Rebuttal Testimony
Richard A. Rosvold

Before the North Dakota Public Service Commission
State of North Dakota

In the Matter of the Application of
Northern States Power Company, a Minnesota Corporation

For Authority to Increase Rates for
Electric Service in North Dakota

Case No. PU-07-776
Exhibit__

Environmental Issues and Investments

June 13, 2008

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Richard A. Rosvold. I am the Air Quality Manager for the NSP-MN and NSP-WI operating companies' service territories of Xcel Energy Inc. My business address is 414 Nicollet Mall, Minneapolis, Minnesota 55401.

Q. FOR WHOM ARE YOU TESTIFIYING?

A. I am testifying on behalf of Northern States Power Company ("Xcel Energy" or "the Company"), a Minnesota corporation operating in North Dakota.

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. My formal education consists of earning a Bachelor of Chemical Engineering degree with a Pollution Control emphasis from the University of Minnesota in 1988. I have worked in the environmental field (primarily in the air quality area), for the past 20 years, 11 of those with Xcel Energy. I led the project to obtain the air emission permit for the Allen S. King Rehabilitation Project and have been involved with the mercury control planning activities for Xcel Energy. My current responsibilities as Air Quality Manager include permitting and compliance activities for facilities located in Minnesota, Wisconsin, North Dakota and South Dakota.

Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS PROCEEDING?

A. No, I have not.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my Rebuttal Testimony is to address three issues. First, I will demonstrate that, contrary to Mr. Charles King's assertions made on behalf of the Advocacy Staff of the North Dakota Public Service Commission (the "Commission"), Minnesota's environmental regulations are essentially the same as Federal environmental standards. Second, I will discuss the environmental improvements implemented as part of the Company's Metropolitan Emissions Reduction Project ("MERP") to date, and will explain that these improvements are, or soon will be, needed to meet Federal environmental standards. Third, I will discuss the Company's overall approach to addressing environmental standards, concluding that, to date, we have achieved environmental compliance in a cost-effective and risk-mitigating manner.

II. ENVIRONMENTAL COMPLIANCE

Q. HAS MINNESOTA ADOPTED EMISSION STANDARDS THAT ARE MORE STRINGENT THAN THE FEDERAL STANDARDS?

A. Generally speaking, with the exception of mercury, Minnesota has adopted emission standards that are consistent with Federal standards. Under the Clean Air Act, states have the authority to adopt standards that are more restrictive than Federal rules. In recent years, Minnesota, through the Minnesota Pollution Control Agency ("MPCA"), has chosen to adopt the Environmental Protection Agency's ("EPA") approach on a number of key regulations, thus aligning Minnesota's compliance standards with Federal requirements. For example, Minnesota chose to adopt the Federal Implementation Plan for implementation of the Clean Air Interstate Rule ("CAIR"), rather than to adopt a more stringent,

Minnesota-only program. Another example is that Minnesota chose to rule that Best Available Retrofit Technology ("BART") is equal to CAIR when considering regional haze impacts in Minnesota. Therefore, it would not be accurate to state that Minnesota has adopted emission standards that are more stringent than the EPA's Federal standards for emissions. Further, as will be discussed below, even for the mercury emissions requirements, Minnesota standards will soon be consistent with Federal standards.

Q. MR. KING, AT PAGE 6, TESTIFIES THAT MINNESOTA STANDARDS FOR PARTICULATES AND SULFUR DIOXIDE ARE MUCH MORE STRICT THAN THE EPA STANDARDS. IS THIS ACCURATE?

A. No. Minnesota's standards for these emissions are generally similar to the Federal standards. In fact, Mr. King's Exhibit__(CWK-1) lists both the Minnesota and the EPA standards for Total Particulate Matter, Opacity, Sulfur Dioxide ("SO_2"), NOx, and Particulate Matter as less than 10 Microns. This Exhibit shows that none of the Minnesota standards are higher than the EPA standards.

Q. PLEASE DESCRIBE THE BACKGROUND AND STATUS OF THE EPA'S MERCURY STANDARDS.

A. The EPA promulgated the Clean Air Mercury Rule ("CAMR") on May 18, 2005. CAMR established a national cap-and-trade program for mercury emissions from coal-fired electric generating units with capacities greater than 25 MW. Under CAMR, affected units would have been required to either reduce their mercury emissions or purchase sufficient allowances on the open market for each ounce of mercury emitted each year, beginning in 2010. CAMR based the annual

mercury allowance allocations on a national mercury emission cap of 38 tons per year during Phase I (2010-2017) and a cap of 15 tons per year in Phase II (2018 on), working from a baseline of 48 tons per year. In addition, all affected units were required to begin continuous monitoring of mercury emissions by January 1, 2009.

