

JULY 2005

xcelenergy.com



Report to SHAREHOLDERS

Building the Core making good progress

Xcel Energy is making good progress on its strategy to focus solely on its core electric and natural gas businesses, which we call Building the Core. The strategy includes making significant investments in our system and earning a reasonable return on those investments.

In May, we celebrated the Minnesota Metro Emission Reduction Project (MERP) with a groundbreaking ceremony on Earth Day at our King coal-fired plant. King is the first of three plants that will be completely refurbished over the next four years as part of a \$1 billion project that will dramatically reduce emissions in the Twin Cities metropolitan area. When completed, the Minnesota MERP will reduce power plant emissions of sulfur dioxide and nitrogen oxides by more than 90 percent, and mercury emissions by about 80 percent. In addition to making environmental improvements, the plants' generating capacity will be increased by about 300 megawatts.

CEO Wayne Brunetti to retire; Board names Dick Kelly successor

Wayne Brunetti, chairman and chief executive officer of Xcel Energy, announced his retirement as CEO effective July 1, 2005. He remains chairman of the board until mid-December 2005.

The Xcel Energy board of directors has named Richard C. (Dick) Kelly, 58, previously president and chief operating officer of Xcel Energy, as the new CEO. Kelly is a long-term employee of Xcel Energy and its predecessor companies, New Century Energies (NCE) and Public Service Co. of Colorado (PSCo).

Brunetti, 62, began his career in the electric and natural gas industry in 1964. He was chairman, president and CEO of Xcel Energy from August 2001 until October 2003, when Kelly was named president and COO. Prior to the 2000 merger that created Xcel Energy, Brunetti served as chairman, president and CEO of NCE, and prior to that as chairman, president and CEO of PSCo, Southwestern Public Service Co. and Cheyenne Light, Fuel and Power Co. He is former president and CEO of Management Systems International, a Florida management-consulting firm that he founded in 1991. Prior to that, he was executive vice president of Florida Power & Light Co.

Earlier this month, Brunetti completed a one-year term as chairman of Edison Electric Institute (EEI), the national trade organization of investor-owned utilities, serving on its board and executive committee. He also has been active in various professional and civic groups and on the National Petroleum Council, a key advisory body to the U.S. secretary of energy.

"I've had a great run," Brunetti said. "This is an exciting industry, there are always new challenges on the horizon, and there's never a dull moment. I'm pleased to have played a leadership role at Xcel Energy, as well as in the industry through the Edison Electric Institute."

In discussing Kelly's succession to the CEO position, Brunetti noted that one of the most important duties of a CEO is to prepare for the future with training, development and apprentice programs for employees. "Development and succession planning have been high priorities for me for the last several years," he said.

"Xcel Energy is on a strong and stable course, with a capable senior management team in place. I have the utmost respect for Dick Kelly and his capabilities, and the time is right for me to turn over the leadership reins to him. He has earned the respect of investors, regulators, customers and employees, and I know that under his able guidance, Xcel Energy will have a successful future," Brunetti said.

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Triple Bottom Line report available

Shareholders attending the annual meeting had the opportunity to pick up a copy of our Triple Bottom Line Report. It describes Xcel Energy's performance in connection with social responsibility, environmental stewardship and the economic impact we make on the community. The company does well in every category.

If you would like a copy of the report, please send your request to Xcel Energy Shareholder Relations, 800 Nicollet Mall, 29th floor, Minneapolis, Minn. 55402.

Kelly earned a bachelor of science degree in accounting and a master of business administration degree from Regis University in Denver. He attended the University of Colorado's Executive Education Conference and the University of Michigan's Public Utility Executive Program. He is a member of the board of trustees of the Science Museum of Minnesota and a board member of the Minneapolis Downtown Council and Colorado Concern.

Take advantage of new options and opportunities

Xcel Energy Shareholder Relations has worked with The Bank of New York (BNY) to improve and expand information and services available to our shareholders electronically through the automated voice response toll free number, 1-877-778-6786, and BNY's Web site www.stockbny.com. Enclosed with this newsletter is an updated guide to assist you in obtaining information or processing transactions. Both the Web site and automated voice response are available seven days a week, 24 hours a day for your convenience in managing your Xcel Energy stock account at The Bank of New York. All inquiries and transactions are handled in a secure electronic environment.

If you received more than one complete proxy package this year, you may be eligible for householding. Under this procedure, which is approved by the Securities and Exchange Commission, certain shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our annual report to shareholders and proxy statement, unless one or more of these shareholders notifies us that they would like to continue to receive individual copies. Shareholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect other mailings you receive from Xcel Energy such as dividend checks, advices and/or reinvestment statements.

If you and other shareholders of record with whom you share an address currently receive multiple copies of our annual report to shareholders and/or proxy statement, or if you hold stock in more than one account, and would like to receive only a single copy of these reports, please forward your written request to The Bank of New York, Shareholder Relations-12E, Box 11258, Church Street Station, New York, New York 10286. Telephone instructions cannot be accepted to establish householding.

To avoid the inconvenience and expense of a lost certificate, we encourage you to deposit your certificate(s) into your Bank of New York account. Mail your certificate(s) directly to The Bank of New York, Receive and Deliver Department, 11W, P.O. Box 11002, Church Street Station, New York, New York 10286. Be sure to include instructions indicating that the certificate is to be deposited. A confirmation will be sent to you when the deposit is completed.

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