FRANKLIN UNIVERSAL TRUST
Form N-PX
August 29, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-PX

ANNUAL REPORT OF PROXY VOTING RECORD OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-05569

Franklin Universal Trust

(Exact name of registrant as specified in charter)

One Franklin Parkway, San Mateo, CA 94403-1906

(Address of principal executive offices) (Zip code)

Craig S. Tyle, One Franklin Parkway, San Mateo, CA 94403-1906

(Name and address of agent for service)

Registrant's telephone number, including area code: (650) 312-2000

Date of fiscal year end: 8/31

Date of reporting period: 6/30/17

Item 1. Proxy Voting Records.

Franklin Universal Trust

ALLIANT ENERGY CORPORATION
Meeting Date: MAY 23, 2017
Record Date: MAR 29, 2017
Meeting Type: ANNUAL
Ticker: LNT
Security ID: 018802108

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Patrick E. Allen	Management	For	For

1.2	Elect Director Patricia L. Kampling	Management	For	For
1.3	Elect Director Singleton B. McAllister	Management	For	For
1.4	Elect Director Susan D. Whiting	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
4	Ratify Deloitte & Touche LLP as Auditors	Management	For	For
5	Report on Lobbying Payments and Political Contributions	Shareholder	Against	Against

AMERICAN ELECTRIC POWER COMPANY, INC.
Meeting Date: APR 25, 2017
Record Date: FEB 28, 2017
Meeting Type: ANNUAL
Ticker: AEP
Security ID: 025537101

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Nicholas K. Akins	Management	For	For
1.2	Elect Director David J. Anderson	Management	For	For
1.3	Elect Director J. Barnie Beasley, Jr.	Management	For	For
1.4	Elect Director Ralph D. Crosby, Jr.	Management	For	For
1.5	Elect Director Linda A. Goodspeed	Management	For	For
1.6	Elect Director Thomas E. Hoaglin	Management	For	For
1.7	Elect Director Sandra Beach Lin	Management	For	For
1.8	Elect Director Richard C. Notebaert	Management	For	For
1.9	Elect Director Lionel L. Nowell, III	Management	For	For
1.10	Elect Director Stephen S. Rasmussen	Management	For	For
1.11	Elect Director Oliver G. Richard, III	Management	For	For
1.12	Elect Director Sara Martinez Tucker	Management	For	For
2	Amend Executive Incentive Bonus Plan	Management	For	For
3	Ratify PricewaterhouseCoopers LLP as Auditors	Management	For	For
4	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
5	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year

BHP BILLITON PLC
Meeting Date: OCT 20, 2016
Record Date: SEP 16, 2016
Meeting Type: ANNUAL
Ticker: BLT
Security ID: 05545E209

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1	Accept Financial Statements and Statutory Reports	Management	For	For
2	Reappoint KPMG LLP as Auditors	Management	For	For
3	Authorise the Risk and Audit Committee to Fix Remuneration of Auditors	Management	For	For
4	Authorise Issue of Equity with Pre-emptive Rights	Management	For	For
5	Authorise Issue of Equity without Pre-emptive Rights	Management	For	For
6		Management	For	For

	Authorise Market Purchase of Ordinary Shares			
7	Approve Remuneration Report for UK Law Purposes	Management	For	For
8	Approve Remuneration Report for Australian Law Purposes	Management	For	For
9	Approve Grant of Awards under the Group's Long Term Incentive Plan to Andrew Mackenzie	Management	For	For
10	Elect Ken MacKenzie as Director	Management	For	For
11	Re-elect Malcolm Brinded as Director	Management	For	For
12	Re-elect Malcolm Broomhead as Director	Management	For	For
13	Re-elect Pat Davies as Director	Management	For	For
14	Re-elect Anita Frew as Director	Management	For	For
15	Re-elect Carolyn Hewson as Director	Management	For	For
16	Re-elect Andrew Mackenzie as Director	Management	For	For
17	Re-elect Lindsay Maxsted as Director	Management	For	For
18	Re-elect Wayne Murdy as Director	Management	For	For
19	Re-elect Shriti Vadera as Director	Management	For	For
20	Re-elect Jac Nasser as Director	Management	For	For

CENTERPOINT ENERGY, INC.
Meeting Date: APR 27, 2017
Record Date: MAR 01, 2017
Meeting Type: ANNUAL
Ticker: CNP
Security ID: 15189T107

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1a	Elect Director Milton Carroll	Management	For	For
1b	Elect Director Michael P. Johnson	Management	For	For
1c	Elect Director Janiece M. Longoria	Management	For	For
1d	Elect Director Scott J. McLean	Management	For	For
1e	Elect Director Theodore F. Pound	Management	For	For
1f	Elect Director Scott M. Prochazka	Management	For	For
1g	Elect Director Susan O. Rheney	Management	For	For
1h	Elect Director Phillip R. Smith	Management	For	For
1i	Elect Director John W. Somerhalder, II	Management	For	For
1j	Elect Director Peter S. Wareing	Management	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year

CMS ENERGY CORPORATION
Meeting Date: MAY 05, 2017
Record Date: MAR 07, 2017
Meeting Type: ANNUAL
Ticker: CMS
Security ID: 125896100

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1a	Elect Director Jon E. Barfield	Management	For	For
1b	Elect Director Deborah H. Butler	Management	For	For
1c	Elect Director Kurt L. Darrow	Management	For	For
1d	Elect Director Stephen E. Ewing	Management	For	For
1e	Elect Director William D. Harvey	Management	For	For
1f	Elect Director Philip R. Lochner, Jr.	Management	For	For
1g	Elect Director Patricia K. Poppe	Management	For	For
1h	Elect Director John G. Russell	Management	For	For
1i	Elect Director Myrna M. Soto	Management	For	For
1j	Elect Director John G. Sznewajs	Management	For	For
1k	Elect Director Laura H. Wright	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
4	Report on Political Contributions	Shareholder	Against	Against
5	Ratify PricewaterhouseCoopers LLP as Auditors	Management	For	For

CONSOLIDATED EDISON, INC.
Meeting Date: MAY 15, 2017
Record Date: MAR 21, 2017
Meeting Type: ANNUAL
Ticker: ED
Security ID: 209115104

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1a	Elect Director Vincent A. Calarco	Management	For	For
1b	Elect Director George Campbell, Jr.	Management	For	For
1c	Elect Director Michael J. Del Giudice	Management	For	For
1d	Elect Director Ellen V. Futter	Management	For	For
1e	Elect Director John F. Killian	Management	For	For
1f	Elect Director John McAvoy	Management	For	For
1g	Elect Director Armando J. Olivera	Management	For	For
1h	Elect Director Michael W. Ranger	Management	For	For
1i	Elect Director Linda S. Sanford	Management	For	For
1j	Elect Director L. Frederick Sutherland	Management	For	For
2		Management	For	For

	Ratify PricewaterhouseCoopers LLP as Auditors			
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year

DOMINION RESOURCES, INC.
Meeting Date: MAY 10, 2017
Record Date: MAR 03, 2017
Meeting Type: ANNUAL
Ticker: D
Security ID: 25746U109

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director William P. Barr	Management	For	For
1.2	Elect Director Helen E. Dragas	Management	For	For
1.3	Elect Director James O. Ellis, Jr.	Management	For	For
1.4	Elect Director Thomas F. Farrell, II	Management	For	For
1.5	Elect Director John W. Harris	Management	For	For
1.6	Elect Director Ronald W. Jibson	Management	For	For
1.7	Elect Director Mark J. Kington	Management	For	For
1.8	Elect Director Joseph M. Rigby	Management	For	For
1.9	Elect Director Pamela J. Royal	Management	For	For
1.10	Elect Director Robert H. Spilman, Jr.	Management	For	For
1.11	Elect Director Susan N. Story	Management	For	For
1.12	Elect Director Michael E. Szymanczyk	Management	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5	Change Company Name to Dominion Energy, Inc.	Management	For	For
6	Report on Lobbying Payments and Policy	Shareholder	Against	Against
7	Require Director Nominee with Environmental Experience	Shareholder	Against	Against
8	Assess Portfolio Impacts of Policies to Meet 2 Degree Scenario	Shareholder	Against	Against
9	Report on Methane Emissions Management and Reduction Targets	Shareholder	Against	Against

DTE ENERGY COMPANY
Meeting Date: MAY 04, 2017
Record Date: MAR 07, 2017
Meeting Type: ANNUAL
Ticker: DTE
Security ID: 233331107

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Gerard M. Anderson	Management	For	For
1.2	Elect Director David A. Brandon	Management	For	For
1.3	Elect Director W. Frank Fountain, Jr.	Management	For	For
1.4	Elect Director Charles G. McClure, Jr.	Management	For	For
1.5	Elect Director Gail J. McGovern	Management	For	For
1.6	Elect Director Mark A. Murray	Management	For	For
1.7	Elect Director James B. Nicholson	Management	For	For
1.8	Elect Director Charles W. Pryor, Jr.	Management	For	For
1.9	Elect Director Josue Robles, Jr.	Management	For	For
1.10	Elect Director Ruth G. Shaw	Management	For	For
1.11	Elect Director David A. Thomas	Management	For	For
1.12	Elect Director James H. Vandenberghe	Management	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5	Assess Portfolio Impacts of Policies to Meet 2 Degree Scenario	Shareholder	Against	For

DUKE ENERGY CORPORATION
Meeting Date: MAY 04, 2017
Record Date: MAR 06, 2017
Meeting Type: ANNUAL
Ticker: DUK
Security ID: 26441C204

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Michael J. Angelakis	Management	For	For
1.2	Elect Director Michael G. Browning	Management	For	For
1.3	Elect Director Theodore F. Craver, Jr.	Management	For	For
1.4	Elect Director Daniel R. DiMicco	Management	For	For
1.5	Elect Director John H. Forsgren	Management	For	For
1.6	Elect Director Lynn J. Good	Management	For	For
1.7	Elect Director John T. Herron	Management	For	For
1.8	Elect Director James B. Hyler, Jr.	Management	For	For
1.9	Elect Director William E. Kennard	Management	For	For
1.10	Elect Director E. Marie McKee	Management	For	For
1.11	Elect Director Charles W. Moorman, IV	Management	For	For
1.12	Elect Director Carlos A. Saladrigas	Management	For	For
1.13	Elect Director Thomas E. Skains	Management	For	For
1.14	Elect Director William E. Webster, Jr.	Management	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5	Eliminate Supermajority Vote Requirement	Management	For	For
6	Report on Lobbying Expenses	Shareholder	Against	Against
7	Assess Portfolio Impacts of Policies to Meet 2 Degree Scenario	Shareholder	Against	For
8	Report on the Public Health Risk of Dukes Energy's Coal Use	Shareholder	Against	Against

EDISON INTERNATIONAL
Meeting Date: APR 27, 2017
Record Date: MAR 03, 2017
Meeting Type: ANNUAL
Ticker: EIX
Security ID: 281020107

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Vanessa C.L. Chang	Management	For	For
1.2	Elect Director Louis Hernandez, Jr.	Management	For	For

1.3	Elect Director James T. Morris	Management	For	For
1.4	Elect Director Pedro J. Pizarro	Management	For	For
1.5	Elect Director Linda G. Stuntz	Management	For	For
1.6	Elect Director William P. Sullivan	Management	For	For
1.7	Elect Director Ellen O. Tauscher	Management	For	For
1.8	Elect Director Peter J. Taylor	Management	For	For
1.9	Elect Director Brett White	Management	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5	Amend Proxy Access Right	Shareholder	Against	Against

ENBRIDGE INC.
Meeting Date: MAY 11, 2017
Record Date: MAR 23, 2017
Meeting Type: ANNUAL
Ticker: ENB
Security ID: 29250N105

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Pamela L. Carter	Management	For	For
1.2	Elect Director Clarence P. Cazalot, Jr.	Management	For	For
1.3	Elect Director Marcel R. Coutu	Management	For	For
1.4	Elect Director Gregory L. Ebel	Management	For	For
1.5	Elect Director J. Herb England	Management	For	For
1.6	Elect Director Charles W. Fischer	Management	For	For
1.7	Elect Director V. Maureen Kempston Darkes	Management	For	For
1.8	Elect Director Michael McShane	Management	For	For
1.9	Elect Director Al Monaco	Management	For	For
1.10	Elect Director Michael E.J. Phelps	Management	For	For
1.11	Elect Director Rebecca B. Roberts	Management	For	For
1.12	Elect Director Dan C. Tutcher	Management	For	For
1.13	Elect Director Catherine L. Williams	Management	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Management	For	For
3	Approve Shareholder Rights Plan	Management	For	For
4	Advisory Vote on Executive Compensation Approach	Management	For	For
5	Prepare a Report Detailing Due Diligence Process to Identify And Address Social And Environmental Risks When Reviewing Potential Acquisitions	Shareholder	Against	Against

ENERGY XXI GULF COAST, INC.
Meeting Date: MAY 10, 2017
Record Date: APR 10, 2017
Meeting Type: ANNUAL
Ticker: EXXI
Security ID: 29276K101

