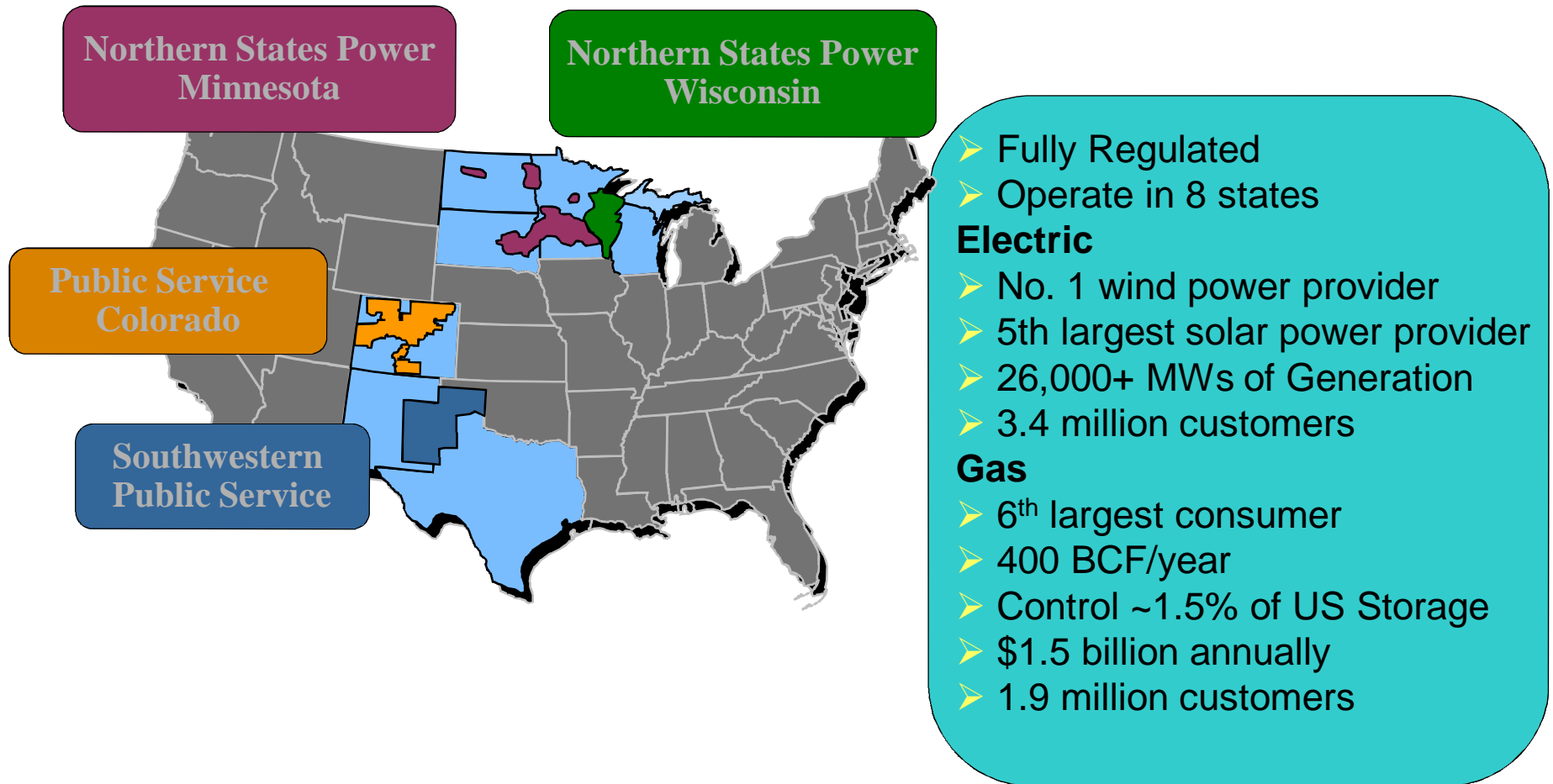
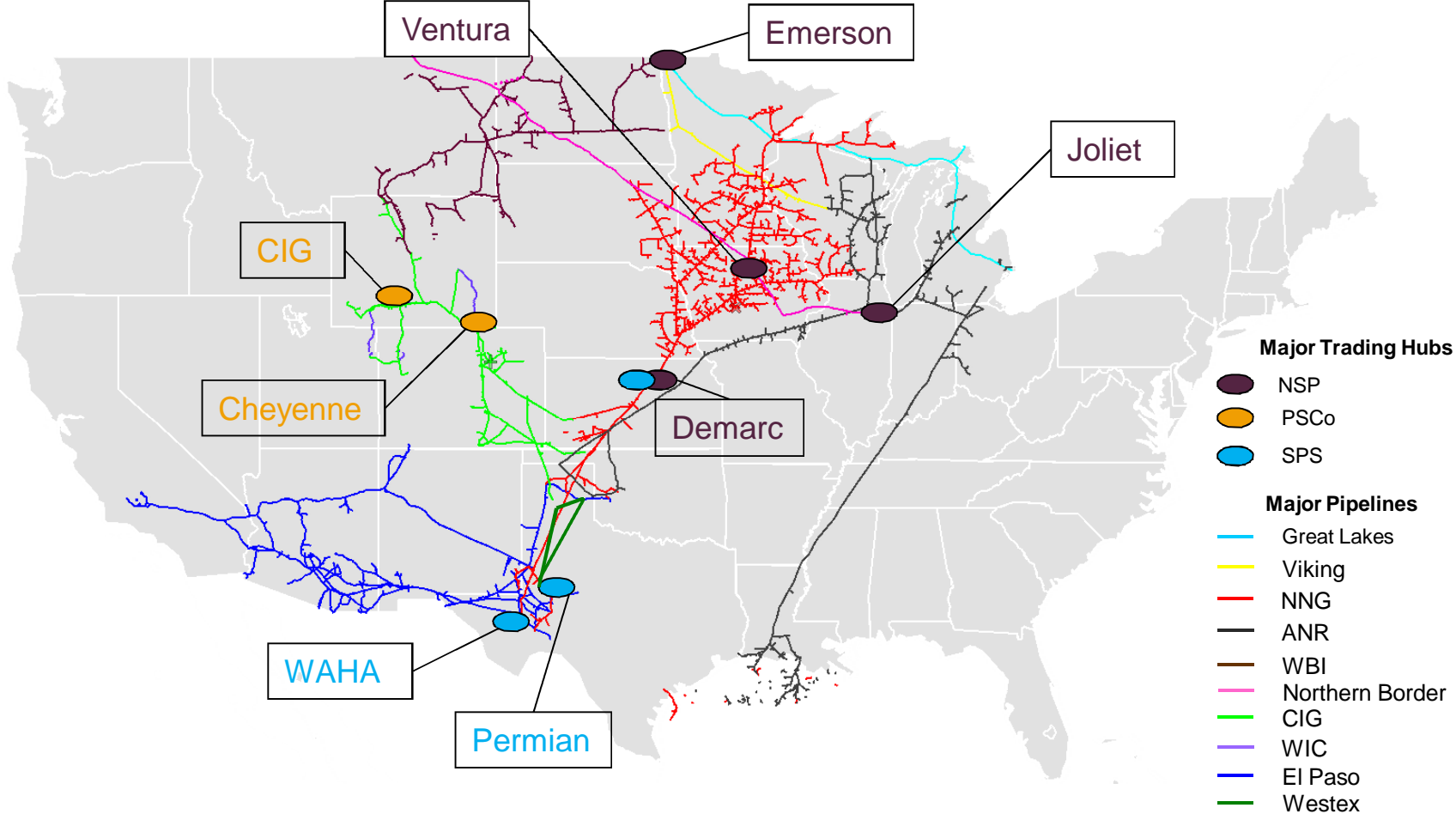


