



THE FUTURE IN SIGHT

CORPORATE RESPONSIBILITY
REPORT

FORWARD-LOOKING STATEMENTS

Except for the historical statements contained in this report, the matters discussed herein are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements, including the 2020 EPS guidance, long-term EPS and dividend growth rate objectives, future sales, future bad debt expense, and future operating performance, as well as assumptions and other statements are intended to be identified in this document by the words “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “possible,” “potential,” “should,” “will,” “would” and similar expressions. Actual results may vary materially. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any obligation to update any forward-looking information. The following factors, in addition to those discussed elsewhere in this Quarterly Report on Form 10-Q and in other securities filings (including Xcel Energy’s Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2019, and subsequent securities filings), could cause actual results to differ materially from management expectations as suggested by such forward-looking information: uncertainty around the impacts and duration of the COVID-19 pandemic; operational safety, including our nuclear generation facilities; successful long-term operational planning; commodity risks associated with energy markets and production; rising energy prices and fuel costs; qualified employee work force and third-party contractor factors; ability to recover costs, changes in regulation and subsidiaries’ ability to recover costs from customers; reductions in our credit ratings and the cost of maintaining certain contractual relationships; general economic conditions, including inflation rates, monetary fluctuations and their impact on capital expenditures and the ability of Xcel Energy Inc. and its subsidiaries to obtain financing on favorable terms; availability or cost of capital; our customers’ and counterparties’ ability to pay their debts to us; assumptions and costs relating to funding our employee benefit plans and health care benefits; our subsidiaries’ ability to make dividend payments; tax laws; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; seasonal weather patterns; changes in environmental laws and regulations; climate change and other weather; natural disaster and resource depletion, including compliance with any accompanying legislative and regulatory



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WHO WE ARE

We are not waiting for the future. We are busy building it.

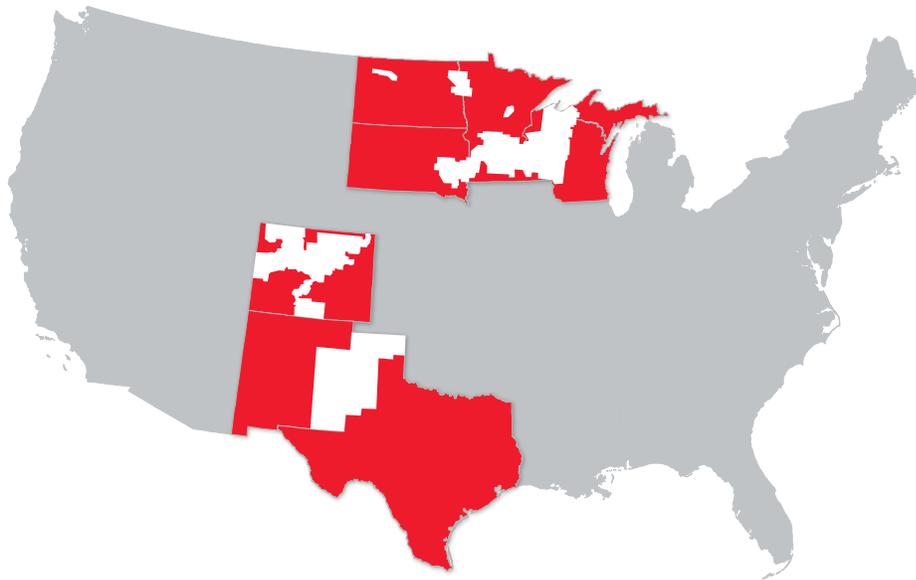
Every day, we power millions of homes, businesses and communities with energy across parts of eight Western and Midwestern states. Our customers rely on us to be there 24/7 with safe, affordable electricity and natural gas — but we provide much more than that.

Headquartered in Minneapolis, we are an industry leader in delivering renewable energy and in reducing carbon and other emissions. We are the first major U.S. power company to announce its vision to provide customers 100% carbon-free electricity.

We constantly work to offer a cleaner energy mix, smarter solutions and seamless experiences for our customers. We are delivering modern energy leadership and services — everything from electric vehicle charging stations to an extensive portfolio of energy-saving programs and renewable choices.

Beyond energy, we believe in giving back, whether that is assisting our communities with economic development, supporting customers in need or donating our time and financial resources.

Learn more about Xcel Energy in our Corporate Responsibility Highlights and find our corporate recognition on [xcelenergy.com](https://www.xcelenergy.com).



OUR VISION

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

OUR MISSION

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

OUR VALUES

Our values reflect our core beliefs — who we are, how we conduct our business and the importance of our customers. They guide us in our work and in our interactions with each other. We are Committed, Connected, Safe and Trustworthy.

OUR SERVICE

Xcel Energy is a major U.S. regulated electric and natural gas delivery company, serving approximately 3.7 million electricity and 2.1 million natural gas customers. Through four energy subsidiaries, we operate in Minnesota, North Dakota and South Dakota (Northern States Power Company-Minnesota); Wisconsin and Michigan (Northern States Power Company-Wisconsin), Colorado (Public Service Company of Colorado); and Texas and New Mexico (Southwestern Public Service Company).



MESSAGE FROM THE CEO

TO OUR STAKEHOLDERS:

By design, Xcel Energy is built to withstand storms. Our crews have responded to tornadoes, hurricanes and floods — sometimes only months apart. Throughout our 100-plus-year history, we've overcome numerous natural disasters to provide safe, reliable and affordable energy that our customers and communities count on every day.

In early spring of 2020, we faced a different kind of challenge. The COVID-19 pandemic — with the stay-at-home mandates and social distancing guidelines — that have fundamentally changed American life.

It's reinforced the essential role we play in society — in keeping people safe while enabling their daily lives, in driving economic development, protecting the environment, and of course, serving as a resource and partner to our local communities. COVID-19 also underscores our tremendous responsibility to employees — the people that make our business run, especially those on the front lines who keep the lights on and the natural gas flowing.

PUTTING OUR EMPLOYEES FIRST

Safety is more than a priority at Xcel Energy. It's a core value that we live every day. To protect our workers and reduce the spread of COVID-19, we immediately implemented numerous new guidelines — from staggered work schedules to extra protocols when entering customer homes and limiting visitors at our facilities. Every employee who can work remotely has done so, and we've supported our workers' health and financial security by expanding medical benefits and providing paid time off for employees who are quarantined or need additional recovery time.

Prior to the pandemic, we launched an initiative to reshape our safety culture. We've made great strides in reducing injuries in the past decade, but new research and updated industry best practices have shown that the absence of reported injuries does not necessarily assure safety.

Going forward, instead of focusing on an injury count, we are increasing efforts to prevent the most life-altering injuries and fatalities by identifying the most serious risks inherent in our work. We're encouraging open communication and more information sharing — we want our employees and contractors to feel comfortable reporting injuries so they can get the care they need, and we can learn from one another's experiences.

It's an example of the values-based workplace culture we are fostering, one where all employees strive to be: Committed, Connected, Safe and Trustworthy. Through these values, we bring our very best to work each day to serve customers and meet our three strategic priorities: leading the clean energy transition, enhancing the customer experience and keeping customer bills low. At all levels, we're aligning our work to make sure everyone is focused on these same priorities through our performance management, professional development and recognition programs.

SERVING CUSTOMERS, COMMUNITIES AND THE ECONOMY

The people we serve need us today, more than ever. Thousands of our customers have lost jobs or put their work on hold, so to help them, we've stopped all electric or natural gas service disconnects during this time. We also immediately stepped up to donate \$1.5 million through Xcel Energy and the Xcel Energy Foundation to address food insecurity and other relief efforts within our eight-state service territory. To encourage employees to support their favorite nonprofits, we ran a Disaster Response Matching Gifts campaign that offered a 2-to-1 match. Xcel Energy employees always deliver — within weeks, employee donations, combined with the match, contributed another \$450,000 to communities.

Last year, our employees volunteered nearly 82,000 hours and served on more than 500 community boards. Altogether in 2019, employee giving and donations from Xcel Energy and the Xcel Energy Foundation contributed more than \$11 million to nonprofits in our communities.

Because the need now is so great, we plan to contribute at least \$20 million in short- and long-term corporate giving, including COVID-19 relief, to help communities get back on their feet. The funding will come from the sale of the Mankato Energy Center, which is expected to close in fall 2020.

Giving isn't the only way we support our communities. Last year, more than 70% of our company purchasing on goods and services — \$3.1 billion — was with businesses in our service territory, including businesses owned by women, minorities and veterans. Continuing to support local business will be more important than ever as the coronavirus outbreak has caused significant damage to businesses across the country.

PROTECTING THE ENVIRONMENT

One of the many things we've learned from this pandemic is that nature can be our refuge, and we must protect it for current and future generations. For the past 15 years, we have led the clean energy transition while ensuring reliability and enhancing affordability. In December of 2018, we became the first major U.S. power company to announce a vision to provide customers 100% carbon-free electricity by 2050.

Our vision includes an important interim goal of reducing carbon emissions 80% by 2030 using existing technologies. I'm pleased to say that we're more than halfway there. At the end of 2019, we reduced carbon emissions 44% — compared to 2005 levels — from the electricity serving our customers. We're reducing greenhouse gases by adding more large-scale wind and solar that deliver economic and environmental benefits, using flexible natural gas to integrate more renewables, transitioning away from coal, expanding energy efficiency programs, and possibly extending the licenses of our carbon-free nuclear plants.

Reducing carbon is only part of our environmental commitment. As we transition to cleaner sources of energy, we use less coal and reduce other environmental impacts. Since 2005, we've produced 47% less coal ash, reduced water consumption 23% and cut emissions of sulfur dioxide and nitrogen oxides at least 80%.

In addition to addressing the environmental impact of electricity, we have a comprehensive plan for cutting emissions reliably and affordably across the natural gas system. We're investing more than \$1 billion in projects that secure our pipelines and reduce methane emissions. This includes replacing all the cast iron and most of the bare steel pipe from our system with secure plastic and protected steel pipe. In early 2020, we joined ONE Future, a consortium of natural gas companies committed to keeping methane emissions below 1%.

Another focus of this work includes programs to help customers reduce their carbon emissions associated with the use of natural gas. While we're looking at programs that can support customers now, we need advanced technologies. That's true for our zero-carbon aspirations overall. To eliminate the remaining 20% of carbon from our system reliably and affordably, we will need advanced 24/7 technologies that aren't commercially available today. This is a primary focus of our policy work, to partner with others and advocate for federal and state policies that support the research, development and deployment of clean energy technologies.

THE FUTURE IN SIGHT

Long before COVID-19, we chose "The Future in Sight" as the theme for this report because of the foundational work we completed in 2019 to achieve the carbon-free future we envision — a future that includes a significant expansion of renewable energy and electric vehicles, as well as a state-of-the-art power grid.

Through our Advanced Grid initiative, we are investing in technology that will enhance reliability and security and allow us to incorporate more renewables and develop more choices for customers to manage their energy — and save money — in real time. The effort is well underway in Colorado, along with a pilot project in Minnesota. This modern grid includes the deployment of two-way smart meters that will allow customers to manage their energy use in real time and save money on their bills.

We completed three company-owned wind farms in 2019: Hale in Texas, Foxtail in North Dakota and Lake Benton in Minnesota. The projects are part of our Steel for Fuel growth strategy and the nation's largest multi-state wind investment. When this development is complete by the end of 2021, we expect to grow our wind ownership fivefold compared to 2016.

Another way to reduce carbon is expanding our increasingly green product to the transportation sector. Ten years from now, we expect a much higher percentage of EVs on the road and our EV program continues to expand to more states. We're focusing our efforts on three areas: home charging, public charging and infrastructure, and helping business customers and communities to convert their fleets.

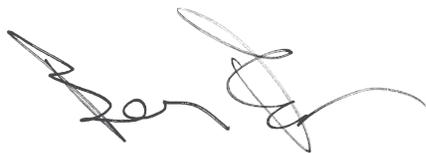
WE'RE IN THIS TOGETHER

Our society can't function without the energy we provide every day, and we're reminded of that fact often during these challenging times. It's about so much more than energy. It's about investing in our communities, growing our local economies, preparing for the future and listening to our customers. During this coronavirus outbreak, our team has demonstrated its resiliency, flexibility and dedication to getting the job done. We're battling this unprecedented storm to serve our customers unlike ever before.

We embrace the special trust our customers place in us and our responsibility to deliver solutions to improve their lives. As you read our Corporate Responsibility Report, you will learn more about our commitment to meeting our economic, environmental and community responsibilities.

Thank you for your partnership. We look forward to building the future with you.

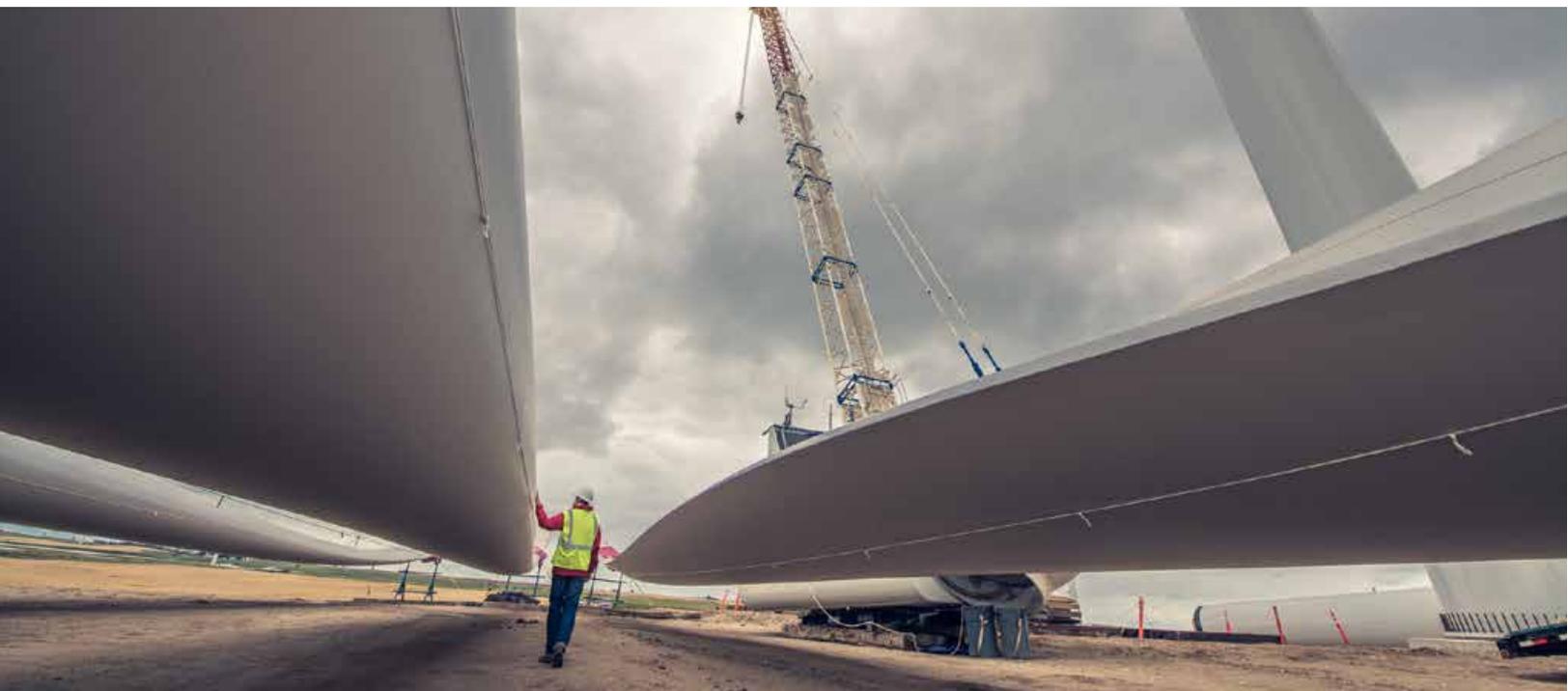
Sincerely,

A handwritten signature in black ink, appearing to read "Ben Fowke", with a stylized flourish at the end.

Ben Fowke
Chairman and CEO

ENVIRONMENT





LEADING THE CLEAN ENERGY TRANSITION

We are the first major U.S. power company with an aspiration to provide 100% carbon-free electricity and are equally committed to cutting greenhouse gas emissions from our natural gas business.

We know that climate change is an urgent issue for many policy makers and investors and is a growing concern for our customers who look to Xcel Energy to act. It is a priority for us as well, and the reason we set an ambitious interim goal to reduce carbon emissions 80% by 2030 from the electricity we provide customers and aim to deliver 100% carbon-free electricity by 2050.

By acting now, we increase our ability to achieve these goals while assuring that our system remains reliable and our energy service affordable for customers. We are working within our states to propose clean energy plans for reducing emissions and creating a pathway to advance the zero-carbon 24/7 technologies necessary to eliminate the last carbon from our system.

Just as we are committed to providing clean electricity, we have a comprehensive plan for reducing greenhouse gas emissions across the natural gas system — from drill head to burner tip. We can help customers reduce their carbon emissions from natural gas use while operating the cleanest natural gas delivery system possible and encouraging our gas suppliers to do their part to reduce emissions too.



HIGHLIGHTS

- We cut carbon emissions from the electricity that serves our customers by approximately 5.6 million tons in 2019, a more than 10% reduction, compared to 2018 levels — our largest single-year decline.
- From 2005 through 2019, we reduced carbon emissions approximately 44% from the electricity provided to customers. This puts us over halfway to achieving our interim goal to reduce carbon emissions 80% by 2030.
- Xcel Energy received a national Climate Leadership Award for top Organizational Leadership. The award recognizes our industry-leading carbon reduction efforts, as well as our support for customers and communities in achieving their clean energy goals.
- In early 2019, we published a special carbon report that outlines our path to achieving ambitious carbon reductions and provides a scientific analysis of our carbon goals. Climate experts, including a lead author for the Intergovernmental Panel on Climate Change, completed the analysis that concludes our carbon goals are consistent with electric sector emissions in scenarios likely to achieve the temperature targets of the Paris climate agreement.
- Over 15 years ago, we were among the first in our industry to tie carbon reduction directly to executive compensation, and we are one of three peer energy providers that do so today.
- We joined ONE Future, a consortium of more than 20 natural gas companies committed to collectively limiting methane emissions across the entire natural gas supply chain to 1% or less. For the portion of the supply chain that we own and operate, we are committed to achieving a methane emissions rate of less than 0.22% — ONE Future's stated target for distribution systems.
- We worked with South Platte Water Renewal Partners in 2019 to interconnect renewable natural gas from its wastewater treatment plant. Through the project, we support the plant's progress toward reducing its carbon footprint and take a first step in greening our natural gas supply.
- The Climate Registry recognized our greenhouse gas emissions reporting with its top Allstar status for excellence. For 14 consecutive years, our carbon reporting has been third-party verified in accordance with The Climate Registry — we are the only electric utility with this length of consecutive verified data.

OUR PATHWAY TO CARBON-FREE ELECTRICITY

We are working to reduce greenhouse gas emissions that occur as we produce and distribute energy to our customers. Approximately 99% of greenhouse gases associated with our operations are carbon dioxide from the use of fossil fuels to generate electricity. Because of this, our clean energy strategy and long-term goals are primarily directed toward reducing carbon emissions from the electricity that serves our customers.

Reducing carbon emissions 80% by 2030

With the technology available today, we are confident in reaching our interim goal to reduce carbon emissions 80% by 2030 from 2005 levels affordably and reliably for customers. In setting the goal, we analyzed a variety of cost-effective pathways that had common elements for achieving significant carbon reductions. The potential pathways we studied include:

- Adding thousands of megawatts of wind and solar power to our system
- Incorporating both natural gas and storage resources, including pumped-storage hydro, to help integrate high levels of wind and solar energy
- Continuing to implement industry-leading energy efficiency programs
- Seeking to operate our nuclear plants through the remainder of their licenses and possibly relicensing them
- Retiring additional coal units or changing their operations to minimize emissions affordably and reliably
- Investing in supportive infrastructure to modernize the power grid

We are currently implementing approved energy plans that are expected to reduce carbon emissions approximately 60% by 2030. The plans include adding significant wind, solar and battery resources and retiring five coal units from 2022 to 2027.

To reach our goal to reduce carbon emissions 80% by 2030, we have started to work with stakeholders engaged in our state resource planning processes. In 2019, we originally proposed the Upper Midwest Energy Plan that would close our remaining coal units early, shutting down all the units in the region by 2030. It would also extend the use of nuclear energy at the Monticello plant and significantly add more wind and solar power, as well as firm capacity resources, such as natural gas or possibly storage. Through the end of 2019 into early 2020, we updated our planning model and worked with stakeholders and will resubmit a new plan for the Upper Midwest by the end of June 2020, based on input we received. We expect to make similar proposals in Colorado and New Mexico in 2021 as the energy planning processes in these states get underway.

100% Carbon-free Electricity by 2050

Looking beyond 2030 to our aspiration to provide 100% carbon-free electricity, we are putting in place the drivers that will make this vision possible, even though 2050 is decades away. This includes building the necessary state and stakeholder support, public policy and advanced technologies.

To eliminate the remaining 20% of carbon from our system, we need advanced, zero-carbon 24/7 generation technologies and long-duration energy storage not yet commercially available at the cost and scale needed. This includes technologies such as advanced renewable energy, carbon capture utilization and storage, long-duration storage, zero-carbon fuels such as hydrogen, and advanced nuclear. To ensure these technologies are ready when we need them at an affordable price, there must be more research, innovation and development done today.

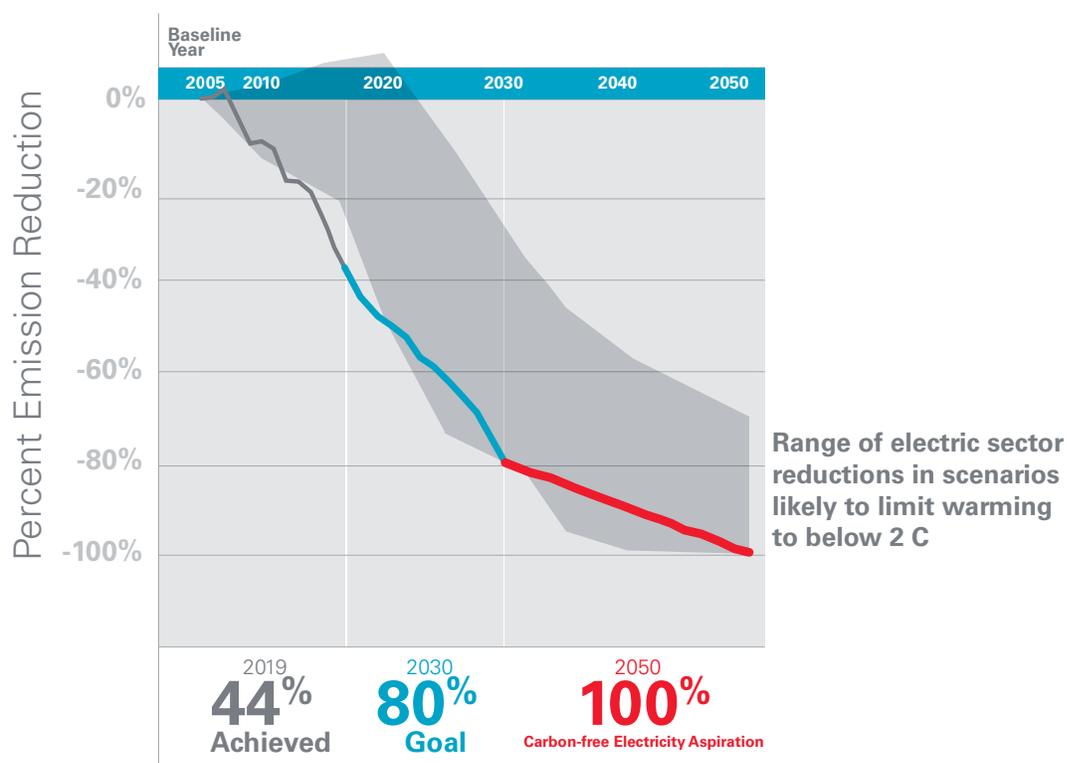
Technology advancement is key to the long-term success of our strategy, and it has a long lead time for development. Because we cannot do it alone, we are working with others who share our interests on the research, development and deployment of advanced technologies. Specifically, we are pursuing policy objectives to support increased research and development, as well as programs and incentives to foster commercial demonstration and early deployment of promising technologies. Once new technologies are developed, we need an infrastructure or ecosystem in place to streamline the permitting, installation and operations, helping to accelerate their adoption.

We provide additional detail on progress toward efforts to achieve our long-term carbon vision in the following sections of the Corporate Responsibility Report: Renewable Energy, Reliable and Secure Energy, Public Policy and Energy Innovation.

Scientific Analysis

The most recent climate science informed our carbon vision, which is designed to minimize the long-term risks associated with climate change. After reviewing international and national climate reports released in 2018, we contracted with climate modeling experts, including a lead author for the International Panel on Climate Change, to understand how our vision relates to global temperature goals. They consulted the newest IPCC emission scenarios database and analyzed carbon emissions for the electric sector in industrialized countries, within global greenhouse gas scenarios that have a high (66% or greater) probability of achieving the 2 degrees Celsius goal and those more likely than not (50% or greater) to achieve the 1.5 degrees Celsius goal. The dark gray shaded area in the chart below represents the range of electric sector reductions in scenarios likely to limit warming to below 2 C.

Xcel Energy’s carbon goals align with scenarios likely to limit warming to 2 C.



Xcel Energy’s carbon emission reduction trajectory, including carbon reductions since 2005 and the 2030 and 2050 goals, was then compared with the emission scenarios. Based on this analysis, our reduction targets are clearly consistent with — even on the low end of — the electric sector reductions in scenarios that achieve the international 2 C goal. Even more encouraging, this analysis shows that our emission trajectory is also consistent with the more aggressive 1.5 C goal.

We know some investors and other stakeholders are interested in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and our reporting largely aligns with these recommendations. To fully meet this disclosure, Xcel Energy plans to release a TCFD-specific report in mid-2020.

A COMPREHENSIVE PLAN FOR NATURAL GAS IN A LOW-CARBON FUTURE

Cleaner, low-cost natural gas is an essential component of our clean energy transition. As we invest in new, zero-carbon technologies, we need natural gas to balance our power grid, and customers need it for affordably heating homes and businesses and fueling industrial processes. Natural gas is an energy workhorse, and there are no cost-effective substitutes available today. We believe that because of the vital role natural gas plays in our economy and low-carbon future, more must be done to address its environmental impact.

There are two sources of greenhouse gases from natural gas. Methane — a potent greenhouse gas — can be released during the production and delivery of natural gas. When natural gas is burned in power plants or in appliances, such as furnaces and water heaters, carbon dioxide is emitted. We launched a comprehensive plan in 2019 that covers all segments of the natural gas supply chain to reduce both methane emitted during production and delivery and carbon emissions from combustion. We are committed to helping customers reduce their natural gas use while operating the cleanest natural gas delivery system possible, using natural gas selectively on our power grid, and encouraging gas suppliers to do their part too.

Integrating clean energy and reducing carbon emissions today

Thanks to low-cost natural gas we're reliably integrating high-levels of wind and solar energy on the power grid and retiring coal units. While renewable energy is replacing most of our retiring coal generation, we need natural gas to help balance the system today and to achieve our goal to reduce carbon emissions 80% by 2030. When it comes to meeting our 100% carbon-free aspiration by 2050, we will need to evaluate our natural gas investments. If technologies and strategies, such as storage, demand response or load shifting become more economical and reliable than natural gas, we will use them instead. We will also continue to evaluate technologies that can make natural gas generation carbon free, such as hydrogen blending and carbon capture, utilization and sequestration. If there comes a day when we decide we can operate reliably and save our customers money by retiring natural gas units, we will do it.

Helping customers to reduce carbon emissions from their natural gas use

The building sector — homes and businesses — is currently a much lower source of greenhouse gas emissions compared to other sectors of the economy. As the electric power sector reduces emissions, the building sector may become a larger share of economy-wide greenhouse gas emissions, particularly for cities, states and individual companies. Because every source of emissions counts, we can help customers reduce their emissions associated with natural gas use.

More than 80% of the homes in the colder states we serve — Colorado, Michigan, Minnesota, North Dakota and Wisconsin — rely on natural gas for heating. It is an efficient, safe, reliable and affordable way to fuel homes, providing significant value for customers and the environment. We estimate that our current electric system would need to be built out to twice or more its current size to deliver the same amount of energy that our natural gas system delivers on a peak winter day.

Xcel Energy customers have cut back natural gas consumption nearly 20% since 2000 through better building practices, efficient appliances and our conservation programs. The challenge going forward is that today there are few cost-effective alternatives to heating in cold climates. Even so, there is more we can do to help customers reduce carbon emissions associated with their natural gas use. We plan to expand voluntary programs that encourage customers to use natural gas more efficiently and are developing voluntary programs to promote new technologies, such smart electric water heaters that can operate with the power grid to take advantage of periods during the day when wind and solar energy produce more electricity. We are also developing an all-electric offering for new residential developments where it makes sense to avoid the expense of building out the natural gas system to serve the developments.

We view electrification as one solution, mainly in applications where it can verifiably reduce emissions, minimize customer costs and promote efficient use of the power grid. There is a consensus emerging in our states that electrification which meets these criteria is in the public interest and is considered "beneficial electrification". We are working to develop policy to help remove regulatory barriers and support this type of electrification without increasing costs for all customers.

In addition, we are exploring options for offering customers cost-effective renewable natural gas as well as participating in hydrogen pilots to help advance that technology. We worked with South Platte Water Renewal Partners in 2019 to interconnect renewable natural gas from its wastewater treatment plant. The project met the quality standards of our natural gas system while helping the plant take advantage of the lower carbon attributes. These types of supply options for our natural gas system enable large-scale reductions in carbon without having to motivate individual action in millions of homes.

Operating the cleanest natural gas delivery system possible

Our natural gas delivery system efficiently delivers gas to our customers. We are investing approximately \$1.4 billion in projects that secure our pipelines and reduce methane emissions while improving the integrity and reliability of our system overall. This includes replacing all the older cast iron and approximately 90% of the bare steel pipe on our system with improved plastic and protected steel pipe.

Xcel Energy joined EPA's voluntary Natural Gas STAR program in 2008 to reduce methane. We are also a founding member of the program's Methane Challenge, pledging to reduce by at least 50% the venting of pipelines during scheduled natural gas construction projects — a goal we far exceeded by reducing venting of methane up to 95% since 2018.

We joined ONE Future in early 2020 to partner with others in the industry to collectively limit methane emissions across the entire natural gas supply chain to 1% or less by 2025. To achieve its overall 1% target, ONE Future set individual targets for each segment of the supply chain. Xcel Energy has committed to the distribution segment target to limit methane intensity below 0.22%. As a member of this consortium, we will annually report a comprehensive methane emissions rate to ONE Future, which provides public methane reporting that is more inclusive and goes beyond what most regulations currently require. This will start in 2021 when we first report 2020 methane emissions from the distribution system and will expand in 2022 when we report 2021 methane emissions from all three segments of our business, including processing, transmission and storage, and distribution.

To date, we have voluntarily reduced methane emissions across our natural gas business. Starting in 2021, we will follow new, stringent requirements in Colorado adopted through the state's Regulation 7, which seeks to regulate emissions from oil and gas operations that are a precursor to ozone. Starting in 2021, we will submit emissions information from our transmission and storage operations to be combined with the emissions from other transmission and storage operations in the state. This emissions inventory will be used to establish a benchmark for comparing future emissions and encouraging best management practices to reduce emissions.

Encouraging natural gas suppliers to do their part

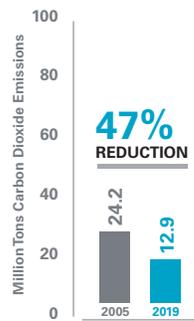
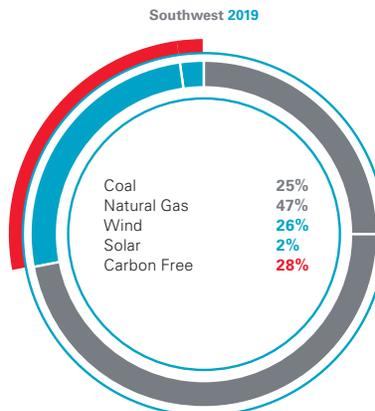
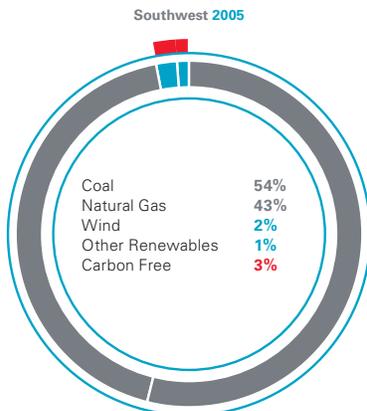
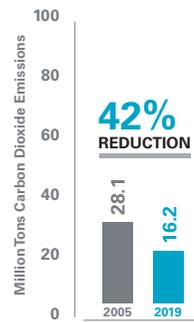
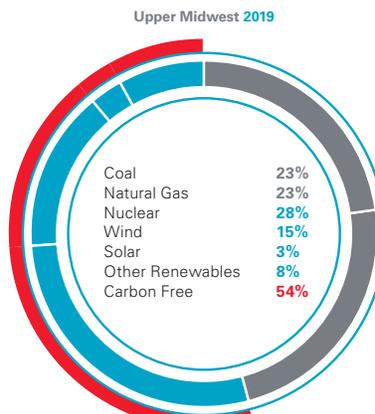
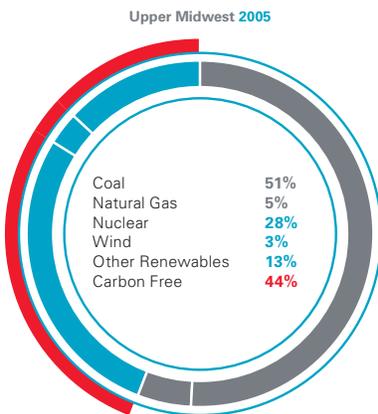
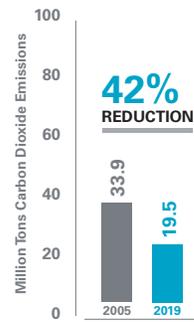
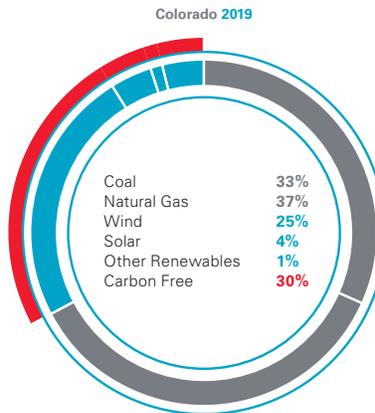
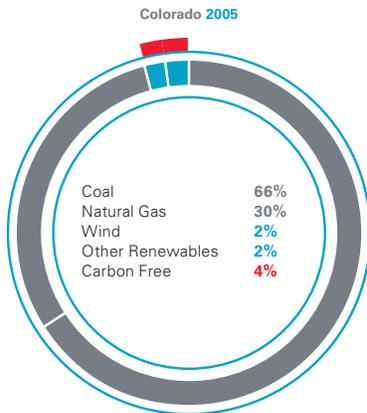
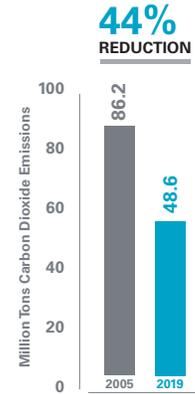
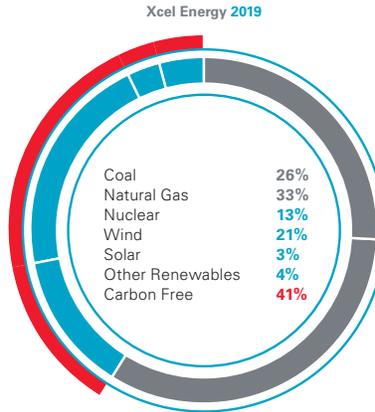
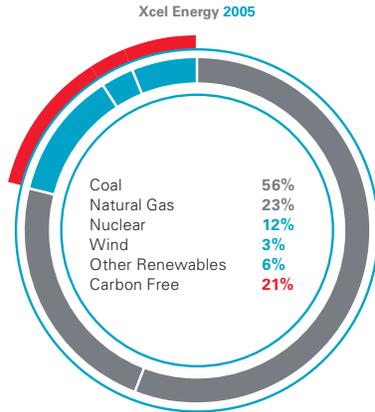
Finally, through our supply chain, we can encourage transparency and action from natural gas producers and suppliers. We were a cofounder of MJ Bradley's Natural Gas Supply Collaborative and EEI's Natural Gas Sustainability Initiative. Both initiatives focus on creating consistent, sustainable disclosures among natural gas suppliers, which is an important step toward addressing emissions in the production and transportation of natural gas.

To increase transparency around the methane intensity of natural gas that we purchase, in 2020, we will begin requesting voluntary disclosure of methane emissions and management best practices. We will ask our suppliers for both their methane intensity based on the Natural Gas Sustainability Initiative protocol and for information on their use of management best practices that minimize or prevent high emission events. The combination of reported methane intensity and implemented best practices will allow us to identify which suppliers are producing natural gas with low methane emissions. Examples of best practices include frequent leak detection and repair (LDAR), controlled venting of emissions, and replacing high-bleed equipment with low- or no-bleed alternatives. Collecting this information will help us to evaluate our purchasing practices in the future and reduce the methane intensity of the natural gas we provide.

We report methane emissions from our natural gas distribution system in the Performance Summary and provide more information about our natural gas business in the Reliable and Secure Energy section of the Corporate Responsibility Report.

2019 Electricity and Carbon Emissions Reporting

Our changing energy mix and carbon emission reductions since 2005



Background on Xcel Energy's Greenhouse Gas Reporting

Xcel Energy supports timely, transparent public reporting of carbon dioxide and other greenhouse gas emissions. Our comprehensive reporting covers all aspects of our business and is based on The Climate Registry and its Electric Power Sector Protocol, which aligns with the World Resources Institute and ISO 14000 series standards.

We joined The Climate Registry as a founding member in 2007 to help establish a consistent and transparent standard for calculating, verifying and reporting greenhouse gases. We annually third-party verify, register and publicly disclose our greenhouse gas emissions through The Climate Registry. In 2019, the organization recognized our reporting with its top, Allstar, status for excellence. For 14 consecutive years, our carbon reporting has been third-party verified in accordance with The Climate Registry — we are the only electric utility with this length of consecutive verified data.

