

Description of Meeting:	NTTG Cost Allocation Committee
Meeting Date:	June 10, 2015
Meeting Notes Prepared By:	Amy Wachsnicht
Approved for Posting:	June 24, 2015

1. Agenda:

- a. Establish Quorum and Agenda Review
- b. Approval of June 3, 2015 Cost Allocation Committee Meeting Notes
- c. Cost Allocation Scenario Analysis Update
 - i. Review Cost Allocation Scenario Results
- d. Draft Final Regional Transmission Plan
 - i. Review Cost Allocation Report Outline for inclusion in the DFRTP
 - ii. Assign Drafting Responsibilities – Due June 16th
- e. Round Table/Other Business
- f. Next Steps – June 17th Meeting
 - i. Approve June 10th CAC Meeting Notes
 - ii. Review Revised Cost Allocation Input Template changes
 1. Based on results of discussions with legal and the chairs on the utilization of cost allocation scenarios, and
 2. to align the REVISED CAC Study Plan and the Cost Allocation Input Template
 - iii. Review Cost Allocation Report, with final allocations: Draft Final Regional Transmission Plan
 1. Target is to post DFRTP by June 25th
 2. Deadline is June 30th

2. Discussions & Decisions:

Discussion: Agenda Review

- It was noted that quorum requirements were not met in Class 1. Due to this, it was suggested the approval of the June 3rd Cost Allocation Committee Notes be moved to the end of the agenda in hopes that a quorum could be met later in the meeting.
- Sharon Helms gave an over view of the meeting's agenda:
 - During the last Cost Allocation Committee meeting, there was an in-depth discussion on the usage of the cost allocation scenario analysis and a request to go back and compare the Initial Regional Transmission Plan (IRTP) with the updated Quarter 5 load and resources to the Draft Final Regional Transmission Plan (DFRTP) for the loss scenario.
 - The Technical Workgroup (TWG) finished their analysis and Gil Coulam will give an update on the analysis then John Leland will walk through the updated Cost Allocation Input Template.
 - The committee will discuss the cost allocation report that will be included in the DFRTP report to make sure there is input and agreement. Once there is agreement on the outline, assignments are to be made to begin drafting the report. The intent is to have the DFRTP report completed by June 16th so the committee can review and discuss during the June 17th Cost Allocation Committee meeting targeting to have the DFRTP report completed and posted by June 25th, in anticipation of the June 30th Stakeholder meeting.
 - Sharon Helms will walk through the Cost Allocation Committee outline for the stakeholder meeting presentation.

