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April 30, 2021

Steven M. Kahl, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

Re: 2020 REPORTS OF REGULATED EARNINGS FOR XCEL ENERGY'S
NORTH DAKOTA ELECTRIC AND NATURAL GAS OPERATIONS

Dear Mr. Kahl:

Attached are electronic versions of Xcel Energy's Annual Reports of 2020 regulated earnings for our electric and natural gas operations in North Dakota. Also included for your reference are the 2020 Shareholder's Annual Report and a copy of Northern States Power Company—Minnesota's (NSPM's) 2019 FERC Form 1. One original and three copies of each report will be sent by mail under this cover letter to the Commission.

North Dakota Electric Earnings

The Company's regulated electric earnings in 2020 resulted in a Return on Equity (ROE) of 9.81 percent. This reflects an increase in jurisdictional earnings compared to the 9.43 percent reported for 2019. The Company's authorized ROE for electric is 10.25 percent, approved February 26, 2014 in Case No. PU-12-813.

Normalizing for favorable weather, electric ROE in 2020 was 9.54 percent, compared to 9.03 percent in 2019.


North Dakota Natural Gas Earnings

The Company's regulated natural gas earnings in 2020 resulted in an ROE of 6.55 percent. This reflects an increase in jurisdictional earnings compared to the 5.06 percent reported for 2019. The Company's authorized ROE for natural gas is 10.75 percent, approved June 13, 2007 in Case No. PU-06-525.

Normalizing for unfavorable weather, natural gas ROE in 2020 was 6.63 percent, which was higher than 2019 normalized ROE of 3.74 percent.

Please contact me if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style with a large initial 'D'.

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION/FINANCE

cc: Patrick Fahn
Victor Schock
Adam Renfandt

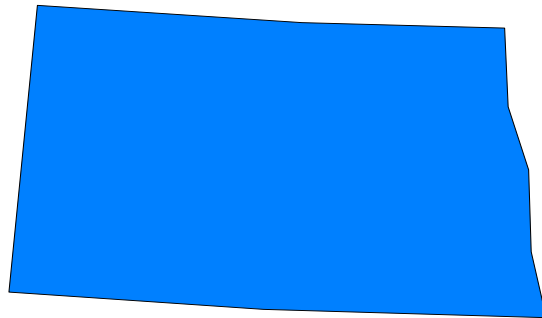
Enclosures

ANNUAL REPORT
OF
NORTHERN STATES POWER COMPANY
(A MINNESOTA CORPORATION)
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE YEAR ENDING

DECEMBER 31, 2020

Electric Utility
North Dakota Jurisdiction



2020

Filed 4/30/21

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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>2020</u>	<u>Refiled 2019</u>
1 Operating Income from Electric Operations (E-2):	\$44,225	\$41,771
2 Average Regulated Rate Base (E-3):	\$613,204	\$588,620
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	7.21%	7.10%
4 Weighted Cost of Debt (E-4):	2.05%	2.10%
5 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
6 % of Equity in Capital Structure (E-4):	52.62%	52.98%
7 Return on Equity (ROE):	9.81%	9.43%

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2020</u>	<u>2019</u>
8 Operating Income from Electric Operations:	\$44,225	\$41,771
9 Impact of weather on Mwh Sales:	15,469	31,895
10 Impact of weather on Electric Operating Income: ¹	\$855	\$1,249
11 Weather-Normalized Operating Income:	\$43,370	\$40,522
12 Average Regulated Rate Base:	\$613,290	\$588,840
13 Weather-Normal Rate of Return on Rate Base (ROR):	7.07%	6.88%
14 Weather-Normalized Return on Equity (ROE):	9.54%	9.03%

¹ The weather impact estimate reflects adjustments to both electric demand and sales

Northern States Power Company

Electric Utility - North Dakota

(Dollars In Thousands)