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Michael S. Bahorich	Management	For	For
1.2	Elect Director Douglas E. Brooks	Management	For	For
1.3	Elect Director George Kollitides	Management	For	For
1.4	Elect Director Michael S. Reddin	Management	For	For
1.5	Elect Director Stanford Springel	Management	For	For
1.6	Elect Director James W. Swent, III	Management	For	For
1.7	Elect Director Charles W. Wampler	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
4	Ratify Ernst & Young LLP as Auditors	Management	For	For

ENTERGY CORPORATION
Meeting Date: MAY 05, 2017
Record Date: MAR 07, 2017
Meeting Type: ANNUAL
Ticker: ETR
Security ID: 29364G103

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1a	Elect Director Maureen Scannell Bateman	Management	For	For
1b	Elect Director Patrick J. Condon	Management	For	For
1c	Elect Director Leo P. Denault	Management	For	For
1d	Elect Director Kirkland H. Donald	Management	For	For
1e	Elect Director Philip L. Frederickson	Management	For	For
1f	Elect Director Alexis M. Herman	Management	For	For
1g	Elect Director Donald C. Hintz	Management	For	For
1h	Elect Director Stuart L. Levenick	Management	For	For
1i	Elect Director Blanche Lambert Lincoln	Management	For	For
1j	Elect Director Karen A. Puckett	Management	For	For
1k	Elect Director W. J. 'Billy' Tauzin	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
4	Ratify Deloitte & Touche LLP as Auditors	Management	For	For

5	Report on Distributed Renewable Generation Resources	Shareholder	Against	Against

EXELON CORPORATION
Meeting Date: APR 25, 2017
Record Date: MAR 03, 2017
Meeting Type: ANNUAL
Ticker: EXC
Security ID: 30161N101

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1a	Elect Director Anthony K. Anderson	Management	For	For
1b	Elect Director Ann C. Berzin	Management	For	For
1c	Elect Director Christopher M. Crane	Management	For	For
1d	Elect Director Yves C. de Balmann	Management	For	For
1e	Elect Director Nicholas DeBenedictis	Management	For	For
1f	Elect Director Nancy L. Gioia	Management	For	For
1g	Elect Director Linda P. Jojo	Management	For	For
1h	Elect Director Paul L. Joskow	Management	For	For
1i	Elect Director Robert J. Lawless	Management	For	For
1j	Elect Director Richard W. Mies	Management	For	For
1k	Elect Director John W. Rogers, Jr.	Management	For	For
1l	Elect Director Mayo A. Shattuck, III	Management	For	For
1m	Elect Director Stephen D. Steinour	Management	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year

FIRSTENERGY CORP.
Meeting Date: MAY 16, 2017
Record Date: MAR 20, 2017
Meeting Type: ANNUAL
Ticker: FE
Security ID: 337932107

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Paul T. Addison	Management	For	For
1.2	Elect Director Michael J. Anderson	Management	For	For
1.3	Elect Director William T. Cottle	Management	For	For
1.4	Elect Director Steven J. Demetriou	Management	For	For
1.5	Elect Director Julia L. Johnson	Management	For	For
1.6	Elect Director Charles E. Jones	Management	For	For
1.7	Elect Director Donald T. Misheff	Management	For	For
1.8	Elect Director Thomas N. Mitchell	Management	For	For
1.9	Elect Director James F. O'Neil, III	Management	For	For
1.10	Elect Director Christopher D. Pappas	Management	For	For
1.11	Elect Director Luis A. Reyes	Management	For	For
1.12	Elect Director George M. Smart	Management	For	For
1.13	Elect Director Jerry Sue Thornton	Management	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5	Increase Authorized Common Stock	Management	For	For
6	Eliminate Supermajority Vote Requirement	Management	For	For
7	Adopt Majority Voting for Uncontested Election of Directors	Management	For	For
8	Provide Proxy Access Right	Management	For	For
9	Report on Lobbying Payments and Policy	Shareholder	Against	Against
10	Assess Portfolio Impacts of Policies to Meet 2 Degree Scenario	Shareholder	Against	Against
11	Adopt Simple Majority Vote	Shareholder	Against	Against

FREEPORT-MCMORAN INC.
Meeting Date: JUN 06, 2017
Record Date: APR 11, 2017
Meeting Type: ANNUAL
Ticker: FCX
Security ID: 35671D857

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Richard C. Adkerson	Management	For	For
1.2	Elect Director Gerald J. Ford	Management	For	For
1.3	Elect Director Lydia H. Kennard	Management	For	For
1.4	Elect Director Andrew Langham	Management	For	For
1.5	Elect Director Jon C. Madonna	Management	For	For
1.6	Elect Director Courtney Mather	Management	For	For
1.7	Elect Director Dustan E. McCoy	Management	For	For
1.8	Elect Director Frances Fragos Townsend	Management	For	For
2	RatifyErnst & Young LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	Against
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year

GOODRICH PETROLEUM CORPORATION
Meeting Date: MAY 23, 2017
Record Date: APR 07, 2017
Meeting Type: ANNUAL
Ticker: GDP
Security ID: 382410843

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Steven J. Pully	Management	For	For
1.2	Elect Director Timothy D. Leuliette	Management	For	For
2	Ratify Hein & Associates LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5	Amend Omnibus Stock Plan	Management	For	For

GREAT PLAINS ENERGY INCORPORATED
Meeting Date: SEP 26, 2016
Record Date: AUG 24, 2016
Meeting Type: SPECIAL
Ticker: GXP
Security ID: 391164100

Proposal No	Proposal	Proposed By	Vote Cast

			Management Recommendation	
1	Issue Shares in Connection with Merger	Management	For	For
2	Increase Authorized Common Stock	Management	For	For
3	Adjourn Meeting	Management	For	For

GREAT PLAINS ENERGY INCORPORATED
Meeting Date: MAY 02, 2017
Record Date: FEB 21, 2017
Meeting Type: ANNUAL
Ticker: GXP
Security ID: 391164100

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Terry Bassham	Management	For	For
1.2	Elect Director David L. Bodde	Management	For	For
1.3	Elect Director Randall C. Ferguson, Jr.	Management	For	For
1.4	Elect Director Gary D. Forsee	Management	For	For
1.5	Elect Director Scott D. Grimes	Management	For	For
1.6	Elect Director Thomas D. Hyde	Management	For	For
1.7	Elect Director Ann D. Murtlow	Management	For	For
1.8	Elect Director Sandra J. Price	Management	For	For
1.9	Elect Director John J. Sherman	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
4	Ratify Deloitte & Touche LLP as Auditors	Management	For	For
5	Report Analyzing Profit Potential Based on Renewable Energy Metrics	Shareholder	Against	Against
6	Report on Lobbying Payments and Political Contributions	Shareholder	Against	Against

HALCON RESOURCES CORPORATION
Meeting Date: MAY 04, 2017
Record Date: MAR 14, 2017
Meeting Type: ANNUAL
Ticker: HK
Security ID: 40537Q605

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Thomas R. Fuller	Management	For	For
1.2	Elect Director Floyd C. Wilson	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	Three Years	Three Years
4	Ratify Deloitte & Touche LLP as Auditors	Management	For	For

MIDSTATES PETROLEUM COMPANY, INC.
Meeting Date: MAY 24, 2017
Record Date: APR 18, 2017
Meeting Type: ANNUAL
Ticker: MPO
Security ID: 59804T407

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Frederic F. Brace	Management	For	For
1.2	Elect Director Alan J. Carr	Management	For	For
1.3	Elect Director Patrice D. Douglas	Management	For	For
1.4	Elect Director Neal P. Goldman	Management	For	For
1.5	Elect Director Michael S. Reddin	Management	For	For
1.6	Elect Director Todd R. Snyder	Management	For	For
1.7	Elect Director Bruce H. Vincent	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	Against
3	Ratify Grant Thornton LLP as Auditors	Management	For	For

NEXTERA ENERGY, INC.
Meeting Date: MAY 18, 2017
Record Date: MAR 23, 2017
Meeting Type: ANNUAL
Ticker: NEE
Security ID: 65339F101

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1a	Elect Director Sherry S. Barrat	Management	For	For
1b	Elect Director James L. Camaren	Management	For	For
1c	Elect Director Kenneth B. Dunn	Management	For	For
1d	Elect Director Naren K. Gursahaney	Management	For	For
1e	Elect Director Kirk S. Hachigian	Management	For	For
1f	Elect Director Toni Jennings	Management	For	For
1g	Elect Director Amy B. Lane	Management	For	For
1h	Elect Director James L. Robo	Management	For	For
1i	Elect Director Rudy E. Schupp	Management	For	For
1j	Elect Director John L. Skolds	Management	For	For
1k	Elect Director William H. Swanson	Management	For	For
1l	Elect Director Hansel E. Tookes, II	Management	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5		Management	For	For

	Approve Non-Employee Director Restricted Stock Plan			
6	Report on Political Contributions	Shareholder	Against	Against

PENN VIRGINIA CORPORATION
Meeting Date: MAY 03, 2017
Record Date: MAR 17, 2017
Meeting Type: ANNUAL
Ticker: PVAC
Security ID: 70788V102

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Harry Quarls	Management	For	For
1.2	Elect Director Darin G. Holderness	Management	For	For
1.3	Elect Director Marc McCarthy	Management	For	For
1.4	Elect Director Jerry R. Schuyler	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
4	Ratify Grant Thornton LLP as Auditors	Management	For	For

PENN VIRGINIA CORPORATION
Meeting Date: MAY 03, 2017
Record Date: MAR 17, 2017
Meeting Type: ANNUAL
Ticker: PVAC
Security ID: 70788V300

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Harry Quarls	Management	For	For
1.2	Elect Director Darin G. Holderness	Management	For	For
1.3	Elect Director Marc McCarthy	Management	For	For
1.4	Elect Director Jerry R. Schuyler	Management	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
3	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
4	Ratify Grant Thornton LLP as Auditors	Management	For	For

PG&E CORPORATION
Meeting Date: MAY 30, 2017
Record Date: MAR 31, 2017
Meeting Type: ANNUAL
Ticker: PCG
Security ID: 69331C108

Proposal No	Proposal	Proposed By	Management Recommendation	Vote Cast
1.1	Elect Director Lewis Chew	Management	For	For
1.2	Elect Director Anthony F. Earley, Jr.	Management	For	For
1.3	Elect Director Fred J. Fowler	Management	For	For
1.4	Elect Director Jeh C. Johnson	Management	For	For
1.5	Elect Director Richard C. Kelly	Management	For	For
1.6	Elect Director Roger H. Kimmel	Management	For	For
1.7	Elect Director Richard A. Meserve	Management	For	For
1.8	Elect Director Forrest E. Miller	Management	For	For
1.9	Elect Director Eric D. Mullins	Management	For	For
1.10	Elect Director Rosendo G. Parra	Management	For	For
1.11	Elect Director Barbara L. Rambo	Management	For	For
1.12	Elect Director Anne Shen Smith	Management	For	For
1.13	Elect Director Geisha J. Williams	Management	For	For
2	Ratify Deloitte & Touche LLP as Auditors	Management	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Management	For	For
4	Advisory Vote on Say on Pay Frequency	Management	One Year	One Year
5	Cease Charitable Contributions	Shareholder	Against	Against

PINNACLE WEST CAPITAL CORPORATION
Meeting Date: MAY 17, 2017
Record Date: MAR 09, 2017
Meeting Type: ANNUAL
Ticker: PNW
Security ID: 723484101

Proposal No	Proposal	Prop>

Tax Matters Tax deductibility of corporate-owned life insurance loan interest;
21

Table of Contents

Asset Valuation Recoverability of investment in under-performing nonregulated projects (Seren, Argentina); and

Guarantees See Note 9 for discussion of exposures under various guarantees.

9. Short-Term Borrowings, Long-Term Debt and Financing Instruments

Short-Term Borrowings

At June 30, 2003, Xcel Energy and its subsidiaries had approximately $745 million of short-term debt outstanding at a weighted average interest rate of 2.357 percent.

Long-Term Debt

On July 31, 2003, NSP-Minnesota redeemed $200 million of 7.875 percent Trust Originated Preferred Securities of NSP Financing I, its wholly owned subsidiary. The redemption price for each security was its $25 principal amount plus a $0.1695 unpaid distribution. NSP-Minnesota initially funded this redemption with cash on hand, availability under its credit facility and a short-term loan from the Xcel Energy holding company.

On Aug. 8, 2003, NSP-Minnesota issued $200 million of 2.875 percent first mortgage bonds due 2006 and $175 million of 4.75 percent first mortgage bonds due 2010. The debt replaced first mortgage bonds, which matured in March and April of 2003 and helped fund the redemption of $200 million of Trust Originated Preferred Securities on July 31, 2003, which was initially funded as described above.

SFAS No. 150 In May 2003, the FASB issued SFAS No. 150 Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS No. 150). SFAS No. 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity, including:

- instruments that represent, or are indexed to, an obligation to buy back the issuer s shares, regardless whether the instrument is settled on a net-cash or gross physical basis;
- mandatorily redeemable equity instruments;
- written options that give the counterparty the right to require the issuer to buy back shares; and
- forward contracts that require the issuer to purchase shares.

