Direct Testimony and Schedules
Laura McCarten

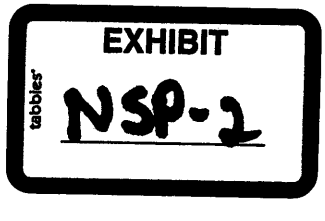
Before the North Dakota Public Service Commission
State of North Dakota

Application of Northern States Power Company for an Advance Determination of Prudence for a Power Purchase Agreement with Mankato Energy Center, LLC for Approximately 345 MW of Combined-Cycle Natural Gas Generation

Case No. PU-15_____
Exhibit__ (LM-1)

Policy Testimony

February 13, 2015



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Schedules

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND OCCUPATION.

A. My name is Laura McCarten. I am Regional Vice President for Northern States Power Company, doing business as Xcel Energy (Xcel Energy or the Company), operating in North Dakota.

Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I am responsible for community, regulatory, and legislative, relations in North Dakota and South Dakota, and also community relations in Minnesota. I provide strategic leadership regarding the development and implementation of our initiatives to most effectively serve our retail customers and communities. My resume is included as Exhibit ___ (LM-1), Schedule 1.

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

A. I provide support for our request for an Advance Determination of Prudence (ADP) for the Company's power purchase agreement (PPA) to purchase the output from the 345 MW combine-cycle natural-gas expansion project being developed by an affiliate of Calpine Corporation at the existing Mankato Energy Center (the Calpine Project or the Calpine Project PPA). In my testimony, I:

- Describe our identified future resource needs and how the Calpine Project PPA addresses those needs;
- Discuss the multi-state review process for our selection of the Calpine Project PPA and the Company's commitment to timely file ADPs; and

- Discuss the rate, regulatory and resource planning impacts of this purchase.

The Company respectfully requests that the Commission conclude that this proposed resource addition is a prudent addition to the integrated NSP System to help meet an identified capacity need of 150-500 MW on our system in 2017-2019 that was identified in our 2010 Resource Plan.[1]

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

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

- *Kurtis J. Haeger* – who provides more detailed information with respect to our resource planning efforts and proposed additions; and
- *Paul B. Johnson* – who provides information about the Company's Strategist model used for resource planning.

Q. IS THE CALPINE PROJECT THE ONLY RESOURCE THE COMPANY IS PROPOSING TO PURSUE AT THIS TIME?

A. No. To meet the overall 150-500 MW need identified in our 2010 Resource Plan (Case No. PU-10-580), we are proposing to add three new resources: (1) the Calpine Project PPA that is the subject of this Application; (2) Black Dog Unit 6, a 208 MW combustion turbine that will be owned by the Company and for which we have already received an ADP from the

[1] Subsequent and related filings that ultimately resulted in the resource presented in this application include: filings with the North Dakota Public Service Commission (Case Nos. PU-10-580, PU-13-194, PU-13-195) and Minnesota Public Utilities Commission (MPUC Docket Nos. E002/RP-10-825 and E002/CN-12-1240).

Commission,[2] and (3) the output from the up to 100 MW solar project being developed by an affiliate of Geronimo Energy (the Geronimo Solar PPA), that is the subject of an ADP application that is being filed separately.

II. DETERMINATION OF NEED

Q. WHAT CAPACITY NEEDS HAS THE COMPANY IDENTIFIED IN THE 2017-2019 TIME FRAME?

A. As described in more detail in Company Witnesses Mr. Kurtis J. Haeger's and Mr. Paul B. Johnson's Direct Testimonies, we have identified a capacity need of up to 500 MW in 2019 for our five-state, integrated system.

III. RESOURCE SELECTION PROCESSES

Q. HOW DOES XCEL ENERGY PLAN AND MANAGE ITS INTEGRATED SYSTEM?

A. The integrated NSP System serves over 1.8 million retail electric customers in Michigan, Minnesota, North Dakota, South Dakota, and Wisconsin. We plan, operate and generally manage the system on an integrated basis to provide service in all of these states. Because our customers in these five states are served by the same system, we are able to achieve significant economies of scale that provide benefits to all of our customers in all of the states we serve. In fact, we've been able to successfully plan for and manage the integrated NSP System to meet all of our customers' needs for almost 100 years.

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[2] The Company applied for ADPs for Black Dog Unit 6 along with two other CTs that the Company proposed to meet its capacity need: Red River Valley Units 1 and 2. The Commission granted the ADPs in its February 26, 2014 *Order Adopting Settlement* in Case Nos. PU-13-194 and PU-13-195 (Gas CT Cases).

Q. IS THE COMPANY SUBJECT TO ANY SPECIFIC REGULATORY PROCESSES TO PROCURE RESOURCES TO MEET A FORECAST NEED?

A. Yes. Each of the states in which we provide electric service has different regulatory constructs and oversight regimes. Three of our states – South Dakota, Wisconsin and Michigan – do not put any preconditions on our resource selection but rather rely on after-the-fact review in rate cases or other after-the-fact review proceedings.

Minnesota requires a form of preapproval of the resources we select, and in North Dakota we have agreed in a previous rate Settlement Agreements to file our Resource Plans and to request advanced determinations of prudence for significant investments, as allowed under state law.

Q. WHAT IS THE NORTH DAKOTA RESOURCE ACQUISITION PROCESS THAT THE COMPANY IS OBLIGATED TO IMPLEMENT?

A. In North Dakota in Case No. PU-07-776, the Company committed to filing its resource plans with the Commission so that the Commission and its staff may provide input into our current plans. We also committed to seek an ADP for any new resource over 50 MW. Finally, in the settlement of our last rate case (Case No. PU-12-813), we committed that we must obtain an ADP before we can recover the costs of the resource through our Fuel Clause Rider (FCR) mechanism.

Taken together, the Company views these obligations as creating a resource pre-approval process in North Dakota that 1) defines the timing requirements for filing and 2) results in a Commission prudence determination that is binding in a future rate proceeding.

I note that under the Calpine Project PPA we obtain both the capacity and energy from the project, but the project is structured in such a way that the Company makes separate payments for both capacity and energy. Traditionally, capacity payments are included in base rates as part of a rate case and the energy payments would be included in our FCR calculations. This is somewhat different from many of our other PPAs where there is no separate capacity payment and all payments are recovered through the FCR. I further note that if base rate treatment is implemented for the capacity payment under the Calpine Project PPA, any base rate impact will occur in 2018 or 2019, which is after the expiration of the rate plan that was agreed to as part of our last rate case.

Q. WHAT IS THE REQUIRED RESOURCE ACQUISITION PROCESS IN MINNESOTA THAT IS APPLICABLE TO THE CALPINE PROJECT PPA?

A. In Minnesota, resource acquisitions are to be reviewed in a two-step process. First, resource needs are determined through the resource planning proceedings before the Minnesota Public Utilities Commission (MPUC).[3] Second, the Company undergoes a MPUC-designed competitive acquisition process (CAP) to select the needed resource(s).

Q. WHY DOES MINNESOTA HAVE SUCH A DETAILED RESOURCE ACQUISITION PROCESS FOR XCEL ENERGY?

A. Xcel Energy has a long history of procuring new generation resources through a variety of competitive processes. For at least the last 15 years, the

[3] Minn. Stat. § 216B.2422. Resource review in South Dakota is handled through a prudence review when the utility files a rate case that proposes adding the resource to rate base.

Company has utilized competitive bidding to probe the marketplace and to create price competition for the acquisition of long-term generating capacity. We believe that this is one of the most prudent ways for us to acquire resources and is consistent with the MPUC's encouragement of the use of competitive bidding consistent with Minnesota law.

During our 2004 Resource Plan in Minnesota, the MPUC became concerned that our competitive bidding processes were not entirely adequate. In particular, in the situation where Xcel Energy is proposing its own resource alternative into the process, the MPUC perceived an inherent conflict of interest in that Xcel Energy is both the evaluator and a bidder. As a result of this concern, the MPUC called upon us to work with stakeholders to develop a resource procurement process that would be fair and transparent to all stakeholders.

Q. WHAT IS THE BASIS FOR THE MPUC RESOURCE SELECTION PROCESS?

A. I am not a lawyer but as I understand it, Minnesota law gives the MPUC authority to select resources based upon competitive processes. Pursuant to Minn. Stat. § 216B.2422, subd. 5, the MPUC is empowered to establish a competitive bidding process to govern Xcel Energy's acquisition of a resource or resources to meet an identified need.[4] The MPUC implemented this statutory authority during its review of our 2004 Resource Plan.[5]

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[4] *In the Matter of Northern States Power Company d/b/a Xcel Energy's Application for Approval of its 2004 Resource Plan*, Docket No. E002/RP-0-1752, ORDER ESTABLISHING RESOURCE ACQUISITION PROCESS, ESTABLISHING BIDDING PROCESS UNDER MINN. STAT. § 216B.2422, SUBD. 5, AND REQUIRING COMPLIANCE FILING at 6-7 (May 31, 2006) (2006 CAP Order).

[5] *In the Matter of Northern States Power Company d/b/a Xcel Energy's Application for Approval of its 2004 Resource Plan*, Docket No. E002/RP-0-1752, ORDER ESTABLISHING RESOURCE ACQUISITION PROCESS, ESTABLISHING BIDDING PROCESS UNDER MINN. STAT. § 216B.2422, SUBD. 5, AND REQUIRING COMPLIANCE FILING at 6-7 (May 31, 2006) (2006 CAP Order).

Q. WHAT ARE THE PARAMETERS OF THE PROCUREMENT PROCESS THAT WERE DEVELOPED IN THE COMPANY'S 2004 RESOURCE PLAN?

Recognizing the distinction between situations where Xcel Energy is proposing its own resource alternative from those situations where Xcel Energy is not proposing a resource alternative, the MPUC developed a two-track system. This is sometimes referred to as "Track 1" (when no Xcel Energy project is proposed) and "Track 2" (when an Xcel Energy project is proposed).

Q. PLEASE BRIEFLY DESCRIBE THE TRACK 1 PROCESS.

A. The "Track 1" process is used in the circumstance where Xcel Energy is not seeking to construct the resource itself. That process provides that we proceed through a competitive Request for Proposals (RFP) bidding process. This is intended to ensure that the Company probes the market for cost-effective and appropriate proposals under the circumstances. This Track 1 process has been the primary method we have used to procure new resources and we have entered into numerous PPAs with third-party vendors for generation selected through RFPs.

Q. PLEASE DESCRIBE THE TRACK 2 PROCESS.

A. The "Track 2" process applies when the Company seeks to meet its identified resource need with a Company-owned, self-build project. Under the Track 2 process, the MPUC has prescribed the competitive acquisition process or "CAP" mechanism. This process requires that we file a certificate of need for the Company-proposed resource. Then, we solicit and evaluate competing proposals from third-party vendors. The competing proposals

are evaluated through a contested case process to provide a thorough record on the relative merits of the proposals. This process is intended to ensure that independent power producers have an opportunity to sponsor alternative proposals to the Company's self-build proposal.[6]

Q. WHAT ARE THE STEPS IN THE TRACK 2 PROCESS?

A. The Track 2 process consists of the following steps:

1. The MPUC approves the resource need to be addressed in the competitive acquisition process through its resource planning order, which establishes parameters around size, type and timing;[7]
2. The Company submits its proposal with the information required in Minnesota rules and statutes governing certificate of need applications;
3. On the same date the Company files its proposal, interested competitors provide their proposals in similar certificate-of-need-like detail, including proposed contract terms;
4. After the MPUC determines that the proposal filings are adequate, a contested case is conducted before an administrative law judge. At the end of the hearing process the administrative law judge provides findings and recommendations to the MPUC;
5. The MPUC considers the developed record, issues its resource selection, and grants any associated certificates of need; and

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[6] While the Track 2 process for a self-build resource proposal by the Company has been in place since the Commission's 2006 CAP Order, the process has not been used prior to the current CAP Docket. The Company therefore had no previous experience with the complexities of selecting a resource pursuant to the Track 2 process.

[7] The MPUC found a need for up to 500 MW of additional capacity in Docket E002/RP-10-825. *In the Matter of Xcel Energy's 2011-2025 Integrated Resource Plan*, Docket No. E-002/RP-10-825, ORDER APPROVING PLAN, FINDING NEED, ESTABLISHING FILING REQUIREMENTS, AND CLOSING DOCKET at 7 (March 5, 2013).

6. In the event the MPUC selects a power provider proposal rather than the Company's self-build proposal, the Company and selected power provider have four months to negotiate a power purchase agreement and bring it back to the Commission for approval.

Q. WHY WAS THE "TRACK 2" PROCESS IMPLEMENTED IN THE SELECTION OF THE CALPINE PROJECT PPA AS A RESOURCE FOR THE COMPANY'S SYSTEM?

A. One of the other resources being considered in the Minnesota CAP Docket was the Company's 208 MW Black Dog Unit 6 project. Our proposal to consider a self-build and Company-owned project triggered the track 2 process.

Q. WAS THE TRACK 2 PROCESS UTILIZED PRIOR TO THAT PROCEEDING?

A. No. The Track 2 process was adopted by the MPUC in 2006 as part of our 2004 Resource Plan proceeding in Minnesota. After that time, we had a number of resource acquisitions that were focused on PPA resources where the Company did not seek to offer an alternative resource. In addition we had several competitive bid situations where third party vendors bid resources that were intended for us to purchase the asset once it was constructed. Since the Company was not proposing a self-build option in any of those processes, the Track 2 process was not triggered. As a result, the CAP Docket was our first opportunity to employ this process and we did not have a great deal of experience in implementing it.

Q. WHAT WAS THE OUTCOME OF THE MINNESOTA CAP DOCKET?

A. The MPUC selected three capacity resources to meet the identified capacity need. They were: Black Dog Unit 6, the Calpine Project and the Geronimo Solar Project.

In its May 23, 2014 Order explaining its resource selections, the MPUC took a conservative approach to ensure we have adequate capacity in place for the Company to meet all of its customers' requirements. Recognizing that the record in that proceeding contained a variety of forecasts and predictions of evolving Midcontinent Independent System Operator, Inc., (MISO) capacity requirements the Company must meet, the MPUC concluded that the resulting uncertainty warranted selecting resources that delivered enough capacity to avoid a potential shortfall in its ability to meet customer demand.[8]

In its recent Order of February 5 in the CAP Docket, the MPUC reaffirmed these selections and approved the Calpine Project PPA. It also ordered the Company to execute the Calpine Project PPA that is being considered in a separate Case.[9]

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[8] The MPUC also noted that various laws and policies that influence resource planning further supported its finding that we should add generation to our system in the 2017-19 timeframe. These policies include state and federal environmental requirements, Minnesota's solar and wind energy requirements, and MISO's reserve margin requirements.

[9] In *the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Competitive Resource Acquisition Proposal and Certificate of Need*, Docket E-002/CN-12-1240, *In the Matter of a Draft Purchase Power Agreement with Geronimo Wind Energy, LLC, d/b/a Geronimo Energy, LLC*, Docket No. E-002/M-14-788, and *In the Matter of Draft Power Purchase Agreements with Calpine Corporation and Invenergy Thermal Development, and Proposed Price Terms for Black Dog Unit 6*, Docket No. E-002/M-14-789, ORDER APPROVING POWER PURCHASE AGREEMENT WITH CALPINE, APPROVING POWER PURCHASE AGREEMENT WITH GERONIMO AND APPROVING PRICE TERMS WITH XCEL, (Feb. 5, 2015)(February 2015 CAP Order). The CAP Docket is discussed in the Gas CTs Case, Supplemental Testimony of James R. Alders (Alders Supp. Testimony) (Nov. 12, 2013) at 12.

Q. DOES THE SELECTION OF THE CALPINE PROJECT MEAN THAT XCEL ENERGY NO LONGER INTENDS TO CONSTRUCT GENERATION IN NORTH DAKOTA?

A. No. The Company recognizes that this ADP, in part, replaces the Red River Valley Units, which have already been deemed prudent by the Commission, with a resource that is, in part, the result of Minnesota's resource selection process. We hope to demonstrate the prudence of this resource addition. But it does not diminish the commitment we made in the settlement of the last rate case to construct up to 400 MW of thermal generation near our eastern North Dakota loads by 2036 to increase reliability in the region.

Q. WHAT ARE SOME OF THE IMPLICATIONS OF THIS RESOURCE SELECTION IN NORTH DAKOTA?

A. We believe that our resource choices are reasonable under the circumstances. When considering the 10,000 MW integrated NSP System, we believe it is appropriate for us to choose resources that balance the needs of all of our stakeholders. While this may mean that the size, type and timing of resource selections may not be exactly consistent with each jurisdiction's energy policies, the overall effect on the system remains consistent with our goal to provide high-quality and cost-effective service to all of our customers in all of our states. In other words, we believe that the benefits of the integrated system outweigh the costs and policy choices that the multi-state system requires us to make.

Mr. Haeger discusses the implications of a Commission denial of an ADP for this resource addition on both our Restack Agreement negotiations and in the event the resource is not subject to the eventual Restack Agreement process further in his Direct Testimony.

IV. PROPOSAL TO MEET IDENTIFIED NEED

Q. PLEASE DESCRIBE THE CALPINE PROJECT THAT IS PROPOSED TO BE ADDED TO THE SYSTEM.

A. The Mankato Energy Center is located in Mankato, Minnesota. The Calpine Project will add approximately 345 MW of capacity to the existing 375 MW Mankato Energy Center. The new capacity will be incorporated into the existing natural gas combined cycle facility to be built at its existing 375 MW Mankato Energy Center combined cycle plant. The expansion project will be located on the same site and will be incorporated into the existing footprint.

Calpine's affiliate and the Company entered a 20-year PPA with a kW-month price for capacity and MWh price for energy. The proposed capacity and energy prices escalate annually after the first year of operation. We anticipate that the expansion project will achieve commercial operation in 2018 or 2019.

The payment and other terms in the PPA generally mirror the same terms in the Company's existing Mankato Energy Center PPA with Calpine. By using the existing Mankato Energy Center PPA payment provisions in the new Calpine Project PPA, the administrative burden associated with using two different payment calculations and billing processes for the two PPAs was avoided.

Q. WHY IS THIS PROPOSAL A PRUDENT WAY TO ADDRESS THE IDENTIFIED RESOURCE NEED?

A. The Calpine Project PPA provides commercially-reasonable terms and conditions and is at a competitive price. Mr. Johnson's Direct Testimony provides an analysis of the costs of this contract.

Q. HOW DO THE COSTS OF THE CALPINE PROJECT PLUS BLACK DOG UNIT 6 COMPARE TO THE RED RIVER UNITS COUPLED WITH BLACK DOG 6 PROPOSED BY THE COMPANY AND ALREADY APPROVED BY THE NORTH DAKOTA COMMISSION?

A. Using the same analysis that was used to support the selection of those units, the Calpine/Black Dog combination is less costly on a Present Value of Revenue Requirements (PVRR) basis than the Red River/Black Dog combination previously considered. On a system-wide basis, PVRR cost difference (using North Dakota modeling inputs) is about $18 million lower. Mr. Johnson's direct testimony provides our Strategist analysis showing the projected costs of each resource option.

Q. ARE THE COMPANY'S OBLIGATIONS UNDER THE PPAS CONDITIONED ON APPROVAL OF THE COMMISSION?

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

V. PRUDENCE OF THE CALPINE PROJECT PPA

Q. WHAT IS THE COMPANY'S REQUEST IN THIS CASE?

A. Xcel Energy respectfully requests that the Commission find that our 20-year PPA to purchase the output of the Calpine Project is prudent. Specifically, the addition of the combined-cycle natural gas capacity and associated energy of the Calpine Project PPA at this time provides the following benefits:

- Competitive pricing that adds capacity to an existing site and provides strategic benefits to the overall system.
- Additional flexible capacity and lower priced energy that will help to ensure our supply portfolio does not fall short in the event that we experience a rebound in load growth in the coming years.
- Intermediate capacity to support and balance the high levels of intermittent renewable generation on the system.
- Enhanced flexibility to address the known retirements of existing intermediate and baseload generation during the planning horizon.
- Hedging against emerging environmental regulations that make it increasingly likely the Company's older coal resources will need to be replaced in part with natural gas generation.

Q. WHY DOES XCEL ENERGY THINK IT IS PRUDENT TO PURCHASE THE OUTPUT OF THIS PROJECT AT THIS TIME?

A. The selection of this resource at this time is prudent and in the best interest of all of our customers on our integrated system. As Mr. Haeger's Direct Testimony addresses, even small changes in forecast demand can have a significant result on our supply requirements. We conclude that it is

appropriate to plan conservatively and deploy resources that will allow us to meet our customers' requirements under all reasonable circumstances.

Q. ARE THE COSTS OF THE CALPINE PROJECT PPA REASONABLE UNDER THE CIRCUMSTANCES?

A. Yes. Mr. Johnson's direct testimony provides our Strategist analysis supporting the costs of this resource.

Q. ARE THERE OTHER REASONS WHY THIS PURCHASE IS PRUDENT AT THIS TIME?

A. Yes. First, the larger MISO region is expecting a number of large baseload coal plants to be retired in the next few years. Adding capacity on our system will hedge the potential tight capacity market that could develop in the region.

Second, we are entering a period of significant evolution of the NSP System. As described in more detail by Mr. Johnson's Direct Testimony a significant portion of our supply portfolio will need to be addressed by 2035.

Q. WHAT IS THE STATUS OF THE COMPANY'S SHERCO UNITS 1 AND 2 COAL PLANT?

A. The future of Sherco Units 1 and 2 is of considerable importance to the Company and our stakeholders. We anticipate that without the installation of costly Selective Catalytic Reduction technology (SCRs), these units could not operate beyond 2030 under likely to be promulgated environmental requirements, which are currently being challenged in the courts. Our current analysis, assuming these environmental regulations are ultimately imposed, indicates that we can continue to operate Sherco Units 1 and 2

until approximately 2030 without having to install SCRs at the plants. However, depending on the final makeup of the applicable environmental requirements, the need to add SCRs could come sooner or later than 2030. As described in more detail in our 2015 Resource Plan, some of our stakeholders would prefer that these units be retired earlier while others may desire that the investments be made to preserve the potential for extended operations.

No decision on the future of Sherco Units 1 and 2 has been made. Indeed, we anticipate the future and resolution of Sherco Units 1 and 2 will result in a significant policy debate among all of our stakeholders. Nevertheless, it will be important for the Company to have options in place to address the eventual outcome of that debate. Adding carbon-free generation to the system now provides flexibility as the policy debates on our supply mix play out.

Further, our resource additions should be viewed in the context of the potential retirement of our three baseload nuclear units, along with the potential end of Sherco Units 1 and 2, which suggest that a significant proportion of our baseload generation may be retired within 15 to 20 years. These five generating units have been the backbone of the NSP System for many years and have formed the foundation to provide low cost and highly reliable service to our customers.

Q. WHAT OTHER QUALITATIVE FACTORS CONTRIBUTE TO THE PRUDENCE OF THIS RESOURCE CHOICE?

A. We have pursued a strategy of shifting our resource portfolio toward lower-emission options while maintaining our focus on fuel diversity, affordability and reliability. However, we continue to experience significant uncertainty surrounding environmental regulation, which contributes to potential impacts to the NSP System beyond just the resource need that is the subject of the proceeding.

Q. ARE THERE MECHANISMS AVAILABLE THAT CAN MITIGATE THE IMPACT OF THE COMMISSION REJECTING THE COMPANY'S REQUEST ON THE INTEGRATED SYSTEM?

A. Yes. As the Commission is aware, the proposed Restack Agreement is designed to address just such a situation. At a high-level, adding a resource to the "restack process" will ensure that the Company's North Dakota customers pay the marginal cost for the used and useful capacity and energy of any resource addition that the Company makes but which is denied by this Commission. We are currently negotiating a Restack Agreement with Staff consistent with the settlement of our last rate case (Case No. PU-12-813). Should the Commission not deem the Calpine Project PPA prudent, we believe that this resource would be available to be included in that agreement.

Q. WHAT ADVANTAGES DOES UTILIZING THE RESTACK PROCESS FOR THIS RESOURCE ADDITION PROVIDE?

A. I reiterate that we believe that our resource addition is prudent and respectfully request that the Commission grant our request for an ADP. However, in the event that the Commission denies our request, we believe that the Restack process provides a reasonable short- to mid-term solution

to mitigate the effects of the divergent energy policies in Minnesota and North Dakota.

The Restack concept recognizes the used and useful nature of the capacity and energy of our resource additions to the entirety of the Integrated System, including North Dakota. By doing so it, it continues to allow us to plan to meet the needs of all of our jurisdictions on an integrated basis. The restack process also mitigates the cost impacts of certain policy choices of other states on our North Dakota customers. By providing this interim solution, an effective Restack Agreement will allow us the necessary time to develop a more permanent long-term solution in the context of an evolving utility industry and NSP System.

Mr. Haeger provides additional discussion with respect to the Restack Agreement and its effects on our integrated planning efforts in his Direct Testimony.

VI. CONCLUSION

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The Company respectfully requests that the Commission grant an ADP for this resource. While we recognize that the competing policies among our states raise important issues for the Commission to consider, on balance we believe this resource is a prudent addition to our integrated multi-state system and it provides a cost-effective way to address the capacity need that has been identified.

Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT 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 FOR AN ADVANCE DETERMINATION OF PRUDENCE FOR A POWER PURCHASE AGREEMENT WITH MANKATO ENERGY CENTER, LLC FOR APPROXIMATELY 345 MW OF COMBINED-CYCLE NATURAL GAS GENERATION

Case No. PU-15-_____

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Laura McCarten, being first duly sworn on oath, deposes and says that she is the Regional Vice President for Applicant Northern States Power Company, in the above captioned matter, that she has read the testimony and schedules submitted in the above captioned matter under her name, that they 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 12 day of February, 2015.

Notary Public
My Commission Expires: 1-31-2020

CYNTHIA D. HARRINGTON
Notary Public, State of Minnesota
My Commission Expires
January 31, 2020

Laura McCarten

Experience

2008-Present | Northern State Power-MN | Minneapolis, MN

Regional Vice President, NSPM

- 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 community, state government and media relations.
- 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

- 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

- Minneapolis Regional Chamber of Commerce, Chair of Board of Directors
- North Central Electrical League, Board of Directors
- Ordway Center for the Performing Arts, Board of Directors