



414 Nicollet Mall
Minneapolis, MN 55401

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May 29, 2015

—Via Electronic Filing—

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: ANNUAL REPORT
INCENTIVE COMPENSATION PLAN
DOCKET NOS. E002/GR-92-1185 AND G002/GR-92-1186

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed Annual Report of our 2014 Incentive Compensation Plan.

Please note that certain portions of this report have been designated as Trade Secret information pursuant to Minnesota Statute § 13.37, subd. 1(b). In particular, the information designated as Trade Secret derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service lists.

Please contact Rebecca Eilers at rebecca.d.eilers@xcelenergy.com or (612) 330-5570, or me at paul.lehman@xcelenergy.com (612) 330-7529 if you have any questions regarding this filing.

Sincerely,

/s/

PAUL J. LEHMAN
MANAGER, REGULATORY COMPLIANCE AND FILINGS

Enclosure
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

NORTHERN STATES POWER COMPANY –
REPORT ON THE OPERATION AND
PERFORMANCE OF ITS 2014 INCENTIVE
COMPENSATION PLAN

DOCKET NOS. E002/GR-92-1185
G002/GR-92-1186

ANNUAL REPORT

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Annual Report of our Incentive Compensation Plan for 2014. We submit this report in compliance with the Commission's December 30, 1993 Order in Docket No. G002/GR-92-1186, and its January 14, 1994 Order in Docket No. E002/GR-92-1185.

In summary, the 2014 incentive compensation allocated to the State of Minnesota combined electric and natural gas retail jurisdictions totaled approximately \$25 million which exceeds the approximately \$18 million that is built into retail rates. The \$7 million difference is a shareholder expense and is not borne by Xcel Energy customers. Since we paid approximately \$7 million more in incentive compensation costs in Minnesota than we recovered through rates, there are no funds eligible for refund.

ANNUAL REPORT

This Annual Report is organized into the following Sections:

- I. *Plan Description* - an overview of each of the Incentive Compensation Program components and Goals.
- II. *Accounting for Incentive Amounts* - accounting of amounts paid to Xcel Energy employees (and allocated employee labor) assigned to the Company under the Plan, and all amounts recorded as earned but not paid.
- III. *Incentive Plan Evaluation* - evaluation of the Plan's success in meeting its stated goals.

I. PLAN DESCRIPTION

In this section, we outline the provisions of the various employee incentive compensation programs.

A. Non-bargaining Employee Program

Our 2014 Incentive Compensation Plan (2014 Plan) included non-bargaining exempt employees of the Company as well as employees of Xcel Energy Services, Inc. providing service to the Company. The non-bargaining employee portion of the Plan consists of the following components:

- *Annual Plan* - Non-bargaining Exempt Employee Annual Incentive Program.¹
- *Executive Plans* - Executive Annual Incentive Award Program and Business Unit Vice President Annual Incentive Program.¹
- *Long-term Incentive Plans* - Performance Shares and Restricted Stock Units.²

Our 2014 Plan goals focus our employees on the service we provide to our customers. Our employees can earn an incentive award when they individually, collectively, and organizationally meet the Company's goals, which concentrate on reliable service, providing customers service and employees.

The amounts paid from the non-bargaining exempt employee portion of the Plan described in this Annual Report are for both the Annual Plan and the Executive Plans. The 2014 Plan was designed to reward participants based on a combination of target weights assigned to the corporate, business unit, and Individual Performance and Development (IPAD) components, as detailed in Attachment A to this Annual Report.³

There were no major changes between the 2013 and 2014 Plans.

B. Performance Goals

The Plan's design uses a "modified balanced scorecard" approach. Individual awards are determined by participants' annual target incentive award opportunity and the results of their respective IPADs, as well as Corporate and Business Area Key

¹ In the Company's past several rate cases, the Commission has affirmed a 15 percent base salary cap for incentive compensation, which limits rate recovery of executive incentive compensation, as well as other employees' incentive compensation.

² The long-term incentive plans are funded exclusively by shareholders.

³ The IPAD is the Company's individual employee performance planning and measurement tool.

Performance Indicators (KPIs). The KPIs reward employees for results in reliability, public safety, customer value, managing O&M growth, employee engagement, and employee safety. Employees contribute toward meeting these objectives by providing reliable, low-cost service to our customers while maintaining safe and efficient operation of all plant, transmission, and distribution facilities. We believe our 2014 Plan was successful in meeting these objectives.

As shown in Attachment B, the 2014 corporate scorecard results were 110 percent of target. The 2014 results exceeded our targets in nearly every area. In addition, the Company's Earnings Per Share (EPS) met a range established in the Plan, and so a funding factor based on EPS was applied at the CEO's discretion to the Corporate Scorecard.⁴ We note that this is the last year we will provide the scorecard results attachment in this detailed format, because this document is no longer compiled for internal reporting purposes. Going forward we will provide a higher level summary of scorecard results showing which KPIs were met and which were not.

II. ACCOUNTING FOR INCENTIVE AMOUNTS

In this section, we discuss total Plan amounts paid, as well as the amounts allocated to the State of Minnesota retail jurisdiction. Attachment C contains a summary of the total paid and allocated to the Minnesota jurisdiction as well as a comparison to the amount authorized in base rates.

A. Amounts Paid

Amounts paid to NSPM employees and Xcel Energy service company employees in the first quarter of 2015, before allocation to NSPM, totaled approximately \$57 million.⁵ See Attachment D for a business area breakdown of total Company incentive payments. The incentive compensation allocated to the State of Minnesota combined electric and natural gas retail jurisdictions totaled \$24,797,810 (exceeding the \$18,512,196 that is built into retail rates).

B. Refundable Incentive Compensation Amounts

Commission Orders require the Company to record all earned, but unpaid incentive compensation recoverable in rates for future return to customers.⁶

⁴ See page 6 of the 2014 Annual Plan Booklet, included as Attachment A.

⁵ Inclusive of the Annual Plan, Executive Plans and awards to applicable bargaining employees.

⁶ The Commission has reaffirmed the requirement that the Company must refund any incentive compensation funds collected in rates that are not paid in our past several rate case proceedings.

As noted earlier, we paid approximately \$7 million more in incentive compensation costs in Minnesota than we recovered through rates, so there are no funds eligible for refund.⁷ Attachment E contains the allocation of actual payouts under the Annual and Executive Plans to the State of Minnesota electric and natural gas utilities and the calculation of Company and Xcel Energy Services Inc. allocation ratios.

In summary, the Company awarded incentive compensation to non-bargaining exempt employees for 2014.

III. INCENTIVE PLAN EVALUATION

In this section, we discuss our compensation philosophy, provide a snapshot of Xcel Energy Inc. total pay compared to market compensation, and discuss how the Plan positively impacts our business results.

Our compensation philosophy is to pay employees total compensation that is positioned at the target market median level of similarly-situated companies. We designed the Plan such that the Company must meet strategic business objectives before employees are compensated. In the event that the Company exceeds its goals, employees' total cash compensation levels have the potential to be above market median for that year; if the Company does not achieve its objectives, employees' total cash compensation levels may be below the market median in that year.⁸

Scorecard goals have been designed specifically to drive superior employee performance. We have worked very hard to improve our goal-setting process to strike the right balance between setting goals that challenge our employees, while not setting goals so difficult as to serve as a disincentive. Our business units continue to meet and exceed many of the challenging goals set for 2014, as shown in Attachment B, and we believe that performing at target is a success for our workforce.

