



## Delivering On The Plan

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# Safe Harbor

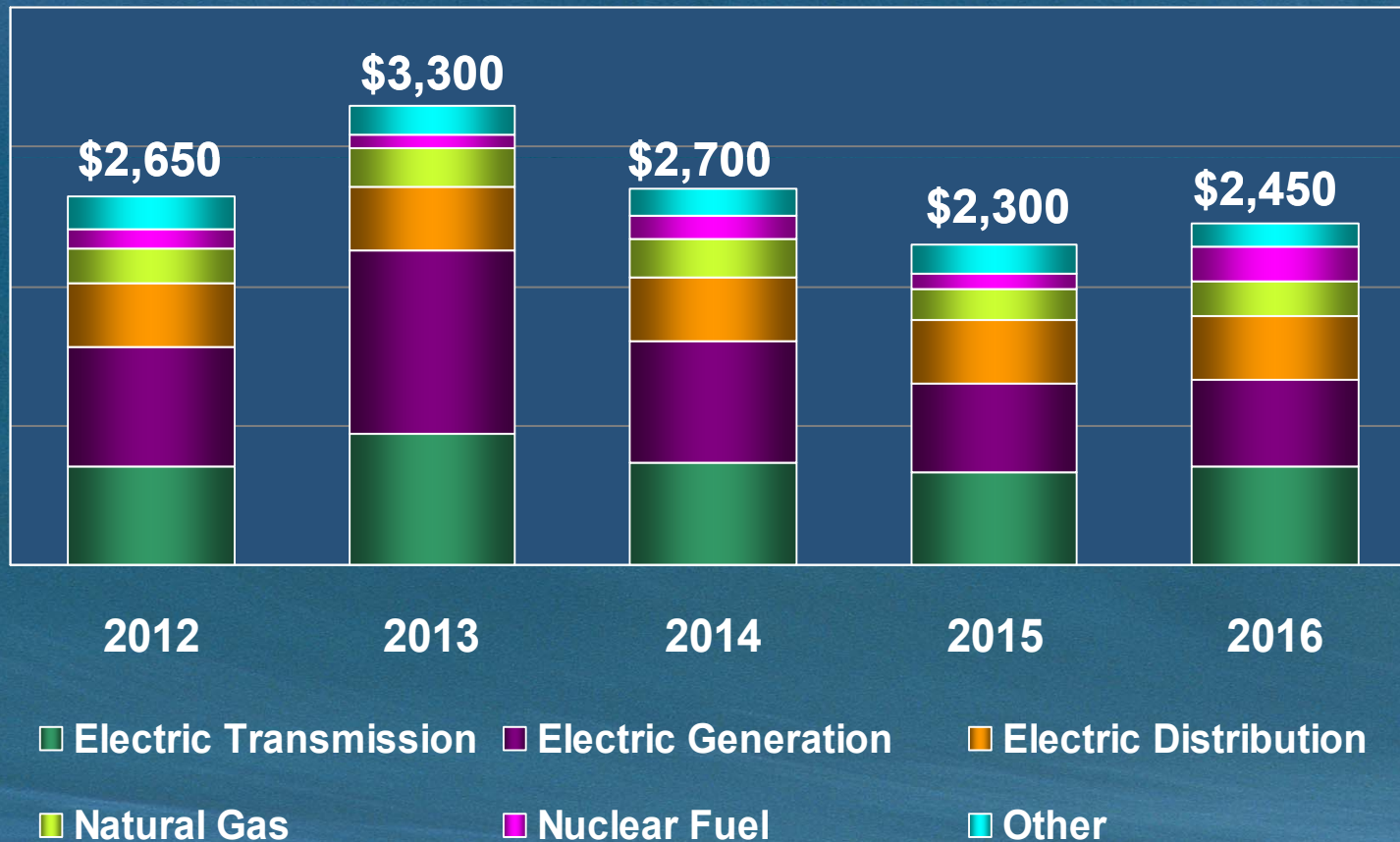
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# Delivering on the Plan

- **Required investments drive rate base growth**
- **Financial discipline**
- **Excellent access to capital markets**
- **Proven track record**
- **Uniquely positioned to deliver a transparent and sustainable 10% total return**

