic conditions may have a material impact on Xcel Energy's operating results. Management cannot predict the impact of fluctuating energy or commodity prices, pandemics, terrorist activity, war or the threat of war. We could experience a material impact to our results of operations, future growth or ability to raise capital resulting from a sustained general slowdown in economic growth or a significant increase in interest rates or inflation.

### Seasonality

Demand for electric power and natural gas is affected by seasonal differences in the weather. In general, peak sales of electricity occur in the summer months and peak sales of natural gas occur in the winter months. As a result, the overall operating results may fluctuate substantially on a seasonal basis. Additionally, Xcel Energy's operations have historically generated less revenues and income when weather conditions are warmer in the winter and cooler in the summer. Sales true-up and decoupling mechanisms mitigate the impacts of weather in certain jurisdictions.

### Competition

Xcel Energy is subject to public policies that promote competition and development of energy markets. Xcel Energy's industrial and large commercial customers have the ability to generate their own electricity. In addition, customers may have the option of substituting other fuels or relocating their facilities to a lower cost region.

Customers have the opportunity to supply their own power with distributed generation including solar generation and can currently avoid paying for most of the fixed production, transmission and distribution costs incurred to serve them in most jurisdictions.

Several states have incentives for the development of rooftop solar, community solar gardens and other distributed energy resources. Distributed generating resources are potential competitors to Xcel Energy's electric service business with these incentives and federal tax subsidies.

The FERC has continued to promote competitive wholesale markets through open access transmission and other means. Xcel Energy's wholesale customers can purchase energy from generation resources of competing generation resources quantities and transmission services from other service providers to serve their native load.