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Northern
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Company

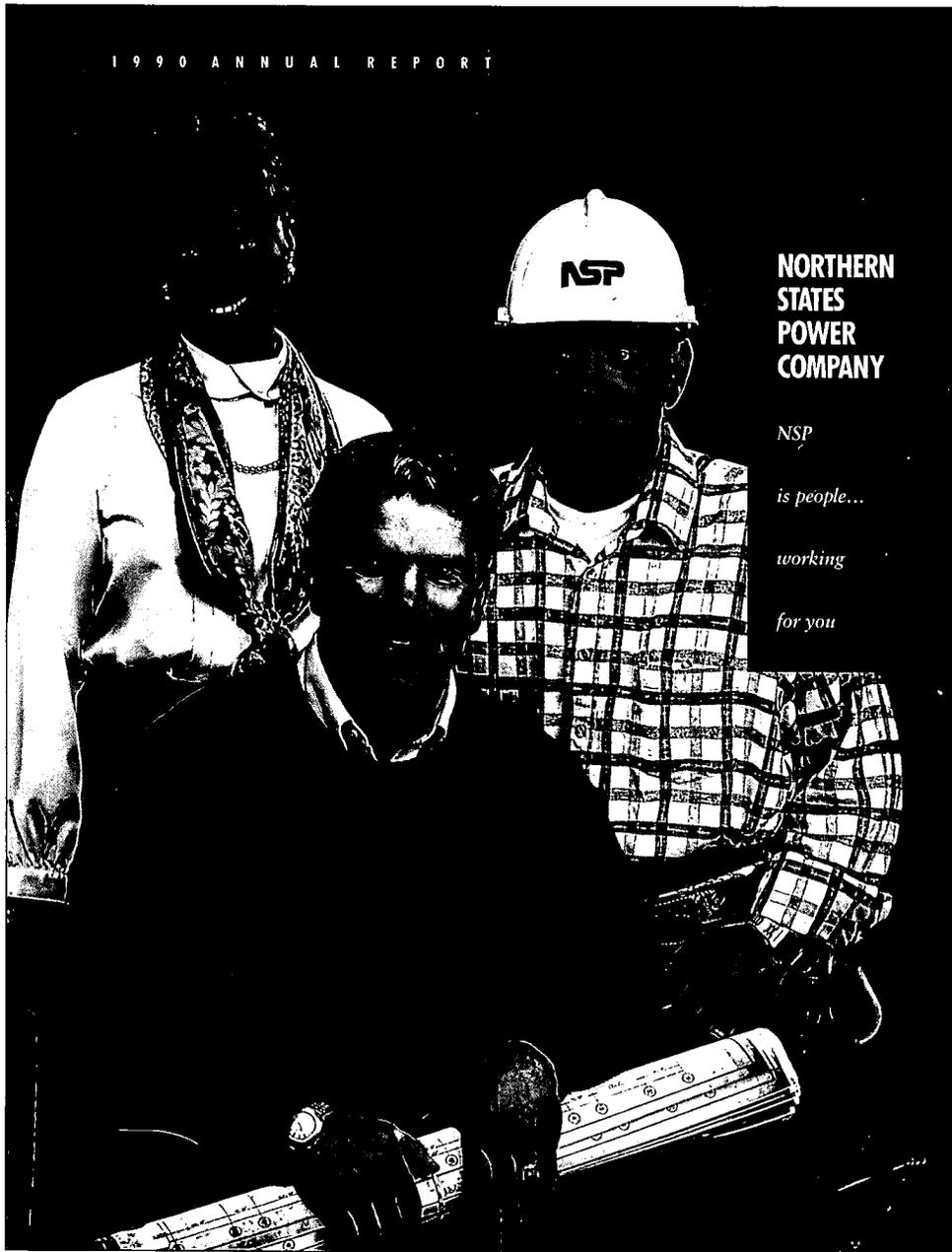
414 Nicollet Mall
Minneapolis, Minnesota 55401



Northern
States
Power
Company

Financial
and
Statistical
Information

A Supplement
to the 1990
Annual
Report



**NORTHERN STATES POWER COMPANY (MINNESOTA)
AND SUBSIDIARY COMPANIES**

**FINANCIAL AND STATISTICAL INFORMATION
A Supplement to the 1990 Annual Report to Shareholders**

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Northern States Power Company (the Company) was incorporated in 1909 under the laws of Minnesota. Its executive offices are located at 414 Nicollet Mall, Minneapolis, Minnesota 55401 (Phone 612-330-5500). The Company has one significant utility subsidiary, Northern States Power Company, a Wisconsin Corporation (the Wisconsin Company). The Company and its subsidiaries collectively are known as NSP.

Note

This report is a supplement to and should be read in connection with the 1990 Annual Report to Shareholders. Please refer to the Annual Report for discussions on the results of operations.

In January 1991, NSP sold its Telephone Utility to Rochester Telephone Corporation of Rochester, New York and accordingly the financial information contained herein has been restated to reflect the telephone operations separately from continuing operations.

On May 28, 1986, shareholders authorized a two-for-one stock split of NSP's common stock which became effective June 5, 1986. All dividends, earnings per share and common share information are adjusted to reflect the stock split.

For further information relating to the contents of this report, please contact A. D. Brusven, Vice President and Treasurer, Northern States Power Company, 414 Nicollet Mall, Minneapolis, MN 55401, or phone (612) 330-6606.

This report is for information purposes only, it is subject to correction and change without notice, and is not a representation, prospectus or circular in respect of any stock or security of any corporation and is not furnished in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued or with any preliminary negotiations for such sale.

FINANCIAL STATISTICS

December 31

	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1980</u>
Earnings Per Share on Average							
Shares (1)							
Continuing Operations	\$ 2.79	\$ 3.20	\$ 3.09	\$ 2.97	\$ 3.06	\$ 2.94	\$ 1.60
Discontinued Telephone							
Operations	\$ 0.04	\$ 0.04	\$ 0.02	\$ 0.04	\$ 0.03	\$ 0.03	\$ 0.02
Total	<u>\$ 2.83</u>	<u>\$ 3.24</u>	<u>\$ 3.11</u>	<u>\$ 3.01</u>	<u>\$ 3.09</u>	<u>\$ 2.97</u>	<u>\$ 1.62</u>
Five year growth rates on earnings							
per share:							
End points	(0.1)%	2.2%	2.1%	4.7%	9.8%	12.9%	1.8%
Least squares	(0.2)%	1.9%	2.0%	4.3%	9.0%	13.4%	3.4%
Dividends declared per share (1) ...	\$2.295	\$2.195	\$2.095	\$ 1.99	\$1.865	\$1.725	\$1.193
Dividends in percent of							
earnings	81.0%	67.8%	67.4%	66.1%	60.3%	58.2%	73.6%
Book value per share of common							
stock (at year end) (1)	\$24.42	\$23.76	\$22.81	\$21.88	\$20.80	\$19.72	\$14.06
Shares of common stock (000s)							
Average for year (1)	62 541	62 541	62 541	62 541	62 541	61 274	60 173
End of year (1)	62 541	62 541	62 541	62 541	62 541	62 541	58 668
Percent of construction expenditures							
financed by internally generated							
funds (excluding AFC)	100.0%	100.0%	100.0%	70.7%	77.5%	60.5%	88.7%
Capitalization*							
Common (including premium							
and retained earnings)	49.3%	48.0%	46.5%	45.2%	44.8%	44.5%	40.8%
Preferred (including premium) ...	9.7	9.7	11.4	9.9	8.1	7.9	11.0
First mortgage bonds	35.1	35.5	38.4	37.8	40.6	41.9	41.9
Guaranty agreements — pollution							
control financing	1.1	1.2	1.3	1.3	1.4	1.5	1.9
Miscellaneous long-term debt ...	3.8	4.1	2.0	2.2	2.6	1.9	.2
Short-term debt	1.0	1.5	.4	3.6	2.5	2.3	4.2
Total Debt	<u>41.0</u>	<u>42.3</u>	<u>42.1</u>	<u>44.9</u>	<u>47.1</u>	<u>47.6</u>	<u>48.2</u>
Total Capitalization .....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	<u>100.0%</u>
Interest coverage							
Before taxes (excluding AFC)	3.7	4.0	3.9	3.5	3.8	4.2	3.8
After taxes (excluding AFC)	2.7	3.0	2.8	2.4	2.5	2.6	2.4
Interest and preferred dividend							
coverage							
After taxes (including AFC)	2.4	2.6	2.5	2.5	2.6	2.7	2.2
Embedded cost of long-term debt ..	8.09%	8.22%	8.32%	8.19%	8.03%	8.08%	7.00%
Embedded cost of preferred stock ..	6.03%	6.01%	6.02%	6.34%	5.81%	6.01%	6.15%
Average plant investment per							
dollar of revenue	\$ 3.19	\$ 3.19	\$ 3.04	\$ 3.26	\$ 3.00	\$ 2.71	\$ 2.87
Depreciation reserve in percent of							
depreciable plant	37.4%	35.2%	33.4%	31.5%	34.7%	33.9%	29.1%
Depreciation provision in percent							
of average depreciable plant	3.49%	3.44%	3.58%	3.37%	3.48%	3.63%	3.46%
Benefit employees (at year end)	7 471	7 580	7 504	7 699	7 515	7 414	6 965