We note that we are experiencing increased labor costs across the various Company business units which are necessary in order to continue providing high quality service to our customers. Our general population of workers is increasing, specifically the number of employees at the mid-level who are eligible for incentive pay under the

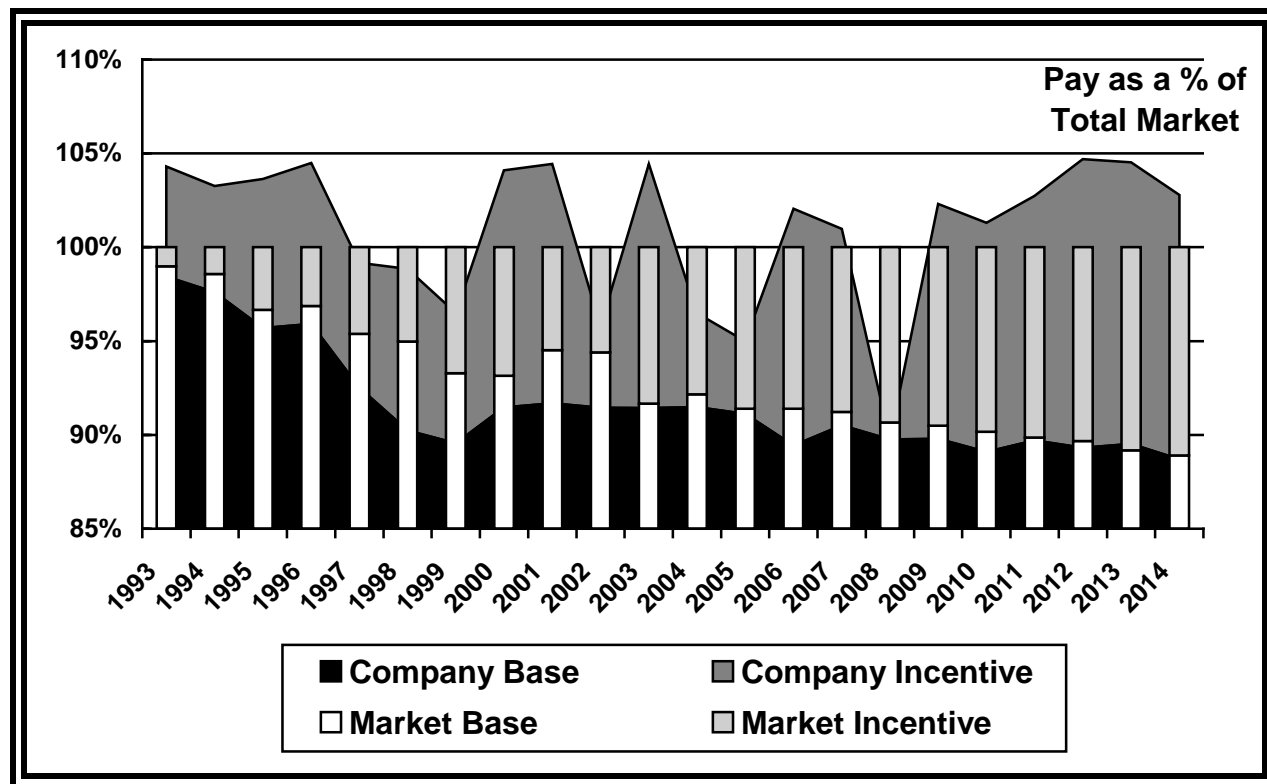
⁷ The amounts built into the current electric and gas rates result from the Commission's Orders in the most recent completed rate cases (FINDINGS OF FACT, CONCLUSIONS, AND ORDER, Docket No. E002/GR-13-868, May 8, 2015) and (FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER, Docket No. G002/GR-09-1153, December 6, 2010). Since the 2014 payout exceeded target, more was paid out than was collected through rates. See Attachment D. The incentive compensation methodology approved by the Commission excludes long-term incentive compensation and other bonuses, incentives, and incentive compensation exceeding 15 percent of base compensation.

⁸ We note that this may also occur in the case of lower-than-forecasted earnings and/or sales, as was the case with the 2008 Incentive Compensation Plan. See the Company's corrected 2008 Annual Report in Docket Nos. E002/GR-92-1185, G002/GR-92-1186, submitted on June 5, 2009.

current program. In other words, even when our scorecard performance results are not as high as in previous years, our costs under the Plan may continue to increase because there is a larger pool of eligible employees.

The graph below illustrates the effect of the Plan’s strategy on non-bargaining employee pay, relative to market. The market, represented by the bars, consists of pay for comparable positions at other relevant companies.

Figure 1: Xcel Energy Inc. Total Pay vs. Market



(Non-bargaining Employees)

In 2014, Xcel Energy continued to pay for performance through the Plan, shown by the area in dark gray in Figure 1. Base pay, shown in black in Figure 1, was approximately 88.9 percent of the base and incentive market median. The 2014 Plan payout reflects all eligibility changes, was above target and, on average, employees earned a total cash compensation (combined base and incentive) that was approximately 102.8 percent of the market median.

Figure 1 represents the total cash compensation we paid Xcel Energy Inc. employees and does not reflect what we have recovered in rates. We note that the Commission’s January 14, 1994 Order limited rate recovery of compensation costs to 105 percent of the market median, it did not limit the actual level of compensation paid. For

example, while we *paid* our State of Minnesota employees a total incentive pay of \$24,797,810 in 2014 we *collected* \$18,512,196 of these costs from ratepayers.

We believe that our compensation philosophy and continuing commitment to the Plan have positively impacted the following important parts of our business:

- Our ability to attract, retain and motivate valued employees. The incentive compensation component is part of the employee's total compensation and is considered when deciding on employment either as a new recruit or in evaluating other employment opportunities.
- Lowers the cost of our overall compensation by providing an important control that links total compensation to business results.
- Incentivizes strong employee performance and performance improvements, as employees strive to earn incentive pay by delivering appropriate levels of customer service, reliability, and safety results.

CONCLUSION

Xcel Energy respectfully requests that the Commission accept this Annual Report of our 2014 Incentive Compensation Plan.

Dated: May 29, 2015

Northern States Power Company



RESPONSIBLE BY NATURE™

**XCEL ENERGY NON-BARGAINING, EXEMPT EMPLOYEE
ANNUAL INCENTIVE PROGRAM**

Program Year: January 1 – December 31, 2014

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INTRODUCTION

Xcel Energy Inc. (individually and collectively with its affiliates and subsidiaries, “Xcel Energy” or “the Company”) offers a market-competitive total cash compensation package. Your total cash compensation includes your base salary and the opportunity to earn an annual incentive when the Company achieves its goals.

- Base salary is the fixed component of your total cash compensation. Generally it does not change unless you have a change in your job (such as a promotion), change in your status (such as full time to part time), or have a change in pay (such as a merit increase).
- Xcel Energy’s Annual Incentive Program (the “Program”) is the variable component of your total cash compensation. Variable compensation is not guaranteed pay.

