

VOID SHEET

TO: License Fee Management Branch

FROM: Region 4

SUBJECT: VOIDED APPLICATION

Control Number: 467687

Applicant: Northern States Power Company (License # 22-08777-02)

Date Voided: 6/20/00

Reason for Void: \_\_\_\_\_

Amendment to license is not necessary. Change in ownership; merger proposed. No changes are necessary to reflect the proposed merger. Review accomplished.

Jacqueline D. Cook 6/20/00  
SIGNATURE DATE

Attachment:  
Official Record Copy of  
Voided Action

FOR LFHB USE ONLY

Final Review of VOID Completed:

- Refund Authorized and processed
- No Refund Due
- Fee Exempt or Fee Not Required

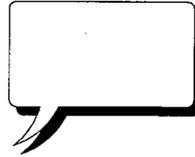
Comments: \_\_\_\_\_

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Processed by: \_\_\_\_\_

**FILE COPY**

License No. 22-08799-02  
Docket No. 030-05004

**CONVERSATION**



**RECORD** TIME ? DATE 2/8/00

NAME OF PERSON(S) CONTACTED OR IN CONTACT WITH YOU	ORGANIZATION (Office, dept., bureau, etc.)	TELEPHONE NO.
Fred Lyon	Project Manager, Monticello	301-415-2296

**SUBJECT**

NORTHERN STATES POWER REQUEST FOR TRANSFER OF NRC LICENSES

**SUMMARY**

Spoke with Mr. Lyon. He had already spoke with some Region III people; Northern States Power (NSP) didn't realize that one of the licenses was in our Region (IV).

Mr. Lyon spoke with Mr. Cain about 1 month ago.

The RIII license reviewer, Ms. Colleen Casey, doesn't see a need for an amendment to the Part 30 licenses; may cause a bigger mess by issuing an amendment.

NRR is going to process the order, Part 50 & Part 72 licenses; the Regions will process Part 30 licenses as they are normally handled after the order issued (the Regions normally do a letter of consent if the license doesn't have to be amended).

5/17/00: The Orders approving the transfer of licenses associated with the merger of NSP and New Century Energies, Inc. were issued on May 12<sup>th</sup> (ML003713683 for Monticello and ML003713686 for Prairie Island). The Orders include the draft conforming amendments and the safety evaluations. Once the licensee informs NRR when the merger will take place, they will issue the actual dated, signed, and numbered amendments so that the amendment dates coincide with the merger date.

The Orders effectively give NRC permission to conclude the merger.

Mr. Lyon recommended that we (Regions III and IV) not change the Part 30 licenses until the merger actually takes place, just as they will not issue the actual Part 50 and Part 72 licenses until the merger is effective.

In an e-mail response dated May 16<sup>th</sup>, Ms. Casey, stated that no amendment was needed to any of our Part 30 licenses as a result of the merger. All we were going to do is issue letters consenting to the change in ownership after NRR had approved the concept and issued the Orders.

# FILE COPY

Conversation Record

-2-

License No. 22-08799-02  
Docket No. 030-05004

In an e-mail dated May 17<sup>th</sup>, I responded to Ms. Casey that I had received the okay from Mr. Cain to go ahead with the consent letters.

Ms. Casey responded that she had received the okay from Mr. Madera.

## **ACTION REQUIRED**

ISSUE CONSENT LETTER AS APPROPRIATE.

NAME OF PERSON DOCUMENTING CONVERSATION	SIGNATURE	DATE
Jacqueline D. Cook		6/20/00





Northern States Power Company

414 Nicollet Mall  
Minneapolis, Minnesota 55401-1927  
Telephone (612) 330-5500

October 29, 1999

JAN 6

10 CFR Part 50.80, 50.90  
10 CFR Part 72.50, 72.56  
10 CFR Part 30.34(b)

U S Nuclear Regulatory Commission  
Attn: Document Control Desk  
Washington, DC 20555

Request for Transfer of NRC Licenses and Application for License Amendments

Northern States Power Company is seeking the Commission's consent, pursuant to 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b) for transfer of the NRC licenses currently held by Northern States Power Company. This consent is requested due to the proposed merger of Northern States Power Company (NSP) and New Century Energies, Inc. (NCE). We request the NRC review this request on a schedule that will permit final action as promptly as possible and in any event before April 1, 2000.

Exhibit A of this application contains the required information, per 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b), for the Commission's determination. Exhibit B contains a list of the current NRC licenses held by Northern States Power Company. Exhibit C provides SEC Forms 10-Q for the quarter ending June 30, 1999. Exhibit D provides the merger agreement executed between Northern States Power Company and New Century Energies and unaudited selected pro forma financial information for the combined company as contained in the Joint NSP/NCE Proxy Statement/Prospectus for the Special Shareholders' Meeting on June 28, 1999.

This application also includes a request for a change to NRC Facility Operating Licenses and the Prairie Island Independent Spent Fuel Storage Facility (ISFSI) Materials License held by Northern States Power Company. This request is submitted in accordance with the provisions of 10 CFR Part 50, Sections 50.90 and 10 CFR Part 72, Sections 72.56. The proposed changes to the Facility Operating Licenses and the Prairie Island Independent Spent Fuel Storage Facility (ISFSI) Materials License contained in this submittal would modify the licenses to reflect the proposed merger. Based on discussions with NRC Region III Staff, no changes are necessary to the Part 30 licenses held by Northern States Power Company to reflect the proposed merger.

**RECEIVED**

**NOV 01 1999**

**REGION III**

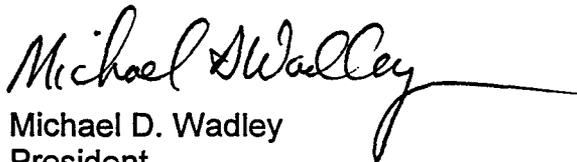
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Exhibit E contains the information per 10 CFR 50, Section 50.90 and 10 CFR Part 72, Section 72.56 for a proposed amendment to the Facility Operating Licenses and the Prairie Island Independent Spent Fuel Storage Facility (ISFSI) Materials License. Exhibit E contains a description of the proposed changes, the reasons for requesting the changes, a Safety Evaluation, a Determination of Significant Hazards Consideration, and an Environmental Assessment. Exhibit F contains current pages from the facility operating licenses and the ISFSI materials license marked up with the proposed changes. Exhibit G contains revised pages for the facility operating licenses and the ISFSI materials license.

Information Notice 89-25, Revision 1, "Unauthorized Transfer of Ownership or Control of Licensed Activities," provides guidance with respect to information to be submitted to the NRC prior to a planned transfer of ownership or control of licensed activities per 10 CFR Part 30, Section 30.34(b). The information requested by Information Notice 89-25, Revision 1 is provided in Exhibit H.

In this application we have made two new Nuclear Regulatory Commission commitments noted as italicized statements in Exhibit A. Please contact Gene Eckholt (651-388-1121), if you require further information related to this request.



Michael D. Wadley  
President  
NSP Nuclear Generation

- c: Regional Administrator, Region III, NRC  
Material Licensing Branch, Region III, NRC  
Prairie Island NRR Project Manager, NRC  
Monticello NRR Project Manager, NRC  
Prairie Island Resident Inspectors, NRC  
Monticello Resident Inspectors, NRC  
Director, Office of Nuclear Material Safety and Safeguards, NRC  
Spent Fuel Project Office Project Manager  
State of Minnesota  
Attn: Steve Minn

- Attachments:**
- Affidavit to the US Nuclear Regulatory Commission**
  - Exhibit A - Information Requested Per 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b) for Transfer of Licenses**
  - Exhibit B - Northern States Power Company NRC Licenses**
  - Exhibit C - SEC Form 10-Q For Quarter Ending June 30, 1999**
  - Exhibit D - Joint NSP\NCE Proxy Statement\Prospectus**
  - Exhibit E - Evaluation of Proposed Changes to Facility Operating Licenses DPR-22, DPR-42, and DPR-60 and Materials License SNM-2506**
  - Exhibit F - Existing Facility Operating License and ISFSI License Pages Marked Up with Proposed Changes**
  - Exhibit G - Revised Facility Operating License and ISFSI License Pages**
  - Exhibit H - Information Supporting Transfer of Byproduct Material Licenses**

UNITED STATES NUCLEAR REGULATORY COMMISSION

NORTHERN STATES POWER COMPANY

Monticello Nuclear Generating Plant

Docket No. 50-263

Prairie Island Nuclear Generating Plant

Docket No. 50-282  
50-306

Prairie Island Independent Spent Fuel Storage  
Installation (ISFSI)

Docket No. 72-10

REQUEST FOR TRANSFER OF NRC LICENSES  
APPLICATION FOR AMENDMENT TO OPERATING AND MATERIALS LICENSES

Northern States Power Company, a Minnesota Corporation, is seeking the Commission's consent, pursuant to 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b) for transfer of the NRC licenses currently held by Northern States Power Company. Exhibits A, B, C, D and H provide information supporting the request for the Commission's consent to the license transfers. Northern States Power Company also requests authorization for changes to Operating Licenses DPR-22, DPR-42 and DPR-60 and Materials License No. SNM-2506 to reflect the Commission's transfer of the subject NRC licenses held by Northern States Power Company. Exhibits E, F and G provide information supporting the license amendment request.

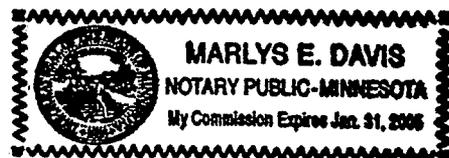
This letter contains no restricted or other defense information.

NORTHERN STATES POWER COMPANY

By Michael D. Wadley  
Michael D. Wadley  
President  
NSP Nuclear Generation

On this 29<sup>th</sup> day of October 1999, \_\_\_\_\_ before me a notary public in and for said County, personally appeared Michael D. Wadley, President, NSP Nuclear Generation, and being first duly sworn acknowledged that he is authorized to execute this document on behalf of Northern States Power Company, that he knows the contents thereof, and that to the best of his knowledge, information, and belief the statements made in it are true and that it is not interposed for delay.

Marlys E. Davis



## EXHIBIT A

### Information Requested Per 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b) for Transfer of Licenses

This submittal requests the consent of the Nuclear Regulatory Commission (NRC), pursuant to 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b) for transfer of the NRC licenses currently held by Northern States Power Company as listed in Exhibit B.

#### I. DESCRIPTION OF THE PROPOSED MERGER TRANSACTIONS

On March 24, 1999, Northern States Power Company (referred to herein as "NSP") and New Century Energy (referred to herein as "NCE"), entered into an agreement to merge (the "Merger Agreement").<sup>1</sup> This merger transaction will enable NSP and NCE to provide more efficient and economic utility services, thereby benefiting the customers and shareholders, and the communities in which NSP and NCE provide utility services.

NSP is predominantly an operating public utility which provides electric and gas service to customers in Minnesota, North Dakota, South Dakota and Arizona. Its subsidiary, Northern States Power-Wisconsin, provides electric and gas service to customers in Wisconsin and the Upper Peninsula of Michigan. Its second significant subsidiary, Viking Gas Transmission Company, owns and operates an interstate natural gas pipeline.

NCE is a public utility holding company with four utility subsidiaries: Public Service Company of Colorado, which provides electric and gas service to customers in Colorado; Southwestern Public Service Company, which provides electric service to customers in Texas, New Mexico, Oklahoma and Kansas; Cheyenne Light, Fuel & Power Company, which provides gas and electric service to customers in Wyoming; and WestGas InterState, Inc., which transports natural gas between Wyoming and Colorado.

In addition, both NSP and NCE own and operate a number of diversified, non-regulated subsidiaries.

Under the proposed transaction, NCE will be merged with and into NSP, which will be renamed Xcel Energy, Inc. ("Xcel Energy"). At the time of the merger, NSP will transfer all of its existing electric and natural gas utility facilities and

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<sup>1</sup> The Joint Proxy Statement /Prospectus (which includes a copy of the merger agreement) is attached as Exhibit D, of this submittal.

operations currently conducted directly by NSP at the parent company level to a newly formed, wholly-owned utility operating company subsidiary (referred to herein as "New NSP").

