COLORADO SPRINGS UTILITIES

ATTACHMENT K TO OPEN ACCESS TRANSMISSION TARIFF

I. INTRODUCTION

The City of Colorado Springs, Colorado ("City") is a Colorado home-rule municipal corporation with a population of approximately 366,000 which is located in the south central Front Range of the state of Colorado. The economy of the City and the surrounding area is based substantially on employment attributable to service industries, retail businesses, construction industries, military installations, the high technology industry and tourism.

The City owns and operates Colorado Springs Utilities ("Springs Utilities"), which is an enterprise of the City under the Colorado Constitution and the City Charter. Springs Utilities includes the municipal waterworks system, the electric light and power system, the gas system, the wastewater system, the streetlight system, and other systems designated in accordance with the home rule charter of the City. Part of the electric and gas service areas extend beyond the city limits and are certificated by the Colorado Public Utilities Commission. The water service area primarily encompasses the city limits plus the provision of wholesale water to several adjacent military installations. The wastewater service area is based on the city limits with a small number of customers in enclaves not incorporated into the City. The four service areas substantially overlap each other with the exception of certain outlying areas which may be provided only one or two services. The military installations of Fort Carson, Peterson Air Force Base ("Peterson") and the United States Air Force Academy (the "Academy") receive water and electric service and gas supply and transportation from Springs Utilities. Peterson also receives wastewater treatment service from Springs Utilities. The terrain and customer base ranges from sparsely populated mountainous areas, to urban areas, to sparsely populated plains areas.

The Electric System provides retail service to the metropolitan area of the City, including The Cities of Manitou Springs, Green Mountain Falls, Chipeta Park, and delivers special contract power to the Academy, Peterson and Fort Carson. More than 85% of the population of El Paso County (the "County") is directly or indirectly served by the Electric System through approximately 198,000 accounts. The City of Fountain and the military bases use the Colorado Springs electric transmission system to deliver power from sources outside of Colorado Springs. The Front Range Power Corporation generates electricity into the Colorado Springs transmission system and uses the system to deliver power outside of Colorado Springs.

Springs Utilities electric transmission system is geographically compact and concentrated around the urban load center of the City. The system is made up of 100.2 miles of 115kV and 126.1 miles of 230kV. Three points of interconnection include the Midway Substation south of the City, the Fuller Substation northeast of the City, and Monument

Substation north of the City. A map of the Springs Utilities electric transmission system is contained in Appendix A.

II. OVERVIEW OF LOCAL AND REGIONAL PLANNING PROCESSES

Springs Utilities' transmission planning process is intended to facilitate a timely, coordinated and transparent process that fosters the development of electric infrastructure that maintains reliability, is economical and safe, and meets load growth, so that Springs Utilities can continue to provide reliable low cost electric power to our customers.

The Springs Utilities transmission planning process is an open one at the local level, and includes scheduled open planning meetings at the sub-regional (Colorado Coordinated Planning Group, "CCPG") and regional levels. Springs Utilities coordinates its transmission planning with other transmission providers and stakeholders in the CCPG subregion and in the Western Interconnection as a whole, through its active participation in WestConnect[1], membership in the Western Electricity Coordinating Council ("WECC"), and participation in the WECC Transmission Expansion Planning Policy Committee ("TEPPC") and its Technical Advisory Subcommittee ("TAS").

Three subregional planning groups operate within the WestConnect footprint: CCPG, the Southwest Area Transmission Planning Group ("SWAT"), and the Sierra Coordinated Planning Group ("Sierra"). WestConnect's planning effort, which includes funding and provision of planning management, analysis, report writing and communication services, supports and manages the coordination of the subregional planning groups and their respective studies.

The subregional planning groups within the WestConnect footprint, assisted by the WestConnect planning manager, coordinate with other Western Interconnection transmission providers and their subregional planning groups through TEPPC. 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 region level.

