

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward A. Garvey	Commissioner
Marshall Johnson	Commissioner
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In the Matter of an Investigation into  
Disclosure of Environmental Information to  
Utility Customers

ISSUE DATE: October 2, 2001

DOCKET NO. E,G-999/CI-00-1343

ORDER REQUIRING DISCLOSURE AND  
COMPLIANCE FILING

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**PROCEDURAL HISTORY**

On October 27, 2000, the Commission ordered rate-regulated energy utilities to submit proposals for disclosing environmental information to customers.<sup>1</sup> By February 1, 2001, the Commission had received comments from Alliant Energy, Dakota Electric Association (DEA), the Minnesota Department of Commerce (the Department), Minnesota Power Company (MP), Minnesotans for an Energy Efficient Economy (ME3), Northern States Power Company d/b/a Xcel Energy (Xcel), Otter Tail Power Company (OTP), and a coalition of gas utilities consisting of Great Plains Natural Gas, Northern Minnesota Utilities, Peoples Natural Gas Companies, and Reliant Energy Minnegasco.

On May 3, 2001, the Department, ME3 and the Minnesota Pollution Control Agency (the Joint Commentors) filed a draft brochure for environmental disclosure. By May 23, 2001, the Commission had received comments on the brochure from the Clean Water Action Alliance, the Izaak Walton League of America (IWLA), the Minnesota Project and OTP.

Based on these comments, the Joint Commentors filed a modified draft brochure along with comments on May 30, 2001. The Minnesota Office of the Attorney General's Residential and Small Business Utilities Division (OAG-RUD) also filed comments. Subsequently, reply comments were filed by the Clean Water Action Alliance (CWAA), DEA, MP, the OAG-RUD and Xcel.

The matter came before the Commission on August 28, 2001.

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<sup>1</sup>ORDER AUTHORIZING DISPLAY OF OVERALL AVERAGE GENERATION COSTS ON CUSTOMERS' BILLS AND OPENING AN INVESTIGATION INTO DISCLOSURE OF ENVIRONMENTAL INFORMATION, pp. 4-5.

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## **FINDINGS AND CONCLUSIONS**

### **I. Background**

The Commission opened this docket to –

... address the issue of what environmental costs should be disclosed on customers' bills and how such costs would be disclosed. This docket will involve all rate-regulated utilities in Minnesota. The Commission recognizes that there is a need for the consumer to be informed and educated on environmental issues and that all Minnesota utilities' customers ... should have similar access to information. For this reason, the Commission will ... open a separate docket giving all rate-regulated utilities in Minnesota the opportunity to put forth proposals on this matter.<sup>2</sup>

The comments received by the Commission address many of the issues raised above. Specifically, what information should be disclosed? How should the information be presented? Who should disseminate this information?

Many of these issues are fundamental to defining the scope of this docket. The Joint Commentors have been able to reach a common perspective on many of these issues, but other commentors do not always concur. Ultimately the answers to these questions depend upon the Commission's intention in initiating this docket. Therefore, the Commission finds merit in offering direction at this stage of the docket.

### **II. Analysis**

#### **A. Which utilities should provide disclosure of the environmental consequences of their business?**

No party disputes that this docket should address the environmental consequences of electric generation. Accordingly, the Commission will direct electric generators to make environmental disclosures.

Similarly, no party disputes that natural gas use has environmental consequences, too. But the gas utilities note that it is difficult to compare the environmental consequences of natural gas to electricity. Electric generators can be compared based on the amount of pollution or cost per megawatt (MW) or megawatt hour (Mwh). But this comparison is inapt to natural gas (except where natural gas is used to generate electricity). A fair comparison would focus on the amount of pollution or cost associated with operating a specific appliance – a water heater, oven, air conditioner or furnace – to achieve an equal outcome using electricity or natural gas. And that comparison would be heavily influenced by the efficiency of the appliance in question.

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<sup>2</sup>*Id.* at 4-5.

