

# CUSTOMER COMMITMENT

The experience, service and value customers expect from their energy partners are changing — and we are building the future to meet their expectations today and beyond.

We understand energy is a necessity in people's lives. Starting at the first moment of our relationship, when customers sign up for service, through every interaction and experience, we are delivering to meet their energy needs and exceed expectations.

One of our company's strategic priorities is to enhance the customer experience. At the core of our customer relationship, we have a responsibility to deliver on the fundamentals — energy service that is safe, reliable, affordable and increasingly clean. We continue to invest in systems to ensure reliability while managing our business to keep customer bills low. During difficult times when customers need us most, we are there with information and solutions. We are also investing in the tools and capabilities to help customers increasingly take charge of their energy and maximize their own investments in smart technology to keep their energy costs down and be a part of our journey to carbon-free electricity by 2050.

To fulfill our longer-term vision and capture the opportunities of our changing industry, we embarked on an initiative in 2019 to bring together the people, processes and technology to further build our customer relationships and improve satisfaction. This multi-year effort is focused on transforming our products and services, simplifying how customers access them — putting more control at their fingertips and moving customers from simply buying energy to more effectively managing what they do with energy.



# HIGHLIGHTS

- In response to the COVID-19 pandemic, we have taken important steps to ensure people have the energy they need to power their homes and keep their families safe. We suspended disconnections of electricity and natural gas service for residential customers and are offering business customers energy resources. We are committed to working with customers who have difficulty paying their energy bills and have encouraged them to contact us to arrange payment plans that meet their circumstances.
- Our Customer Experience Transformation Program is building new capabilities and experiences to digitally transform Xcel Energy's interactions with its customers, from making it easier to start or switch electric service online to the process for scheduling a field technician visit. New features are already rolled out, making it easier for customers to find answers to their questions and manage services online through their My Account portal.
- In response to our direct mail campaigns in 2019, we had an uptick in traffic to our public safety awareness websites for targeted audiences. Visits to the safety websites for educators and students and for first responders increased approximately 10%, while visits to the website for at-risk third-party contractors increased nearly 13%.
- Xcel Energy's average annual residential energy bills continue to be below the national average. Our average residential electric bills from 2010 to 2019 are 26% lower than average, and our natural gas bills from 2009 to 2018 are 15% lower than average.
- We provided approximately \$59 million to customer energy assistance programs in 2019, supporting nearly 122,000 individuals and families throughout our service area.
- By the end of 2019 more than 625,000 customers had downloaded the Xcel Energy app on a device, with downloads up 24% for the year compared to 2018. The app is highly rated by customers on both the Google Play and Apple App stores.
- We monitor customer perceptions through multiple tools, including the JD Power Electric Utility Customer Satisfaction studies. Under JD Power's industry-wide benchmark for residential electric customers, we continue to improve, moving into the middle of the first quartile for overall satisfaction at the beginning of 2020. Residential customers rated us the most positively in the areas of power quality and reliability, price fairness, efforts to develop future energy supply plans, and our actions to take care of the environment.
- Our automated phone system handled over 60% of customer calls with high customer satisfaction in 2019, while our customer contact centers also demonstrated high performance. Through regular transactional surveys, 86% of residential and business customers reported they were satisfied with transactions involving agents at our contact centers. Similarly, 87% of customers reported their problem or issue resolved on the first call to Xcel Energy.

## THE REGULATORY COMPACT

We operate under carefully regulated conditions that are determined in part by state public utilities commissions — a governing body that regulates the rates and services of utilities such as ours. In exchange for the exclusive right to provide electricity and natural gas services in certain regions, we support the following regulatory compact:

- **Duty to serve:** We cannot pick and choose our customers. We will provide service to any residence or business within our service territory that requests it under reasonable terms and conditions.
- **Cost of service pricing:** We cannot arbitrarily raise prices to levels beyond our costs. Pricing for our services is regulated by the costs we incur to deliver them.
- **Resource planning process:** Every few years, we go through a process to determine the resources necessary to serve customers' future energy needs. Resource plans must be reviewed and approved by regulatory commissions, and stakeholders can provide input on the plans through a public process.

By supporting this compact, we are granted the ability to recover our costs of doing business and earn a reasonable rate of return. Although, this rate of return is not guaranteed — we have only the opportunity to earn it. To operate effectively in a closely regulated business like ours, it is imperative that we stay in sync with the current demands of the public and our policy makers.

## PUBLIC SAFETY

Keeping people safe around energy is a responsibility we take very seriously. To support this, we have comprehensive outreach programs that promote safe behavior among our customers, communities, emergency responders and third-party workers. Our goal is for everyone who lives, works or gathers near our facilities to be aware of possible hazards and to know how to respond safely to them.

Our outreach programs use multiple channels to communicate and share safety messages. Advertising and direct mail are the most widely used and successful ways to raise safety awareness. We also use media and event appearances, email, social media, sponsorships, trainings and meetings, and websites.

