

Risk Factors Comparison 2024-02-21 to 2023-02-23 Form: 10-K

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Xcel Energy is subject to a variety of risks, many of which are beyond our control. Risks that may adversely affect the business, financial condition, results of operations or cash flows are described below. Although the risks are organized by heading, and each risk is described separately, many of the risks are interrelated. These risks should be carefully considered together with the other information set forth in this report and future reports that we file with the SEC. ~~You should not interpret the disclosure of any risk factor to imply that the risk has not already materialized.~~ While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, financial condition, results of operations or cash flows in the future.

Oversight of Risk and Related Processes The Board of Directors is responsible for the oversight of material risk and maintaining an effective risk monitoring process. Management and the Board of Directors' committees have responsibility for overseeing the identification and mitigation of key risks and reporting its assessments and activities to the full Board of Directors. Xcel Energy maintains a robust compliance program and promotes a culture of compliance beginning with the tone at the top. The risk mitigation process includes adherence to our Code of Conduct and compliance policies, operation of formal risk management structures and overall business management. Xcel Energy further mitigates inherent risks through formal risk committees and corporate functions such as internal audit, and internal controls over financial reporting and legal. Management identifies and analyzes risks to determine materiality and other attributes such as timing, probability and controllability. Identification and risk analysis occurs formally through risk assessment conducted by senior management, the financial disclosure process, hazard risk procedures, internal audit and compliance with financial and operational controls. Management also identifies and analyzes risk through the business planning process, development of goals and establishment of key performance indicators, including identification of barriers to implementing Xcel Energy's strategy. The business planning process also identifies likelihood and mitigating factors to prevent the assumption of inappropriate risk to meet goals. Management communicates regularly with the Board of Directors and key stakeholders regarding risk. Senior management presents and communicates a periodic risk assessment to the Board of Directors, providing information on the risks that management believes are material, including financial impact, timing, likelihood and mitigating factors. The Board of Directors regularly reviews management's key risk assessments, which includes areas of existing and future macroeconomic, financial, operational, policy, environmental, safety and security risks. The oversight, management and mitigation of risk is an integral and continuous part of the Board of Directors' governance of Xcel Energy. The Board of Directors assigns oversight of critical risks to each of its four committees to confirm these risks are well understood and given appropriate focus. The Audit Committee is responsible for reviewing the adequacy of the committees' risk oversight and affirming appropriate aggregate oversight occurs. Committees regularly report on their oversight activities and certain risk issues may be brought to the full Board of Directors for consideration when deemed appropriate. Emerging risks are considered and assigned as appropriate during the annual Board of Directors and committee evaluation process, resulting in updates to the committee charters and annual work plans. Additionally, the Board of Directors conducts an annual strategy session where Xcel Energy's future plans and initiatives are reviewed.

Risks Associated with Our Business

Operational Risks Our natural gas and electric generation / transmission and distribution operations involve numerous risks that may result in accidents and other operating risks and costs. Our natural gas transmission and distribution activities include inherent hazards and operating risks, such as leaks, explosions, outages and mechanical problems. Our electric generation, transmission and distribution activities include inherent hazards and operating risks such as contact, fire and outages. These risks could result in loss of life, significant property damage, environmental pollution, impairment of our operations and substantial financial losses to employees, third-party contractors, customers or the public. We maintain insurance against most, but not all, of these risks and losses. The occurrence of these events, if not fully covered by insurance, could have a material effect on our financial condition, results of operations and cash flows as well as potential loss of reputation. Other uncertainties and risks inherent in operating and maintaining Xcel Energy's facilities include, but are not limited to:

- Risks associated with facility start-up operations, such as whether the facility will achieve projected operating performance on schedule and otherwise as planned. Failures in the availability, acquisition or transportation of fuel or other supplies. Impact of adverse weather conditions and natural disasters, including, tornadoes, **avalanches**, icing events, floods, **high winds** and droughts. Performance below expected or contracted levels of output or efficiency. Availability of replacement equipment. Availability of adequate water resources and ability to satisfy water intake and discharge requirements. Availability or changes to wind patterns. Inability to identify, manage properly or mitigate equipment defects. Use of new or unproven technology. Risks associated with dependence on a specific type of fuel or fuel source, such as commodity price risk, availability of adequate fuel supply and transportation and lack of available alternative fuel sources. Increased