

XCEL ENERGY INC  
Form 10-Q  
August 01, 2008  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549



# FORM 10-Q



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

For the quarterly period ended **June 30, 2008**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **1-3034**

**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)

**55401**  
(Zip Code)

Registrant's telephone number, including area code **(612) 330-5500**

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):  Large accelerated filer  Accelerated filer  Non-accelerated filer (Do not check if a smaller reporting company)  Smaller reporting company

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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.

<b>Class</b>	<b>Outstanding at July 31, 2008</b>
Common Stock, \$2.50 par value	431,004,383 shares







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Statement Pursuant to Private Litigation

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, a Colorado corporation (PSCo); and Southwestern Public Service Company, a New Mexico corporation (SPS). 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)**

(Thousands of Dollars, Except Per Share Data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<b>Operating revenues</b>				
Electric utility	\$ 2,154,383	\$ 1,919,695	\$ 4,127,697	\$ 3,735,498
Natural gas utility	443,613	330,868	1,477,740	1,258,290
Other	17,519	16,729	38,466	37,166
Total operating revenues	2,615,515	2,267,292	5,643,903	5,030,954
<b>Operating expenses</b>				
Electric fuel and purchased power utility	1,269,422	1,031,899	2,357,502	2,011,470
Cost of natural gas sold and transported utility	319,800	219,574	1,142,927	960,356
Cost of sales other	4,114	3,702	9,567	9,727
Other operating and maintenance expenses	456,781	427,283	917,802	879,214
Conservation and demand-side management program expenses	29,226	20,264	64,795	41,418
Depreciation and amortization	207,774	209,176	413,381	417,071
Taxes (other than income taxes)	68,562	66,237	147,975	144,413
Total operating expenses	2,355,679	1,978,135	5,053,949	4,463,669
<b>Operating income</b>	259,836	289,157	589,954	567,285
Interest and other income (expense), net	9,931	(648)	18,815	168
Allowance for funds used during construction - equity	14,939	8,695	29,159	16,271
<b>Interest charges and financing costs</b>				
Interest charges includes other financing costs of \$5,141, \$5,343, \$10,132 and \$11,594, respectively	133,723	125,672	265,894	252,975
Interest and penalties related to COLI settlement		41,211		41,211
Allowance for funds used during construction - debt	(9,596)	(8,442)	(19,123)	(15,648)
Total interest charges and financing costs	124,127	158,441	246,771	278,538
Income from continuing operations before income taxes	160,579	138,763	391,157	305,186
Income taxes	55,106	71,068	131,689	118,977
Income from continuing operations	105,473	67,695	259,468	186,209
Income (loss) from discontinued operations, net of tax	99	1,082	(778)	2,279
Net income	105,572	68,777	258,690	188,488
Dividend requirements on preferred stock	1,060	1,060	2,120	2,120
Earnings available to common shareholders	\$ 104,512	\$ 67,717	\$ 256,570	\$ 186,368

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**Weighted average common shares outstanding**

Basic	430,811	412,710	430,187	410,370
Diluted	435,868	432,861	435,360	432,471

**Earnings per share basic**

Income from continuing operations	\$ 0.24	\$ 0.16	\$ 0.60	\$ 0.44
Income from discontinued operations				0.01
Earnings per share basic	\$ 0.24	\$ 0.16	\$ 0.60	\$ 0.45

**Earnings per share diluted**

Income from continuing operations	\$ 0.24	\$ 0.16	\$ 0.59	\$ 0.44
Income from discontinued operations				0.01
Earnings per share diluted	\$ 0.24	\$ 0.16	\$ 0.59	\$ 0.45

Cash dividends declared per common share	\$ 0.24	\$ 0.23	\$ 0.47	\$ 0.45
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See Notes to Consolidated Financial Statements

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**XCEL ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(Thousands of Dollars)

