

E-002/RP-91-682 ORDER REQUIRING FURTHER FILINGS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner

In the Matter of the Petition of  
Northern States Power Company  
for Approval of its Resource  
Plan

ISSUE DATE: June 23, 1992

DOCKET NO. E-002/RP-91-682

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**PROCEDURAL HISTORY**

**I. Proceedings to Date**

On October 1, 1991 Northern States Power Company (NSP or the Company) filed its first biennial resource plan under Minn. Rules, parts 7843.0100 through 7843.0600. The rules are detailed, but basically require electric utilities to file biennial reports on the projected energy needs of their service areas over the next 15 years, their plans for meeting projected need, the analytical process they used to develop their plans, and their reasons for adopting the specific resource mix proposed. The rules are designed to strengthen utilities' long term planning processes by providing input from the public, other regulatory agencies, and the Commission. They are also intended to ensure that utilities making resource decisions give adequate consideration to factors whose public policy importance has grown in recent years, such as the environmental and socioeconomic impact of different resource mixes.

Under the rules the Department of Public Service (the Department), the Environmental Quality Board, and the Residential and Small Business Utilities Division of the Office of the Attorney General (RUD-OAG) may intervene in resource plan proceedings as of right. Other parties may petition to intervene. Minn. Rules, part 7843.0300, subp. 7.

The Department and the RUD-OAG asserted their intervention rights. The Commission also received intervention petitions from the City of Minneapolis, the Union of Concerned Scientists, Minnesotans for an Energy-Efficient Economy, the Izaak Walton League of America, the Metalcasters of Minnesota, and the City of St. Paul and the Board of Water Commissioners of the City of St. Paul. All intervention petitions were granted.

The Commission also received comments on the Company's filing from Peoples Electrical Contractors, the Student Coalition for Clean Energy, the North American Water Office, Sorgo Fuels and Chemicals, Ted Greenfield (a ratepayer), the Minnesota Public Interest Research Group, and the Minnesota Senior Federation.

The matter came before the Commission on May 20, 1992 for resolution of procedural issues raised by commenting parties.

## FINDINGS AND CONCLUSIONS

### **II. The Positions of the Parties**

NSP is Minnesota's largest electric utility. The Company's plans for meeting the future needs of its service area are necessarily complex. They rest on complicated assumptions about service area growth, existing plant lives, the cost and reliability of different generation technologies, the probable outcomes of current and future conservation and demand-side management efforts, and the environmental and socio-economic effects of different resource mixes. The Company's plans for meeting need raise corresponding policy issues, such as the proper weight to be given environmental and socio-economic factors, the proper level of commitment to conservation and demand-side management, and proper calculation of costs. Commenting parties favored different procedural approaches for developing the factual and policy issues raised by the Company's filing.

The RUD-OAG recommended rejecting the Company's filing for failure to properly evaluate environmental costs.

The Department urged the Commission to make policy judgments on the basis of the current record, to require the Company to work with stakeholders in developing its next resource plan, and to set two issues for contested case proceedings. The two issues were (1) the need for two peaking units the Company proposes to build in 1994 in North Dakota, and (2) the content of a contingency plan to deal with the early retirement of the Prairie Island nuclear plant if the Company's application to build a nuclear waste storage facility is denied.

The Izaak Walton League claimed that the Company's resource plan was based on inaccurate factual assumptions that resulted in a bias toward fossil fuel and other conventional generation technologies. The League stated it would prefer a collaborative process for developing the facts, but that contested case proceedings might be necessary in light of Company opposition to the collaborative model proposed by the League. (Among other things, that model provided for Company funding of third-party

experts on contested issues.) The League emphasized the need for formal fact finding proceedings in any event.

The Union of Concerned Scientists, the North American Water Office, the Minnesota Public Interest Research Group, and Sorgo Fuels and Chemicals supported contested case proceedings. The City of Minneapolis supported a collaborative process. Minnesotans for an Energy-Efficient Economy and the Student Coalition for Clean Energy supported a collaborative process, and contested case proceedings in the alternative. The City of St. Paul and the Board of Water Commissioners of the City of St. Paul supported expanded written and oral comment procedures, but opposed a formal collaborative process and contested case proceedings.

The Company opposed contested case proceedings as inconsistent with the philosophy of the resource planning rules and the formal collaborative model as placing an unfair financial burden on the utility. The Company stated its plans to build the North Dakota peaking units were in flux, and that contested case proceedings on the need for those units would be premature. The Company expressed a willingness to work cooperatively with interested persons and to conduct joint studies with them.

### **III. Commission Action**

The Commission believes it does not have adequate information today to establish a procedural framework for the remainder of this proceeding. The collaborative model supported by several parties has not been described in enough detail for the Commission to have a clear understanding of how it would work, how much it would cost, how long it would take, and what the Commission's role in it would be. The "joint studies" model supported by the Company is similarly undeveloped. The expanded comment procedure supported by at least one party could also be explained in greater detail. Parties who attended the May 20 hearing may have further ideas on procedural options after hearing other parties' presentations. The Commission believes additional filings, giving detailed presentations on the various procedural options would be helpful at this point.

At present, the Commission will not refer any issues raised by the Company's filing for contested case proceedings. The resource planning process is designed to be a non-contested case proceeding, and the Commission sees great benefit in treating the process as an open dialogue between the Company, regulators, and stakeholders. The Commission does not rule out the possibility of a contested case proceeding, however, should the Commission be unable to fulfill its regulatory responsibilities without the full evidentiary development that process provides.

The Commission agrees with the Company that the issue of the need for the North Dakota peaking units is not yet ripe for consideration. The Company will be required to file a report within 45 days on the status of its plans to build those units.

Finally, the Commission will defer any decision on the need for a Prairie Island contingency plan until the Commission has acted on the Company's application for a certificate of need for a nuclear waste storage facility. That facility would allow the plant to continue operating at projected levels. Developing the contingency plan advocated by the Department would require a major resource commitment, which the Commission will not require when the need for the plan is unclear.

#### ORDER

1. All petitions for contested case proceedings on any portion of the Company's resource plan filing are denied.
2. Within 45 days of the date of this Order, the Company shall file a report on the status of its plans to build the North Dakota peaking units.
3. Within 30 days of the date of this Order, parties advocating specific procedural approaches (other than contested case proceedings) for developing the factual and policy issues of this case shall file detailed descriptions of those approaches.
4. Comments on the procedural filings described in paragraph 3 shall be filed within 15 days of the due date for the procedural filings.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)