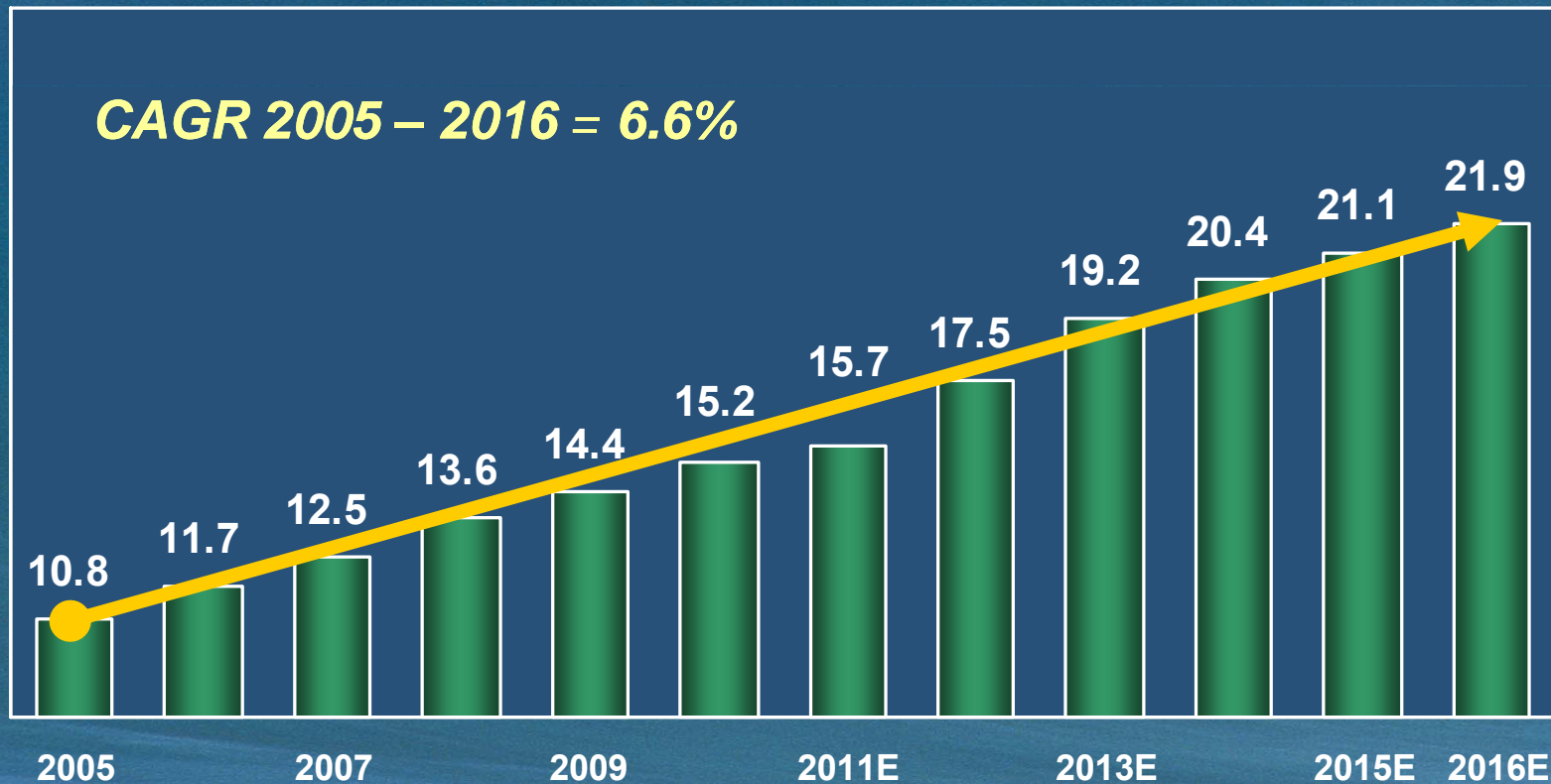
# Capital Investment Pipeline

Dollars in millions



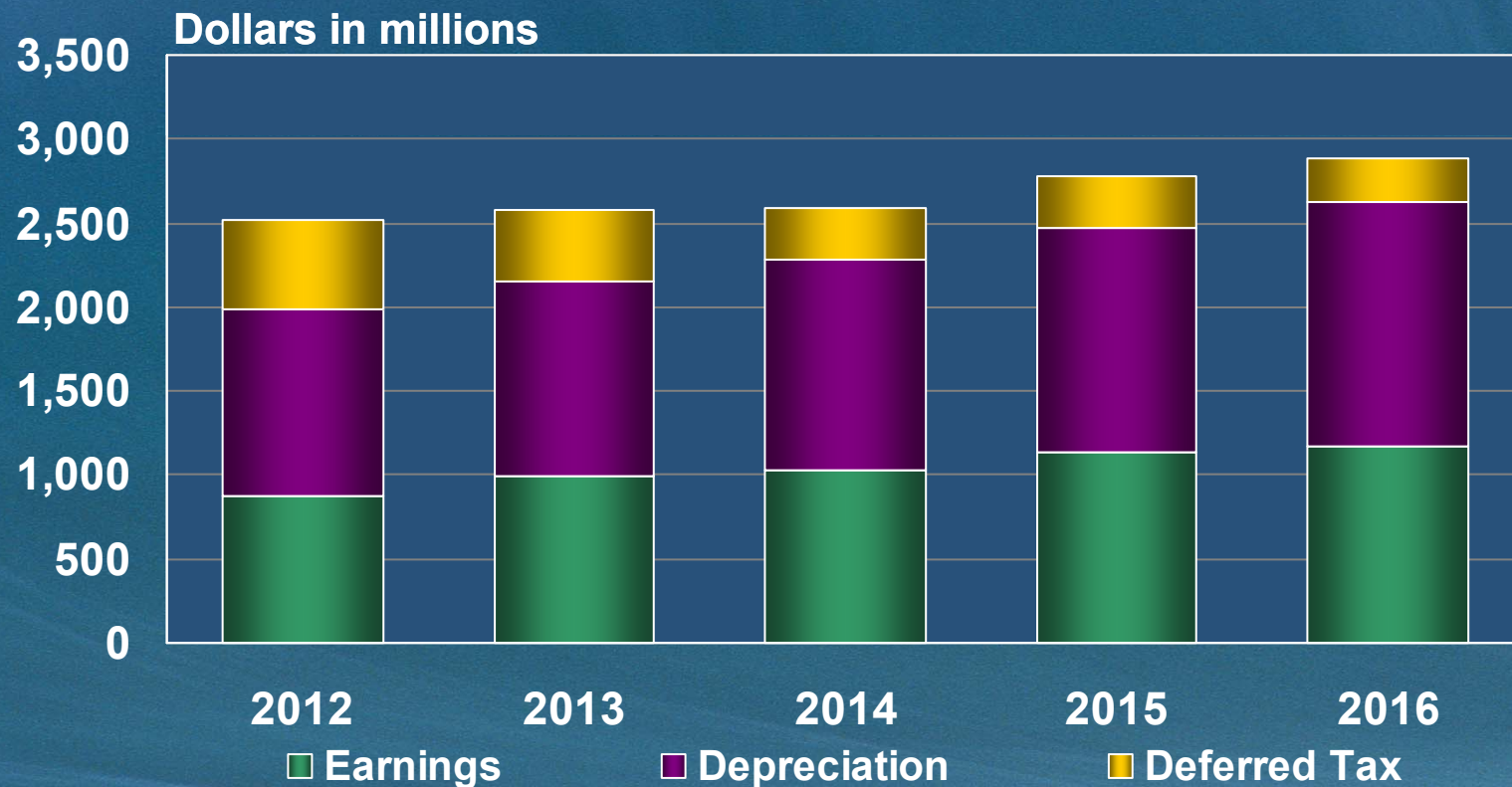
# Capital Investment Drives Rate Base Growth

Dollars in billions



# Increasing Cash Generation

## Projected Cash from Operations \*



