

ATTORNEY GENERAL OF THE STATE OF NEW YORK
INVESTOR PROTECTION BUREAU
ENVIRONMENTAL PROTECTION BUREAU

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IN THE MATTER OF

XCEL ENERGY INC.,

Respondent.

**ASSURANCE OF
DISCONTINUANCE PURSUANT
TO EXECUTIVE LAW § 63(15)**

AOD # 08-012

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WHEREAS:

A. Pursuant to Executive Law § 63(12) and General Business Law § 352, in September 2007 Andrew M. Cuomo, Attorney General of the State of New York, caused an inquiry to be made of Xcel Energy Inc. (“Xcel Energy” or the “Company”) regarding the adequacy of Xcel Energy’s disclosures to investors, including in its filings with the Securities and Exchange Commission (“SEC”) concerning the expected impact of climate change and the regulation of greenhouse gas (“GHG”) emissions on Xcel Energy’s operations, financial condition, and plans to construct a new coal-fired electric generating unit.

B. On September 14, 2007, the Attorney General issued a subpoena *duces tecum* to Xcel Energy seeking information regarding Xcel Energy’s disclosure practices. Subsequently, on October 11, representatives of the Attorney General and Xcel Energy met to discuss Xcel Energy’s disclosures and other sources of information available to investors, and Xcel Energy provided documents responsive to the subpoena, including its 2006 response to the Carbon Disclosure Project (“CDP”) questionnaire, its “Triple Bottom Line” report and information filed

with the Colorado Public Utilities Commission regarding its new coal-fired electric generating unit in Colorado.

C. Xcel Energy is in the business of providing electricity and natural gas to commercial and residential customers in eight Midwestern and Western states. According to its 2006 response to the CDP questionnaire, Xcel Energy was the fifth largest emitter of GHG emissions among utilities in the United States in 2006.

D. Xcel Energy represents that it has voluntarily reduced its GHG emissions by a cumulative total of over 18 million tons since 2003. Xcel Energy is the largest utility provider of wind energy in the United States, according to the American Wind Energy Association. The Company also has announced plans to expand its renewable energy portfolio by at least 6000 MW of additional renewable electric generating capacity by 2020.

E. In its 2006 response to the CDP questionnaire and in other publicly-available documents available on the Company's website, Xcel Energy provided information concerning the expected impact of climate change and the regulation of GHG on Xcel Energy's operations, financial condition, and any plans to construct new coal-fired power plants. After entering into discussions with the Attorney General's office, Xcel Energy filed its 10-K for the year 2007, in which the Company provided more detailed information about climate change risk in its SEC filings than in previous filings.

F. Xcel Energy has agreed to resolve this investigation voluntarily by agreeing to expand and/or continue to provide a discussion of climate change and possible attendant risks in its Form 10-K filing with the SEC as set forth in paragraph 1, below.

THEREFORE, without admitting or denying that there has been any violation of law or wrongdoing, Xcel Energy and the Attorney General have agreed to enter into this Assurance of Discontinuance (“Assurance”) for the purpose of resolving this investigation.

NOW, upon the consent of the undersigned counsel for the Attorney General and Xcel Energy, it is hereby **STIPULATED** and **AGREED** pursuant to Executive Law § 63(15) as follows:

1. **Disclosures to Investors Concerning Climate Change Risk.** Xcel Energy shall disclose (or, to the extent applicable, continue to disclose) in its 10-K filings:

(a) *Analysis of Financial Risks from Regulation.* The material financial risks to Xcel Energy associated with the regulation of GHG emissions. At a minimum, this shall include:

(1) *Present Law.* Identification of GHG legislation or regulations in effect in states and countries in which Xcel Energy operates and an analysis of the material financial effect of the legislation or regulations.

(2) *Probable Future Law.* Discussion of expected trends in GHG legislation or regulations likely to be adopted that would have a material financial effect on Xcel Energy’s business and an assessment of the potential material financial effect of the legislation or regulations, including a discussion of the factors that may affect the Company’s business.

(b) *Analysis of Financial Risks from Litigation.* A description of any litigation related to climate change involving Xcel Energy the outcome of which will

likely have a material financial effect on Xcel Energy and any climate change-related decisions issued by the United States Supreme Court, any United States Court of Appeals, or any court in any jurisdiction in which the Company operates that the Company concludes may have a material financial effect on its business.

