



DESERET POWER
ELECTRIC COOPERATIVE

DRAFT ATTACHMENT K

FERC Technical Conference
October 24, 2007
Denver, CO
Presenter: James Tucker

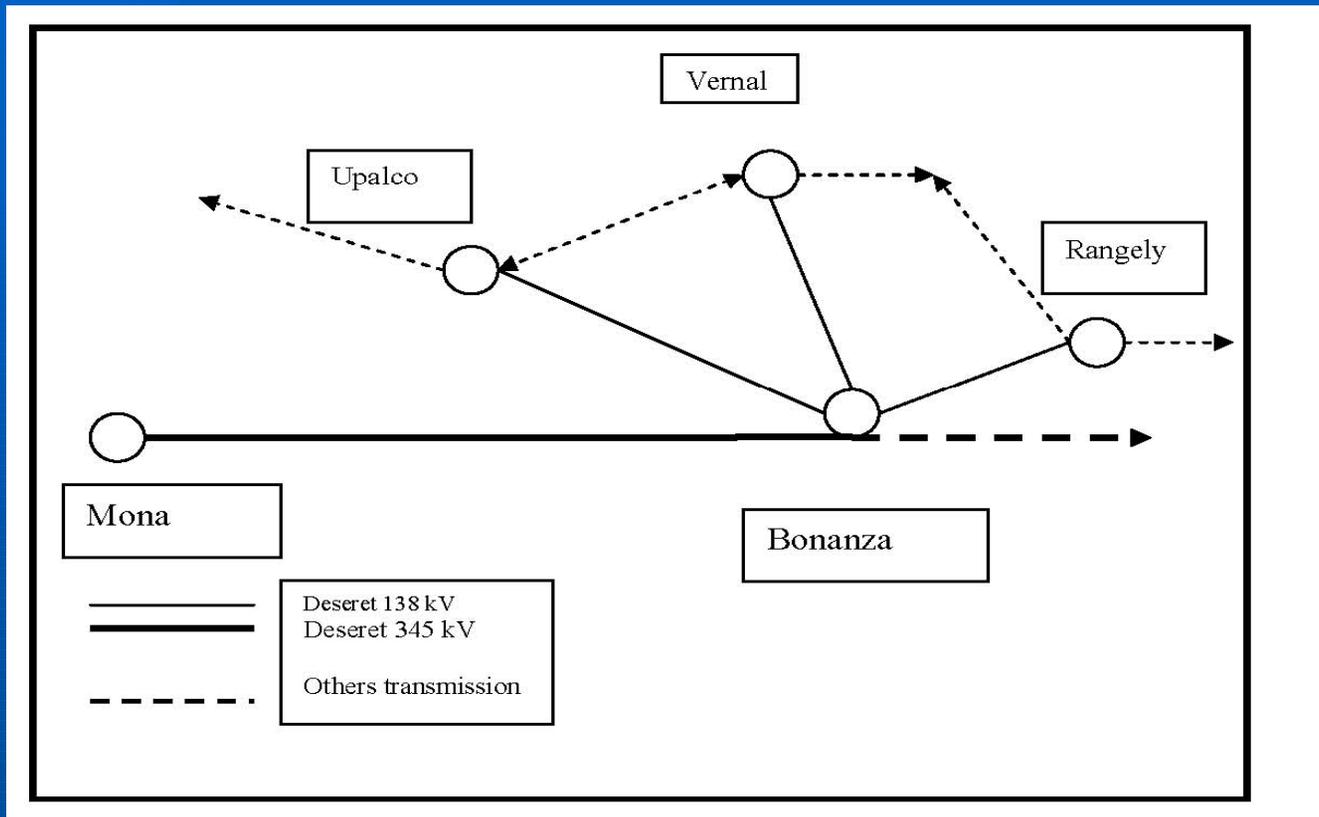


Draft Attachment K

- **Summary**

- **Posted 9/14/07 for review and comment (No comments as of 10/12/07)**
- **Specifies the Deseret Local Planning Process**
- **Identifies Deseret's obligations to coordinate with the NTTG Sub-regional/ WECC regional Process**
- **Identifies the timing and obligations to meet the Order 890 requirements**

Deseret's Transmission System



Local Planning Process

- The time quarters will be coordinated with other NTTG TP's
- The planning process objectives are divided into 8 quarters in a two-year cycle
 - Report quarterly to Stakeholders the status of study plan, with meeting noticed 10 days in advance
 - Evaluate Customer LTP Study Requests for inclusion in study plan (quarter 5)

Coordination with NTTG/WECC

- Sub-regional coordination with NTTG
- Sub-regional coordination between NTTG and neighboring sub-regional groups
- Regional Coordination between NTTG and WECC/TEPPC
- Coordination of Economic Studies with NTTG and WECC

Compliance with FERC Principles

| | Local | NTTG | WECC |
|----------------------|--------------|-----------|-----------|
| COORDINATION | A. Sec 3 | B. 1. | C. 1. |
| OPENNESS | A. Sec 11. | B. 3. | C. 3. |
| TRANSPARENCY | A. Sec 5. | B. 2. | C. 2. |
| INFORMATION EXCHANGE | A. Sec 4. | B. 1. | C. 1. |
| COMPARABILITY | A. Sec 1 & 2 | | |
| DISPUTE RESOLUTION | A. Sec 9. | B. 5. | C. 5. |
| REGIONAL | B. & C. | B. | C. |
| ECONOMIC STUDIES | A. Sec 7. | B. 4. | C. 4. |
| COST ALLOCATION | A. Sec 6. | B. 6. | C. 6. |
| PLANNING COSTS | A. Sec 8. | A. Sec 8. | A. Sec 8. |



DESERET POWER
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Thank You



Attachment K

FERC Technical Conference
October 24, 2007
Denver, CO
Kip Sikes





Stakeholder Input

Public Meetings

- NTTG, WECC, Columbia Grid, NWPP
- Network Customer, Planned Projects

OASIS Postings

- 5/7/07 Strawman
- 9/14/07 Draft Attachment K

Comments

- from meetings have been incorporated
- none to date on postings





Attachment K Overview

OATT + Business Practices + Documents

Three Coordinated Planning levels

Specifies Obligations of Customers and
TP

- Meetings and expected participants
- Load Forecasts and data sharing
- Planning schedules and deliverables
- Participation and feedback on plans
- Coordination and cooperation
- Dispute resolution
- Economic Planning Studies
- Cost Allocation

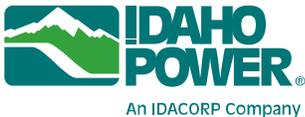




Local Planning Process

Plan produced every two years

- Customer involvement
- Load forecasts
- Service requests
- Study requests
- 20 year planning horizon
- Public meetings every milestone
- Resulting plan communicated and available
- Maintain process and documentation on OASIS





Sub-Regional and Regional Planning Processes

Part B, Sub-Regional Planning ⇨ NTTG

- Membership, charter, and agreements provide linkage and support of processes
- Customers and stakeholders provided direct or indirect participation
- Data and plan submission requirements

Part C, Regional Planning ⇨ WECC TEPPC

- Membership in WECC and NTTG on TEPPC provide linkage and support of processes
- Sub-regional planning groups direct or via WECC processes as required





Compliance Map – by Section

| | IPC | NTTG | WECC/SPGs |
|-----------------------------|---------------------------|---------------|-----------|
| COORDINATION | A2, A3, A5, A10, B12, C18 | B12, B13, C18 | C18, C19 |
| OPENNESS | A1, A3, A5, A10, A11 | B12, B13, B14 | C18, C19 |
| TRANSPARENCY | A1, A3, A5, A6, A10, A11 | B12, B13 | C18, C19 |
| INFORMATION EXCHANGE | A2, A3, A4, A5, A10, A11 | B12, B14 | C18, C19 |
| COMPARABILITY | A1, A2, A3, A4 | B12 | B12, C18 |
| DISPUTE RESOLUTION | A9 | B16 | C22 |
| REGIONAL | A10, B, C | B | C |
| ECONOMIC STUDIES | A2, A3, A7 | B13, B15 | C21 |
| COST ALLOCATION | A6 | A6, B17 | C23 |
| PLANNING COSTS | A2, A8, B15 | A8, B15 | A8 |



