



February 8, 2019

Mr. Richard R. Schrubbe
 AVP, Financial Analysis and Planning
 Xcel Energy Inc.
 401 Nicollet Mall
 3rd Floor
 Minneapolis, MN 55401

Subject: 2019 Benefit Costs and 2020–2024 Benefit Cost Estimates

Dear Rick:

Attached are 2019 costs and 2020-2024 budget estimates based on the final year-end 2018 asset values and disclosure assumptions described in our January 25, 2019 letter. Workers Compensation and Long-Term Disability results are preliminary and will be finalized in May.

SUMMARY OF KEY RESULTS

The key changes from our forecast originally provided on May 18, 2018 are as follows:

- Benefit Costs reflect final 2019 assumptions:
 - Discount rates increased approximately 0.70%, on average, from the 3.63% average assumption used in the May 18, 2018 estimates to 4.32% at December 31, 2018.
- Actual 2018 pension asset returns were (4.67%) compared to an expected return of 6.87% and actual retiree medical asset returns were (2.77%) compared to an expected return of 5.80%.
- Participant data has been updated to reflect known status and pay changes through November 30, 2018 and expected December 2018 retirements.

Benefit Cost Results (prior to regulatory deferrals)

Cost/(Income) (\$ in Millions)	2018 Actual	2019 Cost May 18, 2018 Estimate	2019 Cost February 8, 2019 ¹
Qualified Pension Plans ²	\$116.3	\$103.0	\$107.0
Nonqualified Pension Plans	4.3	4.3	3.6
Retiree Medical & Life Insurance Plan	(5.0)	(5.2)	(2.0)
Workers' Compensation	0.8	0.4	(0.4)
Long-Term Disability	(0.2)	0.3	(0.1)
Total	\$116.2	\$102.8	\$108.1
XEPP and NCE Settlement Charges³	\$90.7	\$0.0	\$0.0
<i>Discount Rate</i>	<i>3.49%-3.71%</i>	<i>3.49%-3.71%</i>	<i>4.25%-4.37%</i>

¹ Workers Compensation and Long-Term Disability costs are preliminary, final results will be provided in May.

² Qualified Pension Plan costs reflect the assumption that NSP-MN and Xcel Energy Nuclear costs are determined under the Aggregate Cost Compensation Method. No additional regulatory deferrals have been reflected. See Exhibit VII for additional details.

³ Results for the Xcel Energy Pension Plan reflect a 2018 settlement charge of \$82,853,000 and results for the NCE Non-Bargaining Pension Plan reflect a 2018 settlement charge of \$7,852,000. Please see 2018 Settlement Charge exhibit dated January 22, 2019 for additional information. Settlement accounting may be required in 2019 if lump sum benefit payments exceed the sum of service cost and interest cost. No settlements have been estimated for 2019 or beyond at this time.

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Mr. Richard R. Schrubbe
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The following provides a reconciliation of cost (prior to regulatory deferrals) between the estimated 2019 cost provided in our May 18, 2018 letter, the 2019 budget estimates provided in our December 19, 2018 PTAC presentation and the 2019 costs provided in this letter (\$ in millions):

	Qualified Pension ¹	Non-qualified Pension	Retiree Medical	Workers' Compensation	Long Term Disability	Total
Initial 2019 Estimate (May 18, 2018)	\$103.0	\$4.3	(\$5.2)	\$0.4	\$0.3	\$102.8
Estimated demographic experience ²	6.3	(0.7)	(1.4)	0.0	0.0	4.2
Updated demographic assumptions ³	1.1	0.1	0.1	(0.1)	0.0	1.2
Updated retiree claims and participant contributions ⁴	0.0	0.0	(1.6)	0.0	0.0	(1.6)
Discount rates ⁵	(11.6)	(0.2)	(0.9)	(0.6)	(0.7)	(14.0)
2018 asset performance ⁶	9.7	0.0	4.5	0.0	0.0	14.2
Expected rate of return assumption update ⁷	0.0	0.0	2.0	0.0	0.0	2.0
Reduced loss amortization from 2018 settlement charge	(2.9)	0.0	0.0	0.0	0.0	(2.9)
Updated 2019 Estimate (December 19, 2018)	\$105.6	\$3.5	(\$2.8)	(\$0.3)	(\$0.4)	\$105.9
Reflect final 2018 settlement charges	0.2	0.0	0.0	0.0	0.0	0.2
Final demographic experience ⁸	(1.1)	0.0	(0.2)	(0.2)	0.1	(1.4)
Final discount rates	2.3	0.1	0.2	0.1	0.2	2.9
Final 2018 asset returns ⁹	0.0	0.0	0.5	0.0	0.0	0.5
2019 Costs (February 8, 2019)	\$107.0	\$3.6	(\$2.0)	(\$0.4)	(\$0.1)	\$108.1

