



February 9, 2004

Ms. Magalie Roman Salas
Secretary
Federal Energy Regulatory Commission
Room 1A-East
888 First Street, N.E.
Washington, DC 20426

Re: Docket No. TS04-____-000
Xcel Energy Operating Companies
Standards of Conduct for Transmission Providers
Initial Informational Filing Pursuant to 18 C.F.R. § 358.4(e)(1)

Dear Ms. Salas:

In compliance with Federal Energy Regulatory Commission ("Commission") Order No. 2004 ("Final Rule") in Docket No. RM01-10-000,¹ as clarified by the "Guidance on Informational Filings," 106 FERC ¶ 61,017 (January 16, 2004) ("Guidance Order") and the "Additional Guidance on Electronic Submission of Informational Filings and Requests Under Order No. 2004," (January 27, 2004) ("Additional Guidance Order"), Xcel Energy Services Inc. ("XES"), on behalf of the Xcel Energy Operating Companies, submits this Initial Informational Filing regarding the plans of the Xcel Energy Operating Companies to achieve full compliance with the Final Rule by June 1, 2004, pursuant to 18 C.F.R. § 358.4(e)(1). The Xcel Energy Operating Companies compliance plan ("Compliance Plan") is provided as Attachment 1 to this transmittal letter.

For purposes of this initial informational filing, the Xcel Energy Operating Companies consist of Cheyenne Light, Fuel and Power Company ("Cheyenne"),² Northern States Power

¹ *Standards of Conduct for Transmission Providers*, FERC Stats. & Regs. Vol. III, Regulation Preambles ¶ 31,155 (2003), Order No. 2004, 68 Fed. Reg. 69,134 (2003). Capitalized terms used herein are as defined herein or as defined in 18 C.F.R. § 358.3.

² On January 13, 2004, Xcel Energy Inc. announced it had reached agreement to sell Cheyenne to Black Hills Corporation, subject to receipt of required regulatory approvals. The sale is not expected to be complete prior to June 1, 2004.

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Company ("NSP"), Northern States Power Company (Wisconsin) ("NSPW"),³ Public Service Company of Colorado ("PSCo"), Southwestern Public Service Company ("SPS"), and WestGas Interstate, Inc. ("WGI"). These six entities are all Transmission Providers as defined in the Final Rule.

As described in more detail in Attachment 2, these six Transmission Providers are all utility operating company or interstate natural gas company subsidiaries of Xcel Energy Inc. ("Xcel Energy") and subject to the jurisdiction of the Commission under the Federal Power Act ("FPA")⁴ and/or the Natural Gas Act ("NGA").⁵ Xcel Energy is a registered holding company pursuant to the Public Utility Holding Company Act of 1935 ("PUHCA"). XES is the service company subsidiary for the Xcel Energy registered holding company system, and as such provides an array of administrative services on behalf of the Xcel Energy Operating Companies. Among other things, it makes filings and appears in proceedings before the Commission on behalf of the Xcel Energy Operating Companies.

Through an indirect subsidiary, Xcel Energy also owns a 47.5% equity interest in Young Gas Storage Company, Ltd. ("Young Gas"). Young Gas is a natural gas company under the NGA and is a Transmission Provider under the Final Rule. Young Gas is operated by a subsidiary of El Paso Corporation ("El Paso"), and is submitting its Order No. 2004 compliance plan through a separate filing with the Commission. XES and the Xcel Energy Operating Companies intend to continue working with El Paso to further develop and implement Young Gas' compliance plan and/or to file for any necessary waivers.

1. Xcel Energy Operating Companies Compliance Plan
 - A. The Compliance Plan

The Xcel Energy Operating Companies are presently subject to the Commission's existing standards of conduct rules under Order No. 889 (18 C.F.R. Part 37.4) or Order No. 497 (18 C.F.R. Part 161). Those individual Xcel Energy Operating Companies that are

³ In this filing, NSP and NSPW are jointly referred to as the "NSP Companies."