competition due to, among other factors, new facilities, excess supply, shifting demand and regulatory changes. Additionally, compliance with existing and potential new regulations related to the operation and maintenance of our natural gas infrastructure could result in significant costs. The PHMSA is responsible for administering the DOT's national regulatory program to assure the safe transportation of natural gas, petroleum and other hazardous materials by pipelines. The PHMSA continues to develop regulations and other approaches to risk management to assure safety in design, construction, testing, operation, maintenance and emergency response of natural gas pipeline infrastructure. We have programs in place to comply with these regulations and systematically monitor and renew infrastructure over time, however, a significant incident or material finding of non-compliance could result in penalties and higher costs of operations. Our natural gas and electric

transmission and distribution operations are dependent upon complex information technology systems and network infrastructure, the failure of which could disrupt our normal business operations, which could have a material adverse effect on our ability to process transactions and provide services. Our utility operations are subject to long- term planning and project risks. Most ~~electric~~ utility investments are planned to be used for decades. Transmission and generation investments typically have long lead times and are planned well in advance of in- service dates and typically subject to long- term resource plans. These plans are based on numerous assumptions such as: sales growth, customer usage, commodity prices, economic activity, costs, regulatory mechanisms, customer behavior, available technology and public policy. Xcel Energy' s long- term resource plan is dependent on our ability to obtain required approvals **(including regulatory approval in jurisdictions where Xcel Energy operates)**, develop necessary technical expertise, allocate and coordinate sufficient resources and adhere to budgets and timelines. In addition, the long- term nature of both our planning processes and our asset lives are subject to risk. The ~~electric~~ utility sector is undergoing significant change (e. g., increases in energy efficiency, wider adoption of distributed generation and shifts away from fossil fuel generation to renewable generation). Customer adoption of these technologies and increased energy efficiency could result in excess transmission and generation resources, downward pressure on sales growth, and potentially stranded costs if we are not able to fully recover costs and investments. The magnitude and timing of resource additions and changes in customer demand may not coincide with evolving customer preference for generation resources and end- uses, which introduces further uncertainty into long- term planning. Efforts to electrify the transportation and building sectors to reduce GHG emissions may result in higher electric demand and lower natural gas demand over time. **New data centers and crypto mining facilities could generate significant increase in demand.** Higher electric demand may require us to adopt new technologies and make significant transmission and distribution investments including advanced grid infrastructure, which increases exposure to overall grid instability and technology obsolescence. Evolving stakeholder preference for lower emissions from generation sources and end- uses, like heating, may impact our resource mix and put pressure on our ability to recover capital investments in natural gas generation and delivery. Multiple states may not agree as to the appropriate resource mix, which may lead to costs to comply with one jurisdiction that are not recoverable across all jurisdictions served by the same assets. We require inputs such as coal, natural gas, uranium and water ~~to cool our facilities~~. Lack of availability of these resources could jeopardize long- term operations of our facilities or make them uneconomic to operate. Our utilities are highly dependent on suppliers to deliver components in accordance with short and long- term project schedules. Our products contain components that are globally sourced from suppliers ~~who, in turn, source components from their suppliers~~. A shortage of key components in which an alternative supplier is not identified could significantly impact operations and project plans for Xcel Energy and our customers. Such impacts could include timing of projects ~~, including and the~~ potential for project cancellation. Failure to adhere to project budgets and timelines ~~could~~ adversely ~~impacts~~ **impact** our results of operations, financial condition or cash flows. We are subject to commodity risks and other risks associated with energy markets and energy production. A significant increase in fuel costs could cause a decline in customer demand, adverse regulatory outcomes and an increase in bad debt expense which may have a material impact on our results of operations. Despite existing fuel cost recovery mechanisms in most of our states, higher fuel costs could significantly impact our results of operations if costs are not recovered. Delays in the timing of the collection of fuel cost recoveries could impact our cash flows and liquidity. A significant disruption in supply could cause us to seek ~~alternative~~ **alternatives** ~~supply services~~ at potentially higher costs. Additionally, supply shortages may not be fully resolved, which negatively impacts our ability to provide services to our customers. Failure to provide service due to disruptions may also result in fines, penalties or cost disallowances through the regulatory process. Also, significantly higher energy or fuel costs relative to sales commitments negatively impacts our cash flows and results of operations. We also engage in wholesale sales and purchases of electric capacity, energy and energy- related products as well as natural gas. In many markets, emission allowances and / or RECs