

XCEL ENERGY INC
Form 10-Q
April 30, 2010
Table of Contents

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**

For the quarterly period ended March 31, 2010

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 1-3034

Xcel Energy Inc.

(Exact name of registrant as specified in its charter)

Minnesota

41-0448030

Edgar Filing: XCEL ENERGY INC - Form 10-Q

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

414 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55401
(Zip Code)

(612) 330-5500

(Registrant's telephone number, including area code)

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 shorter 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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 and Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). 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
Common Stock, \$2.50 par value

Outstanding at April 26, 2010
459,565,063 shares

Table of Contents

TABLE OF CONTENTS

Edgar Filing: XCEL ENERGY INC - Form 10-Q

<u>PART I</u>	<u>FINANCIAL INFORMATION</u>	
<u>Item 1</u>	<u>Financial Statements (unaudited)</u>	
	<u>CONSOLIDATED STATEMENTS OF INCOME</u>	3
	<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	4
	<u>CONSOLIDATED BALANCE SHEETS</u>	5
	<u>CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME</u>	6
	<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	7
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	35
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	52
<u>Item 4</u>	<u>Controls and Procedures</u>	53
<u>PART II</u>	<u>OTHER INFORMATION</u>	53
<u>Item 1</u>	<u>Legal Proceedings</u>	53
<u>Item 1A</u>	<u>Risk Factors</u>	53
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	53
<u>Item 6</u>	<u>Exhibits</u>	54
<u>SIGNATURES</u>		
	Certifications Pursuant to Section 302	1
	Certifications Pursuant to Section 906	1
	Statement Pursuant to Private Litigation	1

This Form 10-Q is filed by Xcel Energy Inc. Xcel Energy Inc. wholly owns the following subsidiaries: Northern States Power Company, a Minnesota corporation (NSP-Minnesota); Northern States Power Company, a Wisconsin corporation (NSP-Wisconsin); Public Service Company of Colorado, a Colorado corporation (PSCo); and Southwestern Public Service Company, a New Mexico corporation (SPS). Additional information on the wholly owned subsidiaries is available on various filings with the Securities and Exchange Commission (SEC).

Table of Contents**PART I FINANCIAL INFORMATION****Item 1 FINANCIAL STATEMENTS****XCEL ENERGY INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)***(amounts in thousands, except per share data)*

	Three Months Ended March 31,	
	2010	2009
Operating revenues		
Electric	\$ 1,995,592	\$ 1,886,557
Natural gas	790,150	788,676
Other	21,720	20,309
Total operating revenues	2,807,462	2,695,542
Operating expenses		
Electric fuel and purchased power	988,478	924,748
Cost of natural gas sold and transported	581,113	591,765
Cost of sales - other	7,692	5,366
Other operating and maintenance expenses	480,973	471,894
Conservation and demand side management program expenses	58,039	45,219
Depreciation and amortization	206,126	208,715
Taxes (other than income taxes)	81,376	77,038
Total operating expenses	2,403,797	2,324,745
Operating income	403,665	370,797
Other income, net	975	2,352
Equity earnings of unconsolidated subsidiaries	7,401	3,142
Allowance for funds used during construction - equity	13,290	18,227
Interest charges and financing costs		
Interest charges - includes other financing costs of \$5,011 and \$5,038, respectively	143,830	141,803
Allowance for funds used during construction - debt	(7,737)	(10,228)
Total interest charges and financing costs	136,093	131,575
Income from continuing operations before income taxes	289,238	262,943
Income taxes	121,898	87,125
Income from continuing operations	167,340	175,818
Loss from discontinued operations, net of tax	(222)	(1,751)
Net income	167,118	174,067
Dividend requirements on preferred stock	1,060	1,060
Earnings available to common shareholders	\$ 166,058	\$ 173,007
Weighted average common shares outstanding:		
Basic	458,918	455,192
Diluted	459,697	455,952

Edgar Filing: XCEL ENERGY INC - Form 10-Q

Earnings per average common share:

Basic	\$	0.36	\$	0.38
Diluted		0.36		0.38
Cash dividends declared per common share	\$	0.25	\$	0.24

See Notes to Consolidated Financial Statements

Table of Contents

**XCEL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(amounts in thousands of dollars)

Edgar Filing: XCEL ENERGY INC - Form 10-Q

Three Months Ended March 31,
2010 2009

Operating activities			
Net income	\$	167,118	\$ 174,067
Remove loss from discontinued operations		222	1,751
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		210,481	213,102
Conservation and demand side management program expenses		7,757	6,826
Nuclear fuel amortization		25,980	19,290
Deferred income taxes		77,163	44,638
Amortization of investment tax credits		(1,594)	(1,738)
Allowance for equity funds used during construction		(13,290)	(18,227)
Equity earnings of unconsolidated subsidiaries		(7,401)	(3,142)
Dividends from equity method investees		7,855	6,015
Share-based compensation expense		7,129	9,337
Net realized and unrealized hedging and derivative transactions		(14,875)	37,097
Changes in operating assets and liabilities:			
Accounts receivable		(7,222)	114,182
Accrued unbilled revenues		172,732	223,906
Inventories		113,784	215,901
Recoverable purchased natural gas and electric energy costs		(8,109)	7,988
Other current assets		26,368	(5,207)
Accounts payable		(199,311)	(239,175)
Net regulatory assets and liabilities		34,138	28,376
Other current liabilities		283	28,107
Change in other noncurrent assets		(3,038)	192
Change in other noncurrent liabilities		(10,730)	(19,609)
Operating cash flows used in discontinued operations		(29,901)	(31,129)
Net cash provided by operating activities		555,539	812,548
Investing activities			
Utility capital/construction expenditures		(481,242)	(477,838)
Allowance for equity funds used during construction		13,290	18,227
Purchase of investments in external decommissioning fund		(910,889)	(396,527)
Proceeds from the sale of investments in external decommissioning fund		916,541	395,815
Investment in WYCO Development LLC		(1,237)	(14,170)
Change in restricted cash		(168)	
Other investments		3,593	1,249
Net cash used in investing activities		(460,112)	(473,244)
Financing activities			
Proceeds (repayment) of short-term borrowings, net		7,000	(17,235)
Repayment of long-term debt, including reacquisition premiums		(25,355)	(167,905)
Proceeds from issuance of common stock		2,589	1,270
Dividends paid		(105,965)	(101,744)
Net cash used in financing activities		(121,731)	(285,614)
Net increase (decrease) in cash and cash equivalents			
		(26,304)	53,690
Net decrease in cash and cash equivalents discontinued operations		(1,981)	(1,573)
Cash and cash equivalents at beginning of period		107,789	249,198
Cash and cash equivalents at end of period	\$	79,504	\$ 301,315
Supplemental disclosure of cash flow information:			
Cash paid for interest (net of amounts capitalized)	\$	(132,578)	\$ (152,517)
Cash paid for income taxes, net		(393)	(2,761)
Supplemental disclosure of non-cash investing transactions:			
Property, plant and equipment additions in accounts payable	\$	27,396	\$ 30,008
Supplemental disclosure of non-cash financing transactions:			
Issuance of common stock for reinvested dividends and 401(k) plans	\$	17,010	\$ 26,973

Edgar Filing: XCEL ENERGY INC - Form 10-Q

See Notes to Consolidated Financial Statements

Table of Contents

XCEL ENERGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(amounts in thousands of dollars)