Discussion: Cost Allocation Scenario Analysis Update

- At the last Cost Allocation Committee meeting, Ray Brush brought up his thoughts that the (TWG should be looking at a different comparison when doing the loss studies. His request was to compare the DFRTTP scenario cases compared to the IRTP with the updated Quarter 5 data and include the scenario cases.
- Gil Coulam initially envisioned making the dispatch changes in all of the cases, but after discussion it was agreed upon to take the summer scenario cases and make the changes.
- The TWG was able to complete the work within one week by spreading the workload out to four utilities.
- The results showed the loss change was much smaller than before as the majority of the loss cases before was comparing the IRTP in its original dispatch.
- John Leland walked through the updated template spread sheet with the updated loss analysis from the TWG.
 - The analysis now shows an increase for Idaho resulting in a negative evaluation which is no longer a benefit but a cost. NorthWestern and PacifiCorp also showed a negative benefit. Portland General was the only entity who had a positive benefit.
 - This analysis recalculated the benefits and beneficiaries which feed into the cost allocation spread sheet.
- Following through with the calculations, the average net benefit was calculated and the caps applied. The average of the scenarios showed a negative average for Idaho, NorthWestern and PacifiCorp. These were set to zero.
- In the 1st Round of Allocation is the lesser of the prorated allocation versus the benefit divided by 1.1. The calculation showed an annual cost of \$180k for PGE which meets the threshold for allocation. The final allocation ends up with \$3.1m in remaining costs that have to be picked up by the project sponsor.
- The beneficiaries shows for Portland General of the \$180k, 100% of that is to the transmission service provider or the LSE, whoever is going to use the that transmission. For the Alternative Un-sponsored Project, 50% is to PACE BAA LSE's and 50% of the new generation causing this new line to be built.
- Bela Vastag asked John Leland to walk through the annual capital cost calculation for clarification.
 - There were three metrics capital related costs, losses and reserves (which turned out to be zero).
 - Losses and reserves were computed to be an annual number.
 - The capital cost is \$2.7b and the capital related costs associated with that is the \$323m for the term of the recovery period for the revenue requirement.
 - The \$161m is the difference between the revenue requirements associated with the IRTP versus the revenue requirement associated with the Alternative Un-sponsored Project.
 - The TWG wanted to capture the associated costs with cost recovery and then annualize the number so that it would work with the annual loss and annual reserve number.
- John Leland informed the committee there had been some discussion in terms of the beneficiaries and if NTTG has gone far enough in defining them and should it be down to the BAAs and LSEs.
- Larry Nordell asked in looking at the calculations for the cost allocation if the benefits should be present valued for both the actual costs of the project and the cost share of the beneficiaries. For purposes of clarity when there is an allocation of cost responsibility among the beneficiaries, those should be presented in terms in what could be presented into a percentage of the construction costs.

- John Leland indicated that for the capital costs for the project development the TWG found what the actual capital costs would be in the construction period and turn that into a stream of revenue requirements and present valued it back and leveled that.
- For the losses, the way it was put together was there was one year of losses and the TWG had to come up with what that number would be annualized. The bulk of it is the capital costs and that was captured with the methodology.
- Larry Nordell's observation was that there seemed to be a comparability issue when applying the benefits and it does not give a proportional share of the capital costs, it gives an annual capital cost. The cap percentage of the capital costs would have to be a net present value of that over the life of the project.
 - John Leland indicated the way he was reading the criteria is that the benefit that is being calculated are the loss benefits and is being used to define how to allocate a portion of those costs.
- John Leland took the assignment to work with Larry Nordell after the meeting to make the necessary corrections to the spread sheet related to Larry's observations.

Discussion: Draft Final Regional Transmission Plan

- The original intent was to take the Draft Regional Transmission Plan (DRTP) which was published in December and modify it to become the DF RTP. Gil Coulam had proposed to develop a separate DF RTP document for the Quarter 5 & 6 activities and append the DRTP.
- In reviewing the Table of Contents, the Planning Committee is responsible for drafting Sections I through XII. The cost allocation evaluation would be the last section XIII where the committee is responsible for documenting their work.
- The outline for the Cost Allocation Evaluation includes:
 - Cost Allocation Development Process:
 - Development and timeline of the cost allocation scenarios which could include the details of the Cost Allocation Implementation Workgroup scenario report that was developed by John Leland.
 - Cost Allocation Scenarios:
 - The analysis done and the methodology in the cost allocation template, and a summary of the results and analysis that was conducted.
- The intent is to have the language drafted in time for review at the June 17th Cost Allocation Committee meeting with the DF RTP completed and posted by June 25th for stakeholders to review prior to the June 30th Stakeholder Meeting.
- John Leland offered to draft the description of the template worksheet briefly describing the planning tab and then going into the details around the cost allocation tab. He suggested the template spread sheet could be attached as an appendix.
- Joni Zenger offered to review the cost allocation report and make any final edits and formatting necessary when available.
- Shay LaBray and Gil Coulam will work together on the four allocation scenarios, the Study Plan for Cost Allocation, the base case development and the results.

