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May 9, 2014

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**VIA E-FILING**

Dr. Burl W. Haar  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101-2147

**Re: In the Matter of the Investigation into Environmental and Socioeconomic Costs  
Under Minn. Stat. 216B.2422, subd. 3  
Docket No. E-999/CI-00-1636  
Reference Docket No. E-999/CI-93-583**

Dear Dr. Haar:

On October 9, 2013, the Minnesota Center for Environmental Advocacy, Fresh Energy, Izaak Walton League of America – Midwest Office, Center for Energy and Environment, Sierra Club, and the Will Steger Foundation (the “Clean Energy Organizations”) filed a *Motion to Update Externality Values for use in Resource Decisions* (the “Motion”), together with a memorandum in support of the motion, in the above-referenced docket. The matter came before the Minnesota Public Utilities Commission (the “Commission”) in December of 2013, at which time the Commission granted the Motion. In its February 10, 2014, written order (the “Order”), the Commission requested that the Minnesota Department of Commerce - Division of Energy Resources (the “Department”) and Minnesota Pollution Control Agency (“MPCA”, together with the Department, the “Agencies”) convene a stakeholder group to address the scope of the investigation. Specifically, the Commission directed the Agencies to “address the scope of the investigation, whether to retain an expert under Minn. Stat. § 216B.62 subd. 8, and the possible roles of an expert, should one be retained.”<sup>1</sup> Pursuant to this direction, the Agencies hosted a stakeholder meeting on April 24, 2014. The Minnesota Large Industrial Group (“MLIG”), an ad hoc coalition of large industrial customers in the State of Minnesota that spans several utilities and pays in excess of \$350 million for electricity each year, participated in the meeting and offers the following brief comments.

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<sup>1</sup> *The Order*, pg. 5, ordering para. 2.



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MLIG greatly appreciates the efforts of the Agencies to convene a stakeholder meeting, assemble potential scenarios, and solicit input via the discussion document distributed in advance of the meeting (the “Discussion Document”). MLIG believes the meeting was productive. And the Discussion Document prepared by the Agencies provides a useful framework for developing the record. However, it appears some of the questions raised in the Discussion Document are more appropriately addressed during the contested case process. Therefore, MLIG will limit its written comment at this time to the specific questions raised by the Commission in ordering paragraph 2 of the Order.

With respect to scope, MLIG offers two suggestions. First, MLIG believes that the scope of the contested case proceeding must incorporate the impacts of recent and pending legislative and regulatory changes. These changes, including the anticipated regulations from the U.S. Environmental Protection Agency on existing generating resources, are presumably an attempt to force utilities to internalize at least a portion of the social costs of pollution. Failing to consider the Externalities Statute in light of statutory and regulatory modifications could result in double-counting in the ultimately recalibrated values. Second, MLIG objects to any proposal for the Commission to accept the federal government’s interagency work group (“IWG”) social cost of carbon estimates as a carbon dioxide externality value. A number of parties are questioning the IWG process and conclusions in a docket presently before the Office of Management and Budget. It is therefore inappropriate for the Commission, prior to a contested case, to accept the IWG estimates as a reasonable proxy for externality values in Minnesota.

With respect to an expert, MLIG cautions the Commission against retaining an expert under section 216B.62 subd. 8 of the Minnesota Statutes for the purpose of developing and offering written testimony. Given the attendance at the Agencies’ stakeholder meeting, it is clear that there are a number of parties who intend to participate in this docket. Each one of these parties should be afforded the opportunity to develop and submit written testimony without fear that testimony from the Commission-retained expert will be deemed the most credible.



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MLIG appreciates the opportunity to comment and looks forward to continued dialogue in this docket.

Very truly yours,

STOEL RIVES LLP

/s/ Andrew P. Moratzka

Andrew P. Moratzka

**CERTIFICATE OF SERVICE**

I, Kathy Prestidge, hereby certify that I have this day, served a true and correct copy of the following documents to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States Mail at Minneapolis, Minnesota.

*Minnesota Large Industrial Group's Comment Pursuant to the Discussion Document for the Stakeholder Meeting held on April 24, 2014*

**In the Matter of the Investigation into Environmental and Socioeconomic Costs Under Minn. Stat. 216B.2422, subd. 3  
Docket No. E-999/CI-00-1636  
Reference Docket No. E-999/CI-93-583**

Dated this 9th day of May, 2014.

*/s/ Kathy Prestidge*

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Kathy Prestidge

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