

E-017/M-93-1120 ORDER DENYING PETITION

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Marshall Johnson	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner

In the Matter of Otter Tail
Power Company's Request for
Expedited Approval of Interim
Externality Values for Use in
its 1994 Resource Plan Filing

ISSUE DATE: December 20, 1993

DOCKET NO. E-017/M-93-1120

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PROCEDURAL HISTORY

On November 3, 1993 Otter Tail Power Company filed a petition to use in its 1994 resource plan specific monetary values for the environmental costs of specific methods of generating electricity. On August 17, 1993 the Commission had initiated a generic proceeding to set such values on an industry-wide, interim basis, and to do so by March 1, 1994, in compliance with a statutory directive.¹ Minn. Stat. § 216B.2422, subd. 3 (Supp. 1993). The Company was and is a party to that proceeding. The Company claimed, however, that waiting for the environmental values from that proceeding would make it difficult to file its 1994 resource plan by the July 1, 1994 deadline.

The Department of Public Service, the Residential and Small Business Utilities Division of the Office of the Attorney General, Western Fuels Association, and the Izaak Walton League, all parties to the generic proceeding, filed comments opposing Otter Tail's request. Minnesota Power, a party to the generic proceeding and another electric utility whose next biennial resource plan is due in 1994, filed comments supporting the Company.

The matter came before the Commission on December 9, 1993.

¹ In the Matter of the Quantification of Environmental Costs Pursuant to Laws of Minnesota 1993, Chapter 356, Section 3, Docket No. E-999/CI-93-583, ORDER ESTABLISHING PROCEDURE FOR ESTABLISHING INTERIM ENVIRONMENTAL COST VALUES (August 17, 1993).

FINDINGS AND CONCLUSIONS

The Commission appreciates the Company's commitment to preparing a high quality resource plan and its desire to have environmental cost values available for planning purposes as soon as possible. On balance, however, the Commission believes the public interest would be better served by the Company's using the interim values set in the generic proceeding than by using a separate set of values. Should the Company find it impossible to complete its resource plan on schedule using the environmental cost values from the generic proceeding, the Commission will consider a request for a time extension.

Putting monetary values on environmental costs is a difficult process under the best of circumstances. It raises complex legal, factual, and policy issues which are best developed with the aid of careful analysis by a wide range of stakeholders. That process is successfully underway in the generic proceeding, which is on schedule and expected to produce interim values by the March 1 statutory deadline. The Commission believes initiating a separate proceeding to determine interim values for Otter Tail would be confusing and would require unnecessary duplication of effort by all parties. Because of the time constraints suggested by the Company, it would also produce less reliable results than the generic proceeding. For all these reasons, the Commission will deny the Company's request.

ORDER

1. The Company's request to use specified values for environmental costs in its 1994 integrated resource plan is denied.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)