AFC — Allowance for Funds Used During Construction.

*Includes long- and short-term debt and preferred stock with mandatory redemption due within one year.

(1) See note on CONTENTS page.

SUMMARY INCOME STATEMENT

(Millions of dollars)

	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>	<u>1986</u>
Operating Revenues					
Electric.....	\$1 749.1	\$1 654.5	\$1 681.9	\$1 497.4	\$1 427.7
Gas	315.4	324.7	314.8	263.0	343.9
Total	<u>2 064.5</u>	<u>1 979.2</u>	<u>1 996.7</u>	<u>1 760.4</u>	<u>1 771.6</u>
Operating Expenses					
Fuel for Electric Generation.....	318.4	312.1	300.3	291.7	235.5
Purchased and Interchanged Power.....	114.0	96.9	106.0	88.5	113.0
Gas Purchased for Resale.....	209.0	216.9	210.2	165.6	236.0
Administrative and General	177.2	174.0	170.7	138.0	152.0
Other Operation.....	274.3	233.2	251.8	229.1	212.0
Maintenance.....	169.9	150.2	171.4	152.3	146.1
Depreciation and Amortization	214.6	202.3	201.9	168.2	156.0
Property and General Taxes.....	183.9	177.1	162.9	146.1	134.3
Income Taxes	114.4	112.6	119.8	118.5	134.9
Total	<u>1 775.7</u>	<u>1 675.3</u>	<u>1 695.0</u>	<u>1 498.0</u>	<u>1 519.8</u>
Operating Income	<u>288.8</u>	<u>303.9</u>	<u>301.7</u>	<u>262.4</u>	<u>251.8</u>
Other Income and Expense					
Allowance for funds used during construction-equity.....	3.2	3.7	5.9	38.2	40.1
Other Income and Deductions — net	9.6	17.5	8.4	(2.3)	7.5
Total	<u>12.8</u>	<u>21.2</u>	<u>14.3</u>	<u>35.9</u>	<u>47.6</u>
Income before Interest Charges	<u>301.6</u>	<u>325.1</u>	<u>316.0</u>	<u>298.3</u>	<u>299.4</u>
Interest Charges					
Interest on long-term debt	104.7	106.4	103.8	101.4	100.4
Other interest & amortization	7.1	3.1	6.4	7.2	5.8
Allowance for funds used during construction-debt.....	(3.2)	(3.5)	(7.5)	(13.0)	(11.6)
Total	<u>108.6</u>	<u>106.0</u>	<u>102.7</u>	<u>95.6</u>	<u>94.6</u>
Income from Continuing Operations	193.0	219.1	213.3	202.7	204.8
Income from Discontinued Telephone Operations-(net of tax)	<u>2.5</u>	<u>2.8</u>	<u>1.5</u>	<u>2.2</u>	<u>2.0</u>
Net Income	195.5	221.9	214.8	204.9	206.8
Preferred Stock Dividends	<u>18.2</u>	<u>19.3</u>	<u>20.3</u>	<u>16.6</u>	<u>13.5</u>
Earnings Available for Common Stock	177.3	202.6	194.5	188.3	193.3
Common Dividends	<u>143.5</u>	<u>137.3</u>	<u>131.0</u>	<u>124.5</u>	<u>116.6</u>
Earnings Retained	<u>\$ 33.8</u>	<u>\$ 65.3</u>	<u>\$ 63.5</u>	<u>\$ 63.8</u>	<u>\$ 76.7</u>
Earnings Per Share on Average Shares (1)					
Continuing Operations	\$2.79	\$3.20	\$3.09	\$2.97	\$3.06
Discontinued Telephone Operations	\$0.04	\$0.04	\$0.02	\$0.04	\$0.03
Total	<u>\$2.83</u>	<u>\$3.24</u>	<u>\$3.11</u>	<u>\$3.01</u>	<u>\$3.09</u>

*Calculated on unrounded numbers. Growth rates calculated by least squares method.

(1) See note on CONTENTS page.

