

Edgar Filing: XCEL ENERGY INC - Form U-13-60

XCEL ENERGY INC  
Form U-13-60  
April 30, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM U-13-60

ANNUAL REPORT

FOR THE PERIOD

BEGINNING JANUARY 1, 2002 AND ENDING DECEMBER 31, 2002

TO THE

U.S. SECURITIES AND EXCHANGE COMMISSION

OF

XCEL ENERGY SERVICES INC.  
(Exact Name of Reporting Company)

A Subsidiary SERVICE COMPANY  
("Mutual" or "Subsidiary")

Date of Incorporation April 2, 1997

State or Sovereign Power under which Incorporated or Organized: Delaware

Location of Principal Executive Offices of Reporting Company: Minneapolis, MN

Name, title, and address of officer to whom correspondence concerning this  
report should be addressed:

David E. Ripka  
(Name)

Vice President and Controller  
(Title)

800 Nicollet Mall Minneapolis  
(Address)

Name of Principal Holding Company Whose Subsidiaries are served by Reporting  
Company:

XCEL ENERGY INC.

INSTRUCTIONS FOR USE OF FORM U-13-60

1. TIME OF FILING. --Rule 94 provides that on or before the first day of May in each calendar year, each mutual service company and each subsidiary service company as to which the Commission shall have made a favorable finding pursuant to Rule 88, and every service company whose application for approval or declaration pursuant to Rule 88 is pending shall file with the Commission an annual report on Form U-13-60 and in accordance with the Instructions for that form.
2. NUMBER OF COPIES. --Each annual report shall be filed in duplicate. The company should prepare and retain at least one extra copy for itself in case correspondence with reference to the report becomes necessary.
3. PERIOD COVERED BY REPORT. --The first report filed by any company shall cover the period from the date the Uniform System of Accounts was required to be made effective as to that company under Rules 82 and 93 to the end of that calendar year. Subsequent reports should cover a calendar year.
4. REPORT FORMAT. --Reports shall be submitted on the forms prepared by the Commission. If the space provided on any sheet of such form is inadequate, additional sheets may be inserted of the same size as a sheet of the form or folded to each size.
5. MONEY AMOUNTS DISPLAYED. --All money amounts required to be shown in financial statements may be expressed in whole dollars, in thousands of dollars or in hundred thousands of dollars, as appropriate and subject to provisions of Regulation S-X (210.3-01(b)).
6. DEFICITS DISPLAYED. --Deficits and other like entries shall be indicated by the use of either brackets or a parenthesis with corresponding reference in footnotes. (Regulation S-X, 210.3-01(c))
7. MAJOR AMENDMENTS OR CORRECTIONS. --Any company desiring to amend or correct a major omission or error in a report after it has been filed with the Commission shall submit an amended report including only those pages, schedules, and entries that are to be amended or corrected. A cover letter shall be submitted requesting the Commission to incorporate the amended report changes and shall be signed by a duly authorized officer of the company.
8. DEFINITIONS. --Definitions contained in Instruction 01-8 to the Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Public Utility Holding Company Act of 1935, as amended February 2, 1979 shall be applicable to words or terms used specifically within this Form U-13-60.
9. ORGANIZATION CHART. --The service company shall submit with each annual report a copy of its current organization chart.
10. METHODS OF ALLOCATION. --The service company shall submit with each annual report a listing of the currently effective methods of allocation being used by the service company and on file with the Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935.
11. ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED. --The service company shall submit with each annual report a copy of the annual statement supplied to each associate company in support of the amount of compensation for use of capital billed during the calendar year.

## LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

Description of Schedules and Accounts -----	Schedule or Account Number -----
Comparative Balance Sheets	Schedule I
Service Company Property	Schedule II
Accumulated Provision for Depreciation and Amortization of Service Company Property	Schedule III
Investments	Schedule IV
Accounts Receivable from Associate Companies	Schedule V
Fuel Stock Expenses Undistributed	Schedule VI
Stores Expense Undistributed	Schedule VII
Miscellaneous Current and Accrued Assets	Schedule VIII
Miscellaneous Deferred Debits	Schedule IX
Research, Development, or Demonstration Expenditures	Schedule X
Proprietary Capital	Schedule XI
Long-Term Debt	Schedule XII
Current and Accrued Liabilities	Schedule XIII
Notes to Financial Statements	Schedule XIV
Comparative Statement of Income	Schedule XV
Analysis of Billing - Associate Companies	Account 457
Analysis of Billing - Nonassociate Companies	Account 458
Analysis of Charges for Service - Associate and Nonassociate Companies	Schedule XVI
Schedule of Expense by Department or Service Function	Schedule XVII
Departmental Analysis of Salaries	Account 920
Outside Services Employed	Account 923
Employee Pensions and Benefits	Account 926
General Advertising Expenses	Account 930.1

Description of Schedules and Accounts -----	Schedule or Account Number -----
Miscellaneous General Expenses	Account 930.2
Rents	Account 931
Taxes Other Than Income Taxes	Account 408
Donations	Account 426.1
Other Deductions	Account 426.5
Notes to Statements of Income	Schedule XVIII

LISTING OF INSTRUCTIONAL FILING REQUIREMENTS

Organization Chart

Methods of Allocation

Annual Statement of Compensation for Use of Capital Billed

Signature Clause

ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

SCHEDULE I--COMPARATIVE BALANCE SHEET  
(thousands of dollars)

Give balance sheet of the Company as of December 31 of the current and prior year

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ACCOUNT	ASSETS AND OTHER DEBITS		
-----	-----		-----
	SERVICE COMPANY PROPERTY		
101	Service company property	(Schedule II)	\$
107	Construction work in progress	(Schedule II)	
	Total Property		-----
108	Less accumulated provision for depreciation and amortization of service company property	(Schedule III)	
	Net Service Company Property		-----
	INVESTMENTS		
123	Investments in associate companies	(Schedule IV)	
124	Other investments	(Schedule IV)	
	Total Investments		-----
	CURRENT AND ACCRUED ASSETS		
131	Cash		
134	Special deposits		
135	Working funds		
136	Temporary cash investments	(Schedule IV)	
141	Notes receivable		
143	Accounts receivable		
144	Accumulated provision for uncollectable accounts		
146	Accounts receivable from associate companies	(Schedule V)	
152	Fuel stock expenses undistributed	(Schedule VI)	
154	Materials and supplies		
163	Stores expense undistributed	(Schedule VII)	
165	Prepayments		
174	Miscellaneous current and accrued assets	(Schedule VIII)	
	Total Current and Accrued Assets		-----
	DEFERRED DEBITS		
181	Unamortized debt expense		
184	Clearing accounts		
186	Miscellaneous deferred debits	(Schedule IX)	
188	Research, development, or demonstration expenditures	(Schedule X)	
190	Accumulated deferred income taxes		
	Total Deferred Debits		-----
	TOTAL ASSETS AND OTHER DEBITS		\$ =====

(1) Includes outstanding checks

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SCHEDULE I--COMPARATIVE BALANCE SHEET  
(thousands of dollars)

ACCOUNT	LIABILITIES AND PROPRIETARY CAPITAL		
-----	-----		
	PROPRIETARY CAPITAL		
201	Common stock issued	(Schedule XI)	\$
211	Miscellaneous paid-in-capital	(Schedule XI)	
215	Appropriated retained earnings	(Schedule XI)	
216	Unappropriated retained earnings	(Schedule XI)	
			-----
	Total Proprietary Capital		-----
	LONG-TERM DEBT		
223	Advances from associate companies	(Schedule XII)	
224	Other long-term debt	(Schedule XII)	
225	Unamortized premium on long-term debt		
226	Unamortized discount on long-term debt-debit		
			-----
	Total Long-Term Debt		-----
	CURRENT AND ACCRUED LIABILITIES		
231	Notes payable		
232	Accounts payable		
233	Notes payable to associate companies	(Schedule XIII)	
234	Accounts payable to associate companies	(Schedule XIII)	
236	Taxes accrued		
237	Interest accrued		
238	Dividends declared		
241	Tax collections payable		
242	Miscellaneous current and accrued liabilities	(Schedule XIII)	
			-----
	Total Current and Accrued Liabilities		-----
	DEFERRED CREDITS AND OTHER NON-CURRENT LIABILITIES		
228	Accumulated provision for pension and benefits		
253	Other deferred credits		
255	Accumulated deferred investment tax credits		
			-----
	Total Deferred Credits and Other Non-Current Liabilities		-----
283	ACCUMULATED DEFERRED INCOME TAXES		-----
			-----
	TOTAL LIABILITIES AND PROPRIETARY CAPITAL		\$
			=====

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For the Year Ended December 31, 2002

SCHEDULE II--SERVICE COMPANY PROPERTY  
(thousands of dollars)

DESCRIPTION -----	BALANCE AT BEGINNING OF YEAR -----	ADDITIONS -----	RETIREMENTS OR SALES -----
SERVICE COMPANY PROPERTY			
Account			
301 Organization	\$ --	\$ --	\$ --
303 Miscellaneous intangible plant	--	--	--
304 Land and land rights	--	--	--
305 Structures and improvements	--	--	--
306 Leasehold improvements	--	--	--
307 Equipment (2)	--	--	--
308 Office furniture and equipment	--	--	--
309 Automobiles, other vehicles and related garage equipment	--	--	--
310 Aircraft and airport equipment	--	--	--
311 Other service company property (3)	--	--	--
	-----	-----	-----
SUB-TOTAL	--	--	--
107 Construction work in progress (4)	13		--
	-----	-----	-----
TOTAL	\$ 13	\$ --	\$ --
	=====	=====	=====

- (1) Provide an explanation of those changes considered material: None
- (2) Subaccounts are required for each class of equipment owned. The service company shall provide a listing by subaccount of equipment additions during the year and the balance at the close of the year: None
- (3) Describe other service company property: None
- (4) Describe construction work in progress: None

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For the Year Ended December 31, 2002

SCHEDULE III--ACCUMULATED PROVISION FOR DEPRECIATION  
AND AMORTIZATION OF SERVICE COMPANY PROPERTY  
(thousands of dollars)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS TO ACCOUNT 403	RETIREMENTS OR SALES	OTHE CHANG (1)
Account				
301 Organization	\$ --	\$ --	\$ --	\$
303 Miscellaneous intangible plant	--	--	--	
304 Land and land rights	--	--	--	
305 Structures and improvements	--	--	--	
306 Leasehold improvements	--	--	--	
307 Equipment	--	--	--	
308 Office furniture and fixtures	--	--	--	
309 Automobiles, other vehicles and related garage equipment	--	--	--	
310 Aircraft and airport equipment	--	--	--	
311 Other service company property	--	--	--	
TOTAL	\$ --	\$ --	\$ --	\$

(1) Provide an explanation of those changes considered material: None

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SCHEDULE IV--INVESTMENTS  
(thousands of dollars)

INSTRUCTIONS: Complete the following schedule concerning investments.

Under Account 124, "Other Investments", state each investment separately, with description, including the name of issuing company, number of shares or principal amount, etc.

Under Account 136, "Temporary Cash Investments", list each investment



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separately.

