

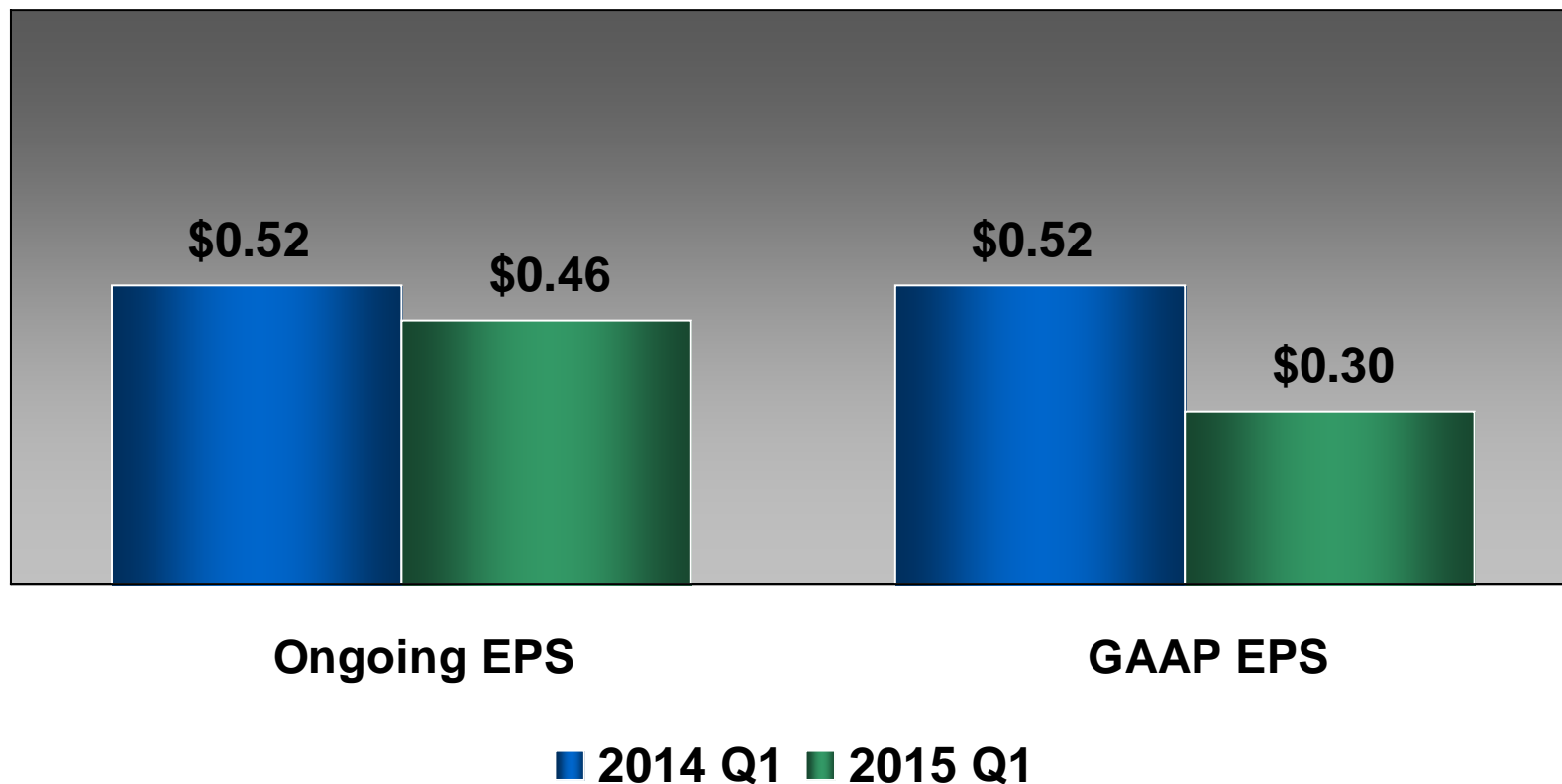


First Quarter 2015 Earnings Release Presentation

April 30, 2015



EPS Results



First quarter 2015 ongoing earnings exclude a charge of \$0.16 per share related to the Monticello life cycle management/extended power uprate project.

A close-up photograph of a blue paper dollar sign resting on a document with some text and lines, casting a shadow.

