



414 Nicollet Mall – MP4
Minneapolis, MN 55401

March 27, 2011

L-XE-11-006
10 CFR 140.21

U.S. Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Prairie Island Nuclear Generating Plant,
Units 1 and 2
Dockets 50-282, 50-306
License Nos. DPR-42 and DPR-60

Monticello Nuclear Generating Plant
Docket 50-263
Renewed License No. DPR-22

Guarantee of Payment of Deferred Premiums

Please find enclosed a Marsh USA Inc. letter dated December 10, 2010 describing the 2011 Nuclear Liability Program Secondary Financial Protection (SFP) policy endorsements for the Prairie Island Nuclear Generating Plant and Monticello Nuclear Generating Plant. This letter satisfies 10 CFR 140.21(a) as a guarantee of payment of deferred premiums.

Summary of Commitments

This letter contains no new commitments and no revisions to existing commitments.

James E. Molden
Vice President, Operations Support
Northern States Power Company – Minnesota

Enclosure

cc: Administrator, Region III, USNRC
Project Managers, Prairie Island and Monticello, USNRC
Resident Inspectors, Prairie Island and Monticello, USNRC
Minnesota Department of Commerce
Marsh USA Inc. (Shannon Moyer)
ANI (Gary Uricchio)

ENCLOSURE

Marsh Letter Dated December 10, 2010

6 Pages Follow

MARSH

Tim Farward, ARM
Nuclear Client Advisor

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December 10, 2010

Mr. Michael R. Anderson
Director, Hazard Risk Management
Xcel Energy Inc.
414 Nicollet Mall, 4th Floor
Minneapolis, MN 55401

Subject:
2011 Nuclear Energy Liability Program Renewal Transmittal 01/01/2011 - 01/01/2012

Dear Michael,

Enclosed, please find the 2011 advance premium and applicable policy change endorsements for your Nuclear Liability Program policies. All endorsements and associated advance premiums have been reviewed and verified to be both complete and correct.

The following describes the type and purpose of the applicable policy change endorsements enclosed.

Endorsement Type	Purpose
2011 Advance Premium Endorsement	Confirms 2011 Advance Premium amount to continue policy in place.

Transparency, Premium Invoicing & Financing

You will recall that all Nuclear Energy Liability policies are continuous until cancelled. Therefore, the annual premium that you pay is the premium due in order to maintain the existing coverage. This is significantly different than your conventional casualty or property insurance programs where you receive a new policy each year. Should you desire additional capacity, coverages, or any material changes to your program, please contact us immediately.

Since we have already received your "authorization to bind," we will forward Marsh invoices for the total amount due under separate cover. Please notify us if you would like us to employ special invoicing or allocation methods, or if you would like us to assist in obtaining options for premium financing. All invoices will include mailing instructions.

MARSH

Page 2
December 10, 2010

Advance Premiums for 2011

As expected, ANI has agreed to make no general premium increases for 2011. The advance premiums, therefore, are affected only by updated Engineering Rating Factors (ERF), updated nuclear inventories or updated nuclear sales.

The attached exhibit illustrates a breakdown of these effects on your Nuclear Liability Program Policies for your review. Listed for your convenience is the applicable endorsement numbers for each policy as well as an analysis of the percentage change from the 2010 advance premium.

Marsh Earns no Commission on this placement.

Shutdown Credit Audit Process

We will continue to proactively perform quarterly shutdown credit audits of your program on your behalf through 2011 and advise you of any shutdowns we believe that may qualify for return premiums. As previously described last year, we have successfully lobbied ANI on your behalf to modify their shutdown credit criteria at multi-unit sites effective 1/1/2010 following our detailed analysis of industry-wide outage efficiency improvements, thereby broadening the scope of qualifying shutdown events and making our audit process a valuable tool to keep track of each shutdown exceeding 30 days at your facilities.