ACCOUNT	ASSETS AND OTHER DEBITS	BALANCE AT BEGINNING OF YEAR
123	Investment in associate companies	\$ --
124	Other investments: Pacific Life Insurance Co.; Key Man Life Insurance (1) US Bancorp; Rabbi Trust (1)	3,402 458
136	Temporary cash investments	--
	TOTAL	\$ 3,860

(1) Funding vehicles for deferred compensation liabilities

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For the Year Ended December 31, 2002

SCHEDULE V--ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES  
(thousands of dollars)

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR
Account 146 -- Accounts Receivable from Associate Companies	
Xcel Energy Inc.	\$ 6,953
Xcel Energy-Cadence Inc.	2

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Cheyenne Light, Fuel and Power Company	370
1480 Welton, Inc.	42
Public Service Company of Colorado	53,362
P.S.R. Investments, Inc.	18
e prime, inc	119
Xcel Energy International Inc.	71
PS Colorado Credit Corporation, a dissolved corporation	56
WestGas InterState, Inc.	1
Utility Engineering Corporation	2,210
Quixx Corporation	533
Southwestern Public Service Company	14,929
Planergy International Inc.	60
Xcel Energy Retail Holdings Inc.	82
Xcel Energy Wyco Inc.	3
Wyco Development LLC	5
NRG Energy, Inc.	816
Viking Gas Transmission Company	74
Eloigne Company	7
First Midwest Auto Park, Inc. (sold)	(10)
United Power & Land Company	29
Seren Innovations, Inc.	160
Ultra Power Technologies, Inc.	(3)
Black Mountain Gas Company	51
Xcel Energy Products and Services Inc.	120
Northern States Power Company (a Minnesota Corp.) (NSP-MN)	35,829
Northern States Power Company (a Wisconsin Corp.) (NSP-WI)	3,907
Xcel Energy-Centrus Inc.	9
Reddy Kilowatt Corporation	1
XERS Inc.	728
NCE Communications, Inc.	2
Xcel Energy Markets Holdings Inc.	--
Xcel Energy Ventures Inc.	--
XEPS LLC (dissolved)	--
e-prime Energy Marketing, Inc.	--

TOTAL \$ 120,536

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For the Year Ended December 31, 2002

SCHEDULE V--ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES  
(thousands of dollars)

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

Analysis of Convenience or Accommodation Payments:

Public Service Company of Colorado  
Northern States Power Company (a Minnesota Corp.) (NSP-MN)  
Northern States Power Company (a Wisconsin Corp.) (NSP-WI)  
Southwestern Public Service Company  
Xcel Energy Inc.  
Cheyenne Light, Fuel and Power Company  
Eloigne Company  
Black Mountain Gas Company  
Seren Innovations, Inc.  
United Power & Land Company  
Viking Gas Transmission Company  
Xcel Energy Markets Holdings Inc.  
Xcel Energy Retail Holdings Inc.  
1480 Welton, Inc.  
e prime, inc.  
Planergy International Inc.  
Utility Engineering Corporation  
WestGas InterState, Inc.  
NRG Energy, Inc.  
e-prime Energy Marketing, Inc.  
XERS Inc.  
NCE Communications, Inc.

TOTAL PAY

The majority of convenience payments relate to insurance, donations, employee benefits, postage, freight, printing, facility services, banking activity, legal services, strategic planning contracts, software, hardware and communications.

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SCHEDULE VI--FUEL STOCK EXPENSES UNDISTRIBUTED  
(thousands of dollars)

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company. Under the section headed "Summary" list below give an overall report of the fuel functions performed by the service company.

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DESCRIPTION -----	LABOR -----	EXPENSE -----
Account 152 -- Fuel Stock Expenses Undistributed	\$ --	\$ --
	-----	-----
TOTAL	\$ --	\$ --
	=====	=====

Summary: None

SCHEDULE VII--STORES EXPENSE UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to stores expenses during the year and indicate amount attributable to each associate company.

DESCRIPTION -----	LABOR -----	EXPENSE -----
Account 163 -- Stores Expenses Undistributed	\$ --	\$ 6
	-----	-----
TOTAL	\$ --	\$ 6
	=====	=====

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SCHEDULE VIII--MISCELLANEOUS CURRENT AND ACCRUED ASSETS  
(thousands of dollars)

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION

BALANCE  
BEGINNING  
OF YEAR

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-----  
 Account 174 -- Miscellaneous Current and Accrued Assets

-----  
 \$  
 -----

TOTAL \$  
 =====

SCHEDULE IX--MISCELLANEOUS DEFERRED DEBITS  
 (thousands of dollars)

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped by class showing the number of items in each class.

DESCRIPTION -----	BALANCE BEGINNING OF YEAR -----
Account 186 -- Miscellaneous Deferred Debits	
Prepaid pension	\$ 22
	-----
	TOTAL \$ 22
	=====

SCHEDULE X--RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES  
 (thousands of dollars)

INSTRUCTIONS: Provide a description of each material research, development, or demonstration project which incurred costs by the service corporation during the year.

DESCRIPTION -----	BALANCE BEGINNING OF YEAR -----
Account 188 -- Research, Development, or Demonstration	
Expenditures	\$
	-----
	TOTAL \$
	=====

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SCHEDULE XI--PROPRIETARY CAPITAL  
(thousands of dollars, except per share data)

ACCOUNT NUMBER	CLASS OF STOCK	NUMBER OF SHARES AUTHORIZED	PAR OR STATED VALUE PER SHARE	OUTSTANDING AT CLOSE OF PERIOD	
				NUMBER OF SHARES	TOTAL AMOUNT
201	Common Stock Issued	1,000	\$ 0.01	1,000	\$ --

INSTRUCTIONS: Classify amounts in each account with a brief explanation, disclosing the general nature of transactions which give rise to the amounts.

DESCRIPTION	AMOUNT
Account 211 -- Miscellaneous Paid-In Capital	\$ 1
--Accumulated Other Comprehensive Income: unrealized investments gains (losses)	(83)
Account 215 -- Appropriated Retained Earnings	--
TOTAL	\$ (82)

INSTRUCTIONS: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owned or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

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DESCRIPTION -----	BALANCE AT BEGINNING OF YEAR -----	NET INCOME OR (LOSS) -----	DIVIDENDS PAID -----
Account 216 -- Unappropriated Retained Earnings	\$ --	\$ --	\$ --
TOTAL	\$ --	\$ --	\$ --

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SCHEDULE XII--LONG-TERM DEBT  
(thousands of dollars)

INSTRUCTIONS: Advances from associate companies should be reported separately for advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 - Other long-term debt provide the name of creditor company or organization, terms of the obligation, date of maturity, interest rate, and the amount authorized and outstanding.

NAME OF CREDITOR -----	TERM OF OBLIGATION CLASS & SERIES OF OBLIGATION -----	DATE OF MATURITY -----	INTEREST RATE -----	AMOUNT AUTHORIZED -----	BALANCE AT BEGINNING OF YEAR -----	ADDITI -----
Account 223 - Advances From Associate Companies:				\$ --	\$ --	\$
Account 224 - Other Long-Term Debt:				--	--	
TOTAL				\$ --	\$ --	\$

(1) Give an explanation of deductions: None

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For the Year Ended December 31, 2002

SCHEDULE XIII--CURRENT AND ACCRUED LIABILITIES  
(thousands of dollars)

INSTRUCTIONS: Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilities. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION -----	BALANCE BEGINNING OF YEAR -----
Account 233 -- Notes Payable to Associate Companies Notes Payable - Xcel Energy Inc.	\$ 10 -----
TOTAL	\$ 10 =====
Account 234 -- Accounts Payable to Associate Companies	\$ -----
TOTAL	\$ =====
Account 242 -- Miscellaneous Current and Accrued Liabilities Current Liability - Suspense Account (billed out in January 2003)	\$ -----
TOTAL	\$ =====

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For the Year Ended December 31, 2002

## SCHEDULE XIV - NOTES TO FINANCIAL STATEMENTS

INSTRUCTIONS: The space below is provided for important notes regarding the financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ORGANIZATION AND FINANCIAL STATEMENT PRESENTATION

Xcel Energy Services Inc. (XES or the Company) is a wholly owned subsidiary of Xcel Energy Inc. (Xcel Energy). XES is the service company for Xcel Energy and its subsidiaries and began its operations effective August 1, 2000. XES provides various administrative, management, environmental and other support services to Xcel Energy and its subsidiaries, at cost, pursuant to service agreements approved by the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (PUHCA), as amended. The majority of the services performed by XES for Xcel Energy and its subsidiaries are provided to Xcel Energy's four major operating utilities, Northern States Power Company, a Minnesota corporation (NSP-Minnesota), Northern States Power Company, a Wisconsin corporation (NSP-Wisconsin), Public Service Company of Colorado and Southwestern Public Service Company.

On August 18, 2000, New Century Energies, Inc. (NCE) and Northern States Power Company (NSP) merged and formed Xcel Energy. Each share of NCE common stock was exchanged for 1.55 shares of Xcel Energy common stock. NSP shares became Xcel Energy shares on a one-for-one basis. The merger was structured as a tax-free, stock-for-stock exchange for shareholders of both companies (except for fractional shares), and accounted for as a pooling-of-interests. Pursuant to the merger agreement, NCE was merged with and into NSP. NSP, as the surviving legal corporation, changed its name to Xcel Energy.

#### REGULATION

XES is subject to regulation by the SEC under the PUHCA. XES' accounting policies conform to accounting principles generally accepted in the United States of America. XES maintains its accounts in accordance with the Uniform System of Accounts Prescribed for Public Utilities and Licensees subject to the Provisions of the Federal Power Act promulgated by the Federal Energy Regulatory Commission.

#### USE OF ESTIMATES

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of financial instruments approximates fair value. Fair values have been determined through information obtained from market sources and

management estimates.

INCOME TAXES

The Company's operations are included in the consolidated Federal income tax return of Xcel Energy. The allocation of income tax consequences to the Company, including alternative minimum tax, is calculated under a parent company policy which provides that benefits or liabilities created by the Company, computed on a separate return basis, will be allocated to (and paid to or by) the Company to the extent the benefits are usable or additional liabilities are incurred in Xcel Energy's consolidated tax returns. Deferred taxes are provided on temporary differences between the financial accounting and tax bases of assets and liabilities using the tax rates that are in effect at the balance sheet date (see Note 6).

STOCK-BASED COMPENSATION

The Company uses the intrinsic value based method of accounting for its stock-based compensation plan.

2. COMMON STOCK

XES is authorized to issue 1,000 shares of Common Stock at a par value of one cent (\$.01) per share. As of December 31, 2002, all shares of common stock were issued and held by Xcel Energy.

3. SHORT-TERM BORROWINGS

At December 31, 2002, Xcel Energy had \$400 million in credit facilities with several banks.

PERIOD BEGINNING	TERM	CREDIT LINE
November 2000	5 years	\$ 400 million

The line of credit provides short-term financing in the form of bank loans and letters of credit. At Dec. 31, 2002, there were \$399 million of loans outstanding under the Xcel Energy line of credit. The borrowing rate under this line of credit is based on the applicable London Interbank Offered Rate (LIBOR) plus an applicable spread, a euro dollar rate margin and the amount of money borrowed.

The Board of Directors has authorized the Company to borrow directly from Xcel Energy. At December 31, intercompany borrowings outstanding and the weighted average interest rate were as follows (dollars in thousands):

	2002	2001
Intercompany borrowings.....	\$ 65,909	\$ 10,265
Weighted average interest rate.....	2.79%	2.74%

4. COMMITMENTS AND CONTINGENCIES

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### LEASING PROGRAMS

The Company made payments for leases of various facilities used in the normal course of business. The majority of the operating leases are under a leasing program that has initial noncancelable terms of one year, while the remaining leases have various terms. These leases may be renewed or replaced. No material restrictions exist in these leasing agreements concerning dividends, additional debt, or further leasing. Rental expense for the years ended December 31, 2002 and 2001 was approximately \$18.0 million and \$14.3 million, respectively.

Estimated future minimum lease payments at December 31, 2002 are as follows (thousands of dollars):

2003 .....	\$ 15,449
2004 .....	15,575
2005 .....	15,611
2006 .....	13,571
2007 .....	9,786
All years thereafter ....	8,299

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### TECHNOLOGY AGREEMENT

XES has a service agreement that extends through 2011 with International Business Machines Corporation (IBM) to manage most of XES's information technology systems and network infrastructure. This service agreement provides the Company with flexibility as to the amount, type and quality of service provided by IBM. The contract is cancelable at our option, although there are financial penalties for early termination. For the years ended December 31, 2002 and 2001, XES payments to IBM were approximately \$132 million and \$130 million, respectively. The contract also commits us to pay a minimal amount each year from 2002 through 2011.

