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**RECEIVED**

**MAY 03 2010**

May 3, 2010

Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
State Capitol Building, Dept. 408  
600 East Boulevard  
Bismarck, ND 58505-0480

**PUBLIC SERVICE COMMISSION**

Re: 2009 REPORT OF REGULATED EARNINGS FOR XCEL ENERGY'S  
NORTH DAKOTA ELECTRIC AND NATURAL GAS OPERATIONS

Dear Mr. Nitschke:

Attached is an electronic version of Xcel Energy's Annual Report of 2009 regulated electric and natural gas earnings in North Dakota.

Eight bound copies of this report are being sent by mail under this cover letter to the Commission as well.

Please contact me if you have any questions or comments.

Sincerely,

DAVID H. SEDERQUIST  
SR. CONSULTANT, REGULATION/FINANCE

Enclosures

ANNUAL REPORT  
OF  
NORTHERN RURAL POWER COMPANY  
ADMINISTRATIVE CORPORATION  
TO THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE YEAR ENDING

DECEMBER 31, 2009

North Dakota Jurisdiction  
Tribune and Xcel Utilities

2009

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# Northern States Power Company

## Gas Utility - North Dakota

(Dollars In Thousands)

### I. RETURN ON EQUITY (ROE)

<u>Actual Return on Equity (ROE)</u>	<u>2009</u>	<u>2008</u>
1 Operating Income from Gas Operations (G-2):	\$3,238	\$4,122
2 Average Regulated Rate Base (G-3):	\$42,186	\$45,474
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	7.67%	9.06%
4 Weighted Cost of Debt (G-4):	3.06%	3.25%
5 Weighted Cost of Preferred Stock (G-4):	0.00%	0.00%
6 % of Equity in Capital Structure (G-4):	52.23%	50.76%
7 <b>Return on Equity (ROE):</b>	<b>8.83%</b>	<b>11.45%</b>

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2009</u>	<u>2008</u>
8 Operating Income from Gas Operations:	\$3,238	\$4,122
9 Impact of weather on Mcf Sales:	361,008	580,127
10 Impact of weather on Gas Operating Income :	\$126	\$200
11 Weather-Normalized Operating Income:	\$3,112	\$3,922
12 Average Regulated Rate Base:	\$42,186	\$45,474
13 Weather-Normal Rate of Return on Rate Base (ROR):	7.38%	8.63%
14 <b>Weather-Normalized Return on Equity (ROE):</b>	<b>8.27%</b>	<b>10.60%</b>

**Northern States Power Company  
Gas Utility - North Dakota**

(Dollars In Thousands)

**II. OPERATING INCOME**

<u>Line</u>	<u>Item</u>	<u>2009</u> <u>Total NSP</u>	<u>2009</u> <u>N.D. Juris.</u>	<u>N. D. %</u>	<u>2008</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
<b><u>Operating Revenues:</u></b>						
1	Residential	346,067	27,189	7.9%	35,876	-24.2%
2	Firm C & I	200,549	32,043	16.0%	42,760	-25.1%
3	Interruptible C & I	84,603	11,172	13.2%	16,034	-30.3%
4	Transportation/Other	12,860	358	2.8%	541	-33.8%
5	Total Revenues:	644,079	70,762	11.0%	95,211	-25.7%
<b><u>Operating Expenses:</u></b>						
6	Production	473,723	54,705	11.5%	78,297	-30.1%
7	Transmission	1,110	121	10.9%	82	47.6%
8	Distribution	28,101	3,528	12.6%	3,007	17.3%
9	Customer Billing	15,623	1,715	11.0%	1,795	-4.5%
10	Customer Service	4,985	234	4.7%	283	-17.3%
11	Sales & Marketing	31	4	12.9%	0	*
12	Admin. & General	18,992	1,898	10.0%	1,854	2.4%
13	Depreciation & Amortizations	36,037	3,141	8.7%	3,022	3.9%
14	Property Taxes	13,189	940	7.1%	968	-2.9%
15	Other General Taxes 1	2,506	248	9.9%	233	6.4%
16	Income Taxes	5,487	840	15.3%	837	0.4%
17	Deferred Income Taxes	7,553	150	2.0%	711	-78.9%
18	Total Expenses:	607,337	67,524	11.1%	91,089	-25.9%
19	Regulated Operating Income	36,742	3,238	8.8%	4,122	-21.5%