[1] WestConnect was formed under an agreement among 12 transmission providing electric utilities in the Western Interconnection. The purposes of WestConnect are to investigate the feasibility of wholesale market enhancements, work cooperatively with other Western Interconnection organizations and market stakeholders, and address seams issues in appropriate forums. WestConnect has initiated an effort to facilitate and coordinate regional transmission planning across the WestConnect footprint. Current parties to the WestConnect agreement are: Arizona Public Service Company, El Paso Electric Company, Imperial Irrigation District, Nevada Power Company/Sierra Pacific Power Company, Public Service Company of Colorado, Public Service Company of New Mexico, Sacramento Municipal Utility District, Salt River Project, Southwest Transmission Cooperative, Tri-State Generation and Transmission Association, Tucson Electric Power Company, and Western Area Power Administration.

III. OPEN PLANNING AT SPRINGS UTILITIES AND COORDINATION AT THE SUB-REGIONAL LEVEL

This section is organized by the nine planning principles outlined in FERC 890. Within this section is a description of exactly how Springs Utilities intends to implement and follow each of the principles.

COORDINATION

Springs Utilities planning done on the Colorado Springs Utilities electric transmission system is coordinated in a local, subregional, regional and interconnection wide basis through the following entities:

- Colorado Springs Utilities Strategic Account Management Program
- Colorado Coordinated Planning Group
- WestConnect Subregional planning
- Transmission Expansion Planning Policy Committee
- Western Electricity Coordinating Council

Springs Utilities updates its ten-year transmission plan on an annual basis that is synchronized to fit with the annual budget cycle. Plans are typically finalized in the first quarter of the year. These plans are communicated through CCPG at their regular meetings three times per year (April, August and December). Meetings of the CCPG are open to the public and all stakeholders, and are announced on the CCPG web site. Included in planning efforts at the Springs Utilities level are periodic meetings with the military and with the City of Fountain to ensure that their needs are incorporated into the planning process. As the need arises, ad-hoc studies are jointly conducted with neighboring utilities to address specific concerns regarding the reliability of the interconnected system.

Opportunities for stakeholder input and involvement are abundant. As an enterprise of a Colorado home rule municipal corporation, many of Springs Utilities' stakeholders are citizen-owners of the utility. Being geographically compact and centered on the City's urban load center means that there is very limited interest by stakeholders outside of the municipal City limits and the certificated service territory. Springs Utilities staff is available to meet with interested stakeholders at any time. Meetings of Springs Utilities governing body, the Utilities Board, and its regulatory body, the City Council, are open to the public, and there is opportunity for public comment provided at each meeting as required by Colorado law.

OPENNESS

As an enterprise of a Colorado home-rule municipal corporation, all aspects of the Springs Utilities transmission planning process are open to the public.

Interested parties may request a meeting with Springs Utilities staff to go over any aspect of the transmission planning process they are interested in by contacting the following Electric Transmission Planning Staff:

Electric Planning Manager
719 448-4800
P.O. Box 1108, Mail Code 1821
Colorado Springs, CO 80947-1821

TRANSPARENCY

At the conclusion of each planning cycle, a final transmission system master plan is developed. This master plan includes the results of the technical studies indicating the need for system enhancements as well as any other system improvements necessary to maintain a safe, reliable and economical transmission system. This master plan is written so as to be understandable to stakeholders. The plan includes the criteria used to identify system enhancements. The plan is available to the public on request.

The master plan is the basis for the development of the ten-year budget. The Springs Utilities budget process has multiple opportunities for stakeholder input.

Springs Utilities transmission planning process is load flow based. A planning horizon of ten years is used. N-0, and N-1 studies are conducted to identify system enhancements necessary to meet the NERC Standards TPL-001 & TPL-002. These studies are conducted using the GE Positive Sequence Load Flow program, which is commercially available through GE. Base cases are downloaded from the WECC web site (http://wecc.biz). These base cases are modified to suit the purpose of the specific study being conducted. These revised base cases are saved each year, and can be made available on request. A flow chart of Springs Utilities' annual transmission planning process is contained in Appendix B.

Additional study work is done through the CCPG. Stability and voltage collapse (reactive margin) studies are conducted through the CCPG on a regional basis. This additional study work is necessary to maintain compliance with NERC Standards TPL-003 & TPL-004. Coordinated development of a short-circuit model is also accomplished through the CCPG. Once this regional model is developed, short-circuit studies are conducted using ASPEN software that is commercially available. The data in the short-circuit model is consistent with the data in the load-flow model.