SFAS No. 150 must be applied immediately to instruments entered into or modified after May 31, 2003, and to all other instruments that exist beginning July 1, 2003. SPS has a special purpose subsidiary trust with outstanding mandatorily redeemable preferred securities of $100 million consolidated in Xcel Energy s Consolidated Balance Sheets, which will be required to be classified as long-term debt as of July 1, 2003. NSP-Minnesota redeemed its $200 million of Trust Originated Preferred Securities on July 31, 2003, and such securities will not be affected by SFAS No. 150. Xcel Energy continues to evaluate the impact of SFAS No. 150 on other financial instruments and has not yet determined if any other effects may result from its implementation in the third quarter of 2003.

Guarantees

Xcel Energy provides various guarantees and bond indemnities supporting certain of its subsidiaries. The guarantees issued by Xcel Energy guarantee payment or performance by its subsidiaries under specified agreements or transactions. As a result, Xcel Energy s exposure under the guarantees is based upon the net liability of the relevant subsidiary under the specified agreements or transactions. The majority of the guarantees issued by Xcel Energy limit the exposure of Xcel Energy to a maximum amount stated in the guarantees. As of June 30, 2003, Xcel Energy had the following amount of guarantees and exposure under these guarantees:

(Millions of Dollars) Subsidiary	Total Guarantee	Exposure under Guarantee
NRG	$172	$ 45
e prime	215	16
Other subsidiaries	50	2

Total	$437	$ 63

22

Table of Contents

Xcel Energy guarantees certain obligations for NRG s power marketing subsidiary, relating to power marketing obligations, fuel purchasing transactions and hedging activities and for e prime, relating to trading and hedging activities. See Note 4 for the potential treatment of these guarantees in the NRG bankruptcy proceeding.

Xcel Energy may be required to provide credit enhancements in the form of cash collateral, letters of credit or other security to satisfy part or potentially all of these exposures, in the event that Standard & Poor s or Moody s downgrade Xcel Energy s credit rating below investment grade. In the event of a downgrade, Xcel Energy would expect to meet its collateral obligations with a combination of cash on hand and, upon receipt of an SEC order permitting such actions, utilization of credit facilities and the issuance of securities in the capital markets.

In addition, Xcel Energy provides indemnity protection for bonds issued by subsidiaries. The total amount of bonds with this indemnity outstanding as of June 30, 2003, was approximately $71 million, of which $3 million relates to NRG. The total exposure of this indemnification cannot be determined at this time. Xcel Energy believes the exposure to be significantly less than the total indemnification.

10. Derivative Valuation and Financial Impacts

Xcel Energy analyzes derivative financial instruments in accordance with SFAS No. 133 Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). This statement requires that all derivative instruments as defined by SFAS No. 133 be recorded on the balance sheet at fair value unless exempted. Changes in a derivative instrument s fair value must be recognized currently in earnings unless the derivative has been designated in a qualifying hedging relationship. The application of hedge accounting allows a derivative instrument s gains and losses to offset related results of the hedged item in the statement of operations, to the extent effective. SFAS No. 133 requires that the hedging relationship be highly effective and that a company formally designate a hedging relationship to apply hedge accounting.

The impact of the components of SFAS No. 133 on Xcel Energy s Other Comprehensive Income, included in the Consolidated Statements of Stockholders Equity, are detailed in the following tables:

	Three months ended June 30,	
(Millions of Dollars)	**2003**	**2002**
Balance at Mar. 31	$(32.6)	$ 59.9
After-tax net unrealized gains (losses) related to derivatives accounted for as hedges	7.8	(10.3)
After-tax net realized (gains) losses on derivative transactions reclassified into earnings	(18.0)	5.3
Regulatory deferral of costs to be recovered*	4.3	
Acquisition of NRG minority interest		27.4
Accumulated other comprehensive income related to SFAS No. 133 - June 30	$(38.5)	$ 82.3

	Six months ended June 30,	
(Millions of Dollars)	**2003**	**2002**
Balance at Jan. 1	$ 22.1	$ 34.2
After-tax net unrealized gains (losses) related to derivatives accounted for as hedges	(27.9)	14.9
After-tax net realized (gains) losses on derivative transactions reclassified into earnings	(37.0)	5.8
Regulatory deferral of costs to be recovered*	4.3	
Acquisition of NRG minority interest		27.4
Accumulated other comprehensive income related to SFAS No. 133 June 30	$ (38.5)	$ 82.3

* In accordance with SFAS No. 71 Accounting for the Effects of Certain Types of Regulations, certain costs/benefits have been deferred as they will be recovered in future periods from customers.

Xcel Energy records the fair value of its derivative instruments in its Consolidated Balance Sheet as a separate line item as Derivative Instruments Valuation for assets and liabilities, as well as current and noncurrent.

Cash Flow Hedges

Xcel Energy and its subsidiaries enter into derivative instruments to manage variability of future cash flows from changes in commodity prices. These derivative instruments take the form of fixed-price, floating-price or index sales, or purchases and options, such as puts, calls and swaps. These derivative instruments are designated as cash flow hedges for accounting purposes, and the changes in the fair value of these instruments are recorded as a component of Other Comprehensive Income. At June 30, 2003, Xcel Energy had various commodity-related contracts deemed as cash flow hedges extending through 2009. Amounts deferred in Other Comprehensive Income are recorded as the hedged purchase or sales transaction is completed and recorded in earnings. This could include the physical purchase or sale of electric energy or the use of natural gas to generate electric energy. As of June 30, 2003, Xcel Energy had net gains of $38.7 million accumulated in Other Comprehensive Income that are expected to be recognized in earnings during the next 12 months as the hedged transaction occurs. However, due to the volatility of commodities markets, the value in Other Comprehensive Income will likely change prior to its recognition in earnings.

Table of Contents

As required by SFAS No. 133, Xcel Energy recorded gains of $0 and $0.9 million related to ineffectiveness on commodity cash flow hedges during the three months ended June 30, 2003 and 2002, respectively, and gains of $0 and $1.0 million related to ineffectiveness on commodity cash flow hedges during the six months ended June 30, 2003 and 2002, respectively.

Xcel Energy and its subsidiaries enter into interest rate swap instruments that effectively fix the interest payments on certain floating rate debt obligations. These derivative instruments are designated as cash flow hedges for accounting purposes, and the change in the fair value of these instruments is recorded as a component of Other Comprehensive Income. Xcel Energy expects to reclassify into earnings through June 2004 net losses from Other Comprehensive Income of approximately $2.7 million.

Hedge effectiveness is recorded based on the nature of the item being hedged. Hedging transactions for the sales of electric energy are recorded as a component of revenue, hedging transactions for fuel used in energy generation are recorded as a component of fuel costs, and hedging transactions for interest rate swaps are recorded as a component of interest expense.

Fair Value Hedges

Xcel Energy and its subsidiaries enter into interest rate swap instruments that effectively hedge the fair value of fixed rate debt. In June 2003, Xcel Energy entered into two five-year swaps, with a $97.5 million notional value each, against Xcel Energy s $195 million 3.40 percent senior notes due 2008. Xcel Energy entered into the swaps to obtain greater access to the lower borrowing costs normally available on floating-rate debt. These swap agreements involve the exchange of amounts based on a variable rate of six-month London Interbank Offered Rate (LIBOR) rate plus an adder rate over the life of the agreement. The differential to be paid or received as interest rates change is accrued and recognized as an adjustment of interest expense related to the debt. The fair market value of Xcel Energy s interest rate swaps at June 30, 2003 was $1.0 million.

Derivatives Not Qualifying for Hedge Accounting

Xcel Energy and its subsidiaries have trading operations that enter into derivative instruments. These derivative instruments are accounted for on a mark-to-market basis in the Consolidated Statements of Operations. All derivative instruments are recorded at the amount of the gain or loss from the transaction within Operating Revenues on the Consolidated Statements of Operations.

Normal Purchases or Normal Sales

Xcel Energy and its utility subsidiaries enter into fixed-price contracts for the purchase and sale of various commodities for use in their business operations. SFAS No. 133 requires a company to evaluate these contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted from SFAS No. 133 as normal purchases or normal sales. Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that meet the requirements of normal are documented as normal and exempted from the accounting and reporting requirements of SFAS No. 133.

Xcel Energy evaluates all of its contracts within the regulated and nonregulated operations when such contracts are entered to determine if they are derivatives and, if so, if they qualify and meet the normal designation requirements under SFAS No. 133. None of the contracts entered into within the trading operations qualify for a normal designation.

Normal purchases and normal sales contracts are accounted for as executory contracts as required under other generally accepted accounting principles.

Pending Accounting Changes

SFAS No. 149 - In April 2003, the FASB issued SFAS No. 149 Amendment of Statement 133 on Derivative Instruments and Hedging Activities (SFAS No. 149) which amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133. SFAS No. 149 clarifies the discussion around initial net investment, clarifies when a derivative contains a financing component and amends the definition of an underlying to conform it to language used in FASB Interpretation No. 45. In addition, SFAS No. 149 also incorporates certain implementation issues of a derivative implementation group. The provisions of SFAS No. 149 are effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The guidance will be applied to hedging relationships on a prospective basis. Xcel Energy and its subsidiaries are currently assessing SFAS No. 149, but do not anticipate that it will have a material impact on consolidated results of operations, cash flows or financial position.

Table of Contents

FASB Implementation Issue No. C20 - In June 2003, for purposes of determining the applicability of the normal purchases and normal sales scope exception, the FASB issued SFAS No. 133 Implementation Issue No. C20 as supplemental guidance to SFAS No. 133 Implementation Issue No. C11. The effective date of the implementation guidance of Issue No. C20 is the first day for the first fiscal quarter beginning after July 10, 2003, which for Xcel Energy is the fourth quarter. Xcel Energy is currently in the process of reviewing and interpreting this guidance and does not currently anticipate any material adverse financial impact due to the implementation of Issue No. C20 guidance.

Table of Contents

11. Segment Information

Xcel Energy has the following reportable segments: Regulated Electric Utility, Regulated Natural Gas Utility and its nonregulated energy business, NRG. Trading operations performed by regulated operating companies are not a reportable segment; electric trading results are included in the Regulated Electric Utility segment and natural gas trading results are presented in All Other.

(Thousands of Dollars)	Regulated Electric Utility	Regulated Natural Gas Utility	NRG	All Other	Reconciling Eliminations	Consolidated Total
Three months ended June 30, 2003						
Operating revenues from external customers	$1,384,551	$273,556	$	$112,908	$	$1,771,015
Intersegment revenues	265	2,162		22,151	(24,578)	
Equity in earnings of Unconsolidated affiliates						
Total revenues	$1,384,816	$275,718	$	$135,059	$(24,578)	$1,771,015
Segment net income (loss)	$ 69,526	$ 3,762	$(351,192)	$ 10,144	$(14,802)	$ (282,562)
Three months ended June 30, 2002						
Operating revenues from external customers	$1,326,433	$235,311	$ 555,181	$ 80,728	$	$2,197,653
Intersegment revenues	242	324		44,661	(44,661)	566
Equity in earnings of Unconsolidated affiliates			27,528			27,528
Total revenues	$1,326,675	$235,635	$ 582,709	$125,389	$(44,661)	$2,225,747
Segment net income (loss)	$ 121,701	$ 10,742	$ (41,352)	$ 2,642	$ (6,431)	$ 87,302

	Regulated Electric Utility	Regulated Natural Gas Utility	NRG	All Other	Reconciling Eliminations	Consolidated Total
Six months ended June 30, 2003						
Operating revenues from external customers	$2,752,488	$939,685	$	$225,424	$	$3,917,597
Intersegment revenues	561	3,548		43,931	(48,040)	
Equity in earnings of unconsolidated affiliates						
Total revenues	$2,753,049	$943,233	$	$269,355	$(48,040)	$3,917,597

Segment net income (loss)	$ 155,624	$ 60,313	$ (363,825)	$ 30,231	$ (24,893)	$ (142,550)
Six months ended June 30, 2002						
Operating revenues from external customers	$ 2,560,905	$ 798,790	1,023,280	$ 168,091	$	$ 4,551,066
Intersegment revenues	501	756		80,286	(80,286)	1,257
Equity in earnings of unconsolidated affiliates			42,198			42,198
Total revenues	$ 2,561,406	$ 799,546	$ 1,065,478	$ 248,377	$ (80,286)	$ 4,594,521
Segment net income (loss)	$ 203,619	$ 58,795	$ (67,815)	$ 9,838	$ (13,631)	$ 190,806

In 2003, the process to allocate common costs of the Electric and Natural Gas Utility segments was revised. Segment results for 2002 have been restated to reflect the revised cost allocation process.

