



414 Nicollet Mall
Minneapolis, MN 55401

December 21, 2009

- VIA ELECTRONIC MAIL & U.S. MAIL -

Darrell Nitschke, Executive Secretary
North Dakota Public Service Commission
State Capitol Building, Dept 408
600 East Boulevard
Bismarck, ND 59505-0480

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DEC 21 2009

PUBLIC SERVICE COMMISSION

**RE: NORTHERN STATES POWER COMPANY ADVANCED
DETERMINATION OF PRUDENCE FOR NUCLEAR PROJECTS AS
NOTICED IN ITS ANNUAL TEN-YEAR PLAN AND RESOURCE
PLAN -- CASE NO. 09-426**

Dear Mr. Nitschke:

As outlined in our Ten-Year Plan for Major Generation and Transmission Facilities submitted to the North Dakota Commission in July 2009, we had estimated that our Advanced Determination of Prudence Application ("ADP Application") for our nuclear life extension, spent fuel storage, and power uprate projects would be submitted by November 2009. Due to recent decisions that delayed the implementation of the extended power uprates ("EPUs"), we wish to inform the Commission that we expect the nuclear ADP will instead be filed during the first quarter of 2010. The change in our ADP filing schedule will allow us to update the Monticello and Prairie Island projects to reflect the new implementation dates for the EPUs.

A. Monticello EPU

The 71 MW Monticello EPU was originally scheduled to be implemented in 2 phases:

- 2009 – 15 MW increase
- 2011 – 56 MW increase

2 **PU-09-426** Filed: 12/21/2009 Pages: 7
**Letter Indicating that Nuclear ADP as Mentioned in
10-Year Plan will be Submitted in 1st Qtr 2010**

Northern States Power Company

Brian Zelenak, Mgr. Regulatory Admin.

Darrell Nitschke, Executive Director

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However, the Nuclear Regulatory Commission (“NRC”) regulatory approval process has been delayed due to the NRC’s¹ decision to develop additional regulatory guidance for EPU submittals. This development extended the NRC approval timeline for the Monticello EPU from early 2010 to late 2010 or early 2011.

B. Prairie Island

Originally, the 164 MW Prairie Island EPU schedule anticipated implementation as follows:

- 2012 – 82 MW increase (Unit 1)
- 2015 – 82 MW increase (Unit 2)

Our April 15, 2008 license renewal request for Prairie Island has been contested by interveners and referred for hearing. At this time some contentions are still outstanding. If the contentions cannot be resolved, then they will need to be addressed through a hearing, which will result in the approval being delayed until at least October 2010. We cannot file our application for an EPU license amendment with the NRC until after the license renewal application is approved. Moreover, and based on our past experience with state proceedings for Prairie Island EPU approval, it is also likely that the federal EPU license amendment will also be contested.

Additionally, the Minnesota Public Utilities Commission’s decision approving our request for additional dry cask storage at Prairie Island is subject to a legislative stay. At this time we anticipate the stay will be until June 2010.

C. Conclusion

Based on the regulatory delay for Monticello and the status of the Prairie Island approvals at the NRC and in Minnesota, we have re-evaluated the EPU implementation dates and now expect the full 71 MW Monticello EPU to be implemented in conjunction with the 2011 refueling outage. Moreover, we have decided to postpone the Prairie Island Unit 1 EPU implementation date

¹ October 1, 2009 letter to Monticello Site Vice President, RE: MONTICELLO NUCLEAR GENERATING PLANT – REVISED SCHEDULE FOR REVIEW OF EXTENDED POWER UPRATE AMENDMENT APPLICATION (TAC NO. MD9990).

Darrell Nitschke, Executive Director

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for one refueling cycle, from 2012 to 2014.² As a result, we need additional time to reflect these new schedule changes in the economic analyses used to support our ADP Application.

We remain confident that we will secure the necessary approvals to implement the projects as proposed. However, additional time is necessary to accurately reflect the recent changes. Should you have any questions or concerns with regard to this matter, please call Dave Sederquist at (701) 241-8632 or me at (612) 330-5641.

Sincerely,



Brian R. Zelenak
Manager, Regulatory Administration

cc: Service Lists

² The Unit 2 EPU implementation date at Prairie Island remains unaffected.

CERTIFICATE OF SERVICE

I, Cynthia D. Harrington, hereby certify that I have this day served copies of the foregoing document on the attached list of persons by delivery by hand or by causing it to be placed in the U.S. Mail at Minneapolis, Minnesota.

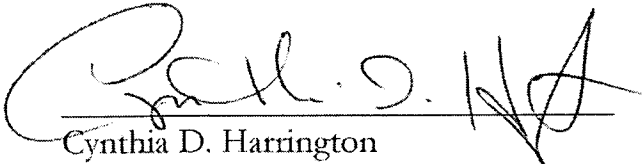
DOCKET NO. 09-426

NSP'S ANNUAL TEN-YEAR PLAN AND RESOURCE PLAN

Distributed to:

- **In the Matter of Xcel Energy 2008 North Dakota Ten-Year Plan**
- **In the Matter of the Application by Northern States Power Company, a Minnesota Corporation, for Authority to Increase Rates for Electric Service in North Dakota Case No. PU-07-776**

Dated this 21st day of December, 2009.


Cynthia D. Harrington

In the Matter of the Application by Northern States
Power Company, a Minnesota Corporation, for
Authority to Increase Rates for Electric Service in
North Dakota
Case No. PU-07-776
11-7-2008

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Northern States Power Company d/b/a Xcel Energy
2008 North Dakota Ten-Year Plan
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Department of Agriculture
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Department of Vocational Education
State Capitol Building, 15th Floor
600 East Boulevard Avenue
Bismarck, ND 58505

Department of Human Services
State Capitol Judicial Wing
600 East Boulevard Avenue
Bismarck, ND 58505

Energy Development Impact Office
PO Box 5523
Bismarck, ND 58506-5523

North Dakota Department of Commerce
Economic Development & Finance
1600 East Century Avenue, Suite 2
Bismarck, ND 58503

Game & Fish Department
100 North Bismarck Expressway
Bismarck, ND 58501

Governor's Office
State Capitol Building
600 East Boulevard Avenue
Bismarck, ND 58505

State Historical Society
Heritage Center
612 East Boulevard Avenue
Bismarck, ND 58505

Attorney General
State Capitol Building
600 East Boulevard Avenue
Bismarck, ND 58505

Indian Affairs Commission
State Capitol Judicial Wing
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State Planning Division
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ND State Land Department
PO Box 5523
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State Water Commission
900 East Boulevard Avenue
Bismarck, ND 58502

North Dakota Parks and Recreation Department
1600 East Century Avenue, Suite 3
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PO Box 5507
Bismarck, ND 58502

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Bismarck, ND 58505

Aeronautics Commission
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