

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

ARIZONA PUBLIC SERVICE COMPANY	DOCKET No. ER13-82-000
BLACK HILLS POWER, INC.	DOCKET No. ER13-96-000
BLACK HILLS COLORADO ELECTRIC UTILITY COMPANY	DOCKET No. ER13-97-000
CHEYENNE LIGHT, FUEL, & POWER COMPANY	DOCKET No. ER13-120-000
EL PASO ELECTRIC COMPANY	DOCKET No. ER13-91-000
NV ENERGY, INC.	DOCKET No. ER13-105-000
PUBLIC SERVICE COMPANY OF COLORADO	DOCKET No. ER13-75-000
PUBLIC SERVICE COMPANY OF NEW MEXICO	DOCKET No. ER13-79-000
TUCSON ELECTRIC POWER COMPANY	DOCKET No. ER13-77-000
UNS ELECTRIC, INC.	DOCKET No. ER13-78-000

(NOT CONSOLIDATED)

**MOTION TO INTERVENE AND COMMENTS OF
BASIN ELECTRIC POWER COOPERATIVE,
COLORADO SPRINGS UTILITIES,
IMPERIAL IRRIGATION DISTRICT,
LOS ANGELES DEPARTMENT OF WATER AND POWER,
PLATTE RIVER POWER AUTHORITY,
SACRAMENTO MUNICIPAL UTILITY DISTRICT,
SALT RIVER PROJECT,
SOUTHWEST TRANSMISSION COOPERATIVE, INC.,
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA,
TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.
AND WESTERN AREA POWER ADMINISTRATION**

Basin Electric Power Cooperative (“Basin Electric”), Colorado Springs Utilities (“Colorado Springs Utilities”), Imperial Irrigation District (“Imperial”), Los Angeles Department of Water and Power (“LADWP”), Platte River Power Authority, a Colorado political subdivision (“Platte River”), Sacramento Municipal Utility District (“SMUD”), Salt River Project Agricultural Improvement and Power District (“Salt River Project”), Southwest Transmission

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Cooperative, Inc. (“SWTC”), Transmission Agency of Northern California (“TANC”), Tri-State Generation and Transmission Association, Inc. (“Tri-State”), and Western Area Power Administration (“Western”), hereinafter collectively referred to as the “Non-Public Utilities,” pursuant to Rules 212 and 214 of the Commission’s Rules of Practice and Procedure,¹ hereby move to intervene and file comments in support of the Order No. 1000 Compliance Filings in the above-captioned proceedings.

I. MOTION TO INTERVENE

A. INTERVENORS

1. BASIN ELECTRIC

Basin Electric is a consumer-owned rural electric cooperative headquartered in Bismarck, North Dakota. Basin Electric owns and maintains approximately 1,900 line miles of electric transmission facilities that are operated at voltages from 115 kV to 345 kV. Basin Electric operates electric generating power plants with a total capacity of more than 3,500 megawatts providing supplemental wholesale power to 134 rural electric member systems in Colorado, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota and Wyoming, as well as to non-member customers. The member systems serve approximately 2.8 million customers in the Eastern Interconnection and the Western Interconnection. Basin Electric has outstanding Rural Utilities Service (“RUS”) debt and therefore is not a “public utility” as that term is defined in Section 201(e) of the Federal Power Act.²

¹ 18 C.F.R. §§ 385.212 and 214 (2011).

² 16 U.S.C. § 824(e).

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2. COLORADO SPRINGS UTILITIES

Colorado Springs Utilities is a four-service municipal utility providing electric, natural gas, water and wastewater service in and around the City of Colorado Springs, El Paso County, Colorado. Colorado Springs Utilities provides electric service to approximately 200,000 customers, among which are the United States Air Force Academy, Peterson Air Force Base, Fort Carson, and the Cheyenne Mountain Air Station. Colorado Springs Utilities is an enterprise of the City of Colorado Springs under the Charter of the City of Colorado Springs and the Colorado Constitution. Because it is a municipal corporation and governmental entity, as provided by Section 201(f) of the Federal Power Act, Colorado Springs Utilities is therefore not a “public utility” under Section 201(e) of the Federal Power Act.