Nuclear Liability Market Update – Effective 1/1/2011

Capacity

As of January 1, 2011, ANI is continuing to offer a maximum liability limit of \$375 million via their Facility Form and Master Worker policies. ANI is maintaining the maximum available Foreign Supplier's and Transporter's policy limit at \$50 million.

Market Security

We expect ANI to issue your "Changes in Subscribing Companies and Proportionate Liability Endorsement" during the middle of the first quarter of 2011. You will recall that this endorsement, issued annually, provides detail as to the actual insurance companies that are providing capacity through their respective proportionate participation percentage for the given policy for the period beginning January 1, through December 31. Please note that ANI requires that all companies meet their stringent eligibility requirements and that all companies have historically met Marsh's minimum financial requirements. That being said, ANI's membership criteria are as follows:

MARSH

Page 3
December 10, 2010

1. A License to write Property/Casualty business in at least one jurisdiction in the United States;
2. A.M. Best's rating of "A-" or better;
3. A policyholder's surplus (PHS) of at least \$100 million;
4. Unqualified, audited financial statements for the latest financial reporting period; and
5. No more than 10% PHS committed to ANI's Domestic Syndicate.

Should you have any concerns regarding who may or may not be participating in 2011, or the several (and specifically not joint) nature of the subscribing companies vs. the joint and several nature of the member companies in the U.S. nuclear pooling program, please do not hesitate to contact us.

Regulatory, Reporting and Contractual Compliance Services

10CFR140.15(e):

In accordance with Marsh U.S. Nuclear Energy Center of Excellence standard practice, please note for your records that we have forwarded certified copies of all applicable endorsements to your Facility Form policies, Master Worker certificates and Secondary Financial Protection certificates to Mr. Ira Dinitz at the NRC in accordance with 10 CFR 140.15(e).

Financial Disclosures Information:

There are currently 104 licensed reactors operating in the United States. As a result, the current maximum retrospective assessment per accident under the Secondary Financial Protection Program (SFP) as mandated by the Price Anderson Amendment to the Atomic Energy Act is \$17.5 Million per reactor, per year for a total of \$117.495 Million per reactor. The total protection afforded each unit is therefore \$12.595 Billion (\$12.22 Billion by SFP). This assessment is subject to inflationary adjustment every five years with the most recent adjustment having taken effect on October 29th, 2008.

Upon request, we are able to provide our "Nuclear Insurance Note - Auditor Documentation Package Tool" to assist you in demonstrating nuclear insurance and financial protection requirements for auditor purposes as needed. We hope you will find this service tool beneficial and we look forward to any feedback you may have. Additionally, should you desire us to review any of your financial disclosure statements throughout the year, we are happy to do so upon request and can provide "best practice" wording and benchmarking.

MARSH

Page 4
December 10, 2010

Miscellaneous:

Nuclear Liability certificates of insurance, detailed summaries of coverage, contractual reviews or broker letters are available upon request. Additionally, Marsh's unique position as a leader in the nuclear risk management arena enables us to provide benchmarking and premium projection services of the highest quality. Please do not hesitate to contact us should you desire additional services.

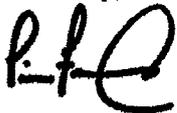
This letter represents a synopsis of coverage and is provided as a reference only. The actual policy, including endorsements, determines coverage. It contains exclusions, limitations and other provisions not referenced (or only briefly summarized) here and the policy should be consulted for full coverage terms, conditions and requirements. It is important that you review the policy and advise us at your earliest opportunity of anything which you believe is not in accordance with the negotiated coverage and terms.

Marsh has been hiring nuclear trained professionals since the 1960's. We are fluent in technical issues surrounding nuclear power plant construction, operation and decommissioning as well as enrichment facilities, fuel fabricators, waste disposal sites and the vendors who serve them. Our hands on experience running naval nuclear power plants gives us a depth of understanding in radiation, chemistry, metallurgy and physics that you will not find anywhere else.

