

# STEEL FOR FUEL 2.0

## New York Investor Meetings

December 5-6, 2023

© 2023 Xcel Energy

## Safe Harbor

Except for the historical statements contained in this presentation, the matters discussed herein are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements, including those relating to 2023 and 2024 EPS guidance, long-term EPS and dividend growth rate objectives, future sales, future expenses, future tax rates, future operating performance, estimated base capital expenditures and financing plans, projected capital additions and forecasted annual revenue requirements with respect to rider filings, expected rate increases to customers, expectations and intentions regarding regulatory proceedings, and expected impact on our results of operations, financial condition and cash flows of resettlement calculations and credit losses relating to certain energy transactions, as well as assumptions and other statements are intended to be identified in this document by the words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “possible,” “potential,” “should,” “will,” “would” and similar expressions. Actual results may vary materially. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any obligation to update any forward-looking information. The following factors, in addition to those discussed in Xcel Energy’s Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2022 and subsequent filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: operational safety, including our nuclear generation facilities and other utility operations; successful long-term operational planning; commodity risks associated with energy markets and production; rising energy prices and fuel costs; qualified employee workforce and third-party contractor factors; violations of our Codes of Conduct; our ability to recover costs and our subsidiaries’ ability to recover costs from customers; changes in regulation; reductions in our credit ratings and the cost of maintaining certain contractual relationships; general economic conditions, including recessionary conditions, inflation rates, monetary fluctuations, supply chain constraints and their impact on capital expenditures and/or the ability of Xcel Energy Inc. and its subsidiaries to obtain financing on favorable terms; availability or cost of capital; our customers’ and counterparties’ ability to pay their debts to us; assumptions and costs relating to funding our employee benefit plans and health care benefits; our subsidiaries’ ability to make dividend payments; tax laws; uncertainty regarding epidemics, the duration and magnitude of business restrictions including shutdowns (domestically and globally), the potential impact on the workforce, including shortages of employees or third-party contractors due to quarantine policies, vaccination requirements or government restrictions, impacts on the transportation of goods and the generalized impact on the economy; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; seasonal weather patterns; changes in environmental laws and regulations; climate change and other weather events; natural disaster and resource depletion, including compliance with any accompanying legislative and regulatory changes; costs of potential regulatory penalties; regulatory changes and/or limitations related to the use of natural gas as an energy source; challenging labor market conditions and our ability to attract and retain a qualified workforce; and our ability to execute on our strategies or achieve expectations related to environmental, social and governance matters including as a result of evolving legal, regulatory and other standards, processes, and assumptions, the pace of scientific and technological developments, increased costs, the availability of requisite financing, and changes in carbon markets.

## Contacts


**Paul Johnson**
Vice President, Treasurer & IR
(612) 215-4535
paul.a.johnson@xcelenergy.com

**Roopesh Aggarwal**
Senior Director, Investor Relations
(303) 571-2855
roopesh.k.aggarwal@xcelenergy.com

**Darin Norman**
Consultant, Investor Relations
(612) 337-2310
darin.norman@xcelenergy.com


Website: https://investors.xcelenergy.com/

Xcel Energy app also available

# Attractive Investment Thesis

- ☑ Pure-Play, Regulated Utility that Consistently Delivers
- ☑ Robust Capital Investment Opportunities
- ☑ Low Customer Bills
- ☑ Sustainably Leading the Clean Energy Transition

# Attractive Investment Thesis

- ☑ **Pure-Play, Regulated Utility that Consistently Delivers**
- ☑ **Robust Capital Investment Opportunities**
- ☑ **Low Customer Bills**
- ☑ **Sustainably Leading the Clean Energy Transition**

# Fully Regulated and Vertically Integrated Utility

**Four**
Operating Companies

**Eight**
States

**3.8 Million**
Electric Customers

**2.1 Million**
Natural Gas Customers

**$39 Billion**
2022 Rate Base

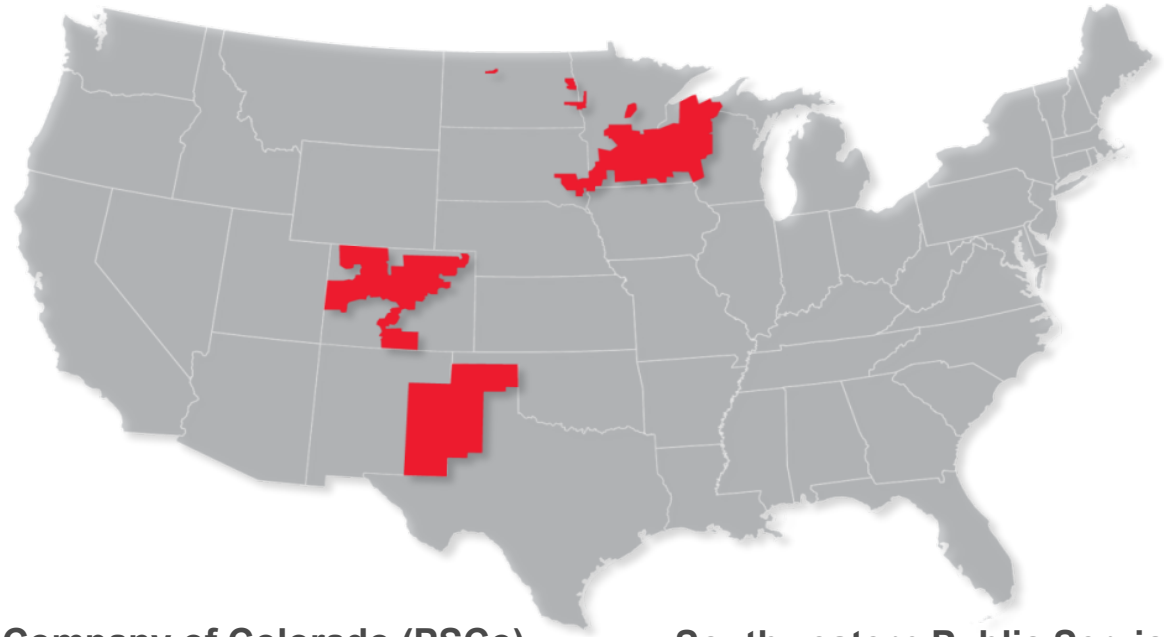
**21 GW**
Owned Gen. Capacity

**~12,000**
Employees

As of 12/31/2022

**Northern States Power Minnesota (NSPM)**
Minnesota, South Dakota, North Dakota
- 2022 Rate Base: $14.5 billion
- 2022 Ongoing EPS: $1.23
- 2024 - 2028 Base Cap Ex: $12.7 billion

**Northern States Power Wisconsin (NSPW)**
Wisconsin, Michigan
- 2022 Rate Base: $2.1 billion
- 2022 Ongoing EPS: $0.23
- 2024 - 2028 Base Cap Ex: $3.0 billion



**Public Service Company of Colorado (PSCo)**
Colorado
- 2022 Rate Base: $15.5 billion
- 2022 Ongoing EPS: $1.33
- 2024 - 2028 Base Cap Ex: $14.3 billion

**Southwestern Public Service (SPS)**
Texas, New Mexico
- 2022 Rate Base: $6.7 billion
- 2022 Ongoing EPS: $0.64
- 2024 - 2028 Base Cap Ex: $4.1 billion

# Strategy

## VISION

We will be the **preferred** and **trusted** provider of the energy our customers need

## MISSION

We provide our customers the safe, clean, reliable energy services they want and value at a competitive price

## PRIORITIES

### Lead the Clean Energy Transition

- Electricity: 80% carbon reduction by 2030, 100% carbon-free by 2050
- Natural gas: 25% GHG reduction by 2030, net-zero by 2050

### Enhance the Customer Experience

- Conservation, new products/services
- 1 in 5 EVs enabled by 2030

### Keep Bills Low

- Average bill increases ≤ rate of inflation

## VALUES

Connected | Committed | Safe | Trustworthy

# Target Returns

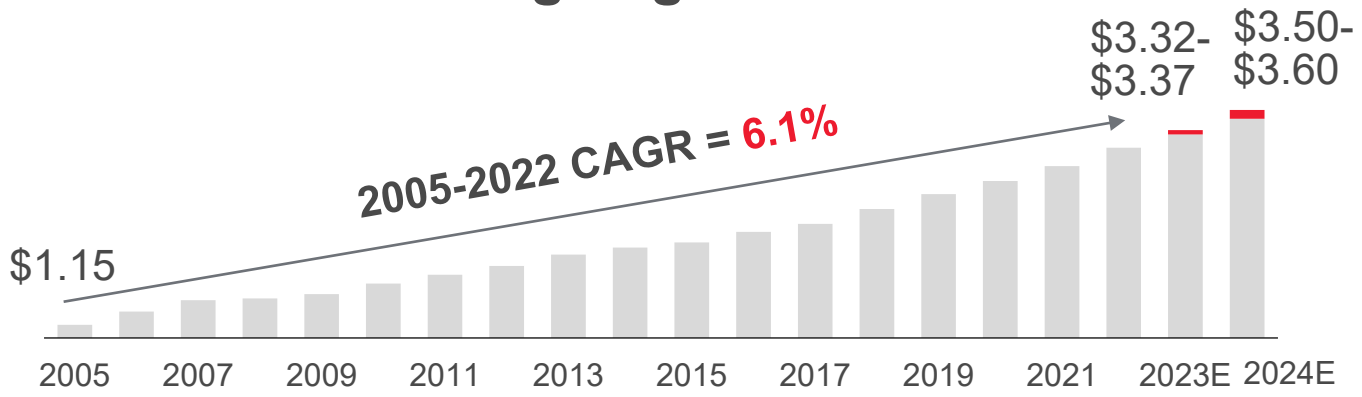
**~8-10%**
**Total Shareholder Return**

**5-7% EPS Growth**

**~3.4% Dividend Yield**
5-7% CAGR | 60-70% Payout Ratio

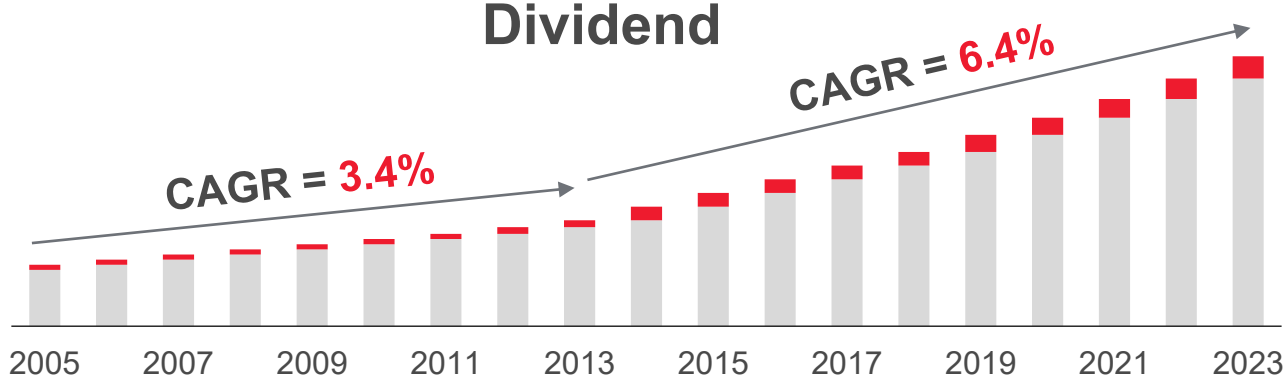
# Proven Track Record

## Ongoing EPS



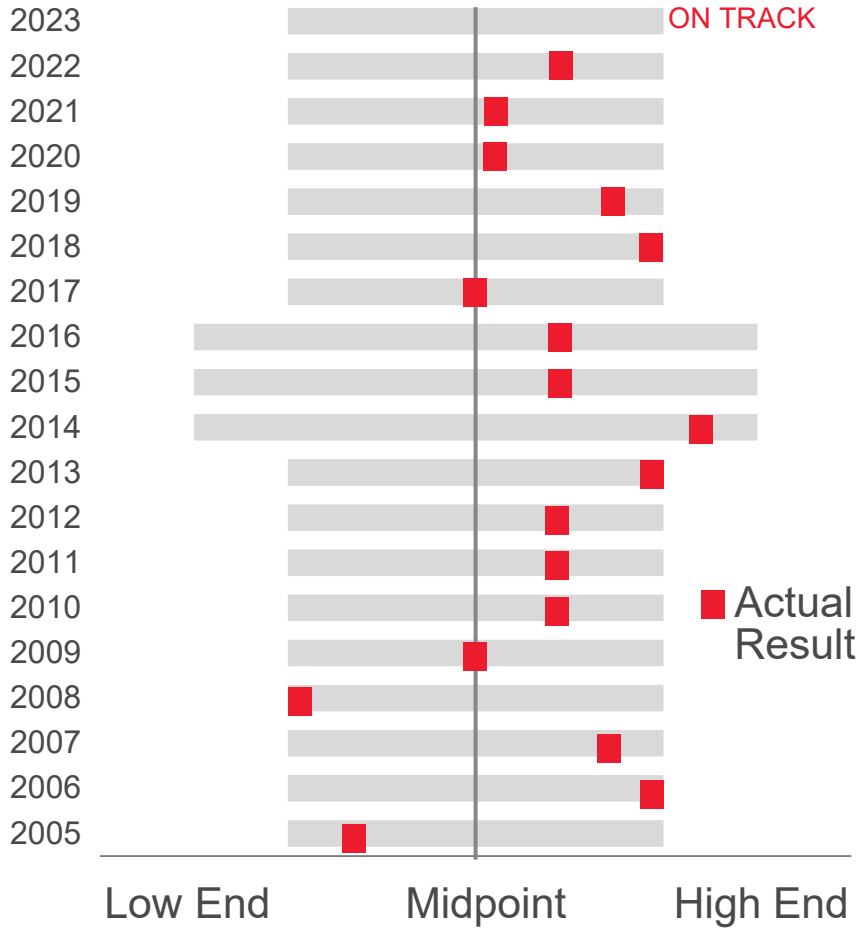

Guidance Range

## Dividend




Annual Increase

## Performance Within Guidance

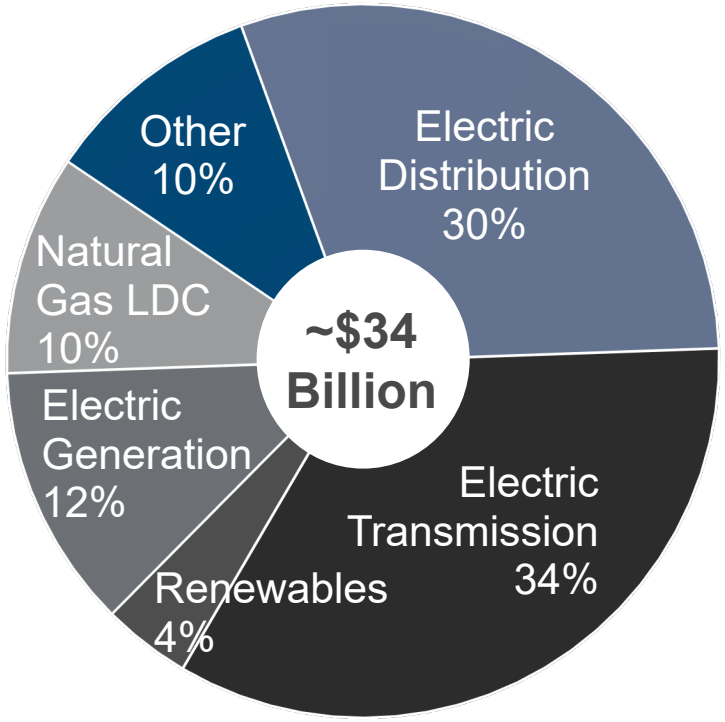


# Attractive Investment Thesis

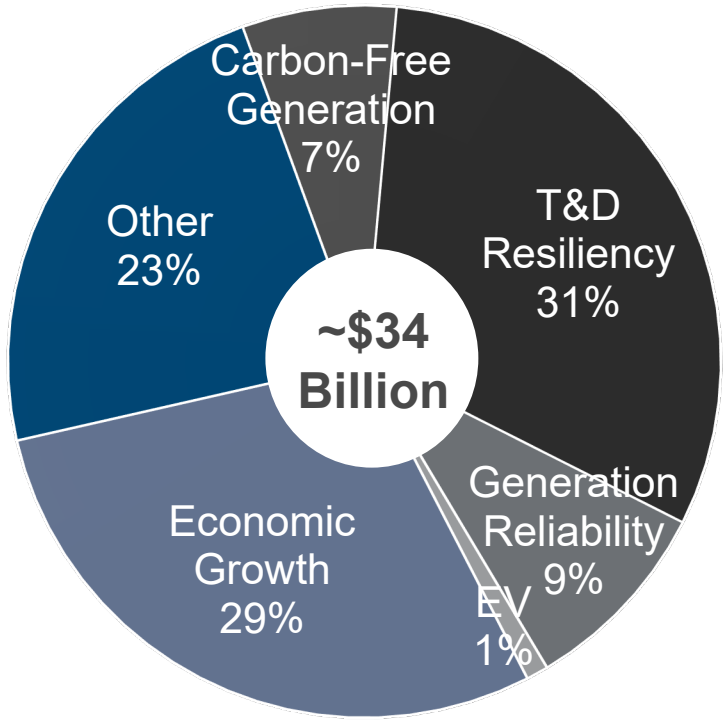
- ☑ Pure-Play, Regulated Utility that Consistently Delivers
- ☑ **Robust Capital Investment Opportunities**
- ☑ Low Customer Bills
- ☑ Sustainably Leading the Clean Energy Transition

# Base Capital Forecast 2024 – 2028

## Investment by Function

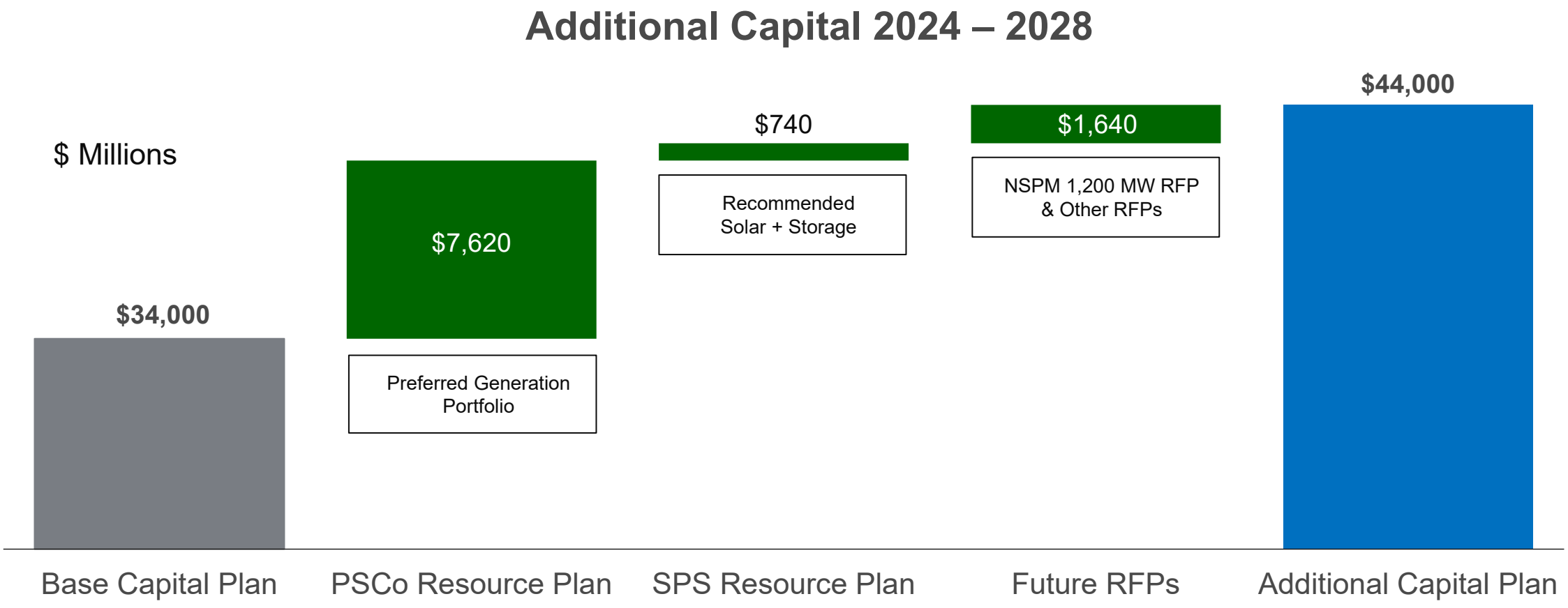



## Investment by Driver




Base capital forecast excludes additional generation investment associated with resource plans