1985	1980	Annual Growth Rate*			Percent of Revenues*			
		1990/1989	1990/1985	1990/1980	1990	1989	1985	1980
\$1 376.1	\$ 914.7	5.7%	5.2%	6.3%	84.7%	83.6%	77.4%	79.6%
<u>402.2</u>	<u>233.8</u>	<u>(2.9)</u>	<u>3.4</u>	<u>0.6</u>	<u>15.3</u>	<u>16.4</u>	<u>22.6</u>	<u>20.4</u>
<u>1 778.3</u>	<u>1 148.5</u>	<u>4.3</u>	<u>3.5</u>	<u>5.2</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
257.0	203.9	2.0	5.7	4.7	15.4	15.8	14.5	17.7
94.1	36.5	17.7	2.0	9.9	5.5	4.9	5.3	3.2
300.4	172.9	(3.7)	(5.1)	(1.1)	10.1	10.9	16.9	15.0
124.1	68.5	1.8	7.1	9.5	8.6	8.8	7.0	6.0
189.7	115.1	17.6	6.6	8.6	13.3	11.8	10.6	10.0
137.6	87.3	13.1	3.7	7.2	8.2	7.6	7.7	7.6
153.7	112.4	6.1	7.8	7.4	10.4	10.2	8.6	9.8
123.9	91.7	3.9	8.7	7.2	8.9	8.9	7.0	8.0
151.1	98.8	1.6	(5.3)	0.9	5.6	5.7	8.5	8.6
<u>1 531.6</u>	<u>987.1</u>	<u>6.0</u>	<u>3.4</u>	<u>5.2</u>	<u>86.0</u>	<u>84.6</u>	<u>86.1</u>	<u>85.9</u>
<u>246.7</u>	<u>161.4</u>	<u>(5.0)</u>	<u>4.4</u>	<u>5.3</u>	<u>14.0</u>	<u>15.4</u>	<u>13.9</u>	<u>14.1</u>
32.8	9.9	(15.1)	4.4	5.3	0.2	0.2	1.8	0.9
<u>4.2</u>	<u>4.9</u>	<u>(45.0)</u>	<u>(a)</u>	<u>(a)</u>	<u>0.5</u>	<u>0.9</u>	<u>0.2</u>	<u>0.4</u>
<u>37.0</u>	<u>14.8</u>	<u>(39.8)</u>	<u>(21.9)</u>	<u>6.5</u>	<u>0.6</u>	<u>1.1</u>	<u>2.1</u>	<u>1.3</u>
<u>283.7</u>	<u>176.2</u>	<u>(7.2)</u>	<u>1.8</u>	<u>5.4</u>	<u>14.6</u>	<u>16.4</u>	<u>16.0</u>	<u>15.3</u>
93.6	61.3	(1.6)	2.2	5.8	5.1	5.4	5.3	5.3
3.3	7.2	131.7	5.4	(7.5)	0.3	0.2	0.2	0.6
<u>(9.0)</u>	<u>(2.7)</u>	<u>(8.1)</u>	<u>(23.3)</u>	<u>1.5</u>	<u>(0.2)</u>	<u>(0.2)</u>	<u>(0.5)</u>	<u>(0.2)</u>
<u>87.9</u>	<u>65.8</u>	<u>2.5</u>	<u>4.3</u>	<u>4.5</u>	<u>5.3</u>	<u>5.4</u>	<u>4.9</u>	<u>5.7</u>
195.8	110.4	(12.0)	0.5	5.9	9.3	11.1	11.0	9.6
1.9	.9	(9.9)	5.6	4.1	0.1	0.1	0.1	0.1
197.7	111.3	(11.9)	0.6	5.9	9.5	11.2	11.1	9.7
<u>13.0</u>	<u>14.0</u>	<u>(6.0)</u>	<u>8.7</u>	<u>4.0</u>	<u>0.9</u>	<u>1.0</u>	<u>0.7</u>	<u>1.2</u>
184.7	97.3	(12.5)	(0.1)	6.1	8.6	10.2	10.4	8.5
<u>107.5</u>	<u>71.6</u>	<u>4.6</u>	<u>5.8</u>	<u>7.8</u>	<u>7.0</u>	<u>6.9</u>	<u>6.0</u>	<u>6.2</u>
<u>\$ 77.2</u>	<u>\$ 25.7</u>	<u>(48.3)%</u>	<u>(12.4)%</u>	<u>2.6%</u>	<u>1.6%</u>	<u>3.3%</u>	<u>4.3%</u>	<u>2.2%</u>
\$2.94	\$1.60	(12.8)%	(0.3)%	5.5%				
<u>\$0.03</u>	<u>\$0.02</u>	<u>0.0</u>	<u>4.7</u>	<u>5.1</u>				
<u>\$2.97</u>	<u>\$1.62</u>	<u>(12.7)%</u>	<u>(0.2)%</u>	<u>5.5%</u>				

(a) Denotes growth rate with little or no meaning.

BALANCE SHEET

December 31

	1990	1989	1988	1987	1986
	(Millions of dollars)				
ASSETS					
Utility plant	\$6 090.9	\$5 864.6	\$5 650.5	\$5 429.0	\$5 083.0
Less accumulated provision for depreciation	2 211.9	2 015.3	1 902.0	1 705.1	1 587.7
Nuclear fuel	612.1	583.7	535.1	511.3	486.1
Less accumulated provision for amortization	536.5	486.9	440.2	388.8	338.3
Net utility plant	3 954.6	3 946.1	3 843.4	3 846.4	3 643.1
Other property and investment — net	142.4	121.1	128.9	147.8	197.2
Current assets					
Cash and cash equivalents	13.3	42.1	33.6	7.6	5.5
Short-term investments	72.5	28.9	52.8	0.8	7.0
Accounts receivable — net	202.5	210.2	174.9	176.0	162.3
Federal income tax refund receivable	23.9	5.1	6.6	7.6	7.9
Material and supplies (at average cost)					
Fuel	36.8	34.1	42.4	49.7	75.3
Other	106.4	96.8	63.5	59.5	57.2
Deferred tax asset	75.9	41.3	29.8		
Prepayments and other	37.8	36.8	31.8	38.2	27.6
Total current assets	569.1	495.3	435.4	339.4	342.8
Other assets					
Net assets of discontinued telephone operations	16.0	15.5	15.4	16.1	13.9
Deferred debits	80.2	80.3	72.4	51.5	50.0
Total other assets	96.2	95.8	87.8	67.6	63.9
Total	\$4 762.3	\$4 658.3	\$4 495.5	\$4 401.2	\$4 247.0
LIABILITIES					
Capitalization					
Common stock (including premium)	\$ 539.2	\$ 539.2	\$ 539.2	\$ 539.2	\$ 539.2
Retained earnings	1 014.7	980.9	914.8	853.0	788.7
ESOP shares purchased with debt	(7.6)	(15.0)	(8.0)	(4.4)	(8.0)
Treasury stock (at cost)	(19.2)	(19.2)	(19.2)	(19.2)	(19.2)
Total common stock equity	1 527.1	1 485.9	1 426.8	1 368.6	1 300.7
Cumulative preferred stock (including premium) without mandatory redemption	300.5	300.5	350.5	300.5	235.5
First mortgage bonds	1 086.3	1 098.8	1 176.3	1 144.2	1 177.0
Guaranty agreements — pollution control financing	36.5	37.3	38.1	38.9	39.4
Miscellaneous long-term debt	120.0	129.0	62.3	66.4	76.7
Unamortized premium (discount) on long-term debt	(3.3)	(2.4)	(1.0)	(1.0)	(1.0)
Total long-term debt	1 239.5	1 262.7	1 275.7	1 248.5	1 292.1
Total capitalization	3 067.1	3 049.1	3 053.0	2 917.6	2 828.3
Current liabilities					
Notes payable				78.2	65.9
Long-term debt due within one year	29.4	46.1	13.4	30.5	7.9
Accounts payable	173.1	162.6	145.6	140.6	159.7
Customer rate refunds	85.1	2.0		4.6	4.3
Salaries, wages and vacation pay accrued	41.7	37.4	24.9	25.6	21.7
Taxes accrued	155.5	152.7	125.0	111.9	102.8
Interest accrued	26.1	26.8	23.7	22.9	22.7
Dividends declared	40.9	39.2	37.8	36.3	33.1
Other	3.3	1.2	1.4	5.3	3.3
Total current liabilities	555.1	468.0	371.8	455.9	421.4
Deferred credits					
Accumulated deferred income taxes	710.8	731.9	703.0	724.4	712.7
Accumulated deferred investment tax credits	225.7	240.0	255.5	270.3	266.8
Net deferred regulatory liability	121.2	96.3	44.4		
Other	82.4	73.0	67.8	33.0	17.8
Total deferred credits	1 140.1	1 141.2	1 070.7	1 027.7	997.3
Total	\$4 762.3	\$4 658.3	\$4 495.5	\$4 401.2	\$4 247.0

