

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF
COLORADO

2007 NOV -1 AM 10:42

Agenda
12-12-07
C3
20
9
α
25 (4)

Docket No. 07A - 422 E

IN THE MATTER OF THE APPLICATION OF AQUILA, INC., DOING
BUSINESS AS AQUILA NETWORKS - WPC, FOR AN ORDER APPROVING
ITS DESIGNATION OF AN ENERGY RESOURCE ZONE.

VERIFIED APPLICATION

Aquila, Inc., doing business as Aquila Networks-WPC ("Aquila"), by and through undersigned counsel, and pursuant to Colo. Rev. Stat. § 40-2-126 and Public Utilities Commission of the State of Colorado ("Commission") Rules 723-1-1303 and 723-3-3002 herewith requests that the Commission enter an Order approving Aquila's designation of an energy resource zone. In support of this Verified Application, Aquila states as follows:

1. Applicant is engaged in generating, selling and distributing electric energy and power to its customers through Aquila Networks-WPC in those areas in Colorado certificated to it by the Commission for domestic, mechanical, or public uses and is a public utility subject to the jurisdiction of the Commission, pursuant to Colo. Rev. Stat. § 40-1-103.

2. Aquila provides retail electric service to approximately 92,700 customers in the State of Colorado.

3. Applicant is a corporation in good standing organized and existing under the laws of the State of Delaware, with its principal office and place of business located

at 20 West Ninth Street, Kansas City, Missouri 64105-1711. Aquila's principal office in Colorado is located at 105 Victoria Street, Pueblo, Colorado 81003. In compliance with Rule 723-3-3002(c), copies of Aquila's current corporate information for Commission applications are on file with the Commission in Docket No. 06M-525EG and those items are incorporated herein by reference pursuant to Rules 723-3-3002(c) and 723-4-4002(c): (1) Aquila's Articles of Incorporation and Certificate of Authority to transact business in Colorado (filed in Docket No. 06M-525EG as Schedules Nos. 1 and 2, respectively); (2) list of the names of the Officers and Directors of Aquila (*Id.*, Schedule No. 3); (3) the names and addresses of Aquila's affiliated companies that conduct business with Aquila's Colorado utilities, PNG and WPC (*Id.*, Schedule No. 4); and (5) Aquila's Colorado agent for service of process. The most recent update to Aquila's corporate information for Commission applications was filed in May of 2007.

4. The name and address of Aquila's representatives to whom all inquiries concerning this Application should be made and to whom all notices, pleadings, correspondence and other documents regarding this Application should be served are as follows:

Mr. Maurice Arnall
Director – Regulatory Services
Aquila, Inc.
20 West Ninth Street
Kansas City, MO 64105
Phone: (816) 467-3341
Email: maurice.arnall@aquila.com

5. Applicant herewith requests the Commission to issue an Order approving Aquila's designation of an energy resource zone.

6. This Verified Application sets forth Applicant's proposed designation of an energy resource zone. This Verified Application contains all of the elements required for compliance with Colo. Rev. Stat. § 40-2-126.

7. In the 2007 session the Colorado Legislature passed SB 07-100 which has been codified in relevant part at Colo. Rev. Stat. § 40-2-126. Section 40-2-126 provides as follows:

- (1) As used in this section, "energy resource zone" means a geographic area in which transmission constraints hinder the delivery of electricity to Colorado consumers, the development of new electric generation facilities to serve Colorado consumers, or both.
- (2) On or before October 31 of each odd-numbered year, commencing in 2007, each Colorado electric utility subject to rate regulation by the commission shall:
 - (a) Designate energy resource zones;
 - (b) Develop plans for the construction or expansion of transmission facilities necessary to deliver electric power consistent with the timing of the development of beneficial energy resources located in or near such zones;
 - (c) Consider how transmission can be provided to encourage local ownership of renewable energy facilities, whether through renewable energy cooperatives as provided in section 7-56-210, C.R.S., or otherwise; and
 - (d) Submit proposed plans, designations, and applications for certificates of public convenience and necessity to the commission for simultaneous review pursuant to subsection (3) of this section.

8. Consistent with these new statutory provisions, Aquila has determined the necessity of designating an energy resource zone and the adequacy of electric transmission facilities in that zone. To make this determination, Aquila evaluated input from the public, a recent all source request for proposal (RFP), recent solar electric resource RFPs and Aquila's on-going transmission evaluation and planning process.

9. Public input was obtained in several ways, including interconnection requests, on-going interaction with renewable resource providers (local and regional contractors) and a public outreach meeting. The public meeting was held in Pueblo on August 22, 2007. A general invitation to the meeting was issued via an ad placed in the *Pueblo Chieftain* and an announcement made at the July 24, 2007, Commissioners' Information Meeting titled "Transmission and the Implementation of New Colorado Energy Legislation". Individual invitations were sent to respondents to Aquila RFPs, local renewable contractors, participants in similar Public Service of Colorado meetings and interested parties who identified themselves at the July 24th Commissioners' Information Meeting.

10. After evaluating input from outside of the company in conjunction with Aquila's transmission planning studies, it was determined that a single Energy Resource Zone designation would be sufficient to address transmission adequacy as it relates to Aquila. Aquila proposes and asks the Commission to adopt as an Energy Resource Zone all of Aquila's certificated service territory and any contiguous territory required to satisfy any request to connect to Aquila's transmission infrastructure. Such adoption would satisfy the provisions of Colo. Rev. Stat. § 40-2-126 (2) (a).

11. Studies of transmission adequacy in the proposed Energy Resource Zone revealed existing facilities and an environment capable of supporting potential energy resource needs with one exception as discussed below. Since plans to address this need have already been developed and are currently being executed, Aquila has satisfied the provisions of Colo. Rev. Stat. § 40-2-126 (2) (b).

12. Existing transmission infrastructure, augmented by current improvement plans, provides adequate transmission facilities for local ownership of renewable energy facilities. Aquila continues to encourage the development of such facilities. The provisions of Colo. Rev. Stat. § 40-2-126 (2) (c) have been satisfied.

13. Colo. Rev. Stat. § 40-2-126 (2) (d) requires that Aquila submit proposed plans, designations and applications for certificates of public convenience and necessity (CPCN) to the Commission. Aquila is requesting in this application the designation of an Energy Resource Zone as discussed above. As to plans and CPCNs, Aquila interprets this provision to mean if such plans and CPCNs are necessary to meet the intent of SB-100 to promptly and efficiently improve transmission infrastructure as required to meet the state's existing and future energy needs. Aquila believes that there is already adequate transmission infrastructure in the proposed Energy Resource Zone with one exception. Aquila has identified a pending need in the transmission facilities serving the Cripple Creek and Victor areas. These areas are currently served by a 69 Kv line that is periodically loaded to near capacity. Future load projections indicate that this line will be fully loaded in two to four years. However, Aquila recognized this situation several years ago and began planning for the solution, a new 115 Kv line to parallel the existing line. In 2000, Aquila submitted this plan as part of a Rule 18 (now Rule 3205/3206) filing. In Decision No. C00-932, the Commission approved the construction of the new line in the normal course of business without the need for a CPCN. Current expectations are for construction to begin in 2008 and be completed in 2009. Therefore, no additional plan approvals or

CPCN requests are necessary. Aquila believes that the provisions of Colo. Rev. Stat. § 40-2-126 (2) (d) have been satisfied without the need to request additional plan or CPCN approvals from the Commission in the required October 31, 2007 filing.

14. If there are no protests or interventions, or if such protests or interventions do not properly request a hearing, Aquila requests that the Commission decide this matter pursuant to its modified procedures, without a hearing, in accordance with Rule 723-1-1403, of the Commission's Rules of Practice and Procedure, and Colo. Rev. Stat. §40-6-109(5).