Stakeholders are welcome to become involved in any aspect of the Springs Utilities transmission system planning process. Large customers, the military, and the City of Fountain are regularly communicated with through Strategic Account Managers, who is a member of Springs Utilities' business workforce. New customers with large loads are also assigned a Strategic Account Manager to ensure that their needs addressed in the transmission planning process. Transmission planning staff are available to the Strategic Account Managers to provide technical support.

INFORMATION EXCHANGE

As indicated above, large customers of Springs Utilities are assigned a Strategic Account Manager. These include the military bases and the City of Fountain. One of the main

functions of the Strategic Account Managers is to communicate regularly with the customers to assure adequate service now and well into the future. Customers anticipating changes in their service needs communicate this to the Strategic Account Manager and in turn this is communicated to the transmission planning function.

COMPARABILITY

Springs Utilities satisfies this principle through the other planning principles and through participation in the sub-regional planning process.

DISPUTE RESOLUTION

Dispute resolution regarding stakeholder involvement in Springs Utilities' planning process will be conducted according to the procedures set for the Springs Utilities Open Access Transmission Tariff ("OATT"), provided that, in accord with the City Charter of the City, any award by the Arbitrator cannot require Springs Utilities to expend funds that have not been appropriated by the City Council of the City.

REGIONAL PARTICIPATION

Described further below, Springs Utilities participates in regional planning efforts through the CCPG. Each of the utilities that Springs Utilities interconnects with is a participant in these regional planning efforts. In the past, these regional and state-wide plans have been conducted by a sub-committee of the CCPG called the Colorado Long Range Transmission Planning Group ("CLRTPG") on an every-other-year schedule. To comply with FERC Order No. 890 and the NERC Standards, the CCPG is expected to adopt an annual cycle for the development of its regional long-range plan.

The regional planning effort differs from Springs Utilities' local planning efforts in that the regional plan is more closely focused on the bulk transmission system (typically 230kV and above). System overloads below 230kV are addressed in the regional planning effort, but only to relieve overloads in the model. Springs Utilities' planning efforts examine overloads on the local system and examine a series of alternatives to optimize the selection of projects to be budgeted to relieve the overloads. Base cases developed through regional planning efforts often form the basis for Springs Utilities' planning studies. Systems developed for implementation in Springs Utilities' planning process are then incorporated into the development of new base cases through the WECC base case development process.

Stakeholders wishing to interconnect new generation facilities or transfer power across the interconnection will likely find the CCPG planning process most beneficial. This is due to the nature of the Springs Utilities transmission system being geographically limited and effectively contained within the urban loads in and around the City.

ECONOMIC PLANNING STUDIES

The purpose for the Springs Utilities electric transmission system is to provide safe, reliable and economic service to loads within the municipal limits of the City and within Springs Utilities' certificated service territory. It would be unusual for Springs Utilities to receive a request for Economic Studies as referenced in FERC Order No. 890 due to

the geographical limitations of its transmission system. Other sub-regional, regional and interconnection wide study efforts that Springs Utilities participates in through TEPPC and the WECC address economic planning.

Transmission planning done by Springs Utilities includes a rigorous economic analysis. First, alternatives for providing service to Springs Utilities' customers are developed. Then, the timing for each necessary system addition for each alternative is determined. Finally, a net-present-value economic analysis is performed on each alternative. A selected alternative is chosen for inclusion in the ten year budget based on a number of criteria that include the net present value economic analysis.

For Economic Planning Study Requests, Springs Utilities will follow the following outlined procedure:

Any Customer or Stakeholder ("Requestor") may submit a study request for an economic planning study directly to Springs Utilities or to TEPPC. Requests submitted directly to Springs Utilities should be submitted or forwarded to:

Electric Planning Manager
719 448-4800
P.O. Box 1108, Mail Code 1821
Colorado Springs, CO 80947-1821

All economic planning study requests, whether or not the study work is performed by Springs Utilities, will be forwarded to TEPPC for inclusion in the TEPPC master list of economic studies for the Western Interconnection.

Based in part on the number and type of requests received, Springs Utilities will determine whether the study should be considered a local priority request and performed by Springs Utilities or whether the study request encompasses a sub-region or region, in which case Springs Utilities will transfer the request to TEPPC for consideration as a priority request to be included in TEPPC's list of economic studies to be performed by TEPPC.

