

## EARNING TRUST ★ CORPORATE RESPONSIBILITY OVERVIEW 2013

### Moments that Matter

Xcel Energy is working to make it even easier for customers to do business with us

### Unprecedented Storm Response

Crews keep the heat and lights on despite ice, floods and severe thunderstorms

### Wind Energy Expansion

No longer just an environmental choice, wind energy wins on economics

### Positive Effect

Xcel Energy employees mobilize to make a difference at work and in their communities





## TO OUR STAKEHOLDERS

Every day, all day, the people of Xcel Energy work hard to earn the trust of our customers, communities and neighbors. For us, that means not only delivering on our promises to provide clean, reliable energy services at an affordable price but going above and beyond. What differentiates us is our ability to get the fundamentals right, to anticipate and embrace change and to give it our all for customers.



Xcel Energy's fundamentals are strong. Financially, our balance sheet and credit metrics are solid. Operationally, we run our businesses well. We meet all environmental standards and have been a steadfast presence in the community for decades. If any of those accomplishments sound simple, they are not. Fortunately, we have employees with the expertise to excel and the heart to care.

Beyond the fundamentals, we shine. We've developed the resources and expertise to complete complex projects on time and on budget—from refurbishing power plants to rebuilding natural gas lines to constructing new

transmission lines. Here's a great example: When we benchmark the cost of our 345-kilovolt transmission construction projects, our average cost is \$1.7 million per mile, compared with a national average of \$2.1 million.

Sound operations, however, mean nothing if they cannot be achieved safely. Safety is our highest priority, for both customers and employees. A renewed focus on public safety outreach is helping keep customers safe and reducing dig-ins to underground pipes and wires. Through our Journey to Zero employee safety program, employee safety has improved by 40 percent over the past five years.

On the environmental front, we embraced renewable energy earlier than any other utility and today are the No. 1 provider of wind power in the nation, a position we've held for ten years. In fact, the American Wind Energy Association in 2013 named us their Utility of the Year.

Most important, we are able to deliver renewable energy at a price our customers can afford. In 2013, we announced the addition of 1,900 megawatts of wind energy across our service territory and 170 megawatts of solar energy, all at prices below fossil alternatives that will save our customers money.

To help ensure that we continue to have low-priced renewable alternatives, we are actively engaged in improving clean energy policy. Whether in the area of solar energy, federal tax incentives or carbon regulation, we are promoting fair, transparent and effective public policy that will ensure our customers continue to have access to affordable clean energy options.

We understand how to make clean energy work for customers. Over the last decade, we have been proactive in reducing emissions and today are well ahead of our goal to reduce carbon emissions 20 percent by 2020 over 2005 levels. In fact, we should achieve a 31 percent reduction—almost double the goal of President Obama's climate action plan.

Of course, communities benefit from our operational expertise and environmental leadership. Beyond that, we support them through the Xcel Energy Foundation and the volunteer efforts of employees and retirees.

More than anything, the growing and changing needs of our customers drive our quest for excellence. Today, customers want to choose the energy services they truly value, and they want more ways to conserve energy and save money. Fortunately, they look to us for solutions and we are determined to offer answers.

Customers also depend on us when the going gets tough—and this is where we truly live up to our name and excel. We had every kind of bad weather in our service territory in 2013—ice, snow, heat, floods and severe thunderstorms—all of which disrupted service and caused extensive damage. But our employees immediately rose to the challenge, working around the clock to get customers back in service in record time. And even before bad weather hit, we made significant investments to keep the system strong and to actively prepare our storm response. The Edison Electric Institute recognized that work with an Emergency Response Award.

Our story is about commitment, expertise and excellence. It speaks to sustainability, and it starts with trust. Earning the trust of our customers and communities is a guiding principle of our company. As CEO, I couldn't be prouder of this company and its employees. I encourage you to go online and spend some time with Xcel Energy's full Corporate Responsibility Report and you'll see why.

Sincerely,

Ben Fowke  
Chairman, President and CEO



## ABOUT OUR COMPANY

Xcel Energy is a major U.S. electric and natural gas company, with annual revenues of \$10.9 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 3.5 million electricity customers and 1.9 million natural gas customers through four operating companies.



### Northern States Power Company-Minnesota (NSPM)

Minnesota, North Dakota, South Dakota  
Electricity and natural gas service  
(electricity only in South Dakota)  
David M. Sparby, president and CEO  
Electricity customers: 1,423,708  
Natural gas customers: 492,911

### Northern States Power Company-Wisconsin (NSPW)

Wisconsin, Michigan  
Electricity and natural gas service  
Mark E. Stoering, president and CEO  
Electricity customers: 253,470  
Natural gas customers: 109,643

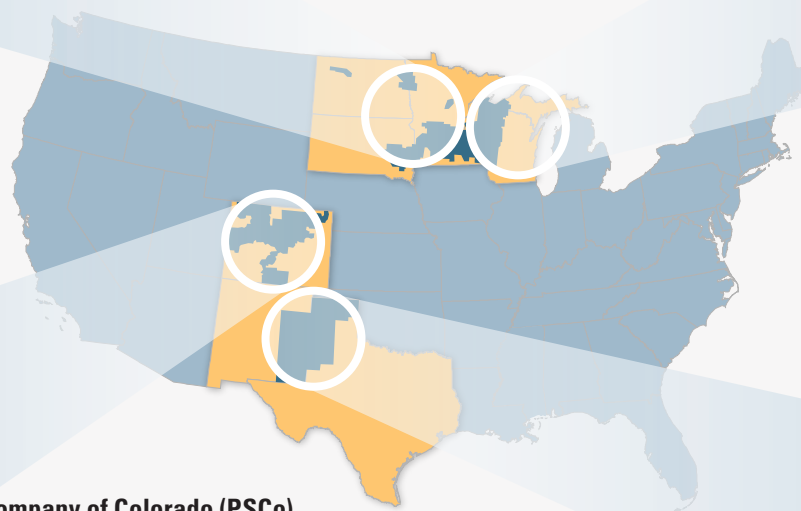


### Public Service Company of Colorado (PSCo)

Colorado  
Electricity and natural gas service  
David L. Eves, president and CEO  
Electricity customers: 1,397,026  
Natural gas customers: 1,335,261

### Southwestern Public Service Company (SPS)

Texas, New Mexico  
Electricity service only  
David T. Hudson, president and CEO  
Electricity customers: 383,261



## VISION

We will be the preferred and trusted provider of the energy our customers need.

## MISSION

We provide our customers the safe, clean, reliable energy services they want and value at a competitive price.

## VALUES

Our values reflect our core beliefs—who we are, how we conduct business and the importance of our customers. We commit to:

- Ensure safety for ourselves, our coworkers and the public
- Work productively and create a challenging and rewarding workplace
- Treat all people with respect
- Conduct all our business in an honest and ethical manner
- 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
- Achieve operational excellence

## STRATEGIC PRIORITIES

Xcel Energy has identified seven strategic priorities that are important to our ongoing success, to our many stakeholders and to the sustainability of our operations, both today and in the future.



Our customers, communities and employees expect us to take all necessary steps and precautions to ensure their safety around energy.



Strong financial performance enables us to invest in infrastructure projects that improve our ability to provide safe, affordable, reliable and clean energy service.



Customers and communities depend on us to provide reliable, affordable energy service, and have a growing interest in energy choices.



Customers, communities and neighbors expect us to responsibly manage our environmental impacts and to invest in clean energy technologies.



Developing the next generation workforce is critical to our continued success.



We must build and maintain trusted relationships with our stakeholders, and keep in mind that quality of life and economic prosperity in the communities we serve is as important to our business as it is our customers.



We must provide the highest service quality while managing our costs and making smart investments in our infrastructure, processes and workforce.



