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Fargo, North Dakota 58402

October 24, 2011

**VIA ELECTRONIC**  
**AND U.S. MAIL**

Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
Department 408  
600 East Boulevard Avenue  
Bismarck, ND 58505-0480

**Re: EPA Power Sector Rules Pilot Project**

Dear Mr. Nitschke:

At its October 18<sup>th</sup> technical hearing in our pending electric rate settlement, the Commission expressed interest in obtaining more information regarding the ongoing Power Sector Rules Pilot Project (“Project”) sponsored by the State of Minnesota and the Environmental Protection Agency (“EPA”). As we discussed in our letter to you dated September 22, 2011, this Project involves a number of stakeholders focused on exploring ways to efficiently and cost-effectively implement a number of new EPA rules anticipated to be effective in the coming years. With this letter, we are responding to the Commission’s specific requests for a Project timeline and key contacts for each of the participating entities.

First, allow me to provide a brief update of the second and most recent meeting held by the Project’s Stakeholder Group on September 27, 2011. At this meeting, the group heard a number of informational presentations by the EPA, the Midwest ISO, and the World Resources Institute on the mechanics and impacts of the proposed and/or expected EPA rules. The objective of the meeting was to ensure that Project participants were provided a common base of information about the rules. A report was also provided by the Modeling Subgroup. David Thornton of the Minnesota Pollution Control Agency (“MPCA”) shared an updated timeline for the Project, which is attached to this letter. At this time, the date and time for the next meeting of the joint Stakeholder Group and Modeling Subgroup (initially planned for the week of October 31) has not yet been set, but will likely now be held later in November. The Modeling Subgroup continues to meet via facilitated conference calls to develop base case assumptions.

To facilitate the Commission’s interest in this process, below is a list of the key contacts representing the various agencies in the Stakeholder Group:

Julia Miller  
U.S. EPA, Office of Air and Radiation  
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Ellen Anderson, Chair  
MN Public Utilities Commission  
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David Thornton, Assistant Commissioner  
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Brad Crabtree, Policy Director  
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Bill Grant, Director  
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Please feel free to contact me at (701) 241-8632 if the Commission has any further questions or would like additional information.

Sincerely,



DAVID SEDERQUIST  
SR. REGULATORY CONSULTANT

Enclosures

# EPA Power Sector Rules Project

Stakeholder Group	Modeling Subgroup	
Joint meeting to discuss process and policy context		August 19
Understand regulatory policies that will impact MN and explore MN's options for implementing EPA regulations (one call on 9/16/11)	MN stakeholders learn how the IPM model works, and the base case assumptions previously used by EPA. Initial discussions of challenges with model design and base case assumptions (4 calls)	week of September 5 through week of September 19
Joint in-person meeting for MN stakeholders to: 1) learn about state flexibility in EPA's rules; 2) provide feedback on various flexibility options; and 3) begin identifying key questions to answer with the model runs		September 27
MN stakeholders finalize base case (4 calls – 10-12 CDT on 9/29, and 2-4 CDT on 10/12, 10/19, and 10/26)		week of September 27 through week of October 24
Joint in-person meeting for MN stakeholders to: 1) develop straw policy scenarios; and 2) discuss base case		week of October 31
MN stakeholders finalize base case (1 call)		week of October 31
EPA runs base case		week of November 7
Discuss results (1 call)		week of November 14
Joint in-person meeting for MN stakeholders to discuss base case results and finalize policy scenarios		week of November 21
MN stakeholders develop model inputs consistent with workgroup decisions (1 call)		week of November 28
EPA runs policy cases		week of November 28
Discuss results (2 -3 calls)		week of December 5 through week of December 12
Joint in-person meeting to discuss policy case modeling results and finalize MN stakeholder recommendations		week of December 17