The Program will be in effect from January 1 to December 31, 2014 (the “Program Year”), unless amended to end at an earlier date or terminated. In order for the Program to pay out incentive awards for the Program Year, Xcel Energy must meet certain operating and financial goals. The calculation of your incentive award is based on corporate and business area goal achievement and your individual performance.

PURPOSE OF THE PROGRAM

Incentive Programs are a variable portion of employee total cash compensation and are directly aligned with the achievement of certain corporate, business area, and individual goals.

Xcel Energy uses the Program to align employees’ goals with corporate and business goals such as our Strategic Call to Action, and to recognize and reward employees for their contributions to superior business performance that result in achieving Xcel Energy’s key performance indicators (or KPIs), including those focused on reliability, our customers and our employees

The Program also supports the Company’s position as an Employer of Choice by:

- Maintaining a market-competitive total cash compensation package;
- Fostering the growth and development of employees; and
- Enabling the Company to attract, retain, motivate and reward employees whose performance meets or exceeds Company expectations.

PARTICIPATION

The Program applies to regular, full and part-time status employees who are exempt, non-bargaining employees.

Newly hired or rehired employees must be actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate for that Program Year.

Participants must also be actively employed by Xcel Energy on the day the Program award payments are made (typically in the first quarter following the Program Year) in order to receive an incentive award for the prior Program Year.

- Exceptions to active employment on the date awards are paid include: Involuntary Termination (with severance); Retirement; Death; Disability; or Qualified Leave of Absence.

For additional information regarding participation in the Program, see “Program Administration” beginning on page 10.

PERFORMANCE COMPONENTS

The Program for 2014 is based on three performance components: Corporate, Business Area, and Individual performance.

Component	How it is measured
1) Corporate Performance	KPIs include Reliability, Customer and Employee goals. Specific goals are listed on XpressNet at http://xpressnet/Our_Company/Planning_and_Performance/High_Level_Scorecards
2) Business Area Performance	KPIs link to business programs and scorecards that focus on safety and operational goals that provide value to our customers. Specific goals are listed on XpressNet at http://xpressnet/Our_Company/Planning_and_Performance/High_Level_Scorecards
3) Individual Performance	Individual Performance and Development (IPAD) rating which is an average of the ratings for your essential Job & Performance Goals and Competencies/Leadership Expectations.

INCENTIVE TARGETS

Incentive targets are based on salary grade and correspond to varying weights or percentages for each of the three performance components: corporate, business area and individual IPAD rating, as shown below.

Salary Plans and Grades ¹			Incentive Target	Components Weights		
Exempt	Engineer	Trader		Corporate ²	Business Area ²	Individual ²
M, N, O	--	--	[TRADE SECRET BEGINS	10%	15%	75%
--	A, B	--				
P, Q	C	001		20%	30%	50%
--	D, E	--		30%	30%	40%
R, S, T	--	002-006				
U, V	--	--		50%	30%	20%
W	--	--				
X	--	--	TRADE SECRET ENDS]			

¹ Or equivalent from other salary structure(s). Eligibility is determined by salary plan or grade as tracked in the Human Resources primary system of record (e.g., PeopleSoft) and not based on job title.

² No award is paid if individual rating is 2-Inconsistent or 1-Unsatisfactory.

The incentive is subject to proration based on an employee's eligible position(s) during the Program Year. For additional information on prorated awards, see page 12.

For an employee on a Developmental (or Rotational) Assignment, his or her annual incentive target percentage is based on the salary grade of the job held prior to accepting the Developmental (or Rotational) Assignment position. For example, if an employee is in a job with salary grade M and then moves into a Developmental (or Rotational) Assignment position with salary grade P, their annual incentive target percentage will be based on salary grade M **[TRADE SECRET BEGINS TRADE SECRET ENDS]**.

The payout range for achievement of goals (unless otherwise noted on the scorecard) can be anywhere from zero percent (0%) to one hundred fifty percent (150%), as noted on the following page. In no circumstance will the incentive paid exceed 150% of the employee's incentive target.

PROGRAM COMPONENTS

Corporate Scorecard – KPI

The 2014 corporate scorecard goals focus on three priorities: Reliability; Customer; and Employee.

Priority	Key Performance Indicator	Threshold (50%)	Target (100%)	Maximum (150%)	KPI Weight
Reliability	System Average Interruption Duration Index (SAIDI) (Minutes)	109	97	91	15%
	Unplanned Outage Rate (UOR)	5.5	5.0	4.5	15%
Customer	O&M Growth Management (Annual O&M Growth Rate (%))	3.7%	2.2%	1.4%	15%
	Customer Value (Survey Rating)	82%	86%	88%	15%
	Public Safety Index	50	100	150	15%
Employee	OSHA Recordable Incident Rate*	1.50	1.17	1.10	15%
	Employee Engagement (Survey Rating)	77%	82%	85%	10%

* If during the year, an employee fatality occurs in the course of business and the Company has achieved greater than threshold performance for the OSHA Recordable Incident Rate, the OSHA Recordable Incident Rate will be decreased to threshold for purposes of calculating the corporate KPI goal result. If during the year, an event resulting in an employee fatality does NOT occur and the Company experiences all of the following three conditions:

- 1) No employee has direct personal contact with an energized primary electric system that results in an OSHA Recordable Incident
- 2) No employee experiences an unplanned natural gas ignition while working on company owned equipment that results in an OSHA Recordable Incident
- 3) The Company has achieved greater than threshold performance for the OSHA Recordable Incident Rate,

Then, the OSHA Recordable Incident Rate will be increased to Maximum for purposes of calculating the corporate KPI goal result.

Results are calculated in this manner:

Goal Achievement	Payout
Below Threshold	0%
Threshold to Target	50 % - 99.99% (based on a linear interpolation)
Target	100%
Target to Maximum	100.1%-149.99% (based on a linear interpolation)
Maximum	150%

Results will be rounded to the second decimal.

Business Area Scorecard – KPI

Business Area goals relate to operational priorities specific to each business area and are aligned with overall corporate goals. Results are calculated in the same manner as the chart on page 4.

The Individual Component

The purpose of the Individual Component is to focus and reward employees for their individual performance. Your IPAD rating, for incentive pay purposes, is an average of your essential Job & Performance Goals and Competencies/Leadership Expectations. Development Goals have no impact on annual incentive awards.

Employees receiving higher performance ratings are eligible for a higher individual incentive award. Employees who receive a performance rating of 2-Inconsistent or 1-Unsatisfactory are not eligible for an award for the Program Year.

Your manager determines your final incentive award from within the specified range. Having an individual award range allows management to recognize and differentiate employee performance consistent with the Company's pay-for-performance philosophy.

The following tables document the individual award range for each performance rating, as well as the impact to Corporate and Business Area results for certain performance ratings.

