

April 4, 2005

**Certificate of Need Process for the
Independent Spent Fuel Storage Installation
at the Monticello Generating Plant
Commission Docket No. E-002/CN-05-123**

On January 18, 2005, Northern States Power Company (d/b/a Xcel Energy) filed with the Minnesota Public Utilities Commission (Commission) an application to construct an independent spent fuel storage facility at the Monticello Nuclear Generating Plant near Monticello, Minnesota. In accordance with Minnesota Statutes, the new storage facility would be a “large energy facility,” for which the Company must receive a “certificate of need” prior to constructing the facility.

What is the purpose of this document? It has been prepared by the staff of the Commission to provide background information that may be helpful to citizens who have an interest in or concerns about this project.

Project Name: Monticello Independent Spent Fuel Storage Installation
Commission Docket No. E-002/CN-05-123
(Note: This docket number should be used on all written materials filed with the Public Utilities Commission or with the Administrative Law Judge assigned to hear the case.)

Alleged Need: Xcel Energy owns the Monticello Generating Plant, a 600-megawatt, boiling-water nuclear power plant. The plant, which is regulated by the Nuclear Regulatory Commission (NRC), will reach the end of its initial 40-year operating license in 2010. Xcel Energy has filed with the NRC for renewal of the operating license for an additional 20 years. Approximately every two years, the Monticello Generating Plant is shut down for refueling. During each refueling outage, an average of 152 spent fuel assemblies are removed from the reactor and replaced with new assemblies. The spent fuel assemblies are placed in a spent fuel pool within the plant. The pool has sufficient storage capacity to allow plant operation through the end of the current license. However, additional storage capacity would be necessary to allow operation beyond 2010. Xcel Energy has asked the Commission to approve for construction a dry storage technology currently used at three other boiling water reactor sites in the United States. Canisters each holding sixty-one assemblies would be stored in large reinforced concrete vaults near the plant’s reactor and turbine-generator building.

Ways to Review or Obtain a Copy of the Certificate of Need Application: Copies are available for review at the locations listed below.

1. Xcel Energy, 414 Nicollet Mall, Minneapolis, MN 55401-1993. (Contact Jim Alders by telephone at (612) 330-6732 or by e-mail at james.r.alders@xcelenergy.com to make arrangements.)
2. The Minnesota Department of Commerce, 85 Seventh Place East, Suite 500, St. Paul, MN 55101-2198.
3. The following libraries: Minneapolis Public Library & Information Center, 300 Nicollet Mall, Minneapolis, MN 55401-1992; Monticello Branch Library, 404 W. Walnut, Monticello, MN 55362-8840; St. Cloud Public Library, 405 St. Germain, St. Cloud, MN 56301-3697; and St. Paul Public Library, 90 Fourth St. West, St. Paul, MN 55102.

A copy can also be viewed at and obtained from Xcel Energy's website at www.xcelenergy.com. Click successively on "About Energy & Rates," "Power Generation," and "Monticello Relicensing."

Project Description: The Monticello Independent Spent Fuel Storage Installation would be in a lighted area about 460 feet by 200 feet. Two fences would surround the facility, with a monitored, clear zone between. Within the storage area, spent fuel canisters would be stored in modular concrete vaults, placed upon a reinforced concrete storage pad. The loaded canisters would be moved from the building to the concrete vaults on a transfer trailer. A more complete description of the proposed facility and project is provided in the certificate of need application.

Project Location: The facility would be located at the current Monticello plant site. The preferred location is approximately 500 feet west of the reactor building. An alternative location is approximately 3100 feet southeast of the reactor building. Maps of the plant site and locations where the project would be constructed are available in the certificate of need application.

Environmental Review: In accordance with its rules, the Minnesota Environmental Quality Board (EQB) will prepare an environmental impact statement (EIS) for the proposed project. John Wachtler of the EQB staff will coordinate preparation of the EIS. **(Note: The EQB does not have siting authority with respect to the proposed facility. Any consideration of a proposed location for the facility within the plant site will be done within the certificate of need proceeding.)**

Contacts to Obtain Further Information:

The Applicant - Contact Jim Alders at james.r.alders@xcelenergy.com or (612) 330-6732.