Colorado Springs Utilities owns and operates ten thermal generating units and six hydroelectric units totaling 1,072 MW of installed generation capacity. Colorado Springs Utilities’ transmission system totals 232 circuit miles made up of 105 miles of 115 kV transmission line and 127 miles of 230 kV transmission line, all within its service area. Colorado Springs Utilities shares substations with Public Service Company of Colorado, Tri-State, and Western.

3. IMPERIAL

Imperial is an irrigation district organized under the laws of the State of California (California Water Code §§ 20500-29978) and, as such, is a political subdivision of the State of California and is not a “public utility” under Section 201(e) of the Federal Power Act. Established in 1911, Imperial is the nation’s largest irrigation district, providing both electric and irrigation services to more than 120,000 customers across 6,000 square miles of California’s southeastern desert.

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Imperial owns and operates an electric transmission system. A major portion of Imperial's transmission system is located in Imperial County, California, and Imperial serves consumers in that area. Imperial also is a Balancing Authority in the Western Electricity Coordinating Council ("WECC"). In addition, Imperial buys and sells power in wholesale power markets in the West, and co-owns multi-state transmission facilities with other utilities in the West.

4. LADWP

The City of Los Angeles is a municipal corporation and charter city organized under the provisions of the California Constitution. LADWP is a proprietary department of the City of Los Angeles that supplies water and power to Los Angeles's inhabitants pursuant to the Los Angeles City Charter. LADWP is a vertically-integrated utility that owns generation, transmission, and distribution facilities. LADWP provides retail electric energy to its approximately 1.4 million customers and engages in the purchase, sale, and exchange of surplus electric energy in wholesale electric energy markets. LADWP is a political subdivision of the State of California and is therefore not a "public utility" under Section 201(e) of the Federal Power Act.

5. PLATTE RIVER

Platte River is a power authority established under Colorado statute. Platte River is headquartered in Fort Collins, Colorado, and provides generation and transmission service to the municipalities of Estes Park, Fort Collins, Longmont and Loveland in northern Colorado. Platte River owns and operates approximately 251 miles of transmission rated at 115 kV and 230 kV, and is a joint owner in 511 miles of 230 kV and 345 kV transmission. Platte River owns and operates the Rawhide Energy Station in Larimer County, which includes 668 MW of coal-fired and natural gas-fired generation. Platte River is also a participant in the Yampa Project in Craig,

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Colorado, owns and operates wind generation in Medicine Bow, Wyoming, and holds contract rights for hydro power and wind generation. The four owner municipalities of Platte River serve a population of approximately 300,000. For 2012, the Platte River peak was 658 MW. Platte River and the owner municipalities are political subdivisions of Colorado and, as such, none is a “public utility” as that term is defined in Section 201(e) of the Federal Power Act.

6. SMUD

SMUD is a customer-owned municipal utility district engaged in the generation, transmission, distribution, purchase, and sale of electric power to approximately 1.4 million consumers within its boundaries, which encompass most of the County of Sacramento and a small portion of the County of Placer, both in California. Formed in 1946, SMUD is a “municipality” as defined by Section 3(7) of the Federal Power Act and therefore is not a “public utility” as that term is defined in Section 201(e) of the Federal Power Act.

SMUD is both a transmission provider and a transmission customer. SMUD owns 448 miles of transmission lines (115 kV and above), and is also a member of TANC, which owns the California-Oregon Transmission Project (“COTP”), a 340-mile, 500 kV line between Southern Oregon and Central California.

7. SALT RIVER PROJECT

Salt River Project, a vertically-integrated public power utility and political subdivision of the State of Arizona, is headquartered in Phoenix, Arizona. Salt River Project provides electricity to almost 950,000 mining, industrial, commercial and residential customers in a 2,900-square-mile service area in central Arizona. Salt River Project’s energy resources include joint and sole ownership and long-term purchases of nuclear, coal, gas, small and large hydro, wind, solar, geothermal, biomass and landfill gas generation, and demand response and energy

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efficiency programs. Salt River Project owns solely and in partnership with other entities 2,160 miles of transmission facilities operated at voltages ranging from 115 kV to 500 kV. Salt River Project is governed by a Board of Directors elected from within defined geographic boundaries. As a political subdivision of the State of Arizona, Salt River Project is not a “public utility” as that term is defined in Section 201(e) of the Federal Power Act.

