BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Docket No. 09A-324E

IN THE MATTER OF THE APPLICATION OF TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC. (A) FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE SAN LUIS VALLEY-CALUMET-COMANCHE TRANSMISSION PROJECT, (B) FOR SPECIFIC FINDINGS WITH RESPECT TO EMF AND NOISE, AND (C) FOR APPROVAL OF OWNERSHIP INTEREST TRANSFER AS NEEDED WHEN PROJECT IS COMPLETED.

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TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.'S RESPONSE TO THE INTERVENORS' STATEMENTS OF POSITION

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Pursuant to Decision No. R09-1435-I and Rule 1503 of the Colorado Public Utilities

Commission's Rules of Practice and Procedure, Tri-State Generation and Transmission

Association, Inc. ("Tri-State") submits its Response to the post-hearing Statements of Position submitted by Intervenors in the above-referenced proceeding, 1

I. INTRODUCTION

In reaching its decision in this matter, the Commission must put this Project in the proper perspective. A total of 35 individuals or entities applied to intervene in this consolidated docket. Of that number, 16 were allowed to intervene but only nine actively participated in the evidentiary hearing and only eight filed Statements of Position. The overwhelming majority of these Intervenors support the Project in one form or another. Only one Intervenor opposes the Project – Blanca Ranch Holdings, LLC and Trinchera Ranch Holdings, LLC (collectively "Trinchera").

As discussed below, the numerous Intervenors who support the project, each with its own unique perspective, identify a wide range of reasons for supporting the Project. While there is some disagreement as to the propriety of various conditions suggested by certain Intervenors, there is wide agreement that the Project is needed for the reliability and renewable resource purposes identified by Tri-State and Public Service Company of Colorado ("Public Service")(collectively the "Applicants") as well as the long-term public policy goals of the state.

In the face of this unified position, Trinchera is alone in its self-centered belief that its alternatives represent viable solutions to the same goals and objectives, and are consistent with coordinated and open transmission planning principles. As demonstrated by the extensive record in this docket, nothing could be farther from the truth. Trinchera's proposals are not in the public

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¹ Tri-State specifically adopts and incorporates by reference Public Service's Statement of Position in Response to Intervenor Statements of Position filed contemporaneously herewith in this consolidated docket.

interest. They are intended to advance only one interest – Trinchera's; and they are all intended for only one purpose – oppose the construction of a transmission line on Trinchera's property. Trinchera's motives must be recognized for what they are and should not be allowed to derail a project that is widely supported and recognized to be both needed and in the public interest. The Commission should grant Tri-State's and Public Service's CPCN applications so that this much needed transmission system improvement can proceed.

II. MANY INTERVENORS SUPPORT THE PROJECT AND IDENTIFY NUMEROUS REASONS WHY THE CPCNs SHOULD BE GRANTED.

Most of the parties who intervened in this consolidated docket support the Project and the applications for Certificates of Public Convenience and Necessity ("CPCN"). These parties recognize the critical need for reliability improvements to the southern Colorado electric transmission system, and the importance of building new transmission to accommodate the development of new renewable resources in the San Luis Valley and Walsenburg areas.

A. The Governor's Energy Office Recognizes That The Project Is Key To Improving Reliability In The San Luis Valley And Implementing The Energy And Climate Change Policies Of The State.

Out of all Intervenors in this proceeding, the Governor's Energy Office ("GEO") provides arguably the best perspective on the relationship between the Project and the energy, climate change, and other public policy goals of the State of Colorado. As explained in GEO's Statement of Position ("SoP"), "this case represents an important opportunity for elements of the Governor's New Energy Economy and the Governor's Climate Action Plan to be implemented in a tangible way." (GEO SoP at 2.) Tri-State agrees with GEO's characterization of the role and importance of the Project in accomplishing these and other important policy goals.

GEO has supported the Project throughout this proceeding and the evidence presented in this docket has not changed GEO's position. (GEO SoP at 1.) This support is predicated on two

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key policy considerations: the Project's relationship to the Governor's New Energy Economy, and the ability of the Project to facilitate advancement of the Governor's Climate Action Plan.

GEO states that "construction of the Project will further [the New Energy Economy] objectives of securing Colorado's energy, economic, and environmental future." (*Id.* at 2.) In addition, GEO recognizes that "Commission approval of the CPCN application would align with Governor Ritter's Climate Action Plan ("CAP")" since "[t]he Project represents a key contribution towards what Colorado utilities and regulators can do to help meet the CAP's carbon dioxide reduction goals." (*Id.* at 3.) GEO's position on these issues is fully consistent with Tri-State's and Public Service's purposes and needs underlying the Project.

GEO also correctly notes that the Project accomplishes other important public policy goals by connecting two of the state's richest Energy Resource Zones and facilitating the delivery of new clean energy to load centers around the state. (*See id.* at 5 (discussing the relationship between the Project and the findings set forth in the Renewable Energy Development Infrastructure Report).) In this regard, GEO agrees that "Commission approval of the CPCN application will advance the goal of connecting high voltage transmission to two key GDAs in the southern part of the State" and "would create a pathway to deliver a small fraction of this vast potential solar resource to the grid." (*Id.* at 4, 5.) This is consistent with Public Service's inclusion of the Project in its Senate Bill 100 plans², as well as Tri-State's desire to create additional transmission capacity that will be available for its own future acquisition of renewable resources.

The basis for the requested CPCNs is well stated by GEO:

The record created in this case makes it clear that approval of the CPCN application will set an important precedent to place Colorado on a path that leads to significant utility-scale renewable

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² Senate Bill 07-100, codified at § 40-2-126, C.R.S.

generation facilitated by the much-needed expansion of high voltage electric transmission infrastructure.

* * * *

Approval of the CPCN will signal the Commission's pursuit of three important objectives: securing reliable electric service in the San Luis Valley; implementation of the objectives of the New Energy Economy; and progress towards achieving the objectives set forth in the Governor's Climate Action Plan.

* * * *

The GEO Believes that the Project will advance the broad public interest, and that the Applicants have proven their case that the public convenience and necessity will be met by construction of the Project.

(GEO SoP at 6.) Tri-State wholeheartedly agrees with GEO's statement of the need for and the importance of the Project, and encourages the Commission to adopt GEO's reasoning in approving the CPCN applications for the Project.

B. Pole Canyon Transmission Also Recognizes The Importance Of The Project In Making Progress Toward The State's Energy Policies.

As did the GEO, Pole Canyon Transmission ("PCT") recognizes that the "transmission projects proposed by [Tri-State] and [Public Service] in this proceeding are fully consistent with [the] clear and consistent statewide policies" related to the development of renewable energy resources. (PCT SoP at 2.) PCT "fully endorses and supports the proposed project and urges the Commission to approve the requested Certificates of Public Convenience and Necessity." (*Id.*)

While PCT makes clear that it fully supports all four segments of the Project (*id.* at 3-6), it also correctly explains that only one of the four segments of the Project, the San Luis Valley – Calumet line, is contested. (*Id.* at 3.) PCT, therefore, encourages the Commission to approve the CPCN applications for the uncontested portions of the Project: the Calumet – Comanche segment, the Calumet – Walsenburg segment, and the Calumet Substation.

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Tri-State certainly agrees that the need for these aspects of the Project is uncontroverted and the Commission should approve them as part of the overall CPCN for the Project. It is important to note, however, that the Project is an integrated project. (Tr. VIII, 48:8-9, 50:2-11.) The uncontested portions of the Project are not separable from one another or from the San Luis Valley – Calumet transmission segment. The Project's strengths and benefits lie in the sum of its parts and how they combine to create a robust solution to remedy the reliability concerns in the southern Colorado electric transmission system and to provide present capability and future opportunities to deliver renewable resources from southern Colorado to load centers along the Front Range. (Tr. VIII, 218:11-20.) The Project accommodates the delivery of new resources from Energy Resource Zones 4 and 5, provides a second source of power to the San Luis Valley from a separate source and via a transmission corridor distinct from that which presently serves the San Luis Valley, and improves the reliability of service in the area south of Pueblo extending into northeastern New Mexico. (Id.) These same mutually reinforcing benefits are not possible with a piecemeal approach to the Project. Moreover, the Applicants do not seek approval of the segments individually. (See Exs. 1 and 2.) Even Trinchera's witness Michael McFadden recognizes this. (Tr. VI, 36:7-9 ("the company has filed not four separate CPCNs, they filed one CPCN").) Accordingly, the Commission must approve or deny the Project in its entirety.

PCT concludes that "there is a compelling public need and convenience for the proposed facilities" and "urges the Commission to accept and approve the CPCN Applications as filed by Tri-State and PSCo." (PCT SoP at 6.) Tri-State agrees with PCT's view and analysis of the Project and encourages the Commission to approve the CPCN applications as filed.

C. Blue Diamond Ventures/FreedomWorks Joint Venture Recognizes The Need For The Project To Transport Renewable Generation From The San Luis Valley.

While Blue Diamond Ventures/FreedomWorks Joint Venture, LLC ("Blue Diamond") did not file a Statement of Position, its support for the Project is evident from its earlier filings in this docket. Blue Diamond is developing a new wind energy facility that will interconnect at the San Luis Substation near Moffat, Colorado. (Blue Diamond Motion to Intervene, ¶ 4.) Blue Diamond intervened in this proceeding because its planned wind project "would compliment PSCo's objectives in pursuing the subject Transmission Project," and "[b]ecause of the proximity of the proposed Transmission Project to [Blue Diamond's] planned wind project, as well as the uncertainties and challenges related to the siting of transmission, the decision in this proceeding will impact the development and perhaps the eventual construction of [Blue Diamond's] planned wind project." (Id.)

Blue Diamond's project and its interest in this proceeding illustrate the importance of the proposed Project to the development of wind and other renewable energy projects in the San Luis Valley and elsewhere in southern Colorado. This practical consideration further demonstrates the need for the Project.

D. Colorado Springs Utilities Supports The Project.

Although it, too, did not file a Statement of Position, Colorado Springs Utilities ("CSU") also supports the Project. (CSU Motion to Intervene, ¶ 3.) CSU stated that "there are currently no adverse impacts to CSU's system as a result of the Project as proposed," however, it has expressed concern that the renewable generation development facilitated by the Project may impact CSU's system. (*Id.* at ¶ 2.) No evidence has been presented that the Project or the renewable generation that may ultimately interconnect with it will have any adverse impacts on

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CSU's system. Any potential impacts from such future generation interconnections will be further evaluated in the relevant studies to be conducted at that time and appropriate mitigation measures will be addressed if needed. The Commission may, therefore, approve the CPCN applications recognizing CSU's support and knowing that CSU's concerns will be addressed.

E. While The Office Of Consumer Counsel Takes No Position On The CPCNs, Approval Of The Project Will Benefit OCC's Constituency.

"By participating in this Docket, the [Office of Consumer Counsel ("OCC")] seeks to ensure a favorable outcome for its constituency." (Notice of Intervention of Right and Entry of Appearance of the Colorado Office of Consumer Counsel, ¶ 4.) The OCC's constituency is defined as "the public interest and, to the extent consistent therewith, the specific interests of residential consumers, agricultural consumers, and small business consumers." C.R.S. § 40-6.5-104(1). Of particular relevance here, OCC is authorized to appear in CPCN proceedings "the construction of which would have a material effect on the utility's rates and charges." (*Id.*) Accordingly, these and other aspects of OCC's statutory charter make clear that OCC's primary focus is on utility rates and charges.

