

EXHIBIT 3

Direct Testimony and Schedules
Laura McCarten

Before the North Dakota Public Service Commission of
The 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 Utility Service in North Dakota

Case No. PU-10-____
Exhibit____(LM-1)

Policy Testimony

December 20, 2010

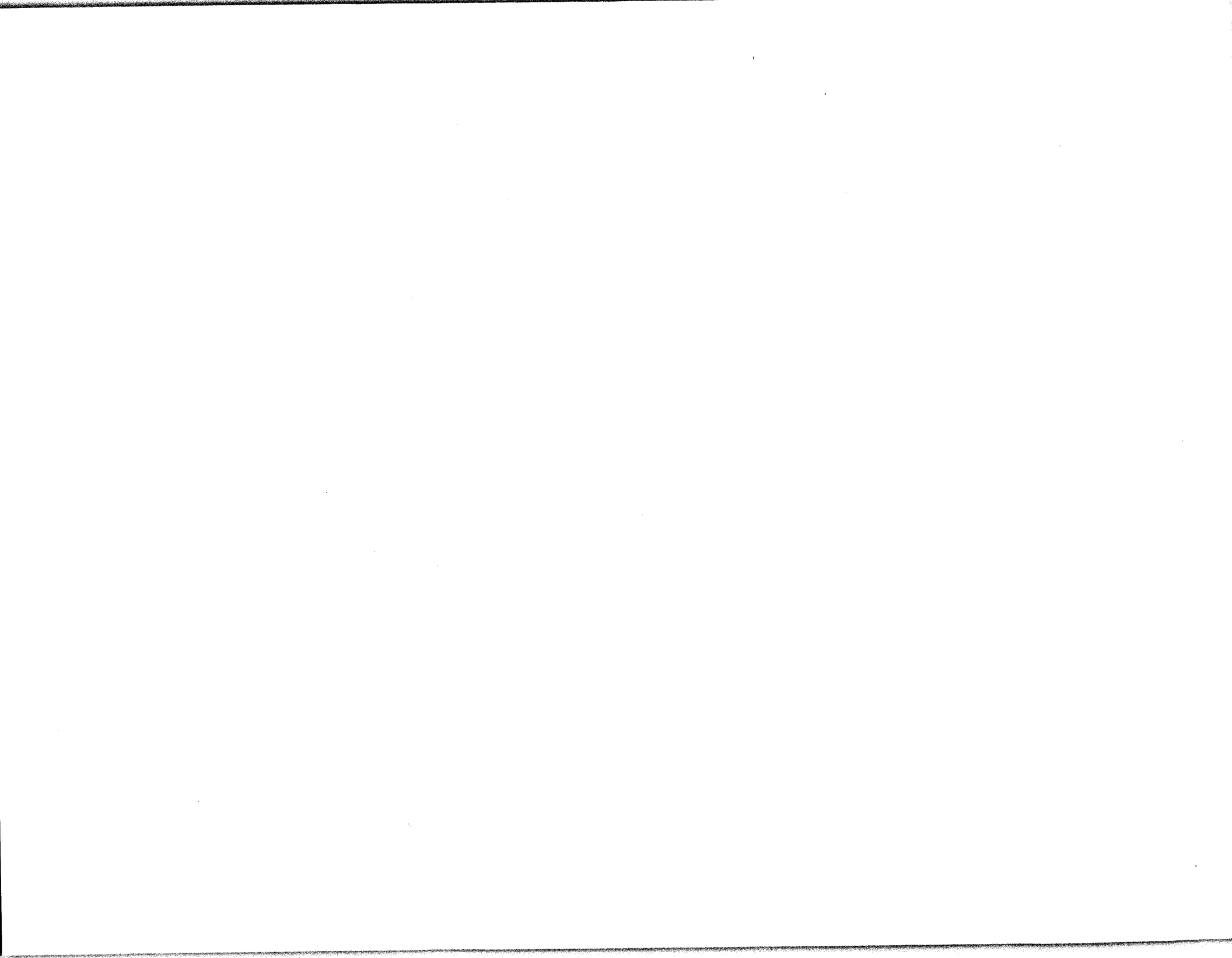
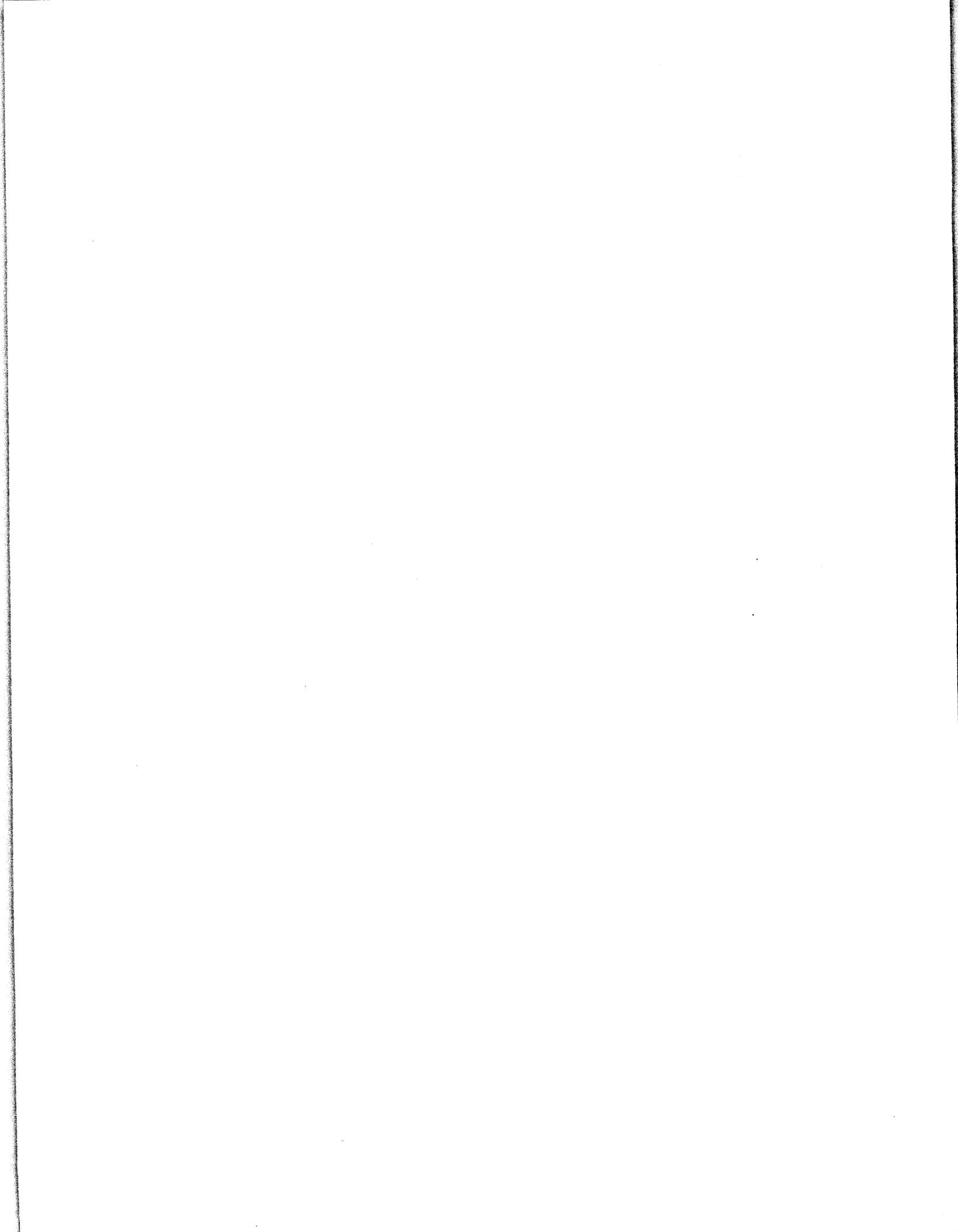