Q. HOW DID THE COMPANY PLAN TO COMPLY WITH CAMR?

A. The Company has eight units that were subject to the CAMR. Our strategy for complying with Phase I of CAMR was to install mercury emission controls on our largest units and over-control those units, producing enough excess allowances to cover the smaller remaining units. Specifically, the Company planned on installing mercury controls on Sherco 3 in 2009 and on King 1 in 2010 and maximizing mercury control on these units, providing sufficient reductions to comply with the annual allowance allocations for our entire Minnesota coal plant fleet. Our plan was to evaluate the level of mercury removal rates on these units to determine whether to invest in mercury controls on additional units. Our plan also included monitoring how the mercury allowance market developed to determine whether purchasing mercury allowances as a compliance option was more cost-effective than controlling mercury emissions. For our initial planning purposes, we assumed an allowance cost estimate of $35,000 per pound of mercury emitted, the "safety valve" price proposed by the EPA in the CAMR rulemaking process. That cost was selected as a base value until the market actually materialized.

In 2018, Phase II of the CAMR was to begin, and mercury allowance allocations for all units would be reduced. Our strategy was to continue to evaluate whether

to add controls on other units or to purchase allowances in order to comply with Phase II of CAMR.

Our above-outlined strategy was the lowest-cost control option available to us. The economies of scale achieved through installation of mercury emission controls at our largest units were the most cost-effective method available to us, given the cost of mercury emission controls at these facilities and our estimates of future emission allowance prices.

Q. WHAT IS THE CURRENT STATUS OF CAMR?

A. On February 8, 2008, the D.C. Circuit Court of Appeals vacated CAMR, finding that EPA had not provided the necessary evidence under the Clean Air Act Delisting Rule to exempt mercury from the higher standards under Section 112 of the Clean Air Act. On March 24, 2008, the EPA filed a petition asking for review by the full D.C. Circuit to re-hear the decision to vacate CAMR. The Court of Appeals denied this petition. The EPA or other intervenors may appeal this decision.

While the appeals process is still working itself out, by vacating CAMR and the Delisting Rule, the EPA is required under Clean Air Act Section 112 to move forward with the development of a new maximum achievable control technology ("MACT") rule. This requirement has two consequences. First, this new MACT rule would apply to each affected unit, rather than allocating allowances to offset emissions at some facilities through a trading program. Second, the MACT rule will be prescriptive in nature, requiring installation of emission control equipment at each of eight facilities.

EPA's MACT standards are based on the emissions levels already achieved by the best-performing similar facilities. For existing sources, the MACT floor must equal the average emissions limitations currently achieved by the best-performing 12 percent of sources in that source category, if there are 30 or more existing sources. If there are fewer than 30 existing sources, then the MACT floor must equal the average emissions limitation achieved by the best-performing five sources in the category. Based on my review of the industry, it appears that the best-performing sources, using either the top 12 percent or the top fives sources, would equate to a 90 percent removal rate. Although this approach is subject to change, the EPA is expected to propose a Utility MACT standard within 12 months, which would result in final rules being effective in 2010.

Q. HOW WOULD A NEW MACT RULE AFFECT THE COMPANY?

A. The Company expects to have eight units subject to this rule when it is issued. These are the same eight units that would have been subject to CAMR. However, unlike CAMR, the new MACT standard will require maximum achievable emissions reductions at each unit rather than allowing some units to over-control and others to do nothing. In this way, MACT will be more restrictive and expensive than CAMR.

Q. HOW DID CAMR COMPARE TO MERCURY REQUIREMENTS IN MINNESOTA?

A. In 2006, the Minnesota Legislature enacted the Minnesota Mercury Emission Reduction Act of 2006 ("MMERA"). The MMERA requires a public utility that owns a dry-scrubbed or wet-scrubbed coal-fired electric generation unit with capacities greater than 100 megawatts (MW) to propose the use of available technology for mercury removal that is most likely to result in the removal of 90

percent of the mercury emitted from the unit. In addition, affected units under this program are required to begin continuous monitoring of mercury emissions by July 1, 2007.

