

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

**IN THE MATTER OF THE INVESTIGATION OF)
ELECTRIC TRANSMISSION ISSUES AND THE) DOCKET NO. 08I-227E
OPENING OF AN INVESTIGATORY DOCKET.)**

**COMMENTS OF TRI-STATE GENERATION AND TRANSMISSION
ASSOCIATION, INC. CONCERNING THE MAY 18, 2009 WORKSHOP**

Tri-State Generation and Transmission Association, Inc. (“Tri-State”), by and through its undersigned counsel, hereby submits the following Comments in response to Decision No. R09-0458-I, the Interim Order of Hearing Commissioner James K. Tarpey Concerning May 18, 2009 Workshop (the “Order”). Tri-State appreciates the opportunity to provide comments with respect to those topics identified in the Order, i.e., long-term transmission planning, coordinated transmission planning and the role of the PUC staff; and the role of the Commission in the transmission planning process. By filing these comments, Tri-State does not concede any expansion of Commission jurisdiction over its resource or transmission planning activities.

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.

Tri-State Response: With a 5,000-mile transmission system spread out over a 250,000 square mile area, Tri-State is constantly evaluating its options for improving service

reliability to its forty-four electric cooperative and public power district members in four states. There is no one particular event or condition that “triggers” Tri-State’s decision to upgrade an existing line or build a new line. These decisions are driven by a combination of factors, including member load growth, transmission service requests from members and non-members, reliability and system performance, federal and state energy policy developments, and regional planning requirements.

b. Please describe what is involved in transmission planning for your company. Please include a conceptual project management description.

Tri-State Response: As indicated in our Initial Comments, Tri-State is active in the Colorado Coordinated Planning Group (CCPG) as well as other transmission planning organizations such as 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. These joint planning efforts are necessary in order to evaluate the impacts and benefits of any proposed new transmission elements on the Tri-State system in a coordinated fashion.

In addition to these regional planning activities, Tri-State develops its own plans for transmission development in conjunction with its annual capital budget process. Tri-State considers the need for various projects and conducts a detailed analysis of the engineering, routing, siting and other regulatory requirements that impact each particular project. The “conceptual project management description” referred to in the Order incorporates all of these planning elements.

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:

- 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.

Tri-State Response: Tri-State assembles a project team with the required expertise to develop the material required in the CPCN application. A recent example is where Tri-State and Public Service have been working together for the last several months to prepare companion CPCN applications with respect to a proposed transmission line from the San Luis Valley to the Front Range (the companies expect these companion filings to be made prior to the May 18, 2009, workshop). Accordingly, both companies have assembled project teams consisting of planning, engineering, regulatory, and legal personnel to prepare and compile all of the information that is currently required by the Commission's CPCN rules.

With respect to project costs, estimates are developed at a scoping level with an accuracy target of +/- 30% or higher, depending on the level of specificity of the initial scoping. As the scoping becomes more defined, a design level cost estimate is developed with an accuracy target of +/- 20% or higher. Ultimately, as bid results are received or other procurement activities proceed, a construction level estimate is determined with an accuracy target of +/- 10%.

Tri-State considers various alternatives for its proposed projects as a part of regional coordinated transmission planning, in complying with the requirements of the current CPCN rules, and as a requirement of the federal government if Tri-State is using the Rural Utilities Service to either fund or provide loan guarantees for the project. For example, in the case of the San Luis Valley – Calumet – Comanche Project, Tri-State evaluated a no action alternative, an alternative that would have involved additional generation capacity, and various alternatives for additional transmission capacity out of the San Luis Valley. This is a process that Tri-State frequently employs in order to meet the requirements of its primary lender.

As for prudent avoidance techniques, Tri-State employs a consultant to evaluate the possible alternatives for constructing a line and how the EMF and noise emissions will be impacted. The consultant determines whether the design of a particular project will meet the current standards for EMF and noise, and Tri-State submits this information to the Commission in its CPCN applications.

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.

Tri-State Response: It is difficult to provide a “sample” timeline for a transmission line project because, in Tri-State’s experience, there are so many variables related to the planning, engineering, design, siting, land acquisition, permitting, construction and testing stages of each project. The planning stage usually takes 1-2 years for a local project which does not involve the creation of or significant impacts to bulk system transmission paths. When major bulk system elements that impact critical transfer paths are involved, the

planning stage can require 3-4 years. Tri-State prepares a ten-year Long Range Plan for the Rural Utility Service (RUS) which forecasts future transmission needs based on current conditions. However, each year economic and regulatory changes impact the future plans resulting in some projects being delayed, some canceled, and unanticipated new projects being added to the plan.

Once a project has moved beyond planning, the time required to complete environmental permitting (when needed), obtain local government land use approvals, acquire the necessary land rights, and construct the project will vary from project to project. For example, Tri-State and Public Service will soon be filing companion CPCN applications for the San Luis Valley – Calumet – Comanche Transmission Project. Attached to the testimony of Public Service witness Gerald Stellern is a schedule for the completion of this project. Tri-State agrees with the general time frames set forth in this proposed schedule, which indicates that the proposed line will be in service approximately four years after the filing of the CPCN application. While this is an aggressive schedule, it provides a reasonable example of the general timeframes for each task associated with a new major transmission project.