Table of Contents

I.	Introduction and Qualifications	1
II.	Rate Request Overview	2
III.	Key Rate Case Cost Drivers	7
	A. Infrastructure	8
	B. Economic Trends	10
	C. Regulatory Compliance Requirements	11
	D. Off-setting Cost Increases	11
	E. Rate of Return	12
	F. Rate Design	13
	G. Interim Rates	15
IV.	2012 Increase Proposal	15
V.	2008 Rate Case Settlement	18
VI.	Presentation of Witnesses	21
VII.	Conclusion	22

Schedules

Resume	Schedule 1
Filing Requirement Compliance Table	Schedule 2



1 I. INTRODUCTION AND QUALIFICATIONS

2

3 Q. PLEASE STATE YOUR NAME AND OCCUPATION.

4 A. My name is Laura McCarten. I am Regional Vice President for Northern
5 States Power Company (“NSPM,” “Xcel Energy” or “the Company”), a
6 Minnesota corporation operating in North Dakota.

7

8 Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

9 A. I am the Regional Vice President for NSPM, responsible for regulatory,
10 legislative, customer and community relations activities in North Dakota and
11 South Dakota. I am responsible for our relationships with large customers
12 and the communities we serve, as well as the development of our natural gas
13 business in North Dakota. I provide strategic leadership regarding the
14 development and implementation of initiatives to most effectively serve our
15 North Dakota customers. In addition, I am responsible for large customer
16 management and community relations in Minnesota, as well as our
17 HomeSmart service. My resume is included as Exhibit___(LM-1), Schedule 1.

18

19 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

20 A. My testimony provides an overview of our rate case filing, the key factors
21 driving this request; the relevance of our 2008 Rate Case Settlement to this
22 case, and proposals for cost recovery. Specifically:

- 23 • Our request is needed to: (1) recover significant system infrastructure
24 investments necessary to meet our customers’ energy needs; (2) respond to
25 trends in the overall economy; and (3) ensure compliance with increasing
26 regulatory requirements;

- 1 • Despite our continuing efforts to manage our costs, we are unable to
2 sufficiently offset these significant investments. Addressing this revenue
3 deficiency will allow us to maintain the high quality, reliable electric service
4 expected by our customers; and
- 5 • The Company has worked hard to adhere to the provisions of our 2008
6 Rate Case Settlement approved by the Commission in our last electric rate
7 case (Case No. PU-07-776) and those provisions have a substantial impact
8 on this rate case application.

9

10 **II. RATE REQUEST OVERVIEW**

11

12 Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST IN THIS PROCEEDING.

13 A. Xcel Energy seeks authority from the North Dakota Public Service
14 Commission (the "Commission") to increase our electric retail revenue by
15 \$19.8 million, or 12.0 percent for 2011. We base this request on a forecast of
16 our revenues, expenses, and plant investment using a 2011 test year. The
17 proposed revenue requirement reflects a return on equity ("ROE") of 11.25
18 percent. Under our proposal, a typical residential non-heating customer using
19 750 kWh per month would see a monthly bill increase of about \$7.60 or 11.8
20 percent. In addition, we are requesting the Commission approve in this case
21 an additional \$4.2 million or 2.6 percent "step-in" increase in 2012 to allow
22 recovery of known and measurable costs in that year. Our total request for
23 2011 and 2012 is \$24 million.

24

25 Q. WHEN WAS THE COMPANY'S LAST RATE CASE FILED?

26 A. It has been three years since Xcel Energy filed its last request for an electric
27 rate increase in North Dakota, which was based on a 2008 future test year.

1 Prior to that, the Company's most recent request was in 1992. Xcel Energy
2 did implement two modest rate adjustments (1.4 percent in 2004 and 1.6
3 percent in 2005) under the provisions of our 5 year performance-based "Plan
4 Linking Utility Stakeholders" or "PLUS" rate plan, as authorized in Case No.
5 PU-400-00-195.

6
7 Q. DO YOU BELIEVE THE COMPANY'S NORTH DAKOTA CUSTOMERS RECEIVE
8 VALUE FOR THE RATES THEY PAY?

9 A. Yes. We provide excellent value to our North Dakota electric service
10 customers as a result of our prudent development of a diverse, flexible and
11 robust fleet of generation resources that will provide reliable, reasonably
12 priced energy services to our customers both now and over the long term. In
13 addition, we have developed a reliable and safe distribution and transmission
14 service system, both of which will continue to provide good value to our
15 customers in the future, particularly in light of uncertainty in future economic
16 and regulatory environments.

17
18 Q. PLEASE ELABORATE FURTHER ON HOW YOU DETERMINE WHETHER YOU ARE
19 PROVIDING VALUE TO YOUR CUSTOMERS.

20 A. In order to ascertain the value we provide to our customers, we first make
21 efforts to understand our customers' needs and what they value most in their
22 electric service. Namely, we rely on the results of a variety of ongoing
23 customer surveys as well as direct customer feedback. These efforts confirm
24 that customers place high value on: safety; reliability; price; environmental
25 performance; corporate citizenship; and tools to manage their energy use and
26 costs.

27

1 Q. DISCUSS WAYS IN WHICH THE COMPANY HAS RESPONDED TO THE CUSTOMER
2 NEEDS YOU HAVE IDENTIFIED.

3 A. To meet our customers' expectations for highly reliable and reasonably-priced
4 service, we've followed a prudent, balanced approach to replace aging
5 infrastructure and build new facilities that are necessary to meet current and
6 future customer and system needs. Over the last decade, we have made
7 significant investments to modernize our fleet of power plants, thus
8 maximizing the efficient and cost-effective use of existing sites and facilities.
9 For example, we are extending the lives of our Monticello and Prairie Island
10 nuclear plants another 20 years, and adding a new "virtual" nuclear power
11 plant of about 235 MW by increasing the power production capabilities at
12 these plants. In addition, we cost-effectively refurbished and repowered three
13 old, but strategic coal fired plants in the Minneapolis/St. Paul metropolitan
14 area.

15
16 Because decisions today can affect our service for many decades into the
17 future, we evaluate alternatives against a variety of reasonable future scenarios.
18 We use this insight to develop a long-range plan that will provide cost-
19 effective, reliable and safe service not only in the short-term, but for the long-
20 term, as well. Our approach has led to a very balanced mix of energy sources,
21 which will help mitigate impacts to our customers resulting from potential
22 negative cost or reliability issues associated with any specific energy source.

23
24 While our resource planning and investment decisions have lead to cost-
25 effective, reliable service, we have also undertaken various initiatives to reduce
26 costs in many parts of our business as a result of process and technology
27 efficiencies. Some of these initiatives are designed to better inform customers,

1 through our website and customer mailings, of ways to keep their utility costs
2 low and better manage their energy use. A recent example is our Online
3 Account Management program, which currently allows our North Dakota
4 customers to view their usage, billing, and payment history, select among
5 various payment methods, and view energy saving tips.

6
7 Q. DO YOU BELIEVE THE INTEGRATED SYSTEM OF XCEL ENERGY HELPS TO MEET
8 THE CUSTOMER NEEDS DISCUSSED ABOVE?

