

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

Docket No. 08I-227E

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IN THE MATTER OF THE INVESTIGATION OF ELECTRIC TRANSMISSION ISSUES  
AND THE OPENING OF AN INVESTIGATORY DOCKET.

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**INITIAL COMMENTS OF BLACK HILLS CORPORATION  
FOR THE MAY 18, 2009 WORKSHOP**

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Black Hills Corporation (“Black Hills” or “we”), by and through undersigned counsel, and pursuant to Decision No. R09-0458-I (mailed April 30, 2009), hereby submits these Initial Comments<sup>1</sup> for the May 18, 2009 workshop. As background for our Initial Comments, we have provided the workshop topic and the questions for that topic.

**INITIAL COMMENTS**

**Topic 1. Overview of Transmission Planning**

**a. Please describe when a utility, a transmission provider (TP) or an independent transmission company (ITC) determines that an enhancement or addition to existing transmission infrastructure or new transmission capacity is needed. Please describe what triggers the need for enhancement or addition to existing transmission infrastructure or new transmission capacity. Black Hills determines the need to enhance or add to its transmission infrastructure when 1) transmission planning studies identify future system performance which does not meet NERC TPL standards or WECC performance guidelines; 2) transmission service is requested on a path with insufficient ATC or a System**

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<sup>1</sup> By filing these Initial Comments, Black Hills waives none of its statutory or constitutional rights in this proceeding and specifically reserves its rights to comment on any rules that are later proposed by the Commission, by the Commission staff, or other participants during any rulemaking related to this proceeding, to reply to any oral or written comments presented by any participant or staff, to supplement or to modify its comments as changing conditions in this docket may warrant, and to seek reconsideration or judicial review of any final decision in this docket or of any rules promulgated by the Commission during any rulemaking related to this proceeding.

Impact Study identifies transmission additions or enhancements are needed to facilitate the request; 3) a generation interconnection is requested which requires transmission additions or enhancements as identified in the associated study work; or 4) an electrically near-by transmission project causes system impacts on the Black Hills system which requires transmission system additions or enhancements.

**b. Please describe what is involved in transmission planning for your company. Please include a conceptual project management description.** The Black Hills transmission planning process evaluates potential future system conditions to determine the adequacy and reliability of the Black Hills transmission system under specific study assumptions. Black Hills' transmission planning process is open and coordinated. The planning process involves detailed coordination with neighboring transmission providers, sub-regional planning groups and interested stakeholders. We are unclear what the Hearing Commissioner means by "project management description" and, therefore, cannot respond.

**c. Rule 3201 (b) through (c) requires that certain information, descriptions and studies be filed with applications for CPCNs. Please describe your company's process in compiling the following required information:** Black Hills has no comment.

- **Estimated cost of the proposed facilities to be constructed.**
- **Information on alternatives studied, costs for those alternatives and criteria used to rank or eliminate alternatives.**
- **Prudent avoidance measures considered and justification for the measures selected to be implemented.**

- d. **Please provide a sample time line for transmission projects including: internal planning, external planning and coordination with stakeholders, application for CPCN, permits, construction, etc.** Black Hills has no comment.

**Topic 2. Planning Requirements in Addition to Those Set Forth in Rules 3102, 3206 and 3607(C)(1)**

a. **What limitations or challenges may be involved in transmission planning horizons of 10 years?** Black Hills believes the primary challenges to 10-year transmission planning are: 1) load forecast uncertainty; 2) incremental generation resource location; 3) future regulatory structure and/or requirements; and 4) implementation of planned transmission and generation projects.

b. **What limitations or challenges may be involved in transmission planning horizons of longer than 10 years?** Black Hills believes that the challenges for a greater-than-10-year planning horizon are the same as noted above, but the uncertainty of each item is greatly multiplied. For instance, it would be reasonable to assume that transmission plans created 20 years ago could not have anticipated FERC Orders 888 and 889 nor renewable portfolio standards.

c. **Under what circumstances should transmission plans that utilities file with the Commission include both a detailed, short term (less than 10 years) plan and a concept/scenario long term (greater than 10 years) plan?** Black Hills has no comment.

d. **Should proposals for new transmission lines consider the potential for future upgrades or expansions? Please consider in your response future upgrades or**

**expansions such as larger conductor size, double circuits, advanced materials, and additional rights of way.** Yes, Black Hills believes that upgrades or expansions should be considered in proposals for new transmission lines when appropriate. Black Hills believes the primary upgrades that should be considered are adding a future circuit to existing structures and obtaining additional rights of way to accommodate future lines or higher voltage operation.

**e. Should a utility be required to conduct a combined transmission and generation production cost simulation study to evaluate costs and reliability of power systems with substantial renewable resources?** No, there should be no such state commission regulatory requirement. Black Hills believes that production cost simulations are most effective when they evaluate a large geographic area, such as an area covering multiple states. Therefore, Black Hills feels that such simulations should be conducted on a scale beyond that of a single utility.

### **Topic 3. Coordination of Transmission and Electric Resource Planning**

**Contained within the Commission's rules on electric resource planning and the evaluation of existing resources is Rule 3607(c)(1) concerning existing transmission capabilities and future needs. This rule states that**

**The utility shall report its existing transmission capabilities, and future needs during the planning period, for facilities of 115 kilovolts and above, including associated substations and terminal facilities. The utility shall generally identify the location and extent of transfer capability limitations on its transmission network that may affect the future siting of resources. With respect to future needs, the utility shall explain the need for facilities based upon future load projections (including reserves). To the extent reasonably available, the utility shall include a description of the length and location of any additional facilities needed, their estimated costs, terminal points, voltage and megawatt rating, alternatives considered or under consideration, and other relevant information.**

**a. Should the utilities be required to consider alternatives or provide relevant information for transmission lines under consideration when filing electric resource plans? If so, should this transmission planning information be included with interim electric resource plans as well as the required plans every four years? How is this information helpful in the generation planning process?** Black Hills believes Rule 3607(c), along with Rule 3610(b) [requiring that: “The resource plan shall describe and shall estimate the cost of all new transmission facilities associated with any specific resources proposed for acquisition other than through a competitive acquisition process.] already require sufficient information for purposes of the ERP Plan filing. Any requirement that the utility also report in its ERP filing, and litigate in the ERP docket, transmission alternatives or more details on lines only under consideration, would extend the litigating of the ERP and delay the ERP decision, which are counter-productive to the Commission’s purpose of the new ERP rules.

**b. Should the utilities be required to conduct transmission planning studies in conjunction with proposed electric resource plans?** Transmission planning studies could be conducted in conjunction with proposed electric resource plans only to the extent currently required by Rules 3607(c), 3610(b) and 3610(f). However, any required additional transmission planning studies may be of limited or no value depending on the accuracy of the assumptions made as to resource location and size.

**c. Should the utilities be required to consider time periods longer than resource acquisition periods in assessing future transmission needs?** This is required currently. The current resource acquisition period, as defined in Commission Rule 3602(1), is six to ten years. In contrast, current NERC reliability standards require utilities with transmission

planning responsibilities to annually conduct specific performance assessments for near-term (years one through five) and longer-term (years six through ten) planning horizons.<sup>2</sup>

**d. Should the utilities be required to consider all transmission interconnection requests in future transmission planning? If not, what interconnection requests should be considered?** The requirements for Black Hills to consider all transmission interconnection requests are governed by its FERC-approved Open Access Transmission Tariff.

**e. Should transmission planning be a part of the electric resource planning process, in whole or in part?** Black Hills believes it already is as evidenced by Rules 3607(c), 3610(b) and 3610(f).

#### **Topic 4. Coordination of CCPG/CLRTPG, SB-100 and Integrated Planning**

**The Commission is interested in your perspective with respect to transmission planning that currently takes place outside the PUC as well as within the PUC and how these processes can be coordinated. The Commission also is interested in your perspective with respect to an integrated transmission planning forum involving all stakeholders. If such an approach were taken, the Commission would be interested in you perspective regarding the role of the Commission Staff as well as the role of the Commission and its advisors.**

**a. How should the CCPG/CLRTPG, SB-100 and other processes and reports be integrated into or coordinated with the filing of CPCN applications?** The SB-100 process currently requires filing of CPCNs for identified projects that are proposed pursuant to Colo. Rev. Stat. § 40-2-126, indicating it is already integrated with the filing of such CPCNs. Other studies and/or reports, such as the CLRTPG effort, should serve as a framework for future

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<sup>2</sup> See, NERC Reliability Standards TPL-001 through TPL-004.

transmission projects based upon the assumptions and scenarios contemplated in the study.

These reports could be referenced, if appropriate, within a CPCN process pursuant to Colo. Rev. Stat. § 40-2-126.

**b. How should the CCPG/CLRTPG, SB-100 and other processes and reports be integrated into or coordinated with a Commission transmission planning process?** We are unclear about what the Hearing Commissioner means by this question, because a coordinated planning process has been occurring by collective action of the transmission providers.

**c. Should there be an integrated transmission planning process?** Black Hills believes that there currently is an integrated transmission planning process. This can be seen through the collaborative CLRTPG effort, which resulted in identification of long-range projects, which would facilitate the study assumptions and scenarios that were studied.

**d. Should the Commission order an integrated transmission planning forum including all stakeholders and various interested parties?** Black Hills believes that the Colorado Coordinated Planning Group currently serves these functions, and that there is no need for the Commission to order any integrated transmission planning forum. The utilities that participate in CCPG were also involved in both the Public Service SB-100 and CLRTPG studies.

**e. What should be the role of Commission Staff in coordinating transmission planning?** Black Hills believes that the Commission Staff should be actively involved in the various transmission planning efforts within Colorado (e.g. CLRTPG), providing guidance on how Staff believes any identified projects conform to the Commission's rules or how projects do not conform.

**f. What should be the role of the Commission and its advisors in coordinating transmission planning?** Black Hills believes that, consistent with the requirements of Colorado law and the Commission's rules (e.g. on conflicts of interest and ex parte contacts), the Commission and its advisors should also be actively involved in the various transmission planning efforts within Colorado (e.g. CLRTPG), providing guidance on how any identified projects fit into Commission initiatives and policy.

**Topic 5. Regional Planning Activities**

**a. What should be the role of the Commission Staff when participating in transmission planning activities sponsored by policy groups such as the Western Governors Association's (WGA) Western Integrated Electric Board (WIEB)?** Black Hills has no comment.

**b. What should be the role of the Commission Staff when participating in transmission planning activities sponsored by planning groups such as the Western Electricity Coordinating Council (WECC), WestConnect, or High Plains Express?** Black Hills believes that the Commission Staff should be actively involved in the various transmission planning groups. This would provide Commission Staff an opportunity to evaluate regional planning efforts and how Colorado utilities are involved in those efforts.

**c. What should be the role of the Commission and its advisors when participating in transmission planning activities sponsored by policy groups such as the Western Governors Association's (WGA) Western Integrated Electric Board (WIEB)?** Black Hills has no comment.



**d. What should be the role of the Commission and its advisors when participating in transmission planning activities sponsored by planning groups such as the Western Electricity Coordinating Council (WECC), WestConnect, or High Plains Express?**

Black Hills believes that the Commission and its advisors should be actively involved in the various transmission planning groups. This would provide the Commission and its advisors an opportunity to enhance their education on regional planning efforts and to evaluate how Colorado utilities are involved in those efforts.

**e. Considering the existence of current Regional Transmission Organizations (RTOs), what are the benefits, drawbacks, and challenges in the formation of an RTO for the Colorado utilities?** Black Hills believes this topic should be explored in a future Commission proceeding, separate from the instant docket, because these issues relating to RTOs are complex and discrete from the scope of this docket.

#### **Topic 6. Communications with the Commission**

**a. From your perspective, do CCPG/WestConnect meetings and reports provide sufficient and timely information related to transmission planning? If not, why not? Do these meetings and reports provide duplicative information? If so, how?** Black Hills is highly support of CCPG and WestConnect activities and believes that the information provided is timely and sufficient.

**b. Should utilities jointly file integrated transmission planning reports including future transmission needs? If not, why not? If so, should these reports be filed on an annual, biannual, quarterly or other time basis?** Black Hills has no comment.

**c. Should the Commission schedule meetings or workshops to gather updates from stakeholders regarding their transmission planning efforts? If not, why not?**

**If so, should these meetings be held on an annual, biannual, quarterly or other time basis?**

No, instead we believe that the existing transmission planning forums and activities, such as CCPG and SB-100, are effective means to communicate utility planning efforts and project information.

**COMPANY REPRESENTATIVE AT MAY 18, 2009 WORKSHOP**

Black Hills will be represented at the May 18, 2009 workshop by Mr. Vance Crocker, P.E., Director of Transmission Services. His contact information is email address [Vance.Crocker@blackhillscorp.com](mailto:Vance.Crocker@blackhillscorp.com) and telephone number (605) 721-2226. His alternate is Mr. Eric Egge, P.E., Manager of Transmission Planning. His contact information is email address [Eric.Egge@blackhillscorp.com](mailto:Eric.Egge@blackhillscorp.com) and telephone number (605) 721-2646.

Dated this 11th day of May 2009.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

I hereby certify that on this 11th day of May 2009, the original and four copies, along with an electronic copy and a disc of the foregoing **INITIAL COMMENTS OF BLACK HILLS CORPORATION FOR THE MAY 18, 2009 WORKSHOP** were filed with:

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