- ¹ Qualified Pension results reflect the assumption that NSP-MN costs and Xcel Energy Nuclear costs are determined under the Aggregate Cost Compensation Method. No additional regulatory deferrals have been reflected.
- ² Estimated impact of updated participant status and compensation data through September 30, 2018 with additional adjustments for expected retirements and lump sum payments through December 2018. Primary drivers of cost include more retirements than expected, larger than expected lump sum payments, fewer deaths than expected and compensation rates approximately 0.4% larger than expected.
- ³ Update retirement rates to reflect recent plan changes and benefits offered to new hires and change to middle-of-year decrements.
- ⁴ Per capita claims cost increased 1.9% (0.3% pre-65, 2.2% post-65) versus expected increase (7.0% pre-65, 5.5% post-65). Expected Medicare Part D reimbursement for eligible retirees decreased 3.0% versus expected increase of 5.5%.
- ⁵ December 31, 2018 discount rates assumed to be equal to the discount rates from Willis Towers Watson BOND:Link model results as of October 31, 2018. Bond model excludes collateralized bonds.
- ⁶ Estimate assumes year-end asset values are equal to October 31, 2018 values with adjustments for two months of estimated disbursements (estimated 2018 return of -4.2% for pension and -1.6% for VEBA).
- ⁷ Decrease VEBA expected return on assets assumption from 5.80% to 5.30%.
- ⁸ Impact of updated participant status and compensation data through November 30, 2018 and benefit payment experience.
- ⁹ Reflects true-up of December 28, 2018 lump sums payments from XEPP and NCE.

Results Exhibits

Benefit cost results are summarized by legal entity and presented in the attached exhibits as follows:

- Exhibit I: Benefit Cost Estimates – Qualified Pension Plans
- Exhibit II: Benefit Cost Estimates – Nonqualified Pension Plans
- Exhibit III: Benefit Cost Estimates – Retiree Medical and Life Insurance Plan
- Exhibit IV: Liabilities – LTD and Workers Compensation
- Exhibit V: Claims and Expenses – LTD and Workers Compensation
- Exhibit VI: Benefit Cost Estimates – LTD and Workers Compensation
- Exhibit VII: Benefit Cost Reconciliation Details – Qualified Pension Plans

Plans Valued

The attached exhibits include results for the following employee benefit plans maintained by Xcel Energy Inc. (Xcel Energy):

- Xcel Energy Pension Plan
- Xcel Energy Inc. Nonbargaining Pension Plan (South) [NCE Nonbargaining Plan]
- New Century Energies Inc. Retirement Plan for SPS Bargaining Unit Employees and Former Nonbargaining Unit Employees [SPS Bargaining Plan]
- New Century Energies Inc. Retirement Plan for PSCo Bargaining Unit Employees and Former Nonbargaining Unit Employees [PSCo Bargaining Plan]
- Xcel Energy Nonqualified Defined Benefit Plan, including:
 - Xcel Energy SERP
 - SPS SERP
 - Employment Agreements
 - Fort St. Vrain Nuclear Operations Personnel Plan
 - NMC SERP Part A
- Xcel Energy Retiree Medical and Life Insurance Plan (including Executive Life Insurance)
- Xcel Energy Workers' Compensation
- Xcel Energy Long-Term Disability (LTD) Income

DATA, ASSUMPTIONS, METHODS AND PLAN PROVISIONS

The fiscal 2019 costs and estimated 2020-2024 costs reflect the following data, assumptions, methods and plan provisions:

Data

Results for 2019-2024 are based on participant data as of January 1, 2018 projected to the end of the year based on status, compensation and benefit changes through November 30, 2018 and known retirements for December 2018. Actual new entrants through November 30, 2018 and expected new entrants through December 31, 2018 are included.