After enactment of the MMERA, the MPCA chose to adopt the Federal Implementation Plan for implementation of the CAMR, rather than adopt the more stringent approach it was considering. By doing this, Minnesota chose to allow full trading of mercury allowances, something many other states did not allow. The availability of these allowances would have enabled us to use higher-than-required emission reductions at one plant to offset higher emissions at another plant. This increased flexibility lowered the cost of compliance for our customers.

Q. HOW DOES THE MMERA COMPARE TO CAMR AND THE FUTURE MACT?

A. The MMERA is slightly more restrictive than the vacated CAMR rule. However, it will be less restrictive than the future MACT rule that EPA is expected to promulgate. Based on how EPA has applied previous MACT standards to other industries, the new mercury MACT standard will require maximum achievable emissions reductions at each unit rather than allowing some units to over-control and others to do nothing. In this way, MACT will be more expensive to comply with than either CAMR or MMERA. The below table shows a side-by-side comparison of the three regulatory approaches.

Table 1

Comparison of Mercury Control Requirements

	CAMR	MMERA	MACT
Number of Xcel Energy Facilities Affected	8	4	8
Names of Affected Units	Black Dog 3, Black Dog 4, King 1, Minnesota Valley 3, Riverside 8, Sherco 1, Sherco 2, Sherco 3	King 1, Sherco 1, Sherco 2, Sherco 3	Black Dog 3, Black Dog 4, King 1, Minnesota Valley 3, Riverside 8, Sherco 1, Sherco 2, Sherco 3
Regulatory Description	Cap-and-Trade, maintain sufficient allowances to cover emissions from affected units	Each affected unit shall propose to employ the technology most likely to achieve 90% reduction	Each affected unit shall install MACT (to achieve 90% reduction)
Compliance Timeline	Phase I in 2010 (national cap of 38 tons), Phase II in 2018 (national cap of 15 tons)	Install controls on one dry scrubbed unit by 12/31/2009, install controls on 2nd dry scrubbed unit by 12/31/2010, install controls on wet scrubber units by 12/31/2014	Install MACT controls by regulatory deadline (expected by 2010)

Q. YOU HAVE DISCUSSED THREE MERCURY REDUCTION REGIMENS. ARE THERE ANY IMMEDIATE DIFFERENCES IN FINANCIAL IMPACTS THAT RESULT FROM THESE REQUIREMENTS?

A. No. The mercury control technology selected for compliance with CAMR, MMERA, or MACT is basically the same. In general, a sorbent injection system would be used to remove 60 to 90 percent of the mercury emitted from these units. Under CAMR, the Company planned on installing mercury controls on Sherco 3 in 2009 and on King 1 in 2010 and maximizing mercury control on these units to meet our annual allowance allocation. Additional controls or allowance purchases will be required by 2018 to comply with the second phase of CAMR when the allowance allocations are reduced. Under MMERA, the Company is required to propose to employ the available technology for mercury removal that is most likely to result in the removal of 90 percent on Sherco 3 and King 1 by December 31, 2009 for one unit and by December 31, 2010 for the second unit. MMERA also requires the Company to propose to employ the available technology for mercury removal that is most likely to result in the removal of 90 percent on Sherco 1 and 2 by December 31, 2014. While the MACT rule has not been published, the requirements of MACT are expected to require 90 percent (or higher) removal from all coal-fired units greater than 25 MW, including King 1, Sherco 1, 2 and 3, as well as the other coal-fired units in our system.

As stated above, a sorbent injection system would be used to remove 60 to 90 percent of the mercury emitted from each of these units. Therefore, the capital costs for a mercury removal system to satisfy the MMERA, CAMR or a Federal

MACT standard would be all the same. Additionally, those capital costs are not included in the current test year for this proceeding.

Q. WHAT DO YOU CONCLUDE WHEN COMPARING MINNESOTA'S ENVIRONMENTAL STANDARDS TO THE FEDERAL STANDARDS?

A. For all emissions except for mercury, Minnesota's standards are consistent with Federal standards. For mercury, Minnesota's current emission standards are actually less restrictive than the soon-to-be-implemented Federal standards. Further, there is no current difference in financial impact on customers, regardless of which requirement is considered.

Q. PLEASE COMMENT ON MR. KING'S PROPOSAL TO DISALLOW $268,000 BASED ON THE ASSUMPTION THAT THE COMPANY IS SPENDING THAT AMOUNT TO COMPLY WITH A HIGHER MINNESOTA STANDARD.