STATEMENT OF CASH FLOWS

Year Ended December 31

	1990	1989	1988	1987	1986
	(Millions of dollars)				
Cash Flows from Operating Activities:					
Net Income	\$195.5	\$221.9	\$214.8	\$204.9	\$206.8
Adjustments to reconcile net income to cash from operating activities:					
Depreciation and amortization	244.4	232.4	230.5	193.6	178.2
Nuclear fuel amortization	49.6	46.7	51.4	50.5	49.6
Deferred income taxes	(31.6)	7.4	(4.1)	14.1	87.8
Investment tax credit adjustments	(10.1)	(15.5)	(14.8)	3.4	25.4
AFC — equity	(3.2)	(3.7)	(6.0)	(38.2)	(40.1)
Other	6.3	8.9	34.9	(4)	(4)
Cash provided by (used for) changes in certain working capital items ..	89.8	(5.8)	34.1	15.0	53.5
Net Cash Provided by Operating Activities	540.7	492.3	540.8	442.9	560.8
Cash Flows from Financing Activities:					
Proceeds from issuance of long-term debt	98.3	173.0	54.1	19.9	84.0
Proceeds from issuance of preferred stock			50.0	65.0	30.0
Proceeds from issuance of notes payable				12.4	16.7
Construction funds withdrawals — net		10.8	25.8	57.8	39.4
Repayment from ESOP	7.4	8.0	9.9	3.6	
Payment to ESOP to purchase shares		(15.0)	(13.5)		(8.0)
Repayment of short-term debt			(78.2)		
Redemption of long-term debt	(147.1)	(163.2)	(43.6)	(40.9)	(52.4)
Redemption of preferred stock		(50.0)			(12.3)
Dividends paid	(160.0)	(155.2)	(149.8)	(137.9)	(127.7)
Net Cash Used for Financing Activities	(201.4)	(191.6)	(145.3)	(20.1)	(30.3)
Cash Flows from Investing Activities:					
Construction expenditures capitalized	(322.9)	(313.4)	(300.7)	(451.7)	(555.6)
Increase (decrease) in construction payables	(12.1)	4.2	(12.5)	(19.4)	(19.6)
AFC — equity	3.2	3.7	6.0	38.2	40.1
Sale (purchase) of short-term investments — net	(43.6)	23.8	(52.0)	6.2	1.0
Other	7.3	(10.5)	(10.3)	6.0	4.9
Net Cash Used for Investing Activities	(368.1)	(292.2)	(369.5)	(420.7)	(529.2)
Net Increase (Decrease) in Cash and Cash Equivalents	(28.8)	8.5	26.0	2.1	1.3
Cash and Cash Equivalents at Beginning of Period	42.1	33.6	7.6	5.5	4.2
Cash and Cash Equivalents at End of Period	\$ 13.3	\$ 42.1	\$ 33.6	\$ 7.6	\$ 5.5
Cash Provided by (Used for) Changes in Certain Working Capital Items:					
Accounts receivable — net	\$ 7.7	\$ (35.3)	\$ 1.1	\$ (13.8)	\$ 48.4
Federal income tax refund receivable	(18.7)	1.5	1.0	.3	(.9)
Materials and supplies	(12.4)	(24.9)	3.3	23.3	(2.7)
Accounts payable	26.9	25.3	12.3	4.2	3.5
Customer rate refunds	83.1	2.0		.3	.9
Income and other taxes accrued	2.8	27.7	13.1	9.1	(1.1)
Other .....	.4	(2.1)	3.3	(8.4)	5.4
Net	\$ 89.8	\$ (5.8)	\$ 34.1	\$ 15.0	\$ 53.5

CONSTRUCTION EXPENDITURES

Construction expenditures during 1990 were \$322.9 million, including \$28.3 million for nuclear fuel.

Construction expenditures, including nuclear fuel, for the five-year period 1991-1995 are estimated at \$2.3 billion. By years, the expenditures are:

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1991-1995 Total</u>
	(Millions of dollars)					
Construction expenditures excluding nuclear fuel	\$330	\$340	\$450	\$460	\$460	\$2 040
Nuclear fuel expenditures	50	70	50	70	50	290
Total construction expenditures	<u>\$380</u>	<u>\$410</u>	<u>\$500</u>	<u>\$530</u>	<u>\$510</u>	<u>\$2 330</u>

GROSS ADDITIONS TO PROPERTY AND CONSTRUCTION EXPENDITURES

	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>	<u>1986</u>
	(Millions of dollars)				
Gross additions to utility property					
Electric production	\$ 73.3	\$ 76.6-	\$128.2	\$245.9	\$341.5
Other electric	141.2	133.8	99.2	129.1	121.2
Nuclear fuel	28.3	48.6	23.9	25.2	46.9
Gas	33.2	32.5	23.6	18.9	18.5
Common	15.6	14.0	7.8	15.2	5.0
Total	<u>291.6</u>	<u>305.5</u>	<u>282.7</u>	<u>434.3</u>	<u>533.1</u>
Non-utility property	30.6	7.4	14.3	(0.1)	16.3
Less acquisition, salvage, etc.	0.7	0.5	3.7	17.5	6.2
Construction expenditures	<u>\$322.9</u>	<u>\$313.4</u>	<u>\$300.7</u>	<u>\$451.7</u>	<u>\$555.6</u>

The additions to utility plant and the retirements for the years 1986-1990 are summarized below:

	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>	<u>1986</u>	<u>Total 1986-1990</u>
	(Millions of dollars)					
Balance at beginning of period . . .	\$6 448.4	\$6 185.6	\$5 940.3	\$5 569.1	\$5 064.2	\$5 064.2
Gross additions	291.6	305.5	282.7	434.3	533.1	1 847.2
Retirements	(36.2)	(37.8)	(35.2)	(61.7)	(33.8)	(204.7)
Adjustments	(0.8)	(4.9)	(2.2)	(1.4)	5.6	(3.7)
Balance at end of period	<u>\$6 703.0</u>	<u>\$6 448.4</u>	<u>\$6 185.6</u>	<u>\$5 940.3</u>	<u>\$5 569.1</u>	<u>\$6 703.0</u>

UTILITY PLANT AND DEPRECIATION RESERVES

December 31

	1990	1989	1988	1987	1986
	(Millions of dollars)				
UTILITY PLANT					
Electric					
Plant in service:					
Production	\$3 073.3	\$3 017.5	\$2 951.4	\$2 800.3	\$2 071.2
Transmission	674.0	645.8	627.1	605.3	583.6
Distribution	1 448.4	1 376.7	1 294.5	1 232.3	1 160.0
General	170.1	168.0	152.9	124.3	113.4
Plant held for future use	1.1	1.6	1.2	1.0	1.1
Plant leased to others	5.4	5.4	5.3	5.7	5.7
Plant under capital leases	3.8	0.1	0.5	0.8	1.1
Construction work in progress	138.8	115.7	123.8	191.7	698.7
Nuclear fuel (including in process)	612.1	583.7	535.1	511.3	486.1
Total Electric	<u>6 127.0</u>	<u>5 914.5</u>	<u>5 691.8</u>	<u>5 472.7</u>	<u>5 120.9</u>
Gas					
Plant in service:					
Production	11.3	11.2	10.7	10.9	10.7
Storage	26.0	25.1	25.1	25.1	24.8
Transmission	16.4	14.6	14.5	14.4	14.4
Distribution	346.5	321.6	294.9	276.6	261.6
General	12.3	11.7	10.6	10.4	10.1
Construction work in progress	8.4	7.5	6.7	4.1	3.4
Total Gas	<u>420.9</u>	<u>391.7</u>	<u>362.5</u>	<u>341.5</u>	<u>325.0</u>
Common	155.1	142.2	131.3	126.1	123.2
Total	<u>\$6 703.0</u>	<u>\$6 448.4</u>	<u>\$6 185.6</u>	<u>\$5 940.3</u>	<u>\$5 569.1</u>
DEPRECIATION RESERVES					
Electric	\$1 977.5	\$1 808.6	\$1 705.0	\$1 529.7	\$1 425.1
Nuclear fuel	536.5	486.9	440.2	388.8	338.3
Total Electric	2 514.0	2 295.5	2 145.2	1 918.5	1 763.4
Gas	162.2	143.9	144.0	133.8	123.6
Common	72.2	62.9	53.0	41.6	39.0
Total	<u>\$2 748.4</u>	<u>\$2 502.3</u>	<u>\$2 342.2</u>	<u>\$2 093.9</u>	<u>\$1 926.0</u>
NET UTILITY PLANT					
Electric	\$3 613.0	\$3 619.0	\$3 546.6	\$3 554.2	\$3 357.5
Gas	258.7	247.8	218.5	207.7	201.4
Common	82.9	79.3	78.3	84.5	84.2
Net Utility Plant	<u>\$3 954.6</u>	<u>\$3 946.1</u>	<u>\$3 843.4</u>	<u>\$3 846.4</u>	<u>\$3 643.1</u>
TELEPHONE PLANT					
Plant in service	\$ 29.5	\$ 27.2	\$ 24.8	\$ 29.4	\$ 25.2
Depreciation reserves	13.5	11.7	9.4	13.3	11.3
Net Telephone Plant	<u>\$ 16.0</u>	<u>\$ 15.5</u>	<u>\$ 15.4</u>	<u>\$ 16.1</u>	<u>\$ 13.9</u>

DEPRECIATION POLICIES

DEPRECIATION

For financial reporting purposes, depreciation is computed by applying the straight-line method to the estimated useful lives of various classes of property. Depreciation provisions, as a percentage of the average balance of depreciable property in service, were 3.49% in 1990, 3.44% in 1989 and 3.58% in 1988.

