

1 A. Yes. In DOC-DER IR No. 17, DOC-DER asked the Applicants to provide “a narrative
2 explanation of the economic analysis performed that evaluated the costs and benefits of
3 the proposed [Project] (including the costs and benefits of the various routing options
4 considered³¹ and the 161 kV alternative).” The Applicants’ stated that they conducted
5 three different types of economic analyses of the proposed Project and the 161 kV
6 alternative, summarized as:

7 (1) Present Value (PV) benefit-to-cost analysis using APC savings;

8 (2) Curtailment analysis; and

9 (3) Externalities analysis.

10 The Applicants detailed each of the economic analyses performed and provided
11 updated economic analysis of the proposed Project and the 161 kV alternative in the
12 Petition’s Attachments A through G.

13
14 **Q. Did the Applicants provide further information about the 161 kV alternative?**

15 A. Yes. On August 31, 2018, the Applicants provided a supplemental response to DOC-DER
16 IR No. 17, explaining that there was a calculation error in the original response that
17 incorrectly excluded the final year’s present value of costs for the proposed Project and
18 the 161 kV alternative, resulting in 20 years of present value benefits being compared to
19 19 years of present value costs.³¹

³¹ Ex. DER- __, ML-7, Attach. A, at 2 (Landi Direct) (Applicants’ Supplemental Response to DER IR No. 17 (Aug. 31, 2018)).

1 **Q. What other items were included in the Applicants' analysis of socioeconomic costs and**
2 **benefits of the proposed Project and the 161 kV alternative?**

3 A. The Applicants' analysis of socioeconomic costs and benefits (externalities analysis)
4 included the environmental impact of changes to electricity generation resulting from
5 the proposed Project and the 161 kV alternative. This environmental impact is a
6 comparison of the changes in the emissions of CO₂, sulfur dioxide (SO₂), and nitrogen
7 oxides (NO_x) that result from changes in electricity generation from electrical generating
8 units (EGUs) in MISO Load Resource Zones (LRZ) 1, 2, and 3 that are induced by the
9 proposed Project and the 161 kV alternative.

10
11 **Q. How did the Applicants assess the environmental impacts of these types of emissions**
12 **in comparing the proposed Project and the 161 kV alternative?**

13 A. The Applicants quantified the environmental impacts in monetary terms by using the
14 range of externality cost estimates for emissions of CO₂, SO₂, and NO_x that were
15 approved by the Commission in Docket No. E-999/CI-14-64²³, *Order Updating*
16 *Environmental Cost Values* dated January 3, 2018 (Externalities Order). The Applicants
17 refer to these quantified values as the "public policy benefits" of the proposed Project
18 and the 161 kV alternative.⁴³ Further, the Applicants used a low and high value for a
19 range of CO₂ externality costs to provide a range of public policy benefits.

20 The Applicants noted that there was a significant difference in CO₂ emission
21 changes as a result of the proposed Project and the 161 kV alternative relative to one

⁴³ Application at 105.