

XCEL ENERGY INC
Form 10-Q
October 25, 2013

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 Sept. 30, 2013

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

41-0448030

(State or other jurisdiction of incorporation or
organization)

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

414 Nicollet Mall

Minneapolis, Minnesota

55401

(Address of principal executive offices)

(Zip Code)

(612) 330-5500

(Registrant's telephone number, including area 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 ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if 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

Outstanding at October 18, 2013

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Common Stock, \$2.50 par value

497,639,485 shares

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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).

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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 Sept. 30		Nine Months Ended Sept. 30	
	2013	2012	2013	2012
Operating revenues				
Electric	\$2,599,925	\$2,532,709	\$6,911,998	\$6,506,320
Natural gas	205,358	174,513	1,216,275	1,016,861
Other	17,055	17,119	55,827	53,907
Total operating revenues	2,822,338	2,724,341	8,184,100	7,577,088
Operating expenses				
Electric fuel and purchased power	1,097,944	1,006,830	3,034,031	2,725,183
Cost of natural gas sold and transported	74,847	49,739	702,987	557,444
Cost of sales — other	7,540	7,251	23,832	20,499
Operating and maintenance expenses	575,305	531,480	1,667,093	1,576,178
Conservation and demand side management program expenses	67,811	68,920	192,288	191,242
Depreciation and amortization	228,491	239,051	721,131	694,364
Taxes (other than income taxes)	105,287	100,636	320,765	305,892
Total operating expenses	2,157,225	2,003,907	6,662,127	6,070,802
Operating income	665,113	720,434	1,521,973	1,506,286
Other (expense) income, net	(404	) 488	3,931	4,953
Equity earnings of unconsolidated subsidiaries	7,273	7,490	22,379	22,150
Allowance for funds used during construction — equity	21,284	15,860	63,147	44,504
Interest charges and financing costs				
Interest charges — includes other financing costs of \$6,020, \$6,010, \$24,058 and \$18,126, respectively	144,758	153,719	431,199	457,470
Allowance for funds used during construction — debt	(9,377	) (10,439	) (28,451	) (24,729
Total interest charges and financing costs	135,381	143,280	402,748	432,741
Income from continuing operations before income taxes	557,885	600,992	1,208,682	1,145,152
Income taxes	193,349	202,845	410,676	380,161
Income from continuing operations	364,536	398,147	798,006	764,991
Income (loss) from discontinued operations, net of tax	216	(41	) 173	68
Net income	\$364,752	\$398,106	\$798,179	\$765,059
Weighted average common shares outstanding:				
Basic	498,149	488,084	495,256	487,722
Diluted	498,641	488,578	495,767	488,198

Earnings per average common share:

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Basic	\$0.73	\$0.82	\$1.61	\$1.57
Diluted	0.73	0.81	1.61	1.57
Cash dividends declared per common share	\$0.28	\$0.27	\$0.83	\$0.80

See Notes to Consolidated Financial Statements

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XCEL ENERGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(amounts in thousands)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2013	2012	2013	2012
Net income	\$364,752	\$398,106	\$798,179	\$765,059
Other comprehensive income (loss)				
Pension and retiree medical benefits:				
Amortization of losses included in net periodic benefit cost, net of tax of \$686, \$636, \$3,918 and \$1,905, respectively	1,179	911	1,675	2,738
Derivative instruments:				
Net fair value increase (decrease), net of tax of \$14, \$(5,913), \$(2) and \$(12,586), respectively	22	(8,853)	(9)	(19,188)
Reclassification of losses to net income, net of tax of \$266, \$296, \$2,145 and \$610, respectively	539	393	928	756
	561	(8,460)	919	(18,432)
Marketable securities:				
Net fair value increase (decrease), net of tax of \$73, \$(30), \$56 and \$89, respectively	115	(45)	79	129
Other comprehensive income (loss)	1,855	(7,594)	2,673	(15,565)
Comprehensive income	\$366,607	\$390,512	\$800,852	\$749,494

