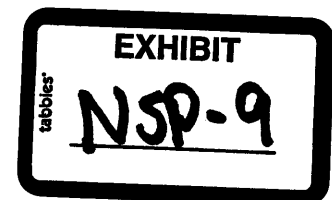


Opening Statement of Mr. Aakash H. Chandarana
on behalf of
Applicant, Northern States Power Company
Case No. PU-17-120

Good morning, Commissioner Christmann, Commissioner Fedorchak, Commissioner Kroshus, Advisory Staff, Advocacy Staff and others here today. My name is Aakash Chandarana and I am Regional Vice President, Rates and Regulatory Affairs, for Northern States Power Company, the Applicant in this proceeding. I am here today to support the Settlement Agreement between Xcel Energy and Commission Advocacy Staff granting conditional prudence for the seven projects that make up Xcel Energy's 1,550 MW Wind Portfolio.

There is fundamental agreement between the Company and Advocacy Staff that adding these resources to the NSP System is prudent and that doing so will drive down overall system costs. In fact, under both our analysis and Staff's analysis, the Wind Portfolio will provide over one billion dollars in system-wide savings over its life compared to the most economic alternative resources. While the Wind Portfolio does not strictly conform to the Commission's "need plus least cost" planning paradigm, the substantial, long-term cost savings from these resource additions demonstrate their prudence and support the Company's request for an advanced determination of prudence in this Case. Advocacy Staff's Direct Testimony supports this conclusion.



Prior to the settlement, the main disagreement between the Company and Advocacy Staff related to certain conditions to the ADP proposed by Staff's consultant, Mr. Heidell. Rather than litigate over these conditions, we have worked with Advocacy Staff to settle on conditions to an ADP that can work for both the Company and our customers and are therefore in the public interest. More specifically, the Company has agreed to all of Mr. Heidell's proposed conditions, except one. That condition would have limited the Company's recovery of development costs for the construction of the Wind Portfolio to an aggregate fixed amount and would have required the Company to pass sixty percent of any savings under that aggregate fixed amount back customers with no corresponding ability to recover any costs above the fixed amount from customers. Although Mr. Heidell viewed this condition as an incentive, the Company was concerned that its asymmetrical allocation of development risk was inconsistent with the way the Company developed and budgeted for the Wind Portfolio.

Consequently, the Company and Advocacy Staff have agreed to treat the costs of the Wind Portfolio consistent with traditional rate making practices. Under the Settlement Agreement, the Commission's ADP—if granted—would recognize the prudence of the Wind Portfolio up to an aggregate amount of development costs. However, consistent with traditional ratemaking practices, if the Company's actual development costs are lower than the aggregate amount agreed to in the Settlement Agreement, only those actual costs would be reflected in rates. By contrast, if the

Company's actual development costs are higher than the amounts identified in the Settlement Agreement, then the Company can come back to the Commission to demonstrate the prudence of those additional costs. We believe this treatment of development costs is fair, reasonable, and consistent with the public interest.

The Settlement Agreement reflects the fundamental prudence of the Company adding the 1,550 MW of wind to our system and provides for reasonable terms and conditions to govern the requested ADP. It also recognizes that both the Company and Advocacy Staff have built a record supporting the Commission's grant of an advanced determination of prudence. For these reason, I urge you to adopt the Settlement Agreement. I look forward to addressing any questions you may have.

Thank you.