\* Pension funding, changes in working capital and AFUDC would impact estimated cash from operations

# Financial Discipline

**Strong Balance Sheet**      *46% equity / 54% debt*

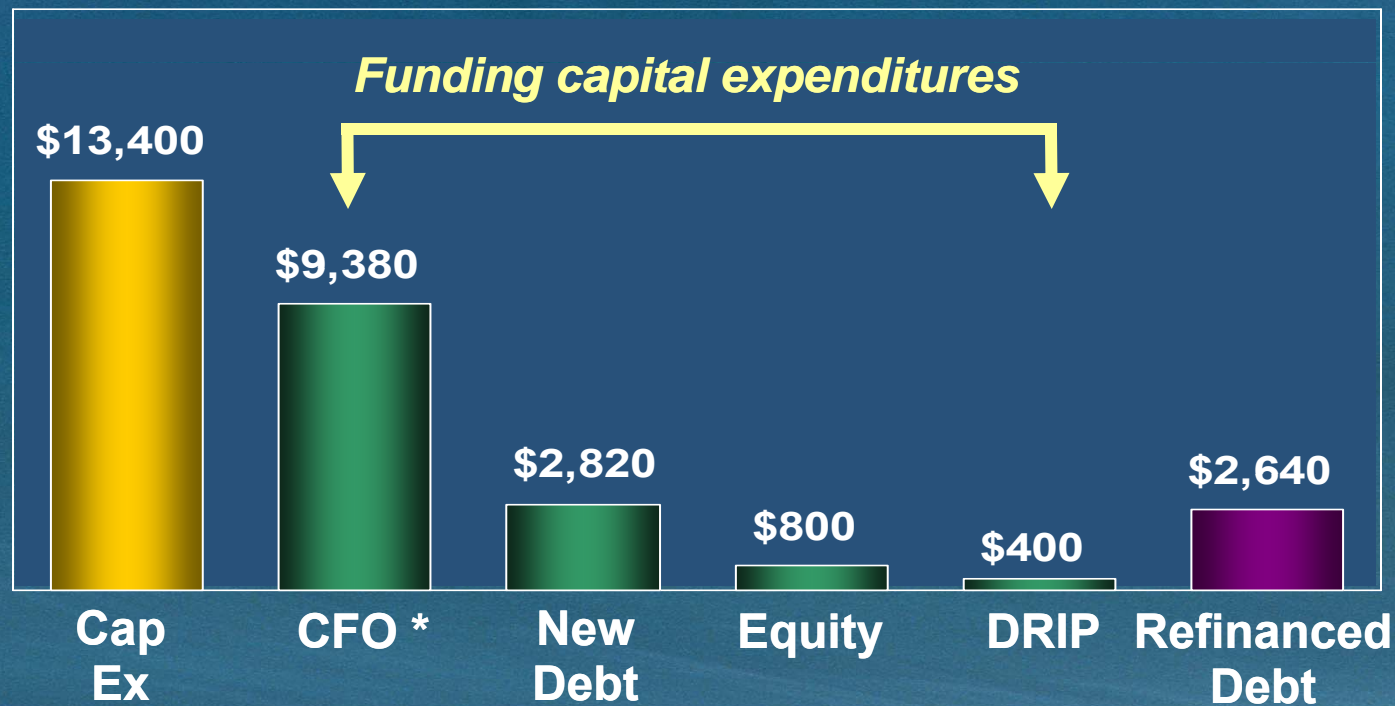
**Ample Liquidity**      *\$2.45 billion of credit facilities*

