

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

PROCEEDING NO. 17R-0489E

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IN THE MATTER OF THE PROPOSED RULES IMPLEMENTING HOUSE BILL 16-1091  
REGARDING PLANS FOR TRANSMISSION FACILITIES, 4 CCR 723-3-3627.

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**RECOMMENDED DECISION OF  
ADMINISTRATIVE LAW JUDGE  
CONOR F. FARLEY  
AMENDING AND ADOPTING RULES**

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Mailed Date: September 12, 2017

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**I. STATEMENT**

1. On July 28, 2017, the Public Utilities Commission issued the Notice of Proposed Rulemaking (NOPR) that commenced this proceeding.<sup>1</sup> In the NOPR, the Commission proposed to amend Rule 3627 of the Rules Regulating Electric Utilities<sup>2</sup> to implement an amendment to § 40-2-126(2), C.R.S., made by House Bill (HB) 16-1091 that was signed into law on March 23, 2016. The Commission referred this matter to an administrative law judge (ALJ) and scheduled

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<sup>1</sup> See Decision No. C17-0576.

<sup>2</sup> 4 Code of Colorado Regulations 723-3.

a hearing for September 11, 2017.<sup>3</sup> The proceeding was subsequently assigned to the undersigned ALJ.

1. Black Hills/Colorado Electric Utility Company, LP (Black Hills) and Public Service Company of Colorado (Public Service) filed joint written comments on August 30, 2017. No other person or entity filed written comments.

2. The Commission made the proposed rules, provided with Decision No. C17-0576 in legislative (*i.e.*, ~~strikeout~~/ underline) format and in final format, available to the public through the Commission's Electronic Filings (E-Filings) system.

3. The undersigned ALJ held the hearing on September 11, 2017 starting at 9:00 a.m. Counsel for Black Hills and Public Service attended the hearing, but did not orally supplement their joint written comments at the hearing. No other person or entity presented written or oral comments at the hearing.

4. Being fully advised in this matter, the ALJ now transmits to the Commission the record in this proceeding along with a written recommended decision in accordance with § 40-6-109, C.R.S.

**II. DISCUSSION, FINDINGS, AND CONCLUSIONS**

5. Prior to the passage of HB 16-1091, § 40-2-126(2), C.R.S., required Colorado electric utilities subject to rate regulation to file their plans for the development of transmission facilities in energy resource zones by October 31 of each odd-numbered year. HB 16-1091 amended § 40-2-126(2), C.R.S., to delete the requirement that such plans be

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<sup>3</sup> Decision No. C17-0576 at 4.

submitted on October 31 of each odd-numbered year. By deleting that requirement, HB 16-1091 allows the Commission to determine the date for the filing of such biennial plans.

6. Current Commission Rule 3627 requires utilities to file a ten-year transmission plan biennially on February 1 of each even year. As stated in the NOPR, the Commission believes that efficiencies could be gained if the transmission plan for energy resource zones required by § 40-2-126(2), C.R.S., is filed with the transmission plans required by Commission Rule 3627. As a result, the Commission proposes to add language to Rule 3627(c) that requires electric utilities subject to the Commission's rate regulation to include their transmission plans for energy resource zones specified in § 40-2-126(2), C.R.S., with their transmission plans due February 1 of each even year.

7. As noted above, Black Hills and Public Service filed joint comments in this proceeding. They support the proposed rule change. No other person or entity filed comments.

8. The undersigned ALJ agrees that it would be more efficient for electric utilities that are subject to the Commission's rate regulation to include their transmission plans for energy resource zones required by § 40-2-126(2), C.R.S., with their transmission plans required by Commission Rule 3627. The undersigned ALJ further finds and concludes that the proposed change to Commission Rule 3627(c) achieves that end. Accordingly, for this reason, and because no person or entity filed or presented any comments opposing the change or suggesting alternative language, the undersigned ALJ finds and concludes that the proposed change to Commission Rule 3627(c) is reasonable, clear, and should be adopted.

9. Pursuant to the provisions of § 40-6-109, C.R.S., it is recommended that the Commission adopt the attached rules.

**III. ORDER****A. The Commission Orders That:**

1. The Rules Regulating Electric Utilities, 4 *Code of Colorado Regulations* 723-3, contained in redline and strikeout format attached to this Recommended Decision as Attachment A, and in final format attached as Attachment B, are adopted and are available in the Commission's Electronic Filings (E-Filings) System at:

[https://www.dora.state.co.us/pls/efi/EFI.Show\\_Docket?p\\_session\\_id=&p\\_docket\\_id=17R-0489E](https://www.dora.state.co.us/pls/efi/EFI.Show_Docket?p_session_id=&p_docket_id=17R-0489E)

2. This Recommended Decision shall be effective on the day it becomes the Decision of the Commission, if that is the case, and is entered as of the date above.

