

XCEL ENERGY INC
Form 10-Q
May 02, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended March 31, 2014

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

Commission File Number: 001-3034

Xcel Energy Inc.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or
organization)

41-0448030

(I.R.S. Employer Identification No.)

414 Nicollet Mall

Minneapolis, Minnesota

(Address of principal executive offices)

(612) 330-5500

(Registrant's telephone number, including area code)

55401

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 and Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if smaller reporting company)

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Common Stock, \$2.50 par value

Outstanding at April 28, 2014

501,969,728 shares

TABLE OF CONTENTS

PART I	FINANCIAL INFORMATION	
Item 1 —	<u>Financial Statements (unaudited)</u>	<u>3</u>
	<u>CONSOLIDATED STATEMENTS OF INCOME</u>	<u>3</u>
	<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</u>	<u>4</u>
	<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>5</u>
	<u>CONSOLIDATED BALANCE SHEETS</u>	<u>6</u>
	<u>CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY</u>	<u>7</u>
	<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>8</u>
Item 2 —	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>36</u>
Item 3 —	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>54</u>
Item 4 —	<u>Controls and Procedures</u>	<u>54</u>
PART II	OTHER INFORMATION	
Item 1 —	<u>Legal Proceedings</u>	<u>55</u>
Item 1A —	<u>Risk Factors</u>	<u>55</u>
Item 2 —	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>55</u>
Item 4 —	<u>Mine Safety Disclosures</u>	<u>55</u>
Item 5 —	<u>Other Information</u>	<u>55</u>
Item 6 —	<u>Exhibits</u>	<u>56</u>
	<u>SIGNATURES</u>	<u>57</u>
	Certifications Pursuant to Section 302	1
	Certifications Pursuant to Section 906	1
	Statement Pursuant to Private Litigation	1

This Form 10-Q is filed by Xcel Energy Inc. Xcel Energy Inc. wholly owns the following subsidiaries: Northern States Power Company, a Minnesota corporation (NSP-Minnesota); Northern States Power Company, a Wisconsin corporation (NSP-Wisconsin); Public Service Company of Colorado (PSCo); and Southwestern Public Service Company (SPS). Xcel Energy Inc. and its consolidated subsidiaries are also referred to herein as Xcel Energy. NSP-Minnesota, NSP-Wisconsin, PSCo and SPS are also referred to collectively as utility subsidiaries. Additional information on the wholly owned subsidiaries is available on various filings with the Securities and Exchange Commission (SEC).

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1 — FINANCIAL STATEMENTS

XCEL ENERGY INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
 (amounts in thousands, except per share data)

	Three Months Ended	
	March 31	
	2014	2013
Operating revenues		
Electric	\$2,301,710	\$2,092,196
Natural gas	879,688	669,596
Other	21,206	21,057
Total operating revenues	3,202,604	2,782,849
Operating expenses		
Electric fuel and purchased power	1,067,321	925,043
Cost of natural gas sold and transported	623,828	439,375
Cost of sales — other	9,129	8,411
Operating and maintenance expenses	560,143	529,231
Conservation and demand side management program expenses	77,546	64,032
Depreciation and amortization	245,943	248,706
Taxes (other than income taxes)	124,702	113,427
Total operating expenses	2,708,612	2,328,225
Operating income	493,992	454,624
Other income, net	3,201	3,922
Equity earnings of unconsolidated subsidiaries	7,438	7,577
Allowance for funds used during construction — equity	21,907	19,754
Interest charges and financing costs		
Interest charges — includes other financing costs of \$5,792 and \$5,809, respectively	139,094	139,631
Allowance for funds used during construction — debt	(9,548)	(8,758)
Total interest charges and financing costs	129,546	130,873
Income before income taxes	396,992	355,004
Income taxes	135,771	118,434
Net income	\$261,221	\$236,570
Weighted average common shares outstanding:		
Basic	499,523	489,781
Diluted	499,746	490,531
Earnings per average common share:		
Basic	\$0.52	\$0.48

Diluted	0.52	0.48
Cash dividends declared per common share	\$0.30	\$0.27

See Notes to Consolidated Financial Statements

3

Table of Contents

XCEL ENERGY INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
 (amounts in thousands)

