



Northern States Power Company

414 Nicollet Mall
Minneapolis, Minnesota 55401-1927
Telephone (612) 330-5500

February 14, 1992

10 CFR Part 30
Section 30.35

U S Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555

MONTICELLO NUCLEAR GENERATING PLANT
Docket No. 50-263 License No. DPR-22

PRAIRIE ISLAND NUCLEAR GENERATING PLANT
Docket Nos. 50-282 License Nos. DPR-42
50-306 DPR-60

Financial Assurance for Decommissioning

In compliance with 10 CFR Part 30 Section 30.35, the decommissioning report required for the Northern States Power Company License No. 22-08799-09 is hereby being submitted.

Northern States Power Company, the sole owner of License No. 22-08799-09, certifies that financial assurance for decommissioning is provided in the amount of \$750,000. This amount complies with the table set forth in 10 CFR Part 30 Section 30.35(d). The method by which the financial assurance will be provided will be by surety method with a letter of credit.

Attached as Exhibit A is the executed standby trust instrument for the letter of credit. Exhibit B, the executed letter of credit, is also attached.

Please contact us if you require additional information related to this decommissioning report.

Thomas M Parker
Manager
Nuclear Support Services

c: Regional Administrator - Region III

Attachments: Exhibit A Executed Standby Trust
Exhibit B Executed Letter of Credit

9202200280 920214
PDR ADDCK 05000263
1 PDR

Avol
11

77

RECEIVED

FEB 05 1992

CORPORATE SECRETARY

Mellon Bank

Mellon Bank N.A.
One Mellon Bank Center
Pittsburgh, PA 15258-0001
412 234 7538

James G. Miller
Assistant Vice President

February 4, 1992

John W. Haine, Esq.
Northern States Power
c/o Law Department
414 Nicollet Mall
Minneapolis, MN 55401

Dear John:

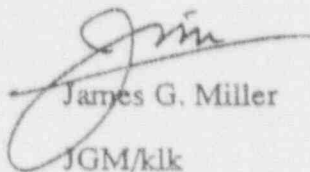
Enclosed are two executed copies of the Standby Trust Agreement between Northern States Power and Mellon Bank. I have kept an original for our file.

Regarding our discussion of the validity of the trust, we do need some form of corpus. We will, therefore, be depositing a dollar into an account which we will open for both this Standby Trust and the Pathfinder Standby Trust.

In addition, to allow us to verify both the existence of a letter of credit for both trusts and that both letters of credit are payable to Mellon as trustee, we need to have on file a copy of both letters of credit.

Please let me know if you have any questions regarding the above. Thank you for your consideration of the above.

Sincerely,


James G. Miller
JGM/klk

Er closures

2727/50

NUCLEAR DECOMMISSIONING STANDBY TRUST AGREEMENT

THIS NUCLEAR DECOMMISSIONING STANDBY TRUST AGREEMENT ("Agreement"), dated as of the 28th day of January, 1992, between NORTHERN STATES POWER COMPANY, a corporation duly organized and existing under the laws of the State of Minnesota, having its principal office at 414 Nicollet Mall, Minneapolis, Minnesota 55401 (the "Company"), and MELLON BANK, N.A., as Trustee, a national banking association having its principal office at One Mellon Bank Center, Pittsburgh, Pennsylvania, 15258 (the "Trustee");

WITNESSETH:

WHEREAS, the U. S. Nuclear Regulatory Commission ("NRC"), an agency of the U. S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 30, relating to the licensing of byproduct material. These regulations, applicable to the Company, require that a holder of, or an applicant for a license issued pursuant to 10 CFR Part 30 authorizing the possession and use of certain byproduct material (a "License"), provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Company desires to establish pursuant to this Agreement a fund which does not qualify as a Nuclear Decommissioning Reserve Fund under section 468A of the Internal Revenue Code of 1986, as amended, or any corresponding section or sections of any future United States internal revenue statute (the "Code") and the regulations thereunder (the "Standby Fund"), under the laws of the Commonwealth of Pennsylvania to provide all of such financial assurance;