OCC's interests in this docket are best illustrated by the witnesses it chose to cross-examine. OCC questioned only Western Resource Advocates' ("WRA") witnesses Tom Darin and Dean Apostol concerning cost analyses. In its questioning of Mr. Darin, OCC confirmed that WRA had not done any analysis of the costs of the visual mitigation measures it proposed, and did not have a specific dollar amount or range of costs it would consider reasonable. (Tr. IV, 303:5 – 305:15.) Similarly, in its questioning of Mr. Apostol, OCC confirmed that WRA prepared no cost comparison of its proposals to those suggested by Trinchera, and no analysis related to its concerns with respect to project impacts on the tourist economy. (Tr. V, 82:6-15.)

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While OCC does not "offer the Commission a recommendation on the overall aspect of the Applications," (OCC SoP at 3), its silence on the CPCN applications must be put in perspective. This is a CPCN proceeding, not a rate case; therefore, it is not surprising that OCC focused its participation in this docket on cost-related aspects of the proposed Project and on the alternatives and recommendations suggested by various Intervenors. Had OCC felt that any aspect of the Project as proposed by the Applicants was not in the interest of its constituency or the public interest, it would have explored this in its questioning of witnesses or stated so in its Statement of Position as it did in connection with WRA's proposed conditions. OCC has raised no such concerns with regard to the Project as proposed by the Applicants.

There is no dispute that consumers of electric service in Colorado will benefit from the proposed Project as a result of improved reliability and the creation of a pathway to deliver renewable resources to the Front Range. Both Tri-State's Members and Public Service's rate payers will benefit as well due to the Project's cost-sharing structure between Tri-State and Public Service. (See Tri-State SoP at 25; Tr. I, 204:14-17.)

Despite its silence on the issuance of the CPCN, "[t]he OCC believes the record in this proceeding has been thoroughly and fairly developed" and it "is satisfied that its constituency has been protected and the 'public interest' has been served by the Commission to date." (OCC SoP at 3.) Tri-State agrees with OCC's conclusion in this regard and believes that the record developed in this docket firmly establishes that the proposed Project is in the interests of OCC's constituency and the public in general.

³ As discussed in Section III below, OCC opposes WRA's visual mitigation recommendations. (See OCC SoP at 3.)

III. OTHER INTERVENORS SUPPORT THE PROJECT BUT REQUEST THAT THE COMMISSION PLACE CERTAIN CONDITIONS ON THE CPCNs.

In addition to those Intervenors who unequivocally support the Project, certain other Intervenors also support the Project but have suggested various conditions be imposed on the CPCNs. The nature, substance, and applicability of these conditions varies; however, upon careful scrutiny it is clear that none of the proposed conditions are appropriate or necessary and some may be fundamentally improper in the context of a CPCN.

A. Legal Considerations Relative To Imposing CPCN Conditions

Tri-State's concern in this docket is not with regard to the Commission's authority to impose appropriate conditions on CPCNs. Rather, Tri-State is concerned that some of the Intervenors' proposed conditions may be problematic if not outright improper in light of Colorado Supreme Court precedent prohibiting rule-making in an adjudicatory proceeding.

The Commission's ability to impose conditions on CPCNs is not unfettered. The Colorado Supreme Court has invalidated adjudicatory decisions of the Commission when the court found that the Commission had engaged in rule-making and did not follow proper rule-making procedures. (See, e.g., Home Builders Ass'n of Metro. Denver v. Public Utils. Comm'n, 720 P.2d 552, 560 (Colo. 1986); Colo. Office of Consumer Counsel v. Mountain States Tel. & Tel. Co., 816 P.2d 278, 284 (Colo. 1991).) Thus, when imposing such conditions, the Commission must be careful not to engage in rule-making.

An adjudicative proceeding "involves a determination of rights, duties, or obligations of identifiable parties by applying existing legal standards to facts developed at a hearing conducted for the purpose of resolving the particular interests in question." *AviComm, Inc. v. Colorado PUC*, 955 P.2d 1023, 1030 (Colo. 1998); *In re Rules Governing New Withdrawals of Ground*

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Water v. Rio Grande Water Conservation Dist., 218 P.3d 1098, 1107 (Colo. 2009) ("proceedings that resolve issues affecting a specific party by applying previously determined rules or policies to the circumstances of a particular case are found to be adjudicatory proceedings").

In contrast, a "rule" is "the whole or any part of every agency statement of general applicability and future effect implementing, interpreting, or declaring law or policy or setting forth the procedure or practice requirements of an agency." C.R.S. § 24-4-102(15); *Rio Grande Water Conservation Dist.*, 218 P.3d at 1107 ("We have repeatedly explained that if the proceeding was meant to, or in effect does, determine policies of general applicability for the future, then it is deemed to be rulemaking."); *Mountain States*, 816 P.2d at 284. If a proceeding is rule-making, "then the agency must follow the notice, publication, and content requirements detailed in section 24-4-103." *AviComm, Inc.*, 955 P.2d at 1030.

The Commission must evaluate the Intervenors' various proposed conditions against this jurisprudence. When this is done, it is clear that some of the conditions suggested by the Intervenors are unrelated to the CPCN applications and the Project at issue. (*See Home Builders*, 720 P.2d at 562 (noting that any new or amended rule created by the Commission in an adjudicatory proceeding must be "peculiar to the particular case").) Other suggested conditions are of general applicability and have a future effect and, therefore, would be considered rule-making in the context of this docket. (*Id.* at 561 (concluding the new rule void and finding "that the PUC's decision is nothing less than "an agency statement of general applicability and future effect implementing [and] declaring policy") (citing C.R.S. § 24-4-102(15)).)

B. Interwest Energy Alliance Supports The Project Without Qualification But Its Proposed Conditions Are Unnecessary And Impracticable.

Like the GEO, PCT, and other Intervenors, Interwest Energy Alliance ("Interwest") recognizes the beneficial relationship between the proposed Project and Colorado energy policy.

(Interwest SoP at 2-4, 10.) As a result, Interwest "supports approval of the certificates sought in this proceeding" and believes that "the lines proposed are necessary to address both the immediate reliability requirements of electric consumers and to provide an outlet for generation resources from the areas to be served by the lines." (Interwest SoP at 1.)

Although Interwest suggests two conditions be placed on the Project CPCNs, it has made clear that its proposed conditions are "not an absolute condition precedent to its support of the line." (*Id.* at 2, n. 1.) To put its suggested conditions in perspective, Interwest explains that "Colorado requires additional transmission build-out and we should not continue to let perfection be an enemy of the good." (*Id.*) While Tri-State disagrees with Interwest's proposed conditions, Tri-State certainly agrees with Interwest's recognition of the need for the Project and its call for the Commission to approve the CPCN applications.

1. <u>Interwest's Transmission Conceptual Plan Condition Is Unnecessary And Improper.</u>

Interwest suggests that the Commission require the Applicants "to provide a long term (at least 20 years) 'master plan' or transmission conceptual plan before they file for approval for additional lines, so individual lines like the one at issue here can be understood as component parts of a unified system plan for the state." (Interwest SoP at 2; *see also* Ex. 30, 4:21-5:2.) This issue, however, is already the subject of another Commission docket and need not and should not be a condition on these CPCNs.

Long-term planning for Colorado's electric transmission system is presently being discussed in Docket No. 09M-616E. The Commission specifically opened that miscellaneous docket "to review integrated planning for the construction of electric transmission facilities in Colorado." (Decision No. C09-0872.) In that docket the Commission set forth a Draft Transmission Planning Proposal outlining a coordinated transmission planning model for

comment.⁴ (Decision No. R10-0083-I, Attachment A.) Of particular relevance to Interwest's proposed condition, the Proposal indicated a need for long-term transmission planning including "conceptual 20 and 30 year transmission plans." (*Id.* at 18-19.) Interwest has been very involved in that docket and filed comments in which it encouraged the Commission to start an emergency rulemaking "that puts the ideas contained in the [] proposal into rule form and into effect," and require utilities to create 20- or 30-year long-term transmission plans. (*See* Interwest's Comments on Straw Man Transmission Proposal at 2, 6.) Accordingly, Interwest's proposed condition would be duplicative of its requests in Docket No. 09M-616E.⁵

Based on its comments in the parallel miscellaneous docket, Interwest clearly recognizes that the same issues that it proposes be made conditions on the present CPCNs can be and should be explored in the miscellaneous docket and any subsequent rulemaking. Furthermore, requiring long-term transmission plans to be filed as a condition precedent to the granting of all future CPCNs of the Applicants for the construction of transmission lines would violate the Colorado Supreme Court's decisions in *Home Builders* and *Mountain States*. Such a condition imposed on these CPCNs does not relate in any way to the Project and is not "peculiar to [this] particular case." *See Home Builders*, 720 P.2d at 562; *Mountain States*, 816 P.2d at 284.

Accordingly, Interwest's first proposed condition must be rejected.

⁴ Tri-State has filed Comments in Docket No. 09M-616E concerning the Draft Transmission Planning Proposal. Tri-State's references herein to the draft proposal are not intended as endorsements of any particular aspect thereof but rather are made to illustrate that Interwest's conditions are more properly addressed in that docket.

⁵ Tri-State also notes that, pursuant to the Commission's Decision Accepting Proposed Resource Planning Process in Docket No. 09I-041E (Decision No. C10-0101), Tri-State's future resource plans filed with the Commission will include, *inter alia*, "a planning period of from 20 to 40 years." (Decision No. C10-0101, Attachment A, at 2.) Furthermore, as part of its resource plan filing "Tri-State will report its existing transmission capabilities and future needs during the planning period for facilities of 115 kilovolts and above." (*Id.* at 9, ¶ 13.a.) The first such resource plan will be filed by Tri-State by November 30, 2010. (*Id.* at 12.) Accordingly, Interwest's proposed condition would be duplicative of this new reporting requirement.

⁶ This conclusion is supported by the Colorado Supreme Court's decision in *AviComm, Inc. v. Colorado PUC*, 955 P.2d 1023 (Colo. 1998). In that case, the court concluded that the matter did not constitute rulemaking and noted that "there was no on-going rule-making proceeding involving this topic." (*Id.* at 1030.) By contrast, the Hearing Commissioner in Docket No. 09M-616E has stated that the intent of that docket is to lead to a rulemaking on transmission planning. (Decision No. C09-0872.)

2. <u>Interwest's Excess Right-Of-Way Condition Is Both Legally And Practicably</u> Problematic.

Interwest's second suggested condition also relates to transmission planning and would require the Applicants to obtain "sufficiently large rights of way to provide options to add or upgrade the approved lines to meet the needs of the long term future." (Ex. 30, 5:16-18; Tr. V, 218:18-23; Interwest SoP at 2.) There are a number of problems with this condition—both legal and practical.

Interwest has failed to investigate or consider the practical ramifications of this condition. First, Interwest does not specify how large the proposed excess right-of-way should be for the Project. (*Id.*) Right-of-way width is determined by a number of factors none of which were considered by Interwest. Absent further specification of the "needs of the long term future," it is not possible to determine how much excess right-of-way would be required. Second, Interwest acknowledges that it did not study the costs of a larger right-of-way or the effects of a line with increased capacity on the height of the structures, EMF, or noise. (Tr. V, 220:25-221:3; 221:25-222:4.) There is no dispute that larger rights-of-way would increase the cost of the Project. (Tr. V, 287:20 – 289:4.) Third, it is uncertain whether the lines would ever be upgraded and thus, whether the larger right-of-way, and its associated financial investment, would ever be needed or used. (Tr. V, 224:17-225:21.) These practical considerations alone demonstrate the shortcomings of Interwest's excess right-of-way condition.

