



Affordable, Safe, Reliable and Resilient Energy

Every day we deliver on our mission to supply the energy our customers want and value, providing them with 24/7 comfort and convenience.

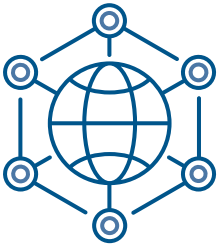
Xcel Energy delivers essential, life-sustaining products. At the heart of our business is our duty to serve customers with affordable, safe, reliable and resilient energy.

In times of rising prices on everything, we work harder to provide energy at the lowest cost. We stand by our customers to help them during hard times, while giving them new tools to take control of their energy use.

We are strengthening infrastructure, upgrading technology and diversifying our energy supply to ensure a reliable, cost-effective mix of resources. Through a more dynamic distribution and transmission network, we're improving reliability while providing cleaner energy to customers. As our systems become more interconnected, we are hardening them against increased risks to protect our information technology, network infrastructure and other assets.

Governance

The Operations, Nuclear, Environmental and Safety (ONES) Committee of the board of directors oversees all aspects of operations and operational performance. Within the company, the chief operations officer oversees generation, electric distribution and transmission, and natural gas operations. The chief planning officer is responsible for system strategy and planning. The chief customer officer oversees marketing, customer service and brand strategy, and the chief human resources officer is responsible for safety programs, including public safety. All report to the CEO.



LEARN
MORE

[Xcel Energy resource plans: the Colorado Clean Energy Plan, the Upper Midwest Energy Plan and current plan for our Southwest region.](#)

[Xcel Energy's Wildfire Mitigation Plan](#)

[Leading the Clean Energy Transition Brief](#)

[Environmental Management Brief](#)

[Renewable Energy Brief](#)

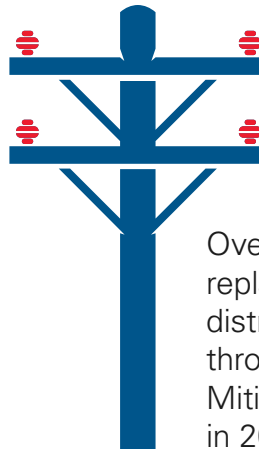


Xcel Energy customer bills for electricity and natural gas remain below the national average.



Customers

had electricity service **99.98%** and natural gas service nearly **100%** of the time during 2022.



Over **3,000 poles** replaced and **100 miles** of distribution line upgraded through our Wildfire Mitigation Program in 2022.

Our Responsibility to Customers

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

- **Duty to serve:** We cannot pick and choose our customers, nor can we deny service. We will provide service to any residence or business within our service area 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.
- **Planning process:** We undertake regular processes to determine the generation, transmission, distribution and natural gas infrastructure we will need to serve customers. These plans must be reviewed and approved by regulatory commissions. Stakeholders provide input on the plans through a public process.

In return, we are granted the right to recover our costs and the ability to earn a reasonable rate of return. This profit component is not guaranteed — regulators only give us the opportunity to earn it.

System Resource Planning

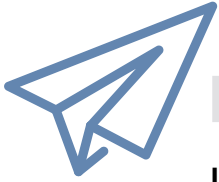
To operate effectively in a closely regulated business like ours, it's imperative that we stay in sync with the current demands of policymakers and our customers.

We are required by some states to regularly conduct a resource planning process for the electric system. While it varies by location, the process generally begins when Xcel Energy files a proposed long-term resource plan with state regulators. They evaluate the plan, and many stakeholders provide input, including large customers, environmental organizations and communities.

The plans assess the overall generating resources we will need to serve customers, plus associated transmission requirements and total load obligations — which are influenced by conservation program goals, among other items.

Once the plan is approved, if it shows a need to add resources, we issue requests for proposals. They may be general or targeted toward specific resources, such as natural gas or renewable energy or projects in a given location. As regulators review and decide, our stakeholders and the public give feedback.

In the past, resource planning has been specific to electric generation; however, new state requirements have expanded the need to develop integrated resource plans for both the electric and gas distribution systems in certain jurisdictions. We look forward to working with state policymakers and customers as we use the planning process to meet customer energy needs and define the energy delivery system of the future.



NOTEWORTHY

Industry-Leading Integrated System Planning

The transition to clean energy and new energy technologies drives greater integration between our electricity and natural gas systems and services. For example, we know demand for electricity will increase as more customers drive electric vehicles or invest in electric heating options — which in turn can increase the need for additional grid investment in distribution, transmission and generation.

