



HOW ARE YOU **CONNECTED?**

2009 CORPORATE RESPONSIBILITY REPORT A Report on the Economic, Environmental & Social Impacts of Xcel Energy



FIND YOUR CONNECTION



Xcel Energy is a U.S. investor-owned electricity and natural gas company with regulated operations in eight Midwestern and Western states. Based in Minneapolis, Minn., we are one of the largest combination natural gas and electricity companies in the nation as measured by the number of customers served. The company provides a comprehensive portfolio of energy-related products and services to approximately 3.4 million electricity customers and 1.9 million natural gas customers through our four wholly owned utility subsidiaries.

VISION

Be a responsible environmental leader, while always focusing on our core business—reliable and safe energy at a reasonable cost.

MISSION

Our company thrives on doing what we do best—and growing by finding ways to do it even better. We are committed to operational excellence and providing our customers reliable energy at a greater value. We are dedicated to improving our environment and providing the leadership to make a difference in the communities we serve.

VALUES

- Work safely and create a challenging and rewarding workplace
- Conduct all our business in an honest and ethical manner
- Treat all people with respect
- Work together to serve our customers
- Be accountable to each other for doing our best
- Promote a culture of diversity and inclusion
- Protect the environment
- Continuously improve our business

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GET CONNECTED

- @ Online resources available
- Useful terms and concepts
- See a related topic in another section



TO OUR STAKEHOLDERS

Despite the economic challenges of 2009, we are proud to say that Xcel Energy stayed true to its commitments to the environment, to our customers and to our communities. We also met our financial goals and achieved outstanding operational results. As we describe those accomplishments in this corporate responsibility report, it's clear that Xcel Energy is strongly connected to our stakeholders and makes a positive impact on their lives.

Our corporate strategy for a number of years has been to meet the needs of our customers and grow our business through environmental leadership. Every day, we work hard to balance customer demands for reliable, affordable energy with our goal to create a clean energy future. We are pursuing a variety of clean energy initiatives, including emissions-reduction programs, renewable energy resources, energy efficiency and conservation and new technologies.

We ended 2009 with almost 3,200 megawatts (MW) of wind generation in our mix of resources and a growing portfolio of solar power. In fact, we are the No. 1 provider of wind energy in the nation and No. 5 for solar capacity. Geographic advantages allow us to continue to increase our renewable energy resources at a reasonable cost to customers, and we've also worked with policymakers to ensure a fair return for our environmental investments.

... we are the **NO. 1** provider
of wind energy in the nation
and **NO. 5** for solar capacity

Xcel Energy runs some of the largest, most successful energy-efficiency programs in the U.S., and in 2009, we worked with policymakers to expand our goals . . .

In another example of environmental leadership, we completed a major emissions-reduction project in Minnesota in 2009 that included converting two coal-fired plants to natural gas facilities and completely refurbishing a coal-fired plant. It's an effort that we actually started a decade ago in Colorado with our voluntary reduction project in the Denver metropolitan area. These projects, along with other efforts, have resulted in a 30-percent reduction in nitrogen oxide (NO_x) and sulfur dioxide (SO₂) emissions and a 38.3-million-ton reduction in carbon dioxide (CO₂) emissions since 2003. The charts on pages 55 and 82 illustrate the progress we've made.

Our work with customers to conserve energy also helps the environment—and enables them to save money in a tough economy. Xcel Energy runs some of the largest, most successful energy-efficiency programs in the U.S., and in 2009, we worked with policymakers to expand our energy-conservation goals in Minnesota, Colorado and Texas. We spent more than \$140 million on energy-efficiency programs and focused our marketing efforts on simple, clear messages to ensure customers know the conservation options available to them. As a result, we've exceeded our conservation goals in Minnesota and Colorado and kept customers satisfied.

... we more than met our goal for residential customer satisfaction when **92 PERCENT** of customers gave us positive scores.

In fact, we more than met our goal for residential customer satisfaction when 92 percent of customers gave us positive scores. We also achieved the best reliability results we've seen in five years and significantly reduced employee-safety incidents. Those accomplishments illustrate operational excellence as surely as our ability to complete projects safely, on time and on budget.

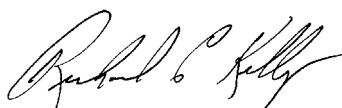
They also are a testament to the dedication of Xcel Energy employees, who not only work hard for customers but also support their communities with contributions of time and money. In 2009, our employees and retirees pledged \$2.6 million to United Way organizations across our service territory, an amount the company matched for a total of \$5.2 million. Our employees also increased their volunteer paid-time hours in 2009 by more than 70 percent.

■ Get more Voice of the Customer results on page 29

To recognize employees, we instituted our Chairman's Award in 2009. The award is given to employees who contribute to our success in the areas of safety, innovation, environmental leadership and diversity and inclusion. We've shared many employee stories in this report.

With an outstanding workforce and strong commitments to the environment, to customers and to our communities, Xcel Energy is well positioned for the future. We look forward to keeping our connections strong and healthy.

Sincerely,



Richard C. Kelly, Chairman and CEO



Ben G.S. Fowke, President and COO

OPERATING COMPANIES

NORTHERN STATES POWER COMPANY-MINNESOTA (NSPM)

Minnesota, North Dakota, South Dakota –

Electricity and natural gas service (electricity only in South Dakota)

Judy M. Poferl, president and CEO

NORTHERN STATES POWER COMPANY-WISCONSIN (NSPW)

Wisconsin, Michigan –

Electricity and natural gas service

Michael L. Swenson, president and CEO

PUBLIC SERVICE COMPANY OF COLORADO (PSCO)

Colorado – Electricity and natural gas service

David L. Eves, president and CEO

■ For complete customer profiles, see page 21

ELECTRICITY

NSPM	1,387,010
NSPW	248,944
PSCO	1,360,219
SPS	396,413

CUSTOMERS

NATURAL GAS

NSPM	478,000
NSPW	104,696
PSCO	1,297,861

Along with WYCO, a joint venture formed with Colorado Interstate Gas Company (CIG) to develop and lease natural gas pipeline, storage and compression facilities, and WGI, an interstate natural gas pipeline company, these companies comprise the continuing regulated utility operations.

Xcel Energy Services (XES) is the service company for the Xcel Energy holding company system. XES provides a variety of administrative, management, engineering, construction, environmental and support services, including the company's philanthropic division.

Additionally, we have one non-regulated subsidiary in continuing operations, Eloigne Company, which invests in rental housing projects that qualify for low-income housing tax credits.

SOUTHWESTERN PUBLIC SERVICE COMPANY (SPS)

Texas, New Mexico – Electricity service only

C. Riley Hill, president and CEO



Q&A : OPERATING COMPANY PRESIDENTS

WHAT ARE THE BENEFITS OF CORPORATE RESPONSIBILITY TO YOUR BOTTOM LINE?

David Eves, PSCo: Public Service Co. of Colorado serves approximately 70 percent of the residents in the state, so we are often the focus of attention in energy-related discussions. Our reputation is a key factor in the successful execution of our strategy. If we are seen as a good corporate citizen—not just a service provider but also a supporter of our communities and a partner with our customers—balancing stakeholder expectations, operational necessities and financial requirements is a less difficult task.

IN WHAT WAYS IS CORPORATE RESPONSIBILITY IMPORTANT TO THE COMMUNITIES YOU SERVE?

Judy Pofertl, NSPM: Our communities currently face significant stress from economic challenges. More than ever they are looking for partners to help them grow and thrive. We are increasing our outreach to partner with our communities. Our conservation, renewable energy, and other environmental initiatives offer great benefits for communities themselves, as well as their residents and businesses.

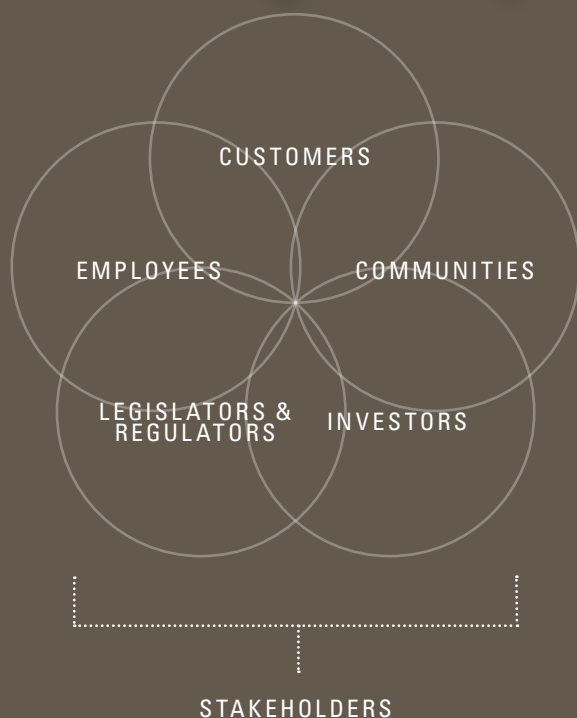
HOW DO YOUR CORPORATE RESPONSIBILITY INITIATIVES OR CHALLENGES DIFFER FROM THOSE OF XCEL ENERGY'S OTHER OPERATING COMPANIES?

Michael Swenson, NSPW: There are differences here. We are the smallest of Xcel Energy's operating companies and we are only the fourth-largest investor-owned utility in the state, yet we approach the 223 communities that we serve with a sense of pride and responsibility. We interact with organizations and are directly involved with leadership in many of these communities. The total impact of what we do across our service territory is sweeping—it's good for our customers and good for business.

HOW DO YOU IMPLEMENT CORPORATE RESPONSIBILITY INTO THE DAILY OPERATIONS OF YOUR ORGANIZATION?

Riley Hill, SPS: Our commitment and responsibility to customers originates with our employees. I see their clear, direct commitment all around me, and it helps guide my way every day. It's a standard that is always present. Employees in SPS approach their tasks with a strong sense of responsibility and can't help but feel some ownership. They come to work every day and say, 'This is our future.'

Q&A : OPERATING COMPANY PRESIDENTS



CHANGES IN 2009

We are continuing to delegate increasing operating authority to the four operating companies, which each have their own regional needs, political issues and unique concerns. In 2009, we made several major executive management changes, outlined below.

EXECUTIVE MANAGEMENT APPOINTMENTS IN 2009	
Executive	Current Position
RICHARD KELLY	Chairman and Chief Executive Officer
BENJAMIN FOWKE	President and Chief Operating Officer
DAVID SPARBY	Vice President and Chief Financial Officer
MARVIN MCDANIEL	Chief Administrative Officer and Vice President Talent, Technology and Customers
JUDY POFERL	President and CEO, NSPM
DAVID EVES	President and CEO, PSCO
RILEY HILL	President and CEO, SPS

LUBBOCK RETAIL OPERATIONS

Lubbock Power & Light (LP&L) and Xcel Energy reached a mutually beneficial agreement at the end of 2009 that will allow LP&L to purchase our electricity distribution system within the city and serve all of our Lubbock retail electricity customers. We will continue to supply wholesale power and transmission services to LP&L. We received approval from our board of directors to proceed with the sale of these assets, and we expect to gain regulatory approvals by mid-2010.

STAKEHOLDER ENGAGEMENT

■ Our commitment to stakeholders is reflected in the company mission and values listed on the inside front cover.

Having a clear understanding of our stakeholders and our impact on the world helps us set our priorities and create a course of action to ensure a sustainable and socially responsible future. We cannot act effectively without considering input from many different groups. Our stakeholders are those individuals and groups who affect or are affected by our business operations. The greater the impact, the more heavily we invest our time, energy and resources in the relationship. We engage frequently with various groups as outlined below.

STAKEHOLDER GROUP	ENGAGEMENT	KEY INTERESTS	OUR RESPONSE
CUSTOMERS	Call center	Energy- and money-saving opportunities	Expanded energy-saving programs and program goals
	Business account managers		
	Personal account representatives for vulnerable customers	Online account management	Energy-saving tips that are free or low cost to implement
		Renewable energy	Online account-management programs
	Customer advocate process	Electric and natural gas safety	Solar*Rewards and Windsource® consumer programs
	Surveys and focus groups		
	Website, newsletters and bill inserts	Service reliability and timely outage response	Corporate environmental leadership strategy
	Direct mail and advertising	Information privacy	Public safety materials, programs and advertising
	Energy expos for businesses		Operational excellence program
	Community conservation workshops		New data-privacy process
EMPLOYEES	Power of You breakfast meetings	Professional development opportunities	Career Central and other development resources
	Executive site visits and presentations	Communication	Tuition reimbursement
		Recognition	Award-winning print, electronic and video communications
	Bargaining-unit negotiations and communications	Employee engagement	Chairman's Award
		Continued fair compensation and benefits	Power of Recognition management tool kit
	Surveys on satisfaction, engagement and communication	Community involvement	Brand Champions
			Volunteer activities and paid-time-off program
	Training		United Way campaigns and matching gift program
			Individual Performance and Development plans
			Employee networking groups
			Compensation training for managers
			Wellness programs
			Lunch-and-learn seminars

Active stakeholder engagement is even more important in tough economic times like these. Throughout this report, we have highlighted various ways that we have engaged with our customers, employees, communities and other stakeholder groups.

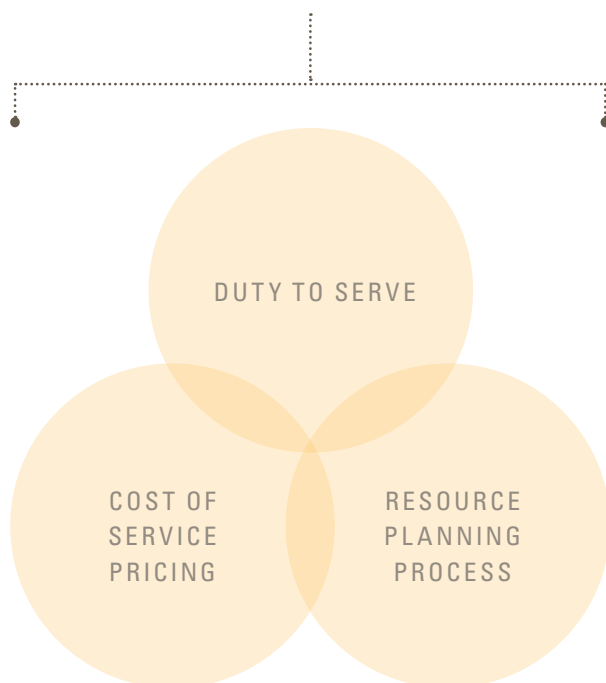
STAKEHOLDER GROUP	ENGAGEMENT	KEY INTERESTS	OUR RESPONSE
COMMUNITIES	Project-specific stakeholder meetings and open-house events	Project input and communication	Project websites, newsletters, mailings and stakeholder meetings
		Continued community support	United Way campaign
	Community relations and Foundation staff	Economic development	Foundation focus areas and grants
			Employee volunteers and board members
	Partnerships and local memberships	Continued community investment	Programs for vulnerable customers
	Franchise agreements	Environmental leadership and support for local goals	Environmental leadership strategy and Clean Energy Future initiatives
	Presentations and speaking engagements		Chairman's Fund
	Volunteer projects	Energy efficiency	Power plant tours
		Energy education	Energy Classroom
		Public safety	Public safety programs
LEGISLATORS AND REGULATORS*	Policy leadership	Reasonable energy costs	Environmental leadership strategy
	Governmental and regulatory staff	Environmental leadership	Support for renewable energy standards
	Regulatory proceedings	Emissions reductions	Regulated energy-efficiency and conservation programs and goals
	Reports, filings and informational materials	Responsible corporate governance	Voluntary emissions-reduction initiatives
	Legislative initiatives		Highly rated corporate governance program
	Political action committees		
	Presentations and speaking engagements		
INVESTORS	Website	Stock appreciation and company growth prospects	Corporate strategy that addresses environmental leadership, financial objectives and optimizing operating utility management
	Annual report, 10-K, 10-Q, proxy, financial press releases and other disclosures		
		Dividend growth and total returns	Senior-management presentations at investor conferences
	Annual shareholders' meeting	Meet EPS guidance	One-on-one meetings with current and prospective shareholders
		Solid credit ratings	
	Teleconferences	Financing needs	Annual Analyst Day meeting in New York City
	Investor meetings	Favorable regulatory environment	Participation in utility and retail shareholder organizations

*Often overlaps with community stakeholders

THE REGULATORY COMPACT

Our utility subsidiaries operate under carefully regulated conditions, which are determined in part by state public utilities commissions. A utilities commission is a governing body that regulates the rates and services of utilities like ours. In exchange for the right to provide electricity and natural gas services in certain regions, we agree to the following:

- **DUTY TO SERVE:** We will provide service to any residence or business within our service territory that requests it. Utilities cannot pick and choose their customers.
- **COST-OF-SERVICE PRICING:** Pricing for our services is regulated by the costs we incur to deliver it. Utilities cannot arbitrarily raise their prices to levels beyond their costs.
- **RESOURCE PLANNING PROCESS:** Every few years, we go through a process to assess the resources necessary to serve customers' future energy needs. Resource plans must be reviewed and approved by regulatory commissions, and stakeholders must be given the opportunity to provide input on the plans.



Together, this is known as the regulatory compact. As a participant in the compact, we are granted the ability to recover our costs of doing business and earn a reasonable rate of return. To operate effectively in a closely regulated business like ours, it's imperative that we stay in sync with the current demands of the public and policymakers.



Northern States Power Company—the predecessor company to Xcel Energy—celebrated its 100th anniversary in 2009.



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EXECUTIVE SUMMARY

Xcel Energy, like every other company in America, faced financial challenges in 2009. A difficult economy and cooler summer weather reduced our overall sales, and we encountered higher purchased capacity power costs, as well as a higher effective tax rate. We met these challenges by taking measures—including reducing travel expenses, reviewing consulting and contracting needs, and freezing all executive pay—to either hold our costs flat or reduce them in 2009. These actions, combined with constructive rate-case outcomes in Minnesota, Colorado, Texas, New Mexico and Wisconsin, enabled us to meet the mid-point of our earnings guidance in spite of tough economic times. For the last five years in a row, we have met or exceeded earnings within our guidance range.

CHALLENGE	RESPONSE	RESULT
+ ECONOMY + COOL SUMMER + HIGH PURCHASED CAPACITY COSTS + HIGHER EFFECTIVE TAX RATE	REDUCE TRAVEL EXPENSES REVIEW CONSULTING NEEDS FREEZE EXECUTIVE PAY + CONSTRUCTIVE RATE- CASE OUTCOMES	MEET/ EXCEED EARNINGS WITHIN GUIDANCE RANGE

GOVERNANCE AND THE BOTTOM LINE

Our corporate strategy focuses on 1) being an environmental leader, 2) achieving our financial objectives and 3) optimizing the management of our operating utilities. Our objective is to provide value to our customers and execute environmental initiatives by investing in our core utility business and earning a reasonable return on our invested capital.

Conducting our business in an honest and ethical manner is one of our corporate values. We have worked hard to develop corporate governance policies that provide a high level of disclosure and have implemented numerous mechanisms to ensure board effectiveness. Fifty percent of our executives' compensation comes in the form of long-term, equity-based incentive awards, and we utilize a pay-for-performance approach to align compensation with specific corporate goals.

As a company, our strengths include an attractive total return potential; renewable opportunities based on our geographic service territory; an established position as an environmental leader; and a strong financial position with constructive regulation. Some of the risks we face involve regulatory risk, particularly related to pending rate cases; the impact of the economic downturn on sales growth and costs; and the risk of inflation that all businesses face. More detailed information about our risks and opportunities is available in the 2009 10-K.

Our corporate strategy focuses on:

- 1) Being an environmental leader
- 2) Achieving our financial objectives
- 3) Optimizing the management of our operating utilities

KEY PERFORMANCE INDICATORS

	2009 Goal	2009 Performance	2010 Goal
INVESTORS	Meet earnings target range of \$1.45-\$1.55	Diluted ongoing earnings per share were \$1.50 ●	Meet earnings target range of \$1.55-\$1.65
ENVIRONMENTAL PERFORMANCE	Complete three identified projects associated with carbon dioxide (CO ₂) emission reductions	3 ½ identified projects were implemented ★	Complete four identified projects associated with CO ₂ emission reductions, involving energy efficiency, renewable energy, innovative clean technology and power plant emissions reductions
SAFETY	Achieve OSHA recordable incident rate of 2.23 or lower	OSHA recordable incident rate of 2.11 ★	Achieve OSHA recordable incident rate of 1.99 or lower
	Achieve DART rate of 1.33 or lower	DART (Days Away, Restricted or Transferred Rate) of 1.21 ★	Achieve DART rate of 1.17 or lower

★ EXCEEDED TARGET

● MET TARGET

◓ DID NOT MEET TARGET

- Xcel Energy uses **KEY PERFORMANCE INDICATORS (KPIs)** as part of its management system to measure performance around strategic and operational priorities. Each operating company and business area has a scorecard with KPIs that support corporate goals. Individual department scorecards and employee performance plans then roll up to support operating company, business area, and ultimately, corporate KPIs.



FINANCIAL SUMMARY FOR 2009	
Earnings	\$681 million
Earnings per diluted share	\$1.48
Ongoing diluted earnings per share	\$1.50
ECONOMIC VALUE GENERATED	
Total revenues	\$9.6 billion
Electric utility revenues	\$7.7 billion
Natural gas revenues	\$1.9 billion
Other operating revenues and other income	\$84 million
ECONOMIC VALUE DISTRIBUTED	
Electric fuel and purchased power costs	\$3.7 billion
Cost of natural gas sold and transported	\$1.3 billion
Employee compensation, including wages and benefits	\$1.5 billion*
Charitable donations and community investments	\$13 million
Retained earnings	\$1.4 billion
Interest charges and financing costs	\$522 million
Common stock dividends	\$415 million
Tax payments	\$678 million
Franchise fees	\$165 million

* Note: The value of benefits was not included in the total compensation figure reported for 2008.



@ Please see our 2009 10-K on our website for detailed financial statements.

ACCOMPLISHMENTS

- Xcel Energy is ranked No. 5 in the industry category of “**most admired electric and natural gas companies**” on *Fortune* magazine’s 2009 World’s Most Admired Companies listing.
- We were named to *Corporate Responsibility Officer* magazine’s **100 Best Corporate Citizens** list in 2009 and 2010. We moved to No. 30 on the list in 2010 from No. 72 in 2009. The list ranks U.S. companies that excel at serving a variety of stakeholders and operate with a high level of transparency.
- In 2009, Xcel Energy received the **highest rating** from GovernanceMetrics International (GMI) for our corporate governance standards. Out of 4,200 companies that were evaluated, we were among the top one percent of companies to receive this rating. In addition, we received a GMI Pay Alignment Ranking (PAR) of 94.4 percent, indicating that only 5.6 percent of companies in the utilities sector had better alignment between CEO pay and performance than Xcel Energy.
- We **increased our dividend** 3 cents, or 3.2 percent, in 2009. Xcel Energy’s dividend has grown almost 31 percent over the past six years.
- Our **stock price rose** 14.4 percent during 2009, outpacing our peer group of mid-to-large utilities for the second year in a row.
- Our **credit ratings improved**. Standard & Poor revised its outlook on Xcel Energy to “positive,” and Moody’s upgraded senior secured ratings at NSPM, NSPW and PSCo.

CORPORATE STRATEGY

OUR CORPORATE STRATEGY CONTINUES TO FOCUS ON THREE MAIN OBJECTIVES:

@ Further detail regarding our corporate strategy can be found in our 2009 10-K on our website.

1 BEING AN ENVIRONMENTAL LEADER

As a portfolio of regulated utilities, we have an obligation to serve our customers by providing them with reasonably priced, reliable electric and gas services. However, our strategy goes beyond this traditional mission. Under the environmental leadership strategy, we take prudent, balanced steps to reduce the impact of our operations on the environment while promoting technological and public policy advancements that will encourage a cleaner electric system. We believe that environmental stewardship is good business. Taking a proactive approach toward a clean energy future helps us manage risk and reduce costs over the long run.

2 ACHIEVING FINANCIAL OBJECTIVES

Our financial objectives include three phases:

- **Obtaining legislative and regulatory support for large investment initiatives:** To avoid excessive risk, it is critical that we reduce regulatory uncertainty before making large capital investments.
- **Investing in the utility business:** As a result of our current capital investment plans, we forecast our rate base, or the amount on which we earn a return, to increase at a compounded average growth rate of 7.5 percent from 2008 through 2013.
- **Earning a fair return on utility system investments:** Our regulatory strategy is based on filing reasonable rate requests designed to provide recovery of legitimate expenses and a return on utility investments. We believe the public utility commissions will provide such recovery. Constructive results over the last several years are evidence of reasonable regulatory treatment and give us confidence that we are pursuing the right strategy.

We believe the following financial objectives continue to be both realistic and achievable:

- A long-term annual earnings-per-share growth rate target of 5 percent to 7 percent
- Annual dividend increases of 2 percent to 4 percent
- Senior unsecured debt credit ratings in the BBB+ to A range

3 OPTIMIZING THE MANAGEMENT OF OUR OPERATING UTILITIES

Although we have four separate operating companies—NSPM, NSPW, PSCo and SPS—our goal is to make the most of similarities among these companies in areas like environmental policy research, asset management and safety. We realize, however, that each utility company works under certain unique circumstances, such as its regulatory environment, physical plant infrastructure, weather conditions and local community priorities. These circumstances require a tailored operational approach, and to that end, we have a utility group president located in each jurisdiction. The objective is to optimize our operating efficiency while maximizing accountability.

2009 RATE CASE ACTIVITY

A rate case is the way Xcel Energy proposes changes to the rates we charge customers for our service. State public utilities commissions are responsible for reviewing and approving rate cases. Commissions must ensure that customers receive adequate and reliable services at reasonable rates and give our investors a fair return on their investment.

We know these are challenging economic times for our customers, and we don't ask for a rate change unless it is necessary to maintain safe and reliable services. The cost of doing business has increased for us as for other businesses and industries. Our rate case filings allow us to fund investments that strengthen our generation, transmission and distribution systems, reduce emissions and add cleaner sources of energy.

In 2009, we filed or received approval for a number of rate cases in our jurisdictions. A summary of this activity is provided below.

	Date of filing	Date of approval	Amount approved
MINNESOTA			
ELECTRIC	November 2008	October 2009	\$91.4 million
NATURAL GAS	November 2009	Pending	Pending
WISCONSIN			
ELECTRIC	June 2009	December 2009	\$6.4 million
SOUTH DAKOTA			
ELECTRIC	June 2009	January 2010	\$10.9 million
COLORADO			
ELECTRIC	November 2008	June 2009	\$112.2 million
ELECTRIC	May 2009	December 2009	\$128.3 million
TEXAS			
ELECTRIC	June 2008	January 2009	\$57.4 million
NEW MEXICO			
ELECTRIC	December 2008	July 2009	\$14.2 million

@ On our website, we provide detailed filing information for each state, along with fact sheets to help our customers understand the reasons for a particular rate case; the measures we've taken to manage costs; the impact the rate change will have on their monthly bills; and resources that are available to our low-income customers.

CORPORATE GOVERNANCE

BOARD OF DIRECTOR FACTS

- 13 directors, 11 of whom are classified independent by the listing standards of the New York Stock Exchange.
- Richard C. Kelly, board chairman, and Benjamin G.S. Fowke III are inside directors and are not considered independent.
- To strengthen independent oversight, independent members of the board annually elect a lead independent director. Specific responsibilities of the lead director are defined in Xcel Energy's corporate governance guidelines.
- Each director is a full and equal participant in the major strategic and policy decisions of the company.
- Our board committees include:
 - Nuclear, Environmental and Safety
 - Governance, Compensation and Nominating
 - Audit
 - Finance
- All board committee members are independent directors.
- Board membership is based on factors such as judgment, skills, integrity and experience with business and other organizations of comparable size to Xcel Energy. The diversity of our board is outlined on page 43.
- All directors are expected to adhere to our Code of Conduct, which complies with the requirements of the Sarbanes-Oxley Act of 2002.
- The board of directors and senior management meet frequently throughout the year to assess the company's economic, social and environmental performance and to plan for the future.
- We regularly monitor activity to ensure conflicts of interest are avoided.

