



# Second Quarter 2017 Earnings Release Presentation

July 27, 2017



# Safe Harbor

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Except for the historical statements contained in this presentation, the matters discussed herein, are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements, including our 2017 earnings per share guidance and assumptions, are intended to be identified in this document by the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “possible,” “potential,” “should” 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 in Xcel Energy’s Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2016 and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: general economic conditions, including inflation rates, monetary fluctuations and their impact on capital expenditures and the ability of Xcel Energy Inc. and its subsidiaries (collectively, Xcel Energy) to obtain financing on favorable terms; business conditions in the energy industry; including the risk of a slow down in the U.S. economy or delay in growth, recovery, trade, fiscal, taxation and environmental policies in areas where Xcel Energy has a financial interest; customer business conditions; actions of credit rating agencies; competitive factors including the extent and timing of the entry of additional competition in the markets served by Xcel Energy; unusual weather; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rates or have an impact on asset operation or ownership or impose environmental compliance conditions; structures that affect the speed and degree to which competition enters the electric and natural gas markets; costs and other effects of legal and administrative proceedings, settlements, investigations and claims; financial or regulatory accounting policies imposed by regulatory bodies; outcomes of regulatory proceedings; availability or cost of capital; and employee work force factors.

# 2017 Highlights

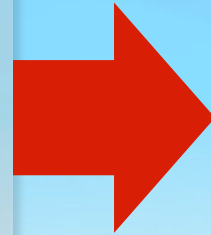
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- Made significant progress on “Steel for Fuel” strategy
- Regulatory Approvals:
  - Wind proposal for 1,550 MW in the Upper Midwest
  - Minnesota multi-year electric rate case
  - Colorado decoupling mechanism
  - Colorado advanced grid proposal
- Proposed to save customers ~\$650 million over 10 years - PPA termination/modification
- Continued focus on bending the cost curve, resulting in declining YTD O&M
- Recognition:
  - Named #1 utility wind provider by AWEA
  - EEI Emergency Recovery Award
  - Recognized among Fortune Magazine’s “Most Admired” utilities
  - Recognized among Corporate Responsibility Magazine’s “Best Corporate Citizens”
  - Recognized as a “Best for Vets” employer by Military Times
- Increased dividend ~6%
- Reaffirming 2017 EPS guidance of \$2.25 - \$2.35

# Steel for Fuel

Significant progress in advancing strategy in the second quarter

- High wind capacity factors
- Production tax credit
- Improved supply chain
- Supportive regulatory environment



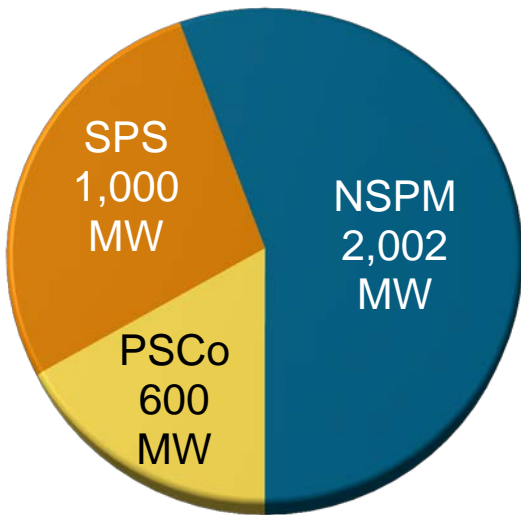
- Economic, low-emission energy
- Fleet transition mechanism
- Earnings growth with significant customer savings

