



414 Nicollet Mall  
Minneapolis, Minnesota 55401

**PUBLIC DOCUMENT  
TRADE SECRET DATA EXCISED**

October 29, 2010

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, Minnesota 55101

**---Via Electronic Filing---**

RE: PETITION  
2011 CAPITAL STRUCTURE  
DOCKET NO. E,G-002/S-10-\_\_\_\_\_

Dear Dr. Haar:

Northern States Power Company (“NSP-MN” or the “Company”) submits to the Minnesota Public Utilities Commission (the “Commission”) the enclosed 2011 Capital Structure Petition.

We submit this Petition pursuant to Minn. Stat. § 216B.49 and Minn. R. 7825.1000-7825.1500, and respectfully request the Commission to approve our proposed 2011 capital structure by January 31, 2011.

**Trade Secret Justification**

Xcel Energy Inc. does not publicly provide earnings forecasts of its operating subsidiaries, including NSP-MN. We provide this information in our 2010 and 2011 Cash Flow Statements, provided as pages 1 and 2 of Attachment M to our Petition. The designated information in these Cash Flow Statements have not been publicly released and therefore meet the requirement under Minn. Stat. § 13.37, subd. 1(b), regarding reasonable efforts to maintain secrecy. Also, the public disclosure of the designated information in these Cash Flow Statements would violate Securities and Exchange Commission Fair Disclosure Regulation. Accordingly, such information is

nonpublic under Minnesota law because it is non-public under Federal law (Minn. Stat. § 13.03, subd. 1). These Cash Flow Statements also contain “trade secret information” as defined by Minn. Stat. § 13.37, subd. 1(b), in that this information derives independent economic value to those who could obtain economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. For these reasons, we have excised this data from the public version of our filing.

Xcel Energy has electronically filed this document with the Minnesota Public Utilities Commission which, in compliance with Minn. Rule 7829.1300, subp. 2, also constitutes service on the Office of Energy Security and the Office of Attorney General-Residential Utilities Division. A Summary of the filing has been served on all persons on Xcel Energy’s miscellaneous gas and electric service list.

Please contact Allen Krug at (612) 330-6270 or [allen.d.krug@xcelenergy.com](mailto:allen.d.krug@xcelenergy.com) if you have any questions regarding this filing.

Sincerely,

/s/

GEORGE E. TYSON II  
VICE PRESIDENT AND TREASURER

Enclosures

cc: Service List

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

David Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner
Betsy Wergin	Commissioner

In the Matter of the Petition of  
Northern States Power Company  
for Approval of Capital Structure for Issuance of  
Long-Term and Short-Term Securities for 2011

Docket No. E,G-002/S-10-\_\_\_\_\_

October 29, 2010

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STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

David Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY,  
A MINNESOTA CORPORATION, FOR  
APPROVAL OF CAPITAL STRUCTURE  
FOR ISSUANCE OF LONG-TERM AND  
SHORT-TERM SECURITIES FOR 2011

DOCKET NO. E,G-002/S-10-\_\_\_\_\_

**PETITION**

**INTRODUCTION**

Northern States Power Company, a Minnesota corporation ("NSP-MN" or the "Company") submits to the Minnesota Public Utilities Commission (the "Commission") this Petition for approval of our proposed capital structure for 2011, pursuant to Minn. Stat. § 216B.49 and Minn. R. 7825.1000-7825.1500.

In summary, our Petition requests the Commission's approval to issue securities within the scope of the approved capital structure, plus contingencies. Specifically, we request:

- Approval of our proposed capital structure and total capitalization;
- Continued authorization of the ability to issue securities provided we remain within the approved capital structure;
- Continuation of flexibility to use risk management instruments to reduce the cost of capital;
- Continuation of the variance of Minn. R. 7825.1000, subp. 6 to allow the Company to treat borrowings under multi-year credit agreements as short-term debt;
- Approval to have discretion to enter into financings to replace outstanding long-term debt instruments with less expensive securities, and to enter into tax-exempt financings for pollution control construction programs; and,
- Approval of the 2011 capital structure until the Commission issues a 2012 capital structure Order.

**I. SUMMARY OF FILING**

A one-paragraph summary of the filing accompanies this Petition pursuant to Minn. R. 7829.1300, subp. 1.

**II. SERVICE ON OTHER PARTIES**

Pursuant to Minn. R. 7829.1300, subp. 2, NSP-MN has served a copy of this Petition on the Office of Energy Security and the Office of the Attorney General-Residential Utilities Division. A summary of the filing has been served on all parties on NSP-MN's miscellaneous electric and gas service lists.

**III. GENERAL FILING INFORMATION**

Pursuant to Minn. R. 7825.1400 and 7829.1300, subp. 3, the Company provides the following required information. The descriptive title of the Petition (Minn. R. 7825.1400, Part A) is set forth in the caption of this Petition, and the table of contents (Minn. R. 7825.1400, Part B) is set forth above.

**A. Name, Address, and Telephone Number of Utility**

Northern States Power Company  
a Minnesota Corporation  
414 Nicollet Mall  
Minneapolis, Minnesota 55401  
(612) 330-5500

**B. Name, Address, and Telephone Number of Utility Attorney**

James R. Denniston  
Assistant General Counsel  
Xcel Energy Services Inc.  
414 Nicollet Mall – 5<sup>th</sup> Floor  
Minneapolis, MN 55401  
(612) 215-4656

**C. Date of Filing and Date Requested Approval will Take Effect**

This Petition is being filed on October 29, 2010. NSP-MN respectfully requests approval by January 31, 2011 so that we will have authority to issue securities in 2011.

**D. Statute Controlling the Schedule for Processing the Filing**

Minn. Stat. § 216B.49 governs securities and public financings. However, no specific statute or rule explicitly sets a schedule for processing the filing.

**E. Utility Employee Responsible for Filing**

George E. Tyson, II



**PUBLIC DOCUMENT**  
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Vice President and Treasurer  
Xcel Energy Services Inc.  
414 Nicollet Mall – 4<sup>th</sup> Floor  
Minneapolis, Minnesota 55401  
(612) 215-4627

Provided as Attachment A to this filing is an affidavit by George E. Tyson, II, Vice President and Treasurer, attesting to the accuracy and completeness of the Petition and all attached exhibits.

#### **IV. DESCRIPTION OF FILING AND BASIS FOR REQUEST**

##### **A. Background**

The Commission authorized the current NSP-MN capital structure in their January 15, 2010 ORDER IN THE MATTER OF NORTHERN STATES POWER COMPANY'S REQUEST FOR APPROVAL OF ITS 2010 CAPITAL STRUCTURE PRIOR TO ISSUING SECURITIES in Docket No. E,G-002/S-09-1161, as supplemented by the January 28, 2010, ERRATUM NOTICE (collectively, the "2010 Cap Structure Order"), specifically providing:

- Approval of the 2010 capital structure until the Commission issues a 2011 capital structure order;
- An equity ratio of 51.1 percent and a contingency range of  $\pm 10$  percent, which provided a range of 45.99 percent to 56.21 percent;
- Issuance of short-term debt not to exceed 15 percent of total capitalization at any time while the 2010 capital structure is in effect;
- Total capitalization that would not exceed \$7,500 million (including a capitalization contingency of \$487 million);
- Continuation of the variance to enter into and use multi-year credit agreements and issue associated notes;
- Flexibility to issue securities provided that the Company remains within the contingency ranges or does not exceed them for more than 60 days; and,
- Flexibility to use risk management instruments that qualify for hedge accounting treatment under SFAS No. 815.

We note that, as of September 30, 2010, we are in compliance with the 2010 Cap Structure Order, as follows:

- *Total capitalization*: \$6,834 million, within the approved limit of \$7,500 million;
- *Short-term debt balance*: \$0 million, within the approved limit of up to 15 percent of total capitalization;
- *Equity ratio*: 51.2 percent, within the approved range of 45.99 percent to 56.21 percent.

Our 2011 Capital Structure Petition provides the information required by Minn. R. 7825.1000-7825.1500, as well as previous Commission Orders, as detailed in Section IV.D of this Petition. We have additionally incorporated as Attachment N to this Petition, the guidance the Commission provided to Minnesota Power in their March 29, 2010, and September 1, 2010 Orders (the “March 2010 MP Order” and “September 2010 MP Order” respectively, or collectively, the “Minnesota Power Capital Structure Orders”) in Docket No. E-015/S-09-1233, as follows:

- A schedule comparing its actual capital investments in 2010 with the capital investments detailed in its 2010 filing;<sup>1</sup> and
- The Company’s investment plans for at least the next five years.<sup>2</sup>

**B. Proposed 2011 Capital Structure and Request for Variance**

We request that the Commission approve the following, which we further outline in this Section:

- Total capitalization of \$8,100 million, including a contingency of \$439 million;
- An equity ratio of 52.1 percent with a contingency range of  $\pm 10$  percent;
- The ability to issue short-term debt not to exceed 15 percent of total capitalization;
- Continuation of the variance permitting us to enter into and use multi-year credit agreements and issue associated notes, and to consider any direct borrowings as short-term debt for approved capital structure purposes;
- Flexibility to issue securities provided that the Company remains within the contingency ranges or does not exceed them for more than 60 days;
- Continued flexibility to issue long-term debt, provided we remain within the limits approved for the short-term debt and equity ratios, as well as within the total capitalization limit;
- Flexibility to use risk management instruments that qualify for hedge accounting treatment;
- Approval to have discretion to enter into financings to replace outstanding long-term debt instruments with less expensive securities, and to enter into tax-exempt financings for pollution control construction programs; and,
- Approval of the 2011 capital structure until the Commission issues a 2012 capital structure Order.

*1. Total Capitalization*

We request the Commission to approve a total 2011 capitalization of \$8,100 million, which we detail in Attachment B to this Petition. Excluding a contingency of \$439 million, our projected 2011 base capitalization is \$7,661 million.

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<sup>1</sup> March 2010 MP Order, Order point 10, page 6.

<sup>2</sup> September 2010 MP Order, Order point 3, page 2.

Our requested capitalization of \$8,100 million reflects significant increased construction and infrastructure development underway on our system investment and spending for our utility system in 2011, including major capital investments for NSP-MN-owned wind development, nuclear fuel, generation capacity increases and life extensions, and large transmission projects. As we invest in this needed utility infrastructure, we continue to balance equity from our parent, Xcel Energy Inc., with debt, to maintain appropriate debt and equity ratios for regulatory and credit rating agency purposes.

In addition to the above major investments, we plan to issue short-term debt to provide funds for the Company's utility operations, investments in the utility money pool,<sup>3</sup> and loans to Northern States Power Company – Wisconsin ("NSP-WI") and the Company's wholly-owned subsidiary NSP Nuclear Corporation.<sup>4</sup>

Our proposed total capitalization consists of short-term debt, including multi-year credit agreements and associated notes, long-term debt, and equity, which we discuss below:

a. Short-term debt

As with previous Capital Structure Petitions, we request a capital structure with no more than 15 percent of the total capitalization as short-term debt or debt issued under a multi-year credit agreement. We note that short-term debt may take the form of commercial paper, borrowings through the utility money pool, borrowings that mature in one year or less, and direct borrowings under a 364-day credit agreement.

In addition to these traditional short-term debt instruments, in this Petition, we also request the inclusion of direct borrowings under a multi-year credit agreement as short-term debt. We provide additional description of multi-year credit agreements as Attachment C, as well as the current use of multi-year credit facilities as required by the 2010 Capital Structure Order.

Minn. R. 7825.1000 subp. 6 defines short-term securities as an:

...unsecured security with a date of maturity no more than one year from the date of issuance; and containing no provisions for automatic renewal or 'rollover' at the option of either the obligee or obligor.

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<sup>3</sup> Order points 1 and 2, July 9, 2004 ORDER IN THE MATTER OF A REQUEST BY NORTHERN STATES POWER COMPANY D/B/A XCEL ENERGY FOR APPROVAL OF AN AFFILIATED INTEREST CONTRACT, Docket No. E,G-002/AI-04-100.

<sup>4</sup> NSP Nuclear Corporation is the holding company of the Nuclear Management Company.

Minn. R. 7825.1300, however, permits the Commission to issue a capital structure Order that allows the utility to freely issue short-term debt, provided the overall terms of the Commission's Order are met. We recognize that a reasonable reading of these rules would require a variance to allow us to treat direct borrowings under multi-year credit agreements as short-term debt. We outline our request for a continued variance to use multi-year credit facilities in Section IV.H of this Petition.

b. Long-term debt

We request authority to issue long-term debt provided that we remain within the approved short-term debt and equity ratios, as well as within the total capitalization limit. Our forecast year-end 2011 long-term debt ratio is 47.5 percent, and note that we may issue long-term debt for the purposes discussed in Section V.A. below.

While we also address multi-year credit agreements in the short-term debt section above (II.1.a), with this Petition, we also request continued authorization to capture any direct borrowings under multi-year credit facilities in the short-term debt authorization of up to 15 percent of total capitalization for the purposes of this Petition.<sup>5</sup>

We note that the Company entered into a \$500 million multi-year credit facility in December 2006 that will terminate in December 2011.<sup>6</sup> We intend to begin the re-syndication process in the first quarter of 2011, and will file our new executed credit agreement with the Commission consistent with the May 2009 Order.

c. Equity

In 2011, NSP-MN expects total equity infusions from Xcel Energy Inc. of approximately \$190 million to maintain the Company's proposed equity ratio of 52.1 percent with a contingency range of  $\pm 10$  percent.

In summary, we request the flexibility to issue equity, long- and short-term debt securities provided that we remain within the approved total capitalization and short-term debt and equity ranges, or do not exceed them for a period of more than 60 days. We outline our request for flexibility in greater detail in Section IV.G below.

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<sup>5</sup> Order point 1.c, March 15, 2005 ORDER APPROVING 2005 CAPITAL STRUCTURE, Docket No. E, G002/S-04-1794 (the "March 15, 2005 Order")

<sup>6</sup> While the facility is intended as backup for our commercial paper program, we may need to make direct borrowings under the facility if the commercial paper markets are closed. In September 2008, Lehman Brothers Holdings, Inc., the parent company of Lehman Brothers Bank FSB, one of the supporting lenders in the Company's credit facility, filed for bankruptcy. The loss of Lehman credit support of \$18 million has not affected the Company's liquidity. We continue to monitor the market and financial condition of other banks in the credit facility.

In addition, we clarify that our proposed capital structure is limited to the Minnesota operating utility, and the following wholly-owned, first-tier subsidiaries:

- United Power & Land Company (“UP&L”), which owns real estate (primarily land).
- NSP Nuclear Corporation.

### **C. Common Equity Range**

NSP-MN’s common equity ratio has been very stable during the past several years. We will continue to monitor the capital structure and project that the year-end 2011 consolidated equity ratio will be 52.1 percent.

During 2011, we request a range of  $\pm 10$  percent around the common equity ratio of 52.1 percent, resulting in an equity range of 46.9 percent to 57.3 percent. The  $\pm 10$  percent will allow us the flexibility needed to manage the capital structure and financing plans, and will provide us with the ability to meet unanticipated events including weaker economic conditions, major plant repairs, refinancings (for example, when two bond issues are temporarily outstanding at the same time during a refinancing), variation of actual events from forecast, and other similar events that would affect the Company’s financing needs. Our proposed range is similar to that approved by the Commission in the 2010 Cap Structure Order.

### **D. Filing Requirements Compliance**

In this section, we demonstrate compliance with applicable Commission Rules, as well as previous Commission Orders that specify future Capital Structure filing requirements, as follows:

#### *1. Commission Rule Requirements*

We provide the information required by Minn R. 7825.1300-7825.1400 in Section V below.

#### *2. Commission Order Requirements*

As noted above, the Commission has established future Capital Structure filing requirements in their previous Orders, which we outline below:

##### *a. May 12, 2009 Order*

The Commission’s May 12, 2009 ORDER AUGMENTING INFORMATION REQUIRED IN CONNECTION WITH SECURITIES ISSUANCES AND ANNUAL CAPITAL STRUCTURE FILINGS in Docket No. E, G-999/CI-08-1416 (“May 2009 Order”) requires the following:

- An exhibit providing a general projection of capital needs, projected expenditures, anticipated sources, and anticipated timing of securities offerings, which we provide as Attachments H, M and N to this filing.

- A report of actual issuances and uses of the funds from the prior year,<sup>7</sup> which we provide in Section V.G. and Attachment I of this Petition.

b. 2010 Cap Structure Order

The 2010 Cap Structure Order accepted the Attachment H filed in the Docket, but directed NSP-MN to provide the following in its future filings, which we provide as Attachment N to this filing:

- Develop and submit a schedule showing, for various time periods, the planned investments for each project; and
- To the extent feasible, identify the specific projects or purposes for which securities are proposed to be issued.

**E. Contingency Amounts**

As outlined in Section IV.B.1 above, our proposed total capitalization includes a contingency amount of \$439 million. This contingency allows necessary flexibility in our funding of utility construction and unforeseen business or financial conditions that might develop during the year. In addition, the contingency is needed because during a refinancing, both the new and old debt issues may be outstanding temporarily beyond the 60-day window that the Company is normally provided.

We believe our proposal, including contingency, restricts the amount of capital that may be raised by the Company to a reasonable amount in relation to the Company's existing total capital structure and business needs, while adequately addressing the probability of unforeseen events.

**F. Risk-Management Instruments**

We request continued permission to use risk-management instruments, when appropriate, to provide an economically-efficient means of managing price, duration or interest rate risk on securities. Risk-management instruments help manage financing costs that impact our customers. We will only consider those risk-management instruments that qualify for hedge accounting treatment. Examples of risk-management instruments include, but are not limited to, U.S. Treasury locks and interest rate swaps.

We may use these instruments to reduce our cost of debt capital by hedging the effective interest rate for a long-term debt issuance when interest rates are at economically attractive levels, or by establishing a lower effective interest cost for an existing fixed-rate bond. Our use of risk-management instruments would be

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<sup>7</sup> As set forth in Ordering Paragraph Number 3 of the May 2009 Order, this required report is for information purposes only and need not cover short-term, recurring security issuances.

consistent with the overall Xcel Energy Inc. corporate risk-management policy and required officer approvals, which also applies to NSP-MN. We would report on our use of any risk-management instruments, and the economic effect of those instruments, in our next annual capital structure filing.

In summary, we request continued flexibility to use risk-management instruments for future debt transactions, or as opportunities arise. We believe these tools offer benefits for our customers, and that sufficient oversight exists both internally and through the regulatory approval process for our capital structure filings to ensure that use of the instruments is appropriate.

**G. Financing Flexibility**

The 2010 Cap Structure Order provides for the issuance of securities that may not be specifically forecasted in this Petition, provided that the Company remains within the capital structure ratio parameters set forth in that Order. We request the Commission to continue this financing flexibility for 2011. We believe the overall limits placed on our capital structure through the regulatory process ensure that our overall structure remains in reasonable balance,<sup>8</sup> and that this flexibility provides us the opportunity to capture the benefits of favorable market conditions or new financial products, which benefits both customers and the Company.

**H. Variance Request – Multi-Year Credit Agreements**

As outlined in Section II.B.1.a above, we request a continued variance from the Minn. R. 7825.1000, subp. 6 for authority to allow us to treat direct borrowings under multi-year credit agreements as short-term debt. The Commission Rules provide a three-part test for variances under Minn. R. 7829.3200. This test provides and is satisfied as follows:

1. *Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule*

As discussed in Attachment C, our request involves the use of a multi-year credit facility as if it were short-term debt. If not allowed, the burden is that such direct borrowings under a multi-year credit facility would not be available, unless the Commission allows greater flexibility with regard to long-term debt. Because the purposes and manner in which these will be used resemble traditional use of short-term securities, we believe these should be counted with the short-term debt pursuant to the 15 percent limit. Without the ability to use these facilities, an additional burden may be an unfavorable reaction by credit rating agencies that view these as enhanced

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<sup>8</sup> For example, the equity ratio limits ensure that our overall capital structure does not move outside of a reasonable range throughout the year.

liquidity structures and fewer financing options that could lead to increased financing costs and fees.

2. *Granting the variance would not adversely affect the public interest*

The Commission retains oversight of these types of issues through annual capital structure filings, the 15 percent limit, the equity ratio, and the equity ratio ranges. These parameters assure that the Company will continue to have a capital structure that meets the public interest. These instruments allow us to lock in liquidity and fee structures for several years, which is also in the public interest.

3. *Granting the variance would not conflict with standards imposed by law.*

This variance would not conflict with law. We believe the continued granting of the variance is appropriate. Because the intended use of such facilities is to meet short-term funding requirements, we believe that the granting of this variance offers the most direct and consistent way of addressing this issue.<sup>9</sup>

**V. SPECIFIC FILING REQUIREMENTS**

The Company provides the following information in accordance with the specific requirements of Minn. R. 7825.1300 and 7825.1400.

**A. The purpose for which any securities are to be issued. (Minn. R. 7825.1400, Part F)**

Any debt or equity proceeds may be used to finance part of NSP-MN'S 2011 construction program, which is currently estimated at approximately \$1.2 billion. Debt or equity may also be used to redeem the Company's short-term debt, fund maturities of or refinance higher coupon long-term debt, invest in the utility money pool, supply the Company's working capital requirements, and for other corporate purposes. As also noted in Section IV.B., proceeds may be used to make short-term loans to NSP-WI for financing construction expenditures or for other proper NSP-WI corporate utility purposes, as well as to make short-term loans to NSP Nuclear Corporation.

**B. Copies of resolutions by the directors and shareholders. (Minn. R. 7825.1400, Part G)**

We provide a copy of the certified resolutions since the Company's prior capital structure Petition as Attachment D to this filing. For prior resolutions, please see previous years' capital structure Petitions.

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<sup>9</sup> We note, however, that authorization of use of these multi-year facilities could also be accomplished without a variance either by providing additional flexibility in long-term debt or by including a specific Order point that allows these instruments to be used.



