

DOCKET NO. 08I-227E

**COMMENTS OF TRANS-ELECT DEVELOPMENT COMPANY, LLC, OF
PARTICIPANT FOR WORKSHOP OF MAY 18, 2009**

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

Through its undersigned counsel, Trans-Elect Development Company, LLC (“Trans-Elect”), on behalf of the Wyoming-Colorado Intertie project, commends the Commission for organizing and hosting the transmission planning workshop scheduled for May 18, 2009. The following are comments submitted in response to the questions posed by the Commission for the subject workshop. Trans-Elect’s comments are from the perspective of an independent transmission company (ITC).

1. Overview of Transmission Planning: Parties that plan transmission enhancements and/or additions include utilities, transmission providers, and independent transmission companies (ITCs), as well as independent power project developers (IPPs). Such transmission enhancements and additions can be triggered by the need for (1) additional transmission capacity to serve new generation sources, (2) system reliability, (3) improved connections to adjoining transmission systems, and (4) access to diverse resources. Transmission planning is in the process of evolving from a relatively narrow, utility-focused capacity agenda to incorporate a much wider audience of stakeholders and public policy focused on renewables and regional transmission connections.

The ITC sector of the industry is focused on projects that are both cost-effective and consistent with public policy in situations where impediments to ITC participation do not exist. We are hopeful that the Commission’s efforts will ensure that ITCs will have an equal and fair opportunity to participate in Colorado transmission planning activities.

It might be reasonable for the Commission to exercise limited or “light-handed” CPCN jurisdiction over new privately sponsored transmission line development, including both IPP generator lead projects and major new ITC-sponsored integrated

bulk electric transmission projects. This would allow the Commission to rule on the “need” for such projects and a developer’s capabilities for constructing them in the context of statewide transmission and resource planning goals that the Commission oversees and promotes. It would also permit the Commission to the extent of its authority to ensure a degree of uniformity and consistency in the treatment of utility and privately sponsored projects as far as siting and noise and EMF levels—to the benefit both of project developers and of the statewide transmission planning process. Although the Commission’s rate-regulatory jurisdiction over an interstate ITC project would be limited if the project were subject to federal rate-regulatory jurisdiction, this would not seem to prevent the Commission from otherwise exercising CPCN jurisdiction over privately sponsored projects in a beneficial manner.

Without standardized and streamlined permitting and project approval processes, the time line from inception to in-service for a transmission project may range from five to ten years, depending on complexity, distance, and jurisdictions involved. This is summarized in the Western Governors Association’s Wildlife Corridors Initiative final report (pages 8-13 of the Energy Working Group Chapter) which is reproduced as Exhibit A to these comments.

2. Transmission Planning Requirements: As a general industry statement, transmission planning over the past 15-20 years has been focused on incremental expansions. However, most transmission systems are now constrained and with an emerging public policy agenda to expand transmission to access remote renewable resources, longer term transmission planning is required. Such planning is expected to be focused on installing higher voltage and/or multiple-circuit lines within a single corridor rather than incremental expansions of single lines in multiple corridors. Evidence of this longer range approach is reflected in the CCPG’s Colorado Long-Range Transmission Plan and the High Plains Express initiative and its component projects including Wyoming-Colorado Intertie and the SB-100 projects under consideration by Xcel in partnership with Tri-State. The challenge in considering longer term oversized transmission projects is securing the necessary commitments to cover the annual revenue requirements for a project that will not be fully utilized until well into the future. In considering long-range transmission projects, in addition to transmission capacity, cost-effectiveness must also be considered in terms of delivered energy costs that takes into account the operational requirements of a renewable energy dominated generation mix.
3. Coordination of Transmission and Electric Resource Planning: Trans-Elect supports the coordination of these two interrelated aspects of power supply, as transmission cannot be planned without an understanding of the economics and characteristics of the resources that are likely to be shipped. Without such information, transmission could be built to uneconomic resources and without regard to the operational requirements of a renewable-dominated resource mix. Given the widespread availability of renewable resources both within and external to Colorado, it is imperative that limited transmission expenditures be focused on accessing the most cost-effective and geographically diverse renewable resources. To the extent that transmission interconnection requests are considered, it should only be for situations in which the resource characteristics have been documented. One of the challenges of

integrated transmission and resource planning is the potential disconnect between the timelines involved. To some extent, this has been addressed by PSCo's recent wind RFP in which long lead-time transmission-dependent resources have been allowed to submit bids with indexed pricing, following a precedent used by Hydro Quebec.

