

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION)
OF PUBLIC SERVICE COMPANY OF)
COLORADO, 550 15TH STREET, DENVER)
COLORADO, FOR A DETERMINATION THAT)
A CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY IS NOT REQUIRED TO)
CONSTRUCT, OPERATE, AND MAINTAIN A)
345 KV TRANSMISSION LINE AND)
ASSOCIATED FACILITIES, TO BE LOCATED)
IN TAOS COUNTY NEW MEXICO, AND IN)
ALAMOSA, CONEJOS AND COSTILLA)
COUNTIES, COLORADO, SUCH FACILITIES)
COLLECTIVELY TO BE KNOWN AS THE)
TAOS - SAN LUIS VALLEY 345 KV TRANS-)
MISSION LINE OR, IN THE ALTERNATIVE,)
FOR A CERTIFICATE OF PUBLIC CONVEN-)
IENCE AND NECESSITY AUTHORIZING)
SAID CONSTRUCTION.)

APPLICATION NO. 36257

ORDER OF THE COMMISSION
GRANTING APPLICATION

May 30, 1984

S T A T E M E N T

BY THE COMMISSION:

On April 4, 1984, the within application was filed by Public Service Company of Colorado (hereinafter Public Service or Applicant) wherein applicant seeks an order of the Commission, with or without hearing, to determine that a certificate of public convenience and necessity is not required regarding the construction proposed herein or, alternatively, determine that public convenience and necessity justifies authorization of the construction proposed herein.

Pursuant to CRS 40-6-109(5), the herein matter is one which properly may be determined without the necessity of a formal oral hearing.

FINDINGS OF FACT

THE COMMISSION FINDS:

1. Public Service is an operating public utility engaged, inter alia, in the generation, purchase, transmission, distribution and sale of electric power and energy throughout extensive areas of the State of Colorado, including the San Luis Valley.

2. Public Service Company is an operating public utility subject to the jurisdiction of this Commission.

3. Public Service is a corporation incorporated under the laws of the State of Colorado. A copy of its Articles of Incorporation with all amendments to date certified by the Secretary of State are on file with the Public Utilities Commission.

4. Public Service's principal office is located at 550 15th Street, Denver, Colorado 80202.

5. The proposed Taos-San Luis Valley 345,000 volt transmission line is a joint project of Public Service and Plains Electric Generation & Transmission Cooperative, Inc. (Plains). This line was planned and developed by the Colorado-New Mexico Intertie Study Group, consisting of Public Service, Plains, Colorado-Ute Electric Association, Inc. (CUEA) and Public Service Company of New Mexico (PNM), the four bulk electric suppliers of the area. Each of these utilities is a member of the Inland Power Pool (IPP) which is the principal power pooling organization of the Colorado-New Mexico area.

A function of the Inland Power Pool is to coordinate the development of a transmission system to meet the needs of each of its members with due regard to reliability and economics.

The cooperative planning of the transmission system by Public Service, CUEA, PNM, and Plains is in accord with the spirit and intent of the Generic Rate Case Decision of the Colorado Public Utilities Commission in Case No. 5693, (specifically Part III of Decision No. C81-1198), and the parties' and staff's positions in Case No. 1577 before the New Mexico Public Service Commission. The joint construction and use of the facilities will improve the reliability of service to the San Luis Valley area of Colorado and to the Taos area of New Mexico and will provide for increased delivery capacity to Plains' member Kit Carson Electric Cooperative in the Questa area and to Public Service and CUEA in the Alamosa area. Also, it will provide a strong interconnection between the transmission systems of Colorado and New Mexico. This interconnection will provide capacity so that the parties can arrange to buy, sell, bank, exchange power and energy and share reserves. This project will assist each of the parties in meeting its service requirements at lower cost than would result from individual actions.

6. Ownership of the facilities will be divided at the Colorado/New Mexico state line with Plains building and owning the facilities within New Mexico and Public Service building and owning the facilities within Colorado. Although the facilities are to be constructed by Plains and Public Service, discussions are in progress for the other two parties, CUEA and PNM, to utilize the interconnection.