Under the proposed transaction, ownership of, and entitlement to capacity and energy from, the Monticello Nuclear Generating Plant, the Prairie Island Nuclear Generating Plant; and ownership of the Prairie Island Independent Spent Fuel Storage Installation (ISFSI) and the facilities utilizing byproduct material under the 10 CFR Part 30 licenses will transfer from NSP, the parent company to New NSP, the newly formed, wholly-owned utility operating company subsidiary.

Accordingly, NSP hereby requests that the NRC give timely consent, pursuant to 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b) for transfer of the NRC licenses currently held by Northern States Power Company.

In addition to the approvals required from the Nuclear Regulatory Commission, the proposed merger will require the following regulatory approvals:

#### Federal Approvals

1. Federal Energy Regulatory Commission (FERC). The applicants are required to obtain from the FERC, authorization and approval of the merger.
2. Securities and Exchange Commission (SEC). The applicants are required to obtain from the SEC: (a) a Declaration of Effectiveness of S-4 Registration, under the Securities Act; (b) approval of acquisition of securities and utility assets and other interests under Section 9 and 10 of Public Utility Holding Company Act (PUHCA); and (c) registration of Xcel Energy as a holding company under Section 5 of PUHCA.
3. Department of Justice/Federal Trade Commission (DOJ/FTC). The applicants must file a Notification and Report Form for Certain Mergers and Acquisitions with the Antitrust Division of the United States Department of Justice and with the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.
4. Federal Communications Commission (FCC). The applicants may be required to file for the approval of the transfer of FCC licenses that they currently hold.

#### State Approvals

1. Minnesota Public Utilities Commission. The applicants will file for approval of the merger transfer of assets.

2. North Dakota Public Service Commission. The applicants will file for approval of the merger and of the transfer of assets.
3. Arizona Corporation Commission. The applicants will file for approval of the merger.
4. Colorado Public Utilities Commission. The applicants will file for approval of the merger.
5. Wyoming Public Service Commission. The applicants will file for approval of the merger.
6. New Mexico Public Regulation Commission. The applicants will file for approval of the merger.
7. Public Utility Commission of Texas. The applicants will file for approval of the merger.

## II. REQUESTED CONSENT

The merger described in this request does not require any change in the design, operation, licenses, or terms of the technical specifications for the Monticello Nuclear Generating Plant, the Prairie Island Nuclear Generating Plant or the Prairie Island ISFSI. Nor does it require any change in the terms of the 10 CFR Part 30 licenses currently held by NSP. It does change the ownership structure of NSP. Accordingly, this request is for the Commission's consent, under 10 CFR Part 50, Section 50.80, 10 CFR Part 72, Section 72.50 and 10 CFR Part 30, Section 30.34(b) for transfer of the NRC licenses currently held by NSP to New NSP.

10 CFR Part 50, Section 50.80 and 10 CFR Part 72, Section 72.50 require an application for transfer of a license to include as much of the information with respect to the identity and technical and financial qualifications of the proposed transferee as would be required if the application were for an initial license under those Parts. 10 CFR Part 30, Section 30.34(b) does not specify the information required for a transfer under Part 30. This information and the other information required by these provisions is set forth below. This information demonstrates that the requested consent is consistent with applicable provisions of law, NRC regulations, and orders issued by the NRC pursuant thereto.

## III. INFORMATION PER 10 CFR PART 50, SECTION 50.33, 10 CFR PART 72, SECTION 72.22 AND 10 CFR PART 30, SECTION 30.34(b)

- A. Name of Licensee: Northern States Power Company

B. Address of Licensee: 414 Nicollet Mall  
Minneapolis, MN 55401

C. Description of Business or Occupation of Licensee:

Northern States Power Company (NSP), headquartered in Minneapolis, MN is a major US utility. NSP, a Minnesota corporation, has two significant subsidiaries, Northern States Power Company - Wisconsin, a Wisconsin corporation (NSPW), a utility providing electric and gas service; and NRG Energy, Inc., a Delaware corporation (NRG), a non-regulated independent power producer. NSP also has several other subsidiaries, including Viking Gas Transmission Company (Viking).

NSP and its wholly owned subsidiary, NSPW, operate generation, transmission, and distribution facilities providing electricity to about 1.4 million customers in Minnesota, Wisconsin, North Dakota, South Dakota, and Michigan. The two companies also distribute natural gas to more than 400,000 customers in Minnesota, Wisconsin, North Dakota, and Michigan and provide a variety of energy-related services throughout these service areas.

Following the business combination, New NSP will be a wholly owned subsidiary of Xcel Energy. Its operational purpose will remain the same as NSP's is now, which is to engage principally in the generation, transmission, distribution, and sale of electricity at retail and wholesale to customers across central Minnesota, as well as portions of South Dakota and North Dakota. New NSP will also engage in the distribution and sale of natural gas. New NSP, which will be incorporated in Minnesota, will continue to operate the same facilities in the same locations as NSP before the merger, and specifically, will operate the facilities identified in Exhibit B.

D. Organization and Management of Licensee

NSP is a corporation organized under the laws of the State of Minnesota. Upon consummation of the merger, New NSP will be a corporation organized under the laws of the State of Minnesota. Its principal office will remain in Minneapolis, Minnesota.

Merger transition teams have been established to ensure that the merger is accomplished in a manner which maintains and strives to improve the current high level of excellence of the two companies utility operations. Changes in the organization and management of NSP to achieve synergistic enhancements to plant operations may be identified during the merger process. Since changes to the current management may be proposed, the officers of New NSP are currently not known.

The current officers of NSP, who are all citizens of the United States and can be reached at 414 Nicollet Mall, Minneapolis, MN 55401, are set forth below:

**Paul E. Anders, Jr.**  
Vice President and CIO

**Grady P. Butts**  
Vice President - Human Resources

**James J. Howard**  
Chairman, President and CEO

**Gary R. Johnson**  
Vice President and General Counsel

**Cynthia L. Leshner**  
President - NSP Gas

**Edward J. McIntyre**  
Vice President and CFO

**Thomas A. Micheletti**  
Vice President - Public and Government Affairs

**John P. Moore, Jr.**  
Vice President and Corporate Secretary

**John A. Noer**  
President - NSP Combustion and Hydro Generation

**Paul E. Pender**  
Vice President – Finance and Treasurer

**Roger D. Sandeen**  
Vice President and Controller

**David M. Sparby**  
Vice President - Regulatory Services

**Loren L. Taylor**  
President - NSP Electric

**Michael D. Wadley**  
President – NSP Nuclear Generation

The current directors of NSP are all citizens of the United States, with the exception of Mr. Douglas W. Leatherdale. Mr. Leatherdale is a citizen of Canada. The directors of NSP, who can be reached at 414 Nicollet Mall, Minneapolis, Minnesota 55401, are set forth below:

**H. Lyman (Tad) Bretting**  
President and CEO  
C. G. Bretting Manufacturing Company, Inc.  
(elected March 1990)

**David A. Christensen**  
President  
Raven Industries, Inc.  
(elected December 1976)

**W. John Driscoll**  
(elected November 1974)

**Giannantonio Ferrari**  
President and COO  
Honeywell, Inc.  
(elected October 1997)

**James J. Howard**  
Chairman and CEO  
Northern States Power Company  
(elected January 1987)

**Douglas W. Leatherdale**  
Chairman and CEO  
The St. Paul Companies, Inc.  
(elected April 1991)

**Dr. Margaret R. Preska**  
Distinguished Service Professor and  
Distinguished Senior Fellow for Academic Affairs  
(elected January 1980)

**A. Patricia Sampson**  
President and CEO  
The Sampson Group, Inc.  
(elected January 1985)

**Allan L. Schuman**  
President and Chief Executive Officer  
Ecolab Inc.  
(elected January 1999)

The Merger Agreement provides that at the time the business combination of NSP and NCE becomes effective, the Board of Directors of Xcel Energy will be comprised of an equal number of members of the NSP Board of Directors and NCE Board of Directors immediately prior to the time the business combination becomes effective. At this time, the membership of the Xcel Energy Board of Directors and New NSP Board of Directors, upon consummation of the merger, is not known.

Following the proposed business combination and transfer, New NSP will not be owned, controlled, or dominated by an alien, a foreign corporation or a foreign government. NSP is not acting as agent or representative of any other person in this request for license transfer.

**IV. INFORMATION PER 10 CFR PART 50, SECTION 50.33(f), 10 CFR PART 72, SECTION 72.22(e) AND 10 CFR PART 30, SECTION 30.34(b) - FINANCIAL QUALIFICATIONS**

The merger will not adversely affect New NSP's ability to obtain the funds necessary to cover its costs for the safe operation, maintenance, repair, decontamination and decommissioning of the Monticello Nuclear Generating Plant, the Prairie Island Nuclear Generating Plant, the Prairie Island ISFSI or any of the facilities utilizing byproduct material under the 10 CFR Part 30 licenses. The core business of the existing company will remain essentially unchanged upon consummation of the merger. New NSP will continue to be an electric utility, whose rates are established and regulated by state public utility commissions. Therefore, the financial qualifications of Northern States Power Company (NSP and New NSP) will not be adversely affected by the proposed merger. New NSP will be liable for such costs and for its obligations under 10 CFR Part 140 and 10 CFR Part 50, Section 50.54(w).

10 CFR 50.33(f) exempts electric utilities licensed pursuant to section 103 or subsection 104(b) of the Atomic Energy Act from the requirements to demonstrate financial qualifications in order to hold a facility license under 10 CFR Part 50. As specified in paragraph 2.B of Facility Operating Licenses DPR-22, DPR-42, and DPR-60, Northern States Power Company is licensed, pursuant to Section 104(b) of the Atomic Energy Act, and 10 CFR Part 50, to operate the Monticello Nuclear Generating Plant and the Prairie Island Nuclear Generating Plant. Therefore, New NSP (as an electric utility), is exempt from submittal of financial qualification information in accordance with 10 CFR Part 50, Section 50.33(f). The same rate making process which provides reasonable assurance that electric utilities will have the funds necessary to operate safely a

facility licensed under Part 50 provides equal assurance that New NSP will have sufficient funds to cover the operating costs over the planned life of the Prairie Island ISFSI referred to in 10 CFR Part 72, Section 72.22(e)(2)<sup>2</sup>. *See Federal Register* 35747 and 35750 (1984). Information pertaining to decommissioning activities is provided below. 10 CFR 30.34(b) does not specifically require the submittal of financial information.

Furthermore, the financial impact to the involved companies due to the proposed business combination will be among the issues addressed by the other administrative agencies from which approval of or consent to the business combination is being sought. Pro forma financial data has been submitted to the SEC. A copy of the pro forma financial data submitted to the SEC is provided as Exhibit D. The information provided in Exhibit D was prepared in accordance with FERC accounting practices.

NSP understands that in connection with recent restructuring and mergers of other licensees, the NRC has expressed an interest in being kept informed of subsequent asset transfers. Since this is likely to be a consideration with respect to this merger and restructuring, *NSP commits to provide the Director of the Office of Nuclear Reactor Regulation and the Director of the Office of Nuclear Materials and Safeguards a copy of any application, at the time it is filed, to transfer (excluding grants of security interests or liens) from New NSP to Xcel Energy, or to any other affiliated company, facilities for the production, transmission or distribution of electric energy having a depreciated book value exceeding ten percent of New NSP's consolidated net utility plant, as recorded on its books of account.*

**V. INFORMATION PER 10 CFR PART 50, SECTION 50.33(i) AND SECTION 50.37 - AGREEMENT LIMITING ACCESS TO RESTRICTED DATA**

This request does not contain any restricted data or other classified defense information and it is not expected that any such information will become involved. However, in the event that such information does become involved, New NSP agrees that it will appropriately safeguard such information and will not permit any individual to have access to Restricted Data until the Office of Personnel Management (the successor to the Civil Service Commission) shall have made an investigation and reported to the NRC on the character, associations, and loyalty of the individual, and the NRC has determined that permitting such person to have access to Restricted Data will not endanger the common defense and security of the United States.