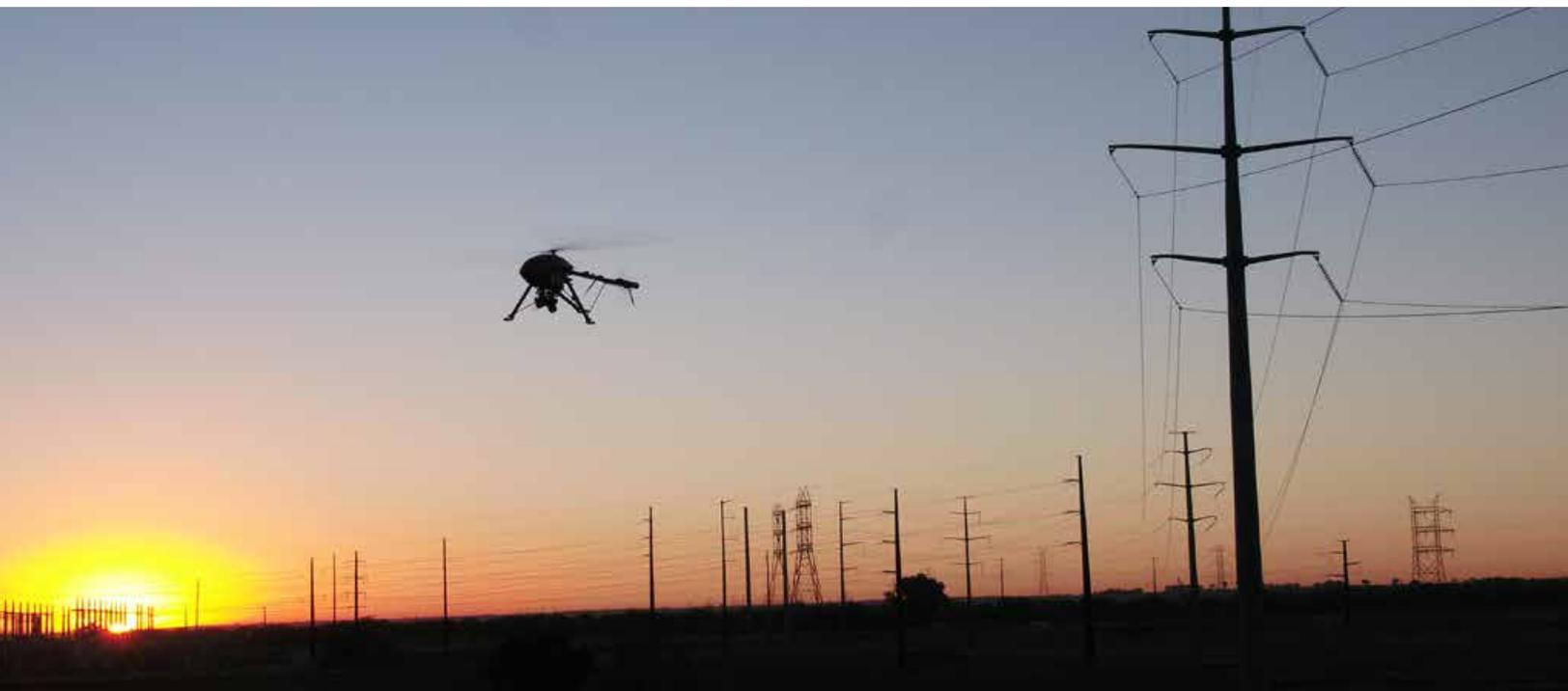
We report carbon emissions from electric generating plants that we own and from electricity that we purchase from others to serve customers, including both our retail and wholesale requirements customers. During times when we have more electricity than we need to serve these customers, we sell electricity into wholesale markets where it is purchased by others to serve their customers. The carbon emissions from these sales of excess electricity are excluded from our goal and associated carbon reporting because the energy does not serve our customers, and the purchasers — if they follow accepted greenhouse gas reporting protocols — will include those emissions in their reporting, so excluding them from our reporting avoids double counting.

2019 emission levels provided in this report are preliminary. Once we complete third-party verification by the end of 2020, there may be minor changes in the final reported emissions for 2019.

Our energy mix reporting is for all electric generation on Xcel Energy's system. It includes by fuel type all electricity produced at Xcel Energy power plants, purchased from others and supplied for customers participating in renewable choice programs (Windsource®, Renewable*Connect®, Solar*Rewards® and Solar*Rewards Community®).

Generally, Xcel Energy receives a Renewable Energy Credit (REC) for every megawatt hour of renewable electricity generated. RECs are retired to meet renewable portfolio standards and the Certified Renewable Percentage, saved for future compliance, or sold depending on market opportunities.

We provide more detailed carbon reporting in the Performance Summary, as well as information about renewable energy on our system and REC sales in the Renewable Energy section of the Corporate Responsibility Report. Customers can find carbon emissions intensities for use in their own reporting or goal tracking in Xcel Energy's Carbon Emission Intensities Information Sheet.



ENERGY INNOVATION

Rapidly evolving technology is changing customer preferences for more sophisticated products and services, which is driving change in how we serve our customers.

Within the next decade and beyond, we will have more change in our industry than we have experienced in the last half century, driven largely by technology. Through collaborations with researchers, technology developers, venture investors and others in our industry, we actively monitor and stay abreast of developments in emerging and advanced energy technology. We also have underway initiatives, pilots and demonstration projects that are building new customer experiences and testing the real-world application of cutting-edge technologies to serve customers today.

This work is foundational to fulfilling Xcel Energy's strategic priorities: leading the clean energy transition, enhancing the customer experience and keeping bills low. Because to eliminate the remaining 20% of carbon from our system and realize our carbon-free vision, we need advanced, zero-carbon 24/7 generation and long-duration energy storage technologies not yet commercially available. Technology is also a core component to creating a more customer-focused experience, one that is built around our customers' preferences and needs.

With new technology, we can also make our operations more efficient, safer and cost effective. As powerful tools emerge to transform our work, they can reduce our costs, improve productivity and enhance the service we provide, benefitting our customers through their overall experience and the costs they pay.



HIGHLIGHTS

- A cross-functional team of Xcel Energy employees in 2019 evaluated emerging advanced technologies that our company will need to achieve its carbon-free aspiration by 2050. Based on the team's work, we are exploring more than 30 promising technologies in five categories: advanced, dispatchable renewable energy; zero-carbon fuels, such as hydrogen or ammonia; advanced nuclear, including advanced light water and non-light water fission, and fusion; carbon capture, utilization and sequestration; and demand efficiency, including long-duration storage and demand response.
- We are partnering with Idaho National Laboratory on a hydrogen demonstration project funded by the U.S. Department of Energy. One of Xcel Energy's generating plants will use carbon-free nuclear energy to produce hydrogen to help determine if hydrogen production can help balance the power grid with an increasing amount of wind and solar energy on the system.
- We continue to expand options for our customers who use Google Assistant. In addition to energy saving advice, customers can now access account information and pay their Xcel Energy bills on a variety of devices, including Google Nest Hub, Google Home, Google Home Mini, or even the Google Assistant app on iPhone or Android platforms. Before rolling out the new options, interested employees participated in a beta test to help resolve any issues and enhance product features. We expect to continue rolling out new functionality, including personalized insights about energy use and tips for saving money. For customers who use Amazon Alexa, we plan to release similar functionality.
- Our investment in Energy Impact Partners is providing valuable insights. The clean-tech investment platform has now invested \$548 million in 38 companies. We have engaged with several of these companies on strategic pilots or projects to accelerate innovation within our operations.
- As a complement to our participation in Energy Impact Partners, we joined EPRI's Incubatenergy program alongside some of our peer energy providers: Ameren, TVA, AEP, ConEdison, SoCal Edison, NYPA, Nebraska Public Power, SRP and PGE. Incubatenergy offers early stage start-up companies the opportunity to pitch their concepts, and if selected, to prove their innovations with the members over a 12-week period. This accelerated proof-of-concept process provides growth potential for the start-ups, and members have exposure to vanguard technologies that may improve operations of renewable generation, transmission, distribution, grid-edge, customer products or programs, and electric vehicles.



- To foster creativity and innovation, the company is launching an incubation space at its Minneapolis headquarters building to promote learning, collaboration and new thinking. The XCELlab is a place for Xcel Energy project teams and employees to come together to explore new concepts, test ideas and find ways to build the future of energy. That said, the XCELlab is not limited to our Minneapolis headquarters — the platform can be deployed across all locations within the company, as well with customers and third-party partners.
- We first began piloting the use of Robotic Process Automation — software programs that automate simple but time-consuming tasks like data entry — in our Finance department. Because the initial pilot was so successful, we expanded the technology’s use in 2019 to automate some of our customer service processes — again proving that Robotic Process Automation used in specific applications is highly effective and can increase employee and customer satisfaction while improving accuracy and efficiency. In 2020 and beyond, we plan to expand the use of the technology across Xcel Energy, with a focus on automating the most impactful processes in our Operations, Supply Chain and Corporate Services organizations.

ADVANCED GRID INTELLIGENCE AND SECURITY INITIATIVE

Our Advanced Grid initiative is an extensive, multi-year project to modernize the power grid — an interconnected series of substations, transmission lines and distribution wires that deliver electricity from power plants to customers. Some parts of the original power grid are more than 100 years old.

Through Advanced Grid, we are updating this infrastructure and enabling a series of new capabilities that will improve outage restoration, provide customers real-time data to better manage their energy use and give employees new tools to more effectively work with customers and efficiently manage and protect the power grid. In Colorado, foundational work to modernize the power grid is underway, and early learnings from this initiative were used to develop a proposal that the Minnesota Public Utilities Commission is currently reviewing.

Colorado customers will begin to see benefits from Advanced Grid beginning in 2021 when the first smart meters are installed in a rollout that will wrap up in 2024. Our strategic partner, Itron, is developing the new meters, which are expected to leapfrog existing technology and pave the way for customers to better understand and control their energy usage and save money. Itron meters, for example, will have the ability to show customers exactly how much money they can save by running their dishwasher at night after peak demand has declined instead of right after supper when electricity prices are higher.

Customers will also appreciate the ability for Xcel Energy to better isolate outages when storms disrupt the power grid. Advanced Grid communications technology will greatly minimize the number of customers affected by an outage by using automatic restoration technology. The smaller number of customers who lose power should expect faster restoration times as the modern grid will better isolate the issue so our employees can quickly locate it and start repairs sooner.

Employees will have new tools to help them balance the system and more efficiently distribute power from the first customer adjacent to a substation to customers at the end of the line. This newer technology, called Voltage Optimization, is expected to save money for all customers. Private, two-way wireless communication is a key tenet of the modern grid and must be protected by a robust cybersecurity platform. The Advanced Grid system is designed to integrate several layers of cyber protection to ensure reliability and protect customer data.

ENERGY IMPACT PARTNERS (EIP)

With the pace and scale of emerging technologies and changing customer interests, the energy industry is evolving in ways it never has before. Xcel Energy joined EIP's Fund 1 in 2015 as an opportunity to better understand technology's impact on our business and drive greater efficiency and innovation to meet evolving customer needs. In 2019, Xcel Energy committed to join EIP's Fund 2 at the same membership level.

EIP is a collaborative, strategic investment platform that provides capital primarily to clean-tech companies that seek to optimize energy consumption and improve sustainable energy generation. Investments have included multiple advancements from distributed energy resources to storage, electric vehicles, advanced data analytics, cybersecurity, microgrid applications, and other clean energy technologies. Our next \$50 million investment over five years will continue to support Xcel Energy's strategic priorities and carbon-free aspiration through investments in the clean-tech space.

Xcel Energy was a founding participant in the collaboration that originally included more than 15 utility and industrial participants. As EIP expands to include European investors, there are currently 25 participants. By joining with peer companies, we gain greater visibility into the business models and technologies of promising companies and can influence emerging business models so that energy companies and third parties can collaborate and grow together.

EIP brings together energy companies from around the world to share diverse, global perspectives and insights into policy and regulations, positioning our company to successfully manage new trends, rules and other requirements in the states we serve. We are gaining insights that inform our strategic decisions and how we conduct business across our organization from energy supply to distribution, customer solutions and cybersecurity.

ELECTRIC POWER RESEARCH INSTITUTE (EPRI)

Through our long-time membership with EPRI, we gain insights into the challenges and opportunities associated with using advanced clean energy technologies and reducing carbon emissions. This includes EPRI's work on electric system resiliency, climate scenario analysis and greenhouse gas reduction goals, as well as renewable integration, electric vehicles, combined heat and power, customer demand response and energy efficiency.

EPRI also informs our regulators and customers on the technical and economic issues, as well as opportunities and challenges, related to new grid technologies, such as energy storage and distributed generation. In this collaborative research environment, we engage with other organizations that are testing and evaluating new technologies or products and that are developing tools and methodologies to optimize the use and analyze the effects of distributed energy resources on the power grid.

COLORADO INNOVATIVE CLEAN TECHNOLOGY PROJECTS: BATTERY DEMONSTRATION PROJECTS

Our Colorado Innovative Clean Technology program was first approved in 2009 to test innovative technologies that appear promising in terms of achieving economic and environmental goals. It enables us to gain experience with technologies and evaluate their cost, reliability and environmental performance on a small, demonstration scale before determining whether to deploy them more widely for our customers.

In early 2020, we completed two battery-storage demonstration projects under the program.

- Customers are increasingly interested in installing solar panels on their homes or businesses, and because of this, we examined how battery storage can help integrate higher concentrations of customer-sited solar energy on our system. Through a project in Denver's Stapleton neighborhood, six homeowners received Sunverge residential battery systems to test with their rooftop solar installations. We gained real-world experience on how these residential batteries operate, while the batteries provided homeowners with backup energy during unplanned outages. We also installed six larger, grid-sized battery systems supplied by Northern Reliability, Inc., in rights of way or easements within the neighborhood. These utility-sited batteries helped our distribution feeders to accommodate more solar on a localized level, chiefly by charging with excess solar generation during times of low demand on the power grid.

- Through a public-private partnership, Xcel Energy, Panasonic and Denver International Airport collaborated to test a battery storage system that supports our power grid and serves as a microgrid to provide backup power to Panasonic's Denver headquarters. As part of the project, Xcel Energy owns a 1.3 MW-AC solar carport installation and a 1 MW/2MWh lithium-ion battery. Panasonic also owns a 0.20 MW-AC solar array located atop its building, which is tied into the microgrid system. The Panasonic battery has successfully islanded and provided microgrid support at the Panasonic headquarters during two unplanned outages at the feeder in the past year.

From 2018 to 2020, we studied various ways to operate the battery systems and evaluated and analyzed performance. These findings were reported on a semi-annual basis and filed with the Colorado Public Utilities Commission. Overall, we learned many things that will influence future battery system design and associated integration with our system. In August 2020, we will submit a final report to the utilities commission with our findings.

Additional details about the projects are available on xcelenergy.com under battery testing.

COMMUNITY RESILIENCY INITIATIVE

Communities are creating resiliency plans that better prepare them for extreme weather events, such as severe storms, wildfires or floods. One of the most critical components during these potential events is a stable, secure power supply. In Colorado, our Community Resiliency Initiative will support critical infrastructure during a disaster by using energy storage systems to deliver back-up power.

In 2019, we invited communities across the state to apply for the opportunity to partner in the development of battery-based microgrids to supply power for select facilities in the event of a wide-scale electrical outage. A microgrid is an electrical system containing multiple generation sources and loads that can either be connected to the power grid or intentionally separated from the power grid or "islanded".

Our community resiliency microgrids will provide backup power to a resiliency center by incorporating on-site traditional backup generators, renewable generation such as rooftop PV, and energy storage systems such as batteries. Customer owned, on-site generation at strategic community locations will be combined with Xcel Energy-owned energy storage systems. When not being used in emergency situations, the microgrid assets can be leveraged to supply benefits to the greater power grid.

We anticipate the Community Resiliency Initiative to provide multiple benefits for customers and the communities we serve. This includes improving outage restoration times, securing facilities' power supplies, advancing clean energy and clean energy jobs, and strengthening and improving grid resiliency. Moreover, the projects provide the opportunity to study the potential value in deployment of resiliency-focused energy storage systems on a broader scale.

At the end of 2019, we selected seven communities from across our Colorado service territory to participate in this program. Sites range from rural locations, to mountain communities, to the Denver metro area and include a variety of facility types from community centers, event centers and transportation hubs. We are currently seeking Public Utilities Commission approval, which we expect by mid-2020.

DRONES

Xcel Energy is using unmanned aircraft systems or drones for many applications. From inspecting power lines to wind turbine blades and evaluating substations for equipment upgrades, drones are making these tasks easier, safer and helping to reduce costs.

In a company first, we used an unmanned aircraft to help build the 115-kilovolt Maple River to Red River transmission line. We contracted with North Dakota-based SkyScopes to complete the drone work to install conductor along the five-mile power line that runs from Reed Township to Fargo, North Dakota.

Xcel Energy also received a waiver to test and develop a new capability with drones to inspect wind turbine blades by controlling multiple unmanned aircrafts autonomously and simultaneously with one remote pilot. We can now inspect an entire windfarm within a fraction of the time and keep workers safe on the ground. In addition, we are using drones to monitor wildlife and perform avian mortality studies that will help us prove the pre-construction impact studies and understand how we can improve wind farm operations with minimal impact to wildlife and habitats.

In 2019, we used drones to inspect equipment and infrastructure safely and accurately at our nuclear generating plants. The missions resulted in a conservative cost savings of \$82,000 and reduced overall labor hours at both the Prairie Island and Monticello plants during refueling outages. Moreover, they helped to keep employees safe by eliminating 864 worker hours in higher-risk locations, those involving radiation exposure, confined spaces and heights.

Xcel Energy entered into the nation's first partnership for safety with the Federal Aviation Administration (FAA) in 2016 and was the first public utility to receive FAA permission to fly drones beyond the operator's visual line of sight and without a visual observer to inspect transmission lines on a routine basis for our eight-state service territory.

Traditionally, we have conducted these inspections with helicopters and foot patrols. Using drones to inspect 20,000 miles of electric transmission lines delivers value on many fronts, starting with ensuring reliability for our customers thanks to better data. It is also safer for employees, especially in remote mountainous areas, and less costly. As technology improves, the cost to operate drones continues to fall, which will save even more money for customers.

GRIDNXT AT SOLARTAC

The Solar Technology Acceleration Center (SolarTAC) in Aurora, Colorado, is a world-class facility for demonstrating and validating advanced solar and distribution grid technologies in a real-world, grid-connected environment. Even before the project's grand opening in 2011, Xcel Energy recognized the potential benefit of the facility and signed on as an original founding member.

Our investment has paid off for customers. Not only have we tested important battery projects at the site, solar technologies fine-tuned at SolarTAC serve our customers in Colorado and New Mexico with more cost-effective, efficient solar energy. Through testing, solar developers were able to make adjustments for adverse weather conditions before installing the technology in our service areas.

To continue evolving with technology and developer needs, the 74-acre site has transitioned to become a test-bed for solar, storage and other distributed energy enabling products and components. GridNXT at SolarTAC now supports the demonstration of advanced technologies for integrating distributed generation and storage, including microgrid capabilities at the edge or end of the electric distribution system.



RENEWABLE ENERGY

Xcel Energy operates in some of the country's best regions for producing wind and solar power, and we are putting these resources to work for customers.

Increasingly, the customers and communities we serve want their energy from clean, renewable sources, and we are delivering. Renewable energy plays a vital and growing role in our energy supply and future plans for meeting customer needs. We anticipate that as we reach our goal to reduce carbon emissions 80% by 2030, renewable sources will generate up to 60% of the electricity we provide.

Wind and solar technologies continue to improve, and prices have declined, making it possible to operate a reliable, affordable power grid with significant levels of renewable generation. When it comes to managing cost and reliability, scale matters. We focus on increasing the use of large-scale, universal wind and solar energy because these resources are significantly more economical and can provide energy for all customers at half the cost compared to smaller, distributed resources.

We also understand that some customers want more renewable energy, beyond what is currently in our energy supply. This includes some of our business customers and communities that have set goals for up to 100% renewable energy. To meet this need, we are enabling customers to achieve their goals by improving and expanding our voluntary renewable choices.



HIGHLIGHTS

- Under our Steel for Fuel growth strategy, we completed three new, company-owned wind farms in 2019 and expect to complete seven additional projects by the end of 2020. Altogether, we will increase our wind ownership fivefold by the end of 2021 when our current wind expansion is complete.
- By the end of 2019, we had 762 megawatts of large-scale, universal solar capacity and approximately 8,000 megawatts of wind capacity on our system — enough to power approximately 4.6 million homes annually.
- Xcel Energy is a national leader in wind energy. Based on the American Wind Energy Association’s annual industry report, we have been ranked the No. 1 utility wind provider 12 of the past 15 years.
- Our Colorado system set a record in May 2020 by delivering more than 80% wind and solar generation to meet customer energy needs during a peak load hour. In all our regions, there are hours where wind and solar provide approximately 70% of our customers’ electricity and entire days where they generate at least 60% of customers’ power — levels that at one time were considered impossible.
- More than 200,000 customers participate in our renewable choice programs, including 145,000 customers enrolled in programs backed by Xcel Energy renewable resources, demonstrating high engagement and satisfaction with these options, which include Renewable*Connect®, Windsource® and Solar*Connect Community® in Wisconsin.
- Early in 2019, we successfully transitioned 100% of Windsource subscribers in Wisconsin to Renewable*Connect. As customer demand for the Renewable*Connect program grows, we have approval to expand our Minnesota program and expect to propose an expansion to the program in Colorado sometime in 2020.
- Through renewable choice programs, we have installed 60,000 distributed energy systems, totaling more than 1,300 megawatts of capacity. While most systems are customer-sited, more than half of the capacity is from community solar gardens, which have been coming online since late 2016.

Renewable energy is a vital and growing part of our energy supply.



*Results are estimated based on potential scenarios that reduce carbon emissions 80% by 2030; actual system depends on regulatory approval of our plans.

STEEL FOR FUEL: RENEWABLE ENERGY EXPANSION

Xcel Energy's Steel for Fuel strategy resonates with all types of stakeholders because it expands the company's wind and solar portfolio and delivers carbon-free energy while helping to keep customer bills low. We are adding renewable resources — the steel — at a net savings, where the capital costs of the projects are more than offset by future avoided fuel costs. In addition, the projects support local economies through jobs, tax base and landowner lease payments.

Delivering on the nation's largest multi-state wind investment

Xcel Energy announced the nation's largest multi-state wind investment several years ago with plans to add 12 new wind farms across seven states. A year later, regulators approved the Colorado Energy Plan that includes three new wind farms. We also acquired several projects under purchased power agreements that were set to expire and are rebuilding the projects with the latest wind technology as part of our portfolio.

We completed three company-owned wind projects in 2019: Hale in Texas (478 megawatts), Foxtail in North Dakota (150 megawatts) and Lake Benton in Minnesota (100 megawatts). In early 2020, Blazing Star 1 (200 megawatts) also began operating. We have approximately 2,000 megawatts of company-owned wind under development or construction and 900 megawatts under purchased power agreements slated for completion by the end of 2021 or earlier. The majority will be finished by the end of 2020 to take advantage of the full production tax credit before it phases down.

Altogether from 2017 to 2021, we will add more than 4,700 megawatts of new wind resources, enough to power about 2.3 million homes annually. This includes adding 3,500 megawatts to our company wind portfolio, increasing it to more than 4,300 megawatts — five times the wind capacity we previously owned.

We also anticipate more repowering opportunities in the future as additional purchased power agreements expire in the next decade.

Managing Environmental Impacts of Wind Energy

Wind farms currently have an operating life of 20 years or more, and ideally, all wind turbine components are designed to last that full lifespan. As many first-generation wind farms reach the end of their useful lives and we consider repowering opportunities, there are questions about wind turbine waste and disposal.

Most wind turbine components are made of recyclable materials. The following is a breakdown of components:

- Nacelles, tower sections and internal gearing are made from metal that can be recycled
- Concrete from foundations can be removed, ground and reused
- Oil from wind turbines can be removed and reused

- Turbine blades are made of mixed materials, including fiberglass that is not recyclable — the blades are typically cut into sections to remove recyclable materials and the remaining fiberglass material is disposed in an approved landfill for regular construction waste

Technology and recycling opportunities are always changing, and we work with industry groups to explore ways to sustainably reuse non-recyclable materials. As new opportunities develop, we will evaluate and incorporate them into our recycling programs.

We report on managing wind development and potential impacts to wildlife in the Wildlife and Habitat Protection section of the Corporate Responsibility Report.

Large-scale, Universal Solar and Storage

Under the Colorado Energy Plan, we expect to purchase more than 700 megawatts of solar power and 250 megawatts of storage through projects planned for completion by 2022. The projects include:

- Neptune Solar Project in Pueblo County (250 megawatts, plus 125 megawatts four-hour storage)
- Thunder Wolf Solar Project in Pueblo County (200 megawatts, plus 100 megawatts four-hour storage)
- Hartsel Solar Project in Park County (72 megawatts)
- A solar and storage project in El Paso County (100 megawatts, plus 50 megawatts four-hour storage)
- A solar project in Pueblo County (113 megawatts)

In addition, we have contracted with Lightsource BP to build one of Colorado’s largest solar facilities. The 240-megawatt Bighorn Solar Project will be installed on the EVRAZ Rocky Mountain Steel property in Pueblo. We plan to purchase the power to supply EVRAZ, making it the largest on-site solar facility dedicated to a single customer in the country.

Find Xcel Energy’s renewable capacity by resource type and region in our Performance Summary of the Corporate Responsibility Report.

RENEWABLE CHOICE PROGRAMS

Just as customers want more control over their energy use, they also want more choice in how they engage with energy options. Our goal is to offer innovative solutions that enable our customers to meet their priorities around clean energy and the environment, while balancing these choices with the cost that all customers pay to support them.

We were an early adopter of voluntary green power back in 1998 with the introduction of our flagship program, Windsource. Since then, our program offerings have expanded to include options for community solar gardens, on-site solar and Renewable*Connect.

Through Renewable*Connect, customers can choose to make their energy up to 100% renewable through different contract options, such as month-to-month, five-year and 10-year terms. There is no equipment to install and customers can remain on the program if they move to a different home or business location within our service area.

Renewable*Connect exemplifies innovation. We have combined our program and regulatory experience and customer input to design the program so customers retain the renewable energy credits (RECs) and rights to renewable energy claims. Renewable*Connect also keeps bills low for participating customers, while not increasing costs for nonparticipants. It is self-supporting through subscription fees, so nonparticipants do not pay more.

In Colorado, the program's energy is delivered from the 50-megawatt Titan Solar facility, near Deer Trail, Colorado. The energy sources for the Minnesota and Wisconsin programs include the Odell Wind Farm and North Star Solar.

Participation in other renewable choice programs continues to grow as well. Solar*Rewards Community® in Colorado was one of the first community solar gardens programs in the nation. Between 2017 and 2019, it quadrupled in size, with over 90 megawatts of capacity from 71 participating solar gardens. In Minnesota, Solar*Rewards Community is easily the largest community solar program in the country, with nearly 660 megawatts of capacity from 268 participating solar gardens at the end of 2019. However, the purchase rate for this Minnesota solar energy is two to four times higher than what we would pay from more cost-effective energy sources.

In Wisconsin, the third solar garden project in our fully subscribed Solar*Connect Community program is now in-service. Located in Ashland, it joins solar gardens in Eau Claire and La Crosse to provide the program to customers throughout our Wisconsin service territory. Like Renewable*Connect, the incremental program costs are covered through subscription fees so that nonparticipating customers do not pay extra to make the program available. In early 2020, we received approval to offer Solar*Connect Community to customers in New Mexico beginning January 1, 2021.

Customers also continue to install more on-site solar, with our Colorado customers increasingly choosing to install solar panels without incentives through Solar*Rewards®. Across all states, more than 8,300 solar systems were installed during 2019, adding 88 megawatts of additional on-site distributed solar. To reduce the impact of energy bills for customers struggling to make ends meet, we recently launched incentive options to test solar installations for income-qualified households in Colorado and Minnesota.

We offer the following renewable choice programs that reflect our company’s commitment to meeting the clean energy interests of customers.

Program	Description	REC Attribution	MN	WI	ND	SD	CO	NM	TX	MI
Renewable*Connect	A flexible and affordable way to subscribe for up to 100% renewable energy	Participant	█	█			█			
Windsource	An easy, low-risk way to subscribe to clean wind energy	Participant	█				█	█		█
Solar*Connect Community	Subscribe to a solar garden and get full rights to the solar claims, plus a bill credit for choosing solar energy	Participant		█				█*		
Solar*Rewards Community	Subscribe to third-party solar gardens and receive electric bill credit payments for the solar energy produced	All Customers	█				█			
Solar*Rewards	Install your private on-site solar system and earn an incentive for transferring the RECs to Xcel Energy	All Customers	█				█	█**		
Net Metering	When you produce wind or solar energy through on-site equipment, you are able to retain RECs, and sell any excess energy back to the power grid	Participant	█	█	█		█	█	█	█

*We have approval to offer customers in New Mexico Solar*Connect Community beginning January 2021.

**New Mexico Solar*Rewards availability varies from year to year and is not currently available.

CERTIFIED RENEWABLE PERCENTAGE

In addition to renewable choices, we now offer customers in Colorado, Minnesota and Wisconsin a Certified Renewable Percentage to let them claim the full benefit of our increasingly clean energy mix. We retire Renewable Energy Credits (RECs) to cover the entire renewable energy portion of the electricity we deliver to customers, beyond what we already retire to meet state renewable portfolio standards. Certified Renewable Percentage is not something customers enroll in or subscribe to but is a benefit they automatically receive. This enables customers to make renewable energy claims. For example, our commercial customers can claim the portion of renewable energy included in the Certified Renewable Percentage just by being an Xcel Energy customer.

INTEGRATING WIND AND SOLAR POWER

The significant wind and solar resources on our systems have fundamentally changed the way we operate. With each increase in renewable capacity, we have improved system operations, enabling our ability to incrementally grow the use of wind and solar power and achieve new system records.

Some of our operational improvements for accommodating more wind and solar energy include:

- **Adding more flexible backup generation.** As we retire aging coal plants, we are replacing some of the energy with lower carbon natural gas generation, which can more efficiently and cost effectively ramp up or down to accommodate variable, renewable generation.
- **Cycling baseload plants offline and reducing minimum generation levels.** After years of study and experience, we turn off coal units to accommodate more wind generation and have reduced the time that units need to be offline before they can be restarted. It is a practice that reduces fuel use and emissions. Building on this experience, we now operate our nuclear plants with similar flexibility.
- **Negotiating greater flexibility from our natural gas suppliers.** These agreements allow us to efficiently use our gas generation resources to integrate variable renewable generation, helping to increase system reliability and lowering customer costs.
- **Investing in transmission.** We are improving and building new transmission facilities that can deliver more wind and solar energy to customers.
- **Using control equipment.** We use set-point controls for wind farms in combination with automatic generation control of thermal units that lets wind farms operate at peak levels while fossil-fuel production is reduced.
- **Establishing a 30-minute flexibility reserve.** We previously carried one megawatt of reserve capacity for every megawatt of wind generation as backup in case winds suddenly dropped off. As our wind portfolio grew, we studied the maximum amount of wind energy typically lost within 30 minutes and were able to reduce this reserve, dramatically decreasing costs associated with carrying large wind reserves while maintaining system reliability.
- **Adjusting planned maintenance.** We now plan transmission and plant maintenance outages around times of the year when wind and solar production is lowest.

Generally, we find that wind and solar are very compatible resources for meeting customer needs. Our renewable generation works together consistently to operate on average across all hours of the day. While solar energy is relatively simple to forecast, wind generation has been notoriously difficult because of its variability. Most weather forecasting models are designed to generate information about winds near ground level rather than at 200 to 300 feet (61 to 91 meters), where turbine hubs are located. Also, landscape features such as hills and trees can reshape wind speeds and directions, causing turbulence in ways that can greatly influence the amount of energy produced.

To improve on this, we began working in 2009 on a multi-year research and development project with the National Center for Atmospheric Research (NCAR) and its affiliate company Global Weather Corp. (GWC). Today, the WindWX system helps energy providers around the globe, including Xcel Energy, to make better commitment and dispatch decisions. It uses real-time, turbine-level operating data and applies sophisticated algorithms to forecast the amount of wind power that will be produced. Forecasts for a 168-hour period are provided every 15 minutes across Xcel Energy’s service territory.

COMPLIANCE WITH STATE RENEWABLE ENERGY AND PORTFOLIO STANDARDS

Xcel Energy is on pace to surpass established renewable energy requirements in the states it serves beyond 2030. The state requirements continue to evolve. For example, in 2019 New Mexico adopted Senate Bill 489, the Energy Transition Act, which set one of the most ambitious renewable portfolio standards in the nation. We constantly evaluate our overall compliance strategy with increased target requirements based on individual state legislation.

Renewable Energy Requirements in Xcel Energy States			
State	2019	Next Increase	Notes
Colorado Renewable Energy Standard	20%	30% by 2020	30% of retail sales by 2020, with 3% from distributed generation (DG), including at least 1.5% from retail net-metered DG resources and up to 1.5% from wholesale DG resources (defined as resources ≤30 megawatts located in Colorado that are not customer sited)
Michigan Renewable Portfolio Standard	12.5%	15% by 2021	Goal of 35% by 2025
Minnesota Renewable Portfolio Standard	25%	31.5% by 2020	30% of retail sales by 2020, with at least 24% from wind, plus 1.5% of retail sales from solar by 2020, with at least 10% from on-site solar 40kW or less
New Mexico Renewable Portfolio Standard	15%	20% by 2020	The New Mexico Energy Transition Act increases future goals of the RPS — in addition to the immediate goals, it sets a standard of 40% by 2025, 50% by 2030, 80% by 2040 and then 100% carbon-free electricity by 2045; under the rule, the Public Regulation Commission must consider the safe and reliable operation of the system and the prevention of unreasonable costs
North Dakota Renewable and Recycled Energy Objective		Voluntary	No RPS Requirement for North Dakota
South Dakota Renewable, Recycled and Conserved Energy Objective	10%	Voluntary	No RPS Requirement for South Dakota
Texas Renewable Generation Requirement	Statewide Goal	10,000 MW statewide by 2025 (goal achieved) and non-wind goal: 500MW	Xcel Energy's portion is approximately 3.3% of the statewide goal (the 3.3% is based on Xcel Energy Texas electric retail sales as a percentage of the total state electric retail sales)
Wisconsin Renewable Portfolio Standard	12.89%		

RENEWABLE ENERGY CREDITS

A renewable energy certificate or credit (REC) is created for every megawatt hour (MWh) of renewable electricity generated (1 REC = 1 MWh). RECs provide a mechanism to commoditize renewable energy attributes and are tracked in national commission-approved REC tracking registries. RECs can be disaggregated or unbundled from the underlying renewable energy in order to be sold separately. Typically, RECs are either traded to companies looking to claim green energy or transferred to other energy providers to reduce compliance costs.

Xcel Energy uses RECs to satisfy compliance with state renewable energy standards throughout our service territory. Our company carefully tracks its REC ownership and works to comply with the rules and best practices around renewable energy claims. Only parties that own and retire RECs can claim to use the renewable energy, according to the Federal Trade Commission's Green Guides. However, renewable energy unbundled from or without the associated REC can retain its value and be used for compliance with environmental regulations.

We continue to look for ways to increase the value of the renewable energy on our systems through the sale of RECs. In several states, Xcel Energy has more renewable energy on its system than is needed for compliance with renewable energy standards. Based on market opportunities and the projected shelf life of RECs, we sold more than 3.6 million RECs in 2019. The renewable energy that generated these RECs came from Colorado, Texas and the Upper Midwest. REC sales are a very minor portion of our REC holdings, and customers benefit by sharing a portion of profits associated with the sales.

We provide more detailed information on our 2019 REC sales in the Performance Summary of the Corporate Responsibility Report. We also provide residual mix carbon emission intensities for customers who participate in our renewable choice programs in the 2019 Carbon Dioxide Emission Intensities Information Sheet.



ENERGY EFFICIENCY AND ELECTRIC VEHICLES

We offer energy solutions to meet our customers' needs and preferences to help them achieve their individual energy goals.

We began offering our customers energy-saving solutions decades ago, and today, we provide some of the longest running and most successful efficiency programs in the country. We constantly evaluate emerging technologies and program models, looking for opportunities to expand our portfolio of energy solutions and anticipate evolving customer needs and interests.

Customers rely on the energy we provide for their comfort, security and convenience, but increasingly they want more control and new options for managing and using energy. We are paying attention to the market, listening to our customers and responding with new and improved solutions.

Beyond traditional energy efficiency, some of our customers and stakeholders are increasingly interested in technologies that support the electrification of energy end uses, such as electric vehicles (EVs), space heating and water heating. Of these developing technologies, EVs are ready for wide-scale adoption, having proven that they can save customers money and reduce emissions, while also enhancing the operation of our power grid. EVs that charge overnight during off-peak hours cost less than the equivalent of \$1 per gallon of gas and their carbon emissions are already two-thirds lower than gasoline-powered vehicles — and will continue to decline as the electricity we provide becomes cleaner.

While we currently offer rebates for customers to upgrade to the most efficient electric space and water heating appliances, such as air source heat pumps, further policy and technology development is needed to affordably integrate electrification options for space and water heating. We are closely monitoring these technologies as they may also offer opportunities for load management that will support the efficient use of the power grid.



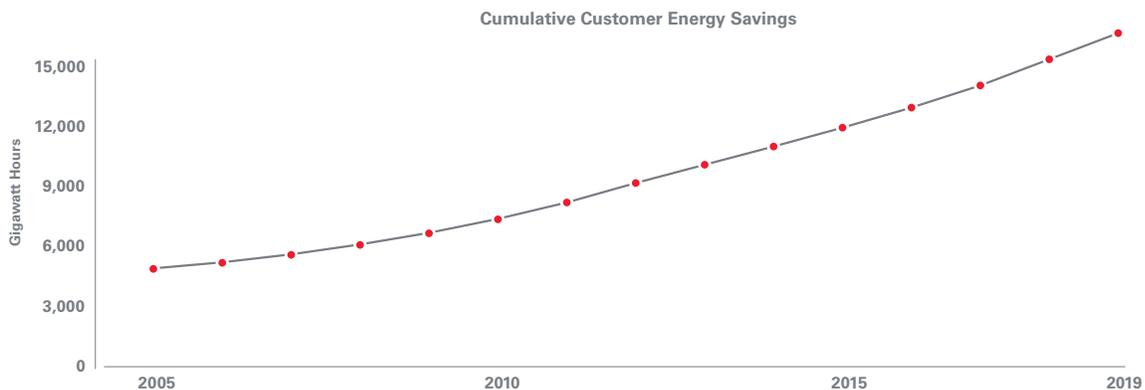
HIGHLIGHTS

- Five of Xcel Energy's energy efficiency programs are recognized as being among the country's best, according to the American Council for an Energy-Efficient Economy (ACEEE). The following programs received the organization's Exemplary Program Award in early 2019: Low-Income Program and Energy Design Assistance in Colorado, Home Energy Squad and One-Stop Efficiency Shop in Minnesota, and Partners in Energy in both Colorado and Minnesota.
- In 2019, we supported successful legislation that enables utility electric vehicle (EV) services in Colorado and New Mexico and gained regulatory approval for our Minnesota Transportation Electrification Plan and the largest EV program in the Midwest.
- To support commercial and residential EV growth, we proposed two new programs in 2019 that will help manage customer EV charging on our system in Colorado. The Electric Vehicle Critical Peak Pricing program reduces charging costs for commercial and industrial fleets while also helping our company decrease demand on the power grid during critical peak hours. The Charging Perks pilot aims to shift residential charging away from peak demand hours by incentivizing customers to allow us to charge the vehicle when it is most beneficial for the power grid.
- To manage peak system energy loads, Xcel Energy's Saver's Switch program launched in the Upper Midwest at least 30 years ago and today has nearly 500,000 switches deployed in Minnesota, Wisconsin and the Dakotas. Technology has evolved, and we plan to start deploying two-way communicating switches that will bring stronger system reliability and increased load reductions, when needed. We also continue to expand a companion program, AC Rewards, launched in 2017. It enables us to manage peak energy loads using smart thermostats to modify temperature set points during a peak control event. Together, the two programs can deliver more than 475 megawatts of load reduction in the Upper Midwest, when called upon.
- Our customers received \$137 million in rebates for completing 3.4 million projects that conserved electricity and one million projects that conserved natural gas in 2019.