In 2022, Xcel Energy established a new centralized integrated system planning organization to deepen the focus on energy delivery systems of the future. It will help chart the course toward our clean energy goals and delivering energy with net-zero emissions by 2050. The Integrated System Planning team provides a cutting-edge platform to plan investments in natural gas, electric generation, distribution and transmission — while improving operational performance and customer service. We expect this innovative approach to holistic planning to transform our systems into the grid of the future.



Affordable Energy

For many consumers, the cost of their monthly bill is their single focus when it comes to energy. We're committed to doing all we can to keep costs low, adding more low-cost renewable energy, securing competitively priced fuel contracts and making our operations more efficient.

Keeping Energy Costs Low

We are keenly aware of the challenge customers experienced with their energy bills in 2022 after an unprecedented rise in global natural gas prices. Our goal throughout our clean energy transition remains to keep any increase in customer bills at or below the rate of inflation.

With the exception of customer natural gas bills in 2022, we have a 10-year record of meeting this commitment. We expect customer bills to moderate as natural gas prices decreased significantly during the first half of 2023. From 2014 to 2023, our average annual bill increases are estimated to be below the normal 2% national inflation rate, at 1.6% for electricity and 1.3% for natural gas, based on current market prices and weather-adjusted volumes.

We continue to take steps that save customers real money on their bills and reduce exposure to price volatility. These steps include:

- **Carefully managing operating and maintenance expenses:** We kept the growth rate for expenses well below the rate of inflation from 2014 to 2021. While our costs increased in 2022, our goal in 2023 is to reduce operating and maintenance expenses 2% from 2022 levels and keep them relatively flat in the future.
- **Driving efficiency to lower costs:** Expenses were partially offset in 2022 by our XE1 Accelerator, which used targeted process and technology improvements to create sustainable, repeatable change. At the end of 2022, we introduced a natural extension of XE1 — One Xcel Energy Way. The new continuous improvement methodology centers on bottom-up problem solving, identifying quick wins and reducing waste and human struggle.
- **Offering customers ways to save energy:** Over the past decade, we've invested more than \$2 billion in electricity and natural gas conservation programs.
- **Avoiding fuel costs and earning tax credits from renewable investments:** Our geographic advantage in wind and solar generation has saved customers nearly \$3 billion from 2017 to 2022 at company-owned wind farms.



NOTEWORTHY

Expanded Energy Assistance Programs

Xcel Energy is proposing programs to increase support for customers struggling to pay their bills. In spring 2023, regulators approved our proposal to expand the Electric Affordability and Gas Affordability programs in Colorado, which provide bill credit and bill forgiveness to qualified customers. Our plan is estimated to increase total support for income-qualified customers in the state by 375% — about \$47 million annually.

We also filed a request with the Public Service Commission of Wisconsin to create a new program to expand assistance to lower-earning households who need more help to pay their energy bills. This proposal followed months of discussion and coordination with the Citizens Utility Board. It would make Xcel Energy the first utility in Wisconsin to offer a targeted assistance program, increasing total income-qualified support by 50% or an estimated \$5 million annually. Customers who already receive help from the Wisconsin Home Energy Assistance Program would be automatically enrolled in the new program.

In New Mexico and Texas, we've proposed a new supplemental Electric Affordability Program. Qualified Texas customers would receive help with energy bill payments in addition to Energy Share and Give-a-Gift donation-based programs that help pay energy bills for those who need it most. New Mexico customers with high energy burden and the lowest incomes would be eligible for automatic enrollment and supplemental assistance through a percentage-of-income payment plan and arrearage forgiveness.

Customers in Need

We continue to expand outreach to make sure customers are connected to payment plans and energy assistance when they need them. In 2022, we set up nearly 515,000 payment plans and distributed approximately \$216 million in energy assistance from Xcel Energy and other public sources to about 193,000 customers — a nearly 50% increase in funding from 2021 — providing an average benefit per customer of \$1,100. Our Personal Accounts department monitors and assists customers who have medical needs or who struggle to make their monthly energy payments. They help make energy more affordable to income-qualified individuals and families by promoting special energy efficiency programs, arranging payment plans and providing energy assistance resources.

Xcel Energy works with state and local agencies and nonprofits to advocate for low-income customers. Our support includes:

- Public policy and advocacy supporting state and federal efforts to fund Low-Income Home Energy Assistance Programs.
- Funding for state and local energy assistance agencies and weatherization programs.
- Encouraging 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 customers in need.

Personal Accounts agents are specially trained to help struggling customers find affordable solutions in the most difficult circumstances. Their sole focus is the energy security of our most vulnerable customers, through detailed knowledge of state rules and an extensive network of partners and programs.