Capital recovery costs offset by reduced fuel & O&M costs and tax credits

# Steel for Fuel

## Cost effective renewables: Emission reductions with significant customer savings

**Owned Wind Capacity  
by Company by 2020**

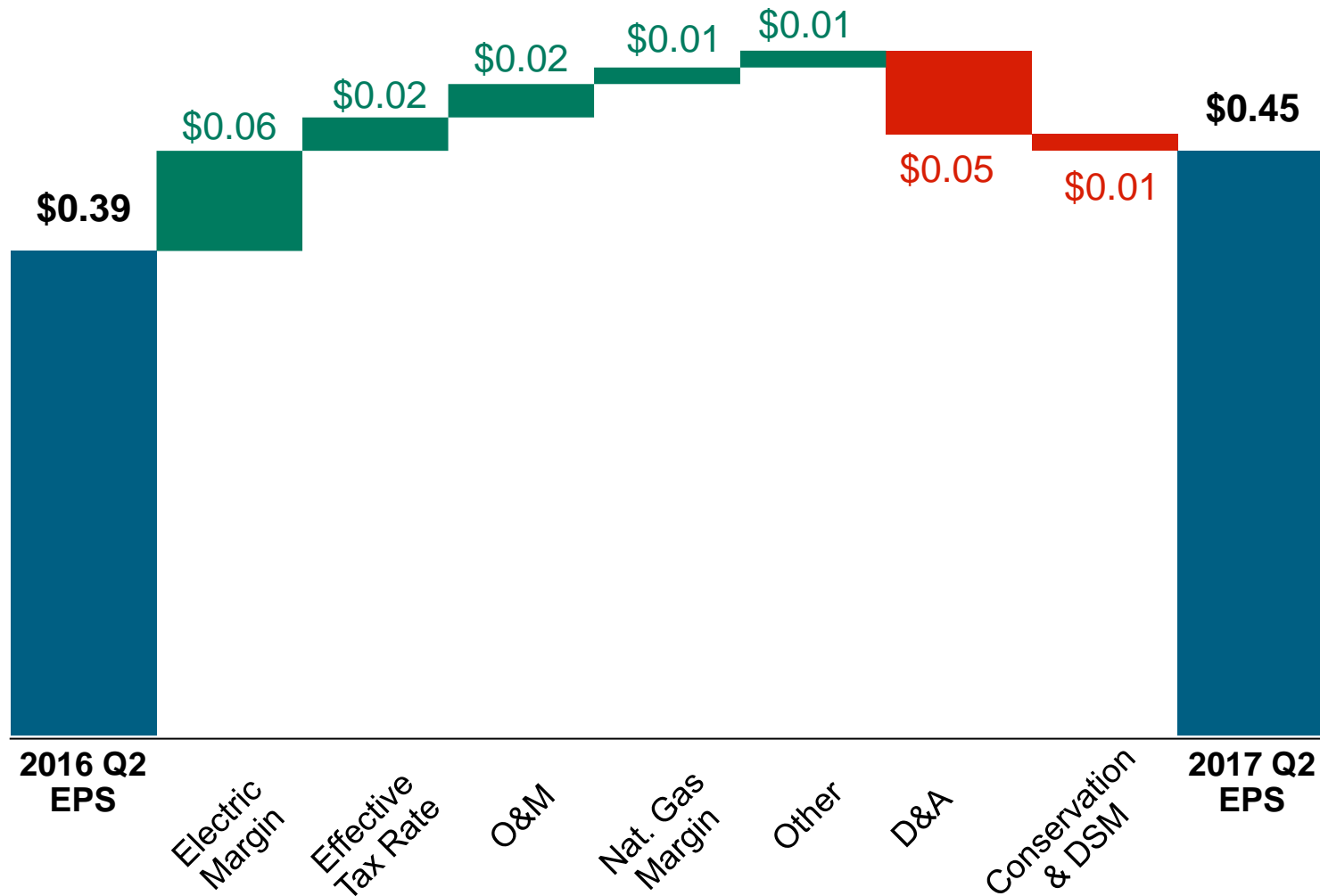


Project	Capacity	State	Estimated Completion	Regulatory Status
Rush Creek	600 MW	CO	2018	Approved
Freeborn	200 MW	MN	2020	Approved
Blazing Star 1	200 MW	MN	2019	Approved
Blazing Star 2	200 MW	MN	2020	Approved
Lake Benton	100 MW	MN	2019	Approved
Foxtail	150 MW	ND	2019	Approved
Crowned Ridge	300 MW	SD	2019	Approved
Hale	478 MW	TX	2019	Pending
Sagamore	<u>522 MW</u>	NM	2020	Pending
<b>Total New Ownership</b>	<b>2,750 MW</b>	<b>Potential Cap Ex ~\$4.2 billion</b>		
Existing Ownership	<u>852 MW</u>	NSP	In service	
<b>Grand Total</b>	<b>3,602 MW</b>	By 2020		