## CUSTOMER SOLUTIONS

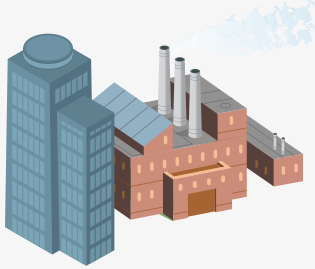
We're offering customers energy products and services that meet their needs and empowering them to make their own decisions

### ENERGY EFFICIENCY

#### Helping customers manage energy use

Customers are increasingly interested in managing their energy services and are seeking more options from their utility. Xcel Energy offers one of the largest portfolios of energy saving programs in the United States, with more than 90 programs to help customers manage their electricity use and more than 45 programs to manage natural gas use. In 2013, we provided about \$75 million in incentives to encourage energy efficiency.

#### Energy Efficiency and Load Management Programs Offered in 2013



**Commercial and Industrial:**  
48 Electricity Programs  
22 Natural Gas Programs



**Residential:**  
48 Electricity Programs  
27 Natural Gas Programs

Since 1992, Xcel Energy customers have saved enough electricity to help us avoid building more than 16 medium-size power plants.

### RENEWABLE ENERGY

#### Providing more renewable energy options

Some Xcel Energy customers want the opportunity to make a difference by supporting renewable energy. We were one of the first utilities in the nation to offer a voluntary renewable energy program—Windsource®— and our renewable product offerings continue to evolve based on the market and customer interest. Our objective is to meet customer interest and to make renewable energy available to the greatest number of people in the communities we serve at the lowest cost.

Today Windsource continues to provide customers a simple way to access more renewable energy. To expand on the concept and give customers interested in solar energy another opportunity to participate, we proposed Solar\*Connect™ in 2014. If approved, this new program will make solar energy accessible to more customers, even if they don't have the means to install solar panels on their homes or businesses. Solar\*Connect will take advantage of large-scale solar, providing solar energy at a lower cost than any other customer-driven solar product. The program will complement the other solar energy options that Xcel Energy has available—Solar\*Rewards® to help customers invest in solar ownership and Solar\*Rewards®Community® to enable customers to participate in community-based solar installations (solar gardens).

Xcel Energy's renewable programs are available in select states, based on customer and state interest.

Windsource celebrated a milestone in 2013, reaching two billion kilowatt hours of renewable energy sold in Colorado. Our customers have installed about 20,000 on-site solar energy systems through Solar\*Rewards.



## MOMENTS THAT MATTER



Xcel Energy is in the midst of fine-tuning the critical moments when customers interact with the company through a new initiative called the Moments that Matter.

"It involves listening to what customers want and providing them with choices," said Jay Herrmann, vice president of Marketing and Corporate Communications. "As such, it is a key element in Xcel Energy's work to meet customers' needs.

"We want to make it easy and even enjoyable to work with us," he added. "We're asking, 'What are the moments that matter to our customers,' and working to address and improve our handling of those interactions."

The first of four key moments begins when customers come to Xcel Energy to start service. There is an opportunity to develop a strong relationship from day one. The second moment occurs when customers pay their bills. Xcel Energy can deliver convenience and choice through billing solutions that meet different customer needs. In

the event of an outage, customers want accurate, timely and relevant information about the cause and when service will be restored. Finally, customers want to manage and have more control over their energy use. By offering the right energy choices, Xcel Energy can better engage customers.

A number of strategic projects are underway and many more are planned to address these four moments. For instance, the company is offering new mobile payment options, and the paper bill recently was redesigned. The new bill includes a more intuitive interface, at-a-glance information and consistent terminology.

In addition, the company is launching improved online reporting and map enhancements on [xcelenergy.com](http://xcelenergy.com) to better meet customer needs during outages.

"Understanding customer needs is critical to transforming the customer experience," Herrmann said. "All of these efforts help make Xcel Energy more customer focused."



## CUSTOMERS IN NEED

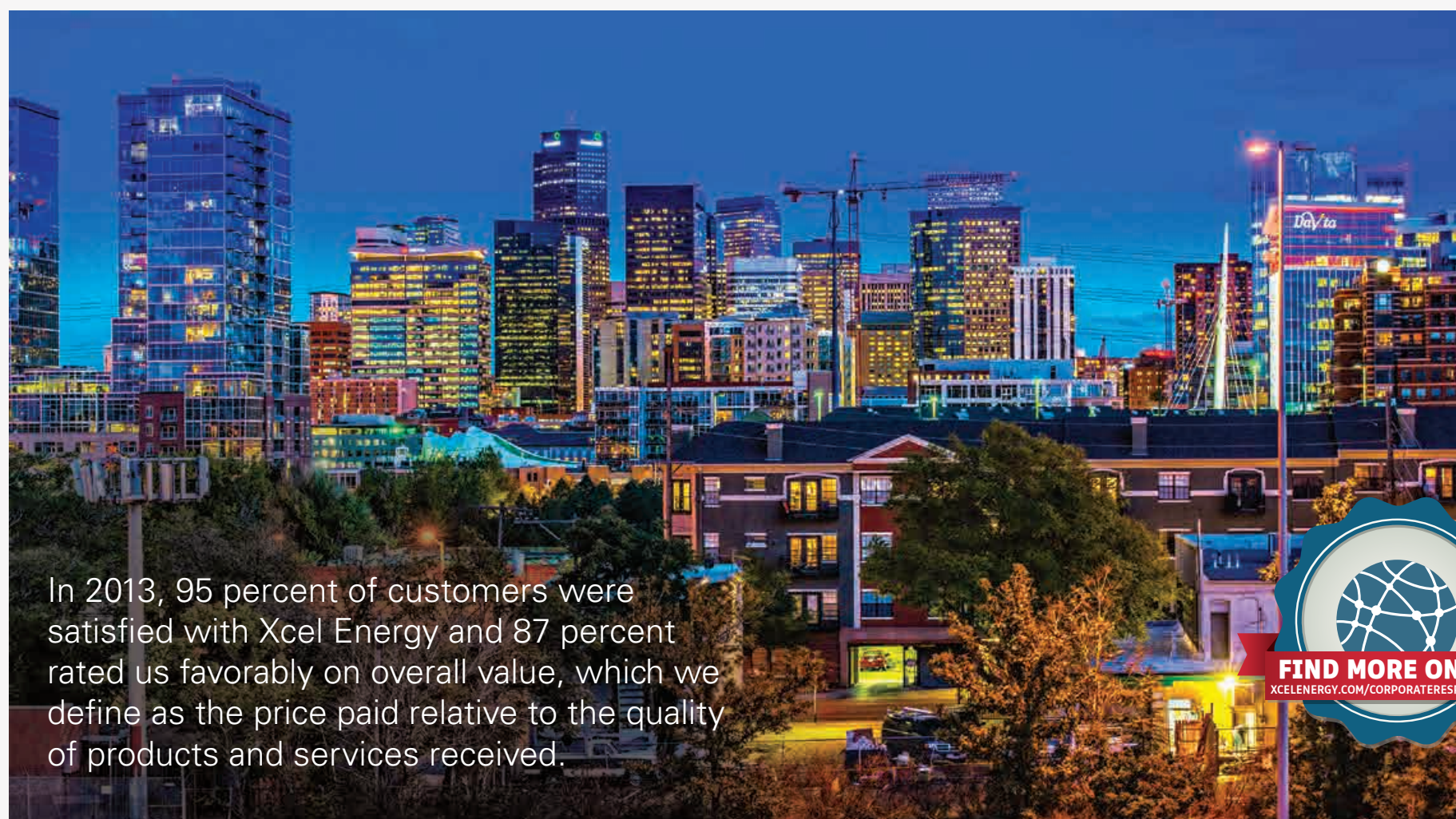
We are committed to helping customers who struggle to pay their energy bills

Xcel Energy works with state and local agencies and advocates for low-income customers 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. Our support of energy assistance includes:

- Public policy and advocacy on the state and federal level to increase funding for Low-Income Home Energy Assistance Programs (LIHEAP).
- Funding for state and local energy assistance agencies and weatherization programs.
- Encouraging customers to contribute to statewide funds via their Xcel Energy bills.
- In-kind marketing and public relations to support energy assistance organizations and advocates on behalf of low-income customers.



