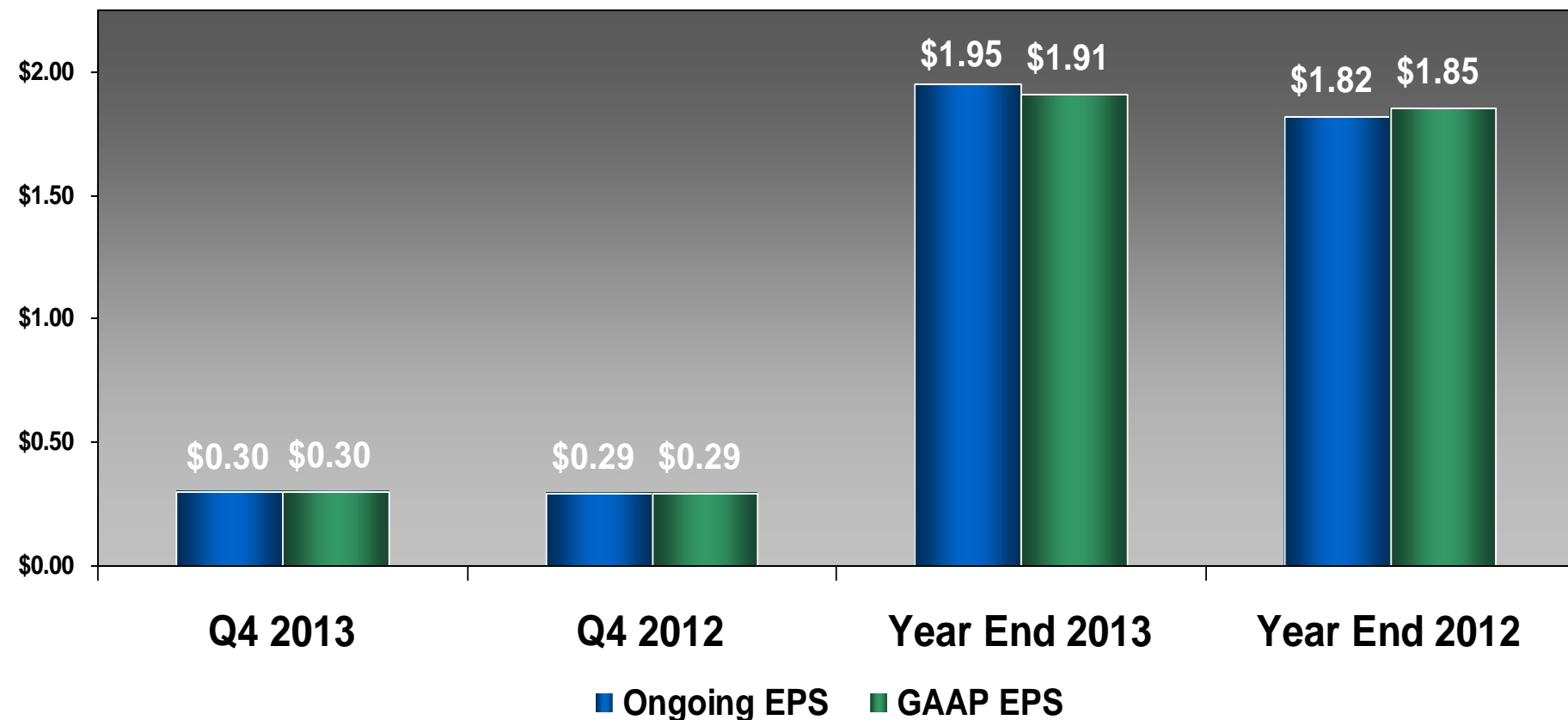




Fourth Quarter 2013 Earnings Release Presentation

January 30, 2014

Earnings Per Share



2013 GAAP EPS includes \$0.04 per share charge associated with FERC complaint orders. 2012 GAAP EPS reflect a \$0.03 per share tax benefit associated with federal subsidies for prescription drug plans.



EPS Results

	<u>Fourth Quarter</u>		<u>Year End</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
PSCo	\$ 0.15	\$ 0.16	\$ 0.91	\$ 0.90
NSP-Minnesota	0.12	0.13	0.79	0.70
SPS	0.04	0.01	0.23	0.22
NSP-Wisconsin	0.01	0.02	0.12	0.10
Equity earnings	0.01	0.01	0.04	0.04
Regulated utility	<u>0.33</u>	<u>0.33</u>	<u>2.09</u>	<u>1.96</u>
Holding company and other	<u>(0.03)</u>	<u>(0.04)</u>	<u>(0.14)</u>	<u>(0.14)</u>
Ongoing EPS	0.30	0.29	1.95	1.82
SPS FERC complaint orders	-	-	(0.04)	-
Prescription drug tax benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.03</u>
GAAP EPS	\$0.30	\$0.29	\$1.91	\$1.85

