



Description of Meeting:	Cost Allocation Committee Meeting
Meeting Date:	November 3, 2008
Meeting Minutes Prepared By:	Lynn Jesus-Olhausen
Approved for Posting:	December 1, 2008

Attendee List: Rich Bayless, Brian DeKiep, Marshall Empey, Bryce Freeman, Sharon Helms, Lynn Jesus-Olhausen, Matt Muldoon, Marcy Norby, Larry Nordell, Lou Ann Westerfield, Joni Zenger, Darrell Zlomke

Not in Attendance: Marc Hellman, Sam Liu, Jim Logan, Becky Wilson, Curt Winterfeld

1. Agenda:

- Acknowledge Standards of Conduct and Anti-Trust Policy
- Review notes from the October 20, 2008 Cost Allocation Meeting and approve to post:
- Updates from Other NTTG Committees
- Update on Standards of Conduct
- Proposed Cost Allocation Committee Charter Amendment – Dispute Resolution
 - Update on FERC Filing
- NTTG Public Stakeholder Webinar – November 12, 2008
 - Possible Cost Allocation Committee Input
 - *Should we discuss the right sizing & future flexibility issues at this webinar, including how they impact the biennial planning process & project costs?*
- Next steps and Assignments

2. Decisions / Discussions:

Discussion: Other NTTG Committee Updates

- Planning Committee Update
 - The Technical Work Group is currently finalizing details for the base cases. There is no ETA on a draft study yet.
- Transmission Use Committee
 - They are currently preparing for the January 2009 Stakeholder Meeting.
 - The Business Practices inventory is very near completion.
 - The committee is continuing the historical data collection.
- Joint Initiative
 - There is concern with regard to WECC and some WECC members in their approach to ADI. There will be a request of the Steering Committee to support ADI in regard to WECC.
 - An issue seems to be the decision of who will control any ADI project. This is resulting in resistance at the WECC level.

Discussion: Standards of Conduct Update

- All Chief Compliance Officers from each NTTG member has submitted approval of the proposed revisions to Sharon. Sharon will submit the revisions for adoption by the Steering Committee on at their November meeting.
- These revisions, based on a No Action letter submitted by Idaho Power to FERC and FERC's subsequent response, will lift the restriction on the number of public meetings allowed per month and establishes that transmission information released at a public meeting will thereafter be considered public information.
- In regard to the requirements of the firewall between different employee classifications, NTTG does not recognize employee classifications within our policy or safeguards. Also, FERC issued a revision of the Standards of Conduct on October 16th, 2008 reverting to the previous



classification model allowing planning employees to communicate, regardless of whether they are in transmission or generation. This will allow for a more integrated planning process. A record of any interactions is still required though.

Discussion: Cost Allocation Charter Amendment

- As part of the Attachment K compliance filing, the dispute resolution language was revised. FERC wants more clarity outlining the right of parties to file a 206 claim directly with FERC.
- The NTTG Planning Agreement has adopted these revisions as a part of the compliance filing. The dispute resolution portion of the Cost Allocation Charter is based on the Planning Agreement language. Any revisions to the Cost Allocation Charter will be delayed until FERC's review of the compliance filing from October 29th, 2008. This will allow for a revision based on FERC's approval of the revised language.

Discussion: Webinar

- Lou Ann will create meeting materials for the Cost Allocation Committee update at the November 12th, 2008 Planning Committee Public Webinar.

Discussion: Project Sizability

- Issues and concerns regarding how to address "right-sizing" of proposed projects were discussed. Managing the risk and cost to customers and ratepayers for overbuilding is crucial. Many questions arise from this issue:
 - How does flexibility and right sizing blend into risks of cost to customers and ratepayers? Who bears or will bear that cost?
 - How do you balance precision of size vs. the cost of rebuilding a system that was too small?
 - One angle has been proposed that federal entities bear the extra costs. This is problematic as it means that the taxpayers are really the ones bearing the costs of these projects.
- Another concern is that customers and ratepayers will pay upfront for a system that is overbuilt for the current needs, but projected to be sufficient for needs 50+ years in the future. But the people who paid for the system will not be around to use the system they paid for.
- Third parties will most likely be reluctant to commit to a larger system unless costs are allocated incrementally.
- How will cost allocation apply to lines in a system where transmission is only passing through the footprint and going to larger metropolitan systems. Should those metropolitan cities share in the construction cost of the transmission system?
- With approximately \$10 Billion in projects right now in the NTTG footprint, there are a lot of dollars and profit involved with these projects. Balancing the need for a right sized project and the need for continued future growth will remain a highly discussed topic at the local, sub-regional and regional levels.
- It is important for the Cost Allocation Committee to have a deep understanding of the projects, including what alternatives were considered and why one approach was chosen over another. The Cost Allocation Committee must make recommendations to the Planning Committee on proposed projects as part of the sub-regional planning process. Answers to these types of issues/questions will also aid in creating documentation for the projects and how they evolved or adapted over time.
- Larry Nordell, Bryce Freeman, Brian DeKiep and Matt Muldoon will begin compiling a list of potential issues for discussion on regard to this issue. This discussion will eventually evolve into a presentation for the December Steering Committee meeting. Lou Ann will introduce this issue to the Steering Committee at their November meeting.



3. Assignments:

Item #	Assignment	Owner	Target Date	Status
1.	Post Approved Meeting Notes from 10/20/08 on NTTG website	Lynn Olhausen	11/4/08	
2.	Create update meeting materials for Steering Committee	Lou Ann Westerfield	11/5/08	
3.	Develop a presentation identifying issues and approaches with right sizing of projects for the December Steering Committee Meeting	Bryce Freeman, Brian DeKiep, Larry Nordell and Matt Muldoon		

Next Meeting: Next Meeting: The next Northern Tier Cost Allocation Committee meeting is scheduled for December 1st, 2008 at 1:00-2:00PM Pacific.

- Voice Conference Mtg. **503-813-5600** (toll free #800-503-3360)
- Meeting ID **TBD** and password **TBD**