

XCEL ENERGY INC
Form 8-K
August 16, 2016

UNITED STATES
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) Aug. 16, 2016

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 INC. (a Minnesota corporation) 414 Nicollet Mall Minneapolis, Minnesota 55401 (612) 330-5500	41-0448030
001-03140	NORTHERN STATES POWER COMPANY (a Wisconsin corporation) 1414 W. Hamilton Avenue Eau Claire, Wisconsin 54701 (715) 737-2625	39-0508315

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.

In April 2016, Northern States Power Company, a Wisconsin corporation (NSP-Wisconsin), and a wholly owned subsidiary of Xcel Energy Inc., filed a request with the Public Service Commission of Wisconsin (PSCW) for an increase in annual electric rates of \$17.4 million, or 2.4 percent, and an increase in natural gas rates by \$4.8 million, or 3.9 percent, effective January 2017.

The electric rate request is for the limited purpose of recovering increases in (1) generation and transmission fixed charges and fuel and purchased power expenses related to the interchange agreement with NSP-Minnesota, and (2) costs associated with forecasted average rate base of \$1.188 billion in 2017.

The natural gas rate request is for the limited purpose of recovering expenses related to the ongoing environmental remediation of a former manufactured gas plant site and adjacent area in Ashland, Wis.

No changes are being requested to the capital structure or the 10.0 percent return on equity (ROE) authorized by the PSCW in the 2016 rate case. As part of an agreement with stakeholders to limit the size and scope of the case, NSP-Wisconsin also agreed to an earnings cap, solely for 2017, in which 100 percent of the earnings in excess of the authorized ROE would be refunded to customers.

In August 2016, the PSCW Staff (Staff) and the intervenors filed their direct testimony in the case. The Staff recommended an electric rate increase of \$19.5 million, or 2.7 percent and a natural gas rate increase of \$4.8 million, or 3.9 percent. The Staff adjustments reflect revisions to previously forecasted rate base as well as fuel and purchase power expense. The Staff's recommended rate increase also encompasses the PSCW's July 2016 decision to remove the \$9.5 million fuel refund credit from the rate case and refund that amount directly to customers in 2016. Adjusting for the treatment of the fuel refund, the Staff's recommendation is \$7.4 million less than the NSP-Wisconsin's request. Only two of the intervenors, Wisconsin Industrial Energy Group and Wal-Mart Stores East, LP, filed direct testimony and their testimony was limited to revenue allocation and rate design issues. The following table outlines the filed request and Staff recommendation for the electric rate request:

Electric Rate Request (Millions of Dollars)	NSP-Wisconsin Request	Staff Recommendation
Rate base investments	\$ 11.0	\$ 7.6
Generation and transmission expenses (excluding fuel and purchased power) ^(a)	6.8	6.1
Fuel and purchased power expenses	11.0	7.7
Subtotal	28.8	21.4
2015 fuel refund ^(b)	(9.5)	—
Department of Energy settlement refund	(1.9)	(1.9)
Total electric rate increase	\$ 17.4	\$ 19.5

Includes Interchange Agreement billings. The Interchange Agreement is a Federal Energy Regulatory Commission tariff under which NSP-Wisconsin and its affiliate, Northern States Power Company, a Minnesota corporation, own ^(a) and operate a single integrated electric generation and transmission system and both companies pay a pro-rata share of system capital and operating costs. For financial reporting purposes, these expenses are included in operating and maintenance.

In July 2016, the PSCW required NSP-Wisconsin to return the 2015 fuel refund directly to customers, rather than ^(b) using it to offset the proposed 2017 rate increase, as originally proposed by NSP-Wisconsin. This decision effectively increases NSP-Wisconsin's requested electric rate increase to \$26.9 million, or 3.8 percent.

For the natural gas rate request, NSP-Wisconsin requested \$4.8 million for recovery of environmental remediation expenses, with which the Staff agreed.

Key dates in the procedural schedule are as follows:

Rebuttal testimony — Aug. 26, 2016;

Surrebuttal testimony — Sept. 2, 2016;

Hearing — Sept. 7, 2016;

Initial brief due — Sept. 21, 2016;

Reply brief due — Sept. 28, 2016; and

A final PSCW decision is anticipated in the fourth quarter of 2016 with final rates effective in January 2017.

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 expressly disclaim any obligation to update any forward-looking information. The following factors, in addition to those discussed in Xcel Energy’s and NSP-Wisconsin’s Annual Report on Form 10-K for the year ended Dec. 31, 2015, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: 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 and NSP-Wisconsin 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 and its subsidiaries; unusual weather; effects of geopolitical events, including war and acts of terrorism; cyber security threats and data security breaches; 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; financial or regulatory accounting policies imposed by regulatory bodies; outcomes of regulatory proceedings; availability of cost of capital; and employee work force factors.

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.

Aug. 16, 2016 Xcel Energy Inc.
(a Minnesota corporation)
Northern States Power Company
(a Wisconsin corporation)

/s/ ROBERT C. FRENZEL
Robert C. Frenzel
Executive Vice President, Chief Financial Officer