Xcel Energy provided nearly \$25 million to customer energy assistance programs in 2013.



In 2013, 95 percent of customers were satisfied with Xcel Energy and 87 percent rated us favorably on overall value, which we define as the price paid relative to the quality of products and services received.



## ENERGY AT AN AFFORDABLE PRICE

Our rates are competitive, both nationally and in the states we serve

Xcel Energy knows customers are sensitive to rising energy prices, which requires us to be extra diligent in managing costs while keeping service quality high. We do this through better use of technology and implementation of process improvements.

## INITIATIVE WILL SAVE CUSTOMERS MILLIONS

Our innovative combustion-turbine parts program is just one example of how Xcel Energy is working to manage energy costs and ultimately save customers money.

Keeping Xcel Energy's fleet of combustion turbines running smoothly requires an effective and ongoing maintenance plan, including ready access to spare parts when needed. Until recently, that involved keeping an extensive stock of parts on hand. But for the first time in the utility industry, a unique parts-exchange program is allowing Xcel Energy to purchase only the parts that immediately go into service. Cost savings over the next 10 years are projected to be about \$93 million, said Ken Heupel, director of Strategic Material Logistics at Xcel Energy.

Previously, the process for procuring and managing the inventory of combustion-turbine parts was labor intensive and costly. In late 2011, a team of employees set out to explore more efficient alternatives. After researching numerous options, the team negotiated an agreement with a qualified supplier to provide all parts needed to support Xcel Energy's turbine overhaul schedule.

Plus, Xcel Energy will receive credit from the sale of the used sets of turbine parts back to the supplier, further reducing costs. Other benefits are a reduction in time and labor needed for overhauls, a consistent process that can be duplicated, and the use of complete sets of parts for an increase in reliability.

And perhaps the best benefit to the new process: Overhauls will only be required half as often as before. Intervals will increase from every 12,000 hours to every 24,000 hours of operation, further reducing maintenance costs and boosting availability.

"This is an industry first. We don't have a road map to go by, so we're breaking trail," said Heupel. "This program has significant potential to help ensure reliable power while saving millions of dollars for customers."





## STORM RESPONSE

Some of Xcel Energy's most important work comes in the wake of severe storms across our service territory

In the last year alone, Xcel Energy crews have set out in all types of weather to restore service to customers in Minnesota, Wisconsin, Michigan, North Dakota, South Dakota, Colorado, New Mexico and Texas.

One of the largest—if not the largest—outages Xcel Energy has experienced occurred in late June 2013 in Minnesota and Wisconsin. A series of severe thunderstorms slammed the area for three days, leaving more than 610,000 customers without power. More than 1,000 linemen took to the streets to restore power and were joined by more than 200 tree-clearing personnel. Mutual aid assistance came from 22 different utility companies, representing 15 states.

In the end, service was restored within six days, proving that the experience Xcel Energy crews gain in providing mutual aid assistance to help with storm restoration in other parts of the country comes in handy when trouble hits closer to home.

And the restoration work of Xcel Energy crews is supported by hundreds of other employee efforts. For instance, while crews were hard at work on the front lines of this storm restoration effort, behind the scenes call center agents and other teams were working to respond to customer inquiries by phone, email and social media channels. Employees and systems handled more than 705,000 calls that came in during this storm event.

### Other storm-restoration efforts last year included:

- A massive winter storm bearing strong winds, ice and snow that paralyzed portions of Xcel Energy's New Mexico and Texas service area. "Our system held up remarkably well for such a big storm," said David Hudson, president and CEO of SPS. "And we're proud of all of the men and women who worked to keep and restore service in such adverse conditions."

- A severe spring ice storm that hit the Sioux Falls area in South Dakota and left about 90,000 customers without power—with numerous company and other crews immediately responding to those outages. More than 400 linemen from Xcel Energy, mutual-aid utilities and contractors worked 16-hour days to restore service to customers.
- Monumental flooding along Colorado's Front Range that washed out roads, isolated entire communities, prompted evacuations, destroyed homes and businesses, and even claimed lives. Throughout the flooding, employees responded to the crisis, shutting the system down as needed to make repairs while working in rain, mud and with difficult navigation.



The Edison Electric Institute presented Xcel Energy with its Emergency Recovery Award for outstanding power restoration efforts after severe weather hit Minnesota and Wisconsin in June 2013.



## NATURAL GAS EFFORTS FOCUS ON EMPLOYEE AND PUBLIC SAFETY

The natural gas industry is going through significant change. And Xcel Energy is focusing its efforts to ensure the company's gas utility is ahead of the curve.

"At Xcel Energy, we have a long history of operating a safe and reliable gas system for the public," said Cheryl Campbell, vice president of Gas Engineering and Operations. "And we are doing everything we can to ensure it stays that way."

PIPES, which stands for Proactively Improving Pipeline and Employee Safety, is a multi-year initiative currently underway within Xcel Energy's gas utility. It includes renewing aging infrastructure, standardizing work practices, enhancing employee training and improving documentation and record keeping.

"Our PIPES effort is about moving from a reactive to a proactive mindset," Campbell said, "with a goal of zero operator-caused outages and zero catastrophic incidents."

A series of gas summits took place last fall, introducing the PIPES change initiative. Several cross-functional projects began in 2014 to improve emergency response time, work-order processes, gas valve maintenance and leak records accuracy. The gas utility team is also working to decrease unplanned outages resulting from equipment or material design failures and operator caused errors.

"We must improve and then rigorously follow our processes and procedures every time," Campbell said. "Through the PIPES initiative, we are setting a high standard for how we build, inspect, operate and maintain our gas system. Simply stated, it's the right thing to do."



From now until 2018, we plan to invest \$1 billion in natural gas improvement and replacement work on more than 1,000 miles of pipeline.

## PUBLIC SAFETY

Customer safety is a priority

Xcel Energy wants customers and people who work near our facilities to be aware of possible hazards and to respond safely to them. We provide comprehensive outreach programs to promote safe behavior among our customers, communities, emergency responders and third-party workers. Most serious accidents happen because someone directly or indirectly contacts an overhead electric line, digs into an electric or natural gas line, or fails to respond safely to the warning signs of a gas or electric emergency. Xcel Energy actively monitors the company's performance and provides educational materials to help reduce the risk of accidents.

Last year we mailed safety information to nearly 81,000 businesses that work around electricity and natural gas facilities. Additionally, we trained about 1,000 Xcel Energy emergency first responders who work closely with communities and respond to emergencies involving electricity.



We have reduced accidental third-party dig-ins to underground gas and electric facilities by 30 percent since 2008.



## OPERATIONAL EXCELLENCE

Operating as one power plant fleet

For Xcel Energy, operational excellence is a journey. An important phase of this journey began four years ago in our Energy Supply business area when we decided to operate from a centralized rather than plant-by-plant approach. We analyzed the industry for best practices and technologies, then began implementing some of the ideas we gathered. The results have been powerful.

In the last few years, we have reduced unplanned outages by 40 percent while reducing the growth rate from 4 to 1 percent for Energy Supply related operating and maintenance costs. Through a more centralized approach to operations, automation and simplification of numerous processes, and the use of modern technologies, we've begun to show that it's possible to reduce costs while delivering very strong operational performance.



Xcel Energy owns and operates 78 generating plants capable of producing more than 16,000 megawatts of power. About two-thirds of the electricity we provide to customers is produced by our plants, and the remaining one-third is purchased from other suppliers.