We encourage customers in hardship to contact us to develop a payment plan and see if additional assistance is available. In addition to LIHEAP, Xcel Energy has several energy assistance programs for seniors or low-income customers with medical needs. In Colorado and Minnesota, we work with eligible customers to set their bills at affordable levels based on their income and usage. 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. When customers fall behind, 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 2022, we disconnected service to 34,997 residential customers, with service to about 64% of those customers reconnected within 30 days. 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.

Safe and Secure Energy

Keeping people safe around energy is a responsibility we take very seriously.

We have comprehensive outreach programs that promote safe behavior among our customers, communities, emergency responders and third-party workers. Our programs annually distribute thousands of safety materials and use many channels to communicate and share safety messages, including ads, direct mail, events, media, social media and sponsorships.

Public Safety Awareness

Throughout the year, we run public safety campaigns on multiple topics, including four important message areas:

- Contacting 811 before digging.
- Staying at least 20 feet away from overhead electric lines.
- Recognizing and responding to a possible natural gas leak.
- Keeping natural gas meters clear of snow and ice.

We distribute materials such as safety guides, books and newsletters to excavators and to public and emergency officials, in addition to sponsoring and participating in pipeline emergency responder meetings. We encourage specialized audiences to use online resources we sponsor that play an important role in supporting public safety, including:

- Responding to Utility Emergencies training information for firefighters and law enforcement. We offer safety presentations and conduct drills for first responders.
- E-SMART Worker for contractors, agricultural workers and others who encounter power lines or natural gas infrastructure as part of their jobs.
- E-SMART Kids for educators and students in Grades 2 through 6.
- Public officials, including emergency managers, city planning and permitting.

Natural Gas Safety

Third-party excavation damage to underground electric and natural gas facilities remains the biggest threat to our natural gas distribution system and public safety. We belong to the Common Ground Alliance, whose initiatives include the national 811 "Call Before You Dig" phone number to have underground utility lines marked for free, in addition to promoting best practices for excavators, locators and facility owners. We are members of one-call centers in states we serve and participate in the newly formed Damage Prevention Institute (formerly the Gold Shovel Association) through CGA. Xcel Energy is also a member of the American Gas Association and uses their damage prevention performance metrics — under which our company has achieved top-quartile performance.

We measure the occurrence of leaks on our system through annual inspections, day-to-day operations and customer reports. We inspect one-third of the system each year, going beyond the regulatory requirement of 20% annually. Identified leaks are prioritized for repair, from tightening joints to full-scale pipe replacements.

We also follow the American Petroleum Institute Public Awareness Programs for Pipeline Operators Recommended Practice 1162 by including information with bills twice a year on staying safe around natural gas.

We are a significant member of the Pipeline Association for Public Awareness and the Distribution Public Awareness Council, in which we hold leadership roles. We participate in state-specific pipeline associations, as well as Minnesota's Community Awareness Emergency Response association.

Cybersecurity and Physical Security

Protecting our critical energy assets from all hazards is a responsibility that demands our constant vigilance and a top priority for Xcel Energy. Critical infrastructure owners and operators face ever-evolving cybersecurity and physical security threats.

We proactively engage with partners to prevent, protect and defend our energy systems from potential cyberattacks.

- To address increasing physical attacks on substations, we continue to enhance current physical security protections and develop future hardening efforts. These include strategic planning for diverse load on the system, preventing increased intentional attempts at damaging infrastructure, and the use of innovative mobile technology to ensure resilience of our systems.
- A cross-functional team is implementing Transportation Security Administration mandates to harden our natural gas system. While much of the work was already underway, the TSA directives allowed us to move more quickly on the project to mitigate risks posed by adversarial nation-state interest in the utility sector.
- Our Corrective Action Program enables Xcel Energy to identify and remediate issues across the company. CAP is critical to maturing our organizational processes and identifying security problems early to mitigate their impacts. This first-in-the-industry program will provide critical data for trend analysis and assist in our continuous improvement efforts. We also continue to make improvements related to multifactor authentication and industrial control system security.
- Xcel Energy's strong culture of security includes programs to help employees understand current threats, identify attempts to attack our systems and contribute to our risk mitigation efforts. Through training and testing, employees increased their identification of phishing emails, significantly reducing the company's risk. Webinars and biweekly intelligence briefings hosted by our internal threat analysts help them understand the risks we face.