4. Coordination of CCPG/CLRTP, SB100, and Integrated Planning: Substantial overlap in transmission planning is involved for the numerous transmission planning venues for Colorado including each utility's FERC Order 890 transmission planning activities. If possible, these should be consolidated into a single transmission planning process that streamlines the permitting and CPCN approval processes and which incorporates stakeholder input. The role of Commission Staff in these processes will be dependent upon the extent to which the Commission provides guidance to them which can range from a monitoring role to one in which the Commission Staff is actively engaged. Trans-Elect would advocate for the latter to ensure that transmission plans reflect guidance provided by the Commission.
5. Regional Planning Activities: The role of Commission Staff in regional planning activities is also dependent upon the extent to which the Commission provides guidance to them which can range from a monitoring role to one in which the Commission Staff is actively engaged. Trans-Elect would advocate for the latter to provide a basis for the development of regional transmission plans that are consistent with guidance provided by the Commission.

With regard to RTOs, after several failed attempts, there appears to be little appetite for intermountain utilities to consider the formation of a RTO. However, there is utility interest in adopting RTO-like features over wide areas of WECC via the "Joint Initiative Process" involving WestConnect, Northern Tier Transmission Group, and Columbia Grid.

6. Communications with the Commission: A single Commission-sponsored process would materially simplify transmission planning in Colorado, particularly if such a process could serve in the place of or supplement other mandated transmission planning processes. Arizona has such a process in which all Arizona utilities collaborate in a biennial transmission plan.
7. Designated representative. As its participant at the hearing on May 18, 2009, Trans-Elect designates Jerry Vaninetti, who is Trans-Elect's Vice President for Western Development.

Dated May 11, 2009.

Respectfully submitted,

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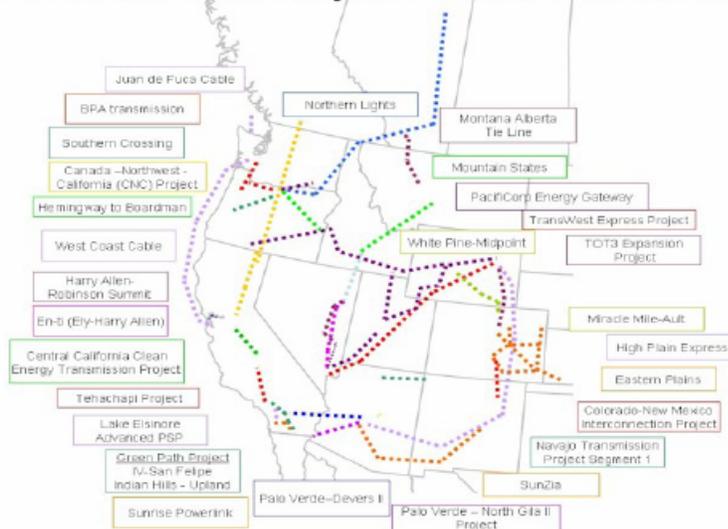
Exhibit A

Transmission Section from Energy Working Group Chapter Western Governors' Association – Wildlife Corridors Initiative (June 2008)

III. Transmission

Transmission will be an integral component in the development and delivery of new power generation resources to customers, particularly renewable resources which are generally located in areas remote from load centers. While the amount of new transmission required may be tempered by the success of demand-side management (DSM), conservation, and improvements in energy efficiency, the fact remains that substantial new transmission will have to be installed – not only to deliver new power supplies to customers, but to facilitate increasing amounts of energy resources, particularly driven by Renewable Portfolio Standards (RPS). This situation has been exacerbated by a 15-year hiatus in major new multi-state transmission construction, which has effectively eliminated any major excess capacity in the existing transmission grid that might otherwise be used to serve these new requirements. Requirements for new transmission are also increased by state renewable portfolio standards, which mandate that a certain percentage of electrical generation or use be from renewable sources. It is likely that some areas will “import” power from other, renewable-energy-rich areas to meet these requirements, with additional transmission line capacities being needed to accomplish this transport.

New Transmission Projects Under Consideration



While transmission lines have a relatively small on-ground footprint as towers are generally widely spaced in a linear configuration, cumulative effects of both on-ground and overhead facilities must be considered in assessing the implications on wildlife. While there are well established protocols for considering the myriad issues (including wildlife) that must be addressed for new transmission projects, they need to be reconsidered to accommodate new stakeholder processes and wildlife information that has emerged over the past 15 years – particularly now that there are clear economic and public policy signals to expand the transmission grid to serve renewable and other remote energy resources. This is reflected in an unprecedented number of proposed transmission projects throughout the West (see insert).

The planning and development of new transmission lines is a very time-consuming process which can range from five to ten years from the time of project inception to the time of commercial operation. This process generally follows a five-step sequence consisting of the following phases:

- Planning
- Siting & Routing
- Permitting, Land Acquisition & Design
- Construction
- Operations & Decommissioning

As such, there are multiple entry points, including early-on opportunities, for the consideration of wildlife and other issues. This provides numerous opportunities to intersect the transmission planning process with a goal towards optimizing the results and avoiding, minimizing, and mitigating impacts. Each of these phases is discussed in the following sections.

