

Laura McCarten
Evidentiary Hearing Opening Statement

Thank you Commissioners and Judge Mann for the opportunity to provide testimony in this case. I also commend Commission Staff for the time and effort they put into preparing this case for your consideration.

We are seeking an Advance Determination of Prudence for a 187 MW portfolio of solar resources, comprised of three projects. This proposed portfolio was selected through a competitive bid process and represents the most cost-effective choices for solar power. This portfolio allows us to: (1) comply with Minnesota's solar energy standard requirements as cost-effectively as possible, and (2) add carbon-free energy sources to the system to offset fossil and market energy.

I know that these resources raise some important energy policy considerations for the Commission. Mr. Diller's testimony provides you with an important perspective on the Company's efforts to balance the energy and policy requirements of the five states we serve. I think his testimony and Mr. Haeger's Rebuttal testimony both provide constructive views as the Commission weighs the prudence of this proposal. I am confident that, over time, we can make progress in implementing North Dakota's energy preferences and address how they impact the Company's integrated system.

We are working very hard to address the broad questions regarding how to balance North Dakota's perspectives regarding resource planning and selection with the policies of Minnesota and the other states we serve. Over the coming months there will be various opportunities for the Commission to address important policy questions surrounding our integrated system, including use of a mechanism -- like the "Restack" concept currently being discussed -- to adjust rates for certain resources that the Commission finds are inconsistent with North Dakota's policies. The Company's 2015 Resource Plan, and our requests for ADPs for power purchases from the Aurora Solar project and the Calpine Mankato natural gas plant will all provide opportunities for further exploration of these issues.

While those larger questions are important and we welcome the dialogue, we are hopeful they will not detract from the Commission's analysis of the prudence of this particular resource addition. The 187 MW solar portfolio will only modestly increase customer costs in exchange for increasing the diversity of our resource mix, mitigating the cost risk to our customers of future environmental requirements, and providing clean emission-free energy.

I believe the record supports a finding that this acquisition is prudent, and I hope the Commission concurs. However, should the Commission disagree, I respectfully urge them to merely deny our requested ADP so that we may keep the door open to include this resource portfolio in a yet-to-be-determined process for adjusting rates consistent with the Commission's least-cost planning approach.

Thank you.

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Northern States Power Company

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