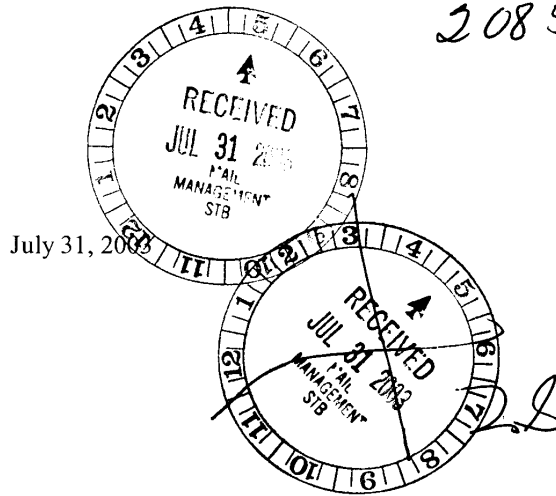


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VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Case Control Unit
1925 K Street, N.W.
Washington, D.C. 20423

Re: Docket No. 42059, *Northern States Power Company Minnesota
D/B/A Xcel Energy v. Union Pacific Railroad Company*

Dear Secretary Williams:

Pursuant to the Board's decision in this proceeding served July 15, 2003, Complainant Northern States Power Company ("NSP") and Defendant Union Pacific Railroad Company ("UP") submit this joint letter to advise the Board on the status of their settlement agreement.

NSP and UP are pleased to report that they expect to finalize their settlement arrangements today. The settlement includes terms for a new rail transportation contract covering the movements that are the subject of the complaint in this proceeding, which the parties expect to execute today or tomorrow. Once the settlement arrangements are finalized, NSP will promptly file a motion to dismiss its complaint with prejudice (most likely tomorrow). The parties request that the Board continue to hold this proceeding in abeyance pending the filing of NSP's motion to dismiss.

Very truly yours,

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cc: Louise A. Rinn