	Three Months Ended March 31	
	2014	2013
Net income	\$261,221	\$236,570
Other comprehensive income (loss)		
Pension and retiree medical benefits:		
Amortization of losses (gains) included in net periodic benefit cost, net of tax of \$550 and \$2,503, respectively	864	(639)
Derivative instruments:		
Net fair value (decrease) increase, net of tax of \$(5) and \$12, respectively	(7)	13
Reclassification of losses (gains) to net income, net of tax of \$358 and \$1,429, respectively	560	(305)
	553	(292)
Marketable securities:		
Net fair value increase (decrease), net of tax of \$24 and \$(18), respectively	38	(36)
Other comprehensive income (loss)	1,455	(967)
Comprehensive income	\$262,676	\$235,603

See Notes to Consolidated Financial Statements

Table of Contents

XCEL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(amounts in thousands)

	Three Months Ended March 31	
	2014	2013
Operating activities		
Net income	\$261,221	\$236,570
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	250,343	253,004
Conservation and demand side management program amortization	1,555	1,712
Nuclear fuel amortization	28,862	27,522
Deferred income taxes	150,464	130,662
Amortization of investment tax credits	(1,443	) (1,657
Allowance for equity funds used during construction	(21,907	) (19,754
Equity earnings of unconsolidated subsidiaries	(7,438	) (7,577
Dividends from unconsolidated subsidiaries	8,850	9,539
Share-based compensation expense	5,370	8,167
Net realized and unrealized hedging and derivative transactions	7,384	217
Changes in operating assets and liabilities:		
Accounts receivable	(140,962	) (72,205
Accrued unbilled revenues	111,417	76,602
Inventories	140,301	87,865
Other current assets	(66,320	) (51,203
Accounts payable	(37,730	) 5,311
Net regulatory assets and liabilities	(253	) 88,572
Other current liabilities	1,008	20,318
Pension and other employee benefit obligations	(125,780	) (181,091
Change in other noncurrent assets	48,054	24,594
Change in other noncurrent liabilities	(20,347	) 5,160
Net cash provided by operating activities	592,649	642,328
Investing activities		
Utility capital/construction expenditures	(822,628	) (752,251
Proceeds from insurance recoveries	4,260	23,500
Allowance for equity funds used during construction	21,907	19,754
Purchases of investments in external decommissioning fund	(229,548	) (586,239
Proceeds from the sale of investments in external decommissioning fund	227,901	584,948
Investment in WYCO Development LLC	(1,161	) (231
Other, net	(1,501	) (2,745
Net cash used in investing activities	(800,770	) (713,264
Financing activities		
Proceeds from (repayments of) short-term borrowings, net	6,000	(177,000
Proceeds from issuance of long-term debt	295,999	494,282
Repayments of long-term debt, including reacquisition premiums	(224	) (251,367
Proceeds from issuance of common stock	63,548	160,084
Dividends paid	(132,033	) (124,426
Net cash provided by financing activities	233,290	101,573

Edgar Filing: XCEL ENERGY INC - Form 10-Q

Net change in cash and cash equivalents	25,169	30,637
Cash and cash equivalents at beginning of period	107,144	82,323
Cash and cash equivalents at end of period	\$132,313	\$112,960
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of amounts capitalized)	\$(152,522)	\$(153,498)
Cash (paid) received for income taxes, net	(164)	17,939
Supplemental disclosure of non-cash investing and financing transactions:		
Property, plant and equipment additions in accounts payable	\$290,058	\$256,530
Issuance of common stock for reinvested dividends and 401(k) plans	14,525	18,791

See Notes to Consolidated Financial Statements

Table of Contents

XCEL ENERGY INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS (UNAUDITED)
 (amounts in thousands, except share and per share data)

	March 31, 2014	Dec. 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$132,313	\$107,144
Accounts receivable, net	885,098	744,160
Accrued unbilled revenues	575,813	687,230
Inventories	436,237	576,538
Regulatory assets	481,473	417,801
Derivative instruments	70,275	91,707
Deferred income taxes	252,658	341,202
Prepayments and other	295,479	252,258
Total current assets	3,129,346	3,218,040
Property, plant and equipment, net	26,541,482	26,122,159
Other assets		
Nuclear decommissioning fund and other investments	1,793,067	1,755,990
Regulatory assets	2,497,280	2,509,218
Derivative instruments	67,513	84,842
Other	170,064	217,241
Total other assets	4,527,924	4,567,291
Total assets	\$34,198,752	\$33,907,490
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$282,133	\$280,763
Short-term debt	765,000	759,000
Accounts payable	1,061,874	1,261,238
Regulatory liabilities	258,946	