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<sup>2</sup> The information requested by 10 CFR Part 72, Section 72.22(e)(1) is irrelevant since the Prairie Island ISFSI has already been constructed, and the information requested by 10 CFR Part 72, Section 72.22(e)(3) is covered by decommissioning funding discussed in Section VI below.

**VI. INFORMATION PER 10 CFR PART 50, SECTION 50.33(k), 10 CFR PART 72, SECTIONS 72.22(e)(3) AND 10 CFR PART 30, SECTION 30.34(b) - DECOMMISSIONING**

As stated above, the financial qualifications of Northern States Power Company (NSP and New NSP) will not be adversely affected by the proposed merger. Similarly, the merger will not adversely affect New NSP's ability to obtain the funds necessary to cover its costs for the decontamination and decommissioning of the Monticello Nuclear Generating Plant, the Prairie Island Nuclear Generating Plant, the Prairie Island ISFSI or any of the facilities utilizing byproduct material under the 10 CFR Part 30 licenses. The financial instruments established pursuant to 10 CFR 30.35, 10 CFR 50.75, and 10 CFR 72.30 for decommissioning funding will require revision to reflect the incorporation of New NSP as a subsidiary of Xcel Energy in the state of Minnesota. No other change in the applicable decommissioning plans is currently anticipated due to this proposed NRC licensing action. *The financial instruments will be revised after the consummation of the proposed merger and will be filed, along with new certifications, with the NRC at that time.*

**VII. OTHER ITEMS ADDRESSED IN 10 CFR PART 50, SECTION 50.33**

10 CFR 50.33(e) specifies the identification of the class of license and requested associated licenses. As this submittal is requesting consent for transfer of an existing license, the information specified in 10 CFR 50.33(e) is not deemed applicable to this action.

10 CFR 50.33(g) specifies the submittal of radiological emergency response plans of state and local entities. Since no change in the existing terms and conditions of the facility licenses are being requested, resubmittal of the emergency response plans is not required.

10 CFR 50.33(h) specifies the submittal of facility construction schedule information. This requested action does not involve any change in the design of the facilities involved. Therefore, this item need not be addressed for the license transfer.

10 CFR 50.33(i) specifies, for a class 103 license, the submittal of information related to regulatory agencies having rate jurisdiction and means to provide notice the local public. As specified in paragraph 2.B of Facility Operating Licenses DPR-22, DPR-42, and DPR-60, Northern States Power Company is licensed, pursuant to Section 104(b) of the Atomic Energy Act, and 10 CFR Part 50, to operate the Monticello Nuclear Generating Plant and the Prairie Island Nuclear Generating Plant. As this submittal requests the Commission's consent for transfer of Class 104 licenses for existing facilities, the information required by 10 CFR 50.33(i), for transfer of a class 103 license, is not applicable.

**VIII. INFORMATION PER 10 CFR PART 50, SECTION 50.34, 10 CFR PART 72, SECTION 72.28 AND 10 CFR PART 30, SECTION 30.34(b) - TECHNICAL QUALIFICATIONS**

This submittal does not involve a request for any change in the design or operation of the Monticello Nuclear Generating Plant, the Prairie Island Nuclear Generating Plant or the Prairie Island ISFSI, nor any change in the terms and conditions of the existing licenses or technical specifications. Nor does the merger involve any change in the storage, use, or other existing terms of the byproduct material licenses issued per 10 CFR Part 30. The personnel identified as having control over licensed activities, named as radiation safety officers, and named as authorized users in the byproduct materials licenses listed in Exhibit B, will not change as a result of the proposed merger.

**IX. INFORMATION FOR ANTITRUST REVIEW PER 10 CFR PART 50, SECTION 50.80(b)**

The Atomic Energy Act only provides for an antitrust review in connection with a construction permit application and, where there have been "significant changes" from the time of the construction permit, in connection with the initial operating license application. 42 U.S.C. § 2135 (c). As the Commission recently decided in its review of the license transfer application of Wolf Creek Generation Station, Unit 1, antitrust reviews of post-operating license transfer applications are neither required nor authorized by the Atomic Energy Act<sup>3</sup>.

**X. EFFECTIVE DATE**

The business combination requires the approval of other regulatory agencies, including the SEC, the FERC, the Minnesota Public Utilities Commission, the North Dakota Public Service Commission, the Arizona Corporation Commission, the Colorado Public Utilities Commission, the Wyoming Public Service Commission, the New Mexico Public Regulation Commission and the Public Utility Commission of Texas. The proposed merger is also subject to the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. NSP and NCE intend that the business combination will take place as soon as possible after all regulatory approvals have been obtained. NSP requests that the NRC review this request on a schedule that will permit final action on it as promptly as possible and in any event before April 1, 2000.

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<sup>3</sup> See Kansas Gas and Electric Co. (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC\_\_ (June 18, 1999). Furthermore, the Atomic Energy Act does not provide for an antitrust review in connection with plants -- such as the Monticello Nuclear Generating Plant and the Prairie Island Nuclear Generating Plant -- licensed under Section 104b of the Atomic Energy Act.

## EXHIBIT B

### Northern States Power Company NRC Licenses

The following NRC Licenses are currently held by Northern States Power Company:

#### Facility Operating Licenses:

- Monticello Nuclear Generating Plant  
Docket No. 50-263 License No. DPR-22
- Prairie Island Nuclear Generating Plant  
Docket No. 50-282 License No. DPR-42  
Docket No. 50-306 License No. DPR-60

#### Materials Licenses:

- Prairie Island Independent Spent Fuel Storage Installation (ISFSI)  
Docket No. 72-10 Materials License No. SNM-2506
- Monticello and Prairie Island Nuclear Generating Plants Byproduct Material License  
Docket No. 030-13543 License No. 22-08799-09
- Pathfinder Generating Plant Byproduct Material License  
Docket No. 030-05004 License No. 22-08799-02
- Sherburne County Generating Plant Byproduct Material License  
Docket No. 030-10591 License No. 22-08799-08
- Chestnut Service Center Byproduct Material License  
Docket No. 030-08255 License No. 22-08799-04

**EXHIBIT C**

**SEC Form 10-Q For Quarter Ending June 30, 1999**

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1999

Commission File Number 1-3034

**NORTHERN STATES POWER COMPANY**

(Exact name of registrant as specified in its charter)

Minnesota

(State of other jurisdiction of incorporation or organization)

41-0448030

(I.R.S. Employer Identification No.)

414 Nicollet Mall, Minneapolis, Minnesota

(Address of principal executive offices)

55401

(Zip Code)

Registrant's telephone number, including area code (612) 330-5500

None

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Common Stock, \$2.50 par value

Outstanding at July 31, 1999

154,196,342 shares

**EXHIBIT D**

**NSP\NCE Proxy Statement\Prospectus**

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1999

Commission File Number 1-3034

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Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class  
Common Stock, \$2.50 par value

Outstanding at July 31, 1999  
154,196,342 shares

**PART 1. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Northern States Power Company (Minnesota) and Subsidiaries  
Consolidated Statements of Income (Unaudited)**

	Three Months Ended June 30		Six Months Ended June 30	
	1999	1998	1999	1998
	(Thousands of dollars)			
<b>Utility operating revenues</b>				
Electric: Retail.....	\$538,721	\$518,745	\$1,044,282	\$998,571
Sales for resale and other.....	50,065	51,906	101,360	93,651
Gas.....	70,589	67,950	256,916	247,781
<b>Total</b> .....	<b>659,375</b>	<b>638,601</b>	<b>1,402,558</b>	<b>1,340,003</b>
<b>Utility operating expenses</b>				
Fuel for electric generation.....	81,343	75,466	151,307	151,106
Purchased and interchange power.....	107,214	96,901	205,279	169,424
Cost of gas purchased and transported.....	35,121	37,137	147,300	150,719
Other operation.....	101,782	96,481	202,909	191,947
Maintenance.....	53,057	54,444	98,047	94,304
Administrative and general.....	35,234	36,492	65,797	74,271
Conservation and energy management.....	16,691	16,667	33,928	33,551
Depreciation and amortization.....	88,095	83,111	175,580	167,211
Taxes: Property and general.....	57,361	56,343	114,993	112,304
Current income.....	24,268	20,351	66,814	58,738
Deferred income.....	(4,482)	2,357	(8,517)	(3,265)
Investment tax credits recognized.....	(2,215)	(2,203)	(4,438)	(4,411)
<b>Total</b> .....	<b>593,469</b>	<b>573,547</b>	<b>1,248,999</b>	<b>1,195,899</b>
<b>Utility operating income</b> .....	<b>65,906</b>	<b>65,054</b>	<b>153,559</b>	<b>144,104</b>
<b>Other income (expense)</b>				
Income (loss) from nonregulated businesses - before interest and taxes.....	140	7,682	(7,213)	11,967
Allowance for funds used during construction - equity.....	(419)	1,812	2,757	3,557
Regulatory reserve - conservation program recovery.....	(35,035)	-	(35,035)	-
Other utility income (deductions) - net.....	(4,340)	(6,486)	(9,351)	(5,686)
Income tax benefit - nonregulated operations and nonoperating items.....	35,844	11,825	51,986	25,851
<b>Total</b> .....	<b>(3,810)</b>	<b>14,833</b>	<b>3,144</b>	<b>35,689</b>
<b>Income before financing costs</b> .....	<b>62,096</b>	<b>79,887</b>	<b>156,703</b>	<b>179,793</b>
<b>Financing costs</b>				
Interest on utility long-term debt.....	23,288	26,204	47,253	51,470
Other utility interest and amortization.....	7,058	2,622	12,610	6,041
Nonregulated interest and amortization.....	17,188	13,859	29,329	26,138
Allowance for funds used during construction - debt.....	(866)	(1,770)	(4,175)	(3,882)
<b>Total interest charges</b> .....	<b>46,668</b>	<b>40,915</b>	<b>85,017</b>	<b>79,767</b>
Distributions on redeemable preferred securities of subsidiary trust.....	3,938	3,938	7,875	7,875
<b>Total financing costs</b> .....	<b>50,606</b>	<b>44,853</b>	<b>92,892</b>	<b>87,642</b>
<b>Net income</b> .....	<b>11,490</b>	<b>35,034</b>	<b>63,811</b>	<b>92,151</b>
<b>Preferred stock dividends</b> .....	<b>2,110</b>	<b>1,060</b>	<b>3,171</b>	<b>3,427</b>
<b>Earnings available for common stock</b> .....	<b>\$9,380</b>	<b>\$33,974</b>	<b>\$60,640</b>	<b>\$88,724</b>
<b>Average number of common shares outstanding (000's)</b> .....	<b>153,012</b>	<b>149,877</b>	<b>152,704</b>	<b>149,547</b>
<b>Average number of common and potentially dilutive shares outstanding (000's)</b> .....	<b>153,118</b>	<b>150,143</b>	<b>152,834</b>	<b>149,807</b>
<b>Earnings per average common share - basic</b> .....	<b>\$0.06</b>	<b>\$0.23</b>	<b>\$0.40</b>	<b>\$0.59</b>
<b>Earnings per average common share - assuming dilution</b> .....	<b>\$0.06</b>	<b>\$0.23</b>	<b>\$0.40</b>	<b>\$0.59</b>
<b>Common dividends declared per share</b> .....	<b>\$0.3625</b>	<b>\$0.3575</b>	<b>\$0.7200</b>	<b>\$0.7100</b>

**Consolidated Statements of Retained Earnings (Unaudited)**

Balance at beginning of period.....	\$1,429,410	\$1,367,003	\$1,432,696	\$1,364,875
Net income for period.....	11,490	35,034	63,811	92,151
Dividends declared:				
Cumulative preferred stock.....	(2,110)	(1,060)	(3,171)	(3,427)
Common stock.....	(55,533)	(54,000)	(110,079)	(106,622)
<b>Balance at end of period</b> .....	<b>\$1,383,257</b>	<b>\$1,346,977</b>	<b>\$1,383,257</b>	<b>\$1,346,977</b>

The Notes to Consolidated Financial Statements are an integral part of the Statements of Income and Retained Earnings.

