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Direct Testimony and Schedules
Michael P. Deselich

Before the Minnesota Public Utilities Commission
State of Minnesota

In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Natural Gas Service in Minnesota

Docket No. G002/GR-23-413
Exhibit___(MPD-1)

Employee Compensation and Benefits

November 1, 2023

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Schedules

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND OCCUPATION.

A. My name is Michael P. Deselich. I am a Senior Compensation Consultant for Xcel Energy Services Inc., which is the service company affiliate of Northern States Power Company – Minnesota (NSPM or the Company), d/b/a Xcel Energy and an operating company of Xcel Energy Inc. (Xcel Energy).

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. As a Senior Compensation Consultant, I am involved with a variety of compensation administration activities including participating in the design, development, and implementation of broad-based compensation programs that are intended to attract, retain, and motivate the skilled employees the Company needs to provide safe and reliable gas service. My statement of qualifications is included as Exhibit___(MPD-1), Schedule 1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I support the Company's request to recover in natural gas rates the costs of our employee compensation and benefits, which are elements of the Xcel Energy Total Rewards Program.

Q. PLEASE PROVIDE A SUMMARY OF YOUR TESTIMONY.

A. To provide safe and reliable natural gas service for our customers, the Company must be able to attract, retain, and motivate high-quality employees. To help achieve this goal, the Company is requesting recovery of amounts necessary to provide a market-competitive compensation and benefits package to candidates and employees across a wide-range of job types and skill levels, as well as employees in managerial and leadership roles necessary to operate a Fortune 500 company.

The Company uses a market-based approach to compensation, which ensures our base pay and incentive compensation is set at a competitive level, resulting in compensation and benefits expenses that are necessary and reasonable to attract employees in our industry. The Company also uses industry-wide, third-party compensation surveys to compare its compensation levels to other employers in the market. The Company's analysis of 2023 compensation surveys demonstrates that both the design and the level of total compensation provided to our employees for 2024 are comparable to other companies.

Additionally, the Company provides benefits and retirement programs for employees that are consistent with market practices. While the cost of these programs generally has an upward trajectory, the Company continuously looks at ways to manage those rising costs while providing a competitive benefits package for employees.

In summary, we are requesting to recover the necessary and reasonable costs required to allow the Company to maintain and invest in our employees, so that they can provide safe and reliable natural gas service for our customers.

Q. HOW IS YOUR TESTIMONY STRUCTURED?

A. In Section II, I describe the Total Rewards Program and the components for which the Company is, and is not, seeking recovery. In Section III, I provide information about the evolving utility landscape and basic needs of our workforce. In Section IV, I provide additional information about base pay, forms of incentive compensation, and the Company's rationale for proposing to eliminate the compliance filings and refund requirements associated with incentive compensation. In Section V, I describe the Company's cost to provide our active employees with health and welfare benefits. In Section VI, I describe the retirement benefits the Company offers.

Q. ARE ANY OTHER WITNESSES ADDRESSING ISSUES RELATED TO COMPENSATION AND BENEFITS?

A. Yes. Company witness Richard R. Schrubbe is providing testimony related to benefit expenses and Company witness Benjamin C. Halama describes adjustments made to the incentive program expenses.

II. OVERVIEW OF RECOVERY REQUEST FOR TOTAL REWARDS PROGRAM

Q. WHAT ARE THE ELEMENTS OF THE TOTAL REWARDS PROGRAM?

A. The Total Rewards Program includes the following components:

- *Total compensation* consisting of base pay, the Annual Incentive Program (AIP), Long-Term Incentive (LTI) Program, and an employee recognition program.
- *Active employee health and welfare programs* primarily consisting of medical, pharmacy, dental, disability, vision, and life insurance coverage for our active (as opposed to retired) employees and their families, plus employee long-term disability and workers' compensation.
- *Retiree benefits* consisting of medical benefits for certain retired employees as we honor our legacy programs for these employees.

- *Retirement package* consisting of a defined benefit pension plan and a defined contribution 401(k) savings plan.

I provide a brief overview of each of these components below.

Q. WHAT IS THE LEVEL OF COSTS THAT THE COMPANY IS FORECASTING FOR THE 2024 TEST YEAR?

A. Table 1 sets forth Total Rewards Program costs on a State of Minnesota Gas Jurisdiction basis for 2020-2022 (actuals), the 2023 forecast (actuals through June 30, 2023 and projected from July 1, 2023 to year-end), and the 2024 test year (budget).

Table 1
Total Rewards Program Costs

Expense Amount for State of Minnesota Gas Jurisdiction O&M (Dollars in Thousands)					
Type of Benefit	**2020 Actual**	**2021 Actual**	**2022 Actual**	**2023 Forecast**	**2024 Test Year**
AIP*	$1,350	$1,373	$1,517	1,808	$1,888
LTI**	$562	$351	$294	$471	$594
Qualified Pension	$2,357	$2,521	$2,139	$2,397	$2,269
401(k) match	$796	$876	$935	$1,081	$1,066
Active Health	$2,898	$3,463	$3,861	$4,326	$4,678
Misc. Ben., Life Insurance, Long-Term Disability (LTD)	$306	$352	$383	$472	$501
Retiree Medical	$77	$62	$0.447	$196	$225
Recognition Programs	$61	$67	$81	$63	$86

The amounts included for 2020-2023 actuals/forecast for API and LTI are calculated based on the same limitations as the Company's test year request in this case.
* Amount accounts for limitations we have placed on our request for recovery in this case.
**Environmental and Time-based LTI.

Q. HAS THE COMPANY HISTORICALLY RECOVERED ITS MARKET-BASED COMPENSATION EXPENSES?

A. No. The Company has historically under-recovered these expenses. For that reason, the Company's request for recovery of certain compensation expenses in this case varies from that in some of its earlier rate cases.

Q. IS THE COMPANY SEEKING TO INCLUDE ALL OF THE NECESSARY AND REASONABLE COSTS OF THE TOTAL REWARDS PROGRAM IN ITS TEST YEAR COST OF SERVICE?

A. No. We are not requesting rate recovery of the following elements of the Total Rewards Program:

- AIP compensation above target level;
- AIP exceeding capped levels; and
- Executive LTI compensation related to Relative Total Shareholder Return (Relative TSR).

Q. HOW HAS THE COMPANY LIMITED ITS REQUEST TO RECOVER THE COST OF THE AIP?

A. We have limited our request for AIP cost recovery in two ways. First, consistent with past practice, we are requesting recovery of only the target-level incentive amount, subject to capping mechanisms. So, if our employees deliver performance levels beyond their specific goals and the Company performs better than the established operational goals, our customers receive this added benefit at no extra cost to customers. Please see the Direct Testimony of Company witness Halama for a description of this AIP adjustment.

Second, we are requesting rate recovery of these incentive compensation costs subject to a cap of 25 percent of aggregate base pay. A 25 percent cap continues to implement the Commission's prior gas rate case order in capping AIP by excluding recovery of part of the cost of providing incentive compensation to executives while allowing target-level recovery of AIP expenses related to most non-executive employees.[1] The Company had been receiving AIP recovery at this level since its 2009 gas rate case, as approved in the Commission's December 6, 2010 Order in Docket No. G002/GR-09-1153.[2] However, the Settlement Agreement in the Company's last gas rate case (Docket No. G002/GR-21-678) resulted in a reduction from the 25 percent cap to 15 percent. As this reduction in the AIP cap was part of a negotiated Settlement Agreement that was the result of mutual concessions and compromises amongst the settling parties, this reduction was not carried forward in this case.[3]

Q. ARE YOU SEEKING RECOVERY OF ANY COSTS FOR LTI COMPENSATION?

A. Yes. The Company is seeking recovery of a portion of its market-based compensation attributed to its LTI program. The Company's LTI program starts with determining the amount of total compensation necessary to reach a competitive level for the respective eligible jobs, then determines the associated goal(s) and LTI delivery vehicle(s) associated with settlement of this form of compensation. In this case, the Company is seeking recovery of "environmental LTI." The Company is also seeking recovery of "time-based LTI" for executives and "time-based LTI with a performance element" for non-executives. This will be described collectively as "time-based LTI" throughout the remainder of my testimony. The Company is not seeking recovery for the

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[1] The term "executive" will be used throughout my testimony to describe employees in the jobs who are Business Unit Vice Presidents through the Chief Executive Officer. The term "non-executive" will be used throughout my testimony to describe employees in senior management jobs below the Business Unit Vice President-level.

[2] *In the Matter of the Application of Northern States Power Company, a Minnesota Corporation, for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G002/GR-09-1153, FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER at 13 (Dec. 6, 2010).

[3] *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy's Petition for Authority to Increase Rates for Natural Gas Service in Minnesota*, Docket No. G002/GR-21-678, COMPREHENSIVE AND UNANIMOUS SETTLEMENT AGREEMENT at 9 (Dec. 6, 2010).

executive LTI expense of Relative TSR.[4] I describe the Company's request for recovery of a portion of LTI in greater detail later in my testimony.

Q. WHY IS THE COMPANY LIMITING ITS REQUEST IN THE WAY YOU DESCRIBE?

A. The Company is limiting its request to reduce the number of contested issues in this case. However, the Company maintains that the target-level AIP expense and the target-level LTI expense are both just and reasonable as they are key components of the Company's competitive market-based compensation that is necessary to attract and maintain employees necessary to provide natural gas service to customers.

Q. WHY IS THE COMPANY STRUCTURING ITS EMPLOYEE COMPENSATION REQUESTS IN THIS MANNER IN THIS CASE?

A. Changes in the Company's pay structure and practices, as well as the realities of compensation practices in peer companies, warrants a revisiting of some of the decisions made with respect to recovery of various compensation components in past rate cases. With this request, the Company has endeavored to strike a balance between recognizing the Commission's expressed concerns around recovery of some elements of executive level compensation with the Company's interest in lessening the gap between the Company's market-based compensation expenses and the recovery of those expenses in rates. I provide more detail on the various aspects of the Company's request later in my testimony.

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[4] In direct testimony, Company witness Halama discusses the approximately $0.4 million adjustment to the cost of service related to LTI costs for Relative TSR.

III. BUSINESS MODEL CHANGES AND WORKFORCE NEEDS

A. Changes in the Company's Business Model

Q. PLEASE BRIEFLY EXPLAIN HOW THE COMPANY'S BUSINESS MODEL IS EVOLVING.

A. As a public utility, the Company remains focused on providing customers with safe and reliable gas service. Additionally, Xcel Energy has a Net-Zero Vision for Natural Gas by 2050 to provide the Company's long-term outlook for the gas side of the business and its role in the low-carbon economy. Maintaining the safety and reliability of the gas system is a highly complex and technically demanding undertaking that requires thousands of experienced and trained employees, as our gas system includes thousands of individual fuel delivery points – including with upstream vendors and downstream customers. In addition to these front-line employees, operating our business also requires the support of a number of back-office employees with specialized skills and training in accounting, human resources, information technology, legal, customer care, and a variety of other areas.

While the safety and reliability of the system is a top priority for all of our employees, customers are now expecting more from their gas utility. We will strive to deliver new program and product choices to customers to help them manage their own carbon emissions from natural gas use. To meet these expectations, we expect significant changes across all aspects of our business. For example, one gas business goal is to tighten our own system to reduce methane emissions and achieve net-zero methane emissions by 2030. These system changes and business direction will impact our workforce that is needed to adapt and operate our gas systems.

Q. WHAT IMPACT DO YOU EXPECT THESE CHANGES WILL HAVE ON THE COMPANY'S WORKFORCE?

A. Our employees will need to develop new skill sets. As we make the changes described above, the Company will collect, analyze, and make decisions based upon increasingly larger and more complex sets of data. Accordingly, we will need to ensure that our workforce includes people that are adept at working with data. And, because we anticipate that many of our professional positions will increasingly use automated processes to complete certain repetitive tasks, we will need to fully train our employees to manage those processes to allow them to focus on higher-value, more consultative work.

Where employees were accustomed to fixing things with their hands, technology will now be more prominent in managing our gas distribution assets. Our customer service agents will continue to answer phones and solve problems but will also need to be equipped to offer more services and engage with customers in new ways. We will still need field workers that do construction, maintenance, storm restoration, and the like. But all of our employees will need to adapt to perform their jobs in a rapidly changing environment.

B. Labor Market Competition and Changes in Labor Force

Q. PLEASE DESCRIBE THE CURRENT COMPETITION AMONGST EMPLOYERS IN THE UTILITY LABOR MARKET.

A. Prospective employees with the specific skillsets and training required for technical or specialized careers are in high demand, as other utilities and industries share many of our priorities and needs for this type of talent. There is a limited pool of utility candidates, and the Company competes for them on a national, regional, and local basis. Due to the unique nature of many of our highly technical jobs, we need to hire experienced employees who can perform in their roles immediately upon starting, as opposed to being able to use entry-level employees who can grow into their roles.

Q. PLEASE DESCRIBE THE LABOR MARKET IN MINNESOTA.

A. Among the 30 largest metropolitan areas across the country, the Twin Cities ranks first in number of Fortune 500 firms per capita, according to the Minnesota Department of Employment and Economic Development.[5] The 16 Fortune 500 companies in the state include some of the world's most recognized brands and firms, such as 3M, Best Buy, General Mills, Target, and UnitedHealth Group, with whom we compete for engineers, information technology, cyber security, accounting and finance, and other skilled employees.

The Company also competes for talent with many other large employers that have a significant presence in Minnesota but are no longer headquartered in Minnesota or are privately held and therefore not included on the Fortune 500 list, such as Medtronic, Mortenson Construction, and Cargill.

In addition, there are three other investor-owned natural gas utilities and three other investor-owned electric utilities that serve Minnesota, as well as more than 50 cooperatives and municipal gas providers who directly compete with the Company for utility industry talent.[6]

Q. WHAT IMPACT HAS THE NATIONAL AND MINNESOTA LABOR MARKET HAD ON THE COMPANY'S ABILITY TO HIRE AND RETAIN EMPLOYEES?

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[5] See A Robust & Diverse Economy / Join Us MN (accessed on July 14, 2023).
[6] See https://mn.gov/puc/consumers/help/utility/ (accessed on July 14, 2023).

A. Overall, there continues to be a very tight labor market for employees nationally and in particular in Minnesota. The national unemployment rate was around 3.8 percent in August 2023, according to the U.S. Bureau of Labor Statistics,[7] and Minnesota had an even lower, 3.1 percent (preliminary), unemployment rate. The labor market is even tighter for utility employees as the unemployment rate for this sector was 1.1 percent in August 2023.[8] These extremely low unemployment rates mean that there are abundant opportunities for existing and potential employees at all levels of our Company to choose other employers. As a result, it is crucial that the Company is able to provide a market-competitive compensation and benefits package that allows us to compete for the talent necessary to provide safe and reliable gas service to customers.

Q. ARE THERE OTHER NOTEWORTHY FACTORS THAT IMPACT XCEL ENERGY'S HIRING PRACTICES?

A. Yes. Xcel Energy has long recognized the importance of having a diverse workforce that reflects the communities we serve. To that end, Xcel Energy is an equal opportunity employer and strives to hire and support a diverse workforce.

Q. WHAT ACTIONS HAS THE COMPANY TAKEN TO PROMOTE DIVERSITY IN ITS EMPLOYEE HIRING AND RETENTION PRACTICES?

A. Our leadership signed the CEO Action for Diversity and Inclusion, a pledge that declares our commitment to improve diversity and inclusion at Xcel Energy. Xcel Energy has launched new avenues for development, recruitment,

[7] *See* https://data.bls.gov/timeseries/LNS14000000 (accessed on September 28, 2023).
[8] *See* https://www.bls.gov/web/empsit/cpseea31.htm (accessed on September 28, 2023).

hiring and advancement to reach a broader, more diverse candidate pool. To create a pipeline of trained candidates ready to fill job openings, Xcel Energy helped launch the Energy Careers Academy in fall 2022, along with the Minnesota State Community and Technical College and Minnesota State Energy Center of Excellence. The Energy Careers Academy seeks to open doors to historically underserved populations and prepare them for a career field that offers stable, well-paying jobs. The program provides training in electrical linework and natural gas utility construction and service. Students receive hands-on instruction at Xcel Energy's training facilities and gain exposure to Company employees and leaders, including hiring managers. Energy-related educational programs are typically offered at technical schools in rural locations, but the academy aims to enroll students in the Twin Cities area, helping remove a potential barrier for urban students.

The Company's commitment to a diverse workforce is also demonstrated by the steadily increasing diversity of Xcel Energy's board and senior leadership. Over the past three years, racial or ethnic diversity increased 11 percent among senior leaders (vice presidents and above), with an 8 percent increase in 2022 alone. Xcel Energy has also launched new avenues for development, recruitment, hiring and advancement to reach a broader candidate pool.

Xcel Energy's commitment to a diverse and inclusive workforce have not gone unnoticed. In 2022, Xcel Energy was recognized as a Best Place to Work for LGBTQ+Equality, receiving a perfect score for six years on the Human Rights Campaign's Corporate Equality Index. In 2023, Xcel Energy was included among America's Greatest Workplaces for Diversity by *Newsweek*.

As a Company, we aim to foster a culture that welcomes diversity of thought, background, experiences, ethnicity, and race. This helps us better assess business risks and opportunities from different viewpoints and elevates and nurtures the best ideas. Recognizing and celebrating our differences and championing an inclusive culture strengthens our Company.

IV. TOTAL COMPENSATION

Q. HOW IS BARGAINING EMPLOYEE COMPENSATION DETERMINED?

A. Bargaining employees are compensated according to their union contracts negotiated with the Company. These contracts are collectively negotiated with sophisticated representation from both parties to ensure elements of the compensation offering meet the needs of bargaining employees for competitive wages that are delivered through base wage, overtime, and shift premiums.

Q. HOW IS TOTAL COMPENSATION DETERMINED FOR NON-BARGAINING EMPLOYEES?

A. The Company undertakes a comprehensive evaluation process for each non-bargaining position using external market data obtained from independent third-party compensation surveys to ensure its non-bargaining employee compensation levels are comparable to the market. To develop an apples-to-apples comparison, the Company must first match the job responsibilities of the Company's positions to the job responsibilities of the positions within other companies that compete with the Company for employees. After that, the Company considers data from a variety of surveys, including data for both utility and non-utility companies.[9] The 50th percentile (that is, the median) is then used to determine the appropriate pay range for a position.

Q. WHAT COMPENSATION COMPONENTS ARE NON-BARGAINING EMPLOYEES ELIGIBLE TO RECEIVE?

A. Compensation packages for non-bargaining employees comprise of several components, including the following:

- Base pay;
- AIP;
- LTI compensation; and
- Recognition awards.

The respective compensation components vary by employee. However, while the components of compensation vary, the total compensation for each position is targeted at the median of the market, with each non-bargaining employee receiving 100 percent of the market-based compensation, on average, relative to his or her job.

Q. WHY DO THE COMPENSATION COMPONENTS VARY BY EMPLOYEE?

A. The eligibility for particular components of compensation varies depending on whether a given non-bargaining employee is considered "non-exempt" or "exempt" under the Fair Labor Standards Act (FLSA). The FLSA defines non-exempt employees as those paid on an hourly basis who may receive overtime. Non-exempt employees are generally eligible for base pay, overtime, and recognition awards. The FLSA defines exempt employees as those who receive

[9] If the Xcel Energy position is unique to the utility industry, Xcel Energy may restrict its comparison to only the utility-specific data in the surveys.

a salary. In our compensation program design, exempt employees' compensation may include both effectively guaranteed base pay as well as various types of contingent incentive compensation depending on their job in the Company.

Q. ARE THE TOTAL COMPENSATION PACKAGES STRUCTURED THE SAME FOR ALL NON-BARGAINING EMPLOYEES?

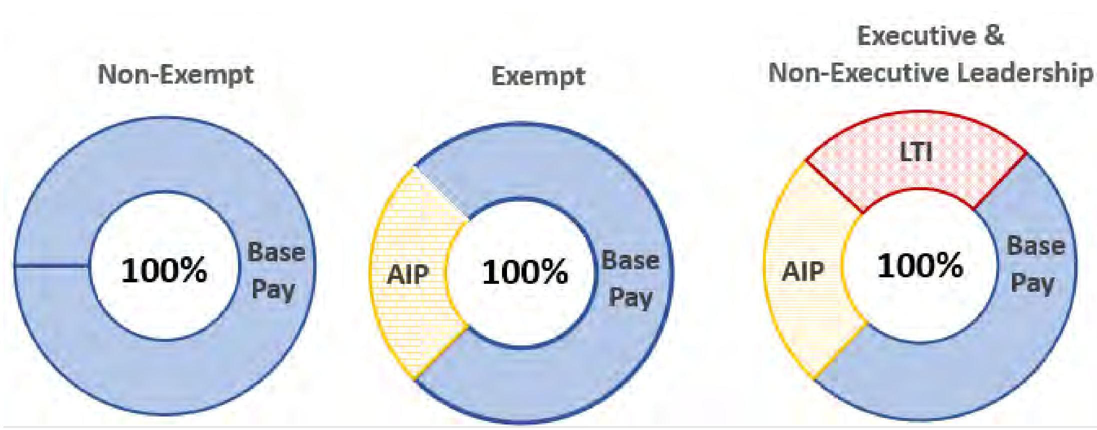
A. No. Non-exempt employees, as described above, receive their total compensation through base pay. Exempt employees receive a portion of their market-based level of total compensation as incentive. Non-bargaining, exempt employees are eligible to receive AIP, depending on individual and Company performance, and a subset of exempt employees are also eligible to receive LTI. Regardless of the structure of each employee's compensation, however, each employee's total compensation, including base pay and incentive, is designed to reach that employee's market-based level of total compensation. In other words, if—based on individual and Company performance—an otherwise eligible employee was to receive reduced (or no) AIP or LTI, their compensation would be below market.

The Company's competitive market-based compensation program design is similar to that of other employers the Company competes with for employees. This design reflects an intentional decision to align compensation opportunities with an employee's level of responsibility and influence on the Company's operations and results.

Q. PLEASE EXPLAIN THE ROLE INCENTIVE COMPENSATION PLAYS IN ENSURING THAT THE COMPANY'S NON-BARGAINING EMPLOYEES ACHIEVE MARKET-LEVEL COMPENSATION.

A. As shown in Figure 1 below, incentive compensation is a key part of the Company's overall total compensation package. The compensation structure for all non-bargaining employees that is designed to provide a total compensation package at market-competitive compensation levels with the components necessary to attract, retain, and motivate employees at varying levels. This figure identifies the basic compensation components of non-bargaining employee compensation based on their job using current market-based design best practices. It is important to note that total compensation (100 percent) for a given job does not change when incentive compensation programs are included to the overall compensation program design. Put differently, and as discussed more below, the Company's incentive pay programs are not designed to be a "bonus" that increases employee pay above the market rate. Rather, the incentive pay programs are designed to allow employees to achieve compensation that is consistent with market rates, as long as performance goals are met.

Figure 1



Q. If certain components of an employee's compensation, such as AIP or LTI are not approved for recovery through base rates, would the Company be recovering its costs of providing market rate level of compensation to its employees?

A. No. As shown in Figure 1 above, AIP and LTI are necessary and essential components of many employees' total compensation. These components are needed to ensure that each employee's total compensation is at the market median level. If the costs for AIP and LTI are not recovered through base rates, customers would not be paying the full compensation costs required to attract and retain employees that the Company needs to provide safe and reliable gas service.

Q. WHAT COSTS FOR NON-BARGAINING EMPLOYEE COMPENSATION ARE INCLUDED IN THE 2024 TEST YEAR?

A. The total costs for non-bargaining employee compensation included in the 2024 test year are less than the overall market-based compensation provided to these employees. That is because the only components of compensation included in the test year are base pay, AIP subject to caps, a portion of LTI (Environmental and Time-based LTI), and our Recognition programs. As a result, while these components compensate and recognize employees at a level that is consistent with the market median for most employees, we are not asking our customers to pay for all such costs. I will discuss the Company's request regarding each of these elements of compensation in the following subsections.

A. Bargaining Employee Base Wage

Q. WHAT IS INCLUDED IN THE 2024 TEST YEAR BUDGET FOR BASE WAGE INCREASES FOR BARGAINING EMPLOYEES?

A. The 2024 test year budget includes a 4.0 percent base wage increase for bargaining employees. This 4.0 percent increase is scheduled to take effect on January 1, 2024, as the result of current negotiated union contracts. The latest union contract is effective from January 1, 2023 through December 31, 2025.

B. Non-Bargaining Employee Base Pay

Q. HOW ARE BASE PAY AMOUNTS ESTABLISHED FOR NON-BARGAINING EMPLOYEES?

A. Base pay is one component of total compensation. After an appropriate overall pay range is determined as I described earlier, the components of the total compensation package are broken up among base pay, AIP, and LTI. As I discussed previously, non-exempt non-bargaining employees receive all of their compensation through base pay (with the exception of certain recognition programs, which I discuss below). Exempt non-bargaining employees will have their overall compensation subdivided such that only a portion of their compensation is delivered through base pay, with the remainder of their compensation provided as incentive pay (variable pay). The proportion of base pay to total compensation, therefore, largely depends on the individual non-bargaining employee's position in the Company.

Q. HOW DOES A NON-BARGAINING EMPLOYEE EARN AN ANNUAL BASE PAY INCREASE?

A. Managers determine the annual base pay increase to award based on an employee's performance, position in the pay range (an indicator of market), and comparisons to other employees in the same or similar jobs. These determinations reflect the Company's philosophies of providing market-competitive compensation and paying for performance.

Because annual base pay increases are established using these factors, some employees may earn less than the budgeted increase or no increase at all, while some employees may earn more than the budgeted increase percentage. This process allows the Company flexibility to make determinations about particular jobs and employees while remaining within the budget limits. However, on average, the Company tends to increase overall compensation levels consistent with the amount budgeted.

Q. HOW DOES THE COMPANY DETERMINE THE ANNUAL BUDGET FOR BASE PAY INCREASES FOR NON-BARGAINING EMPLOYEES?

A. We initially budget for annual base pay increases on a five-year, forward-looking basis. Each year, we refine the budget using our current workforce information (including attrition and attraction estimates) and each employee's base pay at that time. We then calculate the budgeted annual base pay increase for the following five years using target percentage values that are based on several factors, including:

- Review of external market surveys regarding base pay increases;
- Comparison of compensation of non-bargaining employees to potential or negotiated wage increases for our bargaining employees;
- Economic conditions; and
- Company performance.

By balancing these considerations, we develop a budgeted annual base pay increase that allows us to meet our hiring and retention challenges while being fair and reasonable to our employees and customers.

Q. WHAT IS INCLUDED IN THE 2024 TEST YEAR BUDGET FOR BASE PAY INCREASES FOR NON-BARGAINING EMPLOYEES?

A. The 2024 test year budget includes an annual base pay increase equal to a 3.0 percent increase in base pay for non-bargaining employees.

Q. HOW WAS THE BUDGET FOR NON-BARGAINING EMPLOYEE BASE PAY CALCULATED FOR THE 2024 TEST YEAR?

A. We used the headcount and base pay for non-bargaining employees in effect as of May 2023 and applied a 3.0 percent increase to those values for the 2024 test year.

Q. WHY IS A 3.0 PERCENT BASE PAY INCREASE FOR NON-BARGAINING EMPLOYEES APPROPRIATE FOR 2024?

A. The Company regularly compares its total cash compensation levels, base pay increases and programs to those of other companies, including other utilities and non-utilities with who we compete with for talent. Surveys demonstrate that a 3.0 percent increase in base pay is below what the market has been projecting recently. In particular, five different survey sources[10] projected 2024 base pay increases to fall within 4.0 – 4.6 percent for all companies on a national basis.

These independent surveys include a comprehensive representation of many companies, both in the utility and general industry. Using numerous base pay

[10] WorldatWork "2023-2024 Salary Budget Survey;" The Conference Board "2023 Salary Increase Budget Survey Results;" Willis Towers Watson "2023 General Industry Salary Budget Survey;" Mercer "2023/2024 US Compensation Planning Survey Report;" and Aon Hewitt "2023 Salary Increase and Turnover Study-United States."

increase survey sources provides us with reliable, broad-based data on the base pay increase trends in the market. We may see higher pay increases in the near future, as the labor market has opened new opportunities and non-traditional work arrangements, such as work-from-anywhere. These types of opportunities will create challenges for companies, like utilities, to maintain a workforce in an environment that has typically required on-site staffing.

Q. IF THE COMPANY HAD INCLUDED A 4 PERCENT INCREASE IN BASE PAY IN ITS 2024 TEST YEAR BUDGET, CONSISTENT WITH THE MARKET SURVEY DATA FOR OTHER EMPLOYERS, WHAT WOULD BE THE IMPACT ON THE COMPANY'S RATE REQUEST IN THIS CASE?

A. If the Company had budgeted a 4 percent increase in base pay for the 2024 test year, this would result in a greater increase in labor O&M expenses. As I discuss below, when base pay increases, there are also increased costs associated with other benefits (i.e., 401(k) match, short-term and long-term disability) that are tied to base pay amounts. These costs would also increase.

C. Annual Incentive Program

Q. PLEASE DESCRIBE THE COMPANY'S AIP.

A. The Company's AIP is a form of incentive compensation offered to exempt, non-bargaining employees, subject to certain requirements regarding job and dates of employment. Through AIP, the Company is able to tie part of an eligible employee's compensation to the achievement of defined performance objectives called Key Performance Indicators (KPIs). When combined with base pay, AIP, and other incentive compensation is designed to produce a market-competitive total compensation package. Please see Exhibit___(MPD-1), Schedule 2 for the AIP documents for calendar years 2020 – 2023.

Q. PLEASE EXPLAIN THE ROLE OF INCENTIVE COMPENSATION COMPONENTS IN A WELL-DESIGNED TOTAL COMPENSATION PROGRAM.

A. Rather than having base pay as the single component of compensation making up 100 percent of employee total compensation, current job market compensation design models include incentive components. The prevalence and variation of incentive compensation have changed considerably in the past few decades. The target opportunities of such programs for jobs necessary to operate and manage the Company and serve customers will vary based on the comparable jobs found in the market. Some incentive opportunities are smaller, and some incentive opportunities are larger to reach the applicable level of total compensation found in the market, based on the job, responsibility, and authority level throughout the Company.

Some jobs include a single type of incentive opportunity (AIP), where other jobs may include two types of incentive (AIP and LTI) necessary to reach their market competitive level of total compensation. Those with a single form of incentive tend to have AIP target opportunities lower than those who are eligible for multiple forms of incentive (AIP and LTI) needed to reach the competitive pay levels found in today's job market.

The Company's approach to increasing the portion of compensation that is contingent on performance for certain roles is consistent with industry trends. Inclusion and expansion of these incentive components has become more prevalent over the past 30 years. While the value of 100 percent of employee compensation does not change, companies include incentive opportunity in designing their compensation to ensure employees remain focused and engaged with their work. Incentive compensation can be a smaller component for some employees and a significant component of compensation for other employees; however, the goal remains the same – offering employees the necessary and reasonable target-level total compensation to remain competitive in the labor market.

Q. CAN YOU EXPLAIN INCENTIVE TARGET OPPORTUNITY?

A. Yes. The incentive target opportunity is represented as a percentage in the Xcel Energy AIP document. This percentage is aligned with the market median incentive opportunity found in the job market for jobs across the utility industry and other industries with whom the Company competes for talent. When the incentive target opportunity is multiplied by an employee's base pay, the resulting dollar amount is the incentive target payout opportunity at 100 percent (i.e., Company and individual goals were met).

Q. ARE THE INCENTIVE TARGET OPPORTUNITIES THE SAME FOR ALL JOBS ACROSS THE COMPANY OR ACROSS THE JOB MARKET?

A. No. As mentioned above, depending on the particular job, the amount of compensation that is contingent on performance, and therefore the target opportunity, will align with the market median target opportunity for the respective job, which can be considerably different. Thus, jobs at lower levels in the Company will have less contingent compensation and therefore a lower incentive opportunity percentage and those in jobs at higher levels of the Company will have more contingent compensation and a higher incentive opportunity percentage.

Q. DOES A LARGER TARGET OPPORTUNITY FOR CERTAIN JOBS RESULT IN AN ABOVE MARKET TOTAL COMPENSATION LEVEL FOR EMPLOYEES IN THEIR RESPECTIVE JOBS?

A. No. A larger target opportunity simply indicates that the combination of base pay and incentive necessary to reach market-based total compensation will be more heavily weighted toward incentive, rather than base pay.

Q. CAN YOU PROVIDE SOME EXAMPLES OF BASE PAY AND INCENTIVES THAT ARE COMMONLY FOUND IN THE CURRENT JOB MARKET'S COMPENSATION DESIGN MODELS?

A. Yes. Please see Table 2 below for a combination of pay components used to reach the competitive level of compensation found in the job market:

Table 2
Pay Components*

Pay Components	Exempt	Sr. Exempt/ Management	Sr. Management/ Executive
Base Pay	85%	60%	40%
Annual Incentive (AIP)	15%	20%	30%
Long-Term Incentive (LTI)	0%	20%	30%
Total Compensation	**100%**	**100%**	**100%**

*This table does not represent a specific job or employee in the Company.

Q. IS IT COMMON FOR LARGE COMPANIES SUCH AS UTILITIES TO USE ANNUAL INCENTIVE COMPENSATION AS PART OF THEIR COMPENSATION PACKAGES?

A. Yes. The use of incentive compensation by employers is a standard practice throughout the United States. According to the 2023 Willis Towers Watson Compensation Study of investor-owned utility companies, provided as

Exhibit___(MPD-1), Schedule 3, 100 percent of companies in both the national sample and the revenue-based sample maintain an annual incentive plan.