8. SWTC

SWTC is a transmission-only, non-profit Arizona rural cooperative based in Benson, Arizona. SWTC has a mortgage with the RUS and therefore is not a “public utility” as that term is defined in Section 201(e) of the Federal Power Act. SWTC was created to assume the transmission assets, activities, and operations of Arizona Electric Power Cooperative, Inc. (“AEPCO”), another RUS-financed, non-profit Arizona rural electric generation and transmission cooperative based in Benson, Arizona. SWTC owns 619 miles of transmission lines, twenty-five substations, and thirty-five transformers (including partial ownership transformers). AEPCO owns and operates the Apache Generating Station located in Cochise, Arizona. The station consists of six generating units (two coal-fired, four gas) with a total rated output of 602 MW. SWTC and AEPCO are owned by, and primarily serve, the same six member rural electric distribution cooperatives that constitute the “Class A” members of AEPCO and SWTC.³ Most of the member distribution cooperatives are located in Arizona, however AEC is located in California and a portion of DVEC's area extends into New Mexico. Together

³ The six cooperatives are: (1) Anza Electric Cooperative, Inc. (“AEC”); (2) Duncan Valley Electric Cooperative, Inc. (“DVEC”); (3) Graham County Electric Cooperative, Inc.; (4) Mohave Electric Cooperative, Inc.; (5) Sulphur Springs Valley Electric Cooperative, Inc.; and (6) Trico Electric Cooperative, Inc.

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SWTC, AEPCO, and the member distribution cooperatives serve more than 144,000 commercial and residential customers.

9. TANC

TANC is a joint exercise of powers agency organized and existing under the laws of the State of California and therefore is not a “public utility” as that term is defined in Section 201(e) of the Federal Power Act. TANC has, among other things, an approximately 87 percent interest in the COTP, the third high-voltage link between California and the Pacific Northwest, which became operational on March 17, 1993. As the Project Manager of the COTP, TANC coordinates the use of the COTP among its Members, with other COTP Participants and with the owners of the two other 500 kV transmission lines running from north of the California-Oregon border southward into northern California (“PACI lines”). Portions of the COTP and the PACI lines constitute the California-Oregon Intertie. The COTP operates in the Northern California Balancing Authority Area and is interconnected with facilities under the operational control of the California Independent System Operator Corporation as well as with non-ISO grid facilities.

10. TRI-STATE

Tri-State is a cooperative corporation headquartered in Westminster, Colorado. Tri-State’s primary functions involve the generation, transmission, transformation and sale of electricity at wholesale to its forty-four member distribution cooperatives within the states of Colorado, Nebraska, New Mexico and Wyoming. The member systems serve approximately 1.4 million consumers in both the Western and Eastern Interconnections. Tri-State owns approximately 5,000 line miles of transmission facilities operated at voltages of 115 kV and above. It is directly interconnected with all of the public utilities that are members of

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WestConnect except NV Energy. Tri-State has outstanding debt with the RUS and therefore is not a “public utility” as that term is defined in Section 201(e) of the Federal Power Act.

11. WESTERN

Western is a Federal Power Marketing Administration that markets Federal power and owns and operates transmission facilities throughout 15 western and central states, encompassing a geographic area of 1.3 million square miles. Western was established pursuant to section 302 of the Department of Energy Organization Act.⁴ Western’s primary mission is to market Federal power and transmission resources constructed with congressional authorization. The power and transmission requirements of project use loads, primarily for pumping irrigation water, must by law be met first for the life of each project. Power in excess of project use needs is available for marketing by Western to preference customers such as electric cooperatives, Native American tribes, municipal utilities, and Federal and state government entities.

Western owns and operates over 17,000 miles of high-voltage transmission lines, and has entered into long-term transmission contracts for the widespread distribution of Federal hydro generation to the project use and preference customers. In addition, Western’s transmission system is used by third parties for network and point-to-point transmission service purposes.

