

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye

Chair

Ken Nickolai

Commissioner

Marshall Johnson

Commissioner

Phyllis Reha

Commissioner

Thomas Pugh

Commissioner

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SERVICE DATE: DECEMBER 21, 2005

DOCKET NO. E,G-002/S-05-1583

In the Matter of Northern States Power Company's Request for Approval of its 2006 Capital Structure Prior to Issuing Securities

The above entitled matter has been considered by the Commission and the following disposition made regarding the proposed capital structure for Northern States Power Company's Minnesota operating utility and subsidiaries United Power & Land Company and NSP Nuclear Corporation (collectively, NSP-MN):

- 1. Approved NSP-MN's requested 2006 capital structure. This approval remains effective until the date at which the Commission issues a 2007 capital structure order.**
- 2. Approved a \pm 10 percent range around NSP-MN's common equity ratio of 51.1 percent (i.e., a range of 45.99 to 56.21 percent).**
- 3. Approve NSP-MN short-term debt issuance not to exceed 15 percent of total capitalization at any time while the 2006 Capital Structure is in effect.**

4. Approve NSP's total capitalization contingency of \$494 million (i.e., a total capitalization of \$5,500 million).

5. Continue the variance authorizing NSP-MN to enter into multi-year credit agreements and issue associated notes thereunder, but require NSP-MN to also continue reporting on the use of such facilities, including _

- 3 * how often they are used,**
- 4 * the amounts involved,**
- 5 * rates and financing costs, and**
- 6 * the intended uses for the financing.**

6. Approve NSP-MN's request to issue securities provided that NSP-MN remain within the contingency ranges or does not exceed them for more than 60 days.

7. Approve NSP-MN's flexibility to use risk-management instruments that qualify for hedge accounting treatment under Statement of Financial Accounting Standard No. 133.

8. Approve NSP-MN's request for relief from an Order point in the 2003, 2004 and 2005 Capital Structure Orders restricting NSP-MN to issue only financial instruments listed in the capital structure filing.

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

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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