

124 FERC ¶ 61,052  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Xcel Energy Services, Inc. -  
Public Service Company of Colorado

Docket No. OA08-35-000

ORDER ON COMPLIANCE FILING

(Issued July 17, 2008)

1. On December 7, 2007, pursuant to section 206 of the Federal Power Act (FPA),<sup>1</sup> Xcel Energy Services, Inc. (Xcel) submitted its transmission planning process for two of its operating affiliates, the Public Service Company of Colorado (PSCo) and Southwestern Public Service Company (SPS), as a proposed attachment to its Open Access Transmission Tariff (OATT), as required by Order No. 890.<sup>2</sup> In a previous order in this docket, we accepted Xcel's filing with regard to one of its affiliates, SPS, subject to further compliance filing.<sup>3</sup> In this order, we accept Xcel's compliance filing, as it applies to PSCo, to become effective December 7, 2007, subject to a further compliance filing, as discussed below.

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<sup>1</sup> 16 U.S.C. § 824e (2000 & Supp. V 2005).

<sup>2</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 73 Fed. Reg. 39,092 (July 8, 2008).

<sup>3</sup> *Xcel Energy Services, Inc. – Southwestern Public Service Company*, 124 FERC ¶ 61,029 (2008).

## I. Background

2. In Order No. 890, the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a non-discriminatory basis. One of the Commission's primary reforms was designed to address the lack of specificity regarding how customers and other stakeholders should be treated in the transmission planning process.<sup>4</sup> To remedy the potential for undue discrimination in planning activities, the Commission directed all transmission providers to develop a transmission planning process that satisfies nine principles and to clearly describe that process in a new attachment (Attachment K) to their OATTs.<sup>5</sup>

3. In Order No. 890, the Commission required that each transmission provider's transmission planning process satisfy the following nine principles: (1) coordination; (2) openness; (3) transparency; (4) information exchange; (5) comparability; (6) dispute resolution; (7) regional participation; (8) economic planning studies; and (9) cost allocation for new projects. The Commission also directed transmission providers to address the recovery of planning-related costs. The Commission explained that it adopted a principles-based reform to allow for flexibility in implementation of and to build on transmission planning efforts and processes already underway in many regions of the country. However, although Order No. 890 allows for flexibility, each transmission provider has a clear obligation to address each of the nine principles in its transmission planning process and all of these principles must be fully addressed in the tariff language filed with the Commission. The Commission emphasized that tariff rules must be specific and clear to facilitate compliance by transmission providers and place customers on notice of their rights and obligations.<sup>6</sup>

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<sup>4</sup> The Commission, among other things, also amended the *pro forma* OATT to require greater consistency and transparency in the calculation of Available Transfer Capability (ATC) and standardization of charges for generator and energy imbalance services. The Commission also revised various policies governing network resources, rollover rights, and reassignments of transmission capacity. These reforms have been or will be addressed in other orders.

<sup>5</sup> Xcel labeled its Attachment K transmission planning processes for PSCo as "Attachment R – PSCo." This was permitted by the Commission in Order No. 890. *See* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at n.246.

<sup>6</sup> As the Commission explained in Order No. 890, not all rules and practices related to transmission service, or planning activities in particular, need to be codified in the transmission provider's OATT. Rules, standards and practices that relate to, but do not significantly affect, transmission service may be placed on the transmission

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## II. Compliance Filing

4. While Xcel's compliance filing contains the planning processes of PSCo and SPS, two of Xcel's operating company affiliates, this order solely addresses the transmission planning process for PSCo. The transmission planning process for SPS was addressed in a previous order issued in this docket.<sup>7</sup>

5. In its compliance filing, Xcel states that PSCo is located in the Western Interconnection and is not a member of a Regional Transmission Organization (RTO) or Independent System Operator (ISO). Therefore, Xcel explains, PSCo has included in its Attachment R – PSCo a description of its local, sub-regional and regional planning processes. In addition, Xcel states that PSCo is a member of WestConnect,<sup>8</sup> and that its proposed Attachment R – PSCo is similar to the Attachment K compliance filings being submitted by other participants in WestConnect. Xcel adds that proposed Attachment R – PSCo responds to comments provided by Commission staff at the technical conference regarding the transmission planning process among WestConnect participants, as well as to stakeholder comments provided by the American Wind Energy Association.

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providers' website, provided there is a link to those business practices on Open Access System Information System (OASIS). See Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 1649-55. Transmission providers could therefore use a combination of tariff language in the Attachment K, and a reference to planning manuals on their website, to satisfy their planning obligations under Order No. 890.

<sup>7</sup> Xcel adds that the transmission planning process compliance tariff filing for two of its other affiliates, Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation (collectively, NSP), is addressed by the Order No. 890 compliance filing of the Midwest Independent Transmission System Operator, Inc. (Midwest ISO).

