



# 2018 Year End Earnings Report Presentation

January 31, 2019



# Safe Harbor

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 2019 earnings per share (EPS) guidance, long-term earnings per share and dividend growth rate, 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 in Xcel Energy’s Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2017 and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: changes in environmental laws and regulations; unusual weather and climate change, including compliance with any accompanying legislative and regulatory changes; ability of subsidiaries to recover costs from customers; actions of credit rating agencies; 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; operational safety, including our nuclear generation facilities; successful long-term operational planning; commodity risks associated with energy markets and production; costs of potential regulatory penalties; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; fuel costs; and employee workforce factors.

# 2018 Highlights

- Increased long-term EPS growth objective to 5% to 7% (previously 5% to 6%)
- Met or exceeded earnings guidance for the 14<sup>th</sup> consecutive year
- Increased dividend 8 cents, marking the 15<sup>th</sup> consecutive annual increase
- Completed equity issuance plans for the 5-year forecast period, with the exception of dividend reinvestment and benefit programs
- Completed construction of 600 MW Rush Creek wind farm on time, under budget
- Received regulatory approvals for 1,230 MW of new wind in Texas and New Mexico and 300 MW of new wind in South Dakota
- Received approval for the Colorado Energy Plan (over 2,000 MW of renewables)
- Reached agreements to purchase the 760 MW Mankato natural gas combined cycle plant and 70 MW of repowered wind
- Achieved a 95.9% combined capacity factor for nuclear fleet
- Reduced carbon emissions 39% from 2005 levels
- Resolved or settled tax reform proceedings in multiple states
- Filed an electric vehicle pilot in Minnesota

# Our Strategic Priorities

*Leverage competitive advantages to reduce emissions  
improve grid performance and provide customer value*

