



# COMMUNITY RELATIONS AND ECONOMIC DEVELOPMENT

Through safe, reliable, affordable and increasingly clean energy, we support quality of life and prosperity in the communities we serve.

As an energy provider, we play a critical role in the cities and towns we serve. Communities rely on our energy to keep them running and to develop and prosper. At the same time, our success as a company depends on the prosperity and growth of our communities.

To foster this partnership, each of our operating companies has a community relations team responsible for connecting with and managing the needs of our cities and towns. We work side-by-side with community leaders and developers on projects from street lighting to new construction and clean energy goals. Increasingly, our communities are taking control of their energy futures, and we are providing the collaboration and tools to help them achieve their objectives.

Similarly, we support local economic development. For many businesses, energy is a key consideration in where they locate — it may be their largest expense or the focus of corporate sustainability goals. We engage with local chambers of commerce and economic development organizations, providing energy and other expertise, as well as our competitive energy prices and comprehensive portfolio of renewable and energy-saving options.

Economic development support is especially important for communities that for decades hosted coal-fueled generating plants which are now scheduled for early retirement. Through our partnership with these communities, we focus on building new facilities, attracting business and ensuring a responsible transition for employees who live and work in these communities.



# HIGHLIGHTS

- Through our economic development focus, we supported 59 new business prospects with our communities in 2019. Of those, 18 located within our service territory, resulting in more than 1,100 jobs and \$374 million in capital investment.
- As of year-end 2019, 16 of the cities we serve set goals to reduce carbon, along with 16 cities that have goals to increase the use of renewable energy. We support these goals, through our ambitious carbon reduction goals and renewable choice programs.
- While we cannot guarantee layoffs will never happen, we have successfully retired seven coal plants since 2006 with zero layoffs. We also partnered with the communities of Becker and Pueblo on successful economic development efforts, attracting or retaining business to help mitigate impacts to tax base and other economic concerns with future plant closures.
- Since our award-winning Partners in Energy program launched in 2014, we have worked with 56 community teams to develop energy action plans, including 25 teams in Minnesota, 29 in Colorado and two in Wisconsin. Through community outreach, the program delivered strong results in 2019 with more than 449,000 customers participating in energy efficiency and 24,500 customers joining renewable choice programs.
- In Colorado, we established Energy Future Collaborations that pair Xcel Energy's services and expertise with the specific energy-related goals of our communities to accomplish shared objectives. Since the effort's launch in 2017, 10 municipalities representing a cross-section of communities — from rural to urban and mountain locations — have signed Memorandums of Understanding. Through these proactive partnerships, we are working on common goals. For example, participating communities provided critical support to secure approval of our Colorado Energy Plan in 2018, and we have supported communities interested in expanding community solar and siting new solar garden projects in their areas.
- Xcel Energy teamed up with the city of Minneapolis and CenterPoint Energy to form a novel Clean Energy Partnership in 2014 to support the city's Climate Action Plan and 2040 Energy Vision. We continue to support the city's goals through our energy saving and renewable choice programs, as well as our own clean energy transition and reduction in carbon emissions.

## XCEL ENERGY DIRECT ECONOMIC IMPACTS

<b>2019 Economic Value Generated (in millions)</b>	
Total revenues	\$11,529
Electric utility revenues	\$9,575
Natural gas revenues	\$1,868
Other operating revenues	\$86

  

<b>2019 Economic Value Distributed (in millions)</b>	
Electric fuel and purchased power costs	\$3,510
Cost of natural gas sold and transported	\$918
Employee compensation, including wages and benefits	\$1,951
Property tax payments	\$457.5
Franchise fees	\$193
Community investment*	\$70.5
Interest charges and financing costs	\$736
Dividends paid	\$791

\*Includes support for customer energy assistance as well as community involvement programs

### PROJECT DEVELOPMENT AND MANAGEMENT

We contribute to local economies by investing in major energy facilities to serve customers. Through the construction of new natural gas pipelines, transmission lines, substations, wind farms and other facilities, we generate new tax revenue for communities, purchase local goods and services, and provide jobs.

As we locate, build and operate facilities, we collaborate with local communities and stakeholders that the facilities may impact. This includes meeting individually with property owners and community officials or hosting open house events to answer questions and discuss siting options.

Through our Steel for Fuel strategy, we have a significant wind expansion underway that is providing thousands of construction jobs, as well as new full-time positions and will generate more than \$1 billion in land payments and property taxes for communities over the lives of the projects.

We take extra care to ensure wind farms are properly located, constructed and operated to protect the environment and important resources. This includes protecting significant tribal cultural resources. We voluntarily work with interested tribes to identify tribal cultural resources in areas where there are potentially important resources and may modify the final wind facility design to avoid impacts as much as possible. Tribal cultural resource monitors may be used during construction to help with the unexpected discovery of artifacts, ensuring they are evaluated and managed appropriately.

During the development and construction of the Foxtail Wind Project, we worked closely with the Standing Rock Sioux Tribe and others because the facility is sited near the Whitestone Hill State Historic Site in North Dakota. The site was identified early in the development process as historically significant to several tribes.

We provide additional details on wind development in the Renewable Energy and Wildlife and Habitat Protection sections of the Corporate Responsibility Report.

## **A RESPONSIBLE TRANSITION TO CLEAN ENERGY FOR COMMUNITIES AND WORKERS**

Early coal plant closures impact our employees and local economies in terms of jobs and tax base, and as every community is unique, each transition requires special attention and consideration.

