

Appendix C. Worker Transition Plan

Introduction

Minnesota Statute 3.8851 subdivision 4 requires Northern States Power Company (the Company or Xcel Energy) to submit to the Public Utility Commission updates periodically, with the resource plan filing, of the Worker Transition Plan (WTP) required under section 116C.772. The WTP is required to address the event of a shutdown of Prairie Island nuclear generating plant for longer than six months.

The 1995 WTP (original filing of this report) reported that the conditions that could lead to a short lead-time reactive worker transition due to an unplanned immediate shutdown were not typical of the scenario facing Minnesota. Minnesota's Monticello and Prairie Island Nuclear generating plants have a long history of being well-maintained resulting in safe, reliable and economic operations. The WTP described in 1995 assumed a long lead-time proactive approach. Monticello and Prairie Island Units 1 and 2 continue to have strong operating records and are expected to operate until 2030, 2033 and 2034 respectively.

The Monticello nuclear generating plant has received all necessary approvals to continue to operate an additional 20 years, until 2030. The Minnesota Public Utility Commission has already granted a Certificate of Need for the additional dry spent fuel storage capacity to support twenty additional years of operation at Prairie Island. That Prairie Island Certificate of Need order went into effect on June 1, 2010 when the legislative stay expired. The application to the Nuclear Regulatory Commission to renew the Prairie Island operating licenses is pending and is expected to be approved in the first half of 2011. This update continues to assume the long lead-time proactive approach to a WTP.

Since the Worker Transition Plan was last submitted in the December 14, 2007 Xcel Energy Resource Plan filing, the Monticello and Prairie Island operating licenses have been transferred back to the Company and all remaining Nuclear Management Company employees now fall under Xcel Energy's Human Resource policies as described in this document. They are either employed by Northern States Power Company, a Minnesota corporation, or Xcel Energy Services.

Transition Plan Philosophy

Monticello recently completed the state and federal reviews necessary to extend Monticello's operating life by 20 years. Monticello will now reach the end of its current operating license in 23 years, or 2030. Prairie Island recently completed the state reviews necessary to extend Prairie Island's life by 20 years and approval of the applications to renew the federal operating licenses is expected in 2011. These approvals result in Monticello operating until 2030 and Prairie Island Unites 1 and 2 operating until 2033 and 2034 respectively. These extended operating periods and Xcel Energy's commitment to employees affords the opportunity to plan for employee transition resulting from a planned plant closure. Xcel Energy will continue to base staffing decisions on operational excellence and NRC requirements that may result in changed staff assignments and levels.

Monticello and Prairie Island nuclear generating plants are operated by dedicated nuclear professionals. The extended plant lives, the fact that many workers will reach retirement age well before the extended licenses will expire, and a strong management commitment are critical to the success of the Xcel Energy Worker Transition plan. This strategy provides employees the opportunity to develop their skills inventories so they are congruent with the changing needs of the company and the marketplace.

The proactive approach to managing the human resource produces a work force that is motivated, cross-functional and flexible. This approach greatly reduces the need for reactive planning.

Should Prairie Island or Monticello close there are four transition paths available. They are:

1. Stay with Xcel Energy in a similar job/career path.
2. Stay with Xcel Energy in a different job/career path.
3. Retire.
4. Leave Xcel Energy for outside employment opportunities.

The proactive strategy for managing human resources allows employees to prepare for each path, and thus position themselves for a number of potential

outcomes. Xcel Energy acknowledges that a proactive transition requires prior planning, total management support, complete understanding and support throughout all levels of the corporation and a comprehensive guiding process.

Xcel Energy values their employees and recognizes that they make the nuclear operations excellent. Xcel Energy has an obligation to help employees plan for the future. The result of effective planning is a partnership that yields strong nuclear operations and satisfied employees. There are approximately 1,200 permanent, skilled positions that would be eliminated or restructured should Monticello and Prairie Island close. Providing these employees with avenues to enhance their skills prior to plant closing will make the transition to new jobs (inside or outside of Xcel Energy) easier, but not painless. Xcel Energy’s objective is to structure and develop its work force to meet the challenges inherent in a competitive business environment. That objective will be accomplished by:

1. Establishing Business Plan workforce effectiveness goals.
2. Translating those goals into an effective Human Asset Plan.
3. Producing employee development plans.

A breakdown of the number of employees that work at Monticello and Prairie Island as of June 1, 2010 appears in Table 1 below.

Table 1

Nuclear Employee Breakdown				
	Nuclear Department		Xcel Energy Services	Total
	Bargaining	Non-bargaining	Non-bargaining	
Monticello	120	383	22	525
Prairie Island	198	460	16	674
Total	318	843	38	1199

Xcel Energy Transition Processes

The transition processes described below apply to both non-bargaining and bargaining unit employees at Monticello and Prairie Island. For bargaining unit employees the transition plan for them is in accordance with the collective bargaining agreement, and Xcel Energy programs/processes as described below.

Internal Placement

1. Job Opportunity Bulletin

Xcel Energy provides on line notification of employment and career development opportunities in all new or replacement positions. This process, in accordance with our collective bargaining agreement, is used prior to outside hiring.

2. Supervisor Candidate Pool Program

Xcel Energy has a program in place to identify employees interested in becoming a member of the Xcel Energy management team, and provides assessment and development to them. All union employees are invited to participate.

3. Corporate Training Programs

Xcel Energy offers employees training and development courses for skills needed to stay current in their present job and development courses to prepare them for future positions. This training covers technical, computer and business skills.

4. Apprenticeship Training Programs

An apprentice is a person engaged in training for one of the skill areas covered in the current labor agreement. Programs are State of Minnesota registered and provide on-the-job training and related instruction in all areas of the apprenticeship being served.

5. Tuition Reimbursement

The Tuition Reimbursement Program gives employees financial assistance to take courses offered by accredited schools and institutions of higher learning to complete a degree program.

6. Severance

The severance pay agreement for bargaining unit employees is covered in the current labor agreements with IBEW locals 160 and 949.

Summary

The foundation for this type of worker transition program is based on the availability of long-term planning. If a premature closure of Prairie Island or Monticello were to occur, the results would be less favorable. In that case, employees would be afforded less time to prepare themselves for other employment within Xcel Energy or for careers outside of the company. No amount of prior planning can alleviate employees' personal hardships should a valuable and efficient plant be forced to close prematurely. Such an occurrence would be highly speculative and it would not be cost-effective to prepare contingencies based on scenarios that are not likely to occur.

Conclusions

1. Xcel Energy is committed to its employees. That commitment is reflected in the scope of resources available to employees. Xcel Energy will continue to invest heavily in employees' training and development so that the transition to a business environment will be proactive.
2. Xcel Energy's commitment to excellence in operations is unequivocal, as is our commitment to operate our Monticello and Prairie Island Units 1 and 2 until 2030, 2033 and 2034 respectively.
3. The long lead times prior to potential plant closings affords Xcel Energy and its employees an opportunity to plan for the transition.
4. An orderly transition is possible through Business and Human Asset Planning as performed by Xcel Energy. .

Commitments

1. Xcel Energy will continue to account for changes in the work force through business planning and Human Asset Planning.
2. Xcel Energy will continue to work with affected unions to promote the retention and training of its highly skilled and dedicated work force.