

Xcel Energy
 Natural Gas Utility - State of North Dakota
 Revenue Deficiency Summary (2007 Test Year)
 (000's)

<u>Line</u>	<u>Description</u>	<u>Amount</u>	
1	Average Rate Base	\$46,631	
	Operating Income	\$2,615	
3	Rate of Return	5.6 Wo	line 2 / line 1
4	Required Rate of Return	9.24 ^o	
5	Required Operating Income	\$4,309	line 1 x line 4
6	Operating Income Deficiency	\$1,693	line 5 - line 2
7	Gross Revenue Conversion Factor	1.65426	
8	Revenue Deficiency	\$2,801	line 6 x line 7
9	Retail Revenue (present rates)	\$93,044	
10	Increase percentage	3.01%	line 8 / line 9

Xcel Energy
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Proposed Revenue Apportionment

	Rate Code	Avg Cust.	Dkt Sales	Revenue		Increase	
				Present	Proposed	Amount	%
<u>Firm Service</u>							
Residential	401	37,064	3,065,892	\$36,128,428	\$37,689,564	\$1,561,136	4.3%
Commercial and Industrial	410	6,383	3,676,490	\$40,309,437	541,420,997	51,111,560	2.8%
Total Firm Service		43,447	6,742,382	\$76,437,865	\$79,110,561	\$2,672,696	3.5%
<u>Interruptible Service</u>							
Small C&I	404	112	655,964	\$6,116,733	\$6,186,265	\$69,532	1.1%
Large C&I/Neg. Transp.	405	22	2,455,956	\$10,490,283	\$10,545,226	554,943	0.5%
Total Interruptible Service		134	3,111,920	\$16,607,015	\$16,731,490	\$124,475	0.7%
Total Retail		43,581	9,854,302	\$93,044,880	\$95,842,051	\$2,797,171	3.0%
<u>Other Gas Revenues</u>							
Connection Charge				558,000	558,000	\$0	0.0%
Late Payment Charge				5104,000	\$107,120	\$3,120	3.0%
Gas Agreement				\$0	\$0	\$0	0.0%
NSF Check Charge				\$5,000	\$5,000	\$0	0.0%
Miscellaneous				\$0	\$0	\$0	0.0%
Gross Receipts Tax				\$0	\$0	\$0	0.0%
Other sales				5165,000	5165,000	\$0	0.0%
Total Other Gas Revenues				\$332,000	5335,120	\$1,1	0.9%
Total Retail Sales and Other Revenues				\$93,376,880	\$96,177,171	\$2,800,291	3.0%

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 Summary of Present and Proposed Rates

	Present Rates	Proposed Rates
<u>Residential Firm Service</u>		
Delivery Services Charge	\$15.69 / Month	\$19.20 / Month
Cost of Gas	\$0.94713 /Therm	\$0.94713 /Therm
MGP amortization	\$0.00365 /Therm	\$0.00365 /Therm
<u>C&I Firm Service</u>		
Basic Service Charge	\$20.00 /Month	\$30.00 /Month
Distribution Charge	\$0.10710 /Therm	\$0.11650 /Therm
Cost of Gas	\$0.94401 /Therm	\$0.94401 /Therm
MGP amortization	\$0.00365 /Therm	\$0.00365 /Therm
<u>Small C&I Interruptible Service</u>		
Basic Service Charge	\$75.00 /Month	\$75.00 /Month
Distribution Charge	\$0.07740 /Therm	\$0.08800 /Therm
Cost of Gas	\$0.83606 /Therm	\$0.83606 /Therm
MGP amortization	\$0.00365 /Therm	\$0.00365 /Therm
<u>Large C&I Interruptible Service</u>		
Basic Service Charge	\$275.00 /Month	\$275.00 /Month
Distribution Charge	\$0.04632 /Therm	\$0.05110 /Therm
Cost of Gas	\$0.83606 /Therm	\$0.83606 /Therm
MGP amortization	\$0.00365 /Therm	\$0.00365 /Therm

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Comparison of Monthly Bills Using Present and Proposed Rates

RESIDENTIAL FIRM SERVICE

Use (Therms)	Bill Amount (Present)	Bill Amount (Proposed)	Increase	Percent
0	\$15.69	\$19.20	\$3.51	22.4%
10	525.34	\$28.85	\$3.51	13.8%
20	\$35.00	\$38.51	\$3.51	10.0%
30	844.65	\$48.16	\$3.51	7.9%
40	\$54.30	\$57.81	\$3.51	6.5%
50	\$63.96	\$67.47	\$3.51	5.5%
75	\$88.09	\$91.60	\$3.51	4.0%
100	\$112.22	\$115.73	\$3.51	3.1%
200	8208.75	\$212.26	\$3.51	1.7%
300	\$305.29	\$308.80	\$3.51	1.1%
500	\$498.35	\$501.86	\$3.51	0.7%