Edgar Filing: XCEL ENERGY INC - Form 10-Q

	March 31, 2010	Dec. 31, 2009
Assets		
Current assets		
Cash and cash equivalents	\$ 79,504	\$ 107,789
Accounts receivable, net	748,058	729,409
Accrued unbilled revenues	521,317	694,049
Inventories	452,421	566,205
Recoverable purchased natural gas and electric energy costs	64,853	56,744
Derivative instruments valuation	56,984	97,700
Prepayments and other	289,276	359,560
Current assets related to discontinued operations	131,881	151,955
Total current assets	2,344,294	2,763,411
Property, plant and equipment, net	18,744,541	18,508,296
Other assets		
Nuclear decommissioning fund and other investments	1,418,665	1,381,791
Regulatory assets	2,259,844	2,287,636
Derivative instruments valuation	275,124	289,530
Other	147,531	140,367
Noncurrent assets related to discontinued operations	144,502	117,397
Total other assets	4,245,666	4,216,721
Total assets	\$ 25,334,501	\$ 25,488,428
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 544,356	\$ 543,814
Short-term debt	466,000	459,000
Accounts payable	842,794	1,083,127
Taxes accrued	302,256	232,964
Accrued interest	153,069	157,253
Dividends payable	113,566	113,147
Derivative instruments valuation	46,972	46,554
Other	286,621	350,318
Current liabilities related to discontinued operations	4,204	29,080
Total current liabilities	2,759,838	3,015,257
Deferred credits and other liabilities		
Deferred income taxes	3,386,149	3,336,354
Deferred investment tax credits	97,696	99,290
Regulatory liabilities	1,192,487	1,222,833
Asset retirement obligations	895,718	881,479
Derivative instruments valuation	306,028	307,770
Customer advances	286,733	295,470
Pension and employee benefit obligations	832,779	838,067
Other	249,698	211,666
Noncurrent liabilities related to discontinued operations	3,636	3,389
Total deferred credits and other liabilities	7,250,924	7,196,318
Commitments and contingent liabilities		
Capitalization		
Long-term debt	7,862,888	7,888,628
Preferred stockholders equity authorized 7,000,000 shares of \$100 par value; outstanding shares: 1,049,800	104,980	104,980
Common stockholders equity authorized 1,000,000,000 shares of \$2.50 par value; outstanding shares: March 31, 2010 459,215,241; Dec. 31, 2009 457,509,263	7,355,871	7,283,245
Total liabilities and equity	\$ 25,334,501	\$ 25,488,428

Table of Contents**XCEL ENERGY INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS EQUITY****AND COMPREHENSIVE INCOME (UNAUDITED)***(amounts in thousands)*

	Shares	Common Stock Issued Par Value	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Common Stockholders Equity
Three Months Ended						
March 31, 2010 and 2009						
Balance at Dec. 31, 2008	453,792	\$ 1,134,480	\$ 4,695,019	\$ 1,187,911	\$ (53,669)	\$ 6,963,741
Net income				174,067		174,067
Changes in unrecognized amounts of pension and retiree medical benefits, net of tax of \$254					369	369
Net derivative instrument fair value changes during the period, net of tax of \$801					1,200	1,200
Unrealized loss - marketable securities, net of tax of \$(64)					(96)	(96)
Comprehensive income for the period						175,540
Dividends declared:						
Cumulative preferred stock				(1,060)		(1,060)
Common stock				(108,447)		(108,447)
Issuances of common stock	1,464	3,661	8,718			12,379
Share-based compensation			6,929			6,929
Balance at March 31, 2009	455,256	\$ 1,138,141	\$ 4,710,666	\$ 1,252,471	\$ (52,196)	\$ 7,049,082
Balance at Dec. 31, 2009	457,509	\$ 1,143,773	\$ 4,769,980	\$ 1,419,201	\$ (49,709)	\$ 7,283,245
Net income				167,118		167,118
Changes in unrecognized amounts of pension and retiree medical benefits, net of tax of \$295					419	419
Net derivative instrument fair value changes during the period, net of tax of \$460					652	652
Unrealized gain - marketable securities, net of tax of \$8					11	11
Comprehensive income for the period						168,200
Dividends declared:						
Cumulative preferred stock				(1,060)		(1,060)
Common stock				(112,951)		(112,951)
Issuances of common stock	1,706	4,265	8,379			12,644
Share-based compensation			5,793			5,793
Balance at March 31, 2010	459,215	\$ 1,148,038	\$ 4,784,152	\$ 1,472,308	\$ (48,627)	\$ 7,355,871