## LEAD THE CLEAN ENERGY TRANSITION



### **BROADEN**

Economic growth and use of clean energy



### **IMPROVE**

Grid utilization, effectiveness, and economics

## ENHANCE THE CUSTOMER EXPERIENCE



### **HELP**

Customers be more efficient and lower energy use



### **EXPAND**

Role and scope of propositions we offer

## KEEP BILLS LOW



### **LOWER**

Total cost, effort, and time to serve customers

# Steel for Fuel Basics

CUSTOMER AFFORDABILITY IS THE FOUNDATION OF  
STEEL FOR FUEL

## Renewable Generation

Displace Fossil Generation  
Drive Capital Investment

## PPA Buyouts and Increasing Generation Ownership

Diversify Ownership Portfolio  
Drive Capital Investment

Enables

Lower Fuel  
and Capacity Costs

Lower O&M

Lower Environmental  
Compliance Costs

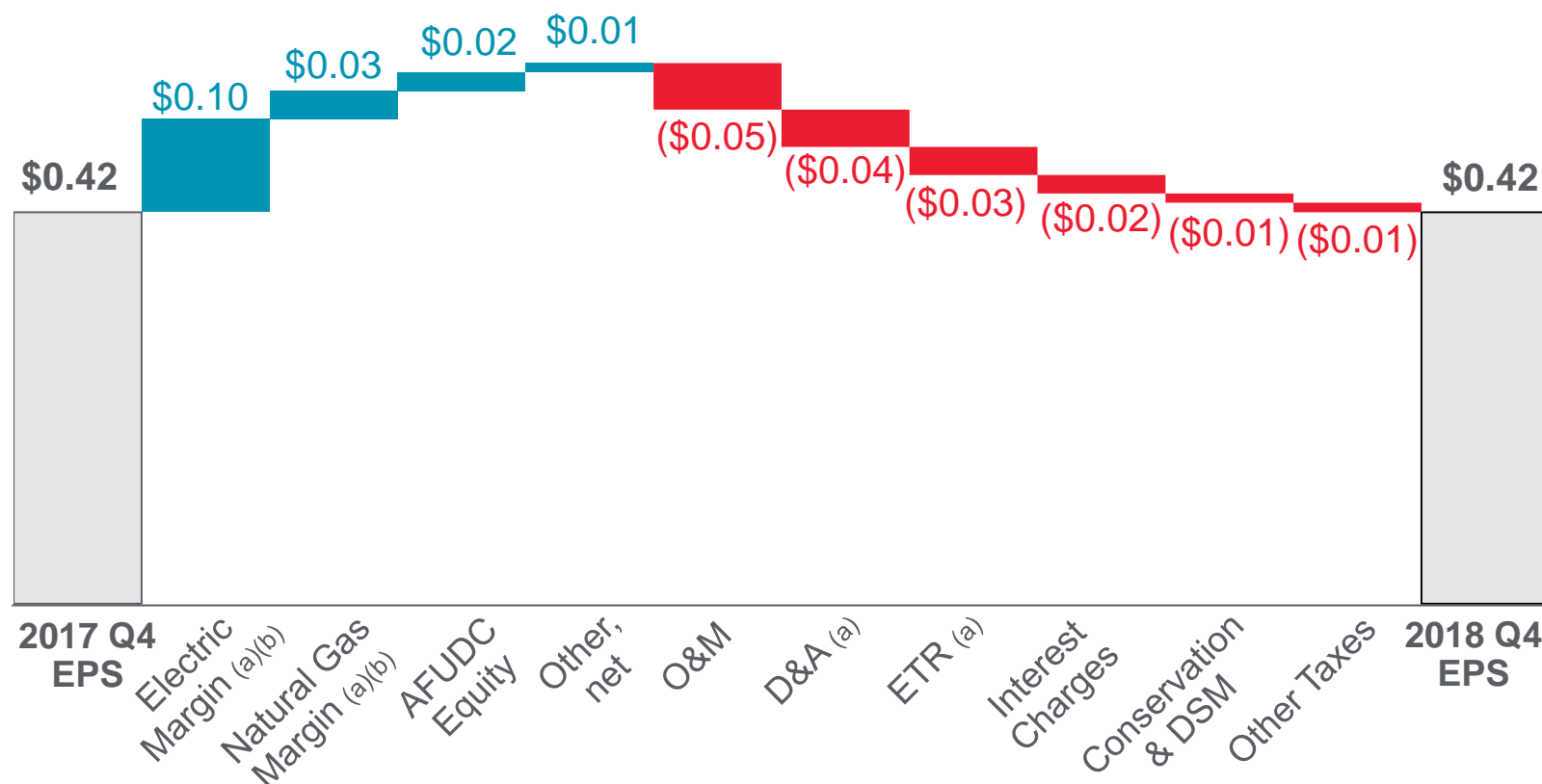
Production Tax Credits

Capital investments that reduce total customer costs  
provide headroom for infrastructure investment  
that benefits our customers

# EPS Results by Operating Company

Operating Company	Fourth Quarter		Full Year	
	2018	2017	2018	2017
PSCo	\$ 0.17	\$ 0.19	\$ 1.08	\$ 0.97
NSPM	0.17	0.15	0.96	0.96
SPS	0.08	0.06	0.42	0.31
NSPW	0.04	0.04	0.19	0.16
Equity earnings	0.01	0.05	0.04	0.07
Regulated utility	0.47	0.49	2.69	2.47
Holding company and other	(0.05)	(0.12)	(0.22)	(0.22)
<b>Total GAAP diluted EPS</b>	<b>\$ 0.42</b>	<b>\$ 0.37</b>	<b>\$ 2.47</b>	<b>\$ 2.25</b>
Impact of TCJA		0.05		0.05
<b>Total Ongoing diluted EPS</b>	<b>\$ 0.42</b>	<b>\$ 0.42</b>	<b>\$ 2.47</b>	<b>\$ 2.30</b>