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?

Tri-State Response: Regardless of the planning horizon, transmission planning involves a series of assumptions. In Tri-State's case, those assumptions relate to the load growth of Tri-State's members, the location of load growth, the addition of new generation,

transmission service requests, etc. In addition to these issues related to Tri-State's operation of its system, Tri-State must also adjust its transmission planning to accommodate state and federal policies related to renewable resources and the possibility of CO2 regulation and the impacts of such possible regulation on generation resources.

b. What limitations or challenges may be involved in transmission planning horizons of longer than 10 years?

Tri-State Response: In Tri-State's view, transmission plans that go beyond 10 years are speculative and cannot be supported by technical studies. Because of the essentially limitless possibilities with respect to load and generation growth, there is no valid mechanism to develop assumptions that will provide meaningful modeling results. Therefore, Tri-State does not believe that transmission planning beyond a 10-year horizon is prudent.

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?

Tri-State Response: Tri-State provides its short term transmission plans to the Commission in accordance with its Rule 3206 filing. Any modifications to these short term plans are submitted annually along with new projects for that year. Tri-State could prepare a speculative long-term plan, but it does not believe that is a wise use of its limited resources.

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.

Tri-State Response: Tri-State always considers the possible future needs of a particular transmission segment when developing a project for Commission approval. There

are situations where the construction of a project that would accommodate operation at a higher voltage in the future is prudent however, there are other situations where it is so unlikely that the higher voltage operation will be necessary as to make the investment imprudent (Tri-State believes this to be the case with the San Luis Valley – Calumet – Comanche Project). As a general matter, Tri-State agrees with the proposition that potential future uses of a transmission element must be considered in evaluating the initial design features. However, the present push to “super size” transmission lines or build speculative new transmission to potential generation must be considered very carefully. Technological and policy changes may greatly impact future system options and care must be taken to avoid large investments in what may end up becoming stranded assets.

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?

Tri-State Response: No. As indicated below, Tri-State is opposed to an expansion of the Commission’s jurisdiction with respect to its resource planning decisions. A “combined transmission and generation production cost simulation study” is intended to provide an analysis of various generation options, with particular attention to the addition of renewable resources. This analysis is tantamount to resource planning, and it would expand the scope of the Commission’s jurisdiction significantly. Tri-State opposes this requirement.

3. Coordination of Transmission and Electric Resource Planning

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 for every four years?

b. Should the utilities be required to conduct transmission planning studies in conjunction with proposed electric resource plans?

c. Should the utilities be required to consider time periods longer than resource acquisition periods in assessing future transmission needs?

Tri-State Response: As the Commission is aware, the extent to which the Commission has jurisdiction over Tri-State's resource planning process is the subject of another pending docket (Docket No. 091-041E). Tri-State is opposed to any expansion of the Commission's jurisdiction over its resource planning process, and that would include any expansion requiring the submission of additional transmission planning information or studies. The Commission is authorized to evaluate the need for new transmission projects, and the CPCN process enables the Commission to make that evaluation.

d. Should the utilities be required to consider all transmission interconnection requests in future transmission planning? If not, what interconnection requests should be considered?

Tri-State Response: Tri-State is already required by the FERC to have a process in place for providing interconnection to its transmission system, and the Commission's jurisdiction with respect to interconnection requests is limited.

e. Should transmission planning be a part of the electric resource planning process, in whole or in part?

Tri-State Response: No. Tri-State is opposed to a requirement by the Commission that it include transmission planning as part of the resource planning process.

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

a. How should the CCPG/CLRTPG, SB-100 and other processes and reports be integrated into or coordinated with the filing of CPCN applications?

Tri-State Response: Although Tri-State is a participant in the CCPG/CLRTPG process and its CPCN applications are informed by that process, Tri-State is not opposed to a rule that would require it to include the relevant reports in its CPCN applications. Tri-State is not subject to the S.B. 100 requirements, but it understands that Public Service will include that information in its CPCN applications.

b. How should the CCPG/CLRTPG, SB-100 and other processes and reports be integrated into or coordinated with a Commission transmission planning process?

Tri-State Response: The information developed through the CCPG/CLRTPG process is already integrated into the transmission planning process through the CPCN process and there is no need for further integration.

c. Should there be an integrated transmission planning process?

Tri-State Response: Tri-State did not oppose H.B. 09-1345, the bill that was introduced toward the end of the 2009 regular legislative session which required the Commission to file a report with the General Assembly concerning integrated transmission planning no later than July 1, 2010. Assuming the bill is signed by the Governor or allowed to become effective without his signature, Tri-State will participate in whatever process is established by the Commission to discharge its obligation to investigate this subject.

