



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)

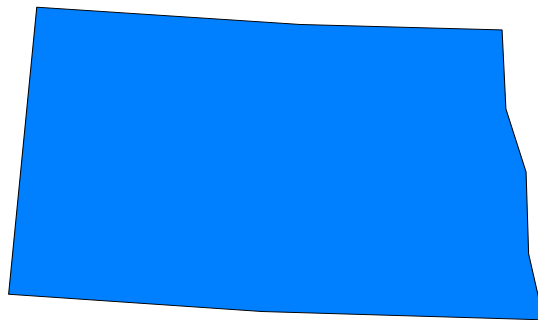
TO THE

NORTH DAKOTA PUBLIC SERVICE COMMISSION

FOR THE YEAR ENDING

DECEMBER 31, 2023

Electric Utility
North Dakota Jurisdiction



2023

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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>2023</u>	<u>2022</u>
1 Operating Income from Electric Operations (E-2):	\$52,013	\$56,995
2 Average Regulated Rate Base (E-3):	\$727,205	\$697,757
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	7.15%	8.17%
4 Weighted Cost of Debt (E-4):	2.08%	1.99%
5 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
6 % of Equity in Capital Structure (E-4):	52.54%	52.62%
7 Return on Equity (ROE):	9.65%	11.74%

<u>ROE, Normalized for Weather Impact</u>	<u>2023 *</u>	<u>2022</u>
8 Operating Income from Electric Operations:	\$51,061	\$55,312
9 Average Regulated Rate Base (E-3):	727,301	697,927
10 Rate of Return on Rate Base (ROR) (line 1 / line 2):	7.02%	7.93%
11 Weighted Cost of Debt (E-4):	2.08%	1.99%
12 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
% of Equity in Capital Structure (E-4):	52.54%	52.62%
13 Weather-Normalized Return on Equity (ROE):	9.40%	11.29%

* The weather normalization in 2022 and 2023 was limited to a single adjustment to weather normalize

Northern States Power Company
Electric Utility - North Dakota

(Dollars In Thousands)

II. OPERATING INCOME

<u>Line</u>	<u>Item</u>	2023 Total NSP	2023 Act N.D. Juris.	2023 W/N * N.D. Juris.	2022 W/N N.D. Juris.	Annual Change
<u>Operating Revenues:</u>						
1	Residential	1,552,073	93,047	91,842	94,460	-2.8%
2	Small Comm. & Ind.	1,747,717	105,352	105,297	114,821	-8.3%
3	Large Comm. & Ind.	797,945	30,396	30,396	32,366	-6.1%
4	Public Street & Highway Ltg	27,539	1,622	1,622	1,744	-7.0%
5	Other Sales to Publ Auth	<u>11,202</u>	<u>1,622</u>	<u>1,622</u>	<u>1,816</u>	<u>-10.7%</u>
	Total Retail	4,136,476	232,039	230,779	245,208	-5.9%
6	Interdepartmental	717	0	0	0	*
7	Sales for Resale	140,967	10,688	10,688	19,642	-45.6%
8	Interchange Agreement	483,396	29,812	29,812	31,442	-5.2%
9	Other	<u>387,624</u>	<u>20,850</u>	<u>20,850</u>	<u>22,312</u>	<u>-6.5%</u>
10	Total Revenues:	5,149,181	293,391	292,130	318,603	-8.3%
<u>Operating Expenses:</u>						
11	Fuel & Purchased Energy	1,478,681	78,020	78,020	101,998	-23.5%
12	Production	676,365	40,384	40,384	39,651	1.8%
13	Transmission	399,390	23,837	23,837	25,077	-4.9%
14	Distribution	113,897	7,418	7,418	6,404	15.8%
15	Customer Billing	70,118	4,531	4,531	3,986	13.7%
16	Customer Service	101,179	392	392	197	99.5%
17	Sales & Marketing	8,364	178	178	91	96.1%
18	Admin. & General	320,999	19,665	19,665	17,238	14.1%
19	Depreciation & Amortization	1,039,598	64,072	64,072	64,108	-0.1%
20	Property Taxes	179,995	9,951	9,951	10,745	-7.4%
21	Payroll & Other Taxes	32,571	2,046	2,046	1,782	14.9%
22	Income Taxes	8,969	677	561	2,557	-78.1%
23	Deferred Income Taxes & ITC	<u>(160,911)</u>	<u>(9,795)</u>	<u>(9,987)</u>	<u>(10,543)</u>	<u>-5.3%</u>
24	Total Expenses:	4,269,216	241,377	241,069	263,290	-8.4%
25	Regulated Operating Income	879,965	52,013	51,061	55,312	-7.7%