BOARD OF DIRECTOR CHANGES

In October, we announced the election of three new board members effective as of December 1, 2009. **Kim Williams**, formerly a partner at Wellington Management Corporation, was named to the board's audit and finance committees. **Christopher Policinski**, president and CEO of Land O'Lakes, was named to the board's nuclear, environmental and safety committee and governance, compensation and nominating committee. **Benjamin Fowke**, president and chief operating officer of Xcel Energy, was the third individual named to the board. These new members replace three who departed the board in 2009: Douglas Leatherdale, Roger Hemminghaus and A. Barry Hirschfeld. In May 2010, three additional board members will retire: Margaret Preska, Richard Truly, and Coney Burgess.



Our corporate governance guidelines and a full list of our board of directors are available online.

GOVERNANCE RATINGS

We receive annual governance ratings from a number of independent governance advisory organizations. The results are summarized below.

INDEPENDENT GOVERNANCE RATINGS		
RATING ORGANIZATION	SCALE	XCEL ENERGY SCORE
GovernanceMetrics International		
OVERALL RATING		
Global	0-10	10
Home Market	0-10	10
PAY ALIGNMENT RATING	0-100%	94.4%
The Corporate Library (TCL)		
GOVERNANCE RISK ASSESSMENT	Low, Moderate or High	Low
TCL RATING	A-F (no E)	B
RiskMetrics Group Corporate Governance Quotient (CGQ)*		
INDUSTRY RANKING	0-100	64.2
INDEX RANKING	0-100	53.9

* We are currently in the process of submitting updated data to RiskMetrics, and our ranking is therefore likely to change in the near future.

\$80 MILLION WORTH OF COST SAVINGS

In 2009, our supply chain unit partnered with various business areas to save the company millions of dollars. Recent electric and gas materials, wood pole, wire and cable, power transformer, and IT initiatives have resulted in \$80 million worth of cost savings over the life of the three- to five-year terms of the contracts. The initiatives are not only saving money, but also creating better supplier reliability, improved lead times, higher product quality and environmental improvements.

This success is the result of focused efforts to build out supply chain capabilities, execute against a coordinated strategic plan and operate closely with the business areas. Through the creation of this new operating model, the supply chain unit brings groups together from different parts of the company to work side-by-side on issues and reach agreements when it comes time to order supplies and materials. For example, wire

and cable had been procured separately by different transmission, distribution and substation groups. By forming internal partnerships and approaching the procurement process through a single channel, we've been able to get better pricing and operational response from suppliers. In return, the suppliers who won the bids have been able to lock in multi-year contracts with higher volume—creating a win-win-win situation among suppliers, business areas and the supply chain organization.

These initiatives are driven by our ongoing **PERFORMANCE EXCELLENCE PROGRAM (PEP)**. PEP began at the end of 2007 in order to improve how we work in key areas of the company. The supply chain programs have been implemented over the last year and a half and will continue to be expanded through 2010 and beyond.



GARY O'HARA from our supply chain organization was instrumental in the Performance Excellence Program initiative that saved millions of dollars by creating partnerships among business areas and suppliers.

CORPORATE COMPLIANCE & BUSINESS CONDUCT

OVERSIGHT

The audit committee of our board of directors is the governing authority for compliance and business conduct matters. As such the audit committee assists the full board in fulfilling the board's oversight responsibilities relating to our Code of Conduct, other corporate policies, compliance hotline process and results, compliance risk assessments, communications and training, and program effectiveness. Our chief compliance officer has overall responsibility for our Corporate Compliance & Business Conduct (CCBC) program and reports directly to the chief executive officer. The CCBC Council comprises executives from all business areas and monitors implementation of specific compliance programs and business conduct issues.

COMPLIANCE RISK ASSESSMENT

Our Compliance Risk Assessment (CRA) is a five-step process to systematically detect, prevent and mitigate compliance risks across the enterprise. The CCBC Council reviews associated action plans on a quarterly basis. Our CRA process drives changes to our business practices, processes and systems in a proactive manner to address new and changing legal and regulatory requirements, litigation readiness demands and various other compliance requirements.

Our full Corporate Governance Guidelines are available online, along with charters for our governance committees and profiles of our board directors. Detailed information about the company's corporate governance and executive compensation practices is published annually in the proxy statement to shareholders. You may contact the board of directors by e-mail at boardofdirectors@xcenergy.com or by regular mail at Board of Directors, c/o Corporate Secretary, 414 Nicollet Mall, 5th floor, Minneapolis, MN 55401. Shareholders may propose actions for consideration at the annual meeting as outlined in our proxy statement.



Information about our Code of Conduct is available in the employee section of the report on page 39.

RECORDS MANAGEMENT INITIATIVE

In response to federal laws pertaining to the retention and availability of records, we initiated a 2008 independent assessment of our records management practices across the company. In 2009, we completed the following projects, which were identified as priorities during the assessment process:

- Hired a records management project manager
- Updated our records retention schedule
- Developed a network of records coordinators
- Developed a multi-year records management project plan



POLITICAL CONTRIBUTIONS

In the corporate governance section of our website, we publish our political contributions and government communications policy. We also report information about corporate contributions made to candidate campaigns, entities organized and operating under Section 527 of the Internal Revenue Code (26 USC 527) and trade organizations.

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**EXECUTIVE SUMMARY**

To us, operational excellence is a philosophy of leadership, teamwork and problem solving that results in continuous improvement throughout the organization by focusing on the needs of the customer, empowering employees, working safely and optimizing existing activities in the process. It is the people—customers, employees and residents of the communities we serve—who make our business possible.

CUSTOMERS

We offer a variety of customer programs to households, businesses and organizations to help them manage their energy use and lessen their environmental impact.

Electricity and natural gas service are basic necessities, and we understand that paying for these services can be a challenge for some of our customers. In addition to offering a number of programs to help vulnerable customers, we contribute regularly to energy assistance efforts across our service territories.

System reliability is a key element in ensuring customer satisfaction, and our employees work around-the-clock to deliver safe and reliable service every day of the year. When customers can flip on a switch or adjust their thermostats without thinking twice about the service being delivered, we feel good about the job we've done.

PEOPLE

EMPLOYEES

Being an employer of choice means creating a workplace where the best people seek us out and then want to stay and contribute every day. We work hard to engage with our employees openly and honestly, while offering competitive compensation, benefits and professional development opportunities.

Diversity and inclusion is an integral part of who we are, how we operate and how we see our future. An inclusive work culture provides all employees with equal access to employment opportunities and development.

Safety is a core value and a priority at Xcel Energy. We are committed to sending our employees home without injury and informing our customers and the public how to act safely and responsibly around electricity and natural gas.

COMMUNITY

The success of our company is directly related to the health of the communities we serve. Through the Xcel Energy Foundation, we invest in local communities with grants, charitable contributions and volunteer time. The mission of the Foundation is to use our collective knowledge, resources and skills to meet the needs of our communities and ensure that our service area is a highly desirable place for all people to live, work or own a business. Through our focus area grants, we support nonprofit 501(c)(3) organizations in the areas of education, the environment, economic sustainability, and arts and culture.

Our contributions to economic development occur on many levels, from state and regional strategic planning initiatives to hands-on assistance for individual businesses. We provide operating funds to a variety of organizations, ranging from regional and local economic development efforts to communities engaged in long-term community planning.

CUSTOMERS			
NUMBER OF CUSTOMERS			
Electricity	3.4 million	Natural gas	1.9 million
Energy assistance contributions			\$15.9 million
Service disconnections			138,186
ENERGY CONSERVATION PROGRAMS*			
Residential		Business	
Number of programs offered	45	Number of programs offered	51
Number of participants	2.4 million	Number of participants	9,000

* Includes energy conservation programs offered in 2009, and customers who received a rebate or joined a program in 2009.

EMPLOYEES	
Number of Employees	12,325
Percent Represented by Unions	47%
COMMUNITY	
Xcel Energy Foundation	
Focus Area Grants*	\$3,776,300
Environment	\$764,500
Education	\$1,067,800
Economic sustainability	\$1,081,200
Arts and culture	\$788,200
United Way Contributions	\$5,200,000
Employee contributions	\$2,600,000
Company contributions	\$2,600,000
Matching Gifts Program	\$1,114,597
Employee contributions	\$586,262
Company contributions	\$528,335
Dollars-for-Doing Contributions	\$78,049
Volunteer Energy Contributions	\$51,500
Classroom Connection	\$34,450
Corporate Contributions	\$2,682,801
In-kind Donations	\$103,934
Volunteer Paid Time Off	8,658 hours
Total Contributions	\$13,041,631
Supply Chain Spending	\$2.25 billion
Local spending	47%
Supplier Diversity Spending	\$153 million
Number of Power Plant Tours	6,960

* Includes other grants outside these focus areas.

PEOPLE

KEY PERFORMANCE INDICATORS			
	2009 Goal	2009 Performance	2010 Goal
CUSTOMERS	Maintain residential customer satisfaction of 89% positive	Achieved residential customer satisfaction of 92% positive ★	Achieve residential customer satisfaction of 90% positive
SYSTEM RELIABILITY	Improve system reliability; achieve SAIDI rate of 87.00 ¹	SAIDI (System Average Interruption Duration Index) rate of 74.7 ★	Achieve SAIDI rate of 86.4
PLANT RELIABILITY	Improve power plant reliability; achieve UOR of 5.65	UOR (Unplanned Outage Rate) of 7.51 ☹ ²	Achieve UOR of 6.89
SAFETY	Improve employee safety; achieve OSHA recordable incident rate of 2.23 or lower	OSHA recordable incident rate of 2.11 ★	Achieve OSHA recordable incident rate of 1.99 or lower
	Improve employee safety; achieve DART rate of 1.33 or lower	DART (Days Away, Restricted or Transferred Rate) of 1.21 ★	Achieve DART rate of 1.17 or lower
	Contractor safety compliance	n/a	Complete 85% of contractor safety requirements associated with program appendices
DIVERSITY	Embed diversity and inclusion into operating processes; achieve 85% penetration of diversity priority in operating company business plans	94% of operating company business areas completed their diversity and inclusion operational plans ★	Increase diversity awareness among company leaders from 55% in 2009 to 58% in 2010
WORKFORCE	Maintain 96% retention during the first year of employment	Maintained 94.5% retention during the first year of employment ☹ ³	Discontinuing goal for 2010
	Maintain internal employee promotions of 67%	Maintained internal employee promotions of 74.6% ★	Maintain internal employee promotions of 67%
EMPLOYEE BRAND ALIGNMENT	Improve communications within business areas to encourage information flow and alignment with Xcel Energy brand; achieve 52% brand alignment as measured by survey results	Achieved 53.8% brand alignment ★	Achieve 54.8% brand alignment
COMMUNITY	Increase employee volunteerism 2% over 2008	Increased employee volunteerism 72% over 2008 ★	Increase employee volunteerism 15% over 2009
	Maintain United Way giving at \$2.6 million	Employees pledged \$2.6 million to United Way campaign ●	Maintain United Way giving of \$2.6 million
★ EXCEEDED TARGET ● MET TARGET ☹ DID NOT MEET TARGET			

1 In our 2008 corporate responsibility report, we listed our 2009 SAIDI target as 88.8; however, this target was later reduced to 87.00.

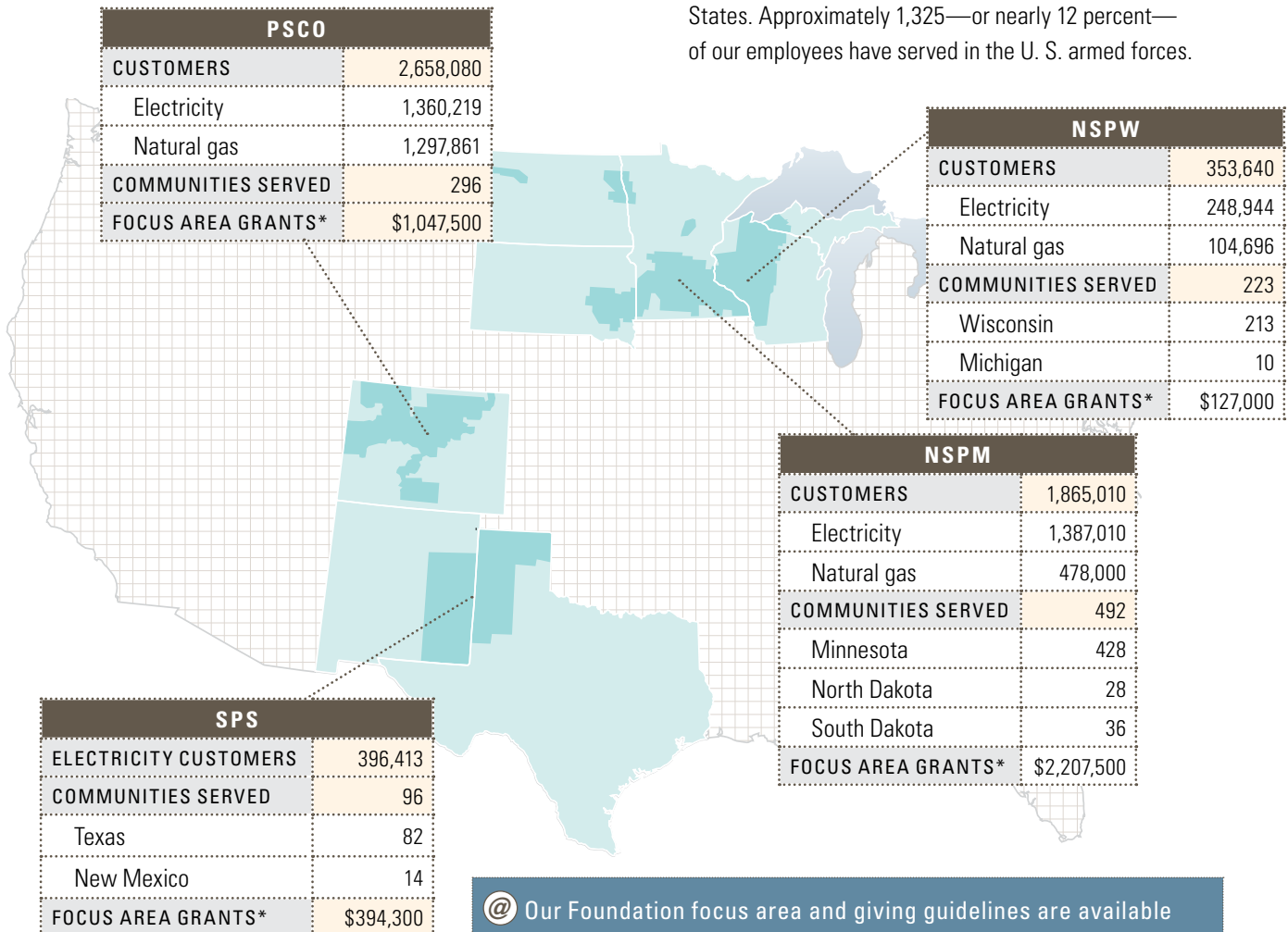
2 Information on the Unplanned Outage Rate is on page 30 of the report.

3 We did not meet our retention target because hiring slowed in 2009.

CUSTOMERS, EMPLOYEES & COMMUNITY

ACCOMPLISHMENTS

- In Denver, we earned the **“Champion of Hope” award** from the Mile High United Way for our commitment to the community during a difficult time for the nonprofit community.
- In Minnesota, we received the **“2009 Outstanding Philanthropic Organization”** award from the Association of Fundraising Professionals for our partnership with the Greater Twin Cities United Way.
- Xcel Energy was **one of five utilities named as winners in the Energy Efficiency Programs category** of Edison Electric Institute’s 2009 National Key Accounts Customer Service Awards program.
- We received the **Working Family Resource Center’s “2009 Elaine McCormick Wray Award”** for our commitment to educating, supporting and strengthening working families through work-life and wellness education at the worksite.
- Xcel Energy was named one of the **“2009 Best Employers for Healthy Lifestyles”** award winners in the silver category, which is given to companies who have launched programs or services to promote living a healthier lifestyle.
- For the second year, G.I. Jobs Magazine has named Xcel Energy one of the nation’s **100 most military-friendly employers**. The annual list recognizes the top 2 percent of veteran-friendly companies in the United States. Approximately 1,325—or nearly 12 percent—of our employees have served in the U. S. armed forces.



* The allocation for focus area grants is based on a formula that includes such factors as revenue, customers, employees and capital assets by operating company.

CUSTOMERS

For more than 20 years, we have worked with our customers to help them save energy, successfully managing cost-effective energy conservation programs across our service territory. We have nearly 162 full-time equivalent employees working together to design new energy conservation programs; to ensure the savings estimates are accurate and measurable; to develop marketing plans to reach the right target markets; and to create plans to meet our regulatory goals. In 2009, we spent nearly \$141 million on energy conservation projects for residential and business customers throughout our service territory.

RESIDENTIAL CUSTOMERS

Customers have likely noticed a positive change in our engagement with them over the past two years. We have made some significant changes to our marketing and advertising efforts based on research we've conducted. We understand that most customers are primarily concerned with the reliability and affordability of the services we provide. As a result, we have targeted our communications to increase awareness of and participation in our numerous conservation programs and services.


ELECTRICITY CUSTOMERS					
	NSPM	NSPW	PSCo	SPS	TOTAL
RESIDENTIAL	1,231,752	210,109	1,150,181	313,063	2,905,105
COMMERCIAL & INDUSTRIAL	149,187	37,662	151,637	77,217	415,703
PUBLIC AUTHORITY & OTHER	6,055	1,163	58,371	6,088	71,677
WHOLESALE	16	10	30	45	101
TOTAL	1,387,010	248,944	1,360,219	396,413	3,392,586

NATURAL GAS CUSTOMERS				
	NSPM	NSPW	PSCo	TOTAL
RESIDENTIAL	437,517	92,484	1,193,418	1,723,419
COMMERCIAL & INDUSTRIAL	40,468	12,190	99,654	152,312
TRANSPORTATION & OTHER	15	22	4,789	4,826
TOTAL	478,000	104,696	1,297,861	1,880,557

2009 energy-efficiency program results and more state-by-state program information is available on page 71.

XCEL ENERGY XPERIENCE: Telling customers about the environmental and economic benefits of efficient energy use is not necessarily going to make them change their behavior. The Xcel Energy Xperience is encouraging changes in customer behavior through memorable activities, such as having two bike riders who race, with one powering an incandescent light bulb and the other powering a compact fluorescent. The program launched in April 2009 in Colorado with a goal of engaging 60,000 customers. It focuses on audiences who tend to be high energy users, and provides direct, proactive interactions through a display that travels to different high-profile events.



 Our **RENEWABLE-ENERGY PROGRAM** offerings for customers—Windsource and Solar*Rewards—are described on pages 60 and 62.

BILLING AND PAYMENT OPTIONS: We provide several tools online to help customers understand their monthly energy bills. We also offer a variety of payment options such as AutoPay and Online View and Pay, which enable customers to save time and conserve resources. In December 2009, we launched a trial version of a new online energy management tool called My Account. The site provides customers with an account overview, billing and payment history, usage information and more. Nearly 30,000 customers in Colorado signed up for a trial account in the first three months it was offered.

Below are some of the energy-saving tools we offer to customers:

MICROSOFT HOHM

Customers can sign up to link their energy-usage data to Microsoft’s online application, which helps them understand their energy usage, get energy-saving recommendations and lower their energy bills.

POWER CHECK PROGRAM

In collaboration with public libraries in Denver and Minneapolis, we offer Kill-A-Watt power meters that patrons can check out to measure how much energy the appliances in their homes use.

ENERGY MAKEOVER VIDEOS

We provide instructional videos with information on a variety of energy-saving home improvement projects.

RESIDENTIAL ENERGY CONSERVATION PROGRAMS AND SERVICES			
Product/Service	Description	States Offering & Paying Rebates In 2009	# Customers Participating or Added in 2009
COMPACT FLUORESCENT (CFL) BULBS	Energy-efficient CFL bulbs offered at wholesale prices in retail stores and online	CO, MN, NM	1,869,405
COOLING REBATES	Rebates for energy-efficient cooling equipment	CO, MN, NM	11,337
HEATING REBATES	Rebates for energy-efficient heating equipment, such as furnaces, boilers, heat pumps, programmable thermostats, attic and wall insulation, duct sealing and weather stripping	CO, MN, WI, ND	16,521
HOME ENERGY AUDITS	Discounted home energy audits offered to identify energy-saving opportunities	CO, MN, ND	7,237
HOME PERFORMANCE WITH ENERGY STAR	Comprehensive energy-saving program that includes a home energy audit and rebates for applicable efficiency improvements	CO, MN	3,228
SAVER’S SWITCH®	Monthly summer discounts for cycling air conditioner units on hot summer days	CO, MN, WI, ND, SD	43,604
TIME OF USE	Pricing structure encourages electricity usage during off-peak hours	MN,WI, MI, ND, SD	—
WATER HEATER REBATES	Rebates offered for energy-efficient water heaters and showerheads	CO, MN, WI, ND	204,635
ENERGY STAR APPLIANCE REBATES	Rebates offered for energy-efficient clothes washers, dishwashers, refrigerators, room air conditioners and televisions	CO	3,803
RECYCLING PROGRAMS	Services and rebates offered for refrigerator and light bulb recycling	MN, CO, NM	257,684

Note: This is not a comprehensive list of all programs and services available, and includes only those customers who received a rebate or joined a program in 2009. Our offerings in Texas vary from year-to-year and are provided by third-party vendors. They have not been included on this chart. Please see our website for complete state-by-state offerings and additional information.

MAKING SAVING ENERGY EASY

In the fall of 2009, Xcel Energy and CenterPoint Energy began partnering with the Neighborhood Energy Connection (NEC) and the Center for Energy and the Environment (CEE) to provide a “home-energy squad” pilot program in select neighborhoods across the Twin Cities. The program offers homeowners the opportunity to make custom energy-efficiency upgrades to their homes—without the cost or labor that sometimes deters people from making simple changes that could save them money on their energy bills.

Home-energy squad crews target various neighborhoods and schedule appointments with homeowners to assess their home’s efficiency. They arrive equipped to make any necessary installations on the spot. The concept for the pilot program developed as a way to help homeowners who may not have the resources or ability to implement common efficiency improvements, such as switching to a programmable thermostat or adding weather stripping to doors and windows. Participants pay only for the cost of materials; the labor for any recommended installations is free.

In 2010, we will roll out our own joint Home Energy Squad program with CenterPoint Energy in parts of St. Paul and Minneapolis along with the NEC and CEE, while continuing to help fund the original programs. This cooperative effort between two utilities is unique and serves as a good example of the efficiencies that can result through collaboration. Working with all three organizations—CenterPoint, NEC and CEE—has been a rewarding and positive experience.

More information about the Home Energy Squad program is available at homeenergysquad.net.



JEAN HAMMER in our consumer energy-efficiency marketing department manages the Home Energy Squad program in Minnesota. For 2010, Home Energy Squad crews are working in Twin City neighborhoods, with a focus on communities within the Energy Innovation Corridor—a unique public, private and nonprofit partnership. See page 69 of this report for details on the Energy Innovation Corridor.

PROGRAMS TO ASSIST VULNERABLE CUSTOMERS

We work with state and local agencies and low-income advocates to provide energy assistance to those in need. Our personal accounts department provides services that promote the efficient use of energy while making energy bills more affordable to income-qualified families through payment plans and energy assistance programs.

FINDING CONNECTIONS : PEOPLE



MARIA LYNCH, HARRYETTE JOHNSON AND GAIL COOVER of our revenue cycle organization launched the Public Service Energy Assistance Pilot (PEAP) program that offers customers who are income-qualified the opportunity to have a portion of their outstanding natural gas debt forgiven. Customers who are income-qualified and are elderly, disabled, or who have energy payments in arrears or whose energy has been disconnected are invited to apply to the program. If accepted, they are placed on our Averaged Monthly Payment plan, which averages out their monthly energy costs based on their energy use over the most recent 12 months. In 2009, 8,500 customers participated in the program, and we disbursed an average of \$24 per customer per month.

PROGRAMS AVAILABLE TO VULNERABLE CUSTOMERS		
Program	State Available and Description	Customers in 2009
INCOME-QUALIFIED WEATHERIZATION PROGRAMS	COLORADO: Free weatherization services, including weather stripping, insulation, replacement of inefficient furnaces and refrigerators, and installation of CFLs (in partnership with the Governor's Energy Office and Energy Outreach Colorado)	2,400
LOW-INCOME ENERGY SAVINGS PROGRAMS	MINNESOTA: Free weatherization services, including weather stripping, insulation, replacement of inefficient furnaces, water heaters, refrigerators, freezers and window air conditioners, and installation of CFLs (in partnership with Energy CENTS Coalition and Community Action of Minneapolis)	273
LOW-INCOME BILL PAYMENT ASSISTANCE BENEFITS	MINNESOTA AND COLORADO: In addition to the electric discount to seniors and disabled customers in Minnesota, both NSPM and PSCo are piloting programs that provide bill payment assistance to income-qualified households; customers are provided an affordable payment plan and a monthly benefit based on household income	63,500

In 2009, we contributed nearly \$16 million to energy assistance programs throughout our service territory. Our support of energy assistance includes:

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

If we are unsuccessful in our efforts to reach out to customers regarding payment issues, we disconnect service only as a last resort. In 2009, we disconnected service to a total of 138,186 customers. We typically send customers a reminder notice 33 days after their unpaid bill is due and a disconnection notice 64 days after the original due date. If we are unable to resolve the issue or arrange a payment plan with the customer, we will usually shut off service three to 10 days after the disconnection notice is sent. Most customers are reconnected after they arrange payment plans or pay their bills in full.



Xcel Energy participates in the **DENVER NEIGHBORHOOD ENERGY ACTION PROGRAM (NEAP)**—a nonprofit, public and private collaboration that works to help residents save energy and reduce costs.



MICHAEL KUNZ of our product consumer marketing department talks with a customer during an Energy Efficiency Expo. More than 1,200 business customers attended our Energy Efficiency Expos in Denver and Minneapolis. The events featured teams of energy experts from Xcel Energy and outside organizations providing energy conservation workshops and information about our rebates and energy-efficiency study funding. We also presented awards honoring commercial, industrial and small business customers for participating in our 2009 energy-efficiency programs.

@ Our business customers also can take advantage of **GX METER**, a powerful energy management reporting solution that helps businesses analyze and control their energy use. We also offer free online tools to help business customers identify energy wasters in their facilities. Learn more on our website.

CUSTOMERS

BUSINESS CUSTOMERS

While our business customers make up a smaller segment of our customer base in terms of numbers, their total usage of electricity is more than twice the total amount of our residential customers, and their natural gas consumption is nearly 65 percent of the amount used by residential customers. Consequently, we work closely with these customers to provide programs and services that help them reduce consumption and lower their bills.

We honored seven Minnesota businesses and 12 Colorado businesses for their efforts to save energy through our 2009 energy-efficiency programs. The companies collectively saved 39 million kilowatt-hours (kWh) of electricity and 75,100 dekatherms (Dth) of natural gas in a 12-month period. Many of these conservation projects are often invisible to those not directly involved. These awards are a way to help recognize businesses that make exceptional efforts to save energy.