However, at this point, Tri-State is not likely to support an integrated transmission planning process that is similar to the existing electric resource planning process for jurisdictional utilities. Tri-State believes that the Commission can discharge its statutory

responsibilities and make informed judgments about proposed transmission projects under the current regulatory regime, and that a new integrated transmission planning process will only add costs and delays to a transmission approval process that is already cumbersome and time-consuming.

d. Should the Commission order an integrated transmission planning forum including all stakeholders and various interested parties?

Tri-State Response: Through this docket and the upcoming H.B. 09-1345 process, the Commission will essentially be conducting this type of forum.

e. What should be the role of the Commission Staff in coordinating transmission planning?

Tri-State Response: Tri-State supports the current role of the Commission Staff, which is to evaluate proposed CPCN applications and make recommendations to the Commission regarding the need for discrete projects. Tri-State opposes efforts by the Commission Staff to develop and make recommendations concerning speculative long-term transmission plans.

f. What should be the role of the Commission and its advisors in coordinating transmission planning?

Tri-State Response: The Commission should first recognize that the coordination of transmission planning is already being accomplished by the utilities themselves. There is no need for an additional layer of comprehensive transmission planning, and the Commission can influence the transmission development process through its CPCN approval process. The Commission should also recognize that its role in coordinating transmission planning is not the same for all utilities in Colorado. While the Commission has ratemaking jurisdiction and

resource planning jurisdiction over the investor-owned utilities, it does not have such jurisdiction over Tri-State. As a result, it does not have the same authority to review Tri-State's integrated transmission and generation planning process.

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)?

Tri-State Response: The Commission Staff should be allowed to attend meetings of the WIEB and other transmission policy groups in order to effectively advocate policy positions in the context of CPCN applications for transmission projects. However, the Commission Staff should have a limited role in the policy discussion of the WIEB and similar groups.

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?

Tri-State Response: See response to question 5 (a) above.

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)?

Tri-State Response: The Commission is in a different position than the Commission Staff or its advisors when it comes to participation in the meetings of the various transmission policy groups. The Commission has a role in implementing the policy directives

of the Colorado legislature, and is therefore entitled to take a more active role in these meetings.

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?

Tri-State Response: See response to question 5 (c) above.

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?

Tri-State Response: Tri-State does not support the creation of a regional transmission organization for the Colorado utilities, or for a broader group of western utilities. Tri-State believes that the existing regional planning structure is adequate to enable the Colorado utilities to coordinate their planning activities and operate the grid in a reliable manner. The obligation to meet regional reliability standards is even more important in light of the authority of the FERC to impose significant penalties, and Tri-State does not believe the creation of an RTO will improve the ability of the Colorado utilities to meet these standards. Most importantly, given the uncertainties of carbon regulation and potential higher generation costs, Tri-State does not believe the significant additional costs associated with the operation of an RTO are justified. California went down that path almost ten years ago and the cost to the consumers has continued to increase to the point where they have by far the highest rates in the western U.S. with no noticeable improvement in reliability

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?

Tri-State Response: Yes. Tri-State is satisfied with the existing process for regional transmission planning, and it believes that there is no need for additional planning by the Commission.

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?

Tri-State Response: For the reasons indicated above, Tri-State is opposed to the idea of a Commission rule establishing a formal integrated transmission planning process. Tri-State believes that this process would be further complicated by a requirement that there be some type of coordinated process among the regional utilities. As Tri-State has indicated in this docket, there is already in existence a transmission planning process involving all of the regional utilities. Tri-State sees no benefit to an additional layer of process that will not expedite the development of new transmission in Colorado.

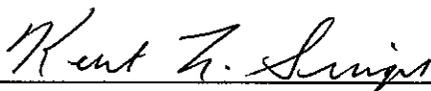
c. Should the Commission schedule meetings or workshops to gather updates from stakeholders regarding their transmission planning efforts? If not, why not? If so, should these meetings be held on an annual, biannual, quarterly or other time basis?

Tri-State Response: Tri-State is not opposed to providing information to the Commission with respect to its transmission planning efforts on a regular basis, whether in the context of a Commissioner's Information Meeting or other forum that the Commission deems appropriate. Tri-State believes that the Commission already receives a substantial

amount of information regarding Tri-State's transmission plans by way of its annual Rule 3206 filing, and it receives additional information by way of Tri-State's and Public Service's CPCN filings. If the Commission determines that a regular meeting or workshop is needed, Tri-State suggests that such a meeting should be held on an annual basis. Given the pace of transmission development, more frequent meetings would not be productive.

7. Tri-State Representative at the May 18, 2009 Workshop. Mr. Andy Leoni, Tri-State's Senior Manager for Transmission Planning, will represent Tri-State at the May 18 workshop.

Respectfully submitted this 11th day of May, 2009.

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CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of May, 2009, I served an original and seven copies of the foregoing **COMMENTS OF TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC. CONCERNING THE MAY 18, 2009 WORKSHOP** on the Colorado Public Utilities Commission by handing to and leaving the same with the Executive Director of the Commission, Mr. Doug Dean, and by filing a CD containing the same, and a copy was e-mailed to the following.

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