

EL000-B33



Scott Wilensky
Assistant General Counsel

800 Nicollet Mall, Suite 2900
Minneapolis, Minnesota 55402
Phone: 612.215.4590
Fax: 612.215.4544

November 14, 2000

Mr. William Bullard, Jr.
Executive Secretary
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

Re: Application of Northern States Power Company for Certification by the
South Dakota Public Utilities Commission to the Securities and Exchange
Commission Regarding Ownership of Foreign Utility Corporate Organizations
and Exempt Wholesale Generators
Docket No. _____

Dear Mr. Bullard:

Enclosed for filing please find an original and ten copies of Northern States Power
Company's Petition for Certification by the South Dakota Public Utilities Commission to
the Securities and Exchange Commission Regarding Ownership of Foreign Utility
Corporate Organizations and Exempt Wholesale Generators.

If you have any questions regarding this filing, please contact me.

Sincerely,

Scott Wilensky
Assistant General Counsel

Enclosures

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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Petition of
Northern States Power Company for
Certification by the South Dakota Public
Utilities Commission to the Securities and
Exchange Commission Regarding Investment
in Foreign Utility Corporate Organizations
And Exempt Wholesale Generators

Docket No.

**PETITION OF NORTHERN STATES POWER COMPANY FOR
CERTIFICATION TO THE SECURITIES AND EXCHANGE COMMISSION**

I. INTRODUCTION

Northern States Power Company ("NSP")¹ requests that the South Dakota Public Utilities Commission ("SDPUC" or "Commission") certify to the Securities and Exchange Commission ("SEC") that: (1) the SDPUC has the authority and resources to protect the ratepayers subject to its jurisdiction; (2) the SDPUC intends to exercise its authority; and (3) the SDPUC does not object to the SEC's granting of authority to Xcel Energy Inc. ("Xcel Energy") to invest in exempt wholesale generators ("EWGs") and foreign utility corporate organizations ("FUCOs") in an amount up to 100% of its consolidated retained earnings. Such certifications are hereafter referred to collectively as the "100% Certification." This certification is similar to certifications provided by the Commission to Former NSP regarding its investments in FUCOs and is discussed in Section III below. NSP also requests that the current \$500 million limit on FUCO investments contained in the Commission's Order dated January 21, 1998 in Docket No.

¹ To avoid confusion with NSP's parent company Xcel Energy Inc., NSP will not utilize its d/b/a name in this filing.

EL97-022 be replaced with the 100% of consolidated retained earnings investment threshold on FUCOs and EWGs combined.

NSP also seeks certain additional certifications to the SEC as they relate to implementation of retail competition in the service territory of Southwestern Public Service Company ("SPS"), an affiliated public utility providing electric service in New Mexico, Texas, Kansas and Oklahoma. In order to avoid a subsequent filing in the relatively near future, NSP further requests that the Commission provide certifications associated with the transfer in the future by SPS of its generating assets to one or more affiliated companies in response to recently enacted electric utility restructuring laws in Texas and New Mexico. These certifications are hereinafter referred to collectively as the "SPS Restructuring Certification" and are discussed in Section IV below.

Copies of the proposed certification letters are attached hereto as Attachments A (the 100% Certification) and Attachment B (the SPS Restructuring Certification).

II. BACKGROUND ON 100% CERTIFICATION

Xcel Energy Inc. (referred to as "Xcel Energy" for purposes of this filing), the registered holding company parent of NSP, currently has pending before the SEC its request (File No. 70-9635) to invest in EWGs and FUCOs in an amount up to 100% of its consolidated retained earnings. Currently SEC rules provide for a safe harbor of 50% of retained earnings to be invested in EWGs and FUCOs but provides that registered companies can seek authorization beyond the safe harbor limit provided for in rule.

Prior to its recent merger transactions² with New Century Energies, Inc. ("NCE"),

² In the merger transactions, Former NSP merged with NCE, with Former NSP renamed Xcel Energy Inc. Contemporaneously, essentially all the electric and gas utility assets and obligations of Former NSP were transferred to NSP, a new utility operating company subsidiary of Xcel Energy.

the predecessor to Northern States Power Company ("Former NSP") was required to seek similar certifications from the Commission for its investments in FUCOs. In Docket No. EL97-022, the Commission approved a request for certification by Former NSP for up to \$500 million in FUCO investments by Order dated January 21, 1998 (the "January 21 Order"). Since Former NSP was an exempt holding company under the Public Utility Holding Company Act of 1935, as amended ("PUHCA"), no similar requirement existed for investments by Former NSP in EWGs. Former NSP committed among other items to obtain separate certification for investments in excess of the \$500 million FUCO limit and not to encumber any South Dakota property because of these foreign investments or to seek recovery of any amounts either directly or indirectly in rates. As described below, NSP is willing to comply with all of the conditions imposed in the January 21 Order with respect to investments in EWGs and FUCOs. NSP seeks to replace the \$500 million threshold on NSP FUCO investments with the 100% of consolidated retained earnings threshold on Xcel Energy FUCO and EWG investments.