<sup>8</sup> The WestConnect subregion encompasses the States of Colorado, Arizona, New Mexico, Nevada, and parts of California, Texas and Wyoming. Xcel states that WestConnect was formed by transmission-providing electric utilities in the Western Interconnection that signed a Memorandum of Understanding (MOU). Its purposes include investigating the feasibility of wholesale market enhancements, working with other Western Interconnection organizations and market stakeholders, and addressing seams issues in the appropriate forums. WestConnect also supports and manages the coordination of subregional planning groups and their respective transmission studies. See Xcel Energy Operating Companies, FERC Electric Tariff, First Revised Vol. No. 1, Original Sheet No. 470.

6. Xcel indicates that PSCo is a signatory to the WestConnect Sub-regional Transmission Planning Project Agreement (WestConnect STP Project Agreement) which obligates it to (i) coordinate sub-regional transmission planning among the WestConnect participants and the sub-regional planning groups; (ii) participate in the sub-regional transmission planning groups, as appropriate; and (iii) produce a WestConnect transmission plan. Pursuant to the WestConnect STP Project Agreement, PSCo coordinates its transmission planning efforts over the WestConnect footprint. In particular, through the Colorado Coordinated Planning Group (CCPG),<sup>9</sup> PSCo coordinates with two other sub-regional transmission planning groups operating within the WestConnect footprint, the Southwest Area Transmission group (SWAT) and the Sierra Coordinated Planning Group (Sierra), to produce a ten year WestConnect system-wide transmission plan. For example, Xcel indicates that PSCo's planning data and assumptions are coordinated with its relevant sub-regional transmission planning group, CCPG, which in turn are coordinated with the other sub-regional groups, to produce the ten year WestConnect transmission plan. Xcel states that CCPG's role is to bring transmission planning information together and to share updates on active projects. CCPG also promotes sub-regional planning and transmission development in the CCPG footprint and ensures that all of the transmission plans of the individual transmission providers in the CCPG footprint are coordinated in order to maximize use of the existing transmission system and identify the transmission expansion alternatives that most effectively meet future needs.

7. Xcel also indicates that after WestConnect has developed its sub-regional plan, it will then integrate its planning efforts with the Western Interconnection through the WECC's Transmission Expansion Planning Policy Committee (TEPPC) economic planning process. Xcel states that as a member of WECC, PSCo participates in its TEPPC planning process, in order to ensure data and assumptions are coordinated within the Western Interconnection-wide economic studies. Xcel contends that the WECC's TEPPC process serves to develop and maintain the Western Interconnection-wide databases that PSCo and other parties rely on for power flow and stability studies, and perform economic planning studies.<sup>10</sup> In addition, Xcel states that WECC's broader

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<sup>9</sup> The CCPG is a joint, high voltage transmission system planning forum for the purpose of assuring a high degree of reliability in the planning, development, and operation of the high voltage transmission system in the Rocky Mountain Region. The CCPG provides the technical forum required to complete reliability assessments, develop joint business opportunities, and accomplish coordinated planning, under the single-system planning concept in the Rocky Mountain Region of the WECC. See CCPG website at <http://ccpg.basinelectric.com/>.

<sup>10</sup> See Attachment R – PSCo, sections IV and V.

responsibilities facilitate the coordination of reliability planning through (1) maintaining the Western Interconnection-wide databases for transmission planning analysis such as power flow, stability and dynamic voltage stability studies; (2) maintaining a database for reporting the status of all planned projects throughout the Western Interconnection; (3) providing for coordination of planned projects through its Procedures for Regional Planning project review; and (4) ensuring that a new project will not adversely affect existing projects through its path rating process.

### **III. Notice of Filing and Responsive Pleadings**

8. Notice of Xcel's filing was published in the *Federal Register*, 72 Fed. Reg. 71,884 (2007), with interventions and protests due on or before December 28, 2007. The Commission extended this comment period until January 7, 2008.

9. Timely motions to intervene and protests were filed by the American Wind Energy Association, Interwest Energy Alliance and West Wind Wires (collectively, AWEA) and Golden Spread Electric Cooperative, Inc. (Golden Spread). Xcel filed an answer to the protests of AWEA and Golden Spread.

### **IV. Discussion**

#### **A. Procedural Matters**

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Issues raised by Golden Spread with regard to SPS's transmission planning process were addressed in a previous order in this docket.<sup>11</sup>

11. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2008), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Xcel's answer because it has provided information that assisted us in our decision-making process.

#### **B. Substantive Matters**

12. We find that Xcel's Attachment R - PSCo transmission planning process, with certain modifications, complies with each of the nine planning principles and other planning requirements adopted in Order No. 890. Accordingly, we accept Xcel's Attachment R – PSCo, to become effective December 7, 2007, subject to further

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<sup>11</sup> See *supra* note 3.

compliance, as discussed below. Xcel is directed to submit that compliance filing within 90 days of the date of issuance of this order.