(c) *Analysis of Financial Risks from Physical Impacts of Climate Change.*

The material financial risks to Xcel Energy's operations from the physical impacts associated with climate change, including the impact, if any, of an increase in sea level and changes in weather conditions, such as increases in extreme weather events, changes in precipitation resulting in drought or water shortages, and changes in temperature.

(d) *Strategic Analysis of Climate Change Risk and Emissions Management.*

To the extent Xcel Energy's GHG emissions materially affect its financial exposure from climate change risk, Xcel Energy shall include:

- (1) *Climate Change Statement.* Xcel Energy's current position on climate change.
- (2) *Emissions Management.* Xcel Energy's:
 - (i) estimated GHG emissions (in tons) for the reporting year;
 - (ii) expected increases in GHG emissions (in tons) from planned new coal-fired electric generation projects;
 - (iii) strategies to reduce its climate change risk and to adapt to the physical impacts of climate change, including actions the Company is taking to reduce, offset, or limit GHG emissions (such actions may include, but are not limited to, emission reduction programs, energy efficiency and

conservation programs, renewable energy development, diversification of electricity resources, improvements in energy infrastructure, and/or participation in research and development of new technologies to reduce GHG emissions);

- (iv) the results of strategies undertaken to date; and
- (v) the expected effect of such strategies on future GHG emissions, including the GHG emission reduction goals (as a percentage of aggregate emissions) the Company seeks to achieve from such strategies.

- (3) *Corporate Governance of Climate Change.* Xcel Energy's corporate governance actions concerning climate change, including the role of the Board of Directors, and a statement regarding whether environmental performance, including meeting climate change objectives, is incorporated into officer compensation.

Except as otherwise required by law, Xcel Energy may identify or reference other public documents or reports, including, but not limited to, its Triple Bottom Line report, the CDP response, proxy statements and other submittals to state agencies relating to GHG emissions and climate change risks in its Form 10-K filing with the SEC to provide further details on climate change risk.

2. **Entire Settlement.** This Assurance shall constitute the entire agreement of the parties with respect to settlement of the alleged violations specifically referenced herein and is in

full satisfaction of all civil and criminal claims that were or could have been raised with respect thereto.

3. **Binding Effect.** This Assurance shall be binding on Xcel Energy and its officers, directors, partners, affiliates, employees, successors and assigns.

4. **Compliance with Other Disclosure Obligations.** In the event that Xcel Energy reasonably believes that the performance of its disclosure obligations under any provision of this Assurance would conflict with any federal law, regulation, or binding directive that may be enacted or adopted after the date of this Assurance such that compliance with both this Assurance and such provision of federal law, regulation or binding directive would be impossible without violating such law, regulation, or directive, Xcel Energy shall notify the Attorney General within 14 days of the effective date of such law, regulation or binding directive, and the parties shall meet and confer at their earliest convenience to attempt to resolve such conflict.

5. **Termination of Assurance of Discontinuance.** Subject to paragraph 4 herein, this Assurance and the obligations agreed to herein shall terminate within 4 years of the effective date of the Assurance.

6. **Execution of the Assurance.** The Attorney General and Xcel Energy agree that this Assurance may be executed in counterparts, and that the separate execution of the signatures shall not affect their validity. The effective date of this Assurance shall be the date on which the latter signature is executed.

7. **Notices.** Any and all correspondence related to this Assurance must reference AOD # 08-012. Notices required under this Assurance shall be sent, by first class or express mail, to the following party representatives:

For the Attorney General:

Michael J. Myers
Morgan A. Costello
Assistant Attorneys General
Environmental Protection Bureau
New York State Attorney General
The Capitol
Albany, New York 12224

Daniel Sangeap
Assistant Attorney General
Investor Protection Bureau
New York State Attorney General
120 Broadway
New York, New York 10271

For Xcel Energy Inc.:

Michael Connelly
Vice President and General Counsel
Xcel Energy, Inc.
GO 5
414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

CONSENTED AND AGREED TO:

ANDREW M. CUOMO
Attorney General of the State of New York

By: Michael J. Myers (KK)
MICHAEL J. MYERS
Assistant Attorney General
Environmental Protection Bureau
The Capitol
Albany, New York 12224
(518) 402-2594

Dated: August 26, 2008

XCEL ENERGY INC.

By: Michael Connelly
MICHAEL CONNELLY
Vice President and General Counsel

Dated: July 31, 2008