**Northern States Power Company (Minnesota) and Subsidiaries**

**Consolidated Balance Sheets (Unaudited)**

	June 30, 1999	December 31, 1998
<b>ASSETS</b>	(Thousands of dollars)	
<b>Utility Plant</b>		
Electric.....	\$7,310,938	\$7,199,843
Gas.....	907,171	884,182
Other.....	378,368	365,101
Total.....	<u>8,596,477</u>	<u>8,449,126</u>
Accumulated provision for depreciation.....	(4,309,955)	(4,155,641)
Nuclear fuel.....	989,303	975,030
Accumulated provision for amortization.....	(898,147)	(873,281)
Net utility plant.....	<u>4,377,678</u>	<u>4,395,234</u>
<b>Current Assets</b>		
Cash and cash equivalents.....	98,173	42,364
Customer accounts receivable - net.....	274,019	253,559
Unbilled utility revenues.....	112,990	139,098
Other receivables.....	72,282	105,116
Fossil fuel inventories - at average cost.....	46,502	58,806
Materials and supplies inventories - at average cost.....	157,869	110,267
Prepayments and other.....	124,546	44,855
Total current assets.....	<u>886,381</u>	<u>754,065</u>
<b>Other Assets</b>		
Nonregulated property - net of accumulated depreciation.....	1,213,803	282,524
Equity investments in nonregulated projects.....	893,946	862,596
External decommissioning fund and other investments.....	527,725	479,402
Regulatory assets.....	261,418	331,940
Notes receivable from nonregulated projects.....	108,582	106,427
Intangible assets - net of accumulated amortization.....	121,231	95,915
Long-term prepayments, deferred charges and long-term receivables.....	115,125	58,398
Other long-term receivables.....	32,736	29,796
Total other assets.....	<u>3,274,566</u>	<u>2,246,998</u>
<b>TOTAL ASSETS</b> .....	<u><u>\$8,538,625</u></u>	<u><u>\$7,396,297</u></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Capitalization</b>		
Common stock equity:		
Common stock and premium - authorized: 1999 350,000,000 and 1998 350,000,000 shares of \$2.50 par value, issued shares: 1999 153,796,567 and 1998 152,696,971.....	\$1,183,682	\$1,156,067
Retained earnings.....	1,383,257	1,432,696
Leveraged common stock held by ESOP.....	(15,055)	(18,503)
Accumulated other comprehensive income.....	(64,397)	(89,014)
Total common stock equity.....	<u>2,487,487</u>	<u>2,481,246</u>
Cumulative preferred stock and premium - authorized 7,000,000 shares of \$100 par value; outstanding shares: 1999 1,050,000 and 1998 1,050,000 without mandatory redemption.....	105,340	105,340
Mandatorily redeemable preferred securities of subsidiary trust - guaranteed by NSP*.....	200,000	200,000
Long-term debt.....	2,152,611	1,851,146
Total capitalization.....	<u>4,945,438</u>	<u>4,637,732</u>
<b>Current Liabilities</b>		
Long-term debt due within one year.....	26,775	227,600
Other long-term debt potentially due within one year.....	141,600	141,600
Short-term debt - utility.....	504,196	114,273
Short-term debt - nonregulated (mainly temporary NRG project financing).....	761,626	125,557
Accounts payable.....	262,943	271,799
Taxes accrued.....	124,791	170,274
Interest accrued.....	38,777	38,836
Dividends payable on common and preferred stocks.....	56,812	55,650
Other accrued liabilities.....	142,150	86,673
Total current liabilities.....	<u>2,059,670</u>	<u>1,232,262</u>
<b>Other Liabilities</b>		
Deferred income taxes.....	790,656	814,983
Deferred investment tax credits.....	123,549	128,444
Regulatory liabilities.....	407,098	372,239
Postretirement and other benefit obligations.....	126,829	129,514
Other long-term obligations and deferred income.....	85,385	81,123
Total other liabilities.....	<u>1,533,517</u>	<u>1,526,303</u>
<b>Commitments and Contingent Liabilities (See Note 4)</b>		
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<u><u>\$8,538,625</u></u>	<u><u>\$7,396,297</u></u>

The Notes to Consolidated Financial Statements are an integral part of the Balance Sheets.

\* The primary asset of NSP Financing I, a subsidiary trust of NSP, is \$200 million principal amount of the Company's 7.875% Junior Subordinated Debentures due 2037.

In July 1999, NRG reached agreement to purchase electric generating stations with a combined capacity of 2,235 MW for \$460 million from Connecticut Light & Power Company. The facilities, located throughout Connecticut, include the Middletown, Montville, Devon and Norwalk Harbor gas and oil fired steam generating stations. The acquisition is expected to close in the fourth quarter of 1999, pending regulatory approvals.

**Independent Transmission Company (ITC)** – In April 1998, NSP announced its intention to form an ITC unaffiliated with the rest of its utility operations. As originally proposed, NSP anticipated divesting its transmission assets to an ITC. In light of the proposed merger with NCE, divestiture of transmission assets would appear to trigger adverse tax and accounting consequences. Therefore, NSP is evaluating alternatives to divestiture of its transmission assets. In its regulatory filing seeking approval of the proposed merger with NCE, NSP has proposed to transfer control, but not ownership, of its transmission assets to the Midwest independent system operator (ISO) upon completion of the merger.

In April 1998, Wisconsin Act 204 became law. Act 204 includes provisions that require the Public Service Commission of Wisconsin (PSCW) to order a public utility that owns transmission facilities in Wisconsin to transfer control of its transmission facilities to an ISO or divest its interest in its transmission facilities to an independent transmission owner (ITO) if the public utility has not already transferred control to an ISO or divested to an ITO by June 30, 2000. Under certain circumstances, the PSCW has authority to waive imposition of such an order on June 30, 2000. At June 30, 1999, the net book value of NSP-Wisconsin's transmission assets was approximately \$152 million.

**Independent Nuclear Generating Company** – In February 1999, NSP, Wisconsin Electric Power Co. and Wisconsin Public Service Corp. established a nuclear management company. Alliant Energy is seeking approval from the SEC to join the management company at a later date. NSP does not intend to divest its nuclear assets to the nuclear management company.

**Viking Gas** – During the second quarter of 1999, Viking Gas reached a settlement with TransCanada Pipelines, Ltd. and NICOR, Inc., Viking's former partners in the Viking Voyageur pipeline project, which was cancelled in 1998. The settlement provides for Viking Gas to receive all engineering and other studies related to the former Voyageur project in return for a cash payment. Since the studies obtained through the settlement have continuing value to Viking Gas for projects currently under construction and consideration, the payment has been capitalized as a plant cost.

### 3. Regulation and Rate Matters

**FERC Transmission Rate Case** – As discussed in NSP's 1998 Form 10-K, in the first quarter of 1998, NSP filed wholesale electric point-to-point and network integration transmission service (NTS) rate cases with the FERC. In March 1999, NSP filed an offer of settlement which would resolve virtually all issues in the two cases. The offer of settlement provides an approximate two percent reduction in point-to-point rates, which combined with anticipated reductions in non-firm discounting, is expected to have little or no impact on annual revenue. In addition, the settlement calls for an annual increase of approximately \$1 million in ancillary service revenues. Finally, the settlement places a cap on NSP's annual NTS payment liabilities to its five current NTS customers at \$10 million per year. The point-to-point and ancillary rates would be effective June 1, 1998. The offer also includes a two or three year moratorium period on future transmission rate changes. The length of the moratorium is based on whether NSP forms an ITC or is ordered to join an ISO (two years), or voluntarily joins an ISO (three years). All parties filed written comments generally recommending FERC approval of the offer. NSP expects FERC approval later in 1999.

**Midcontinent Area Power Pool (MAPP) Transmission Tariff** - In May 1999, MAPP members voted to approve a MAPP regional transmission service tariff which will supercede MAPP members' individual electric transmission service tariffs for most wholesale transactions. The proposed MAPP tariff was filed with the FERC in July 1999. MAPP

management discounts and performance incentives. This reserve has reduced NSP's earnings by \$35 million (before tax) or 14 cents per share.

Based on MPUC practice and approvals since 1995, NSP has continued to accrue income for 1999 conservation incentives, consistent with the levels requested in its filing earlier this year. Through June 30, 1999, NSP has recorded pretax income, primarily in other electric revenue, of approximately \$14 million (representing 5 cents per share) for 1999 conservation program incentives. No reserve has been established for possible non-recovery of these amounts, pending MPUC action on 1999 conservation programs and recovery levels.

**Rate Investigation** - On July 27, 1999, the MPUC issued an order requiring an investigation into the reasonableness of NSP's retail electric rates in Minnesota. The rate investigation order requires NSP to file, within 60 days, a written explanation and detailed schedules showing the individual adjustments to the 1998 and projected 1999 normalized rate base, revenue and expense statements, and the cost of capital that are necessary to reconcile 1998 normalized and 1999 projected returns on equity to the 11.47 percent authorized return on equity. NSP is also required to explain why it believes its current rates continue to be just and reasonable. Once NSP has filed the required information, interested parties will have 60 days to review and file comments and recommendations.

The rate investigation does not authorize the MPUC to reduce base rates, but only to determine whether a rate proceeding should be initiated. If, after hearing, the MPUC finds that a rate proceeding should be initiated, it must then, under Minnesota law, allow the utility 120 days after the MPUC's Order to file its case. If a rate case is initiated, NSP's rates would first become subject to refund, as interim rates, 60 days after the filing of the rate proceeding.

**Nuclear Insurance** - The circumstances set forth in Note 14 to NSP's financial statements in NSP's 1998 Form 10-K appropriately represent, in all material respects, the current status of commitments and contingent liabilities regarding public liability for claims resulting from any nuclear incident.

## 5. Short-Term Borrowings

At June 30, 1999, NSP and its subsidiaries had approximately \$1.3 billion of short-term debt outstanding at a weighted average interest rate of 5.71 percent. NSP-Minnesota had \$504 million in short-term commercial paper borrowings outstanding at a composite rate of 5.07 percent. Included in NSP's subsidiary debt is approximately \$540 million of 364 day NRG project financing, which is expected to be refinanced later this year with long-term project debt.

NSP has regulatory approval for up to \$1.2 billion in short-term borrowing levels. The regulatory approval permits NSP to be out of compliance with its limits for up to 60 days without notifying the MPUC. During July 1999, NSP-Minnesota issued \$250 million of long-term debt, which was primarily used to reduce short-term debt levels. With this issue, NSP is currently in compliance with its regulatory short-term borrowing limits.

As of June 30, 1999, NSP-Minnesota had a \$300 million revolving credit facility under a commitment fee arrangement. This facility provides short-term financing in the form of bank loans, letters of credit and support for commercial paper sales. In addition to NSP-Minnesota lines, at June 30, 1999, commercial banks provided credit lines of approximately \$361 million to wholly owned subsidiaries of NSP with approximately \$222 million in borrowings outstanding, mainly NRG.

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except for the historical statements contained in this report, the matters discussed in the following discussion and analysis are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate", "estimate", "expect", "objective", "possible", "potential" and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to:

- general economic conditions, including their impact on capital expenditures;
- business conditions in the energy industry;
- competitive factors;
- unusual weather;
- changes in federal or state legislation;
- regulation;
- issues relating to Year 2000 remediation efforts;
- the higher degree of risk associated with NSP's nonregulated businesses as compared to NSP's regulated business;
- the items set forth below under "Factors Affecting Results of Operations";
- currency translation and transaction adjustments;
- regulatory delays or conditions imposed by regulatory agencies in approving the proposed merger with NCE;
- and the other risk factors listed from time to time by NSP in reports filed with the SEC, including Exhibit 99.01 to this report on Form 10-Q for the quarter ended June 30, 1999.

### RESULTS OF OPERATIONS

On March 24, 1999, NSP and NCE agreed to merge and form a new entity, Xcel. For more discussion of this proposed business combination, see Part II, Item 5 – Other Information and Note 1 to the Financial Statements of this report. The following discussion and analysis is based on the financial condition and operations of NSP and does not reflect the potential effects of the combination between NSP and NCE.