**C. A statement as to whether, at the time of filing of the petition, the petitioner knows of any person who is an “affiliated interest” within the meaning of Minn. Stat. § 216B.48, subd. 1, who has received or is entitled to receive a fee for services in connection with the negotiations or consummation of the issuance of the securities, or for services in securing underwriters, sellers, or purchasers of the securities. (Minn. R. 7825.1400, Part H)**

On July 9, 2004, the Commission issued its ORDER IN THE MATTER OF A REQUEST BY NORTHERN STATES POWER COMPANY D/B/A XCEL ENERGY FOR APPROVAL OF AN AFFILIATED INTEREST CONTRACT in Docket No. E,G-002/AI-04-100 approving the Company’s participation in a Utility Money Pool. That Order also required that the Company provide a report in its capital structure filings summarizing activity in the Utility Money Pool. We provide the required report as Attachment E, which covers activity from September 2009 through August 2010.

We are not currently aware of any other person who is an “affiliated interest” within the meaning of Minn. Stat. § 216B.48 (2000), who has received or will be entitled to receive any fee for services in connection with the negotiations involving, or consummation of, the issuance of any securities contemplated in this Petition.

**D. A signed copy of the opinion of counsel in respect to the legality of the issue or assumption of liability. (Minn. R. 7825.1400, Part I)**

We provide this information as Attachment F to this Petition.

**E. A balance sheet dated no earlier than six months prior to the date of the petition together with an income statement and statement of changes in financial position covering the 12 months then ended. When the petitions include long-term securities, such statements shall show the effects of the issuance on such balance sheet and income statement. (Minn R. 7825.1400, Part J)**

We provide this information as Attachment G to this filing, which has the following three parts:

Part 1 - Balance Sheet as of June 30, 2010

Part 2 - Income Statement - For the 12-Month Period Ended June 30, 2010

Part 3 - Statement of Cash Flows - For the 12-Month Period Ended June 30, 2010

**F. A description of the security or securities to be issued. (Minn. R. 7825.1400, Part K)**

Securities that may be issued, depending on market conditions or the Company’s ability to refinance existing securities, are as follows:

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- Secured debt (First Mortgage bonds) or unsecured long-term debt;
- Common equity issued to Xcel Energy Inc;
- Guaranty agreements to guarantee the performance of the Company with respect to pollution control, resource recovery facility financing, and industrial development bond agreements and debentures;
- Mandatorily redeemable preferred securities of a subsidiary trust, partnership or limited-liability company;
- Preferred stock or preference stock; and,
- Unsecured notes, letters of credit, short-term debt, or notes or loans under 364-day or multi-year credit facilities (either domestic or foreign). These securities may be fixed rate, variable rate or have provisions to change rates or maturities or both.

We highlight the specific financing assumptions we included in this capital structure Petition:

- Equity infusions from Xcel Energy Inc. of approximately \$190 million in 2011 to manage the targeted capital structure;
- Commercial paper, utility money pool loans or any borrowings that mature in less than one year (including notes that were issued under the 364-day revolving credit facility) will be considered short-term debt under GAAP and will be authorized under the 15 percent of capitalization limit;
- Unsecured promissory notes to commercial banks or other entities with interest and principal payable on designated dates or on the date of prepayment. The Company may issue these notes under credit agreements that may be 364-day or multi-year agreements. As stated earlier, direct borrowings issued as notes under a multi-year facility will technically mature when the credit facility expires, which is greater than one year, and could be considered long-term debt for GAAP financial reporting purposes.

We will capture direct borrowings under a multi-year revolving credit facility in the short-term debt authorization of up to 15 percent of total capitalization for the purposes of this Petition (as authorized in the March 15, 2005 Order). We plan to enter into a multi-year credit agreement during 2011, as the current credit agreement expires December 14, 2011.

- There are no debt maturities in the remainder of 2010; \$175 million 4.75 percent First Mortgage Bonds (“FMB”) matured August 1, 2010.
- On August 11, 2010, the Company issued \$500 million FMB in two tranches; (1) \$250 million 1.95 percent due 8/15/2015; and, (2) \$250 million 4.85 percent due 8/15/2040.

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**TRADE SECRET DATA HAS BEEN REMOVED**

- We anticipate issuing \$300 million of long-term debt in 2011. The proceeds of this new debt issuance will be used toward repayment of maturing short-term debt, to fund the Company's construction program, and for other general corporate purposes. In addition, we request authority to issue long-term debt as described in this Petition.

In addition, as outlined in this Petition, we may use risk management instruments, which may include but are not limited to U.S. Treasury locks and interest rate swaps. Ongoing, we will continue to investigate:

- Replacing certain outstanding long-term debt instruments with less expensive securities. Any re-financings will be dependent upon market conditions.
- The availability of tax-exempt financings for pollution control construction programs.

NSP-MN requests the ability to enter into these types of financings in the future, if applicable. Any proceeds from industrial development bonds issued by a municipality or county to provide funds for pollution control equipment will be used to pay for, or reimburse the Company for payment of, the costs for the construction of certain air and water pollution control facilities, or solid waste disposal facilities, or the redemption of outstanding tax-exempt issues used for those purposes.

Attachment H lists the financing assumptions included in this capital structure Petition, including the amounts and expected timing of new long term debt issuances, equity infusions from our parent, and bond retirements.

**G. An estimate of interest or dividend costs and a description of any anticipated terms or indenture provisions. (Minn. R. 7825.1400, Part L)**

We currently estimate that interest rates on long-term bonds for 2011 could range from 4.75 percent to 6.0 percent, with the best estimate of that cost being around 5.00 percent. This estimate is based on forecasted interest rates for long-term bonds and NSP-MN's current credit ratings.

To manage interest costs on new debt issues, we may enter into interest rate hedging mechanisms. Currently the ratings for the Company's senior secured debt are A1 by Moody's, A by S&P and A+ by Fitch. The Company's last rating change occurred in June 2010, when S&P raised the Company's corporate rating to A- from BBB+ and raised our senior unsecured rating to A- from BBB+.

Our current first mortgage bonds are governed by a Supplemental and Restated Trust Indenture (the "Restated Indenture") dated May 1, 1988

between the Company and the Trustee, The Bank Of New York Mellon Trust Company N.A., as supplemented by various supplemental trust indentures (collectively, the “Trust Indenture”).<sup>10</sup> The Trust Indenture includes any prior supplemental trust indentures that include restrictions on all outstanding Company first mortgage bonds are incorporated by reference.

New first mortgage bonds, when issued, will be secured equally and ratably, except as to sinking fund provisions,<sup>11</sup> with all of the Company’s other first mortgage bonds, by a first mortgage lien on all of the real and fixed properties, lease-hold rights, franchises and permits then owned by the Company. Supplemental indentures pertaining to new bonds are not expected to contain any additional restrictive provisions.

As noted earlier, on August 11, 2010, NSP-MN issued \$500 million in two \$250 million tranches: (1) 1.950 percent due August 15, 2015; and, (2) 4.850 percent due August 15, 2040. The Supplemental Indenture and Prospectus Supplement for this offering are included under Attachment I. There were no hedges associated with this transaction.

**H. Articles of Incorporation. (Minn. R. 7825.1400, Part M)**

We provide as Attachment J to this filing, the Company’s Articles of Incorporation dated March 8, 2000 and Amended Articles of Incorporation dated August 21, 2000.

**I. Required Exhibits. (Minn. R. 7825.1400, Part N)**

We provide the following information in Attachment K in response to these Rule requirements:

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<sup>10</sup> Which Restated Indenture supplements and restates the Indenture dated February 1, 1937

<sup>11</sup> A sinking fund is a fund established to retire debt before maturity

**PUBLIC DOCUMENT**  
**TRADE SECRET DATA HAS BEEN REMOVED**

<b><u>Requirement</u></b>	<b><u>Attachment</u></b>
1. The amount and kinds of stock authorized.	K(1)
2. The terms of preference of Preferred Stock.	K(2)
3. A brief description of each security agreement authorized to be secured thereby, and amount of indebtedness actually secured, together with any sinking fund provisions.	K(3)
4. The amount of bonds authorized and issued that exceed one percent of total debt giving the name of the public utility which issued same, describing each class separately.	K(4)
5. Each note outstanding with a maturity of more than one year and which exceeds one percent of total debt.	K(5)
6. Other indebtedness with a maturity of more than one year.	K(5)
7. The rate and amount of dividends paid during the five previous fiscal years.	K(6)

**J. A statement of the manner in which such securities will be issued. (Minn. R. 7825.1400, Part O)**

We will generally issue securities generally by negotiated or competitively bid underwritings or private offerings. Short-term debt issued pursuant to a 364-day or multi-year credit agreement will be issued to the lenders participating in such credit agreement in accordance with the terms thereof. Any common equity would be issued directly to Xcel Energy Inc.

We may issue securities by competitive bid; however, most transactions are issued on a negotiated basis.

We use negotiated underwriting in the event of volatile market conditions or when we need the most timing flexibility, because the underwriter of a negotiated issue has identified a pool of potential customers in advance of the sale date of the securities and is able to accelerate or postpone an issue date to a favorable time. Competitively bid underwritings, by contrast, proceed quickly and the timing is almost never altered.

**PUBLIC DOCUMENT**  
**TRADE SECRET DATA HAS BEEN REMOVED**

Once it has submitted a competitive bid, the underwriter is subject to significant inventory risk during times of unsettled market conditions. The underwriter in competitive bids must recover compensation for this risk. With negotiation, underwriters, purchasers, or agents can offer lower costs to the Company during volatile market conditions because they have lower risk. Finally, negotiated transactions are priced on real-time market data so essentially they reflect competitive investments.

We provide a further description of the factors affecting the decision to use either competitive bidding or negotiated sales is included as Attachment L to this filing.

**K. A copy of each plan, offer, or agreement for the reorganization or readjustment of indebtedness or capitalization or for the retirement or exchange of securities. (Minn. R. 7825.1400, Part P)**

We have no such plan, offer, or agreement.

**L. Other regulatory filings. (Minn. R. 7825.1400, Part Q)**

There are no such items referenced in this filing.

**M. Such additional information that the staff or Commission may require in a particular case. (Minn. R. 7825.1400, Part R)**

We demonstrate our compliance with the Commission's requirements in Exhibit A to this filing, along with the discussion above in Section IV.A., relating to the Minnesota Power Capital Structure Orders, and in Section IV.D.2 relating to the May 2009 Order and the 2010 Cap Structure Order.

**N. A statement of cash flow, by month, showing the most recent available 21 months actual data and forecasted data to the end of 2010. (Minn. R. 7825.1300, Part C)**

We provide as Attachment M to this filing, a statement of First Quarter 2010 and Second Quarter 2010 cash flow showing the actual data for the most recent six months and forecast data for eighteen months to the end of 2010. The last six months of 2010 and the 2011 monthly cash flow information is contained in Attachment M, pages 1 and 2, which we note we have designated as Trade Secret.

**O. A descriptive summary of the assumptions made in the development of the statement of cash flow in Attachment M. (Minn. R. 7825.1300, Part B)**

Monthly cash requirements are based upon actual results for year-to-date June 2010, and upon forecast results for the remaining months of 2010 and for calendar year 2011. We note that we include cash flow statements in our SEC filings on a quarterly

basis. As of the date of this filing, the most recent actual cash flow data available was for the six months ended June 30, 2010.

- NSP-MN issued \$500 million of long-term debt in the third quarter of 2010.
- NSP-MN plans to issue new long-term debt of \$300 million in the third quarter of 2011. The size could change depending on market conditions and funding requirements at the time.
- In 2011, NSP-MN expects to receive approximately \$190 million through equity infusions from Xcel Energy Inc.
- Capital expenditures are forecast to be approximately \$1.2 billion in 2011, and are nearly constant over the twelve months.
- Short-term debt balances may include commercial paper, utility money pool loans, borrowings that mature in one year or less, or direct borrowings under a 364-day or multi-year credit agreement.
- Short-term loans to NSP-WI are for the purpose of funding its construction program and working capital requirements.

## **VI. OVERVIEW OF THE COMPANY INVESTMENTS**

We provide as Attachment N to this filing, an overview of what major capital investment projects are planned, for which funds are needed.<sup>12</sup> As discussed above, we note that the May 2009 Order was in response to a Notice seeking comments in Docket No. E,G-999/CI-08-1416. That proceeding addressed possible changes to the Commission's practice of enforcing Minn. Stat. § 216B.49. In particular, the Commission raised a concern regarding the level of explanation provided by utilities regarding how it plans to use the funds it receives through the issuance of securities and how it would obtain those funds.

## **VII. MISCELLANEOUS INFORMATION**

### **A. Trade Secret Designation**

Xcel Energy Inc. does not publicly provide earnings forecasts of its operating subsidiaries, including NSP-MN. We provide this 2010 and 2011 Cash Flow Statement information as pages 1 and 2 of Attachment M to our Petition. The designated information in these Cash Flow Statements have not been publicly released, and therefore meet the requirement under Minn. Stat. § 13.37, subd. 1(b), regarding reasonable efforts to maintain secrecy. Also, the public disclosure of the designated information in these Cash Flow Statements would violate Securities and Exchange Commission Fair Disclosure Regulation. Accordingly, such information is

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<sup>12</sup> As set forth above, the May 2009 Order, the 2010 Capital Structure Order, and the Minnesota Power Capital Structure Orders provided specific filing requirements.

**PUBLIC DOCUMENT**  
**TRADE SECRET DATA HAS BEEN REMOVED**

nonpublic under Minnesota law because it is non-public under Federal law (Minn. Stat. § 13.03, subd. 1).

These Cash Flow Statements also contain “trade secret information” as defined by Minn. Stat. § 13.37, subd. 1(b), in that this information derives independent economic value to those who could obtain economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use. For these reasons, we have excised this data from the public version of our filing.

**B. Service List**

Pursuant to Minn. R. 7829.0700, we request that the following persons be placed on the Commission’s official service, and that any Information Requests be directed to:

James R. Denniston  
Assistant General Counsel  
Northern States Power Company  
Xcel Energy Services Inc.  
414 Nicollet Mall – 5<sup>th</sup> Floor  
Minneapolis, Minnesota 55401

SaGonna Thompson  
Records Specialist  
Northern States Power Company  
Xcel Energy Services Inc.  
414 Nicollet Mall – 7<sup>th</sup> Floor  
Minneapolis, Minnesota 55401

**CONCLUSION**

We believe that our proposed requests in this Petition regarding capitalization, contingencies, and flexibility represent a reasonable request based on our 2011 forecast capital structure and financing needs in the absence of unforeseen circumstances. We believe our requested contingencies and flexibility will provide the Company with adequate resources and the ability to take advantage of the best market opportunities available. The Company requests approval from the Commission of its proposed 2011 capital structure, and related issuances of securities by January 31, 2011.

Dated: October 29, 2010

Northern States Power Company  
a Minnesota corporation

RESPECTFULLY SUBMITTED,

/s/

By: \_\_\_\_\_

George E. Tyson, II  
Vice President and Treasurer



STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

David Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY,  
A MINNESOTA CORPORATION, FOR  
APPROVAL OF CAPITAL STRUCTURE  
FOR ISSUANCE OF LONG-TERM AND  
SHORT-TERM SECURITIES FOR 2011

DOCKET NO. E,G-002/S-10-\_\_\_\_\_

**PETITION**

**SUMMARY OF FILING**

Please take notice that on October 29, 2010, Northern States Power Company (referred to herein as “the Company” or “NSP-MN”) filed with the Minnesota Public Utilities Commission (the “Commission”) a petition for approval of its proposed consolidated capital structure for 2011. NSP-MN is seeking approval of a consolidated common equity ratio of 52.1 percent with a contingency window of  $\pm 10$  percent (i.e., an equity ratio range of 46.9 percent to 57.3 percent). NSP-MN is also seeking approval of total capitalization not to exceed \$8,100 million, including a contingency reserve of \$439 million. The Company requests authorization to make one or more issues of securities with the provision that these parameters will not be exceeded for more than 60 days without notifying the Commission. The Petition is filed pursuant to Minn. Stat. § 216B.49 and Minn. R. 7825.1000 through 7825.1500. In addition, the filing addresses the Company’s request to maintain financing flexibility and its intention to use risk management instruments to manage the cost of NSP-MN’s debt. The Company respectfully requests approval of this Petition by January 31, 2010.

**Exhibit A**

The following information is provided based upon previous Commission Orders.

In the Commission's Order of January 9, 1991, approving a capital structure petition by Former (pre-merger) NSP, the Commission required the next filing to include information about securities issued in the year covered by the filing. The following describes securities that have been issued or redeemed thus far during 2010:

*Description of the actual securities issued/ redeemed to date in 2010:*

The Company issued first mortgage bonds during the third quarter.

On August 11, 2010, the Company issued a total of \$500 million first mortgage bonds in two \$250 million tranches: (1) a 5-year maturity; and (2) a 30-year maturity. The \$250 million 5-year bonds have an interest rate of 1.95 percent and the \$250 million 30-year bonds have an interest rate of 4.85 percent.

As of June 30, 2010 total equity infusions were approximately \$200 million since the beginning of the year.

The Company has a multi-year credit facility, which became effective in December of 2006. This replaced the prior \$375 million credit agreement entered into in April 2005. The credit facility may either be used for direct borrowings or as backup for the commercial paper program. The commercial paper program provides for favorable short-term borrowing costs for the company through a larger investment base and increased borrowing flexibility. As of June 30, 2010 the Company had approximately \$45 million outstanding commercial paper and no direct borrowings. There was also short-term debt of approximately \$60 million in loans from the utility money pool.

On August 1, 2010 \$175 million senior notes matured. The Company used commercial paper and short-term loans from the utility money pool to meet this maturity. This short term debt was subsequently repaid with some of the proceeds of the \$500 million first mortgage bond described above.

*Description of securities that will or may be issued/ redeemed between date of this petition and December 31, 2010.*

The Company does not plan to issue any additional long-term debt during the 4<sup>th</sup> quarter.

The Company expects to receive equity infusions of approximately \$125 million in the second half of 2010.

*Description of the issuance method proposed for each security offering, including a thorough explanation for any issuance where the Company does not propose to use competitive bidding procedures.*

The method to be selected should be determined by market conditions close to the time of issuance, the flexibility desired by the company, and also by the kind and terms of security as described previously in Section V.J. and Attachment L.

We continue to comply with the provisions of the January 13, 2003 ORDER APPROVING CAPITAL STRUCTURE WITH LIMITATIONS, Docket No. E,G002/S-021907 (incorporating items from an October 22, 2002 ORDER IN THE MATTER OF AN INQUIRY INTO POSSIBLE EFFECTS OF FINANCIAL DIFFICULTIES AT NRG AND XCEL ON NSP AND ITS CUSTOMERS AND POTENTIAL MITIGATION MEASURES).<sup>1</sup> Specifically, the Company:

- continues to file capital structure petitions annually;
- provides more specific explanations of the purpose for the security issuances instead of only providing that the funds will be used for “general corporate purposes;”
- addresses, as part of an annual capital structure or securities issuance filings, the appropriate cost of capital to apply to the filings for the next 12 months. The appropriate cost of capital the Company proposes to use in investment analysis filings for the next 12 months is the last Commission-approved cost of capital of 7.53 percent from the Company’s last electric rate case, Docket No. E002/GR-08-1065. The Commission-approved cost of capital from the Company’s last gas rate case is 6.99 percent, Docket No. G002/GR-06-1429;
- has not encumbered utility property in Minnesota for purposes other than operating the utility; and
- does not make inter-company loans to Xcel Energy Inc. The Company has complied with this provision and has been prohibited from extending loans to Xcel Energy through the Utility Money Pool approved by this Commission and the FERC.

<sup>1</sup>Because NRG is no longer an affiliate of Xcel Energy or the Company, references to NRG as an affiliate have been deleted.

## **NORTHERN STATES POWER COMPANY**

### **2011 Capital Structure Petition List of Attachments**

#### Exhibit

A	Information per Previous Commission Orders
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#### Attachment

A	Attestation
B	Proposed 2011 Capital Structure
C	Report on Use of Multi-Year Credit Agreements
D	Certified Board Resolutions
E	Utility Money Pool Report
F	Opinion of Counsel
G	Financial Statements
H	Summary of 2011 Financing Assumptions
I	1. Supplemental Indenture 2. \$250M 1.95% FMB due 8/15/15, \$250M 4.85% FMB due 8/15/40 Prospectus Supplement 3. Report on Derivatives
J	Articles of Incorporation
K	Securities Authorization
L	Competitive and Negotiated Sales
M	Monthly Cash Flow Statement
N	Capital Expenditure Review

ATTESTATION

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF HENNEPIN )

George E. Tyson, II, Vice President and Treasurer, being first duly sworn, on oath deposes and says:

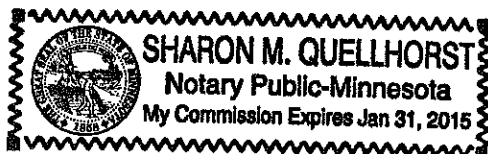
That he has read the foregoing petition and is familiar with the contents thereof and that all statements contained therein are accurate and complete to the best of his knowledge and belief.

Dated this 27<sup>th</sup> day of October 2010.

George E. Tyson, II  
George E. Tyson, II  
Vice President and Treasurer

Subscribed and sworn to before me this 29<sup>th</sup> day of October 2010.

