

XCEL ENERGY INC
Form 8-K
November 04, 2013

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) Nov. 4, 2013

| Commission File Number | Exact Name of Registrant as Specified in its Charter; State of Incorporation; Address of Principal Executive Offices; and Telephone Number | IRS Employer Identification Number |
|------------------------|--|------------------------------------|
| 001-3034 | XCEL ENERGY (a Minnesota corporation) 414 Nicollet Mall Minneapolis, Minnesota 55401 (612) 330-5500 | 41-0448030 |
| 001-31387 | NORTHERN STATES POWER COMPANY (a Minnesota corporation) 414 Nicollet Mall Minneapolis, Minnesota 55401 (612) 330-5500 | 41-1967505 |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

On Nov. 4, 2013, Northern States Power Company Minnesota (NSP-Minnesota) a Minnesota corporation, and a wholly owned subsidiary of Xcel Energy Inc., filed a two-year, electric rate case with the Minnesota Public Utilities Commission (MPUC). The rate case is based on a requested return on equity (ROE) of 10.25 percent, a 52.5 percent equity ratio, a 2014 average electric rate base of \$6.670 billion and an additional average rate base of \$0.412 million in 2015.

The NSP-Minnesota electric rate case reflects an overall increase in present revenues of approximately \$193 million or 6.9 percent in 2014 and an additional \$98 million in 2015 or 3.5 percent. The request includes a proposed rate moderation plan for 2014 and 2015. After reflecting interim rate adjustments, the impact of NSP-Minnesota's request on customer bills would result in a 4.6 percent increase in 2014 and an additional 5.6 percent in 2015.

NSP-Minnesota's moderation plan includes the acceleration of the eight-year amortization of the theoretical depreciation reserve which the MPUC recently approved in NSP-Minnesota's last electric rate case and the use of expected funds from the Department of Energy (DOE) for settlement of certain claims. These DOE refunds would be in excess of amounts needed to fund its decommissioning expense. The interim rate adjustments are primarily associated with ROE, Monticello life cycle management/extended power uprate project costs and our request to amortize our abandoned plant costs associated with our Prairie Island EPU project. NSP-Minnesota currently plans to file a petition for deferred accounting regarding these Monticello costs later this year.

The rate request, moderation plan, interim rate adjustments, customer bill impacts and certain impacts on expenses are detailed in the table below.

| (Millions of Dollars) | 2014 | Percentage Increase | 2015 | Percentage Increase |
|---|-------|---------------------|-------|---------------------|
| Pre-moderation deficiency | \$274 | | \$81 | |
| Moderation change compared to prior year: | | | | |
| Theoretical depreciation reserve | (81) | | 53 | |
| DOE settlement proceeds | - | | (36) | |
| | (81) | | 17 | |
| Filed rate request | 193 | 6.9 | % 98 | 3.5 |
| Interim rate adjustments | (66) | | 66 | |
| Impact on customer bill | 127 | 4.6 | % 164 | 5.6% |
| Potential expense deferral | 16 | | - | |
| Depreciation expense - reduction/(increase) | 81 | | (46) | |
| Recognition of DOE settlement proceeds | - | | 36 | |
| Pre-tax impact on operating income | \$224 | | \$154 | |

Key drivers for the pre-moderation deficiency portion of our 2014 - 2015 rate request include:

• Carbon free generation costs at our Prairie Island and Monticello generating plants (\$128 million) and our new wind facilities (\$23 million);

• Investments and costs to support a diverse energy supply including recovery of Sherco Unit 3 costs not allowed in our last case (\$34 million) and costs for other sources of generation (\$24 million);

• Reliability infrastructure costs in support of our transmission and distribution systems (\$62 million) and technology (\$26 million); and,

• Other changes from our last rate case (\$58 million).

NSP-Minnesota’s final 2014 – 2015 rate moderation proposal:

Shortens the amortization period of the transmission, distribution and general plant theoretical depreciation reserve included in the MPUC’s last general rate order from 8 years to 3 years, using 50 percent of the balance in 2014 (\$111 million) and 30 percent of the balance in 2015 (\$58 million). Rates are \$81 million less in 2014 and \$30 million less in 2015 than they otherwise would have been as approved in the MPUC’s order in our last rate case. The reduction of the theoretical depreciation reserve would cause changes in our costs and likely rates, beyond the proposed multi-year period.

The impact of the change in the theoretical reserve amortization is shown in the table below (in millions of dollars).

| Year | Proposed Amortization Percentage | Revenue Requirement for Proposed Amortization Percentage | Revenue Requirement for Current 8-Year Amortization | Impact Difference: Proposed less 8-Year |
|------|----------------------------------|--|---|---|
| 2014 | 50% | \$(111) | \$(30) | \$(81) |
| 2015 | 30% | \$(58) | \$(28) | \$(30) |
| | 2015 Step Amount | \$53 | | |

As the 2015 theoretical depreciation reserve amortization is \$53 million less than 2014, NSP-Minnesota proposes to use expected DOE settlement funds in excess of decommissioning accruals of \$36 million to offset the 2015 increase.

The rate case request reduces the scope of costs recovered through riders. NSP-Minnesota also is proposing a weather-normalized decoupling mechanism for residential and small commercial classes.

We requested interim rates, subject to refund, to be implemented in January 2014. The MPUC is expected to rule on NSP-Minnesota’s interim rate request in December 2013. A final MPUC decision is anticipated in the first quarter of 2015.

Except for the historical statements contained in this 8-K, the matters discussed herein, including the expected impact of rate cases, are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “possible,” “potential,” “should” and similar expressions. results may vary materially. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update them to reflect changes that occur after that date. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including inflation rates, monetary fluctuations and their impact on capital expenditures and the ability of Xcel Energy Inc. and its subsidiaries (collectively, Xcel Energy) to obtain financing on favorable terms; business conditions in the energy industry; including the risk of a slow down in the U.S. economy or delay in growth recovery; trade, fiscal, taxation and environmental policies in areas where Xcel Energy Inc. and NSP-Minnesota have a financial interest; customer business conditions; actions of credit rating agencies; competitive factors including the extent and timing of the entry of additional competition in the markets served by Xcel Energy Inc. and its subsidiaries; unusual weather; effects of geopolitical events, including war and acts of terrorism; state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rates or have an impact on asset operation or ownership or impose environmental compliance conditions; structures that affect the speed and degree to which competition enters the electric and natural gas markets; costs and other effects of legal and administrative proceedings, settlements, investigations and claims; actions by regulatory bodies impacting our nuclear operations, including those affecting costs, operations or the approval of requests pending before the NRC; financial or regulatory accounting policies imposed by regulatory bodies; availability of cost of capital; employee work force factors; and the other risk factors listed from time to time by Xcel Energy Inc. and NSP-Minnesota in reports filed with the Securities and Exchange Commission, including Risk Factors in Item 1A and Exhibit 99.01 of Xcel Energy Inc.’s and NSP-Minnesota’s Annual Reports on Form 10-K for the year ended Dec. 31, 2012 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013, and Sept. 30, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Nov. 4, 2013

Xcel Energy Inc. (a Minnesota corporation)
Northern States Power Company (a Minnesota corporation)

/s/ TERESA S. MADDEN

Teresa S. Madden
Senior Vice President and Chief Financial Officer