Given the complexities of these issues, the gas utilities recommend excluding their industry from the current effort at environmental disclosure and public education. Interstate Power and the Joint Commentors agree with the gas utilities' proposal, and no party spoke against it.

The success of any public education effort depends upon selecting a focused message. The Commission faces a trade-off between the complexity of the message and the ability to convey it. Ideally the commentors could develop and explain in an even-handed way the environmental consequences of consuming both electricity and natural gas. But obtaining the necessary information would require considerable time and expense, and presenting the information would generate considerable complexity. Given these concerns, and the agreement among the commentors, the Commission will agree for now to focus this information campaign on the environmental consequences of electric generation.

### **B. How should the information be presented?**

Commentors suggested various means of presenting the information. Some propose printing information on the customer's monthly electric bills, or on the envelope. But others note the expense and practical limitations of presenting information in these formats. They argue in favor of presenting the information via a bill insert, distinct from the bill itself. Still others propose presenting the information on a site on the World Wide Web, with references to where the information can be found printed on the customer's bills.

Having reviewed the comments on this matter, the Commission appreciates the constraints on printing complex information on customer bills. Still, a customer bill is able to accommodate brief information such as a World Wide Web address and a phone number. Therefore the Commission favors posting the environmental disclosure information on the Web sites of the utility and one or more state agencies, and printing Web addresses and phone numbers for agency and utility contacts on customer bills. Additionally, the Commission favors providing a periodic bill insert to raise consumer awareness of this information. Finally, the Commission favors having all electric utilities present this information in a uniform format.

### **C. What type of bill insert should electric utilities provide?**

The Joint Commentors propose a specific format for a brochure. This brochure would be roughly 8 ½ inches by 11 inches and fold into three panels on each side of the page. One side would contain a cover page urging customers to "Use Energy Wisely," a list of ideas to save energy, and phone numbers and Web addresses where consumers could obtain more information. The other side would provide more utility-specific information. For example, it would display a pie chart indicating the resources that a utility uses to meet customer demand (such as coal-generation, nuclear generation, conservation, etc.). It would also have a bar graph indicating how the utility's level of waste compares to the regional average. And it would provide information about the environmental harms resulting from various types of waste from electric generation.

The Commission finds the Joint Commentors's format agreeable. Having reviewed the filed comments, however, the Commission will make the following changes:

### **1. Title or cover page**

- The parties should develop an appropriate, policy-neutral title or cover page for the brochure.

### **2. Pie chart**

- Some commentors question whether the colors used in the pie chart - using black for coal, green for wind/solar, etc. - stigmatize certain resources. In the interest of avoiding this problem, the Commission will direct utilities to use the same color for all pieces of the pie chart. To help distinguish these uniformly-colored pieces, the Commission will direct utilities to display the pieces separated from each other in a "broken" pie chart format, and to denote the edge of the pieces with bold lines.
- Some commentors question the propriety of including conservation in the pie chart as a means by which a utility meets energy needs. For some purposes, such as Integrated Resource Planning, the Commission may regard conservation programs as the equivalent of generation resources. But for the purpose of educating consumers about the consequence of consuming more or less electricity, adding conservation to the pie chart of generation resources may add needless complexity to an otherwise simple idea. The Commission concludes that it is not necessary to include conservation within the pie chart of resources used to meet customer needs. Instead, each utility should address the role of conservation elsewhere in the brochure, including the amount of electricity conserved and the amount of air emissions avoided.

### **3. Bar graph**

- Some commentors question the propriety of listing nuclear waste along with air emissions in a bar graph. The graph may suggest an inappropriate parallel between nuclear waste and emissions. Unlike emissions, nuclear waste is contained and stored rather than released into the environment. The Commission will direct that references to nuclear waste be removed from the bar graph of emissions, but be included elsewhere in the brochure.
- In addition to the bar graph depicting a utility's various types of emissions, the Commission would like to see similar information disaggregated by generation source. The Commission will direct each utility to develop an air emissions comparison chart, showing the average air emissions from generators powered by coal, natural gas, nuclear fission, wind, water, solar and biomass.

#### 4. Conservation measures

- Minnesota Power discussed including conservation and other programs in the brochure. The Commission will direct parties to do so.
- The Joint Commentors' proposal contains a list of recommended actions to reduce energy consumption, and estimates of their efficacy. The Commission understands that the Department prepared this list. It is unclear whether all the utilities support this list and these numbers. Rather than try to develop a factual record on this matter, the Commission will simply direct that this list be attributed to the Department.

#### 5. Miscellaneous

- To further clarify the distinctions between different generation sources, the Commission will direct electric utilities to state the amount of air emissions generated per unit of electricity generated for each source of generation, including purchased energy. If the source of the purchased power is not known, an air emission proxy should be used. Ideally the utility would use the seller's system average air emissions, but the utility may elect to use the air emissions average for the Mid-Continent Area Power Pool (MAPP) system instead. While the Commission will defer to the utilities to choose this proxy, the utility should not bias the disclosure by constantly switching its choice to whichever proxy produced the lower emissions numbers. To guard against that possibility, the Commission will direct each utility to use its choice of proxy throughout its brochure, and for the next three brochures as well.
- To provide more context for these emissions numbers, the Commission will also direct utilities to include in the brochure their system-wide average cost of electricity generated by each different type of fuel, as well as the average cost saved through demand-side management efforts.
- In their June 18, 2001 comments, Dakota Electric and Great River Energy provide language that describes the pros and cons of each generation source in terms of reliability, costs, and environmental impact. It reads as follows:

**Coal** is used to generate low-cost, reliable electricity around the clock. Coal produces Carbon Dioxide (CO<sub>2</sub>), Sulfur Dioxide (SO<sub>2</sub>), Nitrogen Oxides (NO<sub>x</sub>), Particulate Matter and Mercury. The levels of emissions are dependent on the characteristics of the coal and how it is burned.

**Nuclear Energy** produces no air emissions, but it does produce both high- and low-level nuclear waste. Nuclear energy produces low-cost, reliable electricity around the clock.

**Natural Gas** and **Fuel Oil** also produce CO<sub>2</sub>, SO<sub>2</sub> and NO<sub>x</sub>, but at

lower levels than coal. Natural gas and fuel oil are relatively expensive fuels that are atypically used to produce electricity only on the hottest or coldest days of the year. Natural gas may not be available to generate electricity in the winter because natural gas is used for space heating during those cold months.

**Hydropower** produces no air emissions. It may disrupt fish and other aquatic species. Large hydropower facilities may destroy ecosystems and cultural resources through flooding. There are relatively few new sites available for new hydropower development.

**Wind Power** produces no air emissions and is a medium-cost source of electric generation. Wind is considered an intermittent resource because it can only generate electricity when the wind blows above certain speeds.

**Solar Power** produces no air emissions. It is expensive technology that is still in early stages of development. There are currently no large installations of solar power in Minnesota.

This language sums up much of what the Commission wishes to convey. The Commission will direct utilities to incorporate similar language into their brochures.

#### **D. When should dissemination begin?**

Some commentors question the value of educating consumers about the environmental consequences of electric consumption now. Currently consumers have no choice of electricity providers, so this information could not influence that choice. These commentors suggest that the Commission coordinate this information campaign to coincide with the beginning of retail choice in the electric market in Minnesota, if and when that occurs.

Other parties argue that consumers do have a choice: they have a choice in the amount of electricity they consume. Consumers have the option of participating in various programs to influence their electric consumption. To the extent that environmental considerations would influence their choice, this information campaign is timely now. Additionally, disseminating information about the environmental effects of various forms of electric generation will help prepare consumers for retail choice, should it arise.

The Commission agrees with the commentors – including the Joint Commentors – that favor earlier dissemination. Admittedly, information about the environmental effects of different types of generation would have special relevance to consumers that have a choice among energy providers. But the information also has relevance to the conservation decisions that consumers make today. The Commission will decline to delay the information campaign until the advent of retail choice.

**E. How often should dissemination occur? How often should the information be updated?**

While a World Wide Web site can be constantly available, bill inserts must be distributed periodically. Commentors did not agree on the appropriate period. Proposals varied from monthly, to quarterly, to semi-annually, to annually.

Also, emissions information changes with utility usage. Commentors did not agree on how frequently the disclosed information must be revised. Some proposed annual updates, while others suggested semi-annual revisions.

The Commission will select a balanced position. The Commission will direct electric utilities to provide brochures with their bills on a semi-annual basis, and update the brochures semi-annually as well. One brochure should provide information reflecting the utility's practices in winter, another reflecting the utility's practices in summer. In this manner the utility will be providing up-to-date information.

Additionally, as noted above, the Commission will direct each electric utility to print on its bills the telephone numbers and web sites for state agency(s) and the utility where the information about electricity and the environment can be obtained. In this manner the public will have constant access to this information.

**III. Commission Action**

To further the purposes of this docket, the Commission offers the guidance set forth above.

But the electric utilities still face the task of compiling the necessary information, agreeing on a format, and devising the brochures. The Commission is pleased with the progress to date. To build upon the commentors' work, and to find ways to implement the modifications to the Joint Proposal discussed above, participants may wish to convene a working group and bring in an outside, independent facilitator.

In any event, the Commission will direct each electric utility to file a sample brochure by February 1, 2002, or an explanation as to why the deadline could not be met.

**ORDER**

1. On their monthly bills, each Minnesota electric utility shall provide telephone numbers and web sites for state agency(s) and the utility where information about electricity and the environment can be obtained.

2. All Minnesota electric utilities shall develop uniform brochures disclosing information about electricity and the environment. Electric utilities shall provide the brochures to their customers as a bill insert semi-annually. One brochure shall provide winter electricity information, another provide summer electricity information.
3. Electric utilities shall base the brochure's format on the March 30, 2001 Joint Proposal of the Department of Commerce, Minnesota's for an Energy Efficient Economy, and the Minnesota Pollution Control Agency, with the following modifications:
  - a. An appropriate, policy-neutral title or cover page be developed for the brochure.
  - b. The same color be used for each portion of the pie chart.
  - c. The pie chart be provided in broken pie format with bold lines so that the portions can be seen regardless of color.
  - d. Energy conservation not be included in the pie chart but be described in a separate paragraph including the megawatt hours (kilowatt hours?) conserved and air emissions avoided for the appropriate utility.
  - e. Nuclear waste not be included in the air emissions bar chart, but be covered in a separate component of the brochure.
  - f. Another standard air emissions comparisons chart be developed and included in each brochure denoting average air emissions from generation facilities that use coal, natural gas, nuclear power plants as well as wind, water, solar and biomass.
  - g. Conservation and other programs appropriate for the specific utilities, as recommended by Minnesota Power, be included in the brochure.
  - h. The provisions recommending actions that can be taken to reduce energy consumption be specifically and clearly identified as recommendations (and estimates) made by the Minnesota Department of Commerce.
  - i. The air emissions by fuel source be provided on a per megawatt hours (kilowatt hours?) of output.
  - j. The air emissions for purchased power be disclosed. If the source for purchased power is not known, an air emission proxy shall be used. Ideally, the proxy could be the air emissions average of the seller's system, but the air emissions average for the MAPP system may be used at the utility's discretion, provided that any proxy be used consistently throughout the brochure and for the subsequent three brochures.
  - k. The utility's system average cost for each generation source and demand side management efforts be included in the brochure.
  - l. Generation source information language be included that is similar to that proposed by Dakota Electric (and Great River Energy) above.
4. To build upon the commentors' work, and to find ways to implement the modifications to the Joint Proposal discussed above, the Commission suggests that the participants convene a working group and bring in an outside, independent facilitator.

5. Each electric utility shall submit a compliance filing consisting of a sample brochure by February 1, 2002; or if such a compliance filing is not possible, an explanation as to why not.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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