NWE Draft Attachment K

October 24, 2007

Denver, CO

Presenter: John Leland



NorthWestern[™]
Energy

 **NORTHERN TIER**
TRANSMISSION GROUP



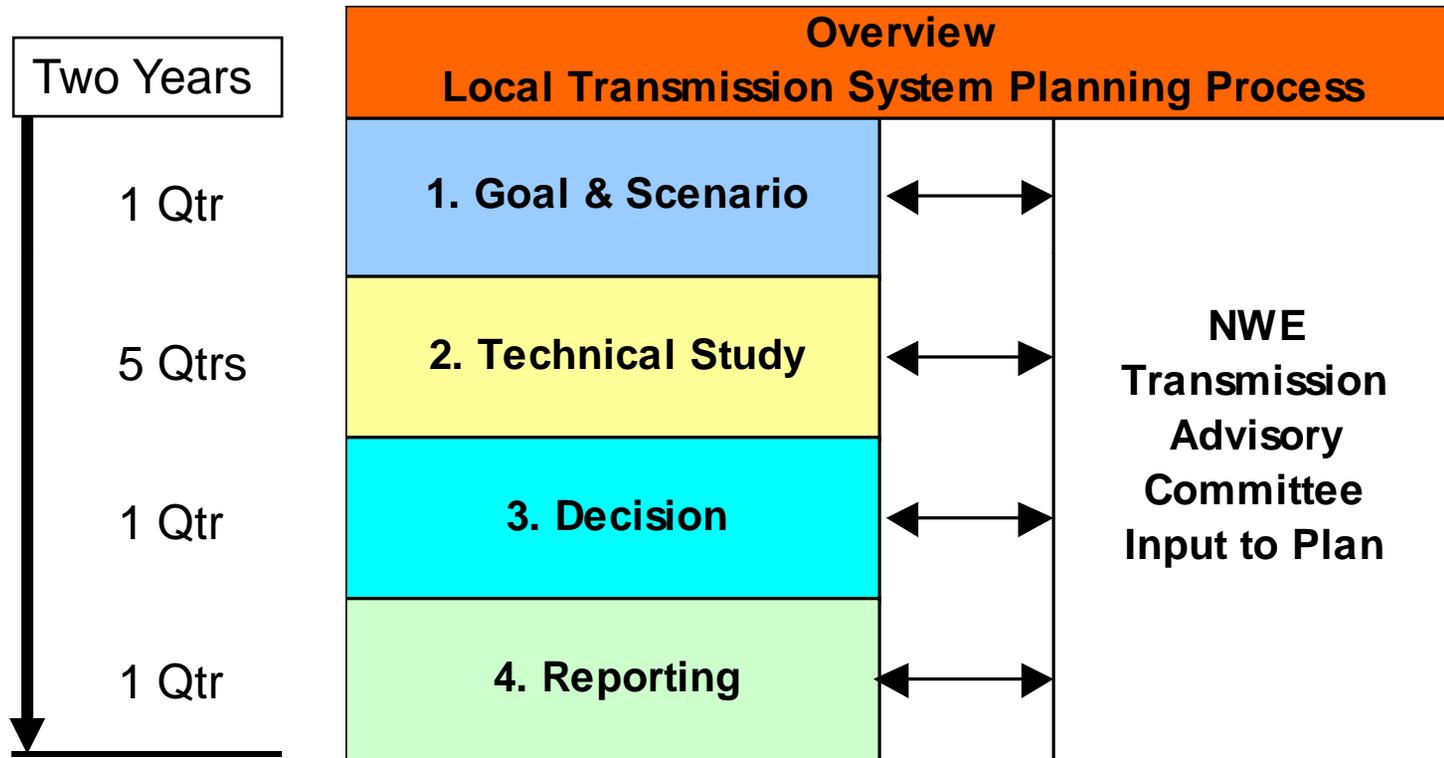
NWE Attachment K



- Posted on 9/14/2007 for review and comment
 - <http://www.oatioasis.com/NWMT/>
 - No comments have been received
- Addressed FERC 890 Nine Principle requirements
 - Who, What, When
 - Plus a comprehensive description
- Identifies NWE's obligations in local planning process
- Identifies obligations to coordinate with the NTTG Sub-regional and WECC regional processes
- Identifies the timing and obligations to meet the Order 890 requirements