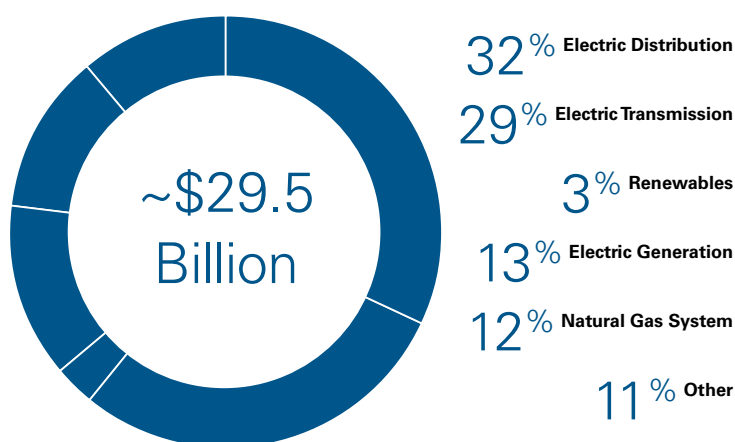
We also engage with our industry peers and government partners to improve security awareness and develop solutions. Our president, chairman and CEO is a member of the Electric Sector Coordinating Council, the principal liaison between the federal government and the electric power sector on critical infrastructure protection. Through the annual national grid exercise, the council focuses on ways to improve the resilience of our bulk power system, addressed supply chain shortages, and examined critical infrastructure interdependencies to reduce risk and improve reliability.

Reliable and Resilient Energy

In the last two decades, we've made steady progress integrating carbon-free resources while maintaining our focus on reliable and resilient service and keeping customer bills as low as possible.

Over the next five years, we plan to invest more than \$29 billion in projects that increase our renewable energy ownership, build out the transmission system, maintain and strengthen grid reliability and resiliency, enhance security, support charging infrastructure for electric transportation and offer new options to customers. The infrastructure investments we make today will be used tomorrow to enable carbon-free electricity, zero-carbon transportation and net-zero gas service for customers.

Xcel Energy's Capital Forecast 2023 to 2027*



*The forecast does not include potential incremental investment of \$2 to \$4 billion for ~3,500 megawatts of proposed renewable energy additions under the Colorado and Minnesota resource plans and transmission associated with the Colorado resource plan.

Electricity

We own nearly 21,000 megawatts of electric generating capacity including coal, natural gas, nuclear, hydro, wind and solar power. We also own and operate one of the fastest-growing investor-owned transmission systems in the country, with 110,000 conductor miles, and a vast distribution network of approximately 213,000 conductor miles.

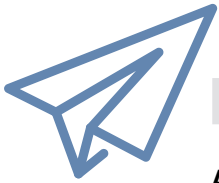
- We're transitioning our generation and power purchases to carbon-free resources to deliver a clean energy future. We're exploring and beginning to incorporate new technologies, such as large-scale batteries and hydrogen as a clean fuel for distribution and generation.
- Under our two marquee transmission projects, Colorado's Power Pathway and the Minnesota Energy Connection, we will build about 740 miles of new line, representing \$2.7 billion in investment.
- We're hardening the energy grid to withstand changing weather, improving vegetation management and implementing wildfire programs.
- We experienced a 43% increase in storm hours worked in 2022. Despite that, when our customers needed us most, we restored 94% of our customers within 24 hours of major storm events, continuing to outperform the industry standard of 80%.

Natural Gas

Our customers depend on natural gas to heat their homes and businesses. It's a highly flexible and efficient fuel for running furnaces, boilers, water heaters, stoves and other appliances across the colder climates that we serve. With 2,200 miles of transmission and 37,000 miles of distribution pipelines in service, we fuel the homes and businesses of approximately 2.1 million customers in Colorado, Michigan, Minnesota, North Dakota and Wisconsin.

We continue to invest in the system to accommodate customer growth and increased demand for natural gas in our communities:

- For safe and reliable service, we plan to invest more than \$1 billion in projects that tighten and improve our system over the next five years (2023 to 2027) after replacing more than 1,000 miles of pipe since 2012.
- All our transmission pipe is now protected steel and nearly all our distribution pipe is plastic or protected steel. We've replaced all cast-iron pipes and have less than three miles of unprotected bare-steel pipe remaining.
- By upgrading and tightening our system, we not only help ensure public and employee safety but reduce methane emissions.
- In the future, the system will be able to support low-carbon fuel options and advanced technologies on the horizon, like recovered methane, renewable natural gas and hydrogen.



NOTEWORTHY

Advanced Grid Progress

We're installing the latest technology on the distribution grid to ensure reliable, affordable, secure electric service and enable more flexibility for customers. Despite global supply chain challenges, Xcel Energy installed 850,000 smart meters in Minnesota and Colorado by the end of 2022 and plans to add a million more in 2023. Smart meters rolled out in Texas starting in March 2023, and we will launch in Wisconsin before the end of the year.