Q. WHY DO YOU BELIEVE THE USE OF INCENTIVE COMPENSATION IS SO COMMON?

A. The widespread use of incentive compensation is due to two fundamental benefits: (1) it promotes superior employee performance; and (2) it reduces fixed labor costs.

Q. HOW DOES INCENTIVE COMPENSATION PROMOTE SUPERIOR EMPLOYEE PERFORMANCE?

A. Incentive pay aligns compensation with results and positively affects performance when employees see the connection between their performance and their pay.[11] In particular, for incentive compensation to be effective, it must be possible for the incentive amount to be reduced or eliminated, resulting in below-market cash compensation when an employee fails to meet performance metrics. This structure motivates employees to perform at a higher level because they are compensated at their competitive market-level for doing so.

Q. HOW DOES THE COMPANY'S AIP PROMOTE SUPERIOR PERFORMANCE FROM EMPLOYEES?

A. Providing safe, reliable gas service to our customers is the Company's most important objective. Our AIP program directly aligns Company objectives and customers' interests by awarding incentive compensation when employees, and the Company as a whole, achieve goals regarding safety, reliability, and overall customer satisfaction.

[11] *See* http://www.shrm.org/hrdisciplines/compensation/articles/pages/cms_005592.aspx.

Q. HOW DOES INCENTIVE COMPENSATION REDUCE FIXED LABOR COSTS?

A. The use of incentive compensation reduces labor costs by lowering the base pay amount to which annual escalation rates are applied. For example, if a non-bargaining employee's total compensation were $80,000 in year one and all of the compensation were in the form of base pay, a 3.0 percent base pay increase would lead to a base pay increase of $2,400 in year two and a new base pay of $82,400.

In contrast, customers benefit if total compensation is structured with base pay and a 20 percent incentive compensation opportunity (variable pay) to reach total compensation. In this example, a base pay of $66,700 with a target-level incentive payout of 20 percent would reach the market-based total compensation of $80,040. The difference between base pay and total compensation would need to be re-earned annually through AIP. Additionally, unlike the fixed cost described above when total compensation is delivered in base pay, the 3.0 percent base pay increase would lead to an increase of $2,001 in year two ($66,700 + 3.0% = $2,001) and a new base pay of $68,701.[12] Thus, by moving a portion of each employee's pay from base pay to incentive pay, the Company reduces overall fixed labor costs (base pay) by avoiding the compounding effect of annual base pay increases on the higher base pay amount, as noted in Table 3 below.

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[12] To be clear, an employee who receives his or her total AIP payout every year will achieve the same pay increases as they would if their compensation was based entirely on a higher base pay ($66,700 * 1.03 * 1.2 = $82,441). This analysis shows, however, that utilizing AIP for a portion of an employee's total compensation results in greater savings of *fixed* labor costs over time.

Table 3 Fixed Cost and Variable Pay (AIP)		
	Total Compensation without AIP	**Total Compensation with AIP**
Competitive Market Median Total Compensation	**$80,000**	
Fixed Cost (Base Pay)	$80,000	$66,700
AIP Target Opportunity	0%	20%
AIP Paid at Target-level Performance	$0	$13,340
Total Compensation	**$80,000**	**$80,040**
Base Pay Increase (3.0%)	$2,400	$2,001
Fixed Cost plus Base Pay Increase	**$82,400**	**$68,701**
Example: Comparison of Benefit Impact of Fixed Cost vs. Fixed + Variable Cost		
Fixed Cost	**$80,000**	**$66,700**
401(k) Employee Contribution – Benefit using Fixed cost (Base Pay only) (8% for full Company Match)	**$6,400**	**$5,336**
401(k) Company Match (incl. in Benefits for recovery)	**$3,200**	**$2,668**
Difference in 401(k) Match expense by using Fixed Cost vs. Fixed + Variable Cost approaches	**$532**	**$0**

Furthermore, the amount of an employee's base pay (fixed cost) impacts associated benefit costs as these costs are tied to an employee's base pay. Specifically, an increase in an employee's base pay also increases a variety of benefit-related expenses, such as 401(k) match (impact shown above in Table 3), life insurance premiums, long-term disability premiums, and short-term disability expenses. As shown in Table 3 above, if total compensation were provided 100 percent through base pay, a base pay increase would correspondingly increase benefit-related expenses that are tied to base pay. In contrast, variable pay expenses associated with incentive compensation do not affect all benefit expenses, and variable pay may fluctuate from year to year. These factors, along with prorated awards and eligibility requirements for payout, also contribute to incentive design savings.

In summary, by effectively using base pay and incentive components in the compensation program, the Company reduces costs for our customers, while offering employees market-based, target-level total cash compensation.

Q. WHY IS IT APPROPRIATE TO RECOVER AIP COSTS IN BASE RATES?

A. There is a common misconception that AIP represents a "bonus" on top of market-based base compensation for certain of the Company's employees. To the contrary, AIP is an essential component of total compensation for our exempt, non-bargaining employees. If we were to rely on current base pay alone, excluding the value of AIP, the Company's compensation levels would be well below market levels of total compensation. This would negatively impact the Company's ability to attract, retain, and motivate these employees.

Were the Company to raise employee base pay to make up the difference to market-based total compensation, moreover, that would create an immediate impact on fixed costs and additional expense related to associated benefits, as described above. This would increase costs that must be collected from customers by solidifying higher fixed costs impacting compensation of several benefits that are calculated using base pay. Employing a base pay only compensation practice would directly result in increased rates for customers, without the benefit of achieving the goals incorporated in the Company's AIP.

Finally, including the AIP component in compensation design is a market competitive best practice for companies to reach total cash compensation levels for employees.

1. AIP Expense

Q. WHAT IS THE AMOUNT OF AIP EXPENSE INCLUDED IN THE 2024 TEST YEAR?

A. On a State of Minnesota Gas Jurisdictional basis the AIP costs included in the 2024 test year is $1.89 million.[13]

Q. IF THE COMPANY IS REQUESTING RECOVERY OF TARGET LEVEL AIP OPPORTUNITY, AS DESCRIBED ABOVE, WHAT HAPPENS WHEN THE COMPANY PAYOUT IS GREATER THAN 100 PERCENT OF THE AIP TARGET?

A. When payout levels are greater than 100 percent, it indicates that the Company employees have achieved higher than expected performance results in some or all of the measures outlined in the program each year. However, the Company has limited its requested recovery in this case to the target level (*i.e.*, 100 percent). As a result, in such situations, customers continue to receive the benefit of exceptional service and employees performing at levels higher than the established goal targets but these costs are not included in rates.

Q. WHAT HAS BEEN THE RECENT TREND REGARDING THE COMPANY'S ACTUAL AIP PAYOUT IN RELATION TO THE AIP TARGET?

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[13] Requested amount reflects the target AIP capped at 25 percent.

A. Over the past decade, the Company has consistently achieved results that generated AIP payouts above the target-level for its eligible employees. Table 4, below, displays the targeted versus actual payout amounts for the past three years and the 2024 test year target amount.

Table 4
State of MN Gas Jurisdiction Budgeted versus Actual AIP
(Dollars in Thousands)

Year	100% Target AIP	Actual AIP
2020 paid 2021	$1,472	$1,649
2021 paid 2022	$1,499	$1,526
2022 paid 2023	$1,635	$1,825
2024 Test Year	$2,030	Pending

Q. IS THE COMPANY REQUESTING THE 100 PERCENT AIP TARGET OPPORTUNITY AMOUNT FOR ALL ELIGIBLE EMPLOYEES?

A. No. The Company is limiting its request to the level authorized in its last fully litigated gas rate case, Docket No. G002/GR-09-1153. In that docket, the Commission approved AIP recovery at target level with a 25 percent cap. While this cap does not reflect the AIP target opportunity level for all eligible employees that support providing service to our gas customers, it does provide a level of recovery closer to the AIP target level expense found in the market.

Considering the Company's conservative budgeting process and taking into account the Company's proposal to limit recovery to the 25 percent cap on AIP, the Company's AIP expense recovery has typically been lower than the amount the Company actually pays out to AIP eligible employees.

2. *Structure of the Company's AIP*

Q. WHICH EMPLOYEES ARE ELIGIBLE TO PARTICIPATE IN THE AIP?

A. The AIP applies to all exempt, non-bargaining employees, subject to certain restrictions related to specific positions and employment dates. With limited exceptions, a person must also be actively employed by the Company on the date that the year-end award payments are made in order to receive an incentive award.[14]

Q. IS THE AIP AN EMPLOYEE "BONUS?"

A. No. As noted above, this is a misconception. If the goals are achieved and AIP is paid at target, the employee's compensation for that year is *just then* meeting market levels. Anything less than 100 percent of the full AIP amount (target payout) generally puts the employee at a compensation level below what other companies and utilities are paying, as detailed elsewhere in my testimony. The Company's AIP is a market-based incentive program with written goals and measurements related to the payout. It is a crucial component of the Company's market-based compensation system.

Q. PLEASE DESCRIBE HOW THE EMPLOYEE EARNS AIP.

A. Each eligible employee has a targeted annual incentive opportunity expressed as a percentage of base pay. The employee receives the incentive for achievement related to pre-determined individual performance goals and for the Company's achievement of Corporate KPIs.

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[14] The exceptions are involuntary termination with severance, retirement, death, disability, or qualified leave of absence.

The percentage of base pay (AIP target percentage) is determined by third-party market data and the employee's position within the organization. When AIP is combined with the employee's base pay, the sum of these delivers a market-competitive level of total cash compensation. If an individual employee has failed to meet the employee's agreed-upon goals for the year, he or she may not receive an incentive award, regardless of corporate performance.

Employees are also eligible to earn an award through the "I Deliver" and "Innovator" programs, which are addressed later in my testimony.

Q. PLEASE DESCRIBE THE CORPORATE KPI COMPONENTS OF THE 2023 AIP.

A. Each year, Xcel Energy develops a Corporate scorecard that identifies certain priorities for the year. In 2023, for example, the Corporate KPIs are focused on four priorities: (1) leading the clean energy transition; (2) enhancing the customer experience; (3) keeping bills low; and (4) promoting safety and reliability.[15] As shown in Table 5, those four priorities cascade into six Corporate KPIs for the year, which are measured to determine the AIP year-end payout.

[15] The Company's 2024 Corporate KPIs are still under development and will not be finalized until early 2024.

Table 5
2023 Corporate Scorecard

Priorities	Key Performance Indicator	2023 Goal			
		Threshold	Target	Maximum	Weight
Lead the Clean Energy Transition	**Customer Satisfaction** *(JD Power residential survey)*	26th percentile	38th percentile	50th percentile	20%
	Public Safety *(gas emergency response)*	92.0%	96.5%	99.0%	20%
Enhance the Customer Experience	**Electric System Reliability** *(SAIDI)*	103	94	85	20%
	Employee Safety[1] *(safety culture)*	Declining 80-82	Steady/ Improving 83-84	Significant Improvement 85	20%
Keep Bills Low	**Diversity, Equity & Inclusion** *(index)*	100	200	300	10%
Safety and Reliability	**Wind Availability** *(equivalent availability factor)*	94.0%	96.0%	98.0%	10%

Q. WHAT DO THESE 2023 CORPORATE GOALS MEASURE?

A. The Customer Satisfaction goal measures the satisfaction of residential customers, using the Company's year-over-year results from the J.D. Power Customer Satisfaction Survey. The Public Safety goal measures how quickly the Company responds to situations to reduce hazards and maintain service reliability. The SAIDI (System Average Interruption Duration Index) goal measures the reliability of the power the Company provides to customers. The Employee Safety goal focuses on maintaining a safe-work mentality and injury-free work environment and is measured using questions on employee views towards safety culture in the Glint Employee Engagement Survey. The DEI goal measures success in attracting, retaining, and engaging diverse talents. Finally, the Wind Availability goal measures the availability of wind assets and their ability to generate energy when the wind is blowing.

Q. IS THE AIP CORPORATE SCORECARD FOR 2023 REPRESENTATIVE OF THE SCORECARDS XCEL ENERGY EXPECTS TO USE ON A PROSPECTIVE BASIS INCLUDING DURING THE 2024 TEST YEAR?

A. Yes. The Company will continue to be customer-focused by driving operational and cost efficiencies to deliver safe and reliable gas service to our customers. Although the specific KPIs and measures may change to reflect specific objectives from year to year, the safety of the communities we serve and the safety of our employees, along with the provision of reliable service and outstanding customer service, will continue to be our core priorities.

Q. PLEASE TURN NOW TO THE INDIVIDUAL COMPONENT OF THE AIP AND EXPLAIN HOW THAT IS EVALUATED.

A. The purpose of the individual component is to focus an employee on individual goals and to reward that employee for his or her achievement of those goals. Including an individual component allows managers to recognize and reward employees based on their levels of contribution and performance, consistent with Xcel Energy's pay-for-performance philosophy. Most employees have an individual goal weighting between 60 percent and 90 percent of the overall target opportunity. Each manager has discretion to determine the year-end individual component award within a range of 0 to 150 percent based on the employee's contributions and performance during the year, while remaining within their budget.

Q. HOW DOES THE DESIGN OF AIP REFLECT THE COMPANY'S PAY-FOR-PERFORMANCE PHILOSOPHY?

A. The Company's long-standing pay-for-performance philosophy further correlates rewards with work expectations, behaviors, and performance, creating an even greater distinction between typical and exceptional work. Consequently, those employees who are performing below their respective target level will receive a lower AIP payout or no payout. This philosophy serves to motivate higher performance, set clear expectations, and recognize and drive continuous improvement. We believe practicing greater pay differentiation and spending our compensation resources strategically will help motivate employees and raise performance levels.

Q. DOES THE COMPANY MONITOR ITS AIP DESIGN TO DETERMINE WHETHER IT SHOULD MAKE IMPROVEMENTS?

A. Yes. The Company regularly examines its compensation programs to determine whether the programs are effectively motivating employees and meeting competitive levels of compensation, including the AIP component.

Q. HAS THE COMPANY MADE ANY DESIGN CHANGES TO THE AIP COMPENSATION COMPONENT SINCE ITS 2021 RATE CASE?[16]

A. Yes. In 2022, the program eligibility requirements were modified to allow for employees hired throughout the program year to receive a pro-rated, year-end payout based on performance.

Q. IS AN EMPLOYEE'S ANNUAL INCENTIVE COMPENSATION TARGET OPPORTUNITY STILL EXPRESSED AS A PERCENTAGE OF BASE PAY?

A. Yes. The employee's incentive target opportunity continues to be a percentage of base pay, which is associated the target opportunity found in the market.

[16] Docket No. G002/GR-21-678.

3. AIP Recovery Request

Q. DOES THE COMPANY PROPOSE AN AIP RECOVERY CAP IN THIS RATE CASE?

A. Yes. The Company is proposing to limit the cost recovery for AIP to a 25 percent cap, as determined in the last litigated gas rate case (Docket No. G002/GR-09-1153). While not at the median target incentive opportunity-level for many positions, the 25 percent recovery cap allows for expense recovery necessary to competitively compensate most AIP eligible employees at the total cash compensation level in the utility market.

Q. WHY IS THE COMPANY SEEKING A 25 PERCENT CAP ON AIP RECOVERY FOR THE GAS BUSINESS?

A. The Company has been materially under-recovering its compensation expenses as a result of the 15 percent cap for our electric jurisdiction (over $10 million since 2018 that was approved in rates and paid to employees, but exceeded the ordered cap). Limiting the Company's cost of service to include an AIP cap of less than 25 percent would not reflect the actual, prudently incurred costs of our market-based compensation. The 15 percent electric cap and the 15 percent gas cap agreed to in the Settlement Agreement in the last gas rate case impacts the Company's recovery of market-based compensation costs for nearly 240 non-executive employees, including non-management individual contributors. The market-based incentive pay component of total cash compensation for these jobs is targeted at 20-40 percent of these employees' base pay. The 15 percent cap from the recent gas rate case Settlement Agreement removes 5 to 25 percent of the AIP target opportunity dollars from the Company's recovery request for this non-executive group of employees. As I have previously described, the use of AIP and the total AIP target opportunity and associated expense is necessary to attract and retain these employees in our competitive job market. Further reducing the Company's recovery of these expenses by reducing recovery for the gas business would exacerbate an existing under-recovery of market-focused and reasonable employee compensation.

Q. DO YOU HAVE ANY OTHER COMMENTS RELATED TO A REDUCED LEVEL OF AIP FOR THOSE WHO RECEIVE A LARGER PORTION OF THEIR TOTAL COMPENSATION THROUGH INCENTIVES, RATHER THAN BASE PAY?

A. Yes. Reducing the Company's level of AIP is not a reflection of market-based compensation, nor can it be a reflection on how the Company has to design and administer its compensation program to remain competitive in the market for employees with significant responsibility related to serving customers.

In this case, the Company is requesting recovery of an employee's incentive compensation expense up to a limit of 25 percent. This limit removes a large portion of many high-level management employees who have higher annual incentive targets, based on competitive market data.

Q. ARE YOU PROPOSING ANY OTHER CHANGES RELATED TO AIP?

A. Yes, as discussed in the next section of my testimony, we are also proposing the elimination of the annual AIP compliance filing and associated refund requirement.

4. AIP Compliance Filing

Q. WHAT IS THE COMPANY PROPOSING WITH REGARDS TO THE ANNUAL AIP COMPLIANCE FILING?

A. The Company is proposing eliminating the annual AIP compliance filing requirement and any associated reports regarding the AIP once rates have been established at the conclusion of this rate proceeding. The Company is also proposing elimination of the AIP refund.

Q. WHY IS THE COMPANY PROPOSING TO ELIMINATE THE ANNUAL AIP COMPLIANCE FILING?

A. The annual AIP compliance filing was directed by the Commission in the early 1990s. The Commission Orders, issued in 1992,[17] that established the filing and its underlying rationale have not been revisited or revised over the years, but compensation practices, and the Company itself, have evolved and experienced considerable amounts of change and the Company's requested recovery have also changed. The Company agrees that its recovery of AIP should be limited to the target opportunity level (100 percent), which is less than the Company's request in 1992. Also, as I have discussed, AIP is not a bonus; it is a component of our market-based compensation program to reach a competitive level of total cash compensation. It is a crucial component in delivering our employees the appropriate level of compensation needed to attract and retain those employees. For that reason, AIP should be treated as any other reasonable, recoverable cost of operating an electric utility.

Q. HAS THE COMPANY REPORTED AVERAGE COMPENSATION LEVELS ABOVE 105 PERCENT IN ANY YEAR SINCE THE INCEPTION OF THE YEARLY AIP COMPLIANCE FILING?

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[17] *In the Matter of the Petition of Northern States Power Gas Utility for Authority to Change its Schedule of Gas Rates for Retail Customers Within the State of Minnesota*, Docket No. G002/GR-92-1186, Order (Sept. 29, 1993); *In the Matter of the Petition of Northern States Power Gas Utility for Authority to Change its Schedule of Gas Rates for Retail Customers Within the State of Minnesota*, Docket No. G002/GR-92-1186, ORDER AFTER RECONSIDERATION (Dec. 30, 1993).

A. No. The Company's first AIP compliance filing in 1995 identified the Company employees' base pay and incentive paid verses the market median base pay and annual incentive targets (total cash compensation).[18] The average total cash compensation has not resulted in the Company's compensation above 105 percent of market, through the Company's 2022 filing.

Q. REGARDING ANY AIP AMOUNTS OVER 100 PERCENT, ARE CUSTOMERS RESPONSIBLE FOR THOSE AMOUNTS?

A. No. The Company has not requested AIP recovery for amounts over 100 percent. Therefore, customers are only responsible for compensation amounts up to the 100 percent (target level). Any incentive amounts above the budgeted target level would be incurred by shareholders.

Q. SHOULD THE COMMISSION BE CONCERNED THAT THE METHOD BY WHICH THE COMPANY CALCULATES ITS AIP EXPENSES WILL LEAD TO AN OVER-RECOVERY OF THOSE EXPENSES?

A. No. The Company uses the most current estimations available based on the number of eligible employees, their individual AIP target percentage of pay, anticipated known and measurable increases and target-level (100 percent) performance achievement to estimate AIP expenses. The Company's budgeting process, coupled with the proposed 25 percent individual cap, which eliminates a portion of the AIP expense for highly compensated employees, will function

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[18] *In the Matter of the Petition of Northern States Power Gas Utility for Authority to Change its Schedule of Gas Rates for Retail Customers Within the State of Minnesota*, Docket No. G002/GR-92-1186, NSP'S 1994 ANNUAL REPORT EVALUATING THE OPERATION AND PERFORMANCE OF ITS INCENTIVE COMPENSATION PLAN at 3 (Apr. 3, 1995).

to avoid over-recovery. This position will result in recovery of less than what is being offered to utility employees nationally, on average.

Q. DO YOU HAVE OTHER CONCERNS REGARDING THE COMPLIANCE FILING?

A. Yes. The compliance filing requirement that payout be compared to each employee's individual AIP target upon payout puts an additional constraint on the Company, over and above the approved AIP cap amount. This additional calculation has and will continue to result in a reduction to the Company's recovery of actual expenses, unless all participants receive full target payouts up to the AIP cap restriction. Administering the AIP in this manner, rather than an aggregate methodology, undermines this performance-based incentive program, because many individual employees will perform above or below their target levels, while AIP payout would still remain within the dollar amount authorized for recovery.

For example, if an employee has an AIP target-level equal to the restricted cap, each dollar awarded based on the employee's performance above or below that specific target amount is lost to the Company through rate recovery using the individual-level AIP calculation method. The individual-level AIP calculation has contributed to the Company's continued under-recovery of this critical compensation expense.

Q. WHAT DO YOU CONCLUDE REGARDING THE AIP COMPLIANCE FILING?

A. The Company is requesting recovery of its target-level of AIP expenses. The standard the Company has set regarding its compensation program's development and execution have made the AIP compliance filing exercise in its current state obsolete.

The Company's AIP expense should be treated in a manner similar to other program and project expenses, because the Company's budgeted total compensation, including AIP, is market-based and reasonable. Other mechanisms (the limit to target levels and the proposed 25 percent cap) assure that over-recovery will not occur. AIP is a reasonable and appropriate component of total compensation and should be treated as such in rate recovery proceedings.

D. Long-Term Incentive Program

Q. PLEASE DESCRIBE THE COMPANY'S LTI PROGRAM.

A. Like the base pay and AIP, the LTI program is intended to attract, retain, and motivate employees, and it is necessary to ensure compensation levels and design components are competitive with the external market.

LTI differs from AIP and other types of compensation as it is generally granted to a limited group of employees, including both executives and non-executive employees. However, like base pay and AIP, LTI is an essential market-based component of compensation design necessary to achieve a market competitive level of pay for this group of employees.

The employees who typically receive LTI tend to have a higher level of influence on the Company's direction, strategy, and innovation. The leadership and decisions made by the employees who receive LTI, and the direction and policies that they put in place, have greater potential to have a significant impact on our customers. Retaining these experienced employees is critical to maintaining longer-term focus and leadership to serve the critical service needs of customers. As a result, it is imperative that the compensation value and design for these employees are comparable to the options available in the labor market for employees in similar roles at other companies.

The Company's LTI program has grants based on: (1) Total Shareholder Return (TSR) (relative to our peer group); (2) two forms of retention based LTI, known as "time-based;" and (3) environmental activities, which I refer to as the "environmental LTI." Executives receive LTI based on all three types, while non-executives receive only one form of LTI, which is time-based.

Q. ARE LTI PROGRAMS COMMONLY USED IN THE UTILITY INDUSTRY?

A. Yes. LTI programs are widely used compensation vehicles for both executives and non-executive employees, according to the 2023 Willis Towers Watson study that I discuss in greater detail later in my testimony. One hundred percent of the companies in the Willis Towers Watson study provided LTI as a component of pay for their executives, and 81 percent provided LTI to non-executives. These programs create an incentive for eligible employees to engage in high-level innovation, planning, and execution that will lead to customer and environmental benefits over the long term. It also encourages those employees to remain with the Company to follow through on longer-term initiatives and projects to receive this portion of their total compensation.

Q. HOW DOES LTI BENEFIT THE COMPANY'S CUSTOMERS?

A. As I discuss further below, LTI is a core piece of the overall compensation package that is needed for the Company to attract and retain key Company leaders. In addition, the goals of the Company's LTI also benefit customers. The Company's environmental LTI aligns management's interest with the Company's and the state's long-term environmental goals. In particular, the achievement of the environmental LTI objectives has a direct benefit to customers and the public by reducing carbon emissions and their impact on the environment. The Company's time-based LTI benefits customers by ensuring that skilled and experienced leadership and management employees stay with the Company long enough to develop and achieve strategic goals.

Q. IS LTI CONSIDERED "BONUS" COMPENSATION?

A. No. LTI is one component of market-based compensation for certain employee groups. Like the necessary and reasonable target-level recovery of AIP for these employees, target-level recovery of time-based LTI supports a competitive market-based compensation program to attract, retain, and motivate this group of employees. Without the inclusion of LTI, this group of employees falls far short of meeting competitive market compensation levels. As shown by the market-based information provided by the Willis Towers Watson Study below, and similar to AIP, LTI is not compensation in addition to market-based compensation levels; it is a component of compensation that is used to reach market-based compensation levels for executive and non-executive leaders.

Q. IS THE COMPANY SEEKING RECOVERY OF ALL OF THE LTI COMPENSATION PAID TO ELIGIBLE EMPLOYEES?

A. No. The Company is not seeking expense recovery for the relative TSR LTI in this proceeding, which equates to 37 percent of the LTI grant value in 2024.[19] The Company is requesting recovery of only the environmental and time-based LTI.

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[19] More than $0.4 million from the 2024 test year cost of service related to LTI costs for relative Total Shareholder Return have been removed.

Q. PLEASE GENERALLY DESCRIBE THE ENVIRONMENTAL LTI.

A. As discussed in greater detail by Company witness Amy A. Liberkowski one of the pillars of Xcel Energy's strategic vision is to lead the clean energy transition. To that end, Xcel Energy has been an industry leader in deploying renewable energy, reducing greenhouse gas emissions, and helping to achieve overall environmental goals for the State of Minnesota. The environmental LTI is tied to achieving this vision and ensures strong environmental stewardship by our employees and Company.

This compensation component recognizes our commitment to reduced carbon emissions in line with state policy goals. The state has established the goal of reducing statewide greenhouse gas emissions from 2005 levels by 15 percent by 2015, by 50 percent by 2030, and net zero by 2050.[20] The Company is a significant contributor to these efforts.

The measurement for the environmental LTI is the reduction in carbon dioxide emissions below 2005 levels associated with the Company's electric service, as measured in the third year of a grant cycle. The types of activities that affect the results are implementing renewable energy resources, promoting energy efficiency programs, and improving plant operations to reduce carbon output, among others.

Q. IS IT REASONABLE TO GRANT RATE RECOVERY OF LTI COSTS RELATED TO ENVIRONMENTAL LTI?

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[20] Minn. Stat. § 216H.02, subd. 1.

A. Yes. The Company has set aggressive carbon reduction goals and is an industry leader. The achievement of the environmental goal directly benefits customers and the broader public through prudently reducing carbon emissions and their impact on the environment. Establishing and paying environmental LTI aligns the long-term incentives of our leadership with these goals and incents our efforts toward carbon emission reductions.

Q. IS IT REASONABLE TO GRANT RATE RECOVERY OF LTI COSTS RELATED TO ENVIRONMENTAL LTI IN GAS RATES?

A. Yes. The individuals responsible for driving our carbon reduction strategy have responsibilities with respect to both our electric and gas businesses. Further, all of our customers, regardless of whether they take gas service, electric service, or both from the Company, benefit from our efforts to meet our carbon reduction goals. In addition, while environmental LTI relates to carbon reduction for the Company's electric service, this is a reasonable proxy for the Company's efforts on the gas side where the Company has set a goal of providing net-zero gas service by 2050.

Q. THE SETTLEMENT AGREEMENT IN THE COMPANY'S LAST GAS CASE (DOCKET NO. 21-678) AND COMMISSION'S DECISION IN THE COMPANY'S LAST ELECTRIC CASE (DOCKET NO. 21-630), DID NOT INCLUDE RECOVERY OF THE COMPANY'S ENVIRONMENTAL LTI EXPENSE. WHY IS RECOVERY OF THE COMPANY'S ENVIRONMENTAL LTI JUST AND REASONABLE?

A. The outcome in the electric case appeared to be specifically tied to the fact that the environmental goals of the Company's environmental LTI were not more ambitious than Minnesota's carbon-free by 2040 law.[21] The Commission found that the employees who lead and manage the long-term strategy, resources and execution of these challenging environmental standards should not receive incentive compensation for their efforts since this is what the law requires. However, the structure of the environmental LTI penalizes employees in the event that the state's goals are not met, in that employees will receive less than their target amount of compensation. This provides an incentive to employees and aligns the Company's environmental goals with that of the state.

In addition, while Minnesota's carbon-free by 2040 law may be clear about the desired outcome, the legislation does not provide a specific roadmap for the Company outlining how this is to be achieved. Compliance with this law requires strategic leadership from the Company's employees to develop and execute on detailed plans related to changes to the Company's generation asset mix as well as working on pending and unknown future technologies that may be needed to comply with the carbon-free by 2040 law. Nor does the legislation outline the numbers and types of employees necessary to receive training in specific disciplines that do not currently exist to attain these ambitious goals while continuing to provide safe and reliable service to customers at an affordable price. These, and many other enterprise-wide efforts, are included in the responsibilities of those leaders who are eligible to receive this form of market-based compensation. An essential part of retaining these key Company leaders is offering compensation that is in line with the market.

[21] The carbon-free by 2040 standard refers to 2023 Minn. Laws ch. 7 which amended Minn. Stat. § 216B.1691 to add the requirement that, by 2040, each electric utility generate or procure electricity from "carbon-free" technologies – those that generate electricity without emitting carbon dioxide – in an amount equivalent to 100% of the utility's total electric sales to retail customers in Minnesota.

And while the State's law is relatively new, the Company began tying its environmental stewardship journey to employee compensation since 2005 and has made significant strides as a result. The Company was a leader in tying compensation to these environmental objectives, and only until recently have other national utilities also tied pay with environmental performance efforts. The Company's generation transition is one that has and will continue to take decades of long-term planning and dedicated management and leadership. It is important that the Company is able to use compensation mechanisms, such as its environmental LTI, to attract, retain, and motivate the caliber of employees that are necessary to achieve the state's ambitious environmental goals.

Q. PLEASE GENERALLY DESCRIBE THE TIME-BASED LTI.

A. The time-based LTI is used to ensure that eligible employees engage in long-term planning for the benefit of the Company, and that they remain with Xcel Energy long enough to implement those long-term plans. Xcel Energy accomplishes that goal by requiring a three-year vesting period for the LTI payment. While time-based LTI makes up one of the three LTI grants for the executive level employees, time-based LTI is the sole form of LTI provided to eligible non-executive employees.

Q. WHAT ARE THE TIME-BASED LTI REQUIREMENTS FOR PAYMENT?

A. In order to receive time-based LTI, the employee must remain with the Company through the vesting period of each associated grant.

Q. HOW DOES THE THREE-YEAR PERFORMANCE PERIOD AFFECT THE LTI EXPENSE FOR THE COST OF SERVICE?

A. LTI expense occurs ratably over a three-year period and, therefore, reflects LTI plans in effect during each of the three years. Therefore, costs for the 2022, 2023, and 2024 LTI years are included in the cost of service for the 2024 test year.

Q. DOES THE TIME-BASED LTI DIFFER BETWEEN NON-EXECUTIVES AND EXECUTIVES? IF SO, HOW?

A. Yes. The non-executive time-based LTI payout is based on the end-of-the-three performance years of Company performance. A portion of the actual award earned and paid is increased or decreased from the target amount based on a performance goal, which is total shareholder return relative to a peer group for each individual vesting year. All non-executives receive the same increase or decrease; however, the Company's request is associated with the target LTI amount. Time-based LTI provided to executives does not include this performance element.

Q. WHAT AMOUNTS FOR THE LTI PROGRAM ARE INCLUDED IN THE 2024 TEST YEAR?

A. The respective accrual amounts are provided in Table 6.

**Table 6
Environmental and Time-based LTI ($000s)*
State of Minnesota Gas Jurisdiction
(Dollars in Dollars)**

Year	Environmental	Time-Based	Combined Total
2020 Actual	$142	$258	$400
2021 Actual	$121	$206	$327
2022 Actual	$129	$228	$356
2023 Actual/Forecast	$123	$281	$403
2024 Test Year	$125	$469	$594

Q. HOW DOES LTI FIT INTO THE BROADER TOTAL REWARDS PROGRAM PICTURE?

A. The Company can achieve its goal of attracting and retaining employees at higher leadership and management levels within the Company and Xcel Energy only by providing market-competitive total compensation which includes offering LTI. The design of the LTI program and the levels of LTI offered to select groups of employees are market-based and require a greater level of commitment from these employees. Without this element of compensation, employees in these eligible positions would not have access to a competitively designed compensation package, the Company would be misaligned with market best practices regarding compensation plan design, as confirmed by the Willis Towers Watson Study (Schedule 3), and the Company would be at a great risk of not being able to attract or retain employees in these positions.

Offering 100 percent of compensation to employees at this level through base pay would result in higher fixed costs for the Company and negatively impact customers with higher rates, as base pay is a fixed expense. Conversely, incentive pay (represented by AIP and LTI) is variable, based on several employee eligibility requirements and performance measures. If the Company removes these variable elements, we would also lose the motivational tool that incentive pay provides, and would not have the ability to vary employee compensation based on performance of the Company or the employee. Accordingly, these costs are an important part of providing reasonable total compensation to employees who serve our customers.