Sharon M. Quellhorst  
Notary Public



**NORTHERN STATES POWER COMPANY**  
**CONSOLIDATED**  
**Capital Structure Forecast**  
*(\$Millions of Dollars)*

	<b>June 30, 2010 Actual : Form 10Q</b>		<b>Dec 31, 2010 Forecast*</b>		<b>Dec 31, 2011 Forecast *</b>		<b>2011 Maximum</b>	
Common Equity	3,445	52.5%	3,659	51.5%	3,990	52.1%	4,003	50.9%
Short-Term Debt **	105	1.6%	106	1.5%	32	0.4%	230	2.9%
Borrowings Under 5-Year Credit Facility ***	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Short-term Debt	105	1.6%	106	1.5%	32	0.4%	230	2.9%
Long-Term Debt	3,014	45.9%	3,338	47.0%	3,639	47.5%	3,639	46.2%
Total Capitalization	6,564	100.0%	7,103	100.0%	7,661	100.0%	7,872	100.0%
2010 Contingency					439		228	
<b>Total Capitalization with Contingency</b>					<b>8,100</b>		<b>8,100</b>	

\* This represents the Company's best estimated capital structure

\*\* May include commercial paper or borrowings from the utility money pool.

\*\*\* Although these borrowings are considered long-term for GAAP purposes, for regulatory purposes they are considered short-term and included in the 15% requested limit. No direct borrowings are forecast.

## **NSPMN 2010 Annual Capital Structure Filing Report on Use of Multi-year Credit Facilities**

### **Background**

NSP-MN entered into a \$500 million 5-year revolving credit facility in December 2006. This facility terminates in December of 2011. NSPM plans to enter into a new multi-year credit agreement during 2011.

### **How Facility is Used**

The current 5-year revolving credit facility is used primarily for commercial paper back-up but can also provide for direct borrowings from the banks which support the credit agreement. In addition, letters of credit may be issued under the revolving credit facility. Please see Attachment C, page 3 of 3 for the frequency of borrowings under the 5-year facility from January 2008 through July 2010. As can be seen from Page 3 of 3, there were no direct borrowings under the multi-year credit facility between January 2009 and July 2010. During this time NSP-MN utilized its commercial paper program. However, in November 2008 and December 2008 NSP-MN temporarily utilized its credit facility for direct borrowings due to the lack of liquidity in the short-term debt markets.

NSP-MN currently provides short-term liquidity to NSP-Wisconsin. As a result NSP-Wisconsin pays fees to NSP-MN for a \$100 million carve-out of the NSP-MN \$500 million credit facility. On Page 3 of 3, only the fees related to NSP-MN are shown. The fees allocated to NSP-Wisconsin are excluded.

In September 2008, Lehman Brothers Holdings Inc, the parent company to Lehman Brothers Bank FSB, one of the banks supporting the NSP-MN credit facility, filed for bankruptcy. The Lehman Brothers Bank credit commitment was \$17.8 million out of the \$500 million NSP-MN credit facility. In April 2009 Lehman Brothers Bank was granted a waiver agreement releasing them of its obligations under the credit facility. The NSP-MN credit facility now totals \$482.22 million. The Company continues to monitor the marketplace regarding the financial condition of other banks within the credit facility.

**Advantages of Multi-Year Credit Facilities**

Some advantages of the current multi-year facility include:

- Up front fees are amortized over 5 years, rather than 12 months (as with the 364-day facility).
- Reduces potential increased costs associated with roll-over risk. By locking in favorable borrowing rates and commitment fees for a five-year period, NSP-MN avoids the risk of market conditions on an annual basis.
- Most multi-year facilities have options to increase the size or extend the maturity, allowing for financing flexibility through the credit facility term.
- NSP-MN can terminate the five-year facility prior to its maturity and re-syndicate if even more favorable market pricing exists.



5-year facility						
	Avg Borrowings <u>1/</u>	Interest-only Rate %	Monthly Interest Expense \$	Monthly Credit Facility Fees <u>2/</u>	Monthly Cost Amortization <u>3/</u>	Total Interest + Fee + Amort.
<b>2008</b>						
January	\$0	0.000%	\$0	\$21,646	\$16,996	\$38,642
February	\$0	0.000%	\$0	\$20,252	\$16,996	\$37,248
March	\$0	0.000%	\$0	\$21,648	\$16,997	\$38,645
April	\$0	0.000%	\$0	\$20,950	\$16,997	\$37,947
May	\$0	0.000%	\$0	\$21,648	\$16,997	\$38,645
June	\$0	0.000%	\$0	\$20,950	\$16,997	\$37,947
July	\$0	0.000%	\$0	\$20,357	\$16,996	\$37,353
August	\$0	0.000%	\$0	\$20,357	\$16,997	\$37,354
September	\$0	0.000%	\$0	\$19,700	\$16,997	\$36,697
October	\$0	0.000%	\$0	\$19,534	\$16,996	\$36,530
November <u>4/</u>	\$65,000,000	3.934%	\$213,113	\$17,274	\$16,996	\$247,383
December	<u>\$2,419,355</u>	<u>4.066%</u>	<u>\$8,197</u>	<u>\$20,237</u>	<u>\$16,597</u>	<u>\$45,031</u>
<b>Weighted Average</b>		3.939%				
<b>Total</b>			\$221,310	\$244,552	\$203,560	\$669,422
<b>2008 Cost</b>						
	<b>Weighted Average Rate on Borrowings</b>		<b>Fees as % of Aggregate Credit Line</b>			
	3.939%		0.09% \$500,000,000			
<b>2009</b>						
January	\$0	0.000%	\$0	\$20,243	\$16,597	\$36,840
February	\$0	0.000%	\$0	\$18,396	\$16,597	\$34,993
March	\$0	0.000%	\$0	\$20,354	\$16,592	\$36,946
April	\$0	0.000%	\$0	\$16,190	\$16,597	\$32,787
May	\$0	0.000%	\$0	\$19,449	\$16,597	\$36,046
June	\$0	0.000%	\$0	\$18,821	\$18,661	\$37,482
July	\$0	0.000%	\$0	\$19,449	\$16,597	\$36,046
August	\$0	0.000%	\$0	\$19,449	\$16,597	\$36,046
September	\$0	0.000%	\$0	\$18,821	\$16,597	\$35,418
October	\$0	0.000%	\$0	\$19,449	\$16,597	\$36,046
November <u>4/</u>	\$0	0.000%	\$0	\$18,821	\$16,597	\$35,418
December	<u>\$0</u>	<u>0.000%</u>	<u>\$0</u>	<u>\$19,449</u>	<u>\$16,597</u>	<u>\$36,046</u>
<b>Weighted Average</b>		0.000%				
<b>Total</b>			\$0	\$228,890	\$201,224	\$430,114
<b>2009 Cost</b>						
	<b>Weighted Average Rate on Borrowings</b>		<b>Fees as % of Aggregate Credit Line</b>			
	0.000%		0.11% \$387,391,667 <u>5/</u>			
<b>2010</b>						
January	\$0	0.000%	\$0	\$19,449	\$16,597	\$36,046
February	\$0	0.000%	\$0	\$17,571	\$16,597	\$34,168
March	\$0	0.000%	\$0	\$19,455	\$16,597	\$36,052
April	\$0	0.000%	\$0	\$18,839	\$16,597	\$35,436
May	\$0	0.000%	\$0	\$19,475	\$16,597	\$36,072
June	\$0	0.000%	\$0	\$18,846	\$16,597	\$35,443
July	<u>\$0</u>	<u>0.000%</u>	<u>\$0</u>	<u>\$19,470</u>	<u>\$16,597</u>	<u>\$36,067</u>
<b>Weighted Average</b>		0.000%				
<b>Total</b>			\$0	\$133,105	\$116,179	\$249,284
<b>2010 Cost</b>						
	<b>Weighted Average Rate on Borrowings</b>		<b>Fees as % of Aggregate Credit Line</b>			
	0.000%		0.11% 382,200,000 <u>6/</u>			

1/ Average borrowings are the average of daily outstanding direct borrowings under the credit facility.

2/ Credit Facility Fees for NSP-M only. Beginning January 1, 2008, a portion of facility fees were allocated to NSP-Wisconsin based on a \$100 million Wisconsin Public Service Commission approved maximum short term debt borrowing level.

3/ Actual credit facility fees recorded on NSPM's books include amortization of one-time up-front and annual administrative fees.

4/ NSPM temporarily resumed direct borrowings under its bank credit agreement due to lack of short term liquidity and /or the subprime mortgage lending crisis.

5/ Effective date of waiver agreement releasing Lehman Bros. from its \$17.8 commitment to the credit facility was April 13, 2009.

The 2009 credit facility fees for NSPM is based on a pro-rated average of NSPM's \$400 million portion for 3.5 months and \$382.2 million for the remaining 8.5 months of this reporting period.

6/ 2010 fees as % of aggregate credit line have been pro-rated for the entire year.

- 1) SECRETARIAL CERTIFICATE
- 2) EXHIBIT A - NSP-MN BYLAWS
- 4) EXHIBIT B - 09/22/10 FINANCING RESOLUTION.  
APPLICATION TO MPUC FOR APPROVAL OF CAPITAL STRUCTURE.
- 3) EXHIBIT C - 08/04/10 FINANCING RESOLUTION.  
NSP-MN RESOLUTION APPROVING 2010 DEBT ISSUANCE.

**Northern States Power Company – Minnesota**  
**Secretarial Certificate**


I, Tara M. Heine, do hereby certify that I am the Assistant Corporate Secretary of Northern States Power Company, a Minnesota corporation (the “Company”); that as such Assistant Corporate Secretary I have access to all original records of the Company; and I do hereby further certify that:

- (i) Attached hereto as **Exhibit A** is a true, correct and complete copy of the Bylaws as amended and adopted by the Board of Directors of the Company on August 21, 2000 and June 3, 2008, and said Bylaws have not been amended or rescinded and remain in full force and effect as of the date hereof; and
- (ii) Attached hereto as **Exhibit B** is a true, correct and complete copy of the Resolutions Approving Application to Minnesota Public Utilities Commission for Approval of Capital Structure, as approved on September 22, 2010, and said Resolutions have not been modified, amended, rescinded or repealed but are still in full force and effect as of the date hereof.
- (iii) Attached hereto as **Exhibit C** is a true, correct and complete copy of the Officers Financing Committee Resolution Approving 2010 Bond Issuance as Approved on August 4, 2010, and said Resolutions have not been modified, amended, rescinded or repealed but are still in full force and effect as of the date hereof.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of the Company on this 1<sup>st</sup> day of October, 2010.

(Corporate Seal)



  
\_\_\_\_\_  
Tara M. Heine  
Assistant Corporate Secretary

**EXHIBIT A**

**BYLAWS  
OF  
NORTHERN POWER CORPORATION  
AS AMENDED ON AUGUST 21, 2000 AND JUNE 3, 2008**

**ARTICLE I**

**OFFICES; CORPORATE SEAL**

**Section 1.1. Registered Office.** The registered office of the corporation shall be at the address specified in the Articles of Incorporation or any amendment or restatement thereof or in a certificate of change of registered office filed with the Secretary of State of Minnesota.

**Section 1.2. Other Offices.** The corporation may also have offices at such other places both within and without the State of Minnesota as the Board of Directors may from time to time determine or the business of the corporation may require.

**Section 1.3. Corporate Seal.** The corporation may, but need not, have a corporate seal. If there be one, the seal may consist of a mechanical imprinting device, or a rubber stamp with a facsimile of the seal affixed thereon, or a facsimile or reproduction of either. The seal need include only the word "Seal," but it may also include a part or all of the name of the corporation and a combination, derivation, or abbreviation of either or both of the phrases "a Minnesota Corporation" and "Corporate Seal." If a corporate seal is used, it or a facsimile of it may be affixed, engraved, printed, placed, stamped with indelible ink, or in any other manner reproduced on any document; provided, however, that the use of the seal by the corporation on a document is not necessary, and the use or nonuse of the seal does not affect the validity, recordability, or enforceability of a document or act.

**ARTICLE II**

**SHAREHOLDERS**

**Section 2.1. In General.** Except as required by Section 2.8, all meetings of the shareholders shall be held at the registered office of the corporation or at such other place either within or without the State of Minnesota as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting.

**Section 2.2. Regular Meetings.** Regular meetings of shareholders may be held on an annual or other less frequent periodic basis, but need not be held unless required by the Articles of Incorporation, these Bylaws, or the laws of the State of Minnesota.

**Section 2.3. Demand by Shareholder.** If a regular meeting of shareholders has not been held during the immediately preceding 15 months, a shareholder or shareholders holding three percent or more of all voting shares may demand a regular meeting of shareholders by written notice of demand given to the chief executive officer or the chief financial officer of the corporation. Within 30 days after receipt of the demand by one of those officers, the Board of Directors shall cause a regular meeting of shareholders to be called and held on notice not later than 90 days after receipt of the demand, all at the expense of the corporation. If the Board fails to cause a regular meeting to be called and held as required by this Section, the shareholder or shareholders making the demand may call the regular meeting by giving notice as required by Section 2.8, all at the expense of the corporation.

**Section 2.4. Business at Regular Meeting.** At each regular meeting of shareholders there shall be an election of qualified successors for directors who serve for an indefinite term or whose terms have expired or are due to expire within six months after the date of the meeting. No other particular business is required to be transacted at a regular meeting. Any business appropriate for action by the shareholders may be transacted at a regular meeting.

**Section 2.5. Special Meetings.** Special meetings of the shareholders may be called for any purpose or purposes at any time, by the chief executive officer, the chief financial officer, two or more directors, a person authorized in the Articles of Incorporation or these Bylaws to call special meetings, or a shareholder or shareholders holding ten percent or more of the voting shares.

**Section 2.6. Demand by Shareholders.** A shareholder or shareholders holding ten percent or more the voting shares may demand a special meeting of shareholders by written notice of demand given to the chief executive officer or chief financial officer of the corporation and containing the purposes of the meeting. Within 30 days after receipt of the demand by one of those officers, the Board shall cause a special meeting of shareholders to be called and held on notice not later than 90 days after receipt of the demand, all at the expense of the corporation. If the Board fails to cause a special meeting to be called and held as required hereby, the shareholder or shareholders making the demand may call the meeting by giving notice as required by Section 2.8, all at the expense of the corporation.

**Section 2.7. Business at Special Meetings.** The business transacted at a special meeting shall be limited to the purposes stated in the notice of the meeting. Any business transacted at a special meeting that is not included in those stated purposes is voidable by or on behalf of the corporation, unless all of the shareholders have waived notice of the meeting in accordance with Section 2.9.

**Section 2.8. Notice of Meeting.** Written notice of all meetings of shareholders stating the place, date, and hour of the meeting and, in the case of special meetings, the purpose or purposes for which the meeting is called, shall be given to each shareholder entitled to vote at such meeting not less than ten or more than 60 days before the date of the meeting, except that a meeting called by or at the demand of a shareholder or shareholders shall be held in the county where the principal executive office of the corporation is located.

**Section 2.9. Waiver; Objections.** A shareholder may waive notice of a meeting of shareholders. A waiver of notice by a shareholder entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a shareholder at a meeting is a waiver of notice of that meeting, except where the shareholder objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened, or objects before a vote on an item of business because the item may not lawfully be considered at that meeting and does not participate in the consideration of the item at that meeting.

**Section 2.10. Record Date.** The Board of Directors may fix a date not more than 60 days before the date of a meeting of shareholders as the date for the determination of the holders of voting shares entitled to notice of and to vote at such meeting. When a date is so fixed, only shareholders on that date are entitled to notice and permitted to vote at that meeting of shareholders.

**Section 2.11. Certification of Beneficial Owner.** A resolution approved by the affirmative vote of a majority of the directors present may establish a procedure whereby a shareholder may certify in writing to the corporation that all or a portion of the shares registered in the name of the shareholder are held for the account of one or more beneficial owners. Upon receipt by the corporation of the writing, the persons specified as beneficial owners, rather than the actual shareholder, are deemed the shareholders for the purposes specified in the writing.

**Section 2.12. Quorum.** The holders of a majority of the voting power of the shares entitled to vote at a meeting present in person or by proxy at the meeting are a quorum for the transaction of business, unless a larger or smaller proportion or

number is provided in the Articles of Incorporation. If a quorum is present when a duly called or held meeting is convened, the shareholders present may continue to transact business until adjournment, even though the withdrawal of a number of shareholders originally present leaves less than the proportion or number otherwise required for a quorum.

**Section 2.13. Adjourned Meetings.** In the absence of a quorum, any meeting may be adjourned from time to time. If any meeting of the shareholders is adjourned to another time or place, no notice of the date, time, and place of such adjourned meeting need be given other than by announcement at the time of adjournment.

**Section 2.14. Majority Vote Required.** The shareholders shall take action by the affirmative vote of the holders of a majority of the voting power of the shares present, except where a larger proportion or number is required by the Articles of Incorporation, these Bylaws, or the laws of the State of Minnesota.

**Section 2.15. Voting by Class.** In any case where a class or series of shares is entitled by the Articles of Incorporation, the laws of the State of Minnesota, or the terms of the shares to vote as a class or series, the matter being voted upon must also receive the affirmative vote of the holders of the same proportion of the shares of that class or series as is required pursuant to Section 2.14.

**Section 2.16. Voting Power.** Unless otherwise provided in the Articles of Incorporation or in the terms of the shares, a shareholder has one vote for each share held.

**Section 2.17. Jointly Owned Shares.** Shares owned by two or more shareholders may be voted by any one of them unless the corporation receives written notice from any one of them denying the authority of that person to vote those shares.

**Section 2.18. Registered Shareholders.** Except as otherwise provided in Section 2.11 or the laws of the State of Minnesota, the corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

**Section 2.19. Shareholder Management.** The holders of the voting shares of the corporation may, by unanimous affirmative vote, take any action that the Board of Directors is required or permitted to take or that the shareholders are permitted to take after action or approval of the Board.

**Section 2.20. Proxies.** A shareholder may cast or authorize the casting of a vote by filing a written appointment of a proxy with an officer of the corporation at or before the meeting at which the appointment is to be effective. An appointment of a proxy for shares held jointly by two or more shareholders is valid if signed by any one of them, unless the corporation receives from any one of those shareholders written notice either denying the authority of that person to appoint a proxy or appointing a different proxy.

**Section 2.21. Action Without a Meeting.** An action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting by written action signed by all of the shareholders entitled to a vote on such action. The written action is effective when it has been signed by all of those shareholders, unless a different time is provided in the written action.

### ARTICLE III

#### DIRECTORS

**Section 3.1. Number and Election.** The Board of Directors shall consist of one or more directors. The number of directors shall be determined by the shareholders who shall, at each regular meeting, fix the number of directors and elect the number so fixed. Except as provided in Section 3.2, each director shall hold office until his successor is elected and qualifies or until his earlier death, disqualification, resignation or removal. Directors shall be natural persons but need not be shareholders.

**Section 3.2. Vacancies and New Directorships.** Unless different rules for filling vacancies are provided for in the Articles of Incorporation, vacancies on the Board resulting from the death, disqualification, resignation, or removal of a director may be filled by the affirmative vote of a majority of the remaining directors, even though less than a quorum, and vacancies on the Board resulting from newly created directorships may be filled by the affirmative vote of a majority of the directors serving at the time of the increase. Each director elected to fill a vacancy holds office until a qualified successor is elected by the shareholders at the next regular meeting or special meeting of the shareholders.

**Section 3.3. Powers.** Except as may otherwise be provided by shareholder control agreements or Section 2.19, the business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by the



Articles of Incorporation, these Bylaws, or the laws of the State of Minnesota directed or required to be exercised or done by the shareholders.

**Section 3.4. Time and Place of Meetings.** Meetings of the Board of Directors may be held from time to time at any place, within or without the State of Minnesota, that the Board of Directors may select or by any means described in Section 3.5. If the Board of Directors fails to select a place for a meeting, the meeting shall be held at the principal executive office of the corporation, except in the case of the first meeting of each newly elected Board of Directors which shall be held as provided in Section 3.6.

**Section 3.5. Electronic Meetings.** A conference among directors by any means of communication through which the directors may simultaneously hear each other during the conference constitutes a board meeting, if the same notice is given of the conference as would be required by Section 3.7 for a meeting, and if the number of directors participating in the conference would be sufficient to constitute a quorum at a meeting. Participation in a meeting by that means constitutes presence in person at the meeting. A director may participate in a board meeting not described above by any means of communication through which the director, other directors so participating, and all directors physically present at the meeting may simultaneously hear each other during the meeting. Participation in a meeting by that means constitutes presence in person at the meeting.

**Section 3.6. First Meeting.** The first meeting of each newly elected Board of Directors shall be held on the day of the regular meeting of the shareholders immediately after the adjournment thereof at the place where the shareholders' meeting is held, or at such time and place as shall be fixed by the shareholders at the regular meeting, and no notice of such meeting shall be necessary in order to legally constitute the meeting, provided a quorum is present. If such meeting is not held, it may be held at such time and place and in the manner provided for other meetings of the Board of Directors or as specified in a written waiver signed by all of the directors.

**Section 3.7. Other Meetings.** Meetings of the Board, except for the first meeting, may be called by a director or by the chief executive officer of the corporation on ten days' notice to all directors, of the date, time and place of the meeting. The notice need not state the purpose of the meeting. If the date, time, and place of a board meeting have been announced at a previous meeting of the Board, no notice is required.

**Section 3.8. Quorum.** A majority, or a larger or smaller proportion or number provided in the Articles of Incorporation, of the directors currently holding office present at a meeting is a quorum for the transaction of business.

**Section 3.9. Adjourned Meetings.** In the absence of a quorum, any meeting may be adjourned from time to time. If any meeting of the Board of Directors is adjourned to another time or place, no notice of such adjourned meeting need be given other than by announcement at the time of adjournment.

**Section 3.10. Board Action.** The Board shall take action by the affirmative vote of a majority of directors present at a duly held meeting, except where the affirmative vote of a larger proportion or number is required by the Articles of Incorporation, these Bylaws, or the laws of the State of Minnesota. If the Articles of Incorporation require a larger proportion or number than is required by the laws of the State of Minnesota for a particular action, the Articles of Incorporation shall control.

**Section 3.11. Waiver of Notice.** A director may waive notice of a meeting of the Board. A waiver of notice by a director entitled to notice is effective whether given before, at, or after the meeting, and whether given in writing, orally, or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, except where the director objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate thereafter in the meeting.