A. As I have indicated, the same technology will be used to meet any mercury standard – Federal or state; thus the costs of implementing a mercury control system is the same under either requirement. The primary difference in cost due to the MMERA will be the amount of sorbent injection needed to meet the standard. However, those costs are not included in the 2008 test year budgets as they are future O&M costs that will be incurred after implementation of the projects.

The only additional cost in 2008 used to meet Minnesota requirements is the $12,335 for monitoring mercury emissions. These are necessary compliance costs, and the information provided through monitoring is useful to the

Company in designing and managing future state and Federal compliance efforts for mercury.

III. MERP

Q. PLEASE DISCUSS THE ENVIRONMENTAL COMPLIANCE BENEFITS ACCRUING FROM THE COMPANY'S MERP PROJECTS AT THE KING, HIGH BRIDGE AND RIVERSIDE PLANTS.

A. The MERP projects provide a number of benefits. First, because the program met Best Available Control Technology ("BACT") for SO_2, NOx and particulate matter ("PM"), it significantly reduces the risk of additional environmental improvements that would have been required with any future plant activities. For example, Company environmental staff regularly reviews proposed plant projects to determine if a project results in emissions increases that would trigger New Source Review ("NSR") requirements. One of these requirements is the installation of BACT. Because of the uncertainties associated with the NSR program, any improvement project has the risk of triggering NSR requirements. If an environmental regulator disagrees with our determination of whether a project triggered NSR, that project would then have to go through the full NSR process, including the installation of BACT. If a plant already has BACT, the potential financial and operational risk is much lower than for a facility without BACT in place.

Second, the projects will lower emissions of all pollutants. The MERP facilities were consistently on the list of the five highest emitters in Minnesota. As a result, they were subject to high environmental regulatory scrutiny.

Third, the rehabilitated or new facilities will be more efficient generators of electricity. As a result, these units will have lower emission rates per unit of energy produced, typically measured in pounds per megawatt-hour (lb/MWh).

Finally, MERP activities, specifically at gas-fired plants, eliminate the fugitive dust issues associated with coal handling, ash handling and coal trains.

Q. ARE THE EMISSION REDUCTIONS IMPLEMENTED THROUGH MERP CONSISTENT WITH FEDERAL STANDARDS?

A. Yes. The MERP projects have prepared us well for compliance with Federal rules and regulations that have since been implemented. Since the Company's MERP proposal was proposed and approved, the following new environmental regulations have been adopted:

- Clean Air Interstate Rule (CAIR) – Federal rule (May 2005),
- Clean Air Mercury Rule (CAMR) – Federal rule (May 2005) [vacated in February 2008],
- BART Determinations under the Regional Haze Rule – Federal rule (July 2005),
- Minnesota Mercury Emission Reduction Act of 2006 – Minnesota Law (May 2006).

Of these rules, CAMR and MMERA regulate mercury emissions in an effort to reduce the human health impacts from these emissions. As discussed above, the soon-to-be-implemented Federal rules addressing mercury emissions will exceed the vacated CAMR requirements. The CAIR and Regional Haze rules regulate emissions of SO_2 and NOx in an effort to reduce health impacts from formation

of ground-level ozone from NOx emissions and fine particulate matter ($PM_{2.5}$) from SO_2 and NOx emissions.

As a result of the MERP projects, Xcel Energy is now well positioned to comply with these rules. For example, when completed, the MERP projects will reduce NOx emissions by over 20,000 tons per year and SO_2 emissions by over 30,000 tons per year. Absent MERP, Xcel Energy would have needed to propose additional NOx and SO_2 emission reduction projects of at least those amounts to comply with these Federal rules.

The Company also would have needed to implement mercury emission reductions at the MERP facilities had the MERP retrofits and replacements not taken place. Of the three MERP facilities, only the King Plant will require installation of mercury controls under state and Federal rules. By converting the High Bridge and Riverside Plants to natural gas plants, we have removed these units from being subject to the state and Federal mercury rules, thus avoiding the cost of complying with mercury requirements at the High Bridge and Riverside Plants. As I discuss below, it has been our experience that the cost of acquiring the necessary technology is significantly higher if it is implemented after the standards take effect.

Q. MS. ENGELKING'S REBUTTAL TESTIMONY DISCUSSES THE DIFFULTIES OF PERMITTING THE COAL-BASED REPOWERING ALTERNATIVE FOR THE HIGH BRIDGE PLANT. CAN YOU PROVIDE ADDITIONAL DETAIL ON THIS?