## MODERNIZING AND INVESTING IN INFRASTRUCTURE

Xcel Energy will invest \$14 billion in capital projects over the next five years

We carefully select capital projects to provide the greatest value in terms of customer demand and public safety. By looking at the big picture, we can invest in a stronger, more resilient energy grid, and we're well positioned to take advantage of growth opportunities.

Thanks to our strong project management capabilities, we've been able to complete large-scale capital projects at costs lower than the industry average. For example, a fourth unit was added in 2013 to Jones Generating Plant in Texas to meet growing electric demand in the region. We completed this natural gas-fueled combustion turbine project about a month ahead of schedule and at a cost of \$423 per kilowatt, substantially below the market cost of \$500-600 per kilowatt. The Clean Air-Clean Jobs project—an effort to modernize the company's aging coal-fueled fleet in Colorado by retiring, converting and retrofitting plants—is currently on time and on budget, as are our multi-year efforts to replace major natural gas pipelines in Colorado and downtown St. Paul, Minn.

### A leader in transmission

We invested more than \$1 billion in electric transmission projects in 2013, and we did so while spending an average of \$1.7 million per mile compared with the industry average of \$2.1 million. Xcel Energy is a major transmission presence in the United States and a proven transmission performer. In anticipation of new Federal Energy Regulatory Commission (FERC) regulations, we're planning to establish a standalone transmission investment structure or "transco" in 2014 that will enable us to build new transmission competitively in the coming years. A transco will provide added financial flexibility and improve our ability to create partnerships for exploring transmission development opportunities in areas inside and adjacent to our operating territories—potentially 25 states.

Xcel Energy operates the fourth largest and one of the fastest growing transmission systems in the United States. We expect our transmission system to be worth more than \$7 billion by the end of 2016.

### Improvements to our nuclear fleet and performance

We made significant capital investments in our nuclear fleet in 2013 to take safety and reliability to new levels at these facilities. Due to project scope changes, delays in licensing and installation complexities, these projects came in above budget; however, our nuclear operations and maintenance costs will significantly decrease now that these important projects are complete. Major equipment was replaced at both Monticello and Prairie Island. The improvements will enable both facilities to operate effectively over the next two decades.



## PHYSICAL AND CYBERSECURITY

We are committed to the security of customers, our assets and the nation's critical infrastructure

While several events and news media reports this past year have placed a growing focus on both physical and cybersecurity for the nation's utilities, these potential threats are not new to our industry. We have built a robust security culture from a long history of partnership with public and private agencies to ensure the protection of the critical assets that deliver safe, reliable energy to our communities and to secure our customers' information.

The responsibility of protecting our critical assets continues to evolve as new threats emerge, and we continually elevate our capabilities to prepare, prevent and respond to potential threats. Our investments in infrastructure, cyber assets and personnel reinforce our commitment to protecting customers, our assets and the nation's critical infrastructure.

### National drill is one example of the many drills we leverage to test and strengthen grid protection

Last fall, more than 125 Xcel Energy employees joined with people from nearly 200 entities across the United States, Mexico and Canada to participate in a two-day drill simulating cyber and physical attacks on the power grid.

Called GridEx II, the North American Electric Reliability Corp. (NERC) conducted the drill, along with thousands of utility workers, business executives, National Guard officers, FBI experts and officials from government agencies across North America.

The drill was designed to validate the readiness of the electric industry's response plans to possible attacks and to provide input for future improvements, said Doug DeGrote, director of IT Security and Risk Management at Xcel Energy. "While Xcel Energy conducts dozens of drills throughout the year involving grid security, this drill was an opportunity to test our processes and interactions with the many other agencies involved," DeGrote said.

Company employees joined the exercise from various locations across Xcel Energy's service territory as NERC released each sequence of the simulated event. Different cyber and physical simulations evolved over the course of the drill, imitating the complexity of a real event.

"Drills like GridEx II help us determine what we need to do when and if the real thing happens," DeGrote said. "We have a responsibility to deliver safe and reliable service to customers. Our active participation in large-scale drills such as GridEx II is just a part of that commitment."





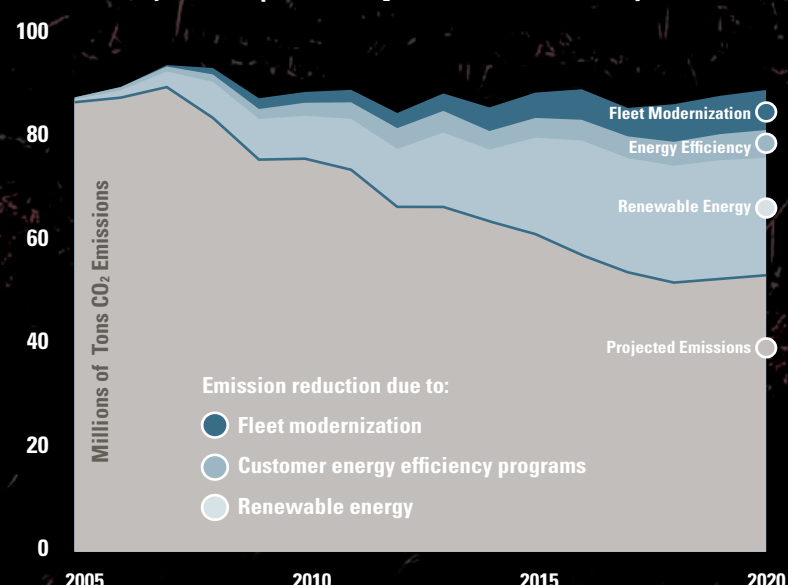
## A BALANCED, COST-EFFECTIVE APPROACH TO EMISSIONS REDUCTION

Xcel Energy's strategy is driven by smart investment choices that balance cost and environmental improvement.

Our clean energy strategy continues to benefit customers and the communities we serve because it balances cost and environmental improvement with operating a reliable utility system. Today our systems are stronger because we are working toward a diverse portfolio of cleaner, modern technologies to meet our customers' needs now and in the future.

Xcel Energy's clean energy and emissions reduction strategy is built on three components that include the increased use of renewable resources, energy saving programs for customers and fleet modernization initiatives, such as the Minnesota Metro Emissions Reduction Program and Colorado's Clean Air-Clean Jobs Act. Through such programs, we are lowering emissions, including carbon dioxide. Since 2005, we have reduced carbon dioxide emissions by 19 percent and we are projected to achieve a 31 percent reduction by 2020—exceeding our original goal of a 20 percent reduction.

**Xcel Energy Clean Energy Strategy**  
Projected 31 percent CO<sub>2</sub> Emission Reduction by 2020



### RENEWABLE ENERGY LEADERSHIP

Over the past eight years, clean energy from renewable resources on our systems has nearly doubled, comprising about 20 percent of Xcel Energy's energy supply in 2013. These resources are an essential and growing part of the value we provide our customers.

Wind energy is an important component of our diverse energy portfolio. It is easily the best-priced renewable option available to us to meet our customers' energy needs, and we plan to use it more. For customers, wind energy provides price stability and reduces emissions. We continue to improve the integration of and use of wind on our systems. For example, through better wind forecasting, we have saved our customers more than \$37 million in fuel costs alone since 2009.

And we are approaching solar power with the same determination that made us the No. 1 wind energy provider for the past decade. Xcel Energy plans to expand the use of lower cost large-scale solar power on our systems. For customers who want to participate more, we will offer a range of products that provide solar energy at varying price and commitment levels.





The American Wind Energy Association in 2013 recognized Xcel Energy as the Utility of the Year for the second time in five years for our commitment to new wind energy acquisitions and progressive wind integration efforts.

Xcel Energy has been ranked the No. 1 wind energy provider to customers for a decade.

## GO CLEAN ENERGY

What customers want and value

### A FOUNDATION OF ENERGY EFFICIENCY

We help customers manage their energy consumption through one of the largest energy-saving program portfolios in the United States. Customers save money, and we avoid emissions and the need to purchase or produce additional power.