Western is not a “public utility” as the term is defined in Section 201(e) of the Federal Power Act and, therefore, is not subject to the Commission’s jurisdiction under sections 205 and 206 of the Federal Power Act.⁵ However, Western is a transmitting utility subject to Federal

⁴ 42 U.S.C. § 7152(a).

⁵ 16 U.S.C. §§ 824d and 824e.

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Power Act sections 210-213,⁶ has provided open access transmission service since its inception in 1977, and first filed an Open Access Transmission Tariff (“OATT”) in 1997.

B. BASIS FOR INTERVENTION

The Non-Public Utilities move to intervene in these proceedings because they will be directly affected by the Commission’s decision in these dockets and their input is important in the development of any WestConnect regional transmission plan. The Non-Public Utilities have historically played a significant role in transmission planning and construction in the WestConnect planning area, and they support the Order No. 1000 compliance filings of the public utility members of WestConnect as consistent with the development of an efficient and cost-effective WestConnect regional transmission plan.

The parties that have submitted the compliance filings in the above-captioned dockets are public utility transmission providers (“Public Utilities”) located in the western United States that have entered into the WestConnect Project Agreement for Subregional Transmission Planning (“STP Agreement”), effective May 23, 2007.⁷ Pursuant to this Agreement, the pre-Order No. 1000 WestConnect transmission providers (“members”) have (1) promoted coordination of regional transmission planning for the WestConnect planning area among the Colorado Coordinated Planning Group (“CCPG”), Southwest Area Transmission Planning Group

⁶ 16 U.S.C. §§ 824i-824l.

⁷ Current parties to the STP Agreement are Arizona Public Service Company, Basin Electric, Black Hills Power, Colorado Springs, El Paso Electric Company, Imperial, NV Energy, Platte River, Public Service Company of Colorado, Public Service Company of New Mexico, SMUD, Salt River Project, SWTC, Tucson Electric Power Company, TANC, Tri-State, and Western. LADWP is not currently a WestConnect transmission provider but has obtained approval from its governing bodies to enter into the agreement and intends to execute the agreement in the near future. All of the non-public utility parties listed above are interested in participating in a WestConnect regional planning process pursuant to Order No. 1000 going forward, but none have formally enrolled yet.

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(“SWAT”), and the Sierra Subregional Planning Group (“SSPG”); (2) developed an annual ten (10) year regional transmission plan and planning report for the WestConnect planning area; (3) promoted documented, open and transparent stakeholder input and information exchange in the development of the annual WestConnect regional transmission plan and report; and (4) promoted coordination of the annual WestConnect transmission plan and report with other subregional transmission planning groups in the Western Interconnection and with the Regional Transmission Expansion Planning process conducted by the WECC.

The Public Utility members of WestConnect proposed amendments to their OATTs on October 11, 2012, in compliance with Order No. 1000.⁸ The amendments include proposed revisions to their tariffs to reflect the WestConnect Order No. 1000 regional transmission planning and cost allocation processes. The Non-Public Utilities support these revisions and request that the Commission accept the filings without requiring modifications.

The Public Utilities and Non-Public Utilities in WestConnect treat each other as equal partners in the maintenance, operation, and planning of a reliable interconnected system. Many generating units and high-voltage transmission lines in the WestConnect planning area are jointly-owned by Public Utilities and Non-Public Utilities, and the Non-Public Utilities were active participants in the development of the regional transmission and cost allocation processes that the Public Utilities are proposing. After the Commission issues its final orders on compliance, the Non-Public Utilities intend to consider formally enrolling in these processes that they developed with the Public Utilities. Consequently, the Non-Public Utilities have a direct

⁸ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 76 Fed. Reg. 49,842 (Aug. 11, 2011), FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh’g*, Order No. 1000-A, 139 FERC ¶ 61,132 (2012), *order on reh’g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012).

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and substantial interest in the outcome of this proceeding that cannot be adequately represented by any other participant. Accordingly, the Non-Public Utilities respectfully request that they be granted full party status in this proceeding.