- Altogether, customers saved nearly 1,300 gigawatt hours of electricity for the year, equivalent to powering 161,000 average homes, and more than 1.3 million dekatherms of natural gas, enough to fuel 15,000 average homes. The annual energy savings through efficiency measures was enough to avoid nearly 700,000 tons of carbon emissions, equivalent to the annual carbon emissions from more than 135,000 cars.
- We have decoupling mechanisms that cover about 45% of our company’s electricity sales, helping to support our financial viability as we encourage customers to use less energy. In addition, some states provide incentives for achieving energy efficiency goals. Thanks to a strong energy savings performance across our service territories, Xcel Energy will earn more than \$43.5 million in incentives for the 2019 program year.
- Just as we encourage customers to use energy more efficiently in their homes and businesses, we look for ways to save energy and water in more than 150 office buildings and service centers that we own or lease. From 2008 through the end of 2019, we saved more than 8.5 million kilowatt hours of electricity, 173,600 therms of natural gas and 4.7 million gallons of water at our locations. Plus, 15 of our facilities are LEED (Leadership in Energy and Environmental Design) certified — a U.S. Green Building Council certification program that recognizes sustainable building strategies and practices. In 2019, we installed and started testing EV charging stations at three company locations for employee use in Colorado and Minnesota.

Since we began consistently tracking results in 1992, we estimate that through our efficiency programs we have saved enough energy to avoid building 19 average-size power plants.



ELECTRIC VEHICLES

The future of transportation is dramatically changing, and as more electric vehicle (EV) options become available, a growing number of customers want to save money and reduce their carbon footprints through the cars they drive. We are uniquely positioned to support our customers and communities and to work with EV stakeholders to make this change and ensure it truly benefits customers, the environment and the power grid we all rely upon.

Through our EV strategy, we are focused on:

- Raising awareness and increasing access to information on the benefits of EVs
- Helping reduce the up-front costs of infrastructure needed to charge EVs
- Establishing time-varying rates and smart charging technologies to ensure that EVs can charge as much as possible on low-cost, low-carbon energy

While EVs create a significant opportunity for drivers and fleet operators to save on fuel and other costs like maintenance, barriers exist to wider-scale adoption. We can help overcome barriers such as customer awareness, high up-front costs and the availability of charging infrastructure by developing new services, piloting them and then rolling out our most successful ideas to customers on a broader scale.

We continue to develop a portfolio of innovative pilots and programs that will benefit drivers, customers and the environment. The initiatives focus in three main areas: home charging, public charging and fleet operations.

Home Charging

To support EV education and awareness, we built the first of its kind interactive EV garage to offer customers hands-on experiences with EVs and home charging equipment at events. We continue to enhance our digital tools to help customers understand their options when it comes to vehicle choices, charging solutions and rates, and have expanded these tools in Minnesota, Colorado and Wisconsin.

Minnesota pilot programs offer residential customers a turnkey approach to charger installations with reduced up-front costs for equipment and off-peak pricing benefits. One pilot is testing a new subscription payment model that includes a consistent monthly bill for EV charging and equipment and a new enrollment channel with select auto dealer allies. An upcoming pilot in Colorado will allow us to collaborate with auto manufacturers to manage EV charging at a time that is most beneficial to the power grid and our customers.

Public Charging

Our public charging service pilot will seek to leverage public and private funds to increase the availability of fast-charging stations on highways and other major corridors. We are also working with the cities of Saint Paul and Minneapolis on a pilot to support a charging network for everyone, including those who may not own vehicles. Through a partnership with HOURCAR — a local, independent, nonprofit car-sharing service — Xcel Energy will support a new, all-electric, one-way car-sharing service and other innovative mobility services in the Twin Cities. This project is intended to increase access to the benefits of electric transportation, including those in low-income, underserved communities. We are supporting widespread electric vehicle charging station development for public entities by providing the EV supply infrastructure for the state of Colorado and other non-residential customers in Colorado.

Fleet Operations

Through our fleet service pilot, we are making it easier and more affordable for large fleet operators like Metro Transit, the Minnesota Department of Administration and the city of Minneapolis to integrate EVs into their fleets. Our advisory services use real-world data from customers' current fleet operations to help them build a full electrification plan, including EV procurement and infrastructure charging needs and advice on rate plans, pilots and programs, and operation costs. We provided the electric infrastructure needed to charge the first eight of Metro Transit's electric buses and are looking to provide charging infrastructure for the state of Minnesota and city of Minneapolis EV fleets and other customers. We are also providing the EV supply infrastructure for fleet customers like the Regional Transportation District in the Denver-metro area and the city of Denver. This infrastructure program aims to benefit communities by stimulating innovation, improving air quality and providing educational opportunities.

STATE-BY-STATE EFFICIENCY PROGRAMS AND PERFORMANCE

Xcel Energy's portfolio of more than 175 electric and natural gas conservation programs continues to experience strong customer engagement and growth. We continued to help our customers achieve significant energy savings in 2019, meeting and exceeding savings goals in several key states. The following is a summary by state of overall performance and program offerings.

Minnesota

2019 Approved Savings Goals of 447,894,696 kWh and 759,563 Dth	
Electric Projects	1,620,306
Natural Gas Projects	563,964
Total Spending	\$106,790,206
Electric Savings	529,930,609 kWh
Natural Gas Savings	584,761 Dth

In Minnesota, we offer residential programs that range from prescriptive rebates to in-home services providing energy-efficient materials and labor for installation. Consumer education is included with most of the residential programs to increase conservation awareness and encourage energy-wise choices and behavior in the home. We also offer services and products to help income-qualified customers reduce their energy use and ultimately lower their bills.

The business segment includes electricity and natural gas commercial, industrial and small business customers. We offer a variety of programs that encourage business customers to save energy, lower their energy bills, reduce peak demand and minimize environmental impacts. The portfolio has three primary components, including prescriptive products focused on common equipment, custom products to encourage savings from unique situations, and study and educational products that help customers identify energy efficiency opportunities.

North Dakota

Electric Projects	287
Natural Gas Projects	1,197
Total Spending	\$278,794
Electric Savings	2,934 kWh
Natural Gas Savings	16,936 Dth

We provide savings opportunities for North Dakota business customers through load management programs, as well as residential natural gas rebate programs and home energy audits.

South Dakota

2019 Approved Savings Goal of 5,498,984 kWh	
Electric Projects	5,161
Total Spending	\$815,393
Electric Savings	8,199,957 kWh

Our energy efficiency portfolio for South Dakota customers is a mix of electric programs designed to encourage both residential and business customers to save energy and lower their energy bills in a variety of ways. We offer programs for lighting, load management and educational outreach for business and residential customers and continue to work with trade partners to promote our programs.

Wisconsin:

Electric Projects	8,483
Natural Gas Projects	2,666
Total Spending	\$12,303,019
Electric Savings	70,871,769 kWh
Natural Gas Savings	64,354 Dth

In Wisconsin, Xcel Energy participates in a statewide program called Focus on Energy that provides incentives to eligible residents and businesses for installing cost-effective energy efficiency and renewable energy projects. We retain a portion of the approved annual funding for our voluntary customer programs and to promote the Focus on Energy programs. We also use the funds for general conservation activities, advertising and energy efficiency education for residential customers, commercial customers and trade allies in our service territory.

Michigan:

Electric Projects	3,878
Natural Gas Projects	312
Total Spending	\$304,399
Electric Savings	1,666,739 kWh
Natural Gas Savings	5,930 Dth

We participate in a statewide program in Michigan called Efficiency United that educates residential and commercial customers about energy efficiency and offers cost-effective solutions and rebates for reducing energy use.

Colorado:

2019 Goals/Targets of 504,156,414 kWh and 637,448 Dth	
Electric Projects	1,188,262
Natural Gas Projects	479,119
Total Spending	\$109,159,628
Electric Savings	609,816,993 kWh
Natural Gas Savings	649,298 Dth

Our Colorado residential energy efficiency programs focus on cost-effective, direct impact products that target household appliances, HVAC and lighting. This effort is supplemented with educational services intended to further increase customer understanding and interest in conservation and energy efficiency. We also offer income-qualified customers products to analyze natural gas and electric consumption, and provide products, services and education designed to help lower energy bills.

Our business program — for commercial and industrial customers of all sizes — offers a broad portfolio of demand side management products designed to meet the needs of this varied segment. The portfolio has three primary components, including prescriptive products focused on common equipment, custom products to encourage savings from unique situations, and study and educational products that help customers identify energy efficiency opportunities.

New Mexico:

Electric Projects	392,834
Total Spending	\$9,876,113
Electric Savings	39,410,403 kWh

We offer a broad portfolio of programs to meet the needs of business, residential and low-income customers in our eastern New Mexico service territory.

Texas:

Electric Projects	224,517
Total Spending	\$3,850,714
Electric Savings	23,327,577

We offer our Texas customers energy efficiency programs through Standard Offer Programs and third-party Market Transformation programs. These programs are provided to residential, low-income, commercial and industrial customers.



ENVIRONMENTAL MANAGEMENT

We have a comprehensive management system that promotes continuous improvement and ensures we fulfill our responsibility to protect the environment.

Each year, Xcel Energy delivers millions of megawatt hours of electricity and millions of cubic feet of natural gas to power homes, businesses and local economies across eight states. To manage the impact and risk of our operations on the environment, we have a corporate environmental policy and management system that serve as the cornerstone of our efforts.

We recognize that clean air, clean water and reducing waste are priorities for our customers and other stakeholders. They depend on us to be responsible stewards of our natural resources and to protect the environment as part of the reliable, affordable service we provide. We share these same expectations and demonstrate it through our operations and initiatives that seek to go beyond regulatory compliance to further minimize our environmental impact.

Our company has established a reputation as an environmental leader, something we never take for granted. We continue striving to build public trust and confidence through our focus on clean energy, strong compliance record and ongoing collaboration to address state and regional concerns.

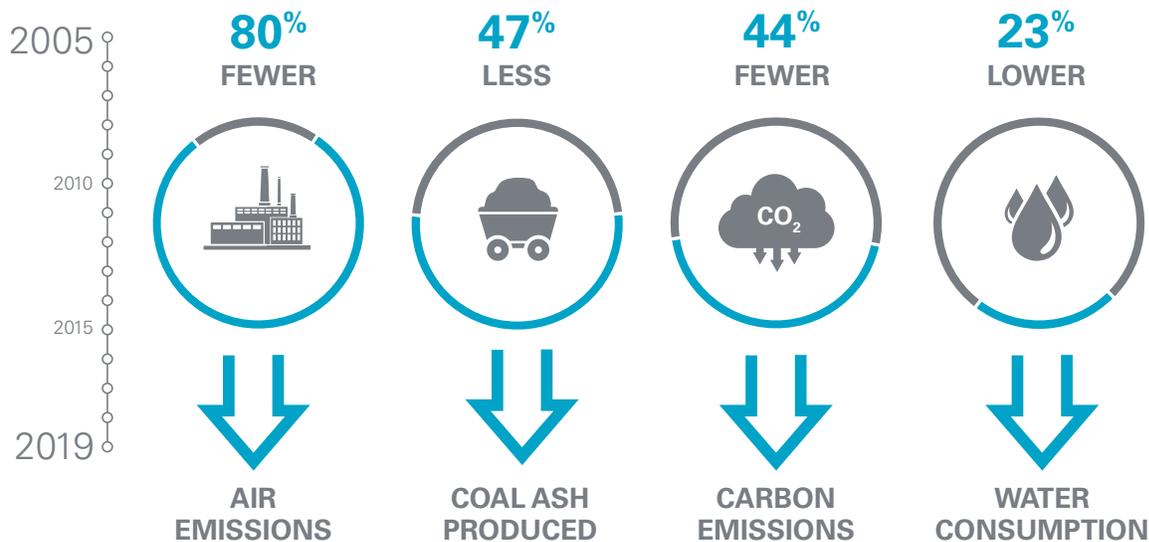


HIGHLIGHTS

- The Colorado Department of Public Health and Environment through its Environmental Leadership Program recognized Xcel Energy as a Gold Leader for the company’s comprehensive Environmental Management System, as well as its clean energy leadership and environmental stewardship.
- Xcel Energy received a national Climate Leadership Award for top Organizational Leadership. The award recognizes our industry-leading carbon reduction efforts, as well as our support for customers and communities in achieving their clean energy goals.
- The Denver Metro Chamber of Commerce honored Xcel Energy as its Green Business of the Year in 2019. The award recognizes our unique ability to empower customers to achieve their clean energy goals while working toward our own aspiration to deliver 100% carbon-free electricity by 2050.

We have significantly reduced the environmental impact of our operations since 2005.

2005 TO 2019 ENVIRONMENTAL PROGRESS*



*Coal ash and air emissions are from Xcel Energy owned electric generation, and air emissions include sulfur dioxide and nitrogen oxides; water consumption is from the production of owned and purchased electricity, and carbon emissions are from the electricity provided to customers.

ENVIRONMENTAL POLICY

Xcel Energy's environmental policy lays the foundation for the company's commitment and approach to protecting the environment and sets expectations for aligning our business practices with this commitment.

Our policy is to pursue environmental excellence through our corporate strategy and daily operations, striving to demonstrate leadership by doing what is right and advancing initiatives that will benefit the environment. At the same time, it is important that we balance our environmental commitment with the ability to provide customers with reliable and affordable energy.

Examples of our environmental leadership include:

- Significantly reducing carbon emissions through our proactive clean energy strategy
- Reducing other air emissions beyond what is required by regulations
- Surpassing state-level renewable standards by adding more cost-effective wind and solar
- Offering a comprehensive portfolio of energy efficiency and renewable choice programs to meet the unique needs and interests of customers
- Conserving and reducing water consumption through electric generation
- Establishing more than 2,100 acres of pollinator habitat on land we manage

As part of our decision making, we consider opportunities to reduce emissions, eliminate waste and conserve resources, including taking additional steps to protect wildlife. We also regularly monitor our operations to ensure we are acting in an environmentally responsible manner, and if appropriate, take steps to improve our efforts. We support environmental research and development, as well as environmental projects and partnerships in our communities.

To fulfill the responsibilities of our corporate environmental policy, we have more than 40 policies, procedures and guidance documents that ensure our ongoing environmental performance and that help to foster our commitment to environmental excellence.

All Xcel Energy employees, as well as contractors and vendors, are expected to follow these policies, and our employees are trained and empowered to take responsibility for protecting the environment through their jobs.

ENVIRONMENTAL PRINCIPLES

Engaging with stakeholders is essential to our work in addressing policy issues involving energy and the environment. As we engage on these matters with our regulators, elected officials, community leaders and others, we keep the following principles in mind:

- **Proactive solutions.** On behalf of customers, we have invested substantially in clean energy and environmental improvements. We continue to look for ways to proactively address environmental issues, especially when we can improve efficiency and reduce costs.
- **Rewarding leadership.** We believe that environmental and clean energy policy should appropriately recognize the environmental benefits of the proactive efforts we have made on behalf of our customers and communities.
- **Supporting technology.** Environmental and clean energy policy should drive forward the development of new, cost-effective technologies. As a national leader in wind, as well as energy efficiency and renewable choice programs, we are optimistic about the future opportunities that clean energy technologies present. Additionally, we are committed to owning these resources to improve the overall value and cost savings to our customers and stakeholders.

- **Efficiency and cost effectiveness.** The most efficient and effective response to environmental mandates is not always stack-by-stack or emission-specific compliance requirements. In some cases, compliance should be coordinated on a system-wide basis to maximize cost effectiveness and environmental benefits. Our major emission reduction projects completed at generating plants in Colorado and Minnesota over the past 15 years are good examples of this.
- **Flexibility.** Flexibility mechanisms, such as alternative compliance options and market-based environmental programs, should be incorporated into environmental rules. Flexibility yields real cost benefits to customers while maintaining environmental benefits.

ENVIRONMENTAL MANAGEMENT SYSTEM

We have a comprehensive environmental management system designed to promote environmental excellence and ensure continuous improvement and compliance with all applicable environmental requirements. Although we have not used formal certification under ISO 14001, our environmental management system aligns with and enables the nine elements of the ISO 14001 standard, including: policies, responsibilities, environmental interaction, impacts, compliance, objectives and targets, monitoring and measurement, performance review and continuous improvement.

Our management system provides:	
Oversight	Board of Directors — Operations, Nuclear, Environmental and Safety Committee Chairman and CEO Executive Committee Environmental Policy department Environmental Services department
Risk analysis	Goals and performance indicators at corporate and operating levels Multidisciplinary teams for developing new compliance programs Environmental Audit program Regular risk assessments
Policies & procedures	Corporate environmental policy Formal, documented processes, procedures and standards Routine monitoring of new, evolving regulatory activity
Monitoring	Centralized and automated compliance tracking system that uses real-time data Monthly performance reporting Routine facility audits
Follow-up for compliance gaps	Tracking for corrective action and internal audit findings
Training and communication	New employee orientation Site and topic specific employee training and tracking Updates and information communicated through internal channels

COMPLIANCE RESULTS

We strive to operate in compliance with all federal, state and local rules and regulations. However, there are occasions when regulatory agencies issue notices of violation (NOVs) or other types of notifications of potential noncompliance for alleged exceedances of permit limits or regulatory requirements. These NOVs can result in fines or penalties. Often there can be disputes about the alleged noncompliance, and even when it is our view that we remained in compliance, settlements are often reached to avoid the transaction costs of litigation and to cooperate with the regulatory agency.

Every year as part of our internal and ongoing efforts to self-identify and self-correct any potential noncompliance issues, we conduct our own facility audits.

2019 Compliance Activity			
Activity*	2017	2018	2019
Notices of Violation or Compliance Advisories	7	5	4
Penalties Paid	\$14,949	\$0	\$3,035
External Agency Audits or Inspections	64	71	63
Internal Audits Conducted to Ensure Compliance	95	94	89

*Because of the regulatory process and timing, penalties are not typically paid in the same year that Notices of Violation or Compliance Advisories are issued.

We received two notices of violation and two administrative penalty orders in 2019 involving activities at our facilities in prior years. The following were considered minor infractions and a few included minor penalties:

- The Minnesota Pollution Control Agency (MPCA) issued an Administrative Penalty Order (APO) for a failed emissions test at the Sherco Generating Plant in 2017. At the time of the test, the plant implemented repairs and retested the unit with passing results. As part of the APO, we were assessed a penalty of \$1,350.
- The New Mexico Environmental Department (NMED) issued a Notice of Violation (NOV) that involved Maddox Generating Plant failing to submit drinking water analysis results for disinfectant residuals in second and third quarters of 2016 to both NMED and EPA. A root-cause analysis was completed at the time of the incident, and the sampling and reporting procedure was revised to ensure all laboratory analytical results are properly reported.
- The Texas Commission on Environmental Quality (TCEQ) issued a NOV for failing to notify and receive approval from TCEQ Region 2 for a change to the emissions testing procedure at Jones Station Unit 3 in December 2018. On the date of the emissions testing, the contracted emissions testing company experienced equipment malfunctions that required changing to a sampling and testing method that varied from the approved procedure. Prior approval of the change was not obtained. Upon completing an incident assessment, a new emissions testing company was contracted, and corrective actions were taken to prevent a potential recurrence.
- The MPCA issued an APO for a failed emissions test of the flite conveyor dust collector at the Allen S. King Plant in March 2018. At the time of the test, results showed particulate emissions at a concentration above the permitted limit. The facility implemented repairs and retested the unit with passing results. As part of the APO, we were assessed a penalty of \$1,685.

ENVIRONMENTAL EXPENDITURES

Environmental costs include payments for nuclear plant decommissioning, storage and ultimate disposal of spent nuclear fuel, disposal of hazardous materials and waste, remediation of contaminated sites and monitoring of discharges to the environment. As we have reduced emissions through the addition of environmental controls, the total costs of investing in and operating the controls has risen somewhat over time.

Environmental Expenditures			
Expenditure Type	2017	2018	2019
Operating and Maintenance	\$303	\$309	\$345
Capital	\$61	\$50	\$30

More detailed information regarding nuclear decommissioning and spent nuclear fuel disposal expenses is provided in our 2019 Form 10-K.



REDUCING AIR AND OTHER EMISSIONS

Xcel Energy is significantly reducing air and other emissions by changing its operations and transitioning to cleaner sources of energy.

We are focused on reducing air and other emissions from the combustion of fossil fuels to generate electricity, primarily from coal. Since the 1990s, we have worked with environmental agencies, utility regulators and other stakeholders on proactive environmental initiatives that support our states as they manage air quality challenges associated with growth and an influx of people, vehicles and new industries.

The communities we serve continue to benefit from innovative air quality initiatives that we put in place years ago, such as the Colorado Clean Air Clean Jobs and Minnesota Metro Emissions Reduction Projects. These major programs served as national models for significantly reducing emissions from generating plants while giving power providers enough operational flexibility to ensure reliable, affordable electricity for customers.

For well over half a century, coal has served as a steady source of low-cost, dependable electricity, providing our customers with comfort and convenience and communities with economic growth. As technology and customer interests evolve, we are transitioning away from coal to cleaner natural gas and wind and solar power. We have changed the way we operate in order to run our coal plants less and are implementing plans that we expect will retire approximately half of our coal-fueled capacity between 2006 and 2027. In the Upper Midwest, we have proposed retiring all our coal-fueled plants by 2030 or 10 years early.

While renewable energy is replacing most of our retiring coal generation, we need flexible, low-cost natural gas to integrate wind and solar generation and balance the system. Because natural gas has less than half the carbon emissions of coal, five times less emissions of nitrogen oxides, and virtually no emission of sulfur dioxide, mercury or particulate matter, it is a reliable, cost-effective combination for serving customers and significantly reducing environmental impacts.



HIGHLIGHTS

- From 2005 through 2019, we reduced carbon emissions approximately 44% from the electricity provided to customers. This puts us over halfway to achieving our interim goal to reduce carbon emissions 80% by 2030.
- Company-wide we continued to decrease emissions of sulfur dioxide, nitrogen oxides, mercury and particulate matter to levels that were 82%, 80%, 92% and 77% lower, respectively, compared to 2005.
- Under the EPA's Toxics Release Inventory program, we have reduced releases by approximately 28%, compared to 2005 levels.
- The Colorado Department of Public Health and Environment through its Environmental Leadership Program recognized Xcel Energy as a Gold Leader for the company's comprehensive Environmental Management System as well as its clean energy leadership and environmental stewardship.
- Within our vehicle fleet, we essentially replace all sedans scheduled for retirement with plug-in electric vehicles. We estimate that our 49 plug-in hybrid electric vehicles helped to avoid nearly 123 metric tons of carbon emissions for the year.
- We offer discounted mass transit passes for employees at our two largest employee locations. With nearly 1,300 employees using the discounts in 2019, the program supports local community goals to improve air quality and reduce carbon emissions.

MAXIMIZING SYSTEM OPERATIONS TO REDUCE EMISSIONS

There is a significant shift in how we operate our generating plants compared to several decades ago. Not only are we changing the way we produce electricity, but the dispatch and operation of our generating resources is different too.

Through major clean energy initiatives in Colorado and Minnesota, we have retired coal units and replaced the power with cleaner, more flexible natural gas and clean renewable generation, and we have plans to do more. Our current plans include:

- Implementing the nation's largest multi-state wind investment under our Steel for Fuel growth strategy that will add at least 19 new wind farms to our system across seven states by 2022, including 13 which we will own.

- Moving forward with the transformative Colorado Energy Plan that will retire two coal units by 2026 and add significant new wind and solar resources, as well as large-scale battery storage.
- Proposing a new Upper Midwest Energy Plan that aims to continue our clean energy transition by closing our remaining coal units in the Upper Midwest, extending the use of carbon-free nuclear energy, using cleaner natural gas, and increasing wind and solar energy.

As renewable energy gradually becomes the majority energy source on our system, we now operate the system reliably and cost effectively to maximize clean electricity production, following the wind and sun. Advanced forecasting tools have dramatically improved the predictability of wind energy, making a variable energy source much more dependable. With reliable wind forecasts now available seven days in advance, we can make more accurate commitment and dispatch decisions associated with wind energy, which helps reduce fuel and other costs.

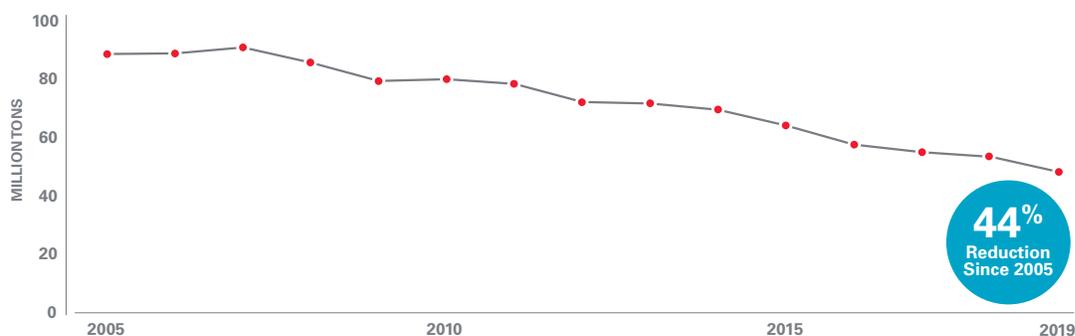
Cleaner natural gas generation is an excellent companion to renewable energy. It has long been used to manage the variability of wind generation, with natural gas units cycling up and down as needed to help meet electric loads as wind speeds rise and fall. Years ago, we began exploring how coal units could do the same, although ramping up and down coal units is much more challenging. Traditionally, coal units have provided baseload power for our system, with the capability to run dependably 24/7. The company's coal plants began testing and learning their limitations to identify minimum levels at which they could operate safely and most economically. They continued to challenge those minimum levels and find ways to drive them even lower while maintaining boiler stability and temperatures, which are required to operate emission controls and ensure environmental compliance.

With these new operating capabilities, we have changed how we offer some plants into regional markets based on economic as well as environmental considerations. For example, at the Tolk and Harrington generating plants in Texas, we changed how we offer the plants into the market to produce better economic results for customers and to conserve water at Tolk. Similarly, we have changed how we offer generating plants into the Midwest market and proposed seasonal operation of units at the Allen S. King and Sherco generating plants in Minnesota. The plants would be idled in spring and fall months when energy use is low and renewable energy is high. This change is expected to provide more certainty for operations, reduce carbon emissions, and lower operating, maintenance and capital improvement costs.

Our efforts to turn down and cycle off units in 2019 reduced coal generation by more than 837,000 megawatt hours, saving an estimated \$10 million and avoiding approximately 938,000 tons of carbon dioxide, as well as other emissions. Building on this experience, we have begun to operate our nuclear plants in a similar way.

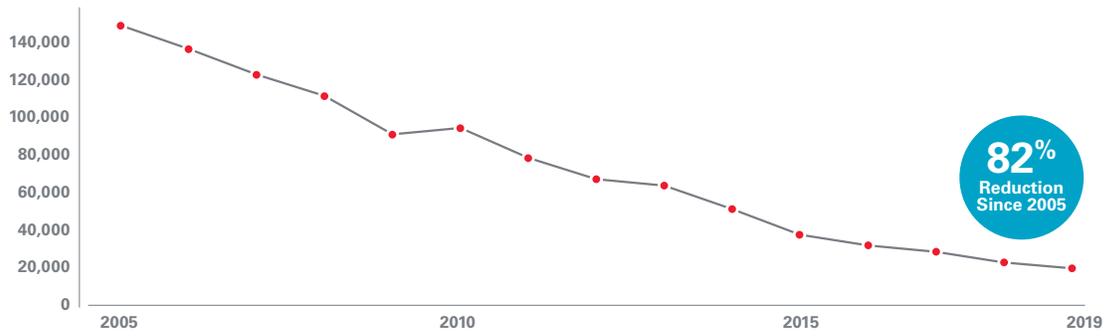
AIR EMISSIONS REPORTING

Carbon Dioxide from Electricity Serving Customers (Owned and Purchased Generation)

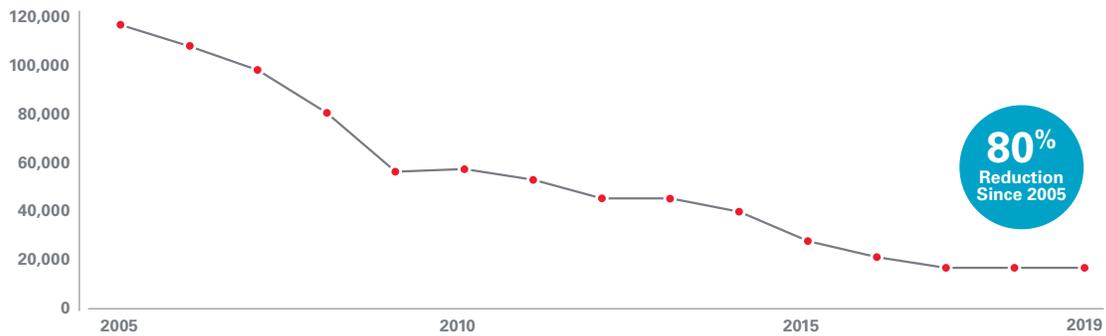


We report on our clean energy transition and aspiration to deliver 100% carbon-free electricity by 2050 in the Leading the Clean Energy Transition section of the Corporate Responsibility Report.

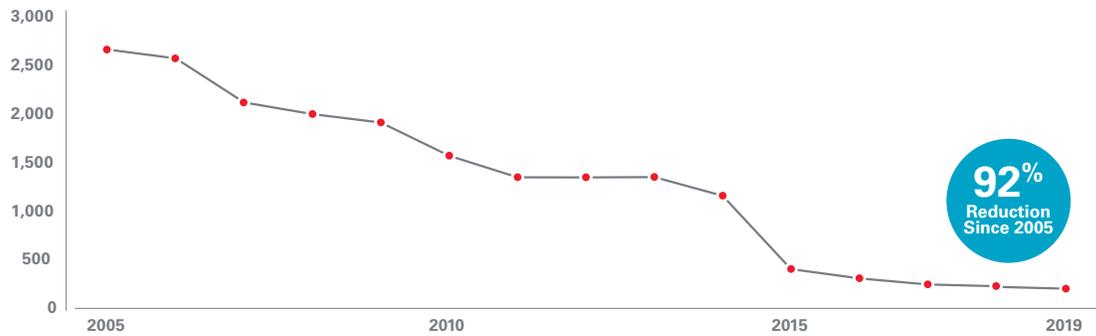
Sulfur Dioxide from Electricity Serving Customers (Owned Generation)



Nitrogen Oxides from Electricity Serving Customers (Owned Generation)



Mercury from Electricity Serving Customers (Owned Generation)



Particulate Matter from Electricity Serving Customers (Owned Generation)



We provide additional emissions reporting for Xcel Energy and each of its operating systems in the Performance Summary of the Corporate Responsibility report.

REDUCING FLEET VEHICLE EMISSIONS

Our fleet of approximately 7,000 owned vehicles includes everything from small cars to light trucks, bucket trucks, excavators and trailers. In 2014, our vehicles were equipped with telematics to reduce fuel costs and improve driver safety. Using the technology has reduced idling and fuel consumption, wear and tear on vehicles, and emissions. We estimate that in 2019 the use of telematics saved approximately 65,000 gallons of fuel at a value of more than \$185,000.

COMMUNITY RIGHT TO KNOW AND THE TOXICS RELEASE INVENTORY PROGRAM

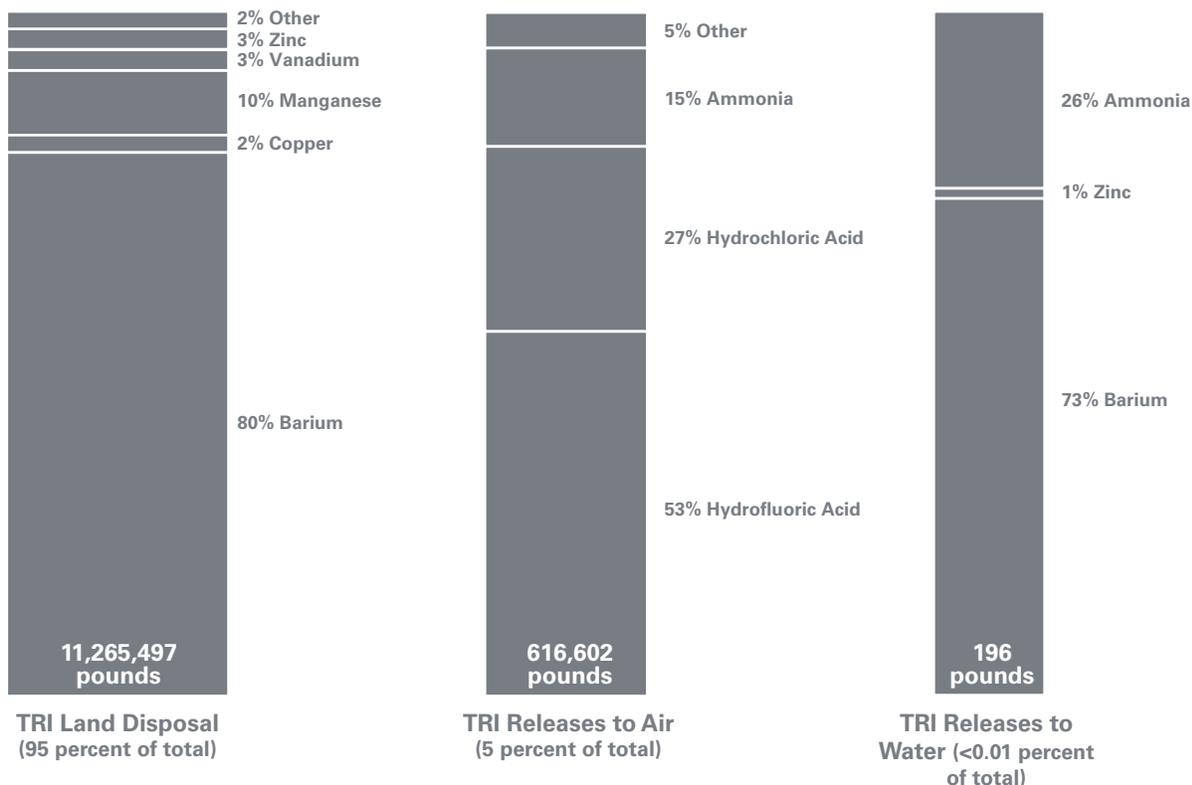
The EPA has administered the Emergency Planning and Community-Right-to-Know Act (EPCRA) since 1986. The program is intended to help communities protect residents from potential chemical hazards. Under EPCRA, residents have the "right to know" about chemicals in their communities. Each year, facilities in specific industries that manufacture, process or use the nearly 650 substances identified under the program must report their releases to air, land and water. The EPA manages the information in a publicly available database under the Toxics Release Inventory (TRI) program.

Xcel Energy supports this type of reporting and has participated since 1999 when the program was expanded to include electric utilities. We annually report to EPA our releases, which are the result of using coal, oil and refuse-derived fuel (processed municipal solid waste) to produce electricity. When these fuels are combusted, they release trace amounts of TRI reportable substances, including barium, chromium, copper, lead, manganese, mercury, nickel and zinc.

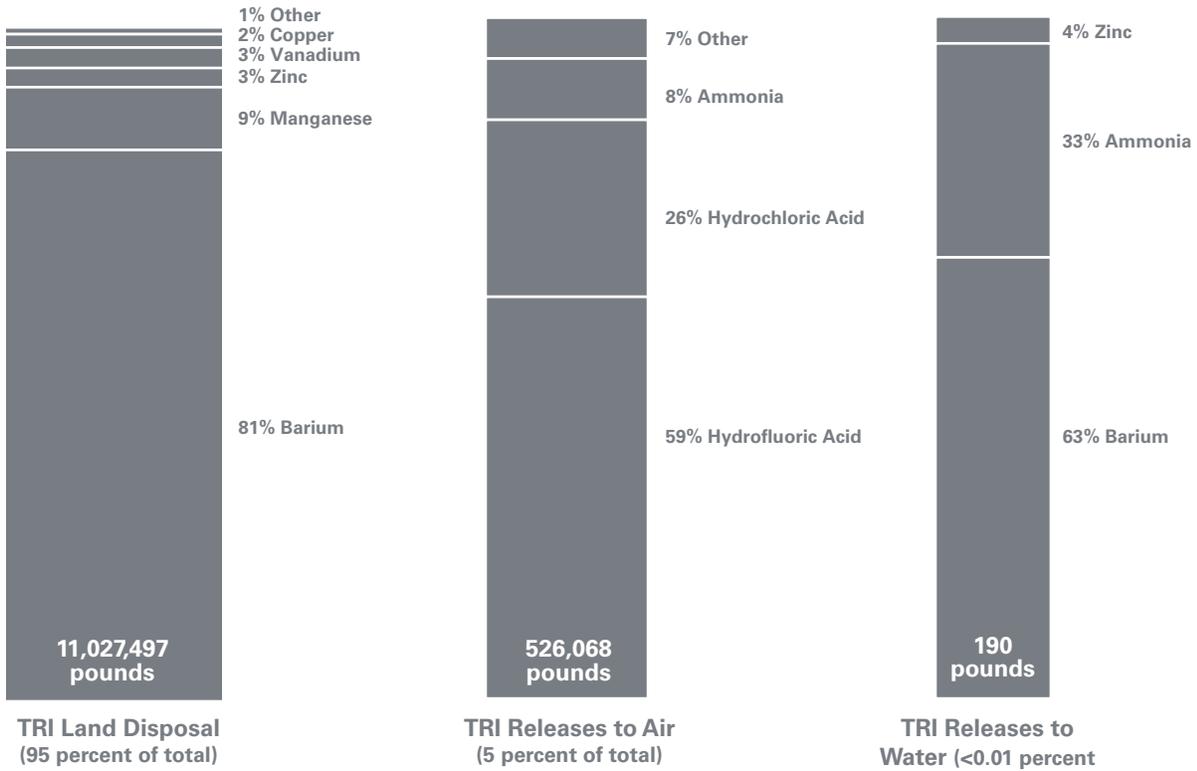
TRI reportable substances are reported by facility and release type — land, air and water. A facility's releases may change slightly from year to year based on the amount of electricity produced and the associated fuel that is consumed, as well as the fuel composition and mineralogy.

The vast majority of our TRI reportable substances are controlled at our facilities as part of the coal ash where they are contained, preventing them from entering the air. We capture about 95% of these substances and safely dispose of them in managed landfills.