9 A. Yes, our integrated system helps to provide cost-effective, reliable and safe
10 service to all of our customers, including North Dakota. Fundamentally, all of
11 the customers in the NSPM service area derive great benefits from the
12 integrated system and a comprehensive approach to planning for and meeting
13 customers' needs. For example, the diversity of energy load and usage
14 characteristics across our integrated system has allowed us to develop one of
15 the most diverse and balanced mix of energy resources in the country. This
16 diversity is good for our customers because it reduces the risk of significant
17 increases in customer bills due to price, regulatory, or supply issues that can
18 occur for any one energy source. Our customers also benefit by the fact that
19 many significant business costs can be spread over a larger base, thus lowering
20 the average cost of service.

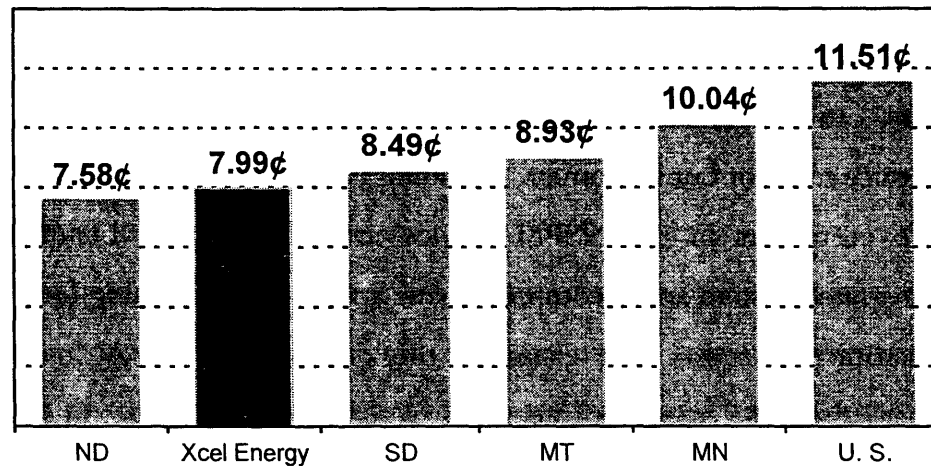
21
22 Q. HOW DO XCEL ENERGY'S ELECTRIC RATES IN NORTH DAKOTA CURRENTLY
23 COMPARE TO THOSE OF OTHER STATES?

24 A. Our electric rates in North Dakota are among the lowest in the nation. While
25 necessary infrastructure investments have recently put upward pressure on our
26 rates such that we no longer have the lowest residential average rate among
27 the seven state Midwest comparison group that was used in our PLUS Plan,

1 we still provide excellent value for our North Dakota customers, and our
2 residential rates in the state are still lower than neighboring states and the
3 national average, as shown in Figure 1:

4
5 **Figure 1**

6 **2009 Average Residential Electric Rates per kWh by State, Nation**



7
8
9
10 Even if the full increase we are requesting in this application is granted, our
11 residential rates still would remain below other states like Montana and
12 Minnesota and be much lower than the national average.

13
14 Q. DO YOU HAVE ANY WAY TO QUANTIFY THE VALUE PROVIDED TO CUSTOMERS?

15 A. Yes. We continue to track our customer satisfaction, reliability, safety and
16 price performance using key performance metrics similar to those reported
17 each year to the Commission during our performance-based PLUS Plan term.
18 Our customer satisfaction surveys in North Dakota continue to show very
19 positive results, with year-to-date overall satisfaction in 2010 at 95 percent, up
20 from a 90 percent score in 2009. We believe these customer satisfaction levels

1 reflect a composite view of value based on our performance in many different
2 areas.

3
4 In addition, we focus on system reliability measures from the front line to the
5 executive levels, and this emphasis has led to steadily improving reliability
6 performance, particularly in North Dakota, as measured by the System
7 Average Interruption Duration Index ("SAIDI"). On average, customers in
8 North Dakota have experienced total outage duration times of less than 70
9 minutes in 2007 (69 minutes), 2008 (64 minutes), and 2009 (62 minutes), when
10 normalized for storms. Our year-to-date 2010 SAIDI score of 71 minutes in
11 North Dakota currently leads the 5-state NSP system.

12
13 Finally, employee safety is paramount and is an integral element of our
14 standards, processes and employee training. In 2009, our North Dakota
15 operations led the Company with a perfect 0.0 OSHA Incident Rate, and year-
16 to-date 2010 our North Dakota OSHA Incident Rate is a very low 2.12 (the
17 OSHA Incident Rate indicates the approximate number of medical incidents
18 occurring per every 100 full-time employees).

19
20 **III. KEY RATE CASE COST DRIVERS**

21
22 Q. WHAT ARE THE MAJOR COST DRIVERS FOR THIS RATE CASE?

23 A. Table 1 below provides an overview of the major 2011 drivers for this rate
24 increase request:

1
2

Table 1
2011 Major Cost Drivers

2011 Drivers	Revenue Deficiency (Millions)
Infrastructure	
Wind Generation	\$4.8
Monticello Life Ext/Power Uprate	\$4.6
Repowered Coal Units and Other Generation*	\$4.4
Transmission & Distribution (incl. O&M)	\$1.8
Economic Trends	
Medical & Pension Costs, Insurance	\$2.0
Regulatory Compliance	
NRC, NERC, etc	\$1.6
Other O&M	\$4.0
Sales Growth	-\$3.4
Total	\$19.8

3

* \$2.8 million of which is related to MERP projects

4

5 As indicated above, costs related to new investments, primarily in generation
6 and transmission infrastructure, account for nearly three-fourths of our
7 revenue deficiency, while medical and pension cost increases and additional
8 regulatory compliance costs account for much of the remaining deficiency.

9

10 **A. Infrastructure**

11 Q. PLEASE DISCUSS FURTHER THE INVESTMENT-RELATED COSTS.

12 A. Our 2011 rate base of \$327.6 million is approximately \$83.9 million higher
13 than our rate base as approved in our 2008 Rate Case Settlement. Key
14 contributors to this substantial growth in infrastructure investment are:

- 15 1. Investments in three new wind generating facilities: Grand Meadow;
16 Nobles; and Merricourt projects. Costs related to Grand Meadow were
17 authorized for recovery as a part of our 2008 Rate Case Settlement. As
18 noted below, the prudence of the Nobles and Merricourt projects have
19 been addressed by the Commission previously.

- 1 2. Life extension projects and an extended power uprate at our Monticello
2 nuclear plant. As discussed more fully in our pending nuclear ADP
3 application in Case No. PU-10-127, when fully operational these projects,
4 along with similar projects at our Prairie Island nuclear plant, will provide
5 substantial cost savings to our customers compared to alternative
6 sources.
- 7 3. Completion of the rehabilitation and repowering projects at three of our
8 oldest, but most strategically-located coal plants in the Minneapolis/St.
9 Paul metropolitan area. The projects at our High Bridge (“High Bridge”)
10 and Riverside (“Riverside”) plants, along with our Allen S. King Plant
11 (“King”), are also referred to as the Metropolitan Emissions Reduction
12 Project (“MERP”). The benefits provided by the three MERP projects
13 include: (1) 25 year life extension; (2) efficiency improvements; (3)
14 additional capacity; (4) increased system reliability and operational
15 flexibility; (5) cost savings compared to other alternatives; and (6)
16 substantial emissions reduction. Our 2008 Rate Case Settlement
17 authorized recovery of costs related to King and, based on its mid-year
18 in-service date, a portion of High Bridge costs. No Riverside costs have
19 thus far been recovered.
- 20 4. Investment in our transmission and distribution systems to provide
21 improved reliability and to support customer demand. The transmission
22 projects comport with our continued efforts to ensure sufficient
23 transmission resources are available to move needed generation to load
24 centers and to maintain system reliability, while the distribution
25 investments are needed to replace aging assets, maintain system reliability,
26 and complete necessary facility relocation projects.

