

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Docket No. 08I-227E

2009 JUL 21 PM 2:31

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

**COMMENTS OF BLACK HILLS CORPORATION
ON THE 2006 "REPORT OF THE TASK FORCE ON RELIABLE ELECTRICITY
INFRASTRUCTURE"**

Pursuant to Decision No. C08-1125 (mailed December 10, 2008), Black Hills Corporation ("Black Hills") hereby submits the following comments.

I. INTRODUCTION

In Decision No. C08-1125, the Commission requests stakeholders' comments on the *degree to which* the four recommendations adopted in the Task Force report are complete, ongoing, or not yet begun. The four recommendations are: 1) Implementation of a transmission cost recovery rider; 2) Identification of renewable energy zone areas; 3) Increased governmental involvement with groups like the Colorado Coordinated Planning Group ("CCPG"); and 4) Availability of appropriate adequate funding for the Public Utilities Commission ("PUC") to actively participate in regional forums. Black Hills offers comments on these recommendations.

II. COMMENTS

A. Black Hills suggests the recommendation "Implementation of a Transmission Cost Recovery Rider" is *nearly* complete because jurisdictional public utilities in the state, have received, or have applied for, Commission orders to implement the rider provided in Colo. Rev. Stat. § 40-5-101(4). Importantly, this rider enables public utilities to responsibly plan, develop, and complete transmission facilities because the costs for such capital investments will be

recovered in current year periods (*effectively*, a Construction Work In Progress (“CWIP”) rate treatment). As a result of this rider, current, and future, customers will have reliable electric delivery services from the CWIP-eligible facilities. In the Black Hills’ service territory, over \$10 million has been expended since March 27, 2007 (when SB07-100 was enacted into law). The expenditures include construction of a new 115 kV transmission line from the Canon West substation to a new substation to be located in Victor. This project is required because the existing 69kV transmission line serving this area is nearing its rated capacity and is projected to become overloaded in late 2009. Current customers need, and future customers will benefit from, this new transmission line and therefore it is fair they fund its completion via the transmission cost recovery rider. CWIP treatment is good public policy. We trust the General Assembly will preserve this statutory provision in the future.

B. Black Hills suggests the recommendation “Identification of Renewable Energy Zone Areas” is *ongoing* and has achieved significant progress with the publication of the SB07-091 report “Connecting Colorado’s Renewable Resources to the Markets” by the Governors’ Energy Office (“GEO”) in 2007. The Generation Development Areas (“GDA”) identified in this report are an important, but not sole, consideration for public utilities when planning their Energy Resource Zones under SB07-100. Renewable resource potential should be considered, *along with other beneficial resources*, in transmission siting and development. We trust the GEO, and other agencies such as the National Renewable Energy Laboratory (“NREL”), will continue to identify renewable resource potentials for industry participants planning transmission investments.

C. Black Hills suggests the recommendation “Increased governmental involvement with groups like the Colorado Coordinated Planning Group” is *complete* as both the PUC and GEO

have consistently been represented at Colorado Coordinated Planning Group meetings. Additionally, governmental representatives have been given opportunity to present materials and provide comment to industry stakeholders. Black Hills finds the opportunity to interface with government representatives at the CCPG beneficial and would encourage their continued participation in CCPG.

D. Black Hills suggests the recommendation “Availability of appropriate adequate funding for the Public Utilities Commission (“PUC”) to actively participate in regional forums” is *on-going* as PUC representatives routinely attend CCPG meetings but are often absent from other specific sub-regional planning groups, namely WestConnect. WestConnect serves as an organization which coordinates transmission planning efforts between the CCPG, Southwest Area Transmission (“SWAT”) and Sierra Subregional Planning Group (“SSPG”) subregional planning groups. A number of Colorado utilities are members of WestConnect, including Black Hills, and transmission planning issues involving Colorado are discussed. Black Hills would encourage PUC representatives attend the WestConnect open stakeholder meetings to better understand higher level coordinated sub-regional planning efforts.

III. OTHER ISSUE

Black Hills believes that transmission planning is a broad discipline that covers security, stability, reliability, and power quality which should be considered, in addition to potential renewable resources, when identifying Energy Resource Zones under the mandates of SB07-100. For example, an integrated gasification combined cycle (IGCC) plant, with carbon capture and sequestration, could be a “beneficial resource”. Therefore, we do not believe the words “beneficial resources” in SB07-100 should be limited by PUC rules to renewable resources only, as some industry stakeholders may seek to implement in an Emergency Rulemaking proceeding.

Dated this 21st day of January, 2009

Respectfully submitted,

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