

**Minnesota Public Utilities Commission**  
**Staff Briefing Papers**

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**Meeting Date:** November 3, 2011 ..... \* Agenda Item # 6

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**Company:** Dairyland Power Cooperative

**Docket No(s).** ET3/RP-11-918  
In the Matter of Dairyland Power Cooperative's Integrated Resource Plan for 2011-2026

**Issue(s):** 1) Should the Commission make a determination as to the completeness of Dairyland's Integrated Resource Plan and/or require supplemental info?

**Staff:** Michelle Rebholz ..... 651-201-2206

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***Relevant Documents***

Dairyland Power Cooperative, *Initial Filings* ..... September 8, 2011  
Commission, *Notice Seeking Comments* ..... September 19, 2011  
Dairyland Power Cooperative, *Revised Initial Filings* ..... October 5, 2011  
Department of Commerce, *Comments on Completeness* ..... October 10, 2011  
Environmental Organizations, *Comments on Completeness* ..... October 10, 2011

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The attached materials are workpapers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless otherwise noted.

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## ***Statement of the Issue***

- 1) Should the Commission make a determination as to the completeness of Dairyland's Integrated Resource Plan and/or require supplemental info?

## ***Background***

On September 8, 2011, Dairyland Power Cooperative ("Dairyland" or "DPC") filed its 2011-2026 Integrated Resource Plan.<sup>1</sup> The Commission's Order on Dairyland's previous IRP required the cooperative to submit its IRP no later than September 1, 2011.

Resource Plans are governed by Minn. Stat. §216B.2422 and Minnesota Rules Chapter 7843.

Dairyland has been filing resource plans with the Commission since 1995.

## ***Initial Filing***

On September 8, 2011, Dairyland filed its IRP in several separate components. The filing included:

- 1) A narrative document, with the following sections: I. Introduction; II. Energy Requirements for Dairyland; III. Energy Requirements for Minnesota Members; IV. Variables Definition and Calculation (Minn. Rules parts 7610.0310 and 7610.0320); V. Transmission Upgrades: Minn. Rules part 7610.0500; VI. Present Generation Facilities and Future Additions; VIII. Load Management and Conservation Programs; IX. Information Supporting Selection of Dairyland's Resource Plan Modeling; X. 50 and 75 Percent Renewables Scenarios; XI. Incorporation of Environmental Costs; and XII. Public Interest.
- 2) A nontechnical summary of energy requirements, present generation facilities and future additions, a description of Dairyland's relationship with MISO, future planned resources, load management and conservation programs, 50 and 75% renewables scenarios, and public interest issues.
- 3) Numerous spreadsheets, most of which were filed as Trade Secret.

On September 19, 2011, staff sent out a Notice Seeking Comments on the initial filing.

## ***Comments***

### **Department of Commerce**

In response to the Commission's Notice, the Department filed a letter. The Department cited

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<sup>1</sup> While Dairyland's resource plan was filed seven days late, neither staff nor any commenting party has raised concerns. Staff contacted Dairyland a few days after the IRP was due and learned that Dairyland was having technical difficulties filing its resource plan in edockets due to the size of its files.

Commission Rule 7843.0200, subpart 2, which states:

The plan must also specify how the implementation and use of those resource options would vary with changes in supply and demand circumstances.

The Department observed that page 31 of Dairyland's IRP lists the scenarios it ran to show changes in supply and demand circumstances, but the Department was unable to locate the results in the IRP. The Department suggested that Dairyland's resource plan would be complete once Dairyland submits the results of its scenario analyses into the record.

### **Environmental Organizations**

The Izzak Walton League of America – Midwest Office, Fresh Energy, and the Minnesota Center for Environmental Advocacy (collectively referred to as the “Environmental Organizations” in these briefing papers) submitted a letter. The Environmental Organizations noted that in Dairyland's last resource plan docket, the Department raised the question of compliance with Minn. Stat. §216H.03, and the Commission determined that the matter was not ripe. The Environmental Organizations stated that there is no reason, in their view, why the matter is not now ripe for Commission determination. Since Dairyland's recently-filed plan does not address the issue of applicability of Minn. Stat. §216H.03, the Environmental Organizations requested that the Commission direct Dairyland to make a compliance filing addressing this legal issue.

### **Staff Analysis**

Dairyland's last resource plan was initially found to be incomplete by this Commission.<sup>2</sup> In Docket ET3/RP-08-113, the Commission issued an Order on May 19, 2008 requiring further filings from Dairyland. In general, it has been unusual for the Commission to issue an Order directing a utility to file additional filings in order for a resource plan to be found complete.

The Commission's Rules on resource plans specify a general process for completeness:

#### **Minnesota Rules 7843.0300 FILING REQUIREMENTS AND PROCEDURES.**

Subp. 3. Completeness of filing. The resource plan filing must contain the information required by part 7843.0400, unless an exemption has been granted under subpart 4. If the Commission determines before September 1 of the filing year that the filed information is incomplete or unclear, it may order the utility to augment or clarify the filing.<sup>3</sup>

A copy of Minnesota Rules part 7843.0400 is attached to these briefing papers. Dairyland has not requested an exemption from any resource plan filing requirements.

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<sup>2</sup> In the Commission's May 19, 2008 Order in that previous docket, the Commission required Dairyland to file eight additional items before its resource plan could be considered complete. See ORDER REQUIRING FURTHER FILINGS, Docket No. ET3/RP-08-113, Issued May 19, 2008.

<sup>3</sup> The reference to September 1 in this rule is premised on a resource plan being filed on July 1. In other words, the rule sets up a 60 day process for determining the completeness of a resource plan.

Staff agrees with the Department that the results of Dairyland's scenario analyses would be helpful to add to the record and appears to be generally contemplated to be included by the Commission's resource planning rules. As to the Environmental Organizations' request, the Commission will need to decide if the matter is now ready for further examination. Staff notes that in its 2008 resource plan, Dairyland disagreed with the Department that Minn. Stat. §216H.03 applied to its Weston 4 unit on two grounds, first that the cooperative did not believe that the statute was intended to cover projects committed to before April 1, 2007, and that Dairyland does not import electricity generated by Weston 4 for consumption in Minnesota.<sup>4</sup>

In addition to the comments of the parties, staff offers two other observations on Dairyland's filed plan.

First, staff notes that Dairyland's Non Technical Summary, filed on September 8, 2011, does not contain page numbers. Staff notes that in Dairyland's last resource plan proceeding, Docket No. 08-113, the Commission issued an Order requiring Dairyland to refile its resource plan with page numbers. Not having page numbers on portions of its filed documents makes it very difficult for commenters to refer the Commission to specific portions of the plan, and in addition makes it difficult for the Commission to refer to portions of the plan when issuing a decision on the plan.

Second, staff also notes that it sent Dairyland a letter on September 19, 2011 identifying a number of deficiencies in the cooperative's filing of its data it designated as trade secret. On October 5, 2011, Dairyland made revised filings in response to staff's letter. It appears Dairyland has attempted to correct the majority of the trade secret deficiencies. However, given the volume of data that the cooperative filed, staff cannot verify at this time whether every single deficiency has been fixed, and offers to work with Dairyland and monitor this issue going forward.

### *Decision Alternatives*

#### I. Completeness

- A. Find Dairyland Power Cooperative's 2011-2026 Integrated Resource Plan to be complete. **OR;**
- B. Direct Dairyland Power Cooperative to file one or more of the following items in its resource plan within 30 days of a Commission Order in this docket:
  - 1. The results of its scenario analyses referenced on page 31 of its resource plan filing;
  - 2. A filing addressing whether Dairyland believes its Weston 4 plant is subject to Minn. Stat. §216H.03;
- C. Direct Dairyland Power Cooperative to continue to work with Commission staff to ensure compliance with the Commission's published Data Practices filing requirements.

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<sup>4</sup> Reply comments of Dairyland, Docket No. ET3/RP-08-113, filed May 12, 2009, pp. 1-3.

## Attachment 1

### 7843.0400 CONTENTS OF RESOURCE PLAN FILINGS.

Subpart 1. Advance forecasts. A utility shall include in the filing identified in subpart 2 its most recent annual submission to the Minnesota Department of Commerce and the Minnesota Environmental Quality Board under Minnesota Statutes, sections 216B.2422, subdivision 2a, and 216C.17, and parts 7610.0100 to 7610.0600.

Subp. 2. Resource plan. A utility shall file a proposed plan for meeting the service needs of its customers over the forecast period. The plan must show the resource options the utility believes it might use to meet those needs. The plan must also specify how the implementation and use of those resource options would vary with changes in supply and demand circumstances. The utility is only required to identify a resource option generically, unless a commitment to a specific resource exists at the time of the filing. The utility shall also discuss plans to reduce existing resources through sales, leases, deratings, or retirements.

"Derating" means a temporary or permanent reduction in the expected power output of a generating facility.

Subp. 3. Supporting information. A utility shall include in its resource plan filing information supporting selection of the proposed resource plan.

A. When a utility's existing resources are inadequate to meet the projected level of service needs, the supporting information must contain a complete list of resource options considered for addition to the existing resources. At a minimum, the list must include new generating facilities of various types and sizes and with various fuel types, cogeneration, new transmission facilities of various types and sizes, upgrading of existing generation and transmission equipment, life extensions of existing generation and transmission equipment, load-control equipment, utility-sponsored conservation programs, purchases from nonutilities, and purchases from other utilities. The utility may seek additional input from the commission regarding the resource options to be included in the list. For a resource option that could meet a significant part of the need identified by the forecast, the supporting information must include a general evaluation of the option, including its availability, reliability, cost, socioeconomic effects, and environmental effects.

B. The supporting information must include descriptions of the overall process and of the analytical techniques used by the utility to create its proposed resource plan from the available options.

C. The supporting information must include an action plan, a description of the activities the utility intends to undertake to develop or obtain noncurrent resources identified in its proposed plan. The action plan must cover a five-year period beginning with the filing date. The action plan must include a schedule of key activities, including construction and regulatory

filings.

D. For the proposed resource plan as a whole, the supporting information must include a narrative and quantitative discussion of why the plan would be in the public interest, considering the factors listed in part 7843.0500, subpart 3.

Subp. 4. Nontechnical summary. A utility shall include in its resource plan filing a nontechnical summary, not exceeding 25 pages in length and describing the utility's resource needs, the resource plan created by the utility to meet those needs, the process and analytical techniques used to create the plan, activities required over the next five years to implement the plan, and the likely effect of plan implementation on electric rates and bills.

Subp. 5. Combined and common filings. Utilities may combine their individual filings into a single larger filing, as long as the action does not lead to a loss of information. Information common to two or more of the utilities need only be submitted once, as long as the filing clearly shows the utilities to which the information applies.