27

1 Q. HAS THE COMMISSION PREVIOUSLY CONSIDERED ANY OF THE INVESTMENTS
2 DISCUSSED ABOVE?

3 A. Yes. The Company received Advanced Determinations of Prudence (“ADP”)
4 from the Commission for our Nobles and Merricourt Wind Projects
5 (individually referred to as “Nobles” and “Merricourt”) in Case Nos. PU-08-
6 907 and PU-08-908, respectively. In addition, the Company received a
7 Certificate of Public Convenience and Necessity from the Commission for
8 Merricourt since the project is located in North Dakota. Through these
9 proceedings, the Staff and Commission performed extensive reviews of both
10 projects and found them to be prudent and reasonable in comparison to other
11 alternatives.

12

13 Furthermore, the investment related to two of our MERP projects, i.e., King
14 and High Bridge, was reviewed and approved in our 2007 rate case, as was our
15 Grand Meadow Wind project (“Grand Meadow”). However, while High
16 Bridge and Grand Meadow were approved, their associated investments and
17 costs were only partially reflected in the 2008 test year used in that case, due to
18 the in-service dates for those facilities. We have included their remaining costs
19 in this request.

20

21 **B. Economic Trends**

22 Q. PLEASE DISCUSS FURTHER THE ECONOMIC TRENDS WHICH ARE DRIVING THE
23 NEED FOR AN INCREASE IN RATES.

24 A. Economic trends and conditions have led to about \$2 million in increased
25 O&M costs. For example, for the first time since 1994, we need to make
26 contributions to the pension fund to comply with federal pension
27 requirements and meet our responsibility to protect the interests of plan

1 participants and beneficiaries. In addition, due to a variety of factors, we are
2 experiencing health care cost increases at levels much greater than general
3 inflation.

4
5 **C. Regulatory Compliance Requirements**

6 Q. PLEASE DISCUSS THE REGULATORY COMPLIANCE COSTS WHICH ARE DRIVING
7 THE NEED FOR AN INCREASE.

8 A. Increases in O&M costs also result from new and increasing regulatory
9 requirements in many areas of our business. These are primarily federal
10 requirements, from entities such as the North American Electric Reliability
11 Corporation (“NERC”), the Nuclear Regulatory Commission (“NRC”), and
12 the Environmental Protection Agency (“EPA”). For example, the NRC has
13 imposed new and increasing requirements on the operation of our nuclear
14 generation plants, as well as enhanced safety and security requirements for our
15 nuclear generation plants. Company witness Mr. Dennis L. Koehl discusses
16 this issue further.

17
18 **D. Off-setting Cost Increases**

19 Q. WILL THE COMPANY’S EXPECTED CUSTOMER GROWTH OFFSET INCREASES IN
20 O&M COSTS?

21 A. Company witness Ms. Jannell E. Marks concludes that customer growth in
22 North Dakota for 2010 and 2011 will be similar to historical growth rates.
23 However, the \$3.4 million in additional margins from the anticipated customer
24 growth will not fully offset the increased operating expenses in our test year

25
26 Q. HAS THE COMPANY WORKED TO REDUCE AND CONTROL COSTS?

1 A. Yes, we have taken numerous steps to reduce and control our costs. For
2 example, we have:

- 3 • Reduced travel and employee expenses from historic levels by
4 implementing new procedures and limitations.
- 5 • Controlled supply chain costs by forming strategic supplier relationships.
6 In addition, most areas are multiple sourced to ensure supply continuity
7 and competition among suppliers.
- 8 • Limited the rate of medical cost increases by increased employee cost-
9 sharing requirements, benefit reductions, and renegotiation of vendor
10 contracts.
- 11 • Managed and offset labor cost pressures by a number of workforce
12 deployment initiatives, such as strict management of overtime, employee
13 replacements and hires, and work-planning efforts.

14

15 We have controlled costs without compromising safety, reliability, or customer
16 service. As noted above, the Company continues to provide high value to our
17 customers while at the same time working to keep costs as low as reasonably
18 possible.

19

20 **E. Rate of Return**

21 Q. WHAT IS YOUR RATE OF RETURN ON EQUITY REQUEST?

22 A. As discussed more fully by Company witness Ms. Ann E. Bulkley, the
23 Company is requesting an ROE of 11.25 percent, which is based on a
24 common equity ratio of 52.56 percent. Our proposed revenue requirement
25 reflects an overall rate of return (“ROR”) on investment of 8.74 percent.

26

1 Q. IS THE LEVEL OF RETURN ON EQUITY ESPECIALLY IMPORTANT IN LIGHT OF
2 THE COMPANY'S PLAN FOR FUTURE INVESTMENTS?

3 A. While the Company is entitled to earn a fair return on equity as a part of this
4 rate proceeding, an appropriate ROE and a supportive state regulatory
5 framework are also key contributors to our ability to raise significant capital at
6 reasonable rates. As noted in our 2011-2025 Resource Plan filed with the
7 Commission on August 2, 2010, between 2010 and 2016 we will invest more
8 than \$4 billion in our system for all generating resources; \$2.5 billion of that is
9 for new generation or major refurbishments to existing plants. In addition, we
10 are forecasting nearly \$2 billion in transmission investment and another \$1
11 billion in our distribution system. We will need to turn to the capital markets
12 to support the level of investment that is needed.

13
14 Given the magnitude of investments we need to make in our system, we have
15 a common interest with our regulators and customers in having the
16 Commission set an appropriate ROE and ensure we have a reasonable
17 opportunity to earn that ROE. Absent these conditions, the cost of capital for
18 the investments we need to make to serve our customers would be higher than
19 otherwise necessary, increasing the rate impact on our customers. Ms. Bulkley
20 discusses this issue further as a part of her Direct Testimony.

21

22 **F. Rate Design**

23 Q. PLEASE DESCRIBE YOUR PROPOSED RATE DESIGN FOR THIS CASE.

24 A. We are not proposing significant changes to our current rate design. In fact,
25 we are proposing to leave the current monthly customer charges unchanged.
26 As noted previously, we recognize the impact of our request to customers and
27 seek to achieve a reasonable balance among classes. By not proposing any

1 significant change to rate design, we ensure greater customer understanding
2 and rate continuity. Company witness Mr. Steven V. Huso will discuss the
3 issue of mandatory time of day rates, for which the staff has expressed a
4 recent interest. We do not propose additional time of day pricing in North
5 Dakota in this proposal due to the complexity and high costs of
6 implementation with relatively minor benefits to customers.

7
8 Q. DO YOU HAVE A PROPOSAL TO RECOVER COSTS RELATED TO DEMAND-SIDE
9 MANAGEMENT PROGRAMS CURRENTLY APPROVED IN NORTH DAKOTA?

10 A. Yes. In 2009 we implemented an expansion of our residential and business
11 Savers Switch load management programs and promotion of our Peak and
12 Energy Control service rates in North Dakota, as approved by the
13 Commission on November 5, 2008 (Case No. PU-08-171). As a part of that
14 Order, we were directed to defer the incremental costs for these expansions
15 and seek recovery through amortization of the costs in our next rate case.

16
17 Participation in these programs has grown as a result of the additional funding.
18 We currently have more than 100 industrial customers under contract for
19 interruptible rate offerings and more than 15,000 customers on our Saver's
20 Switch program, which allows us to cycle air-conditioners during peak periods
21 in exchange for a rate discount. These programs provide control of more than
22 50 MW of customer load on peak days, benefitting all customers. \$451,000 of
23 additional costs to expand these programs has been recorded in a deferred
24 account over the past two years. In compliance with the Commission's
25 directive, we are requesting a two-year amortization of those costs of \$226,000
26 per year as well as expensing these approved programs going forward at the
27 approved maximum annual spend level of \$266,904.