WHEREAS, the Company has elected to use a letter of credit to provide all of such financial assurance;

WHEREAS, when payment is made under a letter of credit, this Standby Trust shall be used for the receipt of such payment;

WHEREAS, the Company has selected the Trustee to provide the specialized services hereinafter set forth because of the experience and administrative expertise of the Trustee to handle the elaborate record keeping and filings necessary to the maintenance of this nuclear decommissioning Standby Fund;

WHEREAS, the execution and delivery of this Agreement have been duly authorized by each of the Company and the Trustee and all things necessary to make this Agreement a valid and binding agreement by each of the Company and the Trustee have been done.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that to provide for the creation of the Standby Fund and the making of payments therefrom and the performance of the covenants of the Company and the Trustee set forth herein, the Company does hereby sell, assign, transfer, set over and pledge unto the Trustee, and to its successors in the trust and its assigns forever, all of the Company's right, title and interest in and to any and all cash and property herewith and hereafter contributed to the Standby Fund.

TO HAVE AND TO HOLD THE SAME IN TRUST for the exclusive purpose of providing funds for decommissioning, to pay the administrative costs and other incidental expenses of the Standby Fund, and to make certain investments, all as hereinafter provided.

ARTICLE I

Purposes of the Funds: Contributions

Section 1.01. Establishment of the Fund. The Standby Fund shall be maintained at all times in the United States pursuant to this Agreement and as a trust in accordance with the laws of the Commonwealth of Pennsylvania.

Section 1.02. Purposes of the Fund. The Standby Fund is established for the

exclusive purpose of providing decommissioning funds for the benefit of the public health and safety. None of the assets of the Standby Fund shall be subject to attachment, garnishment, execution or levy in any manner for the benefit of creditors of the Company.

Section 1.03. Contributions to the Fund. The assets of the Standby Fund shall be contributed by the Company (or by others approved in writing by the Company) from time to time.

ARTICLE II

Payments by the Trustee

Section 2.01. Limitation on Use of Assets. The assets of the Standby Fund shall be used exclusively (a) to satisfy, in whole or in part, any expenses or liabilities incurred by or on behalf of the Company with respect to decommissioning subject to the Company's License, including expenses incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, and all expenses incurred after the actual decommissioning occurs, such as physical security and radiation monitoring expenses (the "Decommissioning Costs"), (b) to pay the administrative costs and other incidental expenses of the Standby Fund separately from the assets of the Standby Fund, and (c) to invest in securities and investments as directed by the investment manager(s) pursuant to Section 3.02(a) or the Trustee pursuant to Section 3.02(b).

Section 2.02. Certification for Decommissioning Costs. If assets of the Standby Fund are required to satisfy Decommissioning Costs, the Company shall present a certificate substantially in the form attached hereto as Exhibit A to the Trustee signed by its Chairman of the Board, its President or one of its Vice Presidents and its Treasurer or an Assistant Treasurer, requesting payment from the Standby Fund. Any certificate requesting payment by the Trustee to a third party or to the Company from the Standby

Fund for Decommissioning Costs shall include the following:

- (a) a statement of the amount of the payment to be made from the Standby Fund;
- (b) a statement that the payment is requested to pay Decommissioning Costs which have been incurred;
- (c) the nature of the Decommissioning Costs to be paid;
- (d) the payee, which may be the Company in the case of reimbursement for payments previously made or expenses previously incurred by the Company for Decommissioning Costs;
- (e) a statement that the Decommissioning Costs for which payment is requested have not theretofore been paid out of funds of the Standby Fund; and
- (f) a statement that any necessary authorizations of the Minnesota Public Utilities Commission (the "PUC") and/or any other governmental agencies having jurisdiction with respect to the decommissioning have been obtained.

The Trustee shall retain at least one counterpart of all copies of such certificates (including attachments) and related documents received by it pursuant to this Article II.

The Company shall have the right to enforce payments from the Standby Fund upon compliance with the procedures set forth in this Section 2.02.

Section 2.03. Administrative Costs. The Trustee shall pay, as directed by the Company, the administrative costs and other incidental expenses of the Standby Fund, including all federal, state and local taxes, if any, imposed directly on the Standby Fund, legal expenses, accounting expenses, actuarial expenses and trustee expenses, from the assets of the Standby Fund.

ARTICLE III

Concerning The Trust

Section 3.01. Authority of Trustee. The Trustee hereby accepts the trust created under this Agreement. The Trustee shall have the authority and discretion to manage and

control the Standby Fund to the extent provided in this Agreement but does not guarantee the Standby Fund in any manner against investment loss or depreciation in asset value or guarantee the adequacy of the Standby Fund to satisfy the Decommissioning Costs. The Trustee shall not be liable for the making, retention or sale of any investment or reinvestment made by it, nor shall the Trustee be responsible for any other loss to or diminution of the Fund, or for any other loss or damage which may result from the discharge of its duties hereunder except for any action not taken in good faith.

Section 3.02. Investment of the Fund. (a) The Company shall have the authority to appoint one or more investment managers (which may include the Company) who shall have the power to direct the Trustee in investing the assets of the Standby Fund. To the extent that the Company chooses to exercise this authority, it shall so notify the Trustee and instruct the Trustee in writing to separate into separate accounts those assets the investment of which will be directed by each investment manager. The Company shall designate in writing the person or persons who are to represent any such investment manager in dealings with the Trustee. Upon the separation of the assets in accordance with the Company's instructions, the Trustee, as to those assets while so separated, shall be released and relieved of all investment duties, investment responsibilities and investment liabilities normally or statutorily incident to a trustee. The Trustee shall retain all other fiduciary duties with respect to assets the investment of which is directed by investment managers.

(b) To the extent that the investment of assets of the Standby Fund is not being directed by one or more investment managers under Section 3.02(a), the Trustee shall hold, invest, and reinvest the funds delivered to it hereunder as it in its sole discretion deems advisable.

(c) Upon the written consent of the Company, the assets of the Standby Fund may be pooled for the purpose of investing the assets with the assets of any other nuclear decommissioning funds established by the Company or any other utility for which the

Trustee serves as trustee of the nuclear decommissioning fund, provided the following conditions are satisfied: (i) the trustee of each nuclear decommissioning fund must separately account for the contributions, earnings, expenses, and distributions of such fund; (ii) the earnings and expenses must be reasonably apportioned among such nuclear decommissioning funds; (iii) if assets of a nuclear decommissioning reserve fund under section 468A of the Code ("Qualified Fund") are pooled with assets of any other nuclear decommissioning fund, all such pooled assets must be invested solely in permissible assets as described under section 468A of the Code and the regulations thereunder; and (iv) the books and records of such funds must enable the Internal Revenue Service to verify that the requirements of section 468A of the Code and the regulations thereunder are satisfied; provided further, however, that the assets of any trust fund may not be pooled for the purpose of investing the assets with assets of any nuclear decommissioning fund, whether established by the Company or any other utility, unless and until the Company notifies the Trustee in writing that the Trustee shall not be liable and shall be held harmless if such pooling results in a Qualified Fund failing to qualify as a nuclear decommissioning reserve fund under section 468A of the Code.

Section 3.03. Prohibition Against Self-Dealing. Notwithstanding any other provision in this Agreement, the Trustee shall not engage in any act of self-dealing as defined in section 468A(e)(5) of the Code and Treas. Reg. §1.468A-5(b) or any corresponding future Treasury Regulation.

Section 3.04. Compensation. The Trustee shall be entitled to receive out of the Standby Fund reasonable compensation for services rendered by it, as well as expenses necessarily incurred by it in the execution of the trust hereunder.

Section 3.05. Books of Account. The Trustee shall keep true and correct books of account with respect to the Standby Fund, which books of account shall at all reasonable times be open to inspection by the Company or its duly appointed representatives. The Trustee shall, upon written request of the Company, permit

government agencies, such as the PUC or the Internal Revenue Service, to inspect the books of account of the Standby Fund. The Trustee shall furnish to the Company by the tenth business day of each month a statement for the Standby Fund showing, with respect to the preceding calendar month, the balance of assets on hand at the beginning of such month, all receipts, investment transactions, and disbursements which took place during such month and the balance of assets on hand at the end of such month. The Trustee agrees to provide on a timely basis any information deemed necessary by the Company to file the Company's federal, state and local tax returns.

Section 3.06. Reliance on Documents. The Trustee, upon receipt of documents furnished to it by the Company pursuant to the provisions of this Agreement, shall examine the same to determine whether they conform to the requirements thereof. The Trustee acting in good faith may conclusively rely as to the truth of statements and the correctness of opinions expressed in any certificate or other documents conforming to the requirements of this Agreement. If the Trustee in the administration of the Standby Fund shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless evidence in respect thereof is otherwise specifically prescribed hereunder) may be deemed by the Trustee to be conclusively provided or established by a certificate signed by the Chairman of the Board, the President or any Vice President of the Company and delivered to the Trustee. The Trustee shall have no duty to inquire into the validity, accuracy or relevancy of any statement contained in any certificate or document nor the authorization of any party making such certificate or delivering such document and the Trustee may rely and shall be protected in acting or refraining from acting upon any such written certificate or document furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall not, however, be relieved of any obligation to refrain from self-dealing as provided in Section 3.03 hereof.

Section 3.07. Liability and Indemnification. The Trustee shall not be liable for

any action taken by it in good faith and without negligence and believed by it to be authorized or within the rights or powers conferred upon it by this Agreement and may consult with counsel of its own choice (including counsel for the Company) and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and without negligence and in accordance with the opinion of such counsel, provided, however, that the Trustee shall be liable for any consequences resulting from self-dealing as provided in Section 3.03 hereof. The Company hereby agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence, recklessness or bad faith on the part of the Trustee, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim of liability in the premises, providing such loss, liability or expense does not result from self-dealing under Section 3.03 hereof.

Section 3.08. Resignation, Removal and Successor Trustees. The Trustee may resign at any time upon thirty (30) days written notification to the Company. The Company may remove the Trustee for any reason at any time upon thirty (30) days written notification to the Trustee. Any successor Trustee appointed hereunder shall be an independent trustee. If a successor Trustee shall not have been appointed within thirty (30) days after the giving of written notice of such resignation or removal, the Trustee or Company may apply to any court of competent jurisdiction to appoint a successor Trustee to act until such time, if any, as a successor shall have been appointed and shall have accepted its appointment as provided below. If the Trustee shall be adjudged bankrupt or insolvent, a vacancy shall thereupon be deemed to exist in the office of Trustee and a successor shall thereupon be appointed by the Company. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company an appropriate written instrument accepting such appointment hereunder, subject to all the terms and conditions hereof, and thereupon such successor Trustee shall become fully

vested with all the rights, powers, trusts, duties and obligations of its predecessor in trust hereunder, with like effect as if originally named as Trustee hereunder. The predecessor Trustee shall upon written request of the Company, and payment of all fees and expenses, deliver to the successor Trustee the corpus of the Standby Fund and perform such other acts as may be required or be desirable to vest and confirm in said successor Trustee all right, title and interest in the corpus of the Standby Fund.

Section 3.09. Merger of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation to which the corporate trust functions of the Trustee may be transferred, shall be the successor Trustee under this Agreement without the necessity of executing or filing any additional acceptance of this Agreement or the performance of any further act on the part of any other parties hereto.

ARTICLE IV

Amendments

The Company may amend this Agreement from time to time. If a proposed amendment shall affect the responsibility of the Trustee, such amendment shall not be considered valid and binding until such time as the amendment is executed by the Trustee.

ARTICLE V

Termination

The Standby Fund shall terminate upon termination by the NRC of the Company's License. Upon termination of the Standby Fund, the assets of the terminated Fund shall be distributed in accordance with any written directive of the PUC concerning termination of such Fund. Absent a written directive of the PUC within thirty (30) days after the PUC is notified of the termination, all of the assets shall be distributed to the

Company. Prior to distribution of the assets of the Standby Fund, the Company shall provide the Trustee with notification that the Standby Fund has terminated and with either (i) the PUC written directive or (ii) a certificate signed by its Chairman of the Board, its President or one of its Vice Presidents and its Treasurer or an Assistant Treasurer stating that there is no PUC written directive and that thirty (30) days have elapsed since notification to the PUC of termination, as the case may be.