Table of Contents

12. Detail of Interest and Other Income

Interest and other income, net of nonoperating expenses, is comprised of the following:

	3 months ended June 30,		6 months ended June 30,	
	2003	2002*	2003	2002*
Interest income	$ 6,157	$ 1,523	$ 11,811	$19,498
Equity income (loss) in unconsolidated affiliates (other than NRG)	1,355	1,162	(4,142)	2,972
Other nonoperating income	9,993	12,100	13,250	21,542
Minority interest expense (other than NRG)	(582)	(338)	(829)	(1,662)
Other nonoperating expenses	(6,059)	(2,279)	(10,990)	(8,351)
Total interest and other income, net of nonoperating expenses	$10,864	$12,168	$ 9,100	$33,999

* Includes NRG activity.

13. Stock Compensation and Incentive Stock Awards

Restricted Stock Units On March 28, 2003, the compensation and nominating committee of Xcel Energy s board of directors granted restricted stock units and performance shares under the Xcel Energy omnibus incentive plan approved by the shareholders in 2000. No stock options have been granted in 2003. Restrictions on the restricted stock units will lapse after one year from the date of grant, the achievement of a 27 percent total shareholder return (TSR) for 10 consecutive business days and other criteria relating to Xcel Energy s common equity ratio. If the TSR target is not met within four years, the grant will be forfeited. TSR is measured using the market price per share of Xcel Energy common stock, which at the grant date was $12.93, plus common dividends declared after grant date. During the second quarter of 2003, Xcel Energy accrued approximately $9 million of estimated compensation expense related to the 2.4 million restricted stock units awarded in 2003, based on an expectation that the TSR requirements will be met.

SFAS No. 148 In December 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 148 Accounting for Stock-Based Compensation Transition and Disclosure, amending SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair-value-based method of accounting for stock-based employee compensation, and requiring disclosure in both annual and interim Consolidated Financial Statements about the method used and the effect of the method used on results. The pro-forma impact of applying SFAS 148 to earnings and earnings per share is immaterial. Xcel Energy continues to account for its stock-based compensation plans under Accounting Principles Board (APB) Opinion No. 25 Accounting for Stock Issued to Employees, and does not plan at this time to adopt the voluntary provisions of SFAS No. 148. Even with full dilutive effects of stock equivalents, the impact of application of SFAS No. 148 would be immaterial to the financial results of Xcel Energy.

14. Nuclear Fuel Storage Prairie Island Legislation

On May 29, 2003, the Minnesota Legislature enacted legislation, which will enable NSP-Minnesota to store at least 12 more casks of spent fuel outside the Prairie Island nuclear generating plant, allowing NSP-Minnesota to continue to operate the facility and store spent-fuel there until our licenses with the Nuclear Regulatory Commission (NRC) expire in 2013 and 2014. The legislation transfers from the state Legislature to the MPUC the primary authority concerning future spent-fuel storage issues and allows for additional storage of spent nuclear fuel in the event the NRC extends the licenses of the Prairie Island and Monticello nuclear generating plant and the MPUC grants a certificate of need for such additional storage without an affirmative vote from the state Legislature. The legislation requires Xcel Energy to add at least 300 megawatts of additional wind power by 2010 with an option to own 100 megawatts of this power.

The legislation also requires specified levels of payments to various third parties during the remaining operating life of the Prairie Island plant. These payments include: $2.25 million per year to the Prairie Island Tribal Community beginning in 2004; 5 percent of NSP-Minnesota s conservation program expenditures (estimated at $2 million per year) to the University of Minnesota for renewable energy research; and an increase in funding commitments to the previously-established Renewable Development Fund from $500,000 per installed cask per year to a total of $16 million per year beginning in 2003. The legislation also designated $10 million in one-time grants to the University of Minnesota for additional renewable energy research, which is to be funded from commitments already made to the Renewable Development Fund. Nearly all of the cost increases to NSP-Minnesota from these required payments and funding commitments are expected to be recoverable in customer rates, mainly through existing cost recovery mechanisms. Funding commitments to the Renewable Development Fund would terminate after the Prairie Island plant discontinues operation unless the MPUC determines that Xcel Energy failed to make a good faith effort to move the waste, in which case NSP-Minnesota would have to make payments in the amount of $7.5 million per year.

15. Pension Plan Change and Impacts

In April 2003, Xcel Energy amended certain of its retirement plans to provide the same level of benefits to all non-bargaining employees of its utility and service company operations. While this change did not have a material impact on 2003 costs for the affected pension and retiree health plans, the increased obligations resulting from the plan amendment did create a minimum pension liability which was recorded in the second quarter of 2003. This additional pension obligation, recorded almost entirely at SPS, increased noncurrent liabilities by approximately $21 million and reduced Accumulated Other Comprehensive Income, a component of shareholders equity, by approximately $25 million (net of related deferred tax effects of $14 million) during the quarter. The minimum pension liability adjustments also increased noncurrent intangible assets by approximately $41 million due to the recording of unamortized prior service costs, and reduced previously recorded prepaid pension assets accordingly.

Item 2. MANAGEMENT S DISCUSSION AND ANALYSIS

The following discussion and analysis by management focuses on those factors that had a material effect on Xcel Energy s financial condition and results of operations during the periods presented, or are expected to have a material impact in the future. It should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and Notes.

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

- general economic conditions, including their impact on capital expenditures and the ability of Xcel Energy and its subsidiaries to obtain financing on favorable terms;
- business conditions in the energy industry;
- competitive factors, including the extent and timing of the entry of additional competition in the markets served by Xcel Energy and its subsidiaries;
- unusual weather;
- state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures, and affect the speed and degree to which competition enters the electric and gas markets;
- the higher risk associated with Xcel Energy s nonregulated businesses compared with its regulated businesses;
- the financial condition of NRG;
- actions by the bankruptcy court;
- failure to realize expectations regarding the NRG settlement agreement;
- currency translation and transaction adjustments;
- risks associated with the California power market; and
- the other risk factors listed from time to time by Xcel Energy in reports filed with the Securities and Exchange Commission (SEC), including Exhibit 99.01 to this report on Form 10-Q for the quarter ended June 30, 2003.

RESULTS OF OPERATIONS

Xcel Energy owns or has an interest in a number of nonregulated businesses, the largest of which is NRG Energy, Inc. (NRG), an independent power producer. NRG is facing severe financial difficulties and has filed a voluntary petition for bankruptcy.

Table of Contents

See Notes 2, 3, 4 and 7 to the Consolidated Financial Statements, included in Xcel Energy s Form 10-K for the year ended Dec. 31, 2002, and Note 4 to the Consolidated Financial Statements in this report.

Earnings Per Share Summary

The following table summarizes the earnings-per-share contributions of Xcel Energy s businesses on both a generally accepted accounting principles (GAAP) view and a pro-forma basis. Xcel Energy is presenting pro-forma earnings to reflect its operating results excluding businesses that were or are expected to be divested this year, as assumed in the previously disclosed earnings guidance. The pro-forma results exclude the gain on the sale of Viking Gas Transmission Co. and the results of NRG. Viking Gas was sold in January 2003, and we expect the outcome of NRG s financial restructuring will be the divestiture of NRG. The pro-forma results are provided to reflect the ongoing operations of Xcel Energy on a comparative basis for 2003 and 2002.

	3 months ended June 30,		6 months ended June 30,	
GAAP Earnings (Loss) by Segment:	**2003**	**2002**	**2003**	**2002**
Electric utility segment earnings	$ 0.18	$ 0.33	$ 0.39	$ 0.55
Natural gas utility segment earnings continuing operations	0.01	0.02	0.15	0.16
Other utility segment results*	0.01		0.02	0.02
Total utility segment earnings continuing operations	0.20	0.35	0.56	0.73
Utility earnings discontinued operations (gain from Viking Gas sale)*			0.05	
Total earnings from utility segments	0.20	0.35	0.61	0.73
NRG Earnings (Loss) Continuing Operations	(0.88)	(0.09)	(0.91)	(0.18)
NRG Earnings (Loss) Discontinued Operations				0.03
Total loss from NRG segment	(0.88)	(0.09)	(0.91)	(0.15)
Other Nonregulated Results/Holding Co. Costs*	(0.03)	(0.03)	(0.06)	(0.06)
Total GAAP Earnings (Loss) Per Share Diluted	**$ (0.71)**	**$ 0.23**	**$ (0.36)**	**$ 0.52**
Reconciliation of Pro-Forma Results to GAAP Earnings (Loss):				
Total utility segment earnings continuing operations:	$ 0.20	$ 0.35	$ 0.56	$ 0.73
Other nonregulated results/holding company costs	(0.03)	(0.03)	(0.06)	(0.06)
Pro-forma continuing operations, excluding NRG	**0.17**	**0.32**	**0.50**	**0.67**
Total NRG segment loss	(0.88)	(0.09)	(0.91)	(0.15)
Utility earnings discontinued operations (gain on Viking Gas)			0.05	
Total GAAP Earnings (Loss) per Share Diluted	**$ (0.71)**	**$ 0.23**	**$ (0.36)**	**$ 0.52**

* Not a reportable segment. Included in All Other segment results in Note 11 to the financial statements.

Common Stock Dilution Dilution from stock issued in 2002 reduced the loss for the quarter ended June 30, 2003 by 4 cents per share. For the six months ended June 30, 2003, dilution reduced the loss by 3 cents per share.

Utility Segment Results

In the second quarter of 2003, net income from utility operations decreased largely due to adverse weather impacts, higher purchased capacity costs, increased interest costs and higher incentive and other employee benefit costs. Partially offsetting these decreases were the effects of electric utility retail sales growth. For the six months ended June 30, 2003, net income from continuing utility operations decreased largely due to the second quarter impacts discussed above, partially offset by additional sales growth and short-term wholesale margins experienced in the first quarter of 2003. See the following section for additional discussion of specific margin and cost items affecting utility operating results.

Utility earnings per share were also reduced by 1 cent per share in second quarter 2003 and by 5 cents for the six months ended June 30, 2003, due to the dilutive effects of stock issuances, as discussed previously.

The following summarizes the estimated impact of weather on regulated utility earnings per share, based on estimated temperature variations from historical averages (excluding the impact on energy trading operations):

	Earnings per Share Increase (Decrease)		
	2003 vs. Normal	2002 vs. Normal	2003 vs. 2002
3 months ended June 30	$(0.02)	$ 0.03	$(0.05)
6 months ended June 30	$(0.02)	$ 0.02	$(0.04)

Other utility segment results included in the earnings contribution table above relate to subsidiary operations of the utility companies, and to other nonregulated activities conducted by such companies, in addition to Regulated Electric and Regulated Natural Gas utility operations. The largest of these other utility businesses is PSR Investments, a subsidiary of PSCo that owns and manages life insurance policies for PSCo employees and retirees.

Also the utility earnings-per-share contribution in the table above includes income from discontinued operations related to the sale of Viking Gas in January 2003, as discussed in Note 3 to the financial statements.

NRG Segment Results

As discussed in Note 5 to the Financial Statements, as a result of NRG s bankruptcy filing in May 2003, the presentation of NRG results is not comparable in the accompanying financial statements. NRG s results for 2003 are presented under the equity method, on a single line, Equity in Losses of NRG. Results for 2002 are presented in the Statement of Operations with NRG consolidated as part of Xcel Energy. However, pro-forma results for 2002 are presented in Exhibit 99.02 of this report to provide 2002 information for NRG s results on a basis comparable with the 2003 presentation.

NRG s results summarized on an overall basis are as follows:

(in millions)	3 months ended June 30, 2003	6 months ended June 30, 2003
Total NRG loss*	$ (608)	$ (621)
Losses not recorded by Xcel Energy under the equity method**	257	257
Equity in losses of NRG included in Xcel Energy results	$ (351)	$ (364)

* Includes discontinued operations related to several projects that have been sold or are pending sale by NRG. For 2003 reporting, no distinction is made under the equity method for the underlying NRG projects, whether discontinued or continuing.

** These represent NRG losses incurred in the second quarter of 2003 that were in excess of the amounts recordable by Xcel Energy under the equity method of accounting limitations discussed previously.

Since its credit downgrade in July 2002, NRG has experienced credit and liquidity constraints and commenced a financial and business restructuring, including a voluntary petition for bankruptcy protection. This restructuring has created significant incremental costs and has resulted in numerous asset impairments as the strategic and economic value of assets under development and in operation has changed.

NRG s results in 2002 include restructuring costs and asset impairments, reported as Special Charges in Operating Expenses, as discussed in Note 2. NRG s results in 2003 (before limitations under the equity method) include restructuring costs of $20 million for the quarter and $41 million for the six months ended June 30. Restructuring costs relate to financial and legal advisors, employee severance and other activities related to NRG s financial restructuring and bankruptcy process.

NRG s asset impairments and related charges in 2003 include approximately $40 million in first-quarter charges related to NRG s NEO landfill gas projects and equity investments, and approximately $500 million recorded in the second quarter. The impairment and related charges in the second quarter of 2003 resulted from planned disposals of the Loy Yang project in Australia and the McClain and Brazos Valley projects in the United States and to regulatory developments and changing circumstances throughout the second quarter that adversely affected NRG s ability to recover the carrying value of certain Connecticut merchant generation units. As of the bankruptcy filing date (May 14, 2003), Xcel Energy had recognized $263 million of NRG s impairments and related charges for the Connecticut facilities and Brazos Valley as these charges were recorded by NRG prior to May 14, 2003. Consequently, Xcel Energy has recorded its equity in NRG results for the second quarter (including these impairments) in excess of its financial commitment to NRG under the settlement agreement. These excess losses of $115 million will be reversed and recognized as a non-cash gain upon NRG s emergence from bankruptcy. See Note 5 to the financial statements for further discussion of the 2003 change in accounting for NRG and Xcel Energy s limitation for recognizing NRG s losses due to its bankruptcy filing.