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G. Interim Rates

Q. IS XCEL ENERGY SEEKING INTERIM RATE RELIEF IN THIS PROCEEDING?

A. Yes. Interim rate relief is being sought in this case pursuant to North Dakota Century Code (“NDCC”) 49-05-06. The amount of interim relief requested is \$17.4 million or 10.6 percent and consists of the projected 2011 revenue requirement adjusted for the currently authorized Return on Equity and other items as detailed in our Interim Rate Request included with this petition.

Q. ARE THERE ANY OTHER COMPONENTS OF THE COMPANY’S FILING THAT YOU WOULD LIKE TO HIGHLIGHT?

A. Yes, there are two other components. First, we are filing testimony and exhibits in support of our request. In addition, we undertook a comprehensive review of all Commission Rules and Orders since our last electric rate case to ensure we have complied with all requirements. This review is included with my testimony as Exhibit___(LM-1), Schedule 2.

IV. 2012 INCREASE PROPOSAL

Q. PLEASE DESCRIBE YOUR PROPOSAL REGARDING A “STEP-IN” INCREASE IN 2012.

A. Resolution of our 2011 request is essential, but it does not resolve the known and measurable costs that will be incurred in 2012. Specifically, we will experience a significant revenue deficiency immediately after the 2011 test year due to costs in four cost categories. These four categories are:

- Costs incurred for the Monticello Extended Power Uprate and Lifecycle Management project;

- 1 • Investment-related costs of the Merricourt Wind Project, which will
- 2 commence operations in late 2011. As a result of this in-service date, the
- 3 annual cost impacts of the project are not fully reflected in the 2011 test
- 4 year; we are seeking recovery of the remaining costs related to Merricourt
- 5 in 2012;
- 6 • Costs incurred for transmission plant that will go into service during 2011;
- 7 and
- 8 • Amortized nuclear plant outage costs, the majority of which are from
- 9 outages in 2010 and 2011 that are being deferred and scheduled to be
- 10 amortized over the useful life of the outage.

11
 12 In total, we request recovery of \$4.2 million to be reflected in rates, effective
 13 January 1, 2012, to recover the North Dakota-portion of the above-referenced
 14 categories of 2012 costs.

15
 16 Q. CAN YOU PROVIDE A MORE DETAILED BREAKDOWN OF THE COSTS THE
 17 COMPANY SEEKS TO RECOVER THROUGH ITS 2012 INCREASE?

18 A. Company witness Ms. Anne E. Heuer will address the 2012 step-in proposal in
 19 greater detail; however, a breakdown of specific known and measurable costs
 20 for 2012 is provided in Table 2 below:

21
 22 **Table 2**

2012 Step Items	
Merricourt (incl transmission)	1.9
Monticello LCM/EPU	1.5
Transmission	0.5
Nuclear Outage Amortization	0.3
Total	4.2

23
 24
 25
 26
 27
 28 Q. WHY IS A STEP INCREASE IN RATES IN 2012 REASONABLE?

1 A. As noted above, the step increase is designed to allow the Company to recover
2 known and measurable costs that are needed in order to provide safe, reliable
3 service to our customers. In requesting a step increase, as opposed to filing a
4 full rate case, the Company is only seeking recovery of key capital investments
5 in 2012, which can be comprehensively reviewed and considered as a part of
6 this proceeding. Accordingly, allowing a step-in for 2012 will save customers
7 the costs of processing another rate proceeding (approximately \$500,000),
8 allowing both the Commission and the utility to devote time and resources to
9 other efforts.

10

11 It is important to note that the majority of costs included in our 2012 step-in
12 request relate to projects that have either already been considered by the
13 Commission (in the case of Merricourt) or have been comprehensively
14 discussed in currently-pending proceedings (the Monticello projects are
15 described in detail in the pending nuclear ADP application in Case No. PU-
16 10-127).

17

18 Q. IS THERE PRECEDENT IN NORTH DAKOTA FOR MORE EFFICIENT ALTERNATIVE
19 METHODS OF RATEMAKING SUCH AS THE 2012 STEP-IN REQUEST?

20 A. Yes, there is. The Commission has allowed alternative forms of rate design
21 and cost recovery for the Company in the past. As a part of its Order in Case
22 No. PU-400-00-195, dated January 10, 2001, the Commission approved the
23 performance-based regulation plan I've previously referenced called the PLUS
24 plan. The PLUS plan was designed to benefit all stakeholders – customers,
25 shareholders, employees – and promote a balanced emphasis on utility
26 efficiency, service quality, rates, and financial results in North Dakota, while
27 maintaining certain customer protections provided by traditional regulatory

1 oversight. The PLUS Plan included revenue sharing, service performance
2 standards, and comprehensive regulatory reporting.

3
4 Q. WOULD THE COMPANY BE OPEN TO CONSIDERING OTHER FORMS OF
5 ALTERNATIVE RATE DESIGN IN NORTH DAKOTA IN ADDITION TO OR IN PLACE
6 OF THE REQUESTED 2012 INCREASE?

7 A. Yes. The Company would be open to discussing other ideas and approaches
8 for allowing recovery of known and measurable costs in 2012 and/or beyond.
9 Such approaches would ideally promote a balanced emphasis on utility
10 efficiency, service quality, and economic development in North Dakota, while
11 maintaining the customer protections provided by traditional regulation.

12
13 **V. 2008 RATE CASE SETTLEMENT**

14
15 Q. WHAT RELEVANCE DOES THE 2008 RATE CASE SETTLEMENT HAVE ON THIS
16 RATE CASE?

17 A. While the 2008 Rate Case Settlement resolved various issues in that
18 proceeding, it also helped to establish a process to ensure appropriate
19 Commission involvement in and oversight of our resource planning and
20 selection process. It is my hope that the resolution of resource procurement
21 and planning issues through the 2008 Rate Case Settlement will narrow or
22 eliminate the potential for those types of issues to arise again in this
23 proceeding.

24
25 Q. PLEASE BRIEFLY SUMMARIZE THE MAJOR COMPONENTS OF THE 2008 RATE
26 CASE SETTLEMENT RELATING TO RESOURCE PLANNING AND RESOURCE
27 PROCURMENT.

1 A. To eliminate and minimize potential conflicts surrounding energy resource
2 decisions and the associated costs in future proceedings, as a part of the 2008
3 Rate Case Settlement, the Company agreed to:

- 4 • File with the Commission our Resource Plan for the NSP integrated
5 system, as well as a North Dakota version intended to develop an alternate
6 Plan that would comply strictly with Federal and North Dakota
7 environmental and renewable requirements.
- 8 • Provide a summary of key generating and transmission investments or
9 purchase agreements we intended to construct or enter into within five
10 years as a part of our Ten Year Plan required by NDCC § 49-22-04 and
11 NDAR § 69-06-02-01.
- 12 • Provide a summary of future applications for ADPs. The Company also
13 agreed to file for an ADP finding from the Commission for all new
14 proposed construction, rehabilitation, or acquisition of an energy
15 conversion facility, renewable energy facility, transmission facility or
16 proposed energy purchase that met certain materiality thresholds outlined
17 in the Settlement.
- 18 • Meet with the Commission and Staff as necessary to conduct updates on
19 its resource planning efforts and decisions, and discuss the Ten Year Plan
20 filed in that year.

21
22 Q. HAS THE COMPANY COMPLIED WITH THE PROVISIONS OF THE 2008 RATE CASE
23 SETTLEMENT?