Economic Assumptions

The key assumptions used to determine the actual 2019 and estimated 2020 - 2024 benefit cost results are provided below. The assumptions used to calculate the cost under the aggregate funding method are the same as used to prepare the ASC 715 results, except as noted. Actual asset returns are assumed to equal the expected return on assets assumptions throughout the forecast period. The following primary economic assumptions were used to prepare the results:

	2018 Cost and 2019 Estimate (May 18, 2018)	2019 Estimate (December 19, 2018)	2019 Cost
Benefit Cost			
Discount Rate – ASC 715			
– Xcel Energy Pension Plan	3.60%	4.52%	4.31%
– NCE Nonbargaining Pension Plan	3.52%	4.46%	4.25%
– SPS Bargaining Pension Plan	3.71%	4.58%	4.37%
– PSCo Bargaining Pension Plan	3.68%	4.56%	4.36%
– Nonqualified Pension Plan	3.49%	4.47%	4.26%
– Retiree Medical and Life Insurance Plan	3.62%	4.53%	4.32%
– Workers Compensation and LTD	3.51%	4.45%	4.23%
Expected Return on Assets Assumption – Pension			
– Xcel Energy Pension Plan	7.10%	7.10%	7.10%
– NCE Nonbargaining Pension Plan	6.90%	6.90%	6.90%
– SPS Bargaining Pension Plan	6.75%	6.75%	6.75%
– PSCo Bargaining Pension Plan	6.50%	6.50%	6.50%
– <i>Weighted Average Expected Return</i>	6.87%	6.87%	6.87%
Expected Return on Assets Assumption – VEBA	5.80%	5.30%	5.30%
Discount Rate – Aggregate Cost	7.10%	7.10%	7.10%
Salary Scale ¹	3.75%	3.75%	3.75%
Initial Medical Trend			
– Pre-Medicare	7.00%	6.50%	6.50%
– Post-Medicare	5.50%	5.30%	5.30%
Ultimate Medical Trend	4.50%	4.50%	4.50%
Year Ultimate Trend is Reached	2023	2023	2023

¹ Career average of age-graded table (nonbargaining) and service-graded table (bargaining)

- The interest rate for converting lump sums to annuities and annuities to lump sums was updated from 3.50% to 4.10% in all years. The pre-PPA lump sum conversion interest rate was updated from 2.75% to 3.10%.
- The interest crediting rate for the 5% cash balance formula was updated from 2.75% to 3.10%. The interest crediting rate for the Retirement Spending Account was updated from 2.50% to 3.60%.
- The HRA trend assumption remains at 2.0%.
- For additional assumption details, see our December 31, 2018 disclosure results provided January 25, 2019.

Pension Contributions

The forecasts reflect actual 2019 contributions of \$150 million made on January 2, 2019. At this time, the contribution forecasts have not been updated and reflect the planned contributions provided by Xcel Energy for 2020 through 2024. Contribution forecasts will be updated in the spring when final 2019 funding results and census data are available. The table below summarizes the amounts assigned to each plan over the forecast period:

	Year					
	2019	2020	2021	2022	2023	2024
Xcel Energy Pension Plan	\$ 90.0	\$ 85.0	\$ 68.0	\$ 48.0	\$ 45.0	\$ 60.0
NCE Nonbargaining Plan	5.0	15.0	12.0	12.0	10.0	5.0
SPS Bargaining Plan	15.0	10.0	10.0	5.0	10.0	0.0
PSCo Bargaining Plan	40.0	40.0	35.0	35.0	35.0	35.0
Total Contribution	\$ 150.0	\$ 150.0	\$ 125.0	\$ 100.0	\$ 100.0	\$ 100.0

- Contributions in 2020 and beyond are assumed to be paid on January 15th and assigned to the prior plan year.

Demographic Assumptions

- Participant counts from January 1, 2018 were adjusted for actual new entrant counts through November 30, 2018, expected new entrants through December 31, 2018 and terminations/retirements as described above under Data. No additional changes in headcount levels are assumed.

Retiree Medical and Life Insurance Plan – Effects of Health Care Reform

- Our estimates continue to assume the same effects as noted in our 2018 ASC 715 cost report dated April 30, 2018.