Edgar Filing: XCEL ENERGY INC - Form 10-Q

See Notes to Consolidated Financial Statements

Table of Contents

XCEL ENERGY INC. AND SUBSIDIARIES

Edgar Filing: XCEL ENERGY INC - Form 10-Q

Notes to Consolidated Financial Statements (UNAUDITED)

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly, in accordance with accounting principles generally accepted in the United States of America (GAAP), the financial position of Xcel Energy Inc. and its subsidiaries (collectively, Xcel Energy) as of March 31, 2010 and Dec. 31, 2009; the results of its operations and changes in stockholders equity for the three months ended March 31, 2010 and 2009; and its cash flows for the three months ended March 31, 2010 and 2009. All adjustments are of a normal, recurring nature, except as otherwise disclosed. Management has also evaluated the impact of events occurring after March 31, 2010 up to the date of issuance of these consolidated financial statements. These statements contain all necessary adjustments and disclosures resulting from that evaluation. The Dec. 31, 2009 balance sheet information has been derived from the audited 2009 financial statements. These notes to the consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. For further information, refer to the consolidated financial statements and notes thereto included in the Xcel Energy Annual Report on Form 10-K for the year ended Dec. 31, 2009, filed with the SEC on Feb. 26, 2010. Due to the seasonality of Xcel Energy's electric and natural gas sales, interim results are not necessarily an appropriate base from which to project annual results.

1. Summary of Significant Accounting Policies

Except to the extent updated or described below, the significant accounting policies set forth in Note 1 to the consolidated financial statements in Xcel Energy's Annual Report on Form 10-K for the year ended Dec. 31, 2009, appropriately represent, in all material respects, the current status of accounting policies and are incorporated herein by reference.

Reclassifications Conservation and demand side management program expenses for the three months ended March 31, 2009 were reclassified as a separate item from depreciation and amortization expenses within the consolidated statements of cash flows. The reclassification did not have an impact on net cash provided by operating activities.

2. Accounting Pronouncements

Recently Adopted

Consolidation of Variable Interest Entities In June 2009, the Financial Accounting Standards Board (FASB) issued new guidance on consolidation of variable interest entities. The guidance affects various elements of consolidation, including the determination of whether an entity is a variable interest entity and whether an enterprise is a variable interest entity's primary beneficiary. These updates to the FASB Accounting Standards Codification (ASC or Codification) are effective for interim and annual periods beginning after Nov. 15, 2009. Xcel Energy implemented the guidance on Jan. 1, 2010, and the implementation did not have a material impact on its consolidated financial statements. For further information and required disclosures regarding variable interest entities, see Note 7 to the consolidated financial statements.

Fair Value Measurement Disclosures In January 2010, the FASB issued *Fair Value Measurements and Disclosures (Topic 820) Improving Disclosures about Fair Value Measurements (Accounting Standards Update (ASU) No. 2010-06)*, which updates the Codification to require new disclosures for assets and liabilities measured at fair value. The requirements include expanded disclosure of valuation methodologies for fair

Edgar Filing: XCEL ENERGY INC - Form 10-Q

value measurements, transfers between levels of the fair value hierarchy, and gross rather than net presentation of certain changes in Level 3 fair value measurements. The updates to the Codification contained in ASU No. 2010-06 were effective for interim and annual periods beginning after Dec. 15, 2009, except for requirements related to gross presentation of certain changes in Level 3 fair value measurements, which are effective for interim and annual periods beginning after Dec. 15, 2010. Xcel Energy implemented the portions of the guidance required on Jan. 1, 2010, and the implementation did not have a material impact on its consolidated financial statements. For further information and required disclosures, see Note 10 to the consolidated financial statements.