Xcel Energy
Natural Gas Supply & Price Outlook
Blue Flame Gas Conference
Mike Boughner
9/22/2015

Xcel Energy Footprint



Pipelines and Trading Locations

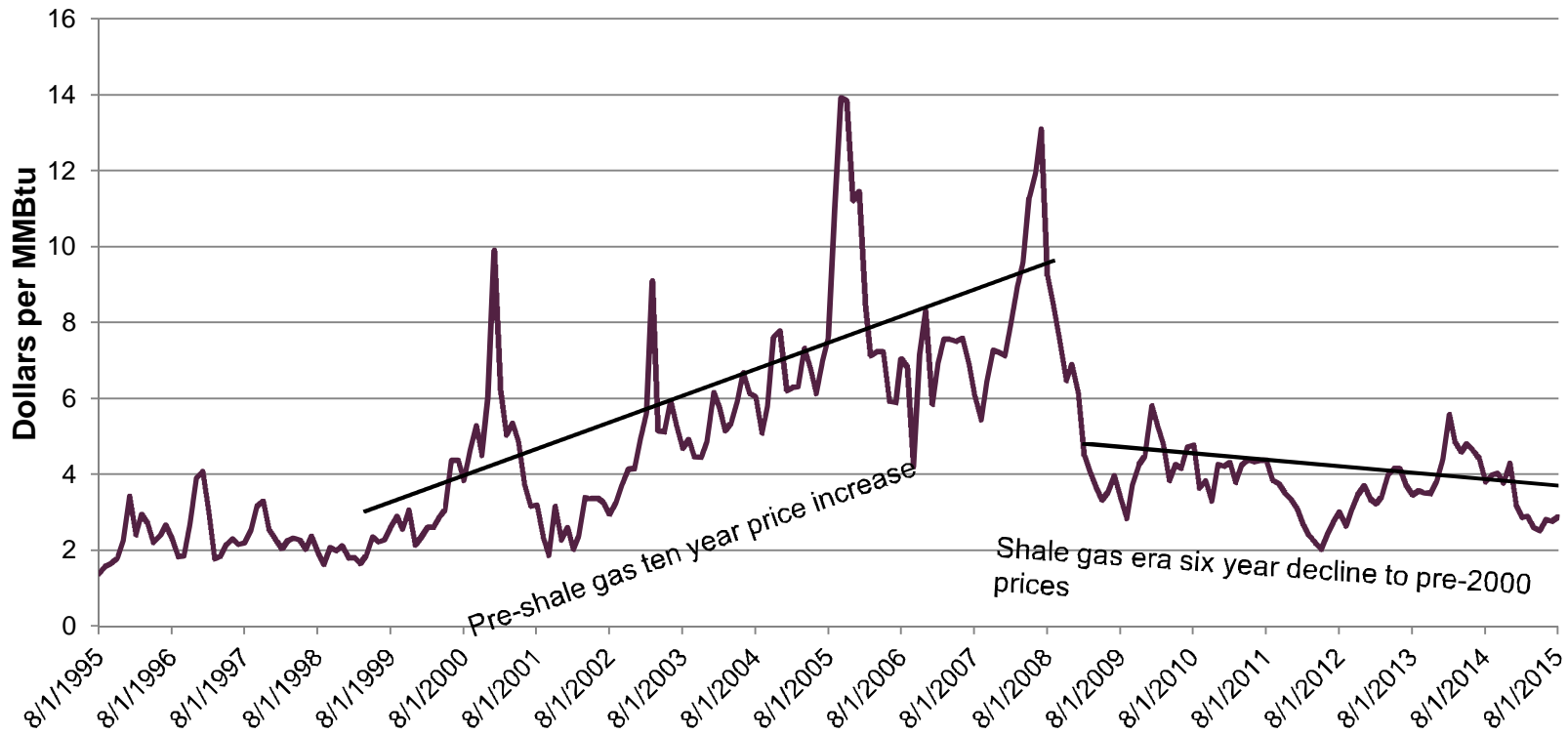




Near Term Outlook

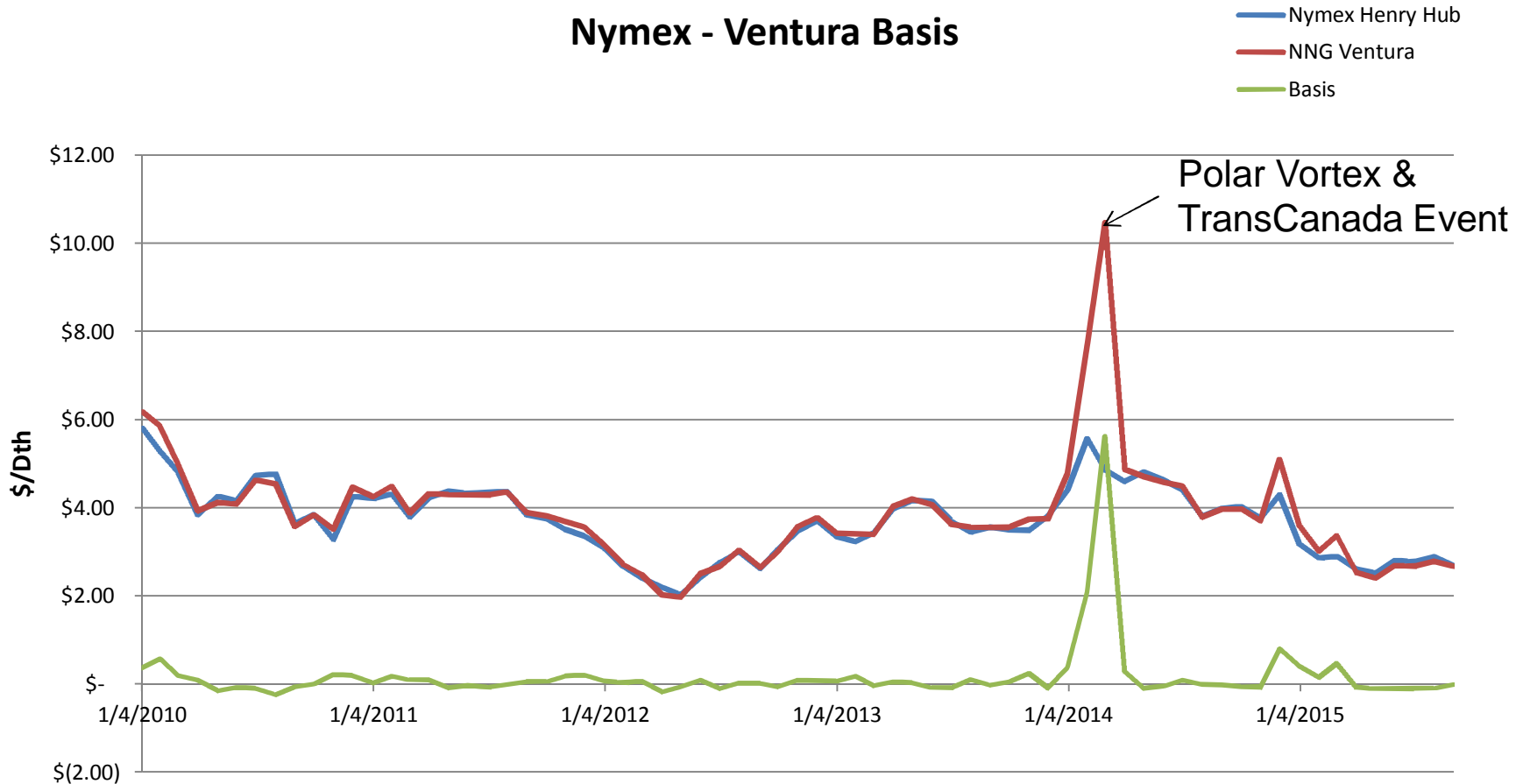
Structural Market Change

Historical NYMEX Settlement



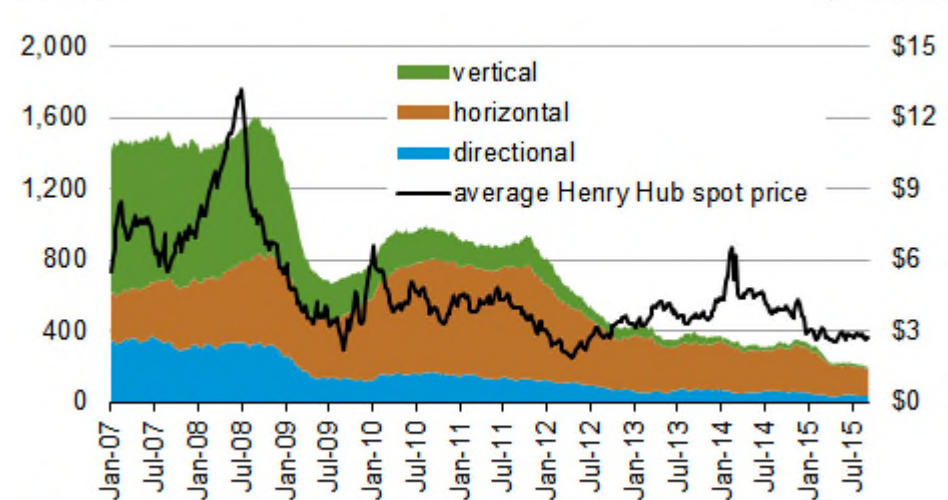
How does our gas cost compare to Nymex?