TEPPC will review economic planning study requests received from transmission providers, subregional transmission planning groups, and Requesters during its open stakeholder meeting and, together with its stakeholders, prioritize requests for economic planning studies. Both Springs Utilities and the Requester each will have an opportunity to participate in the TEPPC prioritization process and provide input as to why this study should be included in the TEPPC study plan. For more detail regarding the TEPPC economic planning study process, see the executive summary overview of the TEPPC Transmission Planning Protocol at www.wecc.biz.

If Springs Utilities determines, with input from stakeholders obtained through the public transmission meeting, that the economic planning study request is a local priority study, e.g. if the study request does not affect interconnected transmission systems and the

remedies are confined to a local area than can be resolved within the local area (i.e., Springs Utilities Balancing Authority Area), then Springs Utilities either internally or with the use of external consulting services may conduct the study internally and coordinate assumptions and results with its customers, stakeholders and interconnected neighbors.

If either Springs Utilities or TEPPC determines, after reviewing through an open stakeholder process, that the request for an economic planning study is a lower priority, the Requester may request that Springs Utilities assist it in having a third party perform the economic planning analysis at the Requester's expense. A Requester will have use of the TEPPC economic study data base and Springs Utilities will support the Requester in ensuring that the study is coordinated through local, subregional or regional planning groups.

COST ALLOCATION FOR NEW PROJECTS

New projects proposed by stakeholders which hold substantial benefits for Springs Utilities' Customers will be included in system-wide rates. The cost of other projects will be borne by their proponents.

IV. SUBREGIONAL COORDINATION

OVERVIEW

Springs Utilities participates in the subregional planning process through the CCPG and WestConnect organizations. WestConnect Planning Activities support and manage subregional planning processes. Those subregional planning processes include existing groups such as SWAT and CCPG. A new subregional planning group in the Northern Nevada/Northern California area is forming and is currently referred to as the Sierra Area Planning Group ("Sierra").

In February 2006, WestConnect, SWAT, and CCPG entered into an agreement on Principles for Sub-Regional Transmission Planning. This document outlines the principles agreed to by the three parties to synchronize planning efforts and to cooperate to create a single transmission plan covering the entire WestConnect footprint. A copy of the agreed upon principles document is contained in Appendix C.

Springs Utilities is actively engaged in the CCPG planning group. The WestConnect footprint, which includes the regions covered by SWAT, CCPG and Sierra, encompasses the states of Arizona, Colorado, Wyoming, New Mexico, Nevada, and parts of California and Texas. Springs Utilities submits its transmission plans to its relevant subregional planning group, CCPG, as required for inclusion in and coordination with CCPG's transmission plan. Springs Utilities actively participates in the CCPG planning process to ensure that Springs Utilities' data and assumptions are coordinated with the CCPG subregional plan. Once the subregional plan is coordinated with its membership's plans, CCPG will coordinate its plan with SWAT and Sierra to produce the WestConnect Transmission Plan.

CCPG ROLE IN SUBREGIONAL PLANNING PROCESS

1. Overview. CCPG is tasked with bringing transmission planning information together and sharing updates on active projects. The CCPG subregional planning group provides an open forum where anyone interested in the planning of the transmission system in the CCPG footprint, which includes the states of Colorado and Wyoming, can go to obtain information regarding base cases, plans, and projects and to provide input or express their needs as they relate to the transmission system.

2. Membership. The CCPG subregional planning group is comprised of transmission providers, transmission users, transmission operators, state regulatory entities and environmental entities and membership is open to all interested stakeholders.

3. Goals. The goal of CCPG is to promote subregional planning and transmission development in the states of Colorado and Wyoming, and to ensure that all of the individual transmission plans are coordinated in order to maximize use of the existing transmission system and identify the transmission expansion alternatives that most effectively meet future needs.

4. CCPG also provides a forum for project sponsors to introduce their specific projects to interested stakeholders and potential partners and allows for joint study of these projects, coordination with other projects, and project participation including ownership from other interested parties.

5. CCPG Planning Meetings. CCPG has regularly scheduled meetings. Notice of such meetings can be found on the WestConnect or CCPG websites. These sites are: http://www.westconnect.com/ and http://ccpg.basinelectric.com/
6.