Should you have any questions or concerns, please do not hesitate to contact me at (215) 246-1159, Mr. Shannon Moyer at (215) 246-1463 or any other member of the Marsh U.S. Nuclear Energy Center of Excellence.

On behalf of everyone at Marsh, I thank you for the opportunity to provide assistance with your nuclear placement needs, and we look forward to continuing our relationship in 2011.

Sincerely,



Tim Farward, ARM
Nuclear Client Advisor

Copy: R. Miller, J. Hernick, B. Smith, S. Moyer
Enclosures

Xcel Energy 2011 Advance Premium Summary

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Plant	Named Insured	Policy	Limit	End. #	Actual 2010 Advance Premium	Actual 2010 Advance Premium	% Change
Prairie Island	Northern States Power Company	NF-0197	\$375M	164		\$ 1,194,605	-0.7%
		NW-0580	\$375M	17		\$ 104,598	0.0%
		N-0036	SFP	47		\$ 9,492	0.0%
		N-0037	SFP	47		\$ 9,492	0.0%
		Sub-Total					\$ 1,318,187
Monticello	Northern States Power Company	NF-0174	\$375M	182		\$ 1,000,294	-0.9%
		NW-0564	\$375M	17		\$ 52,299	0.0%
		N-0017	SFP	47		\$ 9,492	0.0%
Sub-Total					\$ 1,062,085	-0.8%	
Fort St. Vrain	Public Service Company of Colorado	NF-0192	\$100M	175		\$ 173,985	0.0%
		NW-0576	\$375M	16		\$ 33,985	0.0%
Sub-Total					\$ 207,970	0.0%	
Pathfinder	Northern States Power Company	NF-0106	\$5M	155		\$ 7,946	0.0%
		NW-0531	\$375M	14		\$ 1,249	0.0%
Sub-Total					\$ 9,195	0.0%	
S&T - Xcel Energy	Xcel Energy, Inc.	NS-0474	\$375M	95		\$ 71,147	0.0%
Sub-Total						\$ 71,147	0.0%
Grand Total						\$ 2,668,584	-0.6%

MARSH COMMENTS:

1. There are currently Property Damage Surcharges under these policies. We could seek premium relief by reducing the PD Surcharges.

Monticello	\$8,594
Prairie Island 1	214,989
Prairie Island 2	\$56,194
Total	\$279,777

We note that the PD Surcharges are applied before the ANI Cumulative Liability Adjustment Factor.

This makes the PD Surcharge increase with ANI general premium increases.

Marsh negotiated a reduction in PD Surcharge premium for the Prairie Island Facility Form (NF-0197) of \$28,678 in 2010.

2. Marsh has negotiated improved shutdown credit criteria for multi-unit sites, effective since 2009.

We conduct our Aggregate Shutdown Credit Audit in January of each year and notify you if you have a potential premium refund opportunity.

3. Fort. St. Vrain Facility Form & Master Worker comments:

The policy is currently listed as Shutdown on the ANI rating sheet and provided a 50% Shutdown Credit. We could seek a higher Shutdown Credit or a Flat Storage Charge.

4. Shutdown Credits - The following summarizes the most recent refueling outage shutdown and any ANI shutdown credit granted.

	Refueling outage duration	Days SD	Qualified for Normal Credit
Monticello	3/15/09-5/6/09	53	Yes
Prairie Island 1	9/12/09-11/21/09	71	Yes
Prairie Island 2	4/17/10-5/23/10	37	No

Qualified for Marsh Negotiated Aggregate Credit?	% Credit Given	Refund Amount	Next Refueling Outage Due?
N/A - Single Unit	30%	\$26,506	End of 2010 or beginning of 2011
N/A - Normal Credit taken	30%	\$13,634	2011
Possible, but unlikely as Unit 1 will likely not refuel in 2010	N/A	N/A	End of 2011 or beginning of 2012