Plan Changes

Effective February 22, 2018, employees hired or rehired into the PSCo Bargaining Plan receive a 5% Cash Balance benefit. Due to the one year participation requirement, new hires are not included until 2020. Rehired employees and transfers participate immediately. All other plan provisions remain the same as provided in our 2018 benefit cost reports dated April 30, 2018.

ACTUARIAL CERTIFICATION

As requested by Xcel Energy Inc., this report provides results of the actuarial valuations of the Xcel Energy Inc. employee benefit plans indicated above. This report should not be used for other purposes, distributed to others outside Xcel Energy Inc. or relied upon by any other person without prior written consent from Willis Towers Watson US LLC. Except where we expressly agree in writing, this report should not be disclosed or provided to any third party, other than as provided below. In the absence of such consent and an express assumption of responsibility, no responsibility whatsoever is accepted by us for any consequences arising from any third party relying on this report or any advice relating to its contents.

Xcel Energy Inc. may make a copy of this report available to auditors or appropriate governmental agencies of the plan or the plan sponsor, but we make no representation as to the suitability of this report for any purpose other than that for which it was originally provided and accept no responsibility or liability to the auditors in this regard. Xcel Energy Inc. should draw the provisions of this paragraph to the attention of the auditors or appropriate governmental agencies when providing this report to them.

In preparing this valuation, we have relied upon information and data provided to us by Xcel Energy Inc. and other persons or organizations designated by Xcel Energy Inc. An audit of the financial and participant data provided was not performed, but we have checked the data for reasonableness as appropriate based on the purpose of the valuation. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by Xcel Energy Inc., may produce materially different results that could require that a revised report be issued.

This valuation reflects our understanding of the relevant provisions of the Pension Protection Act of 2006. The IRS has yet to issue final guidance with respect to certain aspects of this law. It is possible that such guidance may conflict with our understanding of the law and could therefore affect results shown in this report.

The results summarized in this report involve actuarial calculations that require assumptions about future events. We believe the assumptions and methods used in this report are reasonable and appropriate for the purposes for which they have been used. In our opinion, all methods, assumptions and calculations are in accordance with requirements of the Internal Revenue Code and ERISA, and the applicable financial accounting standards, including ASC 712 and 715 and the procedures followed and presentation of results are in conformity with generally accepted actuarial principles and practices.

Assumptions for determining benefit cost results were selected by Xcel Energy Inc. Xcel Energy Inc. uses the standards set out in ASC 715 to calculate pension cost for each plan in total; pension cost for the subsidiaries is calculated based on plan assets allocated to each subsidiary in proportion to the PBO for each subsidiary. Beginning in fiscal 2010, Discontinued Operations is allocated assets in proportion to its PBO, similar to nondiscontinued operations. The gain/(loss) amortization is allocated to each subsidiary in proportion to the gain/(loss) balance for each subsidiary (excluding deferred asset gains and losses). This methodology is consistent with former NSP's methodology since 1998 and has been applied to the former NCE pension plans since January 1, 2001. A similar methodology is used for the ASC 715 costs for the Retiree Medical and Life Plan, except separate asset accounts are used for each subsidiary.

Except as otherwise provided herein, the results presented are based on the data, assumptions, methods and plan provisions outlined in the actuarial valuation reports to determine accounting requirements for the plan for the plan year ending December 31, 2018 and beginning January 1, 2019 to be delivered in the next few weeks. Therefore, the descriptions of the data, assumptions, methods, plan provisions and limitations of the valuation and its use should be considered part of this letter report.



Mr. Richard R. Schrubbe
February 8, 2019

The undersigned consultants with actuarial credentials meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. Our objectivity is not impaired by any relationship between the Xcel Energy Inc. and our employer, Willis Towers Watson US LLC.

NEXT STEPS

If you have any questions or would like to discuss, please contact Mark at 952-842-6445, Kristoff at 952-842-6359 or Ross at 952-842-6397.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Afdahl".

Mark Afdahl, FSA
Director, Retirement

A handwritten signature in black ink, appearing to read "Kristoff Hendrickson".

Kristoff Hendrickson, FSA
Director, Retirement

A handwritten signature in black ink, appearing to read "Ross Athman".