Public Utilities Commission - Contact David Jacobson at david.jacobson@state.mn.us or (651) 297-4562.

Minnesota Environmental Quality Board (EQB) - Contact John Wachtler by e-mail at john.wachtler@state.mn.us or (651) 296-2096.

What the Commission Decides: The certificate of need decision is designed to evaluate the level of need, as well as the alternatives available to satisfy that need. The Commission must consider the "no-build" option, which in this proceeding would be a decision to deny certification. To over-simplify, the Commission determines the basic type of facility (if any) to be constructed, the size of the facility, and the timing of the facility (e.g., the projected in-service date).

Steps in the Certificate of Need Process: The Commission's review process for the proposed facility will consist of the following basic steps, mostly in chronological order:

1. Review of the application for completeness; order for the applicant to submit supplementary materials, if deemed necessary.
2. Request for assignment of an Administrative Law Judge (ALJ) from the Office of Administrative Hearings, an agency independent of the Commission.
3. Prehearing conference before the ALJ, to discuss several procedural issues, including an intervention deadline for requesting formal party status, discovery, locations of public and evidentiary hearings, and a schedule for the hearings.
4. Preparation of an environmental review document (i.e., the EIS) by the staff of the Environmental Quality Board.
5. Efforts to notify the public of the hearing schedule and other matters, including display ads in local newspapers.
6. Prefiling of expert testimony on relevant topics, including environmental effects, by the formal parties to the proceeding.
7. Public meetings/hearings to receive input and questions from the public.
8. Evidentiary hearings to receive testimony from formal parties and to conduct cross-examination of expert witnesses.
9. Filing of post-hearing briefs and findings of fact by the formal parties.
10. Filing of Findings of Fact, Conclusions and Recommendation by the ALJ (the ALJ's Report).
11. Filing of exceptions to the ALJ's Report by the formal parties.
12. Oral argument by the formal parties before the Commission, followed by oral deliberation by the Commission at a public meeting.
13. Issuance of a written order by the Commission.
14. Post-decision activities, possibly including reconsideration and judicial review.
15. Review of the project and the Commission's decision by the Minnesota Legislature.

Note: The first two steps were considered by the Commission on March 24, 2005. The Commission determined that the application will be sufficiently complete to start the formal hearing process, as soon as the Company submits an application supplement to respond to several items listed by the Commission. The application has been referred the docket to the Office of Administrative Hearings for a contested case proceeding. **(Note: A prehearing conference to discuss procedural matters, including the hearing schedule, will be held at 9:00 a.m. on Monday, May 9, 2005 in the Small Hearing Room at the Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Paul, MN 55101-2147.)**

The Length of the Need Process: The certificate of need statute (Minn. Stat. § 216B.243) and rules (Minn. Rules, parts 7855.0010 to 7855.0670) include an advisory decision deadline of six months from the time a complete application is filed. However, for many projects, due-process requirements have caused the process to extend beyond six months. Public hearings will be held for this docket as soon as possible during the second half of 2005, probably in October or and/or November. The Commission probably will not be able to make its decision on the proposed facility until several months into 2006.

Ways for the Public to Participate in the Certificate of Need Process: Members of the public may participate in several ways.

- By intervening as a formal party to the proceeding, which requires submission of an intervention petition to the ALJ. The deadline for intervention will be determined by the ALJ at the prehearing conference.
- By participating in the EQB's environmental review process.
- By offering comments and questions at the hearings specifically designed for that purpose. Members of the public do not have to meet any other prior requirements to be able to participate in these hearings.
- By submitting written comments on environmental review information or other relevant issues by the end of the hearings to: **Administrative Law Judge Steve M. Mihalchick, Office of Administrative Hearings, 100 Washington Avenue South, Suite 1700, Minneapolis, MN 55401-2138.** The deadline for written comments will be determined by the Administrative Law Judge.

Hearing Schedule: Public hearings to discuss the need for the proposed project will be held at locations and on dates yet to be determined.. (As indicated above, the hearing schedule will be discussed at the prehearing conference.) At least one hearing will be held in the project area to receive questions and statements from members of the public. Notice of the public hearings will be placed in local newspapers a few weeks after the prehearing conference.