See Notes to Consolidated Financial Statements

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

	Nine Months Ended Sept. 30	
	2013	2012
Operating activities		
Net income	\$ 798,179	\$ 765,059
Remove income from discontinued operations	(173	) (68
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	740,623	707,630
Conservation and demand side management program amortization	5,024	5,511
Nuclear fuel amortization	76,447	79,171
Deferred income taxes	409,662	440,413
Amortization of investment tax credits	(4,973	) (4,656
Allowance for equity funds used during construction	(63,147	) (44,504
Equity earnings of unconsolidated subsidiaries	(22,379	) (22,150
Dividends from unconsolidated subsidiaries	27,503	24,922
Share-based compensation expense	28,362	20,886
Net realized and unrealized hedging and derivative transactions	(12,011	) (90,123
Changes in operating assets and liabilities:		
Accounts receivable	(108,488	) (125,803
Accrued unbilled revenues	87,652	166,857
Inventories	(69,918	) 55,511
Other current assets	6,060	(30,289
Accounts payable	(3,297	) (118,276
Net regulatory assets and liabilities	100,648	1,848
Other current liabilities	129,984	(35,283
Pension and other employee benefit obligations	(159,592	) (181,281
Change in other noncurrent assets	26,710	(38,790
Change in other noncurrent liabilities	10,032	(4,664
Net cash provided by operating activities	2,002,908	1,571,921
Investing activities		
Utility capital/construction expenditures	(2,454,198	) (1,805,843
Proceeds from insurance recoveries	90,000	56,892
Allowance for equity funds used during construction	63,147	44,504
Purchases of investments in external decommissioning fund	(1,177,398	) (501,009
Proceeds from the sale of investments in external decommissioning fund	1,172,597	501,009
Investment in WYCO Development LLC	(3,418	) (779
Change in restricted cash	—	95,287
Other, net	(1,524	) 343
Net cash used in investing activities	(2,310,794	) (1,609,596
Financing activities		
(Repayments of) proceeds from short-term borrowings, net	(300,000) 85,000
Proceeds from issuance of long-term debt	1,434,989	1,691,322

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Repayments of long-term debt, including reacquisition premiums	(654,864) (653,532)
Proceeds from issuance of common stock	229,420	5,878	
Repurchase of common stock	—	(18,529)
Purchase of common stock for settlement of equity awards	—	(23,307)
Dividends paid	(382,148	) (362,568)
Net cash provided by financing activities	327,397	724,264	
Net change in cash and cash equivalents	19,511	686,589	
Cash and cash equivalents at beginning of period	82,323	60,684	
Cash and cash equivalents at end of period	\$ 101,834	\$ 747,273	
Supplemental disclosure of cash flow information:			
Cash paid for interest (net of amounts capitalized)	\$(411,130	) \$(436,296)
Cash received (paid) for income taxes, net	16,851	(6,257)
Supplemental disclosure of non-cash investing and financing transactions:			
Property, plant and equipment additions in accounts payable	\$ 299,209	\$ 229,847	
Issuance of common stock for reinvested dividends and 401(k) plans	54,963	51,350	

See Notes to Consolidated Financial Statements

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CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(amounts in thousands, except share and per share data)

	Sept. 30, 2013	Dec. 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$ 101,834	\$ 82,323
Accounts receivable, net	786,874	718,046
Accrued unbilled revenues	575,711	663,363
Inventories	604,628	535,574
Regulatory assets	396,271	352,977
Derivative instruments	92,687	69,013
Deferred income taxes	325,972	32,528
Prepayments and other	236,764	171,315
Total current assets	3,120,741	2,625,139
Property, plant and equipment, net	25,342,578	23,809,348
Other assets		
Nuclear decommissioning fund and other investments	1,679,987	1,617,865
Regulatory assets	2,709,283	2,762,029
Derivative instruments	95,894	126,297
Other	178,169	200,008
Total other assets	4,663,333	4,706,199
Total assets	\$ 33,126,652	\$ 31,140,686
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 280,538	\$ 258,155
Short-term debt	302,000	602,000
Accounts payable	965,572	959,093
Regulatory liabilities	208,943	168,858
Taxes accrued	335,846	334,441
Accrued interest	134,612	162,494
Dividends payable	139,333	131,748
Derivative instruments	26,729	32,482
Other	445,488	287,802
Total current liabilities	2,839,061	2,937,073
Deferred credits and other liabilities		
Deferred income taxes	5,186,944	4,434,909
Deferred investment tax credits	79,609	82,761
Regulatory liabilities	1,052,726	1,059,939
Asset retirement obligations	1,785,319	1,719,796
Derivative instruments	217,027	242,866
Customer advances	266,676	252,888
Pension and employee benefit obligations	998,212	1,163,265
Other	239,519	229,207
Total deferred credits and other liabilities	9,826,032	9,185,631