2009 ENERGY EFFICIENCY EXPO AWARD WINNERS

Minnesota		Colorado			
University of Minnesota	Largest Electric Savings by a Commercial Customer	King Soopers	Most Energy Savings from Multiple Programs	CB Richard Ellis	Motor Efficiency Program
Praxair, Inc.	Largest Electric Savings by an Industrial Customer	Acme Distribution Centers	Most Energy Savings at One Premise	Shea Properties	Energy Design Assistance Program
Unisource	Largest Electric Savings by a Small Business Customer	Safety Distribution	Lighting Efficiency Program	Evrax Rocky Mountain Steel	Compressed-Air Efficiency Program
University of St. Thomas	Largest Gas Savings by a Commercial Customer	Premium Pet Health	Custom Efficiency Program	Kaiser Permanente	Cooling Efficiency Program
Faribault Foods	Largest Gas Savings by an Industrial Customer	GeoEye	Energy Management System Program	Pikotek	Largest Energy Savings by a Small/Medium-Sized Business
Spectrum Properties Management	Largest Gas Savings by a Small Business Customer	The Children's Hospital	Recommissioning Program	Colorado State University	Heating Efficiency (Natural Gas) Program
3M	Five-year Program Participation Award				

2009 BUSINESS ENERGY CONSERVATION PROGRAMS AND SERVICES			
Product/Service	Description	States Offering & Paying Rebates In 2009	# Customers Participating or Added in 2009
BOILER EFFICIENCY / FURNACE EFFICIENCY / HEATING EFFICIENCY	Rebates for replacing or upgrading natural-gas-fired, hot-water boilers; high-efficiency furnaces; and heating systems	CO, MN	554
COMMERCIAL REAL ESTATE / SEGMENT EFFICIENCY	Study funding and rebates for implementing energy-saving recommendations on office buildings over 50,000 sq. ft.	CO, MN	149
COMPRESSED AIR EFFICIENCY	Funding for compressed air system studies and rebates for energy-saving process or equipment improvements	CO, MN	169
COOLING EFFICIENCY	Rebates for replacing or updating cooling systems with more efficient systems	CO, MN, NM	471
CUSTOM EFFICIENCY	Rebates for installing energy-efficient equipment or for making process improvements that reduce energy use and are not covered by our other programs	CO, MN, NM	282
DATA CENTER EFFICIENCY	Data center study funding and rebates for implementing recommended changes (new program; launched fall 2009)	MN	1
EFFICIENCY CONTROLS	Rebates for control systems that provide energy savings by automating building systems such as lighting, HVAC, cooling and others	MN	75
ELECTRIC RATE SAVINGS	Reduced electric rates for reducing demand for electricity to a predetermined level during control periods	CO, MN, ND, SD, WI	300
ENERGY ANALYSIS	Online and on-site energy audits to identify ways to save energy and qualify for rebates; engineering assistance study funding also available for custom efficiency projects	CO, MN	1,532
ENERGY DESIGN ASSISTANCE	Energy expertise and construction rebates for new buildings, additions or major renovations of large buildings, early in the design process	MN	107
ENERGY EFFICIENT BUILDINGS	Whole-building construction rebates for new buildings, additions or major renovations, late in the design process or as construction is beginning	CO, MN	26
ENERGY MANAGEMENT SYSTEMS / EFFICIENCY CONTROLS	Rebates for the purchase and installation of automated building controls that lower a facility's demand during peak hours or provide energy savings during off-peak periods	CO, MN	90
LIGHTING EFFICIENCY/ REDESIGN	Study funding and rebates for energy-saving lighting analysis and installations	CO, MN, NM	3,199
MOTOR EFFICIENCY	Rebates for installing high-efficiency motors	CO, MN, NM	937
PROCESS EFFICIENCY	Identification of energy conservation opportunities and design of a 3- to 5-year energy management plan for large industrial customers	CO, MN	137
RECOMMISSIONING	Study funding and rebates for tuning up a building's existing mechanical systems, including refrigeration systems	CO, MN	159
SAVER'S SWITCH	Monthly summer discounts for cycling air conditioner units on hot summer days	CO, MN, ND, SD, NM, TX	816

Note: This is not a comprehensive list of all programs and services available, and includes only those customers who received a rebate or joined a program in 2009. Our offerings in Texas vary from year-to-year and are provided by third-party vendors. They have not been included on this chart. Please see our website for complete state-by-state offerings and additional information.

BETHKE ELEMENTARY

In 2009, the Poudre Valley School District, based in Fort Collins, Colo., had a vision to build a highly efficient school as it began construction on Bethke Elementary School. To maximize the opportunity for energy-efficient strategies, the design team—including architects, engineers, contractors and energy partners like Xcel Energy—explored efficient options before many building-design decisions were made.

By partnering with Xcel Energy, the Department of Energy, the Colorado Governor's Energy Office and EPA's ENERGY STAR program, the design team was able to select energy-efficient strategies that would maximize the return on investment. By



working through Xcel Energy's Business New Construction program, the district received a free, comprehensive, computer energy-modeling service (valued at \$27,000), which suggested energy-saving strategies and the associated energy savings. Recommended strategies also qualified for cash incentives, which totaled more than \$65,000.

Bethke Elementary School is the first school in the country to achieve the Gold LEED certification (Leadership in Energy and Environmental Design), the first school ever to receive three Green Globes out of four from the Green Buildings Initiative and was designed to earn the ENERGY STAR award.

The 63,000 square foot, two-story building will use roughly 40 to 50 percent less energy to operate than a comparable school designed without sustainability features. Among other things, it involves a state-of-the-art evaporative system for its cooling system, a super-insulated building envelope, high efficiency boilers and operative windows that provide daylighting to 90 percent of the building's interior.

Other energy-efficient features include building orientation, site design, and carbon dioxide sensors to control ventilation. The building also reduces heating and cooling costs by about half compared to a conventionally designed building.

BOSTON SCIENTIFIC

Boston Scientific is one of the world's largest medical device companies and has partnered with Xcel Energy to conserve energy in its facilities for nearly two decades. Over that time, Boston Scientific has received more than \$1 million in rebates and study funding and has reduced its electricity usage by nearly 14-million kWh. Some of the energy-saving accomplishments over the past few years include:

- Receiving a LEED Silver certification as a result of participation in our Energy Design Assistance program
- Installing more than 36,000 high efficiency T8 lamps through our Lighting Efficiency program
- Replacing 30 motors and adding 13 variable speed drives, all of which qualified for rebates through our Motor Efficiency program
- Performing recommissioning studies on five buildings and identifying 25 recommissioning measures that will result in \$46,500 of annual energy savings

- Analyzing two compressor systems through our Compressed-Air Efficiency program to identify air leaks that are wasting \$11,500 each year
- Tuning up six boiler systems through our Boiler Efficiency program and saving 3,100 Dth of natural gas as a result

Through its partnership with Xcel Energy, the company works closely with our account managers to identify energy-efficiency opportunities. The Maple Grove and Arden Hills facilities have enrolled in our Process Efficiency program, which helps large industrial customers develop a long-term, sustainable energy management plan. The facilities have the potential to save up to \$1 million. In 2009, Boston Scientific received an Xcel Energy Efficiency Partner Award for its outstanding efforts to save energy.

CUSTOMER SATISFACTION

We exceeded our corporate goal of achieving an 89 percent overall satisfaction rate among our residential customers, ending the year at 92 percent positive, as measured by our Voice of the Customer survey. This represents an improvement of seven percent since 2006. Electric system reliability continues to be the biggest contributor toward customer satisfaction in all jurisdictions. Other significant improvements came in the areas of perception of rates, customer communications and general customer service.

We increased or maintained our ranking in 13 categories of the J.D. Power utility customer satisfaction survey, but declined in three categories: residential gas customer service (West), residential gas billing and payment (West), and business electric customer service (Midwest). We achieved top quartile ranking in two of 16 categories: business gas customer service (Midwest) and business electric billing and payment (Midwest). For 2010, we are targeting the top two quartiles in 12 of 24 categories.



J.D. POWER CUSTOMER SATISFACTION:

Each year, J.D. Power and Associates conducts utility customer satisfaction surveys in different regions of the United States by type of utility service.

To improve overall customer satisfaction, we took the following actions in 2009:

- We continued to follow up with customers who rate service at seven or below on Voice of the Customer surveys
- We monitored calls from our customers to ensure high quality and provided coaching support to agents who may need additional assistance.
- We began developing a comprehensive customer satisfaction strategy

Overall, we reduced both customer complaints and the number of customer bills we had to cancel and rebill. Total complaints were down 28 percent from 2008, and commission complaints were down 30 percent. The biggest improvement came in the area of credit and collection complaints.

VOICE OF THE CUSTOMER:

Our Voice of the Customer survey program allows us to assess our customers' satisfaction with our services. We conduct relationship and transaction surveys on an ongoing basis, typically by telephone, to gather feedback from residential and business customers. Results are compiled monthly.

Forty-six percent of the residential customers we surveyed answered yes to the question, **"HAVE YOU READ, SEEN OR HEARD ANYTHING ABOUT XCEL ENERGY'S ENVIRONMENTAL INITIATIVES DIRECTLY FROM XCEL ENERGY?"** This measure is up from 40 percent in 2008.

SYSTEM RELIABILITY

SYSTEM AVERAGE INTERRUPTION DURATION INDEX

The System Average Interruption Duration Index (SAIDI) measures the average number of minutes an average customer was without power in a year. Reliability performance for all operating companies was better than target in 2009. We achieved an overall SAIDI of 74.65, significantly below our target of 87.00. Investments made to our system in 2008, automation of the data collection process and favorable weather conditions all contributed to our improved reliability performance in 2009. Our reliability management programs continued to focus on infrastructure replacement (e.g., cable, poles), tree pruning and removal, feeder performance improvement, and outage and customer complaint reduction by using a focused approach to identify areas of multiple outages.

UNPLANNED OUTAGE RATE

The Unplanned Outage Rate (UOR) is a measure of our power plant unit availability. In 2009, we did not meet our UOR target due to issues in PSCo. Our target was 5.65, and our actual performance was 7.51. Performance was impacted by contractor quality problems at our Pawnee and Valmont Generating Stations during boiler and turbine overhauls, as well as a major unplanned outage at Cherokee Generating Station as a result of turbine blade failure. We have developed and implemented new turbine maintenance guidelines and initiated work on a quality assurance procedure to minimize the reoccurrence of such events.

STORM AND DISASTER RESTORATION EFFORTS

During severe snow, ice and wind storms, electric service can be disrupted to hundreds or thousands of customers all at once, and it may take several days to fully restore power, depending on the extent of damage and how easily our crews can access the damaged areas. We must approach large-scale restoration efforts on a strategic basis. Our restoration process gives top priority to situations that threaten public safety, such as live, downed wires. Priority is also given to facilities that protect public safety and health, including police stations and hospitals. Repairs are then prioritized based on what will restore power to the largest number of customers most quickly. Crews will work around the clock until power is restored to all customers.



HIGHLIGHTED RESTORATION EFFORTS IN 2009

PSCo : Arvada/Wheat Ridge storm in Colorado

The city of Wheat Ridge, Colo., recognized our crews for their efforts to restore electricity after powerful thunderstorms with rain, hail, wind and lightning caused major damage and knocked out power to about 90,000 customers in the Denver metro area in July 2009.

NSP : Red River flooding in North Dakota

We managed and operated the system successfully during the spring flooding of the Red River, which exceeded all previous flood levels. In spite of the challenging working conditions—meters under deep water, working from boats, and icy conditions—we worked safely, with no reported incidents.

SPS : Wheeler fire in the Texas Panhandle

A wind-driven wildfire in Wheeler County, Texas, charred 15,000 acres of Panhandle farms and ranches in April 2009. Line crews restored service after discovering more than 50 poles either burned or damaged by wind. Later our employee volunteers returned to help rebuild a family's home burned in the fire.

NATURAL GAS PIPELINE REPLACEMENT EFFORTS

To ensure continued safe and reliable natural gas service, as well as to meet the increasing demand of new and larger customers, Xcel Energy is conducting a number of natural gas pipeline replacement efforts in the areas where we provide this service.

NSPM

Last year we completed a three-year replacement project in Minnesota and initiated and completed a similar project in North Dakota, replacing more than 140 miles of main pipe and more than 10,000 natural gas services. We also identified and replaced a defective coupling in t-shaped gas-pipe fittings installed on our system, completing nearly 1,100 excavations and repairing about 150 t-shaped fittings.

In Minnesota, we have been addressing an issue involving potential conflicts between sanitary sewer lines and natural gas lines. We will begin to implement a plan in 2010 to investigate, locate and repair potential conflicts. We have started an extensive public awareness campaign, and are encouraging contractors and customers to call us before having sewer clearing work performed.



NSPW

In Wisconsin we continue efforts to replace aging plastic natural gas pipe. We completed a five-year program in 2009, replacing more than 12,500 feet of main pipe. We also began a new three-year effort to replace nearly 50,000 feet of main pipe and about 850 services.

PSCO

We initiated a project in 2009 to replace more than 100 miles of natural gas pipeline in Denver. The effort will take three to five years and is projected to cost close to \$300 million. It is part of our overall effort throughout Colorado to replace 600 miles of pipeline.

EMPLOYEES

XCEL ENERGY EMPLOYEES BY JOB CATEGORY*						
	NSPM	NSPW	PSCo	SPS	XES ⁴	TOTAL
BARGAINING ¹	2,377	435	2,132	796	—	5,740
CRAFT ²	701	3	—	—	—	704
NON-EXEMPT	394	78	170	190	1,140	3,150
EXEMPT ³	1,068	88	503	205	2,045	3,909
TOTAL	4,540	604	2,805	1,191	3,185	12,325
REPRESENTED BY UNIONS	52%	72%	76%	69%	0%	47%

* Includes full-time, part-time and temporary employees. Please note that the 10-K reports only full-time employees in continuing operations, resulting in a lower total number

1 Covered by collective bargaining agreements

2 Temporary, project-specific, covered by collective bargaining agreements

3 Includes executives, management, and other exempt employees

4 Represents employees whose work is performed across all operating companies

EMPLOYEE ENGAGEMENT

EMPLOYEE COMMUNICATIONS

In 2009, we surveyed employees about the communication tools they most prefer and their familiarity with Xcel Energy's key issues, such as safety, the environment, diversity and compliance. We will use the results to identify opportunities for improvement and target our communications more effectively.

PERCENT OF EMPLOYEES VERY FAMILIAR WITH A TOPIC			
ENVIRONMENTAL IMPACT	73%	BENEFITS	44%
EFFICIENCY PROGRAMS	56%	DIVERSITY	36%
FOUNDATION	49%	COMPLIANCE	65%
CORPORATE STRATEGY	44%	SAFETY	88%
BRAND TAGLINE	57%		

Many of the engagement results from the survey were encouraging. About 80 percent of employees had referred someone to apply to Xcel Energy for a job. Plus, 69 percent had talked about the company to friends and neighbors, and 67 percent had made changes at home to be more environmentally aware.

■ In early 2010, Xcel Energy launched "JOURNEY TO ZERO"—an employee campaign to reinforce the importance of safety. Employee safety information is on page 45 of this report.



“BEST PLACES TO WORK” SURVEY RESULTS

Last spring, Xcel Energy’s leadership asked employees in Minnesota and Colorado to fill out surveys to gauge how the company is doing as a “Best Place to Work.” It was the first time Colorado employees participated in the survey. We improved our scores in Minnesota, moving higher in each of the survey’s categories, but didn’t make the overall list.

BEST PLACES TO WORK SURVEY	
Strengths	Areas to Improve
Employees are loyal to the company and their teams.	Company needs to do a better job demonstrating how much we value employees as our most important resource.
Employees believe their teams are effective.	Company needs to do a better job of developing employees and gauging their progress.
Employees understand how their work contributes to the company.	Leaders need to demonstrate more their desire to make this a great place to work.

As a result of these findings, we formed an Employee Engagement team, supported by an advisory board, to address the concerns voiced by employees. Below are some of the existing and new initiatives we are using to improve employee engagement.



Employees are encouraged to submit company-related photos to our news magazine, *Xtra*. Jim Gilmore in our transmission real time planning group took this photo of hot air balloons over Xcel Energy’s **SOUTHWEST SERVICE CENTER** in Amarillo, Texas. The balloon lift-offs were part of the area’s “Pirates of the Canyon” balloon fiesta, which takes place every fall.

EMPLOYEE ENGAGEMENT PROGRAMS	
BRAND CHAMPIONS PROGRAM	This program concluded its second year in 2009. Our 120 Brand Champions delivered presentations to approximately 5,000 employees about Xcel Energy’s brand and what it means to our company, our customers and our employees.
POWER OF IDEAS PROGRAM	We held focus groups with employees in 2009 to gather their input on a centralized employee idea program. They told us they wanted to be able to see the ideas of others; have their valid ideas acted upon; access the program online; and be able to collaborate on ideas. This input was used to create the Power of Ideas employee suggestion program. Three pilots were held at the end of 2009 to test the feasibility and functionality of the program. A phased approach will be used to roll it out in 2010.
POWER OF YOU BREAKFAST PROGRAM	In 2009, approximately 800 employees attended one of the breakfast programs to hear messages and offer opinions on current human resource topics. The main topics of discussion in 2009 centered on benefits and retirement.
EMPLOYEE VIDEO PROJECT	Near the end of 2009, employees were invited to create a short video about why they love Xcel Energy. The videos will be used for internal promotions and potentially for recruiting purposes.



EMPLOYEE RECOGNITION PROGRAMS

CHAIRMAN'S AWARD Started in 2009, this program honors employees who live the company's values and demonstrate outstanding dedication and achievement. Six employees (one individual and one group) received the Chairman's Award in 2009.

POWER OF RECOGNITION More than 100 employees were involved in providing input for this new company-wide employee recognition program suite. Six focus groups were held to discuss employees' perceptions, requirements and wishes regarding employee recognition, and a team of 12 geographically and functionally diverse employees developed the program content. The program will launch in 2010 and will include a robust communications campaign, training for managers, peer-to-peer recognition, a nomination segment and an updated Years of Contribution program.

YEARS OF CONTRIBUTION In 2009, 1,749 employees celebrated a key anniversary, and 189 employees retired.

RECOGNIZING EXCEPTIONAL EMPLOYEES THROUGH THE CHAIRMAN'S AWARD

FINDING CONNECTIONS: PEOPLE

Susan Larson and the Resource Management leadership team were the first recipients of the Chairman's Award, an employee recognition program that honors those who exemplify the company's values while contributing to our goals of environmental leadership, safety, innovation and operational excellence.

**SUSAN LARSON, MANAGER OF NUCLEAR PROJECTS
AT PRAIRIE ISLAND NUCLEAR GENERATING STATION**

The first ever Chairman's Award winner, Susan was a key member of the Engineering and Construction leadership team that achieved significant success in developing and managing capital projects within our Energy Supply group. She also shared her expertise as team lead for the Performance Excellence Program's Asset Management Team. She volunteers with Habitat for Humanity, serves as treasurer and on the board of YWCA-Minneapolis and has worked with both the Women's Interests Network (WIN) and the Supportive Association for Gay/Lesbian/Bisexual/Transgender Employees (SAGE). Susan has worked for the company for nearly 30 years.

RESOURCE MANAGEMENT LEADERSHIP TEAM

(ADAM BURNOSKI, CHRIS WALKER, MARK ELLINGSON, KERRY BROWN, MARTY LANDBERG)

The Resource Management (REM) team is part of the Customer Operations division and oversees call routing, reporting, scheduling and real-time management. The REM leadership team's accomplishments include driving top-quartile usage of our automated phone system; working with Business Systems to make improvements that are expected to save the company \$1.4 million annually; embracing new technology that reduced the company's use of paper and postage; and organizing a volunteer cleanup of the Thompson Lake area around Durand, Wis.



EMPLOYEE COMPENSATION AND BENEFITS

We provide a competitive compensation package to attract and retain employees using a pay-for-performance approach. During 2009 we completed the following projects relating to our compensation practices:

- Designed a training program for managers that focuses on our compensation philosophy and practices
- Created new policies and tools for managers to enable greater flexibility in determining salary changes
- Performed a market assessment to determine how closely our pay structure aligns with the market

BENEFITS

A significant portion of our investment in employees is made yearly through a benefits package that remains consistently competitive. Our total rewards package for employees often exceeds 40 percent of base pay.

THE COMPENSATION STRATEGY PROJECT:

In 2008, we began a project to develop a total compensation strategy that would reward high performers, ensure internal equity and consistency, and be transparent and understandable to all employees. In 2010, we'll focus on implementing salary structure changes and training programs, and we'll revise our 2011 incentive plan to reflect the principles that guide our compensation strategy.

XCEL ENERGY BENEFITS PACKAGE FOR FULL-TIME, NON-BARGAINING UNIT EMPLOYEES

MEDICAL PLAN	Includes medical, pharmacy and Health Savings Account (HSA) contributions. We made voluntary funding contributions to HSAs for employees enrolled in our High Deductible Health-Care Plan (HDHP), and we did not charge a health-care premium for the HDHP in 2009. Xcel Energy pays 75 percent of premiums for employees enrolled in non-HDHP plans.
DENTAL AND VISION	Xcel Energy covers between 60 to 75 percent of dental plan premiums and up to 75 percent of vision plan premiums.
LIFE INSURANCE	Xcel Energy covers the full cost of basic life insurance coverage and offers voluntary supplemental and dependent life insurance coverage.
DISABILITY COVERAGE	Xcel Energy covers the full cost of long-term disability coverage for eligible employees and provides salary continuation in the form of short-term disability, paid time off (PTO), vacation and sick leave.
WORK/LIFE BALANCE PROGRAMS	Includes Employee Assistance Program; tuition reimbursement; adoption assistance; health-care, dependent-care and transportation reimbursement accounts; transit pass subsidies; and wellness programs.
PENSION	Xcel Energy provides a pension plan to help employees prepare for a financially secure retirement. The pension benefit is based on an employee's length of service and eligible compensation.
401(K) SAVINGS PLAN	Employees can choose pre-tax and/or Roth 401(k) after-tax contributions from a number of investment options. Xcel Energy continues to match a portion of employee contributions.

Notes on benefits:

- Coverage for eligible dependents includes medical, dental, vision, life insurance and AD&D insurance.
- Employees whose families are comprised of domestic partners and/or children of a domestic partner have participated in Xcel Energy benefits since 1992.
- Bargaining unit benefits are based on the contract negotiated with a specific local union.

WELLNESS PROGRAMS

Wellness programs are effective ways that Xcel Energy and employees can partner to combat rising health-care costs. We have implemented a strategy of encouraging employees to adopt healthier lifestyles through participation in our company-sponsored wellness programs. Managing employees' chronic and high-cost illnesses and keeping them well will contribute to our ability to continue sustaining a competitive level of health-care coverage.

WELLNESS COACHING PROGRAMS (UHC)	
2009 Participant Enrollment Count	
WEIGHT MANAGEMENT	447
EXERCISE	180
TOBACCO CESSATION	151
HEART HEALTHY LIFESTYLE	116
STRESS MANAGEMENT	95
DIABETES LIFESTYLE	59
NUTRITION	52
TOTAL	1,100

CARE MANAGEMENT PROGRAMS	
2009 Participant Enrollment Count	
ASTHMA	739
CANCER SUPPORT	39
CORONARY ARTERY DISEASE	479
CHRONIC OBSTRUCTIVE PULMONARY DISEASE (COPD)	138
DIABETES	1,266
HEALTHY BACK	61
HEART FAILURE	57
TOTAL	2,883

HEALTH-CARE REFORM:

We have proactively monitored the progress of the nation's move toward health-care reform. Health-care reform has both a financial and administrative impact on the company and our covered employees. Our exposure is most significant if programs lose tax exemption, specifically with Medicare reform and loss of tax-favored programs. However, a competitive total rewards package will continue to be part of a career at Xcel Energy, and new legislation will not change that.

ADDITIONAL WELLNESS ACTIVITY	
ONSITE FLU SHOT CLINICS	4,317 employees received seasonal flu shots at 96 sites.
HEALTH ASSESSMENTS	1,381 employees took the assessment to determine their health risk score and were offered programs to assist them in improving or maintaining health.
ONLINE HEALTH EDUCATION	1,802 employees took one of our seven courses focusing on disease education, prevention and health improvement.
FITNESS CENTER REIMBURSEMENT PROGRAM	724 employees and retirees received \$81,960 of reimbursement for exercising at least eight times in a month.
ONSITE YOGA CLASSES	230 yoga classes were held at three large locations.
WELLNESS AMBASSADORS	42 employees volunteered to be Xcel Energy wellness ambassadors, championing a culture of wellness in work area functions and activities.

WORKFORCE PLANNING

Our workforce planning process saw continued improvement over the course of 2009 with specific focus on integration with the company's budget and forecast process and a more strategic approach to managing workforce levels. Managers across the company created five-year workforce plans for their respective areas, incorporating business planning, projected retirements and attrition, and proactive hiring needs based on training requirements. These plans were consolidated and adjusted based on corporate strategy and financial considerations.

Risks identified within the plans have resulted in enhancements to our succession planning, knowledge transfer, training and leadership development programs. Individual manager-identified risks are tracked to ensure timely closure. Workforce plans are being regularly updated and adjusted as business needs change and to help ensure achievement of operational and financial goals.

In 2010, we will focus on further integration with the financial management processes and will incorporate additional metrics into our plans. The goal is to provide enhanced analytics to empower the business areas to more effectively manage their workforce.

HR SERVICE CENTER CUSTOMER SATISFACTION:

In 2009, we brought our Human Resources Service Center in house to assist employees with questions regarding their benefits package and choices. This move resulted in \$1 million of annual savings, and also helped increase our employee satisfaction ratings with this service to 91 percent, well above our target of 80 percent.

In 2009, we provided **MORE THAN \$1 MILLION IN TUITION REIMBURSEMENT TO EMPLOYEES** as part of their benefits package to help encourage professional development.



STEVE CRUMLEY in our talent acquisition department helped launch Xcel Energy's new Applicant Tracking System in early 2010. The system will simplify how managers post, track and fill position openings; provide for a more proactive and efficient recruiting process; and improve communication with potential job applicants.

PROFESSIONAL DEVELOPMENT OPPORTUNITIES AT XCEL ENERGY

Program	Participants in 2009	Description
LEADERSHIP CONTINUITY	478	Our Leadership Continuity process identifies individuals who might be successors for certain key positions. More than 470 leaders have been through a systematic process in which executives and managers complete and discuss assessments regarding the long-term performance, leadership potential and career aspirations of their employees. As leadership teams, they determine the development readiness of each employee, create customized development plans and identify talent gaps. Leadership Continuity strives to develop and deliver the right people in the right place at the right time.
DEVELOPMENT ASSIGNMENT PROGRAM	134	While in the program, employees are placed in temporary assignments, oftentimes in different departments at Xcel Energy, for a 12- to 24-month duration. The program has enhanced employee growth, transferred knowledge across various departments, and increased our bench strength within the company.
SUPERVISOR CANDIDATE POOL	391	The Supervisor/Manager Candidate Pool program seeks out individuals who have the desire to advance into a supervisory or management role and understand the competencies and behaviors expected. We increased participation to 391 participants from our Energy Supply and Utilities Group areas this year. We will make enhancements next year by leveraging the Leadership Continuity process for selection.
LEADERSHIP PIPELINE	129	Leadership Pipeline is our flagship leadership development program for leaders in director, manager, and supervisor positions. Leadership Pipeline is an ongoing leadership development process delivered in four, three-day sessions over a 12-month span. Each session builds on the previous sessions and participants practice new behaviors and skills in between sessions. This year 129 managers went through the program, bringing the total up to 343 managers that have participated since the program began.
MENTORING	213	We offer mentoring to our employees through mentoring circles, peer mentoring programs for new employees, and self-guided mentoring programs. Our Supervisor Candidate Pool program has a mentoring component, and we have partnered with internal employee groups, such as Xcelente, to hold formal mentoring programs with senior leaders in the past few years. Mentoring is part of our culture, and we encourage our leaders to be mentors across the company.
NEW MANAGER TRANSITION	44	Xcel Energy continues to improve the new manager transition process that provides structured on-boarding for managers who have never been managers within the company. The process provides a class, activities, tools and resources to new managers to help them quickly become effective in their new positions.
CAREER CENTRAL AND DEVELOPMENT CENTRAL	48,000 site hits	Career development starts with our employees. We provide current, practical information to help employees discover their best-fit careers within Xcel Energy through our self-study website, Career Central. Our core competencies, along with many other developmental resources—including our tuition assistance program—are available to all employees through Development Central. These two self-study websites, along with our organized job tiers, functions and families, have enabled our employees to create defined career paths and job progression plans for future careers within the company.

CODE OF CONDUCT

Our Code of Conduct is based on our company mission and also reflects our values. It was developed to provide guidance for making sound business decisions that meet our ethical and legal standards.

EMPLOYEE EXPECTATIONS

We expect our employees to do what's right and report what seems wrong. Employees are required to complete Code of Conduct training annually. In addition to the code, other corporate policies articulate expected behaviors so employees know what it means to do what's right.

