



414 Nicollet Mall  
Minneapolis, MN 55401

February 8, 2011

—VIA ELECTRONIC FILING—

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

RE: COMPLIANCE FILING  
201 MW NOBLES WIND ENERGY PROJECT  
DOCKET NO. IP-6646/WS-09-584

Dear Dr. Haar:

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or “the Company”), submits to the Minnesota Public Utilities Commission (the “Commission”) this compliance filing in the above-referenced matter. This filing is being made pursuant to Section G.1 of the Site Permit transferred to Xcel Energy by Commission Order dated August 25, 2010. As specified by the Commission’s Order at Section G.1:

*“...Permittee shall submit to the Commission a Decommissioning Plan documenting the manner in which the Permittee anticipates decommissioning the Project in accordance with the requirement of Minnesota Rules part 7836.0500, subp. 13...”*

### **DECOMMISSIONING/RESTORATION/ABANDONMENT**

The Nobles Wind Energy Project (“the project”) is an important part of Xcel Energy’s renewable energy generation portfolio and our continued commitment to the State’s and the Commission’s policies of promoting renewable generation and reducing carbon emissions. The project was placed in service in December 2010 with an estimated useful project life of 25 years, resulting in an estimated decommissioning date of December 2035. However, as with all capital projects, the remaining life of

the project will be periodically reassessed in the subsequent Annual Remaining Lives Filings and the possibility exists that the project will continue to operate beyond 2035.

When the Company decommissions the project site, Xcel Energy will be responsible for all costs associated with decommissioning and shall restore and reclaim the site to its pre-project topography pursuant to the terms and conditions specified in Section 11.0 of the individual landowners' Easement Agreement. Restoration activities will include and not be limited to removal of all physical material and equipment related to the project to a depth of 48 inches. The land will be restored to the condition it was in at the time the easement was granted, including returning the land to the same grade and filling the land with topsoil comparable to the topsoil that existed as of the date of signing of the landowner Easement Agreements.

To ensure that adequate recovery is made to cover future decommissioning and restoration costs, an adjustment is made to the depreciation expense calculated for the project. As part of the decommissioning process, the Company will likely salvage and recycle most of the generation equipment, material and cables, which will go toward off-setting the costs associated with decommissioning the project. The salvage value of the equipment is factored into the net salvage rate.

In the 2010 Remaining Lives Filing, E002-D-10-173, the Commission approved a net salvage rate of -8.7% to be used for the project. This means that an additional 8.7% of the value of all the project's assets will be recovered as part of the ratepayers' service rate. These funds collected for removal and restoration are included in the accumulated reserve for the project, but tracked separately from the reserve for the asset itself. A conservative estimate for a decommissioning expense is approximately four-hundred forty-five thousand dollars (\$445,000) per turbine (2009 dollars).<sup>1</sup>

Xcel Energy is a regulated utility governed by the laws of the State of Minnesota and will observe all regulatory requirements with respect to decommissioning the project including removal of all facilities and restoration of the land.

We have served a copy on the Minnesota Attorney General's Office- Residential Utilities Division and all parties on the attached service list.

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<sup>1</sup> Includes allowance for salvage value and based on total dismantling cost estimate for the project of 8.7% of the total plant balance of \$510,965,406, equaling an estimated dismantling cost \$44.5 million or \$445,000 per turbine.

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We have served a copy on the Minnesota Attorney General's Office- Residential Utilities Division and all parties on the attached service list.

If you have any questions or concerns regarding this matter, please contact me at (612) 330-5641 or [brian.r.zelenak@xcelenergy.com](mailto:brian.r.zelenak@xcelenergy.com).

SINCERELY,

/s/

BRIAN R. ZELENAK  
MANAGER, REGULATORY ADMINISTRATION

cc: Service Lists  
- IP-6646/WS-09-584  
- E002/CN-08-1437

## CERTIFICATE OF SERVICE

I, Lindsey L. Didion, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

**Docket Nos. IP-6646/WS-09-584 and E002/CN-08-1437**

Dated this 8<sup>h</sup> day of February 2011

/s/

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Lindsey L. Didion

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James	Alders		Xcel Energy	7th Floor 414 Nicollet Mall Minneapolis, MN 554011993	Paper Service	No	OFF_SL_08-1437_1
Julia	Anderson	Julia.Anderson@state.mn.us	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	No	OFF_SL_08-1437_1
Christopher	Clark	christopher.b.clark@xcelenergy.com	Xcel Energy	5th Floor 414 Nicollet Mall Minneapolis, MN 554011993	Paper Service	No	OFF_SL_08-1437_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_08-1437_1
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_08-1437_1
John	Lindell	agorud.ecf@state.mn.us	Office of the Attorney General-RUD	900 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_08-1437_1
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_08-1437_1
SaGonna	Thompson	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_08-1437_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@state.mn.us	Office of the Attorney General-DOC	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_9-584_1
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500  Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_9-584_1
Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_9-584_1
Ian	Krygowski	iank@enxco.com	enXco Development Corporation	Suite 107 10 Second Street NE Minneapolis, MN 55413	Paper Service	No	OFF_SL_9-584_1
John	Lindell	agorud.ecf@state.mn.us	Office of the Attorney General-RIUD	900 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_9-584_1