

Direct Testimony and Schedules  
Laura McCarten

Before the North Dakota Public Service Commission  
State of North Dakota

In the Matter of the Application of Northern States Power Company for an  
Advance Determination of Prudence for a 200 MW Power Purchase Agreement  
with the Courtenay Wind Project

Case No. PU-13\_\_\_\_\_  
Exhibit \_\_\_\_ (LM-1)

In the Matter of the Application of Northern States Power Company for an  
Advance Determination of Prudence for a 200 MW Power Purchase Agreement  
with the Odell Wind Project

Case No. PU-13\_\_\_\_\_  
Exhibit \_\_\_\_ (LM-1)

In the Matter of the Application of Northern States Power Company for an  
Advance Determination of Prudence for the 200 MW Pleasant Valley Wind Project

Case No. PU-13\_\_\_\_\_  
Exhibit \_\_\_\_ (LM-1)

**Policy Testimony**

July 26, 2013

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### Schedules

Resume

Schedule 1

1 **I. INTRODUCTION AND QUALIFICATIONS**

2

3 Q. PLEASE STATE YOUR NAME AND TITLE.

4 A. My name is Laura McCarten. I am Regional Vice President for Northern  
5 States Power Company.

6

7 Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.

8 A. I am responsible for regulatory, legislative, and customer and community  
9 relations in North Dakota, South Dakota, and Minnesota. I provide strategic  
10 leadership regarding the development and implementation of our initiatives to  
11 cost effectively meet the energy needs of our retail customers and  
12 communities we serve. My resume is included as Exhibit\_\_\_\_(LM-1), Schedule  
13 1.

14

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

16 A. I provide support for our request for an Advance Determination of Prudence  
17 for our proposed acquisition of 600 MW of additional wind generating  
18 resources for the NSP integrated system. In my testimony, I:

- 19 • Describe our proposed resource acquisitions;
- 20 • Discuss the prudence of our proposal;
- 21 • Discuss the regulatory impact of our resource acquisition; and
- 22 • Introduce the other witness testifying on behalf of the Company.

23

24 Q. PLEASE SUMMARIZE THE COMPANY’S PROPOSED 600 MW RESOURCE  
25 ADDITION.

26 A. We are proposing to add 600 MW of wind generation to our system,

1 representing a mix of purchased and Company-owned resources – providing  
2 cost certainty from the fixed price PPAs, and long-term benefits associated  
3 with Company ownership. Our proposal will provide substantial and  
4 immediate benefits to our customers, which we estimate will conservatively  
5 deliver \$180 million of energy cost savings over the term of the agreements by  
6 displacing other generation resources. We believe we have reasonably  
7 mitigated the inherent risks associated with any new resource development.

8  
9 This unique opportunity to secure significant resources at very favorable rates  
10 stems from a rigorous and competitive process that we initiated in the wake of  
11 the federal government’s extension of the renewable energy Production Tax  
12 Credit in January 2013. To realize the cost savings benefits for customers, the  
13 projects must meet the PTC eligibility criteria, which requires them to be  
14 underway before the end of 2013. For this reason, we respectfully request an  
15 Order granting an Advance Determination of Prudence for the proposed  
16 projects by November 1, 2013.

## 17 18 **II. PROPOSED RESOURCE ACQUISITIONS**

19  
20 Q. PLEASE DESCRIBE THE COMPANY’S PROPOSED RESOURCE ACQUISITION.

21 A. We are proposing to acquire three wind projects, totaling approximately 600  
22 MW of additional generation resources. Our proposal consists of (1) a Power  
23 Purchase Agreement for the output of the Courtenay Project, a 200 MW wind  
24 farm located in Stutsman County, North Dakota; (2) a PPA for the output of  
25 the Odell Project, a 200 MW wind generating facility located near Mountain  
26 Lake, Minnesota; and (3) the Company’s purchase and ownership of the 200

1 MW Pleasant Valley wind farm located near our existing Grand Meadow wind  
2 farm.

3  
4 Q. WHY IS THE COMPANY MAKING THESE RESOURCE ADDITIONS?

5 A. We are making these resource acquisitions to help keep energy prices for our  
6 customers as low as possible. We are always seeking opportunities to obtain  
7 additional energy resource at advantageous pricing to reduce costs to all of our  
8 customers and to comply with regulatory requirements of all of the  
9 jurisdictions served by our five-state integrated system. In early 2013, it  
10 appeared that conditions in the wind generation market indicated that  
11 favorable pricing for wind generation may be available. In light of these  
12 market conditions, we probed the market by issuing a Request For Proposal  
13 (RFP).

14  
15 The RFP identified some of the most competitive pricing made available to  
16 the Company for wind generation for some time. In fact, the pricing was  
17 sufficiently favorable that many of the proposals would provide cost savings  
18 to customers. Consequently, we identified 600 MW of generation to acquire,  
19 so that we could capture the cost savings presented by these projects for our  
20 customers.

21  
22 Q. IS THE COMPANY MAKING THESE PURCHASES TO COMPLY WITH MINNESOTA'S  
23 RENEWABLE ENERGY STANDARD (RES)?

24 A. We are proposing these purchases to lower energy costs for customers, with  
25 the added benefit of allowing us to extend our compliance with the RES. We  
26 believe that this provides a win/win of achieving cost savings while complying

1 with regulatory requirements.

2  
3 **III. PRUDENCE OF THE RESOURCE ADDITION**  
4

5 Q. ARE THE PROPOSED RESOURCE ADDITIONS PRUDENT?

6 A. Yes. We have proposed a portfolio of projects that will provide both  
7 quantitative and qualitative benefits to our customers, and appropriately  
8 balances benefits and risks.

9  
10 Q. PLEASE SUMMARIZE THE QUANTITATIVE BENEFITS OF THE RESOURCE  
11 ADDITIONS.

12 A. We have taken the unique opportunity offered by the market to purchase  
13 wind energy resources that will offset higher priced generation on our system  
14 and provide savings to our customers. Based on our analysis, we  
15 conservatively estimate that our customers will save approximately \$180  
16 million on a present value basis over the lives of the three projects, which we  
17 believe demonstrates the prudence of our proposal. Company Witness Mr.  
18 Steven W. Wishart discusses the impact of these projects in more detail in his  
19 Direct Testimony.

20  
21 Q. PLEASE SUMMARIZE THE QUALITATIVE BENEFITS OF THE RESOURCE  
22 ADDITIONS.

23 A. In addition to the cost savings provided by our proposed resource additions,  
24 these projects will increase the diversity of our resource mix and thereby  
25 provide a hedge against volatile natural gas prices and potential environmental  
26 regulation. The projects will also produce clean energy, and provide related

1 RECs to our North Dakota customers that can be monetized in the future.  
2 Mr. Wishart discusses these impacts in more detail in his Direct Testimony.

3  
4 **IV. REGULATORY IMPACTS**

5  
6 Q. THE COMPANY RECENTLY SUBMITTED AN APPLICATION FOR AN ADP FOR  
7 THREE 200 MW NATURAL GAS COMBUSTION TURBINES IN CASE NOS. PU-13-  
8 194 AND PU-13-195. DOES THE COMPANY’S PROPOSAL HERE IMPACT THE  
9 NEED FOR THOSE COMBUSTION TURBINES?

10 A. No. The resource additions we are proposing in this case are mainly energy  
11 resources and will not provide timely capacity for our system to eliminate the  
12 need for the combustion turbines we have proposed. However, it may have  
13 some impact on the type of resource selected. Mr. Wishart discusses this in  
14 his Direct Testimony.

15  
16 Q. IS THE COMPANY’S PERFORMANCE OF THE PURCHASED POWER AND  
17 PURCHASE AND SALE AGREEMENTS CONDITIONED ON APPROVAL OF THE  
18 COMMISSION?

19 A. Yes. All of the relevant agreements contain what is known as a “condition  
20 precedent,” which requires that the Commission grant an ADP for each of the  
21 projects *before* the Company is required to perform under the contracts. We  
22 also have the right to waive the condition precedent and move forward with  
23 the projects if all required regulatory approvals are not timely attained.

24  
25 Q. GIVEN THE INCLUSION OF A CONDITION PRECEDENT OF COMMISSION  
26 APPROVAL IN THE PROJECT AGREEMENTS, IS THE COMPANY REQUESTING

1 COMMISSION ACTION BY A CERTAIN DATE?

2 A. Yes. The current PTC legislation requires that a project “commence  
3 construction” by the end of 2013 in order to qualify for the PTCs. For the  
4 projects comprising our proposal, our counterparties have indicated that they  
5 are unwilling to commit significant resources to a project while regulatory  
6 approvals are still pending, or if the Company has not waived the regulatory  
7 approval condition precedent. Therefore, we respectfully request that the  
8 Commission issue an order granting the requested ADPs by November 1,  
9 2013, if at all possible, to provide our counterparties sufficient time to qualify  
10 for the PTCs.

11  
12 **V. PRESENTATION OF WITNESSES**

13  
14 Q. WHO ARE THE WITNESSES FOR THE COMPANY IN THIS PROCEEDING?

15 A. In addition to my Policy Testimony, the Company sponsors the following  
16 witness:

- 17 • *Steven W. Wishart* – who provides more detailed information with  
18 respect to our resource additions.

19  
20 **VI. CONCLUSION**

21  
22 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

23 A. The Company has successfully negotiated three agreements for 600 MW of  
24 new wind generation resources to be added to our integrated system. These  
25 projects will provide both quantitative and qualitative benefits to our  
26 customers and appropriately balances benefits and risks.

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We conservatively estimate that our customers will save approximately \$180 million on a present value basis over the lives of the three projects. As a result of their addition to our system, we expect approximately \$25 million in savings annually from avoided fossil fuel generation and other power purchases.

Qualitatively, the projects will increase the diversity of our resource mix, and thereby provide a hedge against volatile natural gas prices and potential environmental regulation. The mix of PPAs and Company-ownership of these resources will also balance risks and benefits for the Company and our customers, providing cost certainty from the fixed-price PPAs, and the ability to capture potential long-term benefits associated with Company ownership.

- Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?
- A. Yes, it does.

**STATE OF NORTH DAKOTA  
BEFORE THE  
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF NORTHERN STATES POWER  
COMPANY FOR AN ADVANCE  
DETERMINATION OF PRUDENCE FOR  
A 200 MW POWER PURCHASE  
AGREEMENT WITH THE COURTENAY  
WIND PROJECT

Case No. PU-13-\_\_\_\_\_

IN THE MATTER OF THE APPLICATION  
OF NORTHERN STATES POWER  
COMPANY FOR AN ADVANCE  
DETERMINATION OF PRUDENCE FOR  
A 200 MW POWER PURCHASE  
AGREEMENT WITH THE ODELL WIND  
PROJECT

Case No. PU-13-\_\_\_\_\_

IN THE MATTER OF THE APPLICATION  
OF NORTHERN STATES POWER  
COMPANY FOR AN ADVANCE  
DETERMINATION OF PRUDENCE FOR  
THE 200 MW PLEASANT VALLEY  
WIND PROJECT

Case No. PU-13-\_\_\_\_\_

VERIFICATION

STATE OF MINNESOTA     )  
  ) ss.  
COUNTY OF HENNEPIN    )

Laura McCarten, being first duly sworn on oath, deposes and says that she is Regional Vice President for Applicant Northern States Power Company, a Minnesota corporation, in the above captioned matters, that the testimony and schedules submitted in the above captioned matters under her name were prepared under her

direction, that she knows the contents thereof, and that the same is true and correct to the best of her knowledge and belief.

*Laura McCarten*

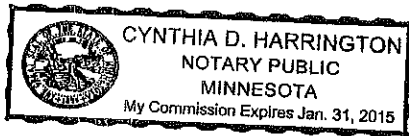
\_\_\_\_\_  
Laura McCarten

Subscribed and sworn to before me this 24<sup>th</sup> day of July, 2013.

*Cynthia D. Harrington*

\_\_\_\_\_  
Notary Public

My Commission Expires: 1-31-2015



Laura McCarten

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