C. COMMUNICATIONS

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II. COMMENTS

A. PUBLIC POWER'S PARTICIPATION IS IMPORTANT TO THE EXPANSION OF REGIONAL PLANNING IN WESTCONNECT.

The Non-Public Utilities have a long history of coordinated planning with the WestConnect Public Utilities. The following examples demonstrate the cooperation between the Public and Non-Public Utility members of WestConnect. The CCPG, formed in 1991, the SWAT, formed in 2003, and the SSPG, formed in 2008, were all formed as joint high-voltage transmission system planning forums.⁹ With the exception of LADWP, the Non-Public Utilities are all members of these subregional planning groups. In 2007, six Public Utilities and six Non-Public Utilities entered into the STP Agreement. Since that time, one Public Utility and four Non-Public Utilities have entered into the STP Agreement, and another Non-Public Utility, LADWP, has obtained approval from its governing bodies to enter into the agreement and intends to execute the agreement in the near future. Also, many of the transmission lines within the WestConnect planning area are jointly-owned. Additionally, the *WestConnect Annual Ten-Year Transmission Plan 2012-2021*, published February 16, 2012, identifies 122 transmission

⁹ Joint development and ownership of generation and transmission projects, which requires regional planning assessments, has been conducted by both Public and Non-Public Utilities in the WestConnect planning area since the 1960s.

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line projects, including merchant transmission projects, comprising more than 7,100 miles of new or rebuilt transmission lines throughout the WestConnect planning area. Many of these lines are planned as joint participation projects, and, in all cases, the transmission providers and developers planning these projects collaborate with all of the affected transmission providers, regardless of whether they are Public Utilities, Non-Public Utilities, or merchant transmission developers. The plan itself does not make any distinction between Public Utilities and Non-Public Utilities.

The inclusive nature of the WestConnect coordinated planning processes demonstrates the important role all WestConnect transmission providers, public and private, have historically played and can continue to play in regional planning.

B. THE NON-PUBLIC UTILITIES WILL DECIDE WHETHER TO JOIN THE WESTCONNECT PLANNING PROCESS AFTER THEY REVIEW THE COMMISSION'S FINAL ORDERS ON COMPLIANCE BY THE PUBLIC UTILITIES.

The Non-Public Utilities played an active role in the development of the OATT revisions filed by the Public Utilities in compliance with Order No. 1000, and, if the filings are accepted by the Commission without modification, the Non-Public Utilities are likely to enroll in the WestConnect Order No. 1000 planning process.

Order No. 1000 indicates that the Commission “expects all public utility and nonpublic utility transmission providers to participate in the transmission planning and cost allocation processes” and concludes that “[t]he success of the reforms implemented here will be enhanced if all transmission owners participate.”¹¹ The Non-Public Utilities, as transmission providers,

¹¹ Order No. 1000 at P 818.

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have participated fully in the stakeholder process that led to the development of the Public Utilities' Order No. 1000 compliance filings. They provided close to 50% of the funding for the WestConnect Order No. 1000 implementation activities and were full participants in each of the six strike teams that worked to develop the governance, communication, planning and cost allocation provisions that were incorporated into the Transmission Planning Process that the Public Utilities are proposing to include in their OATTs. The Non-Public Utilities also continue to be involved in the development of the WestConnect Order No. 1000 Planning Participation Agreement and the Order No. 1000 Interregional process.

If the Commission accepts the Public Utilities' compliance filings without modification, the Non-Public Utilities are likely to formally enroll in the planning process. Should the Commission order any changes to the Public Utilities' compliance filings, the Non-Public Utilities will, of course, have to review those changes to determine whether they affect their intent to enroll in the region as originally proposed. In the event the Commission orders a change in the terms of the planning process, the Non-Public Utilities reserve their right to revisit the terms agreed upon by the region and as filed by the Public Utilities in their Order No. 1000 compliance filings.

C. THE COMMISSION SHOULD ACCEPT THE WESTCONNECT PUBLIC UTILITIES' ORDER NO. 1000 COMPLIANCE FILINGS WITHOUT REQUIRING MODIFICATIONS.

1. THE PROPOSED TARIFF REVISIONS WERE DEVELOPED WITH EXTENSIVE STAKEHOLDER INVOLVEMENT AND REPRESENT A REASONABLE COMPROMISE OF THE COMPETING INTERESTS.

