

XCEL ENERGY INC  
Form DEF 14A  
April 06, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**XCEL ENERGY INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

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(4) Date Filed:

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**Richard C. Kelly**  
Chairman of the Board,  
President  
and Chief Executive Officer

April 6, 2009

Dear Shareholder,

Xcel Energy's Annual Meeting of Shareholders convenes Wednesday, May 20, 2009, at 11 a.m. CDT, at the Earle Brown Heritage Center, 6155 Earle Brown Drive, Brooklyn Center, Minnesota. The doors will open at 10 a.m. CDT.

In response to lower attendance numbers over the past few years and tightening budgets, we are scaling back our Annual Meeting. We will conduct the business portion of the meeting, announce voting results and include time for your questions. Although we certainly welcome your attendance, we want you to know that we expect the meeting to be considerably shorter than previous events.

If your shares are registered in your name and you received your proxy materials by mail, your admission ticket to the Annual Meeting is attached to your proxy card. You will not receive an admission ticket if you received your proxy materials via the Internet or if a bank or broker holds your shares. If you are a registered owner you should provide the Notice of Internet Availability of Proxy Materials. If you are a beneficial owner you should provide proof of ownership as of the record date of your Xcel Energy stock. In addition, state-issued photo identification is required to gain admittance to the Annual Meeting.

This year, we again are pleased to be using the U.S. Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of this proxy statement and our 2008 Annual Report. We believe that this process will conserve natural resources and reduce the costs of printing and distributing our proxy materials.

Please review the Annual Meeting guidelines that appear on the back cover of this proxy statement. Remember, too, that you can listen to a web cast of the meeting at [www.xcelenergy.com](http://www.xcelenergy.com).

Your vote is important. We encourage you to vote on the issues included in the proxy statement as soon as possible. You can vote electronically over the Internet, by telephone or by mailing a proxy card. Instructions about each of the options are included on your Notice of Internet Availability of Proxy Materials or your proxy card.

Sincerely,

Richard C. Kelly

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ANNUAL MEETING OF SHAREHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

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**XCEL ENERGY INC.  
414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

- Time** 11:00 a.m. CDT on Wednesday, May 20, 2009
- Place** The Earle Brown Heritage Center, 6155 Earle Brown Drive, in Brooklyn Center, Minnesota
- Purpose of Meeting**
- (1) To elect as directors the 10 nominees named in the attached proxy statement to hold office until the next Annual Meeting of Shareholders and until their respective successors have been elected or appointed.
  - (2) To ratify the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s independent registered public accounting firm for 2009.
  - (3) To consider such other business as may properly come before the Annual Meeting or any adjournments thereof.

**Record Date** You are entitled to vote if you were a shareholder at the close of business on March 24, 2009.

**Annual Meeting Admission** If you are a registered shareholder and you received your proxy materials by mail, an admission ticket is attached to the proxy card. You will not receive an admission ticket if you received your proxy materials via the Internet or if a bank or broker holds your shares. In that case, please come to the Annual Meeting and if you are a registered owner present your Notice of Internet Availability of Proxy Materials and if you are a beneficial owner present proof of ownership of our stock at the registration table. The Annual Meeting is open to shareholders and those guests invited by the Company. All attendees will be asked to provide state-issued photo identification, such as a driver's license, in order to gain admittance to the Annual Meeting.

**Voting by Proxy** Please submit a proxy as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions. You may submit your proxy:

- (1) over the Internet;
- (2) by telephone; or
- (3) by mail.

For specific instructions, refer to the Questions and Answers beginning on page 1 of this proxy statement and the voting instructions on your Notice of Internet Availability of Proxy Materials or your proxy card.

A Notice of Internet Availability of Proxy Materials or this proxy statement and proxy card are being distributed on or about April 6, 2009.

By Order of the Board of Directors,

**CATHY J. HART**

*Corporate Secretary*

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be held on May 20, 2009:**

**Our 2009 Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com)**

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**XCEL ENERGY INC.  
414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993**

April 6, 2009

**PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 20, 2009**

**QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING**

**Q: Why Am I Receiving These Materials?**

A: The Board of Directors of Xcel Energy Inc. is providing these proxy materials to you in connection with the solicitation by the Board of proxies to be voted at Xcel Energy's Annual Meeting of Shareholders that will take place on May 20, 2009. You are requested to vote on the proposals described in this proxy statement.