NSP provides the following information in support of its request.

III. THE 100% CERTIFICATION SHOULD BE GRANTED.

A. Overview of Xcel Energy Inc.'s FUCO and EWG Investments

Xcel Energy is the registered holding company formed on August 18, 2000, as a result of the merger between Former NSP and New Century Energies, Inc. ("NCE"). As of June 30, 2000 and at the time of the merger of Former NSP and NCE, Xcel Energy's aggregate equity investment in EWGs and FUCOs was \$1.2 billion, and constituted 54% of Xcel Energy's average consolidated retained earnings of \$2.226 billion. Thus, although Xcel Energy exceeded the 50% threshold under Rule 53 at the outset, these

amounts were grandfathered by the SEC in its order, dated August 16, 2000, approving the merger.

Xcel Energy has several subsidiaries that hold EWGs or FUCOs. These subsidiaries include two intermediate holding companies: (i) Xcel Energy International Group, Inc. ("Xcel International") and (ii) Xcel Energy Wholesale Group, Inc. ("Xcel Wholesale"). Xcel International holds interests in Independent Power Corporation ("IPC") and Independent Power International, Inc. ("IPI"), as well as a group of companies that hold an interest in Yorkshire Electric, a FUCO that is engaged in the distribution of electricity in Yorkshire, England and other areas in England. As of June 30, 2000, Xcel Energy's equity share (inclusive of any guaranteed debt) in Xcel International was \$404 million, with approximately \$362 million associated with its investment in Yorkshire Electric and the remaining \$ 42 million invested in FUCO projects held by IPC or IPI.

The other intermediate holding company, Xcel Wholesale, holds Xcel Energy's interest in NRG Energy, Inc ("NRG") and Quixx Corporation ("Quixx"), both of which own EWGs and/or FUCOs through various subsidiaries. As of June 30, 2000, Xcel Wholesale's primary interest in EWG's and FUCOs is held by NRG (with approximately \$782 million of Xcel Energy equity invested), with another \$7.5 million invested in Quixx Corporation projects. The 100% Certification is being sought to permit Xcel Energy Inc. to expand its investments in EWGs and FUCOs beyond the currently grandfathered SEC limits of 54% of consolidated retained earnings as well as the current \$500 million state authorized FUCO limit.

B. Overview of SEC Rule 53

Sections 32 and 33 of PUHCA provide exemptions for the ownership and operation of EWGs and FUCOs. The SEC implemented Sections 32 and 33 in large part by adopting Rule 53.

Rule 53 provides a safe harbor for the issuance of securities by a registered holding company to finance the acquisition of an EWG if the registered holding company's "aggregate investment" does not exceed 50 percent of the registered system's "consolidated retained earnings." For purposes of the rule, "aggregate investment" means all amounts invested, or committed to be invested, in EWGs and FUCOs for which there is recourse, directly or indirectly, to the registered holding company parent. Under Rule 53, "consolidated retained earnings" is defined as the average of the consolidated retained earnings of the registered holding company system as reported for the four most recent quarterly periods in the holding company's Form 10-K or Form 10-Q.

If the safe harbor limit of 50 percent under Rule 53(a) will be exceeded, a registered holding company may obtain SEC financing authorization if it can, under Rule 53(c), "affirmatively demonstrate" that its proposed investments: (i) will not have a substantial adverse impact upon the financial integrity of the registered holding company system; and (ii) will not have an adverse impact on any utility subsidiary of the registered holding company, or its customers, or on the ability of State commissions to protect such subsidiary or customers. In resolving the issues in clause (ii), the SEC has requested certification from the various state commissions, which is the reason for NSP's request.

It has become more common for the SEC to approve such requests up to the 100% limit under Rule 53(c). The SEC has granted 100% investment authority (or higher) to seven other registered holding companies in the following cases:

Holding Company	SEC Release No. and Order Date
The Southern Company	35-26501 (April 11, 1996)
Central and South West Corp.	35-26653 (January 24, 1997)
GPU, Inc.	35-26799 (November 17, 1997)
Cinergy Corp.	35-26848 (March 23, 1998)
American Electric Power Company ("AEP")	35-26864 (April 27, 1998)
Entergy Corporation	35-27184 (June 13, 2000)
The National Grid plc	35-27154 (March 15, 2000)
AEP (following acquisition of Central and South West Corp)	35-27186 (June 14, 2000)

C. Xcel Energy's Investments Will Have No Adverse Impact on NSP

1. Key Financial Ratios.

Prior to the merger with New Century Energies, Former NSP's aggregate equity investments (the measure utilized by the SEC) in EWGs and FUCOs was approximately 11.6% of the total capitalization of Former NSP.³ In the event that Xcel Energy were to invest in EWGs and FUCOs in an amount up to 100% of its consolidated retained earnings, such amount would represent approximately 17.2% of Xcel Energy's total capitalization as of June 30, 2000. As noted above, Former NSP's EWG investments were not subject to an investment cap. The aggregate investment level now caps the amount of NSP affiliate investments in both EWGs and FUCOs. The 100% threshold