7. Attached to the application as Exhibit No. 1 is a copy of the Agreement for Construction, Use, Maintenance and Replacement of the San Luis Valley to Taos Transmission System and the Interconnection Agreement executed by Public Service and Plains.

8. Attached to the application as Exhibit No. 2 is a Facility Construction Schedule by Public Service, Plains, CUEA and PNM.

9. The construction by Public Service encompassed within the instant application is the following:

CUEA San Luis Valley Substation (Facilities to be installed, owned, operated and maintained by Public Service within the CUEA substation in accordance with a license to be executed)
One 300 MVA 345/230 KV transformer, one 230 KV circuit breaker, and associated control, metering, communication and auxiliary equipment.

CUEA San Luis Valley Substation to Colorado/New Mexico State Line
A 75 mile (approx.) single circuit 345 KV transmission line from the CUEA San Luis Valley Substation to the Colorado/New Mexico State Line.

Attached to the application as Exhibit No. 3 is a map showing the location of the Project Substation and the Transmission Line corridor in both Colorado and New Mexico.

10. Attached to the application as Exhibit No. 4 is a map showing the service area of Public Service, existing transmission facilities of Public Service and other utilities serving in or near the Project area, and the substation and transmission line proposed in the instant application.

11. Public Service has franchise certificates and/or territorial certificates of convenience and necessity to provide electric service in various cities, towns and counties in the San Luis Valley area of Colorado. Copies of same are on file with the Public Utilities Commission.

12. The proposed Taos-San Luis Valley 345 KV Transmission Line project will serve three principal purposes: (1) support the existing transmission systems in the San Luis Valley area of southern Colorado and the Taos area of northern New Mexico, (2) supplement local electric power supplies and (3) provide an interconnection between the electric systems of the parties in Colorado and New Mexico. The need for transmission support and local area support arises from continued load growth locally in the San Luis Valley and Taos areas while the interconnection benefits the parties' power supply systems in New Mexico and Colorado. The following will discuss each need individually.

Transmission Support

To insure reliable electric service, a power supply system requires adequate alternate sources of power in the event a major component of that power system, i.e., a power plant or a transmission line, is removed from service either unexpectedly or for planned maintenance. An important goal of the proposed project is to support the existing transmission systems in the San Luis Valley area of southern Colorado and the Taos area of northern New Mexico so that the impact of such a facility loss will be minimized.

Attached to the application as Exhibit No. 5 is a one-line diagram depicting the San Luis Valley and Taos areas existing transmission systems. In the Alamosa area of southern Colorado, the power supply system consists of the Poncha Jct.-Alamosa 69 KV line and the Poncha Jct.-Sargent-San Luis Valley 115 KV line both owned by Public Service, and the Poncha-San Luis Valley 230 KV line owned by CUEA. In addition, Public Service maintains a generating station in Alamosa consisting of 4 steam-electric units totalling 16.5 MW and two combustion turbines totalling 30.0 MW. The 16.5 MW generating station is scheduled to be retired from service in 1986. In the Taos area of northern New Mexico, the power supply system consists of the San Juan-Ojo 345 KV line, and the Ojo-Taos 345 KV line. There are no generating facilities in the Taos area.

The San Luis Valley and Taos area loads and capacities of the existing transmission system and generating plants are summarized in the Exhibit No. 6 attached to the application. With the recent completion of the Poncha-San Luis Valley 230 KV and the Ojo-Taos 115/345 KV transmission lines (scheduled to be converted to 345 KV operation in 1986), there is adequate transmission capacity into the Project area under normal operating conditions. However, in the event of a single contingency emergency in either area the load may exceed the existing capacity within said area. In Colorado, the combined capacity of the existing 115 KV and 69 KV transmission system and generating plant was exceeded during the 1981 irrigation season and is expected to be exceeded on a continuing basis after 1984. In New Mexico, the projected load is expected to exceed the combined capacity of the 115 KV system during 1984 and thereafter.

Thus, unless the Taos-San Luis Valley 345 KV transmission project is completed, the loss of either the San Juan-Ojo 345 KV or the Poncha-San Luis 230 KV line will likely result in outages to customers.