Xcel Energy customers saved almost 985 gigawatt hours of electricity and 1.5 million dekatherms of natural gas in 2013, enough electricity to power about 121,000 homes and natural gas to fuel 17,000 homes annually. We estimate this energy savings helped to avoid about 600,000 tons of CO<sub>2</sub> for the year, as well as other emissions.

### IMPROVEMENT THROUGH FLEET MODERNIZATION

Xcel Energy continues to plan ahead and implement strategic projects that modernize our fleet of generating plants, better positioning our operations for the future. Our projects to retire, convert and refurbish coal-fueled plants are reducing emissions and ensuring we meet new, more stringent environmental requirements while also continuing to meet our customers' need for affordable, reliable power. Staying ahead is especially important in this realm because as the rest of the industry works to comply with new and expanding environmental regulations, the price of labor and materials will increase.

We completed or continued work in 2013 on a number of efficiency and emission-control projects that will reduce emissions and update our facilities. This includes the Colorado Clean Air-Clean Jobs project—an effort that will significantly reduce emissions by retiring aging coal plants, building a new natural gas combined-cycle plant and retrofitting other units with highly efficient emission controls. The project is helping Colorado comply with federal clean air requirements while also modernizing Xcel Energy's generating fleet.

## ANTICIPATING NATIONAL CLIMATE POLICY

There are significant future environmental regulations under consideration to encourage the use of clean energy technologies and regulate emissions of greenhouse gases to address climate change. If greenhouse gases are to be regulated, we support reasonable, national climate policy that promotes clean energy and reduces these emissions in a flexible, cost-effective manner.

We believe that any effective climate program should give states the ability to rely on clean energy programs and reward early action that has already resulted in emission reductions across the nation. We are working with regulators, our states and other stakeholders to assure that these new rules make sense for our customers and the environment.



## XCEL ENERGY WIND RESOURCES TO GROW BY 40 PERCENT



An aggressive new push for wind resources by the nation's longtime No. 1 provider of wind power should ensure that Xcel Energy remains in the top slot for years to come and saves customers hundreds of millions of dollars.

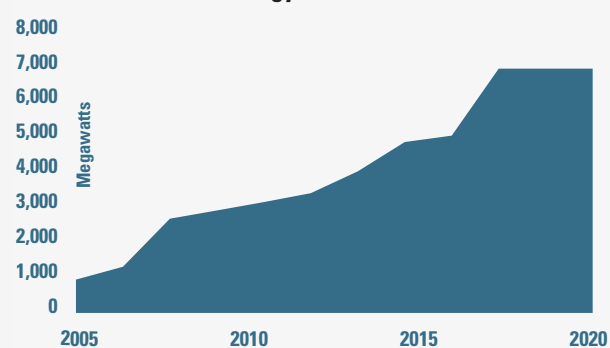
Already at nearly 5,000 megawatts of wind production on its system, the company soon will push that number up by about 40 percent to nearly 7,000 megawatts, including two new wind farms in North Dakota and Minnesota that will be owned by the company. That's a lot of spinning turbines spread across Xcel Energy's eight-state territory. "Our acquisitions were different this time around," said Tim Kawakami, director of Purchased Power at Xcel Energy. "We have met or are in good shape in terms of our renewable compliance requirements, so these additions were about an economical power supply.

"I think we surprised both the wind and utility industries with what we did in adding 40 percent to our wind portfolio," he added. "As the process unfolded, we ended up buying as much wind as we could. With today's low prices, increasing our overall wind power capacity is an excellent way to protect customers from rising fuel prices." The expansion also landed the company a national award from the wind industry's flagship trade organization, the

American Wind Energy Association (AWEA). The group recently named Xcel Energy its 2013 Utility of the Year. For 10 years in a row, Xcel Energy has been the No. 1 wind provider among utilities.

The newly approved wind-power projects are anticipated to reduce customer costs by more than \$900 million over the length of the contracts, Kawakami said. "Xcel Energy is among the nation's leaders in delivering affordable, clean energy from renewable sources," he said. "Our wind-power strategy benefits the environment, while ensuring we continue to meet customers' needs for competitively priced, reliable energy."

**Xcel Energy Wind Growth**



## THE IMPORTANCE OF A DIVERSE ENERGY MIX

On March 5, 2013, Ben Fowke addressed the U.S. House Subcommittee on Energy and Power.

"The topic of the hearing—fuel diversity in the power sector—could not be more important at this critical juncture in the energy sector," said Fowke, chairman, president and CEO of Xcel Energy, citing the company's diverse mix of fuel sources that includes coal, natural gas, nuclear, wind, hydro, biomass and solar.

In his remarks, Fowke discussed the importance of allowing individual states to develop strategies that include energy efficiency, renewable energy and emissions reduction programs. Equally important, he said, is giving credit to states and energy companies that have acted early to address carbon issues.

"We all share the goal of satisfying the country's growing energy demands in the least expensive, most reliable and cleanest way possible," Fowke said in his testimony.

"Xcel Energy has been successful in pursuing a strategy that has reduced customer risk and promoted clean energy, while maintaining reliable service at a competitive price."

Much of the company's diversification strategy results from its longstanding desire to prepare for federal regulation of carbon dioxide emissions.

"We hope that the EPA will allow states to develop diverse emission reduction strategies like those that have been successful in Colorado, Minnesota and elsewhere," Fowke said.

"With these approaches to policy, the nation can assure continued diversity of its energy resources and achieve what Xcel Energy has been working toward in our states for more than a decade—clean energy and environmental improvement at a competitive price."



2013 energy mix charts are available online for Xcel Energy's Colorado, Texas-New Mexico and Upper Midwest operating systems.

**Xcel Energy's 2013 energy mix includes electricity that we both own and purchase.**

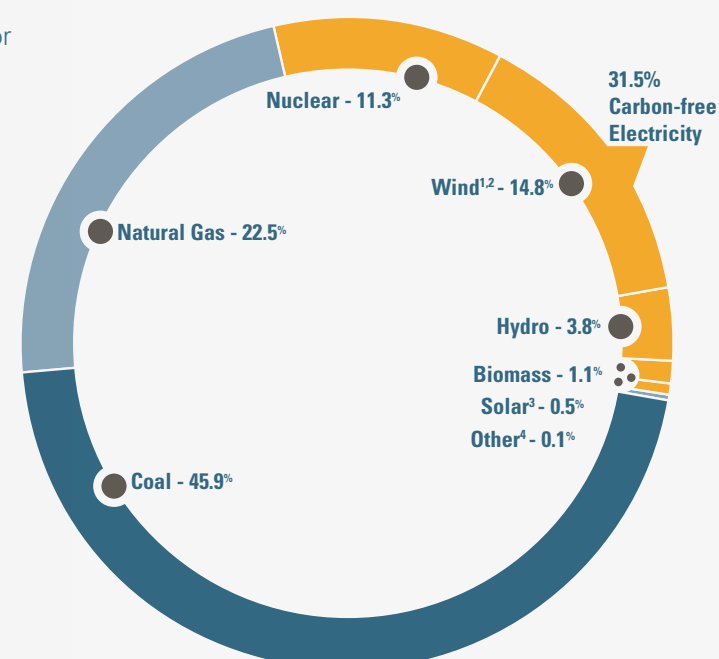
<sup>1</sup> Includes wind energy separated from renewable energy credits (RECs) that were sold in 2013; learn more about RECs in our full online Corporate Responsibility Report

<sup>2</sup> Includes wind energy used for Windsource

<sup>3</sup> Includes solar energy generated by customer-owned systems through Solar\*Rewards

<sup>4</sup> "Other" includes small amounts of power purchased from a number of sources

**Xcel Energy  
2013 Energy Mix**





## WE BELIEVE IN SOLAR ENERGY.

### EVERYONE WINS WHEN WE DO RENEWABLE ENERGY RIGHT

We support the cost-effective development of solar power and policies that treat all customers fairly

Xcel Energy is approaching solar energy with the same determination that made us the No. 1 wind energy provider. We are investing in economical large-scale projects that serve all customers on our systems, in addition to offering customers the option to participate more through voluntary, customer-driven programs, such as Solar\*Rewards and Solar\*Rewards Community.