⁴ 16 U.S.C. § 824a *et seq.*

⁵ 15 U.S.C. § 717a *et seq.*

electric transmission providers are also subject to their currently effective Standards of Conduct on file with the Commission. The Xcel Energy Operating Companies seek to fully comply with the current rules and Standards of Conduct, and believe they are in compliance at this time.⁶

Although we believe the Xcel Energy Operating Companies are in compliance with Order No. 889 and Order No. 497 and their currently effective Standards of Conduct, the Xcel Energy Operating Companies are not in full compliance with the Final Rule at this time. For example, the Final Rule will require compliance training for additional XES, Xcel Energy Operating Company and Energy Affiliate personnel. In addition, Xcel Energy has not yet selected a Compliance Officer. Attachment 1 to this Initial Informational Filing provides the summary Compliance Plan for the Xcel Energy Operating Companies pursuant to 18 C.F.R. §358.4(e)(1).

The Compliance Plan indicates the Xcel Energy Operating Companies do not anticipate significant restructuring will be required, since the Transmission Function of XES and the Xcel Energy Operating Companies is already functionally and physically separated from the wholesale merchant function and the sales function of Energy Affiliates. As required by the Final Rule and Guidance Order, the Compliance Plan identifies the general measures XES and the Xcel Energy Operating Companies will take to achieve compliance by June 1, 2004. In addition, the Compliance Plan includes a preliminary estimate of the anticipated initial compliance costs and annual ongoing compliance costs.

B. Assumptions Related to Compliance Plan

The Compliance Plan, including the cost estimates, also reflects two additional key assumptions. First, XES assumes the Commission will grant clarification or rehearing of the Final Rule regarding the language inconsistency between the Preambles (P 57) and the new regulations (§ 358.3(e)(5)(iii)) with regard to application of the Final Rule to employees of a service company within a registered holding company system. If clarification or rehearing is not granted, Xcel Energy will need to evaluate whether XES should be restructured to legally separate XES employees who support the Transmission Provider function from XES

⁶ In 2001, the Office of Market Oversight and Investigations ("OMOI") initiated a non-public inquiry of the Xcel Energy Operating Companies' compliance with, *inter alia*, Order No. 889. The OMOI recently issued compliance audit reports in several similar inquiry dockets of Transmission Providers in the Western Interconnection. *See Idaho Power Co.*, Docket No. PA04-1-000, Audit Report issued December 18, 2003. The OMOI has not yet issued its audit report for the Xcel Energy Operating Companies.

employees who support other functions and Energy Affiliates. The cost of such separation would likely be significant, and is not reflected in the cost estimates in Attachment 1.

Second, the Compliance Plan assumes the Commission will grant clarification or rehearing on issues related to (i) application of the Final Rule to natural gas LDCs that are also Hinshaw Pipelines and (ii) the proper application of the rule to gas LDCs that are themselves electric Transmission Providers and are affiliated with gas Transmission Providers. If strictly and narrowly interpreted, the Final Rule could impose significant compliance costs for the retail LDC functions of the NSP Companies, PSCo and Cheyenne even though they transport natural gas almost exclusively on non-affiliated Transmission Providers, and the retail natural gas services of the NSP Companies, PSCo and Cheyenne are subject to comprehensive cost-based state regulation.

XES and the Xcel Energy Operating Companies assume, for purposes of this Informational Filing, that the NSP Companies, PSCo and Cheyenne need only separate employees within their respective wholesale gas sales function from those within their LDC operations function in order for their LDC operations function employees to continue to share operational employees and information with their affiliated gas Transmission Providers, WGI and Young Gas. To the extent this assumption is determined to be incorrect or continues to be questionable after the Commission issues its order on rehearing of Order No. 2004, WGI and/or Young Gas will file for clarification or, in the alternative, for waiver of application of certain aspects of the Final Rule. If such clarifications or waivers are not granted, the Compliance Plan would need to be modified and the compliance cost estimate could increase substantially.⁷

2. Service of Filing

Pursuant to the Additional Guidance Order, XES is submitting this Initial Informational Filing electronically through the Commission's e-filing system.

