



STEVE WISHART
RECOVERY OF PURCHASED POWER COSTS
EVIDENTIARY HEARING OPENING STATEMENT
Case No. PU-12-813

Commissioners, Judge Fetch and Commission Staff, good afternoon. I am Steve Wishart, Director of Resource Planning for the Company.

My testimony addresses the Company's recovery of the costs for the Prairie Rose Project as well as Staff's consultants' concerns regarding 17 other Power Purchase Agreements, or PPAs, the costs of which we currently recover through our Fuel Cost Recovery tariff. We agree with the Staff consultant's assessment that the Prairie Rose Project is prudent. And that therefore the Company should be able to recover all of its costs for the project. We also believe that continued recovery of the 17 other PPAs is appropriate. However, the PPAs that I address are not included in base rates. While we appreciate the Commission's interest in these PPAs, the issues raised by Staff should be reviewed in a separate proceeding.

We understand the Commission's concerns and, as Ms. McCarten has stated, we have committed to providing the Commission with the opportunity to fully review our resource decisions in a timely manner. I look forward to working with Commission staff on our next long term resource plan, making sure that our strategy is fully vetted with them and that the desires and concerns of North Dakota are incorporated.

In my rebuttal testimony I point out that most of the purchased power contracts identified by Dr. Pavlovic have been operating on our system for

several years and were included in the fuel cost rider in compliance with the established rules. The criticism of these contracts is based on 20/20 hindsight and does not consider all of the factors that were in place at the time the decisions were made. Such retrospective judgment does not comply with longstanding practice in North Dakota. We make our business decisions based on the best information available at the time. Many of the identified contracts were acquired at a time when natural gas was at an all time high and our assessment was that the contracts could be a cost effective way to protect our customers from the volatile natural gas market.

We do want to work with the Commission and Staff to respond to the concerns raised. If the Commission would like to review these PPAs further, the appropriate place to do so is in a separate proceeding reviewing our FCR and the PPAs we recover through it. This would also provide an opportunity for Commission review of our FCR mechanism and the information we provide so that we can ensure it meets the Commission's needs and that projects are reviewed on a prospective basis.

Fundamentally, we manage our system to serve all of our customers in our five different jurisdictions. I believe that the benefits of the integrated system far outweigh policy differences between states. NSP offers an incredibly diverse portfolio of resources that has delivered reliable power to all five states in the NSP System at a lower cost than any one state could have achieved with isolated resources of its own. We are happy to work with the Commission and their staff on a prospective basis to ensure that we meet their expectations and that the integrated system continues to benefit North Dakota ratepayers.

I appreciate opportunity to be here today and I will do my best to answer questions about these issues and any other resource planning related questions that parties may have.