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May 9, 2012

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

Re: 2011 REPORT OF REGULATED EARNINGS FOR XCEL ENERGY'S
NORTH DAKOTA ELECTRIC OPERATIONS

Dear Mr. Nitschke:

Enclosed are eight bound copies of Xcel Energy's Annual Report of 2011 regulated electric earnings in North Dakota. An electronic version of this report was emailed to you today as well.

Our natural gas earnings report is undergoing further review to ensure its accuracy. We have notified staff that we hope to have it completed and filed next week.

Please contact me if you have any questions or comments.

Sincerely,

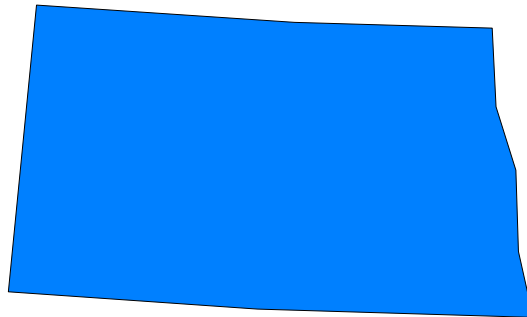
A handwritten signature in blue ink that reads 'David H. Sederquist'.

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION/FINANCE

Enclosures

ANNUAL REPORT
OF
NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION
FOR THE YEAR ENDING
DECEMBER 31, 2011

North Dakota Jurisdiction
Electric Utility



Filed May 9, 2012

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Electric Utility

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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)¹</u>	<u>2011</u>	<u>2010</u>
1 Operating Income from Electric Operations (E-2):	\$24,952	\$11,664
2 Average Regulated Rate Base (E-3):	\$322,995	\$282,316
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	7.73%	4.13%
4 Weighted Cost of Debt (E-4):	2.88%	2.99%
5 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
6 % of Equity in Capital Structure (E-4):	52.67%	51.99%
7 Return on Equity (ROE):	9.20%	2.20%

<u>ROE, Normalized for Weather Impact on Sales¹</u>	<u>2011</u>	<u>2010</u>
8 Operating Income from Electric Operations:	\$24,952	\$11,664
9 Impact of weather on Mwh Sales:	9,730	(2,517)
10 Impact of weather on Electric Operating Income :	\$254	\$2
11 Weather-Normalized Operating Income:	\$24,698	\$11,662
12 Average Regulated Rate Base:	\$322,995	\$282,316
13 Weather-Normal Rate of Return on Rate Base (ROR):	7.65%	4.13%
14 Weather-Normalized Return on Equity (ROE):	9.05%	2.19%

Northern States Power Company

Electric Utility - North Dakota

(Dollars In Thousands)

II. OPERATING INCOME

<u>Line</u>	<u>Item</u>	<u>2011</u> <u>Total NSP</u>	<u>2011</u> <u>N.D. Juris.</u>	<u>N. D. %</u>	<u>2010</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
<u>Operating Revenues:</u>						
1	Residential	1,142,370	68,744	5.4%	61,131	12.5%
2	Small Comm. & Ind.	1,273,405	83,167	5.7%	72,918	14.1%
3	Large Comm. & Ind.	661,865	21,516	2.9%	19,074	12.8%
4	Public Street & Highway Ltg	25,590	1,616	5.7%	1,452	11.3%
5	Other Sales to Publ Auth	8,665	1,246	12.7%	1,097	13.6%
	Total Retail	3,111,896	176,290	5.0%	155,671	13.2%
6	Interdepartmental	548	0	0.0%	0	*
7	Sales for Resale	74,745	4,497	15.1%	11,295	-60.2%
8	Interchange Agreement	440,519	26,283	5.5%	24,210	8.6%
9	Other	118,333	6,814	4.8%	5,644	20.7%
10	Total Revenues:	3,746,042	213,884	5.7%	196,820	8.7%
<u>Operating Expenses:</u>						
11	Fuel & Purchased Energy	1,228,707	76,040	6.2%	86,548	-12.1%
12	Production	740,713	43,220	5.8%	40,558	6.6%
13	Transmission	195,079	11,219	5.8%	9,725	15.4%
14	Distribution	112,987	6,737	6.0%	5,779	16.6%
15	Customer Billing	59,289	4,411	7.4%	4,394	0.4%
16	Customer Service	115,749	489	0.4%	262	86.6%
17	Sales & Marketing	254	135	53.1%	151	-10.6%
18	Admin. & General	189,822	11,770	6.2%	12,374	-4.9%
19	Depreciation & Amortization	346,369	17,885	5.2%	15,981	11.9%
20	Property Taxes	123,651	5,881	4.8%	5,585	5.3%
21	Payroll & Other Taxes	30,956	1,820	5.9%	1,731	5.1%
22	Income Taxes	(189)	(1,111)	587.8%	0	*
23	Deferred Income Taxes & ITC	156,485	10,436	6.7%	2,068	404.6%
24	Total Expenses:	3,299,872	188,932	5.7%	185,156	2.0%
25	Regulated Operating Income	446,170	24,952	5.6%	11,664	113.9%