**Q:**

**Why Did I Only Receive a Notice Directing me to the Internet Instead of the Proxy Statement and Annual Report?**

A: In 2007, the SEC adopted rules that enable companies to take advantage of the Internet in the proxy distribution process. The "notice and access" rules allow companies to reduce paper waste as well as lower printing and mailing costs by providing convenient online access to their proxy materials. Under the "notice and access" rules, companies can send their shareholders a simple notice document with directions to access the annual meeting materials on the Internet. Xcel Energy, as part of our environmental initiative, is taking advantage of the new rule by sending the Notice to our shareholders. Shareholders can indicate a preference to receive a hard copy full package by contacting Broadridge Financial Solutions, Inc. at 1-800-579-1639. The full package choice will remain in effect until changed by the shareholder.

**Q: What Information is Contained in These Materials?**

A: The information included in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of directors and our most highly paid executive officers and certain other required information. For those of you not receiving the proxy statement electronically, our 2008 Annual Report to Shareholders is enclosed in this mailing and also is available via the Internet at [www.xcelenergy.com](http://www.xcelenergy.com).

**Q: What Proposals Will be Voted On at the Annual Meeting?**

A: There are two proposals scheduled to be voted on at the Annual Meeting:

the election as directors of the 10 nominees named herein to hold office until the next Annual Meeting of Shareholders and until their respective successors have been elected or appointed; and

the ratification of the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s independent registered public accounting firm for 2009.

**Q: What Are the Company's Voting Recommendations?**

A: Our Board recommends that you vote your shares as follows:

"FOR" each of the nominees to the Board; and

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"FOR" the ratification of the appointment of Deloitte & Touche LLP as Xcel Energy Inc.'s principal independent accountants for 2009.



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Unless you give other voting instructions on your proxy card, the persons named as proxy holders will vote in accordance with recommendations of the Board of Directors. With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

**Q: What Shares Can I Vote?**

A: All shares of our common and preferred stock owned by you as of March 24, 2009, the record date, may be voted by you. These shares include those (1) held directly in your name as the shareholder of record and (2) held for you as the beneficial owner through a stockbroker, bank or other nominee.

**Q:**

**What is the Difference Between Holding Shares as a Shareholder of Record and as a Beneficial Owner?**

A: Many of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially:

**Shareholder of Record.** If your shares are registered directly in your name with our transfer agent, BNY Mellon Shareowner Services, you are considered, with respect to those shares, the shareholder of record. As the shareholder of record, you have the right to vote your shares by proxy directly with the Company (by Internet, by telephone or by mail) or to vote in person at the Annual Meeting.

**Beneficial Owner.** If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the Annual Meeting. If you wish to vote your shares in person, you must provide us with a legal proxy from your broker.

**Q: How Can I Vote My Shares?**

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, you may vote in person at the Annual Meeting, by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or nominee. In most instances, you will be able to do this over the Internet, by telephone or by mail. Please refer to the summary instructions and those included on your Notice of Internet Availability of Proxy Materials or your proxy card or, for shares held in street name, the voting instruction card you received from your broker or nominee. If you are a shareholder of record, you may vote your shares by proxy as follows:

**By Internet** If you have Internet access, you may submit your proxy from any location in the world by following the "Vote by Internet" instructions on your Notice of Internet Availability of Proxy Materials or your proxy card. Internet voting is available until 11:59 p.m. EDT on May 19, 2009.

**By Telephone** If you are in the United States, you may submit your proxy by following the "Vote by Telephone" instructions on your Notice of Internet Availability of Proxy Materials or your proxy card. Telephone voting is available until 11:59 p.m. EDT on May 19, 2009.

**By Mail** You may do this by signing your proxy card and mailing it in the enclosed, postage prepaid and addressed envelope. If you received a Notice of Internet Availability of Proxy Materials, you may request a proxy card by following the instructions in your Notice. If you provide specific voting instructions, your shares will be voted as you instruct. If you sign your proxy card, but do not provide voting instructions, your shares will be voted as described in "How Are Votes Counted?" If you provide voting instructions but do not sign your card, your vote will not be counted.

**We Encourage You to Vote by Internet or by Telephone Because it is Faster and Reduces Our Expenses.**

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**Q: Can I Change My Vote?**

A: If you change your mind after voting your proxy and prior to the Annual Meeting, you can revoke your proxy and change your proxy instructions. You can revoke your proxy by either signing another proxy with a later date, voting a second time by telephone or by the Internet prior to 11:59 p.m. EDT on May 19, 2009, or revoking your vote prior proxy and vote at the Annual Meeting. Alternatively, you may provide a written statement to the Company (attention: Corporate Secretary) of your intention to revoke your proxy.

