



2302 Great Northern Drive
Fargo, ND 58102

May 1, 2024

– VIA ELECTRONIC MAIL AND U.S. MAIL –

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

Re: 2023 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 2023 regulated earnings for our electric and natural gas operations in North Dakota. Also included for your reference are the 2023 Shareholder's Annual Report and a copy of Northern States Power Company–Minnesota's (NSPM's) 2023 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 2023 resulted in a Return on Equity (ROE) of 9.65 percent. This reflects a decrease in jurisdictional earnings compared to the 11.74 percent reported for 2022.

Normalizing the impact of weather, electric ROE in 2023 was 9.40 percent, compared to 11.28 percent in 2022. Per provisions of the Order on Settlement in Case No. PU-20-441, the Company is obligated to refund 100 percent of weather-normalized earnings in excess of a 9.75 percent ROE, therefore no refund obligation exists.

North Dakota Electric Reliability Reporting

In compliance with ND Century Code 49-05-19 and ND Administrative Code 69-09-02-06, this report also contains 2023 results for the required key electric reliability performance metrics, as well as details of the “Major Event Day” excluded for purposes of normalizing those performance indicators for extreme outage events.

North Dakota Natural Gas Earnings

The Company’s regulated natural gas earnings in 2023 resulted in an ROE of 5.87 percent. This reflects a decrease in jurisdictional earnings compared to 10.64 percent reported in 2022.

Normalizing for weather, natural gas ROE in 2023 was 6.05 percent, which was lower than the 2022 normalized ROE of 9.80 percent. The Company’s authorized weather-normalized ROE for natural gas is 9.80 percent, approved October 27, 2022 in Case No. PU-21-381, therefore no refund obligation exists.

Please contact me at alex.j.nisbet@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

ALEX NISBET
REGULATORY POLICY SPECIALIST

Enclosures

cc: Victor Schock
Adam Renfandt

ANNUAL REPORT

OF

NORTHERN STATES POWER COMPANY
(A MINNESOTA CORPORATION)

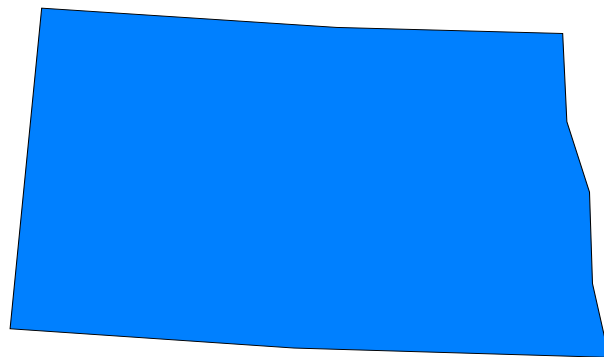
TO THE

NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE YEAR ENDING

DECEMBER 31, 2023

Natural Gas Utility
North Dakota Jurisdiction



2023

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Northern States Power Company

Natural Gas Utility - North Dakota

(Dollars In Thousands)

I. RETURN ON EQUITY (ROE)

<u>Actual Return on Equity (ROE)</u>	<u>2023</u>	<u>2022</u>
1 Operating Income from Gas Operations (G-2):	\$7,392	\$9,159
2 Average Regulated Rate Base (G-3):	\$143,121	\$120,724
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	5.16%	7.59%
4 Weighted Cost of Debt (G-4):	2.08%	1.99%
5 Weighted Cost of Preferred Stock (G-4):	0.00%	0.00%
6 % of Equity in Capital Structure (G-4):	52.54%	52.62%
7 Return on Equity (ROE):	5.87%	10.64%

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2023</u>	<u>2022</u>
8 Operating Income from Gas Operations:	\$7,392	\$9,159
9 Impact of weather on Mcf Sales:	(236,085)	1,050,240
10 Impact of weather on Gas Operating Income :	(\$132)	\$532
11 Weather-Normalized Operating Income:	\$7,524	\$8,627
12 Average Regulated Rate Base:	\$143,121	\$120,724
13 Weather-Normal Rate of Return on Rate Base (ROR):	5.26%	7.15%
14 Weather-Normalized Return on Equity (ROE):	6.05%	9.80%

