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May 13, 2008

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

Re: 2007 REPORT OF REGULATED EARNINGS FOR XCEL ENERGY'S
NORTH DAKOTA ELECTRIC AND NATURAL GAS OPERATIONS

Dear Ms. Jeffcoat-Sacco:

Attached is an electronic version of Xcel Energy's Annual Report of 2007 regulated electric and natural gas earnings in North Dakota.

Ten bound copies of this report are being sent today under this cover letter to the Commission as well.

Please contact me if you have any questions or comments.

Sincerely,

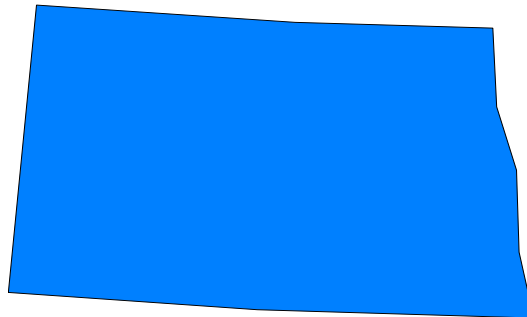
A handwritten signature in blue ink that reads 'David H. Sederquist'.

DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION/FINANCE

Enclosures

ANNUAL REPORT
OF
NORTHERN STATES POWER COMPANY,
A MINNESOTA CORPORATION
TO THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION
FOR THE YEAR ENDING
DECEMBER 31, 2007

North Dakota Jurisdiction
Electric and Gas Utilities



2007

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Northern States Power Company

Electric Utility - North Dakota

(Dollars In Thousands)

I. RETURN ON EQUITY (ROE)

<u>Actual Return on Equity (ROE)</u>	<u>2007</u>	<u>2006</u>
1 Operating Income from Electric Operations (E-2):	\$10,181	\$14,396
2 Average Regulated Rate Base (E-3):	\$201,735	\$187,518
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	5.05%	7.68%
4 Weighted Cost of Debt (E-4):	3.32%	3.28%
5 Weighted Cost of Preferred Stock (E-4):	0.00%	0.00%
6 % of Equity in Capital Structure (E-4):	50.57%	51.59%
7 Return on Equity (ROE):	3.41%	8.52%

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2007</u>	<u>2006</u>
8 Operating Income from Electric Operations:	\$10,181	\$14,396
9 Impact of weather on Mwh Sales:	16,012	(14,727)
10 Impact of weather on Electric Operating Income :	\$461	(\$317)
11 Weather-Normalized Operating Income:	\$9,720	\$14,713
12 Average Regulated Rate Base:	\$201,735	\$187,518
13 Weather-Normal Rate of Return on Rate Base (ROR):	4.82%	7.85%
14 Weather-Normalized Return on Equity (ROE):	2.96%	8.85%

Northern States Power Company

Electric Utility - North Dakota

(Dollars In Thousands)

II. OPERATING INCOME

<u>Line</u>	<u>Item</u>	<u>2007</u> <u>Total NSP</u>	<u>2007</u> <u>N.D. Juris.</u>	<u>N. D. %</u>	<u>2006</u> <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
<u>Operating Revenues:</u>						
1	Residential	\$1,022,545	\$55,479	5.2%	\$53,651	3.4%
2	Small Comm. & Ind.	\$1,175,036	\$69,305	5.6%	\$65,847	5.3%
3	Large Comm. & Ind.	\$621,144	\$18,759	2.7%	\$17,036	10.1%
4	Other ¹	\$834,727	\$46,194	5.3%	\$44,511	3.8%
5	Total Revenues:	\$3,653,453	\$189,737	5.2%	\$181,046	4.8%
<u>Operating Expenses:</u>						
6	Production	\$2,110,786	\$123,221	5.8%	\$107,776	14.3%
7	Transmission	\$133,903	\$7,618	5.7%	\$6,621	15.1%
8	Distribution	\$100,503	\$5,426	5.4%	\$4,792	13.2%
9	Customer Billing	\$62,638	\$4,619	7.4%	\$4,677	-1.2%
10	Customer Service	\$69,342	\$312	0.4%	\$271	15.1%
11	Sales & Marketing	\$159	\$4	2.5%	\$4	0.0%
12	Admin. & General	\$160,182	\$10,383	6.5%	\$10,520	-1.3%
13	Depreciation & Amortization	\$362,501	\$18,105	5.0%	\$19,533	-7.3%
14	Property Taxes	\$97,054	\$4,903	5.1%	\$5,607	-12.6%
15	Other General Taxes ²	\$19,142	\$1,179	6.2%	\$1,105	6.7%
16	Income Taxes	\$83,037	(\$1,549)	-1.9%	\$5,793	-126.7%
17	Deferred Income Taxes & ITC	\$87,611	\$5,335	6.1%	(\$49)	-10987.8%
18	Total Expenses:	\$3,286,858	\$179,556	5.5%	\$166,650	7.7%
19	Regulated Operating Income	\$366,595	\$10,181	2.8%	\$14,396	-29.3%

¹ Includes primarily public street & highway lighting, sales to public authorities, interchange billings, other electric operating revenues.

² Includes gross earnings taxes (franchise fees) and payroll taxes.

Northern States Power Company

Electric Utility - North Dakota

(Dollars In Thousands)

III. AVERAGE RATE BASE

<u>Line</u>	<u>Item</u>	2007 <u>Total NSP</u>	2007 <u>N.D. Juris.</u>	<u>N. D. %</u>	2006 <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1	Plant in Service	\$10,063,187	\$540,887	5.4%	\$536,552	0.8%
2	Accumulated Depreciation	\$5,652,380	\$307,995	5.4%	\$317,207	-2.9%
3	Net Plant in Service	\$4,410,807	\$232,892	5.3%	\$219,345	6.2%
4	Plant Held for Future Use	\$0	\$0	*	\$0	*
5	Construct Work in Progress	\$70,136	\$4,005	5.7%	\$3,675	9.0%
6	Materials and Supplies	\$93,367	\$5,382	5.8%	\$5,639	-4.6%
7	Fuel Stocks	\$54,110	\$3,184	5.9%	\$2,052	55.2%
8	Prepayments, Other Rate Base	\$14,997	\$885	5.9%	\$1,177	-24.8%
9	Customer Deposits	(\$1,031)	(\$65)	6.3%	(\$57)	14.0%
10	Cash Working Capital	\$0	\$0	*	\$0	*
11	Other Rate Base ¹	(\$114,228)	(\$6,727)	5.9%	(\$6,990)	-3.8%
12	Accum. Deferred Taxes	(\$732,404)	(\$37,821)	5.2%	(\$37,323)	1.3%
13	Total Other Rate Base	(\$615,053)	(\$31,157)	5.1%	(\$31,827)	-2.1%
14	Total Average Rate Base	\$3,795,754	\$201,735	5.3%	\$187,518	7.6%

¹ Includes deferred assets and liabilities such as accrued vacations, post-retirement medical benefits (FASB 106), post employment benefits (FASB 112), unfunded pension liability, environmental cleanup, severance accrual, etc.

Northern States Power Company

Electric Utility - North Dakota

(Dollars In Thousands)

IV. COST OF CAPITAL

2007 Actual

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$2,395,647	44.77%	6.83%	3.06%
2	Short-Term Debt	\$249,151	4.66%	5.57%	0.26%
3	Total Debt	\$2,644,798	49.43%	6.71%	3.32%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$2,705,969	50.57%	3.41%	1.73%
6	Total Equity	\$2,705,969	50.57%		
7	Total Capital	\$5,350,767	100.00%		5.05%

2007 Normalized

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
8	Long-Term Debt	\$2,395,647	44.77%	6.83%	3.06%
9	Short-Term Debt	\$249,151	4.66%	5.57%	0.26%
10	Total Debt	\$2,644,798	49.43%	6.71%	3.32%
11	Preferred Stock	\$0	0.00%		0.00%
12	Common Equity	\$2,705,969	50.57%	2.96%	1.50%
13	Total Equity	\$2,705,969	50.57%		
14	Total Capital	\$5,350,767	100.00%		4.82%

Northern States Power Company

Gas Utility - North Dakota

(Dollars In Thousands)

I. RETURN ON EQUITY (ROE)

<u>Actual Return on Equity (ROE)</u>	<u>2007</u>	<u>2006</u>
1 Operating Income from Gas Operations (G-2):	\$3,133	\$2,880
2 Average Regulated Rate Base (G-3):	\$43,945	\$43,882
3 Rate of Return on Rate Base (ROR) (line 1 / line 2):	7.13%	6.56%
4 Weighted Cost of Debt (G-4):	3.32%	3.44%
5 Weighted Cost of Preferred Stock (G-4):	0.00%	0.00%
6 % of Equity in Capital Structure (G-4):	50.57%	49.36%
7 Return on Equity (ROE):	7.53%	6.33%

<u>ROE, Normalized for Weather Impact on Sales</u>	<u>2007</u>	<u>2006</u>
8 Operating Income from Gas Operations:	\$3,133	\$2,880
9 Impact of weather on Mcf Sales:	(\$80,481)	(\$766,233)
10 Impact of weather on Gas Operating Income :	(\$28)	(\$263)
11 Weather-Normalized Operating Income:	\$3,161	\$3,143
12 Average Regulated Rate Base:	\$43,945	\$43,882
13 Weather-Normal Rate of Return on Rate Base (ROR):	7.19%	7.16%
14 Weather-Normalized Return on Equity (ROE):	7.66%	7.54%

Northern States Power Company

Gas Utility - North Dakota

(Dollars In Thousands)

II. OPERATING INCOME

<u>Line</u>	<u>Item</u>	2007 <u>Total NSP</u>	2007 <u>N.D. Juris.</u>	<u>N. D. %</u>	2006 <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
	<u>Operating Revenues:</u>					
1	Residential	\$413,790	\$32,887	7.9%	\$30,323	8.5%
2	Firm C & I	\$233,793	\$37,842	16.2%	\$33,965	11.4%
3	Interruptible C & I	\$116,847	\$14,413	12.3%	\$14,658	-1.7%
4	Transportation/Other	\$28,425	\$634	2.2%	\$503	26.0%
5	Total Revenues:	\$792,855	\$85,776	10.8%	\$79,448	8.0%
	<u>Operating Expenses:</u>					
6	Production	\$624,366	\$70,589	11.3%	\$65,431	7.9%
7	Transmission	\$646	\$69	10.7%	\$109	-36.7%
8	Distribution	\$25,603	\$2,741	10.7%	\$2,256	21.5%
9	Customer Billing	\$17,473	\$1,779	10.2%	\$1,709	4.1%
10	Customer Service	\$10,980	\$312	2.8%	\$227	37.4%
11	Sales & Marketing	\$27	\$0	0.0%	\$0	*
12	Admin. & General	\$19,385	\$1,996	10.3%	\$1,804	10.6%
13	Depreciation & Amortizations	\$32,225	\$2,890	9.0%	\$2,787	3.7%
14	Property Taxes	\$12,655	\$1,019	8.1%	\$1,179	-13.6%
15	Other General Taxes ¹	\$2,277	\$241	10.6%	\$195	23.6%
16	Income Taxes	\$12,067	\$955	7.9%	\$825	15.8%
17	Deferred Income Taxes	\$211	\$52	24.6%	\$46	13.0%
18	Total Expenses:	\$757,915	\$82,643	10.9%	\$76,568	7.9%
19	Regulated Operating Income	\$34,940	\$3,133	9.0%	\$2,880	8.8%

¹ Includes gross earnings taxes (franchise fees) and payroll taxes.

Northern States Power Company

Gas Utility - North Dakota

(Dollars In Thousands)

III. AVERAGE RATE BASE

<u>Line</u>	<u>Item</u>	2007 <u>Total NSP</u>	2007 <u>N.D. Juris.</u>	<u>N. D. %</u>	2006 <u>N.D. Juris.</u>	<u>Annual</u> <u>Change</u>
1	Plant in Service	\$921,772	\$81,358	8.8%	\$80,014	1.7%
2	Accumulated Depreciation	\$408,934	\$36,702	9.0%	\$35,696	2.8%
3	Net Plant in Service	\$512,838	\$44,656	8.7%	\$44,318	0.8%
4	Plant Held for Future Use	\$0	\$0	*	\$0	*
5	Construct Work in Progress	\$2,157	\$101	4.7%	\$81	24.7%
6	Materials and Supplies	\$1,334	\$126	9.4%	\$161	-21.7%
7	Fuel Stocks	\$65,759	\$6,788	10.3%	\$6,633	2.3%
8	Prepayments & Other	\$6,491	\$766	11.8%	\$866	-11.5%
9	Customer Deposits	(\$353)	(\$33)	9.3%	(\$29)	13.8%
10	Cash Working Capital	\$0	\$0	*	\$0	*
11	Other Rate Base ¹	(\$14,051)	(\$1,299)	9.2%	(\$1,166)	11.4%
12	Accum. Deferred Taxes	(\$80,127)	(\$7,160)	8.9%	(\$6,982)	2.5%
13	Total Other Rate Base	(\$18,790)	(\$711)	3.8%	(\$436)	63.1%
14	Total Average Rate Base	\$494,048	\$43,945	8.9%	\$43,882	0.1%

¹ Includes deferred assets and liabilities such as accrued vacations, post-retirement medical benefits (FASB 106), post employment benefits (FASB 112), unfunded pension liability, deferred gas costs, severance accrual, etc.

Northern States Power Company

Gas Utility - North Dakota

(Dollars In Thousands)

IV. COST OF CAPITAL

2007 Actual

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$2,395,647	44.77%	6.83%	3.06%
2	Short-Term Debt	\$249,151	4.66%	5.57%	0.26%
3	Total Debt	\$2,644,798	49.43%	6.71%	3.32%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$2,705,969	50.57%	7.53%	3.81%
6	Total Equity	\$2,705,969	50.57%		
7	Total Capital	\$5,350,767	100.00%		7.13%

2007 Normalized

<u>Line</u>	<u>Item</u>	<u>Amount</u>	<u>% of Total</u>	<u>Cost</u>	<u>Weighted Cost</u>
1	Long-Term Debt	\$2,395,647	44.77%	6.83%	3.06%
2	Short-Term Debt	\$249,151	4.66%	5.57%	0.26%
3	Total Debt	\$2,644,798	49.43%	6.71%	3.32%
4	Preferred Stock	\$0	0.00%	0.00%	0.00%
5	Common Equity	\$2,705,969	50.57%	7.66%	3.88%
6	Total Equity	\$2,705,969	50.57%		
7	Total Capital	\$5,350,767	100.00%		7.19%

Northern States Power Company

Supporting Information - North Dakota

I. Sales and Customer Data

Electric Utility (N. D. Jurisdiction)

Line	Customers (@ Dec)	2007	2006	2005	2004	2003
1	Residential	74,094	73,151	71,794	74,058	73,521
2	Small C & I	11,821	11,656	11,511	11,768	11,611
3	Large C & I	21	23	23	25	25
4	PSHL/OSPA	273	271	277	281	278
5	Total Retail	86,209	85,101	83,605	86,132	85,435
Line	Mwh Sales	2007	2006	2005	2004	2003
6	Residential	761,356	733,006	734,205	719,108	745,836
7	Small C & I	1,067,116	1,029,866	1,004,308	971,972	976,706
8	Large C & I	358,129	360,130	314,688	357,654	323,157
9	PSHL/OSPA	26,858	26,474	25,275	24,627	24,350
10	Total Retail	2,213,459	2,149,476	2,078,476	2,073,361	2,070,049
11	Ave. ¢/Kwh	6.59	6.23	5.67	5.50	5.38
12	Ave. Res. Monthly Usage (kwh)	856	835	852	809	845
13	Ave. Res. Monthly Bill	\$62.40	\$61.12	\$61.71	\$52.66	\$52.79

Gas Utility (N. D. Jurisdiction)

Line	Customers (@ Dec)	2007	2006	2005	2004	2003
14	Residential	38,185	37,301	36,233	35,731	34,327
15	Firm C & I	6,514	6,356	6,166	6,231	6,094
16	Interruptible C & I	126	129	132	133	133
17	Total Retail	44,825	43,786	42,531	42,095	40,554
18	Transportation					
Line	Mcf Sales	2007	2006	2005	2004	2003
19	Residential	3,052	2,579	2,909	2,975	3,032
20	Firm C & I	3,880	3,238	3,384	3,507	3,606
21	Interruptible C & I	1,905	1,790	1,830	1,878	1,834
22	Total Retail	8,838	7,607	8,123	8,360	8,472
23	Transportation	1,081	1,093	1,218	1,105	985
24	Ave. Retail \$/mcf	\$9.63	\$10.38	\$10.55	\$7.84	\$7.83
25	Ave. Res. Mo. Usage (ccf)	67	58	67	69	74
26	Ave. Res. Monthly Bill	\$71.77	\$67.74	\$78.33	\$65.34	\$63.47

Xcel Energy
Supporting Information - North Dakota

II. AFFILIATED TRANSACTIONS SUMMARY

Line #	Affiliate Name	General Description of Services Rendered &/or Supplied	Portion Allocated to North Dakota Jurisdiction Electric and Gas Totals (1)	
			Expense (2)	Revenue (3)
1	NSP (Wis.)	Electric and Gas Utility	6,958,925	21,075,017
2	Public Service of Colorado	Electric and Gas Utility	7,265	1,722
3	Southwestern Public Service	Electric Utility	170	592
4	United Power and Land	Real estate holdings	-	-
5	Eloigne Company	Affordable housing investment program	-	2,100
6	Xcel Energy Services	Xcel Energy Service Company	13,801,926	-
7	e'Prime	Engineering services	-	-

Notes:

- (1) The amounts allocated to North Dakota electric and gas jurisdictions represent an estimate based on an overall allocation factor applied to all of the revenues and expenses for each affiliate. To derive the actual amounts by jurisdiction would require an allocation by transaction by account number and would require significant analysis and expense to perform.
- (2) Expense to North Dakota electric and gas jurisdictions. Revenue to affiliate for services provided to NSP (Mn).
- (3) Revenue to North Dakota electric and gas jurisdictions. Expense to the affiliate for services provided to the affiliate by NSP (MN).

Xcel Energy
Supporting Information North Dakota

III. AFFILIATED TRANSACTIONS SUMMARY

	<u>Total</u> <u>Expense</u>	<u>Total</u> <u>Revenue</u>	<u>Elec %</u>	<u>Gas %</u>	<u>(Customers)</u> <u>ND Elec%</u>	<u>(Customers)</u> <u>ND Gas%</u>	<u>Allocation</u> <u>Used (1)</u>
NSP Wis.	633,376	883,449	89.5851%	10.4149%	6.2886%	9.4658%	Common
PSCo	115,533	27,388	100.0%	0.0%	6.2886%	0.0%	Electric
SPS	2,705	9,411	100.0%	0.0%	6.2886%	0.0%	Electric
UP&L	-	-	89.5851%	10.4149%	6.2886%	9.4658%	Common
Eloigne	-	31,729	89.5851%	10.4149%	6.2886%	9.4658%	Common
XES	208,504,020	-	89.5851%	10.4149%	6.2886%	9.4658%	Common
e'Prime	-	-	100.0%	0.0%	6.2886%	0.0%	Electric
	209,255,634	951,977					

(1) Allocation of Revenues & Expenses between NSP Minnesota and Affiliates

Common Allocation Methodology is Labor	Electric	Gas	Load Dispatch	10.7351%
Utility Labor Allocator	89.5851%	10.4149%	Design Day	10.3268%
Customers North Dakota Jurisdictional	6.2886%	9.4658%		
Factor Formula: ((Util Elec)*ND Jur Ele)+((Util Gas)*ND Jur Gas) =				6.6195%

(2) Affiliated Transactions between Minnesota and Wisconsin

	<u>Total</u>	<u>ND Alloc.</u>		<u>Total</u>	<u>ND Alloc.</u>	<u>Alloc.</u> <u>Method</u>	<u>ND</u> <u>Alloc %</u>
Electric Inter change Agreement dollars				Expenses			
Revenues **	130,131,843	7,403,070	Fixed	39,481,496	2,246,063	Demand	5.689%
	203,670,823	11,984,806	Variable	39,863,722	2,345,741	Energy	5.884%
	27,937,470	1,589,335	Transmission	40,872,488	2,325,195	Demand	5.689%
Electric Total	361,740,136	20,977,211		120,217,705	6,916,999		

** Does not include decommissioning & Deferral costs of \$5,621,647

Gas SCADA Agreement

SCADA	366,335	39,326
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