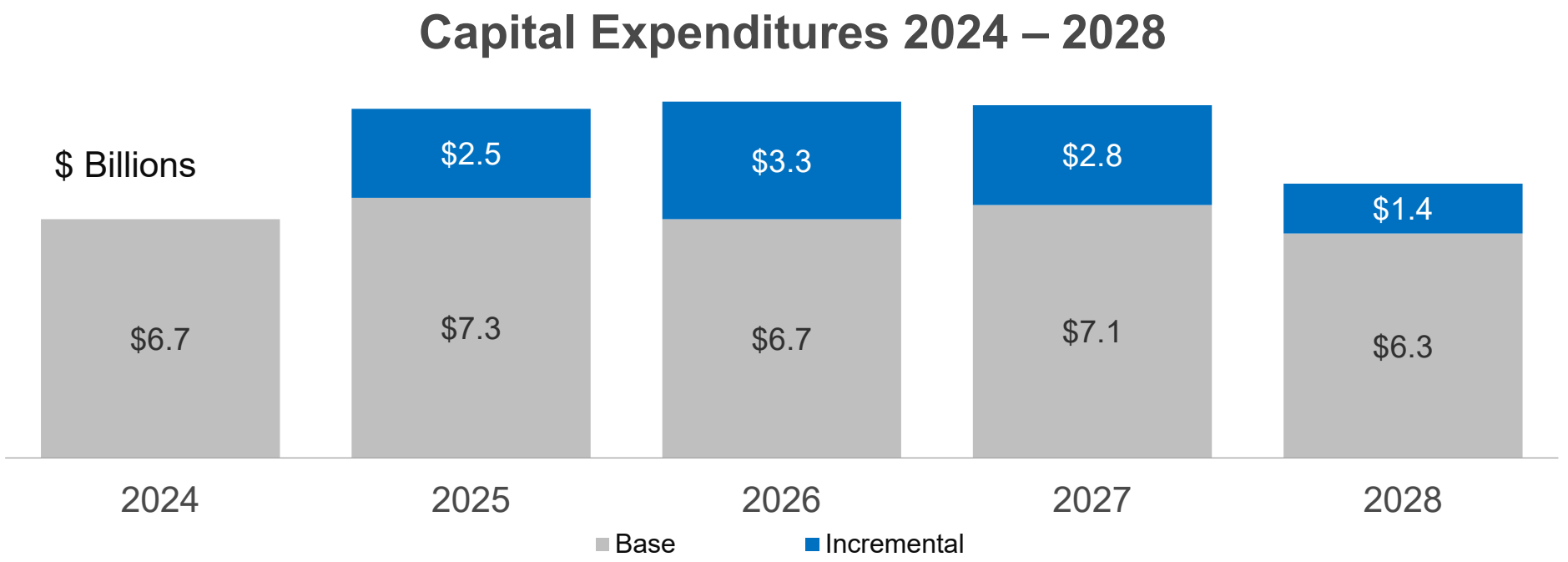
# Additional Capital – Steel for Fuel 2.0




Estimates are subject to change, RFP processes and regulatory approvals

Additional capital investment above the Base Plan would be funded with approximately 40% equity and 60% debt

# Additional Capital – Steel for Fuel 2.0



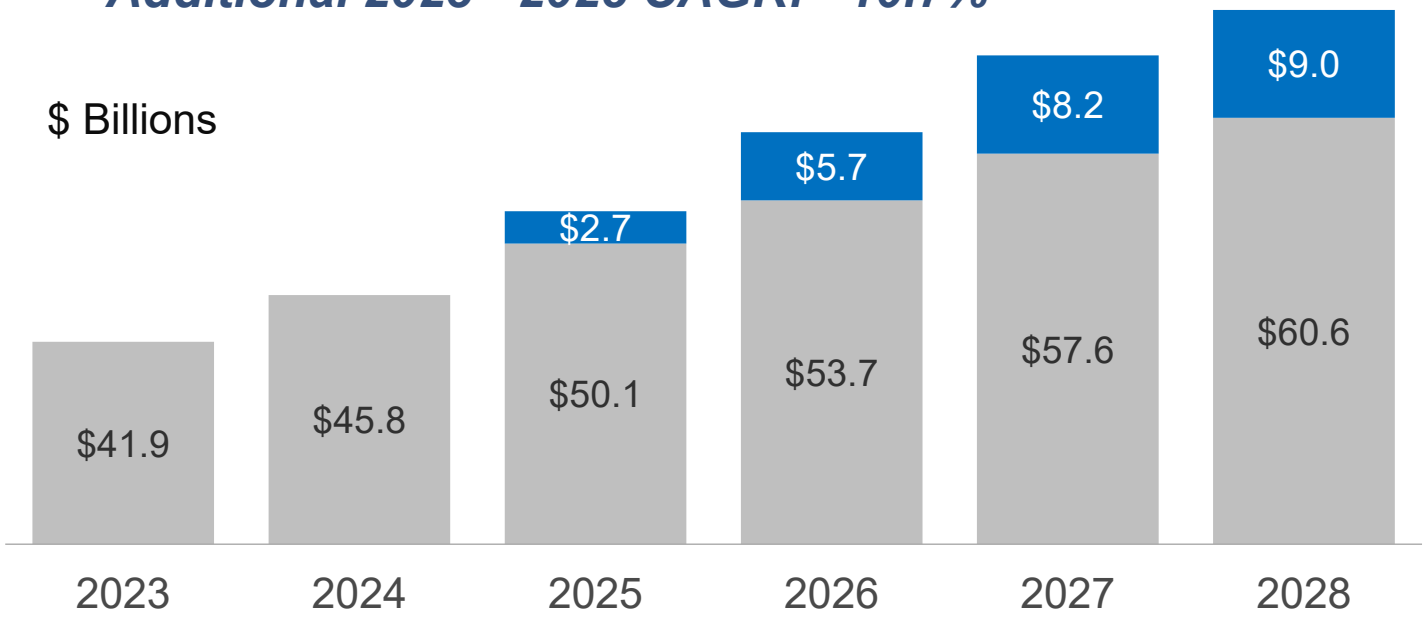

- PSCo Preferred Portfolio: ~4,800 MW of owned resources with approval expected early 2024
- SPS proposal: 418 MW owned solar + storage projects with approval expected mid 2024
- NSPM: 1,200 MW wind RFP utilizing the retiring Sherco transmission interconnection
- Future RFPs at NSP and SPS
- Additional capital investment above the Base Plan would be funded with approximately 40% equity and 60% debt

# Strong Rate Base Growth

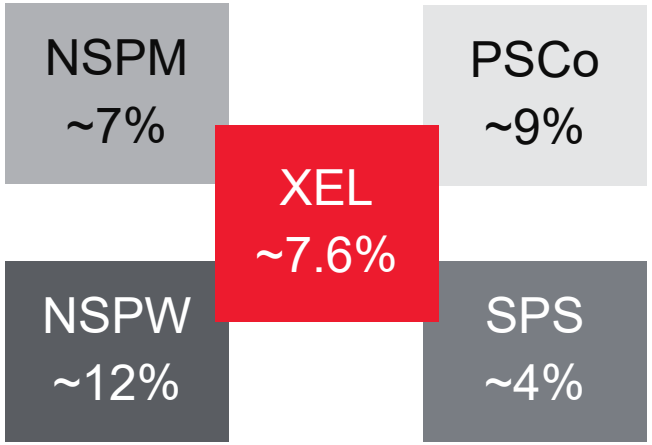
## Xcel Energy Consolidated

***Base 2023 - 2028 CAGR: ~7.6%***

***Additional 2023 - 2028 CAGR: ~10.7%***



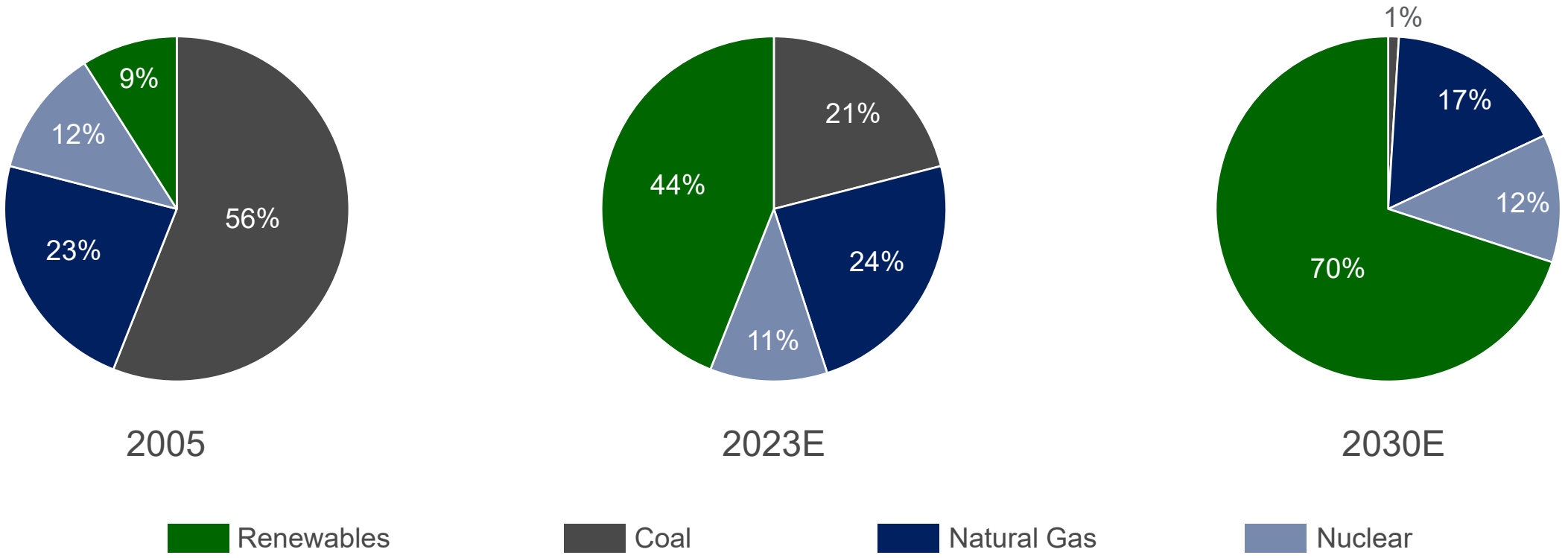

## OpCo Base CAGRs 2023 – 2028




OpCo CAGRs exclude potential additional capital investment

# Investment Drives Decarbonization

## Shifting Renewable and Zero Carbon Generation Mix



# Current RFP Update

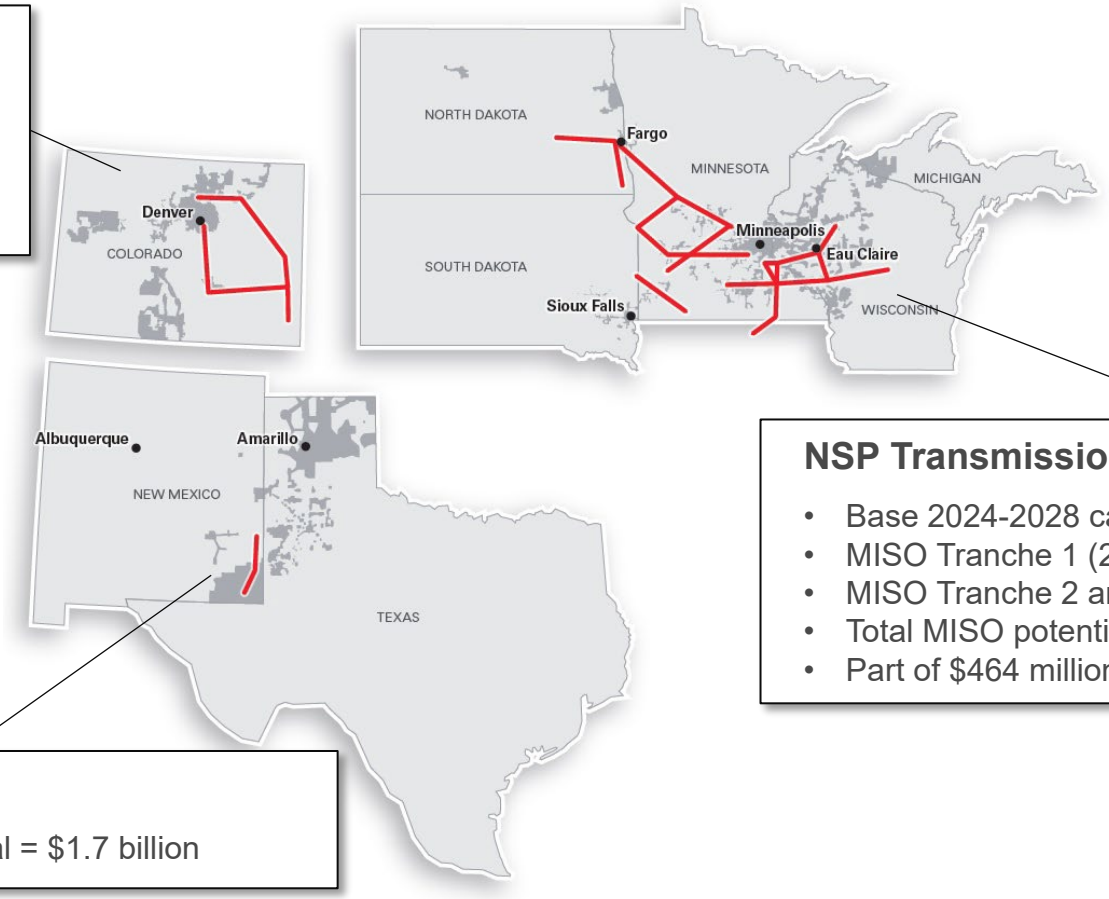
| | Current RFPs | Upcoming RFPs |
|---|---|---|
| **PSCo** | • 7,521 MW total portfolio recommended<br>• Self Build 4,716 MW (63%; 2024-2028) | • Remaining resource needs through 2030+, including Comanche 3 retirement |
| **NSP** | • 1,200 MW wind (BOT, Sherco interconnect)<br>• 650 MW solar + storage (King interconnect)<br>• 800 MW firm dispatchable | • Multiple RFPs 2023-2024 covering remaining 2027-2030 resource needs (~4,000 MW) |
| **SPS** | • 648 MW recommended portfolio<br>• 418 MW solar self build (65%; 2024-27) | • 5,000 – 10,000 MW in needs through 2030<br>• Support retiring fossil units, load growth & resiliency<br>• RFP in 2024 covering 2028-2030 |
| | **~$10 billion**<br>**~10,000 MW** | **~10,000-15,000 MW potential*** |

* Assume 50% self build. Subject to change based on actuals and PUC approvals

# Transmission Investment – Resiliency and Reliability

## PSCo Transmission

- Base 2024-2028 capital = $5.7 billion
- ~$1.7 billion Power Pathway enables 5.5 GW renewables via 560 miles of 345 kV lines
- ~$2.9 billion required to enable preferred portfolio




## NSP Transmission

- Base 2024-2028 capital = $4.1 billion
- MISO Tranche 1 (2030) = $1.2 billion
- MISO Tranche 2 announcement expected in 2024
- Total MISO potential = $4-5 billion over next 10-15 years
- Part of $464 million JTIQ / DOE Transmission grant

## SPS Transmission

- Base 2024-2028 capital = $1.7 billion

Graphics based on current approved projects and are approximations

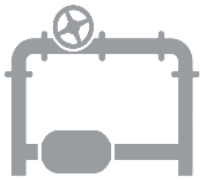
# Emerging Technologies



**Electric Vehicles**

- Enable 1 in 5 vehicles by 2030
- Residential & commercial chargers, programs and rebates
- T&D upgrades / investments
- Public charging and equity

**~$3 billion***
potential by 2033



**Hydrogen Production & Blending**

- Heartland Hydrogen Hub
- < 5% blend in natural gas system by 2033
- New gas generation and retrofits by 2033

**~$3 billion***
potential by 2033



**Medium to Long-Duration Storage**

- Medium- to long-duration pilot projects
- Approved plans for 400 MW of storage
- Could support 3,000+ MW firm peaking

**> 1,000 MW**
potential by 2033

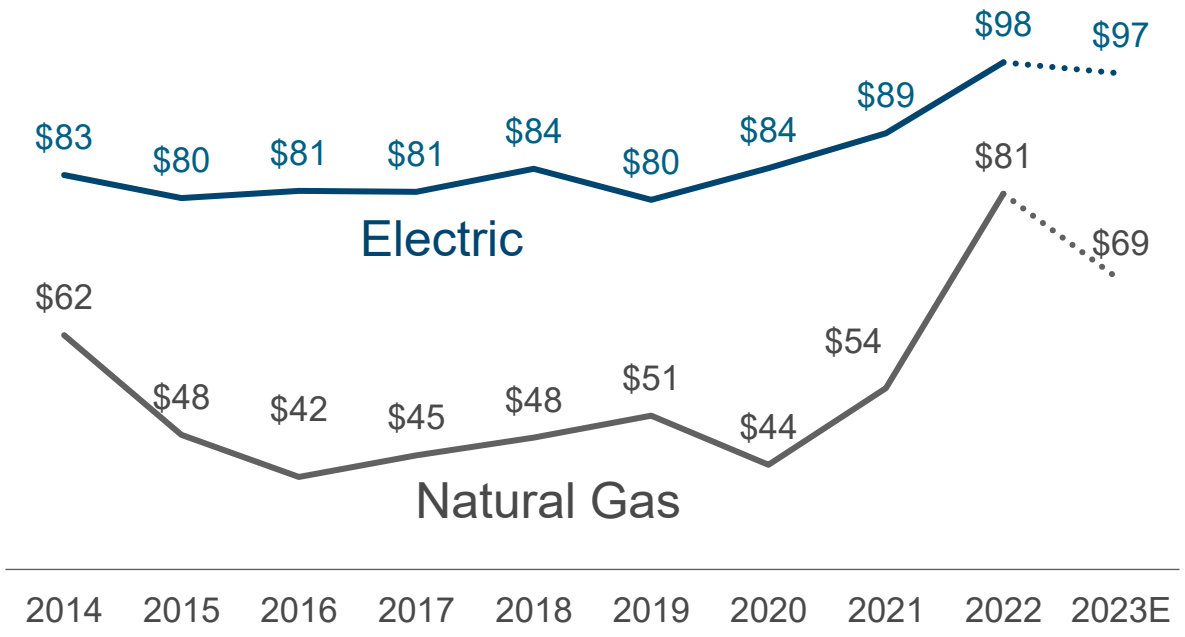
* Includes base plan and additional capital investments. Estimates subject to change

# Attractive Investment Thesis

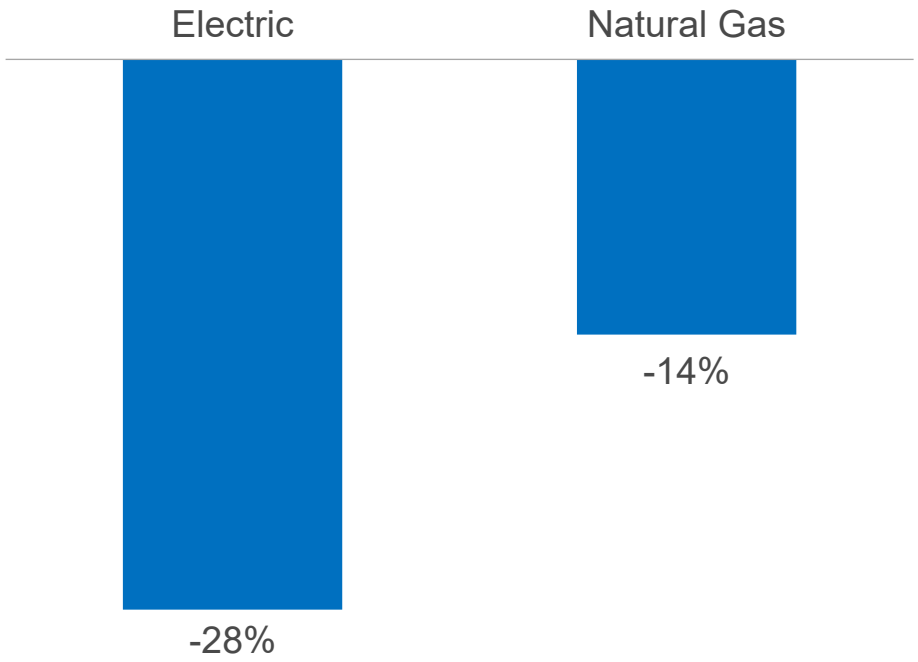
- ☑ Pure-Play, Regulated Utility that Consistently Delivers
- ☑ Robust Capital Investment Opportunities
- ☑ **Low Customer Bills**
- ☑ Sustainably Leading the Clean Energy Transition