**Section 3.12. Absent Directors.** A director may give advance written consent or opposition to a proposal to be acted on at a board meeting. If the director is not present at the meeting, consent or opposition to a proposal does not constitute presence for purposes of determining the existence of a quorum, but consent or opposition shall be counted as a vote in favor of or against the proposal and shall be entered in the minutes or other record of action at the meeting, if the proposal acted on at the meeting is substantially the same or has substantially the same effect as the proposal to which the director has consented or objected.

**Section 3.13. Committees.** A resolution approved by the affirmative vote of a majority of the entire Board of Directors may establish committees having the authority of the Board in the management of the business of the corporation to the extent provided in the resolution. Committee members shall be natural persons. Unless the Articles of Incorporation provide for a different membership, a committee shall consist of one or more persons, who need not be directors, appointed by affirmative vote of a majority of the directors present. A majority of the members of the committee present at a meeting is a quorum for the transaction of business, unless

a larger or small proportion or number is provided in the Articles of Incorporation, these Bylaws, or in a resolution approved by the affirmative vote of a majority of the directors present. Minutes, if any, of committee meetings shall be made available upon request to members of the committee and to any director.

**Section 3.14. Action Without a Meeting.** An action required or permitted to be taken at a board meeting or by a lawfully constituted committee thereof may be taken by written action signed by all of the directors or by all of the members of such committee, unless the action need not be approved by the shareholders and the Articles of Incorporation so provide, in which case, the action may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the Board of Directors or the committee at which all directors or committee members were present. The written action is effective when signed by the required number of directors or committee members unless a different effective time is provided in the written action. When written action is permitted to be taken by less than all directors or committee members, all directors and committee members shall be notified immediately of its text and effective date.

**Section 3.15. Fees and Expenses.** The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid such compensation for their services as a director as the Board of Directors may fix from time to time. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Committee members shall also be paid their expenses, if any, and be compensated as the Board of Directors may determine for attending committee meetings.

## ARTICLE IV

### OFFICERS

**Section 4.1. Election of Required Officers.** The officers of the corporation shall be elected by the Board of Directors at its first meeting after each regular meeting of shareholders and shall consist in all events of a chief executive officer and chief financial officer, however designated.

**Section 4.2. Other Officers.** The Board of Directors may elect or appoint any other officers or agents the Board deems necessary for the operation and management of the corporation, each of whom shall have the powers, rights, duties, responsibilities and terms in office provided for in the Articles of Incorporation, these bylaws, or as determined by the Board of Directors.

**Section 4.3. Multiple Offices.** Any number of offices or functions of those offices may be held or exercised by the same person. If a document must be signed by person holding different offices or functions and a person holds or exercises more than one of those offices or functions, that person may sign the document in more than one capacity, but only if the document indicates each capacity in which the person signs.

**Section 4.4. Salaries.** The salaries of all officers of the corporation shall be determined by the Board of Directors.

**Section 4.5. Tenure, Removal, or Vacancy.** Each officer shall hold office until his successor is elected and qualifies, or until his earlier death, disqualification, resignation, or removal. Subject to the provisions of a shareholder control agreement, an officer may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the directors present. Such removal, however, shall be without prejudice to any contract rights of the officer. Any officer may resign at any time by giving written notice to the corporation.

**Section 4.6. Duties of Chief Executive Officer.** The chief executive officer shall have general active management of the business of the corporation; when present, preside at all meetings of the shareholders and, in the absence of the chairman of the Board or if such officer shall not be elected, at all meetings of the Board of Directors; see that all orders and resolutions of the Board are carried into effect; sign and deliver in the name of the corporation any deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the corporation, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles of Incorporation or by the Board to some other officer or agent of the corporation; maintain records of and, whenever necessary, certify all proceedings of the Board and the shareholders; and perform other duties prescribed by the Board.

**Section 4.7. Duties of Chief Financial Officer.** The chief financial officer shall keep accurate financial records for the corporation, deposit all money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositories designated by the Board; endorse for deposit all notes, checks, and drafts received by the corporation as ordered by the Board of Directors, making proper vouchers therefor; disburse corporate funds and issue checks and drafts in the name of the corporation, as ordered by the Board; render to the chief executive officer and the Board, whenever requested, an account of all transactions by the chief financial officer and of the financial condition of the corporation; and perform other duties prescribed by the Board or by the chief executive officer.

**Section 4.8. Duties of Chairman of the Board.** The Chairman of the Board, if there be one, shall, when present, preside at all meetings of the Board of Directors and shall perform such duties and have such powers as the Board of Directors may from time to time prescribe.

**Section 4.9. Duties of President.** The president, if designated, shall be the chief executive officer of the corporation.

**Section 4.10. Duties of Executive Vice President.** The executive vice president, if there be one, shall manage the business of the corporation under the advice and general control of the chief executive officer. At the request of the chief executive officer, or in the event of his absence or disability, he shall perform the duties and exercise the powers of the chief executive officer and shall perform such other duties and have such other powers as the Board of Directors or the chief executive officer may from time to time prescribed.

**Section 4.11. Duties of Vice Presidents.** Each vice president shall have such powers and perform such duties as may from time to time be assigned to them respectively by the Board of Directors or the chief executive officer. In the absence of the chief executive officer (and the executive vice president, if one is elected) or in the event of his inability or refusal to act, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the chief executive officer and, when so acting, shall have all the powers of and be subject to all the restrictions upon the chief executive officer.

**Section 4.12. Duties of Assistant Vice Presidents.** Each assistant vice president shall have such powers and perform such duties as may from time to time be assigned to them respectively by the Board of Directors or the chief executive officer.

**Section 4.13. Duties of Secretary.** The secretary shall attend all meetings of the Board of Directors and of the shareholders and record all the proceedings of all such meetings in a book to be kept for that purpose and shall perform like duties for any committee appointed by the Board when so directed by the chief executive officer; give, or cause to be given, notice of all meetings of the shareholders and, when required, meetings of the Board of Directors; and have custody of the corporate seal of the corporation, if there be one, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and, when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the

corporation, if there be one, and to attest the affixing by his signature. The secretary shall perform such other duties and have such other powers as the Board of Directors or the chief executive officer shall from time to time prescribe.

**Section 4.14. Duties of Assistant Secretary.** The assistant secretary, if there be one, or if there be more than one, the assistant secretaries in the order determined by the chief executive officer (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors or the chief executive officer may from time to time prescribe.

**Section 4.15. Duties of Treasurer.** The treasurer, if there be one, shall perform such duties and have such powers as the Board of Directors, the chief executive officer or the chief financial officer may from time to time prescribe.

**Section 4.16. Duties of Assistant Treasurer.** The assistant treasurer, if there be one, or if there be more than one, the assistant treasurers in the order determined by the chief executive officer (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors, the chief executive officer or the chief financial officer may from time to time prescribe.

**Section 4.17. Delegation of Duties.** Each officer shall have the authority and shall perform the specific duties reflected under the officer titles noted in sections 4.6 – 4.13 above. In addition they shall perform the duties as may be assigned by the Board of Directors, the Chairman of the Board, or the President, or as shall be conferred or required by law or these Bylaws, or as shall be normally incidental to the office. The President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and any Vice President of the Corporation (including Executive Vice Presidents and Assistant Vice Presidents) may execute and deliver instruments and contracts on behalf of the Corporation and otherwise may bind the Corporation. In addition, any of the foregoing officer-signatories, and the board of directors of the Corporation, may delegate to any other person, in writing the authority to execute and deliver instruments and contracts on behalf of the Corporation and otherwise bind the Corporation. (*June 3, 2008 amendment*)

## ARTICLE V

### **CERTIFICATES OF SHARES**

**Section 5.1. Uncertificated Shares.** Uncertificated shares are prohibited.

**Section 5.2. Certificates.** Each shareholder of the corporation shall be entitled to have a share certificate signed by or in the name of the corporation by an officer, certifying the number of shares of the corporation owned by him.

**Section 5.3. Facsimile Signatures.** If a person signs or has a facsimile signature placed upon a certificate while an officer, transfer agent, or registrar of a corporation, the certificate may be issued by the corporation, even if the person has ceased to have that capacity before the certificate is issued, with the same effect as if the person had that capacity at the date of its issue.

**Section 5.4. New Certificates.** The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its own discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

**Section 5.5. Transfer, Fractional Shares.** Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books. Transfers of fractional shares shall not be made nor shall certificates for fractional shares be issued.

## ARTICLE VI

### **GENERAL PROVISIONS**

**Section 6.1. Manner of Amendment.** These Bylaws may be altered, amended, or repealed or new Bylaws may be adopted by the shareholders or by the Board of Directors, subject to the power of the shareholders exercisable in the manner provided by the laws of the State of Minnesota to adopt, amend, or repeal Bylaws adopted, amended, or repealed by the Board.

**Section 6.2. Dividends.** Dividends on the shares of the corporation may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the corporation.

**Section 6.3. Voting of Shares of Other Corporations.** The shares of any other corporation owned by this corporation may be voted at any meeting of the shareholders of such other corporation by such proxy as the Board of Directors of this corporation may appoint, or if no such appointment be made, by the chief executive officer.

**Section 6.4. Indemnification.** The corporation shall indemnify any person made or threatened to be made a party to a proceeding by reason of the former or present official capacity of the person acting for the corporation or acting in an official capacity with another entity at the direction or request of the corporation to the full extent permitted by the laws of the State of Minnesota. The indemnification provided under these Bylaws shall inure to the benefit of the heirs, executors, administrators and personal representatives of any person acting in an official capacity for the corporation. The corporation may purchase and maintain insurance on behalf of a person in that person's official capacity, whether or not the corporation would be required by law to indemnify the person against the liability.

**Section 6.5. Notices; General.** Whenever notice is required to be given to any director or shareholder under the laws of the State of Minnesota, the Articles of Incorporation or these Bylaws, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given personally or by telegram.



**EXHIBIT B**  
**Northern States Power Company (MN)**  
**B/D 09/22/2010**

**Application to Minnesota Public Utilities Commission**  
**for Approval of Capital Structure**

**WHEREAS**, it is contemplated that the Company will issue various securities as defined in Minnesota Statutes Sec. 216B.49; and

**WHEREAS**, such securities may include the issuance of Common Stock, Preferred Stock, secured or unsecured long-term debt securities, including notes, bonds, guarantees, borrowings under a multi-year credit facility or First Mortgage Bonds (including bonds issued in payment of, or as collateral for the payment of, principal, interest, and premium, if any, on financial instruments issued by a governmental unit or agency in connection with facilities associated with the Company's operations), risk management instruments, short-term promissory notes; and, in lieu of or in addition to, short term notes or commercial paper, the Company may satisfy its short-term credit needs by borrowing from its parent, Xcel Energy Inc., or certain other utility affiliates through a Utility Money Pool; and

**WHEREAS**, the issuance of said equity and debt securities and entering into any Agreements of Guaranty are subject to the prior approval of the capital structure of the Company by the Public Utilities Commission of the State of Minnesota pursuant to Minnesota Statutes Sec. 216B.49.

**NOW THEREFORE BE IT RESOLVED**, that the President, the Vice President & Chief Financial Officer, the Treasurer or any Assistant Treasurer, and the Secretary or any Assistant Secretary of Northern States Power Company of Minnesota are authorized and instructed, for and on behalf of the Company, to execute and to file or cause to be filed with the Public Utilities Commission of the State of Minnesota an application or applications for approval of the capital structure of the Company with respect to any or all of the securities and instruments generally referred to above, and any and all amendments and supplements to said application or applications as they may deem necessary or advisable.

**RESOLVED FURTHER**, that the foregoing authorization shall be effective for all applications for approval of capital structure filed during 2010 and 2011 with the Public Utilities Commission of the State of Minnesota.

**RESOLVED FURTHER**, that all actions of the officers and the employees of the Company which are in conformity with the purposes and intent of the foregoing

resolutions, whether taken before or after the adoption hereof, be and the same are hereby ratified, confirmed and adopted; and

**RESOLVED FURTHER**, that the Secretary or any Assistant Secretary of the Company be and each of them hereby is authorized and instructed to transmit certified copies of these resolutions bearing the corporate seal of the Company.

**EXHIBIT C**

**NORTHERN STATES POWER COMPANY  
(MINNESOTA)**

**WRITTEN CONSENT RESOLUTIONS  
IN LIEU OF MEETING OF THE  
OFFICERS FINANCING COMMITTEE OF  
THE BOARD OF DIRECTORS**

**August 4, 2010**

The undersigned, being a majority of the members of the Officers Financing Committee (the "Committee") of the Board of Directors (the "Board") of Northern States Power Company, a Minnesota corporation (the "Company"), do hereby adopt the following resolutions, by written consent, pursuant to the provisions of Sections 302A.239 and 302A.011, Subd. 36, Minnesota Statutes and the Bylaws of the Company:

**WHEREAS**, on June 5, 2007, the Board authorized and approved the issuance and sale by the Company from time to time, in one or more series, and in any combination, up to \$1.5 billion in aggregate principal amount of secured or unsecured debt securities in the form of one or more new series of its notes, bonds, debentures, guarantees or first mortgage bonds (the "Debt Securities") and appointed and constituted the Committee to act on behalf of the Board for the purpose of issuing and selling the Debt Securities;

**WHEREAS**, on June 5, 2007, the Board appointed and constituted the Committee to act on behalf of the Board for the purpose of issuing and selling the Debt Securities;

**WHEREAS**, the Company is considering entering into an Underwriting Agreement, dated August 4, 2010 (the "Underwriting Agreement"), with BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc. and RBS Securities Inc. (collectively, the "Representatives"), as representatives of the underwriters named in such Underwriting Agreement (collectively, the "Underwriters"), providing for the issuance and sale by the Company on the terms and conditions set forth therein of \$250 million principal amount of its 1.950% First Mortgage Bonds, Series due August 15, 2015 (the "Series 2015 Bonds") and \$250 million principal amount of its 4.850% First Mortgage Bonds, Series due August 15, 2040 (the "Series 2040 Bonds" and, together with the Series 2015 Bonds, the "New Bonds"), and the delivery of such New Bonds to the Underwriters on August 11, 2010 (unless postponed in accordance with

the provisions of said Underwriting Agreement) and said Underwriting Agreement is in substantially the form presented to the Committee;

**WHEREAS**, such New Bonds are to be issued under and secured by the Trust Indenture dated February 1, 1937, as supplemented, including the Supplemental and Restated Trust Indenture dated May 1, 1988 and the Supplemental Trust Indenture dated as of August 1, 2010 (the "Supplemental Trust Indenture") (such Trust Indenture, as amended and supplemented by the various supplements thereto, including the hereinafter defined Restated Trust Indenture and the Supplemental Trust Indenture, is referred to in these resolutions as the "Indenture") from the Company to The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"); and

**WHEREAS**, the Company desires to create the procedures for the appointment of an authenticating agent or agents and a paying agent or agents of the Trustee;

**NOW, THEREFORE BE IT RESOLVED**, that there be created for issuance under said Indenture two new series of bonds of the Company designated and bearing the distinctive titles of "1.950% First Mortgage Bonds, Series due August 15, 2015" and "4.850% First Mortgage Bonds, Series due August 15, 2040," which shall be issued in book-entry form; that the Series 2015 Bonds shall bear interest at the rate of 1.950% per annum and the Series 2040 Bonds shall bear interest at the rate of 4.850% per annum, such interest on the New Bonds to be payable semi-annually on the 15<sup>th</sup> day of February and the 15<sup>th</sup> day of August in each year, commencing February 15, 2011; that the Series 2015 Bonds shall mature on August 15, 2015 and the Series 2040 Bonds shall mature on August 15, 2040 and the New Bonds shall be dated as provided in Article II of the Supplemental Trust Indenture; that the terms and provisions of the New Bonds shall be substantially as set forth in the Supplemental Trust Indenture; that the form of said New Bonds and the Trustee's Certificate, whether in definitive or temporary form, shall be substantially in the form of the New Bonds and the Trustee's Certificate provided for in said Supplemental Trust Indenture; and that such New Bonds shall be issued and sold in accordance with the terms of the Underwriting Agreement providing for the issuance and sale by the Company of the New Bonds to the Underwriters upon receipt of the purchase price, as provided therein.

**RESOLVED FURTHER**, that for the purpose of setting forth the particulars of the New Bonds, the Company execute and deliver to the Trustee the Supplemental Trust Indenture in substantially the form presented to the Committee.

**RESOLVED FURTHER**, that the President or any Vice President and the Secretary or any Assistant Secretary of the Company (each, an "Authorized Officer" and collectively, the "Authorized Officers") be, and each of them hereby is,

authorized, empowered and directed on behalf of the Company to cause the Supplemental Trust Indenture to be recorded or filed, as counsel may advise is necessary, and to take any and all other steps necessary or advisable in order to make the Supplemental Trust Indenture binding upon and enforceable against the Company in accordance with its terms.

**RESOLVED FURTHER**, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to execute on behalf of the Company (the signature of any Authorized Officer may be by a facsimile thereof) \$250 million principal amount of the Series 2015 Bonds and \$250 million principal amount of the Series 2040 Bonds, to cause the Company's corporate seal to be affixed thereto, or printed, lithographed or engraved thereon, which shall be attested by the Secretary or any Assistant Secretary of the Company, to cause the New Bonds to be authenticated by the manual signature of an authorized officer of the Trustee and to deliver the same on behalf of the Company in accordance with the terms of the Underwriting Agreement providing for the issuance and sale by the Company of the New Bonds to the Underwriters upon receipt of the purchase price, as provided therein.

**RESOLVED FURTHER**, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed, upon compliance by the Company with the applicable provisions of the Supplemental and Restated Trust Indenture dated May 1, 1988, as supplemented by supplemental trust indentures dated July 1, 1989, June 1, 1990, October 1, 1992, April 1, 1993, December 1, 1993, February 1, 1994, October 1, 1994, June 1, 1995, April 1, 1997, March 1, 1998, May 1, 1999, June 1, 2000, August 1, 2000, June 1, 2002, July 1, 2002, August 1, 2002, May 1, 2003, August 1, 2003, July 1, 2005, May 1, 2006, June 1, 2007, March 1, 2008, November 1, 2009 and the Supplemental Trust Indenture (as supplemented, the "Restated Trust Indenture"), to direct the Trustee to authenticate and deliver \$250 million principal amount of the Series 2015 Bonds and \$250 million principal amount of the Series 2040 Bonds.

**RESOLVED FURTHER**, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to execute any and all instruments, pay any and all taxes and do any and all acts and things that may be necessary or required by the Indenture, as supplemented or to be supplemented, or that may be deemed advisable to effectuate the issuance, authentication, delivery and sale of said \$250 million principal amount of Series 2015 Bonds and \$250 million principal amount of the Series 2040 Bonds, according to the tenor and purport of these resolutions, and without limitation of the foregoing that the proper officers of this Company are authorized, empowered and directed to make an application or applications to the Trustee as provided in Article IV and Article V of the Supplemental and Restated Trust Indenture dated May 1, 1988.

**RESOLVED FURTHER**, that the Trustee is authorized, empowered and directed, upon compliance by the Company with the applicable provisions of said Indenture as supplemented by the Supplemental Trust Indenture, to authenticate and deliver \$250 million principal amount of Series 2015 Bonds and \$250 million principal amount of the Series 2040 Bonds.

**RESOLVED FURTHER**, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to accept, on behalf of the Company, the proposal of the Representatives, as representatives for the Underwriters, for the purchase from the Company of \$250 million principal amount of Series 2015 Bonds bearing an annual interest rate of 1.950% at the price of 99.201% of the principal amount of said Series 2015 Bonds, plus accrued and unpaid interest from August 11, 2010 to the date of delivery and payment, and the sale from such Underwriters to the public at the public offering price of 99.801% of the principal amount of said Series 2015 Bonds, plus accrued and unpaid interest from August 11, 2010 to the date of delivery and payment and such Series 2015 Bonds shall be redeemable at the option of the Company any time prior to May 15, 2015, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of such Series 2015 Bonds being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2015 Bonds being redeemed (excluding the portion of any such interest accrued to the date fixed for redemption), discounted to the date fixed for redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined in the Supplemental Indenture) plus 5 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption, and at any time on or after May 15, 2015, the Series 2015 Bonds shall be redeemable at the option of the Company, in whole or in part, at a redemption price equal to 100% of the principal amount of the such Series 2015 Bonds being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

**RESOLVED FURTHER**, that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to accept, on behalf of the Company, the proposal of the Representatives, as representatives for the Underwriters, the purchase from the Company of \$250 million principal amount of Series 2040 Bonds bearing an annual interest rate of 4.850% at the price of 98.842% of Series 2040 Bonds, plus accrued and unpaid interest from August 11, 2010 to the date of delivery and payment, and the sale from such Underwriters to the public at the public offering price of 99.717% of the principal amount of said Series 2040 Bonds, plus accrued and unpaid interest from August 11, 2010 to the date of delivery and payment and such Series 2040 Bonds shall be redeemable at the option of the Company any time prior to February 15, 2040, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of such Series 2040 Bonds being redeemed or (ii) the

sum of the present values of the remaining scheduled payments of principal and interest on the Series 2040 Bonds being redeemed (excluding the portion of any such interest accrued to the date fixed for redemption), discounted to the date fixed for redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined in the Supplemental Indenture) plus 10 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption, and at any time on or after February 15, 2040, the Series 2040 Bonds shall be redeemable at the option of the Company, in whole or in part, at a redemption price equal to 100% of the principal amount of the such Series 2040 Bonds being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

**RESOLVED FURTHER**, that the Company sell to the Underwriters the Series 2015 Bonds at the price of 99.201% of their principal amount and the Series 2040 Bonds at the price of 98.842% of their principal amount, plus, in each case, accrued interest from August 11, 2010 to the date of delivery and payment; and such Underwriters are authorized to sell to the public the Series 2015 Bonds at the public offering price of 99.801% of their principal amount and the Series 2040 Bonds at the price of 99.717% of their principal amount, plus accrued interest from August 11, 2010.