Depreciation rates for the Minnesota Company are reviewed periodically and are certified by the Minnesota Public Utilities Commission (MPUC). For the Wisconsin Company, the rates are periodically reviewed and certified by the Public Service Commission of Wisconsin (PSCW).

DECOMMISSIONING

The provision for estimated decommissioning costs for the Company's nuclear plants has been calculated for 1988, 1989 and the first seven months of 1990 by using an internal sinking-fund method. An internal/external sinking-fund method was used for the last five months of 1990. The 1990 change in funding methods is in accordance with Nuclear Regulatory Commission requirements for the establishment of an external decommissioning fund. The funding is designed to provide for full recovery of the future decommissioning costs. Based on a 1990 study, the Company estimates that decommissioning costs will approximate \$630 million in 1990 dollars, for which the Company has recorded \$175 million in the accumulated provision for depreciation, \$13 million of this balance has been designed for deposit into an external fund in 1991. The total allocation between internal and external funds at license termination will be approximately 40% and 60% respectively. Decommissioning costs recorded for 1990, 1989, and 1988 have been \$31 million, \$28 million and \$27 million, respectively.

DEPRECIATION FOR INCOME TAX PURPOSES

For assets placed in service prior to 1981, accelerated amortization, liberalized depreciation, the Class Life System (including ADR lives) and ADR repair allowance were used for income tax purposes. For assets placed in service after December 31, 1980, depreciation expense for income tax purposes is computed by using the accelerated cost recovery system (ACRS) established by the Economic Recovery Tax Act of 1981 (ERTA) as modified by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Tax Reform Act of 1986. On January 1, 1978, the Company began deferred accounting for the income tax effect of overhead costs capitalized but deducted currently for income tax purposes. This accounting was approved by the MPUC in a rate proceeding. As a result, income taxes now are deferred for all book and tax timing differences. The provision for deferred income taxes was \$(31.6) million for 1990 compared with \$7.4 million for 1989.

INVESTMENT TAX CREDITS

Investment tax credits are deferred and amortized over estimated lives of the related property.

COMMON STOCK DATA

Year	Shareholders End of Year	Average Shares Outstanding (Thousands) (1)	Earnings Per Average Share (1)	Dividends Declared (1)	Market Prices* (1)		
					High	Low	Close
1948	34 856	19 011	\$.45	\$.35	4 ⁵ / ₈	3 ⁷ / ₈	4 ¹ / ₂
1949	49 959	22 157	.52	.35	5 ⁵ / ₈	4 ³ / ₈	5 ¹ / ₂
1950	53 557	22 167	.47	.35	6 ¹ / ₂	4 ³ / ₄	5 ¹ / ₈
1951	56 644	22 179	.42	.35	5 ¹ / ₂	4 ⁷ / ₈	5 ³ / ₈
1952	59 432	23 338	.53	.35	6 ⁵ / ₈	5 ³ / ₈	6 ¹ / ₂
1953	59 858	24 397	.55	.3625	7 ¹ / ₈	6	6 ⁷ / ₈
1954	63 651	26 837	.53	.40	8 ¹ / ₂	6 ⁷ / ₈	8 ¹ / ₄
1955	64 046	26 837	.58	.4125	9 ¹ / ₈	8	8 ⁷ / ₈
1956	67 467	27 897	.61	.45	9 ¹ / ₈	8 ¹ / ₄	8 ⁵ / ₈
1957	69 471	28 238	.62	.45	8 ⁷ / ₈	6 ³ / ₄	8 ¹ / ₂
1958	69 658	28 539	.65	.50	11 ¹ / ₄	8 ³ / ₈	11
1959	74 377	29 292	.73	.55	12 ⁷ / ₈	11 ¹ / ₈	12 ¹ / ₈
1960	75 323	30 798	.75	.56	14 ⁵ / ₈	11 ³ / ₈	14 ¹ / ₂
1961	74 938	30 844	.77	.59	19 ¹ / ₄	13 ³ / ₄	17
1962	74 383	30 844	.86	.6275	18 ⁷ / ₈	12 ⁵ / ₈	17 ³ / ₄
1963	73 829	30 844	.89	.67	19 ¹ / ₄	16 ³ / ₄	18 ¹ / ₈
1964	73 245	30 874	.95	.70	20 ⁵ / ₈	16 ³ / ₄	20 ¹ / ₄
1965	75 824	31 448	.97	.72	20 ¹ / ₈	17 ³ / ₈	17 ¹ / ₂
1966	76 477	32 418	1.03	.75	18	13 ⁷ / ₈	16 ³ / ₄
1967	76 050	32 424	1.06	.78	17 ³ / ₈	14 ¹ / ₄	14 ³ / ₈
1968	77 110	32 424	1.07	.80	16 ⁷ / ₈	13 ¹ / ₂	15
1969	81 565	34 316	1.12	.80	15 ¹ / ₂	11 ³ / ₈	11 ¹ / ₂
1970	88 937	35 088	1.20	.8375	13 ³ / ₄	10 ⁷ / ₈	13 ³ / ₈
1971	90 612	38 040	1.27	.85	14 ⁵ / ₈	12 ¹ / ₂	13 ⁵ / ₈
1972	93 166	39 501	1.38	.884	15 ⁵ / ₈	12 ¹ / ₄	15 ¹ / ₄
1973	96 138	42 578	1.30	.918	15 ³ / ₄	11 ¹ / ₄	12 ⁵ / ₈
1974	103 454	46 466	1.20	.918	13 ¹ / ₄	7 ⁵ / ₈	8
1975	101 839	51 928	1.47	.931	13 ⁵ / ₈	8	13 ¹ / ₄
1976	102 333	56 637	1.47	.97	15 ¹ / ₈	11 ³ / ₄	14 ³ / ₄
1977	100 253	58 779	1.43	1.015	15 ¹ / ₄	13 ¹ / ₄	14 ¹ / ₈
1978	101 389	59 423	1.69	1.0675	14 ¹ / ₈	11 ⁵ / ₈	11 ³ / ₄
1979	100 857	60 540	1.76	1.125	13	10 ³ / ₄	11 ¹ / ₄
1980	98 821	60 173	1.62	1.1925	12 ³ / ₄	9	10 ³ / ₄
1981	94 453	58 668	1.94	1.2625	13 ¹ / ₂	10	12 ¹ / ₈
1982	94 108	60 201	2.39	1.3475	16 ¹ / ₄	11 ³ / ₄	15
1983	90 642	60 863	2.80	1.4525	20 ³ / ₈	14 ⁷ / ₈	19
1984	85 784	61 663	2.90	1.585	22 ¹ / ₈	16 ⁷ / ₈	20 ⁷ / ₈
1985	82 234	62 274	2.97	1.725	27 ³ / ₈	20 ⁵ / ₈	26 ¹ / ₂
1986	79 921	62 541	3.09	1.865	40 ¹ / ₈	25	34 ¹ / ₂
1987	79 503	62 541	3.01	1.99	39 ³ / ₄	26 ¹ / ₄	29 ⁵ / ₈
1988	78 001	62 541	3.11	2.095	34 ¹ / ₄	29 ¹ / ₄	32 ³ / ₄
1989	75 396	62 541	3.24	2.195	40	30 ¹ / ₄	39 ³ / ₄
1990	73 867	62 541	2.83	2.295	40 ¹ / ₂	28 ³ / ₈	34

*The above table shows the reported price range, as published in the Wall Street Journal, of the Common Stock of the Company on the New York Stock Exchange through January 23, 1976, and for the New York Stock Exchange — Composite Transactions thereafter.