In addition to these practical concerns, the Commission's current transmission planning docket (Docket No. 09M-616E) has also identified right-of-way requirements as a subject for investigation: "A comprehensive master plan shall provide the Commission with the necessary information to support a decision on the following: acquisition of rights-of-way in advance of actual need or wider rights-of-way than are needed in the nearer term." (Decision No. R10-

0083-I, Attachment A at 18, 19.) The subject of Interwest's proposed condition, larger rights-of-way, is properly part of a contemporaneous miscellaneous docket and potential future rulemaking, but is not proper as a condition placed on these CPCNs. *See AviComm, Inc.*, 955 P.2d at 1030. Because of the practical problems presented by the condition, and because the subject of larger rights-of-way is being addressed in a contemporaneous docket, Interwest's second suggested condition should be rejected.

While Tri-State disagrees with both of Interwest's proposed conditions, Tri-State agrees with Interwest's statement that "the lines proposed are necessary to address both the immediate reliability requirements of electric consumers and to provide an outlet for generation resources from the areas to be served by the lines." (Interwest SoP at 1.) Given Interwest's support for the Project irrespective of whether its suggested conditions are imposed, the Commission should consider Interwest's recognition of the role and importance of the Project in advancing the energy policies of the state and the interests of Interwest's members, and should approve the CPCN applications as filed.

C. Bar Nothing Ranches Supports The Project, However, Its Environmental-Related Condition Is Unnecessary.

Bar Nothing Ranches, LLC ("Bar Nothing") "generally supports the requests of the Applicants." (Bar Nothing SoP at 1.) Bar Nothing, however, proposes that three conditions be imposed on the Project. The first two conditions apply only to Public Service, as a rate-regulated entity. (Id. at ¶¶ 1-2.) Since Tri-State is not rate regulated by the Commission, Tri-State responds only to Bar Nothing's third condition which asks the Commission "to ensure the construction of this line is accomplished in a manner which protects the safety of the users of the land and the environment of the area." (Id. at 3.)

Tri-State agrees that the Project must be constructed in a manner that protects public safety and the environment. In the context of a CPCN proceeding, such issues are already addressed in the Commission's rules regarding prudent avoidance of magnetic field exposure and noise levels. Bar Nothing's proposed condition, however, provides no meaningful information in the CPCN context and, as presented in its Statement of Position, would be vague, ambiguous, and overly broad. The condition would also overlap with issues more properly considered in the current Environmental Impact Statement ("EIS") process and in the subsequent local government permitting processes. As clearly established in the record, the EIS process is required to address direct, indirect, and cumulative environmental effects as well as mitigation measures. (*See* Ex. 17, 5:8-11; *see also* Ex. 17, 8:3-24; Tr. IV, 227:12-19.) Furthermore, as a practical matter, Tri-State witness Nicole Korbe testified that Tri-State is already taking measures to ensure minimal impacts to the people in the surrounding areas and to the environment. (Tr. IV, 183:19-186:1; 191:12-17; 195:15-18.)

Bar Nothing's environmental concerns do not relate to the purpose and need for the Project. The record clearly indicates that Tri-State is already implementing mitigation efforts and that the other environmental processes, such as the EIS, will ensure a thorough review of these issues as well. Accordingly, Bar Nothing's third proposed condition is not warranted by the evidence in this case. The Commission should approve the CPCN applications with the knowledge that Bar Nothing's concerns are already being addressed and will continue to be addressed in the context of the EIS and local government permitting processes.

D. Western Resource Advocates Supports the Project, However, Its Continually Changing Conditions Must Be Rejected.

Western Resource Advocates supports the Project and recommends that the Commission grant the CPCN Application. (See WRA SoP at 1; Ex. 24, 4:11-14.) WRA, however, also asks

the Commission to place a number of conditions on the Project. (*See* WRA SoP at 2; Ex. 24, 5:1-6:23.) Certain of WRA's proposed conditions are duplicative of other dockets before the Commission, some are unwarranted by the evidence presented in this case, and others run afoul of the Colorado Supreme Court's prohibition on rule-making in an adjudicatory docket. The Commission should, therefore, reject all of WRA's proposed conditions.

1. WRA's Position With Regard To Its Own Conditions Has Varied Throughout This Docket And Remains Unclear.

The record is not clear as to whether WRA supports the Project only if its conditions are imposed. 7 In its Answer Testimony, WRA stated that it supported the Project "but only if" its conditions were imposed. (Ex. 24, 4:11-15.) WRA witness Tom Darin, however, made clear that even though WRA's conditions employ mandatory language, WRA intended the conditions to provide for "flexibility" and "discretion" for the Applicants and the Commission. (Tr. IV, 321:20-323:6, 301:9-302:17, 335:2-6; Tr. IV, 300:24-301:8 ("it would be difficult, in this docket, to order these specific [visual mitigation measures] be used").) Likewise, WRA witness Dean Apostol testified that he was not recommending that the Commission order the Applicants to implement the siting and mitigation measures he proposed. (Tr. V, 84:13-17.) Mr. Darin further explained that WRA may still support the project even though WRA's proposed conditions are not imposed. (Tr. IV, 345:11 – 346:4 ("I think we would be looking at the entire order and in the full context of our proposed conditions . . . [in] forming a decision about whether to still support the proposed facilities.").)

In its Statement of Position, WRA appears to change its position again, now stating that it supports the project "provided" its proposed conditions are imposed. (WRA SoP at 1.)

⁷ At the hearing, ALJ Jennings-Fader explained that if a party did not state in its Statement of Position that its support for the Project was unconditional, the Commission will assume imposition of the party's conditions is required for the party to support the Project. (See Tr. IV, 13:6-9.)

Accordingly, WRA's position relative to the importance of its proposed conditions has changed more than once and it continues to be unclear.⁸

2. WRA Has Modified Its Proposed Conditions Without Notice To The Parties.

In its Statement of Position, WRA for the first time presents both modified and new conditions. (WRA SoP at 15 ("[I]n response to feedback from the Applicants and other parties, the proposed conditions have been modified and contracted.").) WRA now sets forth four conditions that are variations on the conditions previously discussed in its Answer Testimony. (Compare WRA SoP at 2 with Ex. 24, 4:10-6:23.) In addition, WRA suggests a new fifth condition in footnote 30 in its Statement of Position. This fifth condition and the second part of WRA's third condition on pages 17-18 of its Statement of Position are entirely new, while the other conditions are amalgamations of WRA's previous proposed conditions with some new or modified components. In addition, the visual mitigation measures that would be imposed as part of WRA's third condition are new, modified, and/or more detailed than the measures presented throughout this proceeding by WRA. (Compare WRA SoP at 19-20 with Ex. 25 at 2-3.)

The timing of WRA's modified and new conditions is prejudicial. The evidence and argument presented in this matter have been based on the first set of conditions proposed by WRA and the parties have not had the opportunity to examine witnesses or create a record based on the revised conditions. At a minimum, WRA's third and fifth conditions must be rejected as they are new conditions and no evidence has been presented in this matter on these conditions, and WRA's modifications to it original conditions should also be disallowed.

⁸ The Office of Consumer Counsel also noted the contradictions in WRA's testimony in this matter. (OCC SoP at 4-5.)

3. <u>The Environmental Information Provided By Tri-State Does Not Support Imposition Of WRA's Conditions.</u>

In referencing Tri-State's June, 2008 Alternative Evaluation and Macro Corridor Study (AE/MCS)(Ex. 16, MJM-2), WRA argues that "[i]t is inherently contradictory for Tri-State to provide clearly relevant, detailed environmental protection maps and other substantive information with the application, and at the same time argue that the information is irrelevant and untimely." (WRA SoP at 6-7.) There is nothing contradictory here; WRA ignores or misunderstands the reason for which such environmental information was provided. Tri-State witness Nicole Korbe made very clear that the environmental information Tri-State provided is relevant to the EIS and local government permitting processes, and that such information has been provided to the Commission and Intervenors so they can be assured those processes will thoroughly address environmental concerns at the time of siting. In addition, Ms. Korbe explained that AE/MCS was created for the NEPA process and that the purpose of that study was to inform that process. (See, e.g., Ex. 16, 4:2-4; see also Tr. IV, 212:5-14.) Accordingly, there is

(Ex. 17, 8:3-16.)

⁹ Specifically, Ms. Korbe testified as follows:

Q. From Tri-State's perspective, what is the relevance of the EIS process to the Commission's consideration of the CPCN applications for the Project?

A. It is my understanding that the CPCN process is not intended to be a siting process or to otherwise supplant the local governments' permitting processes related to the Project. From Tri-State's perspective, environmental considerations relevant to the Project will be properly addressed through the EIS process and such local government processes. Therefore, the EIS process is relevant to the Commission's consideration of the CPCN applications only in that it assures the Commission that environmental impacts of the Project are being addressed by the appropriate processes and agencies. Furthermore, as mentioned previously, certain intervenors in this docket have commented on the possible environmental impacts of the Project. Therefore, information regarding the EIS process is useful in responding to these comments to the extent the Commission believes that environmental issues are relevant to its CPCN decision at all.

no contradiction and the simple fact that Tri-State included such environmental information with its application or elsewhere in the record does not support WRA's proposed conditions.

4. WRA's Proposed Conditions Must Be Rejected Because They Ignore The Reliability Purpose Of The Project, Violate FERC Order 888, Improperly Create Future Obligations In A CPCN, And Are Duplicative Of Other Reporting Requirements. 10

a. WRA's First Condition

WRA first proposes that the Commission require that:

Before construction begins, the Applicants shall demonstrate that at least 280 MW of Section 123 concentrating solar thermal with thermal energy storage resources, that were approved in the Commission's Phase II Decision in Docket No. 07A-447E, will be developed and interconnect with the proposed transmission facilities.

(WRA SoP at 15.) This condition ignores Tri-State's participation in the Project and the present need to implement the proposed reliability improvements.

WRA's first condition is based on Public Service's 2007 Colorado Resource Plan and focuses only on Public Service's participation in the Project. Since Tri-State has no present plans for developing solar thermal with storage resources, this condition is not relevant to Tri-State's participation in the Project. Furthermore, WRA argues that the condition "protects Colorado ratepayers with a minimal guarantee that the line fulfills its stated purpose and need." (WRA SoP at 16.) Tri-State, however, is not rate-regulated by the Commission; therefore, WRA's alleged justification for the condition is not relevant to Tri-State.

WRA's proposed condition also presents a very troubling timing issue since it would require various power purchase and interconnection agreements before Project construction could even begin. By focusing on only one purpose of the Project – the accommodation of

¹⁰ Tri-State's argument herein refers specifically to the four revised conditions proposed in WRA's Statement of Position; however, Tri-State asks the Commission to reject all of WRA's conditions: the initial conditions proposed in its Answer Testimony (Ex. 24) and the revised and new conditions proposed in its Statement of Position.

renewable resources, WRA's condition would undermine the other purpose for the Project — reliability improvements. The evidence is clear that the Project is needed immediately by both Tri-State and Public Service to remedy reliability concerns in the southern Colorado electric transmission system. (*See* Ex. 3, 8:19 – 9:12; Ex. 12, 4:7-16, 5:4-18; Ex. 13, 15:1-9; Tr. III, 305:12-21; Tr. I, 196:1-8; Tr. IV, 15:3-8.) These reliability improvements should not be jeopardized by unnecessarily linking the timing of Project construction to Public Service's acquisition and interconnection of specific renewable resources. WRA's first condition must be rejected.

b. WRA's Second Condition

WRA next asks that:

The Commission [] apply a rebuttable presumption in a future CPCN application against a finding of need for a non-renewable resource that would interconnect with the proposed transmission facilities.