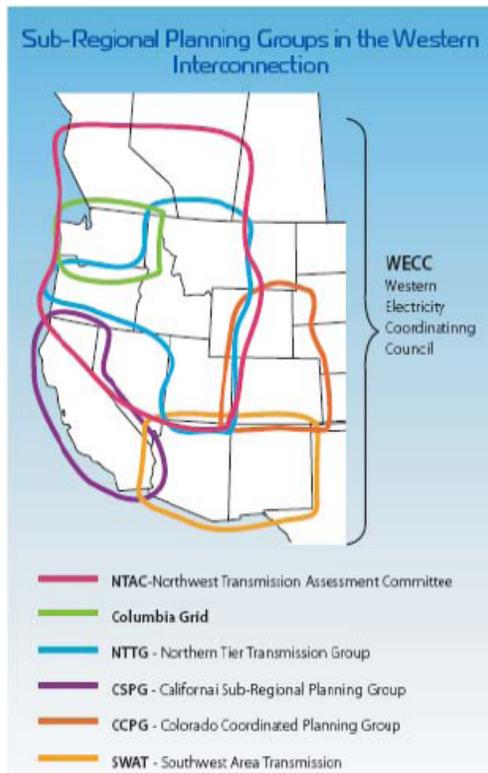
Transmission Planning

As described in the WGA's June 2007 CDEAC Progress Report, transmission planning in the West is influenced and facilitated by Federal, regional, utility, and state initiatives. These result in several levels of transmission planning, in which new projects are progressively vetted at each higher level, generally in the following sequence – all of which provide stakeholder input opportunities:

- Utility Level: Pursuant to FERC Order 890, each utility is now required to conduct its transmission planning in a coordinated, transparent, and public manner, with protocols (known as Attachment K filings) established and posted by each utility on their transmission (OASIS) websites;
- Project-Specific: Transmission projects under development are typically announced in the trade press and in public transmission planning venues, each with their own project websites;
- State Planning: Transmission projects and the transmission plans of each in-state utility are commonly subject to review by the utility regulatory authorities within each state;
- Sub-Regional Planning: In recent years, a number of sub-regional transmission planning groups have emerged to coordinate and consider individual projects and to

conduct sub-regional planning (see inset); each have their own websites and most major utilities within each sub-region are participants;

- **Regional Planning:** Mature transmission projects are ultimately processed through Western Electricity Coordinating Council (WECC)'s Regional Planning Process for a path rating and reliability assessment. In addition, WECC has recently instituted a west-wide transmission economic modeling process to consider scenarios proposed by stakeholders. Both processes overlap and involve significant stakeholder input opportunities.



Transmission Siting & Routing

Transmission siting and routing is considered on a regional and conceptual basis and on a project-specific basis, with both approaches involving significant stakeholder input opportunities.

Regional Concepts: Recent Federal legislation has set into motion an effort to identify and designate two types of corridors in which transmission upgrades or new lines would be considered: (1) Energy corridors that would include new power lines on public lands in the 11 western states and (2) National Interest Electrical Transmission Corridors (NIETCs) – which may accelerate power line siting approvals on private lands in areas of documented electrical congestion. These ongoing stakeholder-driven processes have identified a number of potential corridors within the West in which both individual and shared transmission routes would ultimately be considered.

Project-Specific: Siting and routing of project-specific transmission lines is typically studied by a multi-disciplinary team of specialists – typically an in-house team supplemented by consulting firms that specialize in such activities. Their goal is to identify and rank multiple 3-5 mile wide corridors within a broad study area that might be suitable for consideration by transmission line developers, the public, regulatory entities, and stakeholders in an iterative process to select the optimal routing and preferred alternatives. These efforts have become increasingly complex in recent years as a multitude of issues are considered and ultimately vetted with stakeholders, including:

- Wildlife and Vegetation
- Land Ownership & Values
- Public Preference
- Terrain and Ground Clearance
- Cultural Features
- Public Safety
- Noise and EMF
- Geotechnical and Ground Conditions

- Visibility and Aesthetics
- Infrastructure Crossings
- Access
- Flight Paths and Restrictions
- Proximity to Sensitive Areas
- Wetlands
- Economics
- Restricted Areas

In order to properly consider these issues, it is imperative that the siting and routing team have access to databases and other tools – many of which are available via GIS and desktop computer applications.