Nymex - Ventura Basis



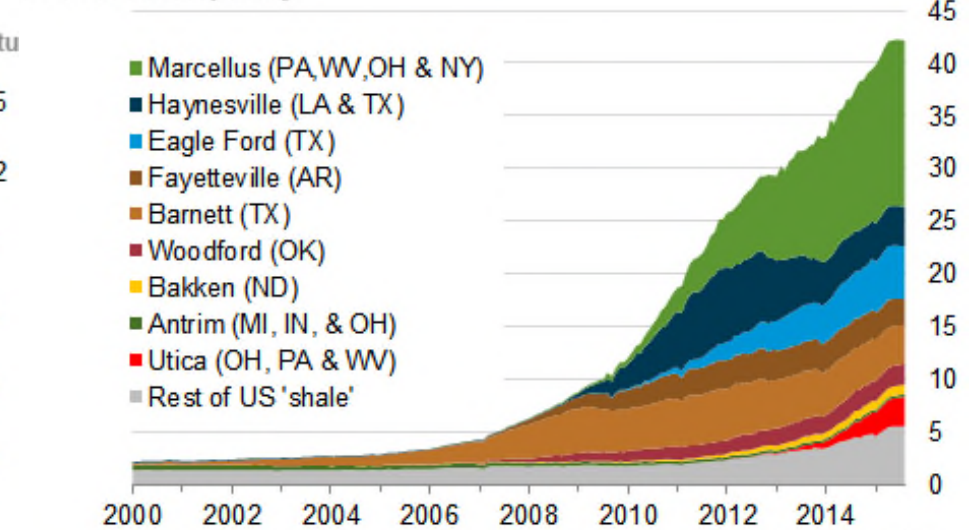
Natural Gas Production and Rig Counts

Weekly natural gas rig count and average spot Henry Hub active rigs \$ per MMBtu



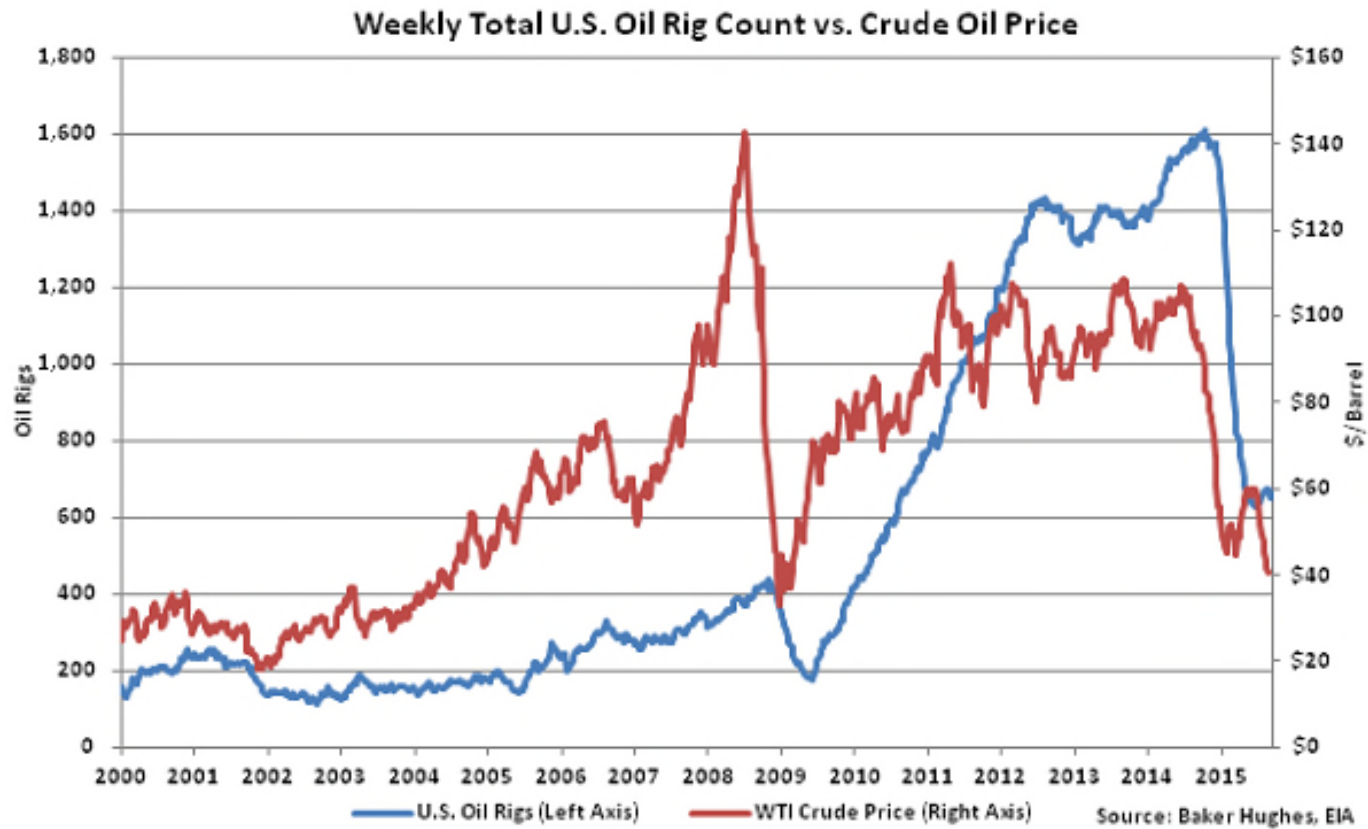
eia Source: Baker Hughes

Monthly dry shale gas production billion cubic feet per day



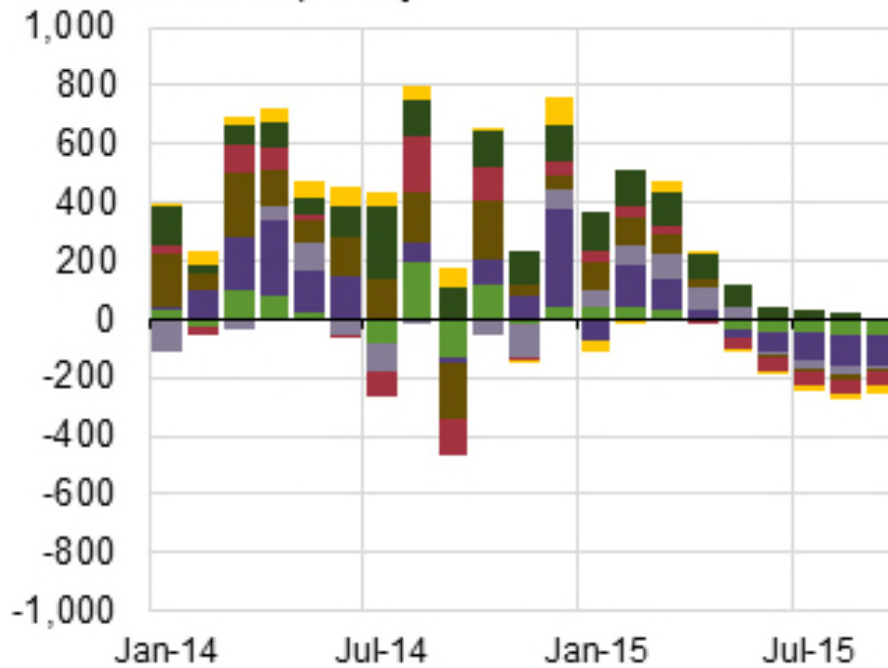
Sources: EIA derived from state administrative data collected by DrillingInfo Inc. Data are through August 2015 and represent EIA's official shale gas estimates, but are not survey data. State abbreviations indicate primary state(s).