2015 Highlights

- **Increased the dividend 6.7%**
- **Increased our annual dividend growth objective to 5% - 7%**
- **Resolved major regulatory proceedings - providing revenue certainty and reducing regulatory overhang**
 - **Colorado electric multi-year plan covering 2015-2017**
 - **Minnesota electric multi-year plan covering 2014-2015**
 - **Monticello prudence review**
- **Agreed to purchase the Courtenay 200 MW wind farm project**
- **Named #1 Wind Provider by AWEA**
- **Named a top 100 “most trustworthy” company in America by Forbes**
- **Recognized as a Best for Vets Employer**



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>First Quarter</u>	
	<u>2015</u>	<u>2014</u>
PSCo	\$ 0.22	\$ 0.24
NSP-Minnesota	0.16	0.21
NSP-Wisconsin	0.05	0.05
SPS	0.04	0.04
Equity earnings	<u>0.01</u>	<u>0.01</u>
Regulated utility	0.48	0.55
Holding company and other	<u>(0.02)</u>	<u>(0.03)</u>
Total Ongoing diluted EPS	\$ 0.46	\$ 0.52
Loss on Monticello LCM/EPU Project	<u>(0.16)</u>	<u>-</u>
Total GAAP diluted EPS	\$ 0.30	\$ 0.52



EPS Change from Prior Year

	<u>First Quarter</u>
2014 GAAP and ongoing diluted EPS	\$ 0.52
Higher electric margins	0.05
Lower conservation and DSM program expenses*	0.03
Higher depreciation and amortization	(0.03)
Higher O&M expenses	(0.03)
Higher effective tax rate	(0.02)
Lower AFUDC – equity	(0.02)
Lower natural gas margins	(0.01)
Higher taxes (other than income taxes)	(0.01)
Higher interest charges	(0.01)
Dilution (ATM program, DRIP and benefit plans)	(0.01)
2015 ongoing diluted EPS	\$ 0.46
Loss on Monticello LCM/EPU Project	(0.16)
2015 GAAP diluted EPS	\$ 0.30

* Lower conservation and DSM expenses are offset by lower revenue



Electric Margin Change from Prior Year

Dollars in millions

**First Quarter
2015 vs. 2014**

Non-fuel riders	\$ 34
Retail rate increases	23
Earnings test refund	11
Transmission revenue, net of costs	7
NSP-Wisconsin fuel recovery	7
Estimated impact of weather	(25)
Conservation and DSM revenues (offset by expenses)	(16)
Other, net	(1)
Total increase in electric margin	\$ 40



Natural Gas Margin Change from Prior Year

Dollars in millions

**First Quarter
2015 vs. 2014**

Estimated impact of weather	\$ (17)
Conservation and DSM program revenues (offset by expenses)	(7)
Integrity rider (CO) and infrastructure rider (MN) (partially offset in expenses)	7
Retail sales growth, excluding weather impact	4
Other, net	1
Total decrease in natural gas margin	<u>\$ (12)</u>



O&M Expenses Change from Prior Year

Dollars in millions

**First Quarter
2015 vs. 2014**

Plant generation costs

\$ 17

Nuclear plant operations

4

Employee benefits

4

Other, net

1

Total increase in O&M expenses

1
\$ 26




Minnesota Multi-Year Electric Rate Case – Resolved in March

- NSP-Minnesota filed a two-year, electric rate case seeking a revised net increase of \$221 million over two years
- The filing was 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.
- On March 26, 2015, the MPUC approved:
 - Estimated rate increase of \$168 million over two years (2014-15)
 - ROE of 9.72% and equity ratio of 52.5%
 - Decoupling pilot for the residential and small C&I classes
 - A decision regarding the determination of the refund for interim rates is pending