(WRA SoP at 16.) WRA's condition again considers only one purpose of the Project – the accommodation of renewable resources – while ignoring the other purposes of the Project. For example, as justification for its condition WRA asserts that "the primary rationale for the transmission project is to deliver renewable energy resources." (WRA SoP at 16.)(emphasis added) This is inaccurate. The Applicants have always indicated there are two central purposes for the Project: reliability and the export of renewable resources. Neither purpose is more important than the other.

The evidence in this case shows that there is an existing need to address reliability issues in the San Luis Valley and the area south of Pueblo. (*See* Ex. 3, 8:19-9:12; Ex. 12, 4:7-16, 5:4-18; Ex. 13, 15:1-9; Tr. III, 305:12-21; Tr. I, 196:1-8; Tr. IV, 15:3-8.) WRA's condition does not consider this pressing need and instead places restrictions on the future use of the line which

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could impact use of the line to remedy reliability issues. As a result, the condition must be rejected.

To support its recommendation that the Project be used primarily for the transmission of renewable resources, WRA relies on a Public Utilities Commission case from Minnesota. (WRA SoP at 7.)¹¹ WRA states that the Commission in that case "adopted conditions designed to ensure a transmission line was used to secure access to renewable resources." (WRA SoP at 7.) This is true; however, further review of the case reveals that the Commission imposed the conditions on only one of the three proposed projects, and that the Commission expressly rejected the conditions for the other two projects. (See 2009 Minn. PUC LEXIS 1, *78-79.) The Commission concluded that the conditions were warranted only for the segment where the purpose was exclusively to provide a pathway for renewable generation and rejected the conditions for the other two segments because those segments, while providing transmission for renewable generation, were primarily needed for reliability purposes. Id. at *79-80.12 Here, the record is clear that the purpose of the Project is not limited to transmission of renewable resources; the Project is also needed to remedy serious reliability concerns and "for reasons well beyond acquiring new sources of energy." Id. Accordingly, the Minnesota case does not support WRA's proposed condition and, in fact, stands for the opposite conclusion: where a project is

The Joint Intervenors' conditions are designed to promote the use of renewable sources of energy. But the ALJ concludes, and the Commission agrees, that the record demonstrates that the Fargo and La Crosse Projects are needed for reasons well beyond acquiring new sources of energy. Consequently the Commission finds no more reason to attach the proposed conditions to these projects than to any other transmission line project.

Id. at *79-80, emphasis added.

¹¹ In the Matter of the Application of Great River Energy, Northern States Power Company (d/b/a Xcel Energy) and Others for Certificates of Need for the CapX 345-kV Transmission Projects, Docket No. ET-2, E-002, et al./CN-06-1115, 2009 Minn. PUC LEXIS 1 (Minn. PUC 2009).

¹² Specifically, the Commission reasoned as follows:

intended for multiple purposes, as is the proposed Project, a rebuttable presumption against a finding of need for a non-renewable resource connected to the Project should be rejected.

Equally as problematic, the Applicants have raised serious concerns that WRA's proposed condition may violate Federal Energy Regulatory Commission ("FERC") Order No. 888¹³ which requires transmission owners to provide open, non-discriminatory access to transmission services. (*See* Tr. II, 18:17-19:13; Tr. VIII, 15:13-17:16.) The Applicants' concerns are two-fold: WRA's condition would force the utilities to discriminate against potential non-renewable users of the Project lines; and the condition would only apply in those instances when a CPCN is required for interconnection to the Project lines which would not always be the case.¹⁴ (*Id.*)

WRA offers no solution for these serious issues and appears to misunderstand the Applicants' FERC concerns as being simply a matter of jurisdiction. (See WRA SoP at 17 ("The condition maintains FERC jurisdiction over transmission lines and markets, and state commission jurisdiction over CPCNs for generation facilities.").) The plain language of WRA's condition is inconsistent with FERC Order 888 which prevents undue discrimination and preference in the provision of transmission services. For all of the reasons discussed above, the Commission must reject this condition.

c. WRA's Third Condition

WRA's third condition would require:

¹³ See Notice of Proposed Rulemaking, Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities, FERC Stats. & Regs. P 32,514 at 33,052 (Orders 888 and 889 "prevent [] discrimination by requiring all public utilities owning and/or controlling transmission facilities to offer non-discriminatory open access transmission service").

¹⁴ As a potential resolution to this "loophole," WRA proposes yet another condition that would place a "presumption precluding Public Service Company from entering into PPAs for interconnecting nonrenewable resources." (WRA SoP at 17, n. 30.) As discussed in Section III.D.2 above, because the parties have not had the opportunity to vet this new condition and present evidence relating thereto, it should be rejected in its entirety.

When routing, siting and designing the line, Applicants will employ the principles and tools provided by WRA witness Dean Apostol in his Answer Testimony, and the environmental protection impact avoidance and mitigation measures recommended by the environmental consultant firms hired by Public Service for this project.¹⁵

(WRA SoP at 17-18.)

WRA claims that the condition is needed because "it is not clear that these environmental protection strategies will be implemented on the San Luis Valley to Calumet portion of the line." (WRA SoP at 18.) WRA further argues that environmental impacts need to be considered early in the route evaluation process. (*Id.* at 7.) WRA, however, fails to cite any evidence in the record indicating that the Applicants have not and will not employ these very strategies and timely consider the environmental impacts of the Project. To the contrary, the record is clear that many of the visual mitigation and environmental measures suggested by WRA and listed in its Statement of Position¹⁷ have been and will be employed by the Applicants. (*See* Tr. IV, 191:14-17, 196:6-197:1; Tr. V, 35:10-20; Ex. 17, 9:15-17, pp. 12-15.) In fact, Mr. Darin explained that "several of the things [the companies] are considering are similar to what Mr. Apostol recommends." (Tr. V, 35:18-20, 69:7-11.) Consequently, the evidence does not support imposition of this condition.

Moreover, this is not a siting or routing proceeding. (See Ex. 17, 9:7-10.) Some of WRA's proposed measures include very specific requirements: e.g., "Use the south edge of the

¹⁵ The second part of this condition, requiring the Applicants to employ the environmental measures recommended by firms hired by Public Service, is entirely new and was not presented until WRA's Statement of Position. Moreover, it is unclear what specific environmental mitigation measures this condition includes. As discussed in Section III.D.2 above, because the parties have not had the opportunity to vet the condition and present evidence relating thereto, it should be rejected in its entirety.

WRA's concern appears to be related to only one segment of the line; however, WRA has proposed the condition to apply to the Project in its entirety.
 Tri-State notes that the analytical tools and measures WRA recommends be implemented on the Project in its

Tri-State notes that the analytical tools and measures WRA recommends be implemented on the Project in its Statement of Position (pp. 19-20) are far more detailed and are significantly modified from those included in Mr. Apostol's testimony (Ex. 26 at 20). In addition, some of the measures are entirely new and have not been vetted in this matter. Accordingly, as discussed in Section III.D.2 above, this condition should be rejected.

proposed corridor between Alamosa and Fort Garland." (WRA SoP at 19.) Yet it is far too early in the process to determine the exact alignment of the line. The siting of the line will be determined as part of the EIS and local government permitting processes. (Ex. 17, 9:7-10.) As a result, this condition, which pertains specifically to the siting of the line, is not appropriate in a CPCN proceeding.

WRA also suggests that "[t]he Commission's CPCN rules require implementation of prudent avoidance measures beyond noise and EMF mitigation." (WRA SoP at 8.) In support of this assertion, WRA relies on 4 CCR § 723-3102(b)(IX) and asserts that the rule provides "additional support for the Commission's authority to review the environmental impacts of potential facilities and ensure corresponding protective measures are implemented." (Id. at 10.) Rule 3102(b), however, merely specifies the information that must be included in a CPCN application. It does not address the authority of the Commission or its ability to impose conditions proposed by the parties. Furthermore, the only discussion in the Commission's rules regarding "prudent avoidance" is found in Rules 3102(c) and (d) which identify the specific information to be provided with respect to prudent avoidance of noise and magnetic field exposures. Nothing in the Rules supports WRA's suggestion that Rule 3102(b)(IX) is meant to be an open-ended requirement for prudent avoidance information related to issues outside of noise and EMF. The prudent avoidance requirements are narrow and unambiguous, and there is no basis for WRA's broad interpretation of Rule 3102(b). As such, Rule 3102(b) does not support imposing WRA's third condition.

¹⁸ The Commission should be careful to not usurp local control over the siting of the line. *See* COLORADO CONSTITUTION, Art. XXV (vesting authority in the Commission to regulate the facilities of public utilities "provided however that nothing herein shall affect the power of municipalities to exercise reasonable police power and licensing powers").

As further evidence that the Commission should impose its proposed environmental conditions, WRA cites to a decision of the Arizona Public Utilities Commission in which the Commission placed environmental protection conditions on a transmission line application.

(WRA SoP at 7.) WRA fails to point out however, that the Arizona Commission approved an application for a Certificate of Environmental Capability which, unlike here, expressly addressed the siting of the line and required the Commission to consider various environmental factors expressly delineated in A.R.S. § 40-360.06. See Ariz. PUC LEXIS 277 (Dec. 23, 2009). Colorado has no such broad statute and the Commission here was not required to consider the kinds of statutory factors presented in the Arizona case. Because the applicable statutes in Colorado are so unlike the statutory scheme on which the Arizona case was based, that case and its holding are wholly inapposite and do not provide guidance for the review of the CPCN applications in this case.

Given that the evidence here establishes that the Applicants are implementing many of the environmental measures suggested by WRA, and given that, unlike the Arizona Commission case, this is not a siting proceeding, WRA's third condition should be rejected.²⁰

d. WRA's Fourth Condition

In its final proposed condition, WRA would require that:

Within three months of receiving the Nexant and Cadmus report on the demandside management potential in its service territory, Tri-State will report to the Commission its plan on how it will implement the cost-effective measures and programs in the San Luis Valley that are identified in that study. Tri-State will

¹⁹ In the Matter of the Application of Salt River Project Agricultural Improvement and Power District, in Conformance with the Requirements Of Arizona Revised Statutes, Sections 40-360, et seq., for a Certificate of Environmental Compatibility Authorizing Construction of a 230 kV Double-Circuit Transmission Line 2009, Case No. 148; Docket No. L-00000B-09-0311-00148; Decision No. 71441, Ariz. PUC LEXIS 277 (Dec. 23, 2009).

OCC expressly opposes this condition and specifically opposes WRA's visual mitigation measures being imposed on the CPCNs. (OCC SoP at 3.) The OCC asserts that imposition of the condition would be an "unprecedented finding by this Commission [that] would result in bad public policy." (Id. at 10.) Tri-State agrees.

annually²¹ update the San Luis Valley Report, to ensure that end-use efficiency and other demand-side management efforts are being implemented in the Valley.

(WRA SoP at 20.) This condition is completely unrelated to the proposed Project, the need for the Project, or how the line will be used and, therefore, should not be imposed on the CPCN. *See Home Builders*, 720 P.2d at 562.