15. This Application is verified by the attached affidavit of Maurice L. Arnall, Aquila's Director of Regulatory Services for its Colorado electric utility operations.

16. In the event that the Commission deems a hearing necessary, Aquila will present sufficient competent evidence at the hearing to justify approval of its designation of an energy resource zone. If a hearing is required, Aquila requests that the hearing be held in Denver, Colorado. Alternatively, Aquila requests that the hearing be held in Pueblo, Colorado.

17. Applicant understands that the mere filing of this Verified Application does not, by itself, constitute approval of the Application or approval of the designation of an energy resource zone. If the authority sought herein is granted, Aquila states that it will operate in accordance with all applicable Commission Rules and Regulations and any conditions established by Commission order granting the Application.

18. Applicant has read, and agrees to abide by, Rule 723-3-3002(b)(IV) through (b)(VI) and (b)(XI)(A) through (C) of the Commission's Rules Regulating Electric Utilities.

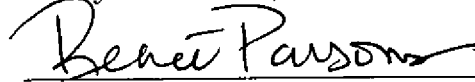
19. The undersigned counsel for Aquila simultaneously filed a Motion for Leave to Appear Pro Hac Vice in this case on behalf of Aquila.

WHEREFORE, Applicant respectfully requests that the Commission enter an Order granting this Application and approving the designation of an energy resource zone.

DATED this 31st day of October 2007.

Respectfully submitted,

By:



Renee Parsons, MO Bar No. 48935
(Motion Pro Hac Vice pending)
20 West Ninth Street
Kansas City, Missouri 64105
816-467-3297
816-467-9297 (facsimile)

ATTORNEYS FOR APPLICANT

Applicants address:

Aquila, Inc.
20 West Ninth Street
Kansas City, MO 64105

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Docket No. 07A - _____ E

**IN THE MATTER OF THE APPLICATION OF AQUILA, INC., DOING BUSINESS AS
AQUILA NETWORKS – WPC, FOR AN ORDER APPROVING ITS DESIGNATION OF
AN ENERGY RESOURCE ZONE.**

VERIFICATION

County of Jackson)
)
State of Missouri) ss.

Maurice L. Arnall, being duly sworn, states as follows:

I am a Director - Regulatory Services for Aquila, Inc. I have responsibility for the filings made at the Colorado Public Utilities Commission by Aquila regarding Colorado electric utility and certain other regulatory matters. I am personally familiar with the matters that are discussed in the foregoing Application, and I am authorized to act on behalf of Aquila, the applying utility in this Application. Under penalties of perjury, I declare that the statements made in the Application are true, accurate, and correct to the best of my knowledge.

Maurice L. Arnall
Maurice L. Arnall

Subscribed and sworn to before me this 29th day of October 2007, by Maurice L. Arnall, Director – Regulatory Services, Aquila, Inc.

Witness my hand and official seal.

My Commission Expires: June 28, 2010
Debra S. Bellville
Notary Public

DEBRA S. BELLVILLE
Notary Public - Notary Seal
STATE OF MISSOURI
Jackson County
Commission # 06907212
My Commission Expires: June 28, 2010

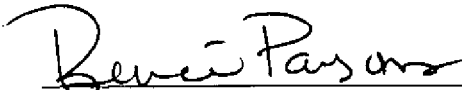
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 31st day of October, 2007, a copy of the foregoing Verified Application was sent by facsimile and the original and seven (7) copies were mailed via UPS next day air to:

Doug Dean
Director Colorado Public Utilities Commission
1560 Broadway, Ste. 250
Denver, CO 80202
(303) 894-7885

And the following were served via electronic transmission:

<p>James Greenwood Director Office of Consumer Counsel 1580 Logan Street, Suite 740 Denver, CO 80203 James.Greenwood@dora.state.co.us</p>	
<p>Mo Klefeker Senior Vice President of Strategic Planning and Development Black Hills Corporation 350 Indiana Street Golden, CO 80401 mklefeker@bh-corp.com</p>	



Renee Parsons