ARTICLE VI

Miscellaneous

Section 6.01. Binding Agreement. All covenants and agreements in this Agreement shall be binding upon and inure to the benefit of the respective parties hereto, their successors and assigns.

Section 6.02. Notices. All notices and communications hereunder shall be in writing and shall be deemed to be duly given on the date mailed if sent by registered mail, return receipt requested, as follows:

MELLON BANK, N.A.
Trust and Investment Department
ATTN: Trust Administration
Room 151-3346
One Mellon Bank Center
Pittsburgh, PA 15258

Northern States Power Company
Attn: Vice President, Law
414 Nicollet Mall
Minneapolis, MN 55401

or at such other address as any of the above may have furnished to the other parties in writing by registered mail, return receipt requested.

Section 6.03. Governing Law. The Standby Fund has been established pursuant to this Agreement in accordance with the requirements for a trust under the laws of the

Commonwealth of Pennsylvania, and this Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

Section 6.04. Counterparts. This Agreement may be executed in several counterparts, and all such counterparts executed and delivered, each an original, shall constitute but one and the same instrument.

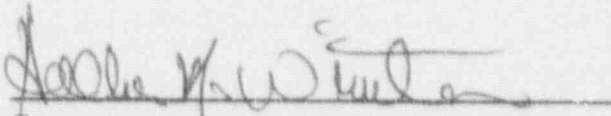
IN WITNESS WHEREOF, the Company has caused this Agreement to be signed in its corporate name by one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by its Secretary or one of its Assistant Secretaries; and

Mellon Bank, N.A. has caused this Agreement to be signed in its corporate name by one of its Vice Presidents, and its corporate seal to be affixed hereunto, and the same to be attested by one of its Assistant Secretaries or one of its Trust Officers.


WITNESS the due execution and ensealing hereof the day and year first above written.

Northern States Power Company

ATTEST:

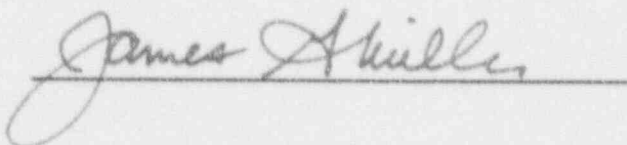

Secretary

[Corporate Seal]

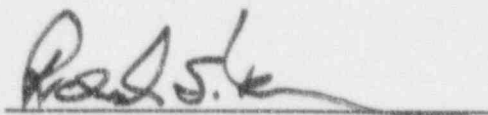
By: 
Vice President

MELLON BANK, N.A.

ATTEST:


[Corporate Seal]

[Corporate Seal]

By: 
Vice President



STATE OF PENNSYLVANIA)
)SS.
COUNTY OF ALLECHENY)

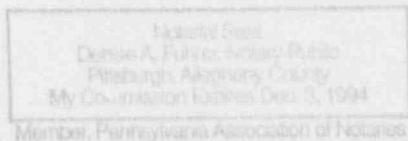
On this 3RD day of FEBRUARY, 1992, before me, the undersigned Officer, a Notary Public in and for said State and County, personally appeared RICHARD S THOMAS, who acknowledged himself to be a VICE PRESIDENT of MELLEN BANK, N.A. a PENNSYLVANIA corporation, and that he as such being authorized to do so executed the foregoing Agreement for the purposes therein contained by signing the name of RICHARD S THOMAS by himself as VICE PRESIDENT.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Denise A. Fuhrer

Notary Public

My Commission expires:



STATE OF MINNESOTA)
)SS.
COUNTY OF HENNEPIN)

On this 28th day of January, 1992, before me, the undersigned Officer, a Notary Public in and for said State and County, personally appeared Roger D. Sandeen, who acknowledged himself to be a Vice President of Northern States Power Company, a Minnesota corporation, and that he as such being authorized to do so executed the