(1) See note on CONTENTS page.

ELECTRIC AND GAS REVENUES AND SALES

	<u>1990</u>	<u>1989</u>	<u>1988</u>	<u>1987</u>	<u>1986</u>
Electric Operating Revenues (millions)					
Residential					
With space heating	\$ 62.8	\$ 65.3	\$ 64.5	\$ 56.1	\$ 58.8
Without space heating	522.6	507.4	527.8	466.3	445.3
Small commercial and industrial	299.4	287.0	285.1	256.9	246.7
Large commercial and industrial	671.6	634.2	634.1	579.0	549.0
Street lighting and other	29.5	30.9	35.0	32.2	31.2
Total retail	<u>1 585.9</u>	<u>1 524.8</u>	<u>1 546.5</u>	<u>1 390.5</u>	<u>1 331.0</u>
Sales for resale	138.0	116.1	115.3	86.0	77.6
Miscellaneous	25.2	13.6	20.1	20.9	19.1
Total	<u>\$1 749.1</u>	<u>\$1 654.5</u>	<u>\$1 681.9</u>	<u>\$1 497.4</u>	<u>\$1 427.7</u>
Kilowatt-hour Sales (billions)					
Residential					
With space heating	1.1	1.2	1.1	1.0	1.1
Without space heating	7.8	7.7	8.0	7.4	7.1
Small commercial and industrial	5.2	5.0	5.0	4.6	4.5
Large commercial and industrial	15.8	15.3	15.0	14.2	13.3
Street lighting and other .....	.4	.4	.5	.5	.5
Total retail	<u>30.3</u>	<u>29.6</u>	<u>29.6</u>	<u>27.7</u>	<u>26.5</u>
Sales for resale	6.3	5.1	5.2	3.9	3.1
Total	<u>36.6</u>	<u>34.7</u>	<u>34.8</u>	<u>31.6</u>	<u>29.6</u>
Gas Operating Revenues (millions)					
Residential					
With space heating	\$ 164.0	\$ 170.7	\$ 163.5	\$ 135.4	\$ 173.9
Without space heating	2.7	2.9	3.0	2.7	3.4
Commercial and industrial firm	97.0	99.4	96.6	78.4	103.3
Total firm	<u>263.7</u>	<u>273.0</u>	<u>263.1</u>	<u>216.5</u>	<u>280.6</u>
Commercial and industrial interruptible	43.8	45.7	44.5	42.3	61.0
Interdepartmental and miscellaneous**	7.9	6.0	7.2	4.2	2.3
Total	<u>315.4</u>	<u>\$ 324.7</u>	<u>\$ 314.8</u>	<u>\$ 263.0</u>	<u>\$ 343.9</u>
Mcf Sales (millions)					
Residential					
With space heating	33.4	36.0	33.7	27.8	31.5
Without space heating .....	.4	.4	.4	.4	.4
Commercial and industrial firm	22.8	24.1	22.7	18.8	21.2
Total firm	<u>56.6</u>	<u>60.5</u>	<u>56.8</u>	<u>47.0</u>	<u>53.1</u>
Commercial and industrial interruptible	16.7	16.7	16.2	16.6	17.9
Interdepartmental .....	.6	.4	.9	.6	.2
Total	<u>73.9</u>	<u>77.6</u>	<u>73.9</u>	<u>64.2</u>	<u>71.2</u>
Agency and transportation deliveries	<u>6.3</u>	<u>5.6</u>	<u>6.5</u>	<u>6.2</u>	<u>1.1</u>

*Calculated on unrounded numbers. Growth rates calculated by least squares method.

**Includes revenues for transportation services.

1985	1980	Annual Growth Rate*			Percent of Total*			
		1 Year 1990/1989	5 Year 1990/1985	10 Year 1990/1980	1990	1989	1985	1980
\$ 58.3	\$ 28.0	(3.9)%	2.4%	8.0%	3.6%	4.0%	4.2%	3.1%
425.7	290.2	3.0	4.5	5.8	29.9	30.6	31.0	31.7
236.9	149.9	4.3	5.1	6.9	17.1	17.4	17.2	16.4
515.8	330.3	5.9	5.4	7.1	38.4	38.3	37.5	36.1
30.7	22.2	(5.7)	(0.6)	2.2	1.7	1.8	2.2	2.4
1 267.4	820.6	4.0	4.8	6.5	90.7	92.1	92.1	89.7
94.6	87.2	18.9	10.2	2.9	7.9	7.0	6.9	9.5
14.1	6.9	88.3	5.6	9.5	1.4	.9	1.0	.8
<u>\$1 376.1</u>	<u>\$914.7</u>	5.7	5.2	6.3	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
1.1	.8	(7.2)%	1.1%	3.9%	2.9%	3.3%	3.6%	3.0%
6.9	6.3	0.9	2.8	2.5	21.3	22.3	23.4	24.8
4.3	3.4	2.7	3.8	4.7	14.2	14.5	14.6	13.3
12.6	10.0	3.7	4.8	5.1	43.4	44.0	42.5	39.6
.5	.5	(12.7)	(4.4)	(3.3)	1.0	1.3	1.7	2.2
25.4	21.0	2.1	3.8	4.1	82.8	85.4	85.8	82.9
4.2	4.4	23.8	11.2	2.1	17.2	14.6	14.2	17.1
<u>29.6</u>	<u>25.4</u>	5.3	4.8	3.8	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
\$ 195.2	\$108.9	(3.9)%	(2.1)%	2.3%	52.0%	52.6%	48.7%	46.6%
3.8	2.9	(4.6)	(6.0)	(2.5)	.9	.9	1.0	1.2
118.8	62.1	(2.4)	(2.6)	1.9	30.7	30.6	29.5	26.6
317.8	173.9	(3.4)	(2.3)	2.1	83.6	84.1	79.2	74.4
81.5	57.1	(4.3)	(10.6)	(5.9)	13.9	14.1	20.3	24.4
2.9	2.8	31.8	27.6	10.7	2.5	1.8	.5	1.2
<u>\$ 402.2</u>	<u>\$233.8</u>	(2.9)	(3.4)	0.6	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
32.9	30.5	(7.1)	2.0	1.3	45.3	46.4%	43.6%	43.0%
.5	.7	(6.2)	(3.7)	5.7	0.5	.5	.6	1.0
22.0	18.2	(5.3)	2.1	2.1	30.8	31.0	29.2	25.5
55.4	49.4	(6.4)	2.0	1.5	76.6	77.9	73.4	69.5
20.0	21.6	0.1	(3.2)	(3.0)	22.6	21.5	26.4	30.4
.1	.1	23.5	35.9	33.3	.8	.6	.2	.1
<u>75.5</u>	<u>71.1</u>	(4.8)	0.8	0.4	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<u>.1</u>	<u>0</u>	11.7%	106.9%	(a)				

(a) Denotes growth rate with little or no meaning.