In addition to sharing safety messages with the general public and our customers, we reach out to specialized audiences that play an important role in supporting public safety, including:

- Emergency responders, such as firefighters and law enforcement, who may be first to respond to electric and natural gas emergencies
- Third-party contractors who can encounter power lines or natural pipelines as part of their jobs, including construction, roofing and tree care professionals, as well as agricultural workers and those who do excavation work
- Educators, such as superintendents, principals and teachers, as well as students in second through sixth grades

Our fulfillment programs annually distribute thousands of safety materials tailored to educate and inform these audiences. We also encourage them to use online resources that we sponsor, including e-SMART worker, e-SMART kids and the Responding to Utility Emergencies training. To supplement materials, we offer in-person trainings, safety presentations and conduct numerous drills for local emergency responders.

Throughout the year, we run public safety campaigns targeted at communicating outreach messages in four key areas, including:

- Calling 811 before digging
- Staying at least 10 feet away from overhead lines to be safe
- Recognizing and responding to a possible natural gas leak
- Keeping natural gas meters clear of snow and ice

Accidental third-party excavation damage to underground electric and natural gas facilities is a significant safety concern and remains the biggest threat to our natural gas distribution system. We belong to the Common Ground Alliance, a member-driven association committed to saving lives and preventing damage to underground infrastructure through effective damage prevention practices. The association's most prominent initiative is the national 811 phone number that people call to have underground utility lines marked before they dig.

We report on our natural gas operations and pipeline safety in the Reliable and Secure Energy section of the Corporate Responsibility Report.

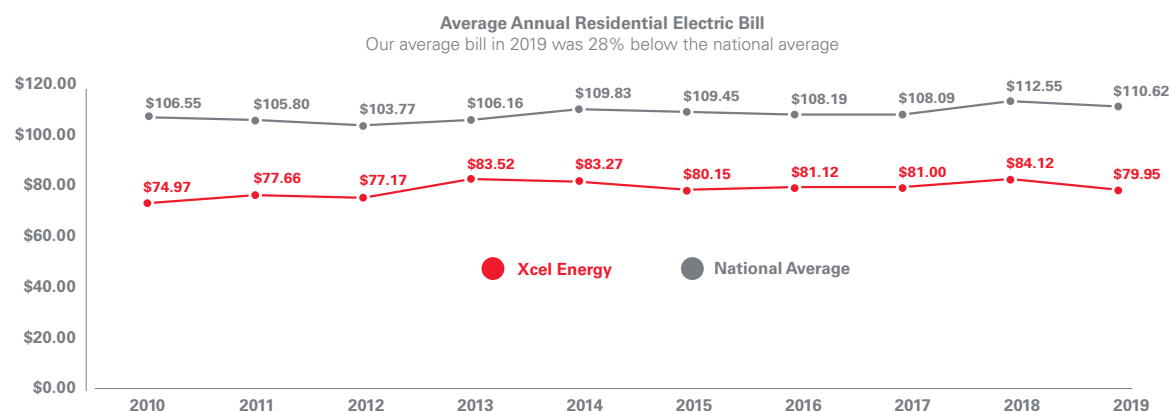
## MANAGING CUSTOMER ENERGY BILLS

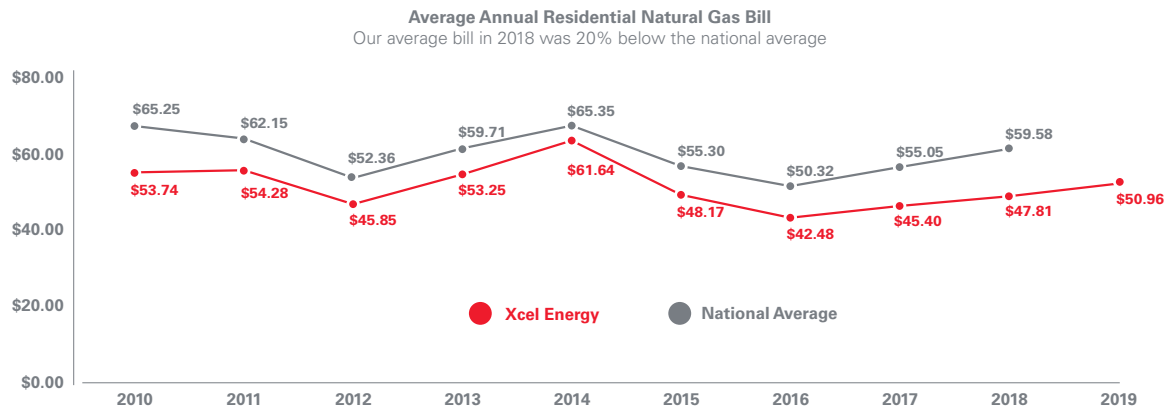
We continue to focus on the cost of service to fulfill our corporate strategic priority to keep energy bills low for customers. In 2019, Xcel Energy's average residential electric bills declined, while we had a 3% uptick in natural gas bills. Overall, we continue to have among the lowest average residential bills in the country. We calculate that our customers over the past decade have spent \$3,337 less on electricity and \$1,033 less for natural gas compared to the national average.