13. While we conditionally accept Xcel's transmission planning process in Attachment R – PSCo, we nevertheless encourage further refinements and improvements to Xcel's planning process as Xcel and its customers and other stakeholders gain more experience through actual implementation of this process. Commission staff will also periodically monitor the implementation of the planning process to determine if adjustments are necessary and will inform the transmission provider and the Commission of any such recommendations. Specifically, beginning in 2009, the Commission will convene regional technical conferences, similar to those conferences held in 2007, leading up to the filing of the Attachment K compliance filings. The focus of the 2009 regional technical conferences will be to determine the progress and benefits realized by each transmission provider's transmission planning process, obtain customer and other stakeholder input, and discuss any areas that may need improvement.

### **C. Compliance With Order No. 890's Planning Principles**

14. Xcel explains how Attachment K – PSCo complies with the planning principles of Order No. 890. Generally, the PSCo's planning process occurs on a calendar year cycle and covers a 5-year planning horizon.<sup>12</sup> In addition, PSCo's five year transmission plan is updated annually. As explained more fully below, Xcel states that the PSCo plan will be coordinated with WestConnect, CCPG and WECC's TEPPC. PSCo will also conduct at least two meetings for purposes of developing the transmission plan that are open to the public and occur within the twelve month period in which the transmission plan is developed. Any notices and agenda for these meetings, along with other pertinent information (i.e., data submittal, study request due dates, and contact information), will be posted on the PSCo OASIS and WestConnect website in advance of these meetings, and will be e-mailed to stakeholders.<sup>13</sup>

15. To satisfy the coordination principle, which requires that transmission providers meet with all of their customers and interconnected neighbors to develop a transmission plan on a nondiscriminatory basis, PSCo will invite customers to participate early in the development of the transmission plan and give them a timely and meaningful opportunity to participate, with a minimum of two open public planning meetings held each year, clear procedures for posting notices of meetings, study plans, results, and meeting documents, and maintenance of an e-mail distribution list to notify interested parties of meetings.

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<sup>12</sup> See Original Sheet No. 471 of Attachment R – PSCo.

<sup>13</sup> See Original Sheet No. 473 of Attachment R – PSCo.

16. Regarding the openness principle, Attachment R - PSCo establishes that the PSCo planning process is open to all affected parties,<sup>14</sup> but provides that appropriate measures are taken to protect confidential materials, i.e., non-disclosure agreements.

17. To fulfill the transparency principle, Attachment R - PSCo ensures that the basic criteria, assumptions, and data that underlie the transmission system plans are available to all customers and stakeholders by describing the transmission planning cycle and important milestones, and referencing the Xcel Interconnection Guidelines. A point of contact will also be identified on PSCo's OASIS to ensure meaningful, ongoing communication.

18. With respect to the dispute resolution principle, Attachment R – PSCo includes a dispute resolution process that can resolve both procedural and substantive issues prior to turning to the Commission. Specifically, provisions from Attachment R – PSCo provide that the first step in addressing a dispute arising in the planning process will be direct negotiation between senior representatives of the parties involved. With regard to disputes that cannot be successfully resolved through direct negotiation, PSCo will use the existing Commission-approved arbitration mechanism contained in section 12 of the Xcel OATT applicable to resolution of other disputed matters under the Xcel OATT.

19. Having reviewed Xcel's filing, we find that Xcel's Attachment R – PSCo transmission planning process complies with the coordination, openness, transparency, and dispute resolution<sup>15</sup> principles adopted in Order No. 890. As discussed more fully below, we will, however, require Xcel to modify in a further compliance filing the provisions in Attachment R – PSCo addressing information exchange, comparability,

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<sup>14</sup> See First Revised Sheet No. 469. "The transmission planning process conducted by PSCo includes a series of open planning meetings that allow anyone, including, but not limited to, [Network Integration Transmission Services] and [Point-to-Point] customers, interconnected transmission providers, state and local regulatory bodies and other stakeholders, input into and participation in all stages of development of the PSCo transmission plan."

<sup>15</sup> We note that Xcel's dispute resolution procedure omits the second step, mediation, of a three step dispute resolution process consisting of negotiation, mediation, and arbitration. While we are not directing Xcel to include mediation, we strongly encourage it to consider including a mediation step in its dispute resolution process. We have found that a high percentage of disputes sent to the Commission's Dispute Resolution Service or another mediator, or an Administrative Law Judge serving as a Settlement Judge settle without adjudication. If Xcel desires to include the mediation step, it may do so in the compliance filing required at the end of this order.

regional participation, economic planning studies, and cost allocation principles, as well as the recovery of planning costs.

### 1. **Information Exchange**

20. The information exchange principle requires network customers to submit information on their projected loads and resources on a comparable basis (e.g., planning horizon and format) as used by transmission providers in planning for their native load. Point-to-point customers are required to submit any projections they have of a need for service over the planning horizon and at what receipt and delivery points. As the Commission made clear in Order No. 890-A, these projections are intended only to give the transmission provider additional data to consider in its planning activities, and should not be treated as a proxy for actual reservations.<sup>16</sup> Transmission providers, in consultation with their customers and other stakeholders, are to develop guidelines and a schedule for the submittal of such customer information.