REPORTING OPTIONS

Employees have numerous options for reporting issues they may encounter. We investigate every issue that is reported and take appropriate action as needed. Any retaliation against an employee who, in good faith, reports a violation or suspected violation of the law, code or other policy is strictly prohibited.

CORPORATE COMPLIANCE & BUSINESS CONDUCT (CCBC) PROGRAM EFFECTIVENESS

We use a six-question employee survey to evaluate our CCBC program annually. Employee perception is a common metric for measuring the effectiveness of compliance and ethics programs. Our 2009 results, outlined below, indicate that our program is highly effective.

While fewer employees responded favorably to the two questions with results of 86.96 percent and 88.11 percent, it's not that there is a higher level of disagreement. Rather, 9.39 percent responded "uncertain" and 8.61 percent responded "neither well nor poorly prepared," respectively.

Xcel Energy
RESPONSIBLE BY NATURE™

LIVE THE VALUE

CONDUCTING ALL OF OUR BUSINESS IN AN HONEST & ETHICAL MANNER

If you have a concern or a question about compliance or ethics:

REPORT WHAT SEEMS WRONG.

We encourage you to report issues to your supervisor or choose another reporting option. Every issue reported is investigated. The Compliance Hotline is operated by an external agency 24 hours a day. Simply call the toll-free number and talk to the compliance representative. You do not need to leave your name. You will receive a code and date to anonymously check on the status of your inquiry.

REPORTING OPTIONS ARE NUMEROUS

- 1 Speak to your supervisor
- 2 Contact the next level of management
- 3 Contact Xcel Energy's Compliance & Business Conduct Office 812.215.8194
- 4 Contact Legal Services
- 5 Report the concern to any Xcel Energy Board member
- 6 Complete a Nuclear Corrective Action Request form
- 7 Report Nuclear Safety issues to the Nuclear Safety Program 888.327.4662
- 8 Contact the Nuclear Regulatory Commission 800.695.3403
- 9 Call the Compliance Hotline 800.555.8516

For more information visit <http://xcelnet/corporatecompliance/>

DO WHAT'S RIGHT: REPORT WHAT SEEMS WRONG

Xcel Energy's compliance hotline, 1-800-555-8516, is one of several reporting options available to employees.

@ Our complete **CODE OF CONDUCT** is available online.

2009 CCBC EMPLOYEE SURVEY RESULTS

	Agree
I know what is expected of me.	98.78%
I believe I would be protected from retaliation.	93.54%
My manager would never ask me to do something unethical.	97.52%
I am familiar with the company's vision, mission and values.	86.96%
Company leaders use our vision, mission and values to guide the company.	94.44%
I am prepared to handle situations that could be a violation of our code, company policy or the law.	88.11%

Q&A: DUANE LAWLOR, IBEW/ XCEL ENERGY UNITED WAY PARTNERSHIP



DUANE LAWLOR is president of the International Brotherhood of Electrical Workers (IBEW) Local Union 111 in Denver, Colo., and has served as co-chair of Xcel Energy's annual United Way giving campaign for the past five years. In this role, he works with the president and CEO of PSCo to engage employees in the campaign and raise awareness about the United Way. He typically visits 13-15 job sites across the state each year to champion fundraising efforts among employees.

WHY DID YOU DECIDE TO GET INVOLVED WITH XCEL ENERGY'S ANNUAL UNITED WAY CAMPAIGN?

The United Way campaign provides everyone with the chance to put aside our differences and work toward a common goal. It doesn't matter whether you're a union member or not. We all want to give back and make a difference in our communities.

WHAT SORT OF FEEDBACK HAVE YOU RECEIVED FROM EMPLOYEES AS YOU PROMOTE THE CAMPAIGN EACH YEAR?

The numbers speak for themselves. The amount of money contributed and the number of employees—union and nonunion—who participate in the campaign have increased over the years as more employees see the good that the United Way does in our communities. Even in the tough economic year we just faced, our employees gave generously.

LABOR UNION RELATIONS

Approximately 47 percent of our employees are represented by unions. We work with our represented employees to build collaborative and mutually respectful relationships. We recognize that all parties benefit by working together to achieve mutual goals. Interim bargaining has been used for the past 12 years to improve union relations and promote collaboration. We hold regular meetings between management and labor unions to address grievances and avoid arbitration when possible. We asked our bargaining-unit employees to

help us address financial challenges during their normally scheduled negotiations and as allowed under their current collective-bargaining agreements. Below are some of the highlights and numbers from 2009.

While each collective bargaining agreement is negotiated with a specific local union, we include equal opportunity clauses in all our bargaining contracts. We also operate in compliance with the policies of the National Labor Relations Board, the statutes of the National Labor Relations Act and the guidance of the Department of Labor.

2009 BARGAINING UNIT ACTIVITY

	NSP	PSCo	SPS
HIGHLIGHTS	In 2009, the company worked with NSP unions to implement NRC and FERC regulations.	For the first time ever, PSCo and IBEW Local 111 negotiated a five-year contract. During economic downturns, general negotiations typically drive companies and unions apart; however, the two groups were able to reach an agreement that would hold or reduce costs while preserving key elements of our compensation packages, pension and health-care.	SPS and IBEW 602 worked collaboratively to resolve a number of concerns relating to the sale of our distribution assets to Lubbock Power & Light (LP&L).
NUMBER OF LABOR/ MANAGEMENT MEETINGS	47	31	54

DIVERSITY

DIVERSITY AND INCLUSION AT XCEL ENERGY

We promote diversity and inclusion as a core value, as reflected in our Code of Conduct and corporate diversity policy. Our commitment to diversity and inclusion goes beyond human resource policies and practices. It is an integral part of who we are, how we operate and how we see our future. We proactively partnered with the business areas and operating companies in 2009 to help them incorporate diversity and inclusion in each of their operational plans. Ninety-four percent of business areas achieved this goal.

Our Corporate Diversity department is designed to support the teaching and inclusion of diversity in the workplace and throughout the community. We define diversity as differences in people (ethnicity, gender, age, race, national origin, disability, religion, and sexual orientation), as well as differences in their thought processes, educational background, work experiences, personalities, lifestyles and cultural backgrounds. Working toward an environment that welcomes and embraces diversity and inclusion. An inclusive work culture provides all employees with equal access to employment opportunities and development.

COUNCIL FOR DIVERSITY AND INCLUSION

Our Council for Diversity and Inclusion (CDI) is responsible for making sure our diversity strategy becomes reality. The group itself is diverse, representing all areas of the company, including managers and both bargaining and non-bargaining employees. They identify and share best practices, review policies, communicate with executives and the rest of the organization, and promote events and initiatives that support our mission.

VISION: Through valuing diversity and inclusion, we create a culture that fosters pride in all employees as well as attains and sustains a competitive advantage through operational excellence.

MISSION: The CDI is a group of committed individuals who champion a culture that celebrates diversity and inclusion.

- We build a culture rich in diverse and inclusive behavior by acting as a central point of contact to identify strengths and challenges of the culture.
- We work with management as advocates for diversity to the entire organization.
- We create innovative solutions for policies, procedures and processes to support our culture of diversity and inclusion.



SHEILA PARKER from our Human Resources Service Center and her grandson, **JAUNTIEL WILLIAMS**, helped celebrate the national “Take Our Daughters and Sons to Work” day. Nearly 100 Xcel Energy employees participated in this special event that meets multiple goals, which include introducing future generations to the utility industry through inter-generational learning, promoting the company’s values around work and life balance, and bolstering the pride our employees have in their work and Xcel Energy.

DIVERSITY PERSPECTIVE FROM ANDRÉS TAPIA

Andrés Tapia is chief diversity officer of Hewitt Associates, one of the world's leading HR consulting organizations. He is also the author of *The Inclusion Paradox: The Obama Era and the Transformation of Global Diversity*, a book that examines the issues of diversity and inclusion in the workplace. Xcel Energy has worked with Hewitt Associates over the past several years to strengthen our diversity and inclusion practices.

WHAT ARE THE BEST COMPANIES DOING TO FOSTER DIVERSITY IN THE WORKPLACE?

There are a couple things that leading companies are doing. First, they're getting smarter about how to find new talent from a more diverse talent pool. They are being very deliberate about getting outside of their tried-and-true networks and establishing new networks. There are a variety of ways of doing this—including leveraging your affinity groups and letting them know you want to tap into their networks, learning how to use social media to connect with new talent pools, and identifying power brokers in the community who can help open new doors.



Second—and this is key—really good, progressive companies are equipping their folks not just to value diversity, but also to manage diversity in the workplace. I often say that diversity is the mix, and inclusion is making the mix work. You can have the mix, but it may not be working well. The best companies are helping their people to be smarter and more competent about how to manage the difference.

EMPLOYEE NETWORK GROUPS (ENGs)

Our five employee network groups provide support networks and fellowship, identify barriers, contribute to employees' professional development and organize activities for employees of diverse backgrounds. They further our diversity efforts and help Xcel Energy achieve a more inclusive environment by using their members' skills, influence and experience to raise awareness of key diversity issues in the workplace. Xcel Energy requires that ENGs be officially recognized by the company to conduct any business on company premises or represent themselves as Xcel Energy employee network groups.

- **Women's Information Link (WIL):** Identifies and implements innovative ideas and strategies for recruiting, developing, promoting and retaining women in non-traditional work roles in our Energy Supply business area
- **Women's Interest Network (WIN):** Focuses on issues of interest to women, such as professional development and work-life balance
- **Strategic Organization Utilizing Resources for Career Enhancement (SOURCE):** Promotes career development, continued education, training and cultural awareness, and addresses issues and concerns of people of color
- **Supportive Association for Gay/Lesbian/Bisexual/Transgender Employees (SAGE):** Works to help the company become and remain a leader in the area of workforce diversity by addressing issues relating to affectional orientation
- **!Xcelente¡:** Increases visibility of Latino employees within the company and community, promotes professional development and shares Latino culture through awareness, inclusion and celebration

Each Xcel Energy employee has the power to make a difference when it comes to creating an inclusive environment. We encourage our employees to remember **DIVERSITY EXISTS: INCLUSION IS MY RESPONSIBILITY.**

In 2010, we are inviting managers across all our service territory to sign up for a new, advanced training course called “Promoting a Diverse and Inclusive Culture.” These one-day classroom training sessions are led by outside facilitators and are designed to help managers gain knowledge, insight and skills needed to manage diverse teams and create an inclusive culture of dignity and respect. Leaders who participated in the initial pilot classes gave the training sessions high marks and also offered valuable feedback to help strengthen the program even more.

We seek diversity on our board of directors. In 2009, three women served on our board of directors, one African American and one Latino.

Q&A: MARVIN MCDANIEL, FOCUS ON DIVERSITY

FINDING CONNECTIONS : Q & A

CHIEF ADMINISTRATIVE OFFICER AND VICE PRESIDENT TALENT, TECHNOLOGY AND CUSTOMERS

IN WHAT WAYS
IS DIVERSITY &
INCLUSION IMPORTANT
TO XCEL ENERGY AND
TO THE COMMUNITIES
XCEL ENERGY SERVES?

Our goal is to be an employer of choice throughout our service territory. We know that as our communities and our customer base are becoming more diverse, our company will reflect this diversity. This type of alignment improves communication and our organization's effectiveness. It is also the basis of valuable and productive partnerships. We have experienced this through our involvement with various chambers of commerce, nonprofit and other community-based organizations where we are working collaboratively for the mutual benefit of our company, our employees and the communities we serve.

WHAT ARE THE
BENEFITS OF DIVERSITY
& INCLUSION TO
XCEL ENERGY, YOUR
EMPLOYEES, AND YOUR
CUSTOMERS?

At Xcel Energy we firmly believe that a diverse and inclusive culture drives efficiency, competitive advantage and reputation. Research shows that organizations have a competitive advantage when they lower their costs and enhance their differentiation through effective human resource management. This includes a commitment to leveraging the unique skills, knowledge and talents of our diverse employee base to meet the objectives of Xcel Energy. We know that a more engaged and satisfied workforce is more productive – and overall, this improves our ability to attract and retain employees and reduce costs for our customers.

HOW DO YOU
IMPLEMENT DIVERSITY
AND INCLUSION
INTO THE DAILY
OPERATIONS OF YOUR
ORGANIZATION?

Xcel Energy's employee sponsored Council for Diversity and Inclusion has a great tagline; it states, “Diversity Exists: Inclusion Is My Responsibility.” The responsibility to model inclusive behaviors belongs to all of us, individually and collectively. As we continue to weave diversity and inclusion into the fabric of Xcel Energy, it will require the continued commitment of each and every employee. The company took a significant step by incorporating diversity and inclusion as a core value. Recently, senior management formed business area and jurisdictional teams to champion diversity. Finally, this year we've added an opportunity for all employees to participate in an all-day, facilitated training to learn more about modeling leadership behaviors, identifying the many dimensions of diversity, and leveraging diversity to yield greater results.



DIVERSITY AWARDS AND RECOGNITION

- Named "Minority Business Advocate of the Year" by the *Minneapolis Business Journal* and Midwest Minority Supplier Development Council
- Named "Corporation of the Year" by the Women's Business Development Center of Minneapolis
- Named "Sponsor of the Year" by the Colorado Women's Chamber of Commerce
- Named "Corporation of the Year" during Colorado's Minority Enterprise Development (MED) Week
- Named one of the top corporations doing business with woman-owned companies by the Women's Business Enterprise Council-Southwest
- Nominated for "Corporation of the Year" by the Women's Business Enterprise Council-West
- Named "Corporate Community Ally of the Year" by the Denver Gay and Lesbian Chamber of Commerce

DIVERSITY

RECRUITMENT

Our recruitment strategy focuses on partnerships with diversity-related organizations, colleges and technical schools, community organizations and internal employee groups. At the college level, we partner with professional student organizations such as National Society of Black Engineers (NSBE), Society of Women Engineers (SWE), Society of Hispanic Professional Engineers (SHPE), and INROADS. At the community level, we have partnered with the City of Minneapolis STEP UP program, Urban League of Metropolitan Denver and the Minneapolis Regional Chamber of Commerce. Our Energy Supply employee group, Women's Information Link, promotes employment of women in nontraditional jobs.

We also participate in school and community efforts to prepare high school students for entry into the workforce. Activities include summer youth internships, job shadowing and presentations on the work of Xcel Energy. We target diversity-specific media for year-round advertising of employment opportunities.

SUPPLIER DIVERSITY PROGRAM

Our corporate policies underscore our commitment to supplier diversity by recognizing that it is in our best interest to encourage a broad base of supplier relationships. Using diverse suppliers contributes to the economic growth and expansion of the communities we serve. Our policy is to offer these businesses the opportunity to compete in our procurement for products and services. We develop and strengthen business relationships with diverse suppliers by:

- Conducting outreach efforts to seek, identify and encourage supplier diversity in our procurement processes
- Facilitating alliances and partnering
- Educating businesses about our procurement and business processes
- Identifying and encouraging subcontracting (tier two) opportunities with major suppliers when direct participation is not possible

We spent \$121.6 million directly with diverse suppliers and another \$31.5 million indirectly in 2009.

SUPPLIER DIVERSITY SPENDING

	Dollars spent	% of total purchases
2009	\$153.1 million	6.9%
2008	\$180.8 million	7.15%
2007	\$166.4 million	7.36%



EQUAL EMPLOYMENT OPPORTUNITY AND

NON-DISCRIMINATION POLICIES Our Corporate Code of Conduct prohibits all forms of discrimination and promotes equal employment opportunities. We have Equal Employment Opportunity and Non-Discrimination policies in place that apply to all operating companies and subsidiary companies throughout the company. These policies are available online, along with additional information on our diversity and inclusion initiatives.

SAFETY

Safety is one of our core values and is measured as a key performance indicator on almost every scorecard throughout the company. We have been implementing many changes over the past several years and have seen our safety performance improve as a result.

SAFETY INITIATIVES AND IMPROVEMENTS IN 2009

Safety was consolidated in January 2009 across Xcel Energy. The strategic direction for the new organization was to:

- Create and implement a comprehensive contractor safety policy and subsequent program
- Combine field safety forces and eliminate safety silos that had developed over time in the business areas
- Identify and implement internal and external best practices that would align with companies that have achieved first quartile in safety performance
- Develop efforts that will achieve first-quartile safety performance, primarily through the continuance of safety behavioral programs focused on changing the safety culture at Xcel Energy

EMPLOYEE SAFETY 2009 PERFORMANCE

OSHA RECORDABLE INCIDENT RATE (ORIR)								
	2002	2003	2004	2005	2006	2007	2008	2009
EETOP QUARTILE	1.56	1.57	1.53	2.04	1.24	1.25	0.90	—
ACTUAL	4.37	3.62	3.40	2.76	2.53	2.61	2.42	2.11
GOAL	—	—	—	—	2.69	2.19	2.35	2.23

We recorded 244 OSHA recordable injuries in 2009, 35 fewer injuries than in 2008. Strains and sprains continue to be the leading injury type, with lacerations and fractures as the next most frequent injury type.

DAYS AWAY, RESTRICTED OR TRANSFERRED INCIDENT RATE (DART)								
	2002	2003	2004	2005	2006	2007	2008	2009
EETOP QUARTILE	0.78	0.80	0.70	0.78	0.53	0.59	0.38	—
ACTUAL	2.44	2.01	1.79	1.39	1.42	1.41	1.41	1.21
GOAL	—	—	—	—	—	—	1.39	1.33

We recorded 140 DART injuries in 2009, 22 fewer injuries than in 2008. DART measures the more severe types of injuries.

CONTRACTOR SAFETY

In 2009, we established a new department specifically to manage contractor safety and to implement a new corporate contractor safety policy. The organization has:

- Revised our contractor safety program and developed processes for initially reviewing potential contractors and for auditing contractor compliance with our program
- Established a second level of review and compliance monitoring for contracting companies that may fall outside the screening criteria to determine their suitability in performing work for Xcel Energy
- Developed lesson plans and trained more than 800 Xcel Energy project managers on our contractor safety program; web-based training programs are also available to provide continuing education throughout the year

2009 CONTRACTOR SAFETY PERFORMANCE FOR CAPITAL PROJECTS				
	NSP	PSCo	SPS	TOTAL
HOURS WORKED	492,084	3,405,473	126,162	4,023,719
# OF OSHA RECORDABLE INJURIES	5	50	0	55
OSHA RECORDABLE INCIDENT RATE	2.03	2.93	0.0	2.73

As a comparison, the national average occupational incident rate for construction is 4.7. The rate for Xcel Energy's contractors is about half the national average.

LIFE SUSTAINING AWARDS

Xcel Energy Life Sustaining Awards are given to employees who go beyond the call of duty and save or attempt to save the life of another. In 2009, the following employees received these awards:

RECIPIENT	POSITION	LOCATION	RECIPIENT	POSITION	LOCATION
Jeff Lucas	Planning Lead	Red Wing, Minn.	Kurt Sturbaum	Plant Specialist A	Denver, Colo.
Robert Kaczmarek	Electric Meter Technician I	Minneapolis, Minn.	Joel Holmes	Shift Supervisor	Denver, Colo.
Patti Simmons and the Harrington-Nichols-Savage Emergency Response Team	Maintenance Mechanic Journeyman; emergency response team	Amarillo, Texas	Brad Paulson	Troubleman	Minneapolis, Minn.
			Eric Craker	Service Technician	Eau Claire, Wis.
Daniel Wyttenback	Substation Operator	Minneapolis, Minn.	James Engelen	Troubleman	Minneapolis, Minn.
Ben Maldonado	Control Room Operator	Earth, Texas	Drew McAvoy	Electrician Apprentice	Carlsbad, N.M.
David Clausen	Plant Specialist B	Denver, Colo.	Rick Larson	Temporary Meter Reader	Amery, Wis.

QUICK-THINKING EMPLOYEE USES SAFETY TRAINING SKILLS TO MANAGE ACCIDENT SCENE

MIKE PAFFEL, a senior engineer technician in Rice Lake, Wis., was intent on keeping his truck on the road on a dark and bitterly cold January morning last year. Blowing snow and patches of black ice added to the challenge of his typical commute to work. As he reached the crest of a hill, he saw two vehicles in what appeared to be a head-on collision.

"They were partially blocking a lane, so I situated my truck to block the scene and turned on my flashers to warn other drivers," Paffel said. "I also called to get emergency personnel on their way."

Paffel then went to the driver in the truck, who apparently had lost control on some ice and crossed the center lane. "He said his ribs and back hurt, and I knew from our training not to move someone with injuries like that," Paffel said.

The other vehicle had its air bags deployed, and the driver was very shaken up, according to Paffel. "She was understandably scared and a little bruised, so I talked

with her and got assurances that she was physically OK," he said. "Next I pried open her car door, helped her into my truck and got her husband on the phone."

Paffel also flagged down two men to help and asked them to go down to a nearby intersection and divert traffic around the scene of the accident. Within minutes, emergency medical personnel arrived to take over an accident situation that was well under control, thanks to Paffel's good judgment and ability to act with confidence in an emergency situation.

"First aid training is priceless when it comes to situations like this," Paffel said. "I knew what to do and in what order to do it. The knowledge I've gained from training has helped with my comfort level, so I'm able to keep a cool head in emergencies."

All Xcel Energy field employees receive intensive safety training, including First Aid/First Responder and CPR classes every other year.

FINDING CONNECTIONS : PEOPLE



COMMUNITY SAFETY

We provide comprehensive safety information and outreach programs to promote safe behavior when working with or around our energy service. Some of our areas of focus for public safety include:

- How to recognize and respond to a natural gas leak
- How to dig safely around buried utility lines
- How to work and play safely when overhead power lines are nearby

We use a variety of communication tools to deliver our safety messages, including advertising campaigns, information provided with customer bills, extensive fulfillment programs and online safety information. We work closely with several industry organizations that focus on utility public safety awareness, and we participate in several national and state pipeline associations.

2009 PUBLIC SAFETY OUTREACH HIGHLIGHTS

- We sent “Contractor Beware” safety materials to almost 64,000 workers, including plumbers, tree workers, roofers and builders, who are considered at-risk due to their work near overhead or underground utilities. We also made the materials available online and on DVD.
- We mailed safety activity books to nearly 25,000 elementary educators and provided activities, lesson plans and pre/post tests online.
- We provided print and online “First Responder Beware” safety materials to firefighters, police officers and other emergency personnel to assist them in responding to utility emergencies. We will be offering an emergency responder training website in 2010.
- We shipped approximately 10,000 safety pamphlets to customers for their use at community events.
- Through our participation with Pipeline Association for Public Awareness (PAPA), we provided the “2009 Excavation Safety Guide – Pipeline Edition” to nearly 153,000 excavators within Xcel Energy’s gas pipeline states.
- We shared pipeline safety information with more than 13,000 identified local public officials through PAPA’s Public Officials Newsletter.
- We provided emergency response guidelines and a DVD with pipeline emergency response training scenarios to 6,970 emergency response agencies through PAPA’s Emergency Responder Program.

We provided close to 400 electricity safety demonstrations at schools and public events in 2009, including this one at the KidsFest in Amarillo, Texas.

KEVIN LUETKAHANS demonstrates an electric arc by “cooking” a hotdog while **SCOTT HINDMAN** talks to kids and parents about the dangers of electricity.



COMMUNITY

In 2010, we will add up to eight community members to our focus area grant review committees. We are seeking experts in our focus area subject matter, who can add geographic, life-experience and cultural diversity.

XCEL ENERGY FOUNDATION

The mission of the Xcel Energy Foundation is to use the collective knowledge, resources and skills of our staff and colleagues to meet the needs of our communities and ensure that our service area is a highly desirable place for everyone to live, work or own a business. Formed in 2001 as the philanthropic arm of the company, the Xcel Energy Foundation oversees the charitable activities and volunteer programs of Xcel Energy and its subsidiaries. The annual budget is determined by a review of the previous year's contributions and by prioritizing what the Foundation board hopes to accomplish with the available resources.

FOCUS AREA GRANTS

In 2009, the Foundation distributed nearly \$3.8 million in focus area grants that promote economic sustainability, education, the environment, and arts and culture in the communities we serve. Our grants range from \$5,000 to \$12,000 across all focus areas and our eight-state territory. Arts and culture, economic sustainability and education proposals that have an environmental component receive added consideration. We also look for opportunities to partner with organizations that share our commitment of promoting a culture of diversity and inclusion.



To celebrate Earth Day in 2009 we had nearly 700 employees participate in 47 events throughout our service territory. Xcel Energy employees in Texas planted a memorial garden at the 'Ted' Phea Branch of the Lubbock Boys and Girls Club. The garden is dedicated to former coworker, Don Wellendorf, who was an active volunteer for the club.

Below are the guidelines we use to select grant recipients.

ECONOMIC SUSTAINABILITY GUIDELINES

The Xcel Energy Foundation assists communities in developing economic opportunities for all citizens. Our Economic Sustainability focus area grants target programs that assist individuals in obtaining employment, that create jobs and that help individuals become economically self-sufficient.

EDUCATION GUIDELINES

We support math, science and economic education programs for students from kindergarten through college.

ENVIRONMENT GUIDELINES

We strive to use natural resources wisely and reduce the impact of our business on the environment. We believe that a healthy environment is essential to thriving communities. We work to build partnerships that enhance the environment and foster an ethic of conservation and preservation.

ARTS & CULTURE GUIDELINES

Artistic expression sparks the imagination and thrives on diversity, bringing communities together in shared experiences that foster understanding. The Xcel Energy Foundation supports efforts to increase accessibility to artistic and cultural activities.

In 2010, we will conduct qualitative and quantitative customer and stakeholder research to guide us in our giving strategy. We have conducted this research every two years since 2006 to ensure that we have a pulse on the needs of our communities.

XCEL ENERGY CHARITABLE GIVING		
	2009	2008
Focus Area Grants*	\$3,776,300	\$4,287,500
Environment	\$764,500	\$980,800
Education	\$1,067,800	\$1,270,600
Economic sustainability	\$1,081,200	\$1,084,600
Arts and culture	\$788,200	\$836,500
United Way Contributions	\$5,200,000	\$4,400,000
Employee contributions	\$2,600,000	\$2,200,000
Company contributions	\$2,600,000	\$2,200,000
Matching Gifts Program	\$1,114,597	\$1,058,380
Employee contributions	\$586,262	\$596,587
Company contributions	\$528,335	\$461,793
Dollars-for-Doing Contributions	\$78,049	\$77,301
Volunteer Energy Contributions	\$51,500	\$24,000
Classroom Connection	\$34,450	\$34,400
Corporate Contributions	\$2,682,801	\$4,622,104
In-kind Donations	\$103,934	\$270,554
TOTAL	\$13,041,631	\$14,774,239

*Includes miscellaneous grants outside these focus areas

In 2009, the Xcel Energy Foundation issued a special request seeking grant proposals from nonprofit organizations that work in the areas of job training, preparing workers for jobs of the future—such as in green industries—and helping displaced and disadvantaged workers re-tool their skills. Recent surveys conducted by the Foundation indicate customers across Xcel Energy's eight-state service area put concerns about the economy above all other social concerns.

Q&A: DAITHAN KITCHENS ON THE VALUE OF GIVING BACK TO OUR COMMUNITIES

FINDING CONNECTIONS :

Q&A

DAITHAN KITCHENS is a lead utility worker for our Denver Metro Operations Support team. An active volunteer, Daithan has participated in numerous community activities, including Paint-A-Thons (a program to paint houses for income-eligible seniors), 9News Health Fairs, 9 Cares Colorado Shares food drives and Big Brothers Big Sisters of Colorado.

HOW HAS XCEL ENERGY SUPPORTED AND ENCOURAGED YOUR VOLUNTEERING EFFORTS?

I'm able to use Volunteer Paid Time Off to take part in activities that are sponsored by the company, as well as those that aren't. There are

so many ways to connect with and support various organizations that need assistance.

Volunteer Match helps me to find opportunities to serve the community, and Xcel Energy's Dollars-for-Doing and Matching Gifts programs make my contributions go further. To me, our tagline—Responsible by Nature—isn't just about the environmental responsibility. It's also about the social responsibility that we have in our service territories.

HOW DOES XCEL ENERGY'S INVOLVEMENT IN THE COMMUNITY AFFECT THE WAY YOU FEEL ABOUT WORKING FOR THE COMPANY?