Ross Athman, FSA
Director, Retirement

cc: Todd Degrugillier, Xcel Energy Inc.
Darla Figoli, Xcel Energy Inc.
Levi Glines, Xcel Energy Inc.
Kris Lindemann, Xcel Energy Inc.
Ruth Lowenthal, Xcel Energy Inc.
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Jim Shaddy, Willis Towers Watson
Tyler Tanck, Willis Towers Watson

XCEL ENERGY INC. - Qualified Pension Plans
 Cost by Legal Entity
 (\$ in Thousands)

EXHIBIT I
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	Amortizations				Net (Gain)/Loss	Aggregate Cost 20-year Amortization Method	Aggregate Cost Compensation Method	Settlement Charge ¹	Net Cost	January 1 Prepaid (Accrued)	Contribution	PBO
	Service Cost	Interest Cost	Expected Return on Assets	Prior Service Cost								
2019												
Xcel Energy Pension Plan (XEPP)												
Discontinued Operations ²	-	3,051	(4,468)	-	3,050	N/A	-	1,633	33,632	3,785	73,890	
Xcel Energy Nuclear	5,834	4,153	(6,079)	(214)	630	3,399	-	4,324	(8,658)	5,052	100,213	
NSP - MN	19,598	32,928	(48,176)	100	29,580	27,862	-	34,030	313,067	41,689	806,630	
NSP - WI	4,433	5,709	(8,396)	(30)	4,447	N/A	-	6,203	43,681	7,239	139,764	
Xcel Services ³	21,737	26,095	(36,200)	(985)	13,112	N/A	-	21,759	84,737	32,227	632,568	
XEPC (former EMI)	-	23	(33)	-	2	N/A	-	(8)	(68)	28	546	
Total XEPP	51,602	71,959	(105,312)	(1,129)	50,821	30,761	-	67,941	466,401	90,000	1,753,611	
NCE Non-Bargaining Pension Plan												
Discontinued Operations - Cheyenne	-	146	(203)	-	146	N/A	-	89	1,545	65	3,601	
PSCo	3,915	7,642	(10,625)	(165)	3,321	N/A	-	4,088	17,104	3,434	187,999	
SPS	2,431	3,347	(4,645)	(137)	2,608	N/A	-	3,604	23,427	1,501	83,030	
Total NCE	6,346	11,135	(15,473)	(302)	6,075	N/A	-	7,781	42,076	5,000	274,630	
SPS Bargaining Plan												
SPS	6,377	16,788	(23,998)	-	8,741	N/A	-	7,908	120,664	15,000	394,752	
Total SPS	6,377	16,788	(23,998)	-	8,741	N/A	-	7,908	120,664	15,000	394,752	
PSCo Bargaining Plan												
Discontinued Operations - Cheyenne	-	416	(547)	-	421	N/A	-	280	6,218	366	9,963	
PSCo	21,667	43,985	(57,881)	(3,212)	22,122	N/A	-	26,681	242,696	39,614	1,041,247	
Total PSCo	21,667	44,401	(58,428)	(3,212)	22,543	N/A	-	26,971	248,913	40,000	1,051,210	
Total Xcel Energy	85,992	144,283	(203,211)	(4,643)	88,180	30,761	-	110,601	878,054	150,000	3,474,403	

¹ Settlement accounting may be required if lump sum benefit payments exceed the sum of service cost and interest on a plan by plan basis. No settlements have been estimated at this time.
² Includes NRG, BMG, Viking, Natro Gas, Utility Engineering, Seren, Quibox, Crockett and QPS
³ Includes Eloigne

Assumptions

Discount Rate - U.S. GAAP	4.31%
XEPP	4.25%
NCE	4.37%
SPS	4.36%
PSCo	7.10%
Discount Rate - Aggregate Normal Cost	6.90%
Salary Scale	6.75%
Expected Return on Assets	6.50%
XEPP	
NCE	
SPS	
PSCo	

Assumed Mortality Table
 Bargaining Participants
 Non-bargaining Participants
 RP-2014 Blue Collar projected with generational mortality improvements using an adjusted SOA MP-2016 methodology
 RP-2014 White Collar, as adjusted for 2014 Xcel Energy mortality study, projected with generational mortality improvements using an adjusted SOA MP-2016 methodology
 See February 8, 2019 letter for additional information on data, assumptions, methods, and plan provisions.
 Contributions already made are allocated in accordance with the January 2, 2019 contribution directives.