# Keep Customer Bills Low

**2014-2023E Residential Electric CAGR = ~1.7%**
**2014-2023E Natural Gas CAGR = ~1.3%**

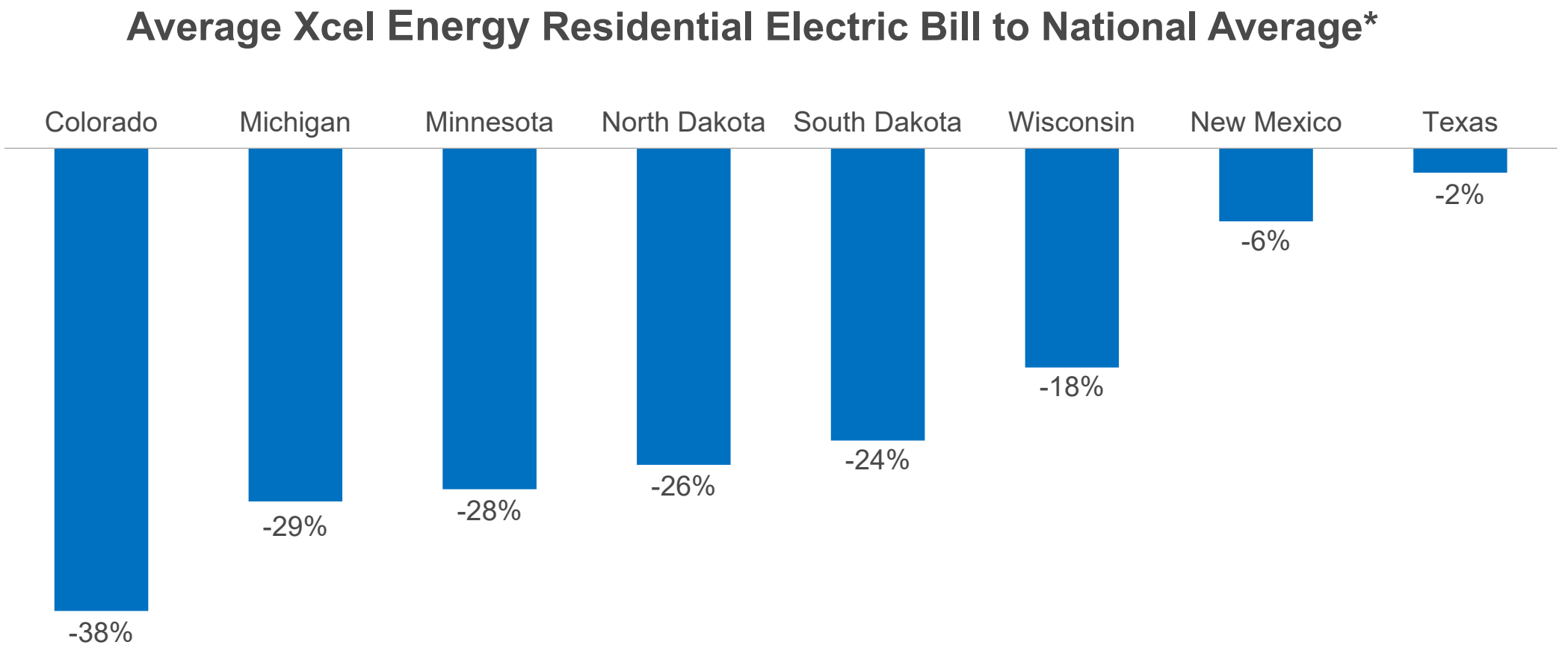



**Average Xcel Energy Residential Bill to National Average***




* Electric based on 2022 EIA data and natural gas based on 2021 EIA data

# Committed to Affordability

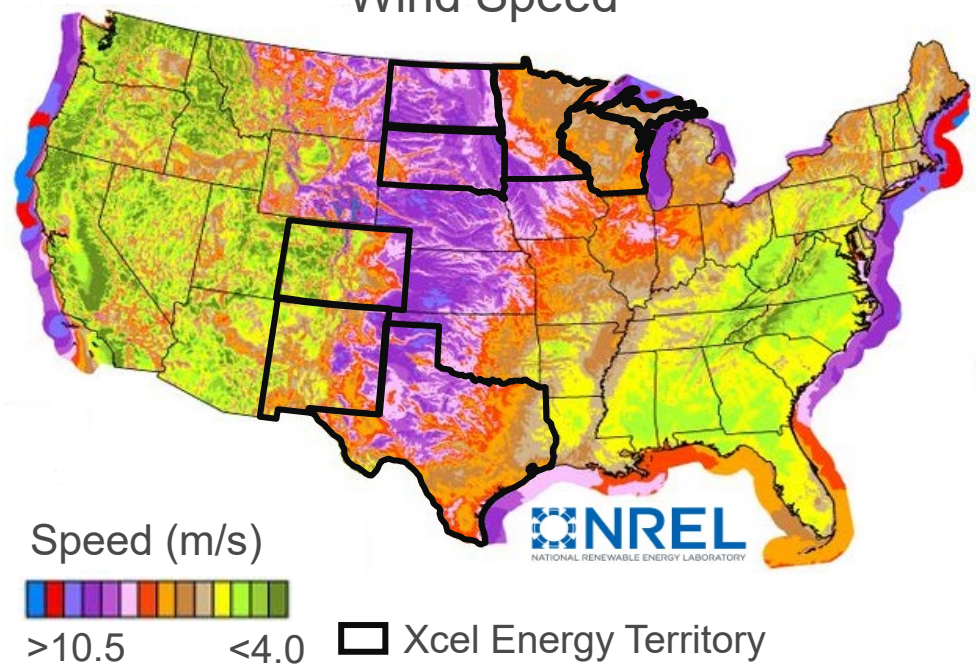



* Based on 2022 EIA data

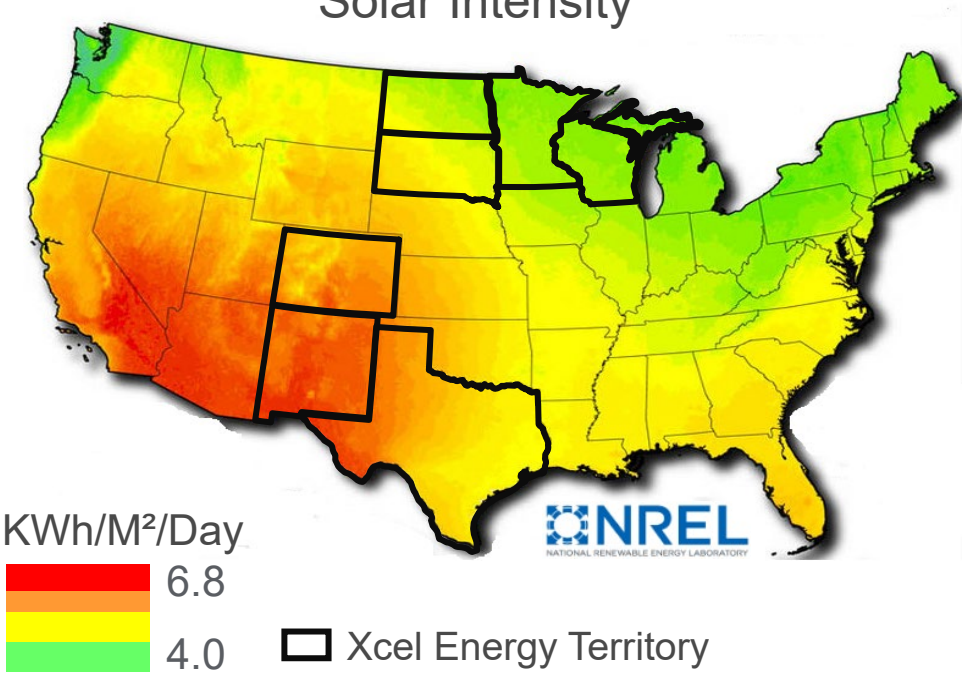
# Geographic Advantage for Renewables

## High-Capacity Factors Enable Greater Efficiency and Lower Costs

Wind Speed

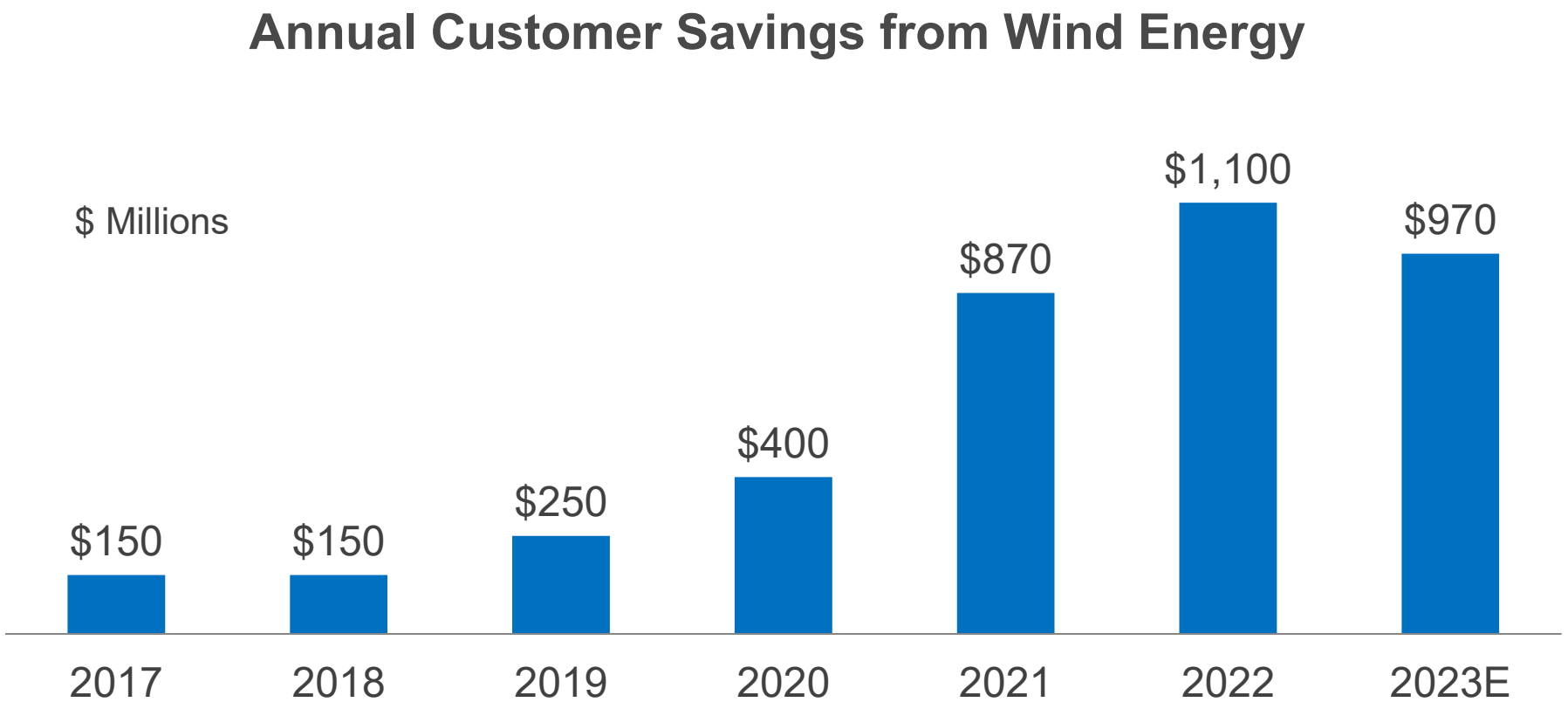



Solar Intensity




National Renewable Energy Laboratory with modification

# Steel for Fuel Results

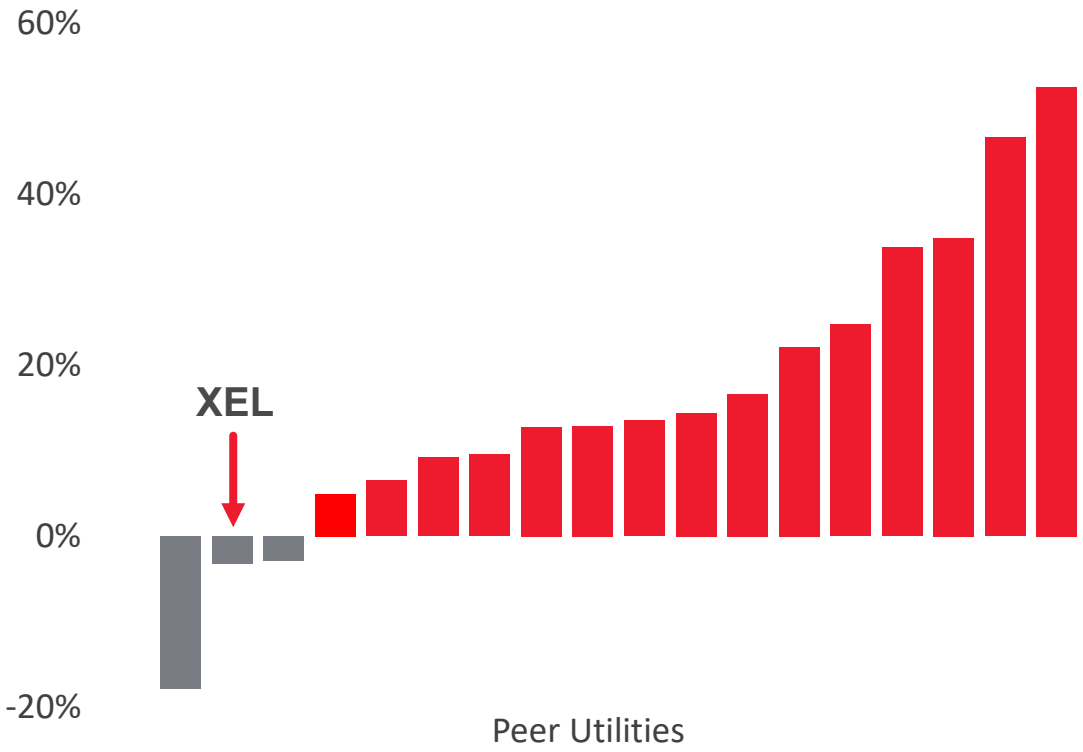



Includes avoided fuel costs and PTCs

Estimated savings decline in 2023 driven by decline in natural gas pricing

# One Xcel Energy Way – Lean Transformation

## O&M* Change (2015-2022)




## Example One Xcel Energy Way Initiatives

### Customer Satisfaction
Optimizing residential customer satisfaction as measured by J.D. Power

### Utility Operations
Lowering risk and waste, improving quality and work plan execution

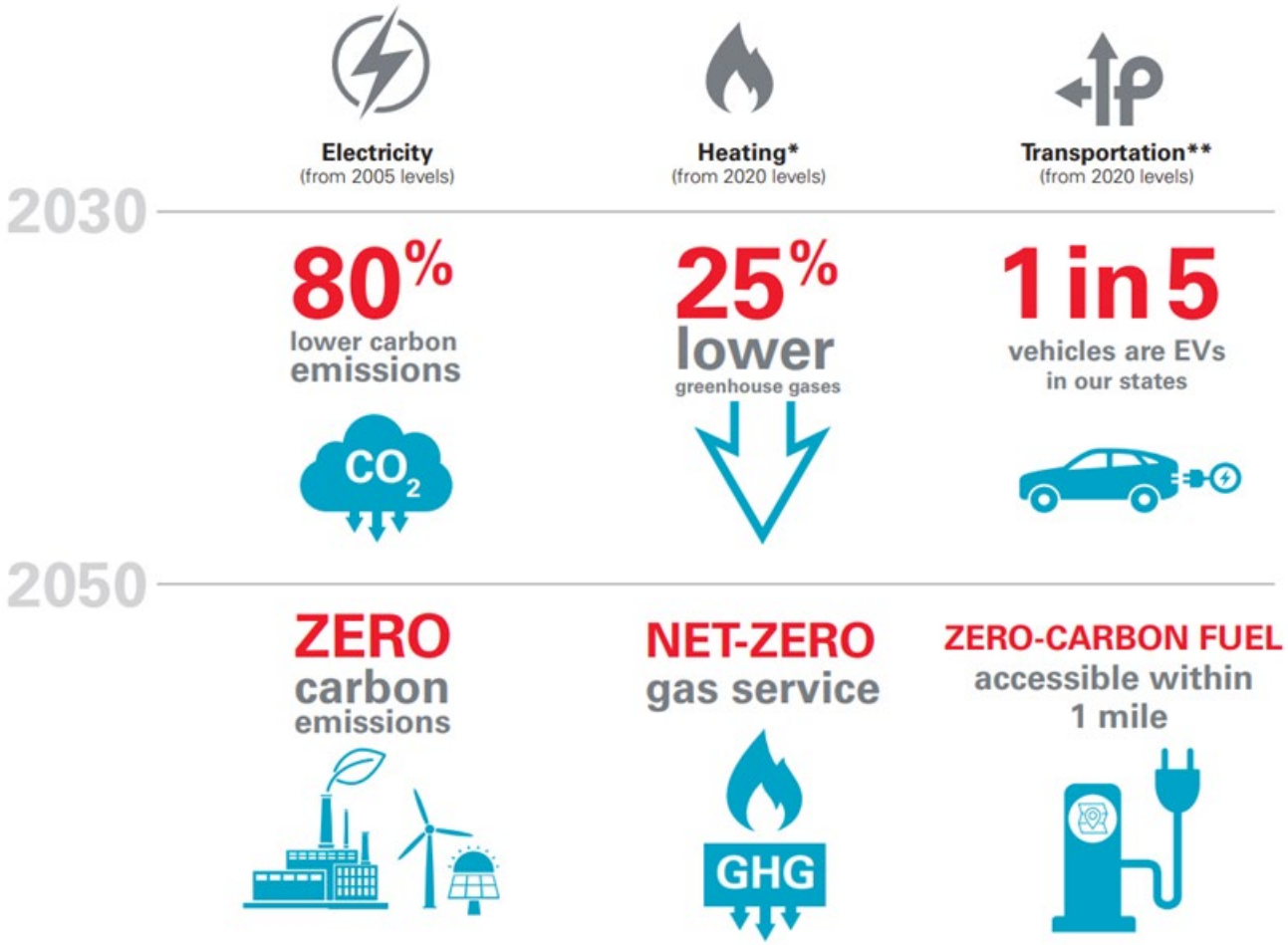
### Safety
Eliminate as much risk as possible for employees, contractors and customers

* Defined as total electric O&M expenses from FERC Form 1 adjusted to remove fuel, purchased power costs, transmission of electricity by others, customer assistance expenses, employee pensions and benefits, and injuries and damages per electric account

# Attractive Investment Thesis

- ☑ Pure-Play, Regulated Utility that Consistently Delivers
- ☑ Robust Capital Investment Opportunities
- ☑ Low Customer Bills
- ☑ **Sustainably Leading the Clean Energy Transition**

# Comprehensive Sustainability Goals




- **≤ rate of inflation**
  manage customer bills
- **70% less**
  water consumption by 2030*
- **Local communities**
  supported
- **25% of spend**
  with diverse suppliers by 2025
- **Social impacts**
  of coal closures mitigated
- **Workforce**
  reflects our communities

# Recognized ESG Excellence

MSCI ESG RATINGS — AAA

CCC | B | BB | BBB | A | AA | AAA

*Only utility within our peer group rated AAA*

DEI BEST PLACE TO WORK FOR DISABILITY INCLUSION

**ETHISPHERE**
**Recognized as one of the 2023 World's Most Ethical Companies®**

BEST PLACES TO WORK
HUMAN RIGHTS CAMPAIGN FOUNDATION
2022 for LGBTQ+ Equality
100% CORPORATE EQUALITY INDEX

ISS ESG

*Amongst highest ESG ratings for US Energy Providers*

Smart Electric Power Alliance

*2023 Utility Transformation Leaderboard*

SUSTAINALYTICS
a Morningstar company

*Top-third among electric utilities for ESG risk*

**FORTUNE**
**2023 World's Most Admired Companies**

VETS Indexes
5 STAR EMPLOYER
2023

# Attractive Investment Thesis

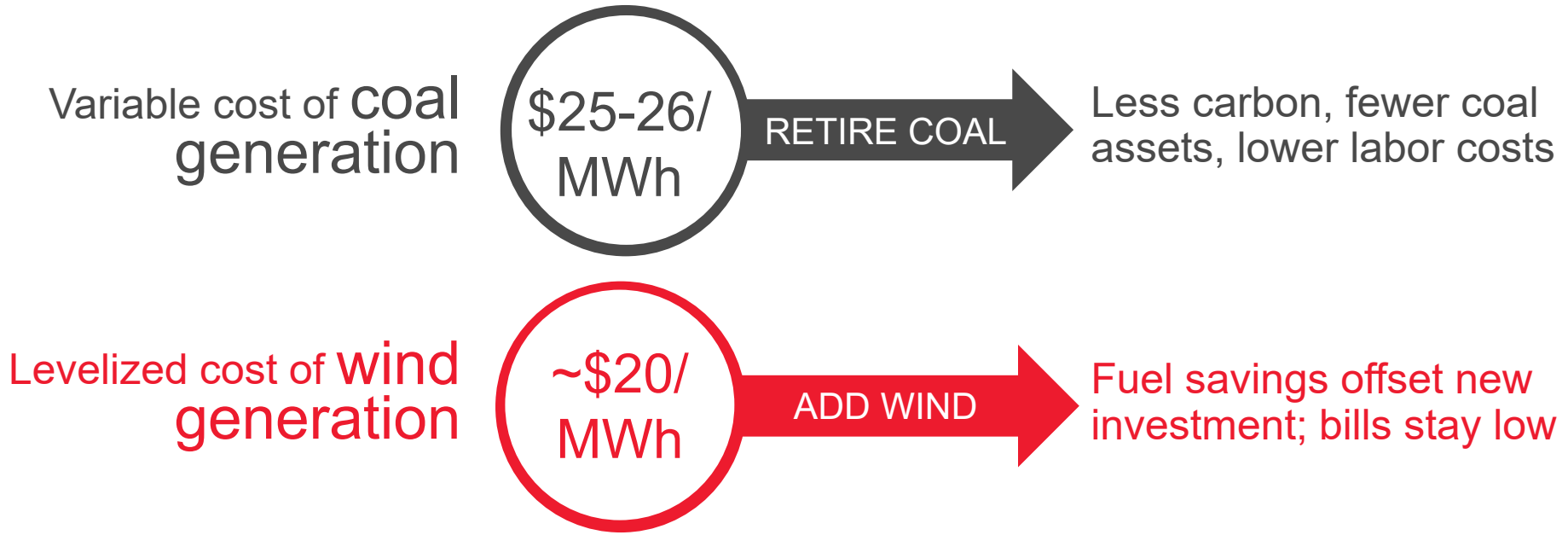
- ☑ Pure-Play, Regulated Utility that Consistently Delivers
- ☑ Robust Capital Investment Opportunities
- ☑ Low Customer Bills
- ☑ Sustainably Leading the Clean Energy Transition

