



PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA
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SAN FRANCISCO, CALIFORNIA 94102

MICHAEL R. PEEVEY
PRESIDENT

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April 6, 2009

Transmission Infrastructure Program
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

Re: Western Area Power Administration, Notice of Availability of Request for Interest,
Federal Register/Vol. 74, No. 41/Wednesday, March 4, 2009/Notices

Dear La Verne Kyriss:

The California Public Utilities Commission (CPUC) is pleased to provide comments on the Western Area Power Administration's (Western's) Transmission Infrastructure Program, which is being proposed to implement Section 402 of the American Recovery and Reinvestment Act of 2009. Section 402 authorizes Western to borrow up to \$3.5 billion from the U.S. Treasury for the purpose of developing electric transmission facilities that deliver renewable generation to customers across the west.

In California and across the west, renewable energy goals and many billions of dollars of renewable generation investment will require efficient and timely expansion of the transmission system to access and deliver renewable generation. Cognizant of this, the CPUC has reformed its own procedures and policies, supported key California Independent System Operator (CAISO) planning reforms, and actively promoted and engaged in the California-wide Renewable Energy Transmission Initiative (RETI). Also valuing opportunities beyond California, we are participating in the renewable energy-related transmission studies of WECC's Transmission Expansion Planning Policy Committee (TEPPC) and are closely following assessments of west-wide renewable resource and transmission issues by the Western Renewable Energy Zones (WREZ) project and the Western Wind and Solar Integration Study.

The western electric system is large, rich in renewable resources and interconnected, so that efficient west-wide coordination of renewable energy and transmission planning is essential and can be rewarding. Such coordination is consistent with and supports core CPUC responsibilities. One such responsibility is administering utility resource procurement programs that will entail billions of dollars of renewable generation procurement in the coming decade. Another core

responsibility is siting and permitting major transmission projects in California, where eight current applications represent \$1.6 billion of investment and approximately 40 applications anticipated over the next two years represent roughly \$9 billion of investment.

The CPUC welcomes federal authorization of funding to develop transmission for renewable generation, and Western's proposed Transmission Infrastructure Program to help accomplish this. With its customer service territory covering renewable resource-rich areas across the western U.S. outside of the Pacific Northwest, Western can play an important role in helping California and other western states efficiently develop and deliver renewable energy. For this to happen most effectively, it is essential that Western's Transmission Infrastructure Program, and particularly its Project Evaluation Policies and Practices, utilize processes and principles that facilitate open, public participation by, and input from, state agencies, load serving entities and other stakeholders, when potential transmission projects are evaluated for funding.

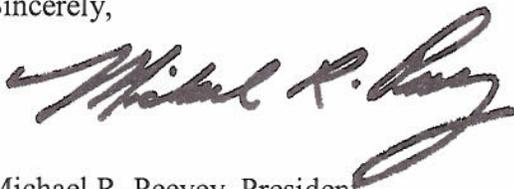
For project selection and design, it will be particularly important and helpful, and consistent with FERC Order 890, to utilize an open planning process that is well coordinated with neighboring and overlapping planning processes at the WECC and WECC sub regional levels, and at the California ISO. We encourage Western to participate fully in those processes, and also to participate in and utilize expertise from the WREZ project, the RETI process, and any similar sources of relevant information.

Key objectives of successful stakeholder input and coordination processes should be efficient selection of transmission projects having the highest value for renewable resource development and western system integration, as well as enhanced opportunities for transmission and resource development partnerships, while minimizing siting and cost recovery obstacles and avoiding duplication of potentially costly efforts in planning and development.

In particular, we encourage Western to work closely with state regulators to determine which projects to fund so that our efforts are complementary and are synchronized with state statutes and policies. The CPUC would consider participating in an Advisory Group that would provide outside expertise in the project evaluation process. The CPUC can also provide written comments that specify how our state prioritizes and evaluates proposed projects.

We hope that you find these comments useful and constructive in establishing Western's policies and procedures for the evaluation of proposed projects. Please do not hesitate to contact me if you have any questions or if we can assist you in any way.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael R. Peevey". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Michael R. Peevey, President
California Public Utilities Commission