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Summary:

Xcel Energy, a supplier of electricity and natural gas in 8 states, agreed to provide detailed environmental disclosure in an agreement with Attorney General Andrew M. Cuomo. The first of its kind, this agreement may signal sea change, placing additional pressure on other companies throughout the sector. Some hope, it will also help curb green house gas (GHG) emissions.

The agreement requires Xcel disclose in SEC filings an analysis of likely effects on its business resulting from both current and future legislation, as well as changes in the regulatory environment in the jurisdictions in which it operates.

Cuomo is still investigating 4 other companies (AES Corporation, Dominion, Dynegy and Peabody Energy) to determine whether risks associated with the construction of coal-fired plants have been properly disclosed to investors. With a possible eye to wringing agreements from these firms, Cuomo stated, "This landmark agreement sets a new industrywide precedent that will force companies to disclose the true financial risks that climate change poses to their investors." He added, "Coal-fired power plants can significantly contribute to global warming, and investors have the right to know all the associated risks."

By brandishing the Martin Act, which allows the attorney general to bring criminal and civil charges, Cuomo has followed in the footsteps of his predecessor, Eliot Spitzer. Spitzer probed financial impropriety by Wall Street firms. Cuomo, however, has extended the scope to the environment. Because of the large number of companies issuing securities in New York, both Cuomo and Spitzer have claimed jurisdiction over firms frequently headquartered in other states.

Energy analyst Justin McCann of Standard & Poor's believes the agreement will encourage disclosure by other companies, "Utility lobbies are very strong, but they have read the writing on the wall in terms of greenhouse gas reductions."

Related Story:

The Wall Street Journal picked up on this report and recaps moves by other states to force greater environmental disclosure.

<http://online.wsj.com/article/SB121990658704479247.html>

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