Permitting, Right-of-Way Acquisition & Design

Many long-distance transmission projects in the West are likely to involve crossing over private, state and federal public lands, and possibly tribal lands. Right-of-way approval for a transmission line across multi-jurisdictional lands means seeking permit approvals from local, state, federal and other authorities. While there is considerable variability in Western permit approval processes among states, in many instances state public utility commission retains authority for transmission siting. Mindful of the multi-layered and jurisdictional permitting processes in the West, in 2002 WGA formally adopted a protocol to coordinate these processes in the event of long distance, multi-state transmission proposals.

On a project-specific basis, once potential routes have been identified (taking into account the assessments made in transmission siting and routing studies), these are vetted with governmental officials, stakeholders and landowners. In most instances, this involves a series of public meetings to secure a consensus concerning optimum configuration and preferred alternatives. In some cases, particularly where Federal lands or where Western Area Power Administration (a federal power agency reporting to the Department of Energy) are involved, Environmental Impact Statements are required, pursuant to the National Environmental Policy Act. However, the existence of other broader-level entry points such as regional and sub-regional planning efforts offer key opportunities long before the initiation of the NEPA process to vet and discuss conceptual routes with the public and scientific agencies.

Subsequent to finalization of routes, permits are then applied for with applicable county, state, and/or Federal regulatory agencies. Such permits invariably include restrictions and requirements to avoid, minimize and/or mitigate the impacts of construction and associated activity, based on focused studies and input from concerned parties. As such, the permitting processes are integral to finalizing designs of transmission projects.

Right-of-way acquisition activities typically proceed simultaneously with or immediately subsequent to the issuance of permits. This typically involves acquisition via lease, easement, or outright purchase of a 150-300' wide strip of land within preferred corridor. In many cases, additional restrictions are imposed by private landowners as a condition of land use.

In the case of Federally-designated Energy Corridors and NIETCs, which operate under different protocols, it is unclear the extent to which Federal permit approvals and

Environmental Impact Statements will apply to specific projects – recognizing that such corridors will be substantially wider than routes needed for individual projects. Once individual projects are proposed, they would then be subject to normal permitting protocols, with permitting processes potentially streamlined by the federal corridor designation process. In the case of NIETCs, there is provision for FERC to preempt state jurisdiction under certain circumstances.

Transmission Construction

Transmission construction is an invasive activity that involves ground disturbance along the transmission path and associated staging areas and access routes. The extensiveness of such disturbance varies, depending on the season, weather conditions, terrain, availability of access, ground conditions, support requirements, and permit limitations, among other factors. To mitigate ground disturbance and associated impacts, helicopter operations are sometimes employed. In extreme cases, particularly in urban areas, transmission lines are sometimes considered for underground installation – generally where other options are infeasible.

Transmission Operations, Reclamation, Monitoring & Decommissioning

Many of the elements raised in the preceding discussion apply in the long-term operation of transmission lines. Land reclamation is the restoration of productivity or use to lands that have been degraded by human activities or impaired by natural phenomena. Subsequent to transmission right of way construction, transmission owners conduct ongoing operation and maintenance of transmission lines and this commonly involves a combination of on-ground and aerial activities for regular inspections, controlling the encroachment of vegetation, managing water run-off, and maintenance of structures. Such measures are conducted in accordance with limitations and requirements defined in the permits for the transmission lines.

Monitoring is the regular observation and recording of activities taking place on a project. Both during and after transmission ROW construction and throughout operations and maintenance phases, monitoring protocols are established to measure projected versus anticipated impacts as well as to adjust mitigation practices to adapt to new or unforeseen management situations to best protect lands and wildlife resources. Monitoring is also important to determine whether established reclamation and mitigation measures are effective and working as intended and may shed light on whether a new or adapted reclamation strategy is appropriate.

Decommissioning and subsequent reclamation of a transmission line is an unusual event, as these facilities are generally considered as very long-term infrastructure facilities that would be upgraded rather than decommissioned. As such, regulations extant at the time of decommissioning would control reclamation activities in which such activities would be independently monitored by applicable regulating agencies.

Certificate of Filing and Service

I certify that on May 11, 2009, I caused an electronic CD and the original and four copies of the foregoing Comments of Trans-Elect Development Company, LLC to be filed at the Colorado Public Utilities Commission, 1560 Broadway, Suite 250, Denver, CO 80202, and on the same date caused electronic copies thereof to be served on the following:

Kent Singer; Nicholas Muller; Vance Crocker; Judy Matlock; Sam Niebrugge; Steve Denman; Chere Mitchell; Frank Shafer; Mark Davidson; Patti Penn; Robyn Kashiwa; Robert Pomeroy; Thor Nelson; Craig Cox; Ron Lehr; Mark Williamson; Jeff Pearson; Thomas Dougherty; Gregory Sopkin; Jerry Goad; Jean Watson-Weidner; Gerald Vaninetti; Ken Reif; Victoria Mandell; William Dudley; Dale Hutchins
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/s/ Jeffrey G. Pearson