# Quarterly Ongoing EPS Change

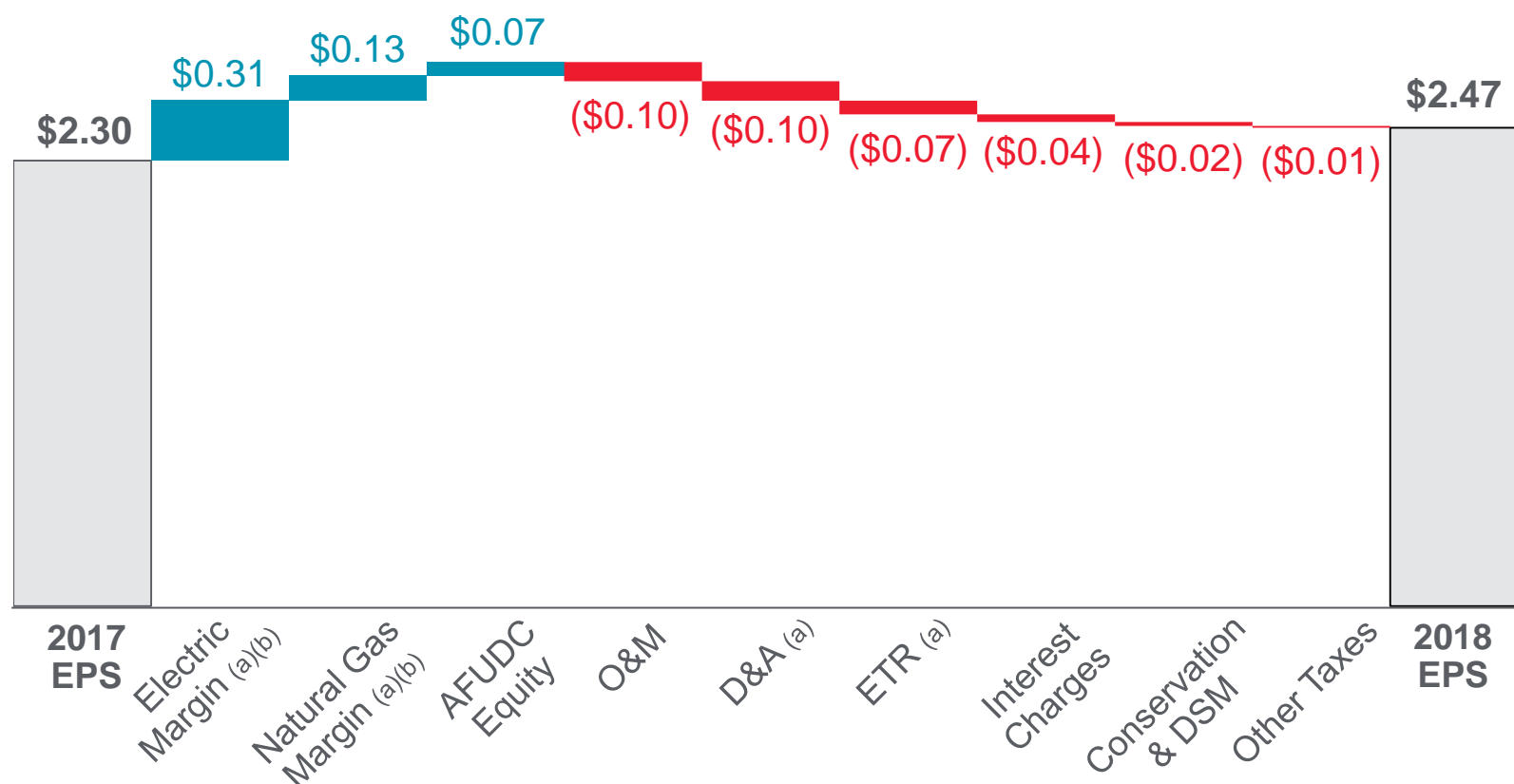


a) Excludes the impact of tax reform

b) Combined margins include ~\$0.01 of positive weather impacts (post decoupling)

See slide 6, or the 2018 year end earnings report, for a reconciliation of ongoing EPS to GAAP EPS