This condition seeks to regulate the future conduct of Tri-State. WRA witness Tom Darin acknowledged that many of WRA's conditions require certain future conduct from the Applicants. (Tr. IV, 308:20-309:3.) The Commission must be cautious not to place conditions on future conduct that are unrelated to the proposed Project. (See, e.g., Rio Grande Water Conservation Dist., 218 P.3d at 1107 ("We have repeatedly explained that if the proceeding was meant to, or in effect does, determine policies of general applicability for the future, then it is deemed to be rulemaking."); Mountain States, 816 P.2d at 284.) In addition, conditions that require future reporting to the Commission also require future monitoring by the Commission. WRA, however, admits that it did not consider how the proposed reporting requirements would be monitored or supervised by the Commission. (Tr. IV, 309:4-310:16, 312:11-25, 323:7-10.)

This condition is also duplicative of the requirements recently established in Docket No. 09I-041E. As explained by the Commission in its Decision accepting an agreement between Tri-State and WRA, Tri-State is required to include energy efficiency and demand side management scenarios in its resource modeling and must address how it is working with its Members to develop demand side management resources.²² (See Decision No. C10-0101, Attachment A, ¶¶

²¹ WRA's prior version of this condition would have required Tri-State to report "at intervals deemed appropriate by the Commission." (Ex. 24, 6:36.)

WRA has also participated in Docket No. 09M-616E, discussed earlier, in which the Commission is investigating long-term planning for Colorado's electric transmission system. In its comments on the Commission's Draft Transmission Planning Proposal, WRA asked the Commission to incorporate an evaluation of energy efficiency and demand-side resources into the studies that the utilities would complete. (See WRA Comments at 5.)

8 and 12.) Accordingly, this condition is cumulative of this new reporting requirement, which WRA helped formulate and agreed to.

Finally, WRA asserts that this condition is "directly linked" to the purpose of the line to increase reliability in the San Luis Valley. (WRA SoP at 20.) This assertion, however, is contradicted by WRA's own witness who admitted that "this condition would not affect the purpose – either purpose or and need for this proposal." (Tr. IV, 316:11-12; 315:20-25; *see also* Tr. I, 121:7-23.)

Because WRA's fourth condition is unrelated to the purpose and need for the Project, and because Tri-State is already subject to the exact kind of reporting WRA proposes, WRA's fourth condition should be rejected.

While WRA supports the Project, its position relative to its proposed conditions remains unclear. What is clear, however, is that WRA's proposed conditions must be rejected. The conditions ignore the reliability purpose of the project, violate FERC Order 888, improperly create future obligations in a CPCN proceeding, attempt to impose restrictions on the siting process, and are duplicative of other reporting requirements. As a result, the Commission should approve the CPCNs without imposition of any of WRA's conditions.

E. The Conditions Proposed By The Public Utilities Commission Staff Are Not Warranted By The Evidence In The Record.

Commission Staff supports the Project, but proposes that certain conditions be imposed on the Project CPCNs. (Staff SoP at 2.)²³ If Staff's proposed conditions are rejected by the Commission, Staff nonetheless has made explicit that it "recommends the Commission grant the application for the CPCN as proposed by the Utilities." (*Id.*)

²³ Staff's second condition relates to the capability of the Project to accommodate generation in the San Luis Valley (Staff SoP at 4-6). Tri-State adopts and incorporates Public Service's response to this proposed condition and thus, only responds to Staff's first and third proposed conditions.

1. 230 kV versus 345 kV Construction

Staff proposes that the San Luis Valley – Calumet line be constructed as a double-circuit 345 kV line, rather than as a double-circuit 230 kV line as proposed by the Applicants. (Staff SoP at 2-4.) Studies performed by the Applicants, however, indicate that 345 kV capacity is not needed and that the increased cost of overbuilding the line, estimated at \$54 million, outweighs the future potential benefit. (*See* Tr. III, 214:12-21; Tr. IV, 81:8-82:6, 83:22-84:25.) Staff's proposed condition may also have significant implications relative to siting, rights-of-way, tower and structure designs, environmental concerns, EMF, noise, and other similar issues which have not been evaluated to date. Such a fundamental change in the Project could also affect the EIS process and result in additional delay. (*See* Tr. IV, 201:24-202:15.)

It is also important to note that Tri-State and Public Service did not apply for 345 kV construction along the San Luis Valley – Calumet segment since such construction would exceed Tri-State's and Public Service's purpose and need for the Project. (*See* Tr. IV, 39:17-40:10, 41:18-43:19; Ex. 13, 29:9-30:7.) The Commission should not impose such a condition and require the Applicants to incur increased cost for something they did not apply for, do not need, and do not know if they will ever need. As a practical matter, if the Commission were to impose this condition on the Project, Tri-State would need to re-evaluate its level of participation in the Project. (*See* Ex. 13, 31:6-17.) If Tri-State were to reduce its level of participation because of this condition, Public Service and its rate payers would bear a greater share of the Project's costs. (*Id.*) Staff's condition exceeds the purpose and need for the Project and should be rejected.

2. Conductor Selection to Reduce EMF and Audible Noise

Staff also proposes that the San Luis Valley – Calumet line be constructed using two 1272 MCM ACSR conductors or larger to reduce EMF and noise from the line. (Staff SoP at 6.)

The record, however, is devoid of any evidence that the 230 kV line as proposed by the Applicants exceeds the applicable noise and magnetic field exposure levels such that Staff's proposed change would be needed. To the contrary, the evidence presented shows that the Project as proposed results in reasonable noise and magnetic field levels which are below levels previously approved by the Commission in other cases. (*See* Ex. 22, 13:5-16:2 (noise); Ex. 22, 21:14-22:19 (EMF); Ex. 13, 30:8-20.) The Applicants must balance the costs and benefits of noise and EMF mitigation measures. Because the Project as proposed by the Applicants meets the standards for noise and EMF, incurring additional costs to employ larger conductors is not warranted by the evidence presented in this case.

For the reasons stated above, each of Staff's proposed conditions should be rejected.

IV. CONCERNS RAISED BY OTHER INTERVENORS HAVE BEEN ADDRESSED OR WERE NOT DEVELOPED IN THIS DOCKET.

Several of the remaining Intervenors identified various concerns that were addressed during the course of these proceedings, or which were raised early in the proceedings but not developed further. In both instances, none of these Intervenors have filed Statements of Position.

Tri-State, therefore, responds only briefly to these Intervenors' initial concerns to demonstrate that such concerns are not an impediment to the Commission issuing the CPCNs.

A. Colorado Open Lands' Central Concern Has Been Addressed.

Colorado Open Lands' ("COL") central goal in this proceeding was to ensure that the Project did not cross any conservation easements.²⁴ (Tr. V, 147:12-16.) As an initial matter, COL's concern is not relevant to this CPCN proceeding since routing and siting will not be decided by the Commission. These issues will be properly considered as part of the EIS and

²⁴ COL also expressed concern as to the siting of the Project even if the Project does not cross any conservation easements. (Tr. V, 199:4-6.) As discussed herein, this is not a siting proceeding and this concern is best addressed in the environmental, siting, and local government permitting processes.

local government permitting processes. Nevertheless, Tri-State witness Nicole Korbe testified that Tri-State has adjusted and will continue to adjust the Project routing so as to avoid properties subject to conservation easements where feasible. See Ex. 17, 15:12-19; Tr. IV, 230:8-19.)

Thus, COL's central concern has been directly addressed and will continue to be addressed as the routing and siting aspects of the Project continue. The Commission should approve the CPCN applications and can be assured that COL's concern is being and will continue to be addressed in the appropriate forums.

B. Ron and Anthony Velarde's Concerns Have Been Addressed.

Ron Velarde and Anthony Velarde intervened in this matter based primarily on their concerns regarding the EMF and audible noise levels created by the Project. (Tr. VI, 242:8 – 243:1; Ex. 23, 2:1-8.) Mr. Ron Velarde made clear, however, that he had not reviewed the Applicants' noise and EMF studies for the project. (Tr. VI, 240:14-17.) Furthermore, Mr. Velarde confirmed that only one of his family's properties has a residence on it and that residence is located more than one-half mile from the proposed transmission line. (Tr. VI, 239:1-5.) Given the location of the one Velarde residence relative to the possible alignment crossing that property, and given the projected noise and magnetic field levels for the relevant segment of the Project, the record clearly shows that the Velardes' concerns have been addressed through the prudent avoidance and mitigation measures proposed by the Applicants.

²⁵ COL's witness Daniel Pike prefers that the line not cross preserved lands, but agrees that a transmission line may need to cross a conservation easement if it "fulfills the analytical requirement that it's the best alternative." (Tr. V, 147:6-16.)

²⁶ PCT also addresses COL's concern that the Project may cross conservation easements and suggests that this concern can be remedied by instructing the Applicants to route the San Luis Valley – Calumet segment so that it does not cross any conservation easement. (PCT SoP at 5.) As discussed above, the evidence establishes that the line will likely not cross any conservation easements. (Ex. 17, 15:12-19; Tr. IV, 230:8-19.) Therefore, PCT's suggested instruction is unnecessary and not warranted by the evidence.

C. Other Intervenors

Other parties that intervened but which did not further develop their positions include Oxy USA, Inc. ("Oxy"), Majors Ranch Property Association, Inc. ("Majors Ranch"), and Rangeview Investments, LLC and La Veta, LLC (collectively "Rangeview"). None of these parties filed Statements of Position.

In their motions to intervene, Majors Ranch, Rangeview, and Oxy each expressed concerns about the impact of the Project on their land and property. (See Majors Ranch Petition to Intervene, ¶ 3; Rangeview Petition to Intervene, ¶ 3; Oxy Motion to Intervene, ¶ 5.) Because the Project alignment has not yet been determined, these concerns are more properly addressed in the environmental, siting, and local government permitting proceedings.

Majors Ranch and Rangeview also expressed concerns that the Project was not needed. (See Majors Ranch Petition to Intervene, ¶ 3; Rangeview Petition to Intervene, ¶ 3.) Despite these parties' generalized questions of need, there is substantial evidence in the record that the Project is, in fact, needed to address the reliability issues in the San Luis Valley and the area south of Pueblo, and to accommodate the development and transmission of planned and future renewable resources to be located in southern Colorado. (See Tri-State's SoP at 15-18.) Accordingly, these parties' unspecified concerns that the Project is not needed have been thoroughly refuted.

Finally, Majors Ranch and Rangeview stated concerns regarding noise and EMF. (*See* Majors Ranch Petition to Intervene, ¶ 3; Rangeview Petition to Intervene, ¶ 3.) These parties identified no noise and EMF concerns unique to their properties. The evidence establishes that the Project's projected noise and magnetic field levels are reasonable at all locations and are below levels previously approved by the Commission in other cases. (*See* Ex. 22, 13:5-16:2

(noise); Ex. 22, 21:14-22:19 (EMF); Ex. 13, 30:8-20.) Accordingly, these Intervenors' concerns regarding noise and EMF are not supported by the record in this docket.

Given that these Intervenors' concerns have not been developed in this docket and have, in fact, been refuted by the evidence presented subsequently, the Commission should approve the CPCN applications with knowledge that these Intervenors' concerns are either unfounded or have been or will be addressed in other environmental and siting processes.

V. OF ALL INTERVENORS IN THIS DOCKET, ONLY TRINCHERA OPPOSES THE PROJECT.

As shown above, Trinchera is alone in its outright opposition to the proposed Project. To be clear, Trinchera opposes only one part of the Project – the double-circuit 230 kV transmission line from the San Luis Valley to Calumet – the only portion of the Project that may cross portions of Trinchera's property. Trinchera does not oppose the double-circuit 345 kV transmission line from Calumet to Comanche or the single-circuit 230 kV line from Calumet to Walsenburg and, in fact, assumes that those Project segments will be constructed.