II. OPERATING INCOME

<u>Line</u>	<u>Item</u>	<u>2020</u> <u>Total NSP</u>	<u>2020</u> <u>N.D. Juris.</u>	<u>N. D. %</u>	<u>Refiled</u> <u>2019</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
<u>Operating Revenues:</u>						
1	Residential	1,416,592	81,239	5.7%	78,813	3.1%
2	Small Comm. & Ind.	1,421,425	90,637	6.4%	91,850	-1.3%
3	Large Comm. & Ind.	612,761	25,170	4.1%	25,578	-1.6%
4	Public Street & Highway Ltg	24,939	1,623	6.5%	1,584	2.4%
5	Other Sales to Publ Auth	9,357	1,465	15.7%	1,453	0.8%
	Total Retail	3,485,073	200,134	5.7%	199,279	0.4%
6	Interdepartmental	689	0	0.0%	0	*
7	Sales for Resale	104,927	7,547	7.2%	10,090	-25.2%
8	Interchange Agreement	434,345	27,231	6.3%	28,885	-5.7%
9	Other	317,662	18,599	5.9%	17,253	7.8%
10	Total Revenues:	4,342,697	253,511	5.8%	255,507	-0.8%
<u>Operating Expenses:</u>						
11	Fuel & Purchased Energy	1,094,382	62,209	5.7%	68,132	-8.7%
12	Production	669,883	41,167	6.1%	42,673	-3.5%
13	Transmission	360,248	22,002	6.1%	24,202	-9.1%
14	Distribution	101,577	5,650	5.6%	6,528	-13.4%
15	Customer Billing	87,205	3,787	4.3%	3,379	12.1%
16	Customer Service	106,182	240	0.2%	425	-43.4%
17	Sales & Marketing	2,433	151	6.2%	3	5079.0%
18	Admin. & General	243,139	16,909	7.0%	15,129	11.8%
19	Depreciation & Amortization	607,202	46,758	7.7%	38,069	22.8%
20	Property Taxes	196,799	10,506	5.3%	11,096	-5.3%
21	Payroll & Other Taxes	29,631	1,882	6.3%	2,019	-6.8%
22	Income Taxes	32,987	2,260	6.9%	355	537.5%
23	Deferred Income Taxes & ITC	(19,462)	(4,237)	21.8%	1,725	-345.6%
24	Total Expenses:	3,512,205	209,286	6.0%	213,736	-2.1%
25	Regulated Operating Income	830,491	44,225	5.3%	41,771	5.9%

Northern States Power Company
Electric Utility - North Dakota

(Dollars In Thousands)

III. AVERAGE RATE BASE

<u>Line</u>	<u>Item</u>	2020 <u>Total NSP</u>	2020 <u>N.D. Juris.</u>	<u>N. D. %</u>	Refiled 2019 <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1	Plant in Service	22,768,193	1,348,792	5.9%	1,299,860	3.8%
2	Accumulated Depreciation	10,529,421	619,287	5.9%	593,415	4.4%
3	Net Plant in Service	12,238,772	729,505	6.0%	706,444	3.3%
4	Plant Held for Future Use	0	0	*	0	*
5	Construct Work in Progress	39,461	2,536	6.4%	3,888	-34.8%
6	Materials and Supplies	175,911	10,761	6.1%	10,932	-1.6%
7	Fuel Stocks	93,160	6,097	6.5%	5,601	8.9%
8	Prepayments & Other Rate Base	314,988	10,367	3.3%	10,823	-4.2%
9	Customer Deposits	(34,782)	(67)	0.2%	(78)	-14.2%
10	Cash Working Capital	0	0	*	0	*
11	Other Rate Base ¹	53,475	3,822	7.1%	7,233	-47.2%
12	Accum. Deferred Taxes	(2,607,688)	(149,818)	5.7%	(156,225)	-4.1%
13	Total Other Rate Base	(1,965,475)	(116,301)	5.9%	(117,825)	-1.3%
14	Total Average Rate Base	10,273,297	613,204	6.0%	588,620	4.2%

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

2020 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	\$5,728,284	47.22%	4.33%	2.04%
2	Short-Term Debt	\$19,917	0.16%	5.35%	0.01%
3	Total Debt	\$5,748,201	47.38%	4.33%	2.05%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$6,383,561	52.62%	9.81%	5.16%
6	Total Equity	\$6,383,561	52.62%		
7	Total Capital	\$12,131,762	100.00%		7.21%

2020 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	\$5,728,284	47.22%	4.33%	2.04%
9	Short-Term Debt	\$19,917	0.16%	5.35%	0.01%
10	Total Debt	\$5,748,201	47.38%	4.33%	2.05%
11	Preferred Stock	\$0	0.00%		0.00%
12	Common Equity	\$6,383,561	52.62%	9.54%	5.02%
13	Total Equity	\$6,383,561	52.62%		
14	Total Capital	\$12,131,762	100.00%		7.07%

Northern States Power Company

Electric Utility - North Dakota

I. SALES AND CUSTOMER DATA

Electric Utility (N. D. Jurisdiction)