Individual Component Award Range

[TRADE SECRET BEGINS TRADE SECRET ENDS] Incentive Targets

IPAD Rating	Individual Component Ranges		
	Minimum	Budget	Maximum
5-Exceptional	0%	100%	112.5%
4-Exceeds	0%	83.33%	95.83%
3-Successful	0%	66.67%	79.17%
2-Inconsistent	<i>No incentive award will be paid.</i>		
1-Unsatisfactory			

[TRADE SECRET BEGINS TRADE SECRET ENDS] Incentive Target

IPAD Rating	Individual Component Ranges		
	Minimum	Budget	Maximum
5-Exceptional	0%	65%	75%
4-Exceeds	0%	55%	65%
3-Successful	0%	45%	55%
2-Inconsistent	<i>No incentive award will be paid.</i>		
1-Unsatisfactory			

Individual Component Award Range (continued)

[TRADE SECRET BEGINS TRADE SECRET ENDS] Incentive Targets

IPAD Rating	Individual Component Ranges		
	Minimum	Budget	Maximum
5-Exceptional	0%	50%	60%
4-Exceeds	0%	40%	46.67%
3-Successful	0%	36.67%	43.33%
2-Inconsistent	<i>No incentive award will be paid</i>		
1-Unsatisfactory			

[TRADE SECRET BEGINS TRADE SECRET ENDS] Incentive Targets

IPAD Rating	Individual Component Ranges		
	Minimum	Budget	Maximum
5-Exceptional	0%	22%	30%
4-Exceeds	0%	20%	26%
3-Successful	0%	18%	22%
2-Inconsistent	<i>No incentive award will be paid.</i>		
1-Unsatisfactory			

Performance Category Definitions available at:

http://xpressnet/Job_Tools/Job_Performance/Performance_Tools/Assessing_and_Rating_Performance

FUNDING THE PROGRAM

An important element of the Program is the Company’s ability to pay for the annual incentives. Before the Program will pay any awards, the financial targets must be achieved by the Company.

Earnings Per Share Determines Affordability

An affordability trigger, based on EPS at \$1.90, must be achieved before any award can be paid. 2014 EPS is based on continuing operations and shall be adjusted to exclude the positive or negative earnings impacts for any one-time, unusual events if the impact of the event exceeds \$20 million on an after-tax basis.

The Corporate Scorecard results can be multiplied by a funding factor based on EPS. The funding factor is selected by the CEO from an assessment of results and is within the following funding guidelines:

- 50% - 100% for \$1.90 to \$1.96
- 100% - 150% for \$1.97 +

In no case will an incentive payment be greater than 150% of Target.

EXAMPLE OF INCENTIVE AWARD CALCULATION

In summary, incentive award amounts are determined by the following elements:

- The results and weights/percentages of the Corporate Scorecard, Business Area Scorecard, and individual performance rating (IPAD)
- Salary grade(s) and incentive target(s)
- Base salary
- Company ability to pay incentive - defined as EPS results.

[TRADE SECRET BEGINS

Corporate and Business Area Portion of Award:

TRADE SECRET ENDS]

EXAMPLE OF INCENTIVE AWARD CALCULATION (CONTINUED)

**Individual Portion of Award:
[TRADE SECRET BEGINS**

TRADE SECRET ENDS]

The manager determines the individual award from within the individual range.

The example above is provided for illustrative purposes only and all values are on a pre-tax basis. Final calculations may differ as a result of rounding or due to other administrative guidelines.

PROGRAM ADMINISTRATION

**Approval and
Timing of
Payment**

After the 2014 financial statements are released, the Governance, Compensation & Nominating Committee of the Xcel Energy Inc. Board of Directors will review financial, corporate, and business area results. Actual award payments will be made no later than two and a half months following the end of the relevant Program Year.

**Form of
Payment**

Annual incentive awards are paid in cash and may be made in the form of a check that is separate from the normal paycheck. No deferrals can be made to the 401(k) Retirement Savings Program from annual incentive awards. Eligible employees may defer all or a portion of their incentive awards into the Xcel Energy Deferred Compensation Plan (“DCP,” see descriptions for details on eligibility). In addition, the Company, at its discretion, may allow deductions to be made from annual incentive payments to Health Savings Accounts (HSA). The Company will deduct all legally required withholdings on cash payments, DCP deferral elections and/or HSA deduction.

Eligibility

You must be considered a regular, non-bargaining exempt (full- or part-time) employee of Xcel Energy at any point during the Program Year. Non Exempt employees, Bargaining Unit employees, employees considered “temporary” and/or are interns, and independent contractors are not eligible to participate in the Program.

Status Changes. If an employee’s status changes from temporary to regular status prior to October 1st of the Program Year, the incentive will be prorated based on the number of days worked after becoming a regular status employee. If the status changes from temporary to regular status after October 1st, the employee will not be eligible to participate for that Program Year.

If an employee’s status changes from non-bargaining to bargaining or vice versa, the incentive will be prorated based on the number of days worked in an eligible non-bargaining status.

Hired or Rehired During Program Year. New employees hired or rehired during the Program Year must be hired or rehired and actively employed by and working for Xcel Energy prior to October 1 of the Program Year to be eligible to participate for that year.

Employed on Last Day of Program Year and Date of Payment. You must be an active employee of Xcel Energy on December 31, 2014, and you must have continuous service through the day the incentive award is paid, unless one of the following applies:

- Retirement, death, long-term disability (LTD), Qualified Leave of Absence (unpaid military leave and personal leave), involuntary termination with severance – Eligible for a prorated award based

**Eligibility
(continued)**

on individual performance during the length of qualifying active service (number of calendar days of service divided by number of calendar days in the Program Year) during the Program Year. Final awards will be calculated and paid at the same time awards are paid to active participants. Deferral and payment elections become null and void.

If you are terminated for any other reason (e.g., voluntary resignation or involuntary termination for cause) during the Program Year, you lose all rights to incentive through the date of your termination and will receive no award.

An IPAD rating of 6-Not Rated and 7-Too New to Rate will be administered the same as 3-Successful if hired prior to October 1 of the Program Year. An employee with an IPAD rating of 1-Unsatisfactory or 2-Inconsistent will not receive an award for the Program Year.

If you participate in any other Xcel Energy incentive or commission program, or any incentive program established specifically as an alternative to this Program, you are not eligible to participate in the Xcel Energy Non-bargaining Exempt Employee Annual Incentive Program without prior approval. The VP of HR or his/her designee will resolve any disputes related to Program participation.

Calendar Days

All references in this Program booklet to number of calendar days will be based on 365 days in the year (including leap years).

Examples of Prorated Awards

Incentive awards for the Program Year are prorated as follows:

- An eligible employee who is hired or who is transferred to/from an eligible position during the Program Year is eligible for an award based on the number of calendar days employed in a qualifying position. Award basis (incentive target and salary grade) is described on page 3.
- An eligible employee who retires, dies, qualifies for long-term disability (LTD), takes a leave of absence or is involuntarily terminated with severance, is eligible for an award based on the number of calendar days employed by Xcel Energy.
- An eligible employee who is transferred between business areas is eligible for an award based on the number of calendar days spent in each business area.
- An eligible employee who changes from full-time to part-time status, or vice versa, is eligible for an award based on the period of time within each status. An award range attributable to the full-time service period will be calculated in the same manner as awards are calculated for other full-time employees. In addition, an award range for the part-time service will be calculated in the same manner as other

part-time employees. The results of these calculations will be added together and paid as one incentive award.

- An eligible employee who changes salary plans and/or incentive targets will receive an award calculated for each period. The results of these calculations will be added together and paid as one incentive award.
- An employee who voluntarily resigns from Xcel Energy during the Program Year but is rehired and actively working prior to October 1st of the Program Year, forfeits any incentive through the date the employee resigned. However, the employee is eligible for a prorated award based on the number of days worked from the rehire date through the end of the Program Year, as long as the employee remains continuously employed through the date the incentive payment is made.