WESTCONNECT ROLE IN CCPG AND SUBREGIONAL PLANNING PROCESS

1. The West Connect Project Agreement formalizes relationships and establishes obligations among the transmission providers to coordinate regional transmission planning among the WestConnect participants, and the subregional planning groups (SWAT-CCPG-Sierra) and produce a WestConnect wide transmission plan. Such obligations are set forth in the WestConnect Objectives and Procedures, a copy of which is attached as Exhibit 2.

2. Under the WestConnect Objectives and Procedures, Springs Utilities, along with the WestConnect STP participants, agrees to work through the SWAT, CCPG and Sierra planning processes to integrate its respective

transmission plans into one ten-year regional transmission plan for the WestConnect footprint by:

a. Actively participating in the subregional processes, including submitting its respective expansion plan, associated study work and pertinent financial, technical and engineering data to CCPG to support the validity of Springs Utilities' plan.

b. Coordinating, developing and updating common base cases to be used for all study efforts within the SWAT, CCPG and Sierra planning groups and ensure that each plan adheres to the common methodology and format developed jointly by SWAT and CCPG for this planning purpose.

3. WestConnect hosts two open pubic stakeholder meetings per year.

4. Maintaining a regional planning section on the WestConnect website where all WestConnect planning information, including meeting notices, meeting minutes, reports, presentations, and other pertinent information is posted.

5. Noticing all SWAT, CCPG and Sierra meetings on the WestConnect website.

V COORDINATION AT THE WESTERN INTERCONNECTION LEVEL

On a Western Interconnection-wide regional basis, Springs Utilities will coordinate its plan through CCPG and WestConnect. WestConnect will coordinate its subregional plan with the other subregional plans in the Western Interconnection and at the TEPPC level.

A. Procedures for regional planning project review

1. WECC coordination of reliability planning:

a. WECC develops the Western Interconnection-wide data bases for transmission planning analysis such as power flow, stability and dynamic voltage stability studies.

b. WECC also maintains a data base for reporting the status of all planned projects throughout the Western Interconnection.

c. WECC provides for coordination of planned projects through its Procedures for Regional Planning project review.

d. WECC's path rating process ensures that a new project will have no adverse effect on existing projects.

2. Western Interconnection-wide economic planning studies are conducted by the WECC TEPPC in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis. The WECC TEPPC planning process is posted on its website (see www.wecc.biz). Springs Utilities participates in the region-wide planning processes, as appropriate, to ensure data and assumptions are coordinated.

3. Role of WECC TEPPC. WECC TEPPC provides two main functions in relation to the Springs Utilities planning process:

   a. Development and maintenance of the west-wide economic planning study database.

      i. TEPPC uses publicly available data to compile a database that can be used by a number of economic congestion study tools.

