

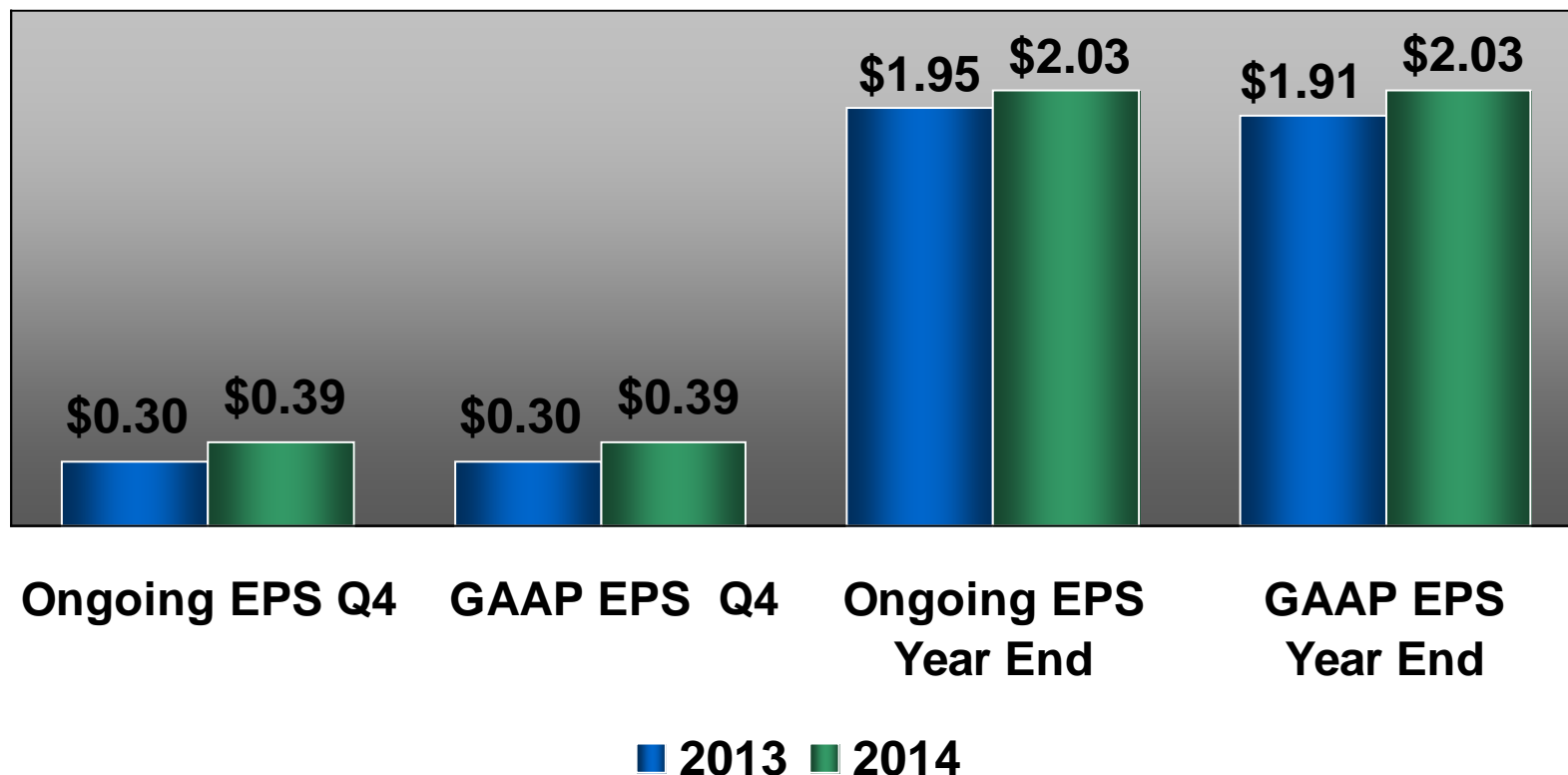


Fourth Quarter 2014 Earnings Release Presentation

January 29, 2015



EPS Results



2013 GAAP EPS includes a charge of \$0.04 per share associated with FERC complaint orders



2014 Highlights

- **Achieved EPS in upper half of guidance range**
- **Managed O&M growth within guidance range**
- **Better-than-expected weather-adjusted electric sales growth of 1.3%**
- **Updated five-year capital forecast drives rate base growth of 4.7%**
- **No equity financing needed beyond DRIP & benefits through 2019**
- **Updated strategic plan focusing on utility performance, operational excellence, customer solutions, and strategic investments**
- **Transformational filing in MN to enhance alignment of stakeholder interests**
- **Achieved record levels of safety**
- **Constructive outcomes in several rate cases**
- **Introduced 2015 ongoing EPS guidance of \$2.00 to \$2.15**