**Q: Is My Vote Confidential?**

A: Yes. Xcel Energy Inc. has adopted a confidential voting policy under which shareholder votes are revealed only to a non-employee proxy tabulator or an independent inspector of election, except (1) as necessary to meet legal requirements, (2) in a dispute regarding authenticity of proxies and ballots, (3) in the event of a proxy contest if the other party does not agree to comply with the confidential voting policy, and (4) where disclosure may be necessary for the Company to assert or defend claims.

**Q: How Are Votes Counted?**

A: In the election of directors, you may vote "FOR" or "AGAINST" all of the nominees or your vote may be "WITHHELD" with respect to one or more of the nominees. A "WITHHOLD" vote will not have an impact on the election of directors. For the other proposals, you may vote "FOR," "AGAINST," or "ABSTAIN." If you "ABSTAIN," it has the same effect as a vote "AGAINST." If you sign a proxy card or broker voting instruction card with no further instructions, your shares will be voted in accordance with the recommendations of the Board. However, if you are a participant in one of our employee savings or stock ownership plans, your proxy card is a voting directive for shares allocated to your account. The trustee will vote the shares as instructed by you in your voting directive. If you do not return your voting directive by 11:59 p.m. EDT on May 15, 2009 the trustee will vote your allocated shares, along with all unallocated shares held in the plan, in the same proportion that all other allocated shares are voted.

If you are a participant in our Dividend Reinvestment and Cash Payment Plan, your proxy form will include the shares held on your behalf under such plan and the shares will be voted in accordance with your proxy vote. If you do not vote your proxy, your shares in the Dividend Reinvestment and Cash Payment Plan will not be voted.

**Q: What is the Voting Requirement to Approve Each of the Proposals?**

A: **Election of Directors.** In order to elect a director, the shares voted "FOR" a nominee must exceed the shares voted "AGAINST" the nominee. You are entitled to cumulatively vote your shares as described more specifically under the heading "Proposal No. 1 Election of Directors." Under our Guidelines on Corporate Governance, an incumbent director in an uncontested election who does not receive a majority of the votes cast "FOR" their election must offer to tender their resignation to our Governance, Compensation and Nominating Committee. The Board, taking into account the Governance, Compensation and Nominating Committee's recommendation, will act on the offer of resignation and publicly disclose its decision within ninety days after the date of the certification of the election results. The Governance, Compensation and Nominating Committee, in making its recommendation, and the Board, in making its decision, may each consider any factors or other recommendations that it considers relevant and appropriate. Any director who has offered to tender his or her resignation will not participate in the decision with respect to his or her resignation. If the director's resignation is not accepted by the Board, the director will continue to serve until the next annual meeting and until his or her successor is duly elected. If the director's resignation is accepted by the Board, the Board in its discretion may fill any resulting vacancy or may elect to not fill the vacancy and decrease the size of the Board.

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**Other Proposals.** All other proposals require the affirmative "FOR" vote of a majority of the voting power of the shares present. If you are a beneficial owner and do not provide the shareholder of record with voting instructions, your shares may constitute broker non-votes for certain proposals, as described in "What is the Quorum Requirement for the Annual Meeting?" below.

**Q:**

**What Does it Mean if I Receive More Than One Notice of Internet Availability of Proxy Materials or Proxy Card or Voting Instruction Card?**

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for all notices, proxy cards and voting instruction cards you receive.

**Q: How Can I Obtain an Admission Ticket for the Annual Meeting?**

A: If you are a registered shareholder and received your proxy materials by mail, the admission ticket is attached to the enclosed proxy card. If you are a registered shareholder and receive Notice of Internet Availability of Proxy Materials, you should bring the Notice. You will not receive an admission ticket if a bank or a broker holds your shares. In that case, please come to the Annual Meeting and present proof of ownership of our stock at the registration table. You also will be required to present a state-issued photo identification, such as a driver's license.

**Q: Where Can I Find the Voting Results of the Annual Meeting?**

A: We will announce preliminary voting results at the Annual Meeting. When the votes are finalized, we will include the final results in our second quarter Form 10-Q, which will be available on our web site, [www.xcelenergy.com](http://www.xcelenergy.com), on or before July 31, 2009.