Throughout this proceeding, Trinchera has had one objective: identify any conceivable alternative that minimally responds to Tri-State's and Public Service's purpose and need, but which, most importantly, avoids Trinchera's property. Trinchera's concern with the proposed Project is not that it may not be in the public's convenience and necessity. The evidence presented at the hearing, the support for the Project from the remaining Intervenors, and the fact that Trinchera opposes only the San Luis Valley – Calumet segment of the Project all reveal Trinchera's true motive: do anything possible to avoid having any portion of the Project located in Trinchera's backyard.

To accomplish its objective, Trinchera has taken a "divide and conquer" approach that redefines the various purposes, needs, and benefits of the Project. Trinchera parses these

purposes and needs so that accommodation of renewable resources is solely an issue for Public Service and reliability is solely an issue for Tri-State. Trinchera's "divide and conquer" approach is inconsistent with the integrated approach taken by Tri-State and Public Service, which seeks to developed one unified and comprehensive project with multiple, mutually supporting goals and benefits. By parsing Tri-State's and Public Service's purposes and needs, Trinchera ignores the benefits of pursuing a joint project and offers alternatives that do not accomplish the purpose and need for the Project.²⁷

In furtherance of this approach, Trinchera has proposed eight alternatives to the San Luis Valley – Calumet transmission line that it believes meet its definition of purpose and need.

These alternatives, however, have little to do with Tri-State's and Public Service's established purpose and need for the Project. Trinchera's alternatives provide minimal reliability, do not connect to Tri-State's transmission system, do not address the Applicants' immediate and future needs to transmit renewable resources out of Energy Resource Zones 4 and 5, and present significant constructability and siting challenges.

By comparison, the proposed Project will enhance Tri-State's ability to provide reliable service to its Members in southern Colorado and northeastern New Mexico. The Project will create a looped transmission system into the San Luis Valley and a redundant transmission path between the Pueblo and Walsenburg areas. Furthermore, the proposed Project will facilitate the transmission of renewable generation from the San Luis Valley and Walsenburg areas to Tri-State's and Public Service's Front Range load centers.

²⁷ As with its Statement of Position, Tri-State's Response to Trinchera's Statement of Position addresses Trinchera's alternatives and arguments primarily as they relate to reliability. With regard to Trinchera's arguments as they relate to the transmission of renewable resources, Tri-State incorporates by reference Public Service's responses set forth in its Statement of Position and Response to Intervenor Statements of Position.

Trinchera is alone in its belief that its proposals represent prudent utility planning. The proposed Project, however, is the result of open and coordinated transmission planning. The Project is a cost-effective project needed to meet the challenges identified by the General Assembly, the Governor's Energy Office, the Commission, and numerous stakeholders. The Project is required and warranted not only as a matter of public convenience and necessity; it is essential to meeting Colorado's goals of clean, reliable, affordable, and secure electrical power now and into a possible carbon-constrained future.

A. Trinchera's Concern Is Not The Public Interest But Rather Solely Its Own Property Interest.

Throughout this proceeding, Trinchera has attempted to cloak itself in the public interest by arguing that Tri-State and Public Service have not shown that there is a need for the 230 kV San Luis Valley – Calumet transmission line segment of the Project. (See Ex. 33, 4:5-6.)

Trinchera identifies various alternatives to the San Luis Valley – Calumet transmission line segment that it believes satisfy the purpose and need of the proposed Project. Not surprisingly, each alternative has a common characteristic—none cross Trinchera's own property. (See Ex. 33, table 1.) Trinchera's concern is not whether the public convenience and necessity requires the proposed Project; Trinchera's single concern is making sure that no transmission line crosses its property.

To accomplish this Trinchera engages in various "Monday morning quarterbacking" tactics in an attempt to pick apart the Project studies and create a basis for its own proposals, each of which it believes are superior to the San Luis Valley – Calumet transmission line segment. Trinchera's alternatives can be divided in two categories: the "Do Nothing"

²⁸ It is important to note that Trinchera's alternatives assume that Tri-State and Public Service will build the double-circuit 345 kV transmission line between Calumet and Comanche and the single-circuit 230 kV transmission line from Calumet to Walsenburg. (Tr. VII, 220:6-11.)

alternatives, which do not involve the construction of any new transmission lines; and the "Build North" alternatives which consist of building a single-circuit 230 kV transmission line running north from the San Luis Valley. (*Id.*; Ex. 13, 7:4-13.) As the case has developed, the real focus of Trinchera's arguments has been on the "Build North" alternatives. Initially, these alternatives included:

- 1. TR1A a new single-circuit 230 kV transmission line from the San Luis Valley to the Western Area Power Administrator's ("WAPA") Poncha Substation;
- TR2A a new single-circuit 230 kV transmission line from the San Luis Valley
 to Sargent and continuing to Poncha, and a new transformer at Public Service's
 Sargent Substation; and
- TR3A a new single-circuit 230 kV transmission line from the San Luis Valley to Black Hills Energy's Canon West Substation.²⁹

(Ex. 33, Table 1; Ex. 13, 7:9-13; Ex. 11, 8:2-6; Tr. VII, 128:3-6, 128:17-20; 140:7-12.)

In response to the deficiencies in these alternatives as identified by the Applicants, Trinchera proposed a last-minute alternative—TR1AE. TR1AE consists of a new 114 mile single-circuit 230 kV line originating at San Luis Valley, connecting to Poncha, and terminating in Malta. Trinchera suggests that this alternative would be constructed in phases with the San Luis Valley to Poncha segment built first followed by the Poncha to Malta segment. (*See* Tr. VII, 140:7-12; Ex. 36, 8:13-16.)

It is no coincidence that Trinchera has not proposed a single alternative that crosses its own property. After all, Trinchera does not claim that a transmission line running north from the

²⁹ Trinchera had also proposed three alternatives that include the installation of a transformer at Public Service's Poncha Substation—TR1, TR2, and TR3. (See Ex. 33, Table 1; Tr. VII, 127:14-19.) Trinchera has since abandoned these alternatives in light of the fact Public Service is planning on building a Poncha 230/115 kV transformer. (Id. at 127:20-128:6.)

San Luis Valley is the <u>only</u> alternative that would meet the purpose and need for the Project. In fact, the opposite is true. Trinchera has categorically admitted the proposed Project meets the Applicants' purposes and needs:

Q. Let me just ask you, as a first question, you do agree that the company's proposed project in this case, Public Service and Tri-State, addresses the reliability issues in the San Luis Valley area in northern New Mexico and also provides such additional transmission with capabilities to support the level of new generation additions that Public Service is currently proposing to potentially commit to in the San Luis Valley and Calumet-Walsenburg areas?

A. Yes.

(Tr. VII, 110:10-19.)

The simple reality is that Trinchera is not motivated by the public interest; it is motivated solely by its own interest. Trinchera has one objective: identify any conceivable alternative that minimally responds to the Applicants' purpose and need but which, most importantly, avoids Trinchera's property. The evidence in the record and other Intervenors' support for the Project all confirm that Trinchera's self-serving alternatives are not in the public interest and do not meet the purpose and need of the Project.

B. Trinchera's Alternatives Do Not Meet the Project's Purpose and Need.

The proposed Project creates a looped transmission system that connects the Front Range electric transmission system with the electric transmission system on the western slope and resolves the Applicants' reliability concerns in the San Luis Valley and Walsenburg areas. By comparison, Trinchera's alternatives—radial lines that provide power from a single source—do not provide looped service and minimally improve the reliability of the southern Colorado transmission system.

1. The Proposed Project Creates a Looped System that Serves the San Luis
Valley and Walsenburg Areas From Separate Sources of Power Through
Widely Separated Corridors.

One of the Applicants' established purposes and needs for the Project is to create a looped transmission system that serves loads in the San Luis Valley and Walsenburg areas from separate sources of power through widely separated corridors. The proposed Project accomplish this while resolving the reliability concerns in the San Luis Valley and creating a secondary path for transmission service between Pueblo and Walsenburg. The proposed Project creates a looped transmission system that is robust in the sense that the San Luis Valley – Calumet segment provides the missing link in the loop that is San Luis Valley – Poncha – Comanche – Walsenburg. (Ex. 13, 20:18-23.)

Tri-State has explained that looped service "requires continuity of service for the loss, including the total loss of substations or all transmission lines in a corridor, of one source of power." (Ex. 13, 20:14-15.)(emphasis added) The proposed Project provides this required continuity of service to the San Luis Valley. With the proposed Project, if all lines to San Luis Valley from the Poncha substations are lost, the San Luis Valley would still be served from the Calumet Substation. (*See* Ex. 13, 21:1-3.) Similarly, if all lines from Calumet to San Luis Valley or the Calumet substation are lost, the San Luis Valley would still be served from the Poncha Substation. (*Id.* at 21:3-5.) The proposed Project also provides continuity of service in the Walsenburg area: if the Comanche Substation or all transmission lines between Comanche and Calumet are lost, the Calumet and Walsenburg area can be served by the San Luis Valley – Calumet segment. (*Id.* at 20:7-9, 21:5-7, 20:7-9.)

The proposed Project meets the Applicants' purpose and need by creating a robust looped transmission system that resolves the identified reliability concerns and provides a secondary path for transmission service between Pueblo and Walsenburg. Trinchera's proposals do not.

2. <u>Trinchera's Alternatives Do Not Provide Looped Service to the San Luis Valley or the Walsenburg Area.</u>

Trinchera's alternatives do not provide looped transmission service to the San Luis Valley via a distinct source of power using a widely separated corridor. (Ex. 13, 20:10-13; 20:15-17.) Trinchera's alternatives also do not provide a separate, redundant source of power to the San Luis Valley. (Ex. 13, 19:8-10; Tr. VIII, 48:3-6.) And, they do not connect with the other segments of the proposed Project. (Tr. VIII, 48:6-8.) Each Trinchera alternative consists of only a single-circuit transmission line running north from the San Luis Valley along a corridor that is currently occupied by existing transmission lines. (Ex. 13, 19:10-13.) As such, they do not meet this purpose and need for the Project. (Tr. I, 139:5.)

Trinchera argues its alternatives provide redundancy and independence because they could be sited at a distance of 500 feet or more from the existing lines and would not be in a common corridor with these existing lines. (Ex. 36, 12:5-8.) Trinchera, however, did not study whether a new 230 kV transmission line from the San Luis Valley to Poncha could be sited at least 500 feet away from the existing lines. (Tr. VII, 152:9-153:2.) Trinchera also argues that the independence of its proposed alternatives is not undermined by routing a line through a common right-of-way because the loss of two or more elements, referred to as a Category D contingency, is an extreme occurrence. (Ex. 33, 22:1-5; Tr. VII, 189:13-16; Tr. VIII, 199:5-6.) To support this argument, Trinchera notes that neither the North American Electrical Reliability Corporation ("NERC"), the Western Electricity Coordinating Counsel ("WECC"), nor the Applicants' own planning criteria require that a transmission system be designed to withstand

such an extreme contingency. (Ex. 33, 22:6-8.) That a category D contingency is considered low probability is irrelevant. Tri-State does not utilize such probabilistic transmission planning. (Tr. I, 213:15-25.) Moreover, the Companies are not limited to minimum standards. In fact, Trinchera admits that nothing prohibits the Companies from putting in place measures that exceed the standards and criteria set out by WECC and NERC. (Tr. VII, 225:13-17.)