Northern States Power Company
Natural Gas Utility - North Dakota
(Dollars In Thousands)

II. OPERATING INCOME

<u>Line Item</u>	<u>2023</u> <u>Total NSP</u>	<u>2023</u> <u>N.D. Juris.</u>	<u>N. D. %</u>	<u>2022</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
<u>Operating Revenues</u>¹					
1 Residential	170,915	14,596	8.5%	13,515	8.0%
2 Firm C & I	78,319	13,327	17.0%	12,624	5.6%
3 Interruptible C & I	12,682	2,220	17.5%	2,303	-3.6%
4 Total Retail	261,917	30,143	11.5%	28,442	6.0%
5 Interdepartmental Generation	1,137	0	0.0%	0	#DIV/0!
6 Transportation	17,813	566	3.2%	772	-26.7%
7 Other	3,230	1,870	57.9%	2,249	-16.9%
8 Total Revenues:	284,098	32,578	11.5%	31,463	3.5%
<u>Operating Expenses:</u>					
9 Production ²	11,328	2,542	22.4%	1,630	56.0%
10 Transmission	1,590	191	12.0%	143	33.5%
11 Distribution	39,649	5,381	13.6%	5,260	2.3%
12 Customer Billing	14,562	1,691	11.6%	1,441	17.3%
13 Customer Service	22,334	277	1.2%	140	97.0%
14 Sales & Marketing	46	7	14.8%	10	-32.8%
15 Admin. & General	31,301	3,935	12.6%	3,172	24.0%
16 Depreciation & Amortizations	65,776	7,786	11.8%	6,529	19.2%
17 Property Taxes	20,835	1,828	8.8%	1,490	22.7%
18 Payroll & Other Taxes	3,661	441	12.0%	339	30.0%
19 Income Taxes	5,484	442	0.0%	1,013	-56.4%
20 Deferred Income Taxes	2,497	668	26.8%	1,137	-41.2%
21 Total Expenses:	219,063	25,186	11.5%	22,304	12.9%
22 Regulated Operating Income	65,035	7,392	11.4%	9,159	-19.3%

¹ Revenues exclude natural gas commodity cost recovery, per prior NDPSC staff directive.

² Production expense excludes natural gas commodity costs, and includes a \$1.25 million 2023 amortization of the deferred Fargo MGP remediation costs

Northern States Power Company Natural Gas Utility - North Dakota

(Dollars In Thousands)

III. AVERAGE RATE BASE

<u>Line</u>	<u>Item</u>	<u>2023</u> <u>Total NSP</u>	<u>2023</u> <u>N.D. Juris.</u>	<u>N. D. %</u>	<u>2022</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1	Plant in Service	2,257,672	246,795	10.9%	216,080	14.2%
2	Accumulated Depreciation	817,682	87,670	10.7%	82,880	5.8%
3	Net Plant in Service	1,439,990	159,125	11.1%	133,200	19.5%
4	Plant Held for Future Use	0	0	*	0	*
5	Construct Work in Progress	6,050	884	14.6%	529	67.0%
6	Materials and Supplies	2,761	318	11.5%	231	37.9%
7	Fuel Stocks	28,413	3,445	12.1%	6,202	-44.4%
8	Prepayments & Other	380	(1,287)	-338.8%	(1,161)	10.9%
9	Customer Deposits	(204)	(24)	11.5%	(21)	13.2%
10	Cash Working Capital	0	0	*	0	*
11	Other Rate Base ¹	10,386	2,132	20.5%	2,423	-12.0%
12	Accum. Deferred Taxes	(228,551)	(21,473)	9.4%	(20,679)	3.8%
13	Total Other Rate Base	(180,765)	(16,004)	8.9%	(12,475)	28.3%
14	Total Average Rate Base	1,259,225	143,121	11.4%	120,724	18.6%