24 A. Yes. We have provided our Resource Plan filings in conformity with the
25 settlement's terms. We have also: (1) conducted a two day Resource Planning
26 and modeling session for the Commission's Staff; and (2) met with the Staff
27 and Commissioners to discuss our resource plan during a subsequent Periodic

1 Information Exchange meeting. Finally, we have filed for various ADP
2 findings from the Commission relating to wind and nuclear generation, and
3 transmission expansion.
4

5 Q. FURTHER DESCRIBE WHAT RESOURCE PROCUREMENT AND PLANNING ISSUES
6 SHOULD BE RESOLVED AS A RESULT OF THE 2008 RATE CASE SETTLEMENT.

7 A. The parties to the 2008 Rate Case Settlement anticipated that the resource-
8 planning and ADP provisions would provide a sound basis for Commission
9 decision-making and substantially reduce the likelihood of similar disputes
10 arising in future rate case proceedings. In particular, since ADPs have been
11 provided for our Merricourt and Nobles Wind Projects, those resources have
12 already been found to be reasonable in light of other alternatives.
13 Accordingly, I hope that issues related to those wind generation costs will be
14 substantially narrowed, if not eliminated.
15

16 Additionally, the 2008 Rate Case Settlement also resolved issues related to two
17 of our coal plant rehabilitation projects, as the parties agreed that the
18 Company's refurbishment and repowering of the King and High Bridge power
19 plants were prudent and economic investments. Due to the fact that High
20 Bridge achieved commercial operation in May of 2008, the Commission
21 approved 8 months of recovery of costs related to this project in our last rate
22 case. In this application we request to add the remaining four months to
23 annualize the investment in rates. In addition, we are seeking recovery of
24 costs related to Riverside, which is the third coal-fired facility that was
25 repowered as part of our MERP project. While Company witness Ms. Pamela
26 K. Graika comprehensively discusses why our decision to rehabilitate
27 Riverside was prudent, I am hopeful that our 2008 Rate Case Settlement and

1 our adherence to those provisions will narrow possible issues related to MERP
2 and Riverside.

3
4 Finally, the 2008 Rate Case Settlement also addressed Grand Meadow. As
5 discussed therein, the parties agreed to allow recovery of costs related to
6 Grand Meadow and there was an acknowledgment that Grand Meadow was
7 able to take advantage of production tax credits and will provide low, stable-
8 priced energy. We continue to seek recovery of O&M costs related to Grand
9 Meadow as a part of this rate case. Similar to MERP, I am hopeful that our
10 2008 Rate Case Settlement will narrow or eliminate any issues related to Grand
11 Meadow.

12
13 **VI. PRESENTATION OF WITNESSES**
14

15 Q. WHO ARE THE WITNESSES FOR THE COMPANY IN THIS PROCEEDING?

16 A. In addition to my Policy Testimony, the Company sponsors the following
17 witnesses:

- 18 • *John M. Felling*, who sponsors the overall revenue requirement for the 2011
19 test year.
- 20 • *Anne E. Heuer*, who sponsors the overall revenue requirement related to the
21 proposed 2012 increase.
- 22 • *Ann E. Bulkeley*, of Concentric Energy Advisors, who sponsors testimony
23 on the ROE and ROR, including, capital structure, and the cost of debt.
- 24 • *Jannell E. Marks*, who sponsors the electric sales forecast used in Mr.
25 Felling's determination of the revenue deficiency.
- 26 • *Dennis L. Koehl*, who sponsors testimony on our nuclear life extension and
27 uprate projects.

- 1 • *Pamela K. Graika*, who provides an overview of major investments in
2 generation since our last electric rate case.
- 3 • *Ian R. Benson*, who sponsors testimony providing an overview of NERC
4 requirements and new transmission investments.
- 5 • *Jill H. Reed*, who sponsors testimony on our compensation and benefits
6 costs
- 7 • *Michael A. Peppin*, who sponsors our class cost of service study, and selected
8 rate design and tariff changes.
- 9 • *Steven V. Huso*, who sponsors the general rate design in this case.

10
11 Together, these witnesses provide the information and advocacy needed to
12 evaluate and approve our Application.

13
14 **VII. CONCLUSION**

15
16 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

17 A. We provide excellent value to our North Dakota electric service customers as
18 a result of our prudent development of a diverse, flexible and robust fleet of
19 generation resources that will provide reliable, reasonably priced energy
20 services to our customers both now and over the long term. Our requested
21 increase in rates is necessary to allow the Company to continue to provide
22 safe, reliable, and valuable electric service to our North Dakota customers.

23
24 In particular, authorizing our requested increase in rates will allow us to: (1)
25 implement infrastructure improvements to our system; (2) fund cost increases
26 in health care, pension, and other areas resulting from trends in the overall
27 economy; and (3) ensure compliance with increasing regulatory requirements.

1 Our proposal for a step increase in rates for 2012 is an administratively-
2 efficient and reasonable way to allow the Company to recover key known and
3 measurable costs of service in 2012 without the need file another full rate case
4 immediately following this proceeding.
5

6 Q. PLEASE SUMMARIZE THE COMPANY'S REQUEST TO THE COMMISSION.

7 A. We respectfully request that the Commission approve:

- 8 • Our requested rates that provide a net increase of \$19.8 million in 2011
9 revenues.
- 10 • Our request for a 2012 adjustment, to recover \$4.2 million of known and
11 measurable costs for that year, for a total request of \$24 million.
- 12 • An overall ROR on investment of 8.74 percent, based on an average
13 common equity ratio of 52.56 percent and an ROE of 11.25 percent.
- 14 • Our proposed rate design and tariffs.
15

16 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

17 A. Yes, it does.

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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-10-____

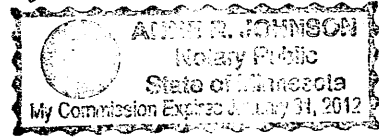
**AFFIDAVIT OF
Laura McCarten**

I, the undersigned, being duly sworn, depose and say that the foregoing is the Direct Testimony of the undersigned, and that such Direct 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.

Laura McCarten
Laura McCarten

Subscribed and sworn to before me, this 16 day of December, 2010.

Aime Johnson
Notary Public



Laura McCarten

Experience	2008-Present	Xcel Energy	Minneapolis, MN
	Regional Vice President, NSPM		
	<ul style="list-style-type: none"> ▪ For Xcel Energy's North Dakota service territory, responsible for regulatory and legislative interface and strategies, customer and community relations and public affairs, gas business development, and provide strategic leadership on initiatives to effectively serve customers. ▪ For Xcel Energy's Minnesota service territory, responsible for managing relationships with communities and large customer accounts, gas business development and our HomeSmart service. ▪ For Xcel Energy's South Dakota service territory, responsible for regulatory and legislative interface and strategies, customer and community relations and public affairs, and provide strategic leadership on initiatives to effectively serve customers. 		
	2006-2008	Xcel Energy	Minneapolis, MN
	Director, Regional Transmission Development		
	1997-2005	Xcel Energy	Minneapolis, MN
	Director, Minnesota Community Services		
	1994-1997	Xcel Energy	Mankato, MN
	Regional General Manager		
	1992-1994	Northern States Power	Minneapolis, MN
	Manager, Regulatory Affairs		
	1979-1991	Northern States Power	Minneapolis, MN
	Nuclear Generation: Spent Nuclear Fuel Project Manager, Engineer		
Education	1979	University of Wisconsin	Madison, WI
	Bachelor of Science in Nuclear Engineering		
Professional Development	<ul style="list-style-type: none"> ▪ Xcel Energy Leadership Advantage Program (2004) ▪ University of Michigan Business School, Strategic Marketing Planning (1998) ▪ University of Minnesota, Carlson School of Management, Minnesota Management Institute (1996) 		
Community Service	<ul style="list-style-type: none"> ▪ Lignite Energy Council, Board of Directors ▪ Minneapolis Regional Chamber of Commerce, Board of Directors ▪ North Central Electrical League, Board of Directors ▪ Ordway Center for the Performing Arts, Board of Directors ▪ University Enterprise Laboratories, Board of Directors 		