* The weather normalization in 2022 and 2023 was limited to a single adjustment to weather normalize revenue.

Northern States Power Company
Electric 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>2023 W/N **</u> <u>N.D. Juris.</u>	<u>2022 W/N</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1	Plant in Service	26,696,385	1,544,357	1,544,357	1,491,843	3.5%
2	Accumulated Depreciation	<u>12,118,968</u>	<u>698,112</u>	<u>698,112</u>	<u>680,312</u>	2.6%
3	Net Plant in Service	14,577,417	846,245	846,245	811,531	4.3%
4	Plant Held for Future Use	0	0	0	0	*
5	Construct Work in Progress	67,135	4,468	4,468	3,737	19.6%
6	Materials and Supplies	204,365	12,234	12,234	11,169	9.5%
7	Fuel Stocks	97,979	6,303	6,303	6,024	4.6%
8	Prepayments & Other Rate Base	138,985	11,912	11,912	13,422	-11.2%
9	Customer Deposits	(30,206)	(36)	(36)	(32)	11.5%
10	Cash Working Capital	0	0	0	0	*
11	Other Rate Base *	(48,055)	(21,434)	(21,434)	(7,007)	205.9%
12	Accum. Deferred Taxes	<u>(2,234,168)</u>	<u>(132,488)</u>	<u>(132,392)</u>	<u>(140,916)</u>	-6.0%
13	Total Other Rate Base	(1,803,966)	(119,041)	(118,945)	(113,604)	4.7%
14	Total Average Rate Base	12,773,451	727,205	727,301	697,927	4.2%

* 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, levelized PTC liability, etc.

** The weather normalization in 2022 and 2023 was limited to a single adjustment to weather normalize revenue

Northern States Power Company

Electric Utility - North Dakota

(Dollars In Thousands)

IV. COST OF CAPITAL

2023 Actual

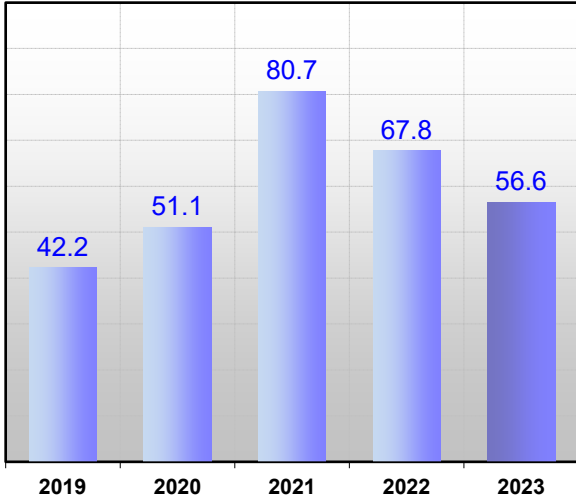
<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$7,168,701	46.66%	4.34%	2.03%
2	Short-Term Debt	\$123,000	0.80%	5.63%	0.05%
3	Total Debt	\$7,291,701	47.46%	4.38%	2.08%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$8,071,468	52.54%	9.65%	5.07%
6	Total Equity	\$8,071,468	52.54%		
7	Total Capital	\$15,363,169	100.00%		7.15%