21. The Commission also provided that, to the extent applicable, transmission customers should provide information on existing and planned demand resources and their impacts on demand and peak demand. Stakeholders, in turn, should provide proposed demand response resources if they wish to have them considered in the development of the transmission plan. The Commission stressed that information collected by transmission providers to provide transmission service to their native load customers must be transparent, and equivalent information must be provided by transmission customers to ensure effective planning and comparability. In Order No. 890-A, the Commission made clear that customers should only be required to provide cost information for transmission and generation facilities as necessary for the transmission provider to perform economic planning studies requested by the customer, and that the transmission provider must maintain the confidentiality of this information. To this end, transmission providers must clearly define in their Attachment K the information sharing obligations placed on customers in the context of economic planning.<sup>17</sup>

22. The Commission emphasized that transmission planning is not intended to be limited to the mere exchange of information and after the fact review of transmission provider plans. The planning process is instead intended to provide a meaningful opportunity for customers and stakeholders to engage in planning along with their transmission providers. To that end, the Commission clarified that information exchange

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<sup>16</sup> Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 207.

<sup>17</sup> *Id.* at P 206.

relates to planning, not other studies performed in response to interconnection or transmission service requests.<sup>18</sup>

**a. Xcel's Proposal**

23. Xcel states that section II.A.4 (Transmission Customer's Responsibility for Providing Data) of Attachment R – PSCo establishes an obligation for network and point-to-point transmission customers under a service agreement with rollover rights to provide data to be considered in the transmission expansion plan. Xcel maintains that these transmission customers will be required to submit, among other things, information concerning their load and resource projections, transmission needs, in-service dates and retirements for generation resources and demand response resources. Xcel further notes that the submission of PSCo transmission customer information will be done on an annual basis, but adds that customers will have an ongoing obligation to timely inform PSCo of material changes to such information. Finally, Xcel states that information from customers will be used effectively and early in the planning process, as it will be received during the annual update of the transmission expansion plan and in advance of open meetings to discuss the plan.

**b. Commission Determination**

24. We find that, to the extent Attachment R – PSCo provides that information be submitted by network and point-to-point customers with rollover rights, Xcel's Attachment R – PSCo is too restrictive and excludes information from other eligible customers. By specifying limitations on the types of customers who may submit such information, Xcel limits the ability of other customers who do not have rollover rights to provide data for consideration in the transmission expansion plan. Further, Attachment R – PSCo does not indicate when this information should be provided or updated in order to ensure its inclusion in the first quarter public meeting. Therefore, Xcel fails to comply with the information exchange principle of Order No. 890. We direct Xcel to file, within 90 days of the date of issuance of this order, a further compliance filing that revises its Attachment R – PSCo to ensure that customers without rollover rights may also submit information that will be considered in the transmission plan, as well as to describe the schedule for customers to submit data, including when such data should be submitted.

**2. Comparability**

25. The comparability principle requires transmission providers, after considering the data and comments supplied by customers and other stakeholders, to develop a transmission system plan that meets the specific service requests of their transmission

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<sup>18</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 486-88.

customers and otherwise treats similarly-situated customers (e.g., network and retail native load) comparably in transmission system planning. In Order No. 890, the Commission expressed concern that transmission providers historically have planned their transmission systems to address their own interests without regard to, or ahead of, the interests of their customers. Through the comparability principle, the Commission required that the transmission providers' similarly-situated customers be treated on a comparable basis during the planning process. The Commission also explained that demand resources should, where appropriate, be considered on a comparable basis to the service provided by generation resources.<sup>19</sup> Lastly, in Order No. 890-A, the Commission clarified that, as part of its Attachment K planning process, each transmission provider is required to identify how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning.<sup>20</sup>

**a. Xcel's Proposal**

26. Xcel states that Attachment R – PSCo provides that PSCo's interests and those of its similarly-situated customers are treated on a comparable basis. Xcel explains that a preliminary step in the development of the regional plan is the annual evaluation of PSCo transmission customer information concerning their forecast needs, thus ensuring that their needs are considered and reflected in PSCo's transmission plans. In addition, Xcel states that, subject to the execution of applicable confidentiality arrangements, all stakeholders that participate in the planning process will have non-discriminatory access to planning meetings, data, and documents.

**b. Commission Determination**

27. We find that PSCo's transmission system planning process is consistent with the comparability principle stated in Order No. 890. We note, however, that Order No. 890-A was issued on December 27, 2007 subsequent to Xcel submitting its Order No. 890 compliance filing. In Order No. 890-A, the Commission provided additional guidance, among other things, as to how the transmission provider can achieve compliance with the comparability principle. Specifically, the Commission stated that the transmission provider needed to identify as part of its Attachment K planning process "how it will treat resources on a comparable basis and, therefore, should identify how it will determine comparability for purposes of transmission planning."<sup>21</sup> Here, Xcel has submitted tariff

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<sup>19</sup> *Id.* at P 494-95.