# APPENDIX

# STEEL FOR FUEL ADVANTAGE

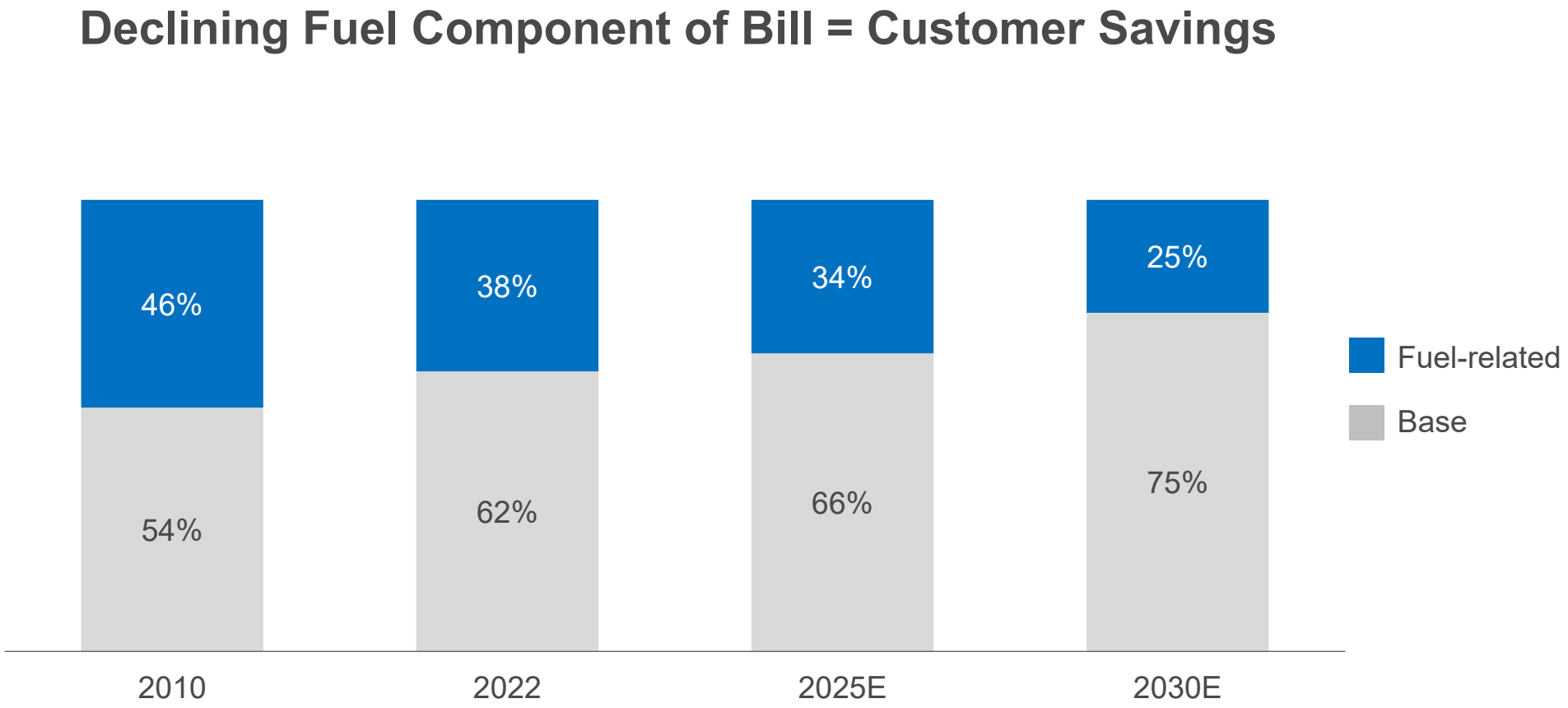
# Steel for Fuel – Attractive Economics for Renewables

## Replacing Coal with Lower-Cost Wind



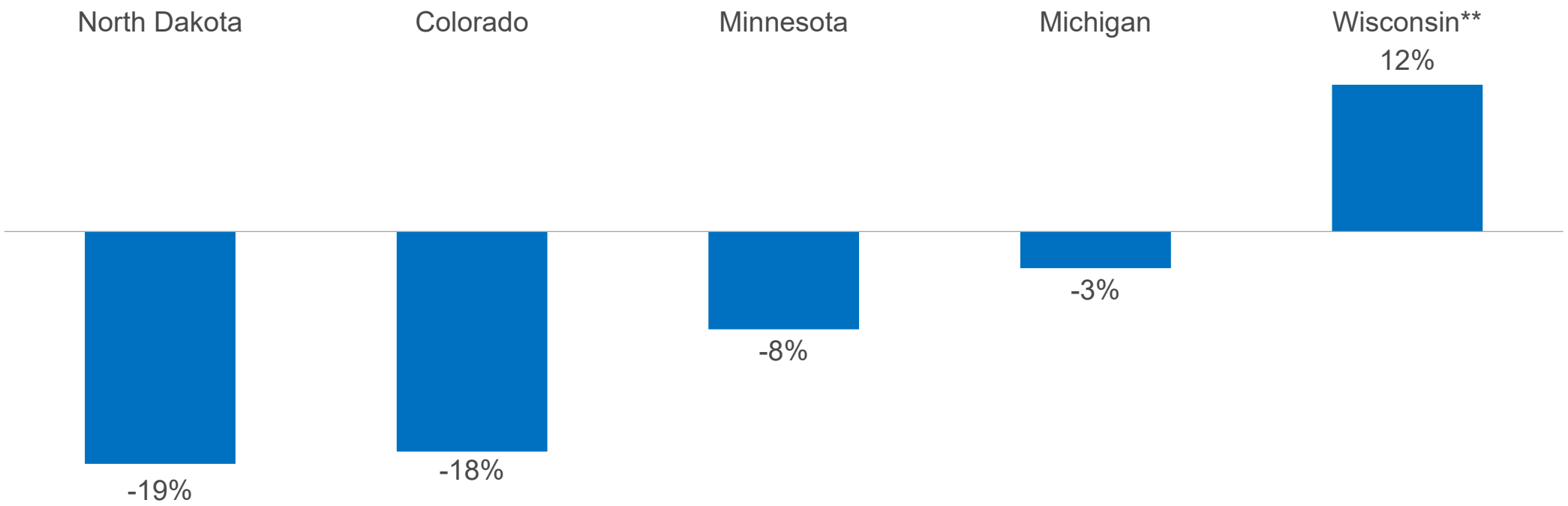

Over 3,600 MW New owned wind (2018-2022) × 8,760 Hours/year × 50% Capacity factor = ~16 million MWh annually

# Committed to Affordability



# Committed to Affordability

## Average Xcel Energy Residential Natural Gas Bill to National Average*




* Based on 2021 EIA data

** Includes recovery of Ashland manufactured gas plant remediation costs

# ESG LEADERSHIP

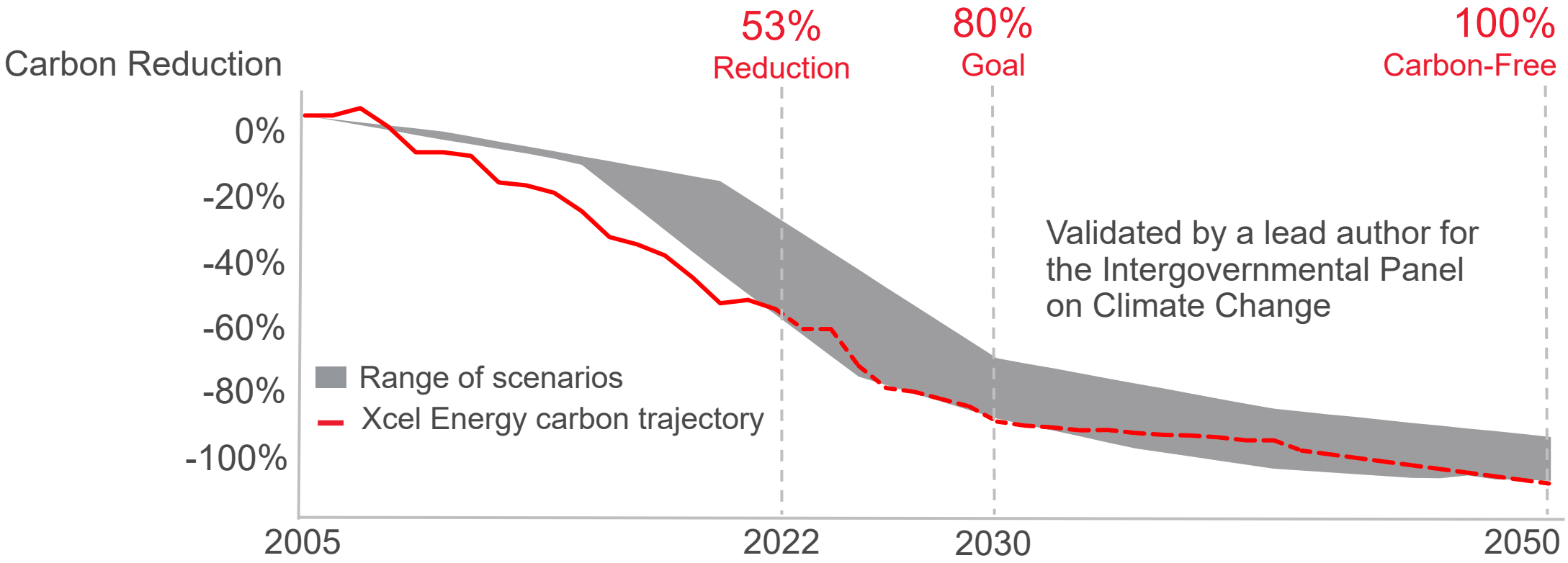
# Sustainability Goals – Tangible Progress

| | GOAL | PROGRESS |
|---|---|---|
| $CO_2$ | **80% lower carbon emissions by 2030, 100% carbon-free electricity by 2050*** | 53% reduction 2005 - 2022 |
| | **25% lower net GHG emissions by 2030, net-zero by 2050**** | Filed first Clean Heat Plan in Colorado in 2023 |
| | **70% less water consumption by 2030*** | 39% reduction 2005 - 2022 |
| | **Bill increases ≤ rate of inflation** | Residential electric 2013-2022 CAGR = 1.8%<br>Residential natural gas 2013-2022 CAGR = 4.7% *** |
| | **1 in 5 EVs powered by 2030** | Programs approved in MN, CO, WI, and NM |
| | **Coal plant closure impacts mitigated** | 8 plant closures, 0 layoffs to date |
| $ | **Local economies supported** | 58% supply chain spend local in 2022<br>~$1.8 billion investment; 2,900 jobs in 2022 |
| | **Workforce reflects our communities** | Board: 31% female, 15% diverse<br>Workforce: 24% female, 18% diverse (YE 2022) |
| | **25% spend with diverse suppliers by 2025** | ~11% ($548 million) in 2022 |

* Includes owned and purchased electricity serving customers
** Spans natural gas supply, distribution and customer use
*** Global natural gas prices increased significantly in 2022. Prices have come down significantly in 2023

# Carbon Goals Aligned With Paris Accord: Electric Utility

## Goals Align with Science-Based Scenarios Likely to Achieve 1.5° C

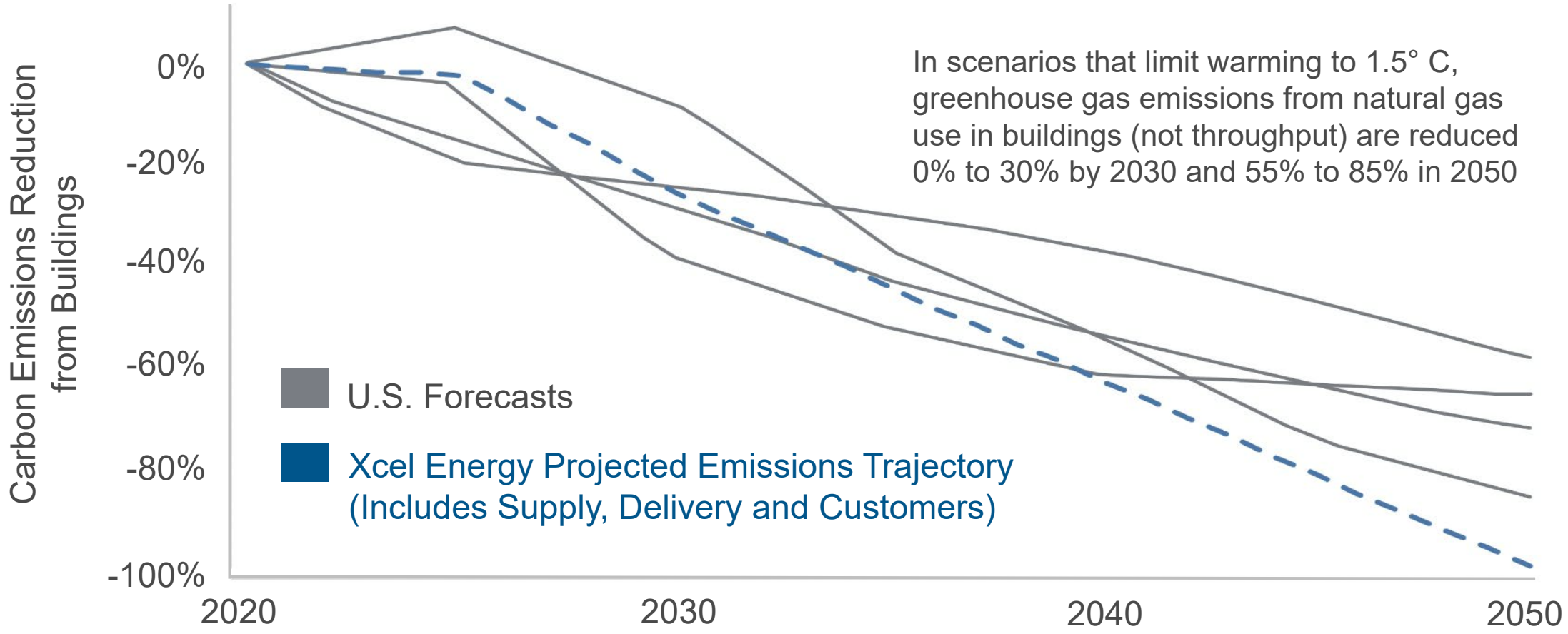



Validated by a lead author for the Intergovernmental Panel on Climate Change

Goal includes owned and purchased power

# Carbon Goals Aligned With Paris Accord: Natural Gas Utility

## Goals Align with Science-Based Scenarios Likely to Achieve 1.5° C




Validated by a lead author for the Intergovernmental Panel on Climate Change

# Science-Based Targets

## Our Approach

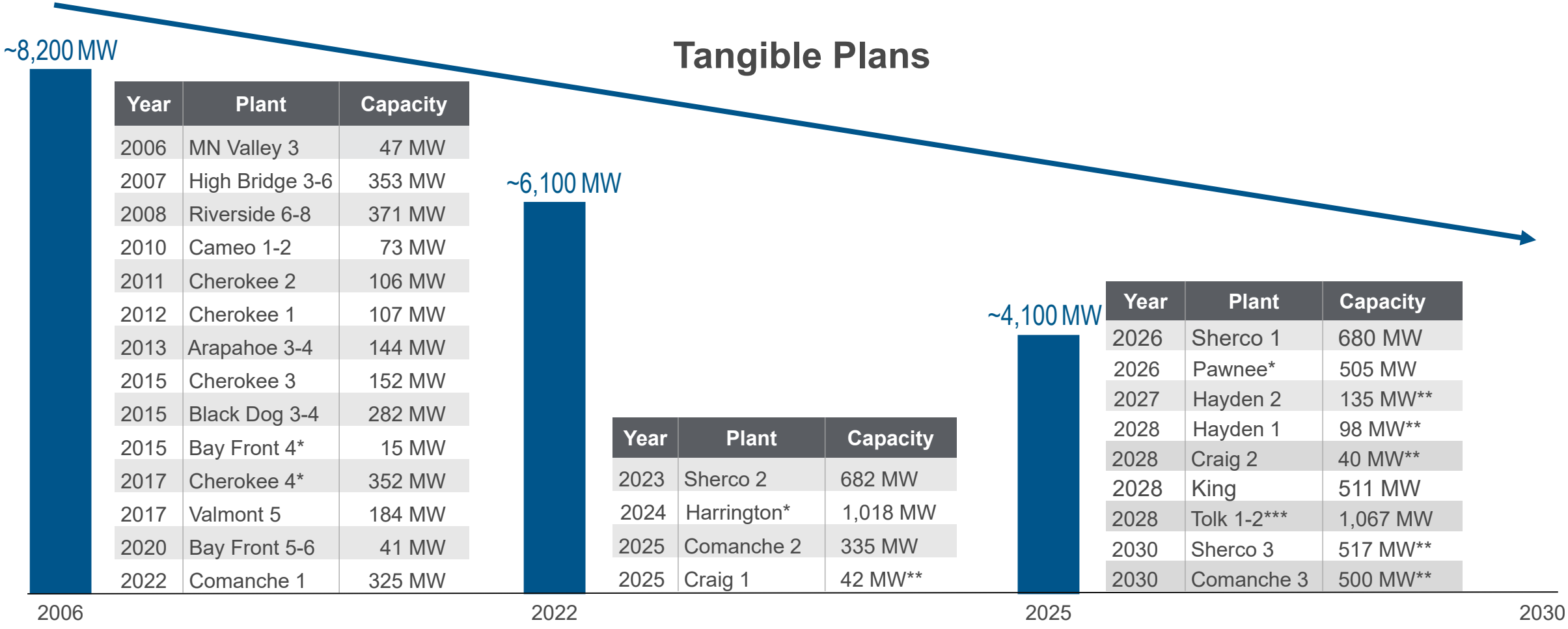
- Independent analysis conducted by an IPCC lead author
- Based on multiple IPCC scenarios that meet global temperature targets
- Confirms our goals (include scope 1 and scope 3 emissions) align with science-based scenarios likely to achieve 1.5° C
- Analysis shows natural gas in buildings does not go away by 2040

## SBTi Validation

- We have not pursued to date given:
  - SBTi relies on a single scenario, which we view as less robust than our analysis
  - We believe offsets are part of a leading natural gas strategy rooted in science
  - SBTi does not acknowledge carbon reductions achieved to date
- We will reevaluate periodically as changes to SBTI's methodology occur over time

Carbon and natural gas analyses are available in our ESG library

# Out of Coal by 2030




| Year | Plant | Capacity |
|---|---|---|
| 2006 | MN Valley 3 | 47 MW |
| 2007 | High Bridge 3-6 | 353 MW |
| 2008 | Riverside 6-8 | 371 MW |
| 2010 | Cameo 1-2 | 73 MW |
| 2011 | Cherokee 2 | 106 MW |
| 2012 | Cherokee 1 | 107 MW |
| 2013 | Arapahoe 3-4 | 144 MW |
| 2015 | Cherokee 3 | 152 MW |
| 2015 | Black Dog 3-4 | 282 MW |
| 2015 | Bay Front 4* | 15 MW |
| 2017 | Cherokee 4* | 352 MW |
| 2017 | Valmont 5 | 184 MW |
| 2020 | Bay Front 5-6 | 41 MW |
| 2022 | Comanche 1 | 325 MW |

| Year | Plant | Capacity |
|---|---|---|
| 2023 | Sherco 2 | 682 MW |
| 2024 | Harrington* | 1,018 MW |
| 2025 | Comanche 2 | 335 MW |
| 2025 | Craig 1 | 42 MW** |