**Q: What Classes of Shares are Entitled to be Voted?**

A: If you owned shares of our common or preferred stock at the close of business on March 24, 2009, the record date, you are entitled to vote at the Annual Meeting. Except in the case of cumulative voting for directors, each share of our common stock is entitled to one vote upon each matter presented at the Annual Meeting. On March 24, 2009, there were 455,250,618 shares of common stock issued and outstanding. If you owned preferred stock (other than the \$3.60 Series), you are entitled to one vote per share of such preferred stock upon each matter presented at the Annual Meeting. On March 24, 2009, we had 774,800 shares of our preferred stock (other than the \$3.60 Series) outstanding. If you owned shares of our \$3.60 Series preferred stock, you are entitled to three votes per share of such \$3.60 Series of preferred stock upon each matter presented at the Annual Meeting. On March 24, 2009, we had 275,000 shares of our \$3.60 Series preferred stock outstanding. Accordingly, shares representing 456,850,418 votes are entitled to vote at the Annual Meeting. Except as described below under the heading "Beneficial Ownership of Certain Shareholders," no person holds of record or, to our knowledge, beneficially owns more than 5% of any class of our outstanding voting securities.

**Q: What is the Quorum Requirement for the Annual Meeting?**

A: The quorum requirement for the Annual Meeting, permitting the conduct of business, is the presence in person or by proxy of a majority of the voting power of the shares of common stock and preferred stock issued, outstanding and entitled to vote at a meeting. The shares may be present in person or represented by proxy at the Annual Meeting. If you submit a properly executed proxy card or vote in person, by telephone or over the Internet, you will be considered part of the quorum. Both abstentions and broker non-votes will be counted for the purpose of determining the presence of a quorum. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares.

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**Q: Who Will Count the Vote?**

A: Representatives of Broadridge Financial Solutions, Inc., will tabulate the votes and act as the inspectors of election.

**Q: Who Will Bear the Cost of Soliciting Votes for the Annual Meeting?**

A: The Company will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials, except that certain expenses for Internet access may be incurred by you if you choose to access the proxy materials and/or vote over the Internet. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for these solicitation activities. We also have hired Laurel Hill Advisory Group LLC to assist us in the distribution of proxy materials and the solicitation of votes. We will pay Laurel Hill Advisory Group LLC a fee of \$7,500 for these services. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to beneficial owners of our stock.

**Q: Does the Company Offer Shareholders Electronic Delivery of Proxy Materials?**

A: Yes. The Company offers shareholders the option to receive the Annual Report to Shareholders and proxy statement electronically instead of receiving paper copies of these documents in the mail. You must consent to do so prior to the record date for the Annual Meeting.

To provide your consent for electronic delivery, please go to [www.xcelenergy.com](http://www.xcelenergy.com) and click on "Investor Information." Then look for electronic delivery. As soon as the Annual Report to Shareholders and proxy statement are available, electronic delivery participants will receive an e-mail with a link to the information and a control number to use to vote online.

**Q: What Happens if Additional Proposals are Presented at the Annual Meeting?**

A: Other than the proposals described in this proxy statement, we do not expect any matters to be presented for a vote at the Annual Meeting. If you grant a proxy, the persons named as proxy holders, Benjamin G.S. Fowke III, Michael C. Connelly and Cathy J. Hart, or any of them, will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be recommended by the Governance, Compensation and Nominating Committee and nominated by the Board.

**Q:**

**May I Propose Actions for Consideration at Next Year's Annual Meeting of Shareholders or Nominate Individuals to Serve as Directors?**

A: Yes, you may submit proposals for consideration at future shareholder meetings as follows:

**To Be Included in the Proxy Statement.** Unless we indicate otherwise at a later date, in order for a shareholder proposal (other than a director nomination) to be considered for inclusion in the Company's proxy statement for next year's Annual Meeting, the written proposal must be received by the Corporate Secretary no later than 5:00 p.m. CST on December 7, 2009. These proposals must be in writing and sent to: Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, 5<sup>th</sup> floor, Minneapolis, Minnesota 55401-1993. These proposals also will need to comply with Securities and Exchange Commission regulations regarding the inclusion of shareholder proposals in our proxy materials.

**To Be Raised from the Floor.** Similarly, unless we indicate otherwise at a later date, in order for a shareholder proposal or director nomination to be raised from the floor during next year's Annual Meeting, the shareholder's written notice must be received by the Corporate Secretary

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no later than February 19, 2010, and must contain certain information as required under our bylaws. The requirements for such notice are set forth in our bylaws, a copy of which can be found on our web site, [www.xcelenergy.com](http://www.xcelenergy.com), under "About Us Corporate Governance." In addition, our bylaws were filed as an exhibit to the Company's current report on Form 8-K dated August 12, 2008.

**To Recommend an Individual to Serve as a Director.** You may make a recommendation to our Governance, Compensation and Nominating Committee of an individual to serve as a director by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary of Xcel Energy Inc. at 414 Nicollet Mall, 5th floor, Minneapolis, Minnesota 55401-1993. In order to be considered for next year's Annual Meeting, your recommendation should be received by October 1, 2009.