	Six Months Ended June 30,	
	2008	2007
<b>Operating activities</b>		
Net income	\$ 258,690	\$ 188,488
Remove loss (income) from discontinued operations	778	(2,279)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	453,699	444,673
Nuclear fuel amortization	31,045	23,636
Deferred income taxes	137,430	97,595
Amortization of investment tax credits	(3,895)	(4,855)
Allowance for equity funds used during construction	(29,159)	(16,271)
Undistributed equity in earnings of unconsolidated affiliates	(1,281)	(1,413)
Share-based compensation expense	10,512	9,677
Net realized and unrealized hedging and derivative transactions	(7,887)	3,682
Changes in operating assets and liabilities:		
Accounts receivable	86,265	72,146
Accrued unbilled revenues	145,774	(36,224)
Inventories	26,523	97,082
Recoverable purchased natural gas and electric energy costs	(113,318)	203,726
Other current assets	23,046	(7,415)
Accounts payable	(36,874)	(148,909)
Net regulatory assets and liabilities	8,742	(28,491)
Other current liabilities	(122,750)	19,898
Change in other noncurrent assets	(3,370)	(36,740)
Change in other noncurrent liabilities	(40,192)	32,082
Operating cash flows provided by (used in) discontinued operations	(20,576)	28,593
Net cash provided by operating activities	803,202	938,681
<b>Investing activities</b>		
Utility capital/construction expenditures	(1,039,957)	(978,651)
Allowance for equity funds used during construction	29,159	16,271
Purchase of investments in external decommissioning fund	(441,802)	(313,102)
Proceeds from the sale of investments in external decommissioning fund	420,106	291,406
Nonregulated capital expenditures and asset acquisitions	(370)	(301)
Investment in WYCO	(37,793)	
Change in restricted cash	2,197	4,470
Other investments	3,437	8,898
Net cash used in investing activities	(1,065,023)	(971,009)
<b>Financing activities</b>		
Repayment of short-term borrowings net	(415,678)	(6,069)
Proceeds from issuance of long-term debt	892,710	344,063
Repayment of long-term debt, including reacquisition premiums	(1,825)	(102,064)
Early participation payments on debt exchange		(4,859)
Proceeds from issuance of common stock	3,015	7,683
Dividends paid	(199,755)	(183,702)
Net cash provided by financing activities	278,467	55,052

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Net increase in cash and cash equivalents		16,646		22,724
Net increase (decrease) in cash and cash equivalents	discontinued operations	3,105		(18,603)
Cash and cash equivalents at beginning of year		51,120		37,458
Cash and cash equivalents at end of quarter		\$ 70,871	\$	41,579
Supplemental disclosure of cash flow information:				
Cash paid for interest (net of amounts capitalized)		\$ 224,278	\$	154,251
Cash paid for income taxes (net of refunds received)		47,396		7,007
Supplemental disclosure of non-cash investing transactions:				
Property, plant and equipment additions in accounts payable		\$ 30,943	\$	38,115
Supplemental disclosure of non-cash financing transactions:				
Issuance of common stock for reinvested dividends and 401(k) plans		\$ 41,626	\$	37,569
Issuance of common stock for senior convertible notes				125,632

See Notes to Consolidated Financial Statements

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**XCEL ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(Thousands of Dollars)

	June 30, 2008	Dec. 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 70,871	\$ 51,120
Accounts receivable, net	865,315	951,580
Accrued unbilled revenues	586,185	731,959
Inventories	505,087	531,610
Recoverable purchased natural gas and electric energy costs	186,733	73,415
Derivative instruments valuation	198,193	94,554
Prepayments and other	171,321	244,134
Current assets held for sale and related to discontinued operations	104,555	128,821
Total current assets	2,688,260	2,807,193
Property, plant and equipment, net	17,278,841	16,675,689
Other assets:		
Nuclear decommissioning fund and other investments	1,356,513	1,372,098
Regulatory assets	1,114,234	1,115,443
Prepaid pension asset	588,535	568,055
Derivative instruments valuation	352,942	383,861
Other	178,855	142,078
Noncurrent assets held for sale and related to discontinued operations	160,463	120,310
Total other assets	3,751,542	3,701,845
Total assets	\$ 23,718,643	\$ 23,184,727
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 741,088	\$ 637,535
Short-term debt	672,882	1,088,560
Accounts payable	1,028,894	1,079,345
Taxes accrued	153,742	240,443
Dividends payable	103,404	99,682
Derivative instruments valuation	120,645	58,811
Other	373,664	419,209
Current liabilities held for sale and related to discontinued operations	16,496	17,539
Total current liabilities	3,210,815	3,641,124
Deferred credits and other liabilities:		
Deferred income taxes	2,622,563	2,553,526
Deferred investment tax credits	109,019	112,914
Asset retirement obligations	1,352,053	1,315,144
Regulatory liabilities	1,422,284	1,389,987
Pension and employee benefit obligations	522,447	576,426
Derivative instruments valuation	346,378	384,419
Customer advances	321,003	305,239
Other	172,454	137,422
Noncurrent liabilities held for sale and related to discontinued operations	20,621	20,384
Total deferred credits and other liabilities	6,888,822	6,795,461