It's nice to know that I work for a company that recognizes and does a great job of making an impact on the communities we serve. It would be easy to mischaracterize such a large company as being driven only by a desire to grow profits, but it feels great when I can talk about all the things we're doing to grow people as well.



BUILDING A STRONG COMMUNITY PARTNERSHIP WITH MILE HIGH YOUTH CORPS

FINDING CONNECTIONS : PARTNERS

For the past 18 years, Mile High Youth Corps has engaged youth in jobs to help the planet and provide pathways to a promising future. Xcel Energy provides grant money to assist the organization with its efforts, but our partnership goes beyond simply providing financial support. We offer job opportunities to their youth; we provide work experience in our community energy-efficiency programs; and we're currently in the process of collaborating on an electronics recycling project.

"No matter whom we work with at Xcel Energy, they're upbeat, professional and focused on making the partnership a positive experience. They commit the resources needed for a given project and see it through to the end. Xcel Energy recognizes the mission of our agency and works to help support that mission whenever they can. The youth in our programs have been introduced to various careers within the energy industry and have seen firsthand the difference it makes to bring energy efficiencies to low-income families." Kelly Causey, Ph.D., executive director, Mile High Youth Corps



EMPLOYEE GIVING AND VOLUNTEERISM

- Our employees gave \$2.6 million in our 2009 United Way campaign to nearly 200 United Way chapters that fund thousands of agencies. This contribution was matched by the Foundation for a total of \$5.2 million raised for local United Way agencies.
- We match employee charitable contributions dollar-for-dollar through our Matching Gifts program. In 2009, corporate leadership approved a 50-percent increase in the annual matching dollar limit available to employees, from \$500 to \$750.
- Our Dollars-for-Doing program encourages and supports employee volunteerism by making dollar donations for each hour employees volunteer. The Foundation matches up to 100 hours each year at a rate of \$5 per hour.
- Teams of six or more Xcel Energy employees who participate in a community volunteer program are eligible to participate in the Foundation's Volunteer Energy program. The Foundation will make a donation of \$500 to the associated nonprofit in appreciation of the employees' volunteer efforts.
- Full-time employees are eligible for Volunteer Paid Time Off (VPTO). Employees increased their use of VPTO by more than 70 percent over 2008 in number of hours served and by 84 percent in number of individuals volunteering.

In 2009 Xcel Energy supported the American Heart Association's annual fundraising walk in downtown Denver. We had 93 employees, friends and family members turnout for the event.



● In 2009, we distributed nearly \$165 million in franchise fees to the communities where we operate. **FRANCHISE FEES** are collected by Xcel Energy and distributed to cities as part of the franchise agreements we negotiate for the right to place energy facilities in the public right of way.

CONTRIBUTION TO ECONOMIC DEVELOPMENT

We are connected to the communities we serve through active and ongoing investment in their infrastructures and through our supply chain spending practices.

SUPPLY CHAIN SPENDING

Suppliers play an important role in our ability to grow and operate effectively, and the money we spend through our supply chain adds to the overall prosperity of our communities and beyond. In 2009, we spent \$2.25 billion with suppliers. Of that amount, \$1.07 billion was spent with locally based suppliers.

We do not set specific targets for local spending; however, much of our spending occurs naturally on the local level as we build relationships within our communities. In many circumstances, necessary materials and services cannot be obtained locally or it is not feasible to do so given our primary considerations of cost, quality, fairness, risk level, time constraints and legal/regulatory requirements.

2009 SUPPLY CHAIN SPENDING			
	Total spend	Local spend*	% of total spent locally
NSPM	\$866,789,677	\$327,389,566	38%
NSPW	\$65,922,272	\$18,190,580	28%
PSCO	\$725,230,734	\$389,143,115	54%
SPS	\$212,142,102	\$106,747,977	50%
XCEL ENERGY SERVICES	\$377,988,472	\$224,599,136	59%
TOTAL	\$2,248,073,258	\$1,066,070,374	47%

* Local spending is determined based on whether a supplier is located in one of the states served by the respective operating company. Local spending for Xcel Energy Services includes all eight states in which we operate.

2009 POWER PLANT TOURS		
	Tours	Visitors
NSPM	158	2,738
NSPW	70	1,644
PSCO	97	1,988
SPS	32	590
TOTAL	357	6,960

@ A virtual power plant tour is available at xcelenergy.com/energyclassroom.

COMMUNITY RELATIONS

In each of our jurisdictions, we have a team of managers exclusively dedicated to community relations and economic development within the region. These employees build ongoing relationships with local officials, neighborhood groups and other organizations, making it easier to work collaboratively when specific issues and projects arise.

We offer power plant tours to a variety of audiences—city and community leaders, large commercial and industrial customers, legislators and state regulators, as well as various student groups. The goal is to educate groups and individuals about how our business works and to maintain an open line of communication.

CLEAN ENERGY FUTURE

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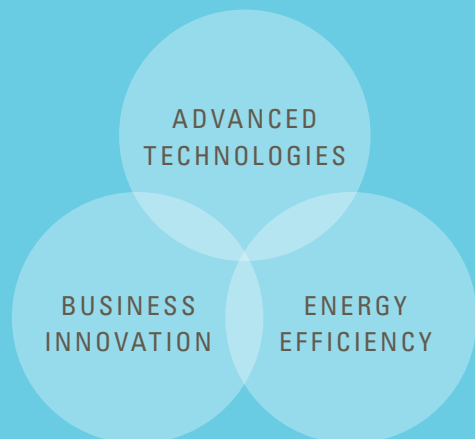
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EXECUTIVE SUMMARY

Xcel Energy remains committed to its environmental leadership strategy. After all, it is an initiative that is positioning our company for decades to come, and one that we know is important to our stakeholders. In difficult economic times, it is even more important that we balance environmental leadership against the cost and reliability of our energy services, and strive to fulfill our stakeholders' interests. Today, our customers, policymakers, investors, employees and communities remain concerned with environmental issues. We find they are looking to Xcel Energy more than ever before to invest in their clean energy future.

CLEAN
ENERGY
FUTURE



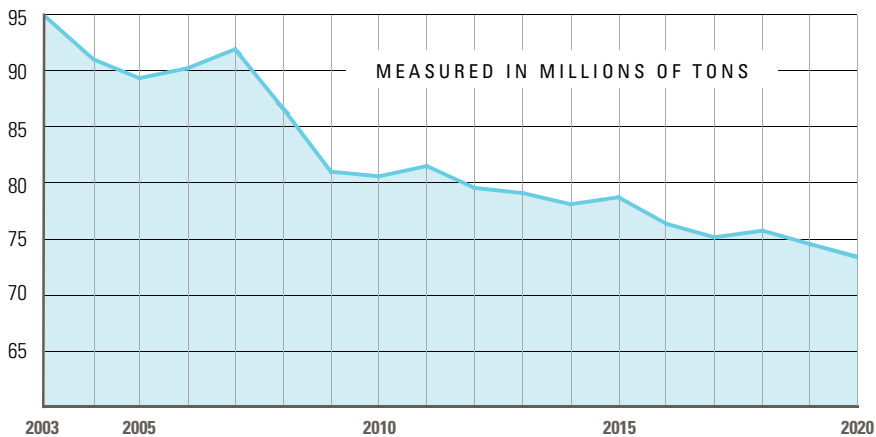
CLEAN ENERGY FUTURE

We are building a clean energy future through our use of advanced, clean energy technologies, expanded energy-efficiency programs, and with innovative business strategies. Xcel Energy is the No. 1 wind power provider in the United States, and we are ranked No. 5 for solar capacity. We continue to grow our use of renewable resources and have several initiatives underway to increase their potential. We are engaging our customers in energy efficiency because it is a cost-effective way to reduce emissions and save natural resources. Our clean energy future requires breakthroughs and innovation involving wind and solar power, smart-grid technologies, plug-in hybrid electric vehicles and more.

Through projects such as SolarTAC, the Colorado Solar Integration Project, SmartGridCity® in Boulder, Colo., and the Minnesota Energy Innovation Corridor, we are gaining experience and learning more about the possibilities.

Together these measures are improving our environmental performance and have put us on track to reduce carbon dioxide (CO₂) emissions 15 percent from 2005 levels by 2020. In 2009, we saw increased activity from U.S. policymakers to address global climate change. Xcel Energy continues to proactively manage climate concerns and the need to reduce greenhouse gas (GHG) emissions.

PROPOSED XCEL ENERGY CO₂ REDUCTIONS



We have reduced CO₂ emissions **OVER 11 PERCENT** from 2003 levels.

KEY PERFORMANCE INDICATORS

	2009 Goal	2009 Performance	2010 Goal
RENEWABLE ENERGY	Gain regulatory approval for 200 MW of additional wind energy	Received regulatory approvals for the Nobles and Merricourt wind projects on August 12, 2009 ●	200 MW of wind energy available for commercial operation by 12/31/10
ADVANCED TECHNOLOGY	Complete smart-grid, advanced technology and efficiency projects	Completed SmartGridCity and an Innovative Clean Technology project, as well as 10 of 14 efficiency projects ●	Complete Colorado Integrated Solar Project and 8 of 10 company efficiency projects
ENERGY EFFICIENCY	Achieve energy savings of 450 GWh for all operating companies	Achieved 573 GWh reduction through demand-side management (DSM) programs ★	Achieve energy savings of 617 GWh for all operating companies

★ EXCEEDED TARGET

● MET TARGET

⊖ DID NOT MEET TARGET

CLEAN ENERGY FUTURE

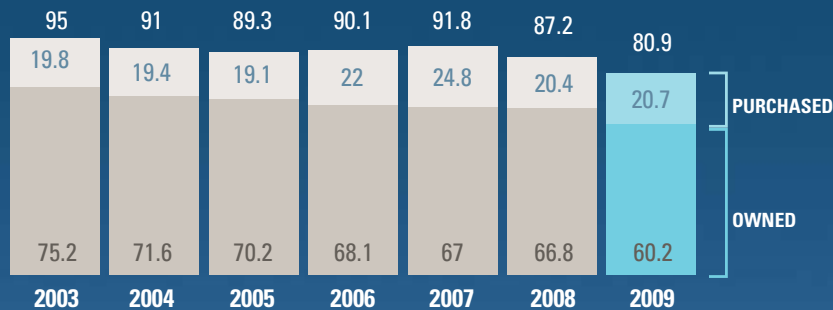
2009 RENEWABLE ENERGY PORTFOLIO (IN MW)

	Wind	Hydro	Solar (AC)**	Biomass	RDF/Landfill	Total
NSP	1265	277	—	193	115	1850
PSCO	1258	88	40	—	3	1389
SPS	653*	—	—	—	—	653
PROJECTED BY 2015	5,040*	380	580	210	120	6,330

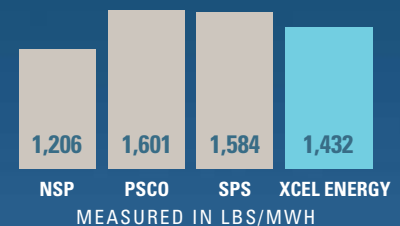
* SPS wind energy totals for 2009 include 443 MW from long-term contracts and 210 MW of required purchases from qualifying generating facilities; no wind from these qualifying generating facilities is included in the 2015 forecast.

** In 2009, we began reporting and tracking solar energy on our system in alternating current or AC megawatts to be consistent with how we report and track energy from all other generating sources. Prior to this, we used direct current or DC for solar energy, as it is commonly used in the solar industry.

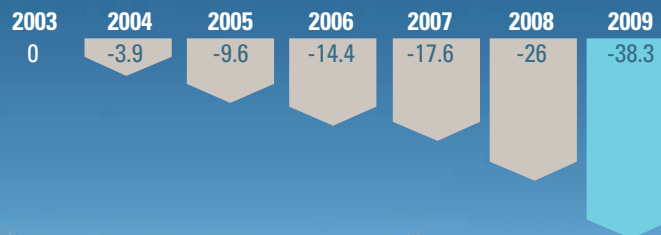
TOTAL XCEL ENERGY CO₂ EMISSIONS (In Millions of Tons)
(Data reflects owned and purchased generation)



2009 CO₂ INTENSITY RATES BY OPERATING COMPANY
(Intensity in lbs/MWh)
(Data reflects owned and purchased generation)



CUMULATIVE CO₂ EMISSIONS REDUCTIONS (In Millions of Tons)
(Data reflects owned and purchased generation)



CLEAN ENERGY FUTURE

ACCOMPLISHMENTS

- In 2009 the American Wind Energy Association named Xcel Energy **“investor-owned utility of the year”** for its national leadership in wind energy and for the company’s standing as the nation’s No. 1 wind energy provider.
- The American Wind Energy Association has ranked Xcel Energy the **nation’s No. 1 wind energy provider for the past six years.**
- We received a **2009 Energy Star Partner of the Year Award** from the U.S. Environmental Protection Agency (EPA) for our contributions to reducing GHG emissions by helping customers increase their energy efficiency. We have been an ENERGY STAR partner since 1990.
- The Solar Electric Power Association has ranked Xcel Energy **No. 5 among U.S. utilities for solar capacity for the past two years.** The number of photovoltaic systems on our system has grown to more than 5,000 by the end of 2009.
- In 2009, we **participated in the “powering up” of the Solar Technology Acceleration Center (SolarTAC).** SolarTAC is a collaboration between industry and research focused on bringing commercial solar technologies to market sooner.
- Xcel Energy’s automotive fleet is **ranked No. 29 among the top 50 “green fleets”** according to Automotive Fleet, a publication for fleet managers. We have more than 570 alternative-fuel vehicles in our fleet, some of which are hybrid electrics; others run on compressed natural gas, flex-fuel, propane or bio-diesel.
- For the second consecutive year, Xcel Energy is **listed on the Carbon Disclosure Project’s leadership index for the quality of our voluntary carbon disclosure.** The project is an independent, nonprofit organization that collects and makes public GHG emissions data from more than 400 corporations around the globe. The index recognizes those companies within the S&P 500 Index that display a professional comprehensive approach with respect to climate-change disclosure practices.
- In October 2009, we **filed for the first time our 2008 GHG emissions with The Climate Registry.** Our results will now be verified by a third party and released in fall 2010. The Climate Registry is a nonprofit collaboration established to set consistent and transparent standards to calculate, verify and publicly report GHG emissions into a single registry for North America.
- Xcel Energy **received approval from the Colorado Public Utilities Commission for its Innovative Clean Technology Program,** which will allow us to test promising new technologies. Our first project is the integration of a parabolic-trough concentrating solar plant with our coal-fired Cameo Generating Station near Palisade, Colo.



OUR CARBON DIOXIDE REDUCTION EFFORTS

Like most utilities and other industries, Xcel Energy uses fossil fuels to serve our customers, in our case to make electricity and provide natural gas. Whether burned in a coal-fired boiler, in a combustion turbine, or by individuals in their cars, businesses or home-heating furnaces, fossil fuels emit carbon dioxide (CO₂) when combusted; CO₂ is a greenhouse gas.

Greenhouse gases (GHGs) are the target of proposed legislation and regulation designed to mitigate the potential effects of global warming. Rather than waiting for regulation, we are reducing GHGs today. Our customers, communities, shareholders and employees expect us to take action. We also know through past experience that taking early action and voluntarily reducing emissions is a better way to manage costs, which ultimately benefits everyone.

Since 2003, we have reduced CO₂ emissions by a cumulative 38.3 million tons. In 2007, we introduced groundbreaking resource plans that will help us achieve a 15-percent reduction in CO₂ emissions by 2020 from 2005 levels. We continue to pursue these plans and look for additional opportunities to reduce our emissions.

CLIMATE ACTION

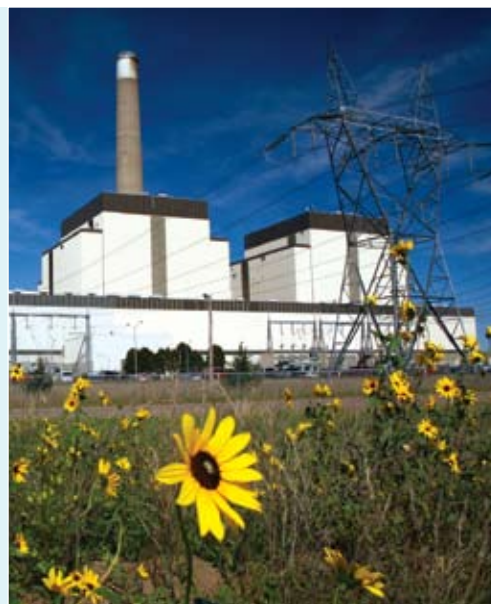
Climate change is an increasingly important issue in this country and around the world. To address this concern, U.S. policymakers have stepped up efforts to regulate GHGs. At the federal level, it is a presidential and congressional priority, and at the state level, 34 U.S. states today have climate policies and 29 have renewable portfolio standards.

Recent regulatory and legislative developments include:

- In 2009, U.S. Reps. Waxman and Markey introduced a major new energy and climate bill, the American Clean Energy and Security Act of 2009 (ACES), which was passed in June. The bill includes GHG cap and trade, an aggressive national renewable energy and energy-efficiency standard, and provisions related to carbon offsets, transmission, smart grid and carbon capture and storage. ACES is the first major climate bill to pass the U.S. House of Representatives. The Senate is still considering legislative options for the regulation of GHGs.
- The U.S. Environmental Protection Agency (EPA) is moving forward to regulate GHGs under the Clean Air Act. In December of 2009, EPA finalized its "endangerment finding" that CO₂ and other GHG emissions from cars and trucks endanger public health and the environment. CO₂ regulation will start with the regulation of efficiency

CARBON CAPTURE PILOT PROJECTS

Xcel Energy continues to participate in efforts to test and advance technologies with potential to capture or reduce CO₂ emissions. We are involved in several industry pilot projects supported by the Electric Power Research Institute. This spring we will conduct tests at two Xcel Energy power plants. At our Sherburne County Generating Station (Sherco) in Becker, Minn., we are working with ADA Environmental Solutions to test the use of several solid sorbents to capture CO₂. In Brush, Colo., at our Pawnee Generating Station, we are working with the University of Wyoming to test regenerative capture using low-pressure sorption on solid carbonaceous materials.



CARBON OFFSETS: As part of our continuing efforts to prepare for climate policy legislation at a national or regional level, we have successfully developed a carbon offset pilot program for our Colorado customers. The objective of the program, which will run through early 2011, is to learn how the carbon offset marketplace works and to purchase and develop carbon-emission offsets that will be used in the future to reduce costs associated with carbon regulation. The offset pilot program will be funded by proceeds from the sale of renewable energy credits; customers will not be subject to a rate increase to pay for the program. Carbon offsets are created through emissions-reduction projects that occur outside of the electric generation system—for example, by capturing methane emissions from a coal mine, planting new trees in a devastated forest, or changing farming practices to reduce GHG emissions. The emissions are monitored to ensure that verifiable reductions have occurred and an environmental benefit has been created by the project.



Information on efforts to reduce other power plant emissions is on page 85.

standards for light-duty vehicles. Our power plants are likely to be subject to additional EPA regulation for CO₂, although the exact form of that regulation is uncertain today. EPA Administrator Lisa Jackson recently stated that the regulation of CO₂ for new and modified stationary sources will begin in 2011.

- States continue to pursue climate policies, with the Regional Greenhouse Gas Initiative in the Northeast in operation. In Xcel Energy's upper service territory, the states of Minnesota, Wisconsin and Michigan are participants in the Midwestern Greenhouse Gas Reduction Accord (MGGRA). The state of New Mexico is a member of the Western Climate Initiative, a regional cap-and-trade program, and New Mexico regulators are also evaluating whether to create their own cap-and-trade program.
- Several initiatives related to renewable energy and cleaner air continue to be proposed each year by state legislators. In 2010, Colorado passed a renewable energy standard that increases the standard from 20- to 30-percent renewable energy by 2020. This legislation also includes a requirement for smaller-scale renewable energy systems to be located at customer sites or on the grid. Colorado also has passed the Clean Air-Clean Jobs Act designed to dramatically reduce emissions from Colorado coal-fired power plants. Information about this legislation can be found on page 88 of this report.

OUR POSITION ON CLIMATE POLICY

At Xcel Energy, we believe climate policy should be designed to maximize environmental benefit and minimize consumer costs. We favor a federal policy as a more effective way to achieve large-scale GHG reductions, rather than individual state or regional policies. And a flexible, well-designed, market-based federal policy designed by Congress is the best option to reduce emissions, manage costs and achieve technological transformation. A properly designed program should provide the kind of flexibility and innovation that encourages technological development.

XCEL ENERGY CLIMATE POLICY PRINCIPLES

Climate policy should:

- Minimize customer costs and maximize environmental benefits
- Recognize and reward utilities for early reduction efforts
- Encourage the development and deployment of clean-energy technologies
- Provide flexibility and reasonable cost-containment mechanisms
- Avoid becoming the equivalent of an additional tax on energy production and consumption

We have engaged policymakers, energy providers, the environmental community and others to discuss our climate policy principles. Mandatory climate policy could transform our business, but this technology transformation will not be free. We anticipate rising costs as we continue to provide reliable service while steadily reducing CO₂ emissions.

OUR ENVIRONMENTAL DISCLOSURE RECORD

We provide the public with detailed information on our environmental performance and risk. Below is a summary of the reporting channels we use to disclose various measures of our environmental performance.

THE CLIMATE REGISTRY	The Climate Registry is a nonprofit organization established to provide consistent and transparent standards to calculate, verify and report GHG emissions into a single registry. Several years ago, we signed on as a founding reporter because we recognized that having a formal emissions-reporting protocol, like the one The Climate Registry has developed, can improve the consistency, comparability and credibility of our GHG emissions reporting.
CARBON DISCLOSURE PROJECT	The Carbon Disclosure Project (CDP) is an independent nonprofit organization that compiles information regarding the business risks and opportunities presented by climate change and GHG emissions data from thousands of corporations worldwide. We have provided detailed responses to the project’s GHG questionnaire for the past four years.
INVESTOR RESEARCH FIRMS	Xcel Energy provides information to a number of organizations focused on sustainability or environmental research, including Trucost, IW Financial, RiskMetrics, Maplecrest Advisors and others.
XCEL ENERGY CORPORATE RESPONSIBILITY REPORT	This report, which has been issued annually for the past six years, contains year-to-year comparisons of a wide variety of environmental data relating to our operations.
XCEL ENERGY 10-K	Our annual 10-K contains carbon reporting and a discussion of the potential business risks Xcel Energy faces relating to climate change. It also contains information and initiatives relating to our environmental leadership strategy.

Xcel Energy voluntarily participates in a number of different GHG reporting programs, such as the Carbon Disclosure Project and The Climate Registry. These organizations each use a unique reporting protocol and may present Xcel Energy’s reported GHG emissions differently. While these protocols and reporting may vary, the information we provide comes from the same data set. In this publication, we report CO₂ emissions associated with owned and purchased generation, providing our customers and others information on the emissions associated with the electricity we provide. Because we have consistently reported this information for a number of years, users of the report can follow the emissions trend.

Of 32 major U.S. utilities, only Xcel Energy “disclosed multiple performance metrics, specific targets and incentive design for named officers that directly aligned accountability and pay-for-performance with the need for utility transformation to a cleaner energy future.”

– USA Utilities Proxy Statement Review, MVC Associates International and Board Advisory

STATE RENEWABLE PORTFOLIO STANDARDS

COLORADO	30% by 2020
MICHIGAN	10% by 2015
MINNESOTA	30% by 2020
NEW MEXICO	20% by 2020
NORTH DAKOTA	10% by 2015*
SOUTH DAKOTA	10% by 2015*
TEXAS	5,880 MW by 2015
WISCONSIN	10% by 2015

*Indicates the state has a voluntary renewable energy objective rather than a mandated standard.

RENEWABLE ENERGY

Renewable sources of energy are a growing part of our energy mix. Several states where Xcel Energy operates have some of the most stringent renewable portfolio standards in the U.S., and we support these standards. Our renewable energy portfolio includes wind, hydroelectric power, solar and biomass that comes from our own generating facilities and from power-purchase agreements. These sources provide clean, cost-effective energy to our customers, and they support our emissions-reduction goals.

WIND

Wind Ranking

For six consecutive years, the American Wind Energy Association (AWEA) has named Xcel Energy the nation's No. 1 wind power provider. In 2009, we had 3,176 MW of wind energy on our system, and we have plans to grow this to more than 5,000 MW by 2015. Because we are a national leader in wind and other renewable energy resources, we are experiencing the challenges associated with the integration of intermittent and uncontrollable resources onto our electric system. We are pursuing new technologies and participating in demonstration projects to help reduce the cost of wind integration. We also are supporting public policies, such as a federal tax credit to defray the costs of wind integration, that will enable us to meet ambitious renewable energy goals at lower costs to our customers.

Wind Expansion

Most of the wind energy on our system is purchased from other providers, but we continue to expand our wind ownership through various projects. In August 2009, we received regulatory approval to develop 351 MW of wind power in Minnesota and North Dakota. The approvals are for a 201-MW project in southwestern Minnesota's Nobles County, called the Nobles Wind Project, and a 150-MW project in Dickey and McIntosh counties in southeastern North Dakota, called the Merricourt Wind Project.

The projects, to be owned by Xcel Energy, are being developed in partnership with enXco. Nobles is planned to be operational by the end of 2010, and Merricourt by the end of 2011. Together, they will generate enough electricity to power approximately 110,000 homes and will increase our wind energy resources by more than 10 percent companywide.

Windsor®

For more than a decade, Xcel Energy has played a pivotal role in the commercialization and advancement of wind energy. Through our Windsor program, launched in 1998, we were an early adopter of wind energy. Windsor has grown to be one of the largest, voluntary, green-energy programs in the United States.

2009 WINDSOURCE RESULTS

	Customers	MWh
COLORADO	41,925	216,666
MINNESOTA	23,344	147,385
WISCONSIN*	404	1,605
NEW MEXICO	1,202	8,640
TOTAL	66,875	374,296

*In 2009, we began offering Windsor to our Wisconsin customers.

In 2009, we reached an agreement with the public utilities commission and others for changes to our Windsource program in Colorado. Windsource brought the first utility-scale wind generation to the state, but the program was structured to allow wind resources to be added only in small increments and could not easily grow. The agreement creates room for substantial program expansion. It allows for Windsource customers to be served from Xcel Energy's total renewable resource portfolio, which includes wind, solar and

biomass facilities. The portfolio includes larger wind farms and renewable resource facilities built to take advantage of economies of scale.

The Windsource premium in Colorado now reflects the extra cost of adding more renewable resources. Premiums will be added to a utility account dedicated to renewable energy acquisition—so as the number of Windsource customers grows, more renewable resources will be added in Colorado.

HOW OUR PARTNERSHIP WITH NCAR HELPS BRING MORE WIND ON OUR SYSTEM

Xcel Energy and the National Center for Atmospheric Research (NCAR) have developed a high resolution, state-of-the-art wind energy forecasting system. It combines real-time, turbine-level operating data with numeric weather-prediction models and sophisticated post-processing algorithms to forecast wind energy out 72 hours. The forecasts help operators make critical decisions about powering down traditional coal- and gas-fired power plants when sufficient winds are predicted, enabling the increased use of alternative energy. This research and development, begun in December 2008, has already shown benefits to customers through more efficient dispatch of fossil-based resources.

"When we don't expect wind resources to be generating, we turn on fossil generators in anticipation. If the winds are stronger than expected, then we have turned on too much generation—and that's inefficient," says Nick Detmer, Xcel Energy's manager of real-time dispatch and operations. "With the NCAR forecast, we are making better decisions and saving money."

Bill Mahoney, director of NCAR's Weather Systems and Assessment Program, offered his perspective on the partnership with Xcel Energy.

HOW WAS THIS PROJECT INITIATED?

Xcel Energy was aware of NCAR's weather analysis and prediction capabilities from discussions that occurred about two years prior to the start of the wind energy project. NCAR briefed Xcel Energy on several occasions at its request, to learn

more about the weather-forecasting process and its challenges. The company was eager to improve its use of weather information and asked NCAR for help in understanding the state of the science.

HOW DO NCAR AND XCEL ENERGY WORK TOGETHER ON THIS EFFORT?

NCAR and Xcel Energy are working on this project in a very collaborative manner. This has been an excellent partnership where experts within both organizations are working closely together to define, develop and implement advanced wind-energy prediction capabilities.

WHAT HAS YOUR OVERALL EXPERIENCE BEEN LIKE WORKING WITH XCEL ENERGY?

NCAR is very happy working with Xcel Energy as the staffs from both organizations are eager to collaborate and exchange information and ideas that will help Xcel Energy adopt additional wind energy and reduce the cost of integrating wind into its generation system.

IN YOUR OPINION, WHAT ARE THE BENEFITS OF COLLABORATING ON THIS EFFORT?

Both NCAR and Xcel Energy are benefiting from this relationship as NCAR is learning about Xcel Energy's needs and requirements for accurate wind energy information, and Xcel Energy is able to utilize the output of the wind energy prediction system that NCAR has developed, which is resulting in improved efficiencies for Xcel Energy.

FINDING CONNECTIONS : PARTNERS

SOLAR

Solar Ranking

In 2009, the Solar Electric Power Association (SEPA) ranked Xcel Energy fifth in the nation in total solar electric capacity for the second year in a row.

Solar Expansion

Xcel Energy is working on many fronts to expand the use of solar energy.

Customer-Sited Solar

To encourage the growth of solar energy on our system, we offer our customers incentives to install solar panels on top of their homes and businesses. In addition to Colorado, we now offer our popular Solar*Rewards program in Minnesota

2009 SOLAR*REWARDS RESULTS

State (year program launched)	2009 Systems / MWs / Incentives	Systems to Date / MWs / Incentives
COLORADO (2006)	2,072 / 20 MW / \$54 million	5,227 / 48 MW / \$111 million
MINNESOTA (2010)	N/A*	N/A*
NEW MEXICO (2009)**	4 / 63 kW	4 / 63 kW

* Results not yet available; Solar*Rewards was introduced to Minnesota customers in March 2010.

** Our Solar*Rewards program in New Mexico pays customers for actual system kilowatt-hour production rather than the upfront incentives provided in other states.

and New Mexico. Customers have responded positively, installing more than 5,000 photovoltaic systems through the end of 2009, with a capacity of about 48 MW (34 MW AC). The program is designed to ensure a variety of systems are built, from small residential systems to large commercial systems, such as the 2-MW system at Denver International Airport and the 600-kW system on top of the Minneapolis Convention Center. By the end of 2009, we provided more than \$110 million in incentives to customers.

Utility-Scale Solar

Today large utility-scale solar installations are usually the most cost-effective choice for solar energy. Efficiencies come with the economy of scale and the ability to locate systems in areas with optimal solar resources. As of 2009, we had 6.2 MW (AC) of utility-scale solar on our system, but we expect this to grow significantly by 2015. We do not own or have plans to own these facilities, but will instead purchase the output through long-term power-purchase agreements.

SolarTAC

In 2009 we celebrated the official “powering up” of the Solar Technology and Acceleration Center (SolarTAC), located in Aurora, Colo. SolarTAC will become one of the largest facilities in the world for the solar industry and research institutions to test and demonstrate advanced technologies for the emerging solar market. It is a site where member companies can implement emerging and advanced solar technologies for operation under actual field conditions.

XCEL ENERGY SYSTEM EXISTING AND PLANNED UTILITY-SCALE SOLAR

Facility	System Type	Size (AC)	Size (DC)	Location	On Line
SUNEDISON ALAMOSA	Combination concentrating and flat-plate photovoltaic	6.2 MW	8.2 MW	Alamosa, Colo.	2008
SUNPOWER GREATER SANDHILL	High efficiency photovoltaic	16.2 MW	19.1 MW	Alamosa, Colo.	2010
SUNEDISON	Ground-mounted photovoltaic (five 10-MW sites located in Lea and Eddy counties)	50 MW	55 MW	New Mexico	2011
TBD	Central photovoltaic	60 MW	74MW	Specific location in Colo. TBD	2012-2013
TBD	Solar thermal with storage	125 MW	125 MW	Specific location in Colo. TBD	2013

ADVANCED TECHNOLOGY

Since announcing the initial launch of SolarTAC over a year ago, the site infrastructure has progressed to the point where members are now able to install their planned solar technologies for testing and demonstration. Xcel Energy is SolarTAC's original founding member and is joined by additional founding members, Abengoa Solar and SunEdison. Other members and supporters of the effort include the City of Aurora, National Renewable Energy Laboratory, Electric Power Research Institute, Colorado Renewable Energy Collaboratory and Midwest Research Institute.



MARTY SMITH of Xcel Energy's environmental policy organization helped drive development of SolarTAC and now serves on SolarTAC's Executive Board. He is supporting the company's vision of developing SolarTAC into a world-class facility for solar technology testing and demonstration.



Q&A: DUSTIN SMITH, COLLABORATING ON SOLARTAC

FINDING CONNECTIONS :

Q & A

WHAT'S THE IDEA BEHIND SOLARTAC?

The goal of SolarTAC is to accelerate the pace of solar technology development in the U.S. and get solar products and services to the market as quickly as possible. It's a membership-funded organization with a unique business model that allows members like Xcel Energy to work on a proprietary, as well as a collaborative basis.

DUSTIN SMITH is executive director of SolarTAC, whose members intend to make it the largest test facility for solar technologies in the world. It is located in Aurora, Colo. Below, Dustin offers his perspective on the SolarTAC project.

The goal of SolarTAC is to accelerate the pace of solar

HOW DO YOU SEE XCEL ENERGY'S ROLE AS A SOLARTAC FOUNDING MEMBER?

Xcel Energy is one of the most progressive utilities in the country, particularly with respect to renewable energy. It's very evident through this partnership that they're eager to learn. Utility-scale solar development is in its infancy in the United States, and Xcel Energy's participation in SolarTAC will help them understand the technology, monitor its evolution and find ways to bring more solar generation onto their system, while advancing the solar industry as a whole.

WHAT DO YOU ENVISION FOR SOLARTAC OVER THE NEXT SEVERAL YEARS?

SolarTAC has the opportunity to become an exciting national asset, and it will enable Colorado to become a center of excellence for driving the U.S. solar industry forward. Currently 74 acres are under development, and another 300 acres are available for future development, so there's plenty of room to grow.

Colorado Integrated Solar Project

At our Cameo Generating Station near Palisade, Colo., we are demonstrating the world's first integration of a parabolic-trough concentrating solar plant with a conventional coal-fired plant. The project went online this spring, using concentrating solar energy that provides heat to produce supplemental steam for electric power production.

The project promises to:

- decrease the overall consumption of coal
- reduce emissions from the plant
- improve plant efficiency
- test commercial viability of concentrating solar integration
- increase the opportunity for cost-effective renewable power generation

It is the first initiative under our new Innovative Clean Technology program described on page 66 of this report. The demonstration will continue through the end of 2010, after which we plan to retire Cameo. Learn more about the project on our website.

Community-Based Solar

Through our New Mexico Community Solar program, we are placing solar installations in four eastern and southeastern New Mexico communities to help educate the public on the benefits of solar power. It is a way to build interest in one of the state's most promising new industries. Two of the systems have been constructed and the remaining two should be announced this year.

The first community-based solar installation is on the roof of our service center in Hobbs, New Mexico. This system is part of a Solar School program that provides area students a firsthand look at how solar energy works. Students take turns monitoring the output of the system while learning how solar power is integrated into Xcel Energy's power grid. The second system was completed this spring at Eastern New Mexico University-Roswell. Located on the campus's Roswell International Air Center, the 35-kW system is accessible to the public and includes information describing the technology, as well as meters that show its output.



RANDY LARSON in our engineering and construction organization is responsible for the Colorado Solar Integration Project—an effort that connects thermal energy from a parabolic-trough concentrating solar plant with the steam cycle of Xcel Energy's coal-fired plant, Cameo Generating Station near Palisade, Colo. It is the first demonstration of the concept using parabolic-trough solar technology in the world.

BIOMASS

Bay Front

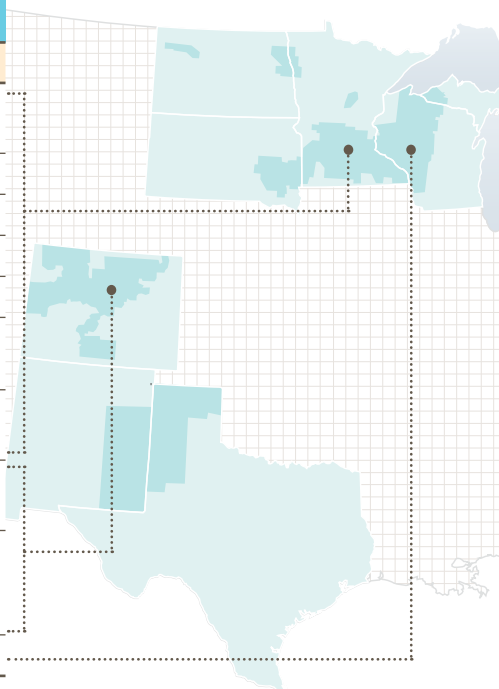
In November 2009, the Public Service Commission of Wisconsin unanimously approved our application to install biomass gasification technology at our Bay Front Generating Station in Ashland, Wis. When completed, the project will convert the plant's remaining coal-fired unit to biomass gasification technology, allowing it to use 100-percent biomass in all three boilers and making it the largest biomass plant in the Midwest. Currently engineering, design and construction work is expected to begin in 2010, and the unit could be operational in late 2012.

In addition to reducing carbon dioxide (CO₂) emissions by switching from coal to biomass, the project will drastically reduce other air emissions, including nitrogen oxides (NO_x) by more than 60 percent and sulfur dioxides (SO₂) and particulate matter (PM) by more than 80 percent.

Xcel Energy operates **27 HYDROELECTRIC** power plants in Wisconsin, Minnesota and Colorado, which can generate more than 500 MW. We also purchase large amounts of emissions-free, reasonably priced hydro-generated electricity from Manitoba Hydro.

BIOMASS, BIOGAS AND WASTE-TO-ENERGY PROJECTS ON OUR SYSTEM (Purchased Power)

Project	Type	Size	Location
WM RENEWABLE ENERGY (BURNSVILLE)	Landfill gas-to-energy	3 MW	Minnesota
PINE BEND	Landfill gas-to-energy	12 MW	Minnesota
ST. PAUL CO-GEN	Biomass	25 MW	Minnesota
LAURENTIAN ENERGY	Biomass	35 MW	Minnesota
FIBROMINN	Biomass (poultry waste)	50 MW	Minnesota
RAHR MALTING	Biomass (malting, food processing waste)	12 MW	Minnesota
HENNEPIN ENERGY RESOURCE CO.	Refuse-Derived Fuel	34 MW	Minnesota
WM RENEWABLE ENERGY (DADS)	Landfill gas-to-energy	3 MW	Colorado
MICROGY*	Biogas (for use in electric generation at our Fort St. Vrain Generating Station)	125,000 MWh (projected power generation)	Colorado
BARRON COUNTY	Refuse-Derived Fuel	0.27 MW	Wisconsin



*To be complete in 2012

PROGRAMS TO FURTHER DEVELOP AND PROMOTE CLEAN ENERGY TECHNOLOGIES

Innovative Clean Technology Program

Xcel Energy, with approval from the Colorado Public Utilities Commission, has established the Innovative Clean Technology (ICT) Program, an initiative to test promising new technologies with the potential to lower GHG emissions and result in other environmental improvements. Through the ICT Program, we can pursue the development, commercialization and deployment of new power generation, energy storage and other technologies that support our clean energy strategy. It provides the opportunity to test these technologies and evaluate their cost, reliability and environmental performance on a demonstration scale before determining whether we should deploy them more widely for our customers. The Colorado Solar Integration Project described on page 64 is the first project approved under this new program. We plan to propose a second project in 2010.

Renewable Development Fund

The Xcel Energy Renewable Development Fund (RDF) is financed by our Minnesota and Wisconsin electricity customers to promote the start-up, expansion and attraction of renewable energy projects and companies in our service area. It also stimulates research and development into renewable energy technologies. Both efforts are designed to increase the market penetration of renewable energy resources at reasonable costs.

Projects that receive RDF funding are recommended by a seven-member advisory board consisting of two representatives of environmental organizations, one representative of the Prairie Island Indian Community, an industrial/commercial customer representative, a residential customer representative and two Xcel Energy representatives. The recommended projects must be approved by the Minnesota Public Utilities Commission. Over the past nine years, the RDF program has provided about \$66 million for 62 renewable energy research projects and renewable energy production projects.

Renewable Energy Trust

The Renewable Energy Trust (RET) is a voluntary, customer-driven charitable fund established in 1993 to help develop renewable energy sources in Colorado for the benefit of local schools, nonprofit organizations and public/community groups. Every dollar contributed to the RET by Xcel Energy customers is tax deductible and used to purchase and install renewable energy projects such as solar electricity systems for community organizations that would otherwise be unable to afford this technology. More than 3,200 customers donated a total of \$92,000 in 2009. We awarded a grant of \$75,000 to Adams 12 Five Star Schools for a solar thermal pool heating system at its new aquatic center.

@ A complete list of active and completed Renewable Development Fund projects is available at xcelenergy.com/rdf.



Chairman's Fund Projects and University Collaborations

Our Chairman's Fund supports innovative community projects that advance, demonstrate or promote new or developing clean energy technology. The chairman, Dick Kelly, approves all contributions, which are made possible through shareholder funds. In 2009, we funded or continued supporting the following programs:

SPRUCE TREE SOLAR INSTALLATION	With our support, the Spruce Tree Centre in St. Paul, Minn., installed a 37-kW photovoltaic system on its roof that is now one of the largest solar installations in the state.
SOLARTAC	In Colorado, the Chairman's Fund was used to further the development of SolarTAC, the Solar Technology Acceleration Center in Aurora. Xcel Energy is a founding member of the center and has a representative on SolarTAC's Executive Board.
COLORADO SCHOOL OF MINES COSMIC RAY PROJECT	Provided funding for solar panels to run cosmic ray collectors in southeastern Colorado as part of an international technology project to study energy from cosmic rays in collaboration with the Colorado School of Mines, Colorado State University (CSU) and CSU Pueblo.
METROPOLITAN STATE UNIVERSITY OF MINNESOTA	Provided financial support for the new main-building lighting project on the St. Paul campus as an opportunity to display innovative, energy-efficient technology through this highly visible building-façade lighting project.

RENEWABLE ENERGY CREDIT (REC) SALES

In 2009, we developed a strategy to sell renewable energy credits (RECs) on the national renewable energy market. RECs are financial instruments created by statute to promote market-based, cost-effective deployment of renewable energy. They can be unbundled from renewable energy and sold separately to utilities and other consumers throughout the nation who are interested in renewable energy. In several states, Xcel Energy has more renewable energy on its system than is needed for compliance for renewable energy standards. Based on market opportunities, we have sold some of the available extra RECs, primarily to buyers in states not served by the company.

In Colorado, we worked with the Public Utilities Commission, the Colorado Governor's Energy Office, Western Resource Advocates and other groups to establish a sharing mechanism with customers and shareholders for margins associated with the sale of RECs. This gives Colorado customers, who have paid for renewable energy initiatives, an opportunity to recover additional benefits from renewable energy through REC sales. In addition, 10 percent of the margins will also go toward development of carbon offsets, which are described on page 58. New Mexico has a similar sharing mechanism.

In 2009, we sold more than 1.1 million RECs from wind energy generated in Texas, New Mexico and Colorado. The RECs were generated from wind produced in 2006 through 2009. Consistent with The Climate Registry protocols, Xcel Energy does not presently adjust its CO₂ reporting for REC sales.

RECS SOLD IN 2009			
Year Wind Was Generated			
	2007	2008	2009
SPS	522,733	137,772	26,453
PSCO	—	—	484,075

SMARTGRIDCITY is already improving reliability. The new system gives operators the ability to monitor performance in near real-time, make adjustments based on data analytics and fine tune the grid, allowing Xcel Energy to better predict and avoid equipment failures, proactively make necessary repairs and quickly pinpoint potential problems.

Boulder residents experienced fewer power outages in 2009 as a result of SmartGridCity. We reduced customer complaints about power quality and voltage issues by 90 percent when compared with 2007, and we decreased unpredicted transformer failures by more than 90 percent when compared with 2006.

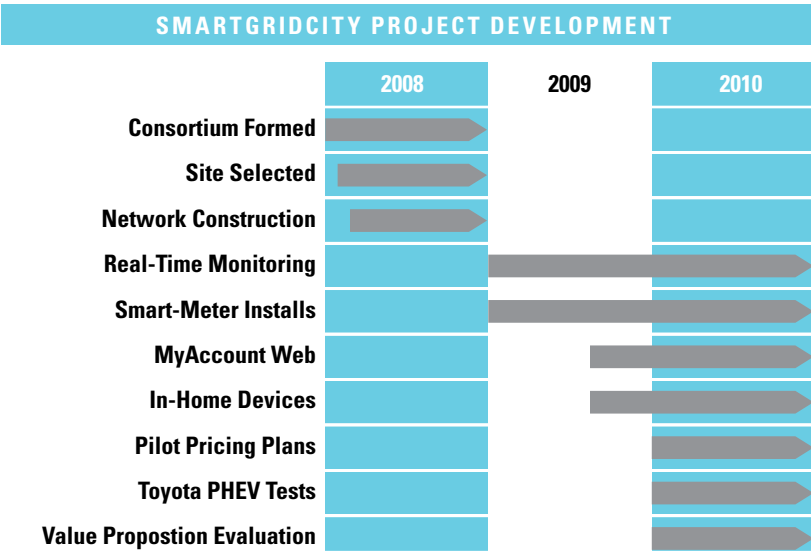
SMARTGRIDCITY®

SmartGridCity is a technology pilot taking place in Boulder, Colo., that allows us to explore smart-grid tools in a real-world setting. It is essentially a living laboratory that helps us determine:

- Which energy-management and conservation tools our customers want and prefer
- Which technologies are the most effective at improving the way we deliver power
- How best to incorporate smart-grid technology into our business operations to improve efficiency, reduce carbon dioxide emissions, and modernize the energy delivery system.
- How to roll out the most promising smart-grid components on a wider scale

The smart-grid infrastructure is the backbone of the entire smart system we have installed in Boulder. This network went live in the summer of 2009 and is now connected to nearly 47,000 premises throughout the city. Since the project’s beginnings, we have provided tours and demonstrations to numerous industry peers, as well as international representatives from more than 33 countries, in order to share the lessons we’ve learned.

Boulder customers with smart meters can view their electricity consumption in up to 15-minute intervals using the MyAccount website, which gives them a window of information for further conservation ideas to more closely manage monthly bills. In 2010, we will focus on maximizing customer value and choice through in-home energy management options, various pricing pilot programs and additional plug-in hybrid electric vehicle tests.



ENERGY INNOVATION CORRIDOR

Xcel Energy and several public, private and nonprofit organizations are partnering on the Energy Innovation Corridor, a clean energy and transportation model that extends along the proposed 11-mile Central Corridor light rail transit project route in the Twin Cities. Planning for the Energy Innovation Corridor began in 2008, and the project was formally launched in 2009. Every member of the community along the Energy Innovation Corridor will have the opportunity to experience the future of renewable energy, advanced energy-efficiency programs, electric transportation and smart-energy technologies.

Together, Energy Innovation Corridor partners will engage the local community to:

- Achieve higher levels of energy-efficiency savings than required by Minnesota mandate
- Increase the amount of renewable energy supplied and generated
- Support the deployment of electric vehicles
- Reduce carbon emissions
- Create local jobs
- Showcase and advance the use of sustainable building design and practices
- Create a regional smart-energy technology demonstration project



GREG PALMER, JIM TURNURE and JOHN MARSHALL

of Xcel Energy helped to ensure the installation of this 37-kilowatt photovoltaic solar system at the Spruce Tree Centre in St. Paul, Minn. Xcel Energy's Chairman's Fund provided funding for the project. Spruce Tree Centre is a well known "green building" in the Midway neighborhood along the Energy Innovation Corridor.

PARTNERING WITH THE CITY OF SAINT PAUL FOR A CLEAN ENERGY FUTURE

"Since being appointed by Mayor Chris Coleman as the City of Saint Paul's Environmental Policy Director, I've had numerous opportunities to work with Xcel Energy staff on a variety of projects and new initiatives, such as utilizing the Energy Design Assistance program for the city's new Leadership in Energy and Environmental Design (LEED) Gold police station and Xcel Energy's energy-efficiency rebates for several municipal buildings.

"Federal stimulus funds have provided additional opportunities to improve the energy efficiency of city facilities. During the next two years, the city will be utilizing Energy Efficiency and Conservation Block Grant (EECBG) funds and Xcel Energy rebates to retrofit 40 to 50 city facilities. The City of Saint Paul has collaborated with Xcel Energy and other partners on grant applications to the U.S. Department of Energy for additional EECBG funds.

FINDING CONNECTIONS : PARTNERS

"The City of Saint Paul has also collaborated with Xcel Energy, the City of Minneapolis and other nonprofit partners such as Center for Energy and Environment (CEE) and Neighborhood Energy Connection (NEC) to create new initiatives like the Energy Innovation Corridor and the Home Energy Squads. The City of Saint Paul is thrilled to be partnering with Xcel Energy on creating and promoting the newly introduced Solar*Rewards program and advancing solar technologies in Minnesota.

"Xcel Energy has been a tremendous partner with the City of Saint Paul as we work to reduce our energy use and greenhouse gas emissions and strive to be more energy independent."

ANNE HUNT, *Environmental Policy Director for the City of Saint Paul, Minn.*

PLUG-IN HYBRID ELECTRIC VEHICLES AND ALTERNATIVE FUELS

In 2009, we joined the industry-wide plug-in electric vehicle market readiness pledge developed by the Edison Electric Institute. It is a commitment to make electric transportation a success, and we will support the pledge through partnerships with vehicle manufacturers, infrastructure support, deployment in our company fleet, education and outreach to customers about electric transportation benefits and support of appropriate incentives to encourage electric vehicle use.

Ten plug-in hybrid Ford Escape sport-utility vehicles are being evaluated in various applications in the Xcel Energy fleet. They show great promise, and several automobile manufacturers are pursuing plug-ins as a way to extend the electric battery range on hybrid vehicles and reduce liquid fuel consumption.

Three hybrid bucket trucks are in service—one in the Denver metro area and two in the Twin Cities. One of them is an experimental design incorporating plug-in capability for battery recharging. These trucks offer improved fuel economy and significantly decreased emissions. Their engines can be turned off at a job site, reducing idling emissions and noise.



As part of our prior transportation initiatives, we have 80 clean compressed-natural-gas vehicles in our Colorado fleet. We also use 20-percent biodiesel in our Colorado diesel fleet of 550 vehicles during warm-weather months and 10-percent biodiesel during the winter. The Minnesota diesel fleet uses 5-percent biodiesel as part of a statewide initiative.

GREEN SUPPLIER PROGRAM AND INVESTMENT RECOVERY

We are developing a “green supplier” program to launch in 2010. Though not finalized, our primary objective will likely be to cost-effectively increase the amount of business we do with suppliers whose environmental programs support our corporate environmental leadership strategy. We will work to engage our business partners in a collaborative effort to reduce greenhouse gas emissions, improve air and water quality and reduce waste. We have already taken the first step by joining the Electric Utility Industry Sustainable Supply Chain Alliance—a consortium of 15 of the largest electric utilities in the United States. The alliance aims to develop best practices and metrics to evaluate and improve the environmental performance of utility suppliers and the utility supply chain operations they serve. The only utility-focused alliance of its kind, it is aligned with the Green Supplier Network of the U.S. Environmental Protection Agency, as well as the Global Reporting Initiative.

Supply chain's investment recovery team facilitates the sale of scrap, obsolete, surplus and retired assets not governed by our environmental services group. The team seeks to maximize Xcel Energy's return on these assets while supporting our mission to improve the environment and following applicable rules and regulations. There is an economic incentive for redeploying assets internally, identifying third parties that wish to purchase and utilize our assets, and ensuring recyclable materials are separated from those that are not. The investment recovery group works to increase the scale and scope of these programs in the coming years. The majority of current sales come from recycling scrap metal.

JOHN CROTTY, Troublemaker, is pictured here with one of the company's hybrid trucks. The vehicles get between 30 and 50 percent better gas mileage than similar trucks in the fleet.

CONSERVATION AND DEMAND-SIDE MANAGEMENT (DSM)

Energy conservation plays an important role in our resource planning process. We forecast our customers' energy resource needs and develop a comprehensive long-term plan to meet those needs in the most cost-effective manner. Since 1992, our customers have saved enough electricity to enable us to avoid building more than 12, 250-MW power plants. Overall, our 2009 energy conservation projects helped save enough energy to satisfy the electricity needs of 80,765 homes and the natural gas needs of 15,309 homes for one year¹.

¹ Average annual electricity use per home is 8,100 kWh. Average annual gas use per home is 90 million cubic feet (MCF).

2009 ENERGY EFFICIENCY: CONSERVATION AND LOAD MANAGEMENT*				
	Spending	Electric Conservation/ Load Management		Gas Conservation
		Generator kW	Generator MWh	MCF
MN	\$65,568,076	114,405	341,619	665,367
CO	\$55,451,705	64,396	221,243	422,064
WI	\$12,281,298	19,408	69,533	283,717
TX	\$4,094,760	9,220	10,275	—
NM	\$3,025,182	2,640	11,156	—
SD	\$59,185	2,881	218	—
ND	\$339,961	2,190	155	6,655
TOTAL	\$140,820,167	215,140	654,199	1,377,803

*Achievements listed in this table are preliminary for 2009.



More information on our energy-efficiency programs is available on pages 22-28.

STATE-BY-STATE CONSERVATION

MINNESOTA	NSPM has participated in natural gas and electric demand-side management (DSM) programs since 1992. In 2007, the Next Generation Energy Act was passed in Minnesota, establishing an aggressive new energy-efficiency goal for utilities. Beginning in 2010, Xcel Energy has ramped up its energy-efficiency requirements to reach 1.3 percent of retail sales. Our current triennial plan was approved by the Office of Energy Security (OES) for 2010-2012.
COLORADO	To fulfill requirements in Colorado, in 2008, we filed and received approval for our 2009/2010 DSM plan, under which, we will offer customers natural gas DSM programs and significantly increase our electricity DSM efforts to 0.8 percent of retail sales.
WISCONSIN	In Wisconsin, we are required to participate in the statewide energy-efficiency and renewable energy programs, administered by the Public Service Commission of Wisconsin. The statewide program is called Wisconsin Focus on Energy.
TEXAS	We offer our Texas customers energy-efficiency program opportunities through third-party standard offer and market transformation contracts. These programs benefit residential, low-income, small commercial, and commercial and industrial customers.
NEW MEXICO	The New Mexico 'Efficient Use of Energy' Act requires public utilities to acquire all cost-effective and achievable energy efficiency and load management. We have continued to expand our program portfolio since it began in 2008. Our 2010/11 plan was recently approved by the NMPRC.
SOUTH DAKOTA	In South Dakota, customers participate in our load-management programs. A DSM plan was filed in December of 2009 and is awaiting review by state regulators.
NORTH DAKOTA	In North Dakota, Xcel Energy provides savings opportunities to customers through our load-management programs as well as gas education and energy-audit programs.
MICHIGAN	Currently, we do not administer any programs in Michigan. However, recent legislation has been passed to require energy efficiency and to allow a utility to choose third-party program administration for the design and delivery of programs. We have filed a plan to use this method of administration through 2011.

XCEL ENERGY FACILITY EFFICIENCY PROJECTS

LEED CERTIFIED BUILDINGS

We have sought nationally recognized LEED certification for three of our facilities in Colorado. LEED (Leadership in Energy and Environmental Design) certification has four levels—Certified, Silver, Gold and Platinum—based on achievement in five different areas: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

Most significant is the LEED platinum rating for our new Colorado headquarters being built at 1800 Larimer Street in downtown Denver. When completed, 1800 Larimer will be the first downtown high-rise building in Denver to feature the LEED Core and Shell (LEED-CS) platinum rating. Our property services group managed the process of meeting LEED platinum standards for the building's interior, and we collaborated with the developer to achieve LEED standards for the building's shell. The building will employ state-of-the-art energy-efficient design and environmentally sound building materials, in both construction and operation. The new facility at 1800 Larimer Street will house approximately one-third of our Colorado workforce and will be ready for move-in in the summer of 2010.

ENERGY MANAGEMENT INITIATIVES

In 2009, we reduced electricity consumption in our corporate facilities by nearly 2.7 million kWh. This exceeded our target of 2 million kWh, and is the third consecutive year we have achieved savings of more than 2 million kWh through our initiatives. Our energy-management team identified projects based on results of energy audits conducted at Xcel Energy facilities. A total of 115 energy management-related projects were completed, including HVAC system control and equipment replacements and lighting retrofits.

In our IT data centers, we reduced our electricity usage by 2.5 percent. In 2010, we expect to achieve an additional power savings of approximately 8 percent due to virtualization technology that allows us to run multiple operating systems on a single server, reducing the number of servers required to do business.

@ Learn more about LEED certification at the U.S. Green Building Council's website, www.usgbc.org/LEED

LEED CERTIFIED XCEL ENERGY FACILITIES

Building and location	Building size	Certification level	Highlights
1800 LARIMER STREET, DENVER, COLO.	500,000 sq. ft.	LEED Core and Shell Platinum	<ul style="list-style-type: none"> • 30 percent more energy efficient than traditional buildings • 35 percent of the building's power obtained from renewable energy sources • 44 percent water-consumption savings over current code requirements • 38 percent more fresh-air circulation than required by code
ALAMOSA SERVICE CENTER, ALAMOSA, COLO.	27,000 sq. ft.	LEED Existing Buildings Silver	<ul style="list-style-type: none"> • Diverted 95 percent of construction waste from landfills • Used local contractors and materials whenever possible • Enhanced commissioning to ensure equipment is running
ARVADA SERVICE CENTER, ARVADA, COLO.*	35,000 sq. ft.	LEED Existing Buildings Silver	<ul style="list-style-type: none"> • Sensors installed to turn off perimeter lighting if sun shining through windows and skylights or if space unoccupied • 30 percent less water usage • 20 percent of building materials produced locally • Infrared garage heaters interlocked to shut-off if overhead garage doors left open

*LEED certification under review.

ENERGY EFFICIENCY



NOEL MATTISON is project manager for our Colorado headquarters relocation to 1800 Larimer Street. The building will be the first downtown Denver high-rise to feature the Leadership in Energy and Environmental Design Core and Shell (LEED-CS) platinum rating. It employs both energy-efficient design and environmentally sound building materials, both in its construction and operation.

PLANNING FOR THE FUTURE

RESOURCE PLANNING

In 2007, we filed resource plans in Colorado and in Minnesota that proposed significant reductions in carbon dioxide (CO₂) emissions. The plans seek to reduce CO₂ emissions companywide by about 15 percent from 2005 levels by 2020, based on our forecasts.

Highlights of the resource plans include:

NSP SYSTEM (NSPM & NSPW)

- Receive approval for the 201-MW Nobles Wind Project in Minnesota and the 150-MW Merricourt Wind Project in North Dakota
- Increase energy-efficiency goals to 1.3 percent of retail electric sales by 2012, a 34-percent increase from 2005 levels
- Obtain required approvals to increase the capacity at our nuclear facilities
- Continue to investigate repowering options for the coal-fired Black Dog Generating Station, units 3 and 4

The NSP plan, together with our Metro Emissions Reduction Project and other environmental initiatives of the last decade, would lead to a reduction in CO₂ levels by 22 percent from 2005 levels by 2020. We will propose acquiring additional renewable energy resources in our next resource plan, scheduled to be filed later in 2010.

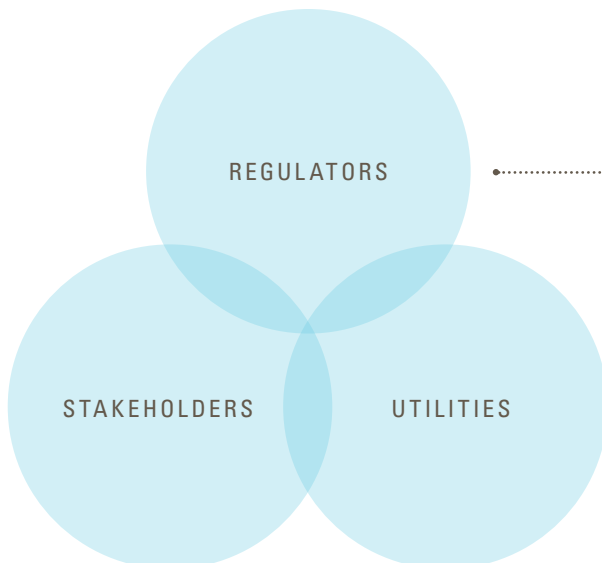
PSCO

- Acquire 174 MW of additional wind power available in 2009
- Pursue the acquisition of approximately 700 MW of additional wind by 2013 for a total of over 1900 MW by 2015
- Add up to 125 MW of concentrating solar thermal technology with thermal storage
- Add up to 100 MW of central PV by 2015
- Expand customer energy-efficiency and conservation programs, increasing our annual savings goal from 150 GWh in 2009 to 422 GWh by 2020
- Retire four older coal units – Cameo Generating Station, units 1 and 2; and Arapahoe Generating Station, units 3 and 4

The approved 2007 PSCo resource plan is expected to result in a 10 to 15 percent reduction of CO₂ from 2005 levels. We will achieve these reductions while bringing online our new, state-of-the-art coal unit, Comanche 3. In 2010 and 2011, we anticipate filing additional plans that will propose further CO₂ and other emissions reductions.

SPS

- Add 50 MW of solar in New Mexico by January 2012
- Increase wind portfolio by up to 300 MW, for a total of nearly 750 MW by 2015
- Add an approximately 170-MW combustion turbine unit at our Jones Generating Station in Lubbock, Texas
- Continue to investigate biomass opportunities



REGULATORY COMMISSIONS in the major states we serve require Xcel Energy to submit resource plans at regularly established intervals. The plans typically assess the resources necessary to serve customers' future energy requirements. They also discuss our future energy-efficiency program goals and summarize our transmission planning process and other resources we may need to acquire based on our studies of future load growth. The regulatory review includes input from customers and other stakeholders.

OPERATIONAL UPDATES

COMANCHE 3

Construction of our new 750-MW, coal-fired Comanche 3 unit at Comanche Generating Station in Pueblo, Colo., began in 2005. The new unit will join the two existing units to produce more than 1,400 MW of power, making Comanche Generating Station our largest power plant in Colorado. The facility will provide a reliable, cost-effective and environmentally sound electricity supply to help meet Colorado's growing energy demands. The entire facility will be capable of meeting the electricity needs of more than 1 million customers.

As our most efficient coal-fired power plant, Comanche 3 will save our customers approximately \$98 million during its first year of operation, as it will displace higher-cost electric generating units and reduce the need to purchase additional electricity from other sources.

2009 milestones

Start-up and testing began on several aspects of the plant in 2008. By the end of 2009, construction was about 99-percent complete, although there are still a number of tasks to complete before the unit is fully in service. At the height of construction, the project employed over 1,800 workers. When complete, it will add about 60 additional full-time plant jobs.

Environmental features

Comanche 3 will more than double the plant's electricity output while improving overall air quality. Because it is a highly efficient, advanced coal-fired unit, it requires less coal to produce a megawatt of electricity. With Comanche 3 on line, we will avoid deficits of 100 to 300 MW of power between 2010 and 2012. It also gives us the flexibility to retire two older, less-efficient coal-fired plants—Cameo and Arapahoe Generating Stations.

Air quality

The new unit will use a highly efficient, supercritical boiler and all units will have state-of-the-art emission controls. Sulfur dioxide (SO₂) levels for the facility will be cut by about half, and nitrogen oxide (NO_x) levels will be reduced by about a quarter.



Comanche Generating Station, Pueblo, Colo.

In addition, Comanche Generating Station is the first plant in Colorado to control mercury emissions. The plant's total mercury emissions will be lower than they were prior to the addition of Comanche 3.

Water conservation

Comanche 3 is equipped with a low-water-use system that will use both water and air for cooling to reduce the unit's water use by about half. We currently use about 9,500 acre-feet of water annually for Comanche Units 1 and 2, which are both wet cooled. A 750-MW unit with a low-water-using cooling system running at a 90-percent-capacity factor would consume about 4,750 to 5,500 acre-feet of water a year.

NUCLEAR OPERATIONS

The Prairie Island and Monticello Nuclear Generating Stations provide safe, reliable, low-cost, carbon-free power for our customers in the Upper Midwest. Analysis in our resource plan shows that continuing operation of the plants and increasing their electricity generation capacity are the least-cost alternatives to meeting our customers' future energy needs, and they are consistent with state energy policy. We are committed to operating our nuclear plants safely and being a good neighbor to our host communities, the cities of Monticello and Red Wing, Minn., and the Prairie Island Indian Community.



THE NUCLEAR REGULATORY COMMISSION (NRC) oversees reactor safety, reactor licensing and renewal, radioactive material safety and licensing, and spent fuel management (storage, recycling, and disposal).

License Renewal and Generation Capacity Expansion

Prairie Island: The Minnesota Public Utilities Commission in late 2009 approved our requests for additional dry-cask storage and generation capacity expansion at Prairie Island. We requested up to 35 additional casks to support a 20-year life extension for the plant's two reactors, allowing operation to 2033 and 2034. We also asked to make plant modifications that would result in an additional 82 MW of generating capacity per each unit, called an extended power uprate. The commission's decision on the additional cask storage was stayed through June 1, 2010, to allow Minnesota lawmakers to review it.

The plant's license renewal application awaits action by the federal Nuclear Regulatory Commission, which is expected in 2010, and we will submit a license amendment application for the extended power uprate to the NRC after the federal commission acts on license renewal. We expect to implement the Prairie Island uprates in 2014 and 2015.

Monticello: The NRC in late 2006 approved our request to renew Monticello Generating Station's operating license for 20 years, which will allow the plant to operate until 2030. Monticello's dry-storage facility, which is needed to support plant operations during the 20-year license extension period, is licensed by the NRC to store up to 30 containers inside concrete storage modules. The Minnesota commission also approved the containers, concrete storage modules and other equipment needed for dry storage.

Our plan to increase generating capacity at the Monticello Generating Station by 71 MW was approved by the Minnesota commission in January 2009 and awaits action by the NRC. We expect that project to be completed in 2011.

Safety

Safety at Prairie Island and Monticello is Xcel Energy's No. 1 priority. NRC resident inspectors, NRC Region III subject matter experts and NRC headquarters' staff continuously oversee the safety of our plants.

In its review and inspection of the Prairie Island Generating Station for July 2008 through June 2009, the NRC determined that human performance played a role in three agency "White findings" during the period. Under the NRC's Reactor Oversight Process, White findings are assigned to events that have "low to moderate safety significance."

By the end of 2009, the NRC had conducted supplemental inspections into two of the three White findings and found the issues had been resolved. An inspection into the third White finding was expected to be completed during the first quarter of 2010. The plant is making progress in resolving the issues that led to the NRC findings.

Used Fuel Storage

The temporary, interim dry-storage technologies used at nuclear power plants do not require any active systems to ensure safety. Inside the storage containers, the ceramic and metal fuel assemblies are completely dry and surrounded by inert helium gas. The containers are either stainless steel or are coated on the outside to prevent corrosion. As such, they are expected to safely store the used fuel for a very long time.

Regardless of the length of time that used fuel can be safely stored on site, the federal government is contractually obligated to remove the used fuel from our sites, and it is overdue on that commitment. We will continue to actively promote timely success of a federal waste management program and will join other stakeholder groups in efforts to achieve that goal.

In order to recover damages as costs are incurred, we periodically file lawsuits against the U.S. Department of Energy for its partial breach of contract for failure to remove used fuel from our nuclear plant sites by a 1998 deadline. Our first lawsuit was for the period from 1998 through 2004. The courts awarded us \$116 million in damages for that period. DOE is appealing that award. In the meantime, we have filed a second lawsuit for the period 2005 through 2008. We have asked for approximately \$250 million in damages. The second lawsuit is pending. As additional costs are incurred, there will be additional lawsuits to recover those damages.



A dry-fuel canister from the Monticello Nuclear Generating Station (Monticello, Minn.) slides safely into storage

TRANSMISSION

We operate 18,367 pole miles of transmission lines throughout our eight-state service territory, with major control centers in Minneapolis, Minn., Golden, Colo., and Amarillo, Texas. We have one of the largest investor-owned transmission systems in the nation, and we operate it on a non-discriminatory basis under the open access requirements of the federal government. This means that all wholesale buyers and sellers of electricity can use our transmission system under the same terms and conditions used to serve Xcel Energy's own retail customers.

Transmission is a growing area of our business as we plan for future load growth and seek ways to connect communities with renewable energy resources. We have conducted 10-year transmission plans and 20-year scenario assessments for each of our operating companies and are dedicating a significant portion of our capital dollars to transmission. Our transmission capital budget will be more than \$450 million in 2010, up from about \$330 million just a few years ago.

We are participating in numerous regional initiatives to develop transmission in all our service territories, and a number of company-specific transmission projects are under way, summarized below. Because transmission projects involve many stakeholders, including local governments, communities, neighborhoods and landowners, we include public input in siting and other project decisions. More information is available on our website.

2009 TRANSMISSION UPDATES	
PSCO	<p>SENATE BILL 100 : We are making progress with 2007's Colorado State Senate Bill 100 (SB-100) to establish renewable energy zones and plan for transmission projects within these zones. In 2009, we filed the SB-100 biennial plan with the Colorado PUC, with nine SB-100 projects listed worth approximately \$700 million. We were granted Certificates of Public Convenience and Necessity (CPCNs) for the Midway-Waterton 345-kV transmission project and the Pawnee-Smoky Hill 345-kV transmission project.</p> <p>HIGH PLAINS EXPRESS (HPX) : The High Plains Express Transmission Project (HPX) is a proactive plan for the expansion and reinforcement of the transmission grid in Wyoming, Colorado, New Mexico and Arizona. Eight parties, including Xcel Energy, collaborated to develop a preliminary feasibility report in 2008 and are now undertaking more detailed feasibility studies and additional stakeholder outreach.</p> <p>SAN LUIS VALLEY PROJECT : We submitted a joint CPCN with Tri-State Generation & Transmission Association for the San Luis Valley to Calumet to Comanche Transmission project.</p>
NSP SYSTEM (NSPM & NSPW)	<p>CAPX2020 : Xcel Energy is a partner in CapX 2020, a joint initiative of 11 transmission-owning utilities in Minnesota and surrounding states. The Minnesota PUC approved Certificate of Need (CON) applications for all four CapX2020 lines. This \$1.7 billion, 700-mile project will expand the regional transmission system and meet the future growth in electricity demand in the Upper Midwest.</p> <p>HIAWATHA PROJECT : Xcel Energy has proposed the Hiawatha Project to make major improvements to the electric infrastructure in south Minneapolis in order to meet the area's growing need for electricity. In 2009, we filed a route permit application with the MPUC to begin the state's permitting process.</p>
SPS	<p>SOUTHWEST POWER POOL (SPP) : We received a favorable ruling from the SPP board of directors regarding an Annual Transmission Revenue Requirement (ATRR), which incorporates the final proposed SPP Balanced Portfolio projects, including SPS's TUCO to Woodward 345-kV line.</p>

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**EXECUTIVE SUMMARY**

Our vision for a clean energy future requires a foundation of excellent regulatory compliance—and compliance begins with a strong environmental policy. Under the Xcel Energy policy, our board of directors, acting through the Nuclear, Environmental and Safety Committee, establishes environmental performance goals and oversees our environmental compliance program and policy initiatives. We have created an environmental management system that provides employees with training and documentation of our compliance responsibilities; creates processes designed to minimize the risk of noncompliance; and audits our environmental performance. Environmental performance goals, which include the goal of carbon reduction, are incorporated into officer and employee job responsibilities and compensation. All this is especially important as environmental regulations and requirements continue to change and become more stringent.

RESPONSIBILITIES, RESULTS AND THE ENVIRONMENT

Compliance also relies on transparency and having a system in place to measure, monitor and report emissions and wastes. This section of our report provides the details and is the bottom line to all our environmental efforts. It is this information that allows us to move beyond compliance and look for opportunities for greater improvement.

We have included many examples throughout this report where we have proactively reduced emissions. In 2009, we completed a four-year effort to upgrade or repower three Twin Cities power plants under our Minnesota Metro Emissions Reduction Project (MERP). The \$1 billion package of improvements increased generating capacity by 300 MW and reduced air emissions by nearly 3.5 million tons per year. MERP was truly a community effort supported by lawmakers, community leaders and environmentalists who collaborated to make it happen.



ACCOMPLISHMENTS

- On October 13, 2009, we celebrated the **successful completion of our Metro Emissions Reduction Project (MERP)** with the dedication of the repowered Riverside Generating Station.
- The Edison Electric Institute (EEI) awarded us the **2009 EEI Advocacy Excellence Award for our advocacy in connection with MERP**. The award recognizes the company's ability to work with various groups, both public and private, to undertake a massive conversion and refurbishing of power plants. Our advocacy included working with a wide variety of partners on the project, lobbying the Minnesota Legislature for legislation encouraging utilities to make voluntary emissions-reduction efforts and providing a mechanism for cost recovery, conducting public meetings, keeping shareholders and the public informed of the project's progress, and sponsoring public groundbreaking and dedication events.
- **We worked with Colorado Gov. Bill Ritter and a coalition of lawmakers, energy companies, electric utilities and environmentalists to pass the Clean Air-Clean Jobs Act**, legislation that will help Colorado communities comply with present and future air quality rules. We are now working on plans to reduce nitrogen oxide emissions 70 to 80 percent by 2018 from our coal-fired power plants along Colorado's northern Front Range. Under the bill, we will evaluate the retirement of the plants or their retrofit with emissions-control equipment.
- We submitted **Avian Protection Plans** to the U.S. Fish and Wildlife Service that **identify locations for 3,400 swan flight diverters** that will be installed on our Wisconsin and Minnesota transmission lines to reduce bird collisions. Outside consultants evaluated our transmission lines with respect to wetland areas, migration patterns and known nesting areas to identify and prioritize the locations for line marking.

JIM ZYDUCK is director of our High Bridge Generating Station, one of the plants in our Minnesota Metro Emissions Reduction Project (MERP). Through MERP, we significantly reduced air emissions while increasing power generation at three Twin Cities power plants.

RESPONSIBILITIES, RESULTS AND THE ENVIRONMENT

KEY PERFORMANCE INDICATORS

Emissions reductions

2009 GOAL	Commission and repower Riverside Generating Station
2009 PERFORMANCE	The Riverside Generating Station started commercial operation on May 1, 2009 ●
2010 GOAL	Retire 73 MW of coal-fired generation

★ EXCEEDED TARGET

● MET TARGET

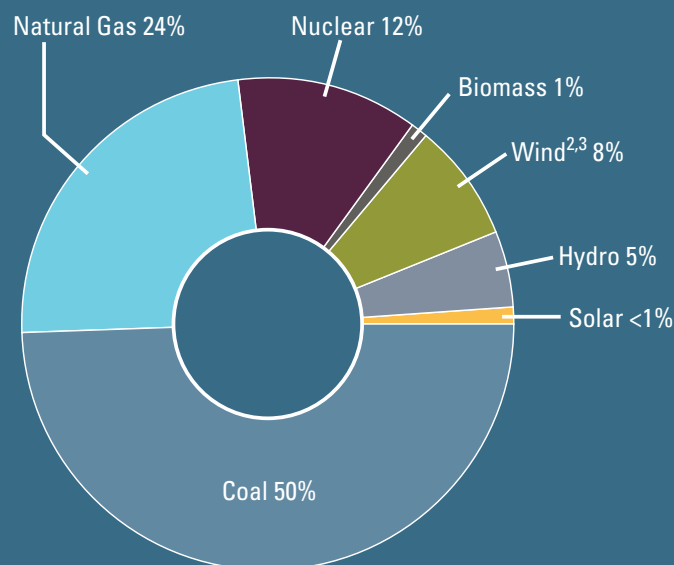
⊖ DID NOT MEET TARGET

OPERATIONAL DATA

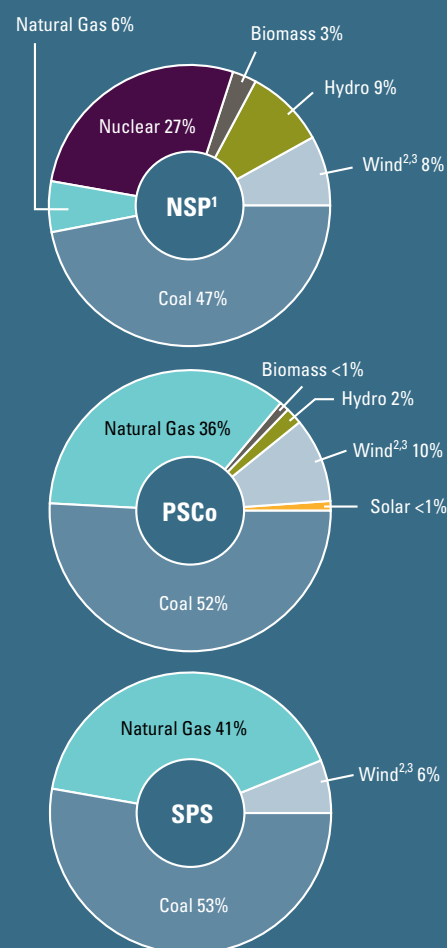
2009 OWNED AND PURCHASED ENERGY (Total in Mwh)

	NSP ¹	PSCo	SPS	TOTAL
Owned generation	33,030,601	18,836,961	19,651,510	71,519,071
Purchased generation	14,195,751	17,723,315	9,521,329	41,440,395
TOTAL	47,226,352	36,560,276	29,172,839	112,959,466

2009 XCEL ENERGY OWNED AND PURCHASED ENERGY (By Energy Source)



2009 OWNED AND PURCHASED ENERGY BY OPCO (By Energy Source)



1 The NSP system: The electric production and transmission system of NSPM is managed as an integrated system with that of NSPW, jointly referred to as the NSP system. The electric production and costs of the entire NSP system are shared by NSPM and NSPW. Less than 0.1 percent of energy on the NSP system is produced with oil and about 0.4 percent comes from refuse-derived fuel and waste-to-energy projects.

2 This category includes wind energy unbundled from renewable energy credits (RECs).

3 This category also includes Windsource RECs. See more information about RECs and Windsource on pages 67 and 60 of this report.

OPERATIONAL DATA

2009 OWNED GENERATING FACILITIES

	Number of generating facilities				Number of generating units				Generating capacity*			
	NSP	PSCO	SPS	TOTAL	NSP	PSCO	SPS	TOTAL	NSP	PSCO	SPS	TOTAL
Coal	4	8	2	14	9	16	5	30	2,733	3,132	2,086	7,951
Natural gas	11	6	8	25	32	13	19	64	2,514	1,209	2,060	5,783
Nuclear	2	—	—	2	3	—	—	3	1,604	—	—	1,604
Hydro	20	7	—	27	67	14	—	81	270	243	—	513
Oil	3	1	1	5	14	2	2	18	403	6	—	409
Refuse-derived fuel	3	—	—	3	6	—	—	6	59	—	—	59
Wind	1	1	—	2	67	37	—	104	101	26	—	127**

2009 ELECTRICITY TRANSMISSION AND DISTRIBUTION LINES (Measured in conductor miles)

	NSPM	NSPW	PSCo	SPS	TOTAL
Transmission Lines	25,288	9,847	18,738	31,906	85,779
Distribution Lines	76,128	26,497	71,639	18,760	193,024
Transmission and Distribution Lines by Voltage	500 kV	2,917	—	—	2,917
	345 kV	6,385	1,152	959	6,800
	230 kV	1,801	—	11,505	9,429
	161 kV	428	1,474	—	1,902
	138 kV	—	—	92	92
	115 kV	7,103	1,761	4,842	11,034
	<115 kV	82,782	31,956	72,980	23,403

NATURAL GAS PIPELINES (Measured in Miles)

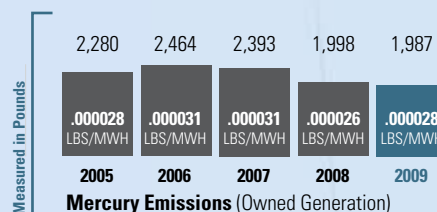
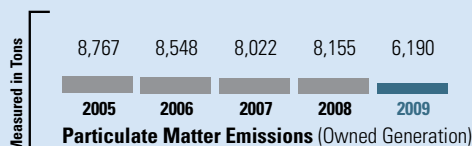
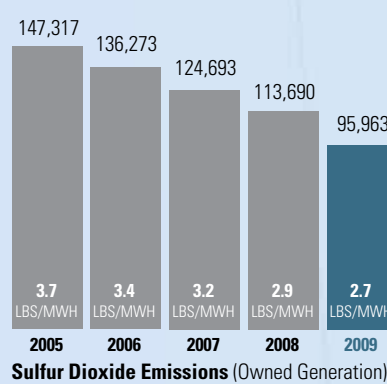
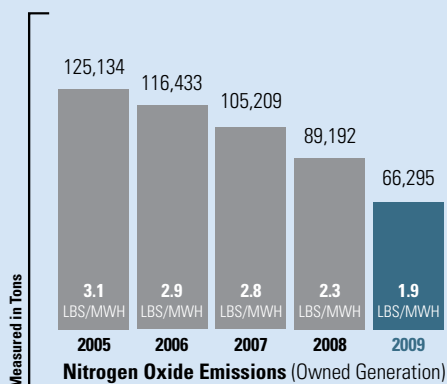
	NSPM	NSPW	PSCo	WGI†
Transmission	135	—	2,301	12
Distribution	9,586	2,202	21,242	—

† For information on WGI, see page 3 of this report.

* Based on Net Dependable Capacity (NDC) and Summer NDC when applicable

** Wind generation is based on Net Maximum Capacity. It is an intermittent resource and is only available when ambient wind conditions exist to support this level of generation.

EMISSIONS DATA



EMISSIONS - CONTROL PROJECTS

MERP COMPLETION

Xcel Energy celebrated the successful completion of the Minnesota Metro Emissions Reduction Project (MERP) with the dedication of the repowered Riverside Generating Station on Oct. 13, 2009. Located in northeast Minneapolis, Riverside was converted from a coal-fired to a natural-gas-fired generating facility. It is the last of three Twin Cities power plants to go on line as part of an ambitious project to protect the environment and produce cleaner energy in the metro area.

In May 2002, Xcel Energy voluntarily proposed MERP to significantly reduce air emissions from three Twin Cities coal-fired power plants while increasing the amount of electricity they produce. The Minnesota Public Utilities Commission approved the plan in December 2003.

MERP projects included adding state-of-the-art emissions controls to the coal-fired Allen S. King Generating Station in Oak Park Heights, Minn.; replacing the coal-fired High Bridge Generating Station near downtown St. Paul with a natural-gas-fired, combined-cycle plant; and repowering the aging coal-fired Riverside Generating Station in northeast Minneapolis with natural-gas-fired, combined-cycle units.

Upgrades at the Allen S. King Generating Station were completed in 2007. The new High Bridge Generating Station began commercial operations in May 2008. The newly repowered Riverside Generating Station began commercial operations on May 1, 2009. The \$1 billion MERP package of improvements increased capacity at the three plants by a total of 300 MW.

MERP EMISSIONS REDUCTIONS*		
CO ₂ REDUCTION	3.4 million tons/yr	40-percent reduction
SO ₂ REDUCTION	38,000 tons/yr	96-percent reduction
NO _x REDUCTION	27,000 tons/yr	95-percent reduction
MERCURY REDUCTION	199 lbs/yr	81-percent reduction
PARTICULATES REDUCTION	1,390 tons/yr	90-percent reduction

* Based on 2009 emissions compared to 2005 as the baseline year.

Improvements through MERP collectively reduce air emissions from the Allen S. King, High Bridge and Riverside Generating Stations by the amounts indicated above.

RIVERSIDE GENERATING STATION REPOWERING

One of the oldest plants in Xcel Energy's system, Riverside began serving Minneapolis in 1911. Through MERP, the company replaced the existing coal-fired plant with natural-gas-fired combustion turbines and heat-recovery steam generators.

The combined-cycle technology is more efficient than a traditional coal-fired steam plant. At the same time, electricity output from Riverside was increased by 80 MW, from 386 MW to 466 MW – which is enough electricity to supply almost 355,000 typical homes. The Riverside Generating Station conversion cost \$230 million.

Riverside Generating Station, Minneapolis, Minn.



Q&A: WORKING WITH THE IZAAK WALTON LEAGUE TO REDUCE EMISSIONS IN MINNESOTA

BILL GRANT is associate executive director of the Izaak Walton League of America, one of the earliest conservation organizations in the United States. Below he answers a few questions about the collaboration between the League and Xcel Energy on the Minnesota Metro Emissions Reduction Project.

HOW WAS THE PARTNERSHIP BETWEEN THE IZAAK WALTON LEAGUE AND XCEL ENERGY INITIATED?

The League had asked in comments on Xcel Energy's 1998 Integrated Resource Plan whether there were opportunities to repower any of the company's older coal plants with natural gas. This started a dialogue with the company leading

to legislation in 2001 authorizing rate-recovery procedures for pollution-reduction investments in existing coal-fired power plants.

IN YOUR OPINION, WHAT WERE THE BENEFITS OF COLLABORATING ON THIS EFFORT?

The League and Xcel Energy worked together to pass the MERP statute in 2001. When Xcel Energy came forward

with plans to repower the High Bridge and Riverside plants with natural gas and to retrofit the Allen S. King plant with state-of-the-art pollution control equipment, the League worked with them to win adoption of the plan at the Minnesota PUC. This included getting resolutions of support from both the St. Paul and

Minneapolis city councils, working with neighborhood groups to rally their support, and working with other stakeholders (e.g., Minnesota Chamber of Commerce, state regulators, other environmental groups) to convince them of the value of these projects.

HOW DID THE TWO ORGANIZATIONS WORK TOGETHER ON THE MERP EFFORT OVER THE YEARS?

From the League's perspective, the most important outcome from these projects has been the substantial reductions in air pollution including mercury, sulfur dioxide, nitrogen oxide, and particulates, as well as greenhouse gases, primarily carbon dioxide. The projects also

took advantage of existing infrastructure without having to site new plants or transmission lines. The repowering projects also added new generating capacity during a period of load growth on Xcel Energy's system. Finally, the projects were evidence that utilities and environmental organizations can work together to achieve mutual goals.



2009 POWER PLANT EMISSIONS-CONTROL AND EFFICIENCY PROJECTS				
Plant	Unit	Control	Emission	Emission improvement
NSP				
SHERBURNE COUNTY	3	Sorbent injection system	Mercury	90% reduction
RIVERSIDE		Coal conversion to combined-cycle natural gas	NO _x	97% reduction
			SO ₂	>99% reduction
			Particulate matter	86% reduction
			Mercury	>99% reduction
PSCO				
CHEROKEE	4	Burner tip and tilt drive replacement	CO ₂	89,000 tons over project life
SPS				
HARRINGTON	1	Optimization and burner tuning	NO _x	950 tons per year
TOLK	1	Pre-heater basket replacement	CO ₂	30,000 tons over project life
	1	Neural network installation	NO _x	161 tons per year

ENVIRONMENTAL MANAGEMENT

OUR ENVIRONMENTAL MANAGEMENT SYSTEM

We have a formal environmental management system designed to ensure continuous improvement and compliance with all applicable environmental requirements. Our management system provides:

OVERSIGHT	Board of directors—Nuclear, Environment and Safety Committee
	Chairman & CEO; President & COO
	Executive Environmental Council
	Environmental Services Department
RISK ANALYSIS	Goals and performance indicators at corporate and operating levels
	Multidisciplinary teams for developing new compliance programs
	Environmental Audit Program
POLICIES & PROCEDURES	Corporate environmental policy
	Formal, documented procedures
	Regular monitoring of new, evolving regulatory activity
MONITORING	Compliance tracking system
	Monthly performance reporting
	Routine facility audits
FOLLOW-UP FOR COMPLIANCE GAPS	Tracking for corrective action and internal audit findings
TRAINING & COMMUNICATION	New employee orientation
	Site and topic specific employee training
	Updates and information communicated through internal channels

ENVIRONMENTAL MANAGEMENT

ENVIRONMENTAL EXPENDITURES

Environmental costs include payments for nuclear plant decommissioning, storage and ultimate disposal of spent nuclear fuel, disposal of hazardous materials and waste, remediation of contaminated sites and monitoring of discharges to the environment. Increasingly stringent regulation has caused higher operating expenses and capital expenditures for environmental compliance.

@ Nuclear decommissioning and spent nuclear fuel disposal expense information is available in our 2009 10-K on our website.

In addition to nuclear decommissioning and spent nuclear fuel disposal expenses, costs charged to operating expenses for environmental monitoring, control and disposal of hazardous materials and waste were approximately:

- \$223 million in 2009
- \$213 million in 2008
- \$173 million in 2007

Capital expenditures for environmental improvements at regulated facilities were approximately:

- \$45 million in 2009
- \$230 million in 2008
- \$439 million in 2007

NOTICES OF VIOLATION (NOV)

We strive to operate in compliance with all federal, state and local rules and regulations. However, there are occasions when regulatory agencies issue notices of violation (NOVs) or compliance orders for alleged exceedances of permit limits or regulatory requirements. These can potentially result in fines or penalties. NOV activity for 2009 is outlined below.

- A notice of violation was issued for the Ashland MGP Remediation Project. The NOV alleged that this facility failed to properly label drums of hazardous waste and used oil. There was no fine or penalty issued for these findings.

- A notice of violation was issued for the Ashland Service Center. The NOV alleged that this facility was a small quantity generator (SQG) and as such had five findings related to reporting, inspections and record keeping. The Wisconsin Department of Natural Resources and EPA subsequently acknowledged that the facility is a very small quantity generator (VSQG) not subject to those requirements and that the NOV was without merit.
- A notice of violation was issued for Cunningham Generating Station for a waste oil storage tank with inadequate venting, cracks in secondary containment, eroded coatings on piping, and lack of water content tests. There was no fine or penalty issued for these findings.
- A notice of violation was issued to Hayden Generating Station for alleged failure to provide records demonstrating proper monitoring of fuel delivery. Xcel Energy responded to the NOV that records for the time in question were not available because there were no fuel deliveries. There was no fine or penalty issued for the alleged findings.
- A penalty of \$95,000 was paid pursuant to a consent agreement entered into with EPA concerning alleged Spill Prevention, Control and Countermeasure (SPCC) plan deficiencies at six Colorado facilities and oil spills at four of those facilities. The oil spills were not related to the alleged SPCC plan deficiencies, but were related to equipment failures. The SPCC plans were modified to include additional details in specific sections of the plans as required by EPA.
- A notice of violation was issued to the High Bridge Generating Station for a water flow meter that was taken out of service for repairs and not replaced with another calibrated unit. High Bridge has purchased a calibrated replacement unit that will be used when the installed unit needs to be taken out of service for maintenance or repair. There was no fine or penalty issued for the finding.

COAL ASH MANAGEMENT

Coal-fired power plants produce a number of coal combustion byproducts commonly referred to as “coal ash.” Our plants consume about 30 million tons of coal a year, yielding about 2.5 million tons of coal ash annually. Throughout our system, we try to recycle coal ash whenever possible for beneficial use, such as in concrete products, roadbed material, soil stabilization, engineered fill material and more. Ash that is not reused is properly disposed.

TEMPORARY STORAGE

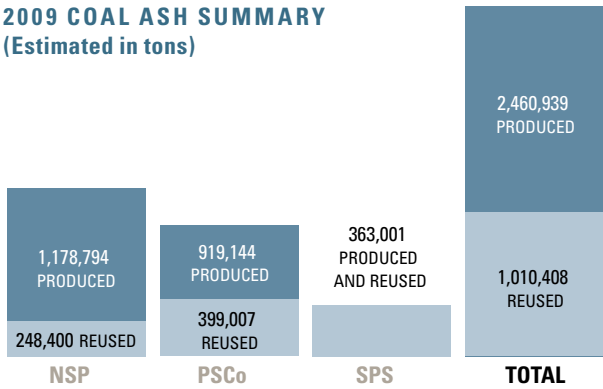
Most of our coal ash is collected from plant equipment and temporarily stored in dry-storage silos. In some cases, water is used to more efficiently transport the ash to temporary holding ponds or wet-storage bins. When temporary storage is full, the ash is removed, dewatered if necessary, and hauled away by truck for either beneficial reuse or permanent disposal.

BENEFICIAL REUSE

We prefer to recycle coal ash for beneficial reuse in order to conserve natural resources and reduce operating costs. Reuse offers many environmental, engineering and economic benefits, such as reducing greenhouse gas emissions and improving the strength and durability of concrete. The U.S. Environmental Protection Agency (EPA) and other federal agencies encourage the reuse of coal ash through a variety of engineering standards, material specifications, procurement guidelines, and other programs. Many uses of coal ash are further regulated at the state or local level.

About half of the ash we produce annually is beneficially reused. Our ability to increase reuse of ash is limited primarily by economic factors, such as local market demand, the price and availability of competing raw materials, and transportation costs. We strive to ensure that the coal ash we produce is only provided to third parties who will responsibly manage the product for beneficial reuse and in a manner that is consistent with federal, state and local laws.

2009 COAL ASH SUMMARY
(Estimated in tons)



PERMANENT DISPOSAL

Ash that is not reused is disposed of in regulated landfills. Some of our power plants have on-site landfills and others dispose of coal ash at off-site commercial landfills. Our Sherco Generating Station is unique in that it operates specially permitted and constructed on-site disposal ponds that are dewatered and capped when full, essentially converting the ponds to a modern dry landfill. Xcel Energy designs, constructs and operates coal ash disposal facilities in a manner that is protective of groundwater and the environment. The design of each facility is tailored to local geologic, hydrologic, and climatic conditions, as well as to comply with state and local regulatory requirements.

REGULATION

EPA is currently considering whether to issue proposed new rules regarding coal ash management. Today, coal ash, when disposed, is regulated as a non-hazardous waste, and we support the continuation of this approach.

@ In 2009, the EPA asked utilities across the country to submit detailed information for their company-owned coal ash surface impoundments. A link to Xcel Energy’s response to this request can be found on our website, as well as on the EPA website. Our website provides additional detail regarding coal ash management practices, as well as management practices at specific Xcel Energy power plants.

EMISSIONS-REDUCTION POLICY

Over the next eight years it is inevitable that EPA will implement a number of more stringent regulations targeted at coal-fired electric generation. Stricter regulations for ozone, particulate matter, mercury, hazardous air pollutants, ash and water usage are likely to be imposed, requiring major modifications and significant investment in our coal-fired power plants.

Our voluntary emissions reductions have helped prepare us for these initiatives.

THE COLORADO CLEAN AIR-CLEAN JOBS ACT

was enacted because of the likelihood that EPA will implement more stringent environmental regulations in the near future. Like many communities, Denver and the state of Colorado are subject to a variety of overlapping emissions-reduction requirements, and compliance with these requirements on a piece-meal basis would be expensive and inefficient. The Clean Air-Clean Jobs Act allows Xcel Energy to file one, comprehensive plan with the Colorado Public Utilities Commission to reduce NO_x (by 70 to 80 percent or more) and other emissions to comply with these requirements in a reliable, cost-effective manner. The act gives Xcel Energy incentive to retire some of its aging coal fleet and provides for recovery of the costs associated with the plan. We will file our plan in mid-August, and commission action is expected by the end of 2010.

■ Our nitrogen oxide (NO_x), sulfur dioxide (SO₂), mercury and particulate matter emissions are listed in the executive summary on page 82. Our carbon dioxide (CO₂) emissions are listed on page 55 and discussed on page 57.

WATER USE AND CONSERVATION

We use water in the production of electricity to make steam and cool equipment. We also work to conserve water—particularly in semi-arid regions of the country where we operate. In some cases, that involves using dry cooling or treated recycled municipal effluent in plant operations, which leaves a larger supply of fresh water available.

2009 WATER CONSUMPTION (in billions of gallons)		
	Total water consumed	Recycled municipal effluent used
NSP	16.8	—
PSCO	7.62	0.86
SPS	9.99	6.53
TOTAL	34.4	7.4

TOXIC RELEASE INVENTORY

Each year we file hundreds of environmental reports to various units of government. One of these is the Toxic Release Inventory (TRI), which is part of the Community Right-to-Know Act and provides a list of chemicals used or produced in generating electricity. Coal, for example, naturally contains trace amounts of TRI reportable elements, such as barium, chromium, copper, lead, manganese, mercury, nickel and zinc.

The vast majority of the materials we report through TRI are not released into the air or water. Our emission controls capture a system-wide average of between 80 and 90 percent of TRI reportable substances in coal ash, which can be recycled for useful purposes or stored in managed landfills.

TRI REPORTABLE RELEASES	
2008	12,691,383 lbs
2007	18,198,202 lbs
2006	18,197,584 lbs
2005	16,398,084 lbs

@ Our 2009 TRI numbers will be filed with EPA in July 2010. Detailed TRI data by state and by power plant are available on our website.

WASTE DISPOSITION SUMMARY (in tons)

	2006	2007	2008	2009
HAZARDOUS	52	1,483	50	671
UNIVERSAL*	57	25	30	34
PCB RELATED**	595	382	470	249
ASBESTOS	232	320	150	316
SPECIAL***	2,422	5,832	4,093	12,925
SCRAP METAL	8,550	7,791	7,620	9,835
USED OIL	1,998	1,772	1,245	956

*Universal waste includes regulated waste such as fluorescent light bulbs, rechargeable batteries and mercury switches.

**PCBs (polychlorinated biphenyls) are chemicals controlled under the Toxic Substances Control Act. PCBs were historically used in transformer oil.

***Special waste includes oily materials recovered from our operations, such as rags, filters, soil and water.

PCB PHASE-OUT EFFORT

	2006	2007	2008	2009
PCB AND PCB-CONTAMINATED OIL (GALLONS)	38,110	44,626	59,633	40,192
PCB AND PCB-CONTAMINATED EQUIPMENT (UNITS)	982	321	294	330

We have been phasing out equipment that contains PCBs from our transmission and distribution system for many years. The Toxic Substances Control Act designates PCB-contaminated as having a PCB concentration of 50 to 499 parts per million (ppm) and PCB as having a PCB concentration of 500 ppm or more.

ASHLAND LAKEFRONT PROJECT

The Ashland, Wis., lakefront was one of the busiest industrial ports in the nation in the late 1800s and early 1900s. During that time, it was the site of a lumber company, wood processing and treatment facility and manufactured gas plant (MGP).

Subsequently, the site was home to a city-owned landfill and wastewater treatment plant. Owned by a predecessor company to NSPW, the MGP operated from 1885 to 1947 and provided gas for city street lighting and businesses.

EPA has identified about 20 acres of soils, groundwater and sediments as a "Superfund" site requiring cleanup. Xcel Energy has worked cooperatively with EPA, Wisconsin Department of Natural Resources, Native American tribes, city administration and other stakeholders to identify the scope and extent of contamination, other responsible parties and remediation alternatives and an economically balanced plan that allocates the associated cleanup costs equitably to all responsible parties.

On June 12, 2009, EPA issued its proposed remediation action plan (PRAP) for the Ashland Superfund site. Based upon the cost estimates contained in the feasibility study, it is estimated that implementing the PRAP would cost between \$94.4 and \$112.8 million. EPA presented its plan at a public hearing in Ashland on June 29, 2009. NSPW provided written and oral comments advocating a safer, more cost-effective cleanup plan that would be equally protective of the environment. The remediation plan proposed by NSPW is estimated to cost approximately \$65 million. EPA is statutorily required to respond to all comments received in the review process of the PRAP. EPA has stated that it intends to issue its final record of decision regarding the cleanup plan in 2010.

MANAGING WATER LEVELS ON WISCONSIN'S TURTLE- FLAMBEAU AND CHIPPEWA FLOWAGES

Xcel Energy continues to work closely with government agencies and local stakeholders to implement agreements and plans to help maintain flows on the Chippewa River that protect fish and aquatic species and support hydro generation. When minimum discharge flows from our hydro projects cannot be met due to extreme drought conditions, the plans specify actions that help protect the river ecosystem.

We operate 19 hydroelectric projects in Wisconsin and Michigan. Six are located on the lower Chippewa River and three are on the Flambeau River, which originates in Vilas and Iron counties and flows into the Chippewa. Drought conditions in 2009 caused hydropower production downstream to be approximately 25 percent below average, prompting us to work collaboratively with the Wisconsin Department of Natural Resources to help maintain good fisheries and aquatic habitat through conservative water releases.

BIODIVERSITY

WILDLIFE AND HABITAT MANAGEMENT

Xcel Energy has a long history of addressing wildlife protection, including avian protection, land restoration and fish management. We recognize our operations can impact wildlife and important habitat, so we take extra steps to protect these special resources.

SOME HIGHLIGHTS FROM 2009 INCLUDE:

- **Tyrone property, Wis.:** NSP purchased 4,400 acres of land near Durand, Wis., in the 1970s as a potential power plant site, but one was never built. The land is being managed for wildlife, timber, recreation and more. In 2010, we will start to restore approximately 300 acres of prairie land and will be adding additional acreage to the over one thousand acres already enrolled in the Wisconsin Department of Natural Resources' Managed Forest Law (MFL) program. In total, approximately 300 acres of existing agricultural lands will be converted into prairie, and 600 acres will be converted into MFL land. Another 100 acres will be used as part of a carbon offset research project involving biomass, and we are working with local universities to discuss additional research opportunities on the property.
- **Cabin Creek Hydro Generating Station, Colo.:** PSCo has voluntarily committed to protect four sites within our Cabin Creek Hydro Generating Station property that contain populations of sensitive species fork-leaved moonwort in accordance with the requests of the U.S. Forest Service.
- **Arbor Day Foundation:** We were named a Tree Line USA Utility for the 16th consecutive year in recognition of our national leadership in caring for trees while meeting service obligations.
- **Big Falls Hydro Generating Station, Wis.:** In conjunction with a license amendment to our Big Falls Hydro project, NSPW drafted a fish enhancement fund, a sturgeon management plan and an invasive species management plan for the Turtle-Flambeau Flowage. These plans are currently under review by FERC.
- **Colorado Renewables and Conservation Collaborative (CRCC).** Per request of the CRCC, Xcel Energy consulted with the group, which consists of The Nature Conservancy, the Audubon Society, wind developers, state and federal wildlife agencies and others, to discuss wildlife impacts associated with wind development projects. The CRCC was able to propose some revisions related to environmental impacts in the Colorado Public Utilities Renewable Energy Standard Rules, which were later adopted by the commission.

AVIAN PROTECTION

We were the first utility in the nation to voluntarily sign a memorandum of understanding (MOU) with the U.S. Fish and Wildlife Service (USFWS) to develop avian protection plans for our service areas. The MOU outlines a cooperative, non-adversarial partnership between Xcel Energy and the USFWS to address avian issues related to our facilities. We have committed to report all occurrences of mortalities and injured birds that occur due to contact with our property or equipment and will modify structures, where feasible, to prevent future occurrences. The focus of this work is distribution facilities, primarily distribution lines. However, in the NSPW and NSPM territories much of the work being conducted focuses on potential collision issues on transmission lines.

Each of our operating companies has developed and maintains a comprehensive Avian Protection Plan (APP) for its electric and distribution facilities.

The following work is included in each APP, which is provided to the USFWS:

- Identification of transmission and distribution lines located in high-risk areas for raptor electrocutions and bird collisions
- Review of existing raptor electrocution and bird collision mitigating procedures and standards

- Review of existing power lines for raptor protection and collision risks
- Inventory of problem power lines and recommended mitigation
- Recommendations for retrofitting facilities

In addition, we have trained personnel who may need to handle birds or report incidences. Posters and an identification card provide information on the most common birds in our service areas. We have provided these to field crews, along with the appropriate permits and other information in case they find a bird that has been injured.

@ Xcel Energy has installed web-based cameras in nest boxes at our power plant sites to help increase awareness for conservation efforts. Our six bird cams feature five different species: bald eagles, great horned owls, peregrine falcons, kestrels and osprey. Last year this website received more than 68,000 visitors from 115 countries. Our falcon cam at the Sherburne County Generating Station is part of Cornell University's nest cam site. Visit the bird cams at birdcam.xcelenergy.com.



Xcel Energy is installing **SWAN FLIGHT DIVERTERS** in Wisconsin and Minnesota to help birds, particularly larger waterfowl species, avoid collisions with transmission lines. The swan flight diverters are yellow plastic spirals, fastened onto the highest wires. The device provides a visual that enables large, less agile birds to redirect their flight over the wire and avoid a collision. We hired outside consultants to evaluate the transmission lines with respect to wetland areas, migration patterns and known nesting areas, among other criteria, and create line marking recommendations, while also mapping and prioritizing the locations. We plan to install nearly 3,400 swan flight diverters this year in Wisconsin and Minnesota on nine different transmission lines.

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4.5	Linkage between executive compensation and the organization's performance Proxy statement		

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ENVIRONMENTAL		Aspect: Employment	
Disclosure on management approach	p. 85	LA1 Total workforce by employment type, employment contract and region	p. 32
Aspect: Energy		EU17 Percentage of contractors and subcontractors that have undergone relevant health and safety training	Online
EN5 Energy saved due to conservation and efficiency improvements	p. 71, 72	LA3 Benefits provided to full-time employees	p. 35-36
EN6 Initiatives to provide energy-efficient or renewable products and services	p. 21-27, 60-67	Aspect: Labor/Management Relations	
EN7 Initiatives to reduce indirect energy consumption and reductions achieved	p. 72	LA4 Percentage of employees covered by collective bargaining agreements	p. 32
Aspect: Water		Aspect: Occupational Health and Safety	
EN8 Total water withdrawal by source	p. 88	LA7 Rates of injury, occupational diseases, lost days, absenteeism and number of fatalities by region	p. 45
EN10 Percentage and total volume of water recycled and reused	p. 88	LA8 Education, training, counseling, prevention and risk-control programs for serious diseases	p. 36
Aspect: Biodiversity		LA9 Health and safety topics covered in formal agreements with trade unions	Online
EN13 Habitats protected or restored	p. 89-91	Aspect: Training and Education	
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity	p. 90-91	LA11 Programs for skills management and lifelong learning	p. 38
Aspect: Emissions, Effluents and Waste		Aspect: Diversity and Equal Opportunity	
EN16 Total direct and indirect greenhouse gas emissions by weight	p. 55, 82	LA13 Composition of governance bodies and breakdown of employees per category	p. 43 (board only)
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved	p. 57-59, 83-85	HUMAN RIGHTS	
EN19 Emissions of ozone-depleting substances by weight	p. 55, 82	Disclosure on management approach	p. 39-41
EN20 NO _x , SO _x , and other significant air emissions by type and weight	p. 82	Aspect: Investment and Procurement Practices	
EN22 Total weight of waste by type and disposal method	p. 89	HR2 Percentage of significant suppliers and contractors that undergone human rights screening	Online
EN24 Weight of hazardous waste transported, imported, exported or treated	p. 88	HR3 Total hours of employee training on human rights policies and procedures	Online
Aspect: Products and Services		Aspect: Child Labor	
EN26 Initiatives to mitigate environmental impacts of products and services	p. 21-27, 60-78, 83-85	HR6 Operations identified as having significant risk of child labor	0%
Aspect: Compliance		Aspect: Forced and Compulsory Labor	
EN28 Fines for non-compliance with environmental laws and regulations	p. 86	HR7 Operations identified as having significant risk of forced or compulsory labor	0%
Aspect: Overall		Aspect: Security Practices	
EN30 Total environmental protection expenditures and investments by type	p. 86	HR8 Percentage of security personnel trained in human rights policies and procedures	100%
SOCIAL PERFORMANCE		SOCIETY	
Labor Practices and Decent Work		Disclosure on management approach	p. 47-52
Disclosure on management approach	p. 32-38	EU18 Participatory decision making processes with stakeholders	Online
EU15 Processes to ensure retention and renewal of skilled workforce	p. 37-38	EU20 Contingency planning measures and disaster/emergency management plans	p. 30

	PAGE/LOCATION
Aspect: Community	
S01 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities.	p. 52, 78
Aspect: Corruption	
S03 Percentage of employees trained in organization's anti-corruption policies and procedures.	100%
Aspect: Public Policy	
S06 Total value of financial and in-kind contributions to political parties and politicians.	Online
PRODUCT RESPONSIBILITY	
Disclosure on management approach.	
EU22 Programs to improve or maintain access to electricity services.	p. 31, 47, 52
EU23 Practices to address barriers to accessing and safely using electricity.	p. 24-25
EU23 Practices to address barriers to accessing and safely using electricity.	p. 47
Aspect: Product and Service Labeling	
PR5 Practices related to customer satisfaction.	p. 29
Aspect: Access	
EU26 Number of residential disconnections for non-payment.	p. 18
EU27 Power outage frequency.	Online
EU28 Average power outage duration.	p. 29
EU29 Average plant availability factor by energy source and jurisdiction.	p. 30

ABOUT THIS REPORT

REPORTING PERIOD:

January 1, 2009 – December 31, 2009

DATE OF PREVIOUS REPORT:

May 2009

REPORTING CYCLE:

Annual

REPORT BOUNDARY:

Xcel Energy and its four utility subsidiaries

CONTACT POINT:

corporateresponsibility@xcelenergy.com

We published our first corporate responsibility report (formerly known as the Triple Bottom Line report) in April 2005, with the contents covering the 2004 calendar year, and we have published a similar report in each following year. This is the third year we have formally adhered to the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. The G3 Guidelines are the most widely used sustainability reporting framework in the world. Additionally, we have incorporated the GRI's Electric Utilities Sector Supplement indicators wherever possible. An index of the reported GRI indicators is listed at the back of this book, or you may visit **xcelenergy.com/corporateresponsibility** to access a hyperlinked index to the GRI indicators. More information about the GRI and G3 guidelines is available at **globalreporting.org**.

In early 2010, we conducted focus groups with various stakeholder segments to gain feedback on our 2008 corporate responsibility report. Overall, most stakeholders viewed the report favorably and appreciated the level of detailed information the company provided. We received many candid and insightful suggestions on various components of the report ranging from the design to the data, and we have used this information to guide many of the decisions for this year's report. Please send your questions and feedback regarding the report to **corporateresponsibility@xcelenergy.com**.

REPORT FORMAT AND DISTRIBUTION

Based on stakeholder feedback, we continue to offer our corporate responsibility report in a printed format. However, in the past two years we have reduced the number we print and have employed environmentally responsible printing practices, such as:

- Selecting 100-percent post-consumer recycled paper certified by the Forest Stewardship Council
- Offsetting 100 percent of carbon emissions associated with production of the report's paper through the use of Mohawk's carbon neutral paper
- Binding this year's report with Wire-O® binding, which eliminates the need for toxic chemicals in the gluing process
- Using only soy-based inks, as opposed to traditional petroleum-based inks

We print a larger number of short, summary reports using the same printing practices above and distribute these at our annual shareholder meeting and other events. We also make the report available on our website and encourage our stakeholders to access the online version if possible.

This year, at the recommendation of our stakeholders, we have increased the number of hyperlinks within our online PDF to provide greater detail on topics of interest. The printed version of the report includes a number of features that make it easier to locate information and use the report as a reference resource:

- The primary sections are color coded, and each begins with a pull-out executive summary that's easy to find at a glance.
- The Wire-O® binding enables the report to lie flat and makes it easier to flip through various sections.
- Various icons used throughout the report identify and refer the reader to further information available in other sections or online.
- A subject index is included at the back of the report, providing page numbers for specific information in alphabetical order. We still provide a GRI index, but the subject index offers those unfamiliar with the GRI framework a more direct way to locate information.



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