Table of Contents**3. Selected Balance Sheet Data**

(Thousands of Dollars)	March 31, 2010		Dec. 31, 2009	
Accounts receivable, net				
Accounts receivable	\$	801,490	\$	785,512
Less allowance for bad debts		(53,432)		(56,103)
	\$	748,058	\$	729,409
Inventories				
Materials and supplies	\$	180,771	\$	172,993
Fuel		188,926		221,457
Natural gas		82,724		171,755
	\$	452,421	\$	566,205
Property, plant and equipment, net				
Electric plant	\$	22,724,754	\$	22,589,071
Natural gas plant		3,305,785		3,269,934
Common and other property		1,507,366		1,492,463
Construction work in progress		1,971,997		1,769,545
Total property, plant and equipment		29,509,902		29,121,013
Less accumulated depreciation		(11,057,241)		(10,914,509)
Nuclear fuel		1,753,537		1,737,469
Less accumulated amortization		(1,461,657)		(1,435,677)
	\$	18,744,541	\$	18,508,296

4. Discontinued Operations

Results of operations for divested businesses are reported, for all periods presented, as discontinued operations. The majority of current and noncurrent assets related to discontinued operations are deferred tax assets associated with temporary differences and net operating loss (NOL) and tax credit carryforwards that will be deductible in future years.

The major classes of assets and liabilities related to discontinued operations are as follows:

(Thousands of Dollars)	March 31, 2010		Dec. 31, 2009	
Cash	\$	5,878	\$	7,859
Deferred income tax benefits		63,395		106,770
Other current assets		62,608		37,326
Current assets related to discontinued operations	\$	131,881	\$	151,955
Deferred income tax benefits	\$	121,956	\$	95,424
Other noncurrent assets		22,546		21,973
Noncurrent assets related to discontinued operations	\$	144,502	\$	117,397
Accounts payable	\$	373	\$	445
Other current liabilities		3,831		28,635
Current liabilities related to discontinued operations	\$	4,204	\$	29,080

Edgar Filing: XCEL ENERGY INC - Form 10-Q

Noncurrent liabilities related to discontinued operations	\$	3,636	\$	3,389
---	----	-------	----	-------

8

Table of Contents**5. Income Taxes**

Corporate Owned Life Insurance (COLI) In 2007, Xcel Energy and the U. S. government settled an ongoing dispute regarding PSCo's right to deduct interest expense on policy loans related to its COLI program that insured lives of certain PSCo employees. These COLI policies were owned and managed by P.S.R. Investments, Inc. (PSRI), a wholly owned subsidiary of PSCo. Xcel Energy paid the U. S. government a total of \$64.4 million in settlement of the U. S. government's claims for tax, penalty, and interest for tax years 1993 through 2007. Xcel Energy surrendered the policies to its insurer on Oct. 31, 2007, without recognizing a taxable gain. As a result of the settlement, the lawsuit filed by Xcel Energy in the United States District Court has been dismissed and the Tax Court proceedings are in the process of being dismissed.

As part of the Tax Court proceedings, during the first quarter of 2010, Xcel Energy and the IRS (Internal Revenue Service) reached an agreement in principle after a two year financial reconciliation of Xcel Energy's statements of account, dating back to tax year 1993. This tax and interest analysis required a comprehensive review of all of Xcel Energy's tax filings since 1993. Upon completion of this review, PSRI recorded a net non-recurring adjustment of approximately \$10 million (including \$7.7 million tax expense and \$2.3 million interest expense, net of tax), or \$0.02 per share during the current period. Xcel Energy anticipates that the Tax Court proceedings will be dismissed in 2010.

Medicare Part D Subsidy Reimbursements In March 2010, the Patient Protection and Affordable Care Act was signed into law. The law includes provisions to generate tax revenue to help offset the cost of the new legislation. One of these provisions reduces the deductibility of retiree health care costs to the extent of federal subsidies received by plan sponsors that provide retiree prescription drug benefits equivalent to Medicare Part D coverage, beginning in 2013. Based on this provision, Xcel Energy is subject to additional taxes and is required to reverse previously recorded tax benefits in the period of enactment. Xcel Energy expensed approximately \$17 million, or \$0.04 per share, of previously recognized tax benefits relating to Medicare Part D subsidies during the first quarter of 2010. Xcel Energy does not expect the \$17 million of additional tax expense to recur in future periods. The 2010 effective tax rate will increase due to additional tax expense of approximately \$4 million associated with current year retiree health care accruals.

