



Integrated System Planning

ESIG Spring Technical Workshop

March 27, 2024

Fully Regulated and Vertically Integrated

Four
Operating Companies

Eight
States

3.8 Million
Electric Customers

2.1 Million
Natural Gas Customers

\$39 Billion
2022E Rate Base

21 GW
Owned Gen. Capacity

~12,000
Employees

As of 12/31/2022

Northern States Power Minnesota (NSPM)

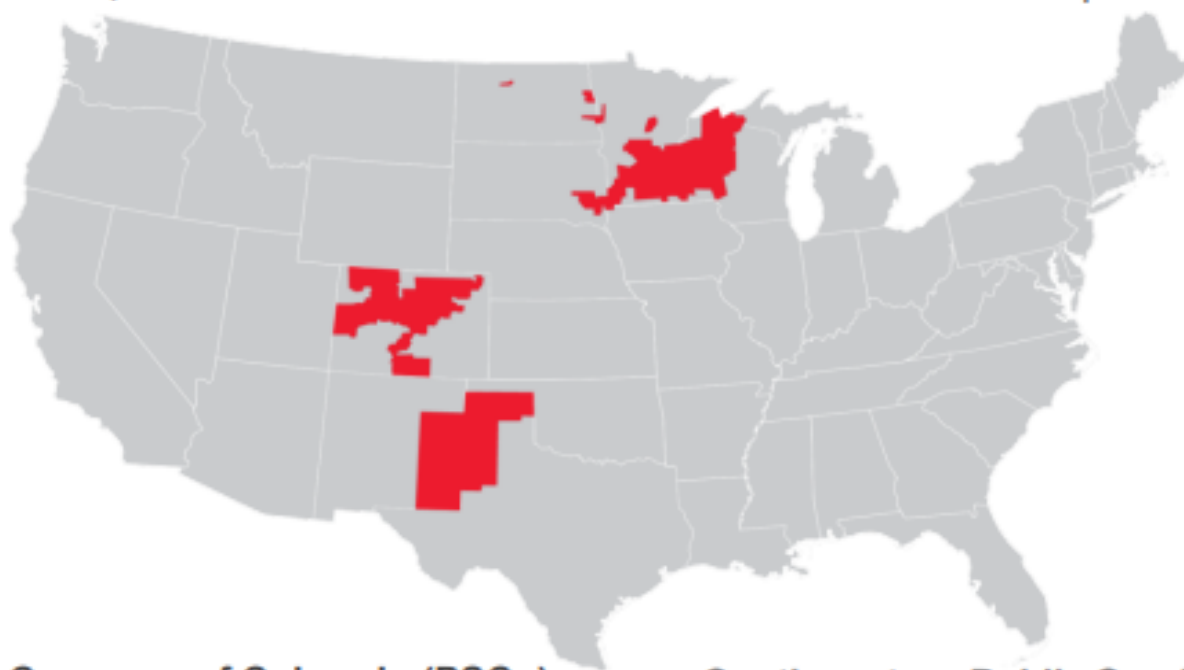
Minnesota, South Dakota, North Dakota

- 2022E Rate Base: \$15.1 billion
- 2022 Ongoing EPS: \$1.23
- 2023-2027 Base Cap Ex: \$11.7 billion

Northern States Power Wisconsin (NSPW)

Wisconsin, Michigan

- 2022E Rate Base: \$2.1 billion
- 2022 Ongoing EPS: \$0.23
- 2023-2027 Base Cap Ex: \$2.6 billion



Public Service Company of Colorado (PSCo)

Colorado

- 2022E Rate Base: \$14.9 billion
- 2022 Ongoing EPS: \$1.33
- 2023-2027 Base Cap Ex: \$11.3 billion

Southwestern Public Service (SPS)

