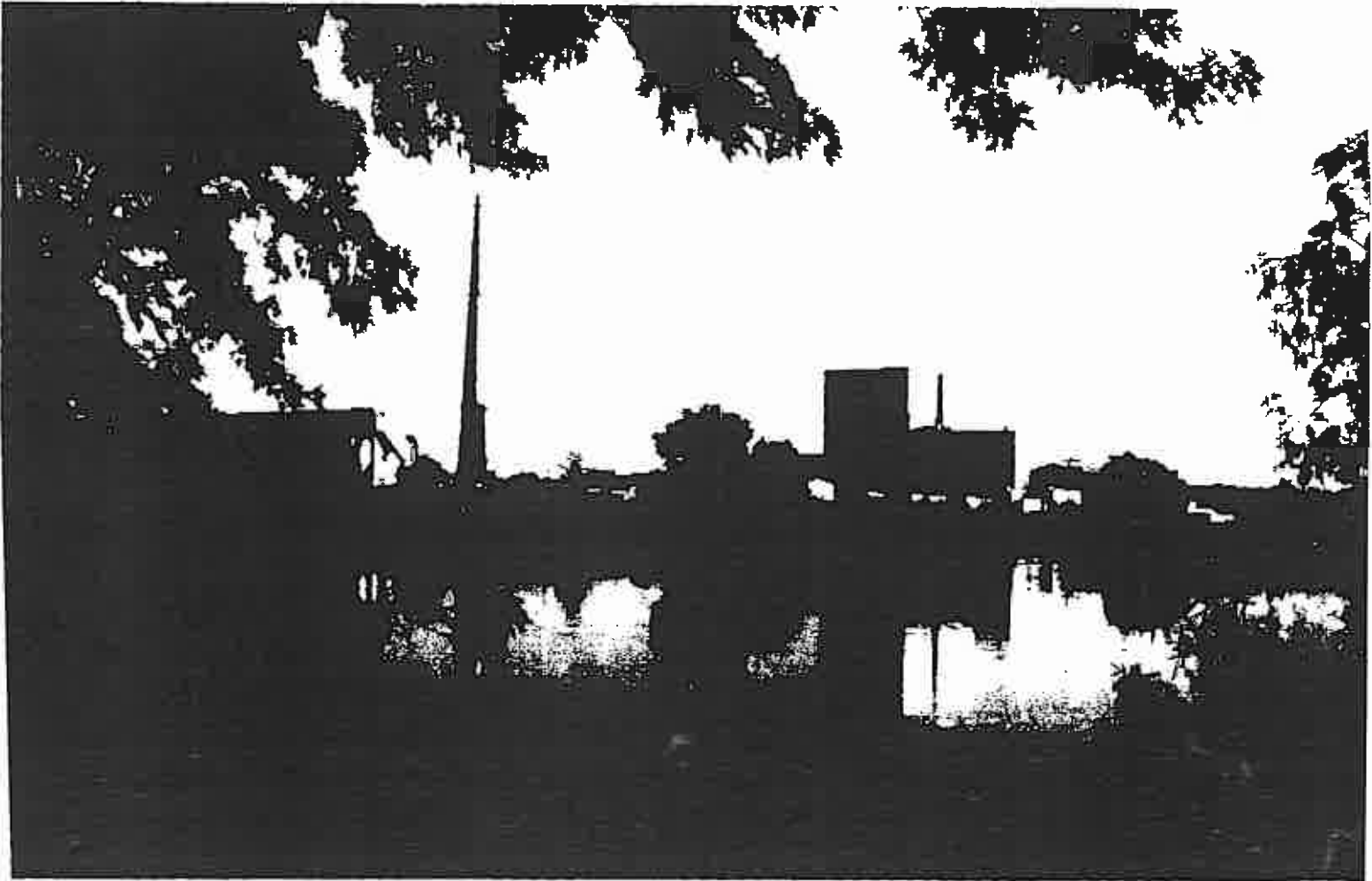


Application to the Minnesota Public Utilities Commission
for a Certificate of Need to Establish an
Independent Spent Fuel Storage Installation
at the Monticello Generating Plant

Docket # E002/CN-05-123
January 18, 2005



 **Xcel Energy**
NORTHERN STATES POWER

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MINN. PUBLIC UTILITIES COMMISSION

414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

January 18, 2005

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: APPLICATION TO THE MINNESOTA PUBLIC UTILITIES COMMISSION FOR A
CERTIFICATE OF NEED – MONTICELLO SPENT NUCLEAR FUEL STORAGE

Dear Dr. Haar:

Northern States Power Company d/b/a Xcel Energy ("Xcel Energy"), submits this Application to the Minnesota Public Utilities Commission for a Certificate of Need for additional spent nuclear fuel storage capacity at the Monticello Power Plant ("Application"). Pursuant to Minn. Stat. § 116C.83 and § 216B.243 our Application seeks a certificate of need for an Independent Spent Fuel Storage Installation and up to 30 Transnuclear 61BT dry storage containers and associated equipment.

We have closely examined the role our nuclear power plants play in the State's electrical supply system and what is necessary to keep them operating safely and efficiently. As we presented in our Resource Plan, we conclude the Upper Midwest's electrical system will be more economical with far fewer air emissions if Monticello and Prairie Island continue to operate into the future. Our dry storage proposal is needed to allow the Monticello Power Plant to continue to operate beyond 2010. Xcel Energy intends to file an application for license renewal with the U.S. Nuclear Regulatory Commission in March 2005.

Minn. Stat. § 116C.83 provides that, as part of the review of our proposal, an Environmental Impact Statement be prepared by the Environmental Quality Board. On November 11, 2004 we formally requested that the Environmental Quality Board begin the preparation of that EIS.

There has been considerable discussion with agency staff about how best to coordinate the EIS process with the Commission's review process. It appears

that most stakeholders would like to see the EIS, at least in its draft form, made available during the Commission's hearing process to facilitate input from the public and agencies. We concur and will do whatever we can to help facilitate the EQB's preparation of the EIS so that it can be available in a timely manner.

We recognize that the preparation of the EIS will have an impact on the amount of time the regulatory process takes, making the requirement for a decision on our Application within 6 months impractical. Rather than delay the start of the process, however, we recommend the Commission move forward with its determination of the completeness of our Application so that it can be made available to the public and discovery can commence and take place concurrently with EIS preparation. If necessary, the Commission can suspend further action until the EIS is developed sufficiently to schedule hearings.

Minnesota Rules Part 7855.0200, Subpart 2, provides that the Commission is to distribute copies of our Application. Copies of our Application have been provided to the attached distribution list, which was prepared after consultation with your staff. Please let us know if you would like additional copies and/or would like us to distribute it to others. Within a few days the Application will be available on Xcel Energy's web site at www.xcelenergy.com.

Pursuant to Minn. R. 7855.0210, subp. 1, a check in the amount of \$10,000, the first installment of the application fee, is being sent separately.

Xcel Energy looks forward to working with all interested parties in this important proceeding to examine the merits of continuing to operate nuclear power plants as part of electrical supply system of the Upper Midwest.

Please call Jim Alders at (612) 330-6732 if you have any questions regarding this filing.

Sincerely,



DAVID SPARBY
VICE PRESIDENT GOVERNMENT AND REGULATORY AFFAIRS

Enclosure
c: Distribution List

estimate that emissions to the atmosphere during power production will increase substantially if nuclear power is replaced.

1.9 Life Cycle Management

The term “life cycle management” refers to the processes and systems in place at Monticello to maintain the plant so that it can continue to operate safely and efficiently. Monticello plant personnel continuously look for ways to not only maintain the plant but also to improve its performance. Monticello plant system engineers monitor the performance of their assigned equipment and systems. They also look to industry experience and developments to identify potential issues or emerging system enhancements that might apply to the plant. Monticello invests an average of \$10 million a year in capital projects to meet regulatory requirements, perform preventative maintenance, and address component aging and wear.

Monticello has evaluated its plant systems, components and structures in preparation for a potential license renewal application to the NRC. The plant found that limited major capital investments are expected to be necessary to keep the plant operating efficiently beyond 2010 – further evidence that the ongoing life cycle management approach to operation of the plant has been effective. Based on the plant assessment and industry experience in the relicensing process, Monticello identified and included approximately \$135 million in investments above normal annual investments that may occur in the future as part of the cost benefit analysis associated with license renewal.

Monticello is scheduled to file an application for license renewal with the NRC in spring, 2005. The timing of the application is the result of NRC requirements that applications be made at least five years prior to the end of the current license.

The relicensing process includes both a technical and environmental review and focuses primarily on ensuring appropriate monitoring and inspection programs are in place to assure that potential aging effects can be detected and dealt with before they affect operation.