Crude Oil Crash impact on Drilling



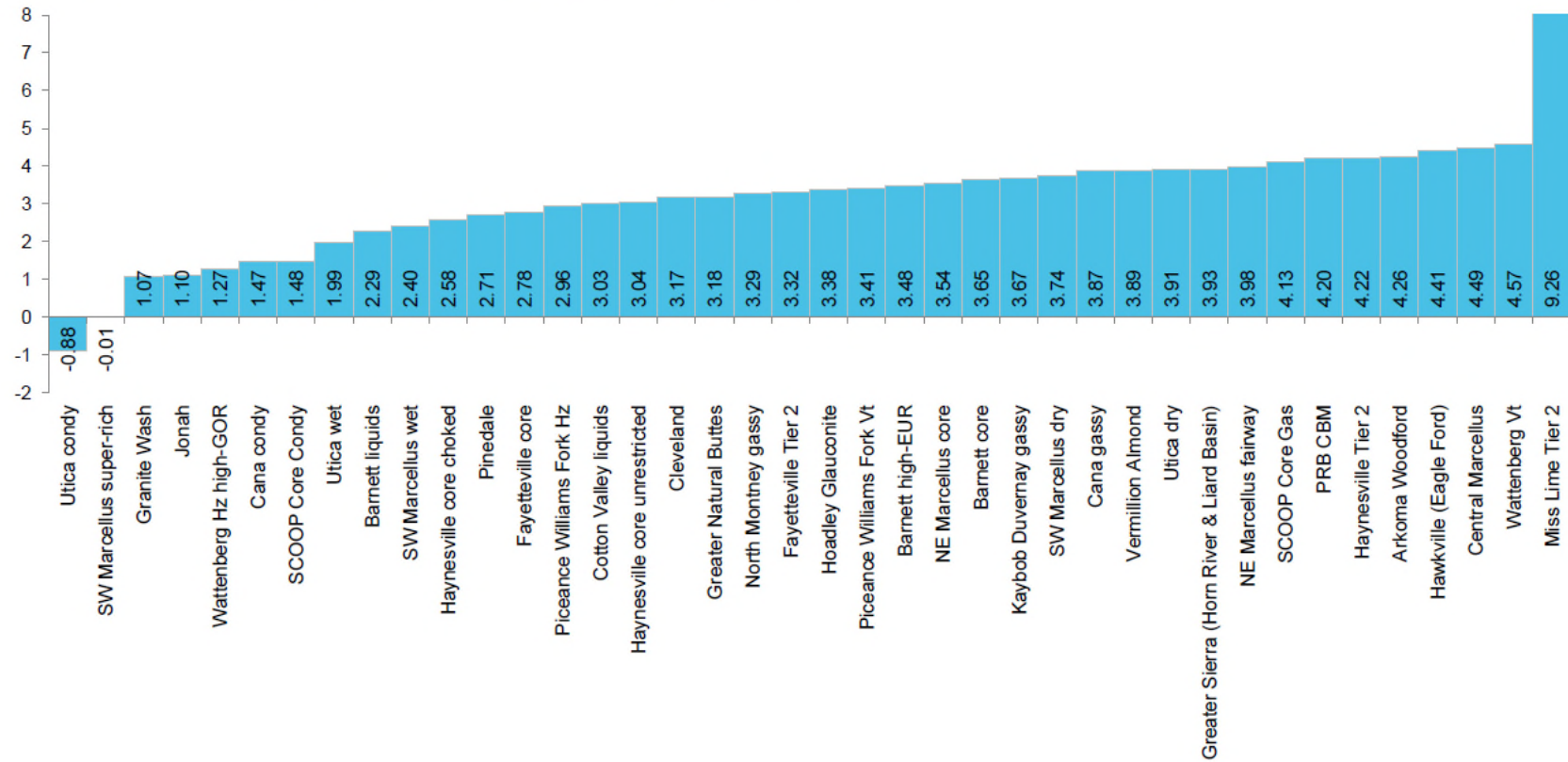
Production Dropping Due to Low Oil and Gas Prices

Monthly change in natural gas production in DPR regions (Jan 2014-Sep 2015)
million cubic feet per day



Production Costs Have Dropped Significantly

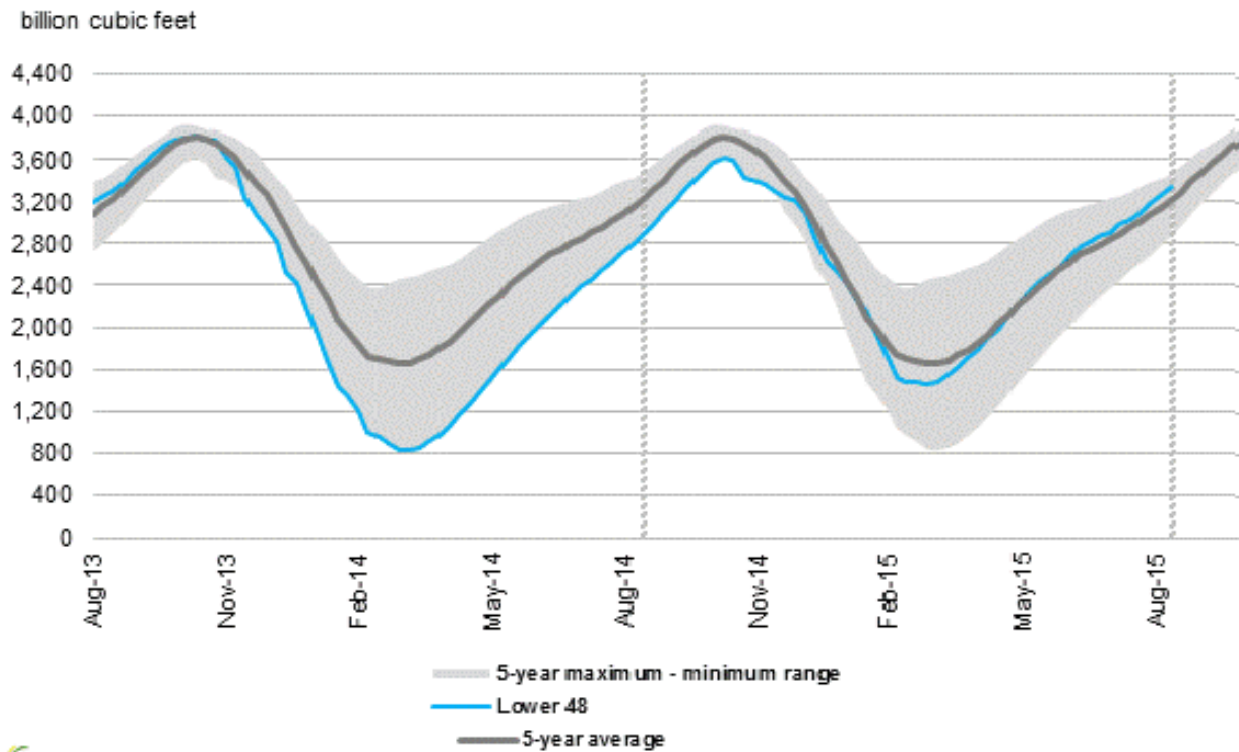
25% D&C discount from Dec 2014 levels, 20% discount rate



Source: Bloomberg New Energy Finance Note: *Includes 12m forward basis.