Minnesota Multi-Year Electric Rate Case Outcome



<i>(millions of dollars)</i>		NSP-M	ALJ	MPUC
2014	NSP-Minnesota's original request	<u>\$192.7</u>	<u>\$192.7</u>	<u>\$192.7</u>
	Sales forecast (trued up to weather-normalized sales in 2014)	(38.5)	(38.5)	(38.5)
	ROE (ALJ = 9.77%, MPUC = 9.72%)	-	(28.4)	(31.9)
	Monticello EPU	(12.2)	(31.3)	(37.6)
	Property taxes (trued up to 2014 actual property taxes)	(13.2)	(13.2)	(13.2)
	Prairie Island EPU	(5.1)	(5.1)	(5.1)
	Health care, pension and other benefits	(1.9)	(1.9)	(3.0)
	Other, net	<u>(6.5)</u>	<u>(5.2)</u>	<u>(5.3)</u>
	Total Recommended rate increase	<u>\$115.3</u>	<u>\$69.1</u>	<u>\$58.1</u>
2015	NSP-Minnesota's original request	<u>\$98.5</u>	<u>\$98.5</u>	<u>\$98.5</u>
	Monticello EPU	11.7	29.1	35.4
	Property Taxes	(3.3)	(3.3)	(3.3)
	Production tax credits to be included in base rates	(11.1)	(11.1)	(11.1)
	DOE settlement proceeds	10.1	10.1	10.1
	Other, net	<u>0.1</u>	<u>(0.9)</u>	<u>(1.9)</u>
	Total Recommended rate increase	<u>\$106.0</u>	<u>\$122.4</u>	<u>\$127.7</u>
2014 & 2015	Total for 2014 & 2015 (prior to Monticello EPU cost disallowance)	<u>\$221.3</u>	<u>\$191.5</u>	<u>\$185.8</u>
	Monticello EPU cost disallowance – ongoing impact	-	-	<u>(18.2)</u>
	Total for 2014 & 2015 (including Monticello EPU cost disallowance)	<u>\$221.3</u>	<u>\$191.5</u>	<u>\$167.6</u>



Monticello EPU/LCM Prudence Filing – Resolved in March

- **Original estimate was \$320 million and final cost was \$665 million (total capitalized costs were \$748 million, which includes AFUDC)**
- **In March 2015, the MPUC made the following decisions:**
 - **Allowed full recovery, including a return, on \$415 million of project costs (inclusive of AFUDC)**
 - **Allowed recovery of the costs for the remaining \$333 million of project costs, however with no return on investment**
 - **A pre-tax impairment charge of \$129 million recorded in 2015 Q1**
 - **The impairment charge was excluded from ongoing earnings**
 - **Decision reduces 2015 pre-tax, ongoing income by \$16 million**



Colorado Multi-year Electric Rate Case – Resolved in February

- PSCo requested a 2015 rate increase of \$107 million (3.8%), based on an ROE of 10.25%, an equity ratio of 56%, and a rate base of \$6.39 billion
- In February 2015, the CPUC approved the settlement with no modifications:
 - Establishes a multi-year regulatory plan covering 2015-2017
 - 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 (50/50 sharing between 9.84% - 10.48%)
 - No material changes to depreciation rates
 - Includes a rate case stay-out provision through 2017



South Dakota 2015 Electric Rate Case

- **Seeking a 2015 electric rate increase of \$15.6 million**
 - Requested ROE of 10.25% and 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**



Texas 2015 Electric Rate Case

- **Seeking a revised 2015 electric rate increase of \$58.9 million**
 - **Based on a June 2014 historic test year with known and measurable adjustments**
 - **ROE of 10.25% and equity ratio of 53.97%**
 - **Electric rate base of \$1.56 billion**
- **Includes \$392 million post-test year investment**
- **Parties have agreed rates will become effective June 2015**
- **A PUCT decision is anticipated in second half of 2015**



Colorado Multi-Year Gas Rate Case

Request	2015	2016	2017
Rate Increase	\$40.5 million	\$7.6 million	\$18.1 million
PSIA Increase	(\$0.01) million	\$21.7 million	\$21.2 million
ROE	10.1%	10.1%	10.3%
Rate Base	\$1.26 billion	\$1.31 billion	\$1.36 billion

- Based on a historic test year with known and measurable adjustments
- Request based on an equity ratio of 56%
- Includes an earnings test proposal (50/50 sharing between 10.2% - 10.6%)
- Requests an extension of the PSIA rider through 2020
- A CPUC decision is expect in the fourth quarter

2015 Ongoing Earnings Guidance

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

Earnings Driver	Key Assumptions Changes	
	Previous	Current
W/A Natural Gas Sales	Decrease 2%	Increase 0% to 1%
Capital Rider Revenue	Increase \$160-\$170 million	Increase \$155-\$165 million
Depreciation Expense	Increase \$160-\$180 million	Increase \$130-\$150 million
AFUDC – Equity	Decrease \$35-\$45 million	Decrease \$30-\$40 million



Upcoming 2015 Second Quarter Events

- **Deutsche Bank Conference: May 12**
- **AGA Financial Forum: May 17-19**
- **Xcel Energy Annual Meeting: May 20**