Table of Contents

In addition to the unusual items discussed above, NRG s operating results have been affected by low wholesale power prices in North America, which have provided margins insufficient to cover its interest and other fixed costs, and have resulted in continuing operating losses in 2003.

Beginning in the third quarter of 2002, Xcel Energy announced that the likely tax filing status of NRG for 2002 and future years had changed from being included as part of Xcel Energy s consolidated federal income tax group to filing on a stand-alone basis. On a stand-alone basis, NRG does not have the ability to recognize all tax benefits that may ultimately accrue from its operating losses and is currently in a net operating loss carryforward position for tax purposes. Accordingly, NRG s results for 2003 include no material tax effects.

Other Results Nonregulated Subsidiaries (Other than NRG) and Holding Company Costs

The following table summarizes the earnings-per-share (EPS) contributions of Xcel Energy s nonregulated businesses other than NRG and holding company results:

	3 months ended June 30,		6 months ended June 30,	
	2003	**2002**	**2003**	**2002**
Other Nonregulated and Holding Company Results:				
Seren Innovations, Inc.	$(0.01)	$(0.02)	$(0.02)	$(0.03)
Xcel International	0.01	0.00	0.02	0.00
Eloigne Company	0.00	0.00	0.01	0.01
Planergy International	(0.01)	0.00	(0.01)	(0.01)
Financing Costs and Preferred Dividends	(0.03)	(0.03)	(0.06)	(0.05)
Other	0.01	0.02	0.00	0.02
Total Other Nonregulated and Holding Company	$(0.03)	$(0.03)	$(0.06)	$(0.06)

Seren Seren operates a combination cable television, telephone and high-speed Internet access system in St. Cloud, Minn., and Contra Costa County, California. At June 30, 2003, Xcel Energy s investment in Seren was approximately $265 million.

Xcel International Xcel International owns and operates several energy projects in Argentina. Earnings in the second quarter of 2003 include a gain from a debt restructuring for one of the projects, which increased earnings by about 1 cent per share.

Financing Costs and Preferred Dividends - Nonregulated and holding company results include interest expense and preferred dividend costs, which are incurred at the Xcel Energy and intermediate holding company levels, and are not directly assigned to individual subsidiaries. Holding company financing costs increased due to the issuance of convertible debt in November 2002.

Other Other nonregulated and holding company results decreased in 2003 due to lower income from Utility Engineering and from NRG-related restructuring costs, as discussed previously. Partially offsetting these earnings reductions were income tax adjustments related mainly to changing state tax effects resulting from NRG tax deconsolidation and losses.

Income Statement Analysis Second Quarter 2003 vs. Second Quarter 2002

Electric Utility and Commodity Trading Margins

Electric fuel and purchased power expenses tend to vary with changing retail and wholesale sales requirements and unit cost changes in fuel and purchased power. Due to fuel cost recovery mechanisms for retail customers in several states, most fluctuations in energy costs do not materially affect electric utility margin. The retail fuel clause cost recovery mechanism in Colorado has changed from 2002 to 2003. For 2002, electric utility margins in Colorado reflect the impact of sharing energy costs and savings relative to a target cost per delivered kilowatt-hour under the retail incentive cost adjustment (ICA) ratemaking mechanism. For 2003, PSCo will be able to collect 100 percent of its retail electric fuel and purchased energy expense through the interim adjustment clause (IAC). In addition to the IAC, Colorado has other adjustment clauses that allow certain costs to be recovered from retail customers.

31

Table of Contents

Xcel Energy has three distinct forms of wholesale sales: short-term wholesale, electric commodity trading and natural gas commodity trading. Short-term wholesale refers to electric sales for resale, which are associated with energy produced from Xcel Energy s generation assets or energy and capacity purchased to serve native load. Electric and natural gas commodity trading refers to the sales for resale activity of purchasing and reselling electric and natural gas energy to the wholesale market. Short-term wholesale and electric trading activities are considered part of the electric utility segment, while the natural gas commodity trading is considered part of the All Other segment.

Xcel Energy s commodity trading operations are conducted by NSP-Minnesota (electric), PSCo (electric) and e prime (natural gas). Margins from electric trading activity, conducted at NSP-Minnesota and PSCo, are partially redistributed to other operating utilities of Xcel Energy, pursuant to a joint operating agreement (JOA) approved by the FERC. PSCo s short-term wholesale margins and electric trading margins reflect the impact of regulatory sharing of certain margins with Colorado retail customers. Trading results are reported net of related costs (i.e., on a margin basis) in the Consolidated Statements of Operations. Trading revenue and costs associated with NRG s operations are included in the NRG segment results, not reflected in the table below. The following table details the revenue and margin for base electric utility, short-term wholesale and electric and natural gas trading activities.

(Millions of Dollars)	Base Electric Utility	Short-Term Wholesale	Electric Commodity Trading	Natural Gas Commodity Trading	Intercompany Eliminations	Consolidated Total
Three months ended June 30, 2003						
Electric utility revenue	$1,340	$ 39	$	$	$	$ 1,379
Electric fuel and purchased power	(610)	(31)				(641)
Electric and natural gas trading revenue			75	80	(8)	147
Electric and natural gas trading costs			(69)	(82)	8	(143)
Gross margin before operating expenses	$ 730	$ 8	$ 6	$ (2)	$	$ 742
Margin as a percentage of revenue	54.5%	20.5%	8.0%	(2.5)%	%	48.6%
Three months ended June 30, 2002						
Electric utility revenue	$1,289	$ 40	$	$	$	$ 1,329
Electric fuel and purchased power	(514)	(30)				(544)
Electric and natural gas trading revenue			494	566	(20)	1,040
Electric and natural gas trading costs			(496)	(564)	20	(1,040)
Gross margin before operating expenses	$ 775	$ 10	$ (2)	$ 2	$	$ 785
Margin as a percentage of revenue	60.1%	25.0%	(0.4)%	0.4%	%	33.1%

Base electric utility margins, primarily related to retail customers, decreased approximately $45 million for the second quarter of 2003, compared with the second quarter of 2002. The lower base electric utility margin reflects much cooler temperatures in the second quarter of 2003 compared with 2002, higher purchased capacity costs and the positive impact of incentive cost adjustment mechanisms in 2002, partially offset by weather-normalized sales growth and recovery of renewable development fund costs in 2003 for which a corresponding charge to depreciation expense was recorded.

Short-term wholesale margins consist of asset-based electric sales for resale activity. Electric and natural gas commodity trading activity margins consist of non-asset-based trading activity. Short-term wholesale and electric commodity trading sales margins increased approximately $6 million for second quarter 2003 due mainly to more favorable market prices.

Natural Gas Utility Margins

The following table details the changes in natural gas utility revenue and margin. The cost of natural gas tends to vary with changing sales requirements and the unit cost of natural gas purchases. However, due to purchased natural gas cost recovery mechanisms for sales to retail customers, fluctuations in the cost of natural gas have little effect on natural gas margin.

(Millions of Dollars)	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002
Natural gas utility revenue	$ 274	$ 236
Cost of natural gas sold and transported	(175)	(126)
Natural gas utility margin	$ 99	$ 110

32

Table of Contents

Natural gas revenue increased by approximately $38 million, or 16.1 percent, in the second quarter of 2003, primarily due to increases in the wholesale cost of natural gas, which are largely passed on to customers and recovered through various rate adjustment clauses in most of the jurisdictions in which Xcel Energy operates. Natural gas margin decreased by approximately $11 million, primarily due to warmer-than-normal weather and a decline in interruptible and transportation sales.

Nonregulated Margins (Other than NRG)

The following table details the change in nonregulated revenue and margin, excluding NRG s operations.

	Three Months Ended June 30,	
(Millions of Dollars)	**2003**	**2002**
Nonregulated and other revenue	$ 115	$ 79
Nonregulated cost of goods sold	(70)	(55)
Nonregulated margin	$ 45	$ 24

Nonregulated revenues and margins for the second quarter increased in 2003 compared to 2002 due mainly to increasing customer levels in Seren s communication business, higher contract revenues in Xcel International s Argentina operations. These margin increases were offset by higher operating and other costs, resulting in approximately the same operating results from nonregulated companies in both periods, as indicated in the previous earnings contribution table.

Non-Fuel Operating Expense and Other Costs

Utility Other Operation and Maintenance Expenses for the second quarter of 2003 increased by approximately $38 million, or 11.0 percent, compared with the second quarter of 2002. Approximately $13 million of the difference results from the second quarter 2002 reversal of accrued estimated incentive compensation expense, compared with an accrual of estimated incentive compensation expense in the second quarter 2003. In addition, benefit costs increased $31 million due to lower pension credits, higher medical and health care costs and restricted stock units granted. Utility operating and maintenance expenses also increased due to a planned refueling outage at the Monticello nuclear plant compared with no such nuclear outages in the second quarter of 2002. These cost increases were partially offset by the timing of non-nuclear plant outages and other cost reductions.

Excluding NRG amounts in 2002, depreciation and amortization increased by approximately $16 million, or 8.2 percent, for the second quarter of 2003, compared with the second quarter of 2002, primarily due $10 million of Minnesota renewable development fund costs, which are largely recovered through NSP-Minnesota s fuel clause mechanism, and higher depreciation from utility plant additions.

Excluding NRG amounts in 2002, interest expense increased by approximately $26 million, or 31.6 percent, for the second quarter of 2003, compared with the second quarter of 2002. This increase is due to the issuance of long- and intermediate-term debt to reduce dependence on short-term debt at the holding company, NSP-Minnesota and PSCo.

Excluding NRG amounts in 2002, income taxes changed due to changes in pretax income and to a lesser extent to changes in the effective tax rate. The effective tax rate for non-NRG operations was (19.3) percent in the second quarter of 2003 and 34.5 percent in the same quarter of 2002. The change in the effective tax rate between years reflects a larger ratio of tax credits to lower pretax income levels in 2003, adjustments to 2002 and year-to-date 2003 state tax accruals recorded in 2003 related to updated income apportionment by state (including NRG impacts) and NSP-Minnesota adjustments due to favorable income tax audit settlements in 2003.

Table of Contents

Income Statement Analysis First Six Months of 2003 vs. First Six Months of 2002

Electric Utility and Commodity Trading Margins

The following table details the revenue and margin for base electric utility, short-term wholesale and electric and natural gas trading activities.

(Millions of Dollars)	Base Electric Utility	Short-Term Wholesale	Electric Commodity Trading	Natural Gas Commodity Trading	Intercompany Eliminations	Consolidated Total
Six months ended June 30, 2003						
Electric utility revenue	$ 2,647	$ 101	$	$	$	$ 2,748
Electric fuel and purchased power	(1,162)	(72)				(1,234)
Electric and natural gas trading revenue			133	463	(21)	575
Electric and natural gas trading costs			(129)	(460)	21	(568)
Gross margin before operating expenses	$ 1,485	$ 29	$ 4	$ 3	$	$ 1,521
Margin as a percentage of revenue	56.1%	28.7%	3.0%	0.6%	%	45.8%
Six months ended June 30, 2002						
Electric utility revenue	$ 2,480	$ 81	$	$	$	$ 2,561
Electric fuel and purchased power	(966)	(66)				(1,032)
Electric and natural gas trading revenue			811	1,021	(37)	1,795
Electric and natural gas trading costs			(810)	(1,020)	37	(1,793)
Gross margin before operating expenses	$ 1,514	$ 15	$ 1	$ 1	$	$ 1,531
Margin as a percentage of revenue	61.0%	18.5%	0.1%	0.1%	%	35.1%

Base electric utility margins, primarily related to retail customers, decreased approximately $29 million for the first six months of 2003 compared with the first six months of 2002. The lower base electric margin reflects much cooler temperatures in the second quarter of 2003, higher purchased capacity costs in 2003 and the positive impact of incentive cost adjustment mechanisms in 2002, partially offset by weather-normalized sales growth and recovery of renewable development fund costs in 2003 for which a corresponding charge to depreciation expense was recorded.

Short-term wholesale and electric and natural gas commodity trading sales margins increased approximately $19 million for the first six months of 2003 compared with the same period in 2002. The short-term wholesale increase reflects more favorable prices on electric sales to other utilities, primarily in Minnesota.

Natural Gas Utility Margins

The following table details the changes in natural gas utility revenue and margin. The cost of natural gas tends to vary with changing sales requirements and the unit cost of natural gas purchases. However, due to purchased natural gas cost recovery mechanisms for sales to retail customers, fluctuations in the cost of natural gas have little effect on natural gas margin.

