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COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

APR 01 2008

PUBLIC SERVICE
COMMISSION

In the Matter of:

AN INVESTIGATION OF THE ENERGY AND
REGULATORY ISSUES IN SECTION 50 OF
KENTUCKY'S 2007 ENERGY ACT

Administrative Case No. 2007-00477

SUPPLEMENTAL RESPONSE OF SIERRA CLUB TO PUBLIC SERVICE
COMMISSION STAFF'S FIRST DATA REQUEST

- Q 4.** Refer to the McMullen Testimony, page 30, lines 19-21. Provide a list of each state regulatory commission that requires electric utilities to recognize externalities as part of an integrated resource plan or to justify a certificate of need to construct new generation.
- a. For each such commission, identify the externality that is required to be recognized and the cost assigned to each environmental or public health item.
 - b. Identify the state statute or provide the commission decision orders requiring electric utilities to recognize such externalities.

RESPONSE:

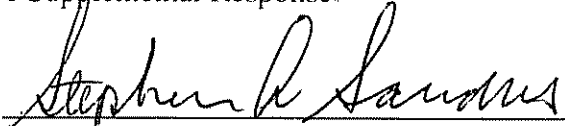
The table below contains the information we have been able to obtain for answering these questions.

State	Status	Approach or Rationale	Citation
California	In use	"adders" for SOx, NOx, VOCs, PM, and CO2 are used in least cost calculations to internalize environmental externalities IOUs are to employ a GHG adder when evaluating fossil and renewable bids for electric generation. A financial risk associated with GHG emissions of \$8 to \$25 per ton of CO2, is to be used in the evaluation of fossil generation bids.	P. 20, California Standard Practice Manual D.04-12-048
Colorado	Developing	Recent legislation requires IRPs to consider cost of criteria pollutants and to consider a CO2 cost factor in future IRPs.	House Bill 1037
Minnesota	In use	Externality costs recognized: for these pollutants: SO2, PM10, CO, NOx, Pb, CO2 See p.2 of attachment: <u>MN</u> <u>Externality Values</u> for a listing of	Docket No E-999/CI-00-1636, Docket No E-999/CI-93-583

		current values	
Nevada	In use	The environmental costs to the State associated with operating and maintaining a supply plan or demand side plan must be quantified for air emissions, water and land use.	NAC 704.9359 NAC 704.9361 provides that environmental costs may be challenged at an IRP hearing
Oregon	Developing	IRP Guidelines, including treatment of externalities, are in Order No. 07-002 <i>"Utilities should consider all costs with a reasonable likelihood of being included in rates over the long term..."</i> This includes specifically costs to comply with any regulation of greenhouse gas emissions, and all environmental compliance costs.	CO2 values are being determined by Docket UM 1302
Vermont	In use	Vermont requires 5-percent adders to reflect external costs in (all conventional) supply-side resources. For demand-side resources, costs are decreased by 10 percent to reflect the comparative risk benefit of demand-side management (DSM) measures relative to supply side.	Docket no. 5270
Washington	In use	IRPs are required which must include "the cost of risks associated with environmental effects including emissions of carbon dioxide."	Law requiring IRPs: RCW 19.280 IRP Rule: WAC 480-100-238
Wisconsin	In use	The PSC requires a site specific EGEAS analysis with inputs for health and environmental impacts of criteria pollutants for each CPCN.	Admin rule PSC 111 53

CERTIFICATION OF ACCURACY

I hereby certify that I supervised the preparation of the above Supplemental Response and that the information contained in the Response is true and accurate to the best of the answerer's knowledge, information and belief after reasonable inquiry. I further state that Wallace McMullen supplied the material in the above Supplemental Response.


STEPHEN A. SANDERS



STATE OF MINNESOTA PUBLIC UTILITIES COMMISSION

July 12, 2007

TO: Service List

FROM: Burl W. Haar
Executive Secretary

A handwritten signature in black ink, appearing to read "Burl W. Haar", written over the printed name and title.

SUBJECT: In the Matter of the Investigation into Environmental and Socioeconomic Costs. Docket Nos. E-999/CI-93-583 and E-999/CI-00-1636

NOTICE OF UPDATED ENVIRONMENTAL EXTERNALITY VALUES

In its May 3, 2001 Order Updating Externality Values and Authorizing Comment Periods On CO₂, PM_{2.5}, And Application of Externality Values To Power Purchases, Docket No. E-999/CI-00-1636, the Commission used the Gross Domestic Product Price Deflator Index to update the externality values adopted in its July 3, 1997 Order in Docket No. E-999/CI-93-583, and indicated that the values will continue to be updated as data becomes available from that index.

The values have been updated through 2006. A copy of the updated values have been attached to this notice and can be found on the Commission's Website.

Questions regarding this matter may be directed to Marc Fournier at (651) 201-2214.

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 201-2202 (voice) or 1-800-627-3529 (TTY relay service).

Enc.

**ENVIRONMENTAL EXTERNALITY VALUES
UPDATED THROUGH 2006**

URBAN

	<u>Original (1995 \$/ton)</u>		INFLATION ADJUSTED VALUES GDPI (2006 \$/ton)	
SO2	112	189	0	0
PM10	4462	6423	5622.12	8092.98
CO	1.06	2.27	1.3356	2.8602
NOx	371	978	467.46	1232.28
Pb	3131	3875	3945.06	4882.5
CO2	0.3	3.1	0.378	3.906

METROPOLITAN FRINGE

	<u>Original (1995 \$/ton)</u>		INFLATION ADJUSTED VALUES GDPI (2006 \$/ton)	
SO2	46.00	110.00	0.00	0.00
PM10	1987.00	2886.00	2503.62	3636.36
CO	0.76	1.34	0.96	1.69
NOx	140.00	266.00	176.40	335.16
Pb	1652.00	1995.00	2081.52	2513.70
CO2	0.30	3.10	0.38	3.91

RURAL

	<u>Original (1995 \$/ton)</u>		INFLATION ADJUSTED VALUES GDPI (2006 \$/ton)	
SO2	10.00	25.00	0.00	0.00
PM10	562.00	855.00	708.12	1077.30
CO	0.21	0.41	0.26	0.52
NOx	18.00	102.00	22.68	128.52
Pb	402.00	448.00	506.52	564.48
CO2	0.30	3.10	0.38	3.91

**WITHIN 200 MILES
OF MINNESOTA**

	<u>Original (1995 \$/ton)</u>		INFLATION ADJUSTED VALUES GDPI (2006 \$/ton)	
SO2	10.00	25.00	0.00	0.00
PM10	562.00	855.00	708.12	1077.30
CO	0.21	0.41	0.26	0.52
NOx	18.00	102.00	22.68	128.52
Pb	402.00	448.00	506.52	564.48
CO2	0.00	0.00	0.00	0.00

Note: In the January 3, 1997 Order Establishing Environmental Cost Values the Commission found that SO₂ damages would be internalized after 2000 and applying externality costs would be unwarranted.

STATE OF MINNESOTA)
)SS
COUNTY OF RAMSEY)

AFFIDAVIT OF SERVICE

I, Margie DeLaHunt, being first duly sworn, deposes and says:

That on the 12th day of July, 2007 she served the attached

NOTICE OF UPDATED ENVIRONMENTAL EXTERNALITY VALUES.

MNPUC Docket Number: E-999/CI-93-583 & E999/CI-00-1636

- XX By depositing in the United States Mail at the City of St. Paul, a true and correct copy thereof, properly enveloped with postage prepaid
- XX By personal service
- XX By inter-office mail

to all persons at the addresses indicated below or on the attached list:

Commissioners
Carol Casebolt
Peter Brown
Marcia Johnson
Kate Kahlert
AG
Susan Mackenzie
David Jacobson
Janet Gonzalez
Bret Eknes
Sharon Ferguson - DOC
Julia Anderson - OAG
Curt Nelson - OAG

Margie DeLaHunt

Subscribed and sworn to before me,
a notary public, this 12th day of

July, 2007
Mary E. Reid
Notary Public