## Solid Credit Ratings

	Moody's	S&P	Fitch
<i>Xcel Unsecured</i>	<i>Baa1</i>	<i>BBB+</i>	<i>BBB+</i>
<i>NSPM Secured</i>	<i>A1</i>	<i>A</i>	<i>A+</i>
<i>NSPW Secured</i>	<i>A1</i>	<i>A</i>	<i>A+</i>
<i>PSCo Secured</i>	<i>A2</i>	<i>A</i>	<i>A</i>
<i>SPS Secured</i>	<i>A2</i>	<i>A-</i>	<i>A-</i>

# Modest Financing Plan Projected 2012 – 2016

Dollars in millions



\* Cash from operations, net of dividend and pension funding

# Pension Status

- Current pension funding status  $\approx$  80%
- Cash flow forecast reflects projected annual funding of \$150 – \$200 million
- Reasonable assumptions in 2012
  - Expected discount rate  $\leq$  5.25%
  - Expected long-term rate of return  $\leq$  7.25%

*Pension plan reflects reasonable assumptions  
and funding requirements*

# Financing Plan for 2012

Issuer	Security	Amount (millions)
<b>NSPM</b>	<b>Bonds</b>	≈ \$700
<b>PSCo</b>	<b>Bonds</b>	≈ \$750
<b>SPS</b>	<b>Bonds</b>	≈ \$100
<b>NSPW</b>	<b>Bonds</b>	≈ \$100

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

# Equity Financing Plan

- No equity issuance planned for 2012 beyond DRIP and benefit plans
- Strong balance sheet with 46% equity ratio
- DRIP and benefit plans generate  $\approx$  \$80 million of equity annually
- Could be opportunistic and would consider forward equity sale if conditions warrant

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

# Proven Track Record

	Ongoing EPS Growth	EPS Guidance	Dividend Growth
2011E	5% – 8% *	On track	\$0.03 or 3.0%
5-Year CAGR	7.1% EPS GROWTH	<i>Exceeded</i>	3.3% DIVIDEND GROWTH
2010	8.0%	Achieved	\$0.03 or 3.1%
2009	3.5%	Achieved	\$0.03 or 3.2%
2008	1.4%	Achieved	\$0.03 or 3.3%
2007	10.0%	Exceeded	\$0.03 or 3.4%
2006	13.0%	Achieved	\$0.03 or 3.5%

\* Assumes we deliver EPS in the upper half of guidance range of \$1.65 – \$1.75

# Earnings Guidance



\* Reconciliation of Ongoing EPS to GAAP EPS is in the appendix

# Earnings Growth

- **EPS projected to grow 5% – 7% through 2013**
- **Long-term EPS growth could be tempered by:**
  - Law of large numbers – moderating rate base growth
  - Continued economic headwinds
  - Compression in authorized ROE
- **Dividend flexibility**

*Dividend flexibility provides a sustainably plan to deliver a long-term total return of 10%*