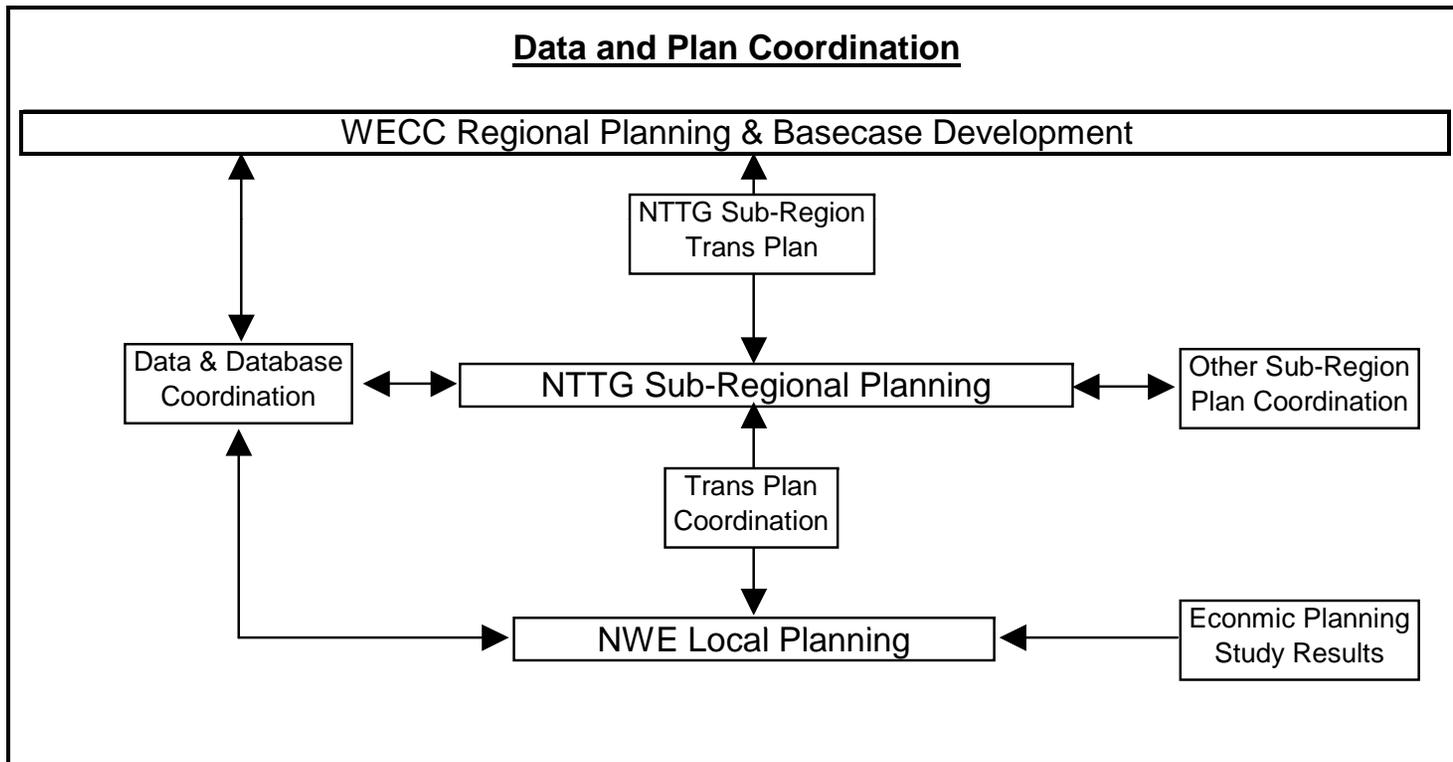


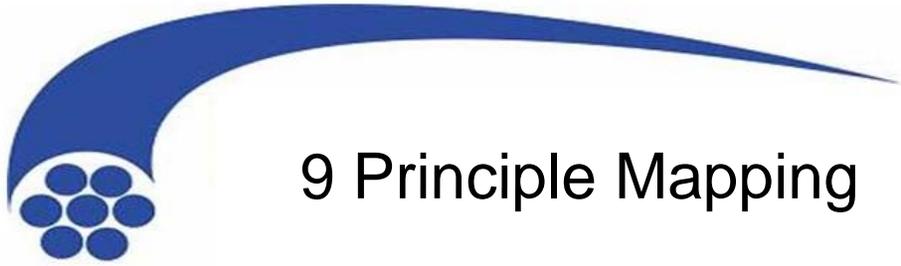
Local Planning Cycle





Sub-Regional & Regional Coordination





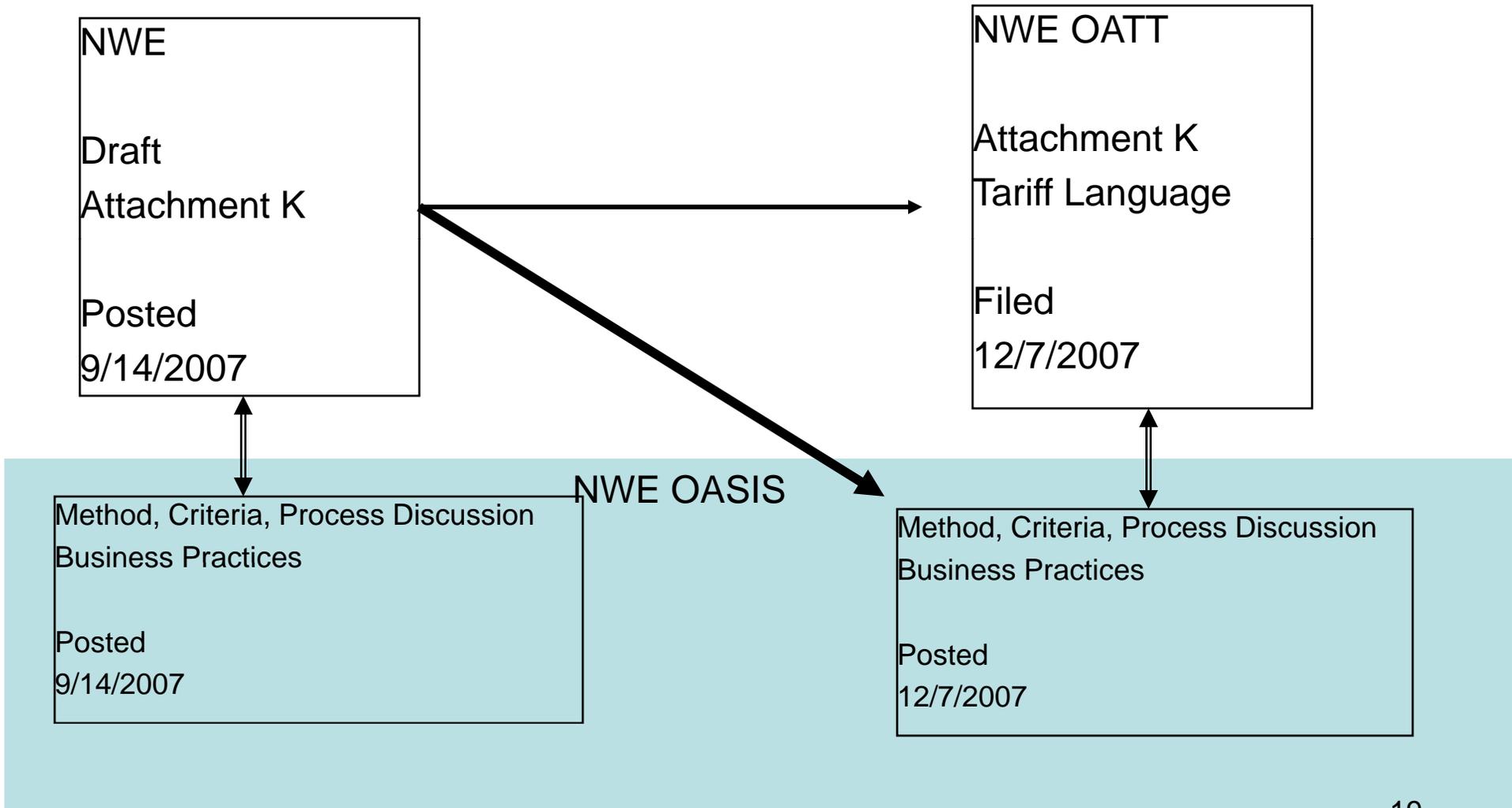
9 Principle Mapping



| Principle # | Principle Name | Local | NTTG | WECC |
|-------------|----------------------|---------------|---------------|--------------|
| 1 | COORDINATION | Pages 8 - 11 | Page 11 | Page 11 |
| 2 | OPENNESS | Pages 13 - 15 | Page 15 | Page 15 |
| 3 | TRANSPARENCY | Pages 16 - 18 | Page 18 | Page 18 |
| 4 | INFORMATION EXCHANGE | Pages 19 - 22 | Page 27 | Page 19, 27 |
| 5 | COMPARABILITY | Page 23 | Page 23, 27 | Page 23, 27 |
| 6 | DISPUTE RESOLUTION | Pages 24 - 25 | Page 25 | Page 25 |
| 7 | REGIONAL | Pages 26 - 29 | Pages 26 – 29 | Page 28 - 29 |
| 8 | ECONOMIC STUDIES | Pages 30 - 38 | Page 38 | Page 38 |
| 9 | COST ALLOCATION | Pages 39 – 41 | Page 41 | Page 41 |
| | PLANNING COSTS | Page 42 | Page 42 | Page 42 |



Attachment K Changes



FERC Technical Conference

PacifiCorp's Attachment K Planning Process

Darrell Gerrard
October 24, 2007



TP Obligations and Activities

- ▶ Maintain compliance with OATT
- ▶ Facilitate input from customers and other stakeholders on transmission planning at local level
- ▶ Coordination in sub regional and regional planning activities
- ▶ Planning process defined and delivery of Biennial 10 year transmission plan
- ▶ Two way communications on planning process & feedback
- ▶ Economic studies conducted at local level
- ▶ Dispute resolution
- ▶ Cost allocation methodology



Stakeholder Obligations and Activities

- ▶ Stakeholders are obligated to be involved throughout the entire planning cycle
 - ▶ Process defined by business practices and attachment K
 - ▶ Provide inputs and receive process outputs
 - ▶ Data submissions & requirements
 - ▶ Criteria & Assumptions validated
 - ▶ Feedback on Study Results and Conclusions
 - ▶ Stakeholders will participate via Open Public Meetings
 - ▶ All identified interested parties will receive meeting notices
 - ▶ Post all meeting information on OASIS



Biennial Ten-Year Plan

- ▶ PacifiCorp will develop with Stakeholder input a Transmission Planning Process Document that will describe in detail the planning process:
 - ▶▶ Planning cycle will have 8 Quarter Timeline
 - ▶▶ Data – what it is, when it is collected, and how it is used
 - ▶▶ Criteria (NERC, WECC, PacifiCorp)
 - ▶▶ Assumptions
 - ▶▶ Technical Studies to be performed
 - ▶▶ Methodology that transforms study results into a 10-year transmission plan
- ▶ Deliverables
 - ▶▶ A 10-Year local transmission plan of PacifiCorp's customers' transmission service requirements developed through an open public stakeholder process
 - ▶▶ Inputs to sub regional (NTTG) and regional planning (WECC)



Data Collection

- ▶ Annually collect ten years of L&R information from all transmission customers
- ▶ Gather information from generation developers
- ▶ Synchronize data collection with WECC/NTTG annual data requirements
- ▶ Submitted data will fall into one of three categories for inclusion in the planning cycle
 - ▶▶ Open – all data will be included
 - ▶▶ Optional – data was late but may be included if the technical studies have not progressed too far to include
 - ▶▶ Closed – data was received too late to be included, if significant the potential impact will be discussed in the plan



Planning Process Ensures Transparency

- ▶ Stakeholders are involved from start to finish
- ▶ The Transmission Planning Process Document which will describe how input data is collected and used will ensure that all customers are treated on an equal and comparable basis
- ▶ Data will be available to all Stakeholders subject to CEII and confidentiality agreements
- ▶ Using appropriate software, Stakeholders can replicate study results





Northern Tier Transmission Group

Rich Bayless

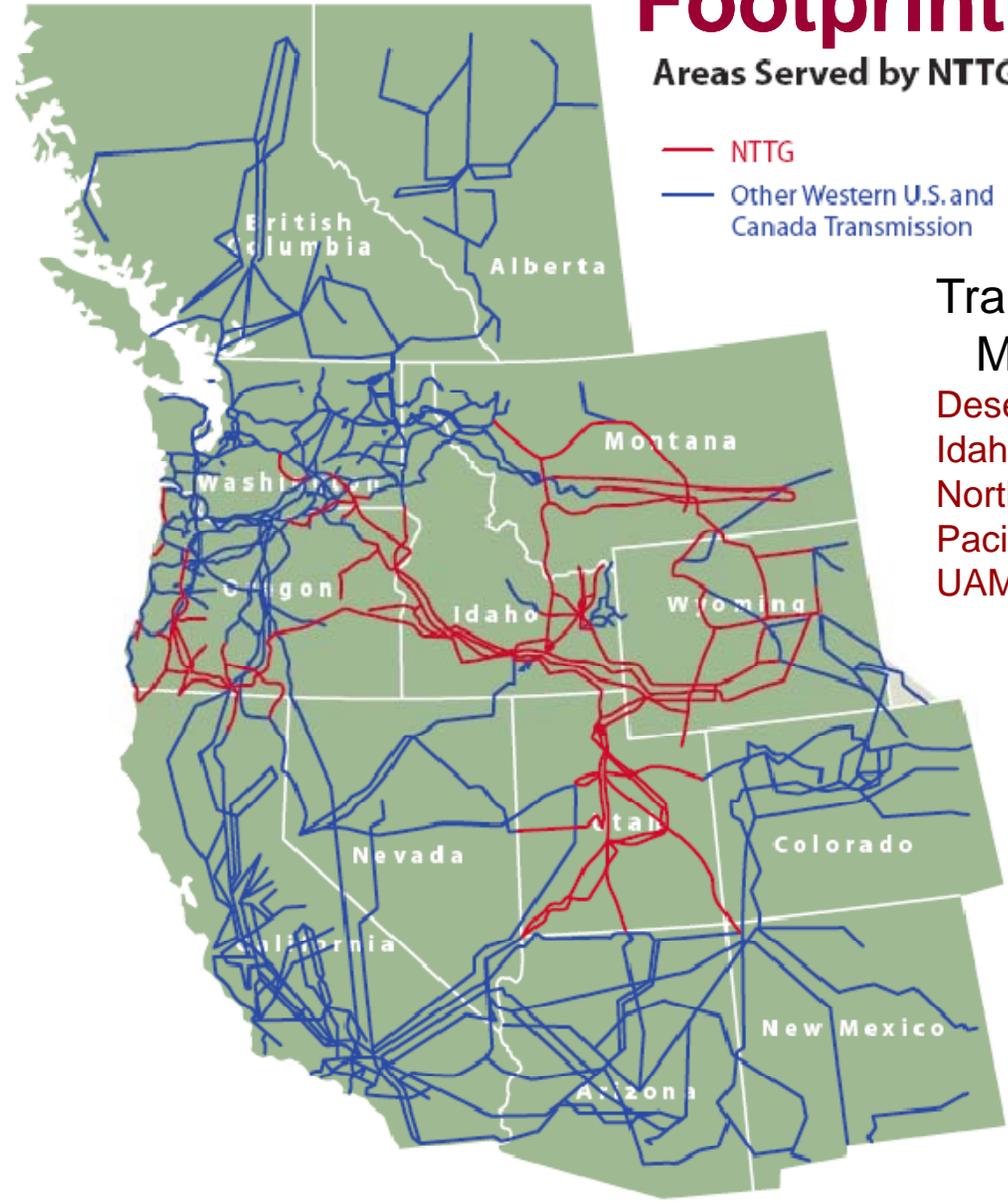
NTTG Member Regional and Sub-Regional Planning

