Meeting Demand in Southeast New Mexico

Southeast New Mexico, particularly Lea and Eddy counties, have seen rapid growth in the last few years due to oil development, potash mining, natural gas processing and other industrial and business growth.

According to a March 2015 report from the U.S. Census Bureau, New Mexico's oil patch

is one of the 10 fastest growing areas in the nation.

Xcel Energy continues to respond to that growth by building out the electrical

infrastructure in New Mexico. In 2015, Xcel Energy is receiving nearly 150 new service requests a is the Hopi-to-North Lovingmonth from rural, commercial and industrial customers in Lea and Eddy counties.

Over the next 10 years, electricity demand in the region is expected to total about 700 megawatts. That equals adding 525,000 single-family homes to the grid.

Xcel Energy is investing nearly \$890 million in new high voltage transmission and distribution lines and substations in the region through 2020.

More than 250 miles of new transmission and distribution line are scheduled to be completed in 2015 in Lea and Eddy counties.

One of the completed projects to-China Draw 115 kilovolt transmission line and two new substations.

The \$20 million-plus project, energized in May 2015, spans 27 miles and provides additional capacity and reliability in the areas surrounding Loving and south along the State Highway 285 corridor to the Texas state line. China Draw provides electric service in areas where none was available before.

More information on the southeast New Mexico expansion can be found on Powerfortheplains.com.

Xcel Energy Transmission Line Expansion OK Hastings Randall Co NM TUCO Chaves Co Carlisle Sulpher Springs TX Diamondback Completed North Loving

Power for the Plains

The Grid Transformation 2015 Overview



cel Energy is undergoing a phenomenal growth cycle even while the fundamentals of the energy business continue to evolve.

Investing in the poles, wires and generation that supply electric power to homes and businesses has taken on new scope with greater "highways" creating real value. In fact, having new transmission to access cheaper electricity on the broader energy market is saving Xcel Energy's Texas and New Mexico customers an estimated \$60 million annually.

These new connections have also opened up the market for renewable generation. While wind generation will save Xcel Energy customers in Texas and New Mexico at least \$590 million in fuel costs over the next two decades. the ability for wind and solar owners to export electricity spurs local tax revenue, jobs and other economic activity.

Xcel Energy's connection to the organization that runs the broader transmission grid, the Southwest Power Pool. has increased from about 500

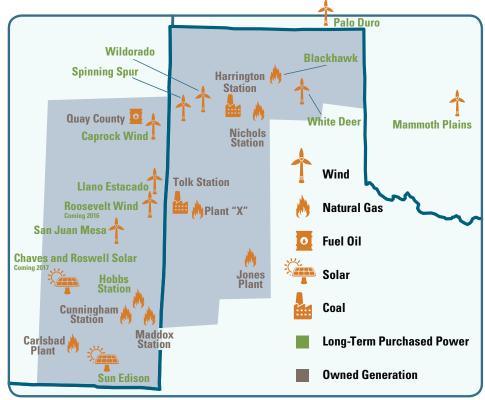
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Power for the Plains

New interconnections are bringing in the best priced electricity available, expanding the market for renewable energy located right out our back doors, and allowing long-term power purchase agreements with wind farms and other sources that weren't possible before.

The value of investment in broader connections, while costing more upfront, has actually helped keep our rates lower than the national average: 6.24 cents a kilowatt-hour in Texas and New Mexico versus 10.08 cents nationally (average for all customers).





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megawatts a few years back to 1,700 megawatts today.

The increased interconnection is allowing diversity, as well as cost savings, in the supply of electricity as never before. Longterm wind energy purchases,

which lock in savings for customers, are now made from wind farms outside Xcel Energy's service area.

Overall, wind energy throughout the Texas Panhandle and parts of New Mexico has seen tremendous growth. Texas and New Mexico customers currently enjoy cost-effective wind purchases totaling more than 1,525 megawatts, enough to power more than 1.1 million homes. In fact, Xcel Energy has led the nation for eleven years now in procuring wind-produced electricity for the benefit of our customers.

Power where we need it

hile the region's economy continues to expand, Xcel Energy is in the middle of a multi-year comprehensive transmission expansion plan – a plan to meet our current needs and those of future generations.

The effort upgrades the grid and provides more capacity for the unprecedented flow of electricity,

accessing a marketplace that assures customers are getting the bestpriced electricity available at any given moment.

Xcel Energy's
Southwestern
Public Service
Co. stretches over
most of the Texas
Panhandle, the
Texas South Plains

In light of evolving federal environmental rules, which will likely bring more challenges and costs down the road, we are proud of our skilled employees who keep our plants reliable while lowering emissions

Across our company, employees have earned high merits for safety and performance. Our Harrington Generation Station won Powder region, and eastern and southeastern New Mexico – a 52,000 square mile area.

SPS's operations include a transmission control center in Amarillo, a distribution control center in Lubbock and, currently, 7,247 miles of transmission lines, 15,796 miles of distribution, 433 substations and nine generating facilities.

SPS's transmission network extends beyond SPS's retail service, located in four states: Texas, New

River Basin Coal Users' Group

and environmental performance.

From building a talented

look at resources at least 20

Mexico, Oklahoma and Kansas.

Rural electrical cooperatives and municipal-owned utilities receive service over SPS's transmission lines. And our network is open to other power companies and to renewable energy generators to use, as well.



The long-term value of our investment is apparent. Greater efficiencies, lower commodity prices and access to reliable and well-priced electricity have essentially offset rate increases. And, accounting for inflation, today's rates are less than half what they were in 1960.

But we're not finished yet. Over the next five years, we will support our region's vibrant economy with \$3 billion in new capital. We'll meet the growing demand for electricity, improve reliability and leverage the energy grid to help keep rates affordable. At the same time, this investment



will infuse local household earnings with an additional \$1.3 billion.¹

Ongoing operations alone in 2014 supported 8,160 jobs and resulted in \$2.7 billion in local economic activity in Texas and New Mexico.²

 Benchmarks used in the analysis are from the U.S. Bureau of Economic Analysis
 Not including ongoing operations.