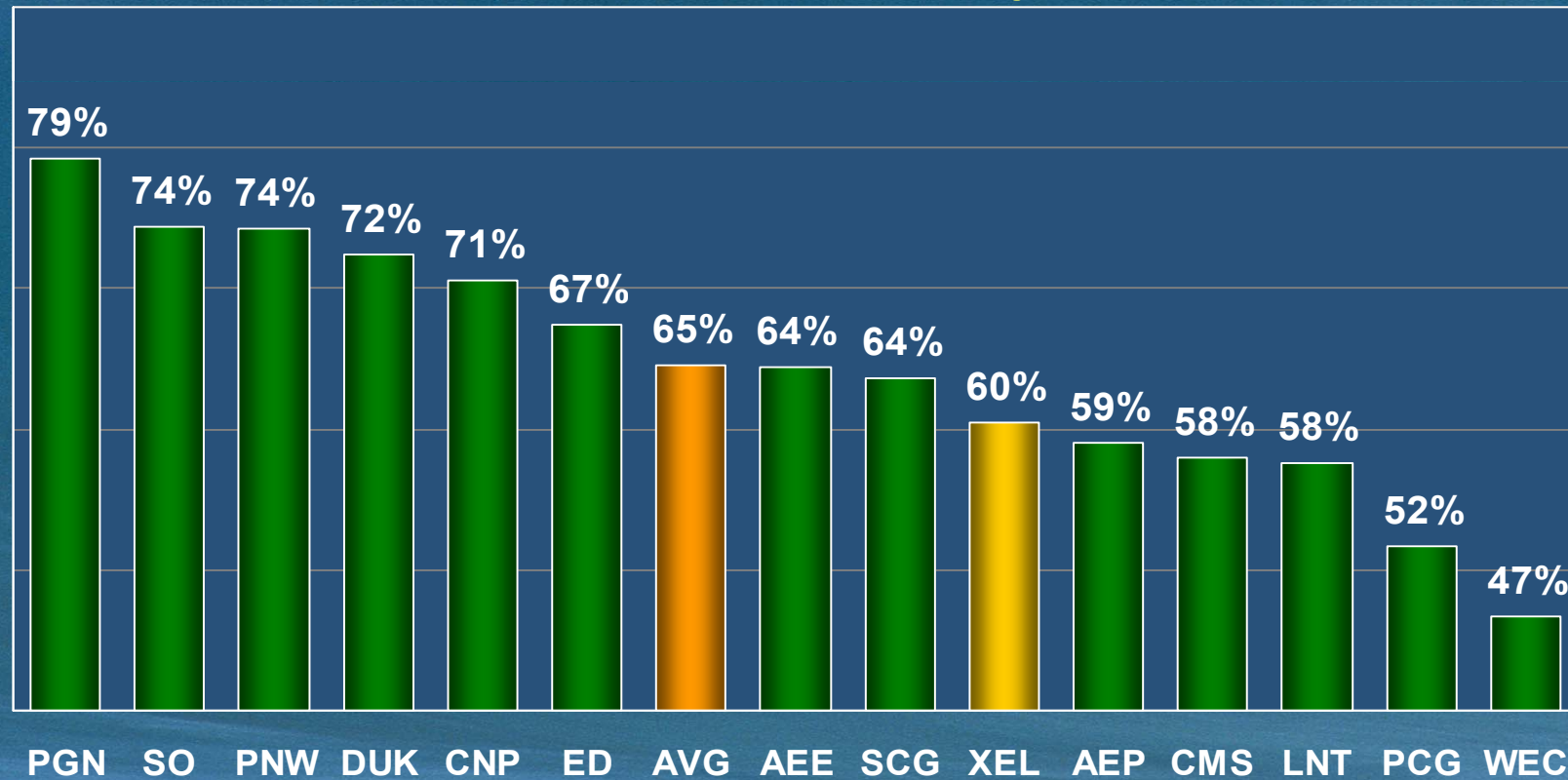
# Dividend Strategy

- **Dividend payout ratio is 60% and projected to decline**
- **Near-term forecast is capital intensive**
- **Long-term dividend flexibility**
  - **Cash from operations projected to increase**
  - **Capital investment moderates post 2013**
  - **Opportunity to increase dividend component of total return objective**