<u>Line</u>	<u>Customers (@ Dec)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
1	Residential	81,223	81,321	81,023	80,985	80,623
2	Small C & I	12,788	12,823	12,826	12,753	12,746
3	Large C & I	24	24	23	23	24
4	PSHL/OSPA	<u>403</u>	<u>415</u>	<u>406</u>	<u>391</u>	<u>375</u>
5	Total Retail	94,438	94,583	94,278	94,152	93,768
<u>Line</u>	<u>Mwh Sales</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
6	Residential	779,212	782,123	794,324	753,332	744,260
7	Small C & I	977,092	1,030,730	1,070,766	1,061,226	1,077,523
8	Large C & I	342,142	370,487	371,963	365,348	362,964
9	PSHL/OSPA	<u>29,223</u>	<u>29,831</u>	<u>28,025</u>	<u>27,578</u>	<u>27,992</u>
10	Total Retail	2,127,669	2,213,171	2,265,078	2,207,484	2,212,739
11	Ave. ¢/Kwh	9.41¢	9.00¢	9.30¢	9.43¢	9.28¢
12	Ave. Res. Mo. Usage (kwh)	799	801	817	775	769
13	Ave. Res. Monthly Bill	\$83.35	\$80.76	\$84.98	\$81.98	\$80.49

Northern States Power Company

Electric Utility - North Dakota

II. AFFILIATED TRANSACTION SUMMARY

			North Dakota Jurisdiction Electric and Gas Totals (1)	
Affiliate Name	Services Rendered	Expense (2)	Revenue (3)	
1	NSP Wisconsin	Electric and Gas Utility	10,383,194	29,194,152
2	Public Service of Colorado	Electric and Gas Utility	(154,896)	(223,968)
3	Southwestern Public Service	Electric Utility	4,033	(108,098)
4	Xcel Energy Services	Xcel Energy Inc. Service Company	94,790,622	52,910,379
5	Xcel Energy, Inc.	Engineering services	33,198,135	25,645,093
			138,221,088	107,417,558

Notes:

- (1) The amounts allocated to North Dakota electric and gas jurisdictions represent an estimate based on an overall allocation factor applied to the revenues and expenses for each affiliate. To derive the actual amounts by jurisdiction would require an allocation of each 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).

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

III. AFFILIATED TRANSACTION ALLOCATION DETAIL

	<u>Total Expense</u>	<u>Total Revenue</u>	<u>Elec %</u>	<u>Gas %</u>	<u>ND Elec % (Customers)</u>	<u>ND Gas % (Customers)</u>
NSP Wisconsin	\$ 607,148	\$ 23,742,660	93.6423%	6.3577%	6.2802%	11.2162%
PSCo	(2,466,419)	(3,566,249)	100.0000%	0.0000%	6.2802%	0.0000%
SPS	64,220	(1,721,258)	100.0000%	0.0000%	6.2802%	0.0000%
XES	1,437,524,887	802,399,907	93.6423%	6.3577%	6.2802%	11.2162%
XEI	528,615,890	408,348,352	100.0000%	0.0000%	6.2802%	0.0000%
	<u>\$1,964,345,727</u>	<u>\$1,229,203,412</u>				

Notes:

Allocation of Revenues & Expenses between NSP Minnesota and Affiliates

Common Allocation Method: Labor

	<u>Electric</u>	<u>Gas</u>		
Utility Labor Allocator	93.6423%	6.3577%	Load Dispatch	11.2218%
ND Jur. Customer Allocator	6.2802%	11.2162%	Design Day	12.3013%

Factor Formula: ((Util Elec)*ND Jur Ele)+((Util Gas)*ND Jur Gas) = 6.5940%

Affiliated Transactions between Minnesota and Wisconsin (Interchange Agreement)

	<u>Total Revenue</u>	<u>ND Alloc.</u>	<u>Total Expense</u>	<u>ND Alloc.</u>	<u>Alloc Method</u>	<u>ND Alloc %</u>
Fixed	\$223,594,481	\$13,656,033	\$43,628,471	\$2,664,609	Demand	6.1075%
Variable	\$160,740,529	\$10,520,146	\$15,468,274	\$1,012,368	Energy	6.5448%
Transmission	\$55,486,529	\$3,388,840	\$109,147,471	\$6,666,182	Demand	6.1075%
Electric Total	\$439,821,540	\$27,565,019	\$168,244,215	\$10,343,158		

Gas SCADA Agreement

	<u>Total Rev</u>	<u>ND Alloc.</u>	<u>Alloc Method</u>	<u>ND Alloc %</u>
SCADA	566,201	63,538	Load Dispatch	11.2218%