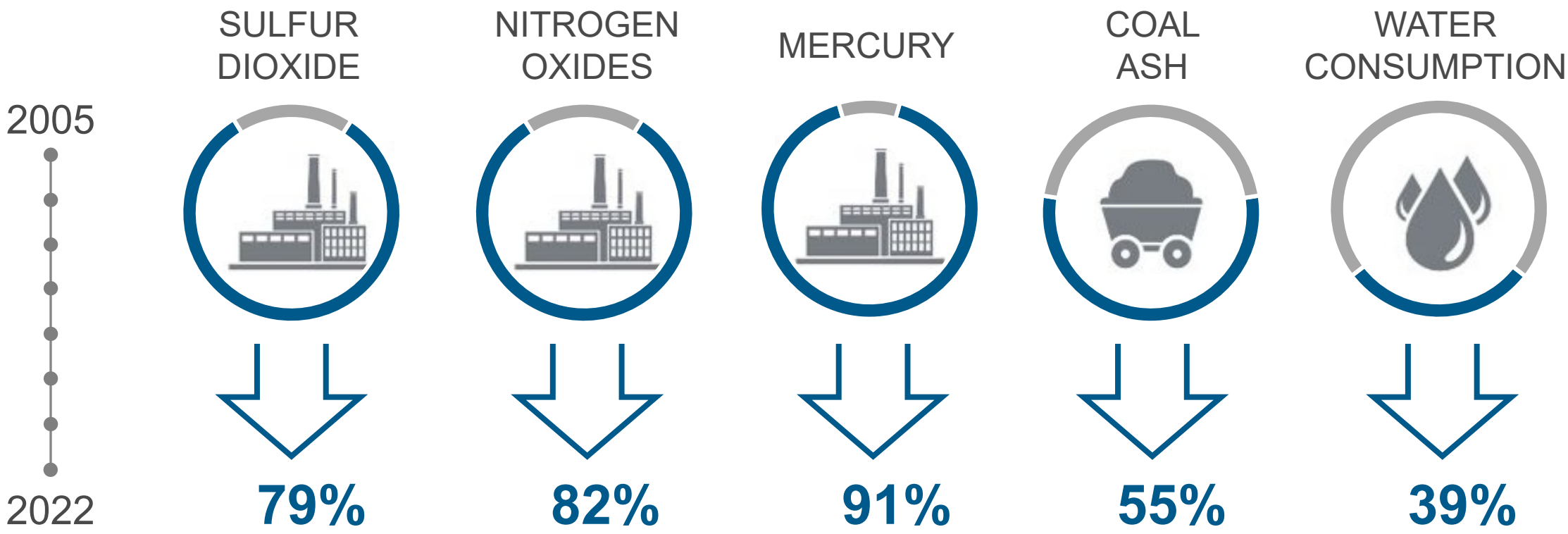
| Year | Plant | Capacity |
|---|---|---|
| 2026 | Sherco 1 | 680 MW |
| 2026 | Pawnee* | 505 MW |
| 2027 | Hayden 2 | 135 MW** |
| 2028 | Hayden 1 | 98 MW** |
| 2028 | Craig 2 | 40 MW** |
| 2028 | King | 511 MW |
| 2028 | Tolk 1-2*** | 1,067 MW |
| 2030 | Sherco 3 | 517 MW** |
| 2030 | Comanche 3 | 500 MW** |

* Conversion from coal to natural gas

** Based on Xcel Energy's ownership interest

*** SPS is proposing the early retirement of the Tolk coal plant, pending approval by the TX commission (NM approved in October 2023)

# Emission Reductions Beyond Carbon




Results from owned generation except for water, which includes owned and purchased power

# Net Zero Natural Gas Service

## 25% Net GHG Emission Reduction by 2030, Net Zero by 2050

### INFLUENCE SUPPLIERS



Pursue certified low/no net emissions supply

### OPERATE THE CLEANEST SYSTEM POSSIBLE



XCEL ENERGY

Incorporate clean fuels to achieve net-zero methane emissions by 2030

### OFFER CUSTOMER OPTIONS



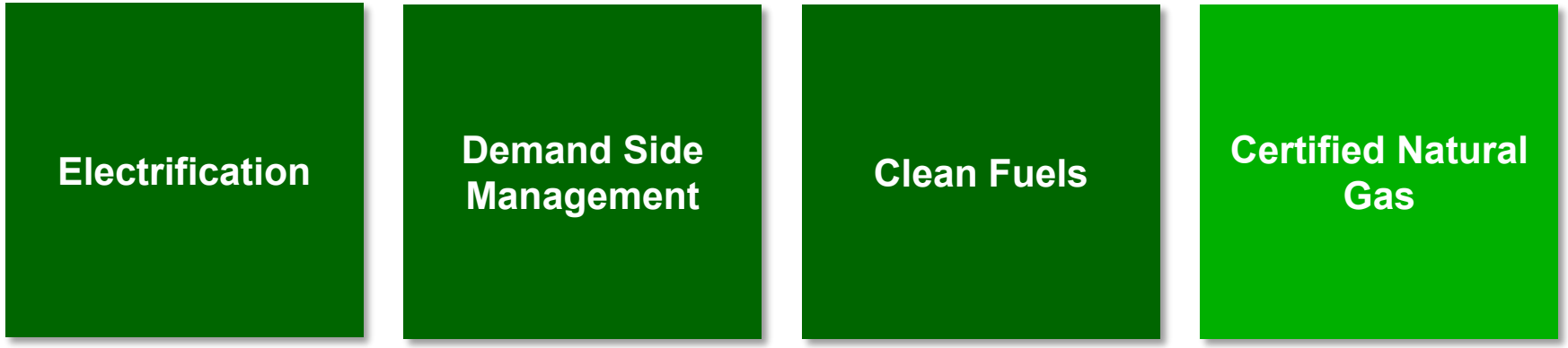
Promote conservation, beneficial electrification and clean fuels

Goal compared to 2020 baseline; includes natural gas supply for electric system

Net zero assumes use of biologic offsets and carbon capture technologies

# Clean Heat Plan – Colorado

## Components of Clean Heat Plan




- Original plan filed August 2023. Amended plan filed November 2023.
- Commission decision anticipated mid-2024
- Preferred portfolio achieves 25% LDC GHG emissions reduction by 2030, while managing bill growth
  - Proposed budget ~$770 million from 2024-2028
  - Incremental natural gas bill growth ~2.5% per year
  - Nominal electric bill growth
  - Requesting separate approval of CNG purchases to achieve additional 5% emissions reduction

# Recent DOE Grants

**Heartland Hydrogen Hub**

- Estimated $925 million awarded to Xcel Energy (~50% total capital) and partners
- Xcel Energy would use renewables and nuclear energy to produce hydrogen and blend into power, natural gas and industrial applications

**Form Energy Pilots**

- Awarded $70 million to support our two 10-MW, 100-hour battery pilots
- Secured $90 million in total grant funding for both projects
- Construction on Minnesota pilot begins in late 2024

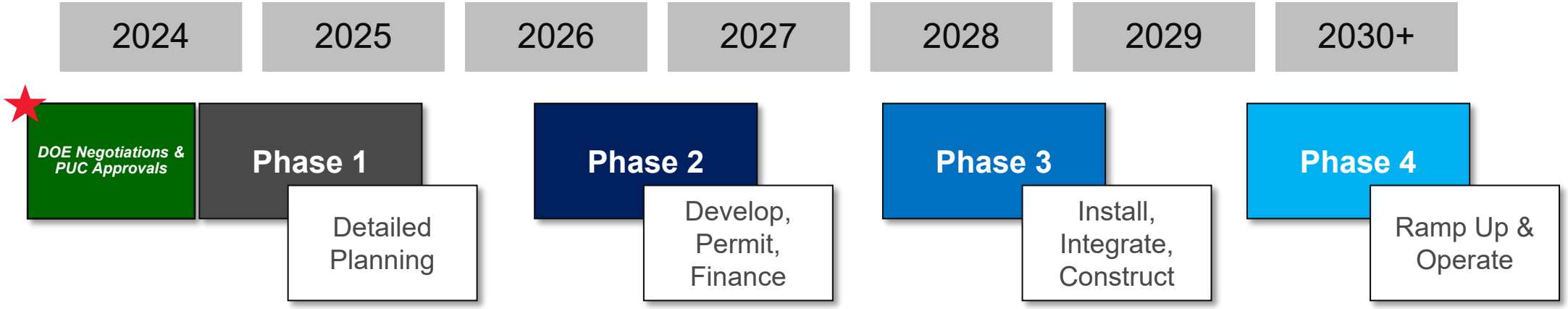
**Wildfire & Extreme Weather**

- Awarded $100 million to help mitigate wildfire threats and ensure grid resiliency
- Projects include vegetation management, undergrounding, advanced technologies including equipment and drones, and other resiliency projects

**JTIQ Transmission**

- Part of $464 million grant to support SPP & MISO transmission collaboration
- Xcel Energy is part of 2 of 5 projects awarded
- Improving reliability and resolving constraints for up to 30 GW of new generation

# Heartland Hydrogen Hub




- Utilizes carbon-free wind, solar & nuclear generation to produce hydrogen in the Upper Midwest
- Blend into power generation, natural gas distribution systems and agricultural and industrial applications
- DOE award of up to $925 million for total project costs
- Xcel Energy investment of $1.5 to $2.5 billion with DOE cost share of ~$400 to $500 million
- Partners include Marathon Petroleum, TC Energy and the University of North Dakota
- Award negotiations to begin November 2023

# Electric Vehicle Vision 2030



**1 in 5**
EVs Enabled

Nation-leading models for residential, commercial and public charging

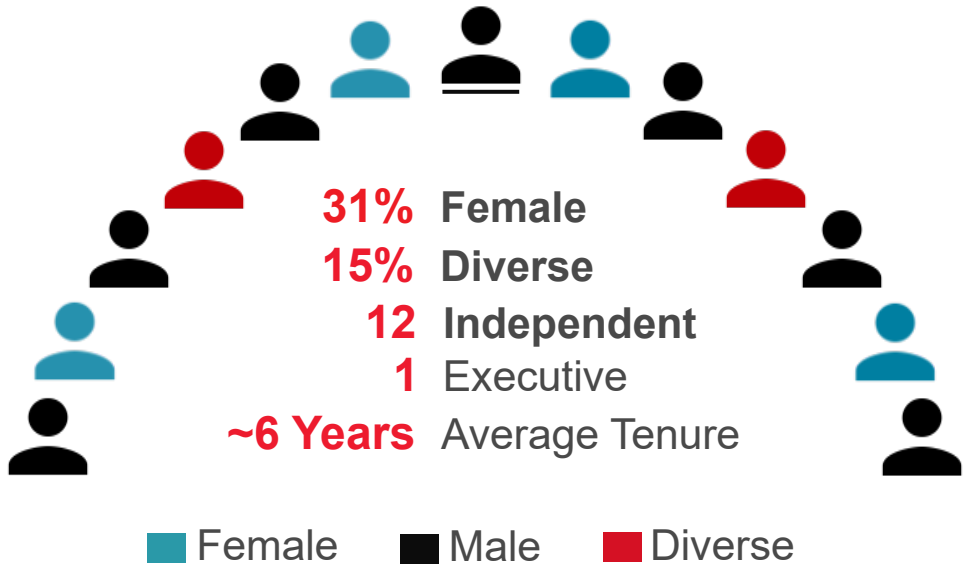
**5 million $CO_2$ tons avoided annually**
80% lower vehicle emissions when charging with Xcel Energy

**$1 billion annual customer savings**
~$1/gallon and lower using off-peak energy; rebates drive adoption

**$2 billion investment**
Service connections, charging infrastructure and programs

**0.6% to 0.7% incremental annual retail sales growth**
~6-7 million MWh new load keeps customer bills low

# Diverse and Engaged Board




Mandatory retirement **age and tenure limit**

**Independent** committee chairs

**No supermajority** approval provisions

**Overboarding** policies

Lead **independent director** elected annually

Board and committee **performance evaluations**

**Proxy access** adopted

Annual advisory vote on **compensation**



Governance, Compensation & Nominating (ESG oversight)



Audit



Finance



Operations, Nuclear, Environmental & Safety

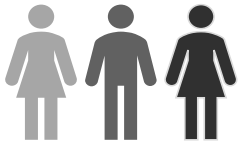
Seven new directors since 2019

# Workforce Representation



## BOARD

31% female | 15% diverse



## CEO DIRECT REPORTS

33% female | 22% diverse

## VP & ABOVE

23% female | 19% diverse

## MANAGEMENT

25% female | 12% diverse



## WORKFORCE

24% female | 18% diverse

## NEW HIRES

35% female | 24% diverse

## INTERNS

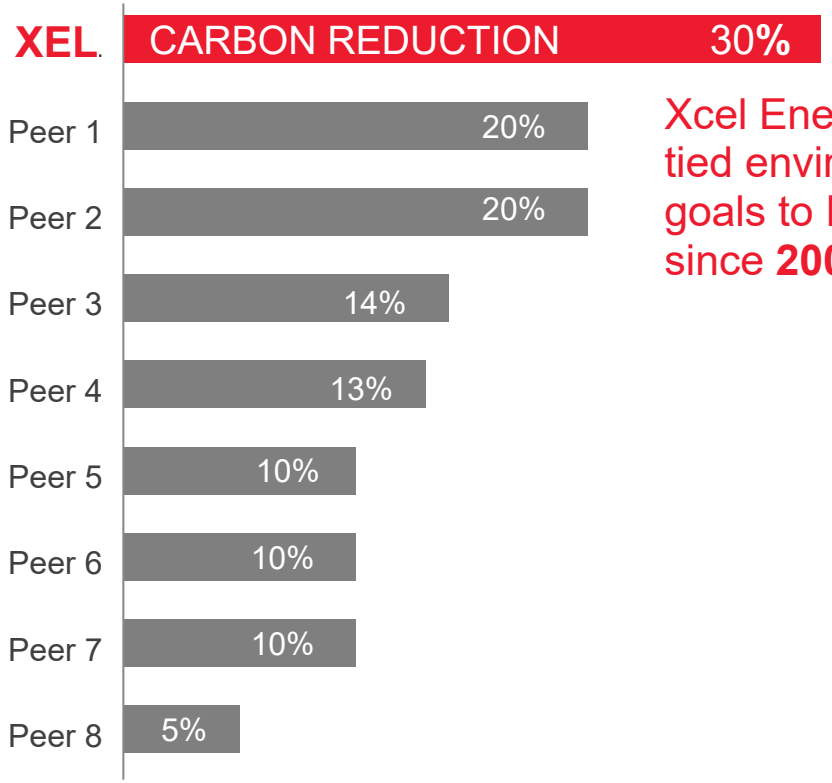
32% female | 25% diverse

CEO direct report figures as of YE 2022

Workforce figures as of YE 2022

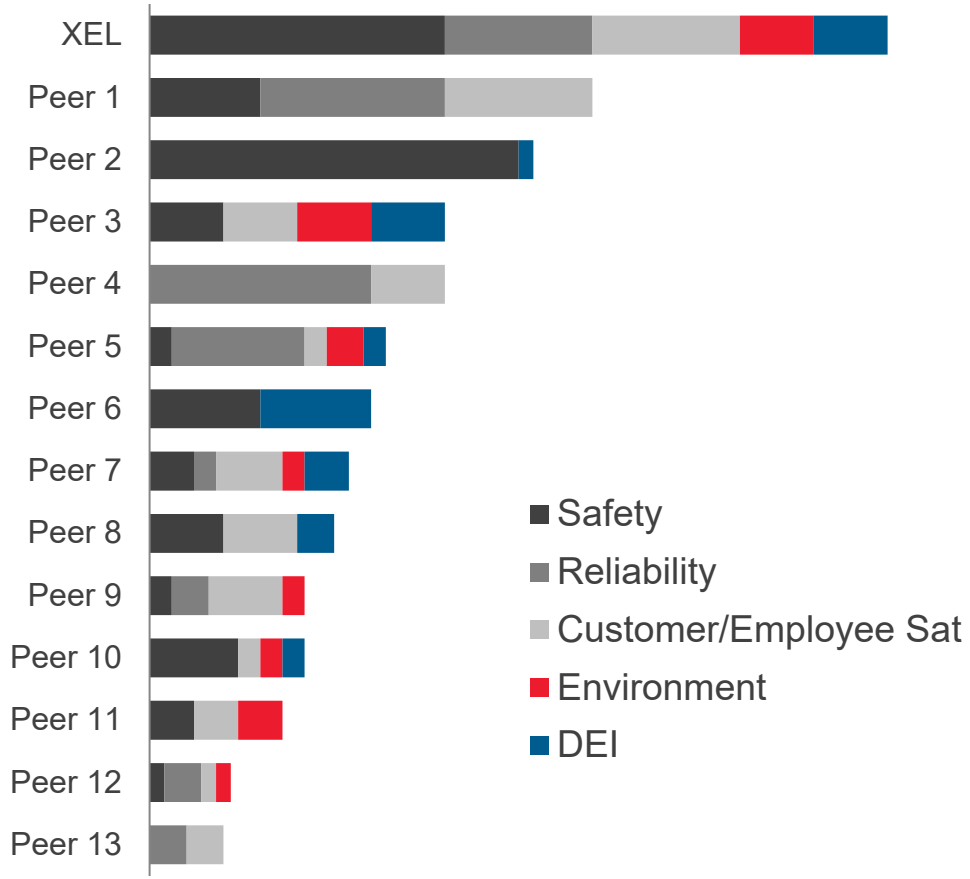
# ESG Embedded in Compensation

## Long-Term Incentive Tied to Environment




Xcel Energy has tied environmental goals to NEO pay since **2005**

## Annual Incentive Tied to ESG Issues




Source data from Meridian

# DEI Progress Tied to Compensation

## Focus, Commitment and Accountability



### INTERVIEW PANELS

Diversity in background, race, ethnicity, gender and perspectives

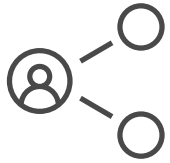
*99% of offers were extended to candidates interviewed by diverse panels*



### EXECUTIVE SPONSORSHIP

Pairing female and ethnically diverse employees with senior leaders

*~55% of the 71 participants assumed new roles to further their growth and development*



### INCLUSION INDEX

Listening to employees, encouraging feedback and taking action to support them

*Survey results reached target; female and diverse employee responses scored relatively higher*

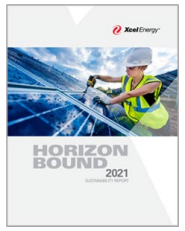
Results based on 2022 data

# Voluntary Disclosures

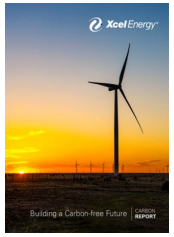
## FRAMEWORKS & STANDARDS

- GRI — Alignment
- SASB — Alignment
- TCFD — Alignment
- Sustainable Development Goals — Alignment
- The Climate Registry — Founding Member
- ONE Future — Member
- ICMA LMA LSTA — Sustainable Finance Principles Alignment