are also needed to comply with various statutes and commission rulings. As a result, we are subject to market supply and commodity price risk. Commodity price changes can affect the value of our commodity trading derivatives. We mark certain derivatives to estimated fair market value on a daily basis. Settlements can vary significantly from estimated fair values recorded and significant changes from the assumptions underlying our fair value estimates could cause earnings variability. The management of risks associated with hedging and trading is based, in part, on programs and procedures which utilize historical prices and trends. Public perception often does not distinguish between pass through commodity costs and base rates. High commodity prices that are ~~being~~ passed through to customer bills could impact our ability to recover costs for other improvements and operations. Due to the uncertainty involved in price movements and potential deviation from historical pricing, Xcel Energy is unable to fully assure that its risk management programs and procedures would be effective to protect against all significant adverse market deviations. In addition, ~~the Company~~ **Xcel Energy** cannot fully assure that its controls will be effective against all potential risks. If such programs and procedures are not effective, Xcel Energy' s results of operations, financial condition or cash flows could be materially impacted. Failure to attract and retain a qualified workforce could have an adverse effect on operations. The competition for talent has become increasingly prevalent, and we have experienced increased employee turnover due to the condition of the labor market **and decisions related to strategic workforce planning**. In addition, specialized knowledge and skills are required for many of our positions, which may pose additional difficulty for us as we work to recruit, retain and motivate employees in this climate. Failure to hire ~~and,~~ adequately train replacement employees, ~~including the transfer of significant~~ knowledge ~~and /~~ expertise ~~to new employees~~ or future availability and cost of contract labor may adversely affect the ability to manage and operate our business. Inability to attract and retain these employees ~~could~~ adversely ~~impacts~~ **impact** our results of operations, financial condition or cash flows. **Our businesses have collective bargaining agreements with labor unions. Failure to renew or renegotiate these contracts could lead to labor disruptions, including strikes or boycotts. Such disruptions or any negotiated wage or benefit increases could have a material adverse impact to our results of operations, financial condition or cash flows. National unionization efforts could affect our business, as an increase in**

unionized workers could challenge our operational efficiency and increase costs. Our operations use third- party contractors in addition to employees to perform periodic and ongoing work. We rely on third- party contractors to perform operations, maintenance and construction work. Our contractual arrangements with these contractors typically include performance and safety standards, progress payments, insurance requirements and security for performance. Poor vendor performance or contractor unavailability could impact ongoing operations, restoration operations, regulatory recovery, our reputation and could introduce financial risk or risks of fines. Our employees, directors, third- party contractors, or suppliers may violate or be perceived to violate our Codes of Conduct, which could have an adverse effect on our reputation. We are exposed to risk of employee or third- party contractor fraud or misconduct. All employees and members of the Board of Directors are subject to **comply-compliance** with our Code of Conduct and are required to participate in annual training. Additionally, suppliers are subject to **comply-compliance** with our Supplier Code of Conduct. Xcel Energy does not tolerate discrimination, violations of our Code of Conduct or other unacceptable behaviors. However, it is not always possible to identify and deter misconduct by employees and other third- parties, which may result in governmental investigations, other actions or lawsuits. If such actions are taken against us we may suffer loss of reputation and such actions could have a material effect on our financial condition, results of operations and cash flows. Our subsidiary, NSP- Minnesota, is subject to the risks of nuclear generation. NSP- Minnesota has two nuclear generation plants, PI and Monticello. Risks of nuclear generation include: • Hazards associated with the use of radioactive material in energy production, including management, handling, storage and disposal. • Limitations on insurance available to cover losses that may arise in connection with nuclear operations, as well as obligations to contribute to an insurance pool in the event of damages at a covered U. S. reactor. • Technological and financial uncertainties related to the costs of decommissioning nuclear plants may cause our funding obligations to change. The NRC has authority to impose licensing and safety- related requirements for the operation of nuclear generation facilities, including the ability to impose fines and / or shut down a unit until compliance is achieved. NRC safety requirements could necessitate substantial capital expenditures or an increase in operating expenses. In addition, the INPO reviews NSP- Minnesota’ s nuclear operations. Compliance with the INPO’ s recommendations could result in substantial capital expenditures or a substantial increase in operating expenses. If a nuclear incident did occur, it could have a material impact on our results of operations, financial condition or cash flows. Furthermore, non- compliance or the occurrence of a serious incident at other nuclear facilities could result in increased industry regulation, which may increase NSP- Minnesota’ s compliance costs. Financial RisksOur profitability depends on the ability of our utility