Investing in solar power is an opportunity to further diversify our energy supply and meet customer interest in clean energy. At the end of 2013, we had more than 300 megawatts of solar on our system, enough to power about 60,000 homes, and we have plans to more than double this in the next several years. As we expand its use, we believe the policies that encourage solar development must work for everyone.

Under current policies, net energy metering is the method used to determine how customers with solar panels are compensated for the energy their systems produce. It was originally designed as an incentive to encourage the early adoption of rooftop solar when the market launched. As more customers install solar panels, Xcel Energy has become increasingly concerned with the effect of net metering on non-solar customers. While customers with rooftop solar still use and rely on the electric grid, they avoid paying for its upkeep under net metering—and those costs are unfairly shifted to non-solar customers. To address this issue, we have opened conversations with our regulators, the solar industry, customers and other interested stakeholders on how to make solar energy sustainable and practical for all.



Learn more about Xcel Energy's policy and support for solar power at [xcelenergy.com/ResponsibleSolar](http://xcelenergy.com/ResponsibleSolar).

## SOLAR\*CONNECT

New program gives customers option of meeting needs through large-scale solar

Colorado customers could easily tap the state's abundant solar resources through a newly proposed Xcel Energy program. Solar\*Connect would make access to large-scale solar available to thousands of Colorado consumers.

"I am proud to be part of a company that is on the leading edge of responsible development of a clean energy portfolio," said Jonathan Adelman, director, Retail Market Strategy. "With the approval of this program, we will be one of the first regulated utilities to offer the choice of solar to all customers regardless of home ownership, type of roof construction or ability to finance panels."

Xcel Energy will seek to purchase up to 50 megawatts of electricity from a new independent, large-scale solar facility for the effort. Customers would in turn subscribe for capacity from this facility to meet their desired solar energy needs.

Solar\*Connect will enable customers to purchase solar power through subscriptions. The program will make solar available to almost all customers, including those who rent apartments, cannot afford a rooftop system, live in an area where solar power is not an option, or simply lack the ability to put solar panels on their homes.

"Large-scale solar offers a great advantage," he said. "Facilities can be built to maximize system benefits and minimize costs by using state-of-the-art technology such as tracking, which allows panels to follow the sun."

Xcel Energy's Colorado customers would enroll to power some or all of their energy needs by selecting the percentage of solar power they would want. The program also will provide customers greater flexibility by allowing them to set the length of their participation in the program. And Solar\*Connect can "move" with customers too. Unlike fixed panels on a roof, the program, as filed, would allow customers to continue their participation even if they move to another home within Xcel Energy's service territory.

Large solar installations are developed in optimal locations to maximize sun exposure. They produce up to 50 percent more energy panel for panel than the typical rooftop installation and are less than one half the cost to install per kilowatt.





## CHANGING WORKFORCE

Over the next 10 years, approximately half of Xcel Energy's current workforce will be eligible to retire. Even though not everyone eligible will immediately retire, we are anticipating an eventual transition of our workforce that will pose a number of challenges and opportunities. Clearly, the cumulative knowledge of our retiring employees is a valuable asset that we don't want to lose, so we have a number of efforts underway to help long-time employees capture and share their expertise before they leave. We're also making a strong investment in leadership programs to support current and aspiring leaders throughout the course of their careers at Xcel Energy.



## TOTAL REWARDS

Offering employees a competitive compensation and benefits package

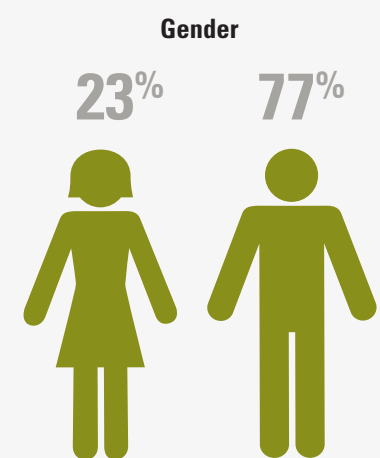
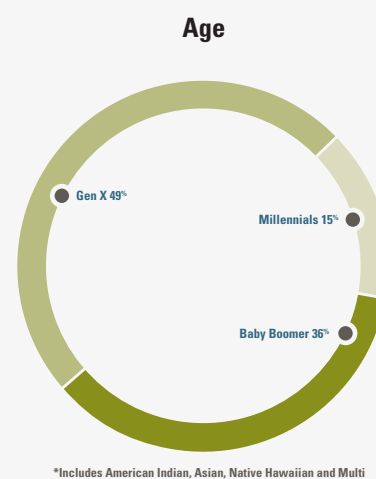
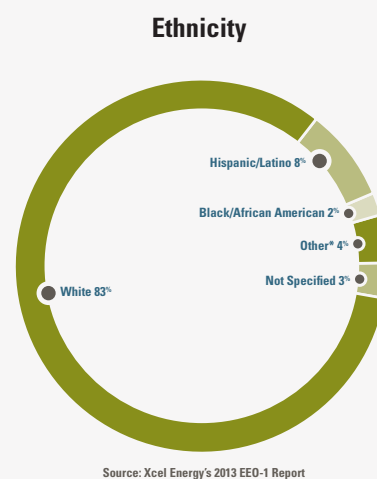
Xcel Energy recognizes the importance of offering the right compensation and benefits packages to attract and retain employees with the skills and values we need, while also managing costs to stay competitive into the future. A large part of cost management comes from promoting a mindset of personal accountability when it comes to health and wellness choices, and we continue to offer programs to promote good choices. In 2013, we conducted extensive market reviews to shape our Total Rewards package to align with the larger marketplace. We continue to provide employees with an attractive benefits package that is financially sustainable.



Xcel Energy's benefits package for employees often exceeds 40 percent of base pay.

## DIVERSITY AND INCLUSION

Diversity and inclusion have always been a priority for Xcel Energy. Our commitment 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. An inclusive work culture provides all employees with equal access to employment opportunities and development. As we hire new employees, we continue to focus on the diversity of our workforce. Additionally, we continue to provide opportunities to military veterans.



## VETERAN HIRING

Fowke outlines benefits to U.S. Congress Joint Economic Committee

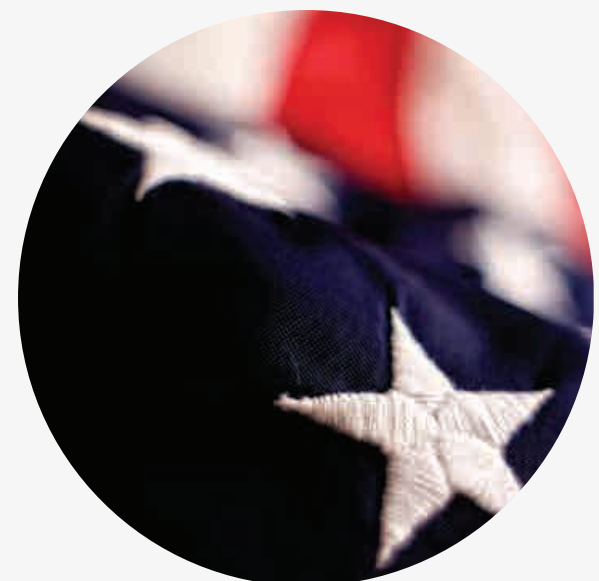
Last year, Ben Fowke, chairman, president and CEO of Xcel Energy, outlined to the U.S. Congress Joint Economic Committee the various ways the company plans to bolster its military hiring practices.