NSP's earnings per share – diluted (EPS) for the three and six month periods ending June 30, 1999 and 1998 were as follows:

Earnings per share:	3 mos. Ended		6 Mos. Ended	
	6/30/99	6/30/98	6/30/99	6/30/98
Regulated	\$0.05	\$0.20	\$0.41	\$0.52
Nonregulated	0.01	0.03	(0.01)	0.07
Total	<u>\$0.06</u>	<u>\$0.23</u>	<u>\$0.40</u>	<u>\$0.59</u>

### Factors Affecting Results of Operations

In addition to items noted in the 1998 Form 10-K and the Notes to the Financial Statements, the historical and future trends of NSP's operating results are affected by the following factors:

**Conservation program recovery** – NSP recorded a charge of \$35 million (before tax) or approximately 14 cents per share in the second quarter of 1999 as a result of a MPUC disallowance of rate recovery of accrued 1998 conservation program incentives. See Note 4 to the Financial Statements for more information.

**Estimated Impact of Weather on Regulated Earnings** - NSP estimates electric and gas utility sales levels under normal weather conditions and analyzes the approximate effect of variations from historical average temperatures on actual sales levels. The following summarizes the estimated impact of weather on actual utility operating results (in relation to sales under normal weather conditions):

	Increase (Decrease)		
	Actual 1999 vs June 30: Normal	Actual 1998 vs Normal	Actual 1999 vs 1998
Quarter Ended	(\$0.01)	\$0.00	(\$0.01)
Six Months Ended	(\$0.05)	(\$0.08)	\$0.03

**Sales Growth** - The following table summarizes NSP's growth in actual electric and gas sales and growth on a weather normalized (W/N) basis for the 3-month and the 6-month periods ended June 30,

Millions of dollars	1999 vs. 1998
Sales growth (excluding weather impact)	\$3.5
Weather impact	6.7
Rate changes	(0.4)
Black Mountain Gas merger	1.4
Cost of gas recovery	(4.4)
Other	(4.2)
Total gas revenue increase	<u>\$2.6</u>

Gas margin equals gas revenue minus the cost of purchased gas. The table below summarizes the change in gas margin for the second quarter.

Millions of dollars	1999 vs. 1998
Sales growth (excluding weather impact)	\$1.7
Weather impact	2.1
Rate changes	(0.4)
Black Mountain Gas merger	1.0
Other	0.3
Total gas margin increase	<u>\$4.7</u>

Other operation, Maintenance and Administrative and general expenses together increased \$2.7 million, or 1.4 percent, compared with the second quarter of 1998. The increases are primarily due to customer service and reliability initiatives and plant outages, partially offset by lower storm costs.

Depreciation and amortization expense increased \$5.0 million, or 6.0 percent, compared with the second quarter of 1998. The increase is mainly due to increased plant in service.

#### Nonregulated Business Results

The following table summarizes NSP's nonregulated business results in the aggregate, including consolidated subsidiaries and unconsolidated affiliates.

(Thousands of dollars, except EPS)	3 Mos. Ended	
	6/30/99	6/30/98
Operating revenues	\$77,290	\$43,584
Equity in project earnings	6,282	12,751
Operating and development expenses	(85,946)	(50,645)
Other income (expense)	2,514	1,992
Income before interest & taxes	140	7,682
Interest expense	(17,188)	(13,859)
Income tax benefit and credits	17,999	10,551
Net income	\$951	\$4,374
Nonregulated earnings per share	\$0.01	\$0.03

NSP's nonregulated operations include diversified businesses, as described below.

- NRG's primary business is independent power production, commercial and industrial heating and cooling, and energy-related refuse-derived fuel production.
- EMI's primary business is custom energy services and sales.
- Eloigne invests in affordable housing projects.
- Seren Innovations is a communications and data services subsidiary.

The following table summarizes the earnings contributions of NSP's nonregulated businesses:

	3 Mos. Ended	
	6/30/99	6/30/98
NRG	\$0.02	\$0.05
Eloigne Company	0.01	0.01
EMI, Inc.	(0.01)	(0.01)
Seren Innovations	(0.01)	(0.01)
Other	0.00	(0.01)
Total	<u>\$0.01</u>	<u>\$0.03</u>

NRG - NRG's 1999 second quarter earnings decreased compared with 1998, primarily due to the timing of project earnings, increased costs related to new project acquisitions and business development, and additional interest expense.

The following table summarizes the earnings contributions of NSP's nonregulated businesses.

	6 Mos. Ended	
	6/30/99	6/30/98
NRG	\$0.01	\$0.09
Eloigne Company	0.02	0.02
EMI, Inc.	(0.02)	(0.03)
Seren Innovations	(0.02)	(0.01)
Other	0.00	0.00
Total	<u>(\$0.01)</u>	<u>\$0.07</u>

**NRG** - NRG's earnings for the first six months of 1999 decreased compared with 1998, primarily due to increased costs related to new project acquisitions and business development, additional interest expense and lower equity earnings. The decrease in equity earnings was due to several factors, including lower earnings from the Mt. Poso project primarily due to curtailment revenues that were recorded in 1998; decreased earnings due to cool weather conditions at the El Segundo, Long Beach and Encina facilities; and a decrease in earnings from NEO affiliates. In addition, there was a decrease in equity earnings due to the transaction adjustment related to the Kladno Project. A portion of the Kladno project's debt is denominated in U.S. dollars and German deutsche marks, which strengthened against the Czech koruna in the first six months of 1999. Under SFAS No. 52, the Kladno project records foreign currency gains and losses through the income statement.

#### LIQUIDITY AND CAPITAL RESOURCES

For a discussion of short-term borrowings, see Note 5 to the Financial Statements.

In February 1999, stock options for 993,305 shares were awarded under NSP's Executive Long-Term Incentive Award Stock Plan (the Long-Term Plan). These options are not exercisable for approximately twelve months after the award date. Effective in January 1999, stock options granted to NSP officers vest at a rate of one-third each year for three years. As of June 30, 1999, a total of 3,332,215

options were outstanding, which were considered potentially dilutive common shares for calculating earnings per share.

During the first six months of 1999, NSP issued 1,099,596 new shares of common stock under the Long-Term Plan (pursuant to the exercise of options and awards granted in prior years), the Dividend Reinvestment and Stock Purchase Plan and the Employee Stock Ownership Plan.

NSP may consider a general common stock offering later in 1999, depending on corporate needs, capital structure objectives and business opportunities.

In November 1998, NSP-Minnesota filed with the SEC a \$400 million universal debt shelf registration. NSP-Minnesota currently has \$50 million of registered, but unissued, bonds remaining from its \$300 million first mortgage bond shelf registration, which was filed in October 1995. In July 1999, NSP-Minnesota issued \$250 million of unsecured long-term debt under the universal registration. These bonds have an annual coupon of 6.875% and mature Aug. 1, 2009. The net proceeds were used for general corporate purposes, including reduction of short-term debt levels.

In March 1999, NRG filed a shelf registration with the SEC for up to \$500 million in debt securities. In May 1999, NRG issued \$300 million of 7.5 percent senior notes due in 2009 under this shelf registration. The net proceeds were used for general corporate purposes, including development and construction of new facilities, working capital, debt reduction and acquisitions.

In addition, the board of directors of NSP-Wisconsin authorized the issuance of up to \$80 million of long-term debt in 1999 or 2000. NSP-Wisconsin currently expects to issue between \$50 million and \$80 million of unsecured long-term debt in the second half of 1999, primarily to reduce short-term debt levels.

NSP requested damages consist of the costs of storage of spent nuclear fuel at the Prairie Island nuclear generating plant, anticipated costs related to the Private Fuel Storage, LLC and costs relating to the 1994 state legislation limiting the number of casks that can be used to store spent nuclear fuel at Prairie Island. On April 6, 1999, the Court of Federal Claims dismissed NSP's complaint. On May 20, 1999, NSP filed a notice of appeals with the Federal Circuit and on July 20, 1999, NSP filed its initial brief on appeal.

On or about July 12, 1999, Fortistar Capital, Inc. (Fortistar) commenced an action against NRG in Hennepin County District Court in Minnesota, seeking damages in excess of \$100 million and an order restraining NRG from closing on the acquisition of

Niagara Mohawk Power Corporation's Oswego generating station. Fortistar's motion for a temporary restraining order was denied and a temporary injunction hearing has been scheduled for September 27, 1999. NRG intends to vigorously defend the suit and believes Fortistar's claims to be without merit. NRG has asserted numerous counterclaims against Fortistar. NRG intends to close the Oswego acquisition in the fourth quarter of 1999, pending regulatory approvals.

See Notes 3 and 4 of the Financial Statements for further discussion of legal proceedings, including Regulatory Matters and Commitments and Contingent Liabilities, incorporated by reference.

#### **Item 4. Submissions of Matters to a Vote of Security Holders**

On June 28, 1999, a Special Meeting of Shareholders was held to vote on the merger between NSP and NCE. The voting results are listed below. There were no broker non-votes.

<u>Common &amp; Preferred Class:</u>	
Shares Voted For	96,625,254
Voted Against	17,727,719
Vote Abstained	1,478,929

<u>Common Class Only:</u>	
Shares Voted For	95,822,237
Voted Against	17,684,944
Vote Abstained	1,456,516

The unaudited pro forma balance sheet information at June 30, 1999, assumes the merger had been completed on June 30, 1999. The unaudited pro forma income statement information assumes the merger had been completed on Jan. 1, 1999, the beginning of the earliest period presented.

The unaudited summarized pro forma financial information does not necessarily indicate what the combined company's financial position or operating results would have been if the merger had been completed on the assumed completion dates and does not necessarily indicate future operating results of the combined company.

<b>Xcel Energy</b>	<b>\$Millions</b>			
As of June 30, 1999:	<b>NSP</b>	<b>NCE</b>	<b>Adjustments</b>	<b>Pro Forma</b>
Utility Plant – Net	\$4,378	\$6,034	\$1,214	\$11,626
Current Assets	886	714		1,600
Other Assets	<u>3,274</u>	<u>1,007</u>	<u>(1,214)</u>	<u>3,067</u>
Total Assets	<u>\$8,538</u>	<u>\$7,755</u>		<u>\$16,293</u>
Common Equity	\$2,487	\$2,645		\$5,132
Pref. Securities	305	294		599
Long-Term Debt	<u>2,152</u>	<u>2,127</u>		<u>4,279</u>
Total Capitalization	4,944	5,066		10,010
Current Liabilities	2,060	1,440		3,500
Other Liabilities	<u>1,534</u>	<u>1,249</u>		<u>2,783</u>
Tot Equity & Liabilities	<u>\$8,538</u>	<u>\$7,755</u>		<u>\$16,293</u>

<b>Xcel Energy</b>	<b>\$Millions except for earnings per share</b>			
For the Six Months Ended June 30, 1999:	<b>NSP</b>	<b>NCE</b>	<b>Adjustments</b>	<b>Pro Forma</b>
Revenue	\$1,403	\$1,716	\$166	\$3,285
Operating Income	154	307	56	517
Net Income	64	150		214
Available for Common	\$61	\$150		\$211
Earnings per Share – diluted	<u>\$0.40</u>	<u>\$1.31</u>		<u>\$0.64</u>

#### **New NSP Utility Sub Summarized Pro Forma Information**

The following summary of unaudited pro forma financial information for New NSP Utility Sub adjusts the historical financial statements of NSP after the transfer of ownership of all NSP-Minnesota utility

assets (other than investments in and assets of subsidiaries) to New NSP Utility Sub and the assumption by New NSP Utility Sub of all of NSP-Minnesota's liabilities associated with the assets transferred.

The unaudited pro forma balance sheet information at June 30, 1999, assumes the merger had been completed on June 30, 1999. The unaudited pro forma income statement information assumes the merger had been completed on Jan. 1, 1999, the beginning of the earliest period presented.

The unaudited summarized pro forma financial information does not necessarily indicate what New NSP Utility Sub's financial position or operating results would have been if the merger had been completed on the assumed completion dates and does not necessarily indicate future operating results of New NSP Utility Sub.

