



**NEWS RELEASE**  
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## **Xcel Energy withdraws plans to increase fuel costs for Texas retail customers**

AMARILLO, Texas – A federal court decision delaying a costly new environmental regulation has led Xcel Energy to withdraw a fuel-cost formula update it filed with the Public Utility Commission of Texas (PUCT) in November.

The update, had it gone into effect, would have added \$6.30, or 7 percent, to a typical winter residential bill of 1,000 kilowatt-hours in Texas. New Mexico customers eventually would have seen higher fuel costs as well because customers in both states share the same power generation system. The increases were a direct result of achieving short-term compliance with the U.S. Environmental Protection Agency's Cross-State Air Pollution Rule, or CSAPR.

Xcel Energy learned in July that Texas was to be included in the new rule, which is aimed at reducing the amount of emissions that drift toward eastern U.S. cities. The company had only six months before a Jan. 1 implementation date to reduce emissions of sulfur dioxide and nitrogen oxides by as much as 50 percent. The only viable compliance option in the near term was to reduce the output of its coal-fueled power generation fleet and increase production from natural gas-fueled plants. Natural gas is more expensive than coal, and the company's fuel costs would have risen dramatically under CSAPR, at least until the company had a chance to install new emission-reduction technologies on its coal-fueled power plants.

On Dec. 30, the U.S. Court of Appeals - D.C. Circuit, stayed CSAPR implementation until the court has a chance to review the merits of numerous lawsuits, including a suit filed by Xcel Energy, seeking to block the new rule and devise a more reasonable way to reduce emissions. As a result of the ruling, the company will continue operating its generating fleet as it has always done – calling on its low-cost coal-fueled plants first and then adding natural gas-fueled plants as customer demand increases.

Even though the court ruling eliminates the need to switch primarily to natural gas generation at this time, and thus raise fuel costs to customers, Xcel Energy still needs to update its fuel cost factor on customer bills because the company's fuel mix has changed and natural gas prices have decreased since the company had its last update. Therefore, the company will submit a new fuel cost proposal before the end of January, but the impact on customer bills is not known at this time.

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As the revised fuel costs are being worked out, Xcel Energy will continue its legal effort to block CSAPR and lobby for a better plan that will more reasonably protect customer interests.

“We opposed and still oppose CSAPR because of enormous and immediate costs of complying so quickly,” said Riley Hill, president and CEO of Southwestern Public Service Company, an Xcel Energy company. “Even so, we remain committed to investing in new emission-control technologies, and we hope the court’s decision will allow us to make these investments in a more reasonable timeframe that would ease the financial impact on our customers and maintain the reliability of our generating system.”

Xcel Energy (NYSE: XEL) is a major U.S. electricity and natural gas company with regulated operations in eight Western and Midwestern states. Xcel Energy provides a comprehensive portfolio of energy-related products and services to 3.4 million electricity customers and 1.9 million natural gas customers through its regulated operating companies. Company headquarters are located in Minneapolis. More information is available at [www.xcelenergy.com](http://www.xcelenergy.com).

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