A. Yes. As discussed by Ms. Elizabeth Engelking, we considered a coal-based option when evaluating our MERP proposal. Continued use of coal at this

facility would have entailed higher levels of almost all emissions, including mercury, SO_2, NOx, particulates, and fugitive dust associated with coal and ash handling. Although a coal option was considered, it was not a practical long-term option for this location. The High Bridge facility is located in the center of a densely populated urban environment. In general, communities throughout the country are no longer comfortable with these types of facilities located within their urban cores. This general resistance was reflected by the MPCA in its evaluation of the coal option at this site. As discussed in Ms. Elizabeth Engelking's Rebuttal Testimony, initially, the MPCA rejected our coal alternative plan for High Bridge as not satisfying the EPA BACT requirements. While the MPCA modified its position on whether the coal alternative would satisfy the relevant EPA and MPCA pollution requirements, it concluded that keeping the plant on coal was not the most cost effective way to proceed. This contrasts with our experience at the King facility, where the issues associated with coal-fired generation in a densely populated urban environment were not present.

Q. IN WHAT WAYS WERE THE COMPANY'S MERP PROGRAM CONSIDERED COST-EFFECTIVE COMPLIANCE WITH ENVIRONMENTAL REGULATIONS?

A. The Company's MERP program resulted in significant emission reductions from the MERP facilities. The MPCA addressed the question of cost-effectiveness from an environmental perspective in their review of the proposal. First, they applied the test of cost-effectiveness in the manner prescribed for completing a BACT analysis. The MPCA concluded that the midpoint of the range of cost per ton of pollutant removed from the primary MERP proposal was $688 per ton, while that for the Alternative Project was $830 per ton. At the time the project was reviewed, the MPCA stated that "Generally, pollution controls are

found to be cost-effective, unless their cost exceeds $6,000-$10,000 per ton of pollutant removed, depending on the pollutant be evaluated." [1] Second, the MPCA concluded in their review of the MERP projects that the quantified benefits of the project are equal to or likely to exceed the project cost.[2] This determination was made by looking at a combination of externality values and health effects information. From this information alone, the case can be made that the projects were cost-effective.

As indicated earlier in my testimony, the MERP projects have positioned us for compliance with Federal rules and regulations that were not proposed at the time the MERP project was being developed, specifically CAIR. The CAIR allocations of NOx for the King, High Bridge and Riverside plants total 5,881 tons per year. To achieve this level of emissions, these three plants combined would have needed to reduce their annual NOx emissions by over 20,000 tons per year or to obtain enough NOx allowances on the open market to cover this 20,000-allowance shortfall. Using allowance cost data from trade publications, this shortfall equates to $52 million to $96 million per year in allowance purchase costs, assuming prices of $2600 to $4800 per allowances for 2009 and 2010 vintage NOx allowances. In comparison, the King NOx control device cost on the order of $60 million, roughly equivalent to a single year of allowance purchases. From this perspective, the emissions reductions for NOx compliance alone are very cost-effective.

[1] Minnesota Pollution Control Agency Supplemental Comments at the October 2, 2003 Information Meeting on the Xcel Energy Metropolitan Reduction Project, at page 3, filed October 23, 2003 in MPUC Docket No. E002/M-02-633. Available at http://www.pca.state.mn.us/publications/reports/xcel-metroreductionproject.pdf

[2] *Id.*

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING THE COMPANY'S MERP PROGRAM.

A. It is clear that the Company's MERP program did not result in over-compliance compared to Federal emission standards. Rather, the emission compliance activity implemented through MERP resulted in cost-effective compliance with Federal emission requirements. The benefits of this progressive strategy will be discussed in detail below. Further, the Company's strategies at King, High Bridge and Riverside were designed to meet the specific needs of each location, resulting in gas-fired generation in a densely populated location and coal generation in a location more removed from an urban center.

IV. BENEFITS OF XCEL ENERGY'S ENVIRONMENTAL STRATEGY

Q. WHAT IS THE COMPANY'S ENVIRONMENTAL STRATEGY?

A. Xcel Energy's strategy is to anticipate changing environmental requirements and implement effective technologies that will allow us to reduce emissions and risk in a prudent and planned manner.

