Our Approach

As an energy provider, we can play a valuable role in helping local economies grow and prosper. Through our ongoing investment in our infrastructure — the plants, pipes, poles and wires that make up our business — we generate tax revenue, purchase goods and services and employ local workers. Also, by keeping our energy prices affordable, local residents and businesses have extra money to spend in their communities too. But, our connection and contribution to local economies goes much deeper than this.

Our utility system is often integral to the success of major local initiatives, such as downtown revitalization efforts, new industrial parks and public works projects. For example, we are actively participating in several forward-looking, sustainable developments within our service area that are models for cutting-edge, efficient energy design, including the Ford Site and Rice Creek Commons in the Twin Cities and Pena Station in Denver.

We generated and supported more than 140 new business prospects in 2017. Of those, 13 located and began doing business within the communities we serve, supporting nearly 700 jobs and $72.2 million in capital investment.
By working side-by-side with local chambers of commerce and economic development organizations, we can provide our expertise and valuable service to attract and retain area business. After all, for many businesses, energy is an important consideration for where they locate — it may be their largest expense or key to achieving corporate sustainability goals. By offering a complete package of energy solutions, including a comprehensive portfolio of renewable and energy-saving options, along with competitive prices and outstanding service reliability, we are helping our communities successfully compete for business.

Through a renewed focus on economic development in 2017, we generated and supported more than 140 new business prospects for the year. Of those, 13 located and began doing business within the communities we serve, supporting nearly 700 jobs and $72.2 million in capital investment.

In recognition of our commitment to local economies, Finance & Commerce recognized Xcel Energy with a 2017 Progress Minnesota award for the company’s commitment to the state’s economy, including energy efficiency and renewable energy leadership.

### Xcel Energy Direct Economic Impacts

**2017 Economic Value Generated (in millions)**

<table>
<thead>
<tr>
<th>Source</th>
<th>Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$11,404</td>
</tr>
<tr>
<td>Electric utility revenues</td>
<td>$9,676</td>
</tr>
<tr>
<td>Natural gas revenues</td>
<td>$1,650</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>$78</td>
</tr>
</tbody>
</table>

**2017 Economic Value Distributed (in millions)**

<table>
<thead>
<tr>
<th>Source</th>
<th>Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric fuel and purchased power costs</td>
<td>$3,757</td>
</tr>
<tr>
<td>Cost of natural gas sold and transported</td>
<td>$823</td>
</tr>
<tr>
<td>Employee compensation, including wages and benefits</td>
<td>$1,932</td>
</tr>
<tr>
<td>Property tax payments</td>
<td>$412.6</td>
</tr>
<tr>
<td>Franchise fees</td>
<td>$180.4</td>
</tr>
<tr>
<td>Community giving</td>
<td>$72.9</td>
</tr>
<tr>
<td>Interest charges and financing costs</td>
<td>$628</td>
</tr>
<tr>
<td>Common stock dividends</td>
<td>$721</td>
</tr>
</tbody>
</table>

### Spurring Downtown Revitalization

More than anyone, Paul Harpole knew the struggle to entice businesses to invest in downtown Amarillo. “Our downtown was stagnant,” said Harpole, who served as mayor of the 200,000-person Texas Panhandle community from 2011 until 2017. “It had been decades since we had any new construction downtown.”

That changed in January 2015 when Xcel Energy announced plans to partner with a developer for a new $42 million facility on the eastern edge of downtown, ensuring the company’s regional headquarters would remain in downtown Amarillo, a tradition that dates back to 1925.

“I look around Amarillo and say, ‘What would this city be without Xcel Energy?’ The company’s vision and forward thinking served as a catalyst to our entire downtown revitalization,” said Harpole. “Your commitment led to the building of a $45 million hotel down the street. We just broke ground for a minor league baseball stadium that will open next year. The energy downtown is so exciting.”

David Hudson, president of Xcel Energy—Texas and New Mexico, worked with local leaders on plans to invest in the downtown corridor but also considered other sites in Amarillo. The seven-story facility includes three stories of parking and retail shops on the first floor. Approximately 300 employees work in the regional headquarters, supporting our customers and communities in the Texas Panhandle and eastern New Mexico.

“We will only be as successful as the communities we are privileged to serve,” said Hudson about the important role Xcel Energy plays in driving economic development. “Our No. 1 job is to keep the lights on, but we work very hard at driving economic development through transmission lines and wind farms — projects that directly lead to jobs, tax base and landowner lease payments.”
Energy Future Collaborations

Through Energy Future Collaborations, Xcel Energy is taking a new approach and uniting the specific energy goals of communities with the company’s services and expertise to achieve shared objectives. The collaborations are aimed at addressing a wide range of priorities, including how best to:

- Meet specific renewable energy targets
- Reduce a city’s carbon footprint
- Maximize energy efficiency programs
- Support economic development
- Integrate emerging energy-related technologies into area homes and businesses

The proactive approach taps into many existing Xcel Energy programs and offerings, but also focuses on uncovering creative solutions to new ideas and needs. From the company’s standpoint, not only do we develop a more meaningful relationship with some of our largest customers — our communities, but the collaborations provide an opportunity to inform key leaders and community members about our business and significant initiatives. Ultimately, the collaborations can help increase support for company initiatives that support community goals, such as the Colorado Energy Plan.