Federal Audit Xcel Energy files a consolidated federal income tax return. In the first quarter of 2010, the IRS completed an examination of Xcel Energy's federal income tax returns of tax years 2006 and 2007. The IRS did not propose any material adjustments for those tax years. The statute of limitations applicable to Xcel Energy's 2006 federal income tax return expires on Aug. 28, 2010.

State Audits Xcel Energy files consolidated state tax returns based on income in its major operating jurisdictions of Colorado, Minnesota, Texas, and Wisconsin, and various other state income-based tax returns. As of March 31, 2010, Xcel Energy's earliest open tax years that are subject to examination by state taxing authorities in its major operating jurisdictions are as follows:

State	Year
Colorado	2004
Minnesota	2004
Texas	2005
Wisconsin	2005

Edgar Filing: XCEL ENERGY INC - Form 10-Q

The state of Texas has notified Xcel Energy of its intent to audit tax years 2006 and 2007. The audit will commence in the second quarter of 2010. There currently are no other state income tax audits in progress. In 2009, Xcel Energy received a request for information from the state of Minnesota relating to tax years 2002 through 2007 in order to determine whether to undertake an audit of those years. As of March 31, 2010, the state of Minnesota had not informed Xcel Energy of its intentions.

Unrecognized Tax Benefits The unrecognized tax benefit balance includes permanent tax positions, which if recognized would affect the annual effective tax rate (ETR). In addition, the unrecognized tax benefit balance includes temporary tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. A change in the period of deductibility would not affect the ETR but would accelerate the payment of cash to the taxing authority to an earlier period.

Edgar Filing: XCEL ENERGY INC - Form 10-Q

Table of Contents

A reconciliation of the amount of unrecognized tax benefit in continuing operations is as follows:

(Millions of Dollars)	March 31, 2010	Dec. 31, 2009
Unrecognized tax benefit - Permanent tax positions	\$ 4.0	\$ 4.0
Unrecognized tax benefit - Temporary tax positions	20.8	19.7
Unrecognized tax benefit balance	\$ 24.8	\$ 23.7

A reconciliation of the amount of unrecognized tax benefit in discontinued operations is as follows:

(Millions of Dollars)	March 31, 2010	Dec. 31, 2009
Unrecognized tax benefit - Permanent tax positions	\$ 6.6	\$ 6.6
Unrecognized tax benefit - Temporary tax positions		
Unrecognized tax benefit balance	\$ 6.6	\$ 6.6

The unrecognized tax benefit amounts were reduced by the tax benefits associated with NOL and tax credit carryforwards. The amounts of tax benefits associated with NOL and tax credit carryforward as reported in continuing operations and discontinued operations were as follows:

(Millions of Dollars)	March 31, 2010	Dec. 31, 2009
Continuing operations	\$ (9.2)	\$ (8.9)
Discontinued operations	(20.8)	(20.4)

The increase in the unrecognized tax benefit balance reported in continuing operations of \$1.1 million from Dec. 31, 2009 to March 31, 2010 was due primarily to the addition of similar uncertain tax positions related to ongoing activity. Xcel Energy's amount of unrecognized tax benefits for continuing operations could significantly change in the next 12 months as the Texas audit begins and when the IRS and other state audits resume. At this time, due to the uncertain nature of the audit process, it is not reasonably possible to estimate an overall range of possible change.

The payable for interest related to unrecognized tax benefits is partially offset by the interest benefit associated with NOL and tax credit carryforwards. A reconciliation of the beginning and ending amount of the payable for interest related to unrecognized tax benefits reported in continuing operations is as follows: