Being there when it **matters most**

Xcel Energy®

Corporate Responsibility Report Overview for 2012

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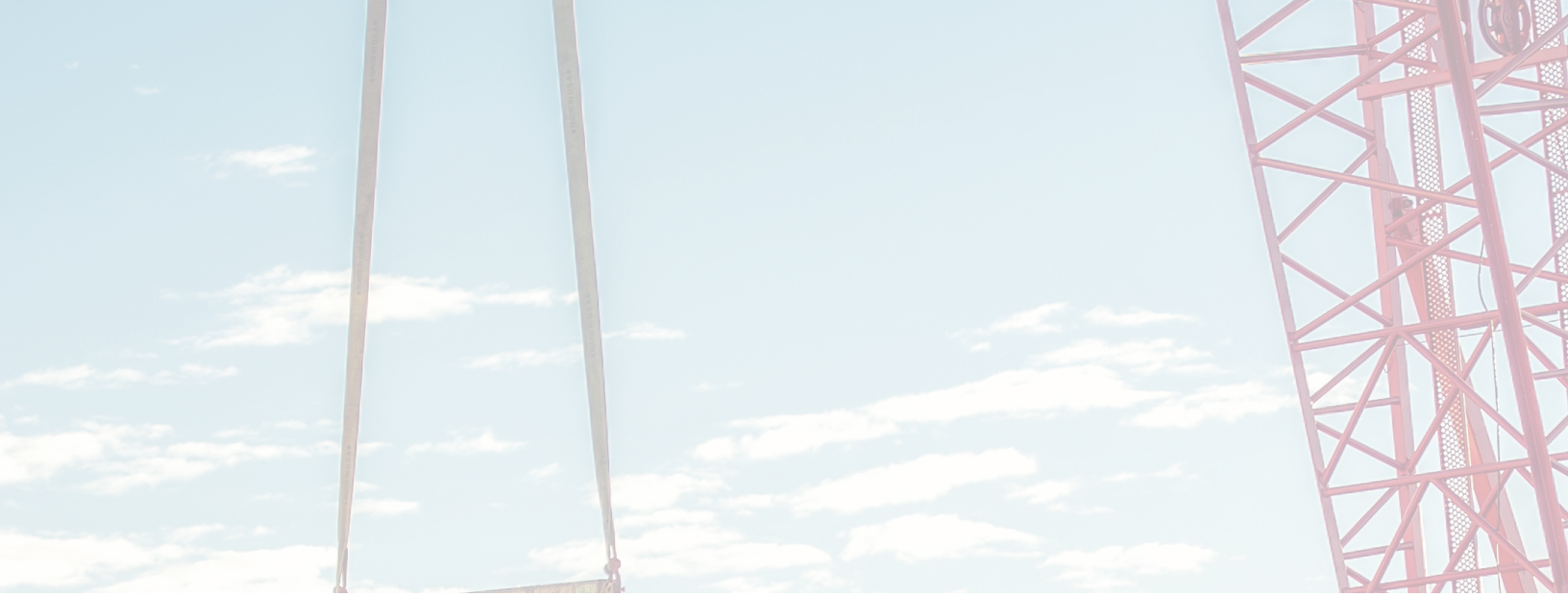
The full version of our 2012 Corporate Responsibility Report is available at xcelenergy.com/CorporateResponsibility. This annual report is based on Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines and the Electric Utilities Sector Supplement.

Safe Harbor Statement

This material includes forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements include projected earnings, rate base growth, future dividend rates and credit ratings, and other statements and may be identified by words such as "anticipate," "estimate," "expect," "projected," "objective," "outlook," "possible," "potential" or similar expressions. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including inflation rates, monetary fluctuations, and their impact on capital expenditures and the ability of Xcel Energy and its subsidiaries to obtain financing on favorable terms; business conditions in the energy industry, including the risk of a slowdown in the U.S. economy or delay in growth recovery; trade, fiscal, taxation and environmental policies in areas where Xcel Energy has a financial interest; customer business conditions; competitive factors, including the extent and timing of the entry of additional competition in the markets served by Xcel Energy and its subsidiaries; unusual weather; effects of geopolitical events, including war and acts of terrorism; state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rates or have an impact on asset operation or ownership or impose environmental compliance conditions; structures that affect the speed and degree to which competition enters the electric and natural gas markets; costs and other effects of legal and administrative proceedings, settlements, investigations and claims; actions by regulatory bodies impacting our nuclear operations, including those affecting costs, operations or the approval of requests pending before the NRC; financial or regulatory accounting policies imposed by regulatory bodies; availability or cost of capital; employee workforce factors; the items described under Factors Affecting Results of Continuing Operations; and other risk factors listed from time to time by Xcel Energy in reports filed with the SEC, including "Risk Factors" in Item 1A of Xcel Energy's Form 10-K for the year ended Dec. 31, 2012, and Quarterly Report on Form 10-Q for the quarter ended March 31, 2013.



...and every day in between

to our stakeholders

Over the last century, Xcel Energy and its predecessors have met our customers' growing energy needs while assuring reliable, clean energy at a competitive price. It is a legacy we are proud to continue, especially at such a challenging and exciting time.

Never before has our industry experienced the type of complexity it confronts today. Much of the infrastructure that has served customers well for decades needs replacing. We face growing pressure to conduct our business in a way that reduces emissions and preserves natural resources. There are new requirements to protect our operations from possible cyber attack, ensure customer data privacy and safeguard our nuclear assets. As our workforce ages, we must prepare a new generation of Xcel Energy employees and leaders. And we must continue to support our communities; after all, our success depends on them.

Despite these challenges, this is also a moment of great possibility. Our industry has begun to take advantage of dramatic changes in the natural gas markets and the progress of advanced clean energy technologies that will shape our future. Even as the industry changes, electricity consumers benefit from greater choice, improved efficiency and greater reliability.

I am proud that Xcel Energy has taken a leading, proactive approach in addressing these challenges and in taking advantage of these opportunities. We do so with a balanced, straightforward mission to meet customer energy demands in the least expensive, most reliable, safest and cleanest way possible.

Our focus is on our customers. We know they depend on us around the clock. We provide reliable energy for customers when and where they need it, combined with service that is fast and attentive to their needs. To help customers manage costs, we manage our own business carefully and efficiently while offering our customers innovative programs to enable them to use energy more efficiently.

As an electric and natural gas utility, we are deeply integrated in the communities we serve. We know that managing long-term economic, environmental and social impacts is essential to the viability of our business and directly contributes to the quality of life of our friends and neighbors. We continually encourage our 12,000 employees to make a positive impact where they live, work and serve.

In our Corporate Responsibility Report, we describe how we engage customers, communities, regulators and other stakeholders important to our operations. We work hard to establish the kind of relationships that enable us to better understand stakeholder interests and enable stakeholders to better understand the products and services we provide.

The better we understand our customers, the better we can work with them to keep their energy bills manageable and their businesses strong. The more customers understand the services we bring to them, the more likely they are to support the kind of constructive regulatory environment that will enable us to prosper. We believe that when Xcel Energy is strong, our energy service is better and everyone benefits. Our stakeholder efforts create value for everyone.

Our environmental leadership is a good example of this value. We are among the nation's leaders in delivering safe, clean energy using environmentally responsible practices and renewable resources. In fact, this is the ninth year in a row that Xcel Energy has been named the nation's No. 1 wind energy provider. Through a balanced strategy of power plant improvements, customer energy efficiency programs, and wind and solar energy projects, we are on track to surpass our carbon dioxide reduction goal of 20 percent from 2005 levels by 2020.

These investments result in cleaner air and a better environment, but they also modernize and increase the reliability of our entire system. They enable us to rebuild aging infrastructure and provide our customers with energy using a modern, more efficient system that contributes to the economic vitality of our service territory.

Our environmental strategy works because it is not dependent on any single fuel or technology. Because we've been balanced and proactive in our approach, we've been able to proceed at our own pace, complete projects in the most efficient and cost-effective way possible and deliver them at a good price for customers. As a matter of fact, at the same time we have made remarkable environmental progress, we have maintained energy rates that are below the national average. These efforts also have positioned us well to meet the challenge of new, more aggressive environmental rules in the coming decade.

In our Corporate Responsibility Report, you will find that we are proactive and collaborative as we tackle other priorities too. 2012 was an outstanding year. We met our financial goals, achieved ambitious operational targets, reached a new high for customer satisfaction, achieved significant safety improvements, built on our unparalleled record of environmental leadership, and worked hard for our communities. In every category, we delivered results.

We will build on those successes going forward. It's gratifying to know that what we do affects the quality of people's lives and the strength of the communities we serve. Xcel Energy will continue to be there when it matters most…and every day in between.

Sincerely,

Ben Fowke
Chairman, President & CEO

about us matters most...

Xcel Energy is a major U.S. electric and natural gas company, with annual revenues of $10.1 billion. Based in Minneapolis, Minn., we have regulated operations in eight Midwestern and Western states, and provide a comprehensive portfolio of energy-related products and services to approximately 3.4 million electricity customers and 1.9 million natural gas customers through four operating companies.

Vision
Be a responsible environmental leader, while always focusing on our core business—reliable and safe energy at an affordable price.

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
We, the employees of Xcel Energy, are proud of our company and the services we provide. We are passionate about the role of our company in the communities where we live and serve. We are committed to:

- 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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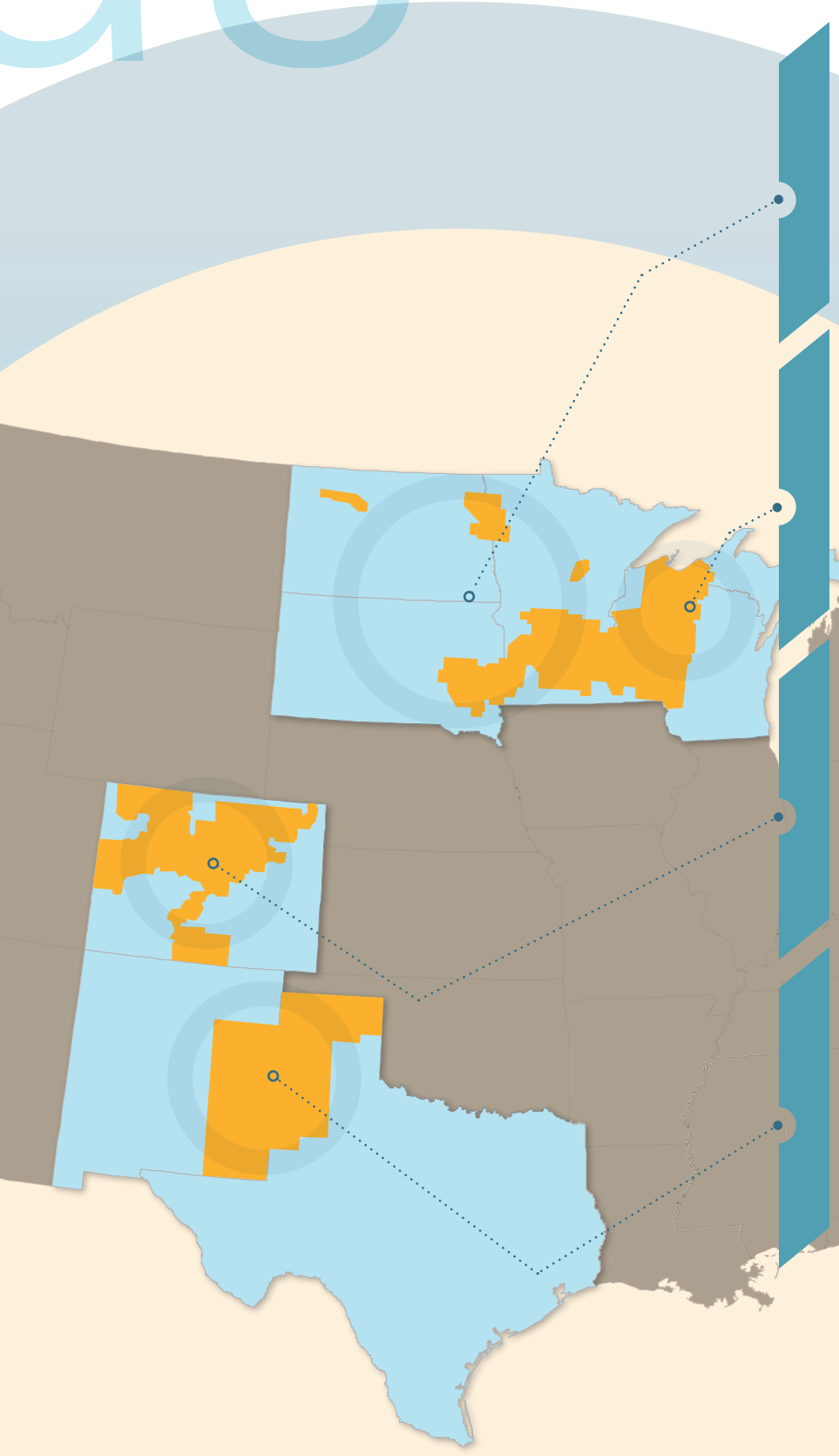
Operating companies



