

Financing Subsidiaries established by Xcel, shall not exceed \$2.5 billion.

III. Common Stock and Long-Term Debt

Applicants propose that the issuance of common stock⁹ and long-term debt of Xcel would be subject to the following general terms and conditions:

Common Stock. Subject to the limits described above and the other conditions described in the Application, Xcel may issue and sell common stock, options, warrants and stock purchase rights exercisable for common stock, or other equity-linked securities or contracts to purchase common stock. Such financings may be effected pursuant to underwriting agreements of a type generally standard in the industry. Public distributions may be pursuant to private negotiation with underwriters, dealers or agents, as discussed below, or effected through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons. All such common stock sales will be at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets.

Xcel may also issue common stock in public or privately-negotiated transactions in exchange for the equity securities or assets of other companies, provided that the acquisition of any such equity securities or assets has been authorized in this proceeding or in a separate proceeding or is exempt under the Act.

Long-Term Debt. The long-term debt to be issued by Xcel under the authorization will be unsecured. Subject to the limits described above and the other conditions described in the Application, Xcel's long-term debt (a) may be subordinated in right of payment to other debt and other obligations of Xcel, (b) may be convertible into any other securities of Xcel, (c) will have maturities ranging from one to 50 years, (d) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above the principal amount thereof, (e) may be entitled to mandatory or optional sinking fund provisions, (f) may provide for reset of the interest rate pursuant to a remarketing arrangement, and (g) may be called from existing investors by a third party. In addition, Xcel may have the right from time to time to defer the

payment of interest on all or a portion of its long-term debt (which may be fixed or floating or "multi-modal", *i.e.*, where the interest is periodically reset, alternating between fixed and floating interest rates for each reset period).

Xcel states that long-term debt securities would be issued and sold directly to one or more purchasers in privately-negotiated transactions or to one or more investment banking or underwriting firms or other entities who would resell such securities without registration under the Securities Act of 1933, as amended, in reliance upon one or more applicable exemptions from registration, or to the public either (i) through underwriters selected by negotiation or competitive bidding or (ii) through selling agents acting either as agent or as principal for resale to the public either directly or through dealers.

IV. Intrasystem Financings and Guarantees

Applicants request authority for Xcel to enter into guarantees, obtain letters of credit, enter into expense agreements or otherwise provide credit support ("Guarantees") with respect to the obligations of Utility Subsidiaries as may be appropriate to enable the Utility Subsidiaries to carry on in the ordinary course of their respective businesses, and Xcel and its Nonutility Subsidiaries to enter into Guarantees with respect to the obligations of Nonutility Subsidiaries as may be appropriate to enable such Nonutility Subsidiaries to carry on in the ordinary course of their respective businesses; provided that the aggregate principal amount of intrasystem financings and Guarantees pursuant to this paragraph shall not exceed \$1.0 billion outstanding at any one time during the Requested Authorization Period. The \$1.0 billion excludes any such Guarantees that are exempt pursuant to rules 45(b) and 52. The authorization requested will permit issuances of guarantees in situations where the exemptions provided by rules 45(b) and 52 are not applicable.

Xcel may charge each Subsidiary a fee for each Guarantee provided on behalf of the Subsidiary that is determined by multiplying the amount of any such guarantee by Xcel by the cost of obtaining the liquidity necessary to perform the guarantee (for example, bank line commitment fees or letter of credit fees) for the period of time the guarantee remains outstanding. Nonutility Subsidiaries may also charge each Nonutility Subsidiary a fee for each guarantee provided on its behalf determined in the same manner as specified above. Applicants also request authorization for Xcel to finance its

Nonutility Subsidiaries and its Nonutility Subsidiaries to finance other Nonutility Subsidiaries in an aggregate principal amount outstanding at any one time during the Requested Authorization Period of not to exceed \$400 million. This \$400 million excludes any financings that are exempt pursuant to rules 45(b) and 52.

In the case of loans by Xcel or a Nonutility Subsidiary to a Nonutility Subsidiary, the company making the loan or extending the credit may charge interest at the same effective rate of interest as the daily weighted average effective rate of commercial paper, revolving credit and/or other short-term borrowings of such lending company, including an allocated share of commitment fees and related expenses. If no such borrowings are outstanding, then the interest rate shall be predicated on the Federal Funds' effective rate of interest as quoted daily by the Federal Reserve Bank of New York. In the limited circumstances where the Nonutility Subsidiary effecting the borrowing is not wholly-owned by Xcel, directly or indirectly, authority is requested under the Act for Xcel or a Nonutility Subsidiary to make the loans to the subsidiaries at interest rates and maturities designed to provide a return to the lending company of not less than its effective cost of capital. If loans are made to a Nonutility Subsidiary which is not wholly-owned, such Nonutility Subsidiary will not provide any services to any associate Subsidiary except a company which meets one of the conditions for rendering of services on a basis other than "at cost", as authorized in HCAR No. 27212 (August 16, 2000).

V. Utility Money Pool

In order to provide intrasystem financing to the Utility Subsidiaries, Applicants request authorization to operate a Utility Money Pool. The Utility Money Pool would include some or all of the Utility Subsidiaries as borrowers from and lenders to the pool. Xcel would participate in the Utility Money Pool, but only as a lender to the pool. Xcel Energy Services Inc. ("Xcel Services") will act as the administrator of the Utility Money Pool. To the extent not exempted by rule 52, the Utility Subsidiaries request authorization to make unsecured short-term borrowings from the Utility Money Pool and to contribute surplus funds to the Utility Money Pool and to lend and extend credit to (and acquire promissory notes from) one another through the Utility Money Pool. Xcel requests authorization to contribute surplus funds and to lend and extend credit to the Utility

⁹ Any common stock to be issued by Xcel under the settlement with NRG and NRG's creditors is addressed in a separate application to the Commission under the Act.