<b>New NSP Utility Sub</b>	<b>\$Millions</b>		
As of June 30, 1999:	<b>NSP</b>	<b>Adjustments</b>	<b>Pro Forma</b>
Utility Plant – Net	\$4,378	(\$810)	\$3,568
Current Assets	886	(288)	598
Other Assets	<u>3,274</u>	<u>(2,407)</u>	<u>867</u>
Total Assets	\$8,538	(\$3,505)	\$5,033
Common Equity	\$2,487	(\$1,104)	\$1,383
Pref. Securities	305	(305)	
Long-Term Debt	<u>2,152</u>	<u>(924)</u>	<u>1,228</u>
Total Capitalization	4,944	(2,333)	2,611
Current Liabilities	2,060	(933)	1,127
Other Liabilities	<u>1,534</u>	<u>(239)</u>	<u>1,295</u>
Tot Equity & Liabilities	<u>\$8,538</u>	<u>(\$3,505)</u>	<u>\$5,033</u>

<b>New NSP Utility Sub</b>	<b>\$Millions</b>		
For the Six Months Ended June 30, 1999:	<b>NSP</b>	<b>Adjustments</b>	<b>Pro Forma</b>
Revenue	\$1,403	(\$120)	\$1,283
Operating Income	154	(32)	122
Net Income	64	(18)	46
Available for Common	<u>\$61</u>	<u>(\$15)</u>	<u>\$46</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NORTHERN STATES POWER COMPANY  
(Registrant)

*/s/* \_\_\_\_\_

Roger D. Sandeen  
Vice President and Controller

*/s/* \_\_\_\_\_

John P. Moore, Jr.  
Vice President and Corporate Secretary

Date: August 13, 1999

**Exhibit 99.01**

- Factors associated with Y2k compliance that might cause material differences from the expectations disclosed include, but are not limited to, the availability of key Y2K personnel, NSP's ability to locate and correct all relevant computer codes, the readiness of third parties, and NSP's ability to respond to unforeseen Y2K complications. Such material differences could result in, among other things, business disruptions, operational problems, financial loss, legal liability and similar risks;
- Other business or investment considerations that may be disclosed from time to time in NSP's Securities and Exchange Commission filings or in other publicly disseminated written documents.

NSP undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors pursuant to the Act should not be construed as exhaustive or as any admission regarding the adequacy of disclosures made by NSP prior to the effective date of the act.



Northern States Power Company  
414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993

James J. Howard  
Chairman, President and Chief Executive Officer

Dear Shareholder:

The Board of Directors of Northern States Power Company has unanimously approved a merger with New Century Energies, Inc.

We expect to accomplish this merger of equals and the creation of the combined company by moving Northern States Power's utility assets to a new subsidiary and then by merging New Century Energies and Northern States Power. Northern States Power Company, which will be renamed when we complete the merger, will be the surviving corporate entity in the merger and will be a holding company for the combined assets and operations of Northern States Power and New Century Energies.

In the merger each New Century Energies common share will be converted into the right to receive 1.55 shares of common stock of the combined company. Northern States Power common shares and Northern States Power preferred shares will remain outstanding after the merger on a one-for-one basis as shares of the combined company. Based on the capitalization of Northern States Power and New Century Energies on March 24, 1999, holders of Northern States Power common shares would hold approximately 46% of the combined company's common shares after the merger.

The merger cannot be completed unless holders of a majority of the votes represented by the outstanding Northern States Power common and preferred shares (voting together as a single class) and a majority of the outstanding Northern States Power common shares (voting as a separate class) vote to approve the merger. We have scheduled a special meeting of Northern States Power shareholders to obtain this vote, and shareholders who owned Northern States Power shares as of May 18, 1999 may vote at this special meeting. If you vote your shares by proxy, telephone or through the Internet, you do not need to attend the special meeting for your vote to be counted. The Board of Directors of Northern States Power unanimously recommends that you vote "for" approval of the merger at the special meeting.

Your Board of Directors believes that the merger will provide the combined company a strong platform for assuring low-cost, quality services during a time of rapid change in the utility industry and the financial strength and stability to make planned investments to grow the combined company's nonregulated businesses. We also believe that the combined company will integrate two strong companies with similar demographics within a single region, creating more growth in shareholder value than Northern States Power would realize as a stand-alone company.

The attached joint proxy statement/prospectus gives you detailed information about the meeting and the proposed merger. We encourage you to read this document carefully. **In particular, you should read the "risk factors" section beginning on page 21 for a description of various risks you should consider in evaluating the proposed merger.**

The date, time and place of the special meeting are as follows:

June 28, 1999  
8:00 a.m., local time  
Northern States Power Corporate Headquarters  
414 Nicollet Mall  
Minneapolis, Minnesota

Sincerely,

JAMES J. HOWARD  
Chairman, President &  
Chief Executive Officer

The joint proxy statement/prospectus is dated May 19, 1999, and was first mailed to the shareholders of Northern States Power and the shareholders of New Century Energies on or about May 24, 1999.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under the joint proxy statement/prospectus or determined whether the joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.



Northern States Power Company

414 Nicollet Mall  
Minneapolis, Minnesota 55401-1993

James J. Howard

Chairman, President and Chief Executive Officer

June 1, 1999

Dear Shareholder,

Within the last week you should have received our proxy statement, dated May 19, 1999, for Northern States Power Company's June 28, 1999 special meeting of shareholders, the purpose of which is to vote on the proposed merger agreement between Northern States Power and New Century Energies. I am very pleased to tell you that since the time we mailed the proxy statement, Northern States Power and New Century Energies have chosen Xcel Energy Inc. as the new name for the combined company following the merger.

Enclosed you will find a supplement to the proxy statement, which indicates that when the merger becomes effective, the articles of incorporation of NSP, which will be the articles of incorporation of the combined company, will be amended to establish Xcel Energy Inc. as the new name for the combined company in addition to the amendment to increase the number of authorized shares of common stock of the combined company from 350 million to one billion.

We firmly believe that the merger with New Century Energies will provide the combined company a strong platform for assuring low-cost, quality services during a time of rapid change in the energy industry and the financial strength and stability to make planned investments to grow our combined businesses.

If you have not yet voted your shares, we urge you to do so as soon as possible. You can vote using the proxy form included with the May 19, 1999 proxy statement, or you can vote by telephone or through the Internet by following the instructions included on the proxy form. If you have already voted and wish to change your vote, you may do so at any time before we vote your proxy at the special meeting by any of the methods described in the "Question and Answer" section in the proxy statement.

Sincerely,

A handwritten signature in cursive script that reads "James J. Howard".

JAMES J. HOWARD  
*Chairman, President &  
Chief Executive Officer*

## PROXY SUPPLEMENT

(To Joint Proxy Statement/Prospectus dated May 19, 1999)

### NORTHERN STATES POWER COMPANY NEW CENTURY ENERGIES, INC. JOINT PROXY STATEMENT SUPPLEMENT

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This proxy statement supplement relates to the joint proxy statement/prospectus dated May 19, 1999, which serves as a proxy statement of Northern States Power for its special meeting of shareholders to be held on June 28, 1999 and a proxy statement of New Century Energies for its special meeting of shareholders to be held on June 28, 1999. As described in the joint proxy statement/prospectus, Northern States Power Company and New Century Energies entered into an agreement and plan of merger, dated as of March 24, 1999, providing for a merger of equals transaction.

Northern States Power and New Century Energies have selected Xcel Energy Inc. as the new name for the combined company. The merger agreement provides that at the effective time of the merger, in addition to an amendment to increase the number of authorized shares of common stock of the combined company from 350 million to one billion, the articles of incorporation of Northern States Power, which will be the articles of incorporation of the combined company, will be amended to reflect this name change. The form of the amendments to the articles of incorporation of the combined company are attached as Annex I to this proxy statement supplement and incorporated in this proxy statement supplement by reference. Annex I hereto replaces in its entirety Annex I to the Plan of Merger attached as Exhibit A to the merger agreement, which was included in the joint proxy statement/prospectus as Appendix A.

These amendments do not require a separate vote by shareholders of Northern States Power under Minnesota law because they are an integral part of the merger agreement. Thus, by voting to approve the merger agreement and the merger, Northern States Power shareholders are also voting to approve the amendments described above. These amendments will not be put into effect if Northern States Power shareholders do not approve the merger agreement and the merger or if the merger is not completed for any other reason.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under the joint proxy statement/prospectus or determined whether the joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this proxy statement supplement is June 1, 1999

**Amendments  
to  
NSP Restated Articles of Incorporation  
to be Effective as of the Effective Time**

1. The first sentence of Article I of the Restated Articles of Incorporation of Northern States Power Company (the "*NSP Charter*") shall be amended to read in its entirety as follows: "The name of this corporation shall be Xcel Energy Inc."

2. The first paragraph of Article V of the NSP Charter shall be amended to read in its entirety as follows:

"The total authorized number of shares that may be issued by the Corporation and that the Corporation will henceforth be authorized to have is one billion seven million (1,007,000,000) of the par value per share hereinafter set forth."

3. Subparagraph 1 of Article V of the NSP Charter shall be amended to read in its entirety as follows:

"1. Authorized Number and Classes of Shares

Such shares shall be divided into two classes to be designated, respectively, Preferred Stock and Common Stock. The total authorized number of shares of Preferred Stock is seven million (7,000,000) having a par value of one hundred dollars (\$100.00) per share, and the total authorized number of shares of Common Stock is one billion (1,000,000,000) having a par value of two dollars and fifty cents (\$2.50) per share."

## EXHIBIT E

### Evaluation of Proposed Changes to Facility Operating Licenses DPR-22, DPR-42, DPR-60 and Materials License SNM-2506

#### Proposed Change

This submittal requests an amendment to the Monticello Nuclear Generating Plant, Prairie Island Nuclear Generating Plant and Prairie Island Independent Spent Fuel Storage Installation (ISFSI) licenses, pursuant to 10 CFR Part 50, Section 50.90 and 10 CFR Part 72, Section 72.56, to reflect the Commission's consent of the transfer of the subject NRC licenses held by Northern States Power Company (NSP). As described in Exhibit A of this submittal, NSP and New Century Energy (NCE) have entered into an agreement to merge. Under the proposed transaction, NCE will be merged with and into NSP, which will be renamed Xcel Energy Inc. NSP will transfer all of its existing electric and natural gas utility facilities and operations currently conducted directly by NSP at the parent company level to a newly formed, wholly-owned subsidiary ("New NSP"). Following the business combination, New NSP will be a wholly owned subsidiary of Xcel Energy.

NSP is a corporation organized under the laws of the State of Minnesota. Upon consummation of the merger, New NSP will be a corporation organized under the laws of the State of Minnesota. New NSP will continue to operate the same facilities in the same locations as NSP before the merger, and specifically, will operate the facilities identified in Exhibit B. The proposed changes would modify the licenses to reflect the Commission's consent for the transfer of the subject NRC licenses, requested pursuant to 10 CFR Part 50, Section 50.80 and 10 CFR Part 72, Section 72.50, by this submittal. The proposed amendment does not change the operation of the facilities.

The request for amendment to the Monticello Nuclear Generating Plant and Prairie Island Nuclear Generating Plant licenses proposes to change the licenses by inserting the following footnote after the words "Northern States Power Company" in paragraph 2 of license DPR-22, DPR-42, and DPR-60:

Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 50, Section 50.80 of this license transfer.

Where "MM/DD/YY" reflects the effective date of the reincorporation of Northern States Power Company. A copy of paragraph 2 of DPR-22, DPR-42, and DPR-60, as proposed to be amended, is found in Exhibits F and G.

The request for amendment to the Prairie Island ISFSI license proposes to change the license by inserting the following footnote after the words "Northern States Power Company" on the first page 1 of license SNM-2506:

Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent, per 10 CFR Part 72, Section 72.50, of this license transfer.

Where "MM/DD/YY" reflects the effective date of the reincorporation of Northern States Power Company. A copy of page 1 of SNM-2506, as proposed to be amended, is found in Exhibits F and G.

### **Reason for Changes**

As described in Exhibit A of this submittal, NSP is requesting the Commission's consent to the transfer of control over the subject NRC licenses held by NSP. NSP further requests with this submittal that, to the extent necessary, the NRC issue an amendment to the Monticello Nuclear Generating Plant, the Prairie Island Generating Plant and the Prairie Island ISFSI licenses to reflect the requested Commission's consent.