Earnings per share guidance assumes constructive regulatory outcomes



Xcel Energy Strategic Plan

Objectives

Improve Utility Performance



Drive Operational Excellence



Provide Customer Options & Solutions



Invest for the Future



Measurable Results

- Close ROE gap 50 bps by 2018
- Derive 75% of revenue from MYPs

- Manage workforce transition
- Limit annual O&M growth to 0-2%

- Offer more energy options
- Exceed customer expectations

- Base capital plan drives annual rate base growth of 4.7%
- Potential incremental investment in natural gas and transmission

EPS Results by Operating Company

	<u>Fourth Quarter</u>		<u>Year End</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
PSCo	\$ 0.18	\$ 0.15	\$ 0.90	\$ 0.91
NSP-Minnesota	0.17	0.12	0.80	0.79
SPS	0.03	0.04	0.26	0.23
NSP-Wisconsin	0.03	0.01	0.14	0.12
Equity earnings	0.01	0.01	0.04	0.04
Regulated utility	<u>0.42</u>	<u>0.33</u>	<u>2.14</u>	<u>2.09</u>
Holding company and other	<u>(0.03)</u>	<u>(0.03)</u>	<u>(0.11)</u>	<u>(0.14)</u>
Total Ongoing diluted EPS	\$ 0.39	\$ 0.30	\$ 2.03	\$ 1.95
SPS 2004 FERC complaint case orders	-	-	-	(0.04)
Total GAAP diluted EPS	\$ 0.39	\$ 0.30	\$ 2.03	\$ 1.91

EPS Change from Prior Year

	<u>Fourth Quarter</u>	<u>Year End</u>
2013 GAAP diluted EPS	\$ 0.30	\$ 1.91
SPS 2004 FERC complaint case orders	-	0.04
2013 Ongoing diluted EPS	\$ 0.30	\$ 1.95
Higher electric margins *	0.11	0.26
Higher natural gas margins	0.01	0.06
Lower interest charges *	-	0.01
Lower AFUDC – equity	(0.01)	-
Higher O&M expenses	(0.02)	(0.07)
Higher taxes (other than income taxes)	(0.01)	(0.06)
Higher depreciation and amortization	(0.01)	(0.05)
Higher conservation and DSM program expenses	(0.01)	(0.05)
Dilution (ATM program, DRIP and benefit plans)	(0.01)	(0.03)
Other, net	0.04	0.01
2014 ongoing and GAAP diluted EPS	\$ 0.39	\$ 2.03

* Excludes 2013 impact of SPS FERC complaint case orders

Electric Margin Change from Prior Year

Dollars in millions	<u>Fourth Quarter 2014 vs. 2013</u>	<u>Year End 2014 vs. 2013</u>
Retail rate increases*	\$ 36	\$ 129
Non-fuel riders	19	57
Conservation and DSM revenues (offset by expenses)	11	44
Transmission revenue, net of costs	6	31
Retail sales growth, excluding weather impact	2	24
NSP-Wisconsin fuel recovery	8	11
Estimated impact of weather	(7)	(60)
Firm wholesale	1	(6)
Other, net	15	(15)
Total increase in ongoing electric margin	\$ 91	\$ 215
SPS 2004 FERC complaint case orders	-	\$ 26
Total increase in GAAP electric margin	\$ 91	\$ 241

* The retail rate increases include final rates in Texas, Colorado (net of estimated earnings test refund obligations), New Mexico, Wisconsin and North Dakota and interim rates in Minnesota, subject to and net of estimated provision for refund.



Natural Gas Margin Change from Prior Year

Dollars in millions

	<u>Fourth Quarter 2014 vs. 2013</u>	<u>Year End 2014 vs. 2013</u>
Retail rate increases (CO)	\$ 3	\$ 19
PSIA rider (partially offset in O&M expenses)	3	14
Retail sales growth (excluding weather impact)	3	10
Estimated impact of weather	(5)	(1)
Other, net	7	7
Total increase in natural gas margin	<u>\$ 11</u>	<u>\$ 49</u>



O&M Expenses Change from Prior Year

Dollars in millions

	<u>Fourth Quarter 2014 vs. 2013</u>	<u>Year End 2014 vs. 2013</u>
Nuclear plant operations and amortization	\$ 11	\$ 36
2013 gain on sale of transmission assets	14	14
Transmission costs	(2)	4
Electric and natural gas distribution expenses	(9)	1
Employee benefits	12	(6)
Plant generation costs	(11)	(3)
Other, net	(1)	15
Total increase in O&M expenses	<u>\$ 14</u>	<u>\$ 61</u>



Pending Regulatory Cases

Rate Case	Requested Increase	Requested ROE	Expected Decision
Minnesota Electric	\$221 million Over Two Years	10.25%	2015 Q1
South Dakota Electric	\$16 million	10.25%	Mid-2015
Texas Electric	\$65 million	10.25%	Mid-2015
Colorado Electric	Settlement Reached \$53 million	9.83%	2015 Q1

Monticello EPU/LCM prudence review - expected decision 2015 Q1



Minnesota Multi-Year Electric Rate Case

- NSP-Minnesota filed a two-year, electric rate case seeking a revised net increase of \$221 million over two years
- The filing is based on a requested ROE of 10.25%, a 52.5% equity ratio, a 2014 average rate base of \$6.67 billion and an additional average rate base of \$0.412 billion in 2015.
- MPUC approved interim rates of \$127 million effective Jan. 2014
- ALJ recommended a net rate increase of \$192 million over two years, based on an ROE of 9.77% and equity ratio of 52.5%
- Commission deliberation – March 26, 2015



Monticello EPU/LCM Prudence Filing

- **Original estimate was \$320 million and final cost was \$665 million**
- **Monticello uprate & life extension was a sound investment**
 - **Rebuilt plant provides customer value through 2030**
 - **Essential for carbon reduction commitment**
 - **Our experience is in line with industry performance**
- **In July 2014, the DOC recommended a disallowance of \$72 million for Minnesota - the equivalent of \$94 million for all jurisdictions**
- **In August 2014, the OAG recommended a disallowance of \$321 million**
- **ALJ recommendation expected in February 2015**
- **Commission deliberation – March 6, 2015**



South Dakota 2015 Electric Rate Case

- **Seeking a 2015 electric rate increase of \$15.6 million, or 8.0%**
 - Requested ROE of 10.25%
 - Equity ratio of 53.86%
 - Average rate base of \$433 million
 - 2013 historic test year with known and measurable adjustments for 2014 and 2015
 - Transfers \$9.0 million from rider to base rates
- **Interim rates went into effect in January 2015**
- **Final rates expected to go into effect in mid-2015**



Colorado 2015 Electric Rate Case

- Requested a 2015 rate increase of \$107 million (3.8%), based on a 2015 test year, an ROE of 10.25%, an equity ratio of 56% and an electric rate base of \$6.39 billion
- In January 2015, the parties reached a settlement:
 - Increases PSCo rates by \$53 million (1.9%)
 - Reflects an ROE of 9.83% and an equity ratio of 56%
 - Includes the implementation of a forward-looking CACJA rider
 - Includes a forward-looking transmission rider
 - Includes an earnings test, which provides 50/50 sharing of earnings between 9.84% and 10.48%
 - No material changes to depreciation rates
 - Establishes a multi-year regulatory plan covering 2015-2017, providing certainty for PSCo and its customers
 - Includes a rate case stay-out provision through 2017
- A CPUC decision and implementation of final rates expected in first quarter ¹³



Texas 2015 Electric Rate Case

- Requested a 2015 electric rate increase of \$64.75 million, or 6.7%
 - Based on a June 2014 historic test year with known and measurable adjustments
 - ROE of 10.25%
 - Electric rate base of \$1.56 billion
 - Equity ratio of 53.97%
- Includes \$442 million post-test year investment
- Parties have agreed rates will become effective June 2015
- A PUCT decision is anticipated in mid-2015
 - Intervenor Testimony April 1, 2015
 - Staff's Testimony April 8, 2015
 - SPS Rebuttal Testimony April 24, 2015
 - Hearings Begin May 11, 2015

2015 Ongoing Earnings Guidance

Ongoing EPS Guidance Range: \$2.00 – \$2.15

<i>Earnings Driver</i>	<i>Key Assumptions</i>	
	<i>Previous</i>	<i>Current</i>
Capital Rider Revenue *	Increase \$65-\$75 million	Increase \$160-\$170 million
Property Taxes	Increase \$75-\$85 million	Increase \$60-\$70 million
Interest Expense	Increase \$65-\$75 million	Increase \$40-\$50 million
AFUDC – Equity	Decrease \$30-\$40 million	Decrease \$35-\$45 million

** The projected capital rider revenue reflects the transfer of the CACJA project from base rates to the rider per the settlement in the Colorado electric rate case. The settlement is pending CPUC approval.*



Upcoming 2015 First Quarter Events

- **UBS Conference: Mar. 4**
- **Morgan Stanley Conference: Mar. 5**
- **Barclays Conference: Mar. 18**