COMMERCIAL & INDUSTRIAL FIRM SERVICE

Use (Therms)	Bill Amount (Present)	Bill Amount (Proposed)	Increase	Percent
0	\$20.00	\$30.00	\$10.00	50.0%
50	\$73.62	\$84.09	\$10.47	14.2%
100	\$127.24	\$138.18	\$10.94	8.6%
250	\$288.10	\$300.45	\$12.35	4.3%
500	8556.21	\$570.91	\$14.70	2.6%
750	\$824.31	\$841.36	\$17.05	2.1%
1000	\$1,092.42	\$1,111.82	\$19.40	1.8%
3000	\$3,237.25	\$3,275.45	\$38.20	1.2%
5000	\$5,382.09	\$5,439.09	\$57.00	1.1%
7500	\$8,063.13	\$8,143.63	\$80.50	1.0%
10000	\$10,744.18	\$10,848.18	\$104.00	1.0%

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 Comparison of Monthly Bills Using Present and Proposed Rates

SMALL VOLUME INTERRUPTIBLE SERVICE

Use (Therms)	Bill Amount (Present)	Bill Amount (Proposed)	Increase	Percent
1000	8992.11	\$1,002.71	\$10.60	1.1%
3000	\$2,826.34	\$2,858.14	\$31.80	1.1%
5000	\$4,660.57	\$4,713.57	\$53.00	1.1%
7500	86,953.35	\$7,032.85	\$79.50	1.1%
10000	\$9,246.13	\$9,352.13	\$106.00	1.1%

LARGE VOLUME INTERRUPTIBLE SERVICE

Use (Therms)	Bill Amount (Present)	Bill Amount (Proposed)	Increase	Percent
1000	\$1,161.03	\$1,165.81	\$4.78	0.4%
3000	\$2,933.10	\$2,947.44	\$14.34	0.5%
5000	\$4,705.17	\$4,729.07	\$23.90	0.5%
7500	86,920.25	\$6,956.10	\$35.85	0.5%
10000	\$9,135.33	\$9,183.13	\$47.80	0.5%

ROE = 4.26%
Deficiency = \$2,801
% Increase = 3.01%
Required ROE = 11.30%

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Summary Reports

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(Dollars in Thousands)

Rate Base Summary

	Total Company Gas			North Dakota Retail Gas			All Other		
	Beginning Balance	Ending Balance	Average Balance	Beginning Balance	Ending Balance	Average Balance	Beginning Balance	Ending Balance	Average Balance
1 Plant Investment	912,771	961,463	937,117	81,813	86,090	83,952	830,958	875,373	853,165
2 Depreciation Reserve	(412,567)	(444,565)	(428,566)	(37,066)	(39,924)	(38,495)	(375,501)	(404,641)	(390,071)
3 Net Utility Plant	500,204	516,898	508,551	44,747	46,166	45,457	455,457	470,732	463,094
4 C.W.I.P.	611	864	738	30	35	33	581	829	705
5 Accumulated Deferred Taxes	(75,328)	(77,479)	(76,404)	(6,882)	(6,979)	(6,931)	(68,446)	(70,500)	(69,473)
Other Rate Base:									
6 Cash Working Capital (*)	(565)	(565)	(565)	456	456	456	(1,021)	(1,021)	(1,021)
7 Materials & Supplies	1,809	1,809	1,809	168	168	168	1,641	1,641	1,641
8 Gas In Storage	53,166	53,166	53,166	5,781	5,781	5,781	47,385	47,385	47,385
9 Non-Plant Assets & Liab	(18,646)	(19,475)	(19,061)	(1,034)	(1,129)	(1,082)	(17,612)	(18,346)	(17,979)
10 Prepays & Other	6,415	6,055	6,235	2,929	2,569	2,749	3,486	3,486	3,486
ii Total Rate Base	467,666	481,274	474,469	46,195	47,068	46,631	421,471	434,206	427,838

(*) See Page 6.

