

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
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### FILER

#### **NORTHERN STATES POWER CO /WI/**

CIK: **72909** | IRS No.: **390508315** | State of Incorporation: **WI** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-03140** | Film No.: **94527984**  
SIC: **4911** Electric services

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#### Business Address

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EAU CLAIRE WI 54702  
7158392621*

United States  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark one)

Quarterly report pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Transition report pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

For Quarter Ended MARCH 31, 1994                      Commission File Number  
10-3140

NORTHERN STATES POWER COMPANY, A WISCONSIN CORPORATION,  
MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H (1) AND  
(2) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM WITH THE  
REDUCED DISCLOSURE FORMAT.

Northern States Power Company  
(Exact name of registrant as specified in its charter)

Wisconsin  
39-0508315  
(State or other jurisdiction of  
(I.R.S. Employer Identification No.)  
incorporation or organization)

100 North Barstow Street, Eau Claire, Wisconsin 54702  
(Address of principal executive officers)                      (Zip Code)

Registrant's telephone number, including area code  
(715) 839-2621

NONE  
Former name, former address and former fiscal year, if changed  
since last report

Indicate by check mark whether the registrant (1) has filed  
all reports required to be filed by Section 13 or 15(d) of the  
Securities Exchange Act of 1934 during the preceding 12 months  
(or for such period that the Registrant was required to file  
such reports), and (2) has been subject to such filing  
requirements for the past 90 days.

Yes        No

Indicate the number of shares outstanding of each of the  
issuer's classes of common stock, as of the latest practicable  
date.

Class	Outstanding at April 30, 1994
Common Stock, \$100 par value	862,000 Shares

All outstanding common stock is owned beneficially and of  
record by Northern States Power Company, a Minnesota  
corporation.

Northern States Power Company (Wisconsin)

NOTES TO FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited financial statements contain all adjustments necessary to present fairly the Company's financial position as of March 31, 1994 and December 31, 1993 and the results of its operations for the three months ended March 31, 1994 and March 31, 1993 and cash flows for each of the three months then ended.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the 1993 SEC Form 10-K.

1. Rate Matters

There were no changes in any of the Company's jurisdictions' rates since the 1993 SEC Form 10-K was filed.

The Company has offered some of its wholesale customers discounted rates for extended term contracts. These discounts would not materially affect the company's earnings.

2. Accounting Changes

Postemployment Benefits

Effective January 1, 1994, the company adopted the provisions of Statement of Financial Accounting Standards (SFAS) 112, Accounting for Postemployment Benefits. This standard requires the accrual of certain postemployment costs (such as injury compensation and severance) that are payable in future time periods. No material effect on the Company's results of operations or financial condition is expected from its adoption.

Stock Compensation Expense

The FASB has issued an Exposure Draft considering the accrual of compensation expense related to certain stock awards beginning in 1997 with disclosure required beginning in 1994. The Company's potential increase in annual compensation expense, as calculated under the provision of this Exposure Draft, is expected to be immaterial.

3. Contingent Liabilities

The Company is contingently liable to several financial institutions for debt incurred by companies under the Company's Economic Development Guaranty Program. At March 31, 1994, the Company was contingently liable for approximately \$1.4 million under the agreements. No losses were sustained under these agreements during 1992, 1993 nor during the first quarter of 1994; the Company anticipates no future material losses will result from these agreements.

4. Parent Company and Intercompany Agreement-Resolution of Operating Contingency

Although the Company does not own a nuclear facility, any impacts on such facilities owned by Northern States Power Company (Minnesota), the parent company, would be a cost included under the Interchange Agreement and the Company would be charged its proportion of the impact.

The parent company proposed construction of a temporary onsite dry cask (container) storage facility for spent nuclear fuel at its Prairie Island Nuclear Generating Plant (Prairie Island). At present operating levels, the current Prairie Island onsite storage pool will be filled in 1994.

On May 6, 1994, the Minnesota Legislature passed a bill that authorizes NSP to install 17 dry casks at its Prairie Island Nuclear Generating Plant if the Company satisfied certain responsibilities. The first increment of five casks would be available after NSP executes an agreement with the Governor concerning the renewable energy and alternative siting commitments contained in the new law. The second increment of four casks would be available if the Minnesota Environmental Quality Board finds that NSP has applied for an alternative site license, used good faith in locating an alternative site and has committed to build or purchase 100 megawatts (MW) of wind generation. The final increment of eight casks would be available unless prior to June 1, 1999, the Legislature specifically rejects this authorization for the final eight casks, which can only happen if NSP fails to meet the renewable energy commitments of 225 MW of wind generation and 50 MW of biomass generation by December 31, 1998. The Governor has since signed the bill into law.