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

- Customers:
  - — Electricity: 1,411,777
  - — Natural gas: 488,240

Northern States Power Company-Wisconsin (NSPW)
Wisconsin, Michigan
Electricity and natural gas service

Mark E. Stoering, president and CEO

- Customers:
  - — Electricity: 251,356
  - — Natural gas: 108,243

Public Service Company of Colorado (PSCo)
Colorado
Electricity and natural gas service

David L. Eves, president and CEO

- Customers:
  - — Electricity: 1,385,681
  - — Natural gas: 1,323,828

Southwestern Public Service Company (SPS)
Texas, New Mexico
Electricity service only

C. Riley Hill, president and CEO

- Electricity customers: 380,560

Recognition

- Xcel Energy is included in the 2012–2013 Dow Jones Sustainability Index for North America, a leading financial index of companies considered best in class for corporate economic, environmental and social performance. This is the sixth year we have earned this honor. We also are included in the 2013 edition of The Sustainability Yearbook, published by Robeco-SAM, which performs corporate assessments for the Dow Jones Sustainability Index. This international investor publication features the world's most sustainable companies and offers a snapshot of key trends, challenges and opportunities in sustainability investing.
- Recognizing the quality of our voluntary emissions reporting, the Carbon Disclosure Project included Xcel Energy in its Carbon Disclosure Leadership Index within the S&P 500 for the fifth consecutive year in 2012. The Project is an independent, nonprofit organization that collects and makes public greenhouse gas emissions data from corporations around the globe.
- In its annual wind industry market report for 2012, the American Wind Energy Association ranked Xcel Energy the No. 1 wind power provider in the United States for the ninth consecutive year.
- The Solar Electric Power Association in 2012 ranked us No. 5 among U.S. utilities for solar capacity.
- Xcel Energy was recognized with a 2013 Annual Achievement Award from the Utility Variable-Generation Integration Group for our innovative wind procurement, forecasting, system integration and development efforts.
- We are recipients of the Electric Power Research Institute (EPRI) 2012 Generation Technology Transfer Award. Xcel Energy shares the award with DTE Energy for playing a leading role in a research collaborative designed to better understand and mitigate the damaging effects of explosive cleaning techniques on generation plant boiler tubes. Findings from the research will help the industry to reduce forced outages due to damaged boiler tubes.
- For the 17th consecutive year, Xcel Energy has been named a Tree Line USA utility in 2013 by the Arbor Day Foundation for our commitment to proper tree pruning, planting and care.
- The Edison Electric Institute honored Xcel Energy with its Emergency Assistance Award for outstanding efforts in mutual-aid assistance for power restoration work after Hurricane Sandy in the Northeast and the Super Derecho storm that brought crews to Ohio during summer 2012.
- For six of the last seven years, G.I. Jobs magazine has named Xcel Energy one of the nation's 100 most military-friendly employers based on our long-term commitment to hiring former military personnel, recruiting efforts and policies for active military employees.

Corporate compliance and business conduct

Conducting our business in an honest and ethical manner is one of Xcel Energy's corporate values. Our rigorous Corporate Compliance and Business Conduct (CCBC) program exists to identify and manage risks and improve the awareness of an ethical business culture. The audit committee of our board of directors is the governing authority for compliance and business conduct matters. Our chief compliance officer has overall responsibility for the program and works with the CCBC Council, which is comprised of executives who monitor the effectiveness of specific compliance programs and business conduct issues.

Do What's Right,
Report What **Seems** Wrong

Our Code of Conduct provides employees with the knowledge they need to make sound business decisions that meet or exceed our ethical and legal standards. All employees are required to complete Code of Conduct training within 30 days of being hired and annually thereafter. Employees are responsible for knowing and following not only our Code of Conduct, but all corporate policies and applicable laws and regulations. We encourage employees to discuss issues with their leaders or to use numerous other options available for reporting concerns. Every issue reported is investigated, and if substantiated, appropriate action is taken.

Governance

We have corporate governance policies that provide a high level of disclosure, along with numerous mechanisms to ensure board effectiveness. Xcel Energy's board of directors is comprised of 12 directors, 11 of whom are classified independent by the listing standards of the New York Stock Exchange. 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; Auditing; and Finance. All board committee members are independent directors. To strengthen independent oversight, independent members of the board annually elect a lead independent director. We also seek diversity on our board. In 2012, we had three women on our 12-member board, one of whom is African American. We also have one board member who is Latino.

2012 Financial Summary

Earnings	**$905 million**
Earnings per diluted share	**$1.85**
*Ongoing diluted earnings per share	**$1.82**
Economic Value Generated	
Total revenues	**$10.1 billion**
Electric utility revenues	**$8.5 billion**
Natural gas revenues	**$1.5 billion**
Other operating revenues	**$74 million**
Economic Value Distributed	
Electric fuel and purchased power costs	**$3.6 billion**
Cost of natural gas sold and transported	**$881 million**
Employee compensation, including wages and benefits	**$1.7 billion**
Total corporate giving	**$37.7 million**
Retained earnings	**$2.4 billion**
Interest charges and financing costs	**$566 million**
Common stock dividends	**$487 million**
Tax payments	**$859 million**
Franchise fees	**$156 million**

*Reconciliation – Ongoing EPS to GAAP	2012
Ongoing diluted EPS	$1.82
PSRI-COLI/Prescription drug tax benefit	(0.03)
EPS from continuing operations	$1.85
EPS from discontinued operations	(0.00)
GAAP diluted EPS	$1.85

FIND MORE ONLINE

- **Details on corporate governance and our board of directors**
- **Additional background on our Corporate Compliance and Business Conduct program**
- **Insight into corporate strategy**
- **Involvement in public policy and political contributions**

Available at
xcelenergy.com/Corporate Responsibility

Capital investment vital to regional economies

Across the Upper Midwest, a projected 8,000 construction sector jobs will be created by CapX2020 in the 2013–2014 peak construction years, according to a 2010 University of Minnesota Duluth economic impact study. Approximately half are direct construction jobs, with the remaining jobs being indirect (suppliers) and induced (from funds circulating through the economy). Additionally, more than $150 million in state and federal taxes will be generated because of the construction projects, with more than $49 million of that flowing into Minnesota coffers. Overall, the CapX2020 projects are expected to return $1.93 to the economy for each dollar invested, providing a nearly $4 billion economic impact from the $2.2billion project.

"In my 40-year career at Braun Intertech, we have never seen an infrastructure project of this magnitude," said George Kluempke, executive vice president of Braun Intertec, a contractor to the CapX2020 series of projects.

CapX2020 is but one of several major capital investments that Xcel Energy will make in the coming years to upgrade or replace aging infrastructure. Xcel Energy in 2012 invested more than $2.5 billion across its eight-state service territory, primarily in Minnesota, Colorado and the Texas Panhandle, and plans to invest between $2 billion and $3 billion per year for the next five years (more than $13 billion through 2017) on electric generation, transmission and distribution projects, natural gas distribution systems and nuclear fuel to produce and deliver energy to customers for decades to come.

Investments in new assets or to maintain existing equipment can directly influence components of a state's economy. Colorado's Clean Air-Clean Jobs (CACJ) project will add $590 million to the state's economy and create 1,500 jobs at the peak of building, according to a study conducted by the Leeds School of Business at the University of Colorado Boulder. The company will invest approximately $1 billion per year on CACJ, as well as other generation, transmission and distribution upgrades in Colorado. Xcel Energy is also one of Colorado's largest taxpayers, contributing $271 million in sales, use and property taxes in 2012.

In Minnesota, the company is in the middle of a $1 billion per year investment campaign to significantly improve key generating capacity, transmission and distribution systems. Along with CapX2020, the company will employ hundreds of additional, highly skilled employees in 2013 to complete upgrades to its Monticello nuclear plant and to replace a massive generator at its Prairie Island nuclear station, each project adding tens of millions of dollars to local economies. Xcel Energy also collected and remitted to Minnesota's state and local governments nearly $300 million in real estate and personal property taxes, use taxes, income or franchise taxes and sales taxes.

Xcel Energy has also invested more than $1 billion in Texas and New Mexico's electric generation, transmission and distribution system since 2011, and another $1.2 billion in improvements are planned across the Panhandle region through the end of 2014.

"Any infrastructure investment is an economic engine. Whether that infrastructure investment is in transportation or in the electrical grid, it is an economic engine that drives business," said Kluempke.

Xcel Energy is part of an industry that is more invested in local economies than any other in America. Utilities invest more in physical plant and workforce, across a broader geographical footprint, and pay more in taxes to the state and local governments that they serve than any other economic segment known.

Where policy meets people» Jeff Boigenzahn, plant manager at Thomas & Betts in Hager City, Wis., oversees the fabrication of a transmission structure that will safely and reliably carry hundreds of thousands of volts to homes and businesses in the Upper Midwest. His plant helps to build many of the steel transmission towers for the CapX2020 project, to install more than 800 miles of high voltage transmission lines—the first major regional transmission upgrade since the 1970s.

For Hager City, a rural Wisconsin community of 2,200, that means Thomas & Betts steel structures division is able to maintain an additional 30 to 40 jobs. Real jobs. Good paying jobs. With the company's strong commitment to quality and safety, Thomas & Betts became one of just two Alliance Suppliers for CapX2020 utilities, and so far, it has fabricated more than 22.5 million pounds of steel into poles used in the CapX2020 project and for other transmission jobs.

Interestingly, the plant and many of its employees will use power provided by one of the new transmission lines that they are helping to build. "We are excited to be providing structures for a transmission project in our own backyard," said Boigenzahn.

Economic benefits:

- 59 percent of Xcel Energy's 6,447 suppliers have a presence or are headquartered within the company's service territory
- 56 percent of $3 billion in supplier spending is invested with companies in Xcel Energy's service territory
- Xcel Energy directly invested about $230 million with more than 800 diverse suppliers and contractors in 2012

Jeff Boigenzahn
Plant manager for Thomas & Betts' steel fabrication operations in Hager City, Wis.

customer matters most...

Customer value is the driving force behind everything we do. We start by providing safe, reliable energy at a competitive price and build on that by giving our customers options to help manage their energy use and to save time and money.

In 2012, we made customer value a corporate priority, measuring our customers' perception of the price they pay relative to the quality of products and services received. We met our target with a customer value rating of 85 percent and also reached a new high for customer satisfaction with results at a record 95 percent positive.