"I'm pleased to be able to speak to the committee about our long-standing commitment to veterans and our plans to increase those efforts," Fowke said. "We value the skills, commitment and diversity that veterans bring to the workplace."

Attractive qualities of military-experienced employees include the ability to learn quickly, support a team environment, respect procedures, prioritize safety and provide leadership to those around them, he said.

Currently, about 10 percent of Xcel Energy's 12,000 employees are veterans. Xcel Energy continues to receive recognition for its veteran hiring practices. The company was named one of GI Jobs' Top 100 Military Friendly Employers for the last five years and recently won the Most Valuable Employer for Military by CivilianJobs.com. Xcel Energy offers orientation, training and leadership-development programs to transition veterans into the workforce and retain them.

"I have enormous respect for our veterans, their skills and the sacrifices they've made, which are shared by their families," Fowke said. "We need to go the extra mile and do what we can to make them part of the Xcel Energy team."





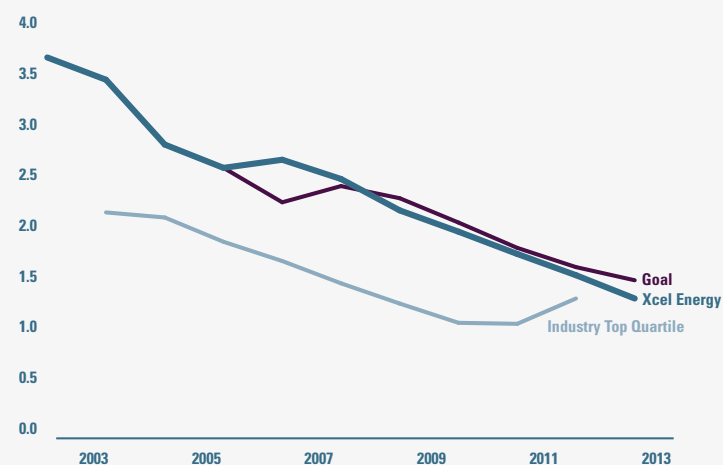
## EMPLOYEE SAFETY

Safety is first in our list of corporate values and for good reason. Given the nature of our business, Xcel Energy employees face numerous hazards while performing their jobs. None of us are immune to accidents or injury; however, we are committed to sending all employees home without injury every day. For the past four years, we've been on a Journey to Zero, with the goal of having zero injuries among all our employees. It's an ambitious goal, but one that we take seriously. Setting our sights high has resulted in a 40 percent improvement in our safety performance over the past five years.



Employees had the fewest injuries in our history in 2013, with a 10 percent drop from 2012. More than 75 percent of our workgroups achieved zero injuries.

OSHA Recordable Incident Rate (annual trend)



## EMPLOYEE ENGAGEMENT



Our Power of Recognition program provides tools for Xcel Energy leaders and employees to recognize individuals whose work supports the values, brand and goals of our company. We had 12,286 recognition moments in 2013.

Employee engagement is a critical factor in maintaining a productive workforce and driving positive business results. A significant part of our engagement effort involves empowering employees to create change within the company. By engaging our employees effectively, we can increase productivity, work more efficiently and collaborate across business units to share best practices and solve problems. In 2013, 81 percent of employees participated in Xcel Energy's annual engagement survey, with nearly 82 percent providing favorable responses to overall engagement.

## DAY OF SERVICE AND CARING

Employees volunteer to support nonprofits

Nearly 2,000 employees and family members joined together on two Saturdays last September in Minnesota, Wisconsin, Colorado and the Dakotas as part of Xcel Energy's 2013 Day of Caring and Day of Service.

In the Upper Midwest, groups of employees, retirees, family and friends gathered at 26 different project sites. They worked 1,500 volunteer hours to help area nonprofits pack food, paint, plant trees and more.

"Anytime we can get 25 to 30 volunteers together, we can accomplish many things here at the Nature Center," said Jason Sanders, executive director of Minnesota's Dodge Nature Center. "We have been waiting for a group to come along and help us with the planting. Xcel Energy's timing was perfect."

In Colorado, employees, retirees, friends and family members gave back to the community by volunteering at 48 project sites, putting forth efforts that totaled 6,300 hours.

"I am humbled by the deep commitment from our employees to help those in need, but I am not surprised," said David Eves, president and CEO of PSCo. "I see that spirit demonstrated on an almost daily basis. It's the Xcel Energy way—we help wherever and whenever it's needed."







## POSITIVE **E**ffect

### POSITIVE EFFECT

It's what you leave behind

In 2013, we began a company-wide initiative called Positive Effect to bring all Xcel Energy community and civic activities under one umbrella. The goal for this program is to positively impact our communities, legislation and regulatory outcomes by fostering a culture of knowledge sharing, involvement and commitment among employees. This effort will enable us to better leverage and track our impact in our communities, while also inspiring a sense of pride and empowerment in employees.

### XCEL ENERGY FOUNDATION

Using collective knowledge, resources and skills to meet the needs of communities

The Xcel Energy Foundation distributed more than \$4.1 million in focus area grants in 2013 to promote math and science education, environmental stewardship, job training and placement, and access to the arts in the communities we serve.

In our two largest urban areas—greater Twin Cities in Minnesota and metro Denver in Colorado—we funded signature projects to help build stronger community partnerships.

The foundation donated \$75,000 to The Works in Minnesota, a hands-on engineering program for kids, to take its Engineering Connections program to elementary schools in Roseville, St. Cloud, Winona, Minneapolis, St. Paul, Mankato and Monticello. The program includes professional development for teachers to learn about the engineering requirements of the Minnesota K-12 Academic Standards in Science, workshops for kids during the school day and Xcel Energy Family Nights at each of the schools to engage parents and students in hands-on engineering projects. Xcel Energy volunteers will help staff Family Night events. The Engineering Connections program is meant to create long-term impact in STEM (Science, Technology, Engineering and Math) education and to inspire the next generation of innovators, engineers and creative problem solvers.

In Colorado, we donated \$50,000 toward a statewide effort that will train and place at least 150 high school math and physics teachers for the 2013-2014 academic year. Xcel Energy is the sole industry partner in the program, also funded by a private foundation and the National Education Association. The aim is to improve the Colorado Progressive Science and Progressive Math Initiative STEM teacher training program. The partnership will be used to leverage the expertise and energy of our employees as mentors and volunteers in an effort to raise student interest in STEM careers and educational opportunities.



About 47 percent of employees participated in Xcel Energy's annual United Way campaign. Combined with our company match, the campaign raised about \$5 million to invest in communities large and small across our service territory.



### COMMUNITY INVESTMENT

Xcel Energy serves the energy needs of hundreds of cities and towns throughout our service territory, and we are integral members of those communities. We are literally connected to the communities we serve through active and ongoing investment in their infrastructures.

We believe we have a responsibility to have a positive effect in all we do—as a good neighbor, community advocate and environmental steward. Our community impact is far-reaching—from charitable giving to employee volunteering to economic development and support for energy assistance programs.

In 2013, Xcel Energy:

- Spent about \$2 billion through our supply chain within the states we serve, including about \$365 million with diverse suppliers.
- Contributed more than \$1.77 million directly to chambers of commerce and economic development organizations in communities across our service territory.
- Supported the communities we serve through total community giving of nearly \$39 million. 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.



Xcel Energy employees volunteered more than 13,000 hours in 2013 through our Volunteer Paid Time Off program. Each full-time employee is allowed to use up to 40 hours annually to support community efforts.