### 5. BENEFIT PLANS AND OTHER POSTRETIREMENT BENEFITS

#### PENSIONS

The Company participates in various tax qualified noncontributory defined benefit pension plans, which cover substantially all Xcel Energy employees. At December 31, 2002, there were 14,445 Xcel Energy employees (including 2,965 Company employees) participating in these plans. Xcel Energy, as the plan sponsor, has overall responsibility for directly allocating such costs of each individual plan to each of the participating employers. The plans' actuary determined this allocation based on benefit obligations for active participants. Benefits are based on a combination of years of service, the employee's average pay and Social Security benefits.

Xcel Energy's policy is to fully fund into an external trust the actuarially determined pension costs recognized for ratemaking and financial reporting purposes, subject to the limitations of applicable employee benefit and tax laws. Plan assets principally consist of the common stock of public companies,

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corporate bonds and U.S. government securities. The target range for the Plan's asset allocation is 75 to 80 percent with equity investments, 5 to 10 percent with fixed income investments, no cash investments and 10 to 15 percent with nontraditional investments (such as real estate and timber ventures). At December 31, 2002, the actual pension portfolio mix was 68 percent equity, 16 percent fixed income, 4 percent cash investments and 12 percent nontraditional investments.

Summary information of the actuarially computed benefit obligation, plan assets, funded status and prepaid pension asset for the Xcel Energy plans at December 31, 2002 and 2001, is presented in the following table (in thousands):

	2002	2001
Benefit obligation .....	\$ 2,505,576	\$ 2,409,186
Fair value of plan assets .....	2,639,963	3,267,586
	-----	-----
Funded status: Plan assets exceed benefit obligations ....	\$ 134,387	\$ 858,400
	=====	=====
Xcel Energy prepaid pension asset .....	\$ 466,229	\$ 378,825
	=====	=====

The Company's net periodic pension credit for the years ended December 31, 2002 and 2001 was \$22,670,000 and \$15,903,000. Significant assumptions used by the Company's actuary in the determination of these amounts are presented in the following table:

	2002	2001
Significant assumptions:		
Discount rate for year-end valuation .....	6.75%	7.25%
Expected long-term increase in compensation level .....	4.00%	4.50%
Expected average long-term rate of return on assets ....	9.50%	9.50%

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### DEFINED CONTRIBUTION PLANS

The Company participates in various defined contribution plans, which cover substantially all Xcel Energy employees. Total contributions to these plans by Xcel Energy were approximately \$23 million and \$29 million in 2002 and 2001, respectively.

Until May 6, 2002, Xcel Energy had a leveraged employee stock ownership plan (ESOP) that covered substantially all employees of the former NSP. Xcel Energy made contributions to this noncontributory, defined contribution plan to the extent it realized a tax savings from dividends paid on certain ESOP shares.

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ESOP contributions had no material effect on Xcel Energy earnings because the contributions were essentially offset by the tax savings provided by the dividends paid on ESOP shares. Xcel Energy allocated leveraged ESOP shares to participants when it repaid ESOP loans with dividends on stock held by the ESOP.

In May 2002, the ESOP was terminated and its assets were combined into the Xcel Energy Retirement Savings 401(k) Plan. Starting with the 2003 plan year, the ESOP component of the 401(k) Plan will no longer be leveraged.

### POSTRETIREMENT HEALTH CARE BENEFITS

The Company participates in various health and welfare plans administered by Xcel Energy. Xcel Energy has contributory health and welfare benefit plans that provide health care and death benefits to most Xcel Energy retirees. The NSP plan was terminated for nonbargaining employees retiring after 1998 and for bargaining employees after 1999. In conjunction with the 1993 adoption of Statement of Financial Accounting Standards No. 106 - "Employers' Accounting for Postretirement Benefits Other Than Pensions," Xcel Energy elected to amortize the unrecognized accumulated postretirement benefit obligation (APBO) on a straight-line basis over 20 years. Plan assets are held in external funding trusts and principally consist of investments in equity mutual funds, fixed income securities and cash equivalents.

Summary information of the actuarially computed benefit obligation, plan assets, funded status and accrued benefit cost for the Xcel Energy plans at December 31 is presented in the following table (in thousands):

	2002	2001
	-----	-----
Benefit obligation .....	\$ 767,975	\$ 687,455
Fair value of plan assets .....	250,983	242,803
	-----	-----
Funded status: Plan obligations exceed assets .....	\$ 516,992	\$ 444,652
	=====	=====
Xcel Energy accrued benefit liability recorded .....	\$ 151,967	\$ 137,140
	=====	=====

The Company's net periodic postretirement benefit cost for the years ended December 31, 2002 and 2001 was \$2,692,000 and \$2,120,000, respectively. Significant assumptions used by the Company's actuary in the determination of these amounts are presented in the following table:

	2002	2001
	-----	-----
Significant assumptions:		
Discount rate for year-end valuation .....	6.75%	7.25%
Expected average long-term rate of return on assets .....	8.0-9.0%	9.0%

The assumed health care cost trend rate in 2002 is approximately 8 percent, decreasing gradually to 5.5 percent in 2007 and remaining level thereafter. A 1-percent increase in the assumed health care cost trend rate would increase the

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Company's total accumulated benefit obligation by approximately \$4,518,000 and the service and interest cost components of net periodic postretirement benefit costs by approximately \$400,000. A 1-percent decrease in the assumed health care cost trend rate will decrease the Company's total accumulated benefit obligation by approximately \$3,720,000 and the service and interest cost components of net periodic postretirement benefit costs by approximately \$325,000.

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6. INCOME TAXES

The provision for income taxes for the years ended December 31, 2002 and 2001 consist of the following (in thousands of dollars):

	2002	2001
	-----	-----
Current income taxes:		
Federal .....	\$ (2,834)	\$ (3,614)
State .....	(393)	(405)
	-----	-----
Total current income taxes .....	(3,227)	(4,019)
	-----	-----
Deferred income taxes:		
Federal .....	1,319	3,792
State .....	183	430
	-----	-----
Total deferred income taxes ...	1,502	4,222
	-----	-----
Total provision for income taxes ...	\$ (1,725)	\$ 203
	=====	=====

A reconciliation of the statutory U.S. income tax rate and the effective tax rates for the years ended December 31, 2002 and 2001 follows (dollars in thousands):

	2002		2001	
	-----		-----	
Tax computed at U.S. statutory rate on pre-tax accounting income .....	\$ (604)	35%	\$ 71	
Increase (decrease) in tax from:				
State income taxes, net of Federal income tax benefit .....	(136)	7		16
Non-deductible business meals .....	110	(6)		116
Stock options .....	(1,838)	107		--
Lobbying expenses .....	709	(41)		--
Other .....	34	(2)		--
	-----	-----	-----	-----

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Total income taxes ..... \$ (1,725) 100% \$ 203  
 =====

The tax effects of significant temporary differences representing deferred tax liabilities and assets are as follows (in thousands):

	2002	2001
	-----	-----
Deferred income tax liabilities:		
Information systems charges .....	\$ 4,537	\$ 6,575
Pension related costs .....	12,338	2,566
Rent adjustments .....	2,307	1,438
Incentive compensation .....	--	413
Vacation liability .....	447	--
	-----	-----
Total .....	\$ 19,629	\$ 10,992
	-----	-----
Deferred income tax assets:		
Postretirement benefit costs .....	\$ 4,249	\$ 1,200
Employee severance costs .....	4,125	--
Vacation liability .....	--	39
	-----	-----
Total .....	\$ 8,374	\$ 1,239
	-----	-----
Net deferred income tax liability ....	\$ 11,255	\$ 9,753
	=====	=====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XV - COMPARATIVE STATEMENT OF INCOME  
 (thousands of dollars)

ACCOUNT	DESCRIPTION	CURRENT YEAR	PRIOR YEAR
-----	-----	-----	-----
	INCOME		
457	Services rendered to associate companies	\$ 633,205	\$ 663,190
458	Services rendered to nonassociate companies	--	--
421	Miscellaneous income and loss	--	--
		-----	-----

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	TOTAL INCOME	633,205	663,190
		-----	-----
	EXPENSES		
920	Salaries and wages	219,445	182,460
921	Office supplies and expenses	419,257	295,794
922	Administrative expenses transferred - credit	(174,628)	5,414
923	Outside services employed	101,253	73,114
924	Property insurance	141	(573)
925	Injuries and damages	7,324	3,528
926	Employee pensions and benefits	6,641	52,339
928	Regulatory commission expenses	(36)	--
930.1	General advertising expenses	9,071	8,917
930.2	Miscellaneous general expenses	14,533	3,226
931	Rents	7,930	6,698
932	Maintenance of structures and equipment	--	--
935	Maintenance of general plant	--	--
	OTHER EXPENSES		
403	Depreciation and amortization expense	--	--
408	Taxes other than income taxes	14,760	13,034
409	Income taxes	(3,226)	(4,019)
410	Provision for deferred income taxes	1,502	4,222
411	Provision for deferred income taxes - credit	--	--
411.5	Investment tax credit	--	--
416	Expense from merchandise jobbing and contract work	--	--
417.1	Expenses of nonutility operations	--	--
426.1	Donations	1,310	5,753
426.5	Other deductions	6,942	10,962
427	Interest on long-term debt	--	--
430	Interest on debt to associate companies	1,345	2,310
431	Other interest expense	(359)	11
		-----	-----
	TOTAL EXPENSE	633,205	663,190
		-----	-----
	NET INCOME OR (LOSS)	\$ --	\$ --
		=====	=====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

ANALYSIS OF BILLING

ASSOCIATE COMPANIES--ACCOUNT 457  
(thousands of dollars)

NAME OF ASSOCIATE COMPANY	DIRECT COSTS CHARGED	INDIRECT COSTS CHARGED	COMPENSATION FOR USE OF CAPITAL
-----	-----	-----	-----
	457-1	457-2	457-3
Public Service Company of Colorado	\$ 158,506	\$ 49,132	\$ 723



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Southwestern Public Service Company	50,822	17,223	147
Cheyenne Light, Fuel and Power Company	2,042	862	17
1480 Welton, Inc.	30	444	--
e prime, inc.	900	337	3
P.S.R. Investments, Inc.	224	67	--
WestGas InterState, Inc.	20	4	--
Utility Engineering Corporation	862	1,471	121
Xcel Energy Inc.	17,522	3,529	25
Xcel Energy International Inc.	424	69	1
Xcel Energy-Cadence Inc.	4	--	--
Public Service Company of Colorado (Hayden)	254	1	--
Planergy International Inc.	511	259	22
Xcel Energy-Centrus Inc.	1	--	1
Public Service Company of Colorado (Tri-State)	19	--	--
Xcel Energy WYCO Inc.	67	22	--
Xcel Energy Retail Holdings Inc.	81	--	1
NCE Communications, Inc.	6	9	--
XERS Inc.	2,533	90	9
NSP-MN	224,932	47,735	207
NSP-WI	28,392	8,303	33
NRG Energy, Inc.	5,048	4,864	17
Viking Gas Transmission Company	473	338	2
Eloigne Company	68	70	--
First Midwest Auto Park, Inc. (sold)	8	2	--
Reddy Kilowatt Corporation	5	6	--
United Power and Land Company	136	13	--
Seren Innovations, Inc.	684	780	3
Ultra Power Technologies, Inc.	1	--	--
Black Mountain Gas Company	134	143	1
Natrogas, Incorporated	9	--	6
Xcel Energy Ventures Inc.	1	--	1
Xcel Energy Wholesale Group Inc.	1	--	--
XEPS, LLC (dissolved)	--	4	--
Xcel Energy Transco Inc.	1,227	16	4
e-prime Energy Marketing, Inc.	114	5	1
e-prime Florida, Inc.	1	--	--
	-----	-----	-----
TOTAL	\$ 496,062	\$ 135,798	\$ 1,345
	=====	=====	=====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