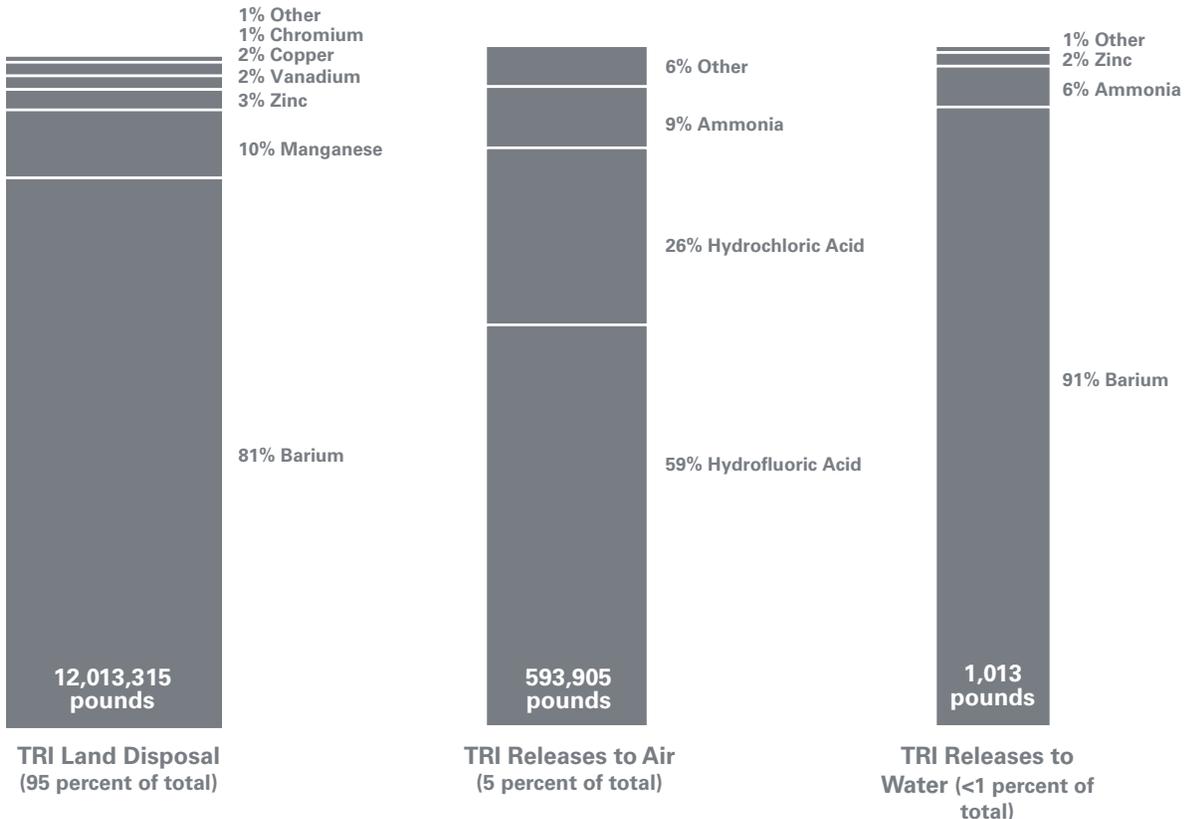
2018 TRI Releases



2017 TRI Releases



2016 TRI Releases



Releases provided here are from 11 generating plants in locations throughout our service territory. For individual plant information visit the EPA's TRI Explorer website or contact corporateresponsibility@xcelenergy.com.



MANAGING WATER USE

Water is an important consideration in our clean energy transition. As we rely less on coal and more on wind and solar power, we can reduce water use.

With global and regional concerns over future water resources, protecting water quality and conservation are increasingly greater priorities for us. Our thermal generating plants require water to cool equipment and power steam turbines that produce electricity, while our hydroelectric plants use the power of water to generate electricity. To make sure the water these plants use and return to local waterways is safe and meets the discharge limits contained in their Clean Water Act permits, we continually monitor and evaluate plant systems and processes.

In the more arid Western and Southwestern regions where we operate, carefully managing our water supply is especially important given challenges we face in dry years and concerns over drought. Because of this, we have strategic water resource plans to forecast, model and manage our water needs in these regions for decades to come.

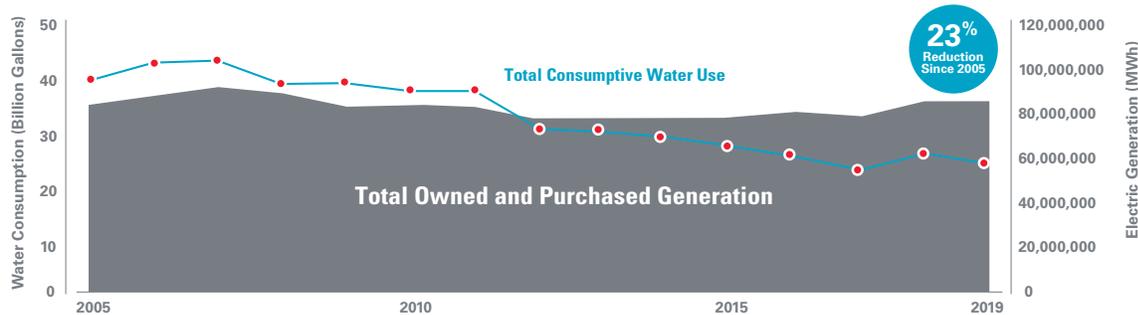
As competition for water increases and weather patterns change, our water resources will become more stressed. We understand that water is a fundamental, shared resource and is vital to the growth and development of our communities and to other industries, agriculture and ecosystems. That is why we continue to work cooperatively with our communities and states to secure responsible supply options and to save fresh water where we can.



HIGHLIGHTS

- From 2005 to 2019, we reduced water consumption approximately 23% from electricity production, including the electricity we generate and purchase. While water consumption has declined, electricity production has remained relatively the same during that same period. As we retire coal units, the water we contract or permit for is released back to the owner or water authority so others can use it. For water rights that our company holds, we are exploring different opportunities to use that water in our operations or to benefit customers.
- We withdrew approximately 625 billion gallons of water, including municipal wastewater or effluent, to generate electricity at Xcel Energy thermal electric and hydroelectric generating plants in 2019. From these withdrawals, our facilities consumed approximately 24 billion gallons of water and returned approximately 601 billion gallons (96%) to the original water source.
- Our Upper Midwest thermal plants use open-loop or once-through cooling where water is continuously withdrawn, used and directly returned. Although water withdrawals are higher with this type of cooling system, consumption is lower. Our plants with open-loop cooling systems return about 99% of the water they withdraw to its original source.
- Our thermal plants in Colorado, Texas and New Mexico use closed-loop cooling which requires less water to operate efficiently and minimizes fresh water withdrawals by recirculating water multiple times within the system — up to 25 times at some plants.
- Since the Tolk Generating Plant in Texas began operating in the 1980s, it has relied on groundwater from the Ogallala Aquifer. Over the years, the water table has dropped significantly, putting increasing pressure on the many users of the aquifer, including Tolk. It is a unique situation within our generating plant fleet. In 2019, we started reducing the operation of Tolk's two units to minimum load during off-peak times to conserve water and will continue this through 2020. Beginning in 2021, the plant will be idled during off-peak, winter months through 2032, when we plan to retire Tolk, pending regulatory approval.
- Over the past 38 years, we have saved over 200 billion gallons of freshwater by pioneering the use of treated municipal effluent to cool the Nichols-Harrington and Jones generating plants in Texas — enough water to nearly fill nearby Lake Meredith.

Xcel Energy is reducing water consumption associated with electricity production, including the electricity we generate and purchase.



WATER QUALITY

The Hayden and Pawnee plants in Colorado and most of our plants in Texas and New Mexico are zero-discharge facilities, which means no process water is released from the plant sites. Instead, waste water is disposed through evaporation ponds. At the Harrington Plant in Texas, farmers reuse waste water to grow crops on the plant property.

In the Upper Midwest where our plants continuously withdraw and return water to nearby waterways, we systematically treat, monitor and analyze the water to ensure our plants meet discharge requirements and protect fish and other aquatic life.

We report water compliance results in the Environmental Management section of the Corporate Responsibility Report.

WATER SUPPLY

Thermal Operations in Colorado and the Southwest

In the semi-arid and arid states where we operate — Colorado, New Mexico and Texas — we have strategic water resource plans that are updated annually to reflect our current operational requirements, local climate conditions and water use. Throughout the year we conduct a variety of activities to accurately predict and plan for future water supplies, which include:

- Forecasting plant water requirements based on anticipated electric generation
- Accounting for the water we need and use
- Monitoring snowpack reports
- Studying stream flow forecasts, seasonal climate projections and changes to the Ogallala aquifer — the primary aquifer that underlies much of the region in Texas and New Mexico that we serve

We acquire water for our thermal and hydroelectric plants through water rights and other agreements. Our integrated portfolio of water supply resources includes owned or self-supplied water rights, reservoir storage, groundwater rights and a number of other supplies, such as municipal and recycled water supplies. We own water supplies dedicated for our own use, and in Colorado, these water rights are available depending on regional water supply conditions in accordance with the state's prior appropriation system. Our portfolio also includes water from geographically diverse areas, including water imported from other basins. This diversity is critical for maintaining a resilient, reliable water supply in the arid, climatically variable western United States.

We have expended significant resources to improve our water supply and the resiliency of our systems. Other suppliers that we do business with have responded similarly, taking steps to improve their water supplies and adopt drought response plans for ensuring they meet their municipal and industrial water supply obligations.

Finally, we use recycled water or treated municipal effluent where available and feasible, including at the Cherokee, Harrington, Jones and Nichols plants. The practice minimizes the competition between water needs for power generation and needs for environmental, recreational, municipal or other industrial uses. Recycled water use has the added benefit of increasing the reliability of our water supply because it is virtually drought proof and preserves billions of gallons of fresh water.

Thermal Operations in the Upper Midwest

In the Upper Midwest, water is more abundant for our thermal plants to use once-through cooling where they are permitted to withdraw and return water to nearby rivers and other waterways. While once-through cooling helps to minimize water consumption, we still take a strategic approach to water use in these areas by monitoring weather patterns and using meteorological forecasting models to predict and ensure an adequate water supply during times when unusually dry conditions are likely.

During rare dry periods, we evaluate the use of alternative cooling options for each facility and implement prudent, temporary measures to provide supplemental thermal cooling. In times of energy emergencies, our permits have provisions that allow some plant operating flexibility, along with additional environmental monitoring requirements to ensure the protection of fish and other aquatic life.

2019 Water Use by Source at Xcel Energy Owned Thermal Plants (Billions of Gallons)			
Source	Withdrawn	Consumed	Returned
South Platte River Basin	*6.50	5.45	1.05
Arkansas River Basin	*3.97	3.23	0.74
Yampa River Basin	1.54	1.54	0.00
Colorado Total	12.01	10.22	1.79
Ogallala Aquifer	3.16	2.80	0.40
Treated Municipal Effluent (Lubbock, Amarillo)	4.58	3.69	0.85
Southwest Total	7.74	6.49	1.25
St. Croix River	121.78	0.0	121.78
Lake Superior	10.24	0.0	10.24
Mississippi River	425.14	7.16	417.98
Minnesota River	47.60	0.0	47.6
Upper Midwest Total	**604.76	7.16	597.60
XCEL ENERGY TOTAL	624.51	23.87	600.64

*Includes trans-basin diversions

**Does not include groundwater from these locations

Hydroelectric Operations

Xcel Energy operates 26 hydroelectric plants, including six in Colorado, one in Minnesota and 19 in Wisconsin, with enough capacity to power more than 280,000 homes. Although these plants use water to produce electricity, the only water loss is through natural evaporation from reservoirs. We work with environmental and wildlife agencies to ensure plans are in place for monitoring watering quality, protecting aquatic life, ensuring minimum stream flow, preventing erosion, and controlling noxious weeds and other invasive plants. Many of our hydroelectric plants offer public recreational opportunities and some are stocked with fish.

Xcel Energy’s hydroelectric plants operate on the following waterways, many of which are open to public recreation.

Colorado	Minnesota	Wisconsin
Lower Clear Creek	Mississippi River	Chippewa River
South Fork Arkansas River		Apple River
South Clear Creek		Red Cedar River
Colorado River		Namekagon River
Animas River and Tributaries		Montreal River
San Miguel River and Tributaries		White River
		Flambeau River
		St. Croix River

MEETING MUTUAL WATER NEEDS

Planning for and managing future water supply is essential for the states and communities we serve. We actively participate in these efforts to provide expertise and solutions, as well as to plan for our own water needs. The following are examples of our engagement and some of the innovative partnerships and agreements we have in place.

- Our Water Resources staff is actively engaged in the ongoing Colorado Water Plan process. They participate on volunteer boards and technical working groups, serve on the board of water-user groups working to meet Colorado’s obligations under Endangered Species Recovery programs, and participate in other water-user groups working to craft policy and legislation to better adapt Colorado’s water supplies to changing conditions. For decades, they have participated on boards and as officers overseeing nine ditch companies in Colorado where the company owns significant water rights. Through these organizations, conflicts involving water are often identified and amicably resolved.
- We own very senior water rights on the Colorado River that are used to operate the Shoshone Hydroelectric Generating Plant. To help meet water needs within the city of Denver, along the Front Range and for some users on the Western slope, we established an agreement in 2006 to “relax” a portion of our water requirements for Shoshone during dry years. Colorado experienced below-average moisture in 2013, which is the most recent year that we executed on the agreement. We reduced Shoshone’s water use by more than half and allowed water to be stored for critical uses, benefitting users throughout the state.
- We have agreements with the cities of Longmont and Westminster in Colorado to exchange high quality water under our water rights with their lowest quality water or effluent, which we use at our area power plants. This is similar to a practice we pioneered in Texas where we use recycled municipal effluent for cooling at our power plants.
- Colorado farmers typically lack the full water supply they need to produce marketable crops during dry years. Through a mutually beneficial agreement, we buy limited quantities of water that farmers have available during these difficult periods and use it in our power plants, helping to compensate and financially support farmers.
- In the Southwest, our Water Resources staff serves on regional groundwater planning committees to better manage critical resources like the Ogallala Aquifer which is the region’s primary water supply and underlies much of our service area in the region.
- Xcel Energy is a member of the Minnesota Sustainable Growth Coalition, a business-led partnership of approximately 30 businesses and organizations that work to promote a circular economy in the state. The coalition focuses on energy, water and waste issues to optimize use of resources, minimize waste and conserve resources. In the water area, the coalition is working on “greening grey infrastructure” or promoting infrastructure and practices designed to mimic the natural water cycle.



PREVENTING AND MANAGING WASTE

For decades, we have followed best practices to responsibly reduce, reuse or dispose of our waste and surplus materials.

Company-wide, our largest waste streams come from the production and delivery of energy — our operations. This includes the ash that is left behind after generating electricity with coal, as well as the materials and equipment that are used or discarded from the construction, maintenance or repair of power lines, pipelines, plants and other facilities.

The best way to manage waste is to prevent it from being generated. We try to purchase product alternatives that eliminate waste and seek practices that will reduce waste while saving time and money too, helping to keep energy costs low for customers. For instance, the electrical cable delivered to our power line projects is premeasured and cut to minimize waste on the job and increase productivity. We also look for opportunities to recycle, reuse or sell surplus materials and waste as appropriate and allowed.

When we must dispose of waste, we take steps to ensure that it is safely and properly disposed. This requires that our employees have the right training and follow the proper procedures. Additionally, we only use facilities certified to dispose of the types of wastes we generate.



HIGHLIGHTS

- We continue to produce less coal ash as we transition to cleaner energy sources, with our generating plants producing 47% less coal ash in 2019, compared to 2005. Since 2015, we have closed over half our active impoundments or ponds that we previously needed to store or dispose of coal ash.
- Approximately 18% of the coal ash our plants produced was reused in 2019, including 100% of the coal ash from our two Texas generating plants. The material provides an alternative to using natural resources in products, such as cement or roofing shingles.
- Xcel Energy demolished the Benson Power Plant in Minnesota and sold the property to the City of Benson for redevelopment in 2019. We were able to offset over 90% of the demolition project's cost through investment recovery efforts. We redeployed or resold equipment, recycled more than 8,900 tons of scrap metal and delivered about 790 loads of crushed concrete to gravel pits for reuse.
- In total, we recycled nearly 29,000 tons of material from our operations in 2019, including nearly 25,000 tons of wire and scrap metal.
- We disposed of almost 10,000 tons of regulated waste from our operations in 2019, including 56 tons of hazardous waste.

COAL ASH MANAGEMENT

Coal-fueled power plants produce coal combustion residuals (CCR) or byproducts commonly referred to as coal ash. Our coal plants produced 47% less coal ash in 2019 compared to 2005 — a trend we expect to continue as we transition to cleaner sources of energy.

Our coal ash is either beneficially reused or disposed at permitted third-party landfills or at our company-operated facilities. We currently operate nine active coal ash storage or disposal facilities, including three impoundments or ponds and six landfills. In recent years, we have closed 15 ponds that were no longer used. We removed the ash from these ponds and are now completing the required groundwater monitoring that is part of the closure process. We also continue to make improvements to existing facilities. For instance, at the Sherco Generating Plant in Minnesota, we are constructing a new pond with a synthetic liner to replace an existing clay-lined pond, which is scheduled to end its operations in late 2020.

Nearly all our coal plants have systems that collect ash prior to reuse, storage or disposal. We have only three impoundments used to store or dispose of ash in a wet condition. Two of these impoundments EPA classifies as small — one is less than three acres and the other is about 18 acres. Both are used to temporarily store ash until it is either beneficially used or transferred to a facility for disposal. The third impoundment is a 100-acre coal ash impoundment, which was constructed at the Sherco Plant using state-of-the-art standards. As part of a nationwide effort in 2009, EPA inspected this facility and determined it meets stringent safety requirements.

Throughout our system, we try to reuse coal ash for beneficial purposes whenever possible. In 2019, 18% of the coal ash produced at our plants was used for concrete products, roadbed material, soil stabilization, engineered-fill material and more, helping to avoid the use of natural resources in these products. When we sell coal ash to third parties, our contracts allow only encapsulated beneficial use or un-encapsulated beneficial use in quantities less than 12,400 tons for non-roadway applications in accordance with applicable regulations.

Generally, the amount of coal ash we reuse has declined in recent years. As we install and operate new emission controls at our plants, such as scrubbers and activated carbon for controlling mercury emissions, the ash composition changes, making it potentially less acceptable for beneficial use.

More detailed information on our coal ash management practices is available on xcelenergy.com.

Coal Ash Summary (estimated in tons)						
	2017		2018		2019	
	Produced	Reused	Produced	Reused	Produced	Reused
Colorado	731,740	91,996	987,652	37,510	704,134	59,163
Southwest	289,391	289,391	207,092	207,092	175,354	175,354
Upper Midwest	649,662	43,531	775,237	121,675	576,234	30,945
TOTAL	1,670,793	424,918	1,969,981	366,277	1,455,722	265,462

Meeting the EPA’s Coal Combustion Residuals Rule

The U.S Environmental Protection Agency’s final rule for coal combustion residuals (CCR Rule) became effective in October 2015. The CCR Rule regulates coal ash as a non-hazardous waste under Subtitle D of the Resource Conservation and Recovery Act (RCRA-D). It establishes minimum national standards for the design, operation and closure of landfills and surface impoundments. Beneficial use of coal ash as defined in the rule is exempted.

Additionally, the states where we operate have regulated the management of coal ash for decades, with rules that specify construction standards and define operational requirements for coal ash storage and disposal facilities. We also operate in several arid states where groundwater is scarce or at a greater depth, a favorable geologic condition that reduces the risk of impacts from coal ash disposal.

The CCR rule has undergone several changes since it became effective in 2015. We expect that in 2020 EPA will initiate additional rulemaking initiatives to modify the rule further. Regardless of anticipated changes, Xcel Energy’s facilities are well positioned to meet the CCR Rule without significant impacts to operations or cost.

The CCR Rule provides a protocol for monitoring and protecting groundwater around applicable coal ash facilities. On January 31, 2020, we completed our third annual groundwater monitoring reports as required by the CCR Rule’s protocol. The groundwater monitored at Xcel Energy facilities is from designated monitoring wells located on the property of coal-fueled power plants, directly adjacent to the coal ash facilities.

The results show that all our coal ash facilities meet groundwater protection standards except for two facilities located in Colorado. Results from both facilities indicate there is no impact to local drinking water. However, we have initiated the assessment of corrective measures process as the CCR rule requires. We have also notified stakeholders, published monitoring reports to our website and are currently evaluating alternatives for corrective measures at these two sites.

Additional details and reports associated with all Xcel Energy coal ash facilities under the CCR Rule are available at Coal Ash Management on xcelenergy.com.

OTHER OPERATIONAL WASTES

Whether at our power plants, services centers, substations or with crews in the field, we follow best practices to manage waste. This begins by trying to prevent waste as much as possible and then having the right processes in place to responsibly dispose of waste that is generated.

Restricting Product Use

We continue to manage a list of targeted ingredients to avoid using in our operations. The list is comprised of substances that are highly regulated because of their potential environmental impacts or health concerns. While these products are not entirely banned, their use is restricted when viable alternatives exist.

Over the decades through implementation of efforts such as the targeted ingredients list and promoting the proper use and storage of products, we have significantly reduced hazardous waste quantities.

Material Recycling

Xcel Energy has an Investment Recovery group that optimizes the recycling and reuse of surplus equipment, salvage and waste materials generated as a result of serving our customers. Investment Recovery staff work closely with facility and project management to find productive outlets for materials that have a secondary value. Not only is the recovery of these materials good for the environment, but it can help reduce costs too, in some instances substantially, as in the case of the Benson Power Plant demolition project in 2019, in which over 90% of the project costs were offset by proceeds from equipment sales and scrap metal recycling.

Unfortunately, global market conditions have had a negative impact on the recyclables market for the past several years. In 2019, we continued to see a decline in the recycling markets for metal, cardboard and plastic. The vendors we choose to recycle materials are selected through a competitive bid process. Because some recyclable wastes, such as oil or batteries, could have an adverse environmental impact if mismanaged, vendors for these recyclables are reviewed using the same approved vendor program that we use for waste disposal.

Recycling Summary (in Tons)			
	2017	2018	2019
Cardboard	72	21	17
Batteries ¹	49	76	36
Plastic ²	72	2	0
Scrap metal	13,390	18,337	24,754
Used oil	3,635	4,320	4,171
TOTAL	17,218	22,756	28,978

1 Large lead acid batteries recycled for reclaiming lead. This waste is also included in the total for universal wastes that were generated by the company.

2 Due to the closure of our primary vendor for plastic recycling, all scrap plastic pipe generated went to the landfill for disposal.

We provide information on the recycling and disposal of wind turbines in the Renewable Energy section of the Corporate Responsibility Report.

Collection and Disposal of Regulated Wastes

Properly managing our waste streams is a shared responsibility among all Xcel Energy employees. The Environmental Services department is responsible for the company's waste management program, which focuses on ensuring regulatory compliance, minimizing waste streams and reducing environmental impacts. Our largest facilities have staff who work closely with Environmental Services and are specifically trained to manage waste for their facilities. Other individuals doing work in the field or at facilities with potential to generate regulated waste routinely receive training on the company's waste management program. In addition, Environmental Services staff conducts regular site visits and develops job aides to help employees understand their waste management responsibilities.

At several locations, Xcel Energy has centralized facilities to aggregate specific wastes prior to shipping for disposal. We operate a Hazardous Waste Transfer Storage Disposal Facility (TSDF) in Minneapolis that is licensed by EPA and the Minnesota Pollution Control Agency. It is permitted as a long-term polychlorinated biphenyl (PCB) storage facility and has a licensed Very Small Quantity Generator (VSQG) program that provides additional waste management flexibility. Wastes from our Upper Midwest operations are aggregated and temporarily stored here, including:

- Common non-hazardous wastes, such as used oil and oil contaminated materials
- Universal wastes, such batteries and lamps
- PCB-related wastes from electrical equipment and contaminated debris
- Hazardous waste streams, including paint and expired chemicals

In Colorado, we operate a centrally located facility to store PCB-related wastes, and our Materials Distribution Center in Henderson is used to consolidate common non-hazardous and universal wastes. Together, these facilities help in properly managing regulated waste streams while also lowering shipping and disposal costs.

To dispose of waste, we have an approved waste vendor program that helps to minimize risks through the exclusive use of vendors that are systematically evaluated and pre-approved. A team comprised of Environmental Services, Supply Chain, Legal, Risk Management and Investment Recovery meets quarterly to discuss the program and any relevant vendor issues. Vendors contracted to manage higher risk waste materials, including hazardous waste, are audited on a routine basis.

Waste Disposition Summary

Our waste generation in 2019 reflects normal operating conditions. Waste from non-routine remediation projects is excluded from the totals below. The regulated wastes reported here are disposed at licensed facilities that are vetted to ensure they are properly insured, financially stable and have strong compliance records.

Waste Disposition Summary (in Tons)			
	2017	2018	2019
Asbestos	448	326	1,305
Hazardous	50	47	56
PCB related ¹	415	670	550
Special ²	8,363	8,716	7,955
Universal ³	112	163	81
TOTAL	9,388	9,922	9,947

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

2 Special wastes include oily materials recovered from our operations, such as rags, filters, soil and water, as well as other non-hazardous industrial wastes including treated wood, spent resin, non-hazardous liquids and electronics.

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

PCB Phase-out Effort

We have been phasing out equipment that contains PCBs from our transmission and distribution system for many years. The Toxic Substances Control Act of 1979 defines PCB equipment as equipment containing oil having a PCB concentration of 500 parts per million (ppm) or more, while PCB-contaminated equipment has oil with a PCB concentration of 50 to 499 ppm.

Xcel Energy has made dedicated efforts to remove all known PCB equipment from its system, including transformers, capacitors and other regulated categories of equipment. This equipment was targeted, removed and replaced with non-PCB equipment. In many cases, we retrofitted systems to accommodate the removal and replacement of regulated equipment with non-PCB equipment.

Other phase-out efforts include the replacement of regulated equipment with non-PCB equipment as systems are upgraded. Any regulated equipment removed from the field is disposed and replaced with non-PCB equipment unless there are extenuating circumstances associated with the design or procurement of the equipment. Xcel Energy personnel are trained on PCB regulations and the proper identification, handling, removal and disposal of this equipment to facilitate phase-out efforts. Aside from PCBs that are occasionally discovered during facility upgrade projects in small sealed or previously untested specialized equipment, most of the PCB and PCB-contaminated equipment left on our system is the result of cross-contamination occurring during manufacturing or maintenance activities prior to or shortly after the adoption of the Toxic Substances Control Act

PCB Contaminated Equipment and Oil Removed from the Xcel Energy System			
	2017	2018	2019
PCB and PCB-contaminated oil (gallons disposed)	36,632	33,311	22,085
PCB and PCB-contaminated equipment (units removed from service)	815	1,235	830

Legacy Manufactured Gas Plant Projects

In the late 1800s until the mid-1900s, gas was manufactured using coal, oil and petroleum. It was used as natural gas is today, primarily for heating, cooking and street lighting. EPA estimates that thousands of manufactured gas plants or MGP facilities operated in the United States between 1815 and 1960. They were owned by municipalities and corporations, including predecessor companies to today’s natural gas and electric utilities. MGPs produced a variety of wastes and byproducts, including coal tar. Some of the waste and byproducts were sold for reuse or disposed off-site, and some were left at plant sites.

Given the extensive history of our operating companies — going back more than 100 years — Xcel Energy has inherited legacy MGP sites. All the plant facilities were closed and dismantled many years ago, and some of the properties where MGPs once operated have been sold. Over the years, Xcel Energy has worked cooperatively with environmental agencies and communities to successfully investigate and remediate former MGP sites when necessary.

Ashland Shoreline Cleanup

The lakefront along Lake Superior in Ashland, Wisconsin, was one of the busiest industrial ports in the United States in the late 1800s and early 1900s. Lumber, mining, railroad and utility companies used the shoreline for operations, and later a municipal-owned dump and wastewater-treatment facility operated along the shoreline. From 1885 to 1947, a company, which Xcel Energy later acquired, operated a manufactured gas plant in the area that provided gas for street lighting and businesses.

With this history of heavy industrial operations, the site was listed as Superfund site in the early 2000s. In 2010, the EPA established methods to remediate or remove impacted soils, sediments, debris, groundwater and waste wood from the site. Xcel Energy, because it acquired the company that operated the MGP, was given responsibility to design and complete the significant cleanup effort, which lasted from 2012 to 2019.

The more than \$200 million project was done under the supervision of EPA and the Wisconsin Department of Natural Resources. It involved more than 460,000 hours of work and employed best-in-class techniques, innovative technologies and a first-of-its-kind strategy to safely remove impacted lake sediments.

Working closely with state and federal agencies, the project was environmentally sound and economically balanced. Throughout the effort, we maintained strong community relations with the city, customers, elected officials and local Native American tribes. With the project completed, Ashland plans to move forward with waterfront redevelopment.



WILDLIFE AND HABITAT PROTECTION

We have a history of working proactively with wildlife agencies and conservationists on research studies, programs and regulatory efforts designed to protect wildlife and its habitat.

Xcel Energy's operations are extensive. They span portions of eight states, including thousands of miles of power line and pipeline rights of way, lakes and rivers, and acres of property for our generating plants, wind farms and other facilities. Given our footprint, we play an important role, as a responsible steward of natural resources, in safeguarding birds, bats and other wildlife around our operations.

As part of our planning processes, we consider potential impacts as we upgrade, design and build facilities, including power line and plant construction projects. We evaluate the possible impacts and take appropriate steps to help avoid and minimize potential risks. Once projects are underway or completed, we have programs in place to document and report incidents, and determine next steps if there are practicable ways to prevent future incidents.

Through our environmental policy, we have a commitment to stewardship that we fulfill by working collaboratively with state agencies, conservationists and nonprofit groups. Over the years we have participated in studies, supported preservation efforts and worked side by side with these organizations on important stewardship projects.



HIGHLIGHTS

- Under our Avian Protection Plans, 2,700 electric transmission and distribution power-line locations have been retrofitted with equipment to protect birds.
- During construction of the Hale Wind Project in Texas, we took extra precautions to move bee hives along the transmission line route, relocating them to an apiary outside Fluvanna, Texas, southeast of Lubbock.
- As part of the construction and operation of the Sagamore Wind Project, we entered into an agreement with the Lost Draw Conservation Bank to preserve approximately 2,000 acres of habitat for the Lesser Prairie Chicken (LPC).
- Through an integrated marketing campaign, we raised nearly \$74,000 for Colorado's newest state park, the Fisher's Peak wilderness area. For each residential customer who enrolled in Xcel Energy's demand-side management program, Saver's Switch, we donated \$25 to The Trust for Public Land to support the wilderness area, which includes nearly 30 square miles of pristine high plains forest in Southern Colorado.
- Our popular Bird Cam website had more than 1.6 million views during the season in 2019 with visitors tuning in to watch bald eagles, great horned owls and peregrine falcons. As early as 1989, we began working with the nonprofit Raptor Resource Project to install nest boxes at several of our Minnesota generating plants to help restore the peregrine falcon to the Mississippi River Valley. With the program's success, we began installing web-based cameras to share live video of the birds and their nesting habits. Our Bird Cam program grew from there.
- The Xcel Energy Foundation and our company donated more than \$600,000 in 2019 to nonprofit programs that protect and enhance our natural resources. The funding is expected to improve over 800 acres of habitat and parks.

AVIAN PROTECTION PLANS

Xcel Energy was the first utility in the country to enter into a historic agreement with the U.S. Fish and Wildlife Service to proactively address potential issues involving birds and power-line structures. Our utility operating companies signed separate voluntary memorandums of understanding with USFWS in 2002 to collaborate on developing Avian Protection Plans.

Transmission and distribution lines and equipment can be attractive to birds for roosting and building nests, and they can pose a collision or electrocution hazard that may result in injury or death to birds. Avian Protection Plans are essential for protecting birds, as well as helping Xcel Energy meet federal wildlife protection laws. Threatened and endangered avian species and eagles are protected by the federal Endangered Species Act and the Bald and Golden Eagle Protection Act, respectively.

Under the plans, each operating company developed a schedule for retrofitting facilities determined to pose a higher risk for bird injuries or deaths as part of its plan. All the retrofits initially identified for our Colorado, Texas and New Mexico service territories are complete. In the Upper Midwest, we have finished the highest priority lines and poles and continue to work through the next level of retrofits as we complete scheduled power-line maintenance projects. In addition, our facility design standards have been revised so that new or modified construction meets industry standards to prevent or mitigate avian incidents.

Ongoing reporting and monitoring are another step in complying with federal avian protection laws and acting responsibly to protect birds. Employees are required to report injured birds or fatalities using an online reporting form. As necessary, the reasonable retrofit or installation of additional avian controls at these locations can minimize the risk of incidents in the future.

SUPPORT FOR POLLINATORS

Pollinators, including bees, butterflies, some birds and even bats are vital to flowering plant reproduction for producing most fruits and vegetables, and their population is shrinking. According to the U.S. Fish and Wildlife Service, more than 75% of our food crops rely on pollinators to survive. Xcel Energy has been working with partners to support the development and maintenance of pollinator habitats for over 30 years.

We have 44 active sites ranging from 0.25 to 800 acres, covering over 2,100 acres of pollinator habitat, in Minnesota, North Dakota and Wisconsin. These include various company properties — under transmission lines and around substations, generating plants, office buildings, community solar gardens, and even a wind project. We are supporting and initiating projects that make a difference in the survival of pollinators, restoring native prairie ecosystems and targeting special species of concern including the monarch butterfly, rusty patched bumblebee and Karner blue butterfly.

Because we cannot achieve success on our own, we partner with state and federal agencies, communities and nonprofit organizations. In 2019, we planted our first pollinator garden at a wind farm. Children from the Kulm School District in Dickey County, North Dakota, helped us plant milkweed and other native plants at the new Foxtail Wind Farm. Partnering with the city of Mendota Heights and nonprofit organization Great River Greening, we seeded four acres of pollinator habitat at Valley Park under our transmission lines, with plans to extend the corridor an additional four acres in 2020. On Xcel Energy's Day of Service, more than 50 employees and community volunteers planted a pollinator garden around a solar panel at YMCA Camp St. Croix. Maintenance activities also took place at project sites including mowing and removing invasive species by hand in Wisconsin.

In Colorado, employee volunteers are partnering with nonprofit organizations to help educate other employees on the importance of pollinator species and supporting projects for the development and maintenance of pollinator habitats in our communities. Partner organizations include the Butterfly Pavilion, Volunteers for Outdoor Colorado and the Colorado Pollinator Network.

Xcel Energy and the contractors we employ do not use chemicals that are harmful to beneficial insects in our vegetation management practices to control brush, trees and weeds on our rights of way and properties. This includes eliminating the use of neonicotinoids, which is of special concern to people working to improve bee populations.

As we move forward with the pollinator initiative, we are focusing on developing habitat that can be sustained, allowing time for the sites to develop. Our primary goal is to continue educating the communities we serve on the importance of pollinators in their daily lives while using company property to make a difference.

RESPONSIBLE WIND DEVELOPMENT

Wind energy is an important and growing part of our energy mix, especially as we look to build and operate more company-owned wind farms. Through wind, we are reducing carbon and other emissions and improving the environment in ways that ultimately support and protect wildlife. However, it is important that wind farms are properly located, constructed, operated and monitored to minimize impacts to wildlife and protected species.

Project Siting and Development

Before construction, we carefully select wind farm sites to ensure impacts to birds, bats and other wildlife are minimized as much as possible. This includes following the USFWS's Land-based Wind Energy Guidelines, conducting wildlife and habitat surveys and following other best practices. As part of this, we work with wind project developers, the USFWS and appropriate state wildlife and natural resource agencies during siting and permitting to ensure turbine locations are not in critical habitat for threatened and endangered species. If issues are identified, we work with the appropriate agencies to avoid or minimize impacts.

Our Sagamore Wind Project in New Mexico is an example of our commitment to responsible wind development. In addition to siting wind turbines in locations to avoid and minimize impacts, we voluntarily entered into a conservation agreement and purchased preservation and restoration credits from the Lost Draw Conservation Bank for the Lesser Prairie-Chicken (LPC).

Under this arrangement, we are helping to expand, improve and protect high-quality LPC habitat. The bank is expected to restore thousands of acres of habitat by reconverting agricultural fields and removing tall woody species such as mesquite. It will eliminate existing fragmentation, such as pivot irrigation, wind mills and other tall structures, and provide permanent protection through easements held by a New Mexico land trust.

Construction

Pre-construction surveys help to minimize potential wildlife impacts and are done before excavation begins for building roads and foundations, installing cable or relocating cranes. For example, at the Cheyenne Ridge Wind Project in Colorado, pre-construction surveys identified burrowing owl nests in prairie dog colonies. With the information, we were able to create a buffer zone to protect the owls during construction.

ENTICING OSPREYS TO ALTERNATIVE NEST SITES

Ospreys are federally protected raptors that have been successfully reintroduced in the Midwest, following decades of restoration and conservation efforts. Ospreys like distribution poles and transmission structures for nesting, but nests built on utility poles can pose a threat to the birds and may cause outages and damage to electrical equipment. Xcel Energy frequently erects alternative nest platforms that are taller than nearby lines in known osprey nesting areas to provide more attractive and safer nesting sites, while protecting system reliability. We also work closely with communities and civic groups to help them evaluate utility poles near high-quality osprey habitat, to identify alternative sites, and assist with building and installing safe osprey nest platforms.

LESSER PRAIRIE-CHICKEN CONSERVATION AGREEMENT

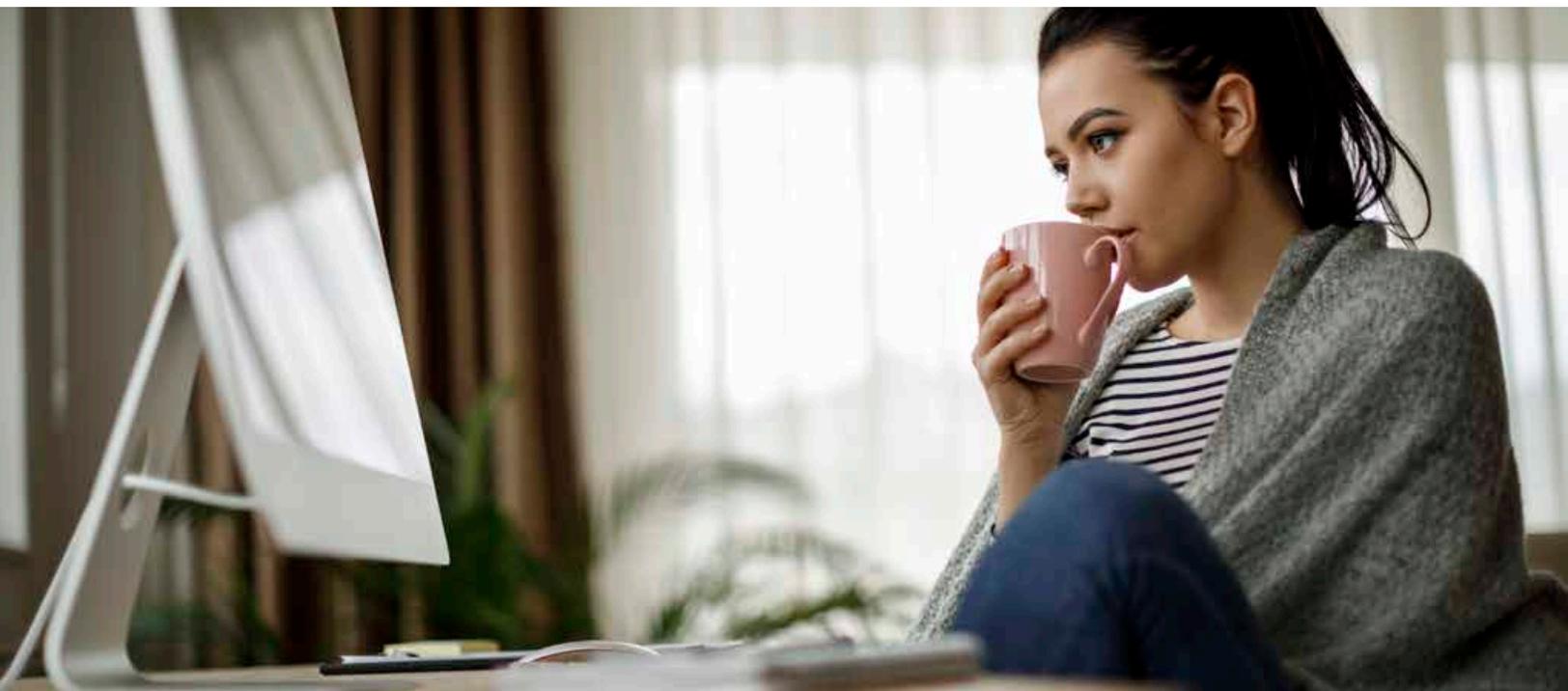
Rangelands in our Colorado, New Mexico and Texas service areas provide important habitat for the LPC. We voluntarily entered into a conservation agreement with the Western Association of Fish and Wildlife Agencies (WAFWA) in accordance with the Lesser Prairie-Chicken Range-Wide Conservation Plan to help protect this species of prairie grouse. To participate in the conservation agreement, we paid enrollment and mitigation fees based on our development activity. We also took conservation measures, following avoidance, minimization and mitigation practices during operation, maintenance and new construction activities. As an example, we buried certain distribution lines within the buffers of active breeding areas and used special types of pole construction in certain LPC habitat areas.