The OATT revisions that were filed by the WestConnect Public Utilities in these dockets comply with the requirements of Order No. 1000 and were developed following an extensive stakeholder process in which all segments of the industry were represented. In the past twelve

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months, WestConnect held six stakeholder meetings that provided opportunities for all interested parties to obtain information concerning the progress of the strike teams and to provide input on the strike teams' proposals. Stakeholders also were invited to become members of the strike teams, so that they would have greater involvement in the development of the key principles and documents that will govern the WestConnect Order No. 1000 planning process. The Non-Public Utilities are confident that while not every stakeholder succeeded in obtaining everything that it wanted, the WestConnect Public Utilities' OATT provisions filed in these dockets are a reasonable compromise of the competing considerations of the various stakeholders and therefore are just and reasonable. This approach is consistent with the Commission's approval of tariff revisions developed through stakeholder involvement.¹²

2. THE WESTCONNECT UTILITIES CONSULTED WITH NORTHERN TIER TRANSMISSION GROUP, COLUMBIAGRID, AND THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION IN DEVELOPING THE PROPOSED TARIFF REVISIONS.

The WestConnect Public Utilities are not required to modify their OATTs to reflect the interregional transmission planning and cost allocation until April 2013. Nonetheless, the WestConnect utilities have conferred and shared information with utilities in Northern Tier Transmission Group and ColumbiaGrid, and with the California Independent System Operator Corporation in order to ensure that their regional processes are somewhat consistent with each other while meeting the specific needs of each planning process. This will make it easier for the

¹² See, e.g., *Midwest Indep. Transmission Sys. Operator, Inc.*, 133 FERC ¶ 61,221, at P 204 (2010) (finding a cost allocation proposal just and reasonable in part because “[t]he stakeholder process for the [Multi Value Projects] proposal was both long in duration and inclusive of interested parties.”), *order on reh’g*, 137 FERC ¶ 61,074 (2011).

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Public Utilities in all four regions to fulfill the requirements of Order No. 1000 with respect to interregional coordination.

3. THE GOVERNANCE PROVISIONS ARE JUST AND REASONABLE.

The Non-Public Utilities believe that the membership and governance provisions negotiated by the WestConnect Order No. 1000 Governance Strike Team, which resulted from robust stakeholder participation, adequately take into consideration the interests of all of the involved stakeholder groups without giving control over regional planning and cost allocation to any group or entity. The post-Order No. 1000 WestConnect Planning Management Committee¹³, that will govern the regional transmission planning and cost allocation processes, will be composed of five member sectors: Transmission Owners with Load Serving Obligations, Transmission Customers, Independent Transmission Developers and Owners, State Regulatory Commissions, and Key Interest Groups. The Transmission Owners with Load Serving Obligations and at least two other sectors must vote in favor of a decision item in order for it to be approved, and the approval of at least 75% of the members of a sector who are present and voting is required in order for a sector to vote in favor of a proposal.¹⁴ Therefore, all stakeholder groups will have a significant role in shaping WestConnect regional transmission planning and cost allocation decisions, consistent with Order No. 1000. The Non-Public Utilities accordingly urge the Commission to find these governance provisions just and reasonable.

¹³ A Planning Management Committee, constituted of representatives from the WestConnect transmission providers, currently exists pursuant to the pre-Order No. 1000 WestConnect STP Agreement and will continue to carry out its functions and obligations until the post-Order No. 1000 WestConnect regional planning process formally commences.

¹⁴ If four sectors other than the Transmission Owners with Load Serving Obligations approve a proposal, then only 67% of the Transmission Owners with Load Serving Obligations sector must approve it.

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4. THE PROPOSED COST ALLOCATION PROCESS IS JUST AND REASONABLE AND APPROPRIATELY ALLOCATES PROJECT COSTS AMONG TRANSMISSION PROVIDERS WHO BENEFIT FROM THE PROJECTS.

Order No. 1000 requires public utilities to develop both regional transmission planning arrangements and methodologies for the allocation of transmission costs among beneficiaries of new transmission projects designated by regional planning groups for cost allocation purposes. Two essential features of the cost allocation provisions of Order No. 1000 are critical to the Non-Public Utilities: costs are to be allocated only to the beneficiaries of new transmission projects, and regional transmission planning groups are to be given latitude in developing cost allocation methodologies that work in their regions.¹⁵ The cost allocation provisions developed during the WestConnect Regional Planning Process and incorporated into each filing Public Utility's OATT are wholly consonant with these critical aspects of Order No. 1000 and should be approved by the Commission without change.

The WestConnect transmission owners have demonstrated their commitment to regional planning of transmission through their actions of more than 20 years. They also have a long history of constructing and sharing the costs and benefits of regional transmission projects, as shown by the substantial number of transmission facilities in the WestConnect planning area that are jointly owned.

The post-Order No. 1000 WestConnect Regional Planning Process cost allocation mechanism is just and reasonable and will not lead to any "free rider" problems because all transmission providers that benefit from a project must participate in the cost allocation. The

¹⁵ Order No. 1000 at P 604 and 622.

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WestConnect Regional Planning Process, which each of the Public Utilities has included as an attachment to its OATT in these dockets, provides that:

To the extent a project beneficiary elects to participate in a project approved for cost allocation in the Regional Plan, the beneficiary will receive transmission transfer capability on the project in exchange for transmission service payments. ... If the beneficiary makes direct capital contribution to the project construction cost, it shall receive an ownership percentage in proportion to their capital contribution.¹⁷

Consequently, if a WestConnect transmission provider does not elect to participate in a project selected for cost allocation, it will not receive transmission capacity or an ownership percentage in the project. Participation in and acceptance of cost allocation is therefore mandatory if a transmission provider wishes to receive the transmission capacity associated with a project.

The WestConnect cost allocation mechanism is consistent with the Commission's principles for regional cost allocation. Order No. 1000 states that if a Non-Public Utility transmission provider is determined "to be a beneficiary of certain transmission facilities selected in the regional transmission plan for purposes of cost allocation, that non-public utility transmission provider is responsible for the costs associated with such benefits."¹⁸ Conversely, of course, Order No. 1000 directs that no transmission costs associated with a new transmission project may be allocated to transmission providers, whether public utilities or not, if they do not benefit from the facilities. Here, if the transmission providers elect not to receive any transmission capacity associated with the project, the compliance filings provide that they receive no benefits from the project and, accordingly, should not be allocated any of the project's

¹⁷ See, e.g., *Arizona Public Service Company*, Docket No. ER13-82-000, October 11, 2012 Compliance Filing at Section VII.B.5.

¹⁸ Order No. 1000 at P 629.

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costs. As discussed above and in compliance filings themselves, this is a sound methodology for identifying project beneficiaries¹⁹ and the Commission should not disturb it.

Important here, if transmission providers opt out of participating in a regional project and forfeit the benefits they might receive, the WestConnect cost allocation mechanism will also not lead to stranded costs. The Public Utilities' proposed WestConnect Regional Planning Process provides that projects with changes in participation or cost allocation will be reevaluated by the Planning Management Committee as if they are new projects, and the costs will be allocated accordingly.²⁰

III. CONCLUSION

Wherefore, for the reasons set forth above, the Non-Public Utilities respectfully request that the Commission grant their motion to intervene in these proceedings and accept the above-captioned Order No. 1000 compliance filings without modification or suspension.

¹⁹ Unlike operations in several RTOs, transmission rights in the WestConnect planning area are physical; transmission customers cannot schedule firm transmission service unless they have reserved physical capacity rights on the provider's system. The WestConnect members' determination that transmission providers who are not entitled to firm transmission capacity on new regional transmission projects receive no benefits under this physical rights system reflects their sound judgment. It is reinforced by provisions in the regional plan, as noted by Arizona Public Service Company in its compliance filing, for example, that such non-participating providers must independently satisfy the region's reliability criteria and thus do not receive an indirect reliability benefit from these projects. *See Arizona Public Service Company*, Docket No. ER13-82-000, October 11, 2012 Compliance Filing, Transmittal Letter at 16.

²⁰ *See, e.g., Arizona Public Service Company*, Docket No. ER13-82-000, October 11, 2012 Compliance Filing at Section III.D.7.

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