Decision: Approval of June 3, 2015 Cost Allocation Committee Meeting Notes

- Sharon Helms informed the committee that a member representative with Class 1 had joined the meeting, which then met quorum requirements and the committee could review and vote to approve the June 3rd Cost Allocation Committee meeting notes for posting.
- Amy Wachslicht walked through the redlined changes on the meeting notes with the committee.
- A few modifications were made to the meeting notes for clarity and readability.
- Larry Nordell asked if the clarification about the cost allocation calculations discussed during the meeting should be added.
 - It was concluded that clarification would be added to the June 10th meeting notes as it was discussed during that time.

- With a motion by Belinda Kolb and seconded by Clay MacArthur, the June 3rd Cost Allocation Committee meeting notes were unanimously approved as modified during the meeting.

Discussion: Next Steps

- With input from the NTTG Committee Chairs, Sharon Helms developed an outline template for the June 30th Stakeholder Meeting. The intent was to walk through the template with the committees and make assignments.
- Sharon Helms walked through the agenda of the June 30th meeting agenda.
 - It is envisioned that the presenters would sit at a panel table as the meeting could be interactive between both Planning and Cost Allocation.
- The committee walked through the slide outline for the Cost Allocation Committee presentation portion.
 - A list of the Cost Allocation Committee members was suggested at the beginning of the presentation.
 - It was suggested that there would be a timeline, background information and an overview of the committee's activities.
 - Discussion on the cost allocation scenarios would include:
 - Development and description of the scenarios
 - The approval of the scenarios at the April 29th Cost Allocation Committee meeting
 - After approval the TWG developed the study plan that was approved by the Planning and Cost Allocation Committees and the base case development.
 - A walk through of the cost allocation analysis which would include what the TWG did and the results of the spread sheet.
 - How the benefits and allocation of costs were assigned to the beneficiaries.
 - In closing it was suggested to indicate the project was an Un-sponsored Project and whoever decides to pick up the project would have to assume the costs and be prequalified. If the sponsor does not assume the costs, the project would no longer be eligible for cost allocation.
 - Another piece would be to indicate that the project would be up for reevaluation.
- There was a concern that there could not be enough time during the stakeholder meeting to get into enough detail around the cost allocation process.
 - It was suggested to keep the presentation slides high-level in regards to the process and background and the details could be in walking through the spread sheet John Leland developed.
 - Another suggestion was that if it is deemed necessary at the stakeholder meeting, a separate stakeholder meeting could be scheduled for cost allocation to walk through in more detail the process.
- Sharon Helms informed the committee that she is on vacation the following week and would not be available to assist in the drafting of the DF RTP report before the June 17th Cost Allocation Meeting but would be back to review and help finalize the report.
- The next meeting scheduled for the Cost Allocation Committee is on June 17th where the committee will:
 - Approve the June 10th meeting notes.
 - Review the revised cost allocation template with the changes discussed during this meeting.
 - Review the cost allocation portion of the DF RTP report as outlined during the meeting.

Discussion: Round Table/Other Business

- There was none.



3. Assignments:

Item #	Assignment	Owner	Target Date	Status
1.				
2.				
3.				
4.				

Next Meeting: The next Northern Tier Cost Allocation Committee Meeting is scheduled for June 17th at 11 am Pacific.

- o Dial: **(630) 869-1013**
- o Access Code: **579-186-509**

Attendees:

<u>NTTG Cost Allocation Committee Member Representatives</u>		
Membership Class 1		
Shay LaBray, PacifiCorp	Clay MacArthur, Deseret	Courtney Waites, Idaho Power
Amy Light, Portland General		
Membership Class 2		
Bob Decker, MT PSC	Marci Norby, WY PSC	Bela Vastag, UT OF CS
Belinda Kolb, WY OFC CA	Jamie Stamatson, MT CC	Joni Zenger, UT Div. PU
<u>Other NTTG Members & Guests</u>		
Gil Coulam, NTTG	John Leland, NTTG	Amy Wachsnicht, NTTG
Sharon Helms, NTTG	Larry Nordell, MT CC	Becky Wilson, UT PSC