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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
NORTH DAKOTA POWER COMPANY,
A MINNESOTA CORPORATION
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE YEAR ENDING
DECEMBER 31, 1969

ST. PAUL, MINNESOTA
1970



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Northern States Power Company

Electric 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 Electric Operations (E-2):	\$21,709	\$21,056
2 Average Regulated Rate Base (E-3):	\$264,909	\$243,713
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	8.19%	8.64%
4 Weighted Cost of Debt (E-4):	3.06%	3.25%
5 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
6 % of Equity in Capital Structure (E-4):	52.23%	50.76%
7 Return on Equity (ROE):	9.83%	10.62%

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2009</u>	<u>2008</u>
8 Operating Income from Electric Operations:	\$21,709	\$21,056
9 Impact of weather on Mwh Sales:	7,352	(3,225)
10 Impact of weather on Electric Operating Income :	(\$456)	(\$138)
11 Weather-Normalized Operating Income:	\$22,165	\$21,194
12 Average Regulated Rate Base:	\$264,909	\$243,713
13 Weather-Normal Rate of Return on Rate Base (ROR):	8.37%	8.70%
14 Weather-Normalized Return on Equity (ROE):	10.16%	10.73%

Northern States Power Company
Electric 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>
<u>Operating Revenues:</u>						
1	Residential	1,006,379	63,471	6.2%	62,302	1.9%
2	Small Comm. & Ind.	1,151,934	76,388	6.6%	76,508	-0.2%
3	Large Comm. & Ind.	588,058	17,424	3.5%	20,644	-15.6%
4	Other ¹	699,493	39,133	6.1%	42,921	-8.8%
5	Total Revenues:	3,445,864	196,416	5.7%	202,375	-2.9%
<u>Operating Expenses:</u>						
6	Production	1,833,704	111,422	6.1%	121,265	-8.1%
7	Transmission	160,634	9,301	5.8%	8,333	11.6%
8	Distribution	102,530	5,612	5.5%	5,305	5.8%
9	Customer Billing	60,986	4,583	7.5%	4,757	-3.7%
10	Customer Service	60,889	280	0.5%	362	-22.7%
11	Sales & Marketing	294	50	17.0%	3	1566.7%
12	Admin. & General	188,000	12,070	6.4%	11,612	3.9%
13	Depreciation & Amortization	319,370	14,892	4.7%	14,024	6.2%
14	Property Taxes	102,902	5,065	4.9%	4,898	3.4%
15	Other General Taxes ²	29,006	1,743	6.0%	1,561	11.7%
16	Income Taxes	25,426	1,727	6.8%	1,180	46.4%
17	Deferred Income Taxes & ITC	149,739	7,962	5.3%	8,019	-0.7%
18	Total Expenses:	3,033,480	174,707	5.8%	181,319	-3.6%
19	Regulated Operating Income	412,384	21,709	5.3%	21,056	3.1%

¹ Includes primarily public street & highway lighting, sales to public authorities, interchange billings, other electric operating revenues.

² Includes gross earnings taxes (franchise fees) and payroll taxes.

Northern States Power Company

Electric 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	11,870,405	636,654	5.4%	589,975	7.9%
2	Accumulated Depreciation	<u>5,996,176</u>	<u>332,388</u>	<u>5.5%</u>	<u>314,032</u>	<u>5.8%</u>
3	Net Plant in Service	5,874,229	304,266	5.2%	275,943	10.3%
4	Plant Held for Future Use	0	0	*	0	*
5	Construct Work in Progress	143,333	8,224	5.7%	5,761	42.8%
6	Materials and Supplies	100,549	5,770	5.7%	5,440	6.1%
7	Fuel Stocks	99,614	6,119	6.1%	6,592	-7.2%
8	Prepayments & Other Rate Base	51,666	3,771	7.3%	2,261	66.8%
9	Customer Deposits	(1,715)	(108)	6.3%	(68)	58.8%
10	Cash Working Capital	0	0	*	0	*
11	Other Rate Base ¹	(122,557)	(7,157)	5.8%	(6,959)	2.8%
12	Accum. Deferred Taxes	<u>(1,044,023)</u>	<u>(55,976)</u>	<u>5.4%</u>	<u>(45,257)</u>	<u>23.7%</u>
13	Total Other Rate Base	(773,133)	(39,357)	5.1%	(32,230)	22.1%
14	Total Average Rate Base	5,101,096	264,909	5.2%	243,713	8.7%

¹ 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

Electric Utility - North Dakota

(Dollars In Thousands)

IV. COST OF CAPITAL

<u>2009 Actual</u>					
<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%	9.83%	5.13%
6	Total Equity	\$3,225,395	52.23%		
7	Total Capital	\$6,174,882	100.00%		8.19%