**Q:**

**I Received More Than One Complete Proxy Package. Is it Possible to Eliminate Duplicates?**

**A:** Yes, we have adopted a procedure approved by the Securities and Exchange Commission called "householding." Under this procedure, certain shareholders who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Annual Report to Shareholders and proxy statement, unless one or more of these shareholders notifies us that they would like to continue to receive individual copies. This will reduce our printing costs and postage fees. Shareholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings.

If you and other shareholders of record with whom you share an address currently receive multiple copies of our Annual Report to Shareholders and/or proxy statement, or if you hold stock in more than one account, and in either case, you would like to receive only a single copy of the Annual Report to Shareholders or proxy statement for your household, please forward your written request to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 17717.

If you are a shareholder of record, or a beneficial owner whose shares are held through a broker or bank, and participate in householding and would like to receive a separate copy of our 2008 Annual Report to Shareholders or this proxy statement, please contact us in the manner described in the immediately preceding paragraph or call 1-800-542-1061. We will deliver the requested documents to you promptly upon receipt of your request. If you are a shareholder of record and you want to receive separate copies of the Annual Report to Shareholders and proxy statement in the future, please contact us in the manner described in the immediately preceding paragraph or call 1-800-542-1061. If you are not a shareholder of record and your shares are held through a broker or bank and you want to receive separate copies of the Annual Report to Shareholders and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder.

## **CORPORATE GOVERNANCE**

### **Governance Guidelines and Code of Conduct**

The Board of Directors operates under a set of written Guidelines on Corporate Governance. These Guidelines set forth the Company's corporate governance philosophy and the governance policies and practices that the Company has established to assist in governing the Company and its affiliates.

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The Guidelines describe Board and Committee membership criteria, the Board selection and member orientation process, stock ownership guidelines and lead director responsibilities. Directors are to retire from the Board on or prior to the day of the Annual Meeting of Shareholders after they turn 72 and, except for inside directors and directors first elected prior to August 18, 2000, are to serve no more than 15 years on the Board. The Guidelines also provide that no director may serve on more than two other boards of directors of publicly held companies without the prior approval of the Governance, Compensation and Nominating Committee. Directors whose professional responsibilities change, such as upon retirement or a change in employer, are required to submit a letter of resignation for the Board's consideration. The Guidelines also establish a director resignation policy in the event that a director does not receive the majority vote of the shareholders in an uncontested election.

The Guidelines provide that the Governance, Compensation and Nominating Committee of the Board will evaluate the performance of the Chief Executive Officer on an annual basis, using objective criteria. The Guidelines also provide that the members of the Board will conduct an annual assessment of the performance of the Board and the processes used by the Board. The members of each respective committee will conduct an annual assessment of the performance of the committees.

The Board of Directors of the Company has adopted a Code of Conduct that applies to employees and directors of Xcel Energy Inc., its wholly owned subsidiaries and affiliates. Our Code of Conduct applies to our Chief Executive Officer, our Chief Financial Officer and our Chief Accounting Officer, and complies with the requirements imposed by the Sarbanes-Oxley Act of 2002 and the rules issued thereunder for codes of conduct applicable to such officers as well as the governance requirements of the New York Stock Exchange.

**Corporate Governance Documents Available On Our Web Site**

All of our corporate governance materials, including our Code of Conduct, our Guidelines on Corporate Governance and each of our committee charters, are available for public viewing on the Company's web site at [www.xcelenergy.com](http://www.xcelenergy.com), under "About Us Corporate Governance." Copies of our corporate governance materials are also available free of charge to shareholders who request them. Requests must be in writing and sent to: Corporate Secretary, Xcel Energy Inc., 414 Nicollet Mall, 5<sup>th</sup> floor, Minneapolis, Minnesota 55401-1993. We intend to disclose any future amendments to, or waivers from, any provision of our Code of Conduct involving our directors, our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or other persons performing similar functions on our web site within four business days following the date of any such amendment or waiver.

**Director Independence**

For purposes of determining independence, we have adopted the following categorical standards for director independence in compliance with the listing standards of the New York Stock Exchange:

No director qualifies as "independent" unless the Board affirmatively determines, taking into account all of the relevant facts and circumstances, that the director has no material relationship with us or any of our subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with us or any of our subsidiaries);

A director who is an employee, or whose immediate family member is an executive officer, of us or any of our subsidiaries is not independent until four years after the end of such employment relationship;

A director who receives, or whose immediate family member receives, more than \$120,000 per year in direct compensation from us or any of our subsidiaries, other than director and committee fees and pension or other forms or deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until four years after he or she ceases to receive more than \$120,000 per year in such compensation;