# Annual Ongoing EPS Change



a) Excludes the impact of tax reform

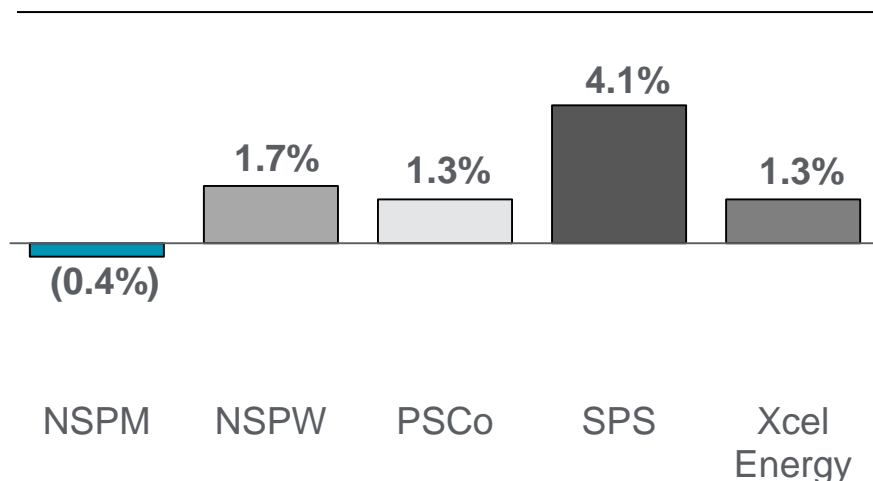
b) Combined margins include ~\$0.11 of positive weather impacts (post decoupling)

See slide 6, or the 2018 year end earnings report, for a reconciliation of ongoing EPS to GAAP EPS

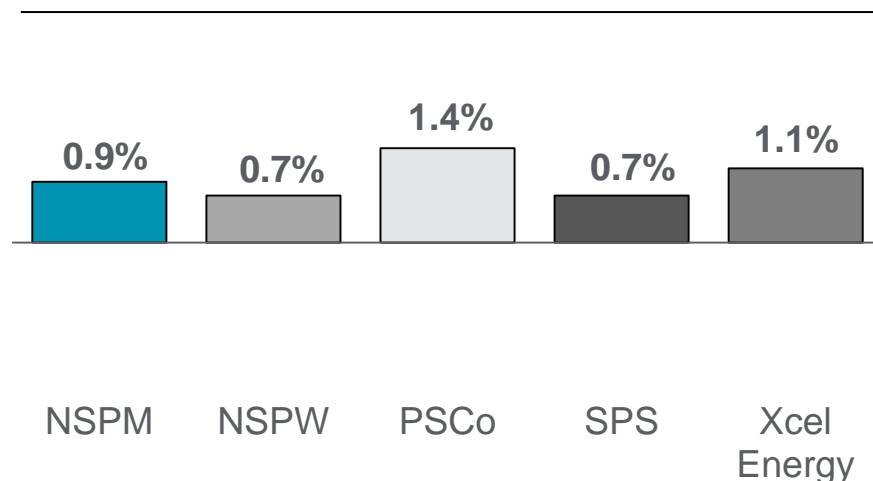


# Sales and Customer Data

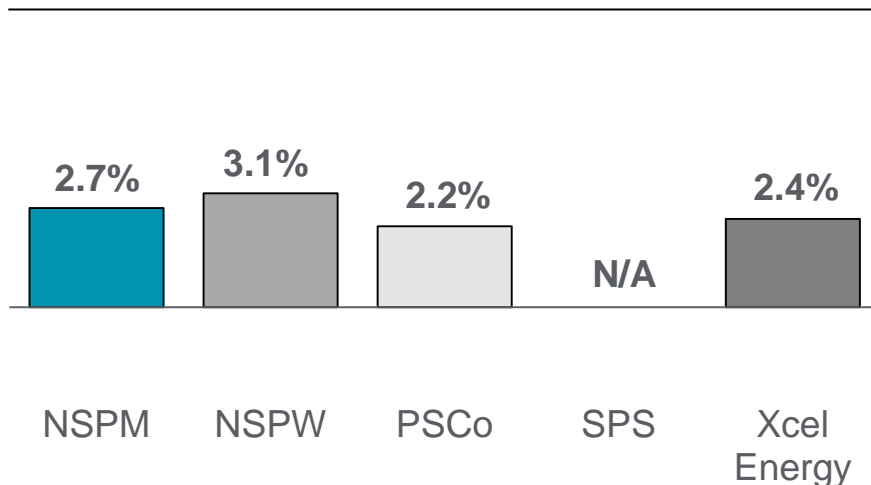
## 2018 W/A Electric Retail Sales Growth