1 Includes gross earnings taxes (franchise fees) and payroll taxes.

# Northern States Power Company

## Gas Utility - North Dakota

(Dollars In Thousands)

### III. AVERAGE RATE BASE

<u>Line</u>	<u>Item</u>	<u>2009</u> <u>Total NSP</u>	<u>2009</u> <u>N.D. Juris.</u>	<u>N. D. %</u>	<u>2008</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1	Plant in Service	996,500	88,978	8.9%	84,502	5.3%
2	Accumulated Depreciation	<u>455,552</u>	<u>41,381</u>	<u>9.1%</u>	<u>39,031</u>	<u>6.0%</u>
3	Net Plant in Service	540,948	47,597	8.8%	45,471	4.7%
4	Plant Held for Future Use			*	0	*
5	Construct Work in Progress	2,947	698	23.7%	110	534.5%
6	Materials and Supplies	1,141	110	9.6%	114	-3.5%
7	Fuel Stocks	45,552	4,919	10.8%	8,658	-43.2%
8	Prepayments & Other	1,443	180	12.5%	858	-79.0%
9	Customer Deposits	(590)	(57)	9.7%	(35)	62.9%
10	Cash Working Capital	0	0	*	0	*
11	Other Rate Base 1	(10,474)	(991)	9.5%	(1,374)	-27.9%
12	Accum. Deferred Taxes	<u>(104,548)</u>	<u>(10,270)</u>	<u>9.8%</u>	<u>(8,328)</u>	<u>23.3%</u>
13	Total Other Rate Base	(64,529)	(5,411)	8.4%	3	-180466.7%
14	<b>Total Average Rate Base</b>	<b>476,419</b>	<b>42,186</b>	<b>8.9%</b>	<b>45,474</b>	<b>-7.2%</b>

<sup>1</sup> Includes deferred assets and liabilities such as accrued vacations, post-retirement medical benefits (FASB 106), post employment benefits (FASB 112), unfunded pension liability, environmental cleanup, severance accrual, etc.

# Northern States Power Company

## Gas Utility - North Dakota

(Dollars In Thousands)

### IV. COST OF CAPITAL

#### 2009 Actual

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$2,863,457	46.37%	6.57%	3.05%
2	Short-Term Debt	\$86,030	1.39%	0.97%	0.01%
3	Total Debt	\$2,949,487	47.77%	6.41%	3.06%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$3,225,395	52.23%	8.83%	4.61%
6	Total Equity	\$3,225,395	52.23%		
7	Total Capital	\$6,174,882	100.00%		7.67%

#### 2009 Normalized

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$2,863,457	46.37%	6.57%	3.05%
2	Short-Term Debt	\$86,030	1.39%	0.97%	0.01%
3	Total Debt	\$2,949,487	47.77%	6.41%	3.06%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$3,225,395	52.23%	8.27%	4.32%
6	Total Equity	\$3,225,395	52.23%		
7	Total Capital	\$6,174,882	100.00%		7.38%

**Xcel Energy**  
**Natural Gas Utility - State of North Dakota**  
**2009 Demand Side Management Activity Report**

<b>2009 Results</b>			
<u>Program</u>	<u>Customers</u>	<u>Dkth Savings</u>	<u>Expenses</u>
Home Energy Audits	153		\$42,993
Furnace/Boiler Rebates	480	6,202	\$40,250
Water Heater Rebates	31	66	\$4,182
Efficiency Showerheads	<u>2,777</u>	<u>6,109</u>	<u>\$25,059</u>
Totals	<u>3,441</u>	<u>12,377</u>	<u>\$112,484</u>