³ If the \$500 million from the prior FUCO authorization were included as June 30, 2000, the percentage of equity invested plus already authorized amounts represents approximately 19.1% of Former NSP's total capitalization. Thus, while the request seeks an increase in EWG and FUCO investment levels over the amounts actually invested, the request represents a slight decrease from the levels invested and authorized for Former NSP.

keeps Xcel Energy within a diversification limit range that is consistent with past levels of authorized investment and at levels that will not adversely impact the public utility subsidiaries.

Even if Xcel Energy were to reach the maximum level of FUCO and EWG investment, Xcel Energy's equity investments will continue to predominantly be in public utility plant. Given the changes in the electric industry in parts of the country where restructuring has occurred, this level of diversification will make for a financially stronger company, as it will be able to take advantage of opportunities both at home and abroad. Based upon the successful track record of both Former NSP and NCE in managing FUCO and EWG investments (discussed below), there is no material increase in risk to the financial integrity of Xcel Energy or its operating companies by moving to the 100% investment limit. In fact, the former NCE states (Colorado, Kansas, New Mexico, Oklahoma, Texas and Wyoming) all provided certification to the SEC on behalf of NCE when it requested authority to invest up to 100% of its retained earnings in EWGs and FUCOs.

2. Adequacy of Risk Management

The primary owner of EWGs and FUCOs under Xcel Energy are NRG and Yorkshire. These two entities account for over 95% of Xcel Energy's investment in EWGs and FUCOs and are described in more detail below.

NRG will continue to be the focal point for growth in non-regulated generation. NRG owns interests in approximately 14,000 megawatts of net generating capacity. NRG investments in power generation projects are both in the US and abroad, with the current mix of assets being approximately 80% US and 20% foreign. NRG made a

successful Initial Public Offering of common equity securities in the early part of the summer of 2000. Xcel Energy now holds about an 82% interest in NRG.

NRG's strategy is to be a well-positioned, generator of power in selected core markets. It has its vision, the pursuit of a well-balanced generation business, diversified in terms of geographic location, fuel type and dispatch level. NRG attempts to minimize its investment risk by obtaining assets that allow for the sale of multiple power generation products including energy, capacity and ancillary services, as well as acquiring assets that are being sold with initial transition power purchase agreements to stabilize cash flows and earnings during the initial years of ownership.

In the U.S., NRG intends to focus its near-term development and acquisition plans in the following core markets: the Northeast (New York, Connecticut, Maine, New Jersey, Pennsylvania and Massachusetts), South Central (Louisiana, Illinois and Oklahoma), West Coast (California and Nevada) and Mid-Atlantic (Delaware and Maryland). NRG has primarily grown by acquiring assets from utility generation divestiture programs, but NRG also plans to grow through the expansion of existing facilities and the development of new "greenfield" projects.

Internationally, NRG plans to focus in the near-term on acquisitions in the United Kingdom, Central Europe, Turkey, Australia, and to a lesser extent Latin America. To manage its international asset risks, NRG uses a portfolio risk management discipline based upon country risk, as identified by independent, internationally recognized organizations. Under this approach, NRG manages its entire portfolio of generation capacity to maintain a high quality, weighted average, equivalent country risk, requiring higher internal returns where individual country risk is considered higher. Using this

approach NRG monitors its exposure in emerging markets to maintain an appropriate balance in its asset portfolio. Where appropriate, NRG also seeks to develop or acquire international projects on a joint venture basis with a partner that will share the risks of a project.

Yorkshire owns a distribution utility in England serving approximately 2 million customers. Xcel's subsidiaries hold a 50% interest and shares the risk with another partner American Electric Power Company ("AEP") subsidiaries. England has moved to a competitive market for generation but continues to regulate "wires" businesses pursuant to price cap regulation. This investment in distribution diversifies some of the risk involved in NRG's foreign investments mainly in the generation sector.

D. The 100% Certification Letter Should be Issued.

1. Investments in FUCOs and EWGs Will Not Jeopardize NSP's Financial Health.

Investments in FUCOs and EWGs will have no impact on NSP's utility operations. This is due in part to the corporate structure of Xcel Energy. The entities holding EWGs and FUCOs are separate from NSP's utility operations and not in the chain of ownership of NSP. The investments by these entities are further insulated by using project-specific structures. The lack of impact on NSP is also due to the protection arising from the Commission's authority to review NSP's rates. In reviewing prior requests by Former NSP for certifications comparable to that being sought by NSP in this Application, the SDPUC has found that it has the resources to undertake that task.