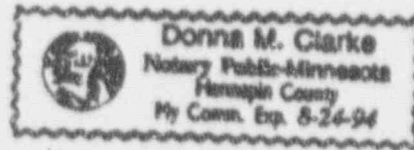
foregoing Agreement for the purposes therein contained by signing the name of Roger D. Sandeen by himself as Vice President.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Donna M. Clarke

Notary Public

My Commission expires:



CERTIFICATE FOR PAYMENT
OF DECOMMISSIONING COSTS

[Name of Trustee],
as Trustee
[Address]

This Certificate is submitted pursuant to Section 2.02 of the Nuclear Decommissioning Trust Agreement, dated _____, 19___, between Mellon Bank, N.A. (the "Trustee") and Northern States Power Company, a Minnesota corporation, (the "Company") (the "Agreement"). All capitalized terms used in this Certificate and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. In your capacity as Trustee, you are hereby authorized and requested to disburse to _____ the amount of \$_____ from the Standby Fund for the payment of the Decommissioning Costs which have been incurred. With respect to such Decommissioning Costs, the Company hereby certifies as follows:

1. The amount to be disbursed pursuant to this Certificate shall be solely used for the purpose of paying the Decommissioning Costs described in Schedule A hereto.
2. None of the Decommissioning Costs described in Schedule A hereto has previously been made the basis of any certificate pursuant to Section 2.02 of the Agreement.
3. Any necessary authorizations of the PUC or any corresponding governmental authority having jurisdiction over the decommissioning have been obtained.

IN WITNESS WHEREOF, the undersigned have executed this Certificate
in the capacity shown below as of _____.

By _____
Name:
Title:

By _____
Name:
Title:



FIRST BANK NATIONAL ASSOCIATION, P.O. BOX A1567, MINNEAPOLIS, MINNESOTA 55480

First Bank National Association, International Banking Group, First Bank Place, 200 South Sixth Street, Minneapolis MN 55402
Phone: 612-370-4881 • Cable: FIRSTBANK, MPS • Telex: TRT 192179 FBNA INTL MPS • S.W.I.F.T.: FNBMUS44

NORTHERN STATES POWER COMPANY
ATTN: CASH AND BANKING
414 NICOLLET MALL
MINNEAPOLIS, MINNESOTA 55401

JANUARY 27, 1992

PAGE TWO

THE APPLICANT AND THE NRC OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING (1) THE INSOLVENCY OR BANKRUPTCY OF THE FINANCIAL INSTITUTION OR (2) ANY VIOLATIONS OF REGULATORY REQUIREMENTS THAT COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS. THE FINANCIAL INSTITUTION ALSO SHALL GIVE IMMEDIATE NOTICE IF THE BANK, FOR ANY REASON, BECOMES UNABLE TO FULFILL ITS OBLIGATION UNDER THE LETTER OF CREDIT.

WHENEVER THIS LETTER OF CREDIT IS DRAWN ON UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, WE SHALL DULY HONOR SUCH DRAFT UPON ITS PRESENTATION TO US WITHIN 30 DAYS. AND WE SHALL DEPOSIT THE AMOUNT OF THE DRAFT DIRECTLY INTO THE STANDBY TRUST FUND OF NORTHERN STATES POWER COMPANY IN ACCORDANCE WITH YOUR INSTRUCTIONS.

EACH DRAFT MUST BEAR ON ITS FACE THE CLAUSE: "DRAWN UNDER LETTER OF CREDIT NO. 74470, DATED JANUARY 27, 1992, AND THE TOTAL OF THIS DRAFT AND ALL OTHER DRAFTS PREVIOUSLY DRAWN UNDER THIS LETTER OF CREDIT DOES NOT EXCEED \$750,000.00."

FIRST BANK NATIONAL ASSOCIATION, MINNEAPOLIS OFFICE

THOMAS E. FINLEY
VICE PRESIDENT

DEBRA M. LAURENTS
COORDINATOR

JANUARY 27, 1992

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1983 REVISION IN FORCE AS FROM 1 OCTOBER 1984) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 400