subsidiaries to recover their costs and changes in regulation may impair the ability of our utility subsidiaries to recover costs from their customers. We are subject to comprehensive regulation by federal and state utility regulatory agencies, including siting and construction of facilities, customer service and the rates that we can charge customers. The profitability of our utility operations is dependent on our ability to recover the costs of providing energy and utility services and earn a return on capital investment. Our rates are generally regulated and are based on an analysis of the utility’ s costs incurred in a test year. The utility subsidiaries are subject to both future and historical test years depending upon the regulatory jurisdiction. Thus, the rates a utility is allowed to charge may or may not match its costs at any given time. Rate regulation is premised on providing an opportunity to earn a reasonable rate of return on invested capital. There can also be no assurance that our regulatory commissions will judge all the costs of our utility subsidiaries to be prudent, which could result in disallowances, or that the regulatory process will always result in rates that will produce full recovery. Overall, management believes prudently incurred costs are recoverable given the existing regulatory framework. However, there may be changes in the regulatory environment that could impair the ability of our utility subsidiaries to recover costs historically collected from customers, or these subsidiaries could exceed caps on capital costs required by commissions and result in less than full recovery. Changes in the long- term cost- effectiveness or to the operating conditions of our assets may result in early retirements of utility facilities. While regulation typically provides cost recovery ~~relief~~ for these types of changes, there is no assurance that regulators would allow full recovery of all remaining costs. Higher than expected inflation or tariffs may increase costs of construction and operations. Also, rising fuel costs could increase the risk that our utility subsidiaries will not be able to fully recover their fuel costs from their customers. Adverse regulatory rulings (including changes in recovery mechanisms) or the imposition of additional regulations could have an adverse impact on our results of operations and materially affect our ability to meet our financial obligations, including debt payments and the payment of dividends on common stock. Any reductions in our credit ratings could increase our financing costs and the cost of maintaining certain contractual relationships. **Our We cannot be assured that our current credit ratings will remain in effect, are subject to change and or our credit that a rating ratings may will not** be lowered or withdrawn by a rating agency. Significant events including disallowance of costs, use of historic test years, elimination of riders or interim rates, increasing depreciation lives, lower returns on equity, changes to equity ratios and impacts of tax policy may impact our cash flows and credit metrics, potentially resulting in a change in our credit ratings. In addition, our credit ratings may change as a result of the differing methodologies or change in the methodologies used by the various rating agencies. Any credit ratings downgrade could lead to higher borrowing costs or lower proceeds from equity issuances. It could also impact our ability to access capital markets. Also, our utility subsidiaries may enter into contracts that require posting of collateral or settlement if credit ratings fall below investment grade. We are subject to capital market and interest rate risks. Utility operations require significant capital investment. As a result, we frequently need to access capital markets. Any disruption in capital markets could have a material impact on our ability to fund our operations. Capital market disruption and financial market distress could prevent us from issuing commercial paper, issuing new securities or cause us to issue securities with unfavorable terms and conditions, such as higher interest rates or lower proceeds from equity issuances. Higher interest rates on short- term borrowings with variable interest rates could also have an adverse effect on our operating results. The performance of capital markets impacts the value of assets held in trusts to satisfy future obligations to decommission NSP- Minnesota’ s nuclear plants and satisfy our defined benefit pension and postretirement benefit plan obligations. These assets are subject to market fluctuations and yield uncertain returns, which may fall below expected returns. A

decline in the market value of these assets may increase funding requirements. Additionally, the fair value of the debt securities held in the nuclear decommissioning and / or pension trusts may be impacted by changes in interest rates. We are subject to credit risks. Credit risk includes the risk that our customers will not pay their bills, which may lead to a reduction in our **cash flow and** liquidity and an increase in bad debt expense. Credit risk is comprised of numerous factors including the price of products and services provided, the economy and unemployment rates. Credit risk also includes the risk that counterparties that owe us money or product will become insolvent and may breach their obligations. Should the counterparties fail to perform, we may be forced to enter into alternative arrangements. In that event, our financial results could be adversely affected and incur losses. Xcel Energy may have direct credit exposure in our short- term wholesale and commodity trading activity to financial institutions trading for their own accounts or issuing collateral support on behalf of other counterparties. We may also have some indirect credit exposure due to participation in organized markets, (e. g., MISO, SPP, **ERCOT Electric Reliability Council of Texas** and California Independent System Operator), in which any credit losses are socialized to all market participants. We