2. SDPUC has authority and resources to protect ratepayers.

The SDPUC has ample authority to protect ratepayers through its authority (1) to set NSP's rates, (2) to approve or disapprove NSP's resulting capital structure for

ratemaking purposes , and (3) to undertake prudency reviews of NSP's utility operations, so as to provide ample authority to protect ratepayers. The SDPUC has in past rulings determined it has sufficient resources to protect ratepayers from the effects of FUCO and EWG investments by unregulated affiliates.

Other protections are derived from PUHCA. FUCOs by definition must operate entirely outside the United States. 15 U.S.A. § 792-5b(a)(3). In addition, Section 33 of PUHCA prevents NSP from "issu[ing] any security for the purpose of financing the acquisition, or for the purposes of financing the ownership or operation, of a foreign utility company" and from "assum[ing] any obligation or liability as guarantor, endorser, surety, or otherwise in respect of any security of a [FUCO]." 15 U.S.C. § 79z-5b(f)(1). Moreover, Section 33 prohibits NSP from "pledg[ing] or encumber[ing] any utility assets or utility assets of any subsidiary thereof for the benefit of an associate foreign utility company." 15 U.S.C. § 79z-5b(g). These statutory restrictions assure that FUCO investments will have no direct impact on NSP's utility operations and NSP's customers will see no change in their day-to-day utility service. Service will remain effective and efficient. NSP makes similar commitments with respect to investments in EWGs to assure that similar concerns are alleviated with respect to these investments.

3. NSP's Commitments.

Finally, NSP makes the following additional commitment to further assure the Commission that NSP's retail ratepayers will be held neutral in regard to any FUCO or EWG investments.

Neither NSP nor any current or future subsidiary or affiliate will ever seek to recover either directly or indirectly from South Dakota ratepayers through regulated

utility rates any costs or expenses associated with any investment in any FUCO or any EWG, other than an EWG which has been approved by the Commission to sell power to NSP. (The Act does permit an affiliated EWG to sell power to NSP if approved by the relevant state commissions). Without limitation of the foregoing and subject to the one exception noted above (i.e. for an EWG which has been approved by the Commission to sell power to NSP), NSP intends to exclude from South Dakota rate recovery all expenses, effects on the costs of capital or capital structure of NSP (or any present or future affiliate of NSP) and other financial costs arising directly or indirectly from any participation in any form of ownership of any FUCO or EWG.

IV. SPS RESTRUCTURING CERTIFICATION

A. Background

The requested SPS Restructuring Certification is the result of the reorganization plan being implemented by SPS to comply with the provisions of recently passed state restructuring statutes in Texas and New Mexico. As noted above, SPS is wholly-owned by Xcel and is a fully-integrated electric utility that generates, transmits, distributes and sells electric energy to about 385,000 customers in the Panhandle and South Plains of Texas, eastern New Mexico, the Oklahoma Panhandle and extreme southwestern Kansas. The Texas retail competition statute, (referred to as the "Texas Restructuring Law") is intended to permit retail electric customers to choose among competing retail electric service providers. The Texas Restructuring law contemplates the restructuring of all Texas electric utility companies and requires vertically integrated electric utilities, such as SPS, to separate ownership of their generating and other power supply assets from ownership of their transmission and distribution assets no later than January 1, 2002.

Under the Texas Restructuring Law, vertically integrated utilities, including SPS, are obligated to disaggregate into at least three separate corporate units: (1) a power generating company that will sell power at wholesale; (2) an energy delivery company that will own transmission and local distribution facilities; and (3) a retail electric provider that will sell electricity to retail customers.

The Texas Restructuring Law provides that no generation company can own and control more than 20% of the installed electric generation capacity located in or capable of delivering power to a power region. As part of a Stipulation Agreement approved by the Public Utilities Commission of Texas, SPS must sell or otherwise dispose of approximately 3,000 MW of generating capacity in order to meet the market power requirements.

In New Mexico, the Electric Utility Industry Restructuring Act of 1999 (the "New Mexico Restructuring Act") is also intended to afford retail customers a choice of suppliers. The New Mexico Restructuring Act also requires SPS to separate into at least two corporations (one consisting of generation and power supply facilities and the other transmission and distribution facilities). By Order issued on May 16, 2000, the New Mexico Commission extended the time for SPS to complete its corporate separation until August 1, 2001.

SPS has developed a restructuring plan that will allow it to meet the statutory mandates in both Texas and New Mexico. Under the SPS plan, SPS will separate its generation from transmission and distribution by transferring all of its generating assets at net book value to a newly created corporate subsidiary of Xcel Energy. These new subsidiaries will become EWGs under PUHCA. As such, NSP requests an additional

authorization to reflect the addition of these generating assets to the calculation of the limit on investment and the necessary findings to attain such EWG status.

B. Support for the SPS Restructuring Certification.

The anticipated transfer by SPS of its generating assets to affiliated companies that will become EWGs will require certifications to the SEC in addition to those required by the 100% Certification request.