*Dividend flexibility  
represents dry powder*

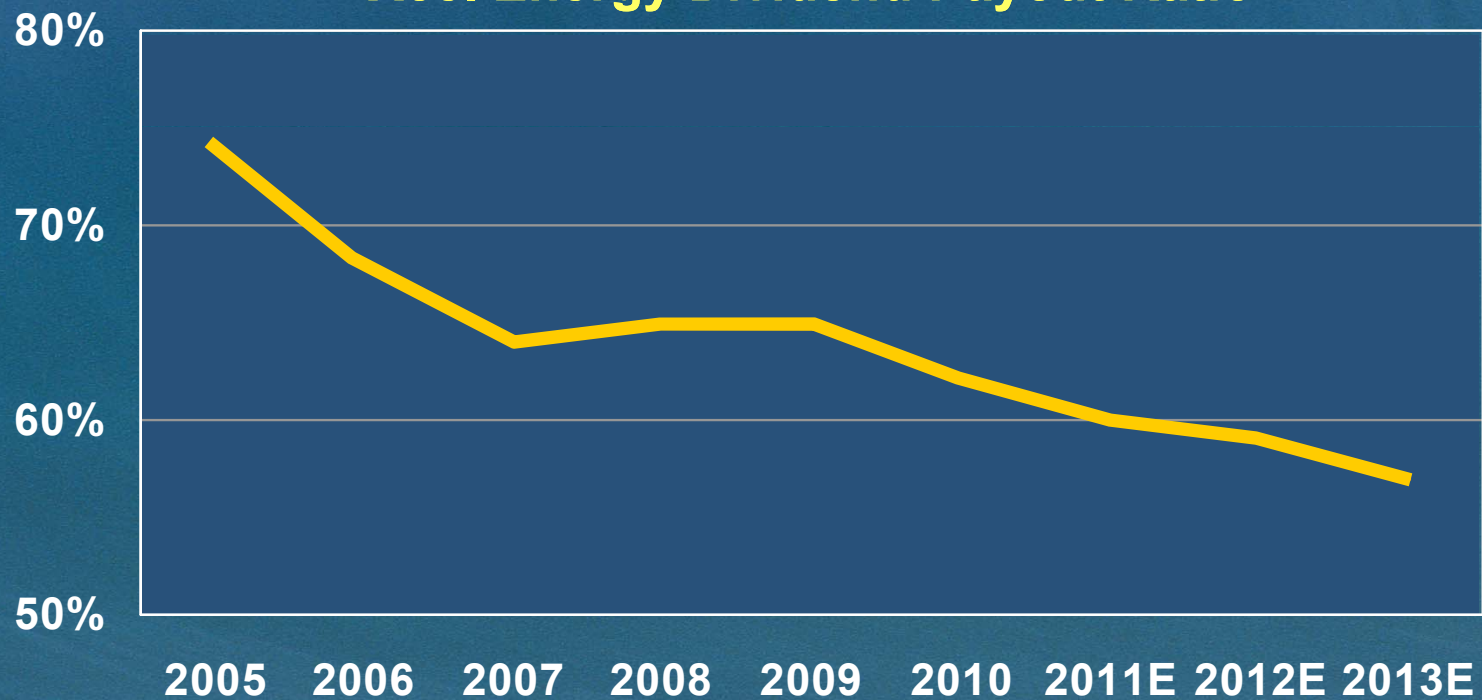
# Low Payout Ratio Compared to Peers

## Estimated 2011 Dividend Payout Ratio



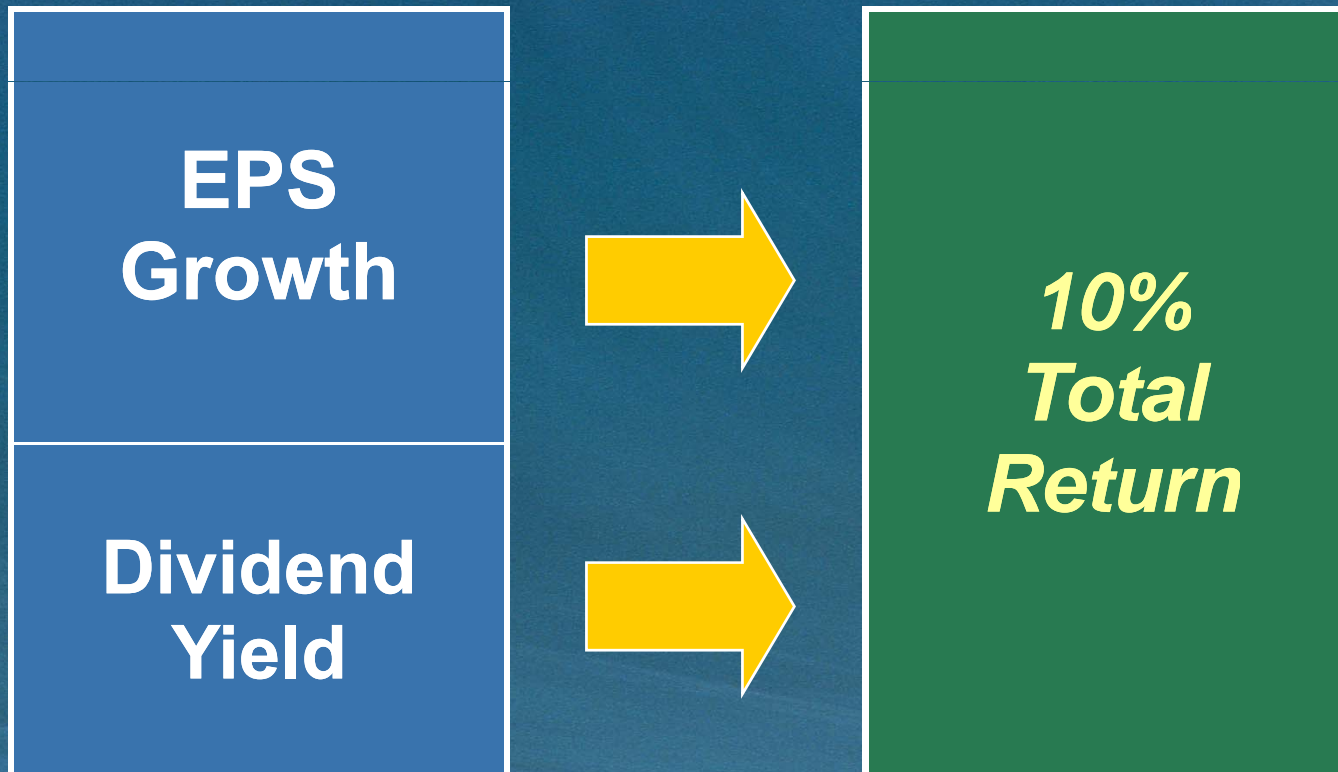
# Increasing Dividend Flexibility

## Xcel Energy Dividend Payout Ratio



Projected 2011 – 2013 dividend payout ratios assumes the midpoint of earnings and dividend growth targets

# Value Proposition: 10% Total Return



# Sustainable 10% Total Return

- **Total return composition 2011 – 2013**
  - Earnings growth of 5% – 7%
  - Dividend growth of 2% – 4%
  - Current yield  $\approx$  4%
- **Total return composition 2014 and beyond**
  - Moderated rate base and earnings growth
  - Improved cash flows
  - Flexibility to increase the dividend portion of the total return

# Delivering on the Plan

- **Required investments drive rate base growth**
- **Financial discipline**
- **Excellent access to capital markets**
- **Proven track record**
- **Uniquely positioned to deliver a transparent and sustainable 10% total return**



# Appendix

# Reconciliation – Ongoing EPS to GAAP

Dollars per share

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Ongoing Earnings	\$1.15	\$1.30	\$1.43	\$1.45	\$1.50	\$1.62
PSRI/COLI	0.05	0.05	(0.08)	0.01	(0.01)	(0.01)
Continuing Operations	\$1.20	\$1.35	\$1.35	\$1.46	\$1.49	\$1.61
Disc Ops	0.03	0.01	–	–	(0.01)	0.01
GAAP Earnings	\$1.23	\$1.36	\$1.35	\$1.46	\$1.48	\$1.62

Xcel Energy's management believes that ongoing earnings provide a meaningful comparison of earnings results and is representative of Xcel Energy's fundamental core earnings power. Certain items may include, but are not limited to, unusual and infrequent non-operating items and non-operating tax settlements or adjustments related to prior periods. These items could represent significant