Our Customer Care group continues to focus on process improvements, technology investments and better analytical approaches to enhance customer experience and satisfaction. We are currently implementing a new strategic plan with the goal of being more proactive in our outreach to customers and giving them more options for how they can receive information from us. Our customers are increasingly interested in managing their energy use and account activities online, and in 2012, we reached a milestone with our online account management tool. There are now more than one million customers enrolled with My Account, and 53 percent of these customers use eBill to receive their bills electronically.

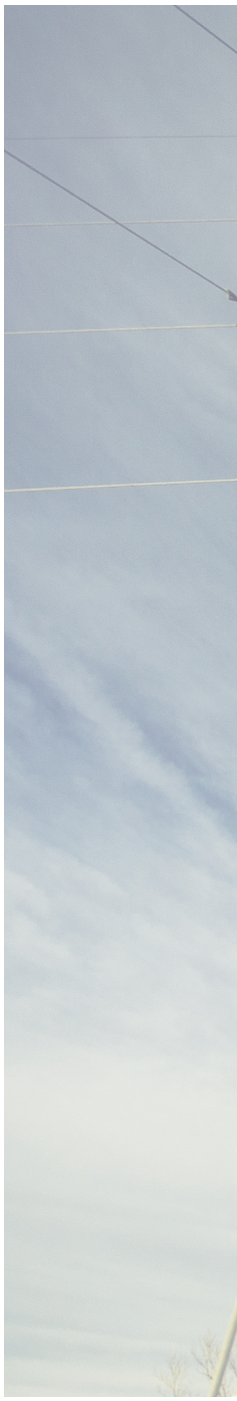
As an industry leader in energy management and efficiency, we help customers save money and energy through a wide variety of programs and rebates. In 2012, Xcel Energy customers set a new record for energy conservation—for the third year in a row. We also earned the highest award from ENERGY STAR®, the Sustained Excellence Award, for continued leadership in delivering energy efficiency to our customers.

We offer customers ways to support clean energy through our Solar*Rewards® and Windsource® programs. Solar*Rewards offers incentives to customers to install solar systems on their homes or businesses and is available to customers in Minnesota, Colorado and New Mexico, along with Windsource, which is also available to customers in Wisconsin and Michigan.

We understand that some of our customers struggle to pay their energy bills and are committed to providing a helping hand to those customers in need. Through collaboration with state and local agencies, as well as advocates for at-risk populations, we are able to offer payment assistance to customers who qualify, along with access to weatherization services for their homes. In 2012, we contributed $17.1 million in energy assistance to our customers.

Our partnership with United Way continued to be strong in 2012. In our annual giving campaign, employees, contractors and retirees pledged $2.8 million to United Way, a new record for us. With our company match, we'll invest more than $5.7 million in communities large and small across our service territory. Additionally, we worked closely with administrators of United Way's 2-1-1 service—an information and referral line people can call if they need help—sharing information about Xcel Energy's energy assistance policies and programs.

Our foundation underwent a strategic planning process last year with the goal of helping to achieve larger corporate objectives and improving overall effectiveness of charitable programs for both the company and the communities we serve. In 2013, we will implement several changes based on feedback we received from stakeholders.



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Key performance indicators

2012 Goals

- Achieve energy savings of 814 GWh
- Achieve customer value survey rating of 83 to 85 percent
- Achieve public safety index rating of 100

2012 Performance

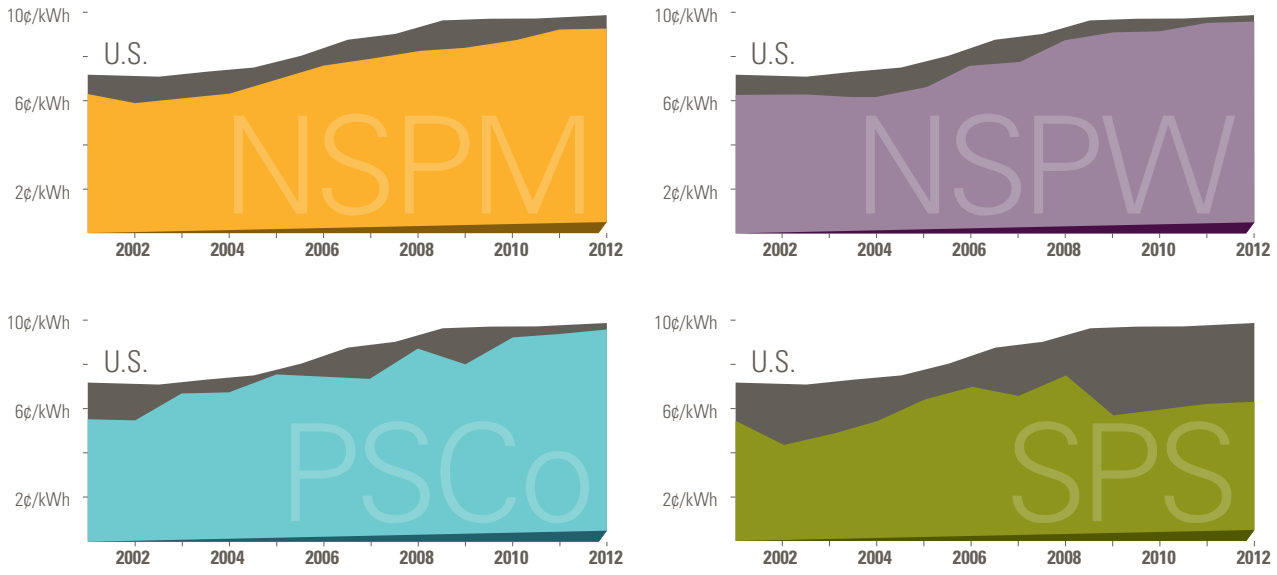
- Achieved energy savings of 974 GWh* ★ Exceeded Target
- Achieved customer value rating of 85 percent ◉ Met Target
- Achieved public safety index rating of 135 ★ Exceeded Target

2013 Goals

- Achieve energy savings of 874 GWh
- Achieve customer value survey rating of 82 to 86 percent
- Implement tracking system and process to quantify future grantee impact in four corporate giving areas: education, environment, economic sustainability and arts & culture
- Achieve public safety index rating of 100

*Includes only results for Colorado, Minnesota and New Mexico. Total energy savings for customers in all states was about 1,078 GWh in 2012.

Xcel Energy Electricity Rates Compared with the National Average



Customer highlights

Focused on providing value

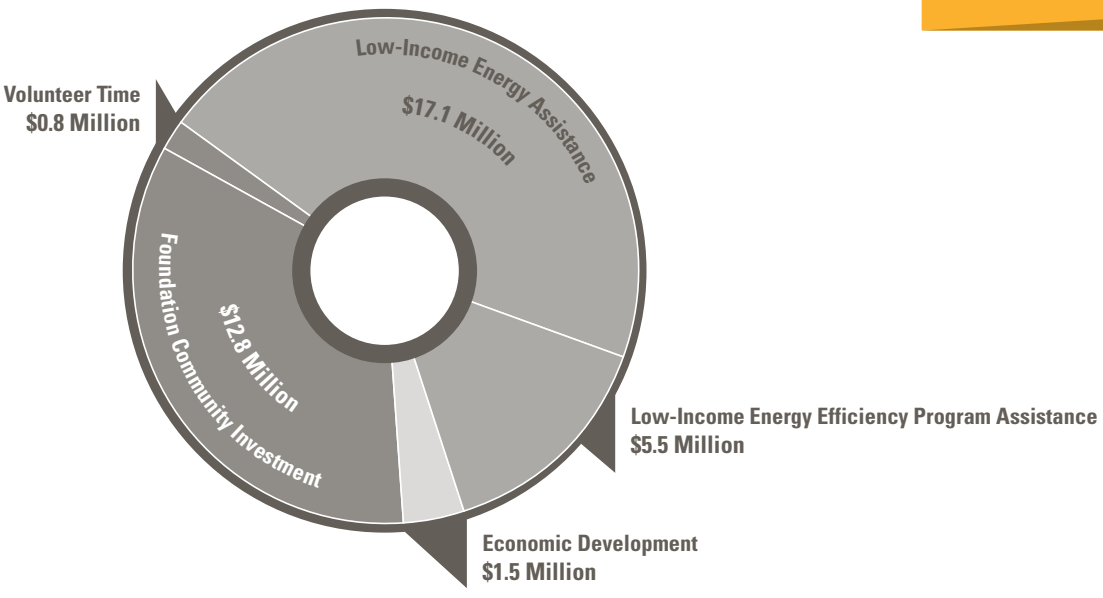
- In 2012, we continued to help customers better manage their energy use. About 3.4 million electricity and 837,000 natural gas participants took advantage of our energy efficiency programs to save enough electricity to power nearly 133,000 homes and natural gas to fuel more than 18,000 homes for a year.
- Through our Solar*Rewards program that offers customers incentives to install solar panels for their homes and businesses, we have helped make possible nearly 13,800 solar energy systems through the end of 2012.
- Our voluntary green energy program, Windsource, sold its one billionth kilowatt hour of wind energy in 2012. Nearly 60,000 residential and commercial customers participate in the program.
- Customer safety is a priority for Xcel Energy. Since 2008, we have reduced the number of third-party, inadvertent "dig-ins" to underground gas and electric facilities by 30 percent.
- More than 1,250 Xcel Energy employees, customers and their friends and families helped 41 nonprofit agencies in Colorado during our second annual Day of Service. We held our first Day of Caring in the Upper Midwest with about 450 volunteers participating in 24 different community projects in Minnesota, South Dakota and North Dakota.
- We supported communities across our service territory through total corporate giving of about $37.7 million in 2012. This includes donations from the Xcel Energy Foundation, contributions to energy assistance organizations, employee giving programs and in-kind contributions, as well as the value of employee volunteer hours.

FIND MORE ONLINE

- **Information on energy-saving options for customers**
- **Programs to help customers in need**
- **Survey results for customer satisfaction**
- **Efforts to promote public safety around electricity and natural gas**
- **Details on corporate giving and community involvement**
- **Our commitment to data privacy**
- **Background on the regulatory compact and requirements to serve customers**

Available at
xcelenergy.com/Corporate Responsibility

Total Corporate Giving



Knowledge is power, even during outages

Customers often take reliable electricity and natural gas service for granted, until there is an outage. Outages can occur for a variety of reasons, but the most common involve weather, equipment failure and some type of accident involving the utility system.

When outages do happen, it is important not to keep people in the dark. Customers want their service restored quickly and safely, and they want as much information about the outage as possible.

"We know there are certain moments when the quality of our customer service matters most," said Adam Burnoski, manager, Resource Management in Xcel Energy's Customer Care organization. "One of those moments is during an outage. In addition to efforts to restore service, we try to be proactive to keep customers informed about the situation."

It can take many Xcel Energy employees working together to restore service and provide outage information, especially if an outage is widespread and involves significant damage to the system. To improve outage response and customer information, Xcel Energy established a cross-functional working group involving many internal departments that respond during outages. This group has worked to standardize processes and increase outage information available to customers who call the contact center and access the company's website. "Our goal is to provide information to customers in the way they prefer to receive it," said Burnoski. "We deploy a number of tools to reach customers. This can include everything from a recorded message on our phone system to a post on the Xcel Energy Facebook page."

Through the company's automated phone system, customers can receive phone calls to alert them to changes in power restoration estimates and confirmation when power is restored. An online outage map provides information about outage scope and duration as well. When needed, the company proactively contacts groups of customers to provide special updates. And for larger events, additional information is provided on the company website and through upfront message options for customers who call.

"We have increased proactive outreach efforts through the use of an internal calling system that enables us to more economically and efficiently call customers with informative phone messages. In 2012, we called about a million customers to provide outage information, as well as other notifications for meter reading, tree trimming and construction projects."