**RESOLVED FURTHER**, that the Authorized Officers be, and each of them hereby is, authorized, directed and empowered to execute, on behalf of the Company, said Underwriting Agreement providing for such sale.

**RESOLVED FURTHER**, that the preparation and filing with the Securities and Exchange Commission (the "Commission"), in accordance with the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, of a prospectus supplement, including a preliminary prospectus supplement, to the Company's Registration Statement on Form S-3 (Registration No. 333-147958) relating to the offering of the New Bonds, together with such other changes as may be approved by the officers of the Company along with the making of any Form 8-K filings or other filings with the Commission related to the New Bonds, be, and they hereby are, authorized and approved.

**RESOLVED FURTHER**, that The Bank of New York Mellon Trust Company, N.A. is designated as the agency of the Company in the Borough of Manhattan, City and State of New York, for the payment of principal and interest on the New Bonds of the Company, and as the registrar and agent of the Company, in the Borough of Manhattan, City and State of New York, for the registration and transfer of the New Bonds.

**RESOLVED FURTHER**, that The Bank of New York Mellon Trust Company, N.A. is designated as the agency of the Company in the Borough of Manhattan, City and State of New York, where any registered New Bond or Bonds may be surrendered in denominational interchange for other registered New Bonds, in accordance with the provisions of Article II of the Supplemental Trust Indenture containing the particulars of said New Bonds, and upon payment of taxes or other governmental charges, if any, as provided for in Section 2.05 therein.

**RESOLVED FURTHER**, that The Bank of New York Mellon Trust Company, N.A. is designated as the agency of the Company in the Borough of Manhattan, City and State of New York, where the New Bonds of the Company, if issued in temporary form, may be exchanged for definitive New Bonds.

**RESOLVED FURTHER**, that the Authorized Officers of the Company be, and each of them hereby is, authorized, directed and empowered to do any and all acts and things necessary, proper or appropriate in their judgment or in the judgment of counsel for the Company in connection with the transactions referred to above in order to carry out the foregoing resolutions.

**RESOLVED FURTHER**, that the Authorized Officers be, and each of them hereby is, authorized, directed and empowered, for and on behalf of the Company, to take or cause to be taken all actions and to execute all instruments the officer considers desirable in connection with the matters authorized in all of the foregoing resolutions.

**RESOLVED FURTHER**, that all actions of the officers and the employees of the Company that are in conformity with the purposes and intent of the foregoing resolutions, whether taken before or after the adoption hereof, be and the same are hereby ratified, confirmed and adopted, and the officers of this Company be and hereby are authorized, directed and empowered to do any and all other acts and things necessary or in their judgment advisable in order to carry out the foregoing resolutions.



**Northern States Power Company**

**Summary of Utility Money Pool Activity**

**Period Covered 9/1/09 thru 8/31/10**

**Borrowing Summary**

NSP-MN borrowed periodically between September 2009 and August 2010 from the Utility Money Pool (UMP). Page 2 shows the borrowing activity.

The average balance for the month represents a simple average of daily loans outstanding. An increase in a daily balance indicates an incremental borrowing from the UMP. A decrease in a daily balance represents a repayment of the borrowings. The simple average interest rate for the period was 0.3664%.

NSPM borrows from the Utility Money Pool when other participants have excess cash and the cost is comparable or less than if NSP-MN borrowed independently. The commission approved the use of the Utility Money Pool in an Order dated July 9, 2004, Docket No. E, G-002/AI-04-100.

## NSPMN - Sep. 2009 to Aug. 2010 Daily Outstanding Money Pool Balances

Days	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP	Loan From MP
	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
01	99,200,000	87,000,000	74,600,000	0	0	5,500,000	0	5,000,000	0	60,000,000	64,000,000	0
02	99,200,000	95,000,000	74,600,000	0	0	5,000,000	3,000,000	0	0	66,000,000	62,500,000	24,000,000
03	99,200,000	95,000,000	74,600,000	0	0	1,000,000	5,000,000	0	5,000,000	68,000,000	62,500,000	38,500,000
04	99,200,000	95,000,000	73,500,000	0	0	0	3,000,000	0	0	72,000,000	62,500,000	63,500,000
05	99,200,000	96,500,000	76,000,000	0	0	0	1,400,000	2,800,000	0	72,000,000	62,500,000	63,500,000
06	99,200,000	91,500,000	76,000,000	0	15,000,000	0	1,400,000	0	0	72,000,000	66,500,000	76,500,000
07	99,200,000	82,500,000	76,000,000	0	0	0	1,400,000	0	0	81,600,000	70,500,000	76,500,000
08	99,200,000	59,500,000	76,000,000	0	0	0	3,400,000	0	0	91,500,000	71,000,000	76,500,000
09	99,200,000	62,000,000	76,000,000	0	0	0	0	0	0	91,000,000	83,500,000	76,500,000
10	99,200,000	62,000,000	88,000,000	0	0	0	0	0	0	84,000,000	83,500,000	83,500,000
11	99,200,000	62,000,000	88,000,000	0	0	0	0	0	0	117,200,000	83,500,000	0
12	99,200,000	62,000,000	101,500,000	0	0	0	0	0	0	117,200,000	76,500,000	0
13	99,200,000	75,700,000	121,500,000	0	0	0	0	0	1,000,000	117,200,000	70,500,000	0
14	103,200,000	86,300,000	121,500,000	0	14,000,000	0	0	0	55,000,000	0	85,000,000	0
15	114,200,000	92,300,000	121,500,000	0	35,000,000	0	0	0	55,000,000	23,500,000	90,000,000	0
16	108,000,000	82,000,000	102,200,000	0	35,000,000	0	0	0	55,000,000	18,500,000	82,000,000	26,500,000
17	105,000,000	82,000,000	0	0	35,000,000	0	0	0	74,500,000	9,000,000	82,000,000	0
18	117,000,000	82,000,000	0	0	35,000,000	0	0	0	83,500,000	5,000,000	82,000,000	0
19	117,000,000	82,000,000	0	0	28,000,000	0	0	0	104,500,000	5,000,000	73,000,000	0
20	117,000,000	102,500,000	0	0	36,000,000	0	0	0	118,500,000	5,000,000	72,000,000	0
21	132,000,000	103,000,000	0	0	26,000,000	0	0	3,500,000	122,500,000	31,500,000	82,000,000	0
22	130,000,000	96,000,000	0	0	12,000,000	0	0	0	122,500,000	31,000,000	78,000,000	0
23	120,000,000	104,000,000	0	0	12,000,000	0	0	0	122,500,000	47,500,000	69,000,000	0
24	120,000,000	104,000,000	0	0	12,000,000	0	0	0	142,500,000	47,500,000	69,000,000	0
25	115,000,000	104,000,000	0	0	9,000,000	0	0	0	109,000,000	47,500,000	69,000,000	0
26	115,000,000	74,000,000	0	0	9,000,000	0	0	0	116,000,000	47,500,000	40,000,000	0
27	115,000,000	74,000,000	0	0	14,000,000	0	0	0	116,000,000	47,500,000	40,000,000	0
28	114,000,000	75,600,000	0	0	20,500,000	0	0	0	90,000,000	52,500,000	0	0
29	117,000,000	87,100,000	0	0	20,500,000	0	7,000,000	0	90,000,000	58,500,000	0	0
30	117,000,000	74,600,000	0	0	20,500,000	0	0	0	90,000,000	60,000,000	0	0
31		74,600,000		0	20,500,000		0		90,000,000		0	0
Avg. Bal.	108,866,667	84,054,839	47,383,333	0	13,193,548	410,714	825,806	376,667	56,870,968	54,890,000	62,338,710	19,532,258
Interest Rate	0.4854%	0.3905%	0.3741%	0.3609%	0.3198%	0.3286%	0.2976%	0.3305%	0.3357%	0.3867%	0.3868%	0.3951%

11 of 12 months had activity - The 11 Month Simple Average Interest Rate was.....

0.3664%

**OPINION OF COUNSEL**

**Michael C. Connelly**  
*Vice President and General Counsel*



414 Nicollet Mall, 5th Floor  
Minneapolis, Minnesota 55401  
Phone: 612.215.4580  
Fax: 612.573.9025

October 22, 2010

Dr. Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
350 Metro Square Building  
121 East Seventh Street  
St. Paul, MN 55101

Dear Dr. Haar:

I and other attorneys that I supervise have acted as counsel in connection with the preparation of the Petition to the Public Utilities Commission of the State of Minnesota and the related exhibits (the "Petition") containing the request for approval of the proposed 2011 capital structure of Northern States Power Company ("NSP-MN" or "the Company"), as set forth in the Petition.

In my opinion, all requisite corporate action has been taken authorizing the filing of said Petition by the Company, and the issuance of securities and instruments of the Company as contemplated therein will be valid upon: (i) the completion of such further action by the Board of Directors of the Company or a committee thereof or certain authorized officers of the Company as may be appropriate for each particular type and issue of securities (the "Corporate Proceedings"); (ii) the issuance of appropriate orders by the Public Utilities Commission of the State of Minnesota approving the capital structure of the Company; (iii) appropriate Registration Statements together with all amendments thereto being effective at the time of issuance with respect to those securities issued by the Company which are "public offerings" within the requirements of federal law; and (iv) the due authorization, execution and delivery by all other parties of any such securities, instruments, agreements or other documents that require execution and delivery by all other parties than the Company.

In addition to these general provisions applicable to each type and issue of securities, in my opinion, each of the following types of securities will be valid upon satisfaction of the following:

1. In the case of First Mortgage Bonds, when (a) Supplemental Trust Indentures from the Company to BNY Midwest Trust Company, as Trustee under the Indenture dated February 1, 1937, as supplemented, including the Supplemental and Restated Trust Indenture between the Company and said Trustee dated May 1, 1988, have been duly authorized, executed, delivered, filed and recorded as



Dr. Burl W. Haar  
October 22, 2009  
Page 2

- required by law, (b) such bonds have been duly authorized, executed, authenticated and delivered and (c) the consideration for such bonds has been received by the Company, such bonds will be legally issued and binding obligations of the Company in accordance with their terms and entitled to the benefits and security of said Trust Indenture, as supplemented;
2. With respect to guaranty agreements for the obligations of pollution control revenue bonds, any such agreement will be valid, effective and legally binding upon the Company upon execution and delivery and the receipt of the proceeds of the underlying bonds and any other consideration due;
  3. As to unsecured senior notes or promissory notes issued by the Company, such notes will be valid and enforceable upon execution and delivery and receipt of the borrowings evidenced by such notes;
  4. As to preferred stock or preference stock issued by the Company or one of its subsidiaries, such stock will be validly authorized and issued, fully paid and nonassessable upon the due authorization, execution, acknowledgment, delivery and filing with, and recording by, the Minnesota Secretary of State of the applicable Certificate of Designations, the receipt of consideration designated in the applicable Corporate Proceedings and the due execution, issuance and delivery of certificates representing the preferred stock or preference shares pursuant to such Certificate of Designations; and
  5. As to common stock, such stock will be validly authorized and issued, fully paid and nonassessable upon the due execution, issuance and delivery of certificates representing the common stock and the receipt of consideration designated in the applicable Corporate Proceedings.


The foregoing opinions assume that at the time of delivery of any securities, instruments or agreements; (i) the Corporate Proceedings related thereto will not have been modified or rescinded, (ii) there will not have occurred any change in the law or current regulatory authorizations or approvals affecting the authorization, execution, delivery, validity or enforceability of such securities, instruments or agreements, (iii) none of the particular terms of such securities, instruments or agreements will violate any applicable law, and (iv) neither the issuance and sale thereof nor the compliance by the Company with the terms thereof will result in a violation of any issuance limit in the Corporate Proceedings, any agreement or instrument then binding upon the Company or any order of any court or governmental body having jurisdiction over the Company.

The legality, validity and enforceability of any securities, instruments, agreements described herein may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforceability of creditors' rights generally and subject to equitable principles which may limit the right to obtain equitable remedies. My opinion

Dr. Burl W. Haar  
October 22, 2009  
Page 3

is based on the laws of the State of Minnesota only, and any applicable federal law in effect on the date hereof. By rendering this opinion, I do not undertake to advise you with respect to any other matter or of any change in such laws or in the interpretation thereof which may occur after the date hereof. This opinion is being provided and delivered solely to the Public Utilities Commission of the State of Minnesota in conjunction with the Company's Petition for approval of its proposed 2011 capital structure and may not be used, generated or relied upon by any other person or for any other purpose without my prior written consent.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael C. Connelly". The signature is fluid and cursive, with a large initial "M" and a stylized "C" at the end.

Michael C. Connelly  
Vice President and General Counsel

**FINANCIAL STATEMENTS**

**BALANCE SHEET AS OF JUNE 30, 2010**

**INCOME STATEMENT FOR 12 MONTH PERIOD ENDED  
JUNE 30, 2010**

**STATEMENT OF CASH FLOWS FOR 12 MONTH PERIOD  
ENDED JUNE 30, 2010**

**NSP-MINNESOTA**  
**BALANCE SHEET AS OF JUNE 30, 2010**  
(Amounts are stated in thousands)

**ATTACHMENT G**  
**PART 1**  
**PAGE 1 OF 2**

	Before Transaction June 30, 2010	Adjustments To Record Proposed Transaction	After Transaction December 31, 2011
<b><u>ASSETS</u></b>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 28,438		\$ 28,438
Accounts receivable - net	273,736		273,736
Accounts receivable from affiliates	35,634		35,634
Accrued unbilled revenues	182,796		182,796
Recoverable purchased natural gas and electric energy costs	41,672		41,672
Inventories	219,777		219,777
Derivative instruments valuation	40,252		40,252
Prepayments and other	87,673		87,673
Total current assets	909,978	-	909,978
Property, plant and equipment, net	7,328,995		7,328,995
OTHER ASSETS			
Nuclear decommissioning fund investments	1,262,554		1,262,554
Regulatory assets	821,314		821,314
Derivative instruments valuation	109,168		109,168
Other	22,991		22,991
Total other assets	2,216,027	-	2,216,027
SubTotal assets	\$ 10,455,000	\$ -	\$ 10,455,000
Net Change in Assets	\$ -	\$ 948,850	\$ 948,850
Total assets	\$ 10,455,000	\$ 948,850	\$ 11,403,850



**NSP-MINNESOTA**  
**BALANCE SHEET AS OF JUNE 30, 2010**  
(Amounts are stated in thousands)

**ATTACHMENT G**  
**PART 1**  
**PAGE 2 OF 2**

	Before Transaction June 30, 2010	Adjustments To Record Proposed Transaction	After Transaction December 31, 2011
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	\$ 175,027		\$ 175,027
Short-term debt	45,000		45,000
Borrowings under utility money pool arrangement	60,000		60,000
Accounts payable	317,074		317,074
Accounts payable to affiliates	48,219		48,219
Taxes accrued	102,727		102,727
Accrued interest	63,493		63,493
Dividends payable to parent	58,479		58,479
Derivative instruments valuation	23,030		23,030
Other	63,800		63,800
Total current liabilities	956,849	-	956,849
<b>DEFERRED CREDITS AND OTHER LIABILITIES</b>			
Deferred income taxes	1,277,515		1,277,515
Deferred investment tax credits	35,576		35,576
Asset retirement obligations	818,820		818,820
Regulatory liabilities	464,139		464,139
Derivative instruments valuation	202,629		202,629
Pension and employee benefit obligations	314,551		314,551
Other	101,280		101,280
Total deferred credits and other liabilities	3,214,510	-	3,214,510
Commitments and contingent liabilities			
Capitalization:			
Long-term debt	2,838,597	(175,000) 1/	2,663,597
\$250 million, 5-year, secured debt, weighted average interest rate of 1.95% at June 30, 2010	-	250,000 2/	250,000
\$250 million, 30-year, secured debt, weighted average interest rate of 4.85% at June 30, 2010	-	250,000 2/	250,000
\$300 million, 30-year, secured debt, weighted average interest rate of x.xx% at December 31, 2011	-	300,000 3/	300,000
Common stock	10		10
Additional paid in capital	2,240,023	323,850 4/	2,563,873
Retained earnings	1,202,919		1,202,919
Accumulated other comprehensive income	2,092		2,092
Total common stockholder's equity	3,445,044	323,850	3,768,894
<b>Total liabilities and equity</b>	<b>\$ 10,455,000</b>	<b>\$ 948,850</b>	<b>\$ 11,403,850</b>

1/ Reflects long term debt retirement of \$175 million in August 2010.

2/ Reflects long term debt issuance of \$500 million in August 2010.

3/ Reflects anticipated long term debt issuance of \$300 million in September 2011.

4/ Reflects equity infusions of approximately \$136 million for July through December 2010 and approximately \$187 million during 2011.  
Includes allocation of holding company tax losses of approximately \$11 million in 2010 and \$22 million in 2011.

**NSP-MINNESOTA**  
**INCOME STATEMENT**  
**FOR 12 MONTH PERIOD ENDED JUNE 30, 2010**  
(Amounts are stated in thousands)

**ATTACHMENT G**  
**PART 2**  
**PAGE 1 OF 1**

	Before Transaction June 30, 2010	Adjustments To Record Proposed Transaction	After Transaction December 31, 2011
<b>Operating revenues:</b>			
Electric utility	\$ 3,443,459		\$ 3,443,459
Natural gas utility	577,160		577,160
Other	19,680		19,680
Total operating revenues	4,040,299	-	4,040,299
<b>Operating expenses:</b>			
Electric fuel and purchased power	1,440,301		1,440,301
Cost of natural gas sold and transported	399,862		399,862
Cost of sales - nonregulated and other	11,631		11,631
Other operating and maintenance expenses	992,228		992,228
Conservation program expenses	67,292		67,292
Depreciation and amortization	383,790		383,790
Taxes (other than income taxes)	154,588		154,588
Total operating expenses	3,449,692	-	3,449,692
<b>Operating income</b>	590,607	-	590,607
Interest and other income, net	1,357		1,357
Allowance for funds used during construction - equity	31,978		31,978
<b>Interest charges and financing costs:</b>			
Interest charges - net of amount capitalized (1)	194,429	\$17,773	212,202
Allowance for funds used during construction - debt	(18,285)		(18,285)
Total interest charges and financing costs	176,144	17,773	193,917
Income before income taxes	447,798	(17,773)	430,025
Income taxes	171,946	(6,825)	165,121
<b>Net Income (2)</b>	<u>\$ 275,852</u>	<u>\$ (10,949)</u>	<u>\$ 264,903</u>

(1) Reflects 12 months of interest ending December 31, 2011 for NSPM consolidated debt.

(2) Does not represent company forecast of 2011 Net income but only reflects changes from June 2010.

**NSP-MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**FOR 12 MONTH PERIOD ENDED JUNE 30, 2010**  
(Amounts are stated in thousands)

**ATTACHMENT G**  
**PART 3**  
**PAGE 1 OF 1**

	Before Transaction June 30, 2010
<b>Operating activities:</b>	
Net income	\$ 275,852
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation and amortization	384,347
Nuclear fuel amortization	91,942
Deferred income taxes	188,605
Amortization of investment tax credits	(2,926)
Allowance for equity funds used during construction	(31,978)
Provision for bad debts	19,408
Net realized and unrealized hedging and derivative transactions	(16,721)
Changes in operating assets and liabilities (net of the effect of consolidation of Nuclear Management Company:	
Accounts receivable	8,689
Accrued unbilled revenues	(9,610)
Inventories	(753)
Recoverable purchased natural gas and electric energy costs	(1,303)
Other current assets	(46,074)
Accounts payable	26,904
Net regulatory assets and liabilities	(76,171)
Other current liabilities	2,302
Change in other noncurrent assets	(127)
Change in other noncurrent liabilities	(2,275)
Net cash provided by operating activities	<u>810,111</u>
<b>Investing activities:</b>	
Utility capital/construction expenditures	(923,887)
Allowance for equity funds used during construction	31,978
Purchase of investments in external decommissioning fund	(3,631,346)
Proceeds from sale of investments in external decommissioning fund	3,658,868
Investments in utility money pool arrangement	(118,500)
Repayments from utility money pool arrangement	118,500
Advances to affiliates	(219,800)
Advances from affiliates	219,800
Other investments	(3,371)
Net cash used in investing activities	<u>(867,758)</u>
<b>Financing activities:</b>	
Proceeds from (repayment of) short-term borrowings - net	45,000
Borrowings under utility money pool arrangement	920,700
Repayments under utility money pool arrangement	(898,700)
Proceeds from issuance of long-term debt	295,340
Repayment of long-term debt, including reacquisition premiums	(250,098)
Borrowings under 5-year unsecured credit facility	-
Repayments under 5-year unsecured credit facility	-
Capital contributions from parent	191,439
Dividends paid to parent	(233,128)
Net cash provided by financing activities	<u>70,553</u>
Net increase in cash and cash equivalents	12,906
Cash and cash equivalents at beginning of period	15,532
Cash and cash equivalents at end of period	<u>\$ 28,438</u>

**2011 CAPITAL STRUCTURE FINANCING ASSUMPTIONS  
AND CAPITAL REQUIREMENTS**

**NORTHERN STATES POWER COMPANY**

**2011 Capital Structure Financing Assumptions  
(\$ in Thousands)**

	<b><u>Jul-Dec 2010</u></b>	<b><u>Jan-Dec 2011</u></b>
<b><u>Financings: Long Term</u></b>		
Equity Infusions	\$125,000	\$187,419
Long-Term Debt Issuances	<u>\$500,000</u>	<u>\$300,000 a)</u>
Subtotal	<u>\$625,000</u>	<u>\$487,419</u>
<b><u>Retirements/Redemptions</u></b>		
Long-Term Debt	<u>\$175,000</u>	<u>\$0 b)</u>
Subtotal	<u>\$175,000</u>	<u>\$0</u>
<b><u>Net Financings</u></b>		
Equity Infusions	\$125,000	\$187,419 c)
Long-Term Debt	<u>\$325,000</u>	<u>\$300,000</u>
Total	<u><u>\$450,000</u></u>	<u><u>\$487,419</u></u>

<b><u>Utility Capital Requirements (d)</u></b>	<b><u>Millions</u></b>
Energy Supply	\$451.7
Nuclear	\$350.6
Distribution	\$184.5
Transmission	\$194.5
Other	<u>\$46.1</u>
Total-NSP Minnesota	\$1,227.4

<b><u>Short-Term Debt/Internal Funds</u></b>	<u><u>\$740 e)</u></u>
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- (a) On August 11, 2010 the Company issued \$500 million FMB in two tranches, \$250 million 1.95% due 8/15/2015 and \$250 million 4.85% due 8/15/2040. The Company forecasts a \$300 million bond issue in 3rd Quarter 2011.
- (b) On August 1, 2010 the Company redeemed \$175 million 4.75% FMB due 8/1/10.
- (c) To maintain target capital structure ratios, the Company receives planned equity infusions from its parent company, Xcel Energy.
- (d) June 2010 Budget Information (greater detail provided in Attachment N)
- (e) Capital expenditures will be financed with a combination of the \$487 million net financings, and \$740 million short-term debt/internal funds.