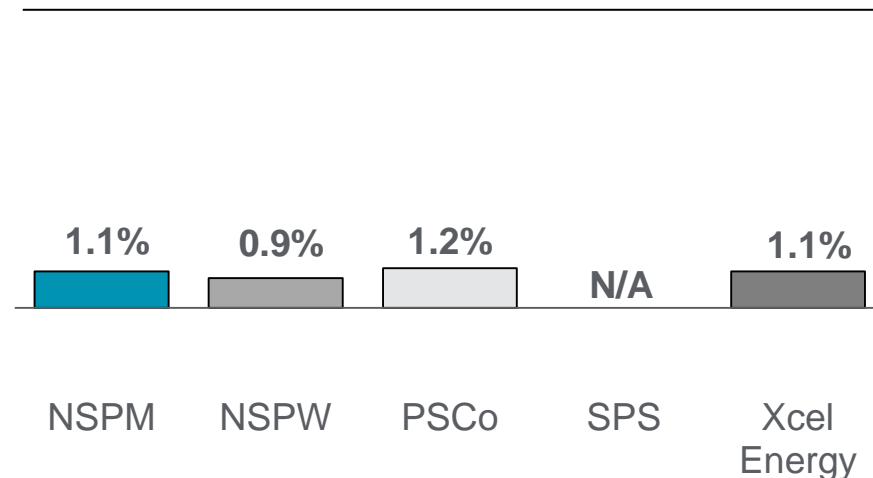
## 2018 YoY Electric Customer Growth



## 2018 W/A Firm Nat. Gas Sales Growth



## 2018 YoY Nat. Gas Customer Growth



# 2019 GAAP & Ongoing Earnings Guidance



GAAP & Ongoing EPS Guidance Range: \$2.55 – \$2.65

Earnings Drivers	Key Assumptions
Regulatory proceedings	Constructive outcomes in all proceedings
Weather	Normal weather
W/A electric sales	Consistent with 2018 levels
W/A natural gas sales	Increase of 0% to 1.0%
Capital rider revenue (net of PTCs)	Increase of \$115 million - \$125 million
Purchase capacity costs	Decrease of \$25 million - \$30 million
O&M expenses	Consistent with 2017 levels
Depreciation expense	Increase of \$120 million - \$130 million, includes \$34 million for amortization of a prepaid pension asset (earnings neutral)
Property taxes	Increase of \$15 million - \$25 million
Interest exp. (net of AFUDC-debt)	Increase of \$90 million - \$100 million
AFUDC-equity	Decrease of \$20 million - \$30 million
Effective tax rate (ETR)	~6-8%

Ongoing earnings could differ from those prepared in accordance with GAAP due to 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

# Base Plan Capital Expenditures by Function



\$ Millions

	2019	2020	2021	2022	2023	Total
Electric Distribution	\$775	\$865	\$1,150	\$1,245	\$1,270	\$5,305
Electric Transmission	\$580	\$560	\$950	\$870	\$1,055	\$4,015
Renewables	\$2,315	\$1,105	\$240	\$0	\$0	\$3,660
Electric Generation	\$1,070	\$310	\$480	\$560	\$545	\$2,965
Natural Gas	\$430	\$415	\$420	\$510	\$595	\$2,370
Other	\$345	\$355	\$370	\$355	\$370	\$1,795
<b>Total</b>	<b>\$5,515</b>	<b>\$3,610</b>	<b>\$3,610</b>	<b>\$3,540</b>	<b>\$3,835</b>	<b>\$20,110</b>

Base plan includes the \$650 million acquisition of the 760 MW Mankato Energy Center CCGT and the \$135 million acquisition/repowering of Jeffers and Community Wind North, totaling 70 MW