<u>2009 Normalized</u>					
<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt	\$2,863,457	46.37%	6.57%	3.05%
9	Short-Term Debt	\$86,030	1.39%	0.97%	0.01%
10	Total Debt	2,949,487	47.77%	6.41%	3.06%
11	Preferred Stock	\$0	0.00%		0.00%
12	Common Equity	\$3,225,395	52.23%	10.16%	5.31%
13	Total Equity	\$3,225,395	52.23%		
14	Total Capital	\$6,174,882	100.00%		8.37%

**Xcel Energy
 Electric Utility - State of North Dakota
 Reliability Performance Measure Results - Overall ND System
 2009 Results**

(Average # of interruptions per customer)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009 YTD	0.01	0.02	0.08	0.08	0.22	0.29	0.41	0.50	0.56	0.59	0.61	0.68
2008 YTD	0.07	0.08	0.12	0.13	0.20	0.42	0.51	0.57	0.60	0.63	0.65	0.67
2007 YTD	0.01	0.12	0.20	0.24	0.30	0.39	0.46	0.57	0.60	0.70	0.83	0.89
2006 YTD	0.03	0.13	0.20	0.22	0.27	0.35	0.47	0.52	0.57	0.59	0.61	0.62
2005 YTD	0.01	0.02	0.03	0.06	0.17	0.29	0.41	0.56	0.66	0.70	0.80	0.83
5 year average:	0.74											

(Average # of minutes per interruption per customer)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009 YTD	141.4	108.1	92.6	98.6	74.1	78.0	81.0	90.8	87.1	89.6	90.4	91.5
2008 YTD	87.7	86.7	74.5	78.0	75.7	85.7	88.1	92.2	94.4	95.4	94.6	95.6
2007 YTD	79.2	110.9	106.5	102.8	94.1	97.6	93.8	91.9	93.1	85.4	77.6	77.6
2006 YTD	88.3	55.2	68.1	67.3	68.8	69.3	74.4	76.1	75.1	76.7	76.6	76.9
2005 YTD	162.33	177.28	136.69	98.09	93.29	86.26	85.12	87.34	89.83	89.01	98.63	101.25
5 year average:	88.59											

Xcel Energy
Electric Utility - State of North Dakota
Reliability Performance Measure Results - 5 Largest Substations
2009 Results

System Average Interruption Frequency Index (SAIFI)

(Average # of interruptions per customer)

	Cass County	Red River	Gateway	Nordic	Souris
	Sub (Fgo)	Sub (Fgo)	Sub (GF)	Sub (GF)	Sub (Minot)
2009	0.72	0.96	0.19	0.55	0.49
2008	0.34	0.88	0.67	0.57	0.58
2007	0.29	1.12	2.36	0.25	0.72
2006	0.36	0.60	1.51	0.37	0.42
2005	1.71	0.96	0.20	0.35	0.49
5 year average:	0.68	0.90	0.99	0.42	0.54

Customer Average Interruption Duration Index (CAIDI)

(Average # of minutes per interruption per customer)

	Cass County	Red River	Gateway	Nordic	Souris
	Sub (Fgo)	Sub (Fgo)	Sub (GF)	Sub (GF)	Sub (Minot)
2009	87.6	87.8	96.0	86.9	58.0
2008	143.2	96.7	100.6	85.4	62.8
2007	126.3	78.0	76.2	96.5	63.4
2006	123.4	91.5	50.5	96.4	68.8
2005	121.2	97.9	71.2	139.6	69.8
5 year average:	120.33	90.38	78.88	100.97	64.57

Xcel Energy
Electric Utility – State of North Dakota
2010 Reliability Plan Summary

Underground Cable Upgrade - \$498,000

In 2010, Xcel Energy plans to spend about \$498,000 in capital funds to upgrade its underground cable system in North Dakota. These improvements include replacing cables that have failed and are not fit to be repaired and returned to service, as well as cables that may have experienced multiple failures in the past but for which repairs still present a viable remedy. Projects will also involve the installation of additional backbone system capacity to serve new load or relieve load on existing facilities.

Overhead Upgrade - \$288,000

Xcel Energy's 2010 capital budget includes about \$288,000 to upgrade its overhead system in North Dakota. These improvements include replacing failed devices, installing upgrades necessary to the backbone system to serve new customers, and installing upgrades necessary to solve reliability issues. Included in this effort is funding for our Reliability Exception Monitoring System ("REMS") program. This system initiates an investigation by flagging when a device has tripped more than twice in a rolling 12 month period. Following an investigation, corrective actions are identified and implemented where appropriate.

Distribution Pole Testing - \$150,000

Xcel Energy's 2010 pole replacement plan includes an operating and maintenance expense budget of \$150,000 for testing and replacing wood distribution poles in North Dakota. The testing methodology conforms to a scientific procedure that is utilized throughout the industry. It includes a visual check and test of remaining pole strength. If a pole is identified as having strength characteristics below acceptable standards, the pole is scheduled for replacement or reinforcement. The expense budget for this program is subject to ongoing adjustments based on the Company's overall financial situation throughout the plan year.