



**AL KRUG
VICE PRESIDENT,
REGULATORY POLICY
XCEL ENERGY**

**LEGISLATIVE ENERGY
COMMISSION
RATEMAKING MATH**

MARCH 3, 2016

NSP MINNESOTA



NSP - Minnesota

Customers

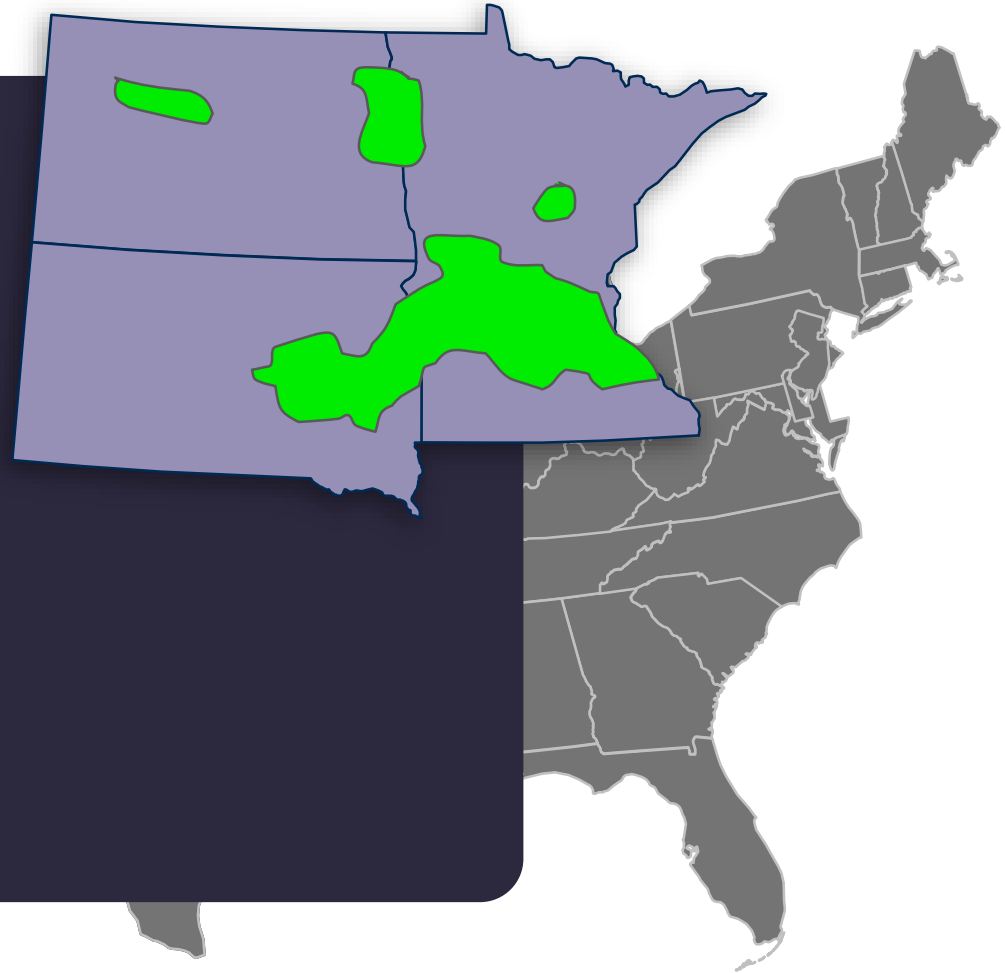
1.4 million electric
500,000 natural gas

Jobs

Employees 6,000
Contractors 3,700

Corporate Giving

\$20 Million



UTILITY RATE MATHEMATICS



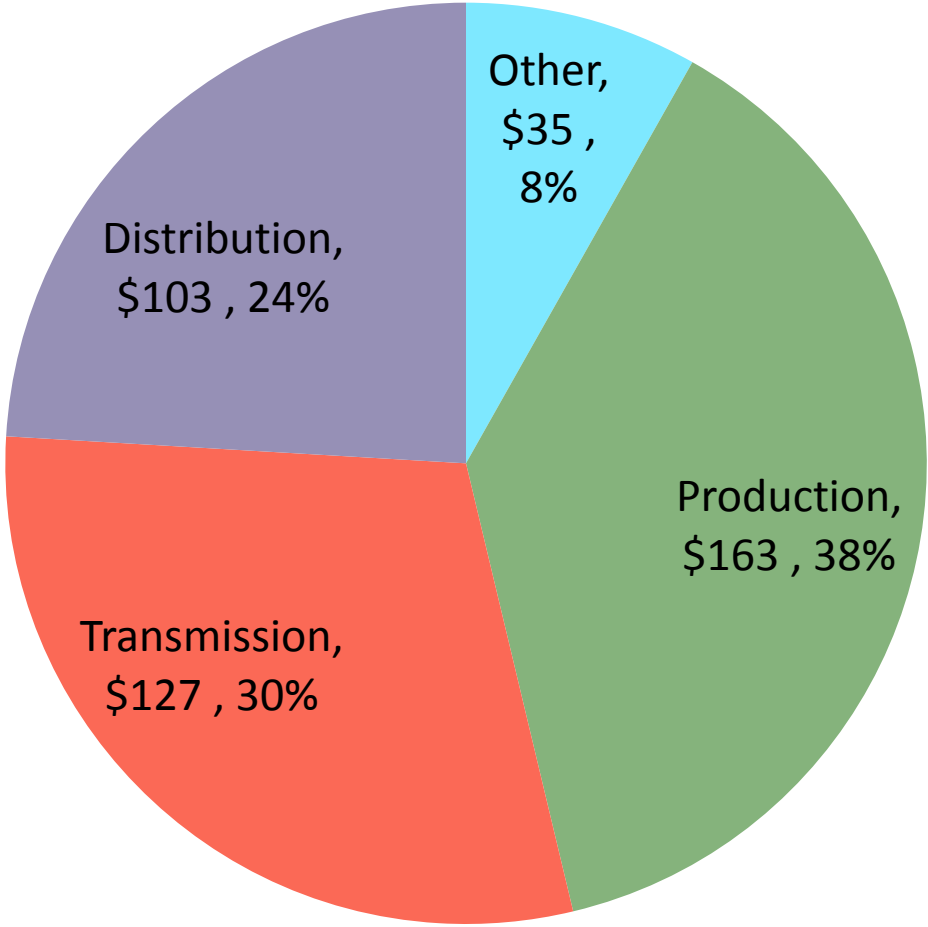
Operating and Maintenance Costs = How much we expect it will cost us to run the utility, including fuel, employee salaries and benefits, maintenance,...