Item 2. Management's Discussion  
and Analysis of Results of Operations

Discussion of financial condition and liquidity is omitted per conditions set forth in general instructions H (1) and (2) of Form 10-Q for wholly-owned subsidiaries. (Reduced disclosure format.)

The Company's net income for the first quarter ended March 31, 1994 was \$18.3 million, up approximately \$2.4 million from the net income recorded for the comparable period a year ago. The increase in net income was primarily due to additional revenues resulting from an increase in weather related energy sales and to a lesser extent due to a gas rate increase of 2.0 percent approved by the PSCW effective January 1, 1994.

ELECTRIC SALES AND REVENUES

Electric revenues for the first quarter of 1994 increased \$5.2 million (5.5 percent) from the electric revenues for the first quarter of 1993. Electric sales increased 6.0 percent in the first quarter of 1994 as compared with the first quarter of 1993 mainly due to the comparably cooler temperatures in 1994. The increased electric wholesale rates effective in September of 1993 resulted in approximately \$0.2 million of the increase in the first quarter.

GAS SALES AND REVENUES

Gas revenues increased \$4.5 million (15.5 percent) compared to the first quarter, 1993. This is largely due to a 13 percent increase in firm gas sales due to comparably cooler temperatures

in 1994. Higher commodity costs resulted in approximately \$1.1 million of purchased gas adjustment clause revenue increases and the forementioned gas rate increase also contributed to the increase.

#### OPERATING EXPENSES

Operating expenses increased \$7.5 million in the first quarter of 1994 as compared to the first quarter of 1993. Gas purchased for resale increases made up \$2.0 million of this increase and were the result of higher commodity costs combined with increased purchased volumes to supply the increased sales. The Company's increased electric sales during the first quarter of 1994 over the first quarter of 1993 combined with increased costs associated with the NSP System's new (effective May 1993) contract with Manitoba Hydro, resulted in the Company's fuel for electric generation and its purchased power and fuel as purchased under its interchange agreement with its parent to increase by approximately \$1.7 million.

The company's Provision for Deferred Income Taxes has decreased by approximately \$2.5 million as a result of debt reacquisitions that occurred in 1993. Offsetting impacts are reflected in the current income tax expense.

#### OTHER INCOME

There were no material changes to other income and deductions in the first quarter of 1994 as compared with the first quarter of 1993.

#### INTEREST CHARGES

In March 1993, the Company issued \$110.0 million of first mortgage bonds due March 1, 2023 with an interest rate of 7-1/4%. The proceeds from these bonds were used to redeem \$47.5 million of 9-1/4% bonds, \$38.4 million of 9-3/4% bonds, and \$7.8 million of 9-1/4% bonds. In October 1993, the Company issued \$40.0 million of first mortgage bonds due October 1, 2003 with an interest rate of 5-3/4%. The proceeds from these bonds were used to redeem \$24.3 million of 7-3/4% bonds and \$10.8 million of 4-1/2% bonds.

These transactions resulted in a \$0.4 million reduction in this quarter's interest charges compared to the charges of the first quarter of 1993.

#### PART II. OTHER INFORMATION

##### Item 6: Exhibits and Reports on Form 8-K

There were no reports on Form 8-K filed for the three months ended March 31, 1994.

#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHERN STATES POWER COMPANY  
(Registrant)

Date: May 13, 1994

/s/

Kenneth J Zagzebski  
Controller  
(Principal Accounting Officer)

Date: May 13, 1994

/s/

Neal A. Siikarla  
Treasurer  
(Principal Financial Officer)

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

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Three Months  
March 31  
(Thousands of

	1994 (*)	1993 (*)
Operating revenues		
Electric.....	\$100,548	\$95,313
Gas.....	33,456	28,972
Total.....	134,004	124,285
Operating expenses		
Fuel for electric generation.....	1,747	1,020
Purchased and interchange power.....	43,462	42,490
Gas purchased for resale.....	19,912	17,935
Administrative and general.....	7,018	6,812
Other operation.....	12,791	12,333
Maintenance.....	4,144	3,757
Depreciation and amortization.....	7,524	6,917
Taxes: Property and general.....	3,514	3,299
Current income tax expense.....	10,769	6,262
Net Provision for Deferred Income Taxes	1,091	3,619
Net Investment tax credit adjustments..	(236)	(239)
Total.....	111,736	104,205
Operating income.....	22,268	20,080
Other income		
Other income and deductions - net.....	52	176
Allowance for funds used during construction -		
Equity.....	152	146
Total Other income.....	204	322

Income before interest charges.....	22,472	20,402
Interest charges		
Interest on long-term debt.....	3,974	4,427
Other interest and amortization.....	288	233
Allowance for funds used during construction - Debt.....	(96)	(115)
Total.....	4,166	4,545
Net Income.....	\$18,306	\$15,857