**DIVERSIFICATION OF ELECTRIC REVENUES FROM
LARGE COMMERCIAL AND INDUSTRIAL CUSTOMERS**

There is a broad diversity of businesses represented by the customers in the large commercial and industrial classification. The following data show how the revenues are distributed among the various types and classes of business and that no one group predominates.

CLASSIFICATION	1990		1989		1985	
	Amount (Millions)	Percent of Total*	Amount (Millions)	Percent of Total*	Amount (Millions)	Percent of Total*
MANUFACTURING						
Durable Goods						
Stone, Clay and Glass Products	\$ 7.0	1.0%	\$ 6.4	1.0%	\$ 5.0	1.0%
Primary Metal Industries	20.9	3.1	20.1	3.2	16.2	3.1
Fabricated Metal Products	20.7	3.1	20.5	3.2	18.6	3.6
Machinery (Non-electric)	36.9	5.5	38.0	6.0	27.2	5.3
Electrical Machinery and Scientific Instruments	34.0	5.1	30.0	4.7	25.4	4.9
Miscellaneous	13.3	2.0	12.5	2.0	10.1	2.0
Total Durable Goods	<u>132.8</u>	<u>19.8</u>	<u>127.5</u>	<u>20.1</u>	<u>102.5</u>	<u>19.9</u>
Nondurable Goods						
Food and Kindred Products						
Meat Products	5.7	0.8	5.6	0.9	4.7	0.9
Dairy Products	11.1	1.7	10.6	1.7	9.8	1.9
Grain Mill Products	13.2	2.0	12.3	1.9	11.7	2.3
Beverage Industries	7.0	1.0	7.2	1.1	6.5	1.3
Other Food Products	13.5	2.0	12.0	1.9	11.4	2.2
Total Food and Kindred Products	50.5	7.5	47.7	7.5	44.1	8.6
Paper and Allied Products	45.9	6.9	42.6	6.7	38.9	7.5
Printing and Publishing	17.9	2.7	16.0	2.5	11.1	2.2
Chemical and Allied Products	9.5	1.4	8.1	1.3	5.0	1.0
Petroleum and Coal Products	30.1	4.5	27.8	4.4	21.7	4.2
Leather and Leather Products . . . . .	.9	0.1	.8	0.1	1.1	0.2
Rubber and Plastic Products	19.7	2.9	19.2	3.0	15.9	3.0
Textile Mill and Apparel Products	2.8	0.4	2.7	0.5	1.9	0.4
Total Nondurable Goods	<u>177.3</u>	<u>26.4</u>	<u>164.9</u>	<u>26.0</u>	<u>139.7</u>	<u>27.1</u>
Total Manufacturing	<u>310.1</u>	<u>46.2</u>	<u>292.4</u>	<u>46.1</u>	<u>242.2</u>	<u>47.0</u>
NONMANUFACTURING						
Nonmetal Mineral	3.4	0.5	3.2	0.5	3.0	0.6
Transportation and Public Utilities	39.4	5.9	36.9	5.8	30.3	5.9
Wholesale and Retail Trade	78.9	11.7	75.5	11.9	65.7	12.7
Finance, Insurance and Real Estate	71.5	10.7	67.6	10.7	48.3	9.3
Services	128.5	19.1	121.8	19.2	95.1	18.4
Public Administration	14.9	2.2	13.7	2.2	22.5	4.4
Miscellaneous Nonmanufacturing	24.9	3.7	23.1	3.6	8.7	1.7
Total Nonmanufacturing	<u>361.5</u>	<u>53.8</u>	<u>341.8</u>	<u>53.9</u>	<u>273.6</u>	<u>53.0</u>
Total Large Commercial and Industrial	<u>\$671.6</u>	<u>100.0%</u>	<u>\$634.2</u>	<u>100.0%</u>	<u>\$515.8</u>	<u>100.0%</u>

*Calculated on unrounded numbers.

The diversification of business among the 7,442 customers in the large commercial and industrial revenue classification is further indicated by the fact that there were approximately 504 customers whose billings exceeded \$250,000 in 1990. Of these, approximately 235 were over \$500,000.

The names of several large customers listed below suggest the wide variety of business in which they are engaged. Many nationally known firms that make their headquarters or that have operations in the NSP service territory are in this list.

Amoco Foam Products
Anchor Glass
Andersen Corporation
Archer Daniels Midland
Ashland Petroleum Company

Koch Refining Company
Lakehead Pipeline Co.
Land O Lakes Inc.
Minnesota Mining & Manufacturing Company
Normandale Properties

BCE Development
Brown Printing Company
Burlington Northern
Cargill Inc.
Cold Spring Granite Co.

North Star Steel Company
Northern Engraving Co.
Northwest Airlines, Inc.
Onan Div. of Onan Corporation
Pillsbury Company

Conagra Inc.
Control Data Corporation
Cray Research Inc.
The Dayton Hudson Corporation
Equitable Life Assurance Society

Pope & Talbot Inc.
Rahr Malting Company
Rainbow Foods
Rosemount Inc.
Seagate Technology

FMC Corp., Northern Ordnance Division
Flambeau Paper Corporation
G. Heileman Brewing Company
Gateway Foods
General Mills, Inc.

Sears, Roebuck and Company
Super Valu Stores Inc.
Target Stores Inc.
Trammell Crow
The Trane Company

Gerald D. Hines Interests
Honeymead Products Company
Honeywell, Inc.
John Morrell & Company
K-Mart, Div. of S.S. Kresge Inc.

UniRoyal, Inc.
Unisys
United Properties
US West
Waldorf Corporation

ENERGY SOURCES AND PRODUCTION COSTS

Source	Requirements			
	1990		1989	
	Kwh (Millions)	Percent of Total*	Kwh (Millions)	Percent of Total*
Thermal generation				
Coal	18 775.0	48.5%	19 539.9	52.8%
Nuclear	12 139.3	31.3	10 926.4	29.5
Oil	20.2	.1	24.1	.1
Other	<u>495.1</u>	<u>1.2</u>	<u>475.7</u>	<u>1.3</u>
Total Thermal	31 429.6	81.1	30 966.1	83.7
Hydro generation	875.3	2.3	664.7	1.8
Manitoba Hydro-Electric Board	1 439.2	3.7	894.4	2.4
Purchased and interchange	<u>4 997.5</u>	<u>12.9</u>	<u>4 468.2</u>	<u>12.1</u>
Total	<u><u>38 741.6</u></u>	<u><u>100.0%</u></u>	<u><u>36 993.4</u></u>	<u><u>100.0%</u></u>

The seven largest generating plants in the NSP system (Sherburne County, Prairie Island, Allen S. King, Monticello, Black Dog, Riverside, and High Bridge) produced approximately 96 percent of the total NSP generation in 1990.

The trends in Btu per kilowatt-hour output and in fuel and production costs are indicated in the following tabulation:

Year	Btu per Kwh Output	Cost of Fuel Cents per Million Btu			Production Costs Cents per Kwh Output			
		Coal	Nuclear	All Fuels	Thermal			Total Output
					Fuel Only	Total	Hydro	
1990	10 632	127.5	47.0	95.3	1.013	1.747	.901	1.725
1989	10 665	121.0	48.1	94.5	1.008	1.615	1.272	1.607
1988	10 728	119.1	48.1	91.1	.977	1.727	1.598	1.725
1987	10 741	133.1	50.6	98.7	1.060	1.764	1.296	1.753
1986	10 726	146.9	49.6	98.7	1.059	1.832	.738	1.780
1985	10 681	145.1	50.4	99.8	1.067	1.728	.644	1.674
1984	10 871	147.5	53.2	109.7	1.192	1.875	.660	1.815
1983	10 803	145.8	49.4	98.0	1.059	1.556	.468	1.504
1982	10 872	133.4	44.5	90.9	.996	1.559	.494	1.506
1981	10 835	112.1	46.5	83.3	.903	1.334	.481	1.303
1980	10 895	103.8	43.5	79.0	.860	1.253	.448	1.226

*Calculated on unrounded numbers.