The need for a second, redundant source of power from a diverse route is an <u>integral</u> aspect of the proposed Project:

We have a project that has three lines proposed, Calumet, San Luis Valley -- San Luis Valley to Calumet, Calumet to Walsenburg -- or Calumet to Comanche. So if you take away a piece of that project, now Calumet up to Comanche and Walsenburg, it has a different set of characteristics. So what we have done today doesn't work. If you build up the valley, that's a different project. The mutual benefits associated with those projects are gone.

(Tr. VIII, 48:9, 50:2-11.) As Tri-State witness Joel Bladow made clear: "if I have to fix the reliability, I would look at separate sources high on my list." (Tr. I, 143:20-22.) In contrast with the Project, the Trinchera alternatives represent a shortsighted view of transmission planning.

Mr. Bladow explained that Trinchera's alternatives are not consistent with prudent transmission planning:

You look at the whole grid in the country, you do not have major hubs and lots of radial spokes on common corridors. You have loops. You have a system. That is the way it's planned.

(Tr. VIII, 23:6-22, 35:10-14.)

Trinchera's alternatives provide only minimal reliability improvements when compared to a looped transmission system serving the San Luis Valley from an independent, separate source of power across a diverse route as proposed by the Applicants. (*See* Tr. VIII, 34:5-14.) As such, they do not meet the purpose and need of the Project.

C. Trinchera Redefines the Applicants' Purposes and Needs and Thereby Ignores the Benefits of the Proposed Joint Project.

To support its conclusion that its alternatives meet the Applicants' reliability needs,

Trinchera relies on certain studies Tri-State performed in connection with other projects. (*See*Trinchera SoP at 25-26.) Trinchera places great emphasis on the fact that, among other things,
those studies found that a new transmission line from the San Luis Valley to Monarch or Poncha
would meet the reliability concerns in the San Luis Valley. (*Id.* at 26 (citing Ex. 33, JRD-2 at 5;
Ex. 16, MJM-2 at 1.) From these studies, Trinchera mistakenly extrapolates that its alternatives
meet the Companies' purpose and need in connection with the **present** Project. Tri-State agrees
that these studies found that alternatives similar to those Trinchera now proposes would address
the reliability concerns. (*See* Ex. 33, JRD-7 and Ex. 16, MJM-2.) These studies, however, were
screening level studies the purpose of which was to determine only whether such lines would
meet the <u>basic</u> or <u>minimum</u> reliability standards set out by NERC and WECC. (Tr. VIII, 36:2437:1; Tr. I, 109:9-10.)³⁰

By focusing on these studies to support its proposed alternatives Trinchera ignores the fact that reliability is only one of the purposes of the present Project. Consistent with its "divide and conquer" approach, Trinchera attempts to redefine the purpose and need for the project to one of meeting minimum reliability standards. In other words, according to Trinchera any proposal that meets the minimal reliability standards set out by NERC and WECC satisfies Tri-State's and Public Service's stated needs. While the Trinchera alternatives are consistent with Trinchera's redefined purpose and need of satisfying minimum reliability standards, they are not

³⁰ Trinchera's misplaced reliance on these studies is evident from the studies themselves. In addition to evaluating the technical requirements of a line to Monarch and Poncha, the 2004 PV Study Report also looked at technical requirements of new transmission lines running from the San Luis Valley to a number of termination points in New Mexico. (See Ex. 33, JRD-7 at 3, 7.) Just as with the transmission lines to Poncha and Monarch, the Study Report found that a line to New Mexico also satisfied the technical requirements of that interconnection. (Id.) However, it is obvious that such a line would not meet the purpose and need of the present Project which addresses more than just the reliability needs in the San Luis Valley.

consistent with the purpose and need the Companies. Tri-State has made it clear that it is not "in a race to the bottom." (Tr. VIII, 35:25-36:3.)

Trinchera does not dispute that a utility can exceed the minimal reliability standards set out by NERC and WECC. (Tr. VII, 225:13-17; see also Tr. VII, 195:23-196:2 and 227:16-19.)

Neither does it dispute that what is or is not acceptable from a utilities' planning perspective is best left to the utilities themselves. (Tr. VII, 226:22-227:9.) Tri-State and Public Service are not interested in marginally increasing the reliability of the southern Colorado electric transmission system. (Tr. VIII, 35:1-4.) Rather, they are interested in a robust, looped transmission system that resolves the reliability concerns in the San Luis Valley and Walsenburg areas while providing and interconnected transmission system to accommodate the transmission of new renewable resources from southern Colorado to Front Range load centers. (Tr. VIII, 35:4-8.)

The proposed Project does that; Trinchera's alternatives do not.

D. Trinchera's Allegation that the Companies Did Not Consider All Feasible Alternatives Is Without Basis.

Trinchera seems to believe that by continuously repeating baseless allegations, listeners may come to accept that some truth must exist in those allegations. Little else could justify the dogmatically repeated, but baseless, claims by Trinchera that Tri-State and Public Service failed to study feasible alternatives and simply "assumed" a transmission line east from the San Luis Valley was the only solution to Tri-State's and Public Service's needs. To support its claim, Trinchera again parses the purposes and needs of Tri-State and Public Service so that reliability is solely an issue for Tri-State and export of new generation is solely an issue for Public Service. By doing so, Trinchera continues to ignore the benefits of pursuing a joint project and reaches conclusions unsupported by the evidence.

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Trinchera points out that all the alternatives Tri-State and Public Service considered as part of this proceeding ran east from the San Luis Valley either to Calumet or Walsenburg.

(Trinchera SoP at 21.) Trinchera correctly points out that the Companies filed as part of their CPCN applications the "San Luis Valley – Calumet – Comanche Transmission Project Study Report." (*Id.* (citing Ex. 10, TWG-1); Tr. I, 99:21-100:1.) This joint study included the evaluation of a benchmark case ³² and five alternatives, each consisting, in part, of a new transmission line originating in the San Luis Valley and terminating at either Calumet or Walsenburg. (Ex. 10, TWG-1; Ex. 12, 14:11-15:2.) This study, however, was the culmination of study work that originated in 1997. (Tr. I, 100:2-4.) Since 1997, Tri-State, either on its own or with the participation of others, has evaluated a number of alternatives to address the risk of voltage collapse in the San Luis Valley. (Ex. 33, JRD-6 at 58-62, JRD-7 at 5; Ex. 16, MJM-2 at 3-9, 3-10; Ex. 12, 7:8-14; 8:14-21, 8:25-9:7.) In fact, as Trinchera admits, these studies "examined transmission alternatives, similar to a number of the Trinchera alternatives, that would run north from the San Luis Valley." (Trinchera SoP at 21-22.)(emphasis added)³³

Tri-State witness Joel Bladow testified that, in his professional judgment, it is good transmission planning to build on existing knowledge:

³³ These studies are summarized on pages four through nine of Tri-State's Statement of Position.

³¹ Trinchera alleges TWG-1 improperly used as a benchmark a line that does not exist. (Trinchera SOP at 21.) The use of such a benchmark, however, "is common during planning studies " (Tr. I, 102:17-21.) Tri-State was already pursuing the single-circuit 230 kV line from San Luis Valley to Walsenburg as part of its SLVESIP. (Ex. 13, 26:14-18.) This proposed project was part of Tri-State's April 30, 2003 Rule 18 filing with the Commission, and most recently in Tri-State's April 30, 2008 Rule 3206 filing. (Ex. 3, 9-21-10:03; Ex. 13:26:18-21.) The proposed line was also included in the Colorado Coordinating Planning Group's SB07-100 studies and Long-Range (10 year) studies. (Ex. 13, 26:21-23.)

³² Trinchera alleges TWG-1 improperly used as a benchmark a line that does not exist. (Project opponents' SOP at

Trinchera alleges TWG-1 improperly used as a benchmark a line that does not exist. (Project opponents' SOP at 21.) Tri-State recognizes this. The use of such a benchmark, however, "is common during planning studies " (Tr. I, 102:17-21.) Tri-State was already pursuing the single-circuit 230 kV line from San Luis Valley to Walsenburg as part of its SLVESIP. (Ex. 13, 26:14-18.) This proposed project was part of Tri-State's April 30, 2003 Rule 18 filing with the Commission, and most recently in Tri-State's April 30, 2008 Rule 3206 filing. (Ex. 3, 9-21-10:03; Ex. 13:26:18-21.) The proposed line was also included in the Colorado Coordinating Planning Group's SB07-100 studies and Long-Range (10 year) studies. (Ex. 13, 26:21-23.)

A study process, a planning process is not a snapshot in time, you freeze it and then you go forward, you continually are building on past work, understanding of the engineers, so it's an ongoing process. You don't stop, go back, restart every time you start building -- start formulating a project. You don't go, We all have to go back and start over. You build on what's there.

(Tr. I, 204:18-205:6.)

Trinchera argues that Tri-State and Public Service should have re-evaluated routes going north from the San Luis Valley in conjunction with their present CPCN applications.³⁴ It makes little transmission planning sense to reevaluate alternatives that do not meet the purposes and needs of both Tri-State and Public Service. As explained by Mr. Bladow:

Since 1997, we have been looking, we've been fixing, we've been evaluating, we've screened it, now we have a project, San Luis Valley to Walsenburg, that meets all of our project purposes, I should say to Calumet, and one up to Comanche. So we have these two projects. Xcel comes in and has a purpose and need that very much overlap our purpose and need. Now we've got a really good project that meets the purpose and need of multiple entities. I see no reason to go back, reopen some of the other alternatives so that I have some checkmarks on a study. It takes time and resource to do that. In this case, we had already done that once. Xcel's needs overlaid very nicely with ours. As a result, we have a joint project that's saving Xcel's rate payers' money, as well as Tri-State's consumers across a four-state area.

(Tr. I, 204:1-17.)(emphasis added)

Even if Tri-State and Public Service did not re-evaluate the northern routes for their export capacity prior to filing their CPCN applications, they certainly have done so now.

Trinchera's proposals have been thoroughly studied in the context of this proceeding. These studies confirmed that Trinchera's alternatives do not meet the purpose and need of the Project

³⁴ Trinchera faults Tri-State for using a "straight line" analysis in its previous studies and claims that, had Tri-State used a more accurate mileage, it would have determined that a new line to the north would have been a more cost-effective solution. (Trinchera SoP at 23) Contrary to Trinchera's argument, this analytical tool was properly used given its screening level purpose. (Tr. I, 121:2-4) Furthermore, Trinchera assumes that cost was the primary basis for selecting both the original San Luis Valley – Walsenburg route as well as the current San Luis Valley – Calumet route. This is not the case as several factors, the most important of which was reliability, were considered. (Tr. I, 140:4-16, 185:4-8). Finally, it should be noted that Trinchera's own alternatives and associated cost estimates are based on similar "straight line" assumptions and analyses. (Tr. VII, 150:6-14, 154:13-18, 156:11-157:1.)

and that the proposed Project is the correct solution to the Applicant's combined needs. Again, as explained by Mr. Bladow:

- A. the proposals that Mr. Dauphinais has advanced have been, I think, very much vetted in this process through Xcel's witnesses, and also other Tri-State witnesses, and so, in my opinion, what you've seen is a very solid and hard look at those northern alternatives, which have resulted in, I say, a validation of our initial judgment that they aren't superior, they provide less export, they aren't as reliable, and, therefore, I'm frankly pretty pleased we didn't waste a bunch of resources restudying something that has proven to be not as beneficial as the project that we're proposing.
- Q. Do I understand that you're referring to essentially the analysis that Tri-State and Public Service have undertaken with regard to Mr. Dauphinais' proposal in the context of this CPCN proceeding?
- A. Yes. They have done the study work and advanced it as a proposal; we have looked at it and identified many, many shortcomings.

(Tr. I, 206:4-15.)

