Customer engagement, satisfaction and energy affordability

Earning customer satisfaction and trust

Each and every time our customers engage with us, we want to make it easy for them and deliver a positive, best-in-class experience.

We understand that energy is a necessity in people’s lives. Above all else, to earn their satisfaction and trust, we must first deliver on our responsibility to provide safe, reliable and affordable energy that is increasingly clean. This also means being there when customers need us most — whether they are experiencing a service outage, struggling to pay a bill or looking for ways to better manage their energy use.

Enhancing the customer experience is a strategic priority for Xcel Energy, and to fulfill it, we are focused on improving all levels and points of service for customers. We constantly manage the systems, processes and people we have in place to meet different customer needs and circumstances, and we are expanding the products and services we offer to support our customers even more.

2018 Results

- As we continue to focus on improving the customer experience during an outage, we worked to improve our internal processes in 2018. This included training employees on when and how to update estimated restoration times to provide customers with more timely and accurate information, coupled with reporting to emphasize process adherence. This ongoing effort is showing up in customer satisfaction perceptions. We moved ahead of 12 utilities in our peer set of 56 utilities from 2017 to 2018, placing us in the upper second quartile for outage communications.
• We continue to foster a workforce culture where all employees take ownership in ensuring a dependable, easy, enjoyable and personal experience for our customers. We launched Customer Experience Training, with more than 3,000 employees completing the in-person sessions that focus on: building a customer-centric mindset, ownership and personal accountability, and taking action. The goal is for all employees to complete the training in the next several years.

• Xcel Energy’s average annual residential energy bills continue to be below the national average. Our average residential electric bills from 2009 to 2018 are 26% lower than average, and from 2008 to 2017, our natural gas bills are 14% lower than average.

• We provided approximately $51.9 million to customer energy assistance programs for the year that helped almost 198,000 individuals and families throughout our service area.

**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 agree to 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.

In return, 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.

**Managing Customer Energy Bills**

We continue to focus on the cost of service to deliver on our company’s priority to keep energy bills low for customers. We saw an uptick in Xcel Energy’s average residential electric and natural gas bills in 2018, although we continue to have among the lowest average residential bills in the country. We calculate that Xcel Energy customers over the past decade have spent $3,365 less on electricity and $1,007 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, which can increase or reduce average bills for the year
**Measuring Customer Satisfaction**

We monitor customer perceptions of the company and our performance through several tools. The two most notable are the J.D. Power & Associates Electric Utility Customer Satisfaction studies and the customer transactional satisfaction studies that we implement with our partner, MaritzCX.

J.D. Power & Associates implements an industry-wide benchmark that provides details of our relationship with residential and small- to medium-sized business customers and how that compares to industry peers. For the residential electric study, we improved from low second quartile in our peer set in 2017 to high second quartile in 2018. Residential customers provided the most positive feedback in the areas of quality and reliable electricity service, efforts to develop energy supply plans for the future and total monthly cost of electric service. With business customers, Xcel Energy ranked in the second quartile in our peer set in 2018. Our highest satisfaction scores among business customers were for efforts to develop supply plans for the future and for actions to take care of the environment.

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**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.

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**Average Annual Residential Electric Bill**

Our average bill in 2018 was 25% below the national average

<table>
<thead>
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<th>Year</th>
<th>National Average</th>
<th>Xcel Energy</th>
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<tbody>
<tr>
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<tr>
<td>2018</td>
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</table>

**Average Annual Residential Natural Gas Bill**

Our average bill in 2017 was 18% below the national average

<table>
<thead>
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<th>Year</th>
<th>National Average</th>
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<tbody>
<tr>
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<tr>
<td>2018</td>
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</table>
We also continue to demonstrate strong performance at our customer contact centers. Through regular transactional surveys in 2018, 85% of residential and business customers reported that they were satisfied with their transaction involving an agent at our contact centers. Similarly, more than 86% of customers reported their problem or issue was resolved on the first call to Xcel Energy. Our Customer Care organization sets annual goals with satisfaction and first call resolution, and we met or exceeded both of these in 2018.

**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 are struggling to make their monthly energy payments. They can assist and make 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

We encourage customers who are having trouble paying their bills to contact us to develop a payment plan and determine if additional assistance is available. In Minnesota and Colorado, we have medical exemption or affordability programs for low-income customers with special medical needs to help them with their utility 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 2018, we disconnected service to a total of 64,635 customers. The majority 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.

Customer losses were down 8% in 2018 compared to the previous year, while the reported number of scam attempts was up, indicating customers may be increasingly informed around the danger scammers present. Since we formally began to address the issue, customer losses are down by more than half.

We are able to 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 promptly contact local media and use our social media channels to release information and alert customers. The data we collect is also used in partnership with law enforcement to investigate possible larger scam efforts and trends across our territory, with the ultimate goal of shutting down scammers. Xcel Energy security alone has shut down more than 250 phone numbers used by scammers to target our customers.
In addition, we joined Utilities United Against Scams in 2016, 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 Utilities United Against Scams Day — which takes place on the third Wednesday each November.

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.