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A director (a) who is a current partner or employee of the firm that is the Company's external auditor, or (b) whose immediate family member is a current partner of such firm, or (c) whose immediate family member is a current employee of such firm and personally worked on the Company's audit, or (d) who was, or whose immediate family member was, within the last four years a partner or employee of such a firm and personally worked on the Company's audit within that time, is not independent;

A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of our or any of our subsidiaries' present executives serve on that company's compensation committee is not "independent" until four years after the end of such service or the employment relationship;

A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, us or any of our subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues is not "independent" until four years after falling below such threshold; and

A director who is an employee or representative of a significant supplier of any Xcel Energy business unit or legal entity will not be "independent" unless we entered into the relationship with the supplier as a result of competitive purchasing practices.

For purposes of determining whether a director is independent, the Board has determined that the receipt of regulated electric and gas service from the Company by a director, the director's immediate family member, or any entity of which the director is an affiliate does not constitute a material relationship. One of our directors, Mr. Richard K. Davis, is the Chairman, President and Chief Executive Officer of U.S. Bancorp. U.S. Bancorp serves as trustee for some of our debt securities and has in the past, and may in the future, perform investment and other banking services for the Company. For these services, the Company paid U.S. Bancorp and its affiliates approximately \$260,740 in 2008. For purposes of determining whether Mr. Davis is independent, the Board has determined that, due to the nature and relative size of such banking work compared to the revenues of both the Company and U.S. Bancorp, such banking work did not constitute a material relationship.

In light of the foregoing, the Board determined that the following directors, who constitute all of the non-management directors of our Board, meet the independence standards set forth above: Mr. C. Coney Burgess, Mr. Fredric W. Corrigan, Mr. Richard K. Davis, Mr. Roger R. Hemminghaus, Mr. Douglas W. Leatherdale, Mr. Albert F. Moreno, Dr. Margaret R. Preska, Ms. A. Patricia Sampson, Mr. Richard H. Truly, Mr. David A. Westerlund, and Mr. Timothy V. Wolf. Mr. Richard C. Kelly does not meet the independence standards because he is our current Chairman, President and Chief Executive Officer.

**Director Attendance**

During 2008, the Board met seven (7) times and the independent directors met in executive session on seven (7) occasions. All of our directors attended at least 75% of the meetings of the Board and committees on which such director served during 2008.

The Company does not have a formal policy, but encourages each of its Board members to attend each Annual Meeting. All members of our Board attended the 2008 annual meeting of shareholders.

**Lead Independent Director**

The independent directors elect the lead independent director. In May 2008, the independent directors re-elected Mr. Fredric W. Corrigan to serve as the lead independent director until the 2009

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Annual Meeting of Shareholders. The responsibilities of the lead independent director are outlined in our Guidelines on Corporate Governance and include the following:

Preside at all meetings of the Board at which the Chair is not present, including executive sessions of the non-management and independent directors;

Serve as a liaison between the Chair and the independent directors, maintain regular communications with the independent directors and focus director communication on critical issues;

Approve the agenda for the Board and, with the Chair, approve all materials provided to the directors;

Approve meeting schedules to ensure sufficient time is provided for discussion of agenda items;

Call meetings of the independent directors, as necessary;

Consult and communicate with major shareholders, if requested;

Manage evaluation of Board performance;

Chair executive sessions of the Board; and

Develop and maintain a process for Chief Executive Officer succession planning with the Governance, Compensation and Nominating Committee.

**Communications with the Board of Directors**

Shareholders or other interested parties who wish to communicate with members of the Board, including the independent directors individually or as a group, may send correspondence to them in care of the Corporate Secretary at the Company's principal offices, 414 Nicollet Mall, 5<sup>th</sup> floor, Minneapolis, Minnesota 55401-1993. Alternatively, the directors may be contacted via e-mail at *boardofdirectors@xcelenergy.com*. We currently do not intend to have the Corporate Secretary screen this correspondence, but we may change this policy if directed by the Board due to the nature and volume of the correspondence.

**Nomination of Directors**

In considering individuals for nomination as directors, the Governance, Compensation and Nominating Committee typically solicits recommendations from its current directors and is authorized to engage third party advisors, including search firms, to assist in the identification and evaluation of candidates. In evaluating potential candidates, the Committee may consider such factors as it deems appropriate. These factors include judgment, skill, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. While the Committee has not established any specific minimum qualifications for director nominees, the Committee believes that demonstrated leadership, as well as significant years of service in an area of endeavor such as business, law, public service, related industry or academia, is a desirable qualification for service as a director of the Company.