<sup>20</sup> Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 216.

<sup>21</sup> Order No. 890-A, FERC Stats & Regs ¶ 31,261 at P 216; *see also* Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 479, 487, 494 and 549.

language for PSCo providing that, as a general matter, demand response resources will be treated comparably. However, since Order No. 890-A was issued subsequent to the filing before us, Xcel did not have an opportunity to demonstrate that PSCo complies with this requirement of Order No. 890-A. Therefore, Xcel is directed to file within 90 days of the date of issuance of this order, a compliance filing amending its Attachment R - PSCo to address the necessary demonstration required by Order No. 890-A.<sup>22</sup>

### **3. Regional Participation**

28. The regional participation principle provides that, in addition to preparing a system plan for its own control area on an open and nondiscriminatory basis, each transmission provider is required to coordinate with interconnected systems to: (i) share system plans to ensure that they are simultaneously feasible and otherwise use consistent assumptions and data; and (ii) identify system enhancements that could relieve congestion or integrate new resources. The Commission stated that the specific features of the regional planning effort should take account of and accommodate, where appropriate, existing institutions, as well as physical characteristics of the region and historical practices. The Commission declined to mandate the geographic scope of particular planning regions, instead stating that the geographic scope of a planning process should be governed by the integrated nature of the regional power grid and the particular reliability and resource issues affecting individual regions and sub-regions. The Commission also made clear that reliance on existing NERC planning processes may not be sufficient to meet the requirements of Order No. 890 unless they are open and inclusive and address both reliability and economic considerations. To the extent a transmission provider's implementation of the NERC processes is not appropriate for such economic issues, individual regions or sub-regions must develop alternative processes.<sup>23</sup>

29. In Order No. 890-A, the Commission clarified that while the obligation to engage in regional coordination is directed to transmission providers, participation in such processes is not limited to transmission providers and should be open to all interested customers and stakeholders.<sup>24</sup> In Order No. 890-A, the Commission also emphasized that effective regional planning should include coordination among regions and sub-regions

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<sup>22</sup> For example, tariff language should provide for participation throughout the transmission planning process by sponsors of transmission solutions, generation solutions, and solutions utilizing demand resources.

<sup>23</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 523-28.

<sup>24</sup> Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 226.

as necessary, in order to share data, information, and assumptions to maintain reliability and allow customers to consider resource options that span the regions.<sup>25</sup>

**a. Xcel's Proposal**

30. Xcel states that Attachment R – PSCo describes: (i) the roles of the sub-regional geographic transmission planning groups, CCPG and WestConnect, in developing a 10-year sub-regional transmission plan; (ii) the roles of the regional organization, WECC, and its committee, TEPPC, in collecting the planning data and conducting sub-regional/regional economic planning studies;<sup>26</sup> and (iii) PSCo's participation and coordination with CCPG, WestConnect, and WECC and its TEPPC.<sup>27</sup>

31. Attachment R – PSCo indicates that participation within CCPG and related work groups is open to all interested stakeholders<sup>28</sup> on a voluntary basis. PSCo will coordinate the timing of its transmission planning study process with the development of assumptions, database, and power flow cases performed within the CCPG planning group. PSCo's plan will then be incorporated within the sub-regional transmission plan in accordance with the WestConnect STP Project Agreement.<sup>29</sup> Xcel states that these groups provide an open forum where (i) any stakeholder interested in the planning of the transmission system in the CCPG footprint can participate and obtain information regarding base cases, plans, and projects and provide input or express its needs as they relate to the transmission system; (ii) project sponsors can introduce their specific projects to interested stakeholders and potential partners; and (iii) initiation of joint studies of these projects, coordination with other projects, and project participation,

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<sup>25</sup> *Id.*

<sup>26</sup> Economic planning studies are conducted by TEPPC in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis.

<sup>27</sup> *See* Original Sheet Nos. 470, 477-81 of Attachment R – PSCo. WECC organized TEPPC to provide for the development and maintenance of an economic transmission study database for the entire Western Interconnection. TEPPC also performs annual congestion studies at the Western Interconnection regional level. *See* Original Sheet No. 470 of Attachment R – PSCo.

<sup>28</sup> *See supra* note 14.

<sup>29</sup> Xcel provides a link to this document. *See* Original Sheet No. 470 of Attachment R – PSCo.

including ownership from other interested parties, may occur.<sup>30</sup> Xcel also indicates that upon request by a stakeholder, PSCo will assist that stakeholder in contacting the appropriate CCPG work group representatives for transmission planning purposes.<sup>31</sup> Xcel states that the CCPG work groups meet or have conference calls on a regular basis. These meetings and conference calls are open to all stakeholders and posted on the WestConnect website.