(Millions of Dollars)	Six Months Ended June 30, 2003	2002
Natural gas utility revenue	$ 940	$ 800
Cost of natural gas sold and transported	(655)	(501)
Natural gas utility margin	$ 285	$ 299

Natural gas revenue increased by approximately $140 million, or 17.5 percent, in the first six months of 2003 compared with the same period in 2002, primarily due to increases in the wholesale cost of natural gas, which are largely passed on to customers and recovered through various rate adjustment clauses in most of the jurisdictions in which Xcel Energy operates. Natural gas margin decreased by approximately $14 million, primarily due to the impact of warmer-than-normal weather, and the sale of Viking Gas in January 2003, partially offset by weather-normalized firm sales growth.

Nonregulated Margins (Other than NRG)

The following table details the change in nonregulated revenue and margin, excluding NRG s operations.

(Millions of Dollars)	Six Months Ended June 30, 2003	2002
Nonregulated and other revenue	$ 223	$ 167
Nonregulated cost of goods sold	(147)	(112)
Nonregulated margin	$ 76	$ 55

Nonregulated revenues and margins for the second quarter increased in 2003 compared to 2002 due mainly to increasing customer levels in Seren s communication business, higher contract revenues in Xcel International s Argentina operations, and increased retail service revenues. These margin increases were offset by higher operating and other costs, resulting in approximately the same operating results by nonregulated company in both periods, as indicated in the previous earnings contribution table.

Non-Fuel Operating Expense and Other Costs

Utility Other Operation and Maintenance Expenses for the six months ended June 30, 2003, increased by approximately $28 million, or 3.8 percent, compared with the same period in 2002. The increased costs reflect the timing of incentive accruals in 2002 and higher other employee benefit costs, as discussed previously.

Excluding NRG amounts in 2002, depreciation and amortization increased by approximately $16 million, or 4.1 percent, for the first six months of 2003, compared with 2002, primarily due to $10 million of Minnesota renewable development fund costs, which are largely recovered through NSP-Minnesota s fuel clause mechanism, and higher depreciation from utility plant additions.

Excluding NRG amounts in 2002, interest expense increased by approximately $57 million, or 35.8 percent, for the first six months of 2003, compared with 2002. This increase is due to the issuance of long-and intermediate-term debt to reduce dependence on short-term debt at the holding company, NSP-Minnesota and PSCo.

Excluding NRG amounts in 2002, income taxes changed due to a change in pretax income and to a lesser extent to changes in the effective tax rate. The effective tax rate for non-NRG operations was 20.7 percent in the first six months of 2003 and 33.9 percent in the same period of 2002. The change in the effective tax rate between years reflects a larger ratio of tax credits to the lower pretax income levels in 2003, adjustments to 2002 and 2003 state tax accruals recorded in 2003, as discussed previously, and NSP-Minnesota adjustments due to favorable tax audit settlements in 2003. The change is likely to also result in a decrease in the 2003 annual effective tax rate for Xcel Energy, excluding NRG.

Table of Contents

Pending Accounting Changes

FASB Interpretation No. 46 (FIN No. 46) - In January 2003, the FASB issued FIN No. 46, requiring an enterprise s consolidated financial statements to include subsidiaries in which the enterprise has a controlling financial interest. Historically, that requirement has been applied to subsidiaries in which an enterprise has a majority voting interest, but in many circumstances the enterprise s consolidated financial statements do not include the consolidations of variable interest entities with which it has similar relationships but no majority voting interest. Under FIN No. 46, the voting interest approach is not effective in identifying controlling financial interest. As a result, Xcel Energy expects that it may have to consolidate all or a portion of its affordable housing investments made through Eloigne, which currently are accounted for under the equity method.

As of June 30, 2003, the assets of these entities were approximately $155 million and long-term liabilities were approximately $90 million. Currently, investments of $61 million are reflected as a component of investments in unconsolidated affiliates in the Dec. 31, 2002, Consolidated Balance Sheet. FIN No. 46 requires that for entities to be consolidated, the entities assets be initially recorded at their carrying amounts at the date the new requirement first applies. If determining carrying amounts as required is impractical, then the assets are to be measured at fair value as of the first date the new requirements apply. Any difference between the net consolidated amounts added to the Xcel Energy s balance sheet and the amount of any previously recognized interest in the newly consolidated entity should be recognized in earnings as the cumulative-effect adjustment of an accounting change. Had Xcel Energy adopted FIN No. 46 requirements early in 2003, there would have been no material impact to net income. Xcel Energy plans to adopt FIN No. 46 when required in the third quarter of 2003.

See Notes 9, 10 and 13 to the consolidated financial statements for discussion of additional pending accounting changes.

Critical Accounting Policies

Preparation of financial statements and related disclosures in compliance with generally accepted accounting principles (GAAP) requires the application of appropriate technical accounting rules and guidance, as well as the use of estimates. The application of these policies necessarily involves judgments regarding future events, including the likelihood of success of particular projects, legal and regulatory challenges and anticipated recovery of costs. These judgments, in and of themselves, could materially impact the financial statements and disclosures based on varying assumptions, which all may be appropriate to use. In addition, the financial and operating environment also may have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies applied have not changed. Item 7, Management s Discussion and Analysis, in Xcel Energy s Annual Report on Form 10-K for the year ended Dec. 31, 2002, includes a list of accounting policies that are most significant to the portrayal of Xcel Energy s financial condition and results, and that require management s most difficult, subjective or complex judgments. Each of these has a higher likelihood of resulting in materially different reported amounts under different conditions or using different assumptions.

Financial Market Risks

Xcel Energy and its subsidiaries are exposed to market risks, including changes in commodity prices and interest rates, as disclosed in Management s Discussion and Analysis in its Annual Report on Form 10-K for the year ended Dec. 31, 2002. Commodity price and interest rate risks for Xcel Energy s regulated subsidiaries are mitigated in most jurisdictions due to cost-based rate regulation. At June 30, 2003, there were no material changes to the financial market risks that affect the quantitative and qualitative disclosures presented as of Dec. 31, 2002, in Item 7A of Xcel Energy s Annual Report on Form 10-K.

NSP-Minnesota maintains trust funds, as required by the Nuclear Regulatory Commission, to fund certain costs of nuclear decommissioning. Those investments are exposed to price fluctuations in equity markets and changes in interest rates. However, because the costs of nuclear decommissioning are recovered through NSP-Minnesota rates, fluctuations in investment fair value do not affect NSP-Minnesota s consolidated results of operations.

Xcel Energy and its subsidiaries use a value-at-risk (VaR) model to assess the market risk of their fixed price purchase and sales commitments, physical forward contracts and commodity derivative instruments. VaR for hedges associated with generating assets and commodity contracts, assuming a five-day holding period for electricity and a two-day holding period for natural gas, for the three months ended June 30, 2003, is as follows:

(Millions of dollars)	Period End June 30, 2003	Change from March 31, 2003	VaR Limit	Average	High	Low

Electric Commodity						
Trading (1)	$ 0.90	$ 0.29	$ 6.0	$ 0.69	$ 1.00	$ 0.41
e prime Inc.	0.01	(0.04)	2.0	0.05	0.17	0.01
e prime Energy Marketing Inc.	0.07	(0.81)	2.0	0.29	0.88	0.02
XERS Inc.	0.13	0.12	2.0	0.04	0.15	0.00

(1) Comprises transactions for both NSP-Minnesota and PSCo.

Table of Contents

Energy Trading and Hedging Activities

Xcel Energy and its subsidiaries engage in energy trading activities that are accounted for in accordance with SFAS No. 133, as amended. Xcel Energy makes wholesale purchases and sales of electric, natural gas and related energy trading products and provides risk management services to other of its unregulated subsidiaries in order to optimize the value of their electric generating facilities and retail supply contracts. Xcel Energy also engages in a limited number of wholesale commodity transactions. Xcel Energy utilizes forward contracts for the purchase and sale of electricity and capacity, over-the-counter swap contracts, exchange-traded natural gas futures and options, transmission contracts, natural gas transportation contracts and other physical and financial contracts.

For the period ended June 30, 2003, these contracts, with the exception of transmission and natural gas transportation contracts, were marked to market in accordance with Emerging Issues Task Force (EITF) 02-3 and SFAS No. 133. Changes in fair value of energy trading contracts that do not qualify for hedge accounting treatment are recorded in income in the reporting period in which they occur.

As of June 30, 2003, the sources of fair value of the energy trading and hedging net assets are as follows:

Trading Contracts

	Futures/Forwards					
(Thousands of Dollars)	Source of Fair Value	Maturity Less Than 1 Year	Maturity 1 to 3 Years	Maturity 4 to 5 Years	Maturity Greater Than 5 Years	Total Futures/ Forwards Fair Value
NSP-Minnesota	1	$ (472)				$ (472)
	2	2,283				2,283
PSCo	1	(1,331)				(1,331)
	2	1,701				1,701
e prime Inc.	1	1,209				1,209
	2	172				172
Total Futures/Forwards Fair Value		$ 3,562	—	—	—	$ 3,562

	Options					
(Thousands of Dollars)	Source of Fair Value	Maturity Less Than 1 Year	Maturity 1 to 3 Years	Maturity 4 to 5 Years	Maturity Greater Than 5 Years	Total Futures/ Forwards Fair Value
e prime Inc.	2	$ 40				$ 40
Total Futures/Forwards Fair Value		$ 40	—	—	—	$ 40

Hedge Contracts

Futures/Forwards

(Thousands of Dollars)	Source of Fair Value	Maturity Less Than 1 Year	Maturity 1 to 3 Years	Maturity 4 to 5 Years	Maturity Greater Than 5 Years	Total Futures/ Forwards Fair Value
NSP-Minnesota	2	$ (1,760)				$ (1,760)
NSP-Wisconsin	2	(304)				(304)
PSCo	1	1,047				1,047
	2	(9,230)				(9,230)
e prime Inc.	1	320				320
e prime Energy Mktg. Inc.	1	5	(396)			(391)
XERS Inc.	1	2,576	(9)			2,567
Total Futures/Forwards Fair Value		$ (7,346)	$ (405)			$ (7,751)

Table of Contents

(Thousands of Dollars)	Source of Fair Value	Options Maturity Less Than 1 Year	Maturity 1 to 3 Years	Maturity 4 to 5 Years	Maturity Greater Than 5 Years	Total Futures/ Forwards Fair Value
NSP-Minnesota	2	$ (200)				$ (200)
PSCo	2	(311)	1,980			1,669
Total Futures/Forwards Fair Value		$ (511)	$ 1,980			$ 1,469

1 Prices actively quoted or based on actively quoted prices.

2 Prices based on models and other valuation methods. These represent the fair value of positions calculated using internal models when directly and indirectly quoted external prices or prices derived from external sources are not available. Internal models incorporate the use of options pricing and estimates of the present value of cash flows based upon underlying contractual terms. The models reflect management s estimates, taking into account observable market prices, estimated market prices in the absence of quoted market prices, the risk-free market discount rate, volatility factors, estimated correlations of energy commodity prices and contractual volumes. Market price uncertainty and other risks also are factored into the model.

In the above tables, only hedge transactions are included for NSP-Minnesota, NSP-Wisconsin and PSCo. Normal purchases and sales transactions have been excluded.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

(Millions of Dollars)	Six Months Ended June 30, 2003	2002
Net cash provided by (used in) operating activities	$ 574	$ 597

Cash provided by operating activities decreased for the first six months of 2003, compared with the first six months of 2002. The decrease was primarily due to lower income from operations in 2003. NRG cash flows included in 2002 amounts were not material in relation to total operating cash flows of Xcel Energy, and no NRG operating cash flows are reflected in 2003.

(Millions of Dollars)	Six Months Ended June 30, 2003	2002
Net cash provided by (used in) investing activities	$ (354)	$ (1,632)

Cash used in investing activities decreased for the first six months of 2003, compared with the first six months of 2002. The decrease is largely due to lower nonregulated capital expenditures and equity investments by NRG due to its financial situation since July 2002. In addition, 2003 net cash outflows were partially offset by the proceeds from the sale of Viking Gas in January 2003.

(Millions of Dollars)	Six Months Ended June 30, 2003	2002
Net cash provided by (used in) financing activities	$ (304)	$ 1,189

Cash flows related to financing activities decreased from net inflows for the first six months of 2002 to net outflows in the first six months of 2003. The decrease is largely due to lower financing requirements resulting from decreased capital spending by NRG.

Table of Contents

Credit Facilities

As of July 30, 2003, Xcel Energy had the following credit facilities available to meet its liquidity needs:

(Millions of Dollars) Company	Facility	Drawn	Available	Cash	Liquidity	Maturity
NSP-Minnesota	$ 275	$155	$ 120	$ 31	$ 151	May-2004
NSP-Wisconsin	$ 0	$ 0	$ 0	$ 3	$ 3	
PSCo	$ 350	$266	$ 84	$ 26	$ 110	May 2004
PSCo Bridge Facility	$ 300	$300	$ 0	$ 0	$ 0	June 2004
SPS	$ 100	$ 38	$ 62	$ 28	$ 90	Feb. 2004
Xcel Energy Holding Company	$ 400	$130	$ 270	$341	$ 611	Nov. 2005
Total	$1,425	$889	$ 536	$429	$ 965	

Xcel Energy expects to accumulate additional cash at the holding company level during 2003 from the lower federal income tax payments resulting from the expected tax benefit associated with its investment in NRG and from the receipt of operating company dividends. Restrictions by state regulatory commissions, debt agreements and PUHCA over the level of dividends the utility operating companies limit the amount of dividends the utility subsidiaries can pay to Xcel Energy.

Financing Activities

Xcel Energy

In May 2003, Xcel Energy registered the resale of $230 million of 7.5 percent senior convertible notes due 2007 with the SEC. The notes had been previously sold to qualified institutional buyers.

In June 2003, Xcel Energy issued $195 million of 3.40 percent senior notes due 2008. The notes were sold to qualified institutional buyers.

NSP-Minnesota

In April 2003, NSP-Minnesota amended an existing shelf registration statement with $415 million of available debt to allow for the issuance of secured debt, in addition to unsecured debt.

On July 31, 2003, NSP-Minnesota redeemed $200 million of 7.875 percent Trust Originated Preferred Securities of NSP Financing I, its wholly owned subsidiary. The redemption price for each security was its $25 principal amount plus a $0.1695 unpaid distribution. NSP-Minnesota initially funded this redemption with cash on hand, availability under its credit facility and a short-term loan from the Xcel Energy holding company.

On August 8, 2003, NSP-Minnesota issued $200 million of 2.875 percent first mortgage bonds due 2006 and $175 million of 4.75 percent first mortgage bonds due 2010. The debt replaced debt, which matured in March and April of 2003 and helped fund the redemption of $200 million of Trust Originated Preferred Securities on July 31, 2003, which was initially funded as described above.

PSCo

In March 2003, PSCo issued $250 million of 4.875 percent first collateral trust bonds due 2013. The bonds were sold to qualified institutional buyers.

In April 2003, PSCo registered $500 million of additional debt securities to supplement the existing $300 million of already registered debt securities.

On June 30, 2003, PSCo redeemed its $145 million of 8.75 percent first mortgage bonds due March 1, 2022. The redemption price was 100 percent of the principal amount plus a 3.76 percent call premium and accrued interest.

On June 30, 2003, PSCo s trust subsidiary PSCo Capital Trust I redeemed its $194 million of 7.60 percent Trust Originated Preferred Securities. The redemption price for each security was its $25 principal amount plus a $0.475 unpaid distribution.

Table of Contents

The redemptions were temporarily funded from the $300 million short-term credit facility, the $350 million revolving credit facility, and cash on hand. PSCo expects to issue permanent financing of about $575 million during the third quarter of 2003.

Short-term debt and financial instruments are discussed in Note 9 to the Financial Statements.

Financing Plans

The following details Xcel Energy s financing plan for debt issuances during 2003, subject to favorable market conditions:

PSCo expects to issue up to $575 million of debt for working capital and repayment of short-term borrowings incurred for the redemption of $194 million of Trust Originated Preferred Securities and $145 million of 8.75 percent first mortgage bonds. Both issues were redeemed on June 30, 2003. PSCo has entered into a bridge financing arrangement to provide short-term liquidity until it completes its long-term debt offering.

NSP-Wisconsin expects to issue up to $150 million of debt to replace debt maturing in 2003 and for possible refinancing of existing long-term with lower coupon debt.

SPS may issue up to $100 million of debt for refinancing of higher coupon securities.

Financing Restrictions

Registered holding companies and certain of their subsidiaries, including Xcel Energy and its utility subsidiaries, are limited, under PUHCA, in their ability to issue securities. Such registered holding companies and their subsidiaries may not issue securities unless authorized by an exemptive rule or order of the SEC. Because Xcel Energy does not qualify for any of the main exemptive rules, it sought and received financing authority from the SEC under PUHCA for various financing arrangements. Xcel Energy s current financing authority permits it, subject to satisfaction of certain conditions, to issue through Sept. 30, 2003 up to $2 billion of common stock and long-term debt and $1.5 billion of short-term debt at the holding company level. Xcel Energy has issued $2 billion of long-term debt and common stock. Consequently, absent further authorization from the SEC under PUHCA, Xcel Energy will not be able to issue any additional common stock (other than through benefit plans or dividend reinvestment) or long-term debt. Xcel Energy has requested an extension of its financing authority to Sept. 30, 2004 and an increase in that authority to $2.5 billion of long-term debt and common stock.

Dividend Restrictions

As a result of additional write-downs at NRG, Xcel Energy s retained earnings were a deficit of approximately $245 million on June 30, 2003. Based on current retained earnings levels and assumptions regarding third quarter earnings and the timing of recognition of tax benefits associated with Xcel Energy s investment in NRG, it appears unlikely that Xcel Energy would have sufficient retained earnings to pay third quarter dividends without a waiver from the SEC under PUHCA.

Under the PUHCA, unless there is an order from the SEC, a holding company or any subsidiary may declare and pay dividends only out of retained earnings. In May 2003, Xcel Energy received authorization from the SEC to pay an aggregate amount of $152 million of common and preferred dividends out of capital and unearned surplus. Xcel Energy used this authorization to declare and pay approximately $150 million for its first and second quarter dividends in 2003. In addition, the SEC reserved jurisdiction, which would allow Xcel Energy to pay an additional $108 million of common and preferred dividends out of capital and unearned surplus until Sept. 30, 2003, if authorized by further action of the SEC.

Since it appears that retained earnings will be insufficient to declare and pay a third quarter dividend as normally scheduled, Xcel Energy intends to request authorization from the SEC to pay its third quarter dividend out of capital and unearned surplus. In the event that authorization is not received from the SEC to pay the third quarter dividend in that manner, and assuming that the NRG plan of reorganization is approved by NRG s creditors in 2003 as expected, Xcel Energy currently expects to have retained earnings sufficiently positive before the end of 2003 to pay dividends from retained earnings at that time. Xcel Energy intends to make every effort to pay the full annual dividend of 75 cents per share during 2003 on its common stock and all accrued dividends on its preferred stock.

NRG Financial Issues and Bankruptcy

As discussed in Note 4 to the Consolidated Financial Statements, since mid-2002, NRG has experienced severe financial difficulties, resulting primarily from declining credit ratings and lower wholesale prices for power. These financial difficulties have caused NRG to, among other things, miss several scheduled payments of interest and principal on its bonds and incur

40

asset impairment charges and other costs in excess of $3 billion in 2002. These asset impairment charges related to write-offs for anticipated losses on sales of several projects as well as anticipated losses related to projects for which NRG has stopped funding. In addition, as a result of having its credit ratings downgraded, NRG is in default of obligations to post cash collateral of approximately $1 billion. Furthermore, on Nov. 6, 2002, lenders to NRG accelerated approximately $1.1 billion of NRG s debt under the construction revolver financing facility, rendering the debt immediately due and payable. In addition, on Feb. 27, 2003, lenders to NRG accelerated approximately $1.0 billion of NRG Energy s debt under the corporate revolver financing facility, rendering the debt immediately due and payable. On May 14, 2003, NRG, including certain subsidiaries, filed a voluntary petition for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. The filing included NRG s plan of reorganization among Xcel Energy, NRG and various members of NRG s major credit constituencies.

On March 26, 2003, Xcel Energy s board of directors approved a tentative settlement with holders of most of NRG s long-term notes and the steering committee representing NRG s bank lenders regarding alleged claims of such creditors against Xcel Energy. Xcel Energy would pay up to $752 million to NRG to settle all claims of NRG against Xcel Energy, including all claims under a capital support agreement between Xcel Energy and NRG. The principal terms and contingencies to consummation of the settlement are discussed in Note 4.

Xcel Energy expects to finance the payments with cash on hand at the holding company level and with funds from the tax benefits associated with its write-off of its investment in NRG. See further discuss of the tax implications of the bankruptcy and settlement agreement in Notes 4 and 6. Upon the effective date of the NRG plan of reorganization, Xcel Energy s exposure on any guarantees or other credit support obligations incurred by Xcel Energy for the benefit of NRG or any subsidiary would be terminated and any cash collateral posted by Xcel Energy would be returned to it. The current amount of such cash collateral is approximately $0.5 million.

While it is an exception rather than the rule, especially where one of the companies involved is not in bankruptcy, the equitable doctrine of substantive consolidation permits a bankruptcy court to disregard the separateness of related entities; to consolidate and pool the entities assets and liabilities; and treat them as though held and incurred by one entity where the interrelationship between the entities warrants such consolidation. In the event the settlement described above is not effectuated, Xcel Energy believes that any effort to substantively consolidate Xcel Energy with NRG would be without merit. However, it is possible that NRG or its creditors would attempt to advance such claims, or other claims under piercing the corporate veil, alter ego, control person or related theories, in the NRG bankruptcy proceeding. If a bankruptcy court were to allow substantive consolidation of Xcel Energy and NRG or if another court were to allow related claims, it would have a material adverse effect on Xcel Energy.

The accompanying Consolidated Financial Statements do not necessarily reflect future conditions or matters that may arise as a result of NRG s bankruptcy filing and its ultimate resolution. Pending the outcome of its voluntary bankruptcy petition, NRG remains subject to substantial doubt as to its ability to continue as a going concern. See Note 5 for discussion of the change in Xcel Energy s financial statement presentation of NRG in 2003, as a result of the bankruptcy filing. In addition, Exhibit 99.02 includes pro-forma Xcel Energy income statement information for the six months ended June 30, 2002, presenting NRG under the equity method, on a basis comparable to the year-to-date income statement for 2003 included in this report. Pro-forma financial information has not been provided for the effects on Xcel Energy of actually divesting NRG, once it emerges from bankruptcy, due to the limited nature of such effects. In relation to the deconsolidated, equity method reporting of NRG in 2003 (and the corresponding pro-forma amounts for periods prior to 2003), these divestiture effects would be limited to the payment of the settlement obligations (that is, elimination of the negative investment) and the discontinuance of recording any equity in NRG s losses.

Xcel Energy believes that the ultimate resolution of NRG s financial difficulties and going-concern uncertainty will not affect Xcel Energy s ability to continue as a going concern. Xcel Energy is not dependent on cash flows from NRG, nor is Xcel Energy contingently liable to creditors of NRG in an amount material to Xcel Energy s liquidity. Xcel Energy believes that its cash flows from regulated utility operations and anticipated financing capabilities will be sufficient to fund its non-NRG-related operating, investing and financing requirements. Beyond these sources of liquidity, Xcel Energy believes it will have adequate access to additional debt and equity financing that is not conditioned upon the outcome of NRG s financial restructuring plan.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Item 2, Management s Discussion and Analysis Market Risks.

Table of Contents

Item 4. CONTROLS AND PROCEDURES

Xcel Energy maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. As of the end of the period covered by this report, based on an evaluation carried out under the supervision and with the participation of Xcel Energy s management, including the chief executive officer (CEO) and chief financial officer (CFO), of the effectiveness of our disclosure controls and procedures, except as indicated in the next paragraph, the CEO and CFO have concluded that Xcel Energy s disclosure controls and procedures are effective.

During the fourth quarter of 2002, Xcel Energy s wholly owned subsidiary, NRG, determined that there were certain deficiencies in the internal controls relating to financial reporting at NRG caused by NRG s pending financial restructuring and business realignment. During the second half of 2002, there were material changes and vacancies in senior NRG management positions and a diversion of NRG financial and management resources to restructuring efforts. These circumstances detracted from NRG s ability, through its internal controls, to timely monitor and accurately assess the impact of certain transactions, as would be expected in an effective financial reporting control environment. NRG has dedicated and will continue to dedicate in 2003 resources to make corrections to those control deficiencies. Notwithstanding the foregoing and as indicated in the certification accompanying the signature page to this report, the certifying officers have certified that, to the best of their knowledge, the financial statements and other financial information included in this report on Form 10-Q, fairly present in all material respects the financial condition, results of operations and cash flows of Xcel Energy as of, and for the periods presented in this report.

No change in Xcel Energy s internal control over financial reporting has occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, Xcel Energy s internal control over financial reporting. Also, subsequent to the date of the most recent evaluation, there have been no significant changes in Xcel Energy s internal controls or in other factors that could significantly affect these controls.

Part II OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, various lawsuits and claims have arisen against Xcel Energy. Management, after consultation with legal counsel, has recorded an estimate of the probable cost of settlement or other disposition for such matters. See Notes 7 and 8 of the Consolidated Financial Statements in this Form 10-Q for further discussion of legal proceedings, including Regulatory Matters and Commitments and Contingent Liabilities, which are hereby incorporated by reference. Reference also is made to Item 3 of Xcel Energy s 2002 Form 10-K and Note 18 of the consolidated financial statements in such Form 10-K for a description of certain legal proceedings presently pending. There are no new significant cases to report against Xcel Energy or its subsidiaries, and there have been no notable changes in the previously reported proceedings, except as set forth below.

SPS

On July 24, 1995, Lamb County Electric Cooperative, Inc. (LCEC) petitioned the PUCT for a cease and desist order against SPS. LCEC alleged that SPS had been unlawfully providing service to oil field customers and their facilities in LCEC s singly certificated area. Lamb County also has sued Xcel Energy in Texas state court. In April 2003, the PUCT approved a recommended proposal for decision. Xcel Energy defended its service by demonstrating that in 1976 the cooperatives, Xcel Energy and the PUCT intended that Xcel Energy was to serve the expanding oil field operations. Xcel Energy demonstrated through extensive research that it was serving each of the oil field units and leases back in 1975, and it was not serving new customers. The PUCT decided that Xcel Energy was authorized to serve the oil field operations and denied LCEC s request for a cease and desist order.

NRG

Connecticut Light & Power Company v. NRG Power Marketing Inc., Docket No. 3:01-CV-2373 (A WT), pending in the United States District Court, District of Connecticut - This matter involves a claim by The Connecticut Light & Power Company (CL&P) for recovery of amounts it claims are owing for congestion charges under the terms of a standard offer services contract between the parties, dated Oct. 29, 1999. CL&P has served and filed its motion for summary judgment to which NRG Power Marketing Inc. (NRG PMI) filed a response on March 21, 2003. CL&P has offset approximately $30 million from amounts owed to NRG PMI, claiming that it has the right to offset those amounts under the contract. NRG PMI has counterclaimed seeking to recover those amounts, arguing among other things that CL&P has no rights under the contract to offset them. On May 14, 2003, NRG PMI provided notice to CL&P of termination of the contract effective May 19, 2003. Pursuant to the request of the Attorney General of Connecticut and the Connecticut Department of Public Utility Control, on May 16, 2003, the FERC issued an order directing NRG PMI to continue to provide service to CL&P under the contract,

Table of Contents

pending further order by the FERC. On May 19, 2003, NRG PMI withdrew its notice of termination of the contract. On June 25, 2003, the FERC issued an order directing NRG PMI to continue to provide service to CL&P under the contract, pending further notice by the FERC. NRG PMI cannot estimate at this time the likelihood of an unfavorable outcome in this matter, or the overall exposure for congestion charges for the full term of the contract.

Connecticut Light & Power Related Proceedings at the Federal Energy Regulatory Commission, the United States District Court for the Southern District of New York, and the United States Court of Appeals for the D.C. Circuit and the Second Circuit - In May, 2003, when NRG PMI took steps to terminate or reject in bankruptcy the subject standard offer services contract with CL&P (CL&P Contract), the Connecticut Attorney General and the Connecticut Department of Public Utility Control (DPUC) sought and obtained from the FERC its above-referenced May 16, 2003 order temporarily requiring NRG PMI to continue to comply with the terms of the CL&P Contract, pending further notice from the FERC. Thereafter, On June 2, 2003, the United States Bankruptcy Court for the Southern District of New York issued its Order specifically authorizing NRG PMI s rejection of the CL&P Contract, and by Order dated June 12, 2003, the United States District Court for the Southern District of New York granted NRG PMI s motion for a temporary restraining order staying all actions by CL&P, the Connecticut Attorney General and the DPUC to enforce or apply the above-referenced FERC order and affording NRG PMI leave to cease its performance under the CL&P Contract, effective retroactive to June 2, 2003. The FERC then issued an order on June 25, 2003, that again commanded NRG PMI s continued performance regardless of any contrary ruling by the bankruptcy court and the District Court s temporary restraining order. By order dated June 30, 2003, the District Court dismissed NRG PMI s motion for preliminary injunction for lack of subject matter jurisdiction. On July 1, 2003, NRG PMI resumed performance under the CL&P Contract. On July 3, 2003, NRG PMI requested of the FERC a stay of the June 25 order which request was denied. On July 8, 2003, NRG PMI requested an emergency stay of the FERC s June 25 order pending petition for review from the United States Court of Appeals for the District of Columbia Circuit. On July 16, 2003, the District of Columbia Circuit denied NRG PMI s request for a stay of the June 25 order. On July 17, 2003, NRG PMI appealed to the Second Circuit respecting the District Court s refusal to enjoin the FERC and maintain the restraining order. On July 18, 2003, NRG PMI requested emergency injunctive relief with respect to performance under the CL&P Contract and an expedited briefing schedule on the appeal. NRG awaits the Second Circuit s decision on the above appeal as well as a permanent order by the FERC with respect to NRG PMI s continued performance under the CL&P Contract. Should NRG PMI have to perform for the duration of the CL&P Contract, this could have an adverse financial consequence approaching $100 million.

Item 3. Defaults Upon Senior Securities

NRG has identified the following material defaults with respect to the indebtedness of NRG and its significant subsidiaries:

$350 million 8.25% Senior Unsecured Notes due 2010 issued by NRG

Failure to make $14.4 million interest payment due on Sept. 16, 2002

Failure to make $14.4 million interest payment due on March 17, 2003

$250 million 8.70% Remarketable or Redeemable Securities due 2005 issued by NRG Energy Pass-Through Trust 2000-1

Failure to make $10.9 million interest payment due on Sept. 16, 2002

Failure to make $10.9 million interest payment due on March 17, 2003

$240 million 8.0% Remarketable or Redeemable Securities due 2013 issued by NRG

Failure to make $9.6 million interest payment due on Nov. 1, 2002

Failure to make $9.6 million interest payment due on May 1, 2003

$350 million 7.75% Senior Unsecured Notes due 2011 issued by NRG

Failure to make $13.6 million interest payment due on Oct. 1, 2002

Failure to make $13.6 million interest payment due on April 1, 2003

$500 million of 8.625% Senior Unsecured Notes due 2031 issued by NRG

Failure to make $21.6 million interest payment due on Oct. 1, 2002

Failure to make $21.6 million interest payment due on April 1, 2003

Table of Contents

$300 million of 7.50% Senior Unsecured Notes due 2009 issued by NRG

Failure to make $11.3 million interest payment due on Dec. 1, 2002
Failure to make $11.3 million interest payment due on June 1, 2003

$250 million of 7.50% Senior Unsecured Notes due 2007 issued by NRG

Failure to make $9.4 million interest payment due on Dec. 15, 2002
Failure to make $9.4 million interest payment due on June 15, 2003

$340 million of 6.75% Senior Unsecured Notes due 2006 issued by NRG

Failure to make $11.5 million interest payment due on Jan. 15, 2003

$125 million of 7.625% Senior Unsecured Notes due 2006 issued by NRG

Failure to make $4.8 million interest payment due on Feb. 1, 2003

NRG Equity Units (NRZ) and related 6.50% Senior Unsecured Debentures due 2006 issued by NRG

Failure to make $4.7 million interest payment due on Nov. 16, 2002

Failure to make $4.7 million interest payment due on Feb. 17, 2003

$1.0 billion 364-Day Revolving Credit Agreement dated March 8, 2002, among NRG, ABN Amro Bank NV, as Administrative Agent and the other parties

Failure to make $6.5 million interest payment due on Sept. 30, 2002

Failure to make $18.6 million interest payment due on Dec. 31, 2002

Failure to make $17.8 million interest payment due on March 31, 2003
Failure to make $18.0 million interest payment due on June 30, 2003

Missed minimum interest coverage ratio of 1.75x

Violated minimum net tangible worth of $1.5 billion

Notice of default issued on Feb. 27, 2003, rendering the debt immediately due and payable

$125 million Standby Letter of Credit Facility dated Nov. 30, 1999, among NRG, Australia and New Zealand Banking Group Limited, as Administrative Agent, and the other parties thereto

Missed minimum interest coverage ratio of 1.75x

Violated minimum net tangible worth of $1.5 billion

Cross default to $1.0 billion revolving line of credit agreement
Availability reduced to the amount outstanding, which was $103 million as of June 30, 2003

$2.0 billion Credit Agreement, dated May 8, 2001, among NRG Finance Company I LLC, Credit Suisse First Boston, as Administrative Agents, and the other parties thereto

Failure to make $46.9 million in combined interest payments as of March 31, 2003

Failure to fund equity obligations for construction

Failure to post collateral requirements due under equity support agreement

Acceleration of debt on Nov. 6, 2002, rendering the debt immediately due and payable

Table of Contents

$325 million Series A floating rate Senior Secured Bonds due 2019 issued by NRG Peaker Finance Company LLC

Failure to remove liens placed on one of the project company assets

A cross default resulting from failure by NRG Energy to make payments of principal, interest and other amounts due on NRG Energy s debt for borrowed money in excess of $50 million in the aggregate

Notice of default issued on Oct. 22, 2002

Acceleration of debt on May 13, 2003, rendering the debt immediately due and payable

$500 million of 8.962% Series A-1 Senior Secured Notes due 2016 issued by NRG South Central Generating LLC

Failure to make $20.2 million interest and $12.8 million principal payment due on Sept. 16, 2002

Failure to make $12.8 million principal payment due on March 17, 2003

Failure to fund debt service reserve account

Acceleration of debt on Nov. 21, 2002, rendering the debt immediately due and payable

$300 million 9.479% Series B-1 Senior Secured bonds due 2024 issued by NRG South Central Generating LLC

Failure to make $14.2 million interest payment due on Sept. 16, 2002

Failure to fund debt service reserve account

Acceleration of debt on Nov. 21, 2002, rendering the debt immediately due and payable

$320 million of 8.065% Series A Senior Secured Bonds due 2004 issued by NRG Northeast Generating LLC

Failure to make $53.5 million principal payment on Dec. 15, 2002

Failure to fund debt service reserve account

$130 million of 8.824% Series B Senior Secured Bonds due 2015 issued by NRG Northeast Generating LLC

Failure to fund debt service reserve account

$300 million of 9.29% Series C Senior Secured Bonds due 2024 issued by NRG Northeast Generating LLC

Failure to fund debt service reserve account

$580 million Loan Agreement dated June 25, 2001, as amended, among MidAtlantic Generating LLC, JP Morgan Chase Bank, as Administrative Agent, and the other parties thereto

Failure to fund the debt service reserve account

$554 million, Credit and Reimbursement Agreement dated Nov. 12, 1999, as amended, among, LSP Kendall Energy LLC, Societe General, as Administrative Agent and the other parties thereto

Liens placed against project assets

$181 million Loan Agreement dated Nov. 30, 2001, as amended, among McClain LLC and Westdeutsche Landesbank Girozentrale, as Administrative Agent

Failure to fund the debt service reserve account

Failure to comply with revenue allocation procedures under Article 3 of the Energy Management Services Agreement

In addition to the foregoing, there may be additional technical defaults with respect to these or other NRG debt instruments. Further, defaults on or acceleration of the foregoing debt instruments may result in cross-defaults on or cross-acceleration of these or other NRG debt instruments.

Table of Contents

Item 4. Submission of Matters to a Vote of Security Holders

Xcel Energy s Annual Meeting of Shareholders was held on June 11, 2003, for the purpose of voting on the matters listed below. Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934, and there were no solicitations in opposition to management s solicitations. All of management s nominees for directors as listed in the proxy statement were elected. The voting results were as follows:

1. A proposal to elect four directors to Class II until the 2006 Annual Meeting of Shareholders:

Election of Director	Shares Voted For	Withheld Authority
Wayne H. Brunetti	304,218,950	28,855,689
Roger R. Hemminghaus	308,440,863	24,633,776
Douglas W. Leatherdale	310,331,061	22,743,578
A. Patricia Sampson	310,080,945	22,993,694

2. Proposal to approve resolution eliminating the classification of terms of the board of directors:

Shares Voted For	Shares Voted Against	Shares Abstained
117,153,946	105,814,511	8,373,887

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following Exhibits are filed with this report:

4.01 Supplemental Trust Indenture dated June 15, 2003 from Xcel Energy to Wells Fargo Bank Minnesota, N.A., Trustee.

10.01 Stock Equivalent Plan for Non-Employee Directors of Xcel Energy Inc., as amended and restated effective Jan. 1, 2001

10.02 Separation Agreement dated Oct. 26, 2001, between Xcel Energy Inc. and Ben Fowke

31.01 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.01 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.01 Statement pursuant to Private Securities Litigation Reform Act.

99.02 Unaudited consolidated pro forma financial information accounting for NRG on the equity method

(b) Reports on Form 8-K

The following reports on Form 8-K were filed either during the three months ended June 30, 2003, or between June 30, 2003, and the date of this report:

Aug. 1, 2003 (filed Aug. 1, 2003) Items 12 and 7 Results of Operations and Financial Statements and Exhibits Re: Preliminary Earnings Release of Xcel Energy.

June 20, 2003 (filed June 23, 2003) Items 5 and 7 Other Events and Financial Statements and Exhibits Re: Private Placement of Long-Term Debt by Xcel Energy.

June 13, 2003 (filed June 13, 2003) Items 5 and 7 Other Events and Financial Statements and Exhibits Re: Press Release regarding e prime.

June 9, 2003 (filed June 9, 2003) Items 7 and 9 Financial Statements and Exhibits and Regulation FD Disclosure Re: Presentation to Deutsche Bank Conference.

46

Table of Contents

April 29, 2003 (filed April 29, 2003) Items 7 and 9 Financial Statements and Exhibits and Results of Operations and Financial Condition Re: Preliminary Earnings Release of Xcel Energy for the First Quarter of 2003.