XES will serve a copy of this Initial Informational Filing on the state commissions indicated on the State Commission Service List provided in Attachment 3. XES also will post a copy of this informational filing on (i) the Xcel Energy web site (www.xcelenergy.com); (ii) the Ms. Magalie Roman Salas

⁷ Given the uncertainty facing numerous Transmission Providers with service companies or with combination electric/gas utility operations, XES and the Xcel Energy Operating Companies respectfully urge the Commission to act on the pending requests for clarification or rehearing in a prompt fashion.

publicly accessible portion of the NSP Companies node of the regional OASIS operated by the Midwest Independent Transmission System Operator, Inc; the SPS node of the regional OASIS operated by the Southwest Power Pool; and the PSCo node of the Rocky Mountain Area OASIS; and on (iii) the WGI electronic bulletin board.

3. Service List

XES respectfully requests that the following XES representatives be placed on the Commission's official service list regarding this Initial Informational Filing:

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Conclusion

Please direct any questions regarding this compliance filing to Mr. David Hudson at (806-378-2824) or the undersigned at (612-215-4592). Thank you.

Respectfully submitted,

James P. Johnson

James P. Johnson
Assistant General Counsel
Xcel Energy Services Inc., on behalf of the
Xcel Energy Operating Companies

cc: Attached Service List

ATTACHMENT 1
Xcel Energy Operating Companies
Plan and Schedule to Comply with FERC Order No. 2004
(18 CFR § 358.4(e))

Attachment 1
Xcel Energy Operating Companies
Plan and Schedule to Comply with FERC Order No. 2004
(18 CFR § 358.4(e))

This Xcel Energy Operating Companies Compliance Plan, as set forth below, includes: (1) a plan for implementing the Order No. 2004 Standards of Conduct ("Final Rule") by June 1, 2004; and (2) the estimated costs of complying with the Final Rule. Capitalized terms used and not defined herein are defined in 18 C.F.R § 358.3. Employees of Xcel Energy Services Inc. ("XES"), the service company for the Xcel Energy registered holding company system, will oversee implementation of this Compliance Plan.

There are six wholly-owned subsidiaries of Xcel Energy that are Transmission Providers as defined under the Final Rule. Five are electric Transmission Providers: Northern States Power Company ("NSP"); Northern States Power Company (Wisconsin) ("NSPW"); Public Service Company of Colorado ("PSCo"), Southwestern Public Service Company ("SPS") and Cheyenne Light, Fuel & Power Company ("Cheyenne"). In this Compliance Plan, these entities are referred to as the Xcel Energy Transmission Providers.

The Xcel Energy corporate family also includes two natural gas Transmission Providers: WestGas InterState, Inc. ("WGI") and Young Gas Storage Company, Ltd ("Young Gas"). WGI is a small interstate natural gas pipeline and a Transmission Provider under the Final Rule. Through an indirect subsidiary, Xcel Energy owns a 47.5 percent equity interest in Young Gas, a provider of underground gas storage services.

Depending on whether the Commission grants certain clarifications in its order on rehearing of the Final Rule with respect to, *inter alia*, the treatment of XES (as the service company) and the gas local distribution company ("LDC") function of the Xcel Energy Operating Companies that are also Hinshaw Pipelines, as set forth in the transmittal letter, XES anticipates that certain of the Xcel Energy Operating Companies may request certain waivers from the Final Rule. In addition, XES anticipates that certain Xcel Energy Operating Companies (specifically, WGI and/or Young Gas) will seek certain waivers from the Final Rule. It is anticipated that any such filing for waiver will be made by April 1, 2004. For purposes of this Compliance Plan, XES assumes any waivers from the Final Rule requested by an Xcel Energy Operating Company will be granted by the Commission. If either assumption proves incorrect, XES will need to modify this Compliance Plan and the initial and ongoing compliance cost estimates set forth below could increase substantially.