have additional indirect credit exposure to financial institutions from letters of credit provided as security by power suppliers under various purchased power contracts. If any of the credit ratings of the letter of credit issuers were to drop below investment grade, the supplier would need to replace that security with an acceptable substitute. If the security were not replaced, the party could be in default under the contract. Increasing costs of our defined benefit retirement plans and employee benefits may adversely affect our results of operations, financial condition or cash flows. We have defined benefit pension and postretirement plans that cover most of our employees. Assumptions related to future costs, return on investments, interest rates and other actuarial assumptions have a significant impact on our funding requirements of these plans. Estimates and assumptions may change. In addition, the Pension Protection Act sets the minimum funding requirements for defined benefit pension plans. Therefore, our funding requirements and contributions may change in the future. Also, the payout of a significant percentage of pension plan liabilities in a single year, due to high numbers of retirements or employees leaving, would trigger settlement accounting and could require Xcel Energy to recognize incremental pension expense related to unrecognized plan losses in the year liabilities are paid. Changes in industry standards utilized in key assumptions (e. g., mortality tables) could have a significant impact on future obligations and benefit costs. Increasing costs associated with health care plans may adversely affect our results of operations. Increasing levels of large individual health care claims and overall health care claims could have an adverse impact on our results of operations, financial condition or cash flows. Health care legislation could also significantly impact our benefit programs and costs. We must rely on cash from our subsidiaries to make dividend payments. Investments in our subsidiaries are our primary assets. Substantially all our operations are conducted by our subsidiaries. Consequently, our operating cash flow and ability to service our debt and pay dividends depends upon the operating cash flows of our subsidiaries and their payment of dividends. Our subsidiaries are separate legal entities that have no obligation to pay any amounts due pursuant to our obligations or to make any funds available for dividends on our common stock. In addition, each subsidiary' s ability to pay dividends depends on statutory and / or contractual restrictions which may include requirements to maintain minimum levels of equity ratios, working capital or assets. If the utility subsidiaries were to cease making dividend payments, our ability to pay dividends on our common stock or otherwise meet our financial obligations could be adversely affected. Our utility subsidiaries are regulated by state utility commissions, which possess broad powers to prioritize that the needs of the utility customers are met. We may be negatively impacted by the actions of state commissions that limit the payment of dividends by our utility subsidiaries. Federal tax law may significantly impact our business. Our utility subsidiaries collect estimated federal, state and local tax payments through their regulated rates. Changes to federal tax law may benefit or adversely affect our earnings and customer costs. Tax depreciable lives and the value / availability of various tax credits or the timeliness of their utilization may impact the economics or selection of resources. If tax rates are increased, there could be timing delays before regulated rates provide for recovery of such tax increases in revenues. In addition, certain IRS tax policies, such as tax normalization, may impact our ability to economically deliver certain types of resources relative to market prices.

Macroeconomic RisksEconomic conditions impact our business. Xcel Energy' s operations are affected by economic conditions, which correlates to customers / sales growth (decline). Economic conditions may be impacted by recessionary factors, rising interest rates and insufficient financial sector liquidity leading to potential increased unemployment, which may impact customers' ability to pay their bills, which could lead to additional bad debt expense. Our utility subsidiaries face competitive factors, which could have an adverse impact on our financial condition, results of operations and cash flows. Further, worldwide economic activity impacts the demand for basic commodities necessary for utility infrastructure, which may inhibit our ability to acquire sufficient supplies. We operate in a capital- intensive industry and federal trade policy could significantly impact the cost of materials we use. There may be delays before these additional material costs can be recovered in rates. **The oil and gas industry represents our largest commercial and industrial customer base. Oil and natural gas prices are sensitive to market risk factors which may impact demand.** We face risks related to health epidemics and other outbreaks, which may have a material effect on our financial condition, results of operations and cash flows. Health epidemics ~~continue to~~ impact countries, communities, supply chains and markets. Uncertainty continues to exist regarding epidemics; the duration and magnitude of business restrictions including shutdowns (domestically and globally); the potential impact on the workforce including shortages of employees and third- party contractors due to quarantine policies, vaccination requirements or government restrictions; impacts on the transportation of goods, and the generalized impact on the economy. We cannot ultimately predict whether an epidemic will have a material impact on our future liquidity, financial condition or results of operations. Nor can we predict the impact on the health of our employees, our supply chain or our ability to recover higher costs associated with managing an outbreak. Operations could be impacted by war, terrorism or other events. Our generation plants, fuel storage facilities, transmission and distribution facilities and information and control systems may be targets of terrorist activities. Any disruption could impact operations or result in a decrease in revenues and additional costs to repair and insure our assets. These disruptions could have a material impact on our financial condition, results of operations or cash flows. The

