

NEW POWER PLANT TO BOOST AREA CAPACITY WITH MINIMAL ENVIRONMENTAL IMPACT

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HOBBS, N.M. (October 31, 2006) --

A new, clean-burning, natural gas-fired power plant using a fraction of the water needed by other generators will bring additional power capacity to southeastern New Mexico and West Texas by the summer of 2008.

Xcel Energy and Lea Power Partners, LLC announced a new contract today that calls for Lea Power to develop the 550-megawatt combined-cycle generating plant near Xcel Energy's Maddox and Cunningham generating stations west of Hobbs. Project development assistance is provided by Genova Power Solutions, LLC of Plano, Texas, an independent power project developer. Colorado Energy Management, LLC of Lafayette, Colo., a subsidiary of Centennial Energy Resources, LLC, will construct and operate the new plant.

Lea Power Partners is wholly owned by ArcLight Energy Partners Fund III, L.P., of Boston, Mass.

Xcel Energy has agreed to purchase power from the new plant for 25 years to supply a growing demand for power in its Texas and New Mexico service area. The agreement provides Xcel Energy an option to acquire the plant in the future.

A megawatt can power up to 1,000 homes. The addition of 550 megawatts is an obvious benefit in a region where economic growth has driven demand for electric power upward by as much as 8 percent in the past year. And because the plant features a dry condensing system, it will use approximately 10 percent of the water required by a traditional power generating station. This frees up valuable freshwater supplies for people and agriculture.

Another benefit for the region will be a reduction in emissions. The new plant is more efficient at converting natural gas to electric power with fewer emissions than neighboring plants. And the additional power provided by the new generators means the older, less-efficient plants can scale back their power output and thus reduce their emissions.

"Xcel Energy has a long tradition of protecting the environment and conserving natural resources in New Mexico and West Texas," said David Eves, CEO of Southwestern Public Service Company, an Xcel Energy company. "The new generating station promises to deliver the energy needed to keep our economy growing without adversely affecting our natural environment."

The new plant will consist of two combustion turbine generators, two heat-recovery steam boilers and one steam turbine generator. Exhaust gases from the combustion turbines convert water into superheated steam in the boilers, which then power the steam turbine generator. This configuration is known as "combined cycle" because it combines more than one generating method into a single unit.

Traditional steam-turbine generators require large volumes of water to condense their steam back to a liquid form once it has run through the power cycle. The new station's dry-condensing system works more like an automobile radiator where air is used for cooling instead of evaporated water.

"We believe these are the right technologies for the region we serve, and we look forward to a great relationship with Lea Power as we use these technologies to serve the needs of energy customers in this area," Eves said.

For Lea County and the surrounding area, the new plant has both short-term and long-term impacts on the local economy. Local contractors and suppliers will benefit during the construction phase, and once completed, the plant will provide a drawing card for future industrial development in the area.

"Xcel Energy is a great regional and community partner," said Beth Cunningham, president and CEO of the Economic Development Corporation of Lea County. "This announcement reaffirms Lea County as a major energy corridor. This is just the beginning of the job creation in our area. Congratulations, Xcel Energy."

Construction on the plant is expected to begin by the spring of 2007, with power coming online by the summer of 2008.

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 3.3 million electricity customers and 1.8 million natural gas customers through its regulated operating companies. Company headquarters are located in Minneapolis. More information is available at www.xcelenergy.com.

This news release includes forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words “anticipate,” “estimate,” “expect,” “projected,” “objective,” “outlook,” “possible,” “potential” and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including their impact on capital expenditures; business conditions in the energy industry; competitive factors; unusual weather; changes in federal or state legislation; regulation; risks associated with the California power market; currency translation and transaction adjustments; the higher degree of risk associated with Xcel Energy’s non-regulated businesses compared with Xcel Energy’s regulated business; and the other risk factors listed from time to time by Xcel Energy in reports filed with the Securities and Exchange Commission.

Public Information Contacts:

Wes Reeves
Southwestern Public Service Company, d.b.a. Xcel Energy - Amarillo, Texas
(806) 378-2714 or (806) 679-7773
www.xcelenergy.com

Daniel Dunlap
Colorado Energy Management, LLC - Lafayette, Colo.
(303) 607-5600
www.coloradoenergy.com

Jeff Schroeter
Genova Power Solutions, LLC – Plano, Texas
(214) 365-9797
www.genovapower.com