**REPORT ON INTEREST/DIVIDEND COSTS AND  
SUPPLEMENTAL INDENTURE PROVISIONS**

**SUPPLEMENTAL TRUST INDENTURE**

**FROM**

**NORTHERN STATES POWER COMPANY**  
(A MINNESOTA CORPORATION)

**TO**

**THE BANK OF NEW YORK MELLON TRUST COMPANY,  
N.A.**

**DATED AUGUST 1, 2010**

**SUPPLEMENTAL TO TRUST INDENTURE  
DATED FEBRUARY 1, 1937**

**AND**

**SUPPLEMENTAL AND RESTATED  
TRUST INDENTURE  
DATED MAY 1, 1988**

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SCHEDULE A – PROPERTIES	



Supplemental Trust Indenture, made effective as of the 1st day of August, 2010, by and between NORTHERN STATES POWER COMPANY (formerly Northern Power Corporation), a corporation duly organized and existing under and by virtue of the laws of the State of Minnesota, having its principal office in the City of Minneapolis, Minnesota (the "Company"), party of the first part, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under and by virtue of the laws of the United States, having its principal office in the City of Chicago, Illinois (as successor trustee to Harris Trust and Savings Bank and BNY Midwest Trust Company), as trustee (the "Trustee"), party of the second part;

**WITNESSETH:**

WHEREAS, a predecessor in interest to the Company, Xcel Energy Inc. (formerly Northern States Power Company), a corporation duly organized and existing under and by virtue of the laws of the State of Minnesota (the "Predecessor Company") has heretofore executed and delivered to the Trustee its Trust Indenture (the "1937 Indenture"), made as of February 1, 1937, whereby the Predecessor Company granted, bargained, sold, warranted, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed to the Trustee and to its respective successors in trust, all property, real, personal and mixed then-owned or thereafter acquired or to be acquired by the Predecessor Company (except as therein excepted from the lien thereof) and subject to the rights reserved by the Predecessor Company in and by the provisions of the 1937 Indenture, to be held by said Trustee in trust in accordance with the provisions of the 1937 Indenture for the equal pro rata benefit and security of all and each of the bonds issued and to be issued thereunder in accordance with the provisions thereof; and

WHEREAS, the Predecessor Company heretofore has executed and delivered to the Trustee a Supplemental Trust Indenture, made as of June 1, 1942, whereby the Predecessor Company conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed to the Trustee, and its respective successors in said trust, additional property acquired by it subsequent to the date of the 1937 Indenture; and

WHEREAS, the Predecessor Company heretofore has executed and delivered to the Trustee the following additional Supplemental Trust Indentures which, in addition to conveying, assigning, transferring, mortgaging, pledging, setting over and confirming to the Trustee, and its respective successors in said trust, additional property acquired by it subsequent to the preparation of the next preceding Supplemental Trust Indenture and adding to the covenants, conditions and agreements of the 1937 Indenture certain additional covenants, conditions and agreements to be observed by the Predecessor Company, created the following series of First Mortgage Bonds:

**Date of Supplemental  
Trust Indenture**

**Designation of Series**

February 1, 1944	Series due February 1, 1974 (retired)
October 1, 1945	Series due October 1, 1975 (retired)
July 1, 1948	Series due July 1, 1978 (retired)
August 1, 1949	Series due August 1, 1979 (retired)
June 1, 1952	Series due June 1, 1982 (retired)
October 1, 1954	Series due October 1, 1984 (retired)
September 1, 1956	Series due 1986 (retired)
August 1, 1957	Series due August 1, 1987 (redeemed)
July 1, 1958	Series due July 1, 1988 (retired)
December 1, 1960	Series due December 1, 1990 (retired)
August 1, 1961	Series due August 1, 1991 (retired)
June 1, 1962	Series due June 1, 1992 (retired)
September 1, 1963	Series due September 1, 1993 (retired)
August 1, 1966	Series due August 1, 1996 (redeemed)
June 1, 1967	Series due June 1, 1995 (redeemed)
October 1, 1967	Series due October 1, 1997 (redeemed)
May 1, 1968	Series due May 1, 1998 (redeemed)
October 1, 1969	Series due October 1, 1999 (redeemed)
February 1, 1971	Series due March 1, 2001 (redeemed)
May 1, 1971	Series due June 1, 2001 (redeemed)
February 1, 1972	Series due March 1, 2002 (redeemed)
January 1, 1973	Series due February 1, 2003 (redeemed)
January 1, 1974	Series due January 1, 2004 (redeemed)
September 1, 1974	Pollution Control Series A (redeemed)
April 1, 1975	Pollution Control Series B (redeemed)
May 1, 1975	Series due May 1, 2005 (redeemed)
March 1, 1976	Pollution Control Series C (retired)
June 1, 1981	Pollution Control Series D, E and F (redeemed)
December 1, 1981	Series due December 1, 2011 (redeemed)
May 1, 1983	Series due May 1, 2013 (redeemed)
December 1, 1983	Pollution Control Series G (redeemed)
September 1, 1984	Pollution Control Series H (redeemed)
December 1, 1984	Resource Recovery Series I (redeemed)
May 1, 1985	Series due June 1, 2015 (redeemed)
September 1, 1985	Pollution Control Series J, K and L (redeemed)
July 1, 1989	Series due July 1, 2019 (redeemed)
June 1, 1990	Series due June 1, 2020 (redeemed)
October 1, 1992	Series due October 1, 1997 (retired)
April 1, 1993	Series due April 1, 2003 (retired)
December 1, 1993	Series due December 1, 2000 (retired), and December 1, 2005 (retired)
February 1, 1994	Series due February 1, 1999 (retired)
October 1, 1994	Series due October 1, 2001 (retired)

**Date of Supplemental  
Trust Indenture**

**Designation of Series**

June 1, 1995	Series due July 1, 2025
April 1, 1997	Pollution Control Series M (redeemed), N, O and P
March 1, 1998	Series due March 1, 2003 (retired), and March 1, 2028
May 1, 1999	Resource Recovery Series Q (retired)
June 1, 2000	Resource Recovery Series R (retired); and

WHEREAS, on August 18, 2000, New Centuries Energies, Inc. was merged with and into the Predecessor Company and the Predecessor Company changed its corporate name from Northern States Power Company to Xcel Energy Inc.; and

WHEREAS, pursuant to an Assignment and Assumption Agreement dated as of August 18, 2000 between the Predecessor Company and the Company, substantially all the assets of the Predecessor Company (other than the stock of the Predecessor Company's subsidiaries) were conveyed to, and substantially all the liabilities of the Predecessor Company, including liabilities created under the Indenture (as hereinafter defined), were assumed by, the Company (the "Assignment"); and

WHEREAS, pursuant to the Supplemental Trust Indenture dated as of August 1, 2000 among the Predecessor Company, the Company and Harris Trust and Savings Bank, as trustee, the requirements and conditions precedent set forth in the Original Indenture and the Restated Indenture (each as hereinafter defined) with respect to the Assignment were satisfied; and

WHEREAS, the Company heretofore has executed and delivered to the Trustee the following additional Supplemental Trust Indentures, which, in addition to conveying, assigning, transferring, mortgaging, pledging, setting over and confirming to the Trustee, and its respective successors in said trust, additional property acquired by it (or, as the case may be, the Predecessor Company) subsequent to the preparation of the next preceding Supplemental Trust Indenture and adding to the covenants, conditions and agreements of the 1937 Indenture certain additional covenants, conditions and agreements to be observed by the Company, created the following series of First Mortgage Bonds:

**Date of Supplemental  
Trust Indenture**

**Designation of Series**

June 1, 2002	Series due August 15, 2003 (retired)
July 1, 2002	Pollution Control Series S
August 1, 2002	Series A and Series B due August 28, 2012
May 1, 2003	Series due 2004, extendible through 2006 (retired)
August 1, 2003	Series due August 1, 2006 (retired) and Series due August 1, 2010 (retired)
July 1, 2005	Series due July 15, 2035
May 1, 2006	Series due June 1, 2036
June 1, 2007	Series due July 1, 2037

March 1, 2008  
November 1, 2009

Series due March 1, 2018  
Series due November 1, 2039

WHEREAS, the 1937 Indenture and all of the foregoing Supplemental Trust Indentures are referred to herein collectively as the "Original Indenture"; and

WHEREAS, the Predecessor Company heretofore has executed and delivered to the Trustee a Supplemental and Restated Trust Indenture, dated May 1, 1988 (the "Restated Indenture"), which, in addition to conveying, assigning, transferring, mortgaging, pledging, setting over and confirming to the Trustee, and its respective successors in said trust, additional property acquired by it subsequent to the preparation of the next preceding Supplemental Trust Indenture, amended and restated the Original Indenture (except for those Supplemental Trust Indentures executed after May 1, 1988); and

WHEREAS, the Restated Indenture became effective and operative on July 20, 2005; and

WHEREAS, the Original Indenture, the Restated Indenture and all trust indentures supplemental thereto are referred to herein collectively as the "Indenture"; and

WHEREAS, pursuant to the Agreement of Resignation, Appointment and Acceptance dated as of May 1, 2002 among the Company, BNY Midwest Trust Company, as successor trustee, and Harris Trust and Savings Bank, BNY Midwest Trust Company accepted the rights, powers, duties and obligations of the trustee under the Indenture effective as of May 9, 2002; and

WHEREAS, pursuant to the Transfer and Assumption Agreement dated as of January 1, 2007 between BNY Midwest Trust Company and The Bank of New York Trust Company, N.A., The Bank of New York Trust Company accepted the rights, titles and interests of the trustee under the Indenture effective as of January 1, 2007; and

WHEREAS, the Indenture provides that bonds may be issued thereunder in one or more series, each series to have such distinctive designation as the Board of Directors of the Company may select for such series; and

WHEREAS, the Company is desirous of providing for the creation of (a) a new series of First Mortgage Bonds, said new series of bonds to be designated "First Mortgage Bonds, Series due August 15, 2015 (the "Series 2015 Bonds")" and (b) a new series of First Mortgage Bonds, said new series to be designated "First Mortgage Bonds, Series due August 15, 2040 (the "Series 2040 Bonds" and, collectively with the Series 2015 Bonds, the "Bonds") the bonds of each series to be issued as registered bonds without coupons in denominations of a multiple of \$1,000, and the bonds of each series to be substantially in the form and of the tenor following with the redemption prices inserted therein in conformity with the provisions of Section 2.03 hereof, to-wit:

(Form of Series 2015 Bonds and Series 2040 Bonds)  
NORTHERN STATES POWER COMPANY  
(Incorporated under the laws of the State of Minnesota)  
First Mortgage Bond  
Series due August 15, [2015] [2040]

No. \_\_\_\_\_ \$ \_\_\_\_\_

**[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation, to the Company or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of The Depository Trust Company (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of The Depository Trust Company), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]\***

NORTHERN STATES POWER COMPANY, a corporation organized and existing under the laws of the State of Minnesota (the "Company"), for value received, hereby promises to pay to [\_\_\_\_\_] or its registered assigns, at the office of the Trustee, in the City of Chicago, Illinois, or, at the option of the registered owner, at the agency of the Company in the Borough of Manhattan, City and State of New York, an amount equal to [\_\_\_\_\_] Dollars in lawful money of the United States of America, on the 15th day of August, [2015]\*\* [2040]\*\*\* and to pay interest hereon from the date hereof at the rate of [1.950]\*\* [4.850]\*\*\* percent per annum, in like money, until the Company's obligation with respect to the payment of such principal sum shall be discharged; said interest being payable at the option of the person entitled to such interest either at the office of the Trustee, in Chicago, Illinois, or at the agency of the Company in the Borough of Manhattan, City and State of New York, on the 15th day of February and on the 15th day of August in each year, commencing February 15, 2011 provided that as long as there is no existing default in the payment of interest and except for the payment of defaulted interest, the interest payable on any February 15 or August 15 will be paid to the person in whose name this bond was registered at the close of business on the record date (the February 1 prior to such February 15 or the August 1 prior to such August 15 (whether or not a business day)). If any interest payment date or date on which the principal of this bond is required to be paid is not a business day, then payment of principal, premium or interest need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on such interest payment date or date on which the principal of this bond is required to be paid and, in the case of timely payment thereof, no interest shall accrue for the period from and after such interest payment date or the date on which the principal of this bond is required to be paid. The term "business day" shall mean any day other than a Saturday or Sunday or a day on which the offices of the Trustee in the City of Chicago, Illinois, are closed pursuant to authorization of law.

\* This legend to be included if the Bonds are issued as a global bond in book-entry form.

\*\* To be inserted in Series 2015 Bonds.

\*\*\* To be inserted in Series 2040 Bonds.

**[EXCEPT UNDER THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, THESE GLOBAL BONDS MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE REGISTERED DEPOSITORY OR BY A NOMINEE OF THE REGISTERED DEPOSITORY TO THE REGISTERED DEPOSITORY, ANOTHER NOMINEE OF THE REGISTERED DEPOSITORY, A SUCCESSOR OF THE REGISTERED DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR.]\***

This bond is one of a duly authorized issue of bonds of the Company, of the series and designation indicated on the face hereof, which issue of bonds consists, or may consist, of several series of varying denominations, dates and tenor, all issued and to be issued under and equally secured (except insofar as a sinking fund, or similar fund, established in accordance with the provisions of the Indenture may afford additional security for the bonds of any specific series) by a Trust Indenture dated February 1, 1937 (the "1937 Indenture"), as supplemented by 60 supplemental trust indentures (collectively, the "Supplemental Indentures"), a Supplemental and Restated Trust Indenture dated May 1, 1988 (the "Restated Indenture") and a new supplemental trust indenture for the bonds of this series (the "Supplemental Trust Indenture"), executed by the Company to THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (as successor trustee to Harris Trust and Savings Bank and BNY Midwest Trust Company), as trustee (the "Trustee"). The 1937 Indenture, as supplemented by the Supplemental Indentures, the Restated Indenture and the Supplemental Trust Indenture, is referred to herein as the "Indenture." The Restated Indenture amends and restates the 1937 Indenture and certain of the Supplemental Indentures and became effective and operative on July 20, 2005. Reference hereby is made to the Indenture for a description of the property mortgaged and pledged, the nature and extent of the security, the rights of the holders of the bonds as to such security and the terms and conditions upon which the bonds may be issued under the Indenture and are secured. The principal hereof may be declared or may become due on the conditions, in the manner and at the time set forth in the Indenture upon the happening of a default as provided in the Indenture.

With the consent of the Company and to the extent permitted by and as provided in the Indenture, the rights and obligations of the Company and of the holders of the bonds and the terms and provisions of the Indenture and of any instruments supplemental thereto may be modified or altered by affirmative vote of the holders of at least 66 2/3% in principal amount of the bonds then outstanding under the Indenture and any instruments supplemental thereto (excluding bonds challenged and disqualified from voting by reason of the Company's interest therein as provided in the Indenture); provided that without the consent of all holders of all bonds affected no such modification or alteration shall permit the extension of the maturity of the principal of any bond or the reduction in the rate of interest thereon or any other modification in the terms of payment of such principal or interest.

The Company and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes and shall not be affected by any notice to the contrary.

[At any time prior to May 15, 2015, the Company may redeem the bonds of this series, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of

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\* This legend to be included if the bonds are issued as a global bond in book-entry form.

such bonds of this series being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the bonds of this series being redeemed (excluding the portion of any such interest accrued to the date fixed for redemption), discounted to the date fixed for redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined below) plus 5 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption. At any time on or after May 15, 2015, the Company may redeem, in whole or in part, the bonds of this series at 100% of the principal amount being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.]\*\*

[At any time prior to February 15, 2040, the Company may redeem the bonds of this series, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of such bonds of this series being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the bonds of this series being redeemed (excluding the portion of any such interest accrued to the date fixed for redemption), discounted to the date fixed for redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined below) plus 10 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption. At any time on or after February 15, 2040, the Company may redeem, in whole or in part, the bonds of this series at 100% of the principal amount being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.]\*\*\*

“Comparable Treasury Issue” means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the bonds of this series being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the bonds of this series being redeemed.

“Comparable Treasury Price” means (i) the average of the Reference Treasury Dealer Quotations for the date fixed for redemption, after excluding the highest and lowest Reference Treasury Dealer Quotations for the date fixed for redemption, or (ii) if the Company obtains fewer than four Reference Treasury Dealer Quotations for the date fixed for redemption, the average of all such Reference Treasury Dealer Quotations for the date fixed for redemption.

“Independent Investment Banker” means each of BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc. and RBS Securities Inc. or their respective successors or, if such firms or their respective successors are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

“Reference Treasury Dealer” means (i) each of Citigroup Global Markets Inc. and RBS Securities Inc. and any other primary U.S. Government securities dealer in the United States, or a Primary Treasury Dealer, designated by, and not affiliated with, Citigroup Global Markets Inc. or RBS Securities Inc. and their respective successors, provided, however, that if Citigroup

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\*\* To be inserted in Series 2015 Bonds.

\*\*\* To be inserted in Series 2040 Bonds.

Global Markets Inc. or RBS Securities Inc. or any of their respective designees ceases to be a Primary Treasury Dealer, the Company shall appoint another Primary Treasury Dealer as a substitute and (ii) any other Primary Treasury Dealer selected by the Company after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, for each Reference Treasury Dealer and any date fixed for redemption, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to an Independent Investment Banker by the Reference Treasury Dealer at 5:00 p.m., Eastern time, on the third business day preceding the date fixed for redemption.

“Treasury Yield” means, for any date fixed for redemption, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Yield will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the date fixed for redemption. The Treasury Yield will be calculated on the third business day preceding the date fixed for redemption.

Bonds of this series are not subject to a sinking fund.

This bond is transferable as prescribed in the Indenture by the registered owner hereof in person, or by his duly authorized attorney, at the office of the Trustee in the City of Chicago, Illinois, or at the option of the owner at the agency of the Company in the Borough of Manhattan, City and State of New York, or elsewhere if authorized by the Company, upon surrender and cancellation of this bond, and thereupon a new bond or bonds of the same series and of a like aggregate principal amount will be issued to the transferee in exchange therefor as provided in the Indenture, upon payment of taxes or other governmental charges, if any, that may be imposed in relation thereto.

Bonds of this series are interchangeable as to denominations in the manner and upon the conditions prescribed in the Indenture.

No charge shall be made by the Company for any exchange or transfer of bonds of this series, other than for taxes or other governmental charges, if any, that may be imposed in relation thereto.



The Company shall not be required to issue, transfer or exchange any bond of this series during a period of 10 days immediately preceding any selection of bonds of this series to be redeemed. The Company shall not be required to transfer or exchange any bond of this series called or being called for redemption in its entirety or to transfer or exchange the called portion of a bond of this series which has been called for partial redemption.

No recourse shall be had for the payment of the principal of or the interest on this bond, or any part thereof, or of any claim based hereon or in respect hereof or of said Indenture, against any incorporator, or any past, present or future shareholder, officer or director of the Company or of any predecessor or successor corporation, either directly or through the Company, or through any such predecessor or successor corporation, or through any receiver or a trustee in bankruptcy, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released, as more fully provided in the Indenture.

This bond shall not be valid or become obligatory for any purpose unless and until the certificate of authentication hereon shall have been signed by or on behalf of The Bank of New York Mellon Trust Company, N.A. (as successor trustee to Harris Trust and Savings Bank and BNY Midwest Trust Company), as Trustee under the Indenture, or its successor thereunder.

IN WITNESS WHEREOF, NORTHERN STATES POWER COMPANY has caused this bond to be executed in its name by its President or a Vice President and its corporate seal, or a facsimile thereof, to be hereto affixed and attested by its Secretary or an Assistant Secretary.