The goal of the WAFWA conservation plan was to increase the population of the species from about 17,000 birds in 2013 to 67,000 birds across Colorado, Kansas, New Mexico, Oklahoma and Texas. These efforts appear to be working — by 2018, WAFWA reported that the LPC population was steadily increasing.

WAFWA and the Lesser Prairie-Chicken Range-Wide Conservation plan was evaluated in 2019 for its effectiveness for protecting the species. While there is not yet a final decision on the future of WAFWA and the plan, we continue to evaluate projects for their impacts to LPC and implement appropriate minimization and mitigation practices.

SOCIAL





CUSTOMER COMMITMENT

The experience, service and value customers expect from their energy partners are changing — and we are building the future to meet their expectations today and beyond.

We understand energy is a necessity in people's lives. Starting at the first moment of our relationship, when customers sign up for service, through every interaction and experience, we are delivering to meet their energy needs and exceed expectations.

One of our company's strategic priorities is to enhance the customer experience. At the core of our customer relationship, we have a responsibility to deliver on the fundamentals — energy service that is safe, reliable, affordable and increasingly clean. We continue to invest in systems to ensure reliability while managing our business to keep customer bills low. During difficult times when customers need us most, we are there with information and solutions. We are also investing in the tools and capabilities to help customers increasingly take charge of their energy and maximize their own investments in smart technology to keep their energy costs down and be a part of our journey to carbon-free electricity by 2050.

To fulfill our longer-term vision and capture the opportunities of our changing industry, we embarked on an initiative in 2019 to bring together the people, processes and technology to further build our customer relationships and improve satisfaction. This multi-year effort is focused on transforming our products and services, simplifying how customers access them — putting more control at their fingertips and moving customers from simply buying energy to more effectively managing what they do with energy.

HIGHLIGHTS



- In response to the COVID-19 pandemic, we have taken important steps to ensure people have the energy they need to power their homes and keep their families safe. We suspended disconnections of electricity and natural gas service for residential customers and are offering business customers energy resources. We are committed to working with customers who have difficulty paying their energy bills and have encouraged them to contact us to arrange payment plans that meet their circumstances.
- Our Customer Experience Transformation Program is building new capabilities and experiences to digitally transform Xcel Energy's interactions with its customers, from making it easier to start or switch electric service online to the process for scheduling a field technician visit. New features are already rolled out, making it easier for customers to find answers to their questions and manage services online through their My Account portal.
- In response to our direct mail campaigns in 2019, we had an uptick in traffic to our public safety awareness websites for targeted audiences. Visits to the safety websites for educators and students and for first responders increased approximately 10%, while visits to the website for at-risk third-party contractors increased nearly 13%.
- Xcel Energy's average annual residential energy bills continue to be below the national average. Our average residential electric bills from 2010 to 2019 are 26% lower than average, and our natural gas bills from 2009 to 2018 are 15% lower than average.
- We provided approximately \$59 million to customer energy assistance programs in 2019, supporting nearly 122,000 individuals and families throughout our service area.
- By the end of 2019 more than 625,000 customers had downloaded the Xcel Energy app on a device, with downloads up 24% for the year compared to 2018. The app is highly rated by customers on both the Google Play and Apple App stores.
- We monitor customer perceptions through multiple tools, including the JD Power Electric Utility Customer Satisfaction studies. Under JD Power's industry-wide benchmark for residential electric customers, we continue to improve, moving into the middle of the first quartile for overall satisfaction at the beginning of 2020. Residential customers rated us the most positively in the areas of power quality and reliability, price fairness, efforts to develop future energy supply plans, and our actions to take care of the environment.
- Our automated phone system handled over 60% of customer calls with high customer satisfaction in 2019, while our customer contact centers also demonstrated high performance. Through regular transactional surveys, 86% of residential and business customers reported they were satisfied with transactions involving agents at our contact centers. Similarly, 87% of customers reported their problem or issue resolved on the first call to Xcel Energy.

THE REGULATORY COMPACT

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

- **Duty to serve:** We cannot pick and choose our customers. We will provide service to any residence or business within our service territory that requests it under reasonable terms and conditions.
- **Cost of service pricing:** We cannot arbitrarily raise prices to levels beyond our costs. Pricing for our services is regulated by the costs we incur to deliver them.
- **Resource planning process:** Every few years, we go through a process to determine the resources necessary to serve customers' future energy needs. Resource plans must be reviewed and approved by regulatory commissions, and stakeholders can provide input on the plans through a public process.

By supporting this compact, we are granted the ability to recover our costs of doing business and earn a reasonable rate of return. Although, this rate of return is not guaranteed — we have only the opportunity to earn it. To operate effectively in a closely regulated business like ours, it is imperative that we stay in sync with the current demands of the public and our policy makers.

PUBLIC SAFETY

Keeping people safe around energy is a responsibility we take very seriously. To support this, we have comprehensive outreach programs that promote safe behavior among our customers, communities, emergency responders and third-party workers. Our goal is for everyone who lives, works or gathers near our facilities to be aware of possible hazards and to know how to respond safely to them.

Our outreach programs use multiple channels to communicate and share safety messages. Advertising and direct mail are the most widely used and successful ways to raise safety awareness. We also use media and event appearances, email, social media, sponsorships, trainings and meetings, and websites.

In addition to sharing safety messages with the general public and our customers, we reach out to specialized audiences that play an important role in supporting public safety, including:

- Emergency responders, such as firefighters and law enforcement, who may be first to respond to electric and natural gas emergencies
- Third-party contractors who can encounter power lines or natural pipelines as part of their jobs, including construction, roofing and tree care professionals, as well as agricultural workers and those who do excavation work
- Educators, such as superintendents, principals and teachers, as well as students in second through sixth grades

Our fulfillment programs annually distribute thousands of safety materials tailored to educate and inform these audiences. We also encourage them to use online resources that we sponsor, including e-SMART worker, e-SMART kids and the Responding to Utility Emergencies training. To supplement materials, we offer in-person trainings, safety presentations and conduct numerous drills for local emergency responders.

Throughout the year, we run public safety campaigns targeted at communicating outreach messages in four key areas, including:

- Calling 811 before digging
- Staying at least 10 feet away from overhead lines to be safe
- Recognizing and responding to a possible natural gas leak
- Keeping natural gas meters clear of snow and ice

Accidental third-party excavation damage to underground electric and natural gas facilities is a significant safety concern and remains the biggest threat to our natural gas distribution system. We belong to the Common Ground Alliance, a member-driven association committed to saving lives and preventing damage to underground infrastructure through effective damage prevention practices. The association's most prominent initiative is the national 811 phone number that people call to have underground utility lines marked before they dig.

We report on our natural gas operations and pipeline safety in the Reliable and Secure Energy section of the Corporate Responsibility Report.

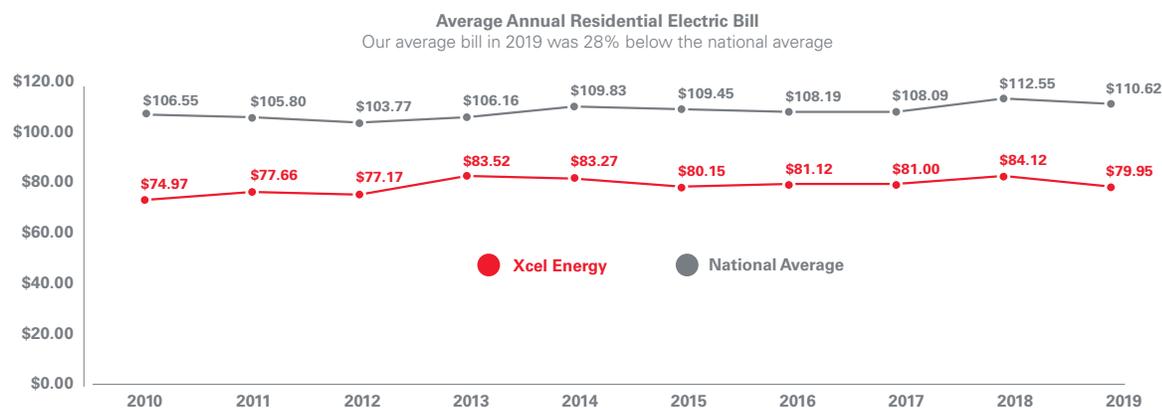
MANAGING CUSTOMER ENERGY BILLS

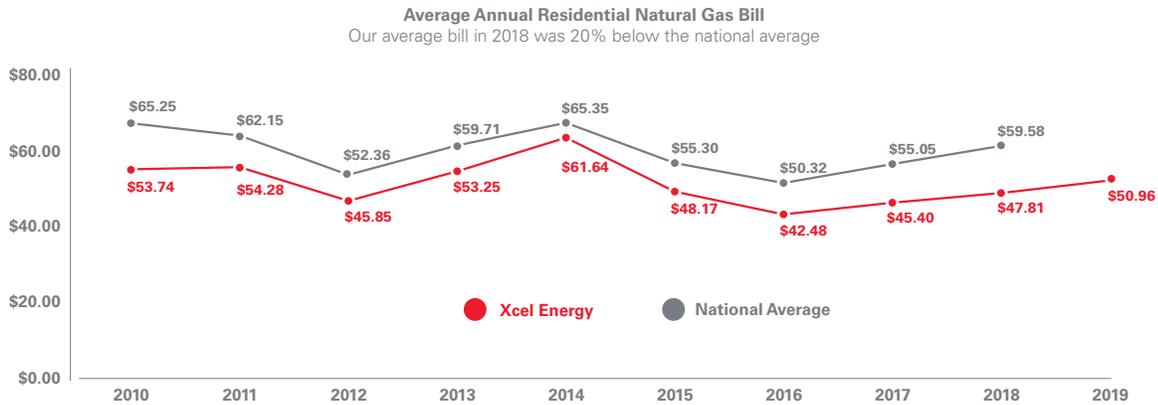
We continue to focus on the cost of service to fulfill our corporate strategic priority to keep energy bills low for customers. In 2019, Xcel Energy's average residential electric bills declined, while we had a 3% uptick in natural gas bills. Overall, we continue to have among the lowest average residential bills in the country. We calculate that our customers over the past decade have spent \$3,337 less on electricity and \$1,033 less for natural gas compared to the national average.

Xcel Energy's lower than average customer bills are likely but not exclusively the result of:

- Our comprehensive portfolio of energy efficiency programs, as well as changing codes and standards that result in more efficient buildings and appliances
- Company-wide disciplined cost management
- Investments through our Steel for Fuel strategy, which calls for adding clean, renewable projects at a cost that is offset by the future fuel savings
- Growth in on-site or rooftop solar panels
- Increases in multi-family housing construction
- Weather differences,

Xcel Energy Comparison of Average Monthly Bills





Based on EIA bill trend data reported each year by utilities and revised by EIA in early 2019. Represents Xcel Energy annual average of monthly bills, excluding taxes and franchise fees; annual national natural gas bill information is not yet available.

CUSTOMERS IN NEED

We work with state and local agencies and advocates for low-income customers to provide energy assistance to those in need. Our Personal Accounts department helps to monitor and assist customers who have medical needs or who struggle to make their monthly energy payments. They can assist in making energy bills more affordable to income-qualified individuals and families by promoting special energy efficiency programs, arranging payment plans and providing energy assistance resources.

Our support of energy assistance includes:

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

Our energy assistance and personal accounts staff are specially trained to help struggling customers find affordable solutions in the most difficult of circumstances. Their sole focus is the energy security of our most vulnerable customers whom they support through detailed knowledge of relevant state rules and by leveraging an extensive network of partners and programs.

We encourage customers who struggle to pay their bills to contact us to develop a payment plan and determine if additional assistance is available. Xcel Energy has several energy assistance programs for seniors or low-income customers with medical needs, in addition to assistance they receive from LIHEAP. For example, in Colorado and Minnesota, we work with eligible customers to set their bills at affordable budget levels based on their income and usage and then we match the remaining portion of their bills.

We only disconnect service as a last resort if we are unable to resolve the issue or arrange a payment plan. For customers behind on their payments, we typically send a reminder notice 33 days after the unpaid bill is due and a disconnection notice 64 days after the original due date. In 2019, we disconnected service to 52,845 customers. Most of these customers were reconnected within 72 hours of the disconnect after they arranged payment plans or paid their bills in full. Heat-affected disconnections are not performed in our five Upper Midwest states during the heating season. In each of our states, our Customer Care leadership has the authority to suspend disconnections during extreme weather or other emergency situations.

SCAM AWARENESS

Nationwide and internationally scammers continue to target utility customers, trying to take their money. Utility scam activity first spiked in 2014, and since then, we have combatted the problem by making technology changes and raising awareness to expose the tactics of scammers and help customers protect themselves. We track both in-person and phone-based scam attempts thanks to the reports of customers.

When we learn of heightened scam activity in specific locations, we contact local media and use our social media channels to release information and alert customers. We also sometimes activate a message on our phone system that gives customers the option to listen to a recording with information about how to discern if they are being scammed. The data we collect about scams is also used in partnership with law enforcement to investigate possible larger scam efforts and trends across our territory, with the goal of shutting down scammers.

In addition, we belong to Utilities United Against Scams, a collaborative of more than 100 utilities across the United States. Members share leading practices and updates about how scams are affecting their customers, as well as ideas and updates on what they are doing to spread awareness. The group was instrumental in establishing an annual awareness day — National Utility Scam Awareness Day — which takes place on the third Wednesday each November.

Information to help protect customers from scams is available on xcelenergy.com.

DATA PRIVACY

Xcel Energy takes seriously our responsibility to protect company information, including the confidential information that we generate and receive about our operations, customers, employees, contractors and vendors. Our corporate policies and standards regarding information management and protection are designed to maintain the trust of the individuals and organizations we do business with.

We operate in a highly regulated industry that requires the continued operation of sophisticated information technology systems and network infrastructure. In the ordinary course of business, we use our systems and infrastructure to create, collect, use, disclose, store, dispose of and otherwise process information. Our employees and contractors are trained on information management and protection requirements.

Our Enterprise Security Services group helps ensure the protection of company information across all business units. This organization includes four main branches: Cyber Security, Enterprise Resilience, Physical Security and Security Governance and Risk Services. In addition, we have established a Cyber Defense Center and an Enterprise Command Center designed to investigate, respond, mitigate and remediate incidents and vulnerabilities that may involve company information.

Read our Privacy Policy and learn more about how Xcel Energy manages and protects customer data.



RELIABLE AND SECURE ENERGY

We provide 24/7 convenience for millions of customers who depend on us for the fundamentals — reliable, affordable and safe energy from an increasingly clean mix of resources.

Energy is a necessity for the economy and our customers, and because of this, reliability is core to the service we provide. Company-wide, our electric service is consistently ranked among the top one-third of U.S. utilities, with customers having electricity on average 99.9% of the time. Natural gas is a safe, affordable and environmentally efficient energy source that is inherently reliable for heating homes and businesses, especially in colder climates. Our natural gas system is highly flexible and resilient with nearly 100% reliability.

We continually invest to strengthen and modernize our infrastructure — the plants, power lines, pipelines and other systems that serve customers. This includes upgrading technology and diversifying our energy supply to ensure a reliable mix of resources for managing energy cost and environmental impact while making sure we do not depend too heavily on any one resource. As we decide where to invest, we consider projects that provide the greatest value and meet the diverse interests of stakeholders, including customers, communities, regulators, policy makers and investors.

Over the next five years, we will invest \$1.4 billion in new network infrastructure, smart meters, advanced software, equipment sensors and related data analytics capabilities. These investments will further improve security, reliability and reduce outage restoration times for our customers, while at the same time, enabling new options and opportunities for increased efficiency savings.

As our systems become more interconnected, security of the power grid is a greater concern. We continue to implement security measures designed to protect our information technology systems, network infrastructure and other assets, working closely with government and industry peers to identify and adopt best practices for grid security.



HIGHLIGHTS

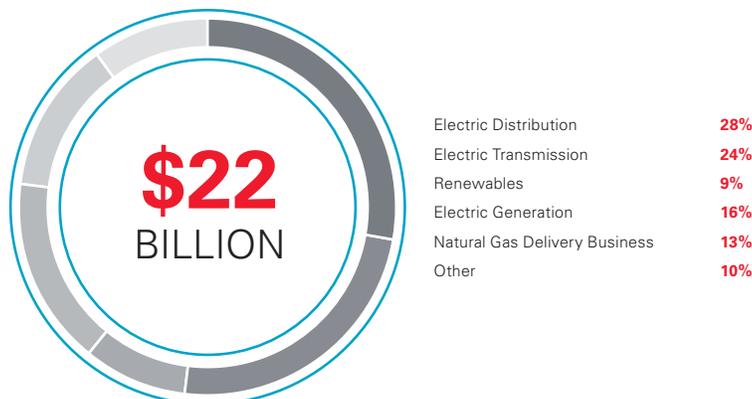
- We added 700 megawatts of company-owned wind capacity through the completion of three wind farms in 2019 — Hale in Texas, Foxtail in North Dakota and Lake Benton in Minnesota. Constructing and operating wind projects has become a core competency, as we complete the nation's largest multi-state wind investment under our Steel for Fuel growth strategy.
- Xcel Energy's nuclear generating plants had a transformational year in 2019. Both plants were rated as exemplary by the Institute of Nuclear Power Operations and are in the Nuclear Regulatory Commission's Column 1 — the highest ratings attainable. We also made progress understanding how to operate our nuclear fleet alongside variable wind and solar energy resources, which will be important to achieving our vision for 100% carbon-free electricity.
- Our company delivered its best-ever public safety performance in 2019 by continuing to reduce the number of third-party dig-ins to underground pipes and wires. Company-wide we had 1.02 excavation damages per 1,000 locate requests — which is a 28% improvement over the past five years. We have achieved these results by continuously refining our processes and working with the industry and third-party contractors who encounter power lines and natural gas pipelines as part of their jobs.
- At least 92% of customers' power was restored within 24 hours following severe weather events in 2019. The Edison Electric Institute recognized our efforts during the year with two Emergency Recovery awards for outstanding restoration work. The first was following the Colorado bomb cyclone in March, and the second was in September after tornado damage in Sioux Falls, South Dakota.

INVESTING FOR THE FUTURE

Over the next five years, we plan to invest \$22 billion in projects that, in addition to ongoing maintenance and repair, will increase renewable energy ownership, strengthen the power grid, ensure security and offer customers more options.

We are investing in projects that offer the most value for customers.

2020-2024 Capital Forecast



SYSTEM RESOURCE PLANNING

We are required by some state regulatory commissions to regularly conduct a system resource planning process. The process varies by state, but generally begins with Xcel Energy filing a proposed long-term resource plan with the public utilities commission, which is then evaluated by regulators, as well as customer, environmental and community stakeholders. The plans assess the overall resources we need to serve the energy needs of our customers. The plans also discuss many other factors related to our generation portfolio including associated transmission needs and our total load obligations, which are influenced by items like energy efficiency program goals.

Once the plan is approved, it may result in the need to add resources to serve customers. We then typically release one or more requests for proposals, which may be general or targeted toward specific resources, such as natural gas or renewable energy. As the regulatory commission decides on the resources to be acquired, our stakeholders provide input.

To reach our goal to reduce carbon emissions 80% by 2030, we have started to work with stakeholders engaged in our state resource planning processes. In 2019, we originally proposed the Upper Midwest Energy Plan that would close our remaining coal units early, shutting down all the units in the region by 2030. It would also extend the use of nuclear energy at the Monticello plant and significantly add more wind and solar power, as well as firm capacity resources, such as natural gas or possibly storage. Through the end of 2019 into early 2020, we updated our planning model and worked with stakeholders and will resubmit a new plan for the Upper Midwest by the end of June 2020, based on input we received. We expect to make similar proposals in Colorado and New Mexico in 2021 as the energy planning processes in these states get underway.

UTILITY OPERATIONS

Generating Electricity

Xcel Energy provides electricity from a diverse mix of energy sources, including coal, natural gas, nuclear and renewables. We delivered more than 99.8 million megawatt hours of electricity to customers in 2019, produced at Xcel Energy generating plants and purchased from third-party suppliers.

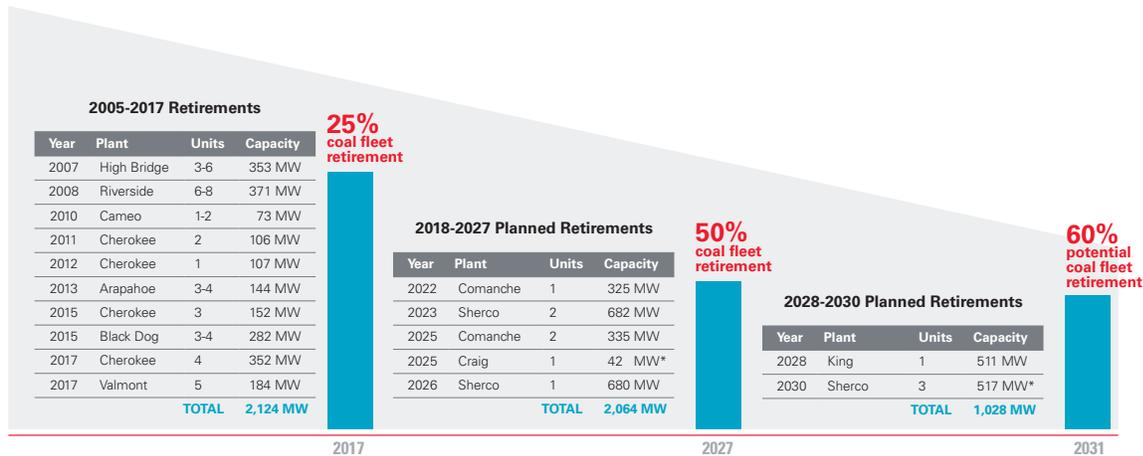


We currently own 18,700 megawatts of generating capacity across our eight-state service territory. Traditionally, our generation portfolio has depended on coal, but we are transitioning away from coal to rely more on renewable energy and energy sources that help to integrate renewable energy on our system, such as natural gas generation. We need technologies that can be dispatched to balance the peaks when customer use exceeds renewable generation and valleys when renewable generation exceeds customer use.

We report on flexible plant operations to integrate renewable energy in the Reducing Air and Other Emissions section of the Corporate Responsibility Report.

Xcel Energy generating plants consumed about 19.3 million tons of coal in 2019, down from 23.2 million tons in 2018. As we retire coal units and change the operation of existing units, our annual coal use is expected to continue declining. By 2027, we will retire 23 coal units under approved plans, representing approximately half the coal-fueled capacity we own. In addition, we have proposed early retirement of the Allen S. King Generating Plant and Sherco Unit 3 in Minnesota.

Xcel Energy’s declining reliance on coal enables significant reductions in carbon and other emissions.



*Based on Xcel Energy’s ownership interest

We continue to invest in wind energy under our Steel for Fuel growth strategy, capitalizing on historic-low wind prices and available tax credits to install new wind farms — where the cost to build the projects is offset by future fuel savings. Many of the wind farms we will own.

We discuss Steel for Fuel and the expansion of wind and solar resources on our system in the Renewable Energy section of the Corporate Responsibility Report.

Our nuclear fleet is among the safest and best run in the nation. With a combined capacity of more than 1,650 megawatts, the two generating plants in Minnesota — Monticello and Prairie Island — are rated as exemplary by the Institute of Nuclear Power Operations, and are in the Nuclear Regulatory Commission’s Column 1, the highest ratings attainable. Information on our nuclear plants is available on xcelenergy.com.

Delivering Power

Xcel Energy operates thousands of miles of transmission and distribution power lines as well as substations and other equipment to safely and reliably deliver electricity to customers.

Transmission lines are a vital link to bring electricity over long distances from power sources to substations closer to homes and businesses. Xcel Energy is one of the fastest growing, investor-owned transmission systems in the country.

The following are notable projects in 2019:

- We completed the 125-mile, 345-kilovolt Pawnee-Daniels Park project between the Pawnee Substation near Brush, Colorado, and the Daniels Park Substation south of the Denver-metro area. The new line will bring customers more low-cost, clean energy.
- A drone was used for the first time to assist in stringing conductor on a new five-mile 115-kilovolt transmission line within the City of Fargo, North Dakota, reducing impact to land. The new line increases reliability of electricity service in the Fargo area by reducing overloads on neighboring lines and transformers.
- Crews completed a challenging two-mile transmission line rebuild in the backwaters of the Mississippi River between Nelson, Wisconsin, and Wabasha, Minnesota. With the help of J.F Brennan Marine Construction, the project deployed helicopters, air boats and floating barges to install foundations and set structures in several feet of water.
- As part of our Power for the Plains initiative, more than 100 miles of transmission were completed in Texas and New Mexico, including a 64-mile section of the TUCO-Yoakum-Hobbs 345-kilovolt transmission line. The entire 168-mile line between north of Lubbock, Texas, to Hobbs, New Mexico, will be complete in 2020 enhancing electric reliability, strengthening the power grid and increasing capacity for new generation resources, including low-cost renewable energy.
- The Minnesota Public Utilities Commission approved the Huntley-Wilmarth project, a partnership between Xcel Energy and ITC Midwest LLC to build the 50-mile 345-kilovolt transmission line north of Mankato, creating additional capacity on the system for wind and solar. Construction begins in 2020 and will be complete in 2021.

Fueling Homes and Businesses

Xcel Energy is the 10th largest provider of natural gas service in the country, based on number of customers. We fuel the homes and businesses of approximately 2.1 million customers in Colorado, Michigan, Minnesota, North Dakota and Wisconsin, and operate some gas transmission in South Dakota and Texas. Natural gas is a safe and efficient way to heat homes, from both a cost and environmental perspective, especially in our cold weather service areas. With nearly 2,200 miles of transmission and over 35,600 miles of distribution pipelines in service, we plan to add approximately 750 miles of new pipeline over the next five years.

To maintain safe and reliable natural gas service for everyone, we take a proactive approach to managing the integrity of our system. This includes regularly surveying and inspecting our transmission and distribution pipelines and equipment to meet or exceed the requirements of the Pipelines and Hazardous Materials Safety Administration.

We are investing approximately \$1.4 billion to renew our pipelines and equipment, and so far, have replaced over 700 miles of pipeline since 2012. In 2014, we finished replacing all cast-iron pipes and have less than 10 miles of unprotected bare steel pipe remaining to replace, comprising less than 0.03% of the pipe on our system. Currently, all our transmission pipeline is protected steel and nearly all our distribution pipe is plastic or protected steel. Low natural gas prices and the use of a special monthly bill charge or rider in both Colorado and Minnesota have made it possible to invest in our system and accelerate upgrades with minimal impact to customer bills.

By upgrading our pipelines, we ensure safety and reduce the loss of natural gas. Over the past five years, we have decreased the occurrence of leaks on our pipelines and other equipment by more than 30%. We track this through annual inspections, day-to-day operations and customer reports. Once problem areas are identified, they are prioritized for repair, which involves a variety of measures from tightening joints to full-scale pipeline replacements.

Our work to improve the integrity of the natural gas system also reduces methane emissions and is part of our comprehensive plan to reduce the environmental impact of natural gas across the supply chain. We report on this effort in the Leading the Clean Energy Transition section of the Corporate Responsibility Report.

As a natural gas provider, we work to raise awareness and take steps to keep customers safe around natural gas in their homes and communities. This includes improving our emergency response time by 25% over the past five years. In 2019, our personnel arrived on-site within one hour of receiving a call associated with a suspected natural gas leak or other emergency 93% of the time. We also are a founding member of the Gold Shovel Standard, an industry-leading association aimed at reducing pipeline damages. Third-party damage to facilities is the number one risk to that nation's natural gas infrastructure, and our damage prevention program is achieving top-quartile results.

In 2019, we opened new training villages in Colorado and Minnesota to better prepare our natural gas employees and local emergency responders. The villages offer hands-on learning in a realistic setting that can simulate more than 40 different types of natural gas leaks and recreate incidents that have occurred across the country.

We also follow the American Petroleum Institute Public Awareness Programs for Pipeline Operators Recommended Practice 1162. This involves implementing measures to increase awareness about the safety of our facilities and energy service. Twice a year, we send information on staying safe around natural gas to customers through their bills. As part of our membership with the national, nonprofit Pipeline Association for Public Awareness and our participation in state-specific pipeline associations, as well as Minnesota's Community Awareness Emergency Response association, we distribute materials to important audiences. This includes providing safety guides, books and newsletters to excavators and to public and emergency officials, in addition to sponsoring and participating in pipeline emergency responder meetings and trainings.

We provide additional information on public safety awareness programs in the Customer Commitment section of the Corporate Responsibility Report.

WILDFIRE MITIGATION PLANS

As part of our commitment to safety, Xcel Energy has developed a fire risk mitigation program designed to help protect lives, homes and property from the threat of wildfire. We recognize that wildfires pose a significant threat to our customers and communities as a whole — and we are proactively taking steps to minimize ignition risks associated with operating our system. While most of the work is taking place in Colorado, it could be expanded to other states as needed.

We have established a cross-functional Wildlife Mitigation Team that works together to:

- Accelerate inspections in identified Wildfire Risk Zones — and conduct new and enhanced inspections on equipment — to further identify potential safety concerns
- Analyze the strength and ability of transmission and distribution structures to withstand higher than normal windspeed and upgrade as necessary
- Replace equipment and poles that do not meet our inspection or strength criteria
- Conduct enhanced vegetation management in the areas around structures and equipment
- Improve protocols and fire-safe work practices to minimize wildfire risk
- Explore use of new technologies to further reduce risk
- Work directly with communities, first responders and other stakeholders to inform, educate and gather feedback for our program

To strengthen our system, we are making strategic investments and improvements to bolster the power grid, build resilience and increase situational awareness to enhance the region's ability to respond to wildfires. The team oversees work in three areas:

- **System hardening initiatives:** Strengthen assets to minimize the risks of them causing ignitions and protecting against extreme weather conditions. Risk modeling determines methods of failure; then, repair and replace programs prevent and fix defects to mitigate risks. While it is impossible to eliminate every risk, we continue to maintain and upgrade our system and collaborate with other energy providers to protect people and property.
- **Operational and situational awareness efforts:** Improve our capability to make critical operational decisions more quickly and effectively. These include specific protocols for periods that are conducive to wildfires, such as "Red Flag Warning" days with high-wind conditions and ensuring a better understanding of threat conditions — and appropriate actions to deal with those conditions. We are reinforcing our power grid by replacing current equipment with new technologies that help reduce wildfire risk and allow us to be more effective in responding to fire events when they occur.
- **Community and stakeholder outreach plans:** Communicate with various groups, educating them on the work being done for wildfire mitigation, answering questions about the plan and receiving feedback on what is important to them. Our plan will continue to evolve as we evaluate new technologies, gain more industry and stakeholder input and support, and complete more inspections and studies to inform our program. Our effort also includes collaboration and benchmarking with the Electric Power Research Institute, Edison Electric Institute, national labs and our neighboring energy providers to share lessons learned and best practices.

VEGETATION MANAGEMENT

Xcel Energy's Vegetation Management department manages millions of trees across more than 47,000 miles of distribution right of way and more than 20,000 miles of transmission right of way throughout our service territory. Since 2005, the Arbor Day Foundation has recognized our company as a Tree Line USA utility for our commitment to proper tree pruning, planting and care.

We use industry best practices to help achieve our vegetation management goals in an environmentally sensitive, socially responsible and cost-effective manner. This includes Integrated Vegetation Management, which encompasses a progressive system of information gathering and helps us develop compliant solutions for controlling vegetation near electric and natural gas facilities.

In addition, our pruning methods comply with standards set by the American National Standards Institute and the Tree Care Industry Association, which are endorsed by the International Society of Arboriculture. We also employ manual and mechanized clearing techniques, as well as responsible herbicide applications. All herbicides used are products registered by the EPA and the appropriate state regulatory agency. The herbicides are applied by licensed applicators.

For our distribution and transmission lines, work is generally performed on a four- to five-year cycle. Our practices seek to balance our customers' need for reliable energy while respecting the natural environment that surrounds our facilities. For example, we work with landowners to determine if trees and other vegetation can be deemed compatible with safe operation of our electric lines. In Colorado, we also have established various programs to minimize the risk of wildfire ignition such as our Mountain Hazard Tree Program which helps us stay ahead of the tree mortality caused by the Mountain Pine Beetle.

In our efforts to comply with governmental regulation and to better ensure electric system reliability, our transmission line vegetation management program emphasizes the removal of incompatible vegetation to promote long-term vegetation control. In many cases, this means removing trees in areas where trees had been pruned in the past.

GRID RESILIENCE AND SECURITY

As the use of technology and interconnected systems expands, the power grid is increasingly subject to attack by those who might choose to do us harm, whether for criminal purposes or as part of an effort to undercut our national security. Ensuring our power grid is secure from cyber and physical threats is an ever-evolving responsibility that demands our constant vigilance and is a top priority for Xcel Energy.

We continue to implement an array of efforts to increase preparedness and decrease vulnerability. Our Enterprise Security Services organization oversees the coordination of all security efforts, including employee training and awareness, compliance with federal regulations and corporate security governance.

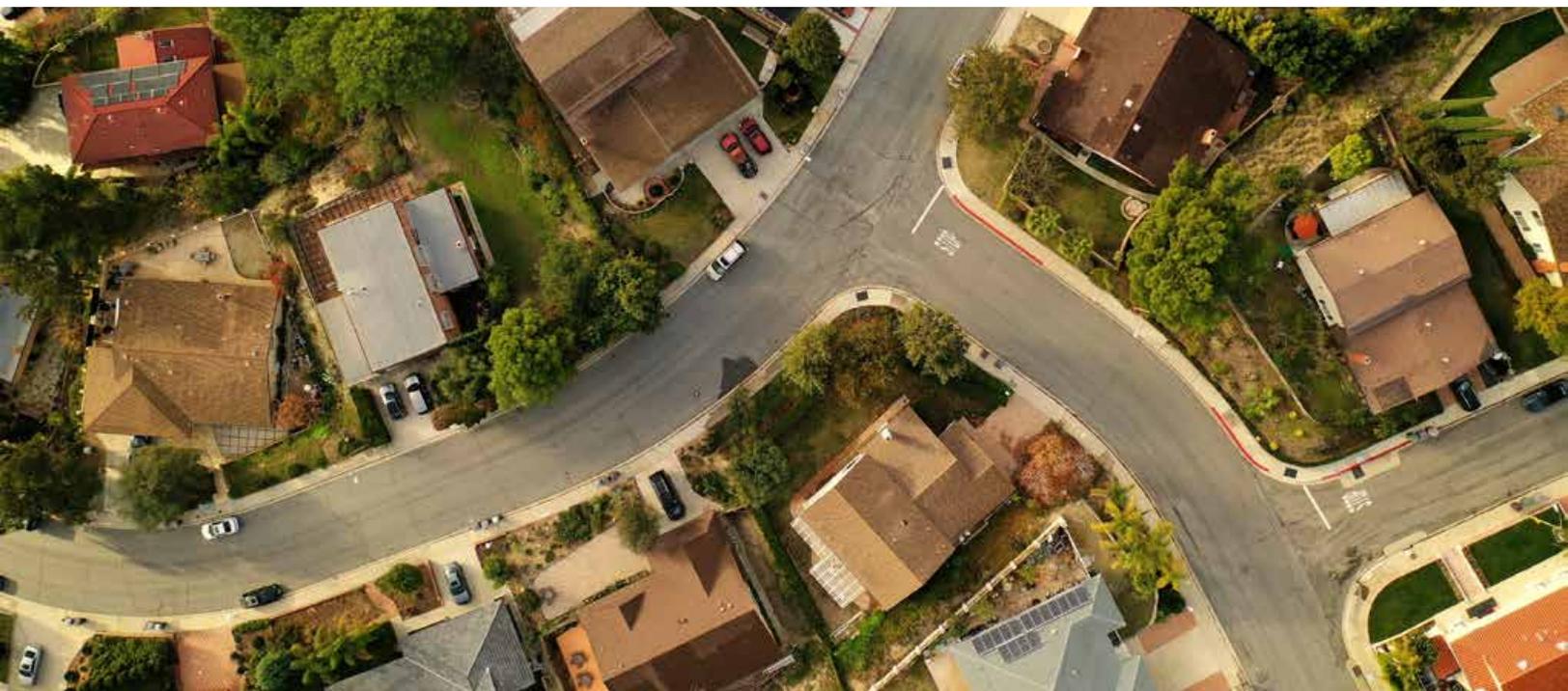
Through our state-of-the-art Cyber Defense Center, we monitor and protect our networks 24/7. Our cyber security program is risk based and uses known standards and best practices which encompass security controls that provide adherence to government and regulatory requirements. It includes “defense-in-depth” methodology that provides multilayered safeguards to reduce or eliminate single points of failure and weakness.

While it is impossible to protect our systems and power grid against every malicious attack, we are taking reasonable and prudent steps to prevent, detect and mitigate the impacts of an intrusion. We are hardening systems to limit opportunities for attack and deploying enhanced monitoring and detection systems to help us promptly identify any successful intrusion. We established an Enterprise Command Center in 2018, which provides constant monitoring for natural and man-made events that could be disruptive to Xcel Energy’s ability to serve our customers, protect our assets and keep our employees safe.

We engage with other members of our industry, other segments of the economy and the government to engage in threat information sharing and test our combined capabilities to respond to an attack. Individually and in collaboration with other energy providers, we are working to prepare our employees and systems for responding to a successful attack by developing inventories of spare equipment and processes for preserving reliability in the unlikely event our key operational systems were to be compromised.

As part of our commitment to security, Ben Fowke, Xcel Energy chairman and CEO, is a member of the National Infrastructure Advisory Council, which advises the President on ways the nation can protect its critical infrastructure. He also participates in the Electric Sector Coordinating Council, which serves as the principle liaison between the federal government and the electric power sector on these issues.

Xcel Energy is subject to mandatory physical and cybersecurity standards adopted by the North American Electric Reliability Corporation (NERC). Our practice is to self-report all identified instances of actual or potential noncompliance with the NERC physical and cybersecurity standards, regardless of severity. In 2019, we discovered several instances of actual or potential noncompliance that have been determined to be minimal risk violations not subject to penalty or tracking of repeat violations. The severity of two instances of potential noncompliance with the NERC standards discovered in 2019 has not yet been determined, but we expect they will be determined to have posed minimal risk.



COMMUNITY RELATIONS AND ECONOMIC DEVELOPMENT

Through safe, reliable, affordable and increasingly clean energy, we support quality of life and prosperity in the communities we serve.