FERC Technical Conference October 24, 2007

“To ensure efficient, effective, coordinated use & expansion of the member’s transmission systems in the Western Interconnection to best meet the needs of customers & stakeholders. “



Northern Tier Transmission Group Footprint



Transmission Members:
Deseret Power
Idaho Power
Northwestern Energy
PacifiCorp
UAMPS



Northern Tier Transmission Group

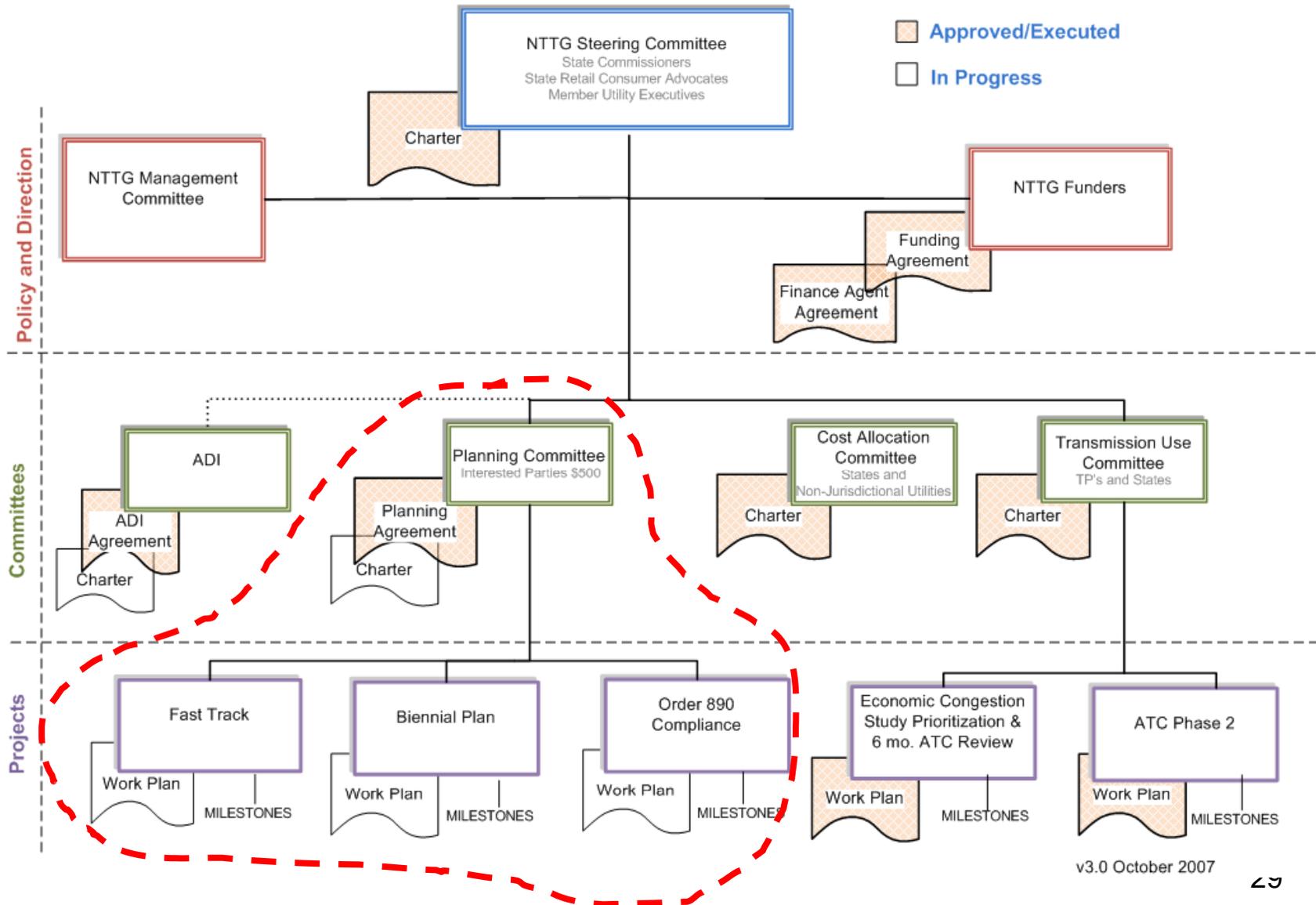
– Status of Organization

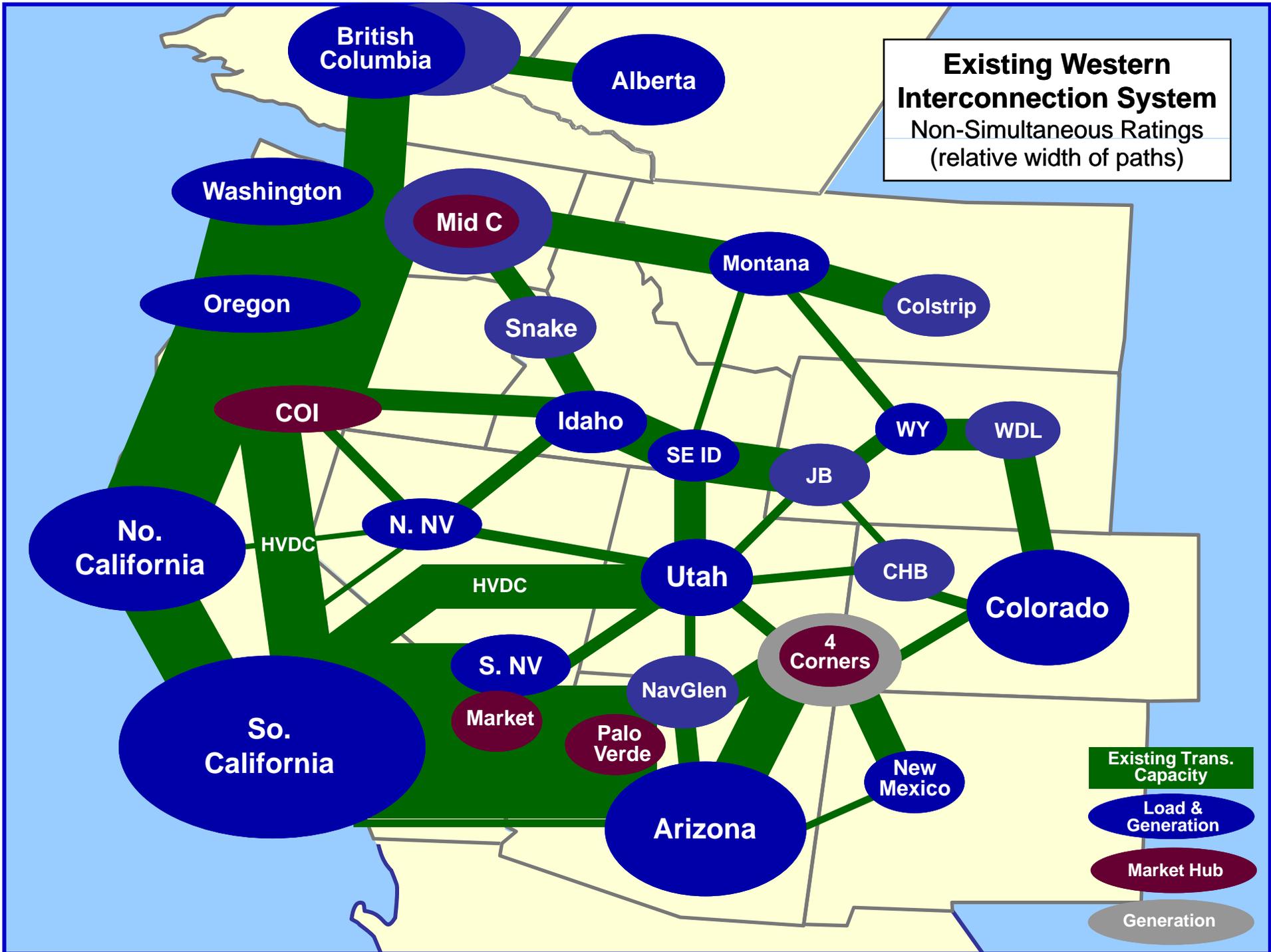
- NTTG organization was established after Grid West (& prior to 890)
 - To carry forward beneficial initiatives
 - Combined member Sub-Regional Planning - one of the primary goals
- Concept is to evolve the organization as required
- Approved:
 - Planning Agreement, Steering Committee Charter, Cost Allocation Committee Charter, Use Committee Charter, Dispute Resolution Process
- For approval in November:
 - Planning Committee Charter, ADI Group charter
- Agreements & Charters bind NTTG members to participate in Regional/Sub-Regional planning obligations & dispute resolution