potential for terrorism has subjected our operations to increased risks and could have a material effect on our business. We have incurred increased costs for security and capital expenditures in response to these risks. The insurance industry has also been affected by these events and the availability of insurance may decrease. In addition, insurance may have higher deductibles, higher premiums and more restrictive policy terms. A disruption of the regional electric transmission grid, interstate natural gas pipeline infrastructure or other fuel sources, could negatively impact our business, brand and reputation. Because our facilities are part of an interconnected system, we face the risk of possible loss of business due to a disruption caused by the actions of a neighboring utility. We also face the risks of possible loss of business due to significant events such as severe storms, temperature extremes, wildfires (particularly in Colorado), widespread pandemic, generator or transmission facility outage, pipeline rupture, railroad disruption, operator error, sudden and significant increase or decrease in wind generation or a workforce disruption. In addition, major catastrophic events throughout the world may disrupt our business. While we have business continuity plans in place, our ability to recover may be prolonged due to the type and extent of the event. Xcel Energy participates in a global supply chain, which includes materials and components that are globally sourced. A prolonged disruption could result in the delay of equipment and materials that may impact our ability to connect, restore and reliably serve our customers. A major disruption could result in a significant decrease in revenues, additional costs to repair assets, and an adverse impact on the cost and availability of insurance, which could have a material impact on our results of operations, financial condition or cash flows. A ~~cyber~~ **cybersecurity** incident or security breach could have a material effect on our business. We operate in an industry that requires the continued operation of sophisticated information technology, control systems and network infrastructure. In addition, we use our systems and infrastructure to create, collect, use, disclose, store, dispose of and otherwise process sensitive information, including Company data, customer energy usage data, and personal information regarding customers, employees and their dependents, contractors, shareholders and other individuals. Xcel Energy's generation, transmission, distribution and fuel storage facilities, information technology systems and other infrastructure or physical assets as well as information processed in our systems (e. g., information regarding our customers, employees, operations, infrastructure and assets) could be affected by ~~cyber security~~ **cybersecurity** incidents, including those caused by human error. The utility industry has been the target of several attacks on operational systems and has seen an increased volume and sophistication of ~~cyber security~~ **cybersecurity** incidents from international activist organizations, other countries and individuals. We expect to continue to experience attempts to compromise our information technology and control systems, network infrastructure and other assets. To date, no cybersecurity incident or attack has had a material impact on our business or results of operations. ~~Cyber security~~ **Cybersecurity** incidents could harm our businesses by limiting our ~~generating-~~ **generation**, ~~transmitting-~~ **transmission** and ~~distributing-~~ **distribution** capabilities, delaying our development and construction of new facilities or capital improvement projects to existing facilities, disrupting our customer operations or causing the release of customer information, all of which would likely receive state and federal regulatory scrutiny and could expose us to liability. Xcel Energy's generation, transmission systems and natural gas pipelines are part of an interconnected system. Therefore, a disruption caused by the impact of a ~~cyber security~~ **cybersecurity** incident on the regional electric transmission grid, natural gas pipeline infrastructure or other fuel sources of our third- party service providers' operations, could also negatively impact our business. **Generative Artificial Intelligence, such as large language models like ChatGPT, present a range of challenges and potential risks as we consider impacts to the business. These challenges involve navigating the complexities of creating and deploying AI models that generate content autonomously. Data privacy, legal concerns, and security issues are all risks as this technology continues to be adopted.