ANALYSIS OF BILLING

NONASSOCIATE COMPANIES--ACCOUNT 458  
(thousands of dollars)

INSTRUCTIONS: Provide a brief description of the services rendered to each nonassociate company:

NAME OF	DIRECT	INDIRECT	COMPENSATION	EXCESS	TOTAL
---------	--------	----------	--------------	--------	-------

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NONASSOCIATE COMPANY	COSTS CHARGED	COSTS CHARGED	FOR USE OF CAPITAL	TOTAL COST	OR DEFICIENCY	AMOUNT BILLED
-----	-----	-----	-----	-----	-----	-----
	458-1	458-2	458-3		458-4	

None

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XVI--ANALYSIS OF CHARGES FOR SERVICE--  
ASSOCIATE AND NONASSOCIATE COMPANIES  
(thousands of dollars)

INSTRUCTIONS: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

		ASSOCIATE COMPANY CHARGES		
ACCOUNT	DESCRIPTION OF ITEMS	DIRECT COST	INDIRECT COST	TOTAL
-----	-----	-----	-----	-----
920	Salaries and wages	\$ 184,653	\$ 34,792	\$ 219,445
921	Office supplies and expenses	359,640	59,617	419,257
922	Administrative expense transferred - credit	(174,628)	--	(174,628)
923	Outside services employed	76,885	24,368	101,253
924	Property insurance	137	4	141
925	Injuries and damages	3,729	3,595	7,324
926	Employee pensions and benefits	5,404	1,237	6,641
928	Regulatory commission expense	(36)	--	(36)
930.1	General advertising expenses	6,215	2,856	9,071
930.2	Miscellaneous general expense	12,410	2,123	14,533
931	Rents	6,930	1,000	7,930
932	Maintenance of structures and equipment	--	--	--
403	Depreciation and amortization expense	--	--	--
408	Taxes other than income taxes	12,612	2,148	14,760
409	Income taxes	(3,226)	--	(3,226)
410	Provision for deferred income taxes	1,502	--	1,502
411	Provision for deferred income taxes-credit	--	--	--
411.5	Investment tax credit	--	--	--
426.1	Donations	(1,710)	3,020	1,310
426.5	Other deductions	5,700	1,242	6,942
427	Interest on long-term debt	--	--	--
431	Other interest expense	--	(359)	(359)
		-----	-----	-----
	TOTAL EXPENSES	496,217	135,643	631,860
		-----	-----	-----

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430	Compensation for use of equity capital	--	--	--
	Interest on debt to associate companies	1,345		1,345
		-----	-----	-----
	TOTAL COST OF SERVICE	\$ 497,562	\$ 135,643	\$ 633,205
		=====	=====	=====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

ACCOUNT	DESCRIPTION OF ITEMS	TOTAL AMOUNT	OVERHEAD (1)	EXECUTIVE MGMT SRVS
-----	-----	-----	-----	-----
920	Salaries and wages	219,445	--	2,275
921	Office supplies and expenses	419,257	--	726
922	Administrative expense transferred - credit	(174,628)	--	--
923	Outside services employed	101,253	--	1,432
924	Property insurance	141	--	--
925	Injuries and damages	7,324	--	--
926	Employee pensions and benefits	6,641	--	80
928	Regulatory commission expense	(36)	--	--
930.1	General advertising expenses	9,071	--	--
930.2	Miscellaneous general expense	14,533	--	2,343
931	Rents	7,930	--	--
932	Maintenance of structures and equipment	--	--	--
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	--	--	--
408	Taxes other than income taxes	14,760	--	153
409	Income taxes	(3,226)	--	--
410	Provision for deferred income taxes	1,502	--	--
411	Provision for deferred income taxes-credit	--	--	--
411.5	Investment tax credit	--	--	--
426.1	Donations	1,310	--	71
426.5	Other deductions	6,942	--	118
427	Interest on long-term debt	--	--	--
430	Interest on debt to associate companies	1,345	--	--
431	Other interest expense	(359)	--	--
		-----	-----	-----
	TOTAL EXPENSES	\$ 633,205	\$ --	\$ 7,198
		=====	=====	=====

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(1) Overhead costs are included in each Service Function's cost in Accounts 408, 920, 926

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For the Year Ended December 31, 2002

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

ACCOUNT	DESCRIPTION OF ITEMS	DEPARTMENT OR SERVICE		
		CLAIMS SERVICES	CORPORATE COMMUNICATIONS	CORP STRATEGY & BUS DEVELOP
920	Salaries and wages	765	3,272	3,546
921	Office supplies and expenses	144	3,777	6,483
922	Administrative expense transferred - credit	--	--	--
923	Outside services employed	86	1,937	2,747
924	Property insurance	3	--	--
925	Injuries and damages	--	--	--
926	Employee pensions and benefits	18	88	80
928	Regulatory commission expense	--	--	--
930.1	General advertising expenses	--	8,678	--
930.2	Miscellaneous general expense	--	--	--
931	Rents	--	6	--
932	Maintenance of structures and equipment	--	--	--
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	--	--	--
408	Taxes other than income taxes	41	194	191
409	Income taxes	--	--	--
410	Provision for deferred income taxes	--	--	--
411	Provision for deferred income taxes-credit	--	--	--
411.5	Investment tax credit	--	--	--
426.1	Donations	--	350	--
426.5	Other deductions	--	(50)	167
427	Interest on long-term debt	--	--	--
430	Interest on debt to associate companies	--	--	--
431	Other interest expense	--	--	--
	TOTAL EXPENSES	\$ 1,057	\$ 18,252	\$ 13,214

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

ACCOUNT	DESCRIPTION OF ITEMS	FACILITIES ADMINISTRATIVE SERVICES	SUPPLY CHAIN	SUPPLY C SPECIA PROGRA
-----	-----	-----	-----	-----
920	Salaries and wages	479	5,945	
921	Office supplies and expenses	1,047	37,123	
922	Administrative expense transferred - credit	--	(34,554)	
923	Outside services employed	2,040	3,628	
924	Property insurance	--	1	
925	Injuries and damages	15	--	
926	Employee pensions and benefits	4	188	
928	Regulatory commission expense	--	--	
930.1	General advertising expenses	2	--	
930.2	Miscellaneous general expense	--	--	
931	Rents	360	--	
932	Maintenance of structures and equipment	--	--	
935	Maintenance of general plant	--	--	
403	Depreciation and amortization expense	--	--	
408	Taxes other than income taxes	15	392	
409	Income taxes	--	--	
410	Provision for deferred income taxes	--	--	
411	Provision for deferred income taxes-credit	--	--	
411.5	Investment tax credit	--	--	
426.1	Donations	--	66	
426.5	Other deductions	--	34	
427	Interest on long-term debt	--	--	
430	Interest on debt to associate companies	--	--	
431	Other interest expense	--	--	
	TOTAL EXPENSES	\$ 3,962	\$ 12,823	\$
		=====	=====	=====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION

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(thousands of dollars)

DEPARTMENT OR SERVICE FUNCTION

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

ACCOUNT	DESCRIPTION OF ITEMS	DEPARTMENT OR SERVICE FUNCTION		
		ACCOUNTING FINANCIAL RPTG AND TAXES	BUSINESS UNIT ACCOUNTING AND BUDGETING	PAYMENT REPORTING
920	Salaries and wages	17,875	15,804	1,3
921	Office supplies and expenses	16,061	47,844	1
922	Administrative expense transferred - credit	(870)	--	
923	Outside services employed	4,292	6,210	4
924	Property insurance	1	1	
925	Injuries and damages	(30)	--	
926	Employee pensions and benefits	370	428	
928	Regulatory commission expense	--	--	
930.1	General advertising expenses	--	--	
930.2	Miscellaneous general expense	11,757	6	
931	Rents	16	7	
932	Maintenance of structures and equipment	--	--	
935	Maintenance of general plant	--	--	
403	Depreciation and amortization expense	--	--	
408	Taxes other than income taxes	2,785	860	
409	Income taxes	(3,226)	--	
410	Provision for deferred income taxes	1,502	--	
411	Provision for deferred income taxes-credit	--	--	
411.5	Investment tax credit	--	--	
426.1	Donations	5	602	
426.5	Other deductions	4,168	1,191	
427	Interest on long-term debt	--	--	
430	Interest on debt to associate companies	1,345	--	
431	Other interest expense	(359)	--	
	TOTAL EXPENSES	\$ 55,692	\$ 72,953	\$ 2,1

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

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INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

ACCOUNT	DESCRIPTION OF ITEMS	DEPARTMENT OR SERVICE FUNCTION	
		RATES & REGULATION	ENERGY SUPPLY ENGINEERING & ENVIRONMENTAL
920	Salaries and wages	6,826	4,992
921	Office supplies and expenses	1,480	1,452
922	Administrative expense transferred - credit	--	--
923	Outside services employed	404	1,771
924	Property insurance	1	7
925	Injuries and damages	--	--
926	Employee pensions and benefits	182	111
928	Regulatory commission expense	--	2
930.1	General advertising expenses	28	--
930.2	Miscellaneous general expense	--	67
931	Rents	19	10
932	Maintenance of structures and equipment	--	--
935	Maintenance of general plant	--	--
403	Depreciation and amortization expense	--	--
408	Taxes other than income taxes	370	247
409	Income taxes	--	--
410	Provision for deferred income taxes	--	--
411	Provision for deferred income taxes-credit	--	--
411.5	Investment tax credit	--	--
426.1	Donations	--	5
426.5	Other deductions	--	1
427	Interest on long-term debt	--	--
430	Interest on debt to associate companies	--	--
431	Other interest expense	--	--
TOTAL EXPENSES		\$ 9,310	\$ 8,665

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XVII-SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

DEPARTMENT OR SERVICE FUNCTION

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ACCOUNT	DESCRIPTION OF ITEMS	ENERGY	
		ENERGY MARKETS FUEL PROCUREMENT	DELIVERY MARKETING
920	Salaries and wages	3,086	1,404
921	Office supplies and expenses	835	918
922	Administrative expense transferred - credit	--	--
923	Outside services employed	109	581
924	Property insurance	--	1
925	Injuries and damages	--	--
926	Employee pensions and benefits	78	39
928	Regulatory commission expense	--	--
930.1	General advertising expenses	--	--
930.2	Miscellaneous general expense	--	--
931	Rents	6	--
932	Maintenance of structures and equipment	--	--
935	Maintenance of general plant	--	--
403	Depreciation and amortization expense	--	--
408	Taxes other than income taxes	190	76
409	Income taxes	--	--
410	Provision for deferred income taxes	--	--
411	Provision for deferred income taxes-credit	--	--
411.5	Investment tax credit	--	--
426.1	Donations	--	--
426.5	Other deductions	--	--
427	Interest on long-term debt	--	--
430	Interest on debt to associate companies	--	--
431	Other interest expense	--	--
TOTAL EXPENSES		\$ 4,304	\$ 3,019

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

SCHEDULE XVII--SCHEDULE OF EXPENSE  
BY DEPARTMENT OR SERVICE FUNCTION  
(thousands of dollars)

INSTRUCTIONS: Indicate each department or service function. (See Instruction 01-3 General Structure of Accounting System: Uniform System of Accounts).

ACCOUNT	DESCRIPTION OF ITEMS	DEPARTMENT OR SERVICE FUNCTION		
		MARKETING AND SALES	CUSTOMER SERVICE	INFORMATION TECHNOLOGY
920	Salaries and wages	19,544	33,371	7,582
921	Office supplies and expenses	3,368	37,411	193,328



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922	Administrative expense transferred - credit	--	--	(135,555)
923	Outside services employed	4,950	4,630	8,910
924	Property insurance	11	9	--
925	Injuries and damages	--	--	--
926	Employee pensions and benefits	612	1,225	186
928	Regulatory commission expense	--	--	--
930.1	General advertising expenses	182	167	--
930.2	Miscellaneous general expense	4	--	30
931	Rents	7	17	57
932	Maintenance of structures and equipment	--	--	--
935	Maintenance of general plant	--	--	--
403	Depreciation and amortization expense	--	--	--
408	Taxes other than income taxes	1,173	2,192	416
409	Income taxes	--	--	--
410	Provision for deferred income taxes	--	--	--
411	Provision for deferred income taxes-credit	--	--	--
411.5	Investment tax credit	--	--	--
426.1	Donations	15	8	--
426.5	Other deductions	3	--	--
427	Interest on long-term debt	--	--	--
430	Interest on debt to associate companies	--	--	--
431	Other interest expense	--	--	--
		-----	-----	-----
	TOTAL EXPENSES	\$ 29,869	\$ 79,030	\$ 74,954
		=====	=====	=====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

DEPARTMENTAL ANALYSIS OF SALARIES--ACCOUNT 920  
(thousands of dollars)

DEPARTMENTAL SALARY EXPENSE

NAME OF DEPARTMENT OR SERVICE FUNCTION	INCLUDED IN AMOUNTS BILLED TO:		
	TOTAL AMOUNT	PARENT COMPANY	OTHER ASSOCIATES
-----	-----	-----	-----
Executive Management Services	\$ 2,275	\$ 326	\$ 1,949
Internal Audit	1,717	40	1,677
Aviation Services	790	--	790
Government Affairs	1,698	30	1,668
Corporate and Employee Communications	3,272	71	3,201
Legal	4,468	278	4,190
Claims Services	765	--	765
Corporate Strategy and Business Development	3,546	205	3,341
Energy Supply Business Resources	13,893	44	13,849
Energy Markets Regulated Trading & Marketing	15,293	335	14,958
Energy Supply Engineering & Environmental	4,992	50	4,942

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Energy Markets Fuel Procurement	3,086	7	3,079
Information Technology	7,582	82	7,500
Supply Chain	5,945	13	5,932
Supply Chain Special Programs	309	--	309
Investor Relations	664	33	631
Payment & Reporting	1,389	--	1,389
Human Resources	7,374	279	7,095
Payroll	739	4	735
Rates and Regulation	6,826	4	6,822
Accounting, Financial Reporting and Taxes	17,875	8,246	9,629
Energy Delivery Engineering/Design	23,204	--	23,204
Energy Delivery Construction, Oper & Maint	14,381	--	14,381
Fleet	797	--	797
Energy Delivery Marketing	1,404	--	1,404
Customer Service	33,371	2	33,369
Marketing and Sales	19,544	7	19,537
Facilities & Real Estate	2,374	1	2,373
Facilities Administrative Services	479	15	464
Finance & Treasury	2,748	115	2,633
Business Unit Accounting and Budgeting	15,804	239	15,565
Receipts Processing	841	--	841
	-----	-----	-----
TOTAL	\$ 219,445	\$ 10,426	\$ 209,019
	=====	=====	=====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

OUTSIDE SERVICES EMPLOYED--ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP A'=ASSOCIATED "NA"=NONASSOCIATED
-----	-----	-----
Legal Services		
Andrew M. Toft	Legal Services	NA
Baker Botts, LLP	Legal Services	NA
Briggs & Morgan	Legal Services	NA
Brooks & Jackson, Inc.	Legal Services	NA
Brownstein Hyatt Farber	Legal Services	NA
Burford & Ryburn, LLP	Legal Services	NA
Charles River Associates, Inc.	Legal Services	NA
Dewey Ballantine, LLP	Legal Services	NA
Donald Gary Howard	Legal Services	NA

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Dorsey & Whitney, LLP	Legal Services	NA
Ducker Montgomery & Lewis PC	Legal Services	NA
Elzi Pringle & Gurr	Legal Services	NA
Faegre & Benson	Legal Services	NA
Fredrikson & Byron PA	Legal Services	NA
Friedlob Sanderson Raskin & Paulson	Legal Services	NA
Gibson, Ochsner & Adkins, LLP	Legal Services	NA
Gorsuch Kirgis LLC	Legal Services	NA
Gray, Plant, Mooty, Mooty	Legal Services	NA
Hinkle, Hensley, Shanor & Martin	Legal Services	NA
Hogan & Hartson, LLP	Legal Services	NA
Holland & Hart, LLP	Legal Services	NA
Holme, Roberts & Owen, LLP	Legal Services	NA
Hunton & Williams	Legal Services	NA
Jones, Day, Reavis & Pougé	Legal Services	NA
Kelly & Ryberg, S. C.	Legal Services	NA
Kirby A. Kennedy & Associates	Legal Services	NA
Landry & Ludewig, LLP	Legal Services	NA
LeBouf, Lamb, Greene & MacRae LLP	Legal Services	NA
Lindquist & Vennum	Legal Services	NA
Loomis, Ewert, Parsley & Davis	Legal Services	NA
McCarthy, Sweeney & Harkaway, PC	Legal Services	NA
McDermott, Will & Emery	Legal Services	NA
Merchant & Gould PC	Legal Services	NA
Messerli & Kramer Attorneys	Legal Services	NA
Michael, Best & Friedrich	Legal Services	NA
Morgan, Lewis & Bockius, LLP	Legal Services	NA
Ove Arup & Partners MA, Inc.	Legal Services	NA
Peterson, Farris, Doores & Jones	Legal Services	NA
Ramsey Action Program, Inc.	Legal Services	NA
Richard V. Huston, DVM	Legal Services	NA
Rider, Bennett, Egan & Arundel	Legal Services	NA
Robinson, Water & O'Dorisio	Legal Services	NA
Shaw Pittman, LLP	Legal Services	NA
Shenehon Company	Legal Services	NA

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For the Year Ended December 31, 2002

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FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONS A'=ASSOCIA "NA"=NONASSOC
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Skadden, Arps, Slate, Meagher & Flom	Legal Services	NA
Slover & Loftus	Legal Services	NA
Squire, Sanders & Dempsey	Legal Services	NA
Stone & Webster Consultants	Legal Services	NA
Thelen, Reid & Priest, LLP	Consulting/Outside Services	NA
Thompson, Hine & Flory, LLP	Legal Services	NA
Trivue	Legal Services	NA
White & Steele	Legal Services	NA
Winston & Strawn	Legal Services	NA
Other (234)	Various	
	Total Legal Services	
Auditing, Tax, Consulting and Accounting Services		
Arthur Andersen LLP	Auditing, Tax and Other Services	NA
Deloitte & Touche LLP	Auditing, Tax and Other Services	NA
Price Waterhouse Coopers	Auditing, Tax and Other Services	NA
	Total Auditing, Tax, Consulting and Other Serv	
Consulting/Outside Services		
ABB, Inc.	Consulting/Outside Services	NA
Acconite Corporation	Consulting/Outside Services	NA
Accountants on Call	Consulting/Outside Services	NA
Acme \$ of Ormond Beach, Inc.	Consulting/Outside Services	NA
Adecco Employment Service	Consulting/Outside Services	NA
ADP Investor Community Service	Consulting/Outside Services	NA
Affiliated Credit Services, Inc.	Consulting/Outside Services	NA
Ajilon Finance	Consulting/Outside Services	NA
Alan W. Burgess M.D.	Consulting/Outside Services	NA
All Bases Covered	Consulting/Outside Services	NA
Alliant Energy	Consulting/Outside Services	NA
Allied Interstate, Inc.	Consulting/Outside Services	NA
Alstom ESCA Corporation	Consulting/Outside Services	NA
Altech Environmental	Consulting/Outside Services	NA
Amarillo National Bank	Consulting/Outside Services	NA
American Civil Constructors	Consulting/Outside Services	NA
American Society For Quality	Consulting/Outside Services	NA
AOC	Consulting/Outside Services	NA
Applied Energy Group	Consulting/Outside Services	NA
Arthur T. Nakata	Consulting/Outside Services	NA
Arundel Street Consulting, Inc.	Consulting/Outside Services	NA
Ascential Software	Consulting/Outside Services	NA
Aspect Communications Corp.	Consulting/Outside Services	NA
Association of Electric	Consulting/Outside Services	NA
AT&T	Consulting/Outside Services	NA
Automation Solution, Inc.	Consulting/Outside Services	NA

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OUTSIDE SERVICES EMPLOYED--ACCOUNT 923  
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AVI Systems	Consulting/Outside Services	NA
Barr Engineering	Consulting/Outside Services	NA
BB Solutions	Consulting/Outside Services	NA
Beacon Consulting Group, Inc.	Consulting/Outside Services	NA
Bearing Point	Consulting/Outside Services	NA
Belair Builders, Inc.	Consulting/Outside Services	NA
Benco Messenger Service, Inc.	Consulting/Outside Services	NA
Black & Veatch, Engineering-Architectural	Consulting/Outside Services	NA
Black Diamond	Consulting/Outside Services	NA
Boice Dunham Group	Consulting/Outside Services	NA
Bowe Systec, Inc.	Consulting/Outside Services	NA
Bowne of Minnesota	Consulting/Outside Services	NA
Brayden Automation Corp.	Consulting/Outside Services	NA
BST Project Costs	Consulting/Outside Services	NA
B.T. Construction, Inc.	Consulting/Outside Services	NA
Burns & McDonnell, Inc.	Consulting/Outside Services	NA
Business Wire Corp.	Consulting/Outside Services	NA
C. I. Technologies	Consulting/Outside Services	NA
C. Barela	Consulting/Outside Services	NA
C. V. Selman & Associates, Inc.	Consulting/Outside Services	NA
Campbell Services, Inc.	Consulting/Outside Services	NA
Capitol Advantage, Inc.	Consulting/Outside Services	NA
Carlson School of Management	Consulting/Outside Services	NA
Cedar Corporation	Consulting/Outside Services	NA
Central Minnesota Delivery	Consulting/Outside Services	NA
CH2M Hill, Inc.	Consulting/Outside Services	NA
Change Solutions, Inc.	Consulting/Outside Services	NA
Charan Associates, Inc.	Consulting/Outside Services	NA
Citigate Dewe Rogerson, Inc.	Consulting/Outside Services	NA
Coherent Solutions, Inc.	Consulting/Outside Services	NA
Collins Electrical Construction Co.	Consulting/Outside Services	NA
Colorado Springs Utilities	Consulting/Outside Services	NA
Colorado State University	Consulting/Outside Services	NA
Commonwealth Associates, Inc.	Consulting/Outside Services	NA
Community Action of Minneapolis	Consulting/Outside Services	NA
Compact Offer	Consulting/Outside Services	NA
Compucom Systems, Inc.	Consulting/Outside Services	NA
Computer Contract Consultant	Consulting/Outside Services	NA
Computer Systems & Software, Inc.	Consulting/Outside Services	NA
Comtec, Inc.	Consulting/Outside Services	NA
Concours Group	Consulting/Outside Services	NA
Contract Engineering Services, Inc.	Consulting/Outside Services	NA
Contrino Direct Marketing	Consulting/Outside Services	NA
Cook Systems International	Consulting/Outside Services	NA

ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

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Copeland Trucking	Consulting/Outside Services	NA
Copyright Clearance Center	Consulting/Outside Services	NA
Curtis 1000	Consulting/Outside Services	NA
Custom Compliance Solutions	Consulting/Outside Services	NA
Dave Coil	Consulting/Outside Services	NA
DCP Consulting	Consulting/Outside Services	NA
DDI Consulting, Inc.	Consulting/Outside Services	NA
Decicion Analyst, Inc.	Consulting/Outside Services	NA
Dees Consultancy, Inc.	Consulting/Outside Services	NA
Dennhardt & Associates	Consulting/Outside Services	NA
Dennis & Company	Consulting/Outside Services	NA
Distributed Office Environment	Consulting/Outside Services	NA
Dolores Ann Harris	Consulting/Outside Services	NA
Dominion Construction Co.	Consulting/Outside Services	NA
Don Turner Consultants	Consulting/Outside Services	NA
Douglas Brandon	Consulting/Outside Services	NA
DRI-WEFA	Consulting/Outside Services	NA
DST Output, Inc.	Consulting/Outside Services	NA
Dstar	Consulting/Outside Services	NA
e prime, inc.	Consulting/Outside Services	A
Earth Tech, Inc.	Consulting/Outside Services	NA
Easi Document Integration	Consulting/Outside Services	NA
Eckhoff Services, Inc.	Consulting/Outside Services	NA
EDI Business Group, Inc.	Consulting/Outside Services	NA
Efficiency Engineering, Inc.	Consulting/Outside Services	NA
Eide Bailly LLP	Consulting/Outside Services	NA
Electric Software Products	Consulting/Outside Services	NA
Electrocon International, Inc.	Consulting/Outside Services	NA
Electronic Security Systems, Inc.	Consulting/Outside Services	NA
Elite Energy	Consulting/Outside Services	NA
Elmwood Solutions, Inc.	Consulting/Outside Services	NA
Eloquor Consulting, Inc.	Consulting/Outside Services	NA
Emergency Outfitters Inc.	Consulting/Outside Services	NA
Emergingsoft Corp.	Consulting/Outside Services	NA
Empirix, Inc.	Consulting/Outside Services	NA
Employee/Management Involvement Concept	Consulting/Outside Services	NA
Encomm Midwest	Consulting/Outside Services	NA
Energy Design Assistance Programs	Consulting/Outside Services	NA

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Energy Packaging Solutions LLC	Consulting/Outside Services	NA
Engineering Repro Systems	Consulting/Outside Services	NA
Entegeee Advance Possis	Consulting/Outside Services	NA
Energy Services, Inc.	Consulting/Outside Services	NA
Envinta Corporation	Consulting/Outside Services	NA
EPRI	Consulting/Outside Services	NA
Equifax Credit Information Services	Consulting/Outside Services	NA

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For the Year Ended December 31, 2002

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Erin Engineering & Research, Inc.	Consulting/Outside Services	NA
Eurasia Business Services	Consulting/Outside Services	NA
Evelyn Logan	Consulting/Outside Services	NA
Evergreen Caissons, Inc.	Consulting/Outside Services	NA
Executive Development Center	Consulting/Outside Services	NA
Express Personnel Services	Consulting/Outside Services	NA
Financial Engineering Associates	Consulting/Outside Services	NA
First Call Association	Consulting/Outside Services	NA
Flowserve	Consulting/Outside Services	NA
Ford Personnel Services, Inc.	Consulting/Outside Services	NA
Freelance Creative	Consulting/Outside Services	NA
GAB Robins	Consulting/Outside Services	NA
Gantz Wiley Research	Consulting/Outside Services	NA
GE Energy Management Service	Consulting/Outside Services	NA
GE Young & Company	Consulting/Outside Services	NA
Geduldig & Ferguson, Inc.	Consulting/Outside Services	NA
General Litho Services, Inc.	Consulting/Outside Services	NA
General Physics Corporation	Consulting/Outside Services	NA
GEO Digital Technologies, Inc.	Consulting/Outside Services	NA
GeoMatrix Consulting	Consulting/Outside Services	NA
GIGA Information Group	Consulting/Outside Services	NA
Global Atmospheric, Inc.	Consulting/Outside Services	NA
Gold Cross Courier Service, Inc.	Consulting/Outside Services	NA
Governmental Strategies, Inc.	Consulting/Outside Services	NA
Gradstaff, Inc.	Consulting/Outside Services	NA
Grant Online System	Consulting/Outside Services	NA
Great Southwestern Construction, Inc.	Consulting/Outside Services	NA
Greta Johnson	Consulting/Outside Services	NA
Gunther Douglas, Inc.	Consulting/Outside Services	NA

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H. Zinder & Associates, Inc.	Consulting/Outside Services	NA
Hanley-Wood Integrated	Consulting/Outside Services	NA
Hayes Consulting Company, LLC	Consulting/Outside Services	NA
Health Promotion Management, Inc.	Consulting/Outside Services	NA
Healthone Clinic Services	Consulting/Outside Services	NA
Helmer Printing, Inc.	Consulting/Outside Services	NA
High Energy Group, Inc.	Consulting/Outside Services	NA
Hoeft Appliance Center	Consulting/Outside Services	NA
Holly D. Neel	Consulting/Outside Services	NA
Honeywell	Consulting/Outside Services	NA
Hospital Shared Services	Consulting/Outside Services	NA
Hotchkiss, Inc.	Consulting/Outside Services	NA
IBM	Consulting/Outside Services	NA
Imcorp	Consulting/Outside Services	NA
Indicon	Consulting/Outside Services	NA

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Indus International	Consulting/Outside Services	NA
Information Handling Services	Consulting/Outside Services	NA
Insights Unlimited	Consulting/Outside Services	NA
Instrument Manufacturing Co.	Consulting/Outside Services	NA
IOS Capital	Consulting/Outside Services	NA
Iota Development Corporation	Consulting/Outside Services	NA
Iron Mountain Confidential	Consulting/Outside Services	NA
Iron Mountain Records Management	Consulting/Outside Services	NA
Jeane Thorne	Consulting/Outside Services	NA
Jefferson Wells	Consulting/Outside Services	NA
Johnston & Associates LLC	Consulting/Outside Services	NA
Julia Evans	Consulting/Outside Services	NA
Juran Institute, Inc.	Consulting/Outside Services	NA
Kathy Kriner	Consulting/Outside Services	NA
Keane, Inc.	Consulting/Outside Services	NA
Kelly Services, Inc.	Consulting/Outside Services	NA
Keltoi Consulting LLC	Consulting/Outside Services	NA
Kema Consulting, Inc.	Consulting/Outside Services	NA
Kim Michael Staudt	Consulting/Outside Services	NA



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Kintana, Inc.	Consulting/Outside Services	NA
Lamber Macgillthomas, Inc.	Consulting/Outside Services	NA
Leo Tinoco	Consulting/Outside Services	NA
Liaison Creative Services	Consulting/Outside Services	NA
Lindberg Consulting	Consulting/Outside Services	NA
Lisa Hives	Consulting/Outside Services	NA
Logic Bay Corporation	Consulting/Outside Services	NA
Madelia Sub	Consulting/Outside Services	NA
Management Systems International	Consulting/Outside Services	NA
Manitoba HVDC Research Center	Consulting/Outside Services	NA
Manpower Temporary Services	Consulting/Outside Services	NA
Market & Johnson, Inc.	Consulting/Outside Services	NA
Market Strategies, Inc.	Consulting/Outside Services	NA
Mary E. Miura	Consulting/Outside Services	NA
Mass Mutual Financial Group	Consulting/Outside Services	NA
Matt Myers Consulting	Consulting/Outside Services	NA
Mavo Systems, Inc.	Consulting/Outside Services	NA
Maxim Technologies, Inc.	Consulting/Outside Services	NA
MCM Consulting	Consulting/Outside Services	NA
McPherson Group, Inc.	Consulting/Outside Services	NA
McWilliams & Associates	Consulting/Outside Services	NA
Media Mosaic	Consulting/Outside Services	NA
Meridian Aggregates Co., LLP	Consulting/Outside Services	NA
Merrick & Company	Consulting/Outside Services	NA
Metro Connections, Inc.	Consulting/Outside Services	NA
Metropolitan Mechanical	Consulting/Outside Services	NA

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Michigan Technology University	Consulting/Outside Services	NA
MidAmerican Energy Company	Consulting/Outside Services	NA
Midwest ISO	Consulting/Outside Services	NA
Mile High Corporate Services	Consulting/Outside Services	NA
Mile High Properties, LLC	Consulting/Outside Services	NA
Miner & Miner	Consulting/Outside Services	NA
Minneapolis Consulting Group	Consulting/Outside Services	NA
Minnesota Wild	Consulting/Outside Services	NA
Minnertainment Company	Consulting/Outside Services	NA
Monique Lovato	Consulting/Outside Services	NA

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Moody's Investor Service	Consulting/Outside Services	NA
Morris Schriem	Consulting/Outside Services	NA
Mueller Pipeliners, Inc.	Consulting/Outside Services	NA
Munchiando Excavating	Consulting/Outside Services	NA
Nantech Consulting	Consulting/Outside Services	NA
National Barricade	Consulting/Outside Services	NA
Nationwide Advertising Service	Consulting/Outside Services	NA
Navigant Consulting, Inc.	Consulting/Outside Services	NA
NETG	Consulting/Outside Services	NA
New Energy Associates LLC	Consulting/Outside Services	NA
New Harbor, Inc.	Consulting/Outside Services	NA
New York Stock Exchange, Inc.	Consulting/Outside Services	NA
Nexant, Inc.	Consulting/Outside Services	NA
Northwest Electrical Systems	Consulting/Outside Services	NA
Northwestern Travel Agency	Consulting/Outside Services	NA
Northwrite, Inc.	Consulting/Outside Services	NA
Occupational Medicine	Consulting/Outside Services	NA
Office Team	Consulting/Outside Services	NA
Opus 21 Management Solutions	Consulting/Outside Services	NA
Oracular of Minnesota	Consulting/Outside Services	NA
Otter Tail Power Company	Consulting/Outside Services	NA
Output Technology Solutions	Consulting/Outside Services	NA
PA Consulting Group	Consulting/Outside Services	NA
Pace Analytical Services, Inc.	Consulting/Outside Services	NA
Pacioli Companies	Consulting/Outside Services	NA
Padilla, Speer Beardsley, Inc.	Consulting/Outside Services	NA
Par Electrical Contractors	Consulting/Outside Services	NA
Parson Group, LLC	Consulting/Outside Services	NA
Partnership Continuum, Inc.	Consulting/Outside Services	NA
People Soft USA	Consulting/Outside Services	NA
Percite Information Technology	Consulting/Outside Services	NA
Personnel Decisions International Corp.	Consulting/Outside Services	NA
Pettigrew & Associates	Consulting/Outside Services	NA
Pettus Construction LLC	Consulting/Outside Services	NA
Pirelli Cables & Systems N. A.	Consulting/Outside Services	NA

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PIRA Energy Group	Consulting/Outside Services	NA
Power Plan Consultants, Inc.	Consulting/Outside Services	NA
Power Technologies, Inc.	Consulting/Outside Services	NA
Powerhouse Rigging	Consulting/Outside Services	NA
Precision Resource Co.	Consulting/Outside Services	A
Premier Personnel	Consulting/Outside Services	NA
Pro Staff Personnel Services	Consulting/Outside Services	NA
Prosource Technologies	Consulting/Outside Services	NA
Quantum Consulting & Placement	Consulting/Outside Services	NA
Rainier Technology, Inc.	Consulting/Outside Services	NA
Rapidigm, Inc.	Consulting/Outside Services	NA
Red Planet Consulting, Inc.	Consulting/Outside Services	NA
Reichman, Karten Sword, Inc.	Consulting/Outside Services	NA
Rellek Dev., Inc.	Consulting/Outside Services	NA
RER, Inc.	Consulting/Outside Services	NA
Resolution, Inc.	Consulting/Outside Services	NA
Resources Connection, Inc.	Consulting/Outside Services	NA
Reuters America, Inc.	Consulting/Outside Services	NA
RHI Management Resources	Consulting/Outside Services	NA
Richter Scale Productions, Inc.	Consulting/Outside Services	NA
Rick Souther Photography	Consulting/Outside Services	NA
Right Management Consulting, Inc.	Consulting/Outside Services	NA
RJ Services, Inc.	Consulting/Outside Services	NA
RM Software, Inc.	Consulting/Outside Services	NA
RNL Solutions	Consulting/Outside Services	NA
Robert Half	Consulting/Outside Services	NA
Robert Reents	Consulting/Outside Services	NA
Robins, Kaplan, Miller & Ciresi	Consulting/Outside Services	NA
Rocky Mountain Security	Consulting/Outside Services	NA
Ronald A. Jerich & Associates	Consulting/Outside Services	NA
RSM Enterprises	Consulting/Outside Services	NA
Russeth, Inc.	Consulting/Outside Services	NA
S G S Statistical Services LLC	Consulting/Outside Services	NA
S.A. Robotics	Consulting/Outside Services	NA
Safety Kleen Corporation	Consulting/Outside Services	NA
Sage Results, Inc.	Consulting/Outside Services	NA
Scott Madden & Associates	Consulting/Outside Services	NA
SDS Architects, Inc.	Consulting/Outside Services	NA
Security Solutions, LLC	Consulting/Outside Services	NA
Sedway Consulting, Inc.	Consulting/Outside Services	NA
Seever Courier Service	Consulting/Outside Services	NA
Shared Resource Management	Consulting/Outside Services	NA
Shareholder.Com	Consulting/Outside Services	NA
Sheldon J. Harris	Consulting/Outside Services	NA
Siemens	Consulting/Outside Services	NA

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Siemens Building Technologies	Consulting/Outside Services	NA
Siemens Power T&D, Inc.	Consulting/Outside Services	NA
Simpson Partnership Inc.	Consulting/Outside Services	NA
Sitrick & Co., Inc.	Consulting/Outside Services	NA
Smart Partners	Consulting/Outside Services	NA
Soft Link, Inc.	Consulting/Outside Services	NA
Soft Scape, Inc.	Consulting/Outside Services	NA
Software Architects, Inc.	Consulting/Outside Services	NA
Solutions Marketing Consulting	Consulting/Outside Services	NA
Somos, Inc.	Consulting/Outside Services	NA
Sopheon Corporation	Consulting/Outside Services	NA
Sprint Express, Inc.	Consulting/Outside Services	NA
Standard & Poor's Corp.	Consulting/Outside Services	NA
Staubach Company	Consulting/Outside Services	NA
Staubach Management Services	Consulting/Outside Services	NA
Stop Processing Center	Consulting/Outside Services	NA
Stratplans, Inc.	Consulting/Outside Services	NA
Summit Blue Consulting	Consulting/Outside Services	NA
Sungard Energy Systems, Inc.	Consulting/Outside Services	NA
Superior Seven Mile Creek Land	Consulting/Outside Services	NA
Superior Special Services, Inc.	Consulting/Outside Services	NA
Svingen Athens Russell, Et. Al.	Consulting/Outside Services	NA
Swanson Consulting Group	Consulting/Outside Services	NA
Synergetic Design	Consulting/Outside Services	NA
Synova, Inc.	Consulting/Outside Services	NA
TB Industries, Inc.	Consulting/Outside Services	NA
Technology Resource Group, Inc.	Consulting/Outside Services	NA
TekSystems, Inc.	Consulting/Outside Services	NA
Tension Envelope	Consulting/Outside Services	NA
The Blackstone Group LP	Consulting/Outside Services	NA
The Gallup Group	Consulting/Outside Services	NA
The Marathon Group	Consulting/Outside Services	NA
The Maris Group	Consulting/Outside Services	NA
The Market Solutions Group	Consulting/Outside Services	NA
The Smith Free Group	Consulting/Outside Services	NA
The St. Paul Companies	Consulting/Outside Services	NA
The Westin Westminster	Consulting/Outside Services	NA
The Writers Group	Consulting/Outside Services	NA
Theobald & Associates	Consulting/Outside Services	NA
TMP Worldwide	Consulting/Outside Services	NA
Tony Kwilas	Consulting/Outside Services	NA
Top Echelon Contracting, Inc.	Consulting/Outside Services	NA
Towers Perrin	Consulting/Outside Services	NA
Trans Alarm	Consulting/Outside Services	NA

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For the Year Ended December 31, 2002

OUTSIDE SERVICES EMPLOYED--ACCOUNT 923  
(thousands of dollars)

INSTRUCTIONS: Provide a breakdown of outside services employed. If the aggregate amounts paid to any one payee and included within one category is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccounts need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	SERVICES PROVIDED	RELATIONSHIP A'=ASSOCIATED "NA"=NONASSOCIATED
Transformer Disposal	Consulting/Outside Services	NA
TRC Mariah Associates, Inc.	Consulting/Outside Services	NA
Tri-State Generation & Transmission	Consulting/Outside Services	NA
Two Degrees	Consulting/Outside Services	NA
Ulteig Engineers, Inc.	Consulting/Outside Services	NA
UMS Group	Consulting/Outside Services	NA
United Accounts, Inc.	Consulting/Outside Services	NA
United Business Mail	Consulting/Outside Services	NA
United Parcel Service	Consulting/Outside Services	NA
Universal Field Services, Inc.	Consulting/Outside Services	NA
Universal Network Solutions	Consulting/Outside Services	NA
UP Tempo Consulting	Consulting/Outside Services	NA
Utilities International, Inc.	Consulting/Outside Services	NA
Utility Engineering	Consulting/Outside Services	A
Verifications, Inc.	Consulting/Outside Services	NA
Verint Systems, Inc.	Consulting/Outside Services	NA
Veritas Software Corporation	Consulting/Outside Services	NA
Visa	Consulting/Outside Services	NA
Visimetrix, Inc.	Consulting/Outside Services	NA
Vision Technologies, Inc.	Consulting/Outside Services	NA
Volt Services Group	Consulting/Outside Services	NA
Vonasek & Schieffer, Inc.	Consulting/Outside Services	NA
W. L. Hall Company	Consulting/Outside Services	NA
Wackenhut	Consulting/Outside Services	NA
Waltco, Inc.	Consulting/Outside Services	NA
Ware Consulting LLC	Consulting/Outside Services	NA
Waste Management	Consulting/Outside Services	NA
Waukesha Electric Systems, Inc.	Consulting/Outside Services	NA
Weatherdata, Inc.	Consulting/Outside Services	NA
Webmethods, Inc.	Consulting/Outside Services	NA
Wells Fargo Shareowner Service	Consulting/Outside Services	NA
Wenck Associates, Inc.	Consulting/Outside Services	NA
Western Area Power Associates	Consulting/Outside Services	NA
Wilbanks Corporation	Consulting/Outside Services	NA
Wilbanks Resources Corp.	Consulting/Outside Services	NA
Xerox	Consulting/Outside Services	NA
Yamamoto/Moss, Inc.	Consulting/Outside Services	NA
Z Systems	Consulting/Outside Services	NA
Zechman & Associates	Consulting/Outside Services	NA
Other (1291)	Various	NA
	Total Consulting/Outside Services	

ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

EMPLOYEE PENSION AND BENEFITS--ACCOUNT 926  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to \$25,000.

DESCRIPTION -----	AMOUNT -----
Pensions	\$ (23,457)
Managed Health Care/Dental/Vision	16,882
Employee Savings Plans (401K)	4,668
Supplemental Executive Retirement Plan	4,308
Post Retirement Health Care	2,692
Life Insurance	1,351
Benefit Wave Election	369
Post Employment Benefits	(172)
	-----
TOTAL	\$ 6,641 =====

ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

GENERAL ADVERTISING EXPENSE--ACCOUNT 930.1  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses", classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

DESCRIPTION -----	NAME OF PAYEE -----	AMOUNT -----
----------------------	------------------------	-----------------

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Ad Agency/Advertising/Printing	McClain Finlon Advertising Inc.	\$ 3,034
Advertising - Sponsorship	St. Paul Facilities Management	1,339
Advertising	Pepsi Center	1,110
Advertising	Xcel Energy Center	1,054
Advertising - Sponsorship	Minnesota Wild Hockey Club	940
Printing	Goldstein's	328
Advertising	Minntertainment Co.	250
Printing	Hotchkiss, Inc.	77
Printing	General Litho Services, Inc.	71
Advertising	Grand Excursion, Inc.	60
Advertising	TMP Worldwide	58
Advertising - Sponsorship	Penumbra Theatre Company	51
Advertising	Home Builders Association	42
Advertising	Texas Panhandle Heritage	40
Advertising	Saint Paul Festival & Heritage	37
Advertising	City of Sioux Falls	35
Advertising - Sponsorship	Downtown Denver Partnership, Inc.	33
Printing	Merit Printing	30
Advertising	Minneapolis Downtown Council	27
Advertising	Colorado Press Association	26
Advertising	Culture, Inc.	25
Advertising	Nexus Energy Software, Inc.	25
Advertising - Sponsorship	U.S. Hockey Hall of Fame	25
Advertising	St. Paul Area Chamber of Commerce	22
Advertising	Nationwide Advertising, Inc.	21
Advertising	Market Solutions Group	20
Advertising	Saint Paul Riverfront Corp	20
Printing	DST Output, Inc.	20
Advertising/Printing	Monique Lovato	16
Advertising	Griffin Communications, Inc.	13
Advertising	RTD Marketing Dept.	12
Advertising	St. Josephs Home For Children	10
Printing	Output Technology Solutions, Inc.	9
Advertising	Jonathon Treat	9
Advertising	Great Plains Institute	8
Advertising - Consulting	Stop Process Center	8
Advertising	Ordway Circle of Stars	8
Advertising	Plaza Research	7
Printing	Pyramid Print & Graphics	7
Printing	Park Printing	6
Advertising - Sponsorship	National Association of Investors	6

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

GENERAL ADVERTISING EXPENSE--ACCOUNT 930.1  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 930.1, "General Advertising Expenses", classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

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DESCRIPTION -----	NAME OF PAYEE -----	AMOUNT -----
Advertising	Lubbock Rate Campaign	
Advertising	Casa De Esperanza	
Advertising	Como Zoo & Conservatory	
Advertising	Marshall Fields Symphony Ball	
Advertising	National Council of Jewish Women	
Advertising	The Childrens Theatre Co.	
Advertising	United Hospital Foundation	
Advertising	Denver Regional Council of Gov	
Advertising	Educational Development Specialists	
Advertising	Minority Business Entrepreneur	
Advertising	Insight Consulting	
Advertising	The Pines At Genesse, LLC	
Advertising	Peanuts on Parade	
Advertising	Denver Business Journal	
Advertising	Boys & Girls Club of the Twin Cities	
Advertising - Consulting	Japanese Society for Quality Control	
Miscellaneous Advertising	Various (94)	
	TOTAL	\$ 9,0

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

MISCELLANEOUS GENERAL EXPENSES--ACCOUNT 930.2  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441 (b)(2)) shall be separately classified.

DESCRIPTION -----	AMOUNT -----
Utility Association Dues	\$ 1,424
Board of Director Fees and Expenses	2,315
Shared Asset costs (1)	10,786
Shareholder Relations expenses	8
	-----
TOTAL	\$ 14,533
	=====

(1) Costs for capital assets utilized by more than one affiliate company



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RENTS--ACCOUNT 931  
(thousands of dollars)

TYPE OF PROPERTY -----	AMOUNT -----
Rents - Office Space	\$ 7,930 -----
TOTAL	\$ 7,930 =====

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

TAXES OTHER THAN INCOME TAXES--ACCOUNT 408  
(thousands of dollars)

INSTRUCTIONS: Provide an analysis of Account 408 "Taxes Other Than Income Taxes". Separate the analysis into two groups: (1) other than U.S. Government taxes, and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts thereof. Provide a subtotal for each class of tax.

KIND OF TAX -----	AMOUNT -----
Other Than U.S. Government Taxes:	
State Unemployment Taxes	\$ 751
Franchise Tax - Texas, Kansas, Delaware, Ohio and New Mexico	222
Other - various	89
	-----
SUBTOTAL	1,062
	-----
U.S. Government Taxes:	
Social Security Taxes	13,499
Federal Unemployment Taxes	199
	-----
SUBTOTAL	13,698
	-----
TOTAL	\$14,760 =====

## ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

DONATIONS--ACCOUNT 426.1  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be shown in lieu of details.

NAME OF RECIPIENT -----	PURPOSE OF DONATION -----	AMOUNT -----
2002 Sponsorship NMBA Convention	Contribution to support community assistance	\$ 3
Asian Chamber of Commerce	Contribution to support community assistance	5
Business Social Awards	Contribution to support community assistance	4
CACI	Contribution to support community assistance	5
Center for New Americans	Contribution to support community assistance	10
City of Arvada; Arvada Center	Contribution to support community assistance	3
City of Milaca Fire Department	Contribution to support community assistance	3
Colorado Black Chamber of Commerce	Contribution to support community assistance	10
Colorado Business Hall of Fame	Contribution to support community assistance	5
Colorado Women's Chamber of Commerce	Contribution to support community assistance	10
CSG/Legislators Forum	Contribution to support community assistance	5
Denver Hispanic Chamber of Commerce	Contribution to support community assistance	10
Denver Metro Chamber Foundation	Contribution to support community assistance	8
DLCC Services Corporation LLC	Contribution to support community assistance	10
Downtown Denver Partnership Inc.	Contribution to support community assistance	96
Goldstein's	Contribution to support community assistance	5
Governor's Fishing Opener	Contribution to support community assistance	10
Greater Pueblo Chamber of Commerce	Contribution to support community assistance	3
MEDA	Contribution to support community assistance	13
Milestone Growth Fund, Inc.	Contribution to support community assistance	20
Minnesota Chamber of Commerce	Contribution to support community assistance	8
Minnesota Environmental Sciences	Contribution to support community assistance	5
Minnesota Property Tax Reform	Contribution to support community assistance	3
Minnesota Science Museum	Contribution to support community assistance	5
Minnesota State Society	Contribution to support community assistance	3
Minnesota Utilities Investors Group	Contribution to support community assistance	64
Minnesotans for a Fair Redistricting	Contribution to support community assistance	5
MN Rural Electrical Association	Contribution to support community assistance	18
National Minority Supplier Dev	Contribution to support community assistance	12
National Western Stock Show	Contribution to support community assistance	3
Options, Inc	Contribution to support community assistance	8
Panhandle Water Planning Group	Contribution to support community assistance	5
Public Affairs Council	Contribution to support community assistance	4
Rocky Mountain Minority	Contribution to support community assistance	26
St Paul Riverfront Corporation	Contribution to support community assistance	8
Swearing-In Account Ceremony	Contribution to support community assistance	5
Taste of Minnesota	Contribution to support community assistance	45
The Friends of St. Paul	Contribution to support community assistance	10
Urban League of Metro Denver	Contribution to support community assistance	11
US Chamber of Commerce	Contribution to support community assistance	70
Windustry Wind Energy	Contribution to support community assistance	5
Women's Foundation of Colorado	Contribution to support community assistance	3

ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

DONATIONS--ACCOUNT 426.1  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be shown in lieu of details.

NAME OF RECIPIENT -----	PURPOSE OF DONATION -----
American Heart Association	Contribution to support health
National Jewish Med and Research	Contribution to support health
The Children's Hospital Foundation	Contribution to support health
Citizens Scholarship Foundation	Contribution to support education
Latin American Education Foundation	Contribution to support education
Mizel Center for Arts & Culture	Contribution to support education
University Film Society	Contribution to support education
Colorado Energy Assistance Foundation (CEAF)	Contribution to support low income
United Way	Contribution to support United Way
Horton's Kids	Contribution to support young people
Junior Achievement	Contribution to support young people
On Wings of Hope; Kempe Children	Contribution to support young people
The Delay Foundation for Kids	Contribution to support young people
Other (134)	

ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

OTHER DEDUCTIONS--ACCOUNT 426.5  
(thousands of dollars)

INSTRUCTIONS: Provide a listing of the amount include in Account 426.5, "Other Deductions", classifying such expenses according to their nature.

DESCRIPTION	NAME OF PAYEE
-------------	---------------

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Expenditures for Certain Civic, Political & Related Activities	Company employee, administrative costs for civic, political and related activities
NRG Integration (billed to Holding Co.)	Various
Life Insurance Premiums for Corporate Officers and to fund non-qualified deferred compensation program	Various

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ANNUAL REPORT OF XCEL ENERGY SERVICES, INC.

For the Year Ended December 31, 2002

SCHEDULE XVIII--NOTES TO STATEMENT OF INCOME

INSTRUCTIONS: The space below is provided for important notes regarding the statement of income or any account thereof. Furnish particulars as to any significant increases and services rendered or expenses incurred during the year. Notes related to financial statements shown elsewhere in this report may be indicated here by reference.

Account 920 - For 2002 this account includes compensation costs paid under the employee incentive plans previously reported in account 926.

Account 922 - Starting October 2001 with the conversion to the JD Edwards General Ledger system, costs for Aviation Services, Information Technology and Supply Chain Purchasing are initially recorded in income statement clearing accounts (408, 920-926) according to the nature of the cost. At month-end these costs are transferred to the balance sheet clearing accounts (184) and account 922 is credited.

Also see Notes to Financial Statements on pages 14-14d for additional Notes to Statement of Income.

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

For the Year Ended December 31, 2002

ORGANIZATION CHART (SUMMARY LEVEL)

ORGANIZATION CHART  
-----

SERVICE FUNCTION  
-----

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Chairman	Executive Management Services
President, CEO	Executive Management Services
Internal Audit	Internal Audit
Investor/Shareholder Services	Investor Relations
Corporate Strategy and Business Development	Corp Strategy & Business Deve
Financial and Support Services-CFO	Accounting, Fin Reporting, Ta
Accounting	Accounting, Fin Reporting, Ta
Accounts Payable	Payment & Reporting
Finance and Treasury	Finance and Treasury
General Counsel	Legal
Claims Services	Claims Services
Regulatory and Governmental Affairs - Vice-President	Rates and Regulation
Regulatory Administration	Rates and Regulation
Government Affairs	Government Affairs
Shared Services - Chief Administration Officer	Executive Management Services
Human Resources	Human Resources
Communications	Corporate and Employee Commun
Supply Chain	Supply Chain and S. Chain Spe
Facilities and Real Estate	Facilities and Real Estate
Aviation	Aviation
Payroll	Payroll
Energy Markets - President	Energy Mkts Reg Trading & Mkt
Energy Markets Regulated Trading & Marketing	Energy Mkts Reg Trading & Mkt
Energy Markets Fuel Procurement	Energy Markets Fuel Procureme
Energy Markets - Vice-President/CFO	Business Unit Acctg & Budgeti
Energy Supply - President	Business Unit Acctg & Budgeti
Energy Supply Business Resources	Business Unit Acctg & Budgeti
Energy Supply Engineering & Environmental	Energy Supply Engineering & E
Delivery - President	Business Unit Acctg & Budgeti
Energy Delivery Asset Management	Business Unit Acctg & Budgeti
Energy Delivery Engineering/Design	Energy Delivery Engineering/D
Energy Delivery Construction, Oper & Maint	Energy Delivery Constr, Oper
Fleet	Fleet
Energy Delivery Marketing	Energy Delivery Marketing
Retail - President	Business Unit Acctg & Budgeti
Retail - Controller	Business Unit Acctg & Budgeti
Marketing and Sales	Marketing and Sales
Customer Service	Customer Sales
Receipts Processing	Receipts Processing
Information Technology - Vice-President/CIO	Information Technology

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

METHODS OF ALLOCATION

Revenue Ratio - Based on the sum of the monthly revenue amounts for the prior year ending December 31, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable Operating Companies and affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Employee Ratio - Based on the number of employees at the end of the prior year ending December 31, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable

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Operating Companies and affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Total Assets Ratio, with 15 Percent of Assets assigned to Xcel Energy Inc. - Based on the total assets as of December 31 for the prior year, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable Operating Companies and affiliate companies. Xcel Energy Inc. will be assigned fifteen percent of the total assets. This ratio will be determined annually, or at such time as may be required due to significant changes.

Total Assets Ratio - Based on the total assets as of December 31 for the prior year, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable Operating Companies and affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Square Footage Ratio - Based on the total square footage as of December 31 for the prior year, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable Operating Companies and affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Invoice Transaction Ratio - Based on the sum of the monthly number of invoice transactions processed for the prior year ending December 31, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable Operating Companies and affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Customer Bills Ratio - Based on the average of the monthly total number of customer bills issued during the prior year ending December 31, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable Operating Companies and affiliate companies. This ratio will be determined annually, or at such a time as may be required due to significant changes.

MWh Generation Ratio - Based on the sum of the monthly electric MWh generated during the prior year ending December 31, the numerator of which is for an applicable Operating Company and the denominator of which is for all applicable Operating Companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

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### ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

#### METHODS OF ALLOCATION

Total MWh Sales Ratio - Based on the sum of the monthly electric MWh hours sold during the prior year ending December 31, the numerator of which is for an applicable Operating Company and the denominator of which is for all applicable Operating Companies. This includes sales to ultimate customers, wholesale customers, and non-requirement sales for resale. This ratio will be determined annually, or at such time as may be required due to significant changes.

Customers Ratio - Based on the average of the monthly total electric customers

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(and/or gas customers, or residential, business and large commercial and industrial customers where applicable) for the prior year ending December 31, the numerator of which is for an applicable Operating Company or affiliate company and the denominator of which is for all applicable Operating Companies and affiliate companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

Labor Dollars Ratio - Based on the XES department (performing center) labor dollars charged to Operating companies and other affiliates for the month. The numerator of which is the labor dollars charged to an Operating Company or affiliate company and the denominator of which is for all Operating Companies and affiliate companies charged by the department for the month.

Delivery Services Gross Plant Ratio - Based on transmission and distribution gross plant for the Delivery Business unit, both electric and gas for the prior year ending December 31, the numerator of which is an applicable Operating Company and the denominator of which is for all applicable Operating Companies. This ratio will be determined annually, or at such time as may be required due to significant changes.

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### ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

#### ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

For the Period Ended December 31, 2002

The following annual statement was supplied to each associate company in support of the amount of compensation for use of capital billed during 2002:

In accordance with Instruction 01-12 of the Securities and Exchange Commission's Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies, Xcel Energy Services Inc. (XES) submits the following information on the billing of interest on borrowed funds to associated companies for the year 2002:

- A. Amount of interest billed to associate companies is contained on page 16, Analysis of Billing.
- B. Amount of interest XES pays Xcel Energy Inc. is based on Xcel Energy's weighted cost of debt adjusted for their commitment (facilities) fees. Interest is billed to associate companies based on each company's Accounts Receivable balance weighted with other significant Service Company assets in which the benefits can be directly assigned to specific companies. Companies with outstanding Accounts Receivable balances greater than 30 days and more than \$1,000 are charged a 1% penalty on the outstanding balance in addition to their monthly interest expense. The penalty amounts reduce the monthly interest amount allocated based on total Accounts Receivable balances.

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ANNUAL REPORT OF XCEL ENERGY SERVICES INC.

SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized.

Xcel Energy Services Inc.

-----  
(Name of Reporting Company)

By: /s/ David E. Ripka

-----  
(Signature of Signing Officer)

David E. Ripka, Vice President and Controller

-----  
(Printed Name and Title of Signing Officer)

Date: April 30, 2003