Commitments and contingencies		
Capitalization		
Long-term debt	10,914,273	10,143,905
Common stock — 1,000,000,000 shares authorized of \$2.50 par value; 497,625,709 and 487,959,516 shares outstanding at Sept. 30, 2013 and Dec. 31, 2012, respectively	1,244,064	1,219,899
Additional paid in capital	5,615,716	5,353,015
Retained earnings	2,797,486	2,413,816
Accumulated other comprehensive loss	(109,980)	(112,653)
Total common stockholders' equity	9,547,286	8,874,077
Total liabilities and equity	\$33,126,652	\$31,140,686

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XCEL ENERGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY (UNAUDITED)

(amounts in thousands)

	Common Stock Issued					
	Shares	Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Common Stockholders' Equity
Three Months Ended Sept. 30, 2013 and 2012						
Balance at June 30, 2012	487,286	\$1,218,214	\$5,316,658	\$2,140,639	\$(102,006)	) \$8,573,505
Net income				398,106		398,106
Other comprehensive loss					(7,594)	) (7,594)
Dividends declared:						
Common stock				(132,729)		) (132,729)
Issuances of common stock	327	818	8,679			9,497
Share-based compensation			9,378			9,378
Balance at Sept. 30, 2012	487,613	\$1,219,032	\$5,334,715	\$2,406,016	\$(109,600)	) \$8,850,163
Balance at June 30, 2013	497,296	\$1,243,239	\$5,595,906	\$2,572,935	\$(111,835)	) \$9,300,245
Net income				364,752		364,752
Other comprehensive income					1,855	1,855
Dividends declared:						
Common stock				(140,201)		) (140,201)
Issuances of common stock	330	825	8,966			9,791
Share-based compensation			10,844			10,844
Balance at Sept. 30, 2013	497,626	\$1,244,064	\$5,615,716	\$2,797,486	\$(109,980)) \$9,547,286

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XCEL ENERGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY (UNAUDITED)

(amounts in thousands)

	Common Stock Issued				Accumulated	Total
	Shares	Par Value	Additional Paid In Capital	Retained Earnings	Other Comprehensive Loss	Common Stockholders' Equity
Nine Months Ended Sept. 30, 2013 and 2012						
Balance at Dec. 31, 2011	486,494	\$1,216,234	\$5,327,443	\$2,032,556	\$(94,035)	\$8,482,198
Net income				765,059		765,059
Other comprehensive loss					(15,565)	(15,565)
Dividends declared:						
Common stock				(391,599)		(391,599)
Issuances of common stock	1,819	4,548	19,449			23,997
Repurchase of common stock	(700)	(1,750)	(16,779)			(18,529)
Purchase of common stock for settlement of equity awards			(23,307)			(23,307)
Share-based compensation			27,909			27,909
Balance at Sept. 30, 2012	487,613	\$1,219,032	\$5,334,715	\$2,406,016	\$(109,600)	\$8,850,163
Balance at Dec. 31, 2012	487,960	\$1,219,899	\$5,353,015	\$2,413,816	\$(112,653)	\$8,874,077
Net income				798,179		798,179
Other comprehensive income					2,673	2,673
Dividends declared:						