



Dora
Department of Regulatory Agencies

Public Utilities Commission

Ronald J. Binz, Chairman
James K. Tarpey, Commissioner
Matt Baker, Commissioner
Doug Dean, Director

Bill Ritter, Jr.
Governor

D. Rico Munn
Executive
Director

November 1, 2009

Colorado General Assembly
State Capitol
Denver, CO 80203

Dear Legislators:

This is a report to the General Assembly required by HB 09-1345, concerning electric utilities integrated infrastructure, signed by Governor Bill Ritter, Jr. on June 1, 2009. A progress report is required by November 1, 2009 with the final report due July 1, 2010. This correspondence will serve as the interim report due November 1, 2009.

HB09-1345 requires, among other things, that the Public Utilities Commission (PUC) confer with all owners and operators of transmission facilities in Colorado and with affected stakeholders and prepare a report to the General Assembly on the integrated intermediate-term and long-term plans for improving transmission infrastructure in Colorado and the region. In accordance with section 40-4-117(2), C.R.S., the report shall address:

- a) *the adequacy of the integrated transmission plan;*
- b) *whether the integrated transmission plan is appropriately coordinated with the transmission plans of other states and transmission operators in the region;*
- c) *whether further legislative action is required to ensure continued progress with respect to the transmission system in Colorado.*

The PUC is in a good position to address this reporting requirement. In June 2008, the PUC opened a docket, *Docket No. 08I-227E*, to investigate regulatory policies related to transmission expansion and transmission planning activities. All electric utilities regulated by the PUC, as well as a broad spectrum of affected stakeholders, have responded and have been cooperating and participating in the various initiatives undertaken by the PUC. In the discussions that followed, it became apparent that issues related to expediting and approving transmission facilities through the certification process could be done on a fast track basis. These issues could logically be split out from the larger and more complex issues of integrated long and short term plans for improving the transmission infrastructure.



The PUC requested further information on the certification process. This information is being incorporated into a *Notice of Proposed Rulemaking* that the Commissioners expect to issue prior to the end of 2009. This rulemaking will focus on the current *Certificate of Public Convenience and Necessity (CPCN)* process for transmission projects and how it can be improved. In addition, the rulemaking will set default levels for electromagnetic fields (EMF) and corona noise.

The larger issues concern coordinated planning, integrated planning, regional coordination, adequacy of the transmission plan, and efficiency of the state and regional markets. The Commission held two workshops in early 2009 and solicited information specifically on these issues. A separate docket, *Docket No. 09M-616E*, has been opened to continue work on these larger issues, to develop a transmission planning proposal and to prepare the final report (this is discussed in more detail later in this progress report). On August 11, 2009, the Commission participated with the National Renewable Energy Laboratory, the Department of Energy, and Commissioners from New Mexico, Utah and Wyoming in a legal symposium held in Denver titled "Multistate Decision Making for Renewable Energy and Transmission." The purpose of the symposium is to begin examining what the different state laws say specifically about regulators' authority to look beyond state borders when defining the public interest for regional transmission facilities. The discussions at this conference will serve as a foundation for revisiting how utility law can accommodate electric utility issues that transcend the purview of a single state. The four white papers that served as a backbone for the conference will be published in the first half of 2010 in a special issue of the *University of Colorado Law Review*.

On October 20, 2009, the PUC, along with the Governor's Energy Office, the Office of Consumer Counsel, and Energy Outreach Colorado sponsored an all day conference titled "Colorado's New Energy Economy: Powering the Future." The transmission infrastructure was either talked about explicitly or was central to the discussion in almost every presentation. Governor Ritter, Commissioner Marc Spitzer (Federal Energy Regulatory Commission), Dr. Kristina Johnson (Under Secretary for Energy for the US Department of Energy), and representatives from NREL, EPRI, Xcel, Tri-State G&T, and Black Hills all presented their views on transmission and energy policy issues. There were numerous other distinguished presenters. Approximately 650 industry leaders and stakeholders attended.

As indicated earlier, the Commission anticipates issuing a transmission planning proposal for comment and has opened *Docket No. 09M-616E* in which to continue this work. The Commission will use these comments and all the other resources at its disposal to prepare its final report to the General Assembly. The schedule for preparing the report to the General Assembly is as follows:

- The Commission will publish a transmission planning proposal for comment within the next several months.
- Public comments will be accepted through the first quarter of 2010.
- The Commission anticipates holding workshops and/or meetings for additional public input during the first and second quarters of 2010.
- The Commission will finalize and submit the report to the General Assembly by July 1, 2010.

In the legislative session of 2008, the Colorado General Assembly approved a budget that included staff to perform transmission work for the Commission. One employee has been hired to assist the Commissioners in this work. It is anticipated that this person will take the lead in the tasks identified above.

The report that is submitted by the Commission to the General Assembly in July 2010 will include a compilation of information obtained through the Commission's proceedings and conclusions regarding the next steps for an integrated transmission policy for Colorado.

Respectfully submitted,

A handwritten signature in cursive script that reads "Doug Dean".

Doug Dean
Director