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

Natural Gas Utility - North Dakota

(Dollars In Thousands)

IV. COST OF CAPITAL

2023 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	\$7,168,701	46.66%	4.34%	2.03%
2	Short-Term Debt	\$123,000	0.80%	5.63%	0.05%
3	Total Debt	\$7,291,701	47.46%	4.38%	2.08%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$8,071,468	52.54%	5.87%	3.08%
6	Total Equity	\$8,071,468	52.54%		
7	Total Capital	\$15,363,169	100.00%		5.16%

2023 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	\$7,168,701	46.66%	4.34%	2.03%
9	Short-Term Debt	\$123,000	0.80%	5.63%	0.05%
10	Total Debt	\$7,291,701	47.46%	4.38%	2.08%
11	Preferred Stock	\$0	0.00%	0.00%	0.00%
12	Common Equity	\$8,071,468	52.54%	6.05%	3.18%
13	Total Equity	\$8,071,468	52.54%		
14	Total Capital	\$15,363,169	100.00%		5.26%

Xcel Energy
Natural Gas Utility - State of North Dakota
2023 Demand Side Management Activity Report

2023 Results

<u>Program</u>	<u>Customers</u>	<u>Dkth Savings</u>	<u>Expenses</u>
Home Energy Audits	8	na	\$3,926
Furnace/Boiler Rebates	923	16,061	\$87,565
Water Heater Rebates	157	1,316	\$38,778
Efficiency Showerheads	<u>1,404</u>	<u>3,510</u>	<u>\$38,250</u>
Totals	<u>2,492</u>	<u>20,888</u>	<u>\$168,519</u>

Test Year Projections*

<u>Program</u>	<u>Customers</u>	<u>Dkth Savings</u>	<u>Expense</u>
Home Energy Audits	55	na	\$26,084
Furnace/Boiler Rebates	725	11,673	\$104,500
Water Heater Rebates	30	153	\$4,020
Efficiency Showerheads	<u>200</u>	<u>446</u>	<u>\$3,656</u>
Totals	<u>1,010</u>	<u>12,272</u>	<u>\$138,260</u>

Notes: The North Dakota residential natural gas heating, water heating, and showerhead programs performed well in 2023, with participation goals and dekatherm savings exceeding our annual targets. The showerheads program, in particular, saw record participation. Home Energy Audit participation continues to lag, but the budget overrun in that program was more than offset by strong activity in the other programs, specifically water heater rebates and high-efficiency showerheads. Except for the showerhead program, which is a targeted direct outreach effort, DSM programs were marked primarily through Xcel Energy bill "inserts" which reach all of the company's residential natural gas programs in North Dakota. This tactic is reasonably priced and helps to build continued awareness. Additional marketing actions included the cross-marketing of programs via a trade partner newsletter and an advertising campaign during the 3rd and 4th quarters.

* Per Settlement in Case No. PU-06-525. Since then program and energy savings goals within the ND portfolio have been adjusted while holding total costs at or near the Test Year expense of \$138,260. These new goals reflect historical performance and customer participation. Thus, the \$138,260 Test Year budget was redistributed among the four programs to align their respective budgets and participant goals.

Northern States Power Company

Supporting Information - North Dakota

I. SALES AND CUSTOMER DATA

Natural Gas Utility (N. D. Jurisdiction)