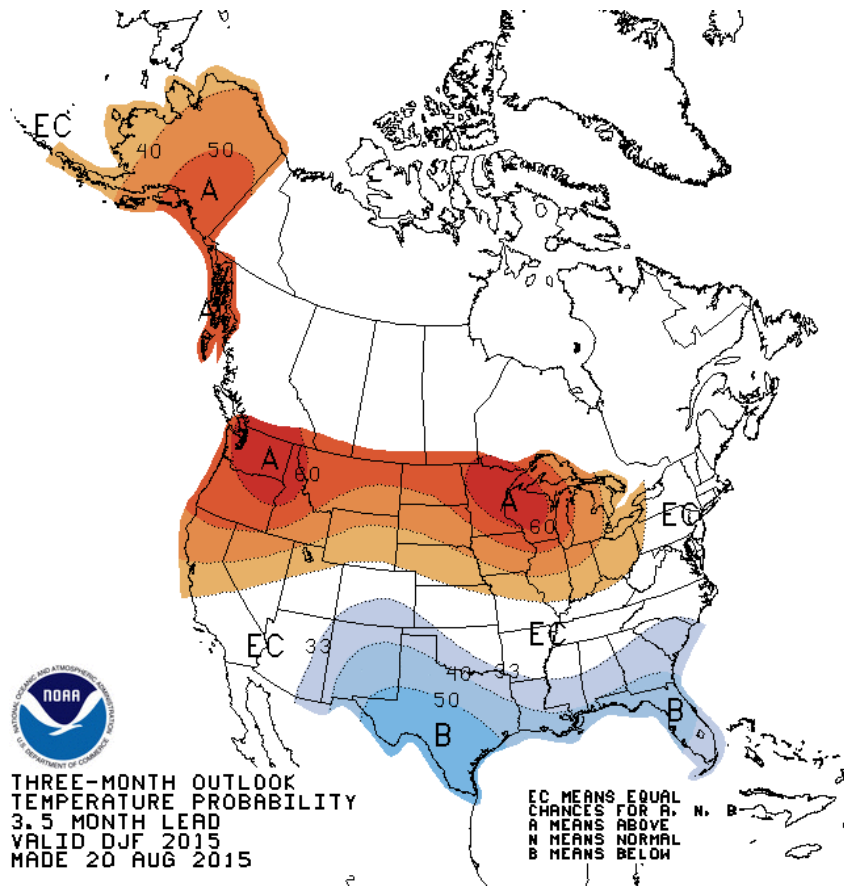
Storage Inventory Back to Normal

Working gas in underground storage compared with the 5-year maximum and minimum



Source: U.S. Energy Information Administration

Below Normal Demand This Winter?

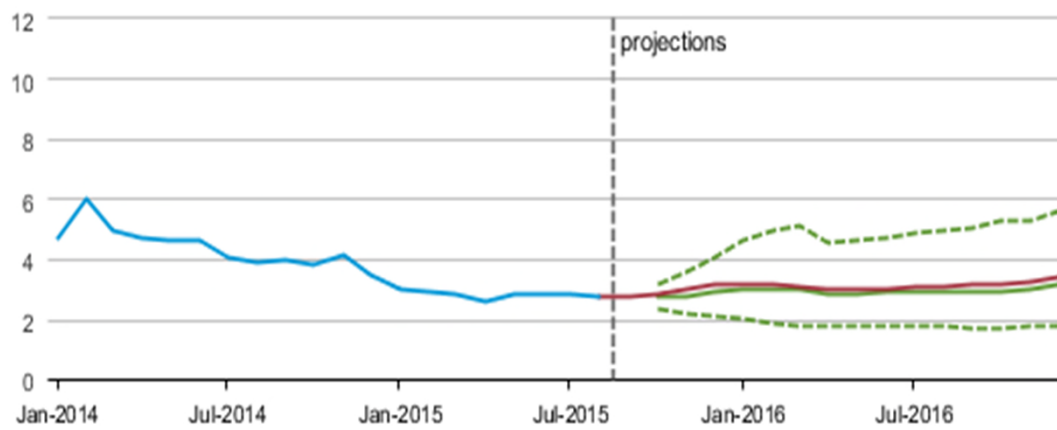


- Strongest El Nino since 1997
- Most forecasters agree on a patten similar to the CPC forecast at left.

Winter 2015/16 Price Outlook

Henry Hub Natural Gas Price

(dollars per million Btu)



— Historical spot price
 — STEO forecast price
 — NYMEX futures price
 - - 95% NYMEX futures upper confidence interval
 - - 95% NYMEX futures lower confidence interval

 Source: Short-Term Energy Outlook, September 2015

Note: Confidence interval derived from options market information for the 5 trading days ending Sep. 3 2015.
 Intervals not calculated for months with sparse trading in near-the-money options contracts.

Current Winter Strip (Nov, 15 – March, 16)