E. Recognition Program

Q. PLEASE SUMMARIZE XCEL ENERGY'S RECOGNITION PROGRAMS.

A. The Company's recognition programs are used to recognize non-exempt, non-bargaining employees who are not eligible to receive AIP. The recognition programs include a years-of-contribution program, a corporate recognition program, and the Spot-On Award program. The years-of-contribution program recognizes employee loyalty and cumulative career effort every five years. The corporate recognition program provides thank-you cards, nominal gift cards, small gifts, or items with the Xcel Energy logo to recognize individuals and groups of employees for extraordinary performance. The Spot-On Award program was created as a tool for managers to reward outstanding performance close to the time when the performance occurred.

Q. WHAT AMOUNTS FOR THE RECOGNITION PROGRAM ARE INCLUDED IN THE 2024 TEST YEAR?

A. Table 7 below provides actual recognition program benefit costs for 2020, 2021, and 2022, projected costs for 2023, and the 2024 test year amounts.

Table 7
Recognition Program Expense O&M
State of Minnesota Gas Jurisdiction
(Dollars in Dollars)

Year	Recognition Total
2020 Actual	$61
2021 Actual	$67
2022 Actual	$81
2023 Forecast	$63
2024 Test Year	$86

F. Compensation Study

Q. HOW DOES THE COMPANY SUPPORT THAT ITS COMPENSATION PROGRAMS ARE MARKET-BASED IN DESIGN AND LEVEL OF COMPENSATION AT ALL LEVELS OF EMPLOYMENT, AND THEREFORE NECESSARY AND REASONABLE?

A. The Company uses industry-wide, third-party compensation studies to benchmark against companies with whom we compete for talent. I have already referenced the independent Willis Towers Watson Compensation Study in my testimony with respect to how the Company's base pay, AIP and LTI are comparable to other companies in both design and the level of total compensation provided to employees.

Q. DOES THE WILLIS TOWERS WATSON STUDY DEMONSTRATE THAT THE COMPANY'S TOTAL REWARDS PROGRAM IS CONSISTENT WITH MARKET VALUES?

A. Yes, the independent Willis Towers Watson Compensation Study demonstrates the reasonableness of the Company's total compensation program in relation to the labor market by compensation element. I provide the 2023 study as Schedule 3.

Q. PLEASE DESCRIBE THE SPECIFIC ELEMENTS OF THE 2023 WILLIS TOWERS WATSON COMPENSATION STUDY.

A. The 2023 Willis Towers Watson Compensation Study used 2022 utility industry employee data and analyzed the following elements:

- Xcel Energy's base salary compared to competitive market total cash compensation levels;
- Xcel Energy's total cash compensation (base salary + target annual incentive) compared to competitive market target total cash compensation;
- Xcel Energy's total direct compensation (base salary + target annual incentive + long-term incentive) compared to competitive market target total direct compensation;
- Xcel Energy's annual incentive targets compared to market annual incentive targets;
- Xcel Energy's long-term incentive targets compared to market long-term incentive targets; and
- Xcel Energy's level of compensation compared to the median and average levels of compensation paid by the comparison groups.

Q. WHAT COMPARISON GROUPS DID THE WILLIS TOWERS WATSON COMPENSATION STUDY USE?

A. There were two comparison groups. The first group was composed of a large number of investor-owned utilities across the nation, including utilities both smaller and larger than Xcel Energy. The second group was composed of investor-owned utilities similar in revenue, i.e., similar in size, to Xcel Energy

(53 companies responded to this survey at the management and professional job levels and 55 companies responded at the executive level).

Q. ON WHAT INFORMATION IS THE WILLIS TOWERS WATSON COMPENSATION STUDY BASED?

A. Willis Towers Watson conducts surveys from March through May of each year to gather information about base pay and incentive compensation. The Company submitted information in effect as of March 2022, in accordance with the survey's request.

Q. WHAT WAS THE PERCENTAGE INCREASE REFLECTED IN THE COMPANY'S SALARY INFORMATION SUBMITTED TO WILLIS TOWERS WATSON AS COMPARED TO THE PREVIOUS YEAR'S STUDY?

A. We provided Willis Towers Watson the pay rates that were in effect as of March 16, 2022, which reflected a 4.0 percent average increase over the prior year's pay rates.

Q. WHAT WERE THE RESULTS OF THE WILLIS TOWERS WATSON COMPENSATION STUDY?

A. As shown in Table 8, the Willis Towers Watson Compensation Study found that even with the inclusion of AIP, the Company's median total cash compensation levels are still slightly below that of other utilities with similar revenues. Without the inclusion of the market-based target-level AIP, however, the median total cash compensation provided would be well below the overall utility market. In other words, not including AIP as part of our total compensation package, would put the Company at a material disadvantage in the competition with other companies for a wide variety of employees needed to effectively serve our customers.

Similarly, the Willis Towers Watson Compensation Study found that even with inclusion of all components of LTI, the Company's median total cash compensation levels are still slightly below that of other utilities with similar revenues. As noted above, the Company is only seeking to recover a portion of its LTI expenses in this proceeding and as a result, the amount LTI that the Company is seeking to recover in this case is far below the median total cash compensation provided by other utilities to their employees.

Table 8
Compensation Study Comparison

Components of Xcel Energy Compensation	**Compared to Base Salaries and Incentives of Utilities with Similar Revenues (Revenue Sample)***	**Compared to Base Salaries and Incentives of Utilities Across the Nation (National Sample)**
Xcel Energy Base Salary vs. Market Base Salary	Below Market by 1.6%	Above Market by 0.5%
Base Salary Only (excludes Target opportunity AIP)	Below Market by 15.9%	Below Market by 14.3%
Target Total Cash Compensation (Base Salary including Target AIP for all eligible employees)	Below Market by 2.5%	At Market
Target Total Direct Compensation (Base Salary + Target AIP + Target LTI for all eligible employees)	Below Market by 2.5%	Above Market by 3.3%

* Primary comparison group using median pay components

Q. WHAT DO YOU CONCLUDE FROM THE 2023 WILLIS TOWERS WATSON COMPENSATION STUDY?

A. The Willis Towers Watson Compensation Study illustrates that Xcel Energy's compensation structure provides a market level of compensation (+/- 5 percent of the market), which confirms that the Company's requested compensation expense in the 2024 test year is appropriate and reasonable. The study also confirms that the target level annual incentives provided to employees through the AIP are slightly below those offered by other utilities with similar revenues for similar positions.

Without the AIP, however, the Company's total cash compensation would lag its market peers (*i.e.*, large utilities) by 15.9 percent on average, which would put the Company at a material disadvantage when competing for skilled employees.

Additionally, the study confirms that the level of LTI offered to eligible employees is slightly below the market for utilities of our size and is necessary compensation for executives and non-executive leadership to reach a market-competitive level of compensation.

Q. CAN YOU CLARIFY WHAT YOU MEAN WHEN YOU INDICATED THE COMPANY WOULD LAG THE TOTAL CASH COMPENSATION LEVEL FOUND IN THE MARKET BY AN AVERAGE OF 15.9 PERCENT?

A. Yes. This percentage represents the average of all AIP target opportunity levels from across the Company. It does not mean the AIP maximum target opportunity is 15 percent for all eligible employees.

Q. IS THE WILLIS TOWERS WATSON COMPENSATION STUDY THE ONLY STUDY THE COMPANY RELIES UPON FOR PURPOSES OF BENCHMARKING THE COMPANY'S COMPENSATION LEVELS?

A. No. The Company routinely uses a number of additional third-party surveys to compare its total compensation levels, non-bargaining base pay increases, and other programs to those of other employers, including utilities and non-utilities. The compensation study provided with my Direct Testimony was created as a comparison summary of our compensation levels with those companies in the electric and gas utility market.

Q. HOW SPECIFICALLY DOES XCEL ENERGY USE THIRD-PARTY COMPENSATION SURVEY DATA?

A. We use the compensation survey data to determine the internal pay grade of our non-bargaining positions. An employee's compensation within the pay grade range will be individually determined based on several factors, including experience, skills, and performance. The Company also uses the labor market compensation surveys to establish the applicable AIP target opportunity level and LTI opportunity for eligible positions, based on incentive levels and best practice compensation design. We participate in several utility and non-utility surveys and purchase the survey results to obtain refreshed survey data annually to ensure our base pay structures and incentive opportunities remain competitive in the market.

Q. PLEASE RE-STATE THE MARKET-BASED COMPENSATION DESIGN COMPONENTS USED TO COMPENSATE THE COMPANY'S NON-BARGAINING EMPLOYEES.

A. The Company uses a combination of base pay, AIP, and LTI, as applicable, to reach the market-based total compensation levels for employees.

Q. BASED ON THE WILLIS TOWERS WATSON COMPENSATION STUDY, COULD ONE REASONABLY CONCLUDE THE COMPANY IS PAYING TOTAL COMPENSATION RATES AT MARKET COMPETITIVE LEVELS OF BASE PAY, AIP, AND LTI, AS APPLICABLE?

A. Yes, this is demonstrated by the results of the Willis Towers Watson Compensation Study.

Q. BASED ON THE RECOVERY REQUEST TO LIMIT PORTIONS OF INCENTIVE COMPENSATION EXPENSES, AIP CAPPED AT 25 PERCENT, AND LTI EXCLUDING THE RELATIVE TSR EXPENSES, WOULD IT BE REASONABLE TO CONCLUDE CUSTOMERS ARE NOT BEARING THE FULL COST OF NECESSARY AND REASONABLE EMPLOYEE COMPENSATION EXPENSES?

A. Yes, even if the Commission approves all of the Company's requests for recovery related to employee compensation (base pay, market-based AIP target-level limited to a 25 percent cap, and LTI excluding the relative TSR expense), the Company would still not be recovering the entirety of its compensation expenses. More specifically, the Company would not recover any market-based AIP expenses above a 25 percent target and would not recover any of its relative TSR LTI expenses. As discussed above, this means that the amount of employee compensation paid for by customers is below market levels of compensation.

Q. ARE THERE IMPACTS TO THE COMPANY'S OPERATIONS IF THE COMPANY DOES NOT RECOVER THE COSTS OF THE TOTAL REWARDS PROGRAM AS REQUESTED?

A. Yes. As I have noted, we make every effort to control the costs of the Total Rewards Program while seeking to ensure that our compensation and benefits align with the market for talent. This approach allows us to act in a prudent business manner while attracting and retaining the skilled employees necessary to provide safe and reliable service.

With that said, we are under-recovering the necessary and reasonable compensation and benefits costs needed to attract and retain talent across our non-bargaining exempt employee population from senior individual contributor levels through our senior leadership levels. To the extent we are not fully recovering the amounts requested, we must go beyond our cost control efforts and seek to find ways to further reduce compensation levels in ways that can affect our ability to attract and retain talented employees. I note, however, that these mitigation measures are not necessarily a dollar-for-dollar reduction in the compensation areas where we under-recover. Rather, we seek to find ways to address under-recovery in the least impactful way possible. Over time, this will negatively impact our ability to meet the compensation and benefits requirements needed to maintain a qualified and motivated workforce.

Q. DID THE COMPANY PERFORM AN ANALYSIS TO DETERMINE WHETHER ITS EXECUTIVE COMPENSATION FOR ITS TOP COMPENSATED EMPLOYEES IS IN LINE WITH THE MARKET?

A. While the Willis Towers Watson Study does not focus on comparing the compensation levels of the companies' top employees by compensation level, the publicly-available proxy data from many of the utilities identified in the Willis Towers Watson Study demonstrates that Xcel Energy's Chief Executive Officer's (CEO) compensation, as well as the total compensation paid to Xcel Energy's top five compensated executives is at or close to the market median.[22]

[22] See Exhibit___(MPD-1), Schedule 4.

According to proxy data, based on total compensation, the compensation for Xcel Energy's CEO ranked 10th out the 19 utility companies reviewed and the compensation for the top five highest compensated executives ranked 9th out of those same companies.[23]

Within the State of Minnesota, Xcel Energy's CEO's compensation ranked 21st in the state, according to the *Star Tribune*, while Xcel Energy was ranked as the 9th largest company in the state by revenue.[24]

Q. WHAT DO YOU CONCLUDE ABOUT YOUR TOTAL REWARDS PROGRAM COST RECOVERY REQUEST IN THIS CASE?

A. The Company's request is just and reasonable. The Company must incur the costs of the Total Rewards Program to attract, retain, and motivate the employees needed to provide safe, reliable gas service to our customers. The various elements of compensation comprising the Total Rewards Program are each competitively aligned with the dollar value and design found in the utility industry and follow best practices. Additionally, as I discussed above, the Company continually undertakes initiatives to align the costs of its compensation and benefits with the overall marketplace and to reduce costs for our customers. As a result of these efforts, the costs associated with the Total Rewards Program are comparable to, and in many cases below, those incurred by companies across the industry and represent reasonable costs of providing service to the Company's customers.

Q. ON WHAT DO YOU BASE YOUR CONCLUSION?

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[23] *Id.*
[24] *See* Exhibit___(MPD-1), Schedule 5.

A. As discussed previously in my Direct Testimony, the Company benchmarks its compensation and health and benefit plans to the industry to determine if it is paying competitive compensation. The results of these studies indicate that the Company's compensation is in-line with or below the market median, but only when all components of compensation are paid at the target-level. This demonstrates not only that our costs are reasonable, but also that our recovery request is reasonable.

V. HEALTH AND WELFARE PROGRAMS AND COSTS

Q. WHAT DO YOU DISCUSS IN THIS SECTION OF YOUR TESTIMONY?

A. I describe the healthcare and welfare programs that the Company offers to eligible employees.

Q. WHAT ACTIVE HEALTH AND WELFARE PROGRAMS DOES THE COMPANY OFFER?

A. The Company's active health and welfare programs primarily consist of providing medical, pharmacy, dental, disability, vision, and life insurance coverage to our bargaining and non-bargaining employees and their families.

Q. PLEASE DESCRIBE THE COMPANY'S MEDICAL AND PHARMACY PLAN FOR EMPLOYEES AND THEIR FAMILIES.

A. The Company offers employees one medical plan option, the High Deductible Health Plan (HDHP) with a Health Savings Account (HSA), along with pharmacy coverage. All plan participants are subject to an annual deductible for either single or family coverage. After a plan participant satisfies that deductible, the plan begins to share any additional costs. The HSA is a tax-advantaged medical savings account that the Company offers to employees to provide a vehicle for them to save for their out-of-pocket costs under the plan.

Q. WHAT IS THE SHARING RATIO AFTER THE DEDUCTIBLE IS MET?

A. After the participant meets the deductible, the plan covers 90 percent of costs for the bargaining population, and 80 percent of costs for non-bargaining employees, with bargaining employees or their dependents contributing 10 percent of medical costs and non-bargaining employees or their dependents contributing 20 percent of medical costs. Both bargaining and non-bargaining employees, or their dependents, contribute 20 to 50 percent of prescription drug costs. Bargaining employees have a minimum and maximum cap on what they need to pay for each individual prescription after their deductible is met. Coinsurance continues until participants reach an annual out-of-pocket maximum, which is $3,500 per individual or $7,000 per family. After participants meet the out-of-pocket maximum, the plan covers all remaining eligible medical and pharmacy expenses for the calendar year. Employees pay a monthly premium for this HDHP, and a combination of their out-of-pocket expenses and premiums covers 25 percent of the total cost for bargaining employees and their dependents. Non-bargaining employees have a combination of 25 percent of the total cost per employee, and 30 percent of the total cost for non-bargaining dependents.

Q. PLEASE BRIEFLY DESCRIBE THE NATURE AND STRUCTURE OF THE OTHER HEALTHCARE BENEFITS OFFERED TO EMPLOYEES AND THEIR FAMILIES.

A. I provide a brief description of the Company's dental and vision plans as well as the disability benefits and life insurance in Exhibit___(MPD-1), Schedule 6.

Q. WHAT IS THE REQUESTED LEVEL OF ACTIVE HEALTH COSTS IN THE 2024 TEST YEAR?

A. This expense, and our budgeting process for the test year and plan years, are discussed in Company witness Schrubbe's direct testimony.

Q. ARE CUSTOMERS BEARING THE ENTIRE COST OF ACTIVE EMPLOYEE HEALTHCARE?

A. No. As I testified earlier, employees are responsible for healthcare costs through the use of monthly premiums, surcharges for eligible non-bargaining employees, upfront deductibles, and cost sharing after deductibles have been met. Bargaining employees cover 25 percent of active healthcare costs for themselves and dependents; non-bargaining employees cover 25 percent of active healthcare costs for themselves, and 30 percent for their dependents.

Q. WHY IS IT IMPORTANT FOR XCEL ENERGY TO OFFER HEALTH AND WELFARE BENEFITS FOR EMPLOYEES AND THEIR FAMILIES?

A. The active health and welfare benefits that the Company offers to its employees are important elements of the Total Rewards Program. Without health and welfare benefits that are comparable to those offered by other utilities and other companies against which we compete for employees, it would be very difficult for the Company to attract, retain, and motivate qualified employees, including current employees with many years of training whose expertise benefits the Company and its customers. Therefore, the Company and its customers share an interest in ensuring that the Company is able to offer a competitive package of health and welfare benefits.

Q. WHY IS IT REASONABLE FOR CUSTOMERS TO BEAR PART OF THE COSTS FOR ACTIVE HEALTH AND WELFARE BENEFITS FOR EMPLOYEES AND THEIR FAMILIES?

A. Large companies, like Xcel Energy, are required by the Patient Protection and Affordable Care Act to offer full-time employees health insurance. Even before the passage of this Act, however, the vast majority of large employers offered health insurance to their employees as a standard and expected part of any employment package. By providing these types of benefits, the Company is providing a competitive benefits package to attract, retain, and motivate the current and future employees the Company will need to provide safe, reliable gas service to customers.

Q. PLEASE DESCRIBE PROGRAM DESIGN CHANGES THE COMPANY HAS IMPLEMENTED SINCE THE COMPANY'S 2021 RATE CASE TO MANAGE THE COSTS OF THE HEALTH AND WELFARE BENEFITS.

A. The Company continuously works to control costs without increasing costs to employees.

- Contracts with benefit vendors are monitored and renegotiated on an ongoing basis. These negotiations focus on administrative fee reductions, better performance guarantees and rebates, and improved discounts on provider networks. All of these efforts contribute to Xcel Energy's ability to minimize rising healthcare costs and benefit administration costs charged by third parties.
- We examined emerging benefit designs that would continue to drive our employees and their covered family members to high quality, cost-efficient healthcare providers. We also continuously assess programs that will provide more cost-effective opportunities for employees and help

drive healthy behaviors. For example, we offer a telemedicine or virtual visit option for routine medical visits, a personalized diabetes management program for non-bargaining employees, and an online program to help employees manage stress. These non-traditional visits with a trained physician or other provider are convenient and provide a less expensive option for employees and the Company. In addition, the plan provides lower levels of benefits coverage for using out-of-network medical providers in order to encourage members to use in-network providers when possible.

Q. HAS THE COMPANY TAKEN OTHER STEPS TO MANAGE THE COST OF HEALTH AND WELFARE BENEFITS?

A. Yes. Here are some examples of program design changes that also help reduce program costs:

- Xcel Energy offers a HDHP medical plan to encourage participating employees to make (1) healthier lifestyle choices; and (2) informed consumer choices when utilizing healthcare providers;
- To help mitigate pharmacy costs, Xcel Energy's pharmacy coverage mandates that employees fill prescriptions with generic drugs when available, unless there is medical need to use a brand name;
- Effective January 2018, Xcel Energy introduced a monthly surcharge for non-bargaining employees and spouses and domestic partners who are tobacco users enrolled in the medical plan. This group of participants tend to have higher healthcare expenses than non-tobacco users; and
- Effective January 2017, Xcel Energy introduced a monthly surcharge for non-bargaining employees for coverage of a spouse or domestic partner when that spouse or partner's employer offers medical coverage.

Q. WHAT HAS BEEN THE EFFECT OF THESE CHANGES?

A. These changes have allowed the Company to better manage overall healthcare costs and the rate at which our costs increase. These changes have helped keep overall employee contributions to health and welfare benefits low, and the ways in which our employees access healthcare and consume healthcare services have improved. For example, we have seen improved use of urgent care facilities as opposed to hospital emergency room visits for acute injuries and illness, and we also have a very high rate of generic prescription drug use. This change in behavior has the potential to mitigate healthcare cost increases for the Company as well as our employees.

Although it is difficult to identify direct savings from these changes, the intent of the plan modifications was to mitigate cost increases on a long-term basis, in part by motivating employees to be more cost-conscious consumers of medical and dental care, and also to live healthier lifestyles. We also know that it can take time to see cost impacts resulting from program design changes.

VI. EMPLOYEE RETIREMENT PROGRAMS

Q. WHAT RETIREMENT BENEFITS DOES XCEL ENERGY OFFER ITS EMPLOYEES?

A. Xcel Energy provides eligible employees the following retirement benefits:

- A defined benefit pension plan, which is also referred to as a "qualified" pension plan;
- A 401(k) defined contribution plan;
- A non-qualified benefits plan, which is the same as the qualified pension plan, but maintains a consistent level of benefit to that of the qualified defined pension benefit for employee wages over the IRS wage

limitations in effect. This plan is commonly referred to as a "restoration" plan because it restores to affected employees benefits that would have been provided under the qualified plan but for the limits imposed by the IRS; and

- Retiree medical benefits for certain employees who retired before 2000.

We summarize changes made to the retirement plan in Exhibit___(MPD-1), Schedule 7.

Q. IS THE COMPANY SEEKING RECOVERY OF COSTS ASSOCIATED WITH ALL OF THE RETIREMENT BENEFITS THAT IT OFFERS?

A. No. Although the Company believes that it is appropriate and reasonable to incur these costs as part of operating a gas utility, the Company is not seeking recovery of costs associated with its non-qualified benefits plan to reduce the number of contested issues in this case. Because the Company is not seeking recovery of these costs, I will not provide additional detail about the non-qualified benefits plan in my testimony.

A. Defined Benefit Plan

Q. PLEASE DESCRIBE THE COMPANY'S DEFINED BENEFIT PLAN.

A. We offer newly hired employees a 5 Percent Cash Balance formula, under which the Company contributes five percent of the employee's eligible annual pay into a notional account. This account has interest credited to it annually based on the 30-year Treasury rates. This plan is similar to a savings account or a 401(k) plan, so employees easily understand the plan value. Non-bargaining employees hired prior to January 1, 2012 and bargaining employees hired prior to January 1, 2011 are eligible for the 10 percent Pension Equity Plan (PEP) formula, which results in employees receiving 10 percent of their highest 48 months of consecutive earnings per year of service.

Q. WOULD IT BE REASONABLE TO ELIMINATE THE DEFINED BENEFIT PENSION PLAN AND RELY ENTIRELY ON A DEFINED CONTRIBUTION PLAN?

A. No. Our retirement program is cost-effective and helps us manage our workforce appropriately for the following reasons:

- The defined benefit pension plan, along with our defined contribution plan, aligns with our Total Rewards Program strategy to provide a shared responsibility between employee and employer to accumulate retirement assets.
- By providing a pension plan in which the employee can count on a defined amount of retirement benefits, we are able to manage an orderly transition of employees into retirement. This provides Xcel Energy an opportunity to effectively manage our workforce at the end of the employees' careers, appropriately prepare for knowledge transfer, and manage our training and succession planning.
- Given the same benefit levels, pension plans can be a less expensive vehicle for delivering retirement benefits than a defined contribution plan, in both the short-term and the long-term. That is because the Company is able to utilize investment earnings to fund future benefit obligations, which reduces future cash flow requirements. In a defined contribution plan, those earnings on the Company's contributions belong to the employee.

- Studies show more employees, including younger employees, value the security of retirement benefits.[25]

B. Defined Contribution Plan

Q. PLEASE DESCRIBE THE COMPANY'S DEFINED CONTRIBUTION PLAN.

A. The Company's defined contribution plan, which is a 401(k) savings plan, provides an employer contribution equal to a maximum of four percent of an employee's base pay. The Company matches 50 cents on the dollar up to eight percent of an employee's contribution. Company witness Schrubbe provides the amount of 401(k) expenses requested in this rate case in his direct testimony.

C. Retiree Medical Expense

Q. PLEASE DESCRIBE THE COMPANY'S RETIREE MEDICAL BENEFIT.

A. For bargaining employees who retired prior to 2000 and non-bargaining employees who retired prior to 1999, the Company provides subsidized medical and pharmacy coverage at varying levels based on the year in which the employee retired. Employees who retired after those dates receive access to medical coverage but are responsible for 100 percent of the cost. Company witness Schrubbe provides the amount of retiree medical expenses requested in this rate case in his direct testimony.

Q. WHY IS IT REASONABLE FOR RETIREE MEDICAL EXPENSE TO BE INCLUDED IN RATES?

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[25] *See* https://www.willistowerswatson.com/-/media/WTW/Insights/2020/02/GBAS-2019-2020-GlobalReport.pdf (accessed on Oct. 16, 2023).

A. Our retirees contributed greatly to the success and reliability of our Company and to the products, services, and infrastructure that our customers use today. The current expense for retiree medical benefits is a legacy from prior programs. The Company continues to pursue aggressive benefit designs that manage or reduce our retiree expenses while fulfilling our obligations to them for their past service with the Company and to our customers.

Q. WHAT DO YOU CONCLUDE REGARDING THE COMPANY'S RETIREMENT PROGRAM?

A. The Company provides a retirement program that is comparable to the relevant market in which we compete for talent, but it reflects considerable cost savings because of plan changes the Company has been able to achieve through the measures discussed in my direct testimony, while maintaining the ability to attract and retain employees. Minnesota customers have benefitted from those changes.

VII. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY AND RECOMMENDATIONS.

A. The Company offers a conservative, yet comprehensive, Total Rewards Program package to employees with the goal of providing market competitive levels of compensation and benefits. The Company follows industry best practices related to the design and maintenance of its compensation programs. Base pay and incentives are rooted at the market median pay level, indicating they are reasonable expenses, which are necessary to attract, retain, and motivate our employees.

Similarly, the Company's health and welfare programs provide our employees with health coverage and retirement options that are comparable in our industry. These programs support our employees through a variety of life's stages and situations, which are expected by employees of their employer.

Finally, I recommend the Commission approve the Total Rewards Program expenses outlined in Table 1 above to support the Company in providing customers with the safe, reliable gas service they deserve and expect from our Company.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?
A. Yes, it does.

Statement of Qualifications

Michael P. Deselich
Senior Compensation Consultant

I am employed by Xcel Energy Services Inc., as a Senior Compensation Consultant. I have held this position or similar title since joining the XES in January 2013. In this role, I participate in the design, implementation and administration of Xcel Energy's broad-based compensation programs. Participate in wage and salary surveys and recommends changes to ensure the Company's competitive position in the marketplace. The goals of these programs are to attract, retain, and motivate talented employees at all levels throughout the organization.

In my broader role as a member of the human resources team, I am also responsible for supporting our regulatory process related to human resource matters supporting the Total Rewards regulatory efforts to include research, draft testimonies and discovery responses. I have not previously filed direct testimony in Minnesota, however I have filed direct and/or rebuttal testimonies in other Xcel Energy jurisdictions, including: Southwestern Public Service Company Texas (Electric) and New Mexico (Electric), Public Service Company Colorado (Electric and Gas) and Northern States Power Wisconsin (Electric and Gas). I have also appeared before the Colorado Public Utility Commission for the Public Service Company Colorado gas hearing.

Prior to joining XES, I worked for Gallagher Benefit Services, Katun Corporation and Park Nicollet Health Services serving in various consulting, generalist and analytical roles focusing on compensation analysis and administration, benefits, and recruiting. I have also retired from the United States Air Force with 25 years of active and reserve duty serving in several training, operational and leadership roles.

I received my Bachelor of Science in Airway Science Management degree from Kent State University, Kent, Ohio and my Master of Science Administration in Human Resource Management degree from Central Michigan University, Mount Pleasant, MI. Throughout the last 25+ years of my corporate career, I have stayed educated on current market trends, human resource best-practices and workforce challenges facing employers, as well as presented materials regarding trending compensation topics. I have also attended various seminars related to human resources topics, maintained insights by reading industry publications and have completed Certified Compensation Professional certification courses from World at Work Total Rewards Association.

XCEL ENERGY NON-BARGAINING, EXEMPT EMPLOYEE ANNUAL INCENTIVE PROGRAM

Program Year: January 1 – December 31, 2020

CONTENTS

INTRODUCTION

Xcel Energy Inc. (individually and collectively with its affiliates and subsidiaries, "Xcel Energy" or "the Company") offers a market-based total cash compensation package. Your total cash compensation includes your base salary and the opportunity to earn an annual incentive when the Company achieves its goals.

- Base salary is the fixed component of your total cash compensation. Generally, it does not change unless you have a change in your job (such as a promotion), change in your status (such as full time to part time), or have a change in pay (such as an earned base pay increase).
- Xcel Energy's Annual Incentive Program (the "Program") is the variable component of your total cash compensation.
- Variable compensation is not guaranteed pay as it is subject to achievement of goals, including your own performance, and your contribution to team or company results.

The Program will be in effect from January 1 to December 31, 2020 (the "Program Year"), unless amended to end at an earlier date or terminated. In order for the Program to pay out year-end incentive awards in the Program Year, Xcel Energy must meet certain operating goals and an affordability objective. Your incentive award is primarily based on corporate goal achievement and discretionary based on your individual contributions and performance.

The purpose of this document is to provide a high-level overview of the annual incentive program components and to outline the eligibility and administrative framework of the program. More detailed information regarding the program components can be found in XpressNET under Benefits/Pay/Incentives/Annual Incentive.

PURPOSE OF THE PROGRAM

Incentive Programs are a variable portion of employee total cash compensation and are directly aligned with the achievement of certain corporate KPIs in addition to your individual contributions and performance.

Xcel Energy uses the Program to align employees' goals with corporate and business area objectives, and to recognize and reward employees for results that contribute to the achievement of Xcel Energy's key performance indicators (or KPIs), including those focused on reliability, our customers and our employees. It is also used to motivate employees to enhance the customer experience, innovate and drive continuous improvement.

The Program also supports the Company's position as an employer of choice by:

- Offering a market-competitive total cash compensation package;
- Fostering the growth and development of employees; and
- Enabling the Company to attract, retain, motivate and reward employees whose performance and contribution meets or exceeds Company expectations.

PARTICIPATION

The Program applies to regular, full and part-time status employees who are exempt, non-bargaining employees.

Newly hired or rehired employees must be actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate in the Year-End Award portion of the Program for that Program Year.

Participants must also be actively employed by Xcel Energy on the day Program award payments are made in order to receive an incentive award under the program.

- Exceptions to active employment on the date awards are paid include: Involuntary Termination (with severance); Retirement; Death; Disability; or Qualified Leave of Absence.

For additional information regarding participation in the Program, see "Program Administration" beginning on page 7.

PERFORMANCE COMPONENTS

The Program for 2020 is based on two performance components, Corporate and Individual:

Level	Component	Timing of Opportunity
Corporate	Corporate Scorecard KPIs align to the priorities of Enhancing the Customer Experience, Keeping Bills Low, Safety and Reliability. Specific goals are listed on XpressNet at http://xpressnet/Our_Company/Planning_and_Performance/High_Level_Scorecards	Year-end
Individual	a) Year-End Award individual contributions and performance that can be aligned to your performance goals as determined with your manager	Year-end
	b) I Deliver Award	Time Relevant
	c) Innovator Award	Time Relevant

INCENTIVE TARGETS

Incentive targets are based on salary grade and correspond to varying weights or percentages for the corporate and individual performance components, as shown below.

Salary Plans and Grades[1]			Incentive Target	Components Weights[2]	
Exempt	**Engineer**	**Trader**		**Corporate**	**Individual**
N, O	--	--	**[PROTECTED DATA BEGINS**	10%	90%
--	A, B	--			
P, Q	C	001		20%	80%
--	D, E	--		30%	70%
R, S, T	--	002-006			
U, V	--	--		40%	60%
W	--	--			
X	--	--	**PROTECTED DATA ENDS]**		

[1] Does not represent all salary plans. Other grades and salary structures will be mapped accordingly. Eligibility for each participant is determined by salary plan or grade as tracked in the Human Resources information systems and not based on job title.

[2] Generally no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

The year-end incentive is subject to proration based on an employee's eligible position(s) during the Program Year. For additional information on prorated awards, see page 9.

For an employee on a Developmental (or Rotational) Assignment, his or her annual incentive target percentage is based on the salary grade of the job held prior to accepting the Developmental (or Rotational) Assignment position.

The payout range for achievement of year-end incentive award goals (unless otherwise noted on the scorecard) can be anywhere from zero percent (0%) to one hundred fifty percent (150%), as noted on the following page. In no circumstance will the year-end incentive paid exceed 150% of the employee's year-end incentive opportunity.

There is no maximum payout restriction for the I Deliver and Innovator awards. That could result in an employee earning a total annual incentive payout greater than 150% of their incentive target by earning one or more of these awards based on superior contributions and performance.

PROGRAM COMPONENTS

Corporate Scorecard – KPI

The 2020 corporate scorecard goals focus on three priorities: Enhancing the Customer Experience, Keeping Bills Low, Safety and Reliability.