EPS Change from Prior Year

	<u>Fourth Quarter</u>	<u>Year End</u>
2012 GAAP EPS	\$ 0.29	\$ 1.85
Prescription drug tax benefit	-	<u>(0.03)</u>
2012 Ongoing EPS	\$ 0.29	\$ 1.82
Higher electric margins (excludes impact of SPS FERC complaint orders)	0.03	0.18
Higher natural gas margins	0.01	0.08
Higher AFUDC – Equity	0.01	0.05
Lower interest charges (excludes impact of SPS FERC complaint orders)	-	0.04
Gain on sale of transmission assets (included in O&M expenses)	0.02	0.02
Higher O&M expenses (excludes gain on sale of transmission assets)	(0.03)	(0.14)
Higher depreciation and amortization	(0.03)	(0.06)
Dilution from ATM program, DRIP and benefits plan	(0.01)	(0.03)
Higher taxes (other than income taxes)	-	(0.01)
Other, net	<u>0.01</u>	<u>-</u>
2013 Ongoing EPS	\$ 0.30	\$ 1.95
SPS FERC complaint orders	-	(0.04)
2013 GAAP EPS	\$ 0.30	\$ 1.91

Electric Margin Change from Prior Year

Dollars in millions

	<u>Fourth Quarter 2013 vs. 2012</u>	<u>Year End 2013 vs. 2012</u>
Retail rate increases (CO, TX, WI, SD, ND & MN)*	\$ 52	\$ 229
Transmission revenue, net of costs	6	36
Non-fuel riders	8	18
Estimated impact of weather	8	7
PSCo earnings test refund obligation	(23)	(43)
Conservation and DSM incentive	1	(24)
Firm wholesale	(4)	(24)
Trading margin	(4)	(12)
SPS FERC complaint orders – 2013 impact	(2)	(6)
Other, net	<u>(17)</u>	<u>(33)</u>
Total increase in ongoing electric margin	\$ 25	\$ 148
SPS FERC complaint case orders – prior years impact	<u>-</u>	<u>(26)</u>
Total (decrease) increase in GAAP electric margin	\$ 25	\$ 122

**Interim rate increase in ND is subject to refund.*

Gas Margin Change from Prior Year

Dollars in millions

	<u>Fourth Quarter 2013 vs. 2012</u>	<u>Year End 2013 vs. 2012</u>
Estimated impact of weather	\$ 8	\$ 42
Retail rate increases (WI and CO)	6	15
Retail sales growth	2	9
Conservation and DSM program incentive	4	5
Conservation and DSM program revenues (offset by expenses)	-	4
Other, net	<u>(10)</u>	<u>(9)</u>
Total natural gas margin increase	\$ 10	\$ 66



O&M Expenses Change from Prior Year

Dollars in millions

	<u>Fourth Quarter 2013 vs. 2012</u>	<u>Year End 2013 vs. 2012</u>
Electric and gas distribution expenses	\$12	\$44
Nuclear plant operations and amortization	5	33
Transmission costs	2	13
Employee benefits	3	7
Gain on sale of transmission assets	(14)	(14)
Other, net	(1)	14
Total increase in O&M expenses	<u>\$ 7</u>	<u>\$ 97</u>

Minnesota Multi-Year 2014-2015 Electric Rate Case

(Millions of Dollars)	2014		2015	
	Amount	% increase	Amount	% 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 adjustment	(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	



North Dakota 2013 Electric Rate Case

- Revised request for 2013 electric rate increase of \$14.9 million
 - Based on a 2013 forecast test year
 - ROE of 10.25%
 - Electric rate base of \$377.6 million
 - Equity ratio of 52.56%
- Interim rate increase of \$14.7 million, subject to refund, effective in February 2013
- In Dec. 2013, NSPM and NDPSC staff filed a settlement agreement
 - Four-year rate plan including 5% annual increase in retail revenues, effective 2013 through 2015; no increase in 2016
 - Authorized ROE of 9.75%, 10.0%, 10.0% and 10.25% in 2013 through 2016, respectively
- Final decision anticipated in first quarter 2014



Texas 2014 Electric Rate Case

- **Filed for 2014 electric rate net increase of \$52.7 million**
 - **Based on a June 2013 historic test year**
 - **ROE of 10.40%**
 - **Electric rate base of \$1.27 billion**
 - **Equity ratio of 53.89%**
- **Requested interim rates of \$32.6 million, effective in March 2014**
- **A PUCT decision and implementation of final rates are anticipated in the third quarter of 2014**



New Mexico 2014 Electric Rate Case

- Seeking 2014 electric rate increase of \$32.5 million, reflecting:
 - A base rate increase of \$20.9 million and an increase in renewal energy rider recovery of \$12.1 million
 - A 2014 forecast test year
 - ROE of 10.25%
 - Equity ratio of 53.89%
 - Electric rate base of \$479.8 million
- In Jan. 2014, the hearing examiner provided a recommended decision with an estimated rate increase of \$15 million, based on a ROE of 9.73% and equity ratio of 53.89%
- NMPRC decision and final rates are expected to be effective in the second quarter of 2014

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2014 Ongoing Earnings Guidance

Ongoing EPS Range: \$1.90 – \$2.05 per share

2014 Guidance Assumption Changes

Changes to the 2014 earnings guidance since our Q3 earnings release:

<i>Earnings Driver</i>	<i>Key Assumptions</i>	
	<i>Previous</i>	<i>Current</i>
Capital Rider Revenue	<i>Increase \$45-\$50M</i>	Increase \$50-\$60M
Depreciation	<i>Increase \$110-\$120M</i>	Increase \$30-\$40M
AFUDC-Equity	<i>Increase \$10-\$15M</i>	Increase \$5-\$10M
Avg. Common Stock	<i>506M Shares</i>	507M Shares