When a big storm is expected, the company plans ahead to alert and perhaps move crews where it expects to need them. As a large, multi-state utility, that may involve traveling crews from other states Xcel Energy serves or calling on neighboring utilities to help with restoration efforts. The company also conducts periodic drills with employees involved in emergency response throughout the year.

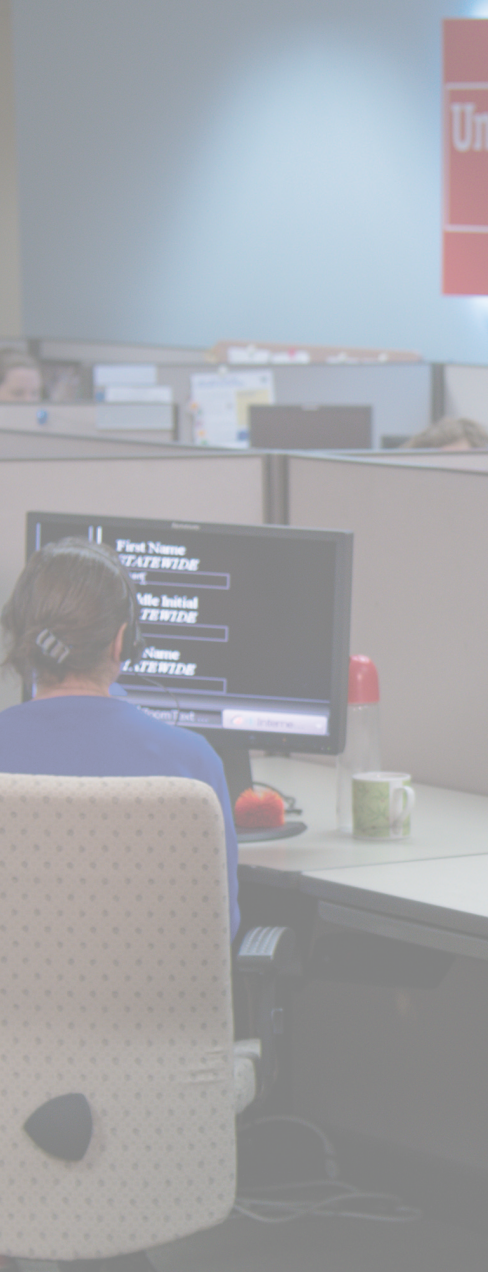
"These efforts are making a difference," added Burnoski. "Through customer surveys and comments, we've seen marked improvement in satisfaction during our customers' outage experience. We will continue to identify and pursue ways to improve restoration efforts and information we provide during outages, when we know our customers need us the most."

On PAR with customers in need» Tracee Steele, a personal accounts representative (PAR) specialist with Xcel Energy, and Fermin Avila, 2-1-1 operations manager for Mile High United Way, have a common mission. While participating in a promotional video for Xcel Energy's annual employee United Way campaign this past year, the PAR team and Mile High United Way's 2-1-1 call center discovered that by working together and sharing information the two organizations could better serve customers in need.

2-1-1 is a free and confidential community referral service that connects callers with resources which provide food, clothing, housing, health care and other types of community assistance. The second most common type of call into 2-1-1 comes from clients looking for help with their utility bills. Xcel Energy's PAR team works exclusively with customers struggling to pay energy bills.

"Customers who contact our organizations often are at their wits' end, making phone calls and searching for answers," said Steele. "Through our collaboration with 2-1-1, we can eliminate some of those phone calls and make it easier to connect customers with resources to help manage bills and other needs."

By working together, both PAR and 2-1-1 are improving access to services for customers during challenging times. It is just one small example of Xcel Energy's overall commitment to improving the customer experience.



The customer experience:

- 95 percent of customers were satisfied with Xcel Energy in 2012, a new high for the company
- Customer complaints are down 53 percent since 2008
- More than one million customers use My Account, an online tool that provides up-to-date account information and self-service options

Tracee Steele, PAR specialist with Xcel Energy, and
Fermin Avila, Mile High United Way 2-1-1 operations manager

environment matters most...

We all share the goal of satisfying the country's growing energy demands in the least expensive, most reliable and cleanest way possible. Xcel Energy continues to be successful in pursuing a strategy that reflects our customers' desire to protect the environment, reduces risk and promotes clean energy while maintaining reliable service at a competitive price. Our clean energy and emissions-reduction strategy is built on three components:

- We have the nation's largest portfolio of renewable energy. Today, Xcel Energy is the No. 1 provider of wind energy in the nation, according to the American Wind Energy Association. We've held that spot for nine consecutive years.
- We work with our customers to save energy and avoid emissions by offering efficiency programs.
- We pursue power plant emission-reduction initiatives that address environmental concerns efficiently.

This strategy has put us on track to reduce our carbon dioxide emissions by more than 20 percent from 2005 levels by 2020, with current projections indicating a 27 percent reduction. At the same time, we've been able to maintain power prices at or below the national average.

Fuel diversity is an important part of our strategy. Xcel Energy provides power from sources including coal, natural gas, nuclear, wind, hydro, biomass and solar. We purchase about 30 percent of the electricity we supply customers, and we produce the rest with our power generation fleet that includes nearly 17,000 megawatts of capacity. We continue to rely on coal and nuclear power to provide the low-cost base on which our system depends. These reliable energy sources contribute to our environmental achievements.

We operate in areas of the United States that are rich in renewable resources, which improves our ability to provide renewable energy at excellent prices. Today, we have about 4,900 megawatts of wind on our system. In 2012, we grew our use of wind and solar power by nearly 1,100 megawatts. We added about 400 megawatts of wind energy to our system

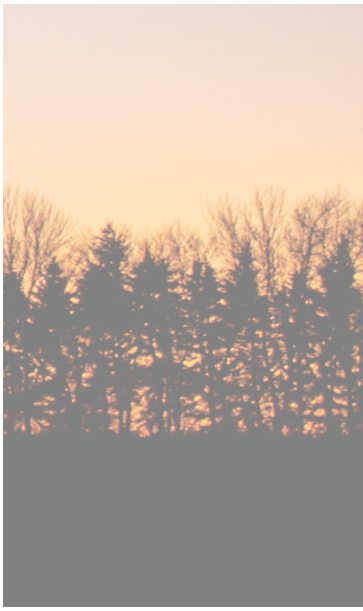
nment

from the Limon I and II wind farms in Colorado, and we also added power from wind farms in Texas and Minnesota. Solar power contributes 266 megawatts to our renewable portfolio and includes about 129 megawatts of distributed solar generation acquired through our Solar*Rewards program.

In Colorado, the Texas Panhandle region and the Upper Midwest, we are currently seeking bids for additional wind resources. Our collaboration with the National Center for Atmospheric Research (NCAR) to improve wind forecasting saved customers $7.6 million in fuel costs in 2012 and a total of about $22 million since the effort began in 2009. In 2012, we achieved multiple records in terms of the amount of wind energy being used to meet load demand. We're now part of an NCAR partnership to develop solar forecasting capabilities, as well as continued efforts to enhance wind forecasting.

We believe that certain principles should guide federal environmental policy, including flexibility that allows states to develop diverse emission reduction strategies and an early action credit for companies that have proactively implemented clean energy programs on behalf of their customers who ultimately pay the cost. We are also in favor of smart governmental support to encourage continued development of clean energy technologies. The extension of the federal Production Tax Credit (PTC) at the end of 2012—a measure we supported—benefits our customers by continuing to enhance the cost effectiveness of wind energy. We also support a new, low-cost tax credit—the Consumer Renewable Credit (CRC)—that would encourage utilities to integrate additional wind on their systems and help defray utility customer costs.

In the next few years, the utility industry will spend billions to comply with a new and expanding list of environmental regulations. These regulations will be challenging, but our challenge is far more manageable because of our environmental leadership strategy. We have been preparing for federal regulation of carbon dioxide and other emissions in order to reduce our cost and risk, while improving the environment for our customers and the nation.



Key performance indicators

2012 Goals

- Achieve SO_2 intensity of 3.87 lbs/MWh
- Achieve NO_x intensity of 1.82 lbs/MWh
- Reduce CO_2 emissions 20 percent from 2005 levels by 2020
- Save an additional 400,000 gallons of water at office facilities
- Meet Colorado and Minnesota Renewable Energy Standard goals of 30 percent by 2020

2012 Performance

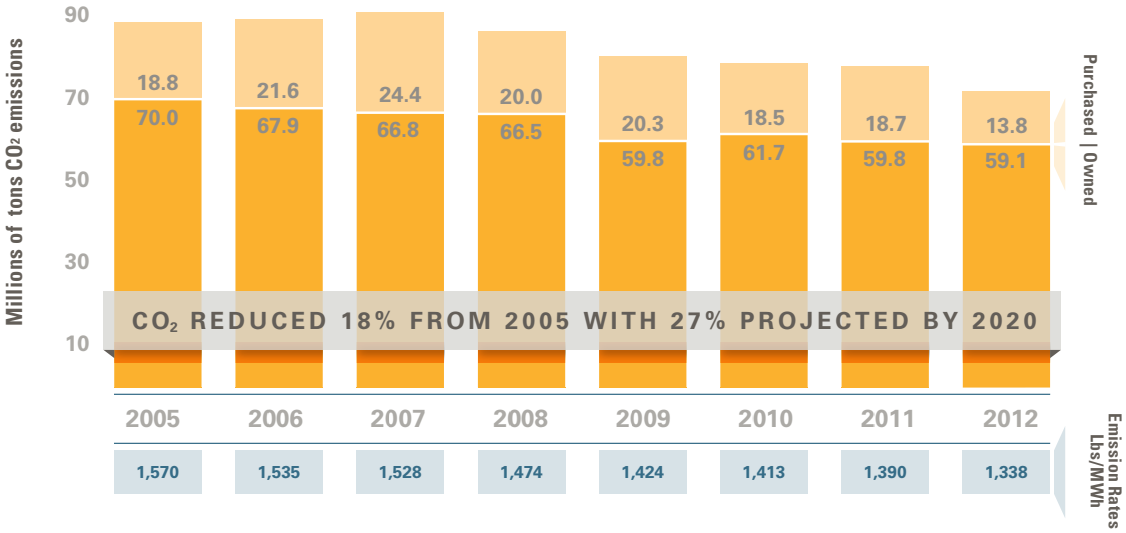
- Achieved SO_2 intensity of 3.32 lbs/MWh — Exceeded Target
- Achieved NO_x intensity of 1.77 lbs/MWh — Exceeded Target
- Reduced CO_2 emissions 18 percent from 2005 levels — On Track
- Saved 414,216 gallons at office facilities — Exceeded Target
- Estimated compliance with all state renewable standards and objectives through at least 2020 — On Track

2013 Goals

- Achieve SO_2 intensity of 3.57 lbs/MWh
- Achieve NO_x intensity of 1.87 lbs/MWh
- Reduce CO_2 emissions 20 percent from 2005 levels by 2020
- Save an additional 200,000 gallons of water at company facilities
- Meet Colorado and Minnesota Renewable Energy Standard goals of 30 percent by 2020

Xcel Energy CO_2 emissions

(emissions in millions of tons from owned and purchased power)



Environmental highlights

Focused on clean energy

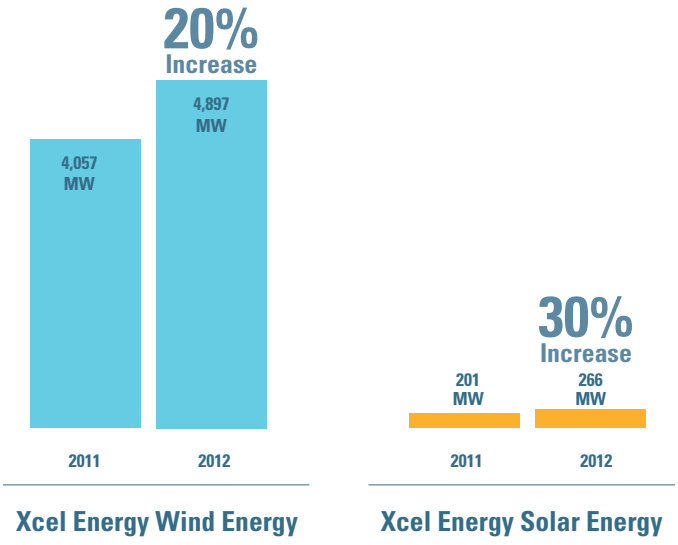
- Since 2005, we have reduced by half emissions of nitrogen oxides and sulfur dioxide from the power plants we own. We will further reduce these emissions through a number of projects, including Clean Air-Clean Jobs that will retire 593 megawatts of coal-fueled generation in Colorado and replace it with an efficient natural gas plant. We also are adding new controls to 951 megawatts of coal-fueled generation as part of the effort and will switch 461 megawatts from coal to natural gas.
- In Colorado and Texas, we help save fresh water by using more than five billion gallons of recycled municipal wastewater annually for cooling equipment at power plants.
- About half of the coal ash produced at our generating plants is used for beneficial purposes, such as in roadbed, concrete and for soil stabilization.
- By taking advantage of our energy-saving programs and rebates in 2012, customers helped us avoid about 700,000 tons of carbon dioxide, as well as other emissions. We estimate customers have saved enough electricity to prevent us from building about fifteen 250-megawatt power plants since 1992.
- We have six LEED® (Leadership in Energy and Environmental Design) certified buildings and service centers, with several more certifications in the works. Our Sustainable Facilities Management program has saved 11.7 million kilowatt hours of electricity and 101,000 therms of natural gas at Xcel Energy office buildings respectively since 2008 and 2011.