As an energy provider, we play a critical role in the cities and towns we serve. Communities rely on our energy to keep them running and to develop and prosper. At the same time, our success as a company depends on the prosperity and growth of our communities.

To foster this partnership, each of our operating companies has a community relations team responsible for connecting with and managing the needs of our cities and towns. We work side-by-side with community leaders and developers on projects from street lighting to new construction and clean energy goals. Increasingly, our communities are taking control of their energy futures, and we are providing the collaboration and tools to help them achieve their objectives.

Similarly, we support local economic development. For many businesses, energy is a key consideration in where they locate — it may be their largest expense or the focus of corporate sustainability goals. We engage with local chambers of commerce and economic development organizations, providing energy and other expertise, as well as our competitive energy prices and comprehensive portfolio of renewable and energy-saving options.

Economic development support is especially important for communities that for decades hosted coal-fueled generating plants which are now scheduled for early retirement. Through our partnership with these communities, we focus on building new facilities, attracting business and ensuring a responsible transition for employees who live and work in these communities.



HIGHLIGHTS

- Through our economic development focus, we supported 59 new business prospects with our communities in 2019. Of those, 18 located within our service territory, resulting in more than 1,100 jobs and \$374 million in capital investment.
- As of year-end 2019, 16 of the cities we serve set goals to reduce carbon, along with 16 cities that have goals to increase the use of renewable energy. We support these goals, through our ambitious carbon reduction goals and renewable choice programs.
- While we cannot guarantee layoffs will never happen, we have successfully retired seven coal plants since 2006 with zero layoffs. We also partnered with the communities of Becker and Pueblo on successful economic development efforts, attracting or retaining business to help mitigate impacts to tax base and other economic concerns with future plant closures.
- Since our award-winning Partners in Energy program launched in 2014, we have worked with 56 community teams to develop energy action plans, including 25 teams in Minnesota, 29 in Colorado and two in Wisconsin. Through community outreach, the program delivered strong results in 2019 with more than 449,000 customers participating in energy efficiency and 24,500 customers joining renewable choice programs.
- In Colorado, we established Energy Future Collaborations that pair Xcel Energy's services and expertise with the specific energy-related goals of our communities to accomplish shared objectives. Since the effort's launch in 2017, 10 municipalities representing a cross-section of communities — from rural to urban and mountain locations — have signed Memorandums of Understanding. Through these proactive partnerships, we are working on common goals. For example, participating communities provided critical support to secure approval of our Colorado Energy Plan in 2018, and we have supported communities interested in expanding community solar and siting new solar garden projects in their areas.
- Xcel Energy teamed up with the city of Minneapolis and CenterPoint Energy to form a novel Clean Energy Partnership in 2014 to support the city's Climate Action Plan and 2040 Energy Vision. We continue to support the city's goals through our energy saving and renewable choice programs, as well as our own clean energy transition and reduction in carbon emissions.

XCEL ENERGY DIRECT ECONOMIC IMPACTS

2019 Economic Value Generated (in millions)	
Total revenues	\$11,529
Electric utility revenues	\$9,575
Natural gas revenues	\$1,868
Other operating revenues	\$86

2019 Economic Value Distributed (in millions)	
Electric fuel and purchased power costs	\$3,510
Cost of natural gas sold and transported	\$918
Employee compensation, including wages and benefits	\$1,951
Property tax payments	\$457.5
Franchise fees	\$193
Community investment*	\$70.5
Interest charges and financing costs	\$736
Dividends paid	\$791

*Includes support for customer energy assistance as well as community involvement programs

PROJECT DEVELOPMENT AND MANAGEMENT

We contribute to local economies by investing in major energy facilities to serve customers. Through the construction of new natural gas pipelines, transmission lines, substations, wind farms and other facilities, we generate new tax revenue for communities, purchase local goods and services, and provide jobs.

As we locate, build and operate facilities, we collaborate with local communities and stakeholders that the facilities may impact. This includes meeting individually with property owners and community officials or hosting open house events to answer questions and discuss siting options.

Through our Steel for Fuel strategy, we have a significant wind expansion underway that is providing thousands of construction jobs, as well as new full-time positions and will generate more than \$1 billion in land payments and property taxes for communities over the lives of the projects.

We take extra care to ensure wind farms are properly located, constructed and operated to protect the environment and important resources. This includes protecting significant tribal cultural resources. We voluntarily work with interested tribes to identify tribal cultural resources in areas where there are potentially important resources and may modify the final wind facility design to avoid impacts as much as possible. Tribal cultural resource monitors may be used during construction to help with the unexpected discovery of artifacts, ensuring they are evaluated and managed appropriately.

During the development and construction of the Foxtail Wind Project, we worked closely with the Standing Rock Sioux Tribe and others because the facility is sited near the Whitestone Hill State Historic Site in North Dakota. The site was identified early in the development process as historically significant to several tribes.

We provide additional details on wind development in the Renewable Energy and Wildlife and Habitat Protection sections of the Corporate Responsibility Report.

A RESPONSIBLE TRANSITION TO CLEAN ENERGY FOR COMMUNITIES AND WORKERS

Early coal plant closures impact our employees and local economies in terms of jobs and tax base, and as every community is unique, each transition requires special attention and consideration.

Advance notice and proactive, transparent communication are fundamental to our efforts. We make decisions about and communicate plant closures as far in advance as possible, allowing employees time to transfer to other locations or complete retraining and degree programs in preparation for new roles. This also provides time for us to work with communities to find ways to mitigate impacts to tax base and other economic concerns. Prior to announcing closures, we share our plans and potential impacts with employees, bargaining unit management and communities. After that, our executive management regularly meets with affected employees about the transition status.

"Just transition" is a term used to describe a sustainable economic shift from fossil fuels to clean energy. For Xcel Energy, we have guiding principles that define our commitment to partnering with communities and employees facing the early closure of coal-fueled plants.

We give impacted employees time to explore potential roles and work locations and support their career aspirations through development discussions. To assist them in pursuing new roles, we provide job shadowing and training opportunities, as well as tuition programs. We also work closely with bargaining unit management to help employees transition roles with minimal impacts to pay or seniority, particularly when they are changing union locals or job classifications.

We partner with community leadership, state and local government officials, economic development groups and local businesses to help maintain a healthy tax base where plants are closing. No two communities are the same, so we tailor solutions to meet a community's needs and interests. Generally, our efforts may include building cleaner replacement generation or other projects on existing sites, attracting new business through collaborative economic development efforts, and retaining business or pursuing business expansion opportunities.

To date, we have worked extensively in two communities facing early coal plant closures. In Becker, Minnesota, two units at the Sherco Generating Plant will close by 2027. Together with community leadership, we attracted a \$600 million data center to Becker. The project will create nearly 2,000 construction jobs, 50 full-time jobs and generate economic growth of almost \$150 million, according to estimates from the Minnesota Department of Employment and Economic Development.

When we announced the planned closure of two coal-fueled units at the Comanche Generating Plant, nearby EVRAZ Rocky Mountain steel was also considering relocating outside of Pueblo, Colorado. The steel mill is one of Pueblo's largest employers and our largest customer in Colorado. Working with EVRAZ and the community, we were able to retain the steel mill's business by establishing a long-term pricing contract and securing an affordable solar solution to meet its energy needs. Lightsource BP will build one of the state's largest solar facilities to serve EVRAZ. This \$250 million project is anticipated to create approximately 300 construction and related jobs, as well as \$22 million in property tax revenue.

In addition to this direct support for communities and workers, we participate with industry and nonprofit organizations, such as the Just Transition Fund, to develop supporting materials for communities and energy providers facing economic transitions.

FOCUS ON ECONOMIC DEVELOPMENT

We have developed strong partnerships with local, state and regional economic development organizations to support opportunities for customer and economic growth.

To help accelerate the process of locating a business, our Certified Site program provides business prospects with real estate options that have already undergone vigorous review. We work directly with site representatives including landowners, developers, municipalities and economic development organizations to develop the data and complete the certification process. A nationally recognized site selection expert reviews the reports and validates the data. Information on Xcel Energy's Certified Sites is available on xcelenergy.com.

Several major business projects broke ground in 2019 on certified sites. The German-based global logistics company, DHL Real Estate Solutions, is building a \$6.8 million, 124,000 square foot warehouse facility within the Lake Wissota Business Park in Wisconsin. In Amarillo, Texas, SSI Foods, LLC, will build a 75,000 square foot meat processing facility on a 17.1-acre parcel in the CenterPort Business Park and employ up to 150 full-time employees, with an option to expand in the future.

Our Economic Development team also focuses on serving top industry clusters that represent the leading employers and capital investors within our service area. These include:

- Aerospace and defense contractors
- Data centers
- Refrigerated storage warehouse and distribution
- Food and beverage processors
- Industrial manufacturing
- Medical device, instrument and supply manufacturing
- Oil and gas

We track trends that affect the growth of these industries to identify new service options and programs that can facilitate continued growth of these key industries. We develop deep-dive customer analytic reports to better understand individual customer needs and create action plans to enhance our relationship with these customers. We host business expansion and retention meetings with key accounts to strengthen our existing relationships and explore matters that are of mutual interest that go beyond energy. Through these efforts, we can explore new product offerings and promote policies that anticipate customers' future needs.

PARTNERS IN ENERGY

Increasingly, local governments play a larger role in choices around energy. Through our Partners in Energy program, we work directly with community officials and organizations to identify their future energy goals and develop strategic plans on how to achieve those goals. In return, the community partnerships help to raise awareness and increase participation in our company's conservation and renewable energy offerings.

Through the program, communities bring their ideas and resources, while Xcel Energy provides direction, guidance and project management. We learn what communities prioritize and identify potential gaps where we can provide products. We are then able to leverage our entire portfolio of energy solutions, including efficiency, renewable and payment programs — resources that can put community plans into action. We also help communities to track and report on their progress.

To gain local support for a community's goals and plans, we deploy strategies, including, educational workshops, outreach during local events, and promotional outreach, such as newsletters or personal canvassing — all approaches designed to gain recognition, participation and spread awareness among residents.

Partners in Energy continues to expand into more communities and improve its support. We piloted plans in 2019 focused on increasing the adoption of electric vehicles, both in local government fleets and for business and residential use. We also began offering the program to communities in Wisconsin, where Eau Claire became our first community to develop a comprehensive electric vehicle plan and Partners in Energy plan as a foundation to its broader Renewable Energy Action Plan.



COMMUNITY INVOLVEMENT

By sharing our time, talent and financial resources, we make substantial investments to improve our communities and quality of life.

We are in the business of service, delivering 24/7 essential energy service to power homes and businesses across hundreds of cities and towns. This spirit of service — of giving and being there when people need us most — is ingrained in our culture and fostered through one of our corporate values: Committed.

Through Xcel Energy and the Xcel Energy Foundation, we donate millions of dollars targeted at meeting specific community needs. We supplement this with matching gift and volunteer programs that encourage and support the community interests of our employees. Each year, every full-time employee is allowed up to 40 hours of volunteer paid time off, and we promote hundreds of volunteer opportunities with Xcel Energy teams and individuals, encouraging them to participate.

For us, supporting our communities through donations and volunteer hours is not simply the right thing to do — it is good business. We can improve the quality of life for our customers, recruit top talent, enhance our reputation and build important relationships with those who make decisions every day that affect our operations.



HIGHLIGHTS

- In response to the COVID-19 pandemic, Xcel Energy and the Xcel Energy Foundation immediately donated \$1.5 million to address food insecurity and other relief efforts in the company's eight-state service territory. As part of this, we established a special Disaster Response Matching Gifts campaign in which employees could apply for a 2-to-1 match on donations up to \$1,000 to support nonprofit organizations. Within 10 days, the campaign reached its limit, with employees contributing \$450,000 to communities including the match. In addition, we have encouraged employees to participate in meaningful virtual volunteer opportunities that qualify for volunteer paid time off. This community support is part of a larger commitment to contribute at least \$20 million in short- and long-term corporate giving, including COVID-19 relief. The funds are from net gains associated with the sale of the Mankato Energy Center in Minnesota, which is expected to close in fall 2020.
- Through programs funded by the Xcel Energy Foundation in 2019, approximately 830,000 K-12 students will receive hands-on science, technology, engineering and math education — an essential area of study for our future workforce and the economy. Our nonprofit partners also anticipate that more than 6,000 individuals will be placed in jobs, 8,000 acres of habitat and parks improved, and 1.5 million people will have free or reduced-cost access to the arts in their communities.
- The Xcel Energy Foundation contributed \$20,000 to relief efforts after three tornadoes severely damaged homes and businesses in Sioux Falls, South Dakota, in September of 2019.
- Xcel Energy employees volunteered nearly 82,000 hours, supporting over 800 nonprofit organizations, with an estimated economic value of more than \$2 million in 2019. They also served on approximately 500 community, chamber and nonprofit boards during the year.
- Xcel Energy was named among 50 top community-minded companies recognized by The Civic 50 Colorado Awards. The Civic 50 has acknowledged the 50 most community-minded corporations in the country since 2012, but 2019 was the first year the awards were offered on the state level in Colorado. Modeled after the Points of Light program, the awards provide a national standard for superior corporate citizenship and showcase how companies can use their time, skills and resources to impact local communities.
- We made important changes to our volunteer paid time off (VPTO) policy and matching gift program in 2020 that make it easier for employees to participate. For example, employees can now use VPTO to volunteer in any community throughout our eight states, rather than only in the communities we serve. New employees can start using VPTO immediately after their first day of employment.

The Xcel Energy Foundation, our company and employees contributed approximately \$11.5 million to communities in 2019, including the value of VPTO and volunteer matching programs.

2019 Total Community Involvement



XCEL ENERGY FOUNDATION

The Xcel Energy Foundation is our company’s charitable arm that oversees giving and volunteer programs. Its mission is to use the collective knowledge, resources and skills within Xcel Energy to make a positive impact in communities throughout our service territory.

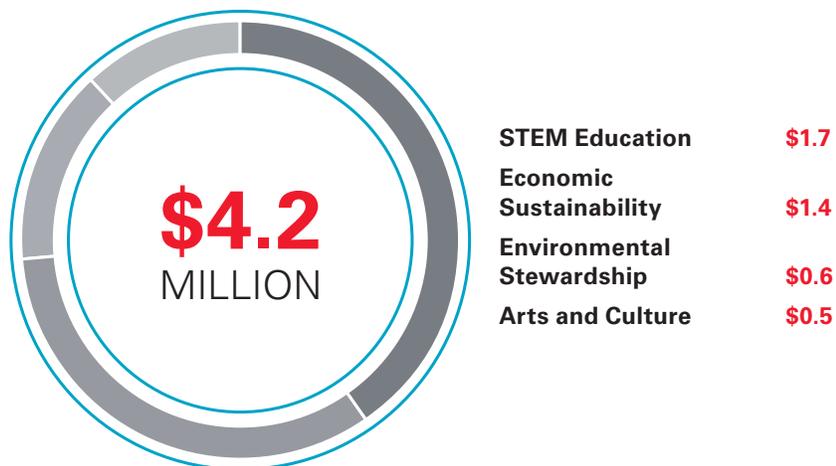
In 2019, the Xcel Energy Foundation and the company contributed more than \$4.5 million in donations, averaging approximately \$10,000 each, to 418 nonprofit organizations. A requirement of the funding is that each grant recipient must submit a report, detailing results that were achieved.

The Foundation focuses its support in four key areas that reflect company priorities and address important needs in our communities:

- **STEM Education (science, technology, engineering and math):** The economic growth and future of the communities we serve relies on the educational systems and programs that produce a quality workforce for tomorrow. Just like other businesses in the community, Xcel Energy’s future success relies on having a workforce that is educated and well trained.
- **Economic Sustainability:** Employment levels directly impact a community’s economic prosperity, and ultimately, quality of life. We believe that all of our customers should have the skills and opportunity to be successfully employed so we support organizations that promote workforce development and economic self-sufficiency.
- **Environmental Stewardship:** Our communities count on us to produce energy responsibly and to conserve natural resources. While we do all we can in our operations to meet these expectations, we can do more by supporting organizations and programs that work to protect and enhance the environment.
- **Arts and Culture:** Thriving arts and cultural activities are a key component to vibrant and strong communities. With a mission to help create desirable communities in which to live, we support programs that increase the opportunities and accessibility of arts and cultural programs to all.

The Xcel Energy Foundation and company contributed nearly \$4.2 million in donations to support community programs within our focus areas in 2019.

2019 Total Focus Area Grants



We provide a full breakdown of giving in the Performance Summary for the Corporate Responsibility Report. Details on focus area funding, including full lists of grant recipients by focus area, are provided on xcelenergy.com.

EMPLOYEE INVOLVEMENT

Our employees are active members of their communities, where they live and work. We support this commitment by offering a number of programs that encourage their involvement, including:

- **Volunteer Paid Time Off (VPTO):** Full-time employees are eligible for up to 40 hours per year to volunteer for nonprofit organizations or educational institutions to support communities within the eight states we serve.
- **Dollars for Doing:** The Xcel Energy Foundation matches each hour an employee volunteers outside of work hours with a \$10-per-hour contribution to the nonprofit, up to 100 hours annually per employee.
- **Volunteer Energy:** Groups of employees and retirees that volunteer together on a project are eligible for Volunteer Energy funding of up to \$1,000 annually, which goes to the associated nonprofit from the Xcel Energy Foundation, in appreciation for the volunteer effort.
- **Matching Gifts:** The Xcel Energy Foundation matches dollar for dollar any employee and retiree charitable donations of \$50 or more, up to \$750 for nonprofit organizations and up to \$2,000 for higher education institutions.
- **United Way:** The Xcel Energy Foundation sponsors an annual United Way campaign and matches dollar for dollar the donations of employees and contractors and a half dollar for every dollar donated by Xcel Energy retirees.
- **Day of Service:** Xcel Energy hosts a special volunteer day where employees, retirees and customers demonstrate collectively their community spirit.
- **Board Service:** Throughout our service territory, we currently have hundreds of employees serving on nonprofit boards, with some employees serving on multiple boards.

United Way Campaign

Xcel Energy has a long-standing tradition of supporting United Way and the community organizations it assists. Each year, we sponsor an employee campaign that for eight consecutive years has raised well over \$2.5 million annually in employee and retiree pledges, which the company matches.

More than 4,000 employees, retirees and others pledged over \$2.8 million in 2019, surpassing our campaign goal by about 6%. Based on these results and combined with the company match, we anticipate donating more than \$5.1 million to United Way agencies and hundreds of nonprofit organizations.

In addition, employees in our Texas and New Mexico service area support United Way's Day of Caring each spring. More than 30 employees volunteered in 2019 to support the Maverick Boys & Girls Clubs of Amarillo for the United Way of Amarillo & Canyon's community-wide annual Day of Caring.

2019 Day of Service

In our strongest showing yet, more than 5,400 volunteers across Colorado, Minnesota, North Dakota, South Dakota and Wisconsin came together to support Xcel Energy's ninth annual Day of Service. Employees, family, friends, contractors, retirees and customers contributed more than 16,700 volunteer hours in their communities.

New this year, our Upper Midwest locations expanded their reach by opening volunteer opportunities up to customers, making the day even more impactful. For the past six years, Colorado has invited customers to volunteer alongside employees on Day of Service.

Volunteers joined together to support more than 140 nonprofit organizations, supporting projects that included:

- Assembling more than 5,700 hygiene kits and 5,000 yellow ribbons to support veterans
- Putting together over 160,000 meals for people in need
- Compiling more than 3,000 snack packs and personal care kits
- Installing over 80 smoke detector alarms
- Packing 10,000 diapers and 7,000 packages of baby wipes
- Making 550 blankets for babies and children

In total, the volunteer contribution for the day is valued at \$426,614, based on the Independent Sector's Value of Time for 2019.

ENERGY EDUCATION

We want our customers to know how their energy is produced and delivered. To help achieve this objective, we support energy education in a number of ways. Most of our major non-nuclear power plants provide public tours for their neighboring communities, and through our online Energy Classroom, we offer educational resources for teachers and students.

Through a special community program in New Mexico, we support solar energy education for customers and schools. Our solar education center in Roswell demonstrates different technologies for collecting sunlight to generate electricity. We own four photovoltaic systems located on partner sites that are available to help teachers with energy curriculum specifically developed for New Mexico classrooms.



HUMAN CAPITAL MANAGEMENT

Our engaged, innovative and customer-oriented employees are the driving force behind Xcel Energy's success.

We value our employees and consider them among our most important stakeholders. Only through our team can we accomplish our goals and strategic priorities. Xcel Energy's workforce strategy is designed to put the best talent in place and create the right culture to move these priorities forward: leading the clean energy transition, enhancing the customer experience and keeping bills low.

To attract and retain high quality talent, we embrace the needs and desires of our workforce, not only in compensation, benefits, recognition and leadership, but also in how employees work, where they work and their career aspirations. We want employees to have a positive experience from the moment they are recruited, through the onboarding process, and continuing with a workforce culture that fosters growth and development and a sense of purpose through inspirational leadership and rewarding work.

As our company strives to serve customers with 100% carbon-free electricity, we are taking a strategic and integrated approach to long-term workforce planning and development, while at the same time, engaging employees to achieve this ambitious aspiration. We are also preparing to meet customers' growing expectations and increasing business demands. By partnering with educational and community organizations, we fill our talent pipeline with diverse employees who reflect the communities we serve and embrace our values.

Overall, we aim to deliver an exceptional employee experience — one where employees feel respected and are challenged to bring their best to work each day to serve our customers and one another by living our values: Committed, Connected, Safe and Trustworthy.



HIGHLIGHTS

- In response to the COVID-19 pandemic, we expanded our medical plan to cover coronavirus-related health care costs and extended our paid time off to provide 80 hours of additional recovery time, as well as paid time off for quarantine, as needed. We also encouraged employees to donate or participate in our donation program for paid time off and take advantage of new stress management tools and remote learning opportunities.
- In 2019, employees volunteered more than 16,500 hours through our Volunteer Paid Time Off program, which offers full-time employees up to 40 hours of paid time for volunteering to help eligible 501(c)(3) organizations.
- Through Connect 4 Performance, 90% of non-bargaining employees met with their leaders quarterly in 2019 to discuss their job performance and contribution to our strategic business objectives, as well as professional development opportunities, and progress on their individual goals.
- We identified approximately 960 “ready now” successors for positions in the company, including 295 potential successors for 200 of our most essential positions through succession planning in 2019.
- The newly formed Just Transition Office in Colorado is charged with creating a plan to mitigate economic challenges for communities and workers as a result of the state transitioning away from fossil fuels to cleaner energy sources. As a leader in this area, we are working closely with this office to evaluate options for employees, such as retraining and relocation.
- The Human Rights Campaign again named Xcel Energy one of the Best Places to Work for LGBTQ Equality in early 2020, with a perfect score on its Corporate Equality Index for the fourth consecutive year.
- Through 2019, more than 6,600 employees and contractors have completed a half-day diversity and inclusion session on microinequities and unconscious bias. Our goal is for 100% of employees to complete the course by the end of 2021.
- GI Jobs named Xcel Energy a Top-10 Military Friendly Employer for the 12th consecutive year, with Gold Level status. We are also included in Military Times’ Best for Vets Index and are a Best for Vets employer for the fifth consecutive year.
- We employed 300 college interns and 53 high school interns through partnerships with local schools and community programs.
- In 2019, we refreshed our Employee Engagement Survey, improving our ability to continuously listen to employees and take quick action in response to their feedback.

STRATEGIC WORKFORCE PLANNING

We take a strategic, data-driven approach to planning that ensures we have the right workforce size and skill set to meet business objectives and serve our customers. Through this intentional process, we manage the company’s needs and mitigate any potential risks associated with our changing workforce.

Data Analytics

Human Capital Reports are created monthly for senior leaders that include information on employee demographics, performance, headcount and attrition trends within their organizations. Leaders and their business partners in Human Resources use the reports to make informed decisions on staffing. As needed, Workforce Planning provides enterprise-wide analyses and models potential operational scenarios for near- and long-term workforce planning discussions and decisions.

Succession Planning

We annually assess employee skill sets and identify potential successors for future job openings. Through the talent review process, executives and managers evaluate the long-term performance, leadership potential and career aspirations of their employees. They work in teams to determine developmental opportunities for employees, create customized development plans and identify talent gaps. Potential “ready now” successors who possess necessary skills are identified for key positions around the company, ensuring a seamless transition, if needed. Nearly 2,200 leaders and individual contributors were reviewed in 2019.

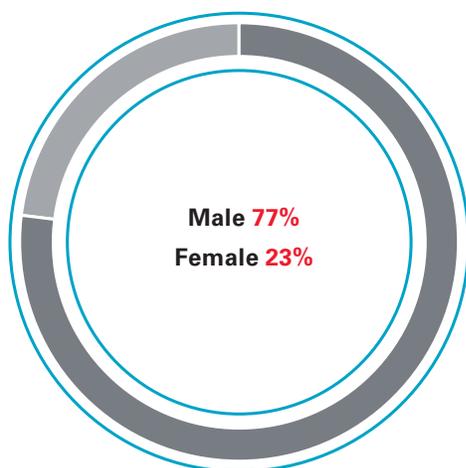
As we transition away from coal to cleaner energy sources, we are committed to responsibly managing the transition for our workforce. We report on our efforts in the Community Relations and Economic Development section of the Corporate Responsibility Report.

Current Workforce Profile

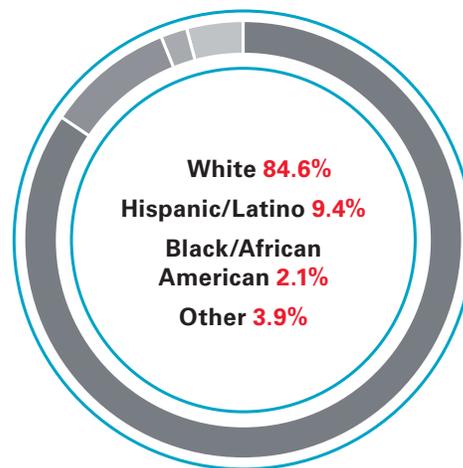
As of year-end 2019, Xcel Energy had 11,896 full-time, part-time and temporary employees.

Bargaining		Non-bargaining		
42% Bargaining	5% Craft	2% Temporary	38% Non-management Professional	13% Management

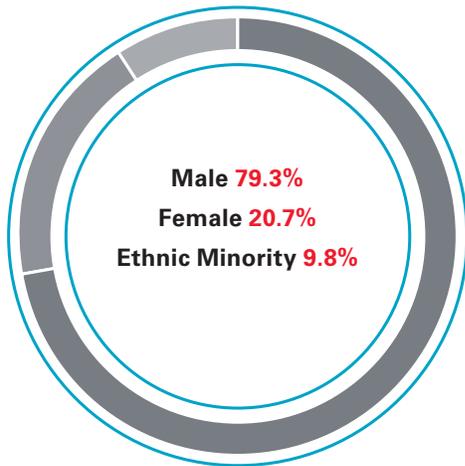
Workforce by Gender



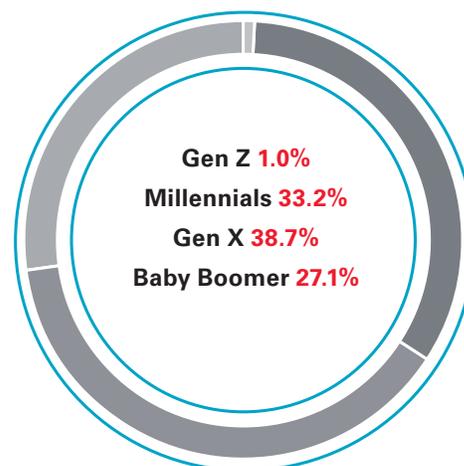
Workforce by Ethnicity



Management by Gender and Ethnicity



Workforce Distribution by Generational Group



2019 Turnover, Projections and Plans

The average employee turnover in 2019 was 7% for bargaining employees and 11% for non-bargaining employees. Approximately 33% of employee turnover was from retirements, 53% was from resignations and the remaining 15% includes turnover for other reasons, such as unsatisfactory performance, misconduct, severance or death. Our workforce planning data analytics project that 27% of employees will be eligible to retire over the next five years and 40% over the next 10 years. Those turnover projections have been incorporated into our five- and 10-year workforce and operational plans.

According to U.S. Bureau of Labor Statistic definitions, the baby-boom generation makes up approximately 27% of our workforce, and through succession planning, we have identified those in key positions to ensure knowledge transfer prior to their retirement. Employees classified as millennial and Gen Z comprise approximately 34% of our workforce and that level is projected to increase 50% to 70% by 2030. We are well positioned to attract and retain top talent from these two growing generational groups. Our generous family leave and paid-time-off benefits, flexible web-collaboration tools, and community volunteer and matching gift programs align with their desire for an integrated work-life experience and opportunities to make a meaningful personal impact. Each year, we dedicate significant resources toward understanding our current and future talent mix to make sure we remain an attractive employer.

DIVERSITY AND INCLUSION

We believe that a diverse and inclusive workforce makes our company stronger. Our commitment to diversity and inclusion goes beyond human resource policies and practices — it is an integral part of who we are, how we operate and how we see our future.

Our inclusive work culture supports all employees and provides equal access to employment opportunities and development. To us, diversity is more than ethnicity, gender, age, race, national origin, disability, religion and sexual orientation. It includes differences in thought processes, educational backgrounds, work experiences, personalities, lifestyles and cultural backgrounds. Each Xcel Energy employee is trained to create an inclusive environment and encouraged to be proactive in doing so. We regularly track progress by gathering employee feedback through our employee engagement survey.

Outreach to Increase Diversity in our Talent Pipeline

Through our partnerships with state workforce centers, Local Job Network, and Diversity Minnesota, we reach diverse job seekers in the places where they live and work. We also work with diverse student groups to attract entry-level employees. These include the National Society of Black Engineers, Society of Women Engineers, Society of Hispanic Professional Engineers and Society of Asian Scientists and Engineers. Approximately 30% of our recruiting events in 2019 were specifically focused on hiring diverse candidates.

Diversity and Inclusion Education

Our commitment to diversity and inclusion is instilled in employees from their first day on the job, as part of our new employee orientation program. In addition, more than 5,600 employees and contractors across the company participated in half-day diversity and inclusion education sessions in 2019. The training on microinequities and unconscious bias is designed to provide knowledge, insight and skills necessary to work in diverse teams and create an inclusive workplace culture.

Business Resource Groups and the Council for Diversity and Inclusion

Our Business Resource Groups give employees an inclusive and supportive outlet for personal and professional growth. They offer opportunities for cultural exchange and community outreach. Additionally, through the Council for Diversity and Inclusion, leaders of our Business Resource Groups collaborate with business area leaders to solve business challenges and achieve goals. We currently have the following 11 Business Resource Groups:

- **ECN (Employee Connection Network):** Connects new and existing employees and broadens employee understanding of Xcel Energy through networking and community service opportunities.
- **GCEEE (General Counsel Employee Excellence and Equality Committee):** Aids the general counsel in fostering a spirit of inclusiveness throughout the company.
- **GenNext:** Aims to support employees through employee education, collaboration and development.
- **GROW:** Identifies and implements innovative ideas and strategies for recruiting, developing, promoting and retaining women in non-traditional work roles in our Energy Supply business area.
- **MOVE (Military Ombudsmen for Veterans and Employees):** Sustains awareness on issues of interest to veterans and active military employees in our workforce and promotes programs and policies that support the welfare of veterans and their families.
- **SAGE (Supportive Association for Gay, Lesbian, Bisexual, Transgender Employees):** Advocates for the company's leadership in and seeks to address issues related to sexual orientation and gender identification.
- **SOURCE (Strategic Organization Utilizing Resources for Career Enhancement):** Promotes career development, continued education, training and cultural awareness with a focus on African Americans.
- **Tribal Wind:** Supports diverse workforce initiatives and the Native American population through business initiatives such as recruiting, retention, professional development and cultural awareness.
- **WIN (Women's Interest Network):** Focuses on issues of interest to women, such as professional development and work-life balance.
- **!Xcelente:** Increases visibility of Latino employees within the company and community while also promoting professional development and sharing Latino culture through awareness, inclusion and celebration.
- **XE WiN (Women in Nuclear):** Explores and develops programs that help all employees working within our nuclear organization to expand their leadership skills, network and create positive visibility for the nuclear industry within the communities we serve.

Xcel Energy is also committed to doing business with companies owned by women, minorities or veterans. We report on our Supplier Diversity program in the Supply Chain section of the Corporate Responsibility Report.

ATTRACTING TOP TALENT

To establish a strong talent pipeline that provides a steady stream of qualified candidates for job openings, we engage with community and educational organizations. In 2019, 96% of new hires were sourced from the states we serve, with internal candidates filling 40% of open positions and new hires filling the other 60%.

Community Partnerships and College Joint Training Programs

As a member of the Center for Energy Workforce Development (CEWD), we support the development of training and curriculum that prepares students for skilled jobs in the energy industry. We implemented CEWD's Legacy I-3 training program for high school students in the Twin Cities to build a pipeline of skilled, diverse candidates.

To reach prospective employees, we seek out targeted job fairs and employment events in our communities. We also maintain relationships with schools and organizations that specifically hold job fairs for diverse populations. Through these efforts, we continuously improve our candidate pool, reduce the need for candidate relocation and support our local economies.

Internship Programs

College and university internships are an essential tool for building the professional skills and talent pipeline we need for our next generation of employees. We hire hundreds of college interns over the summer and afterward many end up working for us full time.

We also partner with high schools and community organizations to place high school interns in positions across our business areas. A significant number of high school interns come from our partnerships with Denver Public Schools' Launch, Minneapolis' Step Up, and Saint Paul's Right Track programs. Specific business areas also hire interns through community organizations, such as Genesys Works, Cristo Rey, Girls Inc., and Workforce Solutions Panhandle.

Military and Veteran Outreach

Our commitment to hiring veterans and those currently serving in the National Guard or Reserves remains strong. We continue to build our strategic partnerships with military veteran organizations and support activities that maintain our visibility as a preferred employer for veterans. Last year, we participated in over 30 job fairs and events targeted to military veterans and participated in the Department of Defense SkillBridge program, as well as the Hiring our Heroes Corporate Fellowship Program.

Approximately 10% of current employees are veterans. Many are actively involved in our Military Ombudsmen for Veterans and Employees (MOVE) business resource group and volunteer to help with veteran recruiting, as well as the development, retention and mentoring of current veteran employees.

TALENT LEARNING AND DEVELOPMENT

Once employees join the Xcel Energy team, we want to provide challenging and rewarding work for them. To enable that, we offer meaningful feedback through quarterly performance discussions and extensive training and engagement opportunities to develop their skills and help them grow professionally.

Performance Feedback

Connect 4 Performance is a progressive approach to performance management for non-bargaining employees. It focuses on open, meaningful and frequent conversations between employees and their leaders, instead of the traditional method involving annual year-end reviews and ratings.

At the start of the year, employees set performance goals that align with the goals and priorities of the company and their business areas. They also identify professional development opportunities to pursue over the next 12 months. Each quarter, they meet with their leaders to discuss their successes, the impact of their work on business objectives, progress made toward achieving performance goals and professional development plans, as well as how their work and performance demonstrates company values.

Performance ratings are not given because current research supports the use of meaningful conversations, rather than rating systems, to help employees achieve optimal performance.

Performance-based Incentives

We have a pay-for-performance philosophy, providing larger rewards through incentives and other recognition to our best performers. Exempt, non-bargaining employees who go above and beyond and achieve results aligned with the company’s goals can earn cash-based awards as part of our Annual Incentive Plan. This includes earning one or more of the following:

- Year-end Awards that recognize and reward eligible employees for achieving individual goals and contributing to the goals of their business areas and company goals overall. This includes an employee’s contribution toward the company’s annual performance indicators, which in 2019 were associated with enhancing the customer experience, keeping bills low and improving reliability and safety.
- I Deliver Awards that recognize and reward eligible employees or work teams throughout the year for specific, outstanding contributions that deliver greater than expected results and move our business forward.
- Innovator Awards that recognize and reward teams throughout the year for implementing innovative, high-impact solutions or projects resulting in significant savings or customer benefits.

In addition, non-exempt employees who go above and beyond in their responsibilities are eligible for Spot-On cash bonus awards.

Learning Opportunities and Job Training

We are committed to professional development and maintaining an environment where learning and growth occur. Employees are provided opportunities to pursue higher education, as well as multiple job-specific and internal professional development trainings.

Learning Opportunity	What It Includes
Internal Training Programs and Learning Opportunities	<p>We offer employees over 18,000 resources and tools to support their personal and professional development, including a Learning Management System that provides e-learning as well as virtual and instructor-led training options.</p> <p>The offerings in our extensive catalog of online courses range from technical and computer-application training to professional and management training to compliance-related education and more. Employees can also choose to attend training programs taught in person. These range from safety and compliance-related classes to professional development and technical trainings. Employees and contractors completed over 520,000 classes in 2019. Depending on job responsibilities, some of these courses are mandatory.</p> <p>For our bargaining employees, we offer on-the-job training through four-year apprenticeship programs, including for Line, Substation, Gas and Energy Supply apprentices.</p>
Higher Education Support	<p>Tuition reimbursement is provided to all full-time and part-time non-bargaining employees and to bargaining employees whose contracts provide for it. The program pays 80% of tuition for qualifying courses in approved degree programs at accredited higher education institutions (up to \$5,250 per year for full-time or \$2,625 per year for part-time employees).</p>

Leadership Development

Our objective is to develop inspirational and courageous leaders that hold employees accountable for achieving results. Nearly 3,000 employees participated in various development opportunities in 2019 designed to increase their leadership skills.

Development Opportunity	What It Includes
Leadership Training	Coaching in the Moment is a course that specifically teaches leaders how to coach employees by using insightful observations, shifting their worldviews and empowering them to take meaningful action. Offered both in a classroom and online setting, this training is transforming how our leaders interact with their team members by teaching them to resolve their own dilemmas. Employees and contractors completed more than 400 Coaching in the Moment courses in 2019.
Rotational Career Development Assignments	High-performing employees can expand their skills and knowledge through cross-functional experiences. The opportunities may be posted for internal applications or employees may be pre-identified through our succession planning process.
Leadership 24/7 Resources	Leadership Essentials is an online portal accessible to all employees that features over 25 learning topics, such as managing relationships, how to influence and development planning. Each topic contains informational content, practice activities and links to curated internal and external resources, such as helpful articles and videos.

EMPLOYEE ENGAGEMENT

Two-way communication with employees is vital to providing a great workplace. We regularly share enterprise-wide information with employees and use a variety of mechanisms to gather their feedback throughout the year.

Employee Listening Initiative

We refreshed our employee engagement survey in 2019 as part of a new, larger Employee Listening Initiative. Using the onboarding survey, employee engagement survey and exit survey, we are continuously listening during every stage of an employee's work with Xcel Energy to better learn and take quick action based on feedback.

Our refreshed employee engagement survey was developed and administered through Glint, a third-party survey technology company. It is designed to include conversational language and open-ended questions, ensure confidentiality, and provide an easy, online completion. All Xcel Energy employees, including bargaining, non-bargaining, full-time and part-time employees, are invited to participate and provide feedback.

The first survey launched in June of 2019 and asked employees about their experience in the workplace and to identify areas for improvement. Subsequently, a short pulse survey was conducted in November to gauge progress in improving since the June survey.

Going forward, we will conduct employee engagement surveys throughout the year to continuously listen to employees. In 2020, a COVID-19 working-from-home survey was conducted in April and a standard survey will be conducted in the second-half of the year.