FILING REQUIREMENT COMPLIANCE TABLE

Application of Northern States Power)
 Company, a Minnesota Corporation, for)
 Authority to Increase Rates for Electric)
 Service in North Dakota)

Case No. PU-10-____

Docket No.	Information Required Under Commission Orders To Be Affirmatively Addressed Or To Be Used To Determine Cost of Service In This Filing	Section and Page of Application
PU-400-92-399	Request by Northern States Power Company for Increase in Electric Rates	
Findings of Fact, Conclusions of Law and Order, 12/15/92 Finding 79	The Company is urged to aggressively pursue bringing in low income households to the demand side management programs; and to investigate a comprehensive tree-planting program as part of its demand side management. The Company should report on these suggestions in its next rate filing.	DSM plan was filed in Docket No. PU-08-171.
Finding 115	Long-term incentive compensation was treated as a shareholder expense.	John Felling, Exhibit__(JMF-1), pg 25; long-term costs excluded.
Finding 130	Only organizational dues related to ND electric operations were included.	John Felling, Exhibit__(JMF-1), pg 25; testimony is consistent with this decision.
PU-07-774	Accounting for Nuclear Refueling Costs	
	Northern States Power Company shall amortize nuclear refueling costs over the life of the installed fuel.	John Felling, Exhibit__(JMF-1), pg 26; testimony is consistent with this decision
PU-07-776	Request by Northern States Power Company for Increase in Electric Rates	
Settlement Agreement 12/31/08 Sect. A, p. 4	Xcel Energy agrees to provide to the Commission its Minnesota-filed Resource Plans for the integrated NSP system as it has in the past. It will also continue to provide to the Commission informational copies of all documents and correspondence relating to the Resource Plan docket in Minnesota.	Resource Plan update filed on Feb. 9, 2009 in PU-09-61. 2010 Resource Plan filed on Aug. 3, 2010 in PU-10-580.

Docket No.	Information Required Under Commission Orders To Be Affirmatively Addressed Or To Be Used To Determine Cost of Service In This Filing	Section and Page of Application
Sect. A, p. 4 and Sect. A, p. 6	The Company agrees to provide an alternative system-wide resource plan (“the North Dakota” version) that strictly meets Federal and North Dakota environmental and renewable requirements for the same time period addressed by the Minnesota Resource Plan. Initially, the ND version will be provided in the Ten Year Plan due on or before July 1, 2009. Thereafter, the updated ND version will be provided on a schedule that corresponds with the overall Resource Planning Cycle.	ND Version included with 10-Year Plan filed on July 1, 2009 in PU-09-426. ND Version included with 10-Year Plan filed on July 1, 2010 in PU-10-391. 2010 Resource Plan filed on Aug. 3, 2010 in PU-10-580.
Sect. A, p. 5 and Sect. A, p. 6	The Company agrees to file with its annual Ten Year Plan a summary of the key generating and transmission investments or purchase agreements that it intends to construct or enter into within the next five years	Filed with 10-Year Plan on July 1, 2009 in PU-09-426. Filed with 10-Year Plan on July 1, 2010 in PU-10-391.
Sect. A, p. 5	The Company agrees to meet with the Commission and Staff as necessary to conduct updates on its resource planning efforts and decisions, and discuss the Ten Year Plan filed that year.	May 18, 2009-PIE mtg overview; 2 day resource planning session with staff was held June 9, 2009.
Sect. A, p. 5	The Company commits to keeping the Commission and its Staff informed on a timely basis of any major changes in its Resource Plan or significant legislative initiatives under consideration in another jurisdiction.	Feb 9, 2009-filed RP update letter; Aug 3, 2010-sent news release on new RP; May 18, 2009 and June 4, 2010-PIE mtg MN legislative updates;
Sect. B, p. 6	The Company agrees to file for an Advanced Determination of Prudence finding from the Commission for all proposed new construction, rehabilitation, or acquisition of an energy conversion facility, renewable energy facility, transmission facility or proposed energy purchase. The proposed cost allocation methodology will be identified in the ADP petition.	ADP’s have been filed as necessary for: 1) Nobles Wind, 2) Merricourt Wind, 3) CAPX Group I, 4) Bay Front gasification (withdrawn); 5) PI Nuclear Steam Gen/LCM.

Docket No	Information Required Under Commission Orders To Be Affirmatively Addressed Or To Be Used To Determine Cost of Service In This Filing	Section and Page of Application
Sect. B, p. 7, para. 1.	Agree to work with Staff to define alternative approaches if the NDPSC has concerns with individual resource decisions or jurisdictional cost assignments	The Company has had various informal discussions with Staff to understand staff concerns regarding jurisdictional allocations and discuss alternate methods.
Sect. B, p. 7, para. 1	When appropriate, advocate for cost recovery statutes to directly assign costs and benefits of any mandated expenditures to the jurisdiction imposing the mandate	No activity 2009 and 2010 sessions.
Sect. C, p. 7 and Sect. E, p. 10	<p>The Company will use the principles adopted in establishing depreciation rates for use in ND. The Company will reflect its ND depreciation rates in its annual ND earnings report and will file depreciation rates consistent with these principle as part of the Company's next electric rate case.</p> <ul style="list-style-type: none"> • Extend the service lives of Sherco, Angus Anson, Granite City, High Bridge, Inver Hills and Key City plants • Recalibrate Transmission & Distribution reserve balance • Use NPV method for Transmission & Distribution removal costs • Refund Monticello decommissioning accruals (\$0.2 m decrease) • assume life extension for PI is approved 	John Felling, Exhibit__(JMF-1), pg 26; and Annual Earnings Reports.

Docket No.	Information Required Under Commission Orders To Be Affirmatively Addressed Or To Be Used To Determine Cost of Service In This Filing	Section and Page of Application
Sect. C, p. 8	The Company will submit to the Commission the various depreciation studies and related documents that are periodically filed with the Minnesota PUC. Such filings includes: Annual Review of Remaining Lives, Average Service Life and Vintage Group Filing (every five years) and the Triennial Review of Nuclear Decommissioning	2008 Remaining Lives Study filed on Feb. 20, 2008 in PU-08-101. 2008 Triennial Nuclear Plant Decommissioning Accrual Report filed on Mar. 3, 2009 2009 Remaining Lives Study filed on Mar. 5, 2009 in PU-09-131. 2010 Remaining Lives Study filed on Mar. 5, 2010 in PU-07-776 Triennial Updates for 2009 and 2010 filed Dec. 14, 2010.
Sect. C, p. 8	Ninety days before filing its next electric rate case, the Company will report to the Commission whether it intends to propose North Dakota specific depreciable lives for distribution facilities, and the reasons for its decision	Requirement interpreted to only apply to the affirmative case. Letter sent Oct. 15, 2010 confirming no intent to propose ND specific depreciable lives for distribution facilities.
Sect. C, p. 8	Unless directed otherwise by the Commission, rate recovery – past, present, and future – for the removal and retirement of Company utility property will be used solely for the retirement of the Company’s utility property and recognized as a regulatory liability.	Company actions have, do and will comply with this directive; no new discussion necessary at this time.
Sect. D, p. 9	Use a 10.75% return on equity for purposes of setting interim rates in the next electric rate case	Interim rates are proposed using a 10.75% ROE.

