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April 29, 2005

Illona A. Jeffcoat-Sacco, Executive Secretary
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

Subject: 2004 Regulated Earnings Reports

Dear Ms. Jeffcoat-Sacco:

Enclosed you will find eight copies of Northern States Power Company d/b/a Xcel Energy's annual reports of regulated electric utility and natural gas utility earnings for the 2004 calendar year. The electric utility annual report includes the information required under the Company's Plus Plan performance based regulation process approved in Case No. PU-400-00-195.

Plus Plan Results

Xcel Energy had another successful year in terms of its electric price and operational performance. However, earnings for the Company's electric operations were below the authorized ROE range for the second year in row. As stipulated in the PLUS Plan performance-based regulation rules, the combination of the Company's insufficient earnings, low residential prices, and good operational performance allows Xcel Energy a limited base rate increase effective on or after July 1, 2004. Such an increase would be restricted to the 1.62% price cap as detailed in the attached PLUS Plan report.

The default revenue increase apportionment under PLUS is an equivalent, "across-the-board" percent for all customer classes. However, the Company is intending to seek Commission approval for tariffs that will not spread the increase equally among all classes, and this is indicated in the report on pages 2 and 9.

In addition, the 50/50 sharing mechanism for earnings below the authorized return on equity (ROE) range results in the potential for a one-time customer surcharge of about \$140,000 or about 70¢ per residential customer. This charge will be

deferred, however, until after 2005 earnings have been reported. This amount could be reduced or eliminated if earnings exceed the allowed levels in 2005.

Xcel Energy will prepare new electric tariffs to be filed before June 1, with implementation allowed by July 1.

Natural Gas Utility Results

The 2004 report for the Company's natural gas distribution operation is also attached. Earnings for 2004 were 8.18%, slightly lower than the 8.71% of 2003.

A copy of the FERC Form 1 will be sent as soon as they get back from the printer.

Please contact me if you have any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style.

David H. Sederquist
Sr. Consultant, Regulation & Finance
Northern States Power Co. d/b/a Xcel Energy