## REPORTS & DISCLOSURES



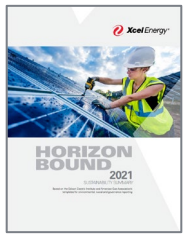
Sustainability Report



Carbon Scenarios



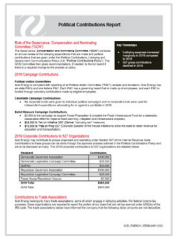
TCFD Response

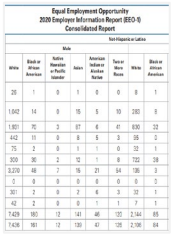


EEI/AGA Template



Natural Gas Vision


Political Contributions


EEO-1 Report



Financing Framework



Financing Impacts

## POLICIES & POSITION STATEMENTS


Environmental Policy


Anti-Discrimination


Environmental Justice


Anti-Retaliation


Lobbying & Contributions


Human Rights


Responsible Transition



Compliance Program



Employee/Supplier Codes of Conduct

Available in ESG library on investor website

# FINANCIAL SUPPLEMENT

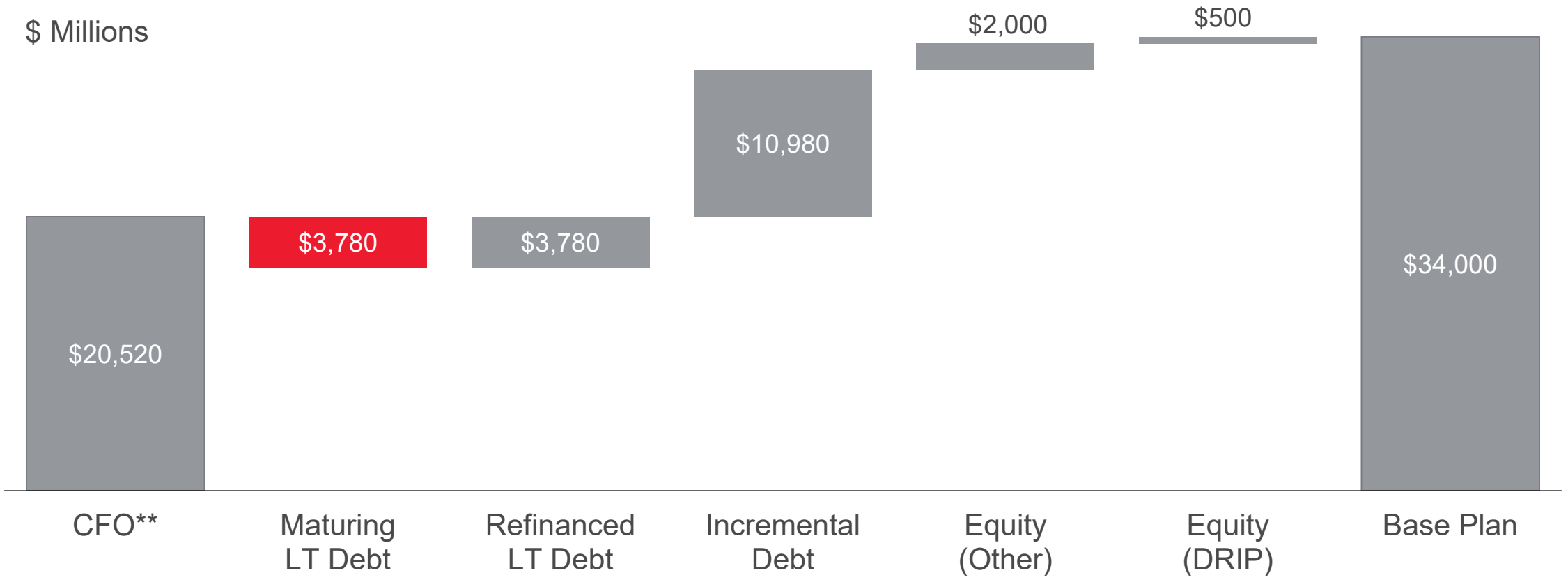
# Strong Balance Sheet and Credit Metrics

| Plan | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| FFO/Debt | 18% | 17% | 17% | 17% | 17% |
| Debt/EBITDA | 5.1x | 5.1x | 5.1x | 5.1x | 5.1x |
| Equity Ratio | 40% | 40% | 40% | 40% | 40% |
| Hold Co Debt/Total Debt | 24% | 24% | 24% | 24% | 24% |

| Credit Ratings | Moody's | S&P | Fitch |
|---|---|---|---|
| Xcel Energy Unsecured | Baa1 | BBB+ | BBB+ |
| NSPM Secured | Aa3 | A+ | A+ |
| NSPW Secured | Aa3 | A | A+ |
| PSCo Secured | A1 | A | A+ |
| SPS Secured | A3 | A | A- |

Credit metrics based on base capital forecast, include tax credit transferability and do not reflect rating agency adjustments. The FFO/Debt and Debt/EBITDA ratios are non-GAAP financial measures. FFO is generally calculated as GAAP-basis net cash provided by operating activities, adjusted for working capital and other items. EBITDA is generally calculated as GAAP-basis net income before interest, taxes, depreciation and amortization. Due to the forward-looking nature of these measures, Xcel Energy is unable to provide a reconciliation of these measures to the corresponding GAAP measures.

# Financing Plan 2024 – 2028*




* Financing plans reflect tax credit transferability and are subject to change

** Cash from operations is net of dividends and pension funding

*** Additional capital investment above the Base Plan would be funded with approximately 40% equity and 60% debt

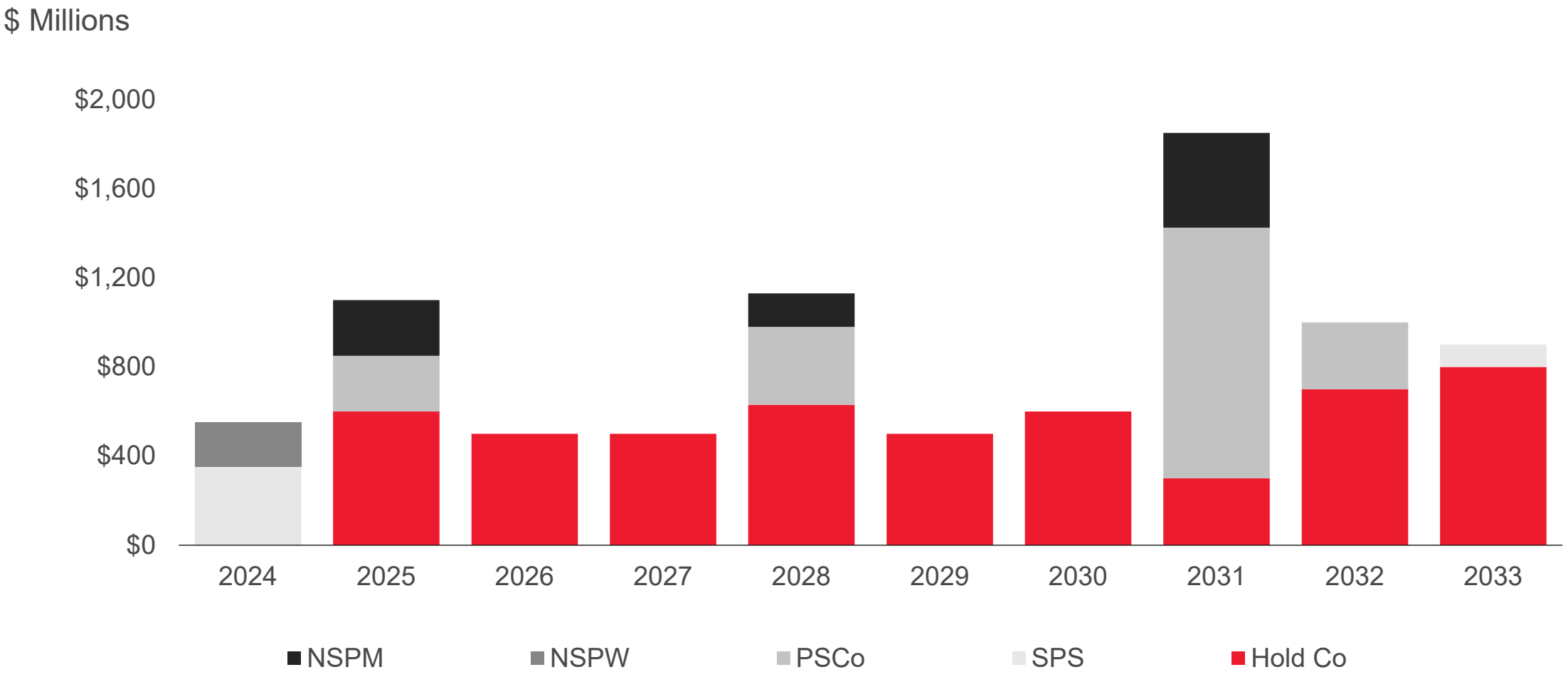
# 2024 Debt Financing Plan

$ Millions

| Issuer | Security | Amount |
|---|---|---|
| Hold Co | Unsecured Bonds | $750 |
| NSPM | First Mortgage Bonds | $700 |
| NSPW | First Mortgage Bonds | $350 |
| PSCo | First Mortgage Bonds | $900 |
| SPS | First Mortgage Bonds | $550 |

Financing plans are subject to change, depending on capital expenditures, regulatory outcomes, internal cash generation, market conditions, changes in tax policies and other factors

# Debt Maturities

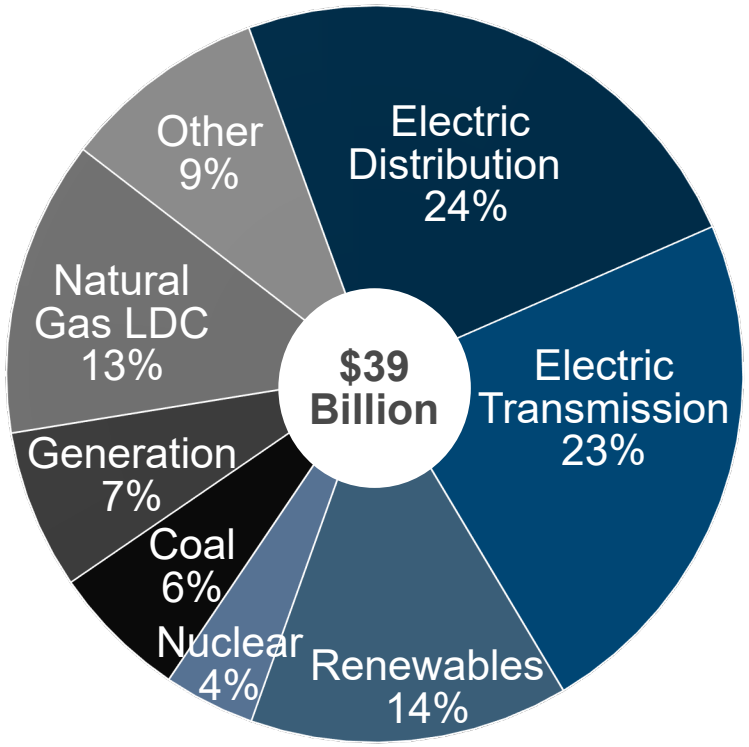


# Reconciliation – Ongoing EPS to GAAP EPS

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Ongoing EPS** | **$1.95** | **$2.03** | **$2.09** | **$2.21** | **$2.30** | **$2.47** | **$2.64** | **$2.79** | **$2.96** | **$3.17** |
| SPS FERC Order | (0.04) | - | - | - | - | - | - | - | - | - |
| Loss on Monticello LCM/EPU Project | - | - | (0.16) | - | - | - | - | - | - | - |
| Impact of Tax Cuts & Jobs Act | - | - | - | - | (0.05) | - | - | - | - | - |
| **GAAP EPS** | **$1.91** | **$2.03** | **$1.94** | **$2.21** | **$2.25** | **$2.47** | **$2.64** | **$2.79** | **$2.96** | **$3.17** |
| Amounts may not sum due to rounding | | | | | | | | | | |

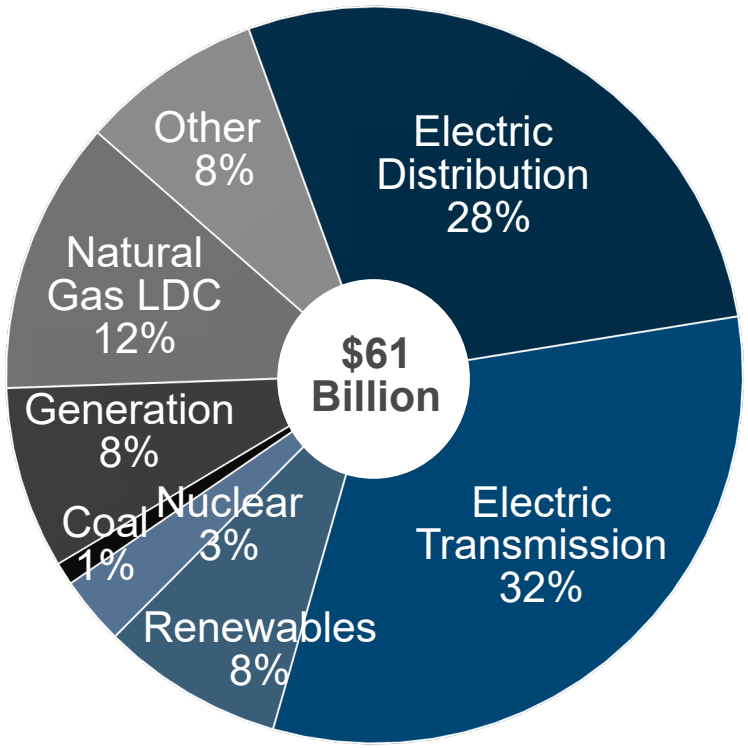
Xcel Energy's management believes that ongoing earnings reflects management's performance in operating the company and provides a meaningful representation of the performance of Xcel Energy's core business. In addition, Xcel Energy's management uses ongoing earnings internally for financial planning and analysis, for reporting of results to the Board of Directors, and when communicating its earnings outlook to analysts and investors.

# Diverse Asset Base




2022

**Coal Rate Base Declines from 6% to 1%**




2028E

# Base Capital Expenditures by Function

$ Millions

| | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| Electric Transmission | $1,880 | $2,150 | $2,500 | $2,840 | $2,080 | $11,450 |
| Electric Distribution | $1,720 | $1,840 | $2,030 | $2,200 | $2,410 | $10,200 |
| Electric Generation | $930 | $1,160 | $780 | $740 | $600 | $4,210 |
| Other | $760 | $720 | $670 | $630 | $630 | $3,410 |
| Natural Gas | $740 | $680 | $630 | $620 | $570 | $3,240 |
| Renewables | $670 | $740 | $40 | $20 | $20 | $1,490 |
| **Total** | **$6,700** | **$7,290** | **$6,650** | **$7,050** | **$6,310** | **$34,000** |

Base capital forecast excludes additional generation investment associated with resource plans

# Base Capital Expenditures by Company

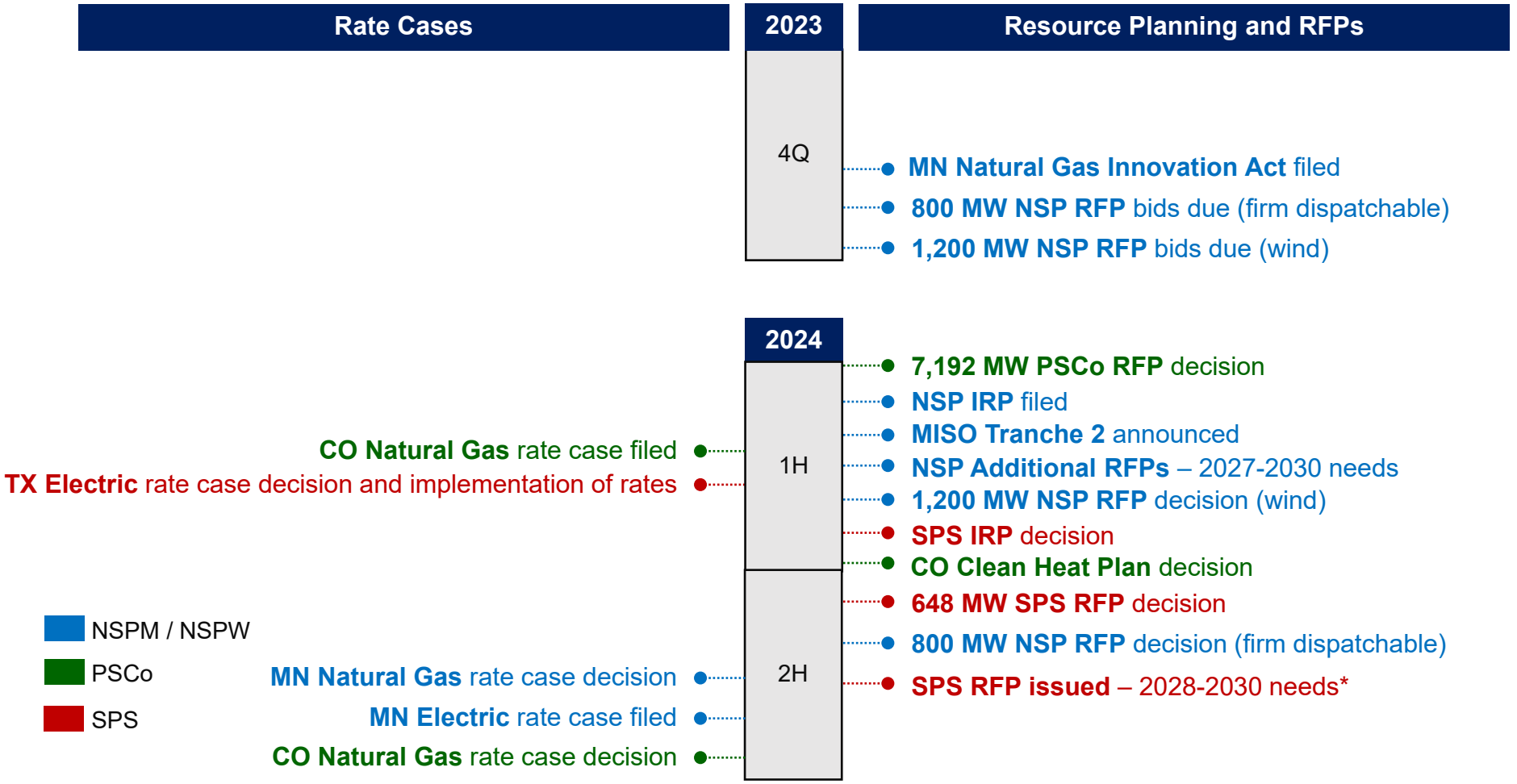
$ Millions

| | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| NSPM | $2,660 | $2,970 | $2,380 | $2,500 | $2,180 | $12,690 |
| NSPW | $570 | $600 | $570 | $600 | $650 | $2,990 |
| PSCo | $2,580 | $2,940 | $3,030 | $3,070 | $2,640 | $14,260 |
| SPS | $910 | $780 | $660 | $870 | $830 | $4,050 |
| Other* | ($20) | $0 | $10 | $10 | $10 | $10 |
| **Total** | **$6,700** | **$7,290** | **$6,650** | **$7,050** | **$6,310** | **$34,000** |

Base capital forecast excludes additional generation investment associated with resource plans

* Includes intercompany transfers for renewable equipment

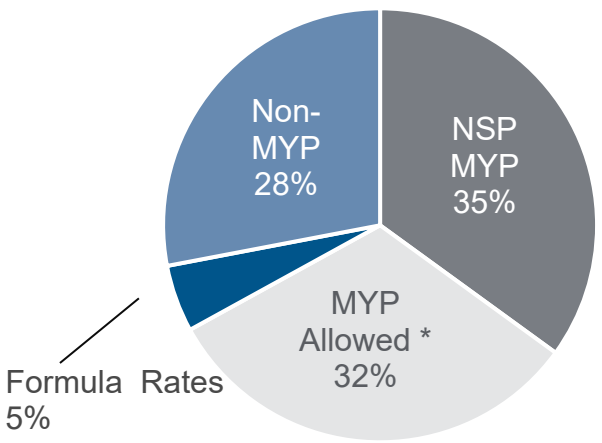
# Regulatory & RFP Calendar



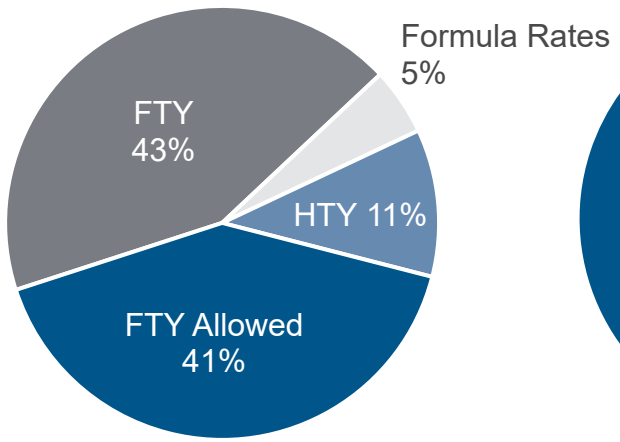

* Expected Commission decision in 2025 Q2

# Regulatory Framework

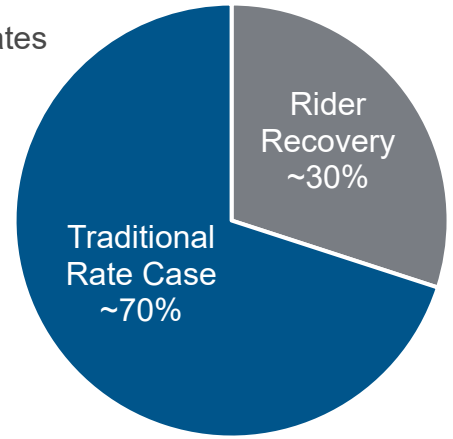
Rate Base Covered by Multi-year Plans



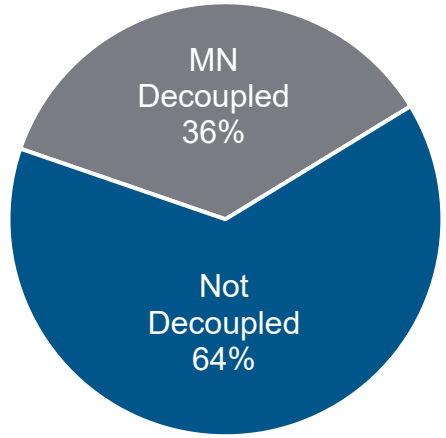

Rate Base Recovered Under Forward Test Year




Cap Ex Eligible for Recovery by Rider




Retail Electric Sales Covered by Decoupling




* Includes Colorado electric; Colorado Commission approved two three-year electric MYPs in the past