Specifically, since the generation assets being transferred will now be classified as EWGs, authorization of an additional level of investment in EWGs above the 100% limit is necessary to account for the reclassification of SPS generation. The SEC has granted a registered holding company an additional level of investment in EWGs above the 100% limit when the public utility subsidiaries, like SPS, were required under state restructuring to transfer their generating assets to affiliated EWGs. Cinergy Corp. Holding Company Act Release. No. 27190 (June 23, 2000).

It is anticipated that the net book value of these assets will amount to approximately \$700 million, about one fourth of which will be retained by SPS' power generating affiliate. Because these are traditional assets of a vertically integrated utility, Xcel will request from the SEC that the net book value of these assets be authorized as an additional level of investment above and beyond the 100% of retained earnings cap. This requested authorization for an additional amount to reflect the net book value of SPS generation at the time it attains EWG status simply acknowledges the change in the classification of this generation investment and does not represent an increase in the level of generation investment by Xcel Energy. Although SPS is required to divest a substantial portion of its assets under Texas' restructuring act, any reinvestment in new

EWGs will be apply only up to the level of the net book value as of date of the transfer to SPS' affiliated power generating company. Thus, every incremental dollar of EWG and FUCO investment above the amounts currently invested in generation as a public utility will be counted against the 100% threshold discussed in Sections II and III. Because Xcel Energy is already exposed to this level of generation risk, there is no material impact on the financial integrity of the company from allowing this level of investment in previously regulated generation to be made in EWGs or FUCOs.

The other required finding is in addition to those required by Rule 53. Since the generating assets being transferred by SPS have been used in setting retail regulated rates of SPS, every state commission having jurisdiction over the retail rates of SPS or any public utility owned by Xcel Energy (i.e. NSP, Public Service Company of Colorado, NSP-W and Black Mountain Gas) will need to certify under Section 32(c) of PUCHA that allowing the generation assets of SPS to become EWGs: (i) will benefit consumers, (ii) is in the public interest and (iii) does not violate state laws. This requirement is the reason for the inclusion of such findings in paragraph (iv) of the proposed SPS Restructuring certification letter in Attachment B hereto.

The request for this finding is being made to facilitate the efforts of states that have enacted legislation requiring the business separation of generation assets. The specific language in the SPS Restructuring Certification makes this clear and limits the scope of the findings to SPS generation to assure that the findings have no precedential effect on this Commission with respect to NSP. Finally, the requested certification respects the affected state commissions by making the public interest certification contingent upon the receipt of such certifications from all of the state commissions that

regulate the retail rates of SPS. While these other approvals are required as a matter of law, the contingent approval simply acknowledges that this certification matters most to the SPS states.

As noted above, the purpose of making these additional requests at this time is to avoid a similar regulatory filing on the scope of the EWG and FUCO waiver in the near future. Because the additional authorization related to the reclassification of SPS assets as EWGs will soon be sought before the SEC, it seemed more efficient to avoid additional filings on the EWG and FUC investment cap and certification of EWG status, particularly when there is no impact on NSP from these certifications.

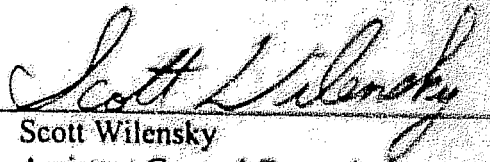
Conclusion

For the forgoing reasons NSP respectfully requests that the Commission issue the certifications requested and issue letters to the SEC similar to those contained in Attachments A and B hereto. In addition, NSP requests that its current \$500 million FUCO authorization be replaced by the combined EWG and FUCO limits contained in the requested certifications.

Dated: November 14, 2000

Respectfully submitted,

NORTHERN STATES POWER COMPANY

By 

Scott Wilensky
Assistant General Counsel
800 Nicollet Mall
Minneapolis, MN 55402
(612) 215-4590

ATTACHMENT A

100% CERTIFICATION

Date

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: South Dakota Public Utility Commission Certification to the Securities and Exchange Commission Regarding Foreign Utility Corporate Organization and Exempt Wholesale Generator Ownership by Xcel Energy, Inc.

Dear Mr. Katz:

Xcel Energy Inc. ("Xcel Energy") and Northern States Power Company ("NSP") have advised the South Dakota Public Utilities Commission ("Commission") that Xcel Energy is requesting approval from the Securities and Exchange Commission ("SEC") for an increase in its authority for investments in foreign utility corporate organizations ("FUCOs") and exempt wholesale generators ("EWGs") beyond that permitted under Rule 53 promulgated under the Public Utility Holding Company Act of 1935, as amended ("the Act"). In connection with such activities, Xcel Energy has requested that the Commission provide to you the following certification.

As one of the state commissions having jurisdiction over the retail rates of Xcel Energy's public utility subsidiary, NSP, please be advised that this Commission:

- (i) has the authority and resources to protect the ratepayers of NSP;
- (ii) intends to exercise such authority; and
- (iii) does not object to the SEC's granting authority to Xcel Energy to invest in EWGs and FUCOs in an amount up to 100% of its consolidated retained earnings.