INCENTIVE AWARD PROGRAM RELATED INFORMATION

Chief Executive Officer The Chief Executive Officer (or designee) will have full discretion and final authority to adopt, amend, alter or rescind the Program without advance notice for any reason at his/her sole discretion based upon financial or operating conditions or otherwise.

No Right to Continued Employment No individual shall have any claim or right to be granted an award under the Program, and the granting of an award shall not be construed as giving the participant the right of continued employment with Xcel Energy.

2014 Annual Incentive Program Results

2014 RESULTS UNDER THE XCEL ENERGY NON-BARGAINING EXEMPT EMPLOYEE ANNUAL INCENTIVE PROGRAM

As described in the Annual Incentive Program booklet, incentive awards are based on several factors. These factors are listed below, along with an example of the calculation of the corporate and business area awards, and the range tied to individual performance. Also included in this document are the final key performance indicator (KPI) results for Corporate and all business areas.

Factors influencing annual incentive awards include:

- Corporate EPS. This is the “trigger” that determines the company’s ability to pay.
- Actual corporate KPI results.
- Actual business area KPI results.
- Participant’s business area on Dec. 31st (prorated if changed business areas during the year).
- Actual IPAD rating.
- Annualized base salary on Dec. 31st (or as of the last day of Program participation).
- Salary grade on Dec. 31st (or as of the last day of Program participation) determines the target incentive opportunity and Program component weights.
- Number of calendar days of Program participation and other administrative guidelines.

Incentive Targets, Program Components & Weights:

Incentive Targets		Program Components & Weights		
Exempt Salary Grade	Target	Corporate	Business Area	Individual (IPAD)
M, N, O	[TRADE SECRET BEGINS]	10%	15%	75%
Engineer A, B		10%	15%	75%
P, Q, Engineer C, TR1		20%	30%	50%
Engineer D, E		30%	30%	40%
R, S, T, TR2-6		30%	30%	40%
U, V		50%	30%	20%
W		50%	30%	20%
X	TRADE SECRET ENDS]	50%	30%	20%

2014 Program Year

This information is the confidential property of Xcel Energy Inc. and its use is restricted by the Xcel Energy Code of Conduct.
This information may only be used for Xcel Energy business purposes and any use or distribution for non-business purposes or outside of Xcel Energy is strictly prohibited.

2014 Annual Incentive Program Results

EXAMPLE OF INCENTIVE AWARD CALCULATION
[TRADE SECRET BEGINS

TRADE SECRET ENDS]

Note: The example is provided for illustrative purposes only. Values shown are on a pre-tax basis. Actual final calculations may differ as a result of rounding or due to other administrative guidelines.

2014 Program Year

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2014 Annual Incentive Program Results

2014 KPI Results						
Corporate						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
System Average Interruption Duration Index (SAIDI) (Minutes)	109	97	91	88	15%	22.50%
Unplanned Outage Rate (UOR)	5.5	5.0	4.5	5.7	15%	0.00%
Public Safety Index	50	100	150	120	15%	18.00%
Customer Value (Survey Rating)	82%	86%	88%	87%	15%	18.75%
OSHA Recordable Incident Rate ¹	1.50	1.17	1.10	1.00	15%	22.50%
Employee Engagement (Survey Rating)	77%	82%	85%	82.0%	10%	10.00%
O&M Growth Management (Annual O& M Growth Rate %)	3.7%	2.2%	1.4%	1.9%	15%	17.81%
Total					100%	109.56% *

* Performance adjustment approval to pay out at 125.99%

⁽¹⁾ The OSHA Recordable Incident Rate will be reduced to Threshold level if an employee fatality occurs or increased to Maximum level if no employee fatality occurs and there are no direct personal primary voltage electrical contacts, unplanned natural gas ignitions and the OSHA Recordable Incident Rate is above Threshold.

For incentive calculation purposes, find your Corporate weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	10%	12.599%
Engineer A, B	10%	12.599%
P, Q, Engineer C, TR1	20%	25.198%
Engineer D, E	30%	37.797%
R, S, T, TR2-6	30%	37.797%
U, V	50%	62.995%
W	50%	62.995%
X	50%	62.995%

The Corporate weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Annual Incentive Program Results

2014 KPI Results						
Distribution						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
OSHA Recordable Incident Rate	2.97	2.32	2.10	1.97	20%	30.00%
Public Safety Index	50	100	150	107	15%	16.05%
SAIDI (D-Line & 1/2 D-Sub) (minutes)	99	88	82	79	20%	30.00%
Gas Compliance	3 of 5 Milestones	4 of 5 Milestones	Complete 5 of 5 Milestones	Completed 5 of 5 Milestones	15%	22.50%
Productivity (O&M / Line Mile)	\$1,038	\$1,003	\$968	\$1,000	15%	15.64%
Supply Chain Savings (\$M)	\$32.4	\$38.7	\$45.0	\$39.4	10%	10.56%
Employee Engagement Score	75	80	85	81	5%	5.50%
Total					100%	130.25%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %) With Reliability KPI
M, N, O	15%	19.538%
Engineer A, B	15%	19.538%
P, Q, Engineer C, TR1	30%	39.075%
Engineer D, E	30%	39.075%
R, S, T, TR2-6	30%	39.075%
U, V	30%	39.075%
W	30%	39.075%
X	30%	39.075%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Annual Incentive Program Results

2014 KPI Results						
Energy Supply						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
OSHA Recordable Incident Rate	1.49	1.16	1.05	0.83	20%	30.00%
Unplanned Outage Rate (UOR)	5.7%	5.2%	4.7%	5.6%	15%	9.00%
Equivalent Availability Factor	82%	85%	88%	86%	10%	11.67%
Earnings Contributions (\$M)	\$15.00	\$21.00	\$25.00	\$14.20	10%	0.00%
Regulatory Performance Index	52	100	129	105	15%	16.29%
Maintenance Work Productivity	47%	51%	55%	56%	15%	22.50%
Energy Supply Source Savings (\$M)	\$39.40	\$47.10	\$54.80	\$44.90	15%	12.86%
Total					100%	102.32%*

* Pay out capped at 100.00%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	15.000%
Engineer A, B	15%	15.000%
P, Q, Engineer C, TR1	30%	30.000%
Engineer D, E	30%	30.000%
R, S, T, TR2-6	30%	30.000%
U, V	30%	30.000%
W	30%	30.000%
X	30%	30.000%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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2014 Annual Incentive Program Results

2014 KPI Results						
Gas Engineering and Operations						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
OSHA Recordable Incident Rate	1.28	1.02	0.77	0.48	20%	30.00%
Damages per 1,000 Locates	1.44	1.29	1.14	1.41	15%	9.00%
Gas E-1 Response Time (<=30 minutes)	29	26	23	25	15%	17.50%
H.P. Gas Assessments	180	220	260	328	15%	22.50%
Gas Reliability	N/A	0	N/A	2	10%	0.00%
Gas Compliance	Complete 3 initiatives	Complete 4 initiatives	Complete 5 initiatives	Completed 5 initiatives	15%	22.50%
Project Financial Performance	20.0%	10.0%	5.0%	6.6%	5%	6.70%
Schedule Performance Index	80.0%	90.0%	100.0%	108.50%	5%	7.5%
Total					100%	115.70%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	17.355%
Engineer A, B	15%	17.355%
P, Q, Engineer C, TR1	30%	34.710%
Engineer D, E	30%	34.710%
R, S, T, TR2-6	30%	34.710%
U, V	30%	34.710%
W	30%	34.710%
X	30%	34.710%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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2014 Annual Incentive Program Results

