

December 14, 2011

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, N.W.
Washington, D.C. 20006-2803

Reference: PCAOB Rulemaking Docket Matter No. 37

Dear Members of the Board,

Xcel Energy Inc. (“Xcel” or “We”) respectfully submits our comments on the Public Company Accounting Oversight Board’s (“PCAOB’s” or “Board’s”) Rulemaking Docket Matter No. 37, Concept Release on Auditor Independence and Audit Firm Rotation (“the proposal” or “the release”). Xcel is a major electric and natural gas utility company with annual 2010 revenues of \$10.3 billion. Based in Minneapolis, Minnesota, Xcel provides a comprehensive portfolio of energy related products and services to 3.4 million electric and 1.9 million natural gas customers throughout eight states.

As stated within the release, the value of an audit is to provide investors comfort that independent professionals performed the appropriate procedures to have a reasonable basis that the entity has fairly presented the financial statements. We understand that the PCAOB has identified audit deficiencies and we support the Board’s efforts to enhance this value with improvement of auditor independence, objectivity, and professional skepticism. While this proposal attempts to improve these issues through mandatory firm rotation, we believe that the identifiable negative effects of the release would exceed any potential benefits due to the negative impact on audit quality, the significant increase in costs of each audit and the lack of evidence to support a positive correlation between mandatory rotation and the enhancement of auditor independence, objectivity, and professional skepticism.

We believe that the proposal would create a negative impact in audit quality and the value of an audit mainly due to the loss of industry expertise by the audit firm. Audit firms are able to develop specific industry expertise by dedicating resources to continuous education for that client base and to prepare auditors with the appropriate skill set. This is accomplished through years of training and utilizing the expertise gained over a substantial period of time by the audit firm and team. In addition to financial statement audits, the auditors also provide industry specific services for regulated utility reporting requirements with the Federal Energy Regulatory Commission and agreed upon procedures for certain rate regulated activities. Mandatory firm rotation would diminish this expertise by requiring the administration of knowledge across all industries and markets.

In addition to the loss of industry knowledge, the transition to a new audit firm will result in additional training, time and costs to educate the new auditor and provide necessary client knowledge to perform an audit. We believe the proposal would routinely increase both internal resources to provide the auditor with an understanding of client processes, systems and personnel, as well as redundant auditor efforts documenting and researching the client’s operations to execute the audit adequately. We believe that the Board should focus on improvement of the required audit procedures and emphasize the need for an appropriate level of critical analysis and collection of precise audit evidence as an alternative to mandatory rotation. We feel that this approach to address

the identified audit deficiencies would improve the audit quality and the overall value of the audit without increasing the resources and efforts associated with the audit.

It is stated within the Board's release that an objective of mandatory firm rotation is to enhance the auditor's professional skepticism defined as an attitude, which includes a questioning mind and a critical assessment of audit evidence. We believe that there is a lack of evidence to support a positive correlation between mandatory rotation and the enhancement of auditor independence, objectivity, and professional skepticism. Although rotation of the individuals performing an audit may provide a fresh perspective to the audit, professional skepticism is a mindset and it is impossible to conclude that audit firm rotation would allow each auditor to apply an appropriate level of professional skepticism.

In fact, we believe if mandatory rotation occurs, there is an increasingly probability, perhaps certainty, that the expertise and skepticism of our external auditors may never reach the threshold required to become competently and aggressively skeptical, incisive and penetrating. Our company, like many, is large, complex, changing and constantly striving to improve, become more cost effective, more environmentally helpful and customer responsive. As a result, our accounting expertise, and that of our external auditors, must constantly improve, strengthen and broaden as we grow. We believe that mandatory rotation would obstruct the very expertise and ascent of the learning curve required to be tough, penetrating and competently skeptical.

We trust that the existing audit committee practices are in place to prevent impairment of auditor independence, objectivity, and professional skepticism. We note the following requirements that are already in place:

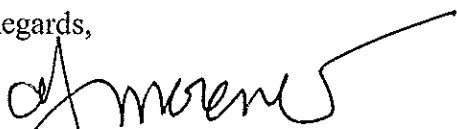
- Preapproval of and prohibitions on the types of services auditors provided;
- Quarterly auditor communications with audit committees;
- Annual auditor communications with audit committees regarding independence;
- Mandatory partner rotation and second partner reviews; and
- PCAOB oversight of auditors, including inspections of firms and individual audits.

We also believe that there are several other comments within the proposal that are addressed by existing practices; however, we believe that the Board should focus on defining the required procedures that audit firms perform to enhance the quality of the audit, as well as review alternatives to improve the management of the audit engagement team.

We believe that mandatory firm rotation seems impractical and unnecessary as the proposal would negatively impact audit quality, significantly increase the amount of time, effort and cost of an audit and lacks evidence to support a positive correlation between mandatory rotation and the enhancement of auditor independence, objectivity, and professional skepticism. Therefore, we request that the PCAOB not pursue mandatory firm rotation.

Xcel appreciates this opportunity to provide comments on the proposal. Please feel free to contact us if you would like to discuss our concerns regarding the proposal.

Regards,

A handwritten signature in black ink, appearing to read 'A. Moreno', with a long horizontal stroke extending to the right.

Albert F. Moreno
Chairman of the Audit Committee
Xcel Energy, Inc.