The smart meter rollout began in 2021 in Colorado. As soon as customers receive their new meters, they can access energy data every 15 minutes and online tools in My Account. This allows them to take action and shift their energy use to off-peak periods before the new interval rates take effect. The first Colorado smart meter customers moved to Time of Use rates in April 2022 and a new wave transitions every six months.

Secure two-way field network communications allow the smart meters to send secure information to Xcel Energy. This improves reliability and reduces outage restoration times, while giving customers new ways to save energy and money. In 2022, we completed the Advanced Distribution Management System, which enables industry-leading grid visibility and control in all six distribution control centers. An advanced application for voltage optimization was the source for 21 megawatts of peak demand reduction and 193.9 gigawatt hours of energy savings for customers last year and led to 114,600 tons of carbon emissions reductions through 2022. New capabilities will also enable integration of battery storage and other distributed energy resources into the grid.

Wildfire Mitigation

As climate conditions have changed, the traditional “fire season” has evolved into a year-round battle against larger, stronger and faster wildfires. Xcel Energy’s comprehensive wildfire risk mitigation program helps protect lives, homes and property from the threat of wildfire.

Our cross-functional Wildfire Mitigation Team works together to support the power grid, build resilience, increase situational awareness and make critical operational decisions quickly and effectively. These include specific protocols to better understand localized threat conditions. We’re using that information to operate our system to reduce wildfire risk and effectively respond to emerging fire events.

Operational processes and community outreach continued to be areas of focus. We further developed the Wildfire Safety Setting process for reclosers that use protection equipment to interrupt the flow of energy to a segment of power line if a fault is detected, such as a tree branch contacting a line. The power line remains de-energized until crews patrol the area and ensure the line is safe to re-energize. New risk modeling software now assists with identifying and prioritizing areas to focus mitigation activities to reduce the risk of ignition. In 2022, we engaged with a partner community to conduct a pilot project that used cameras with artificial intelligence to identify the presence of smoke. This increases situational awareness and provides early detection capabilities for emergency and fire response agencies. We intend to expand on this pilot in 2023.

Since launch in 2019, the Xcel Energy Wildfire Mitigation Program has inspected thousands of miles of transmission and distribution lines, hardened our system through repair and replacement and managed the vegetation around our lines.

In 2022, we:

- Replaced 3,051 distribution poles.
- Upgraded more than 100 miles of distribution conductor in wildfire risk zones and replaced 11,202 fuses, cutouts and arresters.
- Completed more than nine miles of major transmission system rebuilds and corrected 272 high-priority defects.

Our plan will continue to evolve as we evaluate new technologies and complete more inspections and studies. We collaborate and benchmark with the Electric Power Research Institute, Edison Electric Institute, national labs, neighboring utilities and our communities to share lessons learned and best practices. While much of this work takes place in Colorado, all states Xcel Energy serves will potentially benefit.

Vegetation Management

Xcel Energy’s Vegetation Management department uses industry best practices to manage millions of trees across more than 47,000 miles of distribution right of way and more than 20,000 miles of transmission corridors. We achieve our goals in an environmentally sensitive, socially responsible and cost-effective manner. Since 1996, the Arbor Day Foundation has recognized Xcel Energy and predecessor companies as a Tree Line USA utility for our commitment to proper tree pruning, planting and care.

Integrated Vegetation Management, a progressive system of information gathering, helps us develop compliant solutions for controlling vegetation near electric and natural gas facilities.

Some elements of our strategy:

- Our pruning methods comply with standards set by the American National Standards Institute and the Tree Care Industry Association, which are endorsed by the International Society of Arboriculture.
- All herbicide products are registered by the EPA and the appropriate state regulatory agency and applied by licensed applicators.
- In Colorado, our Mountain Hazard Tree Program helps us stay ahead of tree mortality from the pine bark beetle to minimize the risk of wildfire ignition.
- Our transmission line program emphasizes the removal of incompatible vegetation and supports establishment of pollinator-friendly plant communities.

Our practices protect both the natural environment and our customers' need for reliable energy. We work with landowners along our rights of way to decide if trees and other vegetation can be made compatible with safety around our electric lines. For our distribution and transmission lines, work is generally performed on a four- to five-year cycle.

Xcel Energy also shares information on sustainable landscaping and responsible tree planting. Strategically planted trees, shrubs and vines shade walls and windows, and channel cool summer breezes toward the house. A well-planned landscape can pay for itself in energy savings in seven to 10 years.