3. As provided by § 40-6-109, C.R.S., copies of this Recommended Decision shall be served upon the parties, who may file exceptions to it.

a) If no exceptions are filed within 20 days after service or within any extended period of time authorized, or unless the decision is stayed by the Commission upon its own motion, the recommended decision shall become the decision of the Commission and subject to the provisions of § 40-6-114, C.R.S.

b) If a party seeks to amend, modify, annul, or reverse basic findings of fact in its exceptions, that party must request and pay for a transcript to be filed, or the parties may stipulate to portions of the transcript according to the procedure stated in § 40-6-113, C.R.S. If no transcript or stipulation is filed, the Commission is bound by the facts set out by the administrative law judge and the parties cannot challenge these facts. This will limit what the Commission can review if exceptions are filed.

4. If exceptions to this Decision are filed, they shall not exceed 30 pages in length, unless the Commission for good cause shown permits this limit to be exceeded.

(S E A L)



THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

CONOR F. FARLEY

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Administrative Law Judge

ATTEST: A TRUE COPY

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

Doug Dean,  
Director

## COLORADO DEPARTMENT OF REGULATORY AGENCIES

### Public Utilities Commission

#### 4 CODE OF COLORADO REGULATIONS (CCR) 723-3

#### PART 3 RULES REGULATING ELECTRIC UTILITIES

\* \* \*

[indicates omission of unaffected rules]

#### TRANSMISSION PLANNING

##### 3625. Applicability.

This rule shall apply to all electric utilities in the state of Colorado except municipally owned utilities and cooperative electric associations that have voted to exempt themselves from regulation pursuant to § 40 9.5-103, C.R.S.

##### 3626. Overview and Purpose.

The purpose of these rules is to establish a process to coordinate the planning for additional electric transmission in Colorado. The Commission endorses the concept that planning should be done on a comprehensive, transparent, state-wide basis and should take into account the needs of all stakeholders.

##### 3627. Transmission Planning.

- (a) No later than February 1 of each even year, each electric utility shall file a ten-year transmission plan and supporting documentation pursuant to this rule.
  - (I) Each ten-year transmission plan shall meet the following goals:
    - (A) the proposed projects do not negatively impact the system of any other transmission provider or the overall transmission system in the near-term and long-term planning horizons;
    - (B) the proposed projects avoid duplication of facilities;
    - (C) the proposed projects reflect the development of joint projects where a proposed project services the mutual needs of more than one transmission provider and/or stakeholder; and
    - (D) the proposed projects are coordinated with all transmission providers in Colorado.
  - (II) The plan shall identify all proposed facilities 100kV or greater.

- (III) If any of the information required to be filed pursuant to this rule is available on a utility or utility maintained website, then it is sufficient for purposes of this rule to include in the filing a web address that provides direct access to that specific piece of information. This address must remain active until the next biennial filing.
- (b) Each ten-year transmission plan shall demonstrate compliance with the following requirements:
- (I) The efficient utilization of the transmission system on a best-cost basis, considering both the short-term and long-term needs of the system. The best-cost is defined as balancing cost, risk and uncertainty and includes proper consideration of societal and environmental concerns, operational and maintenance requirements, consistency with short-term and long-term planning opportunities, and initial construction cost.
  - (II) All applicable reliability criteria for selected demand levels over a range of forecast system demands, including summer peak load, winter peak load and reduced load when renewable generation is maximized.
  - (III) All legal and regulatory requirements, including renewable energy portfolio standards and resource adequacy requirements.
  - (IV) Consistency with applicable transmission planning requirements in the FERC Order 890.
- (c) Each ten-year transmission plan shall contain the following information.
- (I) The methodology, criteria and assumptions used to develop the transmission plan. This includes the transmission facility rating methodology and established facility ratings; transmission base case data for all applicable power flows, short circuit and transient stability analyses; and utility specific reliability criteria.
  - (II) The load forecasts, load forecast reductions arising from net metered distributed generation and utility sponsored energy efficiency programs, and controllable demand - side management data including the interruptible demands and direct load control management used to develop the transmission plan.
  - (III) The generation assumptions and data used to develop the transmission plan.
  - (IV) The methodology used to determine system operating limits, transfer capabilities, capacity benefit margin, and transmission reliability margin, with supporting data and corresponding established values.
  - (V) The status of upgrades identified in the transmission plan, as well as changes, additions or deletions in the current plan when compared with the prior plan.
  - (VI) The related studies and reports for each new transmission facility identified in the transmission plan including alternatives considered and the rationale for choosing the preferred alternative. The depth of the studies, reports, and consideration of alternatives shall be commensurate with the nature and timing of the new transmission facility.
  - (VII) The expected in-service date for the facilities identified in the transmission plan and the entities responsible for constructing and financing each facility.
  - (VIII) A summary of stakeholder participation and input and how this input was incorporated in the transmission plan.