Northern States Power Company
Electric Utility - North Dakota

(Dollars In Thousands)

III. AVERAGE RATE BASE

<u>Line</u>	<u>Item</u>	2011 <u>Total NSP</u>	2011 <u>N.D. Juris.</u>	<u>N. D. %</u>	2010 <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1	Plant in Service	13,666,833	742,545	5.4%	673,626	10.2%
2	Accumulated Depreciation	6,539,914	364,662	5.6%	339,921	7.3%
3	Net Plant in Service	7,126,919	377,883	5.3%	333,705	13.2%
4	Plant Held for Future Use	0	0	*	0	*
5	Construct Work in Progress	10,012	657	6.6%	900	-27.0%
6	Materials and Supplies	124,370	7,213	5.8%	6,283	14.8%
7	Fuel Stocks	87,684	5,454	6.2%	5,234	4.2%
8	Prepayments & Other Rate Base	59,821	3,833	6.4%	4,379	-12.5%
9	Customer Deposits	(1,974)	(15)	0.8%	(166)	-91.0%
10	Cash Working Capital	0	0	*	0	*
11	Other Rate Base ¹	(65,643)	(3,903)	5.9%	(6,232)	-37.4%
12	Accum. Deferred Taxes	(1,380,354)	(68,127)	4.9%	(61,787)	10.3%
13	Total Other Rate Base	(1,166,084)	(54,888)	4.7%	(51,389)	6.8%
14	Total Average Rate Base	5,960,835	322,995	5.4%	282,316	14.4%

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

2011 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	\$3,286,351	46.90%	6.12%	2.87%
2	Short-Term Debt	\$30,167	0.43%	3.06%	0.01%
3	Total Debt	\$3,316,518	47.33%	6.09%	2.88%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$3,690,284	52.67%	9.20%	4.85%
6	Total Equity	\$3,690,284	52.67%		
7	Total Capital	\$7,006,802	100.00%		7.73%

2010 Normalized

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt	\$3,286,351	46.90%	6.12%	2.87%
9	Short-Term Debt	\$30,167	0.43%	3.06%	0.01%
10	Total Debt	3,316,518	47.33%	6.09%	2.88%
11	Preferred Stock	\$0	0.00%		0.00%
12	Common Equity	\$3,690,284	52.67%	9.05%	4.76%
13	Total Equity	\$3,690,284	52.67%		
14	Total Capital	\$7,006,802	100.00%		7.65%

Xcel Energy
Electric Utility - State of North Dakota
Reliability Performance - Overall ND System
2007 - 2011 Results - Normalized

System Average Interruption Frequency Index (SAIFI)

(Average # of interruptions per customer)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011 YTD	0.05	0.28	0.31	0.44	0.48	0.77	0.83	0.90	1.01	1.07	1.11	1.13
2010 YTD	0.03	0.05	0.11	0.27	0.40	0.52	0.66	0.85	0.91	1.17	1.18	1.20
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
5 year average:												0.91

Customer Average Interruption Duration Index (CAIDI)

(Average # of minutes per interruption per customer)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2011 YTD	109.0	320.6	295.0	230.1	217.7	157.9	156.0	155.3	148.5	143.0	141.0	140.6
2010 YTD	62.3	75.4	76.6	65.6	75.5	68.3	70.3	64.0	65.3	59.4	59.6	62.8
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
5 year average:												93.6

Xcel Energy
Electric Utility - State of North Dakota
Reliability Performance - 5 Largest Substations
2007 - 2011 Results - Normalized

System Average Interruption Frequency Index (SAIFI)

(Average # of interruptions per customer)

	Cass County Sub (Fgo)	Red River Sub (Fgo)	Gateway Sub (GF)	Nordic Sub (GF)	Souris Sub (Minot)
2011	1.80	1.13	0.81	0.69	1.00
2010	0.46	1.68	0.68	2.27	0.29
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
5 year average:	0.72	1.15	0.94	0.86	0.62

Customer Average Interruption Duration Index (CAIDI)

(Average # of minutes per interruption per customer)

	Cass County Sub (Fgo)	Red River Sub (Fgo)	Gateway Sub (GF)	Nordic Sub (GF)	Souris Sub (Minot)
2011	342.0	86.3	100.7	83.7	69.4
2010	127.1	58.2	44.3	61.9	76.5
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
5 year average:	165.23	81.39	83.54	82.88	66.04

Xcel Energy
Electric Utility – State of North Dakota
2012 Reliability Plan Summary

Overhead Line Upgrades - \$324,000

Xcel Energy's 2012 capital budget includes about \$324,000 to upgrade its electric 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. Generally, this computer-based system initiates an investigation by flagging any device that has tripped more than twice in a rolling 12 month period. Following an engineering review, corrective actions are identified and implemented where appropriate.