2014 KPI Results						
Transmission						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
OSHA Recordable Incident Rate	1.74	1.42	1.22	1.33	20%	24.50%
Transmission & Substation Reliability	11.0	9.0	7.4	8.3	20%	24.38%
Distribution Substation Maintenance	660	1,100	1,500	1,289	5%	6.18%
Major Capital On-Schedule Performance	97%	101%	105%	106%	20%	30.00%
Compliance Plan Milestones Met (count)	648	689	689 plus achieve 89-93% Correct Operations	689	20%	20.00%
Supply Chain Savings (\$M)	\$26.0	\$31.1	\$36.2	\$33.2	15%	18.09%
Total					100%	123.15%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	18.473%
Engineer A, B	15%	18.473%
P, Q, Engineer C, TR1	30%	36.945%
Engineer D, E	30%	36.945%
R, S, T, TR2-6	30%	36.945%
U, V	30%	36.945%
W	30%	36.945%
X	30%	36.945%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Annual Incentive Program Results

2014 KPI Results						
Supply Chain						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
OSHA Recordable Incident Rate	1.27	0.84	0.63	1.03	20%	15.58%
Diversity Spend	9.1%	9.6%	10.1%	10.3%	10%	15.00%
On-Time Contract Delivery	84%	87%	90%	88.5%	15%	18.75%
Material Requirements (OTIF- XE Average)	87.0%	90.0%	93.0%	91%	20%	23.33%
XE Materials & Supplies Inventory (\$M)	\$149.0	\$142.3	\$135.0	\$139.8	10%	11.71%
Supply Chain Savings (\$M)	\$144.0	\$172.0	\$200.0	\$175.5	25%	26.56%
Total					100%	110.93%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	16.640%
Engineer A, B	15%	16.640%
P, Q, Engineer C, TR1	30%	33.279%
Engineer D, E	30%	33.279%
R, S, T, TR2-6	30%	33.279%
U, V	30%	33.279%
W	30%	33.279%
X	30%	33.279%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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2014 Annual Incentive Program Results

2014 KPI Results						
Nuclear						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
OSHA Recordable Incident Rate	0.45	0.32	0.28	0.25	5%	7.5%
Safety Systems	2.00	1.75	1.50	1.65	10%	12.00%
Machine Performance	2.00	1.50	1.00	2.31	10%	0.00%
Independent Assessments	2.50	2.00	1.50	1.38	10%	15.00%
Regulatory Margins	3.00	2.00	1.50	2.06	10%	9.70%
Leadership Effectiveness	2.00	1.50	1.00	1.67	10%	8.30%
Sustainability Pipelines	2.00	1.75	1.50	1.00	15%	22.50%
Cost per MWh Initiatives	Launch initiatives: * Establish team * Define objectives / deliverables * Develop action plans * No improvement in avg cost/ MWh for 2015-2018	Threshold plus: Deliver average improvement in cost per MWh for years 2015-2018 of 1%	Threshold plus: Deliver average improvement in cost per MWh for years 2015-2018 of 2% or more	Launch initiatives plus: Deliver average improvement in cost per MWh for years 2015-2018 of 6.1%	20%	30.00%
Rate Case Alignment Capital Project Spend & In-Service Dates (points)	50	100	150	104	10%	10.40%
Total					100%	115.40%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	17.310%
Engineer A, B	15%	17.310%
P, Q, Engineer C, TR1	30%	34.620%
Engineer D, E	30%	34.620%
R, S, T, TR2-6	30%	34.620%
U, V	30%	34.620%
W	30%	34.620%
X	30%	34.620%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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2014 Annual Incentive Program Results

2014 KPI Results						
Revenue Group						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
Earn Authorized Return	8.63%	8.84%-9.05%	9.26%	9.14%	40%	48.57%
Customer Value (Survey Rating)	82%	86%	88%	87%	25%	31.25%
Energy Efficiency (GWh)	852	878	965	906	25%	29.02%
Automate Primary Process	Complete Retail CCOSS Revenue Requirements Model	Complete All Retail Revenue Calculation Models	N/A	All Retail Revenue Calculation Models Completed	10%	10.00%
Total					100%	118.84%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	17.826%
Engineer A, B	15%	17.826%
P, Q, Engineer C, TR1	30%	35.652%
Engineer D, E	30%	35.652%
R, S, T, TR2-6	30%	35.652%
U, V	30%	35.652%
W	30%	35.652%
X	30%	35.652%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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**PUBLIC DOCUMENT
TRADE SECRET DATA EXCISED**

Docket Nos. E002/GR-92-1185

&G002/GR-92-1186

Attachment B

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2014 Annual Incentive Program Results

2014 KPI Results						
Corporate Services						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
OSHA Recordable Incident Rate	0.77	0.59	0.53	0.49	20%	30.00%
Employee Engagement Survey	83%	87.5%	89%	86.5%	15%	13.33%
Voice of the Customer Transaction Survey	81.5%	83.5%	84.5%	83.9%	15%	18.00%
Energy Efficiency (GWh)	852	878	965	906	15%	17.41%
O&M Growth Management	Budget +1.5%	Budget	Budget – 1.5%	-0.77%	10%	12.57%
Days Sales Outstanding	25.0 Days	23.7 Days	23.5 Days	23.8 Days	10%	9.62
IT Reliability (SAIDI) - Outage Minutes	200	100 – 156	77	124.65	15%	15.00%
Total					100%	115.93%

For incentive calculation purposes, find your Business area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	17.390%
Engineer A, B	15%	17.390%
P, Q, Engineer C, TR1	30%	34.779%
Engineer D, E	30%	34.779%
R, S, T, TR2-6	30%	34.779%
U, V	30%	34.779%
W	30%	34.779%
X	30%	34.779%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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2014 Annual Incentive Program Results

2014 KPI Results						
Financial Operations						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Re- sults	Weight	Result %
P/E Ratio	94% of regulated peer group	97% of regulated peer group	Equal to regulated peer group	94% of regulated peer group	5%	2.50%
Earn Authorized Return	8.63%	8.84%-9.05%	9.26%	9.14%	25%	30.36%
O&M Growth Manage- ment	3.70%	2.20%	1.40%	1.90%	15%	17.81%
Process Enhancement Index Results Driven	50	100	150	65	30%	19.50%
Process Enhancement Index Activity Driven	50	100	N/A	62.5	15%	9.38%
Employee Engagement Index	85%	87%	89%	86%	10%	7.50%
Total					100%	87.05%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	13.058%
Engineer A, B	15%	13.058%
P, Q, Engineer C, TR1	30%	26.115%
Engineer D, E	30%	26.115%
R, S, T, TR2-6	30%	26.115%
U, V	30%	26.115%
W	30%	26.115%
X	30%	26.115%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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2014 Annual Incentive Program Results