PROGRESSIVE NON-SALARY BENEFITS

We recognize that employees want benefits that help them manage the work and family/home aspects of their lives. To meet this need, we have invested in a progressive set of programs for employees. The programs are assessed annually, and new features are added as needed to meet changing needs and maintain our leadership position in this area.

What We Offer	How It Meets Employee Needs
Remote Web-based Collaboration Tools	To facilitate and empower employees and teams to flexibly meet anywhere, employees' laptops are loaded with Microsoft Teams, Skype and Zoom online meeting, file sharing and collaboration tools.
Subsidized Mass Transit Monthly Passes	Xcel Energy offers discounted mass transit monthly passes for employees at our two largest employee locations. In 2019, 956 employees in the Minneapolis metro area and 326 employees in the Denver metro area used the discount, which also supports the goals of local communities to improve air quality and reduce carbon emissions.
Adoption Assistance	We offer an Adoption Assistance Program to help employees pay for services associated with adopting a child. Our program reimburses employees for eligible expenses up to \$2,000 for full-time employees and \$1,000 for part-time employees. It is available for non-bargaining employees and bargaining employees, as allowed by their negotiated bargaining agreement.
Paid Parental Leave	We expanded our parental leave policies, to include new fathers and mothers of adopted children. Our program now provides up to four weeks of additional paid time off for full-time non-bargaining employees and two weeks of additional paid time off for part-time non-bargaining employees to help them bond with a new child in the family, whether it is through birth, adoption or fostering.
Paid Time Off and Donation Bank	<p>Paid Time Off (PTO) encompasses traditional vacation, personal day and sick day programs for non-bargaining employees. PTO can be used for a variety of reasons, such as illness, doctor visits, vacation or personal use.</p> <p>Xcel Energy also has a PTO donation program, designed to provide eligible non-bargaining employees with a means to donate earned and accrued PTO, as well as to apply for donated PTO. It is intended to assist employees who have exhausted their paid time off and are subject to severe loss of income because of continued absence from work due to a catastrophic event or serious health condition, affecting them or a family member.</p>
Volunteer Paid Time Off	We provide all full-time bargaining and non-bargaining employees up to 40 hours of paid time off each calendar year for time spent during normal business hours volunteering to help an eligible 501(c)(3) or educational institution that does not primarily promote politics or religion, located within the eight states where Xcel Energy operates. During the COVID-19 pandemic, we supported employees pursuing virtual volunteering projects, such as sewing face masks for health care workers.
Military Time Away from Work	Xcel Energy provides enhanced military time away from work policies for employees currently serving in the National Guard or Reserves. While away, employees are paid the difference between their base pay and their base military pay for up to 24 months. They also have the option to use 151 days of military leave to ensure there is no interruption of pay during their mandatory two weeks of annual training.

What We Offer	How It Meets Employee Needs
Long-term Financial Well-being	<p>Xcel Energy is committed to supporting employees' long-term financial well-being, for both bargaining and non-bargaining employees. We offer a defined benefit pension plan, in addition to a 401(k) savings plan. Unlike many employers who have frozen pension plans or reduced contributions to 401(k) accounts, we continue to contribute to these plans at market-appropriate levels and partner with employees to help them save for the future</p> <p>Our pension plan is 100% funded by the company and includes a 5% cash balance plan for new employees and legacy formulas for other employees.</p> <p>The 401(k) savings plan allows employees to save for their future through automatic payroll deductions (pretax, Roth 401(k) after-tax or a combination of both) and includes a variety of investment options (cash, bond and stock investments), along with company matching contributions.</p>

EMPLOYEE HEALTH AND SAFETY

We support the health of our employees and offer multiple benefits toward that goal, including medical, dental and vision plans, as well as programs to encourage healthy lifestyles.

Our medical plan provides comprehensive coverage and encourages preventive care, to identify health issues early. The plan also offers employees and their covered dependents the option for online and virtual or telephone visits with a medical professional 24 hours a day, seven days a week.

The plan for bargaining and non-bargaining employees includes the following*:

- High Deductible Healthcare Plan (HDHP) with reasonable and affordable premiums and pretax Health Savings Account (HSA). During the COVID-19 pandemic, we expanded our medical coverage to include 100% of coronavirus testing and treatment costs. In addition, we provided up to 80 hours of additional paid time off or sick leave to employees who tested positive or were presumed positive for the virus.
- Dental plan that includes subsidized basic and enhanced dental plan options.
- An optional vision plan that is available.
- Wellness programs that support healthy behaviors and offer fitness center reimbursements, wellness coaching, tobacco cessation, weight management, diabetes management, on-site yoga and flu shots.

*Bargaining unit benefits are based on the contract negotiated with the specific local union. The Southwestern Public Service (SPS) bargaining unit is on a different medical plan than the rest of the company, per their negotiated contract.

Our concern for employee well-being extends beyond medical issues. Our Employee Assistance Program is offered to all bargaining and non-bargaining employees to connect them with free, confidential support to resolve a variety of issues, including mental health counseling, elder care, financial and legal advice.

Employee Safety

Based on the latest research and best practices for preventing serious injuries and mitigating severe risk, we are focused on building a culture where our employees and partners have open, transparent conversations and where they feel comfortable sharing details about their injuries and near misses so that we can learn from those situations and prevent future occurrences. We provide details on this in the Employee Safety section of the Corporate Responsibility Report.

HUMAN RIGHTS AND A CULTURE OF RESPECT

At Xcel Energy, we are committed to upholding the human rights and ethical treatment of employees, subsidiary company employees and contractors. The company has multiple policies in place to assure those rights are protected and that we maintain a culture of respect in the workplace.

Equal Employment Opportunity Policy

We recognize that our continued success depends on the unified strengths of our employees. As such, we provide equal opportunity in hiring, promotion and other terms and conditions of employment, without regard to race, color, religion, creed, national origin, gender, age, disability, veteran status, sexual orientation, gender identity, genetic information or any other protected class status in accordance with applicable federal, state and local laws.

Discrimination, Harassment and Other Unacceptable Behaviors Policy and Anti-Retaliation Policy

Part of living our core values means we treat others with respect, professionalism and dignity. This includes maintaining a work environment free from harassment and discrimination or any other unacceptable behavior that unreasonably interferes with workplace productivity, creates an unsafe work environment or appears to or is intended to demean an individual. Additionally, our standalone Anti-Retaliation Policy strictly prohibits retaliation against an employee who reports a violation or suspected violation of the law, Code of Conduct or any other policy, participates in an investigation, or exercises any other lawful right.

Xcel Energy has one Code of Conduct that applies to every employee and multiple options for employees to report any concerns. We provide more information on this in the Corporate Compliance and Business Conduct section of the Corporate Responsibility Report.

COLLECTIVE BARGAINING AGREEMENTS AND FREEDOM OF ASSOCIATION

Our company policy is to respect employees' freedom of association and their right to collectively organize, as desired. Approximately half of our workforce is currently represented by unions. Each Xcel Energy operating company has separate collective bargaining agreements, negotiated with the local unions for its jurisdictions.

Interim bargaining has been used for the past 19 years to facilitate positive union relations and promote collaboration on business challenges that impact our operations and workforce. Because we recognize that all parties benefit by working together to achieve mutual goals, we meet frequently with our unions to discuss new and ongoing issues. Employee safety is a mutual focus and top priority for both bargaining units and the company. Bargaining unit employees fully support and participate in the company's safety advisory councils, committees and training.

Xcel Energy bargaining agreements include equal opportunity clauses, and we operate in compliance with the policies and regulations established by the National Labor Relations Board and the statutes of the National Labor Relations Act.

Grievance Policies

Xcel Energy has detailed, written policies for bargaining employees to file grievances. Each policy is negotiated with the local union representing employees for specific operating companies or jurisdictions. While the details of each policy vary based on those negotiations, each includes three general stages of resolution, including:

- Resolution with immediate supervisor is the first step toward resolution that involves the union steward, company workforce relations representative, employee and the employee's immediate supervisor.
- Escalation to higher levels of management takes place if a grievance is not resolved in the first step. It is referred to higher levels of management for attempted resolution between the employee, union steward, company workforce relations representative and the higher level of management.
- Arbitration or Mediation is the final step in obtaining resolution if a grievance is not resolved after being elevated to higher levels of management.



EMPLOYEE SAFETY

We are reshaping our safety culture to focus on mitigating the most serious risks and encouraging open communication.

Safety is at the heart of everything we do at Xcel Energy. In fact, it is one of our company's values. We have made great strides in reducing injuries in the past decade, but new research and updated industry best practices tell us that the absence of injury does not necessarily mean the presence of safety. This became abundantly clear in 2019 when our injury rates were the best ever, yet two employees and two contractors tragically lost their lives on the job. To protect our employees and contract partners from these types of incidents and take our safety program from good to great, we kicked off an effort in 2019 to reshape our safety culture.

Going forward, we will increase efforts to prevent the most life-altering injuries and fatalities from happening by identifying the most serious risks inherent in our work and making sure that all the possible controls are in place to mitigate them before we start work.

We are also encouraging more open communication and information sharing. We will attempt to learn from injuries and near misses by treating our response to them as an opportunity to improve our practices.

Ultimately, we want our employees and contract partners to feel comfortable reporting injuries, so that they can get the immediate and proper care they need, and we can benefit from in-depth learning opportunities to help keep everyone safer in the future.



HIGHLIGHTS

- To protect our employees and reduce the spread of COVID-19, we immediately implemented numerous new guidelines. Every employee who could work from home was asked to do so, and for others, we staggered work schedules and limited visitors to our facilities. We also put in place extra protocols for entering customer homes during emergencies and requiring additional personal protective equipment.
- We began reshaping our safety culture in 2019 by increasing efforts to prevent the most life-altering injuries and fatalities from happening and creating a more open and transparent environment.
- The highest-rated attribute on our employee engagement survey is on safety, with 89% of employees agreeing that their safety is a priority for Xcel Energy.
- We matched our best safety year for injuries classified as Days Away, Restricted and Transferred, reducing these injuries 61% in the past 10 years. Our OSHA recordable injuries also declined 50% in past 10 years.
- We launched an enterprise-wide initiative to ensure consistent, corporate-wide adoption of federal and state mandated arc flash regulations.
- We continued to encourage employees to share their safety experiences and to learn from one another. As such, we saw an increase in our near-miss sharing by more than 40% compared to 2018, which had already jumped 150% from 2017.
- The American Gas Association recognized our annual safety performance with a 2019 AGA Accident Prevention Certificate for achieving a DART rate lower than the industry average.
- In August 2019, a law that two of our line workers pushed the state of Minnesota to amend went into effect. The law expands the Ted Foss Move Over Law, which previously required drivers to slow down or move over when approaching utility, construction and emergency vehicles stopped along four-lane roads, to also include two-lane roads.

EMPLOYEE SAFETY MANAGEMENT PROGRAM

Xcel Energy has 21 corporate safety policies in place to address occupational safety and health issues. These policies apply to all company bargaining and non-bargaining unit employees, as well as contractors. Our policies cover a wide range of topics — from working in confined and enclosed spaces to preparing for and responding to emergency situations.

As part of our corporate values, and to protect our employees and the public, working safely is the first consideration while planning or performing work. It is the role of Xcel Energy management to foster, develop, implement and provide training and communication about safety programs that will help reduce occupational injuries and illnesses at work. We expect employees to report unsafe acts, behaviors or conditions to management in a timely manner so that we may address these safety concerns. Any retaliation against an employee who, in good faith, reports a safety violation or suspected violation is strictly prohibited. All employees are empowered to stop work if they see unsafe practices.

Our corporate safety organization manages implementation of regulatory compliance, provides technical consultation to business areas, tracks and communicates the company's safety performance, and fosters our safety philosophy and core value. The vice president of Safety and Workforce Relations leads this organization and reports to the chief human resources officer, who reports directly to the chairman and CEO. Xcel Energy's Operations, Nuclear, Environmental and Safety committee for the board of directors oversees the company's safety strategy and performance.

We provide effective safety and health communications in various formats, including verbal instructions, written documents and posters, safety committee meetings, quarterly SafetyConnect calls and multimedia presentations, such as video and computer-based training. Through these various media, all employees have access to required safety and health training, policies, programs and safety manuals, as well as federal or state required communications. All Xcel Energy employees are expected to actively participate in the company's safety and health training and communications program.

RESHAPING OUR SAFETY CULTURE

For years, conventional wisdom held that focusing on preventing minor injuries would prevent the escalation of the more serious ones. However, newer research and best practices suggest we focus much more on the identification of the most serious risks inherent in our work and do everything possible to mitigate them. It is more about prevention, controls and culture than it is about achieving zero injuries.

To implement this approach, we will continue building our safety culture to become more open, transparent, trusting and caring. Here's how we plan to do that:

- **Enhance Our Culture:** We will create a more transparent, trusting and learning environment, helping to mitigate the risks around our most life-altering or life-threatening injuries.
- **Leverage Data Analytics:** Shift from using lagging injury data to analyze our safety program to using quality leading safety indicators that are predictive, proactive and supported by a centralized safety platform.
- **Visible Safety Leadership:** Our efforts have focused on the outdated belief that reducing smaller injuries prevents more serious ones. Increasing safety leadership development, removing safety performance metrics and changing our response to incident reporting will increase transparency and trust with employees and contractors, helping ensure they get the care they need, and we can learn from every event.
- **Human and Organizational Principles:** We are developing effective safety leadership training, aimed at improving management response to failure and increasing understanding and awareness surrounding precursor to injury.
- **Critical Risk Management:** To prevent the most life-altering injuries and fatalities from happening we will focus attention on the importance of identifying the most serious risks in the work we do, developing effective controls for mitigating them before we start work and sharing that knowledge to keep workers safe.

SAFETY INITIATIVES

We continued important safety initiatives in 2019, while also launching new initiatives to help keep employees safe.

Arc Flash Safety

An enterprise-wide initiative was launched to ensure consistent, corporate-wide adoption of federal and state mandated arc flash regulations. This initiative will enable business areas to collaborate and share arc flash information; develop support materials, work practices and training; and to provide guidance on arc flash mitigation and controls.

Core 4 Rules to Live By

To help employees focus on protecting themselves from the hazards most common to the work they do, we expanded on our Rules to Live By program, which identifies a set of rules that shall not — under any circumstances — be violated because of the high risk of injury or death. The expansion was to identify the Core 4 Rules to Live By for each business area and provide direction on what critical controls and tasks are necessary to implement before starting work.

Ergonomics

Musculoskeletal Disorders (MSDs or strains and sprains and cumulative trauma disorders) are the leading type of injury at Xcel Energy. Several ergonomics training modules were initiated in 2019 to help improve this, including Safe Wrenching for Journeymen and Daily Stretching and Countermoves videos, as well as a new monthly ergonomics tip in our Safety News publication.

Near Miss Sharing

Sharing near misses with coworkers provides a learning opportunity that can prevent similar situations in the future. To encourage employees to share their stories, we do not pursue discipline for employees who report near misses and continually share video testimonials, posters and articles on the topic.

Safety Blitzes

Building on the commitment made by leaders in 2018 to spend more time visiting with employees, company leaders connected with employees during quarterly safety blitzes in 2019 to hear employees' views and suggestions about safety.

Safety Promise

Our Safety department hosted a series of events in 2019 offering employees' families an opportunity to ask their loved ones to work safely on camera. The employees were then given the opportunity to make a safety promise on camera. These requests and promises were shared in various formats, encouraging everyone to make a personal commitment to safety and the safety of those around them.

GOVERNANCE





MANAGING CORPORATE RESPONSIBILITY

How we define and manage corporate responsibility and align our strategic priorities with risks and opportunities and environmental, social and governance issues.

For more than a century, Xcel Energy has had the privilege of serving customers and operating in hundreds of communities across its eight-state service territory. We have accomplished this by never losing sight of our responsibilities and the understanding that our success is uniquely tied to the success of those we serve.

BUILDING THE FUTURE, TODAY

Our vision is to be the preferred and trusted provider of the energy our customers need. To fulfill this, we view our success today and, in the future, not simply as a measure of profit but equally as our broader impact on the public good. We have an obligation and opportunity to power people's lives and possibilities with energy they can trust to be safe, affordable, reliable and increasingly clean. We work every day to deliver on this commitment for customers and other stakeholders through our focus on the following environmental, social and governance (ESG) responsibilities.

Environmental Responsibility:**Leading the clean energy transition and reducing environmental impact**

Now more than ever, we are investing in the technology and clean energy that will define our service for the future. As an early adopter of renewable energy, we are leading the clean energy transition and managing the risk of climate change through our bold vision to serve customers with 100% carbon-free electricity by 2050. Through cleaner electricity, we can help other sectors of the economy to reduce their carbon footprints, such as transportation, and just as we are committed to clean electricity, we have a comprehensive plan to reduce greenhouse gas emissions across the natural gas system, which includes supporting customers to help them reduce their carbon emissions from natural gas use. We are committed to minimizing and carefully managing our environmental impacts and providing transparent disclosure. By reducing carbon emissions, we also decrease other environmental impacts, such as air emissions, waste and water consumption. We take seriously our commitment to protect the environment, and this includes supporting stewardship and conservation projects through our community involvement — projects that further enhance and preserve the places where we live, work and do business.

Social Responsibility:**Delivering every day for the people and places we serve**

We serve people, helping to power their homes and businesses, which provides comfort and convenience. We continually strive to create value by offering products and services that our customers want and need and operating in a way that protects the public and drives economic growth. We support our local communities as a partner in economic development, by assisting customers in need, and giving of our time, talent and financial resources. To deliver energy, we focus on continuous improvement, safety, reliability, affordability and increasingly clean energy. That means carefully managing costs, encouraging innovation in our operations and maintaining a secure, resilient power grid. As an employer, we provide a safe and rewarding workplace, one that values people and their contributions and reflects the diversity and strengths of our communities. We operate in a rapidly changing industry, driven by new technologies and evolving customer expectations. Cultivating a workforce that is equally dynamic, highly skilled and customer focused is one of our most important investments.

Governance:**Maintaining trust through strong governance practices**

Our proven track record of strong financial and operational performance is rooted in a foundation of sound corporate governance and oversight. It starts at the top through a board that is experienced, diverse and engaged. With a strong independent lead director, 13 of our 14 board members are independent and six self-identify as female and/or minority. With experience across different disciplines and sectors, they collectively bring the depth and diverse perspectives our company needs to be successful. Through regular meetings and dialogue focused on strategic, operational and reputational matters, coupled with direct interaction with frontline employees and other best practices, our board provides effective oversight of risks and opportunities, including those related to our environmental and social responsibilities. While having a strong board and sound policies are critical to effective governance, we believe that culture is equally important. Through our Code of Conduct and core values — Connected, Committed, Safe and Trustworthy — we set clear expectations for employees to do the right thing and speak up and hold ourselves accountable. Our expectations for compliance and ethical business conduct extend beyond our internal operations to maintaining a responsible, reliable supply chain and engaging in public policy, which increasingly affects our ability to successfully implement business strategies. We have the policies and guardrails in place that support responsible and transparent engagement.

Throughout our Corporate Responsibility Report, we demonstrate our leadership and progress in fulfilling our environmental, social and governance responsibilities. We cover performance across 24 issues that are associated with these responsibilities and that are important to our industry and stakeholders.

We provide information on these 24 issues in the Stakeholder Engagement section of the Corporate Responsibility Report.

CORPORATE RESPONSIBILITY GOVERNANCE

Xcel Energy's governance structure integrates the company's ESG responsibilities at all levels, starting with designated leadership at the board and senior executive levels.

Xcel Energy's 2020 Proxy Statement provides a full explanation of our corporate governance, beyond the governance of ESG responsibilities provided here.

Designated leadership of ESG responsibilities ensures effective oversight.



The chairman and CEO leads all aspects of our ESG efforts and governance. The Governance, Compensation and Nominating Committee (GCN) has primary board committee responsibility for ESG-related issues and risks. It oversees activities and reporting of ESG matters, along with oversight of executive compensation and key policies such as the Code of Conduct and Political Contributions Policy. Additionally, the Operations, Nuclear, Environmental and Safety (ONES) Committee oversees all operational aspects including our environmental strategy and performance, safety and operational performance, customer service, and excellence in delivering electricity and natural gas service to customers. This includes oversight of operational risks and opportunities, including those related to climate, physical security, cybersecurity and public safety. Within the company, the senior vice president, Strategy, Planning and External Affairs serves the role of a chief sustainability officer. This position reports to the chairman and CEO and is responsible for ESG-related policy, strategy, governance and reporting, including the management of climate-related risks, and regular ESG discussions with the board.

Embedding ESG Responsibilities Across the Company

Along with designated leadership, our ESG responsibilities and initiatives are managed throughout the organization and integrated into our governance processes because these efforts are extensive and involve all areas of the business. With engaged leaders and organizations across the company, we effectively manage risks and opportunities and drive strong performance.

The table below describes key aspects of how we manage ESG responsibilities.

<p>Board Oversight</p>	<p>While the GCN is the primary committee responsible for ESG overall, board committees also have responsibilities that relate to and impact specific ESG performance areas.</p> <ul style="list-style-type: none"> • Audit Committee: oversees corporate compliance related to ethics and business conduct • Finance Committee: oversees our clean energy investments, investor relations and financial health • GCN: oversees workforce development and compensation, executive compensation, including the long-term incentive with carbon reduction targets, the Code of Conduct, and lobbying and political contributions policies • ONES Committee: oversees employee and public safety, environmental performance and strategy, generation and utility operations, including reliability, affordability, physical security and cybersecurity. <p>The full board considers and addresses key issues, including those related to ESG matters. In addition, it conducts a strategy session to consider new and emerging trends, consult with outside experts and assess current strategies and initiatives.</p>
<p>Executive Oversight and Management</p>	<p>The executive team plans and executes on strategies designed to achieve Xcel Energy’s priorities, including ESG responsibilities and initiatives.</p> <ul style="list-style-type: none"> • The executive team is responsible for the execution of the strategic direction of the company and sets key initiatives, including growth plans, the clean energy strategy and other ESG efforts. It considers evolving customer trends and preferences, industry and technology needs affecting our business, developments in the external landscape, and policy considerations. • Strategies and key initiatives are crafted and executed to strike a balance among reliability, affordability and environmental impact. • Our executive incentive compensation is tied directly to company performance, specifically reliability, customer satisfaction, public and employee safety, achievement of carbon emission reduction goals and financial performance.
<p>Business Area Management</p>	<p>While the entire organization supports ESG efforts, specific issues are directly tied to individual areas to manage. We use performance management techniques and compensation design to align employees around successful execution of our goals and efforts.</p> <ul style="list-style-type: none"> • Strategy, Planning and External Affairs: ESG strategy, governance and reporting, leading the clean energy transition, energy policy, and resource and strategic planning • Risk, Audit and Compliance Office: risk management, ethics and compliance • General Counsel: corporate governance, disclosure and regulatory efforts that support our goals • Generation: power production and environmental performance and regulatory efforts that support the clean energy transition • Operations: customer electricity and natural gas service, including safety, affordability and reliability • Customer and Innovation Office: energy efficiency, customer programs and satisfaction, continuous improvement, economic development, security and emerging technology • Human Resources: workforce strategy and development, labor practices, public and employee safety, the Xcel Energy Foundation and employee engagement programs • Financial Operations: capital project governance, compliance, budget and cost management, investor relations and disclosure
<p>Operating Companies</p>	<p>Our operating companies execute on our corporate strategy and implement plans that fulfill our ESG responsibilities.</p> <ul style="list-style-type: none"> • Operating company staff engage with local stakeholders to help ensure mutual priorities and goals are addressed, including on energy policy issues, such as climate change, environmental policy and sustainability strategy. • Community giving and volunteer programs are implemented with local nonprofit organizations. • Regulatory and resource plans are proposed for serving customers and meeting their future energy needs, including maintaining affordability and achieving clean energy and other stakeholder priorities.

ALIGNING CORPORATE RESPONSIBILITY WITH CORPORATE STRATEGIC PRIORITIES, RISKS AND OPPORTUNITIES

Our board of directors and executive leadership team have identified three strategic priorities that represent the keys to our continued success in achieving our vision to be the preferred and trusted provider of the energy our customers need. These priorities include:

- Lead the clean energy transition
- Enhance the customer experience
- Keep bills low

Strong alignment exists between our strategic priorities and our environmental, social and governance responsibilities, and the risks or opportunities the strategic priorities are designed to address. We demonstrate this alignment in the following table. It points to our reporting on the management approach for the associated strategic priority, risk or opportunity.

	Strategic Priorities	Risks and Opportunities	Management Approach
Environmental	Lead the Clean Energy Transition <ul style="list-style-type: none"> • Serve customers with cleaner, reliable and affordable energy through increased ownership of wind and solar generation and continued operation of our nuclear fleet • Invest in the power grid, including advanced technologies and transmission that enable more renewable energy • Reduce carbon and other emissions, improving environmental performance • Encourage and help enable low-carbon solutions in other sectors, including transportation, buildings and industrial operations 	Environmental Requirements Our operations depend on natural resources and have an impact on the environment. Because of this, we are subject to and comply with laws and regulations associated with air emissions, water quality, wastewater discharges and waste management. In addition, our customers expect us to protect the air and water, reduce waste and conserve natural resources.	Environmental Management Air Quality Managing Water Use Preventing and Managing Waste
		Climate Change Regulations and Policy Climate change is an urgent issue for many of our customers, policy makers and investors, and is a priority for Xcel Energy as well. Legislative and regulatory responses related to climate change and new interpretations of existing laws create financial risk as our facilities may be subject to additional regulation at either the state or federal level. Such regulations could impose substantial costs. Although the United States has not adopted international or federal greenhouse gas emission reduction targets, many states and localities have adopted climate policies in the absence of federal mandate.	Leading the Clean Energy Transition
		Physical Climate Risks As we make our carbon transition, we will continue to monitor and take steps to mitigate any climate risks along the way. Changing weather patterns, extreme weather conditions and other events, such as flooding, droughts, wildfires and snow or ice storms, can all impact our system in terms of system operability, customer demand, revenues, cost recovery and the health of regional economies.	Leading the Clean Energy Transition Reliable and Secure Energy
		Technology Innovation Rapidly evolving technology is changing customer preferences for more sophisticated products and services, and those customer preferences are driving change in how we serve our customers. Meeting our aspiration to deliver 100% carbon-free electricity by 2050, will require innovation at a national, potentially global scale, to develop advanced, zero-carbon 24/7 electric generation and long-duration energy storage technologies.	Leading the Clean Energy Transition Energy Innovation Public Policy

	Strategic Priorities	Risks and Opportunities	Management Approach
Social	Enhance the Customer Experience <ul style="list-style-type: none"> • View our work through customers' eyes • Make it easy for customers to do business with us • Offer products and services that customers value • Invest in our local communities 	Evolving Customer Expectations Customers are consistently asking for more choice to meet their energy needs and expect a seamless experience with their service providers. Many are asking for new options around energy efficiency, renewable energy and electric vehicles.	Renewable Energy Energy Efficiency and Electric Vehicles Energy Innovation
		Community Engagement Maintaining a positive relationship with local communities determines our ability to operate, build new infrastructure and safely deliver service. These relationships are essential to avoiding costs and difficulty executing on operational improvements, infrastructure investments and service delivery that our customers and communities depend on to power their lives and economies.	Community Relations and Economic Development Community Involvement
		A Diverse and Skilled Workforce Our business strategy is dependent on the ability to recruit, retain and engage employees. Competition for skilled employees is high. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to new employees or future availability and cost of contract labor may adversely affect the ability to operate and serve our customers. Inability to attract and retain these employees could adversely impact our results of operations, financial condition or cash flows.	Human Capital Management
		Public and Employee Safety Keeping employees and the public safe is core to any business but is especially important because of the hazardous nature of our business. Safety events can cause serious detriment to people, communities and our company.	Customer Commitment, including Public Safety Employee Safety Reliable and Secure Energy
	Keep Customer Bills Low <ul style="list-style-type: none"> • Carefully manage our costs • Continuously improve efficiency and how we work without compromising safety or reliability • Keep total bill increases at or below the rate of inflation 	Energy Affordability Affordability is critical part of our customers' experience. As a regulated utility, every customer, no matter the income level, must be able to afford the energy we deliver.	Customer Commitment
		Energy Reliability Reliability is the core of electricity and natural gas service. In addition to supporting customer satisfaction, maintaining reliability is also critical to meeting standards laid out by our federal and state regulators. Serious reliability or cybersecurity incidents could compromise our ability to deliver the energy our customers rely on.	Reliable and Secure Energy
		Grid Reliability As the use of technology and interconnected systems expands, the power grid is increasingly subject to attack. A security event could cause serious harm to our customers, systems and potentially the nation, not to mention potential fines and penalties from our regulators.	Reliable and Secure Energy

	Strategic Priorities	Risks and Opportunities	Management Approach
Governance	<p>Corporate Governance Strong governance and a culture of compliance is foundational to all our efforts. We continue to adopt governance best practices, ensure independent oversight through the right board structure and engaged and talented directors, and maintain accountability to shareholders through annual board elections and other measures.</p>	<p>Corporate Compliance We must maintain a strong compliance program to ensure corporate compliance and ethical business practices. This is essential to building a positive reputation and trust, which gives customers and other stakeholders confidence in doing business with us.</p>	Corporate Compliance and Business Conduct
		<p>Energy Policy State energy policy, including issues around rate recovery, rate design and incentive structures, impact our ability to maintain low-cost service for our customers, how we do business, and our ability to successfully implement our business strategies and grow.</p>	Public Policy

We describe Xcel Energy’s risk management process and discuss material corporate risks in Xcel Energy’s annual 10K and proxy statement.



STAKEHOLDER ENGAGEMENT

Working with those we serve and do business with is a regular and essential part of how we operate

As a regulated energy provider, we can only be successful if we have insight into the needs and priorities of those who our business relies on and serves. Because of this, we regularly engage with our stakeholders and seek opportunities to better understand their interests, concerns and emerging trends. The feedback we receive from these interactions helps to inform our business plans and strategies.

Xcel Energy's stakeholders are those individuals and groups who affect or are affected by our business operations. They fall within the following general categories:

- Customers
- Employees
- Communities, including local government officials, nonprofits and community organizations, and advocacy groups
- Legislators and regulators
- Investors

Our stakeholder engagement is far-reaching and transparent, with regular, ongoing business interactions and special meetings, presentations and proceedings before state public utilities commissions. Our account management and state and local affairs and community relations teams engage with large customers, city and county governments, nonprofit organizations and individuals, as well as state

legislators and policy makers to discuss important service and energy-related issues and projects. We annually report on our lobbying and political contributions, which are governed by corporate policy. We also have a strong presence in our service territory through our community giving and volunteer support of community initiatives and programs.

How We Engage

The table below outlines our regular, ongoing engagement with stakeholders and our response to stakeholder interests.

Stakeholder group	Engagement	Key interests	Our response
Customers	<ul style="list-style-type: none"> • Customer Contact Center • Key account managers • Personal account representatives for customers in need • Customer advocate process • Surveys and focus groups • Customer communications and account information • Special events and meetings 	<ul style="list-style-type: none"> • Energy service start and stop • Service reliability and timely outage response • Electric and natural gas safety • Energy affordability and money saving opportunities • Billing, online account management and other options that make doing business easy • Information privacy • Construction or repair work in neighborhoods • Renewable and clean energy 	<ul style="list-style-type: none"> • Public safety materials, programs and advertising • Focus on the customer experience and technology • Extensive energy-saving programs and tips • Innovative renewable choice programs • Clean energy leadership and strategy • Online account management programs and the Xcel Energy app • Data privacy process • Online outage map and improved outage communications • Construction project communications
Employees	<ul style="list-style-type: none"> • Leadership meetings • Employee meetings and webcasts • Bargaining unit negotiations and communications • Employee surveys • Employee Communications • Quarterly performance connections 	<ul style="list-style-type: none"> • Market-based compensation and benefits • Professional development • Work-life balance • Communication • Recognition • Community involvement • Engagement in energy policy 	<ul style="list-style-type: none"> • Total Rewards statement and tools, such as My Financial Future planning tool • Connect4Performance performance management • Comprehensive professional development resources and tuition reimbursement • Progressive non-salary benefits • Year-end, I Deliver and Innovator recognition awards • New employee orientation • Print, electronic and video communications • Volunteer activities and paid-time-off program • United Way campaigns and matching gift program • Business Resource Groups • Diversity and inclusion education • Wellness programs • Grassroots political events and political action committees

Stakeholder group	Engagement	Key interests	Our response
Communities	<ul style="list-style-type: none"> • Project-specific stakeholder meetings and open house events • Community relations representatives • Partnerships and local memberships • Franchise agreements • Presentations and speaking engagements • Sponsorships and community events • Volunteer projects 	<ul style="list-style-type: none"> • Energy service start and stop • Service reliability and timely outage response • Electric and natural gas safety • Energy affordability and money saving opportunities • Billing, online account management and other options that make doing business easy • Information privacy • Construction or repair work in neighborhoods • Renewable and clean energy 	<ul style="list-style-type: none"> • Public safety materials, programs and advertising • Focus on the customer experience and technology • Extensive energy-saving programs and tips • Innovative renewable choice programs • Clean energy leadership and strategy • Online account management programs and the Xcel Energy app • Data privacy process • Online outage map and improved outage communications • Construction project communications
Legislators and regulators	<ul style="list-style-type: none"> • Policy and legislative involvement • Governmental and regulatory staff • Regulatory filings and proceedings • Political action committees and grassroots employee events • Speaking engagements 	<ul style="list-style-type: none"> • Affordable energy • Reliable energy service • Renewable and clean energy • Climate change and greenhouse gas emissions • Environmental protection • Responsible corporate governance 	<ul style="list-style-type: none"> • Continuous improvement and cost management • Clean energy leadership and strategy • Renewable choice and energy efficiency programs • Corporate environmental policy and environmental management system • Voluntary emissions reduction initiatives • Highly rated corporate governance program
Investors	<ul style="list-style-type: none"> • Ongoing investor meetings and presentations • Financial disclosures, including Annual Report, 10-K, 10-Q and 8-K filings, proxy and press releases • Investor website, including ESG-related information and disclosures • Annual shareholder meeting 	<ul style="list-style-type: none"> • Stock appreciation and company growth prospects • Achievement of earnings and dividend growth objectives • Superior total shareholder return relative to peer group • Solid credit ratings • Financing needs, including green bond issuances • Favorable regulatory environment • Risks and mitigation efforts • Transparency 	<ul style="list-style-type: none"> • Proven strategy and ability to execute, including Steel for Fuel • Long track record of consistent earnings and dividend growth within target ranges • Superior total shareholder returns relative to EEl investor owned electric utilities and the S&P 500 • Premium utility assets • Transparent growth plan • Leading ESG profile, including long-standing history of environmental leadership • Strong financial profile • Effective investor relations communications

IDENTIFYING AREAS OF FOCUS FOR CORPORATE RESPONSIBILITY

In addition to our ongoing engagement with stakeholders, we review sustainability frameworks and research and participate in several sustainability forums, which help us to identify environmental, social and governance priorities for our industry and company. This includes work with the Edison Electric Institute, American Gas Association and the Electric Power Research Institute (EPRI). Specifically, EPRI's Energy Sustainability Interest Group has conducted research on sustainability issues facing the entire electric sector.

Based on this work and what we hear from stakeholders, we have identified 24 corporate responsibility issues for Xcel Energy. These issues are used as the foundation for our corporate responsibility reporting and sustainability efforts.

Xcel Energy's Corporate Responsibility Issues

Advanced Grid, Cybersecurity, Physical Security	Upgrading the power grid with advanced technologies to improve reliability and security; protecting important systems and infrastructure from unauthorized access or attack; drilling emergency scenarios both with and without external stakeholders to ensure effective response to potential events
Air Quality	Reducing air emissions other than greenhouse gases from our operations, including nitrogen oxides, sulfur dioxide, mercury and particulate matter, both through emissions controls and fleet transformation
Climate Change and Greenhouse Gas Emissions	Managing and reducing the greenhouse gas emissions from our operations, including carbon dioxide, methane and sulfur hexafluoride (SF6) through fleet transformation
Community Giving and Volunteerism	Giving both time and money to local nonprofit organizations; supporting energy assistance programs for customers in need
Corporate Governance, Ethics and Compliance	Ensuring adherence to the rules, practices and processes that direct and control our company; setting ethical expectations and values and monitoring adherence to applicable laws and regulations
Customer Engagement and Satisfaction	Working with customers to understand their needs and improve the service and products we provide; ensuring a positive customer experience with interactions that are focused, simple and transparent
Employee Safety	Adopting, enacting and promoting effective programs that protect the health and safety of employees and contractors
Energy Affordability	Ensuring electricity and natural gas bills are affordable for consumers
Energy Efficiency	Providing programs to help customers take control of their energy usage and save money, including traditional rebate programs and advanced home solutions
Energy Reliability and Emergency Preparedness	Providing electricity and natural gas with few to no interruptions; being prepared to quickly repair outages caused by storms or other incidents
Fuel Diversity	Minimizing dependence on any one energy source by using a diverse mix of sources to generate electricity
Innovative Energy Programs and Options	Offering programs that give customers choice over their energy sources, such as helping them access more wind and solar power or helping them fuel electric or natural gas vehicles
Labor Practices	Adopting responsible practices related to employee pay, benefits and equal opportunity

Xcel Energy's Corporate Responsibility Issues

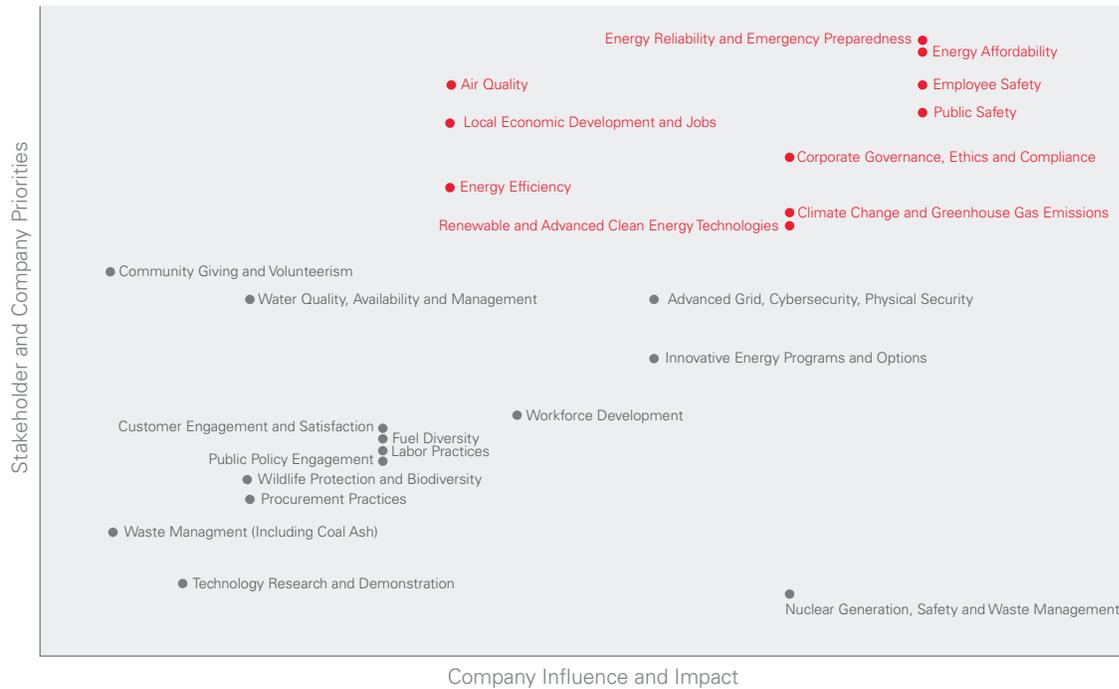
Local Economic Development and Jobs	Working with the community to attract and support new business development and economic growth
Nuclear Generation, Safety and Waste Management	Maintaining Xcel Energy's nuclear fleet that provides reliable, carbon-free electricity, in a way that ensures safety and emergency preparedness; safely handling and storing solid waste from nuclear generation
Procurement Practices	Doing business with responsible, local and/or diverse suppliers for the equipment, materials and services we purchase
Public Policy Engagement	Engaging and collaborating with policy makers and providing input on proposed legislation and regulations
Public Safety	Providing education to prevent accidental contact with electric power lines and natural gas pipelines; protecting the public around our facilities and facility operations; ensuring effective emergency response to public safety issues around our facilities
Renewable and Advanced Clean Technologies	Increasing electricity generation from clean, renewable energy sources, including wind farms and solar power plants; deploying advanced technologies to deliver 100% carbon-free electricity by 2050
Technology Research and Demonstration	Participating in projects to test advanced energy technologies that have potential for providing customers with new products and services in the future; supporting industry research efforts through financial contributions, staff involvement and demonstration projects
Waste Management	Preventing and reducing waste produced from our operations, including coal ash; reusing or recycling waste instead of disposing of it in landfills; operating power plants fueled by waste
Water Quality, Availability and Management	Ensuring the availability of water for electricity generation and all other users; protecting water quality
Wildlife Protection and Biodiversity	Avoiding or minimizing impacts to protect species and their habitats; supporting raptor habitat and providing education and conservation opportunities on raptors
Workforce Development	Maintaining a workforce of the right size and skill profile, includes our talent management strategy and diversity and inclusion efforts; engaging in community efforts to develop pipeline of future employees; providing competitive employment opportunities and supporting diverse business resource groups

Corporate Responsibility Report Survey

To better understand our local stakeholders and their priorities related to environmental, social and governance issues, we conducted an online survey in early 2017. Using the Global Reporting Initiative methodology to guide us, we surveyed nearly 1,000 stakeholders to understand the issues most important to them or the organizations they represent.