(IX) Each electric utility subject to rate regulation shall also include energy resource zone plans, designations, and applications for certificates of public convenience and necessity pursuant to § 40-2-126(2), C.R.S.

- (d) No later than February 1 of each even year, each utility shall file all economic studies performed pursuant to FERC Order 890 since the last biennial filing. Such studies generally evaluate whether transmission upgrades or other investments can reduce the overall costs of serving native load. These studies are conducted for the purpose of planning for the alleviation of transmission bottlenecks or expanding the transmission system in a manner that can benefit large numbers of customers, such as the evaluation of transmission upgrades or additions necessary to build or acquire new generation resources. The report shall identify who requested the economic study and shall identify all economic studies requested but not performed.
- (e) No later than February 1 of each even year, each utility shall file conceptual long-range scenarios that look 20 years into the future. These conceptual long-range scenarios shall analyze projected system needs for various credible alternatives, including, at a minimum, the following:
- (I) reasonably foreseeable future public policy initiatives;
  - (II) possible retirement of existing generation due to age, environmental regulations or economic considerations;
  - (III) emerging generation, transmission and demand limiting technologies;
  - (IV) various load growth projections; and
  - (V) studies of any scenarios requested by the Commission in the previous biennial review process.
- (f) Amended filings made pursuant to this rule are permitted at any time for good cause shown.
- (g) Government agencies and other stakeholders shall have an opportunity for meaningful participation in the planning process.
- (I) Government agencies include affected federal, state, municipal and county agencies. Other stakeholders include organizations and individuals representing various interests that have indicated a desire to participate in the planning process.
  - (II) During the development of the ten-year transmission plan when objectives and needs are being identified, each utility shall actively solicit input from the appropriate government agencies and stakeholders to identify alternative solutions.
  - (III) Once a utility has evaluated the alternative solutions and has prepared recommendations for inclusion in its ten-year transmission plan, the utility shall notify the government agencies and stakeholders of these recommendations.
  - (IV) The outreach anticipated in subparagraphs (g)(II) and (g)(III) shall occur in a timely manner prior to the filing of the ten-year plans.
  - (V) Each utility shall concurrently provide the filings made pursuant to this rule to all government agencies and other stakeholders that participate in the planning process.



- (h) After the ten-year transmission plans have been filed by utilities, the Commission will consolidate the plans in one proceeding. In this proceeding, the Commission will solicit written comments and will hold a workshop(s) and/or a hearing(s) on the plans for the purpose of reviewing and rendering a decision regarding the adequacy of the utilities' filed transmission plans and process used in formulating the plans. The Commission, on its own motion or at the request of others, may request additional supporting information from the utilities or the commenters. The Commission will review the plans and supporting information, the written comments, and the information obtained at the workshop(s) or hearing(s), and will issue a written decision regarding compliance with these rules and the adequacy of the existing and planned transmission facilities in this state to meet the present and future energy needs in a reliable manner. In this decision, the Commission may also provide further guidance to be used in the preparation of the next biennial filing.
  
- (i) Utilities shall make reference to the most recently filed ten-year transmission plan in any subsequent CPCN application for individual projects contained in that plan. Given sufficient documentation in the biennial ten-year transmission plan for the project under review and if circumstances for the project have not changed, the applicant may rely substantively on the information contained in the plan and the Commission's decision on the review of the plan to support its application. The Commission will take administrative notice of its decision on the plan. Any party challenging the need for the requested transmission project has the burden of proving that, due to a change in circumstances, the Commission's decision is no longer applicable or valid.

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