FIND MORE ONLINE

- Detailed emission reporting
- Renewable energy resources on our system
- Energy efficiency program results by state
- Water use information
- Our environmental management system and compliance results
- Leading clean energy partnerships
- Effforts to protect birds and other wildlife

Available at
xcelenergy.com/Corporate Responsibility

2012 renewable energy growth



Cleaner air, cost effectively produced

Xcel Energy's Twin Cities Metro Emissions Reduction Project originated with an emissions reduction bill passed during the 2001 state legislative session, the result of work by legislators, state agencies, the Izaak Walton League, Xcel Energy and other stakeholders. In May 2002, Xcel Energy proposed the $1 billion project to convert to natural gas its High Bridge and Riverside base-load coal plants and add state-of-the-art emissions controls to its Allen S. King plant in Stillwater. Now complete, the MERP has increased generating capacity at the three plants by a total of 300 megawatts, reduced carbon dioxide (CO_2) emissions by 21 percent, sulfur dioxide (SO_2) by 93 percent, nitrogen oxides (NO_x) by 91 percent, and mercury emissions by 81 percent. Equally important is the cost-effective replacement of pre-World War II technology with state-of-the-art generating capacity that will serve the next generation of Minnesotans.

"We will enjoy the MERP's benefits for years to come, not only because our air is so much cleaner but also because we made the investment when we didn't necessarily have to, at a lower overall cost," said St. Paul Mayor Chris Coleman.

"The Minnesota MERP was very successful so we used elements from it to pursue a similar project in Colorado," said Steve Mills, vice president, Operations at Xcel Energy.

Xcel Energy worked with environmental advocates, industry, regulators and state lawmakers in 2010 to pass the Clean Air-Clean Jobs Act, to comply with clean air rules and enable the company to more cost effectively reduce emissions. Later that year, the Colorado Public Utilities Commission approved Xcel Energy's plan to retire 593 megawatts of coal-fueled generating capacity, replacing it with a new 569-megawatt natural gas combined-cycle plant. The plan also includes new controls to 951 megawatts of existing coal-fueled generation, and switching from coal to natural gas an additional 461 megawatts. The $1 billion investment will reduce NO_x emissions by 86 percent, SO_2 emissions by 83 percent, and mercury emissions by 82 percent by the end of 2017. The plan also contributes to a projected 33 percent reduction in CO_2 across the Colorado system by 2020 compared to 2005 levels.

Xcel Energy initiated the five-year Colorado program in late 2011 by shutting down one of four coal-fueled generators at its 717-megawatt Cherokee plant, located in North Denver, and replacing it with a synchronous condenser. The condenser now provides voltage support in the Denver area, which then enabled the shutdown of another unit in June 2012.

"We have developed a true national model because we have proven twice that we can not only reduce air emissions, but also modernize and improve the efficiency of our generating fleet while saving customers money," said Mills.

As EPA develops future rules governing power plant emissions, Xcel Energy provides input to the agency based on its successful experience with the Minnesota MERP and Colorado's Clean Air-Clean Jobs program. In particular, the company has been able to explain how greater flexibility and state-managed implementation can lead to far cleaner air at lower costs.

Once upon a coal plant» Since opening in the spring of 2012, hundreds of dogs have enjoyed the seven-acre meadow near Xcel Energy's High Bridge Generating Plant in St. Paul, Minn.—this includes Mufasa, a Labrador retriever that belongs to the daughter of Linda Metz-Lone Tree, plant superintendent at High Bridge.

Formerly the site of the old coal-fueled power plant, the lush grasses, paths and trees now make up a much needed off-the-leash romping paradise for area dogs and their owners. The park is located along the Mississippi River with beautiful views of downtown St. Paul, below the High Bridge—the namesake of the power plant site since 1923.

The park was one of the final steps in a 10-year, proactive and voluntary series of projects by Xcel Energy to slash power plant emissions in the Twin Cities region. Rather than fencing off the otherwise unused property from the community, but also wanting to maintain ownership for potential energy projects in the future, Xcel Energy worked with community partners to create what has become the busiest dog park in the city and turned it over to the Parks Department, under a no-cost lease arrangement, for the public, and their pooches to enjoy.

"The off-leash dog park has been a great asset for dog owners across the city. Xcel Energy was a great partner in providing this attractive and much-needed community amenity," said St. Paul Mayor Chris Coleman.

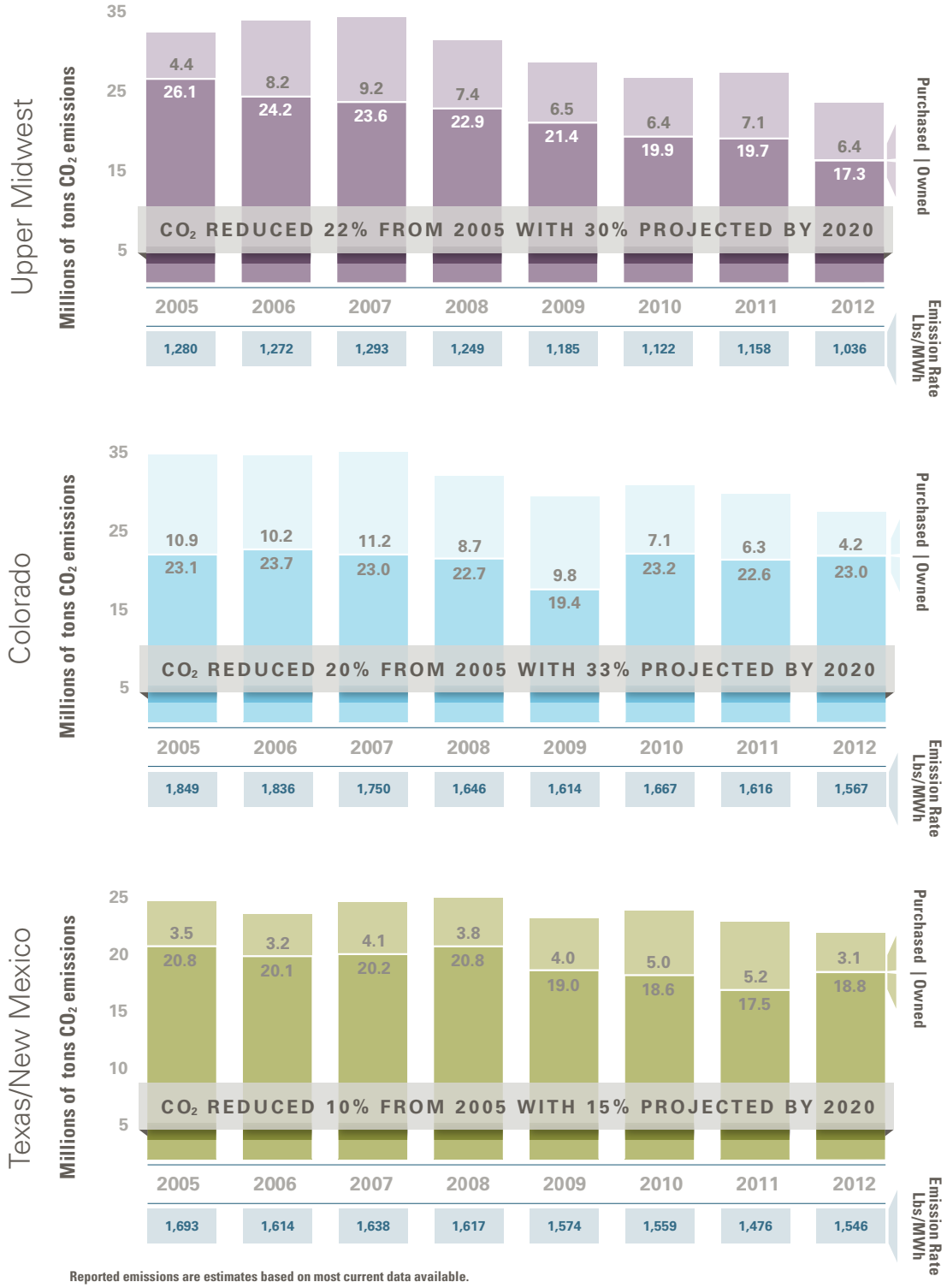
Plant improvements since 2005:

- Sulfur dioxide emissions are down 50 percent
- Nitrogen oxides are 55 percent lower
- Mercury emissions are reduced 40 percent

Mufasa and Linda Metz-Lone Tree
Plant superintendent at High Bridge Generating Plant

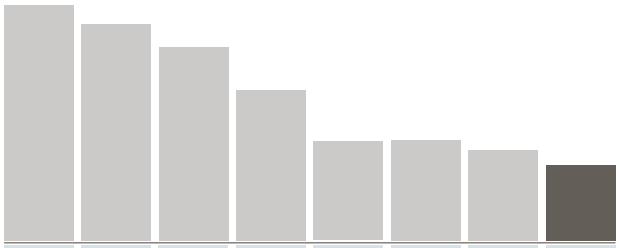
Xcel Energy CO_2 emissions 2005–2012

These charts provide CO_2 emissions in millions of tons for each of the three operating systems that comprise Xcel Energy. We have included emissions from electricity produced at our owned generating plants and from power that we purchased. A system emission rate is included for each year. It provides the pounds of CO_2 emissions produced for each megawatt hour of electricity generated. Projections are based on our most current energy forecasts.



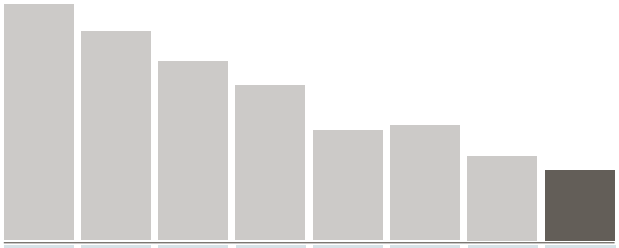
Reported emissions are estimates based on most current data available.