Priority	Key Performance Indicator	Threshold (50%)	Target (100%)	Maximum (150%)	KPI Weight
Enhance Customer Experience Keep Bills Low Safety and Reliability	**Customer Satisfaction** *(JD Power residential survey)*	729	741	753	20%
	Wind Deployment *(Steel for Fuel)*	Capital Variance at +2%	Capital Variance at 0%	Capital Variance at -2%	20%
	Employee Safety[1] *(safety culture)*	Declining	Steady/ Improving	Significant Improvement	20%
	Public Safety *(gas emergency response)*	90%	95%	99%	20%
	Electric System Reliability *(SAIDI)*	99	92	85	20%

[1] If, during the year, an event resulting in an employee fatality occurs in the course of business and the Company has achieved threshold or better performance, the KPI result's contribution to the corporate scorecard performance will be decreased to threshold. If, during the year, an event resulting in an employee fatality does not occur and the Company experiences both of the following conditions:
1) No employee has direct personal contact with an energized primary electric system that results in a DART Recordable injury; and
2) No employee experiences an unplanned natural gas ignition while working on company owned equipment that results in a DART Recordable injury.
Then, if the Company has achieved target or better performance, the KPI result's contribution to the corporate scorecard performance will be increased to maximum. If the Company has achieved results at threshold or better but below target, the KPI result's contribution to the corporate scorecard performance will be increased to target.
Threshold = 82, Target = 86, Maximum = 89.

Results are calculated in this manner:

Goal Achievement	Payout
Below Threshold	0%
Threshold to Target	50 % - 99.99% (based on a linear interpolation)
Target	100%
Target to Maximum	100.1%-149.99% (based on a linear interpolation)
Maximum	150%

Results will be rounded to the second decimal.

The Individual Component

The purpose of the Individual Component is to focus and reward employees for their individual performance and contribution to team or company results during the Program Year and to motivate them to enhance the customer experience, innovate and drive continuous improvement. The Individual Component is comprised of three separate opportunities: Year-End Award, I Deliver Award and the Innovator Award.

Year-End Award: Your manager has discretion to determine your year-end individual component award from within a range of 0% to 150% of your year-end individual opportunity based on your contributions and performance over the Program Year.

Having an individual award range allows management to recognize and differentiate employees based on their level of contribution and performance, consistent with the Company's pay-for-performance philosophy. Differentiation occurs at all levels based on relative contribution and performance as well as the AIP budget available to the business area.

The Year-End Award represents the largest portion of an eligible employee's individual component opportunity.

I Deliver Award: Eligible employees or teams can be nominated for an I Deliver award. These awards allow management to provide timely rewards to eligible employees and teams who deliver greater than expected results that have an impact at a team or department level and are linked to supporting the company strategy. The exceptional work should stand out compared to what is expected from the individual in the course of performing his or her job and link to a benefit for our customers. Nominations are reviewed and approved by a designated group of management on a monthly basis.

Innovator Award: Eligible employees or teams can be nominated for an Innovator award. These awards provide timely rewards to eligible employees or teams who implement innovative, high-impact solutions or processes that result in measurable savings or significant customer benefits at a company-wide level. All Innovator Award nominations are reviewed and approved by a designated group of management on a quarterly basis.

FUNDING THE PROGRAM

A prudent element of the Program is making sure the Company has the ability to pay for the annual incentives. Before the Year-End Award component of the Program will pay, an affordability trigger must be met as described below.

Earnings Per Share Determines Affordability

An affordability trigger, based on EPS at $2.73, must be achieved before any Year-End Award can be paid. The 2020 EPS is based on continuing operations and shall be adjusted to exclude the positive or negative earnings impacts for any one-time, unusual events if the impact of the event exceeds $20 million on an after-tax basis.

The funding allocated to the I Deliver and Innovator awards are not subject to an affordability trigger.

The Corporate Scorecard results can be multiplied by a funding factor based on EPS. The funding factor is selected by the CEO from an assessment of results and is within the following funding guidelines:

- 50% - 100% for $2.73 to $2.78
- 100% - 150% for $2.79+

In no case will a Year-End Award payment be greater than 150% of the year-end incentive opportunity. However, an employee could earn a total annual incentive payout greater that 150% of their incentive target if they are nominated and earn one or more I Deliver or Innovator awards during the course of the program year.

PROGRAM ADMINISTRATION

Effective date of Program	The Annual Incentive Program covers a performance period of January 1 to December 31, 2020 and becomes effective at the start of that performance period (January 1). This is defined as the Program Year. The scorecard goals, as defined by the KPIs, are communicated to employee participants at or near the start of the performance period.
Approval and Timing of Payment	After the 2020 financial statements are released, the Governance, Compensation & Nominating Committee of the Xcel Energy Inc. Board of Directors will review financial and corporate results. Actual Year-End Award payments will be made no later than two and a half months following the end of the relevant Program Year. I Deliver and Innovator awards are reviewed and approved by Company management on a periodic basis. Award payments will be made as soon as administratively feasible after awards have been approved.
Form of Payment	Annual incentive awards are paid in cash and payment will be made separately from the normal payment of wages. No deferrals can be made to the 401(k) Retirement Savings Program from annual incentive awards. Eligible employees may defer all or a portion of their Year-End Awards into the Xcel Energy Deferred Compensation Plan ("DCP," see descriptions for details on eligibility). In addition, the Company, at its discretion, may allow deductions to be made from year-end incentive payments to Health Savings Accounts (HSA) as allowable under IRS regulations. The Company will deduct all legally required withholdings on cash payments, DCP deferral elections and/or HSA deduction.

Eligibility

You must be considered a regular, non-bargaining exempt (full- or part-time) employee of Xcel Energy at any point during the Program Year.

Non-Exempt employees are not eligible for the Year-End and I Deliver awards but are eligible to receive an Innovator Award. Funding for Innovator Awards for non-exempt employees will come from sources outside of the Program.

Bargaining Unit employees, employees considered "temporary" and/or are interns, and independent contractors are not eligible to participate in the Program.

Status Changes. If an employee's status changes from:

- Temporary to regular status prior to October 1st of the Program Year, the year-end portion of the incentive will be prorated based on the number of days worked after becoming a regular status employee.
- Temporary to regular status after October 1st, the employee will not be eligible to participate in the year-end portion of the incentive for that Program Year.
- Non-bargaining to bargaining or vice versa, the year-end incentive will be prorated based on the number of days worked in an eligible non-bargaining status.

Hired or Rehired During Program Year. New employees, including independent contractors hired as employees, hired or rehired during the Program Year must be hired or rehired and actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate in the year-end portion of the incentive for that year.

It is recommended than an employee has completed at least one quarter of employment before being nominated for an I Deliver or Innovator award.

Employed on Last Day of Program Year and Date of Payment. You must be an active employee of Xcel Energy on December 31, 2020, and you must have continuous service through the day the year-end incentive award is paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (unpaid military leave and personal leave), involuntary termination with severance – Eligible for a prorated year-end incentive award based on individual performance during the length of qualifying active service (number of calendar days of service divided by number of calendar days in the Program Year) during the Program Year. Final Year-End Awards will be calculated and paid at the same time Year-End Awards are paid to active participants. Deferral and payment elections become null and void.

Employed on Date of Payment. You must have continuous service through the date of I Deliver and Innovator awards are paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (unpaid military leave and personal leave), involuntary termination with severance. I Deliver and Innovator awards will be paid at the same time these awards are paid to active participants.

If you are terminated for any other reason (e.g., voluntary resignation or involuntary termination for cause) during the Program Year, you lose all rights to any incentive through the date of your termination and will receive no award.

Generally no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

If you participate in any other Xcel Energy incentive or commission program, or any incentive program established specifically as an alternative to this Program, you are not eligible to participate in the Xcel Energy Non-bargaining Exempt Employee Annual Incentive Program without prior approval. Additionally, I Deliver and Innovator Awards cannot be used to reward employees for actions covered under another type of program or agreement. The Executive Vice President, Chief Human Resources Officer or his/her designee or successor will resolve any disputes related to Program participation and administration.

Calendar Days All references in this Program booklet to number of calendar days will be based on 365 days in the year (including leap years).

Award Proration

This list contains the most common proration scenarios. As additional situations arise that impact award proration they will be administered consistent with the scenarios outlined below and program administration practices.

Year-end incentive awards for the Program Year are prorated as follows:

- An eligible employee who is hired or who is transferred to/from /between an eligible position(s) during the Program Year is eligible for a Year-End Award based on the number of calendar days employed in a qualifying position. Award basis (incentive target and salary grade) is described on page 4.

- An eligible employee who retires, dies, qualifies for long-term disability (LTD), takes a leave of absence or is involuntarily terminated with severance is eligible for a Year-End Award based on the number of calendar days actively employed by Xcel Energy in an AIP eligible position.

- An eligible employee who changes from full-time to part-time status, or vice versa, is eligible for a Year-End Award based on the period of time within each status. An award range attributable to the full-time service period will be calculated in the same manner as awards are calculated for other full-time employees. In addition, an award range for the part-time service will be calculated in the same manner as other part-time employees. The results of these calculations will be added together and paid as one incentive award.

- An eligible employee who changes salary plans, incentive targets or has an annual salary change will receive a Year-End Award calculated for each period. The results of these calculations will be added together and paid as one incentive award.

- An employee who voluntarily resigns from Xcel Energy during the Program Year but is rehired and actively working prior to October 1st of the Program Year, forfeits any year-end incentive through the date the employee resigned. However, the employee is eligible for a prorated Year-End Award based on the number of days worked from the rehire date through the end of the Program Year, as long as the employee remains continuously employed through the date the year-end incentive payment is made.

INCENTIVE AWARD PROGRAM RELATED INFORMATION

Chief Executive Officer The Chief Executive Officer (or designee) will have full discretion and final authority to adopt, amend, alter or rescind the Program without advance notice for any reason at his/her sole discretion based upon financial or operating conditions or otherwise.

No Right to Continued Employment No individual shall have any claim or right to be granted an award under the Program, and the granting of an award shall not be construed as giving the participant the right of continued employment with Xcel Energy.

XCEL ENERGY NON-BARGAINING, EXEMPT EMPLOYEE ANNUAL INCENTIVE PROGRAM

Program Year: January 1 – December 31, 2021

CONTENTS

INTRODUCTION

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The purpose of this document is to provide a high-level overview of the annual incentive program components and to outline the eligibility and administrative framework of the program. More detailed information regarding the program components can be found in XpressNET under Benefits/Pay/Incentives/Annual Incentive.

PURPOSE OF THE PROGRAM

Incentive Programs are a variable portion of employee total cash compensation and are directly aligned with the achievement of certain corporate KPIs in addition to your individual contributions and performance.

Xcel Energy uses the Program to align employees' goals with corporate and business area objectives, and to recognize and reward employees for results that contribute to the achievement of Xcel Energy's key performance indicators (or KPIs), including those focused on reliability, our customers and our employees. It is also used to motivate employees to enhance the customer experience, innovate and drive continuous improvement.

The Program also supports the Company's position as an employer of choice by:

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- Fostering the growth and development of employees; and
- Enabling the Company to attract, retain, motivate and reward employees whose performance and contribution meets or exceeds Company expectations.

PARTICIPATION

The Program applies to regular, full and part-time status employees who are exempt, non-bargaining employees.

Newly hired or rehired employees must be actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate in the Year-End Award portion of the Program for that Program Year.

Participants must also be actively employed by Xcel Energy on the day Program award payments are made in order to receive an incentive award under the program.

- Exceptions to active employment on the date awards are paid include: Involuntary Termination (with severance); Retirement; Death; Disability; or Qualified Leave of Absence.

For additional information regarding participation in the Program, see "Program Administration" beginning on page 7.

PERFORMANCE COMPONENTS

The Program for 2021 is based on two performance components, Corporate and Individual:

Level	Component	Timing of Opportunity
Corporate	Corporate Scorecard KPIs align to the priorities of Lead the Clean Energy Transition, Enhance the Customer Experience, Keep Bills Low, Safety and Reliability. Specific goals are listed on XpressNET at High Level Scorecards (xcelenergy.com)	Year-end
Individual	a) Year-End Award individual contributions and performance that can be aligned to your performance goals as determined with your manager	Year-end
	b) I Deliver Award	Time Relevant
	c) Innovator Award	Time Relevant

INCENTIVE TARGETS

Incentive targets are based on salary grade and correspond to varying weights or percentages for the corporate and individual performance components, as shown below.

<table>
<tr><th colspan="4">Salary Plans and Grades[1]</th><th rowspan="2">Incentive Target</th><th colspan="2">Components Weights[2]</th></tr>
<tr><th>Exempt</th><th>SLG</th><th>Engineer</th><th>Trader</th><th>Corporate</th><th>Individual</th></tr>
<tr><td>N, O</td><td>--</td><td>--</td><td>--</td><td>**[PROTECTED DATA BEGINS**</td><td rowspan="2">10%</td><td rowspan="2">90%</td></tr>
<tr><td>--</td><td>--</td><td>A, B</td><td>--</td><td></td></tr>
<tr><td>P, Q</td><td>--</td><td>C</td><td>001</td><td></td><td>20%</td><td>80%</td></tr>
<tr><td>--</td><td>--</td><td>D, E</td><td>--</td><td></td><td rowspan="2">30%</td><td rowspan="2">70%</td></tr>
<tr><td>R, S, T</td><td>--</td><td>--</td><td>002-006</td><td></td></tr>
<tr><td>U, V</td><td>--</td><td>--</td><td>--</td><td></td><td>40%</td><td>60%</td></tr>
<tr><td>--</td><td>All</td><td>--</td><td>--</td><td>**PROTECTED DATA ENDS]**</td><td>50%</td><td>50%</td></tr>
</table>

[1] Does not represent all salary plans. Other grades and salary structures will be mapped accordingly. Eligibility for each participant is determined by salary plan or grade as tracked in the Human Resources information systems and not based on job title.
[2] Generally no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

The year-end incentive is subject to proration based on an employee's eligible position(s) during the Program Year. For additional information on prorated awards, see page 9.

For an employee on a Developmental (or Rotational) Assignment, his or her annual incentive target percentage is based on the salary grade of the job held prior to accepting the Developmental (or Rotational) Assignment position.

The payout range for achievement of year-end incentive award goals (unless otherwise noted on the scorecard) can be anywhere from zero percent (0%) to one hundred fifty percent (150%), as noted on the following page. In no circumstance will the year-end incentive paid exceed 150% of the employee's year-end incentive opportunity.

There is no maximum payout restriction for the I Deliver and Innovator awards. That could result in an employee earning a total annual incentive payout greater than 150% of their incentive target by earning one or more of these awards based on superior contributions and performance.

PROGRAM COMPONENTS

Corporate Scorecard – KPI

The 2021 corporate scorecard goals focus on four priorities: Lead the Clean Energy Transition, Enhance the Customer Experience, Keep Bills Low, Safety and Reliability.

Priority	Key Performance Indicator	Threshold (50%)	Target (100%)	Maximum (150%)	KPI Weight
Lead the Clean Energy Transition Enhance Customer Experience Keep Bills Low Safety and Reliability	**Customer Satisfaction** *(JD Power residential survey)*	747	762	777	20%
	Public Safety *(gas emergency response)*	91%	96%	99%	20%
	Electric System Reliability *(SAIDI)*	100	92	84	20%
	Employee Safety[1] *(safety culture)*	Declining	Steady/ Improving	Significant Improvement	20%
	Diversity, Equity & Inclusion (index)	100	200	300	10%
	Wind Availability (equivalent availability factor)	92.0%	94.5%	97.0%	10%

[1] If, during the year, there was an employee fatality caused by a workplace injury that occurred in the course of business and the Company has achieved threshold or better performance, the KPI result's contribution to the corporate scorecard performance will be decreased to threshold.
If, during the year, an employee fatality caused by a workplace injury does not occur and the Company experiences both of the following conditions:
1) No employee has direct personal contact with an energized primary electric system that results in a DART Recordable injury; and
2) No employee experiences an unplanned natural gas ignition while working on company owned equipment that results in a DART Recordable injury.
Then, if the Company has achieved target or better performance, the KPI result's contribution to the corporate scorecard performance will be increased to maximum. If the Company has achieved results at threshold or better but below target, the KPI result's contribution to the corporate scorecard performance will be increased to target.

Results are calculated in this manner:

Goal Achievement	Payout
Below Threshold	0%
Threshold to Target	50 % - 99.99% (based on a linear interpolation)
Target	100%
Target to Maximum	100.1%-149.99% (based on a linear interpolation)
Maximum	150%

Results will be rounded to the second decimal.

The Individual Component

The purpose of the Individual Component is to focus and reward employees for their individual performance and contribution to team or company results during the Program Year and to motivate them to enhance the customer experience, innovate and drive continuous improvement. The Individual Component is comprised of three separate opportunities: Year-End Award, I Deliver Award and the Innovator Award.

Year-End Award: Your manager has discretion to determine your year-end individual component award from within a range of 0% to 150% of your year-end individual opportunity based on your contributions and performance over the Program Year.

Having an individual award range allows management to recognize and differentiate employees based on their level of contribution and performance, consistent with the Company's pay-for-performance philosophy. Differentiation occurs at all levels based on relative contribution and performance as well as the AIP budget available to the business area.

The Year-End Award represents the largest portion of an eligible employee's individual component opportunity.

I Deliver Award: Eligible employees or teams can be nominated for an I Deliver award. These awards allow management to provide timely rewards to eligible employees and teams who deliver greater than expected results that have an impact at a team or department level and are linked to supporting the company strategy. The exceptional work should stand out compared to what is expected from the individual in the course of performing his or her job and link to a benefit for our customers. Nominations are reviewed and approved by a designated group of management on a monthly basis.

Innovator Award: Eligible employees or teams can be nominated for an Innovator award. These awards provide timely rewards to eligible employees or teams who implement innovative, high-impact solutions or processes that result in measurable savings or significant customer benefits at a company-wide level. All Innovator Award nominations are reviewed and approved by a designated group of management on a quarterly basis.

FUNDING THE PROGRAM

A prudent element of the Program is making sure the Company has the ability to pay for the annual incentives. Before the Year-End Award component of the Program will pay, an affordability trigger must be met as described below.

Earnings Per Share Determines Affordability

An affordability trigger, based on EPS at $2.90, must be achieved before any Year-End Award can be paid. The 2021 EPS is based on continuing operations and shall be adjusted to exclude the positive or negative earnings impacts for any one-time, unusual events if the impact of the event exceeds $20 million on an after-tax basis.

The funding allocated to the I Deliver and Innovator awards are not subject to an affordability trigger.

The Corporate Scorecard results can be multiplied by a funding factor based on EPS. The funding factor is selected by the CEO from an assessment of results and is within the following funding guidelines:

- 50% - 100% for $2.90 to $2.95
- 100% - 150% for $2.96+

In no case will a Year-End Award payment be greater than 150% of the year-end incentive opportunity. However, an employee could earn a total annual incentive payout greater than 150% of their incentive target if they are nominated and earn one or more I Deliver or Innovator awards during the course of the program year.

PROGRAM ADMINISTRATION

Effective date of Program	The Annual Incentive Program covers a performance period of January 1 to December 31, 2021 and becomes effective at the start of that performance period (January 1). This is defined as the Program Year. The scorecard goals, as defined by the KPIs, are communicated to employee participants at or near the start of the performance period.
Approval and Timing of Payment	After the 2021 financial statements are released, the Governance, Compensation & Nominating Committee of the Xcel Energy Inc. Board of Directors will review financial and corporate results. Actual Year-End Award payments will be made no later than two and a half months following the end of the relevant Program Year. I Deliver and Innovator awards are reviewed and approved by Company management on a periodic basis. Award payments will be made as soon as administratively feasible after awards have been approved.
Form of Payment	Annual incentive awards are paid in cash and payment will be made separately from the normal payment of wages. No deferrals can be made to the 401(k) Retirement Savings Program from annual incentive awards. Eligible employees may defer all or a portion of their Year-End Awards into the Xcel Energy Deferred Compensation Plan ("DCP," see descriptions for details on eligibility). In addition, the Company, at its discretion, may allow deductions to be made from year-end incentive payments to Health Savings Accounts (HSA) as allowable under IRS regulations. The Company will deduct all legally required withholdings on cash payments, DCP deferral elections and/or HSA deduction.

Eligibility

You must be considered a regular, non-bargaining exempt (full- or part-time) employee of Xcel Energy at any point during the Program Year.

Non-Exempt employees are not eligible for the Year-End and I Deliver awards but are eligible to receive an Innovator Award. Funding for Innovator Awards for non-exempt employees will come from sources outside of the Program.

Bargaining Unit employees, employees considered "temporary" and/or are interns, and independent contractors are not eligible to participate in the Program.

Status Changes. If an employee's status changes from:

- Temporary to regular status prior to October 1st of the Program Year, the year-end portion of the incentive will be prorated based on the number of days worked after becoming a regular status employee.
- Temporary to regular status after October 1st, the employee will not be eligible to participate in the year-end portion of the incentive for that Program Year.
- Non-bargaining to bargaining or vice versa, the year-end incentive will be prorated based on the number of days worked in an eligible non-bargaining status.

Hired or Rehired During Program Year. New employees, including independent contractors hired as employees, hired or rehired during the Program Year must be hired or rehired and actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate in the year-end portion of the incentive for that year.

It is recommended than an employee has completed at least one quarter of employment before being nominated for an I Deliver or Innovator award.

Employed on Last Day of Program Year and Date of Payment. You must be an active employee of Xcel Energy on December 31, 2021, and you must have continuous service through the day the year-end incentive award is paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (unpaid military leave and personal leave), involuntary termination with severance – Eligible for a prorated year-end incentive award based on individual performance during the length of qualifying active service (number of calendar days of service divided by number of calendar days in the Program Year) during the Program Year. Final Year-End Awards will be calculated and paid at the same time Year-End Awards are paid to active participants. Deferral and payment elections become null and void.

Employed on Date of Payment. You must have continuous service through the date of I Deliver and Innovator awards are paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (unpaid military leave and personal leave), involuntary termination with severance. I Deliver and Innovator awards will be paid at the same time these awards are paid to active participants.

If you are terminated for any other reason (e.g., voluntary resignation or involuntary termination for cause) during the Program Year, you lose all rights to any incentive through the date of your termination and will receive no award.

Generally, no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

If you participate in any other Xcel Energy incentive or commission program, or any incentive program established specifically as an alternative to this Program, you are not eligible to participate in the Xcel Energy Non-bargaining Exempt Employee Annual Incentive Program without prior approval. Additionally, I Deliver and Innovator Awards cannot be used to reward employees for actions covered under another type of program or agreement. The Executive Vice President, Chief Human Resources Officer or his/her designee or successor will resolve any disputes related to Program participation and administration.

Calendar Days All references in this Program booklet to number of calendar days will be based on 365 days in the year (including leap years).

Award Proration

This list contains the most common proration scenarios. As additional situations arise that impact award proration, they will be administered consistent with the scenarios outlined below and program administration practices.

Year-end incentive awards for the Program Year are prorated as follows:

- An eligible employee who is hired or who is transferred to/from /between an eligible position(s) during the Program Year is eligible for a Year-End Award based on the number of calendar days employed in a qualifying position. Award basis (incentive target and salary grade) is described on page 4.

- An eligible employee who retires, dies, qualifies for long-term disability (LTD), takes a leave of absence or is involuntarily terminated with severance is eligible for a Year-End Award based on the number of calendar days actively employed by Xcel Energy in an AIP eligible position.

- An eligible employee who changes from full-time to part-time status, or vice versa, is eligible for a Year-End Award based on the period of time within each status. An award range attributable to the full-time service period will be calculated in the same manner as awards are calculated for other full-time employees. In addition, an award range for the part-time service will be calculated in the same manner as other part-time employees. The results of these calculations will be added together and paid as one incentive award.

- An eligible employee who changes salary plans, incentive targets or has an annual salary change will receive a Year-End Award calculated for each period. The results of these calculations will be added together and paid as one incentive award.

- An employee who voluntarily resigns from Xcel Energy during the Program Year but is rehired and actively working prior to October 1st of the Program Year, forfeits any year-end incentive through the date the employee resigned. However, the employee is eligible for a prorated Year-End Award based on the number of days worked from the rehire date through the end of the Program Year, as long as the employee remains continuously employed through the date the year-end incentive payment is made.

INCENTIVE AWARD PROGRAM RELATED INFORMATION

Chief Executive Officer

The Chief Executive Officer (or designee) will have full discretion and final authority to adopt, amend, alter or rescind the Program without advance notice for any reason at his/her sole discretion based upon financial or operating conditions or otherwise.

No Right to Continued Employment

No individual shall have any claim or right to be granted an award under the Program, and the granting of an award shall not be construed as giving the participant the right of continued employment with Xcel Energy.

XCEL ENERGY NON-BARGAINING, EXEMPT EMPLOYEE ANNUAL INCENTIVE PROGRAM

Program Year: January 1 – December 31, 2022

CONTENTS

INTRODUCTION

Xcel Energy Inc. (individually and collectively with its affiliates and subsidiaries, "Xcel Energy" or "the Company") offers a market-based total cash compensation package. Your total cash compensation includes your base salary and the opportunity to earn an annual incentive when the Company achieves its goals.

- Base salary is the fixed component of your total cash compensation. Generally, it does not change unless you have a change in your job (such as a promotion), change in your status (such as full time to part time), or have a change in pay (such as an earned base pay increase).
- Xcel Energy's Annual Incentive Program (the "Program") is the variable component of your total cash compensation.
- Variable compensation is not guaranteed pay as it is subject to achievement of goals, including your own performance, and your contribution to team or company results.

The Program will be in effect from January 1 to December 31, 2022 (the "Program Year"), unless amended to end at an earlier date or terminated. In order for the Program to pay out year-end incentive awards in the Program Year, Xcel Energy must meet certain operating goals and an affordability objective. Your incentive award is primarily based on corporate goal achievement and discretionary based on your individual contributions and performance.

The purpose of this document is to provide a high-level overview of the annual incentive program components and to outline the eligibility and administrative framework of the program. More detailed information regarding the program components can be found in XpressNET under Benefits/Pay/Incentives/Annual Incentive.

PURPOSE OF THE PROGRAM

Incentive Programs are a variable portion of employee total cash compensation and are directly aligned with the achievement of certain corporate KPIs in addition to your individual contributions and performance.

Xcel Energy uses the Program to align employees' goals with corporate and business area objectives, and to recognize and reward employees for results that contribute to the achievement of Xcel Energy's key performance indicators (or KPIs), including those focused on reliability, our customers and our employees. It is also used to motivate employees to enhance the customer experience, innovate and drive continuous improvement.

The Program also supports the Company's position as an employer of choice by:

- Offering a market-competitive total cash compensation package;
- Fostering the growth and development of employees; and
  Enabling the Company to attract, retain, motivate and reward employees whose performance and contribution meets or exceeds Company expectations.

PARTICIPATION

The Program applies to regular, full and part-time status employees who are exempt, non-bargaining employees.

Newly hired or rehired employees must be actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate in the Year-End Award portion of the Program for that Program Year.

Participants must also be actively employed by Xcel Energy on the day Program award payments are made in order to receive an incentive award under the program.

- Exceptions to active employment on the date awards are paid include: Involuntary Termination (with severance); Retirement; Death; Disability; or Qualified Leave of Absence.

For additional information regarding participation in the Program, see "Program Administration" beginning on page 7.

PERFORMANCE COMPONENTS

The Program for 2022 is based on two performance components, Corporate and Individual:

Level	Component	Timing of Opportunity
Corporate	Corporate Scorecard KPIs align to the priorities of Lead the Clean Energy Transition, Enhance the Customer Experience, Keep Bills Low, Safety and Reliability. Specific goals are listed on XpressNET at Corporate Scorecards (sharepoint.com)	Year-end
Individual	a) Year-End Award individual contributions and performance that can be aligned to your performance goals as determined with your manager	Year-end
	b) I Deliver Award	Time Relevant
	c) Innovator Award	Time Relevant

INCENTIVE TARGETS

Incentive targets are based on salary grade and correspond to varying weights or percentages for the corporate and individual performance components, as shown below.

Salary Plans and Grades[1]				Incentive Target	Components Weights[2]	
Exempt	**SLG**	**Engineer**	**Trader**		**Corporate**	**Individual**
N, O	--	--	--	**[PROTECTED DATA BEGINS**	10%	90%
--	--	A, B	--			
P, Q	--	C	001		20%	80%
--	--	D, E	--		30%	70%
R, S, T	--	--	002-006			
U, V	--	--	--		40%	60%
--	All	--	--	**PROTECTED DATA ENDS]**	50%	50%

[1] Does not represent all salary plans. Other grades and salary structures will be mapped accordingly. Eligibility for each participant is determined by salary plan or grade as tracked in the Human Resources information systems and not based on job title.
[2] Generally no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

The year-end incentive is subject to proration based on an employee's eligible position(s) during the Program Year. For additional information on prorated awards, see page 9.

For an employee on a Developmental (or Rotational) Assignment, his or her annual incentive target percentage is based on the salary grade of the job held prior to accepting the Developmental (or Rotational) Assignment position.

The payout range for achievement of year-end incentive award goals (unless otherwise noted on the scorecard) can be anywhere from zero percent (0%) to one hundred fifty percent (150%), as noted on the following page. In no circumstance will the year-end incentive paid exceed 150% of the employee's year-end incentive opportunity.

There is no maximum payout restriction for the I Deliver and Innovator awards. That could result in an employee earning a total annual incentive payout greater than 150% of their incentive target by earning one or more of these awards based on superior contributions and performance.

PROGRAM COMPONENTS

Corporate Scorecard – KPI

The 2022 corporate scorecard goals focus on four priorities: Lead the Clean Energy Transition, Enhance the Customer Experience, Keep Bills Low, Safety and Reliability.

Priorities	Key Performance Indicator	2022 Goal			
		Threshold	Target	Maximum	Weight
Lead the Clean Energy Transition **Enhance the Customer Experience** **Keep Bills Low** **Safety and Reliability**	**Customer Satisfaction** *(JD Power residential survey)*	737	752	767	20%
	Public Safety *(gas emergency response)*	91%	96%	99%	20%
	Electric System Reliability *(SAIDI)*	101	92	83	20%
	Employee Safety[1] *(safety culture)*	Declining 82-84	Steady/ Improving 85-87	Significant Improvement 88	20%
	Diversity, Equity & Inclusion *(index)*	100	200	300	10%
	Wind Availability *(equivalent availability factor)*	94.0%	96.0%	97.0%	10%

[1] If, during the year, there was an employee fatality caused by a workplace injury that occurred in the course of business and the Company has achieved threshold or better performance, the KPI result's contribution to the corporate scorecard performance will be decreased to threshold (82).
If, during the year, an employee fatality caused by a workplace injury does not occur and the Company experiences both of the following conditions:

1) No employee has direct personal contact with an energized primary (voltage) electric system that results in a DART Recordable injury; and
2) No employee experiences an unplanned natural gas ignition while working on company owned equipment that results in a DART Recordable injury.

Then, if the Company has achieved target or better performance, the KPI result's contribution to the corporate scorecard performance will be increased to maximum. If the Company has achieved results at threshold or better but below target, the KPI result's contribution to the corporate scorecard performance will be increased to target (86).

Award calculation is based on linear interpolation, below the threshold = 0%, threshold (82) = 50.00%, target (86) = 100.00%, and maximum (88) = 150.00%.

Results are calculated in this manner:

Goal Achievement	Payout
Below Threshold	0%
Threshold	50%
Threshold to Target	50.01 % - 99.99% (based on a linear interpolation)

Target	100%
Target to Maximum	100.01%-149.99% (based on a linear interpolation)
Maximum	150%

Results will be rounded to the second decimal.

The Individual Component

The purpose of the Individual Component is to focus and reward employees for their individual performance and contribution to team or company results during the Program Year and to motivate them to enhance the customer experience, innovate and drive continuous improvement. The Individual Component is comprised of three separate opportunities: Year-End Award, I Deliver Award and the Innovator Award.

Year-End Award: Your manager has discretion to determine your year-end individual component award from within a range of 0% to 150% of your year-end individual opportunity based on your contributions and performance over the Program Year.

Having an individual award range allows management to recognize and differentiate employees based on their level of contribution and performance, consistent with the Company's pay-for-performance philosophy. Differentiation occurs at all levels based on relative contribution and performance as well as the AIP budget available to the business area.

The Year-End Award represents the largest portion of an eligible employee's individual component opportunity.

I Deliver Award: Eligible employees or teams can be nominated for an I Deliver award. These awards allow management to provide timely rewards to eligible employees and teams who deliver greater than expected results that have an impact at a team or department level and are linked to supporting the company strategy. The exceptional work should stand out compared to what is expected from the individual in the course of performing his or her job and link to a benefit for our customers. Nominations are reviewed and approved by a designated group of management on a monthly basis.

Innovator Award: Eligible employees or teams can be nominated for an Innovator award. These awards provide timely rewards to eligible employees or teams who implement innovative, high-impact solutions or processes that result in measurable savings or significant customer benefits at a company-wide level. All Innovator Award nominations are reviewed and approved by a designated group of management on a quarterly basis.

FUNDING THE PROGRAM

A prudent element of the Program is making sure the Company has the ability to pay for the annual incentives. Before the Year-End Award component of the Program will pay, an affordability trigger must be met as described below.

Earnings Per Share Determines Affordability

An affordability trigger, based on EPS at $3.10, must be achieved before any Year-End Award can be paid. The 2022 EPS is based on continuing operations and shall be adjusted to exclude the positive or negative earnings impacts for any one-time, unusual events if the impact of the event exceeds $20 million on an after-tax basis.

The funding allocated to the I Deliver and Innovator awards are not subject to an affordability trigger.

The Corporate Scorecard results can be multiplied by a funding factor based on EPS. The funding factor is selected by the CEO from an assessment of results and is within the following funding guidelines:

- 50% - 100% for $3.10 to $3.15
- 100% - 150% for $3.16+

In no case will a Year-End Award payment be greater than 150% of the year-end incentive opportunity. However, an employee could earn a total annual incentive payout greater than 150% of their incentive target if they are nominated and earn one or more I Deliver or Innovator awards during the course of the program year.