### **Safety Evaluation**

This Application does not involve a request for any change in the design, operation, or administrative controls of the Monticello Nuclear Generating Plant, the Prairie Island Nuclear Generating Plant or the Prairie Island ISFSI, nor any change in the terms and conditions of the existing licenses or technical specifications. The information provided in Exhibits A, C and D of this submittal demonstrate that the financial capability of the owner and operator is maintained, that New NSP (as owner and operator) will remain qualified to be the holder of the licenses, and that the transfer of the licenses is consistent with applicable provisions of law, regulations, and orders issued by the Commission pursuant to thereto.

### **Determination of Significant Hazards Considerations**

The proposed changes to the Operating Licenses and the Materials License have been evaluated to determine whether they constitute a significant hazards consideration as provided in 10 CFR Part 50, Section 50.91 or present a genuine issue as to whether the health and safety of the public will be significantly affected as provided in 10 CFR Part 72, Section 72.46(b)(2) This analysis is provided below:

1. The proposed amendment will not involve a significant increase in the probability or consequences of an accident previously evaluated.

As a result of the proposed license amendment, there will be no physical change to the facilities and all Limiting Conditions for Operation, Limiting Safety System

Settings and Safety Limits specified in the Technical Specifications will remain unchanged. Also, the facilities' Quality Assurance Program, Emergency Plan, Security Plan, and Operator Training and Requalification Program will be unaffected. Therefore, this amendment will not cause a significant increase in the probability or consequences of an accident previously evaluated.

2. The proposed amendment will not create the possibility of a new or different kind of accident from any accident previously analyzed.

The proposed amendment will have no effect on the physical configuration of the facilities or the manner in which they will operate. The design and design basis of the facilities will remain the same. The current safety analyses will therefore remain complete and accurate in addressing the design basis events and in analyzing accident response and consequences for the facilities.

The Limiting Conditions for Operations, Limiting Safety System Settings and Safety Limits specified in the Technical Specifications for the facilities are not affected by the proposed license amendment.

As such, the conditions for which the design basis accident analysis have been performed will remain valid. Therefore, the proposed license amendment cannot create the possibility of a new or different kind of accident from any accident previously evaluated.

3. The proposed amendment will not involve a significant reduction in the margin of safety.

Facility safety margins are established through Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits specified in the Technical Specifications. Since there will be no change to the physical design or operation of the facilities, there will be no change to any of these margins. Thus, the proposed license amendment will not involve a significant reduction in any margin of safety.

### Conclusion

Based upon the analysis and description of the transaction in this submittal, the proposed license amendment only reflects a change in the ownership structure of NSP and will not involve a significant increase in the probability or consequences of any accident previously evaluated, create the possibility of a new or different kind of accident from any accident previously evaluated, or involve a reduction in a margin of safety. As a result, the proposed changes do not involve a significant hazards consideration or present a genuine issue as to whether the health and safety of the public will be significantly affected.

## **Environmental Assessment**

The proposed license transfers and amendments fall under the new categorical exclusion from environmental review, 10 CFR 51.22(c)(21), for approvals of direct or indirect transfers of NRC licenses and any associated amendments established by the Commission's new rule on streamlining the hearing process. Streamlined Hearing Process for NRC Approval of License Transfers, 61 Federal 66,761,66,735 dated December 3, 1998. Accordingly, no environmental review need be undertaken with respect to the proposed license transfers and related amendments.

## **EXHIBIT F**

### **Existing Facility Operating License and ISFSI License Pages Marked Up with Proposed Changes**

Exhibit F consists of the existing Facility Operating License and ISFSI Materials License pages with the proposed changes marked up on those pages. Existing pages affected by this change are listed below:

Monticello Nuclear Generating Plant, Facility Operating License DPR-22, Page 2

Prairie Island Nuclear Generating Plant, Unit 1, Facility Operating License DPR-42, Page 2

Prairie Island Nuclear Generating Plant, Unit 2, Facility Operating License DPR-60, Page 2

Prairie Island Independent Spent Fuel Storage Installation, Materials License SNM-2506, Page 1

**Monticello Nuclear Generating Plant,  
Facility Operating License DPR-22, Page 2**

- 2 -

- H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of the full-term Facility Operating License No. DPR-22, subject to the conditions for protection of the environment set forth herein, is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70.
2. The Provisional Operating License dated September 8, 1970, is superseded by Facility Operating License No. DPR-22 hereby issued to Northern States Power Company<sup>1</sup> to read as follows:
- A. This license applies to the Monticello Nuclear Generating Plant, Unit No. 1, a single cycle, forced circulation, boiling water nuclear reactor and electric generating equipment (the facility). The facility is located in Wright County on the Northern States' site in Wright and Sherburne Counties, Minnesota, and is described in the "Final Safety Analysis Report," as supplemented and amended (Amendment Nos. 9 through 28) and in its Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Northern States Power Company:
    - 1. Pursuant to Section 104(b) of the Act, and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility as a utilization facility at the designated location in Wright County, Minnesota, in accordance with the procedures and limitations set forth in this license.
    - 2. Pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operations, as described in the Final Safety Analysis Report, as supplemented and amended, and the licensee's filings dated August 16, 1974 (those portions dealing with handling of reactor fuel) and August 17, 1977 (those portions dealing with fuel assembly storage capacity);
    - 3. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

Northern States Power Company was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 50, Section 50.80 of this license transfer.

Prairie Island Nuclear Generating Plant, Unit 1  
Facility Operating License DPR-42, Page 2

-2-

- G. The issuance of this amended license will not be inimical to the common defense and security or to the health and safety of the public;
- H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Amendment No. 2 to Facility Operating License No. DPR-42 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied; and
- I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30 and 70, including 10 CFR Section 30.33, 70.23 and 70.31.
2. Pursuant to an Initial decision of the Atomic Safety and Licensing Board (ASLB) dated April 2, 1974, Facility Operating License DPR-42 (issued to Northern States Power Company on August 9, 1973, and amended on December 14, 1973) is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Prairie Island Nuclear Generating Plant, Unit 1, a pressurized water nuclear reactor and associated equipment (the facility), owned by the Northern States Power Company. The facility is located in Goodhue County, Minnesota, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 36) and the Environmental Report as supplemented and amended (Supplements 1 and 2).
- B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Northern States Power Company:
- (1) Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities, to possess, use, and operate the facility at the designated location in Goodhue County, Minnesota, in accordance with the procedures and limitations set forth in this license;
  - (2) Pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended as of May 11, 1976.
  - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

UNIT 1 LICENSE

Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 50, Section 50.80 of this license

**Prairie Island Nuclear Generating Plant, Unit 2  
Facility Operating License DPR-60, Page 2**

-2-

- H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Facility Operating License No. DPR-60 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70, including 10 CFR Section 30.33, 40.32, 70.23, and 70.31.
2. Facility Operating License No. DPR-60 is hereby issued to Northern States Power Company to read as follows:
- A. This license applies to the Prairie Island Nuclear Generating Plant, Unit 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the Northern States Power Company. The facility is located in Goodhue County, Minnesota, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 38) and the Environmental Report as supplemented and amended (Supplements 1 and 2).
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Northern States Power Company:
    - (1) Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities, to possess, use, and operate the facility at the designated location in Goodhue County, Minnesota, in accordance with the procedures and limitations set forth in this license;
    - (2) Pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended as of May 11, 1976.
    - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 50, Section 50.80 of this license transfer.

**Prairie Island Independent Spent Fuel Storage Installation  
Materials License SNM-2506, Page 1**

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Part 72, and in reliance on statements and representations heretofore made by the Licensee, a License is hereby issued authorizing the Licensee to receive, acquire, and possess the power reactor spent fuel and other radioactive materials associated with spent fuel storage designated below; to use such materials for the purposes and at the place designated below; and to deliver or transfer such materials to persons authorized to receive these materials in accordance with the regulations of the applicable Parts of 10 CFR Chapter I. This License shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified herein.

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Licensee

1. Northern States Power Company

3. Address:

414 Nicollet Mall  
Minneapolis, Minnesota 55401

3. License Number: SNM-2506

Amendment 2 dated  
February , 1996

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4. Expiration Date:  
October 31, 2013

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5. Docket Number: 72-10

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6. Byproduct, source, and/  
or special nuclear  
material

7. Chemical and/or  
physical form

8. Maximum amount  
that licensee may  
possess at any one  
time under this license

A. Spent fuel assemblies  
from Prairie Island Nuclear  
Station Units 1 and 2  
reactor, using natural water  
for cooling and enriched  
not greater than 3.85 percent  
U-235, and associated radio-  
active materials related to  
receipt, storage, and  
transfer of the fuel  
assemblies

A. As UO2 clad with  
zirconium or  
zirconium alloys

A. 715.29 TeU of  
spent fuel  
assemblies

9. Authorized Use: For use in accordance with statements, representations, and the conditions of the Technical Specifications and Safety Analysis Report dated August 31, 1990, and supplements dated October 29, 1990; April 2, June 5, October 9 and 31, November 15, December 11, 20, and 23, 1991; January 17, February 6, 10, and 12, March 2 and 5, April 3, 22, and 23, July 10, August 12, 13, and 14, 1992; and October 2, 1995.

Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 72, Section 72.50 of this license transfer.

## **EXHIBIT G**

### **Revised Facility Operating License and ISFSI License Pages**

Exhibit G consists of the revised Facility Operating License and ISFSI Materials License pages with the proposed changes incorporated. The revised pages are listed below:

Monticello Nuclear Generating Plant, Facility Operating License DPR-22, Page 2

Prairie Island Nuclear Generating Plant, Unit 1, Facility Operating License DPR-42, Page 2

Prairie Island Nuclear Generating Plant, Unit 2, Facility Operating License DPR-60, Page 2

Prairie Island Independent Spent Fuel Storage Installation, Materials License SNM-2506, Page 1

- H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental and other costs and considering available alternatives, the issuance of the full-term Facility Operating License No. DPR-22, subject to the conditions for protection of the environment set forth herein, is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct, and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40, and 70.
2. The Provisional Operating License dated September 8, 1970, is superseded by Facility Operating License No. DPR-22 hereby issued to Northern States Power Company<sup>1</sup> to read as follows:
- A. This license applies to the Monticello Nuclear Generating Plant, Unit No. 1, a single cycle, forced circulation, boiling water nuclear reactor and electric generating equipment (the facility). The facility is located in Wright County on the Northern States' site in Wright and Sherburne Counties, Minnesota, and is described in the "Final Safety Analysis Report," as supplemented and amended (Amendment Nos. 9 through 28) and in its Environmental Report, as supplemented and amended.
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Northern States Power Company:
    - 1. Pursuant to Section 104(b) of the Act, and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility as a utilization facility at the designated location in Wright County, Minnesota, in accordance with the procedures and limitations set forth in this license.
    - 2. Pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operations, as described in the Final Safety Analysis Report, as supplemented and amended, and the licensee's filings dated August 16, 1974 (those portions dealing with handling of reactor fuel) and August 17, 1977 (those portions dealing with fuel assembly storage capacity);
    - 3. Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

<sup>1</sup> Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 50, Section 50.80 of this license transfer.

- G. The issuance of this amended license will not be inimical to the common defense and security or to the health and safety of the public;
  - H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Amendment No. 2 to Facility Operating License No. DPR-42 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30 and 70, including 10 CFR Section 30.33, 70.23 and 70.31.
2. Pursuant to an Initial decision of the Atomic Safety and Licensing Board (ASLB) dated April 2, 1974, Facility Operating License DPR-42 (issued to Northern States Power Company<sup>1</sup> on August 9, 1973, and amended on December 14, 1973) is hereby amended in its entirety to read as follows:
- A. This amended license applies to the Prairie Island Nuclear Generating Plant, Unit 1, a pressurized water nuclear reactor and associated equipment (the facility), owned by the Northern States Power Company. The facility is located in Goodhue County, Minnesota, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 36) and the Environmental Report as supplemented and amended (Supplements 1 and 2).
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Northern States Power Company:
    - (1) Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities, to possess, use, and operate the facility at the designated location in Goodhue County, Minnesota, in accordance with the procedures and limitations set forth in this license;
    - (2) Pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended as of May 11, 1976.
    - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

<sup>1</sup> Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 50, Section 50.80 of this license transfer.