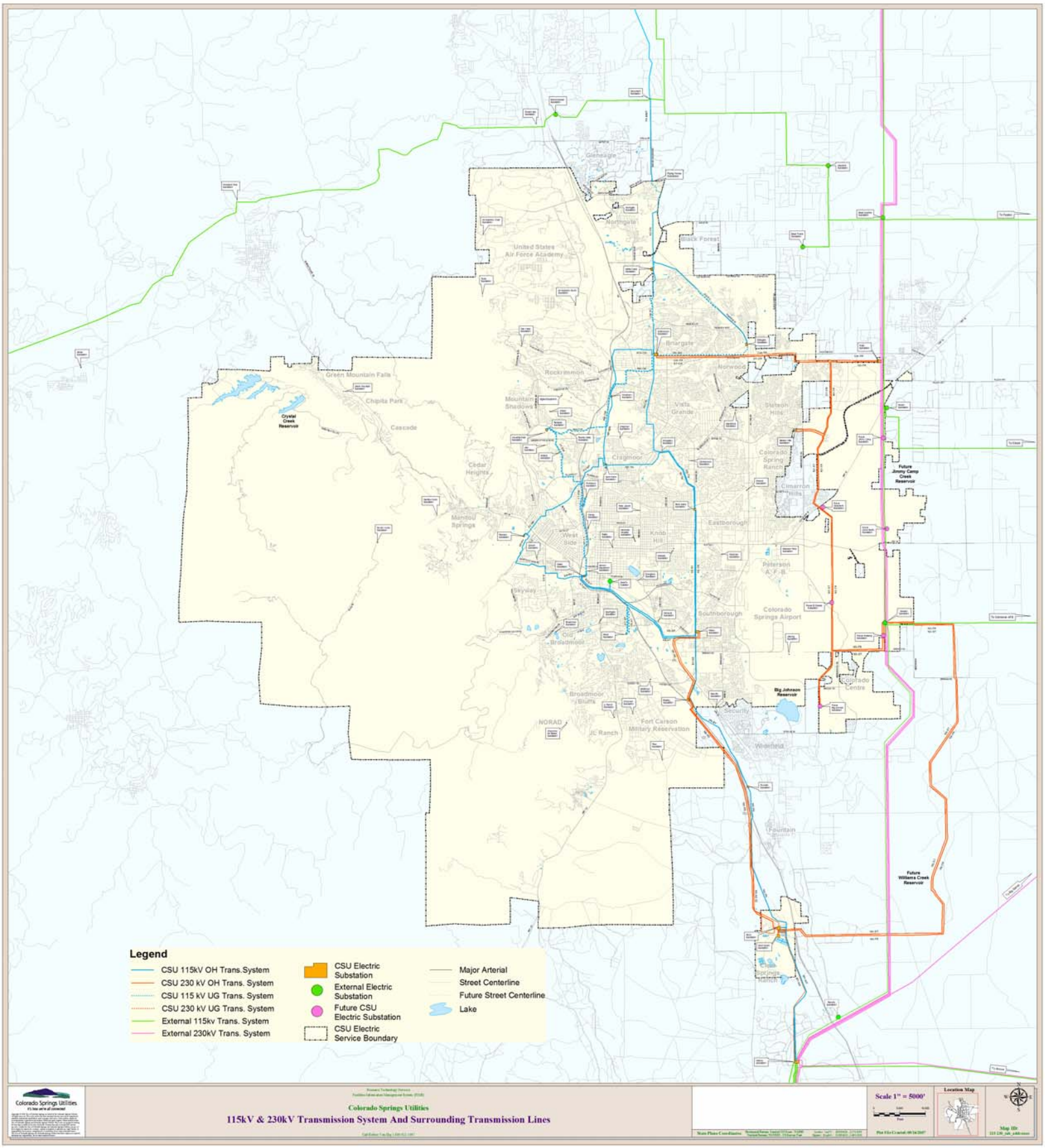
      ii. TEPPC's database is publicly available for use in running economic congestion studies. For an interested transmission customer or stakeholder to utilize WECC's Pro-Mod planning model, it must comply with WECC confidentiality requirements

b. Performance of economic planning studies. TEPPC has an annual study cycle during which it will update databases, develop and approve a study plan that includes studying transmission customer high priority economic study requests as determined by the open TEPPC stakeholder process, perform the approved studies and document the results in a report.

