

## Letter to shareholders

October 2018



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### Dear shareholders:

By executing our Steel for Fuel growth strategy that delivers value for our customers and you, our valued shareholders, we expect to drive strong earnings in 2018 and beyond.

We reported GAAP and ongoing earnings of 96 cents per share in the third quarter, compared to 97 cents per share in the same period of 2017. Our third quarter earnings were consistent with our plans, and are 17 cents ahead of last year, putting us on track to deliver year-end earnings at the high end of our original earnings guidance range. Year-to-date electric and natural gas sales have enjoyed modest increases in the 1 to 2 percent range on a weather-adjusted basis, reflecting continued growth.

We recently updated our base capital forecast to \$19.3 billion, which reflects rate-base growth of approximately 6.2 percent. As a result of this capital investment plan and additional upside investment opportunities, we increased our long-term earnings per share growth objective to 5 to 7 percent.

#### Colorado Energy Plan

Advancing our Steel for Fuel strategy, the Colorado Public Utilities Commission in September approved our Colorado Energy Plan to add 1,100 megawatts of wind, 700 megawatts of solar and 275 megawatts of battery storage. This combination of carbon-free energy would largely replace 660 megawatts of coal-fired generation at Comanche units 1 and 2, which are scheduled for early retirement.

As part of this plan, we would own nearly half of the wind, acquire 380 megawatts of existing natural gas generation and invest in new transmission for an incremental investment of \$1 billion, which has been rolled into our new base capital plan. The project is expected to save customers approximately \$200 million while reducing carbon 60 percent (from a 2005 baseline) by 2026. By that same year, we expect that our Colorado generation mix will be comprised of 55 percent renewable energy.

We also received commission approval of our contract proposal with EVRAZ Rocky Mountain Steel, our largest Colorado business customer. The contract, which includes a 240-megawatt on-site solar array, was essential to keep EVRAZ in Pueblo and expand its operations in the future.

#### Leading the clean energy transition

As part of our efforts to lead the clean energy transition, we are creating innovative ways to reduce carbon while ensuring reliability and affordability for our customers. A couple of recent highlights:

- We recently filed an innovative plan in Minnesota to advance electric vehicle adoption. The pilot program will focus on three main areas: home charging, public charging and fleet operations.
- Our Renewable\*Connect programs offer customers a flexible and affordable way to receive up to 100 percent of their electricity from renewable sources sold in Minnesota and Colorado. We expect to ask those commissions for additional capacity and also filed for a similar program in Wisconsin.

## Important information for shareholders

EQ Shareowner Services (formerly Wells Fargo Shareowner Services) features online account management through Shareowner Online. Shareowner Online is the convenient and secure way to manage your account. Enroll in our Direct Stock Purchase Plan, update your account, purchase or sell stock, get tax information and forms, review and print records of transactions and much more, quickly and conveniently. Begin by visiting [shareowneronline.com](http://shareowneronline.com).

If you receive a dividend by check each quarter, consider signing up for direct deposit. Your dividend payment will be deposited into the authorized bank account on the dividend payable date, which eliminates inconveniences due to late or lost mail. You may request a direct deposit authorization form by calling EQ Shareowner Services at 877.778.6786.

Consider depositing certificated shares into book entry at EQ and avoid the cost of certificate replacement due to loss, theft or destruction. To deposit your certificate(s) into book entry, send original certificate(s), including a letter of instructions, to EQ Shareowner Services, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minn. 55120. You will receive a confirmation of the deposit from EQ.

- Rush Creek, one of the largest wind farms in the country, came in on time and under budget in late October. The 600-megawatt wind farm is now fully operational on Colorado's wind-rich eastern plains and will provide clean energy for approximately 325,000 homes annually.
- We completed another successful Day of Service volunteer event in September. A total of 4,600 employees and retirees, neighbors and friends contributed nearly 14,000 volunteer hours on one Saturday to help numerous non-profits in the communities we are privileged to serve.

### Other good news

I want to close with a few other items worth highlighting:

- Xcel Energy was recognized as a Gold Leader under the state of Colorado's Environmental Leadership Program for our environmental programs, emission reductions and stewardship initiatives.
- We were also recently named to the Forbes "Best Employer" listing, ranking No. 74 globally.

We do have the best employees in the business. Every day, they come to work to deliver for you.

Sincerely,



**Ben Fowke**

Chairman, President and CEO

### Forward-looking statements

Except for the historical statements contained in this release, the matters discussed herein, are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements, including our 2018 and 2019 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, 2017 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 slowdown 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.