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Xcel Energy Inc Q4 2008 Earnings Conference Call Transcript

Question-and-Answer Session

Operator

Thank you sir. We will now begin the question- and-answer session. (Operator Instructions). First question is from the line of Greg Gordon with Citi Investment Research. Please go ahead.

Greg Gordon - Citi Investment Research

Thanks good – good morning.

Paul A. Johnson

Hi Greg.

Greg Gordon - Citi Investment Research

Yeah, you guys just got the interim rates in Minnesota, and that was the earlier in the year than I would have expected so that's positive. So when I look at the range – the guidance range if you could outline for us, I know that there is a baseline assumption vis-à-vis sales expectations turns into what our sales growth are like there out. Could you tell us what if your, the baseline you've given us in the sort of summary of drivers represent to the mid-point and what the – what the high and the low all things equal might represent in terms of sensitivities and then in the context that what you are actually seeing vis-à-vis demand? I know it's early in a year.

Paul A. Johnson

Yeah, Greg. I mean, good question. We typically put our assumptions and we add it all up and take the expected values that would put us about in the middle of the range. A penny either way. That's where we typically try to set guidance and that's - this year has been no exception. And I mean I think the key things for us to track were obviously the regulatory outcomes, that's a big part of our success next year, but we need to monitor sales trends. We saw, as you know flat sales full year for 2008. The fourth quarter, we actually saw some improvement on the residential side here in Minnesota and so a little bit of weakness in PSCO. So, we continue to really look at this closely. We think our assumptions are right. We're prepared to react if it's not. Love to see sales improve, but at this point I think assuming flat sales is probably the right way to go.

Greg Gordon - Citi Investment Research

Okay. Thank you.

Operator

Thank you sir. And our next question comes from the line of Angie Storzynski with Macquarie Capital. Please go ahead.

Angie Storzynski - Macquarie Capital.

Thank you. I'm going to go back to the assumptions for 2009 guidance and then I have a question about pensions, when you look at your 2008 electric sales growth for retail they are actually up 1.7% to either flat sales only for residential. And then gas was up on an weather normalized basis, well, almost 2%, 1.9%, which is kind of surprising at least for me. If you assume flat year-over-year electric sales and gas sales you simply assume that the pattern from '09, for '08 will be retained, which would be surprising for me given the weakness in industrials and commercials and that's what drove your growth in electric demand in 2008. So how could you reconcile these numbers? And secondly, if you could talk me through your pension accounting I understand the funding requirement for '09 and '10 but if you could tell me what the earnings impact is going to be and why I was seeing higher impacts for 2010 from the funding perspective then for '09 and what kind of assumption do you have for returns for the pension fund – pension, pension plans in '09.

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