

**Chris Clark**  
**Evidentiary Hearing Opening Statement**

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

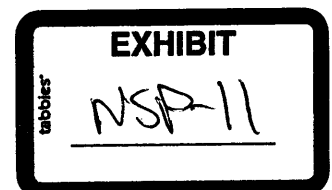
The Company is seeking an Advance Determination of Prudence for 345 MW's of natural gas combined cycle capacity and associated energy to be added to the NSP system through a 20-year PPA with Calpine. The capacity and energy is to be acquired from a new unit added to Calpine's existing 375 MW Mankato Energy Center.

We are aware of the Commission's view that resources added to the system should be least-cost and supported by a need. I believe that consideration of all relevant circumstances will demonstrate that acquiring this resource now makes economic sense and represents long-term value for our customers.

While this resource was originally identified to help meet a projected need on our system in the 2017-2019 timeframe, we now forecast that our need is shifting later into the 2020s. That said, the favorable pricing for this project -- essentially combined cycle capacity at near combustion turbine pricing -- is only available to us now. Therefore, the choice to be made is whether to take this favorable pricing now in anticipation of a near-future need or wait and acquire potentially more expensive capacity that may not provide the benefits of a combined cycle unit in the future.

As we look into the future, there is considerable uncertainty in the utility landscape. Influences such as potential environmental regulation, the aging of our generation fleet, and emerging technologies all point to the fact that adding reliable combined cycle capacity to our system when it is available at very low cost is a prudent choice. Although the timing is a little ahead of the need, the value presented by the Mankato PPA is sufficiently good to move on.

As the Commission considers this resource addition today and in the weeks to follow, I urge you to not view this as an issue of divergent state energy policy. In my view, there is no state policy driving the acquisition of this resource. The Mankato PPA was approved in Minnesota under a process that was designed to meet this Commission's goals as well: selecting the least-cost resource to most prudently meet a forecasted need.



I believe the record supports a finding of prudence for the Calpine Mankato PPA resource and respectfully request that the Commission grant the ADP. However, the uncertainty around future environmental regulations, our recent resource plan filing announcing the cessation of coal generation at Sherco units 1 and 2, and our September 30 Negotiated Agreement filing in which we commit to invest in thermal generation in North Dakota, contain information that the Commission may want to consider further before making a decision as to the prudence of the Calpine PPA. Further, the Company has committed to filing -- by January 1, 2017 -- a "Resource Treatment Framework" to address North Dakota's level of participation in the Integrated System.

Given that all of these issues may impact an assessment of the prudence of the Mankato PPA, the Commission may want to refrain from making any determination of prudence at this time. This is especially the case since the Mankato PPA is not expected to go into service for at least 4 years. Therefore, in the alternative, the Company respectfully requests that the Commission consider dismissing our application without prejudice to allow us to bring this project forward for Commission review and approval at a time when there is more certainty around the factors affecting this project.

Thank you.