Xcel Energy's lower than average customer bills are likely but not exclusively the result of:

- Our comprehensive portfolio of energy efficiency programs, as well as changing codes and standards that result in more efficient buildings and appliances
- Company-wide disciplined cost management
- Investments through our Steel for Fuel strategy, which calls for adding clean, renewable projects at a cost that is offset by the future fuel savings
- Growth in on-site or rooftop solar panels
- Increases in multi-family housing construction
- Weather differences,

## Xcel Energy Comparison of Average Monthly Bills





Based on EIA bill trend data reported each year by utilities and revised by EIA in early 2019. Represents Xcel Energy annual average of monthly bills, excluding taxes and franchise fees; annual national natural gas bill information is not yet available.

## CUSTOMERS IN NEED

We work with state and local agencies and advocates for low-income customers to provide energy assistance to those in need. Our Personal Accounts department helps to monitor and assist customers who have medical needs or who struggle to make their monthly energy payments. They can assist in making energy bills more affordable to income-qualified individuals and families by promoting special energy efficiency programs, arranging payment plans and providing energy assistance resources.

Our support of energy assistance includes:

- Public policy and advocacy supporting efforts on the state and federal level for funding of Low-income Home Energy Assistance Programs (LIHEAP)
- Funding for state and local energy assistance agencies and energy weatherization programs
- Encouraging our customers to contribute to statewide fuel funds via their Xcel Energy bills
- In-kind marketing and public relations to support energy assistance organizations and advocates for low-income customers

Our energy assistance and personal accounts staff are specially trained to help struggling customers find affordable solutions in the most difficult of circumstances. Their sole focus is the energy security of our most vulnerable customers whom they support through detailed knowledge of relevant state rules and by leveraging an extensive network of partners and programs.

We encourage customers who struggle to pay their bills to contact us to develop a payment plan and determine if additional assistance is available. Xcel Energy has several energy assistance programs for seniors or low-income customers with medical needs, in addition to assistance they receive from LIHEAP. For example, in Colorado and Minnesota, we work with eligible customers to set their bills at affordable budget levels based on their income and usage and then we match the remaining portion of their bills.

We only disconnect service as a last resort if we are unable to resolve the issue or arrange a payment plan. For customers behind on their payments, we typically send a reminder notice 33 days after the unpaid bill is due and a disconnection notice 64 days after the original due date. In 2019, we disconnected service to 52,845 customers. Most of these customers were reconnected within 72 hours of the disconnect after they arranged payment plans or paid their bills in full. Heat-affected disconnections are not performed in our five Upper Midwest states during the heating season. In each of our states, our Customer Care leadership has the authority to suspend disconnections during extreme weather or other emergency situations.



## **SCAM AWARENESS**

Nationwide and internationally scammers continue to target utility customers, trying to take their money. Utility scam activity first spiked in 2014, and since then, we have combatted the problem by making technology changes and raising awareness to expose the tactics of scammers and help customers protect themselves. We track both in-person and phone-based scam attempts thanks to the reports of customers.

When we learn of heightened scam activity in specific locations, we contact local media and use our social media channels to release information and alert customers. We also sometimes activate a message on our phone system that gives customers the option to listen to a recording with information about how to discern if they are being scammed. The data we collect about scams is also used in partnership with law enforcement to investigate possible larger scam efforts and trends across our territory, with the goal of shutting down scammers.

In addition, we belong to Utilities United Against Scams, a collaborative of more than 100 utilities across the United States. Members share leading practices and updates about how scams are affecting their customers, as well as ideas and updates on what they are doing to spread awareness. The group was instrumental in establishing an annual awareness day — National Utility Scam Awareness Day — which takes place on the third Wednesday each November.

Information to help protect customers from scams is available on [xcelenergy.com](https://www.xcelenergy.com).

## **DATA PRIVACY**

Xcel Energy takes seriously our responsibility to protect company information, including the confidential information that we generate and receive about our operations, customers, employees, contractors and vendors. Our corporate policies and standards regarding information management and protection are designed to maintain the trust of the individuals and organizations we do business with.

We operate in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. In the ordinary course of business, we use our systems and infrastructure to create, collect, use, disclose, store, dispose of and otherwise process information. Our employees and contractors are trained on information management and protection requirements.

Our Enterprise Security Services group helps ensure the protection of company information across all business units. This organization includes four main branches: Cyber Security, Enterprise Resilience, Physical Security and Security Governance and Risk Services. In addition, we have established a Cyber Defense Center and an Enterprise Command Center designed to investigate, respond, mitigate and remediate incidents and vulnerabilities that may involve company information.

Read our Privacy Policy and learn more about how Xcel Energy manages and protects customer data.