# Regulatory Framework by Company

| | NSPM | NSPW | PSCo | SPS |
|---|---|---|---|---|
| Multi-year Rate Plans | ✓ | ✓ | Allowed | |
| Forward Test Year | ✓ MN & ND | ✓ | Allowed | ✓ NM |
| Interim Rates | ✓ | | Allowed | |
| Fuel Recovery Mechanism | ✓ | ✓ | ✓ | ✓ |
| Capacity Recovery Mechanism | | | ✓ | ✓ |
| Renewable Rider | ✓ MN & ND | | ✓ | ✓ NM |
| Transmission Rider | ✓ MN & ND | | ✓ | ✓ TX |
| Distribution or Advanced Grid Rider | ✓ MN | | | ✓ TX & NM |
| Infrastructure Rider | ✓ SD | | | |
| Generation Rider | | | | ✓ TX |
| Pension Deferral Mechanism | ✓ MN | ✓ | ✓ | ✓ |
| Property Tax Deferral/True-up | ✓ MN | | ✓ | |
| Decoupling | ✓ MN | | | |

# 2022 Rate Base and ROEs

| OpCo | Jurisdiction | YE 2022 Rate Base ($ millions) | YE 2022 Authorized ROE (%) | YE 2022 W/N Earned ROE (%) | Regulatory Status |
|---|---|---|---|---|---|
| NSPM | MN Electric | 11,633 | 9.06 | 9.29 | 2022-2024 MYP MPUC decision June 2023 |
| | MN Natural Gas | 1,103 | 10.09 | 6.18 | 2024 FTY filed, decision expected 2024 2H |
| | ND Electric | 715 | 9.50 | 11.28 | New rates effective January 2021, based on FTY |
| | ND Natural Gas | 130 | 9.80 | 9.80 | New rates effective November 2022, based on 2022 FTY |
| | SD Electric | 921 | Blackbox | 7.79 | Settlement approved June 2023 (HTY). Rates effective July 2023 |
| NSPW | WI Electric | 1,820 | 9.80 | 10.29 | Verbal approval November 2023; Rates effective January 2024 |
| | WI Natural Gas | 226 | 9.80 | 9.86 | Verbal approval November 2023; Rates effective January 2024 |
| | MI Elec. & Nat. Gas | 58 | 9.70(e)/10.00(g) | 5.72 | New electric rates effective April 2022; natural gas January 2023 |
| PSCo | CO Electric | 10,637 | 9.30 | 8.45 | Settlement approved; rates effective September 2023 |
| | CO Natural Gas | 3,918 | 9.20-9.50 | 7.81 | New rates effective November 2022; based on 2021 HTY |
| | Wholesale/Steam | 941 | * | * | |
| SPS | TX Electric | 3,494 | Blackbox | 9.05** | 2022 HTY filed; settlement in principle; decision expected 2024 Q1 |
| | NM Electric | 2,199 | 9.45 | 8.24** | New rates effective October 2023, based on 2024 FTY |
| | SPS Wholesale | 994 | *** | *** | |

* Authorized ROE for PSCo transmission and production formula = 9.72%

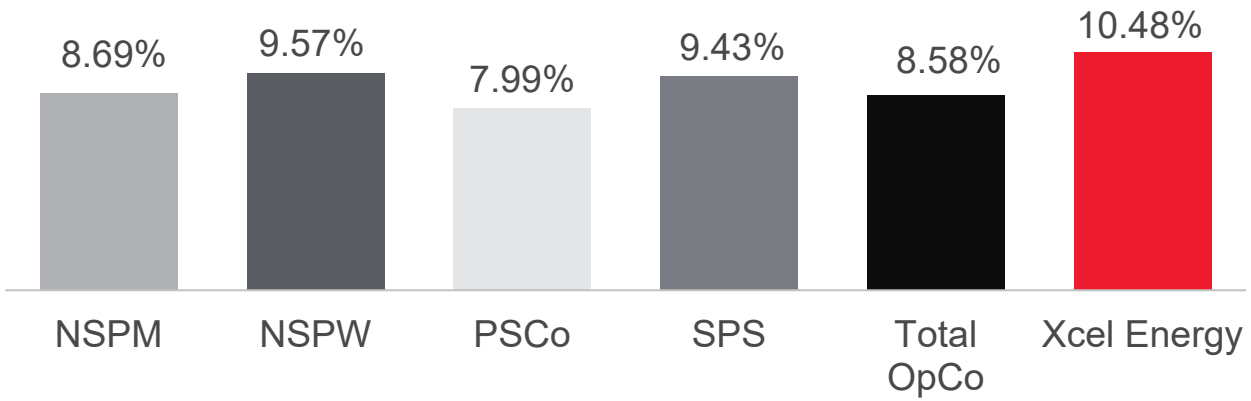
** Actual ROE, not weather-normalized

*** Transmission ROE = 10.50% and production formula ROE = 10.00%

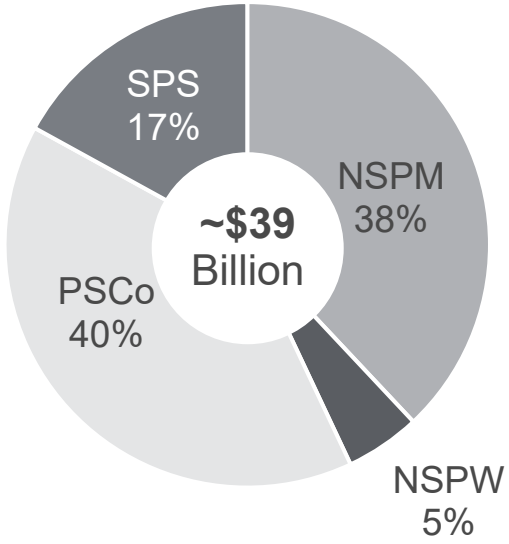
# ROE Results – Ongoing Earnings

## Ongoing ROE*

Twelve Months Ended 9/30/2023




## 2022 Rate Base




* Ongoing ROEs exclude impact of Comanche Unit 3 litigation

# Tax Credit Transferability

- **Before tax credit transferability**, a regulated utility which generated more tax credits than it could utilize had **negative cash flow.** For example, a utility generates $100 million in tax credits:
  - The utility flows tax credits of $100 million to customers
  - The utility creates a deferred tax asset (DTA) of $100 million on the balance sheet and in rate base
  - This results is a negative cash flow of $100 million until the DTA can be monetized

- **With tax credit transferability** a regulated utility eliminates a previous negative cash flow and is generally **cash flow neutral.** For example, a utility generates $100 million in tax credits:
  - The utility flows tax credits of $100 million to customers
  - The utility monetizes ~$100 million of tax credits
  - This results in a cash flow neutral situation going forward

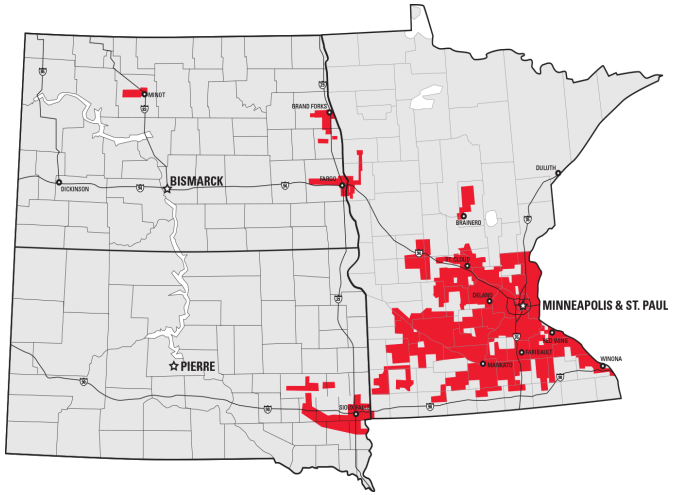
- Calculation of tax credit: (MWs of capacity) X (hours in year) X (capacity factor) x (PTC rate per MWh)
  - PTC generation example: (100 MW) X (8,760) X (50%) x ($27.50) = ~$12 million annually

# COMPANY PROFILES

# NSPM Overview

**Electric – Retail**
1.5 million customers
33 million MWh

**Natural Gas – Retail**
~500,000 customers
78 million MMBtu

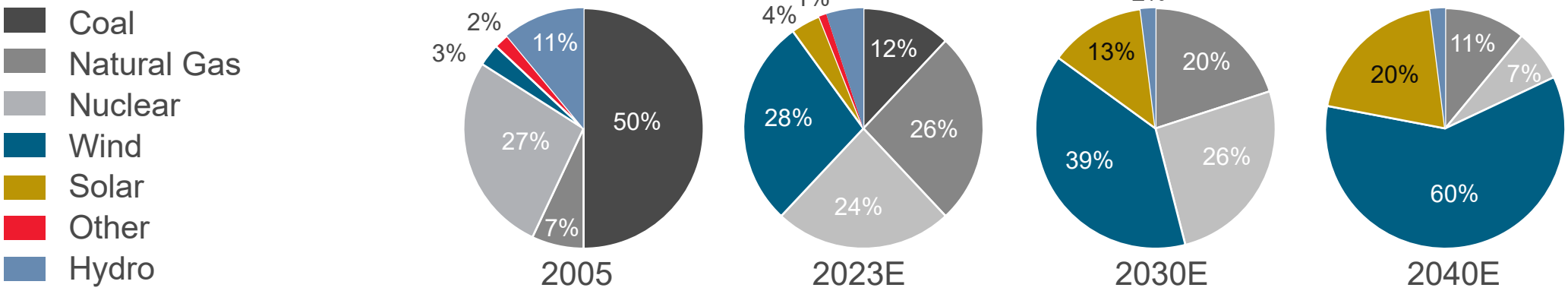



| 2022 Financials | GAAP & Ongoing |
|---|---|
| Net Income | $675 million |
| Assets | $23.7 billion |
| ROE | 8.76% |
| Equity Ratio | 52.3% |

**Credit Ratings (Secured/Unsecured)**

| | |
|---|---|
| Moody's | Aa3 / A2 |
| S&P | A+ / A |
| Fitch | A+ / A |

**NSP System Energy Mix**



# NSPM Base Capital Expenditures by Function

$ Millions

| | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| Electric Distribution | $590 | $580 | $650 | $700 | $780 | $3,300 |
| Electric Transmission | $340 | $450 | $690 | $830 | $580 | $2,890 |
| Electric Generation | $480 | $730 | $600 | $590 | $430 | $2,830 |
| Other | $390 | $340 | $280 | $250 | $270 | $1,530 |
| Renewables | $640 | $690 | $20 | $0 | $0 | $1,350 |
| Natural Gas | $220 | $180 | $140 | $130 | $120 | $790 |
| **Total** | **$2,660** | **$2,970** | **$2,380** | **$2,500** | **$2,180** | **$12,690** |

Excludes potential additional investment associated with resource plans, PPA buyouts and future wind repowerings

# NSPM Recovery Mechanisms

## Minnesota

- Forward test year with interim rates
- Transmission rider
- Renewable energy rider
- Natural gas infrastructure rider
- Environmental improvement rider
- Recovery of grid modernization through transmission rider
- DSM incentive mechanism
- Fuel clause adjustment
- Electric decoupling/sales true-up for all classes
- Multi-year rate plans up to 5 years

## North Dakota and South Dakota

- Forward test year with interim rates (ND)
- Historic test year (SD)
- Transmission rider (ND & SD)
- Renewable energy rider (ND)
- Infrastructure rider for capital projects (SD)
- Fuel clause adjustment (ND & SD)

# NSPM Minnesota Natural Gas Rate Case

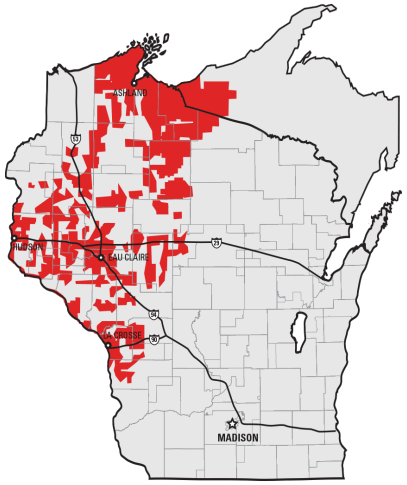
Proceeding No. 23-413

- In November 2023, NSPM filed a natural gas rate case requesting:
  - Base rate increase of ~$59 million
  - ROE of 10.2%, equity ratio of 52.5% and 2024 forward test year
  - Interim rates of $51 million effective January 2024
- MPUC decision anticipated in 2024 2H

# NSPW Overview

**Electric – Retail**
~300,000 customers
7 million MWh

**Natural Gas – Retail**
~100,000 customers
17 million MMBtu

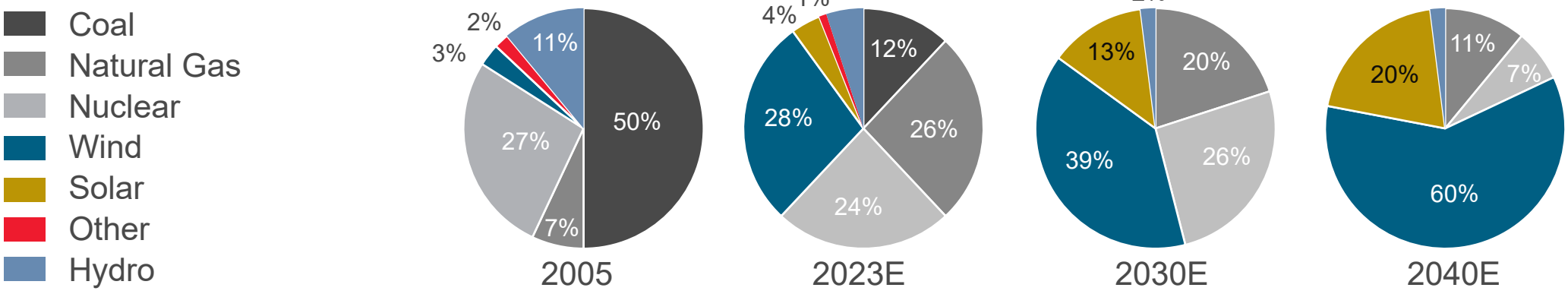



| 2022 Financials | GAAP & Ongoing |
|---|---|
| Net Income | $125 million |
| Assets | $3.4 billion |
| ROE | 10.57% |
| Equity Ratio | 52.6% |

**Credit Ratings (Secured/Unsecured)**

| | |
|---|---|
| Moody's | Aa3 / A2 |
| S&P | A / A- |
| Fitch | A+ / A |

**NSP System Energy Mix**



# NSPW Base Capital Expenditures by Function

$ Millions

| | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| Electric Transmission | $140 | $150 | $250 | $290 | $330 | $1,160 |
| Electric Distribution | $170 | $170 | $170 | $160 | $180 | $850 |
| Electric Generation | $140 | $160 | $40 | $50 | $50 | $440 |
| Other | $60 | $70 | $70 | $60 | $50 | $310 |
| Natural Gas | $60 | $50 | $40 | $40 | $40 | $230 |
| **Total** | **$570** | **$600** | **$570** | **$600** | **$650** | **$2,990** |

# NSPW Recovery Mechanisms

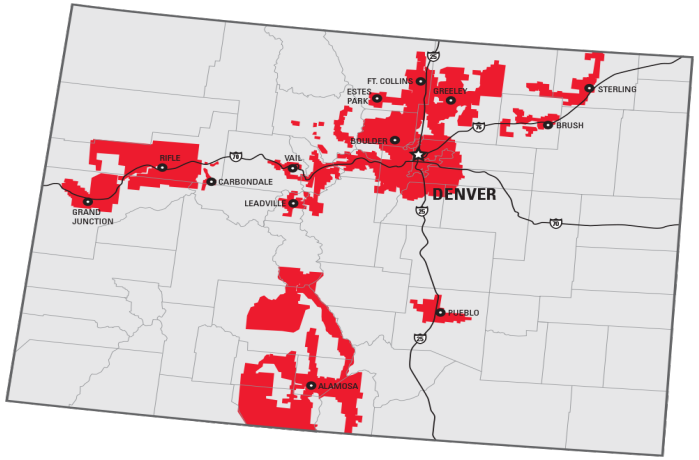
## Wisconsin and Michigan

- Forward test year (WI & MI)
- Biennial rate case (WI)
- Annual electric fuel plan with reconciliation (WI)
- Purchased natural gas adjustment (WI)
- Natural gas cost recovery mechanism (MI)
- Power supply cost recovery (MI)

# PSCo Overview

**Electric – Retail**
1.6 million customer
29 million MWh

**Natural Gas – Retail**
1.5 million customers
151 million MMBtu

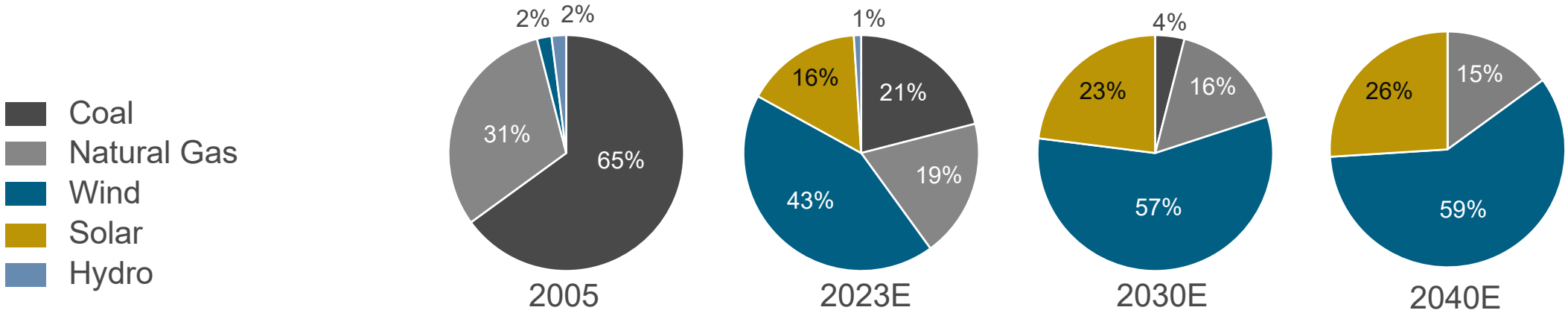



| **2022 Financials** | **GAAP & Ongoing** |
|---|---|
| Net Income | $727 million |
| Assets | $23.6 billion |
| ROE | 8.23% |
| Equity Ratio | 56.3% |

**Credit Ratings (Secured/Unsecured)**

| | |
|---|---|
| Moody's | A1 / A3 |
| S&P | A / A- |
| Fitch | A+ / A |

**PSCo System Energy Mix**



# PSCo Base Capital Expenditures by Function

$ Millions

| | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| Electric Transmission | $990 | $1,240 | $1,310 | $1,310 | $840 | $5,690 |
| Electric Distribution | $710 | $790 | $910 | $1,000 | $1,090 | $4,500 |
| Natural Gas | $460 | $450 | $450 | $450 | $410 | $2,220 |
| Other | $220 | $210 | $220 | $220 | $190 | $1,060 |
| Electric Generation | $180 | $200 | $120 | $80 | $100 | $680 |
| Renewables | $20 | $50 | $20 | $10 | $10 | $110 |
| **Total** | **$2,580** | **$2,940** | **$3,030** | **$3,070** | **$2,640** | **$14,260** |

Excludes additional generation investment associated with the Colorado resource plan, PPA buyouts and future wind repowerings

# PSCo Recovery Mechanisms

## Colorado

- Ability to file multi-year requests
- Ability to file either historic or forward test years
- Purchased capacity cost adjustment
- Clean Air Clean Jobs Act rider (forward looking)
- Transmission rider (forward looking)
- Natural gas pipeline integrity rider
- Renewable energy rider
- DSM incentive mechanism
- Energy cost adjustment
- Natural gas cost adjustment
- Transportation electrification/EV rider

# Marshall Fire Litigation

- Xcel Energy agrees with the Sheriff that Twelve Tribes caused the first ignition – which was burning for more than an hour before the second ignition
- We strongly disagree with the conclusions in the Sheriff's report that we caused the second ignition, which reportedly started 80 to 110 feet away from Xcel Energy's power lines
- The Sherriff's report stated that it cannot be ruled out that the second ignition was caused by an underground coal fire
- Colorado courts do not apply strict liability. For negligence claims, Colorado courts look to whether a utility operated its system with a heightened duty of care consistent with the practical conduct of its business, and liability does not extend to occurrences that cannot be reasonably anticipated
- The Sheriff's report stated that no design, installation or maintenance defects were identified on our electrical circuit in the area of the second ignition