2014 KPI Results						
General Counsel						
KPI	Threshold (50% payout)	Target (100% payout)	Maximum (150% payout)	Actual Results	Weight	Result %
Successful resolution of significant litigation related objectives completed in 2014	Achieve overall weighted average of at least 50% based on results of Operational Excellence Matrix	Achieve overall weighted average of at least 75% based on results of Operational Excellence Matrix	Achieve overall weighted average of at least 100% based on results of Operational Excellence Matrix	Achieved overall weighted success of 75%	35%	35%
Earned return equivalent (combined with OpCo level)	8.63%	8.84%-9.05%	9.26%	9.14%	35%	42.50%
O&M Growth Management	3.5% over 2014 Budget	0% change	3.5% under 2014 Budget	>3.5% under	10%	15.00%
Community Involvement (employee participation)	60%	75%	90%	75%	5%	5.00%
Legal Services Business Alignment Survey (of 2014 General Counsel Roundtable Benchmark Mean for "Overall Effectiveness")	95%	100%	105%	105%	10%	15.00%
Employee Engagement Survey	82%	84%	86%	82%	5%	2.50%
Total					100%	115.00%

For incentive calculation purposes, find your Business Area weight and the result value:

Salary Plan/Grade	Weight	Incentive Weight Results (Weight * Total Results %)
M, N, O	15%	17.250%
Engineer A, B	15%	17.250%
P, Q, Engineer C, TR1	30%	34.500%
Engineer D, E	30%	34.500%
R, S, T, TR2-6	30%	34.500%
U, V	30%	34.500%
W	30%	34.500%
X	30%	34.500%

The Business Area weight is based on the individual's salary grade as of December 31, 2014 or last day of eligible participation in the program.

2014 Program Year

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Northern States Power Company
2014 Incentive Compensation
SUMMARY
Annual Incentive Plan summary for 2014
Amounts are \$\$s

Docket Nos. E002/GR-92-1185, G002/GR-92-1186
Attachment C
Page 1 of 1

	<u>Total</u>	<u>Electric</u>	<u>Gas</u>
(1) AIP paid, State of Minnesota jurisdictional amount	24,797,810	23,337,575	1,460,235
(2) Amount eligible for recovery. Excludes AIP over 15% of base pay.	19,577,456	18,455,221	1,122,235
(3) Amount included in base rates	18,512,196	17,584,311	927,885
(4) Percent recovered	74.7%	75.3%	63.5%
(5) Ratepayer refund	-	-	-

NOTES

- (1) From line 18 on Attachment E
- (2) From columns H and L on Attachment E
- (3) Electric amount from Docket No. E002/GR-13-868, gas amount from Docket No. G002/GR-09-1153
- (4) Ratio of line 3 to line 1
- (5) Refund occurs if jurisdictional amount paid (line 1) is less than amount in base rates (line 3)

PUBLIC DOCUMENT:

TRADE SECRET DATA EXCISED

Docket Nos. E002/GR-92-1185, G002/GR-92-1186

Northern States Power Company
 2014 Incentive Compensation
 AMOUNTS PAID
 Annual Incentive Plan Summary for 2014
 Amounts are in \$s

Attachment D
 Page 1 of 1

A B C D E F G H = B + E I = C + F

		Employee			Executive			All Employees		
TRADE SECRET DATA IS SHADED		Up to 15% of base pay	Over 15% of base pay	Employee Total	Up to 15% of base pay	Over 15% of base pay	Executives Total	Up to 15% of base pay	Over 15% of base pay	
NSPM Employees										
	Total									
(1)	Corporate Support	1,922,455	1,755,156	167,299	1,922,455	-	-	-	1,755,156	167,299
(2)	General Operations	83,687	83,231	456	83,687	-	-	-	83,231	456
(3)	Gas Operations	144,558	141,917	2,640	144,558	-	-	-	141,917	2,640
(4)	Nuclear Production	13,376,191	10,939,739	1,985,037	12,924,777			11,005,739	2,370,451	
(5)	Non-Nuclear Production	1,398,465	1,298,777	99,688	1,398,465	-	-	-	1,298,777	99,688
(6)	Transmission	708,300	687,788	20,512	708,300	-	-	-	687,788	20,512
(7)	Distribution	1,464,928	1,288,581	176,347	1,464,928	-	-	-	1,288,581	176,347
(8)	NSPM TOTAL	19,098,582	16,195,188	2,451,980	18,647,168			16,261,188	2,837,394	
XES Employees										
(9)	Corporate Support	23,343,342	14,178,818	3,238,646	17,417,464	692,250	5,233,628	5,925,878	14,871,068	8,472,274
(10)	General Operations	5,272,671	3,176,772	1,447,932	4,624,704			3,259,272	2,013,398	
(11)	Gas Operations	788,519	708,944	79,576	788,519	-	-	-	708,944	79,576
(12)	Nuclear Production	-	-	-	-	-	-	-	-	-
(13)	Non-Nuclear Production	4,208,234	3,922,786	285,448	4,208,234	-	-	-	3,922,786	285,448
(14)	Transmission	3,429,692	3,124,238	305,453	3,429,692	-	-	-	3,124,238	305,453
(15)	Distribution	1,135,899	999,328	136,571	1,135,899	-	-	-	999,328	136,571
(16)	XES TOTAL	38,178,357	26,110,886	5,493,626	31,604,512			26,885,636	11,292,721	
(17)	TOTAL NSPM and XES	57,276,939	42,306,074	7,945,606	50,251,680	840,750	6,184,509	7,025,259	43,146,824	14,130,115

Northern States Power Company
2014 Incentive Compensation
JURISDICTIONAL CALCULATIONS
Calculation of Electric and Gas retail jurisdictional amounts
Amounts are \$