Advance notice and proactive, transparent communication are fundamental to our efforts. We make decisions about and communicate plant closures as far in advance as possible, allowing employees time to transfer to other locations or complete retraining and degree programs in preparation for new roles. This also provides time for us to work with communities to find ways to mitigate impacts to tax base and other economic concerns. Prior to announcing closures, we share our plans and potential impacts with employees, bargaining unit management and communities. After that, our executive management regularly meets with affected employees about the transition status.

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**"Just transition" is a term used to describe a sustainable economic shift from fossil fuels to clean energy. For Xcel Energy, we have guiding principles that define our commitment to partnering with communities and employees facing the early closure of coal-fueled plants.**

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We give impacted employees time to explore potential roles and work locations and support their career aspirations through development discussions. To assist them in pursuing new roles, we provide job shadowing and training opportunities, as well as tuition programs. We also work closely with bargaining unit management to help employees transition roles with minimal impacts to pay or seniority, particularly when they are changing union locals or job classifications.

We partner with community leadership, state and local government officials, economic development groups and local businesses to help maintain a healthy tax base where plants are closing. No two communities are the same, so we tailor solutions to meet a community's needs and interests. Generally, our efforts may include building cleaner replacement generation or other projects on existing sites, attracting new business through collaborative economic development efforts, and retaining business or pursuing business expansion opportunities.

To date, we have worked extensively in two communities facing early coal plant closures. In Becker, Minnesota, two units at the Sherco Generating Plant will close by 2027. Together with community leadership, we attracted a \$600 million data center to Becker. The project will create nearly 2,000 construction jobs, 50 full-time jobs and generate economic growth of almost \$150 million, according to estimates from the Minnesota Department of Employment and Economic Development.

When we announced the planned closure of two coal-fueled units at the Comanche Generating Plant, nearby EVRAZ Rocky Mountain steel was also considering relocating outside of Pueblo, Colorado. The steel mill is one of Pueblo's largest employers and our largest customer in Colorado. Working with EVRAZ and the community, we were able to retain the steel mill's business by establishing a long-term pricing contract and securing an affordable solar solution to meet its energy needs. Lightsource BP will build one of the state's largest solar facilities to serve EVRAZ. This \$250 million project is anticipated to create approximately 300 construction and related jobs, as well as \$22 million in property tax revenue.

In addition to this direct support for communities and workers, we participate with industry and nonprofit organizations, such as the Just Transition Fund, to develop supporting materials for communities and energy providers facing economic transitions.

## **FOCUS ON ECONOMIC DEVELOPMENT**

We have developed strong partnerships with local, state and regional economic development organizations to support opportunities for customer and economic growth.

To help accelerate the process of locating a business, our Certified Site program provides business prospects with real estate options that have already undergone vigorous review. We work directly with site representatives including landowners, developers, municipalities and economic development organizations to develop the data and complete the certification process. A nationally recognized site selection expert reviews the reports and validates the data. Information on Xcel Energy's Certified Sites is available on [xcelenergy.com](http://xcelenergy.com).

Several major business projects broke ground in 2019 on certified sites. The German-based global logistics company, DHL Real Estate Solutions, is building a \$6.8 million, 124,000 square foot warehouse facility within the Lake Wissota Business Park in Wisconsin. In Amarillo, Texas, SSI Foods, LLC, will build a 75,000 square foot meat processing facility on a 17.1-acre parcel in the CenterPort Business Park and employ up to 150 full-time employees, with an option to expand in the future.

Our Economic Development team also focuses on serving top industry clusters that represent the leading employers and capital investors within our service area. These include:

- Aerospace and defense contractors
- Data centers
- Refrigerated storage warehouse and distribution
- Food and beverage processors
- Industrial manufacturing
- Medical device, instrument and supply manufacturing
- Oil and gas

We track trends that affect the growth of these industries to identify new service options and programs that can facilitate continued growth of these key industries. We develop deep-dive customer analytic reports to better understand individual customer needs and create action plans to enhance our relationship with these customers. We host business expansion and retention meetings with key accounts to strengthen our existing relationships and explore matters that are of mutual interest that go beyond energy. Through these efforts, we can explore new product offerings and promote policies that anticipate customers' future needs.

## **PARTNERS IN ENERGY**

Increasingly, local governments play a larger role in choices around energy. Through our Partners in Energy program, we work directly with community officials and organizations to identify their future energy goals and develop strategic plans on how to achieve those goals. In return, the community partnerships help to raise awareness and increase participation in our company's conservation and renewable energy offerings.

Through the program, communities bring their ideas and resources, while Xcel Energy provides direction, guidance and project management. We learn what communities prioritize and identify potential gaps where we can provide products. We are then able to leverage our entire portfolio of energy solutions, including efficiency, renewable and payment programs — resources that can put community plans into action. We also help communities to track and report on their progress.

To gain local support for a community's goals and plans, we deploy strategies, including, educational workshops, outreach during local events, and promotional outreach, such as newsletters or personal canvassing — all approaches designed to gain recognition, participation and spread awareness among residents.

Partners in Energy continues to expand into more communities and improve its support. We piloted plans in 2019 focused on increasing the adoption of electric vehicles, both in local government fleets and for business and residential use. We also began offering the program to communities in Wisconsin, where Eau Claire became our first community to develop a comprehensive electric vehicle plan and Partners in Energy plan as a foundation to its broader Renewable Energy Action Plan.