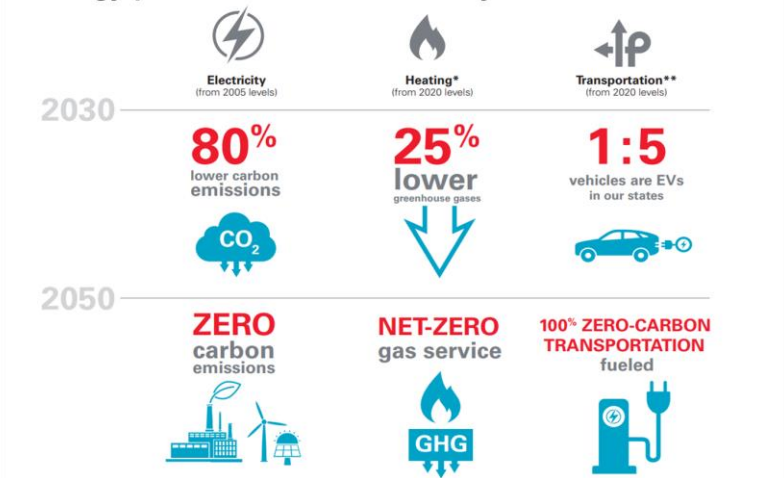
Texas, New Mexico

- 2022E Rate Base: \$6.7 billion
- 2022 Ongoing EPS: \$0.64
- 2023-2027 Base Cap Ex: \$3.9 billion

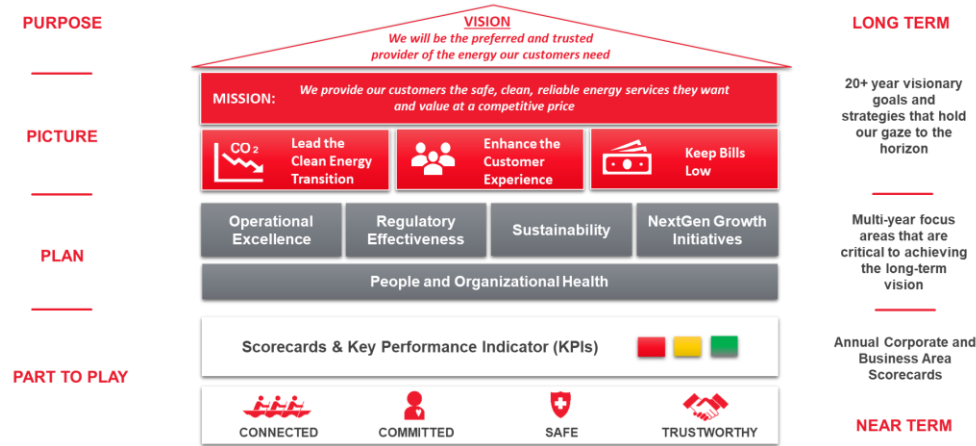
Why?

Unsurpassed Clean Energy Vision

Net-zero energy provider across all the ways our customers use energy

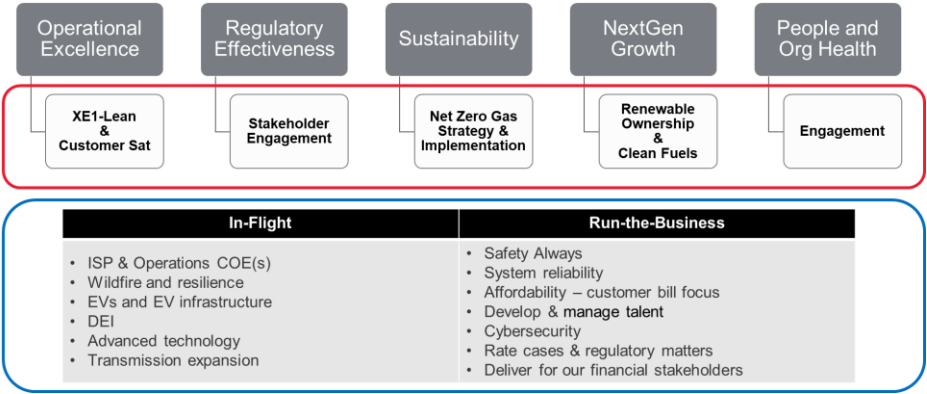


Xcel Energy Operating Model

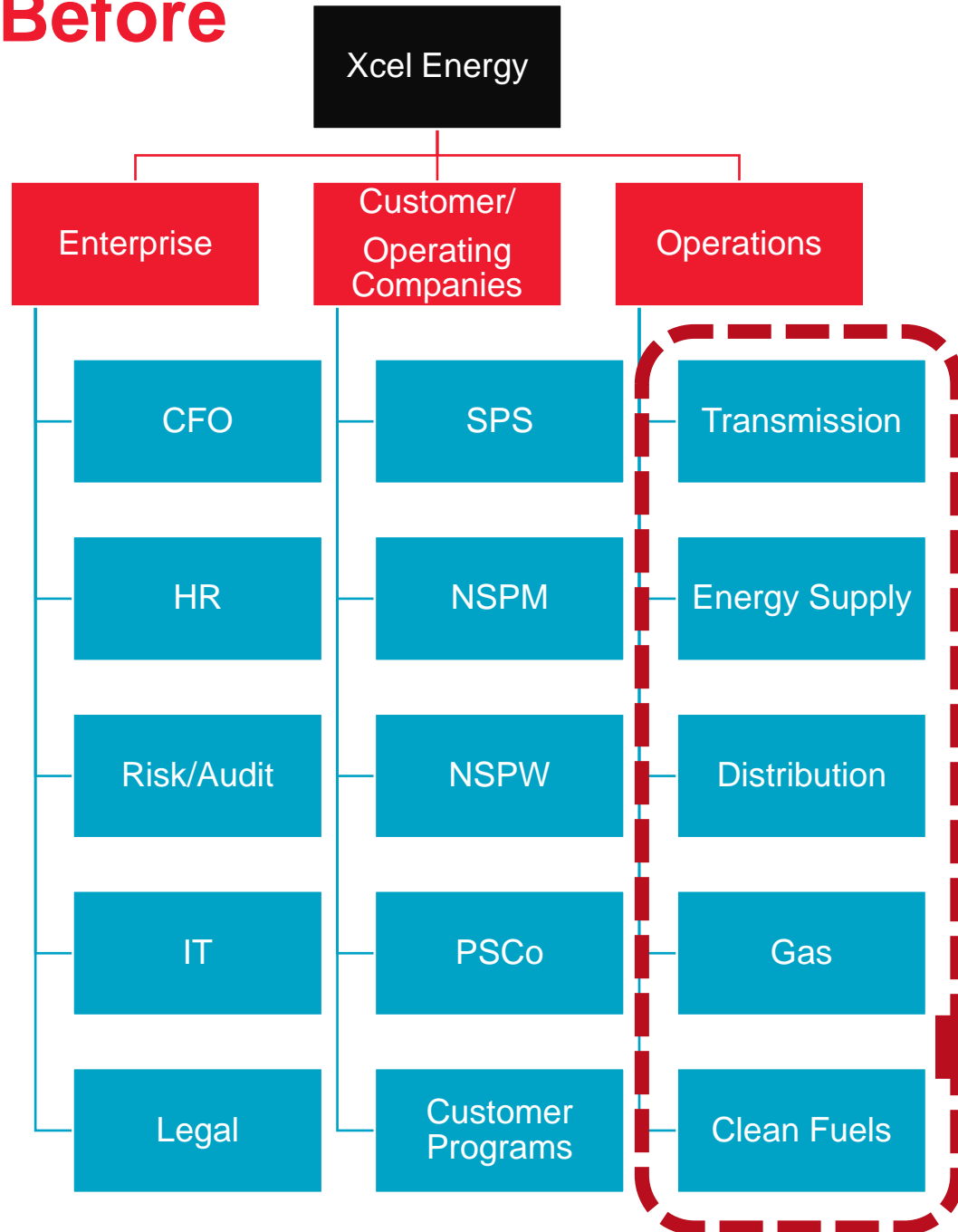


Preferred and Trusted: What's Ahead in 2023

“Marquee initiatives”



Xcel - Before

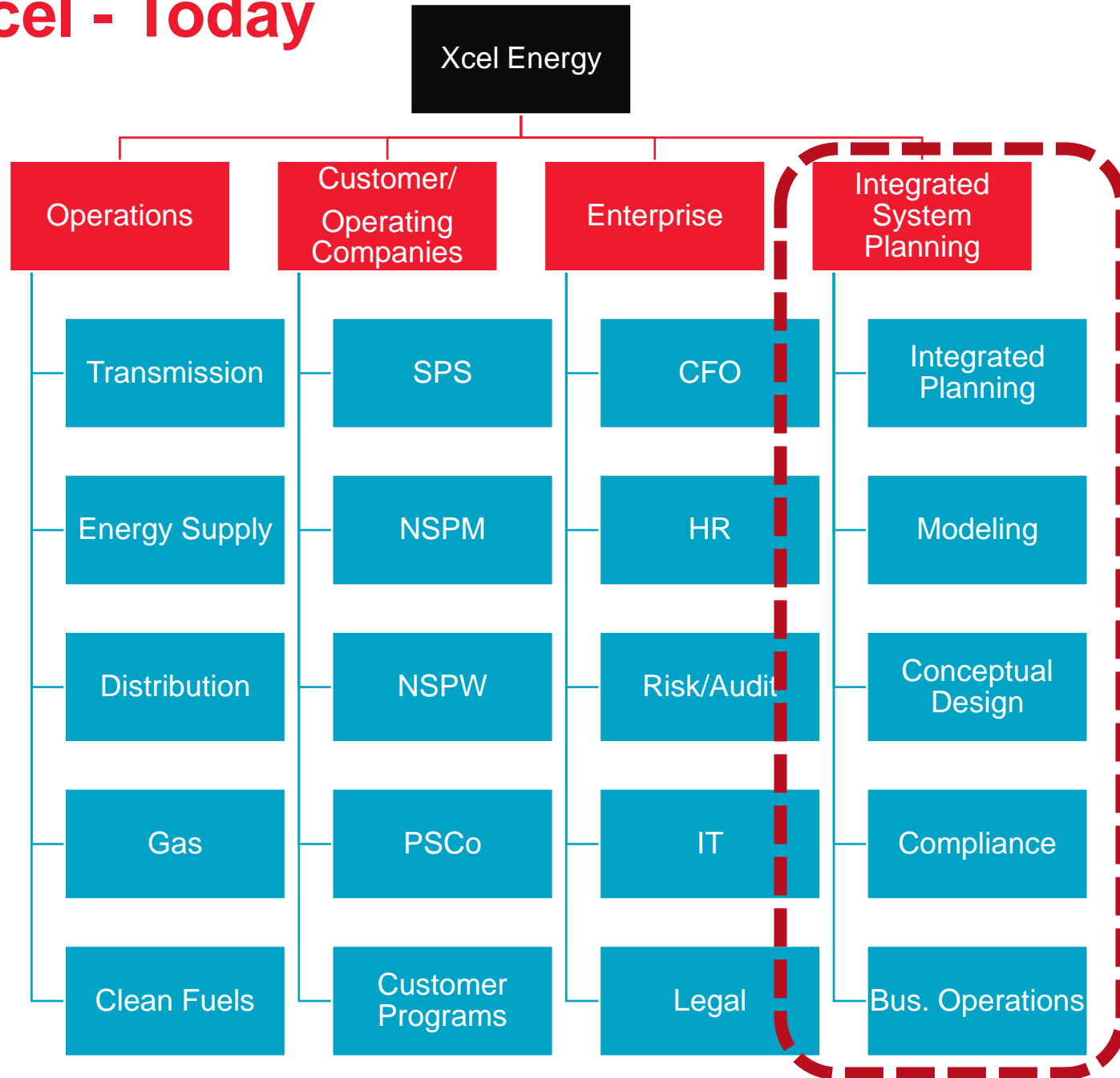


3 Major Organizations

- Operations
 - Organized by commodity
 - Responsible for full value chain
 - Strategy, Planning, Engineering, PM, Operations, Maintenance
- Customer/OpCos
 - Gov./Leg. Affairs
 - Regulatory
 - Comm. Affairs
- Enterprise Services
 - Policy
 - Corp Strategy
 - CFO
 - IT

Hypothesis: Achieving 2050 goals will require a shift in how we design an energy system of the future. Utilities/customers cannot afford not to build the system right the first time.

Xcel - Today



4 Major Organizations

- Chartered to plan/model/design all energy systems across all jurisdictions
- Forward looking, exclusively focusing on the 2-20+ year time horizon
- Creates 2 centers of excellence
 - Ops: project execution & operations
 - ISP: system planning & strategy, regulatory, compliance programs

ISP's Part to Play

Lead the Clean Energy Transition

- Develop generation, transmission, distribution and gas infrastructure investment plans that deliver on company sustainability goals
- Provide accurate and high-quality modeling and analytics to support plans
- Update, add and evolve design standards to enable future energy delivery system

Keep Bills Low

- Optimize near and long-term plans to deliver future state of the energy system with minimum rebuild
- Build ISP org to maximize efficiency and effectiveness
- Continuously improve processes, tools, and resources to complete tasks

Enhance the Customer Experience

- Build strong compliance programs to deliver safe and reliable service
- Plan the energy system with affordability and a seamless customer experience focus while minimizing visual footprint where practical
- Partner to meet community needs and achieve community & company objectives

And...

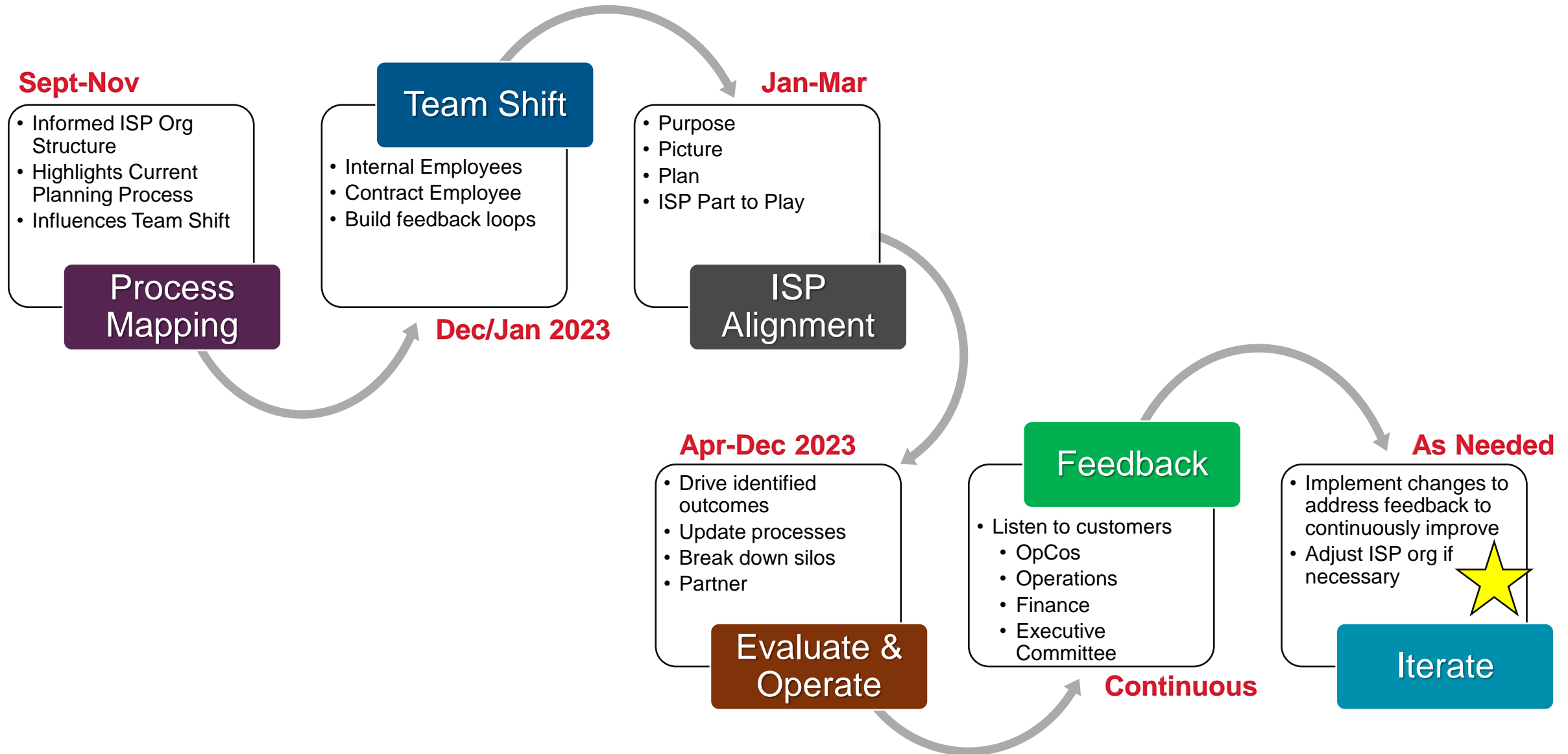
- Provide support for the OpCo to enable successful regulatory outcomes
- Be a collaborative partner to Operations via quality plans and feedback
- Deliver CFO executable and clear 5-year plans and long-term investment options

2024 Outcomes for ISP

- Energy System of Future Defined and Aligned
- Line of Sight to 90% of Projects are Known Within the 5yr Budget
- 80% or Higher Engagement Scores in ISP
- No IE Findings & RFP Wins
- Filings within Gas Business Exceed Expectations
- Foundational activities for Standards & Compliance Program

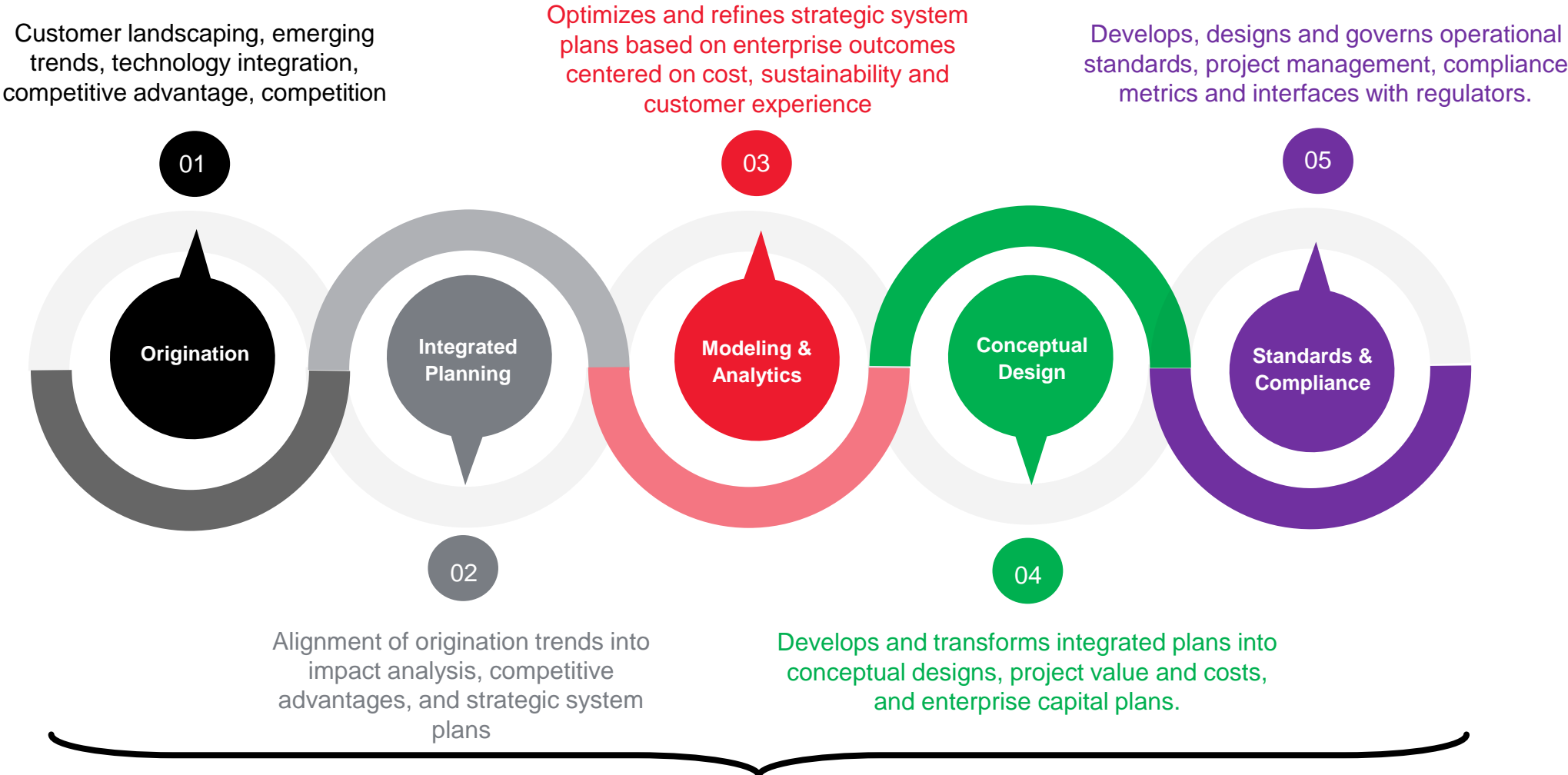


How did we do the ISP transition?



System Planning Cycle

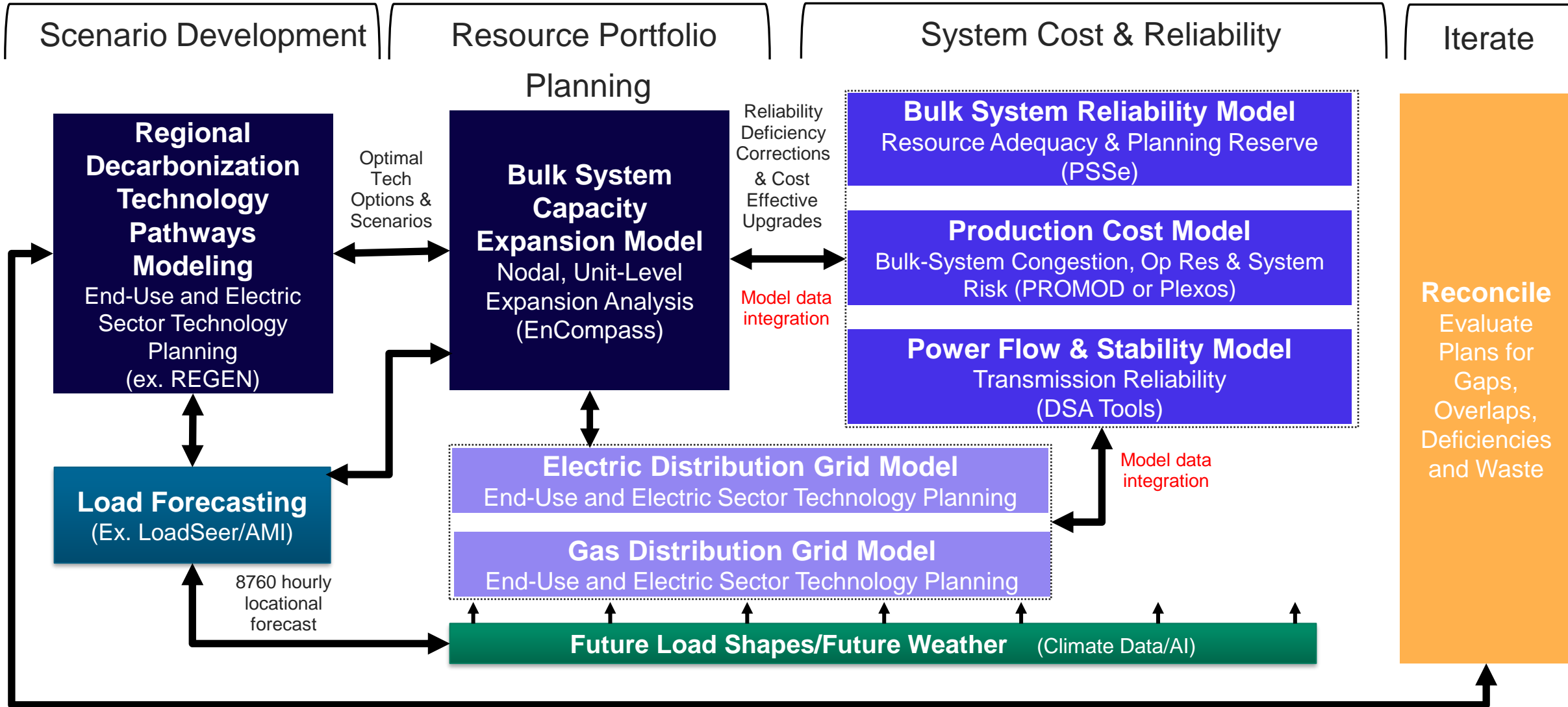
To drive the transformation of strategic planning within the enterprise, ISP will need to institute a common framework and planning cycle that can serve as a forcing function to achieve integration.



ISP Business Ops:
Integrates ISP within the context of the enterprise and develops Management Operating Systems, and Success Paths for the ISP teams to achieve overall team goals.

ISP Future Planning Process

DRAFT AND CONFIDENTIAL
FOR DISCUSSION ONLY





Lessons Learned

Positives

- Strong executive communication and support – Open Doors
- Speed – avoiding analysis paralysis
- Acknowledging seams destroyed and seams created
- Process was well communicated
- Leadership selection was diverse
- Engaged multiple teams to create ISP (not done through a consultant “blackbox”)

Negatives/Opportunities

- ISP creation identified resource gaps/constraints
- More focused enterprise support (Finance, HR, IT, etc.)
- Hiring was top down, created some tensions while leadership positions were filled out
- Challenge with speed vs. quality – especially in regard to process maps
- Created awareness of many activities not performed
- Change management engaged too late in the process

Q&A

- What is the process to ensure you get all relevant D,T,G plus all communication and data network information into ISP?
 - *Xcel's data strategy is by BU, so at the commodity level VP level generates data strategy and executes*
 - *Access to data has not been an issue and we decided that ISP would be the source of truth for system information and data. However we have lingering issues getting customer data.*
- What are the pain points?
 - *Continue to have issues with role clarity with Regulatory, Operations, Policy and Customer programs.*
 - *Forecasting is still driven by enterprise/investor-perspective.*
 - *IT systems to access AML data for planning purposes.*
- What working relationships were stressed during the org alignment/implementation?
 - *Operations*
 - *Management worked well together, but more work could have been done on individual contributor level to determine 'who 'licks what buttons'*
 - *ISP consumed a lot of HiPo talent creating incumbent org stress*
 - *Retraining institutional muscle memory more challenging than expected*