	A (Att. D, col H)	B (Att. D, col I)	C	D	E	F	G	H = A * D * G	I = B * D * G	J	K	L = A * E * K	M = B * E * K
			MN Co			State of MN Electric				State of MN Gas			
	Up to 15% of base pay	Over 15% of base pay	Utility allocation method	Electric	Gas	Jurisdiction allocation method	Utility % to Jurisdiction	Amount Eligible for Recovery	Amount Excluded from Recovery	Jurisdiction allocation method	Utility % to Jurisdiction	Amount Eligible for Recovery	Amount Excluded from Recovery
NSPM Employees													
(1) Corporate Support	1,755,156	167,299	labor	94.0%	6.0%	2 Step Factor	87.51%	\$ 1,443,312	\$ 137,574	Customers	89.66%	\$ 94,885	\$ 9,044
(2) General Operations	83,231	456	labor	87.7%	12.3%	2 Step Factor	87.51%	63,891	350	Customers	89.66%	9,163	50
(3) Gas Operations	141,917	2,640	labor	15.1%	84.9%	Customers	87.46%	18,705	348	Customers	89.66%	108,065	2,011
(4) Nuclear Production	11,005,739	2,370,451	direct	100.0%	0.0%	Demand*	74.22%	8,168,167	1,759,286	N/A	-	-	-
(5) Non-Nuclear Production	1,298,777	99,688	direct	100.0%	0.0%	Demand*	74.22%	963,918	73,986	N/A	-	-	-
(6) Transmission	687,788	20,512	direct	99.8%	0.2%	Demand*	74.22%	509,656	15,200	Customers	89.66%	969	29
(7) Distribution	1,288,581	176,347	customers	77.2%	22.8%	Customers	87.46%	870,543	119,137	Customers	89.66%	262,894	35,978
(8) NSPM TOTAL	16,261,188	2,837,394						\$ 12,038,191	\$ 2,105,881			\$ 475,976	\$ 47,112
XES Employees													
(9) Corporate Support	14,871,068	8,472,274	labor	28.8%	2.5%	2 Step Factor	87.51%	\$ 3,742,170	\$ 2,131,971	Customers	89.66%	\$ 328,652	\$ 187,238
(10) General Operations	3,259,272	2,013,398	labor	26.7%	4.5%	2 Step Factor	87.51%	760,988	470,096	Customers	89.66%	132,662	81,951
(11) Gas Operations	708,944	79,576	labor	8.3%	23.0%	Customers	87.46%	51,224	5,750	Customers	89.66%	145,936	16,381
(12) Nuclear Production	-	-	direct	100.0%	0.0%	Demand*	74.22%	-	-	N/A	-	-	-
(13) Non-Nuclear Production	3,922,786	285,448	direct	31.0%	0.2%	Demand*	74.22%	903,852	65,770	N/A	-	-	-
(14) Transmission	3,124,238	305,453	direct	31.2%	0.0%	Demand*	74.22%	723,650	70,750	Customers	89.66%	334	33
(15) Distribution	999,328	136,571	customers	26.9%	4.3%	Customers	87.46%	235,146	32,136	Customers	89.66%	38,676	5,286
(16) XES TOTAL	26,885,636	11,292,721						\$ 6,417,030	\$ 2,776,474			\$ 646,260	\$ 290,888
(17) TOTAL NSPM and XES	43,146,824	14,130,115						18,455,221	4,882,355			1,122,235	338,000
(18)							Total State of MN Electric	23,337,575		Total State of MN Gas		1,460,235	

ALLOCATION FACTOR CALCULATIONS

NSPM allocators	Units	Total	Non-Utility				Total			
			Electric	Gas	% to NSPM	Electric	Gas	Non-Utility	Total	
Corporate Support	labor, \$000s	\$ 34,855	\$ 32,753	\$ 2,102	\$ 985	100.0%	94.0%	6.0%	2.8%	100.0%
General Operations	labor, \$000s	\$ 5,701	\$ 5,001	\$ 700	\$ -	100.0%	87.7%	12.3%	0.0%	100.0%
Gas Operations	labor, \$000s	\$ 12,955	\$ 1,952	\$ 11,003	\$ -	100.0%	15.1%	84.9%	0.0%	100.0%
Non-Nuclear Production	labor, \$000s	\$ 81,392	\$ 81,296	\$ 96	\$ 159	100.0%	99.9%	0.1%	0.2%	100.0%
Transmission	labor, \$000s	\$ 22,267	\$ 22,232	\$ 35	\$ 0	100.0%	99.8%	0.2%	0.0%	100.0%
Distribution	cust bills 000s	72,862	\$ 56,282	\$ 16,580	\$ 20	100.0%	77.2%	22.8%	0.0%	100.0%
XES dollars										
Corporate Support	labor, \$000s	\$ 73,571	\$ 67,762	\$ 5,809	\$ 11	31.2%	28.8%	2.5%	0.0%	31.2%
General Operations	labor, \$000s	\$ 26,014	\$ 22,231	\$ 3,783	\$ 4	31.2%	26.7%	4.5%	0.0%	31.2%
Gas Operations	labor, \$000s	\$ 2,035	\$ 538	\$ 1,496	\$ -	31.2%	8.3%	23.0%	0.0%	31.2%
Non-Nuclear Production	labor, \$000s	\$ 14,944	\$ 14,860	\$ 84	\$ -	31.2%	31.0%	0.2%	0.0%	31.2%
Transmission	labor, \$000s	\$ 10,189	\$ 10,185	\$ 4	\$ -	31.2%	31.2%	0.0%	0.0%	31.2%
Distribution	cust bills 000s	3,157	\$ 2,721	\$ 437	\$ -	31.2%	26.9%	4.3%	0.0%	31.2%

Notes:

* Reflects costs allocated to Minnesota Electric Jurisdiction net of Interchange Billings to NSPW

CERTIFICATE OF SERVICE

I, Lynnette Sweet, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

DOCKET NOS. E002/GR-92-1185 AND G002/GR-92-1186

Dated this 29th day of May 2015

/s/

Lynnette Sweet

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_92-1185_1
James J.	Bertrand	james.bertrand@leonard.com	Leonard Street & Deinard	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_92-1185_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_92-1185_1
William	Flynn, Esq.		LINDQUIST & VENNUM P.L.L.P.	4200 IDS Center 80 South 8th Street Minneapolis, MN 55402	Paper Service	No	OFF_SL_92-1185_1
Sam	Hanson	shanson@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 South Eighth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_92-1185_1
James	Haugen	James.Haugen@ci.stpaul.mn.us	Board of Water Commissioners	1900 N. Rice Street St. Paul, MN 55113	Electronic Service	No	OFF_SL_92-1185_1
Corrine A.	Heine		Holmes & Graven Chartered	470 Pillsbury Center Minneapolis, MN 55402	Paper Service	No	OFF_SL_92-1185_1
Anne	Hunt	anne.hunt@ci.stpaul.mn.us	City of St. Paul	390 City Hall 15 West Kellogg Boulevard Saint Paul, MN 55102	Electronic Service	No	OFF_SL_92-1185_1
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_92-1185_1
Michael	Loeffler	mike.loeffler@nngco.com	Northern Natural Gas Co.	CORP HQ, 714 1111 So. 103rd Street Omaha, NE 681241000	Electronic Service	No	OFF_SL_92-1185_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_92-1185_1
Tom	Meersman	meersman@startribune.com	Minneapolis Star Tribune	425 Portland Ave. South Minneapolis, MN 55488	Paper Service	No	OFF_SL_92-1185_1
Andrew	Moratzka	apmoratzka@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_92-1185_1
Regulatory	Records	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_92-1185_1
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_92-1185_1
Katy	Wortel		MCCPEQ Inc.	1411 Pohl Road Mankato, MN 560015751	Paper Service	No	OFF_SL_92-1185_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_92-1186_1
James J.	Bertrand	james.bertrand@leonard.com	Leonard Street & Deinard	150 South Fifth Street, Suite 2300 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_92-1186_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_92-1186_1
Anne	Hunt	anne.hunt@ci.stpaul.mn.us	City of St. Paul	390 City Hall 15 West Kellogg Boulevard Saint Paul, MN 55102	Electronic Service	No	OFF_SL_92-1186_1
John	Lindell	agorud.ecf@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_92-1186_1
Michael	Loeffler	mike.loeffler@nngco.com	Northern Natural Gas Co.	CORP HQ, 714 1111 So. 103rd Street Omaha, NE 681241000	Electronic Service	No	OFF_SL_92-1186_1
Regulatory	Records	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_92-1186_1
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_92-1186_1
Scott M.	Wilensky	scott.wilensky@xcelenergy.com	Xcel Energy	7th Floor 414 Nicollet Mall Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_92-1186_1
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_92-1186_1