In the Guidance Order, the Commission requested that each company identify the types of structural and/or organizational changes that need to be implemented to bring the company into compliance with Order No. 2004. Assuming the Commission grants clarification or rehearing of the Final Rules as set forth in the transmittal letter, the compliance with Final Rule by the Energy Affiliates is not expected to require significant structural or organizational changes in the Xcel Energy corporate family.

The following implementation activities for compliance with Order No. 2004 will be completed by XES or the Xcel Energy Transmission Providers by June 1, 2004:

1. Independent functioning (§358.4)

A. Separation of functions (§ 358.4(a))

1. The Xcel Energy and Energy Affiliate marketing, sales and brokering function personnel have been structurally and physically separate from the Xcel Energy electric Transmission Function in accordance with Order No. 889. This separation will continue under the Final Rule.⁸

In order to comply with the new requirements of Order No. 2004 to its natural gas transmission, the NSP Companies, PSCo and Cheyenne presently plan to separate employees within their respective wholesale natural gas sales function from those within their LDC operations function (subject to the Commission clarifying the Final Rule on rehearing). With this separation, the regulated LDC operations function employees will continue to share operational employees and information with their affiliated gas Transmission Providers, WGI and Young Gas.⁹

⁸ XES recently submitted the compliance revisions to the Xcel Energy Joint Open Access Transmission Tariff ("Joint OATT") in compliance with Order No. 2003, *Standardization of Generator Interconnection Agreements and Procedures*, FERC Stats. & Regs. ¶ 31,146 (2003), 68 Fed. Reg. 49,845 (Aug. 19, 2003). See Docket No. ER04-419-000. In that compliance filing, XES described the state integrated resource planning rules applicable to NSP and PSCo, which require NSP and PSCo to plan for new transmission facilities associated with new generation to serve native load customers (whether third party or utility owned) on an integrated, least cost basis. For purposes of Order No. 2004 compliance, XES and the Xcel Energy Operating Companies assume that XES employees at the business unit president level and above are Shared Employees who can be provided transmission information associated with such state-mandated resource plans, subject to the "no conduit" rule.

⁹ As indicated in the XES transmittal letter, the Final Rule is not clear as to its application to LDC operations within a combination gas and electric utility that is a Transmission Provider. XES and the Xcel Energy Operating Companies assume, for purposes of this Informational Filing, that the NSP Companies, PSCo and Cheyenne need only separate employees within their respective wholesale gas sales function from those within their LDC operations function in order for their LDC operations function employees to continue to share operational employees and information with their affiliated gas Transmission Providers, WGI and Young Gas. To the extent this assumption is determined to be incorrect after the Commission issues its order on rehearing of the Final Rule, WGI and/or Young Gas will file for clarification or, in the alternative, for waiver of application of certain aspects of the Final Rule.

2. By June 1, 2004, the Xcel Energy Transmission Providers will review their facilities and procedures to verify that no marketing and sales function and/or Energy Affiliate personnel will have unescorted access to the transmission functions areas during normal (non-emergency) conditions.

B. Identifying affiliates on the public Internet (§ 358.4 (b))

1. By June 1, 2004, the Xcel Energy Transmission Providers will identify and manually post the names and addresses of all sales and marketing units and Energy Affiliates (§ 358.4(b)(1)).
2. By June 1, 2004, the Xcel Energy Transmission Providers will identify and post all facilities shared by the Transmission Provider transmission function employees and its marketing or sales units or any Energy Affiliates, including the types of facilities shared and their addresses (§ 358.4(b)(2)). While some functions may share a common office building, they are located on separate floors.
3. By June 1, 2004, the Xcel Energy Transmission Providers will prepare comprehensive organizational charts and job descriptions for the transmission and marketing and sales functions of the Transmission Providers and Energy Affiliates and post them on the respective Transmission Provider OASIS systems and/or the Internet (§ 358.4(b)(3)).

Because of the expanded scope of informational postings under the Final Rule compared to Order No. 889 and Order No. 497, the size of and number of employees within the Xcel Energy corporate family, and the 7-day updating requirement, this rule will require Xcel Energy Transmission Providers to (a) purchase and/or develop a system to automatically post and update all required organization charts and employee postings every 7 days and (b) train and staff positions to ensure the system is updated. The cost of this system is included in the compliance cost estimate below.