Dated: \_\_\_\_\_

NORTHERN STATES POWER COMPANY

Attest:

By: \_\_\_\_\_  
Vice President

(Form of Trustee's Certificate)

This bond is one of the bonds of the Series designated thereon, described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By:  
Authorized Officer

Dated:

and

WHEREAS, the Company is desirous of conveying, assigning, transferring, mortgaging, pledging, setting over and confirming to the Trustee and to its respective successors in trust, additional property acquired by it subsequent to the date of the preparation of the Supplemental Trust Indenture dated as of August 1, 2010; and

WHEREAS, the Indenture provides in substance that the Company and the Trustee may enter into indentures supplemental thereto for the purposes, among others, of creating and setting forth the particulars of any new series of bonds and of providing the terms and conditions of the issue of the bonds of any series not expressly provided for in the Indenture and of conveying, assigning, transferring, mortgaging, pledging, setting over and confirming to the Trustee additional property of the Company, and for any other purpose not inconsistent with the terms of the Indenture; and

WHEREAS, the execution and delivery of this Supplemental Trust Indenture have been duly authorized by a resolution adopted by the Board of Directors of the Company; and

WHEREAS, the Trustee has duly determined to execute this Supplemental Trust Indenture and to be bound, insofar as it may lawfully do so, by the provisions hereof;

NOW, THEREFORE, Northern States Power Company, in consideration of the premises and of one dollar duly paid to it by the Trustee at or before the ensealing and delivery of these presents, the receipt of which is hereby acknowledged, and other good and valuable considerations, does hereby covenant and agree to and with The Bank of New York Mellon Trust Company, N.A. (as successor trustee to Harris Trust and Savings Bank and BNY Midwest Trust Company), as Trustee, and its successors in the trust under the Indenture for the benefit of those who hold or shall hold the bonds, or any of them, issued or to be issued thereunder, as follows:

#### ARTICLE I SPECIFIC SUBJECTION OF ADDITIONAL PROPERTY TO THE LIEN OF THE INDENTURE

SECTION 1.01. The Company, in order to better secure the payment, of both the principal and interest, of all bonds of the Company at any time outstanding under the Indenture according to their tenor and effect and the performance of and compliance with the covenants and conditions contained in the Indenture, has granted, bargained, sold, warranted, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents does grant, bargain, sell, warrant, release, convey, assign, transfer, mortgage, pledge, set over and confirm, to the Trustee and to its respective successors in said trust forever, subject to the rights reserved by the Company in and by the provisions of the Indenture, all of the property described and mentioned or enumerated in the schedule annexed hereto and marked Schedule A, reference to said schedule being made hereby with the same force and effect as if the same were incorporated herein at length; together with all and singular the tenements, hereditaments and appurtenances belonging and in any way appertaining to the aforesaid property or any part thereof with the reversion and reversions, remainder and remainders, tolls, rents and revenues, issues, income, products and profits thereof;

Also, in order to subject the personal property and chattels of the Company to the lien of the Indenture and to conform with the provisions of the Uniform Commercial Code, all fossil,

nuclear, hydro and other electric generating plants, including buildings and other structures, turbines, generators, exciters, boilers, reactors, nuclear fuel, other boiler plant equipment, condensing equipment and all other generating equipment; substations; electric transmission and distribution systems, including structures, poles, towers, fixtures, conduits, insulators, wires, cables, transformers, services and meters; steam heating mains and equipment; gas transmission and distribution systems, including structures, storage facilities, mains, compressor stations, purifier stations, pressure holders, governors, services and meters; telephone plant and related distribution systems; trucks and trailers; office, shop and other buildings and structures, furniture and equipment; apparatus and equipment of all other kinds and descriptions; materials and supplies; all municipal and other franchises, leaseholds, licenses, permits, privileges, patents and patent rights; all shares of stock, bonds, evidences of indebtedness, contracts, claims, accounts receivable, choses in action and other intangibles, all books of account and other corporate records;

Excluding, however, all merchandise and appliances heretofore or hereafter acquired for the purpose of sale to customers and others;

All the estate, right, title, interest and claim, whatsoever, at law as well as in equity, which the Company now has or hereafter may acquire in and to the aforesaid property and every part and parcel thereof subject, however, to the right of the Company, upon the occurrence and continuation of a Completed Default as defined in the Indenture, to retain in its possession all shares of stock, notes, evidences of indebtedness, other securities and cash not expressly required by the provisions hereof to be deposited with the Trustee, to retain in its possession all contracts, bills and accounts receivable, motor cars, any stock of goods, wares and merchandise, equipment or supplies acquired for the purpose of consumption in the operation, construction or repair of any of the properties of the Company, and to sell, exchange, pledge, hypothecate or otherwise dispose of any or all of such property so retained in its possession, free from the lien of the Indenture, without permission or hindrance on the part of the Trustee, or any of the bondholders. No person in any dealings with the Company in respect of any such property shall be charged with any notice or knowledge of any such Completed Default under the Indenture while the Company is in possession of such property. Nothing contained herein or in the Indenture shall be deemed or construed to require the deposit with, or delivery to, the Trustee of any of such property, except such as is specifically required to be deposited with the Trustee by some express provision of the Indenture;

To have and to hold all said property, real, personal and mixed, granted, bargained, sold, warranted, released, conveyed, assigned, transferred, mortgaged, pledged, set over or confirmed by the Company as aforesaid, or intended so to be, to the Trustee and its successors and assigns forever, subject, however, to Permitted Encumbrances and to the further reservations, covenants, conditions, uses and trusts set forth in the Indenture; in trust nevertheless for the same purposes and upon the same conditions as are set forth in the Indenture.

## ARTICLE II

### FORM AND EXECUTION OF SERIES 2015 BONDS AND SERIES 2040 BONDS

SECTION 2.01. There is hereby created, for issuance under the Indenture, a series of bonds designated Series due August 15, 2015, each of which shall bear the descriptive title "First Mortgage Bonds, Series due August 15, 2015," (such bonds, the "Series 2015 Bonds") and the

form thereof shall contain suitable provisions with respect to the matters hereafter specified in this Section. The Series 2015 Bonds may forthwith be executed by the Company substantially in the form set forth in the recitals, including the relevant provisions as indicated therein, and delivered to the Trustee for authentication and delivery by the Trustee in accordance with the provisions of the Indenture and this Supplemental Trust Indenture. The Series 2015 Bonds shall initially be authenticated and delivered in the aggregate principal amount of \$250,000,000. The Series 2015 Bonds may be reopened and additional bonds of said series may be issued in excess of the amount initially authenticated and delivered, provided that such additional bonds of said series will contain the same terms (including the maturity date and interest rate), except for the public offering price and the issue date, as the other Series 2015 Bonds. Any such additional Series 2015 Bonds, together with the Series 2015 Bonds initially authenticated, shall constitute a single series for purposes of the Indenture and shall be limited to an aggregate principal amount of \$350,000,000. The Series 2015 Bonds shall mature on August 15, 2015, and shall be issued as registered bonds without coupons in denominations of \$1,000. The Series 2015 Bonds shall bear interest at a rate of 1.950% per annum on the principal amount thereof payable semi-annually on February 15 and August 15 of each year, commencing February 15, 2011, and the principal shall be payable at the office of the Trustee in the City of Chicago, Illinois, or at the option of the registered owner at the agency of the Company in the Borough of Manhattan, City and State of New York, in lawful money of the United States of America, and the interest shall be payable in like money at the option of the person entitled to such interest either at said office of the Trustee in the City of Chicago, Illinois, or at the agency of the Company in the Borough of Manhattan, City and State of New York. Interest on the Series 2015 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. If any interest payment date or date on which the principal of this bond is required to be paid is not a business day, then payment of principal, premium or interest need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on such interest payment date or date on which the principal of this bond is required to be paid and, in the case of timely payment thereof, no interest shall accrue for the period from and after such interest payment date or the date on which the principal of this bond is required to be paid. The Series 2015 Bonds shall be dated as of the date of authentication thereof by the Trustee. The term "business day" shall mean any day other than a Saturday or Sunday or a day on which the offices of the Trustee in the City of Chicago, Illinois, are closed pursuant to authorization of law.

As long as there is no existing default in the payment of interest on the Series 2015 Bonds, the person in whose name any Series 2015 Bond is registered at the close of business on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding any transfer or exchange of any such Series 2015 Bond subsequent to the Record Date and on or prior to such interest payment date, except as and to the extent the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such Series 2015 Bond is registered on the Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof shall be given to the registered holder of any Series 2015 Bond not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2015 Bond may be listed, and upon such notice as may be required by such exchange.

The term "Record Date" as used in this Section 2.01 with respect to any interest payment date (February 15 or August 15) shall mean the February 1 prior to such February 15 or the August 1 prior to such August 15 (whether or not a business day).

As used in this Section 2.01, the term "default in the payment of interest" means failure to pay interest on the applicable interest payment date disregarding any period of grace permitted by the Indenture.

The "Special Record Date" as used in this Section 2.01 shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Series 2015 Bond and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such defaulted interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such defaulted interest as provided in this Section 2.01. Thereupon the Trustee shall fix a Special Record Date for the payment of such defaulted interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each holder of the Series 2015 Bonds, at his, her or its address as it appears in the bond register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such defaulted interest and the Special Record Date therefor having been mailed as aforesaid, such defaulted interest shall be paid to the persons in whose names the Series 2015 Bonds are registered on such Special Record Date and shall not be payable pursuant to the paragraph immediately following in this Section 2.01.

The Company may make payment of any defaulted interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2015 Bonds may be listed, and upon such notice as may be required by such exchange, if, after notice is given by the Company to the Trustee of the proposed payment pursuant to this Section 2.01, such payment shall be deemed practicable by the Trustee.

SECTION 2.02. There is hereby created, for issuance under the Indenture, a series of bonds designated Series due August 15, 2040, each of which shall bear the descriptive title "First Mortgage Bonds, Series due August 15, 2040," (such bonds, the "Series 2040 Bonds") and the form thereof shall contain suitable provisions with respect to the matters hereafter specified in this Section. The Series 2040 Bonds may forthwith be executed by the Company substantially in the form set forth in the recitals, including the relevant provisions as indicated therein, and delivered to the Trustee for authentication and delivery by the Trustee in accordance with the provisions of the Indenture and this Supplemental Trust Indenture. The Series 2040 Bonds shall initially be authenticated and delivered in the aggregate principal amount of \$250,000,000. The Series 2040 Bonds may be reopened and additional bonds of said series may be issued in excess of the amount initially authenticated and delivered, provided that such additional bonds of said series will contain the same terms (including the maturity date and interest rate), except for the public offering price and the issue date, as the other Series 2040 Bonds. Any such additional Series 2040 Bonds, together with the Series 2040 Bonds initially authenticated, shall constitute a

single series for purposes of the Indenture and shall be limited to an aggregate principal amount of \$500,000,000. The Series 2040 Bonds shall mature on August 15, 2040, and shall be issued as registered bonds without coupons in denominations of \$1,000. The Series 2040 Bonds shall bear interest at a rate of 4.850% per annum on the principal amount thereof payable semi-annually on February 15 and August 15 of each year, commencing February 15, 2011, and the principal shall be payable at the office of the Trustee in the City of Chicago, Illinois, or at the option of the registered owner at the agency of the Company in the Borough of Manhattan, City and State of New York, in lawful money of the United States of America, and the interest shall be payable in like money at the option of the person entitled to such interest either at said office of the Trustee in the City of Chicago, Illinois, or at the agency of the Company in the Borough of Manhattan, City and State of New York. Interest on the Series 2040 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. If any interest payment date or date on which the principal of this bond is required to be paid is not a business day, then payment of principal, premium or interest need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on such interest payment date or date on which the principal of this bond is required to be paid and, in the case of timely payment thereof, no interest shall accrue for the period from and after such interest payment date or the date on which the principal of this bond is required to be paid. The Series 2040 Bonds shall be dated as of the date of authentication thereof by the Trustee. The term "business day" shall mean any day other than a Saturday or Sunday or a day on which the offices of the Trustee in the City of Chicago, Illinois, are closed pursuant to authorization of law.

As long as there is no existing default in the payment of interest on the Series 2040 Bonds, the person in whose name any Series 2040 Bond is registered at the close of business on any Record Date with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding any transfer or exchange of any such Series 2040 Bond subsequent to the Record Date and on or prior to such interest payment date, except as and to the extent the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such Series 2040 Bond is registered on the Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof shall be given to the registered holder of any Series 2040 Bond not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2040 Bond may be listed, and upon such notice as may be required by such exchange.

The term "Record Date" as used in this Section 2.02 with respect to any interest payment date (February 15 or August 15) shall mean the February 1 prior to such February 15 or the August 1 prior to such August 15 (whether or not a business day).

As used in this Section 2.02, the term "default in the payment of interest" means failure to pay interest on the applicable interest payment date disregarding any period of grace permitted by the Indenture.

The "Special Record Date" as used in this Section 2.02 shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Series 2040 Bond and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the

aggregate amount proposed to be paid in respect of such defaulted interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such defaulted interest as provided in this Section 2.02. Thereupon the Trustee shall fix a Special Record Date for the payment of such defaulted interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each holder of the Series 2040 Bonds, at his, her or its address as it appears in the bond register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such defaulted interest and the Special Record Date therefor having been mailed as aforesaid, such defaulted interest shall be paid to the persons in whose names the Series 2040 Bonds are registered on such Special Record Date and shall not be payable pursuant to the paragraph immediately following in this Section 2.02.

The Company may make payment of any defaulted interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2040 Bonds may be listed, and upon such notice as may be required by such exchange, if, after notice is given by the Company to the Trustee of the proposed payment pursuant to this Section 2.02, such payment shall be deemed practicable by the Trustee.

SECTION 2.03. At any time prior to May 15, 2015, the Company may redeem the Series 2015 Bonds, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of such Series 2015 Bonds being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2015 Bonds being redeemed (excluding the portion of any such interest accrued to the date fixed for redemption), discounted to the date fixed for redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined below) plus 5 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption. At any time on or after May 15, 2015, the Company may redeem, in whole or in part, the Series 2040 Bonds at 100% of the principal amount being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

At any time prior to February 15, 2040, the Company may redeem the Series 2040 Bonds, in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of such Series 2040 Bonds being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2040 Bonds being redeemed (excluding the portion of any such interest accrued to the date fixed for redemption), discounted to the date fixed for redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Yield (as defined below) plus 10 basis points, plus, in each case, accrued and unpaid interest thereon to but excluding the date of redemption. At any time on or after February 15, 2040, the Company may redeem, in whole or in part, the Series 2040 Bonds at 100% of the principal amount being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

“Comparable Treasury Issue” means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the

Bonds of the series being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds of the series being redeemed.

“Comparable Treasury Price” means (i) the average of the Reference Treasury Dealer Quotations for the date fixed for redemption, after excluding the highest and lowest Reference Treasury Dealer Quotations for the date fixed for redemption, or (ii) if the Company obtains fewer than four Reference Treasury Dealer Quotations for the date fixed for redemption, the average of all of the Reference Treasury Dealer Quotations for the date fixed for redemption.

“Independent Investment Banker” means each of BNY Mellon Capital Markets, LLC, Citigroup Global Markets Inc. and RBS Securities Inc. or their respective successors or, if such firms or their respective successors are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

“Reference Treasury Dealer” means (i) each of Citigroup Global Markets Inc. or RBS Securities Inc. and any other primary U.S. Government securities dealer in the United States, or a Primary Treasury Dealer, designated by, and not affiliated with, Citigroup Global Markets Inc. or RBS Securities Inc. or their respective successors, provided, however, that if Citigroup Global Markets Inc. or RBS Securities Inc. or any of their respective designees ceases to be a Primary Treasury Dealer, the Company shall appoint another Primary Treasury Dealer as a substitute and (ii) any other Primary Treasury Dealer selected by the Company after consultation with an Independent Investment Banker.

“Reference Treasury Dealer Quotations” means, for each Reference Treasury Dealer and any date fixed for redemption, the average, as determined by an Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to an Independent Investment Banker by the Reference Treasury Dealer at 5:00 p.m., Eastern time, on the third business day preceding the date fixed for redemption.

“Treasury Yield” means, for any date fixed for redemption, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the remaining term, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Yield will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the date fixed for redemption. The Treasury Yield will be calculated on the third business day preceding the date fixed for redemption.



The Company may redeem, in whole or in part, the Series 2015 Bonds without redeeming the Series 2040 Bonds or the Series 2040 Bonds without redeeming the Series 2015 Bonds.

Neither the Series 2015 Bonds nor the Series 2040 Bonds are subject to a sinking fund.

The redemption prices of the Bonds need not be specified in any temporary bond of said series if an appropriate reference be made in said temporary bond to the provision of this Section.

SECTION 2.04. The registered owner of any Bonds, at his, her or its option, may surrender the same with other Bonds of such series at the office of the Trustee in the City of Chicago, Illinois, or at the agency of the Company in the Borough of Manhattan, City and State of New York, or elsewhere if authorized by the Company, for cancellation, in exchange for other Bonds of such series of higher or lower authorized denominations, but of the same aggregate principal amount, bearing interest from its date, and upon receipt of any payment required under the provisions of Section 2.05 hereof. Thereupon the Company shall execute and deliver to the Trustee and the Trustee shall authenticate and deliver such other registered Bonds to such registered owner at its office or at any other place specified as aforesaid.

Notwithstanding any other provisions of the Indenture to the contrary, the Company shall not be required to issue, transfer or exchange any Bond during a period of ten (10) days next preceding any selection of Bonds of such series to be redeemed. The Company shall not be required to transfer or exchange any Bond called or being called for redemption in its entirety or to transfer or exchange the called portion of a Bond which has been called for partial redemption.

SECTION 2.05. No charge shall be made by the Company for any exchange or transfer of Bonds other than for taxes or other governmental charges, if any, that may be imposed in relation thereto.

SECTION 2.06. The Bonds shall be executed on behalf of the Company by its President or one of its Vice Presidents, and its corporate seal shall be thereunto affixed, or printed, lithographed or engraved thereon, in facsimile, and attested by the signature of its Secretary or one of its Assistant Secretaries. Any such signatures may be manual or facsimile signatures and may be imprinted or otherwise reproduced. In case any of the officers who shall have signed any Bonds or attested the seal thereon shall cease to be such officers of the Company before the Bonds so signed and sealed actually shall have been authenticated by the Trustee or delivered by the Company, such Bonds nevertheless may be issued, authenticated and delivered with the same force and effect as though the person or persons who signed such Bonds and attested the seal thereon had not ceased to be such officer or officers of the Company. Any Bond issuable hereunder may be signed or attested on behalf of the Company by such person as at the actual date of the execution of such Bond shall be the proper officer of the Company, although at the date of such Bond such person shall not have been an officer of the Company.

SECTION 2.07. (a) Except as provided in subsections (c) and (g) of this Section 2.07, the registered holder of all of the Series 2015 Bonds and the Series 2040 Bonds shall be The Depository Trust Company ("DTC") and such Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal of, premium, if any, and interest on any Bonds registered in the name of Cede & Co. shall be made by transfer of New York Federal or

equivalent immediately available funds with respect to the Bonds to the account of Cede & Co. on each such payment date for the Bonds at the address indicated for Cede & Co. in the bond register kept by the Trustee.

(b) The Series 2015 Bonds and the Series 2040 Bonds shall each be initially issued in the form of one or more separate single authenticated fully registered certificates in the respective aggregate principal amount of such series of Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Company may treat DTC (or its nominee) as the sole and exclusive registered holder of the Bonds registered in its name for the purposes of payment of the principal of, premium, if any, and interest on the Bonds and of giving any notice permitted or required to be given to holders under the Indenture, except as provided in subsection (g) below of this Section 2.07; and neither the Trustee nor the Company shall be affected by any notice to the contrary. Neither the Trustee nor the Company shall have any responsibility or obligation to any of DTC's participants (each a "Participant"), any person claiming a beneficial ownership in the Bonds under or through DTC or any Participant (each a "Beneficial Owner") or any other person which is not shown on the bond register maintained by the Trustee as being a registered holder, with respect to (1) the accuracy of any records maintained by DTC or any Participant; (2) the payment by DTC or any Participant of any amount in respect of the principal of, premium, if any, or interest on the Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is permitted or required to be given to registered holders under the Indenture of the Bonds; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as bondholder. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds registered in the name of Cede & Co. only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in Minnesota and New York) DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Company's obligations with respect to the principal of, premium, if any, and interest on such Bonds to the extent of the sum or sums so paid. Except as otherwise provided in subsections (c) and (g) below of this Section 2.07, no person other than DTC shall receive authenticated bond certificates evidencing the obligation of the Company to make payments of principal of and interest on the Bonds. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of the Indenture with respect to transfers of bonds, the word "Cede & Co." in this Supplemental Trust Indenture shall refer to such new nominee of DTC.

(c) If the Company in its discretion determines that it is in the best interest of the Beneficial Owners that they be able to obtain bond certificates for the Series 2015 Bonds or Series 2040 Bonds or there shall have occurred and be continuing a Completed Default with respect to one or both series of Bonds, the Company shall notify DTC and the Trustee, whereupon DTC will notify the Participants of the availability through DTC of bond certificates for such series of Bonds. In such event, the Trustee shall issue, transfer and exchange bond certificates as requested by DTC in appropriate amounts pursuant to Article II of the Restated Indenture and Section 2.04 of this Supplemental Trust Indenture. The Company shall pay all costs in connection with the production of bond certificates if the Company makes such a determination under this Section 2.07(c). DTC may determine to discontinue providing its

services with respect to a series of Bonds at any time by giving written notice to the Company and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor book-entry depository), the Company and the Trustee shall be obligated (at the sole cost and expense of the Company) to deliver bond certificates for such series of Bonds as described in this Supplemental Trust Indenture. If bond certificates are issued, the provisions of the Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, premium, if any, and interest on such certificates. Whenever DTC requests the Company and the Trustee to do so, the Company will direct the Trustee (at the sole cost and expense of the Company) to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Bonds to any Participant or (ii) to arrange for another book-entry depository to maintain custody of certificates evidencing the Bonds registered in the name of such depository or its nominee. Any successor book-entry depository must be a clearing agency registered with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and must enter into an agreement with the Company and the Trustee agreeing to act as the depository and clearing agency for such series of Bonds (except as provided in subsection (g) below of this Section 2.07). After such agreement has become effective, DTC shall present the Bonds for registration of transfer in accordance with Section 2.12 of the Restated Indenture, and the Trustee shall register them in the name of the successor book-entry depository or its nominee and all references thereafter to DTC shall be to such successor book-entry depository. If a successor book-entry depository has not accepted such position before the effective date of DTC's termination of its services, the book-entry system shall automatically terminate and may not be reinstated without the consent of all registered holders of the Bonds.

