

May 27, 2015

Pennsylvania Public Utility Commission
Attn: Secretary
P.O. Box 3265
Harrisburg, Pennsylvania 17120-3265

Re: Document Number: L-2014-2404361

Dear Sir/Madam,

Land O'Lakes, Inc. is a growing, farmer-owned food and agriculture cooperative that does business in all 50 states and in more than 60 countries. Today, Land O'Lakes operates with approximately 9,600 employees – including over 150 in Carlisle, Pennsylvania, nearly 4,000 direct producer-members and 900 member-cooperatives serving more than 300,000 agricultural producers. Land O'Lakes, Inc. has annual sales of over \$15 billion and is No. 198 on the Fortune 500. Land O'Lakes is a well-known leader in its businesses, markets and in the community. The cooperative holds leading positions in the U.S. under the LAND O LAKES brand in butter, deli cheese, branded dairy-based food service products, chilled dairy desserts under the Kozy Shack brand, lifestyle and livestock feed by Purina Animal Nutrition, wholesale distribution of seed and crop production products under the WinField brand, and LAND O LAKES branded/specialty eggs.

Land O'Lakes submits these comments in response to the Commission's proposed rulemaking related to the Alternative Energy Portfolio Standards (AEPS) Act of 2004. In addition to the comments contained herein, Land O'Lakes supports the comments also submitted by the National Milk Producers Federation.

Land O'Lakes has significant concerns that the proposed rule will negatively affect the adoption of anaerobic digesters and nutrient removal technologies on our 1,100 dairy member-owners' farms in Pennsylvania. Land O'Lakes has 9 members with digester technology and a member in the process of installing a digester on his operation. Building off of this progress and the United States Department of Agriculture's recent announcement to build 500 new digesters as part of its greenhouse gas reduction framework, Land O'Lakes has been encouraging the adoption of digester technology to improve the environment and viability of member-owners' farms.¹ This not only supports Land O'Lakes' on-farm sustainability program but also its customers' sustainability goals. Furthermore, as a member of the Innovation Center for U.S. Dairy, Land O'Lakes is supportive in helping to meet the industry's goal of a

¹ <http://www.usda.gov/documents/climate-smart-fact-sheet.pdf>

25% reduction of greenhouse gas emissions by 2020.² This rule, as proposed, will significantly impact our ability to meet these goals.

Digesters are very expensive to install and operate, especially for our member-owners with small operations of 200 cows and under – the main farm size in the state.³ Selling electricity to the grid at a fair rate is the primary means by which a digester can be feasibly adopted and managed long-term. If the Public Utility Commission chooses to cap customer-generated electricity at 200% of the customer-generated annual consumption, it will effectively end the adoption of digester technology in Pennsylvania. Removing this proven technology will limit the state’s ability to divert food waste from landfills, reduce greenhouse gas emissions, and improve its air and water quality.

While we note that the Commission provides for an exemption from the 200% cap if the Department of Environmental Protection confirms that such a system is used to comply with the Department’s Pennsylvania Chesapeake Watershed Implementation Plan or if the alternative is an integral element for compliance with the Nutrient Management Act 3 Pa.C.S. §§501, et seq., there is no clear description of what that would entail and therefore the exemption is uncertain at best. The details of the exemption – such as process, timing, criteria, and parameters – will significantly impact any potential benefit of the exemption. This uncertainty, and potential cost and inefficiency discourages the adoption of digesters and reverses any potential benefit of the exemption. Instead, Land O’Lakes recommends an exemption from the 200% cap for anaerobic digesters because they deliver enormous environmental benefits, already confirmed by the Pennsylvania Department of Environmental Protection.⁴

Land O’Lakes appreciates the opportunity that the Commission has provided for consideration of our comments. We would be happy to answer any questions or provide any additional information as needed.

Sincerely,



Peter S. Janzen
Senior Vice President
Chief Administrative Officer
Land O’Lakes, Inc.

² <http://www.usdairy.com/~media/usd/public/usdaandinnensusdairyannagrenhsuscutindustrygrhsegas25.pdf>

³

http://www.agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_1_State_Level/Pennsylvania/st42_1_017_019.pdf

⁴ <http://www.puc.pa.gov//pcdocs/1306066.pdf>