

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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

DOCKET NO. 08I-227E

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SUPPLEMENTAL COMMENTS OF TRI-STATE GENERATION
AND TRANSMISSION ASSOCIATION, INC.

Tri-State Generation and Transmission Association, Inc. ("Tri-State"), by and through its undersigned counsel, hereby submits the following Supplemental Comments in response to Decision No. C08-1125.

1. Initial Focus of the Transmission Investigatory Docket

In its "Order Opening An Investigatory Docket" (Decision No. C08-0607), the Commission solicited comments from interested persons with respect to the broad range of issues that relate to electric transmission planning and development in Colorado. The Commission attached a "preliminary statement of goals" to the initial order which set forth various transmission-related "policies" that the Commission determined should be followed in order to "assure the reliability of the transmission system now and far into the future."

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The Commission listed those policies as: appropriate planning horizons for incremental transmission additions; coordination of generation planning with transmission planning; appropriate incentives for transmission investment; regional cooperation in transmission siting and permitting; compliance with Colorado renewable portfolio standards; minimization of the impacts of transmission expansion; and equitable treatment for all stakeholders and consumers. The Commission solicited comments in relation to certain "focus areas" that it identified, including the appropriate level of involvement by the PUC in

generation and transmission facility planning activities, as well as whether stakeholders had suggestions regarding the priorities of the Commission in light of budgetary and resource constraints.

In response to the initial request for comments, Tri-State, along with several other parties, submitted initial comments and reply comments for the Commission's consideration. Given the broad scope of the Docket, Tri-State commented on a variety of transmission-related issues. Tri-State will not repeat those comments here, but instead reiterate two primary areas of concern.

First, there is a need for a more streamlined CPCN application approval process in order to expedite the construction of new transmission segments in Colorado. Although the Commission has little control over delays related to local government siting and permitting requirements, it does control the CPCN application and approval process. Protracted litigation at the Commission (sometimes related to the Commission's current rules relating to the granting of interventions) causes substantial delays in the transmission development process. Tri-State urges the Commission to consider new tools and processes to streamline this process. Tri-State understands that the Commission may be considering a rulemaking on this subject, and it will provide more concrete recommendations in the context of that proceeding.

Second, Tri-State does *not* believe there is a need for additional Commission regulatory oversight in the transmission planning process. There is in place already an extensive and well-coordinated process for all of the regional utilities to participate in transmission planning. Tri-State's transmission planning personnel communicate frequently with their counterparts at Public Service Company of Colorado ("PSCo") and all of the other

regional investor-owned and public power utilities. Tri-State is a member of various transmission planning organizations including the Colorado Coordinated Planning Group (CCPG), the Southwest Area Transmission Planning Group, WestConnect, the Western Electricity Coordinating Council (WECC) and the WECC Transmission Expansion Planning Policy Committee and its Technical Advisory Subcommittee. Tri-State is a member of the Colorado Long Range Transmission Planning Group, a subgroup of the CCPG, which also includes Black Hills/Colorado Electric Utility, Colorado Springs Utilities, Platte River Power Authority, PSCo, and the Western Area Power Administration. The general purpose and focus of these organizations is to provide forums for the effective and coordinated planning and development of the transmission system in Colorado and the region by actively engaging load-serving entities and other stakeholders. Tri-State believes the existing coordinated planning process works well and is consistent with the Commission's stated priorities in this area.

While Tri-State does not believe Commission regulation of the transmission planning process is needed or appropriate, Tri-State does not oppose Commission Staff attending regional transmission planning meetings, nor does it oppose periodic informal meetings with the Commission or Staff to discuss transmission planning. Tri-State believes that such participation will allow the Commission to be better informed with respect to overall transmission planning in Colorado and in anticipation of specific CPCN applications that Tri-State or other utilities may file. Further, Tri-State does not oppose a limited type of “up-front guidance” from the Commission with respect to its interest in specific transmission corridors or segments. So long as Tri-State continues to have full discretion to determine the scope and design of its transmission projects, it does not object to the Commission making

suggestions or recommendations concerning discrete aspects of its transmission development.