Required Return on Investment= Total Capital x Allowed Return

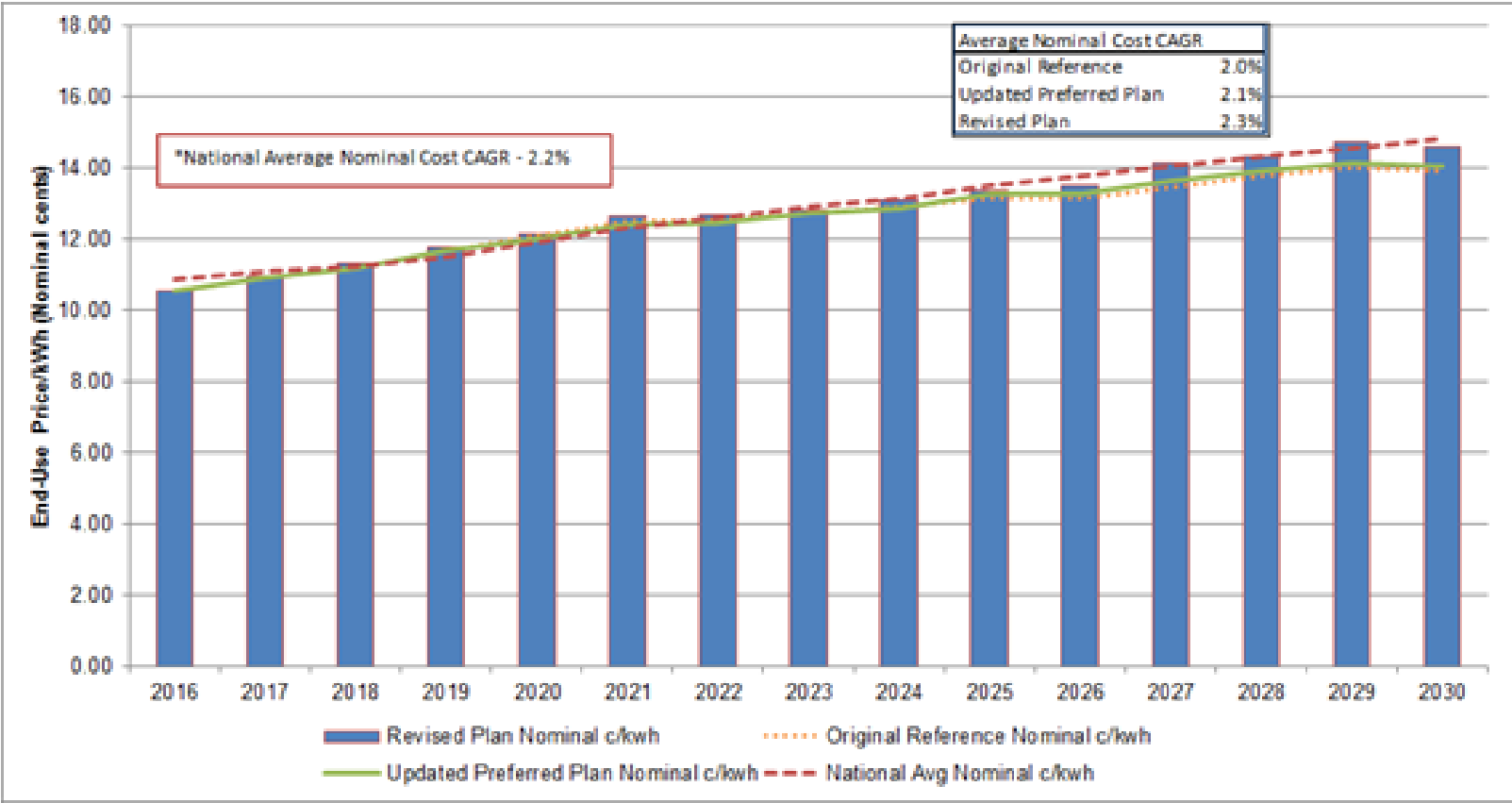
Projected Sales=forecasted energy sales

$$\frac{\text{Projected O\&M+ ROI}}{\text{Projected sales}} = \text{Rate}$$

CURRENT 5 YEAR DRIVERS



XCEL ENERGY FORECASTED PRICE TRENDS



*National energy cost forecast from Energy Information Administration (EIA) Annual Energy Outlook 2015, Table Energy Supply, Disposition, Prices and Emissions. End use prices, all sector average.



QUESTIONS?



LEGISLATIVE ENERGY COMMISSION