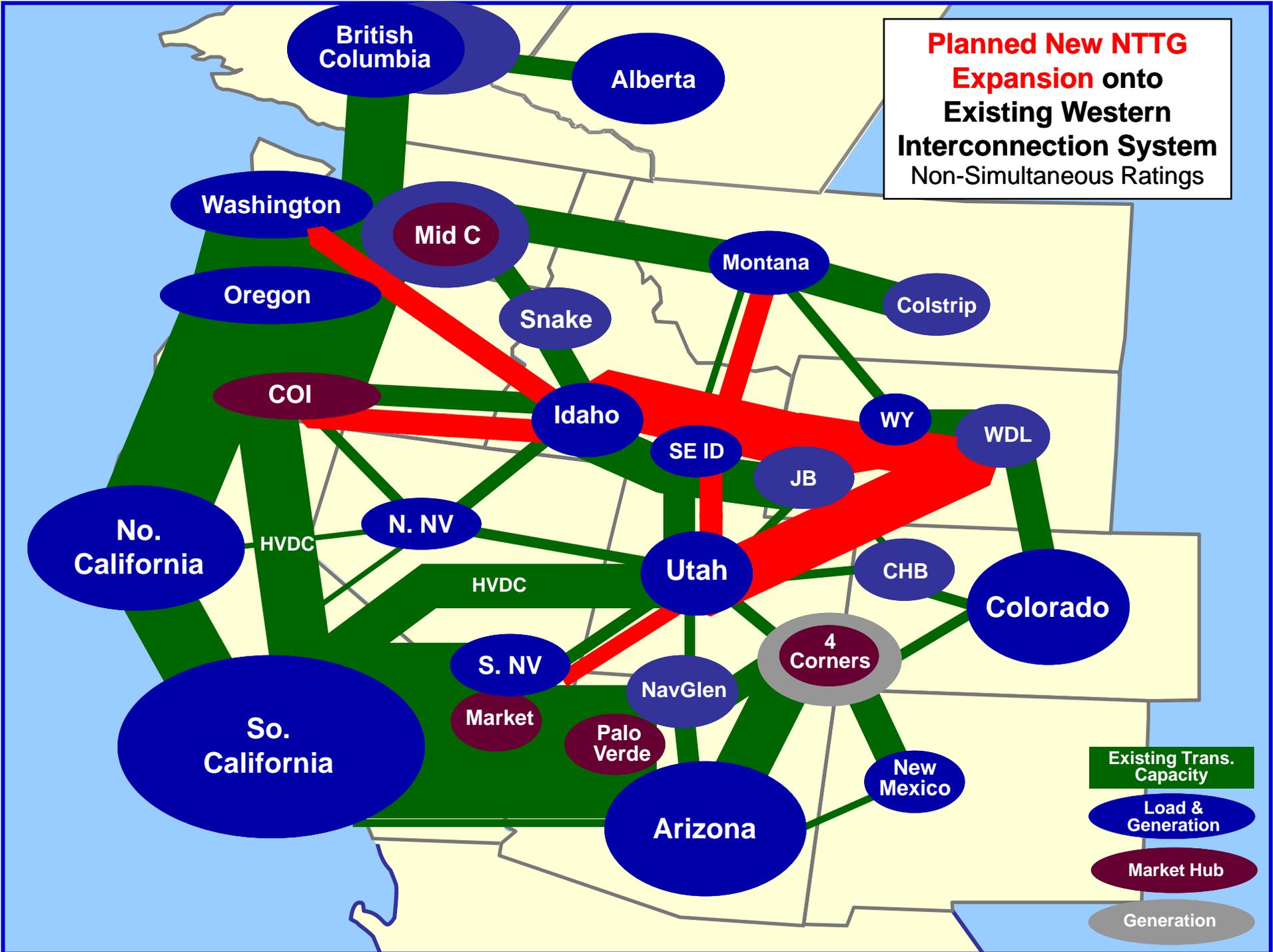
– NTTG Focus remains on completing initiatives:

- Finalizing Biennial Planning Process, now consistent with 890
- Implementing Fast Track Transmission Projects
 - Projects resulting from Planning Process
- ADI & Transmission Use Initiatives
- All Process with open stakeholder involvement

Northern Tier Transmission Group Organization









Goals of Transmission Planning

- Planning Goals
 - Provide customers with way to input their long range transmission needs & concepts ahead of formal OATT process.
 - To determine if they wish to proceed with formal OATT Transmission Service Requests
 - To determine if it economical for them to proceed & in essence be a transmission project sponsor
 - Provide a forum & process for collaboration in open & transparent basis
 - Provide all parties planning data & information needed for their individual decisions
 - Provide a level of certainty on project related transmission costs, timing, & rights allocation
- Ultimately it is the project sponsors that decide to fund transmission



NTTG Planning Process Charter

- Planning Charter details the Planning Process & Activities Planning Committee members agree to accomplish
- Planning Committee consists of member reps & elected Chair
 - Eligible members are parties that purchase or sell transmission services or are State Representatives in footprint states
 - Members represent their respective Customers & Stakeholders
- Open & noticed meetings to all Members, Eligible Customers, Stakeholders, & Interested Parties
 - Needs, study requests, & concepts are brought to the PC by the members acting on behalf of their customers
 - All can comment on planning criteria, assumptions & results either through their Member or directly in participation with NTTG

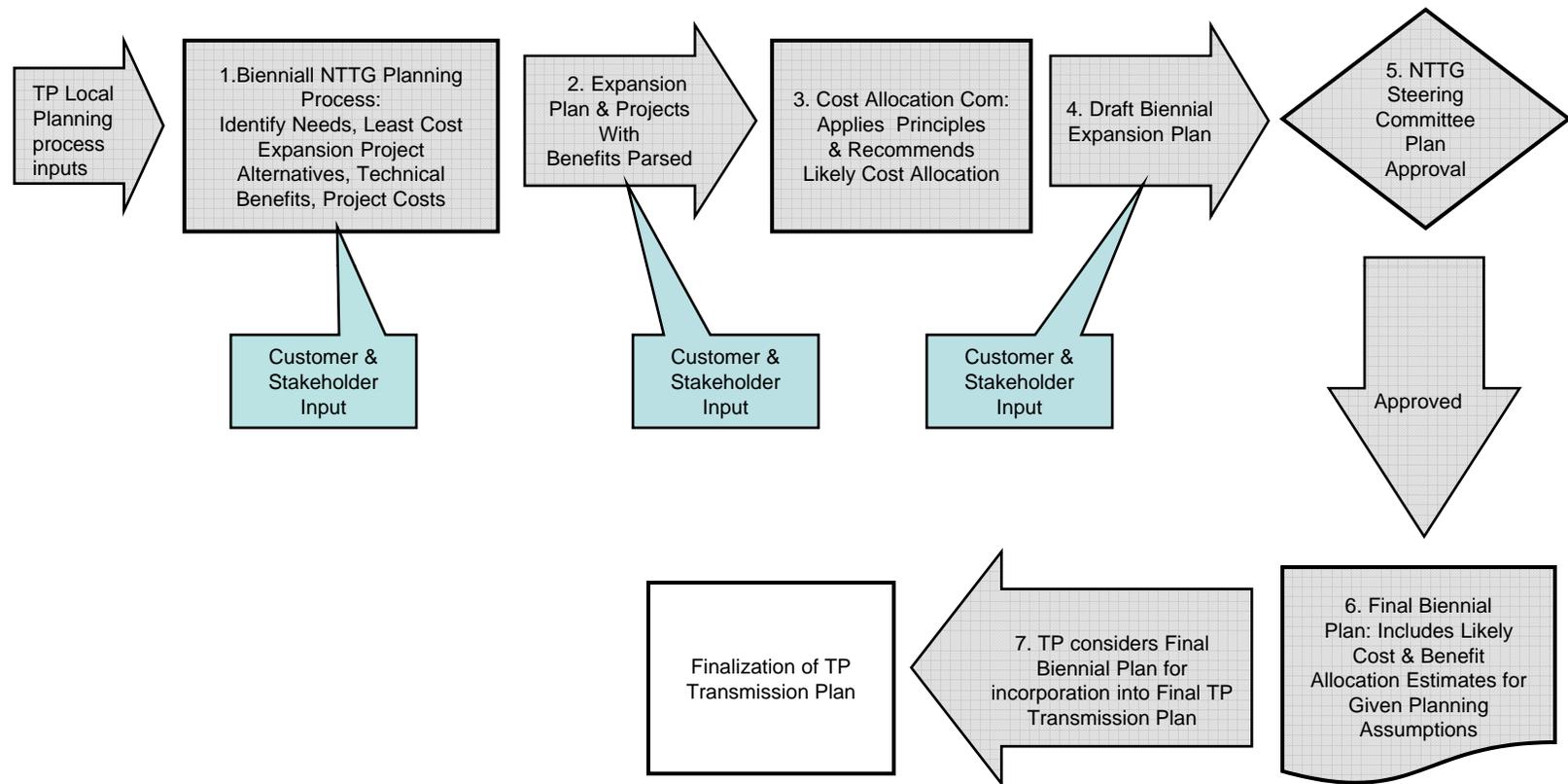


NTTG Planning Process Charter, continued

- **NTTG PC will conduct biennial planning process** to identify transmission needs, least cost expansion project alternatives, technical benefits, & project costs
 - On Plans & Planning issues that effect more than a single TP
 - Biennial Bulk Transmission 10 Year Plan considering 20 year planning horizon
 - Eight quarter synchronized planning cycle
 - Economic & Reliability considerations
 - Will conduct congestion studies on existing & planned system
- **NTTG will select beneficial sub-regional projects & recommend cost allocation among participating Transmission Providers**
- **NTTG Dispute Resolution**
 - Parties (that are not State Representatives) agree to use
 - 4 Step Process
- **NTTG is a Sub-Regional Group (SPG) member of WECC's Regional Planning committees**



