

**MPUC Docket No. E-6472-/M-05-1993**  
**OAH Docket No. 12-2500-17260-2**

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BEFORE THE  
MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS

100 Washington Square, Suite 1700  
Minneapolis, Minnesota 55401-2138

FOR THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

127 7th Place East, Suite 350  
St. Paul, Minnesota 55101-2147

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In the Matter of the Petition of Excelsior Energy Inc.  
and Its Wholly-Owned Subsidiary MEP-I, LLC For Approval of Terms and  
Conditions For The Sale of Power From Its Innovative Energy Project Using  
Clean Energy Technology Under Minn. Stat. § 216B.1694 and a  
Determination That the Clean Energy Technology Is Or Is Likely To Be a  
Least-Cost Alternative Under Minn. Stat. § 216B.1693

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**PREPARED REBUTTAL TESTIMONY AND EXHIBITS OF  
EXCELSIOR ENERGY INC. AND MEP-I LLC**

**RICHARD STONE**

**OCTOBER 10, 2006**

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**EXCELSIOR ENERGY INC.**

**BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**PREPARED SUPPLEMENTAL TESTIMONY OF**

**RICHARD STONE**

**Q Please state your name, current employment position and business address.**

A Richard Stone, Senior Vice President, Development and Engineering for Excelsior Energy Inc. My business address is Excelsior Energy Inc., Crescent Ridge Corporate Center, 11100 Wayzata Boulevard, Suite 305, Minnetonka, Minnesota 55305.

**Q On whose behalf are you testifying?**

A I am testifying on behalf of MEP-I LLC and Excelsior Energy Inc. (collectively “Excelsior”), the developers of the Mesaba Energy Project (the “Project”).

**Q Have you previously provided testimony in this case?**

A Yes, I have previously provided testimony on September 5, 2006.

Scope and Summary

**Q What is the scope of your testimony rebuttal testimony?**

A The purpose of my testimony is to sponsor and incorporate Excelsior Energy’s Action Plan for Carbon Capture and Sequestration (“CCS Plan”). On behalf of Excelsior, I supervised and engaged in the preparation the CCS Plan, and I am available to answer any questions about it. The CCS Plan is appended to my testimony as Exhibit RS-1. The CCS Plan rebuts testimony calling into question the Mesaba Energy Project’s ability to capture and sequester carbon dioxide by Roger A. Clarke, J. Drake Hamilton, Ronald R. Rich, and Michael G. Cashin.

1 CCS Plan

2 **Q Please briefly summarize the information contained in Exhibit RS-1, CCS**  
3 **Plan.**

4 A The CCS Plan represents Excelsior’s effort to analyze the regulatory  
5 framework, economic considerations, and technology available for capturing and  
6 sequestering carbon dioxide generated in Units 1 and 2 of the Mesaba Energy  
7 Project. In particular, the CCS Plan considers current state efforts to regulate  
8 carbon dioxide and discusses how federal regulation of carbon dioxide would  
9 likely function. The CCS Plan also evaluates two different processes that would  
10 capture carbon dioxide in the Integrated Gasification Combined Cycle (“IGCC”)  
11 power plants that would constitute Units 1 and 2 of the Mesaba Energy Project.  
12 After considering capture technologies, the CCS Plan goes on to evaluate how to  
13 sequester the captured carbon dioxide. Finally, the CCS Plan analyzes the  
14 economics of capture and sequestration.

15 The purpose of the CCS Plan is to evaluate the technological, economic,  
16 and regulatory conditions under which the Mesaba Energy Project will be able to  
17 capture and sequester carbon dioxide. Excelsior’s goal in preparing the plan is to  
18 identify carbon capture options at the Mesaba Energy Project and geological  
19 carbon sinks in North Dakota, Manitoba and/or Saskatchewan.

20 **Q What conclusions are reflected in the CCS Plan with respect to Excelsior’s**  
21 **plan to capture and sequester carbon dioxide?**

22 A The Plan identifies a recommended technical option that involves  
23 installing an amine scrubber downstream of the acid gas removal system in the  
24 IGCC power stations to remove up to 85% of the carbon dioxide in the synthesis  
25 gas that fuels the plants, which would represent an overall 30% carbon capture  
26 from the plant. The likely plan for the captured carbon dioxide is to transport it to  
27 oil fields in North Dakota, southwestern Manitoba, and/or southeastern  
28 Saskatchewan. Once the carbon dioxide arrives at its destination, it will be  
29 sequestered underground where it will also enhance oil recovery. The program  
30 could be financed through a combination of revenue from the sale of carbon

1           dioxide to oil companies, sale of carbon credits once greenhouse gas regulations  
2           are promulgated, amendments to the Power Purchase Agreement to provide for  
3           the pass-through of certain costs, and through possible government funding.

4   **Q.   Does this conclude your prepared rebuttal testimony?**

5   **A.   Yes.**

**EXHIBIT NO. \_\_\_\_\_ (RS-1)**