Distribution Pole Testing - \$251,000

Xcel Energy's 2012 pole replacement plan includes an operating and maintenance expense budget of \$251,000 for testing 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.

Underground Cable Upgrade - \$211,000

In 2012, Xcel Energy plans to spend about \$211,000 in capital funds to upgrade its underground cable system in North Dakota. A little over half of these expenditures will include replacing cables that have failed but are not fit to be repaired and returned to service. They also include cables that may have experienced multiple failures in the past but for which repairs still present a viable remedy. Projects will involve the installation of additional backbone system capacity to serve new load or relieve load on existing facilities.

In addition, beginning in 2012, Xcel Energy will embark on a 3 year effort to proactively locate and remove non-standard 500 MCM cable remaining on our system. This project reflects one of several Settlement commitments in our most recent electric rate case (PU-10-657 and PU-11-55). The company plans to spend about \$102,000 in 2012 on this project.

Northern States Power Company

Supporting Information - North Dakota

I. Sales and Customer Data

Electric Utility (N. D. Jurisdiction)

Line	Customers (@ Dec)	2011	2010	2009	2008	2007
1	Residential	76,126	76,319	75,608	75,036	74,094
2	Small C & I	12,033	12,078	11,989	11,895	11,821
3	Large C & I	20	20	19	22	21
4	PSHL/OSPA	280	284	283	280	273
5	Total Retail	88,459	88,701	87,899	87,233	86,209
Line	Mwh Sales	2011	2010	2009	2008	2007
6	Residential	776,125	769,024	794,420	761,934	761,356
7	Small C & I	1,085,821	1,057,747	1,116,612	1,093,952	1,067,116
8	Large C & I	350,764	349,581	310,239	328,203	358,129
9	PSHL/OSPA	29,790	29,528	25,354	26,057	26,858
10	Total Retail	2,242,500	2,205,880	2,246,625	2,210,146	2,213,459
11	Ave. ¢/Kwh	7.86	7.06	7.10	7.33	6.59
12	Ave. Res. Monthly Usage (kwh)	850	840	876	846	856
13	Ave. Res. Monthly Bill	\$75.25	\$66.75	\$69.96	\$69.19	\$62.40

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 Company (Wis.)	Electric and Gas Utility	7,276,846	26,320,435
2	Public Service of Colorado	Electric and Gas Utility	2,849	16,814
3	Southwestern Public Service	Electric Utility	1,714	4,427
4	United Power and Land	Real estate holdings	-	-
5	Eloigne Company	Affordable housing investment program	-	-
6	Xcel Energy Services	Xcel Energy Inc. service company	16,420,741	-
7	e'Prime	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.	538,857	1,374,186	92.8654%	7.1346%	6.2805%	9.8133%	Common
PSCo	45,368	267,718	100.0%	0.0%	6.2805%	0.0%	Electric
SPS	27,288	70,492	100.0%	0.0%	6.2805%	0.0%	Electric
UP&L	-	-	92.8654%	7.1346%	6.2805%	9.8133%	Common
Eloigne	-	-	92.8654%	7.1346%	6.2805%	9.8133%	Common
XES	251,367,962	-	92.8654%	7.1346%	6.2805%	9.8133%	Common
e'Prime	-	-	100.0%	0.0%	6.2805%	0.0%	Electric
	251,979,475	1,712,396					

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

Common Allocation Methodology is Labor	Electric	Gas	Load Dispatch	10.5580%
Utility Labor Allocator	92.8654%	7.1346%	Design Day	10.5613%
Customers North Dakota Jurisdictional	6.2805%	9.8133%		
Factor Formula: ((Util Elec)*ND Jur Ele)+((Util Gas)*ND Jur Gas) =				6.5326%

(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>
Electric Inter change Agreement dollars				Expenses			
Revenues	195,939,717	11,268,689	Fixed	48,949,521	2,815,136	Demand	5.751%
	202,288,680	12,582,154	Variable	19,429,562	1,208,499	Energy	6.220%
	<u>41,200,349</u>	<u>2,369,473</u>	Transmission	<u>55,954,687</u>	<u>3,218,010</u>	Demand	5.751%
Electric Total	439,428,745	26,220,316		124,333,770	7,241,645		
Gas SCADA Agreement							
SCADA	98,031	10,350					