Measured in tons



2005	2006	2007	2008	2009	2010	2011	2012
122,949 3.1 Lbs/MWh	114,783 2.9 Lbs/MWh	105,151 2.7 Lbs/MWh	89,244 2.3 Lbs/MWh	66,068 1.8 Lbs/MWh	66,439 1.7 Lbs/MWh	61,883 1.6 Lbs/MWh	55,477 1.5 Lbs/MWh

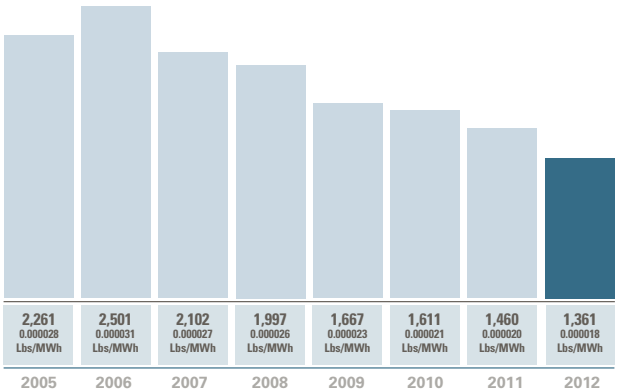
Nitrogen Oxide Emissions (owned generation)



2005	2006	2007	2008	2009	2010	2011	2012
148,706 3.7 Lbs/MWh	137,384 3.4 Lbs/MWh	124,698 3.2 Lbs/MWh	114,700 3.0 Lbs/MWh	95,443 2.7 Lbs/MWh	97,773 2.5 Lbs/MWh	83,767 2.2 Lbs/MWh	74,498 2.0 Lbs/MWh

Sulfur Dioxide Emissions (owned generation)

Measured in pounds

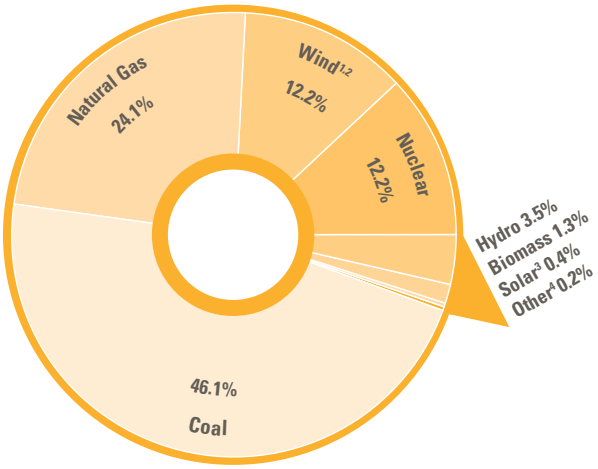


2005	2006	2007	2008	2009	2010	2011	2012
2,261 0.000028 Lbs/MWh	2,501 0.000031 Lbs/MWh	2,102 0.000027 Lbs/MWh	1,997 0.000026 Lbs/MWh	1,667 0.000023 Lbs/MWh	1,611 0.000021 Lbs/MWh	1,460 0.000020 Lbs/MWh	1,361 0.000018 Lbs/MWh

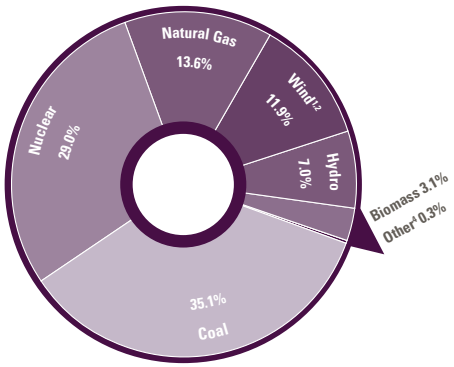
Mercury Emissions (owned generation)

Owned and purchased electricity supply for 2012 (Based on energy)

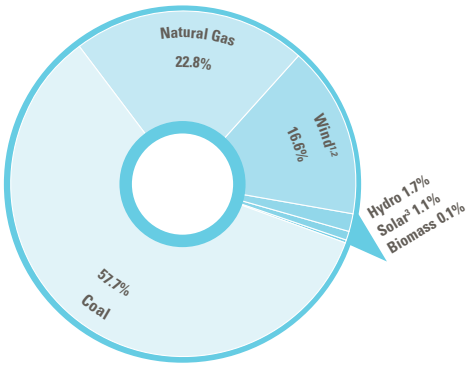
Xcel Energy



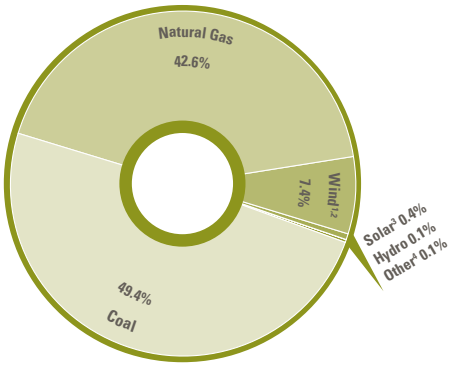
Upper Midwest



Colorado



Texas/New Mexico



[1] This category includes wind energy de-bundled from renewable energy credits (RECs).

[2] This category also includes Windsource RECs. See more information about RECs and Windsource in our annual Corporate Responsibility Report.

[3] Includes distributed generation through the Solar*Rewards program.

[4] "Other" includes small amounts of power purchased from a number of sources.

Our environmental policy position

Xcel Energy believes in an environmental policy approach that balances costs and environmental benefits while maintaining a reliable utility system. We pursue proactive emission-reduction and clean energy strategies that improve the environment, control costs and meet the interests of our communities. It is a sensible approach to providing clean energy for our customers.

Our efforts have already reduced considerable future environmental costs to our customers and risk to shareholders. In 2012, we advanced environmental initiatives and also opposed some regulations when necessary to protect the interests of our customers, communities and shareholders. We regularly engage in discussions with policymakers, regulators, energy providers, the environmental community and customers regarding environmental issues, with the following principles in mind:

- Xcel Energy strives to comply with all environmental regulations. We have developed and are continuously improving our environmental management system to meet the compliance challenges of the next decade, including the growing complexity of environmental regulation.
- On behalf of our customers, we have made substantial investments in environmental improvement and clean energy leadership. We will continue to look for ways to proactively reduce environmental risk. Proactive efforts can offer significant value in the form of lower long-term cost to customers. Xcel Energy's proactive emissions reduction projects, such as Clean Air-Clean Jobs and the Minnesota Metro Emissions Reduction Project, have allowed us to avoid the cost and disruption seen in other parts of the industry.
- We believe that environmental and climate policy should appropriately recognize the environmental benefits of our proactive efforts.
- Though a legislated national policy to address climate change is not currently under federal debate, the U.S. Environmental Protection Agency (EPA) is regulating greenhouse gases and plans to expand its greenhouse gas regulation. Climate legislation also remains a long-term possibility. Accordingly, we are monitoring and managing the risk of climate policy in all its potential forms.
- Environmental and climate policy should drive forward, and not hinder, the development of new, cost-effective clean energy technologies, and Xcel Energy is committed to supporting these efforts. As the nation's No. 1 wind provider and a leader in solar and energy efficiency programs, we are optimistic about the future opportunities that clean energy technologies present.
- Cascading environmental mandates, such as stack-by-stack or emission-specific compliance requirements, should be coordinated on a system-wide basis to maximize cost-effectiveness and environmental benefits.
- Regulators should not lose sight of the tremendous value of flexibility, such as alternative compliance options and market-based environmental programs, in implementation of rules. Flexibility yields real cost benefits to customers while maintaining the environmental benefits.

Regulation of power plant GHG emissions: Getting the rules right

In the coming years, EPA is expected to propose Clean Air Act-based rules to regulate greenhouse gas (GHG) emissions from existing power plants. Xcel Energy has been working with EPA, other utilities and environmental stakeholders to ensure that this potentially far-reaching regulation recognizes the value of state clean energy programs and our environmental leadership position.

Background:

- **Since January of 2011, EPA has required that most new power plants install best available control technology to address GHGs under the Clean Air Act.**
- **EPA has proposed a rule that would require all new power plants to meet a natural gas emission rate. If finalized as proposed, this rule would effectively ban the construction of new coal plants.**
- **The next GHG step for EPA could be its biggest yet: regulation of GHGs from existing power plants. This potential new program could create a comprehensive suite of GHG regulations covering the vast majority of the U.S. fossil generation fleet.**
- **President Obama's 2013 State of the Union speech included a vow to implement executive action—such as EPA's GHG rules—on climate change, if Congress does not act.**

Policy and regulatory developments for 2012

In 2012, EPA and state environmental regulators continued to develop a broad set of environmental rules covering climate, air quality, water quality and coal ash issues. EPA and the Obama Administration have indicated that development of additional, rigorous environmental regulations on power plants is likely to continue. These regulatory efforts will require owners of many U.S. power plants to install new environmental controls on their existing plants.

At the same time, continued low natural gas prices due to the development of unconventional natural gas resources have provided utilities with more cost-effective, low-emission generation options. Many utilities are considering retiring some of their aging coal plants and replacing them with gas-fueled generation rather than retrofitting them; the United States is likely to see up to 20 percent of its coal fleet retire by 2020.

Political, regulatory and legislative developments in 2012 include:

- Just as in 2011, no major federal environmental or climate legislation passed during 2012.
- In March 2012, EPA finalized the Mercury and Air Toxics Standards (MATS), regulating hazardous air pollutants such as mercury, metals and acid gases on most coal plants. The MATS rule requires utilities to install new emission controls on many coal-fired plants, which must comply by 2015 or in some circumstances, 2016. Many utilities have cited the MATS rule as the primary reason that they are retiring or retrofitting expensive controls across their coal fleets.
- In August 2012, a federal court in Washington, D.C., vacated and remanded the Cross State Air Pollution Rule (CSAPR). Because of CSAPR's potential impact on our Texas and New Mexico customers, we strongly opposed the rule and were pleased with the court's decision. The U.S. Environmental Protection Agency (EPA) has appealed the decision to the U.S. Supreme Court.
- The Clean Air Act's visibility program may require power plant emission reductions to reduce haze in national parks and wilderness areas. In 2012, EPA approved "Regional Haze" state implementation plans for Colorado (where EPA relied on Xcel Energy's Clean Air-Clean Jobs Act project) and Minnesota (where the state required NO_x and SO_2 emission reductions from our Sherco plant). Several environmental groups have sued EPA in Minnesota, alleging that the agency should require additional emission reductions from our Sherco plant to improve visibility in national parks and wilderness areas of northern Minnesota.
- EPA has announced plans to revise downward the ambient air quality standard for ground-level ozone. Over the next several years, this new standard could put more pressure on power plants and other sources to reduce NO_x emissions. EPA has further plans for regulations to address water effluent, cooling water intake management and coal combustion by-products disposal.

Xcel Energy has long believed that GHGs should be controlled under well-designed legislation rather than the Clean Air Act. However, the prospects for legislation are uncertain. If EPA moves ahead with existing-source GHG regulation under the Clean Air Act, we have encouraged the agency to follow these principles:

- **EPA should establish a legally defensible, reasonable program and targets for states and utilities.**
- **EPA should allow broad flexibility for states to achieve equivalent GHG reductions through their own programs tailored to their unique circumstances. In our experience, state clean energy programs—renewable standards, customer efficiency programs and coal plant retirement programs such as the Minnesota Emissions Reduction Project or the Clean Air-Clean Jobs Act—have dramatically reduced CO_2 emissions at reasonable costs.**
- **Any program EPA constructs must recognize durable early actions that states and utilities have already made. Customers have invested in these emissions-reducing programs that were designed in part for climate change. Failure to credit early action could discourage future proactive programs.**

workforce matters most...

We delivered our best employee safety performance ever in 2012, achieving a 12.5 percent improvement over 2011 in our OSHA Recordable Incident Rate—almost a 40 percent improvement over the past five years. We've initiated several safety efforts with the goal of no injuries or incidents that we call our Journey to Zero. While the effort is successful, we've learned that safety is indeed a "journey" that takes constant vigilance.

