

April 1, 2009

The Honorable Richard C. Luis  
Office of Administrative Hearings  
P.O. Box 64620  
St. Paul, MN 55101-0620

Re: Applications to the Minnesota Public Utilities Commission for Two Certificates of Need and Site Permit for the Prairie Island Nuclear Generating Plant for Extended Power Uprate and Additional Dry Cask Storage

PUC Docket Nos.: E002/CN-08-509, E002/CN-08-510 and E002/GS-08-690  
OAH Docket No.: 7-2500-19797-2

Dear Judge Luis:

Xcel Energy is very concerned about the requests for delay made by the Prairie Island Community ("Community") and the City of Red Wing ("City"). In response to their motions to amend the scheduling order, we request that you consider the following points:

1) The City has clearly had notice of Xcel Energy's proposals. While the City is free to change its position and to offer testimony, its request for delay should be balanced against the other implications of a revised schedule.

2) The effect of delay will be to prevent the Legislature's review of the Commission's decision until the 2011 legislative session. This means that if the Commission's decision were set aside by legislative action and absent a PUC order allowing a phased shutdown of Prairie Island Nuclear Generating Plant, Xcel Energy would have less than three years to replace the 1,100 megawatts of baseload power now provided by Prairie Island. (The federal license for the Unit 1 reactor expires in 2013, and the federal license for Unit 2 expires in 2014.)

3) Delay of the Legislature's review until 2011 will also mean Xcel Energy will face additional financial risk. To implement the proposed projects, the Company has entered and will continue to enter into contracts for the necessary equipment and services. Even though these contracts are generally "backend-loaded" with cancellation rights, the costs of cancelling these contracts increase over time. The additional financial risk that Xcel Energy must take on if legislative review is postponed from 2010 to 2011 is approximately \$100 million.

4) State law contemplates the Commission will render its decision on these applications within one year. Minn. Stat. 216B.243 (Certificate of Need); Minn. Stat. 216E.03 (Site Permit). Although additional time can be granted for "good cause," there is a clear preference under state law to limit delays that extend the time for review of applications beyond one year.

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5) From the outset, the schedule for this matter has been based on the expectation that the Commission would make its final decision before the end of 2009, so the decision on the Company's proposed dry cask storage project could be reviewed by the Legislature in the 2010 session. This expectation was confirmed at the prehearing conference held on September 12, 2008, and in the schedule set out in the First Prehearing Order issued on October 3, 2008.

6) All of the preliminary matters that would allow the evidentiary hearing to proceed according to the current schedule have been satisfied. A Citizens' Advisory Task Force was convened in October 2008, composed of a representative of the City (the current Mayor) and other community representatives, to provide its input to the Office of Energy Security ("OES") before the issuance of the EIS Scoping Order on November 13, 2008. The OES also worked diligently and issued the draft EIS on March 17, 2009, the due date set in the First Prehearing Order. And today, on April 1, 2009, Xcel Energy will file its Direct Testimony. There are no procedural impediments to proceeding according to the current schedule.

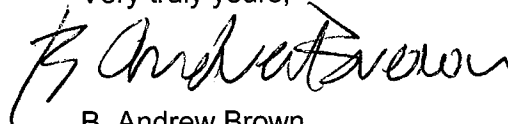
7) All parties, and potential parties, have had ample time to conduct discovery. Neither the City nor the Community have identified any new issue that has emerged since the issuance of the First Prehearing Order nearly six months ago to now justify delay in these proceedings.

8) The schedule for the completion of the federal EIS by the Nuclear Regulatory Commission is not relevant to the schedule for this state proceeding. The Community is participating in the federal proceeding, and that is the appropriate forum where it can raise issues covered in the federal EIS. In addition, the OES has not indicated that its ability to issue the draft EIS last month or to complete the final state EIS is impacted by the revised schedule for the issuance of the draft federal EIS.

9) The need to update forecasts, especially given recent economic developments, also is not justification for delay in these proceedings. There is a need, indeed an obligation, to move forward to meet our future energy needs in spite of economic uncertainty. To the extent that changing economic conditions are relevant to the Commission's decision, those matters can be taken into account during these proceedings and at later times by the Commission itself.

We believe that the schedule decision lies exclusively within the province of the ALJ, and urge you to take the above points into consideration in your decision. Thank you for your consideration in this matter.

Very truly yours,



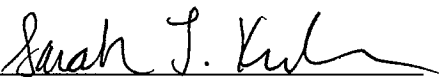
B. Andrew Brown

cc: Service List

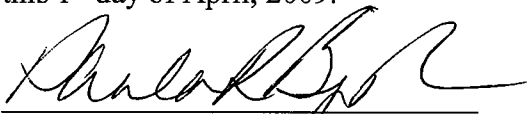
**AFFIDAVIT OF SERVICE**

STATE OF MINNESOTA            )  
                                                  ) ss.  
COUNTY OF HENNEPIN        )

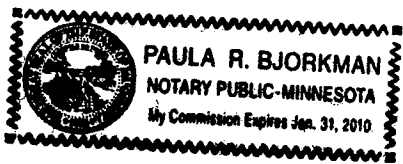
Sarah J. Kerbeshian, being first duly sworn on oath, deposes and states that on the 1st day of April 2009, the attached document was filed with the E-Docket system and served as specified on the attached service list.

  
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Subscribed and sworn to before me  
this 1<sup>st</sup> day of April, 2009.

  
\_\_\_\_\_

Notary Public, State of Minnesota



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