XES and/or Xcel Energy Transmission Providers will also train and staff positions to manually update: applicable contractor postings (§ 358.4(b)(3) (ii) and (iii)); more frequently post the names and addresses of its sales and marketing units and Energy Affiliates (§ 358.4(b)(1)); post the organizational structure of Xcel Energy with the relative position in the corporate structure of the Transmission Provider, marketing and sales units and any Energy Affiliates (§ 358.4(b)(3)(i)); and post information concerning announced potential merger partners as affiliates (§ 358.4(b) (3)(v)).

C. Written procedures (§ 358.4(e))

1. By June 1, 2004, the Xcel Energy Transmission Providers will modify their written procedures to implement the Order 2004 Standards of Conduct in such detail as will enable customers and the Commission to determine that they are in

compliance with these requirements, and post the revised compliance procedures on the OASIS systems and/or internet sites for the Xcel Energy Transmission Providers (§ 358.4(e)(3)).

2. Between approximately April 1 and June 1, 2004, the Xcel Energy Transmission Providers will distribute their revised written procedures implementing the Order 2004 standards of conduct rules to the employees of XES, the Xcel Energy Transmission Providers and Energy Affiliates impacted by the Final Rule (§358.4(e)(4)).
3. Between approximately April 1 and June 1, 2004, the XES and Xcel Energy Transmission Providers will provide all covered employees impacted by the Final Rule on-line training and electronically certify that they have been trained regarding the standards of conduct requirements (§ 358.4(e)(5)). XES and the Xcel Energy Transmission Providers will thereafter (a) require standards of conduct training for new affected employees within 30 days of hiring, and (b) provide annual on-line refresher training for all impacted employees.

D. Compliance Officer (§ 358.4(e))

1. By approximately April 1, 2004, the Xcel Energy Transmission Providers will designate a single Chief Compliance Officer for all of the Xcel Energy Transmission Providers (§ 358.4(e)(6)) and other supporting business unit compliance personnel. The Compliance Officer will be responsible for:
 - a. Establishing training programs for existing and new employees, and ensuring that all employees shall have received adequate training and certified that they have been trained regarding the standard of conduct requirements;
 - b. Addressing internal and external compliance issues and coordinating with counsel where necessary;
 - c. Overseeing all required OASIS compliance postings;
 - d. Overseeing maintenance of a compliance log reflecting internal compliance issues; and
 - e. Making recommendations regarding disciplinary actions for willful violations of the Standards of Conduct.

2. Non-discrimination requirements (§ 358.5)

The Xcel Energy Transmission Providers engaged in an extensive effort to review applicable hardware and software to restrict access by merchant function and marketing affiliate personnel in accordance with Order No. 889. By June 1, 2004, the Xcel Energy Transmission Providers, along with their information technology specialist, will re-review all applicable hardware and software to ensure that the appropriate “firewalls” are in

place and function such that:

- a. The Energy Management System ("EMS") information available to marketing and sales function personnel of the Transmission Providers and Energy Affiliate personnel does not provide access to transmission function data in a manner inconsistent with the Final Rule and/or Standards of Conduct;
- b. The Transmission Function's accounting, contracts, and energy schedules are installed only on the personal computers of Transmission Function personnel and are password protected such that the information is not made available to marketing and sales or Energy Affiliate personnel; and
- c. All other computer applications that may provide access to Transmission Information cannot be accessed by marketing and sales or Energy Affiliate personnel in accordance with the Standards of Conduct.