In 2012, we assisted Long Island Power Authority and American Electric Power (AEP) in the wake of Hurricane Sandy with employees and contractors from all of our operating companies. We also sent crews to help AEP restore power in Ohio, after violent straight-line winds cut a path of destruction from Illinois to the East Coast last summer.

To recognize that effort, the Edison Electric Institute gave us its Emergency Assistance Award for outstanding efforts in mutual-aid. Even more important was the fact that our employees worked safely in the kind of challenging conditions that frequently follow a storm. Xcel Energy is considered a premier partner in mutual-aid events. Because we are able to mobilize quickly and work safely, other utilities now ask for assistance from Xcel Energy by name.

We introduced a new employee engagement survey tool in 2012 to provide more in-depth information about what drives engagement. The survey was conducted in September with 82 percent of employees participating, and 80 percent of the responses were favorable. We know that strong employee engagement, aligned with achieving our corporate goals, will help drive positive business results.

One significant challenge we face is how to successfully navigate a looming generational transition. Over the next 10 years, half of our workforce is expected to retire when they are eligible. We are working hard to not only capture their knowledge before they go, but also leverage the opportunity to do things more efficiently and effectively. Leadership teams across the company identified director level and above roles that are considered critical to the operation of Xcel Energy and began identifying successors for each, along with recommended development actions.

As part of our effort to retain employees and attract our future workforce, we conducted a study of our Total Rewards benefit program in 2012. Nearly 80 percent of our non-bargaining, benefits-eligible employees participated, and the results will help shape our strategy for the Total Rewards benefit package over the next three to five years. For example, in response to results indicating that employees value cash incentives to help offset medical costs, we have already increased the potential reward for participating in our wellness programs in 2013.

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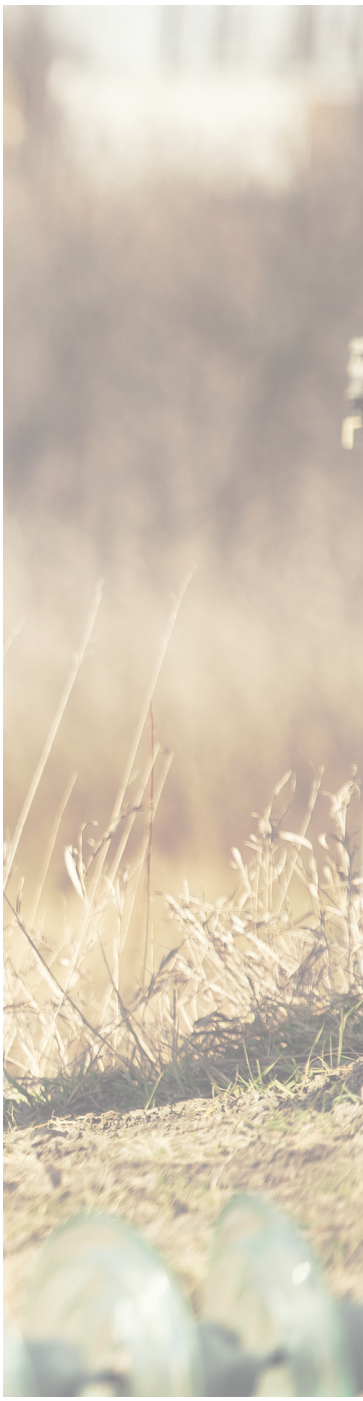


Key performance indicators

2012 Goals

- Achieve OSHA recordable incident rate of 1.55 or lower
- Achieve employee engagement survey rate of 80

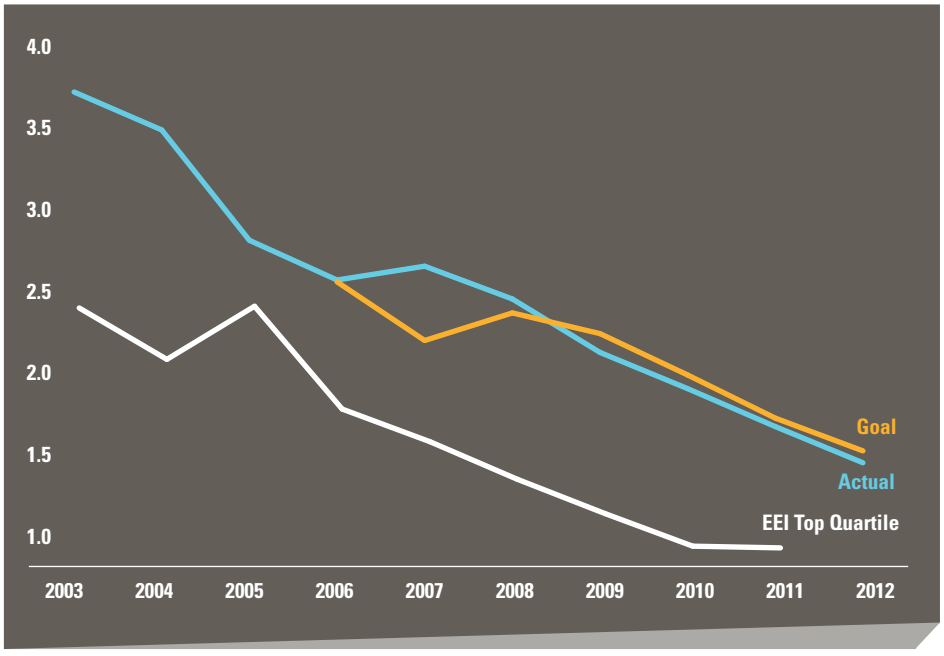
2012 Performance

- Achieved OSHA recordable incident rate of 1.47 ★ Exceeded Target
- Achieved employee engagement survey rate of 80 ◉ Met Target

2013 Goals

- Achieve OSHA recordable incident rate of 1.42 or lower
- Achieve employee engagement survey rate of 82

OSHA Recordable Incident Rate (in days)



We recorded 173 OSHA recordable injuries in 2012, 29 fewer injuries than in 2011. Strains and sprains continue to be the leading injury type, with lacerations and fractures as the next most frequent injury type.

Workforce highlights

Focused on safety and productivity

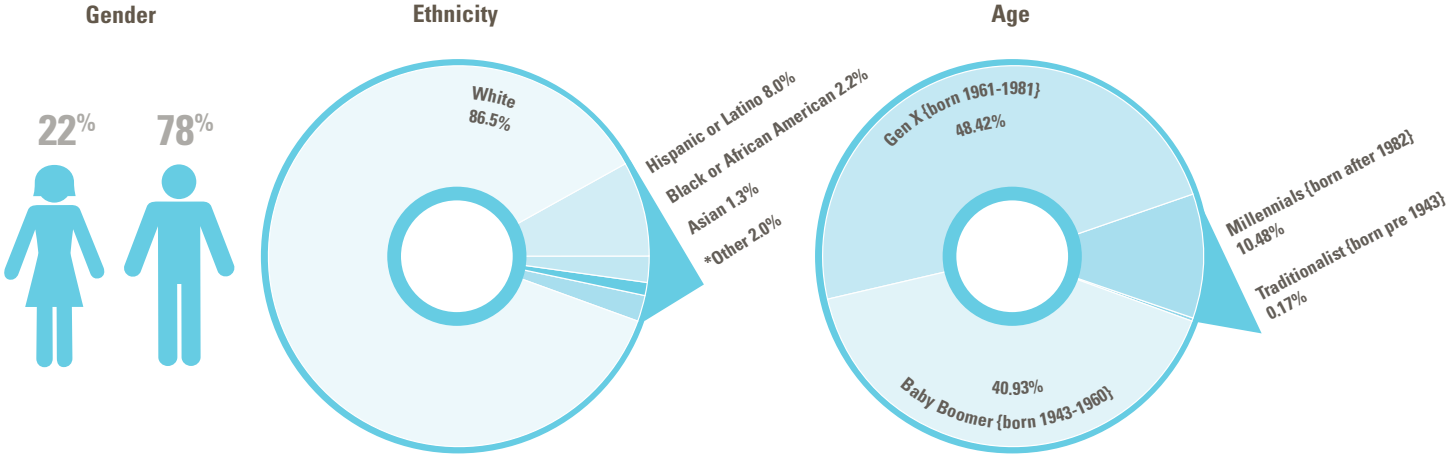
- At year-end 2012, we had 12,169 full-time, part-time and temporary employees working at Xcel Energy. About half of our workforce is represented by unions.
- In anticipation of the fact that our industry as a whole is preparing for a large-scale workforce transition over the next decade, we believe it is important to invest in our employees with competitive benefits packages, innovative programs and valuable developmental opportunities.
- A significant portion of our investment in employees is made yearly through our Total Rewards package, which often exceeds 40 percent of base pay.
- We were one of the first companies to pilot an innovative new wellness program in 2012. Designed to provide financial rewards for healthy lifestyles, the My Health Choices program was offered to employees and their spouses or domestic partners who were enrolled in our high-deductible health plan. Of the members who chose to take advantage of this program, just over 98 percent received some level of reward for being healthy or taking action to improve their health.
- Recognizing the importance of an inclusive workforce, we continued providing diversity and inclusion training to employees, with more than 1,500 employees attending classes across our service territory in 2012.
- Developing strong leaders at Xcel Energy is increasingly important to our succession planning efforts. Approximately 1,200 employees participated in leadership development programs last year.
- To encourage employee participation in the communities we serve, Xcel Energy offers a Volunteer Paid Time Off program. Employee volunteer hours through this program increased by 18 percent in 2012.

FIND MORE ONLINE

- **Plans to prepare for tomorrow's workforce**
- **Programs to keep employees safe**
- **Insight into working at Xcel Energy**
- **Information about our benefits and other employee programs**
- **Our definition of diversity and inclusion**

Available at
xcelenergy.com/Corporate Responsibility

Xcel Energy workforce



*Includes American Indian, Native Hawaiian and Multi.

Source: Xcel Energy's 2012 EEO-1 Report.

Mind on what matters, safety

Xcel Energy's 2012 safety performance marked its fifth straight best year ever, with OSHA incidents falling from 202 in 2011 to 173 in 2012—an OSHA Recordable Injury Rate of 1.47—resulting in a 66 percent decline since 2002. Company employees logged more than 15 million hours worked safely, keeping the company firmly on its path of reaching its Journey-to-Zero safety goal. Further, musculoskeletal injuries (ergonomic-related) were reduced by 35 percent, and DART (Days Away, Restricted or Transferred from work) injuries dropped by 20 percent in comparison to 2011 results, and 41 percent since 2008.

"Nothing is more important than safety, and the results show that employees are taking safety seriously, as well as watching out for their coworkers," said Dan Nygaard, vice president of Safety and Workforce Relations.

Service and safety, core values» An 86-year-old bedridden mother of two huddled under her blankets, in the flickering candlelight, after the late October Hurricane Sandy knocked power out to her Plainview, N.Y., home. Her sons struggled to keep their mother's room at 70 degrees, per doctor's orders, even powering a medical device from their car. Then came the snow. Unable to travel and fearful of the worst, the sons searched for help and found four Xcel Energy employees from Carlsbad, N.M., who were part of a convoy of 30 Xcel Energy trucks carrying equipment and crews that converged on Long Island's community of Plainview. Field Operations supervisor Dustin Taylor and fellow crew members responded quickly to the sons' pleas for help. Within minutes of responding, Taylor and his crew restored power to the home's lights and furnace.

"Whenever, wherever there is a need, we go. It's something we do for a living," Taylor said. "I would expect if something catastrophic happened in Carlsbad, we would get the same response." Utilities regularly assist each other during disasters under mutual aid agreements that exist regionally and nationally. The team represented Xcel Energy, restoring service in the region for two weeks, even camping out for part of it. They embodied their hometown values during long days, performing safely every step of the way.

To achieve the broader goals, many work groups achieved significant safety milestones in 2012 and celebrated injury-free anniversaries. Of the 320 work groups that the Safety organization tracks, 218 (68 percent) have gone one year or more without an OSHA-recordable injury. And 289 (90 percent) have gone one year or more without a lost-work-day injury.

The 140 members of Substation Construction, Operations and Maintenance group (CO&M) from Southwest Public Service, for example, completed their 33rd consecutive month without an OSHA-recordable injury in early 2013. Prior to this run, the group had not gone a year without an injury. The CO&M group incorporated Human Performance Improvement, which is not a program, but a distinct mindset of identifying and mitigating hazards every day, every job, every time. Employees are responsible and are held accountable for stopping risky behaviors and unsafe conditions.

"Our expectations for safety are clearly communicated, and our employees hold each other accountable for those expectations," said Alan Bellinghausen, regional director of SPS Substations O&M. "We're focused on a change in culture—taking personal responsibility for our own safety and the safety of others.

Xcel Energy has developed 21 corporate policies concerning safety, from working in confined and enclosed spaces to preparing for and responding to emergency situations, that together work as a foundation to build a culture of safety within the company. The culture emphasizes three components—communication, teamwork and training—that together drive safety upward and injuries downward.

On average and as a company, Xcel Energy employees work 64,000 safe productive work hours per day. And the longest number of consecutive days that Xcel Energy has worked without a recordable injury is 15.75 days in 2005.

"When employees commit to doing their day-to-day activities in the safest manner possible, they are doing much more than getting themselves home safely at the end of the day," Nygaard said. "They also are playing a vital role in helping in keeping their coworkers safe."

Our Journey to Zero:

- Xcel Energy employees delivered their best safety performance ever in 2012
- Our OSHA Recordable Incident Rate has improved nearly 40 percent over the past five years

Dustin Taylor
Field Operations supervisor for Xcel Energy in Carlsbad, N.M.

matters most...

The service we provide for our customers is built on a solid foundation of operational excellence. We continue to invest in developing and maintaining an energy infrastructure that delivers clean, reliable energy our customers can count on when and where they need it.

Ensuring reliable service for the long-term is an issue across the energy industry. Much like roads and bridges, our nation's utility infrastructure is aging and needs to be strengthened. We have been addressing the challenge for a number of years, focusing on every part of our business. Because we've been proactive, we've been able to proceed at our own pace, complete projects in the most efficient and cost-effective way possible and deliver them at a good price for customers.

We are on track to invest more than $1 billion into our electric transmission system in 2013. A significant share is for the CapX2020 project—a joint initiative of 11 transmission-owning utilities in Minnesota and the surrounding region to expand and ensure the reliability of the electric transmission grid. In 2012, the 230-kV Bemidji-Grand Rapids project was energized as part of CapX2020. We also are making progress on the Power for the Plains transmission project in Texas and New Mexico. We have completed several line sections in the northern Texas Panhandle and have construction and permitting activities underway for other sections of this 200-mile new transmission project that began in 2010. It will help improve electric reliability, accommodate additional wind generation and generally strengthen the existing system.

Also in Texas, we completed a fourth unit at Jones Generating to meet growing electric demand in the region. The new unit is now operational in time for summer peak load. Construction work began in Colorado on new emission controls at Pawnee Generating Plant, under the Clean Air-Clean Jobs project, and demolition and site work continues at Cherokee plant as we retire coal-fueled units and prepare to install a new efficient natural gas plant under the project.

We met rigorous reliability goals in 2012, reducing the number of minutes customers were without electric service and significantly reducing the number of unplanned outages at our power plants. Our unplanned outage rate (UOR) improved 29 percent over 2011, and more than half of our generating units were in the top quartile set by the North American Electric Reliability Corporation.

Also in 2012, we met the federal deadline to perform baseline assessments on all our natural gas transmission pipelines in populated areas (high consequence areas or HCAs). Since the code only meets the minimum requirements, we have chosen a more proactive path to implement our integrity management programs, which are designed to reduce risks to public safety and improve reliability.

Our Productivity Through Technology initiative continued with the goal of improving productivity and reducing costs throughout the company. In the past year, the project moved through three distinct phases—discovery, evaluation and recommendation—and executive leadership will now prioritize proposed projects and make decisions regarding which efforts to invest in over the next five to seven years.

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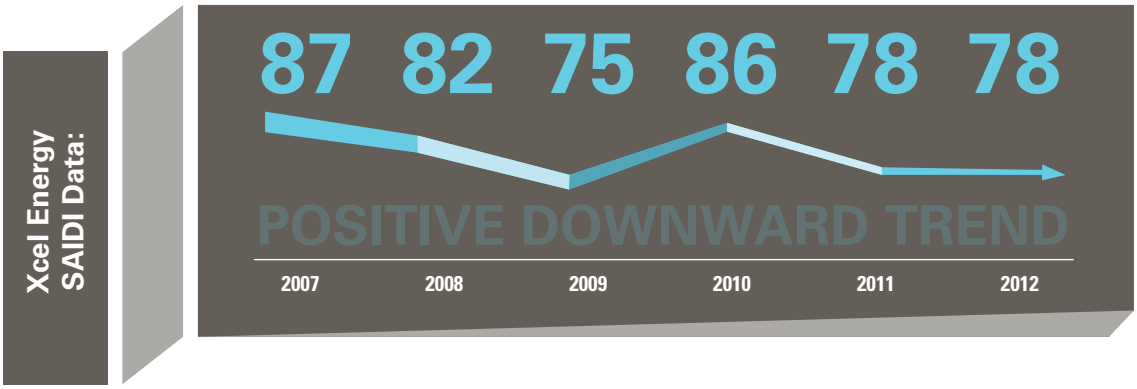
Key performance indicators

System reliability

The System Average Interruption Duration Index (SAIDI) measures the average number of minutes a typical customer is without power in a year. We achieved an overall SAIDI of 78.21 in 2012. This means that, on average, customers in our eight-state region had electric power 99.9 percent of the time last year.



Operational highlights

Focused on excellence

- About 70 percent of the power we provide customers comes from plants that we own and operate. We strive for a balanced, diverse mix of generation in our energy portfolio — coal, natural gas, nuclear and renewable energy — to avoid relying too heavily on any one resource.
- We have initiatives underway to improve our efficiency and control costs. For example, by standardizing the scheduling and planning of power plant maintenance activities, we saved about $4.5 million in 2012. We have improved planning accuracy, reduced work time and increased preventive maintenance efforts.
- By using new, hi-tech technologies to better identify and remove hazard trees near transmission lines, we are helping to ensure electric reliability. During one of the worst fire seasons on record in the West, there were no fire starts caused by trees, even along 300 miles of transmission lines that run through areas affected by the Colorado Mountain Pine Beetle.
- Xcel Energy operates the sixth largest transmission system in the United States, and we continue to grow. Last year, we completed $730 million in transmission-related projects. Our four initial CapX2020 transmission projects in the Upper Midwest, representing 700 miles of new line, received state regulatory approvals last year and are ready for construction.
- In 2012, we finished a project in Minnesota to replace a total of 600 miles of older cast-iron pipe, helping to improve the efficiency and integrity of our natural gas system.

- **Details on the power plants we own and operate**
- **Information on proactive efforts to replace aging natural gas pipeline**
- **Our approach to assure nuclear safety**
- **Transmission investment and projects underway**
- **Insight into the resource planning process**
- **Implementation of Productivity Through Technology**

Available at
xcelenergy.com/Corporate Responsibility

Partnership, new technology promise greater efficiency

No mechanical system is completely energy efficient. The goal, then, is to continuously look for creative ways to minimize the unnecessary loss of power and increase efficiency. Not long ago, Joel Limoges, manager of Electric Distribution Engineering in Minnesota, came across a new technology that does just that — significantly diminishing lost power when moving energy through Xcel Energy's electric system. Limoges and his team put together a cost-benefit analysis, and a pilot program soon was initiated. The pilot was even more successful than anticipated, and demonstrated significant energy savings, related emissions reductions and improved system efficiency.

The initiative was a natural fit for the Energy Innovation Corridor (EIC)—the first-of-its-kind, model clean energy and transportation development project underway in the Twin Cities. The EIC is a five-year effort that launched in 2009 with more than 20 diverse partner organizations, including the cities of St. Paul and Minneapolis; Hennepin and Ramsey counties; four utility companies, including Xcel Energy; the State of Minnesota; the University of Minnesota and numerous chambers of commerce, nonprofits, businesses and others. A host of new energy solutions are being installed and studied through this partnership in an area along the new light-rail Green Line, which runs 11 miles from downtown to downtown—St. Paul to Minneapolis.

The EIC focuses on advancements in four areas: renewable energy, transportation, energy efficiency and smart-grid technologies. It is the ideal proving ground for the pilot program, known as SmartVAR. "I was at a utility trade show in 2010 and learned about a new, smart technology that some utilities were beginning to use," said Limoges. "I could see that our distribution control system was reaching its limits in terms of our capacitors' ability to efficiently control voltage and eliminate losses. I realized we had an opportunity to improve the efficiency of our distribution system by using this new technology," he added. "And we could use infrastructure that was already installed and working."

"This new control system uses two-way communications and intelligent system software to maintain extremely high system efficiency by monitoring each feeder individually and turning capacitors on and off as needed," he explained. "This allows us to proactively identify low-voltage areas or areas that are in need of extra capacitors. Each area where this technology is used will have improved power quality by maintaining a stable voltage pattern," Limoges said. "Our improved efficiency means that less generation is needed to serve our load as system losses are minimized, which also results in reduced emissions."

The three-year SmartVAR project was rolled out throughout the EIC in 2012. The project is expected to save Xcel Energy nearly 23 gigawatt-hours of electricity. "The pilot has gone very smoothly, and the cost-benefit ratio it produced is more than we had estimated," Limoges said. "We expect a simple payback of our investment in just three years, and ongoing annual savings to Xcel Energy and its customers of roughly $1 million," he added. With the pilot's success, the company is now funding the installation of two-way controllers on all capacitor banks in its Minnesota service territory. About 400 two-way controllers will be installed per year over four years, with project completion expected in 2015.

What's old is new again» The historic Union Depot in downtown St. Paul was built in the 1920s, with the last passenger train leaving the station in 1971. In December 2012, it re-opened as the metro area's grandest multi-modal transportation hub. The Ramsey County Regional Rail Authority completed the $243 million renovation, which is now a showcase project in the Energy Innovation Corridor.

"We had a tremendous opportunity to embrace green building and energy conservation while restoring Union Depot," said Commissioner Jim McDonough, chair of the Ramsey County Regional Railroad Authority. "Working with our many partners, we've returned the historic transportation hub to the public, and we've done it in a way that is responsible and is an example of environmental stewardship."

The Depot worked with Xcel Energy through its Energy Design Assistance program. Many energy-saving measures are incorporated, including daylighting and occupancy-sensor controls—which allow for lights to dim or turn off automatically, as well as installation of variable frequency drives that run pumps as determined by actual use, and window glazing to minimize the loss of controlled temperature from the building. LEED® Silver certification is anticipated this year. The facility also offers electric car charging stations and other amenities for travelers.

In 2014, the Green Line, in the heart of the Energy Innovation Corridor, will stop right in front of Union Depot—a shining example of the benefits to planning energy and transportation together.

Commissioner Jim McDonough
Chair of the Ramsey County Regional Railroad Authority

Energy Innovation Corridor savings since 2010:

- Nearly 193 million kilowatt hours of electricity, enough to power about 20,360 homes for a year
- Nearly 6.7 million therms of natural gas, enough to run about 5,000 homes for a year
- 1.6 billion pounds of carbon dioxide avoided

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