Any shareholder may make recommendations to the Governance, Compensation and Nominating Committee for membership on the Board by sending a written statement of the qualifications of the recommended individual to the Corporate Secretary at 414 Nicollet Mall, 5<sup>th</sup> Floor,



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Minneapolis, Minnesota 55401-1993. Such recommendations should be received by October 1, 2009 in order to be considered for next year's Annual Meeting. The Committee will evaluate candidates recommended by shareholders on the same basis as it evaluates other candidates.

Table of Contents**BOARD STRUCTURE AND COMPENSATION****Standing Committees**

The Board had the following four standing committees during 2008:

Audit

Finance

Governance, Compensation and Nominating

Nuclear, Environmental and Safety

The current members of the Committees are as follows:

**Committee Structure**

| <b>Name(1)</b>            | <b>Audit<br/>Committee</b> | <b>Finance<br/>Committee</b> | <b>Governance,<br/>Compensation<br/>and<br/>Nominating<br/>Committee</b> | <b>Nuclear,<br/>Environmental<br/>and Safety<br/>Committee</b> |
|---------------------------|----------------------------|------------------------------|--|--|
| C. Coney Burgess          |                            | *                            | X  |  |
| Fredric W. Corrigan       |                            |                              | X  | X  |
| Richard K. Davis          |                            | X                            |  | X  |
| Roger R. Hemminghaus(2)   | X                          | X                            |  |  |
| Douglas W. Leatherdale(2) | X                          |                              | *  |  |
| Albert F. Moreno          | *                          |                              |  | X  |
| Margaret R. Preska        | X                          | X                            |  |  |
| A. Patricia Sampson       |                            | X                            |  | X  |
| Richard H. Truly          |                            |                              | X  | *  |
| David A. Westerlund       | X                          |                              | X  |  |
| Timothy V. Wolf           | X                          | X                            |  |  |

\*  
Committee Chair.

(1)  
The Board has determined that each of the directors named in this table is independent, as defined in the listing standards of the New York Stock Exchange.

(2)  
Messrs. Hemminghaus and Leatherdale will be retiring from the Board at the time of the 2009 Annual Meeting of Shareholders and will not be seeking re-election.

The Governance, Compensation and Nominating Committee recommends to the Board the directors to chair these committees. The roles and responsibilities of these committees are defined in the committee charters adopted by the Board and provide for oversight of executive management. The duties and responsibilities of all the Board committees are reviewed regularly and are outlined below.



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**Audit Committee**

All members of the Audit Committee are independent, as defined in the listing standards of the New York Stock Exchange and SEC rules, and are financially literate in accordance with the listing standards of the New York Stock Exchange. The Board has determined that Roger R. Hemminghaus, Douglas W. Leatherdale and Timothy V. Wolf meet the Securities and Exchange Commission's definition of an audit committee financial expert.

Number of meetings in 2008: Six (6)

The functions of the Audit Committee include:

Oversight of our financial reporting process, including the integrity of our financial statements, compliance with legal and regulatory requirements, and the independence and performance of internal and external auditors;

Review of the annual audited financial statements and quarterly financial information with management and the independent auditors;

Appointment of independent auditors;

Review with the independent auditors of the scope and the planning of the annual audit;

Review of findings and recommendations of the independent auditors and management's response to the recommendations of the independent auditors; and

Preparation of the Report of the Audit Committee included in this proxy statement.

**Finance Committee**

Number of meetings in 2008: Five (5)

The functions of the Finance Committee include:

Oversight of corporate capital structure and budgets;

Oversight of financial plans and dividend policies;

Recommendations as to dividends;

Oversight of insurance coverage and banking relationships;

Oversight of investor relations; and

Oversight of financial and operational risk management.

**Governance, Compensation and Nominating Committee**

Number of meetings in 2008: Six (6)

The functions of the Governance, Compensation and Nominating Committee include, among others:

Determination of Board organization, selection of director nominees and setting of director compensation;

Evaluation of performance of the Chief Executive Officer and other senior officers;

Approval of executive officer compensation, including incentives and other benefits;

Establishment of corporate governance principles and procedures;

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Review of corporate structure and policies with respect to human resource policies, corporate ethics, and long range planning and strategy;

Review proxy disclosures regarding directors' and executive officers' compensation and benefits, including but not limited to the Compensation Discussion and Analysis; and

Preparation of the Report of the Compensation Committee included in this proxy statement.