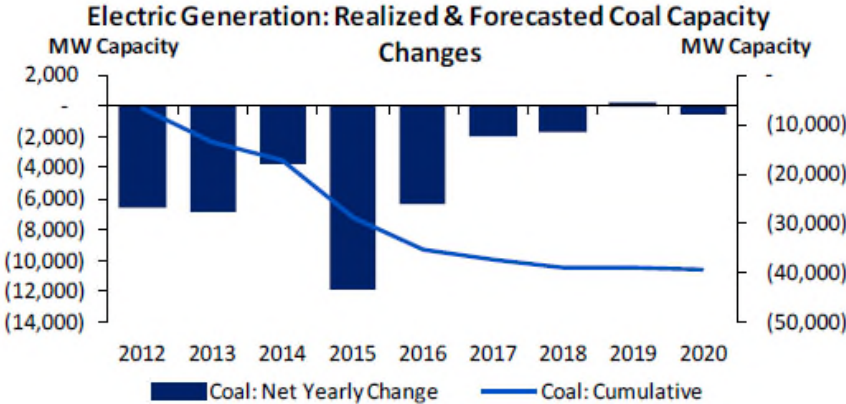
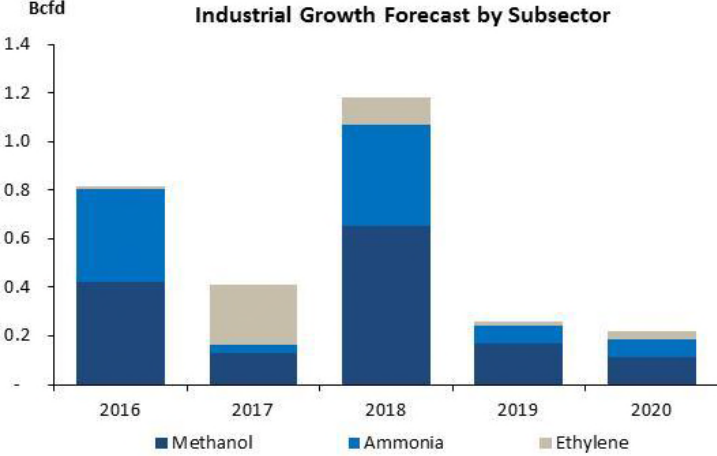
- Demarc: \$3.07
- Ventura: \$3.19
- Emerson: \$3.22
- Joliet: \$3.15