2. November 2006 Report of the Task Force on Reliable Electricity Infrastructure

In its most recent Order in this Docket (Decision No. C08-1125), the Commission has requested stakeholders to focus their comments on the recommendations contained in the final report of the Task Force on Reliable Electricity Infrastructure. Tri-State was involved in the meetings and discussions which led to the final November 2006 Task Force Report, and Tri-State concurred with many of the recommendations contained in the Report.

As the Commission notes in Decision No. C08-1125, the first two recommendations of the Task Force relating to the implementation of a transmission cost recovery rider and the identification of renewable energy zone areas have been, or are being, addressed in other Dockets pending at the Commission. With respect to the third recommendation of the Task Force regarding Commission participation in regional transmission planning groups, as discussed above Tri-State has no objection to Staff involvement in those proceedings. The focus of the Staff's involvement should be on gaining a better understanding of the transmission needs that exist, rather than making recommendations relating to specific projects or design issues.

As for the last recommendation of the Task Force relating to funding for Commission participation in regional transmission forums, Tri-State again suggests that the Commission's focus in the transmission area should be on developing rules and procedures to facilitate new construction. Tri-State does not believe that additional Commission participation in regional planning forums will accomplish that objective.

3. Commissioner's Information Meeting re PSCo's S.B. 100 Report

Tri-State has been an interested observer in the recent discussions regarding PSCo's efforts to comply with the requirements of S.B. 07-100 with respect to the designation of energy resource zones and the transmission additions needed to develop those areas. While Tri-State is not subject to the S.B. 07-100 requirements, it continues to cooperate with PSCo in efforts to jointly develop new transmission facilities needed to serve some of the energy resource zones identified by PSCo. In so doing, Tri-State must be cognizant of the needs of its consumer-owned Members for additional reliability and load-serving capability. Tri-State has a contractual obligation to its Members to provide sufficient transmission and generation capacity to serve their needs in a cost-effective manner. As a result, Tri-State must carefully evaluate transmission project costs and can only participate in those transmission projects that make sense from an engineering and economic perspective.

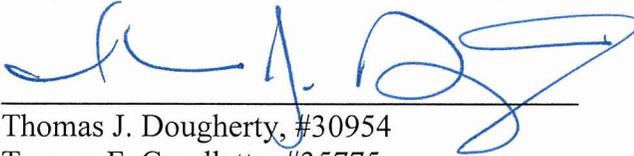
Some stakeholders participating in the S.B. 07-100 process have argued that PSCo, Tri-State, and other electric utilities should build transmission capacity in order to enable independent power producers to export power generation from Colorado to out-of-state markets. From Tri-State's perspective, these stakeholders' concerns are not related to specific transmission projects but rather to the state's underlying energy policy. If such independent power producers desire the construction of speculative transmission in excess of any present demand forecast so as to facilitate the export of Colorado energy, then these stakeholders should work with the legislature to revise the policies that drive fundamental utility issues related to who should pay for such projects and what costs can be recovered.

Tri-State, however, is not in the merchant transmission business and cannot support speculative transmission development. Tri-State's corporate mandate is to build and

maintain a transmission system that will reliably serve its Members, including accommodating future load growth. In many cases, these transmission additions may also provide additional capacity to facilitate the transfer of renewable generation from the energy resource zones to load centers. Tri-State, however, does not believe that its Members should bear the costs of developing speculative transmission.

Tri-State appreciates the opportunity to present these Supplemental Comments to the Commission and looks forward to further participation in this investigatory Docket.

Respectfully submitted this 21st day of January, 2009.

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CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of January, 2009, I served an original and seven copies of the foregoing **SUPPLEMENTAL COMMENTS OF TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.** on the Colorado Public Utilities Commission by handing to and leaving the same with the Executive Director of the Commission, Mr. Doug Dean, and that copies were e-mailed to the following:

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