Estimated Compliance Costs

Subject to the assumptions stated in the Transmittal Letter, the initial estimated costs for the elements of the Xcel Energy Transmission Providers Compliance Plan are:

Separation of functions:	\$ 56,000
Posting requirements:	\$ 300,000
Training:	\$ 190,000
Chief Compliance Officer:	\$ <u>225,000</u>
Total initial compliance costs (estimated):	\$ 771,000

The ongoing annual compliance costs for the Xcel Energy Transmission Providers is estimated to be:

Separation of functions:	\$ 10,000
Posting requirements:	\$ 20,000
Training:	\$ 175,000
Chief Compliance Officer:	\$ <u>250,000</u>
Annual ongoing compliance costs (estimated):	\$ 430,000

ATTACHMENT 2
Description of Xcel Energy Transmission Providers

Attachment 2
Description of the Xcel Energy Transmission Providers

A. Northern States Power Company ("NSP") and Northern States Power Company (Wisconsin) ("NSPW")

NSP is a Minnesota corporation authorized to do business in the States of Minnesota, North Dakota and South Dakota. NSPW is a Wisconsin corporation authorized to do business in the States of Wisconsin and Michigan. (NSP and NSPW are hereafter jointly referred to as the "NSP Companies.") The NSP Companies are combination electric and natural gas utilities and provide retail electric service to approximately 1.5 million electric and 528,000 natural gas customers in their respective service areas, which include portions of the five states.

The NSP Companies own and operate approximately 6,400 miles of electric transmission facilities subject to Commission jurisdiction under the FPA (34.5 kV and above). The NSP Companies' electric system is planned and operated on an integrated basis pursuant to the "Restated Agreement to Coordinate Planning and Operations and Interchange Power and Energy between Northern States Power Company (Minnesota) and Northern States Power Company (Wisconsin)," a rate schedule accepted for filing by letter order dated March 20, 2001 in Docket No. ER01-1014-000, effective January 1, 2001.

The NSP Companies are transmission owner members of the Midwest Independent Transmission System Operator, Inc. ("Midwest ISO"), the first Commission-approved regional transmission organization ("RTO") in the Eastern Interconnection. The NSP Companies are also members of the Mid-Continent Area Power Pool ("MAPP") regional reliability council, one of the ten regional reliability council members of the North American Regional Reliability Council ("NERC"). Access to the NSP Companies' integrated electric transmission system (100 kV and above), and new requests for interconnection of generation to the NSP Companies' transmission system, have been administered by the Midwest ISO pursuant to the Midwest ISO OATT since February 1, 2002.¹⁰ The Midwest ISO also operates the regional Open Access Same-Time Information System ("OASIS") for the NSP Companies transmission system.

The NSP Companies also own and operate retail gas local distribution company ("LDC") systems and provide retail sales and transportation services subject to comprehensive regulation by the state commissions in their respective states. In order to provide these retail services, the NSP Companies also transport and/or store natural gas on several non-affiliated interstate natural gas pipelines and underground storage service providers

¹⁰ *Midwest Independent Transmission System Operator, Inc.* 97 FERC ¶ 61,136 (2001).

regulated by the Commission under the NGA.¹¹ The upstream interstate transportation and storage services are purchased pursuant to the open access transportation tariffs ("Gas Tariffs") of the transmission providers and are regulated by the Commission under 18 CFR Part 284. The NSP Companies also purchase natural gas transportation and/or storage services from regulated natural gas Transmission Providers in order to serve the fuel supply needs of certain electric generating plants owned and operated by the NSP Companies. The procurement of these gas transportation and/or storage services is also subject to comprehensive state regulatory oversight.

In addition to being state-regulated LDCs, the NSP Companies are Hinshaw Pipelines, exempt from Commission regulation pursuant to Section 1(c) of the Natural Gas Act.¹² The NSP Companies also occasionally make off-system sales of natural gas in interstate commerce pursuant to their blanket certificate authority granted by 18 CFR § 284.402 in order to balance upstream supplies with retail gas customer demand or generation fuel demand on a daily basis.