32. Attachment R - PSCo indicates that the WestConnect STP Project Agreement formalizes PSCo's relationship with the other signatories which obligates them to (i) coordinate sub-regional transmission planning among the WestConnect participants and the sub-regional planning groups; (ii) participate in the sub-regional transmission planning groups, as appropriate; and (iii) produce a WestConnect transmission plan.<sup>32</sup> Xcel also indicates that the WestConnect STP Project Agreement may be signed by any non-WestConnect transmission provider that participates in transmission planning activities within the WestConnect footprint.<sup>33</sup> Attachment R - PSCo states that, pursuant to the WestConnect Objectives and Procedures for Regional Transmission Planning (as posted on the WestConnect website), each transmission provider will work through the sub-regional planning group planning processes, as applicable, to integrate its plan into one ten year sub-regional transmission plan developed under the WestConnect STP Project Agreement.<sup>34</sup> Finally, Attachment R – PSCo indicates that WestConnect hosts at least two open public stakeholder meetings for transmission planning per year.<sup>35</sup> Meeting times and agendas are posted on the WestConnect website prior to each meeting.

**b. Commission Determination**

33. We have reviewed the Attachment R – PSCo and have determined that Xcel has generally complied with the regional participation principle based upon its descriptions of their participation in the sub-regional and regional participation processes outlined in Attachment R – PSCo. However, while the Xcel has provided a general overview of the CCPG, WestConnect, and WECC's TEPPC processes, it has not provided in Attachment

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<sup>30</sup> See Original Sheet No. 478 of Attachment R – PSCo.

<sup>31</sup> See Original Sheet No. 479 of Attachment R – PSCo.

<sup>32</sup> See Original Sheet Nos. 479-480 of Attachment R – PSCo.

<sup>33</sup> See Original Sheet No. 479 of Attachment R – PSCo.

<sup>34</sup> *Id.*

<sup>35</sup> See Original Sheet No. 480 of Attachment R – PSCo.

R – PSCo sufficient detail to allow customers and other interested stakeholders to fully understand how the data and inputs they provide on the local transmission plan will be integrated into the sub-regional plans being developed by CCPG and WestConnect and incorporated into WECC TEPPC studies, nor has it provided the controlling documents for each of these processes. For instance, Attachment R – PSCo provides no timelines or milestones between the time that PSCo submits its individual local plans to CCPG and/or WestConnect and the time that a final sub-regional plan will be developed. Further, the timing of any specific opportunities customers and stakeholders will have to provide input into the elements of the sub-regional and regional plans have not been identified.

34. Therefore, we direct Xcel to revise Attachment R – PSCo to provide additional detail on each of the regional processes on which it relies or include additional links (i.e., URL) to the appropriate documents on the CCPG and WECC websites where the processes to coordinate information and planning efforts are discussed.<sup>36</sup> We direct Xcel to file, within 90 days of issuance of this order, further compliance filings addressing our concerns as discussed above.

#### **4. Economic Planning Studies**

35. The economic planning studies principle requires transmission providers to account for economic, as well as reliability considerations in the transmission planning process. The Commission explained in Order No. 890 that good utility practice requires vertically-integrated transmission providers to plan not only to maintain reliability, but also to consider whether transmission upgrades can reduce the overall cost of serving native load. The economic planning principle is designed to ensure that economic considerations are adequately addressed when planning for OATT customers as well. The Commission emphasized that the scope of economic studies should not be limited just to individual requests for transmission service. Customers must be given the opportunity to obtain studies that evaluate potential upgrades or other investments that could reduce congestion or integrate new resources and loads on an aggregated or regional basis.

36. All transmission providers, including RTOs and ISOs, were directed to develop procedures to allow stakeholders to identify a certain number of high priority studies annually and a means to cluster or batch requests to streamline processing. The Commission determined that the cost of the high priority studies would be recovered as

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<sup>36</sup> As noted above, Xcel has already provided a URL link to the WestConnect planning documents. *See supra* note 29.

part of the transmission provider's overall OATT cost of service, while the cost of additional studies would be borne by the stakeholder(s) requesting the study.<sup>37</sup>

37. In Order No. 890-A, the Commission made clear that the transmission provider's planning process must clearly describe the process by which economic planning studies can be requested and how they will be prioritized.<sup>38</sup> In Order No. 890-A, the Commission also made clear that a transmission provider's affiliates should be treated like any other stakeholder and, therefore, their requests for studies should be considered comparably, pursuant to the process outlined in the transmission provider's planning process.<sup>39</sup>

**a. Xcel's Proposal**

38. PSCo intends to satisfy the economic planning study through its participation in the WECC's TEPPC process. Xcel states that the TEPPC provides for the development and maintenance of an economic transmission study database for the entire Western Interconnection and performs annual congestion studies at the Western Interconnection regional level. In addition, Xcel adds, the TEPPC economic planning database is publicly available to interested stakeholders for use in running economic congestion studies, and the TEPPC uses an annual study cycle during which the TEPPC develops and approves a study plan which includes studying transmission customer high priority economic study requests.