NTTG Planning Process





Meeting FERC 890 Planning Principles

- **Principle G:** NTTG PC provides TPs & their customers with Regional & Sub-Regional Participation
 - Utilizing existing institutions & processes
 - NTTG Sub-Regional Planning Group
 - WECC Regional Planning
 - Other Sub-Regional Planning Groups
 - Synchronizing regional & sub-regional planning processes
 - Cycles, requirements & obligations
 - With local Planning Process & Attachment K
 - NTTG TP Member's obligations defined under agreements
 - Attachment K
 - Planning Agreement
 - Planning Charter
 - TP's & NTTG's (SPGs) obligations to WECC defined in WECC Membership Agreements, Bylaws, & Protocols



Meeting FERC 890 Planning Principles

- **Principle H: NTTG PC and WECC TEPPC provides TPs with Economic Studies**
 - TP receives customer/stakeholder requests and if they effect other systems forward to NTTG
 - NTTG aggregates requests, submits, then prioritizes with WECC TEPPC for study in TEPPC or SPG work plan
 - If regional or sub-regional priority, TEPPC or SPG performs economic study (up to annual limits).
 - If not high enough priority, TP and customer arrange to perform if required
 - NTTG TP Member's obligations defined under agreements
 - Attachment K
 - Planning Agreement & Planning Charter
 - TP's & NTTG's obligations to WECC defined in WECC Membership Agreements & TEPPC Protocols
- **Principle I: Cost Allocation**
 - Will be described by Commissioner Steve Oxley, Chair of the Cost Allocation Committee



Attachment K – TP’s Obligations to Customers for NTTG Planning

- Each member Transmission Provider (TP) agrees to:
 - Use NTTG planning process for sub-regional planning and coordination with other SPGs, planning entities, & WECC
 - When projects effect or involve other systems
 - For planning issues that effect more than their local system
 - Support the NTTG Planning Process
 - Fund NTTG Planning Process
 - Provide internal staffing to NTTG to accomplish tasks
 - Support activities as per Planning Charter
 - Participate in NTTG process to prioritize & complete congestion studies as requested by ECs & SHs through their member TP
 - Support NTTG cost allocation process



Attachment K – TP’s Obligations, Continued

- Each member Transmission Provider agrees to:
 - Provide planning data to NTTG
 - Collect & consolidate customer transmission requirements, proposals, & concepts - provide to NTTG
 - Provide local plans & planning information
 - Post NTTG criteria, assumptions, results
 - Consider Sub-Regional Planning in their local planning & plans
 - Use NTTG Dispute Resolution
 - Be a WECC member (sign WECC member agreement)
 - Coordinate with WECC TEPPC & other SPG’s through participation in NTTG



NTTG Planning Agreement

- Planning Committee Members
 - Eligible members:
 - Parties (Party) to agreement are parties engaged in purchase or sale of transmission services in footprint
 1. Funding TPs (Funding agreement)
 2. Other Parties (\$500/yr)
 - State Representatives
- Each member has a rep on the PC with a vote
- Each member agrees to provide support to achieve the initiatives & activities specified in the Charter
- Members elect chair & manage the biennial planning process
- Parties that are not State Representatives agree to use NTTG Dispute Resolution



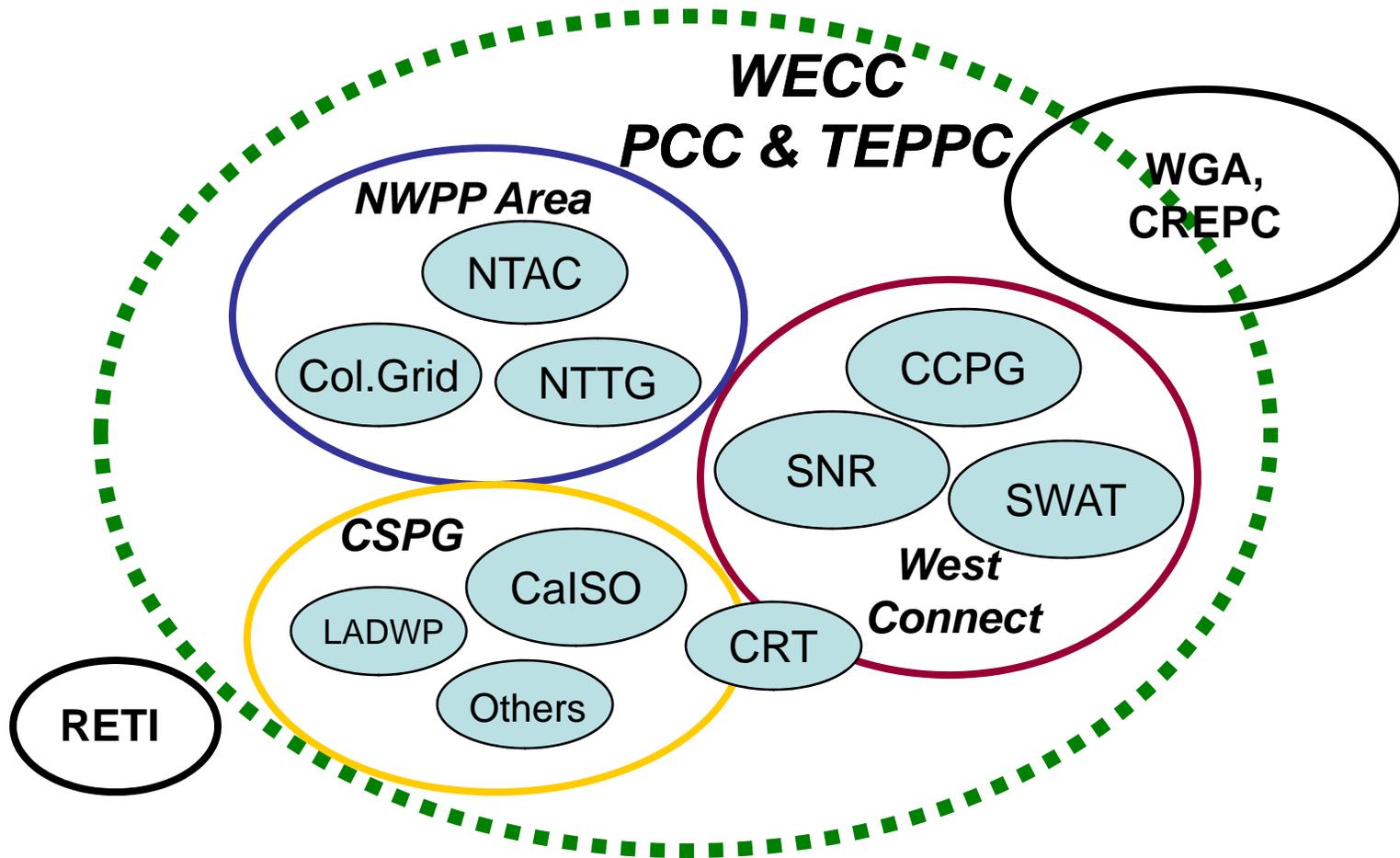
Coordination Activities

- Reviewing agreements with WECC & other SPGs to meet 890 Regional Participation & Economic Study requirements
 - Working with Col.Grid & NTAC on NWPP area interdependent projects and SPG relationships
 - Working with members of WestConnect SPGs on projects to the Desert SW, and with coordination of initiatives
 - Developing consensus between SPGs on Regional Planning principles & duties
 - Agreements – Looking to use existing agreements
 - » WECC membership agreements for Regional
 - » NTAC for NWPP area not covered by NTTG or Col.Grid
 - Working with WECC PCC & TEPPC to streamline:
 - » Regional Planning Review Process
 - » TEPPC structure & Charter



Regional Coordination

Western Interconnection Transmission Planning Groups





WECC Regional & Sub-Regional Planning Agreements

- TPs as WECC members & members of NTTG agree to:
 - Conduct biennial near & long-term transmission system studies & plan development
 - in accordance with NERC/WECC planning criteria
 - Coordinate efforts such that the transmission plans of each sub-regional planning group & the WECC Transmission Expansion Planning Policy Committee (TEPPC) are developed on the same cycle
 - Coordinate with WECC for base case development for the West
 - Support a single repository of all reports & information for the entire Western Interconnection.
 - Commit to coordinate & share information, assumptions for planning studies & efforts between each SPG; input to the WECC.
 - Maintain individual sub-regional planning processes & procedures
 - But work to ensure no redundancies occur.
 - Where appropriate, in coordination with WECC TEPPC & other SPGs, develop coordinated transmission studies & plans, & joint study teams.
 - Provide transparent, open & inclusive processes & meetings