Q. WHY HAS THE COMPANY FOUND IT COST-EFFECTIVE TO ANTICIPATE ENVIRONMENTAL REQUIREMENTS?

A. We find that by anticipating environmental requirements, we improve our ability to plan and budget, rather than to simply react to each regulatory requirement. For instance, the former NSP carefully investigated the benefits of switching from Illinois bituminous coal to low sulfur western coal in the 1970's and 1980's, and, as a result, made that switch. By adopting this technology shift early on, we were much better positioned for the Clean Air Act Amendments of 1990. These

types of approaches enable us to better plan and budget for upcoming regulatory programs.

Another example of anticipating environmental requirements is the addition of NOx controls prior to Phase II of the Acid Rain Program. By installing low NOx burner ("LNB") technology on Unit 2 at the Sherburne County Generating Plant and overfire air ("OFA") technology at the King Plant prior to the regulatory due dates, the Company was able to comply with these provisions with minimal expenditures across the rest of the coal plant fleet. This use of a system NOx averaging approach provided a substantial economic benefit to our customers when compared to installing NOx controls on each coal-fired unit in our system.

Finally, and most relevant to this proceeding, the Company proactively implemented emission improvements through MERP that, as described above, resulted in cost-effective compliance with Federal emission requirements.

Q. WHY WAS EARLY IMPLEMENTATION OF EMISSION REDUCTIONS THROUGH MERP SUPERIOR TO A WAIT-AND-REACT APPROACH TO EMISSION COMPLIANCE?

A. I believe that a wait-and-react approach would have significantly raised compliance costs. Several major problems would have been encountered had we waited, including:

- Scheduling all of the required outages in a short period of time,
- Arranging engineering services for all of these projects while the rest of the utility industry is engaged in the same activities,

- Allocating capital for pollution control equipment over this short period of time without getting any additional generation capacity with these projects, and
- Payment of higher prices for the materials and services because of higher demand and shortened planning windows.

In short, absent MERP, the emission reductions that ultimately would have been implemented would have required significant expenditures with none of the benefits discussed by Ms. Engelking in her Rebuttal Testimony. This is the clearest example of the benefits of foresighted compliance with emission standards.

Q. WILL THE COMPANY CONTINUE TO IMPLEMENT A STRATEGY OF PROACTIVE COMPLIANCE WITH REGARD TO EMISSION COMPLIANCE?

A. While it is not the Company's intent, nor is it possible to anticipate every new environmental compliance requirement, we do believe that a continued proactive approach is merited. Thus far, our strategy has provided significant financial, operational and environmental benefits to our customers. An example of these significant benefits to our customers is the NOx reduction strategy for compliance with the CAIR allowance program. As I explained earlier, our installation of NOx controls at the King Plant, together with the conversion to natural gas at High Bridge and Riverside, provides savings of between $52 million to $96 million per year in avoided allowance purchase costs. Our customers will continue to benefit each year from these avoided compliance costs and the reduced emissions to our environment. We will continue to

carefully monitor environmental regulatory activity and initiatives, so that we can make prudent emission compliance decisions on behalf of our customers.

V. SUMMARY AND CONCLUSIONS

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.

A. Xcel Energy's environmental strategy is to anticipate changing environmental requirements and implement effective technologies in a prudent and planned manner. Our customers have and will continue to benefit from this approach. Furthermore, while anticipating changing environmental requirements, we have not over-complied with air- quality standards. The appearance of over-controlling mercury emissions in Minnesota is a temporary issue that will be resolved with final mercury standards. Finally, the MERP program has proven to be consistent with our efforts to anticipate and cost-effectively respond to changing environmental regulations.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, it does.

STATE OF NORTH DAKOTA
BEFORE THE
PUBLIC SERVICE COMMISSION

In the Matter of the Application of Northern States Power Company, a Minnesota Corporation For Authority to Increase Rates for Electric Service in North Dakota	))))	Case No. PU-07-776

AFFIDAVIT OF
Richard A. Rosvold

I, the undersigned, being duly sworn, depose and say that the foregoing is the Rebuttal Testimony of the undersigned, and that such Rebuttal Testimony and the exhibits or schedules sponsored by me to the best of my knowledge, information and belief, are true, correct, accurate and complete, and I hereby adopt said testimony as if given by me in formal hearing, under oath.

Richard A. Rosvold

Subscribed and sworn to before me, this 12th day of June, 2008.

Notary Public

JUDITH FROEMMING
NOTARY PUBLIC – MINNESOTA
MY COMMISSION EXPIRES 1-31-2010