# Fire Spread Timeline

**By the time of the second ignition (~12:20 p.m.), fire from first ignition had already spread to Superior**

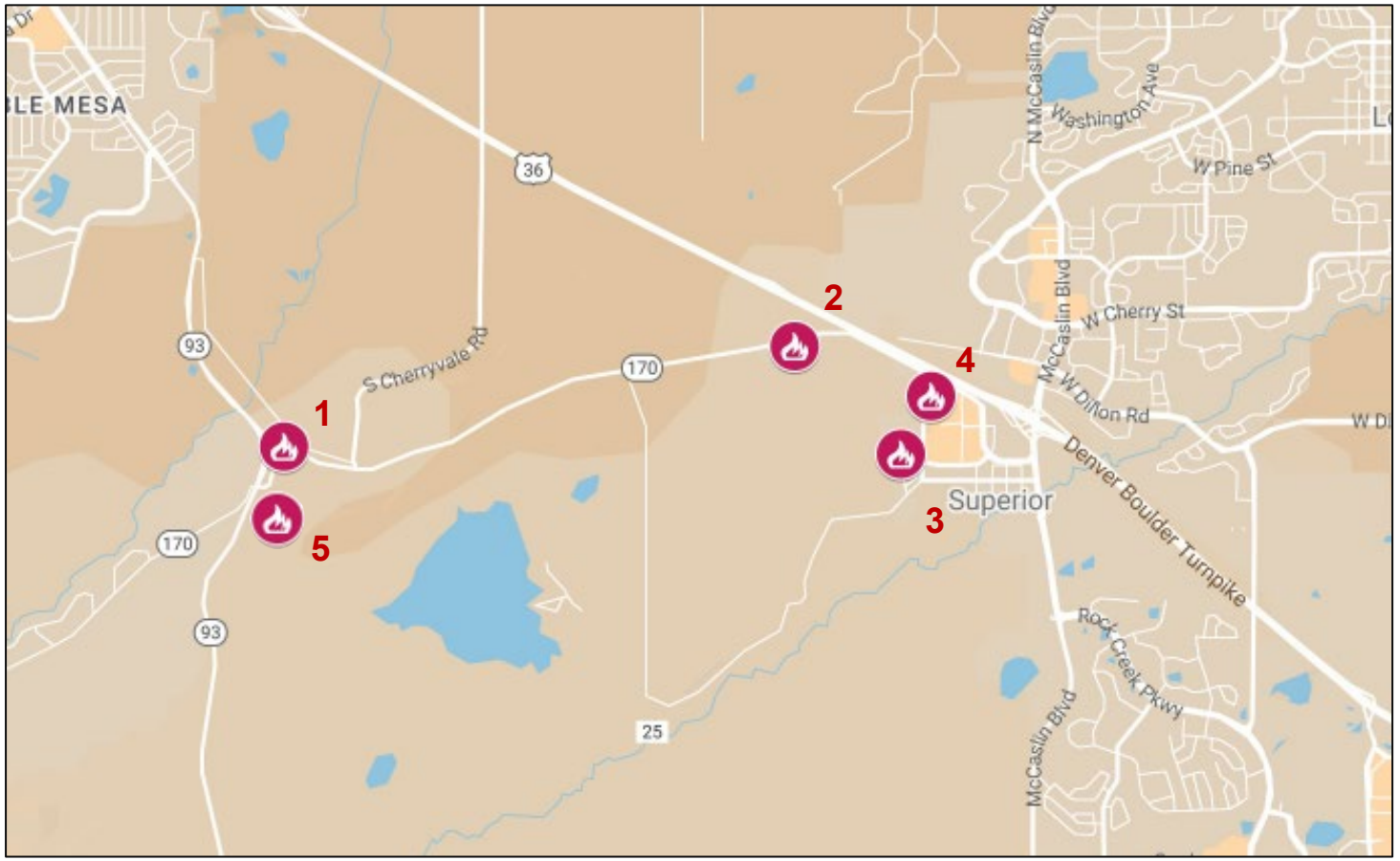
**(1) Approximately 11 a.m. –** First ignition on Twelve Tribe's property

**(2) 12:03 p.m. –** Fire reported past Howard Barry Water Treatment Plant

**(3) 12:06 p.m. –** "Flames reported at the back of Sagamore subdivision"

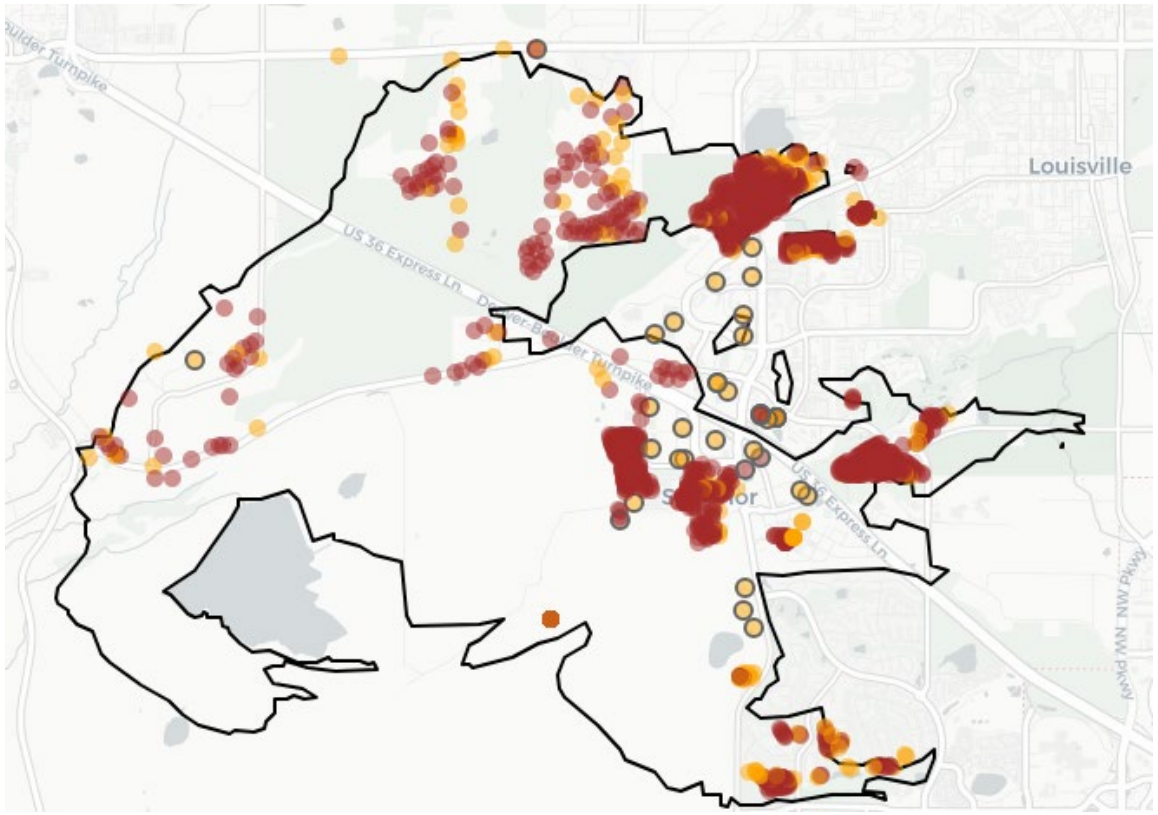
**(4) 12:08 p.m. –** Video shows embers showering Costco parking lot at 600 Marshall Road, approx. 3 miles from the location of first ignition

**(5) Approximately 12:20 p.m. –** Second ignition at Marshall Mesa Trailhead Area

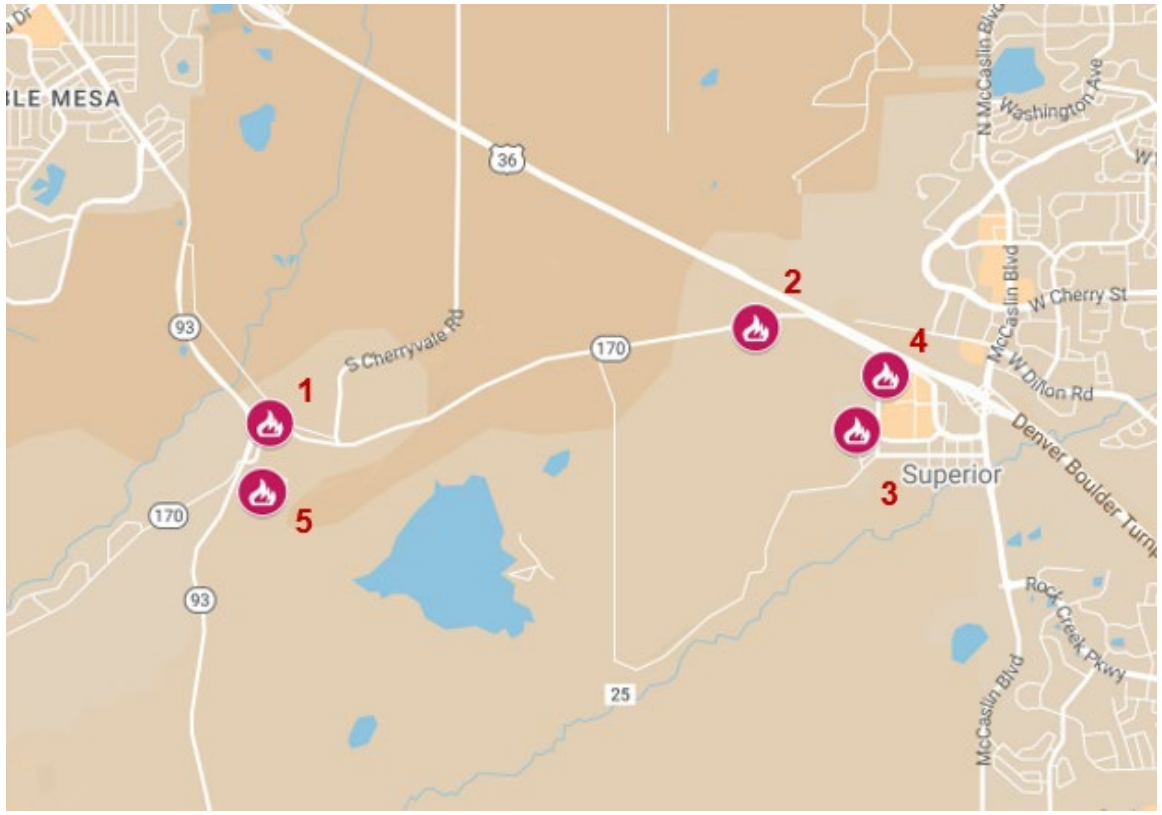


# Fire Spread Timeline

## Red/Orange Dots Show Property Damage



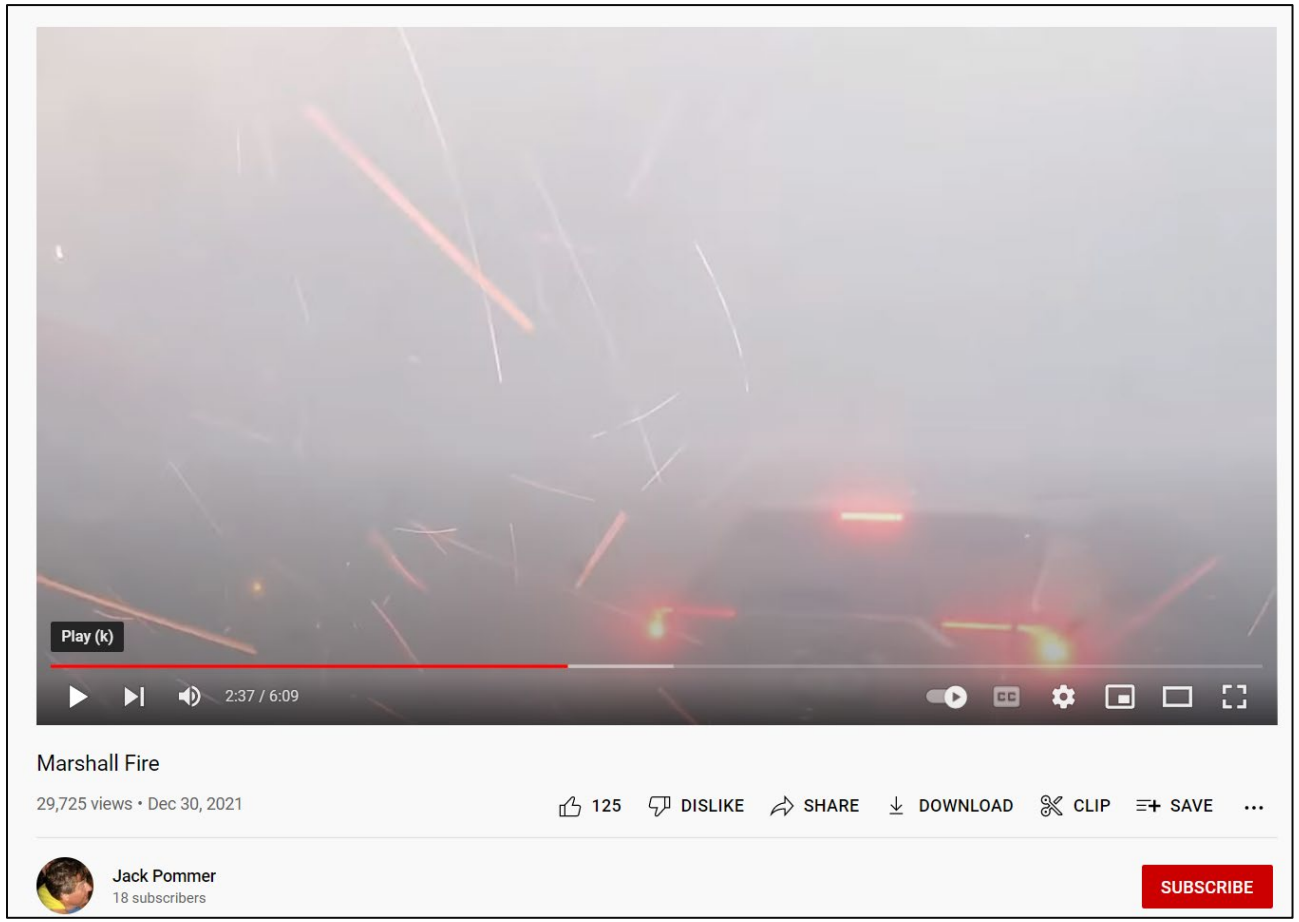

## Fire Spread Leading to Time of Second Ignition




Source: Denver Post

# Fire Spread Timeline

- This third-party video from 12:08 p.m. shows embers in the parking lot of the Superior Costco (location 4 on prior slide)
- This is approximately 12 minutes before the second ignition



# Colorado Damages Law

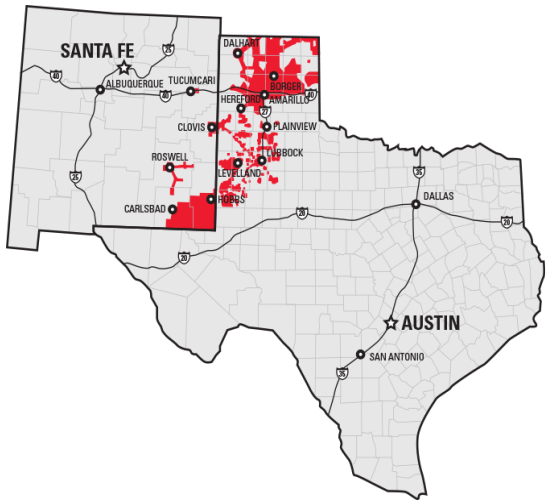
- Colorado law does not impose **joint and several liability** in tort actions. Instead, under Colorado law, a defendant is liable for the degree or percentage of the negligence or fault attributable to that defendant, except where the defendant conspired with another defendant
- Under Colorado law, the total award for **noneconomic** loss is capped at approximately $0.6 million per defendant for claims that accrued at the time of the Marshall Fire unless the court finds justification to exceed that amount by clear and convincing evidence, in which case the maximum doubles
- Colorado law caps **punitive damages** to an amount equal to the amount of the actual damages (economic plus non-economic) awarded to the injured party (there are some exceptions that should not be applicable here)

# Wildfire Mitigation Plans

- PSCo is currently operating under an approved 2020 wildfire mitigation plan
- PSCo will file a revised wildfire mitigation plan in 2024, which will include:
  - Replacing bare conductor with covered
  - Preventative power shutoffs
  - Advanced technologies, including drones and AI
  - Vegetation management, undergrounding and composite poles
- We are actively engaging in wildfire mitigation in Texas and New Mexico and plan to file formal wildfire mitigation plans in 2024
- In October 2023, Xcel Energy received $100 million from Department of Energy (with a $140 million cost share) to enhance grid resiliency from extreme weather and wildfires

# SPS Overview

**Electric – Retail**
~400,000 customers
23 million MWh

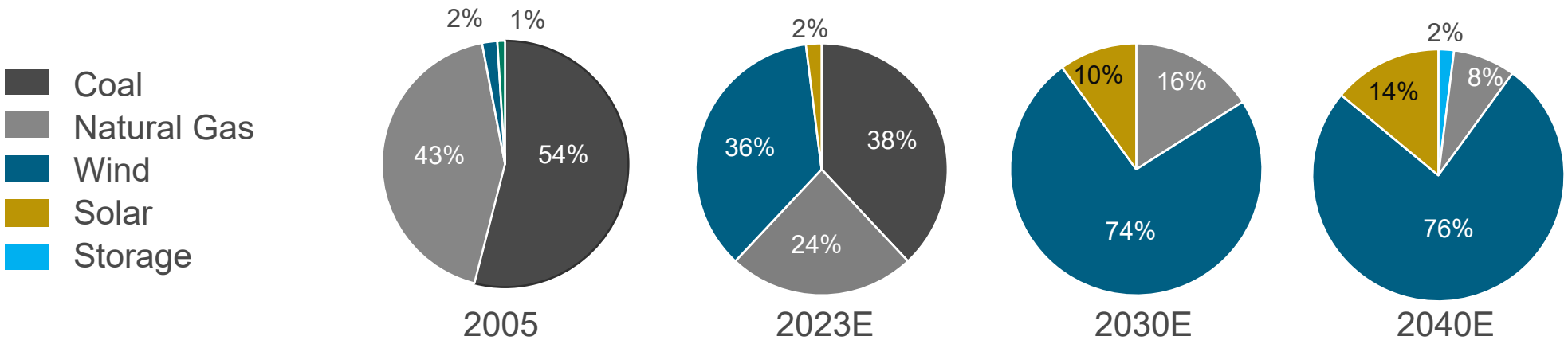



| 2022 Financials | GAAP & Ongoing |
|---|---|
| Net Income | $349 million |
| Assets | $9.7 billion |
| ROE | 9.36% |
| Equity Ratio | 54.3% |

**Credit Ratings (Secured/Unsecured)**

| | |
|---|---|
| Moody's | A3 / Baa2 |
| S&P | A / A- |
| Fitch | A- / BBB+ |

**SPS System Energy Mix**



# SPS Texas Electric Rate Case

Proceeding No. 54634

- In February 2023, SPS filed an electric rate case requesting:
  - Revised rate increase of ~$136 million, reflecting ~$19 million recovered through riders
  - ROE of 10.65% and equity ratio of 54.6%
  - Rate base of ~$3.6 billion
  - Acceleration of Tolk coal plant retirement from 2034 to 2028
  - Historic test year ending December 31, 2022
  - Requesting a surcharge from July 13, 2023, through the effective date of new base rates
- In September 2023, SPS and parties reached settlement in principle
- Parties are working to resolve rate design and will then file settlement
- PUCT decision and implementation of rates anticipated in 2024 Q1

# SPS Base Capital Expenditures by Function

$ Millions

| | 2024 | 2025 | 2026 | 2027 | 2028 | Total |
|---|---|---|---|---|---|---|
| Electric Transmission | $410 | $310 | $250 | $410 | $330 | $1,710 |
| Electric Distribution | $250 | $300 | $300 | $340 | $360 | $1,550 |
| Other | $110 | $100 | $90 | $90 | $110 | $500 |
| Electric Generation | $130 | $70 | $20 | $20 | $20 | $260 |
| Renewables | $10 | $0 | $0 | $10 | $10 | $30 |
| **Total** | **$910** | **$780** | **$660** | **$870** | **$830** | **$4,050** |

Excludes potential additional investment associated with PPA buyouts

# SPS Recovery Mechanisms

## Texas and New Mexico

- Historic test year (TX) (wind settlement reduced regulatory lag)
- Ability to file forward test year (NM)
- DSM incentive mechanism (TX & NM)
- Fuel clause adjustment (TX & NM)
- Purchased Capacity Cost Recovery Factor (TX)
- Transmission Cost Recovery rider (TX)
- Distribution Cost Recovery rider (TX)
- AMI rider (TX & NM)
- Generation rider (TX)




© 2023 Xcel Energy