This certification is applicable to all FUCOs and EWGs in which Xcel Energy or its subsidiaries seek to obtain an ownership interest. This certification is subject to being revised or withdrawn by the Commission in the future.

Sincerely,

James A. Burg
Chairman

ATTACHMENT B

SPS RESTRUCTURING CERTIFICATION

Date

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: South Dakota Public Utility Commission Certification to the Securities and Exchange Commission Regarding Foreign Utility Corporate Organizations and Exempt Wholesale Generator Ownership by Xcel Energy, Inc.

Dear Mr. Katz:

Xcel Energy Inc. ("Xcel Energy") and Northern States Power Company ("NSP") have advised the South Dakota Public Utilities Commission ("Commission") that Xcel Energy is requesting approval from the Securities and Exchange Commission ("SEC") for an increase in its authority for investments in foreign utility corporate organizations ("FUCOs") and exempt wholesale generators ("EWGs") beyond that permitted under Rule 53 promulgated under the Public Utility Holding Company Act of 1935, as amended ("the Act"). In connection with such activities, Xcel Energy has requested that the Commission provide to you the following certification.

As one of the state commissions having jurisdiction over the retail rates of Xcel Energy's public utility subsidiary, NSP, please be advised that this Commission:

- (i) has the authority and resources to protect the ratepayers of NSP;
- (ii) intends to exercise such authority; and
- (iii) with respect to the transfer by Southwestern Public Service Company ("SPS") of its generating assets to one or more affiliated companies that are or become EWGs, does not object to the SEC granting additional authority to invest in EWGs and FUCOs in an amount up to 100% of its consolidated retained earnings plus an amount equal to the net book value of such SPS generating assets at the time of their transfer by SPS; and
- (iv) finds that such transfer of generating assets by SPS will benefit consumers, is in the public interest and does not violate state laws. The foregoing findings are made in light of the electric restructuring laws in Texas and New Mexico and shall not be construed to have any precedential impact with respect to NSP. Further, such findings shall be of

no force and effect unless and until similar findings are made by each state public utility commission that regulates the electric rates of SPS.

This certification is applicable to all FUCOs and EWGs in which Xcel Energy or its subsidiaries seek to obtain an ownership interest. This certification is subject to being revised or withdrawn by the Commission in the future.

Sincerely,

James A. Burg
Chairman

**South Dakota Public Utilities Commission
WEEKLY FILINGS**

For the Period of November 9, 2000 through November 15, 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

CONSUMER COMPLAINTS

CT00-108 In the Matter of the Complaint filed by Vern L. Douville, Chamberlain, South Dakota, against America's Tele-Network Corp. Regarding Unauthorized Switching of Services.

Complainant alleges that his long distance carrier was switched in May or June, 2000, without his permission. He requested reimbursement for all of the America's Tele-Network long distance charges, the \$5.00 switching fee and the maximum penalty of \$1000.00.

Staff Analyst: Charlene Lund
Staff Attorney: Kelly Frazier
Date Docketed: 11/13/00
Intervention Deadline: N/A

ELECTRIC

EL00-033 In the Matter of the Petition of Xcel Energy, Inc. for a Statement to the Securities and Exchange Commission Regarding Investment in Foreign Utilities.

Xcel Energy, Inc. has filed a petition with for the Public Utilities Commission to certify to the SEC that: (1) the SDPUC has the authority and resources to protect the ratepayers subject to its jurisdiction; (2) the SDPUC intends to exercise its authority, and (3) the SDPUC does not object to the SEC's granting of authority to Xcel Energy Inc. to invest in exempt wholesale generators (EWGs) and foreign utility corporate organizations (FUCOs) in an amount up to 100% of its consolidated retained earnings.

Staff Analyst: David Jacobson
Staff Attorney: Kelly Frazier
Date Docketed: 11/15/00
Intervention Deadline: 12/01/00

TELECOMMUNICATIONS

TC00-183 In the Matter of the Filing by Qwest Corporation for Approval of its Cost Recovery True-Up for Dialing Parity Implementation.

Qwest Corporation filed a confidential True-Up Study supporting the implementation of a revised Equal Access and Network Reconfiguration Recovery Charge (EANRC) to the Switched Access Tariff. "The EANRC price will change from \$0.001108 to \$0.000874. The decrease in price is due

to an increase in demand from what was originally forecasted. Qwest [Corporation] requests approval of these revisions on January 1, 2001."