(d) Notwithstanding any other provision of this Supplemental Trust Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, premium, if any, and interest on such Bonds and all notices with respect to such Bonds shall be made and given, respectively, to DTC as provided in the blanket representation letter among DTC, the Company and the Trustee. The Trustee is hereby authorized and directed to comply with all terms of the representation letter.

(e) In connection with any notice or other communication to be provided pursuant to the Indenture for the Bonds by the Company or the Trustee with respect to any consent or other action to be taken by the registered holders of the Bonds, the Company or the Trustee, as the case may be, shall seek to establish a record date to the extent permitted by the Indenture for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole registered holder.

(f) NEITHER THE COMPANY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE

INDENTURE TO BE GIVEN TO REGISTERED HOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS A REGISTERED HOLDER.

SO LONG AS CEDE & CO. IS THE REGISTERED HOLDER OF THE BONDS AS NOMINEE OF DTC, REFERENCES HEREIN TO REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS NOR THE PARTICIPANTS.

(g) The Company, in its sole discretion, may terminate the services of DTC with respect to a series of Bonds if the Company determines that: (i) DTC (x) is unable to discharge its responsibilities with respect to such series of Bonds or (y) at any time ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended; or (ii) there shall have occurred and be continuing a Completed Default with respect to either series of Bonds. The Company, in its sole discretion, may terminate the services of DTC with respect to either series of Bonds if the Company determines that a continuation of the requirement that all of the outstanding Bonds be registered with the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds. After such event and if no substitute book-entry depository is appointed by the Company, the bond certificates for the Series 2015 Bonds and the Series 2040 Bonds will be delivered as described in the Indenture.

(h) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsections (c) or (g) of this Section 2.07 after which no substitute book-entry depository is appointed, the Bonds shall be registered in whatever name or names holders transferring or exchanging the Bonds shall designate in accordance with the provisions of the Indenture.

### ARTICLE III APPOINTMENT OF AUTHENTICATING AGENT

SECTION 3.01. The Trustee shall, if requested in writing so to do by the Company, promptly appoint an agent or agents of the Trustee who shall have authority to authenticate registered Series 2015 Bonds and Series 2040 Bonds in the name and on behalf of the Trustee. Such appointment by the Trustee shall be evidenced by a certificate of a vice-president of the Trustee delivered to the Company prior to the effectiveness of such appointment.

SECTION 3.02. (a) Any such authenticating agent shall be acceptable to the Company and at all times shall be a corporation, trust company or banking association organized and doing business under the laws of the United States or of any State, is authorized under such laws to act as authenticating agent, has a combined capital and surplus of at least \$10,000,000 and is subject to supervision or examination by Federal or State authority and to act as authenticating agent. If such corporation, trust company or banking association publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 3.02 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) Any corporation, trust company or banking association into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation, trust company or banking association resulting from any merger, conversion or consolidation to which any authenticating agent shall be a party, or any corporation, trust company or banking association succeeding to the corporate agency business of any authenticating agent, shall continue to be the authenticating agent without the execution or filing of any paper or any further act on the part of the Trustee or the authenticating agent.

(c) Any authenticating agent at any time may resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time, and upon written request of the Company to the Trustee shall, terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible in accordance with the provisions of this Section 3.02, the Trustee, unless otherwise requested in writing by the Company, promptly shall appoint a successor authenticating agent, which shall be acceptable to the Company. Any successor authenticating agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers, duties and responsibilities of its predecessor hereunder, with like effect as if originally named. No successor authenticating agent shall be appointed unless eligible under the provisions of this Section 3.02.

(d) The Company agrees to pay to any authenticating agent, appointed in accordance with the provisions of this Section 3.02, reasonable compensation for its services.

SECTION 3.03. If an appointment is made pursuant to this Article III, the registered Series 2015 Bonds and Series 2040 Bonds shall have endorsed thereon, in addition to the Trustee's Certificate, an alternate Trustee's Certificate in the following form:

(Form of Trustee's Certificate)

This bond is one of the bonds of the Series designated thereon, described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

By:

Authenticating Agent

By:

Authorized Officer

Dated: \_\_\_\_\_

SECTION 3.04. No provision of this Article III shall require the Trustee to have at any time more than one such authenticating agent for any one State or to appoint any such authenticating agent in the State in which the Trustee has its principal place of business.

ARTICLE IV  
FINANCING STATEMENT TO COMPLY WITH  
THE UNIFORM COMMERCIAL CODE

SECTION 4.01. The name and address of the debtor and secured party are set forth below:

Debtor:	Northern States Power Company 414 Nicollet Mall Minneapolis, Minnesota 55401
Secured Party:	The Bank of New York Mellon Trust Company, N.A., Trustee 2 North LaSalle Street Suite 1020 Chicago, Illinois 60602

NOTE: Northern States Power Company, the debtor above named, is “a transmitting utility” under the Uniform Commercial Code as adopted in Minnesota, North Dakota and South Dakota.

SECTION 4.02. Reference to Article I hereof is made for a description of the property of the debtor covered by this Financing Statement with the same force and effect as if incorporated in this Section at length.

SECTION 4.03. The maturity dates and respective principal amounts of obligations of the debtor secured and presently to be secured by the Indenture and this Supplemental Trust Indenture, reference to all of which for the terms and conditions thereof is hereby made with the same force and effect as if incorporated herein at length, are as follows:

<u>First Mortgage Bonds</u>	<u>Principal Amount</u>
Series due July 1, 2025	\$250,000,000
Pollution Control Series N	\$27,900,000
Pollution Control Series O	\$50,000,000
Pollution Control Series P	\$50,000,000
Series due March 1, 2028	\$150,000,000
Pollution Control Series S	\$69,000,000
Series A and Series B due August 28, 2012	\$450,000,000
Series due July 15, 2035	\$250,000,000
Series due June 1, 2036	\$400,000,000
Series due July 1, 2037	\$350,000,000
Series due March 1, 2018	\$500,000,000
Series due November 1, 2039	\$300,000,000
Series due August 15, 2015	\$250,000,000
Series due August 15, 2040	\$250,000,000

SECTION 4.04. This Financing Statement is hereby adopted for all of the First Mortgage Bonds of the Series mentioned above secured by said Indenture and this Supplemental Trust Indenture.

SECTION 4.05. The 1937 Indenture, the Restated Indenture and the prior Supplemental Indentures, as set forth below, have been filed or recorded in each and every office in the States of Minnesota, North Dakota and South Dakota designated by law for the filing or recording thereof in respect of all property of the Company subject thereto:

Original Indenture Dated February 1, 1937	Supplemental Indenture Dated May 1, 1983
Supplemental Indenture Dated June 1, 1942	Supplemental Indenture Dated December 1, 1983
Supplemental Indenture Dated February 1, 1944	Supplemental Indenture Dated September 1, 1984
Supplemental Indenture Dated October 1, 1945	Supplemental Indenture Dated December 1, 1984
Supplemental Indenture Dated July 1, 1948	Supplemental Indenture Dated May 1, 1985
Supplemental Indenture Dated August 1, 1949	Supplemental Indenture Dated September 1, 1985
Supplemental Indenture Dated June 1, 1952	Supplemental and Restated Indenture Dated May 1, 1988
Supplemental Indenture Dated October 1, 1954	Supplemental Indenture Dated July 1, 1989
Supplemental Indenture Dated September 1, 1956	Supplemental Indenture Dated June 1, 1990
Supplemental Indenture Dated August 1, 1957	Supplemental Indenture Dated October 1, 1992
Supplemental Indenture Dated July 1, 1958	Supplemental Indenture Dated April 1, 1993
Supplemental Indenture Dated December 1, 1960	Supplemental Indenture Dated December 1, 1993
Supplemental Indenture Dated August 1, 1961	Supplemental Indenture Dated February 1, 1994



Supplemental Indenture  
Dated June 1, 1962

Supplemental Indenture  
Dated September 1, 1963

Supplemental Indenture  
Dated August 1, 1966

Supplemental Indenture  
Dated June 1, 1967

Supplemental Indenture  
Dated October 1, 1967

Supplemental Indenture  
Dated May 1, 1968

Supplemental Indenture  
Dated October 1, 1969

Supplemental Indenture  
Dated February 1, 1971

Supplemental Indenture  
Dated May 1, 1971

Supplemental Indenture  
Dated February 1, 1972

Supplemental Indenture  
Dated January 1, 1973

Supplemental Indenture  
Dated January 1, 1974

Supplemental Indenture  
Dated September 1, 1974

Supplemental Indenture  
Dated April 1, 1975

Supplemental Indenture  
Dated May 1, 1975

Supplemental Indenture  
Dated March 1, 1976

Supplemental Indenture  
Dated October 1, 1994

Supplemental Indenture  
Dated June 1, 1995

Supplemental Indenture  
Dated April 1, 1997

Supplemental Indenture  
Dated March 1, 1998

Supplemental Indenture  
Dated May 1, 1999

Supplemental Indenture  
Dated June 1, 2000

Supplemental Indenture  
Dated August 1, 2000

Supplemental Indenture  
Dated June 1, 2002

Supplemental Indenture  
Dated July 1, 2002

Supplemental Indenture  
Dated August 1, 2002

Supplemental Indenture  
Dated May 1, 2003

Supplemental Indenture  
Dated August 1, 2003

Supplemental Indenture  
Dated July 1, 2005

Supplemental Indenture  
Dated May 1, 2006

Supplemental Indenture  
Dated June 1, 2007

Supplemental Indenture  
Dated March 1, 2008

Supplemental Indenture  
Dated June 1, 1981

Supplemental Indenture  
Dated November 1, 2009

Supplemental Indenture  
Dated December 1, 1981

SECTION 4.06. The property covered by this Financing Statement also shall secure additional series of First Mortgage Bonds of the debtor which may be issued from time to time in the future in accordance with the provisions of the Indenture.

## ARTICLE V MISCELLANEOUS

SECTION 5.01. The recitals of fact herein, except the recital that the Trustee has duly determined to execute this Supplemental Trust Indenture and be bound, insofar as it may lawfully so do, by the provisions hereof and in the bonds shall be taken as statements of the Company and shall not be construed as made by the Trustee. The Trustee makes no representations as to the value of any of the property subject to the lien of the Indenture, or any part thereof, or as to the title of the Company thereto, or as to the security afforded thereby and hereby, or as to the validity of this Supplemental Trust Indenture or of the bonds issued under the Indenture by virtue hereof (except the Trustee's certificate) and the Trustee shall incur no responsibility in respect of such matters.

SECTION 5.02. This Supplemental Trust Indenture shall be construed in connection with and as a part of the Indenture.

SECTION 5.03. (a) If any provision of the Indenture or this Supplemental Trust Indenture limits, qualifies or conflicts with another provision of the Indenture required to be included in indentures qualified under the Trust Indenture Act of 1939, as amended (as enacted prior to the date of this Supplemental Trust Indenture) by any of the provisions of Sections 310 to 317, inclusive, of the said Act, such required provision shall control.

(b) In case any one or more of the provisions contained in this Supplemental Trust Indenture or in the bonds issued hereunder shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected, impaired, prejudiced or disturbed thereby.

SECTION 5.04. Wherever in this Supplemental Trust Indenture the word "Indenture" is used without the prefix "1937," "Original," "Restated," or "Supplemental," such word was used intentionally to include in its meaning both the 1937 Indenture, as amended and restated by the Restated Indenture, and all indentures supplemental thereto.

SECTION 5.05. Wherever in this Supplemental Trust Indenture either of the parties hereto is named or referred to, this shall be deemed to include the successors or assigns of such party, and all the covenants and agreements in this Supplemental Trust Indenture contained by or on behalf of the Company or by or on behalf of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties, whether so expressed or not.

SECTION 5.06. (a) This Supplemental Trust Indenture may be executed simultaneously in several counterparts, and all said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

(b) The Table of Contents and the descriptive headings of the several Articles of this Supplemental Trust Indenture were formulated, used and inserted in this Supplemental Trust Indenture for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

The total aggregate amount of obligations to be issued forthwith under this Supplemental Trust Indenture shall not exceed \$500,000,000, consisting of the Series 2015 Bonds in the aggregate principal amount of \$250,000,000 and the Series 2040 Bonds in the aggregate principal amount of \$250,000,000.

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IN WITNESS WHEREOF, on this 4<sup>th</sup> day of August, A.D. 2010, NORTHERN STATES POWER COMPANY, a Minnesota corporation, party of the first part, has caused its corporate name and seal to be hereunto affixed and this Supplemental Trust Indenture effective August 1, 2010, to be signed by its President or a Vice President, and attested by its Secretary or an Assistant Secretary, for and in its behalf, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (as successor trustee to Harris Trust and Savings Bank and BNY Midwest Trust Company), a national banking association, as Trustee, party of the second part, to evidence its acceptance of the trust hereby created, has caused its corporate name and seal to be hereunto affixed, and this Supplemental Trust Indenture effective August 1, 2010, to be signed by its President, a Vice President or an Assistant Vice President, and attested by its Secretary or an Assistant Secretary, for and in its behalf.

NORTHERN STATES POWER COMPANY

George E. Tyson II

By: George E. Tyson II  
Its: Vice President and Treasurer

Attest:

Patrice D. Blaesus

By: Patrice D. Blaesus  
Its: Assistant Secretary



(CORPORATE SEAL)

Executed by Northern States Power Company  
in the presence of:

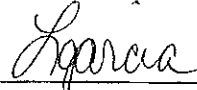
Mary P. Schell

Witness: Mary P. Schell

Kaydra A. Kirtz

Witness: Kaydra A. Kirtz

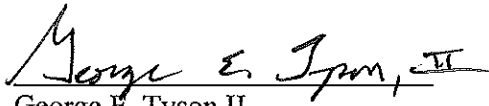
THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee

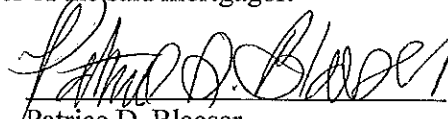
A handwritten signature in cursive script, appearing to read "L Garcia", is written over a horizontal line.

By: Linda Garcia  
Its: Vice President

STATE OF MINNESOTA     )  
                                      ) SS.:  
COUNTY OF HENNEPIN    )

George E. Tyson II and Patrice D. Blaeser, being severally duly sworn, each deposes and says that they are Vice President and Treasurer and Assistant Secretary, respectively, of Northern States Power Company, the corporation described in and which executed the within and foregoing Supplemental Trust Indenture, as mortgagor; and each for himself or herself further says that said Supplemental Trust Indenture was executed in good faith, and not for the purpose of hindering, delaying, or defrauding any creditor of the said mortgagor.

  
George E. Tyson II


  
Patrice D. Blaeser

STATE OF MINNESOTA     )  
                                      ) SS.:  
COUNTY OF HENNEPIN    )

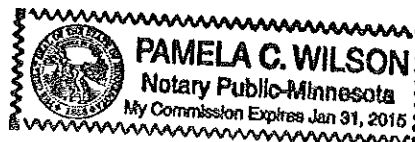


On this 4<sup>th</sup> day of August, A.D. 2010, before me, Pamela C. Wilson, a Notary Public in and for said County in the State aforesaid, personally appeared George E. Tyson II and Patrice D. Blaeser to me personally known, and to me known to be the Vice President and Treasurer and Assistant Secretary, respectively, of Northern States Power Company, one of the corporations described in and which executed the within and foregoing instrument, and who, being by me severally duly sworn, each for himself or herself, did say that he or she, the said George E. Tyson II is a Vice President and Treasurer and Patrice D. Blaeser is an Assistant Secretary, of said Northern States Power Company, a corporation; that the seal affixed to the within and foregoing instrument is the corporate seal of said corporation, and that said instrument was executed on behalf of said corporation by authority of its stockholders and board of directors; and said George E. Tyson II and Patrice D. Blaeser each acknowledged said instrument to be the free act and deed of said corporation and that such corporation executed the same.

WITNESS my hand and notarial seal, this 4<sup>th</sup> day of August, A.D. 2010.

  
Pamela C. Wilson  
Notary Public  
My commission expires: January 31, 2015

(NOTARY SEAL)



STATE OF ILLINOIS       )  
                                      ) SS.:  
COUNTY OF COOK       )

**Robert Cafarelli**

On this 4 day of August, 2010 before me, \_\_\_\_\_, notary public, the undersigned officer, personally appeared Linda Garcia, is Vice President of The Bank of New York Mellon Trust Company, N.A., the national banking association; and that said foregoing instrument was executed on behalf of said association by authority of its board of directors; and said Linda Garcia acknowledged said instrument to be the free act and deed of said association and that such association executed the same.

L. Garcia  
L. Garcia

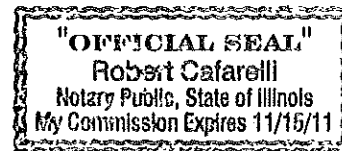
STATE OF ILLINOIS       )  
                                      ) SS.:  
COUNTY OF COOK       )

**Robert Cafarelli**

On this 4 day of August, A.D. 2010, before me, \_\_\_\_\_, a Notary Public in and for said County in the State aforesaid, personally appeared Linda Garcia, to me personally known, and to me known to be a Vice President of The Bank of New York Mellon Trust Company, N.A., the national banking association described in and which executed the within and foregoing instrument, and who, being by me severally duly sworn, did say that Linda Garcia is a Vice President of The Bank of New York Mellon Trust Company, N.A., the national banking association; and that said instrument was executed on behalf of said association by authority of its board of directors; and said Linda Garcia acknowledged said instrument to be the free act and deed of said association and that such association executed the same.

WITNESS my hand and notarial seal, this 4 day of August, A.D. 2010.

[Signature]  
Name of Notary:



Notary Public, State of Illinois  
My commission expires: 11-15-11

(NOTARY SEAL)

## SCHEDULE A

The property referred to in Article I of the foregoing Supplemental Trust Indenture from Northern States Power Company to The Bank of New York Mellon Trust Company N.A. as successor trustee to Harris Trust and Savings Bank, effective as of August 1, 2010, includes the following property hereafter more specifically described. Such description, however, is not intended to limit or impair the scope or intention of the general description contained in the granting clauses or elsewhere in the Indenture.

### I. PROPERTIES IN THE STATE OF MINNESOTA

1. The following described real property, situate, lying and being in the County of Dodge, to wit:

Dodge Center Service Center (expansion)

Lots Five (5) and Six (6) of Block Six (6) except the northerly fifteen feet (15') thereof, Village of Dodge Center, Dodge County, Minnesota

2. The following described real property, situate, lying and being in the County of Sibley, to wit:

Kelso Substation

That part of the Southwest Quarter of the Southwest Quarter (SW  $\frac{1}{4}$  of SW  $\frac{1}{4}$ ) of Section Thirty-five (35), Township One Hundred Twelve (112) North, Range Twenty-seven (27) West, Sibley County, Minnesota, described as follows:

Beginning at the northeast corner of said Southwest Quarter of the Southwest Quarter of Section 35; thence South 00 degrees 41 minutes 04 seconds East 445.00 feet along the east line of said Southwest Quarter of the Southwest Quarter of Section 35; thence South 89 degrees 18 minutes 56 seconds West 475.00 feet; thence North 00 degrees 41 minutes 04 seconds West 449.04 feet to the north line of said Southwest Quarter of the Southwest Quarter of Section 35; thence North 89 degrees 48 minutes 12 seconds East 475.02 feet along the north line of said Southwest Quarter of the Southwest Quarter of Section 35 to the point of beginning.

Subject to a public road over the easterly portion thereof.

3. The following described real property, situate, lying and being in the County of Stearns, to wit:

Paynesville Switching Station



All that part of the Southeast Quarter of the Northwest Quarter (SE ¼ of NW ¼) of Section 9, Township 122 North, Range 32 West described as follows:

Beginning at the Southeast corner of said Southeast Quarter of the Northwest Quarter (SE ¼ of NW ¼); thence West, assumed bearing, along the South line of said Southeast Quarter of the Northwest Quarter (SE ¼ of NW ¼) a distance of 600.00 feet; thence North at a right angle to said South line a distance of 763.00 feet; thence East at a right angle and running to the East line of said Southeast Quarter of the Northwest Quarter (SE ¼ of NW ¼); thence Southerly along said East line to the point of beginning, and there terminating; EXCEPTING THEREFROM the South 363.00 feet thereof.

4. The following described real property, situate, lying and being in the County of Washington, to wit:

Alan S. King Plant (buffer)

Lots 1, 2, 3, 4 and 5, 2nd Point Addition, Washington County, Minnesota, according to the plat thereof on file and of record.

### III. TRANSMISSION LINES OF THE COMPANY

The electric transmission lines of the Company, including towers, poles, pole lines, wire switch racks, switchboards, insulators, and other appliances and equipment, and all other property forming a part thereof or appertaining thereto, and all service lines extending therefrom; together with all rights for or relating to the construction, maintenance of operation thereof, through, over, under, or upon any private property of public streets or highways within as well as without the corporate limits of any municipal corporation, and particularly the following described lines, to wit:

#### IN THE STATE OF MINNESOTA

1. Line 5550 16.08 miles Chisago Sub to Lindstrom Sub to Lawrence Creek Sub

Chisago County

Sections 1, 12, 13, 24, and 25, Township 34 North, Range 21 West

Sections 25, 26, 27, 28, 29 and 30, Township 34 North, Range 20 West

Sections 26, 27, 28, 29 and 30, Township 34 North, Range 19 West.

2. Line 5549 16.35 miles Wilmarth Sub to South Bend Sub to Stoney Creek Sub  
(GRE owned) to GRE Interconnection.

Blue Earth County

Section 31, Township 109 North, Range 26 West

Sections 15, 22, 27, 29, 30, 34, and 36, Township 108 North, Range 27 West  
Sections 1, 2 and 3, Township 107 North, Range 27 West  
Sections 20 and 29, Township 108 North, Range 26 West

Nicollet County

Sections 35 and 36, Township 109 North, Range 27 West  
Sections 2, 11 and 15, Township 108 North, Range 27 West