PROGRAM ADMINISTRATION

Effective date of Program	The Annual Incentive Program covers a performance period of January 1 to December 31, 2022 and becomes effective at the start of that performance period (January 1). This is defined as the Program Year. The scorecard goals, as defined by the KPIs, are communicated to employee participants at or near the start of the performance period.
Approval and Timing of Payment	After the 2022 financial statements are released, the Governance, Compensation & Nominating Committee of the Xcel Energy Inc. Board of Directors will review financial and corporate results. Actual Year-End Award payments will be made no later than two and a half months following the end of the relevant Program Year.

I Deliver and Innovator awards are reviewed and approved by Company management on a periodic basis. Award payments will be made as soon as administratively feasible after awards have been approved.

Form of Payment

Annual incentive awards are paid in cash and payment will be made separately from the normal payment of wages. No deferrals can be made to the 401(k) Retirement Savings Program from annual incentive awards. Eligible employees may defer all or a portion of their Year-End Awards into the Xcel Energy Deferred Compensation Plan ("DCP," see descriptions for details on eligibility). In addition, the Company, at its discretion, may allow deductions to be made from year-end incentive payments to Health Savings Accounts (HSA) as allowable under IRS regulations. The Company will deduct all legally required withholdings on cash payments, DCP deferral elections and/or HSA deduction.

Eligibility

You must be considered a regular, non-bargaining exempt (full- or part-time) employee of Xcel Energy at any point during the Program Year.

Non-Exempt employees are not eligible for the Year-End and I Deliver awards but are eligible to receive an Innovator Award. Funding for Innovator Awards for non-exempt employees will come from sources outside of the Program.

Bargaining Unit employees, employees considered "temporary" and/or are interns, and independent contractors are not eligible to participate in the Program.

Status Changes. If an employee's status changes from:

- Temporary to regular status prior to October 1st of the Program Year, the year-end portion of the incentive will be prorated based on the number of days worked after becoming a regular status employee.
- Temporary to regular status after October 1st, the employee will not be eligible to participate in the year-end portion of the incentive for that Program Year.
- Non-bargaining to bargaining or vice versa, the year-end incentive will be prorated based on the number of days worked in an eligible non-bargaining status.

Hired or Rehired During Program Year. New employees, including independent contractors hired as employees, hired or rehired during the Program Year must be hired or rehired and actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate in the year-end portion of the incentive for that year.

It is recommended than an employee has completed at least one quarter of employment before being nominated for an I Deliver or Innovator award.

Employed on Last Day of Program Year and Date of Payment. You must be an active employee of Xcel Energy on December 31, 2022, and you must have continuous service through the day the year-end incentive award is paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (unpaid military leave and personal leave), involuntary termination with severance – Eligible for a prorated year-end incentive award based on individual performance during the length of qualifying active service (number of calendar days of service divided by number of calendar days in the Program Year) during the Program Year. Final Year-End Awards will be calculated and paid at the same time Year-End Awards are paid to active participants. Deferral and payment elections become null and void.

Employed on Date of Payment. You must have continuous service through the date of I Deliver and Innovator awards are paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (unpaid military leave and personal leave), involuntary termination with severance. I Deliver and Innovator awards will be paid at the same time these awards are paid to active participants.

If you are terminated for any other reason (e.g., voluntary resignation or involuntary termination for cause) during the Program Year, you lose all rights to any incentive through the date of your termination and will receive no award.

Generally, no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

If you participate in any other Xcel Energy incentive or commission program, or any incentive program established specifically as an alternative to this Program, you are not eligible to participate in the Xcel Energy Non-bargaining Exempt Employee Annual Incentive Program without prior approval. Additionally, I Deliver and Innovator Awards cannot be used to reward employees for actions covered under another type of program or agreement. The Executive Vice President, Chief Human Resources Officer or his/her designee or successor will resolve any disputes related to Program participation and administration.

Calendar Days

All references in this Program booklet to number of calendar days will be based on 365 days in the year (including leap years).

Award Proration

This list contains the most common proration scenarios. As additional situations arise that impact award proration, they will be administered consistent with the scenarios outlined below and program administration practices.

Year-end incentive awards for the Program Year are prorated as follows:

- An eligible employee who is hired or who is transferred to/from /between an eligible position(s) during the Program Year is eligible for a Year-End Award based on the number of calendar days employed in a qualifying position. Award basis (incentive target and salary grade) is described on page 4.

- An eligible employee who retires, dies, qualifies for long-term disability (LTD), takes a leave of absence or is involuntarily terminated with severance is eligible for a Year-End Award based on the number of calendar days actively employed by Xcel Energy in an AIP eligible position.

- An eligible employee who changes from full-time to part-time status, or vice versa, is eligible for a Year-End Award based on the period of time within each status. An award range attributable to the full-time service period will be calculated in the same manner as awards are calculated for other full-time employees. In addition, an award range for the part-time service will be calculated in the same manner as other part-time employees. The results of these calculations will be added together and paid as one incentive award.

- An eligible employee who changes salary plans, incentive targets or has an annual salary change will receive a Year-End Award calculated for each period. The results of these calculations will be added together and paid as one incentive award.

- An employee who voluntarily resigns from Xcel Energy during the Program Year but is rehired and actively working prior to October 1st of the Program Year, forfeits any year-end incentive through the date the employee resigned. However, the employee is eligible for a prorated Year-End Award based on the number of days worked from the rehire date through the end of the Program Year, as long as the employee remains continuously employed through the date the year-end incentive payment is made.

INCENTIVE AWARD PROGRAM RELATED INFORMATION

Chief Executive Officer	The Chief Executive Officer (or designee) will have full discretion and final authority to adopt, amend, alter or rescind the Program without advance notice for any reason at his/her sole discretion based upon financial or operating conditions or otherwise.
No Right to Continued Employment	No individual shall have any claim or right to be granted an award under the Program, and the granting of an award shall not be construed as giving the participant the right of continued employment with Xcel Energy.

XCEL ENERGY NON-BARGAINING, EXEMPT EMPLOYEE ANNUAL INCENTIVE PROGRAM

Program Year: January 1 – December 31, 2023

CONTENTS

INTRODUCTION

Xcel Energy Inc. (individually and collectively with its affiliates and subsidiaries, "Xcel Energy" or "the Company") offers a market-based total cash compensation package. Your total cash compensation includes your base salary and the opportunity to earn an annual incentive when the Company achieves its goals.

- Base salary is the fixed component of your total cash compensation. Generally, it does not change unless you have a change in your job (such as a promotion), change in your status (such as full time to part time), or have a change in pay (such as an earned base pay increase).
- Xcel Energy's Annual Incentive Program (the "Program") is the variable component of your total cash compensation.
- Variable compensation is not guaranteed pay as it is subject to achievement of goals, including your own performance, and your contribution to team or company results.

The Program will be in effect from January 1 to December 31, 2023 (the "Program Year"), unless amended to end at an earlier date or terminated. In order for the Program to pay out year-end incentive awards in the Program Year, Xcel Energy must meet certain operating goals and an affordability objective. Your incentive award is primarily based on corporate goal achievement and discretionary based on your individual contributions and performance.

The purpose of this document is to provide a high-level overview of the annual incentive program components and to outline the eligibility and administrative framework of the program. Detailed information regarding the program components can be found at HR – All Employees - Annual Incentive (service-now.com)

PURPOSE OF THE PROGRAM

Incentive Programs are a variable portion of employee total cash compensation and are directly aligned with the achievement of certain corporate KPIs in addition to your individual contributions and performance.

Xcel Energy uses the Program to align employees' goals with corporate and business area objectives, and to recognize and reward employees for results that contribute to the achievement of Xcel Energy's key performance indicators (or KPIs), including those focused on reliability, our customers and our employees. It is also used to motivate employees to enhance the customer experience, innovate and drive continuous improvement.

The Program also supports the Company's position as an employer of choice by:
- Offering a market-competitive total cash compensation package;
- Fostering the growth and development of employees; and
- Enabling the Company to attract, retain, motivate and reward employees whose performance and contribution meets or exceeds Company expectations.

PARTICIPATION

The Program applies to regular, full and part-time status employees who are exempt, non-bargaining employees.

Newly hired or rehired employees must be actively employed by and working for Xcel Energy on or before December 31 of the Program Year to be eligible to participate in the Year-End Award portion of the Program for that Program Year.

Participants must also be actively employed by Xcel Energy on the day Program award payments are made in order to receive an incentive award under the program.

- Exceptions to active employment on the date awards are paid include Involuntary Termination (with severance); Retirement; Death; Disability; or Qualified Leave of Absence.

For additional information regarding participation in the Program, see "Program Administration" beginning on page 7.

PERFORMANCE COMPONENTS

The Program for 2023 is based on two performance components, Corporate and Individual:

Level	Component	Timing of Opportunity
Corporate	Corporate Scorecard KPIs align to the priorities of Lead the Clean Energy Transition, Enhance the Customer Experience, Keep Bills Low, Safety and Reliability. Specific goals are listed at Corporate Scorecards (sharepoint.com)	Year-end
Individual	a) Year-End Award individual contributions and performance that can be aligned to your performance goals as determined with your manager	Year-end
	b) I Deliver Award	Time Relevant
	c) Innovator Award	Time Relevant

INCENTIVE TARGETS

Incentive targets are based on salary grade and correspond to varying weights or percentages for the corporate and individual performance components, as shown below.

Salary Plans and Grades[1]				Incentive Target	Components Weights[2]	
Exempt	**SLG**	**Engineer**	**Trader**		**Corporate**	**Individual**
N, O	--	--	--	[PROTECTED DATA STARTS]	10%	90%
--	--	A, B	--			
P, Q	--	C	001		20%	80%
--	--	D, E	--		30%	70%
R, S, T	--	--	002-006			
U, V	--	--	--		40%	60%
--	All	--	--	PROTECTED DATA ENDS]	50%	50%

[1] Does not represent all salary plans. Other grades and salary structures will be mapped accordingly. Eligibility for each participant is determined by salary plan or grade as tracked in the Human Resources information systems and not based on job title.
[2] Generally no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

The year-end incentive is subject to proration based on an employee’s eligible position(s) during the Program Year. For additional information on prorated awards, see page 9.

For an employee on a Developmental (or Rotational) Assignment, their annual incentive target percentage is based on the salary grade of the job held prior to accepting the Developmental (or Rotational) Assignment position.

The payout range for achievement of year-end incentive award goals (unless otherwise noted on the scorecard) can be anywhere from zero percent (0%) to one hundred fifty percent (150%), as noted on the following page. In no circumstance will the year-end incentive paid exceed 150% of the employee's year-end incentive opportunity.

There is no maximum payout restriction for the I Deliver and Innovator awards. That could result in an employee earning a total annual incentive payout greater than 150% of their incentive target by earning one or more of these awards based on superior contributions and performance.

PROGRAM COMPONENTS

Corporate Scorecard – KPI

The 2023 corporate scorecard goals focus on four priorities: Lead the Clean Energy Transition, Enhance the Customer Experience, Keep Bills Low, Safety and Reliability.

Priorities	Key Performance Indicator	2023 Goal			
		Threshold	Target	Maximum	Weight
Lead the Clean Energy Transition Enhance the Customer Experience Keep Bills Low Safety and Reliability	**Customer Satisfaction** *(JD Power residential survey)*	26^{th} percentile	38^{th} percentile	50^{th} percentile	20%
	Public Safety *(gas emergency response)*	92.0%	96.5%	99.0%	20%
	Electric System Reliability *(SAIDI)*	103	94	85	20%
	Employee Safety[1] *(safety culture)*	Declining 80-82	Steady/ Improving 83-84	Significant Improvement 85	20%
	Diversity, Equity & Inclusion *(index)*	100	200	300	10%
	Wind Availability *(equivalent availability factor)*	94.0%	96.0%	98.0%	10%

[1] If, during the year, there was an employee fatality caused by a workplace injury that occurred in the course of business and the Company has achieved threshold or better performance, the KPI result's contribution to the corporate scorecard performance will be decreased to threshold (80).
If, during the year, an employee fatality caused by a workplace injury does not occur and the Company experiences both of the following conditions:

1) No employee has direct personal contact with an energized primary (voltage) electric system that results in a DART Recordable injury; and
2) No employee experiences an unplanned natural gas ignition while working on company owned equipment that results in a DART Recordable injury.

Then, if the Company has achieved target or better performance, the KPI result's contribution to the corporate scorecard performance will be increased to maximum. If the Company has achieved results at threshold or better but below target, the KPI result's contribution to the corporate scorecard performance will be increased to target (83).

Award calculation is based on linear interpolation, below the threshold = 0%, threshold (80) = 50.00%, target (83) = 100.00%, and maximum (85) = 150.00%.

Results are calculated in this manner:

Goal Achievement	Payout
Below Threshold	0%
Threshold	50%
Threshold to Target	50.01 % - 99.99% (based on a linear interpolation)
Target	100%
Target to Maximum	100.01%-149.99% (based on a linear interpolation)
Maximum	150%

Results will be rounded to the second decimal.

The Individual Component

The purpose of the Individual Component is to focus and reward employees for their individual performance and contribution to team or company results during the Program Year and to motivate them to enhance the customer experience, innovate and drive continuous improvement. The Individual Component is comprised of three separate opportunities: Year-End Award, I Deliver Award and the Innovator Award.

Year-End Award: Your manager has discretion to determine your year-end individual component award from within a range of 0% to 150% of your year-end individual opportunity based on your contributions and performance over the Program Year.

Having an individual award range allows management to recognize and differentiate employees based on their level of contribution and performance, consistent with the Company's pay-for-performance philosophy. Differentiation occurs at all levels based on relative contribution and performance as well as the AIP budget available to the business area.

The Year-End Award represents the largest portion of an eligible employee's individual component opportunity.

I Deliver Award: Eligible employees or teams can be nominated for an I Deliver award. These awards allow management to provide timely rewards to eligible employees and teams who deliver greater than expected results that have an impact at a team or department level and are linked to supporting the company strategy. The exceptional work should stand out compared to what is expected from the individual in the course of performing their job and link to a benefit for our customers. Nominations are reviewed and approved by a designated group of management on a monthly basis.

Innovator Award: Eligible employees or teams can be nominated for an Innovator award. These awards provide timely rewards to eligible employees or teams who implement innovative, high-impact solutions or processes that result in measurable savings or significant customer benefits at a company-wide level. All Innovator Award nominations are reviewed and approved by a designated group of management on a semiannual basis.

FUNDING THE PROGRAM

A prudent element of the Program is making sure the Company has the ability to pay for the annual incentives. Before the Year-End Award component of the Program will pay, an affordability trigger must be met as described below.

Earnings Per Share Determines Affordability

An affordability trigger, based on EPS at $3.30, must be achieved before any Year-End Award can be paid. The 2023 EPS is based on continuing operations and shall be adjusted to exclude the positive or negative earnings impacts for any one-time, unusual events if the impact of the event exceeds $20 million on an after-tax basis.

The funding allocated to the I Deliver and Innovator awards are not subject to an affordability trigger.

The Corporate Scorecard results can be multiplied by a funding factor based on EPS. The funding factor is selected by the CEO from an assessment of results and is within the following guidelines:

- 50% - 100% for $3.30 to $3.34
- 100% - 150% for $3.35+

In no case will a Year-End Award payment be greater than 150% of the year-end incentive opportunity. However, an employee could earn a total annual incentive payout greater than 150% of their incentive target if they are nominated and earn one or more I Deliver or Innovator awards during the course of the program year.

PROGRAM ADMINISTRATION

Effective date of Program	The Annual Incentive Program covers a performance period of January 1 to December 31, 2023 and becomes effective at the start of that performance period (January 1). This is defined as the Program Year. The scorecard goals, as defined by the KPIs, are communicated to employee participants at or near the start of the performance period.
Approval and Timing of Payment	After the 2023 financial statements are released, the Governance, Compensation & Nominating Committee of the Xcel Energy Inc. Board of Directors will review financial and corporate results. Actual Year-End Award payments will be made as soon as administratively feasible following the end of the relevant Program Year.

I Deliver and Innovator awards are reviewed and approved by Company management on a periodic basis. Award payments will be made as soon as administratively feasible after awards have been approved.

Form of Payment

Annual incentive awards are paid in cash and payment will be made separately from the normal payment of wages. No deferrals can be made to the 401(k) Retirement Savings Program from annual incentive awards. Eligible employees may defer all or a portion of their Year-End Awards into the Xcel Energy Deferred Compensation Plan ("DCP," see descriptions for details on eligibility). In addition, the Company, at its discretion, may allow deductions to be made from year-end incentive payments to Health Savings Accounts (HSA) as allowable under IRS regulations. The Company will deduct all legally required withholdings on cash payments, DCP deferral elections and/or HSA deduction. Awards under $100 will not be paid.

Eligibility

You must be considered a regular, non-bargaining exempt (full- or part-time) employee of Xcel Energy at any point during the Program Year.

Non-Exempt employees are not eligible for the Year-End and I Deliver awards but are eligible to receive an Innovator Award. Funding for Innovator Awards for non-exempt employees will come from sources outside of the Program.

Bargaining Unit employees, employees considered “temporary” and/or are interns, and independent contractors are not eligible to participate in the Program.

Status Changes. If an employee’s status changes from:

- Temporary to regular status on or before December 31 of the Program Year, the year-end portion of the incentive will be prorated based on the number of days worked after becoming a regular status employee.
- Temporary to regular status after December 31, the employee will not be eligible to participate in the year-end portion of the incentive for that Program Year.
- Non-bargaining to bargaining or vice versa, the year-end incentive will be prorated based on the number of days worked in an eligible non-bargaining status.

Hired or Rehired During Program Year. New employees, including independent contractors hired as employees, hired or rehired during the Program Year must be hired or rehired and actively employed by and working for Xcel Energy on or before December 31 of the Program Year to be eligible to participate in the year-end portion of the incentive for that year.

It is recommended an employee has completed at least one quarter of employment before being nominated for an I Deliver or Innovator award.

Employed on Last Day of Program Year and Date of Payment. You must be an active employee of Xcel Energy on December 31, 2023, and you must have continuous service through the day the year-end incentive award is paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (paid or unpaid military leave and personal leave), involuntary termination with severance – Eligible for a prorated year-end incentive award based on individual performance during the length of qualifying active service (number of calendar days of service divided by number of calendar days in the Program Year) during the Program Year. Final Year-End Awards will be calculated and paid at the same time Year-End Awards are paid to active participants. Deferral and payment elections become null and void.

Employed on Date of Payment. You must have continuous service through the date I Deliver and Innovator awards are paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (paid or unpaid military leave and personal leave), involuntary termination with severance. I Deliver and Innovator awards will be paid at the same time these awards are paid to active participants.

If you are terminated for any other reason (e.g., voluntary resignation or involuntary termination for cause) during the Program Year, you lose all rights to any incentive through the date of your termination and will receive no award.

Generally, no award will be paid to an employee who was or is on a Performance Improvement Plan (PIP) or was or is part of any other performance improvement or disciplinary process during or after the Program Year. However, managers will have the discretion to provide awards to these employees in situations where the employee has demonstrated sufficient improvement in performance.

If you participate in any other Xcel Energy incentive or commission program, or any incentive program established specifically as an alternative to this Program, you are not eligible to participate in the Xcel Energy Non-bargaining Exempt Employee Annual Incentive Program without prior approval. Additionally, I Deliver and Innovator Awards cannot be used to reward employees for actions covered under another type of program or agreement. The Executive Vice President, Chief Human Resources Officer or their designee or successor will resolve any disputes related to Program participation and administration.

Calendar Days All references in this Program booklet to number of calendar days will be based on 365 days in the year (including leap years).

Award Proration

This list contains the most common proration scenarios. As additional situations arise that impact award proration, they will be administered consistent with the scenarios outlined below and program administration practices.

Year-end incentive awards for the Program Year are prorated as follows:

- An eligible employee who is hired or who is transferred to/from/between an eligible position(s) during the Program Year is eligible for a Year-End Award based on the number of calendar days employed in a qualifying position. Award basis (incentive target and salary grade) is described on page 4.

- An eligible employee who retires, dies, qualifies for long-term disability (LTD), takes a leave of absence or is involuntarily terminated with severance is eligible for a Year-End Award based on the number of calendar days actively employed by Xcel Energy in an AIP eligible position.

- An eligible employee who changes from full-time to part-time status, or vice versa, is eligible for a Year-End Award based on the period within each status. An award range attributable to the full-time service period will be calculated in the same manner as awards are calculated for other full-time employees. In addition, an award range for the part-time service will be calculated in the same manner as other part-time employees. The results of these calculations will be added together and paid as one incentive award.

- An eligible employee who changes salary plans, incentive targets or has an annual salary change will receive a Year-End Award calculated for each period. The results of these calculations will be added together and paid as one incentive award.

- An employee who voluntarily resigns from Xcel Energy during the Program Year but is rehired and actively working on or before December 31 of the Program Year, forfeits any year-end incentive through the date the employee resigned. However, the employee is eligible for a prorated Year-End Award based on the number of days worked from the rehire date through the end of the Program Year, as long as the employee remains continuously employed through the date the year-end incentive payment is made.

INCENTIVE AWARD PROGRAM RELATED INFORMATION

Chief Executive Officer	The Chief Executive Officer (or designee) will have full discretion and final authority to adopt, amend, alter or rescind the Program without advance notice for any reason at their sole discretion based upon financial or operating conditions or otherwise.
No Right to Continued Employment	No individual shall have any claim or right to be granted an award under the Program, and the granting of an award shall not be construed as giving the participant the right of continued employment with Xcel Energy.

PUBLIC DOCUMENT –
NOT PUBLIC DATA HAS BEEN EXCISED

Schedule 3 – Willis Towers Watson Study on Competitive Annual Incentive and Total Cash Compensation Analysis Without Nuclear Positions

The Company has designated Schedule 3 as Not Public information in its entirety as defined by Minn. Stat. § 13.37, subd. 1(b). Because it derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, Xcel Energy maintains this information as a trade secret pursuant to Minn. Rule 7829.0500, subp 3. Pursuant to Minn. R. 7829.0500, subp. 3, the Company provides the following description of the excised material:

1. **Nature of the Material**: Schedule 3 is a compensation and benefits study prepared by an external consultant.
2. **Authors:** The data was prepared by Willis Towers Watson, an external consulting firm.
3. **Importance:** Schedule 3 is a compensation and benefits study prepared by an external consultant. The information contained in this schedule is not the work product of Xcel Energy, and we are only able to allow its release under the condition that it be protected as trade secret and will not be publicly released.
4. **Date the Information was Prepared**: The information was prepared and given to Xcel Energy in January 2023.

[PROTECTED DATA BEGINS

PROTECTED DATA ENDS]

American Electric Power
Notice of Annual Meeting & Proxy Statement 2023

Annual Incentive Compensation

Target Opportunity. The HR Committee, supported by Meridian, establishes the annual incentive target opportunities for each executive officer based, in part, on market competitive compensation as shown in the annual executive compensation study. Other factors include performance in role and internal equity. For 2022, the HR Committee established the following annual incentive target opportunities:

- 160 percent of base earnings for the Chair, President & Chief Executive Officer (Mr. Akins).
- 85 percent of base earnings for Ms. Sloat for the EVP and Chief Financial Officer position for the first 7 months of the year and then 90 percent of base earnings for the remainder of the year for her roles as President and CFO, the latter of which she held for 4 of the 5 remaining months.
- 80 percent of base earnings (for her roughly one month of service) for the EVP and Chief Financial Officer (Ms. Kelly), the EVP Portfolio Optimization (Mr. Zebula), and the EVP Generation (Mr. Chodak).
- 75 percent of base earnings for the EVP, General Counsel and Secretary (Mr. Feinberg).
- 85 percent of base earnings (for her roughly 10 months of service) for the EVP & Chief Operating Officer (Ms. Barton).

Performance Metrics. The HR Committee established a balanced scorecard of performance measures for 2022 annual incentive compensation that consisted of 60 percent operating earnings per share and 12 percent safety and compliance and 28% strategic initiatives. Specifically, the HR Committee established the following performance measure for 2022 annual incentive compensation:

Executive Compensation

Summary Compensation Table

The following table provides summary information concerning compensation earned by our Chief Executive Officer, our two Chief Financial Officers during 2022, the three other most highly compensated executive officers and one additional former executive officer whose compensation would have been among the three other most highly compensated executive officers if she had been an executive officer at year end. We refer collectively to this group as the named executive officers.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Nicholas K. Akins								
Chair of the Board and Chief Executive Officer	2022	1,510,000	—	10,824,690	3,620,000	204,063	216,755	16,375,508
	2021	1,515,808	—	9,976,149	2,850,000	461,732	247,526	15,051,215
	2020	1,521,615	—	9,615,116	3,500,000	698,612	168,091	15,503,434
Julia A. Sloat								
Executive Vice President and Chief Financial Officer	2022	779,769	—	3,948,384	1,010,000	—	77,810	5,815,963
	2021	602,308	—	1,628,789	637,350	76,622	58,042	3,003,111
Ann P. Kelly								
Executive Vice President and Chief Financial Officer	2022	61,923	— —	393,121	55,750	—	9,974	520,768
David M. Feinberg								
Executive Vice President, General Counsel and Secretary	2022	714,000	—	1,623,710	805,000	—	63,163	3,205,873
	2021	696,669	—	1,527,000	690,000	93,625	98,652	3,105,946
	2020	699,339	—	1,512,527	847,000	235,404	81,738	3,376,008
Charles E. Zebula								
Executive Vice President - Portfolio Optimization	2022	593,000	—	1,407,162	705,000	—	67,856	2,773,018
	2021	579,219	—	1,323,341	640,000	42,921	71,745	2,657,226
	2020	581,439	—	1,296,404	750,000	240,209	75,083	2,943,135
Paul Chodak, III								
Executive Vice President - Generation	2022	551,500	—	1,407,162	622,890	—	63,366	2,644,918
	2021	540,069	—	1,323,341	543,000	104,773	69,430	2,580,613
	2020	542,139	—	1,296,404	700,000	199,175	71,009	2,808,727
Lisa M. Barton								
Former Exec. Vice President and Chief Operations Officer	2022	686,054	—	2,597,880	—	15,083	154,503	3,453,520
	2021	803,077	—	2,443,104	890,000	165,173	88,143	4,389,497
	2020	665,077	—	1,620,475	856,000	206,833	81,600	3,429,985

(1) Amounts in the salary column are composed of executive salaries earned for the year shown, which include 260 days of pay for 2022, which is the number of workdays and holidays in a standard year. 2020 and 2021 included 262 and 261 paid work days and holidays, respectively.

(2) The amounts reported in this column reflect the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718 of the performance shares, restricted stock units (RSUs) and unrestricted shares granted under our Long-Term Incentive Plan. See Note 15 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2022 for a discussion of the relevant assumptions used in calculating these amounts. The number of shares realized and the value of the performance shares, if any, will depend on the Company's performance during a 3-year performance period. The potential payout can range from 0 percent to 200 percent of the target number of performance shares, plus any dividend equivalents. The value of the performance shares will be based on three measures: a Board approved cumulative operating earnings per share measure (Cumulative EPS 50%), a total shareholder return relative to peer companies (Relative TSR 40%) and a carbon free capacity mix (Carbon Free Capacity 10%). The grant date fair value of the 2022, 2021 and 2020 performance shares that are based on Cumulative EPS was computed in accordance with FASB ASC Topic 718 and was measured based on the closing price of AEP's common stock on the grant date. The maximum amount payable for the 2022 performance shares that are based on Cumulative EPS measured on the grant date was $7,500,054 for Mr. Akins; $1,350,018 for Ms. Sloat; $109,965 for Ms. Kelly, $1,125,029 for Mr. Feinberg; $974,951 for Mr. Zebula; $974,951 for Mr. Chodak and $1,799,996 for Ms. Barton. The maximum amount payable for the 2022 performance shares that are based on Carbon Free Capacity is equal to $1,500,011 for Mr. Akins; $270,004 for Ms. Sloat; $21,993 for Ms. Kelly; $225,006 for Mr. Feinberg; $194,990 for Mr. Zebula, $194,990 for Mr. Chodak and $359,999 for Ms. Barton. The grant date fair value of the 2022 performance shares that are based on Relative TSR is calculated using a Monte-Carlo model as of the date of grant, in accordance with FASB ASC Topic 718. Because the performance shares that are based on Relative TSR are subject to market conditions as defined under FASB ASC Topic 718, they did not have a maximum value on the grant date that differed from the grant date fair values presented in the table. Instead, the maximum value is factored into the calculation of the grant date fair value. The values realized from the 2020 performance shares are included in the Option Exercises and Stock Vested for 2022 table.

(3) The amounts shown in this column reflect annual incentive compensation paid for the year shown.

(4) The amounts shown in this column are attributable to the increase in the actuarial values of each of the named executive officer's combined benefits under AEP's qualified and non-qualified defined benefit pension plans determined using interest rate and mortality assumptions consistent with those

used in the Company's financial statements. Negative values of ($41,465), ($131,041) ($245,983) and ($27,352) for Ms. Sloat and Messrs. Feinberg, Zebula and Chodak, respectfully, were replaced with $0 for the purposes of the Summary Compensation Table. See the Pension Benefits for 2022 table and related footnotes for additional information. See Note 8 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2022 for a discussion of the relevant assumptions. None of the named executive officers received preferential or above-market earnings on deferred compensation.

(5) Amounts shown in the All Other Compensation column for 2022 include: (a) Company matching contributions to the Company's Retirement Savings Plan, (b) Company matching contributions to the Company's Supplemental Retirement Savings Plan, (c) perquisites, (d) vacation payout, and (e) severance benefits. The 2022 values for these items are listed in the following table:

CMS Energy Corporation
2023 Combined Proxy Statement - May 5, 2023

The Elements of Our Executive Compensation Program

This section describes the various elements of our compensation program for NEOs, together with a discussion of various matters relating to those items, including why we chose to include the items in the compensation program.

Cash Compensation

Cash compensation is paid in the form of base salary and annual incentive. Our 2022 compensation program for NEOs was designed so that the percentage of target cash compensation for the NEOs is comparable to the median of the Compensation Peer Group. That strategy resulted in cash-based compensation (as a percentage of target total direct compensation) representing approximately 33% for the CEO and 36% to 52% for the other NEOs. The components making up the cash portion of total direct compensation are described in more detail below.

BASE SALARY. Base salary is included in the NEO's annual compensation package because we believe it is appropriate that some portion of NEO compensation be provided in a form that is fixed and liquid. Base salary is also universally offered by the Compensation Peer Group. Each January, the Compensation Committee determines the base salary for each then-serving NEO. In addition, base salaries may be adjusted during the year to reflect changes in job responsibilities or promotions. Changes in base salary year-over-year are dependent on comparison to market data, past performance and expected future contributions of each individual. The annual increases in base salaries for NEOs between 2021 and 2022 :

	2021 Base Salary (1)	2022 Base Salary (1)	Percentage Increase (2)
Garrick J. Rochow	$1,050,000	$1,150,000	9.5%
Rejji P. Hayes	$ 700,000	$ 775,000	10.5% (3)
Brandon J. Hofmeister	$ 485,000	$ 525,000	8.2%
Shaun M. Johnson	$ 500,000	$ 540,000	8.0%
Brian F. Rich	$ 492,000	$ 495,000	0.6%

(1) Represents annual base salary level, as in effect on December 31st of each year.

(2) Annual increase is due to an annual merit increase and market adjustment. When making merit increases and market adjustments for 2022, the Compensation Committee considered internal pay equity, tenure, market data from the Compensation Committee's independent compensation consultant, and individual performance.

(3) Annual increase is due to an annual merit increase and market adjustment of 3.6% effective January 1, 2022 and pay adjustment of 6.9% effective February 15, 2022 for the additional responsibility for the Operations Support function.

2022 COMPENSATION TABLES

2022 Summary Compensation Table

The following table contains compensation information for the NEOs of CMS and Consumers for 2022 and, to the extent required by SEC executive compensation disclosure rules, 2021 and 2020.

2022 SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	Year (b)	Salary (1) ($) (c)	Stock Awards (2) ($) (e)	Non-Equity Incentive Plan Compensation (3) ($) (f)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (4) ($) (g)	All Other Compensation (5) ($) (h)	Total ($) (i)
Garrick J. Rochow President and CEO, CMS and Consumers	2022	1,150,000	5,265,456	1,987,200	107	303,431	8,706,194
	2021	1,050,000	4,601,980	953,925	78	265,085	6,871,068
	2020	637,500	1,056,512	744,652	114	176,353	2,615,131
Rejji P. Hayes Executive Vice President and CFO, CMS and Consumers	2022	768,836	1,721,432	885,699	—	210,712	3,586,679
	2021	700,000	2,231,292	442,400	—	269,066	3,642,758
	2020	640,000	1,458,430	783,360	—	211,459	3,093,249
Brandon J. Hofmeister (6) Senior Vice President,	2022	525,000	810,105	491,400	—	114,174	1,940,679
	2021	—	—	—	—	—	—

CMS and Consumers	2020	—	—	—	—	—	—
Shaun M. Johnson Senior Vice President, CMS and Consumers	2022	540,000	810,105	583,200	—	117,805	2,051,110
	2021	500,000	647,402	256,750	—	122,209	1,526,361
	2020	—	—	—	—	—	—
Brian F. Rich Senior Vice President, CMS and Consumers	2022	495,000	860,652	463,320	—	97,734	1,916,706
	2021	492,000	842,289	252,642	—	115,053	1,701,984
	2020	480,000	850,385	477,360	—	102,594	1,910,339

(1) The amounts reported in this column include amounts deferred by the NEOs.

(2) The amounts represent the aggregate grant date fair value of the awards, which, with respect to those awards with a performance component, is based upon the probable outcome of the performance conditions, determined pursuant to ASC 718 and take into account the expected CMS common stock dividend yield associated with the 2020, 2021, and 2022 awards. See Note 11, Stock-Based Compensation, to the Consolidated Financial Statements included in CMS' and Consumers' Annual Report on Form 10-K for the year ended December 31, 2022, for a discussion of the relevant assumptions used in calculating the aggregate grant date fair value pursuant to ASC 718. The TSR vesting condition related to the performance-based restricted stock awards is considered a market condition and not a performance condition under ASC 718. Accordingly, there is no grant date fair value below or in excess of the amounts reflected in the table above that could be calculated and disclosed based on achievement of market conditions. The EPS growth vesting condition is a performance condition under ASC 718.

The 2022 grant date fair value for the EPS growth performance-based restricted stock, based on the probable achievement of the performance goals at the time of grant, was $1,950,043 for Rochow; $637,524 for Hayes; $300,026 for Hofmeister; $300,026 for Johnson; and $318,730 for Rich.

The grant date fair value for the EPS growth performance-based restricted stock, assuming the maximum achievement of the performance goals, would have been $3,900,087 for Rochow; $1,275,048 for Hayes; $600,052 for Hofmeister; $600,052 for Johnson; and $637,461 for Rich.

(3) The amounts reported in this column for 2022 consist of cash incentive awards earned in 2022 under our Annual Incentive Plan.

(4) This column does not reflect compensation paid to the NEO but instead represents the aggregate annual increase, as of December 31, 2020, December 31, 2021, and December 31, 2022, in actuarial values of each of the participating NEO's benefits under our Pension Plan (including the Cash Balance Plan). The actuarial values are calculated pursuant to Financial Accounting Standards Board Accounting Codification Topic 715, Compensation — Retirement Benefits (ASC 715), and take into account discount rates and implementation of the current 2021 mortality table. See Note 10, Retirement Benefits, to the Consolidated Financial Statements included in CMS' and Consumers' Annual Report on Form 10-K for the year ended December 31, 2022, for a discussion of the relevant assumptions used in determining these amounts. Rochow was covered by the cash balance provisions of the Pension Plan.

(5) Detail supporting all other compensation for 2022 is reflected in the *2022 All Other Compensation Table*, below.

(6) Hofmeister was not a NEO prior to 2022.

CenterPoint Energy, Inc
Annual Meeting of Shareholders - April 21, 2023 and Proxy Statement

2022 Executive Compensation Program

2022 Target Compensation Opportunities for Named Executive Officers

The overall objectives and structure of our ongoing executive compensation program for our named executive officers remained largely unchanged in 2022 as compared to 2021. In February 2022, the Compensation Committee reviewed the base salary and short-term and long-term incentive targets for each of our named executive officers and determined their respective levels to provide each officer a competitive total direct target compensation opportunity as shown below.

Name	2022 Base Salary	2022 Short-term Incentive Target (% of Salary)	2022 Short-term Target Opportunity	2022 Long-term Incentive Target (% of Salary)	2022 Long-term Target Opportunity	2022 Total Direct Target Compensation
David J. Lesar	$1,475,000	140%	$2,065,000	575%	$8,481,250	$12,021,250
Jason P. Wells	$ 695,000	75%	$ 521,250	250%	$1,737,500	$ 2,953,750
Scott E. Doyle	$ 600,000	75%	$ 450,000	250%	$1,500,000	$ 2,550,000
Monica Karuturi	$ 580,000	70%	$ 406,000	190%	$1,102,000	$ 2,088,000
Gregory E. Knight	$ 530,000	70%	$ 371,000	190%	$1,007,000	$ 1,908,000

Base Salary

Base salary is the foundation of total compensation. Base salary recognizes the job being performed and the value of that job in the competitive market. Base salary must be sufficient to attract and retain the executive talent necessary for our continued success and provides an element of compensation that is not at risk to avoid fluctuations in compensation that could distract our executives from the performance of their responsibilities.

Adjustments to base salary primarily reflect either changes or responses to changes in market data or increased experience and individual contribution of the employee. The typical date for making these adjustments is on or about April 1 of each year; however, adjustments may occur at other times during the year to recognize new responsibilities or new data regarding the market value of the job being performed.

In February 2022, the Compensation Committee reviewed the base salary for each of our named executive officers and determined their respective base salaries in recognition of the scope of their respective roles and to align their base salaries with market benchmarks.

NAME	2022 BASE SALARY
David J. Lesar	$1,475,000 (increase of 2% from 2021)
Jason P. Wells	$695,000 (increase of 4% from 2021)
Scott E. Doyle	$600,000 (increase of 14% from 2021)
Monica Karuturi	$580,000 (increase of 7% from 2021)
Gregory E. Knight	$530,000 (increase of 6% from 2021)

Short-Term Incentive Plan

Our short-term incentive plan provides an annual cash award that is designed to link each employee's annual compensation to the achievement of annual performance objectives for CenterPoint Energy as well as to recognize the employee's performance during the year. The target award for each employee is expressed as a percentage of annual base salary.

Consolidated Edison, Inc.
Notice of 2023 Annual Meeting of Stockholders and Proxy Statement - May 15, 2023

Compensation Consultant's Role

The Compensation Committee has authority under its charter to hire advisors to assist it in its compensation decisions. It has retained Mercer as its independent compensation consultant to provide information, analyses, and objective advice regarding executive compensation. The Compensation Committee periodically meets with Mercer in executive session to discuss compensation matters. The Compensation Committee's decisions reflect factors and considerations in addition to the information and advice provided by Mercer. A discussion of Mercer's role as the Compensation Committee's independent compensation consultant is set forth in the section titled "*The Board of Directors—Compensation Consultant— Executive Compensation Consultant*" on pages 29 through 30.

Compensation Elements

Base Salary

A portion of each Named Executive Officer's annual cash compensation is paid in the form of base salary. Base salary is reviewed annually to recognize individual performance and at the time of a promotion or other change in responsibilities.

In setting base salary for the Named Executive Officers, including the Chief Executive Officer, the Compensation Committee considers various factors, including:

- recommendations from the Chief Executive Officer for each of the other Named Executive Officers;
- a general assessment of each Named Executive Officer's performance of his or her responsibilities; and
- the level of base salary compared to key executives holding equivalent positions in the Company's compensation peer group companies. (See table in "*Compensation Discussion and Analysis—Executive Compensation Philosophy and Objectives—Competitive Positioning—Attraction and Retention—Median Level Compensation*" on page 48.)

The base salary of each Named Executive Officer as of December 31, 2021 and 2022, including their individual percentage increase, is set forth in the table below.

	Base Salary as of 12/31/2021	Base Salary as of 12/31/2022	Percentage Increase
	($)	($)	(%)
Timothy P. Cawley	1,250,000	1,300,000	4.0
Robert Hoglund	838,400	863,600	3.0
Matthew Ketschke	646,000	668,000	3.0
Deneen L. Donnley	634,400	649,400	3.0
Robert Sanchez	530,500	546,400	3.0

Effective February 1, 2023, the base salary merit increases for the Named Executive Officers, as a group averaged, 4.0%. with the exception of Mr. Ketschke, President, CECONY, who received an increase of $105,300 (15.7%), in order to reflect market competitive positioning in the peer group for positions comparable to his role.

Annual Incentive Compensation

Awards

A significant portion of the annual cash incentive compensation paid to the Named Executive Officers directly relates to the Company's financial and operating performance, factors that the Compensation Committee believes influence stockholder value.

Individual performance is considered in setting annual cash incentive compensation through the establishment by the Compensation Committee of financial and operating objectives for which the Named Executive Officers have individual and collective responsibility.

2022 Annual Incentive Awards

In February 2023, the Compensation Committee evaluated and determined whether the applicable financial and operating objectives were satisfied. In assessing performance against the objectives, the Compensation Committee considered actual results achieved against the specific targets associated with each objective and, based on the results, determined the 2022 annual incentive awards. The Compensation Committee did not exercise discretion to adjust (upward or downward) the annual incentive award to be paid to each Named Executive Officer.

The following table shows the calculation of the 2022 annual incentive awards for each Named Executive Officer.

	Base Salary (as of December 31, 2022)	×	Target Percentage	×	Weight Earned	=	2022 Award
	($)		(%)		(%)		($)
Timothy P. Cawley	1,300,000		125		131.5		2,136,900
Robert Hoglund	863,600		75		131.5		851,700
Matthew Ketschke	668,000		80		126.7		677,100
Deneen L. Donnley	649,400		70		131.5		597,800
Robert Sanchez	546,400		80		146.7		641,200

SUMMARY COMPENSATION TABLE

The following table sets forth certain information with respect to the compensation for the Named Executive Officers for the fiscal years ended December 31, 2022, 2021, and 2020. Information for Matthew Ketschke for the fiscal year ended December 31, 2020, is not provided because he was not a Named Executive Officer during that year.

Name & Principal Position	Year	Salary	Stock Awards(1)	Non-Equity Incentive Plan Compensation(2)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings(3)	All Other Compensation(4)	Securities and Exchange Commission Total(5)	Securities and Exchange Commission Total Without Change in Pension Value(6)
	(#)	($)	($)	($)	($)	($)	($)	($)

Timothy P. Cawley President and Chief Executive Officer of the Company and Chief Executive Officer, Con Edison of New York	2022	1,295,833	6,076,950	2,136,900	—	82,614	9,592,297	9,592,297
	2021	1,250,000	5,551,295	1,967,200	1,500,611	73,092	10,342,198	8,841,587
	2020	745,242	1,483,852	493,800	4,696,808	43,762	7,463,464	2,766,656
Robert Hoglund Senior Vice President and Chief Financial Officer of the Company and Con Edison of New York	2022	861,500	1,684,782	851,700	—	245,736	3,643,718	3,643,718
	2021	836,367	1,608,575	791,700	140,565	213,121	3,590,328	3,449,763
	2020	812,000	1,483,452	574,500	67,818	191,650	3,129,420	3,061,602
Matthew Ketschke President, Con Edison of New York	2022	666,167	1,726,692	677,100	—	41,140	3,111,099	3,111,099
	2021	646,000	1,608,575	634,100	382,906	39,223	3,310,804	2,927,898
Deneen L. Donnley Senior Vice President and General Counsel of the Company and Con Edison of New York	2022	647,817	1,290,828	597,800	—	173,018	2,709,463	2,709,463
	2021	628,867	903,540	555,600	—	152,537	2,240,453	2,240,453
	2020	611,000	850,068	403,100	—	108,626	1,972,794	1,972,794
Robert Sanchez President and Chief Executive Officer, Orange & Rockland	2022	545,075	1,089,660	641,200	—	37,282	2,313,217	2,313,217
	2021	529,208	1,013,060	507,200	432,919	36,850	2,519,237	2,086,318
	2020	510,383	866,736	482,500	1,203,531	36,314	3,099,464	1,895,933

Footnotes:

(1) For 2022, the awards included both time-based and performance-based stock units. For the performance-based units, dividends and dividend equivalents are not paid and do not accrue on awards until after the Compensation Committee has approved the results of the pre-established objectives. For time-based units, dividends and dividend equivalents do not accrue on unvested awards. The aggregate grant date value is computed in accordance with FASB ASC Topic 718 and reflect the assumptions used for the Company's financial statements. (See Note O to the financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.) The actual value to be realized, if any, for performance-based awards made to the Named Executive Officers will depend on the satisfaction of certain pre-established objectives, the performance of Company Common Stock, and for the time-based awards, on the Named Executive Officer's continued service. The awards granted for fiscal year 2022 are set forth on the "Grants of Plan-Based Awards Table" on page 73. Based on the fair value per share at grant date, the following are the maximum potential values of the performance units granted under the long term incentive plan to each Named Executive Officer for the 2022–2024 performance period, assuming the maximum level of performance is achieved: Mr. Cawley $7,934,582; Mr. Hoglund $2,193,299; Mr. Ketschke $2,257,808; Ms. Donnley $1,677,229; and Mr. Sanchez $1,419,194.

(2) The amounts paid were awarded under the annual incentive plan.

(3) Amounts do not represent actual compensation received. Instead, the amounts represent the aggregate changes to the actuarial present value for Messrs. Cawley, Ketschke, and Sanchez, and the change in account balance for Mr. Hoglund of the accumulated pension benefit based on the difference between the amounts required to be disclosed in the "*Pension Benefits Table*" for the year indicated and the amounts reported or that would have been reported in the "*Pension Benefits Table*" for the previous year. The calculation for 2022 resulted in a negative change of $4,647,302, $175,450, $1,585,952 and $2,829,379, for Messrs. Cawley, Hoglund, Ketschke and Sanchez, respectively, and under SEC rules, a zero (—) is reflected in the column for that year.

(4) For 2022, the amount reported in the "*All Other Compensation*" column for each Named Executive Officers is as follows:

	Timothy P. Cawley ($)	Robert Hoglund ($)	Matthew Ketschke ($)	Deneen L. Donnley ($)	Robert Sanchez ($)
Personal use of Company provided vehicle	14,989	4,115	4,350	7,780	7,230
Driver costs	10,900	—	—	—	—
Financial planning	19,000	13,700	13,700	13,700	13,700
Supplemental health insurance	—	2,141	2,141	461	—
Company matching contributions:					
Qualified savings plan	8,000	18,300	10,114	18,300	9,150
Non-qualified deferred income plan	29,725	33,390	10,835	20,569	7,202
Company non-elective contributions					
Qualified defined contribution pension formula	—	22,200	—	14,208	—
Non-qualified defined contribution pension formula	—	151,890	—	98,000	—
Total	82,614	245,736	41,140	173,018	37,282

The value of the items in the table are based on the aggregate incremental cost, which, except for the Company-provided vehicle, is the actual cost to the Company. The cost of the Company-provided vehicle was determined based on the personal use of the vehicle as a percentage of total usage compared to the lease value of the vehicle. The Company did not provide above-market or preferential earnings with respect to the non-qualified deferred compensation arrangements.

(5) Represents, for each Named Executive Officer, the total of all other columns of the table under the applicable SEC rules.

(6) To show the effect that the year-over-year change in pension value had on total compensation, this column is included to show total compensation minus the change in pension value. The amounts reported in the "*Securities and Exchange Commission Total Without Change in Pension Value*" column may differ substantially from the amounts reported in the "*Securities and Exchange Commission Total*" column required under SEC rules and are not a substitute for total compensation. The "*Securities and Exchange Commission Total Without Change in Pension Value*" column represents total compensation, as required under applicable SEC rules, minus the change in pension value reported in the "*Change in Pension Value and Non-Qualified Deferred Compensation Earnings*" column. See "*Compensation Discussion and Analysis—Retirement and Other Benefits—Pension Plans*" on page 67.

Dominion Energy
2023 Proxy Statement

Our Compensation Elements

Our executive compensation program is constructed of four building blocks: base salary, Annual Incentive Plan, Long-Term Incentive Program and benefits. Each element serves a distinct purpose. These complementary components appropriately balance risk with reward and short-term goals with long-term strategies, while providing total compensation that is competitive with our peers.

	Short-Term		Long-Term	
	Fixed	Performance-Based		
	Base Salary	**Annual Incentive Plan**	**Long-Term Incentive Program**	
			Performance grant	**Restricted stock with time-based vesting**
	Cash	Cash	Cash or Equity	Equity
	CEO 11% / Other NEOs 28%	CEO 14% / Other NEOs 22%	CEO 45% / Other NEOs 30%	CEO 30% / Other NEOs 20%
Why We Pay This Element	To attract, motivate and retain talent	To attract, motivate and retain talent To incentivize officers to achieve company's short-term (annual) goals	To attract, motivate and retain talent To align officers' long-term interests with those of our shareholders To incentivize officers to achieve company's long-term goals	To attract, motivate and retain talent To align officers' long-term interests with those of our shareholders
Key Characteristics	For our NEOs, base salaries are generally targeted at the Compensation Peer Group median, subject to individual and companywide considerations	Variable pay dependent on achievement of short-term performance goals, primarily operating EPS	Variable pay dependent on achievement of long-term performance goals, primarily relative TSR and cumulative operating EPS, and non-emitting carbon generation For performance-based stock, dependent on company stock value	Variable pay dependent on company stock value

Executive Compensation

Base Salary

Competitive base pay is necessary to attract, motivate and retain talent. For our NEOs, base salaries are generally targeted at the Compensation Peer Group median, subject to individual and companywide considerations discussed under *Compensation Philosophy* and *Individual Factors in Setting Compensation.*

Considering these factors, the CTD Committee approved the following base salary increases, effective March 1, 2022: 3% for Ms. Leopold and Mr. Stoddard, 5% for Mr. Ridge and 10% for Messrs. Brown and Chapman to recognize their continued contributions to Dominion Energy's success and, relative to Messrs. Brown and Chapman, to better align their salaries with the companies that are members of the company's 2022 Compensation Peer Group (see *Compensation Peer Group* for listing of our peer companies). Mr. Blue did not receive a base salary increase for fiscal year 2022. Additionally, Mr. Ridge received a base salary increase in connection with his promotion as described above under *2022 Leadership Transition.*

	2021 Base Salary*	2022 Base Salary
Robert M. Blue	$1,225,000	$1,225,000
Steven D. Ridge	288,750	600,000**
Diane Leopold	875,500	901,765
Daniel G. Stoddard	719,739	741,331
Carlos M. Brown	545,900	600,490
James R. Chapman	669,500	736,450

* Salary as of 12/31/2021
** Mr. Ridge's initial 2022 base salary was $303,188 and increased to $600,000 as a result of his promotion to Senior Vice President and CFO effective November 24, 2022.

Annual Incentive Plan

The AIP is a cash-based program focused on short-term goals and is designed to:

- Tie interests of our shareholders, customers, communities and employees closely together;
- Focus our workforce on company, operating group, team and individual goals that ultimately drive operational and financial results;
- Reward strong annual earnings performance;
- Reward safety, DE&I, environmental and other operating and stewardship goal successes;
- Emphasize teamwork by focusing on common goals; and
- Provide a competitive total compensation opportunity.

Summary Compensation Table

The following table presents information concerning compensation paid or earned by our NEOs for the years ended December 31, 2022, 2021 and 2020 as well as the grant date fair value of stock awards and changes in pension value.

	Non-Equity	Change in Pension Value and Nonqualified Deferred

Name and Principal Position	Year	Salary(1)	Bonus(2)	Stock Awards(3)	Incentive Plan Compensation(4)	Compensation Earnings(5)	All Other Compensation(6)	Total
Robert M. Blue Chair, President and Chief Executive Officer	**2022**	**$1,225,000**		**$3,320,036**	**$2,023,514**	**$ 10,107**	**$216,328**	**$6,794,985**
	2021	1,225,000		3,250,001	2,288,232	1,235,648	162,202	8,161,083
	2020	890,573		2,875,039	2,415,675	1,649,066	82,290	7,912,643
Steven D. Ridge Senior Vice President and Chief Financial Officer *(As of November 24, 2022)*	**2022**	**331,137**	**$375,000**	**610,096**	**423,696**	**5,604**	**125,915**	**1,871,448**
Diane Leopold Executive Vice President and Chief Operating Officer	**2022**	**897,388**		**800,070**	**1,235,731**	**0**	**90,276**	**3,023,465**
	2021	871,250		1,000,017	1,474,478	1,150,204	79,824	4,575,773
	2020	796,823		4,000,055	1,583,775	1,707,115	79,564	8,167,332
Daniel G. Stoddard Senior Vice President, Chief Nuclear Officer and President–Contracted Assets	**2022**	**737,732**		**600,033**	**825,455**	**244,639**	**51,988**	**2,459,847**
	2021	708,834		750,066	863,763	500,180	58,214	2,881,057
	2020	651,132		750,029	893,608	917,254	51,591	3,263,614
Carlos M. Brown Senior Vice President, Chief Legal Officer and General Counsel	**2022**	**591,392**		**300,016**	**424,042**	**0**	**51,862**	**1,367,312**
	2021	543,250		600,052	455,919	233,664	52,188	1,885,073
	2020	522,645		500,020	437,780	443,336	49,920	1,953,701
James R. Chapman Former Executive Vice President and Chief Financial Officer *(Until November 23, 2022)*	**2022**	**649,973**		**760,047**	**0**	**0**	**78,280**	**1,488,300**
	2021	666,250		850,004	1,140,777	25,185	157,691	2,839,907
	2020	636,614		750,029	907,235	29,901	133,789	2,457,568

(1) Effective March 1, 2022, the NEOs received the following base salary increases: Mr. Ridge: 5%; Ms. Leopold: 3%; Mr. Stoddard: 3%; Mr. Brown: 10%; and Mr. Chapman: 10%. Mr. Blue did not receive a base salary increase. Effective November 24, 2022, Mr. Ridge received an additional annual base salary increase from $303,188 to $600,000 due to his promotion to Senior Vice President and CFO.

(2) The amount in this column represents a one-time cash bonus payment of $350,000 to Mr. Ridge in connection with his promotion to Senior Vice President and CFO and a cash bonus payment of $25,000 in connection with his relocation to Utah.

(3) The amounts in this column reflect the grant date fair value of stock awards for the respective year of grant in accordance with FASB guidance for share-based payments. Dominion Energy did not grant any stock options in any of the years shown in the table. See also Note 20 to the Consolidated Financial Statements in Dominion Energy's 2022 Annual Report on Form 10-K for more information on the valuation of stock-based awards, the *Grants of Plan-Based Awards* table for stock awards granted in 2022, and the *Outstanding Equity Awards at Fiscal Year-End* table for a listing of all outstanding equity awards as of December 31, 2022. For Mr. Ridge, the award granted in 2022 includes a performance-based stock award valued at target; were this award paid out at the maximum potential payout levels based on the highest possible achievement of the performance goals, the amount reported in this column for Mr. Ridge would have included an additional $156,027. For Mr. Brown, the award granted in 2021 includes a performance-based stock award valued at target; were this award paid out at its maximum potential payout level based on the highest possible achievement of the performance goals, the amount reported in this column for 2021 for Mr. Brown would have included an additional $300,026. For Messrs. Blue and Brown, the awards granted in 2020 include performance-based stock awards valued at target; were these awards paid out at their maximum potential payout levels based on the highest possible achievement of the performance goals, the amounts reported in this column for 2020 for Messrs. Blue and Brown would have included an additional $937,500 and $250,010, respectively. Mr. Chapman forfeited his outstanding, unvested restricted stock grants from 2020, 2021 and 2022 upon his resignation from the company.

(4) The 2022 amounts in this column include the payout under Dominion Energy's 2022 AIP for each of the NEOs and under the 2020 Performance Grants for each of the NEOs other than Messrs. Ridge and Brown, who received their 2020 Performance Grants in the form of performance-based stock. In addition, Mr. Blue received a true-up performance grant when he was promoted to CEO subject to the same terms as the 2020 Performance Grants in the form of performance-based stock. All the NEOs received 104% funding of their 2022 AIP target awards. All of the NEOs received 97% payout scores for accomplishments of their goals except for Mr. Stoddard, who received 95%. The 2022 AIP payout amounts were as follows: Mr. Blue: $1,606,514; Mr. Ridge: $423,696; Ms. Leopold: $818,731; Mr. Stoddard: $512,705; and Mr. Brown: $424,042. See *CD&A* for additional information on the 2022 AIP and the *Grants of Plan-Based Awards* table for the range of each NEO's potential award under the 2022 AIP. In 2020, Mr. Chapman elected to receive a portion of his AIP payout, 33%, in shares of company stock under the Tool Kit. The 2020 Performance Grants were issued on January 31, 2020 and the payout amounts were determined based on achievement of performance goals for the performance period ended December 31, 2022. Payouts could range from 0% to 200%. The actual payout was 41.7% of the target amount. The 2020 Performance Grant payout amounts were as follows: Mr. Blue: $417,000; Ms. Leopold: $417,000; and Mr. Stoddard: $312,750. See *2020 Performance Grant Payout* in the *CD&A* for additional information on the 2020 Performance Grants. The 2021 amounts reflect both the 2021 AIP and the 2019 performance grant payouts, and the 2020 amounts reflect both the 2020 AIP and 2018 performance grant payouts. Mr. Chapman forfeited payout of his 2022 AIP and 2020 Performance Grant upon his resignation from the company.

(5) All amounts in this column represent the aggregate change in the actuarial present value of the NEO's accumulated benefit under our qualified Pension Plan and nonqualified executive retirement plans. There are no above-market earnings on nonqualified deferred compensation plans. These accruals are not directly in relation to final payout potential and can significantly vary year over year based on (i) promotions and corresponding changes in salary; (ii) other one-time adjustments to salary or incentive target for market or other reasons; (iii) actual age versus predicted age at retirement; (iv) the discount rate used to determine the present value of a benefit; and (v) other relevant factors. Reductions in the actuarial present value of an NEO's accumulated pension benefits are reported as $0. Prior to his resignation, Mr. Chapman participated in the "cash balance" formula under the Pension Plan and Mr. Ridge participated in the "cash balance" formula until May 1, 2022. Each of the other NEOs participates in the "final average earnings" pension formula. For participants in the "final average earnings" formula, a change in the discount rate can be a significant factor in the change reported in this column. A decrease in the discount rate results in an increase in the present value of the accumulated benefit without any increase in the benefits payable to the NEO at retirement and an increase in the discount rate has the opposite effect. The discount rate used in determining the present value of the accumulated benefit increased from 3.14% used as of December 31, 2021 to a discount rate of 5.65% used as of December 31, 2022. The decrease in present value attributed solely to the change in discount rate was as follows: Mr. Blue: $1,484,395; Mr. Ridge: $1,133; Ms. Leopold: $1,779,614; Mr. Stoddard: $391,064; Mr. Brown: $685,618; and Mr. Chapman: $2,282.

(6) All Other Compensation amounts for 2022 are as follows:

DTE Energy Company
Proxy Statement & Notice of Annual Meeting 2023

DTE

Executive Compensation Highlights

Our executive compensation programs are designed to be competitive with our peers, have a meaningful performance component linked to the achievement of short-term and long-term goals that align with our shareholders' long-term interests and encourage executives to have an ownership interest in the Company. Our executives' total compensation shows strong pay-for-performance alignment with growth in long-term shareholder value creation. See "Pay vs. Performance" tables and graphs beginning on page 63.

The Company's compensation programs are also designed to clearly align performance objectives for our Named Executive Officers with the interests of shareholders and with our system of priorities. Our performance measures are designed to help move our Company toward achieving these priorities. For more details, see our priorities alignment chart in the Compensation Discussion and Analysis Summary on page 37.

Other highlights from our compensation program include:

- Our CEO received 86% of his 2022 total compensation in variable, at-risk incentives. For our other Named Executive Officers, the average percentage of variable, at-risk compensation was 72%. No at-risk compensation for our CEO or Named Executive Officers is reflected in customer rates. See more details on page 38.
- Our short-term and long-term performance metrics all tie directly to our stakeholder aspirations (see above). These are the same metrics that management uses to assess the Company's progress toward our aspiration to be best in the world and best for the world.
- Our long-term plan awards include a mix of restricted stock and performance shares designed in part to encourage executive stock ownership. The Board's Organization and Compensation Committee has not issued stock options since 2010.
- Our equity compensation plan forbids buyouts of "underwater" stock options. The Company has never bought or repriced "underwater" stock options.
- Our equity compensation plan requires a minimum one-year vesting period for equity awards. The Company's typical practice is to require a three-year vesting period for equity awards and the Company has never issued equity awards with less than a one-year vesting period.
- Our Board has adopted a "clawback" policy that provides that, in the event of an accounting restatement due to material noncompliance with federal securities laws, the Company may recover excess performance-based compensation awarded to current or former officers during the three-year period preceding the restatement.
- Our executive Change-In-Control Severance Agreements do not include excise tax gross-ups.
- We have eliminated the automatic vesting of equity issued under our Long-Term Incentive Plan upon a change in control of the Company, unless an acquiring or surviving entity fails to replace or affirm the existing equity awards with awards by the surviving company.

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DTE

Summary Compensation Table

The table below summarizes the total compensation earned by each of the Named Executive Officers for the fiscal years ended December 31, 2020, December 31, 2021 and December 31, 2022.

Name and Principal Position	Year	Salary ($)(1)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
Gerardo Norcia Chairman, President and Chief Executive Officer	2022	1,330,769	7,013,377	1,937,300	37,810	138,962	10,458,218
	2021	1,276,923	6,524,979	2,032,700	1,073,599	220,076	11,128,277
	2020	1,192,500	5,614,868	2,808,216	892,005	98,033	10,605,622
David Ruud Senior Vice President and Chief Financial Officer	2022	660,769	1,526,921	581,200	—	42,828	2,811,718
	2021	623,077	1,279,526	604,400	698,995	39,161	3,245,159
	2020	576,808	659,750	655,300	497,184	48,596	2,437,638
JoAnn Chavez Senior Vice President and Chief Legal Officer	2022	596,923	1,286,461	489,800	69,126	44,882	2,487,192
Trevor F. Lauer President and Chief Operating Officer - DTE Electric	2022	635,615	1,923,680	540,100	—	52,773	3,152,168
	2021	616,846	1,351,952	516,100	721,679	63,171	3,269,748
	2020	593,769	1,345,890	835,600	428,700	55,424	3,259,383
Mark W. Stiers President and Chief Operating Officer - DTE Vantage and Energy Trading	2022	592,385	1,070,047	617,100	255,821	46,198	2,581,551
	2021	573,077	965,680	706,600	244,627	40,208	2,530,192

(1) The base salary amounts reported include amounts which were voluntarily deferred by the Named Executive Officers into the DTE Energy Company Supplemental Savings Plan (a nonqualified 401(k) plan, the "Supplemental Savings Plan"). The amounts deferred by each of the Named Executive Officers were as follows:

Duke Energy Corporation
Annual Meeting of Shareholders - May 4, 2023

Section 2: Compensation Program

Overall Design

We design our compensation program so that it motivates our executives to focus on our core business priorities and aligns the interests of executives and key stakeholders, including shareholders and customers.

Elements of Our Total Direct Compensation Program

As discussed in more detail below, during 2022, the components of TDC for our NEOs were base salary, STI compensation, and LTI compensation.

Base Salary

The salary for each NEO is based on, among other factors, job responsibilities, level of experience, individual performance, comparisons to the salaries of executives in similar positions at other companies in our peer group and from market surveys, and internal comparisons. The Compensation and People Development Committee considers changes in the base salaries of our NEOs at least annually.

During the annual review process in early 2022, the Compensation and People Development Committee approved a 3.5% base salary increase for each of Mr. Young, Mr. Jamil and Ms. Janson and an 8% base salary increase for each of Mr. Savoy and Mr. Kodwo Ghartey-Tagoe, in each case to remain competitive with the applicable market median of the compensation peer group. As noted above, during the annual review process, the Compensation and People Development Committee approved an 8% base salary increase for Ms. Good.

Effective as of September 1, 2022, Mr. Young was appointed as Executive Vice President and Chief Commercial Officer and Mr. Savoy was appointed as Executive Vice President and Chief Financial Officer. Moreover, Mr. Kodwo Ghartey-Tagoe's responsibilities were increased to include supervision of Administrative Services. Mr. Savoy received an additional 8% increase in base salary, and Mr. Ghartey-Tagoe received an additional 3% increase in base salary, effective September 1, 2022, to reflect their new roles and responsibilities.

Short-Term Incentive Compensation

STI opportunities are provided to our NEOs under the Duke Energy Corporation Executive Short-Term Incentive Plan to promote the achievement of annual performance objectives. Each year, the Compensation and People Development Committee establishes the target STI opportunity for each NEO, which is based on a percentage of his or her base salary. During the annual review process in early 2022, the Compensation and People Development Committee approved increases in the target STI opportunity for each NEO based on the peer group market data, each NEO's responsibilities, and an assessment of his or her individual contributions. The 2022 STI opportunities for the NEOs were as follows.

Name	Target STI Opportunity (as a % of base salary)
Lynn J. Good	175%
Brian D. Savoy	90%
Steven K. Young	100%
Dhiaa M. Jamil	105%
Julia S. Janson	100%
Kodwo Ghartey-Tagoe	90%

SUMMARY COMPENSATION TABLE

The following table provides compensation information for our CEO (Ms. Good), our CFO (Mr. Savoy) and our three other most highly compensated executive officers who were employed on December 31, 2022, (Mr. Jamil, Ms. Janson, and Mr. Ghartey-Tagoe). The table also provides compensation information for Mr. Young, who served as our CFO for a portion of 2022. With respect to each NEO, the table provides information for 2020 and 2021 only to the extent he or she was included in the Duke Energy Summary Compensation Table for those years.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[2]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)[3]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[4]	All Other Compensation ($)[5]	Total ($)
Lynn J. Good Chair, President and CEO	2022	1,481,750	0	15,879,501	0	2,730,073	345,924	917,511	21,354,759
	2021	1,390,500	0	11,196,187	0	3,288,915	277,111	298,523	16,451,236
	2020	1,390,500	0	11,431,738	0	1,169,578	246,046	306,536	14,544,398
Brian D. Savoy[1] Executive Vice President and CFO	2022	587,931	300,000[6]	1,753,218	0	531,773	0	167,760	3,340,682
Steven K. Young[1] Executive Vice President and Chief Commercial Officer (and former CFO)	2022	798,299	0	2,832,977	0	802,275	77,545	283,248	4,794,344
	2021	775,675	0	2,342,106	0	1,000,737	77,252	169,118	4,364,888
	2020	769,519	0	2,391,345	0	353,050	261,816	125,879	3,901,609
Dhiaa M. Jamil Executive Vice President and COO	2022	898,519	0	3,188,663	0	948,144	150,463	301,931	5,487,720
	2021	873,055	0	2,855,835	0	1,071,369	111,034	187,276	5,098,569
	2020	867,458	0	2,915,910	0	397,984	267,957	138,391	4,587,700
Julia S. Janson Executive Vice President and CEO, Duke Energy Carolinas	2022	772,647	0	2,546,124	0	828,262	0	273,251	4,420,284
	2021	750,750	0	2,766,855	0	968,580	0	162,015	4,648,200
	2020	744,792	0	2,314,530	0	341,705	522,811	125,010	4,048,848
Kodwo Ghartey-Tagoe Executive Vice President, Chief Legal Officer and Corporate Secretary	2022	651,867	0	1,976,358	0	617,679	0	193,659	3,439,563
	2021	595,833	200,000 [6]	1,674,540	0	659,468	34,498	115,386	3,279,725

(1) Effective as of September 1, 2022, Mr. Savoy was appointed as Executive Vice President and Chief Financial Officer and Mr. Young was appointed as Executive Vice President and Chief Commercial Officer.

(2) Grant Date Fair Value of Stock Awards for Accounting Purposes: This column does not reflect the value of stock awards that were actually earned or received by our NEOs during each of the years listed above. Rather, as required by applicable SEC rules, this column reflects the aggregate grant date fair value of the performance shares (based on the probable outcome of the performance conditions as of the date of grant) and RSUs granted to our NEOs in the applicable year. The aggregate grant date fair value of the

performance shares provided in 2022 to Ms. Good, Mr. Savoy, Mr. Young, Mr. Jamil, Ms. Janson, and Mr. Ghartey-Tagoe, assuming that the highest level of performance would be achieved, is $22,309,039; $2,463,125; $3,979,974; $4,479,793; $3,576,996; and $2,776,574; respectively. The aggregate grant date fair value of the awards was determined in accordance with the accounting guidance for stock-based compensation. See Note 22 of the Consolidated Financial Statements contained in our 2022 Form 10-K for an explanation of the assumptions made in valuing these awards.

(3) With respect to the applicable performance period, this column reflects amounts payable under the STI plan. Unless deferred, the 2022 amounts were paid in March 2023.

(4) This column includes the amounts listed below. The amounts listed were earned over the 12-month period ending on December 31, 2022.

Edison International
Annual Meeting of Shareholders - April 27, 2023

Executive Compensation

SUMMARY COMPENSATION TABLE – FISCAL YEARS 2020, 2021 AND 2022

The following table presents information regarding compensation of our NEOs for service during 2022, 2021 and 2020. The table was prepared in accordance with SEC requirements. The total compensation presented below does not necessarily reflect the actual total compensation received by our NEOs. The amounts under "Stock Awards" and "Option Awards" do not represent the actual amounts paid to or realized by our NEOs for these awards during 2020-2022, but represent the aggregate grant date fair value of awards granted in those years as determined for financial reporting purposes. Likewise, the amounts under "Change in Pension Value and Non-Qualified Deferred Compensation Earnings" do not reflect amounts paid to or realized by our NEOs during 2020-2022.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards[(1)] ($)	Option Awards[(2)] ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings[(3)] ($)	All Other Compensation[(4)] ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Pedro J. Pizarro	2022	1,365,385	—	6,576,144	2,192,006	1,960,470	68,924	28,300	12,191,229
EIX President and CEO	2021	1,325,249	—	3,823,832	3,823,755	2,074,800	3,289,304	27,400	14,364,340
	2020	1,281,813	—	3,708,866	3,708,757	1,612,500	5,446,963	27,100	15,785,999
Maria Rigatti	2022	732,115	—	1,433,324	477,757	761,570	22,486	18,300	3,445,552
EIX EVP and CFO	2021	707,981	—	887,582	887,504	783,840	1,307,104	17,400	4,591,411
	2020	688,844	—	914,844	914,763	576,923	1,589,757	17,100	4,702,231
Adam S. Umanoff	2022	635,962	—	984,154	328,006	569,856	320,176	18,300	2,856,454
EIX EVP and General Counsel	2021	603,604	—	665,517	665,504	626,175	361,249	17,400	2,939,449
	2020	589,692	—	652,756	652,578	493,881	369,412	17,100	2,775,419
Steven D. Powell	2022	650,000	—	1,145,681	381,882	591,175	8,501	22,480	2,799,719
SCE President and CEO[(5)]	2021	481,513	—	458,244	458,140	469,967	430,345	17,400	2,315,609
Caroline Choi	2022	496,623	—	564,215	188,026	334,835	26,184	18,300	1,628,183
EIX and SCE SVP									

(1) Stock awards consist of performance shares and restricted stock units granted under the 2007 Performance Incentive Plan in the year indicated. The performance share and restricted stock unit amounts shown in the *Summary Compensation Table* reflect the aggregate grant date fair value of these awards computed in accordance with FASB ASC Topic 718. For performance shares, the value is reported as of the grant date based on the probable outcome of performance conditions, consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures. For a discussion of the assumptions and methodologies used to calculate these amounts, see the discussion contained in (i) Note 9 (Compensation and Benefit Plans) to Consolidated Financial Statements, included as part of the Company's 2022 Annual Report and (ii) similar Notes to the Company's Consolidated Financial Statements for prior years when the awards were granted.

The table below shows the maximum value of performance share awards included in the *Summary Compensation Table* at the grant date assuming that the highest level of performance conditions will be achieved. For the grant date fair value of each award based on the probable outcome of the applicable performance conditions, see the *Grants of Plan-Based Awards Table* below. The performance period for the 2020 performance share awards ended on December 31, 2022. EIX's TSR relative to the comparison group was below the threshold required for payout of the TSR performance shares granted in 2020. The performance periods for the 2021 and 2022 performance shares have not ended.

Name	Maximum Performance Share Potential as of Grant Date for 2022 Awards ($)	Maximum Performance Share Potential as of Grant Date for 2021 Awards ($)	Maximum Performance Share Potential as of Grant Date for 2020 Awards ($)
Pedro J. Pizarro	8,768,203	3,823,842	3,708,859
Maria Rigatti	1,911,134	887,598	914,892
Adam S. Umanoff	1,312,204	665,525	652,815
Steven D. Powell	1,527,563	458,266	—
Caroline Choi	752,259	—	—

EXECUTIVE COMPENSATION

(2) Option awards consist of non-qualified stock options granted under the 2007 Performance Incentive Plan in the year indicated. The option amounts shown in the *Summary Compensation Table* reflect the aggregate grant date fair value of these awards computed in accordance with FASB ASC Topic 718. For a discussion of the assumptions and methodologies used to calculate these amounts, see the discussion of options contained in (i) Note 9 (Compensation and Benefit Plans) to Consolidated Financial Statements, included as part of the Company's 2022 Annual Report and (ii) similar Notes to the Company's Consolidated Financial Statements for prior years when the awards were granted.

(3) The reported amounts for 2022 include: (i) 2022 interest on deferred compensation account balances considered under SEC rules to be at above-market rates for Mr. Pizarro $68,924; Ms. Rigatti $22,486; Mr. Umanoff $74,927; Mr. Powell $8,501; and Ms. Choi $26,184; and (ii) the 2022 aggregate change in the actuarial present value of the accumulated benefit under the SCE Retirement Plan and the EIX Executive Retirement Plan for Mr. Pizarro -$1,547,942; Ms. Rigatti -$40,356; Mr. Umanoff $245,249; Mr. Powell -$392,094; and Ms. Choi -$25,376. Since the pension value for Messrs. Pizarro and Powell and Mses. Rigatti and Choi decreased, in accordance with SEC rules, the respective decreases are not included in the amount reported for those NEOs in column (h) of the Summary Compensation Table.

The change in pension value amounts reported in column (h) and this footnote (3) are based on accounting rules and incorporate changes in discount rates and other assumptions that are outside the control of the Committee and may not reflect the actual amounts that ultimately will be paid to the NEO. The assumptions used for pension plan benefit accruals and payments may differ from assumptions used for accounting purposes and may change from time to time. In addition, the large change in pension value amounts for Mr. Pizarro and Ms. Rigatti in 2020 and 2021 are in part due to the Committee's decision in February 2019 to not pay annual incentive awards to these NEOs for 2018. That decision suppressed the change in pension value for 2019 and created a situation where the slightly above-target annual incentive awards that the Committee approved in February 2020 and 2021 had an outsized impact on the 2020 and 2021 change in pension value. See *Pension Benefits Table* below for an explanation of pension benefit formulas. As discussed in the 2019 Proxy Statement, the Committee's decision to not pay annual incentive awards to certain top officers for 2018 was made in consultation with management and with its full support and agreement, and was not a reflection on the performance of the officers or the Company.

(4) Amounts reported for 2022 represent EIX or SCE contributions to the 401(k) Plan for each NEO other than Messrs. Pizarro and Powell. For Mr. Pizarro, the amount reported for 2022 includes (i) $18,300 for company matching contributions to the 401(k) Plan and (ii) $10,000 in charitable matching gifts under the Director Matching Gift Program described in footnote (5) to the Director Compensation Table above. For Mr. Powell, the amount reported for 2022 includes (i) $18,300 for company matching contributions to the 401(k) Plan and (ii) $4,180 in charitable matching gifts under the Director Matching Gift Program described in footnote (5) to the Director Compensation Table above.

(5) Mr. Powell became SCE's President and CEO effective December 1, 2021; he was an SCE EVP from January 1, 2021 through November 30, 2021.

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2023 Annual Meeting of Shareholders and Proxy Statement - May 5, 2023

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Executive Officer Compensation

In January, after the end of the fiscal year, the Finance and Talent and Compensation Committees jointly review the Company's results, and the Talent and Compensation Committee determines the EAM based on the level of achievement of the performance measures established. The Talent and Compensation Committee retains discretion to modify the EAM based on its assessment of the degree of management's success in achieving the Company's strategic objectives and overcoming any challenges that occurred during the year.

Individual executive officer awards are determined based on the Talent and Compensation Committee's consideration of each executive's role in executing the Company's strategies and delivering the financial and operational performance achieved, but also the individual's accountability for any challenges and achievements the Company experienced during the year.

2022 Performance Measures and Methodology

For 2022, and consistent with the 2021 program design, the Talent and Compensation Committee decided that the EAM would be based on both financial and non-financial measures, with the financial measure weighted 60% and the four non-financial measures each weighted at 10%. Targets and ranges of performance were established for each of the measures, with no payout for results less than the designated minimum, a 25% payout opportunity for results at the minimum, a 100% payout opportunity for results at target, and a 200% payout opportunity for results equal to or exceeding the maximum. Payout opportunities for results between the minimum and maximum performance achievement levels were determined by straight line interpolation, with the EAM result being determined by the weighted average of the payouts determined for each of the performance measures.

Financial Measure and Target

For the EAM financial measure, the committee decided to use ETR Tax Adjusted EPS. This measure is based on the Company's Adjusted EPS, the earnings measure by which we provide external guidance, which is then adjusted to add back 50% of the net effect (positive or negative) of significant tax strategy items and to eliminate the effect of: (i) major storms, including the impact on total debt of pending securitizations; (ii) resolutions during the year of certain unresolved regulatory litigation matters; (iii) unrealized gains or losses on equity securities; (iv) effects of income tax law changes; and (v) any adjustments to contributions to pension investments or trusts related to post-retirement benefits that are elective and deviate from original plan assumptions (collectively, the Pre-Determined Exclusions). The Talent and Compensation Committee determined that target performance for this metric would equal management's expectation for the Company's Adjusted EPS as reflected in its financial plan, or \$6.30 per share, with minimum performance determined to be \$6.00 per share and maximum performance equal to \$6.60 per share.

ETR Tax Adjusted EPS was used as the financial measure for the EAM because:

- It is based on an objective financial measure that we and our investors consider to be important in evaluating our financial performance.
- It is based on the same measure we use for internal and external financial reporting.
- It provides both discipline and transparency.

The Talent and Compensation Committee considered it appropriate to use ETR Tax Adjusted EPS, which adds back 50% of the net effect of significant tax strategy items that may have been excluded from ETR Adjusted EPS, as the earnings measure because of the significant financial benefits to the Company resulting from such tax strategy items and the management effort required to achieve them.

The committee also considered, both at the time it chose ETR Tax Adjusted EPS as the EAM financial measure and when it established the targets for this measure, the appropriateness of excluding the effect of each of the specific Pre-Determined Exclusions it had identified from the financial measure. It viewed the exclusion of major storms as appropriate because although the Company includes estimates for storm costs in its financial plan, it does not include estimates for a major storm event, such as a hurricane given management's inability to control or predict acts of nature. The Talent and Compensation Committee considered the exclusion of the

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Executive Officer Compensation

In addition to the foregoing financial and operational results, the Talent and Compensation Committee considered management's degree of success in achieving various strategic, operational and regulatory objectives and in overcoming certain challenges that arose in the business during the course of the year.

Under the annual incentive program, each NEO could earn a payout ranging from 0% to 200% of the NEO's target opportunity, subject to the overall funding limitation determined by the EAM. To determine individual NEO annual incentive awards, the Talent and Compensation Committee considered individual performance in executing on the Company's strategies and delivering the strong financial performance and operational successes achieved in 2022, as well as the executive's success in achieving individual goals within the executive's scope of responsibilities. The committee also considered certain challenges the Company experienced during the year, particularly in relation to regulatory and customer relationships, and each officer's accountabilities and accomplishments in addressing those challenges. With respect to Mr. Marsh and Ms. Fontan, the committee approved awards that were prorated based on the period of time served in each of the two positions held by the officer during 2022, the target opportunities for each such position and the committee's assessment of the officer's performance in each such position.

With these considerations in mind, the Talent and Compensation Committee approved the following annual incentive payouts to each of the NEOs, ranging from 125% to 144% of target.

NEO	Year-End Base Salary	Target as Percentage of Year-End Base Salary	2022 Target Award[1]	Payout as Percentage of Target	2022 Annual Incentive Award
Andrew S. Marsh	\$1,100,000	120%	\$ 739,000	130%	\$ 960,700
Leo P. Denault	\$1,300,000	140%	\$1,820,000	130%	\$2,366,000
Kimberly A. Fontan	\$ 625,000	75%	\$ 263,050	144%	\$ 379,688
A. Christopher Bakken, III	\$ 714,728	75%	\$ 536,046	130%	\$ 696,860
Marcus V. Brown	\$ 732,021	80%	\$ 585,617	130%	\$ 761,302
Roderick K. West	\$ 776,434	80%	\$ 621,147	125%	\$ 776,434

1 Based on performance against the performance measures, the NEOs could earn a payout ranging from 0%-200% of their target opportunity. For Mr. Marsh and Ms. Fontan, the payout is stated as a percentage of the officer's prorated incentive target, which was determined based on the period of time served in each of the positions held by such officer during the year and the base salary and target percentage for each such position.

Evergy, Inc.
2023 Annual Meeting & Proxy Statement - May 2, 2023

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Summary and Analysis of Executive Compensation

The primary elements of our executive compensation program are summarized below.

Compensation Component	Description	Objective
Cash Compensation		
Base Salary	▪ Fixed compensation that is reviewed annually taking into consideration peer compensation information and individual performance ▪ Aligned within a reasonable range of market median	▪ Provide competitive level of fixed cash compensation ▪ Recognize job responsibilities and proficiency in role ▪ Attract and retain talent
Short-Term Incentives	▪ Variable compensation earned based on performance against pre-established objectives	▪ Incentivize behaviors that contribute to achievement of annual financial and operational performance goals in pursuit of shareholder value and strong operational performance ▪ Attract and retain talent
Equity Compensation		
Restricted Equity Incentives	▪ 75% of annual grants are performance-based, and 25% are time-based RSUs ▪ Annual grants have three year "cliff" vesting	▪ Incentivize creation of long-term shareholder value ▪ Align compensation with shareholder interests ▪ Build stock ownership and create forfeitable retention incentive ▪ Attract and retain talent
Other Compensation Components		
Deferred Compensation	▪ Unfunded, non-qualified plan that allows all officers to defer the receipt of certain cash compensation	▪ Attract and retain talent ▪ Provide compensation deferrals in a tax-efficient manner
Retirement Benefits	▪ Pension plan* ▪ 401(k) plan	▪ Provide competitive total rewards package ▪ Attract and retain talent
Change-in-Control Benefits	▪ Payments in the event of (i) change-in-control and (ii) qualifying termination of employment	▪ Facilitate smooth transitions ▪ Attract and retain talent
Executive Severance Benefits	▪ Payments in the event of termination of employment without Cause	▪ Align executive interests with shareholder interests ▪ Facilitate smooth transitions ▪ Attract and retain talent
Other Benefits	▪ Financial planning services / health physicals ▪ Standard benefits, such as medical, life insurance and disability	▪ Provide competitive total rewards package ▪ Attract and retain talent

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Executive Compensation Tables

The following tables and narrative show the compensation awarded to and earned by our NEOs. We have omitted the column entitled "Option Awards" because our NEOs did not receive option awards during the years presented.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)(6)	Total ($)

Mr. David A. Campbell President and Chief Executive Officer	2022	1,029,423	—	4,314,667	1,487,063	—	57,164	6,888,316
	2021	980,769	1,250,000	7,306,661	1,487,500	—	113,152	11,138,082
Mr. Kirkland B. Andrews Executive Vice President and Chief Financial Officer	2022	717,163	—	1,369,255	828,713	—	138,262	3,053,393
	2021	592,308	1,200,000	4,146,489	833,000	—	125,131	6,896,928
Mr. Kevin E. Bryant Executive Vice President and Chief Operating Officer	2022	629,712	—	1,202,233	582,120	24,379	94,023	2,532,467
	2021	615,000	—	1,306,248	585,480	146,165	102,974	2,755,867
	2020	570,000	—	1,166,622	701,328	317,206	87,692	2,842,848
Mr. Charles A. Caisley Senior Vice President, Public Affairs and Chief Customer Officer	2022	514,711	—	719,171	386,694	9,983	67,698	1,698,257
	2021	462,154	—	1,275,428	386,750	156,470	59,082	2,339,884
Ms. Heather A. Humphrey Senior Vice President, General Counsel and Corporate Secretary	2022	530,202	—	740,810	398,244	18,115	74,675	1,762,046
	2021	515,000	—	904,985	398,412	115,796	81,351	2,015,544
	2020	500,000	—	818,653	499,850	393,642	73,549	2,285,694
Former Named Executive Officer								
Mr. Greg A. Greenwood[(6)] Executive Vice President and Chief Strategy Officer	2022	288,952	834	740,107	—	319,352	1,258,876	2,608,121
	2021	530,000	—	823,720	504,560	204,873	83,325	2,146,478
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(1) Mr. Campbell was hired as Evergy's new President and Chief Executive Officer on January 4, 2021. Mr. Andrews was hired as Evergy's Executive Vice President and Chief Financial Officer on February 22, 2021 (the "CFO Transition"). The amounts shown in this column for Mr. Campbell and Mr. Andrews reflect inducement cash bonuses granted pursuant to the offer letter for each.

(2) The amounts shown in this column generally reflect the aggregate grant date fair values of equity awards granted each year, computed in accordance with the FASB ASC Topic 718. See note 10 to the consolidated financial statements included in our 2022 Annual Report, for a discussion of the assumptions used in calculating these amounts. The amounts shown exclude the effect of estimated forfeitures, as required by SEC rules. The number of time-based RSUs and performance-based RSUs awarded in 2022, together with their grant date values, is disclosed in the Grants of Plan-Based Awards during 2022 on page 53. These amounts do not reflect actual compensation realized by the NEOs and are not a guarantee of the amount that the NEOs will receive from the long-term incentives. The actual compensation will be based on our common stock price at vesting and the performance level achieved with respect to the performance-based RSUs for the applicable performance period. The amounts shown in this column for 2022 reflect the values at the grant dates of time-based RSUs and performance-based RSUs based upon achieving the target level of performance, which was considered the probable outcome as of the grant date. The 2021 amounts shown for Mr. Andrews include $125,883 of common stock awarded for service as an independent non-employee director.

Exelon Corp
Notice of the Annual Meeting and 2023 Proxy Statement

Base Salary

When evaluating whether to make adjustments to base salary, the Compensation Committee considers a number of factors including the outcome of the annual merit review and results of the annual market assessment of NEO and CEO compensation provided by the Committee's independent compensation consultant. The Committee also takes into account the need to retain an experienced team along with job promotions, individual performance; scope of responsibility, leadership skills and values, current compensation, internal equity, and other legacy matters.

For the CEO's compensation, the Compensation Committee recommends CEO compensation to the independent members of the Board. In February 2022, the Compensation Committee recommended a 2.5% increase to Mr. Crane's base salary based on the annual market assessment conducted by the independent compensation consultant, Meridian Compensation Partners LLC. In December 2022, the Compensation Committee approved a 28.2% increase to Mr. Butler's base salary, which reflects the annual market assessment of his compensation and his promotion to CEO.

Annual Incentive Program (AIP)

AIP Overview

The AIP is an annual cash incentive program that provides our NEOs the opportunity to receive an annual cash award based on the achievement of predetermined financial and operational goals.

In connection with the separation of Constellation from Exelon, which was effective February 1, 2022, the metrics for the 2022 AIP program were adjusted to reflect tl financial and operational goals of post-separation Exelon. The AIP program retains focus on a single financial metric (adjusted (non-GAAP) operating EPS*) and operational metrics that are aligned with the focus on driving outstanding customer experiences. Operational metrics continue to include measurements of the duratic and frequency of outages as captured by CAIDI and SAIFI and introduces a new customer satisfaction metric.

The following table provides a summary of the 2022 AIP program for each of our NEOs other than Mr. Quiniones.

	Metrics	Purpose
Financial Goals (60%)	**Adjusted (non-GAAP) Operating EPS* (60%)** The Company's net income from ongoing business activities divided by average shares outstanding during the year and adjusted to exclude certain costs, expenses, gains and losses, and other specified items.	Supports commitment to provide solid returns to our shareholders and to support and grow our dividend.
Operational Goals (40%)	**Outage Duration (CAIDI) (15%):** Measure of the total number of customer interruption minutes divided by the total number of customers served.	Supports commitment to providing reliable powe and quickly responding to interruptions, which ar essential to operations and customer satisfactior
	Outage Frequency (SAIFI) (15%): Measure of the total number of customer interruptions divided by the total number of customers served.	Supports commitment to dependable infrastructu and reliable power, which are essential to operations and customer satisfaction.
	Customer Satisfaction Index (10%): An index score for each customer segment is computed by averaging the mean ratings from three measures: overall satisfaction, meeting expectations and overall favorability.	Supports commitment to meeting the needs and expectations of our customers with best-in-class service.

Since Mr. Quiniones is CEO of ComEd, his AIP goals are based on 25% Adjusted (non-GAAP) operating EPS* and 75% ComEd-specific goals:

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Executive Compensation Tables

Summary Compensation Table

	Year	Salary ($)	Bonus ($) (Note 1)	Stock Awards ($) (Note 2)	Non-Equity Incentive Plan Compensation ($) (Note 3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (Note 4)	All Other Compensation ($) (Note 5)	Total ($)
Calvin G. Butler Jr. President and CEO, Exelon	2022	928,281	—	3,423,719	1,069,409	198,532	666,150	6,286,091
	2021	780,398	—	2,459,853	819,734	149,556	387,401	4,596,942
	2020	700,000	—	2,023,356	637,623	127,209	183,565	3,671,753
Jeanne Jones Executive Vice President and CFO, Exelon	2022	515,317	57,500	535,013	373,663	94,763	34,352	1,610,608
Gayle Littleton Executive Vice President and Chief Legal Officer, Exelon	2022	618,854	850,000	1,444,375	593,301	—	125,499	3,632,029
David Glockner Executive Vice President, Compliance, Audit, and Risk, Exelon	2022	618,415	—	1,519,293	550,339	—	102,177	2,790,224
Gil Quiniones CEO, ComEd	2022	585,000	—	1,272,139	608,400	—	248,858	2,714,397
Christopher Crane Former CEO, Exelon	2022	1,332,683	—	11,768,964	2,365,462	12,647,990	1,969,881	30,084,980
	2021	1,303,595	—	10,823,207	2,169,124	1,071,663	299,413	15,667,002
	2020	1,293,000	—	10,256,308	1,897,536	757,754	235,453	14,440,051
Joseph Nigro Former Senior Executive Vice President and CFO, Exelon	2022	839,223		3,209,758	933,551	254,633	111,439	5,348,604
	2021	820,906	—	2,951,815	881,259	213,011	206,528	5,073,519
	2020	810,511	—	2,227,287	782,882	244,253	135,311	4,200,244

Notes to the Summary Compensation Table

1. The amount shown for Ms. Jones is a recognition award. The amount shown for Ms. Littleton represents a portion of a sign-on offer extended in connection with her joining Exelon in November 2020.
2. The amounts shown include the aggregate grant date fair value of restricted stock unit and performance share awards granted in 2022. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 20 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2022 Annual Report on Form 10-K. Previously reported grant date fair values for the 2020 and 2021 performance share awards were inadvertently overstated as a result of applying an incorrect fair value to each target performance share award. For the 2020 performance share awards, grant date fair values for Messrs. Butler, Crane and Nigro were overstated by $146,716, $743,705, and $161,503, respectively. For the 2021 performance share awards, grant date fair values for Messrs. Butler, Crane, and Nigro were overstated by $40,185, $176,812, and $48,221, respectively. The revised amounts for 2020 and 2021 are reflected in the Stock Awards column of the Summary Compensation Table above.

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2023 Notice of Annual Meeting and Proxy Statement

II. Design of our executive compensation program

Compensation elements designed to align with our strategy

Our executive compensation program is designed to attract, retain, motivate, reward and develop high-quality, high-performing executive leadership whose talent and expertise should increase the prospects of the Company to create and sustain long-term and superior shareholder value relative to our peers.

As discussed in more detail below, NEO direct compensation has three principal elements: base salary, annual incentive awards and equity compensation.

		ELEMENT	HOW IT IS PAID	DESCRIPTION	
FIXED		BASE SALARY	Cash	Fixed amount reflects the responsibilities and day-to-day contributions of the NEOs.	
"AT-RISK" REWARDS	Short-Term	ANNUAL INCENTIVE AWARDS	Cash	**Financial metrics** » The financial measures are the Company's one-year adjusted EPS growth and adjusted return on equity ("ROE") compared to the ten-year average of the companies in the S&P 500 Utilities Index. **Operational metrics** » The operational measures are focused on operational performance relative to industry performance.	Reward participants for achievement of a set of key financial and operational performance measures, the majority of which are based on industry benchmarks and for which payouts depend on Company performance relative to those benchmarks.
"AT-RISK" REWARDS	Long-Term	EQUITY COMPENSATION	Performance share awards	Granted for three-year performance periods to drive intermediate results. Payouts of performance share awards are based on two distinct measurements: **1.** three-year adjusted EPS growth and adjusted ROE relative to the ten-year average of the companies in the S&P 500 Utilities Index, and **2.** the average of annual performance on core operational performance measures relative to industry peers for each of three consecutive years. These award payouts are modified by ± 20% based on our three-year TSR relative to the top ten power companies by market cap (a subset of the S&P 500 Utilities Index).	
			Performance-based restricted stock awards	Vest ratably over three years only if the Company achieves a specified annual adjusted earnings goal each year.	
			Performance-based restricted NEP common units	Vest ratably over three years only if NEP achieves a specified annual adjusted EBITDA goal each year.	
			Nonqualified stock option awards	Granted subject to a three-year ratable vesting period, having a ten-year term and delivering value to executives only if the Company's stock price at exercise exceeds the stock price on the grant date of the award.	

The Compensation Committee believes these core elements align with the fundamental objective of our compensation program to create superior shareholder value.

COMPENSATION TABLES

When reviewing the narrative, tables and footnotes which follow, note that, in order to meet the goals and objectives of NextEra Energy's executive compensation program as described in the Compensation Discussion & Analysis, the Compensation Committee primarily focuses on, and values, each NEO's total compensation opportunity at the beginning of the relevant performance periods. Since many elements of total compensation are variable, based on performance and are not paid to the NEO for one, two or three years (and in some instances longer) after the compensation opportunity is first determined, the amounts reported in some of the tables in this proxy statement may reflect compensation decisions made prior to 2022 and in some cases reflect amounts different from the amounts that may ultimately be paid.

Table 1a: 2022 summary compensation table

The following table provides certain information about the compensation paid to, or accrued on behalf of, the NEOs in 2022. It is important to keep in mind the following when reviewing the table:

- The amounts shown in the "Stock Awards" and the "Option Awards" columns are based on the aggregate grant date fair value of awards computed under applicable accounting rules for all equity compensation awards.
- The "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column reflects the change in the present value of the pension benefit payable to each NEO in the applicable year. These changes in present value are not related to any compensation decision on the part of the Compensation Committee.

TABLE 1A: 2022 SUMMARY COMPENSATION TABLE

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
NAME AND PRINCIPAL POSITION (1)	YEAR	SALARY (3) ($)	BONUS ($)	STOCK AWARDS (4)(5)(6) ($)	OPTION AWARDS (4)(7) ($)	NON-EQUITY INCENTIVE PLAN COMPENSATION (8) ($)	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS (9)(10) ($)	ALL OTHER COMPENSATION (9)(11) ($)	TOTAL ($)
John W. Ketchum(2),	2022	1,483,333	0	8,436,431	2,187,500	4,500,000	475,209	331,856	17,414,329
Chairman, President and CEO of NextEra Energy and	2021	1,400,000	0	10,517,014	983,999	1,960,000	421,019	225,121	15,507,153
Chairman of FPL	2020	1,180,600	0	3,528,702	638,576	1,652,800	342,563	175,541	7,518,782
Terrell Kirk Crews II, *Executive Vice President, Finance and Chief Financial Officer of NextEra Energy and FPL*	2022	630,400	0	1,317,395	264,094	889,000	103,644	91,662	3,296,195
Rebecca J. Kujawa,	2022	979,167	0	5,487,265	1,099,995	2,000,000	288,824	146,585	10,001,836
President and Chief Executive Officer of NextEra Energy	2021	875,000	0	8,378,012	602,492	1,225,000	250,351	113,323	11,444,178
Resources	2020	687,700	0	2,015,368	364,783	962,800	180,723	93,332	4,304,706
Eric E. Silagy,	2022	1,400,000	0	7,682,181	1,539,994	2,590,000	496,639	312,223	14,021,037
Former Chairman, President and Chief Executive Officer of	2021	1,400,000	0	10,517,092	983,999	1,960,000	472,129	220,744	15,553,964
FPL	2020	1,304,100	0	4,293,948	777,091	1,825,700	413,289	187,776	8,801,904
Charles E. Sieving,	2022	1,190,900	0	2,376,928	476,495	1,429,080	380,269	174,889	6,028,560
Executive Vice President and General Counsel of NextEra	2021	1,082,600	0	7,428,609	433,198	1,299,100	357,356	161,282	10,762,145
Energy and Executive Vice President of FPL	2020	1,082,600	0	2,001,924	362,285	1,266,600	330,644	150,315	5,194,368
Deborah H. Caplan, *Executive Vice President, Human Resources and Corporate Services of NextEra Energy and FPL*	2022	894,600	0	1,180,065	236,595	894,600	257,431	163,546	3,626,837

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
NAME AND PRINCIPAL POSITION (1)	YEAR	SALARY (3) ($)	BONUS ($)	STOCK AWARDS (4)(5)(6) ($)	OPTION AWARDS (4)(7) ($)	NON-EQUITY INCENTIVE PLAN COMPENSATION (8) ($)	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS (9)(10) ($)	ALL OTHER COMPENSATION (9)(11) ($)	TOTAL ($)
James L. Robo(3),	2022	1,650,750	0	30,532,606	6,688,519	0	1,000,479	533,664	40,406,018
Former Executive Chairman of	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Former Executive Chairman of NextEra Energy and Former Chairman, President and CEO of NextEra Energy	2021	1,560,000	0	14,166,104	3,225,000	4,992,000	1,023,668	369,164	25,335,936
	2020	1,500,000	0	13,076,826	3,024,983	4,800,000	951,970	366,928	23,720,707

Public Service Enterprise Group Incorporated
Notice of Annual Meeting - April 18, 2023

How We Compensate Our Executives

Element	Link to Business and Talent Strategy	Link to Performance	Form
Base Salary *Fixed Pay*	Recognizes executives' competencies, experience, job responsibilities, skills, internal equity and the competitive market for the position	Individual Merit	Cash
Annual Cash Incentive *At Risk Pay*	Incentivizes the achievement of key financial, operational, and strategic goals	Multiple performance measures, with a strong emphasis on non-GAAP EPS, measured over a one year period with a payout ranging from 0% – 200%	Cash
Equity-Based Incentive Awards *At Risk Pay*	Aligns NEOs' interests with long-term interests of shareholders and the Company by rewarding for strong stock price performance and capital efficiency	70% PSUs and 30% RSUs	Common Stock
Retirement and Post-Employment Benefits *Fixed Pay*	Facilitates attraction and retention and provides participants with the opportunity to effectively manage the timing of income and tax liability	-	Cash

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EXECUTIVE COMPENSATION TABLES

2022 Summary Compensation Table

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our retired CEO, current CEO, CFO and three most highly compensated executive officers in 2022.

Name and Principal Position(1)	Year	Salary ($)(1)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5 & 6)	Total ($)
Ralph Izzo Former Executive Chair	2022	1,464,000	9,100,044	2,254,600	-	50,566	12,869,210
	2021	1,421,400	9,100,065	3,621,700	-	65,509	14,208,674
	2020	1,421,400	9,100,075	2,348,200	1,335,000	103,579	14,308,254
Ralph A. LaRossa Chair of the Board, President & CEO	2022	971,950	7,350,100	1,143,800	-	44,692	9,510,542
	2021	810,700	2,400,087	1,327,900	-	34,458	4,573,145
	2020	787,000	2,400,064	835,800	928,000	29,400	4,980,264
Daniel J. Cregg EVP & CFO	2022	735,700	1,850,015	647,500	-	33,592	3,266,807
	2021	714,300	1,750,045	975,000	236,000	33,593	3,708,938
	2020	680,000	1,620,057	601,800	657,000	29,609	3,588,466
Tamara L. Linde EVP & General Counsel	2022	685,000	1,400,076	602,800	-	32,479	2,720,355
	2021	657,800	1,300,019	897,900	179,000	29,660	3,064,379
	2020	638,600	1,300,025	565,200	686,000	30,416	3,220,241
Kim C. Hanemann President & COO (PSE&G)	2022	648,900	1,300,102	588,900	-	82,965	2,620,867
Eric Carr President & CNO	2022	616,300	1,200,064	483,200	-	27,280	2,326,843

(1) Amounts shown are based on annualized salary, except for Mr. LaRossa whose salary is prorated between his current and former positions. Mr. Cregg deferred $183,926, $143,410 and $9,141, of his 2022, 2021 and 2020 salary, respectively (see 2022 Non-Qualified Deferred Compensation Table).

(2) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 20 to the Consolidated Financial Statements included in our Form 10-K. 2022, 2021 and 2020 LTIP awards were granted in February of each year. All 2022 awards are shown in the Grants of Plan Based Awards Table and discussed in the Executive Compensation section and consist of PSUs and RSUs. PSU value is shown at the target amount. Actual value of the shares received upon vesting of RSUs depends upon the price of our common stock. Payout value of the PSUs earned at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving respective years performance factors. More detailed information is provided in the Executive Compensation section. The respective amounts shown below represent the grant date fair value of PSUs at target and maximum amounts.

	2022		2021		2020	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
Ralph Izzo	6,370,016	12,740,032	6,370,040	12,740,080	6,370,046	12,740,092
Ralph A. LaRossa	5,145,026	10,290,052	1,680,058	3,360,116	1,680,020	3,360,040
Daniel J. Cregg	1,295,015	2,590,029	1,225,018	2,450,036	1,134,027	2,268,054
Tamara L. Linde	980,057	1,960,114	910,015	1,820,030	910,021	1,820,042
Kim C. Hanemann	910,043	1,820,085	-	-	-	-
Eric Carr	840,029	1,680,057	-	-	-	-

(3) As discussed in the Executive Compensation section, amounts awarded were earned under the MICP and determined and paid in the following year. Mr. Cregg deferred $161,875, $195,000 and $0, of his 2022, 2021 and 2020 MICP, respectively.

(4) Includes the change in the actuarial present value of accumulated benefit under Defined Benefit Pension Plans and Supplemental Executive Retirement Plans between calendar years 2022 and 2021, 2021 and 2020, and 2020 and 2019, determined by calculating the

PG&E Corporation (Pacific Gas and Electric Company)
Joint Notice of 2023 Annual Meetings - Joint Proxy Statement - May 18, 2023

2023 Compensation Structure

In the first quarter 2023, the People and Compensation Committee submitted the 2023 compensation program for approval under AB 1054. The plans continue to our focus on safety.

Short-Term Incentive Plan

For 2023, the design is largely consistent with 2022, maintaining a sixty-five percent weight of safety and WMP metrics with a continued to emphasis on outcome-oriented and risk reduction metrics. Minor changes have been made to metric definitions. The People and Compensation Committee will have the ability to approve individual performance adjustments provided they do not result in an outcome that exceeds the overall plan maximum of 200 percent of target.

Long-Term Incentive Plan

Annual equity grants to executive officers (including NEOs) continue to be 100 percent PSUs. Similar to the changes under the short-term incentive program, the weighting of safety metrics is the focus. The metrics used in 2022 will be retained except for Enhanced Vegetation Management and Greater Affordability for Customers, and a new Electric Corrective Maintenance in HFTA will be added under the "Safety" category.

EXECUTIVE OFFICER COMPENSATION

Summary Compensation Table – 2022

This table summarizes the principal components of compensation paid or granted during 2022 (including cash incentives earned for corporate performance in 2022 but paid in 2023). This table also includes information disclosed in the 2021 Joint Proxy Statement and the 2019 Form 10-K/A for compensation paid or granted to certain officers during 2020 and 2021, respectively. Titles are as of December 31, 2022.

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)[2]	Option Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[5]	All Other Compensation ($)[6]	Total ($)
Patricia K. Poppe CEO, PG&E Corporation	2022	1,391,667	0	10,069,628	0	2,207,520	13,269	438,509	14,120,593
	2021	1,344,643	6,600,000	41,175,002	0	1,487,578	18,198	573,050	51,198,471
Jason M. Glickman EVP, Engineering, Planning and Strategy, Pacific Gas and Electric Company	2022	712,500	0	1,854,956	0	630,392	8,826	112,784	3,319,458
	2021	450,000	500,000	1,750,021	0	287,213	13,373	74,255	3,074,861
Marlene M. Santos EVP and Chief Customer Officer, Pacific Gas and Electric Company	2022	866,667	0	2,755,918	0	993,034	16,727	155,677	4,788,022
	2021	657,609	900,000	5,113,471	0	503,663	22,292	287,052	7,484,086
Adam L. Wright[7] EVP, Operations and COO, Pacific Gas and Electric Company	2022	869,191	0	2,755,918	0	911,040	11,992	161,777	4,709,917
	2021	762,596	500,000	4,200,016	0	579,212	13,695	452,641	6,508,160
Christopher A. Foster[8] EVP and CFO, PG&E Corporation	2022	648,333	0	1,854,956	0	454,352	0	100,913	3,058,554
	2021	627,355	0	1,330,083	0	375,723	42,320	98,653	2,474,133
	2020	438,095	0	300,001	0	145,287[a]	166,195	67,636	1,117,214
David S. Thomason[9] VP, CFO and Controller, Pacific Gas and Electric Company	2022	385,975	0	424,024	0	202,868	0	61,633	1,074,499
	2021	381,858	0	400,051	0	200,906	28,373	65,050	1,076,238
	2020	353,853	0	700,002	0	114,441	303,438	55,516	1,527,251
John R. Simon EVP, General Counsel, and Chief Ethics & Compliance Officer, PG&E Corporation	2022	812,248	0	1,854,956	0	725,760	11,337	36,605	3,440,906
	2021	841,039	0	1,750,023	0	488,657	556,326	63,945	3,699,990
	2020	768,786	0	3,062,499	0	439,400	790,616	67,543	5,128,845
Sumeet Singh EVP, Chief Risk and Chief Safety Officer, PG&E Corporation and Pacific Gas and Electric Company	2022	675,000	0	1,854,956	0	597,213	3,251	96,811	3,227,232
	2021	502,000	0	715,045	0	273,320	48,649	80,082	1,619,095
Julius Cox EVP, People, Shared Services and Supply Chain, Pacific Gas and Electric Company	2022	639,167	0	1,324,950	0	559,910	13,095	166,267	2,703,389

(a) Due to an administrative error, this number was incorrectly reported as 108,426 in our 2022 and 2021 proxy.

(1) Includes payments for accrued vacation.

(2) Represents the grant date fair value of PSUs and RSUs measured in accordance with FASB ASC Topic 718, without considering an estimate of forfeitures related to service-based vesting. For PSUs using safety and affordability measures, and for RSUs, grant date fair value is measured using the closing price of PG&E Corporation common stock on the grant date. Assumptions made in valuation of reported performance shares with a relative TSR measure, including adjustments to values reported in 2022 for 2021 TSR PSU awards to account for certain one-time events, are described in footnote 4 to the table entitled "Grants of Plan-Based Awards in 2022" on page 65. If the highest level of performance conditions were achieved, the estimated maximum grant date value of PSUs granted in 2022 would be: Ms. Poppe $20,139,257, Mr. Glickman $3,709,912, Ms. Santos $5,511,835, Mr. Wright $5,511,835, Mr. Foster $3,709,912, Mr. Thomason $848,047, Mr. Simon $3,709,912, Mr. Singh $3,709,912, and Mr. Cox $2,649,900.

(3) No stock options were granted in 2022.

PPL Corporation
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EXECUTIVE COMPENSATION TABLES

The following table summarizes all compensation for our chief executive officer, our chief financial officer, our next three most highly compensated executives for 2022, known as our named executive officers, or NEOs, for service to PPL and its subsidiaries.

SUMMARY COMPENSATION TABLE

Name and Principal Position[1]	Year	Salary[2]	Bonus	Stock Awards[3]	Option Awards	Non-Equity Incentive Plan Compensation[4]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5]	All Other Compensation[6]	Total	Total Without Change in Pension Value[7]
Vincent Sorgi President and Chief Executive Officer (CEO)	2022	$1,166,336	—	$5,926,933	—	$1,918,678	—	$134,628	$ 9,146,575	$9,146,575
	2021	1,132,492	—	5,111,866	—	2,654,619	$2,361,092	96,412	11,356,481	8,995,389
	2020	987,569	—	3,514,187	—	1,238,050	1,940,207	94,430	7,774,443	5,834,236
Joseph P. Bergstein, Jr. Executive Vice President and Chief Financial Officer (CFO)	2022	651,110	—	1,671,799	—	698,538	—	47,379	3,068,826	3,068,826
	2021	631,615	—	1,477,271	—	928,206	868,741	32,936	3,938,769	3,070,028
	2020	604,711	—	1,177,243	—	431,250	1,283,165	38,638	3,535,007	2,251,842
Gregory N. Dudkin Executive Vice President and Chief Operating Officer (COO)	2022	761,773	—	2,037,424	—	786,773	—	20,150	3,606,120	3,606,120
	2021	706,834	—	1,595,364	—	1,067,062	652,524	19,700	4,041,484	3,388,960
	2020	641,943	—	1,119,749	—	560,251	723,866	16,284	3,062,093	2,338,227
Wendy E. Stark Senior Vice President, General Counsel, Corporate Secretary and Chief Legal Officer (CLO)	2022	550,745	—	1,178,835	—	586,662	—	104,478	2,420,720	2,420,720
	2021	373,558	$250,000	647,967	—	722,295	—	166,582	2,160,402	2,160,402
John R. Crockett III President - LG&E and KU	2022	488,976	—	837,059	—	370,108	—	56,100	1,752,243	1,752,243

(1) This column reflects the title of each NEO as of December 31, 2022.

Effective January 1, 2023, Mr. Dudkin's title changed to Executive Vice President from Executive Vice President and COO. Mr. Dudkin was on extended medical leave since mid-October 2022 and passed away on February 14, 2023.

Effective January 1, 2023, Ms. Stark's title changed to Executive Vice President, CLO and Corporate Secretary from Senior Vice President, General Counsel, Corporate Secretary and CLO.

(2) Salary includes cash compensation deferred to the PPL Executive Deferred Compensation Plan or, for Mr. Crockett, to the LG&E and KU Nonqualified Savings Plan. The following NEOs deferred salary in 2022 in the amounts indicated: Mr. Sorgi ($34,990); Mr. Bergstein ($45,578); Ms. Stark ($44,060) and Mr. Crockett ($34,877). These amounts are included in the "Nonqualified Deferred Compensation in 2022" table on page 75 as executive contributions for the last fiscal year.

(3) This column represents the aggregate grant date fair value of restricted stock units and performance units as calculated under ASC Topic 718, without taking into account estimated forfeitures. The grant date fair value of restricted stock units is calculated using the closing price of PPL common stock on the NYSE on the date of grant. The grant date fair value of the performance units reflected in this column are the target payouts based on the probable outcome of the performance condition, determined as of the grant date, and are disclosed in the "Grants of Plan-Based Awards During 2022" table on page 66. The maximum potential values as of the grant date of the TSR-based performance units granted in 2022 assuming the highest level of performance are as follows: Mr. Sorgi — $5,201,864; Mr. Bergstein — $1,467,253; Mr. Dudkin — $1,788,190; Ms. Stark — $1,034,630; and Mr. Crockett — $734,625. The maximum potential values as of the grant date of the EG-based performance units granted in 2022 assuming the highest level of performance are as follows: Mr. Sorgi — $2,217,334; Mr. Bergstein — $625,449; Mr. Dudkin — $762,220; Ms. Stark — $441,013; and Mr. Crockett — $313,165. The maximum potential values as of the grant date of the ESG-based performance units granted in 2022 assuming the highest level of performance are as follows: Mr. Sorgi — $2,217,334; Mr. Bergstein — $625,449; Mr. Dudkin — $762,220; Ms. Stark — $441,013; and Mr. Crockett — $313,165. For additional information on the assumptions made in the valuation of performance units, refer to Note 11 to the PPL financial statements in the Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the SEC. Further information regarding the 2022 awards is included in the "Grants of Plan-Based Awards During 2022" and "Outstanding Equity Awards at Fiscal Year-End 2022" tables elsewhere in this proxy statement.

Individual Annual Cash Incentive Awards for 2022 Performance

The following annual incentive awards were approved by the Compensation Committee for 2022 performance and ranged from 126.08% of target to 134.03% of target:

Name	Weight x Goal Results			Individual Performance	2022 Earned Award
	Corporate Financial Performance	Operational Performance			
		Corporate	Business Segment		
Vince Sorgi	70% x 140%	20% x 80.16%	—	10% x 175%	**131.53%**
Joe Bergstein	70% x 140%	20% x 80.16%	—	10% x 200%	**134.03%**
Greg Dudkin	70% x 140%	20% x 80.16%	—	10% x 150%	**129.03%**
Wendy Stark	70% x 140%	20% x 80.16%	—	10% x 190%	**133.03%**
John Crockett	60% x 140%	10% x 80.16%	20% x 97.82%	10% x 145%	**126.08%**

This resulted in the following annual cash incentive awards approved for the NEOs:

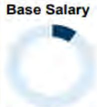
Name	2022 Base Salary	Target Opportunity (% of Base Salary)	2022 Earned Award	2022 Annual Cash Incentive Award
Vince Sorgi	$1,166,990	125%	131.53%	$1,918,678
Joe Bergstein	651,475	80%	134.03%	698,538
Greg Dudkin	762,200	80%	129.03%	786,773
Wendy Stark	551,250	80%	133.03%	586,662
John Crockett	489,250	60%	126.08%	370,108

2022 Long-term Equity Incentive Award Grants

Southern Company
Notice of Annual Meeting of Stockholders & Proxy Statement - May 23, 2023

Executive Compensation Program

Overview of Key Compensation Components

	Element	Vehicle	Link to Stockholder Value
Fixed	**Base Salary** 	Cash	► Fixed cash compensation rewards scope of responsibility, experience and individual performance to attract and retain top talent
At-Risk	**Annual Performance Pay Program (PPP)** 	Cash	► Promotes strong short-term business results by rewarding value drivers, without creating an incentive to take excessive risk ► Serves as key compensation vehicle for rewarding annual results and differentiating performance each year
	Long-Term Program 	Performance share units (PSUs) (paid in shares of common stock) Performance- based restricted stock units (PRSUs) (paid in shares of common stock)	► PSUs reward achievement of financial goals and stock price performance compared to utility peers over a three-year period ► PRSUs reward achievement of financial goals related to our ability to pay regular dividends while promoting employee retention ► Equity awards provide a significant stake in the long-term financial success of the Company that is aligned with stockholder interests and promotes employee retention ► For the CEO, CFO, and EVP of Operations, PSUs link a meaningful portion of long-term compensation with the Company's GHG reduction goals ► For the CEO, the entire 2022 LTI grant is allocated to PSUs
Benefits	Employee Savings Plan	401(k) plan	► Creates shared responsibility for retirement through matching contributions
	Pension Benefits	Defined benefit pension plan and restoration plans	► Financially efficient vehicle to provide market-competitive retirement benefits while promoting employee retention

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Executive Compensation Tables

Summary Compensation Table

Name (a)	Year (b)	Salary ($) (c)	Stock Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation ($) (f)	All Other Compensation ($) (g)	Total ($) (h)
Thomas A. Fanning Chairman and CEO, Southern Company	2022	1,682,308	18,148,376	3,859,000	0	316,986	24,006,670
	2021	1,582,692	14,902,407	2,842,400	1,689,005	227,055	21,243,559
	2020	1,536,539	12,260,206	2,625,000	5,721,710	223,395	22,366,850
Daniel S. Tucker Executive Vice President and CFO, Southern Company	2022	711,113	2,127,069	944,602	0	36,596	3,819,380
	2021	494,036	311,160	709,292	1,131,281	31,192	2,676,961
Christopher C. Womack President, Southern Company	2022	895,212	2,677,724	1,291,593	768,093	63,271	5,695,893
	2021	845,466	2,487,427	1,215,482	1,576,684	54,656	6,179,715
Stephen E. Kuczynski Chairman, President and CEO, Southern Nuclear	2022	870,906	2,360,624	1,132,094	0	293,749	4,657,373
	2021	835,568	2,234,864	1,050,591	387,174	283,929	4,792,126
	2020	841,271	2,149,671	1,044,452	848,625	197,455	5,081,474
Mark A. Crosswhite Former Chairman, President and CEO, Alabama Power	2022	915,576	2,729,845	1,254,713	3,539,758	61,680	8,501,572
	2021	878,425	2,584,436	1,261,454	477,695	65,580	5,267,590
	2020	884,421	2,486,042	1,202,768	2,672,719	56,822	7,302,772

Column (a)

Mr. Tucker and Mr. Womack first became NEOs in 2021.

Effective immediately following the conclusion of the 2023 Annual Meeting, Mr. Fanning will relinquish the role of CEO and will assume the role of Executive Chairman of the Board. At such time, Mr. Womack will assume the role of the Company's CEO. During 2022, Mr. Womack served as Chairman, President and CEO of Georgia Power.

Mr. Crosswhite retired from his role of Chairman, President and CEO of Alabama Power effective as of December 31, 2022.

Column (d)

This column does not reflect the value of stock awards that were actually earned or received in 2022. Rather, as required by applicable rules of the SEC, this column reports the aggregate grant date fair value of PSUs, PRSUs, and RSUs granted in 2022.

The value reported for the PSUs related to relative TSR and consolidated ROE is based on the probable outcome of the performance conditions as of the grant date, using a Monte Carlo simulation model for the relative TSR portion (57% of the grant value of these PSUs) and the closing price of common stock on the grant date for the consolidated ROE portion (43% of the grant value of these PSUs). No amounts will be earned until the end of the three-year performance period on December 31, 2024. The value then can be earned based on performance ranging from 0% to 200%, as established by the Compensation Committee.

The aggregate grant date fair value of the PSUs (excluding PSUs related to the GHG reduction goals for Mr. Fanning and Mr. Tucker as described below) granted in 2022 assuming that the highest level of performance is achieved is as follows: Fanning — $29,835,000; Tucker - $2,569,978; Womack - $3,484,188; Kuczynski — $3,071,572; and Crosswhite - $3,522,030.

The value reported for the portion of PSUs granted to Mr. Fanning and Mr. Tucker related to the GHG reduction goals in 2022 is based on the closing price of common stock on the date of the grant. No amounts will be earned until the end of the three-year performance period on December 31, 2024. The value then can be earned based on performance ranging from 0% to 225%, as established by the Compensation Committee. The aggregate grant date fair value of the PSUs granted to Mr. Fanning and Mr. Tucker in 2022 related to the GHG reduction goals assuming the highest level of performance is achieved is $3,729,375 and $444,804, respectively.

The amounts in column (d) also reflect the grant date fair value of PRSUs granted to certain of the NEOs in 2022 as described in the CD&A, using the closing price of common stock on the grant date. The aggregate grant date fair value of the PRSUs granted in 2022 and reported in column (d) is as follows: Tucker - $494,227; Womack — $746,612; Kuczynski — $658,194; and Crosswhite - $761,149. Mr. Fanning's 2022 long-term incentive grant did not include PRSUs.

See Note 12 to the financial statements included in the 2022 annual report for a discussion of the assumptions used in calculating these amounts.

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Column (e)

The amounts in this column reflect actual payouts under the annual PPP. The amount reported for 2022 is for the one-year performance period that ended on December 31, 2022.

Column (f)

This column reports the aggregate change in the actuarial present value of each NEO's accumulated benefit under the applicable Pension Plan and supplemental pension plans (collectively, Pension Benefits) as of December 31 of the applicable year.

The Pension Benefits as of each measurement date are based on the NEO's age, pay and service accruals and the plan provisions applicable as of the measurement date. The actuarial present values as of each measurement date reflect the assumptions the Company selected for cost purposes as of that measurement date; however, the NEOs were assumed to remain employed at any Company subsidiary until their benefits commence at the pension plans' stated normal retirement date, generally age 65. For each of Mr. Tucker and Mr. Womack, the accumulated benefit includes a portion of his Pension Plan benefits which are the subject of a qualified domestic relations order.

Mr. Crosswhite's higher aggregate change in Pension Benefit for 2022 as compared to the amounts reflected for other NEOs is due, in part, to his retirement during 2022, which triggered the usage of the September 2021 single-sum value discount rate, a rate lower than those previously assumed, and resulted in an increase of the actuarial present value of his Pension Benefit.

Pension values may fluctuate significantly from year to year depending on a number of factors as described below, including age, years of service, annual earnings and the assumptions used to determine the present value, such as the discount rate.

Sempra Energy
Notice of Annual Shareholders Meeting and Proxy Statement - May 12, 2023

Compensation Philosophy and Program Goals

Compensation Philosophy

The Compensation and Talent Development Committee of our Board of Directors sets the company's executive pay philosophy, which emphasizes four key areas:

Sempra's Executive Compensation Philosophy

Performance-based incentives aligned with shareholder value creation	Alignment of pay with short-term and long-term company performance
Balance between short-term and long-term incentives	More pay tied to performance at higher levels of responsibility

We believe this compensation philosophy enables us to attract, motivate and retain key executive talent and promote strong, sustainable long-term performance.

Executive Compensation Program Goals

Our executive compensation program goals include:

- Aligning executive compensation with shareholders' interests
- Linking executive compensation to both annual and long-term business and individual performance
- Motivating executives to achieve superior performance
- Attracting and retaining executives with outstanding ability and experience who demonstrate high standards of integrity and ethics

Compensation Tables

Summary Compensation Table

2022 SUMMARY COMPENSATION TABLE

In the table below, we summarize the compensation for the past three years for each of our named executive officers, which compensation is in part subject to performance and vesting requirements.

			Stock Awards(A)	Option Awards(A)	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings(B)		
	Year	Salary	Restricted Stock Units	Service-Based Options	Performance-Based Annual Cash Bonus	Pension Accruals and Above-Market Interest on Non-qualified Deferred Compensation	All Other Compensation(C)	Total
Jeffrey W. Martin Chairman, Chief Executive Officer and President	2022	$1,400,000	$7,018,343	$3,166,681	$4,296,100	$ 1,933,702	$ 793,268	$18,608,094
	2021	$1,350,000	$6,083,529	$2,833,344	$3,952,300	$ 9,954,196	$ 502,613	$24,675,982
	2020	$1,300,000	$5,166,808	$2,100,014	$3,740,600	$10,567,633	$ 306,664	$23,181,719
Trevor I. Mihalik Executive Vice President and Chief Financial Officer	2022	$ 830,000	$1,921,195	$ 866,671	$1,512,300	$ 16,122	$ 152,736	$ 5,299,024
	2021	$ 780,000	$1,659,131	$ 772,678	$1,370,100	$ 2,531,389	$ 142,583	$ 7,255,881
	2020	$ 730,000	$1,865,247	$ 315,014	$1,231,400	$ 2,927,863	$ 130,198	$ 7,199,722
Kevin C. Sagara Executive Vice President and Group President	2022	$ 830,000	$1,773,307	$ 800,006	$1,512,300	$ 2,923,949	$ 99,930	$ 7,939,492
	2021	$ 780,000	$1,373,004	$ 639,341	$1,370,100	$ 3,979,997	$ 119,966	$ 8,262,408
	2020	$ 643,158	$1,709,042	—	$1,132,500	$ 3,098,093	$ 105,676	$ 6,688,469
Karen L. Sedgwick Chief Administrative Officer and Chief Human Resources Officer	2022	$ 460,000	$ 789,340	—	$ 529,400	$ 12,011	$ 49,284	$ 1,840,035
	2021	$ 392,301	$ 491,430	—	$ 390,000	$ 72,993	$ 30,528	$ 1,377,252
Peter R. Wall Senior Vice President, Controller and Chief Accounting Officer	2022	$ 410,000	$ 740,097	—	$ 393,200	$ 19,189	$ 46,333	$ 1,608,819
	2021	$ 390,000	$1,140,578	—	$ 380,600	$ 53,949	$ 48,123	$ 2,013,250
	2020	$ 375,000	$ 404,451	—	$ 372,100	$ 65,254	$ 33,979	$ 1,250,784

(A) Represents the grant date fair value of stock and option awards granted during the year. These amounts reflect our grant date estimate of the aggregate compensation expense that we will recognize over the service period of the awards. They are calculated in accordance with GAAP for financial reporting purposes based on the assumptions described in Note 10 of the Notes to Consolidated Financial Statements included in our 2022 Annual Report to Shareholders but disregarding estimates of forfeitures related to service-based vesting conditions.

Stock awards consist of performance-based and service-based restricted stock units. For the performance-based restricted stock units with a performance measure based on total shareholder return, a Monte Carlo valuation model is used to calculate grant date fair value. For the performance-based restricted stock units with a performance measure based on EPS growth (as adjusted for LTIP purposes), the amounts included in this table assume the target level of performance conditions were achieved. The maximum values for these EPS growth-based awards granted in 2022, assuming the highest level of performance conditions were achieved, would be $6,333,408 for Mr. Martin; $1,733,557 for Mr. Mihalik; $1,600,247 for Mr. Sagara; $490,739 for Ms. Sedgwick; and $460,117 for Mr. Wall. For the service-based restricted stock units, the awards were valued at the fair market value of shares of our common stock at the crediting date without reduction for non-transferability, and the amounts included in this table are equal to the number of shares subject to such awards multiplied by the grant date closing price of our common stock. All performance-based and service-based restricted stock units will be settled in shares of Sempra common stock upon vesting, unless deferred in accordance with the terms of the Employee and Director Savings Plan in the case of performance-based restricted stock units, in which case they will be settled in shares of Sempra common stock following separation of service from the company.

Option awards consist solely of service-based nonqualified stock options. A Black-Scholes valuation model is used to calculate their grant date fair value.

The value actually realized by executives from stock and option awards will depend upon the extent to which performance and service-based vesting conditions are satisfied and the market value of the shares subject to the award upon vesting and sale.

For additional information regarding stock and option awards, see "Grants of Plan-Based Awards" and "Outstanding Equity Awards at Year-End" below.

WEC Energy Group
Notice of 2023 Annual Meeting and Proxy Statement - May 4, 2023

COMPONENTS OF OUR EXECUTIVE COMPENSATION PROGRAM

We have three primary elements of total direct compensation: (1) base salary; (2) annual incentive awards; and (3) long-term incentive awards consisting of a mix of performance units, stock options, and restricted stock. The Compensation Committee again retained Frederic W. Cook & Co., Inc. ("FW Cook") as its independent compensation consultant to advise the Compensation Committee with respect to our executive compensation program. The Compensation Committee generally relied upon the recommendations of FW Cook in its development of the 2022 program.

Executive Compensation Tables

The following table summarizes total compensation awarded to, earned by, or paid to WEC Energy Group's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and each of the other individuals identified in the table below (the "NEOs").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	(4) Stock Awards ($)	(5) Option Awards ($)	(6) Non-Equity Incentive Plan Compensation ($)	(7) Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	(8)(9) All Other Compensation ($)	Total ($)	Total Without Change in Pension Value ($)
Scott J. Lauber(1) President and CEO	2022	1,027,925	—	2,822,085	854,960	2,832,628	177,482	434,381	8,149,461	8,047,466
	2021	921,719	—	1,577,250	615,740	1,555,544	199,430	117,568	4,987,251	4,833,031
	2020	750,923	—	1,354,142	419,612	1,269,733	201,143	101,459	4,097,012	3,918,311
J. Kevin Fletcher(1) Retired President and CEO	2022	452,193	—	3,531,880(2)	756,182	1,207,397	2,173,669	30,190	8,151,511	6,171,519
	2021	1,102,727	—	2,331,500	910,166	2,846,308	11,157,354	133,816	18,481,871	7,425,415
	2020	1,068,828	—	2,388,372	720,763	2,717,859	11,082,248	158,101	18,136,171	7,098,443
Xia Liu Executive Vice President and CFO	2022	766,549	—	1,424,199	431,459	1,244,278	965	446,979	4,314,429	4,314,429
	2021	739,450	—	1,279,120	499,356	1,174,535	812	356,739	4,050,012	4,050,012
	2020	423,519	100,000(3)	1,678,010(3)	456,977	684,975	—	306,688	3,650,169	3,650,169
Gale E. Klappa Executive Chairman	2022	1,136,835	—	2,796,924	598,182	3,118,817	139,266	333,813	8,123,837	8,123,837
	2021	1,098,334	—	2,512,072	692,261	2,944,006	479,972	286,747	8,013,392	7,639,967
	2020	1,064,570	—	1,838,167	391,576	2,273,906	3,037,770	283,131	8,889,120	5,947,094
Margaret C. Kelsey Executive Vice President, General Counsel and Corporate Secretary	2022	593,767	—	785,663	238,023	904,973	683	162,781	2,685,890	2,685,890
	2021	579,232	—	712,544	278,150	862,542	858	160,981	2,594,307	2,594,307

Note: In order to show the effect that the year-over-year change in pension value had on total compensation, as determined under applicable SEC rules, we have included an additional column to show total compensation minus the change in pension value. The amounts reported in the Total Without Change in Pension Value column may differ substantially from the amounts reported in the Total column required under SEC rules and are not a substitute for total compensation. Total Without Change in Pension Value represents total compensation, as determined under applicable SEC rules, minus the change in pension value reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column. The change in pension value is subject to many external variables, such as interest rates, that are not related to Company performance. Therefore, we believe that total compensation minus the change in pension value provides helpful additional information for comparative purposes.

(1) As previously disclosed, Mr. Fletcher announced that he would retire in June 2022. Effective February 1, 2022, Mr. Fletcher transitioned to the role of Senior Adviser until his retirement, and Mr. Lauber became the President and CEO of the Company.

(2) In connection with Mr. Fletcher's 2022 retirement, and in light of his many contributions to the success of the Company, the Compensation Committee accelerated the vesting of 9,707 shares of restricted stock previously awarded to him. The fair value associated with this acceleration was $1,035,834, which is included in the reported amount. The prorated payout to Mr. Fletcher for the performance units that were granted in 2022 is reflected in the "Option Exercises and Stock Vested for Fiscal Year 2022" table.

(3) In connection with her appointment as Executive Vice President and Chief Financial Officer, Ms. Liu received a signing bonus of $100,000 and a one-time restricted stock award valued at $400,000.

(4) The amounts reported reflect the aggregate grant date fair value, as computed in accordance with FASB ASC Topic 718 excluding estimated forfeitures, of performance units and/or restricted stock awarded to each NEO in the respective year for which such amounts are reported. The amounts reported for the performance units are based upon the probable outcome as of the grant date of associated performance and market conditions, and are consistent with our estimate, as of the grant date, of aggregate compensation cost to be recognized over the three-year performance period. The actual value received by the executives from these awards may range from $0 to greater than the reported amounts, depending upon the Company's performance and the executive's number of additional years of service with the Company.

The value of the performance unit awards as of the grant date, assuming achievement of the highest level of performance and excluding any performance units resulting from short-term dividend equivalents and the Additional Performance Measure, for each of Messrs. Lauber, Klappa, and Garvin, and Mmes. Liu and Kelsey, is $4,012,630, $1,439,469, $975,427, $2,024,994, and $1,117,079, respectively, for the 2022 awards. The value of the performance unit awards as of the grant date, assuming achievement of the highest level of performance and excluding any performance units resulting from short-term dividend equivalents and the Additional Performance Measure, for each of Messrs. Lauber, Klappa, and Garvin, and Mmes. Liu and Kelsey, is $2,242,626, $1,293,052, $766,543, $1,818,741, and $1,013,225, respectively, for the 2021 awards. See "Option Exercises and Stock Vested For Fiscal Year 2022" for the amount of the actual payout with respect to the 2020 award of performance units. See "Option Exercises and Stock Vested for Fiscal Year 2022" for the amount of the actual payout with respect to Mr. Fletcher's 2020, 2021 and 2022 awards of performance units that vested pursuant to the terms of the Company's Performance Unit Plan upon his retirement on June 1, 2022. Not included are the performance unit awards resulting from short-term dividend equivalents and/or the Additional Performance Measure that may increase or, in the case of the Additional Performance Measure, decrease these amounts.

(5) The amounts reported reflect the aggregate grant date fair value, as computed in accordance with FASB ASC Topic 718 excluding estimated forfeitures, of options awarded to each NEO in the respective year for which such amounts are reported. The actual value received by the executives from these awards may range from $0 to greater than the reported amounts, depending upon Company performance. In accordance with FASB ASC Topic 718, we made certain assumptions in our calculation of the grant date fair value of the stock options. See "Stock Options" in Note 1(n) -- Stock-Based Compensation, in the Notes to Consolidated Financial Statements in our 2022 Annual Report on Form 10-K for a description of these assumptions. For 2022, the assumptions made in connection with the valuation of the stock options are the same as described in Note 1(n).

(6) Consists of the annual incentive compensation earned under WEC Energy Group's STPP.

(7) The amounts reported for 2022, 2021, and 2020 reflect the aggregate change in the actuarial present value of each applicable NEO's accumulated benefit under all defined benefit plans from December 31, 2021 to December 31, 2022, December 31, 2020 to December 31, 2021, and December 31, 2019 to December 31, 2020, respectively. The amounts reported for all three years also include above-market earnings on compensation that is deferred by the NEOs into the Prime Rate Fund under WEC Energy Group's Executive Deferred Compensation Plan. Above-market earnings represent the difference between the interest rate used to calculate earnings under the Plan and 120% of the applicable federal long-term rate prescribed by the Internal Revenue Code. The amounts earned for 2022 are shown below.