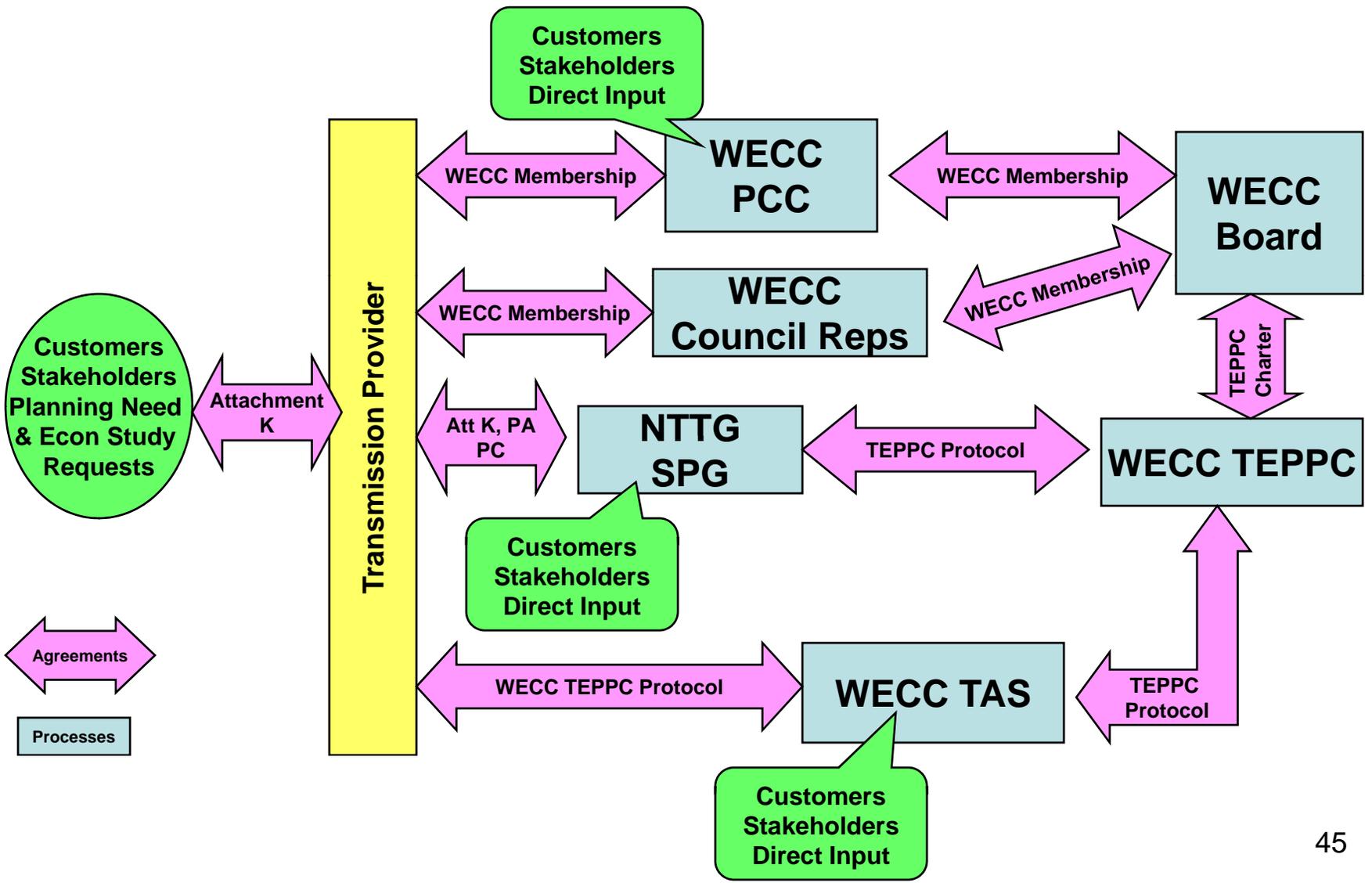


WECC PCC & TEPPC Process Provide:

- Coordination & exchange of planning information
- A synchronized planning process that produces planning information & plans considering:
 - local, sub-regional, & regional levels
- Open, streamlined & public process, meetings, & calendars
 - Open & inclusive, informative
 - Eliminate duplication
- Consideration of other's plans that overlap, are interdependent, or interact
- “Best effort” to:
 - Perform studies requested by TP's and their customers
 - Facilitate formation of joint study teams with other transmission groups & perform analysis for projects that are interdependent or interacting
- Provide timely status reports

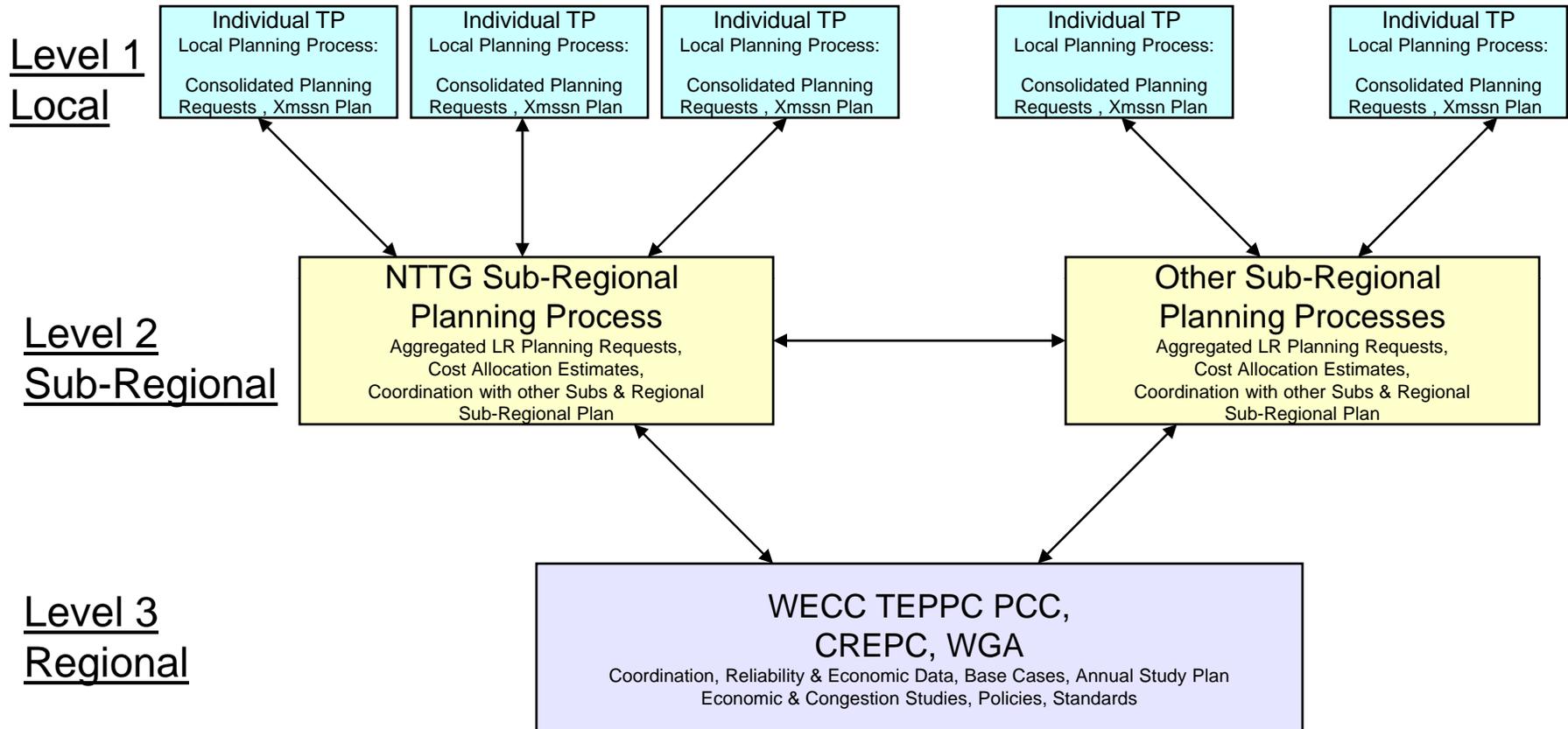


How the Planning Process is Linked Together





Three Level Coordinated Planning Process





Northern Tier Transmission Group

Transmission Planning & Regional Participation

FERC Technical Conference October 24, 2007

Cost Allocation Principles and Practice

Steve Oxley

Deputy Chairman

Wyoming Public Service Commission



Northern Tier Transmission Group

An excellent starting premise for cost allocation. . .

“It has no claim to an exact science.”

Colorado Interstate Gas Co. v. FPC, 324 U.S. 581, 589 (1945).



Northern Tier Transmission Group

Why we think we comply.