<b>Test Year Projections*</b>			
<u>Program</u>	<u>Customers</u>	<u>Dkth Savings</u>	<u>Expense</u>
Home Energy Audits	300		\$60,260
Furnace/Boiler Rebates	500	6,460	\$61,000
Water Heater Rebates	30	54	\$3,000
Efficiency Showerheads	<u>2,000</u>	<u>3,940</u>	<u>\$14,000</u>
Totals	<u>2,830</u>	<u>10,454</u>	<u>\$138,260</u>

Notes:

Overall, DSM program participation and the resulting energy savings in 2009 exceeded both 2008 Test Year projections and actual results. Participation in Home Energy Audits, however, was hampered significantly by record flooding in the Red River Valley in the spring of 2009. In spite of the lower audit activity, program costs were level with 2008, reflecting strong demand for the more expensive blower door audits and payments in 2009 for 2008 promotional costs incurred late in the year. Marketing costs for the Furnace and Water Heater Rebate programs were reduced in 2009 due primarily to the discontinuance of a bill insert promotion. The Efficiency Showerhead program continues to be popular, as 2009 participation exceeded Test Year levels and increased by 7% over 2008 activity.

# Northern States Power Company

## Supporting Information - North Dakota

### I. Sales and Customer Data

#### Electric Utility (N. D. Jurisdiction)

<u>Line</u>	<u>Customers (@ Dec)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
1	Residential	75,608	75,036	74,094	73,151	71,794
2	Small C & I	11,989	11,895	11,821	11,656	11,511
3	Large C & I	19	22	21	23	23
4	PSHL/OSPA	<u>283</u>	<u>280</u>	<u>273</u>	<u>271</u>	<u>277</u>
5	Total Retail	87,899	87,233	86,209	85,101	83,605
<u>Line</u>	<u>Mwh Sales</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
6	Residential	794,420	761,934	761,356	733,006	734,205
7	Small C & I	1,116,612	1,093,952	1,067,116	1,029,866	1,004,308
8	Large C & I	310,239	328,203	358,129	360,130	314,688
9	PSHL/OSPA	<u>25,354</u>	<u>26,057</u>	<u>26,858</u>	<u>26,474</u>	<u>25,275</u>
10	Total Retail	2,246,625	2,210,146	2,213,459	2,149,476	2,078,476
11	Ave. ¢/Kwh	7.10	7.33	6.59	6.46	6.45
12	Ave. Res. Monthly Usage (kwh)	876	846	856	835	852
13	Ave. Res. Monthly Bill	\$69.96	\$69.19	\$62.40	\$61.12	\$61.71

#### Gas Utility (N. D. Jurisdiction)

<u>Line</u>	<u>Customers (@ Dec)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
14	Residential	39,498	38,985	38,185	37,301	36,233
15	Firm C & I	6,763	6,658	6,514	6,356	6,166
16	Interruptible C & I	<u>120</u>	<u>122</u>	<u>126</u>	<u>129</u>	<u>132</u>
17	Total Retail	46,381	45,765	44,825	43,786	42,531
18	Transportation					
<u>Line</u>	<u>Mcf Sales</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
19	Residential	3,219	3,206	3,052	2,579	2,909
20	Firm C & I	4,034	4,158	3,880	3,238	3,384
21	Interruptible C & I	<u>1,903</u>	<u>1,833</u>	<u>1,905</u>	<u>1,790</u>	<u>1,830</u>
22	Total Retail	9,155	9,197	8,838	7,607	8,123
23	Transportation	1,108	1,254	1,081	1,093	1,218
24	Ave. Retail \$/mcf	\$7.74	\$10.32	\$9.67	\$7.84	\$10.56
25	Ave. Res. Mo. Usage (ccf)	68	69	67	58	67
26	Ave. Res. Monthly Bill	\$75.70	\$70.30	\$66.18	\$76.08	\$68.01

**Xcel Energy**  
**Supporting Information - North Dakota**  
**II. AFFILIATED TRANSACTIONS Summary**

Line #	Affiliate Name	General Description of Services Rendered &/or Supplied	Portion Allocated to North Dakota Jurisdiction Electric and Gas Totals (1)	
			Expense (2)	Revenue (3)
1	Northern States Power Wisconsin	Electric and Gas Utility	6,314,472	22,939,837
2	Public Service of Colorado	Electric and Gas Utility	2,686	3,070
3	Southwestern Public Service	Electric Utility	1,138	27,631
4	United Power and Land	Real estate holdings	-	-
5	Eloigne Company	Affordable housing investment program	-	-
6	Xcel Energy Services	Xcel Energy Inc. service company	15,814,030	-
7	ePrime	Engineering services	-	-

**Notes:**

- (1) The amounts allocated to North Dakota electric and gas jurisdictions represent an estimate based on an overall allocation factor applied to all of the revenues and expenses for each affiliate. To derive the actual amounts by jurisdiction would require an allocation by transaction by account number and would require significant analysis and expense to perform.
- (2) Expense to North Dakota electric and gas jurisdictions. Revenue to affiliate for services provided to NSP (Mn).
- (3) Revenue to North Dakota electric and gas jurisdictions. Expense to the affiliate for services provided to the affiliate by NSP (MN).

**Xcel Energy**  
**Supporting Information - North Dakota**  
**III. Affiliated Transactions Summary**

	<u>Total Expense</u>	<u>Total Revenue</u>	<u>Elec %</u>	<u>Gas %</u>	<u>(Customers) ND Elec%</u>	<u>(Customers) ND Gas%</u>	<u>Allocation Used (1)</u>
NSP							
Wis.	269,455	838,149	92.4005%	7.5995%	6.3235%	9.6446%	Common
PSCo	42,471	48,549	100.0%	0.0%	6.3235%	0.0%	Electric
SPS	18,003	436,962	100.0%	0.0%	6.3235%	0.0%	Electric
UP&L	-	-	92.4005%	7.5995%	6.3235%	9.6446%	Common
Eloigne	-	-	92.4005%	7.5995%	6.3235%	9.6446%	Common
XES	240,485,083	-	92.4005%	7.5995%	6.3235%	9.6446%	Common
e'Prime	-	-	100.0%	0.0%	6.3235%	0.0%	Electric
	<b>240,815,012</b>	<b>1,323,660</b>					

**(1) Allocation of Revenues & Expenses between NSP Minnesota and Affiliates**

Common Allocation Methodology is Labor	<u>Electric</u>	<u>Gas</u>	<u>Load Dispatch</u>	
Utility Labor Allocator	92.4005%	7.5995%	<u>Design Day</u>	10.8575%
Customers North Dakota Jurisdictional	6.3235%	9.6446%		
Factor Formula: ((Util Elec)*ND Jur Ele)+((Util Gas)*ND Jur Gas) =				6.5759%

**(2) Affiliated Transactions between Minnesota and Wisconsin**

	<u>Total</u>	<u>ND Alloc.</u>		<u>Total</u>	<u>ND Alloc.</u>	<u>Alloc. Method</u>	<u>ND Alloc %</u>
<b>Electric Inter change Agreement dollars</b>				<b>Expenses</b>			
Revenues	166,052,688	9,422,660	Fixed	43,292,759	2,456,648	<b>Demand</b>	5.675%
	184,953,647	11,361,518	Variable	20,766,714	1,275,678	<b>Energy</b>	6.143%
	36,426,139	2,067,001	Transmission	45,192,114	2,564,427	<b>Demand</b>	5.675%
<b>Electric Total</b>	<b>387,432,474</b>	<b>22,851,179</b>		<b>109,251,588</b>	<b>6,296,753</b>		
<b>Gas SCADA Agreement</b>							
SCADA	308,932	33,542					