XCEL ENERGY INC. - Nonqualified Pension Plans
 Cost by Legal Entity
 (\$ in Thousands)

Amortizations

	Service Cost	Interest Cost	Expected Return on Assets	Prior Service Cost	Net (Gain)/Loss	Settlement Charge ¹	Net Cost	January 1 Prepaid (Accrued)	Expected Benefit Payments
Discontinued Operations ²	-	30	-	-	(53)	-	(23)	(1,291)	91
Xcel Energy Nuclear	80	22	-	-	(13)	-	89	(663)	42
NSP - MN	33	142	-	-	318	-	493	(272)	472
NSP - WI	17	19	-	-	2	-	38	(458)	49
PSC ³	41	126	-	-	300	-	467	(58)	416
SPS	11	67	-	-	120	-	198	(462)	251
Xcel Services ⁴	721	898	-	133	578	-	2,330	(16,717)	4,048
XEPC (former EMI)	-	-	-	-	(3)	-	(3)	(27)	-
Total Xcel Energy	903	1,304	-	133	1,249	-	3,589	(19,948)	5,369

¹ Settlement accounting may be required if lump sum benefit payments exceed the sum of service cost and interest cost. No settlements have been estimated at this time.

² Includes NRG, BMG, Viking, Natrogas, Quibox, Seren and UE

³ Includes Fort St. Vrain

⁴ Includes Eloigne

Assumptions

Discount Rate	4.26%
Salary Scale (career average)	3.75%
Assumed Mortality Table	RP-2014 White Collar, as adjusted for 2014 Xcel Energy mortality study, projected with generational mortality improvements using an adjusted SOA MP-2016 methodology

See February 8, 2019 letter for additional information on data, assumptions, methods and plan provisions.

XCEL ENERGY INC. - Postretirement Benefits
U.S. GAAP Cost Estimates by Legal Entity
 (\$ in Thousands)

	Amortizations						Contribution
	Service Cost	Interest Cost	Expected Return on Assets	Prior Service Cost	Net (Gain)/Loss	Net Cost	
2019							
Discontinued Operations ¹		309	(71)	(110)	79	207	658
Xcel Energy Nuclear	14	36	-	57	(15)	92	17
NSP - MN ²	112	3,091	(129)	(3,075)	1,523	1,522	7,187
NSP - WI	27	528	(23)	(351)	299	480	1,168
PSCo	478	15,626	(18,936)	(5,399)	2,936	(5,296)	-
SPS ³	879	1,741	(2,039)	(466)	(420)	(305)	-
Xcel Services ³	43	1,132	(33)	(565)	676	1,253	1,587
XEPC (former EMI)	-	1	-	-	(4)	(3)	5
Total Xcel Energy	1,553	22,464	(21,231)	(9,909)	5,074	(2,049)	10,622

¹Includes NRG, BMG, Viking, Natrogas, Cheyenne, Quixx and UE.

²Includes Eloigne and Seren.

³Includes Executive Life Insurance benefits.

Assumptions

Discount Rate	4.32%
Expected Return on Assets	5.30%
Medical Trend Initial (2019)	Pre-65
Ultimate	Post-65
Year Ultimate Reached	5.30%
Assumed Mortality Table	4.50%
Bargaining:	2023

RPH-2014 Blue Collar headcount-weighted table adjusted for Xcel Energy mortality study, projected with generational mortality improvements using an adjusted SOA MP-2016 methodology.

RPH-2014 White Collar headcount-weighted table adjusted for Xcel Energy mortality study, projected with generational mortality improvements using an adjusted SOA MP-2016 methodology.

Contributions for PSCo and SPS are assumed equal to the net cost, but not less than zero. Contributions for other legal entities are assumed equal to the expected benefit payments. See February 8, 2019 letter for additional information on data, assumptions, and plan provisions.

