



# Public Service Commission of Wisconsin

Ellen Nowak, Chairperson  
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Lon Roberts, Commissioner

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Public Service Commission of Wisconsin  
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December 21, 2017

Mr. Duane Toenges  
BC Organics, Inc.  
737 West Glen Oaks Lane  
Mequon, WI 53092

Re: Quadrennial Planning Process II

5-FE-100

Dear Mr. Toenges:

On September 27, 2017, the Commission issued a Final Decision directing the Focus on Energy Program Administrator to award \$15 million in Focus on Energy funds to support the Integrated Anaerobic Digester System proposed by BC Organics, contingent on several conditions being satisfied. ([PSC REF#: 331578.](#)) Those conditions include BC Organics informing the Commission and the Focus on Energy Program Administrator that it will accept the award, including the requirements and other conditions set forth in the Final Decision. The initial deadline for acceptance was within 14 days after the Final Decision, but the deadline was subsequently extended through December 11, 2017, in order to negotiate and execute an incentive agreement. ([PSC REF#: 333541.](#))

In e-mail correspondence of November 27, 2017, BC Organics notified Commission staff of "Proposed Project Revisions" which, relative to the initial proposal, would increase the amount of manure processed by the Integrated Anaerobic Digester System and reduce the system's total annual renewable natural gas production. In order for Commission staff to determine whether the proposed revisions, if implemented, would cause the project to materially differ from the proposal on which the Commission's Final Decision of September 27, 2017, was based, additional information is necessary.

Please provide a detailed description of all proposed project revisions that includes the following additional information, and any other information that differs from the information in BC Organics' Application, no later than 12:00 p.m. CST on January 5, 2018:

1. Rationale for proposed project revisions and effects on system finances.
  - a. BC Organics' initial proposal indicated that substantial processing of non-dairy waste substrates was necessary to make the process economically viable. Please explain how this project would remain economically viable after the proposed reduction in processing

of non-dairy waste substrates. Provide specific calculations and assumptions to identify differences between the projected financial outcomes of the original proposal and the proposed project revisions.

- b. The proposed project revisions were submitted only by BC Organics. Confirm that other project partners, including investors, remain committed to the project under its revised scope. Please include letters from the project partners stating their continued commitment.
  - c. Describe and quantify the effects of the proposed feed source changes on the volume and characteristics of liquid organic fertilizer and recovered fiber produced by the system. Quantify how these changes affect the revenue received from those sources in the context of the overall economic viability of the project.
  - d. Summarize the overall costs and revenue sources of the project and identify any differences from the costs identified in the original proposal. If costs have changed materially, describe the drivers of the changes. Identify whether changes in program costs change financial need for the full \$15 million award requested in the original proposal.
2. Effects on project operations.
- a. The proposed project revisions indicate that the revised project would maintain “the same project infrastructure.” Confirm whether any changes would occur to the originally proposed equipment components, including their size, and specifically identify which changes would occur.
  - b. Identify any changes to the originally proposed facility staffing plan.
  - c. Identify any changes to line-item cost estimates presented in Section 11 of the original proposal. Describe the nature of and rationale for any changes, and quantify the cost differences associated with each individual change.
  - d. Identify whether the proposed changes will affect the plan to process landfill gas from the future Brown County Landfill.
3. Effects on manure processing.
- a. The proposed project revisions report that the revised system could process up to approximately 780,000 gallons of manure per day. Provide calculations and assumptions to show how this value was derived and specify how the calculations, assumptions, and final values differ from the original proposal.

- i. Identify whether the increased manure supply comes from participating farms identified in the original proposal or from other sources.
    1. For any sources not identified in the original proposals, identify the source of their manure production; the current status of its relationship with BC Organics for acceptance of the manure; and the plans for how those sources intend to transport their manure to the system.
  - ii. Identify whether additional transport or pumping equipment will be required to receive the additional manure supply.
  - iii. Identify whether additional manure storage capacity will be required to accept the increased volume, and specify the amount and cost of additional storage capacity required.
  - iv. Quantify the percentage of each participating farm's manure that would be taken by the system under the revised proposal. Also define the volume of treated product returned to those farms under the revised proposal, if any. Specify differences from the original proposal and explain why those differences have occurred.
- b. Identify whether the proposed changes would affect the "open door policy" regarding the ability of small farms to truck their manure waste to the treatment facility in the event of problems with capacity or weather, as stated in the original proposal.
  - c. Quantify the amount of decrease in non-dairy waste substrate supply. Specify how the calculations, assumptions, and final values differ from the original proposal.
  - d. Quantify the volume of dischargeable water that would be created by the system. Specify how the calculations, assumptions, and final values differ from the original proposal.
4. Effects on biogas production.
    - a. The proposed project revisions provide a table outlining biogas production under the revised scope. Show how each value in the table was calculated. Specify how the calculations, assumptions, and final values differ from the original proposal.
      - i. The proposed project revisions identify a different magnitude of effects on methane production and gas production. Please explain how these differences can be reconciled.
      - ii. Confirm whether final values reflect values for gas exiting the biogas conditioning system.

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- iii. Confirm whether thermal and electrical parasitic losses have been deducted from the values. Specify the values related to those losses.
  - iv. Quantify the change to the amount of gas needed for drying and resulting biogas production due to the increased manure volume.
- b. Provide data quantifying how the proposed feed source changes will affect the amount of residual energy available to offset purchased electricity and natural gas at participating farms.

By January 5, 2018, please provide this information to Commission staff using the Commission's Electronic Records Filing System under docket number 5-FE-100.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Klein', with a stylized flourish at the end.

Sarah Klein  
Administrator, Division of Business and Program Management

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