Trinchera's allegation that Tri-State and Public Service did not study all feasible alternatives is without basis. Through their individual efforts and through their joint efforts in this proceeding, Tri-State and Public Service have studied an exhaustive list of alternatives, including Trinchera's proposed northern alternatives. As Mr. Bladow explained, Tri-State did not need to evaluate every conceivable alternative to determine that it does not meet the purpose and need of the Companies. (Tr. I, 204:11-13.) The proposed Project remains the best solution for addressing Tri-State's and Public Service's reliability concerns and for facilitating the export of renewable resources out of the San Luis Valley and Walsenburg areas.

E. Trinchera's Alternatives Fail to Consider Tri-State's Future Renewable Needs.

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Trinchera's alternatives do nothing to facilitate Tri-State's ability to export renewable resources to its Front Range load centers in order to support Tri-State's Members in meeting

their Renewable Portfolio Standards ("RPS") requirements. The alternatives are, in essence, "lines to nowhere" and provide no benefit whatsoever to Tri-State. (Tr. VIII, 51:1-3.)

The alternatives do not allow Tri-State to serve Tri-State network load, with Tri-State network resources, via Tri-State owned transmission beyond the San Luis Valley. Had Trinchera evaluated Tri-State's needs more closely, it would have realized that Tri-State does not have transmission ownership or firm transmission service rights originating at either Poncha or Malta. (Tr. VIII, 47:20-24; Ex. 13, 10:7-8.) Trinchera's lead witness Mr. Dauphinais, however, simply "assumed" that a contract path could be arranged to deliver Tri-State load to Tri-State's load centers in the Front Range. (Tr. VII, 130:19-20.) Mr. Dauphinais assumed that there was available transfer capability from the Poncha area to the Front Range. (Tr. VII, 129:3-8.) He also assumed that transfer capacity was available from Malta to the Front Range. (Tr. VII, 129:9-21.) Similarly, Trinchera's retained expert on contract path, Mr. Clements, also did not consider Tri-State's contract path needs at all. Mr. Clements did not look at contract path capacity to move power generated in the San Luis Valley from Poncha to the Tri-State load in the Front Range or to anywhere else on Tri-State's system. (Tr. VI, 282:18-22, 282:23-283:1.)

Aside from such shortcomings, Trinchera's proposed new transmission line from the San Luis Valley to Poncha to Malta does not meet the reliability purposes and needs of Tri-State's two original projects or the reliability basis for Tri-State's participation in the Project.

- Q. Does the phased TR1AE proposal meet the same purposes and needs that Tri-State had in mind when it was considering the original San Luis Valley Electric System Improvement Project?
- A. No, it does not.
- Q. Does the phased TR1AE proposal meet the same purposes and needs that Tri-State had in mind when it was considering the original Boone-Comanche-Stem-Beach, Walsenburg project?

A. No, it does not.

(Tr. VIII, 48:13-22.) Nor would it satisfy Tri-State's long-term need for transmission capacity to facilitate its own acquisition of renewable resources that may be located in southern Colorado. Since Tri-State has no facilities at Malta, delivering such renewable resources to that point provides no benefit to Tri-State in terms of helping its Members meet their RPS obligations. (Tr. VIII, 51:1-3.)

Tri-State has made it known that if its CPCN for the proposed Project is denied and Public Service were to pursue Trinchera's TR1AE proposal, Tri-State would not participate in the Poncha to Malta segment, and that it would be very doubtful that Tri-State would participate in the San Luis Valley to Poncha segment. (Tr. VIII, 47:12-17, 50:12-51:22.) As discussed fully in Tri-State's Statement of Position, a significant benefit of the proposed Project is the cost-sharing between Tri-State and Public Service. (Tri-State's SoP at 25; Tr. I, 15:5-12.) Because the Project cost will be shared between Tri-State and Public Service, the cost to Public Service's rate payers will be less. (Tr. I, 204:14-17.) Assuming Trinchera's cost of \$70 million. if Public Service decides to build TR1AE, Public Service's cost would be \$16 million more than Public Service's share of the cost for the San Luis Valley – Calumet segment of the Project. (Tr. VIII, 219:21-220:7.)³⁵

Trinchera's proposal are of no benefit to Tri-State. Tri-State does not have transmission ownership or firm transmission service rights originating at either Poncha or Malta and, therefore, building a new line from the San Luis Valley to Poncha or Malta does not meet Tri-State's reliability objectives and does not facilitate Tri-State's ability to export renewable resources to help its Members meet their RPS requirements. For this reason, Trinchera's

³⁵ Trinchera admits it made errors in its per-mile cost analysis for TR1AE. (Tr. VII, 232:1-239:15.) Trinchera also admits that these errors affect the accuracy of its cost estimates. (Tr. VII, 238:22-239:15.)

alternatives do not meet Tri-State's combined purposes and needs for the Project and should be rejected.

F. There are Significant Challenges to the Constructability and Siting of Trinchera's Alternatives.

In its rush to develop any alternative that might conceivably meet the Project's purpose and need without crossing its own property, Trinchera has suggested northern transmission alternatives that present serious construction and siting challenges. Trinchera witness Mr.

Dauphinais admits that he did not fully explore the feasibility of his northern alternatives:

[T]he purpose of my testimony was not to work out, do all the studies and analysis that are necessary to gain a certificate from the commission for that path[.]

(Tr. VII, 164:10-15; 154:8-12.) Mr. Dauphinais' admission, however, glosses over the shortcomings of Trinchera's alternatives. For example, Trinchera did not account for numerous factors that directly implicate the feasibility of its alternatives, including: the plausibility of siting at least 500 feet away from the existing lines (Tr. VII, 151:25-152:4, 152:9-153:2, 165:1-2; 165:22-166:1, 167:4-8), the environmental and wildlife impact from a new line (Tr. VII, 164:24-165:2, 165:3-5); the topography, soil, or the number of required transmission structures necessary for the alternatives (Tr. VII, 166:7-11); the effect of TR1AE on the TOT 5 path flow (Tr. VI, 208:1-18, 209:1-8; Tr. VII, 180:4-12); the existing land uses on the corridors (Tr. VI, 155:23-25); or the constructability of a line from Poncha to Malta and whether such line could be installed using road or helicopter construction (Tr. VII, 166:12-15).

Instead, Trinchera superficially relied on Tri-State's AE/MCS 2008 study (Ex. 16, MJM-2), which found no "fatal flaw" with a line running north from the San Luis Valley to either Poncha or Monarch. (Trinchera SoP at 23, 37.) The purpose of a fatal flaw analysis, however, is to determine whether there are any <u>insurmountable</u> obstacles to building a line such as national

parks, restricted military space, military bases, etc. (Tr. VIII, 41:12-17, 41:23-42:8.) A fatal flaw analysis does not look at the actual feasibility of siting and constructing a new transmission line in a given location:

That's the purpose of the fatal flaw analysis, are there these big-picture items out there, that -- say, colors on a map, that say, you can't build that direction. That's the purpose of the fatal flaw analysis. It's not to try to route or site a line. It's to get that understanding of what potential directions one can go with a project.

(Tr. VIII, 41:17-19, 42:4-10.)(emphasis added)

Unlike Trinchera, the Applicants have considered the challenges of siting and constructing another line north from the San Luis Valley to Poncha and continuing to Malta. Between them, Tri-State and Public Service own three existing transmission lines that run north from the San Luis Valley to the Poncha area and, therefore, are well familiar with this area. (Ex. 12, 4:1-6; Ex. 15, 11:5-8.) Public Service witness Rick Thompson testified in his personal and professional capacity concerning the challenges associated with siting and constructing TR1AE. (Tr. VIII, 126:3-128:17.) These challenges include: Poncha Pass and the corridor from the San Luis Valley to Malta are susceptible to fires (Ex. 15, 10:19-21, RLT-3 at 2.); there are residential areas along Highway 285 south of Poncha Pass near the existing lines which restrict opportunities to site new lines (Ex. 15, 11:6-10, 11:13-17, RLT-8, RLT-9.); the area includes United States Forest Service and Bureau of Land Management lands, 10 to 12 state wildlife refuges, the Collegiate Peaks mountain range, the Arkansas River basin, and the town of Buena Vista – all of which combine to present substantial impediments to siting and constructing a new transmission line in this already congested corridor. (Tr. VIII, 137:3-6, 137:11-13, 139:3-6, 139:9-20; 165:21-25; Exs. 107-109.)

³⁶ These constructability and siting factors will also impact the cost of constructing a new transmission line north from the San Luis Valley to Poncha to Malta. Trinchera admits that these factors will contribute to the cost of its

Given the characteristics of the area through which TR1AE would have to be sited, the facts in the record establish that a new line from San Luis Valley to Poncha continuing to Malta would be, at a minimum, extremely difficult to site and build assuming it is possible to do so at all. (Tr. VIII, 44:8-11.)

G. Trinchera's Conditions Are Not Supported By The Evidence In The Record.

Trinchera's Statement of Position, for the first time in this proceedings, proposes certain conditions that it believes should be imposed if the CPCNs are granted. (Trinchera SoP, § VII.) In suggesting these conditions, Trinchera again holds itself out as the protector of the public interest. In reality, however, such conditions are better characterized as "spiteful" in that they appear intended to make the Project more difficult and costly to implement.

Trinchera admits that its proposed condition limiting rate recovery for project costs applies only to Public Service. The flaws in this condition have been addressed previously. Similarly, Trinchera's conditions related to demonstrated interconnection of renewable resources and a rebuttable presumption have been addressed in the Applicants' responses to WRA. Trinchera's proposed conditions related to noise and magnetic fields are not supported by the record. The Commission's reasonableness determinations in both of these areas should be based on the evidence presented rather than the arbitrary and prescriptive standards suggested by Trinchera. Finally, Trinchera's proposed condition calling for post-construction verification of noise and magnetic field levels is entirely without merit. The projected levels are based on models recognized by the Commission and commonly used. Furthermore, the projected levels consider "worst case scenarios" that may never occur or which would exist for only short periods

alternatives. (Tr. VII, 147:15-22.) Trinchera, however, did not consider these factors when it estimated the cost for TR1AE. (Tr. VII, 148:2-25.)

of time. As such, it would be difficult if not impossible to carry-out Trinchera's suggested verifications. Trinchera presented no evidence suggesting that the noise and magnetic field projections should not be accepted as accurate.

Trinchera's proposed conditions suffer from the same infirmities as discussed previously, do nothing to advance the public interest, and should be rejected.

In summary, Trinchera's alternatives provide minimal reliability enhancements, do not connect to Tri-State's transmission system, do not satisfy Tri-State's or Public Service's immediate and long-term needs for transmission capacity to facilitate the transmission of renewable resources to be located in southern Colorado, and present significant constructability and siting challenges. Trinchera's alternatives must be recognized for what they are – poorly thought-out attempts to identify any remotely conceivable transmission route that will avoid Trinchera's property. Seen for what they are, these proposals do not undermine the validity of the Project and must be rejected.

VI. CONCLUSION

For the foregoing reasons, Tri-State respectfully requests that the Commission enter an Order granting Tri-State's and Public Service's Applications for Certificates of Public Convenience and Necessity for their respective participation in the Project, and that the Commission make specific findings that the projected noise levels for the Project are reasonable, and establish a reasonableness level of 150 mG for magnetic field exposure for all segments of the Project.

Dated this 8th day of March, 2010.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Response to the Intervenors' Statements of Position of Tri-State Generation and Transmission Association, Inc. was served on this 8th day of March, 2010, via email on all parties on this service list:

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