39. Economic study requests may be submitted directly to PSCo or to the TEPPC. Section III.A.1 provides that PSCo will coordinate the timing of its economic planning study cycle with the TEPPC process. Xcel states that when PSCo receives a request, it will forward that request to the TEPPC for inclusion in the TEPPC's master list of economic planning studies for the Western Interconnection, and for consideration by the TEPPC as a priority request. Further, Xcel contends that PSCo will review the economic study request with input from stakeholders in a public meeting to determine whether the study should be considered a local priority request and performed by PSCo, or whether the study request encompasses a sub-region or region, in which case PSCo will transfer the request to the TEPPC for consideration as a priority request at the TEPPC's stakeholder meeting. Xcel adds that all economic planning studies performed, either by PSCo or the TEPPC, will utilize the TEPPC public database, located on WECC's website at [www.wecc.biz](http://www.wecc.biz).

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<sup>37</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 542-51.

<sup>38</sup> Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 at P 236.

<sup>39</sup> *Id.* at P 237.

40. Section III.A.2.c of Attachment R – PSCo identifies an economic transmission planning study request as a local priority request where (1) the study request does not affect interconnected transmission systems; and (2) the remedies are confined to a local area and can be resolved in the local area (i.e., PSCo’s transmission service territory). If a study request is not deemed to be a priority by either PSCo or the TEPPC, section III.A.4 of Attachment R – PSCo provides that the requestor may ask for PSCo’s assistance in engaging a third party to perform the requested study at the requestor’s expense.

**b. Commission Determination**

41. We have reviewed Attachment R - PSCo and have determined that PSCo has generally complied with the economic planning principle. However, we find that PSCo has not indicated the minimum number of local priority economic planning studies per year that it will perform. Accordingly, we direct Xcel to file, within 90 days of the date of issuance of this order, a further compliance filing providing this information.

42. In addition, although Attachment R - PSCo indicates that the WECC’s TEPPC planning process and protocols are posted on the WECC website at [www.wecc.biz](http://www.wecc.biz), we conclude that Xcel has provided insufficient detail describing the TEPPC process for prioritizing and completing economic studies. Therefore we direct Xcel to provide in its compliance filing more detail in its Attachment R – PSCo on the TEPPC process or to provide direct links (URLs) to the appropriate documents on the WECC website where the processes to prioritize and complete regional economic studies are discussed.

**5. Cost Allocation**

43. The cost allocation principle requires that transmission providers address in their planning process the allocation of costs of new facilities that do not fit under existing rate structures. In Order No. 890, the Commission suggested that such new facilities might include regional projects involving several transmission owners or economic projects that are identified through the study process, rather than individual requests for service. The Commission did not impose a particular allocation method for such projects and, instead, permitted transmission providers and stakeholders to determine the criteria that best fit their own experience and regional needs. Transmission providers, therefore, were directed to identify the types of new projects that are not covered under existing cost allocation rules and, as a result, would be affected by the cost allocation proposal.

44. The Commission did not prescribe any specific cost allocation methodology in Order No. 890. The Commission instead suggested that several factors be weighed in determining whether a cost allocation methodology is appropriate. First, a cost allocation proposal should fairly assign costs among participants, including those who cause costs to be incurred and those who otherwise benefit from them. Second, the cost allocation proposal should provide adequate incentives to construct new transmission. Third, the

cost allocation proposal should be generally supported by state authorities and participants across the region. The Commission stressed that each region should address cost allocation issues up front, at least in principle, rather than have them relitigated each time a project is proposed.<sup>40</sup> In Order No. 890-A, the Commission also made clear that the details of proposed cost allocation methodologies must be clearly defined, as participants seeking to support new transmission investment need some degree of certainty regarding cost allocation to pursue that investment.<sup>41</sup>

**a. Xcel's Proposal**

45. Xcel contends that Attachment R – PSCo satisfies the cost allocation principles set forth in Order No. 890. Specifically, Xcel states that PSCo is a signatory to the WestConnect MOU, in which all signatory parties agreed, to the maximum extent possible, to use open-season solicitation, multiparty transmission ownership and the potential co-existence of both physical and financial transmission rights for transmission projects. Xcel adds that WECC policies and procedures adopt this same approach and provide a mechanism to develop such projects in the stakeholder process and solicit interest in such projects from all interested parties.

46. With respect to the process used to solicit interest in a proposed project, section VII.A (Process Used to Solicit Interest in a Proposed Project) of Attachment R – PSCo states that project sponsors will announce projects and actively or verbally solicit interest in those projects through informational meetings, web postings and industry press releases. Section VII.A further provides that project sponsors will hold meetings with interested parties, as well as staff members from the public utility commissions within affected states. Project sponsors will also post information via planning project review reports prepared by WECC.

47. Xcel also states that PSCo, along with other utilities in WestConnect and WECC, will seek input from stakeholders in proposing cost allocation methods on a case-by-case basis for any economic or reliability projects developed through the PSCo transmission planning process.