GENERATING STATION STATISTICS

	Date Installed	Summer Capability (Mw)	Output kwh (Millions)		Btu per kwh output	
			1990	1989	1990	1989
			STEAM THERMAL PLANTS			
Fossil Fuel						
Sherburne County — Becker						
Unit #1	5-1-76	716.0	3 908.4	4 802.7	10 273	10 238
Unit #2	4-1-77	708.0	4 274.9	4 871.0	10 374	10 389
Unit #3	11-1-87	<u>514.0</u>	<u>3 929.7</u>	<u>3 102.9</u>	<u>9 966</u>	<u>10 035</u>
Total		1 938.0	12 113.0	12 776.6	10 209	10 246
Allen S. King — Oak Park Heights.....	1-31-68	567.0	3 267.1	3 166.1	9 850	9 787
Black Dog — Burnsville	1952-60	460.0	852.9	800.5	12 135	11 767
High Bridge — St. Paul	1942-59	309.0	833.1	1 034.6	11 529	11 711
Riverside — Minneapolis	1931-64	349.0	1 717.6	1 785.9	10 579	10 680
Six Other Plants		<u>251.0</u>	<u>489.3</u>	<u>462.6</u>	<u>17 184</u>	<u>16 937</u>
Total fossil fuel		<u>3 874.0</u>	<u>19 273.0</u>	<u>20 026.3</u>	<u>10 453</u>	<u>10 512</u>
Nuclear Fuel						
Prairie Island — Red Wing						
Unit #1	12-16-73	507.0	3 829.7	4 392.3	10 959	10 886
Unit #2	12-21-74	<u>503.0</u>	<u>3 803.7</u>	<u>3 887.2</u>	<u>10 979</u>	<u>10 953</u>
Total		1 010.0	7 633.4	8 279.5	10 969	10 917
Monticello — Monticello	6-30-71	<u>532.0</u>	<u>4 505.9</u>	<u>2 646.9</u>	<u>10 567</u>	<u>10 932</u>
Total nuclear fuel		<u>1 542.0</u>	<u>12 139.3</u>	<u>10 926.4</u>	<u>10 820</u>	<u>10 921</u>
Total steam thermal — 13 plants		<u>5 416.0</u>	<u>31 412.3</u>	<u>30 952.7</u>	<u>10 640</u>	<u>10 656</u>
OTHER THERMAL PLANTS — 8 plants		<u>1 151.0</u>	<u>17.0</u>	<u>13.1</u>	(a)	(a)
HYDRO PLANTS — 20 plants		<u>261.5</u>	<u>875.3</u>	<u>664.7</u>		
OTHER PLANT — Holland Wind		<u>—</u>	<u>.3</u>	<u>.3</u>		
Total 42 Plants		<u>6 828.5</u>	<u>32 304.9</u>	<u>31 630.8</u>		

(a) Btu per kwh has little or no meaning.

REVENUES AND RATES

REVENUES

NSP's 1990 revenues, excluding inter-system non-firm sales to other utilities, were subject to regulatory jurisdiction as follows:

	<u>Percent of 1990 Revenues</u>
Retail:	
Minnesota Public Utilities Commission (MPUC)	73.6%
Public Service Commission of Wisconsin (PSCW)	14.3
Public Service Commission of North Dakota (PSCND)	5.9
Public Utilities Commission of South Dakota (PUCSD)	3.0
Michigan Public Service Commission (MPSC) .....	.6
Sales for Resale — Wholesale:	
Federal Energy Regulatory Commission (FERC)	<u>2.6</u>
Total	<u><u>100.0%</u></u>

RATE PROGRAMS

Rate increases requested and granted in previous years were as follows:

<u>Year</u>	<u>Requested</u>	<u>Granted</u>
	(Millions of dollars)	
1985	\$161.3	\$49.3
1986	20.7	14.8
1987	122.0	86.0
1988	4.4	3.0
1989	129.0	8.0

The following table summarizes the status of rate increases filed during 1990.

	<u>Annual Increase</u>		<u>Status</u>
	<u>Requested</u>	<u>Granted</u>	
	(Millions of dollars)		
Electric			
South Dakota — Retail	\$ 5.0	\$2.4	Order Issued 12/20/90
Minnesota — Wholesale*	3.7		Order Pending
Wisconsin — Retail	<u>10.8</u>	<u>7.3</u>	Order Issued 01/16/91
Total 1990 Rate Program.....	<u>\$19.5</u>	<u>\$9.7</u>	

*Interim Settlement Increase of \$2.1 million in effect October 3, 1990, subject to refund.

GENERAL

Since the MPUC assumed jurisdiction of Minnesota electric and gas rates in 1975, several significant regulatory precedents have evolved. The MPUC has accepted the use of a forecast test year that corresponds to the period when rates are put in effect, subject to refund. The use of a forecast test year and interim rates minimize regulatory lag.

The MPUC must order interim rates within 60 days of a rate case filing. Minnesota statutes allow interim rates to be set to adjust for updated expense and rate base items similar to those previously allowed and allow a return on equity equal to that granted in the last MPUC order for the utility. The MPUC must make a determination of the application within 10 months after filing. If the final determination does not permit the full amount of the interim rates, the utility must refund the excess revenue with interest.

Minnesota law allows Construction Work in Progress (CWIP) in a utility's rate base without including an Allowance for Funds Used During Construction (AFC) offset in revenues. The MPUC has exercised this

option to a limited extent so that cash earnings are allowed on small and short-term projects that do not qualify for AFC. Other CWIP is allowed in rate base with offsetting AFC. For the calculation of AFC, the FERC formula on a gross-of-tax basis is used starting in 1988. The gross of tax basis has no effect on earnings because taxes offset the difference between gross and net rates.

The PSCW now looks at each utility's cash position to determine if a return on CWIP will be allowed. The PSCW will allow a return on CWIP or capitalization of AFC at the adjusted overall cost of capital. The Wisconsin Company currently capitalizes AFC on production and transmission CWIP at the FERC formula rate and all other CWIP at the adjusted overall cost of capital.

The PSCW has established an annual filing requirement for processing rate cases and monitoring utilities' rates. By June 1 of each year, the Wisconsin Company must submit filings for calendar test years beginning the following January 1. The filing procedure and subsequent review allow the PSCW sufficient time to issue an order effective with the start of the test year.

FUEL AND PURCHASED GAS ADJUSTMENT CLAUSES

The Company's wholesale and retail electric rate schedules provide for adjustments to billings and revenues for changes in the cost of fossil fuel, nuclear fuel and purchased power. The lag in implementing the billing adjustment is approximately 60 days. On average, another 15 days pass before the adjustment is recorded as revenue.

The Company's retail gas rate schedules provide for adjustment to billings and revenues for changes in the cost of purchased gas.

The 1983 Wisconsin Legislature eliminated the automatic retail electric fuel adjustment clause. The Wisconsin Company used the clause until a PSCW order was issued in March 1986. The clause was replaced by a limited-issue filing procedure.

Effective January 1, 1986, the Wisconsin Company's wholesale fuel adjustment clause was modified. With the new clause, the Wisconsin Company calculates the fuel adjustment factor for the current month based on estimated fuel costs for that month. The estimated fuel cost is trued-up to actual the following month.

The Wisconsin Company's gas schedules include a purchased gas adjustment clause that provides for the inclusion of the current unit cost of gas.

The Wisconsin Company's gas and retail electric rate schedules for Michigan customers include Gas Cost Recovery Factors and Power Supply Cost Recovery Factors, which are based on twelve-month projections.