Statements of Retained Earnings

Balance at beginning of period.....	\$205,114	\$192,816
Net income for period.....	18,306	15,857
Net Additions.....	18,306	15,857
Dividends paid.....	6,206	5,827
Balance at end of period.....	\$217,214	\$202,846

<FN>

(\* ) Unaudited

The Notes to Financial Statements are an integral part of the Statement of Income and Retained Earnings

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Northern States Power Company (Wisconsin)  
Balance Sheets

	<C>	
	March 31 1994	December 31 1993
ASSETS	(Thousands of dollars)	
UTILITY PLANT		
Electric.....	\$812,394	\$810,691
Gas.....	81,930	81,567
Other.....	44,765	43,279
Total.....	939,089	935,537
Accumulated provision for depreciation.....	(326,745)	(320,938)
Net utility plant.....	612,344	614,599
OTHER PROPERTY AND INVESTMENTS.....	6,963	6,887
CURRENT ASSETS		
Cash and cash equivalents.....	287	449
Accounts receivable - net.....	41,922	37,716
Materials and supplies - at average cost		
Fuel.....	3,102	2,293
Other.....	5,495	8,692
Accrued utility revenues.....	12,914	17,230

Prepayments and other.....	7,403	9,855
Deferred tax asset.....	1,242	1,254
Total current assets.....	72,365	77,489
DEFERRED DEBITS		
Unamortized debt expense.....	3,044	3,078
Regulatory assets.....	30,714	30,036
Other.....	5,521	4,890
Total Deferred Debits.....	39,279	38,004
TOTAL.....	\$730,951	\$736,979

LIABILITIES

CAPITALIZATION

Common Stock - authorized 870,000 shares of \$100 par value, issued shares: 1992 and 1991, 862,000.....	\$86,200	\$86,200
Premium on common stock.....	10,461	10,461
Retained Earnings.....	217,214	205,114
Total common stock equity.....	313,875	301,775

LONG-TERM DEBT	217,100	217,600
Total capitalization.....	530,975	519,375

CURRENT LIABILITIES

Notes payable - parent company.....	2,900	23,500
Long-term debt due within one year.....	500	
Accounts payable.....	8,393	15,264
Salaries, wages, and vacation pay accrued.....	4,737	5,481
Payable to affiliate companies (principally parent)..	10,858	11,636
Federal taxes accrued.....	10,280	1,606
Other taxes accrued.....	3,430	2,492
Interest accrued.....	4,929	4,823
Other.....	1,866	1,917
Total current liabilities.....	47,893	66,719

DEFERRED CREDITS

Accumulated deferred income taxes.....	89,505	88,426
Accumulated deferred investment tax credits.....	23,417	23,653
Net deferred regulatory liability.....	22,767	22,416
Other.....	16,394	16,390
TOTAL.....	152,083	150,885
TOTAL.....	\$730,951	\$736,979

<FN>  
(\*) Unaudited  
The Notes to Financial Statements are an integral part of the Balance Sheet.

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Northern States Power Company (Wisconsin)  
Statements of Cash Flows

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Three Months Ended  
March 31



(Thousands of doll

	1994 (*)	1993 (*)
Cash Flows from Operating Activities:		
Net Income.....	\$18,306	\$15,857
Adjustments to reconcile net income to cash from operating activities		
Depreciation and amortization.....	7,934	7,409
Deferred income taxes.....	1,091	3,727
Investment tax credit adjustments.....	(236)	(239)
Allowance for funds used during construction - equity.....	(152)	(146)
Other.....	0	0
Cash provided from (used by) changes in working capital.....	7,738	4,909
Cash provided from (used by) changes in other assets and liabilities..	(19)	(304)
Net cash provided from operating activities	34,662	31,213
Cash Flows from Financing Activities:		
Issuance of long-term debt.....	0	107,314
Issuance (repayment) of short-term debt.....	(20,600)	(22,000)
Redemption of long-term debt(Including Reacquisition Premium).....	0	(99,411)
Dividends paid.....	(6,206)	(5,827)
Net cash used for financing activities	(26,806)	(19,924)
Cash Flows from Investing Activities:		
Capital expenditures.....	(5,619)	(11,247)
Increase (decrease) in construction related accounts payable.....	(1,514)	(950)
Allowance for funds used during construction - equity.....	152	146
Other.....	(1,037)	597
Net cash used for investing activities	(8,018)	(11,454)
Net increase (decrease) in cash and cash equivalents.....	(162)	(165)
Cash and cash equivalents beginning of period.....	449	881
Cash and cash equivalents end of period.....	\$287	\$716

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The Notes to Financial Statements are an integral part of the Statement of Cash Flows

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