Line	Customers (@ Dec)	2023	2022	2021	2020	2019	2018	2017
1	Residential	54,261	53,385	52,247	50,934	49,993	49,120	48,110
2	Firm C & I	9,661	9,361	9,188	8,932	8,789	8,568	8,405
3	Interruptible C & I	67	79	84	85	89	90	93
4	Total Retail	63,989	62,825	61,519	59,951	58,871	57,778	56,608
5	Transportation	3	3	3	1	1	1	1
	<u>Mcf Sales</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
6	Residential	4,170	4,653	3,724	3,953	4,320	4,028	3,522
7	Firm C & I	6,742	7,219	5,994	6,191	6,244	5,737	5,113
8	Interruptible C & I	2,018	1,821	1,896	2,120	2,901	2,701	2,367
9	Total Retail	12,930	13,693	11,614	12,264	13,465	12,466	11,001
10	Transportation	1,459	1,648	1,586	1,128	987	893	839
	<u>Retail Revenues</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<i>Distribution Services</i>							
11	Residential	\$14,596	\$13,515	12,032	11,319	11,055	10,754	10,582
12	Firm C & I	\$13,327	\$12,624	10,545	9,976	9,951	9,328	8,561
13	Interruptible C & I	\$2,220	\$2,303	1,614	1,443	1,984	1,976	1,595
14	Total Distribution Svcs	\$30,143	\$28,442	24,191	22,738	22,990	22,058	20,738
	<i>Gas Cost Recovery</i>							
15	Residential	\$24,818	\$37,499	\$19,941	12,600	15,970	16,112	13,852
16	Firm C & I	\$38,858	\$59,599	\$31,057	19,692	22,917	22,911	19,998
17	Interruptible C & I	\$8,441	\$13,018	\$8,163	4,909	8,280	8,665	7,265
18	Total Gas Cost Recovery	\$72,117	\$110,117	59,161	37,200	47,167	47,688	41,116
19	Total Revenues	\$102,260	\$138,558	83,352	59,938	70,157	69,746	61,854
20	Ave. Retail \$/mcf	\$7.91	\$10.12	\$7.18	\$4.89	\$5.21	\$5.59	\$5.62
21	Ave. Res. Mo. Usage (ccf)	64	73	59	65	72	68	61
22	Ave. Res. Monthly Bill	\$60.53	\$79.63	\$51.00	\$39.13	\$45.05	\$45.58	\$42.32

Northern States Power Company

Gas 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	12,255,704	32,168,374
2	Public Service of Colorado	Electric and Gas Utility	165,923	323,007
3	Southwestern Public Service	Electric Utility	(10,242)	113,852
4	Xcel Energy Services	Xcel Energy Inc. Service Company	35,427,816	82,505,506
5	Xcel Energy, Inc.	Engineering services	39,884,376	21,766,780
			87,723,576	136,877,519

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 Gas 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	\$ (419,624)	\$ 26,014,170	93.1721%	6.8279%	6.1621%	11.5312%
PSCo	2,692,633	5,241,835	100.0000%	0.0000%	6.1621%	0.0000%
SPS	(166,215)	1,847,622	100.0000%	0.0000%	6.1621%	0.0000%
XES	542,647,590	1,263,736,224	93.1721%	6.8279%	6.1621%	11.5312%
XEI	647,252,975	353,236,392	100.0000%	0.0000%	6.1621%	0.0000%
	<u>\$1,192,007,358</u>	<u>\$1,650,076,244</u>				

Notes:

Allocation of Revenues & Expenses between NSP Minnesota and Affiliates

Common Allocation Method: Labor

	<u>Electric</u>	<u>Gas</u>		
Utility Labor Allocator	93.1721%	6.8279%	Load Dispatch	12.0150%
ND Jur. Customer Allocator	6.1621%	11.5312%	Design Day	12.7880%

Factor Formula: ((Util Elec)*ND Jur Ele)+((Util Gas)*ND Jur Gas) = 6.5287%

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	\$226,921,331	\$13,543,346	\$47,719,122	\$2,848,020	Demand	5.9683%
Variable	\$207,179,613	\$13,327,036	\$14,863,309	\$956,097	Energy	6.4326%
Transmission	\$59,220,372	\$3,534,449	\$142,066,960	\$8,478,982	Demand	5.9683%
Electric Total	\$493,321,317	\$30,404,831	\$204,649,391	\$12,283,100		

Gas SCADA Agreement

	<u>Total Rev</u>	<u>ND Alloc.</u>	<u>Alloc Method</u>	<u>ND Alloc %</u>
SCADA	542,290	65,156	Load Dispatch	12.0150%