4. For more detail on TEPPC *see* www.wecc.biz TEPP Transmission Planning Protocol.

APPENDIX A

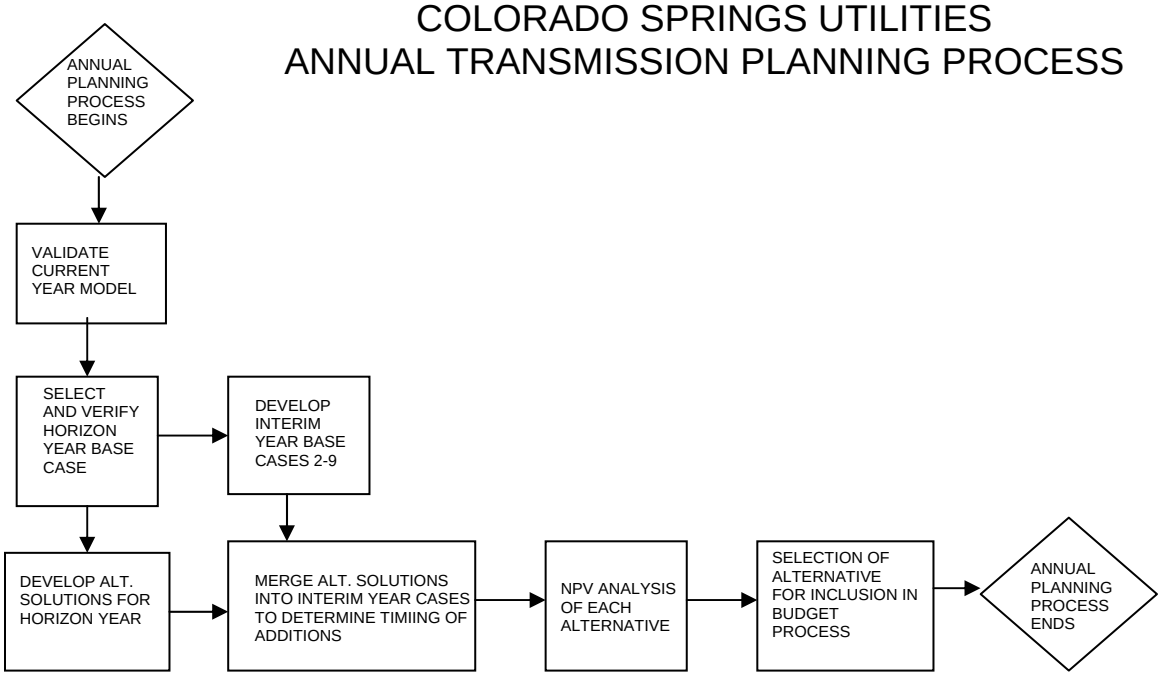
MAP OF COLORADO SPRINGS UTILITIES ELECTRIC TRANSMISSION SYSTEM


Legend
CSU 115kV OH Trans.System
CSU 230 kV OH Trans. System
CSU 115 kV UG Trans. System
CSU 230 kV UG Trans. System
External 115kv Trans. System
External 230kV Trans. System
CSU Electric Substation
External Electric Substation
Future CSU Electric Substation
CSU Electric Service Boundary
Major Arterial
Street Centerline
Future Street Centerline
Lake
Colorado Springs Utilities
Colorado Springs Utilities
115kV & 230kV Transmission System And Surrounding Transmission Lines
Scale 1" = 5000'
Location Map
Map ID:

APPENDIX B

FLOW CHART OF COLORADO SPRINGS UTILITIES INTERNAL TRANSMISSION PLANNING PROCESS

COLORADO SPRINGS UTILITIES
ANNUAL TRANSMISSION PLANNING PROCESS



APPENDIX C

WESTCONNECT/SWAT/CCPG PLANNING PRINCIPLES

WESTCONNECT – SWAT – CCPG
PRINCIPLES FOR SUB-REGIONAL TRANSMISSION PLANNING

To enhance the regional transmission planning and coordination efforts of electric utilities and other entities in the Rocky Mountain Sub-region and the Desert Southwest Sub-region, the WestConnect parties, the Southwest Area Transmission planning group (SWAT), and the Colorado Coordinated Planning Group (CCPG) have developed the following principles for coordinating transmission planning of the entire WestConnect footprint. Presently, the two sub-regional transmission planning groups (SWAT and CCPG) provide the coordinated planning forums for each of their respective sub-regions and collectively cover the entire WestConnect area.

Since SWAT and CCPG sub-regional planning groups were initially established independently by different forces, principles and membership, it is reasonable that the sub-regional planning organizations continue to conduct focused planning efforts for their sub-regions. Additionally, coordination of their sub-regional efforts will bring benefits to WestConnect and all other utilities and entities through representation of a larger region. For this reason, the following principles for coordination of sub-regional transmission planning have been developed.

In support of the WestConnect transmission planning goals, SWAT and CCPG agree to:

- Conduct a biennial near and long-term transmission system plan in accordance with NERC/WECC planning criteria
- Provide input for WestConnect to produce a single near and long-term transmission plan/document that addresses all the transmission needs across the entire WestConnect footprint.
- Coordinate efforts such that the transmission plans of each sub-regional group are developed on the same cycle.
- Coordinate base case development for the WestConnect region
- Commit to coordinate and share information regarding planning efforts between CCPG and SWAT, and subsequently with WestConnect.
- Maintain individual sub-regional planning processes and procedures, but ensure no redundancies occur in the WestConnect footprint.
- Where appropriate, develop coordinated transmission plans.