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Commitments and contingent liabilities			
Capitalization:			
Long-term debt		7,139,556	6,342,160
Preferred stockholders equity	authorized 7,000,000 shares of \$100 par value; outstanding shares: 1,049,800	104,980	104,980
Common stockholders equity	authorized 1,000,000,000 shares of \$2.50 par value; outstanding shares: June 30, 2008 430,916,578; Dec. 31, 2007 428,782,700	6,374,470	6,301,002
Total liabilities and equity		\$ 23,718,643	\$ 23,184,727

See Notes to Consolidated Financial Statements

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**XCEL ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS EQUITY**  
**AND COMPREHENSIVE INCOME**

(UNAUDITED)

(Thousands)

	Shares	Common Stock Issued Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Common Stockholders Equity
<b>Three months ended June 30, 2008 and 2007</b>						
<b>Balance at March 31, 2007</b>	408,861	\$ 1,022,152	\$ 4,061,586	\$ 801,148	\$ (16,635)	\$ 5,868,251
Net income				68,777		68,777
Changes in unrecognized amounts of pension and retiree medical benefits, net of tax of \$104					406	406
Net derivative instrument fair value changes during the period, net of tax of \$5,856					6,935	6,935
Comprehensive income for the period						76,118
Dividends declared:						
Cumulative preferred stock				(1,060)		(1,060)
Common stock				(96,486)		(96,486)
Issuances of common stock	10,649	26,622	109,166			135,788
Share-based compensation			5,081			5,081
<b>Balance at June 30, 2007</b>	419,510	\$ 1,048,774	\$ 4,175,833	\$ 772,379	\$ (9,294)	\$ 5,987,692
<b>Balance at March 31, 2008</b>	430,512	\$ 1,076,281	\$ 4,293,053	\$ 1,015,317	\$ (27,603)	\$ 6,357,048
Net income				105,572		105,572
Changes in unrecognized amounts of pension and retiree medical benefits, net of tax of \$241					247	247
Net derivative instrument fair value changes during the period, net of tax of \$723					908	908
Unrealized loss - marketable securities, net of tax of \$(67)					(101)	(101)
Comprehensive income for the period						106,626
Dividends declared:						
Cumulative preferred stock				(1,060)		(1,060)
Common stock				(102,341)		(102,341)
Issuances of common stock	405	1,011	7,489			8,500
Share-based compensation			5,697			5,697
<b>Balance at June 30, 2008</b>	430,917	\$ 1,077,292	\$ 4,306,239	\$ 1,017,488	\$ (26,549)	\$ 6,374,470

See Notes to Consolidated Financial Statements





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**XCEL ENERGY INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS EQUITY**  
**AND COMPREHENSIVE INCOME**

(UNAUDITED)

(Thousands)

	Shares	Common Stock Issued Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Common Stockholders Equity
<b>Six months ended June 30, 2008 and 2007</b>						
<b>Balance at Dec. 31, 2006</b>	407,297	\$ 1,018,242	\$ 4,043,657	\$ 771,249	\$ (16,326)	\$ 5,816,822
FIN 48 adoption				2,207		2,207
Net income				188,488		188,488
Changes in unrecognized amounts of pension and retiree medical benefits, net of tax of \$229					893	893
Net derivative instrument fair value changes during the period, net of tax of \$3,968					6,135	6,135
Unrealized gain - marketable securities, net of tax of \$2					4	4
Comprehensive income for the period						195,520
Dividends declared:						
Cumulative preferred stock				(2,120)		(2,120)
Common stock				(187,445)		(187,445)
Issuances of common stock	12,213	30,532	121,428			151,960
Share-based compensation			10,748			10,748
<b>Balance at June 30, 2007</b>	419,510	\$ 1,048,774				