B. Southwestern Public Service Company ("SPS")

SPS is a New Mexico corporation authorized to do business in the states of Texas, New Mexico, Kansas and Oklahoma. SPS is a vertically integrated electric utility that provides retail and wholesale electric service to approximately 390,000 customers in the four state region. SPS owns and operates approximately 6,300 miles of electric transmission facilities subject to Commission jurisdiction under the FPA (69 kV and above). SPS is a member of the Southwest Power Pool ("SPP") regional reliability council in the Eastern Interconnection, and most wholesale transmission service access to

¹¹ Until January 2003, the NSP Companies were affiliated LDCs of Viking Gas Transmission Company ("Viking") and its partially-owned subsidiary Guardian Pipeline, LLC ("Guardian"), jurisdictional natural gas pipeline companies. Viking and Guardian were indirect subsidiaries of Xcel Energy. On January 17, 2003, Xcel Energy sold 100 percent of its interest in Viking and Guardian to Northern Border Partners, LP, so Viking and Guardian are no longer affiliated Transmission Providers of the NSP Companies or the other Xcel Energy Operating Companies or Energy Affiliates.

Until December 5, 2003, the Xcel Energy Operating Companies were also affiliated with NRG Energy, Inc. ("NRG"), an Xcel Energy subsidiary that owned numerous independent electric power production ("IPP") facilities through various subsidiaries. NRG filed for bankruptcy in May 2003. As part of the resolution of the bankruptcy proceeding, Xcel Energy terminated all of its ownership of NRG, so NRG and its subsidiaries are no longer Energy Affiliates of the Xcel Energy Operating Companies effective December 5, 2003. The Commission approved Xcel Energy's disposition of its interest in jurisdictional NRG facilities in *Xcel Energy Inc. et al.*, 105 FERC ¶ 62,017 (October 2003).

the SPS transmission system is subject to the SPP regional OATT.¹³ The SPP also operates the regional OASIS system for the SPS transmission system. SPS does not own or operate any LDC systems, but purchases natural gas transportation and/or storage services from regulated natural gas Transmission Providers to serve the fuel supply needs of certain electric generating plants owned and operated by SPS.

C. Public Service Company of Colorado ("PSCo")

PSCo is a Colorado corporation authorized to do business in the state of Colorado. PSCo is a combination electric and natural gas utility and provides retail service to approximately 1.3 million electric and 1.2 million natural gas customers in portions of Colorado. PSCo owns and operates approximately 3,200 miles of electric transmission facilities subject to Commission jurisdiction under the FPA (44 kV and above). PSCo is a member of the Western Electricity Coordinating Council ("WECC") regional reliability council in the Western Interconnection. The WECC does not presently offer transmission services under a regional OATT, and there is presently no functioning RTO in the Western Interconnection. As such, access to the PSCo transmission system is presently provided subject to the Xcel Energy Operating Companies Joint OATT ("Joint OATT").¹⁴ PSCo operates the Rocky Mountain Area OASIS ("RMAO") system for the PSCo and Colorado Springs Utilities systems.

PSCo owns and operates a retail gas LDC system and provides retail sales and transportation services within the State of Colorado subject to comprehensive regulation by the Colorado Public Utilities Commission ("CoPUC"). In order to provide these retail services, PSCo transports and/or stores natural gas on several non-affiliated interstate natural gas pipelines and underground storage service providers regulated by the Commission under the NGA. PSCo also holds subscribes to 90% of the storage capacity of its affiliated Transmission Provider, Young Gas Storage, Ltd. ("Young Gas"), through a 30-year service agreement. The upstream interstate transportation and storage services are purchased pursuant to the Gas Tariffs of the individual Transmission Provider and are regulated by the Commission under 18 CFR Part 284. PSCo also purchases natural gas transportation and/or storage services from regulated natural gas Transmission Providers to serve the fuel supply needs of certain electric generating plants owned and operated by PSCo. The procurement of these gas transportation and/or storage services is also subject to comprehensive state regulatory oversight by the CoPUC.

¹³ SPP recently filed for a Commission declaratory order finding that SPP may begin operations as an RTO pursuant to Order No. 2000. See *Southwest Power Pool*, Docket No. RT04-1-000. The SPP RTO application is pending Commission action after the submission of initial interventions, comments and protests.