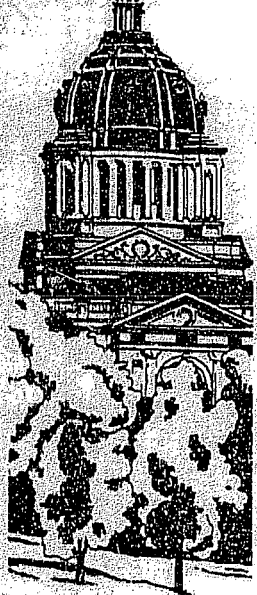
Staff Analyst: Harlan Best
Staff Attorney: Karen Cremer
Date Docketed: 11/13/00
Intervention Deadline: 12/01/00

TC00-184 In the Matter of the Application of Global TeleLink Services, Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services and Local Exchange Services in South Dakota.

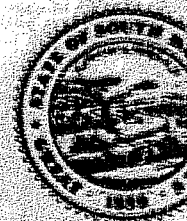
Global TeleLink Services, Inc. (Global) is seeking a Certificate of Authority to provide local exchange and intrastate interexchange service in South Dakota. Global intends to provide a wide variety of traditional local voice and data telecommunications services to consumers and other telecommunications carriers in South Dakota. These services may include single and multi-line residential and business services, CENTREX, high-capacity private line, ISDN, digital subscriber line, frame relay services, directory listing, and optional CLASS service features.

Staff Analyst: Heather Forney
Staff Attorney: Kelly Frazier
Date Docketed: 11/15/00
Intervention Deadline: 12/01/00

You may receive this listing and other PUC publications via our website or via internet e-mail.
You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc/>



South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

April 17, 2001

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: South Dakota Public Utility Commission Certification to the Securities and Exchange Commission Regarding Foreign Utility Corporate Organization and Exempt Wholesale Generator Ownership by Xcel Energy, Inc.

Dear Mr. Katz:

Xcel Energy Inc. ("Xcel Energy") and Northern States Power Company ("NSP") have advised the South Dakota Public Utilities Commission ("Commission") that Xcel Energy is requesting approval from the Securities and Exchange Commission ("SEC") for an increase in its authority for investments in foreign utility corporate organizations ("FUCOs") and exempt wholesale generators ("EWGs") beyond that permitted under Rule 53 promulgated under the Public Utility Holding Company Act of 1935, as amended ("the Act"). In connection with such activities, Xcel Energy has requested that the Commission provide to you the following certification.

As one of the state commissions having jurisdiction over the retail rates of Xcel Energy's public utility subsidiary, NSP, please be advised that this Commission:

- (i) has the authority and resources to protect the ratepayers of NSP;
- (ii) intends to exercise such authority; and
- (iii) does not object to the SEC's granting authority to Xcel Energy to invest in EWGs and FUCOs in an amount up to 100% of its consolidated retained earnings.

This certification is applicable to all FUCOs and EWGs in which Xcel Energy or its subsidiaries seek to obtain an ownership interest. This certification is subject to being revised or withdrawn by the Commission in the future.

Sincerely,

Commissioner James A. Burg, Chairman

Commissioner Pam Nelson, Vice Chair

Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3225

Consumer Hotline
1-800-332-1782

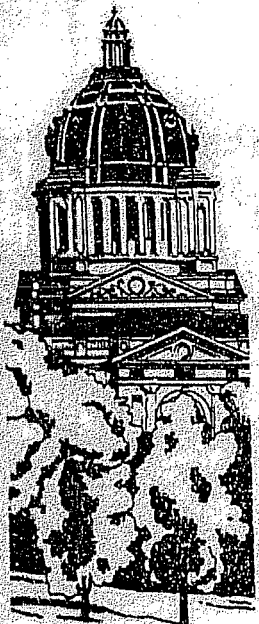
TTY Through
Relay South Dakota
1-800-877-1113

Internet Website
www.state.sd.us/puc/

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Jim Burg
Chairman
Pam Nelson
Vice-Chairman

Debra Elofson
Executive Director

Harlan Best
Martin C. Bettmann
Sue Cichos
Karen E. Cremer
Christopher W. Downs
Terry Emerson
Michele M. Farris
Marlette Fischbach
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Mary Giddings
Leni Healy
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Lisa Hull
Dave Jacobson
Amy Kayser
Jennifer Kirk
Bob Knadle
Delaine Kolbo
Charlene Lund
Gregory A. Rislav
Keith Senger
Rolayne Aills Wiest
◆



South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

April 17, 2001

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: South Dakota Public Utility Commission Certification to the Securities and Exchange Commission Regarding Foreign Utility Corporate Organizations and Exempt Wholesale Generator Ownership by Xcel Energy, Inc.