2023 Normalized

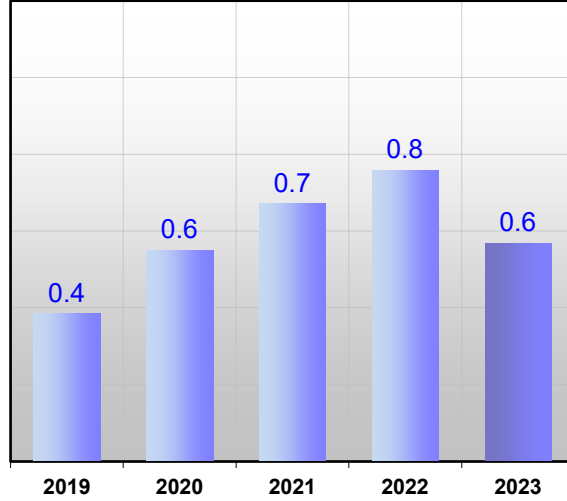
<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt	\$7,168,701	46.66%	4.34%	2.03%
9	Short-Term Debt	\$123,000	0.80%	5.63%	0.05%
10	Total Debt	\$7,291,701	47.46%	4.38%	2.08%
11	Preferred Stock	\$0	0.00%	0.00%	0.00%
12	Common Equity	\$8,071,468	52.54%	9.40%	4.94%
13	Total Equity	\$8,071,468	52.54%		
14	Total Capital	\$15,363,169	100.00%		7.02%

I. RELIABILITY PERFORMANCE

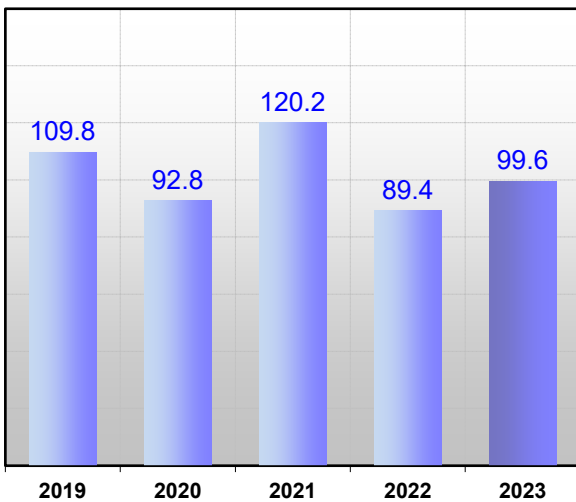
SAIDI - System Average Interruption Duration Index
(Average Total Minutes Interrupted Per Customer)



SAIFI - System Average Interruption Frequency Index
(Average Number of Interruptions per Customer)



CAIDI - Customer Average Interruption Duration Index
(Average Duration (mln.) of Customer Interruptions)



Key Performance Indicator Supporting Data

	(1) <u>SCI</u>	(2) <u>CMO</u>	(3) <u>Cust</u>	(2)/(3) <u>SAIDI</u>	(1)/(3) <u>SAIFI</u>	(2)/(1) <u>CAIDI</u>
Jan	2,948	524,174	94,989	5.52	0.03	177.81
Feb	2,656	313,288	95,114	3.29	0.03	117.95
Mar	10,560	770,507	95,206	8.09	0.11	72.96
Apr	2,322	97,565	95,205	1.02	0.02	42.02
May	3,579	379,528	95,184	3.99	0.04	106.04
Jun	2,408	254,913	95,180	2.68	0.03	105.86
Jul	2,123	283,887	95,172	2.98	0.02	133.72
Aug	8,571	695,963	95,167	7.31	0.09	81.20
Sep	4,410	459,456	95,212	4.83	0.05	104.18
Oct	3,157	199,819	95,260	2.10	0.03	63.29
Nov	6,190	613,215	95,363	6.43	0.06	99.07
Dec	<u>5,178</u>	<u>796,495</u>	<u>95,454</u>	<u>8.34</u>	<u>0.05</u>	<u>153.82</u>
	54,102	5,388,811	95,209	56.59	0.57	99.60