** Our supply chain for procurement of digital equipment and services may expose software or hardware to these risks and could result in a breach or significant costs of remediation. We are unable to quantify the potential impact of ~~cyber security~~ **cybersecurity** threats or subsequent related actions. ~~Cyber security~~ **Cybersecurity** incidents and regulatory action could result in a material decrease in revenues and may cause significant additional costs (e. g., penalties, third- party claims, repairs, insurance or compliance) and potentially disrupt our supply and markets for natural gas, oil and other fuels. We maintain security measures to protect our information technology and control systems, network infrastructure and other assets. However, these assets and the information they process may be vulnerable to ~~cyber security~~ **cybersecurity** incidents, including asset failure or unauthorized access to assets or information. A failure or breach of our technology systems or those of our third- party service providers could disrupt critical business functions and may negatively impact our business, our brand, and our reputation. The ~~cyber security~~ **cybersecurity** threat is dynamic and evolves continually, and our efforts to prioritize network protection may not be effective given the constant changes to threat vulnerability. While the Company maintains insurance relating to cybersecurity events, such insurance is subject to a number of exclusions and may be insufficient to offset any losses, costs or damages experienced. Also, the market for cybersecurity insurance is relatively new and coverage available for cybersecurity events is evolving as the industry matures. Our operating results may fluctuate on a seasonal and quarterly basis and can be adversely affected by milder weather. Our electric and natural gas utility businesses are seasonal and weather patterns can have a material impact on our operating performance. Demand for electricity is often greater in the summer and winter months associated with cooling and heating. Because natural gas is heavily used for residential and commercial heating, the demand depends heavily upon weather patterns. A significant amount of natural gas revenues are recognized in the first and fourth quarters related to the heating season. Accordingly, our operations have historically generated less revenues and income when weather conditions are milder in the winter and cooler in the summer. Unusually mild winters and summers could have an adverse effect on our financial condition, results of operations or cash flows. Public Policy Risks Increased risks of regulatory penalties could negatively impact our business. The Energy Act increased civil penalty authority for violation of FERC statutes, rules and orders. FERC can impose penalties of up to \$ 1. 5 million per violation per day, particularly as it relates to energy trading activities for both electricity and natural gas. In addition, NERC electric reliability standards and critical infrastructure protection requirements are mandatory and subject to potential financial penalties. Also, the PHMSA, Occupational Safety and Health Administration and other federal agencies have the

authority to assess penalties. In the event of serious incidents, these agencies may pursue penalties. In addition, certain states have the authority to impose substantial penalties. If a serious reliability, ~~cyber~~ **cybersecurity** or safety incident did occur, it could have a material effect on our results of operations, financial condition or cash flows. The continued use of natural gas for both power generation and gas distribution have increasingly become a public policy advocacy target. These efforts may result in a limitation of natural gas as an energy source for both power generation and heating, which could impact our ability to reliably and affordably serve our customers. In recent years, there have been various local and state agency proposals within and outside our service territories that would attempt to restrict the use and availability of natural gas. If such policies were to prevail, we may be forced to make new resource investment decisions which could potentially result in stranded costs if we are not able to fully recover costs and investments and impact the overall reliability of our service. Environmental Policy Risks We may be subject to legislative and regulatory responses to climate change, with which compliance could be difficult and costly. Legislative and regulatory responses related to climate change may create financial risk as our facilities may be subject to additional regulation at either the state or federal level in the future. International agreements could additionally lead to future federal or state regulations. In 2015, the United Nations Framework Convention on Climate Change reached consensus among 190 nations on an agreement (the Paris Agreement) that establishes a framework for GHG mitigation actions by all countries, with a goal of holding the increase in global average temperature to below 2° Celsius above pre- industrial levels and an aspiration to limit the increase to 1.5° Celsius. International commitments and agreements could result in future additional GHG reductions in the United States. In addition, in 2023 the EPA intends to publish draft regulations for GHG emissions from the power sector consistent with the agency's Clean Air Act authorities. Many states and localities continue to pursue their own climate policies. The steps Xcel Energy has taken to date to reduce GHG emissions, including energy efficiency measures, adding renewable generation and retiring or converting coal plants to natural gas, occurred under state- endorsed resource plans, renewable energy standards and other state policies. **21** ~~We may be subject to climate change lawsuits. An adverse outcome could require substantial capital expenditures and possibly require payment of substantial penalties or damages. Defense costs associated with such litigation can also be significant and could affect results of operations, financial condition or cash flows if such costs are not recovered through regulated rates. If our regulators do not allow us to recover all or a part of the cost of capital investment or the O & M costs incurred to comply with the mandates, it could have a material effect on our results of operations, financial condition or cash flows. We are subject to environmental laws and regulations, with which compliance could be difficult and costly. We are subject to environmental laws and regulations that affect many aspects of our operations, including air emissions, water quality, wastewater discharges and the generation, transport and disposal of solid wastes and hazardous substances. Laws and regulations require us to obtain permits, licenses, and approvals and to comply with a variety of environmental requirements.~~ 22