¹⁴ The First Revised Joint OATT was accepted for filing in *Xcel Energy Operating Cos.*, Docket Nos. ER99-3916-002 and EC99-101-000 (unpublished delegated letter order issued Nov. 30, 2000).

In addition to its state-regulated retail LDC services, PSCo is a Hinshaw Pipeline exempt from Commission regulation under the NGA and provides certain interstate natural gas transportation services pursuant to its limited jurisdiction certificate issued by the Commission pursuant to 18 CFR § 284.224. PSCo also occasionally makes off-system sales of natural gas in interstate commerce pursuant to its blanket certificate authority granted by 18 CFR § 284.402 in order to balance upstream supplies with generation fuel demand on a daily basis.

D. Cheyenne Light, Fuel & Power Company ("Cheyenne")

Cheyenne is a Wyoming Corporation authorized to do business in the state of Wyoming. Cheyenne is a combination electric and natural gas utility and provides retail service to approximately 37,000 electric and 30,000 natural gas customers in or near Cheyenne, Wyoming. Cheyenne owns and operates an approximately 25-mile 115 kV transmission line around the city of Cheyenne. Cheyenne is interconnected to the transmission system of the Western Area Power Administration ("Western") in the Western Interconnection, and Cheyenne is essentially a transmission dependent utility ("TDU") on the Western system. Cheyenne is presently a Transmission Provider under the Joint OATT, but no party has requested transmission service under the Joint OATT.

Cheyenne owns no electric generation, and meets 100% of its electric supply requirements through a purchased power agreement with PSCo recently filed as part of an overall settlement agreement in *Public Service Company of Colorado*, Docket No. ER03-971-000 (offer of settlement filed December 30, 2003).

Cheyenne also owns and operates a retail gas LDC system and provides retail sales and transportation services within the state of Wyoming subject to comprehensive regulation by the Wyoming Public Service Commission. In order to provide these retail services, Cheyenne transports and/or stores natural gas on non-affiliated interstate natural gas pipelines and underground storage service providers regulated by the Commission under the NGA, and on WestGas InterState, Inc. ("WGI"), presently an affiliated Transmission Provider. The upstream interstate transportation and storage services are purchased pursuant to the Gas Tariffs of the individual Transmission Providers and are regulated by the Commission under 18 CFR Part 284. Cheyenne does not make off-system sales of natural gas in interstate commerce.

In addition to its state-regulated retail LDC services, Cheyenne is a Hinshaw Pipeline exempt from Commission regulation under the Natural Gas Act and is authorized to provide certain interstate natural gas transportation services pursuant to its limited jurisdiction certificate issued by the Commission pursuant to 18 CFR § 284.224.

On January 13, 2004, Xcel Energy Inc. announced it had reached agreement to sell Cheyenne to Black Hills Corporation. Completion of the transaction is pending subject to receipt of required regulatory approvals. For purposes of this Initial Informational Filing, XES and Cheyenne assume Cheyenne will not be sold until after June 1, 2004.

E. WestGas InterState, Inc. ("WGI")

WGI is a Colorado corporation and a small interstate natural gas pipeline regulated by the Commission under the NGA. WGI owns and operates an 11-mile, 4-inch steel pipeline that connects the PSCo LDC system in Colorado to the Cheyenne LDC system in Wyoming. The firm transportation capacity on the WGI system is approximately 13,300 Dekatherms ("Dth") per day, with total transportation service revenue of approximately \$165,00 (YE 2003). The WGI facilities are operated by XES and/or PSCo operating employees in conjunction with their operation of the PSCo and Cheyenne retail LDC systems.

WGI currently provides interstate transportation service to only two customers: Cheyenne and Frontier Oil and Refining Company, a refinery located near Cheyenne, Wyoming. Cheyenne does not make any off-system sales of natural gas.

For purposes of this Initial Informational Filing, XES and WGI assume that, to the extent necessary, WGI will request and receive an exemption from application of certain aspects of the Final Rule because of WGI's small size and limited operations.

ATTACHMENT 3
State Commission Service List

Attachment 3
State Commission Service List

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