Docket No.	Information Required Under Commission Orders To Be Affirmatively Addressed Or To Be Used To Determine Cost of Service In This Filing	Section and Page of Application
Sect E, p. 11	In the event the needed regulatory approvals for the Prairie Island life extension and spent fuel storage are not received, the Parties agree that the Company will track the rate benefit provided by this provision. The rate benefit amount in the tracker account shall become a regulatory asset, with an appropriate offset to accumulated depreciation that will be recoverable from customer customers in a manner determined by the Commission in the Company's next electric rate case.	Regulatory approval has been received, making this provision inapplicable
Sect. G, p. 13 and p. 8 Revenue Requirements	<p>The Parties agree to provide to ratepayers 85% of all asset-based wholesale margins and 50% of non-asset-based margins through the fuel clause.</p> <p>Asset-based margins will be passed to customers each month through the true-up provision of the monthly FCR. The non-asset-based margins, if any, will be passed through the FCR in the subsequent year.</p>	<p>FCR treatment of margins initiated with March 2009 FCR factor, and is being computed on a monthly basis.</p> <p>Annual sharing of non-asset margins has been implemented as part the true-up factor.</p>
Sect H p. 13 & 14	Amortization of Nuclear Refueling Expenses - The Parties agree to an annual amortization expense level of \$2,492,407, which approximates the levelized annual amortization after refueling outages have occurred for all three of the nuclear units at the Prairie Island and Monticello nuclear generating plants.	John Felling, Exhibit__(JMF-1), pg 26.

Docket No.	Information Required Under Commission Orders To Be Affirmatively Addressed Or To Be Used To Determine Cost of Service In This Filing	Section and Page of Application
Sect I, J,K &L p. 14 & 15	<p>Parties agree to remove Test Year expenses related to Renewable Development Fund Research and Development grants and disbursements.</p> <p>Parties agree to remove costs associated with 50% of Test Year charitable contributions.</p> <p>Costs associated with incentive compensation are capped at 15% of an individual's base salary.</p> <p>Parties agreed to remove mercury control monitoring costs.</p>	John Felling, Exhibit__(JMF-1), pg 27
Sect. O, p. 17	If the Company earns in excess of 10.75% ROE during the 2009 or 2010 calendar years, the Company will refund to customers revenues corresponding to earnings: 50% of earning above 10.75% and up to and including 11.25%; and 75% of earnings above 11.25%.	Not applicable, the Company has not earned above 10.75%.
Sect. P, p. 18	The Parties agree to a moratorium on an electric rate increase until 2011 for Xcel Energy's North Dakota operations. This provision does not preclude the Company from submitting a rate application for electric rates prior to 2011, but no change in customer rates would be implemented before Jan. 1, 2011.	The Company's filing complies with this requirement.
PU-08-171	Demand Side Management & Cost Recovery Tariff	
	NSP is authorized to record expenditures to further promote its existing Savers Switch & Energy Control Service load management programs in a deferred account for amortization in NSP's next general rate case. The amount deferred may not exceed \$266,904 per year.	John Felling, Exhibit__(JMF-1), pg 27-28; proposed annual amount of the amortization does not exceed \$266,904.
PU-10-19	Sales of Renewable Energy Credits	
	NSP shall implement a pilot program in North Dakota to sell excess RECs allocated to North Dakota jurisdictional customers.	Initial filing made in Docket No. PU-10-19 on Dec. 31, 2009. Compliance tariff filed Dec. 13, 2010.

Docket No.	Information Required Under Commission Orders To Be Affirmatively Addressed Or To Be Used To Determine Cost of Service In This Filing	Section and Page of Application
	All allocated RECs must be considered excess and no RECs may be considered needed for compliance until the year 2015.	Filing is consistent with this decision.
	NSP shall return to customers 90 percent of the applicable net revenue generated through REC sales and retain 10 percent of the net revenue as an incentive to maximize the value of RECs in an immature market.	No REC sales have been made as of the date of this filing.
	NSP shall include revenue from the sale of RECs in its FCR for the duration of the pilot program or until the effective date of rates filed with NSP's next general North Dakota rate increase application, whichever occurs first.	No REC sales have been made as of the date of this filing.
	NSP shall file an annual report with the Commission documenting the results of its REC sales. This report can be included as a part of its annual progress reporting requirement toward meeting the renewable energy and recycled energy objective as required under North Dakota Century Code Section 49-02-34.	No REC sales have been made as of the date of this filing.

Docket No.	Advanced Determination of Prudency Orders	Section and page of Application
PU-08-907	Nobles Wind Project	
	NSP will report to the extent possible, as part of its annual 10-year plan, all reductions in the energy produced at its base load generation units that would not have occurred except for the existence of wind generation. The report will include the time of the event, length of the even, base load plant affected and the amount of energy not produced at the base load plant during the event.	Filed with 10-Year Plan on July 1, 2010 in PU-10-391.
	NSP will report, as part of its next 10-year plan, on the impacts and costs associated with taking coal plant production up and down to accommodate wind resources during off peak hours.	Filed with 10-Year Plan on July 1, 2010 in PU-10-391.
PU-08-908	Merricourt Wind Project	
	NSP will report to the extent possible, as part of its annual 10-year plan, all reductions in the energy produced at its base load generation units that would not have occurred except for the existence of wind generation. The report will include the time of the event, length of the even, base load plant affected and the amount of energy not produced at the base load plant during the event.	Filed with 10-Year Plan on July 1, 2010 in PU-10-391.
	NSP will report, as part of its next 10-year plan, on the impacts and costs associated with taking coal plant production up and down to accommodate wind resources during off peak hours.	Filed with 10-Year Plan on July 1, 2010 in PU-10-391.
PU-09-678	CapX 2020 Group 1 Application	
	Consistent with the terms and conditions of this Order and the September 23, 2010 Settlement Agreement, Applicants shall make a filing providing additional information on the resolution of cost allocation issues relevant to the Brookings Project, including the impact on North Dakota. This filing will include a level of detail on the application of the Brookings Project cost allocation comparable to what has been provided with regard to the other CapX2020 Group 1 Projects.	Not yet applicable.

	<p>Consistent with the terms and conditions of this Order and the September 23, 2010 Settlement Agreement, Applicants shall make a filing evidencing the continued prudence of the Brookings Project and seeking Commission confirmation of continued prudence of the Project prior to Applicants executing a legally binding investment commitment for the major procurement and construction of the Brookings Project. Failure to make such a filing shall result in the revocation of the advance determination of prudence for the Brookings Project granted in this Order.</p>	<p>Not yet applicable.</p>
	<p>The Applicants shall confirm in writing to the Commission when an Ownership Agreement is executed for each project or portion of a project, within five working days of execution of such Agreement.</p>	<p>Two Ownership Agreements have been executed and filed with NDPSC for the Fargo project (8/23/10) and the Bemidji project (12/1/10).</p>
	<p>The Applicants shall confirm in writing to the Commission the actual physical start of construction for each project or portion of a project, within five working days of occurrence.</p>	<p>Informed of Fargo project construction start on 8/23/10.</p>
	<p>The Applicants shall, within five working days, confirm in writing to the Commission the knowledge of abandonment of a project or portion of a project or the termination of an Ownership Agreement for a project or portion of a project. To the extent any applicable laws, rules, or regulations prohibit Applicants from making such written confirmation within five working days of occurrence, Applicants shall make such disclosure within five working days as allowed by such laws, rules, or regulation.</p>	<p>Not applicable.</p>