# Base Plan Capital Expenditures by Company



\$ Millions

	2019	2020	2021	2022	2023	Total
NSPM	\$2,825	\$1,290	\$1,540	\$1,300	\$1,380	\$8,335
PSCo	\$1,370	\$1,380	\$1,335	\$1,395	\$1,530	\$7,010
SPS	\$1,130	\$770	\$460	\$530	\$635	\$3,525
NSPW	\$240	\$240	\$300	\$305	\$275	\$1,360
Other *	(\$50)	(\$70)	(\$25)	\$10	\$15	(\$120)
<b>Total</b>	<b>\$5,515</b>	<b>\$3,610</b>	<b>\$3,610</b>	<b>\$3,540</b>	<b>\$3,835</b>	<b>\$20,110</b>

Base plan includes the \$650 million acquisition of the 760 MW Mankato Energy Center CCGT and the \$135 million acquisition/repowering of Jeffers and Community Wind North, totaling 70 MW

\* Other category includes intercompany transfers for safe harbor wind turbines.

# 2019 Long-term Debt Financing Plan

\$ Millions

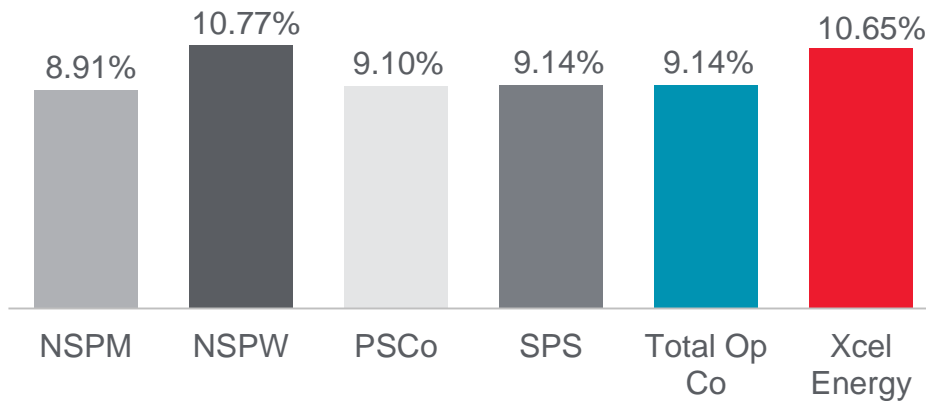
Issuer	Security	Amount
Hold Co	Senior Unsecured Bonds	~\$700
NSPM	First Mortgage Bonds	~\$900
PSCo	First Mortgage Bonds	~\$800
SPS	First Mortgage Bonds	~\$250

Financing plans are subject to change, depending on capital expenditures, regulatory outcomes, internal cash generation, market conditions and other factors.

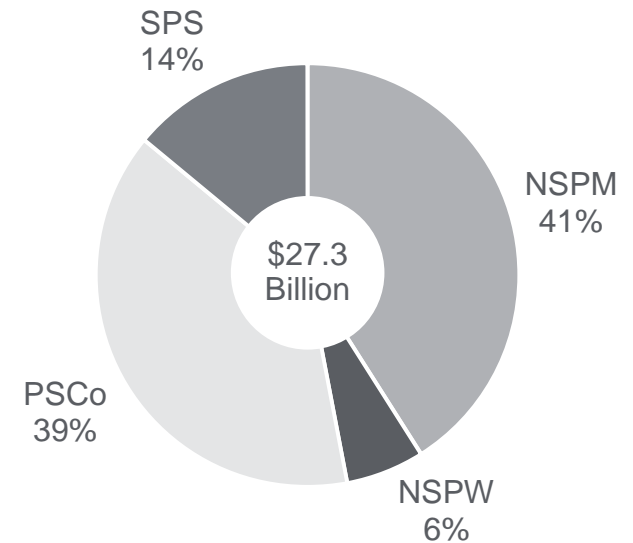
# ROE Results GAAP & Ongoing Earnings



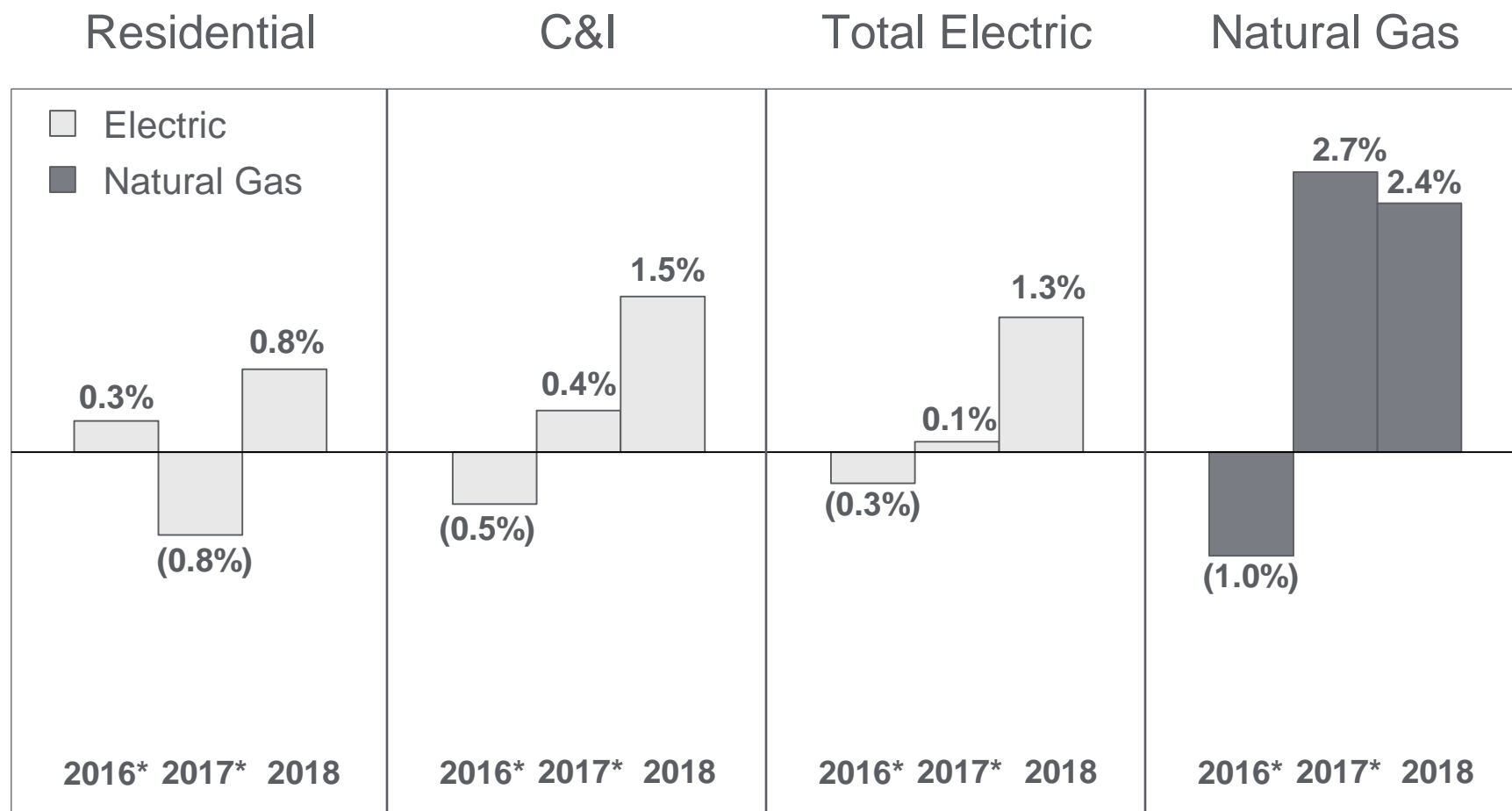
## 2018 GAAP AND ONGOING ROE



## 2018 PROJECTED RATE BASE



# Xcel Energy W/A Sales Growth

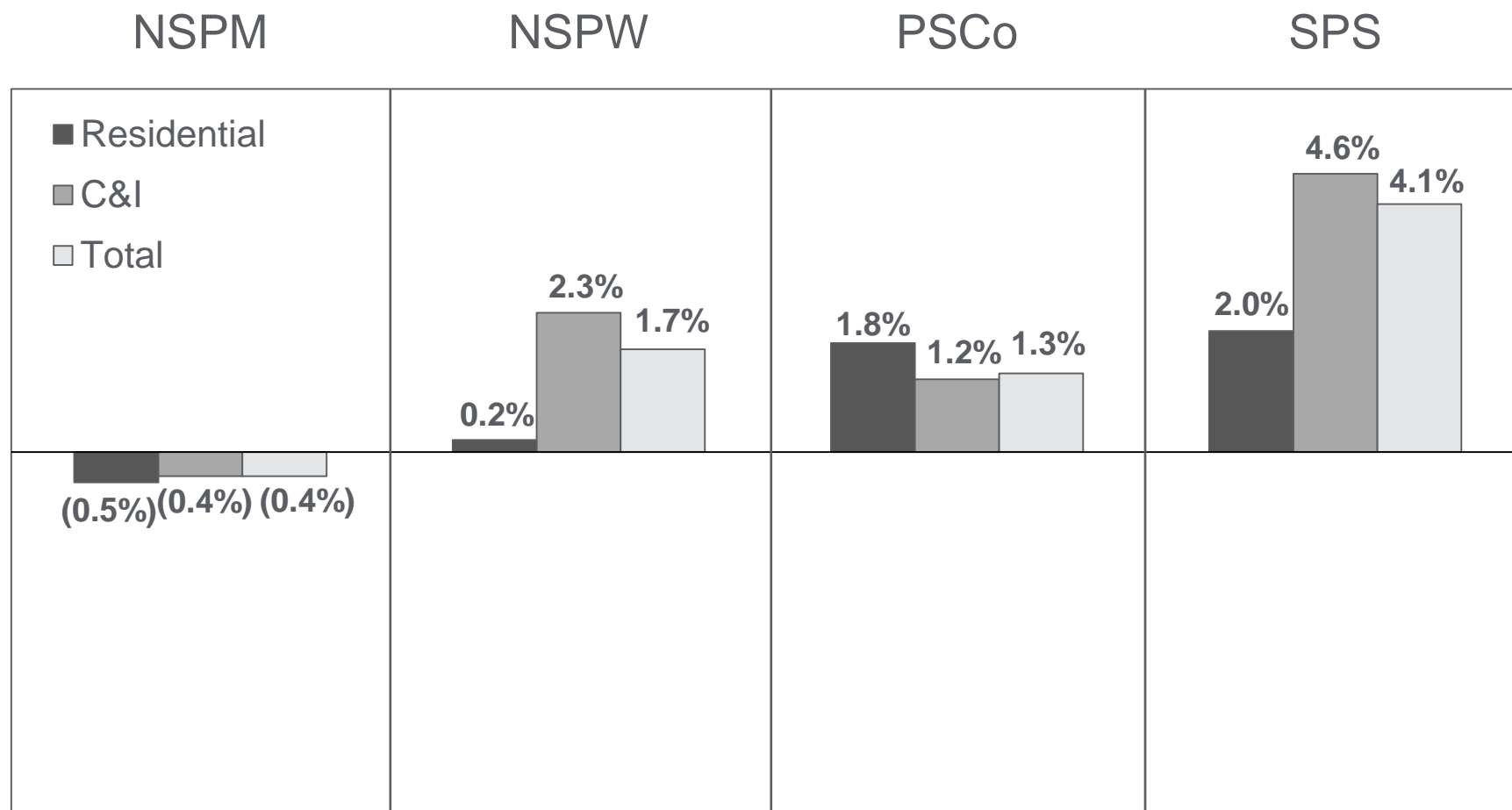


\* Adjusted to exclude the impact of leap day

Extreme weather variations, wind chill and cloud cover may not be reflected in growth (decline) estimates



# 2018 W/A Electric Sales Growth



Extreme weather variations, wind chill and cloud cover may not be reflected in growth (decline) estimates

# 2019 First Quarter Events

Events	Dates
Morgan Stanley Conference – New York City	March 5
Bank of America Merrill Lynch Conference – Boston	March 6