***Process Related to Executive Officer and Director Compensation***

Under the terms of its charter, the Governance, Compensation and Nominating Committee of the Board of Directors has broad authority to develop and implement compensation policies and programs for executive officers and Board members. In particular the Governance, Compensation and Nominating Committee is to:

Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer;

Evaluate the performance of the Chief Executive Officer in light of those corporate goals and objectives and set the compensation level for the Chief Executive Officer based on such evaluation and any other factors it deems appropriate;

Review and recommend to the Board the approval, adoption and amendment of all cash and equity-based incentive compensation plans in which any executive officer participates and all other equity-based plans;

Administer the equity-based incentive compensation plans and any other plans adopted by the Board that contemplate administration by the Governance, Compensation and Nominating Committee;

Review performance and approve salaries and other forms of compensation, including perquisites and awards under the incentive compensation plans and equity-based plans, for executive and senior officers and report the results of such performance and compensation evaluations to the Board;

Approve short-term and long-term incentive awards and review corporate annual and long-term performance against goals;

Review severance arrangements for senior officers; and

Review and recommend Board compensation and retirement policies and plans.

The Governance, Compensation and Nominating Committee may in its discretion delegate all or a portion of its duties and responsibilities to a subcommittee.

The Governance, Compensation and Nominating Committee has retained Towers Perrin as its independent, external compensation consultant for the last several years. Towers Perrin is a nationally recognized consulting firm in the areas of executive compensation and benefits and has extensive experience and expertise in evaluating director and executive compensation for the utility industry. At the Governance, Compensation and Nominating Committee's direction, Towers Perrin provides an annual evaluation and analysis of trends in executive and director compensation. Towers Perrin also evaluates related compensation issues from time to time at the direct request of the Governance, Compensation and Nominating Committee. The Governance, Compensation and Nominating Committee receives additional support from the Xcel Energy Vice President of Human Resources and the Xcel Energy Vice President and Corporate Secretary.

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In its oversight of the Company's executive compensation program, the Governance, Compensation and Nominating Committee works with Towers Perrin, the CEO, the Chief Administrative

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Officer and the Vice President of Human Resources. The CEO, executive officers, and the Vice President of Human Resources provide recommendations to the Governance, Compensation and Nominating Committee with respect to the corporate performance objectives and goals on which awards of both annual and long-term incentive compensation are based and with respect to issues related to attracting, retaining or motivating executive officers. The CEO and executive officers also provide the Governance, Compensation and Nominating Committee with information regarding financial performance, budgets and forecasts as it pertains to executive compensation. The Governance, Compensation and Nominating Committee considers this information with the advice of its independent, external compensation consultant and takes into account several factors, including but not limited to: the desire to align management interests with those of shareholders, customers and employees; the desire to link management pay to annual and long-term Company performance; and the need to attract and retain talent from both within and outside of the utility industry, all of which ultimately determines the executive compensation policies and programs.

The Governance, Compensation and Nominating Committee reviews tally sheets for each executive officer, which identify the components of each executive officer's compensation. These tally sheets are prepared by the Company with certain post-employment valuations provided by outside consultants. These sheets present the value of each component of the executive officer's compensation including total cash compensation, deferred compensation, perquisite allowances, existing but unvested equity awards, any retirement or other post employment benefits, and other potential compensation under applicable severance plans. The purpose of the tally sheets is to aggregate and present in one document the entire compensation of the executive officers whether actually earned and received or in potential future amounts. The Governance, Compensation and Nominating Committee uses these tally sheets to determine if total executive compensation is competitive and accomplishes the goals of the Company's executive officer compensation program. Tally sheets are not used to determine any particular amount of compensation. The Governance, Compensation and Nominating Committee also uses these tally sheets to make comparisons of executive officers for internal equity.

**Nuclear, Environmental and Safety Committee**

Number of meetings in 2008: Five (5)

The functions of the Nuclear, Environmental and Safety Committee include, among others:

Oversight of nuclear strategy and operations, including the review of the results of reports and major inspections and evaluations;

Review of environmental strategy, compliance, performance issues and initiatives;

Review of safety performance, strategy and initiatives; and

Review of operational decisions and plans related to performance.

**Directors' Compensation**

Only non-employee directors are compensated for their Board service. For 2008, the director pay components were as follows:

***Annual Retainers:***

\$80,000 retainer for all non-employee directors

\$15,000 for the lead independent director

\$5,000 if serving as a chair of a Board committee, with the exception of the Audit Committee chair, who receives \$10,000





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\$5,000 for members of the Audit Committee, other than the chair

***Annual Equity Grant:***

\$80,000 of Xcel Energy common stock equivalent units are granted on the first business day following the annual shareholders meeting, which are payable upon the director's disability or termination of service

Xcel Energy does not pay meeting fees for a director's participation in board or committee meetings. As discussed below, directors may elect to defer receipt of their annual retainers.

**Director Compensation**