The company has signed Memorandum of Understandings (MOUs) for Energy Future Collaborations with Denver, the mountain town of Breckenridge, and Alamosa in southern Colorado. We also are in the process of finalizing MOUs with other Colorado municipalities in 2018, including Windsor, Nederland, Lakewood and Lone Tree. Altogether, the customers in the seven communities initially identified for this effort represent about 30 percent of the retail load in our Colorado service territory and reflect a cross-section of our diverse Colorado municipalities — from rural to urban to mountain settings. We also believe the collaborations can be replicated with other cities and towns throughout Colorado, as well as in other jurisdictions.

With the MOUs in place, the company and the communities will develop work plans involving a number of projects, along with objectives, timelines, resources required, funding needed, metrics for success, reporting measures and ultimate deliverables. An important point about the new framework is that the guiding principles for the MOUs allow flexibility but also protect nonparticipants from things like cost shifts.

Focus on Economic Development

Xcel Energy takes a strategic approach to local economic development, helping to attract new businesses and assisting existing businesses to grow across our eight-state service territory. With outstanding reliability and customer service, combined with competitive prices and our ability to provide renewable energy and efficiency options, we provide a competitive solution to meet customer needs. But we can do more to proactively market our service territory as a great place to do business and are currently focused on three key areas for identifying and pursuing new development opportunities: relationships, research and real estate.

Over the decades of serving our communities, we have cultivated strong partnerships with local, state and regional economic development organizations that we continue to support and leverage to advance opportunities for customer growth. In 2017, we also attended more than 20 national conferences and other events to promote our services and opportunities within the states we serve, and we pursued relationships with other industries and associations to tell our story and further advance business development.

Primary to supporting successful business growth is having data and information about the issues that affect the businesses we serve and want to attract. We continue to expand and improve our understanding of the business challenges our customers and potential customers face. Market intelligence better prepares us to compete for new customers and retain existing customers, further increasing our competitive value to the marketplace.
This work includes identifying the top industry clusters that are best suited to locate in our service territory.

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

By outlining the trends that affect the growth of these industries and detailing the relevancies between our services, the business climate of our service territories and broader business issues these clusters face, we connect with these industries in a comprehensive manner and earn their trust and business by bringing value beyond our energy services.

Finally, we can help facilitate development by doing the leg work to offer ready-made locations for new business. Through our new Certified Site Program, we provide business prospects with real estate options to increase the speed to market in locating their operations. In 2017, we developed an inventory of 27 certified sites throughout our eight states that are ready for business and offer the site information on xcelenergy.com.

Our site certification process involves rigorous review of more than 120 data points to ensure proposed sites hold the attributes necessary to attract business development. We work directly with site representatives, which can include landowners, developers, municipalities and economic development organizations, to develop the data and underlying reports that complete the certification process. The reports are reviewed by a nationally recognized site selection expert who validates the data and its significance for identifying prominent real estate options for potential users.
Minneapolis Clean Energy Partnership

The city of Minneapolis, Xcel Energy and CenterPoint Energy teamed up to form a novel Clean Energy Partnership in 2014 in support of the city’s Climate Action Plan and 2040 Energy Vision. Now in its fourth year, the partnership is building on a long history of collaboration to explore innovative approaches and enhanced outcomes in energy efficiency and the use of renewable energy in Minneapolis. The partnership provides a leadership framework through which the city and utilities can work together to prioritize, plan, coordinate, implement, market, track and report progress on clean energy activities in the city.

The Clean Energy Partnership has approved the following priorities:

- Lower energy consumption and maximize energy efficiency savings in the industrial, commercial and residential sectors
- Make more clean energy (renewable energy and energy efficiency) accessible and available through new financing tools
- Make the city more sustainable or resilient through increased local renewable energy

In early 2017, the partnership board finalized its new 2017-2018 work plan, with goals of establishing low-income community solar gardens within the city and developing a small business refrigeration energy efficiency program targeted at grocery stores and gas stations. The small business refrigeration program was recently launched with extensive utility/city collaboration. It will leverage Xcel Energy program resources, utility rebates and city grants and financing. The low income solar gardens are currently under regulatory review.

According to the partnership’s latest annual report, released in mid-2017, citywide greenhouse gas emissions are down 17.4 percent from 2006 levels, surpassing the 2015 reduction goal of a 15 percent reduction. Xcel Energy continues to contribute to the partnership’s progress by helping city residents save energy, increasing participation in our renewable choice programs, and transitioning to a cleaner generation mix.