Dear Mr. Katz:

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As one of the state commissions having jurisdiction over the retail rates of Xcel Energy's public utility subsidiary, NSP, please be advised that this Commission:

- (i) has the authority and resources to protect the ratepayers of NSP;
- (ii) intends to exercise such authority; and
- (iii) with respect to the transfer by Southwestern Public Service Company ("SPS") of its generating assets to one or more affiliated companies that are or become EWGs, does not object to the SEC granting additional authority to invest in EWGs and FUCOs in an amount up to 100% of its consolidated retained earnings plus an amount equal to the net book value of such SPS generating assets at the time of their transfer by SPS; and

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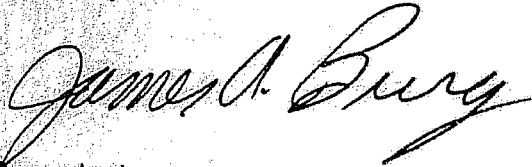
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- (iv) finds that such transfer of generating assets by SPS will benefit consumers, is in the public interest and does not violate state laws. The foregoing findings are made in light of the electric restructuring laws in Texas and New Mexico and shall not be construed to have any precedential impact with respect to NSP. Further, such findings shall be of no force and effect unless and until similar findings are made by each state public utility commission that regulates the electric rates of SPS.

This certification is applicable to all FUCOs and EWGs in which Xcel Energy or its subsidiaries seek to obtain an ownership interest. This certification is subject to being revised or withdrawn by the Commission in the future.

Sincerely,



Commissioner James A. Burg, Chairman



Commissioner Pam Nelson, Vice Chair

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF A PETITION BY) NORTHERN STATES POWER COMPANY FOR) STATEMENTS TO THE SECURITIES AND) EXCHANGE COMMISSION REGARDING) INVESTMENT IN FOREIGN UTILITIES AND) EXEMPT WHOLESALE GENERATORS)	ORDER APPROVING ISSUANCE OF LETTERS EL00-033
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On November 15, 2000, Northern States Power Company (NSP) filed a request with the South Dakota Public Utilities Commission (Commission) that the Commission issue two letters to the Securities and Exchange Commission (SEC) pursuant to SEC Rule 53 indicating that the Commission has jurisdiction over NSP. The certification would represent that the Commission has authority and resources to protect ratepayers of NSP and that it intends to exercise that authority.

As part of its application, NSP represented to the Commission that Xcel Energy Inc., the registered holding company parent of NSP, and its affiliates intended to acquire interests in foreign utility companies (FUCOs) and exempt wholesale generators (EWGs) up to an amount equal to 100% of the consolidated retained earnings of Xcel Energy Inc. NSP stated that a letter of certification from the Commission to the SEC is necessary in order to allow this. NSP further requested a separate certification to the SEC which would allow Xcel Energy Inc. to exceed the 100% of consolidated retained earnings investment cap by the amount equal to the net book value of generation assets transferred from Xcel Energy Inc's wholly owned subsidiary Southwestern Public Service Company (SPS) to a new subsidiary. This transfer is mandated by electric restructuring law in Texas and New Mexico which requires vertically integrated utilities serving in those states to separate ownership of generating and power supply assets from ownership of transmission and distribution assets.

In its application, NSP makes the commitment that "[n]either NSP nor any current or future subsidiary or affiliate will ever seek to recover either directly or indirectly from South Dakota ratepayers through regulated utility rates any costs or expenses associated with any investment in any FUCO or any EWG, other than an EWG which has been approved by the Commission to sell power to NSP." NSP further stated "[w]ithout limitation of the foregoing and subject to the one exception noted above (i.e. for an EWG which has been approved by the Commission to sell power to NSP), NSP intends to exclude from South Dakota rate recovery all expenses, effects on the costs of capital or capital structure of NSP (or any present or future affiliate of NSP) and other financial costs arising directly or indirectly from any participation in any form of ownership of any FUCO or EWG."

Commission staff recommended granting the letters of certification with the following conditions:

1. Xcel Energy Inc. shall provide advance notice of any intent to acquire interests in foreign utilities and exempt wholesale generators in amounts exceeding 100% of its consolidated retained earnings plus the additional amount of the generation assets transferred by SPS to a new separate subsidiary of Xcel Energy Inc. in order to meet the requirements of restructuring laws of Texas and New Mexico and shall obtain separate certification for any such investment.

2. Xcel Energy Inc. or any of its current or future affiliates will not incur any South Dakota property because of these foreign utility company or exempt wholesale generation investments.

3. Neither Xcel Energy Inc. or any of its current or future affiliates will ever seek to recover, either directly or indirectly, from South Dakota ratepayers through any regulated utility rates, any costs, expenses or losses of any nature whatsoever which may result from this or any other investment in foreign utility companies or exempt wholesale generators.

4. This certification is conditioned on and subject to being removed or withdrawn at any time by the Commission as to any future foreign utility company or exempt wholesale generator investments if the Commission deems such action is warranted.

At its regularly scheduled April 17, 2001, meeting, the Commission considered this matter. The Commission voted unanimously to grant the letters of certification, subject to the conditions delineated above as recommended by staff.

The Commission has jurisdiction in this matter pursuant to SEC Rule 53 and SDCL 49-34A-6. It is therefore

ORDERED, that the Commission shall issue the letters of certification as petitioned for by NSP upon the four conditions specified above.

Dated at Pierre, South Dakota, this 24th day of April, 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:	<u>Alaine Kolbo</u>
Date:	<u>4/24/01</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner