

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

Public Service Company of Colorado

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Docket No. ER13-75-000

**MOTION FOR LEAVE TO ANSWER
AND ANSWER OF THE PUBLIC SERVICE COMPANY OF COLORADO**

Pursuant to Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”),¹ Xcel Energy Services Inc. (“XES”), on behalf of Public Service Company of Colorado (“PSCo”),² hereby moves for leave to answer the comments filed in the above-captioned proceeding by the Interwest Energy Alliance, Natural Resources Defense Council, the Nevada Wilderness Project, the Sonoran Institute, the Sustainable FERC Project, the Vote Solar Initiative, the Western Resource Advocates, and Utah Clean Energy (collectively, “Public Interest Organizations” or “PIOs”).³ XES requests that the Commission accept this answer and accept the revisions to Attachment R-PSCo (Transmission Planning Process of Public Service Company of Colorado)⁴ of the Xcel Energy Operating Companies FERC Electric Tariff, Original Volume No. 5 (“Joint OATT”), which XES filed on October 11, 2012 in response to Order No. 1000 (“October 11 Filing”).⁵

¹ 18 C.F.R §§ 385.212, 385.213 (2012).

² XES is the service company subsidiary of Xcel Energy Inc., the holding company parent of PSCo, SPS and the other Xcel Energy Operating Companies, namely, Southwestern Public Service Company, Northern States Power Company, a Minnesota corporation; and Northern States Power Company, a Wisconsin corporation. As such, XES makes filings with, and appears in proceedings before, the Commission on behalf of the Xcel Energy Operating Companies.

³ The original intervention filed by the Public Interest Organizations differed slightly in the organizations listed on the pleading. The parties listed herein are those parties that signed the comments.

⁴ Attachment K of the Xcel Energy Operating Companies’ OATT is the *Form of System Impact Study Agreement*. Accordingly, in its October 11 Filing PSCo proposed to continue including its Transmission Planning Process as Attachment R in this compliance filing.

⁵ *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 No. 1000”), *order on reh’g and clarification*, 77 Fed. Reg. 32,184 (May 31, 2012), 139 FERC ¶ 61,132 (2012) (“Order No. 1000-A”); *order on reh’g and clarification*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012) (“Order No. 1000-B”).

PSCo has requested leave to answer and submitted a corresponding answer to the comments and protests filed by other parties in this proceeding as part of the simultaneous filing submitted jointly by the jurisdictional utilities in the WestConnect Planning Region (“Jurisdictional Utilities”),⁶ which is being filed in this docket as well as the dockets for the other Jurisdictional Utilities’ Order No. 1000 compliance filings. This pleading addresses only those issues raised by the Public Interest Organizations addressing PSCo’s local planning process, sections I and II of Attachment R-PSCo. All issues generic to the WestConnect Regional Planning Process are addressed in full in the Jurisdictional Utilities’ joint answer.

I. BACKGROUND

In Order No. 1000, the Commission established a number of requirements applicable to transmission owning and operating public utilities, including: participation in a regional transmission planning process that satisfies the principles outlined in Order No. 890⁷ and results in a Regional Plan;⁸ planning processes that explicitly provide for consideration of public policy requirements;⁹ nonincumbent developers having opportunities comparable to that of incumbent developers;¹⁰ a regional cost allocation method for new transmission facilities that meets the cost allocation principles¹¹ in Order No. 1000; each pair of neighboring regions is required to coordinate in order to determine if there are more efficient or cost-effective solutions to the transmission needs of the two regions, and to develop information sharing processes and

⁶ The Jurisdictional Utilities include PSCo, Terra-Gen Dixie Valley, LLC, Tucson Electric Power Company, UNS Electric, Inc., Public Service Company of New Mexico, Arizona Public Service Company, El Paso Electric Company, Black Hills Power, Inc., Black Hills Colorado Electric Utility Company, NV Energy, Inc., and Cheyenne Light, Fuel and Power Company.

⁷ The principles are also included in Order No. 1000 at P 151. The principles are coordination, openness, transparency, information exchange, comparability, dispute resolution, and economic planning.

⁸ Order No. 1000 at P 68.

⁹ *Id.* at P 206.

¹⁰ *Id.* at P 323.

¹¹ *Id.* at P 612-693.

procedures to jointly evaluate projects proposed to be located in both regions;¹² and each transmission provider must amend its OATT to incorporate the processes and method developed to comply with Order No. 1000.¹³

In compliance with Order No. 1000, XES, on behalf of PSCo, submitted revisions to Attachment R-PSCo on October 11, 2012. The October 11 Filing described the WestConnect Planning Region, the implementation of the regional stakeholder process and development of the Regional Planning Process, the governance structure and enrollment and voting structure, the enrolled utilities whose transmission facilities comprise the footprint of the region, the Regional Planning Process itself, how the Regional Planning Process satisfies the Commission's planning process principles, how the Regional Planning Process will address public policy requirements, how projects can be submitted for evaluation in the Regional Planning Process, the cost allocation framework and criteria for projects submitted for regional cost allocation, and the implementation of the Commission's directive to remove from Commission-jurisdictional tariffs and agreements any provisions that grant a federal right of first refusal to construct transmission facilities selected in a Regional Plan for purposes of cost allocation.

Following the October 11 Filing, numerous parties intervened in one or more of the Section 206 proceedings of the Jurisdictional Utilities. Comments were filed by the Colorado Public Utilities Commission ("CPUC")¹⁴; the New Mexico Public Regulation Commission ("NMPRC")¹⁵; Basin Electric Power Cooperative ("Basin Electric"), Colorado Springs Utilities ("Colorado Springs Utilities"), Imperial Irrigation District ("Imperial"), Los Angeles Department

¹² *Id.* at P 345 *et seq.*

¹³ *Id.* at P 792.

¹⁴ The CPUC filed comments on in the Public Service Company of Colorado and Black Hills Colorado Electric Utility Company proceedings in Docket Nos. ER13-75-000 and ER13-97-000 (respectively).

¹⁵ The NMPRC filed comments pertaining to both Public Service Company of New Mexico's and El Paso Electric Company's proceedings in Docket Nos. ER13-79-000 and ER13-91-000 (respectively).

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 Cooperative, Inc. (“SWTC”), Transmission Agency of Northern California (“TANC”), Tri-State Generation and Transmission Association, Inc. (“Tri-State”), and Western Area Power Administration (“Western”) (collectively, the “Non-Public Utilities”); Startrans IO, LLC (“Startrans”); the Western Independent Transmission Group (“WITG”); the Public Utilities Commission of Nevada (“PUCN”)¹⁶; the American Wind Energy Association and the Interwest Energy Alliance (“AWEA”); and the Public Interest Organizations.¹⁷

Protests were filed by LS Power Transmission, LLC and LSP Transmission Holdings, LLC (collectively, “LS Power”) and Clean Line Energy Partners LLC (“Clean Line”).¹⁸

Only the Public Interest Organizations filed comments addressing PSCo’s local planning process, sections I and II of Attachment R-PSCo. This answer is limited to those local planning issues. All issues generic to the WestConnect Regional Planning Process as reflected in Attachment R-PSCo sections III through VI are addressed in full in the Jurisdictional Utilities’ simultaneously-filed answer in this docket and the dockets for the other Jurisdictional Utilities’ Order No. 1000 compliance filings.

II. MOTION FOR LEAVE TO ANSWER

Pursuant to Rule 213 of the Commission’s Rules of Practice and Procedure, XES respectfully moves for leave to answer the PIOs’ comments. The Commission will accept answers where they provide information that assists in its decision-making process or serve to

¹⁶ The PUCN only intervened in the NV Energy, Inc. proceeding in Docket No. ER13-105-000.

¹⁷ The comments filed by AWEA and the Public Interest Organizations were filed out-of-time.

¹⁸ Clean Line only intervened in the Public Service Company of New Mexico proceeding in Docket No. ER13-79-000.

complete or clarify the record.¹⁹ Good cause exists to grant XES's motion to file an answer as the enclosed answer will clarify the record, contribute to an understanding of the issues, and assist the Commission in its decision-making process.

XES asserts that acceptance and consideration of this answer is particularly appropriate in its Order No. 1000 compliance filing proceeding given the ground-breaking policy announced in that order and the flexibility granted to each region in developing its Regional Planning Process, which has resulted in a wide variety of planning processes and attracted participation and comments from an unusually high number of interested parties.

III. ANSWER

XES requests that the Commission deny the protests filed by LS Power and Clean Line in this proceeding and accept XES's proposed changes to Attachment R-PSCo as compliant with the directives in Order No. 1000.

The Public Interest Organizations were the only intervenors who submitted comments on PSCo's local planning process, which was revised in accordance with Order No. 1000 to provide for the identification of transmission needs to address public policy requirements.²⁰ All of the concerns expressed by the PIOs are misplaced. PSCo therefore offers the following responses and clarifications on these local planning issues.

A. Definition of Public Policy Requirements

The PIOs believe that PSCo's consideration of transmission needs driven by public policy requirements in the local planning process does not require the consideration of federal public policy requirements,²¹ noting that Order No. 1000 defines public policy requirements as

¹⁹ See e.g., *MidAmerican Energy Co.*, 115 FERC ¶ 61, 326 (2006); *Maritimes and Northeast Pipeline*, 115 FERC ¶ 61, 069 (2006); *Commonwealth Edison Co. of Indiana*, 88 FERC ¶ 61, 296 (1999).

²⁰ Order No. 1000 at P 206.

²¹ PIO Comments at 6.

including those established at the state and federal level.²² PSCo’s local planning process will, as required by Order No. 1000, require the identification of transmission needs driven by federally-enacted public policy. Section II.C.1 of Attachment R-PSCo requires PSCo to “consider enacted local and state public policy in accordance with the Colorado renewable energy standard and resource adequacy plans that are consistent with the Colorado State Electric Resource Plan.” Pursuant to Colorado transmission planning rules, PSCo must develop its transmission plans in a manner that takes into account “[a]ll legal and regulatory requirements, including renewable energy portfolio standards and resource adequacy,” and which gives “proper consideration of societal and environmental concerns.”²³ PSCo’s Colorado State Electric Resource Plan therefore includes the consideration of federal public policy requirements. For example, PSCo’s 2011 Electric Resource Plan addressed federal requirements related to regional haze, ozone, hazardous air pollutants, and carbon dioxide.²⁴

Stakeholders are also free to provide input on “any aspect of PSCo’s current study plan, including, but not limited to, methodology study inputs and study results.”²⁵ Any transmission needs required by enacted public policy requirements, including those raised by stakeholders, will be addressed in the PSCo local planning process, and if an identified need is not selected for further evaluation by PSCo, PSCo will post an explanation as to why it was not considered.²⁶

In addition, the local planning process includes reliability assessments performed in accordance with NERC’s Transmission Planning Reliability Standards,²⁷ which require planning

²² PIO Comments at 6 (citing Order No. 1000 at P 2).

²³ 4 COLO. CODE REGS. 723-3-3627(b)(I) & (III).

²⁴ PSCo, 2011 Electric Resource Plan Volume I at 1-15 to 1-17 (Oct. 31, 2011), *available at*: <http://www.xcelenergy.com/staticfiles/xcel/Regulatory/Regulatory%20PDFs/PSCo-ERP-2011/Exhibit-No-KJH-1-Volume-1.pdf>.

²⁵ Attachment R-PSCo § II.C.4.a.iii.

²⁶ Attachment R-PSCo § II.C.8.

²⁷ Attachment R-PSCo § II.B.1.

to meet “projected Firm . . . Transmission Services.”²⁸ Any projected firm transmission service used by resources for meeting public policy requirements, including enacted federal requirements, would be addressed through these reliability studies.

The PIOs’ related concern that the PSCo local planning process lacks an official definition of public policy requirements is likewise misplaced. It is impossible to today identify all the federal, state, and local enacted policies creating transmission needs that may need to be addressed. Section II.C.8 of Attachment R-PSCo provides examples of those policies, while Attachment R-PSCo § II.C.1 refers more generally to the requirements of the Colorado State Electric Resource Plan. Despite the PIOs’ concerns, these statements are not inconsistent, as PSCo’s Colorado State Electric Resource Plan addresses all applicable enacted public policy requirements, and the examples presented in Section II.C.8 only list possible types of public policies that are included, without providing an exhaustive list. To the extent the PIOs believe PSCo is not considering an applicable public policy requirement, the local stakeholder process provides the PIOs with an opportunity to raise those concerns, as noted above.

B. Process For Consideration of Public Policy Requirements in Local Planning Process

The Public Interest Organizations assert that it is unclear how the PSCo local planning process will consider public policy requirements-driven needs, and go on to explain at length why it is not ideal to consider such needs as part of economic planning.²⁹ The PIOs note that the local planning process only includes a reliability planning process and an economic planning process.

There is no requirement in Order No. 1000 to address transmission needs driven by public policy requirements in a separate process within a public utility’s local planning process

²⁸ See, e.g., TPL-002-0b Requirement R1.

²⁹ PIOs Comments at 7-9.

so long as such needs are considered in local planning.³⁰ PSCo has provided such procedures. PSCo's local planning process will require the identification of transmission needs driven by federal, state, and local public policy as part of PSCo's local reliability planning process, which feeds into the Colorado resource planning process. Section II.C.1 of Attachment R-PSCo requires PSCo to "consider enacted local and state public policy in accordance with the Colorado renewable energy standard and resource adequacy plans that are consistent with the Colorado State Electric Resource Plan." As explained above, this will address the consideration of federal public policy requirements as well. To the extent stakeholders believe certain public policy requirements have not been addressed, they can raise those issues through the stakeholder process, which provides them an opportunity to address "any aspect of PSCo's current study plan, including, but not limited to, methodology study inputs and study results."³¹ So long as they raise the issue, PSCo must evaluate it or post an explanation as to why it was not considered.³²

Thus, although the PIOs assert that the local planning process "lacks any process or guidance as to how PSCo and stakeholders will choose the PPRs that will be incorporated into local load forecasting and modeling to determine PPR-driven grid needs,"³³ that concern is without basis. Any enacted requirements will be addressed, and any other public policy concerns raised by stakeholders will be addressed in the local planning process or PSCo will explain why they were not.

³⁰ Order No. 1000 at P 206.

³¹ Attachment R-PSCo § II.C.4.a.iii.

³² Attachment R-PSCo § II.C.8.

³³ PIOs Comments at 8.

C. Verified Demand Response Is an Appropriate Metric

The PIOs express concern about the reference to the consideration of “verified” demand response as a non-transmission alternative that could be considered in the local transmission planning process.³⁴

The use of verified demand response is appropriate. The Commission expressly rejected establishing metrics for the comparison of transmission proposals and non-transmission alternatives.³⁵ PSCo chose to require the verification of demand response to ensure that the demand response capability in a non-transmission alternative proposal provides an equivalent level of certainty to the transmission proposal it would replace.

In any case, the reference to “verified demand response” is the language in PSCo’s currently-effective Attachment R, which the Commission accepted for filing.³⁶ In accepting this language, the Commission would have concluded that the requirement to consider “verified” demand response met the comparability requirements of Order No. 890.

IV. CONCLUSION

WHEREFORE, XES respectfully requests that the Commission accept this answer, deny the protests filed by certain intervenors as discussed in the Jurisdictional Utilities’ simultaneously-filed answer, and accept the changes to Attachment R-PSCo proposed by XES.

Respectfully Submitted,

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³⁴ PIOs Comments at 13.

³⁵ Order No. 1000 at P 155.

³⁶ Letter Order Approving PSCo Transmission Planning Process, Docket No. OA08-35-005 (July 29, 2010). Aspects of PSCo’s Order No. 890 transmission planning process were approved in earlier orders in the same proceeding.

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Date: December 17, 2012

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 17th day of December, 2012.

/s/ J. Daniel Skees

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