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December 1, 2006

Mr. Alex Hofschulte
Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

Re: *In the Matter of a Petition by Excelsior Energy Inc. for Approval of a Power Purchase Agreement under Minn. Stat. § 216B.1694, Determination of Least Cost Technology, and Establishment of a Clean Energy Technology Minimum Under Minn. Stat. § 216B.1693*
OAH Docket No. 12-2500-17260-2; MPUC Docket No. E-6472/M-05-1993

Dear Mr. Hofschulte:

Enclosed for filing with your office, please find the original and two copies of Excelsior Energy's Response to the Department of Commerce's Information Request No. 116.

Very truly yours,

LEONARD, STREET AND DEINARD
Professional Association



BYRON E. STARNS

BES/sah
Enclosure
cc (w/enc.): IR Service List

In the Matter of a Petition by Excelsior Energy, Inc., . . .

INFORMATION REQUEST RESPONSES SERVICE LIST

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Department of Commerce
Information Request

MPUC Docket No.: E-6472/M-05-1993

Date of Request: November 22, 2006

OAH Docket No. 12-2500-17260-2

Date of Response: December 8, 2006

Requested From: Thomas Oстераas/Excelsior Energy

Analyst Requesting Information: Eilon Amit

Type of Inquiry: []...Financial []...Rate of Return []...Rate Design
 []...Engineering []...Forecasting []...Conservation
 []...Cost of Service []...CIP [X]...Other; PPA

EXCELSIOR ENERGY INC.

MPUC Docket E-6472/M-05-1993

Response to DOC IR No. 116

- Non-Public Document – Contains Trade Secret Data
 Public Document – Trade Secret Data Has Been Excised
 Public Document

Department of Commerce
Information Request No. 116 to Excelsior Energy

116. Does the estimated cost of the PPA include any costs for equipment necessary to capture and sequester CO₂? Does it include any footprint costs to modify the plant components or plant, to accommodate any CO₂ capture and sequestration? The response requires a “yes” or “no.” If your answer is in the affirmative, please explain.

Excelsior Energy
Response to Department of Commerce IR No. 116

Yes. The costs included in the PPA cover all equipment for a baseload coal plant employing IGCC technology, a technology which will allow CO₂ removal at a much lower cost versus conventional pulverized coal technologies. Because IGCC technology provides a technologically and economically superior way to use coal for power generation that will accommodate capturing CO₂, all of the equipment covered by the costs of the PPA is necessary to capture and sequester CO₂ once regulation requires or economic circumstances warrant capture and sequestration. In addition, the PPA pricing includes footprint costs to accommodate CO₂ capture and sequestration since Excelsior Energy’s design includes necessary space to allow for later capture and sequestration integration.

Thus, the Project is adaptable for capturing and sequestering CO₂, where a different footprint and configuration would have unnecessarily increased the cost of, or possibly rendered the Project unsuitable for, capture and sequestration.

Response by: Thomas Osteraas
Title: Counsel, Excelsior Energy Inc.
Telephone: (952) 847-2374
Date: December 1, 2006