Local Support

Continued load growth in both the San Luis Valley area and the Taos area necessitates additions to the local power supply systems. Attached to the application as Exhibit No. 7 is a table depicting San Luis Valley Load Growth served by San Luis Valley Rural Electric Cooperative, a member of CUEA, and Public Service.

Public Service projects that a new Substation-(Trinchera) east of Alamosa, may be required sometime in the future for additional service to the Alamosa area. This is primarily due to the increased use of electric-powered sprinkler irrigation systems in the rural areas surrounding Alamosa. Many of the existing gas and diesel powered systems are being converted to more economical electric motors. The time frame for this new substation (Trinchera) has not been established, but it will be developed when the need actually materializes. The new substation (Trinchera) is not a part of this application.

Interconnected System

The proposed Taos-San Luis Valley transmission line, in addition to improving the overall reliability in the San Luis Valley and Taos areas, will also provide additional capability to transfer power between Colorado and New Mexico. Such additional capability provides the participants expanded opportunities to take advantage of the inherent benefits of fully integrated operation: (1) make firm capacity and energy purchases and sales (2) interchange power during emergency conditions, (3) share reserves, (4) participate in economy energy transactions, and (5) participate in joint generation planning.

13. Attached to the application as Exhibit No. 8 are power flows, depicting actual 1982 heavy summer conditions and projected 1988 heavy summer conditions.

The power flows show the ability of the Proposed Project to continue to serve the San Luis Valley area and load under the worst single contingency outage condition which could not otherwise be served.

14. Attached to the application as Exhibit No. 9 is the Outage Record of the CUEA Poncha-San Luis Valley 230 KV line.

15. Attached to the application as Exhibit No. 10 is a copy of Resolution No. 84-2-1, dated January 13, 1984, by The Board of County Commissioners of Alamosa County approving the Conditional Use Application of Public Service for construction of the proposed line.

16. Attached to the application as Exhibit No. 11 is a copy of Resolution No. C-64, dated March 9, 1984, by the Board of County Commissioners of Conejos County approving the Conditional Use Application of Public Service for construction of the proposed line.

17. Attached to the application as Exhibit No. 12 is a copy of Resolution No. 20 (1983), dated December 5, 1983, by the Board of County Commissioners for Costilla County approving the location and extent application of Public Service for construction of the proposed line.

18. Attached to the application as Exhibit No. 13 is a copy of a verified Public Service Financial Balance Sheet, Income Statement and Statement of Retained Earnings for the period ended December 31, 1983.

19. Attached to the application as Exhibit No. 14 are the Financial Analysis Assumptions, Capital Costs and Operating Expenses, and the Project Revenue Requirements Model and Cash Flow Analysis for the proposed construction.

20. The net estimated expenditures for the Public Service portion of the construction proposed herein, excluding interest during construction, are approximately \$16,873,000 in 1983 dollars. The nature of the construction is such that the investment and related expenditures will not be recovered from any customer specifically, but will be treated in the usual manner for ratemaking purposes.

CONCLUSIONS ON FINDINGS OF FACT

The Commission concludes that the proposed 345 KV transmission line and associated facilities are not in the ordinary course of business and that a Certificate of Public Convenience and Necessity is required.

The Commission further concludes that the public convenience and necessity require the granting of Public Service Company of Colorado application for said Certificate of Public Convenience and Necessity.

An appropriate order will be entered.

O R D E R

THE COMMISSION ORDERS THAT:

1. Application No. 36257, filed by Public Service Company of Colorado on April 4, 1984, be and hereby is, granted in accordance with the Order herein, and in all other respects, the same is denied.

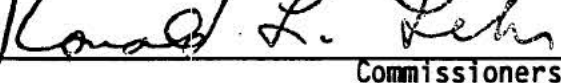
2. Public Service Company of Colorado is authorized to construct a 345,000 KV transmission line and associated facilities, to be located in Taos County, New Mexico and in Alamosa, Conejos and Costilla counties, Colorado, such facilities collectively to be known as Taos - San Luis Valley 345 KV Transmission Line, in accordance with the above findings of fact, and this decision and order shall be a CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY therefor.

3. This Order shall be effective forthwith.

DONE IN OPEN MEETING the 30th day of May, 1984.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO




Commissioners