The corporate responsibility survey was developed internally and designed to have stakeholders identify their top priorities among Xcel Energy's 24 corporate responsibility issues. To understand our internal priorities, Xcel Energy executive leadership was also given the survey. Altogether, it was distributed to nearly 1,000 internal and external stakeholders across our eight-state service territory. Approximately 26% of potential respondents participated, representing a cross section of stakeholders in the states we serve. Survey results are shown below with priorities highlighted in red.

XCEL ENERGY CORPORATE RESPONSIBILITY SURVEY RESULTS





CORPORATE COMPLIANCE AND BUSINESS CONDUCT

For decades, we have fostered a culture of compliance and ethical business conduct, striving to earn and maintain the trust of our stakeholders.

Four simple words — Committed, Connected, Safe and Trustworthy — define who we are as an organization and how we work together to deliver energy to the customers and communities we serve. Our corporate values influence all that we do, guiding the decisions and actions of our employees and contractors, company leaders and board of directors, alike. They provide a common set of ideals to ensure we hold ourselves to the highest ethical standards.

Building upon this, our comprehensive corporate compliance and business conduct program provides a management system tailored to meet the organization's needs, with full support from the senior executive team, CEO and board. Through our commitment to living our values and doing what is right, we continue building a reputation that instills pride among our employees and gives customers confidence in doing business with us.



HIGHLIGHTS

- Xcel Energy was named one of the 2020 World's Most Ethical Companies®. We are honored to be among 132 global companies selected by Ethisphere, a leader in defining and advancing the standards of ethical business practices. According to Ethisphere, its listing is reserved for a small number of companies that prioritize ethical behavior and understand the correlation between values-based leadership and overall business success.
- We refreshed the company's Code of Conduct in 2019 to better align with our values and make important content changes, such as expanding the responsibilities of leaders. After the board of directors approved the document and the revised Code of Conduct was launched, we used various channels throughout the year to promote it among employees, increasing visibility and awareness of the company's expectations.
- 100% of active employees completed annual Code of Conduct training in 2019. To target the right training by audience, we created two versions — one for company leaders and one for employees. Both courses present scenarios on sexual harassment, workplace violence, bullying and retaliation, and then allow participants to choose their own path to learn from their choices. The course for leaders also highlights their responsibility to respond to employee concerns and escalate Code of Conduct violations.
- For transparency, we publish the annual report on our Corporate Compliance and Business Conduct program on xcelenergy.com. The report provides an overview of our work for 2019, including highlights and additions to the program.
- We are committed to ensuring employees understand and can easily determine Xcel Energy's expectations of them. With that in mind, we revamped the process for establishing and maintaining our policies and updated the Policy on Policies. We also began using RSA Archer as a policy management tool for better governance over the policy change, review and approval process.
- We use data analytics to prevent, detect and respond to misconduct, and in 2019, enhanced our capabilities to analyze more complex measures that provide greater insight into potential areas of concern. Leaders now have a more sophisticated view of their organizations to better prioritize and target training and communication resources.

ETHICAL FOUNDATION: CODE OF CONDUCT

We have one Code of Conduct that applies to all employees — from executive leaders to part-time workers — as well as contractors and suppliers. It is foundational to our success as an organization and guides everything we do — how we work together, make business decisions and interact with stakeholders. Our Code of Conduct also provides direction for making tough judgement calls and speaking up if something seems wrong.

The board of directors reviews and approves the Code of Conduct, ensuring top-level ownership for this foundational resource. All employees are responsible for knowing, understanding and adhering to the Code of Conduct, and are required to complete annual training that includes signing a statement of commitment. While contract workers and suppliers are not required to take Code of Conduct training, they are required to perform services in accordance with our Code of Conduct as specified in the terms of their agreements with Xcel Energy.

CORPORATE COMPLIANCE AND BUSINESS CONDUCT PROGRAM

The focus of Xcel Energy's Corporate Compliance and Business Conduct program is to:

DO WHAT'S RIGHT: REPORT WHAT SEEMS WRONG.

Sound Governance Practices

Xcel Energy's Board of Directors has overall authority for the Corporate Compliance and Business Conduct program, with key elements of oversight delegated to the Audit Committee and the Governance, Compensation and Nominating Committee. Our Corporate Compliance and Business Conduct Council is comprised of leaders from across the company and ensures engagement with all employees.

The company's CEO sets a strong tone at the top by championing our corporate values when he speaks to employees and work teams, helping ensure the values play a prominent role in guiding our work. The chief compliance officer, who reports to the CEO, is responsible for all compliance and business conduct matters and has direct access to the board of directors as needed.

Policies, Training and Communications

Company policies, training and communications help employees understand expectations in order to make good decisions every day. Information on policies, our values and company expectations is routinely shared to make sure it is a regular part of every employee's work experience.

Employees are responsible for knowing and following not only the Code of Conduct but also multiple other corporate policies associated with Corporate Compliance and Business Conduct. Training courses include content from corporate policies and other information that demonstrate how our values guide the way we do business. Employees use training information to ensure their actions protect and enhance the company's brand and reputation by working safely and effectively and complying with the many policies, laws, regulations and expectations governing our work.

Regular, consistent communications are designed to help employees do what is right. We use a variety of channels to reach employees across teams, such as emails, posters, videos, digital signage, roadshows, news articles and in-person discussions.

Reporting Issues, Investigations and Actions

When things do not seem right, employees are encouraged to seek help. We know reporting a potential issue can be difficult, so we offer multiple reporting options that include contacting:

- The Equal Employment Opportunity and Employee Relations or Workforce Relations departments
- An employee's next level of management
- The Compliance Hotline, available 24 hours a day, with the option to remain anonymous
- Our Corporate Compliance and Business Conduct Office
- Legal Services
- Xcel Energy's Board of Directors

Employees working at our nuclear generating plants have additional reporting options that include completing a Nuclear Corrective Action Request form, reporting issues to the Employee Concerns program or contacting the Nuclear Regulatory Commission.

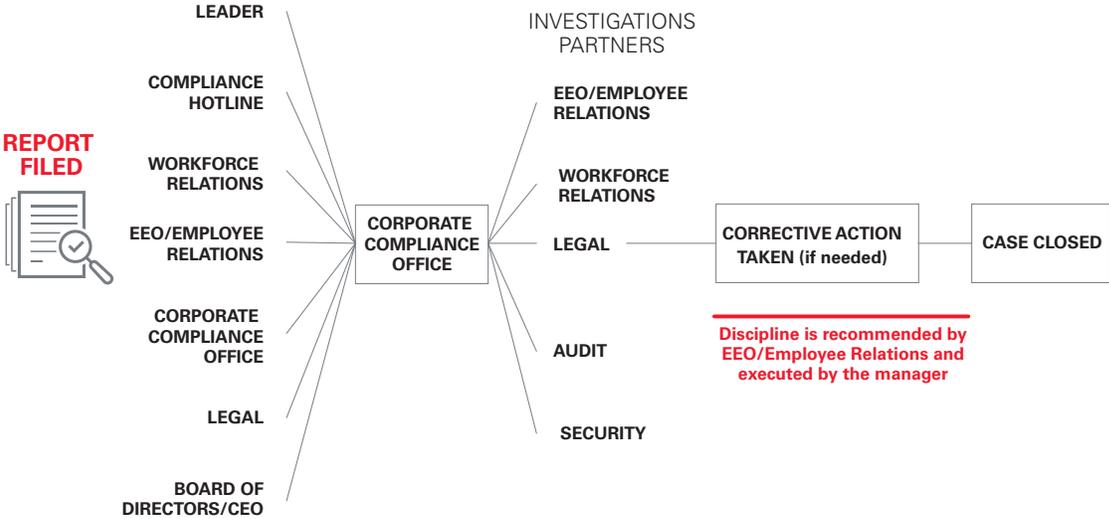
Our Compliance Hotline also offers employees the opportunity to ask questions about decisions they are unsure about.

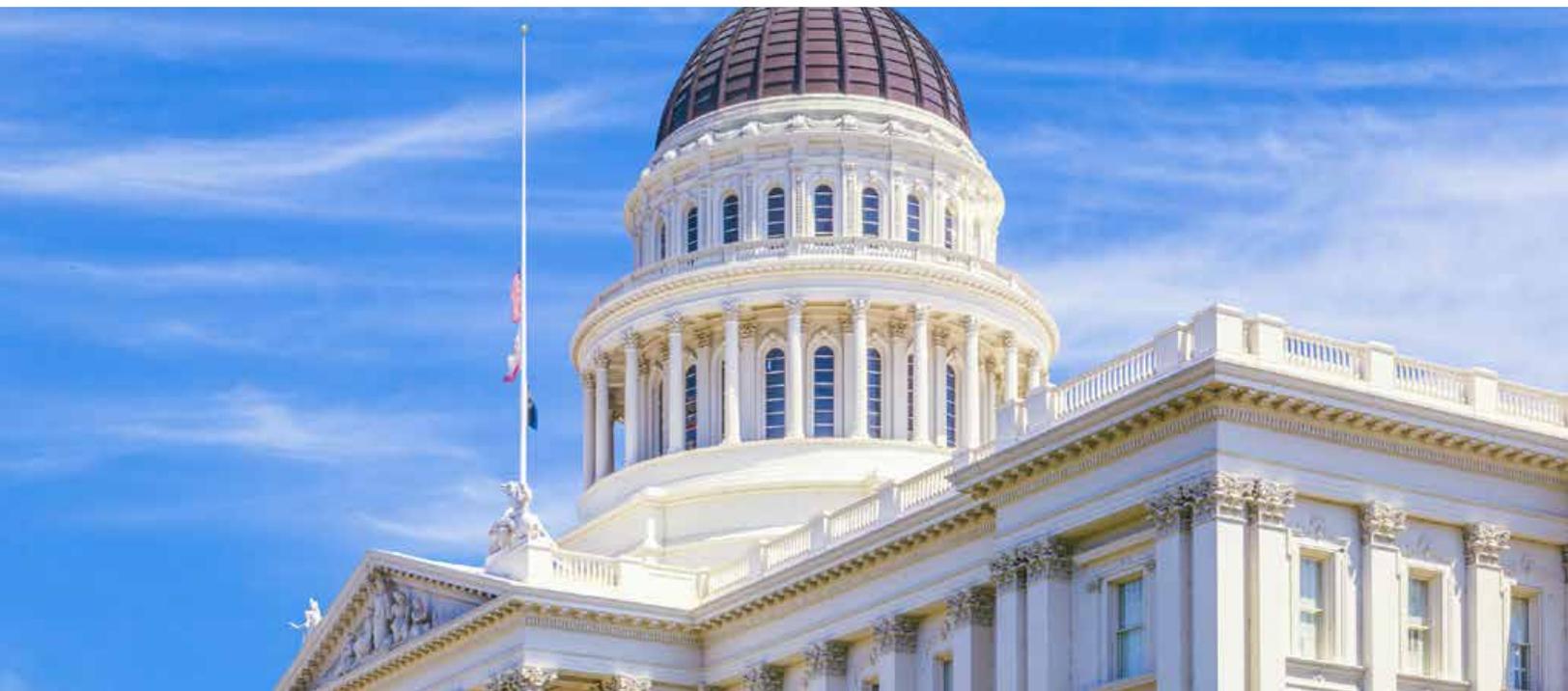
As we follow up on reports, we conduct effective and timely investigations, take appropriate action and ensure employees are safe from retaliation. The Investigations Governance Committee oversees the investigation process and is comprised of the chief compliance officer, general counsel, chief financial officer and chief human resources officer.

When concerns are reported through the Compliance Hotline, the Corporate Compliance and Business Conduct Office assigns them to the appropriate business function to investigate based on allegation type. Business functions include Equal Employment Opportunity and Employee Relations, Workforce Relations, Legal, Security or Audit. These business functions also receive and investigate concerns reported through other channels. All reports are tracked and processed through a case management system that provides the company with a comprehensive view of allegations.

We received 3.3 reports per 100 employees in 2019. Over half of the reports were on workplace conduct, which includes harassment, discrimination and other unacceptable behaviors, such as bullying, hazing or horseplay, as well as unprofessional conduct and unfair treatment. We received zero reports of bribery or corruption. Overall, just over one-third of all investigations required corrective action, ranging from counseling through termination.

XCEL ENERGY'S COMPLIANCE REPORTING PROCESS





PUBLIC POLICY

We engage in policy and regulatory issues important to providing our customers with the energy service and products they want and value.

As the energy industry continues to undergo a significant transformation, it is essential that we participate in the policy developments that determine our future, representing the interests of our company and its many stakeholders. With more than a century of experience in meeting the energy and financial needs of customers, communities and investors, we aim to share our expertise with policy makers and elected officials to better inform the decisions that impact the service we provide.

One of our policy focus areas is supporting the new and emerging technologies that will change how we serve our customers. This includes technologies that support new products and services for enhancing the customer experience, as well as advanced, zero-carbon 24/7 generation technologies and long-duration energy storage for achieving our carbon-free aspiration. Specifically, we support policy efforts that will springboard new research and development and will offer the right incentives to foster commercial demonstrations and early deployment of technology. Once new technologies become available, we need policy to accelerate adoption and streamline each phase of the process from siting and permitting to installation and operations.

We discuss issues and solutions with policy makers on all levels — local, state and federal. We also provide informal input and formal testimony and comments on proposed legislation and regulation. To help form partnerships or alliances for advancing our policy objectives, we participate in industry, trade, business and other associations. These memberships provide a pathway to achieve common goals with like-minded organizations, as well as the opportunity influence those organizations on issues where we do not always agree.



HIGHLIGHTS

- We continue to work closely with local, state and federal policy makers to address the COVID-19 pandemic. As our cities and states issued stay-at-home orders to slow the spread of the virus, we have ensured our essential employees can remain in the field to provide the energy service that our customers rely on, now more than ever. We have also engaged in discussions with federal policy makers about providing economic relief to businesses and households that need it most. The CARES Act, signed into law in March 2020, includes an additional \$900 million funding for the Low-Income Home Energy Assistance Program (LIHEAP) to help households with their energy bills.
- In New Mexico, we worked to support policy makers that adopted a new vision for the state's utilities to provide carbon-free electricity by 2045. The Energy Transition Act increases New Mexico's renewable portfolio standard to 50% by 2030, with a goal of 80% by 2040. We worked to ensure that regulators would take the affordability and reliability of electricity service and the availability of transmission into account as we add high levels of renewable energy to the power grid and transition to carbon-free electricity.
- In Colorado, we worked with a diverse group of stakeholders to develop legislation that provides regulatory certainty for pursuing our goal to reduce carbon emissions 80% by 2030 and aspiration for 100% carbon-free electricity by 2050. This was adopted along with a package of bills focused on achieving the state's clean energy future.
- In both Colorado and New Mexico, policy makers adopted new laws that allow us to develop programs to support customers in adopting electric vehicles (EVs). These new programs enable us to better plan for and build new infrastructure to support our customers' interest in EVs. We will work with stakeholders and regulators to develop products and programs that enable our customers to take advantage of low-cost renewable energy and ensure that chargers are available where they are needed.
- In 2020, Xcel Energy Chairman and CEO, Ben Fowke, will serve as Chairman of the Edison Electric Institute. In this role, he will help to guide the industry through challenges presented by the COVID-19 crisis while continuing to champion the development of clean firm-capacity energy technologies that the industry needs to achieve 100% carbon-free electricity.

POLITICAL CONTRIBUTIONS AND LOBBYING

Xcel Energy has a corporate policy that sets guidelines and rules for political contributions and to ensure all contacts with government officials meet legal and ethical standards.

Our board of directors, leadership and employees must comply with all federal laws restricting the making of political contributions using corporate funds in connection with elections for federal offices. When communicating about matters involving Xcel Energy, the board of directors, leadership and employees must accurately convey corporate messages and support the Xcel Energy brand. Xcel Energy's Political Contributions Report provides corporate contributions and dues paid to trade associations.

PUBLIC POLICY PRINCIPLES

Our energy landscape is evolving, driven by new technologies and customers demanding new energy options and a lower carbon footprint. In this new landscape, we are striving to meet the interests of individual customers while continuing to deliver safe, clean, reliable energy at an affordable cost and creating opportunities for our company to invest in the power grid. To meet the challenges ahead, we follow these four core principles as we support the transformation of our energy landscape.

- **Utilities are engines for innovation and deployment at scale.** The vertically integrated utility model with regulatory oversight is well-positioned to adapt to changing energy markets, new technologies, new customer preferences and community goals. This model provides inherent system value through efficiency, optimization and economies of scale that benefit all customers and balances the allocation of risks and benefits between the utility and its customers. As such, we are well-positioned to grow the market for value-added services — such as energy storage, microgrids, electric vehicles and solar power — and to do so at scale and in a manner that benefits all customers.
- **We can enable greater customer choice without eroding fundamental rate design principles.** Ideally, rates should reflect the cost of service provided to a customer and continue to prioritize affordability because reliable, affordable energy is essential to a strong economy and protecting low-income customers. Matching rates to price signals moves the system to a more efficient state of operation and options like time-of-use pricing can incentivize customers to shift energy use to more desirable times.
- **The power grid is our economy's greatest physical asset and utilities are its stewards.** More than a collection of wires, the power grid is an integrated system of plants, wires, transformers, substations, control systems and other equipment that is foundational to our economy. In our jurisdictions, the vertically integrated utility model — from supply to delivery — is the most effective way to economically maintain a reliable and secure grid and make the investments necessary to meet customer needs and achieve environmental goals.
- **Our economy will continue to electrify, and utilities should be the architects of that transition.** There are clear signs that our economy is undergoing a transformation to greater and cleaner electricity usage, and through lower-carbon electricity and electrification, we can further reduce greenhouse gas emissions. The transition must be done as part of a thoughtful, deliberate, policy process — one that builds upon past utility successes and engages customers and communities who wish to actively participate. If we have supportive public policy, the utility sector can enable a pathway to a low-carbon economy.

To meet today's challenges, our society does not need a new business model for utilities. We need a modernized version of the model that has been delivering for decades. The utility industry, and Xcel Energy as a leader in the industry, is well poised to meet these challenges in direct partnership with our regulators and our customers.

ENGAGING WITH TRADE AND OTHER ASSOCIATIONS

Xcel Energy belongs to major trade organizations for the electric and natural gas industries, as well as other business and industry associations. This includes the Edison Electric Institute, American Gas Association, American Wind Energy Association and Nuclear Energy Institute, among others. Associations offer public policy leadership, business intelligence and opportunities to attend topical conferences or forums. They also provide important government-industry coordination and keep us abreast of developments in areas such as safety, security, grid reliability and customer care.

Xcel Energy's Strategy, Planning and External Affairs business area coordinates the company's participation, continuously monitoring the positions and activities of our industry and other affiliations on important issues, such as security and climate change. Leaders and staff from throughout the company participate on boards, special committees or working groups and help to guide industry practices, policies and positions. Hundreds of member companies comprise our trade associations, representing different regions of the country and customer needs. Complete alignment with our positions is rare. However, one of the most valuable aspects of our participation is having a seat at the table and opportunity to influence others on issues where we may not agree.

INNOVATION POLICY FOR ADVANCED CLEAN ENERGY TECHNOLOGIES

After announcing our vision to provide 100% carbon-free electricity by 2050, we immediately began working on plans to reduce carbon emissions 80% by 2030 and focusing on advanced technologies to achieve our vision. We started organizing internally and exploring industry and other partnerships to support policy objectives to spur innovation. To advance the clean energy technologies we need to eliminate the remaining 20% of carbon from the power grid and provide 100% carbon-free electricity, we are pursuing the following policy objectives.

Research and Development

We believe Congress should significantly increase funding for research and development and focus funding specifically on large-scale carbon-free generation technologies. The Department of Energy and other entities should streamline research by avoiding duplication and allocating resources to the most promising technologies. National laboratories could develop technologies while federal agencies take on demonstration efforts.

Commercial Demonstration

Public-private partnerships and different incentive structures will be needed to encourage commercial demonstration of very new technologies. These are capital-intensive, "first-of-a-kind" energy projects that are in the very early phase of proving their application, where there is greater risk associated with demonstrating their capabilities.

Early Deployment

As technologies advance through the maturation process, beyond research and development and commercialization, they will continue to need the certainty of incentives. Deployment incentives, if designed and implemented correctly, would move projects from "first of a kind" to "nth of a kind" — from technologies in the early phase of proving their application to technologies moving toward market competitiveness. As technologies become more widely adopted and successful, incentives would phase out. In addition, policy models that support risk-sharing between public and private investors could also minimize the risk of deployment.

Supportive Infrastructure (Ecosystem)

Achieving net-zero carbon emissions from the electric sector will require a substantial investment in new and repurposed infrastructure. To accelerate adoption and ensure technologies can enter the market without delay, we must develop an ecosystem that gives the industry the ability to permit, site and interconnect generating facilities and their related infrastructure. This also includes day-one operations, ensuring the necessary public acceptance and a trained and ready workforce for the ongoing success of new technologies. Ecosystem strategy should be part of Congress's evaluation of innovation policies.

We report on developing technology in the Energy Innovation section of the Corporate Responsibility Report.

EMPLOYEE POLICY ENGAGEMENT

Grassroots advocacy is important to Xcel Energy because our industry is so complex. Xcel Energy employees can help educate their friends, neighbors and community leaders. We offer several ways for employees to become more involved.

- **Legislative Days:** We offer a special day at the capitol in each of our jurisdictions for employees to meet their elected officials and learn more about the legislative process.
- **Local events and meetings:** Employees can represent the company at community meetings and special events.
- **Political Action Committees:** Employees can voluntarily participate in seven different groups that are organized and run by employees.

Political Action Committees

Xcel Energy sponsors seven Political Action Committees or PACs organized and run by employees, six at the state level and one at the federal level. Participation in the company's PACs is completely voluntary and is part of the engagement opportunities that we offer employees.

Each of the company-sponsored PACs has its own board of directors elected by its members that make contribution decisions. All our PACs are strictly voluntary, and there are no employment benefits based upon participation. Each complies with all applicable local, state and federal laws.

2019 Xcel Energy Political Action Committee Activity			
PAC*	Employees Participating**	Total Employee Contributions to PAC	Total Contributions to Candidates***
Minnesota****	277	\$44,271	\$41,100
North Dakota	296	\$2,651	\$0
South Dakota	275	\$3,254	\$500
Texas/New Mexico (SCOPE)	329	\$31,578	\$21,000
Colorado (Western PAC)	276	\$30,660	\$1,550
Wisconsin	285	\$21,563	\$17,450
Federal PAC (XPAC)	335	\$238,959	\$232,400

*State PAC programs comply with all federal and state laws and regulations, which in some cases restrict the amount of funds that can be contributed in non-election years.

**Xcel Energy has established a program that allows employees to voluntarily donate a portion of their salaries to a state PAC program and have that amount divided among our different state PACs. That employee is considered a member in each state PAC. Therefore, one employee who donates to our state PAC program would be counted as a member of the six different state PACs as reflected above.

***Funds contributed by employees can accrue over multiple years and are not necessarily distributed in the same year they were contributed. Contributions to candidates vary by year and are typically lower in nonelection years or years when state legislatures are in session. The total number of employees participating in PAC programs fluctuates throughout the year.

****The state PAC in Minnesota is operated outside of Xcel Energy in accordance with state law that prohibits the use of corporate resources to support the PAC; although, payroll deduction is specifically permitted in Minnesota. Activity for the Minnesota PAC is only included in this table for transparency and informational purposes.



SUPPLY CHAIN MANAGEMENT

We manage a reliable and secure supply chain through well-established processes and by regularly monitoring our nearly 4,000 suppliers.

Suppliers play an essential role in our company's ability to lower costs, operate efficiently and deliver the energy that our customers value. That is why we constantly evaluate our sourcing practices and look for opportunities to improve. After all, if we can increase productivity, reduce waste or negotiate better prices, those savings are passed on to customers and help to keep energy bills low.

We manage the continuity of our supply chain through strong business relationships and planning. Our goal is to make sure we always have the materials and services available to avoid significant disruptions to our operations and the service we provide.

The majority of our suppliers are located within our eight-state territory. As much as possible, we try to do business within our service area to support local economies. We also seek business partners that share our priorities around safety, diversity and environmental protection and that will adhere to our Code of Conduct, which sets the standards by which Xcel Energy and its partners conduct business.



HIGHLIGHTS

- We spent \$486 million, directly and indirectly, with businesses owned by women, minorities or veterans in 2019 and achieved our goal to spend 11.5% of total annual spending with diverse suppliers. Overall, our spending with diverse suppliers was \$89 million less than projected in 2019 due to construction delays associated with the Sagamore Wind Project. The project is now on track, and we expect to make up for the lower spending in 2020 as Wanzek Construction, which is a local and minority owned business, completes the project.
- In 2019, our supply chain spending was approximately \$4.2 billion, with more than \$3.1 billion, or nearly 73%, going to local businesses in the states we serve. While not all materials and services can be sourced locally, we build relationships and set targets to support economies within our eight-state territory.
- Through our supply chain, we saved approximately \$328 million in 2019, which was first-quartile performance in a benchmarking of peer utilities.
- Xcel Energy received the Corporate Equality award in 2020 from the Quorum Gay, Lesbian, Bisexual and Transgender (GLBT) Chamber of Commerce in Minnesota. Local community members nominated our company for its commitment to supplier diversity and creating an inclusive workplace culture.
- The Hispanic Chamber of Commerce of Metro Denver named Xcel Energy its Corporate Advocate of the Year in early 2019 for the company's ongoing support and work with member companies. Three of our largest contractors in Colorado are chamber members, including Alvarado Construction, Campos EPC and Redeker Excavating.

SUPPLY CHAIN PROCESS

Our central Supply Chain organization is responsible for the sourcing and procurement of goods and services, materials management and fleet management for all Xcel Energy operations. They negotiate contracts for everything from day-to-day business necessities, such as office supplies and furniture, to capital items used to construct, operate and maintain our generation and transmission assets, including transmission poles and transformers. They develop supplier and contractor management strategies and policies, handle accounts payable, and execute company-wide sourcing and procurement strategies.

We employ a systematic sourcing method to deliver needed materials and services to the right place at the right time for the right price. To select suppliers, we use a five-step sourcing process that includes: preparation, request for information, request for proposal, contract evaluation and negotiation, and implementation.

Four key business objectives — each associated with specific initiatives — drive our supply chain strategy. These include:

- Maximizing investment yield
- Achieving operational excellence
- Managing risks and opportunities
- Supporting community and environmental leadership

In 2020, we expect to spend approximately \$4.75 billion on materials and services that fall into 36 categories with more than 800 subcategories. These categories are used to determine risk, opportunity and negotiation leverage with suppliers. We have developed guidelines for bid analysis for all categories. Within these guidelines, up to 20% of the bid analysis weight can be allocated to social and environmental factors such as diversity, safety and environmental performance.

Supply Chain Spending Categories			
Battery	Engineering Services	Meters	Steel Structures
Boiler Systems	Environmental	MRO Materials	Transformers
Cable and Wire	Fleet	Other Plant Systems	Transportation Services
Chemicals Gases and Lubes	Gas Materials	Property Services	Travel Services
Circuit Breakers	HR and Benefits	Radiation Protection	Turbine and Generator Systems
Construction	IT and Telecom	Revenue Cycle	Vegetation Management
Consulting Services	Logistics Integrator	Safety	Wind
Dry Fuel Storage	Maintenance Services	Solar	Wood Poles
Electrical Materials and Equipment	Marketing and DSM	Staff Augmentation	Aggregates

RISK MANAGEMENT

Through our Supplier Qualification program, we use services such as Dunn & Bradstreet to regularly monitor all active suppliers for Office of Foreign Assets Control, Excluded Parties List System, OSHA and EPA violations, as well as criminal proceedings and disaster events. We assess suppliers’ financial health, safety and use of diverse subcontractors before contracting with them, and suppliers who will have access to our confidential data must undergo a data security review.

Periodically, we conduct key risk assessments, looking at categories such as commodity price risk, supply continuity, quality and governance processes. We also design sourcing strategies that take into account multiple fulfillment locations and supply channels that can minimize potential supply disruptions in case of extreme weather or disaster-related events.

Our company works with a broad range of suppliers. The majority of our spending is with American suppliers, but we also do significant work with American-based affiliates of foreign suppliers and a small amount of work with foreign suppliers.

We have recently implemented a program for Security Vendor Risk Assessment that focuses on exposure to cyber, information and other security risks to Xcel Energy that could result from suppliers’ access to our systems, confidential information and critical infrastructure. The requirement for this additional level of scrutiny is established in sourcing and contracting processes and involves a comprehensive testing of the supplier’s security environment by our Enterprise Security Services team.

All contractors that provide services or materials at our sites are required to complete a contractor health and safety questionnaire and submit five years of safety-related performance data. Our contractor safety department reviews this data and may reject a contractor or require a safety improvement plan. We continue to monitor safety performance once a contract is implemented.

In addition, all contracts include a clause requiring suppliers to abide by equal employment opportunity and affirmative action mandates prohibiting discrimination on the basis of race, color, religion, sex, national origin, actual or perceived sexual orientation or gender identity of an individual, or physical or mental disability. All suppliers are expected to comply with our Code of Conduct, which is referenced in our standard agreement language and is made available to them upon request.

Supplier Classifications

We classify our suppliers in four tiers based on a combination of overall supplier spend and their importance or risk to our operations. Critical suppliers provide essential materials and services required to support daily operations. Tier one suppliers, including those who are critical to our operations, are part of our Supplier Relationship Management program. The program enables us to build longer-term contracts with these strategic suppliers and implement continuous improvement initiatives to benefit both the supplier and Xcel Energy in terms of costs and operations. Suppliers are also tiered, based on their total spend.

Tier	Annual Spending	No. of Suppliers	% of Annual Spend
Tier 1	More than \$10 million	66	74%
Tier 2	Between \$4-10 million	54	8%
Tier 3	Between \$1-4 million	211	10%
Tier 4	Less than \$1 million	2,925	8%

We support suppliers in non-tier one spending classifications through collaborative initiatives and programs. For example, we are a founding member of the ITASCA-Project in the Twin Cities, which is dedicated to helping smaller local suppliers grow through procurement opportunities. The ITASCA-Project group is made up of chief supply chain personnel from large corporations, such as Xcel Energy, U.S. Bank, Target, United Health and General Mills, who meet monthly to discuss ideas for supporting the local economy by growing the capacity of small- and medium-sized businesses.

SUPPLIER DIVERSITY PROGRAM

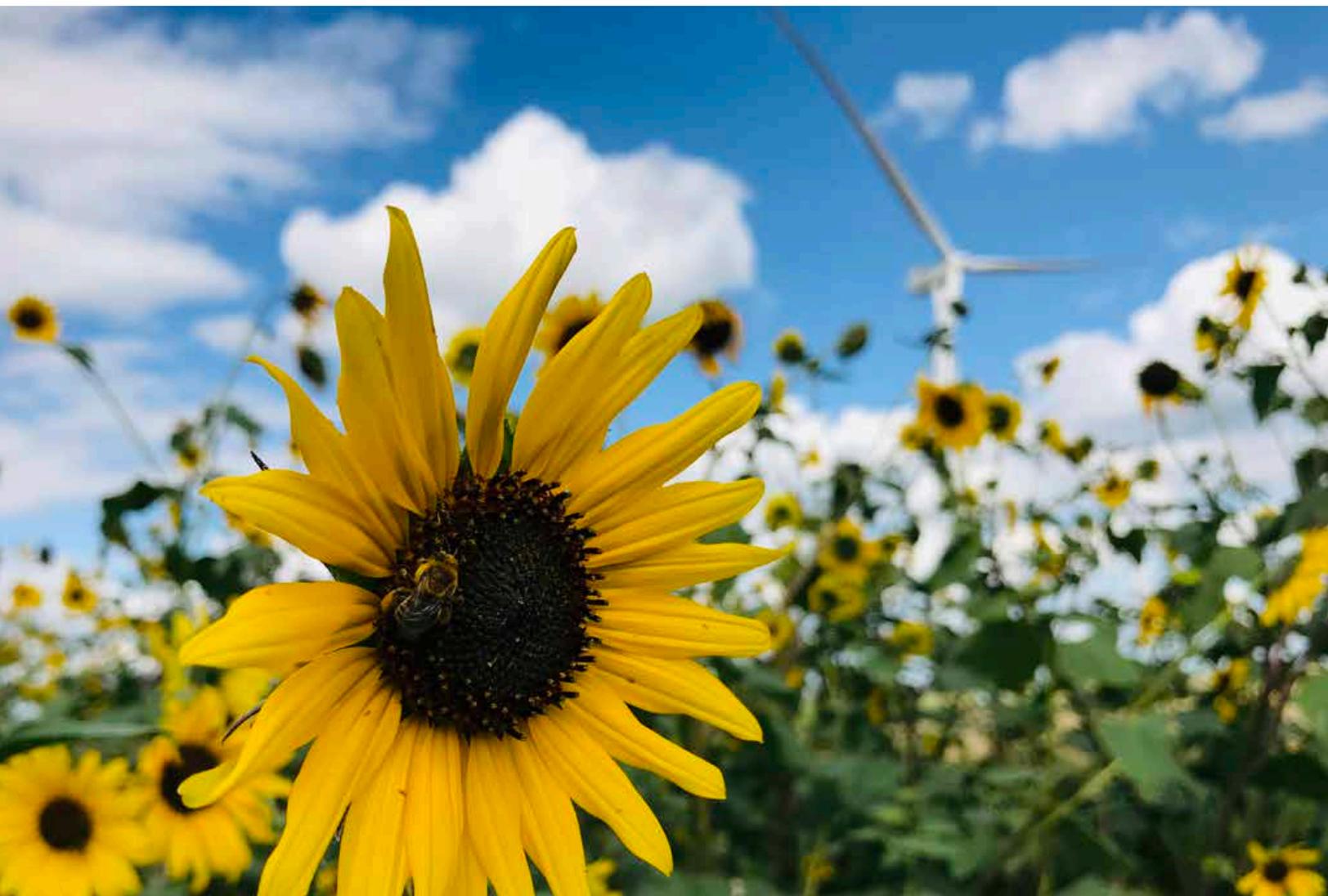
Our corporate policies underscore our commitment to supplier diversity by recognizing that it is in our best interest to encourage a broad base of supplier relationships. Using diverse suppliers contributes to the economic growth and expansion of the communities we serve. Our policy is to offer these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

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

For 2020, we have set a goal of approximately \$599 million, or roughly 12.6% of total spending, to spend with diverse suppliers. Most of the recent increases in our goal have been associated with Xcel Energy's continued investment in renewable energy, especially in constructing new wind farms. Wanzek, one of our diverse suppliers, is constructing multiple new wind projects on our system.

We are an active member of the Edison Electric Institute’s Supplier Diversity Best Practices Group, as well as the Mountain Plains and North Central Minority Supplier Development councils, the Women’s Business Enterprise National Council, the National Veteran-Owned Business Association, National Veteran Business Development Council, National Gay and Lesbian Chamber of Commerce, Disability: IN, and most local chambers of commerce in our service territory.

	2017	2018	2019
Dollars Spent	\$378 million	\$533 million	\$486 million
% of Total Purchases	10.5%	12.4%	11.5%



ABOUT THIS REPORT

Publication Date: May 2020

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Date of Previous Report: May 2019 (for 2018)

Reporting Cycle: Annual

Report Boundary: Xcel Energy and its four regulated subsidiaries

Contact Point: corporateresponsibility@xcelenergy.com

Xcel Energy's annual Corporate Responsibility Report focuses on the company's environmental and social contributions and is built on 24 issues that we have identified as important to our stakeholders and company. Information on these 24 issues is provided in the Stakeholder Engagement section of the report. We discuss our management approach and report on these issues in the briefs in our Library of Briefs.

This year marks the 15th year we have published the report. Our first Corporate Responsibility Report (formerly known as the Triple Bottom Line report) was published in April 2005, with the contents covering the 2004 calendar year.

We continue to base our reporting on Global Reporting Initiative (GRI) guidelines, which offer the most widely used and well-established framework for sustainability reporting. Our 2019 Corporate Responsibility Report is based on GRI's Standards in accordance with the Core option and the Electric Utilities Sector Supplement. We meet the intent and follow the standards as closely as possible. However, there are instances where we track information for disclosure differently or not at all, based on our company or stakeholder information needs.

In addition, the Sustainability Accounting Standards Board (SASB) developed sustainability metrics of interest to investors. For the second year, we report disclosures identified by SASB for Electric Utilities and Power Generators and Natural Gas Utilities and Distributors. We also recognize that some investors and other stakeholders are interested in the Task Force on Climate-related Financial Disclosures (TCFD), so for the first time, we are reporting on the recommendations of TCFD.

Indexes that link to Xcel Energy's GRI, SASB and TCFD reporting, are available on [xcelenergy.com/CorporateResponsibility](https://www.xcelenergy.com/corporate-responsibility) under About This Report, along with the archive of the company's previous Corporate Responsibility Reports. In addition, we also publish an environmental, social and governance report based on templates provided by the Edison Electric Institute and American Gas Association. This is a relatively new reporting option that provides information specific to our industry in a consistent format for investors.



**FIND OUR FULL CORPORATE
RESPONSIBILITY REPORT AND LEARN
ABOUT XCEL ENERGY'S ECONOMIC,
ENVIRONMENTAL AND SOCIAL
CONTRIBUTIONS AT [XCELENERGY.
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