Average: \$3.16



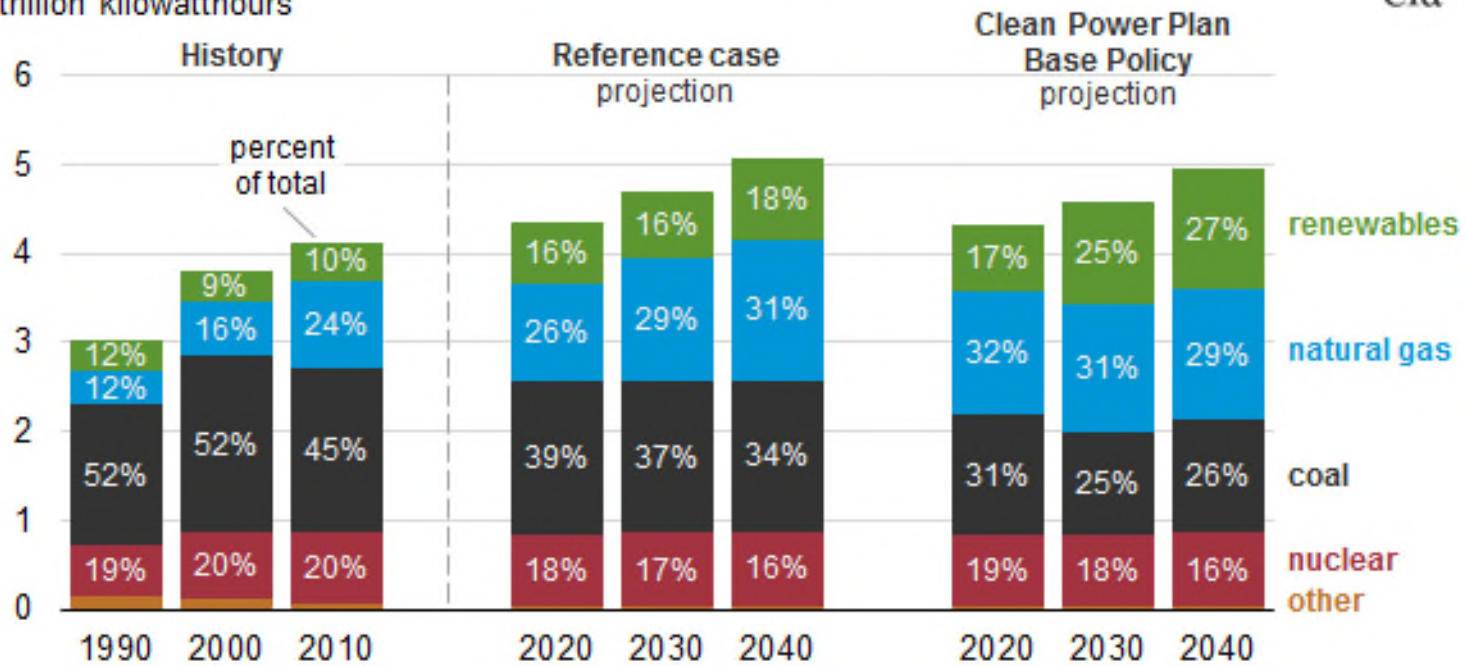
Longer Term Outlook

Higher Demand is Coming



Clean Power Plan Projections

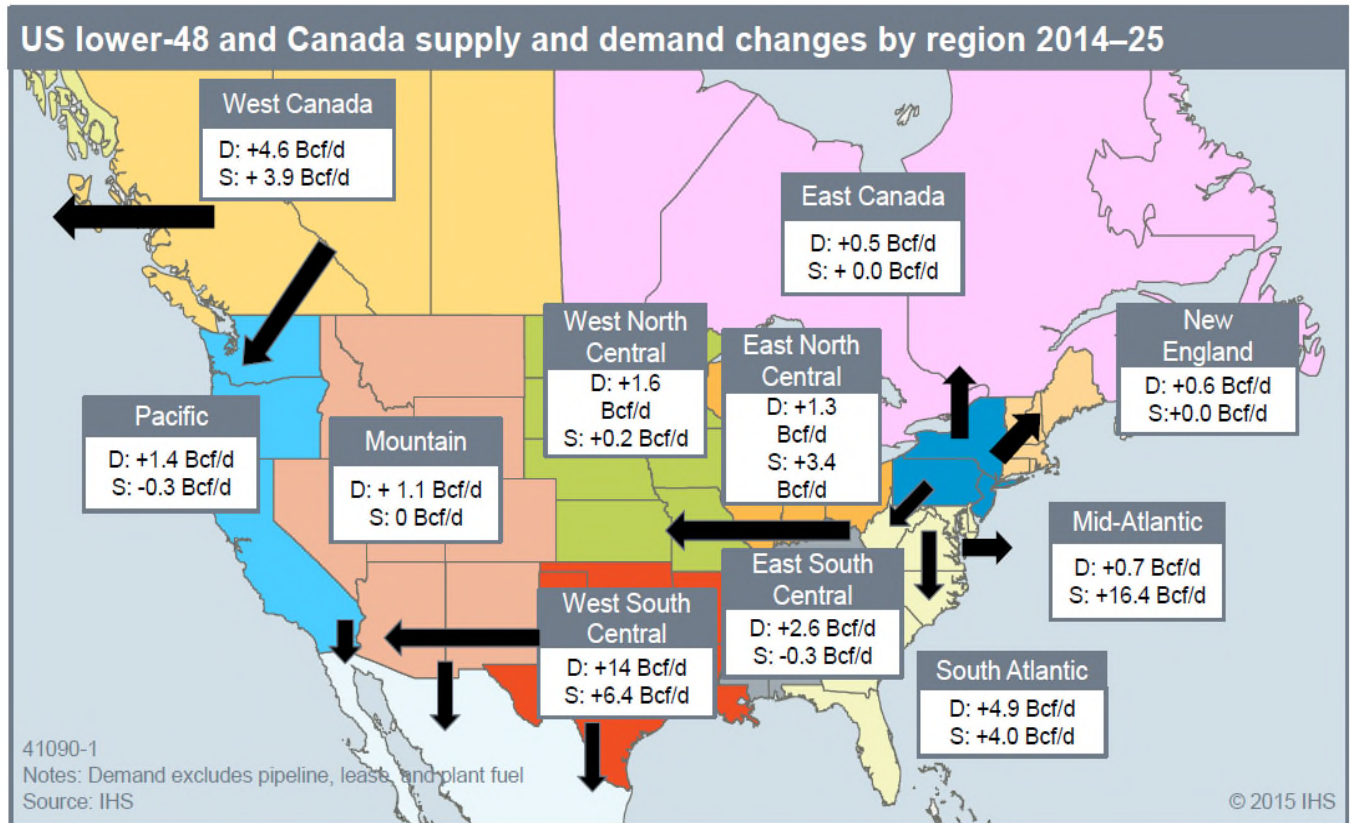
U.S. total electricity generation in two cases, 1990-2040
trillion kilowatthours



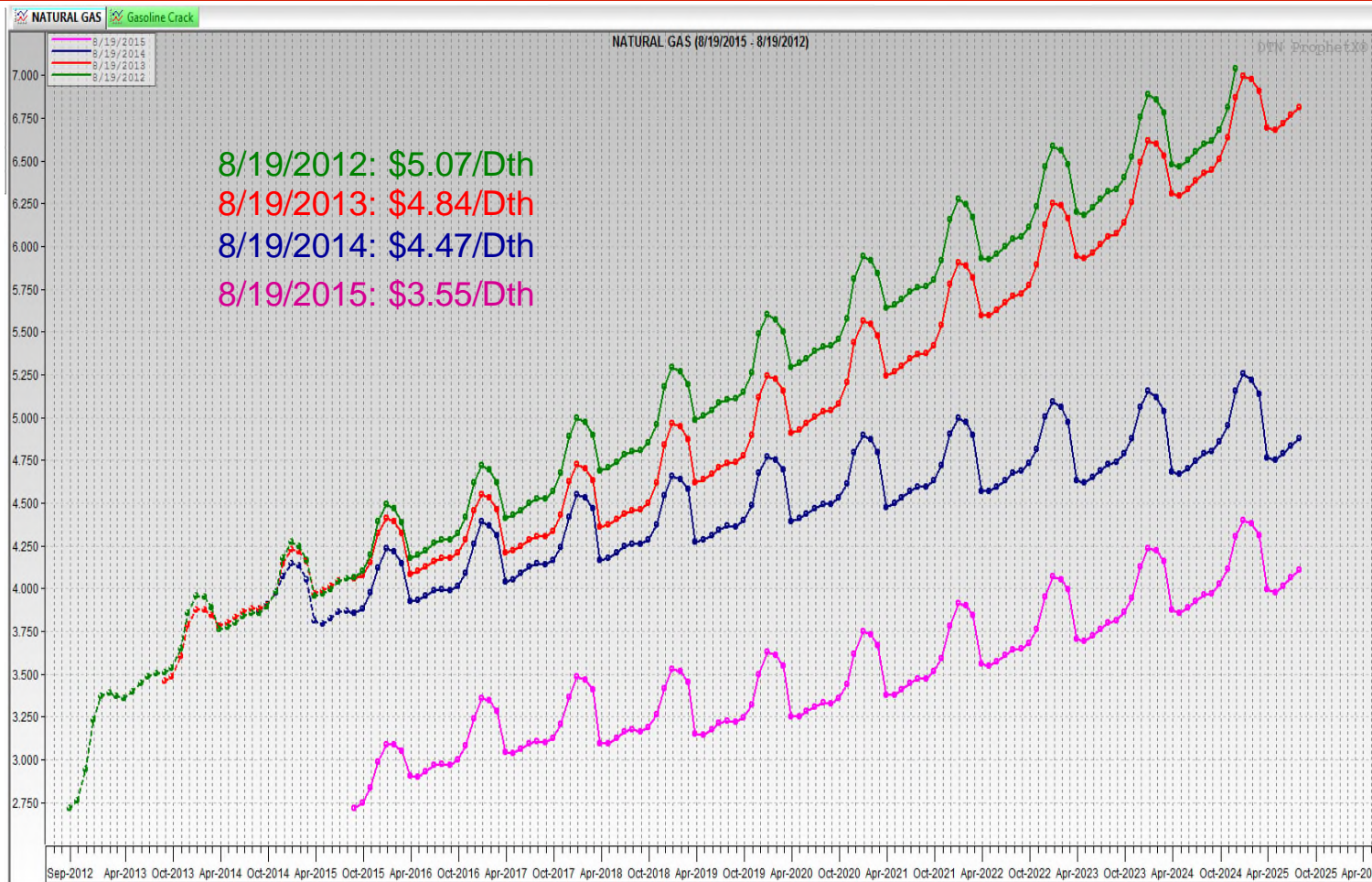
Ten Year Supply/Demand Balance

Supply: 33.7
 Demand: 34.6

 Net: -0.9 Bcf/d



Ten Year Forward Market



Source: DTN Prophet X

Conclusions

- Demand has not yet caught up to the prolific year over year production increases
- Storage expected to be above normal heading into winter.
- Prices for this coming winter trading near fifteen year lows
- How long can this last?



Questions?