Pipeline Safety Trust
Utility Perspective - What does the gas industry want?

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Xcel Energy Overview

Fully Regulated, Diverse Utility

NSP-Minnesota (NSPM) 35% – 45% of earnings
Public Service Co. of Colorado (PSCO) 45% – 55% of earnings
Southwestern Public Service (SPS) 5% – 15% of earnings
NSP-Wisconsin (NSPW) 5% – 10% of earnings

Operate in 8 States
Combination Utility
90% electric
10% natural gas

Customers
3.5 million electric
2.0 million natural gas

Xcel Energy Employees = 12,500
2015 Total Operating Revenue = $11B
2014 Total Assets = $37B
Xcel Energy Gas Operations

Miles of Pipe, 2015 DOT Report

NSP-Minnesota (NSPM)
10,041 miles Distribution Main
95 miles Gas Transmission

NSP-Wisconsin (NSPW)
2,376 miles Distribution Main
3 miles Transmission

Public Service Co. of Colorado (PSCo)
21,870 miles Distribution Main
2,146 miles Gas Transmission

Southwestern Public Service (SPS)
*No residential gas customers
20 miles Gas Transmission

Xcel Energy Distribution Main = 34,287
Xcel Energy Gas Transmission Main = 2,264
Who Makes the Rules?

- DOT determine overall pipeline rules
- States adopt federal rules
  - Some states adopt more stringent rules
- State Utility Commissions determine reasonable customer rates
- Pace of work

- No one wants a public event
Pipeline Safety

• 3rd party damage remains largest threat to distribution systems
  – Excavators who practice best practices
• Pipeline Safety Regulations
  – Performance based
  – Rules that benefit public safety
• Fair & consistent enforcement
• Transparent environment
  – Discuss issues and corrective measures
  – Self-reporting not punitive
Regulatory

- Opportunity to earn allowed rate of return

- Incentives for proactive behavior, meeting leading indicators

- Reduced regulatory lag
  - Incorporate costs for maintaining a safe system
  - Code is the minimum, not the only thing that is recoverable

- Increased flexibility of capitalization policies
  - FERC and State
Technology/R&D

- Cost effective methane detectors – residential and commercial
  - Smart grid?
- Cost effective methane detectors for urban areas
  - Auto dispatch?
- Technology to maximize benefit/minimize costs of tracking & traceability
- Improved in-line inspection tools
  - Cracks parallel to line of flow
  - Material characterization
  - Strength testing
  - Tight fittings, reduced and fast flow, etc