

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey

Chair

Joel Jacobs

Commissioner

Marshall Johnson

Commissioner

LeRoy Koppendrayer

Commissioner

Gregory Scott

Commissioner

Black Mountain Gas Company
Attn: Tom LeNeau, President & CEO
6021 E. Cave Creek Rd.
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Cave Creek, Arizona 85331

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Northern States Power Company
Attn: Mark Hervey
General Mgr/Regulatory Services
414 Nicollet Mall
Minneapolis, MN 55401

In the Matter of a Request by Northern States Power Company of a Proposed Merger between NSP and Black Mountain Gas Company

The above entitled matter has been considered by the Commission and the following disposition made:

Approved with the following conditions:

- * The costs of the merger shall be recorded in Account 426.5 as they are incurred.

* The costs of the merger shall not be recovered from ratepayers.

* The Company shall separately identify merger-related costs included in future gas Minnesota Jurisdictional Annual Reports.

* The Company shall properly document all assignments and/or allocations for services provided or costs incurred to, for, or on behalf of Black Mountain Gas and shall provide all information necessary to support such assignments and/or allocations.

* The Company shall continue to maintain its own books and records and to provide Minnesota regulators unimpeded access to all information necessary to fulfill their statutory responsibilities.

* Approval of the merger is conditioned upon its qualifying as a pooling of interests.

* Within six weeks of completion of the merger, the Company shall file the following items:

(1) copies of the final accounting journal entries recording the transaction when they are recorded;

(2) a description of the actual transaction costs, itemizing the compensation for the Black Mountain shares as well as non-compensation costs, and including the number and trading price of NSP shares involved in the transaction;

(3) an explanation of why the merged company will be an exempt holding company despite having a non-contiguous service area.

The Commission agrees with and adopts the recommendations of the Department of Public Service which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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