charges or credits that impact current results, but may not be related to the Company's ongoing operations and performance. Xcel Energy's management uses ongoing earnings internally for financial planning and analysis, for reporting of results to the Board of Directors, in determining whether performance targets are met for performance-based compensation, and when communicating its earnings outlook to analysts and investors.

# 2012 Earnings Guidance

Ongoing 2012 earnings guidance is \$1.75 – \$1.85 per share.

Key assumptions:

- **Constructive outcomes in all rate case and regulatory proceedings**
- **Normal weather patterns are experienced for the year**
- **Weather-adjusted retail electric sales projected to grow 0.5 – 1.0%**
- **Weather-adjusted retail firm natural gas sales projected to grow 0.0 – 1.0%**
- **Rider revenue projected to increase approximately \$50 – \$55 million**
- **O&M expenses are projected to increase approximately 3 – 4%**
- **Depreciation expense projected to increase \$70 – \$80 million**
- **Interest expense (net of AFUDC-debt) projected to be relatively flat**
- **AFUDC-equity projected to increase approximately \$25 – \$30 million**
- **The effective tax rate projected to be approximately 34 – 36%**
- **Average CSE projected to be approximately 488 million shares**

# Solid Credit Ratings

	Secured			Unsecured		
	<u>Fitch</u>	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>	<u>Moody's</u>	<u>S&amp;P</u>
<b>Hold Co.</b>	–	–	–	<b>BBB+</b>	<b>Baa1</b>	<b>BBB+</b>
<b>NSPM</b>	<b>A+</b>	<b>A1</b>	<b>A</b>	<b>A</b>	<b>A3</b>	<b>A-</b>
<b>NSPW</b>	<b>A+</b>	<b>A1</b>	<b>A</b>	<b>A</b>	<b>A3</b>	<b>A-</b>
<b>PSCo</b>	<b>A</b>	<b>A2</b>	<b>A</b>	<b>A–</b>	<b>Baa1</b>	<b>A-</b>
<b>SPS</b>	<b>A-</b>	<b>A2</b>	<b>A-</b>	<b>BBB+</b>	<b>Baa1</b>	<b>A-</b>

**2010 S&P raised credit ratings of Xcel Energy, NSPM, PSCo and SPS one notch**

**2009 Moody's upgraded senior secured ratings at NSPM, NSPW and PSCo**

**2008 S&P raised senior unsecured ratings at NSPM, NSPW and PSCo**

# Ample Liquidity

Dollars in millions, as of November 21, 2011

	<u>Credit Lines</u>	<u>Available</u>	<u>Cash</u>	<u>Total Liquidity</u>
<b>Hold Co.</b>	<b>\$ 800</b>	<b>\$ 582</b>	<b>\$ 1</b>	<b>\$ 583</b>
<b>PSCo</b>	<b>700</b>	<b>695</b>	<b>137</b>	<b>832</b>
<b>NSPM</b>	<b>500</b>	<b>493</b>	<b>0</b>	<b>493</b>
<b>SPS</b>	<b>300</b>	<b>300</b>	<b>57</b>	<b>357</b>
<b>NSPW</b>	<b>150</b>	<b>127</b>	<b>0</b>	<b>127</b>
<b>Total</b>	<b>\$2,450</b>	<b>\$2,197</b>	<b>\$195</b>	<b>\$2,392</b>

# Strong Balance Sheet

As of September 30, 2011

	<u>Millions</u>	<u>Percent</u>
<b>Equity</b>	<b>\$ 8,431</b>	<b>45.5</b>
<b>Preferred Equity</b>	<b>105</b>	<b>0.6</b>
<b>Current Portion LT Debt</b>	<b>462</b>	<b>2.5</b>
<b>Short-Term Debt</b>	<b>50</b>	<b>0.3</b>
<b>Long-Term Debt *</b>	<b>9,450</b>	<b>51.1</b>
<b>Total Capitalization</b>	<b>\$18,498</b>	<b>100.0</b>

\* Long-Term debt includes \$400 million of hybrid securities, which receive 25% – 50% equity treatment from the rating agencies

# Capital Expenditures by Function

Dollars in millions

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Transmission</b>	\$ 710	\$ 945	\$ 740	\$ 660	\$ 710
<b>Generation</b>	860	1,305	870	640	615
<b>Distribution</b>	455	465	455	460	465
<b>Natural Gas</b>	245	275	275	225	245
<b>Nuclear Fuel</b>	145	95	160	105	245
<b>Other</b>	235	215	200	210	170
<b>Total</b>	<u>\$2,650</u>	<u>\$3,300</u>	<u>\$2,700</u>	<u>\$2,300</u>	<u>\$2,450</u>

# Capital Expenditures by Company

Dollars in millions

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>NSPM</b>	\$1,130	\$1,390	\$1,150	\$1,040	\$1,200
<b>PSCo</b>	900	1,020	920	730	720
<b>SPS</b>	460	730	430	320	340
<b>NSPW</b>	160	160	200	210	190
<b>Total</b>	<u>\$2,650</u>	<u>\$3,300</u>	<u>\$2,700</u>	<u>\$2,300</u>	<u>\$2,450</u>

# Capital Expenditures by Major Project

Dollars in millions

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Base &amp; Other</b>	<b>\$1,850</b>	<b>\$1,815</b>	<b>\$1,690</b>	<b>\$1,670</b>	<b>\$2,030</b>
<b>Clean Air Clean Jobs Act</b>	<b>200</b>	<b>410</b>	<b>260</b>	<b>95</b>	<b>10</b>
<b>CapX2020</b>	<b>175</b>	<b>350</b>	<b>285</b>	<b>145</b>	<b>0</b>
<b>Nuclear Fuel</b>	<b>145</b>	<b>95</b>	<b>160</b>	<b>105</b>	<b>245</b>
<b>Nuclear Uprate/Life Ext</b>	<b>145</b>	<b>295</b>	<b>105</b>	<b>95</b>	<b>0</b>
<b>CSAPR</b>	<b>75</b>	<b>255</b>	<b>115</b>	<b>25</b>	<b>0</b>
<b>RES &amp; Infrastructure</b>	<b>60</b>	<b>80</b>	<b>85</b>	<b>165</b>	<b>165</b>
<b>Total</b>	<b>\$2,650</b>	<b>\$3,300</b>	<b>\$2,700</b>	<b>\$2,300</b>	<b>\$2,450</b>

# Debt Maturity Schedule

		Amount Dollars in millions	Interest Rate Percent	Series
2012	NSPM	450	8.000	First Mortgage Bond
	PSCo	600	7.875	First Mortgage Bond
2013	PSCo	250	4.875	First Mortgage Bond
2014	PSCo	275	5.500	First Mortgage Bond
2015	NSPM	250	1.950	First Mortgage Bond
2016	SPS	200	5.600	Senior Unsecured Notes
2017	Hold Co	254	5.613	Senior Unsecured Notes
	PSCo	130	4.375	First Mortgage Bond
2018	NSPM	500	5.250	First Mortgage Bond
	NSPW	150	5.250	First Mortgage Bond
	PSCo	300	5.800	First Mortgage Bond
	SPS	250	8.875	Senior Unsecured Notes
2019	PSCo	400	5.125	First Mortgage Bond
		49	5.100	Pollution Control Obligation
	NSPM	100	8.500	Pollution Control Obligation
		28	8.500	Pollution Control Obligation