

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-27985; 70-10275)

Xcel Energy, Inc., et al.

Order Authorizing Long-Term and Short-Term Financing Transactions and other Transactions

June 20, 2005

Xcel Energy, Inc., (“Xcel Energy”), a registered holding company under the Public Utility Holding Company Act of 1935, as amended (“Act”); its public utility subsidiaries: Northern States Power Company, a Minnesota corporation (“NSP-M”); Northern States Power Company, a Wisconsin corporation (“NSP-W”); Public Service Company of Colorado (“PSCo”); and Southwestern Public Service Company (“SPS”, collectively, “Utility Subsidiaries;” and its nonutility subsidiaries (as defined below, collectively “Subsidiaries”¹), all of Minneapolis, MN, have filed an application-declaration, as amended (“Application”) with the Securities and Exchange Commission (“Commission”) under sections 6(a), 7, 9(a), 10, 12(b), 12(c), 12(f), and 13(b) of the Act and rules 40, 42, 43, 45, 46, 53, 54, 87 and 90 under the Act. Xcel Energy and its Subsidiaries are collectively referred to as “Applicants,” and all the current Subsidiaries of Xcel are shown on Exhibit K to the Application. The Commission issued a notice of the Application on April 5, 2005 (HCAR No. 27956).

Xcel Energy directly owns four utility subsidiaries that serve electric and/or natural gas customers in ten states. The service territories of these four subsidiaries, NSP-M, NSP-W,

¹ The term “Subsidiaries” shall also include any future direct or indirect nonutility subsidiaries of Xcel Energy whose equity securities may be acquired in accordance with an order of the Commission or in accordance with an exemption under the Act or the Commission’s rules under the Act.

PSCo, and SPS, include portions of Colorado, Kansas, Michigan, Minnesota, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wisconsin.

Xcel Energy also engages through its subsidiaries in various other energy-related and nonutility businesses (these subsidiaries, together with any future direct or indirect nonutility subsidiaries of Xcel Energy, are collectively referred to as the “Nonutility Subsidiaries”). The principal Nonutility Subsidiaries that are directly or indirectly owned by Xcel Energy include: Seren Innovations, Inc., a provider of cable, telephone and high-speed internet access systems and an exempt telecommunications company under Section 34 of the Act (“ETC”); and Eloigne Company, an investor in projects that qualify for low-income housing tax credits.²

Requested Authorization

A. Summary of Transactions

By prior orders, the Applicants have been authorized to engage in various financing transactions through June 30, 2005. Applicants request authority to engage in the transactions set forth below during the period from the effective date of the order issued in this filing through the period ending June 30, 2008 (“Authorization Period”). This authority will replace and supersede all of Applicants current financing authorization under the prior orders. In particular:

(i) Xcel Energy requests authorization to issue and sell, from time to time during the Authorization Period, (a) in addition to any separate authority requested herein relating to direct stock purchase plans, dividend reinvestment plans, incentive compensation and other benefit plans, Common Stock (as defined below), unsecured long-term indebtedness (“Long-term Debt”), equity linked securities, including units consisting of a combination of options, warrants and/or forward equity purchase contracts with debt or preferred securities (“Equity linked Securities”), directly or indirectly through Finance Subsidiaries (as defined below), and preferred securities, including trust preferred securities and monthly income preferred securities (“Preferred Securities”),

² Xcel Energy completed the sale of Utility Engineering Corp. and its subsidiaries (other than Quixx Corp., which directly and/or indirectly owns or operates energy-related projects) on April 8, 2005.

directly or indirectly through Finance Subsidiaries, provided that the aggregate proceeds of Common Stock issued during the Authorization Period and principal amount or redemption or liquidation value of Long-term Debt, Equity linked Securities and Preferred Securities issued and outstanding at any time during the Authorization Period does not exceed \$1.8 billion (the “Equity/Long-term Debt Limit”), and (b) unsecured short-term indebtedness having maturities of 364 days or less at the date of issue (“Short-term Debt”) in an aggregate principal amount at any time outstanding not to exceed \$1.0 billion (the “Short-term Debt Limit”); provided further that the aggregate amount of proceeds of Common Stock, principal amount or redemption or liquidation value of Long-term Debt, Equity linked Securities and Preferred Securities issued and outstanding and aggregate principal amount of Short-term Debt issued and outstanding pursuant to this authorization shall not exceed \$2 billion (the “External Financing Limit”);

(ii) Applicants request authority for Xcel Energy and its Subsidiaries to (a) acquire the equity securities of one or more special-purpose subsidiaries (“Finance Subsidiaries”), organized solely to facilitate financing, and (b) to guarantee the securities issued by Finance Subsidiaries, to the extent not exempt pursuant to Rule 45(b) and Rule 52, as described below;

(iii) Applicants request authorization for the continuance of the Utility Money Pool, as described below;

(iv) Xcel Energy and its Subsidiaries request authority to enter into hedging transactions with respect to debt securities of Xcel Energy and its Subsidiaries in order to manage and mitigate interest rate risk and to enter into hedging transactions with respect to proposed issuances of debt securities by Xcel Energy and its Subsidiaries in order to lock-in current interest rates and/or manage exposure to interest rate risk (“Anticipatory Hedges”);

(v) Applicants request authorization for Xcel Energy to enter into guarantees, obtain letters of credit, enter into expense agreements or otherwise provide credit support (“Guarantees”) with respect to the obligations of Utility Subsidiaries, the Utility Subsidiaries to enter into Guarantees with respect to the obligations of their respective Subsidiaries, and Xcel Energy and the Nonutility Subsidiaries to enter into Guarantees with respect to the obligations of Nonutility Subsidiaries; provided that the aggregate principal amount of Guarantees shall not exceed \$1.0 billion outstanding at any one time;

(vi) Xcel Energy and the Nonutility Subsidiaries request authorization for Xcel Energy to make intercompany loans to its Nonutility Subsidiaries in an aggregate principal amount outstanding at any one time not to exceed \$300 million;

(vii) Xcel Energy requests authorization to engage, directly or through Subsidiaries, in preliminary development activities (“Development Activities”) and administrative and management activities (“Administrative Activities”), in each case

related to Xcel Energy's permitted nonutility investments, provided that the aggregate amount of such development costs at any time shall not exceed \$300 million;

(viii) Xcel Energy requests authorization to acquire directly or through Subsidiaries the securities of one or more corporations, trusts, partnerships, limited liability companies or other entities ("Intermediate Subsidiaries") to facilitate the acquisition, holding and/or financing of nonutility investments;

(ix) Applicants request authorization to undertake internal reorganizations of then existing and permitted Nonutility Subsidiaries and businesses;

(x) Applicants request authorization to make changes to the capital structure of Xcel Energy's wholly-owned Subsidiaries;

(xi) Xcel Energy requests authorization to issue up to 35 million shares of Xcel Energy common stock under Xcel Energy's direct stock purchase and dividend reinvestment plans, certain incentive compensation plans and certain other benefit plans;

(xii) Applicants request authorization for any Nonutility Subsidiary to pay dividends out of capital and unearned surplus, as described below;

(xiii) Xcel Energy and its Subsidiaries each request authorization to acquire, redeem or retire its own securities and those of its respective subsidiaries; and

(xiv) Xcel Energy and its Subsidiaries request authorization to invest in money market funds and repurchase agreements, as described below.