# XCEL ENERGY AT A GLANCE • 2013



## Jobs

<b>Employees</b>	12,501
<small>(includes temporary and craft workers)</small>	
<b>Contractors</b>	7,350



## Customers

<b>Electricity</b>	3,457,465
<b>Natural Gas</b>	1,937,815



## Financials

<b>Total Revenues</b>	\$10.9 billion
<b>Earnings</b>	\$948 million
<b>Tax Payments</b>	\$904 million
<b>Franchise Fees</b>	\$171 million
<b>Local Spending</b>	\$2 billion
<small>(within states Xcel Energy serves)</small>	



## Total Corporate Giving

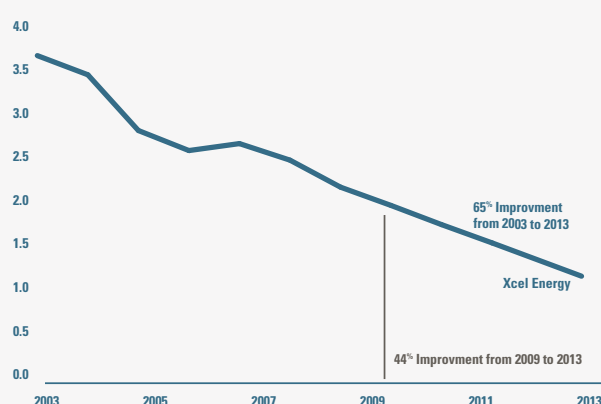
<b>Foundation Community Investment</b>	\$12 million
<b>Volunteer Time</b>	\$0.7 million
<b>Low-Income Energy Assistance</b>	\$24.5 million
<b>Economic Development</b>	\$1.8 million
<b>Total</b>	<b>\$39 million</b>

We provide our customers the safe, clean, reliable energy services they want and value at a competitive price.



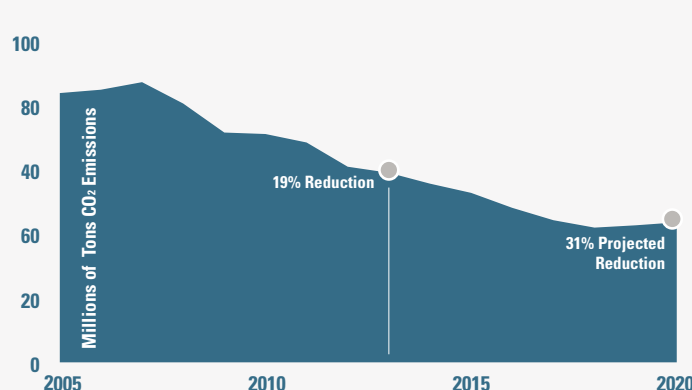
## Safe

OSHA Recordable Incident Rate (annual trend)

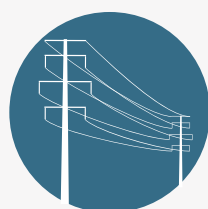
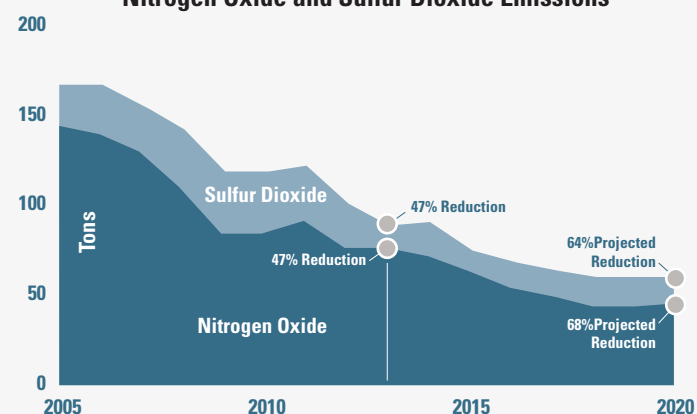


## Clean

Xcel Energy CO<sub>2</sub> Emissions



Nitrogen Oxide and Sulfur Dioxide Emissions



## Reliable

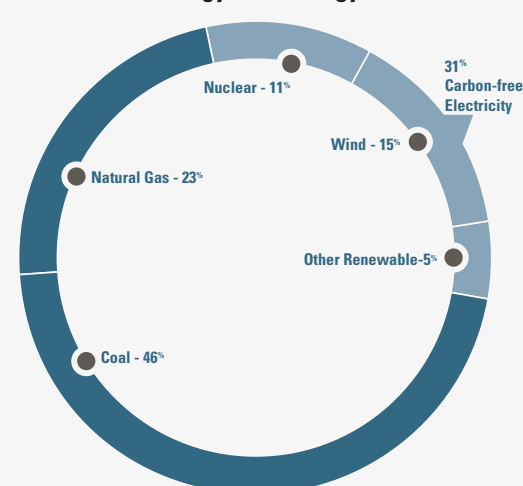
<b>Transmission Lines</b>	89,103
<b>Distribution Lines</b>	195,232
<b>Transmission Pipeline</b>	2,248 miles
<b>Distribution Pipeline</b>	33,872 miles
<b>78 Power Plants</b>	16,754 megawatts

## System Reliability

The System Average Interruption Duration Index (SAIDI) measures the average number of minutes a typical customer was without power in a year. We achieved an overall SAIDI of 95.59 in 2013, which means that, on average, customers in our eight-state service area had electricity 99.9 percent of the time last year.

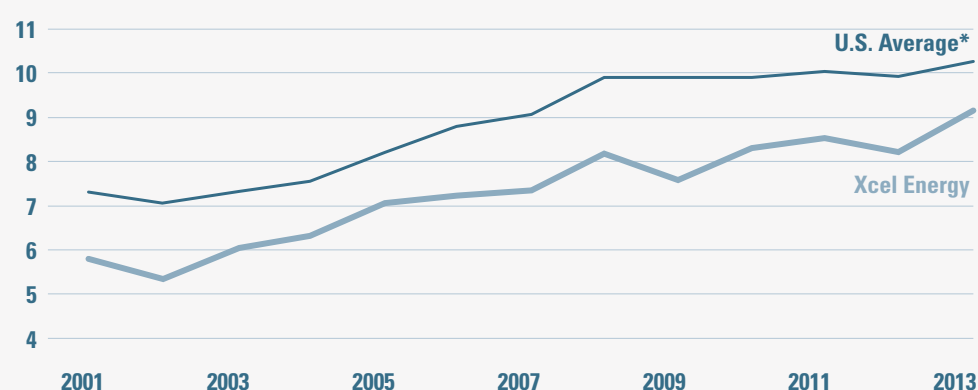


## Xcel Energy 2013 Energy Mix



## Competitive Price

Xcel Energy Electricity Rates Compared with the National Average



\* Based on data from the Energy Information Administration (EIA)



#### About This Report

Xcel Energy's Corporate Responsibility Report covers the company's economic, environmental and social performance. It is published annually online at [xcelenergy.com/CorporateResponsibility](http://xcelenergy.com/CorporateResponsibility) in May. We try to make the report easy and convenient to use by having it available online where Xcel Energy's many different stakeholders can access it.

This shorter overview publication is produced to raise awareness for our report and encourage stakeholders to go online. Xcel Energy has been reporting on the company's corporate responsibility since 2005.

Xcel Energy's 2013 Corporate Responsibility Report is based on Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines and the Electric Utilities Sector Supplement. This year we also have considered GRI's G4 guidelines and have tried to meet the intent of these new guidelines.

Questions and comments about the report can be sent to [corporateresponsibility@xcelenergy.com](mailto:corporateresponsibility@xcelenergy.com).



414 Nicollet Mall | Minneapolis, MN 55401

[xcelenergy.com](http://xcelenergy.com) | © 2014 Xcel Energy Inc. | Xcel Energy is a registered trademark of Xcel Energy Inc. | Northern States Power Company-Minnesota, Northern States Power Company-Wisconsin, Public Service Company of Colorado and Southwestern Public Service Company, Xcel Energy Companies.

14-02-302

CRS# 1929