**Xcel Energy Inc. - LTD and Workers' Compensation
Benefit Cost Estimates by Legal Entity
(\$ in Thousands)**

Exhibit VI
Page 1 of 1

Fiscal Year Ending	2018		2019	
	Actual	Budget	Actual	Budget
U.S. GAAP				
<u>Discount Rate - Workers' Compensation</u>	3.51%	4.23%		
<u>Former NSP - Workers' Compensation</u> ¹	339	(472)		
MN/SD	(53)	8		
MI/WI				
Subtotal	286	(464)		
<u>Former NCE - Workers' Compensation</u> ¹				
Colorado - PSCo	555	30		
<u>Deductible States - Workers' Compensation</u>				
Deductible States - SPS (KS, OK, NM, and TX)	(3)	-		
Total Xcel Energy Workers' Compensation	838	(434)		
Discount Rate - LTD Income	3.51%	4.23%		
LTD Income				
Discontinued Operations - Cheyenne	(21)	(32)		
Discontinued Operations ²	89	57		
NSP-MN	(22)	(99)		
NSP-WI	(258)	(73)		
PSCo	(117)	51		
SPS	(7)	21		
Utility Engineering	(3)	(5)		
Xcel Services	91	10		
XEPC	3	(1)		
Total Xcel Energy LTD Income	(245)	(71)		
Total Xcel Energy U.S. GAAP	593	(505)		

¹ Results for former NSP states include income replacement and medical benefits as well as reserve for bankrupt insurers. Colorado results include reserve for bankrupt insurers.

² Includes NRG, BMG, Viking and Natrogas.

See February 8, 2019 letter for additional information on data, assumptions, methods, and plan provisions.

Xcel Energy Inc. - Qualified Pension Plans
 Benefit Cost Reconciliation Details
 (\$ in Thousands)

Exhibit VII

	ASC 715 ¹					Total	ASC 715 ¹	NSP-MN & Xcel Energy Nuclear	
	XEPP	NCE	SPS	PSCo	Total			Aggregate Cost Compensation Method	Aggregate Cost 20-Year Amortization Method
Initial 2019 Estimate (May 18, 2018)	66,379	6,232	7,763	30,129	110,503	38,413	30,925	27,228	
Estimated demographic experience ²	5,587	694	549	(329)	6,501	2,648	2,535	2,627	
Updated demographic assumptions ³	1,485	(19)	518	1,517	3,501	854	(1,566)	(1,379)	
Discount rates ⁴	(6,281)	(532)	(2,338)	(6,807)	(15,958)	(3,303)	1,029	770	
Estimated 2018 asset performance ⁵	5,758	1,923	1,087	1,564	10,332	3,043	2,309	1,731	
Reduced loss amortization from estimated 2018 settlement charge	(5,797)	(619)	-	-	(6,416)	(3,532)	-	-	
Updated 2019 Estimate (December 2018)	57,131	7,579	7,579	26,074	108,463	38,123	35,232	30,977	
Reduced loss amortization from actual 2018 settlement charge	456	19	-	-	475	253	-	-	
Final demographic experience ⁶	(1,570)	339	(94)	(367)	(1,692)	(1,140)	(503)	(255)	
Final discount rates	1,318	36	509	1,470	3,333	794	(266)	(201)	
Final 2018 asset returns ⁷	606	(292)	(86)	(206)	22	324	320	240	
2019 Costs (January 28, 2019)	57,941	7,781	7,908	26,971	110,601	38,354	34,783	30,761	

¹ Does not include potential settlement charges.
² Estimated impact of updated participant status and compensation data through September 30, 2018, including transfer of participants between XEPP and NCE, with additional adjustments for expected retirements and lump sum payments through December 2018. Primary drivers of cost include more retirements than expected, larger than expected lump sum payments, fewer deaths than expected and compensation rates approximately 0.4% larger than expected.
³ Update retirement rates to reflect recent plan changes and benefits offered to new hires and change to middle-of-year decrements.
⁴ December 31, 2018 assumed to be equal to the discount rates from Willis Towers Watson BOND.Link model results as of October 31, 2018. Bond model excludes collateralized bonds.
⁵ Estimate assumes year-end asset values are equal to October 31, 2018 values with adjustments for two months of estimated disbursements (estimated 2018 return of -4.2% for pension and -1.6% for VEEBA). Also includes re-allocation of January 2019 contributions between plans, see September 6, 2018 presentation for more details.
⁶ Impact of updated participant status and compensation data through November 30, 2018 and benefit payment experience.
⁷ Reflects true-up of December 28, 2018 lump sum payments from XEPP and NCE.