B. Parameters for Financing Authorization

The following general terms will be applicable, as appropriate, to the financing transactions requested to be authorized in the Application:

(1) Common Equity Ratio. Xcel Energy and the Utility Subsidiaries state that at all times during the Authorization Period, Xcel Energy and each of the Utility Subsidiaries will maintain common equity (as reflected in the most recent Form 10-K and Form 10-Q filed with the Commission, as adjusted to reflect changes in capitalization since the applicable balance sheet) of at least 30% of its consolidated capitalization, provided that Xcel Energy will in any event be authorized to issue common stock (including without limitation pursuant to a direct stock purchase or dividend reinvestment plan or incentive compensation or other benefit plan) to

the extent authorized in this Application. The term “consolidated capitalization” is defined to include, where applicable, all common stock equity (comprised of common stock, additional paid in capital, retained earnings, accumulated other comprehensive income or loss, and/or treasury stock), minority interest, preferred stock, preferred securities, equity linked securities, long-term debt, short-term debt and current maturities. Applicants request that the Commission reserve jurisdiction over the issuance of securities and the engaging in other authorized transactions when the common equity ratio component of Xcel Energy’s and/or any one or more the Utility Subsidiaries’ capitalization is below 30%.

(2) Investment Grade Ratings. Applicants represent that they will not issue any guarantees or other securities, other than securities issued for the purpose of funding money pool operations or intercompany loans to Nonutility Subsidiaries and common stock, unless: (i) the securities, if rated, are rated at least investment grade, (ii) all outstanding securities of the issuer that are rated, are rated investment grade, and (iii) all securities of Xcel Energy that are rated, are rated investment grade. For purposes of this provision, a security will be deemed to be rated investment grade if it is rated investment grade by at least one nationally recognized statistical rating organization, as defined in rule 15c3-1(c) (2)(vi)(F) under the Securities Exchange Act of 1934, as amended (“Securities Exchange Act”). Applicants request that the Commission reserve jurisdiction over the issuance of any securities that are rated below investment grade. Applicants further request that the Commission reserve jurisdiction over the issuance of any guarantees or other securities at any time that any of the conditions set forth in clauses (i) through (iii) above are not satisfied.

(3) Effective Cost of Money on Financings. The effective cost of capital for long-term debt, short-term debt, preferred securities and the debt component of equity linked

securities will not exceed competitive market rates available at the time of issuance for securities having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality; provided that in no event will the effective cost of capital on (i) any long-term debt securities exceed 500 basis points over comparable term U.S. Treasury securities (“Treasury Security”), or (ii) any short-term debt securities exceed 300 basis points over the comparable term London Interbank Offered Rate (“LIBOR”). The dividend and distribution rate on any series of preferred securities or equity linked securities will not exceed at the time of issuance 700 basis points over a Treasury Security. For variable rate instruments the maximum allowable cost of capital will change from time as the applicable index changes. Applicants request that the Commission reserve jurisdiction over the issuance of securities at market rates that exceed the maximum allowable cost of capital specified above.

(4) Maturity. The final maturity of any long-term debt securities will not exceed 50 years. Preferred stock or preferred or equity linked securities (other than perpetual preferred stock) will be redeemed no later than 50 years after issuance.

(5) Issuance Expenses. The underwriting fees and commissions paid in connection with the non-competitive issue, sale or distribution of securities pursuant to this Application will not exceed the greater of (i) 5% of the principal or total amount of the securities being issued, or (ii) issuance expenses that are paid at the time in respect of the issuance of securities having the same or reasonably similar terms and conditions issued by similar companies of reasonably comparable credit quality.

(6) Use of Proceeds. The proceeds from the sale of securities in external financing transactions will be used for general corporate purposes including (i) the financing, in whole or in part, of the capital expenditures of the Xcel Energy system, (ii) the financing of working

capital requirements of the Xcel Energy system, (iii) the acquisition, retirement or redemption of securities previously issued by Xcel Energy or its Subsidiaries pursuant to Rule 42 or as otherwise authorized by the Commission, (iv) direct or indirect investment in companies (including exempt wholesale generators (“EWGs”) or foreign utility companies (“FUCOs”)) authorized under the Act or any rule promulgated under the Act or authorized by the Commission in this proceeding or a separate proceeding, and (v) other lawful purposes. The Applicants commit that no financing proceeds will be used to acquire a new subsidiary unless the acquisition is consummated in accordance with an order of the Commission or an available exemption under the Act. In addition, any use of proceeds to make investments in any “energy-related company,” as defined in Rule 58 under the Act, will be subject to the investment limitation of the rule, and any use of proceeds to make investments in any EWG or FUCO will be subject to the investment limitation and other conditions set forth in Rule 53 or as authorized by Commission order, as applicable.

(7) Authorization Period. No security will be issued pursuant to the authority sought under this filing after the last day of the Authorization Period; provided, however, that securities issuable or deliverable upon exercise or conversion of, or in exchange for, securities which were issued during the Authorization Period, may be issued or delivered after that date.

C. Description of Specific Types of Financing

(1) Common Stock, Long-Term Debt, Equity linked Securities and Preferred Securities

(a) Common Stock

Xcel Energy may issue and sell its common stock, or options, warrants or other purchase rights exercisable for common stock, or contracts to purchase common stock (collectively,

“Common Stock”). Common Stock includes contracts obligating holders to purchase from Xcel Energy and/or Xcel Energy to sell to holders a number of shares specified directly or by formula at an aggregate offering price either fixed at the time the contracts are issued or determined by reference to a specific formula set forth in the contract. All Common Stock sales will be at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets.

Specifically, Xcel Energy may issue and sell its Common Stock through underwriters or dealers, through agents, or directly to a limited number of purchasers or a single purchaser. If underwriters are used in the sale of Common Stock, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Common Stock may be offered to the public either through underwriting syndicates (which may be represented by a managing underwriter or underwriters designated by Xcel Energy) or directly by one or more underwriters acting alone. Common Stock may also be sold directly by Xcel Energy or through agents designated by Xcel Energy from time to time. If Common Stock is being sold in an underwritten offering, Xcel Energy may grant the underwriters thereof a “green shoe” option permitting the purchase from Xcel Energy at the same price additional shares then being offered solely for the purpose of covering over-allotments.

Xcel Energy may also issue Common Stock in public or privately-negotiated transactions as consideration for the securities or assets of other companies, provided that the acquisition of the securities or assets has been authorized in a separate proceeding or is exempt under the Act or the rules under the Act (e.g., Rule 58). For purposes of calculating compliance with the

financing limit above, Xcel Energy's Common Stock issued in any such transaction will be valued at market value based upon the negotiated agreement between the buyer and the seller.

Securities issued upon the exercise of options, warrants or other purchase rights will be counted against the financing limit at the time of issuance of the options, warrants or other purchase rights, based upon the strike price established at issuance for the exercise of the options, warrants or purchase rights. The exercise of these options, warrants or other purchase rights will be authorized pursuant to the Commission's order in this matter, even if the exercise occurs beyond the Authorization Period.

(b) Preferred Securities

Xcel Energy also seeks authorization to issue and sell, directly or indirectly through Finance Subsidiaries, Preferred Securities in one or more series. Preferred Securities or securities convertible into Preferred Securities of any series (i) will have a specified par or stated value or liquidation value per security, (ii) will carry a right to periodic cash dividends and/or other distributions, subject, among other things, to funds being legally available, (iii) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above the par or stated liquidation value of the securities, (iv) may be convertible or exchangeable into Common Stock of Xcel Energy, Preferred Securities or unsecured debt that Xcel Energy is otherwise authorized to issue by Commission order directly or indirectly through Finance Subsidiaries, and (v) may bear such further rights, including voting, preemptive or other rights, and other terms and conditions, as set forth in the applicable certificate of designation, purchase agreement and/or similar instruments governing the issuance and sale of such series of Preferred Securities. The issuance of securities upon conversion of Preferred Securities, to the

extent that no additional financing proceeds are realized, shall not be counted against the financing limit.

Preferred Securities may be issued in private or public transactions. With respect to private transactions, Preferred Securities of any series may be issued and sold directly to one or more purchasers in privately negotiated transactions or to one or more investment banking or underwriting firms or other entities who will resell the Preferred Securities without registration under the Securities Act of 1933, as amended (the “Securities Act”) in reliance upon one or more applicable exemptions from registration. From time to time Xcel Energy may also issue and sell Preferred Securities of one or more series to the public either (i) through underwriters selected by negotiation or competitive bidding, or (ii) through selling agents acting either as agent or as principal for resale to the public either directly or through dealers.

The liquidation preference, dividend or distribution rates, redemption provisions, voting rights, conversion or exchange rights, and other terms and conditions of a particular series of Preferred Securities, as well as any associated placement, underwriting, structuring or selling agent fees, commissions and discounts, if any, will be established by negotiation or competitive bidding and reflected in the applicable certificate of designation, purchase agreement or underwriting agreement, and other relevant instruments setting forth the terms.

(c) Long-term Debt and Equity linked Securities

Xcel Energy also seeks to have the flexibility to issue Long-term Debt and/or Equity linked Securities, directly or indirectly through one or more special-purpose Finance Subsidiaries. The proceeds of the Long-term Debt and Equity linked Securities will enable Xcel Energy to replace Short-term Debt with more permanent capital and provide an important source

of future financing for the operations of, and for investments in, the Utility Subsidiaries and/or nonutility businesses, the acquisition of which are exempt under the Act.

Long-term Debt may (i) be convertible into any other securities of Xcel Energy approved by this Application, (ii) be subordinate to other indebtedness and/or obligations of Xcel Energy, (iii) be subject to optional and/or mandatory redemption, in whole or in part, at the option of Xcel Energy or of the holder, at par or at premiums above the principal amount thereof, (iv) be entitled to mandatory or optional sinking fund provisions, (v) provide for reset of the coupon pursuant to a remarketing arrangement, and (vi) be put by existing investors or called from existing investors by a third party and may contain features as may be appropriate under the circumstances and consistent with market practice at the time of issuance. Long-term Debt may also include long-term indebtedness under agreements with banks or other institutional lenders. Unused borrowing capacity under a credit facility will not count towards the limit on the Equity/Long-term Debt Limit or the External Financing Limit. Any Long-term Debt of Xcel Energy will be issued on an unsecured basis.

The maturity dates, interest rates, redemption and sinking fund provisions and conversion features, if any, with respect to Long-term Debt of a particular series, as well as any associated placement, underwriting or selling agent fees, commissions and discounts, if any, will be established by negotiation or competitive bidding.

The Equity linked Securities may be issued by Xcel Energy or by a Finance Subsidiary of Xcel Energy, in one or more series with the rights, preferences, and priorities as may be designated in the instrument creating each series, as determined by Xcel Energy's board of directors. Dividends or distributions on Equity linked Securities will be made periodically and to the extent funds are legally available for this purpose, but may be made subject to terms which

allow the issuer to defer dividend payments for specified periods. Equity linked Securities may be exercisable or exchangeable for or convertible, either mandatorily or at the option of the holder, into Xcel Energy Common Stock or indebtedness or allow the holder to surrender to the issuer or apply the value of the security to the holder's obligation to make a payment on another security issued by Xcel Energy pursuant to authorization of the Commission. Any convertible or Equity linked Securities will be convertible into or linked to Common Stock, Preferred Securities or unsecured debt that Xcel Energy is otherwise authorized by Commission order to issue directly or indirectly through Finance Subsidiaries on behalf of Xcel Energy. The conversion of Equity linked or Preferred Securities and the subsequent issuance of other securities as a direct result of the conversion (or the performance of these forward purchase contracts), to the extent that no additional financing proceeds are realized, shall not be counted against the financing limit.

(d) Short-term Debt

Xcel Energy proposes to issue and sell from time to time Short-term Debt, on an unsecured basis, in an aggregate principal amount at any time outstanding not to exceed \$1.0 billion (including the aggregate principal amount of Short-Term Debt issued and outstanding pursuant to the prior financing orders).

Specifically, Xcel Energy may sell commercial paper, from time to time, in established domestic or European commercial paper markets. The commercial paper will typically be sold to dealers at the discount rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring commercial paper from Xcel Energy will reoffer the paper at a discount to corporate, institutional and, with respect to European commercial paper, individual

investors. It is anticipated that Xcel Energy's commercial paper may be reoffered to investors such as commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities, finance companies and nonfinancial corporations. In connection with the sale of commercial paper, Xcel Energy may obtain lines of credit or letters of credit from one or more banks in support of these commercial paper obligations.

Xcel Energy may establish lines of credit with banks, financial institutions and related entities. Loans under lines of credit authorized hereunder as Short-Term Debt will have maturities not more than 364 days from the date of each borrowing. Unused borrowing capacity under a credit facility will not count towards the limit on Short-term Debt or the External Financing Limit.

Xcel Energy may also engage in other types of short-term financing generally available to borrowers with comparable credit ratings as it may deem appropriate in light of its needs and market conditions at the time of issuance.

(2) Finance Subsidiaries

Xcel Energy and/or its Subsidiaries request authorization to acquire, directly the equity securities of one or more Finance Subsidiaries, which may be organized as corporations, trusts, partnerships or other entities, created specifically for the purpose of facilitating the financing of the authorized and exempt activities of (including exempt and authorized acquisitions by) Xcel Energy or a Subsidiary through the issuance of Long-term Debt, Equity linked Securities or Preferred Securities, and any other type of security authorized by rule or order, to third parties. A Finance Subsidiary may dividend (including dividends out of capital to the extent permitted below by other Nonutility Subsidiaries), loan or otherwise transfer the proceeds of the financings to its direct parent. In the event that a Finance Subsidiary loans the proceeds of the financing to

its direct parent, such parent company may issue notes to evidence the borrowings. The terms of the notes (e.g. interest rates, maturity, amortization, prepayment terms, etc.) will be designed to parallel in all material respects the terms of the securities issued by the Finance Subsidiaries to which the notes relate.

Xcel Energy or the Subsidiary may, if required, guarantee, provide support for or enter into expense agreements to the extent of the obligations of any Finance Subsidiary organized for its benefit. In cases where it is necessary or desirable to ensure legal separation for purposes of isolating the Finance Subsidiary from its parent for bankruptcy purposes, the rating agencies require that the parent provide financing related services to the Finance Subsidiary at a price, not to exceed a market price, consistent with similar services for parties with comparable credit quality and terms entered into by other companies so that a successor service provider could assume the duties of the parent or subsidiary in the event of the bankruptcy of the parent or subsidiary without interruption or an increase of fees. Therefore, Applicants seek approval under Section 13(b) of the Act and Rules 87 and 90 to provide the services described in this paragraph at a charge not to exceed a market price.

The amount of any Long-term Debt, Equity linked Securities or Preferred Securities issued by any Finance Subsidiary for the benefit of Xcel Energy shall be counted against the aggregate Equity/Long-term Debt Limit requested above to the extent that Xcel Energy issues a note to a Finance Subsidiary or guarantees these securities; however, the securities (e.g., note and/or guarantee) issued by Xcel Energy in connection therewith will not separately be counted against the Equity/Long-term Debt Limit or the financing limit requested for Guarantees.

(3) Utility Money Pool

In order to provide intrasystem financing to the Utility Subsidiaries, Applicants request authorization to continue to operate the Utility Money Pool. It is anticipated that the Utility Money Pool will include some or all of the Utility Subsidiaries as borrowers from and lenders to the pool. Xcel Energy will participate in the Utility Money Pool, but only as a lender to the pool. Xcel Energy Services Inc. (“Xcel Energy Services”) will act as the administrator of the Utility Money Pool. The Utility Subsidiaries request authorization to make unsecured short-term borrowings from the Utility Money Pool and to contribute surplus funds to the Utility Money Pool and to lend and extend credit to (and acquire promissory notes from) one another through the Utility Money Pool. Xcel Energy requests authorization to contribute surplus funds and to lend and extend credit to the Utility Subsidiaries through the Utility Money Pool. No loans through the Utility Money Pool will be made to, and no borrowings through the Utility Money Pool will be made by, Xcel Energy.

The objective of the implementation of a Utility Money Pool is to provide more flexible cash management among the Utility Subsidiaries, by making excess funds at one Utility Subsidiary available to other Utility Subsidiaries on a cost-effective basis. The Applicants believe that the cost of the proposed borrowings through the Utility Money Pool will generally be more favorable to the borrowing participants than the comparable cost of external short-term borrowings, and the yield to the participants contributing available funds to the Utility Money Pool will generally be higher than the typical yield on short-term investments.

Under the proposed terms of the Utility Money Pool Agreement, a copy of which is attached as Exhibit J to the Application, short-term funds will be available from the following sources for short-term loans to each of the Utility Subsidiaries from time to time: (i) surplus

funds in the treasuries of Utility Money Pool participants, (ii) surplus funds in the treasury of Xcel Energy, and (iii) proceeds from bank borrowings by Utility Money Pool participants or the sale of commercial paper by the Utility Money Pool participants for loan to the Utility Money Pool (“External Funds”). The determination of whether a Utility Money Pool participant at any time has surplus funds to lend to the Utility Money Pool or shall borrow funds from the Utility Money Pool will be made by the participant's chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in the participant's sole discretion.

Utility Money Pool participants that borrow will borrow pro rata from each company that lends, in the proportion that the total amount loaned by each lending company bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Xcel Energy and other Utility Money Pool participants (“Internal Funds”) and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrower will borrow pro rata from each fund source in the Utility Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Borrowings from the Utility Money Pool will require authorization by the borrower's chief financial officer or treasurer, or by a designee thereof. No party will be required to effect a borrowing through the Utility Money Pool if it is determined that it could (and had authority to) effect a borrowing at lower cost directly from banks or through the sale of its own commercial paper.

The cost of compensating balances, if any, and fees paid to banks to maintain credit lines and accounts by Utility Money Pool participants lending External Funds to the Utility Money

Pool will initially be paid by the participant maintaining the line. A portion of the costs -- or all of the costs in the event a Utility Money Pool participant establishes a line of credit solely for purposes of lending any External Funds obtained thereby into the Utility Money Pool -- will be retroactively allocated every month to the companies borrowing the External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of External Funds.

If only Internal Funds make up the funds available in the Utility Money Pool, the interest rate applicable and payable to or by the Utility Money Pool participants for all loans of Internal Funds outstanding on any day will be the rates for high-grade unsecured 30-day commercial paper sold through dealers by major corporations as quoted in The Wall Street Journal on the last business day of the prior calendar month.

If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of External Funds will be equal to the lending company's cost for the External Funds (or, if more than one Utility Money Pool participant had made available External Funds on that day, the applicable interest rate will be a composite rate equal to the weighted average of the cost incurred by the respective Utility Money Pool participants for the External Funds).

In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of these "blended" funds will be a composite rate equal to the weighted average of (i) the cost of all Internal Funds contributed by Utility Money Pool participants (as determined pursuant to the second-preceding paragraph above), and (ii) the cost of all the External Funds (as determined pursuant to the immediately preceding paragraph above).

Funds not required by the Utility Money Pool to make loans (with the exception of funds required to satisfy the Utility Money Pool's liquidity requirements) will ordinarily be invested in one or more short-term investments, including: (i) interest-bearing accounts with banks, (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements, (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that these obligations are rated not less than "A" by a nationally recognized rating agency, (iv) commercial paper rated not less than "A-1" or "P- 1" or their equivalent by a nationally recognized rating agency, (v) money market funds, (vi) bank certificates of deposit, (vii) Eurodollar funds, and (viii) other investments as are permitted by Section 9(c) of the Act and Rule 40.

The interest income and investment income earned on loans and investments of surplus funds will be allocated among the participants in the Utility Money Pool in accordance with the proportion each participant's contribution of funds bears to the total amount of funds in the Utility Money Pool.

Each Applicant receiving a loan through the Utility Money Pool will be required to repay the principal amount of the loan, together with all interest accrued thereon, on demand. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

Operation of the Utility Money Pool, including record keeping and coordination of loans, will be handled by Xcel Energy Services under the authority of the appropriate officers of the participating companies. Xcel Energy Services will administer the Utility Money Pool on an "at cost" basis.

Proceeds from the Utility Money Pool may be used by the Utility Subsidiary (i) for the interim financing of its construction and capital expenditure programs, (ii) for its working capital needs, (iii) for the repayment, redemption or refinancing of its debt and preferred stock, (iv) to meet unexpected contingencies, payment and timing differences and cash requirements, and (v) to otherwise finance its own business and for other lawful general corporate purposes. The Utility Subsidiaries request authority to borrow up to an amount at any one time outstanding from the Utility Money Pool as set forth below:

<u>Utility Subsidiary</u>	<u>Money Pool Limit</u>
NSP-M	\$250 million
NSP-W	\$100 million
PSCo	\$250 million
SPS	\$100 million

(4) Hedging Transactions

(a) Hedging Transactions

The Applicants request authorization (i) for Xcel Energy to enter into hedging arrangements intended to reduce or manage the volatility of interest rate risks (“Hedging Transactions”) with respect to the indebtedness of Xcel Energy and its Subsidiaries, and (ii) for each of Xcel Energy's Subsidiaries to enter into Hedging Transactions (to the extent not exempt under the Act) with respect to its own indebtedness, subject in each case to the limitations and restrictions described below.

Hedging Transactions will involve the use of financial instruments and derivatives commonly used in capital markets to manage interest rate risk (“Hedging Instruments”), such as interest rate futures, swaps, caps, collars, floors, forward agreements and similar products.

Hedging Transactions may also include and structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or

index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury or agency (e.g., FNMA) obligations or LIBOR-based or credit spread related swap instruments. The transactions will be for fixed periods and stated notional amounts, which will not exceed the principal amount of the underlying security except to the extent necessary to adjust for differing price movements between the underlying and hedged securities or to allow the fees related to the transaction. Fees, commissions and other amounts payable to the counterparty or exchange (excluding, however, the swap or option payments) in connection with a Hedging Transaction will not exceed those generally obtainable in competitive markets for parties of comparable credit quality. Xcel Energy and its Subsidiaries will not engage in “speculative transactions” as that term is described in Statement of Financial Accounting Standards (“SFAS”) 133 (“Accounting for Derivative Instruments and Hedging Activities”). Xcel Energy and its Subsidiaries may employ derivatives as a means of prudently managing the interest rate risk associated with any outstanding debt issued pursuant to Commission order in this proceeding or any other proceeding or pursuant to an applicable exemption. Hedging Transactions may be employed so as to, in effect, synthetically (i) convert variable rate debt to fixed rate debt, (ii) convert fixed rate debt to variable rate debt, and (iii) limit the impact of changes in interest rates resulting from variable rate debt.

(b) Anticipatory Hedges

In addition, the Applicants request authorization for Xcel Energy to enter into Anticipatory Hedges with respect to anticipated offerings of debt of Xcel Energy or debt securities of its Subsidiaries and, to the extent not exempt under Rule 52, for each of Xcel Energy's Subsidiaries to enter into Anticipatory Hedges (to the extent not exempt under the Act) with respect to its own anticipated debt issuances, subject to the limitations and restrictions

described below. Anticipatory Hedges will be utilized to fix and/or limit the interest rate risk associated with any proposed issuance of debt securities through appropriate means, including (i) the forward sale of exchange-traded Hedging Instruments, (ii) the purchase of put options on Hedging Instruments, (iii) the purchase of put options, in combination with the sale of call options, on Hedging Instruments, (iv) some combination of the above and/or other derivative or cash transactions, including, but not limited to, structured notes, caps and collars, appropriate for the Anticipatory Hedges, and (v) other financial derivatives or other products including Treasury rate locks, swaps, forward starting swaps, and options on the foregoing.

Hedging Transactions and Anticipatory Hedges may be (i) executed on-exchange (“On-Exchange Trades”) with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade, the Chicago Mercantile Exchange or similar exchange, (ii) the opening of over-the-counter positions with one or more counterparties whose senior debt ratings, or whose parent companies' senior debt ratings, are rated investment grade by at least one nationally recognized statistical rating organization as defined in rule 15c3-1(c)(2)(vi)(F) under the Securities at the time that the Hedging Transaction is entered into (“Off-Exchange Trades”), or (iii) a combination of On-Exchange Trades and Off-Exchange Trades. The optimal structure of each Hedging Transaction and Anticipatory Hedge will be determined at the time of execution.

Xcel Energy and its Subsidiaries will comply with Statement of Financial Accounting Standard (“SFAS”) 133 (Accounting for Derivative Instruments and Hedging Activities) and SFAS 138 (Accounting for Certain Derivative Instruments and Certain Hedging Activities) or other standards relating to accounting for derivative transactions as are adopted and implemented by the Financial Accounting Standards Board (“FASB”). The Applicants will also comply with

any existing or future FASB financial disclosure requirements associated with hedging transactions

The Applicants represent that each Hedging Transaction and each Anticipatory Hedge will qualify for hedge accounting treatment under the FASB standards in effect and as determined as of the date the Hedging Transaction or Anticipatory Hedge is entered into. The Applicants request that the Commission reserve jurisdiction over the entering into of any Hedging Transaction or Anticipatory Hedge that does not so qualify.

(5) Intra-System Financings and Guarantees

The Applicants request authorization for (i) Xcel Energy to enter into Guarantees with respect to the obligations of Utility Subsidiaries as may be appropriate to enable the Utility Subsidiaries to carry on their respective businesses, (ii) the Utility Subsidiaries to enter into Guarantees with respect to the obligations of their Subsidiaries to enable the Subsidiaries to carry on their respective businesses, and (iii) Xcel Energy and the Nonutility Subsidiaries to enter into Guarantees with respect to the obligations of Nonutility Subsidiaries as may be appropriate to enable the Nonutility Subsidiaries to carry on their respective businesses; provided that the aggregate principal amount of Guarantees pursuant to this paragraph shall not exceed \$1.0 billion outstanding at any one time during the Authorization Period. The \$1.0 billion excludes any Guarantees that are exempt pursuant to Rules 45(b) and 52. The authorization requested herein will permit issuances of Guarantees in situations where the exemptions provided by Rules 45(b) and 52 are not applicable. Any Guarantee outstanding at the end of the Authorization Period may remain outstanding until it expires or terminates in accordance with its terms.

Xcel Energy or other guarantor may charge the Subsidiary whose obligations are guaranteed a fee for each Guarantee provided on behalf of the Subsidiary, provided that the fee

does not exceed the cost of obtaining the liquidity necessary to perform the Guarantee (for example, bank line commitment fees or letter of credit fees) for the period of time the Guarantee remains outstanding.

Guarantees may, in some cases, be provided to support obligations that are not readily susceptible of exact quantification or that may be subject to varying quantification. In these cases, the exposure under the Guarantee for purposes of measuring compliance with the proposed limitation on guarantees will be determined by appropriate means, including estimation of exposure based on loss experience or projected potential payment amounts. If appropriate, the estimates will be made in accordance with generally accepted accounting principles. The estimation will be reevaluated on a periodic basis.

The Applicants also request authorization for Xcel Energy to make intercompany loans to its Nonutility Subsidiaries in an aggregate principal amount outstanding at any one time during the Authorization Period not to exceed \$300 million. The \$300 million excludes any financings that are exempt pursuant to Rules 45(b) and 52.

Intra-system financing will provide funds for general corporate purposes, including working capital requirements, investments and capital expenditures. Xcel Energy will determine, at its discretion, how much financing to give each borrowing Nonutility Subsidiary as its needs dictate during the Authorization Period.

Generally, Xcel Energy's loans to, and purchase of capital stock from, the borrowing Subsidiaries will be exempt under Rule 52, and capital contributions and open account advances without interest will be exempt under Rule 45(b). The authorization requested herein will permit intra-system loans in situations where the exemptions provided by Rules 45(b) and 52 are not applicable.

Xcel Energy provides loans to its Nonutility Subsidiaries (e.g., Eloigne Company and Quixx Corp. and its subsidiaries) through their respective intermediate holding companies. Typically, these loans are made on an exempt basis pursuant to Rule 52. However, circumstances can arise from time to time where maturity dates of an intercompany loan will not parallel the terms of recently issued debt of the lending company, as required by Rule 52(b)(2).³ Thus, Xcel Energy seeks the authorization requested herein for Xcel Energy to make loans to its Nonutility Subsidiaries on the terms described below.

In the case of loans by Xcel Energy to a Nonutility Subsidiary, Xcel Energy may charge interest at the same effective rate of interest as the daily weighted average effective rate of its commercial paper, revolving credit and/or other short-term borrowings, including an allocated share of commitment fees and related expenses. If no borrowings are outstanding, then the interest rate shall be predicated on the Federal Funds' effective rate of interest as quoted daily by the Federal Reserve Bank of New York. In the limited circumstances where the Nonutility Subsidiary effecting the borrowing is not wholly-owned by Xcel Energy, directly or indirectly, authority is requested under the Act for Xcel Energy to make the loans to these subsidiaries at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital. If loans are made to a Nonutility Subsidiary which is not wholly-owned, the Nonutility Subsidiary will not provide any services to any associate Subsidiary except a company which meets one of the conditions for rendering of services on a basis other

³ HCAR No. 25574, in which the Commission proposed amendments to Rule 52, provides that the lender's cost of capital may be tied to an appropriate index only in the event that the lender has not recently issued debt securities. Xcel Energy has encountered situations, at a time when it has no short-term debt outstanding, in which it has issued long-term notes and, directly or indirectly, applied the proceeds to fund the working capital or other funding needs of its Nonutility Subsidiaries. In such case, the maturities will not match and the interest rate on the intercompany loan will be determined in the manner described below.

than “at cost,” as previously authorized in Holding Company Act Release No. 27212 (August 16, 2000).

Funds for intercompany loans to Nonutility Subsidiaries will be derived from available funds of Xcel Energy or from proceeds of exempt financings or financing authorized by the Commission elsewhere in this filing or in separate filings.

(6) Development and Administrative Activities

In connection with future investments in EWGs, FUCOs, ETCs, and in subsidiaries permitted pursuant to Rule 58 (“Rule 58 Subsidiaries”), Xcel Energy requests authority to engage directly and through Subsidiaries in Development Activities and Administrative Activities associated with these investments. Development Activities and Administrative Activities include preliminary activities designed to result in a permitted nonutility investment such as an investment in an EWG or FUCO, ETC or a Rule 58 Subsidiary; provided however, the preliminary activities may not qualify for such status until the project is more fully developed. Accordingly, approval is sought for Xcel Energy and its Subsidiaries to engage in Development and Administrative Activities and for Xcel Energy, directly or indirectly, to acquire or form Subsidiaries to engage in these activities.

Development Activities will include due diligence and design review; market studies; preliminary engineering; site inspection; preparation of bid proposals, including, in connection therewith, posting of bid bonds; application for required permits and/or regulatory approvals; acquisition of site options and options on other necessary rights; negotiation and execution of contractual commitments with owners of existing facilities, equipment vendors, construction firms, power purchasers, thermal “hosts,” fuel suppliers and other project contractors; negotiation of financing commitments with lenders and other third-party investors; and other

preliminary activities as may be required in connection with the purchase, acquisition or construction of facilities or the securities of other companies. Development Activities will be undertaken with the intent and purpose to make a permitted nonutility investment; however, it is possible that all these endeavors will not be successful and the potential investment may never be completed.

Administrative Activities will include ongoing personnel, accounting, engineering, legal, financial, and other support activities necessary to manage Xcel Energy's investments in nonutility subsidiaries.

Xcel Energy proposes to expend, directly or through Subsidiaries, up to \$300 million in the aggregate outstanding at any time during the Authorization Period on Development Activities. Amounts expended in the development of projects leading to an investment in a Nonutility Subsidiary authorized by the Act, applicable rule or by Commission order will not count against the limitation on expenditures for Development Activities. Further, to the extent a Subsidiary for which amounts were expended for Development Activities becomes an EWG, FUCO, ETC or Rule 58 Subsidiary, the amount so expended will then be considered as part of the "aggregate investment" in the entity. In the case of EWGs, FUCOs, ETC and Rule 58 Subsidiaries, the aggregate investment will then count against the limitation on aggregate investment under Rule 53 (as it may be modified by Commission order) or Rule 58, as applicable.

(7) Intermediate Subsidiaries

Xcel Energy proposes to create and/or acquire directly or indirectly the securities of one or more Intermediate Subsidiaries. Intermediate Subsidiaries may be corporations, trusts, partnerships, limited liability companies or other entities in which Xcel Energy, directly or

indirectly, owns a 100% interest, a majority equity interest, a minority equity interest or a debt position. Intermediate Subsidiaries will be organized exclusively for the purpose of acquiring and holding the securities of, or financing or facilitating Xcel Energy's investments in, other direct or indirect nonutility investments. Intermediate Subsidiaries may also engage in Development Activities and Administrative Activities.

Investments in Intermediate Subsidiaries may take the form of any combination of the following: (i) purchases of capital shares, partnership interests, member interests in limited liability companies, trust certificates or other forms of voting or non-voting equity interests, (ii) capital contributions, (iii) open account advances without interest, (iv) loans, and (v) guarantees issued, provided or arranged in respect of the securities or other obligations of any Intermediate Subsidiaries.

Funds for any direct or indirect investment in any Intermediate Subsidiary will be derived from available funds of Xcel Energy and/or its Subsidiaries or from proceeds of exempt financings or financings authorized by the Commission elsewhere in this proceeding or in separate proceedings. No authority is sought under this heading for additional financing authority.

To the extent that Xcel Energy provides funds directly or indirectly to an Intermediate Subsidiary which are used for the purpose of making an investment in any EWG or FUCO or a Rule 58 Subsidiary, the amount of these funds will be included in Xcel Energy's "aggregate investment" in these entities, as calculated in accordance with Rule 53 or Rule 58, as applicable.⁴

⁴ If the Intermediate Subsidiary is merely a conduit, the aggregate investment will not "double count" both the conduit investment and the investment in the operating company authorized as an EWG, FUCO, Rule 58 Subsidiary or other approved investment.

The authority requested for Intermediate Subsidiaries is intended to allow for the corporate structuring alternatives outlined herein and will not allow any increase in aggregate investment in EWGs, FUCOs, Rule 58 Subsidiaries, or any other business subject to an investment limitation under the Act.

(8) Internal Reorganization of Existing Investments

Xcel Energy currently engages directly or through Nonutility Subsidiaries in certain nonutility businesses. The Applicants seek authorization to restructure the nonutility interests of the Xcel Energy system from time to time, without the need to apply for or receive prior Commission approval, on the condition that the reorganization will not result in the entry by the Subsidiaries into new lines of business that are not permissible on an exempt basis under the Act or by Commission rule. The restructurings may involve the creation of new, or the elimination of existing, Intermediate or Nonutility Subsidiaries, the consolidation of Nonutility Subsidiaries engaged in similar businesses, the spin-off of a portion of an existing business of a Nonutility Subsidiary to another Nonutility Subsidiary, the re-incorporation of an existing Nonutility Subsidiary in a different state, the transfer of authority from one Nonutility Subsidiary to another or other similar type arrangements.

This authorization will permit Xcel Energy and its Subsidiaries to sell or otherwise transfer (i) assets or operations of Nonutility Subsidiaries, (ii) the securities of Nonutility Subsidiaries, or (iii) Nonutility investments which do not involve a Subsidiary (i.e., less than 10% voting interest) to Xcel Energy or a different Subsidiary, and, to the extent approval is required, the Subsidiaries to acquire the assets or operations of nonutility businesses, Nonutility Subsidiaries or investment interests therein. Transfers of the securities or assets may also be effected by share exchanges, share distributions or dividends and/or contribution of the securities

or assets to the receiving entity. Xcel Energy may also liquidate or merge Nonutility Subsidiaries.

The internal transactions will be undertaken in order to eliminate corporate complexities, to combine related business segments for staffing and management purposes, to eliminate administrative costs, to achieve tax savings, or for other ordinary and appropriate business purposes.

(9) Changes in Capital Structure of Wholly-Owned Subsidiaries

Applicants request authorization to change the terms of any wholly-owned Subsidiary's authorized capitalization by an amount deemed appropriate by Xcel Energy or other intermediate parent company. The portion of an individual Subsidiary's aggregate financing to be effected through the sale of equity to Xcel Energy or other intermediate parent company pursuant to Rule 52 and/or an order issued in this file is unknown at this time. The proposed sale of capital securities (i.e., common stock, preferred stock or other equity interests)⁵ may in some cases exceed the then authorized capital of the Subsidiary. In addition, the Subsidiary may choose to use capital stock with no par value. The relief requested will provide necessary financing flexibility.

The requested authorization is limited to Xcel Energy's wholly-owned Subsidiaries and will not affect the aggregate limits or other conditions contained herein. A Subsidiary will be able to change its authorized capital, to change the par value, or change between par value and no-par stock, and to amend the certificate or articles of incorporation or other constituent document to effect these changes, without additional Commission approval. Additional terms

⁵ For example, such other equity interests may include partnership interests in a partnership or membership interests in a limited liability company.

that may be changed include dividend rates, conversion rates and dates, and expiration dates. Any such action by any Utility Subsidiary will be subject to and will only be taken upon the receipt of any necessary approvals by the applicable state commission or commissions with jurisdiction over the transaction. Applicants state that in the event that proxy solicitations are necessary with respect to any change to a Subsidiary's corporate structure or internal corporate reorganizations, the applicable Subsidiary will seek the necessary Commission approval, under section 6(a)(2) and 12(e) of the Act, through the appropriate filing of a declaration.

(10) Incentive Compensation and other Benefit Plans; Direct Stock Purchase and Dividend Reinvestment Plans

Xcel Energy seeks authorization to issue up to 35 million shares (the "Share Limitation") of common stock, and/or options, units or other derivative securities⁶ through the Authorization Period under its direct stock purchase plan, dividend reinvestment plan, incentive compensation plans and other employee and/or director benefit plans, whether now in effect or implemented after the date hereof (collectively, the "Plans").⁷

Xcel Energy issues and sells common stock pursuant to its dividend reinvestment plan and its common stock purchase plan to shareholders and other participants. Xcel Energy also has incentive compensation and other benefit plans under which Xcel Energy common stock, and/or

⁶ Such derivative securities could include, among other things, performance or phantom stock units.

⁷ Under the Financing Orders, Xcel Energy has authorization to issue up to 30 million shares through June 30, 2007. As of September 30, 2004, Xcel Energy has issued approximately 12.8 million shares, or options or settlement of restricted stock units or phantom stock units in respect thereof, pursuant to such authorization. The issuance of common stock upon the exercise of options issued prior to the date of an order in this proceeding is authorized by prior financing orders and will not count against the limit described in this section. As to any awards of common stock, options or settlement of restricted stock units or phantom stock units issued after the date of the order in this proceeding, this authorization will supersede and replace the existing authorization.

options, units or other derivative securities, may be awarded to employees and/or directors of Xcel Energy and its Subsidiaries. Xcel Energy currently maintains the following stock-based benefit plans for employees and/or directors:

- Xcel Energy 401(k) Savings Plan. Defined contribution 401(k) retirement plan where matching contribution is made in Xcel Energy common stock.
- NCE Employee Savings and Stock Ownership Plan for Bargaining Unit Employees and Former Non-Bargaining Unit Employees. Defined contribution 401(k) retirement plan for bargaining unit employees of PSCo where matching contribution is made in Xcel Energy common stock.
- NCE Investment Plan for Bargaining Unit and Former Non-Bargaining Unit Employees. Defined contribution 401(k) retirement plan for bargaining unit employees of SPS where matching contribution and part of participant's elective deferrals are made in cash, and trustee purchases Xcel Energy common stock on open market.
- Xcel Energy Executive Annual Incentive Plan. Performance based annual awards to select group of Xcel Energy executives, which can be paid in cash, shares or restricted stock.
- Xcel Energy Omnibus Incentive Plan. Multi-component stock-based award document, providing Board-directed awards of stock, options, restricted stock and restricted share units.
- Stock Equivalent Plan for Non-Employee Directors of Xcel Energy. A director's only plan allowing all or a portion of annual director's retainer to be paid in Xcel Energy common stock.

Xcel Energy proposes to issue and/or acquire in open market transactions, or by some other method which complies with applicable law and Commission interpretations then in effect, shares of Xcel Energy common stock distributable under Xcel Energy's current or any future Plans.

The number of shares of Common Stock issuable upon the exercise of options or rights shall count against the Share Limitation at the time of issuance of the options or units. The issuance of common stock upon the exercise of options or units shall not count against the Share

Limitation, to the extent that the issuance of the options or units has already been counted against the Share Limitation. To the extent that any options or units pursuant to this authorization expire or are forfeited, or are applied to satisfy any income tax withholding obligation, the number of shares counted against the Share Limitation upon the issuance of the options or units shall be reinstated. Only newly issued shares will be counted against the Share Limitation. Any shares of common stock acquired by Xcel Energy, or the trustee of any Plan, on the open market⁸ for delivery pursuant to any of these Plans shall not count against the Share Limitation and, to the extent the shares are applied to satisfy an obligation in respect of the exercise of options or units, the Share Limitation shall be reinstated. In addition, the issuance of common stock upon conversion of options or units will not count against the Equity/Long-term Debt Limit.

(11) Dividends Out of Capital

Xcel Energy and the Nonutility Subsidiaries request authority for each of the Nonutility Subsidiaries to pay dividends out of capital or unearned surplus to the fullest extent of the law, provided, however, that without further approval of the Commission, (i) no Nonutility Subsidiary that derives any material part of its revenues from the sale of goods, services or electricity to any Utility Subsidiary shall declare or pay any dividend out of capital or unearned surplus, and (ii) no Nonutility Subsidiary shall declare or pay any dividend out of capital or unearned surplus unless it: (a) has received excess cash as a result of the sale of its assets, (b) has engaged in a restructuring or reorganization, and/or (c) is returning capital to an associate company. Further, Xcel Energy and the Nonutility Subsidiaries request that the Commission reserve jurisdiction

⁸ Such open-market purchases of shares will generally be exempt pursuant to Rule 42, but may include purchases from investors that are affiliates.

over the payment of dividends out of capital or unearned surplus when any of these conditions are not met.

(12) Acquisition, Redemption or Retirement of Securities

The Applicants request authorization for each company in the Xcel Energy system to acquire, redeem or retire its securities or those of its direct and indirect subsidiaries, which securities may be either outstanding presently or issued and sold in the future from time to time during the Authorization Period. These transactions will be undertaken at either the competitive market prices for the securities or at the stated price for those securities, as applicable. The Utility Subsidiaries will acquire, retire or redeem securities only in accordance with Rule 42. The redemption or retirement of securities will be effected consistent with corporate law applicable in the jurisdiction where the company whose securities are being acquired, retired or redeemed is organized and in accordance with any applicable financing covenants.

(13) Investment Securities

In addition to the types of securities described in Section 9(c) and Rule 40, Applicants request authorization to invest in the following securities:

(i) Shares of money market funds registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act with total fund assets in excess of \$500 million and rated in the highest short-term rating category by two or more nationally recognized statistical rating organizations (“NRSRO”), or one NRSRO if only one has rated the security or, if not rated, determined to be of comparable quality, whose investments include:

(a) U.S. Treasury obligations and obligations issued or guaranteed as to principal and interest by the U.S. Government or its agencies;

(b) Obligations of any State of the U.S. or any political subdivision thereof;

- (c) Obligations of commercial banks and savings and loan and thrift institutions (including certificates of deposit, time deposits, bankers' acceptances, bank notes, letters of credit, Eurodollar CD's and Eurodollar time deposits);
 - (d) Commercial paper;
 - (e) Corporate obligations;
 - (f) Variable rate instruments; and
 - (g) Repurchase agreements involving any of the foregoing obligations; and
- (ii) repurchase agreements involving:
- (a) U.S. Treasury obligations and obligations issued or guaranteed as to principal and interest by the U.S. Government or its agencies;
 - (b) Obligations of any State of the U.S. or any political subdivision thereof; and
 - (c) Obligations of commercial banks and savings and loan and thrift institutions (including certificates of deposit, time deposits, bankers' acceptances, bank notes, letters of credit, Eurodollar CD's and Eurodollar time deposits).

D. Rule 54

Xcel Energy states, for purposes of rule 54, that the conditions specified in rule 53(a) are satisfied and that none of the adverse conditions specified in rule 53(b) exist. As a result, the Commission will not consider the effect on the Xcel Energy system of the capitalization or earnings of any Xcel Energy subsidiary that is an EWG or FUCO, as each is defined in sections 32 and 33 of the Act, respectively, in determining whether to approve the proposed transactions.

E. Filings of Certificates of Notification

Xcel Energy will integrate the reporting system of the Securities Act of 1933, as amended (the "1933 Act") and the Securities Exchange Act of 1934, as amended (the "1934 Act") with the reporting system under the Act to eliminate duplication of filings with the Commission that cover essentially the same subject matters, resulting in a reduction of expense for both the Commission and Xcel Energy. To effect such integration, the portion of the 1933 Act and 1934

Act reports containing or reflecting disclosures of transactions occurring pursuant to the authorization granted in this proceeding will be incorporated by reference into this proceeding through Rule 24 certificates of notification. The certificates will also contain all other information required by Rule 24, including the certification that each transaction being reported on had been carried out in accordance with the terms and conditions of and for the purposes represented in this Application. Such certificates of notification will be filed within 60 days after the end of each of the first three calendar quarters, and 90 days after the end of the last calendar quarter, in which transactions occur. Such certificates will include all information required on Form U-6B-2 with respect to all securities issuances that are exempt under Rule 52, and will be filed in lieu of any separate filings on Form U-6B-2 pursuant to Rule 52.

The Rule 24 certificates will also contain the following information:

1. sales of Common Stock or Equity-linked Securities by Xcel Energy during the quarter, including the purchase price per share and the market price per share at the date of the agreement of sale, as well as the aggregate amount issued by Xcel Energy during the Authorization Period of each type of securities;
2. the total number of shares of Xcel Energy common stock issued during the quarter under any of Xcel Energy's Plans, including (i) Xcel Energy's direct stock purchase and dividend reinvestment plan, (ii) Xcel Energy's executive compensation plan, (iii) any other employee and/or director benefit plan and (iv) any similar plans hereinafter adopted, including information to identify if such shares were issued pursuant to the authorization in this proceeding or otherwise; and the total number of shares issued or issuable under options granted during the Authorization Period pursuant to authorization granted in this proceeding;
3. in the event Xcel Energy common stock has been transferred to a seller of securities of a company being acquired, the number of shares so issued, the value per share and whether the shares are restricted in the hands of the acquiror;
4. if a guarantee or other form of credit support is issued during the quarter pursuant to the authorization requested in this proceeding, the name of the guarantor, the name of the beneficiary of the guarantee and the amount, terms and purpose of the guarantee;
5. the amount and terms of any indebtedness issued by Xcel Energy during the quarter, and a chart showing the total amount of Long-term Debt and Short-term Debt

outstanding for Xcel Energy versus the total amount of Long term Debt and Short-term Debt authorized for Xcel Energy in this proceeding;

6. with respect to each participant in the Utility Money Pool, the maximum borrowings from and loans to the money pool during the quarter, as well as the outstanding balances on the last day of the quarter and the interest rate applied to such borrowings and loans;

7. the amount and terms of any financings consummated by any Non-Utility Subsidiary during the quarter which financings are not exempt under Rule 52, showing also, separately, the total amount of non-exempt securities issued by Non-Utility Subsidiaries during the Authorization Period;

8. the amount and terms of any financings consummated by any Utility Subsidiary during the quarter pursuant to the exemption provided under Rule 52;

9. the amount and terms of any financings consummated by any Non-Utility Subsidiary during the quarter pursuant to the exemption provided under Rule 52;

10. the notional amount and principal terms of any Hedging Transaction or Anticipatory Hedge entered into during the quarter by Xcel Energy or any Utility Subsidiary and the identity of the parties to such instruments, showing also the outstanding notional amount of Hedging Transactions and Anticipatory Hedges previously reported under this item;

11. the name and parent company of any Finance Subsidiary created during the quarter; the amount invested in any Finance Subsidiary during the quarter and the amount and terms of any securities issued by any Finance Subsidiary during the quarter, showing separately the amount of all securities issued by such Finance Subsidiaries during the Authorization Period;

12. the name, parent company and amount invested in any new Intermediate Subsidiary during the quarter; as well as the reason for such investment and the assets or securities held by each Intermediate Subsidiary;

13. with respect to any Development Activities or Administrative Activities conducted by Xcel Energy or any of its Subsidiaries during the quarter, the nature of such activities, the dollar amount expended, the purpose of the expenditure and the investment; showing separately the aggregate amount of such development costs expended by Xcel Energy and its Subsidiaries during the Authorization Period;

14. with respect to any dividends paid by any Non-Utility Subsidiary out of capital or unearned surplus during the quarter, the date and amount of such dividends paid, to whom such dividends are paid and the circumstances that gave rise to the need to make such payment out of capital or unearned surplus;

15. with respect to any internal reorganization of any Subsidiaries during the quarter, a description of the nature of such reorganization;

16. if any Subsidiaries are Variable Interest Entities ("VIEs") as that term is used in FASB Interpretation 46R, Consolidation of Variable Interest Entities, provide a description of any financing transactions conducted during the reporting period that were used to fund such VIEs;

17. if any financial proceeds are used for VIEs, a description of the accounting for such transaction under FASB Interpretation 46R;

18. the consolidated balance sheet of Xcel Energy as of the end of the quarter, and separate balance sheets as of the end of the quarter for each company that has engaged in jurisdictional financing transactions during the quarter;

19. a table showing, as of the end of the quarter, the dollar and percentage components of the capital structures of Xcel Energy, on a consolidated basis, and each Utility Subsidiary;

20. a retained earnings analysis of Xcel Energy, on a consolidated basis, and of each Utility Subsidiary detailing gross earnings, goodwill amortization, dividends paid out of each capital account and the resulting capital account balances at the end of each quarter; and

21. future registration statements filed under the 1933 Act with respect to securities that are the subject of the Application will be filed (or incorporated by reference) as exhibits to the next certificate filed pursuant to Rule 24.

The fees, commission and expenses incurred or to be incurred in connection with this Application will not exceed \$20,000. Except for the Commission and the federal and states regulatory agencies noted in the Application, Applicants maintain that no other state or federal regulatory agency has jurisdiction over the requested authority.

Due notice of the filing of this Application has been given in the manner prescribed in rule 23 under the Act, and no hearing has been requested or ordered by the Commission. Based on the facts in the record, the Commission finds that, except as to those matter over which jurisdiction has been reserved, the applicable standards of the Act and rules are satisfied and that no adverse findings are necessary.

IT IS ORDERED, under the applicable provisions of the Act and the rules under the Act, that, except as to those matters over which jurisdiction has been reserved, the Application, as

amended, be granted and permitted to become effective immediately, subject to the terms and conditions prescribed in rule 24 under the Act.

IT IS FURTHER ORDERED, that jurisdiction is reserved, pending completion of the record, over: (i) the issuance of securities and the engaging in other transactions when the common equity component of Xcel Energy's or any of its Utility Subsidiaries' capitalization is below 30%, (ii) the issuance of any guarantees or securities by Applicants when any condition specified in clauses (i) through (iii) of Section B(2) is not satisfied and/or the issuance of any securities that are rated below investment grade, (iii) the issuance of securities at market rates that exceed the maximum allowable cost of capital specified in this order, (iv) the entering into of any Hedging Transactions or Anticipatory Hedges that do not qualify for hedge accounting treatment, and (v) the payment of dividends out of capital or unearned surplus by any direct or indirect Nonutility Subsidiary at any time when any of the conditions specified in section C(11) is not satisfied.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Jill M. Peterson
Assistant Secretary