EL00-029

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DOCKET NO.

In the Matter of — IN THE MATTER OF THE APPLICATION OF XCEL ENERGY, INC. FOR APPROVAL TO EXTEND EXPECTED MERGER BENEFITS TO ITS SOUTH DAKOTA SERVICE TERRITORY AND CUSTOMERS

Public Utilities Commission of the State of South Dakota

DATE			MEMORANDA
9/19	00		Received;
10/10	00		Docketed;
10/12	00		Weekly Filing;
6/27	01		Order Approving Petition and Closing Docket;
6/27	01		Docket Closed.

EL00-029

Xcel Energy

NORTHERN STATES POWER

Jim Wilcox, Manager,
Government & Regulatory Services
500 West Russell Street
P.O. Box 988
Sioux Falls, SD 57101-0988
Telephone (605) 339-8350 fax 612/573-9083
internet - james.c.wilcox@xcelenergy.com

September 18, 2000

Mr. William Bullard, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Dear Mr. Bullard:

Enclosed please find a proposed memorandum of understanding between Northern States Power Company doing business as Xcel Energy, Inc. and Commission Staff.

We propose to come to agreement with staff on this memorandum and then take it forward for Commission approval. Please let me know which staff you intend to assign to this docket.

If anyone has any questions, please call me at 339-8350

Sincerely,

J C Wilcox

Jim Wilcox

c. Mike Swenson

EL00-029

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF A MERGER BETWEEN NORTHERN STATES POWER COMPANY AND NEW CENTURY ENERGIES COMPANY.	)))	MEMORANDUM OF UNDERSTANDING BETWEEN NORTHERN STATES POWER COMPANY d.b.a. XCEL ENERGY, INC. <u>AND COMMISSION STAFF</u>

EL00-XXX

This Memorandum of Understanding is made and entered into by and between Northern States Power Company ("Company") and the Staff of the Public Utilities Commission ("Commission Staff" or "Staff").

On March 25, 1999 Northern States Power Company and New Century Energies Company of Denver, Colorado announced an agreement to merge. SDCL 49-34A-29 defers approval of mergers like this to the Federal Energy Regulatory Commission. Although not required by statute, NSP does desire to voluntarily extend certain benefits expected to be derived from this merger to the customers within NSP's service territory in South Dakota.

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

ARTICLE I

ECONOMIC DEVELOPMENT INVESTMENT

NSP will return an amount of $225,000 per year to the Company's South Dakota service territory in the form of a series of annual economic development investments. These annual planned investments will be reported to the Commission prior to their final disbursement in each year of this program. This economic development program will be above and beyond the presently authorized $100,000 economic development program agreed to in the 1992 rate case settlement agreement that NSP presently administers in South Dakota. The term of this economic development investment will begin on January 1, 2001 and end on May 1, 2004. The 2004 commitment will consist of 4/12 of the annual $225,000 commitment or $75,000. The total economic development commitment to South Dakota over this 3 year 4 month period will be $750,000.

ARTICLE II

MORATORIUM

NSP will not put into effect any base rate changes that increase present base rate levels prior to May 1, 2004. This moratorium provision does not apply to such changes in charges to customers as are provided for by the operation of Fuel Clause Rider No. 1 in the company's presently approved tariffs or Commission approved miscellaneous tariff filings. NSP may terminate this moratorium if any of the conditions of the NSP merger settlement agreement with the Minnesota Office of the Attorney General (Docket No. E,G-002/PA-99-1031) are triggered for South Dakota. Those conditions are documented on page 6 of that agreement. In summary, these rate moratorium ending conditions are: 1) If NSP's Minnesota Company return on equity is expected to fall to less than 9% for any calendar year. 2) If NSP's annual expense level for long term generating capacity is greater than $50 Million more than the year 2000 level. And 3) If Congress, either the Minnesota or South Dakota Legislature and or either the Minnesota or South Dakota Public Utilities Commission mandate retail customer choice.

ARTICLE III

SERVICE QUALITY

NSP will maintain the same high level of service quality standards that the Company has had in place prior to the merger. NSP will to report any failures to meet the specific measurable standards agreed to in the merger agreement with the Minnesota Department of Commerce based on Minnesota data.

ARTICLE III

REPORTS

NSP will forward any reports resulting from studies required by the Minnesota merger agreement. Studies required in Minnesota include the following issues: Aggregation of customer groups, repowering certain power plants, Prairie Island early shut-down alternatives, transmission studies, distributed generation and wind power.

This Memorandum of Understanding is entered into this ____ day of ______, 2000, by and between the Company and Staff by their respective agents who represent that they are fully authorized to do so on behalf of their principals.

NORTHERN STATES POWER COMPANY:

____

Michael L. Swenson, Vice President NSP Dakotas DATE

STAFF OF THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION:

____

xxxxx x. xxxxx, Title DATE

____

WEEKLY FILINGS

For the Period of October 5, 2000 through October 11, 2000

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705 Fax: 605-773-3809

ELECTRIC

EL00-029 **In the Matter of the Application of Xcel Energy, Inc. for Approval to Extend Expected Merger Benefits to its South Dakota Service Territory and Customers.**

An application by Xcel Energy, Inc. for approval of a memorandum of understanding which would provide benefits to its customers and service territory was filed with the Commission. Excel Energy, Inc. proposes to provide an additional contribution to its annual economic development investment within its service territory for a limited time and also agrees to a conditional rate moratorium until May 1, 2004. The agreement is being offered to provide rate payers expected benefits of the recent merger between Northern States Power Company and New Century Energies Company.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Docketed: 10/10/00
Intervention Deadline: NA

TELECOMMUNICATIONS

TC00-146 **In the Matter of ACC National Long Distance Corporation d/b/a Vista International Communications' Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-147 **In the Matter of Accutel Communications, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-148 **In the Matter of ACOMM, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-149 **In the Matter of Atlantic Telephone Company, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-150 **In the Matter of ClearPoint Communications, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-151 **In the Matter of Columbia Telecommunications, Inc. d/b/a aXessa's Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-152 **In the Matter of ConnectAmerica, Inc. d/b/a Connect US' Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-153 **In the Matter of ConQuest Operator Services Corp.'s Failure to Submit a Report and Pay the Gross Receipts Tax.**

TC00-154 In the Matter of Federal TransTel, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-155 In the Matter of Home Owners Long Distance, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-156 In the Matter of IdealDial Corporation's Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-157 In the Matter of Inacom Communications, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-158 In the Matter of Inmark, Inc. d/b/a Preferred Billing's Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-159 In the Matter of International Telecommunications Corp. d/b/a Discount Direct Dialing's Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-160 In the Matter of Legends Communications, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-161 In the Matter of Long Distance America, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-162 In the Matter of NeTel, Inc. d/b/a TEL3's Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-163 In the Matter of Nor Communications, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-164 In the Matter of Qcc Incorporated's Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-165 In the Matter of Quest Telecommunications, Inc. d/b/a QTI's Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-166 In the Matter of SBR, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

TC00-167 In the Matter of USBG, Inc.'s Failure to Submit a Report and Pay the Gross Receipts Tax.

The above companies shall appear on November 1, 2000, at 9:00 a.m. in the Cactus Conference Room, State Capitol Building, Pierre, SD, to show cause why action should not be taken against the company for failure to comply with SDCL Chapter 49-1A.

Deputy Executive Director: Sue Cichos
Staff Attorney: Karen Cremer
Date Docketed: 10/05/00
Hearing Date: 11/01/00

TC00-168 In the Matter of the Application of IDT America, Corp. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

IDT America, Corp. is seeking a Certificate of Authority to provide interexchange telecommunication services in South Dakota. The applicant is a reseller that intends to offer 1+ MTS, 101XXXX, prepaid calling card, toll free, and rechargeable calling card services to and from all points within South Dakota.

Staff Analyst: Keith Senger
Date Docketed: 10/05/00
Intervention Deadline: 10/27/00

TC00-169 In the Matter of the Filing for Approval of a Resale Agreement between Qwest Corporation and Flatel, Inc.

A Resale Interconnection Agreement between Qwest Corporation (Qwest) and Flatel, Inc., was filed with the Commission for approval. The agreement is a negotiated agreement which sets forth the terms, conditions and prices under which Qwest will provide the Unbundled Network Element Platform and/or services for resale to Flatel for the provision of local exchange services. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than October 26, 2000. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Karen Cremer
Date Docketed: 10/06/00
Initial Comments Due: 10/26/00

TC00-170 In the Matter of the Application of 360Networks (USA) Inc. for a Certificate of Authority to Provide Local Exchange Services in South Dakota.

360networks (USA) inc. is seeking a Certificate of Authority to provide resold and facilities-based local exchange service in South Dakota. Initially, the applicant will provide non-switched dedicated and private line, high capacity fiber optic transmission capacity and access services and will eventually expect to offer a broad range of voice and data local exchange services to business and residential customers throughout the state.

Staff Analyst: Heather Forney
Date Docketed: 10/10/00
Intervention Deadline: 10/27/00

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Xcel Energy

Michael L. Swenson
State Vice President
North Dakota and South Dakota
P O Box 988
Sioux Falls, SD 57101-0988

May 29, 2001

Ms. Debra Elofson, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Dear Ms. Elofson:

Re: Xcel Energy's petition to provide merger assurances in the State of South Dakota
Docket No. EL00-029

On March 25, 1999 Northern States Power Company and New Century Energies Company of Denver, Colorado announced an agreement to merge. SDCL 49-34A-29 defers approval of mergers like this to the Federal Energy Regulatory Commission. Although not required by statute, Northern States Power Company, doing business as "Xcel Energy," desires to voluntarily extend certain benefits expected to be derived from this merger to the customers within Xcel Energy's service territory in South Dakota. This letter details these commitments, which have been presented to and discussed with Commission Staff.

1) Xcel Energy will return an amount of $150,000 per year to the Company's South Dakota service territory in the form of a series of annual economic development investments. These annual planned investments will be reported to the Commission prior to their final disbursement in each year of this program. This economic development program will be above and beyond the presently authorized $100,000 economic development program agreed to in the 1992 rate case settlement agreement that the Company presently administers in South Dakota. The term of this economic development investment will begin on January 1, 2001 and end on Dec 31, 2005. The total economic development commitment to South Dakota over this five year period will be $750,000.

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UTILITIES COMMISSION

Ms. Debra Elofson
May 29, 2001

2) Xcel Energy will not put into effect any base rate changes that increase present base rate levels prior to May 1, 2004. This moratorium provision does not apply to such changes in charges to customers as are provided for by the operation of Fuel Clause Rider No. 1 in the Company's presently approved tariffs or miscellaneous tariff filings proposed by the Company subsequent to approval of these commitments and approved by the Commission. Xcel Energy may terminate this moratorium if any of the conditions of the merger settlement agreement with the Minnesota Office of the Attorney General (Docket No. E,G-002/PA-99-1031) are triggered for South Dakota. Those conditions are documented on page 6 of that agreement. In summary, these rate moratorium-ending conditions are:

a) If Xcel Energy's Minnesota Company return on equity is expected to fall to less than 9% for any calendar year;
b) If Xcel Energy's annual expense level for long-term generating capacity is greater than $50 million more than the year 2000 level; or
c) If Congress, either the Minnesota or South Dakota Legislature and/or either the Minnesota or South Dakota Public Utilities Commission mandate retail customer choice.

3) Xcel Energy will maintain the same high level of service quality standards that the Company has had in place prior to the merger. Xcel Energy will report any failures to meet the specific measurable standards agreed to in the merger agreement with the Minnesota Department of Commerce based on Minnesota data.

4) Xcel Energy will forward any reports resulting from studies required by the Minnesota merger agreement. Studies required in Minnesota include the following issues: Aggregation of customer groups, repowering certain power plants, Prairie Island early shut-down alternatives, transmission studies, distributed generation and wind power.

Xcel Energy is pleased to be able to provide these merger assurances to South Dakota.

Sincerely,

Michael L. Swenson

Michael L. Swenson,
State Vice President, North Dakota & South Dakota
Xcel Energy

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward Garvey	Commissioner
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayer	Commissioner

In the Matter of the Application for Approval of the Merger of Northern States Power Company and New Century Energies, Inc. and Related Requests

MPUC Docket No. E,G-002/PA-99-1031

STIPULATION AND AGREEMENT

The Office of Attorney General ("OAG") and Northern States Power Company ("NSP" or "the Company"), together referred to as the "Parties," whose authorized representatives have executed this Stipulation and Agreement, hereby jointly submit this Stipulation and Agreement to the Minnesota Public Utilities Commission ("Commission").

BACKGROUND.

On July 28, 1999, NSP filed a petition asking the Commission to approve its proposed merger with New Century Energies, Inc. ("NCE"). As part of its petition, NSP also asks the Commission to: (1) approve amortization of the up-front costs to achieve the merger; (2) approve the transfer of NSP Minnesota Company's utility assets serving Minnesota, North Dakota and South Dakota to a new subsidiary of the merged entity, to be known as "New NSP Utility;" and (3) declare that all certificates of need, franchises, rate schedules, and other authorities provided or issued by operation of law or by order of the Commission to NSP, be deemed to be held by New NSP Utility effective upon the merger's closing. If approved, the merger will create a new registered holding company to be known as "Xcel Energy, Inc. ("Xcel").

The Commission has authority over this merger under Minnesota Statutes, Section 216B.50, which prohibits a public utility such as NSP from merging or consolidating with another public utility without first obtaining Commission approval.[1] Commission approval is contingent on a Commission finding that the merger is "consistent with the public interest," based on a determination that the costs or detriments associated with the transaction do not outweigh the benefits.[2] The OAG observes that Federal Power Act contains an identical standard for merger approval.[3] The Federal Energy Regulatory Commission (FERC) has interpreted this standard to require proof that "the customer will be protected" if the merger's benefits do not materialize.[4] To this end, FERC has focused on the need for merger conditions that protect consumers from merger risks. These conditions, according to FERC, may include general hold harmless provisions, rate freezes and rate reductions.[5]

NSP projects net benefits from its proposed merger, including $1.1 billion in merger "synergies" over 10 years, $306 million of which are allocated to its Minnesota jurisdictional operations. The OAG is concerned that these benefits may not materialize to an extent necessary to offset the merger's financial and other costs.[6] The Parties, therefore, offer the following Stipulation and Agreement, which recommends Commission approval of the merger with

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[1] The Commission also has authority under Minn. Stat. § 216B.51, which prohibits a public utility from purchasing voting stock in another public utility doing business in Minnesota without first receiving the consent of the Commission in writing or by Order.

[2] *In Re Minnegasco,* Docket No. G-008, 010/PA-93-92 (July 29, 1993)

[3] 16 U.S.C. § 824b(a).

[4] FERC Policy Statement Establishing Factors the Commission Will Consider in Evaluating Whether a Proposed Merger is Consistent With the Public Interest, Dec. 18, 1996, *Federal Register*, Vol. 61, No. 251, at 686603 (Dec. 30, 1996).

[5] *Id.*

[6] Among the costs of concern to the OAG are transaction and transition costs; higher capital costs; increased transmission and related infrastructure costs; and increased coordination and management costs.

specific conditions which modify NSP's proposal to ensure ratepayers the opportunity to share in the merger's expected benefits while protecting ratepayers from the merger's potential risks.

STIPULATION AND AGREEMENT.

The parties hereto stipulate and agree to request that the Commission approve the merger between NSP and New Century Energies, subject to and modified by the following conditions:

I. RATE REDUCTION.

A. Reduction In Basic Rates.

NSP agrees to reduce its base electric rates according to the schedule in this Section for the calendar years 2001 through 2005. All rate reductions and any rate credits under this Section shall apply as a uniform percentage reduction to current rates for all customer classes. For residential and small business customers, all rate reductions shall be applied first to the customer charge. For purposes of this agreement, the "Basic Reduction Factor" is the uniform percentage reduction to current rates sufficient to produce a ten million dollar reduction in NSP's budgeted, weather-normalized, Minnesota retail electric revenues for the calendar year 2000. The rate reduction schedule is as follows:

For the year 2001, 1999 base rates will be reduced by 90% of the Basic Reduction Factor.

For the year 2002, 1999 base rates will be reduced by 100% of the Basic Reduction Factor.

For the year 2003, 1999 base rates will be reduced by 100% of the Basic Reduction Factor.

For the year 2004, 1999 base rates will be reduced by 100% of the Basic Reduction Factor.

For the year 2005, 1999 base rates will be reduced by 100% of the Basic Reduction Factor.

The Parties agree that NSP may, at its discretion, provide either rate credits of up to $3 million or rate reductions to customers in the year 2000. Any rate credits provided in the year 2000 will reduce, by the same amount, the scheduled rate reduction for the year 2001. Any rate reduction offered in 2000 will be such that the total rate reduction in the years 2000 and 2001 will result in the same amount of customer savings as does the scheduled rate reduction for the year 2001.

The Parties also agree that, subject to Section II below, base rates will remain at the level set forth above after the agreement ends, but that NSP may file to increase or decrease its base rates effective at any time thereafter as permitted by statute.

B. Effective Date.

The initial reductions under this Section shall be effective no later than January 1, 2001 or two months after closing of the merger, whichever is later. The remaining reductions shall be effective no later than January 1, 2002. The reductions shall remain in effect for the duration of the rate freeze as provided under Section II below.

C. Waiver.

NSP will file revised tariffs to implement this Section. NSP and the OAG, by this Stipulation and Agreement, hereby petition the Commission for a waiver under Minnesota Rules, part 7825.4600 of any requirements in Minnesota Rules, parts 7825.3100 to 7825.4400 or other relevant sections that would require further filings or proceedings to implement this Section.

II. RATE FREEZE.

A. Generally.

Beginning on the date of this agreement and until January 1, 2006, NSP will not increase or petition the Commission to approve an increase in its retail electric rates above the reduced levels set forth in Section I above, except as provided in Section II.B. The rate freeze of this Section does not apply to tariff filings pending before the Commission as of the date of this Stipulation and Agreement. Notwithstanding the rate freeze of this Section, NSP may seek recovery of the cost of the low income electric discount rate authorized under Minn. Stat. §216B.16, Subd. 14, however the OAG and other parties may oppose such recovery on grounds other than inconsistency with the terms of this Stipulation and Agreement. As part of this rate freeze, NSP agrees to each of the following four conditions during the period that the rate freeze is in effect:

1. In the event that a rate regulated service currently offered on a bundled basis is subsequently provided as two or more rate regulated unbundled services, NSP will not charge or seek to charge rates for any such unbundled services that, when added together, would be higher than the bundled rate NSP charges under Section I for those same services, unless otherwise required by judicial or regulatory order;

2. Unless required by regulatory or judicial order, NSP will not substitute or seek to substitute new tariffs or tariffed services for tariffs or tariffed services subject to the rates established under Section I, unless the new substitute tariffs or tariffed services do not charge or cost any customer more than the tariffs or tariffed services being replaced. Nothing in this Section shall be construed as prohibiting NSP from filing new additional tariffs or tariffed services, provided that customers retain the option to take service under existing tariffs or tariffed services at rates consistent with the provisions of this paragraph.

3. NSP will not seek to expand the scope of any automatic rate adjustment mechanism or tracker account to include expenses, investments or charges beyond those authorized by Minn. Stat. § 216B.16, subd. 6(b) (1999); Minn. Stat. § 216B.16, subd. 6(c) (1999); Minn. Stat. § 216B.16, subd. 7 (1999) and Minn. Stat. § 216B.1645 (1999). Notwithstanding the rate freeze of this Section, NSP may petition the Commission to change its electric retail rates through an automatic recovery mechanism for expenses, investments or charges authorized under the statutes referenced in this paragraph.

4. The OAG and other persons will retain their authority and ability under current law to seek, and the Public Utilities Commission will retain its authority and ability to require, pursuant to Minnesota Statutes, further reductions in rates to ensure that NSP's regulated businesses do not charge rates that exceed NSP's reasonable and prudent cost of providing service.

B. Exceptions.

Notwithstanding the other conditions in this Section, NSP may seek Commission approval of an increase in the rates subject to this Stipulation and Agreement as follows:

1. At any time after this merger transaction closes, NSP may, in accordance with Minn. Stat. § 216B.16, seek Commission approval of an increase in its retail electric rates if that regulated Minnesota operation has earned, or can be reasonably expected to earn, less than a 9% weather-normalized return on equity for one year. For purposes of this paragraph, the earnings and rates of NSP's gas and electric operations must be considered separately.

2. Beginning January 1, 2004, NSP may file to seek Commission approval of an increase in its retail electric rates with an interim rate effective date of forty-eight months after the Commission's Order in this docket or April 1, 2004, whichever is earlier, provided the following conditions are met: a) NSP's reasonably projected and budgeted annual cost for long term generating capacity for the year exceed year 2000 levels by at least $50 million; b) NSP acquires the capacity through a competitive process, Certificate of Need proceeding or other process approved by the Commission; and c) the capacity is needed to meet the reasonably projected demand of NSP's Minnesota retail customers for electricity. This filing is to be made in accordance with Minn. Stat. § 216B.16. For the sole purpose of this paragraph and only to the extent necessary to effectuate its April 1, 2004 effective date for interim rates, NSP agrees to waive its right under Minn. Stat. § 216B.16, subd. 3 to the establishment of interim rates within a sixty-day period from the date of filing for approval of a rate increase.

3. NSP may seek regulatory approval to change cost-based rates for unbundled, regulated services upon implementation by the Commission of any act of the Minnesota Legislature or Congress mandating retail consumer choice of electricity supplier in Minnesota.

The rate freeze period shall terminate if the Commission grants NSP rate increases under the terms of paragraph 1, 2 or 3 of this Section.

III. SUPPLEMENTAL LOW-INCOME ASSISTANCE.

During the first four years following the closing of the merger transaction, NSP will contribute an additional $300,000.00 per year to supplement Energy Assistance Program (EAP) payments for eligible customers. In each of the four years following the date the merger transaction closes, NSP will make these contributions in a manner mutually agreed to by the

Parties with the intent of reducing the number of disconnections for non-payment among EAP-eligible customers and of facilitating their regular payment of utility bills.

IV. SERVICE QUALITY.

A. Extension Of Current Service Quality Plan.

As of the date of this Stipulation and Agreement and through December 31, 2005, NSP will continue to be subject to the standards, remedies and reporting requirements of its existing Customer Metering and Billing Settlement, as approved by the Public Utilities Commission in its Order Accepting Stipulation and Settlement dated March 3, 1998 (Docket No. E,G-002/CI-97-86) ("Service Quality Plan"). Nothing in this Stipulation and Agreement shall extend or otherwise modify Sections II.A, II.B and II.C of the Customer Metering and Billing Settlement.

B. Modifications To Service Quality Plan.

The Service Quality Plan approved on March 3, 1998 is hereby modified to include the following additional standards and remedies:

1. With respect to electric service interruptions due to electrical or mechanical failure of distribution equipment, including distribution transformers, substations, feeder lines, and service drops, the standard for service quality shall be :

   a. A value of 1.0 for the System Average Interruption Frequency Index (SAIFI), measured on an annual basis and excluding storm damage; and

   b. A value of 1.9 hours System Average Interruption Duration Index (SAIDI), measured on an annual basis and excluding storm damage.

2. NSP shall pay an annual penalty of $100,000.00 for exceeding 105% of either the SAIFI or SAIDI measures set forth in parts (a) and (b) above.

3. Individual customers that in a given year experience Repeated and Sustained Interruptions of six interruptions of five minutes or more, excluding storm damage and public damage, shall receive an annual credit in the February billing cycle of the following year of $30.00.

4. NSP will measure interruptions and outages at the feeder line origination (substation) level, and will file with the MPUC quarterly reports required under the Service Quality Settlement, showing the substation total (1) with storm and public damage; (2) without storm damage and (3) without storm and public damage SAIFIs and SAIDIs.

5. The extension of the Service Quality Plan in this Section shall include the period prior to the Commission's decision in this docket. The modifications to the Service Quality Plan that include service interruption standards and penalties shall become effective January 1, 2001.

C. No Limitation On Liability.

Nothing in this Section affects or changes the liability the Company may otherwise have, if any, for customer damage due to power interruptions and outages.

V. UNBUNDLED GENERATION DISCLOSURE.

A. Generally.

No later than six months after the issuance of a Commission Order approving the merger, NSP will file for Commission authorization to display NSP's generation cost clearly and prominently on each customer bill or on a bill insert included in each customer bill. At the same time, NSP will seek Commission authorization to use the following methodology to calculate the generation costs to be displayed under this Stipulation and Agreement: any and all prior-year costs, fees and charges NSP functionalizes or allocates to generation or recovers through the fuel clause, as allocated to each customer class in accordance with NSP's current rates, shall be totaled and divided by the sales to that class. These costs shall be calculated no less frequently than on an annual basis. NSP acknowledges its current average generation cost to be approximately 3.7-cents-per-kilowatt-hour on an annual basis averaged across all customer classes, as derived from its 1999 Cost Separation Filing before the Commission. Any approved modification or update of NSP's allocation of costs to generation shall not alter the rate levels allowed under Sections I and II of this Stipulation and Agreement.

B. Additional Disclosure.

NSP will identify clearly and prominently on customer bills, or in a separate bill insert included in each customer bill on at least a bi-annual basis, the percentage of its total retail energy sales that come from the following categories of generators: coal, nuclear, natural gas, wind, biomass, hydropower, and other. The category of "other" may be used for any sources of power whose generation category NSP cannot reasonably or reliably verify.

VI. EXPANDED DISTRIBUTED GENERATION OPPORTUNITIES.

A. Resource Plan Filing.

NSP agrees to study the potential of small and mid-sized distributed generation facilities to economically supply energy and capacity, to reduce transmission and distribution costs, and to reduce environmental costs in its Integrated Resource Plan, prior to the end of 2000.

B. Submission Of Tariff.

Unless otherwise mutually agreed to by the parties, within one year after a Commission Order approving the merger, NSP will file a distributed generation tariff for Commission approval. The tariff shall seek to accomplish the following:

1. Provide for the low-cost, safe and standardized interconnection of competitively owned distributed generation resources in order to facilitate the use of such technologies, including but not limited to fuel cells, microturbines, and photo-voltaics;

2. Encourage the addition of distributed generation power resources while reducing the cost to NSP's customers for energy, capacity, transmission and distribution;

3. Avoid tariff-related increases in the rates of customers not taking service under the distributed generation tariff;

4. Allow for reasonable terms and conditions, consistent with the cost and operating characteristics of the various technologies, so that NSP can reasonably rely upon the equipment to be operational when called upon.

B. Applicability.

The tariff submitted pursuant to this Section shall apply to any customer and non-NSP-owned distributed generation facility smaller than 500 kilowatts which does not qualify as a

Qualifying Facility under the federal Public Utilities Regulatory Policies Act of 1978 (PURPA), and to any customer and non-NSP-owned Qualifying Facility smaller than 500 kilowatts that elects not to exercise its rights to avoided cost pricing under PURPA.

VII. AGGREGATION STUDY.

NSP will complete a detailed and thorough analysis of NSP's system as it relates to the potential for NSP's residential and small business customers to receive lower cost electricity through aggregation. NSP will prepare a report that provides the results of its analysis and will submit the report to the Commission no later January 1, 2001. The analysis shall address the technical and economic issues of aggregation on NSP's system. The report shall, at a minimum, discuss and evaluate the following issues:

1. The wholesale cost of electricity in this market at which it is likely that aggregators could offer NSP's residential and small business customers lower prices than NSP's tariffed retail rates;

2. The factors that are likely to allow aggregators to offer rates that are lower than NSP's retail rates;

3. How and to what extent aggregators will be able to buffer wholesale market price volatility, such as that experienced in the summers of 1998 and 1999, in order to prevent these high prices from being passed on to their customers;

4. The approaches available to aggregators to address issues requiring cooperation, coordination or competition with the incumbent utility, including interconnection, metering, energy scheduling, reserves, and financial settlement; and

5. The effects on aggregator prices of aggregation of residential and small business customers with larger customers compared to the aggregation of only residential and small business.

VIII. MISCELLANEOUS.

A. Applicability and Scope.

1. This Stipulation and Agreement together with all its provisions is binding on NSP and its public utility subsidiaries and affiliates, and each will support this Stipulation and

Agreement before all regulatory agencies with jurisdiction, and before all state and federal courts.

2. Should NSP or its successor public utility subsidiary merge, be acquired by, or otherwise combine or consolidate with another entity during the period of time when any provisions of this Stipulation and Agreement are effective, the terms of this Agreement shall apply and be binding to any successor to NSP or its successor public utility subsidiary.

3. Should NSP lease, sell or otherwise divest itself of any services or operations subject to this Stipulation and Agreement, its terms shall apply and be binding to the succeeding provider of such services or operator of such operations, if such provider or operator is an affiliated interest of NSP or its successor public utility subsidiary, unless otherwise required by Federal statute or by regulatory or judicial order.

4. This Stipulation and Agreement resolves, between the Parties, all issues related to the Commission's approval of the merger in Docket No. E,G-002/PA-99-1031.

B. Legislation.

NSP will not pursue or support any state or federal legislation that contravenes the provisions of this Stipulation and Agreement.

C. Commission Approval.

The provisions of this Stipulation and Agreement are subject to Commission approval. The Parties agree that NSP's merger proposal, as modified by the forgoing conditions, is consistent with the public interest. Accordingly, the Parties jointly recommend that the Commission approve this Stipulation and Agreement in its entirety and approve the merger.

D. Effective Date and Duration.

This Stipulation and Agreement shall be effective on the of the Commission Order in which it is approved. The Stipulation and Agreement shall remain in effect until revoked or rescinded by written Order of the Commission, or until January 1, 2006, whichever is earlier. The Parties agree that this Stipulation and Agreement shall terminate in the event and on the date

NSP files a letter with the Commission stating that it no longer seeks to consummate the proposed merger with NCE. Any requirements under this Stipulation and Agreement which may already have been implemented shall terminate at that time.

E. Earnings Investigation.

The Parties agree and hereby recommend that the Commission close Docket No. E-002/M-99-950, provided that nothing herein shall prohibit the OAG from seeking a Commission investigation of the reasonableness of NSP's rates at any time hereafter.

F. Enforcement.

This Stipulation and Agreement shall be enforceable as a Commission Order under Minn. Stat. §§ 216B.54 through 216B.61, except that, in addition to any penalties or remedies provided therein, NSP shall be subject to penalties of up to $50,000.00 for each knowing and intentional violation.

G. Counterparts.

This Stipulation and Agreement may be executed in separate, identical counterparts.

Dated: December __, 1999

DAN LIPSCHULTZ
Assistant Attorney General
Minnesota Office of Attorney General
1200 NCL Tower
445 Minnesota Street
St. Paul, Minnesota 55101-2130
651-297-4609

Dated: December __, 1999

Gary R. Johnson
Vice President and General Counsel
Northern States Power Company
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612-330-6600

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward Garvey	Commissioner
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayer	Commissioner

In the Matter of the Application for Approval of the Merger of Northern States Power Company and New Century Energies, Inc. and Related Requests

MPUC Docket No. E,G-002/PA-99-1031

STIPULATION AND AGREEMENT

The Minnesota Department of Commerce ("DOC") and Northern States Power Company ("NSP" or "the Company"), together referred to as the "Parties," whose authorized representatives have executed this Stipulation and Agreement, hereby jointly submit this Stipulation and Agreement to the Minnesota Public Utilities Commission ("Commission" or "MPUC").

BACKGROUND.

On July 28, 1999, NSP filed a petition asking the Commission to approve its proposed merger with New Century Energies, Inc. ("NCE"). As part of its petition, NSP also asks the Commission to: (1) approve amortization of the up-front costs to achieve the merger; (2) approve the transfer of NSP Minnesota Company's utility assets serving Minnesota, North Dakota and South Dakota to a new subsidiary of the merged entity, to be known as "New NSP Utility;" and (3) declare that all certificates of need, franchises, rate schedules, and other authorities provided or issued by operation of law or by order of the Commission to NSP, be deemed to be held by New NSP Utility effective upon the merger's closing. If approved, the merger will create a new registered holding company to be known as "Xcel Energy, Inc." ("Xcel").

On December 10, 1999, the Department of Commerce filed testimony in the above-captioned proceeding recommending that additional conditions be imposed on the proposed merger to assure that the merger is consistent with the public interest under Minnesota law and that there is no harm to ratepayers resulting from the proposed merger transaction.

On December 15, 1999, NSP entered into a Stipulation and Agreement with the Minnesota Office of Attorney General ("OAG"), resolving issues and concerns stemming from the proposed merger transaction. On December 16, 1999, NSP entered into a Stipulation and Agreement with the Minnesota Energy Consumers ("MEC"), resolving issues and concerns stemming from the proposed merger transaction.

STIPULATION AND AGREEMENT.

The Parties hereto stipulate and agree to request that the Commission approve the merger between NSP and New Century Energies, subject to and modified by the following conditions:

I. ACCESS TO RECORDS.

A. Commitment to Access.

NSP agrees to provide the DOC and the Commission full access to the books, records and other information of New NSP Utility as well as to those of its affiliates, subsidiaries, or successors as they relate to: (1) the Interchange Agreement with NSP (Wisconsin), (2) the Joint Operating Agreement, and (3) the services agreement with Xcel Energy Services, Inc. ("Service Company")

B. Service Company Agreement.

NSP agrees that the Affiliated Interest Agreement between New NSP Utility and the Service Company that will be filed with the Minnesota Commission will:

- comply with Minnesota affiliated interest statues, rules and procedures, contained in Minn. Stat. 216B.48, and Minnesota Rules 7825.1900-7825.2300;

- contain a provision allowing state regulators full access to the books and records of the Service Company;
- address the use of revenues in each allocation ratio that is based in whole, or in part, on revenues and the justification for including "pass-through" revenues in each ratio in which such revenues are used; and
- describe the services to be provided under the Agreement and the cost-causal link to the method of allocation proposed for each such service.

II. WAIVER OF FEDERAL PREEMPTION.

A. The Service Company.

With respect to the Service Company, NSP agrees that it will not assert federal preemption as a defense to any claim or as a basis to challenge a Commission decision regarding the disallowance of costs due to imprudence, which includes the disallowance of expenses or costs based on the use of an allocator that does not reasonably or accurately allocate costs to New NSP Utility. Accordingly, NSP, New NSP Utility and Xcel Energy Inc. will waive any rights to claim federal preemption for Minnesota ratemaking purposes as it relates to the prudence of expenses and investment as described above. In addition, NSP agrees to hold New NSP Utility ratepayers harmless if any future Commission decision requiring an adjustment to the Company's expenses or revenues is subsequently found to be preempted by federal law, consistent with the scope of this waiver in this paragraph. Notwithstanding the above provisions, NSP agrees to work with DOC and other parties to implement allocators at the SEC which fairly and objectively allocate costs among operating companies.

B. The Joint Operating Agreement.

With respect to the Joint Operating Agreement ("JOA"), NSP agrees that it will not assert federal preemption as a defense to any claim or as a basis to challenge a Commission decision regarding the disallowance of costs due to imprudence. In addition, NSP agrees that it will work with the DOC and other regulators to make changes to the allocations in the JOA. NSP agrees to hold New NSP Utility ratepayers harmless if any future Commission decision requiring an adjustment to the Company's expenses or revenues is subsequently found to be preempted by federal law, consistent with the scope of this waiver in this paragraph.

C. Notice.

NSP agrees that it will not seek to change the FERC allocators under the JOA without consulting the DOC and Commission and working to obtain consensus on fair and objective allocators. In addition, NSP agrees to notify the DOC, Commission, and other interested parties of any changes proposed to the Interchange Agreement at FERC or any Service Company allocators at the SEC. NSP shall provide this notification sufficiently in advance of the time such filings are made to permit DOC and Commission participation.

III. RATE FREEZE.

A. Electric Rate Freeze.

The DOC has reviewed the Stipulations and Agreements between NSP, MEC and OAG. With regard to the terms and conditions of the electric rate freeze set forth in those Stipulations, to the extent that certain portions of those Stipulations are clarified and/or modified in this Stipulation, the DOC has no objection to the terms and conditions of the agreed upon electric rate freeze.

B. Gas Rate Freeze.

The Parties agree that the gas rate freeze shall extend until an interim rate effective date of January 1, 2004, and includes the same exemptions as stated in Sections II.B.1 and II.B.3 of the Stipulation and Agreement between NSP and OAG (applied to NSP's retail gas service).

C. Filing Requirements.

For both its retail gas and electric rates, if NSP seeks to increase rates pursuant to Section II.B.1 of the OAG Stipulation or the 9% earnings threshold exception contained in NSP's Application, and the Company relies on a projected year as support that the below 9% earnings threshold has been met, it shall make a pre-filing with DOC and other parties no later than 60 days prior to its rate case filing. Parties would have 30 days after the submission of the rate case filing to object to the filing on the basis that it does not meet the terms of this Stipulation Agreement. This procedure regarding whether the electric or gas rate freeze terms have been satisfied is intended to provide not less than 90 days for review and comment.

The contents of the pre-filing shall include:

a) available actual weather normalized earnings for the year in which the filing is made plus budgeted information for the remainder of that year and in the event six months of actual data is not available for the year, the Company shall also provide the previous year's actual weather normalized earnings;

b) projected revenue margin growth for the test year; and

c) written explanation of the key factors that are causing earnings to drop below the 9% threshold and detailed schedules and cost support for this conclusion.

IV. EARNINGS REPORT.

NSP agrees to file a detailed analysis in the event that its weather-normalized ROE for gas or electric service as filed in its May 1, Jurisdictional Annual Report exceeds its currently authorized ROE by 100 basis points (12.47)% or at any time upon request by the DOC by providing:

(a) A written explanation, and detailed income statement, rate base and cost of capital schedules explaining the reasons for earnings above this threshold for the current year and if applicable the forecasted year;

(b) A written explanation as to whether each item causing earnings to be above the threshold is expected to be permanent or temporary; and

(c) A written explanation why it believes the utility's earnings are within a reasonable range of its authorized ROE and rates continue to be just and reasonable.

In the event NSP's earnings level or a DOC request require such a report NSP shall file it with the Commission on June 30 of that reporting year.

V. TREATMENT OF MERGER RELATED COSTS.

A. Transition Costs.

NSP agrees that transition costs are costs incurred to achieve the merger savings, including but not limited to, employee-related separation costs, retention costs, relocation costs, facilities reconfiguration costs, officer liability coverage costs, and internal and external communications costs. NSP agrees that non-tax-deductible transition costs (e.g. the non-tax-deductible portion of executive severance) and the related tax gross-up of such transition amounts shall be borne by shareholders, considered "below-the-line" and not eligible for cost recovery in future ratemaking proceedings.

B. Transaction Costs.

NSP agrees "transaction costs" are costs incurred by NSP associated with effectuating the merger, including but not limited to, investment bankers' fees, legal costs, consulting costs, and costs associated with the regulatory process. NSP agrees to not include transaction costs and the related tax gross-up in any calculation of the 9% earnings threshold and also agrees not to seek recovery of transaction costs and the related tax gross-up of such costs in the event that New NSP Utility initiates the filing of a general rate case petition requesting a rate increase.

B. Reporting of Potentially Recoverable Merger-Related Costs.

NSP agrees that eligible merger-related costs will be amortized for a period of three years from the date of merger closing for regulatory reporting purposes and shall be reported above the line as a single line item in the May 1, Jurisdictional Annual Report. NSP agrees to retain on file a detailed breakdown of the eligible costs and provide the DOC all such detailed information upon request. This Agreement does not presume rate recovery in future rate proceedings and NSP agrees that it retains its burden of proving that the Minnesota jurisdictional benefits of the merger outweigh the jurisdictional costs.

VI. TRANSMISSION ISSUES.

A. MISO Transition Issues.

NSP agrees that it will work cooperatively with the DOC and Commission on its transition to the MISO. This cooperative relationship is intended to assure that input to MISO on issues affecting the reliability of the transmission grid are expeditiously addressed with input from state regulators. NSP agrees to:

1. Support unbundling of regional reliability functions within MAPP in a manner that preserves reliability in the energy supply and transmission side of the business;

2. Work with parties to expedite the delineation of functions and respective responsibilities of the NERC regional reliability council and the MISO consistent with the delineation of functions in FERC Order 2000 and as further developed by NERC; and

3. Provide information to MISO regarding projected generation needs and the need for MISO to consider both these needs and transmission requests for MISO planning purposes in a manner that is consistent with its obligations under law.

B. Facilitating Information Flow.

NSP agrees to establish processes to keep the DOC and the Commission informed of progress made in the transition to MISO as well as ongoing transmission planning issues.

1. NSP will work with MISO to adopt telecommunications technology for its committee and Board meetings to facilitate participation and involvement by state regulators and other stakeholders. NSP further agrees to work cooperatively with DOC to develop other cost-effective strategies to allow Minnesota regulators to effectively engage in MISO activities.

2. NSP transmission staff will meet with appropriate DOC staff and other interested parties on a quarterly basis (or at other intervals determined by the parties) to update them on MISO transition issues and other significant transmission planning issues and to receive their input. The DOC may wish to organize meetings that allow for broad participation in these discussions. NSP will participate in these organizational activities and will support that effort.

3. NSP and the DOC agree to work toward a process to allow for more up-front information sharing and stakeholder input regarding transmission planning and siting matters.

4. Beginning with its June 2002 Integrated Resource Plan or then-existing Commission process, NSP will add a section discussing transmission issues and costs. This section shall include information on transmission constraints and NSP/ MISO plans to manage and/or alleviate them.

C. Costs of Transmission Upgrades.

NSP agrees that any transmission upgrades required by FERC to mitigate market power concerns in the NSP destination market, will be accounted for "below-the line" and not eligible for cost recovery in future ratemaking proceedings.

VII. Integrated Resource Planning and Other Study Issues.

A. Distributed Generation.

By the end of the year 2000, NSP agrees to supplement its Integrated Resource Plan ("IRP") docket with a study of the potential of distributed resources in economically serving the energy and demand needs of its customers. The study shall consider how distributed generation -- including Demand-Side Management resources -- can be used to reduce transmission, distribution, and environmental costs. NSP agrees to consider environmental costs and consequences associated with the use of different types of distributed generation and agrees to meet with the DOC and other interested agencies and parties by May 1, 2000 to discuss how to best evaluate these costs and consequences.

B. Integrated Resource Plan.

In its year 2000 Integrated Resource Plan ("IRP"), NSP agrees to include estimates of avoided transmission and distribution costs in its evaluation of Demand-Side Management resources. NSP agrees that, unless a new value has been determined that will be presented in its filing, it will use the avoided transmission and distribution cost estimates used by the Company in its 2000-2001 Conservation Improvement Program.

C. Aggregation Study.

NSP agrees to conduct an aggregation study that is consistent with the terms of the Stipulation with the OAG but which will also include an analysis of aggregation potential for all customer classes in addition to, and not in place of, the analysis of customer classes identified in the Stipulation Agreement with the OAG.

D. Access to Studies.

NSP agrees to provide the DOC and Commission and other interested parties all studies, reports and evaluations agreed to in the Stipulation Agreements filed in this proceeding.

VIII. MISCELLANEOUS.

A. Rate Reductions.

NSP agrees that in implementing Section I of the Stipulation with the OAG it will file for Commission approval the calculation of the rate reduction for each customer class and its reflection in rates, through new tariffs, for each class.

B. Generation Unbundling Filing.

NSP agrees to identify the costs it proposes to allocate to generation in the generation unbundling filing made pursuant to the OAG and MEC agreements..

C. Distributed Generation Tariff.

NSP agrees to work with DOC and other parties in developing its distributed generation tariff filing with the goal of ensuring standardized and simplified interconnection terms and a short review, approval and implementation process that is consistent with goals of reliability and public safety. NSP agrees to file tariffs that are applicable to up to 2 MW facilities provided that such tariffs provide for economic purchase of power and allow for distinctions based on the size of the facilities.

D. Distributed Wind Power.

NSP agrees to work cooperatively with the DOC and other parties to explore strategies that encourage the economically efficient deployment of small wind projects (2 MW or less) within the State of Minnesota.

E. Targeting of Supplemental Low-Income Assistance Funds.

NSP agrees to work with DOC as well as other interested parties on how to best use the $300,000 per year contribution commitment made to the Energy Assistance Program in the Stipulation and Agreement between NSP and OAG (Section III). NSP agrees that these annual contribution amounts will be borne by shareholders, reported "below-the-line", and not eligible for recovery in future ratemaking proceedings.

F. Gas Affiliated Interest Agreement - Resource Sharing Provision.

NSP agrees:

1. To file with the Commission an affiliated interest agreement seeking approval of any planned contract with PSCo or the appropriate affiliate setting forth the rights, obligations and cost allocation methods for any joint utilization of: natural gas supply, storage, transportation, and consolidated economic gas dispatch as discussed in the Merger Application.

2. That any such filing will address concerns raised in the testimony of Department witness Marcus D. Gross including:

   a. How Minnesota ratepayers are to be properly reimbursed when capacity or storage contracted for NSP-Minnesota customers is used for PSCo customers; and

   b. Whether the record-keeping anticipated under the agreement is sufficient to ensure that NSP customers do not subsidize PSCo customers (so as to address concerns discussed by DOC witness Gross at pp.35-37 of his direct testimony).

3. The DOC reserves its right to make recommendations to the Commission on the appropriateness of the allocation methods used and any reporting requirements it deems necessary at the time of its review of any such affiliated interest filings.

IX. SERVICE QUALITY.

A. Performance Standards.

NSP agrees to the following three additional performance standards as thresholds for determining whether service quality has declined such that a penalty may be warranted:

1. Telephone response time as measured by the centralized customer call centers: A minimum of 78% of total calls (measured on an annual basis) answered in 20 seconds.

2. Customer Complaints Received from the Minnesota Public Utilities Commission: No more than 450 complaints per year.

3. Mislocates per 1000 tickets : Annual average of no more than .95.

NSP agrees that it will be subject to a penalty of $100,000/year for each performance threshold it fails to meet in any year.

B. Additional Reporting Requirements.

NSP agrees to report on the following additional measures for customer service and gas service reliability in its annual Service Quality Plan:

1. The number of hits to NSP's system per 100 miles of pipe, separately identifying hits caused under the control and direction of NSP (which includes all hits caused by an NSP mislocate) and hits caused under the control and direction of an outside contractor or other person;

2. The annual number of firm retail gas customers that experience an unplanned interruption;

3. The annual average duration of unplanned service interruptions to firm customers. NSP and DOC agree to work on developing how duration shall be measured.

4. The number of Minnesota customer complaints received and handled by the NSP Customer Advocacy Unit each year.

5. In its expected February 28, 2002 report NSP agrees to report data on the measures identified in this Section B for the last two quarters of 2000 as well as for 2001.

C. Continuation of Customer Metering and Billing Settlement.

As of the date of this Stipulation and Agreement and through December 31, 2005, NSP agrees to continue to be subject to the standards, remedies and reporting requirements of its existing Customer Metering and Billing Settlement, dated March 3, 1998 (Docket No. E,G-002/CI-97-86). Nothing in this Stipulation and Agreement shall extend or otherwise modify Sections II.A, II.B and II.C of the Customer Metering and Billing Settlement.

D. Calculation of SAIFI and SAIDI and Repeated Sustained Interruption Measures.

The DOC agrees with and has no objection to the SAIFI, SAIDI and Repeated Sustained Interruption Measures set forth in the Stipulation and Agreement between NSP and OAG (Section IV. B.). The Parties agree to incorporate the calculations and measures in Section IV. B. of the NSP/OAG Stipulation and Agreement into this Stipulation and Agreement.

E. Recovery of Penalties.

NSP agrees that the penalty provisions in Part IV of the Stipulation Agreement with the OAG and Section IX.A of this Stipulation will be borne by shareholders, reported "below-the-line" and will not be eligible for cost recovery in any future rate proceeding. NSP agrees to work with DOC and other interested parties on recommendations to the Commission as to where any such penalties should be directed.

F. Plan Term.

NSP agrees to file the reporting for the additional performance measures, and any associated penalties owed as well as the additional reporting measures. Reporting for the new performance standards in Section IX.A of this Stipulation will be measured beginning with the year 2001 up to and including performance information for calendar year 2005. Prior to the end of the Plan Term of December 31, 2005, the Parties will assess the performance measures and the additional reporting measures as well as the need for service quality standards as part of any new service quality plan agreed to by the Parties or ordered by the Commission.

VIII. MISCELLANEOUS.

A. Applicability and Scope.

1. This Stipulation and Agreement together with all its provisions is binding on NSP and its public utility subsidiaries, affiliates, and successors and each will support this Stipulation and Agreement before all regulatory agencies with jurisdiction, and before all state and federal courts.

2. Should NSP or its successor public utility subsidiary merge, be acquired by, or otherwise combine or consolidate with another entity during the period of time when any provisions of this Stipulation and Agreement are effective, the terms of this Agreement shall apply and be binding to any successor to NSP or its successor public utility subsidiary.

3. Should NSP lease, sell or otherwise divest itself of any services or operations subject to this Stipulation and Agreement, its terms shall apply and be binding to the succeeding provider of such services or operator of such operations, if such provider or operator is an affiliated interest of NSP or its successor public utility subsidiary, unless otherwise required by Federal statute or by regulatory or judicial order.

4. This Stipulation and Agreement resolves, between the Parties, all issues related to the Commission's approval of the merger in Docket No. E,G-002/PA-99-1031.

B. Legislation.

Neither this Stipulation and Agreement nor the other Stipulations and Agreements filed in this case will supersede subsequent statutes when there is a direct conflict.

C. Commission Approval.

The provisions of this Stipulation and Agreement are subject to Commission approval. The Parties agree that NSP's merger proposal, as modified by the forgoing conditions, is consistent with the public interest. Accordingly, the Parties jointly recommend that the Commission approve this Stipulation and Agreement in its entirety and approve the merger.

D. Effective Date and Duration.

This Stipulation and Agreement shall be effective on the date of the Commission Order in which it is approved. The Parties agree that this Stipulation and Agreement shall terminate on the earlier of January 1, 2006, the date that it is revoked or rescinded by written Order of the Commission or the date that NSP files a letter with the Commission stating that it no longer seeks to consummate the proposed merger with NCE provided that Sections I, II, VIII.A and VIII.B of this Stipulation and Agreement shall survive termination. Any requirements under this Stipulation and Agreement, which may already have been implemented, shall terminate at that time.

E. Counterparts.

This Stipulation and Agreement may be executed in separate, identical counterparts.

Dated: January __, 2000

Dated: January __, 2000

Linda S. Taylor
Assistant Commissioner
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121 7th Place East
St. Paul, Minnesota 55101-2147

Gary R. Johnson
Vice President and General Counsel
Northern States Power Company
414 Nicollet Mall
Minneapolis, Minnesota 55401

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF XCEL ENERGY, INC. FOR APPROVAL TO EXTEND EXPECTED MERGER BENEFITS TO ITS SOUTH DAKOTA SERVICE TERRITORY AND CUSTOMERS	)))))	ORDER APPROVING PETITION AND CLOSING DOCKET EL00-029

On September 19, 2000, the Public Utilities Commission (Commission) received an application by Xcel Energy, Inc. (Xcel) fka Northern States Power for approval of a memorandum of understanding which would provide benefits to its customers and service territory. According to the memorandum, Xcel proposes to provide an additional contribution to its annual economic development investment within its service territory for a limited time and also agrees to a conditional rate moratorium until May 1, 2004. The agreement is being offered to provide rate payers expected benefits of the recent merger between Northern States Power Company and New Century Energies Company. On June 1, 2001, Xcel submitted to the Commission a Petition to Provide Merger Assurances in the State of South Dakota which includes, among other things, an annual economic investment of $150,000 per year for five years to Xcel's service territory in South Dakota.

At its regularly scheduled June 19, 2001, meeting, the Commission discussed this matter. Commission Staff recommended approval of the Petition to Provide Merger Assurances in the State of South Dakota.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-34A. The Commission unanimously voted to approve the Petition to Provide Merger Assurances in the State of South Dakota and closed the docket. As the Commission's final decision in this matter, it is therefore

ORDERED, that the Petition to Provide Merger Assurances in the State of South Dakota is approved and incorporated by reference and the Stipulations and Agreements filed in Minnesota between the Minnesota Department of Commerce, the Minnesota Office of Attorney General, and Northern States Power shall be incorporated by reference.

Dated at Pierre, South Dakota, this 27th day of June, 2001.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Delaine Kolbo

Date: 6/27/01

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg

JAMES A. BURG, Chairman

Pam Nelson

PAM NELSON, Commissioner