- H. After weighing the environmental, economic, technical, and other benefits of the facility against environmental costs and considering available alternatives, the issuance of Facility Operating License No. DPR-60 is in accordance with 10 CFR Part 50, Appendix D, of the Commission's regulations and all applicable requirements of said Appendix D have been satisfied; and
  - I. The receipt, possession, and use of source, byproduct and special nuclear material as authorized by this license will be in accordance with the Commission's regulations in 10 CFR Parts 30, 40 and 70, including 10 CFR Section 30.33, 40.32, 70.23, and 70.31.
2. Facility Operating License No. DPR-60 is hereby issued to Northern States Power Company<sup>1</sup> to read as follows:
- A. This license applies to the Prairie Island Nuclear Generating Plant, Unit 2, a pressurized water nuclear reactor and associated equipment (the facility), owned by the Northern States Power Company. The facility is located in Goodhue County, Minnesota, and is described in the "Final Safety Analysis Report" as supplemented and amended (Amendments 1 through 38) and the Environmental Report as supplemented and amended (Supplements 1 and 2).
  - B. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses Northern States Power Company:
    - (1) Pursuant to Section 104b of the Act and 10 CFR Part 50, "Licensing of Production and Utilization Facilities, to possess, use, and operate the facility at the designated location in Goodhue County, Minnesota, in accordance with the procedures and limitations set forth in this license;
    - (2) Pursuant to the Act and 10 CFR Part 70, to receive, possess and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended as of May 11, 1976.
    - (3) Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess, and use at any time any byproduct, source and special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

<sup>1</sup> Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 50, Section 50.80 of this license transfer.

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Part 72, and in reliance on statements and representations heretofore made by the Licensee, a License is hereby issued authorizing the Licensee to receive, acquire, and possess the power reactor spent fuel and other radioactive materials associated with spent fuel storage designated below; to use such materials for the purposes and at the place designated below; and to deliver or transfer such materials to persons authorized to receive these materials in accordance with the regulations of the applicable Parts of 10 CFR Chapter I. This License shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified herein.

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Licensee

1. Northern States Power Company<sup>1</sup>

3. Address:

414 Nicollet Mall  
Minneapolis, Minnesota 55401

3. License Number: SNM-2506

Amendment 2 dated  
February, 1996

4. Expiration Date:

October 31, 2013

5. Docket Number: 72-10

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6. Byproduct, source, and/  
or special nuclear  
material

7. Chemical and/or  
physical form

8. Maximum amount  
that licensee may  
possess at any one  
time under this license

A. Spent fuel assemblies  
from Prairie Island Nuclear  
Station Units 1 and 2  
reactor, using natural water  
for cooling and enriched  
not greater than 3.85 percent  
U-235, and associated radio-  
active materials related to  
receipt, storage, and  
transfer of the fuel  
assemblies

A. As UO<sub>2</sub> clad with  
zirconium or  
zirconium alloys

A. 715.29 TeU of  
spent fuel  
assemblies

9. Authorized Use: For use in accordance with statements, representations, and the conditions of the Technical Specifications and Safety Analysis Report dated August 31, 1990, and supplements dated October 29, 1990; April 2, June 5, October 9 and 31, November 15, December 11, 20, and 23, 1991; January 17, February 6, 10, and 12, March 2 and 5, April 3, 22, and 23, July 10, August 12, 13, and 14, 1992; and October 2, 1995.

<sup>1</sup> Northern States Power Company, was incorporated in Minnesota as a wholly owned subsidiary of Xcel Energy, Inc. effective MM/DD/YY. This license, as amended, was amended effective this date to reflect the Commission's consent per 10 CFR Part 72, Section 72.50 of this license transfer.

## EXHIBIT H

### Information Supporting Transfer of Byproduct Material Licenses

Information Notice 89-25, Revision 1, "Unauthorized Transfer of Ownership or Control of Licensed Activities," provides guidance with respect to information to be submitted to the NRC prior to a planned transfer of ownership or control of licensed activities per 10 CFR Part 30, Section 30.34(b). The information requested by Information Notice 89-25, Revision 1 is provided below.

- 1. The new name of the licensed organization. If there is no change, the licensee should so state.**

There is no change in the name of the licensed organization (see Sections I and III of Exhibit A). As a result of the proposed merger between Northern States Power Company (NSP) and New Century Energy (NCE), NSP will continue to exist as a legal entity; however, at the time of the merger, NSP will transfer all of its existing electric and natural gas utility facilities and operations to a newly formed, wholly-owned utility operating company subsidiary ("New NSP"). NSP shall continue its corporate existence operating under the name Northern States Power Company.

- 2. The new licensee contact and telephone number(s) to facilitate communications.**

Questions concerning this submittal should be addressed to Gene Eckholt (651-388-1121). The point of contact and addresses identified in items 1 and 2 of licenses 22-08799-02, 22-08799-04, 22-08799-08 and 22-08799-09 remain in effect and will continue in effect upon consummation of the proposed merger.

- 3. Any changes in personnel having control over licensed activities (e.g., officers of a corporation) and any changes in personnel named in the license such as radiation safety officer, authorized users, or any other persons identified in previous license applications as responsible for radiation safety or use of licensed material. The licensee should include information concerning the qualifications, training, and responsibilities of new individuals.**

The personnel identified as having control over licensed activities, named as radiation safety officers, and named as authorized users in byproduct materials licenses 22-08799-02, 22-08799-04, 22-08799-08, and 22-08799-09 will not change as a result of the proposed merger (See Section VIII of Exhibit A).

Changes in the organization and management of NSP to achieve enhancements to business operations may be identified during the merger process; however, none of these changes are expected to have any direct effect on the byproduct materials licenses.

**4. An indication of whether the transferor will remain in non-licensed business without the license.**

The requested consent for transfer of license control is from the existing NSP to New NSP. The change reflects a change in the legal entity from transferor to transferee. Upon consummation of the merger, New NSP shall continue its separate corporate existence operating under the laws of the State of Minnesota under the name Northern States Power Company.

**5. A complete, clear description of the transaction, including any transfer of stocks, or assets, mergers, etc., so that legal counsel is able, when necessary, to differentiate between name changes and changes of ownership.**

See Sections I and III of Exhibit A for the description of the proposed merger.

**6. A complete description of any planned changes in organization, location, facility, equipment, or procedures, (i.e., changes in operating or emergency procedures).**

No changes are expected in the personnel directly associated with the subject byproduct materials licenses. No changes are expected to occur to the existing location, facilities, equipment, or procedures as a result of the requested transfer of control over the licenses due to the proposed merger.

**7. A detailed description of any changes in the use, possession, location or storage, of the licensed materials.**

The requested consent for transfer of control of the byproduct material licenses does not require any change in the use, possession, location or storage of the licensed materials.

**8. Any changes in organization, location, facilities, equipment, procedures, or personnel that would require a license amendment even without the change of ownership.**

Based on discussions with NRC Region III Staff, no changes are necessary to the Part 30 licenses held by NSP to reflect the proposed merger. There are no changes pending or proposed to the byproduct material licenses which would require a license amendment absent the requested consent for license transfer.

9. An indication of whether all surveillance items and records (e.g., calibrations, leak tests, surveys, inventories, and accountability requirements) will be current at the time of transfer. A description of the status of all surveillance requirements and records should also be provided.
10. Confirmation that all records concerning the safe and effective decommissioning of the facility, pursuant to 10 CFR 30.35(g), 40.36(f), 70.25(g), and 72.30(d); public dose; and waste disposal by release to sewers, incineration, radioactive material spills, and on-site burials, have been transferred to the new licensee, if licensed activities will continue at the same location, or to the NRC for license terminations.
11. A description of the status of the facility. Specifically, the presence or absence of contamination should be documented. If contamination is present, will decontamination occur before transfer? If not, does the successor company agree to assume full liability for the decontamination of the facility or site?
12. A description of any decontamination plans, including financial assurance arrangements of the transferee, as specified in 10 CFR 30.35, 40.36, and 70.25. This should include information about how the transferee and transferor propose to divide the transferor's assets, and responsibility for any cleanup needed at the time of transfer.

Response to Items 9 through 12

NSP personnel perform those surveillance items as specified in, and maintain the records required by licenses 22-08799-02, 22-08799-04, 22-08799-08, and 22-08799-09. These items are current and are maintained so, in accordance with the licenses. The frequency of required surveillance activities will continue as specified in the licenses prior and subsequent to the proposed merger, as NSP is essentially the transferor and transferee.

No material changes to the records concerning the safe and effective decommissioning of the facility, pursuant to 10 CFR 30.35(g); public dose; and waste disposal by release to sewers, incineration, radioactive material spills, and on-site burials, will occur. Licensed activities will continue at the same locations.

The use and location of byproduct material at the respective NSP facilities is as identified in licenses 22-08799-02, 22-08799-04, 22-08799-08, and 22-08799-09. Surveillance activities performed in accordance with the licenses have not identified any contamination. Should any contamination occur, New NSP would assume any liability of NSP for decontamination.

No material changes to any decontamination plans, will occur. The merger will not adversely affect New NSP's ability to obtain the funds necessary to cover its costs for decontamination and decommissioning of any of the facilities utilizing byproduct material under the IO CFR Part 30 licenses. The core business of the existing company will remain essentially unchanged upon consummation of the merger. Therefore, the financial qualifications of Northern States Power Company (NSP and New NSP) will not be adversely affected by the proposed merger.

Furthermore, the financial impact to the involved companies due to the proposed business combination will be among the issues addressed by the other administrative agencies from which approval of or consent to the business combination is being sought. Pro forma financial data has been submitted to the SEC. A copy of the pro forma financial data submitted to the SEC is provided as Exhibit D. The information provided in Exhibit D was prepared in accordance with FERC accounting practices.

The financial instruments established pursuant to IO CFR 30.35, for decommissioning funding will require revision to reflect the incorporation of New-NSP as a subsidiary of Xcel Energy in the state of Minnesota. No other change in the applicable decommissioning plans is currently anticipated due to this proposed NRC licensing action. The financial instruments will be revised after the consummation of the proposed merger and will be filed, along with new certifications, with the NRC at that time.

- 13. Confirmation that the transferee agrees to abide by all commitments and representations previously made to NRC by the transferor. These include, but are not limited to: maintaining decommissioning records required by 10 CFR 30.35(g); implementing decontamination activities and decommissioning of the site; and completing corrective actions for open inspection items and enforcement actions.**

**With regard to contamination of facilities and equipment, the transferee should confirm, in writing, that it accepts full liability for the site, and should provide evidence of adequate resources to fund decommissioning; or the transferor should provide a commitment to decontaminate the facility before change of control or ownership.**

**With regard to open inspection items, etc., the transferee should confirm, in writing, that it accepts full responsibility for open inspection items and/or any resulting enforcement actions; or the transferee proposes alternative measures for meeting the requirements; or the transferor provides a commitment to close out all such actions with NRC before license transfer.**

- 14. Documentation that the transferor and transferee agree to the change in ownership or control of the licensed material and activity, and the conditions**

of transfer; and the transferee is made aware of all open inspection items and its responsibility for possible resulting enforcement actions.

15. A commitment by the transferee to abide by all constraints, conditions, requirements, representations, and commitments identified in the existing license. If not, the transferee must provide a description of its program, to ensure compliance with the license and regulations.

Response to Items 13 through 15

NSP has requested the Commission's consent for transfer of license from NSP to New NSP. The change reflects a change in the legal entity from transferor to transferee. Upon consummation of the merger, New NSP will assume all obligations and liabilities of NSP for the sites authorized under licenses 22-08799-02, 22-08799-04, 22-08799-08, and 22-08799-09. New NSP will assume all, constraints, conditions, requirements, representations, and commitments of the existing licenses.

Currently, no open inspection issues exist related to licenses 22-08799-02, 22-08799-04, 22-08799-08, and 22-08799-09. Should any such issues arise, New NSP recognizes and accepts the responsibilities of NSP for resolution of such issues subsequent to consummation of the proposed merger.