

or the elimination of existing, Intermediate Subsidiaries, the consolidation of Nonutility Subsidiaries engaged in similar businesses, the spin-off of a portion of an existing business of a Nonutility Subsidiary to another Nonutility Subsidiary, the re-incorporation of an existing Nonutility Subsidiary in a different state, the transfer of authority from one Nonutility Subsidiary to another or other similar type arrangements, and to change the terms of any wholly-owned Nonutility Subsidiary's authorized capital stock capitalization as deemed appropriate by Xcel or other immediate parent company;

- Any Nonutility Subsidiary to pay dividends out of capital and unearned surplus; and
- The use by Xcel of financings to invest in EWGs and FUCOs, and to guarantee the obligations of EWGs and FUCOs, provided that Xcel's aggregate investment at the time of such investment shall not exceed 100% of its "consolidated retained earnings," as defined in rule 53(a)(1)(ii).

In the Supplemental Financing Order, the Commission authorized Xcel to declare and pay two quarterly dividends out of capital and unearned surplus on its common stock and its preferred stock, in an aggregate amount of up to \$152 million and the Commission reserved jurisdiction over Xcel's request to increase the aggregate amount of common stock and long-term debt securities that it may issue during the Original Authorization Period from the \$2.0 billion (authorized by the August 2000 Order) to \$2.5 billion. Applicants request that the Commission release that reserved jurisdiction.

II. Modifications to the Financing Parameters

Applicants request certain modifications to the financing conditions contained in the Financing Orders. Applicants request that the financing authority granted by the Application be subject to the following general terms and conditions, where appropriate:

Effective Cost of Money. The effective cost of money on debt and preferred securities issued to non-associate companies pursuant to authorization in the Financing Orders and/or an order in this matter will not exceed competitive market rates for securities of comparable credit quality with similar terms and features.

Maturity of Debt. The maturity of authorized indebtedness will not exceed 50 years.

Investment Grade Ratings. Applicants further represent that apart from

securities issued for the purpose of Intrastate Financings, no guarantees or other securities, other than common stock, may be issued in reliance upon the authorization granted by the Commission pursuant to the Application, unless (i) the security to be issued, if rated, is rated investment grade; (ii) all outstanding securities of the issuer (except in the case of Xcel, Xcel's preferred stock) that are rated are rated investment grade; and (iii) all outstanding securities of Xcel (except for Xcel's preferred stock) that are rated are rated investment grade. For purposes of this provision, a security will be deemed to be rated investment grade if it is rated investment grade by at least one nationally recognized statistical rating organization. Xcel's preferred stock is not rated investment grade. Applicants request that the Commission reserve jurisdiction over the issuance by Xcel of preferred stock and/or any other such securities that are rated below investment grade. Applicants further request that the Commission reserve jurisdiction over the issuance of any guarantee or other securities at any time that the conditions, set forth in clauses (i) through (iii) above, are not satisfied.

Capitalization Ratios. Xcel's common equity, as reflected on its most recent Form 10-K or Form 10-Q and as adjusted to reflect subsequent events that affect capitalization, will be at least 30% of consolidated total capitalization (the "Xcel 30% Test");⁸ provided that in any event when Xcel does not satisfy the Xcel 30% Test, Xcel may issue common stock pursuant to this authorization. Similarly, the common stock equity of each Utility Subsidiary will be at least 30% of that Utility Subsidiary's total capitalization. Xcel requests that the Commission reserve jurisdiction over Xcel's authority to engage in the financing transactions authorized in the Financing Orders and in this proceeding at a time when Xcel does not satisfy the Xcel 30% Test.

Fees, Commissions and Other Remuneration. The underwriting fees, commissions and other similar remuneration paid in connection with the non-competitive issuance of any security issued by Xcel will not exceed the greater of (A) 5% of the principal or total amount of the securities being issued or (B) issuances expenses that are paid at the time in respect of the issuance of securities having the same or reasonably similar terms and

conditions issued by similar companies of reasonably comparable credit quality.

Applicants state that the proceeds from the financings authorized by the Commission pursuant to the Application will be used for the same purposes authorized in the August 2000 Order, which are general corporate purposes, including (i) financing investments by and capital expenditures of Xcel and its Subsidiaries, (ii) the repayment, redemption, refunding or purchase by Xcel or any of its Subsidiaries of securities issued by such companies without the need for prior Commission approval pursuant to rule 42 or a successor rule, (iii) financing working capital requirements of Xcel and its Subsidiaries, and (iv) other lawful general purposes. In addition, any use of proceeds to make investments in any "energy-related company," as defined in rule 58 under the Act, will be subject to the investment limitation of such rule, and any use of proceeds to make investments in any EWG or FUCO will be subject to the investment limitation and other conditions in the 100% Order or any order amending or replacing the 100% Order. Xcel further commits that no financing proceeds will be used to acquire the equity securities of any new subsidiary unless such acquisition has been approved by the Commission in this proceeding or in a separate proceeding or is in accordance with an available exemption under the Act or the rules.

Xcel requests that the Commission release jurisdiction reserved in the Supplemental Financing Order over Xcel's request to increase the aggregate amount of common stock and long-term debt securities that it may issue from \$2.0 billion to \$2.5 billion. Specifically, Xcel requests authorization, subject to the financing parameters in the Application, to issue and sell common stock and/or long-term debt securities for the uses described herein, provided that the aggregate proceeds received during the Requested Authorization Period upon issuance of such common stock (exclusive of the issuance of common stock specifically authorized in the Financing Orders with respect to employee benefit plans and dividend reinvestment plans, the issuance of common stock specifically authorized in the NRG Order and the issuance of common stock pursuant to NRG's Plan of Reorganization) and the aggregate principal amount of long-term debt issued and outstanding at any one time during the Requested Authorization Period, together with any long-term debt or preferred securities issued by

⁸ Total capitalization is the sum of common stock equity, preferred stock, long-term debt (including current maturities) and short-term debt.