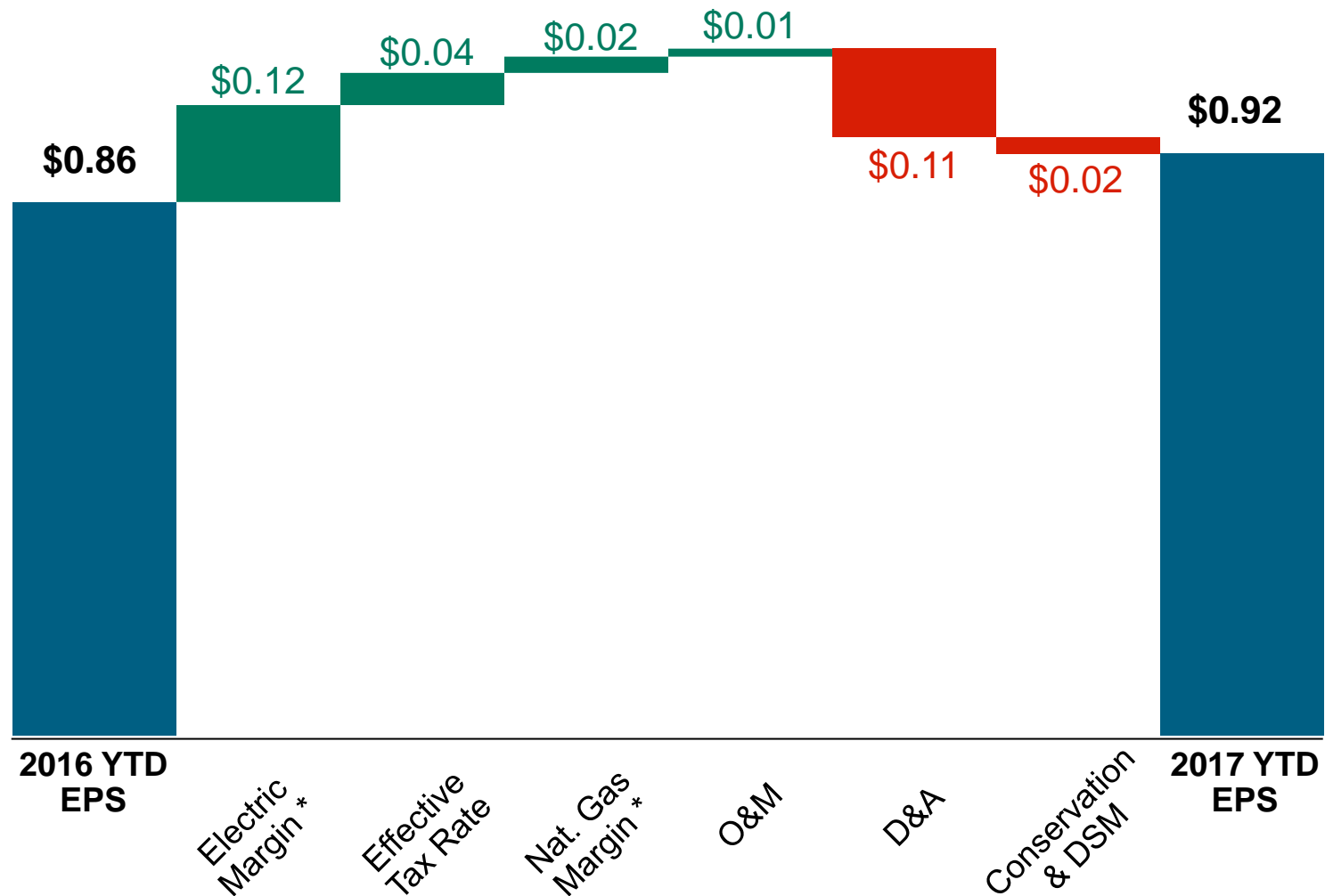
# EPS Results by Operating Company

Operating Company	Q2		YTD	
	2017	2016	2017	2016
PSCo	\$ 0.20	\$ 0.17	\$ 0.42	\$ 0.40
NSPM	0.17	0.15	0.36	0.34
SPS	0.07	0.06	0.12	0.11
NSPW	0.03	0.02	0.07	0.06
Equity earnings	0.01	0.01	0.02	0.03
Regulated utility	0.48	0.42	0.99	0.93
Holding company and other	(0.03)	(0.04)	(0.07)	(0.07)
<b>Total GAAP &amp; ongoing diluted EPS</b>	<b>\$ 0.45</b>	<b>\$ 0.39</b>	<b>\$ 0.92</b>	<b>\$ 0.86</b>

# Quarterly GAAP & Ongoing EPS Change



# YTD GAAP & Ongoing EPS Change

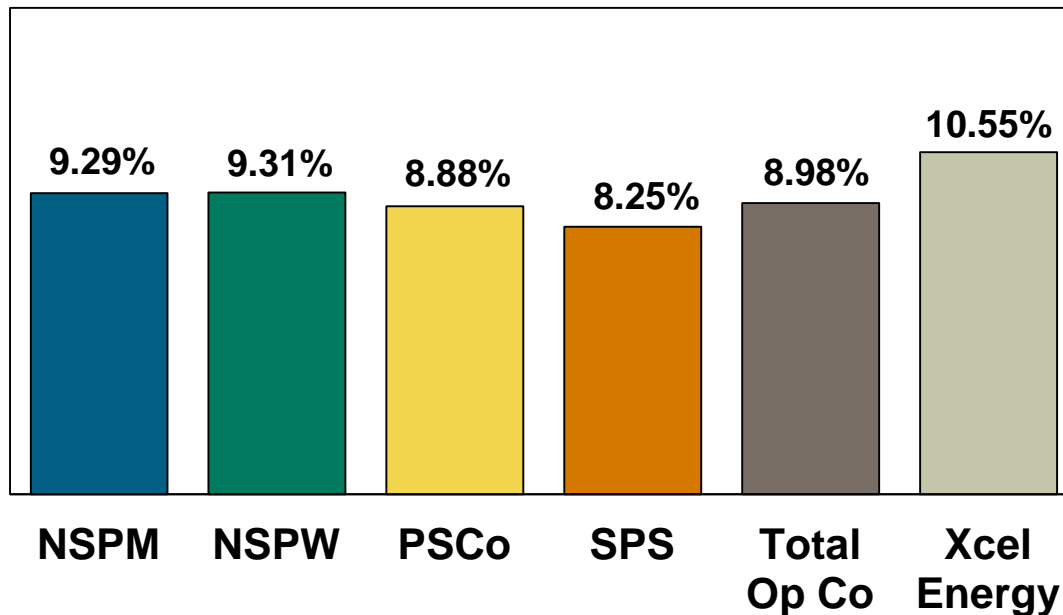


\* Combined margins include ~(\$0.01) of negative weather impacts (post decoupling)

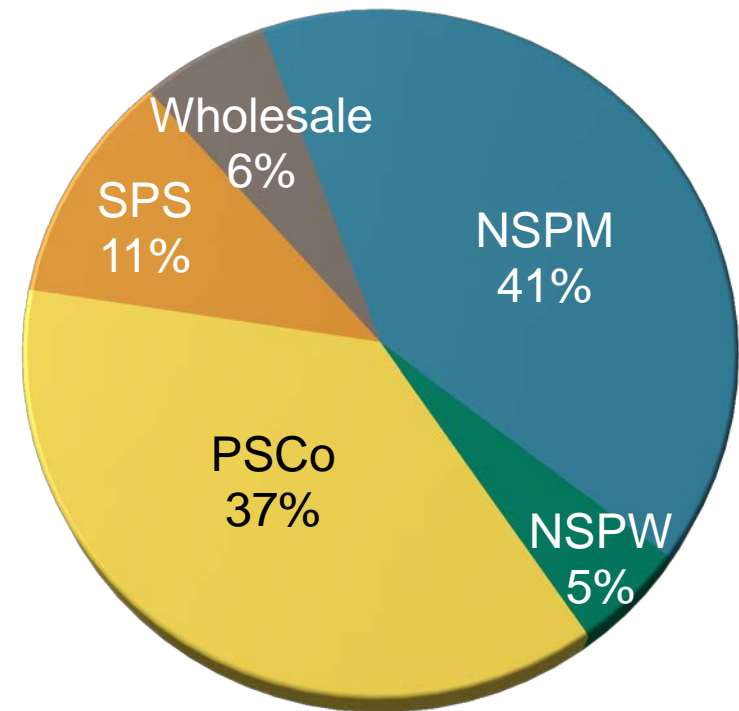


# ROE Results – GAAP & Ongoing Earnings

**GAAP & Ongoing ROE**  
**Twelve Months Ended 6/30/2017**

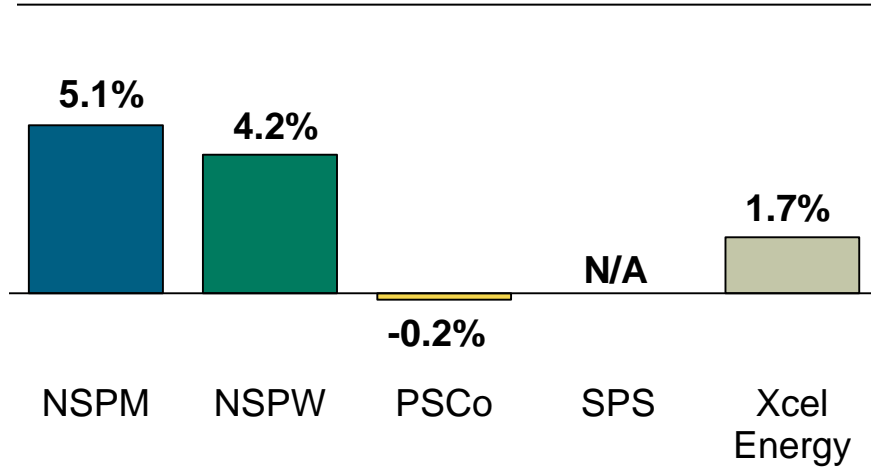


**2016 Rate Base**  
**\$24.0 billion**

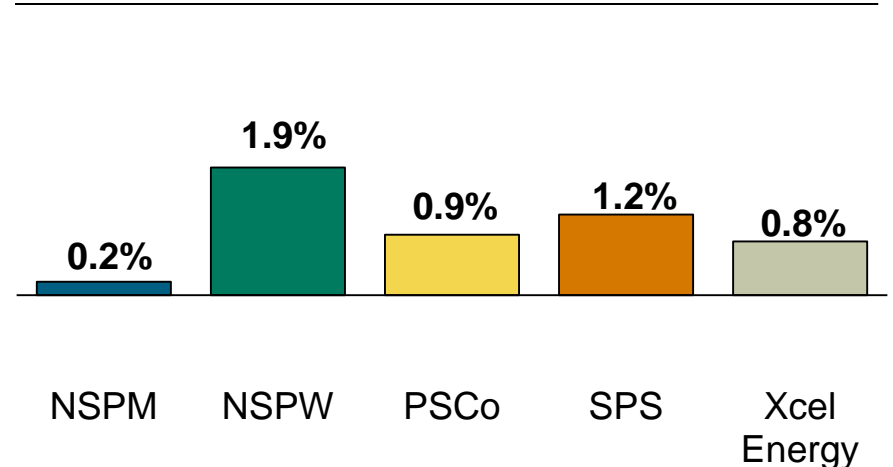


# Economic, Sales, and Customer Data

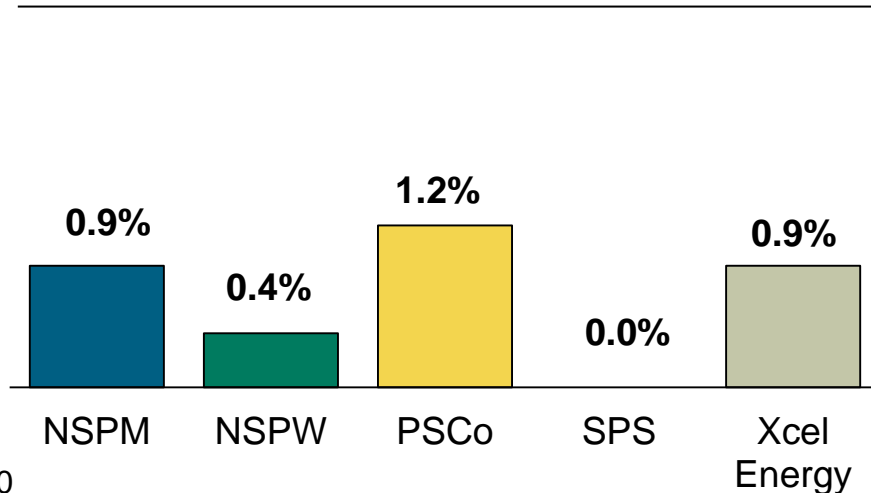
2017 YTD W/A Nat. Gas Sales Growth  
(adjusted for leap day)



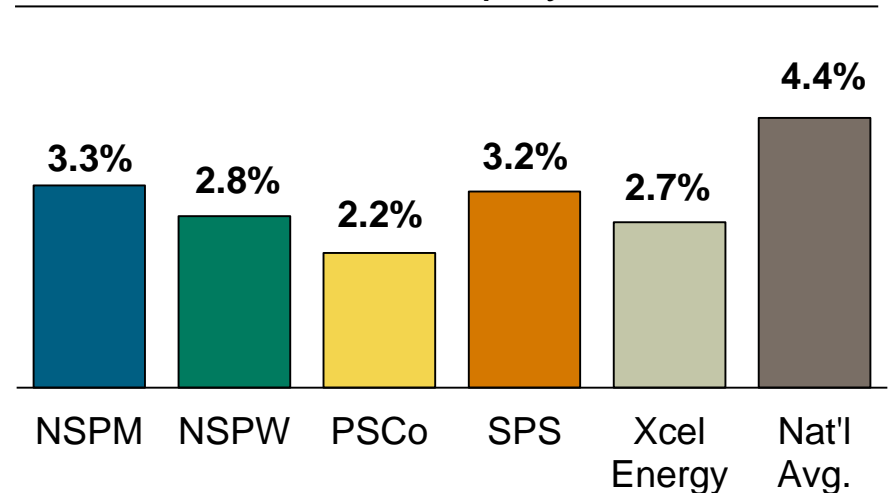
2017 YTD W/A Electric Sales Growth  
(adjusted for leap day)



2017 Q2 YoY Electric Customer Growth



June Unemployment



# Colorado Multi-Year Natural Gas Rate Case

(\$ Millions)	2018	2019	2020	Total
New Revenue Request	\$63.2	\$32.9	\$42.9	\$139.0
PSIA revenue conversion to base rates	<u>0</u>	<u>93.9</u>	<u>0</u>	<u>93.9</u>
Total	\$63.2	\$126.8	\$42.9	\$232.9
Projected YE Rate Base (\$ Billions)	\$1.5	\$2.3	\$2.4	

- PSCo filed a Colorado natural gas multi-year rate case in June 2017
  - Requested a natural gas rate increase of \$139 million over 3 years
  - Requested an ROE of 10.0% and equity ratio of 55.25%
  - Based on forward test years
  - Includes transfer of \$94 million of PSIA rider to base rates, which will not impact overall customer bills
  - Rate base in 2019 reflects the roll-in of capital associated with the PSIA rider
- Commission decision expected and rates effective by February 2018

# Wisconsin Rate Case

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- NSPW filed a Wisconsin electric & natural gas rate case in May 2017
  - Requested electric rate increase of \$24.7 million (3.6%)
  - Requested nat. gas rate increase of \$12.0 million (10.1%)
  - Requested an ROE of 10.0% and equity ratio of 52.53%
  - Rate base of ~\$1.2 billion (electric) and \$138 million (nat. gas)
  - Based on a 2018 forward test year
- Commission decision anticipated in the fourth quarter of 2017
- New rates expected to be effective January 2018

# 2017 GAAP & Ongoing Earnings Guidance

## GAAP & Ongoing EPS Guidance Range: \$2.25 – \$2.35

Earnings Drivers	Key Assumptions
Regulatory proceedings	Constructive outcomes in all proceedings
Weather	Normal weather for the rest of the year
W/A electric sales	Increase 0% - 0.5%
W/A natural gas sales	Increase 0% - 0.5%
Capital rider revenue **	Increase \$50 million - \$60 million
O&M expenses	Flat
Depreciation expense *	Increase ~\$180 million - \$190 million
Property taxes	Increase ~\$0 million - \$10 million
Interest exp. (net of AFUDC-debt)	Increase \$15 million - \$25 million
AFUDC-equity	Increase ~\$5 million - \$15 million
Effective tax rate **	~31% - 33%
Average common stock & equiv.	~509 million shares

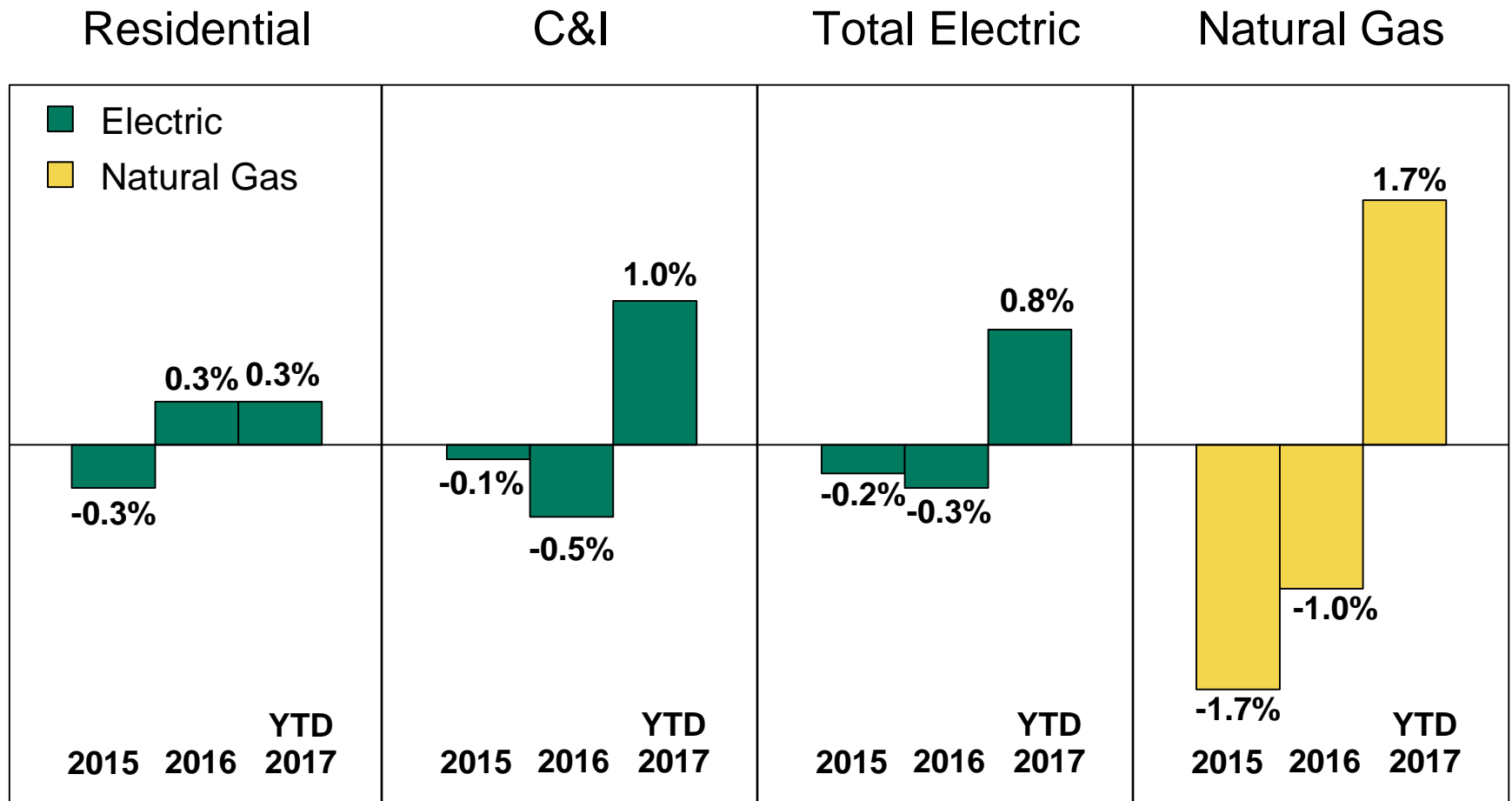
\* The change in the depreciation expense assumption is largely due to changes in the amortization of the renewable development fund, which is offset in revenue and will not have an impact on earnings.

\*\* The change in assumptions is largely due to the level of PTC, which flows back to customers.

Ongoing earnings could differ from those prepared in accordance with GAAP for unplanned and/or unknown adjustments. Xcel Energy is unable to forecast if any of these items will occur or provide a quantitative reconciliation of the guidance for ongoing diluted EPS to corresponding GAAP diluted EPS.

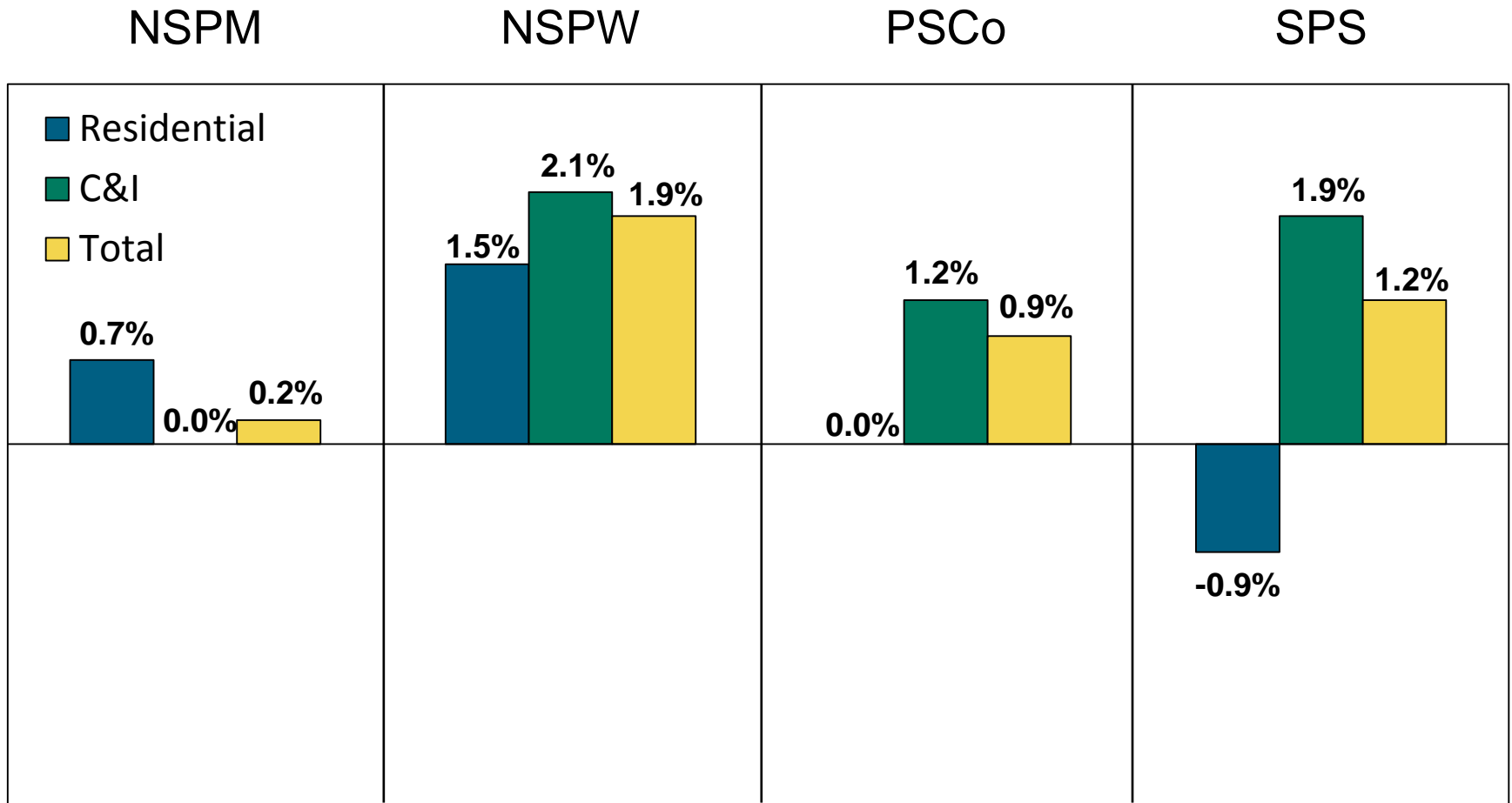
# Appendix

# Xcel Energy W/A Sales Growth



Adjusted for leap year

# 2017 YTD W/A Electric Sales Growth



Adjusted for leap year



# 2017 Financing Plan

Issuer	Security	Amount (millions)	Timing	Tenor	Coupon
PSCo	First Mortgage Bonds	\$400	Completed	30 Yr	3.80%
Hold Co	Senior Unsecured	\$300	Q4	N/A	N/A
NSPM	First Mortgage Bonds	\$600	Q3	N/A	N/A
NSPW	First Mortgage Bonds	\$100	Q4	N/A	N/A
SPS	First Mortgage Bonds	\$450	Q3	N/A	N/A

Financing plans are subject to change, depending on capital expenditures, internal cash generation, rating agency views, market conditions, and other factors

# Upcoming 2017 Third Quarter Events

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<b>Events</b>	<b>Dates</b>
Barclays Kohler Conference	August 16-17
CFA “Intellisight” Conference	August 22
Mid-Atlantic Non-deal Roadshow	September 13-14
Wolfe Research Conference	September 27