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(Dollars in Thousands)

Income Statement Summary

	Total Company Gas	North Dakota Retail Gas	All Other	
Operating Revenues				
1	Retail	842,047	93,026	749,021
2	Net Margin Weather Adjustment	0	0	0
3	Interdepartmental & Transportation	18,940	18	18,922
4	Other Operating	6,645	332	6,313
5	Gross Earnings Tax	0	0	0
6	Total Operating Revenues	867,632	93,376	774,256
Expenses				
Operating Expenses:				
7	Purchased Gas	709,671	78,890	630,781
8	Production	3,935	729	3,206
9	Transmission	1,199	132	1,066
10	Distribution	24,942	2,207	22,736
11	Customer Accounting	15,009	1,830	13,179
12	Customer Service & Information	5,839	381	5,457
13	Administrative & General	18,249	1,687	16,562
14	Amortizations	660	50	610
15	Sales, Econ Dvlp & Other	79	0	78
16	Total Operating Expenses	779,582	85,907	693,675
17	Depreciation	31,545	2,816	28,729
Taxes:				
18	Property	14,106	1,158	12,948
19	Gross Earnings	0	0	0
20	Deferred Income Tax & ITC	2,065	68	1,997
21	State & Federal Income (see Page 3)	7,333	595	6,738
22	Payroll & Other	2,373	217	2,156
23	Total Taxes	25,877	2,038	23,839
24	Total Expenses	837,004	90,761	746,243
25	AFUDC	0	0	0
26	Total Operating Income	30,628	2,615	28,013

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(Dollars in Thousands)

		Income Tax Summary		
		Total Company Gas	North Dakota Retail Gas	All Other
Income Before Taxes				
1	Total Operating Revenues	867,632	93,376	774,256
2	less: Total Operating Expenses	(779,582)	(85,907)	(693,675)
3	Book Depreciation	(31,545)	(2,816)	(28,729)
4	Taxes (Other Than Current Income)	(18,544)	(1,443)	(17,101)
5	Total Before Tax Book Income	37,961	3,210	34,751
Tax Additions				
6	Book Depreciation	31,545	2,816	28,729
9	Book Depreciation Cleared To Operating	0	0	0
io	Deferred Income Taxes & ITC	2,065	68	1,997
11	Book Amortizations	0	0	0
12	Connection Fees	0	0	0
13	Avoided Tax Interest	1,099	37	1,062
14	Tax Capitalized Leases	0	0	0
15	Meals & Entertainment	0	0	0
16	TBT Net Expense	0	0	0
17	Total Tax Additions	34,709	2,921	31,788
Tax Deductions				
18	Tax Depreciation & Removal Expense	39,209	3,124	36,085
19	Debt Interest Expense	16,179	1,590	14,589
20	Other Tax/Book Timing Differences	(747)	(87)	(660)
21	Net Preferred Stock Deduction	0	0	0
22	Total Tax Deductions	54,641	4,627	50,014
23	State Taxable Income	18,029	1,504	16,525
24	State Income Tax Rate	8.73%	7.00%	N/A
25	Total State Income Taxes	1,574	105	1,468
26	Federal Taxable Income	16,455	1,399	15,057
27	Federal Income Tax Rate	35.00%	35.00%	35.00%
28	Total Federal Income Taxes	5,759	490	5,270
29	Total Federal & State Income Taxes	7,333	595	6,738

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Revenue Requirement & Return Summary

(Dollars in Thousands)

2007		Rate	Ratio	Weighted Cost	Composite Income Tax Rates	
	Capital Structure					
	Long Term Debt	7.0820%	46.4100%	3.2900%	State of North Dakota Tax rate	7.00%
2	Short Term Debt	5.8100%	2.0000%	0.1200%	Federal Statutory Tax rate	35.00%
3	Preferred Stock	0.0000%	0.0000%	0.0000%	Federal Effective Tax Rate (1-State Rate * Fed Rate)	32.55%
4	Common Equity	11.3000%	51.5900%	5.8300%	Total North Dakota Composite Tax Rate	39.55%
5	Required Rate of Return			9.2400%	Total Corporate Composite Tax Rate	40.67%
				Total Company Gas	North Dakota Retail Gas	All Other
Rate of Return (ROR)						
6	Total Operating Income			30,628	2,615	28,013
7	Total Average Rate Base			474,469	46,631	427,838
8	ROR (Operating Income / Rate Base)			6.46%	5.61%	6.55%
Return on Equity (ROE)						
9	Total Operating Income			30,628	2,615	28,013
10	Debt Interest (Rate Base * Weighted Debt Cost)			(16,179)	(1,590)	(14,589)
11	Preferred Stock (Rate Base * Weighted Preferred Cost)			0	0	0
12	Earnings Available for Common			14,449	1,025	13,424
13	Equity Rate Base (Rate Base * Equity Ratio)			244,779	24,057	220,722
14	ROE (Earnings for Common / Equity Rate Base)			5.90%	4.26%	6.08%
Revenue Deficiency						
15	Require Operating Income (Rate Base * Required Return)			43,841	4,309	39,532
16	Operating Income			30,628	2,615	28,013
17	Operating Income Deficiency			13,213	1,693	11,519
18	Revenue Conversion Factor (1/(1-Composite Tax Rate))			1.68558	1.65426	N/A
19	Revenue Deficiency (Income Deficiency * Conversion Factor)			22,272	2,801	19,471
Total Retail Revenue Requirements						
20	Retail Related Revenues			860,987	93,044	767,943
21	Revenue Deficiency			22,272	2,801	19,471
22	Total Retail Revenue Requirements			883,259	95,845	787,414
23	Percentage Increase (Decrease)			2.59%	3.01%	2.54%

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(Dollars in Thousands)

Rate Base Detail - Cash Working Capital

		<u>Total Company Gas</u>		<u>North Dakota Retail Gas</u>		<u>All Other</u>	
<u>Expenses</u>							
<u>Includable Expenses</u>	<u>Lead Days</u>	<u>Dollars</u>	<u>Dollar x Days</u>	<u>Dollars</u>	<u>Dollar x Days</u>	<u>Dollars</u>	<u>Dollar x Days</u>
<u>Purchased Gas</u>							
Purchases	40.25	709,671	28,564,239	M 8M	3,175,323	630,781	25,388,916
2 Subtotal Purchased Gas		709,671	28,564,239	78,890	3,175,323	630,781	25,388,916
<u>Labor & Related Costs</u>							
3 Regular Payroll	13.79	28,859	397,970	2,741	37,794	26,189	360,176
4 Incentive Compensation	259.51	1,307	339,295	118	30,692		308,603
5 Pension & Benefits	29.79	5,162	153,778	494	14,701	669	139,076
6 Subtotal Labor & Related		35,329	891,042	3,352	83,187	31,976	807,855
7 All Other Operating Expenses	42.34	33,922	1,436,278	3,615	153,042	30,308	1,283,237
8 Property Tax	345.46	14,106	4,873,059	1,158	400,043	12,948	4,473,016
8 Employer's Payroll Taxes	19.66	2,373	46,650	217	4,263	2,156	
to Gross Earnings Tax	68.75	12,819	881,306	1,873	128,769	10,946	752,538
11 Federal Income Tax	37.00	5,759	213,096	490	18,113		194,983
12 State Income Tax	29.25	1,574	46,028	105	3,079	16,468	42,949
13 State Sales Tax Customer Billings	51.86	18,312	949,660	1,626	84,324		865,336
14 Total Expenses	45.451	833,865	37,901,359	44.351	91,326	45.59	742,539
is Net Annual Expense Amount			103,839		11,096		92,743
<u>Revenues</u>							
is Computer Billing	100.00%	46.20	842,047	38,902,571	93,026	4,297,801	749,021
17 Hand Billed	0.00%	46.20	0	0	0	0	0
18 Retail Revenue Adjustments		46.20	0	0	0	0	0
is Interdepartmental		0.00	17,849	0	18	0	17,831
20 Transportation		33.21	1,091	36,232	0	0	1,091
21 Late Payment		46.20	1,882	86,948	104	4,805	1,778
22 Non Curtailment Penalty		46.20	0	0	0	0	0
23 Connect Charge		46.20	1,286	59,413	58	2,680	1,228
24 Return Check Charge		46.20	90	4,158	5	231	85
25 Rents - Gas Property		35.21	0	0	0	0	0
26 CIP - Lost Sales Margin		0.00	0	0	0	0	0
27 Gas Agreement		35.21	401	14,119	41	1,444	360
28 Locating Services		35.21	0	0	0	0	0
29 Balancing Service		35.21	0	0	0	0	0
30 Standby Sales Res & Vols		35.21	0	0	0	0	0
31 Limited Firm Sales - Res & Vols		35.21	976	34,365	89	3,134	887
32 Sales to Other - MN LP		35.21	342	12,042	35	1,232	307
33 Off System End User		35.21	0	0	0	0	0
34 Opportunity Sales		35.21	0	0	0	0	0
35 CIAC 2004 Rate Case Adjustment		46.20	287	13,259	0	0	287
36 Agency Service		46.20	21	970	0	0	21
37 Other Gas Revenue		42.36	1,360	57,610	0	0	1,360
38 Total Revenues		45.211	867,632	39,221,688	46.171	93,376	45.091
39 Net Annual Amount			107,457		11,812		95,645
40 Expense / Revenue Factor			0.961080986		0.9780427		
41 Allocated Revenue Amount			103,275		11,552		
42 Net Cash Working Capital	Page 1 - Line 6		(565)		456		(1,021)