



STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



JENNIFER M. GRANHOLM
GOVERNOR

STEVEN E. CHESTER
DIRECTOR

April 7, 2009

Mr. Brian L. Warner, CHMM
Wolverine Power Supply Cooperative, Inc.
10125 West Watergate Road
Cadillac, Michigan 49601

Dear Mr. Warner:

This letter is in reference to your Permit to Install application, identified as No. 317-07, State Registration Number N7867. The application was received on September 26, 2007, for a 600 megawatt (MW) coal-fired steam electric power plant located in Rogers City, Presque Isle County, Michigan.

In response to comments received during the public comment period and consistent with state and federal law, specifically Rule 1817(2) of the Michigan Air Pollution Control Rules and Section 165(a)(2) of the federal Clean Air Act, the Department of Environmental Quality (DEQ) is requesting that Wolverine conduct an analysis of alternatives to the proposed facility.

The analysis should consider alternatives that would reduce emissions of the criteria pollutants (nitrogen oxides, carbon monoxide, volatile organic compounds, particulate matter less than 10 microns, particulate matter, sulfur dioxide, lead), hazardous air pollutants (including mercury), and carbon dioxide from the proposed facility. The analysis should address cost, reliability, availability, and technical feasibility of the alternatives examined. Costs should be presented in a manner that facilitates a comparative analysis (i.e., cost per kw/hr for each option).

Alternatives raised in the public comments received during the public comment period on the Wolverine Power Supply Cooperative draft permit that should be addressed in the analysis include the following:

1. Reduced generating capacity – Describe future energy requirements and the adequacy of existing supplies. Provide the basis for the proposed design and address whether smaller boilers, a reduced number of boilers, or no new boilers are viable options in light of the other alternatives addressed.
2. Improve Efficiency at Existing Units – Describe the energy efficiency measures available at existing units owned or controlled by Wolverine to fully or partially offset the emissions from the proposed facility.
3. Potential Supply Resources – Describe the technologies considered for new generation including the consideration of renewable energy sources, clean fuels (primary fuel and fuel alternatives), and lower emitting technologies.
 - a. Renewable Energy Sources (i.e., wood, other biomass, etc.).
 - b. Clean Fuels (i.e., lower sulfur coal, etc.).

- c. Lower Emitting Technologies.
 - i. Natural gas.
 - ii. Wind.
 - iii. Solar.
 - iv. Hydroelectric.
 - v. Nuclear.
 - vi. Wave Energy.
 - vii. Geothermal.
 - viii. Combined Heat and Power.
 - ix. Other innovative fuel combustion techniques.
 - x. Cleaner technologies.
 - xi. Sequestering Activities.

- 4. Demand Side Management/Demand Reduction – Describe load management, energy efficiency, and distributed generation as a means of affecting forecasted load requirements.

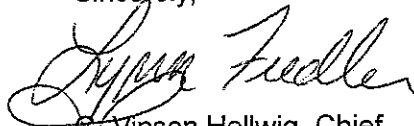
- 5. Combinations of the alternatives in items 1 through 4 above.

The DEQ and Michigan Public Service Commission (PSC) have recently entered into a Memorandum of Understanding (MOU) to identify each agency's role and responsibility regarding the alternatives analysis review and technical assistance. A copy of the MOU is enclosed for your information.

Please submit your analysis of items 1 through 5 above in writing. Upon submittal, the DEQ and PSC will make the information available for public comment. Comments received on the analysis will be considered and responded to as part of the overall permit review process. Completion of the review process and a decision on the application is anticipated by the last quarter of 2009.

If you have any questions, please feel free to contact Ms. Mary Ann Dolehanty, Acting Permit Section Supervisor, Air Quality Division, at 517-373-2098 or you may contact me.

Sincerely,



Mr. Vinson Hellwig, Chief
Air Quality Division
517-373-7069

ACTING

Enclosure

cc: Mr. Paul Proudfoot, PSC
Ms. Mary Ann Dolehanty, DEQ