**b. Comments**

48. AWEA objects to Xcel's Attachment R – PSCo, stating that it does not adequately detail processes for addressing regional cost allocation issues. Specifically, AWEA cites to the MOU entered into between PSCo and other members of WestConnect which states

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<sup>40</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 557-61.

<sup>41</sup> Order No. 890-A, FERC Stats & Regs. ¶ 31,261 at P 251.

that PSCo will use, to the maximum extent practical, open season solicitation, multiparty transmission ownership, and the potential co-existence of both physical and financial transmission rights for transmission projects planned under WestConnect processes. AWEA states that it disagrees that an open season solicitation approach is still successful in the West. AWEA argues that very little transmission has been built in the past decade using an open season approach, and further contends that this approach has proven an ineffective cost allocation mechanism for funding new transmission capacity.<sup>42</sup>

49. AWEA states that while Order No. 890 calls for transmission providers to address the allocation of costs of new facilities that do not fit under existing rate structures, the WECC's TEPPC process does not offer a regional cost allocation mechanism for the West. AWEA further contends that the Commission has suggested that such new facilities might include regional projects involving several transmission owners or economic projects that are identified through the study process, rather than through individual requests for service. AWEA adds that the Commission has signaled its willingness to consider region-specific approaches to allocating the costs of regional projects, so long as those approaches are fair, adequately encourage construction of new transmission, and carry the support of state authorities and participants. Therefore, AWEA requests that the Commission require PSCo to work with WECC's TEPPC and utilities in the West to develop a cost allocation framework that is viable for large regional projects that may cross sub-regional boundaries.<sup>43</sup>

50. Finally, AWEA argues that in many cases, especially for location-dependent renewable resources, regional transmission projects should receive rolled-in rate treatment. AWEA adds that such rate treatment is important for "lumpy" transmission additions or proactively planned facilities in which the upgrade is far larger than needed by the first generators to connect. AWEA states that PSCo should work with other transmission providers at the sub-regional and regional level to develop a regional cost allocation methodology that is consistent with the Commission's goals and principles.<sup>44</sup>

**c. Xcel's Answer**

51. In its answer, Xcel states that PSCo supports regional cost allocation for new transmission facilities and agrees with AWEA that further cooperation with other transmission providers at the sub-regional and regional level will be required. However, PSCo believes that regional cost allocation requires the cooperation of numerous entities

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<sup>42</sup> See AWEA's Protest at 5-6.

<sup>43</sup> *Id.* at 5.

<sup>44</sup> *Id.* at 5-6.

within a region, and PSCo states that it cannot act unilaterally in this respect.<sup>45</sup> Xcel adds that the WestConnect Planning Procedures provide the best available opportunity to pursue regional cost allocation in the West, and states that the Commission should encourage AWEA to pursue regional cost allocation through regional organizations rather than through individual utility transmission providers.<sup>46</sup>

**d. Commission Determination**

52. Xcel's Attachment R – PSCo provides that PSCo will seek input from stakeholders in proposing cost allocation methods on a case-by-case basis for any economic or reliability projects developed through the PSCo transmission planning process. This filing fails to comply with the cost allocation principles of Order No. 890 because Xcel must clearly define PSCo's cost allocation methodology, as opposed to developing allocation methodologies on a case-by-case basis. It is important for Xcel to provide participants seeking to pursue new transmission investment with certainty regarding the allocation of costs for new potential transmission projects. Therefore, we direct Xcel to collaborate with stakeholders in developing an allocation methodology which best fits its regional needs. Therefore, we direct Xcel to file, within 90 days of the date of issuance of this order, a further compliance filing that revises its Attachment R – PSCo to provide for an up-front cost allocation methodology.

**6. Recovery of Planning Costs**

53. In Order No. 890, the Commission recognized the importance of cost recovery for planning activities, specifically addressing that issue after discussing the nine principles that govern the planning process. The Commission directed transmission providers to work with other participants in the planning process to develop cost recovery proposals in order to determine whether all relevant parties, including state agencies, have the ability to recover the costs of participating in the planning process. The Commission also suggested that transmission providers consider whether mechanisms for regional cost recovery may be appropriate, such as through agreements (formal or informal) to incur and allocate costs jointly.<sup>47</sup>

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<sup>45</sup> See Xcel's Answer at 4.

<sup>46</sup> *Id.*

<sup>47</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 586.

**Commission Determination**

54. Xcel has not addressed how its local planning costs will be recovered for PSCo. Therefore, we direct Xcel to file, within 90 days of the date of issuance of this order, a further compliance filing detailing its plan to recover planning costs for PSCo.

**The Commission orders:**

(A) Xcel's compliance filing is hereby accepted, as modified, effective December 7, 2007, subject to a further compliance filing, as discussed in the body of this order.

(B) Xcel is hereby directed to submit a compliance filing, within 90 days of the date of issuance of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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