- I will discuss:
- New types of projects and their costs
- NTTG cost allocation principles
- the Cost Allocation Committee



Northern Tier Transmission Group

Some basic principles of the process as outlined in Order 890 (¶559)

- allow regional flexibility
- costs fairly assigned to cost causers and beneficiaries
 - “a proposal that allocates costs fairly to participants who benefit from them is more likely to support new investment than one that does not” (¶ 560)
- give adequate incentives to build new transmission
 - “a cost allocation proposal that has broad support across a region is more likely to provide adequate incentives to construct new infrastructure than one that does not” (¶560)
- supported by state authorities and participants in the region



Northern Tier Transmission Group

Commission observations on Projects

- not modifying existing mechanisms to allocate costs for projects constructed by a single transmission owner and billed under existing rate structures
- not to upset existing cost allocation methods applicable to specific requests for interconnection or transmission service under the *pro forma* OATT
- intended to apply to projects that do not fit under the existing structure, such as regional projects involving several transmission owners or economic projects that are identified through the study process, rather than through individual requests for service



Northern Tier Transmission Group

And so . . .

- NTTG encourages coordinated planning in its sub-region but also throughout the Western Interconnection
- and coordination of IRPs for better understanding of need
- better planning -- more efficient projects
 - this may bring different needs together into single projects
 - “simple” projects may join “complex” ones
 - e.g., LSEs and merchant transmission developers may be brought together



Northern Tier Transmission Group

- **Therefore, NTTG takes notice of all types of projects**
- NTTG principles designed to work with complex projects and differing needs
- designed to generate recommendations on economic *and* reliability projects
- principles which apply to only a few types of projects wouldn't suffice
- “less than all” viewpoint supports older paradigm
 - “I'll build for my own needs”
- new paradigm -- plan and build efficiently and realistically



Northern Tier Transmission Group

Therefore we focus on cost types:

Type 1 costs related to retail service to the transmission owner's native retail load:

- **Type 1-A:** single LSE/single state
- **Type 1-B:** single LSE/more than one state
- **Type 1-C:** more than one LSE/single state
- **Type 1-D:** more than one LSE/more than one state
- **Type 1-E:** LSE costs to provide service, lower cost, or increase quality of service for a specific retail customer or specifically identifiable group of retail customers.



Northern Tier Transmission Group

Type 2 costs are related to the sale or purchase of power at wholesale not directly for the benefit of native load, or on behalf of or at the request of a wholesale generator or a wholesale transmission customer:

- They will most likely be FERC-jurisdictional and not subject to state review. However, the actual transmission project associated with these costs might also involve Type 1 costs that a state or states may allocate to retail rate payers.
- Either the utility shareholders (“97% allocated”) or the utility customers (“103% allocated”) bear the risk of differences in FERC and state cost recovery decisions. The NTTG approach is designed to minimize the possibility of incomplete allocation of appropriate project costs.



Northern Tier Transmission Group

Type 3 costs are those incurred specifically as alternatives to (or deferrals of) transmission line costs (typically Type 1).

- Examples include the installation of distributed resources (including distributed generation, load management and energy efficiency).
- Type 3 costs do not include demand-side projects which *do not have* the effect of deferring or displacing Type 1 costs.



NTTG Cost Allocation Principles

Our Cost Allocation Principles

- **are the *actual* consensus of Cost Allocation Working Group**
(state regulators from Idaho, Montana, Oregon, Utah and Wyoming, consumer advocates, cooperative entities and IOUs)
- **are not mathematically automatic**
- **encourage developers to think seriously about cost allocation**
- **encourage developers to begin thinking early about costs and cost recovery issues**



NTTG Cost Allocation Principles

Principle 1.

“As a matter of equity, cost allocations will reflect the classic principles that ‘cost causers should be cost bearers’ and that ‘beneficiaries should pay’ in amounts that are reflective of the benefits received.”



NTTG Cost Allocation Principles

Principle 2.

“Projects brought forward for consideration will be shown not to be in conflict with state and federal IRP, Competitive Bidding, RPS (Renewable Portfolio Standard), siting, certification and other policy and planning requirements affecting transmission development, to the extent they are applicable to the project.”



NTTG Cost Allocation Principles

Principle 3.

“Cost allocations will result in a reasonable opportunity for the transmission owner(s) to achieve full recovery of the costs of the project, but no more.”

Principle 3a.

“Transmission project costs should be directly assigned to a single transmission customer or allocated to multiple transmission customers or areas (or the entire region) based upon the distribution of benefits.”



NTTG Cost Allocation Principles

Principle 3b.

“Upgrades and other projects proposed on the basis of economic or other benefits for specific transmission customers will be accommodated if **[i] the customers and/or transmission owner accept responsibility for the associated costs; **[ii]** the project does no harm to the network; and **[iii]** the project otherwise has no adverse impact on regional transmission service.**



NTTG Cost Allocation Principles

Principle 4.

“For Type 2 project costs, the rest of the network and its customers will be held harmless and the transmission owner should look to its transmission customers for direct recovery of costs.”



NTTG Cost Allocation Principles

Read the principles and related explanatory material on the web at:

http://nttg.biz/site/index.php?option=com_docman&task=doc_download&gid=193&Itemid=31

but it is easier just to remember

<http://nttg.biz/>



Northern Tier Transmission Group Cost Allocation Committee

Western Interconnection realities we faced in forming the Cost Allocation Committee:

- long lines from production to consumption areas**
- independent-minded regulators and utilities**
- a long recognized need to cooperate to solve stability and reliability problems**
- a long history of creating organizations to meet the needs of the West**
- WIEB, WECC, WSPP, CREPC, NWPP and now NTTG**
- not a truly accurate fit with the RTO concept**



Northern Tier Transmission Group

Order 890 calls for involvement of state regulators

We're involved . . . and NTTG is unique in the degree to which the call for involvement is answered

Regulatory Members

Idaho Public Utilities Commission
Oregon Public Utility Commission
Utah Public Service Commission
Montana Public Service Commission
Montana Consumer Counsel
Wyoming Public Service Commission

Industry Members

Deseret Power Electric Cooperative
Idaho Power Company
NorthWestern Energy
PacifiCorp
Utah Associated Municipal Power Systems

All members have a seat *and a vote* on the Steering Committee, co-chaired by:
Commissioner Marsha Smith - Idaho Public Utilities Commission
John Cupparo - PacifiCorp



Northern Tier Transmission Group Cost Allocation Committee Composition

- **Each regulatory commission, state consumer agency and publicly-owned or consumer-owned entity has one voting seat each.**
- **Members: Idaho, Montana, Oregon, Utah, and Wyoming Commissions, Montana Consumer Counsel, UAMPS and Deseret Power**
 - **IOUs cannot be members**
- **Members are selected by their respective Commissions or other entities.**
- **Members elect a chair from their number.**
- **No Commissioner can be a member**



Northern Tier Transmission Group Cost Allocation Committee Process

- process is open, noticed and public but protects confidential information
- strong *ex parte* rule
- strives for consensus recommendations, but may act by majority vote
 - Minority positions are documented and forwarded
- CAC applies Cost Allocation Principles to projects and plans produced by the NTTG Planning Committee.
- Early in planning process, CAC makes preliminary and iterative analyses of the allocation of costs and benefits.
- Prepares written recommendations on cost/benefit allocations as part of the plan reports to Steering Committee.



Northern Tier Transmission Group Cost Allocation Committee

What's the Value?

- **forces developers to think about costs early in the process**
 - project developers must submit project data package for analysis.
 - (must include developers' cost allocation proposals)
- **early identification of allocation issues**
- **opportunity to discuss and refine during iterative process**
- **invites developers of transmission for renewables to join process**
- **view of what regulators actually think**
- **produces view of disposition of all costs**
- **forum for non-jurisdictional entities to discuss cost recovery**
- **not 100% certainty**
 - (each state retains jurisdictional prerogatives)
- **but provides a level of assurance not otherwise obtainable**



Northern Tier Transmission Group Cost Allocation Committee

What's the Big Deal?

- CAC is unique in the United States**
- NTTG also unique in bringing together industry, consumer groups and state regulators**
- Achievable without legislation or compacts**
- Born of a common understanding of the great need for new transmission**
- We hope CAC and NTTG will stimulate more cooperation in the Western Interconnection**



Northern Tier Transmission Group Cost Allocation Committee

What more could we ask, you ask?

Since CAC has not begun work (its charter was unanimously approved on October 1, 2007) . . .

- 1. Please let it work.**
- 2. Please judge it by its fruits. We will too.**

See more details in the Cost Allocation Committee's charter at <http://nttg.biz/>



Northern Tier Transmission Group

Some useful acronyms for transmission planners . . .



Northern Tier Transmission Group

- **NIMBY -- Not In My Backyard**
- **NUMBY -- Not Under My Back Yard**
- **GOOMBY -- Get Out of My Back Yard**
- **BANANA -- Build Absolutely Nothing Anywhere Near Anyone**
- **NOTE -- Not Over There, Either**
- **NOPE -- Not On Planet Earth**
- **NIMEY -- Not In My Election Year**
- **CAVE -- Citizens Against Virtually Everything**



Northern Tier Transmission Group

Cost Allocation Principles

October 24, 2007

QUESTIONS?

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