SCI = Sustained customer interruptions
CMO = Customer minutes out
Cust = # of customers (meters)

Note: Results reflect all system levels of sustained (> 5 minutes) interruptions occurring within the state of North Dakota. Customer counts are meter-based. Normalization calculations are consistent with IEEE Standard 1366 and use a rolling 5 year history of North Dakota interruption data. The following number of "Major Event Days" were excluded in the normalization computation for each of the past 5 years: 2023 - 1 day; 2022 - 1 day; 2021 - 1 day; 2020 - 3 days; 2019 - 2 days. See Page E-6 for 2023 Major Event Day detail.

Northern States Power Company
Electric Utility - North Dakota

II. RELIABILITY PERFORMANCE - Major Event Day Detail

2023 MED Exclusion Summary

Date	Customer Interruptions	Customer Minutes	August		SAIDI impact	SAIDI impact	MED (SAIDI) Threshold
			Cust. Count	SAIFI			
8/3/2023	6,077	696,981	95,167	0.06	7.32	7.03	

Main Driver

Connector Failure/Possible Tornado/storm in area	4,291	614,814	0.05	6.46
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All Outages on MED exclusion day

Begin Time	Cause	Area Office	SCI	CMO	SAIFI impact	SAIDI impact	Feeder	Level	Duration (Minutes)	Weather
8/3/23 12:00 PM	Intentional Clear for Constru	06 Grand Forks	22	3,960	0.00	0.04	NOR043	Overhead Primary	180	Fair
8/3/23 12:32 PM	Intentional Clear for Constru	07_Minot_ND	3	729	0.00	0.01	SOR070	Overhead Secondary	243	Fair
8/3/23 12:49 PM	Fuse Link Broken	05_Fargo_ND	1	96	0.00	0.00	RED083	Underground Primary	96	Fair
8/3/23 1:19 PM	Veg Tree Outside Main Corr	05_Fargo_ND	1	126	0.00	0.00	RED094	Service Overhead	126	Tornado
8/3/23 5:35 PM	Connector Failure Crimped	05_Fargo_ND	4,291	614,814	0.05	6.46	RED082	Feeder	143	Fair
8/3/23 8:01 PM	Unknown Cause Not Determ	05_Fargo_ND	1,759	77,255	0.02	0.81	RED082	Feeder	44	Fair
			6,077	696,981	0.06	7.32				

**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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1	Residential	82,662	82,270	81,743	81,223	81,321	81,023	80,985
2	Small C & I	12,973	12,943	12,907	12,788	12,823	12,826	12,753
3	Large C & I	23	24	24	24	24	23	23
4	PSHL/OSPA	<u>412</u>	<u>403</u>	<u>405</u>	<u>403</u>	<u>415</u>	<u>406</u>	<u>391</u>
5	Total Retail	96,070	95,640	95,079	94,438	94,583	94,278	94,152
<u>Line</u>	<u>Mwh 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	768,332	796,023	766,051	779,212	782,123	794,324	753,332
7	Small C & I	983,913	1,006,210	980,490	977,092	1,030,730	1,070,766	1,061,226
8	Large C & I	355,987	350,501	358,702	342,142	370,487	371,963	365,348
9	PSHL/OSPA	<u>26,852</u>	<u>27,632</u>	<u>27,289</u>	<u>29,223</u>	<u>29,831</u>	<u>28,025</u>	<u>27,578</u>
10	Total Retail	2,135,084	2,180,366	2,132,532	2,127,669	2,213,171	2,265,078	2,207,484
11	Ave. ¢/Kwh	10.87¢	11.35¢	10.72¢	9.32¢	9.00¢	9.30¢	9.43¢
12	Ave. Res. Mo. Usage (kwh)	775	806	781	799	801	817	775
13	Ave. Res. Monthly Bill	\$93.80	\$97.65	\$92.63	\$81.89	\$80.76	\$84.98	\$81.98

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	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
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	\$ (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%